

Annual Report

2022-2023



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Content warning

Aboriginal and Torres Strait Islander peoples are advised that this document may contain images or names of deceased people.

Availability

This annual report has been designed for accessible online use and distribution. A limited number of copies have been printed only for statutory purposes. This report is available at www.lls.nsw.gov.au/annual-reports

Disclaimer

The information contained in this publication is based on knowledge and understanding at the time of writing September 2023. However, because of advances in knowledge, users are reminded of the need to ensure that information upon which they rely is up to date and to check currency of the information with the appropriate officer of Local Land Services or the user’s independent adviser.

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Acknowledgement of Country

We acknowledge the Traditional Custodians of the land and pay respect to Elders past, present and future. We also recognise the unique, diverse and enduring cultures of Aboriginal people and communities in NSW.

Obligations to care for Country remain integral to Aboriginal and Torres Strait Islander lore, identity, culture and social and emotional wellbeing. The way in which traditional lands are being managed is of great interest to First Nations communities. We understand that Aboriginal and Torres Strait Islander peoples have a significant contribution to make in relation to land management in NSW.

First Nations people hold special knowledge and rights regarding the management of land and its resources. Aboriginal people occupy all areas of NSW and maintain strong connection to Country and culture through continued participation and practice of their traditional cultural activities including observance of cultural lore and ceremony.

Cultural values across NSW may also relate to natural resources, cultural sites and objects, songlines, storylines and intellectual property concerning traditional knowledge. The preservation and management of these values are best determined by the Traditional Custodians on Country.

On Country artwork by
Mumbulla Creative



Letter of
submission to
the Minister

31 October 2023

The Hon. Tara Moriarty

Minister for Agriculture
Minister for Regional New South Wales
Minister for Western New South Wales

52 Martin Place
Sydney NSW 2000

Dear Minister Moriarty

Submission of Local Land Services 2022-2023 Annual Report

In accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the *Government Sector Finance Act 2018*, and the Regulations under these Acts, I am pleased to submit to you the 2022-2023 Annual Report of Local Land Services for presentation to the Parliament of NSW.

The Local Land Services Annual Report outlines our achievements and challenges for the 2022-2023 financial year in the context of our strategic priorities and responsibilities, and against our State Strategic Plan. These achievements were made possible by the expertise and commitment of our staff, the support of our delivery partners and the leadership and direction of our boards.

Yours sincerely,



Steve Orr

Chief Executive Officer
Local Land Services



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Overview

1



Message from the chief executive officer

I am pleased to present Local Land Services' annual report for 2022-2023. In the past year, we handled flood emergency response in addition to our ongoing work to safeguard livestock, crops, and native species from diseases and pests. We also successfully delivered numerous NSW Government initiatives and invested in our staff.

Once again, our team was on the frontline of the devastating floods that affected many across the state, supporting landholders and helping farm businesses recover. We worked alongside the NSW Department of Primary Industries responding to 1,200 requests for assistance, supplied emergency fodder to 44,000 head of stock and moved 24,000 stranded sheep to higher ground. And once the floods eased, we were the boots on the ground helping rebuild damaged fences, control invasive species and regain productivity.

Some of Australia's greatest biosecurity threats continued to be a key focus for us. The NSW Government invested \$22.83 million to deliver a 12-month Foot-and-Mouth Prevention and Preparedness Program. An enormous effort from our team led to better protection of native species by the removal of 116,202 pest animals from the environment, including 102,030 feral pigs. Following this success, an extra \$13 million is allocated for more feral pig control this year.

Our focus is also always on the land and in March 2023, the NSW Government committed \$59 million for a new 4-year Landcare Program. This will increase capacity on the ground to support local environmental and productivity initiatives with more co-ordinators working on this full time.

Native vegetation provisions were reviewed and tabled by the Minister for Agriculture with the 5-year Statutory Review of Part 5A of the *Local Land Services Act 2013* in Parliament. This was a significant achievement with 12 months of extensive consultation with key stakeholders, landowners and within government. The report contained 13 recommendations to improve native vegetation provisions in the Act.

Our customers are at the heart of what we do and throughout the year we worked on improving their experience. We updated the Annual Land and Stock Return portal to a more secure platform, making it easier for landholders to collect data and respond.

People are our greatest asset and we invest in the workforce of the future. Our first graduate recruitment program welcomed 10 new team members in January 2023. Now we are recruiting another 10 to 12 graduates to commence in January 2024.

I would like to acknowledge the significant contribution of our boards, delivery partners, leadership team and staff and thank them for all their efforts in delivering high quality services to farmers, landholders and the wider community.

Steve Orr

Chief Executive Officer



Message from the chair

NSW landholders and communities came together in the face of many challenges this year –extensive natural disasters, biosecurity threats and incursions and impacts on commodity values caused by seasonal and market factors. Local board members played a key role in supporting their regions through trying times and providing valuable insight and leadership to target assistance and activities to support our customers.

Our local board members continue to work closely with landholders, industry and community groups to identify and offer strategic input to help us deliver services that meet local needs. Over the past 12 months the Minister appointed 21 new members and the chair of the South East local board. These appointments complement the existing skills on the boards, enhance regional and community representation and diversity of membership.

To assist with future succession planning, we have staggered board member terms. This year we also refreshed the board charter and code of conduct to meet current and future challenges and provide clarity on the role of government boards within the context of the *Local Land Services Act 2013*.

We are proud of our strong partnerships and collaboration across government, which remain vital to the delivery of programs that benefit communities and the environment across the state. This year partnerships with Landcare, National Heritage Trust and natural resource management regions allowed us to grow the reach and effectiveness of on-ground services tailored to different community needs.

The Aboriginal Ranger Program has been successfully embedded across the Central West, Murray, Riverina and North West regions. Sixteen new Aboriginal rangers and 4 supervisors joined in July to gain formal qualifications and skills in conservation and ecosystem management, hands-on experience and career development opportunities. Following this success, we are now planning to expand the program in other areas of NSW.

We are establishing a statewide Natural Capital Program that will provide services to help landholders navigate growing opportunities in natural capital management and environmental markets. New information, extension, advisory and demonstration services will aim to simplify and demystify environmental markets and support landholder decision-making. We will also support the development and implementation of industry sustainability frameworks through partnership initiatives.

In March 2023 a new government was elected. We look forward to working with our new Minister and government over the coming years.

Alison Parker

Chair Local Land Services

Our year at a glance



Almost **1,112,623** ha of land was managed for improved agricultural production



We improved the soil condition on more than **180,886** ha of land



Our vets and biosecurity officers conducted over **2,953** on-farm disease investigations



We protected almost **38,026,032** ha of land through coordinated pest animal control programs



We issued **5,926** permits for travelling stock reserves



We helped to enhance, protect and rehabilitate over **12,371** ha of native vegetation



More than **38,172** ha of significant species and endangered ecological communities were enhanced, rehabilitated and protected



Our staff helped revegetate, rehabilitate, enhance and protect over **619** km of streams and estuaries





About us

2

What we do

We are a regionally focused NSW Government agency delivering quality services to farmers, land managers and the wider community.

We have over 900 staff in more than 80 locations around NSW. Our experienced on-ground officers know the land, conditions and people in the communities we support.

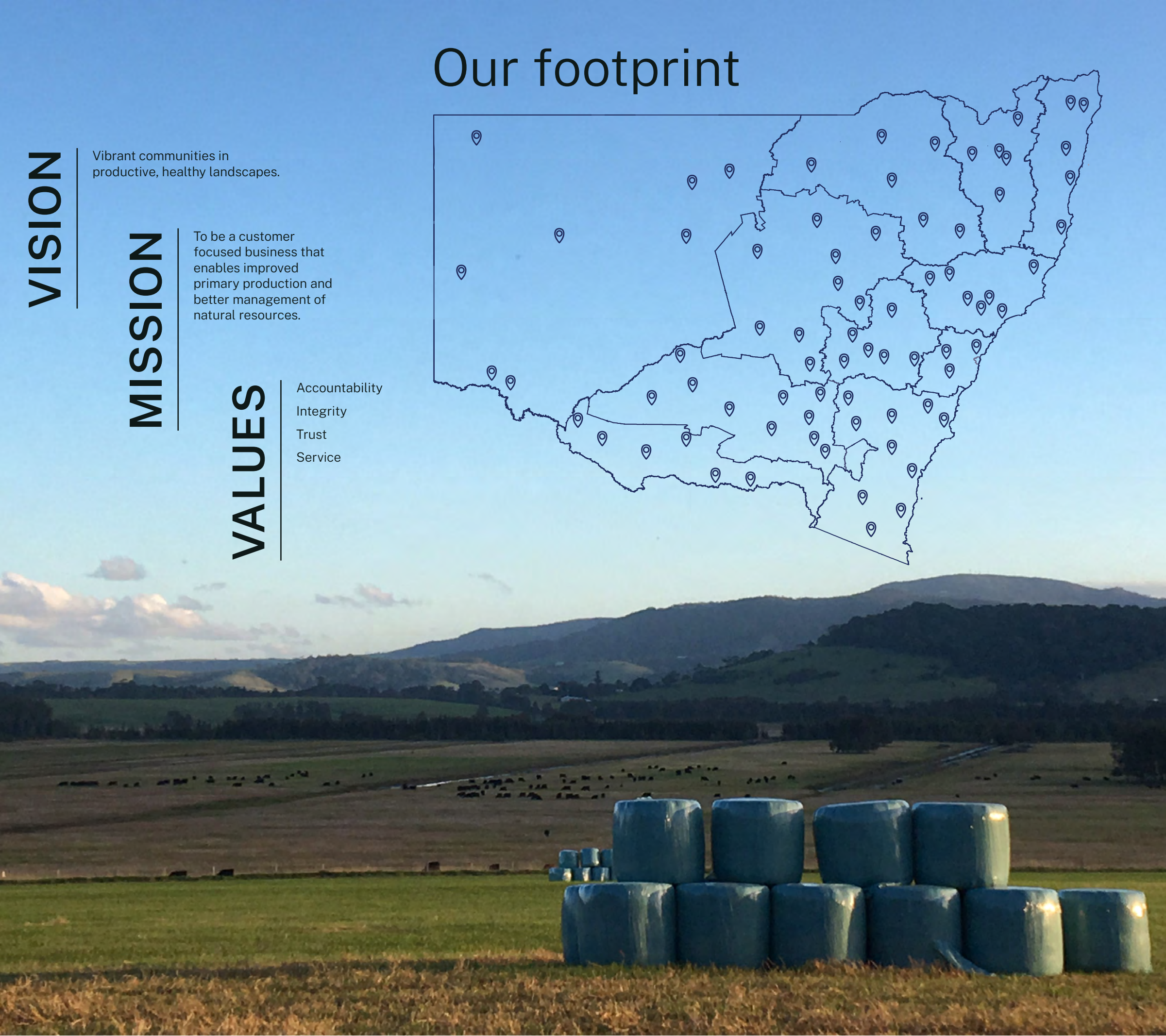
Staff connect land managers and the community with advice, information, training and networking opportunities. This helps land managers grow their capacity and make more informed decisions and choices to enhance the management and productivity of land in NSW.

We contribute to increased farm productivity by offering certification that livestock and livestock products are free of disease and residues. This is essential for continued and competitive access to domestic and international markets.

We enable the community to actively manage biodiversity, land stewardship and the importance of healthy and resilient ecosystems. This includes partnering with land managers, communities and funding bodies to implement on-ground projects that benefit the environment, economy and community.

Our regional teams work to ensure that everyone is playing their part in protecting NSW against biosecurity threats. These teams work closely with people on the ground to protect against pest, plant and emergency animal diseases, providing up-to-date technical advice and frontline services, including stock inspections and disease screening.

Our programs help land managers manage pest animals and invasive weeds on their properties, which protects their businesses and threatened species' native habitats.



Our footprint

VISION

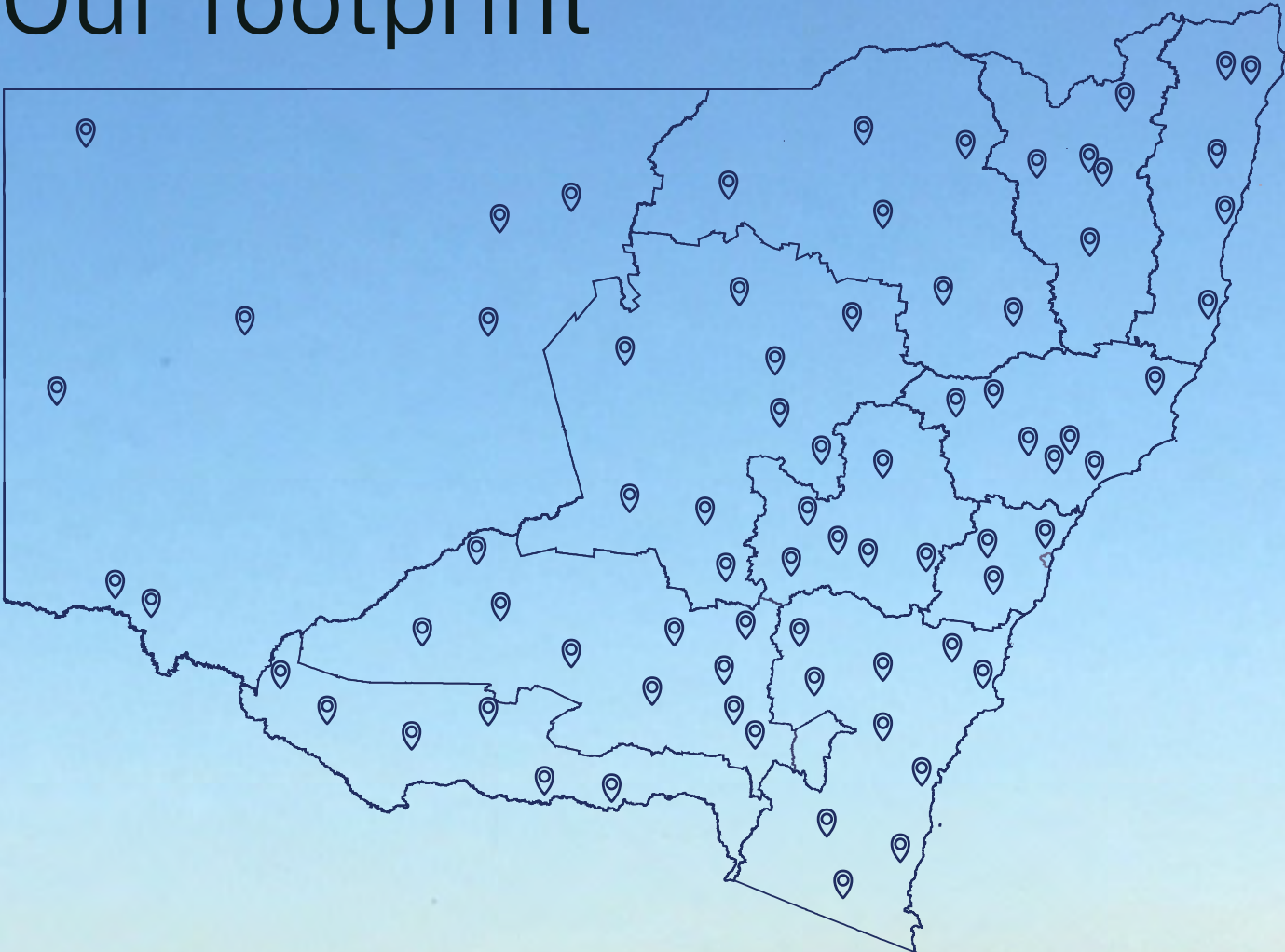
Vibrant communities in productive, healthy landscapes.

MISSION

To be a customer focused business that enables improved primary production and better management of natural resources.

VALUES

- Accountability
- Integrity
- Trust
- Service



Our core services

Animal biosecurity and welfare



Our district veterinarians and biosecurity officers are on the ground to support livestock managers across NSW to assist with diagnosing animal diseases to maintain livestock health.

We deliver frontline animal biosecurity services including on-property disease investigations, residue traceback investigations, regulation and compliance. Examples are the National Livestock Identification System, state disease programs (such as footrot eradication), livestock certification and emergency animal disease prevention, preparedness and response.

Conservation and restoration of natural and cultural resources



Natural resource management

Natural resource management refers to the coordinated strategies adopted for the sustainable utilisation and active management of our major natural resources, such as land, water, soil, forests, fisheries, plants and animals. We support and enable land managers to better manage natural resources -avoiding or reversing their decline, and maintaining and improving land uses that are sustainable and productive.

We work with land managers, stakeholders, and community groups to develop and deliver effective natural resource management practices. We build capacity to actively manage land through drought, flood, and climate variability, promote resilient business practices, and safeguard our landscapes and natural assets for future generations.

Cultural heritage

First Nations people have practised sustainable natural resource management to care for flora, fauna and biodiversity for thousands of years.

We support Aboriginal people to care for Country, share traditional land management and ecological knowledge, and help protect and strengthen Aboriginal cultural heritage.

Emergency management



We play a crucial role in managing emergencies that affect the community, environment, and economy of NSW.

We work with the community, the NSW Department of Primary Industries and other agencies to provide vital support in emergencies including natural disasters (such as flood and bushfire), and biosecurity events. These involve living plants, animals and pest insects such as locust plagues.

We also help land managers plan and prepare for, respond to, and recover from biosecurity emergencies and natural disasters by providing advice about emergency property planning and preparedness.

Our trained staff are here to help land managers and communities recover from any biosecurity events or natural disasters.

Invasive species



We support land managers to fulfil responsibilities to manage pests, weeds, and diseases under Australian biosecurity legislation and run profitable and productive farming enterprise.

Our biosecurity officers are on the ground to provide advice to help land managers control and manage invasive species on their land. This includes advice on how to control pest animals, property inspections and free online accredited training to support the use of baits and pesticides.

We also sell baits to ratepayers and can advise land managers on purchasing baits depending on their needs.

Land management, native vegetation and farm forestry



Land management

The *Biodiversity Conservation Act 2016* and *Local Land Services Act 2013* were developed to ensure a balanced approach to rural land management and biodiversity conservation in NSW. The Land Management Framework describes those aspects that relate to native vegetation management on rural land.

We are responsible for implementing land management and biodiversity reforms and work closely with land managers to manage native vegetation on their properties.

Farm forestry

Farm Forestry, is the long-term sustainable management of native forests on private property for a range of values including biodiversity, pest and weed control, fire management, Aboriginal values and timber production.

We are responsible for farm forestry advice and approvals. The NSW Environment Protection Authority is responsible for compliance and enforcement of farm forestry.

Plant biosecurity



Plant biosecurity includes strategies to manage insect pests and diseases that are a risk to plants.

We support producers to fulfil responsibilities to manage insect pests and diseases under Australian biosecurity legislation. We invest resources in plant surveillance activities and education to help identify potential risks from both exotic and industry-identified priority plant pests.

Productive, profitable and sustainable agriculture



The increased productivity and sustainability of our industries occurs through practice change at the local and farm level. These changes result in improved management strategies, practices, decision making, innovation and adoption of new technologies.

We are the NSW agency responsible for delivering agriculture extension, advisory and capacity building services.

