

Jenolan Caves Reserve Trust

Annual Report
2006 - 2007

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Our Role

Mission Statement

To manage the natural and cultural heritage and the visitor facilities of Jenolan Caves Karst Conservation Reserve in an environmentally, socially and commercially sustainable manner.

Charter/Legislation

The Jenolan Caves Reserve Trust is a body corporate which has been created under the provisions of the National Parks and Wildlife Act 1974 and is responsible to the Minister for Climate Change, Environment and Water.

The Trust is responsible for the care, control and management of the Jenolan Caves Visitor Use and Services Zone (VU&SZ), which is regarded as being both environmentally and culturally significant.

The area is included on the NSW Heritage Register.

Aims & Objectives

The main goals of the Trust are the care, control and management of the Jenolan Caves VU&SZ, ensuring the protection of the natural and built environment, encouraging the enjoyment of the area by visitors through the promotion of the historical, scientific, educational, cultural and environmental values of the area.

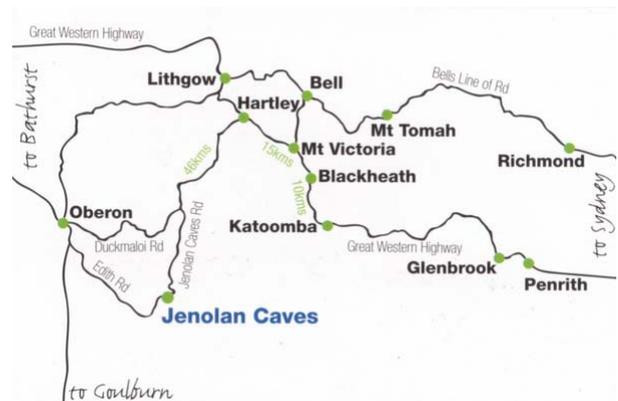
The VU&SZ includes a variety of caves, accommodation, walking tracks, picnic and recreational areas. The area provides interpretative information on the geological, cultural and historical background to the area.

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

The Reserve also contributes to our understanding of Aboriginal culture and European heritage, and is widely recognised for its interpretative, research and educational values.

The Reserve is an important centre for recreational and tourist activities but conservation is paramount. The relationship between the commercial, natural and cultural environment and tourism is complex but generally well integrated.

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



Reserve Location Map

Administrator Report



It is with great pleasure I report that 2006/07 was a challenging yet rewarding experience for all at the Trust. The start of the year saw the transfer of the Wombeyan, Abercrombie and Borenore Reserves and the Karst Conservation Unit to the Department of Environment and Climate Change. Whilst we were sorry to see our colleagues leave us after making such a significant contribution to the Trust, the move has strengthened the ties between the Trust and the Department.

The astounding revelation that Jenolan has the world's oldest discovered open caves at 340 million years marked an auspicious start to the year. Though experts had long suspected the caves were older than previously thought, even they were surprised to find they dated back to the Carboniferous era. In geological terms, that is a very long time – to put it in context, the Blue Mountains began to form

100 million years ago, dinosaurs became extinct 65 million years ago, and Tasmania joined the mainland as recently as 10,000 years ago.

Greatly enhancing the experience of all visitors to Jenolan Caves, the first self-guided tour opened this year with the launch of the Nettle Cave. Closed for the past 74 years, a new walkway together with state of the art lighting and audio guides makes the Nettle Cave a new and popular experience for visitors. The Cave is partly open to the elements and the stunning rock formation, distinguished by its unique “crayfish” stromatolites, catches the eye and imagination of visitors who can explore and absorb the enchantment of this unique cave at their own pace.

The Government acquired the lease for Caves House in July. Responding with enthusiasm and professionalism, staff successfully took on the key challenge to radically improve visitor satisfaction through better integration of services at Jenolan and the resulting increase in service standards was immediately apparent. Urgent maintenance work was directly undertaken at Caves House and will continue with the replacement of the roof and extensive external painting of the premises.

Updating the critical IT core of Jenolan's operations, the main management system was replaced over six months with minimal disruption to business. This major operation introduced new cave ticketing and hotel management systems and will provide stability and enhance our business well into the future.

The Trust moves into 2007/08 with clear objectives. Our strategic vision, defined by our people, is to provide excellence in karst conservation and tourism and our mission is to manage the natural and cultural heritage and visitor facilities in an environmentally, socially and commercially sustainable manner.

Alan Griffin Administrator

Alan Griffin is on secondment as Administrator of the Jenolan Caves Reserve Trust to implement the structural changes recommended by the Council on the Cost and Quality of Governments (COCQG) review in 2003. The Administrator also acts in the capacity of the Trust Board. Alan was Deputy Director-General of the Department of Commerce, with 33 years experience in engineering, construction, contracting and policy development. He holds a Bachelor of Science-Engineering (with Merit) from the University of NSW and a Graduate Diploma in Business Administration (with distinctions) from the UTS. Alan is a Fellow of the Australian Institute of Engineers.

Overview by Peter Austen, Commercial Manager



The transfer of some of the Trust's staff assets and resources to the Department of Environment and Climate Change at the beginning of the financial year and the acquisition of the lease for Jenolan Caves House at virtually

the same time heralded a period where the remaining management and staff were faced with enormous challenges.

A priority has been to integrate staff and management systems. The concentration of the Trust's program to provide new and updated infrastructure within the caves and tourist precinct continued and the state of much of the infrastructure associated with Jenolan Caves House presented a whole new set of challenges.

Staff have responded well to the new challenges and have achieved a great deal in spite of the circumstances that have confronted them.

Jenolan Caves Reserve Trust Division

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

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

Visitation

Marketing priorities for the Trust have focussed on rebuilding the market appeal of the destination. Key strategies included proactively seeking wider positive media exposure for Jenolan Caves and using events to entice visitors but also as avenues to create opportunities for media coverage.

Total visitation to Jenolan Caves, as compared to the previous year, follows:

Jenolan	2005/06	2006/07
	218,866	217,590

After a positive start to the year adverse weather conditions during the second half of the year, with prolonged road closures due to weather conditions, saw numbers drop back to levels that were similar to the previous year.

Income & Expenditure

Revenue from ordinary activities was \$6,187,164, an increase of \$971,035 on last year. Expenses from ordinary activities was \$7,263,630, an increase of \$1,834,670 on the previous year.

Our Staff

The implementation of the recommendations of the Council On the Cost and Quality of Government review and the management of the NSW Treasury funded capital works projects has been a major focus of the Trust this past year. Integration with Caves House has also been a priority.

Trust staff have met the challenges admirably and I commend them on that achievement during this particularly demanding time.

Research and Monitoring

We continue to support and encourage many research activities on the Reserve. Details of these are contained in the Research and Development Report.

The newly established Karst Conservation Unit within Department of Environment and Climate Change (NSW) provided the Trust with expert technical and strategic policy advice. This advice particularly related to issues of conservation and interpretation of the caves.

Jenolan Caves has undertaken extensive environmental monitoring programs for many years. During the year the programs will be

Overview (cont)

furthered improved as the Trust has committed to the installation of electronic monitoring stations at a number of fixed sites within the cave system. The initial installation will monitor air quality with subsequent installations designed to monitor water quality throughout the cave system. This initiative will mean that the cave system will be monitored on a continuous ongoing basis.

World Heritage

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

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

Major Developments

Major capital works projects that were either underway or completed during the 2006 – 2007 financial year are identified in the Statutory Information section of this report.

A key focus this financial year has been the completion of the Nettle Cave Self Guided Tour. The Trust received funding of \$1.2m for the completion of the self guided tour through a commercial loan from Treasury Corporation.

The launch, by Gerard Martin, MP, Member for Bathurst, highlighted the professionalism and diligence of all involved in this truly outstanding achievement.

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

Jenolan Caves House

The return of the lease for Jenolan Caves House to the Government in early July 2006 meant that Jenolan Caves Reserve Trust assumed operational control of this complex which includes buildings and items of significant heritage value. A number of outstanding maintenance issues have needed to be addressed during the year to ensure that services to visitors were improved and to preserve the historically significant fabric of the Caves House complex.

