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Our Role

Mission Statement

To conserve the natural and cultural resources of the Jenolan, Abercrombie, Wombeyan and Borenore Karst Conservation Reserves and to promote them as leading visitor destinations in a manner which is environmentally, culturally and commercially sustainable.

Charter/Legislation

The Jenolan Caves Reserve Trust is a body corporate created pursuant to the provisions of the National Parks and Wildlife Act 1974.

The Trust is charged with the care, control and management of the Jenolan Caves Reserve Trust lands, which are Abercrombie, Borenore, Jenolan and Wombeyan Karst Conservation Reserves.

Statement of Significance

Jenolan Caves Reserve Trust lands are the premier karst conservation areas of New South Wales. "Karst" is a characteristic landform found in areas with soluble rock, such as the limestone for which the Karst Conservation Reserves are renowned. Karst processes produce a wide variety of features including caves, gorges, sinkholes, stalactites and stalagmites.

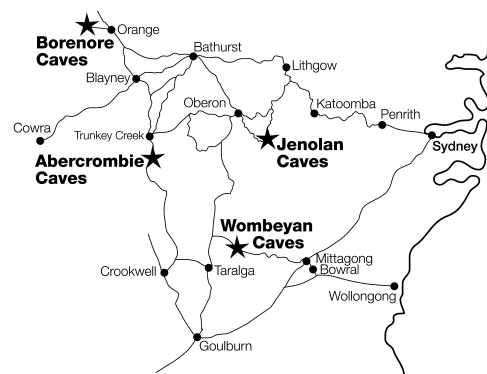
Jenolan Caves Reserve Trust lands are major tourism precincts that are highly valued for their natural and cultural significance.

The beautiful limestone caves and associated Reserves are of important geological, geomorphological and palaeontological value, and play a vital role in conserving rare and endangered plant and animal species.

The Reserves also contribute to our understanding of Aboriginal culture and European heritage, and are widely recognised for their interpretative, research and educational values.

The Reserves are important centres for recreational and tourist activities but conservation is paramount. The relationship between the natural and cultural environment and tourism is complex but generally well integrated.

The Jenolan Karst Conservation Reserve has World Heritage status as part of the Greater Blue Mountains World Heritage Listing and is listed on the State Heritage Register.



Reserve Location Map

Administrator Report



The Government's revitalisation program for Wombeyan, Abercrombie, Borenore and Jenolan Karst Conservation Reserves continued as planned this year.

Following on from the spectacular improvements made to the Lucas Cave, the Government's \$4M capital works program saw improvements made to lighting, handrails and steps within the caves and to walking tracks in the surrounding areas.

Safety, travel conditions and public access to Jenolan Caves has been improved by the RTA with the completion of the upgrade to Jenolan Caves Road. The road's surface has been enhanced and strengthened and bank slopes stabilised through rock bolting, scaling and rock catching fences.

A large step forward was taken this year when arrangements for the transfer of the management of the reserves to the Department of Environment and Conservation (DEC) were finalised. The transfer will occur on 1st July 2006. By bringing the reserves into DEC, which manages most other cave areas in New South Wales, the resources required for their sustained care and management, future environmental protection and ongoing development as tourist destinations are assured.

To assist this process, a Karst Management Unit will be established on 1st July 2006 to ensure the highest level of knowledge in cave science and management is available to managers of all caves across the State.

The Trust will continue to manage the Jenolan commercial areas until a Plan of Management, to be placed on public exhibition shortly, is in place and management arrangements are finalised.

In December 2005, Grant Thornton was appointed as Receiver and Manager to Jenolan Caves Resort, the lessee of Caves House. The Trust is working closely with the Receiver to provide a more professional and holistic experience for visitors to Jenolan through better integration of the management of the cave tours with the commercial businesses.

I would like to thank the Hon Bob Debus MP, Minister for the Environment, for championing the preservation of the caves and reserve areas. My sincere appreciation and gratitude also go to the staff of the Jenolan Caves Reserve Trust, whose diligence and assistance has been, as usual, invaluable.

The finalisation of this report was unavoidably delayed due to the acquisition of the Caves House lease and the impact this had on the Trust's financial statements.

Alan Griffin Administrator

Alan Griffin is on secondment from the Department of Premiers and Cabinet as Administrator of the Jenolan Caves Reserve Trust to implement the structural changes recommended by the Council on the Cost and Quality of Governments (COCQG) review in 2003. The Administrator also acts in the capacity of the Trust Board.

Overview by Andrew Fletcher, General Manager



With the introduction of the transfer of Abercrombie, Borenore and Wombeyan Karst Conservation Reserves to the Dept of Environment and Conservation, and the forthcoming Expressions of Interest for the operation of the Jenolan Caves House and the caves tours, this year will see the end of a corporate structure that has proven to be extremely efficient and capable of producing outstanding results with limited resources.

Jenolan Caves Reserve Trust Division

In March 2006, the NSW State Government passed the Public Sector Employment Legislative Amendment Bill 2006. The legislation created the new employment entity, Jenolan Caves Reserve Trust Division.

All staff identified in this Report are employees of the Jenolan Caves Reserve Trust Division and provide personnel services to the Jenolan Caves Reserve Trust.

Visitation

Total visitation to our cave sites, as compared to the previous year, follows:

Jenolan	218,866	-9%
Wombeyan	30,406	-2%
Abercrombie	8,126	-7%
Borenore	(not recorded)	
TOTAL	257,398	-8%

Despite a strong marketing focus during the year, visitation to all Trust Reserves was down.

Negative publicity and fuel prices have contributed to this result.

Income & Expenditure

Revenue from ordinary activities was \$5,216,129, an increase of 9.77% on last year. Expenses from ordinary activities was (\$5,428,960), similar to last year.

Our Staff

The implementation of the recommendations of the COCQG review and the management of the NSW Treasury funded capital works projects has been a major focus of the Trust this past year.

Our staff have again encompassed the challenge admirably and I commend them on that achievement during this particularly demanding time.

Research and Monitoring

We continue to support and encourage many research activities on the Reserves. Details of these are contained in the Environment Report.

The Scientific and Environment Advisory Committee provided expert technical and strategic policy advice to the Trust in respect of issues relating to the conservation, interpretation and promotion of the karst conservation reserves managed by the Trust.

Overview (cont)

World Heritage

The Trust continues to support the Dept of Environment and Conservation and the Dept of Heritage in the management of the Greater Blue Mountains World Heritage Area (GBMWA), which incorporates the Jenolan Karst Conservation Reserve.

The Trust is represented on the GBMWA Management Committee and has active input into decisions affecting, or potentially affecting, the area's natural, cultural and recreational values.

Major Developments

Major capital works projects that were either underway or completed during the 2005 – 2006 financial year are identified in the Statutory Information section of this report.

A key focus this financial year has been the completion of the rejuvenated Temple of Baal Cave at Jenolan.

The launch, by Gerard Martin, MP, Member for Bathurst, highlighted the professionalism and diligence of all involved in this truly outstanding achievement. One of Jenolan's most beautiful caves, the introduction of environmentally appropriate stainless steel handrails and removal of the old wire netting, allows for a far more natural appreciation of the cave. With the aid of lighting designed to illustrate the story rather than merely illuminate the cave, visitors can now experience the immensity of the cave and relive first hand the wonder of the first explorers.

Similar work has been ongoing at Wombeyan Caves where Wollondilly Cave is being upgraded and is close to completion. This marvellous cave will also be seen in a totally new light.

In addition to these, work is also well advanced on the new self guided tour in the Nettle Caves and Devils Coach House. This cave has been closed to the public since 1932.

This new state of the art development demonstrates Jenolan's ability to design and construct environmentally sensitive infrastructure using leading edge technology and will provide a wider and more flexible visitor experience.

The new self guiding/pacing tour will be opened in October 2006.

Key Result Areas

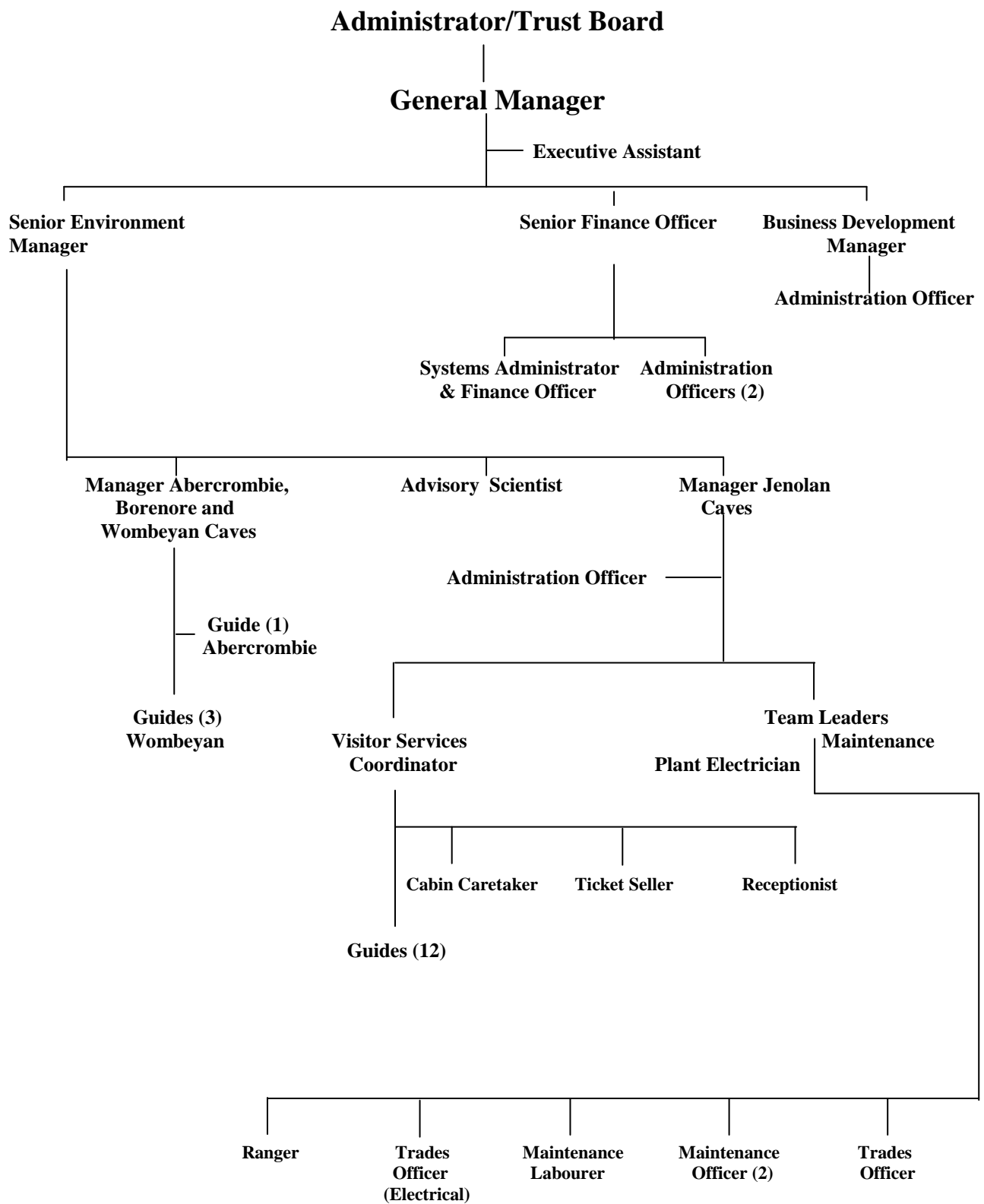
The Trust's Corporate Plan identifies its four major values. Achievements in key result areas are shown in the following table.