We provide services to producers to increase farm productivity and enhance natural assets and on-ground assistance in preparation for, during and post major business disruptors. We also help connect farmers and advisors with the right research and industry information through our networks.

Travelling stock reserves



When grazing or moving stock around the state, the grazing industry uses a network of parcels of Crown land called travelling stock reserves. In addition to grazing and moving stock, the travelling stock reserve network also has other values such as biodiversity conservation and Indigenous and European culture and recreation.

There are more than 6,500 travelling stock reserves on Crown land in NSW, covering an area of around 2 million hectares.

We are responsible for the care, control and management of about 30% of travelling stock reserves in NSW, covering about 530,000 hectares. We administer permits for moving and grazing stock on public roads and travelling stock reserves.

Our customers



131,974

ratepayers

55 years

average age

138,309

rateable holdings in NSW

374 ha

average property size
(excluding the Western region)

168,380

stock owners
(Property identification code holders)

50%

live in 'outer regional' areas

34%

live in 'inner regional' areas

Source: The statistics used in this section have been derived from Australian Bureau of Statistics datasets.

'Average property size' is derived from our Annual Land and Stock Return data, which is reflective of the broader Local Land Services ratepayer community.

Our structure and leadership

Our structure

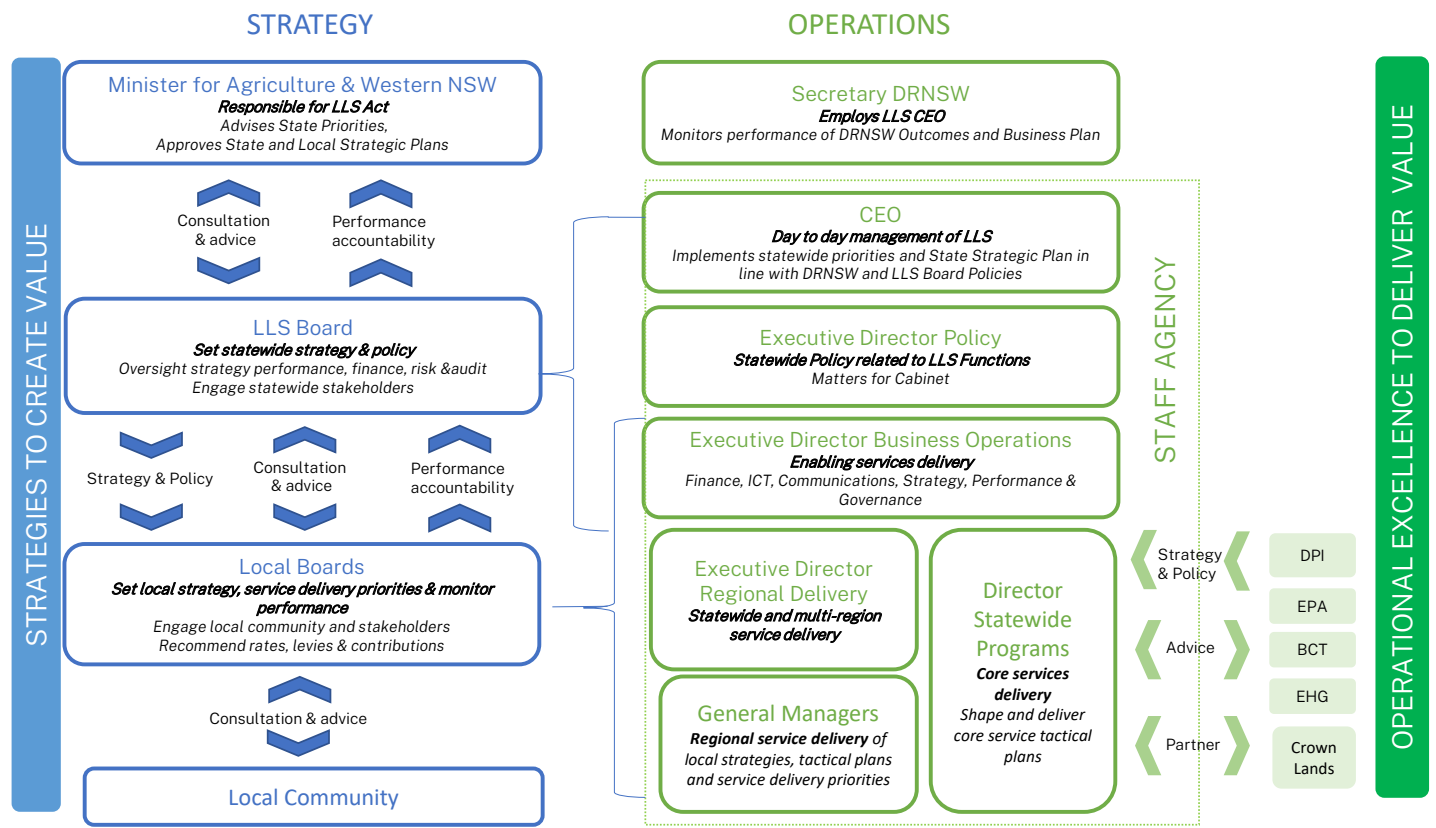
The Local Land Services Board is accountable to the Minister for Agriculture, Regional NSW and Western NSW. Our Board is led by the Chair.

The CEO is the division head of Local Land Services and is responsible for oversight of the day-to-day management of our business.

We have a regional delivery unit with 11 local regions. Each region is led by a general manager who reports to the executive director of regional delivery, working to achieve their local strategic plans.

Also in the leadership team is policy, statewide programs and business operations. Business operations was formed in 2022 to bring strategy, performance and governance, ICT, finance and communications together.

These teams work together driving strategic and operational performance to ensure we achieve the goals outlined in our state strategic plan.



Our board

Our board is responsible for overseeing statewide priorities in line with our State Strategic Plan including:

- implementing a clear accountability framework to deliver the strategy
- determining and approving strategy and policy
- overseeing financial management
- enabling and monitoring regional performance
- meeting and monitoring regulatory compliance
- monitoring the risk management of Local Land Services
- being accountable to customers, stakeholders and investors
- promoting the reputation and benefits of Local Land Services at the state level.

Each region has its own board of local community representatives with a chair who leads the local board. Local boards are made up of 7 members, 3 elected members and 4 appointed by the Minister for Agriculture, Regional NSW and Western NSW. One exception exists for the Western Local Land Services Board, which consists of 9 members – 4 members elected, and 5 members appointed by the Minister for Agriculture, Regional NSW and Western NSW.

Board members are appointed or elected for up to 4 years and paid remuneration and allowances set by the Public Service Commission.

Table 1. State Board attendance

Name	Position	Appointed	1 Sept 22	18-19 Oct 22	6-7 Dec 22	7 Feb 23	1 May 23	29 Jun 23	Total
Allison Harker	State Chair	2022	Y	Y	Y	Y	Y	Y	6
Ian Rogan	Chair, Central Tablelands	2020	Y	Y	Y	Y	Y	Y	6
Susan Madden	Chair, Central West	2020	Y	Y	Y	Y	Y	Y	6
Robert Webster	Chair, Greater Sydney	2020	Y	Y	Y	Y	Y	Y	6
Tony Hegarty	Chair, Hunter	2020	Y	Y	Y	Y	Y	Y	6
Derek Schoen	Chair, Murray	2020	Y	Y	Y	Y	Y	Y	6
Bob Smith	Chair, North Coast	2020	Y	Y	Y	Y	Y	Y	6
Richard Clark	Chair, North West	2020	Y	Y	Y	Y	Y	Y	6
Grahame Marriott	Chair, Northern Tablelands	2020	Y	Y	Y	Y	Y	N	5
Barney Hyams	Chair, Riverina	2020	Y	Y	Y	Y	Y	Y	6
Fay Steward	Chair, South East	2021	N	Y	Y	N	Y	Y	4
Magnus Aitken	Chair, Western	2020	Y	N	N	Y	Y	Y	4

Our leaders

Steve Orr

Chief Executive Officer

Our CEO is the division agency head of Local Land Services responsible for the planning, governance, resource allocation and regulatory functions of the Agency, and leading a team of senior executives and state chairs. This role ensures that statewide strategy is implemented in line with policy.

Location: Berry

Qualifications: B. App Sci (Hons), MBA



Rob Kelly

Executive Director Regional Delivery

Regional Delivery leads the delivery of operations across our 11 regions. Operational delivery is guided by the state strategic plan, annual business plan and regional strategic plans and programs. Core functions of the business unit include oversight of regional programs and program planning, governance and structure, resource allocation and regulatory functions. Working closely with all other business units, the regional delivery team provides direction on statewide initiatives and programs for the ongoing delivery of services to our customers and stakeholders.

Location: Griffith



Dr Jacqueline Tracey

Executive Director Policy

The policy team provides strategic advice to cluster ministers, the Secretary of the Department Regional NSW, CEO and board on Local Land Services legislative and regulatory functions and major reform initiatives.

The unit is also responsible for the Agency's parliamentary and cabinet functions, and they consult and negotiate with relevant state and commonwealth agencies, stakeholders and industry to improve land and forest management outcomes to help ensure rural and regional communities remain profitable and sustainable.

Location: Greater Sydney



Kyleah Hayes

Executive Director Business Operations

The business operations team provides organisational management and strategic leadership across the functional areas of communications, finance, governance, risk and business performance and information communications technology.

Location: Orange



Gary Rodda

Director Statewide Programs

This team supports the organisation to develop and plan new programs across multiple service areas where statewide consistency, balanced with local priorities, is required.

The farm forestry approvals, extension and advice function also sits within this team.

Location: Deniliquin



Our leaders continued...

Matt Walker Chief Financial Officer Business Operations Location: Newcastle	Robyn Silk Director, ICT & Solutions Business Operations Location: Wollongong	Peter-John Layton Director Major Projects Office Location: Greater Sydney	Sue Anne Nicol Director, Strategy Performance and Governance Business Operations Location: Brogo
Andrew Mulligan Director Emergency Operations and Biosecurity Location: Mudgee	Liam Hogg Director Policy Location: Greater Sydney	Ian Shepherd General Manager Central Tablelands Location: Cowra	Andrew Lieschke General Manager Central West Location: Forbes
Sharon Elliott General Manager Greater Sydney Location: Goulburn	Brett Miners General Manager Hunter Location: Paterson	Patrick Westwood General Manager Murray Location: Albury	
Louise Orr General Manager North Coast Location: Lismore	James Hutchison-Smith General Manager North West Location: Tamworth	Paul Hutchings General Manager Northern Tablelands Location: Inverell	
Ray Willis General Manager Riverina Location: Wagga Wagga	Luke Pope General Manager South East Location: Cooma	Erlina St Vincent General Manager Western Location: Bourke	





Strategy

3

Our strategic direction

Our strategic objectives directly support the state outcome of ‘Productive and sustainable land use’.

This outcome recognises that everyone in NSW benefits from well-managed landscapes and natural resources, which maximise economic opportunities in a safe and sustainable way.

We lead the delivery of this outcome through direct land manager engagement and management of public and private land to support sustainable land use and productivity.

- The strategic themes that guide this state outcome include:
- reduced impact of invasive species and diseases
 - improved emergency response and land manager recovery
 - improved customer experience of our services
 - sustainable and productive management of land and natural resources
 - improved land manager decision-making.



State Strategic Plan

Our State Strategic Plan 2020-2030 and 11 local strategic plans provide more detailed direction to our stakeholders and communities about how we are going to deliver the state outcome.

These strategic plans are supported by detailed business and functional plans. Business plans include our statewide Aboriginal Engagement Strategy, Service Delivery Strategy and Strategic Workforce Plan.

Functional plans drive detailed service delivery and include regional weed and pest plans, a travelling stock reserve plan of management and an agricultural services framework.



Local Land Services State Strategic Plan 2020-2030

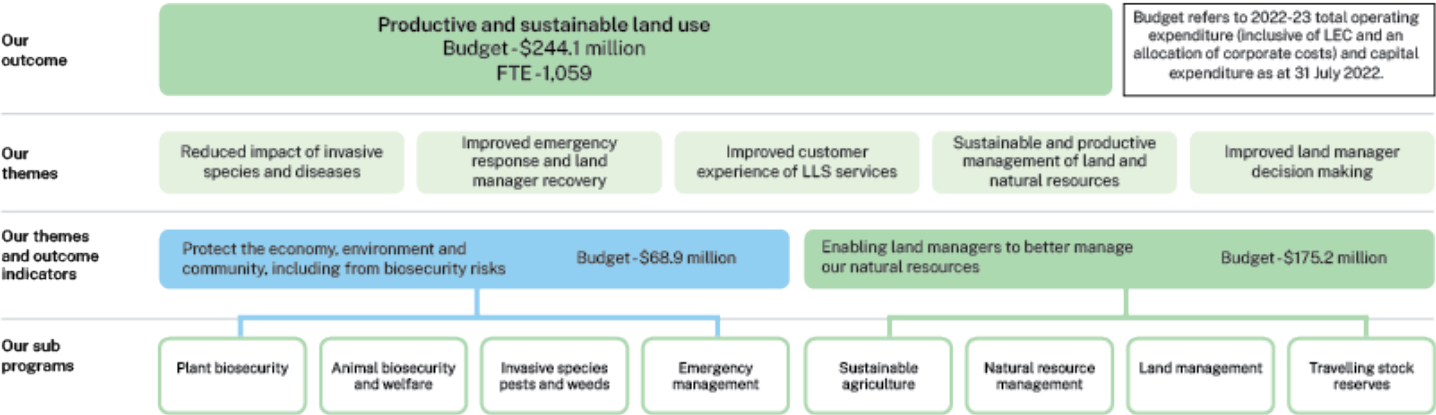
Vision - Vibrant communities in productive healthy landscapes
State Outcome Indicator - Enhanced management and productivity of NSW land



Resource allocation in 2022-2023

We are committed to delivering our strategic objectives. The diagram below demonstrates how our budget and people are aligned to deliver the state outcome of ‘Productive and sustainable land use’.

Outcome indicators from the 2022-2023 Outcome and Business Plan



28%

of our staff trained for an emergency response role and readily available.

159,679

land managers increased capability relating to agricultural productivity, biosecurity risks, natural resource management, traditional Aboriginal cultural practices and emergency preparedness from our programs.

85%

of referrals to our services were made by land managers to their friends and networks relating to agricultural productivity, biosecurity risks and natural resources management.

1,356,238 ha

of land managed for improved practices relating to agricultural productivity, natural resource management and traditional Aboriginal cultural land practices.

38,079,794 ha

of land managed to mitigate invasive species and disease impacts on biosecurity, agricultural productivity and natural resources.

Measuring our performance

To measure our performance, we have developed a Business Evidence and Reporting Tool (BERT) to link our everyday on-ground activities, events and customer interactions to our strategic plans, core services and statewide metrics.

We monitor our progress in delivering the state outcome through:

- increased engagement of land managers in our programs relating to agricultural productivity, biosecurity risks and natural resource management
- increased area of improved land manager practices relating to agricultural productivity, biosecurity risks and natural resource management
- increased land manager recommendation of Local Land Services to their friends for services relating to agricultural productivity, biosecurity risks and natural resource management.

We monitor our delivery and engagement through 44 statewide metrics consisting of:

- Thirty two delivery metrics including hectares of pest control and revegetation, land management certificates issued and animal surveillance investigations
- Twelve customer engagement metrics, such as the number of awareness and training events, participants at events, groups supported and partnerships.



Future strategies to accomplish our outcomes

In 2022-2023 we invested in planning and review activities to support the continued delivery of our strategic objectives.

Services Delivery Review

We are on a journey to evolve and transform our operating model from functional to more customer-centric by 2030.

This project serves as a crucial step moving towards a cohesive and integrated service offering and seamless customer experience, shifting the focus from individual functions.

This review has involved significant stakeholder engagement throughout 2022-2023.

Our Board is continuing to refine the findings of the review to support the development of our Service Delivery Strategy.



Aboriginal Engagement Strategy

In June 2023 our 3-year 2020-2023 Aboriginal Engagement Strategy was due for review. The review has commenced and will provide valuable insight and direction for the development of an updated strategy to commence in 2024. We will report our achievements, challenges and learnings from the review in early 2024.

To date, Aboriginal engagement outcomes include an increase in Aboriginal community partnerships, more Aboriginal people employed at Local Land Services, launching our Aboriginal Ranger Program, more than 30 cultural burns implemented across several regions and the celebration of significant Aboriginal events. We have also increased our workforce capability with annual online cultural competency training and the delivery of Aboriginal cultural heritage due diligence training across the state.

In 2022-2023 regional Aboriginal engagement strategies were completed and endorsed by their respective Boards following consultation with local Aboriginal communities, organisations, government bodies and other key stakeholders. It is through the implementation of our Aboriginal engagement strategies we are building stronger relationships with and a deeper understanding of Aboriginal communities. Greater collaboration is also helping us to deliver more meaningful projects and programs.



92
Aboriginal awareness raising/capacity building events



192
Aboriginal community group support events



394
1:1 Aboriginal technical advice consultations



36
Aboriginal training events



8,065 ha
of Aboriginal projects to protect Aboriginal cultural heritage and/or traditional ecological knowledge

In 2023-24 we will launch our regional Aboriginal engagement strategies following consultation with local Aboriginal communities, organisations, government bodies and other key stakeholders.

Aboriginal Ranger Program

Launched in July 2022, this program has led to 16 Aboriginal rangers and 4 supervisors developing skills and experience at Local Land Services. They are working across the Central West, Murray, Riverina and North West, enhancing Aboriginal people's connection to Country and providing career pathways.

A key part of the program is providing hands-on experience along with career opportunities.

Over the past year, the rangers have completed formal qualifications in conservation and ecosystem management supported by their cultural mentors in local communities. They have also received mentoring and support in pest control, Aboriginal site identification, travelling stock route land management and cultural burns.

The current rangers will graduate from the 18-month program with their qualification in November 2023. We are now identifying potential opportunities for the program into the future.

CASE STUDY



Extension conference

In early May 2023, more than 110 staff members from different areas of the business came together for the 2-day extension conference in Tamworth to gain valuable insights and discuss ideas and practices to improve our skills, knowledge and ability to deliver valued and effective advisory and extension services.

The conference included a focus on a human-centered design process to planning staff development, aiming to make everyone more confident, connected and capable of supporting our customers into the future.

The conference momentum has continued with the formation of an extension working group, made up of 25 staff from across the business. A key action of the working group is to develop an extension framework that enables staff to:

- design programs that focus on proactive engagement
- better understand our customers' capacity to change
- utilise our trusted relationships across the business to integrate extension messages.

The extension framework will be completed by June 2024.



Enabling services review

We prioritise investment in delivering exceptional customer service. To maximise efficiency and support frontline service delivery, we reviewed our business enabling services, including finance, information technology, communications, risk, governance and assurance.

The review considered industry best practice to refine, uplift and standardise future ways of working to better meet the needs of internal service users across our organisation. The review serves as a foundation for our Board's Business Improvement Strategy.

Strategic Workforce Plan

Over the period 2022-2023 we designed and developed a Strategic Workforce Plan. A review of current and future workforce needs was matched against our strategic goals and objectives.

Critical skills and priority occupations were identified and plans designed to mitigate risks and embrace new opportunities.

