



New South Wales Department of Primary Industries

ANNUAL REPORT 2005-06



NSW DEPARTMENT OF
PRIMARY INDUSTRIES



NSW 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

22 December 2006

Dear Minister

In accordance with the *Annual Reports (Departments) Act 1985*, the *Public Finance and Audit Act 1983*, and the regulations under these Acts I am pleased to submit the 2005-06 Annual Report of the New South Wales Department of Primary Industries for presentation to Parliament.

This is the first report of the Department to review progress against the strategic directions contained in the Department's Corporate Plan 2005-2008. The report reflects on the Department's achievements for the past year against identified corporate outcomes.

Clarification that the audited financial statements should include financial statements of the Marine Parks Authority resulted in some delays. An extension of two months was sought and approved under section 16 of the *Annual Reports (Departments) Act 1985*.

Yours sincerely

Barry Buffier

Director-General

NSW Department of Primary Industries

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Director-General's Year in Review



This annual report, which is the second for NSW DPI, charts the considerable progress made over the past 12 months. The Department is delivering significant outcomes for regional NSW and the State as a whole. We are working towards the achievement of five unifying corporate goals that dovetail with the priorities that the NSW Government has identified in the State Plan – a document that will shape public policy over the next decade. Partnerships are in place that will foster innovation and drive the uptake of new technology.

Rural and regional industries are some of our most competitive and despite the continuing drought, account for \$10 billion annually in export income. However we recognise that while promoting industry growth, NSW DPI must continue to work closely with stakeholders and other agencies to find practical environmental solutions to such issues as salinity, erosion, water use and loss of biodiversity. Accordingly it is reassuring to note that the importance of maintaining profitable and sustainable primary industries is acknowledged in the State Plan.

NSW DPI is also a leader in promoting better agricultural practices internationally. This is demonstrated by the agreement signed with Gansu Province in north-west China which involves the development of practical training programs to support sustainable development of the livestock and wool industries. On a recent visit to the province we negotiated the first of the training programs and it was a privilege to deliver the occasional address to students graduating from Gansu Agricultural University.

Following are some of NSW DPI's notable achievements under the five key result areas in the corporate plan. The main report narrative has more expansive commentary while the case studies bring selected achievements into sharper focus.

Strong economic performance of primary industries

The statistics on the performance of NSW primary industries for 2005-06 are impressive.

The mineral resources sector again performed strongly. The total value of mineral production, up 20 per cent on the previous year, was estimated at over \$11 billion while the royalties collected totaled over \$500 million. Mining and exploration initiatives over the year should secure strong results well into the future. Potential development of the Carroona Coal Area by BHP Billiton could alone generate 1000 new jobs and capital works and infrastructure projects close to \$2 billion over the life of the mine.

Forests NSW, a public trading enterprise within NSW DPI, successfully met the challenge posed by the downturn in the housing market by reducing operating expenditure by over eight per cent through improvements in business systems, and delivering a trading result of over \$31 million. Forests NSW also developed a technological solution for better matching supply and demand for their products. This project received due recognition when it won gold in the Business, Management and Financial Performance category at the 2005 Premier's Public Sector Awards.

Despite the drought, the gross value of agricultural production is still expected to reach around \$9 billion. However, this result masks the devastating impact of the drought at the individual farm level. The prolonged drought has greatly affected net incomes and the wellbeing of farm families with flow on effects to related rural businesses and communities. NSW DPI has focused on the development of responsive and sustainable management strategies during this period and will continue to build the capacity of industry to recover rapidly when the drought breaks.

Our partnerships with external science and research organisations also actively support the economic performance of primary industries. We have numerous joint projects with universities and the nationally funded cooperative research centres operating in the agricultural and environmental sectors. In 2005-06 these projects ranged from weed reduction to acceleration of technology uptake in the beef industry. One example of current collaborative research is the surveillance of wild birds for avian influenza, a disease with major economic and human health impacts.

Another example is the FutureDairy project, a science and research partnership involving NSW DPI as a major equity partner.

Director-General's **Year in review** continued

This year FutureDairy installed an automated milking system at the Elizabeth Macarthur Agricultural Institute under the 'Innovations' strand of the project.

Appropriate access to and wise management of natural resources

Sustainability is the cornerstone of natural resource management in the mining, forests, agriculture and fisheries industries, that is, across the entire NSW DPI portfolio of activities. Sustainability and industry growth can also march hand in hand. The required elements are sound initial planning, adherence to best practice standards and clear regulatory controls, consistently applied.

NSW DPI's research programs continued to develop technologies to assist in the sustainable use of natural resources. As an example, we provided data to underpin development of emissions trading involving forestry and agriculture. Key projects include the study of the greenhouse footprint of wood products through life cycle assessment, and the management of soil carbon in cropping and grazing systems.

Our extension and education programs contribute to the adoption of best practice in primary industries. Through these programs the Department worked with industry to increase the uptake of conservation farming techniques in the broadacre cropping industries, and programs such as *WaterWise on the Farm* assisted in reducing water usage by irrigators.

With the expansion of NSW marine parks to include parks in the Port Stephens and Batemans Bay areas, we are conserving important marine ecosystems and rare or threatened species for future generations. The total area covered by marine parks is approximately double what it had been in 2004-05 and now covers 34 per cent of state waters.

Certification of the environmental management system under ISO 14001 will assist Forests NSW to enhance their environmental performance over time. The system, which involves regular measurement and review, sets a practical framework for achieving environmental goals in such areas as plantation management, harvesting, and pest and weed control. It will assist both staff and contractors to identify and manage environmental risks.

The Oyster Industry Sustainable Aquaculture Strategy, to be released next year, charts the course for sustainable growth of a valuable fishery. The strategy, which has strong support from the oyster industry, identifies priority areas for oyster farming in NSW and a streamlined approvals process for oyster aquaculture development in these areas.

In the minerals sector we worked in partnership with the Ministerial Council on Minerals and Petroleum Resources and the Minerals Council of Australia to develop a framework for strategic water management for the mining industry. This joint initiative aims to promote responsible water management in mining by instilling an understanding that water is both a vital business and community asset.

Healthy and safe industries

NSW DPI was at the frontline in managing two significant health and safety issues – the presence of elevated dioxin levels in fish in Sydney Harbour and preparedness for a potential outbreak of avian influenza (bird flu) in Australia.

Scientific testing informed careful management of the dioxin issue. Our primary concerns were to assist the NSW Food Authority and the NSW Department of Health to safeguard public health and to minimise financial hardship for commercial fishers operating in Port Jackson through a buy-out of commercial fishing businesses affected by the closure.

The Department also coordinated NSW involvement in Exercise Eleusis, a simulation exercise to test Australian and State government preparedness for an outbreak of avian influenza. The exercise provided opportunities to assess the effectiveness of current response plans and for NSW DPI officers to test their own emergency disease response skills and ability to work cooperatively with industry organisations and other key government agencies.

The NSW mining industry recorded its first fatality-free year in 2005-06. Implementation of the recommendations of last year's Mine Safety Review is underway with the introduction of an industry levy to fund NSW DPI's mine safety programs. This will enable the reform program to improve mine safety in NSW mines to continue.

A stronger voice for primary industries in Government decision-making

Establishment of four ministerial advisory councils, for agriculture, the seafood industry, minerals, and forests and forestry products has given NSW DPI and industry a forum to exchange views and address issues important for primary industries in NSW. For example, the NSW Minerals Ministerial Advisory Council, which includes mining company representatives, is developing an action plan to address the industry's image, the energy future, training and skills, and impediments to exploration and development.

Director-General's **Year in review** continued

NSW DPI is also developing closer relationships with agencies at local level, including Catchment Management Authorities and Rural Lands Protection Boards. A full review of the memorandum of understanding with the Rural Lands Protection Boards is underway and should secure a higher level of cooperation.

Excellence in service delivery to stakeholders

NSW DPI continued to show excellence in science and research. With over half of our research scientists classified as Principal Research Scientists, the highest classification awarded to scientists in the NSW Public Service, the quality of NSW DPI's research programs continues to be widely recognised.

This is reflected in the fact that external parties invested approximately \$48 million in 2005-06 in agricultural research undertaken in collaboration with the Department. Significant providers of research funds were Research and Development Corporations, Cooperative Research Centres, National Heritage Trust, Australian Centre for International Agricultural Research and the State Government's Biofirst program.

As part of the Minister's Towards 2020 plan NSW DPI used the sale of surplus properties to fund state-of-the-art research centres at key regional locations. Under the management of the Corporate Services Division, sales this year netted \$3.5 million. All sale proceeds were reinvested and will enhance research facilities at key centres.

The Corporate Services Division also negotiated co-locations with other government agencies that will achieve mutual savings and strengthen cooperation. For example, we negotiated a strategic alliance with the NSW Department of Natural Resources with the aim of sharing accommodation, infrastructure and support services. Such arrangements have already resulted in operational savings in excess of \$1 million per annum.

Delivery of external training courses attained a new level of professionalism in 2005-06 through the aggregation of training for the farming and agribusiness sectors under the PROfarm banner and the introduction of better course promotion and booking systems. Around 150 regular and on-demand courses are available, all delivered locally by skilled NSW DPI staff.

We enhanced our ability to support Aboriginal communities by finalising arrangements for the establishment of a high level Aboriginal Reference Group to advise the Department and the Minister on policy issues, and by developing operational guidelines for Aboriginal cultural heritage management in the Forests NSW Environmental Management System.

NSW DPI has successfully established a sound corporate governance framework to support continued excellence in service delivery. The Department has implemented an integrated planning and reporting system and completed a department-wide risk assessment that now informs a number of corporate governance processes.

Staff and board of management

To support our staff and to continue to provide a safe, satisfying and fair work environment we undertook a communications survey to improve internal communication, introduced a comprehensive OH&S policy, and commenced work on a strategic workforce plan.

An important initiative was the launch in March of the NSW DPI *Women's Employment Strategy* to maximise the potential of women in the workplace and to ensure that they are recognised as key contributors. We intend to continue to build on our people strategies to support and recognise our staff.

I would like to pay tribute to Dr Mike Curll who retired this year from the position of Deputy Director-General Science and Research; Dr Richard Sheldrake, formerly the Deputy Director-General Agriculture, Fisheries & Regional Relations who is now the Director-General of the NSW Department of Natural Resources; and Peter Duncan, formerly Chief Executive Officer, Forests NSW, now with the Premier's Department. All were part of the executive team that guided NSW DPI through its formative period and can take credit for helping to establish a strong and effective organisation.

In closing, I give my sincere thanks to NSW DPI's board of management and all staff for their work and commitment to achieving results during 2005-06.



Barry Buffier
Director-General

About NSW DPI

The NSW Department of Primary Industries was established to give rural and regional NSW a stronger voice in government and to better support primary industries in NSW. It was formed on 1 July 2004 by the merger of the NSW Department of Mineral Resources, State Forests NSW, NSW Agriculture and NSW Fisheries. We have approximately 3500 staff based in over 130 locations across the state.

Primary industries are the backbone of regional NSW. The agricultural, mining, fishing and forestry industries provide approximately 30 per cent to 40 per cent of the employment in NSW regional areas, and are key financial drivers of regional economies, generating 40 per cent to 50 per cent of regional economic activity in this state. In addition to these benefits to regional communities, primary industries in NSW generate, either directly or indirectly, 14 per cent of gross product for the state and more than \$10 billion in exports annually.

Our role

There are seven Divisions within the Department namely:

Agriculture and Fisheries Division

Promotes industry and export development by working with industry to improve the sustainability and profitability of the agriculture and fisheries sectors.

Manages the sustainability of the State's fisheries resources and conserves aquatic biodiversity.

Mineral Resources Division

Leads the stewardship of the State's mineral resources to facilitate profitable and sustainable development, effective environmental management, and safe and responsible mining.

Forests NSW

Forests NSW operates as a public trading enterprise within NSW DPI. It manages the forests estate to provide timber now and into the future.

Science and Research Division

Undertakes strategic science and research that underpins the growth, sustainability and biosecurity of primary industries in NSW.

Biosecurity, Compliance and Mine Safety Division

Manages biosecurity risks impacting on NSW primary industries to enhance market access, protect human health and the environment. Responds to emergencies and disasters and promotes safety in the mining industry.

Strategy, Policy and Communications Division

Plays a lead role in translating government priorities and industry needs into the Department's policy and corporate agenda. Coordinates whole-of-government approaches and manages strategic and contentious issues. Facilitates strategic communications and promotes the work of the Department and primary industries.

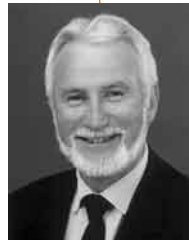
Corporate Services Division

Develops, manages and advises on systems, infrastructure, policies and standards to provide services to NSW DPI in the areas of finance and administration, human resources, assets, information technology and legal services.



Hon. Ian Macdonald, MLC
Minister for Primary Industries

Organisational structure



Barry Buffier
Director-General

Executive Support



Our vision and values

Vision

Profitable and sustainable primary industries building vibrant communities

Values

The values that will 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 in the public interest 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, those with different ideas and from diverse backgrounds and cultures

Our strategies

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

Key result areas	Outcomes
Strong economic performance of primary industries <p>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.</p>	<ul style="list-style-type: none">• Industry see NSW as an attractive state in which to invest• Primary industries' competitiveness is increased• NSW primary industries use innovative technologies and practices
Wise management of natural resources <p>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.</p>	<ul style="list-style-type: none">• Primary industries have appropriate access to natural resources• NSW DPI policies and operations reflect principles of sustainable development• Primary industries operations reflect principles of sustainable development• NSW DPI has positive and productive partnerships with Catchment Management Authorities and other relevant authorities and jurisdictions to ensure sustainable use of natural resources
Healthy and safe industries <p>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.</p>	<ul style="list-style-type: none">• Risks posed by pests, diseases, chemicals and climate uncertainty to the economy, environment and human health are excluded, eradicated or effectively managed• Communities and primary industries are prepared for managing risks• Mining industry operates to best practice health and safety standards• Forests NSW is the industry leader in the adoption of best practice health and safety standards
Stronger voice for primary industries in Government decision-making <p>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 potential social and economic benefits of sustainable primary industries.</p>	<ul style="list-style-type: none">• There is informed debate on primary industries issues involving extensive and effective consultation• Government policies and regulations take into account interests of primary industries in NSW• Community confidence in primary industries operating in their region is enhanced• Social and economic value of regional communities is recognised
Excellence in service delivery <p>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 in the areas of commercial services, research, policy, regulation, education and advice.</p>	<ul style="list-style-type: none">• Service delivery aligned with stakeholder priorities• Policy, regulation and advice based on sound knowledge and analysis• A skilled and cohesive workforce operating in a safe, satisfying and fair work environment• Service delivery models, systems and processes based on innovative solutions• A sound corporate governance framework in place

Our results*

Strong economic performance of primary industries

Outcome	Performance Indicators	2004-05	2005-06
Industry see NSW as an attractive state in which to invest	Value of primary industries' production by sector		
	• wild harvest fisheries	\$76.6m [#]	\$68.6 [#]
	• aquaculture	\$49.9m	\$52m
	• minerals	\$9.2b [#]	\$11.6b [#]
	• forestry: timber sales by volume (m ³)	4.39m	4.45m
	dividend paid to government	\$32.54m	\$26.32m
	• agriculture	\$9052m	\$9511m
	• average GVP per fishing business (\$'000)	51	47
	Level of investment by primary industries		
	• capital expenditure mining	\$1200m	\$1760m
	• aquaculture	\$2.5m	\$10m
Primary industries' competitiveness is increased	Volume and value of targeted primary industries exports		
	• coal: volume	86.6mt	89.8mt
	value	\$5.5b	\$6.7b
	• agriculture	\$5705m [#]	\$5641m [#]
	• aquaculture	\$0.1m	\$0.2m

Appropriate access to and wise management of natural resources

Outcome	Performance Indicators	2004-05	2005-06
NSW DPI policies and operations reflect principles of sustainable development	• minerals: amount of security held	\$473m	\$511m
	• rehabilitation of mines (number)	50	26
	• aquatic species protected	27	29
	• number of key NSW fisheries that have been subject to environmental impact assessment	6	10
Primary industries operations reflect principles of sustainable development	% of industry operators who use specific sustainable practices:		
	• % of crop area sown using reduced tillage technology	70	70
	• % of dairy farms participating in the 'Setting Targets for Sustainable Change Program'	1	4
	% of industry operators and harvest sectors complying with management plans:		
	• compliance rates for recreational fishers	88	89
	• compliance rates for commercial fishers	91	92
	• compliance rates for aquaculture	65	60
	% of mines operating to agreed mine operations plans, petroleum operations plans and subsidence management plans	95	95

Healthy and safe industries

Outcome	Performance Indicators	2004-05	2005-06
Risks posed by pests, diseases and chemicals to the economy, environment and human health are excluded, eradicated or effectively managed	% compliance with performance measures of the National Animal Health Performance Standards	93	90
Mining industry operates to best practice health and safety standards	Improved mine safety performance benchmarked and compared over time		
	• Fatal injury frequency rate*:		
	- coal yearly	0.00	0.00
	- five year average	0.06	0.04
	- non coal yearly	0.11	0.00
	- five year average	0.06	0.04
	• Lost time injury frequency rate*:		
	- coal	18.00	14.30
	- non-coal	5.47	n/a
	• Serious bodily injury frequency rate*:		
	- coal	1.5	1.42
	- non-coal	1.03	1.87

#Estimate figures only

*Extract from NSW DPI Results and Services Plan. Information relating to Forests NSW extracted from the Forests NSW Corporate Business Strategy 2005-06.

*Frequency rates specified as injury/fatality per million hours worked.

Financial overview 2005–06

Financial Highlights

Significant initiatives and developments during 2005-06 include:

- the Department achieved a balanced budget and met the financial targets set by the NSW Government
- \$5.3 million recovered from industry through the Mine Safety Levy for the Department's costs associated with its mine safety function
- \$88 million remitted to government from the \$100 million exploration licence to BHP Billiton for the potential world class coal mine at Caroon
- \$17.82 million expended on drought assistance and support to rural New South Wales
- \$4 million buy-out program for commercial fishers and an advisory program for recreational fishers in Port Jackson in response to elevated dioxin levels in fish
- \$4.4 million for commercial fishing buyout arrangements for Cape Byron Marine Park
- \$3.5 million reinvestment of asset sales in the Towards 2020 initiative to enhance research facilities such as the Automated Dairy Farm at the Elizabeth Macarthur Institute of Agriculture, the fisheries laboratory at Cronulla and commencing electronic surveillance at the Queensland border for improved tick control.

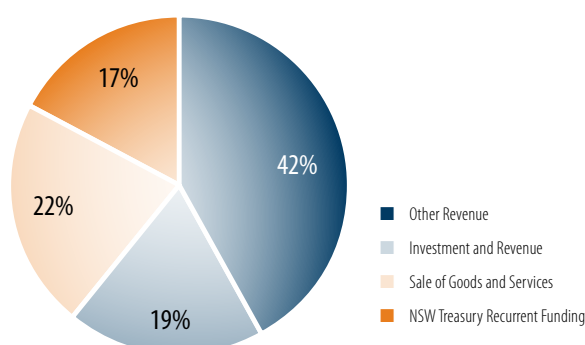
Budget structure

The NSW Department of Primary Industries is an entity (for the purpose of financial reporting) which includes Forests NSW. However, Forests NSW operates as a non budget sector Public Trading Enterprise and as such is also an entity for the purpose of financial reporting. NSW DPI's financial statements for 2005-06 are a consolidation of these two entities. This summary represents the consolidated financial performance for the year ended 30 June 2006 and financial position as at 30 June 2006.

Source of funds

NSW DPI's total revenue for the year ended 30 June 2006 was \$686.9 million. The main sources of revenue were NSW Treasury Funding \$301 million, sale of goods and services \$129 million and royalties from timber and related products \$134.7 million.

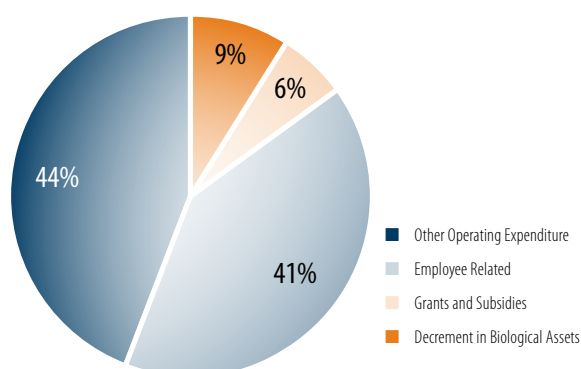
Sources of Revenue



Application of funds

NSW DPI's operating expenditure for the year ended 30 June 2006 was \$679.2 million of which \$276.6 million related to employee costs. Other significant operating expenditure included \$90 million for Forests NSW contract harvest and haulers and \$29 million for depreciation on the Department's fixed assets. Grants and subsidies were \$44 million for the year, and the value of Forests NSW biological assets decreased by \$62.8 million.

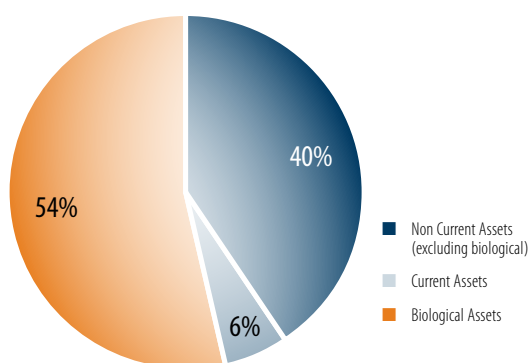
Operating Expenditure



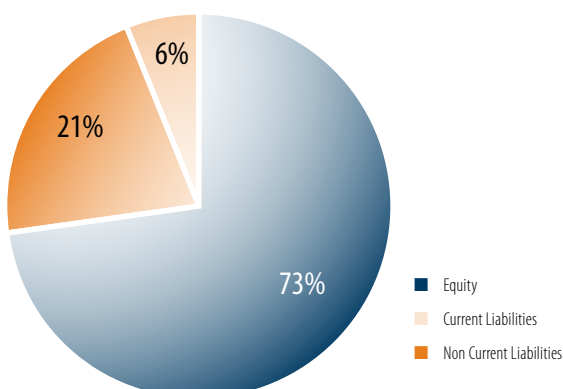
NSW DPI's assets and liabilities

The Department's total assets as at 30 June 2006 were valued at \$2912 million, a decrease of \$124 million on the previous year. This is due primarily to the reclassification of land and property under the newly introduced Australian Equivalents of International Financial Reporting Standards and also the revaluation of biological assets. Total liabilities as at 30 June 2006 were \$786 million, a decrease of \$95 million on the previous year. This decrease reflects a decrease in borrowings and dividend payable by Forests NSW.

Total Assets



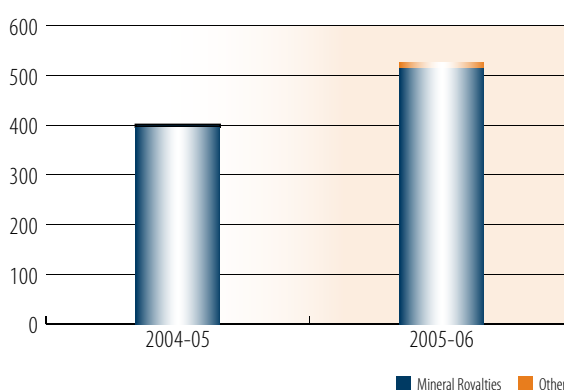
Total Liabilities and Equity



Crown revenues

NSW DPI collected revenue on behalf of the Crown Entity totalling \$526.7 million, the majority of which related to mineral royalties, mining and exploration leases, and coal lease concessions.

Crown revenues (\$million)



AGRICULTURE AND FISHERIES DIVISION

Promotes industry and export development by working with industry to improve the sustainability and profitability of the agriculture and fisheries sectors.

Manages the sustainability of the State's fisheries resources and conserves aquatic biodiversity.



Agriculture and Fisheries Division

Nature and scope of activities

The Agriculture and Fisheries Division has diverse responsibilities across primary industries which have a total gross production value of approximately \$8.3 billion per year.

Among our key responsibilities are delivering extension and training services, building industry capacity and devising production solutions for the agriculture and aquaculture industries. The Division also manages the sustainable commercial and recreational use of NSW fisheries' resources, the protection of the aquatic environment and animal welfare.

The Division comprises six branches:

- **Extensive Industries Development** – develops and delivers extension and industry development programs to broadacre, pastoral and private forestry industry managers across NSW to facilitate changes that advance the sustainable development of a profitable farming sector.
- **Intensive Industries Development** – develops and delivers extension and industry development programs to the intensive livestock, horticulture, viticulture, cotton and rice industries. The Branch, together with Extensive Industries Development Branch, collaborates with other NSW DPI divisions on strategic development of agricultural industries.
- **Wild Harvest Fisheries** – is responsible for sustainable management and development of commercial harvest fisheries, and recreational fishing.
- **Fisheries Conservation and Aquaculture** – manages marine protected areas, conservation of aquatic biodiversity and sustainable development of the aquaculture industry. The Branch also has a regulatory role to ensure impacts on the aquatic environment are minimised and that the productivity of fisheries resources is retained.
- **Regional Relations and Education** – fosters strong relationships with regional organisations, delivers accredited training to school leavers, farmers and agribusiness through Tocal College and plays a key role in the delivery of PROfarm training activities.
- **Animal Welfare** – promotes the welfare of animals, striving to meet community and market expectations without compromising the economic feasibility of the industry involved.

Major outcomes achieved

Increasing industry competitiveness

PROfarm

The Hon. Ian Macdonald, Minister for Primary Industries, launched PROfarm in November 2005. PROfarm is the Department's trade mark training program to meet the needs of farmers, primary industries, agribusiness and the community. PROfarm is the cornerstone of future NSW DPI training delivery. PROfarm embraces a professional approach to the design, delivery and promotion of programs that target priority needs. Many courses are subsidised to reflect the public benefits gained through the adoption of more sustainable farming practices.

Training is delivered locally by skilled and respected NSW DPI staff. More than 4100 participants completed a total of 470 PROfarm courses this year from a selection of over 130 courses. Clients access information about courses from a comprehensive brochure, the website www.profarm.com.au, a centralised booking system and through local NSW DPI offices.

Education for beef producers

BEEF-N-OMICS is a new three-day PROfarm course to improve beef herd productivity. The NSW DPI course uses the BEEF-N-OMICS computer program to analyse each beef herd, integrating herd management, feed balances and economic variables. The program generates comparative gross margins for each herd and allows comparisons of gross margins following simulation of management or breeding changes.

More than 260 producers attended field days at which NSW DPI released the results of an industry development project to select commercial breeding cattle for high and low muscling over three generations. Selection created one full muscle score difference between two herds. Analysis of saleyard reports shows that one muscle score difference across all categories attracts a premium of between 10 and 20 cents per kilogram or over \$100 per head.

The project also identified deletion of the myostatin gene as an additional tool to fast track breeding cattle with more muscle. Substantial gain in meat yield is achievable with this new gene technology.

Sheep management

Sheep industry staff have been working on the Australian Wool Innovation's Lifetime Wool project since 2004. The key message to NSW wool producers is to optimise breeding

ewes' nutrition. Under the slogan 'Measure to Manage' producers are urged to monitor and manage ewe fat score and herbage mass in the interests of better wool, higher conception rates and bigger lambs. A NSW DPI developed toolkit assists producers to monitor their breeding ewes and benchmark their performance against target fat scores.

Goat meat industry improvement

The Australian goat meat industry faces the dual issues of inconsistent product quality and irregular supply because most meat is sourced from the feral goat population. To address both issues, staff are currently working on improvements to goat breeding and selection and development of best management practices to increase Boer buck performance in pastoral areas.

Oyster exports

The first batch of Sydney rock oysters was exported in April 2005. Exports continued throughout the 2005-06 financial year with NSW DPI providing advice to the exporter. While the total value was modest, oyster exports are now viable and future shipments will build on an established base.

Primary industries export

During the year, management of Primex moved to the Division of Mineral Resources. However before this occurred Primex organised seminars for 61 international visiting groups from China, Mexico and Brazil and assisted beef breeders to market cattle and semen in China.

Sesame for the Japanese market

NSW DPI has been evaluating sesame seed varieties for cultivation in northwest NSW as part of a project targeting the Japanese niche market for sesame seed bars. Selected varieties must have a naturally sweet taste. In 2005-06 Japanese buyers taste-tested three of an initial 25 varieties to establish their market suitability.

Agronomic studies into time of sowing and harvesting techniques are continuing. Seed increase on the best varieties will continue based on feedback from the Japanese tasting panel in September 2006.

Sustainable industries

Water use efficiency in cotton and vegetable industries

As part of the drive for better natural resource management, NSW DPI, the Australian Cotton Growers Research Association and Catchment Management Authorities identified new techniques to improve water use efficiency in the cotton industry. The aim is to achieve an average whole farm water use efficiency of 75 per cent, a considerable increase on the 57 per cent water use efficiency shown in surveys in the late 1990s. The industry is also promoting irrigation optimisation in its land and water training

programs – an approach that will reduce deep drainage and river salinity while improving cotton growers' competitiveness.

NSW DPI vegetable horticulturists completed a study of the Australian vegetable industry and identified where further water usage efficiency gains could be made. The report, which will be a key reference on water utilisation, points the way for further improvements such as converting from flood to low pressure irrigation systems.



NSW DPI staff member Dr Bruno Holzapfel measuring plant water status in grape vines.

Pasture and soil management

NSW DPI's PROGRAZE course teaches producers how to assess pastures and livestock and match pastures to livestock requirements. As a result of improved course promotion and partnerships with Catchment Management Authorities, more producers learned how to balance pasture maintenance and livestock production in 2005-06. In total 477 producers completed PROGRAZE courses, an increase of 83 per cent over the previous year.

This year saw two major initiatives – the Healthy Soils, Healthy Landscapes project and the Benchmarking and Understanding Soil Chemistry project. The projects were delivered across the Murrumbidgee and Murray River catchments, the Upper and Mid Lachlan catchment and the ACT. Their focus is on improving soil health by benchmarking soil chemistry on a paddock-by-paddock basis. Land managers also learn practical solutions to problems as well as gaining new skills and knowledge for better soil management.

Project achievements during 2005-06 were substantial:

- more than 700 landholders undertook training and 2800 paddocks were soil tested
- new detailed soil characteristic maps for the

Murrumbidgee, Lachlan and Murray Catchment Management Authorities were published

- participants indicated that the workshops helped them to improve their soil management knowledge and skills.

Aquaculture management

Two sustainable aquaculture strategies reached important stages in 2005-06. The Hunter and Central Coast Sustainable Aquaculture Strategy was gazetted. It details best aquaculture practice guidelines, simplifies approvals and maps appropriate aquaculture locations. After extensive industry and public consultation, the draft Oyster Industry Sustainable Aquaculture Strategy was finalised. The strategy aims to recognise and protect oyster-growing areas, detail industry best practice and protect water quality.

The oyster industry program also finalised the rehabilitation of 433 hectares of derelict oyster leases in Port Stephens. An additional 85 hectares of oyster leases were re-let to industry for remediation and then production.

Aquatic rehabilitation

Externally funded projects to improve fish and aquatic invertebrate habitat continued to achieve results, opening up more than 400 kilometres of fish passage and leading to better management of wetlands, floodplains and riparian areas through fencing, weed control and replanting. Audits of over 6500 barriers to fish passage in all coastal catchments were completed, which along with detailed reviews of 130 weirs across NSW, will inform future rehabilitation plans.

Marine parks and aquatic reserves

NSW DPI is responsible for managing aquatic reserves and, as a partner in the Marine Parks Authority, for managing marine parks. At the end of 2005-06, there are six marine parks in NSW incorporating around one third of State waters plus 12 aquatic reserves.

Most activity over the year centred on marine parks. Two new parks were created:

- the 98 000 hectare Port Stephens-Great Lakes Marine Park which covers all of Port Stephens and the associated river and estuarine systems, the Myall Lakes, Smiths Lake and Broughton Island
- the 85 000 hectare Batemans Marine Park which covers the marine and estuarine waters from Bawley Point to Wallaga Lake, including Montague Island.

The draft zoning plan for Port Stephens-Great Lakes Marine Park went on public display in June 2006 while the draft zoning plan for Batemans Marine Park was released in July 2006. The final zoning plan for Cape Byron Marine Park was implemented in 2005-06.

Zoning plans are a key management tool for marine parks and balance conservation needs with recreational and commercial uses through establishing zones where different types of activity are allowed.

To compensate for reduction in areas accessible by commercial fishers in the two new marine parks and also Cape Byron Marine Park, the NSW Government allocated \$22.5 million for voluntary licence buy-outs.

Threatened species

NSW DPI finalised recovery plans for the threatened fish species Oxleyan pygmy perch (*Nannoperca oxleyana*) and silver perch (*Bidyanus bidyanus*). Amendments to the threatened species provisions of the *Fisheries Management Act 1994* were implemented and will integrate threatened species legislation with broader initiatives in natural resource management and land use planning.

Environmental assessments for commercial fisheries

The Minister for Primary Industries made determinations for the ocean trap and line, ocean trawl, lobster and abalone commercial fisheries. The determinations enable the ongoing validation of commercial fishing entitlements, set out sustainability requirements and enable the preparation of share management plans for each fishery. NSW DPI is now finalising fishery management strategies to give effect to the determinations, an activity that will complete a major program to ensure the long-term sustainability of our commercial fisheries.

Share management plans

Substantial progress was made in preparing the share management plans for the estuary general, estuary prawn trawl, ocean hauling, ocean trawl and ocean trap and line fisheries. On completion these plans will provide commercial fishers with a secure access right, greater flexibility to adjust their businesses and a platform to build a more viable commercial fishing industry.

Access to natural resources

Water resource planning

NSW DPI staff played a key role in the whole-of-government development of macro water sharing plans. Our work involved development of water policy, water access and trading rules, and review of individual water sources. The focus was on achieving a balance between protection of riverine and groundwater-dependent ecosystems and extraction of water for agriculture, industrial and urban uses. Targeted consultation with identified stakeholder groups and some broader public consultation informed drafting of the plans, which is still underway. The water sharing plans should be complete by 2007.

Healthy and safe industries

National identification for cattle, sheep and goats

NSW DPI worked with all sectors of the NSW cattle industry to implement the final and most significant stage of the National Livestock Identification System for cattle – a database recording of cattle movements. Transaction recording of individual cattle commenced at saleyards and abattoirs on 1 July 2005 and property movement recording on 1 January 2006. NSW DPI staff conducted training activities in electronic recording for 553 industry participants, made presentations at agricultural events and answered over 5500 hotline enquiries.

On average the national database recorded 40 000 cattle transactions through 56 saleyards and 25 abattoirs in NSW every week.

The National Livestock Identification System for sheep and goats commenced on 1 January 2006 following policy, educational and promotional work by NSW DPI. We consulted with industry groups and Rural Lands Protection Boards to achieve agreement, interstate consistency and consideration of NSW-specific issues, and assisted in developing nationally consistent compliance procedures.

While some industry sectors had been concerned about NLIS sheep tagging exemptions, the NSW Minister for Primary Industries put forward a successful compromise proposal to the Primary Industries Ministerial Council. The proposal was that the planned national review be split into an assessment of tagging exemptions by mid 2007 and separate review of the efficacy of the whole system by late 2008. The assessment will investigate concerns about tag exemptions while the review will determine whether there is any need to progress beyond the current system.



A producer applying a National Livestock Identification System electronic device used to permanently identify cattle from birth property.

Combating a potential threat to the bee industry

NSW DPI prepared the bee industry for potential incursion of the varroa mite from New Zealand by developing surveillance kits and supporting information for use in intensive surveys. Varroa mite would cause significant losses of native and hive bees, losses that would in turn dramatically reduce honey production and effective pollination of all plant species. The kit includes instructions on performing innovative and non-destructive testing for external parasites. Testing will not only assist in the identification of any outbreak but also heighten industry awareness of the need for vigilance and reporting.

Excellence in service delivery to stakeholders

Drought management

NSW DPI played a major role in developing StockPlan™, a decision support tool and PROfarm training program that allows producers to make informed decisions on drought strategies. StockPlan™ is based on an earlier drought decision support product, which we have developed to a more advanced level in partnership with Australian Wool Innovation. To date, the partnership has trained service providers in using StockPlan™. The tool will be available from August 2006.

Divisional staff also updated the *Managing Drought* guide, which is a comprehensive information and educational resource.

Complementing our resource material is the unique service that NSW DPI's drought support workers provide across the State. They coordinate services and information from government and non-government agencies, and refer drought-affected families to specialist services. This year they offered face-to-face counselling at 137 farm family gatherings attended by about 7000 people. Drought support workers also helped develop the guide, *NSW Farmers Blueprint for Maintaining the Mental Health and Well-Being of the People on NSW Farms*, recently published by the Rural Mental Health Network.

Agriculture education

A restructure this year consolidated NSW DPI's education services under the name of Tocal College. The college has two campuses, one at Yanco – the Murrumbidgee Rural Studies Centre, and the other at Tocal – the C B Alexander campus. It also delivers courses at an increasing number of external sites, with all training complying with national standards. Development of accommodation and teaching facilities at the Murrumbidgee campus is continuing, as is development of the Aboriginal Rural Training Program.

The college has 120 fulltime students and presents a wide range of short courses under NSW DPI's PROfarm. These courses include traineeships as part of the NSW skills funded development priorities.

The traineeship program has been extended and now includes Conservation and Land Management, Irrigation and Cotton. Program graduates from the College's full-time courses are in demand by employers, which is reflected in the number of full-time enrolments.

NSW DPI's SMARTtrain suite of courses for chemical use are now marketed in South Australia, Northern Territory and Western Australia. In NSW they are part of the PROfarm program.

Animal welfare.

Two new regulations came into effect and a draft regulation reached public comment stage following work by NSW DPI. The new Exhibited Animals Protection Regulation 2005 and Animal Research Regulation 2005 will ensure continuing protection of animals used in research, teaching and exhibitions. The Prevention of Cruelty to Animals (General) Regulation will, when passed, combine current regulations in an improved format.

NSW DPI also developed *Guidelines for Housing Guinea Pigs in Scientific Institutions*. The guideline draws on scientific evidence and feedback from international experts and experienced local practitioners. It is one of a series that includes guidelines for mice, rats and dogs. We also developed two standards documents under the *Exhibited Animals Protection Act 1986*:

- *Standards for the Temporary Removal of Animals in New South Wales*
- *Standards for the Exhibition of Animals at Mobile Establishments in New South Wales.*

Recreational fishing

NSW recreational fishers will enjoy improved fishing opportunities as the result of initiatives such as:

- an increase in the number of fish attracting devices or FADS which are deployed in the open ocean and attract pelagic fish such as dolphin-fish as well as tuna and marlin
- a pilot project to investigate the benefits of existing artificial reefs in recreational fishing havens along the NSW coast
- the release of 7.5 million native and salmonid fish, including record numbers of Murray cod, into NSW waterways with the assistance of acclimatisation societies and fishing clubs
- the stocking of 40 000 mulloway fingerlings in north coast estuaries including the Manning and Tweed rivers.

NSW DPI in consultation with the commercial and recreational fishing advisory bodies, has undertaken a detailed review of saltwater and freshwater fishing rules.

This has included recreational bag limits and fishing methods plus size limits for saltwater fish taken by recreational and commercial fishers. Approximately 3300 submissions were received on the public discussions papers. A range of proposals were examined in light of previous fisheries environmental assessments, the Palmer review of illegal fishing, the National Recreational and Indigenous Fishing Survey and public feedback on previous fishing rule reviews. Final recommendations were developed by the Advisory Council on Recreational Fishing and the Seafood Industry Advisory Council.

