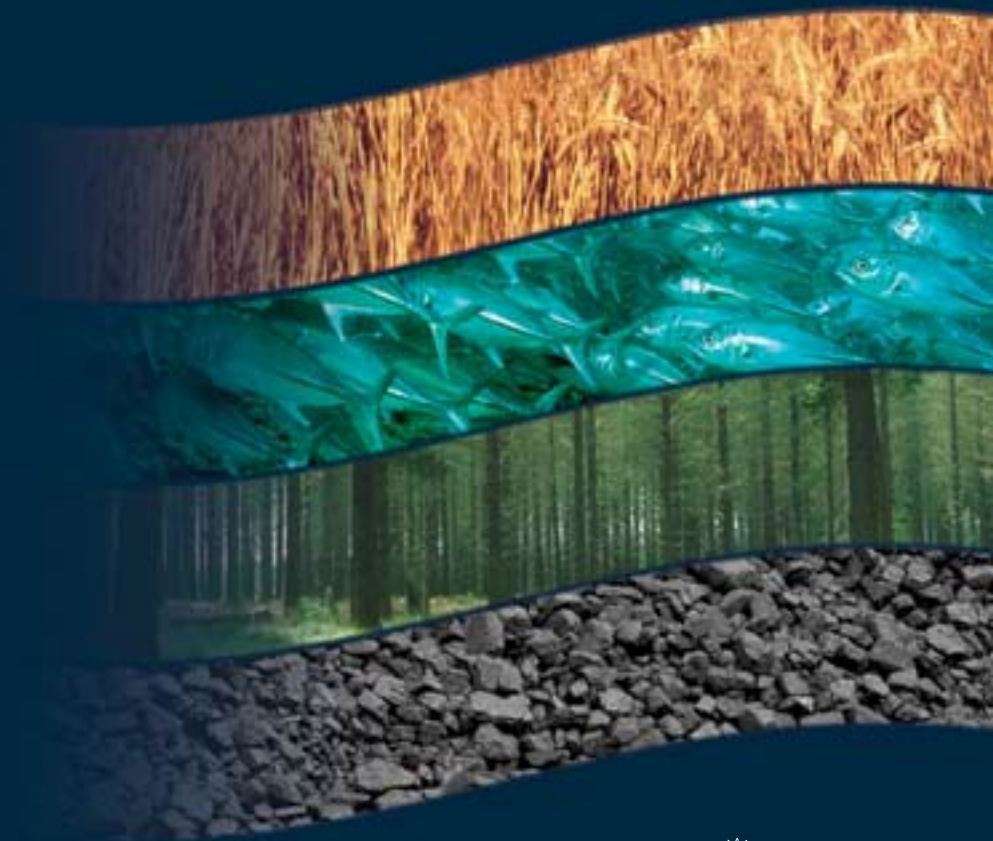


NSW Department of Primary Industries

ANNUAL REPORT 2004–05



NSW DEPARTMENT OF
PRIMARY INDUSTRIES

NSW Department of Primary Industries,
profitable and sustainable primary industries
building vibrant communities

Contents

Director-General's letter to Minister	1
About NSW DPI	2
Overview by the Director-General	3
Corporate Structure	6
Agriculture and Fisheries Division	7
Mineral Resources Division	15
Forests NSW	21
Science and Research Division	27
Biosecurity, Compliance and Mine Safety Division	33
Strategy, Policy and Communications Division	40
Corporate Services Division	44
Financial Statements	47
Appendices	91

We wish to thank all the staff of NSW DPI for their contribution to this Annual Report.

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NSW DEPARTMENT OF
PRIMARY INDUSTRIES



New South Wales

DEPARTMENT OF PRIMARY INDUSTRIES

The Hon Ian Macdonald MLC

Minister for Natural Resources
Minister for Primary Industries
Minister for Mineral Resources

Parliament House
Macquarie St SYDNEY NSW 2000

30 November 2005

Dear Minister

I am pleased to submit for presentation to Parliament the annual report of the NSW Department of Primary Industries for the period 1 July 2004 to 30 June 2005.