Three key strategic themes underpin the Strategic Workforce Plan:

1. build an adaptable organisation and inclusive culture that evolves with change
2. attract, build and sustain an integrated and engaged workforce
3. lead and enable a workforce that is healthy, safe, respected and valued.

Our graduate program is a practical example from this plan, addressing known workforce challenges, for example the industry-wide shortage of veterinarians.

In 2022-2023 a pilot graduate program was run, with 10 graduates from veterinary, agricultural and natural resource management streams. The program was so successful that Round 2 has been funded for 2023-2024.



Operations and performance

4

Key programs and initiatives

Landscape management

Farm forestry funding

Launched in September 2022, the NSW Forest Stewardship Pilot is helping us work with landholders to promote a holistic approach to forest management. Forest stewardship includes maintaining a healthy forest, improved pest and weed control and sustainable timber production.

In an Australian-first, 42 landholders were selected to participate in the pilot, which pairs landholders with expert advice and incentives to help improve active forest management and deliver positive on-ground outcomes. The pilot we are delivering is being overseen by an independent panel of experts.

The pilot attracted a diverse mix of participants with varied property sizes, priorities and forest management experience who have worked with us to design a plan for forest stewardship.



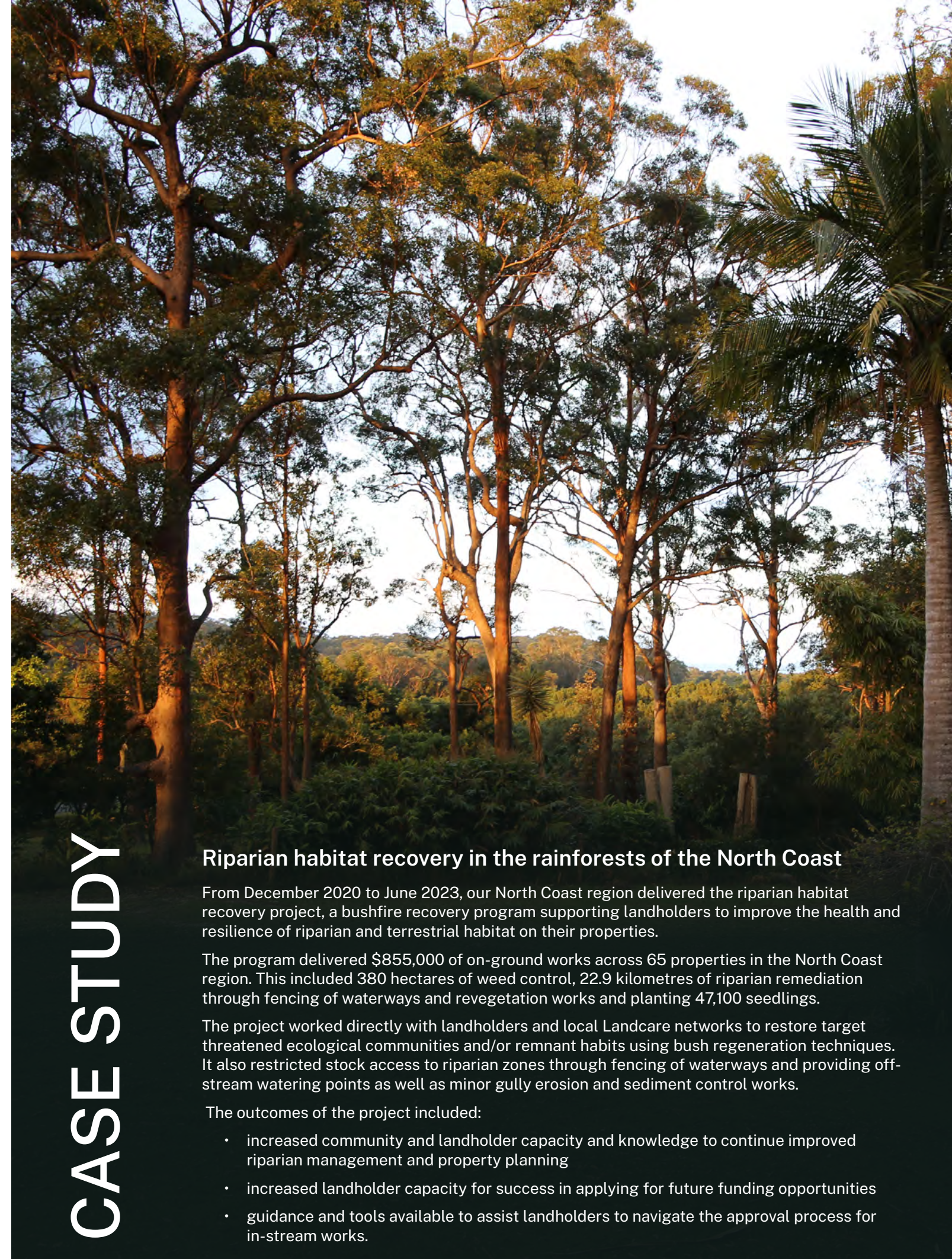
Environmental Markets Leadership Program

In the second year of this 4-year program, 125 land managers, farmers and Landcare staff plus 15 of our own staff signed up to participate.

The program is funded by the NSW Environmental Trust and helps a network of NSW primary producers and land managers gain the skills and confidence they need to play a leading role in national and international environmental markets. The program also allows our staff to build their capacity to deliver services in this space.

Throughout the year participants were involved in a range of knowledge and network building activities with formal training, online discussions, workshops and meetups, regional networking and buddy groups. They have started the Environmental Markets Leadership Course, which is a self-paced learning program to develop skills, knowledge and behaviours to identify, market and benefit from natural capital and environmental market opportunities. Participants' new skills are being applied in the development of environmental market plans for their own property or farm.

Opportunities in natural capital and environmental markets are growing and the Environmental Markets Leadership Program is a valuable step towards environmental market readiness, participation and leadership. The program has helped us learn what is required to upskill landholders, overcome challenges and develop policies and programs that increase participation in environmental markets. We are currently considering additional natural capital and environmental markets services for land managers.



CASE STUDY

Riparian habitat recovery in the rainforests of the North Coast

From December 2020 to June 2023, our North Coast region delivered the riparian habitat recovery project, a bushfire recovery program supporting landholders to improve the health and resilience of riparian and terrestrial habitat on their properties.

The program delivered \$855,000 of on-ground works across 65 properties in the North Coast region. This included 380 hectares of weed control, 22.9 kilometres of riparian remediation through fencing of waterways and revegetation works and planting 47,100 seedlings.

The project worked directly with landholders and local Landcare networks to restore target threatened ecological communities and/or remnant habits using bush regeneration techniques. It also restricted stock access to riparian zones through fencing of waterways and providing off-stream watering points as well as minor gully erosion and sediment control works.

The outcomes of the project included:

- increased community and landholder capacity and knowledge to continue improved riparian management and property planning
- increased landholder capacity for success in applying for future funding opportunities
- guidance and tools available to assist landholders to navigate the approval process for in-stream works.

Protecting the endangered Macquarie perch

In the South East of NSW, the endangered native Macquarie perch fish is threatened by low genetic diversity in isolated populations, habitat degradation from livestock access, accident and illegal capture, invasive fish species and knowledge gaps.

Thanks to funding from the Australian Government through its National Landcare Program, our local team worked with land managers and stakeholders to address priority threats.

The project included a range of activities to reinstate and improve riverside vegetation buffers (riparian zones). Diversely vegetated riverbanks provide critical shading, sediment control, native leaf fall, bank stability and benching to better support in stream habitat for the fish.

Due to improved water quality and habitat, more genetic diversity and a greater awareness of the species and ecosystem the upper Murrumbidgee Macquarie Perch population is now in better condition to face future challenges.



Regional Land Partnerships Program

We completed the delivery of the Australian Government's 5-year Regional Land Partnership Program in June 2023 and invested over \$127 million on 100 projects across NSW to benefit the environment and sustainable agriculture outcomes.

We work with primary producers and land managers across the state to improve soil, biodiversity and vegetation and to further support agricultural systems to adapt to change. Projects delivered under this funding have improved grazing systems with a focus on resilience and addressed the decline in high productivity systems. They are foundational in growing the capacity of land managers to prepare for climatic variability and consider approaches to environmental markets in managing their land.

There was a strong focus on threatened species, world heritage areas and Ramsar wetlands as we achieved important outcomes for matters of national environmental significance by collaborating with the NSW Saving our Species Program, Aboriginal people, community groups and landholders.

Through the program we delivered cross-regional programs for key species such as the plains-wanderer, the regent honeyeater, and koalas. We also delivered programs to help manage the value of World Heritage areas, such as the Blue Mountains and the Gondwana rainforests.

Statutory Review of Part 5A of the Local Land Services Act

On 24 August 2023, the 5-year statutory review of the native vegetation provisions contained in Part 5A and Schedule 5A and Schedule 5B of the *Local Land Services Act 2013* was tabled in Parliament after 12 months of consultation. Local Land Services supported the Minister for Agriculture in undertaking the review, with guidance from an independent expert advisory panel.

The objective of the native vegetation provisions in the Act is 'to ensure the proper management of natural resources in the social, economic and environmental interests of the state, consistent with the principles of ecologically sustainable development'. The review made 13 recommendations to further improve the native vegetation provisions. These include better management of environmental risks, reducing unallocated clearing, supporting and incentivising landholders and improving transparency of the Land Management Framework.

A public consultation program to inform the review was led by Local Land Services. This included 184 public submissions, including 100 from rural landholders, in response to a discussion paper and consultation with 24 key stakeholder groups including industry and environmental groups, non-government organisations and local, state and commonwealth government agencies. In addition, a survey was also undertaken with 2,400 rural landholders across NSW to understand their views on native vegetation and management activities, and awareness and use of the Land Management Framework.



Foot-and-Mouth Disease Preparedness and Prevention Program

From August 2022 to June 2023, we designed and delivered a \$22.8 million Foot-and-Mouth Disease Prevention and Preparedness Program to improve our preparedness, capacity and capability to respond to and control emergency animal diseases across NSW.

The program delivered activities to:

- increase livestock disease reporting and passive surveillance in foot-and-mouth susceptible species
- deliver extension and advisory services to key customers and stakeholders, including veterinarians
- upskill our staff in emergency animal disease identification and investigation
- define and develop behaviourally informed strategies to improve adoption of best practice biosecurity
- create a fleet of purpose-built emergency animal disease response trailers that can be rapidly deployed
- increase industry and emergency agency response readiness for foot-and-mouth through a series of livestock standstill exercises.

Pest animal control programs targeting cloven-hoofed pests were applied through several integrated control programs. A total of 68 aerial and 70 ground control programs were delivered across 11 million hectares. A total of 116,202 pest animals were removed, including 102,030 feral pigs.

To enhance emergency management response capabilities, 349 staff were trained in the use of the response software, MAX. We developed a comprehensive training package in partnership with Charles Sturt University to upskill staff on how to investigate emergency animal diseases. Eight livestock standstill exercises were delivered with 180 participants. The exercise helped to educate those likely to be involved in a foot-and-mouth disease response, including people from external agencies.

Land managers now have access to 11 educational videos on feral pig management and were given the opportunity to attend 335 awareness raising events and workshops to improve biosecurity measures -10,531 attended. More than 100 private veterinarians attended one of 4 workshops to improve their understanding and skills about emergency animal diseases and how to respond.

Review of Regional Strategic Weed Management Plans

In 2022-2023 we updated the 11 NSW Regional Strategic Weed Management Plans after extensive community consultation to align with community and stakeholders’ needs and expectations.

These plans are developed by regional weed committees with regional stakeholders such as local control authorities and the broader community.

They outline how each region will work together to identify, minimise, respond to and manage priority weeds,supporting the idea of a shared responsibility under biosecurity legislation.



Emergency management

Flood response

Due to extensive flooding across the state in late 2022, the Agriculture and Animal Services Functional Area was stood up on 3 October 2022 and 148 of our staff participated in supporting impacted landholders.

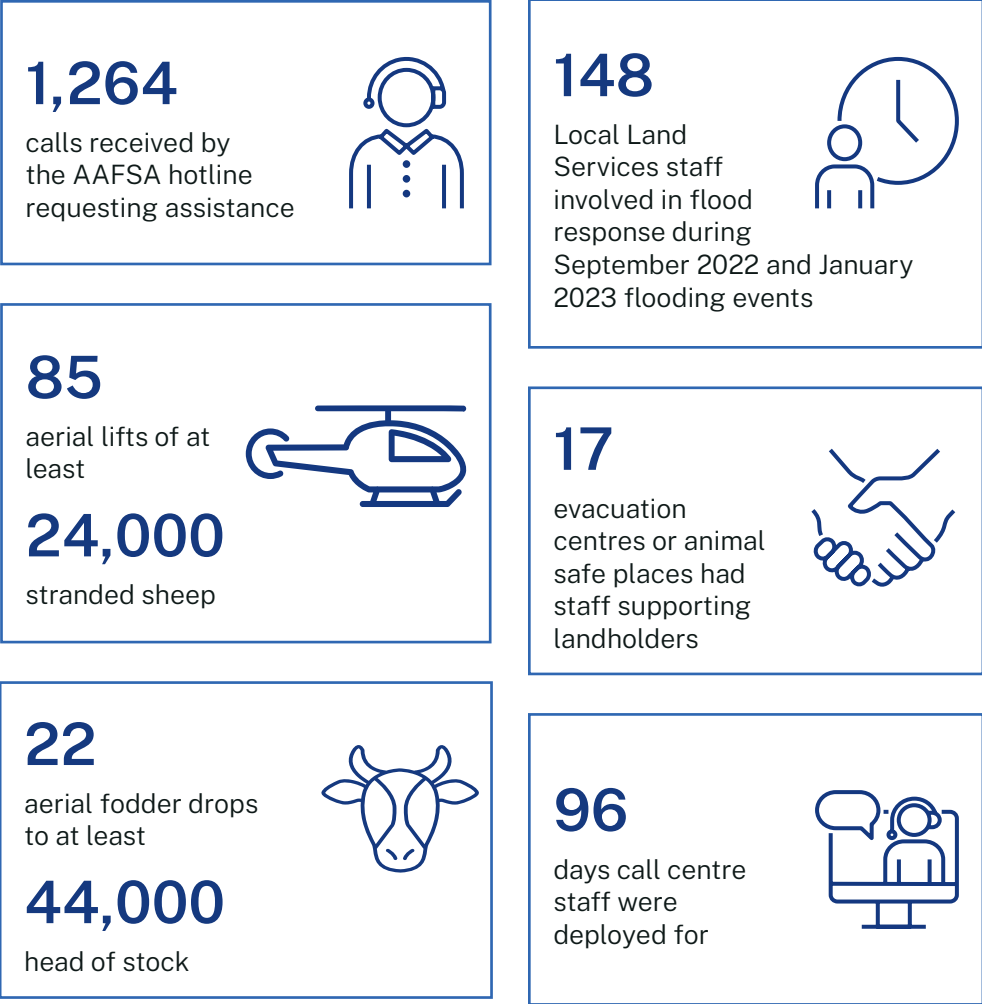
By December 2022 there were 76 local government areas subject to a natural disaster declaration and we were actively engaged with local communities and emergency services undertaking preparedness, response and recovery activities.

Our support included targeting local communities with NSW State Emergency Services and Australian Bureau of Meteorology updates and warnings. We also revised our Farm Flood Readiness Kit and promoted it as part of the preparedness efforts. Through various stakeholder and communications toolkits, we provided consistent and approved messaging to aid in the emergency response.

From September to December 2022, the Agriculture and Animal Services Functional Area response supported over 1,200 requests for assistance.

Prior to the significant rainfall event in September many properties had experienced 6 to 9 months of wet conditions limiting their ability to undertake flood preparations, such as moving stock to high ground. Over 220 aerial drops were undertaken to supply emergency fodder to 44,000 head of stock. There were 179 aerial surveillance tasks conducted to find and assess stranded stock and 85 aerial lifts moved 24,000 stranded sheep to higher ground. More than 7,073 animals were assisted in evacuation centres and care facilities for up to 4 months.

As response moved into recovery our staff provided advice to land managers across flood affected NSW, primarily livestock health and welfare advice. Our staff attended 19 recovery committees, provided support to 3 isolated communities and participated in 12 recovery assistance points.



Early Needs Recovery Program

The \$13 million Early Needs Recovery Program supports primary producers in most flood-impacted regions and industries of NSW in their recovery from the 2022 severe weather storms and flooding events.

The program helps producers to regain productivity through targeted technical and advisory services, industry tailored initiatives, landscape scale weed, pest and disease control and support for not-for-profit organisations to rebuild fences damaged by floods.

Since it commenced in June 2022, the Early Needs Recovery Program has:

- awarded 12 industry bodies a total of \$1.7 million dollars of grant funding to support their producers with 26 capacity building events, 48 communications materials and 399 consultations delivered to date.
- employed 12 additional staff in the regions to provide on-ground advisory and extension services in agronomy, livestock management, horticulture, animal health and pest and weed management.
- awarded \$1.1 million to not-for-profits to support rebuilding fences damaged by floods with over 63 kilometres of fencing cleared, repaired and replaced to date.
- awarded \$2 million to 11 local control authorities who have undertaken 2,555 weed inspections and 981 ha of weed control to date.


Fence rebuilding support allows for quicker recovery for Ulmarra graziers

Ulmarra graziers, Annette and David Smith, believe fence rebuilding support provided by not-for-profit BlazeAid following the 2022 floods allowed for a quicker recovery and considerably helped them financially.

The Smiths applied and were successful in receiving a flood grant to cover the cost of fencing materials. Funded through the Early Needs Recovery Program, BlazeAid then supplied the labour to have 2.7 kilometres of fence rebuilt. The fencing took 2 weeks and the Smiths estimate it would have taken them 6 months to rebuild the fences themselves.

The Early Needs Recovery Program is designed to help primary producers in the most flood-impacted regions and industries in their recovery from severe weather storms and flooding events in early 2022 on the east coast.

The fence rebuilding program is one of 4 streams aimed at enabling not-for-profits to help local landholders in flood impacted areas. Three not-for-profits were awarded grant funding so volunteers could clear debris, remove, repair and replace damaged fences letting primary producers regain productivity sooner.



Varroa mite response

Varroa mite (*Varroa destructor*) was detected at the Port of Newcastle on 22 June 2022. Australia is the last continent to be free of this parasite, which impacts up to 35 agricultural industries that rely on bee pollination and lead to significant decline in bee populations.

This year 246 of our staff assisted the biosecurity response in conjunction with multiple agencies including the NSW Department of Primary Industries, Rural Fire Service, NSW National Parks and Wildlife Service and many volunteers from the beekeeping industry.

Our efforts are focused on coordinating and undertaking on-ground surveillance and the euthanasiation of beehives in biosecurity control zones.

Primary
production

Farming Forward Program

In August 2022 we launched our Farming Forward Program for all NSW farmers to help them better manage drought, increase productivity and improve sustainability.

Over the past 12 months the program has resulted in over 373,000 ha of improved agricultural production through 3 flagship projects that focus on planning and preparedness, enhanced soil health and best practice animal production.

We have delivered the program with workshops, testing programs and courses to give farmers the tools they need to better prepare for the impacts of drought.

