

***Jenolan Caves Reserve Trust***

***Annual Report***  
***2007 - 2008***

*Jenolan Caves Reserve Trust  
would like to acknowledge  
the traditional custodians of the land,  
the Gundungurra and Wiradjuri peoples,  
and pay respect to all elders  
both past and present.*

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# Our Role

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## 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 and the Environment.

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.

## 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 historic, 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 Trust 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 importance

Although the Reserve is a significant regional centre for recreational and tourist activities, conservation is a principal focus. The relationship between the commercial, natural and cultural environment is complex but generally well integrated within the operations of the Trust.

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



*Reserve Location Map*

# Administrator's Report

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Firstly, I must apologise for the lateness of this report. Its delay was caused by factors beyond the control of the Trust and I regret any inconvenience this may have caused.

I am pleased to report the first stage of a \$2.8M upgrade and repair program for Jenolan Caves House progressed well in 2007/08. External painting and the replacement of its roof was largely completed during this period, hazardous asbestos was removed from the premises, fire safety upgrades were carried out and amenities within the guesthouse, the guides office and on the precinct were upgraded.

Staff at Jenolan Caves House sustained their intention to provide a high level of customer service, and the compliments received from the public commending staff on their helpfulness stand as testament to their hard work and commitment.

Our cave revitalisation program advanced as planned with upgrade of the Orient cave nearing completion. Knowledge gleaned from other upgrades has taken the Orient's refurbishment to a higher level and established international benchmarks in cave lighting and conservation.

The guides continued to provide visitors with excellent assistance and instruction throughout the year and were complimented on their professional attention to the environmental and interpretive aspects of the main show caves by the National Parks and Wildlife Services' Blue Mountains Region Advisory Committee.

Cave improvements over the last few years provided dividends during 2007/08. Our visitation increased by 2% to 221,864 visitors, an excellent result given high fuel prices, cheap air fares and increased competition for discretionary spending. Hotel occupancy remained at a steady 32%.

The integration of the commercial operations of the cave tours and the accommodation initiated in the previous year continued throughout 2007/08, with special attention being given to administration, marketing and sales. An independent review by Deloitte Touche Tohmatsu recommended strategies to improve the financial viability of the business. All of the recommendations made by Deloitte were accepted and many were immediately implemented.

Our first staff survey was carried out during this period. Despite the recent structural and administrative changes, the integration of the commercial operations and uncertainty caused by the proposed transfer of the Jenolan precinct to the Department of Environment and Climate Change, the survey revealed staff satisfaction and morale ranged from 73% to 75%, which is considered a good result. In addition, a staff development and appraisal system was updated and modernised and a staff communications framework was introduced. Staff also participated in the development and adoption of the Trust's value statement which supports the Trust's strategic vision.

## **Administrator's Report (cont)**

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To conclude, it has once again been a very challenging yet satisfying year for the Trust. The enhancements to cave infrastructure and improvements to customer service have been acknowledged by the public. This commendable result is due to the enthusiasm, commitment, skill and knowledge of our staff. Their effort through the year ensured the Jenolan Reserve was well cared for and our customers' expectations largely satisfied. I extend my sincere appreciation to all staff for their dedication and hard work.

Finally, I would like to acknowledge and express appreciation for the support of the Hon Verity Firth, Minister for Climate Change and the Environment. I would also like to thank the Department of Environment and Climate Change for its support, particularly that of Ms Lisa Corbyn, Director General, and the staff of the Parks and Wildlife Division, without which the Trust could not have achieved many of its aims throughout the year.

**Alan Griffin**  
**Administrator**  
**Jenolan Caves Reserve Trust**

*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



The 2007/08 financial year was the second year that the Trust was responsible for the operation of the accommodation facilities at Jenolan in addition to the cave tours and maintenance operations.

A priority has been to integrate staff and management systems under the banner of Jenolan Caves Reserve Trust. The focus on the Trust's program to provide new and updated infrastructure within the caves and tourist precinct continued throughout the year and the state of much of the infrastructure associated with Jenolan Caves House continues to set challenges.

Staff have responded well to the issues 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 concentrated on rebuilding the market appeal of the destination. The underpinning strategy has been to be proactive in seeking wider positive media exposure for Jenolan Caves and using events to entice visitors but also as avenues to create opportunities for media exposure.

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

Jenolan	2006/07	2007/08
	<b>217,590</b>	<b>221,864</b>

Visitation in the 2007/08 year was positive due to increased events being held at Jenolan and the rebranding of the site as a destination appealing to many markets.

Jenolan Caves received a number of important accolades and acknowledgements through the Regional and NSW Tourism Awards process. Notable achievements were:

Blue Mountains Tourism Awards:

- Winner – Tourism Attractions Category

NSW Tourism Awards:

- Finalist – Tourism Attractions Category
- Finalist – Adventure Tourism Category and Winner Bronze Award
- Winner – Silver Award – Peoples Choice Award

Acknowledgement as the Silver Award Winner, behind two (equal gold) major Sydney Attractions in the popular vote Peoples Choice Award was a major coup for Jenolan Caves and regional tourism.

## Income & Expenditure

Revenue from ordinary activities was \$7,184,445, an increase of \$997,281 on last year. Expenses from ordinary activities was \$8,145,901, an increase of \$882,271 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. Continued 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.

## Overview (cont)

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### Research and Monitoring

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

The 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. The Trust installed electronic monitoring stations at a number of sites within the cave system during 2007/08. These stations monitor air quality with subsequent installations designed to monitor water quality throughout the cave system. This initiative means that a number of significant aspects of the environment within the cave system are now monitored on a continuous basis.

### World Heritage

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

The Trust is represented on the GBMWH Management Committee and has active input into decisions affecting, or with the potential to affect, the areas natural, cultural and recreational values.

### Major Developments

Major capital works projects that were either underway or completed during the 2007/08 financial year are identified in the Statutory Information section of this report.

A key initiative this year has been the re-roofing and painting the exterior of Jenolan Caves House. The work, which has enhanced the image of Caves House, took approximately six months to complete and was undertaken by local contractors.

### Jenolan Caves House

The return of the lease for Jenolan Caves House to the Government in early July 2006 meant that the Jenolan Caves Reserve Trust assumed operational control of the Caves House complex which includes buildings and items of significant heritage value.

In mid June 2008 the Trust also assumed responsibility for the operation of the bistro facility located in Jenolan Caves House.

Work is continuing on Jenolan Caves House to ensure it is maintained to a required standard.