The review of the Corporate Plan has been deferred in light of the structural changes currently underway.

Overview (cont)

Focus	Goals	Highlights 1999-2006
Resource Management & Conservation	<ul style="list-style-type: none"> • Protect, conserve and where possible restore the natural process. • Conserve the Aboriginal and historical cultural heritage. • Maintain natural biodiversity and geodiversity. • Provide visitor services in an environmentally responsible manner. • Develop and promote a wider knowledge of karst conservation issues. 	<ul style="list-style-type: none"> • Establishment and support of the Trust's Scientific & Environmental Advisory Committee. • Plans of Management completed for Wombeyan and Borenore Karst Conservation Reserves. • Development of draft Plan of Management for Jenolan Karst Conservation Reserve. • Ongoing research of current technologies and techniques for the management of the reserves. • Ongoing noxious weed and feral animal control program at all Reserve sites. • Jenolan Karst Conservation Reserve's World Heritage status as part of the Greater Blue Mountains World Heritage Listing. • Appointment of Senior Environment Manager to facilitate an improved interface between the environmental and commercial elements of the Trust's operation. • Listing of the Jenolan Karst Conservation Reserve on the State Heritage Register. • Installation of (Ecomax) sewage system at Wombeyan and completion of sewage upgrade at Jenolan.
Our Visitors	<ul style="list-style-type: none"> • Value and care for our visitors. • Provide an enjoyable and memorable experience. • Communicate an informative and interesting conservation message, enhancing understanding and appreciation of natural and cultural heritage values. • Provide an appropriate and diverse range of experiences, and equity of access. 	<ul style="list-style-type: none"> • Installation of new accommodation units at Wombeyan and Abercrombie Caves. • Completion of the Grand Arch Redevelopment at Jenolan Caves. • Replacement of handrails in most showcaves. • Electrical upgrade and re-lighting of caves at Jenolan and Wombeyan. • Installation of Ultraviolet Water Treatment system at Abercrombie Caves. • Flood mitigation works at Abercrombie Caves. • Building work underway on the self guided tour at Jenolan Caves. • Annual reviews of price structure. • Design and implementation of ongoing visitor survey. • Appointment of a Business Development Manager to develop new products and marketing strategy. • Finalisation of Trust Interpretation Plan and Signage Plan.
The Organisation	<ul style="list-style-type: none"> • Ensure sufficient human, financial and physical resources. • Be proactive and responsive (through flexibility and innovation). • Provide strong leadership with focussed direction and identity. • Foster continuous improvement. 	<ul style="list-style-type: none"> • Receipt of \$875,000 capital funding in State's 2001-2002 Budget. • Call for Proposals for alternate access to Jenolan Caves completed and Government advised would not proceed with any form of aerial access to Jenolan Caves. • Ongoing commitment to initiatives in the Corporate Plan, setting the Trust's priorities and direction. • Development of annual business and marketing plans, identifying strategies for each caves reserve. • Launch and continual upgrade of the Trust's website. • Ongoing communication with key stakeholders on the planning and review of major programs. • Receipt of \$4m from NSW Treasury in 2004 for a three year capital works safety program and subsequent implementation progress.
Our Team	<ul style="list-style-type: none"> • Have a skilled and committed team with a friendly and professional attitude. • Trust to be a great place to work. • Foster effective partnerships. • Have a culture of trust, recognition and respect. 	<ul style="list-style-type: none"> • Completion of accredited TAFE course in competency-based training and assessment by several employees. • Substantive progress of nationally recognised work place competencies and training system for guiding and outdoor recreation skills. • Annual performance appraisal program, staff training and development program. • OH&S Policy approved. • Implementation of Staff Appreciation program on an annual basis. • Contracted IPS Employee Assistance to provide Employee Assistance Program

Organisational Chart



Abercrombie Karst Conservation Reserve

Objectives

1. Protect and conserve natural, cultural and recreational resources
2. Enhance visitor experience and safety.
3. Maximise visitation and yield.

Performance Indicators

Compared to 2004/2005

- Visitation: -7%
- Revenue: +10.5%
- Expenditure: +2.07%
- Number of Cave Tours: No change
- Revenue per FTE: +0.5%
- Total Expense per Visitor: +9.6%
- Total Revenue per Visitor: +18.7%

2005/2006 Financial Year

- Total FTE: 2.3
- Number of Tours per FTE: 98

FTE = Full time equivalent staff

Protect and Conserve Natural Resource

Conservation of the natural resource is being achieved through interpretation to the public in relation to the major significance both above and below ground of the Cultural and Heritage values of the Abercrombie Caves Karst Conservation Reserve.

Maintenance of pathways, drainage, feral animals and weed control, and flood mitigation initiatives are all contributing factors to the preservation of the natural resource.

Enhance Visitor Experience and Safety

In the interest of safety, the two suspension bridges across Grove Creek were assessed by a structural engineer for safety and suitability.

The bridges have been physically load tested resulting in the recommendation that maintenance be undertaken prior to the re-opening. This maintenance is now complete, enhancing the visitor experience.

The upgrading of walkways and camping grounds is progressing.

Tenders have been let for the construction of a new campers amenities block and improvements to the camp kitchen have been completed.

Maximise Visitation and Yield

Cave visitation has declined slightly, as a result of a decrease in accommodation and camping occupancies.

Special Events

The 21st annual Carols in the Caves was again a very special Christmas event and was well attended by both locals and visitors from further a field.

Marketing

The Trust's Business Development Manager has been working in conjunction with staff, local and regional associations and operators to raise the awareness of the reserve and caves.

Noxious Weeds and Feral Animal Control

Noxious weeds and feral animal control methods have been continuing, with the programmes achieving acceptable results in the eradication of Blackberry, Serrated Tussock, feral pigs, goats and foxes.

Jenolan Karst Conservation Reserve

Objectives

1. Stimulate visitation through extensive, targeted marketing in association with new products & events.
2. Expand revenue streams through introduction of new music and performance events.
3. Implement major capital redevelopment projects for visitor facilities and cave infrastructure.
4. Fully develop the Competency Based Training system.

Performance Indicators

Compared to 2004/2005:

- Visitation: -8.5%
- Revenue: -1%
- Expenditure: +2.6%
- Number of Cave Tours: -8.3%
- Revenue per FTE: -8%
- Total Expense per Visitor: +12%
- Total Revenue per Visitor: +8.2%

2005/2006 Financial Year

- Total FTE: 31.8
- Number of Tours per FTE: 239

FTE = Full time equivalent staff

Stimulate Visitation

Events

A Trust wide events strategy was developed and implemented with the aim of providing a diverse range of annual and special events across the Reserves.

Planning for events at Jenolan in the next financial year and beyond is underway.

The following events were held at Jenolan during the year:

- Opening of the Temple of Baal Cave with the new tour interpretation
- Annual Christmas Carols
- Annual Six Foot Track marathon
- Australia Day breakfast
- "Co-opera" Don Giovanni performance
- Georg Mertens Cello concerts on a monthly basis



Temple of Baal

Promotional Sales Visits

Regular sales calls to accommodation operators and information centres in the Blue Mountains, Oberon and Lithgow continued throughout the year, by Visitor Services staff.

Trade Events

Staff participated in a variety of trade events, which involved presentations, displays and sales appointments, to a variety of market segments.

Key events and presentations were provided for Concierges, Educators, Group and Conference organisers, Coach Operators and the Camping & 4WD Super show.

Partnerships with key operators and regional tourist organisations were further developed through joint representations at seminars, trade shows and workshops.

Jenolan Karst Conservation Reserve (cont.)

Expand Revenue Streams

There was a major increase in attendance to the monthly Cathedral Concerts as a result of additional promotional activity. The Cello Concerts increased by 30% and the Gypsy Concerts doubled.

Despite an increased emphasis in marketing, visitation for the year decreased considerably. The decrease mirrors the decline in domestic tourism experienced within the Region and the State.

Implement Major Capital Redevelopment Projects

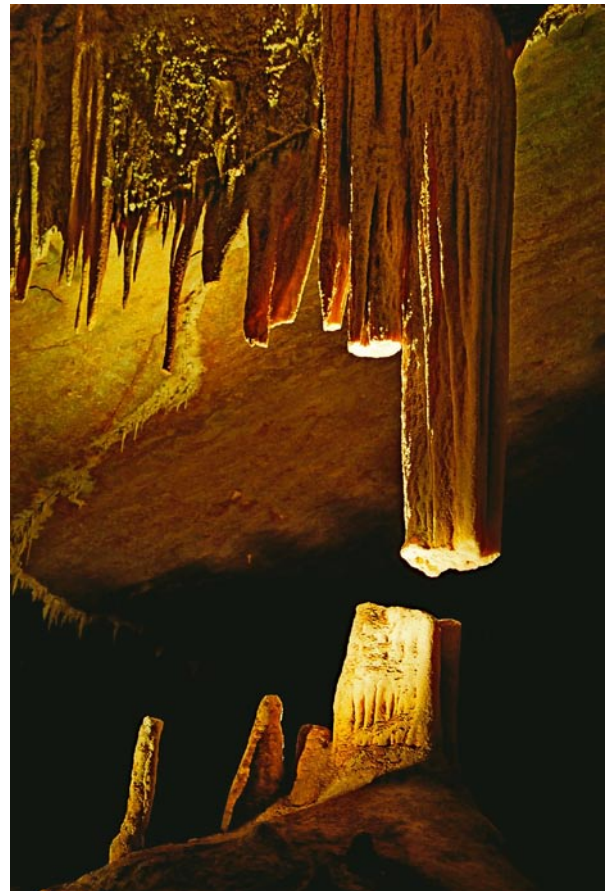
The Government has committed substantial Capital funding to redevelop caves and surface visitor infrastructure and utilities at Jenolan over a three year period.

During the year the following Capital projects were completed or are substantially completed:

- Historical themed street lighting installed in the main visitor precinct.
- Redevelopment of the Temple of Baal Cave.
- Replacement of water and fire water supply mains.
- Purchase of generator to provide backup power.
- Installation of three new water pumps and control system.
- Re-grading, surfacing and safety rail installed on two kilometres of walking track.
- Development of the Nettle Cave Self Guided Tour.
- Upgrade of the Jenolan Cottages.

Energy Management

The Hydro Electricity Plant has been operating for nine months out of a possible twelve months. During that nine month period we have run our operation on 60% to 70% green power.



Broken Column – Relit Lucas Cave

Main Road 253

Major works to widen and improve the pavement surface, slope stability, drainage and safety barriers on the '5 Mile Hill' section of the road was completed by the NSW Roads and Traffic Authority in June.

Cave Maintenance

Cave cleaning and pathway realignment was undertaken in the Temple of Baal cave in association with the cave redevelopment.

Inspection, maintenance and regular cleaning of pathways, lighting and cave structures was undertaken on a regular basis.