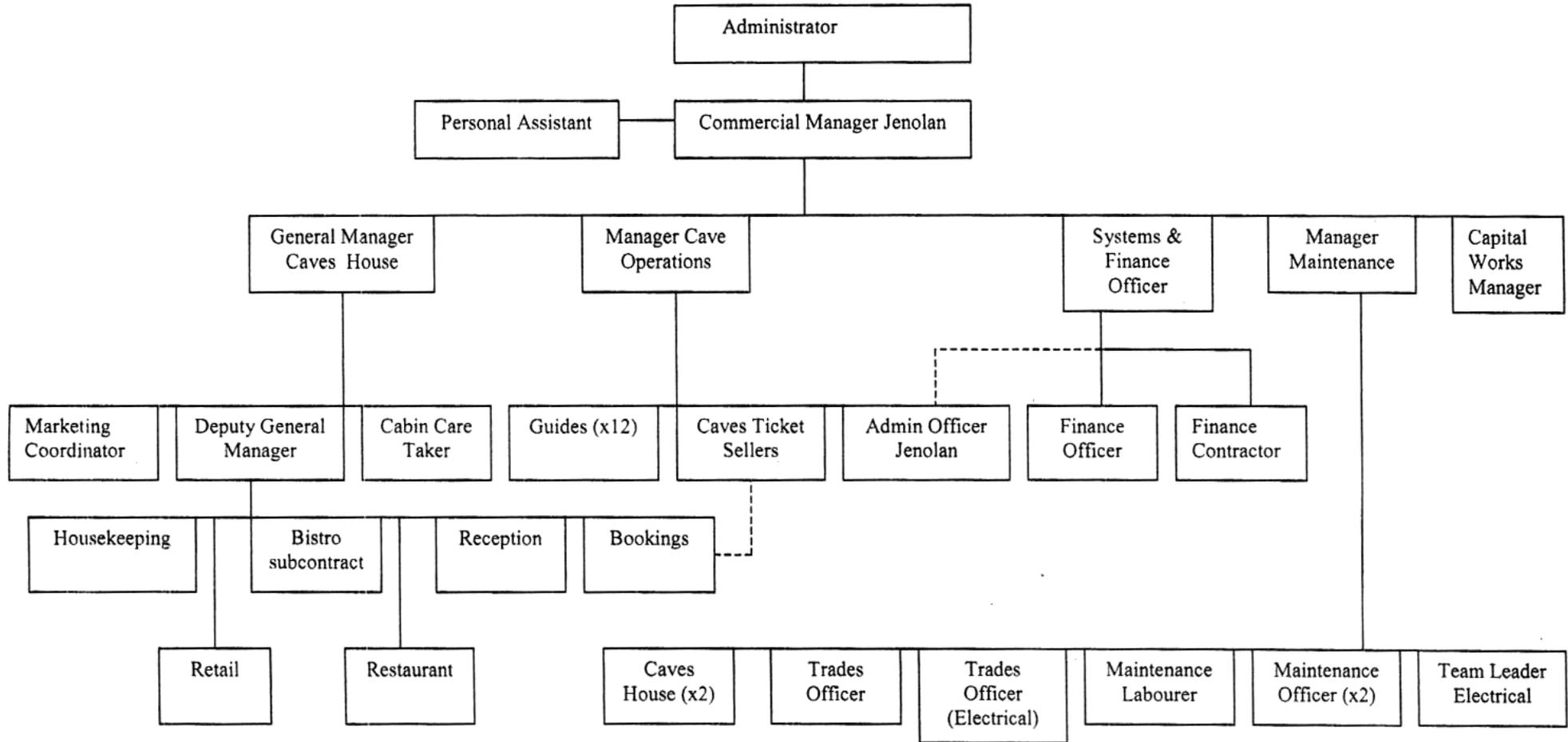
The removal of high and medium risk asbestos from the Caves House complex was undertaken under the supervision of the Department of Commerce. Issues such as heating, provision of reliable hot water, fire safety provisions, emergency lighting and refrigeration systems were all matters that need significant resources allocated to them to enable rectification. Greater detail is provided in the Visitor Zone Maintenance section of the report.

The telephone and computer systems within Jenolan Caves House have also been upgraded to contemporary standards, a new hotel management system installed and both the telephone and computer systems have been integrated across the destination.

Key Result Areas

A review of the Business Plan was undertaken in June 2007 and the Trust's new Business Plan will be completed early in the new financial year. This plan gives the Trust a renewed focus and ability to implement many new plans and works.

Organisational Chart



Cave Operations

Performance Indicators

Compared to 2005/2006:

- Visitation: -0.58%
- Revenue: +11.22%
- Expenditure: +11.67%
- Number of Cave Tours: +6.24%
- Revenue per FTE: +6.26%%
- Total Expense per Visitor: +7.27%
- Total Revenue per Visitor: +11.87%

2006/2007 Financial Year

- Total FTE: 21.37
- Number of Tours per FTE: 430
- Salaries & Wages as % of Total Expenditure: 67.05%
- Maintenance Expense as % of Total Expenditure: 3%

FTE = Full time equivalent staff

Visitation

Visitation remained steady during the year and equalled the previous year's result at just over 217,000 cave visits. Yield per client increased to \$15.70. With regional tourism in decline this result is considered to be satisfactory.

A key to maintaining the visitation levels has been the reopening of the Nettle Cave after 74 years. The Cave has been redeveloped as a self guided tour using suspended boardwalks and infrastructure designed to have minimal impact on the cave environment. Visitors tour the Nettle Cave and adjoining Devil's Coachhouse using state of the art digital audio handsets provided by Acoustiguide. The commentary is in English, German or Mandarin with provision for more languages to be added. The introduction of a self guided tour has enabled the Trust to offer visitors the opportunity to spread their activities over the day and take pressure off the previously crowded guided tours during peak mid day windows.

Packaging of tours has contributed to an improvement in yield.

The Team

The Visitors Service team is a highly skilled and committed group of people who take pride in their work. Guiding staff progress through a competency based training program using both internal and external training resources. Through alliances with Registered Training Organisations, including local TAFE college, staff obtain nationally accredited qualifications in tourism and outdoor recreation including specialised training in interpretive guiding. Higher levels of competency are recognised by progression through a grading and remuneration system. This program has supported a high level of professionalism and self esteem among the guiding staff.

Two staff members were promoted from Guide Grade One to Guide Grade Two during the year.

Two full time guide positions became vacant and have been filled on a temporary basis.



Cave Operations Office

Cave Operations (cont.)

Training

Internal and external training courses have been conducted resulting in national accredited qualifications.

During the year the following qualifications were obtained:

- 12 staff completed Senior First Aid
- 10 staff completed Certificate III Tourism
- 5 staff completed Certificate III Outdoor Recreation (Horizontal and Vertical Caving)
- 2 staff completed OH&S Committee Members Course

The Trust has also given support to members completing advanced studies beyond the competency program.

Eighteen successful applicants joined our Guides Trainee programme. Many of these have progressed to the level of Guide Grade One and gained employment with the Trust as Casual Guides.

The Trust has hosted nine work experience students during the year. Programs are available to cater for High Schools through to mature age students completing advanced studies in Tourism, Outdoor Recreation and Science.

Special Events

A series of commemorative cave tours to celebrate anniversaries in Jenolan's History were held. The first of these was in October 2006 to celebrate the declaration of the caves as a reserve in October 1866. Historic characters have been brought alive by staff acting in the role of various key personalities who have influenced the history of Jenolan over the last 170 years.

Regular Cello and Gypsy concerts featuring Georg Mertens and the Paganini Duo continue to be held in the caves. New musical events have been added to the program this year including Country in the Caves (country music) and the sounds of the didgeridoo from the group Didjeridu Dingo.

Community Christmas Carols were held in the Grand Arch. Talented staff members and visiting artists performed in the Grand Arch to an audience of over 200. The event supported the charity "Kayaking and Cycling for Kemo Kids".