### Key Result Areas

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

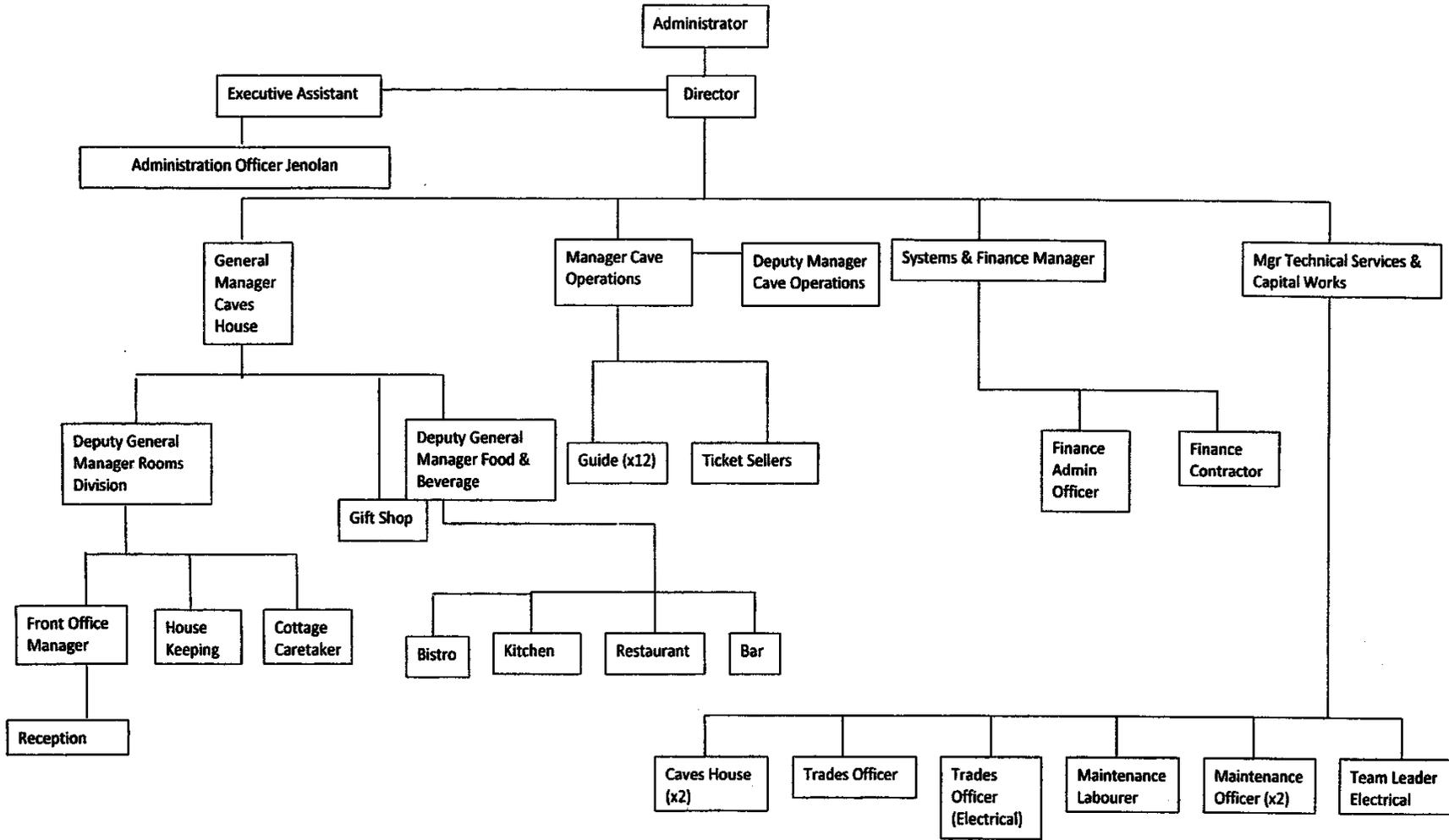
**Peter Austen**

**Director**

**Jenolan Caves Reserve Trust**

# Organisational Chart

## Jenolan Caves Reserve Trust Organisational Chart



# Cave Operations

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## Performance Indicators

### Compared to 2006/2007:

- Visitation: +2%
- Revenue: +6.6%
- Expenditure: +33.8%\*
- Number of Cave Tours: +5.6%
- Revenue per FTE: +0%
- Total Expense per Visitor: +31.2%
- Total Revenue per Visitor: +4.6%

\*Disparity in expectations due to Caves Operations acquiring portion of now defunct Jenolan Administration expenditure.

### 2007/2008 Financial Year

- Total FTE: 22.8
- Number of Tours per FTE: 426
- Salaries & Wages as % of Total Expenditure: 57%
- Maintenance Expense as % of Total Expenditure: 1.7%

*FTE = Full time equivalent staff*

## Visitation

Visitation increased by 2% on the previous year's result to almost 222,000 cave visits. Yield per client increased to \$16.42. This improvement is considered to be a very satisfactory result.

State of the art lighting in the Lucas and Temple of Baal Caves are prominent new innovations for visitors. During the year substantial progress was made in extending the new lighting to the Orient Cave, which is expected to be officially opened during the first half of next financial year.

The "self guided tour" of the Nettle Cave, continues to be a key to maintaining visitation levels. This product is provided as part all of our tour packages and enhances the overall visitor experience at Jenolan. Acoustiguide provides digital audio handsets for the self guided tours with the commentary covering five languages; English, German, Mandarin, French and Spanish.

Adventure tours continue to increase in popularity and accounted for over 6.5% of the total cave interpretation revenue.

## The Team

The Cave Operations Division is a highly professional team of guides and support staff devoted to the protection and interpretation of the special environment in which they work and the provision of excellent customer facilities and services.

The continuing high level of performance and self esteem of the staff is underpinned by 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.

The introduction of a job share policy has provided flexible working arrangements beneficial to both staff and the Trust.

One full time guide is on secondment to the Karst Conservation Unit, National Parks & Wildlife Service.

Three full time guide positions are currently filled on a temporary basis.

## Training

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

Course	No. of Staff
Senior First Aid	12
Advanced Resuscitation	8
Certificate Level III Tourism	8
Certificate Level III Outdoor Recreation (Horizontal and Vertical Caving)	10

## Cave Operations cont.

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Course	No. of Staff
Certificate Level 4 Outdoor Recreation (Vertical Caving)	2
Certificate Level 4 Small Business Management	2
Certificate Level 4 Workplace Trainer and Assessor	1

The Trust has also given support to staff members completing self development programs and advanced studies beyond the competency courses.

Five graduates from the trainee program have progressed to the level of Guide Grade One and gained employment with the Trust as Casual Guides.

The Trust hosted 11 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.

Jenolan staff hosted the biannual 'Cave Guides Conference', attracting 50 delegates from over ten cave sites within Australia and overseas.

### Special Events

Historic tours have proved popular and have become a regular feature of the tour program. The fascinating history and characters of Jenolan's past are brought alive by staff dressing and acting the role of key personalities during historic tours.

Musical concerts are a regular weekly event in the caves. Cello and "Gypsy" concerts featuring Georg Mertens and the Paganini Duo have proved popular. Other events during the year included Opera in the Caves, Anglo/Celtic music by "Pastance", harp and vocalist performance by Claire Roche, Flamenco Guitar by Phil Moore, Rhythm Hunters Taiko Drumming Concert, "Poetry Show" by award winning poet Greg North and the return of the didgeridoo sounds from the group Didgeridoo Dingo.

The annual Community Christmas Carol event was held in the Grand Arch. An audience of over 900 was entertained by visiting artists and talented staff members. Proceeds from the concert were donated to the Childhood Cancer Research Unit at The Children's Hospital, Westmead.



*Gypsy Concerts*

# Jenolan Caves House

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Hospitality operations at Jenolan fall under the banner of Jenolan Caves House. These include the four accommodation units - Caves House (38 rooms) Mountain Lodge (32 motel style studios) Gatehouse Backpacker Lodge (14 rooms accommodating 70 guests) Jenolan Cottages (9). Food and beverage operations incorporate Chisholm's Grand Dining Room, Café Bar (Bistro) day visitor facility & Kanangra Boyd Gallery function suite for 120 guests. A retail outlet featuring souvenirs is also part of the hospitality operation.

The year under review is the second full year of the hospitality operations being part of the Jenolan integrated business environment. During this period it was recognised that the hospitality division of the business would be operated by the Trust in the medium term and as a result appropriate operating strategies established.

## Marketing

It was agreed that a marketing unit be established in order that the intergrated business could be best presented and whole of business sales activities established. At the close of the year the establishment plan for the unit was finalised, with operations to commence in August 2008. The unit is to comprise of a 'Marketing Co-ordinator', 'Manager Strategic Relationships' and 'Manager Corporate & Leisure Sales'. The Unit's activities will be directed by the General Manager of the Hospitality Division.

## Day Visitor Food and Beverage Facility

This area of the business was operated under licence up to the first week of June 2008. The proprietor placed the business into liquidation and the Trust established an operation to fill the gap in hospitality services. The integration of this facility with the remainder of the food and beverage operations presented a number of opportunities to enhance the visitor experience and establish a combined personnel strategy for the division.

