



in partnership
history resourceful
people COAL
location acquisition
claims land

06

NSW COAL COMPENSATION BOARD
annual report



NSW Coal Compensation Board

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Letter to the Minister

The Hon Ian Macdonald MLC
Minister for Mineral Resources
Parliament House
Sydney NSW 2000

Dear Mr Macdonald

In accordance with clause 7(1) of the *Coal Acquisition (Compensation) Arrangements 1985* the NSW Coal Compensation Board is pleased to present its twenty-second Annual Report. This report covers the year ending 30 June 2006.

This report is required to be laid before each House of Parliament in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the *Coal Acquisition (Compensation) Arrangements 1985*.

Yours sincerely



Alastair Fotheringham
Chairperson



▲ Diamond drill – Cremorne NSW Nov 1893. Depth of bore 2900 ft.

Charter, Vision & Mission



CHARTER

The NSW Coal Compensation Board (the "Board") was established under the provisions of the *Coal Acquisition (Compensation) Arrangements 1985*. The Arrangements were made in accordance with Section 6(1) of the *Coal Acquisition Act 1981*. The Act vested all coal in New South Wales in the Crown.

Section 6(1) states:

"The Governor may by order make arrangements:

- (a) for the determination of the cases, if any, in which compensation is to be payable as a result of the operation of section 5 or 5A; and
- (b) if there are any such cases – for the determination of the amount and method of payment of any such compensation."

VISION

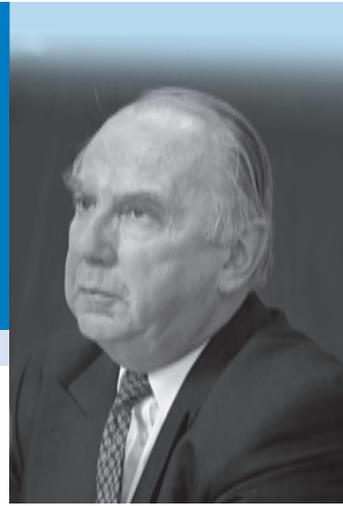
To bring positive outcomes to all concerned with coal rights through fairness, professionalism, and integrity.

MISSION

To secure public acceptance of compensation to secure coal rights for the benefit of all New South Wales, using the time based value of money.

positive
coal rights outcomes
through
fairness
professionalism
& integrity

Chairperson's Report



It gives me great pleasure to present to the Minister, Members of the New South Wales Parliament and the community of New South Wales, the 22nd Annual Report of the New South Wales Coal Compensation Board.

On a personal level I would like to thank Mr Harry Bowman, who as Chief Executive Officer of the NSW Coal Compensation Board since its inception in 1985, has successfully steered the Board through fluctuating times. These include, changes in Government legislation, varying economic conditions in the coal industry, as well as Departmental restructuring, relocation and the need to recruit mining professionals to strive to meet the Government's objectives to conclude the coal compensation schemes by March 2007.

I wish the incoming Chief Executive Officer, Ms Carolyn Bloch, every success in finalising the Board's work.

There was one change to Board membership during the year. My thanks go to Alan Coutts who left the Board during the year after three years of valuable service. The Board welcomes the appointment of Brad Mullard, Director Minerals, Maitland, with the Department of Primary Industries, as a member.

While the past year was one of transition, the coming financial year will see the Board finalise its operations within the Government's revised timeframe. I am confident that the Government and claimants will be satisfied with the results.

A handwritten signature in dark ink, appearing to read 'Alastair Fotheringham', written in a cursive style.

Alastair Fotheringham
Chairperson

“the past year was one of
transition”-
“the coming year heads
**towards
completion**”



Chief Executive Officer's Report

By the end of June 2006 the Board had met its critical operational targets and importantly, developed a 'Plan for the Closure of the Board' (the 'Business Plan') to track the completion of the Board's work by March 2007.

The targeted compensation budget for 2005/06 was \$45m of which some \$37.84 million, was paid. Finalisation of some claims was delayed by litigation with approximately \$16m in payments in abeyance at 30 June 2006. Management of the Government's exposure to budget risk associated with litigation continued to be a major focus of the Board's Executive during the year.

During the year 80 loss in estate claims were determined by the Board. In addition, 34 interim payments were approved.

Significant progress was also made on Pecuniary/Consequential Loss claims with 37 being finalised. The target of 189 Native Title claim determinations was also achieved during the year, while the Voluntary Acquisition program target of 22 applications was exceeded with 32 applications decided.

The year was one of change for the organisation, with the retirement in December of the Board's foundation Chief Executive

Officer, Harry Bowman after 20 years of service. Harry will maintain a role as a part-time consultant to the Board until the end of 2006. This will ensure his extensive knowledge and experience of the Board's operations will not be lost to the organisation. The occupancy of additional office space at Castlereagh Street has allowed the relocation of the NSW Coal Compensation Tribunal from Elizabeth Street and relief accommodation for Sydney staff.

In March, a major review of the remaining workload was undertaken and a consultant engaged to assist in the development of a business plan to take the Board through to March 2007. This 'Plan for the Closure of the Board' contains a detailed workplan and schedule for determining all outstanding claims by March 2007. The report also provides an exit strategy and a plan for completion of any matters continuing beyond the closure of the Board.

As part of the exit strategy a Closure Advisory Group (CAG) was established involving both Officers of the Board and the Department of Primary Industries. The CAG met for the first time in May to address matters that may continue beyond the closure of the Board. These matters include the preservation of

“The Board has largely achieved its
setting the direct



the large volume of geological, mining and economic reports and data produced by the Office of the Board, dealing with outstanding appeals and native title claims and the transfer and integration of any residual Board functions to the NSW Department of Primary Industries (DPI).

As part of the Board's staff retention policy, a redundancy and retention scheme initially created in 2001 has now been extended until the end of the Board's life.

The need to expedite completion of the scheme by March 2007 has required the Board to maintain adequate staffing levels, currently at around 57 staff. Recruitment and retention of experienced technical staff in a tight job market has been difficult. Training of new and existing staff has been undertaken in the latter part of the financial year to maintain continuity and to meet operational targets.

Expansion of the legal branch was also undertaken during the year in line with the projected increase in legal workload.

The NSW coal industry has more than doubled its coal output over the life of the Board since 1985. During 2005/06 the NSW coal industry experienced one of its most profitable years ever, with the estimated average profit to coal

producers of \$15 per tonne, nearly double the previous year. In the year to March 2006 the average NSW steaming coal price was \$66.69 and metallurgical coals averaged \$112.83 per tonne, increases of around 7.7% and 57% over 2004/05 prices. A record saleable coal tonnage of 125 Mt is expected and record exports were only constrained by rail and port capacity. The industry forecast is for the buoyant conditions to continue in the short term.

The past year has been a crucial one for the Board. Changes in management, structure, workplan and operations have required some flexibility in meeting targets. However, the Board has largely achieved its corporate and business goals and importantly, set the direction for the coming year. Public acceptance and confidence in its operations by all stakeholders was maintained. A similar outcome is expected for the coming year as the work of the Board heads towards completion.

Carolyn Bloch
Chief Executive Officer

corporate and business goals...

ion for the coming year”

Highlights 05/06

- ▲ The Board paid out **\$37.84 million** in compensation during 2005/06.
- ▲ A detailed life-of-Board operational plan ('Plan for the Closure of the Board'), work schedule and exit strategy) to meet the **March 2007 closure target** was developed and adopted in May. The business plan also provides for the completion of any outstanding work, appeals or legal work continuing beyond March.
- ▲ **Additional office space was leased** on the 16th floor of 1 Castlereagh Street and became operational in April. The space primarily accommodates the NSW Coal Compensation Tribunal and the Assessment branch.
- ▲ The Board finalised **189 native title claims, 33 voluntary acquisition claims and 25 models**. The target of 78 final payments was exceeded with 79 final payments being determined.

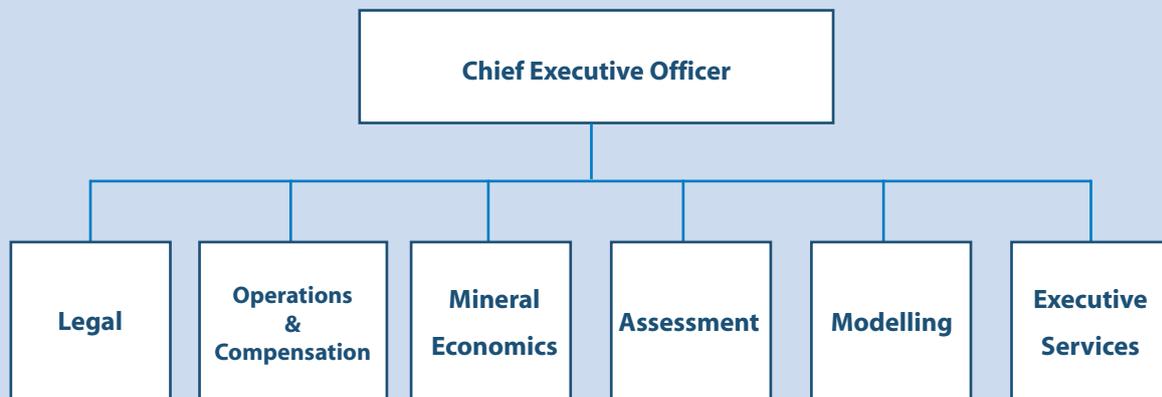
8

\$37.84 million compensation | March 07 closure target
additional office space leased | 189 native title claims
33 voluntary acquisition claims | 25 models | 79 final payments



Corporate Governance

ORGANISATIONAL STRUCTURE



The Executive comprises the Chief Executive Officer, Corporate Counsel and Manager Operations and Compensation and is responsible for the corporate direction and planning for the organisation.

EXECUTIVE

Chief Executive Officer

Carolyn Bloch

Ms Bloch became Chief Executive Officer of the Coal Compensation Board following the retirement of the inaugural Chief Executive Officer, Mr Harry Bowman in December 2005. She divides her time between the Maitland and Sydney offices.

Prior to her appointment as Chief Executive Officer, Ms Bloch was Director, Change Program within the NSW Department of Primary Industries. She was also Executive Director with the Department of Mineral Resources and has held a number of senior executive officer positions within various Government agencies.

Corporate Counsel

Michael Burke LLB

Mr Burke joined the Board in 1988 after thirty years experience as a partner in private legal practice. This broad experience has given him the background required to provide legal advice to the Board, represent the Board in litigation, defend the Board's determinations

before the NSW Coal Compensation Review Tribunal and provide the legal resources required by the Board's staff in its work.

Manager Operations and Compensation

Peter Sayers BSc (Hons), MAus, IMM

Mr Sayers is a graduate geologist with over twenty five years experience in the coal mining and exploration industry and in public sector management. Prior to joining the Board as an assessor in 1987 he worked for the Joint Coal Board, Arco Australia Ltd and CRA Ltd in geological and senior geological roles involved in coal exploration, mining feasibility studies and coal project evaluation. His work with the Board has included the roles of Manager Assessment and Manager Modelling. In his current role as Manager Operations and Compensation he is responsible for managing the Board's operations to ensure organisation-wide performance outcomes meet corporate and business objectives. He also provides quality assurance for all technical documentation produced for Board decisions.

Role of the Board

The Coal Compensation Board is a NSW Government organisation established in 1985 under the provisions of the *Coal Acquisition (Compensation) Arrangements 1985* to administer legislation providing for compensation to former owners of private coal.

It was created as an independent authority to ascertain cases where compensation is payable as a result of the operation of the *Coal Acquisition Act 1981* and to determine the amount of that compensation. The Act vested all coal in the State in the Crown.

Subsequent legislation imposed additional responsibilities on the Board with regard to restitution of coal ownership, reacquisition of selected coal titles and the voluntary acquisition of coal titles at the request of owners.

Compensation claims were accepted by the Board between July 1985 and March 1986, and between December 1993 and July 1994. Some 28,261 claims were received.

Most of these claims were lodged for compensation for loss of ownership of coal rights, known as loss of estate in coal. Some claims were lodged for pecuniary losses suffered as a result of the discharge of a trust, lease, licence, obligation, estate, interest or contract. It is the Board's role to consider each of these claims and where compensation is deemed to be payable, assess the amount of compensation to be paid.

If a claimant is not satisfied with a determination of the Board, the matter can be considered by the NSW Coal Compensation Review Tribunal. The Annual Report of the Coal Compensation Review Tribunal appears at the end of this report.

Claimants for compensation for coal lying outside a colliery holding as at 1 January 1986

have the option of applying for restitution of their coal as an alternative to compensation. Approximately 1,300 claimants have applied for restitution. The Board assesses a claimant's eligibility to apply for restitution and if restitution should be recommended to the Minister.

Since 1997 the Board has been required to consider whether the Crown would lose significant revenue if a restitution application is granted. The Board has refused a total of 159 applications on the grounds of Crown revenue loss and recommended the reacquisition of 45 coal titles.

Net benefit to the State from the acquisition of private coal is estimated at \$10 billion after taking into account compensation payments totalling \$719.84 million.

APPOINTMENT OF BOARD MEMBERS

The Board is nominated by the Minister for Mineral Resources and appointed by the Governor in accordance with clause 4 of the *Coal Acquisition (Compensation) Arrangements 1985*.

COMPOSITION OF THE BOARD

Board members are appointed on a part-time basis and at 30 June 2006 included the following:

- ▲ Chairperson
- ▲ Department of Primary Industries employee
- ▲ Three members who do not hold an office of profit under the Crown.



▲ left: Mr Alastair Fotheringham
 ▲ right: Ms Sue Myers



BOARD MEETINGS

Board Meetings are generally held once a month. A total of 12 meetings were held during the year. The Board did not sit in the month of January 2006. Attendance at Board Meetings is outlined below:

Board Members	Meetings Attended	Eligible
Alastair Fotheringham	12	12
Maree Callaghan	12	12
Robert Martin	11	12
Sue Myers	11	12
Brad Mullard	6	6

PROFILE OF BOARD MEMBERS

Chairperson:

Mr Alastair Fotheringham BSc, AAIB
 Appointed 1 November 1999
 Reappointed 30 November 2005

Mr Fotheringham retired in 1999 as General Manager, NSW & ACT, of the ANZ Banking Group. Mr Fotheringham is a graduate economist who commenced his career as an agricultural adviser in Scotland. Subsequently, his career was orientated towards business finance and the management and development of business through periods of considerable change.