Future Drought Fund

We are a key partner of southern and northern drought and innovation hubs, which are supported by the Future Drought Fund. Through these partnerships we received funding to create 7 dedicated new drought adoption officer roles to focus on supporting landholders to prepare, respond and recover from drought.

We have been successful in 2 Future Drought Fund applications to deliver the Saving our Soils during Drought and On-farm Water Management projects.

The Saving our Soils program has partnered with 6 farming system groups across southern NSW to accelerate the adoption of confinement feeding areas that protect soils during drought and allow livestock to be fed well. Activities have included a workshop series and practical demonstrations for farms to learn about confinement feeding practices.

The On-farm Water Management Drought Preparedness and Resilience, Production and Environment project focusses on the development of on-farm water management plans. The plans are being developed in partnership with the Southern NSW Innovation Hub, farmers and industry organisations across the Murray, Riverina and Southeast regions. The project will enable farmers to better prepare and protect their businesses from the impact of drought.



CASE STUDY

Profitable and sustainable grazing management

We consistently deliver industry-leading training to help farmers achieve more profitable grazing on their properties.

During 2022-2023, 894 landholders from across the state completed our ProGraz[™] training course. The course includes attendance at farm-based workshops to improve knowledge and skills in pasture and livestock assessments, identification of plants and ground covers and ways to increase the profitability and sustainability of grazing on farms.

Farmers who completed the course continue to engage with us across a range of topics.



What our customers say

In May 2023 we worked with a market research company to dig deeper into what our customers expect from us now and over the next 10 years. We wanted to know what is working well for our customers now and the key challenges they are facing.

What is working well:

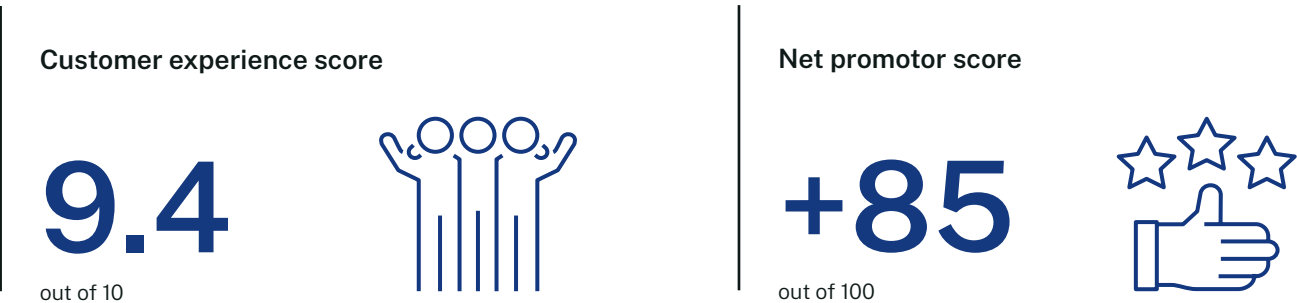
- people enjoy feeling capable of looking after their land
- many enjoy the intergenerational bond land provides
- most want to leave their farm in a better condition
- living in rural and regional areas is valued.

Key challenges facing land managers:

- anxiety about forecast El Niño conditions and an elevated bushfire risk, and the feeling of going from one extreme season to the next
- pest and weed issues following on from the very wet seasons recently
- falling livestock prices and increasing farming input costs
- soil quality and erosion as we enter a dryer cycle
- we measure customer satisfaction through the Ratelt platform, which we have been using since 2018.

The Ratelt platform provides valuable feedback from customers to help us meet customer service key performance indicators and improve our service delivery. The platform asks customers to rate their interactions with us via a series of smiley faces (customer experience score below) and a short optional survey where the customer can make comments and let us know if they would recommend us to a friend (net promoter score below).

The results for 2022-2023 are shown.



Complaints management – a case study on how we responded to feedback

In response to ongoing challenges with lodging annual land and stock returns electronically, a new purpose-built portal was launched in June 2023. We set out to improve data security and ease of use and extensive user testing showed we achieved both. Customers with multiple holdings can log in and see all their returns, including submitted returns and download them for other purposes.



Some of our customer feedback

“Maddy gave great advice, prompt delivery via email of further information, was professional and extremely friendly”

“Great customer service, great advisors and support providers! So rare nowadays it is remarkable”

“The customer service approach of LLS is high quality”

“I requested some assistance from Sharon and she was fabulous! She got back to me quickly and gave me some documentation to help with a flood grant application. Very happy, thank you”

“Gail assisted me with my application today. She was lovely to deal with. Very friendly and helpful. Not only that she got what was needed done straight away. Best customer service I’ve had for a long time. She’s an asset to the team”

“Kerrie and Fiona are beyond helpful and an extremely valuable asset to your team. They are friendly, knowledgeable and highly customer focused. Assisting us in our issue was easy, and they ensured it stayed this way”



Management and accountability

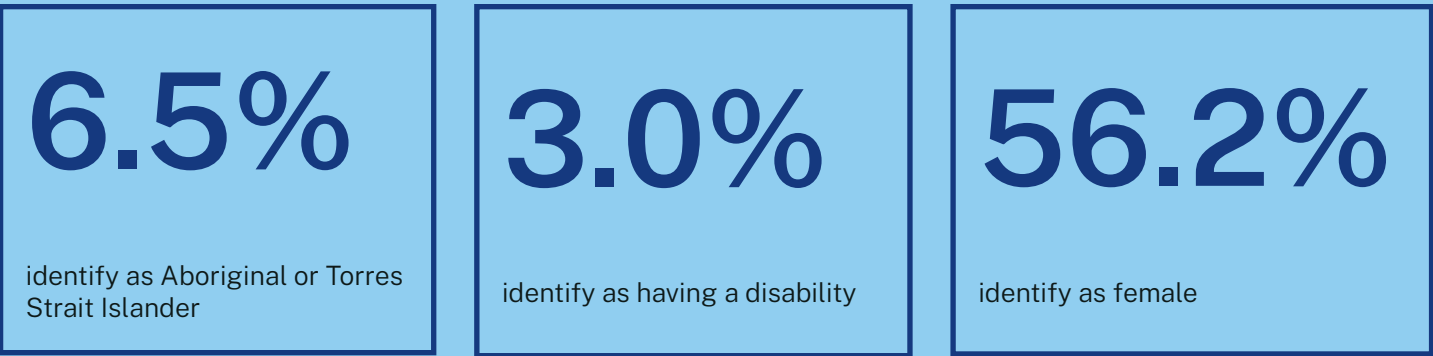
5

Our people

Our people at a glance

938

Local Land Services have 938 full time equivalent staff employed



Human resources

The role of our human resources team is to work with management and people leaders to ensure our staff are engaged, supported and protected in the workplace. The team is committed to developing leaders within the organisation and equipping them with the best tools available.

The following tables relate to our staff and senior executive numbers.

Table 2. Number of full time staff employed

Year ending	June 2017	June 2018	June 2019	June 2020	June 2021	June 2022	June 2023
Number of full-time equivalent staff employed	714	893	952	936	973	993	938

Full time equivalent calculated as of the last pay period on 31 July 2023 using internal full time equivalent reports. All contingent and casual staff are excluded.

Number and remuneration of senior executives

Table 3. Number of senior executives

Band	2019		2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Band 4	0	0	0	0	0	0	0	0	0	0
Band 3	0	1	0	1	0	1	0	1	0	1
Band 2	0	0	1	1	2	2	1	2	2	1
Band 1	7	12	7	10	6	10	6	14	6	13
Total	8	13	8	12	8	13	7	17	8	15
% of women in senior executive roles	35%		40%		38%		29%		35%	

Source: MyWorkzone (headcounts)

Table 4. Remuneration of senior executives

Average remuneration of senior executives						
Band	Range	2019	2020	2021	2022	2023
Band 4	\$499,251 - \$576,700	N/A	N/A	N/A	N/A	N/A
Band 3	\$354,201 - \$449,250	\$379,250	\$388,731	\$388,731	\$390,879	N/A
Band 2	\$281,551 - \$354,200	\$269,243	\$281,632	\$280,321	\$287,329	\$301,413
Band 1	\$197,400 - \$281,500	\$222,023	\$226,355	\$218,488	\$226,390	\$222,675
Statutory	N/A	N/A	N/A	N/A	N/A	N/A

Source: Public Service Commission approved Workforce Profile Report 2023

CASE STUDY



NSW Trainee of the Year Hunter Local Land Services

At the 2022 NSW Training Awards, Merriwa local Tahli Gleeson was the winner of the NSW School-based Apprentice/Trainee of the Year award.

Tahli commenced a school-based traineeship with us in 2021 on entering Year 11 at Merriwa Central School as part of her Certificate II in Agriculture and Higher School Certificate studies.

She works one day per week in the Merriwa office and more often during school holidays to achieve 100 days of work placement over the 2-year program.

Tahli is now an integral member of the sustainable agriculture team in the Upper Hunter assisting in the field at pasture demonstration sites, workshops and field days, helping in administration at the office, and working on livestock programs and grazing management projects.

We nominated Tahli for the NSW training awards due to her outstanding commitment to both her school studies and work.

She won the Hunter Central Coast regional final before moving on to the state awards. She will now represent NSW in the national finals.

Our governance

Public interest disclosures

We received 2 public interest disclosures (PIDs) during 2022-2023. We have adopted the DRNSW Public Interest Disclosure Reporting Policy for PID management. This Policy was developed in accordance with the requirements of the *Public Interest Disclosures Act 1994* and authorised on 19 July 2021.

Our staff and PID officers undertake mandatory annual training to encourage awareness and a culture of speaking up.

Table 5. Number of PIDs received

	Made by public officials performing their day-to-day functions	Under a statutory of other legal obligation	All other PIDs
Number of public officials who have made a disclosure to the Agency	2	0	0
Number of PIDs received by the Agency	2	0	0
Of PIDs received, how many were primarily about:			
> corrupt conduct	2	0	0
> maladministration	0	0	0
> serious and substantial waste	0	0	0
> government information contravention	0	0	0
Number of public interest disclosures finalised this reporting period	1	0	0

Government information (public access)

Publicly available information

We publish a variety of information in the public interest on our website. This includes state and local strategic plans, regional strategic pest animal management plans, regional strategic weed management plans, annual reports, regional annual achievement reports, handbooks and frameworks (including the agricultural services framework and natural resource management framework).

As a result of an annual review under s7(3) of the *Government Information (Public Access) Act 2009* (GIPA Act), we transferred the administration of GIPA applications to Department of Regional NSW commencing May 2023.

GIPA applications

During 2022-2023 we received a total of 10 applications under the GIPA Act. No applications were withdrawn.

A total of 4 applications were refused, either wholly or in part, because the application was for disclosure of information for which there is a conclusive presumption of overriding public interest against disclosure.

Table 6. Number of applications by type of applicant and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/ deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not-for-profit organisations or community groups	1	0	1	0	0	0	0	0
Members of the public (application by legal representation)	0	1	1	0	0	0	0	0
Members of the public (other)	0	3	2	0	1	0	0	0

Table 7. Number of applicants by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/ deny whether information is held	Application withdrawn
Personal information applications *	0	0	1	0	0	0	0	0
Access applications (other than personal information applications)	1	1	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	4	2	1	0	0	0	0

A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table 8. Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 if the Act)	0
Application contravenes restraint orders (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

Table 9. Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act

Public interest area	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0
Information about complaints to Judicial Commission	0
Information about authorised transactions under <i>Electricity Network Assets (Authorised Transactions) Act 2015</i>	0
Information about an authorised transaction under <i>Land and Property Information NSW (Authorised Transaction) Act 2016</i>	0

*More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application).

Table 10. Other public interest considerations against disclosure: matters listed in table to Section 14 of Act

Public interest area	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	1
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	2
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table 11. Timeliness

Decision	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	9
Decided after 35 days (by agreement with the applicant)	0
Not decided within time (deemed refusal)	1
Total	10

Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

Nil

Applications for review under Part 5 of the Act (by type of applicant)

Nil

Table 12. Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

Transfer	Number of applications transferred
Agency-initiated transfers	0
Applicant-initiated transfers	0

Cybersecurity

Our 2022-2023 cybersecurity attestation can be found at Appendix 2.

Consultants

We spent \$626,349 on consulting during the year ended 30 June 2023.

Economic or other factors affecting operations

The nature of our funding base provides relative protection from the impact of general economic factors that affect the broader economy. Our operational activities are exposed to impacts from climate-related events including floods, bushfires and drought and the COVID-19 pandemic.

We actively manage these risks via clear governance arrangements with our investors, the NSW Government, our State Board and senior executive team. This includes supporting our staff via mental health and resilience training, rotating staff around the state where resources are needed most and adaptively managing on-ground delivery to offset environmental risks.



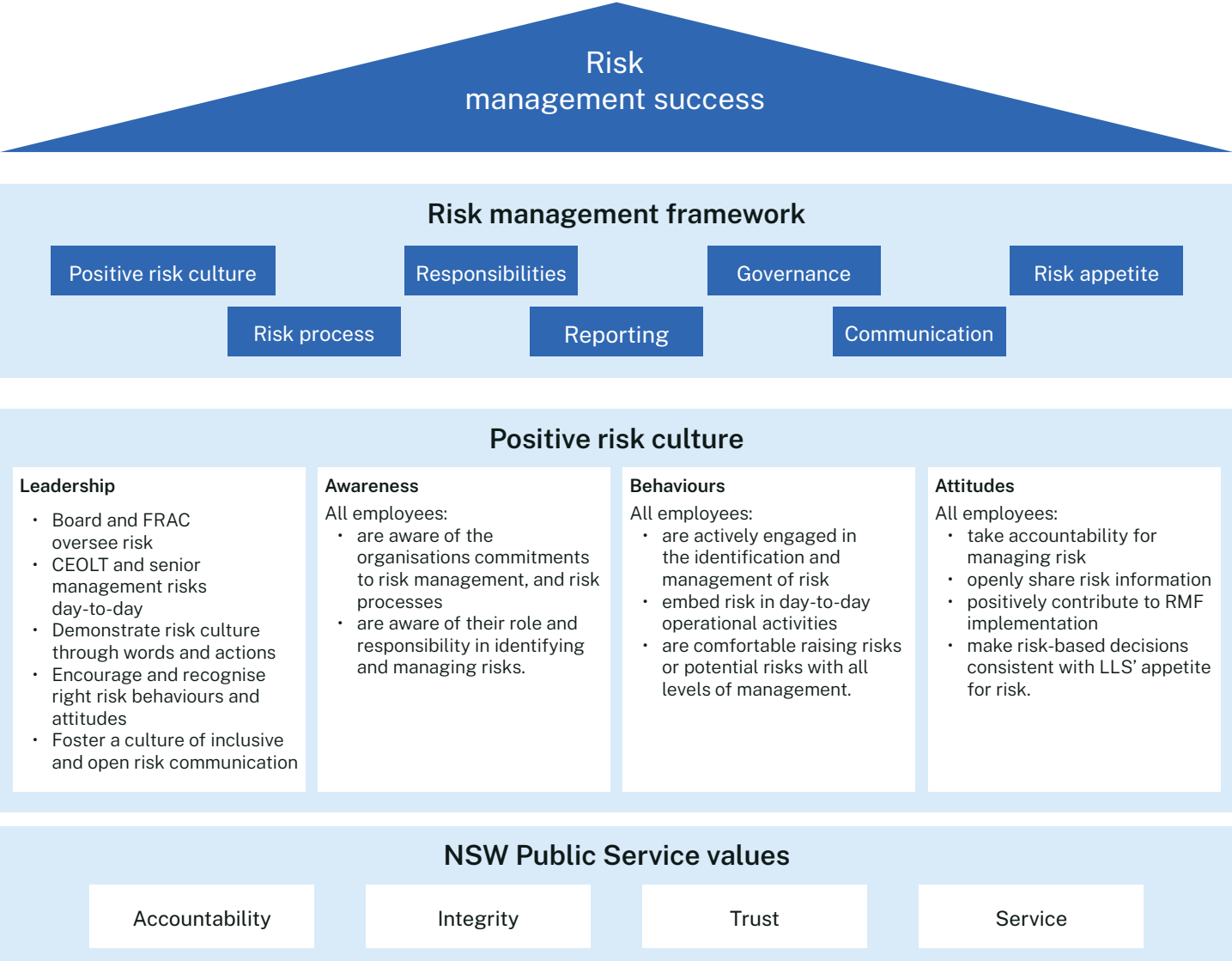
Risk management and assurance

We are committed to managing risk and assurance in a structured and consistent manner, compliant with the requirements of NSW Treasury’s Internal Audit and Risk Management Policy for the General Government Sector (TPP20-08).

We understand risk awareness and that active management of risk is essential to good governance. Our risk management practices are guided by 6 principles that are a key part of our culture.

- 1. All staff are responsible for the proactive identification, escalation and management of risk.
- 2. All risks must be considered relative to our statewide strategic priorities, as well as regional priorities.
- 3. Risk management will be systematically managed through all levels of our organisation.
- 4. Risks are considered alongside the Risk Appetite Statement.
- 5. Risks are actioned proportionate to their likelihood and consequence.
- 6. Consistent application of this framework across all business units.

During 2022-2023 our risk framework was updated to reflect our commitment to continuous improvement and effective risk management.



Key initiatives undertaken to support our positive risk culture in the 2022-2023 included:

- refreshed enterprise risk register by the CEO leadership team, including the provision of regular reports to the finance, audit and risk committee on the accomplishment of risk treatment plan
- regional risk workshops to support discussion, review and updating of operational risk registers
- inclusion of key operational risks at bi-monthly regional operations leadership team meetings
- collaboration with the Department of Regional NSW to enable the adoption of a cluster wide solution for new risk and assurance management system, Protecht
- review and update of our risk appetite statement
- recruitment of an independent finance, audit and risk committee chair and member commencing on 1 July 2023, including an updated charter approved by the Board
- recruitment of a new senior risk officer
- our risk management is supported by insurance through the Treasury Managed Fund, a self-insurance scheme of the NSW Government.



Internal Audit and Risk Management Attestation Statement

The Internal Audit and Risk Management Attestation Statement for the 2022-2023 financial year for Local Land Services can be found at Appendix 1.



Sustainability

6

Climate-related financial disclosures

We will be required to publish climate-related financial disclosures for the financial year 2023-2024 and beyond. In the interim, the following summary serves as our voluntary disclosure of some of our practices that demonstrate alignment with the international Taskforce on Climate-related Financial Disclosures recommendations.

Our governance around climate related risks and opportunities

Our Board oversees risks, including climate-related risks and opportunities and our senior executive team provides direction to respond.

To support improved climate risk governance, the Department of Regional NSW has employed a dedicated climate risk specialist. We are working with the department to systematically identify climate-related risks and opportunities, based on the NSW Government’s Climate Risk Ready Guide.

Climate related risks and opportunities

Our customers and our staff are impacted by floods, fires and drought. These challenges are woven into the business-as-usual fabric of our core service delivery, including emergency management planning, preparedness, response and recovery.

Our strategy was assessed as ‘repeatable’ in the 2022 NSW Government Climate Preparedness Survey, with recommendations to develop a climate change risk assessment and climate change adaptation action plan, consistent with the NSW Government’s Climate Risk Ready Guide.