## Operating Structure

The revised tenure of operating this part of the business combined with the integration of the day visitor facility necessitated a review of the key department management positions within the division. As a result of the review the Deputy General Manager's position was amended to have a Food & Beverage focus, the position of Front Office Manager was established and a mentoring program established for the Hospitality Division management team.

## Revenue Generation

Combined revenue for the division of \$3.8 million was recorded, representing a 17% increase (\$607K) on the previous year. Accommodation operations achieved a 23% growth representing 32% occupancy.

## Constraints

The absence of capital funding to address essential refurbishment of guest accommodation and public areas is seen as a major impediment to redeveloping the business and the delivery of commercial revenue streams.



*Jenolan Caves House*

# Visitor Zone Maintenance

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Significant milestones within the area of maintenance and capital works were achieved during the 2007/08 financial year.

## Maintenance

In addition to the regular maintenance associated with the Visitor Use and Services Zone at Jenolan, major initiatives included:-

- The establishment of maintenance contracts for key services associated with the operation of Jenolan Caves House.
- The installation of emergency and exit lighting to Australian Standards in the accommodation facilities associated with Jenolan Caves House and Guides Office.
- The installation of environmental energy saver light bulbs and shower heads in Jenolan Caves House and other buildings at Jenolan.
- The hydro-electric plant at Jenolan was repaired and recommissioned to feed power, from a sustainable source, into the cave system and Jenolan Caves House.

## Capital Works

Loan funding provided by the NSW Government and funding from the Trust's own capital reserves enabled important capital works projects to be undertaken.

- Removal of asbestos from Jenolan Caves House completed.
- Completions of roof replacement of Jenolan Caves House.
- Repainting exterior of Jenolan Caves House completed.
- Jenolan's water reticulation system was upgraded.
- Upgrade of water pumps completed.
- Work on the upgrade of walking tracks at Jenolan was completed.
- Toilet facilities within the Grand Arch were upgraded.

- Stainless steel handrails and work to improve the protection of speleothems in the Mafeking Branch of the Lucas Cave was completed.
- A major project to relight the Orient Cave was commenced.

## Fleet

Leases for vehicles in the Jenolan Caves fleet have been extended to a three year term to reduce costs and one petrol car has been replaced with a hybrid vehicle.

## Staff Training

Staff have been provided with the opportunity to participate in a number of training programs to meet the technical requirements associated with this area. Training attended by staff included a chainsaw course (three staff), an elevated platform course (two staff), chemical users course (two staff) and senior first aid (four staff).



*Stainless Steel Handrails*

# Research & Development

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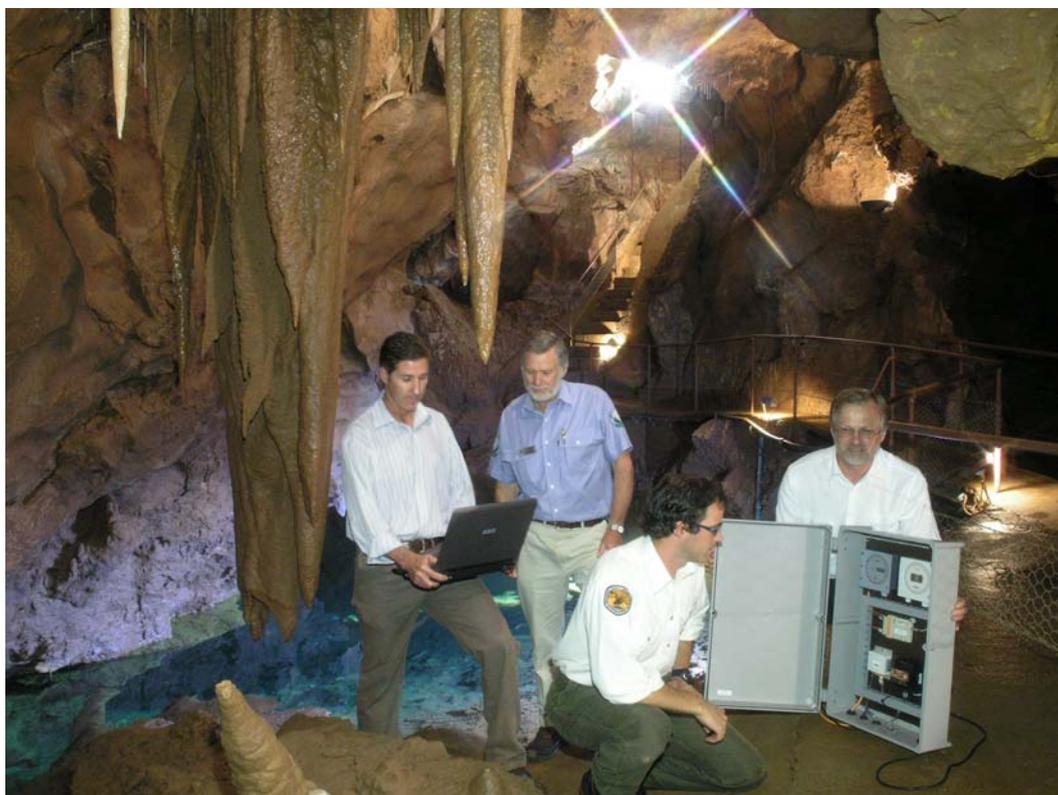
The Trust (in conjunction with the Department of Environment and Climate Change) approved two major research projects over the 2007/08 reporting period.

The first, which has an expected duration of two years, has the aim of linking modern hydrology and weather to speleothem proxy records, and is being undertaken by Dr Chris Waring from the Australian Nuclear Science and Technology Organisation. This important work supports similar research at Wombeyan and Yarrangobilly Caves, and uses the measurement and analyses of cave water and CO<sub>2</sub> (within and external to the caves) to establish the climatic history of the Jenolan Caves and greater Sydney Catchment.

The second project focussed on the impacts of variations in the quantity and type of leaf litter entering caves on resident invertebrate communities.

Sponsored by the University of Technology, Sydney, this project involved the deployment of traps containing leaf litter from exotic sycamore (*Acer pseudoplatanus*), radiate pine (*Pinus radiata*) and native eucalypts (*Eucalyptus* spp.) at the entrance and deep within the caves for a period of three months. The abundance and richness of the invertebrates contained in the traps was then compared, taking into consideration the differing rates of leaf decomposition and the specific leaf area.

In addition to these projects, the ongoing mapping and surveying of the Reserve's caves by speleological clubs continues. This has yielded valuable information on the contents and configuration of many of the Reserve's caves and is carried out on a voluntary basis.



*Monitoring Equipment Installation*

# Corporate Resources

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## 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 ongoing structural changes the Trust's accounting service is contracted to an external provider.

## Information Technology

A new hotel management information technology system was installed within Jenolan Caves House during the 2007/08 financial year. The package is an 'off the shelf' product that was economical but highly configurable, user friendly as the product was similar in operation to the previous system, which had become outdated. It was therefore relatively easy for staff to adapt. In addition the package provided the opportunity to develop an online booking facility and it is used across all facets of the hospitality operation including front office, restaurant, bar, gift shop and bistro.

For the other departments in the organisation, it was indeed a year of consolidation with relatively few major purchases in the information technology or telephony areas.

During the year, the Trust installed its own email facilities incorporating a server and associated software. In addition to the email facility, the server hosts the Trust intranet which is available to all staff including offsite casual staff. The intranet has the ability to have different levels of security, although there has not been a need to introduce this facility at present.

During the year, the Trust employed a new staff member in the role of Jenolan Systems Administrator/Finance, who is situated at Jenolan Caves. The new role encompasses the direct onsite support for I.T. and telephony issues and also focuses on orders, invoices and matters directly related to finance.

An electronic door lock system was introduced into Caves House. The system is integrated into the hotel management system.

The IT systems are protected by an integrated, centrally controlled and managed antivirus suite.