Apart from many senior positions within the bank, Mr Fotheringham was a Director of Dalgety Rural Finance and Chief Executive of the Tasmanian Chamber of Commerce and Industry.

Throughout his career he has been involved in helping develop strategy for growth.

Board Member:

Representative of the Department of Primary Industries

Mr Brad Mullard BSc
 Appointed 7 December 2005

Mr Mullard replaced Mr Alan Coutts as the representative of the Department of Primary Industries. Mr Mullard is the current Director Minerals, Maitland with the Department of Primary Industries.

Prior to his appointment as Director Minerals, Maitland, Mr Mullard was Director Corporate Services with the Department of Mineral Resources.

Mr Mullard has been involved in the exploration and mining industry for the past 27 years. He is actively involved in promoting development opportunities in the State for both coal and petroleum and continues to provide strategic advice to Government on the State's energy resources.



▲ Ms Maree Callaghan



▲ Mr Brad Mullard



▲ Mr Bob Martin

Board Member:

Mrs Maree Callaghan FAICD, CMC

Appointed 1 November 1995
Reappointed 30 November 2005

Mrs Callaghan is a former director of Insurance Australia Group, of NRMA Insurance Limited (1992-2003) and NRMA Motoring and Services (1991-2002). Mayor of Cessnock from 1987-1995, Mrs Callaghan has been a member of numerous Hunter boards, with specific experience in evaluating needs and determining eligibility for appeals, grants, applications for government assistance, housing and compensation.

Mrs Callaghan has employment expertise in the health, disability and community sectors and has published works on mining and heritage issues, business, mortality and women. She is vice-president of the Northern District Miners' Women's Auxiliary and is an honorary member of the Miners Federation of Australia.

Board Member:

Ms Sue Myers BA, LLB

Appointed 7 February 2001
Reappointed 29 March 2006

Ms Myers is a lawyer with extensive senior management experience. She was first admitted as a solicitor in 1978. Ms Myers was on the Board of the Australian Red Cross Blood Service and Chairman of its Finance and Audit Committee from 1996 – 2001. She has held the position of company secretary and general counsel in a number of listed entities, and she is currently Special Counsel to Ridley Corporation Limited.

Ms Myers brings legal and corporate governance experience to the Board, including experience in commercial litigation, and an understanding of the operation of boards.

Board Member:

Mr Robert Martin Dip Ag

Appointed 25 February 2004
Reappointed 30 November 2005

Mr Martin was the Minister for Mineral Resources and Minister for Fisheries from 1995-1999, Shadow Minister for Agriculture, Rural Affairs, Land and Forests (including Soil Conservation and Fisheries) from 1991-1995 and the Member for Port Stephens from 1988-1999.

He was educated at Hurlstone Agricultural High School and Hawkesbury Agricultural College. Former employment has been in the field of horticultural advisory work and fisheries research. He has been an active member of the Hunter community for 35 years.

Mr Martin has also had extensive involvement in community organisations such as the Police Citizens Youth Movement, Nelson Bay Apex Club and the Royal Newcastle Hospital Board.

BOARD MEMBERS' CODE OF CONDUCT

This Code of Conduct sets out standards of ethical behaviour for the Chairperson and Members of the NSW Coal Compensation Board. It is designed to ensure that the Board's activities are conducted with efficiency, impartiality, fairness and integrity.

The Board Members' Code of Conduct provides:

- ▲ Each member of the Board has a duty to ensure that the management of the Board is competent, ethical, and that it acts in the best interests of the Board.
- ▲ Each member of the Board, shall at all times, act honestly and in good faith in the exercise of their powers and the discharge of their duties.

- ▲ Each member of the Board has a duty to use care, skill and due diligence in fulfilling the functions of the Board.
- ▲ Board members shall not take improper advantage of their position nor use inside information to gain an advantage, either directly or indirectly, for themselves or any other person.
- ▲ Board members shall not allow personal, family, business or other interests to conflict with the interests of the Board and the functions of the Board. Board members are responsible for identifying and recording disclosure of any actual or perceived conflict of interest, pecuniary interest, a non-pecuniary interest or a related party transaction affecting themselves or any other Board member.
- ▲ Any direct or indirect pecuniary interest of any Board members shall be recorded in the Register of Pecuniary Interest maintained by the Board pursuant to Schedule 1 Clause 7 of the *Coal Acquisition (Compensation) Arrangements 1985*. If any such interest is disclosed Clause 7(4) takes effect.
- ▲ Where an actual or perceived conflict of interest, a non-pecuniary interest or a related party transaction is disclosed or identified, the Board shall resolve whether it is appropriate for the relevant Board member to be excluded from voting, to be excluded from discussion, or not to receive Board papers relating to the issue.
- ▲ Confidential information received by Board members in the course of the exercise of their duties remains the property of the company or person from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or the person from whom the

information is provided, or is required by law.

- ▲ Board members should not engage in conduct likely to bring discredit upon the Board.
- ▲ Board members have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.

THE WORK OF THE BOARD

The Board is scheduled to meet 12 times a year, normally once a month with no meeting in January but generally two meetings in October. The regular business of the Board considers issues in the following areas:

- ▲ Chairperson's Report
- ▲ Chief Executive Officer's Report
- ▲ Coal Compensation Status Report
- ▲ Developments in the Coal Industry
- ▲ Base Discount Rate
- ▲ Board Determinations
- ▲ Acceptance of Proposed Coal Area Models
- ▲ Consideration of Restitution Applications on Crown Revenue Grounds
- ▲ Interim Payments
- ▲ Final Determinations of Claims and Compensation Applications
- ▲ Voluntary Acquisitions
- ▲ Recommendations to the Minister
- ▲ Reports for Information

The Minister receives monthly reports on the performance of the Board. The annual report is tabled in Parliament.



POLICY DETERMINATIONS IN 2005/06

The Board's Policy Register is updated on a monthly basis following each Board Meeting and is tabled at a Board meeting every six months.

Policy Determinations for the year included:

- ▲ Revised Risk Management Policy;
- ▲ Impact of Coal Acquisition Amendment (Fair Compensation) Act 2005;
- ▲ Revised Risk Management Policy;
- ▲ Policy Review of Voluntary Acquisitions;
- ▲ NSW Coal Compensation Board Grievance Policy; and
- ▲ Policy on Claim Overpayments.

INTERNAL COMMITTEES

The following committees have had a significant impact on the operation of the Board. They provide advice to the Executive who are able to focus on setting the strategic direction in the completion of the current schemes:

Cash Flow

Ensures cash flow is coordinated to meet budgetary and Treasury requirements.

Chairperson:	Peter Sayers (Manager Operations and Compensation)
Members:	Zenaida Brillante (Assistant Accountant) Joe Nelson (Manager Assessment).
Meetings:	10

Risk Management/Business Continuity

Ensures the identification of risks, analysis of impact, contingency planning and the development of a strategy to continue business in the event of any major threat.

Chairperson:	Tish McMullen (Principal Solicitor)
Members:	Michael Russell (Corporate Support and Information Leader) Bryan Whitlock (Manager Mineral Economics) Robert Larkings (Manager Modelling) Barry Daus (Executive Officer).
Meetings	4

Fraud Control

Oversees the Board's corruption prevention policy and procedures.

Chairperson:	Tish McMullen (Principal Solicitor)
Members:	Janelle Martin (Senior Administrative Officer – Sydney) Paul Degeling (GIS Officer).
Meetings	3

Occupational Health and Safety

Oversees strategies for maintaining a safe working environment

Chairperson:	Paul Harrison (Geologist)
Members:	Janelle Martin (Senior Administrative Officer – Sydney) Barry Daus (Executive Officer)
Meetings	3

CHIEF EXECUTIVE OFFICER'S PERFORMANCE

Ms Carolyn Bloch was Chief Executive Officer of the NSW Coal Compensation Board from December 2005 to June 2006.

Ms Bloch achieved the performance criteria contained in her performance agreement.

The Chief Executive Officer is accountable to the Chairperson of the NSW Coal Compensation Board and the Director-General, NSW Department of Primary Industries. The Chairperson, Mr Alastair Fotheringham and the Director-General, Mr Barry Buffier are satisfied with the work of the Chief Executive Officer during the year.

NSW COAL COMPENSATION BOARD SENIOR EXECUTIVE SERVICE

Number of SES positions at each level within the NSW Coal Compensation Board

SES Level	30 June 2006	30 June 2005
3	1	0
2	0	1
Female	1	0
Male	0	1
Total	1	1



Review of Services



MODELLING

The Modelling branch defines geological resources, develops mine plans and production schedules for collieries and coal areas after consultation with coal companies. Geological and mining models are produced by computerised modelling techniques which form the basis for economic evaluation and assessment and determination of individual claims. This has enabled the office of the Board to build a large database of geological and mining information.

During 2005/06 the branch experienced several staff movements. The work of the team is coordinated and controlled by the Manager Modelling, to whom report 2 senior mining engineers and 1 senior geologist. Currently there are an additional 2 mining engineers and 6 geologists, with a senior mining engineer (litigation) concentrating on appeal work. The loss of 2 mining engineers due to the current buoyant labour market was offset by multiskilling of geologists to incorporate mining engineering aspects of models under the supervision of senior engineers.

Business Objective

Provide 24 models to the Board by 30 June 2006 suitable for use in the determination of the value of claims for compensation.

The branch completed all scheduled coal area models for submission to the Board during the year and is on track for the 2006/07 financial year.

ASSESSMENT

The Assessment branch compensates claimants and applicants for the loss of coal and associated rights. The branch also ensures the compensation budget allocated by Treasury is paid in full.

Maintaining public acceptance with regular stakeholder contact and information flow continues to be a high branch priority.

Business Objective 1:

Pay out the 2005/06 budget of \$45 million as agreed with Treasury.

Payments of \$37.84 million from a compensation budget of \$45.0 million were made throughout the year. An additional amount was suspended from payment due to litigation.

Business Objective 2:

Finalise compensation claims at rates enabling the final determination of all claims by March 2007.

The 2005/06 targets were generally met or exceeded including loss in estate claims where 80 were completed from a target of 78 (80/78), interim payments (34/39), voluntary acquisition (32/22), native title (189/189) and pecuniary/consequential loss (37/54).

At 1 July 2005, 26 council rates claims, 403 native title claims, 5 pecuniary loss claims and 14 loss in estate claims under the Compensation Scheme were available for processing. Also, there were 125 loss in estate applications, 64 consequential loss applications and 128 pecuniary loss front end payment applications under the Reacquisition Scheme. An embargo suspending the progress of

informed decisions



Reacquisition Scheme applications was lifted in June 2005 following the Tribunal's "just and equitable" decision, allowing the final determination of these applications to commence.

Compensation scheme:

The branch progressed 4 pecuniary loss claims, all of which were appealed, and 1 loss in estate claim for \$139,600 which was finalised. Also, 253 native title claims were assessed, allowing 189 claims to be finalised. The outstanding 27 council rates claims, which were in litigation, were remitted to the Board in December 2005. The Board approved interim payments for 5 compensation scheme claims totalling \$3,325,000.

At 30 June 2006, 259 Compensation Scheme claims remain to be assessed, consisting of 5 pecuniary loss, 13 loss in estate, 214 native title and 27 council rates claims in litigation.

Reacquisition scheme:

During 2005/06 the Branch submitted 16 front end payments, 17 consequential loss and 80 loss in estate applications to the Board for determination, 17 of which were appealed by the applicants. The Board approved compensation payments totalling \$17,788,868, including the payment of 1 consequential loss application following a Tribunal decision. The Board also paid interim payments for 29 loss in estate applications totalling \$19,480,000. In addition, 33 voluntary acquisition applications were evaluated, of which 9 titles were acquired by the State via Board approval.

At 30 June 2006, 74 loss in estate applications, 128 front end payment applications and 54 consequential loss applications remain to be processed. The voluntary acquisition program is ongoing, and the Board continues to receive applications for acquisition of coal title.

MINERAL ECONOMICS

The Mineral Economics branch monitors micro and macro economic factors affecting the coal industry and determines start up dates, production rates and discount rates for collieries and coal areas. It informs the Board, the Chief Executive Officer and staff of issues within the industry affecting the Board's operations and provides critical data to enable the Board and its staff to make informed decisions.

Business Objective 1

Determine start up dates, production rates and discount rates for mine and modelling areas to allow the assessment program to pay compensation.

Economic models for coal areas were submitted on time to each Board meeting.

A risk ranking model of the NSW industry which ranks all operating NSW coal mines on a profit/tonne basis was submitted to the Board in late 2005. A review of base discount rate is also conducted at least annually.

Business Objectives 2 and 3

Brief the Board on economic matters affecting the coal industry and provide advice and produce economic research papers as directed by the Board.

Reports on the broader economic framework of the NSW coal industry to enable more accurate economic reports for coal areas were produced. These included a revision of the supply/demand model of the NSW coal industry. This review is completed annually.

122 million tonnes

coal production 05/06

Average Coal Prices

\$75

05/06

\$63

04/05

The basic economic framework was updated as necessary to allow final assessments and determinations on Re-Acquisition Scheme claims to proceed. The branch revised the NSW coal industry supply/demand model, the mine cost estimation model and reviewed and updated all factors affecting coal area discount rates, including a major review of the base discount rate in late 2005/06.

A summary of developments in the coal industry was submitted to each Board meeting to inform the Board of emerging issues and current trends.

The July 2004 restructure of the branch which separated mineral economics from geological and mining engineering modelling has proven successful for the Board and allows Mineral Economics to focus on economic issues while maintaining interaction with geology and mining engineering. Four mineral economists are located in Sydney and four in Maitland.

NSW COAL INDUSTRY IN GENERAL

Average coal prices in 2005/06 increased to a record high of \$75 (pro-rata for the first ten months of 2005/06) up from a healthy \$63 average in 2004/05. The record Japanese Financial Year contract prices in April 2005 ensured that 2005/06 eclipsed the already buoyant 2004/05 prices. It is estimated that prices in 2006/07 will be marginally lower than 2005/06. Despite this the good times for the NSW coal industry should continue. Saleable coal production for 2005/06 was similar to the record 2004/05 tonnage of around 122 million tonnes.