Significant issues

QX disease in the Hawkesbury

An outbreak of QX disease in 2005 wiped out 90 per cent of the oysters in the Hawkesbury River. At short notice, NSW DPI staff coordinated the clean-up of oyster leases after this outbreak. Staff from across the Department, local producers and contractors were deployed on this major project. QX resistant oysters were also provided to local producers to allow them to get back into production quickly. The first post-disease oysters reached the market before Easter, over six months earlier than originally planned. Oyster growers praised the understanding, commitment and excellent service provided by the NSW DPI QX team.

The Hawkesbury oyster industry is now in a better position than before the QX outbreak as producers have adopted improved production systems and occupational health and safety standards.

QX disease was found in low prevalence in the Woolli River in early 2006. NSW DPI staff managed this incident by tracing back oyster stock and provided assistance to businesses in the estuary.

Closure of Port Jackson due to dioxins

Port Jackson was closed to commercial fishing to protect public health following the identification of elevated levels of dioxins in prawns and bream.

Responding to the issue, the NSW Government established a \$5 million program managed by NSW DPI to buy out affected commercial fishing businesses on a voluntary basis in recognition of the financial impact of the closure. A total of 36 fishing businesses accepted the buyout offer.

The Government also established a \$250 000 public advisory campaign to inform recreational fishers about the dietary intake of fish taken from the port. The campaign involved a mail-out to recreational fishers who hold one and three-year licences, the erection of signage at key locations, the provision of advisory material to charter operators and fishing tackle shops, and the use of Fishcare Volunteers to convey the message directly to fishers.

Ovine Johne's Disease

Led by a NSW industry advisory committee, a transaction-based contribution scheme was successfully introduced in October 2005 to collect industry funds to support the Ovine Johne's Disease (OJD) program and, in particular, the OJD grants assistance program. Of the 444 producers owed money under the program, 197 were paid out in full during the year.

Pollution in oyster harvest areas

Sections of Tilligerry Creek and the Bellinger River were closed or restricted for oyster production during 2005-06 due to water pollution. NSW DPI and local agencies are addressing the issues of water quality, monitoring, and remediation of pollution points while oyster farmers are taking part in national training on improved land management practices.

Future directions

- NSW DPI will finalise share management plans for the estuary general, estuary prawn trawl, ocean hauling, ocean trawl and ocean trap and line fisheries, that will give fishing businesses secure access rights and allow greater industry flexibility.
- Over the next three years, NSW DPI and the Beef Cooperative Research Centre will establish Beef Profit Partnership teams to accelerate the adoption of new technology.
- NSW DPI will implement the Beyond Salinity Solutions project with \$2.2 million in national funding. Implementation will be in conjunction with Catchment Management Authorities, public and private agricultural providers, and local government.
- Due to poor economic conditions in the irrigated horticultural industries in southern NSW, NSW DPI will implement Steps to Recovery, a package to help growers meet the challenges of a changing market and business environment.

Agricultural and Fisheries Divisional performance				
	Units	2003-04	2004-05	2005-06
Outcomes				
Crop area sown using reduced tillage technology	%	50	70	70
Producers trained in PROGRAZE using improved grazing management	%	95	95	94.5
Satisfactory test results from pesticide surveys of NSW produce	%	99.9	99.9	92.2
Aquatic species protected	no.	25	27	29
Aquatic communities protected	no.	38	39	41
Aquaculture production	\$m	51.1	49.9	52.0
Outputs				
Farmers attending PROfarm training activities	no	-	-	4106
Animal welfare licences issued (research and exhibited animals)	no	441	383	378
Lamb traded 'over the hooks'	%	25	25	30
Native fish stocked	million	2.6	2.4	2.3
Habitat restoration sites	no	131	203	280
Land-based fish farms	no	238	219	230
Areas of submerged lands leased	ha	4333	3982	4192
Fishery management strategies completed	no	3	4	4

CASE STUDY

Excellence in service delivery to stakeholders



Tocal graduation a dual first

There was a special group among the graduating students at Tocal College in March 2006: 51 Chinese and Vietnamese farmers from the Sydney region. Their graduation with the Certificate III in Agriculture was special for the college too as it marked the first time such a group had gained qualifications at Tocal.

Many of the farmers had originally come to Australia to escape war or oppression and had subsequently moved into market gardening, mostly through working for compatriots already in the business. From these modest beginnings they developed the skills and confidence to buy or lease their own farms. They also used their entrepreneurial skills to introduce new crops to the Australian market such as buk choy, gai lan, pak choy and many Vietnamese herbs.

Despite having limited English literacy, and often no formal agricultural qualifications, the farmers expanded their skills by attending NSW DPI field days and other activities. They were therefore ready to make a bigger training commitment when

the Department offered a tailor-made Certificate III course in 2005. This was as a skills recognition course conducted with interpreters in a familiar environment.

The Department's approach proved popular. The farmers successfully completed the courses and participated more fully in training as additional courses and translated resources became available. Coursework involved training days at a local farm with bilingual officers and experts on various farming topics such as chemical use, soil and fertiliser management, and food safety.

The hard effort of the group paid off at the graduation ceremony at Tocal College. As noted by graduate Tony Har—a member of the Chinese Growers Association—'all the graduating farmers think it is very good for them to have a certificate and are proud of their work.'

Photo caption: Director-General, Mr Barry Buffier with Tocal graduates from the Sydney Chinese and Vietnamese communities following their graduation ceremony at Tocal in March 2006.

CASE STUDY

Appropriate access to and wise management of natural resources



Productive partnerships with Catchment Management Authorities

NSW DPI realises that partnerships are a key to achieving results. The Department has developed a productive partnership with the State's 13 Catchment Management Authorities (CMAs) effectively delivering \$9.5 million worth of joint projects in 2005-06. The objectives of these projects ranged from increasing water efficiency on farms to training farmers on how to improve pasture management.

Successful partnerships are based not only on the availability of funds, but also on the achievement of mutual objectives. The Department's network of extension staff and technical experts was engaged on several projects by the Murrumbidgee Catchment Management Authority this year – one concerning aquatic rehabilitation and the remainder focused on sustainable agriculture. The NSW DPI role was to assist the authority in organising on-farm demonstrations and conducting skill development

activities focused on sustainable use of natural resources within a productive farming landscape.

According to Mr Lee O'Brien, Chairman of the Murrumbidgee Catchment Management Authority, NSW DPI involvement was critical to bringing about better natural resource management outcomes in the area.

He also noted that the strong working relationship between the Department and the authority 'bodes well for the future health of the Murrumbidgee catchment' where greater sustainability will provide a win for all sections of the local community.

One of the reasons behind the success of CMA/Department partnerships has been the establishment of specific contact points with the authorities through NSW DPI regional directors, resulting in good two-way communication. The formation of the Conservation Action Unit also assisted in the effective planning and delivery of contracted projects.

Photo caption: Conservation Manager Pat Dwyer with Northern Rivers CMA Board and staff explaining the impact on fish passage of the Coral Avenue road crossing near Mullumbimby.

MINERAL RESOURCES DIVISION

Leads the stewardship of the State's mineral resources to facilitate profitable and sustainable development, effective environmental management, and safe and responsible mining.



Mineral Resources Division

Nature and scope of activities

The Mineral Resources Division contributes to the prosperity of NSW through its stewardship of mineral resources, which in 2005-06 were worth over \$10 billion in export earnings. Royalties from the mining industry over the same period totalled \$503 million for the New South Wales Government.

The Division comprises five branches:

- **Coal and Petroleum Resources** – assesses the State's coal and petroleum resources and advises on resource development, land use and infrastructure planning.
- **Geological Survey of NSW** – undertakes geological mapping and resource assessment, audits private sector mineral exploration performance, promotes exploration investment, and coordinates land use planning.
- **Mine Safety Operations** – ensures that the mining and exploration industry meets community and government expectations on safety, health, mine subsidence and resource extraction.
- **Minerals Development** – administers mining and exploration titles, collects mineral, coal and petroleum royalties, and facilitates new mine developments.
- **Environmental Sustainability** – guides improved environmental performance by industry and works closely with other government agencies to regulate industry activities.

Major outcomes achieved

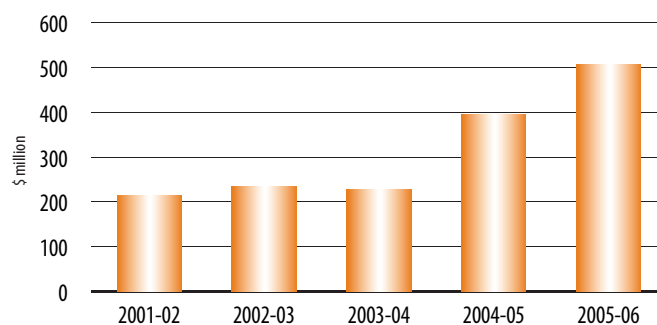
Primary industries competitiveness is increased

Record production and royalties

The total value of NSW mineral production in 2005-06 was estimated at around \$11.6 billion, an increase of 26 per cent on the previous year. Coal, with an estimated value of about \$8.5 billion in 2005-06, remained the strongest performer, accounting for over 73 per cent of the total value of mineral production. Metallic and industrial mineral production was also significant and was worth an estimated \$3.1 billion.

NSW royalty figures for 2005-06 indicate record collections. Net royalty collected was around \$503 million, an increase of \$107 million, or 27 per cent, over the previous year. At \$447 million, coal royalty collection was up by 26 per cent, largely due to increased prices for export coal. Non-coal royalties increased by around 34 per cent to \$56 million.

Mineral royalties over 2001-02 to 2005-06



New development

The rise in coal and mineral prices since 2004 has encouraged the development of a number of coal, mineral and petroleum projects, as shown by new capital expenditure figures which exceeded \$1 billion for the third consecutive year in 2004-05. Preliminary figures suggest such expenditure reached \$1.7 billion in 2005-06.

The Minister for Mineral Resources granted 16 new mining leases during 2005-06 including those for the Pine Dale, Ravensworth West, Tarrawonga (formerly known as East Boggabri), Werris Creek and Wilpinjong coal mines. Construction work on the \$117 million Wilpinjong mine near Mudgee has since commenced. Major extensions to the Hunter Valley Operations, Muswellbrook, Mt Owen and Wambo coal mines have also been approved along with extensions to the Lamberts Gully and Clarence coal mines.

A number of proposed new coal, mineral and petroleum projects and extensions to existing mines are at various stages of the approvals process. If all projects were to go ahead over the next decade, capital expenditure would be in the vicinity of \$5 billion and at least 4000 new jobs would be created.

In April 2006, the Minister granted an exploration licence to BHP Billiton for the Caroona Coal Area. If mining is approved at Caroona, it has the potential to generate 1000 new jobs and up to \$2 billion in capital works and infrastructure projects over the life of the mine.

2005-06 marked the start of production at the Cowal gold mine near West Wyalong, the New Cobar underground mine, and the \$110 million Ginkgo mineral sands project in the Murray Basin.

Titles

NSW DPI improved mining titles services through:

- the review and reformatting of the Titles section of the Department's website
- the launch of TASMap, an online facility for viewing all titles-related graphic information

- continued maintenance of the TAS titles database, which contains details of over 10 000 current and historic titles and \$511 million in environmental security deposits.

There were 2396 title applications and dealings for exploration and mining during the year.

Title applications and dealings for 2005-06

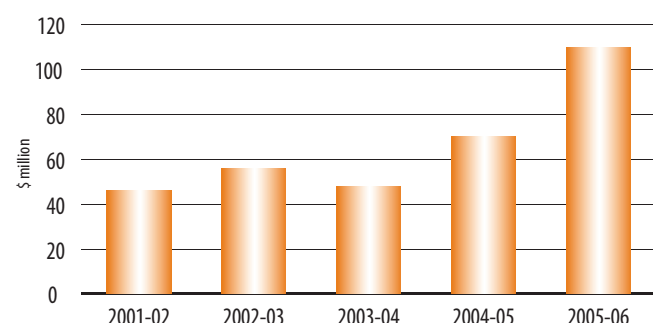
Exploration licence application		Exploration licence renewals		Mining lease applications		Mining lease renewals		Dealings registered	
Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
172	169	192	239	8	16	40	79	1600	1893

Increased exploration activity

Due to record global demand for minerals, mineral exploration activity increased by 55 per cent over last financial year to reach \$114 million in 2005-06.

The rise in the number of mineral exploration licences this year over the previous financial year is another indicator of increased activity, as is the record increase (45 per cent) in spending on petroleum exploration. The latter is largely due to investment in coal seam methane projects in the Gunnedah and Sydney basins.

Private mineral exploration in NSW 2001-02 to 2005-06



Future exploration projects will benefit from completion of the largest airborne magnetic and radiometric survey ever conducted in NSW. The survey, which covered parts of the north-west and south-west of the State, takes NSW coverage of high-resolution geophysics to 80 per cent. A major seismic survey was also completed over the boundary between the Lachlan and Thomson orogens. The two surveys, together with geological mapping completed in key areas such as Tibooburra and Goulburn, will enhance opportunities for minerals and petroleum exploration.

Construction commenced on a core storage complex in Broken Hill, which will initially be capable of storing more than 80 000 metres of regional exploration drill core. The core storage area will form part of an operational centre offering core preparation and viewing facilities as well as

on-line access to the Department's exploration databases.

NSW DPI provided advice and geoscientific information to many councils following reforms that require local government to develop new strategic land use plans before 2008. We also commenced a review and update of mineral resource advice to councils through Section 117 of the *Environmental Planning and Assessment Act 1979*.

NSW DPI promoted mining investment opportunities in the State at key international industry events such as the Prospectors and Developers Association Convention in Toronto, Canada; the Mining Journal's 20:20 Investor Series meeting in London; and meetings with the Japan Oil, Gas and Metals National Corporation in Tokyo.

Healthy and safe industries

Safety operations

The NSW mining industry recorded its first fatality-free year during 2005-06. Over the same period serious bodily injuries/serious injuries decreased 27 per cent while dangerous occurrences/incidents fell six per cent. Details on safety performance appear in this report in the section on the Biosecurity, Compliance and Mine Safety Division along with information on implementation of the Wran Review safety recommendations.

Six major investigations were completed and four successful prosecutions resulted in penalties ranging from \$30 000 to \$60 000. NSW DPI was successful in prosecuting a rope failure at Wyee Colliery, which brought the total number of successful prosecutions since the 1999 introduction of the enforcement policy to 31. We supplied a senior investigator for the inquiry into the Beaconsfield mine accident in Tasmania and, following extensive consultation, developed new regulations for the *Coal Mine Health and Safety Act 2002*. The regulations are currently on public exhibition in advance of implementation in the second half of 2006.

Safety legislation

Mine safety is now funded by industry following the implementation of the Mine Safety Levy. NSW DPI facilitated the implementation of the *Mine Safety (Cost Recovery) Act 2005* allowing for the annual levy by liaising with WorkCover NSW and Coal Mines Insurance to establish levy collection mechanisms. Levy proceeds will be used exclusively to fund the mine safety regulatory functions of NSW DPI.

Field operations

In addition to statutory mine safety assessments, inspections and investigations, we conducted an extensive educational campaign to support the implementation of the new *Explosives Act 2003* and Regulations at smaller mining operations. Further compliance workshops are being planned.

In cooperation with Australian Standards and certification management committees, work is progressing on the introduction of certificates of conformity for plant and equipment used in coal mines. The certificates will replace the current approval system.

Appropriate access to and wise management of natural resources

Environmental performance

The proposed amendments to the environmental provisions of the *Mining Act 1992* were discussed with stakeholders during the year.

NSW DPI held environmental awareness courses for more than 370 licence and mineral claim holders in the new Lightning Ridge Opal Prospecting Area 4 to ensure higher standards of environmental performance and improve rehabilitation outcomes.

We released the *Guidelines for Review of Environmental Factors* (ESB 18) for activities that require a Part 5 Assessment under the *Environmental Planning and Assessment Act 1979*. The guidelines will raise the standard of applications while also streamlining the assessment process.

From 1 July 2006, mining, petroleum and exploration titleholders will provide a rehabilitation cost estimate to NSW DPI as part of the mine operations plan approval process. A modified security deposit calculation process will help ensure that securities adequately reflect the environmental rehabilitation liability on any site. The value of securities held by the Department increased to \$511 million in 2005-06.



Environment Officer sampling water from an artificial wetland used to treat recycled town waste water prior to use in the Bayswater Colliery.

Water management

The NSW Government, through the Ministerial Council on Minerals and Petroleum Resources, joined the Minerals Council of Australia in developing a framework for strategic water management in the minerals industry. The aim of this

joint initiative is to promote responsible water management at mining and processing sites and instill an understanding that water is a vital business and community asset. The framework highlights examples of efficient water use and cooperative partnerships in NSW and other states.

Environmental rehabilitation

Rehabilitation works projects were completed for 26 derelict mine sites across the state using Treasury funding of \$1.7 million and additional assistance of over \$200 000 from the Sydney Catchment Authority and the Department of Environment and Conservation. We conducted environmental assessments at various sites, including surveys for threatened species, heritage assessments, soil and water investigations and preparation of remediation action plans.

Subsidence management plans

Of the 18 mine subsidence management plans received during 2005-06, 16 were assessed and approved. The remaining two are currently being assessed. The process involves consideration of each plan by an interagency committee comprising senior personnel from the Sydney Catchment Authority, the Department of Environment and Conservation, Department of Natural Resources, Department of Planning, the NSW Dams Safety Committee and the Mine Subsidence Board, in addition to personnel from NSW DPI.

Regional operations

All mine operators must prepare, and comply with, a mining operations plan that outlines the proposed mining operations, incorporates environmental management strategies, and details progressive rehabilitation works. Each year operators produce an annual environmental management report describing performance against the plan.

NSW DPI undertakes site inspections, generally around the time of report submission, to ensure that mining operations are progressing satisfactorily. There were approximately 480 such inspections during 2005-06, resulting in the issue of some 50 directions to mining companies to undertake rectification works.

Regional environmental officers gave technical advice to the Hunter and Central Rivers Catchment Management Authority on the Authority's 2005 awards for environmental excellence in the coal industry. The Mt Owen mine secured the award for excellence in biodiversity management and innovative native ecosystem rehabilitation.

Significant issues

Coal

Following the release of the Caroon Coal Area, the Minister established a community consultative committee chaired by the Hon. Gary West to address community concerns on exploration of the area. The committee includes members of the local community, BHP Billiton and NSW DPI.

NSW DPI gained the agreement of the Department of Planning in recognising the importance of coal resources in the Metropolitan Strategy, which defines the new release areas for the Sydney Region over the next 25 years. The south west sub-regional strategy will be developed in consultation with NSW DPI to ensure mining title areas and the coal resources in the region are protected now and into the future. The Campbelltown, Camden and Wollondilly councils' Local Environmental Plans will reflect the strategy.

Opal mining

The Minister's release of Opal Prospecting Area No. 4 (OPA4) at Lightning Ridge in November 2005 included the implementation of more stringent environmental and safety conditions, which were developed in consultation with stakeholders. The opal industry welcomed the release as it is keen to find additional sources of high quality opals for the world market.

Future directions

Exploration

The successful Exploration NSW initiative will continue through to 2008 via a new scheme designed to build on past results. The 'New Frontiers' initiative is worth \$9.5 million and will focus on three themes, New Energy, New Dimensions and New Frontiers. The scheme will assist NSW DPI to boost exploration investment in the State's under-explored regions as well as facilitating the discovery of clean gas energy resources through an improved interpretation of the 3D geological framework of NSW.

Legislation

Amendments to the environmental provisions of the *Mining Act 1992* will strengthen the administration of mining activities in NSW and produce better environmental outcomes without adding significantly to the mining industry's compliance costs. The amendments are currently at the drafting stage and should go before parliament in the latter half of 2006.

Regional assessment of Western Coalfield

A major regional assessment of the Western Coalfield will commence in 2006-07 to identify coal resources suitable for the domestic and export markets.

Minerals Resources Divisional performance				
	Units	2003-04	2004-05	2005-06
Outcomes:				
NSW share of private mineral exploration in Australia	%	8.3	7.2	9.2
Value of NSW mineral production	\$m	6800	9200	11 600
Royalties collected	\$m	233	396	503
Lost time injuries	No.	535	565	411
Fatal injuries	No.	3	1	0
Mines operating to agreed mining operation plans	%	90	95	95
Environmental security deposits held	\$m	310	473	511
Outputs:				
Coverage of state by new standard series geoscience maps and data	km ²	50 000	30 000	27 000
Titles and dealings processed within published time frames	%	90	90	88
Royalty debt level - % of total royalty receipts	%	0.50	0.20	0.15
Value of PRIMEX assisted sales and negotiations	\$m	4.5	5.7	2.0
Safety regulation - Investigations (safety operations)	no	na	494	501
Enforcement actions	no	na	394	360
Environmental regulation audits, assessments and reviews	no	650	798	812
Investigations and enforcements	no	40	45	134
Rehabilitation of derelict mine sites	no	34	50	26

CASE STUDY

Strong economic performance of primary industries



Mining project gets the green light under new planning procedures

Wilpinjong Coal, which is 100 per cent owned by Peabody Energy, received development approval from the Minister for Planning and was granted a mining lease by the Minister in February 2006.

Construction work on the open cut mine has commenced. At full production the mine should produce up to 10 million tonnes per annum of saleable coal. Most of the coal will go to Macquarie Generation under a long-term contract but, over the estimated 21-year life of the mine, approximately 33 million tonnes will be exported. Export revenue is forecast to be approximately \$1.7 billion.

Recent amendments to the *Environmental Planning and Assessment Act 1979* change the way in which major projects such as this are assessed and approved.

Wilpinjong Coal Pty Ltd was the first mining company to proceed through the development and assessment approvals process under the new Part 3A provisions.

As required, the company submitted an environmental assessment report with its application and the report was placed on public exhibition.

The Minister for Planning, during the assessment process, set up an independent expert panel to advise him on the mine's potential impacts on surface and groundwater, flora and fauna and vegetation offsets and rehabilitation. The panel met in Mudgee and considered public submissions.

There will be major economic benefits at a local level. The mine is expected to employ around 200 people during construction and 100 on average during operation.

The mine should generate approximately \$360 million per annum in business turnover for the Mudgee region.

Photo caption: Mine contractors in consultation on safe operational planning.

FORESTS NSW

*Forests NSW operates as a public trading enterprise.
It manages the forests estate to provide timber
now and into the future.*



Forests NSW

Nature and scope of activities

Forests NSW is a public trading enterprise within NSW DPI. Its role is to profitably and sustainably manage more than two million hectares of native and planted forests on behalf of the people of NSW. There are three main areas of activity – planted forest operations, native forest operations, and technical and business support services.

Forests NSW is committed to best practice in health and safety and provides a safe working environment for its people, contractors and visitors to state forests.

In addition to a sharp commercial focus there is a strong and demonstrated commitment to environmental performance. Conservation and advancement of forest values such as biodiversity, sustainability and the capacity of forests to serve as carbon sinks form major focal points of our forest management practices.

Forests NSW has five branches:

- **Native Forest Operations** – manages the native forest estate in five regions across the state supplying native forest timbers to a wide range of customers for a variety of products as well as promoting environmental and biodiversity protection and recreational opportunities.
- **Planted Forest Operations** – manages the softwood and hardwood plantations in four regions across the state supplying plantation timbers to a wide range of customers for a variety of products as well as promoting environmental and biodiversity protection and recreational opportunities.
- **Commercial Services** – undertakes marketing, sales and delivery of native and planted forest products and develops new business opportunities as well as managing relationships with customers, contractors, investors and business partners. It also conducts timber inspections.
- **Land Management and Technical Services** – identifies and implements technology solutions to support native and planted forest operations. Interacts with the community through the provision of information systems, prevention and suppression of fire, nurseries, regulatory compliance, sustainability and land management, and frameworks for the management of recreational activities in State forests.
- **Financial and Operational Business Services** – provides administrative services and operational support to the whole of Forests NSW, including formal accounting, reporting, taxation and internal treasury functions, transactional processing and administrative services, human resources functions, information technology, legal services and records.

Forests NSW is also required to prepare a separate annual report, which covers its specific statutory requirements as a public trading enterprise together with a companion social, economic and environmental report. The latter provides more details on how state forests are sustainably managed.

Major outcomes achieved

Commercial performance - profits for 2005-06

Forests NSW delivered a moderate commercial result from its trading activities during the year with an underlying trading result of \$31.12m.

The softening of the housing and construction industry resulted in market price reductions, which had a flow on effect to the prices Forests NSW receives for its products. As timber market prices underpin the valuation of the timber inventories, the overall value of the estate was reduced at year end, resulting in the adverse effect on reported profits.

The increasing costs of diesel and other fuels and oils, had a major adverse impact on the costs of plantation and roading activities undertaken with both Forests NSW and contracted heavy earthmoving equipment. The trading results of Contract Harvest & Haulage activities, now a major component of Forests NSW overall business, were significantly affected by the increasing costs of fuel. The present price mechanisms for Forests NSW products do not fully recognise the fuel cost impost, thereby resulting in a net negative effect on the overall trading result of the organisation.

The relatively benign fire season experienced over the 2005-06 summer months contributed to the expenditure savings the organisation was able to achieve in almost all expense categories, which partially offset lower than expected revenue from sale of timber and related products.

Carbon trading

In 2004-05 Forests NSW became the first organisation in the world to generate and trade forest carbon sequestration certificates under a registered greenhouse emission-trading scheme, the NSW Greenhouse Gas Abatement Scheme (GGAS). In total, we generated 166 005 NSW Greenhouse Abatement Certificates from around 10 000 hectares of hardwood plantation on the NSW North Coast.

This year, after an independent audit endorsed the carbon sequestration calculation methods, the GGAS Administrator formally amended the Forests NSW conditions of accreditation to also include sequestration from 13 000 hectares of eligible softwood plantation.

The NSW Carbon Accounting System developed by Forests NSW was a finalist in the Climate category of the prestigious Banksia Foundation Environmental Awards. The system was recognised as playing a key role in the emergence

of emissions trading schemes, which deliver economic incentives for reforestation projects and attract large-scale private sector investment into new forests planned for both carbon and timber in NSW.

Business improvement

With the continuing downturn in the housing market, strong financial controls and ongoing improvement in systems development and operational performance were necessary.

Business improvement initiatives included:

- the strengthening of formal approval processes for major operational and all capital expenditure
- extensive consultations for the implementation of a new organisational structure involving the amalgamation of some regions and the establishment of three business service centres to be located at West Pennant Hills, Coffs Harbour and Albury. A memorandum of understanding has been negotiated with the Public Service Association and staff information sessions are currently being conducted
- amalgamation of Forests NSW and NSW DPI offices in Deniliquin, Yanco, Maitland, Dareton and Grafton and exploring further opportunities for co-location.

Systems development

Our ongoing work on operational and administrative systems development to improve performance achieved wider recognition when our market supply modelling system won gold in the 2005 NSW Premier's Public Sector Awards. For more information on the system and its benefits, see the separate case study in this report.

Other systems development work included:

- upgrading the information available to our harvest and haulage contractors and sales customers through the NSW DPI website
- introduction of a new management system in maintenance workshops with links into the central fleet management database
- introduction of an electronic timesheet system for employees linked to the corporate payroll system
- increasing electronic transaction handling to minimise physical handling of source data.

These improvements are aimed at increasing organisational efficiencies needed to maintain commercial viability and underpin longer term sustainable improvements in the organisation's performance.

Health and safety

Forests NSW is a self-insurer for workers' compensation purposes and as such is required to have comprehensive safety systems that meet WorkCover requirements.

During the year, the focus was on consolidating the Safety Management System (SMS) launched in the previous year. An audit by WorkCover of the SMS in two regions identified a number of areas for improvement. To address these issues a Safety Management System Improvement Plan was prepared. Implementation of this plan will further enhance the integration of health and safety into the organisation's overall management systems and normal day-to-day business activities. The plan will also form the basis of a continuous improvement process in health and safety and injury management.

Five newly appointed safety coordinators are supporting the continued development and implementation of the SMS across the State, and recruitment action is underway for two more safety coordinators.

Forest management and timber production

Environmental management system

An Environmental Management System has been introduced to ensure that our forestry operations improve their environmental performance over time. This is a practical program for achieving the environmental goals in areas such as harvesting, road works, plantation establishment, fire management, and pest and weed control.

Following an external audit, the system achieved certification under ISO 14001. This is a major milestone on the way to gaining full certification of our forest products under an internationally recognised scheme.

As part of the system, ecologically sustainable forest management plans have been put in place in each region. Following public consultation, we published plans for the five forest agreement regions covering 1 526 600 hectares. Further plans are in development.



Forests NSW tree improvement researchers are focused on improving the quality of seeds and seedlings for commercial plantations.

Sustainable industry development in western NSW

Forests NSW worked extensively with the timber industry and other agencies to implement the Government's 2005 decision on the Brigalow Belt South and Nandewar Regional Assessment. The decision permanently conserves 352 000 hectares of forest stretching from Dubbo to the Queensland border and will allow cypress regrowth in the Pilliga State Forest.

Subsequent to the decision Forests NSW signed 20-year wood supply agreements with five sawmill companies in the region.

The Community Conservation Council, established under the *Brigalow and Nandewar Community Conservation Area Act 2005*, supported the Forests NSW proposal for cypress thinning, inventory and access to private property timber to improve biodiversity and timber values. \$12 million in funding will be available over five years to create additional jobs in the region.

In addition, the Government's decision provided for a review of firewood operations. Forests NSW is now consulting through the Community Conservation Council and commercial operators on future management of commercial firewood operations.

North coast timber supply strategies

The results and possible implications of a major resource analysis were canvassed with north coast customers who have 20-year wood supply agreements. This analysis is at the core of long term supply strategies being developed to accommodate the 20-year agreements.

Tree improvement program

The plantation improvement group working at the new Grafton Forest Technology Centre successfully tested new cultural treatments that are likely to improve the quality of eucalypt seedlings and, in turn, the survival rates of transplanted seedlings. Improved techniques were also introduced for handling seedlings at the transplanting stage. Immediate gains are expected from nurseries as they implement the new seedling handling practices.

Another focus was the delivery of genetically improved seed to commercial plantations. The first genetically improved seed of *Eucalyptus pilularis* (black butt) was harvested from a recently established clonal seed orchard. This seed should lead to significant increase in tree volume in plantations.

Collection of wild seeds on a commercial basis commenced in the native forests of the North East Region. We have already received orders for \$270 000 worth of seed.

Community relations

In 2005-06 Forests NSW received \$9.55 million from the NSW Government to undertake community service obligations on behalf of the Government in regional NSW. In managing our forest estate, there are many ways we contribute to regional communities in addition to these obligations. Some of these include:

Forest roads

Forests NSW spends approximately \$15 million per year on road construction and maintenance in regional NSW and 2005-06 was no exception with expenditure of \$16.7 million. These roads are a vital part of regional infrastructure and provide a substantial benefit for regional communities.

Fire management

Fire prevention and fire fighting are two of the most critical aspects of forest management. Forests NSW lightning strike display system is an invaluable tool in identifying potential fire sites, with coordinates pinpointing a lightning strike to within 200 metres. It is now used by all bushfire authorities in NSW and the ACT. Maps can be easily generated from the system, enabling fire crews to reach the fire and contain it quickly.

Over 800 trained firefighting staff, 46 fire towers, extensive road and trail networks and fleet of firefighting vehicles and machines support the system. We share these resources with the Rural Fire Service and National Parks and Wildlife Service, and provide a high degree of protection to rural areas across the State.

In 2005-06, only minimal areas of State forest were lost to wildfires.



Hazard reduction burning is a key aspect of Forests NSW fire management. More than 800 Forests NSW staff are trained firefighters.

Feral animal management

The management of feral animals on public lands has been a continuing concern for land managers. Forests NSW is currently taking a number of measures to control feral animals on state forests.

Under the *NSW Game and Feral Animal Control Act 2002*, Forests NSW has facilitated access by suitably qualified and licensed hunters onto 97 state forests declared under the Act to undertake feral animal control. Hunting occurs on these forests under a special licensing system administered by the Game Council NSW. This system replaces the hunting permits previously issued under section 32B of the *Forestry Act 1916*. Other measures to control feral animals include active tracking, baiting and trapping programs on state forests to manage wild dogs and foxes.

Forests NSW is also working closely with other land managers and local landholders to develop effective joint management strategies such as the Brindabella and Wee Jasper valleys cooperative wild dog/fox control plan.

Sponsorship and community events

In November 2005 the Minister launched a new book, *In the Living Forest*. Forests NSW is a major supporter of the book, which fills a significant gap in the literature about modern forestry in Australia and NSW. We donated copies of the book to over 500 NSW high schools and are currently working with the NSW Department of Education and Training on ways teachers can use the book in the classroom.

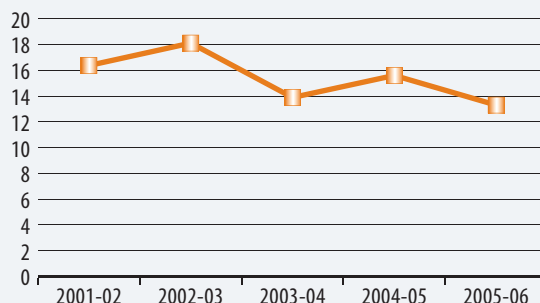
In 2005-06 Forests NSW again sponsored the Kendall National Violin Competition at which young musicians compete for a concert violin made from Australian timbers by renowned Australian luthier Graham Caldersmith. We also continued to sponsor the Polaris Mountain Bike Challenge, which is held in one of our state forests in March each year.



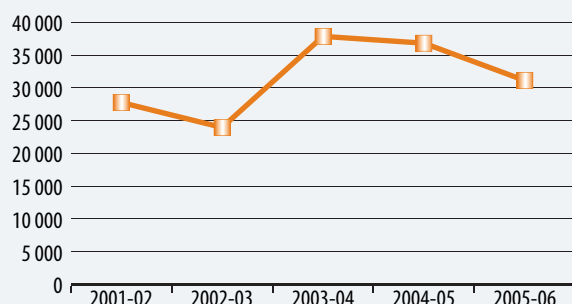
Programs at Cumberland State Forest, Sydney, involve more than 5,500 participants each year. Here, ranger Alex Crosby leads a school holiday group of 'mini-rangers'.

Forests NSW performance

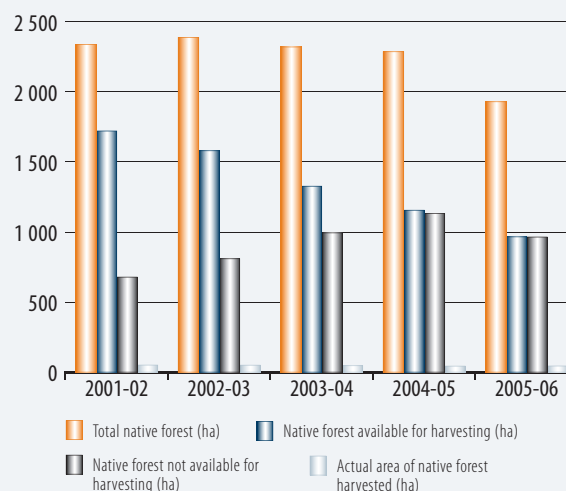
Safety (Frequency rate)



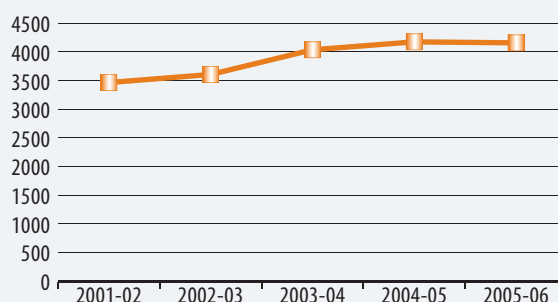
Forests NSW Operating Profit* (\$ '000)



Native Forest Harvested (Area in '000 ha)



Timber to Industry Volumes/Employee (m³)



Significant issues

Softening market conditions

While trading performance was relatively strong through the year, the poor housing and construction markets and the high price of diesel fuels adversely affected results.

In response, Forests NSW implemented a range of initiatives that reduced operating expenditure by 8.3 per cent of the approved annual operating budget, which substantially mitigated the effects of lower revenues.

Norply fire

In September 2005 a fire destroyed the Norply plywood plant at Kyogle. As one of our major customers in the north of the State, the loss was significant, not only for Forests NSW but for other businesses. Forests NSW and other agencies worked with the company and other affected businesses to put in place short-term alternate supply arrangements for log allocations contracted to the company. Consequently, there was no revenue loss for Forests NSW.

North Coast log supply

A combination of factors, including a prolonged spell of wet weather during the summer months, resulted in reduced log supply to customers on the North Coast early in 2006. Forests NSW took steps to develop a more structured approach to log supply including starting additional harvesting contractors in the North East Region and relocating a number of contractors from low volume to higher volume areas. These and other initiatives allowed Forests NSW to meet all customers' log allocations.



Contractor preparing logs from NSW public native forests, for road transport to local mill.

Major price review

Forests NSW initiated the Review of Pricing for NSW Public Native Forest and Hardwood Plantation Log Products.

A steering committee consisting of representatives from industry, NSW Treasury, NSW DPI and Forests NSW plus an independent business advisor is overseeing the review.

As part of the review process, Forests NSW prepared and distributed an industry discussion paper and consulted widely with industry stakeholders across the State. The review is expected to conclude before the end of 2006.

Railway sleeper and pallet timbers

Some timber processing mills in the native forest regions on the coast and in the Riverina were significantly affected by reduced demand for pallet and railway sleeper timbers in early 2006. Two decisions were significant. These were the decision of a major purchaser of pallet timbers to cease production of hardwood pallets at its Beresfield (Newcastle) plant and the decision of the Australian Rail Track Corporation to use concrete sleepers for future upgrades of the main north-south rail lines.

Forests NSW is working with affected customers to alleviate the impacts of these decisions.

Future plans

Forests NSW will continue to focus on improving commercial performance, meeting industry requirements and upgrading customer service. Initiatives over the next 12 months, some of which have already commenced, will include:

- a review of heavy fleet management with a view to improving performance
- finalisation of a combined hardwood and softwood plantation strategy. The strategy will provide a clear link between corporate business objectives, stakeholder requirements and operational programs
- achievement of forest certification under the most appropriate international certification scheme by the end of 2006
- further joint work with the timber industry on the North Coast to address long-term issues. Forests NSW objective is to develop five-year plans to meet the needs of each customer
- consideration and implementation of the recommendations of the Major Price Review.

CASE STUDY

Strong economic performance of primary industries



Forest NSW software goes gold

With new public and private plantations in the south west slopes set to boost regional timber processing over the next five years, matching supply to demand and efficiently managing operational issues will be of prime importance. In working out how best to manage the forecast 70 per cent expansion of the timber processing industry, Forests NSW applied its expertise in systems development, and along the way, collected gold in the Business, Management and Financial Performance category of the 2005 Premier's Public Sector Awards.

What Forests NSW came up with is forest-modelling software that employs mathematical optimisation techniques to ensure profitable management of plantation forests. The result of three years developmental work by a multidisciplinary team, the software draws on the large quantities of data that Forests NSW has assembled to model timber growth, harvest and product delivery over the lifecycle of plantations in the region.

The software enables Forests NSW to evaluate various options and choose the best solution. It handles the short-term and long-term with equal ease and is capable of establishing both the forest-to-mill delivery plan for the next eight weeks and the volume of logs that will be harvested in the next 70 years.