## Capital Expenditure

Expenditure on capital works and equipment totalled \$2,435,809.79 and consisted of:

Cave infrastructure	\$ 222,904.18
General infrastructure and environmental projects	\$ 304,276.32
Buildings/workshops and leasehold improvements	\$1,777,074.61
Computers	\$ 131,554.68
	<u>\$2,435,809.79</u>

## Annual Financial Statements

Below is a summary of the Operating Statement for 2007/2008 compared with 2006/2007.

	\$ 2007/2008	\$ 2006/2007
Revenues from ordinary activities	7,184,445	6,187,164
Expenses from ordinary activities	(8,145,901)	(7,263,630)
Profit (loss) from ordinary activities	(961,456)	(1,076,466)

# 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.

	2005/2006	2006/2007	2007/2008
General Manager	1	deleted	deleted
Commercial Manager		1	deleted
Director			1
Executive Assistant to the General Manager	1	deleted	deleted
Personal Assistant		1	1
Business Development Manager	1	deleted	deleted
Systems Administrator & Finance Officer	1	1	1
Senior Finance Officer	vacant	vacant	vacant
Administration Officers	0.4 4 vacant	1 3.4 vacant	4 0.4 vacant
Senior Environment Manager	1	deleted	deleted
Advisory Scientist	vacant	deleted	deleted
Manager Jenolan Caves	1	deleted	deleted
Manager Wombeyan, Abercrombie and Borenore	1	transferred to DECC	transferred to DECC
Visitor Services Coordinator, Jenolan	vacant	deleted	deleted
Manager Cave Operations		1	1
Guides positions	12 4 vacant	12 2 vacant	12 2 vacant
Visitor Services Officers	0.6 1 deleted	0.8	0.8
Caretaker Jenolan Caves Cottages	vacant	vacant	1
Team Leader – Maintenance	1	vacant	deleted
Team Leader – Plant Electrician	1	1	1
Manager Technical Services and Capital Works			1
Ranger	vacant	transferred to DECC	transferred to DECC
Trades Officer (Electrician)	1	1	1
Trades Officers	1	1	2
Maintenance Officer	1 2 vacant	4 2 vacant	2 3.5 vacant
Deputy General Manager Rooms Caves House		1	1
Deputy General Manager Food & Beverage Caves House			1
Head Chef Caves House			1
Front Office Manager Caves House			1

## Recruitment Statistics

The recruitment and employment needs of the Trust for the period 1 July 2007 to 30 June 2008 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.

In all there are 23 permanent positions covering 4 categories.

Temporary placements, and a casual workforce of up to 113, supplement the Trust's team of permanent employees.

The Trust's estimated full time equivalent staff number (FTE) as at 30 June 2008 was 66.7.

There were no voluntary redundancy payments during the year.

## Statutory Information (cont)

### Training

Total training costs for the year, including staff hours and course costs, was \$57,957.

Paid staff hours for external training:

2007/2008	\$13,756;
2006/2007	\$25,785.55;
2005/2006	\$18,539.

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 %
2005/2006	72.0	28.0
2006/2007	57.0	43.0
2007/2008	49	51

Of the permanent employees 87% are male and 13% are female. In 2007/2008 the average remuneration for males was \$60,246.30 and females \$46,226.33.

Approximately 16.5% of all staff on the payroll are permanent, the balance are employed on a temporary or casual basis.

Staff relieved in higher positions (minimum 5 days relief) on five occasions.

### Overseas Visits

There was no official overseas visits undertaken by staff during the 2007/2008 financial year.

### Consultants

Throughout 2007/2008 the Trust supplemented internal resources with the following consultancy expertise (costs excluding GST):

*Equal to or more than \$30,000*

CB Richard Ellis \$48,688.35

*Under \$30,000*

During the year four consultants were engaged totalling the amount of:

\$48,687.95

**TOTAL CONSULTANCIES \$97,376.30**

### Account Payment Performance

Account payment performance indicators for 2007/2008 financial year:

**Average time taken to process accounts inclusive of:**

Current (within 30 days)	\$213,661
Less than 30 days overdue	\$ 25,750
Between 30-60 days overdue	\$ 21,185
Between 60-90 days overdue	\$ 4,156
Over 90 days overdue	\$ 1,085
Percentage of accounts paid on time	80%
Total of accounts paid on time	\$6,280,952
Total of accounts paid	\$7,851,191

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 Corporate Online facility was implemented in 2007/2008. The Trust has successfully utilised the various features this provides.

## Statutory Information (cont)

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### 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.
- Easier access for people with limited mobility. Five of the nine show caves at Jenolan now have 50mm stainless steel handrails installed and steps regraded to make them more standard.
- The continuation of relighting in the show caves to provide an optimum and even level of step illumination to assist visitors to negotiate steps in the caves.
- Wheelchair assisted access to part of the self guided tour at Jenolan.

### 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 for 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 2008/2009. It will:

- Investigate the redesign of current public communication programs including the redesign of the Trust's website.
- Support the introduction of an Aboriginal Cultural Heritage Program and training staff in Aboriginal Cultural Awareness through DECC.

### 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.
- Targeted surveys, activated when significant issues are identified.
- Feedback provided to staff.
- Visitors Book comments.

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

## Statutory Information (cont)

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### Occupational Health & Safety

The OH&S Committee has been working closely with management and staff and has:

- eliminated all slip and trip hazards within the show-cave system.
- introduced a regular program of OH&S legislation and process in the workplace. This included regular staff briefings, the production of information sheets and documentation detailing correct procedures for effective communication of OH&S issues.
- implemented workplace inspections.

### Freedom of Information Requests

There were two (third party consultation) FOI requests in 2007/2008.

### Risk Management

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

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

### Energy Management

The Trust has reviewed and is compliant with its Energy Management Policy. The Trust has also installed energy efficient bulbs in Jenolan Caves House and has upgraded some show caves to use more energy efficient lighting.

### Waste Management

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

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 was finalised early in the new financial year and released to staff.

The draft Plan of Management for the Jenolan Karst Conservation Reserve is in final draft stage and is being reviewed by the Department of Environment and Climate Change prior to consideration by the Minister for Climate Change and the Environment.

### Research

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

### Advisory Committees

The Trust is fortunate to work with the caving community in relation to aspects of its operation. The Trust gives thanks to:

#### *Speleological Advisory Committee*

John Bonwick

Ben Nurse

Chris Norton

Daryll McDowell

## Statutory Information (cont.)

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### Major Works Completed or Underway

Major works programs completed or underway are:

- Removal of asbestos from Jenolan Caves House.
- Completion of roof replacement of Jenolan Caves House.
- Repainting exterior of Jenolan Caves House.
- Upgrade to Jenolan's water reticulation system.
- Upgrade of water pumps.
- Work on the upgrade of walking tracks at Jenolan.
- Toilet facilities within the Grand Arch upgraded.
- Stainless steel handrails and work to improve the protection of speleothems in the Mafeking Branch of the Lucas Cave.
- A major project to relight the Orient Cave was commenced.

### Publications

#### Brochures/Leaflets:

The Trust publishes a variety of in-house brochures and information sheets on the services and facilities it provides which are available to the public at various tourist sites around NSW and at Jenolan Caves.

#### Other:

Annual Reports.

#### Printing Annual Report 2007/2008

Total external cost – Nil.

The Trust's Annual Report is available on the Jenolan Caves Reserve Trust website

[www.jenolancaves.org.au](http://www.jenolancaves.org.au)



*Nettle Cave*

# 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 2008, the income statements, statements 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 2008, and of their financial performance 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.

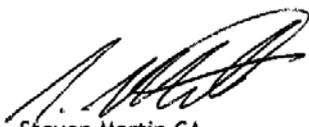
My opinion does *not* provide assurance:

- 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.