Ticketing System

Upgrades to the 'Centaman' ticketing system have been introduced. This has provided a platform for integration with the Caves House hotel management system.



Commemorative Tour

Jenolan Caves House

On 3 July 2006 the accommodation and hospitality operations at Jenolan were acquired by the Trust from the Receiver & Manager of the previous operator. The operations consist of “Caves House” the heritage complex that includes 38 letting rooms, Grand Dining Room, conference suite, retail outlet and a day visitor food and beverage facility. Other accommodation includes the “Mountain Lodge” incorporating 30 motel style units, and the “Gatehouse” a 70 bed backpacker facility.

The accommodation tariff structure was realigned as part of a re-positioning strategy to stimulate patronage following a number of years of declining occupancy. A focus on presenting a value proposition was also a key part of the strategy. The realignment has resulted in a revenue improvement when compared to the previous year in the order of 24%.

The integration of all business operations at Jenolan has presented significant marketing opportunities that impelled a refresh of branding for the destination. The refresh presents a more contemporary profile along with emphasising the unique features that represent the essence of “Destination Jenolan”.



In order to build occupancy the “CAVES PLUS” profile is being developed. The profile highlights the adventure, accessible wilderness and heritage attributes of the destination in addition to the traditional globally iconic show caves.

The customary school holiday periods and weekends have been the initial periods to receive strong market demand. Midweek trading is the subject of future marketing initiatives. As a direct result of integration innovative products can now be developed to stimulate demand in the Corporate Retreats, Groups, Inbound and Backpacker market segments.

A calendar of events was established to assist with market awareness and stimulate visitation. The Annual Historical weekend established in conjunction with the Jenolan Historic & Preservation Society was launched in February 2006. This prestige event has been well received by NSW residents wishing to discover and develop a greater awareness and understanding of the Jenolan environment.

The year in review has been particularly challenging in re-building the Jenolan Caves Hospitality team, a recognised core strength, of a successful hospitality business. In this regard a strategy has been pursued of re-engaging with the local community in order to provide the essential human resource for the business.

Jenolan Caves House cont.

Integration of the businesses has delivered a major benefit to the hospitality operations by way of the expertise and services of the Jenolan Caves technical services division. The complexity and size of the infrastructure combined with the age and heritage nature places inordinate demands on both financial and technical services personnel resources, for the day to day functioning and maintenance of the various buildings and associated plant.

The activities of the past year have been by way re-developing the foundations of the business to establish a platform to pursue revenue growth strategies and develop the human capital of the operation. As a result the Jenolan Caves Reserve Trust will be able to continue to maintain and restore the heritage assets of Jenolan Caves House and associated hospitality operations.



Jenolan Caves House

Visitor Zone Maintenance

General Maintenance

Throughout the 2006/2007 year the following general maintenance was carried out:

- Trust archived records – now situated in the Caves House complex. This involved many staff hours to ensure that all records were transported in the correct order and stored appropriately.
- Riparian Weed Grant of \$28,000 – Riparian weed removal was completed for this round of funding. The area from the Blue Lake to the end of the camping ground was completed. A&S Bushcare completed working on the ivy at the Blue Lake wall. The Trust's contribution to the funding was by way of accommodation and project management of \$8,000.
- Motor vehicle fleet – the fleet lease term expired at the end of June. After consultation regarding the Trust's needs of motor vehicles, new vehicles were ordered. The Trust is taking a longer lease period of three years.

Major works completed are detailed in the Statutory Information section of this report.

Caves House Maintenance

Since the lease was acquired in June 2006 works have been undertaken throughout Caves House. These works included:

- Asbestos removal – tenders were called for the removal. Works were completed and an asbestos register has been created. The OH&S Committee were kept informed of removal works.
- Closed Circuit Television – installation of CCTV throughout Caves House was completed and the system is fully operational.

- Fire Safety – the Trust employed the services of a consultancy company to identify works that required attention. The Trust has completed some works from this report and is nearing completion on others. Works included: sprinkler system replaced, repaired and tested; portable fire fighting equipment replaced; fire hydrant system replaced, repaired and tested; and fire alarms installed.
- Emergency lighting and fire exit signage – works completed in Caves House, Gatehouse, the Cottage, Mountain Lodge and Hill Flats. A register and plans for location and testing timeframe have been created.
- Boiler system steam heating – a steam trap survey was undertaken and 95% of steam traps were replaced.
- Boiler system hot water – a new water softener was installed, internal water coils replaced, all pipe works and valves replaced and the internal boiler cells were cleaned and de-scaled.
- Refrigeration – all refrigeration was repaired or replaced throughout the Caves House complex.

A program has been developed for further works during the next financial year.

Research & Development Report

The following initiatives/actions were implemented in the 2006/07 financial year:

Jenolan Karst Conservation Reserve Plan of Management

Following negotiations with key stakeholders, a Draft Plan of Management (PoM) has been prepared and is currently under consideration by the Minister for the Environment. The Draft PoM delineates the Reserve into two distinct zones: the Visitor Use and Services Zone (comprising the majority of the Reserve's infrastructure and its show caves), and the Conversation Management Zone. The Draft PoM identifies alternative options for managing the Reserve's accommodation and cave tour services, and includes strategies for protecting and enhancing its natural, cultural and recreational values. It is anticipated that the Draft PoM will be adopted and finalised by June 2008.

Streamwatch

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

The Streamwatch program has been on-going, providing the Trust with information not previously available including variations in water chemistry which may be deleterious to flora and fauna communities. Several staff have had the opportunity to participate in this program, developing new skills and enhancing their understanding of hydrological processes.

Brush Tailed Rock Wallabies

The Brush Tailed Rock Wallaby Captive Breeding Program continues to flourish with 4 additional pouch young recorded in the two monitoring sessions of the 2006/07 financial year. The Department of Environment and Climate Change, in conjunction with the Trust and Australasian Regional Association of Zoological Parks and Aquaria, are managing the program which is integral to the future conservation of the species, with a major monitoring of the area planned for the near future.

Scientific and Environmental Advisory Committee

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

- Development of Blue Lake Management Strategy.
- Development of Heritage Asset Management Strategy.
- Re-activation of Karst research facility.
- On-going survey of show caves (Jenolan KCR).
- Finalised inventory of scientific equipment.

Blue Lake Management Strategy

A strategy to aid the future management of the Jenolan Blue Lake has been endorsed by the Trust, with a number of actions having commenced, or been completed, in the 2006/07 financial year. The most notable of these was the preparation of a landscape concept plan for the Lake and surrounds, which involved consultation with a variety of stakeholders including speleologists and staff from the Department of Environment and Climate Change. The endorsement of the plan is expected to occur in mid to late 2007.

Research & Development Report (cont.)

Research

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

Jenolan Caves Survey

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

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

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

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

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

Corporate Resources

Finance Department

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

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

Information Technology

The 2006-07 year realised a complete upgrade to the Information Technology (IT) system at Caves House. As there had been little work undertaken in this area for 10 years, the upgrade included new cabling, server, gigabit switches, workstations, notebooks, printers, MFC unit, facsimile and software.

In addition, the Bathurst administration office had a new Novell 6 Server installed, as well as new workstations.

The Visitor Services office at Jenolan also had new workstations installed. Included in the Visitor Services upgrade were new gigabit switches and ticket printers.

The Centaman ticketing system was upgraded from the Advantage series to the Enterprise system and investigations are underway to establish the suitability of the Centaman system for use as a Bookings Management system for Caves House. It is envisaged this would include accommodation bookings and point of sale for the restaurant, giftshop, bar and bistro.

The new server at Jenolan is Windows 2003 based and is housed in Caves House and provides all services including file sharing, and the Centaman suite of software.

As with the Bathurst administration office, the Jenolan system is protected by an integrated, centrally controlled and managed application suite from Symantec.