The software is also flexible enough to cope with business change. For example, when sawmills change their log specifications it can reflect the new details without significant redevelopment. And Forests NSW can build in revenues from new developments like carbon accounting and the sale of carbon credits.

In a growing industry, the software enables Forests NSW to meet current plantation timber demand and plan for the future. It has already proved a success and has the potential to deliver an estimated ongoing saving of \$4 million per annum when applied to all business regions.

Photo caption: (L to R) Forests NSW former Chief Executive Officer, Peter Duncan, forester Jules Crawshaw, and NSW DPI Director-General, Barry Buffier pictured with the gold award in the 2005 Premier's Public Sector Awards, won for Forests NSW innovative forest modelling software.

SCIENCE AND RESEARCH DIVISION

Undertakes strategic science and research that underpins the growth, sustainability and biosecurity of primary industries in NSW.



Science and Research Division

Nature and scope of activities

NSW DPI, through the Science and Research Division, undertakes over 80 per cent of public sector research and development (R&D) for primary industries in the State. Research conducted by NSW DPI is world class and was recently ranked in the top one per cent of world research institutions in agricultural science, and plant and animal science.

Our role is to develop innovative solutions and technologies to enhance the growth, sustainability and biosecurity of NSW primary industries. To achieve this, we coordinate research investment across hundreds of projects, foster alliances and cooperative ventures, conduct testing for industry at internationally accredited laboratories and lead agricultural policy development.

The Division employs over 800 professional and technical staff, who work from centres of excellence and research stations across the State. The Division comprises six branches:

- **Production Research** – provides research and develops improved technologies to enhance the productivity and sustainability of horticulture, viticulture, animal production and aquaculture industries in NSW.
- **Resources Research** – responsible for four major programs: Forest Resources, Salinity and Catchment Hydrology, Climate Sciences and Irrigation Research, and Soils, Recycled Organics and Remediation Technologies.
- **Systems Research** – responsible for five major programs: Aquatic Ecosystems, Northern Farming Systems, Pastures and Rangelands, Southern Farming Systems, and Wild Fisheries.
- **Health Science, Strategic Alliances and Evaluation** – responsible for five major program areas: Plant Health Sciences, Animal Health & Food Sciences, Vertebrate Pest Research, Weeds Research, and Economics Research, and also coordinates NSW DPI's strategic science alliances and economic evaluation.
- **Research Operations** – responsible for managing biometrics, taxonomy and, commercial diagnostic laboratories for veterinary pathology, analytical chemistry, residues analysis and plant health. The Branch also coordinates centres of excellence and animal ethics committees.
- **Rural Innovation** – delivers world class research and development in plant and animal genetics and biotechnology.

In 2005-06, our budget was \$80.9 million, half of which came from external sources. The return on that investment is estimated to be, on aggregate, in the order of 15 to 40 per cent with additional environmental and social benefits of at least the same order.

Major outcomes achieved

Innovative technologies and practices

FutureDairy

The \$10.6 million FutureDairy project, a partnership involving NSW DPI, Dairy Australia, Sydney University, DeLaval and industry partners, is delivering results. As part of the project, we are adapting and evaluating an automated milking system for Australian pasture-based dairy farm conditions, with a view to improving the working environment and lifestyle of dairy farmers.

Another FutureDairy module targets improvements to pasture and feeding management with the aim of increasing dairy productivity and profitability to well above current industry standards. Results to date include the finding that fodder production is significantly boosted when three complementary crops are grown in succession. Examples are nitrogen-fixing crops such as legumes, deep-rooted plants (eg canola), and a bulk crop (eg maize).



An automated milking system has been installed at the Elizabeth Macarthur Agricultural Institute and is being adapted for Australian conditions as part of the FutureDairy project.

Electronic sheep management

As a NSW DPI research scientist told growers at a 2006 conference, the 'modern face' of sheep farming is individual animal management. And, with recent research breakthroughs on the use of electronic tags, this is closer to becoming a reality.

NSW DPI and the Sheep Cooperative Research Centre achieved a number of advances in 2005-06 including:

- automated measurement options such as on-farm fibre measurement
- new measurement tools, such as walk-through weighing
- radio frequency identification, integrated with measurement systems, which allows for more efficient data capture, data storage and information recall
- the capacity to make selection decisions in real time that either eliminate the need for permanent identification and/or allow adding of further data to historical information so that decisions can be made on the spot.

One of the research components was a pilot project to test the use of electronic tags in determining pedigree in sheep flocks, normally a time-consuming and expensive process. The pilot found that ewes and lambs could be associated by their proximity on sequential reading of electronic tags at a single point.

Uptake of biometrics research

Multinational companies Pioneer and Monsanto are among 800 licensees of ASReml, a bioinformatics package that reflects the latest developments in residual maximum likelihood research. NSW DPI developed the first version of ASReml and prepared the mark II package for public release with IACR-Rothamsted. ASReml was originally developed because of a need to analyse large amounts of complex data arising in crop variety evaluation programs. The new version is relevant to both plant and animal breeding.

Crop and pasture variety releases

NSW DPI licensed seven crop and pasture varieties for commercialisation in 2005-06. Varieties released include:

- Yurambie – a high yielding, disease-resistant feed barley suitable for the south-western slopes of NSW and Victoria. The grower-owned Waratah Seed Company markets the barley.
- Pegasus – a high yielding lucerne variety that has excellent pest and disease resistance and is suitable for short-term rotational cropping systems. Pegasus is the first variety released by the Lucerne Alliance that comprises NSW DPI, the Grains Research and Development Corporation and SeedMark.
- Durum wheat line (line E) – a high yielding, disease resistant durum wheat cultivar for pasta and couscous production. Line E is suitable for all Australian growing regions.

Eradicating and managing risks posed by pests, diseases and chemicals

QX-resistant Sydney rock oysters

With funding from the Fisheries Research and Development Corporation, NSW DPI is investigating disease resistance mechanisms in collaboration with Macquarie University and working closely with the industry-based Select Oyster Company to promote adoption of selectively bred Sydney rock oysters resistant to QX disease. The project has released over 9.5 million resistant oyster spat to industry this year.

The project builds on NSW DPI's Sydney rock oyster breeding program, the success of which was demonstrated in experiments in the Hawkesbury River. These showed significant increases in oyster survival and growth rates in selectively bred oysters compared to controls, confirming earlier laboratory-based results. QX mortality was reduced to 13 to 20 per cent, compared to 70 to 80 per cent in controls, and the oysters were nearly a third larger.

Integrated pest management for lettuce

NSW DPI is leading a national integrated pest management (IPM) project, funded in part by Horticulture Australia and AUSVEG, to control the currant lettuce aphid. This is an exotic pest that has become established in Australia. The aphid could be potentially devastating for the lettuce industry because it prefers to shelter within the lettuce head and hence is difficult to reach with foliar insecticides. It has also developed resistance to all chemicals previously used against it elsewhere in the world.

The national project aims to develop and demonstrate IPM of currant lettuce aphid and other lettuce pests, identify regional barriers to IPM adoption, and address some of those barriers. This financial year the project focused on evaluating IPM strategies on demonstration sites in Tasmania and Victoria. Use of an IPM strategy over a single season was shown to be effective in Tasmania; however, further testing is needed in a wider variety of conditions and growing areas.

Controlling disease in pigs

In 2005-06 the Australian Research Council announced a \$1 million grant for a research project to find an antibiotic-free control of proliferative enteropathy, commonly known as ileitis, a significant disease in pigs. The three-year project, to be conducted jointly by NSW DPI, the University of Sydney and a German pharmaceutical company, will develop management options, including vaccination, to control the disease that affects nearly 56 per cent of Australian pig herds.

Carp management

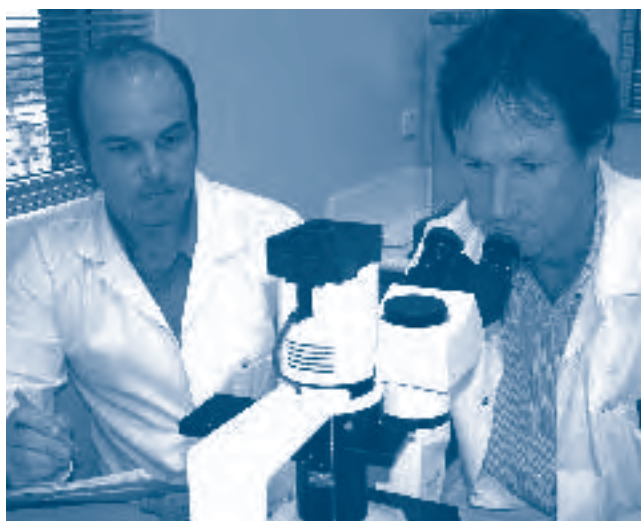
Under a Pest Animal Control Cooperative Research Centre project, NSW DPI made some important findings on the population dynamics of carp in NSW. We found that carp

reproduction is restricted to a small number of key spawning areas rather than widely spread throughout river systems. This has important implications for carp management, as we can now target carp control activities at a relatively small number of 50-kilometre reaches.

A new project funded by the Invasive Animals Cooperative Research Centre will use the Barmah-Millewa Forest on the Murray River floodplain as a demonstration site for targeted carp control. The forest covers 70 000 hectares upstream of Moama-Echuca and has been identified as the source of most carp recruitment in the Murray – Riverina.

Accreditation for dioxin testing

NSW DPI laboratories at Wollongbar received internationally recognised NATA accreditation for a new DR CALUX® test for dioxins and dioxin-like contaminants in food and the environment. The test, which is cheaper and faster than traditional tests, will improve the management of contaminated sites and potentially increase food safety. It gives an extremely accurate measure of the dioxins and dioxin-like polychlorinated biphenyls that may be present in fish, animals, soils, sediments and food. The NSW DPI laboratory is the only laboratory in Australia to have received NATA accreditation for this test.



Senior Research Scientist Lukas Van Zwieten (left) and Environmental Scientist Steve Kimber evaluate cells used in the CALUX test licensed by NSW DPI to accurately detect dioxins in seafood.

Agricultural scientific collections

NSW DPI completed over 15 000 identifications of insects and mites including identification from samples gathered in surveys for exotic fruit flies, yellow crazy ants, red imported fire ants, currant lettuce aphid, western flower thrips, Asian gypsy moth, wheat curl mite and grape phylloxera. This produced over 8000 additional records for the Agricultural Scientific Collections Unit insect and mite database.

Samples examined for the presence of suspected exotic species resulted in the detection of the currant lettuce aphid in NSW and an incursion of verticillium wilt in lucerne seed.

Sustainable development

Conservation farming

Commercialisation of NSW DPI's StubbleStar® invention is proceeding through the Weeds Cooperative Research Centre. StubbleStar® is a novel seeding attachment that reduces weeds by up to 30 per cent and fuel use during sowing by up to 60 per cent, thereby reducing the risks that pests and chemicals pose. The StubbleStar® team was successful in obtaining additional funding for commercial prototypes, market analysis and business planning. ABC TV's New Inventors program featured the invention in the November 2005 finals.

Salinity management

Collaborative research led by NSW DPI with contributions from the Department of Natural Resources on the causes of salinity is delivering results that challenge conventional thinking on effective salinity management in NSW. The findings are from an intensive study of eight key sites that represent a variety of climate, geology and land uses across the State. One of the sites has quantified that conversion from annual crops to perennial pasture with tree belts has reduced recharge to below measurable levels and halved the amount of salt and water leaving the catchment. Other sites are showing that:

- introducing perennials to cleared land will not necessarily address salinity
- salinity investments must be based on a thorough understanding of local hydrology and geology
- salt movement to streams can be significantly reduced by managing soil health and ground cover – both of which will improve farm productivity
- removal of annual crops from some alluvial flats would allow encroachment of saline aquifers onto prime agricultural land.

Role of recycled organics in mine site rehabilitation

Recycled organics are proving to be very effective amendments for use in the rehabilitation of open cut mine spoil. The use of recycled organics provide nutrients whilst ameliorating the possible negative effects of mineral fertiliser. Understanding the role of different recycled organics products in maximising the survival and growth of plantation species allows appropriate combinations of recycled organics to be used to overcome site specific problems. Recent examples include the following:

- recycled organics (soil conditioner, municipal waste compost) improved survival rates compared with other treatments
- biosolids, and biosolids in combination with mulch, improved growth

- amendment of the soil with recycled organics (in particular mulch) increased soil moisture.

Mulch significantly reduced the weed growth (particularly in biosolids plots) in addition to improving soil moisture and moderating soil temperature. These conditions led to improved tree growth, superior to that of biosolids or fertiliser alone.

Barking owl research benefits foresters

New knowledge about a vulnerable species, the barking owl, is delivering two-fold benefits in the central north of NSW.

Following discovery of a substantial population of barking owls in the Pilliga State Forests, NSW DPI researchers studied the owls' habitat requirements. The research findings then fed into the development of a new set of forest management prescriptions for the species in the Southern Brigalow Region. The prescriptions should not only increase protection for the owl and its habitat, but also reduce the level of uncertainty sawmillers face about future wood supplies in the region.

Grey nurse shark reproduction

In 2006 NSW DPI commenced research into artificial breeding of the endangered grey nurse shark. Progress to date includes:

- an initial examination of the histology of the female grey nurse shark reproductive system
- collection of samples from female wobbegong sharks which are being used as a 'model' for grey nurse sharks
- examination by ultrasound machine of embryonic development in pregnant wobbegongs
- construction of a prototype artificial uterus.



Doctor Megan Storrie, Shark Reproductive Biologist from the Port Stephens Research Centre working with a live transponder tagged Wobbegong shark.

Havens improve recreational fishing

NSW DPI scientists recently compared the catches of recreational fishers in two NSW estuaries before and after they were declared recreational fishing havens. The goal in establishing the havens, which are either fully or partially closed to commercial fishing, was to improve recreational fishing opportunities.

Detailed research studies on recreational fish catches were completed in Lake Macquarie and Tuross Lake during 1999-2000, before declaration of the havens, and repeated in 2003-04 after haven implementation. The study showed that estimated total catches of some key species such as bream, whiting, and flathead were greater in the post-haven period, as were the average sizes of the same key species.

Restoring agriculture in Aceh

A team of NSW DPI scientists is working in eastern Aceh, Indonesia, to rehabilitate soils and restore cropping following the December 2004 tsunami. The Australian Centre for International Agricultural Research is providing funding.

The team's first steps included training local staff in the use of an EM38, which can measure salinity in soil to a depth of one metre. This allowed farmers to avoid trying to establish crops on highly saline soil that would result in crop failure.

Communities and primary industries prepared for managing risks

Seasonal climate forecasts for wool producers in western NSW

A three-year research program based at Trangie Agricultural Research Centre has shown that the Southern Oscillation Index Phase System, with outlooks based on (simulated) pasture growth rather than rainfall, is the best seasonal risk assessment method for western NSW.

The system is most reliable in winter and spring. To assist graziers with decisions at other times, the project defined trigger points for decision-making based on historical patterns of pasture growth. Trigger points are calendar dates defining the start of periods of minimum or maximum growth potential and are critical to decisions on the sale or purchase of stock. The research defined pasture growth profiles for 27 locations which landholders can use to define the trigger points for their properties. The report on the research findings, *Betting on rain: Managing seasonal risk in western NSW*, is available free to landholders.

Climate risk management tools

CropMate was developed to provide farmers with a formal tool to integrate decision making at the strategic, tactical and operational levels. The framework (CropMate) is a spreadsheet based tool that integrates up to date climate data with enterprise budgets. It was developed

in conjunction with farmers and NSW DPI advisory staff and is being further modified to be delivered through the Climatology in Agriculture extension program.

The *Climate Drafting Gate* was developed through the Land, Water and Wool Alliance for the high rainfall and sheep-wheat belts of Australia by a team of research and extension staff from NSW DPI, South Australian Research and Development Institute and Queensland Department of Primary Industries and Fisheries. The *Climate Drafting Gate* is a series of 'climate basics' fact sheets and accompanying spreadsheet based tool that directs users to the most relevant climate information on the Internet.

The Climate Variability Analyser (CVA) was developed to assist climate researchers better understand the climatic risks associated with different periods of crop growth (e.g. risk of frosts at flowering, probability of seasonal break). The CVA is a tool to easily analyse and visualise historical climate records, crop yields and other variables of interest that are routinely used in seasonal climate forecasting studies.

Increasing industry competitiveness

New feed testing service

The State's first comprehensive Feed Quality Service, which can make an objective assessment of livestock feed quality, started operation in May 2006 at Wagga Wagga's Agricultural Research Institute. Assessment allows primary producers to compare feeds according to nutritional value and value for money. The service, which is NATA-accredited, is tailored to producers' needs for assessing pasture, hay, forage, silage, grains or mixed rations.

NSW DPI continued to promote laboratory testing of feedstuffs through programs like PROGRAZE and TopFodder Silage as part of standard management practice to minimise costs and maximise profits. Both objectives have become even more important as beef and lamb production systems intensify and the use of supplementary feeds increases.

NSW Centre for Animal & Plant Biosecurity

In March 2006, the Minister launched the NSW Centre for Animal and Plant Biosecurity, an alliance between NSW DPI's Elizabeth Macarthur Agricultural Institute and the University of Sydney's Veterinary and Agriculture Faculties. The Centre will be a key node of our national biosecurity science network.

Benchmarking our research

As with most science based organisations NSW DPI assesses the performance of its research work by reviewing the impact of its research publications compared to other similar organisations. An independent international organisation, Thompson ISI, ranks NSW DPI in the top one per cent of institutions world wide in the fields of Agriculture and Plant and Animal Science based on the impact of its publications.

This comparison is based on indexing over 8700 internationally peer-reviewed journals in the sciences, social sciences and the humanities, and is the largest interdisciplinary database in the world.

Similarly Australian benchmarking shows that the Department's scientists have a high impact in the Australian science community. For example, in 2006 Departmental scientists contributed to three out of the top twenty most read articles in the Australian Journal of Entomology including the most widely read article.

The high impact of Departmental science is a strong indicator of the quality and of the relevance of Departmental research. We continue to monitor these trends to ensure that NSW DPI science is oriented to the needs of our stakeholders, is of a high quality, and is widely disseminated.

Significant issues

Maintaining disease response capability

NSW DPI maintains 11 NATA-accredited veterinary, plant health and chemical diagnostic laboratories to enable the state to respond to exotic disease outbreaks and food safety emergencies. To partially offset the \$12 million annual cost of maintaining this capability, we provide a commercial diagnostic and analytical service to internal and external clients. Earnings from the service in 2005-06 were less than predicted due to the drought and changes in the international market place.

To manage the setback we:

- restructured veterinary diagnostic activities to reduce costs while maintaining the service levels
- broadened the service base by introducing new and expanded commercial services in olive oil testing, feed quality analysis and dioxin detection
- improved capability for detecting an expanded range of pesticide residues in fruit and vegetables.

Continued careful management of commercial services together with capture of emerging opportunities should enable us to maintain a cost effective response capability which is an important public benefit.

Evaluating environmental and social public goods

The nature of applied primary industries R&D is such that nearly all research projects provide a complex mix of public and industry benefits which are economic, environmental and social in nature. But, unlike economic benefits, environmental and social impacts are difficult to assess. To take the subjectivity out of assessment, NSW DPI is working with economists and biologists at Charles Stuart University and the University of New England to integrate

farm and catchment-level bio-economic modelling with ecological modelling and environmental valuation research.

Science Review

In July 2005, the then Premier established a Review of Scientific Research in NSW Government Agencies. As the largest research organisation reviewed, NSW DPI provided substantial information on its research portfolio and the significant public benefits derived from this research investment. This is the latest in a number of reviews of NSW DPI research or that conducted by the former agencies incorporated in NSW DPI. The review will enable a greater understanding of the extent and complexity of NSW DPI research as well as the significant economic, environmental and social benefits of this research.

Future directions

The development in 2005-06 of a three-year strategy for science and research priorities in the primary industries sector will provide our research with even greater focus. The strategy centres on developing innovations, increasing market access for NSW producers, and improving risk management. It also outlines government priorities, targets and performance indicators until 2008 along with a framework for investment that aims at maximising stakeholder benefits.

Under the strategy, decisions on research funding will be made after determining the:

- appropriateness of the issues – addressing questions such as market failure, alignment with corporate goals and state priorities, problem significance, appropriateness and capacity of the agency, and industry priority and support
- efficiency of investment strategies, including likely return on investment and achievement of targeted outcomes at least cost
- effectiveness of research and development approaches, including the likelihood of success, identification of beneficiaries and capacity to extend new knowledge.

The full strategy is on the NSW DPI website at www.dpi.nsw.gov.au/aboutus/resources/majorpubs/corporate/primary-industries-science-research-strategy-2005-08.

Science and Research Divisional performance				
	Units	2003-04	2004-05	2005-06
Outcomes:				
New crop/pasture varieties released	no	6	5	4
State market share of varieties developed by the Department				
wheat	%	31	35	40
canola	%	55	55	55
soybeans	%	85	85	85
chickpeas	%	60	65	50
lupins	%	60	65	55
lucerne	%	40	45	40
Formal alliances with universities and other research partners	no	21	24	32
Outputs:				
Scientific and educational publications	no	797	804	1237
Intellectual property arrangements in place	no	65	68	72
Samples processed by departmental laboratories	no	409 637	270 000	265 319

CASE STUDY

Excellence in service delivery to stakeholders



The good oil

The Australian olive industry is reaping the benefits of access to a one-stop-shop for olive oil research, commercial testing and technical information. This is the Department's Olive Oil Research and Diagnostic Laboratory at Wagga Wagga. Accredited to international standards, the laboratory is the only one in Australia able to service all the olive oil industry's needs and has gained a reputation for excellence both nationally and overseas.

Nearly all Australian olive oil is screened through the laboratory. Although Australia is only a small producer by global standards, our extra virgin quality olive oil constitutes eight per cent of the world's premium product. With half of this oil sold overseas, the laboratory enables the Australian product to meet stringent export quality assurance requirements.

The laboratory's commercial arm, which undertakes chemical analysis, has grown more than tenfold in the past four years. Given predictions that the

Australian industry will triple in size by 2010, demand for chemical analysis should continue to soar, as should demand for organoleptic testing.

Organoleptic testing is subjective testing using the human senses. In establishing the service, NSW DPI set up a 21-person sensory panel, which trained under international experts for three years. Now certified by the National Association of Testing Authorities, the panel is unique in Australia and highly regarded within the industry. The Australian Olive Association deems it 'an invaluable resource for our Australian olive oil industry and the authenticity of extra virgin olive oil'.

As the laboratory pushes for higher accuracy and speed, it must continually develop new methods and equipment. One priority will be adopting better methods to identify fraud and adulteration of olive oil, which is becoming more difficult to detect through traditional means. Through close affiliation with European laboratories and commitment to excellence, the NSW DPI laboratory is determined to maintain its status as a cutting edge facility.

Photo caption: Dr Rod Mailer, Principal Research Scientist (right), and Mr Jamie Ayton, Technical Officer, discuss an olive oil sample sent to the Wagga Wagga laboratory by the International Olive Council (IOC). This is being analysed as part of the annual accreditation of the laboratory by the IOC.

CASE STUDY

Excellence in service delivery to stakeholders



Sowing the seeds for success in Cambodia

For poor farming families in upland Cambodia, a current NSW DPI project will potentially do more than lift their agricultural output. It will improve their standard of living.

Begun in 2003, the project aims to help overcome social, economic and production constraints to crop diversification in Cambodia and introduce better agronomic management practices. And, according to a recent review, it should have a huge impact.

The focus crops – maize, soybeans, peanuts, mungbeans, sesame and cowpeas – are showing good yields and individual farmers are taking up some of the techniques promoted through trials and field days. These include the environmentally sound practices of zero tilling, crop residue mulching and integrated pest management, an approach that encourages reduced pesticide use.

For the farmers in the Battambang and Kampong Cham provinces where the project is running, the longer-term results will be increased cash income and greater food security. Progress is already evident in significant capacity building within the Cambodian agricultural fraternity as the farmers and project team members work in partnership on local research.

The NSW DPI team is funded by the Australian Centre for International Agricultural Research and is led by Dr Bob Martin. The other team members are economists Dr Bob Farquharson and Fiona Scott, research agronomist John Holland and district agronomist Stephanie Belfield.

Photo caption: Cambodia case study – John Holland Research Agronomist Tamworth, Australian volunteers Wes Leedham and Kelly Baker taking soil samples in Kampong Cham Province Cambodia.

BIOSECURITY, COMPLIANCE AND MINE SAFETY DIVISION

Manages biosecurity risks impacting on NSW primary industries to enhance market access, protect human health and the environment. Responds to emergencies and disasters and promotes safety in the mining industries.



Biosecurity, Compliance and Mine Safety Division

The Biosecurity, Compliance and Mine Safety Division manages biosecurity risks impacting on NSW primary industries to enhance market access, protect human health and the environment. We also respond to emergencies and disasters and promote safety in the mining industry.

The Division comprises six branches:

- **Animal and Plant Biosecurity** – safeguards domestic and export markets for NSW agricultural products.
- **Surveillance and Biosecurity Operations** – provides accurate and timely surveillance information and operational responses.
- **Emergencies and Strategic Response** – minimises the impact of pests, weeds, disease, natural disasters and agricultural and animal emergencies.
- **Compliance Standards** – manages the Division's legislative program and coordinates input to legislative review and new proposals.
- **Agriculture and Fisheries Compliance Operation** – ensures compliance with NSW DPI legislation on agriculture and fisheries.
- **Mine and Forest Safety Performance** – develops and manages policy, systems, regulation and enforcement to improve mining industry safety.

Major outcomes achieved

Minimise risks posed by pests, disease and chemicals

Australia declared BSE-free

One of the year's highlights was recognition by the World Organisation for Animal Health of Australia as a country free of Bovine Spongiform Encephalopathy (BSE) – a result achieved after sustained surveillance and monitoring of the ban on feeding meat products to ruminants. BSE-free recognition crowns years of effort by NSW DPI and Rural Lands Protection Board staff, private practitioners and cattle producers. This ensures continued market access for Australia's \$4.9 billion beef export industry.

National identification of cattle, sheep and goats

To meet our international and national market access obligations for animal health, implementation of the National Livestock Identification System for cattle continued throughout the year. All cattle must now be identified with an electronic tag and their movements recorded on the national database. Monitoring of saleyards and abattoirs confirmed a progressive increase in the number of cattle scanned and uploaded into the database. NSW DPI worked

closely with Meat and Livestock Australia (which manages the database) to enhance our ability to trace and monitor the movements of stock of regulatory interest, such as imported and stolen cattle. The successful implementation of the system allows NSW to abolish the use of tail tags, a much more limited tracing device, from 1 July 2006.

The National Livestock Identification System for Sheep and Goats commenced on 1 January 2006 with the requirement that all lambs and kids born after that date must be identified with a visually readable ear tag. All sheep and goats movements must be recorded on a movement document. NSW DPI is developing procedures to monitor system compliance and effectiveness over the next year.

Property identification codes (PICs) are fundamental to the operation of the systems for both cattle and sheep and goats. A major review of our PIC register over the past two years will ensure that available data is as complete and accurate as possible. There are currently about 82 000 PICs allocated in NSW.

Ovine Johne's disease management

Following a review, NSW DPI revised the animal health statement to simplify the form and make it easier for purchasers to detect risky sheep. The renamed sheep health statement commenced in April 2006.

We also conducted an internal review of Ovine Johne's disease (OJD) exclusion areas. The majority of Rural Lands Protection Boards involved indicated their continuing support for the concept.

Abattoir monitoring for OJD continued in the four major export abattoirs, underpinning the division of NSW into high, medium, low and very low prevalence areas and driving the uptake of OJD vaccine. Monitoring showed a marked reduction in OJD-positive consignments from the high prevalence area compared with previous years, possibly due to the high level of OJD vaccination. Monitoring also established that few sheep from the very low prevalence area were OJD-positive. This finding enabled producers in this area to reduce costs by limiting vaccination to abattoir-positive and high value flocks.

Abattoir monitoring of other sheep diseases

In January 2006, abattoir monitoring of adult sheep for OJD was extended to include monitoring for other conditions including endemic diseases such as liver fluke, hydatids, tapeworm cysts, nodule worm damage to intestines and pleurisy/pneumonia. Analysis of more than 1200 abattoir lines confirmed the presence of liver fluke damage in 36 per cent of lines and 14 per cent of all animals inspected. Hydatids, which affect human health, were detected in one per cent of lines inspected.

Newcastle disease

Now in its fifth year, the Newcastle Disease National Management Plan aims to reduce the risk of Newcastle disease of both endemic and exotic origin. The cornerstone of the plan is compulsory vaccination of commercial chicken flocks in different jurisdictions. NSW led the way through the early establishment of a vaccination registry under the management of a senior veterinarian and this year audited vaccination outcomes. The audit contributed significantly to the on-going refinement of vaccination requirements.

The plan's success is evident in the lack of Newcastle disease outbreaks in poultry since the introduction of compulsory vaccination.

Pest animals

NSW DPI is the principal agency in pest animal control, providing legislative support, research, training and extension services to pest managers and landowners. This year we boosted control capacity by training 64 front-line pest animal managers from across a range of agencies and industry. The NSW Department of Environment and Conservation has recognised the comprehensive nature of the training and will only authorise officers to use 1080 poison after they have completed the program.

NSW DPI coordinated the annual wild dog aerial baiting program in the NSW eastern tablelands where significant livestock losses occur. This year the Australian Department of Environment and Heritage determined that the program was not environmentally damaging according to Commonwealth legislation, a critical decision as far as its long-term viability is concerned.

Aerial baiting, which is part of an integrated control approach, led in 2005-06 to a decrease in the number of reported cattle and sheep deaths caused by wild dogs.



NSW DPI Vertebrate Pest Management Course coordinator (Rob Williamson) explains some of the pest animal trapping options to this year's capacity filled class that were representing ACT Government, regional councils, private contractors and other NSW government agencies.

Biosecurity, Incident Response and Tracing system (BioSIRT)

May 2006 marked the launch of an important national project. This was the development of BioSIRT, a standardised national system that NSW DPI will use in planning for and responding to emergencies and conducting biosecurity surveillance and related activities. NSW DPI will guide the design phase of the project and has appointed a manager to supervise the design process.

When complete, BioSIRT will allow a consistent national response to possible events such as an avian influenza outbreak and alleviate some of the historical cross-jurisdictional problems of the past in managing emergencies across state borders.

Plant pest incursions

NSW DPI undertakes surveillance to identify new plant pest incursions into NSW and, if detected, to map their distribution – actions that aim to ensure optimal access for NSW producers to Australian and overseas markets. This year major surveillance operations centred on one actual and one potential horticultural threat.

Intensive surveillance of the currant lettuce aphid *Nasonovia ribisnigri*, a serious pest of lettuce in Europe and New Zealand, confirmed that the aphid was widespread in the Sydney Basin and evident in a number of other areas. In total there were 336 inspections involving a wide range of NSW DPI personnel, many working in an emergency plant surveillance operation for the first time.

The yellow leaf curl virus affects tomatoes but also has a wide host range including capsicums, eggplants and beans as well as some nursery plants and weed species. NSW DPI horticulturalists began intensive surveillance of tomato crops in April 2006 but by mid June had made no positive detections. The survey was important in determining regional virus status and whether NSW should impose movement restrictions and/or treatment conditions on tomato seedlings, plants or fruit from Queensland, which are virus-affected.

Weed control

NSW DPI boosted the skills of farmers and others at the frontline of weed control through the award winning Weed Ed project. Developed in conjunction with the Weed Cooperative Research Centre, the project included training for local government weed officers and preparation of resources to improve weed management and reduce tillage and residual herbicide use. It won the 2006 Australian CRC Association innovation award for Education, Training and Public Outreach.

In addition, NSW DPI supported commencement of the amended *Noxious Weeds Act 1993* by conducting a series of briefings to local control authorities. The amendments are

assisting local government carry out weed control functions by making responsibilities clearer, and improving their ability to address potential weed problems.

Chemicals in aquaculture

Following detection of unapproved chemicals in domestic and imported fish, NSW DPI initiated a project to promote more responsible chemical product use in the aquaculture industry. We worked closely with the National Aquaculture Council, the Australian Pesticides and Veterinary Medicines Authority and NSW fish producers to put in place a more effective process for gaining access to approved chemicals. The new process will assist NSW and national expansion of an industry in which few approved products are available for disease and pest control.

Plant biosecurity

NSW DPI coordinates NSW Government's input into Australian policy development on the importation of agricultural plant products by reviewing Biosecurity Australia's import risk analyses. In 2005-06 we reviewed reports on the importation of table grapes from Chile, sweet oranges from Italy, Tahitian limes from New Caledonia, pears from The People's Republic of China and apples from New Zealand. These reports were examined from a NSW perspective and comments provided to Biosecurity Australia.

In other biosecurity activities over the year, we led surveillance of the exotic pest yellow crazy ant on Goodwood Island at the mouth of the Clarence River. The Goodwood Island port supports weekly traffic to Norfolk and Lord Howe Islands and so biosecurity risks are significant.

Fruit fly

The major developments with important economic consequences in 2005-06 were the reinstatement of all production areas in the fruit fly exclusion zone (which includes Hillston, Griffith, Leeton and Narrandera) for domestic trade and the determination that conditions for greater trade access, especially to the United States, had been met. Reinstatement allows fruit to move from these areas without the need for treatments for fruit fly.



NSW DPI staff check fruit to ensure enhanced market access.

Communities and primary industries prepared for managing risks

Preparedness for avian influenza

The presence of highly pathogenic avian influenza in many parts of the world continues to present a risk to Australia, although that risk is currently estimated as low. NSW DPI was active on a number of fronts to reduce the risk of the disease, minimise the impact of an outbreak and educate both industry and the general public. Our aim is to ensure an effective whole-of-government response.

In order to have the right framework in place, NSW DPI developed and reviewed policies and response procedures, including procedures for in-house destruction and disposal of commercial poultry and the establishment of local control centres. Veterinary field staff coordinated workshops around NSW on world trends occurring with avian influenza, the clinical signs of the disease, collection of samples, and institution of health precautions. All participants found the workshops informative.

On-farm exercises improved local preparedness for a possible outbreak while Exercise Eleusis tested overall readiness at state level. This national exercise confirmed that NSW systems and arrangements are robust and suitable for responding to an avian influenza incident. The lessons that NSW DPI, other NSW government agencies and industry learned in the process are being integrated into our on-going preparedness program.

In view of the need for coordinated public communication in the event of an outbreak, NSW DPI facilitated the development of state-level policies and protocols on media and public relations management. We published a range of informative material to ensure that the public and industry have the facts on avian influenza.

A national emergency plant pest response

In 2005-06 NSW, along with the Australian Government and all other state and territory governments, signed the Emergency Plant Pest Response Deed. The deed, which the majority of Australian crop and horticulture industries and Plant Health Australia also signed, provides a cost-sharing framework to manage disease and pest outbreaks currently exotic to Australia. It will maximise the potential for eradication or effective control of pests and assist in maintaining the disease-free status of many Australian crops. All signatories to the deed must develop biosecurity plans for relevant industries.

Drought assistance

Assisting producers affected by the prolonged drought remained a critical area of activity. At 30 June 2006, 89 per cent of the State was drought declared.

During 2005-06 NSW DPI:

- handled over 652 calls on the drought hotline
- processed 14 785 transport subsidies worth more than \$14.7 million for agistment, fodder and water.

Rural communities continued to praise the work of our drought support workers in assisting producers to deal with the impacts of drought.

NSW emergency pest and disease first response team

The annual team review led to the establishment of a new-look team that includes staff from all NSW DPI branches and some Rural Lands Protection Board personnel. Activities aimed at enhancing the team's preparedness for a pest and/or disease incursion included:

- workshops to develop response skills, supporting policies and procedures and operational systems
- training for personnel to gain relevant national competencies
- simulations to test systems, procedures and policies.

Next year the team will expand to include some of the 300 NSW DPI staff who expressed interest via survey in assisting with emergency response.

Response to general emergencies and natural disasters

NSW DPI responded to eight emergencies over the year and provided assistance to approximately 310 rural producers. A key element of the bushfires assistance was the successful fodder donation scheme, a joint initiative with the NSW Farmers' Association.

There were 18 agricultural natural disasters which caused over \$51 million in damage. The main form of assistance provided was low interest loans through the Rural Assistance Authority.

FrontGate

As part of boosting management capability for emergencies, natural disasters and disease incursion, NSW DPI completed development of a web-based inquiry system for land ownership and rural property identification. This will enable us to identify and contact relevant property owners in the event of any emergency. We are now rolling out FrontGate, as the system is known, to NSW DPI staff and conducting a small trial with Rural Lands Protection Boards. The Department intends to enhance the systems functionality so that rural clients can report the geographic locations of specific problems such as flood bound livestock.

Positive and productive partnerships

Rural Lands Protection Boards

NSW DPI works closely with Rural Lands Protection Boards and producers conducting surveillance to protect the State's livestock and livestock products. Together we look for the presence of exotic and notifiable endemic diseases and track other endemic diseases trends.

The already sound relationship between NSW DPI and Rural Lands Protection Boards will become even stronger after a review of the current memorandum of understanding on inter-agency cooperation. Both staff and stakeholders will make an input to the review.

All joint committees will continue to have a balanced NSW DPI/RLPB membership in the interest of coordinated policy development and communication.

NSW DPI contributed \$475 000 to the State Council of Rural Lands Protection Boards to assist them with operational activities. A further \$70 000 was also contributed to State Council for the Travelling Stock Reserves capital works fund.

Further cementing the relationship, 12 board officers commenced the Certificate IV in Government (Statutory Compliance) course that NSW DPI is running for our own compliance officers.

A cooperative approach to pesticide residues in food

Together with the NSW Food Authority and Department of Environment and Conservation, NSW DPI analysed the NSW management framework for pesticide residues in food products. The analysis identified opportunities for increased efficiencies through reducing duplication in the three agencies' policy, regulatory and advisory activities and through improving coordination.

A joint strategic plan for the future management of pesticide residues in food is now under development and will include innovative proposals for monitoring and surveillance.

Community confidence in primary industries is enhanced

Electronic cattle tick surveillance for the Queensland border

The cattle tick, *Boophilus microplus*, is the most serious external cattle parasite in Australia. If uncontrolled, it would cause severe financial loss to the beef and dairy industries. Stockowners and NSW DPI are therefore working together to control and eradicate the tick in the far north-eastern corner of the state.

Electronic surveillance is currently in place to monitor livestock transport movements from the Queensland cattle tick-infested area into NSW. Following the development of project specifications this year, electronic surveillance will be

extended in 2006-07 to all crossings that adjoin the infested area of Queensland. The project will enhance surveillance of border crossings at a reduced cost.

Joint seafood compliance operation

In a three-month compliance operation, NSW DPI and the NSW Food Authority checked close to 300 restaurants, seafood retailers, wholesalers, processors and commercial fishers between Tweed Heads and Eden. Officers determined if seafood had been obtained legally, if the sale description was correct, and if the product had passed all NSW Food Authority requirements relating to traceability and correct labelling.

We found substantial levels of product substitution and incorrect labelling of the country of origin. In total there were 255 offences. As a result, the Food Authority took evidence for three prosecutions for substitution and labelling offences and issued 39 penalty notices and over 200 warning letters.

Compliance with NSW fisheries legislation was however very high. NSW DPI issued 19 written cautions and 5 penalty infringement notices.

New vessel on patrol

In December 2005 NSW DPI launched a new high-speed patrol boat, the *Sydney Swan*. The patrol boat is based on the South Coast at Batemans Bay and targets high-risk offenders in the abalone and rock lobster fisheries. Fisheries officers also use the boat for covert and overt patrols to ensure recreational and commercial fishers comply with NSW and Commonwealth fisheries legislation.