LEGAL

The Legal branch manages the Board's litigation, provides legal advice, legal representation and researches legal issues. Also, the branch interprets legislation, legal documents, agreements, contracts and instruments relating to claims and applications.

In managing litigation the branch defends the Board's determinations in cases brought before the NSW Coal Compensation Review Tribunal and higher courts.

Business Objective 1

Provide legal advice to Board and Board staff in all forums as required.

Legal advice was provided to the Board and staff in all forums, as needed.

The branch defended determinations by the Board in appeals to the Tribunal by appellants. Where appeals involved complex issues of fact and law and substantial amounts of compensation were in issue, the branch engaged external experts and briefed counsel.

Business Objective 2

Assist Assessment branch to progress claims for pecuniary loss, council rates loss, native title and consequential loss and progress voluntary acquisition applications.

The branch liaised with Assessment branch to progress claims for pecuniary loss, including council rates loss, native title and consequential loss. The branch provided legal advice and contributed to strategic direction. It also drafted operational policies and procedures on these claims.

The branch assisted Assessment branch when required to progress voluntary acquisition applications.

Business Objective 3

Ensure corporate compliance with legislation and Government policies.

The branch reviewed relevant policies and recommended amendments as required. In addition, it prepared papers to the Board with recommendations regarding relevant issues of corporate governance and corporate compliance.

CHANGES TO LEGISLATION

The *Coal Ownership (Restitution) Regulation 2000* ("the 2000 Regulation") was automatically repealed after five (5) years on 1 September 2005, by section 10(2) of the *Subordinate Legislation Act 1989*. The *Coal Ownership (Restitution) Regulation 2005* replaced the 2000 Regulation with no substantive changes.

SIGNIFICANT JUDICIAL DECISIONS

There were three (3) significant judicial decisions:

1. On 25 November 2005 the Supreme Court of New South Wales dismissed the Board's application for judicial review of the 22 March 2005 decision of the New South Wales Coal Compensation Review Tribunal to allow the appeal of the *Estate of the Late JJ Franks*. The Supreme Court upheld the Tribunal's decision that compensation for claims made under clause 9(2) of the *Coal Acquisition (Compensation) Arrangements 1985* should be "just and equitable", including benefits won by claimants in the *Nardell Colliery Pty Limited* case, where applicable.
2. On 6 December 2005, the Tribunal allowed 26 appeals by Muswellbrook Shire Council and determined, in line with its earlier decision in the *Estate of the Late JJ Franks*, that a claim for compensation under clause 9(2) of the *Coal Acquisition (Compensation) Arrangements 1985* should be "just and equitable". Muswellbrook Shire Council claimed compensation for pecuniary loss resulting from the loss of opportunity to levy council rates on coal titles. The Tribunal held that for such compensation to be "just and equitable" it must take into account in the assessment of compensation, the possibility of super-royalty or front-end payments, where applicable. The Tribunal further held, that to ensure any compensation for pecuniary loss is "just and equitable", the correct approach is to apply the decision of the Court of Appeal in the *Nardell Colliery Pty Limited* case. It is appropriate to determine the valuation of coal titles for rating purposes, by considering the probabilities of various outcomes prior to the enactment of the *Coal Acquisition Act 1981*.
3. On 9 May 2006, the Tribunal allowed an appeal by *Inglebrae Coal Pty Limited* and determined that it was "just and equitable" for compensation to be paid for the full amount of capital gains tax incurred by the appellant following a determination of compensation under the *Coal Acquisition (Re-Acquisition Arrangements) Order 1997*. This appeal to the Tribunal followed a finding by the Court of Appeal on 3 October 2003 that capital gains tax liability was a consequential loss under clause 7 of the *1997 Order*, which directed the Board to consider redetermination of compensation. The Board had considered capital gains tax liability in its redetermination on 20 May 2005, however, it determined that compensation was payable only on a portion of Inglebrae's capital gains tax liability. The Tribunal found that it was just and equitable to pay compensation for the whole of Inglebrae's capital gains tax liability.



The Tribunal 9 May 2006 decision was deemed to be the decision of the Board.

EXECUTIVE SERVICES

The Executive Services Branch provides planning, monitoring, research, policy and intra-government liaison services for the Executive including issues related to operational planning and performance and policy development. It also assists in promoting public acceptance of the Board's operations and provides ministerial liaison services.

▲ Business Objective 1

Provide accurate and timely information to the Chief Executive Officer on planning and performance issues.

The Chief Executive Officer is provided with an up-to-date assessment of the cost of the Scheme and any proposed changes to the Plan for Closure of the Board (the Business Plan) are submitted to the Executive for approval.

▲ Business Objective 2

Provide central planning, performance monitoring and reporting function to executive on a monthly basis with a four monthly review to determine the success or otherwise of strategies put into place at the beginning of the financial year.

▲ Corporate planning, including updating of the Business Plan, performance monitoring and reporting to the Executive, Board and Minister.

▲ Liaison with different Board branches to ensure business objectives are met.

▲ Provision of support services on technical matters, including advice on matters relating to the compensation schemes to ensure informed decision making.

The objectives of the 2005/06 Corporate Plan were largely achieved. The planning branch submitted monthly reports to the Board and Executive on planning, performance monitoring and reporting functions on a monthly basis with four monthly reviews of strategies and performance against targets.

The 'Plan for the Closure of the Board' Report, produced by Jan Smith & Associates in consultation with Board staff, was introduced in May. This Report provides a life-of-Board business plan and exit strategy including a detailed timeline for completion of the Board's work. Procedures have been developed to approve, monitor and report changes to the workplan for the Executive and the Board.

The Business Plan will replace the Corporate Plan for the 2006/07 reporting period. Closer integration of the various operational programs and the legal branch is the most significant benefit of the business plan.

The branch oversees integration of the Geographical Information System (GIS) function to ensure reliability and integrity of data used in the modelling and assessment branches.

▲ Business Objective 3

Maintain effective communication with the Minister's office and other Government agencies.

The branch continues to provide accurate and timely replies to Ministerial representation. It also responds to Government agency requests for information in an efficient and effective manner. The Board's progress is summarised in a Monthly Management Report to the Minister.



CORPORATE SUPPORT AND INFORMATION SERVICES

Corporate Support and Information Services provides essential support services to the Board's technical and executive branches. The branch provides all administrative and information functions, including records management, purchasing and fleet management.

Business Objective 1

Provide efficient and effective core business services to the Board to enable the finalisation of claims and applications, restoration of coal titles, acquisition of coal titles and the payout of compensation.

The branch produced agenda papers and despatched claimant correspondence within time limits for the reporting year.

All payments were delivered on time throughout the year.

The Restitution program is almost complete with only 4 applications remaining to be processed.

A records information management system was implemented to replace an old system no longer supported. All staff were trained in the use of the new system.

FINANCE

Finance provides efficient and effective financial management of the Board's compensation and administrative activities through payment of compensation and creditors in accordance with public sector accounting standards. Finance branch also

ensures that funds owing to the Board and Tribunal are collected and accounted for in accordance with the *Public Finance and Audit Act 1983* and Treasurers Directions.

The branch maintains appropriate internal controls to avoid or minimise errors and to facilitate decision making by senior management through provision of appropriate financial information that is both accurate and timely.

Business Objective 1

Coordinate and provide computerised accounting services under the directions and guidelines set by the NSW Government.

During the reporting year the Attache GL accounting system was replaced with MYOB. Treasury deadlines were met.

Business Objective 2

Provide effective financial management to assist the Board in making sound financial decisions.

The Board's internal controls were examined by the Internal Audit Bureau (IAB) and the Audit Office during the year.

Regular reports are provided to Treasury, NSW Department of Primary Industries (DPI), Board management and the Minister.

Monthly financial reports on accounting results and performance, together with a monthly status report on funds available for compensation, compensation paid and a cashflow forecast, is prepared each month for the Board.

RISK MANAGEMENT AND INSURANCE

The Board is required under Section 11 of the *Public Finance and Audit Act 1983* to adopt and maintain an effective system of internal control over financial and operational activities.

During 2005/06 the IAB was contracted to provide the following services:

- ▲ to review the internal controls operating in the claims assessment and payment process to ensure effectiveness and compliance with relevant management policies and procedures;
- ▲ to review payroll and information technology services provided to the Board under its Service Level Agreement with DPI to ensure that it is being provided with the most cost effective and highest quality service possible;
- ▲ to conduct a post-implementation review of the new accounting system (MYOB) to ensure input controls provide for completeness, accuracy and integrity of data; and
- ▲ to conduct a post-relocation risk assessment of the Board's move to Sydney CBD/Maitland to ensure that the risks identified in the pre-relocation review were adequately managed.

Claims Assessments and Payments

A review of selected claim files and payments revealed a high level of compliance with the *Coal Acquisition (Compensation) Arrangements 1985* and various internal policies and procedures. One minor issue identified revision of the 'Instrument of Delegation – Compensation Payments' to correctly allow for authorisation of interim payments by the CEO and Chairperson.

Delivery of Payroll and IT Services

This review examined, through surveys of major participants, the effectiveness of the Service Level Agreement (SLA) between the Board and DPI, particularly in the payroll and IT areas. The review found that services presently provided by DPI under the SLA were generally satisfactory in terms of meeting expectations and satisfying defined service standards, although it was noted that this had not always been so in the past. Although no substantive concerns were raised, a few minor issues were identified requiring improvement, including certain DPI invoicing arrangements and reporting of staffing data. These were resolved after further consultation with DPI personnel.

Accounting System

The post-implementation review of the Board's new MYOB accounting system identified several areas of low risk, including lack of an updated finance policy and procedures document as it relates specifically to MYOB and the adoption of session reports. Recommendations were made to compile a procedures document relating specifically to the MYOB application and to include a checklist of controls for monthly sign-off, as well as printing session reports for independent check and sign-off. All recommendations were implemented except for the checklist of controls which was already in place.

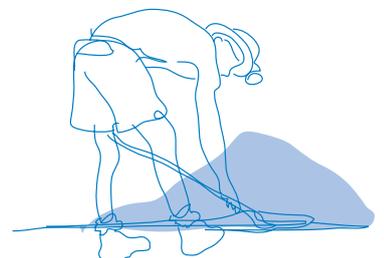
Post-Relocation Review of Board Move to Sydney CBD/Maitland

A number of steps had been taken to implement a risk management approach over the Board's activities as it moves towards projected completion of the coal compensation scheme. It was recommended that focus should now be directed towards risk management of ongoing operations and other matters that could impact on the ability of the Board to complete its scheduled activities.

The Board has comprehensive coverage for workers' compensation, motor vehicle, property and public liability insurance, provided through the NSW Treasury Managed Fund. This fund is a government sponsored self-insurance scheme which is currently managed by Allianz.



▲ Maitland workforce



Our Staff



HUMAN RESOURCES

Under the *Arrangements* the Board has a number of alternatives for staffing the organisation, and for carrying out its work. The chosen method is for another agency to employ staff to be seconded to the Board. The chosen agency was the Department of Primary Industries.

A *Service Level Agreement* was signed between the Coal Compensation Board and the Department of Primary Industries. This provides for human resources services to be carried out on behalf of the Board.

During 2005/06 there were a total of 16 staff separations.

INDUSTRIAL RELATIONS

Issues relating to the redeployment/ redundancy of staff relating to the closure of the Board during 2007 have progressed during the year. Advice was provided to the Board and its staff by the Department of Primary Industries' Human Resources area and NSW Premier's Department.

OCCUPATIONAL HEALTH AND SAFETY (OH&S)

Commitment to occupational health and safety standards by the Board's executive and staff has enabled the Board to function in a healthy and safe work environment.

The Boards' OH&S committee was established in early 2006 following WorkCover approved training for all committee members. The committee meets to discuss issues of concern and suggestions from employees.

As in previous years, the committee submits a monthly report for notation by the Board.

This reporting procedure ensures all levels of the organisation are involved in occupational health and safety. Any immediate concerns are addressed individually, and email is used to convey information to all staff, as required.

To monitor potential hazards and to identify and eliminate new hazards, the committee conducts a safety audit of the office, at least every twelve months and as circumstances require.

The NSW Coal Compensation Board, where practicable, adopts the occupational health and safety policies and practices of the Department of Primary Industries.

Following the acquisition of additional floor space on Level 16 of the Sydney office, the committee conducted an audit of both floors. An additional first aid officer and fire warden have been designated to the 16th floor.

Maitland staff are now represented on the Department of Primary Industries Mineral Resources OH&S Committee. This allows appropriate synergies between the two agencies.

The Board once again provided staff, in both office locations, with the opportunity to receive flu vaccinations.

WORKERS COMPENSATION CLAIMS AND COSTS

Year	2005/2006
Total number of claims	3
Number of claims settled	3
Net incurred cost	\$160.00



our past
is our future

STAFF DEVELOPMENT AND TRAINING

The Board is committed to maintaining a highly regarded and professional team.

Individual training requirements are identified through the Board's Performance Management System. These are addressed by consultation between the staff member and their supervisor, subject to the approval of the Chief Executive Officer. Staff development is also addressed through the provision of experience such as job rotation and field work.

Training is provided by both in-house and external courses.

STUDY TIME

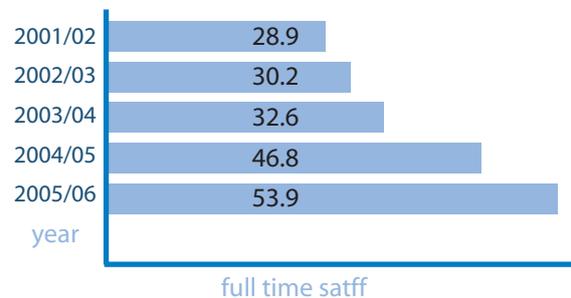
The Board provided assistance to 5 staff members including study leave and/or payment of fees when studying University and TAFE courses.