The Trust continues to use the Microsoft Office suite as a basis for workstation productivity with specialist programs installed on individual computers as required. Microsoft Windows XP Professional is used on all.

Alarms and CCTV have been installed to ensure security in Caves House, the caves ticket office and the Nettle self-guided cave tour.

In addition to the new IT infrastructure, the Trust enjoys a new PABX, installed by Commander Australia Ltd. This provides services to the entire Jenolan Village complex and has the capacity for over 300 extensions.

Capital Expenditure

Expenditure on capital works and equipment totalled \$2,731,616 and consisted of:

Cave Infrastructure	\$1,406,099
General Infrastructure and Environmental Projects	\$ 366,965
Buildings/workshops and leasehold improvements	\$ 828,623
Computers	\$ 129,929
	<u>\$2,731,616</u>

Annual Financial Statements

Below is a summary of the Operating Statement for 2006/2007 compared with 2005/2006.

	\$ 2006/2007	\$ 2005/2006
Revenues from ordinary activities	6,187,164	5,216,129
Expenses from ordinary activities	(7,263,630)	(5,428,960)
Profit (loss) from ordinary activities	(1,076,466)	(212,831)

Statutory Information

Senior Executive Officers

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

Classification of Positions

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

	2004/2005	2005/2006	2006/2007
General Manager	1	1	deleted
Commercial Manager			1
Executive Assistant to the General Manager	1	1	deleted
Personal Assistant			1
Business Development Manager	1	1	deleted
Systems Administrator & Finance Officer	1	1	1
Senior Finance Officer	vacant	vacant	vacant
Administration Officers	1.4 3 vacant	0.4 4 vacant	1 3.4 vacant
Senior Environment Manager	1	1	deleted
Advisory Scientist	vacant	vacant	deleted
Manager Jenolan Caves	1	1	deleted
Manager Wombeyan, Abercrombie and Borenore	1	1	transferred to DECC
Visitor Services Coordinator, Jenolan	1	vacant	deleted
Manager Cave Operations			1
Guides positions	12 4 vacant	12 4 vacant	12 2 vacant
Visitor Services Officers	0.6 1 deleted	0.6 1 deleted	0.8
Caretaker Jenolan Caves Cottages	vacant	vacant	vacant
Team Leader – Maintenance	1	1	vacant
Team Leader - Plant Electrician	1	1	1
Ranger	vacant	vacant	transferred to DECC
Trades Officer (Electrician)	1	1	1
Trades Officers	1	1	1
Maintenance Officer	2 2 vacant	1 2 vacant	4 2 vacant
Deputy General Manager Caves House			1

Recruitment Statistics

The recruitment and employment needs of the Trust for the period 1 July 2006 to 30 June 2007 were met as follows:

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

In all there are 36 permanent positions covering 18 categories.

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

The Trust's estimated full time equivalent staff number (FTE) as at 30 June 2007 was 50.04.

There were two voluntary redundancy payments during the year.

Statutory Information (cont)

Training

Total training costs for the year, including staff hours and course costs, was \$57,816.88.

Paid staff hours for external training 2006/2007 \$25,785.55; 2005/2006 \$18,539; 2004/2005 \$14,616.

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

EEO Statistics

Total positions held by males and females are detailed below:

	Males %	Female %
2004/2005	61.2	38.8
2005/2006	72.0	28.0
2006/2007	57.0	43.0

Of the permanent employees 57% are male and 43% are female. In 2006/2007 the average remuneration for males was \$58,451 and females \$39,403.

Approximately 18% of all staff on the payroll are permanent, the balance are employed on a temporary or casual basis.

Staff relieved in higher positions (min 5 days relief) on 4 occasions.

Overseas Visits

There was no official overseas visits undertaken by staff during the 2006/2007 financial year.

Consultants

Throughout 2006/2007 the Trust supplemented internal resources with the following consultancy expertise (costs excluding GST):

Equal to or more than \$30,000

Winchester and Associates \$199,739
Provided contract services for the management of Jenolan Caves House, Chislom's Restaurant and Bistro

Under \$30,000

During the year six consultants were engaged totalling the amount of: \$ 17,628

TOTAL CONSULTANCIES \$217,367

Account Payment Performance

Account payment performance indicators for 2006/2007 financial year:

Average time taken to process accounts inclusive of:

Current (within 30 days)	\$30,068
Less than 30 days overdue	\$310.76
Between 30-60 days overdue	\$22,843
Between 60-90 days overdue	Nil
Over 90 days overdue	\$32,758
Percentage of accounts paid on time	72%
Total of accounts paid on time	\$6,620,439
Total of accounts paid	\$9,166,763

Commentary:

- Payment is made on invoice after authorisation within terms through the Accounts Payable module of the Accpac accounting package.
- Credit card use in the Trust has been in accordance with Premiers Memorandum and Treasurer's Direction.

The electronic transfer of funds using the Westpac Deskbank facility continued throughout 2006/2007.

Statutory Information (cont)

Disability Plans

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

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

Ethnic Affairs Priorities Statement

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

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

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

- The provision of multi-lingual brochures.
- The recruitment of multi-lingual staff. New guiding positions include a second language as a desirable qualification.
- Ongoing research into the needs of ethnic groups and particular market segments.
- The implementation of competency-based training for guides, which includes a nationally recognised module on cultural awareness.
- Provide audio guides for the self guided tour at Jenolan in English, German and Mandarin.

The Trust's commitment to understanding and catering to the needs of ethnic groups will continue in 2007/2008. It will:

- Investigate the redesign of current public communication programs including the redesign of Trust website.
- Support the introduction of an Aboriginal Cultural Heritage Program.

Consumer Response

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

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

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

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

Statutory Information (cont)

Occupational Health & Safety

A new Committee was elected during the year. The new Committee has been working closely with management and staff. Objectives of the committee for the year included:

- Coordinating with the Jenolan guiding staff's cave maintenance program to continue the elimination of all slip and trip hazards within the show-cave system.
- Introducing a regular program of staff education in OH&S legislation and OH&S process in the workplace. This has included a weekly briefing at staff meetings and the production of information sheets and an office 'flowchart' detailing the correct procedures for effective communication of OH&S issues.
- A program of workplace inspections was devised and the Committee regularly reports at meetings on the outcomes of inspections.

All members were trained in OHS Consultation for Committee Members.

Freedom of Information Requests

There was one (third party consultation) FOI request in 2006/2007.

Risk Management

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

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

Energy Management

The Trust continues to comply with our Energy Management Policy.

Waste Management

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

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

Policy & Planning

The Trust reviewed its Business Plan in June 2007. The plan is due to be finalised early in the new financial year and will be released to staff.

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

Research

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

Advisory Committees

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

Scientific and Environmental Advisory Committee

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

Speleological Advisory Committee

John Bonwick
Chris Norton
Ben Nurse
Darryl McDowell

Statutory Information (cont.)

Major Works Completed or Underway

Major works programs completed or underway are:

- Lucas Cave – this project is nearing completion with the entrance and exit completed and the end of Mafeking Branch complete except for the caged tunnel.
- Chifley Cave – all works completed.
- Temple of Baal Cave – all works completed.
- Imperial Cave – handrails completed.
- Orient Cave – all stainless steel handrails and caged sections were completed. The estimated timeframe for completion of the re-electrification of the Cave is March 2008.
- Visitor Accommodation – nearing completion.
- Walking tracks – all works along the walking tracks completed except for the Blue Lake. The Blue Lake project will be the last of the track work. Consultants have been hired to assist with a landscape plan.
- Water reticulation – final connections to be fitted.
- Water pumps / generator – works completed. All pumps are fully operational and a back-up generator has been installed.
- Telstra Mobile Tower – new tower installed and fully operational.
- Nettle Cave – all works completed.

Publications

Brochures/Leaflets:

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

Other:

Trust's planning document and Annual Reports.

Printing Annual Report 2006/2007

Total external cost – Nil.