CASE STUDY

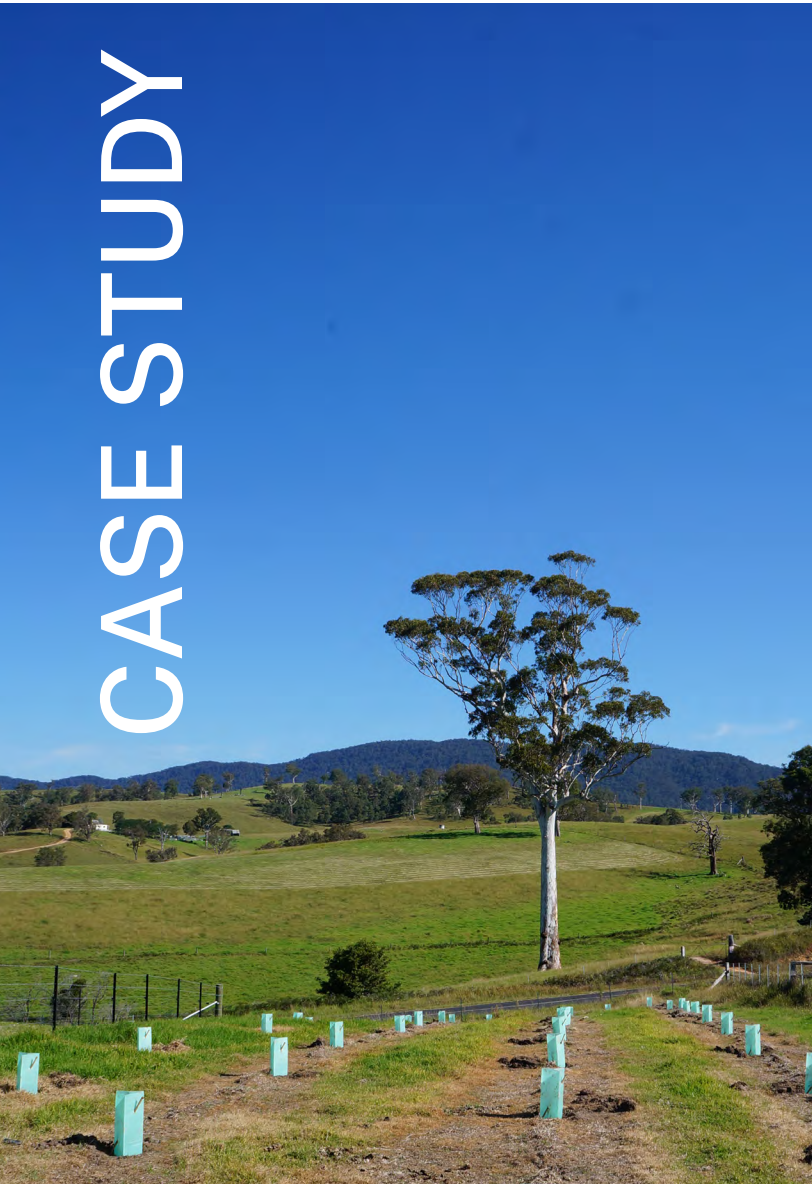
Assessing staff knowledge and capacity to support landholders

Our Natural Resource Management Framework 2021-26 provides a framework for us to support landholders to adapt to and seize opportunities arising from climate change.

Our regions, within their regional natural resource management plans, have included objectives relating to the delivery of climate variability and adaptation extension and advice, and identified the need to embed climate change into project development and delivery.

We undertook a survey in 2022-2023 to better understand current uses of climate information and integration by our staff in service delivery. The survey explored to what extent natural resource management staff across regions currently incorporate climate information, tools and assessment methods into service planning, delivery and advice. It also looked at barriers that may be preventing staff from integrating these practices into their work.

Over 35% of staff already use some climate information and tools to inform service delivery, including projection reports from CSIRO, projection summaries from AdaptNSW and seasonal updates from the NSW Department of Primary Industries.



Metrics and targets

Our metrics and targets were assessed as ‘foundational’ in the 2022 NSW Government Climate Preparedness Survey. We will continue to work with Department of Regional NSW to develop a suite of adaptation and mitigation metrics that reflect our business and customers’ needs.

Table 13. Local Land Services metrics and targets

Where	What	Service area
Statewide	Seasonal forecasts have allowed our staff to be on alert for emergency events.	Emergency management
Statewide	Farming Forecaster uses climate information to deliver information to landholders on projected green herbage and supports grazing management.	Sustainable agriculture
Statewide	Landcare and AdaptNSW are supporting climate-ready revegetation projects, such as Yass Landcare Climate Ready Revegetation project.	Natural resource management
North Coast region	Management of travelling stock reserves to increase resilience by improving emergency reserves, grazing management and the condition of native vegetation.	Travelling stock reserves
North Coast region	Preparation of spread maps for fall armyworm.	Plant biosecurity
South East region	Local Land Stewards grazing management project.	Sustainable agriculture
South East region	Climate proofing coastal saltmarsh project.	Natural resource management
Riverina region	‘Managing Dry times’ workshops.	Natural resource management, sustainable agriculture
Northern Tablelands region	Our Northern Tablelands Aboriginal Reference Group is partnering with the NSW Office of Energy and Climate Change to establish carbon sequestration demonstration sites to give Local Aboriginal Land Councils the confidence to participate in the carbon market on land they manage.	Natural resource management
Greater Sydney region	Stormwater management design with experts to manage loads in increasingly intense storms.	Natural resource management
North West region	The Waratah Project aims to protect and improve biodiversity outcomes through strategic project design.	Natural resource management
Murray region	Increasing refuge pools for threatened fish.	Natural resource management

Environmental matters

Sustainability is at the heart of our service delivery. Our experienced staff in 80 regional office locations connect landholders and the community with knowledge, advice, information, training, and networking opportunities to improve the condition of natural resources, including soils, forests, waterways and biodiversity.

Outcomes are achieved by reducing threats (such as weed and pest management), balancing conservation and production (including native farm forestry) and conserving natural resources through sustainable grazing and remnant vegetation protection.

In 2022-2023, of the total land managed for improved agricultural production across our agricultural services (1,112,623 ha), approximately 59% (655,594 ha) were improved to increase landholder capacity to respond to climate change and prepare for major events, such as drought and market failure.

Of the total land managed for improved soil condition across our agricultural services (180,886 ha), approximately 74% (133,302 ha) were improved to increase landholder capacity to respond to climate change and prepare for major events.

Short term outcome

Improved landholder capacity to respond to climate change and prepare for major events.

Achieved

133,302 ha

Area (ha) land managed for improved soil condition



Achieved

655,594 ha

Area (ha) managed for improved agricultural production



Natural Capital Program

We are in the early stages of establishing a Natural Capital Program to coordinate statewide services for farmers and land managers to help them navigate opportunities in natural capital and environmental markets.

The main purpose of the program is to design, deliver and adapt a catalogue of natural capital and environmental markets services to:

- make it easier for farmers and land managers to manage natural capital
- support farmers to demonstrate sustainability and access markets.

Navigating new opportunities in farming

Supporting farmers to demonstrate sustainability and access markets

Making it easier for farmers and land managers to manage natural capital

On-farm natural capital accounting

Capacity building in environmental markets and natural capital

Industry sustainability frameworks

Farm planning for the future

We will focus on simplifying the complex topics of environmental markets and natural capital, incorporating them into farm planning and management, connecting landholders with relevant services and information, and providing support to enable effective farm and property decision-making.

Through our services and in partnership with other providers, we will support farmers to develop their on-farm natural capital accounts and undertake stocktakes and other natural capital assessments. We will also support the development and implementation of industry sustainability frameworks by linking industry bodies, farmers and government agencies.



Our commitment to the NSW Government’s Resource Efficiency Policy



Reduce electricity consumption by 10%



4.5 star NABHERS energy rating on sites over 1,000 m²



Purchase minimum 6% green power



Social matters

Workforce diversity

We are committed to developing and maintaining an inclusive workforce that will help build trust, advocacy, awareness and education. Facilitating diversity and inclusion initiatives in the cluster will enable a more inclusive workplace culture where staff feel safe, respected and valued. We want a workplace that is free from discrimination and reflects the NSW community.

Workforce inclusion and diversity initiatives have been designed to:

- 1. build positive workplaces and provide support for all employees
- 2. strengthen workforce planning capability to integrate workforce diversity strategies
- 3. build a workforce that reflects the diversity of the broader community as identified in NSW Public Sector benchmarks and targets.

The *Government Sector Employment Act 2013* (GSE Act) preserves (but is not limited to) the focus on existing diversity groups:

- Aboriginal people
- people from culturally and linguistically diverse backgrounds
- women
- people with disability.

The GSE Act provides flexibility to encompass a broader spectrum of diversity, including mature workers, young people, LGBTQIA+ and carers. The focus of our organisation is to attract and retain the right people for the right jobs, regardless of gender, race, age, religious beliefs or personal commitments.

Table 14. Workforce diversity at Local Land Services

Workforce diversity group	Benchmark	2018	2019	2020	2021	2022	2023
Women in Local Land Services	50%	47.7%	50.5%	50.1%	50.4%	50.5%	56.2%
Aboriginal and/or Torres Strait Islander people	3.3%	1.5%	2.7%	3.0%	3.6%	4.3%	6.5%
People whose first language spoken as a child was not English	23.2%	2.2%	0.9%	1.3%	1.5%	1.4%	N/A
People with disability	5.6%	0.4%	0.4%	0.5%	0.7%	1.4%	3%
People with disabilities requiring work-related adjustment	N/A	0.2%	0.0%	0.0%	0.1%	0.3%	N/A

Diversity and Inclusion Council

We are an active member of the Department of Regional NSW Diversity and Inclusion Council (the Council).

Established in June 2020, the Council allows all staff to achieve their potential, irrespective of age, cultural background, disability status, gender, religion, sexual orientation or gender identity.

The Council organises many initiatives to celebrate diversity and inclusion and comprises representatives from all Department of Regional NSW business units and employee-led networks, including Local Land Services.

The Council uses a tiered event support matrix to promote increased workplace awareness and respect for diversity. The Council has encouraged staff participation in over 40 events this year, including the following flagship events for 2022-2023:

- R U OK? Day
- International Day of People with Disability
- International Day of Women and Girls in Science
- Sydney WorldPride 2023
- International Women's Day
- Transgender Day of Visibility
- Lesbian Visibility Week
- Let's Rock NSW
- International Women in Engineering Day.

Workplace health, safety and wellbeing

The health, safety and wellbeing of all employees, contractors and volunteers is crucial and our commitment to the prevention of workplace injuries and illness is a strategic priority as shown in our State Strategic Plan.

Over the past year we have continued to focus our efforts on ensuring the work health, safety and wellbeing of our staff during the COVID-19 pandemic as well as during the delivery of emergency response activities.

Table 15. Key work health and safety indicators and their trends over time

	2018-19	2019-20	2020-21	2021-22	2022-23
Total incidents reported	421	375	335	392	320
Lost time injuries	7	4	7	1	8
Medical treatment only	18	20	15	8	12
Lost time injury frequency rate	4.18	2.32	3.67	0.6	4.5
Open workers compensation claims	16	22	19	6	6

Modern Slavery Act 2018 (NSW) reporting

There were no issues raised to Local Land Services by the Anti-slavery Commissioner during the 2022-2023 reporting period.

We are committed to addressing potential modern slavery risks in our operations and supply chains. We adopted the Department of Regional NSW policy outlining 5 principles of effective action on modern slavery. The procurement team has classified high risk spend categories for additional scrutiny during the sourcing process and any significant risks are reported to the Governance, Risk and Business Performance team.

Training materials and intranet guides were provided to assist buyers to build organisation wide skills to address modern slavery. Modern slavery clauses were added to contract templates in consultation with NSW Procurement.



Financial performance

7

Payment of accounts

All suppliers

Table 16. Payment to all suppliers

Quarter	Within date	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	Greater than 90 days overdue
September 2022	\$33,632,545	\$5,156,688	\$2,725,175	\$523,050	\$689,750
December 2022	\$26,549,375	\$3,966,676	\$437,215	\$290,319	\$1,057
March 2023	\$38,908,012	\$2,116,801	\$119,273	\$2,795	\$4,610
June 2023	\$43,237,996	\$6,464,156	\$154,733	N/A	N/A
Total all suppliers	\$142,327,928	\$17,704,321	\$3,436,397	\$816,164	\$695,417

Small business

Table 17. Payment to small businesses

Quarter	Within date	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	Greater than 90 days overdue
September 2022	\$6,263,770	\$2,426,645	\$90,015	\$321,367	\$0
December 2022	\$5,695,819	\$703,487	\$55,554	\$42,851	\$0
March 2023	\$7,226,862	\$1,350,280	\$86,473	\$0	\$0
June 2023	\$10,999,785	\$5,218,866	\$147,551	\$0	\$0
Total all suppliers	\$30,186,235	\$9,699,278	\$379,592	\$364,218	\$0

Local Land Services

Financial Statements

For the year ended 30 June 2023

Local Land Services

STATEMENT BY BOARD MEMBERS

Pursuant to Section 7.6(3) of the *Government Sector Finance Act 2018* (GSF Act), we state that these financial statements

- (a) have been prepared in accordance with the Australian Accounting Standards and any other requirements specified by the GSF Act, the regulations or the Treasurer's directions, and
- (b) present fairly the financial position, financial performance and cash flows of Local Land Services.

For and on behalf of the Local Land Services Board



Allison Harker

Chair
Local Land Services Board

Dated: 12 October 2023



Robert Smith

Board Member
Local Land Services Board

Dated: 12 October 2023

This page is unaudited.



INDEPENDENT AUDITOR'S REPORT

Local Land Services

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Local Land Services (the LLS), which comprise the Statement by the Board Members, the Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information of the LLS and the consolidated entity. The consolidated entity comprises LLS and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the LLS financial position, financial performance and cash flows of the LLS and the consolidated entity.

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

Basis for Opinion

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

I am independent of the LLS and the consolidated entity in accordance with the requirements of the:

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

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

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

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

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

Board's Responsibilities for the Financial Statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the ability of the LLS and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the LLS and the consolidated entity carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Min Lee
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

16 October 2023
SYDNEY

LOCAL LAND SERVICES STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Consolidated		Parent	
		Actual	Budget	Actual	Actual
		2023 \$'000	2023 \$'000	2022 \$'000	2022 \$'000
Expenses excluding losses					
Operating expenses					
Employee related	2(a)	116,864	119,902	120,852	-
Personnel services	2(b)	-	-	-	116,864
Other operating expenses	2(c)	92,033	84,143	110,630	92,033
Depreciation and amortisation	2(d)	8,508	9,167	12,134	8,508
Grants and subsidies	2(e)	35,301	30,753	36,860	35,301
Finance costs	2(f)	98	106	577	98
Total expenses excluding losses		252,804	244,071	281,053	252,804
Revenue					
Sale of goods and services	3(a)	79,838	47,776	126,896	79,838
Investment revenue	3(b)	2,885	174	1,048	2,885
Grants and contributions	3(c)	109,421	109,694	107,268	110,729
Acceptance by the Crown of employee benefits and other liabilities	3(d)	1,308	5,373	(613)	-
Other revenue	3(e)	8,428	14,118	12,029	8,428
Rates	3(f)	49,307	59,175	46,357	49,307
Total revenue		251,187	236,310	292,985	251,187
Operating result		(1,617)	(7,761)	11,932	(1,617)
(Loss)/Gain on disposal	4(a)	(3)	-	(6)	(3)
Impairment losses	4(b)	-	-	1,095	-
Net result		(1,620)	(7,761)	13,021	(1,620)
Other comprehensive income					
Items that will not be reclassified to net result					
Net increase in property, plant and equipment asset revaluation reserve	9	812,276	-	46,980	812,276
Total other comprehensive income		812,276	-	46,980	812,276
TOTAL COMPREHENSIVE INCOME		810,656	(7,761)	60,001	810,656

The accompanying notes form part of these financial statements.

LOCAL LAND SERVICES
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

		Consolidated		Parent		
		Actual	Budget	Actual	Actual	Actual
	Notes	2023 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
ASSETS						
Current assets						
Cash and cash equivalents	5	61,045	26,943	50,171	61,045	50,171
Receivables	6	45,239	17,823	49,057	44,951	48,789
Inventories	7	3,458	2,369	3,343	3,458	3,343
Total current assets		109,742	47,135	102,571	109,454	102,303
Non-current assets						
Property, plant and equipment	8					
- Land and buildings		1,683,538	860,703	919,188	1,683,538	919,188
- Plant and equipment		9,887	4,020	7,882	9,887	7,882
- Infrastructure systems		134,359	113,845	111,098	134,359	111,098
- Work in progress		7,547	-	8,436	7,547	8,436
Total property, plant and equipment		1,835,331	978,568	1,046,604	1,835,331	1,046,604
Right-of-use assets	9					
- Land and buildings		-	-	-	-	-
- Plant and equipment		3,043	6,137	4,959	3,043	4,959
Total right-of-use assets		3,043	6,137	4,959	3,043	4,959
Intangible assets	10					
- Intangible assets		1,193	10,349	1,380	1,193	1,380
- Work in progress		10,575	-	8,681	10,575	8,681
Total intangible assets		11,768	10,349	10,061	11,768	10,061
Total non-current assets		1,850,142	995,054	1,061,624	1,850,142	1,061,624
Total assets		1,959,884	1,042,189	1,164,195	1,959,596	1,163,927
LIABILITIES						
Current liabilities						
Payables	12	35,075	8,200	33,039	54,093	53,139
Lease liabilities	13(a)	1,331	1,838	1,714	1,331	1,714
Provisions	14(a)(b)	19,687	19,125	20,689	829	931
Other	15	5,072	2,926	11,431	5,072	11,431
Total current liabilities		61,165	32,089	66,873	61,325	67,215
Non-current liabilities						
Lease liabilities	13(b)	1,815	2,644	3,240	1,815	3,240
Provisions	14(c)	448	1,495	610	-	-
Other	15	84	101	101	84	101
Total non-current liabilities		2,347	4,240	3,951	1,899	3,341
Total liabilities		63,512	36,329	70,824	63,224	70,556
Net assets		1,896,372	1,005,860	1,093,371	1,896,372	1,093,371
EQUITY						
Asset revaluation reserve		1,267,105	407,855	454,829	1,267,105	454,829
Accumulated funds		629,267	598,005	638,542	629,267	638,542
Total equity		1,896,372	1,005,860	1,093,371	1,896,372	1,093,371

The accompanying notes form part of these financial statements.