STAFF CATEGORY

Ratio of permanent to temporary staff		
2001/02	=	0.63:1
2002/03	=	0.45:1
2003/04	=	0.42:1
2004/05	=	0.30:1
2005/06	=	0.26:1

Ratio of female to male staff		
2001/02	=	0.63:1
2002/03	=	0.60:1
2003/04	=	0.62:1
2004/05	=	0.44:1
2005/06	=	0.66:1

Variation in the number of effective full time staff members (as at 30 June) for the last five years is as follows:



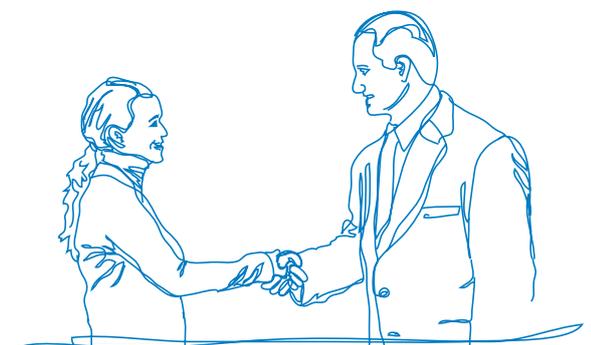
RECREATION LEAVE

The value of untaken recreation leave was \$328,324 at 30 June 2006, an increase of \$102,119 on the accumulated value as at the close of the previous year.

This amount has been incorporated in the Board's financial statements as a provision.

LONG SERVICE LEAVE

The long service leave expense included in the Board's account as at 30 June 2006 is \$150,697. Long service leave amounting to \$209,378 was taken during the reporting year bringing the total value of untaken long service leave, which has been assumed by the Crown to \$669,977.





EQUAL EMPLOYMENT OPPORTUNITY (EEO)

Summary of Outcomes 2005/2006

In the past year the Board's human resources focus has been on aspects of completing the Board's operations by March 2007.

EEO achievements in the last twelve months were made in the following areas:

- ▲ incorporation of appropriate EEO objectives into all recruitment exercises; and
- ▲ a policy review process for all relevant policies, with EEO aspects and best practice guidelines incorporated into all policies reviewed.

Trends in the Representaion of EEO Groups – Table A

EEO Group	Benchmark or Target	% of Total Staff			
		2003	2004	2005	2006
Women	50%	43%	37%	20%	41%
Aboriginal people and Torres Strait Islanders	2%	–	–	–	–
People whose first language was not English	20%	5%	2%	15%	15%
People with a disability	12%	9%	5%	5%	2%
People with a disability requiring work-related adjustment	7%	–	–	–	0%

**Due to non-applicability on all items, and on advice of ODEOPE, Table B, Trends in the Distribution of EEO groups, is not shown.*



▲ Maitland office

ACTION PLAN FOR WOMEN

The Board continued to show its commitment to the Spokeswomen's program. Our Women's Liaison Officer is selected by the Chief Executive Officer. To enable women to fully participate in the work environment, management has developed and applied appropriate policies. The Women's Liaison Officer represents women in the Board's management and can mediate between female staff and the executive team.

The Women's Liaison Officer continues to disseminate information about the Spokeswomen's Program to female staff throughout the year.

There are female representatives on both the NSW Coal Compensation Board and the NSW Coal Compensation Review Tribunal. At least one female representative is also included in each selection panel for staff appointments to the Board.

Associated with the identified strategies, the Office of the Board will incorporate appropriate proposals and action plans that may result from the Department of Primary Industries' Women's Employment Strategy. The group will network and consult with staff to identify women's employment needs and develop strategies to address them.

A group of women from the office of the Board attended the UNIFEM International Women's Day breakfast on 8 March 2006. UNIFEM is the UN Development Fund for Women. It provides financial and technical assistance to innovative programs and strategies that promote women's human rights, political participation and economic security in more than 100 countries.

ETHNIC AFFAIRS PRIORITIES STATEMENT 2005/06

The Board, and its Chief Executive Officer, are committed to promoting social justice, community harmony and economic and cultural opportunities through its work practices. As part of this commitment, the Board aims to provide for cultural and linguistic differences in the delivery of information and the promotion of the Board and its services.

The Board has a policy of assisting claimants to understand their rights and obligations under the Board's legislation and there has been extensive liaison with native title claimants from Aboriginal communities in the reporting year.

Through arrangements with the Department of Primary Industries, interpreters (who are recipients of the Community Language Allowance Scheme) are available on an 'on call basis' to Board staff as required.

All full-time and part-time Board staff are employed under a flexible working hours policy. This provides staff with the opportunity to structure their leave to meet cultural and ethnic requirements.

The Board's management continues to respect and implement the appropriate government policies to provide leave for religious purposes throughout the year.

Ethnic Affairs Priority Strategies for the reporting year included:

- ▲ utilising input from Board and DPI staff from ethnic, racial and ethno-religious groups in key areas in the practices of the Board, including language and cultural skills, where appropriate;



- ▲ writing all Board promotional and educational material in plain English;
- ▲ supply information in languages other than English, where requested;
- ▲ ensuring remaining scheme claimants, including native title claimants, were not disadvantaged for cultural or ethnic reasons;
- ▲ ensuring native title claimants from Aboriginal communities are aware of Board procedures;
- ▲ contracting the Department of Primary Industries to provide personnel and recruitment services; including the services of interpreters. This arrangement ensures Board staff are included in training programs the Department conducts. Issues of cultural diversity are incorporated into all personnel activities. Job advertisements and position descriptions continued to specify that applicants should have a knowledge and understanding of the Ethnic Affairs Priorities Statement and the principles of cultural diversity;
- ▲ providing all new staff recruited with a policy induction package which included reference to the Board's priorities and requirements regarding cultural and ethnic issues; and
- ▲ revising the complaints policy to provide a simple plain English pro-forma feedback and complaints form.

DISABILITY ACTION PLAN PROGRESS

The Board's disability action plan was developed in November 1999 and submitted to the Ageing and Disability Department at the end of December 1999, as required under the *NSW Disability Services Act 1993*.

Areas for action investigated by the Board during the reporting year included physical access and access to information about the Board, the promotion of positive community attitudes, and appropriate training of staff. Access to the Board's current location is by lift. The Board's evacuation policy includes procedures for assisting persons with reduced mobility or disabilities in case of the need for an evacuation.

CODE OF CONDUCT AND ETHICS

The Code of Conduct and Ethics for the Coal Compensation Board applies to all officers of the Board. It was developed by the Board, in consultation with staff, to form a basis for staff's personal behaviour and a framework for their decision making. The nature of the Board's work has meant that the staff behaviour is often subject to public scrutiny. External feedback indicates that officers of the Board have a high reputation for professionalism, ethical behaviour and helpfulness. Claimants, members of the public and fellow public servants have often commended the organisation for these high standards.

The Code formally sets out the Board's expectations of staff. It provides a benchmark against which staff can measure their behaviour.

Financial Statements

FOR THE YEAR ENDED
30 JUNE 2006

Independent Audit Report

as at 30 June 2006



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT COAL COMPENSATION BOARD

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Coal Compensation Board (the Board):

- presents fairly the Board's financial position as at 30 June 2006 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

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

Scope

The Financial Report and the Board's Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Board, for the year ended 30 June 2006.

The members of the Board are responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of material misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Board in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

The accompanying notes form part of these statements

Independent Audit Report (cont.)

as at 30 June 2006

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Board members had not fulfilled their reporting obligations.

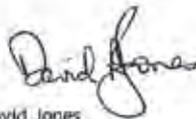
My opinion does *not* provide assurance:

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

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The 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 are not compromised in their role by the possibility of losing clients or income.



David Jones
Director, Financial Audit Services

SYDNEY
31 October 2006

NSW Coal Compensation Board Statement of Members of the Board

for period ended 30 June 2006

Prepared under A-IFRS

NSW COAL COMPENSATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2006

STATEMENT OF MEMBERS OF THE BOARD

Pursuant to the Public Finance and Audit Act 1983, we state that:

- (a) the accompanying financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Regulations and Financial Reporting Directions issued by the Treasurer under Section 9(2)(n) of the Act, applicable Australian equivalents to International Financial Reporting Standards ("A-IFRS"), other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Urgent Issues Group (UIG) interpretations.
- (b) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.
- (c) the financial statements exhibit a true and fair view of the financial position of the Board as at 30 June, 2006 and transactions for the year then ended.



Alastair Fotheringham
Chairperson



Sue Myers
Board Member

24 October, 2006



The accompanying notes form part of these statements

NSW Coal Compensation Board

Operating Statement

for period ended 30 June 2006

Start of Audited Financial Statements

	Notes	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2005 \$'000
Expenses				
Operating Expenses				
Employee Related	2a	5,307	6,264	3,368
Other operating expenses	2b	2,044	3,157	1,490
Maintenance		39	30	13
Depreciation and amortisation	2c	108	90	67
Other expenses	2d	7,905	–	(54,850)
Total Expenses		15,403	9,541	(49,912)
Less:				
Retained Revenue				
Sale of goods and services	3a	42	5	13
Investment income	3b	177	5	88
Total Retained Revenue		219	10	101
Gain/(loss) on disposal of non current assets	4	(23)	–	(7)
	5,			
Net Cost of Services	18/19	15,207	9,531	(50,006)
Government Contributions				
Recurrent appropriation	6	44,580	52,898	44,017
Capital appropriation	6	100	100	300
Acceptance by the Crown Entity of employee entitlements and other liabilities	7	811	1,533	476
Total Government Contributions		45,491	54,531	44,793
SURPLUS / (DEFICIT) FOR THE YEAR FROM ORDINARY ACTIVITIES	15	30,284	45,000	94,799
Non Owner transaction changes in equity		–	–	–
Total revenues, expenses and valuation adjustments recognized directly in equity		–	–	–
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	15	30,284	45,000	94,799

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

NSW Coal Compensation Board Balance Sheet

as at 30 June 2006

	Notes	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2005 \$'000
ASSETS				
Current Assets				
Cash	9	2,463	3,183	1,983
Receivables	10	576	31	219
Total Current Assets		3,039	3,214	2,202
Non-Current Assets				
Plant and Equipment	11	453	568	463
Total Non-Current Assets		453	568	463
Total Assets		3,492	3,782	2,665
LIABILITIES				
Current Liabilities				
Payables	12	65,061	40,929	45,105
Provisions	13	583	2,803	301
Other	14	2,108	-	1,819
Total Current Liabilities		67,752	43,732	47,225
Non-Current Liabilities				
Payables	12	-	-	49,865
Provisions	13	-	51	119
Total Non-Current Liabilities		-	51	49,984
Total Liabilities		67,752	43,783	97,209
Net Assets		(64,260)	(40,001)	(94,544)
EQUITY				
Accumulated Losses	15	(64,260)	(40,001)	(94,544)
Total Equity		(64,260)	(40,001)	(94,544)

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

NSW Coal Compensation Board Statement of Changes in Equity

for financial year ended 30 June 2006

	Actual 2006 \$'000s	Budget 2006 \$'000s	Actual 2005 \$'000s
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	–	–	–
Total income and expense recognized directly in equity	(94,544)	4,999	255
Deficit for the period	30,284	(45,000)	(94,799)
Total loss recognized for the period	(64,260)	(40,001)	(94,544)

NSW Coal Compensation Board

Cash Flow Statement

for the year ended 30 June 2006

	Notes	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2005 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(4,602)	(5,583)	(3,034)
Other		(2,097)	(1,819)	(1,319)
Compensation Payments		(37,841)	(43,732)	(39,876)
Total Payments		(44,540)	(51,134)	(44,229)
Receipts				
Sale of goods and services		42	5	13
Interest received		130	5	51
Other		-	11	(54)
Total Receipts		(172)	21	10
Cash Flows from Government				
Recurrent appropriation		46,688	53,800	45,836
Capital appropriation		100	100	300
Cash reimbursements from the Crown Entity		-	-	176
Cash transfers to Consolidated Fund		(1,819)	-	(1,366)
Net Cash Flows from Government		44,969	53,900	44,946
NET CASHFLOWS FROM OPERATING ACTIVITIES	19	601	2,787	727
CASH FLOWS - INVESTING ACTIVITIES				
Purchases of Plant and Equipment		(121)	(100)	(351)
NET CASHFLOWS FROM INVESTING ACTIVITIES		(121)	(100)	(351)
NET INCREASE/(DECREASE) IN CASH		480	2,687	376
Opening cash and cash equivalents		1,983	496	1,607
CLOSING CASH AND CASH EQUIVALENTS	9	2,463	3,183	1,983

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

NSW Coal Compensation Board

Summary of Compliance with Financial Directives – 2006

	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund
	\$'000	\$'000	\$'000	\$'000
ORIGINAL BUDGET				
APPROPRIATION/EXPENDITURE				
Appropriation Act	53,800	53,800	100	100
Additional appropriations	–			
Sec 21A PF&AA – special appropriations				
Sec 24A PF&AA – transfer of functions between departments				
Sec 26A PF&AA– Commonwealth specific purpose payments				
TOTALS	53,800	53,800	100	100
OTHER APPROPRIATIONS/ EXPENDITURE				
Treasurers Advance	–	–	–	–
Sec 22 - Expenditure certain works & services				
Transfers from another agency (See Sec 28 of the Appropriation Act)	–	–		
TOTALS	–	–	–	–
Total Appropriations / Expenditure/ Net Claim on Consolidated Fund (Includes transfer payments)	53,800	44,580	100	100
Amount drawn down against Appropriation		46,688		–
LIABILITY TO CONSOLIDATED FUND		2,108		–

NOTES:

- FRC The summary of compliance is based on the assumption that Consolidated Funds moneys are spent first (except where otherwise identified or prescribed).
- FRC If there is a liability to consolidated fund, the agency must state that this represents the difference between the "Amount Drawn Down against Appropriations" and the "Total Expenditure/Net Claim on Consolidated Funds".