This is the first report of the Department which was formed following amalgamation of the four former departments, NSW Agriculture, NSW Fisheries, the Department of Mineral Resources and State Forests of NSW.

The report has been prepared in accordance with the requirements of the *Annual Reports (Departments) Act 1985*, the *Public Finance and Audit Act 1983* and the regulations under those Acts.

Clarification that the audited financial statements should include financial statements of Forests NSW, a Public Trading division which is required to prepare a separate annual report under the *Annual Reports (Statutory Bodies) Act 1984*, resulted in some delays. An extension of one month was sought and approved under section 16 of the *Annual Reports (Departments) Act 1985*.

Yours sincerely

A handwritten signature in black ink, appearing to read 'B.P. Buffier'.

Barry Buffier

Director-General
NSW Department of Primary Industries

About NSW DPI

The NSW Department of Primary Industries was formed in July 2004 with the amalgamation of NSW Agriculture, NSW Fisheries, the Department of Mineral Resources and State Forests of NSW.

We have approximately 3600 staff based in over 130 locations across the State.

Our staff bring professional expertise from a range of disciplines and include crop agronomists, scientific research officers, horticulturalists, geologists, mining engineers, environmental managers, veterinarians and livestock officers.

Our Vision, Values and Strategic Directions

Profitable and sustainable primary industries building vibrant communities

To achieve our vision NSW DPI has identified the following key result areas

1. Strong economic performance of primary industries	We will contribute to the strong economic performance of primary industries in NSW by growing productivity, investing in research and development, and facilitating the use of innovative technologies. We will manage our public trading enterprise, Forests NSW, in a commercial manner.
2. Appropriate access to and wise management of natural resources	Our policies and operations will demonstrate the principles of sustainable development. We will work with primary industries to ensure that their operations reflect these principles, and that primary industries have appropriate access to natural resources.
3. Healthy and safe industries	We will support the development of healthy products and safe primary industries by proactively managing risks presented by pests, weeds, diseases, chemicals and natural disasters, and by regulating health and safety in the mining industry.
4. Stronger voice for primary industries in government decision-making	We will create a stronger voice for primary industries in government decision-making by leading an informed debate on primary industries issues. Through community consultation and by providing information and expert advice, we will convey to communities the social and economic benefits of sustainable primary industries.
5. Excellence in service delivery to stakeholders	We will provide a safe, satisfying and fair work environment, and have a skilled team working together to deliver excellent services and outcomes for our stakeholders.

The values that guide us in achieving our vision are:

- Integrity** We will behave ethically and act with honesty, fairness, courage and loyalty.
- Professionalism** We will conduct ourselves in a business-like manner to deliver efficient and expert services and we will be accountable for our decisions.
- Innovation** We will strive for excellence, creativity, leading-edge science and quality.
- Respect** We will respect each other, our families, our clients, and those with different ideas and from diverse backgrounds and cultures.

We are committed to a leadership approach that gives effect to our values. We will uphold our values in all dealings with clients, stakeholders and each other.



Overview by the Director-General

A new agency to advocate for primary industries

The establishment of the NSW Department of Primary Industries on 1 July 2004 began a new chapter in the history of government stewardship of agricultural, forestry, fishery and mining resources. While the former Department of Agriculture, NSW Fisheries, Department of Mineral Resources and State Forests of NSW had worked cooperatively in many ways, the amalgamation is already allowing us to build on our considerable strengths – which include world class science for primary industries and effective partnerships with industry – to achieve the best possible outcomes for primary industries and communities in NSW.

The Department now has the capacity to be more effective externally than four separate agencies. This will give a much stronger voice to the primary industries that underpin the economic health and viability of NSW regional communities. We are also much better placed strategically to develop comprehensive policies for the sector. At the same time, the linkage in the new Department of the primary production sectors with natural resource management promotes long-term environmental sustainability. The benefits from the Department's establishment extend right to the individual consumer, as a single agency helps ensure that our food supply remains among the safest in the world.

