Jenolan Caves Reserve Trust

Annual Report 2022-23

Contents

Acknowledgement of Country

We acknowledge and pay our respects to Elders and traditional custodians of this land - past and present and acknowledge their continuing cultures and connection to Country and community. Binomeal, Gundungurra ngalaamanyan ngurra (Jenolan Caves remains Gundungurra Country).

Jenolan Caves Reserve Trust is committed to fostering an inclusive culture, valuing diversity and ensuring a safe and respectful workplace and we encourage everyone to commit to this standard and call out any language or behaviour that undermines it.

Letter of Submission

The Hon. Penny Sharpe MLC
Minister for the Environment
Minister for Heritage
Minister for Energy
Minister for Climate Change
GPO Box 5341
SYDNEY NSW 2000

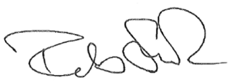
October 2023

Dear Minister,

On behalf of the Jenolan Caves Reserve Trust, I have great pleasure in presenting our 2022-23 Annual Report.

This report covers the Trust's activities and Statement of Accounts, in accordance with the *National Parks and Wildlife Act 1974*, the *Annual Reports (Statutory Bodies) Act 1984* and the Annual Reports (Statutory Bodies) Regulation 2010.

Yours sincerely,



Robert Smith
Administrator
Jenolan Caves Reserve Trust

Overview

Charter – Our Role

The Jenolan Caves Reserve Trust (the Trust) is a body corporate, established under the provisions of the *National Parks and Wildlife Act 1974* (NSW), and is responsible for the care, control, and management of the Visitor Use and Services Zone (VUSZ) within the Jenolan Karst Conservation Reserve. The Trust is responsible to the Minister for the Environment.

The role of the Jenolan Caves Reserve Trust is to protect, conserve and present the natural and cultural heritage of the VUSZ, in an environmentally, socially, and financially responsible and sustainable manner.

The VUSZ is an area of approximately 50 hectares within the larger Jenolan Karst Conservation Reserve. The VUSZ contains most of the show and adventure caves, all visitor accommodation and facilities, including the historic Caves House and all associated utilities and services.

The reserve is one of the eight properties contained within the Greater Blue Mountains World Heritage Area, and it is also listed on both the national and state heritage lists. The Trust therefore has other statutory responsibilities under the *Heritage Act 1977* (NSW) and the *Environment Protection and Biodiversity Conservation Act 1999* (Commonwealth).

The Trust collaborates closely with the NSW National Parks and Wildlife Service (NPWS), the Greater Blue Mountains World Heritage Committee and with Aboriginal communities on joint park management activities across the reserve and across the wider Greater Blue Mountains World Heritage Area.

The Trust also works very closely with Oberon Council and regional tourism operators and businesses to encourage visitation to the Central West and Blue Mountains.

Administrator's report

The 2022-23 financial year presented significant operational challenges for the Trust with the only access road closed for repair for 153 days. Although the roadworks forced the closure of the site to visitors for extended periods, we ensured key works programs and maintenance activities could continue. Once the road was re-opened, we maximised opportunities for visitors, including to our world-famous show caves.

I would like to thank Acting Director Andrew Le Lievre and the management team for their leadership and also acknowledge the Jenolan staff for the professionalism and resilience they have shown during this challenging period. It is a credit to staff and the great teamwork that customer service and the safety of our visitors and staff has remained the core focus.

A highlight of 2022-23 for me was being present with staff and Elders of the local Aboriginal community for the raising of the Aboriginal flag, which is now flying proudly over Jenolan Caves.

Despite the difficult operating environment, we can celebrate significant progress with key projects, including completion of the upgrade of Mountain Lodge. This was a major achievement and is part of the broader plan to improve the quality of accommodation at Jenolan Caves and meet contemporary visitor expectations. During 2023-24, we will commence the refurbishment of Caves House, another major milestone in the development of Jenolan Caves.

Other achievements throughout 2022-23 are the desilting of Blue Lake, with work now commenced on the construction of the Blue Lake Walking Track; replacement of the generator and main switchboard; and installation of a water treatment plant to provide potable water throughout the precinct. Also worthy of note are key feral animal and weed control programs undertaken to protect biodiversity and significant progress in the maintenance and repair of assets, including visitor and cave infrastructure, walking tracks, heritage gardens and roads.

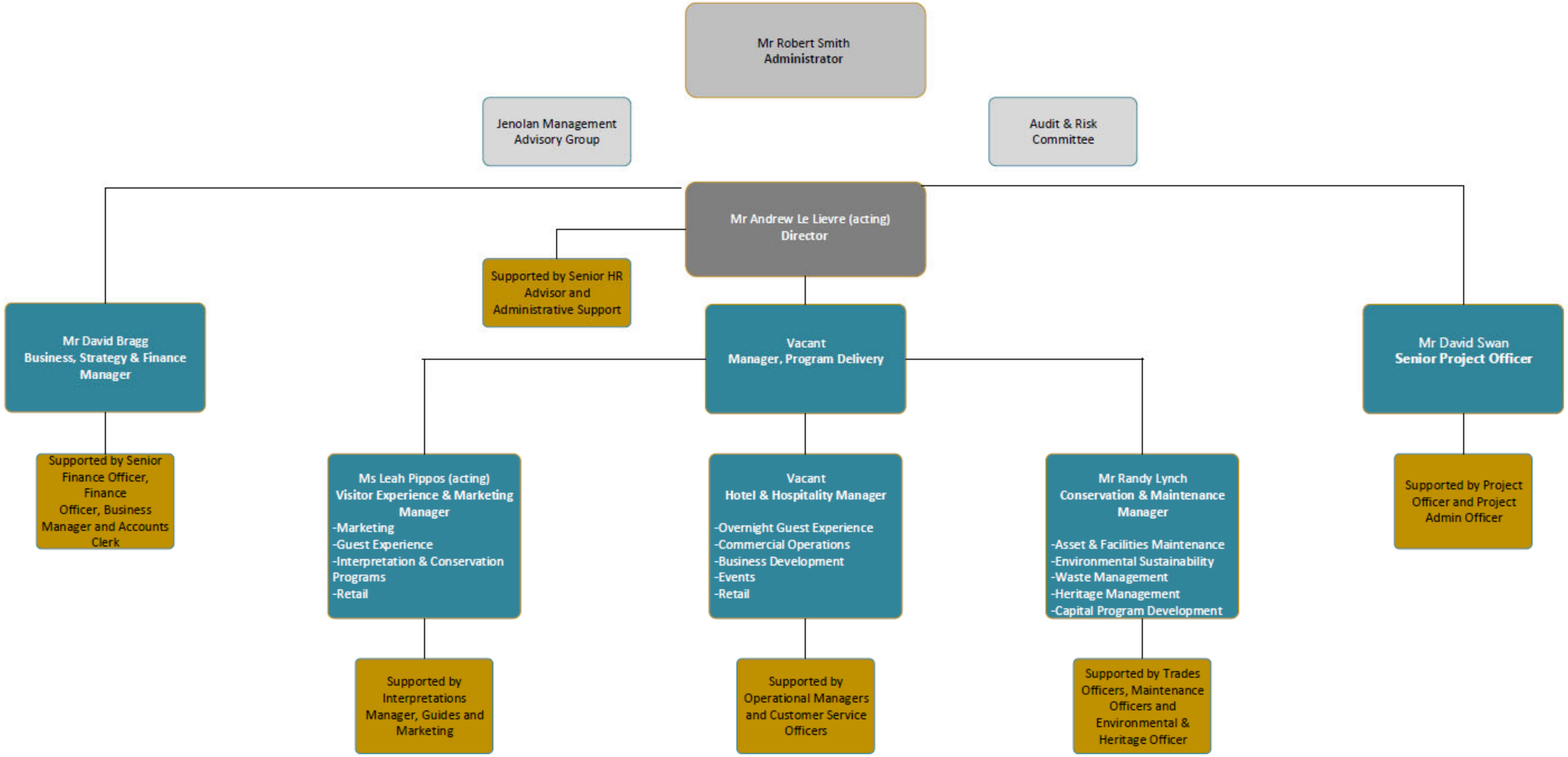
We expect 2023-24 to be another period of disruption from normal operations with Transport for NSW to commence the major restoration works of the 2 Mile Road in the first quarter of 2024. This will result in another extended period where access to Jenolan Caves will be closed or restricted. We are working closely with Transport for NSW to find a workable arrangement that will allow our key projects and maintenance activities, including the refurbishment of Caves House to proceed. We will also be looking at impacts on visitor activities including guided cave tours.