The above summary of compliance 2006 is to be read in conjunction with the attached notes

NSW Coal Compensation Board Summary of Compliance with Financial Directives – 2005

	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund
	\$'000	\$'000	\$'000	\$'000
ORIGINAL BUDGET				
APPROPRIATION/EXPENDITURE				
Appropriation Act	34,065	34,065	90	90
Additional appropriations	–			
Sec 21A PF&AA – special appropriations				
Sec 24A PF&AA – transfer of functions between departments				
Sec 26A PF&AA– Commonwealth specific purpose payments				
TOTALS	34,065	34,065	90	90
OTHER APPROPRIATIONS/ EXPENDITURE				
Treasurers Advance	1,748	384	300	210
Sec 22 - Expenditure certain works & services				
Transfers from another agency (See Sec 28 of the Appropriation Act)	35,023	9,568		
TOTALS	36,771	9,952	300	210
Total Appropriations / Expenditure/ Net Claim on Consolidated Fund (Includes transfer payments)	70,836	44,017	390	351
Amount drawn down against Appropriation		45,836		300
LIABILITY TO CONSOLIDATED FUND		1,819		–

NOTES:

- FRC The summary of compliance is based on the assumption that Consolidated Funds moneys are spent first (except where otherwise identified or prescribed).
- FRC If there is a liability to consolidated fund, the agency must state that this represents the difference between the "Amount Drawn Down against Appropriations" and the "Total Expenditure/Net Claim on Consolidated Funds".

The above summary of compliance 2005 is to be read in conjunction with the attached notes

NSW Coal Compensation Board

Notes to and forming part of the Financial Statements

for year ended 30 June 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

This report is a general purpose financial report prepared on an accrual basis and in accordance with:-

- ▲ applicable Australian equivalents to International Financial Reporting Standards ("A-IFRS");
- ▲ other authoritative pronouncements of the Australian Accounting Standards Board ("AASB");
- ▲ Urgent Issues Group ("UIG") Interpretations;
- ▲ the requirements of the *Public Finance and Audit Act 1983* (the "Act"); and
- ▲ Regulations and Financial Reporting Directions issued by the Treasurer under section 9(2)(n) of the Act.

(b) Reporting Entity

The NSW Coal Compensation Board (the Board) as a reporting entity, comprises all the entities under its control, including the NSW Coal Compensation Review Tribunal in accordance with the requirements of the *Coal Acquisition (Compensation) Arrangements 1985*. The operating activities are associated with the Government's plans for either compensating or restoring coal rights to claimants who were former coal owners of private coal pursuant to the *Coal Acquisition Act 1981*.

The reporting entity is consolidated as part of the NSW Total State Sector and as part of the NSW Public Accounts.

(c) Basis of Preparation

The Board prepares financial statements on the basis of historical cost, except for the revaluation of certain non-current assets where appropriate. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are rounded to the nearest one thousand dollars and expressed in Australian currency. The accounting policies adopted

are consistent with those of the previous year except where stated.

In the application of A-IFRS (previously AEIFRS), management is required to make judgements, estimates and assumptions about 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 A-IFRS that have significant effects on the financial statements and estimates with significant risk of material adjustments in the next year, are disclosed where applicable, in the relevant notes to the financial statements.

The NSW Coal Compensation Board is planning to cease operations from 31 March 2007. To facilitate this objective, further funding was made available in December 2004 through the State Budget to enable the Board to accelerate operations in order to achieve the Government's objectives of acquiring coal rights by this date.

(d) Timeline to Adoption of International Financial Reporting Standards (A-IFRS)

The Board have applied AASB 1, the Australian Equivalents to International Financial Reporting Standards, from the reporting period beginning 1 July 2005.

The Board took the following steps to manage the transition to the new standards:

- ▲ An Action Plan was installed for the 2004-05 year leading to full implementation by

NSW Coal Compensation Board Notes to and forming part of the Financial Statements

for year ended 30 June 2006

1 July 2005 with the first report under the new standard due 30 June 2006.

- ▲ Discussions took place with Audit Office of NSW and with NSW Treasury personnel regarding the application of relevant A-IFRS standards in the light of

policies, procedures, systems and financial outcomes.

- ▲ The Accountant assumed responsibility for the project and the following timeline illustrates progress to date.

Phase	Action Taken	Target Date	Responsible Officer
1	Disclose impact of moving to A-IFRS in 2004. Financial Statements to comply with reporting disclosure – proforma provided by Treasury for the year ending 30 June 2004. <ul style="list-style-type: none"> ▲ An explanation of how the transition to A-IFRS is managed; and ▲ A narrative explanation of key differences in accounting policies expected to arise 	11 Aug 04	Treasury/CCB Accountant
2	Provide a gap analysis of effect of adopting A-IFRS as compared to AASB – until approved by FRC. As Board is only small agency and impact is minimal, key areas for review: <ul style="list-style-type: none"> ▲ Impairment test – valuation of plant & equipment ▲ Revenue Recognition ▲ Definition Cash in cash flow statement 	30 Sep 04	CCB Accountant
3	Communication to Senior Management and Board Members – progressively as issues were identified and appropriate resources allocated. (Board Members meet monthly)	Monthly	CCB Accountant/ CEO
4	Submit draft opening Balance Sheet as at 1 July 2004 prepared under A-IFRS to Treasury	15 Dec 04	CCB Accountant
5	Submit final opening Balance Sheet as at 1 July 2004 prepared under A-IFRS to Treasury	31 Mar 05	CCB Accountant
6	Disclose finance impact of moving to A-IFRS in the 2005 financial statements to Treasury	31 Aug 05	CCB Accountant
7	Prepare initial set of financial statements for 2005-06 financial year A-IFRS with 2004-05 comparative information to Treasury	31 Aug 06	CCB Accountant
8	Prepare and submit final set of financial statements for 2005-06 year in accordance with A-IFRS reporting standard.	24 Oct 06	CCB Accountant

The accompanying notes form part of these statements

NSW Coal Compensation Board

Notes to and forming part of the Financial Statements

for year ended 30 June 2006

NSW Treasury has assisted the Board to date to manage the transition by developing policies, including mandates of options; presenting training seminars; providing a website with up-to-date information to keep the Board informed of any new developments; and establishing an A-IFRS Panel to facilitate a co-operative approach in managing change.

(e) Key Differences in Accounting Policies

The Board has determined the key areas where changes in accounting policies are likely to impact the financial report. To ensure consistency at the whole of government level, NSW Treasury advised agencies of options it is likely to mandate for the NSW public sector. These mandates were confirmed on Treasury Circulars TC06/11 under AASB 1 (First Time Adoption of Australian Equivalents to International Financial Reporting Standards) and TC06/14 (Mandate of Options and Major Policy Decisions under AEIFRS), dated the 26 June 2006. These mandates while extensive in nature, have not seriously impacted on the Board's results for 2005-06.

APPLICATION OF STANDARDS

Based on current information the following is a brief summary of how AEIFRS changes have impacted on our existing accounting policies following adoption in the current financial year.

▲ AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards.

Requires retrospective application of the new AEIFRS from 1 July 2004, with limited exemptions. No significant change was required.

▲ AASB 101 Presentation of Financial Statements

The operating statement and balance sheet

formats have been revised to net gains and losses on disposal of non current assets and to ignore the significance of post balance date events on current and non current liabilities. The Board does not currently engage in the practice of revaluing assets.

▲ AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

This requires voluntary changes in accounting policy and correction of errors to be accounted for retrospectively by restating comparatives and adjusting the opening balance of accumulated funds.

The Board adopts the view that such changes will be recognised in the current period through profit or loss, unless requested otherwise.

▲ AASB 116 Property Plant and Equipment.

The cost of an asset under this standard allows for recognition of restoration and inspection cost. There is also guidance on fair value, frequency of revaluation and accounting for spares. Borrowing costs may be capitalized or expensed and NSW Treasury have mandated the latter option.

The Board will not be allowing for the recognition of restoration and inspection costs as the vast majority of assets have a short lifespan and have been purchased outright. Current market value is important when disposing of an asset and borrowing costs (if any) are expensed.

▲ AASB 117 Leases

Agencies are required to expense operating lease contingent rentals on a straight line basis over the lease term.

The Board currently complies with this procedure.

NSW Coal Compensation Board

Notes to and forming part of the Financial Statements

for year ended 30 June 2006

▲ AASB 119 Employee Benefits

Superannuation

Crown and government agencies with defined benefit plans whose unfunded superannuation is not assumed by the Crown can be adversely affected with higher liability, greater volatility in income statement/balance sheet results as the discount rate is based on market expectations.

The calculation and disclosure of unfunded liability can be ascertained under the balance sheet method (using Government Bond rate) or Disclosure in Notes (using expected rate of return on plan assets).

The Board does not manage its own superfund and is not involved in investment activity. The Board will comply with the NSW Treasury mandates for agencies which is based on the bond rate.

Long service leave and other long term employee benefits

A detailed methodology is required based on the method used to calculate the defined benefit superannuation obligation.

The Board will comply with NSW Treasury mandate on Long Service Leave and other long term employee benefit plans.

▲ AASB 137 Provisions, Contingent Liabilities and Contingent assets

Assets are only recognized when 'virtually certain' (previously probable) and contingent assets are recognized only when 'probable' (previously likely). Provisions are recognized with the retirement or disposal of long lived assets. Additional disclosures are also required on the expected timing and uncertainty about timing of outflows of economic benefits to settle provisions

The Board has now settled the majority of compensation claims (in terms of volume) and many of those that remain can now be elevated from the level of provision to that of a liability which are reviewed monthly in the light of further information as this becomes available.

(f) Revenue Recognition

Revenue is recognised when the Board has control of the goods or right to receive, it is probable that the economic benefits will flow to the Board and the amount of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

(i) Parliamentary Appropriations Contributions from Other Bodies

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenues when the Board obtains control over the assets comprising the appropriations / contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at the year end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

The liability is disclosed in Note 14 as part of "Current Liability - Other." The amount will be repaid and the liability will be extinguished next financial year.

NSW Coal Compensation Board

Notes to and forming part of the Financial Statements

for year ended 30 June 2006

(ii) Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services i.e. user charges. User charges are recognised as revenue when the Board obtains control of the assets that result from them.

(iii) Investment income

Interest revenue is recognised as it accrues.

(g) Employee Benefits and Other Provisions

(i) Wages and Salaries, Annual Leave, Sick Leave and On-Costs

Liabilities for wages and salaries, annual leave and vesting sick leave are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

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 entitlements accrued in the future.

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

(ii) Long Service Leave and Superannuation

The Board's liabilities for long service leave and superannuation are assumed by the Crown Entity. The Board accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by

the Crown Entity of Employee Entitlements and other Liabilities".

Long service leave is measured using the present value method. The liability is based on the remuneration rates at year end for all employees with five or more years of service. The present value method has been adopted from the year ending 30 June 2004 following the introduction of Treasury Circular 03/08 "LSL Pool Accounting for Long Service Leave." The nominal method employed in previous years is no longer acceptable.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

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

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

- ▲ the amount of GST incurred by the Board 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.

NSW Coal Compensation Board

Notes to and forming part of the Financial Statements

for year ended 30 June 2006

(i) Insurance

The Board's insurance activities are conducted 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.

(j) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Board. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

(k) Plant and Equipment

Items of plant and equipment costing \$5,000 and above purchased individually are capitalised. This policy was adopted to comply with NSW Treasurer's Direction 460.04. Networked computer assets have also been capitalised in line with NSW Treasurer's Guidelines for Capitalisation of Expenditure in the NSW public sector.

Other items costing less than \$5,000, which are at risk of loss by misappropriation will be expensed and recorded in the record only register.

(l) Depreciation of Non-Current Physical Assets

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity. The following depreciation rates were applied to the assets of the Board.

Office Equipment	20%
Computers	20%
Furniture	7.5%

(m) Leased Assets

A distinction is made between finance leases which transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets and operating leases under which the lessor retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the inception of the lease. The corresponding liability is established at the same amount.

Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred.

(n) Maintenance and Repairs

The cost of maintenance is charged to expense as incurred, except where the transaction relates to replacement of a component of an asset, in which case the costs are capitalised and depreciated.

Reference should be made to item(k) above

NSW Coal Compensation Board

Notes to and forming part of the Financial Statements

for year ended 30 June 2006

as components valued below \$5,000 will be recorded in the record only register.

(o) Valuation of Coal Compensation Claims

The assessment of claims is carried out in accordance with the guidelines established in the *Coal Acquisition (Compensation) Arrangements 1985, the Coal Ownership (Restitution) Act 1990* and subsequent Regulations and Orders.

(p) Financial Instruments

Financial Instruments give rise to both a financial asset of one entity and a financial liability (or equity instrument) of another entity. For the NSW Coal Compensation Board these include cash at bank, receivables and creditors. The carrying amount of these assets and liabilities approximates the net fair value. All financial instruments are recognised in the Statement of Financial Position.

(q) Cash

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (Tcorp) 11am unofficial cash rate adjusted for management fee to The Treasury of NSW. The deposits at balance date were earning an average interest rate of 4.54% (4.50% for 2004-2005) whilst over the year the weighted average interest rate was 4.54% (4.09% for 2004-2005). A credit card facility valued at \$18,000 is available through Westpac to senior staff members for expenses and as at 30 June 2006, this was unused.

(r) Receivables

All trade debtors are recognised as amounts receivable at balance date. The collection of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable

are written off. A provision for doubtful debts is realised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is charged or earned by the Board on trade debtors.

(s) Payables

These amounts represent liabilities for goods and services provided to the Board and other amounts, including interest. Where relevant interest is accrued over the period it becomes due.

(t) Budgeted Amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year together with any adjustments for the effects of additional appropriations, under s 21A, s 24 and/or s 26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Operating Statement and the Cash Flow Statement originate from the amounts disclosed in the NSW Budget Papers. However, in the Balance Sheet, the amounts vary from the Budget Papers, as most opening balances in the budgeted accounts are based on the carried forward actual amounts ie per the audited financial statements (rather than carried forward estimates).

NSW Coal Compensation Board

Notes to and forming part of the Financial Statements

for year ended 30 June 2006

2. EXPENSES

(a) Employee related expenses comprise the following specific items:

	2006 \$'000	2005 \$'000
Salaries and wages (including recreation leave)	4,124	2,514
Redundancies	30	125
Superannuation (defined benefit plans)	581	327
Long service leave	209	136
Workers compensation insurance	17	11
Payroll tax and fringe benefit tax	284	167
Employee entitlements (On-cost)	56	67
Other	6	21
	5,307	3,368

In 2005-06 the liability for superannuation entitlements, \$580,960 (\$327,050 in 2004-2005), long service leave, \$209,378, (\$135,758 in 2004-2005) and \$20,997 Payroll Tax on Superannuation entitlements (\$13,704 in 2004-2005) was assumed by the Crown. The overall cost of these items – \$811,335, which was raised in the accounts of the Board, was offset by an equivalent amount included under the heading of Acceptance by the Crown Entity (\$476,512 in 2004-2005).