Setting the strategic direction

One of the first tasks for the NSW Department of Primary Industries was to integrate the four separate corporate components through the development of a unified vision for the organisation. This included the identification of the key result areas that contribute to achievement of that vision and the values that allow us to work effectively and consistently both with each other and with our many stakeholders. In setting the strategic direction, we adopted a consultative process led by the Department's board of management and senior staff. By doing so we were able to draw on the extensive industry knowledge of our staff and their ideas for achieving the outcomes we want.

The result of our endeavours is the 2005-2008 Corporate Plan, the principal elements of which are set out in the introductory section of this report. Although next year's annual report will be the first to review progress against the plan, this report offers a window to the future through the inclusion of case studies relating to each of the five key result areas.

My overview also presents some of the Department's major achievements for 2004-05 in the context of the key result areas.

Divisions and branches are currently developing their plans, which dovetail with the corporate plan and include detailed targets and performance strategies.

Strong economic performance of primary industries

In the mining sector, the growth in global commodity prices contributed in part to the record estimated \$9.2 billion value of NSW mineral production in 2004-05, which was up by over a third on the previous year. Coal production accounted for almost three-quarters of the total, and metallic and mineral production accounted for the remainder.

Royalty earnings for the State through the Department's Mineral Resources Division were also at record levels, with net royalties collected at \$396 million – the majority coming from coal. The introduction by the NSW Government of an ad valorem regime for coal royalties was a key factor in the record royalty collection.

Despite a downturn in the housing market, impacting the timber market, Forests NSW achieved improved operating efficiencies, new revenue streams and asset rationalisation enabling them to deliver a dividend of \$32.5 million to the Government.

The State's \$8.2 billion per year agriculture and fisheries industries continued to be impacted by the worst drought in 100 years resulting in a severe decline in the value of production. At 30 June 2005, 89 per cent of the State was drought declared.

Drought support and assistance

The benefit of establishing a single primary industries agency was amply demonstrated in the coordinated provision of support by the NSW Department of Primary Industries for NSW drought-affected farmers. Many areas of the Department were responsible for implementing a wide-ranging package of measures including financial support through transport subsidies; management support through technical advice and educational packages; and family support through the employment of specialist drought support workers and the holding of farm family gatherings. There was also a significant commitment to the development of drought policy, which enabled the provision of exceptional

Overview by the Director-General

circumstances assistance through ongoing negotiations and submission of detailed area-based applications to the Australian Government.

Appropriate access to and wise management of natural resources

The Department represented the mining and forestry perspective in discussions on future management of the Brigalow Belt South and Nandewar bioregions in western NSW. This contributed to a final outcome that successfully balances economic and environmental interests. Under the decision announced by the NSW Government in May 2005, certain sections in the bioregions will be accessible for continued forestry operations and for mining exploration while the remainder will be declared conservation reserves. The decision, which was preceded by extensive scientific analysis and stakeholder consultation, also guarantees security for the existing local farming and minerals industries.

Management of fisheries resources saw the extension of the share management scheme to all major commercial fisheries in 2004-05. Under the scheme, which replaces the earlier system of annual licences, shareholding fishers will have a major role in deciding how the wild resources from which they earn a living will be managed.

Fisheries habitat conservation initiatives for the year included the North Coast floodgates project, which has restored fish passage to over 600 kilometres of estuarine creeks, and development of a native fish recovery strategy for the Snowy River.

Healthy, safe and productive industries

Safety has always constituted a major issue for the mining industry. As the result of a review of mine safety conducted by the Hon. Neville Wran, we have a series of recommendations to enhance safety. These stem from the key review finding that a more cooperative approach by industry, unions and government is required. The Government is currently considering the recommendations.

This year marked the first phase in the introduction of an electronic tagging system for Australia's cattle herd, the National Livestock Identification System (NLIS). This is a ground-breaking program which will limit stock losses should diseases occur and will help protect valuable export markets. Our role during 2004-05 involved seeking compliance from all sections of the cattle industry through an extensive training and promotional program and through provision of financial support for installation of NLIS device readers to NSW saleyards, abattoirs and feedlots.