NSW DPI takes delivery of its new high speed patrol boat the 'SydneySwan'

Banana planting permits

A February 2006 compliance operation in the Richmond Tweed area checked on whether banana growers had a valid planting permit. The permit requirement minimises the risk

of transmission in new planting material of major banana pests, including banana bunchy top virus and panama disease.

NSW DPI officers inspected 20 plantations and found an overall compliance rate of 75 per cent, a disappointing result given that planting permits have been required for many years. Improvements to permit administration are planned as well as educational activities for growers.

The mining industry operates to best practice health and safety standards

Performance

This year is the first in NSW mining history that there have been zero fatalities – the 2005-06 statistics continuing the excellent results of the two previous financial years. The metalliferous mining sector has now been fatality-free for three years and both the coal mining and underground mining sectors fatality-free for two years.

The 2005-06 statistics however chart an increase in reported serious bodily injuries and notifiable incidents in the coal sector. Analysis of the former shows increases in injuries from falls and contact with hot fluids. In response, we conducted compliance investigations and issued safety alerts. The number of notifiable incidents is higher due to both increased industry activity and better reporting of unplanned movement in underground and open cut coal mines.

NSW mining industry safety performance statistics

	2004-05	2005-06
Fatalities	1	0
Serious bodily injuries (coal)	32	34
Serious injuries (non-coal)	10	19
Notifiable incidents (coal)	181	271
Dangerous occurrences (coal)	30	21
Dangerous incidents (non-coal)	95	109

Implementing the NSW Mine Safety Review (Wran Review) recommendations

The implementation of the Wran Review recommendations on improving mine safety was a major focus for the year. One of the key recommendations was the creation of a stronger Mine Safety Advisory Council with the ability to commission experts and conduct research into safety issues. This is now a reality. The Council, under the independent chairmanship of Norman Jennings, includes two independent health and safety experts and senior representatives from the mining industry organisations.

It is presently engaging experts to examine:

- working hours and fatigue
- production bonus payments and safety-based incentive schemes
- the apparent disconnect between management and workers
- the role of contractors and subcontractors in resolving occupational health and safety problems.

The other key Wran Review recommendation was the introduction of the Mine Safety Levy. As part of the introduction process, NSW DPI liaised with WorkCover NSW and Coal Mines Insurance to establish collection mechanisms for the levy on industry, which will exclusively fund NSW DPI's mine safety regulatory functions.

Legislation

2005-06 saw the introduction of the *Explosives Act 2003* and Explosives Regulation 2005. This NSW DPI-administered legislation puts in place a chain of control licensing regime in the mining industry for explosives and materials such as ammonium nitrate. The dangerous goods provisions of the Occupational Health and Safety Regulation 2001 also commenced during the year.

We consulted on new regulatory controls, namely the Coal Mine Health and Safety Regulation 2006, which were released for public comment, and the Mine Health and Safety Regulation for which we developed drafting instructions in consultation with industry.

Accident/incident investigation

NSW DPI aims to improve safety management in the mining industry through investigating major accidents and incidents for coroner's reports and legal proceedings. During 2005-06 we completed six serious and fatal accident investigations and laid a number of charges in relation to previously concluded investigations.

Accident/incident investigation statistics		
Performance statistics	2004-05	2005-06
Investigations commenced	2	5
Investigations completed	4	5
Investigations in progress at the end of year	2	4
Investigation reports submitted to the Coroner	2	1
Coronial inquests commenced	0	1
Prosecutions commenced	2	11
Successful prosecutions	6	3

The investigations concerned:

- the death of a contractor in a roof fall in an underground coal mine on 28 May 2004
- serious head injuries sustained by an employee when struck by a chain while working underground
- serious spinal injuries suffered by an employee while working underground on a continuous miner
- the death of a driver in a truck accident at a mine on 14 June 2005
- a high voltage electric shock suffered by a contractor while working on switch gear at a declared plant
- injuries to one contractor and exposure of another to risk in a truck accident in the decline underground at a mine.

Other investigations in progress include:

- participation in the Beaconsfield enquiry by a senior investigator
- a peer review of the New Zealand investigation into a fatality at Black Reef mine near Greymouth, NZ
- investigation into an accident involving an elevated work platform at Bulga open cut mine.

Communication

More than 3000 industry stakeholders received the three 2005-06 editions of our flagship publication, *Mine Safety Update*. Other publications included hard copy safety alerts, mine design guidelines, handbooks and codes of practice.

A communication strategy is in place for the implementation of the Mine Safety Levy. We began the upgrade and migration of the mine safety component of the Minerals section of the NSW DPI website to the new departmental site.

Benchmarking for improved performance

During 2005-06 NSW DPI commenced a self assessment against the recently established national animal health system performance standards to allow for benchmarking against other states and identification of areas for improvement. The intention is to ensure that effective systems are in place to control animal diseases and to allow NSW producers access to national and international markets. An external audit against the standards will be conducted in 2006-07.

A preliminary assessment against the standards indicates a high level of compliance, however two areas identified for continuous improvement were disease surveillance for market access and early detection of disease outbreaks.

Future directions

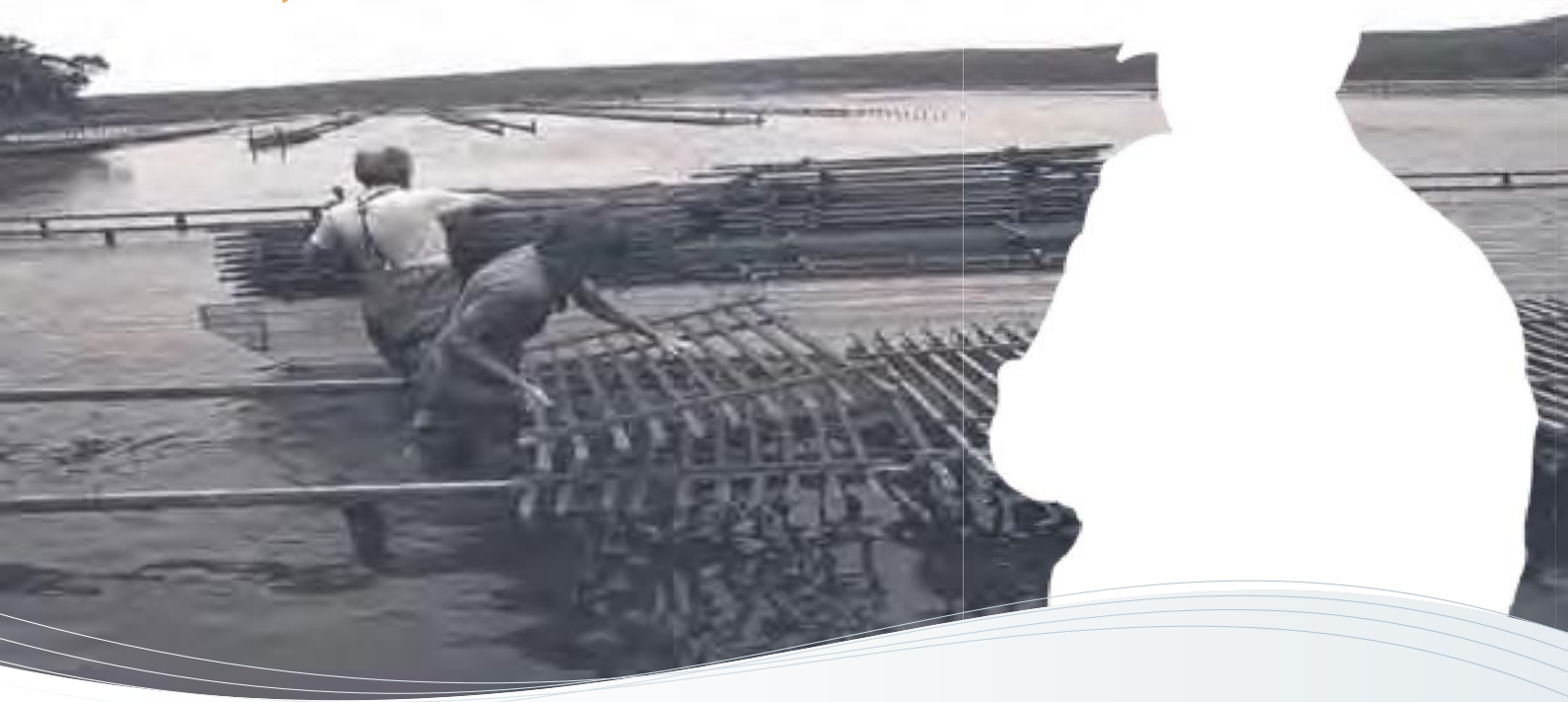
- Develop a biosecurity strategy and a comprehensive invasive species action plan for NSW.
- Improve animal and plant health legislation so that we institute better biosecurity management and explore a range of response options.
- Develop comprehensive NSW DPI and whole-of-government emergency response plans and maintain preparedness for emergencies.
- Support the national BioSIRT project to assist national management of emergency and routine plant and animal incidents.
- Engage primary industries in participating in programs to reduce the impact of pests and diseases on market access for livestock, plant and fish products.
- Lead, develop, and participate in state and national emergency response programs for drought, disease, pests and weeds.

Biosecurity, Compliance and Mine Safety Divisional performance

	Units	2003-04	2004-05	2005-06
Outcomes:				
Persons accredited in emergency response preparedness	no	144	193	340
Compliance rates for recreational fishers	%	89	88	90
Compliance rates for commercial fishers	%	91	91	91
Compliance rates for aquaculture	%	40	65	60
Outputs:				
Biosecurity plans to which the Department has contributed	no	68	104	227
Training programs for emergency response preparedness	no	15	18	18
Biological control agent releases	no	264	270	270
Attendees at workshop seminars relating to health and safety in the mining industry	no	2400	2400	2794
Major investigations (mining)	no	na	5	4
Prosecutions (mining – Investigation Unit reports)	no	Na	3	6
Prosecutions (fisheries)	no	326	460	528
Penalty notices (fisheries)	no	1660	2500	2378

CASE STUDY

Healthy and safe industries



Cooperative approach resurrects Hawkesbury River oyster industry

NSW DPI and assistance and industry hard work have revived oyster production on the Hawkesbury River following disastrous stock losses due to QX disease in 2005.

First came the clean-up of the dead oysters and cultivation materials. This was a Herculean task that involved the removal and disposal of more than 4000 tonnes of the dead oysters. Restocking of the cleaned up leases was with new hatchery-reared stock rather than through superceded stick culture methods. Restocking this way was environmentally sound. It is more technologically advanced as it involves the use of recyclable plastic oyster-growing infrastructure, not tar-treated products. At the same time as the clean-up, occupational health and safety practices were also improved, resulting in a healthier and safer work environment for the oyster farmers.

The impetus for industry revival came from a government assistance package in mid 2005. To reduce the environmental fallout of QX disease,

\$2.7 million was set aside for farmers to remove dead oysters and cultivation material from the estuary. NSW DPI staff managed the clean up program. As part of the package, farmers also received selectively bred QX-resistant Sydney rock oysters developed by NSW DPI researchers plus \$200 000 in funding for additional stock purchases. Testing has shown that the QX-resistant oysters have excellent survival and fast growth.

Support from the Department did not stop there. NSW DPI offered financial counselling to assist farmers in restructuring their businesses and developed state and commonwealth submissions to retain oyster-growing businesses on the Hawkesbury River. And, to understand the base problem better, the Department's biosecurity staff are still researching the infective cycle of QX disease.

Oyster farmers are now looking to a brighter future. Oyster sales re-commenced in June 2006 and the Hawkesbury River is set to re-establish itself as one of the premium oyster producing estuaries in the State.

Photo caption: Local oyster producers work with department staff to remove dead oysters and cultivation materials to protect and enhance the river and its environment.

STRATEGY, POLICY AND COMMUNICATIONS DIVISION

Plays a lead role in translating government priorities and industry needs into the Department's policy and corporate agenda. Coordinates whole-of-government approaches and manages strategic and contentious issues. Facilitates strategic communications and promotes the work of the Department and primary industries.



Strategy, Policy and Communications Division

Nature and scope of activities

The Strategy, Policy and Communication Division plays a leading role in translating government priorities and industry needs into NSW DPI's policy and corporate agenda. It also coordinates whole-of-government approaches on primary industry issues, manages contentious issues and publicises departmental achievements.

The Division comprises five branches:

- **Policy and Legislation Coordination** – coordinating and advising on strategic policy development, prioritising and managing the legislation program and acting as the focal point for coordination of indigenous policy across NSW DPI
- **Industry Analysis** – providing economic and social analyses of policy options and preparing innovative and integrated economic policy options for consideration by stakeholders
- **Public Affairs and Media** – coordinating management of contentious media issues and promoting through the media the work of the Department and the value of profitable and sustainable primary industries
- **Corporate Strategy and Organisational Development** – building the capacity of the department to improve its performance by leading change initiatives and by developing and implementing strategic management and governance frameworks, systems and processes
- **Communications** – driving strategic communications through electronic and hard copy publishing and event management to foster a culture of planned communications and to promote primary industries

Major outcomes achieved

Policy, regulation and advice based on sound knowledge and analysis

Policy

The Division played a lead role in developing policy proposals and NSW DPI positions on strategic and contentious policy issues. Policy and administrative support was provided to key state and national primary industries policy forums, including the Primary Industries, Natural Resource Management and Mineral and Petroleum Resources Ministerial Councils and Standing Committees and the NSW Ministerial Advisory Councils on Agriculture, Minerals and Forests and Forestry Products.

Major issues covered included the introduction of share management in commercial fisheries, appropriate recovery

of regulatory costs, protecting international trade in primary products, and securing Sydney's potable water supply. There was also a strong focus on representation of primary industry interests in land-use planning and other key policy initiatives, such as the development of the state-wide standards and targets for natural resource management.

A major achievement was coordinating the development of an integrated suite of proposals, involving several NSW DPI divisions and other government agencies, to secure almost \$30 million from the Australian Government Water Fund. The proposed works will deliver substantial short and long-term benefits to both extractive water users and the environment.

Regulation

The Division was responsible for leading the NSW DPI legislative program, coordinating the preparation and passage of 12 Bills and more than 20 regulation amendment and renewal processes, most notable of which was the Mine Safety (Cost Recovery) Bill 2005. The new Act provides a mechanism for mining companies to fund the cost of enforcing mine safety regulation.

Service delivery aligned with stakeholder priorities

Our ability to engage with and provide support for NSW Aboriginal communities was enhanced due to activities such as:

- finalising arrangements for the establishment of a high-level Aboriginal Reference Group to advise NSW DPI and the Minister for Primary Industries on policy issues
- providing detailed assessments of primary industries issues in relation to 68 Aboriginal land claims
- developing operational guidelines for Aboriginal cultural heritage management in the Forests NSW Environmental Management System
- developing a cultural awareness training program for NSW DPI staff.

Sound knowledge and analysis

Socio-economic analysis and information underpins policy development and contributes to more efficient and inclusive policy outcomes. Key economic analyses during 2005-06 included:

- coordination of Exceptional Circumstances applications and rollover reviews for the majority of areas in NSW which remain seriously affected by the ongoing drought, facilitating assistance to industries and associated rural communities
- analysis of policy options relating to the National Drought Policy and the associated development of the National Agricultural Monitoring System. This work is contributing to more efficient and effective assistance programs
- development and application of bio-economic models

that have facilitated better trade-off decisions by catchment management and marine park authorities

- policy advice to a NSW inter-agency review of funding arrangements for the shellfish industry's Harvest Area Classification Program, which contributed to the efficient sharing of costs associated with estuarine water quality maintenance and testing
- analysis of locust control strategies contributed to more soundly based and accountable public investments in disaster management.

Sound corporate governance

This year NSW DPI developed a corporate management framework around the Corporate Plan 2005-08. Each division prepared a divisional plan aligned with the key results areas, outcomes and strategies of the corporate plan and subsequently submitted quarterly performance reports that measured progress against specific targets.

In other initiatives, we completed a comprehensive NSW DPI-wide risk assessment and risk register. The highest-rated risks for the Department include ensuring that consistent policy advice is provided to Government, management of a serious mine incident should it occur, and planning and preparedness for emergencies and disasters. The findings are feeding into other corporate governance processes across the Department such as the internal audit plan.

To improve risk management, we also completed a Business Impact Assessment to identify core business functions that must continue to operate in the event of a disaster.

A safe, satisfying and fair work environment

One of the outcomes articulated in the corporate plan is that NSW DPI will nurture a skilled and cohesive workforce operating in a safe, satisfying and fair work environment'. Two developments in 2005-06 bring achievement of that outcome closer. They are the preparation and release of the Women's Employment Strategy, which is based on the principles of equity, opportunity and diversity and describes actions the Department will take to improve the career management skills of women, and formulation of a plan to improve internal communication.

The internal communication improvement plan followed analysis of responses to staff surveys, feedback from senior management network meetings, and comments put forward by more than 100 focus group participants. Among the resulting initiatives implemented in 2005-06 were:

- guidelines for communication improvement between supervisors and staff
- a weekly e-bulletin and a quarterly staff newsletter
- Board of Management and senior management visits to regional offices
- a broadcast email policy

- a usability assessment of the NSW DPI intranet
- improved processes for advising staff of hot issues and media releases
- consolidation of Regional Relations Teams.

Innovative solutions in service delivery

Corporate branding

Corporate branding was refined, with an update of the corporate identity guide and development of consistent style for publications. As much of our publishing is decentralised, monitoring is important to maintaining professional standards and ensuring dissemination of high quality material.

In the interests of projecting a strong image in the community and in identifying our staff, NSW DPI introduced a uniform range in May 2006. Staff reacted positively to the voluntary corporate clothing range, which was selected after department-wide consultation. At the time of this report, more than 300 staff had purchased items from the range – a response that indicates a high level of pride in representing NSW DPI.

Next year corporate branding will go a step further with the updating of all NSW DPI external signage.

Publishing and events

NSW DPI conducted a publications review to identify how to improve publishing processes and enhance efficiencies in a decentralised organisation. As part of the review, we examined management options to address major issues and prepared an appropriate implementation plan for each.

In a parallel exercise, we also looked at better management of events – NSW DPI manages or participates in over 100 events annually – and developed an events program. This provides tools for:

- improving the choice of events
- maximising the direct contact with clients
- improving event organisation
- developing professional and effective displays
- event reporting and evaluation.

Another major achievement was the establishment of an online digital image library that allows all staff access to departmental images for easy use in publications and presentations.

Schools education

Various divisions of NSW DPI offer a wide range of primary and secondary school educational products and services, a situation that in 2005-06 prompted a review to find a way to coordinate programs better and use resources more effectively. There were two important outcomes. The first was establishment of an internal schools education

network and the second the writing of the NSW DPI Schools Education Plan. The plan details how we intend to:

- coordinate existing products and services
- identify and create new resources
- establish, lead or participate in state and national networks.

At a national level, NSW DPI is the lead agency in a network promoting agriculture in schools. The network is currently working to establish a national web portal – a one-stop website for teachers and students wanting information on agricultural programs, products and services. We are also an active member of the National Forestry Education and Awareness Network, which is engaged in similar work.

Providing high quality information

NSW DPI remained a major information provider to regional communities this financial year, producing and distributing some 450 publications. Highlights included the rejuvenation of key publications for the minerals sector, *Minfo* and the *Coal Industry Profile*, which had been put on hold with the relocation of staff to Maitland, and the launch of a new Science and Research Division e-newsletter. *Agriculture Today*, a NSW DPI newspaper published monthly in *The Land*, was revised to incorporate stories from other primary industry sectors of interest to its readers such as fish friendly farms and private forestry.

Integration of the NSW DPI website from the previous four Departments' websites continued. Full integration was delayed by the technical limitations of the content management system but should be completed within the coming year.

Supporting rural women

The Rural Women's Network is a small but significant program within the Department, which works in partnership with individuals, groups and non-government and government agencies to facilitate information exchange and stimulate action on priority rural women's issues. This year the program contributed to building vibrant and sustainable rural communities through:

- producing and distributing 10 000 copies of the *Country Web* newsletter three times over the year
- coordinating the successful Rural Women's Award for NSW, sponsored by the Rural Industries Research and Development Corporation. Kate Schwager from Wee Waa in the State's northwest won the 2006 award for her efforts to promote rural towns and their links to agriculture and her contribution to the cotton industry
- actively supporting the annual Women's Gathering held in Bega in 2005
- providing policy advice and raising grass-roots rural issues for departmental action.



(l to r) Barry Buffier (NSW DPI Director-General), Peter O'Brien (RIRDC Managing Director), Kate Schwager (2006 RIRDC Rural Women's Award Winner) and The Hon. Ian Macdonald, Minister for Primary Industries, at the 2006 RIRDC NSW Rural Women's Award Presentation & Dinner

NSW DPI in the news

Management of issues gaining media attention and promotion of NSW DPI achievements through the media were again important in 2005-06. In particular, we contributed to informed media coverage on the closure of Port Jackson to commercial fishing due to dioxin contamination of harbour sediments, and provided communications support for several bushfire emergencies and the continuing drought.

Major Sydney newspaper articles on the development of mild onion varieties, the progress of research aimed at reducing methane emissions from cattle and the contribution of the Durum wheat breeding program toward the production of world class Australian pasta production helped to highlight the importance of NSW DPI's science and research activities.

Future directions

Our major goals in 2006-07 are to:

- ensure the Department's corporate directions and the results and services that we deliver to the NSW community are aligned with NSW State Plan priorities
- implement a communications program to familiarise staff with State Plan priorities
- manage and develop NSW DPI's legislative portfolio to reflect stakeholder interests and client needs
- support informed land-use change investments by farmers and catchment managers
- contribute to the design and delivery of more efficient assistance programs for primary industries and rural communities, including drought support
- implement a corporate risk management process
- implement NSW DPI's Schools Education Plan.

CASE STUDY

Stronger voice for primary industries in government decision making



NSW ministerial councils drive the national agenda on primary industries education

One of the reasons behind the establishment of NSW DPI last financial year was to give our primary industries a stronger voice at national level. As shown in the leadership role recently taken by the NSW Agriculture Ministerial Advisory Council and the Forests and Forest Products Advisory Council, that voice is now strong and the message clear.

Two of four peak advisory bodies set up in 2005-06, these councils have taken the running on an important issue that the Minister raised with all Australian states and territories – how to promote primary industries in schools. With the unanimous support of governments across the nation, the Agriculture Ministerial Advisory Council has taken on the challenge of reviewing the teaching of primary industries in schools and promoting a national approach. This work is in progress under the guidance of a working group that the Council has established.

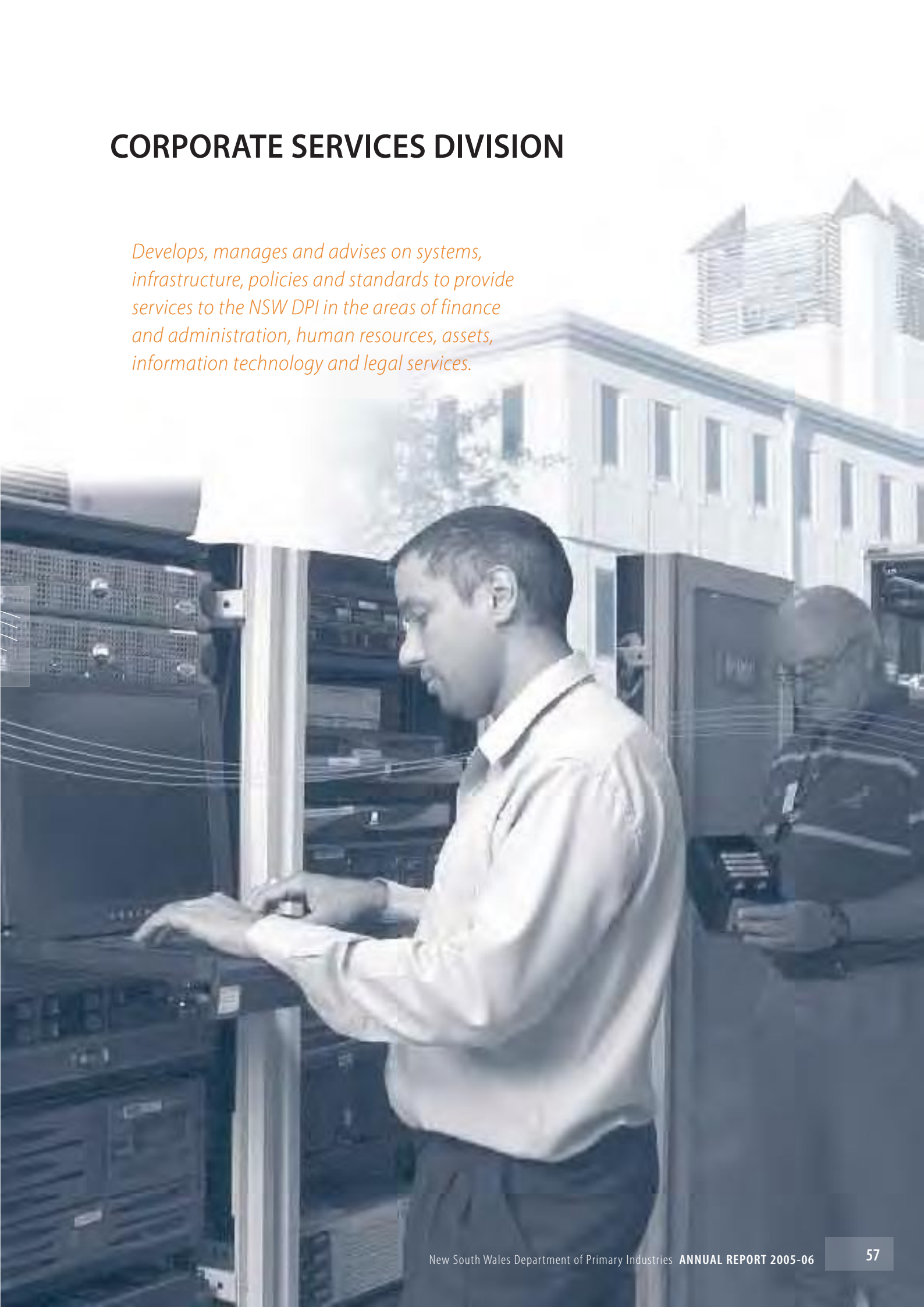
While agriculture was the initial focus of this education initiative, the concept was broadened to also embrace forestry, fishing and minerals in an integrated national teaching and promotional program.

The benefits of coordinated promotion of primary industries in schools will be manyfold. Importantly, students will gain a much better understanding of where the staples of life – food, fibre, building products and energy – come from and a balanced appreciation of the responsibilities and values of primary industries and the key role they play in communities and the environment. The program will also promote more effective links between schools, industry, training and tertiary education sectors and may motivate students to choose a career in one of the broad range of primary industries.

Photo caption: Leah Flint and Carmen Perry discuss education initiatives designed to promote an awareness of sustainable primary industries. NSW DPI is committed to forging working partnerships with industry and government to create relevant resources for teachers and students.

CORPORATE SERVICES DIVISION

Develops, manages and advises on systems, infrastructure, policies and standards to provide services to the NSW DPI in the areas of finance and administration, human resources, assets, information technology and legal services.



Corporate Services Division

Nature and scope of activities

The Corporate Services Division provides advice and assistance to enable staff in the other six divisions of NSW DPI to do their work efficiently and effectively.

The Division comprises five branches:

- **Finance and Administration** – provides a wide range of financial services across the Department including the development and implementation of financial policies, procedures and reporting systems, as well as supporting the Department's core business with extensive library resources and the provision of general clerical support throughout the state.
- **Human Resources** – provides strategic and operational human resources services across the Department including, employee services, industrial relations, staff development and workforce planning.
- **Asset Management** – develops and administers policies to ensure that the Department's assets are managed physically and financially to best meet the delivery of services and programs.
- **Information and Communication Technology** – is responsible for all aspects of the Department's computerised business system and software development, acquisition and support.
- **Legal Services** – provides legal advice on a wide range of primary industries and governance issues to the Minister, Executive and staff of the Department as well as advocacy and advice for a variety of litigation in which the Department becomes involved.

Major outcomes achieved

Innovative solutions

Rationalisation of accommodation continued in locations where NSW DPI had more than one office following the 2004-05 amalgamation. This year we completed a further eight co-locations and relocations at Cobar, Singleton, Orange, Deniliquin, Armidale, Inverell, Grafton and Sydney CBD/West Pennant Hills, achieving significant operational savings in excess of \$1million per annum.

In addition, NSW DPI negotiated with other agencies on possible co-locations that will achieve mutual savings and strengthen cooperation, and completed a co-location with the Department of Lands at Ballina. These co-locations build on existing arrangements with other agencies including the State Council of the Rural Lands Protection Board, NSW Game Council, NSW Rural Assistance Authority and the NSW Food Authority.

In order to accurately cost services and benchmark our performance, NSW DPI developed and piloted an activity based costing system. We will progressively introduce the system across the Department following its successful implementation in Corporate Services and Mine Safety.

A facility has been established on the NSW DPI web site where the public can view tenders being let by NSW DPI. This strategy complies with the Government's policy on the Disclosure of Information on Government Contracts with the Private Sector and provides appropriate transparency in the Department's tendering process.

Amalgamation of the library services of Forests NSW and NSW DPI gave Forests NSW staff access to an increased range of electronic journals, databases and current information services at a lower cost.

During the year we paid a total of 14 785 claims under the Drought Transport Subsidy Scheme to drought affected farmers. On average, NSW DPI paid each claim within two weeks of receipt.

Workforce management – Providing a safe, satisfying and fair work environment

NSW DPI continued to create and fill management positions while also running a voluntary redundancy scheme to rationalise positions that had become surplus following the Department's establishment. Seventy-two staff chose to take advantage of the scheme. All received support with career planning through the Job Assist Program.

With the establishment of the Training Committee, we were able to identify staff development priorities and provide staff with a broad range of training courses.

The launch of the Women's Employment Strategy will promote equity, diversity and opportunity in the workplace. The strategy describes how the Department will put in place processes and action plans that improve the career management skills of women and facilitate the achievement of their full potential.

Staff received a 4 per cent salary increase effective from 14 July 2005 as the second instalment of the Crown Employees (Public Sector - Salaries 2004) Award. All Award increases were processed successfully without delays. No working days were lost due to industrial action during the reporting year.

Positive measures were taken during the year to ensure the Department's employees have a work environment that meets occupational health and safety best practice with the recruitment of two additional safety officers and the introduction of a comprehensive OH&S policy that underpins the Department's approach to managing health and safety in its workplaces and properties.

Managing physical assets to meet business priorities

Measures to assist NSW DPI in aligning assets with current and future business priorities included:

- disposal of a number of properties, including the Brooklyn Fisheries Office
- the leasing to Forests NSW of 700 hectares on the Department's Grafton Agricultural and Research Station for the establishment of native forest species and relocation of the Forests NSW Grafton office to the station
- continued implementation of environmental management systems, an initiative which saw the Trangie Agricultural Research Centre successfully gain accreditation under ISO 14000
- construction of a state-of-the-art automatic dairy at Elizabeth Macarthur Agricultural Institute at a total cost of \$1 million. The new dairy is part of a major dairy research project valued at \$10.5 million that also involves the University of Sydney, Dairy Australia, DeLaval and NSW DPI
- revision of the Asset Strategic Plan to link asset management to service delivery in each division of NSW DPI, and submission to the Heritage Office of the Department's Heritage Asset Management Plan.



New automatic dairy constructed as part of the FutureDairy project at Elizabeth Macarthur Agricultural Institute, Camden.

Safeguarding the interests of primary industries

To ensure that government policies and regulation took account of the interests of NSW primary industries we:

- negotiated and managed the successful commercialisation of intellectual property developed by NSW DPI
- entered numerous agreements to safeguard the Department's investments in 18 cooperative research centres and other significant strategic alliances with multiple research partners

- provided legal assistance to 33 prosecuted offences relating to mine safety and 451 offences relating to fisheries management
- drafted legislation including the *Mine Safety (Cost Recovery) Act 2005* and supported passage through Parliament of the *Fisheries Management Amendment Act 2006*
- drafted and guided the passage through Parliament of three other bills as well as drafting and gazetting 12 notifications, 39 orders, 14 proclamations, 55 appointments, 26 closures and 34 regulations.
- provided legal advice to support management of major issues such as the dioxin fish contamination in Sydney Harbour.

Dynamic and integrated ICT infrastructure

The introduction of unified systems across the Department continued with the progressive rollout of a single email system and the introduction of correspondence tracking software, the latter as part of the move towards fully integrated NSW DPI records management. Training for records management commenced and over 100 staff completed training in system use.

All NSW DPI sites were finally linked to the same broadband network, which was specially designed to be resilient to carrier failures. To consolidate user identification and password management, we introduced an identity management system.

Upgrades to data storage facilities were implemented in Orange and Maitland and at over 30 locations across the state.

We also further improved the FrontGate geospatial mapping system, enhancing its functionality in the event of an emergency disease outbreak, and introduced new software to assist in tracking the spread of pests such as fire ants.

Looking to the future, we submitted a strategic five-year ICT plan to the Government Chief Information Office and Treasury. The plan synchronises ICT development with the Department's business directions.

Electronic service delivery

The Department offered a wide range of information through the Internet, including news, event details and many electronic publications. Progress was made towards merging the former agency websites into a single entity with the release of a common high-level navigation structure.

Other services available electronically were:

- online and voice activated purchase of recreational fishing licences

- online display and query of current and historical mineral exploration and titles information
- online provision of transaction information to large commercial clients of forest investment services
- online payment of accounts through a secure payment gateway.

Serving other agencies

NSW DPI established a service level agreement with the NSW Coal Compensation Board to provide corporate services (payroll, personnel, accommodation, IT and other services) to the Board. We now deliver such services to the NSW Rural Assistance Authority, the Game Council of NSW and the NSW Coal Compensation Board on a commercial basis.

Benchmarking Corporate Services

NSW DPI's corporate services are benchmarked annually against other NSW public sector organisations. The report provided by NSW Department of Commerce is a valuable source of independent data used by us as a tool to achieve greater efficiencies and drive performance improvement.

The number of employees supported by each corporate services employee is lower than both the profile group median and the sector median. However, NSW DPI's ratio has improved by 22% on an FTE basis or 13% on a headcount basis since 2004.

Employees supported by each corporate services employee				
	2004	2005	Profile group Median*	Sector Median
Agency FTE/Corporate Services FTE (1)	8.8:1	10.7:1	15.7:1	11.7:1
Agency headcount/Corporate Services FTE (1)	10.1:1	11.4:1	18.5:1	12.7:1

*Profile group: Large agencies (from 1500 to 9999 FTE)

Corporate Service costs are slightly higher than the profile group median but significantly lower than the sector median. NSW DPI's costs per FTE has reduced by \$2585 (23%) and from 9.11% to 5.64% of NSW DPI's budget (a reduction of 38%).

Corporate Service costs				
	2004	2005	Profile group Median*	Sector Median
Per agency FTE (2)	\$11355	\$8770	\$8631	\$10428
% of operating budget (2)	9.11%	5.64%	5.45%	7.3%

*Profile group: Large agencies (from 1500 to 9999 FTE)

Significant issues

Maintenance of a fair and consistent approach to human resource issues remained crucial in 2005-06 as NSW DPI continued to deal with the impact of the Department's creation on the staff of the amalgamated agencies.

The Joint Consultative Committee met regularly to ensure the effective management of industrial issues. Among the issues that the Committee considered were:

- implementation of job evaluation outcomes
- establishment of a memorandum of understanding on the restructure of Forests NSW
- consistent application of travelling compensation rules
- the impact of avian influenza and pandemic on the Department.

The external agency, ITIM Australia Limited, engaged to provide personal counselling and support to NSW DPI staff continued to work with employees who had been through significant change but reported that change became less of a concern in the second half of the year.

Future directions

- Complete implementation of a fully integrated finance and human resources management information system.
- Prepare a workforce plan to deal with such issues as performance management, succession planning and managing an ageing workforce.
- Finalise drafting of the fisheries share management plans and advise on their implementation.
- We will also train staff on their legal responsibilities to heighten their awareness of the Department's legal obligations and improve the quality of advice to the public.

CASE STUDY

Excellence in service delivery to stakeholders



Promoting equity, diversity and opportunity in NSW DPI

The *Women's Employment Strategy* was launched on International Women's Day in March 2006 to recognise NSW DPI women as key contributors to the workplace and to ensure that they are provided with every opportunity to realise their potential.

The Department recognises that good people management is the key to excellent performance and that equity, diversity, and opportunity play a critical role in achieving this. This strategy is one of the ways we are working toward developing a dynamic, creative and inclusive workplace. It aims to achieve the following outcomes:

- Increased career management skills for women
- Increased career opportunities for women
- Increased representation of women on decision-making bodies
- Strong organisational support for programs implemented as part of the strategy

To make this strategy work on the ground and deliver real wins, the Department has established a consultative group of female representatives from across the Department and across salary ranges to develop and implement an action plan and monitor and report on its progress. This group is being supported by a steering group made up of senior managers – both male and female. The steering group plays not only an advisory and mentoring role – it plays a key role in engaging line management in the implementation of the strategy.

We are confident that the strategy will result in positive outcomes for women in the Department – and fully expect that a large number of initiatives under this strategy, including family friendly work practices, will in fact benefit all our staff, thus enabling us to continue to provide an excellent service to our stakeholders.

Photo caption: A consultative group comprising of female representatives from all divisions across the State will network and consult with women employees to identify women's needs and develop proposals to address them.

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FINANCIAL STATEMENTS – NSW DEPARTMENT OF PRIMARY INDUSTRIES

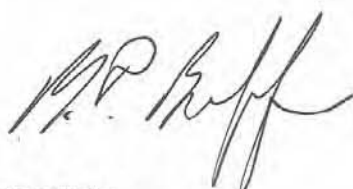
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STATEMENT BY THE DIRECTOR-GENERAL

“Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I state that:

- (a) The accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Financial Reporting Code for Budget Dependent General Government Sector Agencies, the applicable clauses of the Public Finance and Audit Regulation 2000 and the Treasurer's Directions;
- (b) The statements exhibit a true and fair view of the financial position and transactions of the Department; and
- (c) At the date on which the statement is signed, there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed

A handwritten signature in black ink, appearing to read 'B Buffier', is positioned above the printed name.

**B BUFFIER
DIRECTOR-GENERAL**



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

DEPARTMENT OF PRIMARY INDUSTRIES

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Department of Primary Industries:

- presents fairly the Department's and the consolidated entity's financial position as at 30 June 2006 and their performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 45E of the *Public Finance and Audit Act 1983* (the Act) and the Public Finance and Audit Regulation 2005

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

Scope

The Financial Report and Director-General's Responsibility

The financial report comprises the operating statements, statements of changes in equity, balance sheets, cash flow statements, the program statement - expenses and revenues, the summary of compliance with financial directives and accompanying notes to the financial statements for the Department and consolidated entity, for the year ended 30 June 2006. The consolidated entity comprises the Department and the entities it controlled during the financial year.

The Director-General is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act.

This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Director-General in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report

An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Director-General had not fulfilled his reporting obligations

My opinion does not provide assurance:

- about the future viability of the Department or its controlled entities,
- that they have carried out their activities effectively, efficiently and economically,
- about the effectiveness of their internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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

A handwritten signature in black ink, appearing to read 'R Hegarty'.