Motor Vehicles

The sale of the Trust's motor vehicle fleet was finalised, and State Fleet took over management of the Trusts vehicles at the beginning of the financial year 2005/06.

Jenolan Karst Conservation Reserve (cont.)

Implement Competency Based Training

The development of a competency based training and assessment program that aligns with nationally recognised standards was completed during the year.

To date several staff members have obtained formal qualifications in tourism, marketing, management and outdoor recreation and education.

The system identifies the skills required by staff to efficiently protect and manage the caves and provide high quality services for visitors.

During the year:

- 8 guiding staff progressed to a higher level.
- 8 staff completed Certificate level 3 in tourism.
- 9 staff completed Certificate level 3 in Horizontal Caving.
- 25 staff completed various First Aid courses (Advanced Resuscitation, Senior & Remote Area First Aid).

Jenolan Caves Resort

Caves House and associated infrastructure is owned by the NSW State Government and is leased to a private sector operator.

In December 2005, Mr Paul Billingham and Mr Trevor Pogroske of Grant Thornton Chartered Accountants were appointed as Receivers and Managers over Jenolan Caves Resort Pty Ltd, the lessee of Caves House.

The importance of the Resort to the Trust should not be underestimated as it provides significant facilities to our visitors.

The Trust is therefore working closely with the Receivers to provide a more professional and holistic experience for visitors to Jenolan through better integration of the management of the cave tours with the commercial businesses.



Wombeyan Karst Conservation Reserve

Objectives

1. Protect and conserve the natural, cultural and recreational resources
2. Provide a safe environment for visitors and staff
3. Continue to enhance the visitor experience
4. Maintain visitor facilities to a high standard
5. Maximise visitation and yield
6. Implement a smooth transition to DEC

Performance Indicators

Compared to 2004/2005

- Visitation: -1.95%
- Revenue: -1.23%
- Expenditure: -1.42%
- Number of Cave Tours: -3.4%
- Revenue per FTE: +1.47%
- Total Expense per Visitor: +3.36%
- Total Revenue per Visitor: +6.5%

For 2005/2006 Financial Year

- Total FTE: 5.8
- Number of Tours per FTE: 165

FTE = Full-time Equivalent Staff

Protect and Conserve the Natural, Cultural and Recreational Resources.

Through Mission Australia a Work for the Dole programme was continued resulting in very effective environmental weed removal and the restoration of outdoor furniture has been ongoing.

During the year we continued with the programme of replacement of drought effected vegetation.

The control programme for noxious weeds and feral animals is ongoing.

Provide a Safe Environment for Visitors and Staff

We continued to identify and remove drought affected and dangerous trees throughout the camping areas and along the walking tracks.

Continuation of the upgrading of the tracks and pathways, both surface and underground, has provided a safer environment for our visitors and staff.

Continue to Enhance the Visitor Experience

The visitor experience has again been enhanced with the completion of the electrical upgrading of Wollondilly, Koorunga and Mulwaree Caves. The new low voltage system has resulted in energy savings in excess of 60%. A C-Bus lighting management programme controls the system.

Stainless steel handrails and elevated walkways utilising recycled plastic decking has been installed throughout the Wollondilly and Mulwaree Caves.

The introduction of accommodation and cave packages is yet again proving popular with the public.

Maintain Visitor Facilities to a High Standard

Visitor facilities are maintained to a high standard through continuous maintenance and upgrading as appropriate.

Wombeyan Karst Conservation Reserve (cont.)

Maximise visitation and yield

Visitation has declined slightly due to ever increasing travel costs, however the accommodation and cave tour packages are helping to maintain visitation.

The visitor yield is dependent on the uptake of the cave tour packages.

Marketing

Marketing strategies were undertaken in conjunction with the Business Development Manager. This year Wombeyan again worked in close association with Southern Highlands, Goulburn, Mulwaree and Upper Lachlan Tourism bodies and was represented throughout the year by these organisations at relevant trade and marketing shows.

The TV and print media campaign prior to the school holidays, targeting the Wollongong and Canberra areas, is again proving successful.



New Cave Infrastructure

Grant Funding

Treasury funding has been received for the specific purpose of upgrading cave infrastructure, which includes the instillation of new electrical systems, the upgrading of pathways and the provision of stainless steel handrails and walkways.

These works are progressing well and when complete will place the caves of Wombeyan amongst the most environmentally, energy efficient, ascetically and safest commercial cave systems in the land.



Environmental Works Tree Planting

Reserve Maintenance

Native vegetation replacement

In conjunction with the Work for the Dole programme planting of River Oak's (*Casuarina cunninghamiana*) and several species of Eucalypts as replacements for the drought affected species was undertaken.

Noxious Weed Control

A comprehensive spraying programme was implemented to target noxious weed colonies on the Reserve.

Feral Animal Control

Feral goat, fox and cat problems were also addressed with acceptable results being achieved.

Borenore Karst Conservation Reserve

Reserve Maintenance

The community based Work for the Dole programme is providing most worthwhile and has again been active with works concentrating mostly on walking tracks, with a new walk continuing to be established across the karst to the back of Arch Cave. Participants have also been involved with the removal of internal fencing, mowing and the general upkeep of the main visitor precinct.

Noxious Weed and Animals

A concerted effort has been undertaken in the control of noxious weeds, with the prominent focus being on Blackberry (*Robus fruticosus*) and Serrated Tussock (*Nassella trichotoma*). In conjunction with local landholders feral animal control has again been undertaken.

Treasury Funding

A new footbridge has been installed over Boree Creek to allow disabled access to the front of Borenore Arch. The bridge and associated trackworks have improved visitor safety and satisfaction.

A new toilet block is to be built on the reserve. This building will have disabled facilities and will be environmentally friendly in design. Planned additional visitor facilities include a gas barbecue and shelter, these works are scheduled for completion in September 2006.



New footbridge at Borenore Caves

Business Development Report

The Trust has faced a difficult year from a marketing perspective. Negative publicity in relation to the wider experience at Jenolan Caves in the first half of the year had a telling impact that will take some time to overcome. General economic conditions have also impacted with declining levels of discretionary expenditure having an adverse impact on the leisure travel component of tourism.

Against a challenging environment it is pleasing to be able to report on areas where positive results have been achieved.

The Trust received funding assistance from Tourism NSW through the Regional Flagship Events Program to promote and develop its established Concerts in the Caves series and to foster the development of events at a more general level. After receipt of the assistance visitor numbers for the Concerts in the Caves increased by 101% for the first six months of the calendar year.

After being in steady decline for a number of years 2005/06 saw an increase (18.5%) in the number of schools visiting Jenolan. In 2004/05 195 schools visited Jenolan whereas 231 schools visited during the comparable period 2005/06.

A further stage of the Governments program to reinvigorate and reduce the environmental impacts of cave tour infrastructure was completed. New handrails and a completely new lighting system were installed in the Temple of Baal Cave with the cave being relaunched in early April. The relaunch of the cave generated considerable media interest and the resulting interest from the general public saw a significant growth in the number of visitors who ask about the cave.

Over the next twelve months the Trust plans to relaunch one of the most heavily decorated and popular caves at Jenolan, the Orient Cave and it will also open a completely new tour, a self guided tour of the Devils Coach House and Nettle Cave.

Promotional programs for the Caves incorporated television advertising during the

lead up to the NSW school holiday periods in the key Sydney, Central NSW and Wollongong markets. Television advertising was complemented with advertising in the major Sydney papers and a strong presence in key regional tourism publications.

Trust staff undertake regular 'brochure runs' in key areas for visitors including the Blue Mountains, Lithgow, Bathurst and Oberon areas. Paid brochure distribution continued via the Sydney Visitors Centres and targeted accommodation outlets. The Trust also participated through relevant regional tourist organisations in a number of tourism consumer displays including the Sydney Retirement and Lifestyle Expo, Sydney Holiday Expo, Sydney Caravan Camping and 4WD Show and Canberra Leisure Show. Trade promotions included events coordinated by the Tourist Attractions Association, the NSW Bus and Coach Association and trade promotions organised by Tourism New South Wales.

Information dispersal through the Trust's own website, www.jenolancaves.org.au, as well as via relevant third party providers continues to grow in importance. The Trust has also introduced a weekly email newsletter that is distributed to key outlets in the region to remind and update organisations and individuals in positions to influence potential visitors to the Caves about upcoming activities and developments.

Niche markets that the Trust focussed on included school groups and international visitors to Australia. The Trust also works closely with Sydney and Blue Mountains based Day Tour operators to capitalise on opportunities in these markets.

The Trust hosted a number of visits from domestic travel writers and also international travel agents via Tourism NSW and Tourism Australia. 'Totally Wild' children's TV program filmed a segment at Jenolan Caves and the cable TV Weather Channel also filmed a segment on a unique microclimate associated with caves.

Environment Report

The following initiatives/actions were implemented in the 2005/06 financial year:

Jenolan Karst Conservation Reserve Plan of Management

Following negotiations with key stakeholders, a Draft Plan of Management (PoM) has been prepared and is currently under consideration by the Minister for the Environment. The Draft PoM delineates the Reserve into two distinct zones: the Visitor Use and Services Zone (comprising the majority of the Reserve's infrastructure and its show caves), and the Conversation Management Zone. The Draft PoM identifies alternative options for managing the Reserve's accommodation and cave tour services, and includes strategies for protecting and enhancing its natural, cultural and recreational values. It is anticipated that the Draft PoM will be placed on public exhibition in late August/early September 2006 during which time submissions from the public may be received.

Streamwatch

Streamwatch, a volunteer-based water monitoring program administered by the Sydney Catchment Authority (SCA), was introduced to the Jenolan Karst Conservation Reserve in 2005. Streamwatch provides the Trust with the opportunity to participate in a formal program of water monitoring utilising sampling and testing methodologies approved by the Australian and New Zealand Environment and Conservation Council (ANZECC). The parameters typically monitored being E. coli, temperature, pH, conductivity, turbidity, dissolved oxygen and aquatic macroinvertebrates.

It is envisaged that Streamwatch will be on-going, providing the Trust with the source of information not previously available. It has the potential to identify variations in water chemistry which may be deleterious to flora and fauna communities, and has a proven history of success.

Heritage Asset Maintenance Strategy

A Heritage Asset Management Strategy (HAMS) is currently being prepared for the Jenolan Karst Conservation Reserve's historic and indigenous cultural heritage. The HAMS will be used as the basis for determining future maintenance needs and will contain:

- A management action plan;
- An asset maintenance plan;
- A redundant assets transfer plan;
- An asset transfer plan;
- Performance and reporting provisions, and
- The completion date for a heritage and conservation register.

Following a competitive selection process, Godden Mackay Logan Pty Ltd were contracted to prepare the HAMS which is being overseen by a project management team consisting of Trust and Department of Environment and Conservation representatives. A draft HAMS is due to be finalised in August 2006.

Brush Tailed Rock Wallabies

The Brush Tailed Rock Wallaby Captive Breeding Program continues to flourish with 6 additional pouch young recorded in the 2005/06 financial year. The Department of Environment and Conservation, in conjunction with the Trust and Australasian Regional Association of Zoological Parks and Aquaria, are managing the program which is integral to the future conservation of the species.