LOCAL LAND SERVICES
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

Consolidated Entity	Accumulated Funds \$'000	Asset Revaluation Reserve \$'000	Total Equity \$'000
Balance at 1 July 2022	638,542	454,829	1,093,371
Net result for the period	(1,620)	-	(1,620)
Other comprehensive income:			
Net increase in property, plant and equipment (Note 8)	-	812,276	812,276
Total other comprehensive income	-	812,276	812,276
Total comprehensive income for the period	(1,620)	812,276	810,656
Transactions with owners in their capacity as owners			
Decrease in net assets due to transfer of Soil Conservation Service (Note 23(a))	(29,063)	-	(29,063)
Increase in net assets due to transfer of Pest Management Fund from Department of Regional NSW (Note 23(b))	21,408	-	21,408
Total transactions with owners in their capacity as owners	(7,655)	-	(7,655)
Balance at 30 June 2023	629,267	1,267,105	1,896,372
Balance at 1 July 2021	625,521	407,849	1,033,370
Net result for the period	13,021	-	13,021
Other comprehensive income:			
Net increase in property, plant and equipment (Note 8)	-	46,980	46,980
Total other comprehensive income	-	46,980	46,980
Total comprehensive income for the period	13,021	46,980	60,001
Balance at 30 June 2022	638,542	454,829	1,093,371

The accompanying notes form part of these financial statements.

LOCAL LAND SERVICES
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

Parent Entity	Accumulated Funds	Asset Revaluation Reserve	Total Equity
	\$'000	\$'000	\$'000
Balance at 1 July 2022	638,542	454,829	1,093,371
Net result for the period	(1,620)	-	(1,620)
Other comprehensive income:			
Net increase in property, plant and equipment (Note 8)	-	812,276	812,276
Total other comprehensive income	-	812,276	812,276
Total comprehensive income for the period	(1,620)	812,276	810,656
Transactions with owners in their capacity as owners			
Decrease in net assets due to transfer of equity from Soil Conservation Service (Note 23(a))	(29,063)	-	(29,063)
Increase in net assets due to transfer of Pest Management Fund from Department of Regional NSW (Note 23(b))	21,408		
Total transactions with owners in their capacity as owners	(7,655)	-	(29,063)
Balance at 30 June 2023	629,267	1,267,105	1,896,372
Balance at 1 July 2021	625,521	407,849	1,033,370
Net result for the period	13,021	-	13,021
Other comprehensive income:			
Net increase in property, plant and equipment (Note 8)	-	46,980	46,980
Total other comprehensive income	-	46,980	46,980
Total comprehensive income for the year	13,021	46,980	60,001
Balance at 30 June 2022	638,542	454,829	1,093,371

The accompanying notes form part of these financial statements.

LOCAL LAND SERVICES
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Consolidated			Parent	
Notes	Actual 2023 \$'000	Budget 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Employee related	(116,061)	(114,529)	(120,350)	-	-
Personnel services expense	-	-	-	(116,061)	(120,350)
Grants and subsidies	(35,301)	(30,753)	(36,860)	(35,301)	(36,860)
Finance costs	(98)	(106)	(577)	(98)	(577)
Other supplier payments	(85,645)	(83,346)	(108,337)	(85,645)	(108,337)
GST paid on purchases	(8,862)	-	(12,541)	(8,862)	(12,541)
Total payments	(245,967)	(228,733)	(278,665)	(245,967)	(278,665)
Receipts					
Sale of goods and services	79,838	47,576	126,896	79,838	126,896
Interest received	1,553	174	52	1,553	52
Rates	49,773	53,800	46,737	49,773	46,737
Grants and contributions	109,421	109,694	107,268	109,421	107,268
Other customer receipts	2,993	23,493	10,598	2,993	10,598
GST received on amounts received	4,491	-	6,796	4,491	6,796
Total receipts	248,069	234,737	298,347	248,069	298,347
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	2,102	6,004	19,682	2,102	19,682
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems	-	-	4	-	4
Purchases of land and buildings, plant and equipment and infrastructure systems	(10,475)	(9,871)	(17,176)	(10,475)	(17,176)
Purchases of intangibles	-	(1,800)	-	-	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(10,475)	(11,671)	(17,172)	(10,475)	(17,172)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of principal portion of lease liabilities	(1,627)	(2,490)	(4,883)	(1,627)	(4,883)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(1,627)	(2,490)	(4,883)	(1,627)	(4,883)
NET INCREASE/(DECREASE) IN CASH	(10,000)	(8,157)	(2,373)	(10,000)	(2,373)
Opening cash and cash equivalents	50,171	35,890	52,544	50,171	52,544
Cash transferred in / (out) as a result of administrative restructuring	20,874	(790)	-	20,874	-
CLOSING CASH AND CASH EQUIVALENTS	61,045	26,943	50,171	61,045	50,171

The accompanying notes form part of these financial statements.

Notes to and forming part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Local Land Services (LLS) is a statutory body, established pursuant to the *Local Land Services Act 2013* (the LLS Act) which commenced on 1 January 2014.

LLS is a NSW Government agency and is charged with the responsibility for delivering local land services in the social, economic and environmental interests of the State. LLS has responsibilities in the areas of biosecurity, natural resource management, agricultural advisory and emergency management. Functions are exercised in each of these key areas with a focus on regional delivery and alignment with State objectives.

The LLS Act does not allow LLS to employ staff. Under the *Government Sector Employment Act 2013*, LLS arranges personnel services through the Local Land Services Staff Agency (LLSSA). LLSSA is a controlled entity of LLS and together the two entities form the economic entity reflected in these consolidated financial statements.

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

LLS is a not-for-profit entity (as profit is not its principle objective) and does not have a cash generating unit.

These financial statements represent the period 1 July 2022 to 30 June 2023. The comparative figures are for the year between 1 July 2021 to 30 June 2022.

These financial statements have been authorised for issue by the Local Land Services Board on 12 October 2023.

(b) Basis of preparation

LLS's financial statements are general purpose financial statements which, subject to note 1(a), have been prepared on an accrual basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Government Sector Finance Act 2018* (GSF Act) and Government Sector Finance *Regulation 2018*;
- the Treasurer's Directions issued under the GSF Act.

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

Any judgements, key assumptions or estimates management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of compliance

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

(d) Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements

In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

(ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(e) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's mandate to not-for-profit general government sector agencies.

(f) Insurance

LLS insurance activities are conducted through the NSW Treasury Managed Fund scheme of self-insurance for government agencies. The expense (premium) is determined by the fund manager based on past experience and the insurance coverage is reviewed periodically to ensure that it is adequate.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

(h) Income recognition

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

(i) Grants or contributions

Grants or contributions from government and other bodies are recognised as income when sufficiently specific performance obligations under the transfer are satisfied. Where no such performance obligations exist, income is recognised immediately upon receipt.

(ii) Sale of goods

Revenue from the sale of goods is recognised as revenue according to the deliverables present in the contract for the provision of goods and services, in accordance with AASB 15 *Revenue from Contracts with Customers*.

(iii) Rendering of services

Revenue for the rendering of services is recognised when the service is provided or according to the sufficiently specific performance obligations present in the contract with the customer. This can be by reference to the stage of completion or according to the outputs associated with providing the service, depending on the nature of each contract.

LLS uses significant judgements in assessing performance obligations are met over time as works are delivered against the contracts with customers. Generally this is measured as stage of completion and captures costs incurred to date in delivering the works which include labour and plant utilisation rates.

(iv) Rates and charges

Rates are levied annually for the calendar year. Interest is charged on overdue rates, the rates are set at the Commonwealth Bank overdraft index rate as at 1 January of the rating year plus 2%. For 2023 the interest rates on overdue rates are 12.68% (2022 - 9.68%).

(v) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 9 *Financial Instruments*.

(i) Assets

(i) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by LLS. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

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

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

(ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. All amounts below \$5,000 are expensed to profit and loss as incurred.

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 11 for further information regarding fair value.

Fair value of infrastructure systems are derived using a depreciated replacement cost approach. LLS applies a mass valuation approach to assign fair values to the improvements carried on Travelling Stock Reserve (TSR) land. This approach involves periodic assessment of condition and remaining useful lives against assets in the class, on a sample basis, to support the methodology. The sampling activity involved external consultants engaged to attend sample TSR sites state-wide to capture relevant TSR improvements on the reserves and associated condition ratings. The identification and assessment of assets across the network is ongoing; as at the date of this report 49% of reserves have been verified and LLS have extrapolated assets for the sites not yet verified. This extrapolation involves significant estimates and judgements relating to the quantity and condition of assets, which may be subject to change as additional reserves are verified by local TSR rangers. Subsequent to the extrapolation, management engaged independent valuers, CIVAS NSW Pty. Limited to certify the fair value of the assets. Any changes to the resultant valuation of this class of assets arising from changes in the levels of extrapolation is disclosed as a change in management estimates.

LLS re-values each class of property, plant and equipment 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. An indexation of the land component of Travelling Stock Reserves (TSR's) has been applied for the year ended 30 June 2023. LLS will undertake a full revaluation in the year ending 30 June 2024. The adjustment recognised by LLS in the financial statements is \$784.4 million against the TSR land under LLS's control for the year ended 30 June 2023 included in Note 8. This amount is comprised of an indexation of \$266.9 million for 2023 and \$517.5 million from 2021 and 2022 following a change to the basis of estimates applied to the previous indexation from those years. The indexations applied to 2021 and 2022 included levels of conservatism associated with significant bushfire events and the COVID19 pandemic which has now seen property markets return to more normal levels and the impacts of the significant events have now largely subsided.

Revaluation increments are credited directly to revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. LLS has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

LLS undertook a revaluation of freehold land and building assets during January 2023. CIVAS (NSW) Pty Limited were engaged to conduct the valuations, with revaluation adjustments made in accordance with the valuations obtained. LLS undertook valuations of certain frastructure, intangible and land assets in March 2021 after engaging CIVAS (NSW) to undertake the valuation.

The methods of revaluing the Crown Land assets utilises a mass valuation technique as follows:

Travelling Stock Reserves and Stock Watering Places

The determination of global rates per hectare for a variety of land classifications for each local government area is considered the most appropriate approach to determine a value for Crown Land, and is also applied to the Travelling Stock Reserves (TSR's) and Stock Watering Places (SWP's). For the mass valuations, a valuation rate per hectare was provided for each land category type, within a local government area by CIVAS (NSW) Pty Limited on behalf of Department of Planning and Environment. After indexation outlined earlier in this note using the 2019-20 comprehensive valuation as a base, the TSR land vested to and under the effective control of LLS was valued at \$1,662,441,404 as at 30 June 2023.

(iv) Impairment of property, plant and equipment

LLS is a not-for-profit entity with no cash generating units, LLS is unlikely to be affected by AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

LLS transfers the carrying value of land for Aboriginal land claims which have been granted to Department of Planning, Industry and Environment - Crown Land. The amount, representing the fair value of land granted based on estimated size of the land, is expensed when granted. Until the land is surveyed, the precise area to be transferred is unknown.

(v) Contaminated land

When the Environmental Protection Authority identifies land as contaminated and provides an order, an impairment provision is raised for the land when the cost to remediate the land is quantifiable. In the event that cost of restoring the contaminated land exceeds the value of the land a liability is recognised.

(vi) Depreciation of property, plant and equipment

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity. All material separately identifiable components of assets are depreciated over their shorter useful lives.

Land is not a depreciable asset.

The depreciation of buildings and infrastructure is calculated on a straight line basis. Due to the nature and location of its activities, a useful life guide of 40 years is used for buildings and 20 years for infrastructure.

Equipment and vehicles are depreciated on a straight line basis over the remaining life to scrap value (where applicable) so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity.

Each class of asset has a default life which may be varied as a result of management review either at acquisition or at any time during the asset life.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 11 for further information regarding fair value.

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Land is not a depreciable asset.

The depreciation of buildings and infrastructure is calculated on a straight line basis. Due to the nature and location of its activities, a useful life guide of 40 years is used for buildings and 20 years for infrastructure.

Equipment and vehicles are depreciated on a straight line basis over the remaining life to scrap value (where applicable) so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity.

Each class of asset has a default life which may be varied as a result of management review either at acquisition or at any time during the asset life.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Default asset class lives are:

Buildings	20 - 60 years
Plant and equipment	2 - 20 years
Infrastructure	3 - 67 years
Intangibles	2 - 4 years

(vii) Major inspection costs

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(viii) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(ix) Maintenance

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

(x) Investment properties

LLS owns some properties which generate rental income. Investment properties are stated at fair value in the statement of financial position, using the valuation technique that maximises the use of relevant observable inputs. Gains or losses arising from changes in fair value are included in the net result for the year in the period in which they arise. No depreciation is charged on investment properties.

(xi) Intangible assets

LLS recognises intangible assets only if it is probable that future economic benefits will flow to LLS and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Internally developed software costs that are directly associated with the production of identifiable and unique software products controlled by LLS and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads. Costs associated with maintaining computer software are recognised as an expense as incurred.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

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

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for LLS's intangible assets, the assets are carried at cost less any accumulated amortisation.

LLS intangible assets are amortised using the straight line method over a period of 1 - 3 years.

Water licences have been valued at cost where there is no active market.

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

(xii) Other inventories

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value.

Other inventories are comprised of baits, ammunition, signs and chemicals that are used by LLS in the management of pests and weeds on the travelling stock routes. In some locations these inventories are available for sale to the public.

(xiii) Inventories (Seed bank)

Inventories are comprised of processed and unprocessed local native seed which are used on revegetation projects carried out by LLS and other organisations.

Inventories are measured at actual cost reflecting the cost of collection and preparation. The cost is then attributed annually to the various seed lots collected and is then adjusted after viability testing.

Factors such as climate, weather events, available funding and landholder confidence all impact on the quantity and types of seed available for collection and planting.

(xiv) Biological assets

Biological assets are measured on initial recognition and at each reporting date at fair value less estimated point-of-sale costs, or reasonable estimates of the fair value less estimated point-of-sale costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A gain or loss arising on initial recognition of a biological asset at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological asset is included in net result for the period in which it arises.

(xv) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. LLS determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(xvi) Impairment of financial assets

LLS recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the entity expects to receive in accordance with AASB 9.

LLS groups debtor balances according to customer segments based on the expectation the historical loss experience will show a different loss pattern than for other groups. A historical loss rate is calculated based on the total uncollected debt measured against the total debt issued in the period. Adjustments are made to exclude the effect of non-collections for reasons other than credit loss.

LLS uses significant judgements and estimates in segmenting the customer base and calculating the historical loss rates. Judgements are also applied in determining whether a loss has arisen out of a credit risk which could give rise to a change in the rates applied to future expected credit losses.

(xii) De-recognition of financial assets and financial liabilities

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

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

Where LLS has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the entity's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(xiii) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) classified as held for sale, where their carrying amount will be recovered principally through a sales transaction, not through continuing use. Non-current assets (or disposal groups) held for sale is recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale.

(xix) Right-of-use assets

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and buildings 3 to 26 years
- Motor vehicles 2 to 5 years

The right-of-use assets are also subject to impairment. LLS assesses at each reporting date whether there is an indication that an asset may be impaired. Where there is an indication the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

(xx) Other assets

Other assets are recognised on a historic cost basis.

(j) Liabilities

(i) Payables

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

(ii) Borrowings

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest method. Gains or losses are recognised in the net result for the year on derecognition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Lease liabilities

At the commencement date of the lease, LLS recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase options reasonably certain to be exercised by LLS; and
- payments of penalties for terminating the lease, if the lease term reflects the entity exercising the option to terminate.

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

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

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

During the financial year ended 30 June 2022, the LLS accepted the changes in the office accommodation arrangements with Property NSW (PNSW). The main change saw the introduction of the "substitution right" clause for PNSW to relocate the entity during the term of the agreement. The clause provides PNSW with a substantive substitution right, and therefore the agreements are no longer accounted for as a lease within the scope of AASB 16. This involves judgment that the "substitution right" clause in the agreement is substantive. Management have assessed PNSW can obtain benefits from exercising the substitution right when it achieves office accommodation efficiency at the whole-of-government level and/or its other service objectives. It is also considered practical for PNSW to exercise the substitution right due to the general nature of the relevant office accommodation. The corresponding right of use assets and lease liabilities were derecognised on 30 June 2022, the effective date of the new clause. The net impact of the derecognition is recognised in "Other Gains/(Losses) (refer to Note 4). From 1 July 2022, the accommodation charges are recognised as expenses when incurred over the agreement duration.

LLS continues to carry the responsibility to make good, and to control the fit-out during the remaining occupancy period as LLS receives the economic benefits via using the fit-out or expected compensation from PNSW upon relocation. The incentives received prior to 30 June 2022 apply to the remaining occupancy period. Therefore, LLS's accounting treatment for make-good provision and fit-out costs in relation to the relevant accommodation remains unchanged.

LLS includes lease liabilities in the Statement of Financial Position.

(iv) Personnel services

LLS does not employ staff but utilises the personnel services of the LLSSA. The cost of personnel services in respect of wages and salaries, superannuation, annual leave, long service leave, and for personal leave are recognised when it is probable that settlement will be required.

(v) Employee benefits and other provisions

(a) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. LLS has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(b) Long service leave

LLS's long service leave liability is assumed by the Crown in the right of the State of New South Wales (the Crown). The entity accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of employee benefits and other liabilities'.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*, based on the application of procedures (specified in NSW Treasury Circular TC18/13) to employees with five or more years of service, using current rates of pay. Additional factors were applied based on an actuarial review to approximate present value.

(c) Superannuation

The Crown assumes the defined benefit superannuation liabilities for certain General Government Sector entities. This means on initial incurrence entities recognise a liability and expense and on assumption of the liability, a revenue equivalent to the liability assumed.

Local Land Services has determined that it is probable a liability may not arise to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: Finance Sector Union of Australia v Commonwealth Bank of Australia [2022] FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and stems from a historical base for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period. LLS believes the circumstances of the case may align with that suggested by the LLS industrial instrument and varies from the position taken by the ATO.

This position will be re-assessed in future reporting periods as new information comes to light on this matter.

(d) Consequential on-costs

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

(e) Other provisions

Other provisions exist when LLS has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the obligation.

LLS has recognised a provision at year end in relation to the Supporting Our Neighbours program. LLS has determined a constructive obligation exists arising from the launch of the program in April 2020. The provision is based upon applications received from landholders and where assessed values of claims were not known an average of previously assessed claims was used.

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

If the effect of the time value of money is material, provisions are discounted at an appropriate percentage, which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(k) Fair value hierarchy

A number of the LLS's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

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

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

Refer Note 11 and Note 20 for further disclosures regarding fair value measurements of financial and non-financial assets.

(l) Equity and reserves

(i) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with LLS's policy on the revaluation of property, plant and equipment as discussed in Note 1(i) (iii).

(ii) Accumulated funds

The category accumulated funds includes all current and prior period retained funds.

(iii) Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. revaluation surplus).

(iv) Equity transfers

Transfers arising from an administrative restructure involving not-for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure to approximate fair value.

(m) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget are not reflected in the budgeted amounts. Major variances between the original budgeted and the actual amounts are disclosed in the primary financial statements in Note 18.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The accounting policies applied in 2022-23 are consistent with those of the previous financial year. There are no Australian Accounting Standards which have become effective during the current financial year impacting the preparation or presentation of the financial statements.

(o) New Australian Accounting Standards issued but not effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the financial year ended 30 June 2023. These are listed as follows, along with the corresponding effective date:

- AASB 17 Insurance Contracts (Jan 2023)
- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (Jan 2024)
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (Jan 2023)
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Jan 2023)
- AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards (Jan 2023)
- AASB 2021-7b Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (Jan 2023)
- AASB 2021-7c Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (Jan 2025)
- AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information (Jan 2023)
- AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback (Jan 2024)
- AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants (Jan 2024)
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards (Jan 2023)
- AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments (Jan 2023)
- AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector (Jul 2026)
- AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities (Jan 2024)

LLS has considered these standards and has assessed there to be little or no impact on the content and presentation of the financial statements once the standards become effective, beyond any minor changes to disclosures.