R Hegarty FCPA
Director, Financial Audit Services

SYDNEY
18 January 2007

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	Consolidated Actual 2006 \$'000	Consolidated Actual 2005 \$'000	Parent Actual 2006 \$'000	Parent Budget 2006 \$'000	Parent Actual 2005 \$'000
Expenses excluding losses						
Operating expenses						
Employee related	2(a)	276 609	326 104	214 640	210 800	241 427
Other operating expenses	2(b)	160 222	172 705	110 635	79 646	129 619
Depreciation and amortisation	2(c) 1(o)	28 973	28 010	19 189	14 260	18 043
Grants & subsidies	2(d)	44 025	47 738	53 598	41 424	57 295
Finance Costs	2(e) 1(g)	3 653	1 390	1 941	1 145	1 390
Other expenses	2(f)	12 933	10 915	12 933	12 657	10 915
Contract Harvest and Haulage		90 002	76 893	0	0	0
Decrement in net market value of biological assets		62 759	39 992	0	0	0
Total Expenses excluding losses		679 175	703 747	412 935	359 932	458 689
Less:						
Retained Revenue						
Sale of goods and services	3(a) 1(e)	129 019	112 479	23 111	34 812	23 063
Investment revenue	3(b) 1(e)	143 301	136 012	5 272	1 917	4 470
Retained Taxes Fees and Fines	3(c)	10 902	10 032	10 902	8 801	10 032
Grants and contributions	3(d)	49 899	47 017	43 539	39 529	37 033
Other revenue	3(e)	17 271	11 006	17 271	155	11 006
Personnel Services revenue	3(f)	2 226	0	6 593	0	0
Forest Superannuation gain	3(g)	33 364	0	0	0	0
Total Revenue		385 983	316 546	106 688	85 214	85 604
Gain/(loss) on disposal	4	(1 419)	4 359	121	200	1 167
Net Cost of Services	30	294 611	382 842	306 126	274 518	371 918
Government Contributions						
Recurrent appropriation	7	275 970	300 310	275 969	241 121	300 310
Capital appropriation	7	8 798	22 911	8 798	8 840	22 911
(Asset sale proceeds transferred to the Crown Entity)	4	0	0	0	0	0
Acceptance by the Crown Entity of employee benefits and other liabilities	8	16 185	32 936	16 185	18 559	32 936
Total Government Contributions		300 953	356 157	300 952	268 520	356 157
SURPLUS/(DEFICIT) FOR THE YEAR (before Income tax expense)		6 342	(26 685)	(5 174)	(5 998)	(15 761)
Income Tax equivalent expense	6 1(i)	(8 584)	(12 937)			
SURPLUS/(DEFICIT) FOR THE YEAR (after income tax expense)		(2 242)	(39 622)	(5 174)	(5 998)	(15 761)

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

	Notes	Consolidated Actual 2006 \$'000	Consolidated Actual 2005 \$'000	Parent Actual 2006 \$'000	Parent Budget 2006 \$'000	Parent Actual 2005 \$'000
Net increase/(decrease) in property plant and equipment asset revaluation reserve		20 278	12 097	112	0	12 097
Other net increases/(decreases) in equity		10 740				
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		31 018	12 097	112	0	12 097
Surplus/(Deficit) for the Year (after income tax expense)		(2 242)	(39 622)	(5 174)	(5 998)	(15 761)
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR	26	28 776	(27 525)	(5 062)	(5 998)	(3 664)

The accompanying notes form part of these financial statements

BALANCE SHEET AS AT 30 JUNE 2006

	Notes	Consolidated Actual 2006 \$'000	Consolidated Actual 2005 \$'000	Parent Actual 2006 \$'000	Parent Budget 2006 \$'000	Parent Actual 2005 \$'000
ASSETS						
Current Assets						
Cash and cash equivalents	10	69 105	78 059	62 118	65 300	69 682
Receivables	11	65 795	70 402	21 323	14 827	14 827
Inventories	12	9 412	9 245	2 477	7 136	2 294
Financial assets at fair value	13	0	0	0	0	0
Other financial assets	17	10 474	0	6 352	0	0
Assets held for sale	18	15 215	237	15 215	0	237
Total Current Assets		170 001	157 943	107 485	87 263	87 040
Non-Current Assets						
Financial Assets at Fair Value	13	943	798	943	798	798
Receivables	11	1 448	0	23 950	0	0
Property Plant and Equipment						
- Land and Buildings	14	934 415	985 492	192 662	212 277	218 067
- Plant and Equipment	14	71 949	84 555	39 689	57 951	49 628
- Infrastructure Systems	14	146 487	120 917	37 372	25 122	27 756
- Digital Imaging System	14	1 769	2 359	1 769	2 359	2 359
- PPE Under Construction	14	5 017	6 068	0	0	0
Total Property Plant and Equipment		1 159 637	1 199 391	271 492	297 709	297 810
Biological Assets	19	1 563 863	1 599 539	5 189	0	4 605
Investment Property		4 778	4 778	0	0	0
Intangible assets	16 1(t)	2 656	2 815	2 656	0	2 815
Deferred income tax asset	6	8,345	70 367	0	0	0
Total Non-Current Assets		2 741 670	2 877 688	304 231	298 507	306 028
Total Assets		2 911 671	3 035 631	411 716	385 770	393 068
LIABILITIES						
Current Liabilities						
Payables	21 1(ab)	62 375	58 746	14 282	14 233	12 033
Borrowings	22 1(ac)	27 748	34 980	6 939	6 470	5 615
Provisions	24	60 594	31 377	49 297	24 914	24 914
Dividend	23 1(ad)	26 332	27 254	0	0	0
Current Tax Liability	6	0	855	0	0	0
Other	25	1 928	35 538	1 928	2 334	2 334
Liabilities associated with assets held for sale		0	0	0	0	0
Total Current Liabilities		178 977	188 750	72 445	47 951	44 896
Non-Current Liabilities						
Payables	21	0	0	6 352	0	0

BALANCE SHEET AS AT 30 JUNE 2006 (continued)

	Notes	Consolidated Actual 2006 \$'000	Consolidated Actual 2005 \$'000	Parent Actual 2006 \$'000	Parent Budget 2006 \$'000	Parent Actual 2005 \$'000
Borrowings	22	140 273	138 810	22 806	25 758	30 113
Provisions	24	3 818	30 741	918	5 276	5 276
Deferred Tax Liability	6	462 641	522 205	0	0	0
Total Non-Current Liabilities		606 732	691 756	30 076	31 034	35 389
Total Liabilities		785 709	880 506	102 521	78 985	80 285
Net Assets		2 125 962	2 155 125	309 194	306 785	312 783
EQUITY						
Capital	26	421 706	421 706	0	0	0
Reserves	26	625 627	631 456	138 068	138 388	138 388
Accumulated funds	26	1 078 629	1 101 963	171 127	168 397	174 395
Amounts recognised in equity relating to assets held for sale		0	0	0	0	0
Total Equity		2 125 962	2 155 125	309 195	306 785	312 783

The accompanying notes form part of these financial statements

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	Consolidated Actual 2006 \$'000	Consolidated Actual 2005 \$'000	Parent Actual 2006 \$'000	Parent Budget 2006 \$'000	Parent Actual 2005 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(375 619)	(291 678)	(192 712)	(191 541)	(212 873)
Grants and subsidies		(44 025)	(47 738)	(53 598)	(41 424)	(57 295)
Finance Costs		(1 941)	(1 390)	(1 941)	(1 145)	(1 390)
Other		(191 584)	(295 520)	(143 818)	(103 762)	(153 337)
Income taxes Paid		(5 237)	(6 249)	0	0	0
Total Payments		(618 406)	(642 575)	(392 069)	(337 872)	(424 895)
Receipts						
Sale of goods and services		304 905	303 740	36 493	34 771	36 082
Retained taxes, fees and fines		10 902	10 032	10 902	0	10 032
Interest received		5 048	4 279	4 456	1 917	3 879
Other		60 336	34 637	60 337	61 435	47 789
Total Receipts		381 191	352 688	112 188	98 123	97 782

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006 (continued)

	Notes	Consolidated Actual 2006 \$'000	Consolidated Actual 2005 \$'000	Parent Actual 2006 \$'000	Parent Budget 2006 \$'000	Parent Actual 2005 \$'000
Cash Flows from Government						
Recurrent appropriation		275 563	301 994	275 563	241 121	301 994
Capital appropriation		8 798	22 911	8 798	8 840	22 911
Asset sale proceeds transferred to the Crown Entity		0	0	0	0	0
Cash reimbursements from the Crown Entity		0	6 360	0	0	6 360
Cash transfers to the Consolidated Fund		0	0	0	0	0
Net Cash Flows From Government		284 361	331 265	284 361	249 961	331 265
NET CASH FLOWS FROM OPERATING ACTIVITIES	30	47 146	41 378	4 480	10 212	4 152
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of Land and Buildings, Plant and Equipment and Infrastructure Systems		25 937	5 790	6 244	2 240	3 321
Proceeds from sale of investments		0	0	0	0	0
Advance repayments received		0	0	0	0	0
Purchases of Land and Buildings, Plant and Equipment and Infrastructure Systems		(25 697)	(35 114)	(13 557)	(13 334)	(23 146)
Purchases of investments		0	0	0	0	0
Payments for SGARAs (plantn estab)		(19 310)	(19 563)	0	0	0
Capitalised Interest on Borrowings		(7 591)	(7 232)	0	0	0
Advances made		0	0	0	0	0
NET CASH FLOWS FROM INVESTING ACTIVITIES		(26 661)	(56 119)	(7 313)	(11 094)	(19 825)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings and advances		32 000	43 789	0	0	14 000
Repayment of borrowings and advances		(36 517)	(13 804)	(4 731)	(3 500)	(804)
Dividend paid		(24 922)	(13 096)	0	0	0
NET CASH FLOWS FROM FINANCING ACTIVITIES		(29 439)	16 889	(4 731)	(3 500)	13 196
NET INCREASE/(DECREASE) IN CASH		(8 954)	2 148	(7 564)	(4 382)	(2 477)
Opening cash and cash equivalents		78 059	75 911	69 682	69 682	72 159
Cash transferred in (out) as a result of administrative restructuring		0	0	0	0	0
CLOSING CASH AND CASH EQUIVALENTS	10	69 105	78 059	62 118	65 300	69 682

The accompanying notes form part of these statements

PROGRAM STATEMENT - EXPENSES AND REVENUES FOR THE YEAR ENDED 30 JUNE 2006 ***

AGENCY'S EXPENSES & REVENUES	Agriculture & Fisheries	Mineral Resources *	Biosecurity, Compliance & Mine Safety	Science and Research 2006	Not Attributable	Total
	2006 \$'000	2006 \$'000	2006 \$'000	\$'000	2006 \$'000	2006 \$'000
Expenses excluding losses						
Operating expenses						
Employee related	57 272	29 147	38 278	83 350	6 593	214 640
Other operating expenses	32 405	14 077	17 570	46 582	0	110 635
Depreciation and amortisation	5 304	2 319	3 418	8 148	0	19 189
Grants & subsidies	8 904	3 208	30 690	10 797	0	53 598
Finance Costs	537	235	346	824	0	1 941
Other expenses	6 970	1 255	6 046	-1 338	0	12 933
Total Expenses excluding losses	111 391	50 241	96 348	148 363	6 593	412 936
Retained Revenue						
Sale of goods and services	4 885	6 842	6 072	5 312	0	23 111
Investment revenue	1 434	627	1 009	2 202	0	5 272
Retained taxes, fees and fines	3 015	1 317	1 942	4 628	0	10 902
Grants and contributions	10 649	172	3 226	29 493	0	43 539
Other revenue	4 690	2 142	3 335	7 104	0	17 271
Personnel Services Revenue	0	0	0	0	6 593	6 593
Total Revenue	24 672	11 100	15 583	48 740	6 593	106 688
Gain / (loss) on disposal	33	15	22	51	0	121
Other gains / (losses)						
Net Cost of Services	86 685	39 127	80 743	99 572	0	306 127
Government contributions **					300 952	300 952
NET EXPENDITURE/(REVENUE) FOR THE YEAR	86 685	39 127	80 743	99 572	(300 952)	(94 396)
ADMINISTERED EXPENSES & REVENUES						
Administered Expenses						
Transfer payments						
Other						
Total Administered Expenses	0	0	0	0	0	0
Administered Revenues						
Transfer receipts						
Consolidated Fund						
- Taxes, fees and fines					11 474	11 474
- Other					515 259	515 259
Total Administered Revenues	0	0	0	0	526 733	526 733
Administered Revenues less Expenses	0	0	0	0	526 733	526 733

* The name and purpose of each program is summarised in Note 9.

** Appropriations are made on an agency basis and not to individual programs. Consequently, government contributions must be included in the 'Not Attributable' column.

*** New Treasury programs were created for the 2005-06 year making prior year unavailable

SUMMARY OF COMPLIANCE WITH FINANCIAL DIRECTIVES

SUMMARY OF COMPLIANCE WITH FINANCIAL DIRECTIVES

	2006				2005			
	RECURRENT APPROPRIATION	EXPENDITURE/ NET CLAIM ON CONSOLIDATED FUND	CAPITAL APPROPRIATION	EXPENDITURE/ NET CLAIM ON CONSOLIDATED FUND	RECURRENT APPROPRIATION	EXPENDITURE/ NET CLAIM ON CONSOLIDATED FUND	CAPITAL APPROPRIATION	EXPENDITURE/ NET CLAIM ON CONSOLIDATED FUND
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ORIGINAL BUDGET APPROPRIATION / EXPENDITURE								
Appropriation Act	241121	241023	8840	8798	247413	248089	22963	22911
Additional Appropriations	0	0	0	0	0	0	0	0
s 21 A PF&AA - special appropriation	0	0	0	0	0	0	0	0
S 24 PF&AA - transfers of functions between departments	0	0	0	0	0	0	0	0
s 26 PF&AA - Commonwealth specific purpose payments	0	0	0	0	0	0	0	0
	241121	241023	8840	8798	247413	248089	22963	22911
OTHER APPROPRIATIONS / EXPENDITURE								
Treasurer's Advance	23270	23270	0	0	4060	4060	0	0
Section 22 - expenditure for certain works and services	3400	1380	0	0	0	0	0	0
Transfers to / from another agency (s28 of the Appropriation Act)	12116	10296	(42)	0	55612	48161	0	0
Total Appropriation / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)	279907	275969	8798	8798	307085	300310	22963	22911
Amount drawn down against Appropriation		277897		8798		302644		22911
Liability to Consolidated Fund		1928		0		2334		0

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).

The Liability to Consolidated Fund represents the difference between the "Amount Drawn against Appropriation" and the "Total Expenditure / Net Claim on Consolidated Fund". For an explanation of variances to Budget, you are referred to Note 29.

Notes to and forming part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Reporting Entity**

The Department of Primary Industries comprises all the entities under its control including the agency's commercial activities namely: such processes as laboratory testing education and Fishery fees. The Department also controls activities under the *Agricultural Scientific Collections Trust Act* and the *Ovine Johnes Disease Eradication* legislation. The entity also encompasses funds which while containing assets that are restricted for specific uses by the grantor or donor are nevertheless controlled by the Department. In the process of preparing the consolidated financial report for the economic entity consisting of the controlling and controlled entities all inter-entity transactions and balances have been eliminated.

In June 2004 Forests NSW was merged with DPI but continues to operate as a self funded Public Trading Enterprise. Forests NSW is the trading name for the Forestry Commission of NSW a statutory body created under the *Forestry Act 1916* which has continued to be listed under Schedule 2 of the *Public Finance and Audit Act 1983* (the Act) for financial reporting and management purposes. Forests NSW operates as a non-budget sector Public Trading Enterprise and under requirements of the Act and National Competition Guidelines for government owned businesses is required to report separately from other areas of Government.

Forests NSW is responsible for making use of its employees and resources at its own cost and must meet all expenses, taxes, duties and Government dividends from revenues earned from the business. Forests NSW operations are not economically dependent on the Department. Forests NSW are also a reporting entity.

On 17 March 2006 the Government proclaimed the *Public Sector Employment Legislation Amendment Act 2006*. This Act made fundamental changes to the employment arrangements of many statutory corporations through amendments to the *Public Sector Employment and Management Act 2002* (PSEMA) and other Acts. In particular, the status of employees of many statutory corporations has been changed. They are now employees of the Government of New South Wales in the service of the Crown. Employees of the Government were assigned to Divisions of the Government Service. Departments are now also known as Divisions of the Government Service, per Schedule 1 of the PSEMA.

From 17th March, 2006 Forests NSW's employees became either the employees of either Department of Primary Industries or the new entity, Forestry Commission Division. As a PTE, Forests NSW continues to be responsible for making use of the employees and resources of both Department of Primary Industries and Forestry Commission Division at its own cost, and must meet all expenses, taxes, duties and Government dividends from revenues earned from the commercial business activities it undertakes.

This supply and continued use of resources and shared services from DPI and Forestry Commission Division is based on the signed Memorandums of Understanding

Accordingly separate financial statements have been prepared for the Department and Forests NSW. In the case of the Department its reports are in accord with the Financial Reporting Code for Budget Dependent General Government Sector Agencies (the Code). Forests NSW accounts are prepared more in line with private

sector reports reflecting Forests commercial self-funding basis of operation.

The Department of Primary Industries is a NSW government department. The Department is a not for profit entity and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

With regard to the following Notes where reference is made to 'Department' it refers to the total activities of the Department of Primary Industries whilst a reference to 'Parent' relates to activities of the Department of Primary Industries. Separate disclosures have been made for the parent and Forest NSW where appropriate.

This consolidated financial report has been authorised for issue by the Director-General on 7 December 2006.

(b) Basis of Preparation

The agency's financial report is a general purpose financial report which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standards (AIFRS);
- the requirements of the *Public Finance and Audit Act* and Regulation; and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

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

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

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

Forests NSW

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, the *Public Finance and Audit Act 1983*, the Public Finance and Audit (General) Regulation 2005. Australian Accounting Standards include Australian equivalents to International Financial Reporting statements.

Forest NSW is a for profit entity and its accounts are consolidated as part of the NSW Total State Sector Accounts.

The accounts have been prepared on an accrual basis utilising conventional historical cost bases except for certain forest, non-forest assets and investment properties which, as indicated separately in the notes and financial statements, are at fair value.

(c) Statement of Compliance

The consolidated and parent financial reports and notes comply with Australian Accounting Standards which include AIFRS.

This is the first financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly, except as stated below.

Notes to and forming part of the financial statements

In accordance with AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* and Treasury Mandates the date of transition to AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* has been deferred to 1 July 2005. As a result comparative information for these two Standards is presented under the previous Australian Accounting Standards which applied to the year ended 30 June 2005.

The basis used to prepare the 2004-05 comparative information for financial instruments is discussed in Note 1(ah) below. The financial instrument accounting policies for 2005-06 are specified in Notes 1(y)-(ad).

Reconciliations of AEIFRS equity and surplus or deficit for 30 June 2005 to the balances reported in the 30 June 2006 financial report are detailed in Note 38.

(d) Administered Activities

The Department administers but does not control certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion for example to deploy the resources for the achievement of the Department's own objectives.

Transactions and balances relating to the administered activities are not recognised as the agency's revenues expenses assets and liabilities but are disclosed in the accompanying schedules as 'Administered Revenues' 'Administered Expenses' 'Administered Assets' and 'Administered Liabilities'.

The accrual basis of accounting and all applicable accounting standards have been adopted for the reporting of the administered activities.

(e) Income Recognition**Parent**

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) Parliamentary Appropriations and Contributions from Other Bodies

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as income when the Department obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year end. In this case the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result unspent appropriations are accounted for as liabilities rather than revenue.

The liability is disclosed in Note 25 as part of 'Current Liabilities - Other'. The amount will be repaid and the liability will be extinguished next financial year. Any liability in respect of transfer payments is disclosed in Note 33 'Administered Assets and Liabilities'.

(ii) Sale of Goods

Revenue from the sale of goods is recognised as revenue

when the Department transfer the significant risks and rewards of ownership of the assets.

(iii) Rendering of Services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iv) Investment Income

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*. Rental revenue is recognised in accordance with AASB 117 *Leases* on a straight-line basis over the lease term. Royalty revenue is recognised in accordance with AASB 118 *Revenue* on an accrual basis in accordance with the substance of the relevant agreement. Dividend revenue is recognised in accordance with AASB 118 when the Department's right to receive payment is established.

Forests NSW

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

i) Sale of Timber and Related Activities

Revenue from the sale of timber and related activities is recognised (net of returns discounts and allowances) when control of the goods passes to the customer.

ii) Grants

Grants of a non-reciprocal nature are recognised on receipt of funds. Grants of a reciprocal nature are recognised as a liability and recognised as revenue in proportion to the stage of completion of the project for which the grant funds were provided.

(f) Employee Benefits and other provisions**Parent****i) Salaries and Wages Annual Leave Sick Leave and On-Costs**

Liabilities for salaries and wages (including non-monetary benefits) and annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on government bonds of 5.8% are used to discount long-term annual leave.

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.

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

Notes to and forming part of the financial statements

ii) *Long Service Leave and Superannuation*

The Department's liabilities for long service leave and superannuation are assumed by the Crown Entity. The agency 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 Entity of employee benefits and other liabilities'. Prior to 2005-06 the Crown Entity also assumed the defined contribution superannuation liability.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 06/09) to employees with 5 or more years of service using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

iii) *Other Provisions*

Other provisions exist where the agency 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.

Any provision for restructuring are recognised when an agency has a detailed formal plan and 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 5.5% which is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Forests NSW

Annual leave

Liability for Annual Leave is recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

Employees entitlements that are expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to be apply at the time of settlement. Those entitlements that are greater than 12 months are measured at the present value of the estimated future cash outflows to be made by Forests NSW in respect of services provided by the employees up to reporting date.

Long Service Leave

A liability for Long Service Leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting

date. Consideration is given to expected future wage and salary levels experience of employee departures and periods of service. Expected future payments are discounted using interest rates on notional government guaranteed securities with terms to maturity that match as closely as possible the estimated future cash outflows.

Long Service Leave liability is actuarially assessed triennially with the last assessment completed at 30th June 2006.

Sick Leave

Sick leave is non-vesting and is expensed as incurred. In line with past results sick leave taken in future periods is expected to be well below entitlements in those periods.

Superannuation

Calculation of the total liability for superannuation is based on actuarial advice provided by Pillar Administration.

The superannuation liability in the Statement of Financial Performance is the difference between the gross liabilities and the stake in the funds at reporting date in respect of Forests NSW employees (refer Note 17).

Workers Compensation Insurance

Forests NSW is a licensed self insurer under the provisions of the *Workers Compensation Act 1987*. In accordance with regulations that govern the operations of Workers Compensation an independent actuary has determined the value of the outstanding claims liability as at 30th June 2006. In addition separate insurance cover is held with private insurance companies for excess total incident and total claims costs.

From the 17 March 2006 onwards (under the NSW Government proclaimed the *Public Sector Employment Legislation Amendment Act 2006*) all related employee costs and entitlements are recognised as Personnel Services from the supply of labour related services from DPI and Forestry Commission Division.

Employee related liabilities are transferred from Forests NSW's statutory accounts to DPI and Forestry Commission Division in accordance with the established memorandum of understanding.

Upon consolidation of year end financial statements employee related liabilities from Forestry Commission Division are shown as current and non current provision.

(g) Borrowing Costs**Parent**

Borrowing costs are recognised as expenses in the period in which they are incurred in accordance with Treasury's mandate to general government sector agencies.

Forests NSW

Borrowing costs are recognised as expenses in the period in which they are incurred except where they are included in the costs of qualifying assets (where valid).

Borrowing costs include:

- interest on bank overdrafts and short-term and long-term borrowings
- amortisation of discounts or premiums relating to borrowings

Borrowing costs are capitalised as these funds have been utilised for the acquisition of land and for the establishment and development of new plantations which by their nature take a substantial period of time to become commercially productive.

Notes to and forming part of the financial statements

(h) Insurance**Parent**

The Department's 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 claim experience.

Forests NSW**Workers Compensation Insurance**

Forests NSW are a licensed self insurer under the provisions of the Workers Compensation Act 1987. In accordance with regulations that govern the operations of Workers Compensation, an independent actuary has determined the value of the outstanding claims liability as at 30th June 2006. In addition separate insurance cover is held with private insurance companies for excess total incident and total claims costs.

(i) Accounting for Taxation**Parent**

Revenues expenses and assets are recognised net of the amount of GST except where:

- the amount of GST incurred by the agency 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.
- receivables and payables are stated with the amount of GST included.

Forests NSW**Income Tax (Tax equivalents regime) (refer note 6)**

As of 1 July 2001 Forests NSW is subject to the National Tax Equivalents Regime (NTER) which requires Government Trading Enterprises to be subject to the same taxes including income tax and goods and services tax as private sector organisations. Prior to this date Forests NSW were subject to the state based Tax Equivalents Regime.

Current tax payable is accounted by reference to the amount of income tax payables or recoverable in terms of the taxable profit and loss for the current reporting period. It is calculated by applying the applicable tax rates and laws. Tax for the current period prior periods is recognised as a liability (or asset) to the extent that is unpaid.(or refundable)

The comprehensive balance sheet liability method is used to account for temporary differences that eventuate to deferred assets and liabilities. They arise as a result of the differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of these items.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets on the other hand are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences and tax offsets can be utilised. Deferred tax assets items relating to tax losses will be carried forward as an asset as this benefit has largely arisen from the deductibility of plantation establishment activity. Whilst recognising the significant period involved (to maturity of these plantation assets) as these activities constitute Forests NSW core business there is high likelihood the benefit will be fully realised in future periods.

(j) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Department. 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 amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Where payment for an item 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.

(k) 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.

(l) Revaluation of Property Plant and Equipment**Parent**

Physical non-current assets are valued in accordance with the "Guidelines for the Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 05-03). This policy adopts fair value in accordance with AASB 116 *Property Plant and Equipment* and AASB 140 *Investment Property*.

Property plant and equipment is measured on an existing use basis where there are no feasible alternative uses in the existing natural legal financial and socio-political environment. However in the limited circumstances where there are feasible alternative uses assets are valued at their highest and best use.

Fair value of property plant and equipment is determined based on the best available market evidence including current market selling prices for the same or similar assets. Where there is no available market evidence the asset's fair value is measured at its market buying price the best indicator of which is depreciated replacement cost.

The Department revalues each class of property plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation of land and buildings was completed on 30 June 2004 and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets) the gross amount and the related accumulated depreciation are separately restated.

For other assets any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation

Notes to and forming part of the financial statements

reserve 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 surplus/deficit the increment is recognised immediately as revenue in the surplus/deficit.

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

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

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

Forests NSW

Land

All land being Crown Land and Forests NSW owned land under forests and plantations and under administrative buildings offices mechanical workshops and other non-forest installations were revalued by the State Valuation Office (SVO) on 30 June 2004. The carrying value as at 30 June 2006 approximates to the fair value. Fair value is based on current market buying price representing value in use. The SVO supported this basis of valuation by recognising that Forests NSW land was held for continued use and would be replaced if Forests NSW was deprived of them.

The valuation recognised areas that were currently utilised for timber producing purposes and other areas such as reserves and exclusion zones where no commercial activities are carried out by Forests NSW.

Independent valuations will be performed at least triennially for Land or earlier if significant market movements are detected with purchases in the intervening periods taken to account at cost.

Roads & Bridges

Major Roads and Bridges have been independently revalued by the SVO at 30 June 2006 on the basis of written down replacement cost which approximates fair value.

Costs of building or significantly upgrading primary access roads (Class A) and secondary access roads (Class B) are capitalised as incurred. Maintenance costs on these higher classification roads are expensed as incurred. All other costs of maintaining and developing the rest of the roading infrastructure are expensed as incurred.

Heavy Plant and Equipment Motor Vehicles and Mobile Plant

Heavy Plant and Equipment have been independently revalued by Slattey Auctions at 30 June 2006 on the basis of market realisable estimate which approximates fair value.

Motor vehicles and Mobile Plant were revalued at 30 June 2006 by management. The carrying value as at 30 June 2006 approximates to the fair value. Revaluations will be performed at least triennially for motor vehicles or earlier if significant market movements are detected with purchases in the intervening periods taken to account at cost.

Other Assets

Radio Equipment was revalued at 30 June 2006 by management. The carrying value as at 30 June 2006 approximates to the fair

value. Aircraft was revalued by Slattey Auction at 30 June 2006. Other assets are stated at written down value as at 30 June 2006 which approximates fair value.

Investment Property

Investment Property is property held to earn rentals or for capital appreciation is measured at its fair value at the reporting date. Gains or losses arising from changes in the fair value of the investment property are included in the profit and loss in the period which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no further benefit is expected from its disposal. Investment properties are recognised at the 2004 valuation performed by the State Valuation Office.

Biological Assets (refer note 19)

Softwood Plantation Timber

The value of the Softwood Pine Plantation Growing Stock has been assessed utilising a Net Market Value model which is based upon standing volumes and current prices less the direct costs of disposing of the timber.

The present valuation model differentiates between the following components of the plantation: *Non commercial plantations* are defined as those plantations which are less than 15 years of age and which have not yet undergone a commercial operation. As market prices cannot be readily determined for these plantations they are valued on the basis of historical costs incurred in their establishment. Commercial plantations are defined as those plantations between 12 and 15 years of age which have experienced a commercial operation and all plantations 15 years of age or greater. A commercial operation is defined as a thinning or clear felling which produces marketable quantities of forest products for sale.

Volume increments are determined both by periodic re-measurement of samples of plantations and by modelling growth from the date of most recent measurement to the valuation date. The modelled growth estimates are generally checked to physical data at five yearly intervals. The market valuation is prepared by qualified foresters employed by Forests NSW using techniques/methods published in scientific journals and accepted by the forestry industry. The current product proportionment models used to determine the component product volumes on which the valuations are based were first implemented in 2002. To better reflect the effects of recent growth conditions and the usage of more genetically advanced seedling stock in more recent years Forests NSW has recently commenced processes to test and validate the modelling projections to recent actual harvested volumes of various timber products. Until these validation processes are completed there may be some variation between reported modelled volumes and actual standing volumes. Recalibration of the inventory models will then be made to ensure models closely align to current actual harvest records. Should any amendment to the valuation become necessary as a result of this testing any resulting financial effects will be incorporated into future valuations.

The net change in market value (resulting from price and volume movements) from the beginning to the end of the year is recognised as revenue or an expense in the Operating Statement.

Costs capitalised in relation to plantations comprise the direct costs

Notes to and forming part of the financial statements

of establishment and development attributable to a new plantation of specific age class and species and indirect costs attributable to the growing stock establishment activity. These indirect costs include fire prevention and suppression road maintenance forest management and planning research and administration and management. Other ongoing maintenance and management costs in relation to commercial pine plantations are expensed as incurred with the exception of major post thinning fertilising and pruning programs.

Where these programs are designed specifically to improve stand quality the costs are capitalised.

Hardwood Plantation Timber

These plantations are less than 15 years of age and have yet to undergo a commercial operation. As market prices cannot be readily determined for these plantations and as the quality of inventory and growth data has not developed to a suitable standard to support a detailed growth model for these plantations at this time this resource is valued on the basis of historical costs incurred in their establishment. As Hardwood plantations undergo a commercial operation or reach age 15 Forests NSW intends to move to market value for this resource. Land under these plantations and integral infrastructures have been independently valued and disclosed separately in these accounts.

Native Forest Timber

The value of the Native Forest timber resource currently available for harvesting has been assessed utilising a Net Market Value model which is based upon standing volumes and current prices less direct costs of disposing of the timber.

Standing volume information has been sourced from the most recently available resource data. Only the standing volume of native forests that are available in a single harvest cycle is valued. Harvesting cycles vary between native forest types with a cycle of 25-30 years for native forest and 35-40 years for cypress. Where possible standing volume information has been grown forward to 30 June 2006 and reduced by volumes sold since the inventory date. Forests covered by the South East and South Coast Regional Forest Agreements (RFA's) have used the RFA data as the basis for valuation.

Standing volume is calculated based on data obtained from sample inventory plots. Inventory data for forests within the Upper and Lower North East RFA's have been updated in the current financial year. As part of a comprehensive improvement of inventory procedures a new sampling regime has been introduced and a substantial number of new inventory plots have been created to replace those lost to harvesting. Implementation of this regime has resulted in a significant shift in available sawlog volumes between species an increase in volumes of saleable species and a reduction in available pulpwood. Forests NSW proposes to apply the new inventorying regime to other RFA areas. At this stage it is not known if similar changes might result in inventory for those other areas.

A new approach has also been developed for estimating harvestable area. New biometric equations are being developed for purposes of measurement estimating growth estimating standing volume and for estimating product yields. In some cases interim models have been developed that will only apply to the current valuation. The modelling process is ongoing and the new inventory regime has been operating since 1 January 2004 and it will be continually reviewed and improved. The current estimate of volume is the best estimate available based on a sampling and modelling

regime that was designed to improve the previous methodology used in 1998 for Regional Forestry Agreement assessment. In these localities the updated inventory and resource modelling tools have been used to calculate volume.

In determining the standing volume the gross area of native forests is reduced by the extent where logging is excluded in certain areas. A net harvest area modifier is then applied to reflect the impact of other logging exclusions prescribed by licences that are not area specific. A further strike rate reduction factor is used to reduce the net harvest area for unmapped flora and fauna exclusions. After adjusting the gross standing volume for the above exclusions only 30% of the standing volume is valued reflecting restrictions on the intensity of harvesting allowed for a native forest resource.

The market value for products by species was sourced from current years actual price data adjusted for marketing and selling costs.

Forests NSW older hardwood plantation resource has presently been valued as native forest until the plantations are accredited.

Forests NSW manages available native forest areas on a sustainable yield basis. Sustainable yield means that the volume harvested will approximate over long-term harvest cycles annual forest growth of the harvestable native forest areas. As a result all costs incurred in managing maintaining and developing the Native Forests timber resources are expensed as incurred on the basis that all relevant costs are incurred in maintaining a constant forest resource.

Carbon Credits

Forests NSW participated in an inaugural sale of New South Wales Greenhouse Abatement Credits in 2004-05. For financial year ending 30 June 2006 unsold carbon credit certificates are accounted for as inventory at the lower of cost or net realisable value.

Forests NSW

Where an indicator of impairment exists, the asset will be written down to the recoverable amount.

Recoverable amount is the greater of fair value less costs to sell. It is also used to determine assets that do not generate largely independent cash inflows.

(m) Impairment of Property Plant and Equipment**Parent**

As a not-for-profit entity with no cash generating units the Parent is effectively exempted from 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.

(n) Assets Not Able to be Reliably Measured**Parent**

The Department holds certain assets that have not been recognised in the Balance Sheet because the Department is unable to measure reliably the value for the assets. These assets are the insect and mite collection the plant pathology herbarium a collection of mineral core specimens obtained through drilling over a considerable period of time and various Marine Protected Areas as defined in Note 36.

Some of these assets were originally acquired in 1890 with the appointment of the first scientific officers in the Department. Since that time the assets have been augmented continuously through

Notes to and forming part of the financial statements

the addition of specimens representing records of insects mites fungi bacteria viruses nematodes and minerals samples.

Each addition of a specimen to the collections also adds a data label bearing information on the identity location date of collection name of the collector and biological information pertaining to that specimen. Each specimen provides data for the trade quarantine research and diagnostic functions. The identity information has been added progressively by specialist scientists and geologists many with world authority status over many years and much of the information is now irreplaceable because the original source is no longer available. Therefore due to the irreplaceable nature of these collections valuation would be extremely difficult.

In addition to this collection information the collections include many unique reference specimens known as primary type specimens. These are used by taxonomists as the only valid reference point for individual scientific names and are established by the taxonomist who originally names a species.

The maintenance and preservation of these collections is estimated to cost \$0.391m for 2005-06.

(o) Depreciation of Property Plant and Equipment**Parent**

Except for certain heritage assets depreciation is provided 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 Department.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Land is not a depreciable asset. Certain heritage assets have an extremely long useful life including original artworks and collections and heritage buildings. Depreciation for these items cannot be reliably measured because the useful life and the net amount to be recovered at the end of the useful life cannot be reliably measured. In these cases depreciation is not recognised. The decision not to recognise depreciation for these assets is reviewed annually.

The depreciation of buildings and infrastructure is calculated on a straight line basis. Due to the nature and location of its activities a maximum useful life of 40 years is appropriate. For practical purposes and a basis of accounting treatment useful life is expressed in 10 year increments up to the maximum of 40 years.

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.

Default asset class lives are:

Ocean Going Vessels	3 years	Computing Equipment	4 years
Commercial Vehicles	5 years	Specialised Equipment	7 years
Business Equipment	7 years	Laboratory Equipment	7 years
Motor Cycles	7 years	Passenger Vehicles	7 years
Agricultural Equipment	10 years	Furniture and Fittings	10 years
Digital Imaging System	10 years	Farm Vehicles	10 years

Trailers and Caravans	10 years	Marine Equipment	10 years
Other Marine Craft	10 years	Engineering Equipment	15 years

Forests NSW

Depreciation is charged on Property (other than land) and Plant and Equipment at rates which provide for the original cost or valuation to be written down over the expected useful life of the asset. Depreciation commences when the asset is brought into commercial operation.

Type of Asset	Deprecation Method	Useful Life
Property (other than Land)	Straight Line	10 and 50 years
Aircraft	Straight Line	10 years
Other Plant and Equipment	Straight Line	3 to 50 years
Roads and Bridges		
- earthworks	Straight Line	100 years
- paving (gravel)	Straight Line	30 years
- paving (bitumen)	Straight Line	50 years

(p) Major Inspection Costs

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.

(q) 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.

(r) Maintenance**Parent**

The costs of 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.

Forests NSW

Forests NSW' policy is to maintain property plant and equipment in good order and condition requiring ongoing maintenance and repair. The costs of maintenance and repairs are generally charged as expenses when incurred except where they relate to the replacement of a significant component of an asset or a major upgrade of an asset in which cases the costs are capitalised and depreciated.

Other routine operating maintenance repair and minor renewal costs are also expensed as incurred.

(s) Leased Assets**Parent**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets and operating leases under which the lessor effectively retains all such risks and benefits.

The Department does not hold any finance leases. It does however lease assets on an operating lease basis.

Notes to and forming part of the financial statements

Operating Lease payments are charged to the Operating Statement in the periods in which they are incurred. The major operating lease is that relating to the Head Office Building located in Orange. This building is covered by a 20 year lease with a nine year option. Commitment values for this lease are outlined in Note 27(c).

Forests NSW

Leases are classified as financial leases if at the end of the lease term, the risk and ownership of the leased assets substantially accrued to the lessee.

Financial leases are capitalised at the inception of the lease based on the fair value of the leased assets or the lower of, the present value of the minimum lease payments.

All other leases are classified as operating leases. Operating lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term

(t) Intangible Assets

The Department recognises intangible assets only if it is probable that future economic benefits will flow to the agency 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.

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 the Department's intangible assets the assets are carried at cost less any accumulated amortisation.

The Department's intangible assets are amortised using the straight line method over a period of 10 years.

In general intangible assets are tested for impairment when an indicator of impairment exists. However as a not-for-profit entity with no cash generating units the Department is effectively exempted from impairment testing (refer para (l)).

(u) Loans and Receivables Year ended 30 June 2006**Parent**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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 less an allowance for any impairment of receivables. Any changes are accounted for in the Operating Statement when impaired derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Forests NSW

Forest receivables are carried at cost based on the original invoice amount less a provision for any uncollectible debts. Credit sales are generally 7, 14 or 30 days settlement.

An estimate for doubtful debts is made when collection of the full debt is considered doubtful. Bad debts are written off as incurred.