To encourage uptake of the National Livestock Identification System, NSW DPI joined with the Victorian Government in a scheme designed to reduce the price of the electronic NLIS tags. The scheme is administered through Rural Lands Protection Boards in NSW. At 30 June 2005 approximately 1.5 million subsidised tags had been ordered, representing savings to producers of more than \$1 million.

NSW farmers also faced a very real threat to production through the largest locust plague on record. In a coordinated effort with Rural Lands Protection Boards, other agencies and landowners, NSW DPI helped to save over \$1 billion of crops and pastures during a seven-month campaign. The keys to success were detailed initial action planning and adaptive planning as the campaign progressed.

World-class research

At the NSW Farmers' Association Annual Conference in 2004, the Minister for Primary Industries announced the \$25 million Towards 2020 plan to reinvigorate science, technology and research for NSW primary industries. The principle underlying the plan was that the sale of our surplus land assets would fund state-of-the-art facilities at key regional centres. In turn, the new facilities would attract external research funding and support the continued employment of leading scientists and researchers.

During the year we were able to sell a number of properties which will generate \$7.5 million for reinvestment in new facilities at our Centres of Excellence across the State.

Working with the Department on implementation of the Towards 2020 plan will be the newly established Ministerial Advisory Council on Primary Industries Sciences chaired by Dr John Keniry.

Partnerships

Increasingly, scientific and technological breakthroughs are being made by consortiums of public and private organisations that bring different expertise and perspectives to the innovation mix rather than by individual agencies.

In 2004-05 the Department became a partner in six new national cooperative research centres that receive the bulk of their funding from the Australian Government. We also entered a series of joint ventures – the E H Graham Centre for Agricultural Innovation based in Wagga Wagga, the Centre for Coastal Agricultural Landscapes at Wollongbar and the Primary Industries Innovation Centre at Tamworth.

We also have a lead role in the collaborative research and development project, FutureDairy. Based at our Elizabeth

Macarthur Agricultural Institute the project will revolutionise the Australian dairy industry through research into new fodder and feeding systems and new automated milking systems.

Building the Department

The amalgamation of four agencies, each with their own history, culture and systems, presented many challenges. We embarked on a wide-reaching program to explain the rationale for the creation of the new Department and involve all staff in the change process. Staff had the opportunity to learn about the broader environment in which they are now operating, to give feedback, and to ask questions at information sessions held at over 40 locations across the State. During the establishment phase, the management team consulted regularly with industry, staff and unions and implemented planned changes as quickly as possible in order to minimise the impact on staff.

The former Department of Mineral Resources was perhaps subject to the most significant degree of change as staff moved from Sydney to the Hunter region just five months after the new Department came into operation. There were inevitable staff losses. A core group of experienced staff however ensured maintenance of an uninterrupted service to industry. We now have a recruitment campaign underway to fill identified skill gaps.

Corporate services

For the Department, there were opportunities to improve service delivery by reducing the duplication of corporate support functions across the four agencies and, by rationalising assets, to invest in areas that will improve overall efficiency. Corporate services functions have now been consolidated at our headquarters at Orange. This initiative, along with the establishment of single, department-wide human resources and financial management systems, is already producing significant savings. The staged implementation of an integrated information and communications technology network is also reducing costs while allowing introduction of the latest technologies.

After negotiation with the Public Service Association, NSW DPI implemented a voluntary redundancy program with a view to reducing duplication in management, corporate support and other non front-line positions. Three hundred and thirty staff left DPI during the year as a result of this program. All were offered support through the Job Assist Program.

In our first 12 months of operation, the NSW Department of Primary Industries has achieved a lot. That we have been

able to do so is a tribute to the commitment of the board of management and of all staff. We have also been fortunate to have the support and encouragement of a Minister who had a clear vision and was the catalyst for this amalgamation.

Together we have built strong relationships with industry and have remained focused on service delivery during the transitional period. I am confident that together we are building a great Department.



Barry Buffier
Director-General

CORPORATE STRUCTURE