Steven Martin CA  
Director, Financial Audit Services

24 April 2009  
SYDNEY

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
YEAR ENDED 30 JUNE 2008**

**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 2008 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: Peter Duncan**

**Position: Administrator**

**Date: 1 April 2009**

  
\_\_\_\_\_

**Name: Peter Austen**

**Position: Director**

**Date: 1 April 2009**

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
INCOME STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Consolidated Entity		Jenolan Caves Reserve Trust	
		2008	2007	2008	2007
		\$	\$	\$	\$
Revenue from Continuing Operations		7,184,445	6,187,164	7,184,445	6,187,164
Other Income		427,891	478,711	427,891	478,711
<b>Total Income</b>	<b>3</b>	<b>7,612,336</b>	<b>6,665,875</b>	<b>7,612,336</b>	<b>6,665,875</b>
Employee Benefits Expense	4.1	(3,742,754)	(3,289,818)	-	-
Personnel Services Expense	4.1	-	-	(3,742,754)	(3,289,818)
Administrator Costs		(319,894)	(255,508)	(319,894)	(255,508)
Bad Debt Expense		(30,581)	(27,096)	(30,581)	(27,096)
Contract Labour		(333,086)	(474,150)	(333,086)	(474,150)
Consultancy Fee		(97,376)	(17,628)	(97,376)	(17,628)
Cost of Goods Sold		(834,998)	(645,680)	(834,998)	(645,680)
Depreciation Expenses	4.2	(297,039)	(206,346)	(297,039)	(206,346)
Lease Negotiations		(15,343)	(43,997)	(15,343)	(43,997)
Marketing		(280,140)	(378,050)	(280,140)	(378,050)
Insurance		(93,804)	(85,520)	(93,804)	(85,520)
Interest		(225,200)	(214,117)	(225,200)	(214,117)
Motor Vehicle		(90,597)	(79,060)	(90,597)	(79,060)
Heat & Power		(313,100)	(254,187)	(313,100)	(254,187)
Commission		(78,671)	(96,801)	(78,671)	(96,801)
Telephone, Postage & Internet		(128,887)	(110,826)	(128,887)	(110,826)
Repairs and Maintenance		(188,463)	(158,783)	(188,463)	(158,783)
Other Expenses	4.3	(1,075,968)	(926,063)	(1,075,968)	(926,063)
Extraordinary Items	4.4	-	(8,813,285)	-	(8,813,285)
<b>Total Expenses</b>		<b>(8,145,901)</b>	<b>(16,076,915)</b>	<b>(8,145,901)</b>	<b>(16,076,915)</b>
<b>Profit / (Loss) for the Year</b>		<b>(533,565)</b>	<b>(9,411,040)</b>	<b>(533,565)</b>	<b>(9,411,040)</b>
<b>Profit/(Loss) is Attributable to: Equity Holders of Jenolan Caves Reserve Trust</b>		<b>(533,565)</b>	<b>(9,411,040)</b>	<b>(533,565)</b>	<b>(9,411,040)</b>

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

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
BALANCE SHEETS  
FOR THE YEAR ENDED 30 JUNE 2008**

		Consolidated Entity		Jenolan Caves Reserve Trust	
<b>ASSETS</b>	<b>Note</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Current Assets</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash & Cash Equivalents	5	885,284	2,836,111	885,284	2,836,111
Trade & Other Receivables	6	740,977	967,159	475,425	693,077
Inventories	7	159,461	122,051	159,461	122,051
<b>Total Current Assets</b>		<b>1,785,722</b>	<b>3,925,321</b>	<b>1,520,170</b>	<b>3,651,239</b>
<b>Non-Current Assets</b>					
Property, Plant & Equipment	8	14,704,894	12,566,123	14,704,894	12,566,123
<b>Total Non-Current Assets</b>		<b>14,704,894</b>	<b>12,566,123</b>	<b>14,704,894</b>	<b>12,566,123</b>
<b>TOTAL ASSETS</b>		<b>16,490,616</b>	<b>16,491,444</b>	<b>16,225,064</b>	<b>16,217,362</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade & Other Payables	9	1,700,170	1,007,935	1,434,618	733,853
Provisions	10	118,293	144,300	118,293	144,300
Borrowings	11	-	600,000	-	600,000
<b>Total Current Liabilities</b>		<b>1,818,463</b>	<b>1,752,235</b>	<b>1,552,911</b>	<b>1,478,153</b>
<b>Non-Current Liabilities</b>					
Provisions	10	91,182	74,594	91,182	74,594
Borrowings	11	3,680,792	3,230,871	3,680,792	3,230,871
<b>Total Non-Current Liabilities</b>		<b>3,771,974</b>	<b>3,305,465</b>	<b>3,771,974</b>	<b>3,305,465</b>
<b>TOTAL LIABILITIES</b>		<b>5,590,437</b>	<b>5,057,700</b>	<b>5,324,885</b>	<b>4,783,618</b>
<b>NET ASSETS</b>		<b>10,900,179</b>	<b>11,433,744</b>	<b>10,900,179</b>	<b>11,433,744</b>
<b>EQUITY</b>					
Contributed Equity	12	5,831,749	5,831,749	5,831,749	5,831,749
Retained Surplus	13	(2,120,319)	(1,586,754)	(2,120,319)	(1,586,754)
Reserves	13	7,188,749	7,188,749	7,188,749	7,188,749
<b>TOTAL EQUITY</b>		<b>10,900,179</b>	<b>11,433,744</b>	<b>10,900,179</b>	<b>11,433,744</b>

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Consolidated Entity		Jenolan Caves Reserve Trust	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>Cash Flows From Operating Activities</b>					
Receipts From Customers		7,371,852	6,775,442	7,371,852	6,775,442
Receipts From Government		720,000	-	720,000	-
Payments to Suppliers & Employees		(7,695,595)	(9,166,763)	(7,695,595)	(9,166,763)
Interest Received		169,949	168,152	169,949	168,152
Interest Paid		(81,222)	(71,311)	(81,222)	(71,311)
<b>Net Cash Provided by Operating Activities</b>	<b>15</b>	<b>484,984</b>	<b>(2,294,480)</b>	<b>484,984</b>	<b>(2,294,480)</b>
<b>Cash Flows From Investing Activities</b>					
Payments For Property, Plant & Equipment		(2,435,810)	(2,731,616)	(2,435,810)	(2,731,616)
Proceeds From Sale of Investments		-	429,512	-	429,512
<b>Net Cash Used In Investing Activities</b>		<b>(2,435,810)</b>	<b>(2,302,104)</b>	<b>(2,435,810)</b>	<b>(2,302,104)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		-	621,099	-	621,099
Repayment of borrowings		-	(52,000)	-	(52,000)
<b>Net cash (outflow) inflow from financing activities</b>		<b>-</b>	<b>569,099</b>	<b>-</b>	<b>569,099</b>
<b>Net (Decrease)/ Increase In Cash &amp; Cash Equivalents</b>		<b>(1,950,826)</b>	<b>(4,027,485)</b>	<b>(1,950,826)</b>	<b>(4,027,485)</b>
Cash & Cash Equivalents at Beginning of Period		2,836,111	6,863,596	2,836,111	6,863,596
<b>Cash &amp; Cash Equivalents at End of the Period</b>	<b>5</b>	<b>885,284</b>	<b>2,836,111</b>	<b>885,284</b>	<b>2,836,111</b>

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  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2008**

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2008 \$	2007 \$	2008 \$	2007 \$
Total equity at the beginning of the financial year	11,433,744	20,844,784	11,433,744	20,844,784
Loss for year	(533,565)	(9,411,040)	(533,565)	(9,411,040)
<b>Total recognised income and expenses for the year</b>	<b>(533,565)</b>	<b>(9,411,040)</b>	<b>(533,565)</b>	<b>(9,411,040)</b>
<b>Total equity at the end of the financial year</b>	<b>10,900,179</b>	<b>11,433,744</b>	<b>10,900,179</b>	<b>11,433,744</b>

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 2008**

**REPORTING ENTITY**

The Jenolan Caves Reserve Trust (JCRT) and Jenolan Caves Reserve Trust Division (the 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 2008 has been authorised by the Trust on 1 April 2009.

