NSW GOVERNMENT

annual report
2017/2018

Subsidence Advisory NSW

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

Dear Minister

Mine Subsidence Board Annual Report 2017-18

We are pleased to submit the annual report for the Mine Subsidence Board, trading as Subsidence Advisory NSW, for the year ended 30 June 2018, for presentation to Parliament.

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

Yours sincerely

Laura Christie
Chairperson, Mine Subsidence Board

John Brannon
Mine Subsidence Board member

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Director’s message

Subsidence Advisory NSW (SA NSW) delivered wholesale reforms to the mine subsidence compensation system during the year. The *Coal Mine Subsidence Compensation Act 2017* took effect on 1 January 2018 following two years of extensive operational reform.

The new legislative framework provides a fairer framework for compensating the impacts of mine subsidence and better positions SA NSW to support communities living in mine subsidence areas across NSW.

To ensure readiness for the new legislative framework, SA NSW made a range of operational reforms during the year including:

- The launch of a new online portal for end-to-end management of development applications and compensation claims for mine subsidence damage
- Establishing a new prequalification scheme for independent mine subsidence claims assessments
- Roll out of new mine subsidence development guidelines to simplify and streamline assessments for low risk building proposals in mine subsidence districts
- Publication of SA NSW’s surface development guidelines on the NSW Planning Portal, making it easier for property owners to find out the development guideline that applies
- Developing two policies for the assessment of large and complex development and subdivision applications, providing a transparent and consistent assessment methodology
- Removing approximately 50,000 properties from mine subsidence districts to better align development controls with subsidence risks and remove unnecessary red tape.

I would like to thank Brendan Killen for his time leading the agency during a year of extensive reform. I am excited to build on these reforms and continue improving our services to deliver the best outcomes for communities in mine subsidence areas.

Joseph D'Ermilio
Director, SA NSW

1. About Subsidence Advisory NSW

1.1 What we do

SA NSW is an agency of the NSW Department of Finance, Services & Innovation (DFSI).

SA NSW administers the *Coal Mine Subsidence Compensation Act 2017* to support communities living in areas of NSW where there is the possibility of mine subsidence.

We keep communities safe, manage compensation claims where homes and other improvements are damaged by subsidence following extraction of coal, and help mitigate the risk of mine subsidence damage by regulating development in mine subsidence districts.

1.2 Access

Two public offices located in Newcastle and Picton service surrounding areas where there is active or non-active mining close to development. Both offices are open to the public between 8:30am and 4:30pm, Monday to Friday.

SA NSW office locations		
Newcastle	**Address:**	117 Bull Street Newcastle West NSW 2302
	Telephone:	(02) 4908 4300
Picton	**Address:**	99 Menangle Street Picton NSW 2571
	Telephone:	(02) 4677 6500
Website:	www.subsidenceadvisory.nsw.gov.au	
Email:	sa-mail@finance.nsw.gov.au	

SA NSW also provides a 24 hour, free call service for emergency mine subsidence matters. **Emergency telephone: 1800 248 083**

2. Management and structure

2.1 Structure of the Board

SA NSW is governed and overseen by the Mine Subsidence Board (the Board) which consists of six members:

- the Chairperson who is the Secretary of DFSI or a nominee of the Secretary
- a person nominated with appropriate expertise in coal mine operations
- a Colliery Proprietors' nominee
- a representative of Local Government
- a representative of owners of improvements (the community)
- an officer of NSW Public Works Advisory who is eligible to be a corporate member of The Institution of Engineers, Australia.

In the exercise of its duties and functions, the Board is subject to the provisions of the NSW Government Boards and Committees Guidelines. Certain duties and functions are delegated to SA NSW employees through the *Coal Mine Subsidence Compensation Act 2017*.

The oversight of the Mine Subsidence Board will come to an end on 31 December 2018 when it is disbanded following 12 month transitional arrangements under the *Coal Mine Subsidence Compensation Act 2017*.

2.2 Board meetings

The Board met formally on six occasions during the year with all meetings held in Newcastle. The A/Director, Commercial Manager and Executive Assistant also attended the meetings.

2.3 Board members and attendance

Board members	Meetings	
	Eligible	**Attended**
Laura Christie. Chairperson. BEco Soc Sci (Hons 1) June 2016. Open term.	6	6
Margaret MacDonald-Hill. Appointed November 2007. Term expires December 2018.	6	6
Daniel Thompson. BAppSc, PHS Appointed October 2014. Resigned November 2017.	3	3
Gary Parker. Appointed April 2016. Term expires December 2018.	6	4
John Brannon. BCom (Econ), MBA Appointed May 2016. Term expires December 2018.	6	5
Graham Attenborough. BEng (Civil) MBA	2	2

Appointed March 2018. Term expires December 2018.

Changes to Board membership during the year

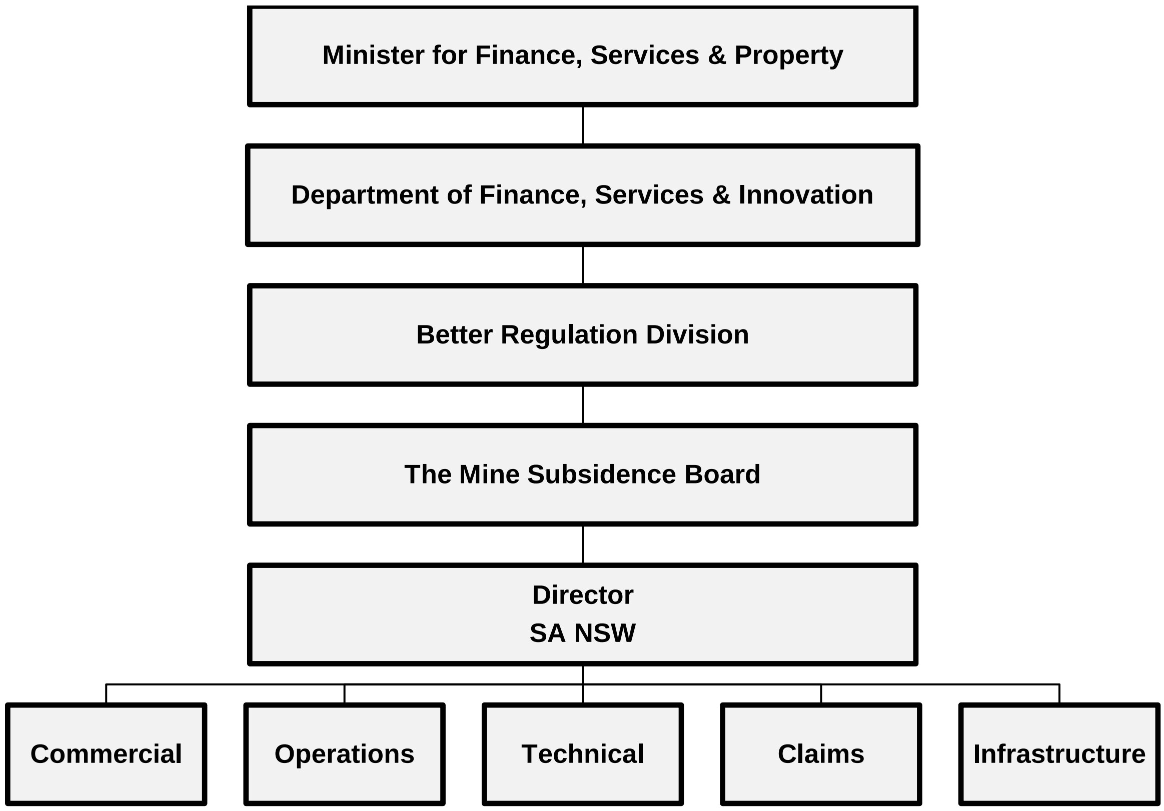
Mr Graham Attenborough, Director, Water Solutions, was appointed to the Board as NSW Public Works Advisory representative in March 2018.

Mr Daniel Thompson resigned from the Board in November 2017. Due to the planned disbandment of the Board on 31 December 2018, the position was not filled and was vacant at 30 June 2018. The Board invited Ms Melanie Dagg, Cessnock City Councillor to attend the Board meetings and provide comment on matters from a local government perspective. Ms Dagg attended two meetings during the year.

2.4 Senior officers

Name	Role
Brendan Killen	A/Director

2.5 Organisation chart



3. Highlights and achievements

Mine subsidence compensation system reforms

The *Coal Mine Subsidence Compensation Act 2017* took effect on 1 January 2018, bringing about wholesale changes to the mine subsidence compensation system. The changes provide a fairer compensation framework by making coal mine operators financially responsible for subsidence damage arising from their operations. SA NSW continues to provide compensation for damage from historical mines and manage all claims, providing dedicated support to property owners throughout the process.