Report is available on the Jenolan Caves Reserve Trust website

www.jenolancaves.org.au



Orient Cave Handrails

Independent Audit Report



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Jenolan Caves Reserve Trust

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Jenolan Caves Reserve Trust (the Trust), which comprises the balance sheets as at 30 June 2007, the income statements, statement of changes in equity and cash flow statements for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Trust and the consolidated entity. The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Trust and the consolidated entity as at 30 June 2007, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

Administrator's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

- about the future viability of the Trust or consolidated entity,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Independence

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

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



R Hegarty FCPA
Director, Financial Audit Services

18 December 2008
SYDNEY

Statement by Members of the Trust

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

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Jenolan Caves Reserve Trust as at 30 June 2007 and transactions for the twelve months then ended.
2. The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005, and the Treasurer's Directions.

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



Name: Alan Griffin

Position: Administrator

Date: 18 December 2008



Name: Peter Austen

Position: Director

Date: 18 December 2008

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	Consolidated Entity		Jenolan Caves Reserve Trust	
		2007	2006	2007	2006
		\$	\$	\$	\$
Revenue from Continuing Operations	2	6,187,164	5,216,129	6,187,164	5,216,129
Other Income	2	478,711	1,215,739	478,711	1,215,739
Total Income		6,665,875	6,431,868	6,665,875	6,431,868
Employee Benefits Expense	3.1	(3,289,818)	(2,601,604)	-	(1,847,139)
Personnel Services Expense	3.1	-	-	(3,289,818)	(754,465)
Administrator Costs		(255,508)	(384,634)	(255,508)	(384,634)
Bad Debt Expense		(27,096)	(171,545)	(27,096)	(171,545)
Contract Labour		(274,411)	-	(274,411)	-
Consultancy Fee		(217,367)	-	(217,367)	-
Cost of Goods Sold		(645,680)	(60,071)	(645,680)	(60,071)
Depreciation Expenses	3.2	(206,347)	(345,267)	(206,347)	(345,267)
Lease Negotiations		(43,996)	(507,346)	(43,996)	(507,346)
Marketing		(378,050)	(335,132)	(378,050)	(335,132)
Insurance		(85,520)	(96,159)	(85,520)	(96,159)
Interest		(214,117)	-	(214,117)	-
Motor Vehicle		(79,060)	(121,450)	(79,060)	(121,450)
Heat & Power		(254,187)	(89,726)	(254,187)	(89,726)
Commission		(96,801)	(97,477)	(96,801)	(97,477)
Telephone, Postage & Internet		(110,826)	(81,394)	(110,826)	(81,394)
Repairs and Maintenance		(158,783)	(72,049)	(158,783)	(72,049)
Other Expenses	3.3	(926,063)	(6,965,106)	(926,063)	(6,965,106)
Extraordinary Items	3.4	(8,813,285)	-	(8,813,285)	-
Total Expenses		(16,076,915)	(11,928,960)	(16,076,915)	(11,928,960)
Profit / (Loss) for the Year		(9,411,040)	(5,497,092)	(9,411,040)	(5,497,092)
Profit/(Loss) is Attributable to: Equity Holders of Jenolan Caves Reserve Trust		(9,411,040)	(5,497,092)	(9,411,040)	(5,497,092)

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

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
BALANCE SHEETS
AS AT 30 JUNE 2007**

	Note	Consolidated Entity		Jenolan Caves Reserve Trust	
		2007 \$	2006 \$	2007 \$	2006 \$
ASSETS					
Current Assets					
Cash & Cash Equivalents	4	2,836,111	6,863,596	2,836,111	6,863,596
Trade & Other Receivables	5	967,159	804,521	693,077	294,027
Inventories	6	122,051	62,420	122,051	62,420
Investment Securities – Held to Maturity	7	-	429,512	-	429,512
Total Current Assets		3,925,321	8,160,049	3,651,239	7,649,555
Non-Current Assets					
Property, Plant & Equipment	8	12,566,123	17,532,201	12,566,123	17,532,201
Total Non-Current Assets		12,566,123	17,532,201	12,566,123	17,532,201
TOTAL ASSETS		16,491,444	25,692,250	16,217,362	25,181,756
LIABILITIES					
Current Liabilities					
Trade & Other Payables	9	1,007,935	1,268,569	733,853	758,075
Provisions	10	48,116	393,294	48,116	393,294
Borrowings	11	600,000	-	600,000	-
Total Current Liabilities		1,656,051	1,661,863	1,381,969	1,151,369
Non-Current Liabilities					
Provisions	10	170,778	66,638	170,778	66,638
Borrowings	11	3,230,871	3,118,965	3,230,871	3,118,965
Total Non-Current Liabilities		3,401,649	3,185,603	3,401,649	3,185,603
TOTAL LIABILITIES		5,057,700	4,847,466	4,783,618	4,336,972
NET ASSETS		11,433,744	20,844,784	11,433,744	20,844,784
EQUITY					
Contributed Equity	12	5,831,749	5,831,749	5,831,749	5,831,749
Retained Surplus	13	(1,586,754)	6,678,079	(1,586,754)	6,678,079
Reserves	13	7,188,749	8,334,956	7,188,749	8,334,956
TOTAL EQUITY		11,433,744	20,844,784	11,433,744	20,844,784

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

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	Consolidated Entity		Jenolan Caves Reserve Trust	
		2007	2006	2007	2006
		\$	\$	\$	\$
Cash Flows From Operating Activities					
Receipts From Customers		6,775,442	4,896,492	6,775,442	4,896,492
Receipts From Treasury		-	4,691,214	-	4,691,214
Payments to Suppliers & Employees		(9,166,763)	(6,346,010)	(9,166,763)	(6,346,010)
Interest Received		168,152	228,201	168,152	228,201
Interest Paid		(71,311)		(71,311)	
Net Cash Provided by Operating Activities	15	(2,294,480)	3,469,897	(2,294,480)	3,469,897
Cash Flows From Investing Activities					
Payments For Property, Plant & Equipment		(2,731,616)	(1,783,828)	(2,731,616)	(1,783,828)
Proceeds From Sale of Investments		429,512	4,350,488	429,512	4,350,488
Net Cash Used In Investing Activities		(2,302,104)	2,566,660	(2,302,104)	2,566,660
Cash Flows from Financing Activities					
Proceeds from Borrowings		621,099	-	621,099	-
Repayment of Borrowings		(52,000)	-	(52,000)	-
Net Cash (Outflow) Inflow from Financing Activities		569,099	-	569,099	-
Net (Decrease)/ Increase In Cash & Cash Equivalents		(4,027,485)	6,036,557	(4,027,485)	6,036,557
Cash & Cash Equivalents at Beginning of Period		6,863,596	827,039	6,863,596	827,039
Cash & Cash Equivalents at End of the Period	4	2,836,111	6,863,596	2,836,111	6,863,596

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

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007**

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2007 \$	2006 \$	2007 \$	2006 \$
Total Equity at the Beginning of the Financial Year	20,844,784	26,341,876	20,844,784	26,341,876
Net Loss for the Year	(9,411,040)	(5,497,092)	(9,411,040)	(5,497,092)
Total Recognised Income and Expenses for the Year	(9,411,040)	(5,497,092)	(9,411,040)	(5,497,092)
Total Equity at the End of the Financial Year	11,433,744	20,844,784	11,433,744	20,844,784

The Statements of Changes in Equity are to be read in conjunction with the notes to the financial statements.

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

REPORTING ENTITY

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

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

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

Authorisation of the Financial Report

The consolidated financial report for the year ended 30 June 2007 has been authorised by the Trust on 17 December 2008.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1 Basis of Preparation

The Trust's financial report is a general-purpose financial report. The statements have been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, the provisions of the Public Finance and Audit Act and Regulations.

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

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

Statement of Compliance

Australian Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of the Trust comply with International Financial Reporting Standards (IFRS).

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.2 Principals of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of JCRT 'parent entity' as at 30 June 2007 and the results of all subsidiaries for the year then ended. JCRT and its subsidiaries together are referred to in this financial report as the Group.