2. EXPENSES EXCLUDING LOSSES

(a) Employee related services

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Salaries and wages (including recreation leave)	98,319	104,332	-	-
Superannuation – defined benefit plans	413	377	-	-
Superannuation – defined contribution plans	9,794	10,011	-	-
Long service leave	1,184	(1,103)	-	-
Workers compensation insurance	862	1,280	-	-
Payroll tax and fringe benefits tax	6,117	5,705	-	-
Redundancy payments	175	250	-	-
	116,864	120,852	-	-

(b) Personnel services

	-	-	116,864	120,852
	-	-	116,864	120,852

(c) Other operating expenses include the following:

Advertising and promotion	700	852	700	852
Auditor's remuneration – audit of financial reports	230	220	230	220
Expected credit losses	1,315	307	1,315	307
Board remuneration	2,055	2,030	2,055	2,030
Cleaning	622	603	622	603
Computer software fees	555	544	555	544
Consultancy	626	-	626	-
Contractors and other fees	49,951	50,645	49,951	50,645
Cost of inventories held for distribution	4,005	3,144	4,005	3,144
Cost of sales	1,146	6,768	1,146	6,768
Courier and freight	50	66	50	66
Data/Internet	24	64	24	64
Electricity	441	474	441	474
Insurance	772	917	772	917
Corporate Services	3,282	3,410	3,282	3,410
Legal - Crown Solicitor's Office	-	13	-	13
Legal other	597	415	597	415
Levies	1,018	6,517	1,018	6,517
Maintenance	1,567	2,201	1,567	2,201
Motor vehicle	3,308	4,223	3,308	4,223
Operating lease rental – minimum lease payments	8,035	1,901	8,035	1,901
Other operating	4,703	21,271	4,703	21,271
Printing	1,236	852	1,236	852
Rates	37	75	37	75
Telecommunication	705	333	705	333
Training and staff development	1,008	812	1,008	812
Travel	4,045	1,973	4,045	1,973
	92,033	110,630	92,033	110,630

(d) Depreciation and amortisation expense

Buildings	268	3,553	268	3,553
Infrastructure	5,199	5,190	5,199	5,190
Plant and equipment	2,904	3,247	2,904	3,247
Amortisation of intangible assets	137	144	137	144
	8,508	12,134	8,508	12,134

(e) Grants and subsidies

National Landcare Programme	7,977	1,055	7,977	1,055
Catchment Management NSW	66	590	66	590
Hunter Catchment Contribution	1,954	636	1,954	636
Landcare Co-ordinators Initiative	4,632	4,947	4,632	4,947
Weed Action Plan	9,852	1,248	9,852	1,248
Other	10,820	28,384	10,820	28,384
	35,301	36,860	35,301	36,860

(f) Finance costs

Interest expense from lease liabilities	98	577	98	577
	98	577	98	577

3. REVENUES

(a) Sale of goods and services

Sale of goods:

Minor sales of goods and services

Rendering of services:

Education

Fees for services rendered

Permit fees

Recovery of administrative costs

Other services

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Minor sales of goods and services	490	675	490	675
Education	83	21	83	21
Fees for services rendered	68,330	113,938	68,330	113,938
Permit fees	4,963	3,394	4,963	3,394
Recovery of administrative costs	50	(3)	50	(3)
Other services	5,922	8,871	5,922	8,871
	79,838	126,896	79,838	126,896

(b) Investment revenue

Interest

Rents

Interest	1,553	52	1,553	52
Rents	1,332	996	1,332	996
	2,885	1,048	2,885	1,048

(c) Grants and contributions

Industry/private bodies

NSW budget sector agencies

Personnel services received free of charge

Local and other state governments

Industry/private bodies	64	419	64	419
NSW budget sector agencies	103,935	100,246	103,935	100,246
Personnel services received free of charge	-	-	1,308	(613)
Local and other state governments	5,422	6,603	5,422	6,603
	109,421	107,268	110,729	106,655

(d) Acceptance by the Crown of employee benefits and other liabilities

Superannuation

Long service leave

Payroll tax

Superannuation	413	377	-	-
Long service leave	882	(1,008)	-	-
Payroll tax	13	18	-	-
	1,308	(613)	-	-

(e) Other revenue

Levies

Other revenue

Levies	6,175	6,173	6,175	6,173
Other revenue	2,253	5,856	2,253	5,856
	8,428	12,029	8,428	12,029

(f) Rates

Rates

Rates	49,307	46,357	49,307	46,357
	49,307	46,357	49,307	46,357

4. GAIN / (LOSS) ON DISPOSAL

(a) Gain / (loss) on disposal

Gain on disposal of property, plant and equipment

Proceeds from disposal

Written down value of assets disposed

Net gain on disposal of property, plant and equipment

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Proceeds from disposal	-	3	-	3
Written down value of assets disposed	(3)	(9)	(3)	(9)
Net gain on disposal of property, plant and equipment	(3)	(6)	(3)	(6)

(b) Other gain/(loss)

Impairment of right-of-use assets - buildings *

Impairment of right-of-use assets - buildings *	-	1,095	-	1,095
Total other gain/(loss)	-	1,095	-	1,095

*The net gains/(losses) are recognised from the de-recognition of the right-of-use asset and lease liability with Property NSW at 30 June 2022. Please refer to Note 9 and Note 13 for further details on the de-recognition.

The net gain/(loss) from the de-recognition of right-of-use asset and lease liability as at 30 June 2022 is reconciled as below:

	2022
	\$'000
Right of use asset	
Gross carrying value	28,807
Less: accumulated depreciation	(7,286)
Net book value	21,521
Lease liability	22,616
Net Gain/(Losses)	(1,095)

5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and on hand	61,045	50,171	61,045	50,171
	61,045	50,171	61,045	50,171

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

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

Cash and cash equivalents (per statement of financial position)	61,045	50,171	61,045	50,171
Closing cash and cash equivalents (per statement of cash flows)	61,045	50,171	61,045	50,171

LLS carries an external restriction against funds held at year end. The restriction applies to the use of funds and arises from contractual and legislative obligations to other bodies. The aggregate of these restricted funds included in the cash and cash equivalent balance reported above is \$49.3 million (2022 \$34.9 million).

Refer Note 20 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

6. CURRENT / NON-CURRENT ASSETS - RECEIVABLES

CURRENT

Trade debtors

Miscellaneous

Less: Allowance for expected credit losses

Net GST

Trade receivables

Trade debtors	48,493	49,122	48,493	49,122
Miscellaneous	-	523	-	523
Less: Allowance for expected credit losses	(5,356)	(4,046)	(5,356)	(4,046)
Net GST	1,433	2,636	1,433	2,636
Trade receivables	44,570	48,235	44,570	48,235

Prepayments

Other

Other	669	822	381	554
	669	822	381	554

Receivables

Receivables	45,239	49,057	44,951	48,789
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6. CURRENT / NON-CURRENT ASSETS - RECEIVABLES - (continued)

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Movement in the allowance for expected credit losses				
Balance at beginning of period	4,046	3,799	4,046	3,799
Amounts written off during the period	(15)	(60)	(15)	(60)
Increase/(decrease) in allowance recognised in profit or loss	1,315	307	1,315	307
Balance at end of period	5,346	4,046	5,346	4,046
GST				
GST receivable	2,257	3,170	2,257	3,170
GST payable	(824)	(534)	(824)	(534)
NET GST Receivable/(Payable)	1,433	2,636	1,433	2,636

Refer Note 20 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. CURRENT / NON-CURRENT ASSETS - INVENTORIES

CURRENT

Seed inventory

Opening balance of seed stock	441	406	441	406
Seed withdrawn from seed bank	(97)	(59)	(97)	(59)
Value of seed collected	72	90	72	90
Net loss on value of seed stock	(3)	4	(3)	4
Closing balance	413	441	413	441

Other inventory on hand

Opening balance on hand at beginning of period	2,902	1,963	2,902	1,963
(Decrease)/Increase in stock levels during period	115	939	115	939
Equity transfer - Soil Conservation Service	(506)	-	(506)	-
Equity transfer - Pest Management Fund	534	-	534	-
Closing Balance	3,045	2,902	3,045	2,902
Total Inventory on hand at end of period	3,458	3,343	3,458	3,343

8. PARENT & CONSOLIDATED - NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT

	Land and Buildings \$'000	Plant & Equipment \$'000	Infrastructure Systems \$'000	WIP PPE \$'000	Total \$'000
At 1 July 2022					
At fair value	926,875	13,018	123,488	8,436	1,071,817
Accumulated depreciation and impairment	(7,687)	(5,136)	(12,390)	-	(25,213)
Net carrying amount	919,188	7,882	111,098	8,436	1,046,604
At 30 June 2023					
At fair value	1,686,765	15,051	151,830	7,547	1,861,193
Accumulated depreciation and impairment	(3,227)	(5,164)	(17,471)	-	(25,862)
Net carrying amount	1,683,538	9,887	134,359	7,547	1,835,331

Reconciliation

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

	Land and Buildings \$'000	Plant & Equipment \$'000	Infrastructure Systems \$'000	WIP PPE \$'000	Total \$'000
Period ended 30 June 2023					
Net carrying amount at start of year	919,188	7,882	111,098	8,436	1,046,604
Additions	95	1,826	461	6,200	8,582
Disposals	-	(81)	-	-	(81)
Transfers	2,229	3,817	1,043	(7,089)	-
Fair Value of assets transferred out - Soil Conservation Service	(27,585)	(3,529)	(287)	-	(31,401)
Accumulated depreciation transferred out - Soil Conservation Service	4,728	1,061	118	-	5,907
Net increment to fair value due to change in management estimates	517,488	-	17,208	-	534,696
Net revaluation increment less revaluation decrements recognised in reserves	267,663	-	9,917	-	277,580
Depreciation expense - asset owned	(268)	(1,167)	(5,199)	-	(6,634)
Write back on disposal	-	78	-	-	78
Net carrying amount at end of year	1,683,538	9,887	134,359	7,547	1,835,331

Reconciliation

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

	Land and Buildings \$'000	Plant & Equipment \$'000	Infrastructure Systems \$'000	WIP PPE \$'000	Total \$'000
Period ended 30 June 2022					
Net carrying amount at start of year	861,905	7,150	116,019	5,271	990,345
Additions	10,345	721	125	5,021	16,212
Disposals	-	(59)	(9)	-	(68)
Transfers	690	1,016	150	(1,856)	-
Net revaluation increment less revaluation decrements recognised in reserves	46,980	-	-	-	46,980
Depreciation expense	(732)	(1,002)	(5,190)	-	(6,924)
Write back on disposal	-	56	3	-	59
Net carrying amount at end of year	919,188	7,882	111,098	8,436	1,046,604

9. PARENT & CONSOLIDATED - NON-CURRENT ASSETS – RIGHT-OF-USE ASSETS

	Land and Buildings \$'000	Plant & Equipment \$'000	Total \$'000
At 1 July 2022			
At fair value	-	11,226	11,226
Accumulated depreciation and impairment	-	(6,267)	(6,267)
Net carrying amount	-	4,959	4,959
At 30 June 2023			
At fair value	-	8,144	8,144
Accumulated depreciation and impairment	-	(5,101)	(5,101)
Net carrying amount	-	3,043	3,043

Reconciliation

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

	Land and Buildings \$'000	Plant & Equipment \$'000	Total \$'000
Period ended 30 June 2023			
Net carrying amount at start of year	-	4,959	4,959
Additions of right-of-use assets	-	1,209	1,209
Disposals	-	(1,170)	(1,170)
Fair Value of assets transferred out	-	(3,121)	(3,121)
Accumulated depreciation transferred out - Soil Conservation Service	-	1,733	1,733
Depreciation of right-of-use assets	-	(1,737)	(1,737)
Write back on disposal	-	1,170	1,170
Net carrying amount at end of year	-	3,043	3,043

Reconciliation

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

	Land and Buildings \$'000	Plant & Equipment \$'000	Total \$'000
Period ended 30 June 2022			
Net carrying amount at start of year	18,901	7,110	26,011
Additions of right-of-use assets	4,926	94	5,020
Disposals	(2,322)	(626)	(2,948)
Remeasurement	487	-	487
Depreciation of right-of-use assets	(2,821)	(2,245)	(5,066)
Write back on disposal	7,285	626	7,911
De-recognition of right of use assets	(26,456)	-	(26,456)
Net carrying amount at end of year	-	4,959	4,959

10. INTANGIBLE ASSETS - PARENT & CONSOLIDATED

	Total \$'000
At 30 June 2023	
Cost or fair value	2,051
Accumulated amortisation	(858)
Net carrying amount	1,193

Period ended 30 June 2023

Net carrying amount at start of year	1,380
Equity transfers	(50)
Amortisation (recognised in 'depreciation and amortisation')	(137)
Net carrying amount at end of year	1,193

	Total \$'000
At 30 June 2022	
Cost or fair value	2,116
Accumulated amortisation and impairment	(736)
Net carrying amount	1,380

Year ended 30 June 2022

Net carrying amount at start of year	1,524
Amortisation (recognised in 'depreciation and amortisation')	(144)
Net carrying amount at end of the year	1,380

The value of intangible assets include easements against land, irrigation water licences and capitalised software costs.

	Total \$'000
Intangibles - Works in Progress	
Period ended 30 June 2023	
Net carrying amount at start of year	8,681
Additions	1,894
Net carrying amount at end of year	10,575

Intangibles - Works in Progress

Period ended 30 June 2022	
Net carrying amount at start of year	7,720
Additions	961
Transfers	0
Net carrying amount at end of year	8,681

The value of intangible assets works in progress is comprised of costs associated with the development of software systems.

11. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS - PARENT & CONSOLIDATED

The fair value of non-financial assets have been measured in accordance with AASB 13 *Fair Value Measurement*. Under AASB13, fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

To increase consistency and comparability in fair value measurements and related disclosures, AASB 13 establishes a fair value hierarchy that categorises into three levels aligned to the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for asset or liability at the measurement date. Where level 3 is adopted a sensitivity analysis shall be included in the assessment of value.

11. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS - PARENT & CONSOLIDATED (continued)

(a) Fair value hierarchy

At 30 June 2023

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total Fair Value \$'000
Land and buildings (Note 8)	-	21,103	1,662,435	1,683,538
Infrastructure systems (Note 8)	-	-	134,359	134,359
Total	-	21,103	1,796,794	1,817,896

At 30 June 2022

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total Fair Value \$'000
Land and buildings (Note 8)	-	39,816	879,372	919,188
Infrastructure systems (Note 8)	-	-	111,098	111,098
Total	-	39,816	990,470	1,030,286

There were no transfers between level 1 or 2 during the period

The freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Depending on the type of property asset involved, the fair value of freehold land and buildings was determined using a direct comparison of similar properties or the depreciated replacement cost approach added to the comparable market value of the land for similar properties.

LLS has applied an indexation to the value of TSR land obtained as part of the 2019-20 mass valuation of the Crown Land Estate undertaken by CIVAS (NSW) Pty. Ltd. The mass valuation methodology utilises a global rate per hectare for each land category within a local government area. The land is valued on the basis of the highest and best use taking into account zoning and other restrictions, access to services infrastructure and property market demand. These value elements are considered in a global way when formulating a value level to apply to a particular category type. The value attributed to TSR land is shown in level 3 due to the use of land categories discounting across categories in the valuation methodology. LLS will underake a full comprehensive valuation of the TSR land under its control and management in 2023-24.

The plant and equipment is valued at depreciated historical cost, which approximates the depreciated cost of the assets. The fair value of infrastructure systems was determined by an independent valuer based on the depreciated replacement cost that reflects the estimated current cost of replacing of the asset with a similar asset.

(b) Reconciliation of recurring level 3 fair value measurements

At 30 June 2023

Recurring level 3 fair value measurements	Land and Buildings \$'000	Infrastructure Systems \$'000	Total Fair Value \$'000
Fair value as at 1 July 2022	879,366	111,104	990,470
Additions	-	461	461
Fair value of assets transferred from WIP	-	1,043	1,043
Fair value of assets transferred out Soil Conservation Service	(1,282)	(287)	(1,569)
Accumulated depreciation transferred out Soil Conservation Service	-	118	118
Net revaluation increments	784,351	27,125	811,476
Disposals	-	(9)	(9)
Depreciation	-	(5,199)	(5,199)
Writeback on disposal	-	3	3
Fair value as at 30 June 2023	1,662,435	134,359	1,796,794

At 30 June 2022

Recurring level 3 fair value measurements	Land and Buildings \$'000	Infrastructure Systems \$'000	Total Fair Value \$'000
Fair value as at 1 July 2021	832,386	116,019	948,405
Additions	-	125	125
Fair value of assets transferred from WIP	-	150	150
Net revaluation increments	46,980	-	44,933
Depreciation	-	(5,190)	(5,190)
Fair value as at 30 June 2022	879,366	111,104	988,423

There were no transfers between level 2 and level 3 of the fair value hierarchy during the year ended 30 June 2022.

Information about level 3 fair value measurements

Asset classification	Significant unobservable inputs	Valuation techniques	Sensitivity of significant unobservable inputs
Land and Buildings	Discounting applied across various categories used in the mass valuation approach for TSR land.	TSR land is valued as part of the Crown Land Estate using market comparables and indexation factors.	Changes in composition of classes and between classes or groupings in the dataset comprising the mass valuation can impact the fair value generated from the methodology. Indexation factors are derived from historical market factors and estimations.
Infrastructure	Estimated replacement costs of infrastructure taking into account of functional obsolescence condition and age of assets.	Depreciated replacement cost approach	An increase / decrease in the estimated replacement cost will result in increase / decrease in the fair value. A decrease in the estimated remaining useful life will decrease the fair value.

12. CURRENT LIABILITIES - PAYABLES

	Consolidated		Parent	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
CURRENT				
Accrued salaries, wages and on-costs	2,508	1,951	-	-
Other taxes payable	449	433	-	-
Personnel services payable	-	-	21,978	22,485
Creditors	32,118	30,655	32,115	30,654
	35,075	33,039	54,093	53,139

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 20.