New online portal for end-to-end application management

SA NSW launched an online portal for end-to-end management of development applications and compensation claims for mine subsidence damage during the year. The portal facilitates quicker assessments and provides applicants with improved oversight of their claim or development application throughout the process through its integration with SA NSW’s internal operating systems. The portal also facilitates mine operator involvement at key points of the claims process – a key reform stemming from the review of the mine subsidence compensation system in 2016.

New mine subsidence development guidelines introduced

New mine subsidence development guidelines took effect in January 2018 with one of eight guidelines applied to each property in a mine subsidence district. The guidelines specify SA NSW’s conditions for standard residential development on a property based on applicable subsidence risks. SA NSW also published new interactive guideline maps on the NSW Planning Portal during the year, making it easier for property owners to find the development guideline that applies to their property.

Merit-based development and subdivision assessment policies

SA NSW established two policies for the assessment of large and complex development and subdivision applications in mine subsidence districts during the year. The policies create transparent and consistent assessment methodology for large and complex development applications and increase certainty around requirements for applications that do not comply with SA NSW’s development guidelines.

Prequalification scheme for independent claim assessments

SA NSW launched a prequalification scheme for suppliers interested in participating in mine subsidence claims assessments during the year. The scheme streamlines the independent claim assessment process by replacing lengthy and expensive tender processes with simplified terms to help small to medium enterprises increase opportunities and reduce costs of doing business with government.

4. Management and activities

4.1 Mine subsidence compensation system reforms

The *Coal Mine Subsidence Compensation Act 2017* took effect on 1 January 2018, repealing the *Mine Subsidence Compensation Act 1961*. The new legislation makes significant improvements to the way subsidence damage is compensated to make the process fairer, faster and more community responsive.

The *Coal Mine Subsidence Compensation Act 2017* makes mine operators directly accountable for subsidence damage caused by their mining operations. The industry funded Mine Subsidence Compensation Fund (the Fund) has been returned to its intended purpose – dealing with subsidence impacts from historical mining. The levy on coal mine operators was significantly reduced during the year as the fund will no longer be drawn upon to subsidise the cost of damage caused by active mining operators.

SA NSW continues to manage all claims for compensation, irrespective of whether damage is caused by subsidence from an active or non-active mine. SA NSW's case advisory function, established in 2016/17 to address a backlog of claims, has been strengthened to provide greater support and advocacy to property owners. All claims are managed by a dedicated SA NSW case advisor who guides and supports property owners throughout the claim process. The case advisors oversee the claim management process, coordinating assessment of damage and facilitating mine operator involvement at key points of the process where damage is the result of an active mining operation.

New approved procedures have been developed, clearly setting out the process for claiming compensation for mine subsidence damage. The approved procedures provide property owners with assurance about how claims are assessed and applicable timeframes. Mine operators are required to comply with the approved procedures, which have statutory weight under the new legislative framework, ensuring property owners are treated fairly and consistently irrespective of whether their claim relates to subsidence from an active or non-active mine.

SA NSW has established a panel of independent technical assessors to assess claims in active mining areas or where specialist technical expertise is required. SA NSW and mine operators must determine claims and provide compensation in accordance with the findings of these independent assessments. A new robust dispute resolution process gives property owners the option of an independent review from the Secretary of DFSI if they disagree with the outcome of their claim, without having to resort to expensive litigation.

The changes follow a review of the *Mine Subsidence Compensation Act 1961* in 2016 and over 12 months of extensive consultation with community and industry stakeholders. The review found that the 1961 Act was no longer fit for purpose with over 90% of claim costs relating to damage from a small number of active longwall mining operations in 2016. This meant that the coal mining industry was effectively subsidising the cost of mine subsidence generated by a handful of operators, with compensation for subsidence damage funded through an industry levy paid into the Fund.

The new legislation includes five year transitional arrangements to support the three mine operators deemed worse off under the reforms. For these mine operators, future compensation costs will outweigh any savings the operations will realise from the reduced levy.

The Mine Subsidence Board is being disbanded on 31 December 2018 following a 12-month transitional period. This is largely due to the changes in the operating framework and liability for claims, as well as the reduced quantum of funds SA NSW will be required to manage under the new legislation. SA NSW will continue to report through to DFSI as part of the Better Regulation Division.

4.2 Online portal and applications management system

In January 2018, SA NSW launched a new applications management system, including an online portal, to support reforms to the mine subsidence compensation framework. The system facilitates a quicker, improved application process for claims and development applications.

Members of the public can log in to the portal at any time to lodge a claim or development application with SA NSW. After lodging a claim or development proposal with SA NSW, the applicant can return to the portal to check the status and view or upload associated documents.

The portal digitises SA NSW's transactions and streamlines business processes through its integration with SA NSW's internal operating system. Applications lodged through the portal are received in SA NSW's new customer relationship management system where automated workflows allocate applications to the relevant business area. The system also includes new customisable dashboard reports to provide management with real time oversight of performance across all service areas.

The new system represents a major milestone in the agency's reform process initiated following the review of the *Mine Subsidence Compensation Act 1961* in 2016.

4.3 Prequalification scheme for independent claim assessments

The SA NSW Independent Assessment Prequalification Scheme was launched in October 2017. The scheme provides streamlined opportunities for suppliers to carry out independent assessments as part of the mine subsidence claims process.

The scheme was launched ahead of legislative reforms on 1 January 2018 which saw mine operators made financially accountable for subsidence damage caused by their operations. To ensure property owners are treated fairly under the new system, mine operators are required to provide compensation in accordance with the findings of independent assessments.

SA NSW engages independent experts for claims assessments through the scheme, providing easy access to a pool of diverse, quality service providers with relevant expertise. New suppliers can be added regularly, giving SA NSW continual access to new service providers and emerging technologies.

The scheme removes often lengthy and expensive tender processes and replaces them with a single, simplified online registration. This facilitates timely and efficient assessment of compensation claims, benefiting both claimants and suppliers. The scheme offers a range of other benefits including:

- Promotes increased competition to enable the NSW Government to get value for money services
- New opportunities for suppliers to deliver services to communities in areas impacted by mine subsidence
- Significant reduction in red tape and cost of doing business with government through simplified contract terms
- Streamlined categories enabling suppliers to align their offerings and maximise opportunities to provide services to SA NSW
- Opportunities for private sector to contribute to corporate social responsibility
- Suppliers can be engaged by other NSW Government agencies.

At 30 June 2018, SA NSW had approved 35 suppliers on the scheme. Suppliers were spread across eight different categories for different types of claim assessments including building inspectors, civil engineers, geotechnical engineers, property valuers, and quantity surveyors. There were 66 separate engagements through the scheme from 1 January 2018 to 30 June 2018.

The scheme builds on SA NSW's overhaul of procurement processes in 2016/17, to further safeguard the agency from potential corruption risks.

4.4 Newcastle Mines Grouting Fund investigation program

SA NSW led the Newcastle Mines Grouting Fund (NMGF) investigation program during the year, overseeing works to better understand the condition of historical mine workings beneath Newcastle CBD and explore cost effective and sustainable remediation strategies. The investigation program forms part of the $17 million NMGF, established by the NSW Government in 2015 to address legacy subsidence issues impacting property development in Newcastle CBD.

Engineering consultants, WSP Parsons Brinckerhoff (WSP), were engaged to complete the first phase of the investigation program. WSP analysed all existing data on mine workings beneath the Newcastle CBD to produce 3D modelling of the mine workings. The modelling provides a holistic view of the subsidence risks in the CBD. Existing borehole data indicates mine record tracings for the area are reasonably accurate, increasing certainty around likely grouting requirements for specific CBD sites.

The investigation findings have resulted in less conservative requirements for grouting plans in certain areas of the CBD and more effective use of NMGF funding. This benefits the existing NMGF model where funding is provided to grout sites in the CBD through an on-application basis. The funding model has been successful in providing increased certainty for prospective developments in the CBD and assisting developers to secure the required finances to progress projects.

4.5 Development regulation

SA NSW regulates development within mine subsidence districts to help protect homes and other structures from potential subsidence damage. Under section 21 of the *Coal Mine Subsidence Compensation Act 2017,* persons intending on building or subdividing within a district must apply to SA NSW for approval. Applications for building and subdivision proposals within districts must be submitted to SA NSW and approved before work can commence. SA NSW has the authority to enforce conditions as part of any development approval.