(v) Inventories**Parent**

Inventories held for distribution are stated at the lower of cost and current replacement cost. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost or 'first in first out' method.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost the Department would incur to acquire the asset on the reporting date. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Forests NSW

Inventories and Work in Progress (WIP) are stated at the lower of cost or net realisable value. In the case of materials and parts cost comprises purchase price and incidental expenses. The valuation of WIP and finished goods is based on direct costs plus an appropriate proportion of production overheads.

(w) Guarantee Fee**Forests NSW**

Forests NSW is required to pay an annual Government Guarantee Fee to the NSW Treasury relative to the amount of loans at balance date based upon the differential between an independently assessed stand alone credit rating for Forests NSW and the NSW Government's AAA rating. The actual fee payable is calculated using factors provided by the NSW Treasury each year.

Due to the continuation of the Plantations Review study NSW Treasury deemed that an assessment was not required in the 2005-06 year with reference remaining to the previous rating of BBB-. Forests NSW has been assigned a qualified rating indication of 'BBB-' by Standard and Poor's Ratings Services. This is not necessarily the unqualified corporate credit rating that would otherwise apply to Forests NSW.

(x) Trust Funds**Parent**

The Department receives monies in a trustee capacity for various trusts as set out in Note 31. As the Department performs only a custodial role in respect of these monies and because the monies can not be used for the achievement of the Department's own objectives these funds are not recognised in the financial statements.

(y) Investments- Year ended 30 June 2006

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

Fair value through profit or loss - The agency subsequently measures investments classified as "held for trading" or designated "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the Operating Statement.

Held to maturity investments - Non-derivative financial assets with fixed or determinable payments and fixed maturity that the agency has the positive intention and ability to hold to maturity

Notes to and forming part of the financial statements

are classified as "held to maturity". These investments are measured at amortised cost using the effective interest method. Changes are recognised in the Operating Statement when impaired derecognised or through the amortisation process.

Available for sale investments - Any residual investments that do not fall into any other category are accounted for as available for sale investments and measured at fair value directly in equity until disposed or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in the Operating Statement. However interest calculated using the effective interest method and dividends are recognised in the Operating Statement. Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date i.e. the date the entity commits itself to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the balance sheet date.

(z) Impairment of financial assets

All financial assets except those measured at fair value through profit and loss are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. The amount of the impairment loss is recognised in the Operating Statement.

When an available for sale financial asset is impaired the amount of the cumulative loss is removed from equity and recognised in the Operating Statement based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value less any impairment loss previously recognised in the Operating Statement.

Any reversals of impairment losses are reversed through the Operating Statement where there is objective evidence except reversals of impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(aa) Other Assets

Other assets are recognised on a cost basis

(ab) Payables

These amounts represent liabilities for goods and services provided to the agency 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.

(ac) Borrowings

Parent

Loans are not held for trading and are recognised at amortised cost using the effective interest method.

Forests NSW

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(ad) Dividend

Forests NSW

The amount of Dividend payable to the NSW Treasury is set at \$24 000 000. The dividend provided is payable to Treasury in the following financial year.

(ae) Budgeted Amounts

Parent

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations s 21A s 24 and/or s 26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Operating Statement and the Cash Flow Statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However in the Balance Sheet the amounts vary from the Budget Papers as the opening balances of the budgeted amounts are based on carried forward actual amounts; i.e. per the audited financial statements (rather than the carry forward estimates).

(af) Buyout of commercial fishers

Parent

In September 2001 the Treasurer approved the provision of a loan of \$20 million to the Department to fund the buyout of commercial fishers affected by the creation of recreational fishing areas in the State. This loan was drawn down on 30 April 2002 at an interest rate of 6.455%. The loan is to be repaid over seventeen years at an amount of \$2 million per annum commencing in December 2002.

Approximately \$18.6 million of this loan was expended during the period 2001 -02 to 2005 -06 leaving a balance of \$1.4m unexpended as at 30 June 2006.

In 2005-06 the Department received a funding allocation of \$4.427m to buyout commercial fishers in the Cape Byron Marine Park. An amount of \$4.143m had been expended as at 30 June 2006.

(ag) Fisheries Management Amendment Acts

Parent

The *Fisheries Management Amendment Act 1997* ('the Act') commenced on 1 July 1998. The objects of the Act are: to provide for the payment of an access fee by recreational freshwater fishers; to establish special fisheries trust funds; and to make other miscellaneous changes to the *Fisheries Management Act 1994*. The *Fisheries Management Amendment Act 2000* also allowed for the introduction from 23 March 2001 of a general access fee payable by recreational fishers to use estuarine and marine waters.

The Act provides for the establishment of special fisheries trust funds which are: Recreational Fishing (Freshwater) Trust Fund; Recreational Fishing (Saltwater) Trust Fund; Commercial Fishing Trust Fund; Fish Conservation Trust Fund; Aquaculture Trust Fund; and Charter Fishing Trust Fund.

Moneys in these trust funds are under the control of the Minister for Primary Industries and can be expended by the Minister only for the purposes authorised by the Act.

Notes to and forming part of the financial statements

Under the Department's accounting structure all revenue paid into these special fisheries trust funds and any expenditure therefrom is included in the Department's financial statements. NSW Treasury has agreed with this course of action. The flow of funds into and out of these special fisheries trust funds has been outlined in note 32.

(ah) Comparative Information

Comparative figures have been restated based on AEIFRS with the exception of financial instruments information which has been prepared under the previous AGAAP Standard (AAS 33) as permitted by AASB 1.36A. The transition to AEIFRS for financial instruments information was 1 July 2005. The impact of adopting AASB 132/139 is further discussed in Note 38.

(ai) Financial instruments accounting policy for 2004-05 comparative period**Investment income**

Interest revenue is recognised as it accrues. Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Dividend revenue is recognised when the agency's right to receive payment is established.

Receivables

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

Other Financial Assets

'Other financial assets' are generally recognised at cost, with the exception of TCorp Hour-Glass Facilities and Managed Fund Investments, which are measured at market value.

For non-current 'other financial assets', revaluation increments and decrements are recognised in the same manner as physical non-current assets.

For current 'other financial assets', revaluation increments and decrements are recognised in the Statement of Financial Performance.

Payables

These amounts represent liabilities for goods and services provided to the agency and other amounts, including interest. Interest is accrued over the period it becomes due.

Interest Bearing Liabilities

Interest-bearing loans and borrowings are carried at current capital value, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(aj) New Australian Accounting Standards issued but not effective**Parent**

At reporting date a number of accounting standards have been issued by AASB but are not yet effective. These have not been early adopted by the organisation.

No Impact

The following is a list of standards issued identified as having no impact.

AASB Standard Affected	AASB Amendments	Application Date for the Standard	Application Date for the Group
AASB 1: First Time Adoption of AIFRS	2005-10	1/1/2007	1/7/2007
AASB 101: Presentation of Financial Statements	2004-3	1/1/2006	1/7/2006
AASB 117: Leases	2005-10	1/1/2007	1/7/2007
AASB 119: Employee Benefits	New STD	1/1/2006	1/7/2006

Impact Being Evaluated

At the time of this report the Department was in the process of evaluating the effect of the changes in the following standards. At the time of this report the impact is not reasonably estimable.

AASB Standard Affected	AASB Amendments	Application Date of the Standard	Application Date for the Group
AASB 7: Financial Instruments Disclosure	New STD	1/1/2007	1/7/2007
AASB 132: Financial Instruments: Disclosure and Presentation	2005-9	1/1/2006	1/7/2006
AASB 117: Leases	2005-10	1/1/2007	1/7/2007
AASB 139: Financial Instruments: Recognition and Measurement	2005-10	1/1/2007	1/7/2007

Notes to and forming part of the financial statements

Non Application

The following standards have been issued and have no application to the Department or its subsidiaries.

AASB Standard Affected	AASB Amendments	Application Date of the Standard	Application Date for the Group
AASB 4: Insurance Contracts	2005-10	1/1/2007	1/7/2007
AASB 1023: General Insurance Contracts	2005-10	1/1/2007	1/7/2007

Forests NSW

The following Accounting Standards are being early adopted. Any initial impacts on the first time adoption are detailed in the Statement of Changes in Equity).

AASB Amendment	Affected Standards
2005-4	AASB 139: Financial Instruments: Recognition and Measurement - Issued June 2005.

In this reporting period, the following recent Australian Accounting Standards that are not yet effective were not used in preparing this report.

AASB Amendment	Affected Standards
2005-1	AASB 139: Financial Instruments: Recognition and Measurement. Issued May 2005.
2005-5	AASB 1 First-time adoption of AIFRS
	AASB 139: Financial Instruments: Recognition and Measurement. Issued June 2006.
2005-9	AASB 132: Financial Instruments: Presentation
	AASB 139: Financial Instruments: Recognition and Measurement. Issued September 2005.
2005-10	AASB 101 Presentation of Financial Statements.
	AASB 117 Leases.
	AASB 132: Financial Instruments: Presentation.
	AASB 139: Financial Instruments: Recognition and Measurement. Issued September 2005.
2005-11	AASB 101 Presentation of Financial Statements.
	AASB 132: Financial Instruments: Presentation.
	AASB 139: Financial Instruments: Recognition and Measurement. Issued September 2005.
AASB 7	AASB 7 Financial Instruments: Disclosures Issued August 2005.

All AASB amendments above are applicable for the year commencing 1 July 2006 with the exception of AASB 7 which is applicable for the year commencing 1 July 2007. No assessment has been made of the change in accounting policy in the year of change, or the financial impact of adoption of any of the amendments above.

Notes to and forming part of the financial statements

2. EXPENSES EXCLUDING LOSSES	Consolidated 2006 \$'000	Consolidated 2005 \$'000	Parent 2006 \$'000	Parent 2005 \$'000
(a) Employee Related Expenses				
Salaries and wages (including recreation leave)	217 032	229 242	161 149	167 177
Superannuation - defined benefit plans	2 038	8 983	7 891	8 796
Superannuation - defined contribution plans	11 864	18 906	10 077	6 431
Long service leave	13 016	20 430	8 468	17 705
Workers compensation insurance	3 512	4 173	3 513	3 742
Payroll tax and fringe benefits tax	17 372	16 927	12 464	13 265
Redundancy Payments	2 966	25 355	2 270	22 223
Other - Miscellaneous	8 808	2 088	8 808	2 088
	276 609	326 104	214 640	241 427
(b) Other operating expenses include the following:				
Auditor's remuneration - audit or review of financial reports	848	383	573	136
Cost of inventories held for distribution	3 025	4 070	3 025	4 070
Operating lease rental expense - minimum lease payments	9 505	8 981	8 237	8 981
Maintenance*	8 830	7 046	8 673	7 046
Insurance	2 169	2 677	1 476	1 880
Other - Motor Vehicles	10 027	8 544	10 027	8 544
- Internal Audit	311	240	311	240
- Marine Craft Expenses	236	169	236	169
- Travel	9 914	10 383	7 919	8 305
- Advertising	678	1 216	627	1 150
- Fees	20 299	47 146	20 402	39 270
- Consultancy	611	1 732	154	1 098
- Gas, Electricity	3 225	2 535	2 803	2 535
- Printing	1 989	1 448	1 989	899
- Payments to Other Organisations	6 260	5 790	6 646	8 851
- Overseas Expenses	624	82	624	82
- Postal & Telephone	6 840	6 285	5 200	4 395
- Refunds	674	496	674	496
- Stores, Consumables	11 548	20 194	11 553	20 194
- Rates, Charges etc.	708	931	618	578
- Freight	208	420	208	420
- Cleaning	2 330	2 196	2 330	2 196
- F.B. Taxable Expenditure	15	297	15	16
- National Livestock Identification Scheme	1 476	3 289	1 476	3 289
- Miscellaneous	18 408	762	6 784	762
- Bad and Doubtful Debts	511	371	483	328
- Training Costs	904	634	908	634
- Legal Fees	735	918	735	393
- Minor Plant and Equipment	3 136	1 827	3 136	1 806
- Distribution of Joint Project Funds	2 668	711	2 668	711
- Disaster Welfare Relief	6	14	6	14

Notes to and forming part of the financial statements

2. EXPENSES EXCLUDING LOSSES (continued)	Consolidated 2006 \$'000	Consolidated 2005 \$'000	Parent 2006 \$'000	Parent 2005 \$'000
- Agricultural Scientific Collections Trust	15	15	15	15
- Maintenance & Relocation of Travelling Stock Routes	70	70	70	70
- Chicken Meat Industry Committee	4	19	4	19
- NSW Institute of Rural Studies	4	4	4	4
- Total Homestead Maintenance	26	23	26	23
- Contractors	12 104	12 143	0	0
- Materials	18 902	18 176	0	0
- Stamp Duty	379	468	0	0
	160 222	172 705	110 635	129 619
Maintenance Reconciliation				
*Maintenance expense as above	8 830	7 046	8 673	7 046
Maintenance related employee expenses included in Note 2 (a)	5 329	0	2 254	0
Total maintenance expenses included in Note 2(a) + (b)	14 159	7 046	10 927	7 046
No employee related costs have been capitalised.				
(c) Depreciation and amortisation expense				
Buildings	6 365	7 140	5 431	5 673
Infrastructure	6 893	2 841	3 188	2 841
Motor Vehicles	1 112	1 163	1 112	1 163
Marine Craft	433	389	433	389
Other - Computer equipment	590	795	590	795
- General plant & equipment	13 294	12 054	8 149	7 002
- Other	0	3 553	0	75
Amortisation of Intangible assets	286	75	286	105
	28 973	28 010	19 189	18 043
(d) Grants and subsidies				
Destruction of Noxious Weeds	7 727	7 377	7 727	7 377
Wild Dog Destruction Board	60	60	60	60
Animal Welfare Organisations	512	321	512	321
Rural Lands Protection Boards	475	1 694	475	1 694
Rural Counsellors Contribution	876	1 656	876	1 656
Grants to Government Bodies	3 716	42	13 273	9 599
Grant to Other Non-Government Bodies	314	3 076	330	3 076
Safe Food Production	12 523	11 676	12 523	11 676
Fisheries Grants & Subsidies	0	431	0	431
Drought Transport Subsidies	17 821	21 405	17 821	21 405
	44 025	47 738	53 598	57 295
(e) Finance Costs				
Interest on Treasury Advance	3 653	1 390	1 941	1 390
	3 653	1 390	1 941	1 390
(f) Other expenses				
Beekeepers' Compensation	23	7	23	7
Plant Chemical Residue Monitoring	0	491	0	491
Citrus Canker	1 121	1 030	1 121	1 030

Notes to and forming part of the financial statements

2. EXPENSES EXCLUDING LOSSES (continued)	Consolidated 2006 \$'000	Consolidated 2005 \$'000	Parent 2006 \$'000	Parent 2005 \$'000
Salvinia Weed	0	200	0	200
Shark Meshing	693	610	693	610
Buyout of Commercial Fisheries	4 414	286	4 414	286
Remedial Works to Mined Areas	1 722	1 701	1 722	1 701
Australian Standing Committee on Agriculture:				
Publications & Databases Committee	63	63	63	63
Vet Serology Quality Assurance	0	23	0	23
National Abrovirus Monitoring	60	41	60	41
Eradication of Siam Weed	24	40	24	40
CCRP CCRVDE & CCRVDF Meetings	0	4	0	4
National Animal Health Information System	244	242	244	242
Fruit Fly Suppression	0	163	0	163
Oriental Fruit Fly Eradication - Torres Strait	18	13	18	13
Australian Plant Health Council - NSW Contribution	140	135	140	135
Branched Broomrape Eradication	151	148	151	148
Environmental Management Systems in Australian Agriculture	0	10	0	10
Queensland Fruit Fly Tri-State Review	0	19	0	19
Australian Weeds Committee	31	0	31	0
Grapevine Leaf Rust - Northern Territory	19	57	19	57
Red Imported Fire Ant in Queensland	4 181	5 271	4 181	5 271
Eradication of Tropical Weeds	17	17	17	17
Ovine Johnes Disease - NSW Contribution	10	344	10	344
	12 933	10 915	12 933	10 915

3. REVENUES	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
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(a) Sale of goods and services

Sale of goods:				
Sale of produce	5 076	5 419	5 076	5 419
Sale of publications	966	1 082	966	1 082
Sale of seized products	21	2	21	2
Rendering of services:				
Laboratory testing	3 434	5 451	3 434	5 451
Board & lodgings	856	733	856	733
Education	1 549	1 162	1 610	1 162
Fees for services rendered	95 477	82 003	5 309	3 639
Fishery Application and Management Fees	4 744	4 411	4 744	4 411
Rental Income	139	0	0	0
Fishing Clinic Income	11	6	11	6
Tour Guide Fees	23	23	23	23
Commonwealth Inspections	199	492	199	492
Contributions for Aquaculture Administration	222	216	222	216

Notes to and forming part of the financial statements

3. REVENUES (continued)	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Aquaculture Lease Bonds	117	138	117	138
Other Services	16 186	11 341	524	289
	129 019	112 479	23 111	23 063
(b) Investment revenue				
Interest	3 646	2 526	3 054	2 126
Rents	3 586	4 121	816	1 167
Royalties General	1 340	1 118	1 340	1 118
Royalties from the sale of timber and related products	134 668	128 188	0	0
Dividends	63	59	63	59
	143 301	136 012	5 272	4 470
(c) Retained taxes, fees and fines				
Recreational Fishing Fees	10 902	10 032	10 902	10 032
	10 902	10 032	10 902	10 032
(d) Grants and Contributions				
Grants - Industry/Private Bodies	36 753	26 937	36 769	26 937
Grants - Public Authorities	455	574	455	574
Grants - Other State Governments	906	1 215	906	1 215
Grants - Dept of Infrastructure, Planning and Natural Resources	1 991	605	1 991	605
Grants - Other Employment Schemes	0	64	0	64
Grants - Commonwealth Government	2 626	4 308	2 626	4 308
Grants - Dept of Education and Training	443	752	443	752
Grants - Budget Sector Agencies	6 698	12 477	322	2 493
Grants from Local Government	27	85	27	85
	49 899	47 017	43 539	37 033
(e) Other revenue				
Refunds received	1 825	667	1 825	667
Administration charges	0	25	0	25
Rural Lands Protection Board Levies	4 396	4 377	4 396	4 377
Mine Safety Levy	5 285	0	5 285	0
Trade ins	0	251	0	251
Other:				
- Sales	256	1 525	256	1 525
- Intellectual property	14	76	14	76
- Crown Grants - Natural Disaster Relief	337	14	337	14
- Dairy Structural Adjustment scheme	0	118	0	118
- Miscellaneous	5 158	3 953	5 158	3 953
	17 271	11 006	17 271	11 006
(f) Personnel Services Revenue	2 226	0	6 593	0
(g) Forest Superannuation Gain	33 364	0	0	0

Notes to and forming part of the financial statements

4. GAIN/(LOSS) ON DISPOSAL	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Gain /(loss) on disposal of property, plant and equipment				
Proceeds from sale	8 337	22 920	6 244	3 321
Written down value of assets sold	(9 756)	(18 561)	(6 123)	(2 154)
Net gain on disposal of property, plant and equipment	(1 419)	4 359	121	1 167

5. CONDITIONS ON CONTRIBUTIONS

Contributions of \$36.769m during 2005-06 were provided for specific purposes associated with industry funded research with the Department having an obligation to use these funds as specified by the donor body. Expenditure of these contributions has been made in the manner specified by the contributors. Any funds that are not used on the specific project must be refunded to the donor body. Refer Note 20.

The total amounts of contributions which were unexpended at 30 June 2006 (including those received in prior years) were \$8.864m (30 June 2005 - \$7.784m). These funds will be carried forward to the next financial year.

6. INCOME TAXES	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(a) Income Tax recognised in Operating Statement				
Tax expense/(income) comprises:				
Current tax expense/(income)	3 765	5 290	0	0
Deferred income tax Relating to origination and reversal of timing differences that are part of;				
Deferred tax liability	(57 203)	12 319	0	0
Deferred tax asset	62 022	(4 672)	0	0
Total expense/(income)	8 584	12 937	0	0
Attributable to:				
Continuing operations	8 584	12 937	0	0
Discontinued operations	0	0	0	0
	8 584	12 937	0	0

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Accounting Profit/(Loss) from continuing operations	11 420	(10 925)	0	0
Accounting Profit/(Loss) from discontinued operations	0	0	0	0
At the statutory income tax rate of 30 per cent	3 426	(3 278)	0	0
Excess/(Deficit) of accounting depreciation over tax	231	307	0	0
Non revenue expenditures	23	266	0	0
Loss on discontinued assets	1 665	1 588	0	0
Provisions and accruals expenses	791	(727)	0	0
Unearned revenue	(210)	1 026	0	0
Decrement in net market value of biological assets	18 828	11 999	0	0
Non Assessable Income	(12 919)	2 295	0	0

Notes to and forming part of the financial statements

6. INCOME TAXES (continued)	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Capitalised finance costs	(2 277)	(2 318)	0	0
Capital Expenditures on Plantation Establishment	(5 793)	(5 868)	0	0
Deferred Income Tax relating to origination and reversal of timing differences	4 819	7 647	0	0
Income tax expense reported in income statement	8 584	12 937	0	0

	Consolidated Actual			
	Balance Sheet		Income Statement	
Income Tax Equivalents	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Deferred Income tax equivalent at 30 June relates to the following:				
Deferred Income Tax equivalent liabilities				
Property Plant & Equipment	(234 047)	(235 248)	1 160	1 327
Biological Assets	(228 594)	(239 472)	(10 878)	5 816
Superannuation	0	(47 485)	(47 485)	5 139
Gross deferred income tax equivalent liabilities	(462 641)	(522 205)		
Deferred Income Tax equivalent Assets				
Superannuation	0	57 446	57 446	(3 716)
Provision of expenses	650	9 172	8 522	107
revenue in advance	7 695	3 749	(3 946)	(1 026)
Gross deferred income tax equivalent assets	8 345	70 367		
Deferred income tax equivalent charge			4 819	7 647

7. APPROPRIATIONS	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Recurrent appropriations				
Total recurrent draw-downs from Treasury (per Summary of Compliance)	277 897	302 644	277 897	302 644
Less: Liability to Consolidated Fund (per Summary of Compliance)	(1 927)	(2 334)	(1 927)	(2 334)
	275 970	300 310	275 970	300 310
Comprising:				
Recurrent appropriations (per Operating Statement)	275 970	300 310	275 970	300 310
Transfer payments	0	0	0	0
	275 970	300 310	275 970	300 310
Capital appropriations				
Total capital draw-downs from Treasury (per Summary of Compliance)	8 798	22 911	8 798	22 911
Less: Liability to Consolidated Fund (per Operating Statement)	0	0	0	0
	8 798	22 911	8 798	22 911
Comprising:				
Capital appropriations (per Operating Statement)	8 798	22 911	8 798	22 911
Transfer payments	0	0	0	0
	8 798	22 911	8 798	22 911

Notes to and forming part of the financial statements

8. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
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The following liabilities and/or expenses have been assumed by the Crown Entity or other government agencies:

Superannuation	7 952	15 016	7 952	15 016
Long service leave	7 755	17 019	7 755	17 019
Payroll tax	477	901	477	901
	16 185	32 936	16 185	32 936

9. PROGRAMS/ACTIVITIES OF THE DEPARTMENT

Agriculture and Fisheries

Program objective: To assist sustainable development of the State's agricultural and fishing industries, whilst ensuring conservation of fisheries resources and maintaining a high standard of animal welfare.

Program description: Extension and educational services, fisheries management, licensing and inspection of animal exhibits and animal research activities, building productive relationships with regional organisations and agencies.

Mineral Resources

Program objective: To manage mineral resources sustainably for high and stable economic growth; employment from exploration and mining; and a safe, healthy, environmentally responsible exploration and mining industry.

Program description: Assessment of the State's geology and mineral resources, their allocation to private interests for exploration and mining, and regulation of exploration and mining activities for safety and environmental performance.

Biosecurity, Compliance and Mine Safety

Program objective: To provide a bio-security framework to support and improve domestic and international market access for New South Wales primary industries products. To coordinate and where necessary implement emergency management planning and response. To help the mining industry continually to improve industry safety.

Program description: Development of industry safety, bio-security and emergency response plans. Preparing Department of Primary Industries staff and others for a role in implementing these plans when needed. Development of appropriate legislative and regulatory structures to support improved primary industry bio-security.

Science and Research

Program objective: To provide strategic science that enhances growth, sustainability, and bio-security of NSW Primary industries.

Program description: Provide science, research and innovative technologies to increase the international competitiveness of the State's primary industries in an environmentally sustainable way. Provide the science to underpin effective bio-security policy and implementation.

10. CURRENT ASSETS - CASH AND CASH EQUIVALENTS	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
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Cash at bank and on hand*	66 330	75 799	62 118	69 682
Short Term deposits	525	0	0	0
NSW Treasury Corporation Hourglass Investments	2 250	2 018	0	0
Other Financial Assets	0	242	0	0
	69 105	78 059	62 118	69 682

Notes to and forming part of the financial statements

10. CURRENT ASSETS - CASH AND CASH EQUIVALENTS (continued)	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
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For the purpose of the Cash Flow Statement, cash and cash equivalents include cash at bank, cash on hand, short term deposits and bank overdraft.

Cash and cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:

Cash and cash equivalents (per Balance Sheet)	69 105	78 059	62 118	69 682
Closing cash and cash equivalents (per Cash Flow Statement)	69 105	78 059	62 118	69 682

The Department has credit facilities of \$6.3 million of which \$5.803 million remains unused at 30 June 2006.

NOTE: * Included in this balance is the following special deposit accounts

Agricultural Scientific Collections Trust	19	20	19	20
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Transactions of the Agricultural Scientific Collections Trust are recognised in relevant amounts recorded in these financial statements.

A separate general purpose financial report is prepared for the Agricultural Scientific Collections Trust as required in the *Agricultural Scientific Collections Trust Act 1983*.

11. CURRENT/NON-CURRENT ASSETS - RECEIVABLES	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
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CURRENT

Sale of goods and services	58 411	43 966	16 239	10 045
Less: Allowance for impairment	(723)	(1 354)	(695)	(1 255)
Prepayments - Rental/Lease	3 555	1 259	1 291	1 259
Prepayments - Other	1 248	3 673	1 248	518
Interest Receivable	1 704	921	1 704	921
Miscellaneous	1 536	21 931	1 536	3 333
Accrued Income	64	6	0	6
	65 795	70 402	21 323	14 827

NON CURRENT

Personnel Services	1 448	0	23 950	0
	1 448	0	23 950	0

12. CURRENT/NON-CURRENT ASSETS - INVENTORIES	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
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CURRENT

Valued at Cost				
Publications	1 211	1 499	1 211	1 499
Insecticide	729	671	729	671
Stores/Fuel	537	124	537	124
Materials and Parts	4 892	4 541	0	0
Work in Progress and Finished Goods	2 056	2 423	0	0
Less: Provision for Stock Losses	(13)	(13)	0	0
	9 412	9 245	2 477	2 294

Notes to and forming part of the financial statements

13. CURRENT/NON-CURRENT ASSETS - FINANCIAL ASSETS AT FAIR VALUE	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
CURRENT				
	0	0	0	0
NON-CURRENT				
Gold Exhibits	351	239	351	239
Shares in Co-Operatives	592	559	592	559
	943	798	943	798

Gold Exhibits

The Department has control and custody of certain gold exhibits which were transferred following the closure of the Earth Exchange (Mining Museum) in 1995. Valuations are based on the gold price of AUD\$825.24 per Troy Oz. These exhibits are as follows:

	Weight (Troy Oz)				
Maitland Bar	344.41	284	193	284	193
Lucky Hit	42.64	35	24	35	24
Woods Flat	20.85	17	12	17	12
Alluvial Gold	18	15	10	15	10
TOTAL	425.9	351	239	351	239
The value of shares represents holdings in:					
Australian Co-Operative Foods Ltd		481	450	481	450
Norco Co-Operative Ltd		92	89	92	89
Rice Growers Co-Operative Mills Ltd		10	10	10	10
Rice Marketing Board of NSW		9	10	9	10
TOTAL		592	559	592	559

Notes to and forming part of the financial statements

14. NON-CURRENT ASSETS - PROPERTY PLANT AND EQUIPMENT

	Land and Buildings		Plant & Equipment		Infrastructure Systems		Digital Imaging System (DIGS)		Forest Plant and Equipment under construction		Total	
	Consolidated \$ '000	Parent \$ '000	Consolidated \$ '000	Parent \$ '000	Consolidated \$ '000	Parent \$ '000	Consolidated \$ '000	Parent \$ '000	Consolidated \$ '000	Parent \$ '000	Consolidated \$ '000	Parent \$ '000
At 1 July 2005												
At Fair Value	994 636	226 035	141 274	97 310	223 192	32 169	5 899	5 899	6 068	0	1 371 069	361 413
Accumulated Depreciation and impairment	(9 144)	(7 968)	(56 719)	(47 682)	(102 275)	(4 413)	(3 540)	(3 540)	0	0	(171 678)	(63 603)
Net Carrying Amount	985 492	218 067	84 555	49 628	120 917	27 756	2 359	2 359	6 068	0	1 199 391	297 810
At 30 June 2006												
At Fair Value	949 783	204 508	124 324	92 064	154 207	45 092	5 899	5 899	5 017	0	1 239 229	347 562
Accumulated Depreciation and impairment	(15 368)	(11 845)	(52 374)	(52 374)	(7 720)	(7 720)	(4 130)	(4 130)	0	0	(79 592)	(76 070)
Net Carrying Amount	934 415	192 662	71 949	39 689	146 487	37 372	1 769	1 769	5 017	0	1 159 637	271 492

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		Plant & Equipment		Infrastructure Systems		DIGS		Forest Plant and Equipment under construction		TOTAL	
	Consolidated \$ '000	Parent \$ '000	Consolidated \$ '000	Parent \$ '000	Consolidated \$ '000	Parent \$ '000	Consolidated \$ '000	Parent \$ '000	Consolidated \$ '000	Parent \$ '000	Consolidated \$ '000	Parent \$ '000
Year ended 30 June 2006												
Net carrying amount at start of year	985 492	218 067	84 555	49 628	120 917	27 756	2 359	2 359	6 068	0	1 199 391	297 810
Additions	5 021	2 980	16 254	9 673	5 765	974	0	0	0	0	27 040	13 627
Assets held for sale (note 18)	(14 978)	(14 978)	0	0	0	0	0	0	0	0	14 987	14 987
Disposals	(5 594)	(5 418)	(7 153)	(5 020)	(1 402)	(78)	0	0	0	(1 051)	(14 149)	(10 516)
Transfers	(11)	(11)	11	11	0	0	0	(1 051)	0	0	0	0
Opening balance addition	58	58	0	0	0	0	0	0	0	0	58	58

14. NON-CURRENT ASSETS - PROPERTY PLANT AND EQUIPMENT (cotinued)

Transfer through fishery restructures	0	0	(9 093)	(9 093)	9 093	9 093	0	0	0	0	0	0
Acquisitions through administrative restructures	(2 797)	(2 797)	(2 815)	(2 815)	2 797	2 797	0	0	0	0	(2 815)	(2 815)
Net revaluation increment less revaluation decrements recognised in reserves	9 005	0	(1 891)	0	16 192	0	0	0	0	0	23 306	
Revocation	(35 414)	0	0	0	0	0	0	0	0	0	(35 414)	0
Transfer to Intangibles				2 815	2 815	0	0	0	0	0	2 815	2 815
Depreciation Expense	(6 563)	(5 432)	(14 918)	(9 694)	(6 893)	(3 188)	(590)	(590)	0	0	(28 964)	(18 904)
Writeback on disposal	193	193	4 184	4 184	18	18	0	0	0	0	4 395	4 395
Net Carrying amount at end of year	934 412	192 662	71 949	39 689	146 487	37 372	1 769	1 769	5 017	0	1 159 634	271 492

The Department holds assets in the form of scientific collections which are not included in the financial statements as they cannot be measured reliably: see Note 1 (n). These assets are protected by the *Agricultural Scientific Collections Trust Act 1983*.

	Land and Buildings		Plant & Equipment		Infrastructure Systems		Digital Imaging System (DIGS)		Forest Plant and Equipment under construction		Total	
	Consolidated \$ '000	Parent \$ '000	Consolidated \$ '000	Parent \$ '000	Consolidated \$ '000	Parent \$ '000	Consolidated \$ '000	Parent \$ '000	Consolidated \$ '000	Parent \$ '000	Consolidated \$ '000	Parent \$ '000
At 1 July 2004												
At Fair Value	1 001 368	219 246	134 416	91 650	218 636	31 620	5 899	5 899	3 686	0	1 364 005	348 415
Accumulated Depreciation and impairment	(6 698)	(6 698)	(51 698)	(47 172)	(95 895)	(1 585)	(2 950)	(2 950)	0	0	(157 241)	(58 405)
Net Carrying Amount	994 670	212 548	82 718	44 478	122 741	30 035	2 949	2 949	3 686	0	1 206 764	290 010
At 30 June 2005												
At Fair Value	994 636	226 035	141 274	97 310	223 192	32 169	5 899	5 899	6 068	0	1 371 069	361 413
Accumulated Depreciation and impairment	(9 144)	(7 968)	(56 719)	(47 682)	(102 275)	(4 413)	(3 540)	(3 540)	0	0	(1771 678)	(63 603)
Net Carrying Amount	985 492	218 067	84 555	49 628	120 917	27 756	2 359	2 359	6 068	0	1 199 391	297 810

Reconciliation

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

14. NON-CURRENT ASSETS - PROPERTY PLANT AND EQUIPMENT (continued)

	Land and Buildings		Plant and Equipment		Infrastructure Systems		DIGS		Forest Plant and Equipment under construction		TOTAL	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
Year ended 30 June 2005												
Net carrying amount at start of year	994 671	212 549	82 725	44 485	122 741	30 035	2 949	2 949	3 686	0	1 206 772	290 018
Reversal of work-in-progress as at 30 June 2005	0	0	(4 687)	(4 687)	0	0	0	0	0	0	4 687	4 687
Additions	4 991	3 689	25 677	19 011	4 701	694	0	0	2 382	0	37 751	23 394
Assets held for sale	0	0	0	0	0	0				0	0	
Transfers	(18)	(18)	18	18	0	0	0	0			0	0
Asset Dedications	1	0	0	0	0	0	0	0			1	0
Disposals	(15 526)	(1 675)	(5 607)	(3 051)	(145)	(145)	0	0			(21 278)	(4 871)
Asset Revocations	(471)	0	0	0	0	0	0	0			(471)	0
Acquisitions through administrative restructures	0	0	0	0	0	0	0	0	0	0	0	0
Net revaluation increment less revaluation decrements recognised in reserves	9 182	9 182	2 916	2 916	0	0	0	0	0	0	12 098	12 098
Impairment losses (recognised in 'other gains/losses')	0	0	0	0	0	0	0	0	0	0	0	0
Transfer to Intangibles			(2 815)	(2 815)	0	0		0	0	0	(2 815)	(2 815)
Depreciation Expense	(7 351)	(5 673)	(13 974)	(8 940)	(6 393)	(2 841)	(590)	(590)	0	0	(28 308)	(18 044)
Writeback on disposal	13	13	2 691	2 691	13	13	0	0			2 717	2 717
Net Carrying amount at end of year	985 492	218 067	84 555	49 628	120 917	27 756	2 359	2 359	6 068	0	1 199 391	297 810

Notes to and forming part of the financial statements

15. INVESTMENT PROPERTY	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
FAIR VALUE				
Opening Balance as at 1 July	4 778	4 778	0	0
Additions	0	0	0	0
Disposals and assets held for sale	0	0	0	0
Net gain/(loss) from fair value adjustment	0	0	0	0
Closing balance as at 30 June	4 778	4 778	0	0

16. INTANGIBLE ASSETS	Consolidated		Parent	
	Software \$ '000	Total \$ '000	Software \$ '000	Total \$ '000
At 1 July 2005				
Cost (gross carrying amount)	7 068	7 068	7 068	7 068
Accumulated amortisation and impairment	(4 253)	(4 253)	(4 253)	(4 253)
Net carrying amount	2 815	2 815	2 815	2 815
At 30 June 2006				
Cost (gross carrying amount)	7 181	7 181	7 181	7 181
Accumulated amortisation and impairment	(4 525)	(4 525)	(4 525)	(4 525)
Net carrying amount	2 656	2 656	2 656	2 656
Year ended 30 June 2006				
	Software \$ '000	Total \$ '000	Software \$ '000	Total \$ '000
Net carrying amount at start of year	2 815	2 815	2 815	2 815
Additions	126	126	126	126
Disposals	(13)	(13)	(13)	(13)
Impairment losses	0	0	0	0
Amortisation (recognised in 'depreciation and amortisation')	(272)	(272)	(272)	(272)
Net carrying amount at end of year	2 656	2 656	2 656	2 656
At 1 July 2004				
	Software \$ '000	Total \$ '000	Software \$ '000	Total \$ '000
Cost (gross carrying amount)	847	847	847	847
Accumulated amortisation and impairment	(403)	(403)	(403)	(403)
Net carrying amount	444	444	444	444
At 30 June 2005				
Cost (gross carrying amount)	7 067	7 067	7 067	7 067
Accumulated amortisation and impairment	(4 252)	(4 252)	(4 252)	(4 252)
Net carrying amount	2 815	2 815	2 815	2 815

Notes to and forming part of the financial statements

16. INTANGIBLE ASSETS (continued)	Consolidated		Parent	
	Software \$ '000	Total \$ '000	Software \$ '000	Total \$ '000
Year ended 30 June 2005	Software \$ '000	Total \$ '000	Software \$ '000	Total \$ '000
Net carrying amount at start of year	444	444	444	444
Additions	6 624	6 624	6 624	6 624
Assets held for sale	0	0	0	0
Impairment losses	0	0	0	0
Amortisation (recognised in 'depreciation and amortisation')	(4 253)	(4 253)	(4 253)	(4 253)
Net carrying amount at end of year	2 815	2 815	2 815	2 815

17. OTHER FINANCIAL ASSETS	2006 \$ '000	2005 \$ '000	2006 \$ '000	2005 \$ '000
Tax Asset	616	0	0	0
Employee Superannuation Funds	9 858	0	6 352	0
	10 474	0	6 352	0

EMPLOYEE BENEFITS JUNE 2005

The Employee Benefits liability for June 2005 was determined by the Fund's actuary based upon membership information as at 31 March 2005.

Consolidated Actual	SASS \$ '000	SANCS \$ '000	SSS \$ '000	Total \$ '000
Estimated Reserve Account balance	32 313	9 074	116 895	158 282
Accrued Employees Benefits Liability	(38 189)	(10 121)	(143 176)	(191 486)
	(5 876)	(1 047)	(26 281)	(33 204)

All references are to the July 2004 version of AASB 119.

Accounting policy for recognising actuarial gains/losses.

Actuarial gains and losses are recognised in profit or loss in the year they occur.

General description of the type of plan

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

Police Superannuation Scheme (PSS)

State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the schemes are closed to new members.