I also want to acknowledge the contribution of our partners within National Parks and Wildlife Service and the broader Department of Planning and Environment, whose support has been greatly appreciated in both our recovery work and our strategic planning.

While there are still hurdles in front of us, there is much to be optimistic about, with significant investment being made to upgrade and retain Jenolan Caves as a key tourism asset and destination. I look forward to continuing to progress this work and to ensure that our renowned cave tours and hotel and hospitality services, along with the unique history of Jenolan Caves, offer our visitors the highest quality experiences.

Robert Smith
Administrator
Jenolan Caves Reserve Trust
October 2023

Management and structure



Strategy

The Trust's mission is to connect our visitors with the unique natural and cultural heritage of Jenolan Caves, and through that connection, stimulate the urge to care for and protect all such special places.

Goals

We will deliver on our mission by working towards achieving the following goals:

Connection

Success looks like: We deliver life-changing visitor experiences that leave our visitors with an increased appreciation and understanding of the rich natural and cultural heritage of Jenolan Caves.

Our priority focus: We connect our visitors to the natural and cultural heritage of Jenolan Caves by delivering immersive, inspiring and innovative visitor experiences that:

create connections – our visitors connect with each other, with the environment and with the natural and cultural heritage of Jenolan Caves

exceed expectations – our experiences exceed visitor expectations every time, cementing our position as one of Australia's most iconic and best tourism attractions

create memories and evoke nostalgia – our visitors leave with life-long memories that inspire them to share stories of their experience and to return with their children, grandchildren, friends and family to share the magic of Jenolan

inspire action – our experiences will increase knowledge and inspire positive action for the conservation of natural and cultural heritage values and the protection of the environment

provide educational opportunities – students, teachers and the community learn through participating in our immersive and tailored education experiences and programs

awaken a sense of awe, wonder and curiosity – our visitors leave having felt the magic of Jenolan Caves.

We also connect our visitors to the natural and cultural heritage of Jenolan caves by ensuring that we:

- develop and maintain ecologically sustainable, culturally appropriate, safe and enjoyable visitor facilities, services and experiences
- continue to work with the Gundungurra people and other relevant Aboriginal community organisations and custodial families in the development and delivery of material and programs for interpretation of Aboriginal cultural heritage
- continue to work with Jenolan Caves Historical and Preservation Society in the development and delivery of material and programs for interpretation of cultural heritage.

Conservation

Success looks like: The natural and cultural heritage values of Jenolan Caves are conserved for present and future generations.

Our priority focus: We will ensure that the natural and cultural heritage values of the Jenolan caves are conserved by:

minimising impacts on the reserve – our visitors are managed in a way that not only minimises their impact but also educates them about how they can minimise their broader impact on the environment

strategically managing our assets – our assets are managed in a way that conserves and protects the values of the site, whilst enhancing the visitor experience

promoting research – scientific, speleological and historical research is utilised and highlighted in the guest experience and interpretation

prioritising – activities that recognise the karst conservation reserve status of the area, its World Heritage, state and national heritage values, as well as its significant catchment values.

Community

Success looks like: Jenolan caves is highly valued by the community and makes a significant contribution to regional prosperity.

Our priority focus: We will contribute to regional prosperity and ensure Jenolan caves is valued by:

being actively involved – Jenolan caves staff are actively involved with community groups, committees and organisations

instilling community pride and connection – our community has a strong connection to the natural, cultural and Aboriginal heritage of Jenolan Caves

supporting local suppliers – we prioritise procurement of goods and services from local suppliers who meet the standards we require, and support others to reach those standards

supporting local jobs – actively promoting opportunities for employment and training for local people at Jenolan Caves.

Sustainability and performance

Success looks like: Jenolan Caves operates in an environmentally, socially and financially responsible and sustainable manner.

Our priority focus: We will ensure all activities at Jenolan Caves operate in a sustainable and responsible manner by:

thinking sustainably – we analyse and monitor the sustainability of all our activities from a commercial, environmental and social perspective

being self-funded – we generate maximum financial returns so that we have the ability to reinvest in enhancing the visitor experience and ensuring the protection and conservation of reserve values

adapting to climate change – we aim to future-proof our operations by considering the impacts of climate change and responding accordingly

work health and safety – we get everyone home, without harm, every time

strategically managing our assets – our assets are managed in a way that ensures they perform at optimal levels, life cycle costs are budgeted for and risks associated with assets are reduced.

Operations and performance

Overview

The 2022-23 financial year was marred by forced closures of the business for a total of 153 days. This was due to loss of access via the only road into the precinct following a series of adverse weather events.

Following the closure spanning from 8 October to 20 January 2023, the business remained operational to the end of the financial year. During this time, the business remained subject to reduced trading ability associated with access, staff shortages and availability of tourist accommodation.

Business recovery measures have been successful in relation to addressing immediate staff shortages in the Hotel and Hospitality area, increasing marketing activity, and with opening additional accommodation with Mountain Lodge and Binda Bush cabins.

The Trust has received confirmation from Transport for NSW that road repairs to the 2 Mile section of Jenolan Caves Road will not commence prior to 28 February 2024, which enables the Trust to plan with confidence for consistent trading in the first half of the 2023-24 financial year.

Significant progress has been achieved in several areas relating to cultural recognition, stakeholder engagement, training and major projects, including:

- raising of the Aboriginal flag, now on permanent display and incorporation of language in our acknowledgement of Country, welcome to visitors and email signature
- the Stakeholder Reference Group unanimously endorsed the draft Master Plan which has been exhibited publicly and received 10 submissions in response to the draft
- first responder training has been completed with 32 of the Jenolan Team being trained in trauma first aid response by specialist organisation, Tamed
- successful completion of several major projects including de-sedimentation of Blue Lake for a second time, commissioning of the Water Treatment Plan, detailed designs of Caves House for refurbishment and upgrade of power supply and switchboard
- the Trust's commitment to providing an inclusive workplace was underpinned by our partnership with Hotel Etico, Australia's first social enterprise hotel and hospitality training school, to provide paid work experience for their trainees. The Aboriginal Career Pathways initiative developed by the Department of Planning and Environment (DPE) is in pilot form and the Trust is participating in 2023-24 by providing work placement opportunities for three students from Lithgow High School. These students will complete a minimum of one hundred days at Jenolan Caves gaining experience in workplace and business skills gained across all aspects of the business operation.

Human resources

The disruption to the business caused by the loss of access presented significant challenges to recruitment, retention and development of personnel, with several key roles vacant for substantial periods. An acting Director was in place for the entire reporting period and recruitment has commenced for Program Delivery Manager, Human Resources Manager and Visitor Experience and Marketing Manager as members of the senior management team.

Consultants

Throughout 2022-23, the Trust supplemented internal resources with consultancy expertise at a cost of $756,892 (excluding GST).

Risk management and insurance activities

The Trust has in place an Audit and Finance Committee which meets quarterly to review and manage risks. Several independent audits and assessments were undertaken throughout the 2022-23 financial year.

The Trust is insured through Icare and has made claims this year in relation to flood damage and loss of business due to flood and Covid closure losses.