Employee entitlements (on-cost) totalling \$56,139 (\$67,096 in 2004-2005) have been calculated using the present value method. The decrease compared to 2004-2005 reflects more staff taking leave over the past 12 months of operations. On-costs are not assumed by the Crown Entity and are the responsibility of the Board.

Long service leave is measured at present value in accordance with Treasurer's Directions under Sec 9, Sec 45E and AASB 119. The measurement is based on the application of certain factors (as specified in NSWTC 03/08) to employees with 5 or more years of service, using current rates of pay.

(b) Other operating expenses

	2006 \$'000	2005 \$'000
Auditor's remuneration -audit of the financial reports	37	25
Board fees	85	85
Consultancies	308	73
Fees for services rendered	593	541
Insurance	9	14
Internal Audit Bureau	22	28
Other	218	189
Rental and cleaning expense	418	287
Stores and provisions	80	98
Travelling expenses	199	85
Coal Compensation Review Tribunal	75	65
	2,044	1,490

NSW Coal Compensation Board

Notes to and forming part of the Financial Statements

for year ended 30 June 2006

(c) Depreciation and amortisation expenses

	2006 \$'000	2005 \$'000
Computer & office equipment	108	67

(d) Other expenses

	2006 \$'000	2005 \$'000
Repurchase of Property Rights	34,376	33,498
Compensation - cash payments	3,465	6,330
Movements in Assessed Claims Provision	(29,936)	(94,678)
	7,905	(54,850)

Since the Board commenced operations a cash total of \$719,521,644 in compensation payments (\$681,680,473 in 2004-05) has been paid.

3. REVENUES

(a) Sale of goods and services

	2006 \$'000	2005 \$'000
Appeal Fees	3	-
Sundry Income	39	12
Transcription Fees and Other	-	1
	42	13

This reflects the lodgment of appeals and sale of transcripts by the NSW Coal Compensation Review Tribunal.

(b) Investment Income

	2006 \$'000	2005 \$'000
Interest Income	177	88

Represents interest received and receivable on the Board's bank account held at the Westpac Bank.

4. GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS

	2006 \$'000	2005 \$'000
Gain/(loss) on disposal of plant and equipment		
Proceeds from sale	7	1
Written down value of assets sold	(30)	(8)
Net gain/(loss) on disposal of plant and equipment	(23)	(7)

The accompanying notes form part of these statements

NSW Coal Compensation Board

Notes to and forming part of the Financial Statements

for year ended 30 June 2006

5. INDIVIDUALLY SIGNIFICANT ITEMS

The Net Cost of Services does not include the following items settled during the year as part of compensation creditors liability:

	2006 \$'000	2005 \$'000
Repurchase of property rights	34,370	33,498
Compensation Cash Payments	3,465	6,330
Voluntary Acquisitions	6	-
TOTAL	37,841	39,828

6. APPROPRIATIONS

	2006 \$'000	2005 \$'000
Recurrent Appropriations		
Total recurrent drawdowns from Treasury (per Summary of Compliance)	44,580	45,836
Add liability to the Consolidated Fund (per Summary of Compliance)	2,108	(1,819)
Less Repaid to Consolidated Fund (per Summary of Compliance)	(1,819)	-
TOTAL	44,869	44,017
Comprising		
Recurrent Appropriations (per operating statement)	44,869	44,017
Transfer Payments	-	-
TOTAL	44,869	44,017
Capital Appropriations		
Total capital drawdowns from Treasury (per Summary of Compliance)	100	300
Less: liability to Consolidated Fund (per Summary of Compliance)	-	-
TOTAL	100	300
Comprising		
Capital appropriations (per Statement of Financial Performance)	100	300
Transfer Payments	-	-
TOTAL	100	300

The accompanying notes form part of these statements

NSW Coal Compensation Board

Notes to and forming part of the Financial Statements

for year ended 30 June 2006

7. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE ENTITLEMENTS AND OTHER LIABILITIES

	2006 \$'000	2005 \$'000
Superannuation	581	326
Payroll tax	21	14
Long Service Leave	209	136
	811	476

8. PROGRAMS / ACTIVITIES OF THE BOARD

(a) Program 1 – Compensation Scheme

The NSW Coal Compensation Board is an independent authority with the role of determining claims from former owners of coal whose coal was acquired by the Crown through the *Coal Acquisition Act 1981*.

The *Coal Acquisition (Compensation) Arrangements 1985* sets out the detailed rules by which the *Coal Compensation Scheme* operates. It is administered by the NSW Coal Compensation Board and payments are from the Coal Compensation Budget.

(b) Programs 2 - 4 (inclusive) – Reacquisition, Restitution and Voluntary Acquisition Schemes

The NSW Coal Compensation Board also administers the role of determining claims from former owners of coal holdings who seek restoration of coal ownership, owners who wish to voluntarily transfer their coal rights to the crown for an appropriate consideration and thirdly, the reacquisition of coal rights for coal acquired by the Crown after 1997, under the *Coal Ownership Restitution Act 1990*.

The *Coal Acquisition (Re-acquisition Arrangements) Order 1997* sets out the detailed rules by which the *Coal Ownership Restitution Act 1990* operates. It is administered by the NSW Coal Compensation Board and payments are from the Coal Re-Acquisition Budget and the Voluntary Acquisition Scheme Budget as appropriate. The legislation also provides for compensation payable in relation to consequential loss claims relating to the re-vestment of coal.

The *Coal Ownership (Restitution) Regulation 2005* regulates the manner of making applications for the restitution of ownership of coal under the *Coal Ownership Restitution Act 1990* and the procedures for dealing with those applications.

9. CURRENT ASSETS - CASH

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and bank overdraft. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	2006 \$'000	2005 \$'000
Cash at Bank	2,461	1,981
Cash on hand	2	2
Closing cash and cash equivalents	2,463	1,983

The accompanying notes form part of these statements

NSW Coal Compensation Board

Notes to and forming part of the Financial Statements

for year ended 30 June 2006

10. CURRENT ASSETS - RECEIVABLES

	2006 \$'000	2005 \$'000
Sundry Debtors	351	83
Interest Receivable	93	46
GST Receivable	85	85
Rec LSL Payments	–	5
Trade Debtors	47	–
	576	219

11. NON CURRENT ASSETS - PLANT AND EQUIPMENT

(a) Plant and Equipment

	2006 \$'000	2005 \$'000
At Fair Value	763	797
Less: Accumulated Depreciation	310	334
Total Plant and Equipment At Net Book Value	453	463

(b) Reconciliation

Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year are set out below.

	2006 \$'000	2005 \$'000
Plant and Equipment:		
Carrying amount at start of year	463	188
Additions	128	351
Disposals	(30)	(7)
Depreciation expense	(108)	(69)
Other movements (transfers)	–	–
Carrying amount at end of year	453	463

The accompanying notes form part of these statements

NSW Coal Compensation Board

Notes to and forming part of the Financial Statements

for year ended 30 June 2006

12. CURRENT AND NON-CURRENT LIABILITIES – PAYABLE

	2006 \$'000	2005 \$'000
Current		
Accrued salaries and wages	46	4
Assessed Claims Provision	34,685	18,216
Pecuniary Loss Claims	3,916	14,854
Appeals and litigation	26,327	11,930
	64,974	45,000
Creditors	87	101
Total Current	65,061	45,105
Non-Current		
Assessed Claims Provision	–	23,081
Pecuniary Loss Claims	–	14,854
Appeals and litigation	–	11,930
Total Non Current	–	49,865

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Compensation Liability – analysis

The claims liability can be further analysed by scheme, type of claim and interest as below for the current and prior years.

Class	2006 Claims	2006 \$'000	2005 Claims	2005 \$'000
Assessed Claims Provision	255	31,026	421	59,642
Claims Litigation – Compensation	4	14,525	28	10,451
Claims Litigation – Reacquisition	31	11,803	–	–
Pecuniary Loss Claims	27	3,916	5	13,013
Totals	317	61,270	454	83,106
Interest		3,659		11,759
Total including interest estimate		64,929		94,865

The accompanying notes form part of these statements

NSW Coal Compensation Board Notes to and forming part of the Financial Statements

for year ended 30 June 2006

13. CURRENT AND NON-CURRENT LIABILITIES - PROVISIONS

	2006 \$'000	2005 \$'000
Current		
Recreation leave	328	226
Provision Empl. Entitlement & Redundancy	104	75
Creditors – LT Employee Related	151	119
	583	420
Non Current		
Aggregate employee benefits and related on-costs		
Provisions-current	583	420
Provisions-non-current	–	–
Accrued salaries, wages and on cost (see Note 12)	46	4
	629	424

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14. CURRENT LIABILITIES – OTHER

	2006 \$'000	2005 \$'000
Liability to Consolidated Fund	2,108	1,819
	2,108	1,819

15. CHANGES IN EQUITY

	Accumulated Funds		Total Equity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Balance at the beginning of the financial year	(94,544)	(189,343)	(94,544)	(189,343)
Changes in equity - other than transactions with owners as owners				
Surplus / (deficit) for the year	30,284	94,799	30,284	94,799
Balance at end of the financial year	(64,260)	(94,544)	(64,260)	(94,544)

The accompanying notes form part of these statements

NSW Coal Compensation Board Notes to and forming part of the Financial Statements

for year ended 30 June 2006

16. COMMITMENTS FOR EXPENDITURE

	2006 \$'000	2005 \$'000
(a) Other Expenditure Commitments		
Aggregate other expenditure contracted for at balance date but not provided for:		
Not later than one year	739	449
Later than one year and not later than 5 years	96	449
Total (including GST)	835	898
(b) Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided and payable:		
Not later than one year	43	37
Later than one year but not later than 5 years	6	27
Total (including GST)	49	64

Other expenditure commitments are not recognised in the Balance Sheet as liabilities and relate to the rental of office space at Castlereagh Street Sydney and Maitland in NSW. Also included under this heading is a Service Agreement with the NSW Department of Primary Industries in Orange which expires 30 June 2007. A licence agreement is in place for occupancy of the building in Maitland which expires at the end of March 2007.

The operating lease agreement relates to the lease of motor vehicles by the Board, five of which are based in Sydney and two in Maitland. All vehicles are leased through Statefleet and terms are expected to expire before 30 June 2007. Some vehicles may still be required for activities to wind up the tail of appeals.

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

Native Title

The NSW Coal Compensation Board has received 591 claims from Local and State Aboriginal Land Councils for compensation for the loss of coal rights. By the end of June 2006, the Board had processed 377 claims, of which 260 were ineligible for compensation.

The Aboriginal Land Councils were asked to nominate traditional owners. The Land Councils which were created in 1983 cannot have been owners in 1981 and can only act as agents for the traditional owners. To date, the Board still has 214 of these claims to process.

Appeals

As at 30 June 2006 a total of 26 appeals had been lodged against determinations processed during the financial year just ended. A further 4 appeals were received shortly after the close of the 2005-06 year bringing the total currently scheduled for hearing to 30 as at 4 July 2006. A number of

NSW Coal Compensation Board

Notes to and forming part of the Financial Statements

for year ended 30 June 2006

appeals have been successful in the past and the Board has been advised to set aside further funding to meet the effects of adverse decisions by the NSW Coal Compensation Review Tribunal. This amount is estimated to total \$13 million.

Contingent Assets

The total of commitments for expenditure includes input tax credits of \$30,192 (\$36,423 in 2004-05) that are expected to be recovered from the Australian Taxation Office.

18. BUDGET REVIEW

Net cost of services

The actual net cost of services for the year ended 30 June 2006 was higher than budget by \$5.676 million. This was primarily due to the following reasons:

- ▲ During the year the Board adjusted liability up as a result of modelling updates and this led to a net expense of \$7.905 million being recorded under Other Expenses. Under the principles of accrual accounting in order to recognise the increase in the liability for compensation, an expense entry was required and this is reported in the Board's Statement of Financial Performance.
- ▲ Employer related expenses were under budget by \$0.957 million due to difficulty in hiring a full complement of staff during the year.
- ▲ As a result of reduced staff numbers, operating expenses were also underbudget for the year by \$1.113 million. Maintenance of equipment and depreciation costs however, were overbudget for the year by \$27,000 as a result of increased spending on assets.
- ▲ Improved revenue returns in interest earned of \$177,000 and sales of services \$37,000 only made slight improvement to the budget situation on cost of services achieved.
- ▲ Relocation of the NSW Coal Compensation Board Tribunal from Elizabeth Street to Castlereagh Street in Sydney was implemented in April 2006. The office renovations totalled \$74,000 and formed part of the Board's asset budget for the year.

Assets and liabilities

The Board spent \$128,000 on the replacement and refurbishment of assets in the current year. The Board was granted a re-allocation by NSW Treasury of \$30,000 from the recurrent budget in order to meet the full cost of office renovations for the NSW Coal Compensation Review Tribunal in April 2006.

The marginal increase in staff related liabilities is primarily due to increases in the number and quality of staff hired during the period 2004 to 2006. The Board's program of acceleration of activity will decrease in the period to 31 March 2007.

Cashflows

The variance between actual and budgeted amounts reflects the downward movement in overall compensation liability due to legislative initiatives and reflects a much higher payout of compensation than originally budgeted.

NSW Coal Compensation Board

Notes to and forming part of the Financial Statements

for year ended 30 June 2006

19. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

	2006 \$'000	2005 \$'000
Net Cash used on operating activities	(601)	(727)
Cash flows from Government appropriations	44,969	44,946
Depreciation	108	67
Acceptance by Crown Entity of Employee and other liabilities	811	363
Increase (or decrease) in provisions	163	150
(Increase) or decrease in payables	(29,910)	5,079
Increase (or decrease) in receivables	(356)	85
Increase (or decrease) in prepayments	–	50
Net Gain or (loss on sale) of plant & equipment	23	(7)
Net Cost of Services	15,207	50,006

20. LIQUIDITY ISSUE AND ECONOMIC DEPENDENCY

At balance date, total liabilities exceeded total assets by \$64.260 million (2004-2005: \$94.544 million). As a consequence, the Board's ability to discharge its obligations as and when they become due, is dependent on supplementary funding from Treasury. The Treasurer has approved for such additional funding requirements to be met.