Scientific and Environmental Advisory Committee

The Scientific and Environmental Advisory Committee (SEAC) had an active role in the management of the Reserves. Initiatives proposed, supported or actioned by the SEAC include:

- Development of Blue Lake Management Strategy.
- Development of Heritage Asset Management Strategy.

Environment Report (cont.)

- Re-activation of Karst research facility
- On-going survey of show caves (Jenolan KCR).
- Finalised inventory of scientific equipment.

Blue Lake Management Strategy

A strategy to aid the future management of the Jenolan Blue Lake has been prepared and is currently under consideration by the Trust. The strategy was prepared with considerable assistance from the Trust's Scientific and Environmental Advisory Committee, which provided high level scientific and technical support. The strategy acknowledges the Blue Lake as one of the Jenolan Karst Conservation Reserve's more prominent visitor attraction, and identifies the actions required for its on-going protection and enhancement

Riparian Weed Removal

Stage 1, of what is anticipated to be a rolling program to control miscellaneous weed species in the Jenolan River riparian zone, is complete. Significant advancement towards reducing past levels of weed infestation have been made, with special thanks to the Hawkesbury-Nepean Catchment Management Authority and Natural Heritage Trust (NHT) for their on-going technical and financial support. Given the success of the 2004/05 control program, the Trust has received a further \$20,000 from the NHT to implement Stage 2 works which are expected to commence in late October/early November 2006.



Riparian Weed Removal is still ongoing

Research

The following research has been completed or is on-going:

Morphology of Non-fluvial Caves

Dr. R.A.L. Osborne, Faculty of Education and Social Work, University of Sydney

This is a long-term project examining the morphology of caves, and sections of caves, that did not form by the action of flowing water. This includes important parts of the Jenolan show caves such as the Temple of Baal and Orient Cave.

During the second half of 2005, ideas and field methods developed from studies at Jenolan and Wellington Caves were successfully applied to "difficult" caves in Central Europe. This showed that the fieldwork approaches developed for use at Jenolan and Wellington are generally applicable to non-fluvial caves in different geological and geomorphological settings to those in eastern Australia.

Many of the large (cupolas) and small-scale (curved juts, blades, projecting corners, rising half tubes) features of our caves occur in Europe, but not in the better-known fluvial caves. This is the first time that Australian ideas have been used to answer questions on the development of caves in Europe. Publications from this work are now being prepared with more detailed morphological work at the Jenolan Caves planned for the future.

Clay Dating

Dr. R.A.L. Osborne, Faculty of Education and Social Work, University of Sydney, Dr H. Zwingmann, CSIRO Petroleum, R.E. Pogson & D.M. Colchester, Australian Museum

2005-2006 saw the publication of the first results from a clay-dating project at Jenolan that began in 1999. This showed that some sections of the caves are as much as 340 million years old making Jenolan the oldest absolute dated open caves in the world.

Environment Report (cont.)

For the first time, the potassium-argon method used in this project showed the great antiquity of eastern Australian caves, and opened the prospect of being able to read the geological history of the caves and the geological history from the caves over hundred million year periods.

Jenolan Caves Survey

Gregory Tunnock in conjunction with Associate Professor Julia James, School of Chemistry, University of Sydney.

Commencing in May 2005, this major surveying project in the Jenolan show caves is progressing well, with the show caves to the north of the Grand Arch nearing completion. The latest survey will consolidate and expand on a previous survey of the caves carried out in the 1990's, which yielded a 3D projection and numerous plans at a scale of 1:200.

Survey data and digitized sketches from the initial survey have been imported into the *Walls* cave survey program. *Walls* uses survey data and digitised sketches to calculate and facilitate, survey loop closure, and the preparation of cave map plans and sections. A major advantage of *Walls* is that the cave line plots produced can be imported into Adobe Illustrator for electronic map drafting. The important line plots are laid over digitised sketches, printed, then taken into the caves to have their accuracy checked and improved where necessary. The changes in cave infrastructure made since the 1990's survey's, such as new paths, are also recorded. Illustrator layers have been mapped to allow wall detail, cave furniture and lighting, speleothems, sediments and the karst surface to be selectively highlighted. Overlapping sections of the cave can also be assigned layers and these when superimposed may be selectively highlighted for clearer presentation and inspection.

Position correlations have been confirmed between the show caves survey, surface features with known positions, such as State Survey markers, and wild caves up the McKeown's Valley. These positional correlations are all within expected tolerance, which improves the confidence in the surveys overall accuracy.

The information collected to date has been entered into a database. A number of permanent survey stations have been placed in the caves and on the surface to allow the survey to be used for other projects. Numerous speleologists are involved in the current survey. Other principals are David Martin, Rick Pinnock, Craig Barnes, Phil Maynard and Alan Warild.

Publications

Osborne, R.A.L., 2005. Dating ancient caves and related palaeokarst. Acta carsologica 34(1):51-72.

Osborne, R.A.L., Zwingmann, H., Pogson, R.E. & Colchester, D.M., 2006. Carboniferous Cave Deposits from Jenolan Caves, New South Wales, Australia. *Australia Journal of Earth Sciences* 53(3): 337-405.

Corporate Resources

Objectives

1. Provide a stable and fulfilling work environment that is flexible and meets the information needs of the Trust, employees and clients.
2. Ensure sufficient technological, financial and administrative resources.

Finance Department

The Finance department is focussed on meeting the information needs of both internal and external clients. This involves day to day processing, reporting and project participation.

As a result of the structural changes currently underway, the Trust's accounting services is contracted to an external provider.

Information Technology

There have been no major software upgrades with the exception of the Symantec anti-virus package, which was renewed and upgraded. This incorporates servers and workstations, including the ticketing system. The networks at Jenolan and Bathurst are fully automated, require no user intervention and updates the anti-virus files on a daily basis.

The Trust continues to operate with Novell Netware 4.11 as the preferred networking software at both Bathurst and Jenolan, with the ticketing systems at Jenolan and Wombeyan operating with Microsoft Networking.

A Trust-wide Information Technology Business Continuity Plan was implemented during the year.

The Plan ensures the integrity, protection and recovery of the Trust's critical IT functions in the event of serious disruption.

Capital Expenditure

Expenditure on capital works and equipment totalled \$1,783,828 and consisted of:

Cave Infrastructure	\$1,783,828
	<u>\$1,783,828</u>

Annual Financial Statements

Below is a summary of the Operating Statement for 2005/2006 compared with 2004/2005.

	\$ 2005/2006	\$ 2004/2005
Revenues from ordinary activities	5,216,129	4,751,873
Expenses from ordinary activities	(5,428,960)	(6,363,312)
Profit (loss) from ordinary activities	(212,831)	(1,611,439)

Statutory Information

Senior Executive Officers

Total no. of senior executive positions: Current year: nil Previous year: nil

Number of female senior executive officers: Current year: nil Previous year: nil

Classification of Positions

Listed below is the classification of positions for the last 3 years.

	2003/2004	2004/2005	2005/2006
General Manager	1	1	1
Executive Assistant to the General Manager	1	1	1
Business Development Manager	1	1	1
Systems Administrator & Finance Officer	1	1	1
Senior Finance Officer	vacant	vacant	vacant
Administration Officers	2.4 2 vacant	1.4 3 vacant	0.4 4 vacant
Senior Environment Manager	1	1	1
Advisory Scientist	vacant	vacant	vacant
Manager Jenolan Caves	1	1	1
Manager Wombeyan, Abercrombie and Borenore	1	1	1
Visitor Services Coordinator, Jenolan	1	1	vacant
Guides positions	12 4 vacant	12 4 vacant	12 4 vacant
Visitor Services Officers	1.6	0.6 1 deleted	0.6 1 deleted
Caretaker Jenolan Caves Cottages	vacant	vacant	vacant
Team Leader – Maintenance	1	1	1
Team Leader - Plant Electrician	1	1	1
Ranger	vacant	vacant	vacant
Trades Officer (Electrician)	1	1	1
Trades Officer	1	1	1
Maintenance Officer	2 1 vacant	2 2 vacant	1 2 vacant

Recruitment Statistics

The recruitment and employment needs of the Trust for the period 1 July 2005 to 30 June 2006 were met as follows:

- The Senior Finance Officer's position as well as other vacant Administration Officer's positions were filled by temporary appointments and contractors.
- The Ranger's position was filled on a temporary basis.
- Casual staff have fulfilled the functions of the two vacant Maintenance Officer's positions.

In all there are 41 permanent positions covering 20 categories.

Temporary placements, and a casual workforce of up to 70, supplement the Trust's team of permanent employees.

The Trust's estimated full time staff number (FTE) as at 30 June 2006 was 48.

There was one voluntary redundancy payment during the year.

Statutory Information (cont)

Training

Total training costs for the year, including staff hours and course costs, was \$37,496.

Paid staff hours for external training
2005/2006 \$18,539; 2004/2005 \$14,616;
2003/2004 \$6,037.

Courses undertaken during the year included OH&S, Senior First Aid, Remote Area First Aid, Advanced Resuscitation, Chemical Handling & Usage, Tourism Certificate III, Vertical Caving Certificate III and Horizontal Caving Certificate III.

EEO Statistics

Total positions held by males and females are detailed below:

	Males %	Female %
2003/2004	60.2	39.8
2004/2005	61.2	38.8
2005/2006	72.0	28.0

Of the permanent employees 83% are male and 17% are female. In 2005/2006 the average remuneration for males was \$65,737 and females \$42,692.

Approximately 35% of all staff on our payroll are permanent, the balance are employed on a temporary or casual basis.

Staff relieved in higher positions (min 5 days relief) on 7 occasions.

Overseas Visits

There was no official overseas visits undertaken by staff during the 2005/2006 financial year.

Consultants

Throughout 2005/2006 the Trust supplemented internal resources with the following consultancy expertise (costs excluding GST):

Equal to or more than \$30,000

Mallesons Stephen Jacques \$442,783
(Legal Fees – Lease negotiations)

Under \$30,000

During the year seven consultants were engaged in the following areas:

Project Management \$ 29,526

TOTAL CONSULTANCIES \$472,309

Account Payment Performance

Account payment performance indicators for 2005/2006 financial year:

Average time taken to process accounts inclusive of:

Current (within 30 days)	\$464,877
Less than 30 days overdue	nil
Between 30-60 days overdue	nil
Between 60-90 days overdue	nil
Percentage of accounts paid on time	100%
Total of accounts paid on time	\$464,877
Total of accounts paid	\$464,877

Commentary:

- Payment is made on invoice after authorisation within terms through the Accounts Payable module of the Accpac accounting package.
- The Trust takes up offers of discounts by making payments within terms.
- Credit card use in the Trust has been in accordance with Premier's Memorandum and Treasurer's Direction.

The electronic transfer of funds using the Westpac Deskbank facility continued throughout 2005/2006.