Overview of building applications received during 2017-18

SA NSW processed 4,088 development applications and 455 subdivision applications during the year, a decrease of approximately 29% and 21% respectively from 2016-17. This decrease follows changes to mine subsidence districts on 1 July 2017 which saw an approximate 25% reduction in the total number of properties within districts. Refer to Figures 1 and 2.

Figure 1 Number of building applications received over time

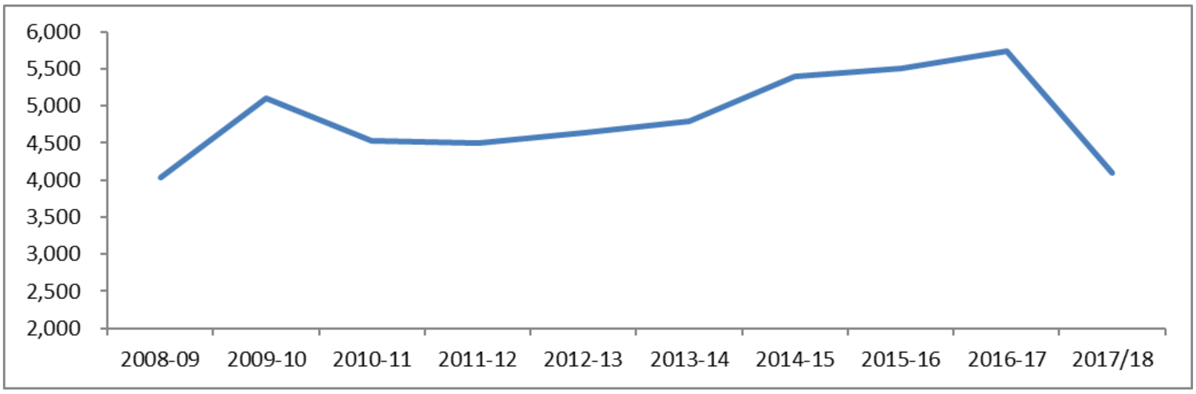
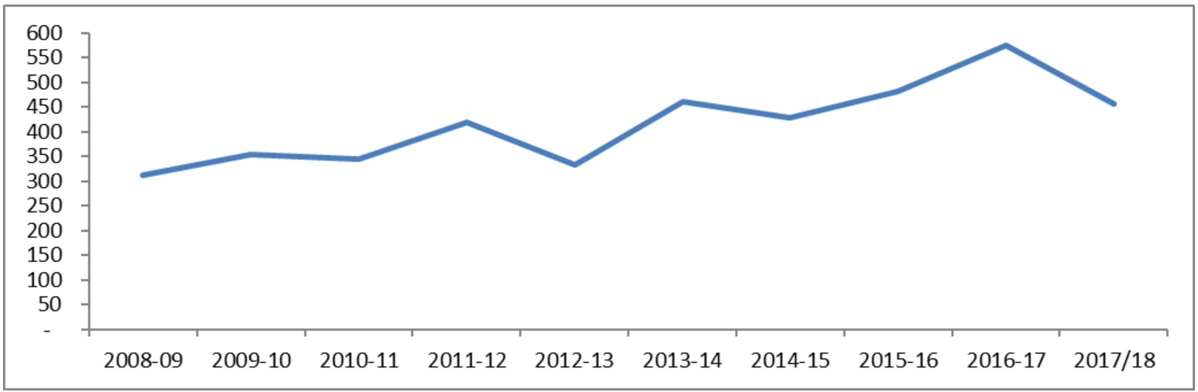


Figure 2 Number of subdivision applications received over time



4.6 New mine subsidence surface development guidelines

New mine subsidence development guidelines took effect on 1 January 2018 following the first comprehensive review in over 15 years. The guidelines have been updated to reflect the most up to date building practices and ensure 95% of guideline compliant properties would remain safe, serviceable and repairable should mine subsidence occur. The new guidelines also facilitate a simplified approval process for low risk developments in mine subsidence districts.

The number of guidelines has been reduced from 19 to eight, removing unnecessary complexities and duplication and effectively mitigating the risk of subsidence damage without imposing unreasonable costs and restrictions on the landowner.

The guidelines set out SA NSW's requirements for proposed development on a property depending on the subsidence risks. Due to the differing subsidence risks arising from active and non-active mining, there are different guidelines for properties in these areas. SA NSW applied one of the eight new surface development guidelines listed below to each property in a mine subsidence district based on an assessment of the type of mining beneath the property and the risk of subsidence.

Guideline 1. Non-active mine workings - risk of pothole subsidence
Guideline 2. Non-active mine workings - possible subsidence risk
Guideline 3. Non-active mine workings - remote subsidence risk
Guideline 4. Active mining areas - high predicted subsidence impact
Guideline 5. Active mining areas - moderate predicted subsidence impact
Guideline 6. Active mining areas - minimal predicted subsidence impact
Guideline 7. On application
Guideline 8. No restrictions

SA NSW developed the guidelines in consultation with an expert reference group comprising representatives from government, the property and mining industries, and academics specialising in structural, geotechnical or mining engineering. The group was established following a review of the *Mine Subsidence Compensation Act 1961* which identified opportunities to streamline development approval processes in mine subsidence districts.

Approximately 95% of building applications received by SA NSW comply with the relevant development guideline. The review focused on ensuring the guidelines could be quickly and easily administered without requiring engineering expertise. This facilitates a streamlined assessment process as applications that comply with the guideline are fast-tracked and processed within five working days. Applications that do not comply with the applicable guideline for the property must be assessed by SA NSW risk engineers on merit and SA NSW may impose conditions to reduce the risk of damage should subsidence occur.

To further streamline assessment of low risk development, SA NSW issued an exemption order for low risk developments during the year. The exemption order, issued under section 24 of the *Coal Mine Subsidence Compensation Act 2017*, allows certain development proposals that comply with SA NSW's guidelines to be certified as compliant by the relevant local council or accredited certifiers without a separate assessment by SA NSW.

SA NSW has published the development guidelines on the NSW Planning Portal allowing property owners, developers and certifiers to easily identify the guideline assigned to a property online. Previously, this information was only available upon application to SA NSW.

4.7 Merit assessment policies established

SA NSW established two policies for the assessment of subdivision applications and complex development proposals that sit outside SA NSW's standard guidelines during the year. These applications are assessed by SA NSW risk engineers on merit and are generally approved with conditions to reduce the risk of mine subsidence damage.

SA NSW development conditions vary depending on the size and complexity of the proposal and mine subsidence risks at the site. The conditions can include requirements related to the nature and class of any development, the size, height and location of new structures, and the use of certain building materials and construction methods. For large and complex proposals, SA NSW may require applicants to remove the risk of subsidence or confirm the stability of the mine workings through geotechnical investigations.

The new policies formalise the assessment framework used by SA NSW when assessing large and complex developments, ensuring consistency and reducing the timeframe taken to assess. The policies also provide transparency and a greater level of certainty to prospective developers and engineering professionals on the factors SA NSW considers when assessing applications and the likely conditions for different types of development on a property prior to formal applications being lodged. The Subdivision policy and Merit-based assessment policy are public documents available online via SA NSW's website.

SA NSW developed the policies in consultation with an expert reference group which included government technical experts, technical consultants, representatives from the development and mining industries, and academics. The group was convened following the review of the *Mine Subsidence Compensation Act 1961* and feedback the development industry about the need for more transparent information around SA NSW's assessment processes.