21. BOARD MEMBERS PECUNIARY INTEREST

No Board Members have any pecuniary interests in the decisions of the Board. Mr Alan Coutts as Deputy Director-General, Minerals of the NSW Department of Primary Industries and Mr Brad Mullard, Director, Minerals Maitland are remunerated for their Departmental positions only. Other Board Members receive statutory remunerations as appropriate.

End of Audited Financial Statements

The accompanying notes form part of these statements

NSW Coal Compensation Board

– Accounts 2006

for period ended 30 June 2006

GENERAL EXPENDITURE

A total of \$835.374 million in Recurrent and Capital Consolidated Funds has been made available to the Board up to 30th June 2006 in order to finance the Government's program of providing for:

1. Optional restitution of coal rights to former private owners whose coal was outside a colliery holding on 1 January 1986 and
2. Equitable compensation for others.

This expenditure covers both compensation payments and the administrative cost of implementing the program. The Board was provided with \$45 million in compensation on 1 July 2005 and \$9.541 million to fund operations during the year. By 30 June 2006, only \$45.339 million of this total was actually spent. The balance of \$9.202 million was not drawn down by the Board in 2005-06.

During 2005-06, all scheme payments totalled \$37.841 million. This comprised \$34.370 million for reacquisition payments, \$3.465 million in compensation payments and \$0.006 million for voluntary acquisitions of title. All payments were made within the agreed time scale to meet the payment performance target.

The Board has continued to finalise claims on an equitable basis to the full extent of funds budgeted where appropriate. The total of \$37.841 million can be further analysed in terms of payment type, as below:

	\$'000	\$'000
Compensation Scheme		
Final compensation payments	140	
Interim compensation payments	3,300	
Interest	25	
Sub Total		3,465
Reacquisition Scheme		
Preliminary payments	–	
Voluntary Scheme payments	6	
Interim payments	19,480	
Final payments	14,823	
Interest	67	
Sub Total		34,376
TOTAL PAID – ALL SCHEMES		\$37,841

NSW Coal Compensation Board

– Accounts 2006

for period ended 30 June 2006

Since the inception of the Board, compensation has been paid as follows:

COMPENSATION SCHEME

	Accumulated Funds		Total Equity	
	"A" CLAIM \$ Million	"B" CLAIM \$ Million	"C" CLAIM \$ Million	TOTAL \$ Million
1985-86	1.0	1.2	–	2.2
1986-87	6.4	15.5	–	21.9
1987-88	1.6	1.3	–	2.9
1988-89	13.9	14.9	–	28.8
1989-90	17.3	16.8	0.3	34.4
1990-91	14.4	32.5	1.8	48.7
1991-92	6.0	18.1	1.5	25.6
1992-93	16.8	27.4	5.9	50.1
1993-94	17.1	25.8	7.0	49.9
1994-95	3.1	39.7	16.7	59.5
1995-96	1.6	22.8	25.5	49.9
1996-97	2.7	13.0	34.2	49.9
1997-98	0.4	13.9	30.8	45.1
1998-99	3.9	1.6	27.0	32.5
1999-00	–	7.5	14.3	21.8
2000-01	–	2.0	5.8	7.8
2001-02	–	0.5	7.0	7.5
2002-03	–	1.7	2.1	3.8
2003-04	–	1.3	0.2	1.5
2004-05	2.9	1.1	2.3	6.3
2005-06	–	–	3.5	3.5
Total	109.1	258.6	185.9	553.6

REACQUISITION SCHEME

	\$ Million
1997-98	10.7
1998-99	27.5
1999-00	15.8
2000-01	17.4
2001-02	1.9
2002-03	6.2
2003-04	18.4
2004-05	33.5
2005-06	34.4
Total	165.9
TOTAL COMPENSATION PAID	719.5

The accompanying notes form part of these statements

NSW Coal Compensation Board

– Accounts 2006

for period ended 30 June 2006

Notes:

- “A” Claim refers to claims for compensation under clause 10 of the Arrangements by former coal owners who are holders of relevant colliery holdings.
- “B” Claim refers to claims for compensation under clause 11 of the Arrangements by former coal owners who are not holders of relevant colliery holdings.
- “C” Claim refers to claims for compensation under clause 12 of the Arrangements by persons who have suffered a pecuniary loss.

CONSULTANCIES

There were ten consultancy engagements overall for the year. Six of these cost less than \$30,000 each during 2005-06. Four engagements were valued in excess of \$30,000. The total cost of these consultancies was \$308,252 (2004-05 was \$62,949), comprised of the following categories:

Purpose of Consultancy	Expenditure \$
Mining Education	167,410
Accounting Training	2,580
Legal Staff	65,290
Management Restructure	9,730
Organisational Review	61,630
Information Technology	1,612

PAYMENT OF ACCOUNTS

Period	% Paid on Time	Dollar Value Paid on Time
1/07/2005 to 30/09/2005	100	\$3,512,344
1/10/2005 to 31/12/2005	100	\$13,659,195
1/01/2006 to 31/03/2006	100	\$4,259,669
1/04/2006 to 30/06/2006	100	\$23,465,530

All accounts received were paid within the 30 days stipulated in Treasury Directions. The Board will continue to set a target of 100% in paying its accounts on time.

The accompanying notes form part of these statements

NSW Coal Compensation Board

– Accounts 2006

for period ended 30 June 2006

VARIATION BETWEEN ACTUAL AND BUDGET: 2005-06

The results of the year's operations compared with budgeted amounts are as follows. The Board's budget for the year totalled \$54.531 million in recurrent and \$0.13 million in capital expenditure. Both values are incorporated in the comparison below. No budget was projected for escalation in liability.

	ACTUAL 2005-06 \$'000	BUDGET 2005-06 \$'000
EXPENSES		
Salaries and wages	4,185	4,683
Superannuation entitlements	581	856
Payroll tax & fringe benefit tax	284	261
Long service leave	209	426
Workers' compensation insurance	17	18
Redundancy	30	40
Board fees	85	93
Consultancies	308	245
Rent and cleaning	418	663
Fees for services	593	1,135
Audit fees: Audit Office	37	40
Audit fees: Internal Audit Bureau	22	41
Insurance	9	40
Stores and provisions	80	153
Travelling expenses	200	172
Other expenses	217	461
Maintenance	40	30
Depreciation	108	90
Compensation	37,841	45,000
Tribunal expenses	75	95
TOTAL OPERATING EXPENSES	45,339	54,541
Liability movements	(29,936)	–
TOTAL ALL EXPENSES	15,403	54,541
REVENUES		
Appeal fees and Other Income	42	5
Investment Income	177	5
Gain/(loss) on disposal of non-current assets	(23)	–
Government contributions	45,491	54,531
TOTAL REVENUES	45,687	54,531
SURPLUS / (DEFICIT) FOR THE YEAR	30,284	NIL

Details of the budget/actual comparison for capital expenditure can be found in Note 18 under Assets and Liabilities of the above financial statements.

NSW Coal Compensation Board

– Accounts 2006

for period ended 30 June 2006

OUTLINE OF BUDGET FOR FINANCIAL YEAR 2006-07

	Budget 2006-2007 \$'000
EXPENSES	
Operating Expenses	
• Employees related	4,857
• Other Operating Expenses	2,128
Maintenance	14
Depreciation	111
Coal Compensation Payments	50,979
TOTAL EXPENSES	58,089
REVENUES	
User Charges	15
Other	90
TOTAL REVENUES	105
NET COST OF SERVICES	57,984
REPLACEMENT ASSETS	50
GOVERNMENT CONTRIBUTIONS	
Crown Transactions:	
• Recurrent appropriation	57,984
• Capital appropriation	50
• Cash Reimbursements from the Consolidated Fund Entity	Nil
GOVERNMENT CONTRIBUTIONS	58,034
SURPLUS/ (DEFICIT) FOR THE YEAR	–

Notes:

1. The proposed budget is based on the level of Consolidated Fund support as indicated in the 2006-2007 Recurrent Budget Allocation
2. The above budget was adopted by the Board at meeting No 293 dated 21st July 2006 following approval by NSW Treasury in March 2006.

Appendices

OUR CUSTOMERS

Public acceptance of the Compensation and Reacquisition Schemes is of prime importance to the Board. To maintain good public relations the Board has actively sought to improve quality customer service.

The Board has three categories of customers:

1. Claimants for coal compensation, restitution applicants and applicants for voluntary purchase;
2. NSW Government agencies and the Minister for Mineral Resources; and
3. Colliery owners and operators and companies involved in coal exploration.

Claimants are informed of changes to Board policy through mailouts and updates to the Board's website.

Information is forwarded to owners of coal titles regarding the option of Voluntary Acquisition.

The Board's Guarantee of Service is detailed in this report and outlines our commitment to customer service.

CUSTOMER SERVICE QUALITY AND CONSUMER RESPONSE

The Board continued to monitor and respond to complaints throughout 2005/06, whether from claimants or companies involved in the coal industry. These complaints are recorded in the complaints database, which is maintained by the Board's Executive Support team.

All complaints are answered within 10 working days. Where a complaint cannot be resolved by letter or telephone, staff members endeavour to meet with the complainant to seek resolution. The number of complaints received and their respective resolutions are reported each month at the Board meeting. This system enables identification of recurrent issues, which

may reflect procedural and systemic problems in the Board's operations.

The Board received 1 complaint in 2005/06 which was addressed and appropriate action taken.

The Board remains committed to resolving any issues of concern to claimants and finding areas in its operations where customer services can be improved.

PUBLIC RELATIONS

The Board continues to maintain a high level of public contact by meeting with claimants, lobby groups and mining companies, whenever appropriate, in order to communicate the Board's intentions to claimants and other stakeholders.

The Board's website (www.ccb.nsw.gov.au) was a source of information for claimants with ready access to information brochures and current policies.

GUARANTEE OF SERVICE

The Board provides customers with the highest quality of service.

All requests for information or assistance are met directly and promptly or are referred to the appropriate officer for immediate attention.

To ensure services meet the desired standard the Board guarantees:

- ▲ To assess all claims that have been verified within 6 months of the model being accepted by the Board;

Appendices

- ▲ To determine claims within 4 months of the date of dispatch of an assessment report to a claimant;
- ▲ Review of all technical models of coal areas after 12 months following Board approval of the model for that area;
- ▲ To dispatch assessment reports within 5 working days of completion;
- ▲ To dispatch Notices of Determination within 3 working days of the Board meeting;
- ▲ To draw compensation cheques as per approved cash flow schedule;
- ▲ To respond to correspondence and complaints within 10 working days of receipt;
- ▲ To provide information on claim progress on request;
- ▲ To maintain confidentiality on all details provided by claimants and colliery owners and on assessments and determinations;
- ▲ To report on the Board's progress monthly to the Minister, on exceptions monthly to the Board, and annually in the Board's annual report;
- ▲ To respond to Ministerial or other Government agency correspondence within 10 working days of receipt or earlier, if required;
- ▲ To monitor and upgrade service standards regularly; and
- ▲ To provide access to all forms and required information by electronic means.

FREEDOM OF INFORMATION (FOI)

FOI Statistics

Applications brought forward from 2004/05:	0
New Applications lodged in 2005/06	0
Applications processed:	0
Applications unfinished:	0
Applications granted in full:	0
Applications refused:	0

Statement of Affairs

Under the *Freedom of Information Act 1989*, the Board is required to publish an annual Statement of Affairs that:

1. describes the structure and functions of the agency; and
2. lists categories of documents held by the Board eligible for public scrutiny under the legislation and indicate how they can be obtained.

Publications Available to the Public

Summary of Affairs under FOI

Statement of Affairs under FOI - contained in the Board's Annual Report

Consolidated version of *Coal Acquisition (Compensation) Arrangements 1985* and amendments relating to the *Arrangements*

Guarantee of Service

Corruption Prevention Policy and Procedures

Coal Compensation Board Annual Reports

Information Brochures – Restitution, the Reacquisition Scheme, Voluntary Acquisition, Consequential Loss, Interim Payments, the Assessment Report Process, Code of Conduct and Ethics, Your Guide to the Privacy and Personal Information Protection Act, and Dealing with the Board through an Agent.

Appendices

The following information satisfies the legislative requirements of the Act.

Structure and Function of the Board

The New South Wales Coal Compensation Board is responsible for the assessment of claims for compensation, the restitution of coal rights, the reacquisition of restored coal titles and the processing of requests for voluntary purchase of coal.

The following is a list of documents held by each branch:

Assessment

Procedural Manuals
Assessment Reports
Claim and Application Files
Interim Payments Reports

Modelling

Colliery/coal area information
Coal area reports, plans, maps
Geological reports
Mining reports
Coal area model submissions

Mineral Economics

Economic reports

Corporate Support and Information Services

Procedures manuals
Board minutes
Agenda papers
Information brochures on Board processes
Administrative files (personnel, motor vehicles, financial)
Register of Gifts, Benefits and Hospitality
Annual Reports

Register of Pecuniary Interests of Board Members

Restored Titles Database

Board seal usage

Policy register

Restitution register

Corporate Services

Consolidated version of *Coal Acquisition (Compensation) Arrangements 1985* and amendments relating to the *Arrangements*

Guarantee of Service

Code of Conduct

Corporate and Business Plans

Equal Employment Opportunity Policy

Corruption Prevention Policy and Procedures

Occupational Health and Safety Policy

Ethnic Affairs Policy Statement

Disability Action Plan

Energy Management Plan

Privacy and Personal Information Protection Plan

Complaints Register

Appendices

CONTACT ARRANGEMENTS

Enquiries should be directed to:

FOI Officer
NSW Coal Compensation Board
Level 5, 1 Castlereagh St
SYDNEY NSW 2000

GPO Box 2670
SYDNEY NSW 2001

DX 90 SYDNEY

Phone: (02) 8226 5400

Toll Free: 1800 670 279

Fax: (02) 8226 5490

Email: admin@ccb.nsw.gov.au

Internet: www.ccb.nsw.gov.au

Access time: 8.30am to 5.00pm
Monday to Friday

Enquiries may be made in person,
by telephone, email, fax or post.