Notes to and forming part of the financial statements

17. OTHER FINANCIAL ASSETS (continued)	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Reconciliation of the assets and liabilities recognised in the balance sheet				
Consolidated Actual 2005	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Present Value of defined benefit obligations	58 608	10 121	162 344	231 073
Fair Value of plan assets	(52 732)	(9 074)	(136 063)	(197 869)
	5 876	1 047	26 281	33 204
Surplus in excess of recovery available from schemes				
Unrecognised past service cost				
Net (asset)/liability to be disclosed in balance sheet	5 876	1 047	26 281	33 204
Parent Actual 2005	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Present Value of defined benefit obligations	0	0	0	0
Fair Value of plan assets	0	0	0	0
	0	0	0	0
Surplus in excess of recovery available from schemes				
Unrecognised past service cost				
Net (asset)/liability to be disclosed in balance sheet	0	0	0	0
Movement in net liability/asset recognised in balance sheet				
Consolidated Actual 2005	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Net (asset)/liability at start of year	4 848	831	20 217	25 896
Net expense recognised in the income statement	2 930	906	7 534	11 370
Contributions	(1 902)	(690)	(1 470)	(4 062)
Net (asset)/liability to be disclosed in balance sheet	5 876	1 047	26 281	33 204
Net (asset)/liability at start of year	0	0	0	0
Net expense recognised in the income statement	0	0	0	0
Contributions	0	0	0	0
Net (asset)/liability to be disclosed in balance sheet	0	0	0	0
Total expense recognised in income statement				
Consolidated Actual 2005	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Current Service cost	1 628	581	1 231	3 440
Interest on obligation	3 280	535	8 621	12 436
Expected return on plan assets	(3 419)	(613)	(8 717)	(12 749)
Net actuarial losses (gains) recognised in year	1 442	403	6 398	8 243
Change in surplus in excess of recovery available from scheme	0	0	0	0
Past service cost	0	0	0	0
Total included in 'employee benefits expense'	2 931	906	7 533	11 370

Notes to and forming part of the financial statements

17. OTHER FINANCIAL ASSETS (continued)	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Parent Actual 2005	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Current Service cost	0	0	0	0
Interest on obligation	0	0	0	0
Expected return on plan assets	0	0	0	0
Net actuarial losses (gains) recognised in year	0	0	0	0
Change in surplus in excess of recovery available from scheme	0	0	0	0
Past service cost	0	0	0	0
Total included in 'employee benefits expense'	0	0	0	0
Actual return on plan assets				
Consolidated Actual 2005	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Actual return on plan assets	6 146	1 080	15 845	23 071
Parent Actual 2005	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Actual return on plan assets	0	0	0	0

Valuation method and principal actuarial assumptions at the reporting date

a) Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	30 June 2005
Discount rate at 30 June	5.2% pa
Expected return on plan assets at 30 June	7.3%
Expected salary increases	4.0% pa
Expected rate of CPI increase	2.5%

EMPLOYEE BENEFITS FOR JUNE 2006

Consolidated Actual	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Estimated Reserve Account balance	63 758	11 441	148 775	223 974
Accrued Employees Benefits Liability	(58 015)	(9 277)	(146 824)	(214 116)
	5 743	2 164	1 951	9 858
Parent Actual	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Estimated Reserve Account balance	25 626	7 518	148 775	181 919
Accrued Employees Benefits Liability	(22 823)	(5 920)	(146 824)	(175 567)
	2 803	1 598	1 951	6 352

Notes to and forming part of the financial statements

17. OTHER FINANCIAL ASSETS (continued)	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000

SASS - State Authorities Superannuation Scheme

SANCS - State Authorities Non-Contributory Superannuation Scheme

SSS - State Superannuation Scheme

All references are to the July 2004 version of AASB 119.

Accounting policy for recognising actuarial gains/losses.

Actuarial gains and losses are recognised in profit or loss in the year they occur.

General description of the type of plan

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

Police Superannuation Scheme (PSS)

State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the schemes are closed to new members.

Reconciliation of the assets and liabilities recognised in the balance sheet

Consolidated Actual 2006	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Present Value of defined benefit obligations	58 015	9 277	146 824	214 116
Fair Value of plan assets	(63 758)	(11 441)	(148 775)	(223 974)
	(5 743)	(2 164)	(1 951)	(9 858)
Surplus in excess of recovery available from schemes				
Unrecognised past service cost				
Net (asset)/liability to be disclosed in balance sheet	(5 743)	(2 164)	(1 951)	(9 858)

Parent Actual 2006	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Present Value of defined benefit obligations	22 823	5 920	146 824	175 567
Fair Value of plan assets	(25 626)	(7 518)	(148 775)	(181 919)
	(2 803)	(1 598)	(1 951)	(6 352)
Surplus in excess of recovery available from schemes				
Unrecognised past service cost				
Net (asset)/liability to be disclosed in balance sheet	(2 803)	(1 598)	(1 951)	(6 352)

Movement in net liability/asset recognised in balance sheet

Consolidated Actual 2006	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Net (asset)/liability at start of year	5 876	1 047	26 281	33 204
Net expense recognised in the income statement	(6 158)	(1 481)	(31 578)	(39 217)
Contributions	(5 461)	(1 730)	0	(7 191)
Net (asset) / liability transferred on 17 March 2006	0	0	3 346	3 346

Notes to and forming part of the financial statements

17. OTHER FINANCIAL ASSETS (continued)	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Net (asset)/liability to be disclosed in balance sheet	(5 743)	(2 164)	(1 951)	(9 858)
Parent Actual 2006	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Net (asset) / liability at start of year	3 162	688	26 281	30 131
Net expense recognised in the income statement	(3 655)	(1 149)	(31 578)	(36 382)
Contributions	(2 310)	(1 137)	0	(3 447)
Net (asset) / liability transferred on 17 March 2006	0	0	3 346	3 346
Net (asset)/liability to be disclosed in balance sheet	(2 803)	(1 598)	(1 951)	(6 352)
Total expense recognised in income statement				
Consolidated Actual 2006	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Current Service cost	1 700	587	1 271	3 558
Interest on obligation	3 443	505	8 701	12 649
Expected return on plan assets	(3 943)	(681)	(10 129)	(14 753)
Net actuarial losses (gains) recognised in year	(7 359)	(1 893)	(31 422)	(40 674)
Change in surplus in excess of recovery available from scheme	0	0	0	0
Past service cost	0	0	0	0
Total included in "employee benefits expense"	(6 159)	(1 482)	(31 579)	(39 220)
Parent Actual 2006	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Current Service cost	809	387	1 271	2 467
Interest on obligation	1 480	332	8 701	10 513
Expected return on plan assets	(1 658)	(448)	(10 129)	(12 235)
Net actuarial losses (gains) recognised in year	(4 287)	(1 420)	(31 422)	(37 129)
Change in surplus in excess of recovery available from scheme	0	0	0	0
Past service cost	0	0	0	0
Total included in "employee benefits expense"	(3 656)	(1 149)	(31 579)	(36 384)
Actual return on plan assets				
Consolidated Actual 2006	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Actual return on plan assets	8 281	1 504	21 014	30 799
Parent Actual 2006	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Actual return on plan assets	3 485	988	21 014	25 487

Notes to and forming part of the financial statements

17. OTHER FINANCIAL ASSETS (continued)	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000

Valuation method and principal actuarial assumptions at the reporting date

a) Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	30 June 2006
Discount rate at 30 June	5.9% pa
Expected return on plan assets at 30 June	7.6%
Expected salary increases	4.0% pa to 2008
	3.5% pa there after
Expected rate of CPI increase	2.5%

18. ASSETS HELD FOR SALE	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000

Assets held for sale

Land and Buildings	15 215	237	15 215	237
	15 215	237	15 215	237

Amounts recognised in equity relating to assets held for sale

Property, plant and equipment asset revaluation reserve increments/
decrements

	15 215	237	15 215	237
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19. BIOLOGICAL ASSETS	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000

(a) Softwood Plantation Timber

Net market value of timber at beginning of reporting period	1 132 909	1 178 350	0	0
Capital expenditure - plantation establishment and development	17 343	17 458	0	0
Capitalisation of borrowing costs	7 591	7 724	0	0
Write-off of growing stock and/or establishment costs	0	(102)	0	0
Sale of Plantations	0	(972)	0	0
Carrying amount as at the reporting date (prior to adjusting for changes in net market value)	1 157 843	1 202 458	0	0
Net market value at reporting date	1 110 668	1 132 909	0	0
Net increment/(decrement) in the net market value of timber	(47 175)	(69 549)	0	0

Notes to and forming part of the financial statements

19. BIOLOGICAL ASSETS (continued)	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(b) Hardwood Plantation Timber				
Carrying amount of timber at beginning of reporting period - at fair value	60 094	58 665	0	0
Capital expenditure - plantation establishment and development	1 967	2 105	0	0
Sale of Plantations	(219)	(29)	0	0
Write off of failed plantations	(183)	(647)	0	0
Carrying amount as at the reporting date - at fair value	61 659	60 094	0	0
(c) Native Forest Timber				
Net market value of timber at beginning of reporting period	401 931	372 374	0	0
Net market value at reporting date	386 347	401 931	0	0
Net increment (decrement) in the net market value of timber	(15 584)	29 557	0	0
(d) Livestock and fodder				
Net market value of livestock and fodder at beginning of reporting period	4 655	5 249	4 655	5 249
Net market value at reporting date	5 189	4 605	5 189	4 605
Net increment in the net market value of livestock and fodder	534	(644)	534	(644)
Total Net Biological Assets	1 563 863	1 599 359	5 189	4 605

20. RESTRICTED ASSETS

The Department conducts research projects on behalf of a wide range of donor bodies. These bodies provide funds that are restricted to use on projects specified by the donor body. Strict terms and conditions apply to the use of these funds. Any unspent funds are returned to the donor bodies.

The Agricultural Scientific Collections Trust is controlled by separate legislation. That being the *Agricultural Scientific Collections Trust Act 1983*

21. CURRENT LIABILITIES - PAYABLES	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
CURRENT				
Accrued Salaries, wages and on-costs	5 207	1 207	4 101	0
Accrued Redundancy payments	0	0	0	794
Receipts in Advance	25 650	26 349	0	0
Other Accrued Expenses	10 338	2 759	4 775	2 759
Lightning Ridge Residential Claims	453	453	453	453
Accrued Leave Loading	0	680	0	680
Creditors	20 727	27 298	4 953	7 347
	62 375	58 746	14 282	12 033

Notes to and forming part of the financial statements

21. CURRENT LIABILITIES - PAYABLES (continued)	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
NON-CURRENT				
Forest Superannuation liability	0	0	6 352	0
	0	0	6 352	0

22. CURRENT/NON-CURRENT LIABILITIES - BORROWINGS	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
CURRENT				
Secured/Unsecured				
Treasury Advance Repayable - Ovine Johnes Disease Loan	2 981	1 260	2 981	1 260
TCorp borrowings - Forests NSW	20 809	29 365	0	0
Treasury Advance Repayable - Locust Loan	3 047	3 500	3 047	3 500
Treasury Advance Repayable - Buyout of Commercial Fishers	911	855	911	855
	27 748	34 980	6 939	5 615
NON-CURRENT				
Secured/Unsecured				
Treasury Advance Repayable - Ovine Johnes Disease Loan	0	2 520	0	2 520
TCorp borrowings - Forests NSW	117 467	108 697	0	0
Treasury Advance Repayable - Locust Loan	6 624	10 500	6 624	10 500
Treasury Advance Repayable - Buyout of Commercial Fishers	16 182	17 093	16 182	17 093
	140 273	138 810	22 806	30 113
Repayment of Borrowings (excluding finance leases)				
Not later than one year	27 748	34 980	6 939	5 615
Between one and five years	60 506	43 662	10 905	17 038
Later than five years	79 767	95 148	11 901	13 075
Total borrowings at face value (excluding finance leases)	168 021	173 790	29 745	35 728

NSW Treasury Corporation outstanding loan interest rates ranged between 5.08% and 6.73% (2005: 5.08% and 6.73%)

23. DIVIDEND	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Provision for dividend at beginning of year	(27 254)	(13 096)	0	0
Dividend paid	(24 922)	(13 096)	0	0
Dividend provided	(24 000)	(27 254)	0	0
Provision for dividend at end of the year	(26 332)	(27 254)	0	0

Notes to and forming part of the financial statements

24. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
CURRENT				
Employee benefits and related on-costs				
Recreation Leave	26 140	21 157	24 441	18 336
Long Service Leave	30 217	3 378	22 592	1 578
Workers Compensation	770	1 020	0	0
Other	2 000	822	796	0
Redundancy	1 467	5 000	1 467	5 000
	60 594	31 377	49 297	24 914
NON-CURRENT				
Employee benefits and related on-costs				
Recreation Leave	0	2 345	0	0
Long Service Leave	1 015	24 720	715	5 276
Workers Compensation	2 600	3 310	0	0
Other	203	366	203	0
	3 818	30 741	918	5 276
Aggregate employee benefits and related on-costs				
Provisions - current	60 594	31 377	49 297	24 914
Provisions - non-current	3 818	30 741	918	5 276
Accrued salaries, wages, and on-costs (Note 21)	5 207	1 207	4 101	0
Accrued Redundancy payments (Note 21)	0	0	0	794
Accrued Leave Loading (Note 21)	0	680	0	680
	69 619	64 005	54 315	31 664
Movements in provisions (other than employee benefits)	Make Good	Total	Make Good	Total
Carrying amount at beginning of financial year	0	0	0	0
Additional provisions recognised	517	517	517	517
Carrying amount at end of financial year	517	517	517	517
25. CURRENT/NON-CURRENT LIABILITIES - OTHER	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
CURRENT				
Employee Superannuation Funds (see note 17)	0	33 204	0	0
Liability to Consolidated Fund	1 928	2 334	1 928	2 334
	1 928	35 538	1 928	2 334

26. CHANGES IN EQUITY

	Capital				Accumulated Funds				Asset Revaluation Reserve				Total Equity			
	Consolidated		Parent		Consolidated		Parent		Consolidated		Parent		Consolidated		Parent	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	421 706	421 706			1 101 963	1 147 552	174 395	189 256	631 456	634 531	138 388	127 191	2 155 125	2 203 789	312 783	316 447
AASB 139 first-time adoption	0	0	0	0	1 446	0	1 446	0	0	0	0	0	1 446	0	1 446	0
Other changes in accounting policy	0	0	0	0	1	0	0	0	0	6 115	0	0	0	6 115	0	0
Correction of errors	0	0	0	0	(30)	0	(30)	0	0	0	0	0	(30)	0	(30)	0
Restated opening balance	421 706	421 706	0	0	1 103 380	1 147 552	175 811	189 256	631 456	640 646	138 388	127 191	2 156 542	2 209 904	314 199	316 447
Changes in equity - transactions with Owners as Owners																
Increase/decrease in net assets from equity transfers (Note 28)	0	0	0	0	(35 356)	0	58	0	0	0	0	0	(35 356)	0	58	0
Dividend Provided	0	0	0	0	(24 000)	(27 254)	0	0	0	0	0	0	(24 000)	(27 254)	0	0
Total	0	0	0	0	(59 356)	(27 254)	58	0	0	0	0	0	(59 356)	(27 254)	58	0
Changes in Equity-other than transactions with owners as owners																
Surplus/(deficit) for the year	0	0	0	0	(2 242)	(39 622)	(5 174)	(15 761)	0	0	0	0	(2 242)	(39 622)	(5 174)	(15 761)
Increment/decrement on revaluation of:																
Land and buildings	0	0	0	0	432	0	432	0	19 734	9 182	(432)	9 182	20 166	9 182	0	9 182
Plant & Equipment	0	0	0	0	0	0	0	0	0	721	0	721	0	721	0	721
Library Books	0	0	0	0	0	0	0	0	0	2 195	0	2 195	0	2 195	0	2 195
Other Assets - Gold Exhibits	0	0	0	0	0	0	0	0	112	(1)	112	(1)	112	(1)	112	(1)

Notes to and forming part of the financial statements

26. CHANGES IN EQUITY (continued)

	Capital				Accumulated Funds				Asset Revaluation Reserve				Total Equity			
	Consolidated		Parent		Consolidated		Parent		Consolidated		Parent		Consolidated		Parent	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Transfer to surplus/ (deficit) on disposal of available for sale financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other increases/ (decreases)	0	0	0	0	10 740	0	0	0	0	0	0	0	10 740	0	0	0
Total	0	0	0	0	8 930	(39 622)	(4 742)	(15 761)	19 846	12 097	(320)	12 097	28 776	(27 525)	(5 062)	(3 664)
Transfers within equity																
Asset revaluation reserve balance transferred to accumulated funds on disposal of asset	0	0	0	0	25 675	21 287	0	900	(25 675)	(21 287)	0	(900)	0	0	0	0
Total	0	0	0	0	25 675	21 287	0	900	(25 675)	(21 287)	0	(900)	0	0	0	0
Balance at the end of the financial year	421 706	421 706	0	0	1 078 629	1 101 963	171 127	174 395	625 627	631 456	138 068	138 388	2 125 962	2 155 125	309 195	312 783

Asset revaluation reserve

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with NSW Department of Primary Industries' policy on the 'Revaluation of Physical Non-Current Assets' and 'Investments' as discussed in Note 1.

Notes to and forming part of the financial statements

27. COMMITMENTS FOR EXPENDITURE	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(a) Capital Commitments				
Land and Buildings				
Aggregate capital expenditure for the acquisition of Land and Buildings contracted for at balance date but not provided for:				
Not later than one year	0	0	0	0
Later than one year and not later than five years	0	0	0	0
Later than five years	0	0	0	0
Total (including GST)	0	0	0	0
Infrastructure				
Aggregate capital expenditure for the acquisition of Infrastructure contracted for at balance date but not provided for:				
Not later than one year	205	116	205	116
Later than one year and not later than five years	0	0	0	0
Later than five years	0	0	0	0
Total (including GST)	205	116	205	116
Plant and Equipment				
Aggregate capital expenditure for the acquisition of Plant and Equipment contracted for at balance date but not provided for:				
Not later than one year	10 129	11 864	220	3 381
Later than one year and not later than five years	0	0	0	0
Later than five years	0	0	0	0
Total (including GST)	10 129	11 864	220	3 381
(b) Other Expenditure Commitments				
Aggregate other expenditure contracted for the acquisition of goods and services contracted for at balance date but not provided for:				
Not later than one year	4 670	11 763	4 648	11 201
Later than one year and not later than five years	0	0	0	0
Later than five years	0	0	0	0
Total (including GST)	4 670	11 763	4 648	11 201
(c) Operating Lease Commitments				
Head Office and Maitland Buildings				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	5 448	6 269	5 448	6 269
Later than one year but not later than 5 years	23 393	28 229	23 393	28 229
Later than 5 years	54 706	74 206	54 706	74 206
Total (including GST)	83 547	108 704	83 547	108 704
Representing:				
Non-cancellable operating leases	83 547	108 704	83 547	108 704
Other				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	4 608	6 801	3 155	5 270

Notes to and forming part of the financial statements

27. COMMITMENTS FOR EXPENDITURE (continued)	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Later than one year but not later than 5 years	4 643	4 502	3 935	2 786
Later than five years	3 528	545	3 085	0
Total (including GST)	12 779	11 848	10 175	8 056
Representing:				
Non-cancellable operating leases	12 779	11 848	10 175	8 056

The total commitments includes input tax credits of \$1 161 217, that are expected to be recoverable from the Australian Taxation Office.

Operating Leases predominantly comprise office accommodation, computer equipment and motor vehicles. Some contingent rental payments are arrived at by increasing the base rental by the annual CPI. Other lease agreements, approximately 50%, which do not include annual CPI increments, have annual set increases detailed in the lease agreements. Lease renewal options for office accommodation exist in the large majority of cases. There are no renewal or purchase options for motor vehicles or computer equipment, except by negotiation at the end of the lease term. This usually does not occur.

28. CONTINGENT LIABILITIES	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000

As at 30 June 2006 the Department has \$5.593m of outstanding court cases as set out by category below:

Negligence	0	80	0	80
Contamination	5	745	5	745
Minerals and mine safety	2 600	3 455	2 600	3 455
Personal Injury	1 380	1 533	1 380	1 380
Licence Validity	15	1 100	15	1 100
Appeals	35	3 250	35	3 250
Disputed Fish Seizure	90	100	90	100
Compulsory Acquisition	0	198	0	198
Disputed Legislation	1 468	0	1 468	0
	5 593	10 461	5 593	10 308

DPI is insured by the Treasury Managed Fund.

Forests NSW had several matters before the courts subject to due process under the law. These matters include amounts, which may or may not be incurred dependent on the court's determination. At balance date, potential claims can't be quantified. (2005: \$153 000).

29. BUDGET REVIEW

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

Net cost of services

The Net Cost of Services result was \$31.608m over original budget. This is due mainly to expenditure supplementation associated with the continuance of the drought assistance program (\$8.327m), Caroonia expression of interest cost recovery (\$11.565m) and Voluntary Redundancies (\$6m).

Assets and liabilities

Current Assets are over budget as at 30 June 2005 by \$20.220m. Non Current Assets Held for Sale has contributed to this to the extent of \$15.215m. Receivables are over budget, principally because of the unbudgeted sales of goods and services towards the end of the year.

Current Liabilities are over budget by \$24.494m. This is largely due to liabilities associated with the provision of Personnel Services which were unbudgeted of (\$27.342m).

Cash flows

Cash Flows from Investing Activities is under budget by \$4.127m. This is due to higher than anticipated Proceeds of sales of Property, Plant and Equipment.

Notes to and forming part of the financial statements

30. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES	2006 \$'000	2005 \$'000
Net cash used on operating activities	4 480	4 152
Cash Flows from Government/Appropriations	(284 361)	(331 265)
Acceptance by the Crown Entity of employee benefits and other liabilities	(16 185)	(26 576)
Depreciation and amortisation	(19 189)	(18 043)
Provision for doubtful debts	(695)	(110)
Non cash expenses	0	(4 687)
Non cash revenues/trade-ins received	473	251
Decrease/(Increase) in provisions	(29 003)	(2 875)
Increase/(Decrease) in receivables	37 493	2 196
Increase/(Decrease) in other financial assets	33	32
Increase/(Decrease) in prepayments and other assets	328	(691)
Decrease/(Increase) in creditors	378	3 854
(Increase)/Decrease in other current liabilities	0	677
Net gain/(loss) in sale of plant and equipment	121	1 167
Net cost of services	(306 126)	(371 918)
Forests		
Net/(loss) after income tax	2 836	(23 862)
	2 836	(23 862)
Adjusted for non-cash items:		
Depreciation	10 060	10 264
Loss/(Profit) on disposal of non-current assets	1 540	(3 193)
Write-down of plantation Asset Revocations and	5 383	1 750
Decrement to Profit and Loss from Revaluation	0	0
Revaluation (Increment)/Decrement - Native Forests	15 584	(29 557)
- Softwood Plantations	47 175	69 549
	79 742	48 813
Change in operating assets and liabilities		
Movement in receivables	(7 892)	(4 632)
Movement in inventories	24	609
Movement in creditors	3 459	3 491
Movement in provisions	(38 850)	5 160
Movement in Income tax	3 348	7 647
	(39 911)	12 275
Net cash inflow from operating activities	42 667	37 226

As at 30 June 2006 Forests NSW had \$5 000 000 available in unused credit a 'Come and Go' Facility held with NSW T-Corp.

Notes to and forming part of the financial statements

31. TRUST FUNDS	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
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a) Fisheries Related Trust Funds

The Department holds money in a trust fund that is used for fisheries research by various independent organisations. These monies are excluded from the financial statements as the Department cannot use them for the achievement of its objectives. The following is a summary of the transactions in these trust accounts.

Fisheries Research Development Corporation -				
Oyster Fishery Research Levy:				
Cash Balance at the beginning of the Financial Year	(13)	(26)	(13)	(16)
Add: Receipts	85	91	85	91
Less: Expenditure	(79)	(88)	(79)	(88)
Cash Balance at the end of the reporting period	(7)	(23)	(7)	(13)
Shellfish Quality Assurance Program Levy:				
Cash Balance at the beginning of the Financial Year	0	1	0	1
Add: Receipts	0	0	0	0
Less: Expenditure	0	(1)	0	(1)
Cash Balance at the end of the reporting period	0	0	0	0
Aquaculture Fishery Research Levy:				
Cash Balance at the beginning of the Financial Year	45	45	45	45
Add: Receipts	32	33	32	33
Less: Expenditure	(36)	(36)	(36)	(33)
Cash Balance at the end of the reporting period	41	42	41	45
Fisher Research Levy:				
Cash Balance at the beginning of the Financial Year	113	86	113	86
Add: Receipts	190	235	190	235
Less: Expenditure	(213)	(208)	(213)	(208)
Cash Balance at the end of the reporting period	90	113	90	113

b) Minerals Related Trust Funds Trust Funds - Deposits under the Mining Acts

Cash deposits are received in respect of various forms of titles issued under the provisions of the State's mining legislation. Such cash deposits are held by the Department during the currency of titles, and are normally refunded to registered holders upon cessation, providing certain title conditions have been observed.

These monies are excluded from the financial statements as the Department cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

Balance at the beginning of the Financial Year	12 647	8 932	12 647	8 909
Add: Receipts -	2 895	4 743	2 895	4 743
Less: Expenditure	(3 732)	(1 005)	(3 732)	(1 005)
Balance at the end of the reporting period	11 810	12 670	11 810	12 647

Notes to and forming part of the financial statements

32. FISHERIES MANAGEMENT ACT - SPECIAL FISHERIES TRUST FUNDS	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
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Amendments to the Fisheries Management Amendment Act in 1997 and 2000 have provided for the establishment of six special fisheries trust funds. Under the Department's accounting structure, all revenue paid into these trust funds and any expenditure therefrom is included in the Department's Financial Statements. While a separate bank account for each of these trusts is not kept, the Department maintains separate cost centres.

A summary of the accrual transactions relating to these special fisheries trust funds is outlined in the following table.

The 'balance' of each of these special fisheries trust funds comprises cash and receivables.

Recreational Fishing (Freshwater) Trust Fund				
Balance at the beginning of the Financial Year	814	568	814	568
Add: Revenue -				
Sales of goods and services	19	0	19	0
Investment income	21	(2)	21	(2)
Transfer from Saltwater Trust	2 500	2 500	2 500	2 500
Grants and contributions	0	148	0	148
	2 540	2 646	2 540	2 646
Less: Projects Funded*	(2 718)	(2 400)	(2 718)	(2 400)
	(2 718)	(2 400)	(2 718)	(2 400)
Balance at the end of the reporting period	636	814	636	814

* Of the 'projects funded' in 2006 and in prior periods, an amount of \$0.288m was unexpended at 30 June 2006. This amount will be carried forward into the various approved project budgets for 2006-7.

Recreational Fishing (Saltwater) Trust Fund				
Balance at the beginning of the Financial Year	4 073	1 661	4 073	1 661
Add: Revenue -				
Sales of goods and services	10	18	10	18
Investment income	249	58	249	58
Grants and contributions	0	1 424	0	1 424
Retained fees, Grants and contributions	10 897	10 032	10 897	10 032
	11 156	11 532	11 156	11 532
Less: Projects Funded*	(5 064)	(4 575)	(5 064)	(4 575)
Transfer to Freshwater Trust	(2 500)	(2 500)	(2 500)	(2 500)
Loan Repayment Transfer	(2 000)	(2 000)	(2 000)	(2 000)
Other	(57)	(45)	(57)	(45)
	(9 621)	(9 120)	(9 621)	(9 120)
Balance at the end of the reporting period	5 608	4 073	5 608	4 073

* Of the 'projects funded' in 2006 and in prior periods, an amount of \$1.040m was unexpended at 30 June 2006. This amount will be carried forward into the various approved project budgets for 2006-07.

Notes to and forming part of the financial statements

32. FISHERIES MANAGEMENT ACT - SPECIAL FISHERIES TRUST FUNDS (continued)	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Commercial Fishing Trust Fund				
Balance at the beginning of the Financial Year	3 816	3 959	3 816	3 959
Add: Revenue -				
Sales of goods and services	3 970	3 899	3 970	3 899
Investment income	264	172	264	172
	4 234	4 071	4 234	4 071
Less: Contribution to Department activities*	(3 576)	(4 214)	(3 576)	(4 214)
	(3 576)	(4 214)	(3 576)	(4 214)
Balance at the end of the reporting period	4 474	3 816	4 474	3 816

* All expenditure by the Department on existing activities related to commercial fishing is funded from a combination of Consolidated revenue, user charges, and a contribution from the Commercial Fishing Trust Fund. As a result, moneys allocated from this trust fund are not 'project specific' and thus there is no carry forward into the next financial year.

Fish Conservation Trust Fund				
Balance at the beginning of the Financial Year	201	118	201	118
Add: Revenue -				
Sales of goods and services	92	97	92	97
Investment income	10	11	10	11
	102	108	102	108
Less: Projects Funded*	(223)	(25)	(223)	(25)
	(223)	(25)	(223)	(25)
Balance at the end of the reporting period	80	201	80	201

* Of the 'projects funded' in 2006 and in prior periods, an amount of \$0.029m was unexpended at 30 June 2006. This amount will be carried forward into the various approved project budgets for 2006-07.

Aquaculture Trust Fund				
Balance at the beginning of the Financial Year	177	217	177	217
Add: Revenue -				
Sales of goods and services	267	501	267	501
Investment income	26	11	26	11
Grants and Contributions	222	100	222	100
	515	612	515	612
Less: Contribution to Department activities*	(586)	(648)	(586)	(648)
Other (Bad debts expense)	(5)	(4)	(5)	(4)
	(591)	(652)	(591)	(652)
Balance at the end of the reporting period	101	177	101	177

Notes to and forming part of the financial statements

32. FISHERIES MANAGEMENT ACT - SPECIAL FISHERIES TRUST FUNDS (continued)	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
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* All expenditure by the Department on existing activities related to aquaculture is funded from a combination of Consolidated revenue, user charges, and a contribution from the Aquaculture Trust Fund. As a result, moneys allocated from this trust fund are not 'project specific' and thus there is no carry forward into the next financial year.

Charter Fishing Trust Fund				
Balance at the beginning of the Financial Year	93	75	93	75
Add: Revenue -				
Sales of goods and services	149	120	149	120
Investment income	8	3	8	3
	157	123	157	123
Less: Projects Funded*	(65)	(105)	(65)	(105)
	(65)	(105)	(65)	(105)
Balance at the end of the reporting period	185	93	185	93

* Of the 'projects funded' in 2006 and in prior periods, an amount of \$0.108m was unexpended at 30 June 2006. This amount will be carried forward into the various approved project budgets for 2006-07.

33. ADMINISTERED ASSETS AND LIABILITIES	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
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The Department administers certain activities on behalf of other bodies. The assets and liabilities associated with these activities are listed below:

Administered Assets				
Receivables - Loan made to the Administrator of NSW Grains Board	0	2 743	0	2 743
Receivables - Royalties/Mining lease (less Provision for Doubtful Debts)	2 255	100	2 255	100
Receivables - Fisheries	0	94	0	94
	2 255	2 937	2 255	2 937
Administered Liabilities				
Payables - Royalties	1 844	1 227	1 844	1 227
Income received in Advance	92 055	0	92 055	0
Payables - NSW Treasury Corporation	2 980	2 966	2 980	2 966
	96 879	4 193	96 879	4 193

Notes to and forming part of the financial statements

34. ADMINISTERED REVENUES	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
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The following monies have been collected on behalf of the Crown Entity and forwarded to NSW Treasury:

Fees	10 978	3 224	10 978	3 224
Fines	496	646	496	646
Licences	107	436	107	436
Plant Disease Inspections	14	50	14	50
Reimbursement of Employers Superannuation	277	210	277	210
Unclaimed Monies	12	39	12	39
Payment of Long Service Leave	628	311	628	311
Royalty on Minerals	514 221	396 348	514 221	396 348
	526 733	401 264	526 733	401 264

The following monies have been collected on behalf of the NSW Treasury Corporation:

Repayments of NSW Grains Board Loan	1 297	3 328	1 297	3 328
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35. JOINT VENTURE AGREEMENT

In July 2001, the Treasurer of NSW granted approval for the former Department of Mineral resources to enter into a joint venture with the Commonwealth and nine other participants, entitled the Cooperative Research Centre for Landscape Environments and Mineral Exploration (CRC LEME).

The joint venture is a non commercial, non profit entity established to conduct strategic research, education and training in regolith geoscience and its applications in mineral exploration and environmental issues.

The CRC LEME has a total budget of up to \$124 million over seven years with direct contributions from the participants of \$10 million, in kind contributions of \$94 million and a Commonwealth government grant of \$20 million.

The Department is to contribute \$1 million in cash and more than \$2 million in kind over this period.

There are no assets arising from the Department's participation in the joint venture or any liabilities arising from its interest in the joint venture. The Department does not have a percentage share in the output or assets of the joint venture and no revenue is probable.

The Department is also engaged with several other joint ventures. These include the Australian Cotton Co-Operative Research Centre, The Australian Sheep Industry Co-Operative Research Centre, the Co-Operative Research Centre for Plant Based Dryland Salinity, and the Quality Wheat Co-Operative Research Centre.

36. MARINE PARKS FUND

The Department administers jointly with the Department of Environment and Conservation, certain assets on behalf of the Marine Parks Authority. These assets are the areas covered by the four established marine parks at Jervis Bay, Solitary Islands, Cape Byron and Lord Howe Island. The Marine Parks Fund was established under the provisions of the *Marine Parks Act 1997*.

The receipts and payments of the Fund administered by the Department in 2005-06 were \$5.932m and \$6.002m respectively, leaving a balance of \$0.075m as at 30 June 2006 (balance as at 30 June 2005 was \$0.143m).

Notes to and forming part of the financial statements

37. FINANCIAL INSTRUMENTS**Parent**

The Department's principal financial instruments are outlined below. These financial instruments arise directly from the Department's operations or are required to finance the Department's operations. The Department does not enter into or trade financial instruments for speculative purposes. The Department does not use financial derivatives.

Cash

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to Treasury. The value of cash as at 30 June 2006 was \$69.682m.

Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. The credit risk is the carrying amount (net of any allowance for impairment). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are made on thirty day terms. The value of Receivables as at 30 June 2006 was \$29.994m.

Investments (Unlisted Shares)

In order for the Department to sell certain commodities, it is obliged to have shares in various co-operatives. Depending upon

the trading results, bonus shares are distributed by these co-operatives periodically. The shares cannot be redeemed, unless the Department opts not to supply commodities to these co-operatives in the future. The carrying amount approximates net fair value. The value of Investments (Unlisted Shares) as at 30 June 2006 was \$0.559m. There is no interest rate risk associated with these investments.

Bank Overdraft

The Department does not have any bank overdraft facility.

Trade Creditors and Accruals

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. The rate of interest applied during the year was zero. The value of Trade Creditors and Accruals as at 30 June 2006 was \$36.013m.

Treasury Advances

The Department has advances of \$29.745m (2005-\$35.728m) from the New South Wales Treasury. Interest was calculated based on the TCorp interest rate at the time of payment of the advance, plus a small margin for administrative costs. The department expects to repay Treasury advances as follows:

	2006 \$'000	2005 \$'000
Less than one year	6 939	6 875
One to five years	10 905	15 778
Greater than five years	11 901	13 075
	29 745	35 728

Fair Value

Financial instruments are carried at (amortised) cost, with the exception of TCorp Hour Glass facilities, which are carried at fair value.

However, the fair value of the other classes of financial instruments approximates their carrying value.

Forests

Recognised Financial Instruments	Accounting Policies	Terms and Conditions
i) Financial Assets		
Cash	Short-term deposits are stated at net realisable value. Interest is recognised in the income statement when earned	Cash is deposited at call
Receivables	Trade receivables are carried at nominal amounts due less any provision for doubtful debts. A provision is recognised when the collection of the amount is no longer probable.	Credit sales are generally on 7, 14 or 30 day settlement terms.

Notes to and forming part of the financial statements

Other Financial Assets	Investments are stated at net realisable value. Interest and movements in market value are recognised in the income statement when earned	All Investments during the year were at call
ii) Financial Liabilities		
Accounts Payable and Other Creditors	Liabilities are recognised for amounts to be paid in the future for goods and services received.	Trade liabilities are settled within 30 days of the month in which they are incurred in line with NSW Government policy.
Interest-Bearing Loans and Borrowings	Liabilities for loans are recognised at the time of entering into the arrangement.	A liquidity risk policy has been adopted by which no more than 25% of the total debt matures in any one year. All borrowings are sourced from the NSW Treasury Corporation

38. IMPACT OF THE ADOPTION OF AEIFRS

The Department has determined the key areas where changes in accounting policies impact the financial report. Some of these impacts arise because AEIFRS requirements are different from existing AASB requirements (AGAAP). Other impacts arise from options in AEIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised agencies of options it has mandated for the NSW Public Sector.

NSW Treasury elected to defer the application of AASB 132 & AASB 139 regarding financial instruments and AASB 4 & AASB 1023 regarding insurance contracts, until 1 July 2005. As a result, comparative information for these Standards is presented under previous AGAAP which applied to the year ended 30 June 2005. Under AASB 1.36A, this fact must be disclosed together with the basis used to prepare the comparative information, and the main adjustments that would make the information comply with the Standards (but need not be quantified). Further AASB 1 requires adjustments at 1 July 2005 on initial application of these Standards must be treated as arising from a change in accounting policy and agencies must make the disclosures required by AASB 108.28(a)-(e) and (f)(i).

NSW DPI has applied the AEIFRS for the first time in the 2005-06 financial report. The key areas where changes in accounting policies have impacted the financial report are disclosed below. Some of these impacts arise because AEIFRS requirements are different from previous AASB requirements (AGAAP). Other impacts arise from options in AEIFRS that were not available or not applied under previous AGAAP. NSW DPI has adopted the options mandated by NSW Treasury for all NSW public sector agencies. The impacts below reflect NSW Treasury's mandates and policy decisions.

The impacts of adopting AEIFRS on total equity and surplus/(deficit) as reported under previous AGAAP are shown below. There are no material impacts on NSW DPI's cash flows.

DPI Reconciliation of surplus/(deficit) under previous AGAAP to surplus/(deficit) under AEIFRS:

Year ended 30 June 2005	Notes	\$000
Surplus/(deficit) under previous AGAAP		15 761
Recognition of major inspection costs	i	0
Recognition of depreciation and finance costs for the provision for restoration costs	ii	0
Write back of depreciation and recognition of fair value adjustments for investment properties	iii	0
Research costs expensed	iv	0
Borrowing costs expensed		0
Effect of discounting long term annual leave		0
Recognition of inventories held for distribution		0
Effect of classifying as assets held for sale		0
Surplus/(deficit) under AEIFRS		15 761

Based on the above, application of AEIFRS in 2004-05 has had no impact on the Net Cost of Services for DPI.

Notes to and forming part of the financial statements

Notes to tables above:

- i. AASB 116 requires major inspection costs to be recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Under previous AGAAP, these costs were expensed as incurred. The fair value and depreciation component associated with the major inspection costs were re-allocated as a portion of the recognised value of the related asset. This increased the net carrying amount of property, plant and equipment and increased the depreciation expense. In addition, the repairs and maintenance expense decreased.
- ii. AASB 116 requires the cost and fair value of property, plant and equipment to be increased to include the estimated restoration costs, where restoration provisions are recognised under AASB 137 Provisions, Contingent Liabilities and Contingent Assets. This treatment was not required under previous AGAAP. As a result, the provision, net carrying amount of property, plant and equipment, depreciation expense and finance costs related to the unwinding of the restoration provision have all increased.
- iii. Under AASB 140 Investment Property and NSW Treasury's mandates, investment property is recognised at fair value. In contrast to previous treatment as property, plant and equipment, investment property recognised at fair value is not depreciated and changes in fair value are recognised in the operating statement, rather than the asset revaluation reserve. Any asset revaluation reserve balances relating to such property have been written back to accumulated funds. Unrealised gains recognised in the operating statement have increased and depreciation expense has decreased as a consequence.
- iv. AASB 138 Intangible Assets requires all research costs to be expensed and restricts the capitalisation of development costs. Previous AGAAP permitted some research and development costs to be capitalised when certain criteria were met. As a result, some previously recognised intangible assets have been derecognised. Further, intangibles can only be revalued where there is an active market. As there is no active market for the intangibles held by the DPI, revaluation increments and decrements have been derecognised and intangible assets recognised at cost less accumulated amortisation and impairment losses. This has reduced the amount of intangible assets and decreased the amortisation expense. The research expense has increased.