4.8 Certificates of compliance

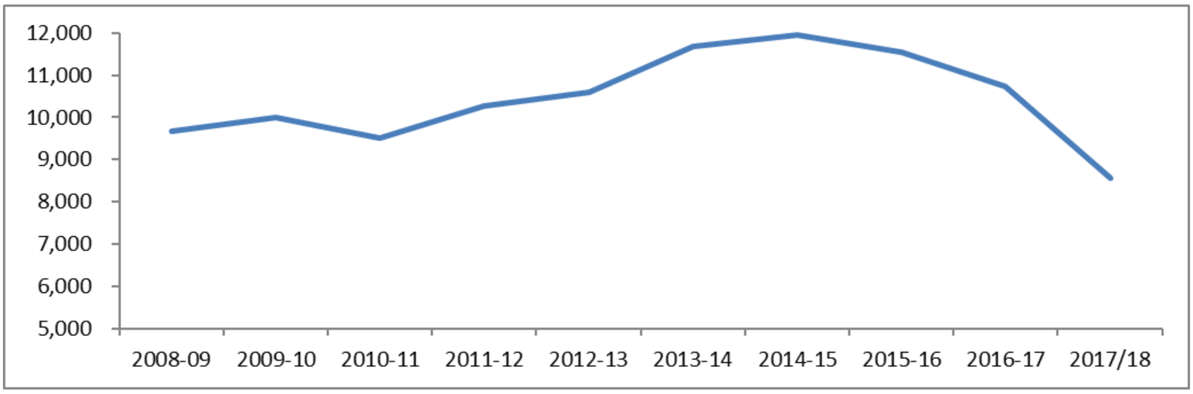
The review of the *Mine Subsidence Compensation Act 1961* revealed that the process for certifying compliance under Section 15B was inadequate. The *Coal Mine Subsidence Compensation Act 2017* does not contain a comparable provision. However, section 15B certificates have been continued for a transitional period under Schedule 1 of the *Coal Mine Subsidence Compensation Act 2017*. The transitional period will continue until June 2019.

A certificate issued under section 15B of the *Mine Subsidence Compensation Act 1961* provides assurance that the improvements or subdivision on a property comply with SA NSW surface development guidelines and are therefore eligible for compensation in the event of mine subsidence damage to the property. Certificates issued under section 15C disclose whether or not a claim for mine subsidence damage has previously been approved on a property.

Overview of certificate applications during 2017-18

SA NSW received a total of 8,565 certificate applications during the year. Applications fell by 2,172, a decrease of 20% on the previous year. The decrease in certificates received correlates with an approximate 25% reduction in the number of properties within mine subsidence districts on 1 July 2017. Refer to Figure 3.

Figure 3 Number of certificate applications received over time



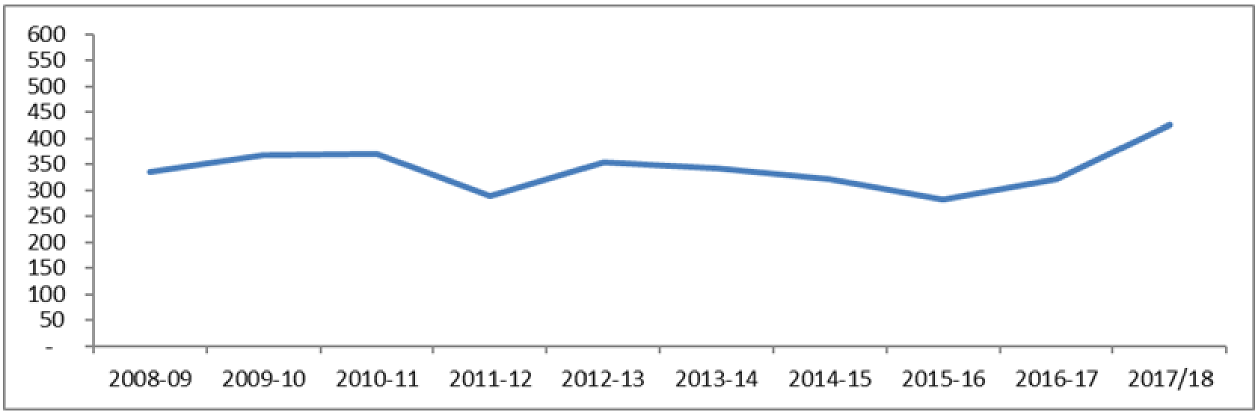
4.9 Compensation

SA NSW provides compensation to the owners of developments, such as homes, that are damaged by mine subsidence following the extraction of coal or shale. Properties are eligible for compensation provided that, if located within a district, the improvements have been constructed in accordance with SA NSW's approval, or existed prior to proclamation of the district. The owners of buildings and other structures that are damaged by mine subsidence can lodge claims for compensation with SA NSW. SA NSW then assesses the damage to determine appropriate compensation.

Overview of claims during 2017-18

SA NSW received 425 new claims for compensation during the year. This is an increase of 104 claims (32%) received in comparison to 2016-17. Figure 4 shows the number of claims received over time. The increase in the number of claims received is associated with recent mining beneath small townships and adverse weather conditions such as drought

Figure 4 Number of Claims received over time



During the review of the *Mine Subsidence Compensation Act 1961* and its administration in 2016, a backlog of approximately 200 longstanding claims was identified. Some claims had been open for more than 10 years. All outstanding claims identified through the review have been assessed and 80% were closed at 30 June 2018. Dedicated SA NSW Case Advisors are working with property owners to resolve and close out the remaining claims.

Major infrastructure claims

SA NSW provided approximately $7.7 million compensation to remediate damage to infrastructure during the year. Major infrastructure claims approved or managed during the year include:

- Australian Rail Track Corporation assets including the Main Southern Rail Line, culverts and over-bridges
- Emergency repairs to the M31 Freeway (Hume motorway)
- Cataract Tunnel and Upper Canal (Water NSW)
- Final rehabilitation to Jemena Gas pipelines
- Blackhill Road, Blackhill
- Telstra optical fibre telecommunication lines.

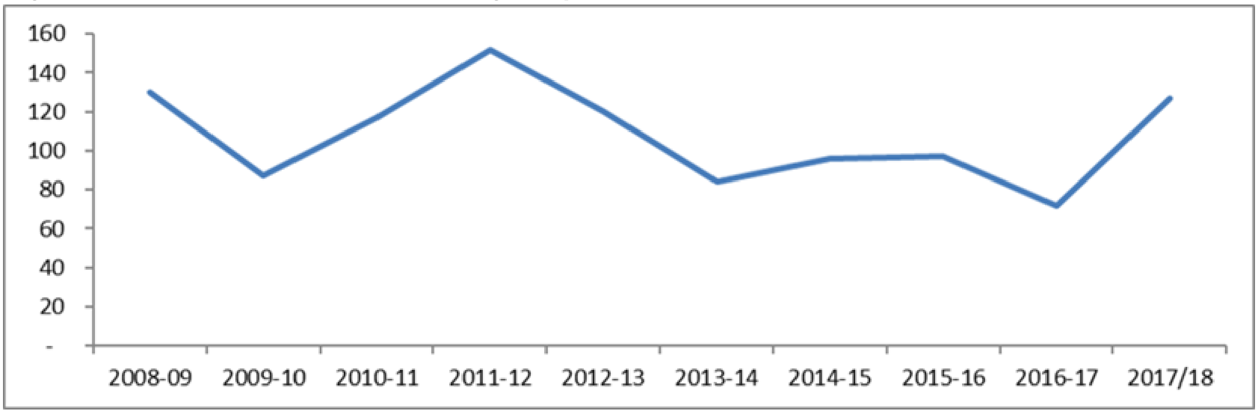
4.10 Elimination of danger reports

Safety is the highest priority for SA NSW. A 24 hour emergency hotline is available for the public to report danger arising from mine subsidence. All reports made to this hotline must be responded to within twenty-four hours.

These emergency events generally involve holes caused by historical mine workings at a shallow depth. These holes can present a significant safety risk to the community.

SA NSW received 127 elimination of danger reports during 2017-18. Most reports were safely remediated by securing the site and filling the pothole with low-strength concrete. Figure 5 shows the number of elimination of danger reports received over time. The spike in the number of reports received during the year is due to new measures to record refused elimination of danger reports

Figure 5 Number of Elimination of Danger reports received over time*



**Prior to 2017-18, SA NSW only recorded elimination of danger reports that were accepted as mine subsidence related.*

Proactive remediation of high risk sites

SA NSW continued work on a project to explore proactive remediation of known subsidence risk areas during the year. SA NSW identified close to 50 problematic sites where more than five subsidence hole events had occurred and there is a high likelihood of recurrence.

A risk assessment model was developed to rate each site from low to very-high risk with weight given to public safety. SA NSW established an action plan detailing the recommended treatment options for each site and addressed them in order of risk. All sites classified as 'very-high' and 'high' were addressed during the year. Actions taken to reduce risks include:

- Grouting historical mine workings to eliminate the risk of subsidence
- Relocating community facilities to minimise public safety risks
- Implementing subsidence management plans for private sites
- Training councils on how to quickly identify and respond to mine subsidence potholes.