**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 financial 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 Group 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 2008**

**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 2008 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.

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**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 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 an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense, the increase is first recognised in other income.

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.

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**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 to 10 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.

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 17.

**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 component of the cash flows arising from investing and financing activities, which are recoverable from, or payable to the ATO are classified as operating cash flows

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1.12 Investments and other financial assets**

**Classification**

The Trust 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.

**(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.

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1.12 Investments and other financial assets (continued)**

**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.

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
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**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 2008 reporting periods.

Title of standard	Issue date	Application date #
AASB-1 14 <i>The Limit on a Define Benefit Assets, Minimum Funding Requirements and their Interaction</i>	August 2007	1 January 2008
Revised AASB 123 <i>Borrowing Cost</i> and AASB 2007-6 Amendments Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007	1 January 2009
Revised AASB 101 <i>Presentation of Financial Statements</i> and AASB 2007-8 <i>Amendments to Australian Accounting Standards arising from AASB 101</i>	September 2007	1 January 2009
AASB 2007-10 <i>Further Amendment to Australian Accounting Standards arising from AASB 101</i> [note: while AASB 2007-10 was already approved in December 2007, it has not been issued by the AASB. The standard will only replace the term financial report with the IFRS terminology, so will not have an impact on the Financial Report. As such it is not necessary to refer to AASB 2007-10 in the disclosure under AASB 108(30).]	December 2007	
AASB 2008-2 <i>Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation</i> [AASB 7, AASB 101, AASB 132, AASB 139 and Interpretation 2]	March 2008	1 January 2009
# applicable to reporting periods commencing on or after the given dates		

**AASB-1 14 The Limit on Define Benefit Asset, Minimum Funding Requirements and their Interaction**

AASB-1 14 will be effective for annual reporting periods commencing 1 January 2008. It provides guidance in the maximum amount that may be recognised as an asset in relation to a define benefit plan and the impact of minimum funding requirements on such as asset. None of the Trust's defined benefit plans are subject to minimum funding requirements and the define benefit asset that is recognised in the balance sheet does not exceed the maximum amount that could be recognised if AASB-1 14 was applied. The Trust will apply AASB-1 14 from 1 July 2008 but it is not expected to have any impact on the Trust's financial statements.

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

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
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**2. FINANCIAL RISK MANAGEMENT**

**2.1 Financial Risk Management Policies**

The activities of Jenolan Caves Reserve Trust expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Jenolan Caves Reserve Trust's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse affects on the financial performance of the consolidated entity. The Trust uses different methods to measure different types of risk to which it is exposed including aging analysis for credit risk.

*(a) Market Risk*

The Trust has minimal exposure to commodity, foreign exchange, equity and interest rate risk.

In terms of interest rate risk, the borrowings of the Trust are either interest free loans or fixed interest. No borrowings of the Trust are exposed to variable interest rates.

*(b) Credit Risk*

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. For customers, management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors. Compliance with credit limits by the customer is monitored by management.

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets.

*(c) Liquidity Risk*

Prudent liquidity management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facility and the ability to close out of market positions.

The Trust manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, management aims at maintaining flexibility in funding by keeping committed credit lines available. Surplus funds are generally only invested in instruments that tradable in highly liquid markets.

*(d) Fair Value Estimation*

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

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

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
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**2. FINANCIAL RISK MANAGEMENT (Continued)**

**2.2 Financial Instrument Composition**

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		Fixed Interest		Non-Interest Bearing		Carrying Amount as per Balance Sheet	
		2008	2007	2008	2007	2008	2007	2008	2007
		\$	\$	\$	\$	\$	\$	\$	\$
<b>1. Financial assets</b>									
Cash & Investments	5	865,394	2,788,771	-	-	19,890	47,340	885,284	2,836,111
Trade and Other Receivables	6	-	-	-	-	740,977	967,159	740,977	967,159
<b>Total Financial Assets</b>		865,394	2,788,771	-	-	760,867	1,014,499	1,626,267	3,803,270
<b>Weighted Average Interest Rate %</b>		7.2%	3.5%	-	-	-	-	3.8%	2.6%
<b>2. Financial liabilities</b>									
Trade & Other Payables	9	-	-	-	-	1,700,170	1,007,935	1,700,170	1,007,935
Borrowings	11			1,209,848	1,217,357	2,470,944	2,613,514	3,680,792	3,830,871
<b>Total Financial Liabilities</b>		-	-	1,209,848	1,217,357	4,171,114	3,621,449	5,380,962	4,838,806
<b>Weighted Average Interest Rate %</b>		-	-	7.0%	7.0%	-	-	1.6%	1.6%

**2.3 Trade and Other Receivables Analysis**

*(a) Impaired Trade Receivables*

As at 30 June 2008 current trade receivables of the Trust with a nominal value of \$90,331 (2007: \$50,686) were impaired. The amount of the provision was \$80,000 (2007: \$49,419). The individually impaired receivables mainly related to Tour Operators, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

There are no amounts of collateral held as security at 30 June 2008 with regard to these receivables.

*(b) Past Due but not Impaired*

As of 30 June 2008, trade receivables of \$91,121 (2007: \$19,415) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2008	2007	2008	2007
	\$	\$	\$	\$
1-30 Days Overdue	29,432	6,922	29,432	6,922
31-60 Days Overdue	35,058	6,827	35,058	6,827
Great Than 60 Days Over Due	26,631	5,667	26,631	5,667
	91,121	19,415	91,121	19,415

There are no amounts of collateral held as security at 30 June 2008 with regard to these receivables.

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
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**2. FINANCIAL RISK MANAGEMENT (Continued)**

**2.3 Trade and Other Receivables Analysis (continued)**

*(c) Other Receivables*

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these classes, it is expected that these amounts will be received when due.

*(d) Foreign Exchange and Interest Rate Risk*

The Trust is not exposed to foreign currency risk or interest rate risk in relation to trade and other receivables.

*(e) Fair Value and Interest Rate Risk*

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

**2.4 Analysis of Trade and Other Payables**

*(a) Trade and Other Payables Expected to be Settled within the next 12 months*

Trade and other payables, excluding taxes payable by the Group, are expected to be paid as follows.

	<b>Consolidated Entity</b>		<b>Jenolan Caves Reserve Trust</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$	\$
Due within 1 Month	1,171,795	644,111	1,171,795	644,111
Due within 2 Months	-	-	-	-
Due after 2 Months	-	-	-	-
	1,171,795	644,111	1,171,795	644,111

*(b) Other Amounts expected to be settled within the next 12 months*

Other payables include accruals for annual leave. The entire obligation is presented as current, since the Trust does not have an unconditional right to defer settlement.

The following amounts reflect leave that is expected to be taken in the next 12 months:

	<b>Consolidated Entity</b>		<b>Jenolan Caves Reserve Trust</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$	\$
Annual leave and other leave obligation expected to be settled within 12 months	329,980	259,938	329,980	259,938

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**2. FINANCIAL RISK MANAGEMENT (Continued)**

**2.5 Analysis of Borrowings**

*Maturities of borrowings*

The table below analyses the Group's borrowings into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<b>Group at 30 June 2008</b>	<b>Less than 6 Months</b>	<b>6-12 Months</b>	<b>Between 1-2 Years</b>	<b>Between 2-5 Year</b>	<b>Over 5 Years</b>	<b>Total</b>
Interest Bearing	40,536	40,536	81,072	1,240,536	-	1,402,680
Non Interest Bearing	-	-	600,000	1,800,000	700,000	3,100,000
<b>Total</b>	<b>40,536</b>	<b>40,536</b>	<b>681,072</b>	<b>3,040,536</b>	<b>700,000</b>	<b>4,502,680</b>

**2.6 Sensitivity Analysis**

The Trust has performed a sensitivity analysis relating to its exposure to interest rate risk. The Trust has assessed its exposure to foreign currency and price risk as minimal.