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

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

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

The subsidiary of the Trust is Jenolan Caves Reserve Trust Division of the Government of NSW (the Division). The Division is a special purpose entity established under the Public Sector Employment Legislation Amendment Act 2006 (PESELAA) on 17 March 2006. The Trust exercised control over the Division from this date.

1.3 Employee Benefits

i) Salaries and Wages, Annual Leave and Sick Leave

Liabilities for salaries and wages, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months at the reporting date are recognised in other payables in respect of the employee services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

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

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

ii) Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by the employees up to the reporting date. Consideration is given to expected future wage and salary levels experience of employee departures and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

iii) Superannuation

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

**JENDLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.4 Property, Plant and Equipment

Acquisition of Assets

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

Plant and Equipment

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

Capital Work In Progress (WIP)

The 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, notification is provided and the project is then capitalised.

Basis of Revaluation

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

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

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

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

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

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

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

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

**JENDLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.4 Property, Plant and Equipment (continued)

Depreciation

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

Major depreciation periods for significant asset groups are as follows:

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

Impairment

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

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

1.5 Cash and Cash Equivalents.

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

1.6 Trade and Other Receivables

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

1.7 Inventories

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

1.8 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to year end and other amounts, including accrued interest, which are unpaid at balance date. Interest is accrued over the period it becomes due.

1.9 Leased Assets

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

Operating Leases

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

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.10 Revenue Recognition Policy

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

Cave Interpretation and Sale of Goods

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

Rendering of Services

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.

Government Grants

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

Other grants and contributions are recognised as revenues when received.

Interest Income

Interest income is recognised on a time proportion basis using the effective interest method.

Sale of Non-Current Assets

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

1.11 Goods and Services Tax

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

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

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

1.12 Investments and other financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held to maturity, re evaluates this designation at each reporting date.

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

**JENDLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.12 Investments and other financial assets (continued)

(ii) Loans and Receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(iii) Held to Maturity Investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held to maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held to maturity financial assets are included in non current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available for Sale Financial Assets

Available for sale financial assets, comprising principally marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available for sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and Derecognition

Regular purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available for sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent Measurement

Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method.

Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available for sale are not reversed through the income statement.

**JENDLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.13 New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods.

Title of standard	Issue date	Application date #
AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11	February 2007	1 March 2007
AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12	February 2007	1 January 2008
AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038]	April 2007	1 July 2007
AASB 2007-7 Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]	June 2007	1 July 2007
# applicable to reporting periods commencing on or after the given dates		

Application of the above standards is not expected to affect any of the amounts recognised in the financial statements, but will result in changes to the additional information disclosed in the financial statements.

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
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2. REVENUE FROM CONTINUING OPERATIONS	Consolidated Entity		Jenolan Caves Reserve Trust	
	2007	2006	2007	2006
Interpretation Services	3,254,855	3,186,136	3,254,855	3,186,136
Accommodation	1,008,453	360,969	1,008,453	360,969
Parking Fees	49,820	42,575	49,820	42,575
Special Events	54,037	45,312	54,037	45,312
Kiosk Trading	42,984	133,100	42,984	133,100
Gift Shop Trading	342,910	-	342,910	-
Food and Beverage Sales	948,817	-	948,817	-
	<u>5,701,876</u>	<u>3,768,092</u>	<u>5,701,876</u>	<u>3,768,092</u>
<i>Rental Income</i>				
Jenolan Caves House	-	503,000	-	503,000
Bistro Rental	274,382	-	274,382	-
Staff Cottages	35,328	36,592	35,328	36,592
Site Rental	7,426	15,210	7,426	15,210
Caves House Utilities	-	35,741	-	35,741
	<u>317,136</u>	<u>590,543</u>	<u>317,136</u>	<u>590,543</u>
Interest – Financial Institutions	168,152	857,494	168,152	857,494
<i>Total Revenue From Continuing Operations</i>				
	<u>6,187,164</u>	<u>5,216,129</u>	<u>6,187,164</u>	<u>5,216,129</u>
Grants Received – Administration #	434,625	29,391	434,625	29,391
Grants Received – Environmental #	-	5,960	-	5,960
Other	44,086	59,152	44,086	59,152
Net Increment Arising From Valuation of Superannuation	-	161,901	-	161,901
Treasury Operational Recurrent Funding #	-	959,335	-	959,335
	<u>478,711</u>	<u>1,215,739</u>	<u>478,711</u>	<u>1,215,739</u>

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

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

		Consolidated Entity		Jenolan Caves Reserve Trust	
		2007	2006	2007	2006
		\$	\$	\$	\$
3	EXPENSES				
3.1	EMPLOYEE BENEFITS EXPENSE				
	Salaries & Wages	2,492,100	2,656,786	-	1,886,318
	Payroll Tax	162,552	153,499	-	108,984
	Superannuation	261,738	(284,042)	-	(201,670)
	Worker's Compensation	55,460	50,675	-	35,979
	Fringe Benefits Tax	-	8,429	-	5,985
	Employment Costs	-	16,257	-	11,542
	Net Decrement Arising From Valuation of Superannuation	236,412	-	-	-
	Payroll Processing Charge	81,556	-	-	-
	Employee Benefits Expense	3,289,818	2,601,604	-	1,847,139
	Personnel Services Expense	-	-	3,289,818	754,465
	Total Employee Benefits Expense	3,289,818	2,601,604	3,289,818	2,601,604
3.2	DEPRECIATION EXPENSE				
	Depreciation of Non-Current Assets				
	- Buildings	17,287	61,008	17,287	61,008
	- Plant & Equipment	18,812	37,006	18,812	37,006
	- Motor Vehicles	-	1,458	-	1,458
	- Caves Infrastructure	88,351	111,233	88,351	111,233
	- General Infrastructure	76,714	129,379	76,714	129,379
	- Leasehold Improvements	5,183	5,183	5,183	5,183
		206,347	345,267	206,347	345,267
3.3	OTHER EXPENSES				
	Accounting Fees	145,861	71,398	145,861	71,398
	Audit Fees	31,500	29,920	31,500	29,920
	Bank & Credit Card	72,307	41,458	72,307	41,458
	Cleaning	154,446	23,703	154,446	23,703
	Environmental	18,112	16,595	18,112	16,595
	IT Maintenance & Supplies	38,082	31,548	38,082	31,548
	Printing & Stationery	38,450	23,163	38,450	23,163
	Rental Expense on Operating Leases - Minimum Lease Payments	180,612	27,294	180,612	27,294
	Special Events	28,023	26,157	28,023	26,157
	Travel Expenses	15,946	26,076	15,946	26,076
	Trust Expenses	-	887	-	887
	Write-Down of Lease Receivable to it's Recoverable Amount (Note 21)	-	6,500,000	-	6,500,000
	Other Expenses	202,724	146,907	202,724	146,907
		926,063	9,965,106	926,063	9,965,106
3.4	EXTRAORDINARY ITEMS				
	Discharge of Mortgage on the Lease & Assets of Caves House (Note 21)	1,300,000	-	1,300,000	-
	Transfer of the assets of Abercrombie, Borenore and Wombeyan Caves to the Department of Environment and Conservation (Note 21)	7,513,285	-	7,513,285	-

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2007	2006	2007	2006
	\$	\$	\$	\$
4. CASH AND CASH EQUIVALENTS				
Cash at Bank and on Hand	2,836,111	6,863,596	2,836,111	6,863,596

Cash at bank earns interest at floating rates based on daily bank deposit rates

(a) Reconciliation to Cash at the End of the Year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as Above	2,836,111	6,863,596	2,836,111	6,863,596
Balances per Statement of Cash Flows	2,836,111	6,863,596	2,836,111	6,863,596

5. TRADE AND OTHER RECEIVABLES

Trade Receivables	729,144	401,203	729,144	401,203
Less: Provision for Doubtful Debts	(49,419)	(130,281)	(49,419)	(130,281)
	679,725	270,922	679,725	270,922