5. Corporate performance

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

5.1 Performance indicators

Services	Number Processed in 2017/18	Performance Measure	Target	2017 / 2018	2016 / 2017	2015 / 2016
Subdivisions	417	Processed within 5 working days*	95%	78%	48%	81%
15B Certificates	7,274		95%	99%	77%	95%
15C Certificates	1,291		95%	98%	78%	93%
Building Applications	3,976		95%	91%	75%	94%
Claims	408	Claims determined within 90 working days***	85%	89%	-**	-**
Elimination of Danger	127	Danger eliminated within 24 hours	100%	96%	96%	100%

**SA NSW completed a review of its development assessment processes and developed a subdivision assessment policy in consultation with an expert reference group with representatives from government, the development and mining industries, and academics during the year. To allow sufficient time for adequate analysis of impacts and consultation with collieries in active mining areas, the policy extends the time required to process subdivision applications to 40 days.*

***Due to data integrity issues SA NSW was unable to accurately report on the number of claims determined within 30 days. This data is now being captured in the new CRM to report against the revised performance measure.*

****SA NSW revised the performance measure for determination of claims during the 2017/2018 year as part of the new Act, from 30 days to 90 days from inspection to determination. This came into effect from 1 January 2018.*

5.2 Transaction volumes

Number of Transactions per Office

Transaction Type	Newcastle	Picton	Total
Building Applications			
2017/2018	3,521	567	**4,088**
2016/2017	4,155	1,577	**5,732**
Subdivisions			
2017/2018	374	81	**455**
2016/2017	450	125	**575**
Certificates 15B			
2017/2018	6,665	609	**7,274**
2016/2017	7,714	1,296	**9,010**
Certificates 15C			
2017/2018	1,028	263	**1,291**
2016/2017	1,241	486	**1,727**
Claims			
2017/2018	277	148	**425**
2016/2017	213	108	**321**
Elimination of Danger			
2017/2018	120	7	**127**
2016/2017	72	0	**72**

6. Appendices

6.1 Research and development

SA NSW presented at the tenth triennial Mine Subsidence Technological Society (MSTS) conference in November 2017. The MSTS promotes and supports the exchange of technical information and ideas on mine subsidence between government, academics and leaders from the building, construction, and mining industries. The conference provided an opportunity for SA NSW to share details of the mine subsidence compensation system reforms with key industry stakeholders.

SA NSW also commenced two new research and development initiatives during the year:

1. SA NSW has commissioned a study by the University of Newcastle into soil reactivity in the Tahmoor region to support determination of claims for mine subsidence damage in the area.

2. SA NSW is reviewing existing subsidence records to improve understanding of areas that are at risk of coal-pillar failure. The most widely used formulae was primarily developed using coal pillar geometries that are different to those that underlie much of the Newcastle and Hunter region.

These initiatives were ongoing at 30 June 2018.

6.2 Risk management and insurance activities

SA NSW is insured with the NSW Treasury Managed Fund. This insurance covers public liability, motor vehicles, property, workers compensation, fidelity guarantee, burglary, fire and miscellaneous.

6.3 Internal audit and risk management policy attestation

Internal Audit and Risk Management Attestation Statement for the 2017-2018 Financial Year for Subsidence Advisory

I, Laura Christie, Chairperson, am of the opinion that Subsidence Advisory has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector, specifically:

Core Requirements		For each requirement, please specify whether compliant, non-compliant, or in transition
Risk Management Framework		
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function		

2.1	An internal audit function has been established and maintained	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant

Audit and Risk Committee

3.1	An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

The chair and members of the Audit and Risk Committee are:

- Carol Holley, Independent Chair, from 2 December 2015 to 1 December 2020;
- Dianne Hill, Independent Member, from 1 February 2016 to 31 January 2019;
- Nirmal Hansra, Independent Member, from 20 December 2018 to 19 December 2021;
- Bruce Turner AM, Independent Member, from 22 January 2016 to 21 January 2019.

This Audit and Risk Committee has been established under a Treasury approved shared arrangement with the following departments/statutory bodies:

- DFSI
- Rental Bond Board
- Fair Trading Administration Corporation
- Building Professionals Board
- Subsidence Advisory
- NSW Government Telecommunications Authority
- State Archives and Records Authority

Laura Christie
Chairperson
Mine Subsidence Board

Date: 6/9/2018

6.4 Digital information security policy attestation

Digital Information Security Annual Attestation Statement for the 2017-2018 Financial Year for the Mine Subsidence Board

I, Laura Christie, am of the opinion that the Mine Subsidence Board had an Information Security Management System in place during the 2017-18 financial year that is consistent with the Core Requirements set out in the *NSW Government Digital Information Security Policy*.

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

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

Laura Christie
Chairperson
Mine Subsidence Board

6.5 Legal Change

The *Coal Mine Subsidence Compensation Act 2017* and *Coal Mine Subsidence Compensation Regulation 2017* took effect on 1 January 2018, repealing the former *Mine Subsidence Compensation Act 1961* and *Mine Subsidence Compensation Regulation 2012*. Refer to 4.1 for detail on the legislative changes.

6.6 Land disposal

SA NSW did not dispose of any land greater than $5 million in value during the year. Documents relating to land disposal can be obtained under the *Government Information (Public Access) Act 2009.*

6.7 Human Resources

There were 35 full-time employees of DFSI and an additional six temporary staff employed through casual labour working at SA NSW at 30 June 2018.

Table 1 Number of full-time employees over time

Number of full-time employees working at SANSW over time		
2015-16	**2016-17**	**2017-18**
29	35	35

Staff working at SA NSW are employed by DFSI, and as such are subject to all of its employment conditions. For information related to personnel and industrial relations policies and practices, please refer to DFSI's 2017-18 Annual Report.

6.8 Workforce Diversity

Trends in the Representation of Workforce Diversity Groups				
Workforce Diversity Group	**Benchmark**	**2016[1,2]**	**2017[1,2]**	**2018[1]**
Women[3]	**50%**	38.5%	59.5%	58.3%
Aboriginal People and/or Torres Strait Islander People[4]	**3.3%**	0.0%	0.0%	0.0%
People whose First Language Spoken as a Child was not English[5]	**23.2%**	0.0%	0.0%	0.0%
People with a Disability[6]	**5.6%**	0.0%	2.7%	2.8%
People with a Disability Requiring Work-Related Adjustment[6]	**N/A**	0.0%	0.0%	0.0%

Note 1: Statistics are based on Workforce Profile census data as at 30 June 2016, 29 June 2017 and 28 June 2018.

Note 2: Workforce diversity statistics for 2016 and 2017 reflect the current composition of the department and may vary from those reported in previous annual reports.

Note 3: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

Note 4: The NSW Public Sector Aboriginal Employment Strategy 2014 – 17 introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

Note 5: A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language, but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

Note 6: In December 2017, the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027. More information can be found at: Jobs for People with Disability: A plan for the NSW public sector. The benchmark for 'People with Disability Requiring Work-Related Adjustment' was not updated.

6.9 Payment of Accounts

SA NSW paid $31,534,973 worth of accounts via 1,925 invoices during the year. Of these, 71.79% were paid on time, the balance being either invoices in dispute or instances where the original invoices were not received.

Accounts Paid During 2017-18	Number	Percentage of Total Number	Amount
Paid on Time	1,382	71.79%	$18,703,620
Paid Late	543	28.21%	$12,831,353
Total Accounts Due for Payment	**1,925**		**$31,534,973**

6.10 Time for Payment of Accounts

Of the invoices not paid on time due to the reasons stated above, 3.97% were overdue for more than 60 days, but no penalty interest was incurred.

Accounts Paid Late During 2017-18	Number	Percentage of Total Number	Amount	Percentage of Total Amount
< 60 Days Late	489	90.06%	$12,332,049	96.03%
> 60 Days Late	54	9.94%	$509,304	3.97%
Total Accounts Paid Late	**543**		**$12,831,353**	

6.11 Investment Performance

SA NSW's investment portfolio is managed by NSW Government TCorp and split between the Cash and Medium Term Growth Funds. The Cash Fund had a net return of 1.99% for the year while the Medium Term Growth Fund returned 5.07%.

6.12 Consultants

The total amounts paid or becoming payable to consultants engaged by SA NSW during the financial year was $160,324 (2016-17: $214,020). A breakdown of this amount is provided in the below table.

Table 2 Consultant engagements less than $50,000 during 2017-18

Nature of consultancy	Number of engagements	Cost
Review of Merit Assessment	3	$17,551
Review of Development Guidelines	3	$20,125
Monitoring of Survey Marks	2	$22,970
Advice on Claims Analysis	1	$6,153
Advice on Mine workings	1	$9,207
Advice Longwall Subsidence	1	$845
Advice on Pillar Stabilities	1	$15,188
Advice Geotechnical - Wallsend	1	$29,950
Integration of Systems	1	$38,335
Total	**14**	**$160,324**

There were no engagements equal to or greater than $50,000 during the year.