Internal Audit and Risk Management Policy Attestation

Internal Audit and Risk Management Attestation Statement for the 2022-23 financial year for the Jenolan Caves Reserve Trust

I, Robert Smith, am of the opinion that the Jenolan Caves Reserve Trust has internal audit and risk management processes in operation that are, excluding the exceptions described below, compliant with the seven core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector (2015), specifically:

Core requirements

Risk Management Framework		
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS ISO 31000:2018	Compliant
Internal Audit Function		
2.1	An internal audit function has been established and maintained	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee		
3.1	An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

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

- Independent Chair, Alan Zammit
- Independent Member 1, Donna Rygate
- Independent Member 2, Arthur Diakos
- Non-independent Member 1, Andrew Le Lievre (acting Director Jenolan Caves Reserve Trust)
- Non-independent Member 2, David Bragg, (Finance Manager Jenolan Caves Reserve Trust)

Robert Smith
Administrator
Jenolan Caves Reserve Trust
October 2023

Numbers and remuneration of senior executives

One senior executive was employed during the year as acting Director.

Total number: current year: 1 (previous year: 2)

Number of female senior executives: current year: 0 (previous year: 1 (substantive on maternity leave/temporary assignment))

Average remuneration of senior executives

Band	Total	Average Remuneration Package
SE Band 1	1	$221,000

Cyber Security Policy Attestation

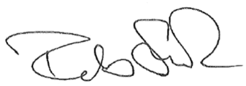
I, Robert Smith, Administrator, am of the opinion that Jenolan Caves Reserve Trust has managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

Governance is in place to manage the cyber security maturity and initiatives for Jenolan Caves Reserve Trust.

Risks to the information and systems of Jenolan Caves Reserve Trust have been assessed and are managed.

Jenolan Caves Reserve Trust is doing the following to continuously improve the management of cyber security governance and resilience:

- developing a cyber incident response plan
- prioritising the implementation of ‘Essential Eight’ mitigation strategies as listed in the NSW Government Cyber Security Policy
- reviewing all existing cyber security and technology policies to ensure alignment with the cluster and the NSW Government Cyber Security Policy.



Robert Smith
Administrator
Jenolan Caves Reserve Trust
October 2023

Public Interest Disclosures

Under the *Public Interest Disclosures Act 2022*, each public authority is required to prepare an annual report on their obligations under this Act. This information for Jenolan Caves Reserve Trust is captured in the DPE Annual Report as all Public Interest Disclosures are managed centrally by the Department.

Workforce training and development

Accredited training courses undertaken by Trust staff during 2022- 23 included Work Health and Safety Risk Management, Food Handlers, Food Safety Supervisor, First Aid including Advanced Resuscitation and Trauma First Responder, Responsible Service of Alcohol, Fire Extinguisher Safety and Chief Warden training.

Workforce diversity

The Trust strives to ensure that its workplace is free of discrimination and harassment, and that the Trust's practices and behaviour do not disadvantage people because they belong to a particular group. Investment in diversity and inclusion initiatives allows the Trust to grow as an organisation and to provide quality experiences to guests and stakeholders.

Jenolan Caves Reserve Trust is a stakeholder in the DPE Diversity and Inclusion Workforce Strategy 2021-25. This strategy focuses on three key priorities:

1. Workforce diversity—attract, develop, engage and retain diverse and qualified talent that reflects the community we serve
2. Inclusive workplace—foster a workplace culture that is inclusive, collaborative, kind, flexible, accessible and fair that leverages the talent and diversity of our people.
3. Accountable leadership—visible leadership and accountability from the top by committing to building diverse teams and driving inclusive workplace practices.

Disability Inclusion Action Plan

The Trust is continuing to build on strategies to promote and support a workplace free from all forms of discrimination and meet accessibility compliance throughout our practices, programs, and standards such as inclusive recruitment, workplace adjustments and awareness training.

Accessibility forms a part of any capital works project at Jenolan. Strategies for assisting people with special needs range from the construction of access ramps to staff members helping visitors adjust to 'closed' cave environments. Jenolan will continue to champion and develop processes to support and remove any barriers to inclusion and accessibility through various initiatives planned in the coming years.

The Trust is a stakeholder in the DPE Disability Inclusion Action Plan 2019-23.

Multicultural policies and services

The Trust values the skills, experiences and perspectives of its culturally diverse workforce and is committed to supporting their needs in the workplace.

The Trust is a stakeholder of the DPE Multicultural Plan 2021-25. The Trust uses the plan to embed multicultural principles into everyday business through internal and external strategies. The four key areas of focus are leadership, engagement, planning and service delivery.

Agreements with Multicultural NSW

The Trust did not enter into any specific agreements with Multicultural NSW under the *Multicultural NSW Act 2000* (NSW).

Work health and safety

Over the reporting period, the Trust did not record any incidents notifiable to SafeWork NSW, and did not record any relevant NPWS Safety Alerts.

Working from heights was identified in the 2021-22 financial year as a significant hazard and has been addressed with specific training in advanced rope work and rescue, acquisition of new equipment to allow safe work practices and ongoing process improvement.

Operating in the natural environment presents several hazards with attendant risk that is very largely mitigated through ongoing training, accreditation and scenario-based preparation. Those incidents reported in the period highlight that environmental causes are the lead cause. Falls from a height, being hit by falling objects and contact with biological factors of human origin are the lead sub-causes.

The Trust has consistently demonstrated its unwavering commitment to safety, health and wellbeing in the face of challenges over the past few years. The Trust has navigated a series of demanding situations, including road access issues and several visitor-related emergencies, all of which posed substantial risks to the health, safety and wellbeing of Jenolan staff and visitors. These challenges have tested the resilience and endurance of the Jenolan team, yet staff continue to exhibit remarkable resilience and perseverance.

The Trust has showcased significant advancements in enhancing safety measures across all aspects of the business. A robust reporting culture remains deeply rooted within the organisation. Since July 2022, the Trust has meticulously reported, investigated, and implemented recommendations for 86 incidents, marking an increase from the previous year's 75 (Table 1). It's worth noting that of these incidents, 36 were injuries or illnesses, while 50 were non-injuries (involving hazards and near misses). Reporting these occurrences ensures that the Trust can thoroughly investigate what went wrong, even when an injury hasn't occurred.

Table 1: WHS incidents reported by event type, 2021-22 and 2022-23

Event type	Number	
	2021-22	2022-23
Hazard	26	28
Injury / Illness	29	36
Near miss	22	22
Total	**77**	**86**

During this period, the lead cause for reported events shifted to 'Animal, Human, and Biological Causes,' a change from the previous year's 'Environmental Causes.' Similarly, there was a change in the lead mechanism of injury, with 'Being Hit by Moving Objects.'

In addition to robust incident reporting, the Trust continues to document and report structured and meaningful leader-led safety interactions. In this financial year, safety interactions rose to 147 from 118 in 2021-22. These interactions remain an essential metric that supervisors aim to deliver, consistently leading to significant safety enhancements within our workplace, often driven by the proactive engagement of our workforce.

Following the successful delivery of the Working at Heights project, the Trust has cultivated a valuable relationship with NSW Ambulance. This partnership offers essential training and guidance on emergency response, particularly within the unique show cave environment. The systems, training and equipment that were delivered have already been put into use and have substantially improved Jenolan's ability to act as first responders to in-cave emergencies. Further improvements are either already delivered or are planned, promising to significantly enhance Jenolan's first-responder capabilities.

Jenolan continues to rigorously test, enhance and expand its emergency response skills while continuing to strengthen its collaboration with NSW Ambulance.

Finally, building on the WHS committee, the Trust has welcomed new team members to the committee, revaluated the Terms of Reference and continues to develop ambitious safety goals for the upcoming financial year to further improve the safety on site.

Modern slavery

The Trust complies with the *Modern Slavery Act 2018* (NSW) and will require all vendors and suppliers to also confirm their compliance with this Act.

Independent Auditors' Report
and
Audited Financial Statements

(See the following pages.)