Protection Act 1998 on collection, storage, use and disclosure of personal information, are followed by the Board. A brochure for claimants titled "Your Guide to the *Privacy and Personal Information Protection Act* and the Coal Compensation Board" is available.

PRODUCTION COSTS OF THE ANNUAL REPORT

Total Cost: \$17,858.50.

PRIVACY AND PERSONAL INFORMATION PROTECTION

A Privacy Management Plan was developed as required by section 33 of the *Privacy and Personal Information Protection Act 1998* and submitted to the Office of the Privacy Commissioner. The Plan ensures that individuals' privacy rights are protected and gives them a degree of control over any information the Board holds on them.

No reviews were requested under Part 5 of this Act for 2005/06.

The Board's Privacy and Personal Protection Plan came into effect on 1 July 2000 and continues to preserve the Board's strong record of ensuring that information held relating to individuals is used by the Board only for the purposes for which it was collected. The 12 information protection principles outlined in the *Privacy and Personal Information*

Statutory Reporting

ENERGY MANAGEMENT PLAN

An Energy Management Plan has been developed as a mechanism to meet the requirements of the Government Energy Management Policy to achieve the twin goals of better financial performance and improved environmental outcomes. The initial goals of the plan were to achieve a reduction in office energy consumption. The Board has reviewed its energy management plan to identify additional areas of potential savings. The ongoing target set under the Premier's Government Energy Management Policy is to reduce energy consumption by 25% by 2005/06.

The Board is undertaking this commitment to reduce energy consumption through improved management and cost-effective investments. All equipment such as fax machines, photocopiers and printers have energy savers enabled to reduce energy consumption while the equipment is not in use.

The Board's office is co-located with the Department of Primary Industries in Maitland and is not charged separately for electricity usage. It is therefore not possible to obtain usage statistics. The Sydney office has only been at its current location for a short period of time, so comparative figures are not available.

The Board operates a fleet of 7 vehicles.

WASTE REDUCTION AND PURCHASING

The Board is committed to the Government's waste reduction and purchasing policy through its Waste Management Plan, established in 1998 and reviewed in 2005. The Plan outlines the Board's policy and procedures for reducing the generation of waste, resource recovery and the use of recycled material.

To reduce waste generation, the Board encourages the use of email for distribution of internal documents, such as minutes of meetings and circulars etc. Agendas for

the monthly Board meeting are printed double sided, reducing monthly paper usage. Increased usage of printers that automatically print computer documents double sided has reduced paper waste.

As a resource recovery initiative, all Board staff have access to paper recycling bins to encourage individual responsibility for reducing paper waste. 100% of computers and computer monitors and 100% of packaging are currently recycled.

The Board purchases recycled products, such as Greenwrap (Xerox) product, which consists of 50% recycled content, are purchased where available and appropriate.

CONTROLLED ENTITIES

The Board has no controlled entities.

LAND DISPOSAL

The Board did not dispose of any land holdings.

OVERSEAS VISITS

No officers or employees of the Board made overseas visits during 2005/06.

GRANTS AND SUBSIDIES

The Board did not grant funds to any non-government community organisation during 2005/06.

Offices

LOCATION OF OFFICES

NEW SOUTH WALES COAL COMPENSATION BOARD

Sydney:

Levels 5 and 16
1 Castlereagh Street
SYDNEY NSW 2000

GPO Box 2670 Sydney 2001
DX 90 Sydney

Telephone: (02) 8226 5400

Fax: (02) 8226 5490

Toll Free: 1800 670 279

Email: admin@ccb.nsw.gov.au

Internet: www.ccb.nsw.gov.au

Monday to Friday 8.30 am to 5.00 pm

Maitland:

516 High Street
MAITLAND NSW 2320

Telephone: (02) 4931 6666

Fax: (02) 4931 6706

Monday to Friday 8.30 am to 4.30 pm

Enquiries may be made in person,
by telephone, email, fax or post.

ELECTRONIC SERVICE DELIVERY

The Board's website provides a copy of the current Annual Report, significant Tribunal and Supreme Court decisions as well as matters of public interest.

Forms continue to be available to the Board's clients on the website.

NSW Coal Compensation Review Tribunal Annual Report

For convenience of interested persons, this report on the activities of the New South Wales Coal Compensation Review Tribunal, for the period 1 July 2005 to 30 June 2006 is published with the Annual Report of the NSW Coal Compensation Board.

The Tribunal is established under the *Coal Acquisition (Compensation) Arrangements 1985*. It is an independent Authority that hears and adjudicates on appeals arising from determinations by the Board under those *Arrangements and the Coal Acquisition (Re-acquisition Arrangements) Order 1997*.

MEMBERSHIP

Mr G R Leader (Chairperson)

Mr Leader is a solicitor of the Supreme Court and holds a Diploma of Criminology. He was a Stipendiary Magistrate from 1971 until his retirement in 1995. Mr Leader was also Deputy Chairperson of the Serious Offenders Review Council, Chairperson of the Charter Fishing Boats Review Panel and Independent Chairperson of the Advisory Council on Commercial Fishing.

Ms C Forbes (Deputy Chairperson)

Ms Forbes graduated BA/LLB at Macquarie University. She is a part time Magistrate, a Mining Warden and an Industrial Magistrate. Ms Forbes has practised as a solicitor with the Department of Motor Transport, in private practice and as a public solicitor providing criminal legal aid. She was appointed a Magistrate of the Local Court in 2001.

Mr F Fairclough

Mr Fairclough is a Bachelor of Science, Mining Engineering. He has extensive experience in the coal mining industry both in the United Kingdom and in Australia. Mr Fairclough is a Certificated Colliery Manager and a Chartered Engineer. He was Chief Mining Engineer for the Joint Coal Board.

Ms L E Pogson

Ms Pogson resigned from the Tribunal on 22 March 2006. The Minister for Department of Primary Industries is at present considering the appointment of a replacement member. Ms Pogson served as a member of the Tribunal for ten years.

Emeritus Professor F F Roxborough AM

Professor Roxborough was Professor of Mining Engineering at the University of New South Wales from 1975 to 1997 when he retired and was head of the Mining School at the University for most of that time. In addition to his academic qualifications, Professor Roxborough is a Certificated Colliery Manager and a Chartered Professional Engineer. He has a long standing and continuing involvement with the coal mining industry both in Australia and overseas.

Professor C Ward

Professor Ward is a Professor of Geology at the University of New South Wales and specialises in Coal Geology, especially coal mining geology and coal petrology. He has been a senior lecturer at the University of Technology, Sydney, and has extensive research and consultancy experience in coal and petroleum geology.

OPERATIONS

There were 26 appeals outstanding at 1 July 2005. During the financial year a further 25 appeals were lodged. Of that total of 51 appeals, 1 appeal was allowed; 26 were determined by consent; 3 appeals were withdrawn; and 21 remain outstanding.

Appeals Allowed	1
Determined by Consent	26
Appeals Dismissed	0
Withdrawn	3
No Jurisdiction	0
Appeals Outstanding	21
TOTAL	51

All of the outstanding appeals have been listed for hearing or for mention to fix a date for hearing, as set out below:

CCRT 2005/01 – Inglebrae Coal Pty Limited	Decision 9/5/06
CCRT 2005/02 – Ms L A Smith	for Hearing
CCRT 2005/03 – The Estate of A R S Bowman	for Hearing
CCRT 2005/04 – P B Bowman	for Hearing
CCRT 2005/05 – A R B Bowman	for Hearing
CCRT 2005/06 – Fidelis Nominees Pty Ltd.	for Hearing
CCRT 2005/07 – W G Bowman & G R Elder	for Hearing
CCRT 2005/08 – Australian Agricultural Co. Ltd.	for Hearing
CCRT 2006/01 – Ms E S Bowman	for Hearing
CCRT 2006/02 – A W Maslin	for Hearing
CCRT 2006/03 – Hannahmax Pty Ltd.	for Hearing
CCRT 2006/04 – Estate of F J Neubeck	for Hearing
CCRT 2006/05 – Estate of L J Neubeck	for Hearing
CCRT 2006/06 – Estate of W A Neubeck	for Hearing
CCRT 2006/07 – Estate of A C C Flamisch	for Hearing
CCRT 2006/08 – Estate of W A. Neubeck	for Hearing
CCRT 2006/09 – Estate of A C C Flamisch	for Hearing
CCRT 2006/10 – Estate of F J Neubeck	for Hearing
CCRT 2006/11 – Estate of the late J R Maslin	for Hearing
CCRT 2006/12 – Estate of the late J R Maslin	for Hearing
CCRT 2006/13 – Estate of the late J R Maslin	for Hearing
CCRT 2006/14 – H R Hobden	for Mention
CCRT 2006/15 – H R Hobden	for Mention
CCRT 2006/16 – J G Hobden	for Mention
CCRT 2006/17 – J G Hobden	for Mention
CCRT 2006/18 – F J & M A Moses	for Mention
CCRT 2006/19 – F J & M A Moses	for Mention

DECISIONS

On 25 November 2005 (30057/05 unreported) the Supreme Court of New South Wales dismissed an appeal by the NSW Coal Compensation Board from the decision of the NSW Coal Compensation Review Tribunal in Estate of the Late J J Franks (22 March 2005). The Court said "... 'compensation' means fair or

just and equitable compensation whether or not those epithets are expressly stated. What has to be looked for is not whether the word 'compensation' is enlarged by the addition of the phrase 'just and equitable' but whether the normal meaning of that word is diminished by the context in which it is used" (Para 86 @ p 19).

NSW Coal Compensation Review Tribunal Annual Report

The Court held "...the component parts of the loss in respect of which compensation is to be awarded would include the super royalty and the share of the up front payment" (Para 90 @ p 20).

And said "I wish to make it clear that I am not holding that in each and every case these two items have to be included within the component parts of the amount of compensation awarded. In some cases it may be so. In others it may not" (Para 91 @ p 20).

On 6 December 2005 the Tribunal allowed 26 appeals by **Muswellbrook Shire Council** against determination by the NSW Coal Compensation Board of compensation for pecuniary loss of Council rates. The Board had determined that it was just and equitable that the Council be compensated. The Tribunal found that its decision in Estate of J J Franks NSW Coal Compensation Board (Tribunal 22/3/05) should be applied to these claims with the result that the amount payable should be just and equitable and that the Board should "...apply a discounted cash flow model which is effectively equivalent to the one in the 1997 Order (Coal Acquisition (Re-acquisition Arrangements) Order 1997)" (Frank's decision @ p 41).

The Tribunal also found that the Board should include the potential of the owner of coal titles to receive super-royalties and front-end payments in the assessment of the nature of those titles for the purpose of calculating lost rates revenue. The Tribunal remitted the claims to the Board to vary its determinations by "assessing the amounts of compensation as just and equitable compensation including any potential super-royalty and front-end payments and by assessing the probability of matters occurring consistent with the approach in Malec v J.C. Hutton Pty Ltd (169 CLR 638)" (Muswellbrook Shire Council decision p.5) as that was discussed by the New South Wales Court of Appeal in its decision in NSW Coal Compensation Board v Nardell Colliery Pty Ltd (2004) NSWCA 35).

On 9 May 2006 the Tribunal gave its decision in Appeal No. CCRT 2005/1 – by **Inglebrae Coal Pty Ltd** against a determination of the NSW Coal Compensation Board following a reference from the NSW Court of Appeal of the amount of the capital against tax liability of the Appellant and issues of "what is just and equitable" (Tribunal decision p 2). The Tribunal found that when the Appellant's compensation claim was determined all compensation claims were determined at a tax rate of 39% as set out in Schedule 1 of the *Coal Acquisition (Re-acquisition Arrangements) Order 1997* and that it was not just and equitable for the Board to say it would have determined the Appellant's compensation at the 48.5% tax rate had it known the Appellant was a trustee company. The Tribunal also found that to re-calculate the Appellant's 1998 compensation for the purpose of ascertaining the Appellant's capital gains tax liability on the lump sum payment of the present day value of the income stream the Appellant could reasonably have expected is not just and equitable.

The Tribunal also said that in this case the Appellant was exposed to liability for capital gains tax by virtue of its entitlement to compensation for loss in an amount already reduced according to the standard basis of reduction (for tax) of compensation for coal owning taxpayers.

The Tribunal held that the Appellant be compensated for the full capital gains tax liability.

LOCATION

From 27 March 2006 all court sittings for the Tribunal were conducted in the Government and Related Employees Appeal Tribunal court rooms at No 1 Oxford Street, Sydney.

The website www.ccb.nsw.gov.au is updated weekly to reflect Tribunal Sitting days.

TRIBUNAL FUNDS

The Tribunal receives an allocation of funds in the budget for coal compensation approved by the Minister.

A summary of the Tribunal's expenses incurred is included in the financial statements furnished by the Board.

	ACTUAL 2005/06 \$	BUDGET 2005/06 \$
INCOME:		
Appeal Fees	3,125	1,000
Other Income	0	4,000
Total	3,125	5,000
EXPENDITURE:		
Administrative Expenses, Temporary Assistance & Associated Charges	11,584	14,000
Tribunal Members Fees	33,222	28,000
Fees for Services Rendered:		
Court Reporters	1,881	8,000
Rent & Cleaning	25,010	15,000
Travel Expenses	429	9,000
Other Expenses	2,924	21,000
TOTAL	75,050	95,000
Tribunal Budget 2006/2007		
The Tribunal has proposed the following outline budget to cover its operations for 2006/2007.		
Estimated Income for Lodgement of Appeals:	5,000	
EXPENDITURE:		
Estimated Salary and On-Costs	26,000	
Estimated Non-Salary Expenditure	47,000	
Bringing the Total Budgeted Expenditure to:	73,000	

The above estimates are based on the number of appeals expected to be heard as at 30 June 2006. Should this volume of appeals escalate between 1 July 2006 and 31 March 2007, funding arrangements will be reviewed to ensure that adequate resources are available.

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Designed and illustrated by



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NSW Coal Compensation Board



partnership
history resourceful
land people coal
location claims acquisition