6.13 Government Information (Public Access) Act 2009

Applications made under the Government Information (Public Access) Act 2009 involving SA NSW are coordinated centrally within DFSI. Please refer to DFSI's Annual Report for 2017-18 for details on any access applications concerning SA NSW received during the year.

6.14 Privacy and Personal Information Protection Act (PPIPA)

SA NSW adopted DFSI's privacy management plan during the year. Please refer to DFSI's 2017-18 Annual Report for detail on actions taken to comply with the *Privacy and Personal Information Protection Act 1998* during the year.

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

6.15 Public Interest Disclosures

As staff were employees of DFSI, SA NSW adopted the Department's Public Interest Disclosures Reporting Policy and Procedure during the reporting period. Please refer to DFSI's 2017-18 Annual Report for details on actions taken to ensure staff awareness of responsibilities under s6E (1)(B) of the *Public Interest Disclosures Act 1994*

No public officials made a Public Interest Disclosure to SA NSW during the reporting period. SA NSW did not receive or finalise any Public Interest Disclosures during the year.

6.16 Nil or NA to report

SA NSW had nil or NA to report on the following statutory requirements during the year:

- Promotion
- Disclosure of Controlled Entities
- Disclosure of Subsidiaries
- Funds granted to non-government community organisations
- Agreements with Multicultural NSW
- Numbers and remuneration of senior executives
- Implementation of Price Determination
- Liability management performance

As staff working at SA NSW are all employed by DFSI, please refer to DFSI's 2017-18 Annual Report for information regarding:

- Disability Inclusion Action Plan
- Multicultural policies and services program
- Work Health and Safety (WHS)

6.17 Events after the reporting period

There were no events occurring after the end of the reporting period to be disclosed.

Mine Subsidence Board

trading as

Subsidence Advisory NSW

Financial Statements

for the year ended 30 June 2018

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INDEPENDENT AUDITOR'S REPORT

Mine Subsidence Board

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Mine Subsidence Board (the Board), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

Other information comprises the information included in the Board's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Board are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the Statement by the members of the Board.

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

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

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

I have nothing to report in this regard.

The Board's Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Board are responsible for assessing the Board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Board will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Nathan Carter
Director, Financial Audit Services

27 September 2018
SYDNEY

Mine Subsidence Board

Statement by members of the Board

Pursuant to Section 41c (1 b) of the Public Finance and Audit Act 1983, and in accordance with a resolution of the Members of the Board we state that in our opinion:

1. The accompanying financial statements and notes thereto present a true and fair view of the financial position of the Mine Subsidence Board as at 30 June 2018 and the results of its operations for the year to date then ended.

2. The financial statements and notes thereto comply with applicable Australian Accounting Standards, the Public Finance and Audit Act 1983, and the Public Finance and Audit Regulation 2016, and financial reporting directions mandated by the Treasurer.

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

Laura Christie
Chairperson

Gary Parker
Board Member

Signed at Newcastle and dated this 25th day of September 2018.

START OF AUDITED FINANCIAL STATEMENTS

Statement of Comprehensive Income for the year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
Expenses excluding losses			
Personnel services expense	2(a)	5,070	6,407
Other operating expenses	2(b)	7,777	23,745
Depreciation and amortisation	2(c)	335	78
Cost of sales	2(d)	1,431	1,204
Total Expenses excluding losses		**14,613**	**31,434**
Revenue			
Sale of goods and services	3(a)	2,462	1,484
Investment revenue	3(b)	3,838	809
Contributions	3(c)	11,169	22,330
Other revenue	3(d)	114	845
Total Revenue		**17,583**	**25,468**
Operating result		**2,970**	**(5,966)**
Gains / (losses) on disposal	4	16	15
Net result from continuing operations		**16**	**15**
Net result		**2,986**	**(5,951)**

The accompanying notes form part of these financial statements

Statement of Financial Position as at 30 June 2018

	Notes	2018 $'000	2017 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	11,237	67,109
Receivables	6	1,154	1,269
Financial assets at fair value	7	98,306	58,476
Total Current Assets		**110,697**	**126,854**
Non-Current Assets			
Inventories	8	11,781	10,463
Property, plant and equipment	9	676	781
Intangible assets	10	1,815	-
Total Non-Current Assets		**14,272**	**11,244**
Total Assets		**124,969**	**138,098**
LIABILITIES			
Current Liabilities			
Payables	11	2,282	8,636
Provisions	12(a)	22,540	26,331
Total Current Liabilities		**24,822**	**34,967**
Non-Current Liabilities			
Provisions	12(b)	-	5,970
Total Non-Current Liabilities		**-**	**5,970**
Total Liabilities		**24,822**	**40,937**
Net Assets		**100,147**	**97,161**
EQUITY			
Accumulated funds		100,147	97,161
Total Equity		**100,147**	**97,161**

The accompanying notes form part of these financial statements

Statement of Financial Changes in Equity Position for the year ended 30 June 2018

	Notes	Accumulated Funds $'000	Total Equity $'000
Balance at 1 July 2017		97,161	97,161
Profit for the year		2,986	2,986
Total comprehensive income for the period		2,986	2,986
Balance at 30 June 2018		**100,147**	**100,147**
Balance at 1 July 2016		103,112	103,112
Loss for the year		(5,951)	(5,951)
Total comprehensive income for the year		(5,951)	(5,951)
Balance at 30 June 2017		**97,161**	**97,161**

The accompanying notes form part of these financial statements

Statement of Cash Flows for the year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services expense		(5,056)	(6,393)
Purchase of inventories		(3,770)	(3,355)
Subsidence claims		(19,450)	(14,474)
Other		(5,887)	(2,672)
Total Payments		**(34,163)**	**(26,894)**
Receipts			
Contributions		11,054	22,277
Sale of inventories		2,059	946
Investment revenue		3,075	4,974
Sale of goods and services		403	538
Other income		117	864
Total Receipts		**16,708**	**29,599**
NET CASH FLOWS FROM OPERATING ACTIVITIES	13	**(17,455)**	**2,705**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of plant and equipment and intangible assets		16	33
Proceeds from the sale/maturity of investments		3,776	126,390
Purchase of investments		(40,151)	(107,690)
Purchases of plant and equipment and intangibles		(2,058)	(625)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(38,417)**	**18,108**
CASH FLOWS FROM FINANCING ACTIVITIES		**-**	**-**
NET (DECREASE) / INCREASE IN CASH		**(55,872)**	**20,813**
Opening cash and cash equivalents		67,109	46,296
CLOSING CASH AND CASH EQUIVALENTS	5	**11,237**	**67,109**

The accompanying notes form part of these financial statements

1. Summary of Significant Accounting Policies

(a) Reporting Mine Subsidence Board

The Mine Subsidence Board (the Entity) is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. The Entity is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. It is responsible for the management of the Mine Subsidence Compensation Fund (the Fund) in accordance with the *Coal Mine Subsidence Compensation Act 2017*.

These financial statements for the year ended 30 June 2018 have been authorised for issue by the Board on 25/09/2018.

(b) Basis of preparation

The entity's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and
- Financial Reporting Directions mandated by the Treasurer.

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

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

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

(c) Statement of compliance

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

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

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

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

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

(e) Comparative information

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

(f) Changes in accounting policies, including new or revised AAS

i. Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year except as a result of the following new or revised AAS that have been applied for the first time in 2017-18;

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
- AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

The implementation of the above standards did not have a material impact on the Board's financial statements.

ii. Issued but not yet effective

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

The following new AAS have not been applied and are not yet effective per Treasury Circular TC18-01:

- AASB 9 Financial Instruments
- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 1058 Income of Not-for-profit Entities
- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts
- AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfer of investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

The impact of the future implementation of these Standards on the entity's financial statements is still being assessed.

(g) Equity and reserves

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

i. Equity transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by AAS to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities.*

(h) Taxation Status

The activities of the Entity are exempt from tax.

2. Expenses excluding losses

(a) Personnel services expenses	**2018 $'000**	**2017 $'000**
Salaries and wages (including annual leave)	3,725	3,544
Superannuation – defined benefit plans	54	86
Superannuation – defined contribution plans	244	180
Long service leave	62	250
Workers' compensation insurance	11	11
Payroll tax and fringe benefits tax	235	277
Contractors - Contingent Workforce	727	798
Board fees	12	15
Redundancies	-	1,246
	5,070	**6,407**

The NSW Department of Finance, Services and Innovation (DFSI) employs staff on behalf of the entity within its personnel services division. Expenses relating to these employees are incurred by the DFSI and reimbursed by the entity on a monthly basis. The above table details the DFSI's employee expenses that are reimbursed.