Jenolan Caves Reserve Trust

Annual Financial Statements

For the year ended 30 June 2023

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JENOLAN CAVES RESERVE TRUST

STATEMENT BY ACCOUNTABLE AUTHORITY

FOR THE YEAR ENDED 30 JUNE 2023

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018*, we state on behalf of Jenolan Caves Reserve Trust that these financial statements:

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the *Government Sector Finance Act 2018*, the *Government Sector Finance Regulation 2018* and the Treasurer's directions, and
- present fairly the Jenolan Caves Reserve Trust's financial position, financial performance and cash flows as at 30 June 2023.

…………………………………….	……………………………
Robert Smith Administrator 25/10/2023	Andrew Le Lievre Acting Director 25/10/2023

Beginning of the financial statements

JENOLAN CAVES RESERVE TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

Continuing Operations	Notes	Actual 2023 $000	Actual 2022 $000
Operating expenses excluding losses			
Personnel services expenses	2(a)	5,900	6,103
Other operating expenses	2(b)	5,302	3,374
Depreciation	2(c)	1,941	1,741
Finance costs	2(d)	7	9
Total expenses excluding losses		**13,150**	**11,227**
Revenue			
Sale of goods and services from contracts with customers	3(a)	2,881	1,882
Investment income	3(b)	454	96
Grants and contributions	3(c)	2,795	10,275
Other income	3(d)	7,674	5,559
Total revenue		**13,804**	**17,812**
Net result from continuing operations		**654**	**6,585**
Other comprehensive income			
Items that will not be reclassified to net result in subsequent periods			
Net asset revaluation increment / (decrement)	14	4,641	8,736
Items that may be reclassified to net result in subsequent periods			
Actuarial gains on superannuation funds	14	140	180
Total other comprehensive income for the year		**4,781**	**8,916**
Total comprehensive income		**5,435**	**15,501**

The accompanying notes form part of these financial statements.

JENOLAN CAVES RESERVE TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	Actual 2023 $000	Actual 2022 $000
ASSETS			
Current assets			
Cash and cash equivalents	4	13,372	13,907
Receivables	5	151	124
Inventories	6	133	143
Total current assets		**13,656**	**14,174**
Non-current assets			
Property plant and equipment	8	45,376	39,136
Right of use assets	10	145	188
Total non-current assets		**45,521**	**39,324**
Total assets		**59,177**	**53,498**
LIABILITIES			
Current liabilities			
Liabilities- payables	11	2,885	2,381
Contract liabilities	7	291	340
Borrowings	12	70	150
Total current liabilities		**3,246**	**2,871**
Non-current liabilities			
Liabilities- payables	11	279	448
Borrowings	12	84	46
Total non-current liabilities		**363**	**494**
Total liabilities		**3,609**	**3,365**
Net assets		**55,568**	**50,133**
EQUITY			
Retained earnings/(losses)	14	8,588	7,934
Contributed equity	13	5,832	5,832
Reserves	14	41,148	36,367
Total equity		**55,568**	**50,133**

The accompanying notes form part of these financial statements.

JENOLAN CAVES RESERVE TRUST
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Contributed equity	Reserves	Retained earnings/(losses)	Total Equity
		$'000	$'000	$'000	$'000
Balance at 1 July 2022		**5,832**	**36,367**	**7,934**	**50,133**
Net result for the year		-	-	654	654
Other comprehensive income					
-Net asset revaluation increment	14	-	4,641	-	4,641
-Actuarial gains on superannuation funds		-	140	-	140
Total other comprehensive income for the year		-	4,781	654	5,435
Balance as at 30 June 2023		**5,832**	**41,148**	**8,588**	**55,568**
Balance at 1 July 2021		**5,832**	**27,451**	**1,349**	**34,632**
Net result for the year		-	-	6,585	**6,585**
Other comprehensive income					
-Net asset revaluation increment	14	-	8,736	-	8,736
-Actuarial gains on superannuation funds		-	180	-	180
Total other comprehensive income for the year		-	8,916	6,585	15,501
Balance as at 30 June 2022		**5,832**	**36,367**	**7,934**	**50,133**

The accompanying notes form part of these financial statements.

JENOLAN CAVES RESERVE TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Actual 2023 $000	Actual 2022 $000
Cash flows from operating activities			
Payments			
Payments to suppliers		(10,764)	(10,018)
Interest paid		(7)	(9)
Total payments		**(10,771)**	**(10,027)**
Receipts			
Receipts from customers		2,942	2,983
Insurance proceeds		7,649	6,239
Grants and other contributions received		2,795	10,275
Interest received		391	19
Total receipts		**13,777**	**19,516**
Net cash flows from operating activities	15	**3,006**	**9,489**
Cash flows from investing activities			
Purchases of property, plant and equipment	8	(3,476)	(1,909)
Net cash flows from investing activities		**(3,476)**	**(1,909)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liability		(65)	(56)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(65)**	**(56)**
Net increase/(decrease) in cash		(535)	(535)
Opening cash and cash equivalents		13,907	6,383
Closing cash and cash equivalents	4	**13,372**	**13,907**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Jenolan Caves Reserve Trust (the Trust / JCRT) is constituted as a corporate body under the *National Parks* & *Wildlife Act 1974* (NPW Act). The Trust's mission is to conserve the natural and cultural resources of the Jenolan Karst Conservation Reserves, and to promote them as leading visitor destinations in a manner which is environmentally, culturally and commercially sustainable.

The principal activities of the Trust are environmental conservation, cave interpretation and provision of accommodation and hospitality facilities at Jenolan Caves. Its operations are undertaken on a "not for profit" basis, as the making of profit is not the Trust's prime objective. The Trust continues to strive to achieve commercial revenue from its considerable natural and built assets and activities wherever practical, with any surplus funds arising from the Trust's commercial activities being fully retained within the Trust and used to maintain and protect the Caves and related infrastructure managed by the Trust.

The Trust receives support and personnel services from the Department of Planning and Environment (DPE).

The Trust's financial statements have been authorised for issue on 19 October 2023.

(b) Basis of preparation

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 Trust's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:
• applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
• the requirements of the *Government Sector Finance Act 2018 (GSF* Act) and Government Sector Finance Regulation 2018;
• Treasurer's Directions issued under the GSF Act.

Property, plant and equipment and certain financial assets and liabilities are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

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

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

(c) Statement of compliance

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

(d) Accounting for the Goods and Services Tax

Income, expenses and assets are recognised net 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.

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 statement of financial position.

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

(e) Comparative information

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Effective for the first time in 2022-23:

The following amendment and interpretations apply for the first time in 2022-23 and do not have a material impact on the financial statements of the Trust:

- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*
- AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*
- AASB 2021-7a *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]*
- AASB 2022-3 *Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*

(ii) Issued but not yet effective:

NSW public sector entities do not early adopt new Australian Accounting Standards unless the Treasury determines otherwise.

The following new Australian Accounting standards have not been applied and are not yet effective (NSW Treasury mandate TPG 23-04):

- AASB 17 *Insurance Contracts* (effective from 1 January 2023)
- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* (effective from 1 January 2024)
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (effective from 1 January 2023)
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective from 1 January 2023)
- AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards* (effective from 1 January 2023)
- AASB 2021-7b *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* (effective from 1 January 2023)
- AASB 2021-7c *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* (effective from 1 January 2023)
- AASB 2022-1 *Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information* (effective from 1 January 2023)
- AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback* (effective from 1 January 2024)
- AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants* (effective from 1 January 2024)

1. Summary of significant accounting policies (continued)

f) Changes in accounting policies, including new or revised Australian Accounting Standards (continued)

(ii) Issued but not yet effective (continued)

- AASB 2022-7 *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards* (effective from 1 January 2023)
- AASB 2022-8 *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments* (effective from 1 January 2023)
- AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector* (effective from 1 July 2026)
- AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* (effective from 1 January 2024)

The Trust has assessed any potential impact on the financial statements due to the new accounting standard or interpretation and find that there will be no financial impact when implemented. However, when AASB 2021-2 is adopted, there will be a disclosure amendment due to the change in the presentation of accounting policies as "material accounting policies" instead of "significant accounting policies".