Statutory Information (cont)

Disability Plans

The Trust provides a quality experience for all visitors to the Reserves. Strategies for assisting people with special needs range from the construction of access ramps, to staff members helping visitors adjust to 'closed' cave environments. Other services provided by the Trust include:

- The provision of tailored-tours to cater to the special needs of the elderly and visually impaired.
- The grading of show caves in terms of the number of steps and degree of difficulty.
- User-friendly building design, which caters for the physically disadvantaged.
- Five of the nine show caves at Jenolan now have 50mm stainless steel handrails installed and steps regraded to make them more standard. These measures provide easier access for people with limited mobility.
- Relighting of steps in the show caves continues and provides an optimum and even level of step illumination to assist visitors to negotiate steps in the caves.
- The self guided tour at Jenolan, which is to be finalised in October 2006, includes planning for wheelchair assisted access to part of the cave.

Ethnic Affairs Priorities Statement

The four principles of cultural diversity enshrined in the NSW Government legislation are reflected in the Trust's Ethnic Affairs Priority Statement.

A key priority for the Trust is raising awareness of the unique natural and cultural resources of the karst conservation reserves within ethnic communities. In this regard, initiatives have included:

- The provision of 'Meet and Greet Programs' to cater to the special needs of visitors.
- Ongoing liaison with inbound tour operators to ensure that client/customer services are tailored to meet individual needs.

- The provision of multi-lingual brochures.
- The recruitment of multi-lingual staff. New guiding positions include a second language as a desirable qualification.
- Ongoing research into the needs of ethnic groups and particular market segments.
- The implementation of competency-based training for guides, which includes a nationally recognised module on cultural awareness.
- The development of a series of interpretation brochures on Jenolan Caves in traditional Chinese, simplified Chinese, Japanese and Korean. The brochures will be available for visitors early in the next financial year.

The Trust's commitment to understanding and catering to the needs of ethnic groups will continue in 2006/2007. It will:

- Investigate the redesign of current public communication programs including the redesign of Trust websites.
- Provide audio guides for the proposed self guided tour at Jenolan in English, German and Mandarin.
- Support the introduction of an Aboriginal Cultural Heritage Program.

Consumer Response

The Trust strives to ensure a high level of visitor satisfaction, and considers the views and comments of visitors when devising policies and operating procedures.

A Visitor Monitoring Program (VMP) has been introduced at Jenolan Karst Conservation Reserve to provide feedback on a range of issues. The VMP obtains feedback via the following methods:

Onsite surveys.

- Detailed reflective (postal) survey.
- Formal assessment of written and verbal visitor comment.
- Targeted surveys, activated when key negative issues are identified.

The collected data is evaluated and used in the development of management actions.

Statutory Information (cont)

Occupational Health & Safety

The Jenolan Caves Reserve Trust OH&S committee has continued to work closely with management and staff. Objectives of the committee for the year included:

- Coordinating with the Jenolan guiding staff's cave maintenance program to continue the elimination of all slip and trip hazards within the show-cave system, working from a risk assessment prepared by the committee members.
- Introducing a regular program of staff education in OH&S legislation and OH&S process in the workplace. This has included a weekly briefing at staff meetings and the production of information sheets and an office 'flowchart' detailing the correct procedures for effective communication of OH&S issues.
- Committee site inspection- including new stainless steel hand railing in the Wollondilly Cave at Wombeyan, and the Nettle Cave at Jenolan.

In addition, committee members have undertaken further training sessions including a seminar on OH&S for small businesses.

Freedom of Information Requests

There were no FOI requests in 2005/2006.

Risk Management

A formal risk assessment of the three reserves was carried out in 1996. Recommendations stemming from the assessment are implemented on a priority basis.

A draft Risk Management Plan and relating policy has been prepared.

Energy Management

The Trust continues to comply with our Energy Management Policy.

Waste Management

All sewage, septic and garbage waste and refuse is removed from the Jenolan Karst Conservation Reserve, and recycled, by contractors.

Trimmed and removed trees are mulched and distributed on the Reserve gardens.

The environmental evaporation transpiration sewage system commissioned at Wombeyan Caves in 2003 has alleviated the need to transport waste off the Karst Conservation Reserve.

All other waste and refuse is disposed of at the local Council transfer station.

All septic waste is removed from the Abercrombie Karst Conservation Reserve by contractors.

All other waste and refuse is disposed of at the local Council facility.

Policy & Planning

The Trust's Corporate Plan is due to be reviewed, however, has been deferred until the structural changes recommended in the Council on the Cost and Quality of Government Review are in place.

The draft Plan of Management for the Jenolan Karst Conservation Reserve has been prepared and is currently under consideration by the Minister for the Environment.

Research

Research projects which were completed or are on-going are identified in the Environment Report.

Statutory Information (cont.)

Advisory Committees

The Trust is fortunate to have a number of committees that offer specialist expertise in fields related to Trust operations.

Scientific and Environmental Advisory Committee

Dr Stephen Gale
Dr Armstrong Osborne
Dr Neil Lipscombe
Dr Grant Hose
Assoc Prof Julia James
Susan McDonald

Speleological Advisory Committee

John Bonwick
Chris Norton
Ben Nurse
Darryl McDowell

Major Works Completed or Underway

Major works programs completed or underway are:

- Jenolan Karst Conservation Reserve Plan of Management
- Development of Self-Guided Cave at Jenolan
- Replacement and re-electrification of the Temple of Baal at Jenolan and Wollondilly, Kooringa and Mulwaree Caves at Wombeyan
- Installation of Stainless Steel handrails in the Chifley, Orient and Temple of Baal caves as well as the Grand Arch at Jenolan. Also Wollondilly, Figtree, Mulwaree and Kooringa Caves at Wombeyan.
- Replacement of the Fire Hydrant mains water pipes and hydrants in the main precinct at Jenolan
- Upgrade of water supply pump and installation of "backup" generator to supply electricity to the pumps at Jenolan
- Upgrading of walking tracks at Jenolan, Abercrombie and Wombeyan
- Upgrade of visitor amenities at Abercrombie and Borenore

- Installation of new bridge at Borenore and upgrade of two swing bridges at Abercrombie

Publications

Brochures/Leaflets:

Various published and in-house brochures and information sheets on the services and facilities of the Trust's operations.

Other:

Trust's planning document and Annual Reports.

Printing Annual Report 2005/2006

Total external cost – Nil.

Report is available on the Jenolan Caves Reserve Trust website
www.jenolancaves.org.au

Independent Audit Report



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Jenolan Caves Reserve Trust

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Jenolan Caves Reserve Trust (the *Trust*):

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

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

Scope

The Financial Report and the Administrator's Responsibility

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

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

Audit Approach

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

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

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

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

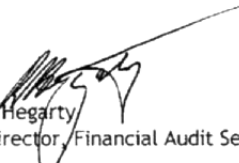
My opinion does *not* provide assurance:

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

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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



R Hegarty
Director, Financial Audit Services

SYDNEY
29 January 2008

**JENOLAN CAVES RESERVE TRUST
YEAR ENDED 30 JUNE 2006**

Statement by Members of the Trust

Pursuant to the Public Finance and Audit Act 1983, and in accordance with a resolution of the members of the Jenolan Caves Reserve Trust, we declare on behalf of the Trust that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Jenolan Caves Reserve Trust as at 30 June 2006 and transactions for the twelve months then ended.
2. The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2000, and the Treasurer's Directions.

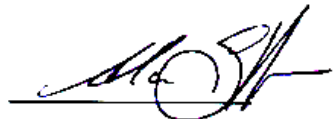
Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Name: Peter Austen

Position: Director

Date: 17 Jan 2008



Name: Alan Griffin

Position: Administrator

Date: 17 JAN 2008

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	Consolidated Entity		Jenolan Caves Reserve Trust	
		2006	2005	2006	2005
		\$	\$	\$	\$
Revenue from continuing operations	2	5,216,129	-	5,216,129	4,751,873
Other Income	2	1,215,739	-	1,215,739	1,243,434
Total Income		6,431,868	-	6,431,868	5,995,307
Employee Benefits Expense	3.1	(2,601,604)	-	(1,847,139)	(4,034,461)
Personnel Services Expense	3.1	-	-	(754,465)	-
Administrator Costs		(384,634)	-	(384,634)	(266,077)
Bad Debt Expense		(171,545)	-	(171,545)	-
Cost of Goods Sold		(60,071)	-	(60,071)	(78,826)
Depreciation Expenses	3.2	(345,267)	-	(345,267)	(426,068)
Lease Negotiations		(507,346)	-	(507,346)	(243,571)
Marketing		(335,132)	-	(335,132)	(365,831)
Insurance		(96,159)	-	(96,159)	(121,140)
Motor Vehicle		(121,450)	-	(121,450)	(28,469)
Heat & Power		(89,726)	-	(89,726)	(82,564)
Commission		(97,477)	-	(97,477)	(91,757)
Telephone, Postage & Internet		(81,394)	-	(81,394)	(79,755)
Repairs and Maintenance		(72,049)	-	(72,049)	(80,320)
Other Expenses	3.3	(6,965,106)	-	(6,965,106)	(464,473)
Total Expenses		(11,928,960)	-	(11,928,960)	(6,363,312)
Profit / (Loss) for the year		(5,497,092)	-	(5,497,092)	(368,005)
Increase Decrease in asset revaluation reserve		-	-	-	(29,333)
Total changes in equity other than those resulting from transactions with owners as owners		(5,497,092)	-	(5,497,092)	(397,338)

The Income Statements are to be read in conjunction with the notes to the financial statements.

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
BALANCE SHEETS
AS AT 30 JUNE 2006**

	Note	Consolidated Entity		Jenolan Caves Reserve Trust	
		2006	2005	2006	2005
ASSETS					
Current Assets		\$	\$	\$	\$
Cash And Cash Equivalents	4	6,863,596	-	6,863,596	827,039
Trade And Other Receivables	5	804,521	-	804,521	212,978
Inventories	6	62,420	-	62,420	54,899
Investment securities – Held to maturity	7	429,512	-	429,512	4,780,000
Total Current Assets		<u>8,160,049</u>	<u>-</u>	<u>8,160,049</u>	<u>5,874,916</u>
Non-Current Assets					
Property, Plant & Equipment	8	17,532,201	-	17,532,201	16,093,640
Lease Receivable	9	-	-	-	6,500,000
		<u>17,532,201</u>	<u>-</u>	<u>17,532,201</u>	<u>22,593,640</u>
Total Non-Current Assets					
		<u>25,692,250</u>	<u>-</u>	<u>25,692,250</u>	<u>28,468,556</u>
TOTAL ASSETS					
LIABILITIES					
Current Liabilities					
Trade And Other Payables	10	3,775,154	-	3,775,154	669,927
Provisions	11	1,005,674	-	1,005,674	881,874
Other Liabilities	14	-	-	-	238,691
Total Current Liabilities		<u>4,780,828</u>	<u>-</u>	<u>4,780,828</u>	<u>1,790,492</u>
Non-Current Liabilities					
Provisions	11	66,638	-	66,638	336,188
Total Non-Current Liabilities		<u>66,638</u>	<u>-</u>	<u>66,638</u>	<u>336,188</u>
		<u>4,847,466</u>	<u>-</u>	<u>4,847,466</u>	<u>2,126,680</u>
TOTAL LIABILITIES					
NET ASSETS		<u>20,844,784</u>	<u>-</u>	<u>20,844,784</u>	<u>26,341,876</u>
EQUITY					
Contributed Equity	12	5,831,749	-	5,831,749	5,831,749
Retained Surplus	13	6,678,079	-	6,678,079	12,175,171
Reserves	13	8,334,956	-	8,334,956	8,334,956
TOTAL EQUITY		<u>20,844,784</u>	<u>-</u>	<u>20,844,784</u>	<u>26,341,876</u>

The Balance Sheets are to be read in conjunction with the notes to the financial statements.