	2018 $'000	2017 $'000
(b) Other operating expenses include the following:		
Auditor’s remuneration - audit of the financial statements	46	80
Advertising	56	10
Consultants	161	214
Contractors	-	49
Fees for services rendered	1,277	1,200
Bank and legal fees	95	155
Insurance	38	21
Motor vehicle expenses	38	40
Operating lease rental expenses	143	289
Other expenses	319	145
Printing and postage	30	55
Property commissions (Sales and Rental)	10	12
Property expenses	84	78
Recruitment fees	7	8
Stores	-	74
Subsidence claims	5,162	19,770
Subsidence preventative works	117	1,271
Telephone and utilities	149	191
Travel expenses	45	83
	7,777	**23,745**

i. Operating lease

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

ii. Insurance

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

	2018 $'000	2017 $'000
(c) Depreciation and amortisation expense		
Plant & equipment	3	6
Intangibles	218	-
Computer	-	11
Leasehold assets	71	-
Motor vehicle	43	61
	335	**78**

	2018 $'000	2017 $'000
(d) Cost of sales		
Properties held for sale	1,431	1,204
	1,431	**1,204**

3. Revenue

Income is measured at the fair value of the consideration or contribution received or receivable. Comments regarding the accounting policies for the recognition of income are discussed below.

i. Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion.

ii. Sales of Inventory

Revenue from the sale of goods is recognised as revenue when the entity transfers the significant risks and rewards of ownership of the assets.

iii. Interest income

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

iv. Contributions

Contributions are generally recognised as revenue when the entity obtains the right to receive the contribution. The right to receive colliery contributions is based upon the date that the contributions are gazetted by the Department of Finance, Services and Innovation.

	2018 $'000	2017 $'000
(a) Sale of goods and services		
Section 15B certificates	371	487
Section 15C certificates	32	51
Sale of inventory	2,059	946
	2,462	**1,484**
(b) Investment revenue		
Interest revenue from financial assets not at fair value through profit or loss	947	4,960
Net gain/(loss) on financial assets at fair value through Profit and Loss – held for trading	2,829	(4,184)
Interest	59	14
Rents	3	19
	3,838	**809**

	2018 $'000	2017 $'000
(c) Contributions		
Colliery Contributions	11,169	22,330
	11,169	**22,330**
(d) Other Revenue		
Other miscellaneous income	6	352
Insurance recoveries	108	493
	114	**845**

4. Gain on disposal

Gain on disposal of Property, Plant and Equipment	16	15
	16	**15**

5. Current assets – Cash and Cash equivalents

Cash at bank and on hand	11,237	64,095
Deposits at call	-	3,014
	11,237	**67,109**

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the period to the Statement of Cash Flows as follows:

Cash and cash equivalents (per statement of financial position)	11,237	67,109
Closing cash and cash equivalents (per statement of cash flows)	**11,237**	**67,109**

Refer Note 15 for details regarding credit risk and market risk arising from financial instruments.

6. Current receivables

	Notes	2018 $'000	2017 $'000
Receivables		1,014	317
GST refundable		94	901
Prepayments		46	51
		1,154	**1,269**

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

Details regarding credit risk, liquidity risk and market risk, including financial assets that are neither past due nor impaired, are disclosed in Note 15.

Other assets are recognised on a historic cost basis.

7. Current assets – Financial assets at fair value

	Notes	2018 $'000	2017 $'000
Investments held for trading at fair value	15(a)	98,306	58,476
		98,306	**58,476**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 15.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in net result.

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

i. Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All ‘regular way’ purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

- Financial assets at fair value through profit or loss

  The entity subsequently measures financial assets classified as 'held-for-trading' or designated upon initial recognition 'at fair value through profit or loss' at fair value. Gains or losses on these assets are recognised in the net result for the year. Financial assets are classified as 'held-for-trading' if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments under AASB 139 *Financial Instruments: Recognition and Measurement*.

- Held-to-maturity investments

  Non-derivative financial assets with fixed or determinable payments and fixed maturity that the entity has the positive intention and ability to hold to maturity are classified as 'held-to-maturity' investments. These financial assets are measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or though the amortisation process.

- Available-for-sale financial assets

  Financial assets that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value. Gains or losses on available-for-sale financial assets are recognised in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

- Impairment of financial assets

  All financial assets, except those at fair value through profit and loss, are subject to an annual review for impairment. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

  For certain categories of financial assets, such as trade receivables, the entity first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Assets are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

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

  Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as 'available-for-sale' must be made through the revaluation surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

ii. De-recognition of financial assets and financial liabilities

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

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

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

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

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

iii. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

8. Non-current Assets – Inventories

	Notes	2018 $'000	2017 $'000
Properties held for resale at net realisable value		11,781	10,463
		11,781	**10,463**

Inventories relate to properties that have been purchased as a result of subsidence claims in accordance with the *Coal Mine Subsidence Compensation Act 2017*. The entity's practise is to remediate the effects of the subsidence and then sell the properties after they have been restored to a marketable condition. Any impairment on the purchase price to net market value is brought to account as a claims expense. Properties held by the entity are recorded at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to make the sale.

Net realisable value is assessed on an annual basis to ensure the carrying amount of inventory does not differ materially from the lower of cost and net realisable value.

9. Non-current Assets – Property, plant and equipment

	Computer Equipment $'000	Plant and Equipment $'000	Motor Vehicles $'000	Leasehold Improvement $'000	Total $'000
At 30 June 2017 - fair value					
Gross carrying amount	410	121	218	616	1,365
Accumulated depreciation	(410)	(114)	(56)	(4)	(584)
Net carrying amount	-	7	162	612	781
At 30 June 2018 - fair value					
Gross carrying amount	357	120	218	626	1,321
Accumulated depreciation	(357)	(114)	(99)	(75)	(645)
Net carrying amount	-	6	119	551	676

Reconciliation

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

	Computer Equipment $'000	Plant & Equipment $'000	Motor Vehicles $'000	Leasehold Improvement $'000	Total $'000
Year ended 30 June 2018					
Net carrying amount at start of year	-	7	162	612	781
Additions	-	2	-	10	12
Disposals - at cost	(53)	(3)	-	-	(56)
Write back of accumulated depreciation on disposals	53	3	-	-	56
Depreciation expense	-	(3)	(43)	(71)	(117)
Net carrying amount at end of year	-	6	119	551	676

	Computer Equipment $'000	Plant & Equipment $'000	Motor Vehicles $'000	Leasehold Improvement $'000	Total $'000
At 1 July 2016 - fair value					
Gross carrying amount	860	508	262	-	1,630
Accumulated depreciation	(849)	(505)	(24)	-	(1,378)
Net carrying amount	11	3	238	-	252
At 30 June 2017 - fair value					
Gross carrying amount	410	121	218	616	1,365
Accumulated depreciation	(410)	(114)	(56)	(4)	(584)
Net carrying amount	-	7	162	612	781

Reconciliation

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

	Computer Equipment $'000	Plant & Equipment $'000	Motor Vehicles $'000	Leasehold Improvement $'000	Total $'000
Year ended 30 June 2017					
Net carrying amount at start of year	11	3	238	-	252
Additions	-	9	-	616	625
Disposals - at cost	(450)	(400)	(54)	-	(904)
Write back of accumulated depreciation on disposals	450	397	39	-	886
Depreciation expense	(11)	(2)	(61)	(4)	(78)
Net carrying amount at end of year	0	7	162	612	781

Acquisitions of property, plant and equipment

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

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

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

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

Capitalisation thresholds

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

Major inspection costs

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

Restoration costs

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

Maintenance

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

Depreciation of property, plant and equipment

Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity.

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

Asset Class	Depreciation Rate
Motor Vehicles	20%
Plant and Equipment	10%-20%
Computer Equipment	25%-33.3%
Intangible Asset	25%
Leasehold Improvement	Life of lease

Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 and AASB 140 *Investment Property*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs.

The entity reviewed the residual values and useful lives of its property plant and equipment at the end of the reporting period. This review resulted in the adjustment to the useful lives of motor vehicles and some computer and other equipment.

Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

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

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

10. Intangible Assets

	Intangible Asset	Total
	$'000	**$'000**
At 30 June 2017 - fair value		
Gross carrying amount	-	-
Accumulated depreciation	-	-
Net carrying amount	-	-
At 30 June 2018 - fair value		
Gross carrying amount	2,033	2,033
Accumulated depreciation	(218)	(218)
Net carrying amount	1,815	1,815

Reconciliation

A reconciliation of the carrying amount of intangible assets at the beginning and end of the current reporting period is set out below:

	Intangible Asset	Total
	$'000	**$'000**
Period to 30 June 2018		
Net carrying amount at start of year	-	-
Additions	2,033	2,033
Disposals - at cost	-	-
Write back of accumulated depreciation on disposals	-	-
Depreciation expense	(218)	(218)
Net carrying amount at end of year	1,815	1,815

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

The useful lives of intangible assets are assessed to be finite.

The entity's intangible assets are amortised using the straight-line method over a period of four years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

11. Current liabilities – payables

	2018 $'000	2017 $'000
Accrued personnel services expense	747	630
Trade creditors and accrued expenses	1,535	8,006
	2,282	8,636

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

12. Current / Non-current liabilities – provisions

	2018 $'000	2017 $'000
Current Employee benefits and related on-costs		
Provision for fringe benefits tax	1	7
	1	7
Current Other Provisions		
Claims	22,539	26,324
	22,539	26,324
(a) Total Current Provisions	22,540	26,331
Non-Current Other Provisions		
Claims	-	5,970
	-	5,970
(b) Total Non-Current Provisions	-	5,970

Recognition and measurement – other provisions

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

Any provisions for restructuring are recognised only when an entity has a detailed formal plan and the entity has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

i. Claims

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

ii. Preventative Works

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

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

2018	Claims $'000	Preventative Works $'000	Total $'00
Carrying amount at the beginning of financial year	32,294	-	32,294
Additional provisions recognised	15,571	117	15,688
Amounts used	(19,429)	(22)	(19,451)
Unused amounts reversed	(5,992)	-	(5,992)
Carrying amount at end of financial year	22,444	95	22,539
Current	22,444	95	22,539
Non-current	-	-	-
	22,444	95	22,539

2017	Claims $'000	Preventative Works $'000	Total $'000
Carrying amount at the beginning of financial year	31,528	-	31,528
Additional provisions recognised	30,709	1,271	31,980
Amounts used	(21,170)	(1,271)	(22,441)
Unused amounts reversed	(8,773)	-	(8,773)
Carrying amount at end of financial year	32,294	-	32,294
Current	26,324	-	26,324
Non-current	5,970	-	5,970
	32,294	-	32,294

13. Reconciliation of Cash Flows from Operating Activities to Total Comprehensive Income

	2018 $'000	2017 $'000
Net cash from operating activities	(17,455)	2,705
Depreciation	(335)	(78)
(Decrease) / increase in receivables	(115)	990
Increase in inventories	1,318	1,679
Decrease / (increase) in payables	6,354	(6307)
Decrease / (increase) in provisions	9,761	(771)
Net gain / (loss) on financial assets	3,442	(4184)
Net gain on disposal of plant and equipment	16	15
Total comprehensive income / (loss)	2,986	(5,951)

14. Commitment for Expenditure

The entity has entered into a commercial property lease for its office at Picton. The Picton office lease has an expiry date of 30 June 2019 with a two year option.

	2018 $'000	2017 $'000
Operating lease commitments		
Less than 1 year	44	53
Greater than 1 year but less than 5 years	-	53
Total (including GST)	44	106

The entity's Newcastle office is under a tenancy agreement memorandum. The occupation under this memorandum is in perpetuity and is subject to a notice period of 18 months being provided should the entity decide to relocate. Commitments under this agreement for the next 12 months are $192,566 inclusive of GST (2017: $192,566 inclusive of GST).

15. Financial Instruments

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

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

The Director and Commercial Manager have overall responsibility for the establishment and oversight of risk management and policies for managing identified risks. Risk management policies are established to identify and analyse the risks faced by entity, to set risk limits and controls, and to monitor risks.

(a) Carrying amount of each category of financial instrument

Financial assets	**Category**	**2018 $'000**	**2017 $'000**
Cash & cash equivalents	N/A	11,237	67,109
Receivables[1]	Loans & rec'bles (amortised cost)	1,012	322
Financial assets at fair value	At fair value through profit or loss – classified as held for trading	98,306	58,476
Total financial assets		110,555	125,907
Financial liabilities			
Trade & other payables[2]	Financial liabilities measured at amortised cost	2,204	8,373
Total financial liabilities		2,204	8,373

1 Excludes statutory receivables and prepayments (not within scope of AASB7)

2 Excludes statutory payables and unearned revenue (not within scope of AASB7)

(b) Credit Risk

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

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

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp Hour Glass cash facility is discussed in market risk below.

(c) Receivables

Collectability of receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect the amounts due. The evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. Under the *Coal Mine Subsidence Compensation Act 2017*, interest may be levied on overdue colliery contributions.

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

(d) Liquidity Risk

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

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

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

	Non Interest Bearing	Less than 1 year
2018	**$'000**	**$'000**
Trade and other payables	2,282	2,282
2017		
Trade and other payables	8,636	8,636

(f) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The entity's exposures to market risk are primarily through interest rate risk on its investments and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. The entity has no exposure to foreign currency risk and does not enter into commodity contracts.

(g) Other price risk – TCorp Hour-Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The entity has no direct equity investments. The entity holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2018 $'000	2017 $'000
Cash	Cash and money market instruments	Up to 1.5 years	10,396	63,429
Medium-term growth	Cash, money market instruments, Australian and international bonds, listed property and Australian shares	3 years to 7 years	98,306	58,476

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for that facility. Unit prices are calculated and published daily. TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

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

(h) Sensitivity analysis

TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten-year period, quoted at two standard deviations (i.e. 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

	Change in unit price	2018 $'000	2017 $'000
Hour-Glass Investment - Cash facility	+/-1%	104	634
Hour-Glass Investment – Medium term growth facility	+/-6%	5,898	3,509

(i) Fair Value

The recognised fair values of financial assets and liabilities are classified according to the following fair value hierarchy that reflects the significance of the inputs used in making these measurements.
Level 1 – fair values that reflect unadjusted quoted prices in active markets for identical assets/liabilities;
Level 2 – fair values that are based on inputs that are directly or indirectly observable for the asset/liability (other than unadjusted quoted prices); and
Level 3 – fair values that are derived from data not observable in a market.

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

Classification according to fair value hierarchy

2018	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Carrying Amount $'000**
TCorp Hour-Glass Investment Facilities	-	108,702	-	108,702
Total	-	108,702	-	108,702

Classification according to fair value hierarchy

2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Carrying Amount $'000**
TCorp Hour-Glass Investment Facilities	-	121,905	-	121,905
Total	-	121,905	-	121,905

16. Contingent Liabilities and Assets

Contingent liabilities

The entity has received claims for compensation up to 30 June 2018 and subsequent to balance date. These claims are only accepted as a liability when a decision is made by the Board (or a delegate) after an assessment by the entity's technical staff or experts in that area of work.

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

Contingent asset

The entity recognises a contingent asset arising from an ongoing legal dispute as at 30 June 2018, whereby the entity is claiming recovery of defective works. It is not practical to estimate the financial impact of this dispute at this stage, as the value that will be recovered is unknown.

17. Related Party Disclosures

Key management personnel

During the year, the entity incurred $205,539 in respect of the key management personnel services that are provided by a separate management entity (Department of Finance Services and Innovation - Corporate Services).

The entity's key management personnel compensation are as follows:

	2018 $'000	2017 $'000
Short-term employee benefits:		
Salaries	200	281
Non-monetary benefits	-	-
Post-employment benefits	-	-
Other long-term employee benefits	5	5
Termination benefits	-	-
Share based payments	-	-
Total remuneration	205	286

During the period, the entity did not enter into any material transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

Other related party transactions

During the period, the entity entered into transactions with the Department of Finance Services and Innovation for the provision of personnel services. These transactions which are conducted as arm's length transactions are a significant portion of the entity's receiving of services, in aggregate are as follows:

	2018 $'000		2017 $'000	
	Transaction value	**Net receivable/ (payable)**	**Transaction value**	**Net receivable/ (payable)**
Nature of transaction				
Sales of goods	-	-	-	-
Purchases of goods	-	-	-	-
Services rendered	59	-	-	-
Services received	6,459	88	5,762	-
	6,518	88	5,762	-

END OF AUDITED FINANCIAL STATEMENTS

Subsidence Advisory NSW

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