*Interest Rate Sensitivity Analysis*

At 30 June 2008, the effect on profit as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	<b>Consolidated Entity</b>		<b>Jenolan Caves Reserve Trust</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Increase in Interest Rate by 1%	8,654	27,888	8,654	27,888
Decrease in Interest Rate by 1%	(8,654)	(27,888)	(8,654)	(27,888)

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
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	Consolidated Entity		Jenolan Caves Reserve Trust	
	2008 \$	2007 \$	2008 \$	2007 \$
<b>3. REVENUE FROM CONTINUING OPERATIONS</b>				
<b>Sales Revenue</b>				
Interpretation Services	3,557,330	3,254,855	3,557,329	3,254,855
Accommodation	1,246,214	1,008,453	1,246,214	1,008,453
Parking Fees	-	49,820	-	49,820
Special Events	84,569	54,037	84,569	54,037
Kiosk Trading	1,350	42,984	1,350	42,984
Gift Shop Trading	337,101	342,910	337,101	342,910
Food and Beverage Sales	1,132,263	948,817	1,132,263	948,817
	<u>6,358,827</u>	<u>5,701,876</u>	<u>6,358,826</u>	<u>5,701,876</u>
<b>Rental Income</b>				
Bistro Rental	334,169	274,382	334,169	274,382
Staff Cottages	18,742	35,328	18,742	35,328
Site Rental	8,701	7,426	8,701	7,426
	<u>361,612</u>	<u>317,136</u>	<u>361,612</u>	<u>317,136</u>
Interest – Financial Institutions	169,949	168,152	464,006	168,152
Interest – Revaluation of Non-Interest Bearing Loans	294,057	-	294,057	-
	<u>464,006</u>	<u>168,152</u>	<u>464,006</u>	<u>168,152</u>
<b>Total Revenue From Continuing Operations</b>	<u>7,184,445</u>	<u>6,187,164</u>	<u>7,184,445</u>	<u>6,187,164</u>
Grants Received – Administration #	350,000	434,625	350,000	434,625
Grants Received – Environmental #	20,000	-	20,000	-
Other	57,891	44,086	57,891	44,086
	<u>427,891</u>	<u>478,711</u>	<u>427,891</u>	<u>478,711</u>

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

**4. EXPENSES**

**4.1 EMPLOYEE BENEFITS EXPENSE**

Salaries & Wages	3,192,304	2,492,100	-	-
Payroll Tax	184,114	162,552	-	-
Superannuation	310,222	261,738	-	-
Worker's Compensation	29,875	55,460	-	-
Net Decrement Arising From Valuation of Superannuation	8,530	236,412	-	-
Payroll Processing Charge	17,709	81,556	-	-
<b>Employee Benefits Expense</b>	<u>3,742,754</u>	<u>3,289,818</u>	-	-
<b>Personnel Services Expense</b>	-	-	<u>3,742,754</u>	<u>3,289,818</u>
<b>Total Employee Benefits Expense</b>	<u>3,742,754</u>	<u>3,289,818</u>	<u>3,742,754</u>	<u>3,289,818</u>

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
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**4. EXPENSES (continued)**

**4.2 DEPRECIATION EXPENSE**

Depreciation of Non-Current Assets

- Buildings	34,357	17,287	34,357	17,287
- Plant & Equipment	18,995	18,812	18,995	18,812
- Caves Infrastructure	121,816	88,350	121,816	88,350
- General Infrastructure	116,688	76,714	116,688	76,714
- Leasehold Improvements	5,183	5,183	5,183	5,183
	<b>297,039</b>	<b>206,346</b>	<b>297,039</b>	<b>206,346</b>

**4.3 OTHER EXPENSES**

Accounting Fees	135,870	145,861	135,870	145,861
Audit Fees	60,050	31,500	60,050	31,500
Bank & Credit Card	56,210	72,307	56,210	72,307
Cleaning	177,810	154,446	177,810	154,446
Environmental	-	18,112	-	18,112
IT Maintenance & Supplies	63,255	38,082	63,255	38,082
Printing & Stationery	54,450	38,450	54,450	38,450
Rental Expense on Operating Leases - Minimum Lease Payments	264,147	180,612	264,147	180,612
Special Events	56,670	28,023	56,670	28,023
Travel Expenses	17,186	15,946	17,186	15,946
Other expenses	190,320	202,724	190,320	202,724
	<b>1,075,968</b>	<b>926,063</b>	<b>1,075,968</b>	<b>926,063</b>

**4.4 EXTRAORDINARY ITEMS**

Discharge of Mortgage on the Lease & Assets of Caves House (Note 20)	-	1,300,000	-	1,300,000
Transfer of the assets of Abercrombie, Borenore and Wombeyan Caves to the Department of Environment and Conservation (Note 20)	-	7,513,285	-	7,513,285
	-	<b>8,813,285</b>	-	<b>8,813,285</b>

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
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	Consolidated Entity		Jenolan Caves Reserve Trust	
	2008	2007	2008	2007
<b>5. CASH AND CASH EQUIVALENTS</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash at Bank and on Hand	885,284	2,836,111	885,284	2,836,111

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	885,284	2,836,111	885,284	2,836,111
Balances per Statement of Cash Flows	885,284	2,836,111	885,284	2,836,111

**6. TRADE AND OTHER RECEIVABLES**

Trade Receivables	541,149	729,144	541,149	729,144
Less: Provision for Doubtful Debts	(80,000)	(49,419)	(80,000)	(49,419)
	461,149	679,725	461,149	679,725

Prepaid Superannuation Contributions (refer note 14)	265,552	274,082	-	-
Prepayments	14,276	13,352	14,276	13,352
	279,828	287,434	14,276	13,352
	740,977	967,159	475,425	693,077

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

**7. INVENTORIES**

Maintenance – at Cost	4,733	5,558	4,733	5,558
Electrical – at Cost	17,911	17,640	17,911	17,640
Kiosk – at Cost	8,534	4,245	8,534	4,245
Gift Shop – at Cost	102,412	77,335	102,412	77,335
Caves House – at Cost	25,871	17,273	25,871	17,273
	159,461	122,051	159,461	122,051

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
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**8. PROPERTY PLANT AND EQUIPMENT**

**CONSOLIDATED ENTITY & PARENT ENTITY**

	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Motor vehicles</b>	<b>Caves</b>
<b>At 1 July 2007</b>				
Cost or Fair Value	1,353,990	269,848	39,034	7,036,708
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>
<b>Year ended 30 June 2007</b>				
Opening Net Book Amount	1,252,287	114,449	-	6,577,315
Additions	-	-	-	-
Transfers In/(Out)	-	21,968	-	-
Depreciation Charge for the Year	(34,357)	(18,995)	-	(121,816)
Net Closing Book Amount	<u>1,217,930</u>	<u>117,422</u>	<u>-</u>	<u>6,455,499</u>
<b>At 30 June 2008</b>				
Cost or Fair Value	1,353,990	291,816	-	7,036,707
Accumulated Depreciation and Impairment	(136,060)	(174,394)	-	(581,209)
Net Carrying Amount	<u>1,217,930</u>	<u>117,422</u>	<u>-</u>	<u>6,455,499</u>
	<b>General Infrastructure</b>	<b>Leasehold Improvements</b>	<b>Capital Works</b>	<b>Total</b>
<b>At 1 July 2007</b>				
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>
<b>Year ended 30 June 2007</b>				
Opening Net Book Amount	2,619,418	12,091	1,990,563	12,566,123
Additions	-	-	2,435,810	2,435,810
Transfers In/(Out)	507,990	-	(529,958)	-
Depreciation Charge for the Year	(116,688)	(5,183)	-	(297,039)
Net Closing Book Amount	<u>3,010,720</u>	<u>6,908</u>	<u>3,896,415</u>	<u>14,704,894</u>
<b>At 30 June 2008</b>				
Cost or Fair Value	3,527,920	41,460	3,896,415	16,148,309
Accumulated Depreciation and Impairment	(517,200)	(34,552)	-	(1,443,415)
Net Carrying Amount	<u>3,010,720</u>	<u>6,908</u>	<u>3,896,415</u>	<u>14,704,894</u>