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	Consolidated Entity		Jenolan Caves Reserve Trust	
		2006 \$	2005 \$	2006 \$	2005 \$
Cash flows from operating activities					
Receipts From Customers		4,896,492	-	4,896,492	5,109,236
Receipts From Treasury		4,691,214	-	4,691,214	539,000
Payments To Suppliers And Employees		(6,346,010)	-	(6,346,010)	(5,366,511)
Interest Received		228,201	-	228,201	754,985
Net cash provided by operating activities	15	<u>3,469,897</u>	<u>-</u>	<u>3,469,897</u>	<u>1,036,710</u>
Cash Flows From Investing Activities					
Proceeds From Sale Of Property, Plant And Equipment		-	-	-	187,534
Payments For Property, Plant And Equipment		(1,783,828)	-	(1,783,828)	(1,278,764)
Proceeds from sale of investments		4,350,488	-	4,350,488	-
Net Cash Used In Investing Activities		<u>2,566,660</u>	<u>-</u>	<u>2,566,660</u>	<u>(1,091,230)</u>
Net (Decrease)/ Increase In Cash And Cash Equivalents		6,036,557	-	6,036,557	(54,520)
Cash And Cash Equivalents Beginning Of Period		827,039	-	827,039	881,559
Cash And Cash Equivalents End Of The Period	4	<u><u>6,863,596</u></u>	<u><u>-</u></u>	<u><u>6,863,596</u></u>	<u><u>827,039</u></u>

The cash flow statements are to be read in conjunction with the notes to the financial statements.

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006**

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2006 \$	2005 \$	2006 \$	2005 \$
Total equity at the beginning of the financial year	26,341,876	-	26,341,876	27,214,737
Adjustment on adoption of AIFRS to:				
Retained Profits	-	-	-	(475,523)
Reserves	-	-	-	-
Restate total equity at the beginning of the financial year	26,341,876	-	26,341,876	26,739,214
Net income recognised in equity	-		-	(29,333)
Profit for year	(5,497,092)	-	(5,497,092)	(368,005)
Total income recognised income and expenses for the year	(5,497,092)	-	(5,497,092)	(368,005)
Total equity at the end of the financial year	20,844,784	-	20,844,784	26,341,876

The statements of changes in equity are to be read in conjunction with the notes to the financial statements.

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

REPORTING ENTITY

The Jenolan Caves Reserve Trust (JCRT) and consolidated group (Group) was constituted under the *National Parks and Wildlife Amendment (Abercrombie, Jenolan and Wombeyan Karst Conservation Reserves) Act 1997 No. 2*. The Group's mission is to conserve the natural and cultural resources of the Jenolan, Abercrombie, Wombeyan and Borenore Karst Conservation Reserves, and to promote them as leading visitor destinations in a manner which is environmentally, culturally and commercially sustainable.

The administration office of the Group is situated at the Department of Lands (Land and Property Information division), Panorama Avenue Bathurst whilst the principal places of business are situated at Jenolan Caves, Wombeyan Caves, Abercrombie Caves and Borenore Caves, situated in rural New South Wales.

The principal activities of the Group are environmental conservation; cave interpretation and provision of accommodation facilities at Jenolan, Wombeyan and Abercrombie Caves.

Authorisation of the Financial Report

The consolidated financial report for the year ended 30 June 2006 has been authorised by the Trust on xx December 2007.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented unless stated otherwise. The financial report includes separate financial statements for Jenolan Caves Reserve Trust and the consolidated entity consisting of Jenolan Caves Reserve Trust and its subsidiaries.

1.1 Basis of Preparation

The Trust's financial report is a general-purpose financial report. The statements have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), Urgent Issues Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board, the provisions of the Public Finance and Audit Act and Regulations.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

The financial statements have been prepared on an accruals basis and are expressed in Australian dollars. Except for certain investments, land and building, plant and equipment, motor vehicles and infrastructure systems, which are recorded at valuation, the financial statements are prepared in accordance with historical cost convention.

Statement of Compliance

The Jenolan Caves Reserve Trust has prepared financial statements in accordance with AIFR from 1 January 2005.

Australian Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of the Trust comply with International Financial Reporting Standards (IFRS) except for the exemptions allowed under AASB 1 and options provided for not for profit entities.

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

These financial statements are the first JCRT financial statements to be prepared in accordance with AIFRSs. AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statements of JCRT until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting principals (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments. The Group has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 July 2005.

Descriptions of the effect of transition from previous AGAAP to AIFRSs on the Group's equity and its net income are given in note 22.

Early adoption of standards

The Group has elected to apply the following standards to the annual reporting period beginning 1 July 2005:

- AASB 119 *Employee Benefits (issued December 2004)*
- AASB 2005-1 *Amendments to Australian Accounting Standard* (cash flow hedge accounting of forecast intragroup transactions – issued May 2005)
- AASB 2005-4 *Amendments to Australian Accounting Standards* [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038] (fair value option – issued June 2005)
- AASB 2005-6 *Amendments to Australian Accounting Standards* [AASB3] (Business combinations involving entities under common control – issued June 2005)

There has been no material impact on the financial statements as a result of early adoption of these standards

1.2 Principals of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of JCRT 'parent entity' as at 30 June 2006 and the results of all subsidiaries for the year then ended. JCRT and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies

All inter-company balances and transactions between group companies, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

The subsidiary of the Trust is Jenolan Caves Reserve Trust Division of the Government of NSW (the Division). The Division is a special purpose entity established under the Public Sector Employment Legislation Amendment Act 2006 (PESELAA) on 17 March 2006. The Trust exercised control over the Division from this date. The consolidated financial statements comprise of the results of the Trust (the parent entity) for the entire year and the results of the Division from the date control commenced.

Operation of the Trust and Division under the PESELAA

The Jenolan Caves Reserve Trust Division was established under the PESELAA effective on 17 March 2006 and existing staff of the Trust became employed by the Government in Service of the Crown (instead of Trust).

A memorandum of understanding (MOU) between the Trust and the Division, in line with direction provided under Treasury Circular TC 06/17 has been constructively adhered to by both parties over the period from 17 March 2006 and 31 December 2006.

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.3 Employee Benefits

i) Salaries and Wages, Annual Leave and On-Costs including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months at the reporting date are recognised other payables in respect of the employee services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for salaries and wages and annual leave are recognised and are measured as the amount unpaid at balance date at the expected rate of remuneration in respect of employee services up to that date.

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

ii) Sick Leave

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave

iii) Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by the employees up to the reporting date. Consideration is given to expected future wage and salary levels experience of employee departures and period of service. Expected future payments are discounted using market yield of the reporting date.

iv) Superannuation

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

1.4 Property, Plant and Equipment

Acquisition of assets

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

Plant and equipment

Plant and equipment costing \$5,000 and above individually are capitalised.

Capital Work In Progress (WIP)

The method of accounting, used for the initial recording of payment of materials/labour/overheads on all works in progress is controlled by the trust. Recognition of WIP is determined once the project has been fully completed. Notification is directed and the project is then capitalised.

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of revaluation

Physical non-current assets are valued in accordance with the NSW Treasury Department's "Valuation of Physical Non-Current Assets at Fair Value". There is no substantive difference between the fair value valuation methodology and the previous valuation methodology adopted by the Trust.

Fair value is determined as the market buying price (the best indicator of which is the assets replacement cost) as the future economic benefits are not primarily dependent on the asset's ability to generate net cash flows from continued use.

Cave infrastructure was valued by Trust employees, using a method approved by the New South Wales National Parks and Wildlife Service. This method involved applying an approved per metre cost to all items of cave infrastructure. Due to the specialised nature of these types of assets, this method developed by Trust employees is considered to be the only feasible method of valuing this type of infrastructure.

Each class of physical non-current assets is revalued every five years and with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of assets previously recognised as an expense in the result for the year from ordinary activities.

Revaluation decrements are recognised immediately as expenses in the results for the year from ordinary activities, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

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

Depreciation

Land depreciation is not depreciated on other assets and is provided on a straight line basis over the useful life of the asset to the Trust based on independent valuation or actual cost where applicable.

Major depreciation periods for significant asset groups are as follows:

Buildings and Workshops	10 to 100 years
Staff Accommodation	100 years
Cave Infrastructure	25 to 100 years
General Infrastructure	10 to 100 years
Plant and Equipment & Vehicles	3 to 10 years
Computer Equipment	3 years

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is higher of an assets fair value less costs to sell and value in use. Non financial assets that suffered an impairment are reviewed for possible reversal at each reporting date.

Where the futures economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset.

1.5 Cash and cash equivalents.

For cash flow statement presentation purposes, cash and cash flow equivalents includes cash on hand deposits held at call with financial institutions short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet

1.6 Trade and other receivables

Receivables are recognised at fair value, based on the original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value.

1.8 Trade and Other Payables

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

1.9 Leased Assets

Leases under which the Group assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Jenolan Caves House

The Trust assumed control of Caves House following the constitution of the Trust under the *National Parks and Wildlife Amendment (Abercrombie, Jenolan and Wombeyan Karst Conservation Reserves) Act 1997 No2*.

Caves House was subject to a pre-existing direct finance property lease which was valued at \$6,500,000 on 30 June 1998. The lease term is for a period of 99, however the commercial life of the lease has been

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.9 Leased Assets (Continued)

determined at 30 years, with an average rate of return of 8% over this period. Interest income is bought to account periodically in each financial year at the specified earning rate. Refer to note 21.

The capital value of the lease will be recouped over the commercial life of the asset.

On the 4th July 2006 an agreement was made between the administrator of Jenolan Caves Resort Pty Ltd being Grant Thornton, the St George Bank and Jenolan Caves Reserve Trust Administrator Mr A Griffin involving the transfer back of the Lease and Plant and Equipment of Jenolan Caves House to Jenolan Caves Reserve Trust in consideration of the Trust foregoing the lease receivables set out in note 9 and making a cash payment of \$1.3 million. In addition funding has been received from the government of \$1.8million. This is to be spent within the next 12 months renovating and the refurbishment of the Caves House.

An independent valuation by CB Richard Ellis independent valuers on 30 June 2006 of the Plant and Equipment transferred back to Jenolan Caves Reserve Trust has resulted in a nil valuation of these items, which has been represented in the current year financial statements.

Operating leases

Payments made under operating leases are recognised as an expense in the income statement on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Also refer to Note 18.

1.10 Revenue Recognition Policy

Revenue is measured at fair value of the consideration received net of the amount of goods and services tax (GST). Revenue is recognised for the major business activities as follows:

Cave interpretation and sale of goods

Revenue from cave interpretations and the sale of goods is recognised (net of returns, discounts and allowances) when control of the goods passes or the service is provided to the customer.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Government Grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Trust will comply with all the attached conditions. Other grants and contributions are recognised as revenues when received.

Interest revenue

Interest revenue is recognised using the effective interest method.

Sale of non-current assets

The net profit/loss from non-current asset sales are included as other income/expense at the date control of the asset passes to the buyer.