(g) Natural disasters and going concern

Due to flood events again this financial year, the Trust, which is a self-funded agency, has been relying on Business Interruption Insurance through iCare, which to date has provided necessary funds to continue the operations at a reduced capacity. The Trust expects this to continue in the short term until the trust can recommence full operations and rely again on income generated by the Trust's business operations. Therefore, it is appropriate for the 2022-23 financial statements to be prepared on a going concern basis.

The Jenolan Caves Road (2 mile hill) has in the last 12 months suffered badly from continuing rain events and has been closed by Transport for NSW, for 152 days during the financial year. Transport for NSW anticipates closing the road later in the 2023-24 financial year to complete permanent improvements to the road to ensure long term access is guaranteed for the Trust.

2. EXPENSES EXCLUDING LOSSES

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

(a) Personnel services expenses

	2023 $000	2022 $000
Salaries and wages (including annual leave)	4,813	5,176
Long service leave	103	110
Superannuation	428	435
Workers compensation insurance	239	182
Payroll tax	270	163
Payroll processing charge	26	26
Defined benefit fund liability (gains)/losses	21	11
	5,900	**6,103**

Recognition & Measurement

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

(b) Other operating expenses

	2023 $000	2022 $000
Consultants	248	312
Contract labour	460	226
Repairs and maintenance	1,092	702
Auditor's remuneration - audit of the financial statements	63	60
Bank and credit card fee	11	8
Cleaning	78	48
Hire of equipment	261	20
Insurance premiums	123	100
Insurance expenses	1,116	601
Marketing	190	41
Motor vehicles	140	101
IT maintenance and supplies	125	143
Low value and short term leases	14	24
Telephone, postage and internet	294	131
Cost of sales	330	293
Utilities	341	273
Valuers fees	60	60
Other expenses	356	230
	5,302	**3,375**

** Reconciliation - Total maintenance*		
Maintenance expense - contracted labour and other (non-employee related), as above	1,092	702
Employee related maintenance expense included in Note 2(a)	-	1,038
Total maintenance expenses	**1,092**	**1,740**

2. EXPENSES EXCLUDING LOSSES (CONTINUED)

(b) Other Operating expenses (continued)

Recognition and measurement - other operating expenses

Operating expenses are recognised as they are incurred, including fees and services, contractor - projects, advertising, publications and printing and legal costs.

(i) Maintenance expense

Day-to-day servicing or maintenance costs are expensed as incurred, except where they relate to the replacement of a material part or component of an asset, in which case the costs are capitalised and depreciated. Refer note 8.

(ii) Insurance

A range of insurances are carried by the Trust with the New South Wales Treasury Managed Fund. The expense (premium) is determined by the Fund Manager based on past claim experience. Insurance cover is reviewed annually to ensure adequacy.

(iii) Low value and short-term leases

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

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

Variable lease payments are not included in the measurement of the lease liability (i.e., variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

(iv) Cost of sales

Cost of sales consists of those costs previously included in the measurement of inventory that has been sold. Cost of sales is recognised upon the sale of goods and services.

(c) Depreciation expense

	2023	**2022**
	$000	**$000**
Buildings	1,062	1,031
Plant and equipment	35	54
Caves infrastructure	312	177
General infrastructure	467	420
Right of use assets	65	58
	1,941	**1,741**

For recognition and measurement policies on depreciation refer Note 8 and 10.

(d) Finance costs

	2023	**2022**
	$000	**$000**
Interest Expense- Lease liabilities	7	9
	7	**9**

3. REVENUE

Recognition and Measurement

Income is recognised in accordance with the requirements *of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 Revenue from Contracts with Customers. Comments regarding the accounting policies for the recognition of income are discussed below.

(a) Sale of goods and services from contracts with customers

	2023 $000	2022 $000
Cave tours and related services	1,812	983
Accommodation	374	309
Food and beverage sales	620	530
Gift shop trading	75	60
	2,881	**1,882**

Revenue recognition and measurement - sale of goods and services

Revenue from sale of goods are recognised as when the Trust satisfies a performance obligation by transferring the promised goods. The payments are typically due to the Trust upon satisfaction of its performance obligations.

Rendering of services

Revenue from rendering of services is recognised when the Trust satisfies a performance obligation by transferring the promised services. The payments are typically due to the Trust upon satisfaction of its performance obligations.

Revenue from these sales are recognised based on the price specified in the contract, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a short credit term. No volume discount or warranty is provided on the sale.

(i) Cave tours and related services

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

(ii) Accommodation

Sales of services are recognised in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total services to be provided. AASB 15 applies to contracts with customers that are enforceable and sufficiently specific. According to AASB 15, revenue shall be recognised when the Trust satisfies a performance obligation by transferring a promised good or service.

(b) Investment income

	2023 $000	2022 $000
Rental income (staff cottages)	63	77
Interest income (financial institution)	391	19
	454	**96**

Revenue recognition and measurement - investment income

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e., after deducting the loss allowance for expected credit losses).

3. REVENUE (CONTINUED)

Rental income
Rental income arising from operating leases is accounted for on a straight-line basis over the lease term.

(c) Grants and contribution

	2023 $000	2022 $000
Grants without sufficiently specific performance obligations (DPE)	2,262	9,338
Grants to acquire/construct an asset to be controlled by the Trust (Restart NSW)	533	937
	2,795	**10,275**

Revenue recognition and measurement - grants and other contributions

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

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

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

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

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

(d) Other income

	2023 $000	2022 $000
Miscellaneous income	25	26
Insurance recoveries	7,649	5,533
	7,674	**5,559**

(e) Deemed appropriation

Section 4.7 of the *Government Sector Finance Act 2018* defines deemed appropriation money as government money that the Trust (a GSF agency) receives or recovers (including from the Commonwealth or another entity) of a kind prescribed by the regulations that:

- forms part of the Consolidated Fund; and
- is not appropriated under the authority of an Act.

The Trust does not have any deemed appropriations as all receipts are appropriated under the authority of an Act.

Jenolan Caves Reserve Trust was formed as a self-funded not for profit agency under the NPW Act and as such does not receive appropriated funds from the NSW or Commonwealth Governments. The Trust is currently under the control of an Administrator appointed by the Minister administering the NPW Act.

4. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2023 $'000	2022 $'000
Bank - trading and cheque accounts	2,007	1,904
Bank - cash management accounts	9,445	10,332
Special purpose grant account	1,914	1,664
Cash at bank and on hand	6	7
	13,372	**13,907**

For statement of cash flow presentation purposes, cash is cash on hand deposits held with the Trust's bank, plus floats used in daily operations.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	13,372	13,907
Cash and cash equivalents (per statement of cash flows)	**13,372**	**13,907**

Refer note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2023 $'000	2022 $'000
Trade and other receivables	96	61
Net GST	49	48
Net trade receivables	**145**	**109**
Other receivables		
Prepayments	6	15
	6	**15**
	151	**124**

Recognition and Measurement – receivables

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

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Trust holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

5. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES (CONTINUED)

Impairment

The Trust assesses for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Trust expects to receive, discounted at the original effective interest rate.

For trade receivables, the Trust applies a simplified approach in calculating ECLs. The Trust recognises a loss allowance based on lifetime ECLs at each reporting date. The Trust has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

The Trust has not recognised any ECLs as at 30 June 2023 (2022: Nil).

6. CURRENT ASSETS – INVENTORIES

	2023 $'000	2022 $'000
For distribution		
Maintenance	4	3
Staff uniforms	5	6
Electrical	2	3
House Keeping	11	10
Total	**22**	**22**
For resale		
Gift shop	22	29
Caves House *(incl. Bistro & Restaurant)*	89	92
Total	**111**	**121**
	133	**143**

Recognition and measurement – inventories

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost or ‘first in first out” method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories acquired for nil cost or for nominal consideration is the current replacement cost at the date of acquisition. Current replacement cost is the cost the Trust would incur to acquire the asset.

Shop stocks held for more than its use by date and considered unsaleable are treated as obsolete and expensed in the net result for the year.