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**8. PROPERTY PLANT AND EQUIPMENT (Continued)**

**CONSOLIDATED ENTITY & PARENT ENTITY**

	Land and buildings	Plant and equipment	Motor vehicles	Caves
<b>At 1 July 2006</b>				
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>
<b>Year ended 30 June 2006</b>				
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>
<b>At 30 June 2007</b>				
Cost or Fair Value	1,353,990	269,848	39,034	7,036,708
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
<b>At 1 July 2006</b>				
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>
<b>Year ended 30 June 2006</b>				
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>
<b>At 30 June 2007</b>				
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  
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	Consolidated Entity		Jenolan Caves Reserve Trust	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>9. TRADE AND OTHER PAYABLES</b>				
Refundable deposits	125,951	80,032	125,951	80,032
Trade Payables	1,022,451	109,835	1,022,451	109,835
Accrued Expenses	72,000	439,793	72,000	439,793
Accrued Employee Costs	149,788	118,337	-	-
Employee Benefits - Annual Leave	311,282	242,598	-	-
Employee Benefits - Other Leave	18,698	17,340	-	-
Loans to Related Parties	-	-	214,216	104,193
	<u>1,700,170</u>	<u>1,007,935</u>	<u>1,434,618</u>	<u>733,853</u>
<b>10. PROVISIONS</b>				
<b>Current</b>				
Employee Benefits - Long Service Leave	118,293	144,300	-	-
Personnel Services Provision	-	-	118,293	144,300
	<u>118,293</u>	<u>144,300</u>	<u>118,293</u>	<u>144,300</u>
<b>Non-current</b>				
Employee Benefits - Long Service Leave	91,182	74,594	-	-
Personnel Services Provision	-	-	91,182	74,594
	<u>91,182</u>	<u>74,594</u>	<u>91,182</u>	<u>74,594</u>
<b>11. BORROWINGS</b>				
<b>Current</b>				
Other Loans	-	600,000	-	600,000
	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>600,000</u>
<b>Non-current</b>				
Other Loans	3,680,792	3,230,871	3,680,792	3,230,871
	<u>3,680,792</u>	<u>3,230,871</u>	<u>3,680,792</u>	<u>3,230,871</u>

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	Consolidated Entity		Jenolan Caves Reserve Trust	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>12. CONTRIBUTED EQUITY</b>				
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 2007	7,188,749	8,334,956	7,188,749	8,334,956
Adjustment – Transfer Reserves	-	(1,146,207)	-	(1,146,207)
Balance 30 June 2008	7,188,749	7,188,749	7,188,749	7,188,749

**(b) Retained Profits**

Movements in Retained Profits Were as Follows:

Balance 1 July 2007	(1,586,754)	6,678,079	(1,586,754)	6,678,079
Net Loss for the Year	(533,565)	(9,411,040)	(533,565)	(9,411,040)
Adjustment – Transfer Reserves	-	1,146,207	-	1,146,207
Balance 30 June 2008	(2,120,319)	(1,586,754)	(2,120,319)	(1,586,754)

**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	
	2008	2007	2008	2007
	\$	\$	\$	\$
Present Value of the Defined Benefit Obligation	3,625,423	3,565,316	-	-
Fair Value of Defined Benefit Plan Assets	(3,890,975)	(3,839,398)	-	-
<b>Net (Asset)/Liability in the Balance Sheets</b>	(265,552)	(274,082)	-	-

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**14. RETIREMENT BENEFIT OBLIGATIONS (continued)**

**(b) Balance Sheet Amounts (continued)**

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	
	2008	2007	2008	2007
	\$	\$	\$	\$
Net (Asset)/Liability at Start of Year	(274,082)	(510,494)	(274,082)	(510,494)
Net Expense Recognised in the Income Statement	64,145	301,097	64,145	301,097
Contributions	(55,615)	(64,685)	(55,615)	(64,685)
<b>Net (Asset)/Liability to be Disclosed in Balance Sheet</b>	<b>(265,552)</b>	<b>(274,082)</b>	<b>(265,552)</b>	<b>(274,082)</b>

**(c) Amounts Recognised in Income Statements**

The amounts recognised in the income statements are as follows:

Current Service Cost	47,830	108,065	47,830	108,065
Interest Cost	219,884	305,559	219,884	305,559
Expected Return on Plan Assets	(341,460)	(436,645)	(341,460)	(436,645)
Net Actuarial Losses / (Gains)	575,954	(267,966)	575,954	(267,966)
Movement in Adjustment for Limitation on Net Assets	(438,063)	592,085	(438,063)	592,085
<b>Total Included in Expense</b>	<b>64,145</b>	<b>301,098</b>	<b>64,145</b>	<b>301,098</b>
Actual Return on Plan Assets	280,041	682,777	280,041	682,777

**(d) Principal Actuarial Assumptions**

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

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2008	2007	2008	2007
	%	%	%	%
Discount Rate	6.55	6.4	6.55	6.4
Expected rate of return in assets backing current pension liabilities	8.3	7.6	8.3	7.6
Expected rate of return in assets backing other liabilities	7.3	7.6	7.3	7.6
Future Salary Increases	3.5	4.0	3.5	4.0

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**14. RETIREMENT BENEFIT OBLIGATIONS (continued)**

**(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 2008.

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.

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

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2008 \$	2007 \$	2008 \$	2007 \$
Loss for the Year	(533,565)	(9,411,040)	(533,565)	(9,411,040)
Depreciation and Amortisation	297,038	206,347	297,038	206,347
Net Decrement Arising From Valuation of Superannuation	8,530	236,412	8,530	236,412
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 Gain on Revaluation of Interest Free Loan	(150,079)	142,807	(150,079)	142,807
Change in Operating Assets and Liabilities				
(Increase) Decrease in Receivables	217,653	(399,050)	217,653	(399,050)
(Increase) Decrease in Inventories	(37,410)	(59,631)	(37,410)	(59,631)
Increase (Decrease) in Trade & Other Payables	544,823	55,698	544,823	55,698
Increase (Decrease) in Other Operating Liabilities	147,412	(338,270)	147,412	(338,270)
Increase (Decrease) in Other Provisions	(9,418)	(241,038)	(9,418)	(241,038)
Net Cash (Outflow) Inflow from Operating Activities	484,984	(2,294,480)	484,984	(2,294,480)

**16. REMUNERATION OF AUDITORS**

	Consolidated 2008 \$	2007 \$
Auditing of the Financial Report	60,050	31,500

No other services were provided by the auditors

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**17. LEASE COMMITMENTS**

**Operating Leases – Office Accommodation and Equipment**

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

	<b>Consolidated 2008 \$</b>	<b>2007 \$</b>
not longer than one year	261,000	261,000
longer than one year and not longer than two years	82,333	261,000
longer than two years and not longer than five years	-	82,333
Total lease commitments (inclusive of GST)	<u>343,333</u>	<u>604,333</u>

The total lease commitments includes input tax credits of \$26,256 (2007 - \$54,930)

**18. 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 2007).

**19. CAPITAL EXPENDITURE COMMITMENTS**

	<b>2008 \$</b>	<b>2007 \$</b>
<b>General Infrastructure</b>		
Not longer than 1 year	550,600	1,800,000
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	<u>550,600</u>	<u>1,800,000</u>

**20. SIGNIFICANT EXPENSES IN PRIOR YEAR**

***Transfer to DEC***

The National Parks and Wildlife Amendment (Jenolan Caves Reserve) Bill 2006, request the transfer of the assets, rights and liabilities of the Jenolan Caves Reserve Trust to the Department of Environment and Conservation (DEC). Thus, the assets, rights 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.

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**21. 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**