1.11 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.11 Goods and Services Tax (Continued)

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

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

1.12 Investments and other financial assets

The Group classifies its investments in the following categories: Held – to – maturity investments and loans and receivables. The classification depends on the purpose for which the investments were acquired.

i) Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold maturity.

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2006 \$	2005 \$	2006 \$	2005 \$
2. REVENUE FROM CONTINUING OPERATIONS				
<i>Sales Revenue</i>				
Interpretation services	3,186,136	-	3,186,136	3,299,776
Accommodation	360,969	-	360,969	372,060
Parking fees	42,575	-	42,575	45,822
Special events	45,312	-	45,312	45,826
Kiosk trading	133,100	-	133,100	158,482
	3,768,092	-	3,768,092	3,921,966
<i>Rental Income</i>				
Jenolan Caves House	503,000	-	503,000	470,000
Staff Cottages	36,592	-	36,592	39,480
Site Rental	15,210	-	15,210	-
Caves House Utilities	35,741	-	35,741	34,216
	590,543	-	590,543	543,696
Interest – Financial institutions	857,494	-	857,494	286,211
<i>Total Revenue from continuing operations</i>	5,216,129	-	5,216,129	4,751,873
<i>Other Income</i>				
Grants received – administration #	29,391	-	29,391	483,626
Grants received – environmental #	5,960	-	5,960	12,022
Net proceeds on asset sales	-	-	-	63,559
Other	59,152	-	59,152	3,885
Net increment arising from valuation of superannuation	161,901	-	161,901	141,342
Treasury operational recurrent funding #	959,335	-	959,335	539,000
	1,215,739	-	1,215,739	1,243,434

There are no unfulfilled conditions or contingencies attached to the grant income indicated above

JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2006 \$	2005 \$	2006 \$	2005 \$
3.1 EMPLOYEE BENEFITS EXPENSE				
Salaries & wages	2,656,786	-	1,886,318	2,818,469
Payroll tax	153,499	-	108,984	136,910
Superannuation	(284,042)	-	(201,670)	673,756
Worker's Compensation	50,675	-	35,979	32,739
Fringe benefits tax	8,429	-	5,985	8,795
Restructuring costs	-	-	-	345,578
Employment costs	16,257	-	11,542	18,214
Employee Benefits Expense	2,601,604	-	1,847,139	4,034,461
Personnel Services Expense	-	-	754,465	-
	2,601,604	-	2,601,604	4,034,461
3.2 DEPRECIATION EXPENSE				
Depreciation of non-current assets				
- Buildings	61,008	-	61,008	64,755
- Plant and equipment	37,006	-	37,006	42,203
- Motor vehicles	1,458	-	1,458	52,901
- Caves infrastructure	111,233	-	111,233	112,144
- General infrastructure	129,379	-	129,379	148,882
- Leasehold improvements	5,183	-	5,183	5,183
	345,267	-	345,267	426,068
3.3 OTHER EXPENSES				
Accounting fees	71,398	-	71,398	-
Audit fees	29,920	-	29,920	31,250
Bank and credit card	41,458	-	41,458	40,321
Cleaning	23,703	-	23,703	24,768
Environmental	16,595	-	16,595	81,222
IT maintenance & supplies	31,548	-	31,548	38,909
Printing and stationery	23,163	-	23,163	22,967
Rental expense on operating leases- minimum lease payments	27,294	-	27,294	28,367
Special Events	26,157	-	26,157	14,758
Travel expenses	26,076	-	26,076	39,086
Trust expenses	887	-	887	4,713
Other expenses	6,646,907	-	6,646,907	138,112
	6,965,106	-	6,965,106	464,473
Significant expense				
The following significant expense item is relevant in explaining the financial performance				
-Write down of lease receivable to recoverable amount (refer note 21)	6,500,000	-	6,500,000	-

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2006	2005	2006	2005
4. CASH AND CASH EQUIVALENTS	\$	\$	\$	\$
Cash at bank and in hand	6,863,596	-	6,863,596	827,039

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates

5. TRADE AND OTHER RECEIVABLES

Trade receivables	401,203	-	401,203	185,504
Less: provision for Doubtful Debts	(130,281)	-	(130,281)	-
	<u>270,922</u>	<u>-</u>	<u>270,922</u>	<u>185,504</u>
Prepaid Superannuation Contributions (refer note 14)	510,494	-	510,494	-
prepayments	23,105	-	23,105	27,474
	<u>533,599</u>	<u>-</u>	<u>533,599</u>	<u>27,474</u>
	<u>804,521</u>	<u>-</u>	<u>804,521</u>	<u>212,978</u>

Trade debtors to be settled within 60 days are carried at amounts due. The collectibility of debts is assessed at balance date and a specific provision is made for any doubtful accounts.

6. INVENTORIES

Maintenance – at cost	26,042	-	26,042	25,745
Electrical – at cost	3,158	-	3,158	2,406
Kiosk – at cost	30,645	-	30,645	23,475
Fuel – at cost	2,575	-	2,575	3,273
	<u>62,420</u>	<u>-</u>	<u>62,420</u>	<u>54,899</u>

7. INVESTMENT SECURITIES – HELD TO MATURITY

Short Term Deposits	429,512	-	429,512	4,780,000
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Short Term deposits are bearing fixed interest rates of 5.47%. These deposits have an average maturity date of six months.

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

8. PROPERTY PLANT AND EQUIPMENT

CONSOLIDATED ENTITY & PARENT ENTITY

	Land and buildings	Plant and equipment	Motor vehicles	Caves
Year ended 30 June 2006	5,591,556	176,578	1,658	5,975,475
Additions	-	-	-	6,335
Revaluation increment	-	-	-	-
Depreciation charge for the year	(61,008)	(37,006)	(1,458)	(111,233)
Net of accumulated depreciation 2006	5,530,548	139,572	200	5,870,577
	General Infrastructure	Leasehold Improvements	Capital Works	Total
Year ended 30 June 2006	2,789,220	22,457	1,536,696	16,093,640
Additions	-	-	1,777,493	1,783,828
Revaluation increment	-	-	-	-
Depreciation charge for the year	(129,379)	(5,183)	-	(345,267)
Net of accumulated depreciation 2006	2,659,841	17,274	3,314,189	17,532,201

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

8. PROPERTY PLANT AND EQUIPMENT (Continued)

CONSOLIDATED ENTITY & PARENT ENTITY

At 1 July 2005	Land and buildings	Plant and equipment	Motor vehicles	Caves
Cost of fair value	5,766,349	292,749	39,234	6,364,047
Accumulated depreciation and impairment	(174,793)	(116,171)	(37,576)	(388,572)
Net carrying amount	5,591,556	176,578	1,658	5,975,475
At 30 June 2006				
Cost of fair value	5,766,349	359,972	39,234	6,370,382
Accumulated depreciation and impairment	(235,801)	(220,400)	(39,034)	(499,805)
Net carrying amount	5,530,548	139,572	200	5,870,577
At 1 July 2005	General Infrastructure	Leasehold Improvements	Capital Works	Total
Cost of fair value	3,207,912	41,460	1,536,696	17,248,447
Accumulated depreciation and impairment	(418,692)	(19,003)	-	(1,154,807)
Net carrying amount	2,789,220	22,457	1,536,696	16,093,640
At 30 June 2006				
Cost of fair value	3,207,912	41,460	3,314,189	19,099,498
Accumulated depreciation and impairment	(548,072)	(24,185)	-	(1,567,297)
Net carrying amount	2,659,840	17,275	3,314,189	17,532,201

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

8. PROPERTY PLANT AND EQUIPMENT (Continued)

CONSOLIDATED ENTITY & PARENT ENTITY

	Land and buildings	Plant and equipment	Motor vehicles	Caves
Year ended 30 June 2005	5,663,604	120,888	178,842	5,943,302
Additions	-	60,407	29,025	129,897
Disposals	-	-	(153,308)	-
Attributable to transfers	(7,293)	37,486	-	14,420
Impairment & Depreciation charge for the year	(64,755)	(42,203)	(52,901)	(112,144)
Net of accumulated depreciation	5,591,556	176,578	1,658	5,975,475
	General Infrastructure	Leasehold Improvements	Capital Works	Total
Year ended 30 June 2005	2,982,713	27,640	477,259	15,394,248
Additions	-	-	1,059,437	1,278,766
Disposals	-	-	-	(153,308)
Attributable to transfers	(44,611)	-	-	2
Impairment & Depreciation charge for the year	(148,882)	(5,183)	-	(426,068)
Net of accumulated depreciation	2,789,220	22,457	1,536,696	16,093,640

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

8. PROPERTY PLANT AND EQUIPMENT (Continued)

CONSOLIDATED ENTITY & PARENT ENTITY

At 1 July 2004	Land and buildings	Plant and equipment	Motor vehicles	Caves
Cost of fair value	5,814,040	300,105	332,515	6,559,420
Accumulated depreciation and impairment	(150,435)	(179,217)	(293,281)	(616,118)
Net carrying amount	<u>5,663,605</u>	<u>120,888</u>	<u>39,234</u>	<u>5,943,302</u>
At 30 June 2005				
Cost of fair value	5,766,349	292,749	39,234	6,364,048
Accumulated depreciation and impairment	(174,793)	(116,171)	(37,576)	(388,572)
Net carrying amount	<u>5,591,556</u>	<u>176,578</u>	<u>1,658</u>	<u>5,975,476</u>
At 1 July 2004	General Infrastructure	Leasehold Improvements	Capital Works	Total
Cost of fair value	3,394,426	41,460	477,261	16,919,227
Accumulated depreciation and impairment	(411,712)	(13,820)	-	(1,664,583)
Net carrying amount	<u>2,982,714</u>	<u>27,640</u>	<u>477,261</u>	<u>15,254,644</u>
At 30 June 2005				
Cost of fair value	3,207,912	41,460	1,536,696	17,248,448
Accumulated depreciation and impairment	(418,692)	(19,003)	-	(1,154,807)
Net carrying amount	<u>2,789,220</u>	<u>22,457</u>	<u>1,536,696</u>	<u>16,093,640</u>

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2006	2005	2006	2005
	\$	\$	\$	\$
9. LEASE RECEIVABLE				
Jenolan Caves House Lease (Refer to subsequent events note 21)	-	-	-	6,500,000
The total impairment loss of the lease receivable recognised during the year amounted to \$6,500,000 and is separately presented as a significant expense in Note 3.3.				
10. TRADE AND OTHER PAYABLES				
Refundable deposits	25,922	-	25,922	34,228
Trade payables	464,877	-	464,877	515,319
Accrued expenses	29,053	-	29,053	47,563
Accrued employee costs	136,337	-	-	20,817
Funds in advance	3,118,965	-	3,118,965	52,000
Loans to related parties	-	-	136,337	-
	3,775,154	-	3,775,155	669,927
11. PROVISIONS				
Current				
Employee Benefits - Annual Leave	314,952	-	-	294,007
Employee Benefits - Long Service Leave	393,294	-	-	484,762
Employee Benefits - Other Leave	27,432	-	-	27,523
Employee Benefits - Restructuring costs	269,996	-	-	75,582
Personnel Services Provision	-	-	1,005,674	-
	1,005,674	-	1,005,674	881,874
Non-current				
Employee Benefits - Long Service Leave	66,638	-	-	66,192
Employee Benefits - Restructuring costs	-	-	-	269,996
Personnel Services Provision	-	-	66,638	-
	66,638	-	66,638	336,188
Average number of FTE employees at period end	48			
12. CONTRIBUTED EQUITY				
Capital Trust	5,831,749	-	5,831,749	5,831,749
13. RESERVES AND RETAINED PROFITS				
(a) Reserves				
Property, Plant & Equity revaluation reserve	8,334,956	-	8,334,956	8,334,956
(b) Retained Profits				
Movements in retained profits were as follows				
Balance 1 July	12,175,171	-	12,175,171	13,018,699
Net loss for the year	(5,497,092)	-	(5,497,092)	(368,005)
Adjustment on adoption of AIFRS	-	-	-	(475,523)
Balance 30 June	6,678,079	-	6,678,079	12,175,171

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
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14. RETIREMENT BENEFIT OBLIGATIONS

(a) Superannuation plan

Funds are provided to cover the anticipated future liability of the Group for superannuation on retirement, disability or death. The group has one plan with a defined benefit section and a defined contribution section. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section received fixed contributions from Group companies and the Groups legal or constructive obligation is limited to these contributions.