Prepaid Superannuation Contributions (refer note 14)	274,082	510,494	-	-
Prepayments	13,352	23,105	13,352	23,105
	287,434	533,599	13,352	23,105
	967,159	804,521	693,077	294,027

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

6. INVENTORIES

Maintenance – at Cost	5,558	26,042	5,558	26,042
Electrical – at Cost	17,640	3,158	17,640	3,158
Kiosk – at Cost	4,245	30,645	4,245	30,645
Fuel – at Cost	-	2,575	-	2,575
Gift Shop – at Cost	77,335	-	77,335	-
Caves House – at Cost	17,273	-	17,273	-
	122,051	62,420	122,051	62,420

7. INVESTMENT SECURITIES – HELD TO MATURITY

Term Deposits	-	429,512	-	429,512
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**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

8. PROPERTY PLANT AND EQUIPMENT

CONSOLIDATED ENTITY & PARENT ENTITY

	Land and buildings	Plant and equipment	Motor vehicles	Caves
At 1 July 2006				
Cost or Fair Value	5,766,349	366,308	39,234	6,364,043
Accumulated Depreciation and Impairment	(235,801)	(220,400)	(39,034)	(499,805)
Net Carrying Amount	<u>5,530,548</u>	<u>145,908</u>	<u>200</u>	<u>5,864,238</u>
Year ended 30 June 2007				
Opening Net Book Amount	5,530,548	145,908	200	5,864,238
Additions	-	-	-	-
Disposals (incl. Transfers to DEC)	(4,434,708)	(12,648)	(200)	(963,573)
Transfers In/(Out)	173,735	-	-	1,765,001
Depreciation Charge for the Year	(17,288)	(18,811)	-	(88,351)
Net Closing Book Amount	<u>1,252,287</u>	<u>114,449</u>	<u>-</u>	<u>6,577,315</u>
At 30 June 2007				
Cost or Fair Value	1,353,990	269,848	39,034	7,036,707
Accumulated Depreciation and Impairment	(101,703)	(155,399)	(39,034)	(459,393)
Net Carrying Amount	<u>1,252,287</u>	<u>114,449</u>	<u>-</u>	<u>6,577,315</u>
	General Infrastructure	Leasehold Improvements	Capital Works	Total
At 1 July 2006				
Cost or Fair Value	3,207,915	41,460	3,314,189	19,099,498
Accumulated Depreciation and Impairment	(548,072)	(24,185)	-	(1,567,297)
Net Carrying Amount	<u>2,659,843</u>	<u>17,275</u>	<u>3,314,189</u>	<u>17,532,201</u>
Year ended 30 June 2007				
Opening Net Book Amount	2,659,843	17,275	3,314,189	17,532,201
Additions	-	-	2,731,616	2,731,616
Disposals (incl. Transfers to DEC)	(962,950)	(1)	(1,117,267)	(7,491,347)
Transfers In/(Out)	999,239	-	(2,937,975)	-
Depreciation Charge for the Year	(76,714)	(5,183)	-	(206,347)
Net Closing Book Amount	<u>2,619,418</u>	<u>12,091</u>	<u>1,990,563</u>	<u>12,556,123</u>
At 30 June 2007				
Cost or Fair Value	3,019,930	41,460	1,990,563	13,751,533
Accumulated Depreciation and Impairment	(400,512)	(29,369)	-	(1,185,410)
Net Carrying Amount	<u>2,619,418</u>	<u>12,091</u>	<u>1,990,563</u>	<u>12,556,123</u>

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

8. PROPERTY PLANT AND EQUIPMENT (Continued)

CONSOLIDATED ENTITY & PARENT ENTITY

	Land and buildings	Plant and equipment	Motor vehicles	Caves
At 1 July 2005				
Cost or Fair Value	5,766,349	292,749	39,234	6,364,047
Accumulated Depreciation and Impairment	(174,793)	(116,171)	(37,576)	(388,573)
Net Carrying Amount	<u>5,591,556</u>	<u>176,578</u>	<u>1,658</u>	<u>5,975,474</u>
Year ended 30 June 2006				
Opening Net Book Amount	5,591,556	176,578	1,658	5,975,474
Additions	-	6,336	-	-
Disposals (incl. Transfers to DEC)	-	-	-	-
Transfers In/(Out)	-	-	-	-
Depreciation Charge for the Year	(61,008)	(37,006)	(1,458)	(111,233)
Net Closing Book Amount	<u>5,530,548</u>	<u>145,908</u>	<u>200</u>	<u>5,864,241</u>
At 30 June 2006				
Cost or Fair Value	5,766,349	366,308	39,234	6,364,046
Accumulated Depreciation and Impairment	(235,801)	(220,400)	(39,034)	(499,805)
Net Carrying Amount	<u>5,530,548</u>	<u>145,908</u>	<u>200</u>	<u>5,864,241</u>
	General Infrastructure	Leasehold Improvements	Capital Works	Total
At 1 July 2005				
Cost or Fair Value	3,207,912	41,460	1,536,696	17,248,447
Accumulated Depreciation and Impairment	(418,693)	(19,002)	-	(1,154,807)
Net Carrying Amount	<u>2,789,219</u>	<u>22,458</u>	<u>1,536,696</u>	<u>16,093,640</u>
Year ended 30 June 2006				
Opening Net Book Amount	2,789,219	22,458	1,536,696	16,093,640
Additions	-	-	1,777,493	1,783,829
Disposals (incl. Transfers to DEC)	-	-	-	-
Transfers In/(Out)	-	-	-	-
Depreciation Charge for the Year	(129,379)	(5,183)	-	(345,267)
Net Closing Book Amount	<u>2,659,840</u>	<u>17,275</u>	<u>3,314,189</u>	<u>17,532,201</u>
At 30 June 2006				
Cost or Fair Value	3,207,912	41,460	3,314,189	19,099,498
Accumulated Depreciation and Impairment	(548,072)	(24,185)	-	(1,567,297)
Net Carrying Amount	<u>2,659,840</u>	<u>17,275</u>	<u>3,314,189</u>	<u>17,532,201</u>

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2007 \$	2006 \$	2007 \$	2006 \$
9. TRADE AND OTHER PAYABLES				
Refundable deposits	80,032	25,922	80,032	25,922
Trade Payables	109,835	464,877	109,835	464,877
Accrued Expenses	439,793	29,053	439,793	29,053
Accrued Employee Costs	118,337	136,337	-	-
Employee Benefits - Annual Leave	242,598	314,952	-	-
Employee Benefits - Other Leave	17,340	27,432	-	-
Employee Benefits - Restructuring costs	-	269,996	-	-
Loans to Related Parties	-	-	104,193	238,223
	1,007,935	1,268,569	733,853	758,075
10. PROVISIONS				
Current				
Employee Benefits - Long Service Leave	48,116	393,294	-	-
Personnel Services Provision	-	-	48,116	393,294
	48,116	393,294	48,116	393,294
Non-current				
Employee Benefits - Long Service Leave	170,778	66,638	-	-
Personnel Services Provision	-	-	170,778	66,638
	170,778	66,638	170,778	66,638
Average number of FTE Employees at period end – 53.8				
11. BORROWINGS				
Current				
Other Loans	600,000	-	600,000	-
	600,000	-	600,000	-
Non-Current				
Other Loans	3,230,871	3,118,965	3,230,871	3,118,965
	3,230,871	3,118,965	3,230,871	3,118,965
12. CONTRIBUTED EQUITY				
Capital Trust	5,831,749	5,831,749	5,831,749	5,831,749
13. RESERVES AND RETAINED PROFITS				
(a) Reserves				
Movements in Reserves Were as Follows:				
Balance 1 July	8,334,956	8,334,956	8,334,956	8,334,956
Adjustment – Transfer Reserves	(1,146,207)	-	(1,146,207)	-
Balance 30 June	7,188,749	8,334,956	7,188,749	8,334,956
(b) Retained Profits				
Movements in Retained Profits Were as Follows:				
Balance 1 July	6,678,079	12,175,171	6,678,079	12,175,171
Net Loss for the Year	(9,411,040)	(5,497,092)	(9,411,040)	(5,497,092)
Adjustment – Transfer Reserves	1,146,207	-	1,146,207	-
Balance 30 June	(1,586,754)	6,678,079	(1,586,754)	6,678,079