13. CURRENT- NON-CURRENT LIABILITIES - LEASE LIABILITIES

(a). CURRENT

Lease liabilities				
Buildings	-	-	-	-
Plant and Equipment	1,331	1,714	1,331	1,714
Total current liabilities	1,331	1,714	1,331	1,714

(b). NON-CURRENT

Lease liabilities				
Buildings	-	-	-	-
Plant and Equipment	1,815	3,240	1,815	3,240
Total non-current liabilities	1,815	3,240	1,815	3,240

(c) RECONCILIATION OF MOVEMENT IN LEASE LIABILITIES

Current lease liabilities				
Balance at 1 July	1,714	4,386	1,714	4,386
Additions	1,209	3,026	1,209	3,026
Interest expenses	98	577	98	577
Payments	(1,725)	(4,883)	(1,725)	(4,883)
Adjustment from non-current	686			
Equity transfer - Soil Conservation Service	(651)	-	(651)	-
De-recognition of lease liabilities	-	(1,392)	-	(1,392)
Balance at 30 June	1,331	1,714	645	1,714

Non-current lease liabilities				
Balance at 1 July	3,240	22,529	3,240	22,529
Additions	-	1,994	-	1,994
Adjustment to current	(686)	-	(686)	-
Equity transfer - Soil Conservation Service	(739)	-	(739)	-
De-recognition of lease liabilities	-	(21,283)	-	(21,283)
Balance at 30 June	1,815	3,240	1,815	3,240

14. CURRENT- NON-CURRENT LIABILITIES - PROVISIONS

(a). CURRENT

Employee benefits and related on-costs				
Recreation leave	13,714	14,492	-	-
Long service leave	4,035	3,949	-	-
Payroll tax	1,109	1,317	-	-
	18,858	19,758	-	-

(b). CURRENT

Restoration costs	829	931	829	931
	829	931	829	931
Total current provisions	19,687	20,689	829	931

(c). NON-CURRENT

Employee benefits and related on-costs				
Recreation leave	-	-	-	-
Long service leave	217	258	-	-
Payroll tax	110	130	-	-
Other employee related provisions	121	222	-	-
Total non-current provisions	448	610	-	-

14. CURRENT- NON-CURRENT LIABILITIES - PROVISIONS (continued)**Recreation leave**

The liability at 30 June was \$13.714m (2022 - \$14.492m). This is based on leave entitlements at 30 June 2023. The value of recreational leave expected to be taken within 12 months is \$8.0m (2022 - \$8.5m) and \$5.7m (2022 - \$5.3m) after 12 months.

	Consolidated		Parent	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Aggregate employee benefits and related on-costs				
Provisions – current	18,858	19,758	-	-
Provisions – non-current	448	610	-	-
Accrued salaries, wages and on-costs (Note 12)	2,508	1,951	-	-
	21,814	22,319	-	-

Movements in provisions (other than employee benefits)**Restoration costs**

Carrying amount at beginning of financial year	931	931	931	931
Provisions transferred out - Soil Conservation Service	(102)	-	(102)	-
Carrying amount at end of financial year	829	931	829	931

Supporting Our Neighbours Program

Carrying amount at beginning of financial year	-	12	-	12
Amounts used	-	(12)	-	(12)
Carrying amount at end of financial year	-	-	-	-

15. CURRENT / NON-CURRENT LIABILITIES - OTHER**CURRENT**

Unearned income	5,044	11,252	4,893	11,252
Unspent grants	28	179	179	179
Total current liabilities - other	5,072	11,431	5,072	11,431

NON-CURRENT

Unspent grants	84	101	84	101
Total non-current liabilities - other	84	101	84	101

16. COMMITMENTS FOR EXPENDITURE**Capital commitments**

LLS has capital commitments at year-end of \$1.2 million (2022 - \$3.3 million). The amount relates to contracted commitments primarily in connection with development of systems to support LLS in delivery of its functions.

17. CONTINGENT LIABILITIES

As at 30 June 2023 LLS had no contingent assets or liabilities (2022 Nil).

18. BUDGET REVIEW

The budget process is finalised prior to the beginning of each financial year. Events may arise after that date that necessitates variations to the planned activities of LLS for that year. This in turn may cause variations to the financial activities. Major variations between the budget and actual amounts are outlined below.

Net Result

The net result of \$1.620 million was favourable compared to budget.

Revenue of \$251.187 million was favourable compared to budget by \$14.877 million. This was due to additional revenues received over those known when the budget was prepared.

Expenditure of \$252.804 million was un-favourable compared to budget by \$8.733 million. Increased expenditure was incurred associated with activities relating to additional revenues received over those included in the budget.

Assets and liabilities

Total assets was greater than budget by \$909.696 million due to an increase in land value, mostly attributable to the valuation increment in travelling stock reserves, and increase in infrastructure assets due to revaluation and recognition of improvements carried on travelling stock reserves.

Total liabilities was greater than budget by \$27.184 million, including an increase in payables of \$26.876 million and an decrease of \$0.495 million in provisions, due to timing of year-end payments.

Total equity was \$1,896.372 million. This was \$890.512 million greater than budget and in the main due to revaluation of land and revaluation of improvements carried in travelling stock reserves not known at the time the budget was prepared.

Cash flows

A net increase in cash and cash equivalents of \$10.874 million resulted in a closing cash equivalent balance for the year of \$61.045 million. This result was \$34.102 million favourable to budget due to timing of payments at year-end and a greater than budgeted payables and provision balances, partially offset by a greater than budgeted receivables balance and the transfer of the Pest Management Fund to LLS.

19. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Net cash from operating activities	2,102	19,682	2,102	19,682
Depreciation and amortisation	(8,508)	(12,134)	(8,508)	(12,134)
Doubtful debts expense	(1,315)	(307)	(1,315)	(307)
(Loss)/Gain on sale of fixed assets	(3)	(6)	(3)	(6)
Other gains/(losses)	-	1,095	-	1,095
Increase/(decrease) in receivables	12,381	7,021	12,381	7,021
Increase/(decrease) in inventories	87	974	87	974
Increase/(decrease) in prepayments	(153)	158	(173)	32
(Increase)/decrease in payables	(10,984)	728	(9,902)	162
(Increase)/decrease in provisions	(1,594)	(680)	(2,656)	12
(Increase)/decrease in other liabilities	6,367	(3,510)	6,367	(3,510)
Net result	(1,620)	13,021	(1,620)	13,021

20. FINANCIAL INSTRUMENTS

The principal financial instruments utilised by LLS are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the entity's operations. The entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

The LLS Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the entity, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Board on a continuous basis.

(a) Financial instrument categories

Financial Assets Class:	Note	Category	Consolidated		Parent	
			Carrying Amount	Carrying Amount	Carrying Amount	Carrying Amount
			2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash and cash equivalents	5	At amortised cost	61,045	50,171	61,045	50,171
Receivables ¹	6	Receivables (at amortised cost)	44,570	48,235	44,570	48,235
			105,615	98,406	105,615	98,406
Payables ²	12	Financial liabilities (at amortised cost)	34,626	32,606	54,093	53,139
Lease liabilities	13	Financial liabilities (at amortised cost)	3,146	4,954	3,146	4,954
			37,772	37,560	57,239	58,093

Notes

- Excludes statutory receivables and prepayments (i.e. not within scope of AASB 9).
- Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 9).

(b) Credit risk

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

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

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

Cash

Cash comprises cash on hand and at bank.

Receivables - trade debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. LLS applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical observed loss rates.

Trade debtors are written off when there is no reasonable expectation of recovery.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the balance sheet.

	Expected credit loss rate	Estimated total gross carrying amount at default	Allowance for expected credit losses
	%	\$'000	\$'000
2023			
<3 months overdue	6.81	611	42
3 months - 6 months overdue	17.3	12,150	2,102
6 months - 18 months overdue	22.96	5,078	1,166
>18 months overdue	100	2,037	2,037
		19,876	5,346
2022			
<3 months overdue	6.81	987	67
3 months - 6 months overdue	17.3	6,569	1,136
6 months - 18 months overdue	22.96	2,429	558
> 18 months overdue	100	2,285	2,285
		12,270	4,046

Notes

- Each column in the table reports 'gross receivables'.
- The ageing analysis excludes statutory receivables and prepayments, as these are not within the scope of AASB 7 and excludes receivables that are not past due. Therefore, the 'total' does not reconcile to the receivables total recognised in the statement of financial position.

20. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk

Liquidity risk is the risk that LLS will be unable to meet its payment obligations when they fall due. LLS continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other advances.

During the current year and prior year, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The exposure of LLS to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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

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

FINANCIAL INSTRUMENTS Consolidated							
	Weighted Average Effective Int. Rate	Nominal Amount ¹	Interest rate exposure		Non-interest Bearing	Maturity dates	
			Fixed Int. Rate	Variable Int. Rate		< 1 yr	1 - 5 yrs
			\$'000	\$'000		\$'000	> 5 yrs
2023							
Payables	0.0%	34,626	-	-	34,626	-	-
Lease liabilities	2.1%	3,146	-	3,146	-	1,331	1,815
		37,772	-	3,146	34,626	1,331	1,815
2022							
Payables	0.0%	32,606	-	-	32,606	-	-
Lease liabilities	2.1%	4,954	-	4,954	-	1,714	3,240
		37,560	-	4,954	32,606	1,714	3,240

FINANCIAL INSTRUMENTS Parent							
	Weighted Average Effective Int. Rate	Nominal Amount ¹	Interest rate exposure		Non-interest Bearing	Maturity dates	
			Fixed Int. Rate	Variable Int. Rate		< 1 yr	1 - 5 yrs
			\$'000	\$'000		\$'000	> 5 yrs
2023							
Payables	0.0%	54,093	-	-	54,093	-	-
Lease liabilities	2.1%	3,146	-	3,146	-	1,331	1,815
		57,239	-	3,146	54,093	1,331	1,815
2022							
Payables	0.0%	53,139	-	-	53,139	-	-
Lease liabilities	2.1%	4,954	-	4,954	-	1,714	3,240
		58,093	-	4,954	53,139	1,714	3,240

Notes:

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

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. LLS's exposures to market risk are primarily through interest rate risk on borrowings. LLS has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which LLS operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposure in existence at the reporting date. The analysis assumes that all other variables remain constant.

20. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

As LLS has no interest bearing liabilities its exposure to interest rate risk is minimal. LLS does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore, for these financial instruments a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. LLS's exposure to interest rate risk is set out below.

Consolidated

	Carrying Amount \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
		-1%		+1%	

2023					
Financial Assets					
Cash and cash equivalents	61,045	(610)	(610)	610	610
Receivables	44,570	(446)	(446)	446	446
Financial Liabilities					
Payables	34,626	(346)	(346)	346	346
Lease liabilities	3,146	(31)	(31)	31	31

2022					
Financial Assets					
Cash and cash equivalents	50,171	(502)	(502)	502	502
Receivables	48,235	(482)	(482)	482	482
Financial Liabilities					
Payables	32,606	(326)	(326)	326	326
Lease liabilities	4,954	(50)	(50)	50	50

Parent

	Carrying Amount \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
		-1%		+1%	

2023					
Financial Assets					
Cash and cash equivalents	61,045	(610)	(610)	610	610
Receivables	44,570	(446)	(446)	446	446
Financial Liabilities					
Payables	54,093	(541)	(541)	541	541
Lease liabilities	3,146	(31)	(31)	31	31

2022					
Financial Assets					
Cash and cash equivalents	50,171	(502)	(502)	502	502
Receivables	48,235	(482)	(482)	482	482
Financial Liabilities					
Payables	53,139	(531)	(531)	531	531
Lease liabilities	4,954	(50)	(50)	50	50

(e) Fair value recognised in the statement of financial position

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value because of the short-term nature of many of the financial instruments.

21. RELATED PARTIES

(a) Key Management Personnel

Compensation was paid to key management personnel, in aggregate, during the year according to the following table

Type of compensation	2023 \$'000	2022 \$'000
Short-term employee benefits	6,374	6,728
Non-monetary benefits	-	6
Post-employment benefits	512	535
Termination benefits	198	246
Total	7,084	7,515

During the year, Local Land Services did not enter into transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

(b) Related Parties

During the year, Local Land Services entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by NSW Government. These transactions (incurred in the normal course of business) in aggregate are a significant portion of the entity's revenue and expenses, and the nature of these significant transactions are detailed below;

Entity/Fund	Nature of Transaction
Audit Office of New South Wales	Audit services
Property NSW	Rent and accommodation
NSW Self Insurance Corporation	Insurance premiums and claims receipts
Water NSW	Grants received
NSW Department of Education	Contracted works
NSW Department of Planning and Environment	Grants received and corporate services
NSW Food Authority	Meat Industry Levy
Regional NSW	Grants received and corporate services
Technical and Further Education NSW (TAFE)	Rent and accommodation
Local Land Services Staff Agency	Personnel services
Service NSW	Training
NSW Department of Customer Service	Payroll tax

22. STATE OUTCOMES AND PROGRAMS

As part of the Regional NSW Cluster, LLS operates and contributes to NSW State Outcome 4 *Productive and Sustainable Land Use*. LLS continues to provide the people of NSW a range of service offerings in the areas of natural resource management, animal and plant biosecurity, agricultural advisory and emergency management.

23. CHANGES DUE TO ADMINISTRATIVE RESTRUCTURES

(a) TRANSFER OF SOIL CONSERVATION SERVICE

In February 2022, the administrative orders confirmed the transfer of LLS staff associated with the administration of the *Soil Conservation Act 1938* to the Department of Regional NSW. Under the orders, staff and operations are transferred with effect from 1 July 2022.

Whilst this transfer did not impact the operation of LLS as a going concern, the transfer did involve assets and liabilities associated with the operation of Soil Conservation Service and resulted in a movement of equity between LLS and Regional NSW. The change has also contributed to changes in certain revenue and expenditure lines in the Statement of Comprehensive Income and relating notes to the financial statments when comparing the reporting year against the comparative period.

Key balances included in the transfer are shown below:

	Consolidated \$'000	Parent \$'000
Sundry debtors	53	53
Inventory	506	506
Accrued income	3,176	3,176
Trade debtors	11,492	11,492
Property, plant and Equipment (Note 8, 9 and 10	26,932	26,932
Unearned income	(8,069)	(8,069)
Restoration provision (Note 14)	(102)	(102)
Payables	(879)	(879)
Borrowings	(1,390)	(1,390)
Employee provisions and oncosts	(2,656)	(2,656)
Net assets transferred	29,063	29,063

(b) TRANSFER OF PEST MANAGEMENT FUND

During the year, the operation and management of the Pest Management Fund was transferred to LLS from Regional NSW (Primary Industries). The Pest Management Fund (formerly known as the Pest Insect Destruction Fund) has existed in various forms since 1979 when the state experienced a significant and severe plague locust outbreak across central and western NSW.

Key balances included in the transfer are shown below:

	Consolidated \$'000	Parent \$'000
Cash at bank	20,874	20,874
Inventory (chemical stock)	534	534
Net assets transferred	21,408	21,408

24. SUMMARY OF COMPLIANCE

The Appropriation Act 2022 (Appropriations Act) appropriates the sum of \$2.4 billion to the Minister for Department of Regional NSW out of the Consolidated Fund for the services of Regional NSW for the year 2022–23. The spending authority of the Minister from the Appropriations Act has been delegated or sub-delegated to officers of Regional NSW and entities that it is administratively responsible for, including Local Land Services.

The responsible Minister for each GSF agency is taken to have been given an appropriation out of the Consolidated Fund under the authority s4.7 of the *Government Sector Finance Act 2018*, at the time the GSF agency receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the GSF agency. The spending authority of the responsible Minister(s) from deemed appropriation money has been delegated or sub-delegated to officers of Local Land Services for its own services.

A summary of compliance is disclosed in the financial statements of the Annual Report of Regional NSW. It has been prepared on the basis of aggregating the spending authorities of both the Deputy Premier and Minister for Regional NSW for the services of Regional NSW and the responsible Ministers for the services of the entities the principal department is administratively responsible for that receives or recovers deemed appropriation money. It reflects the status at the point in time this disclosure statement is being made. Local Land Services spending authority and expenditure is included in the summary of compliance.

The delegation/sub-delegations for FY22/23 and FY21/22, authorising officers of Local Land Services to spend Consolidated Fund money, impose limits to the amounts of individual transactions, but not the overall expenditure of Local Land Services. However, as it relates to expenditure in reliance on a sum appropriated through an annual Appropriations Act, the delegation/sub-delegations are referable to the overall authority to spend set out in the relevant Appropriations Act. The individual transaction limits have been properly observed. The information in relation to the limit from the Appropriations Act is disclosed in the summary of compliance table included in the financial statements of the Annual Report of Regional NSW.

25. SUBSEQUENT EVENTS

The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst it has not had a material impact on the operations of LLS up to 30 June 2023, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The impact of the pandemic worldwide and domestically continues to evolve and is dependent on measures imposed by both Federal and State Governments and other countries, such as maintaining social distancing requirements, quarantine and any economic stimulus that may be provided.

LLS continues to monitor and assess risks and impacts of climate change to its operations. Whilst any direct impacts or imminent scenarios are not quantifiable, it is probable services provided by LLS to the people of NSW could increase as landholders experience impacts of climate change events. In recent years instances of emergency events and increased pest incursions have required significant input from LLS staff assisting landholders in dealing with these events.

Other than the above, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect LLS's operations, the results of those operations, or LLS's state of affairs in future financial years.

End of audited financial statements



Appendices

8

Appendix 1

Internal Audit and Risk Management Attestation Statement for the 2022-2023 financial year for Local Land Services

I, Steve Orr, am of the opinion that Local Land Services has internal audit and risk management processes in operation that are, excluding the exemptions or transitional arrangements described below, compliant with the 7 core requirements set out in the Internal Audit and Risk Management Policy for the General Government Sector, specifically:

Core requirements	Compliant, non-compliant or in transition
Risk Management Framework	
1.1 The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency.	Compliant
1.2 The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018.	Compliant
Internal Audit Function	
2.1 The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose.	Compliant
2.2 The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for Professional Practice for Internal Auditing.	Compliant
2.3 The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee	
3.1 The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations.	Compliant
3.2 The Accountable Authority shall ensure the Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

The members of the Finance, Risk and Audit Committee in 2022-2023 were:

Acting Chair, Bob Smith, 14 April 2021 to 30 June 2023

Member 1, Magnus Aitken, 20 March 2020 to 30 June 2023



Steve Orr
Chief Executive Officer

Member 2, Donna Rygate, 28 February 2019 to 30 June 2026

Member 3, Gary Humphreys, 28 February 2019 to 30 June 2026.



Kyleah Hayes
Executive Director, Business Operations

Appendix 2



Cyber security policy attestation statement

11 September 2023

Cyber Security Annual Attestation Statement for the 2022-2023 Financial Year for Local Land Services

I, Steve Orr, am of the opinion that the Local Land Services (LLS) has managed cybersecurity risks consistently with the Mandatory Requirements outlined in the NSW Government Cyber Security Policy.

Governance is in place to manage the cybersecurity maturity and initiatives of LLS and is appropriately addressed in LLS governance forums.

The assessment and management of risks to the information and systems of LLS are being well managed.

A current cyber security incident response plan is in place for LLS which has been tested during the reporting period.

The Department of Regional NSW and the supported entities covering LLS have an Information Security Management System in place.

The Department of Planning and Environment provides the Department of Regional NSW and the supported entities covering LLS with their ICT environment through a service partnership agreement. The Department of Planning and Environment bears responsibility for the technical aspects of cybersecurity on behalf of the Department of Regional NSW and the supported entities. The Department of Planning and Environment has maintained certification with ISO27001 Information Technology - Security Techniques-Information Security Management Systems-Requirements. This certification was provided by an accredited third party (BSI) during the 2022-2023 financial year (certificate number is IS 645082).

There is no agency under the control of Local Land Services which is required to develop an independent Information Security Management System in accordance with the NSW Cyber Security Policy.



Steve Orr
Chief Executive Officer
Local Land Services

Appendix 3

Land disposal

There was no land disposal during the 2022-2023 financial year.



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