The Pooled funds hold in trust the investments of the closed NSW public sector superannuation schemes:
State Authorities Superannuation Scheme (SASS)
State Superannuation Scheme (SSS)
State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. All the Schemes are closed to new members.

(b) Balance sheet amounts

The amounts recognised in the balance sheets are determined as follows:

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2006	2005	2006	2005
	\$	\$	\$	\$
Present value of the defined benefit obligation	5,328,755	-	5,328,755	5,536,021
Fair value of defined benefit plan assets	(5,839,249)	-	(5,839,249)	(5,297,330)
Net (asset)/liability in the balance sheets	(510,494)	-	(510,494)	238,691

All fund assets are invested by STC at arm's length through independent fund managers.

Movement in net liability/asset recognised in balance sheet

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2006	2005	2006	2005
	\$	\$	\$	\$
Net (asset)/liability at start of year	238,691	-	238,691	(28,289)
Net expense recognised in the income statement	(628,417)	-	(628,417)	384,926
Contributions	(120,768)	-	(120,768)	(117,947)
Net (asset)/liability to be disclosed in balance sheet	(510,494)	-	(510,494)	238,691

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

14. RETIREMENT BENEFIT OBLIGATIONS (Continued)

(d) Amounts recognised in income statements

The amounts recognised in the income statements are as follows:

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2006	2005	2006	2005
	\$	\$	\$	\$
Current service cost	134,206	-	134,206	128,594
Interest cost	200,045	-	200,045	293,186
Expected return on plan assets	(396,772)	-	(396,772)	(348,225)
Net actuarial losses (gains)	(665,897)	-	(665,897)	311,371
Total included in expense	(728,418)	-	(728,418)	384,926
Actual return on plan assets	830,031	-	830,031	708,646

(d) Principal actuarial assumptions

The assumptions used by the actuary in estimating the deferred liability were:

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2006	2005	2006	2005
	%	%	%	%
Discount rate	5.9	-	5.9	5.2
Expected return on plan assets	7.6	-	7.6	7.3
Future salary increases	4.0	-	4.0	4.0

(e) Employer contributions

Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. Actuarial assessments are made on a monthly bases and the last such assessment was made as at 30 June 2006.

The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. To achieve this objective the actuary has adopted a method of funding benefits known as the aggregate funding method. This funding method seeks to have benefits funded by means of a total contribution which is expected to be a constant percentage of members salaries over their working lifetimes.

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

15. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2006	2005	2006	2005
	\$	\$	\$	\$
Loss for the year	(5,497,092)	-	(5,497,092)	(368,005)
Depreciation and amortisation	345,267	-	345,267	426,068
Revaluation of Caves House	6,500,000	-	6,500,000	-
Change in operating assets and liabilities				
(Increase) Decrease in receivables	(591,543)	-	(591,543)	424,849
(Increase) Decrease in inventories	(7,521)	-	(7,521)	(6,561)
Increase (Decrease) in trade creditors	(50,442)	-	(50,442)	285,487
Increase (Decrease) in other operating liabilities	1,648,916	-	3,989,290	(98,084)
Increase (Decrease) in other provisions	1,122,312	-	(1,218,062)	372,956
Net cash (outflow) inflow from operating activities	3,469,897	-	3,469,897	1,036,710

16. REMUNERATION OF AUDITORS

	2006	2005
	\$	\$
Auditing of the financial report	29,458	31,250

No other services were provided by the auditors.

JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

17. FINANCIAL INSTRUMENTS

17.1 Interest Rate Risk

The Trust's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities is as follows:-

	Note	Variable Interest Rate		Within 1 year		More than 5 years		Interest Bearing		Carrying Amount as per Balance Sheet	
		2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1. Financial assets											
Cash & Investments	4	6,808,296	798,509	-	-	-	-	55,300	28,530	6,863,596	827,039
Receivables-Other	5	-	-	-	-	-	-	804,521	212,978	804,521	212,978
Deposits	7	-	-	429,512	4,780,000	-	-	-	-	429,512	4,780,000
Caves House Lease	9	-	-	-	-	-	6,500,000	-	-	-	6,500,000
Total Financial Assets		6,817,808	798,509	429,512	4,780,000	-	6,500,000	859,821	241,508	8,107,141	12,320,017
Weighted Average Interest Rate %			0.81		5.43		8.00		N/a		N/a
2. Financial liabilities											
Trade Payables & accruals	10	-	-	-	-	-	-	4,404,447	669,927	4,404,447	669,927
Total Financial Liabilities		-	-	-	-	-	-	4,404,447	669,927	4,404,447	669,927

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

17. FINANCIAL INSTRUMENTS (Continued)

17.2 Net Fair Values

The aggregate net fair value and carrying amounts of financial assets and liabilities are disclosed in the statement of financial position and in the notes to and forming part of the accounts.

Recognised financial instruments

Cash, cash equivalents and short-term investments: the carrying amount approximates fair value because of their short term to maturity.

Trade receivables and payables the carrying amount approximates fair value because of their short term to maturity.

17.3 Credit Risk Exposure

The Group's maximum exposure to credit risk on recognised financial assets, at balance date, is the carrying amount as disclosed in the balance sheet and notes to the financial statements.

Concentration of credit risk

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

18. LEASE COMMITMENTS

Operating Leases – Office Accommodation and Equipment

Future non-cancellable operating lease rentals not provided for and payable;

	2006	2005
	\$	\$
not longer than one year	33,096	23,403
longer than one year and not longer than two years	-	-
longer than two years and not longer than five years	-	-
Total lease commitments (inclusive of GST)	33,096	23,403

Contingent assets

The total lease commitments includes input tax credits of \$12,479 (\$2,128-2005)

19. CONTINGENT LIABILITIES

Applications for native title under the Native Title Act 1993 and Aboriginal Land Rights Act 1983 have been made over various areas of land which might ultimately result in a liability being incurred by the Group. It is impossible to assess the quantum of compensation likely to be paid, if any, following resolution of the claims.

The Group has no other contingent liabilities (Nil in 2005).

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

20. CAPITAL EXPENDITURE COMMITMENTS

General Infrastructure

Not longer than 1 year	510,000	1,430,000
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	510,000	1,430,000

21. EVENTS SUBSEQUENT TO BALANCE DATE

A review of the Jenolan Caves Reserve Trust was commissioned by the Budget Committee in July 2003 following a request from the Minister for the Environment. This review was conducted by the Council on the Cost and Quality of Government.

As a result of this review, a legislative amendment titled the *National Parks and Wildlife Amendment (Jenolan Caves Reserves) Bill 2006*. The bill requests the transfer of the assets, rights and liabilities of Jenolan Caves Reserve Trust to the Department of the Environment and Conservation (DEC). The Jenolan Caves Visitor Use and Services Zone will remain under the control and management of Jenolan Caves Reserve Trust for an interim period, expected to be approximately 1 year.

All assets and liabilities relating to the Wombeyan, Abercrombie, Borenore and Jenolan Cave Karst Conservation Reserves (excluding the Jenolan Caves Visitor Use and Services Zone) are to be transferred to DEC on 1 July 2006. At 30 June 2006, the values of assets to be transferred include Property, Plant & Equipment with a written down value of \$4.9 million. Liabilities at 30 June 2006 include Provision for Annual Leave of approximately \$84,000 and Provision for Long Service Leave (LSL) of approximately \$225,000. The Treasurer of NSW has agreed to cover \$186,000 of this LSL liability without any transfer of funds.

The Administrator has been appointed for a further period, up to 31 July 2007.

On the 4th July 2006 an agreement was made between the administrator of Jenolan Caves Resort Pty Ltd being Grant Thornton, the St George Bank and Jenolan Caves Reserve Trust Administrator Mr A Griffin involving the transfer back of the Lease and Plant and Equipment of Jenolan Caves House to Jenolan Caves Reserve Trust in consideration of the Trust foregoing the lease receivables set out in note 9 and making a cash payment of \$1.3 million. In addition funding has been received from the government of \$1.8million. This is to be spent within the next 12 months renovating and the refurbishment of the Caves House.

An independent valuation by CB Richard Ellis Independent Valuers on 30 June 2006 of the Caves House Businesses transferred back to Jenolan Caves Reserve Trust has resulted in a nil valuation of these items, which has been represented in the current year financial statements.

22. ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Based on current information, the following key differences in accounting policies have arisen from adopting AIFRS.

i) *Investment Securities held to Maturity*

Any term deposits held at the end of the year that had a maturity date of less than 3 months have been reclassified. Under previous AGAAP these deposits were classified in the balance sheet under Cash and Cash equivalents. AIFRS requires these deposits to be re-classified as Investment Securities – Held to Maturity.

JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

22. ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

i) Investment Securities held to Maturity (Continued)

At 1 July 2004

There is no effect on the group or the parent entity.

At 30 June 2005

- \$4,780,000 of short term deposits have been re-classified as investment securities held to maturity.

ii) Provisions Employee Entitlements

Employee entitlements under AGAAP were to be measured at nominal value in all circumstances. AIFRS requires the employee entitlement provisions to be measured at present value for all long term employee benefits

At 30 June 2005

- For the parent entity there has been an increase in current long service leave of \$438,145 and a decrease in non current long service leave of \$393,898. Retained earnings have decreased by \$44,247.

iii) Superannuation Balances

Superannuation Obligations now include both employer and employee superannuation assets and liabilities. Previously, only employer assets and liabilities were included in superannuation position statements. However, AASB 119 does not distinguish between employer and employee assets and liabilities and only refers to "plan" assets and liabilities. Therefore, both employer and employee assets and liabilities should be included in order to accord with AASB 119 requirements.

At 30 June 2005

- For the parent entity there has been an decrease in other receivables resulting in a decrease of retained earnings of \$431,276.

23. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

At reporting date a number of Australian Accounting Standards have been issued by the AASB but are not yet operative. These have been early adopted by the Trust or Consolidated Entity. The Trust has considered the impact of new standards and consider their impact to be insignificant.

END OF THE FINANCIAL STATEMENTS