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

14. RETIREMENT BENEFIT OBLIGATIONS

(a) Superannuation Plan

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

The Pooled funds hold in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

State Authorities Non-contributory Superannuation Scheme (SANCS)

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

(b) Balance Sheet Amounts

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

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2007	2006	2007	2006
	\$	\$	\$	\$
Present Value of the Defined Benefit Obligation	3,565,316	5,328,755	3,565,316	5,328,755
Fair Value of Defined Benefit Plan Assets	(3,839,398)	(5,839,249)	(3,839,398)	(5,839,249)
Net (Asset)/Liability in the Balance Sheets	(274,082)	(510,494)	(274,082)	(510,494)

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

Movement in net liability/(asset) recognised in balance sheet

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2007	2006	2007	2006
	\$	\$	\$	\$
Net (Asset)/Liability at Start of Year	(510,494)	238,691	(510,494)	238,691
Net Expense Recognised in the Income Statement	301,097	(628,417)	301,097	(628,417)
Contributions	(64,685)	(120,768)	(64,685)	(120,768)
Net (Asset)/Liability to be Disclosed in Balance Sheet	(274,082)	(510,494)	(274,082)	(510,494)

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

(c) Amounts Recognised in Income Statements

The amounts recognised in the income statements are as follows:

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2007	2006	2007	2006
	\$	\$	\$	\$
Current Service Cost	108,065	134,206	108,065	134,206
Interest Cost	305,559	200,045	305,559	200,045
Expected Return on Plan Assets	(436,645)	(396,772)	(436,645)	(396,772)
Net Actuarial Losses / (Gains)	(267,966)	(665,897)	(267,966)	(665,897)
Movement in Adjustment for Limitation on Net Assets	592,085	-	592,085	-
Total Included in Expense	301,098	(728,418)	301,098	(728,418)
Actual Return on Plan Assets	682,777	830,031	682,777	830,031

(d) Principal Actuarial Assumptions

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

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2007	2006	2007	2006
	%	%	%	%
Discount Rate	6.4	5.9	6.4	5.9
Expected Return on Plan Assets	7.6	7.6	7.6	7.6
Future Salary Increases	4.0	4.0	4.0	4.0

(e) Employer Contributions

Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. Actuarial assessments are made on a monthly basis and the last such assessment was made as at 30 June 2007.

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

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
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15. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2007	2006	2007	2006
	\$	\$	\$	\$
Loss for the Year	(9,411,040)	(5,497,092)	(9,411,040)	(5,497,092)
Depreciation and Amortisation	206,347	345,267	206,347	345,267
Net Decrement Arising From Valuation of Superannuation	236,412	-	236,412	-
Revaluation of Caves House	-	6,500,000	-	6,500,000
Transfer of the Assets of Abercrombie, Borenore and Wombeyan Caves to the Department of Environment and Conservation	7,513,285	-	7,513,285	-
Fair Value Adjustment on Interest Free Loan	142,807	-	142,807	-
Change in Operating Assets and Liabilities				
(Increase) Decrease in Receivables	(399,050)	(591,543)	(399,050)	(591,543)
(Increase) Decrease in Inventories	(59,631)	(7,521)	(59,631)	(7,521)
Increase (Decrease) in Trade & Other Payables	55,698	(50,442)	55,698	(50,442)
Increase (Decrease) in Other Operating Liabilities	(338,270)	1,648,916	(338,270)	3,989,290
Increase (Decrease) in Other Provisions	(241,038)	1,122,312	(241,038)	(1,218,062)
Net Cash (Outflow) Inflow from Operating Activities	(2,294,480)	3,469,897	(2,294,480)	3,469,897

16. REMUNERATION OF AUDITORS

	2007	2006
	\$	\$
Auditing of the Financial Report	31,500	29,458

No other services were provided by the auditors.

JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

17. FINANCIAL INSTRUMENTS

17.1 Interest Rate Risk

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

	Note	Variable Interest Rate		Within 1 year		Non-Interest Bearing		Carrying Amount as per Balance Sheet	
		2007	2006	2007	2006	2007	2006	2007	2006
		\$	\$	\$	\$	\$	\$	\$	\$
1. Financial assets									
Cash & Investments	4	2,788,771	6,808,296	-	-	47,340	55,300	2,836,111	6,863,596
Trade and Other Receivables	5	-	-	-	-	967,159	804,521	967,159	804,521
Held to Maturity Investments	7	-	-	-	429,512	-	-	-	429,512
Total Financial Assets		2,788,771	6,808,296	-	429,512	1,014,499	859,821	3,803,270	8,097,629
2. Financial Liabilities									
Trade & Other Payables	9	-	-	-	-	1,007,935	1,268,569	1,007,935	1,268,569
Total Financial Liabilities		-	-	-	-	1,007,935	1,268,569	1,007,935	1,268,569

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
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17. FINANCIAL INSTRUMENTS (Continued)

17.2 Net Fair Values

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

Recognised Financial Instruments

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

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

17.3 Credit Risk Exposure

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

Concentration of Credit Risk

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

18. LEASE COMMITMENTS

Operating Leases – Office Accommodation and Equipment

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

	2007	2006
	\$	\$
Not Longer than 1 Year	261,000	33,096
Longer than 1 Year and Not Longer than 2 Years	261,000	-
Longer than 2 Years and Not Longer than 5 Years	82,333	-
Total Lease Commitments (Inclusive of GST)	604,233	33,096

Contingent Assets

The total lease commitments includes input tax credits of \$54,930 (2006 - \$12,479.00)

19. CONTINGENT LIABILITIES

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

The Group has no other contingent liabilities (Nil in 2006).

**JENOLAN CAVES RESERVE TRUST AND CONSOLIDATED ENTITY
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20. CAPITAL EXPENDITURE COMMITMENTS

General Infrastructure

Not Longer than 1 Year	1,800,000	510,000
Longer than 1 Year and Not Longer than 5 Years	-	-
Longer than 5 Years	-	-
	1,800,000	510,000

21. SIGNIFICANT EXPENSES

Transfer to DEC

The National Parks and Wildlife Amendment (Jenolan Caves Reserve) Bill 2006, request the transfer of the of the assets, rights and liabilities of the Jenolan Caves Reserve Trust to the Department of Environment and Conservation (DEC). Thus, the assets, right and liabilities of Abercrombie, Wombeyan and Borenore Caves and the Jenolan Reserve were transferred to DEC on 1 July 2006 at book value. The Jenolan Caves Visitors Use and Services Zone remain under the control and management of the Jenolan Caves Reserve Trust.

Discharge of Mortgage

On 4 July 2006 an agreement was made between the administrator of Jenolan Caves Resort Pty Limited being Grant Thornton, the St George Bank and the Jenolan Caves Reserve Trust Administrator Mr Alan Griffin involving the transfer back of the Lease and Plant and Equipment of Jenolan Caves House to the Jenolan Caves Reserve Trust foregoing the lease receivable and making a payment of \$1.3 million to the St George bank.

22. SUBSEQUENT EVENTS

In February 2007, the ex lessee of Caves House ('applicant') filed a Summons for Relief under section 106 (Unfair Contract) with the Industrial Court of NSW against the Jenolan Caves Reserve Trust, the Department of Environment and Climate Change and Tourism NSW seeking \$46 million in damages.

As the matter involves the Crown and a number of Agencies, the Crown Solicitors Office is leading the case. In June 2007, the judge determined the proceedings had commenced out of time and could not therefore continue. The applicant successfully appealed this decision.

A direction hearing was held 8 December 2008 to set a timetable for a trial but due to a change in the applicant's legal representation the proceeding were adjourned to 17 February 2009. The judge has indicated that the trial could take up to six weeks.

END OF THE FINANCIAL STATEMENTS