Generally, the amount of inventory held is small. The Trust relies on monthly stock taking to identify shop stocks and inventory held for distribution.

7. CONTRACT ASSETS AND LIABILITIES

	2023 $'000	2022 $'000
Contract liability	291	340
	291	**340**

Recognition and Measurement – contract assets and liabilities

The Trust does not have contract assets as at 30 June 2023 (2022: Nil). Contract liabilities relate to the entity's obligation to satisfy performance obligations but where funds were received at 30 June 2023.

The balance of contract liabilities at 30 June 2023 was impacted by the value and timing of the completion of performance obligations and invoicing, as well as terms of payment under the contract.

8. PLANT PROPERTY AND EQUIPMENT

Current year	Buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Caves infrastructure $'000	General infrastructure $'000	Capital work in progress $'000	Total $'000
At 1 July 2022							
Gross carrying amount	41,157	875	30	16,705	16,547	3,275	78,589
Accumulated depreciation and impairment	(28,508)	(667)	(30)	(3,752)	(6,496)	-	(39,453)
Net carrying amount	**12,649**	**208**	**-**	**12,953**	**10,051**	**3,275**	**39,136**
At 30 June 2023							
Gross carrying amount	44,264	875	30	17,457	23,557	6,751	92,934
Accumulated depreciation and impairment	(31,789)	(701)	(30)	(4,241)	(10,795)	-	(47,556)
Net carrying amount	**12,475**	**174**	**-**	**13,216**	**12,761**	**6,751**	**45,376**

Reconciliation

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

Year ended 30 June 2023

Net carrying amount at start of year	12,649	208	-	12,953	10,051	3,275	39,136
Additions	-	-	-	-	-	3,476	3,476
Revaluation Increment	888	-	-	575	3,178	-	4,641
Depreciation	(1,062)	(35)	-	(312)	(467)	-	(1,877)
Net carrying amount at end of year	**12,475**	**173**	**-**	**13,216**	**12,761**	**6,751**	**45,376**

Prior year	Buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Caves infrastructure $'000	General infrastructure $'000	Capital work in progress $'000	Total $'000
At 1 July 2021							
Gross carrying amount	40,511	833	30	9,044	15,166	1,483	67,068
Accumulated depreciation and impairment	(27,477)	(614)	(28)	(2,807)	(6,039)	-	(36,965)
Net carrying amount	**13,034**	**219**	**2**	**6,237**	**9,127**	**1,483**	**30,103**
At 30 June 2022							
Gross carrying amount	41,157	875	30	16,705	16,547	3,275	78,589
Accumulated depreciation and impairment	(28,508)	(667)	(30)	(3,752)	(6,496)	-	(39,453)
Net carrying amount	**12,649**	**208**	**-**	**12,953**	**10,051**	**3,275**	**39,136**

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior reporting period.

Year ended 30 June 2022

Net carrying amount at start of year	13,034	219	2	6,237	9,127	1,483	30,103
Additions	162	41	-	-	21	1,792	2,015
Disposals (at WDV)	(25)	-	-	-	(10)	-	(35)
Revaluation Increment	510	-	-	6,958	1,268	-	8,736
Transfers	-	-	-	(65)	65	-	-
Depreciation	(1,032)	(52)	(2)	(177)	(420)	-	(1,683)
Net carrying amount at end of year	**12,649**	**208**	**-**	**12,953**	**10,051**	**3,275**	**39,136**

8. PLANT PROPERTY AND EQUIPMENT (CONTINUED)

Recognition and measurement - Property, plant and equipment

(i) Acquisition of property, plant and equipment

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

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

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

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

(ii) Capitalisation thresholds

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

The Trust does not own land. Land is reserved as a national park under the NPW Act and is owned and controlled by the National Parks and Wildlife Service within the DPE.

(iii) Capital work in progress (WIP)

The initial recording of the payment for materials/labour/overheads on all capital works in progress is controlled by the Trust.

Once the project has been fully completed and made ready for use, the asset is then capitalised.

(iv) Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write-off the depreciable amount of each asset as it is consumed over its useful life.

The useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end. All material, separately identifiable components of assets are depreciated individually over their useful lives.

The useful lives applicable to each asset class are as follows:

Buildings	10 to 40 years
Cave infrastructure	25 to 100 years
General infrastructure	10 to 100 years
Plant and equipment and motor Vehicles	3 to 10 years

(v) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with TPP 21-09 *Valuation of physical non-current* assets *at fair value.* This policy adopts fair value in accordance with AASB 13 *fair value measurement,* and AASB 116 *property, plant and equipment.*

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

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

Also refer to note 9 for further information regarding fair value.

8. PLANT PROPERTY AND EQUIPMENT (CONTINUED)

(v) Revaluation of property, plant and equipment (continued)

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 21-09) and the Treasurer's Direction 'Valuation of Physical Non-Current Assets at Fair Value' (TD 21-05). TD 21-05 and TPP 21-09 adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment.*
Revaluations are made 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. The Trust conducts a comprehensive revaluation for each class of property, plant and equipment at least every five years. Buildings are revalued every three years. The last comprehensive revaluation of buildings was performed in March 2021 and general infrastructure was performed on 30 June 2023 and Caves Infrastructure was comprehensively revalued at 30 June 2022.

These revaluations were completed by CBRE Valuations Pty Ltd and Sheldon Consulting Pty Ltd respectively. Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. An interim management revaluation was completed for buildings and caves infrastructure on 30 June 2023. Cumulative indexation was applied to both asset classes.

Revaluation increments are recognised in other comprehensive income and credited to the revaluation surplus in equity. However, where an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

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

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

(vi) Impairment of property, plant and equipment

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

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

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13.

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

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

9. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

Fair value measurement and hierarchy

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

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

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

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

Fair value assessment of assets and liabilities has been completed for 30 June 2023 and disclosed in the relevant notes to the financial statements. The fair value assessment as at 31 March 2023 by independent valuers includes increase in construction costs for buildings and infrastructure due to supply chain issues.

Refer note 16 for further disclosures regarding fair value measurements of financial assets.

(a) Fair value hierarchy

2023

	Level 1 $’000	Level 2 $’000	Level 3 $’000	Total fair value $’000
Property, plant and equipment (Note 8)				
Buildings	-	-	12,475	12,475
Caves infrastructure	-	-	13,216	13,216
General infrastructure	-	-	12,761	12,761
	-	**-**	**38,452**	**38,452**

2022

	Level 1 $’000	Level 2 $’000	Level 3 $’000	Total fair value $’000
Property, plant and equipment (Note 8)				
Buildings	-	-	12,649	12,649
Caves infrastructure	-	-	12,953	12,953
General infrastructure	-	-	10,051	10,051
	-	**-**	**35,653**	**35,653**

(b) Valuation techniques, inputs and processes

(i) Valuation techniques and inputs:

Fair value for non-financial assets is calculated on the following basis:

Asset class	Valuation technique	Comments
Buildings	Cost	Based on current replacement cost
General infrastructure	Cost	Based on current replacement cost
Caves infrastructure	Cost	Based on current replacement cost

9. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (CONTINUED)

(ii) Highest and best use:

Non-financial assets are valued on a highest and best use basis, after taking into account their restricted use.

(iii) Level 3 measurements

The Trust's non-financial assets classed as level 3 in the fair value hierarchy are valued using a cost approach given that their use is specialised in nature and they are not actively traded in the marketplace. Cost has been derived using actual costs plus reference to industry costing guides based on the characteristics of the relevant asset.

Comprehensive valuations are conducted at least every five years. Buildings are valued every three years. Interim revaluations are conducted between comprehensive revaluations to assess whether cumulative changes to indicators may change the fair value of assets materially from their carrying value. The Trust engages independent, qualified valuers with appropriate experience in the relevant level 3 category to conduct external valuations.

Annual movements in industry costing guides or relevant indices will result in corresponding changes to the fair value of level 3 assets.

9. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (CONTINUED)

(c) Valuation techniques, inputs and relationship of unobservable inputs to fair value

Type	Valuation technique	Inputs	Valuation process
Level 3- Buildings	In 2020-21 the Trust engaged CBRE Valuations Pty Limited to provide a comprehensive valuation of buildings using the current replacement cost approach as per AASB 13 to determine fair value. In 2022-23 an interim revaluation was performed by management based on an assessment of relevant indices by an independent valuer.	- Current construction cost estimates as published in Rawlinson's Handbook 2023 - Actual comparable construction costs - Total and remaining useful life - Gross floor area The interim revaluation in 2022-23 indices are based on analysis of producer price indices, import indices, wage price index, local government and construction indices, as well as any currency fluctuations over the subject period. The valuer has analysed and developed a number of composite index factors, which include Civil, Mechanical, Electrical and Reticulation categories.	Rawlinson rates were used to develop asset unit rates, indexed to 30 June 2023 using the producer price indices for non-residential building construction, published by the Australian Bureau of Statistics. These rates were adjusted for regional indices (documented by Rawlinson) and for site factors. The interim revaluation performed in 2022-23 was based on relevant indices provided by an independent valuer. Indexation of 4.5% was applied on buildings.
Level 3- Caves infrastructure	In 2021-22 the Trust engaged Sheldon Consulting Pty Ltd to provide a comprehensive valuation of its caves infrastructure assets. Fair value was determined using the current replacement cost approach. In 2022-23 an interim revaluation was performed by management based on an assessment of relevant indices by an independent valuer.	- Current construction cost estimates as published in Rawlinson's Handbook 2023 - Condition of asset - Obsolescence of asset -'3101 road and bridge construction NSW' and '3020 non-residential building construction NSW', as published by the Australian Bureau of Statistics (ABS).	Rawlinson rates were used to develop asset unit rates, indexed to 30 June 2023 using the producer price indices for road and bridge construction and non-residential building construction, published by the Australian Bureau of Statistics. These rates were adjusted for regional indices (documented by Rawlinson) and for site factors. Indexation of 7.5% was applied on caves infrastructure.
Level 3- General infrastructure	In 2022-23 the Trust engaged Sheldon Consulting Pty Ltd to provide a comprehensive valuation of its general infrastructure assets. Fair value was determined using the current replacement cost approach. .	- Current construction cost estimates as published in Rawlinson's Handbook 2023 - Condition of asset - Obsolescence of asset -'3101 road and bridge construction NSW' and '3020 non-residential building construction NSW', as published by the Australian Bureau of Statistics (ABS).	Rawlinson rates were used to develop asset unit rates, indexed to 30 June 2023 using the producer price indices for road and bridge construction and non-residential building construction, published by the Australian Bureau of Statistics. These rates were adjusted for regional indices (documented by Rawlinson) and for site factors.

9. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (CONTINUED)

d) Reconciliation of recurring level 3 fair value measurements

2023	**Buildings**	**Caves infrastructure**	**General infrastructure**	**Total recurring level 3 fair value**
	$'000	**$'000**	**$'000**	**$'000**
Fair value as at 1 July 2022	12,649	12,953	10,051	35,653
Additions	-	-	-	-
Disposals (at WDV)	-	-	-	-
Revaluation Increment	888	575	3,178	4,641
Transfers in/(out) *(at WDV)*	-	-	-	-
Depreciation charge for the year	(1,062)	(312)	(467)	(1,841)
Fair value as at 30 June 2023	**12,475**	**13,216**	**12,762**	**38,453**

2022	**Buildings**	**Caves infrastructure**	**General infrastructure**	**Total recurring level 3 fair value**
	$'000	**$'000**	**$'000**	**$'000**
Fair value as at 1 July 2021	13,034	6,237	9,127	28,398
Additions	162	-	21	183
Disposals (at WDV)	(25)	-	(10)	(35)
Revaluation Increment	510	6,958	1,268	8,736
Transfers in/(out) (at WDV)	-	(65)	65	-
Depreciation charge for the year	(1,032)	(177)	(420)	(1,629)
Fair value as at 30 June 2022	**12,649**	**12,953**	**10,051**	**35,653**

10. LEASES

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

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Trust and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows have been included in the lease liability where it is reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, there was no revision of lease terms due to the exercise of extension and termination options.

AASB 16 *Leases* requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

(a) Right-of-use assets under leases

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

	Plant and equipment	
	2023	**2022**
	$'000	$'000
Balance at 1 July	188	218
Additions	22	28
Depreciation expense	(65)	(58)
Balance at 30 June	**145**	**188**

(b) Lease liabilities

The following table presents liabilities under leases:

	Plant and equipment	
	2023	**2022**
	$'000	**$'000**
Balance at 1 July	196	224
Additions	23	28
Interest expenses	7	9
Payments	(72)	(64)
Balance at 30 June	**154**	**196**

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

	Plant and equipment	
	2023	**2022**
	$'000	**$'000**
Depreciation expense of right-of-use assets	65	58
Interest expense on lease liabilities	7	9
Expense relating to short-term leases, low-value assets and variable lease payments, not included in the measurement of lease liabilities	14	24
Total amount recognised in the statement of comprehensive income	**86**	**91**

10. LEASES (CONTINUED)

Future minimum lease payments under non-cancellable leases as at 30 June 2023 were as follows:

	Operating lease	
	2023	**2022**
	$'000	**$'000**
Within one year	70	72
Later than one year and not later than five years	84	173
Total (including GST)	154	245
Less: GST recoverable from the Australian Tax Office	(14)	(22)
Total (excluding GST)	**140**	**223**

Recognition and measurement

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

i. Right-of-use assets

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

The right-of-use assets are subsequently measured at cost. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:
- Plant and equipment 4 to 5 years

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

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

ii. Lease liabilities

At the commencement date of the lease, the Trust recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:
- fixed payments (including in substance fixed payments) less any lease incentives receivable
- variable lease payments that depend on an index or a rate
- amounts expected to be paid under residual value guarantees
- exercise price of a purchase options reasonably certain to be exercised by the Trust; and
- payments of penalties for terminating the lease, if the lease term reflects the Trust exercising the option to terminate.

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

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

10. LEASES (CONTINUED)

ii. Lease liabilities (continued)

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

The Trust's lease liabilities are included in borrowings.

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

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

11. CURRENT LIABILITIES – PAYABLES

Recognition and measurement

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

Details regarding liquidity risk, including maturity analysis of the above payables are disclosed in note 16.

	2023 $'000	2022 $'000
Current liabilities		
Trade payables	669	699
Accrued expenses	686	104
Personnel services (a)	1,530	1,578
Total current liabilities	**2,885**	**2,381**
Non - Current liabilities		
Personnel services (a)	279	448
Total non - current liabilities	279	448
	3,164	**2,829**

(a) Personnel services

	2023 $'000	2022 $'000
Current		
Accrued employee costs/personnel services	190	120
Employee benefits - annual leave	380	540
Employee benefits - long service leave	731	704
Defined benefit superannuation	229	214
	1,530	**1,578**
Non-current		
Employee benefits - long service leave	56	91
Defined benefit fund superannuation	223	357
	279	**448**

11. CURRENT LIABILITIES – PAYABLES (CONTINUED)

Recognition and measurement - personnel services
Employee benefits and related on-costs

All employees are under the employment of DPE, therefore salaries and wages, annual leave and on-costs are classified as personnel services expenses and provisions for annual leave, long service leave, and defined benefit superannuation plans are recognised as payables.

i) Salaries and wages, annual leave and associated costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months of the end of the period in which the employees render their services are recognised and measured at the undiscounted amounts of these benefits. Annual leave entitlements which are not expected to be taken wholly within the next 12 months are required to be measured at present value under AASB119 Employee Benefits. As the Trust does not require staff to nominate expected periods of leave to be taken in the next twelve months, it is unable to determine a possible value for accumulated leave that may be taken after the next 12 months.

The Trust considers that, as its total annual leave liability totals $379,812 (2022: $540,000), the discounting of a minor component of that liability for a 1-year period would be immaterial to the total value reported. Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

ii) Long service leave

The liability for long service leave is 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 Commonwealth government bond rate at the reporting date. At balance date, the current liability has been determined as $731,426 (2022: $703,000) and non-current liability $55,632 (2022: $91,000)

iii) Superannuation

The superannuation expense for the financial year comprises the Superannuation guarantee levies payable on behalf of employees during the year, as well as any contribution required to the Defined Benefit Funds as directed by the administrator of those funds, determined by using the formulae specified in the Treasurer's Directions.

Currently the Trust has net liabilities for the unfunded portion of the relevant Defined Benefit Funds. These liabilities are determined by the funds' administrator (Pillar Administration) utilising the services of professional actuaries. The liability disclosures included in these notes are in accordance with AASB 119 *Employee benefits* as per advice received from the fund administrator.

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

12. CURRENT AND NON-CURRENT LIABILITIES – BORROWINGS

Current	2023 $'000	2022 $'000
Lease liability	70	150

Non-Current	2023 $'000	2022 $'000
Lease liability	84	46

Recognition and measurement

Financial liabilities at amortised cost

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

13. CONTRIBUTED EQUITY

	2023 $'000	2022 $'000
Balance 1 July	5,832	5,832
Balance 30 June	**5,832**	**5,832**

14. RESERVES AND RETAINED PROFITS

(a) Reserves	2023 $'000	2022 $'000
Balance 1 July	36,367	27,451
Net asset revaluation increment/(decrement)	4,641	8,736
Actuarial gains on superannuation funds	140	180
Balance 30 June	**41,148**	**36,367**

(b) Retained profits

Balance 1 July	7,934	1,349
Result for the year	654	6,585
Balance 30 June	**8,588**	**7,934**

15. RECONCILIATION OF CASH FLOWS FROM OTHER OPERATING ACTIVITIES TO NET RESULT

	2023 $'000	2022 $'000
Net cash used on operating activities	3,006	9,489
Depreciation & impairment	(1,941)	(1,741)
Change in operating assets and liabilities		
Increase/(decrease) in receivables	24	(634)
Increase/(decrease) in inventories	(10)	(19)
Decrease/(Increase) in trade & other payables	(334)	(239)
Decrease/(Increase) in provisions & defined benefit fund net liability	(98)	(140)
(Increase)/decrease in contract liabilities	49	(139)
Net result	**654**	**6,585**

16. FINANCIAL INSTRUMENTS

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

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

The Trust has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Trust, to set risk limits and controls, and to monitor risks.

(a) Financial instrument

	Note	Category	Carrying amount 2023 $'000	Carrying amount 2022 $'000
Financial assets				
Class:				
Cash and cash equivalents	4	Amortised Cost	13,372	13,907
Receivables[1]	5	Receivables (at amortised cost)	96	61

	Note	Category	Carrying amount 2023 $'000	Carrying amount 2022 $'000
Financial liabilities				
Class:				
Payables[2]	11	Financial liabilities measured at amortised cost	3,164	2,829
Borrowings	12	Financial liabilities measured at amortised cost	154	196

Notes:

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

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

(b) Derecognition of financial assets and financial liabilities

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Trust could be required to repay. A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified; such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

16. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risks

(i) Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Trust. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses or allowance for impairment).

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

Credit risk associated with the Trust's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

The Trust considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Trust may also consider a financial asset to be in default when internal or external information indicates that it is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Trust.

Cash and cash equivalents

Cash comprises bank balances at the Trust bankers. Interest is earned on the minimum monthly balance.

Receivables - trade debtors

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

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

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Trust has identified the GDP and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery includes, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The Trust’s trade debtors balance as at 30 June 2023 is nil (2022: nil) and no loss allowance for trade debtors was determined as at 30 June 2023 (2022: Nil).

The Trust is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2023. Most of the Trust's debtors have a high credit rating.

16. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risks (continued)

(ii) Liquidity risk

Liquidity risk arises from the possibility that the Trust might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Prudent liquidity management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facility and the ability to close out of market positions.
The Trust manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, management aims at maintaining flexibility in funding by keeping committed credit lines available. Surplus funds are generally only invested in major financial institutions.

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11-12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Trust may automatically pay the supplier simple interest. The applicable rate of interest for the year ended 30 June 2023 was 11.46% (2022: 8.07%).

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

			$'000					
			Interest rate exposure			Maturity dates		
	Weighted average effective interest rate	**Nominal amount[1]**	**Fixed interest rate**	**Variable interest rate**	**Non-interest bearing**	**< 1 year**	**1-5 years**	**> 5 years**
2023								
Payables	N/A	3,164	-	-	3,164	2,885	279	-
Borrowings		154	-	-	154	70	84	-
		2,759	**-**	**-**	**2,759**	**2,396**	**363**	**-**

			$'000					
			Interest rate exposure			Maturity dates		
	Weighted average effective interest rate	**Nominal amount[1]**	**Fixed interest rate**	**Variable interest rate**	**Non-interest bearing**	**< 1 year**	**1-5 years**	**> 5 years**
2022								
Payables	N/A	2,829	-	-	2,829	2,381	448	-
Borrowings		196	-	-	196	150	46	-
		3,025	**-**	**-**	**3,025**	**2,531**	**494**	**-**

Notes:

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Trust can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

16. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risks (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Trust's interest-bearing liabilities. The Trust does not have any interest - bearing borrowings. The Trust does not account for any fixed rate financial instruments at fair value through other comprehensive income or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

		1%		-1%	
	Carrying amount	**Net result**	**Equity**	**Net result**	**Equity**
2023					
Financial assets					
Cash and cash equivalents	**13,372**	**134**	**134**	**(134)**	**(134)**
2022					
Cash and cash equivalents	**13,907**	**139**	**139**	**(139)**	**(139)**

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying value less impairment provision trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Trust for similar instruments.

17. COMMITMENTS

Capital commitments

	2023 $'000	2022 $'000
Not later than 1 year	4,945	4,115
Total (including GST)	**4,945**	**4,115**

18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Contingent assets

The Trust is entitled to receive reimbursements of costs incurred due to losses of Property and Business Interruption due to bushfires, floods. The Trust is insured through iCare for 100% of these costs and losses.

Since July 2020 the Trust has been relying on insurance funds for both Property and Business Interruption claims. The Trust has also incurred similar losses in the current financial year from further floods causing damage to the Jenolan Caves Road (2 mile hill).

(b) Contingent liabilities

There were no contingent liabilities as at 30 June 2023 (2022:nil).

19. RELATED PARTY DISCLOSURE

The Trust's key management personnel have been identified as the Minister, Administrator and Director roles. Compensation for the Minister and Administrator are not paid by the Trust and as such no amounts are included in the disclosure below.

The Trust's key management personnel compensation is as follows:

	2023 $'000	2022 $'000
Remuneration (including superannuation contributions)	199	194
Post-employment income	22	19

The Trust receives support and personnel services from DPE, refer to note 2(a).

The Trust has not entered into any arrangement or transactions with the key management personnel, their close family members or entities controlled or jointly controlled by these individuals.

During the year, the Trust has entered into following transactions with other entities that are controlled by the NSW Government:

- Grant funding of $2.062 million from DPE towards refurbishment of assets and mitigation of risk factors.
- Grant funding of $0.020 million from Restructure NSW (formally Resilience NSW) towards Weed Management, Culverts, Dams and Roads
- Grant funding of $0.450 million from Restart NSW towards refurbishment of buildings and improvement of visitor facilities

20. EVENTS AFTER THE REPORTING PERIOD

Transport For NSW anticipates closing the Jenolan Caves Road (2-mile hill) from February 1st 2024 to complete permanent improvements to the road to ensure long term access is guaranteed for the Trust.

There are no other known events that would impact on the state of affairs of the Trust or have a material impact on the financial statements.

End of audited financial statements.