Forests NSW

(i) Forests NSW has applied the AEIFRS for the first time in the 2005-06 financial report. The key areas where changes in accounting policies have impacted the financial report are disclosed below. Some of these impacts arise because AEIFRS requirements are different from previous AASB requirements (AGAAP). Other impacts arise from options in AEIFRS that were not available or not applied under previous AGAAP. Forests NSW has adopted the options mandated by NSW Treasury for all NSW public sector agencies. The impacts below reflect Treasury's mandates and policy decisions.

The impacts of adopting AEIFRS on total equity and surplus/(deficit) as reported under previous AGAAP are shown below. In accordance with NSW Treasury's indicative mandates, Forests NSW applied the exemption provided in AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards not to apply the requirements of AASB 132 Financial Instruments: Presentation and Disclosures and AASB 139 Financial Instruments: Recognition and Measurement for the financial year ended 30 June 2005. These standards applied from 1 July 2005. None of the information provided above includes any impacts for financial instruments. There are no material impacts on the Forests NSW cash flows.

Reconciliation of Total Equity under previous Accounting Standards (AGAAP) to equity under AEIFRS:	Notes	30/06/05** Statutory Corporation \$'000	01/07/04* Statutory Corporation \$'000
Total Equity Under Previous AGAAP		2 102 919	2 127 270
Adjustments to accumulated funds			
Effect of valuing individually rather than by class	1	10 676	10 676
Derecognition of Provisions [AASB 137]	2	1 383	1 234
Write back asset revaluation reserve for investment properties	3	3 574	3 393
Defined benefit superannuation adjustment for change in discount rate	4	(39 761)	(20 855)
Effect of discounting long-term annual leave	5	135	141
Tax effect adjustment	6	2 651	10 834
Grant Revenue accrued (AASB 120)	7	(13 851)	(13 851)
Adjustments to other reserves			
Effect of valuing individually rather than by class	1	(10 676)	(10 676)
Write back asset revaluation reserve for investment properties	3	(3 393)	(3 393)
Tax effect adjustment	6	(211 315)	(217 431)
Total equity under AEIFRS		1 842 342	1 887 342

*= adjustments as at the date of transition

**= cumulative adjustments as at the date of transition plus the year ended 30 June 2005

Notes to and forming part of the financial statements

Impact of Adopting of AIFRS (continued)

Notes to table above

1. AASB 116 Property, Plant and Equipment requires for-profit entities to offset revaluation increments and decrements on an individual asset basis, rather than on a class basis. This change decreased accumulated funds and increased asset revaluation reserve
2. AASB 116 requires the cost and fair value of property, plant and equipment to be increased to include the estimated restoration costs, where restoration provisions are recognised under AASB 137 Provisions, Contingent Liabilities and Contingent Assets. This treatment was not required under previous AGAAP. As a result, the provision, net carrying amount of property, plant and equipment, depreciation expense and finance costs related to the unwinding of the restoration provision have all increased
3. Under AASB 140 Investment Property and NSW Treasury's mandates, investment property is recognised at fair value. In contrast to the previous treatment as property, plant and equipment, investment property recognised at fair value is not depreciated and changes in fair value are recognised in the income statement, rather than the asset revaluation reserve. Any asset revaluation reserve balances relating to such property have been written back to accumulated funds. Unrealised gains recognised in the income statement have increased and depreciation expense has decreased as a consequence
4. AASB 119 Employee Benefits requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long-term expected rate of return on plan assets. This will increase the defined benefit superannuation liability (or decrease the asset in an overfunded position) and change the quantum of the superannuation expense.
5. AASB 119 Employee Benefits AASB 119 requires present value measurement for all long-term employee benefits. Previous AGAAP provides that wages, salaries, annual leave and sick leave are measured at nominal value in all circumstances. Forests NSW has long-term annual leave benefits and accordingly will measure these benefits at present value rather than nominal value, thereby decreasing the employee benefits liability and changing the quantum of the annual leave expense.
6. AASB 112 Income Taxes uses a balance sheet approach which requires the differences between the accounting and tax value of assets and liabilities to be recognised as deferred tax assets or liabilities. Previous AGAAP used an income statement method that accounted for income tax by adjusting accounting profit for temporary and permanent differences to determine taxable income. The AASB 112 approach alters the quantum and timing of tax assets and liabilities recognised. The balance sheet approach resulted in the recognition of a deferred tax liability in relation to revalued assets that were not recognised under previous AGAAP. This also changed the quantum and timing of the tax expense
7. AASB 120 Accounting for Government Grants and Disclosure of Government Assistance requires for-profit entities to spread income recognition over the period necessary to match related costs. This has delayed income recognition and increased liabilities. Under previous AGAAP, grants were normally recognised revenue when received.

(ii) Reconciliation of Profit before tax under previous AGAAP to that under AIFRS

	Notes	Statutory Corporation 2005 \$ '000
Prior year profit before tax as previous reported		7 656
Defined benefit superannuation adjustment for change in discount rate	1	(18 907)
Effect of discounting long-term Employees' related costs	2	155
Derecognition of Provisions	3	(10)
Write back of Depreciation for Investment Property	4	181
Prior year Loss before tax under AIFRS		(10 925)

Notes to tables above

1. AASB 119 Employee Benefits requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long-term expected rate of return on plan assets. Where the superannuation obligation is not assumed by the Crown, this will increase the defined benefit superannuation liability (or decrease the asset for those agencies in an overfunded position) and change the quantum of the superannuation expense.
2. AASB 119 requires present value measurement of all long term benefits. Previous AGAAP provided that annual leave was measured at nominal value in all circumstances. Forests NSW has long term annual leave benefits that are now measured at present value rather than at nominal value. This has decreased the employee benefits liability and employee benefits expense.
3. AASB 137 requires extinguishment and adjustments to all general and not specific provisions.
4. Under AASB 140 Investment Property and NSW Treasury's mandates, investment property are recognised at fair value. in contrast to previous treatment as property, plant and equipment, investment property recognised at fair value is not depreciated and changes in fair value are recognised in the income statement, rather than the asset revaluation reserve. Any asset revaluation reserve balances relating to such property have been written back to accumulated funds. Unrealised gains recognised in the operating statement have increased and depreciation expense has decreased as a consequence

Notes to and forming part of the financial statements

(iii) Financial Instruments - 1 July 2005 first time adoption impacts

As discussed in 1(w) the comparative information for 2004-05 for financial instrument has not been restated and is presented in accordance with previous AGAAP (refer 1(w) above). AASB 132 and AASB 139 have been applied from 1 July 2005. Accordingly, the 1 July 2005 AEIFRS opening equity adjustments for the adoption of AASB 132/ASB 139 follow and there is nil effect on the restated opening 1st July, 2005 AEIRS equity.

Statutory Corporation				
	Note	Accumulated Funds \$ '000	Other Reserves \$ '000	Total \$ '000
Total opening 1st July, 2005 AEIFRS equity		927 568	493 068	1 420 636
Adjustment as a result of change to impairment	1	-	-	-
Movements in Fair Value recognised in the asset revaluation reserve rather than through the profit and loss	2	-	-	-
Interest-free loan measured at fair value on initial recognition	3	-	-	-
Medium and long term Hour Glass growth facilities -change to bid price	4	-	-	-
Financial instruments held for trading	5	-	-	-
Available for sale financial assets	6	-	-	-
Restated opening 1st, July 2005 AEIFRS equity (after applying AASB 139)		927 568	493 068	1 420 636

Notes to table above:

- 1. Impairment testing.* Under AASB 139, all financial assets except those measured at fair value through profit or loss is subject to review for impairment. The Standard requires a specific impairment test which needs to be supported by objective evidence that the group of assets is impaired or uncollectible. This means that agencies can no longer raise a general provision for doubtful debts. As a result, the allowance for impairment recognised under previous AGAAP has been reduced.
- 2. Movements in fair value recognised in the asset revaluation reserve rather than through the profit or loss.* Under AASB 139, net gains on 'available for sale' financial assets are recognised through the asset revaluation reserve. Previously, where these assets were measured at fair value and classified as 'current' assets, movements in fair value were recognised through profit or loss. This change has resulted in the reclassification of these gains from accumulated funds to the reserves.
- 3. Interest-free and low interest loans.* Under AASB 139, these types of loans must initially be recognised at fair value, and thereafter at amortised cost. The fair value of a long-term loan receivable that carries no interest or below market interest is estimated as the present value of all future cash receipts, discounted using the prevailing market rates of interest for a similar instrument with a similar credit rating (based on the NSW TCorp government bond rate). Any additional amount lent is an expense or grant unless it qualifies for recognition as some other type of asset. Amortisation of the loan is recognised as investment revenue. Previously, such loans were measured at nominal amount or face value, with no grant or expense recognised. This change has reduced the amount of the loan receivable.
- 4. Medium and long term TCorp Hour Glass growth facilities – change to bid price.* Under AASB 139, these facilities are measured using the 'bid' price, rather than 'mid-point' market prices. This results in the opening balance on 1 July 2005 being slightly lower than the closing balance on 30 June 2005 under previous AGAAP.
- 5. Financial instruments held for trading.* Under AASB 139, financial assets and financial liabilities held for trading (including derivatives) must be recognised at fair value through profit or loss. Previously, derivatives were not recognised in the balance sheet (disclosed in the notes only) and other financial instruments that are now regarded as held for trading were recognised at amortised cost. This change has increased the recognised financial assets and unrealised gains/losses.
- 6. Available for sale financial assets.* Under AASB 139, available for sale financial assets are recognised at fair value through a reserve. Previously, some of these assets were recognised at amortised cost. This change has increased the financial assets and other reserves.

END OF AUDITED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS – **Forests NSW and FORESTRY COMMISSION DIVISION**

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STATEMENT BY COMMISSIONER

(as Corporation Sole Under Section 7 (1) of the Forestry Act 1916)

Pursuant to the *Public Finance and Audit Act, 1983*, the statements are signed and attested in the following terms:

In my opinion, the accompanying financial statements present a true and fair view of the consolidated financial position of the Forestry Commission of New South Wales (trading as Forests NSW) as at 30 June 2006 and the results of its operations and transactions for the year then ended.

The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, and accompanying regulations, and the Treasurer's Directions.

I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Barry Buffier

Commissioner for the Forestry Commission of New South Wales

28th November, 2006



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT
FORESTRY COMMISSION OF NEW SOUTH WALES
(TRADING AS FORESTS NSW)

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Forestry Commission of New South Wales (the Commission):

- presents fairly the Commission's and the consolidated entity's (defined below) financial position as at 30 June 2006 and their performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act), and the Public Finance and Audit Regulation 2005.

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

Scope

The Financial Report and the Commissioner's Responsibility

The financial report comprises the balance sheets, income statements, statements of changes in equity, cash flow statements and accompanying notes to the financial statements for the Commission and the consolidated entity, for the year ended 30 June 2006. The consolidated entity comprises the Commission and the entities it controlled during the year.

The Commissioner of the Forestry Commission of New South Wales is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides reasonable assurance to Members of the New South Wales Parliament that the financial report is free of material misstatement. My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Commissioner in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Commissioner had not fulfilled his reporting obligations.

My opinion does not provide assurance:

- about the future viability of the Commission or its controlled entities,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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

A handwritten signature in black ink, appearing to read 'G J Gibson'.

G J Gibson, FCPA
Assistant-Auditor General
SYDNEY
30 November 2006

CONSOLIDATED ANNUAL FINANCIAL REPORT

Year ending 30 June 2006

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE, 2006

	Notes	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000	Statutory Corporation 2005 \$'000
Continuing Operations				
Revenue from ordinary activities				
From sales of timber and related activities	3a	224 850	224 850	206 552
Income from Investment Properties	3b	139	139	139
From other operating activities	3b	68 122	63 021	40 855
Total Revenue		293 111	288 010	247 546
Less Expenses from continuing operations				
Contract harvest & haulage		90 002	90 002	76 893
Contractors		12 104	12 104	12 143
Depreciation	4a	9 784	9 784	9 967
Employee & related		62 933	56 204	85 185
Personnel Services	23(i)	4 367	5 995	-
Materials		18 902	18 902	18 176
Fees		10 034	10 034	9 339
Other		10 806	10 806	6 776
NMV Decrement/(Increment) Biological Assets	11(a) (c)	62 759	62 759	39 992
		281 691	276 590	258 471
Profit/(Loss) from continuing operations before income tax		11 420	11 420	(10 925)
Income tax expense	5	(8 584)	(8 584)	(12 937)
Profit/(Loss) after tax from continuing operations		2 836	2 836	(23 862)
Net Profit/(Loss) for the period		2 836	2 836	(23 862)

The above Income Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET AS AT 30 JUNE, 2006

	Notes	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000	Statutory Corporation 2005 \$'000
Current assets				
Cash and cash equivalents	6	6 987	6 987	8 377
Trade and other receivables	8	42 208	42 199	53 260
Inventories	7	6 935	6 935	6 951
Prepayment		2 264	2 264	3 155
Other assets	16(b) 23(ii)	9 858	9 858	-
Current Tax Asset	5	616	616	-
Total Current assets		68 868	68 859	71 743
Non-current assets				
Property, plant and equipment	9	888 142	888 142	901 581
Biological Assets	11	1 558 674	1 558 674	1 594 934
Investment Properties	10	4 778	4 778	4 778
Deferred income tax asset	5	8 345	8 345	70 367
Total Non-Current assets		2 459 939	2 459 939	2 571 660
TOTAL ASSETS		2 528 807	2 528 798	2 643 403
Current liabilities				
Trade and other payables	12	48 160	48 160	47 553
Interest-bearing loans and borrowings	13	20 809	20 809	29 365
Dividend provided	14	26 332	26 332	27 254
Provisions	15	11 326	770	6 463
Current Tax Liability	5	-	-	855
Other Liabilities	16(a)	-	-	33 204
Total Current Liabilities		106 627	96 071	144 694
Non-current liabilities				
Interest-bearing loans and borrowings	13	117 467	117 467	108 697
Provisions	15	2 900	2 600	25 465
Deferred income tax liability	5	462 641	462 641	522 205
Amount Due to Related Entities	23(ii)	22 502	33 349	-
Total non-current liabilities		605 510	616 057	656 367
Total liabilities		712 137	712 128	801 061
Net Assets		1 816 670	1 816 670	1 842 342
Equity				
Capital		421 706	421 706	421 706
Asset Revaluation Reserve		487 559	487 559	493 068
Retained profits		907 405	907 405	927 568
Total Equity		1 816 670	1 816 670	1 842 342

The above Balance Sheet should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE, 2006

	Notes	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000	Statutory Corporation 2005 \$'000
Cash flows from operating activities				
Receipts from customers		279 350	279 350	267 658
Payment to suppliers and employees		(232 038)	(232 038)	(224 583)
Interest received		592	592	400
Income Taxes Paid		(5 237)	(5 237)	(6 249)
Net cash inflow from operating activities		42 667	42 667	37 226
Cash flows from investing activities				
Payments for property, plant and equipment		(12 141)	(12 141)	(11 968)
Payments for plantation establishment		(19 310)	(19 310)	(19 563)
Capitalised Interest on Borrowings		(7 591)	(7 591)	(7 232)
Proceeds from sale of property, plant & equipment		19 693	19 693	2 469
Net cash outflow from investing activities		(19 349)	(19 349)	(36 294)
Cash flows from financing activities				
Proceeds from borrowings		32 000	32 000	29 789
Repayment of borrowings		(31 786)	(31 786)	(13 000)
Dividends paid	14	(24 922)	(24 922)	(13 096)
Net cash inflow (outflow) from financing activities		(24 708)	(24 708)	3 693
Net increase (decrease) in cash held		(1 390)	(1 390)	4 625
Cash at the beginning of the financial year		8 377	8 377	3 752
Cash and cash equivalents at the end of the period	6	6 987	6 987	8 377

The above cash flow statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE, 2005

	Economic Entity Capital	Statutory Corporation Capital	Economic Entity Accumulated Funds	Statutory Corporation Accumulated Funds	Economic Entity Asset Revaluation Reserve	Statutory Corporation Asset Revaluation	Economic Entity Total Equity	Statutory Corporation Total Equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
At July 2004	-	421 706	-	958 296	-	507 340	-	1 887 342
Profit/(Loss) for the year	-	-	-	(23 862)	-	-	-	(23 862)
Transfer from Asset Revaluation Reserve from Assets Disposals	-	-	-	20 387	-	(20 387)	-	-
Revocations	-	-	-	1	-	(1)	-	-
Tax Effect AASB 112	-	-	-	-	-	6 116	-	6 116
Equity Dividend	-	-	-	(27 254)	-	-	-	(27 254)
At 30 June 2005	-	421 706	-	927 568	-	493 068	-	1 842 342
At July 2005	421 706	421 706	927 568	927 568	493 068	493 068	1 842 342	1 842 342
Changes in equity-transaction with owners as owners (a)			(35 414)	(35 414)			(35 414)	(35 414)
Realised Gain on Land Revocated (a)			24 713	24 713	(24 713)	(24 713)	-	-
Deferred Tax Reversal on Realised Gain of Land Revocated (a)			10 591	10 591			10 591	10 591
Realised Gain on disposal of other fixed assets			962	962	(962)	(962)	-	-
Deferred Tax Reversal on Realised Gain of Fixed asset Disposed			149	149			149	149
Fair Value Revaluation of fixed Assets					20 166	20 166	20 166	
Equity Dividend			(24 000)	(24 000)			(24 000)	(24 000)
Profit/Loss for the Year			2 836	2 836			2 836	2 836
At 30 June 2006	421 706	421 706	907 405	907 405	487 559	487 559	1 816 670	1 816 670

(a) 359 000 hectares were revoked by Government Gazettes in 2005-2006 and transferred to NPWS and other related NSW State Government Agencies

Notes to and forming part of the financial statements for the year ended 30 June 2006

1. CORPORATE INFORMATION

Forests NSW is the trading name of Forestry Commission of NSW.

In June 2004, Forests NSW was aligned with the Department of Primary Industries (NSW DPI) but continues to operate as a self funded Public Trading Enterprise (PTE).

On 17th March, 2006 the Government proclaimed the *Public Sector Employment Legislation Amendment Act 2006*. This Act made fundamental changes to the employment arrangements of many statutory corporations through amendments to the *Public Sector Employment and Management Act 2002* (PSEMA) and other Acts. In particular, the status of employees of many statutory corporations has been changed. They are now employees of the Government of New South Wales in the service of the Crown. Employees of the Government were assigned to Divisions of the Government Service. Departments are now also known as Divisions of the Government Service, per Schedule 1 of the PSEMA

From 17th March, 2006 Forests NSW employees became

the employees of either NSW DPI or the new entity, Forestry Commission Division. As a PTE, Forests NSW continues to be responsible for making use of the employees and resources of both NSW DPI and Forestry Commission Division at its own cost, and must meet all expenses, taxes, duties and Government dividends from revenues earned from the commercial business activities it undertakes.

This supply and continued use of resources and shared services from NSW DPI and Forestry Commission Division is based on the signed Memorandum of Understanding.

Forestry Commission Division is a special purpose service entity created under Schedule 3 of PSEMA and Forests NSW administers and has dominant control of its day to day operation.

Forestry NSW is the parent reporting entity and its operations are consolidated with the activities of Forestry Commission Division NSW to form the economic reporting entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, the *Public Finance and Audit Act 1983*, the Public Finance and Audit (General) Regulation 2005. Australian Accounting Standards include Australian equivalents to International Financial Reporting standards.

2004-05 comparatives for the economic entity have not been provided as this entity is equivalent to the statutory corporation.

Forest NSW is a for profit entity and its accounts are consolidated as part of the NSW Total State Sector Accounts.

The accounts have been prepared on an accrual basis utilising conventional historical cost bases except for certain forest, non-forest assets and investment properties which, as indicated separately in the notes and financial statements, are at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

(b) Statement of Compliance

The consolidated and parent entity financial report complies with Australian Accounting Standards which include the Australian Equivalents to International Financial Reporting Standards (AIFRS). This is the first financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly.

In accordance with AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards and Treasury Mandates, the date of transition to AASB 132 Financial

Instruments Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement was deferred to 1 July 2005. As a result, comparative information for these two Standards is presented under the previous Australian Accounting Standards which applied to the year ended 30 June 2005. The basis used to prepare the 2004-05 comparative information for financial instruments under previous Australian Accounting Standards is discussed in Note 1(w) below.

Reconciliations of AIFRS equity and surplus or deficit for 30 June 2005 to the balances reported in the previous AGAAP 2004-05 financial report are detailed in Note 1(w). This note also includes separate disclosure of the 1 July 2005 equity adjustments arising from the adoption of AASB 132 and AASB 139.

(c) Basis of Consolidation

The consolidated statements comprise the financial statements of Forests NSW (parent entity) and Forestry Commission Division as at 30 June 2006.

Financial year 2005-06 is the initial year in which consolidated statements are prepared for the economic entity.

The financial statements of Forestry Commission Division are prepared for period 17th March, 2006 to 30th June, 2006, using the same using consistent accounting policies with Forests NSW. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions are eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Forestry Commission Division financial statements are consolidated

Notes to and forming part of the financial statements for the year ended 30 June 2006

from the date on which control is transferred to Forests NSW and cease to be consolidated from the dates which control is transferred out of Forests NSW. The consolidated financial statements include the results of Forestry Commission Division from the 17th March, 2006.

Where there is loss of control of a subsidiary, consolidated financial statements include the results for the part of the reporting period during which Forests NSW has control.

The consolidated financial report for the year ended 30 June 2006 has been authorised for use by Barry Buffier on 28th November, 2006

(d) Income Tax (Tax equivalents regime) (refer Note 5)

As of 1 July 2001, Forests NSW is subject to the National Tax Equivalents Regime (NTER) which requires Government Trading Enterprises to be subject to the same taxes, including income tax and goods and services tax, as private sector organisations. Prior to this date Forests NSW were subject to the state based Tax Equivalents Regime.

Current tax payable is accounted by reference to the amount of income tax payable or recoverable in terms of the taxable profit and loss for the current reporting period. It is calculated by applying the applicable tax rates and laws. Tax for the current period/prior period is recognised as a liability (or asset) to the extent that is unpaid (or refundable).

The comprehensive balance sheet liability method of AASB 112 is used to account for temporary differences that eventuate to deferred assets and liabilities. They arise as a result of the differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of these items.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset on the other hand, are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences and tax offsets can be utilised. Deferred tax asset items relating to tax losses will be carried forward as an asset as this benefit has largely arisen from the deductibility of plantation establishment activity. Whilst recognising the significant period involved (to maturity of these plantation assets), as these activities constitute Forests NSW core business, there is high likelihood the benefit will be fully realised in future periods.

Other Taxes (GST)

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

- the amount of GST incurred by Forests NSW 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.
- receivables and payables are stated with the amount of GST included.

(e) Trade and Other Receivables (refer Note 8)

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectible debts.

Credit sales are generally 7, 14 or 30 days settlement.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(f) Inventories and Work in Progress (refer Note 7)

Inventories and Work in Progress (WIP) are stated at the lower of cost or net realisable value. In the case of materials and parts, cost comprises purchase price and incidental expenses. The valuation of WIP and finished goods is based on direct costs plus an appropriate proportion of production overheads.

(g) Non-Current Asset Valuations

Fixed Assets are reviewed and assessed periodically at each reporting cycle to assess fair value and impairment.

(i) Impairment

Where an indicator of impairment exists, the asset will be written down to the recoverable amount.

Recoverable amount is the greater of fair value less costs to sell. It is also used to determine assets that do not generate largely independent cash inflows

(ii) Property, Plant & Equipment (refer Note 9)

Land

All land, being Crown Land and Forests NSW owned land, under forests and plantations and under administrative buildings, offices, mechanical workshops and other non-forest installations were revalued by the State Valuation Office (SVO) on 30 June 2004. The carrying value as at 30 June 2006 approximates to the fair value. Fair value is based on current market buying price representing value in use. The SVO supported this basis of valuation by recognising that Forests NSW land was held for continued use and would be replaced if Forests NSW was deprived of them.

The valuation recognised areas that were currently utilised for timber producing purposes and other areas such as reserves and exclusion zones where no commercial activities are carried out by Forests NSW.

Independent valuations will be performed at least triennially for land, or earlier if significant market movements are detected, with purchases in the intervening periods taken to account at cost.

Roads & Bridges

Major Roads and Bridges have been independently revalued by the SVO at 30 June 2006 on the basis of written down replacement cost, which approximates fair value.

Costs of building or significantly upgrading primary access roads (Class A) and secondary access roads (Class B) are capitalised as incurred. Maintenance costs on these higher classification roads are expensed as incurred. All other costs of maintaining and developing the rest of the roading infrastructure are expensed as incurred.

Heavy Plant and Equipment, Motor Vehicles and Mobile Plant

Heavy Plant and Equipment have been independently revalued by Slattery Auctions at 30 June 2006 on the basis of market realisable

Notes to and forming part of the financial statements for the year ended 30 June 2006

estimate which approximates fair value.

Motor vehicles and Mobile Plant were revalued at 30 June 2006 by management. The carrying value as at 30 June 2006 approximates to the fair value. Revaluations will be performed at least triennially for motor vehicles, or earlier if significant market movements are detected, with purchases in the intervening periods taken to account at cost.

Other Assets

Radio Equipment was revalued at 30 June 2006 by management. The carrying value as at 30 June 2006 approximates to the fair value. Aircraft was revalued by Slattery Auctions at 30 June 2006. Other assets are stated at written down value as at 30 June 2006, which approximates fair value.

(iii) Biological Assets (refer Note 11)

Softwood Plantation Timber

The value of the Softwood Pine Plantation Growing Stock has been assessed utilising a Net Market Value model, which is based upon standing volumes and current prices less the direct costs of disposing of the timber.

The present valuation model differentiates between the following components of the plantation: Non commercial plantations are defined as those plantations which are less than 15 years of age and which have not yet undergone a commercial operation. As market prices cannot be readily determined for these plantations, they are valued on the basis of historical costs incurred in their establishment. Commercial plantations are defined as those plantations between 12 and 15 years of age which have experienced a commercial operation, and all plantations 15 years of age or greater. A commercial operation is defined as a thinning or clear felling which produces marketable quantities of forest products for sale.

Volume increments are determined both by periodic re-measurement of samples of plantations and by modelling growth from the date of most recent measurement to the valuation date. The modelled growth estimates are generally checked to physical data at five yearly intervals. The market valuation is prepared by qualified foresters, employed by Forests NSW using techniques/methods published in scientific journals and accepted by the forestry industry. The current product proportionment models, used to determine the component product volumes on which the valuations are based, were first implemented in 2002. To better reflect the effects of recent growth conditions and the usage of more genetically advanced seedling stock in more recent years, Forests NSW has recently commenced processes to test and validate the modelling projections to recent actual harvested volumes of various timber products. Until these validation processes are completed, there may be some variation between reported modelled volumes and actual standing volumes. Recalibration of the inventory models will then be made to ensure models closely align to current actual harvest records. Should any amendment to the valuation become necessary as a result of this testing, any resulting financial effects will be incorporated into future valuations.

The net change in market value (resulting from price and volume movements) from the beginning, to the end of the year is recognised as revenue or an expense in the Income Statement.

Costs capitalised in relation to plantations comprise the direct costs of establishment and development attributable to a new plantation of specific age class and species, and indirect costs attributable to the growing stock establishment activity. These indirect costs include fire prevention and suppression, road maintenance, forest management and planning, research, and administration and management. Other ongoing maintenance and management costs in relation to commercial pine plantations are expensed as incurred, with the exception of major post thinning fertilising and pruning programs. Where these programs are designed specifically to improve stand quality, the costs are capitalised.

Hardwood Plantation Timber

These plantations are less than 15 years of age and have yet to undergo a commercial operation. As market prices cannot be readily determined for these plantations and as the quality of inventory and growth data has not developed to a suitable standard to support a detailed growth model for these plantations at this time, this resource is valued on the basis of historical costs incurred in their establishment. As Hardwood plantations undergo a commercial operation or reach age 15, Forests NSW intends to move to market value for this resource. Land under these plantations and integral infrastructures have been independently valued and disclosed separately in these accounts.

Native Forest Timber

The value of the Native Forest timber resource, currently available for harvesting, has been assessed utilising a Net Market Value model, which is based upon standing volumes and current prices less direct costs of disposing of the timber.

Standing volume information has been sourced from the most recently available resource data. Only the standing volume of native forests that are available in a single harvest cycle is valued. Harvesting cycles vary between native forest types with a cycle of 25-30 years for native forest and 35-40 years for cypress. Where possible standing volume information has been grown forward to 30 June 2006 and reduced by volumes sold since the inventory date. Forests covered by the South East and South Coast Regional Forest Agreements (RFAs) have used the RFA data as the basis for valuation.

Standing volume is calculated based on data obtained from sample inventory plots. Inventory data for forests within the Upper and Lower North East RFA's were updated in the previous financial year. As part of a comprehensive improvement of inventory procedures a new sampling regime was introduced and a substantial number of new inventory plots were created to replace those lost to harvesting. Implementation of this regime resulted in a significant shift in available sawlog volumes between species, an increase in volumes of saleable species, and a reduction in available pulpwood. Forests NSW proposes to apply the new inventory regime to other RFA areas. At this stage, it is not known if similar changes might result in inventory for those other areas.

Notes to and forming part of the financial statements for the year ended 30 June 2006

A new approach has also been developed for estimating harvestable area. New biometric equations are being developed for purposes of measurement, estimating growth, estimating standing volume and for estimating product yields. In some cases interim models have been developed that will only apply to the current valuation. The modelling process is ongoing and the new inventory regime has been operating since 1 January 2004 and it will be continually reviewed and improved. The current estimate of volume is the best estimate available based on a sampling and modelling regime that was designed to improve the previous methodology used in 1998 for Regional Forestry Agreement assessment. In these localities the updated inventory and resource modelling tools have been used to calculate volume.

In determining the standing volume, the gross area of native forests is reduced by the extent where logging is excluded in certain areas. A net harvest area modifier is then applied to reflect the impact of other logging exclusions prescribed by licences that are not area specific. A further strike rate reduction factor is used to reduce the net harvest area for unmapped flora and fauna exclusions. After adjusting the gross standing volume for the above exclusions, only 30 per cent of the standing volume is valued, reflecting restrictions on the intensity of harvesting allowed for a native forest resource.

The market value for products by species was sourced from current years actual price data adjusted for marketing and selling costs.

Forests NSW older hardwood plantation resource has presently been valued as native forest until the plantations are accredited.

Forests NSW manages available native forest areas on a sustainable yield basis. Sustainable yield means that the volume harvested will approximate, over long-term harvest cycles, annual forest growth of the harvestable native forest areas. As a result, all costs incurred in managing, maintaining and developing the Native Forests timber resources are expensed as incurred on the basis that all relevant costs are incurred in maintaining a constant forest resource.

(h) Carbon Credits

Forests NSW participated in an inaugural sale of New South Wales Greenhouse Abatement Credits in 2004-05. For financial year ending 30 June, 2006, unsold carbon credit certificates are accounted for as inventory at lower of cost or net realisable value.

(i) Depreciation of Property, Plant and Equipment (refer table below).

Depreciation is charged on Property (other than land), and Plant & Equipment at rates which provide for the original cost or valuation to be written down over the expected useful life of the asset. Depreciation commences when the asset is brought into commercial operation.

(j) Maintenance and Repairs

Forests NSW policy is to maintain property, plant and equipment in good order and condition requiring ongoing maintenance and repair. The costs of maintenance and repairs are generally charged as expenses when incurred, except where they relate to the replacement of a significant component of an asset or a major upgrade of an asset, in which cases the costs are capitalised and depreciated. Other routine operating maintenance, repair and minor renewal costs are also expensed as incurred.

(k) Derecognition of Assets

Assets are derecognised upon disposal where there is no future economic benefits expected to arise from the continued used.

Any gain or loss from derecognition of assets upon disposal is included in the income statement in the year the item is derecognised.

(l) Other Financial Assets (refer Note 6)

Investments are initially recognised at fair values plus, in the case of investments not at fair values through profit and loss, transaction costs. Forests NSW determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each month reporting date

Forests NSW subsequently measures investments classified as 'held for trading' or designated 'at fair value through profit or loss' at fair value. Financial assets are classified as 'held for trading' if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the income statement.

(i) New Accounting Standards issued but not yet effective

The following Accounting Standards are being early adopted. Any initial impacts on the first time adoption are detailed in the

Depreciation of Property Plant and Equipment

Type of Asset	Depreciation Method	Useful Life
Property (other than Land)	Straight Line	10 and 50 Years
Aircraft	Straight Line	10 years
Other Plant and Equipment	Straight Line	3 to 50 Years
Roads and Bridges		
- earthworks	Straight Line	100 Years
- paving (gravel)	Straight Line	30 Years
- paving (bitumen)	Straight Line	50 Years

Notes to and forming part of the financial statements for the year ended 30 June 2006

Statement of Changes in Equity and note 2(w)(iii).

AASB Amendment	Affected Standards
2005-4	AASB 139: Financial Instruments: Recognition and Measurement. Issued June 2005.

In this reporting period, the following recent Australian Accounting Standards that are not yet effective were not used in preparing this report.

AASB Amendment	Affected Standards
2005-1	AASB 139: Financial Instruments: Recognition and Measurement. Issued May 2005.
2005-5	AASB 1 First-time adoption of AIFRS AASB 139: Financial Instruments: Recognition and Measurement. Issued June 2006.
2005-9	AASB 132: Financial Instruments: Presentation AASB 139: Financial Instruments: Recognition and Measurement. Issued September 2005.
2005-10	AASB 101 Presentation of Financial Statements. AASB 117 Leases. AASB 132: Financial Instruments: Presentation AASB 139: Financial Instruments: Recognition and Measurement. Issued September 2005.
2005-11	AASB 101 Presentation of Financial Statements. AASB 132: Financial Instruments: Presentation. AASB 139: Financial Instruments: Recognition and Measurement. Issued September 2005.
AASB 7	AASB 7 Financial Instruments: Disclosures Issued August 2005.

All AASB amendments above are applicable for the year commencing 1 July 2006 with the exception of AASB 7 which is applicable for the year commencing 1 July 2007. No assessment has been made of the change in accounting policy in the year of change, or the financial impact of adoption of any of the amendments above.

(m) Interest-bearing Loans and Borrowings (refer Note 13)

Interest-bearing loans and borrowings are carried at current capital value, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(n) Guarantee Fee

Forests NSW is required to pay an annual Government Guarantee Fee to the NSW Treasury relative to the amount of loans at balance date based upon the differential between an independently assessed, stand alone, credit rating for Forests NSW and the NSW Government's AAA rating. The actual fee payable is calculated using factors provided by the NSW Treasury each year. Forests NSW has been assigned a qualified rating indication of 'BBB-' by Standard & Poor's Ratings Services. This is not necessarily the unqualified corporate credit rating that would otherwise apply to Forests NSW.

(o) Financial Instruments (refer Note 17)
(see table on next page).

(p) Cash and Cash Equivalents

For purposes of the cash flow statement, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(q) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets (where valid).

Finance costs include:

- (i) interest on bank overdrafts and short-term and long-term borrowings
- (ii) amortisation of discounts or premiums relating to borrowings

Capitalisation of Borrowing Costs:

Borrowing costs are capitalised as these funds have been utilised for the acquisition of land and for the establishment and development of new plantations which by their nature take a substantial period of time to become commercially productive.

(r) Rounding of Amounts

The amounts in the Financial Statements have been rounded off to the nearest thousand dollars unless specifically stated to be otherwise.

(s) Provisions

Provisions are recognised when past events will result in a present obligation, that will involve a future sacrifice of economic resources and the amount of provision can be measured reliably.

The amount of provisions recognised at reporting date are derived after estimating the considerations required to settle the obligation, taking into account both the associated risks and uncertainties.

In circumstances where there are recoveries of settlement obligations from third parties, the receivable amount will be recognised as an asset if there is absolute certainty of recovery and recoverable monies can be reliably measured.

Provisions that are measured by expected cash outflows on future settlement dates to settle the present obligation will be discounted by an appropriate rate of discount so as to obtain the present value of the expected cash outflows.

Notes to and forming part of the financial statements for the year ended 30 June 2006

Financial instruments

Recognised Financial Instruments	Accounting Policies	Terms and Conditions
i) Financial Assets		
Cash	Short-term deposits are stated at net realisable value. Interest is recognised in the income statement when earned	Cash is deposited at call
Receivables	Trade receivables are carried at nominal amounts due less any provision for doubtful debts. A provision is recognised when the collection of the amount is no longer probable.	Credit sales are generally on 7, 14 or 30 day settlement terms
Other Financial Assets	Investments are stated at net realisable value. Interest and movements in market value are recognised in the income statement when earned	All Investments during the year were at call
ii) Financial Liabilities		
Accounts Payable and Other Creditors	Liabilities are recognised for amounts to be paid in the future for goods and services received.	Trade liabilities are settled within 30 days of the month in which they are incurred in line with NSW Government policy.
Interest-Bearing Loans and Borrowings	Liabilities for loans are recognised at the time of entering into the arrangement.	A liquidity risk policy has been adopted by which no more than 25% of the total debt matures in any one year. All borrowings are sourced from the NSW Treasury Corporation

The discount rate that is used to compute the present value of cash outflows reflects the specific risks pertaining to the obligation and the current market assessment of the present value of money. Any increase in the provision due to discounting is recognised as a finance cost.

(t) Lease Assets

Leases are classified as financial leases if at the end of the lease term, the risk and ownership of the leased assets substantially accrued to the lessee.

Financial leases are capitalised at the inception of the lease based on the fair value of the leased assets or the lower of, the present value of the minimum lease payments.

All other leases are classified as operating leases. Operating lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term.

(u) Dividend (refer Note 14)

The amount of Dividend payable to the NSW Treasury is set at \$24 000 000. The dividend provided is payable to NSW Treasury in the following financial year.

(v) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

Sale of Timber and Related Activities

Revenue from the sale of timber and related activities is recognised (net of returns, discounts and allowances) when control of the goods passes to the customer.

Grants

Government grants are recognised as income over the periods necessary to match them with related costs which they are intended to compensate, on a systematic basis.

(w) Impact of Adopting of AEIFRS

(i) Forests NSW has applied the AEIFRS for the first time in the 2005-06 financial report. The key areas where changes in accounting policies have impacted the financial report are disclosed below. Some of these impacts arise because AEIFRS requirements are different from previous AASB requirements (AGAAP). Other impacts arise from options in AEIFRS that were not available or not applied under previous AGAAP. Forests NSW has adopted the options mandated by NSW Treasury for all NSW public sector agencies. The impacts below reflect Treasury's mandates and policy decisions.

The impacts of adopting AEIFRS on total equity and surplus/(deficit) as reported under previous AGAAP are shown below. In accordance with NSW Treasury's indicative mandates, Forests NSW applied the exemption provided in AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards not to apply the requirements of AASB 132 Financial Instruments: Presentation and Disclosures and AASB 139 Financial Instruments: Recognition and Measurement for the financial year ended 30 June 2005. These standards applied from 1 July 2005. None of the information provided above includes any impacts for financial instruments. There are no material impacts on the Forests NSW cash flows.

Notes to and forming part of the financial statements for the year ended 30 June 2006

(i) Reconciliation of Total Equity under previous Accounting Standards (AGAAP) under to equity AEIFRS:		30 June 2005** Statutory Corporation \$'000	1 July 2004* Statutory Corporation \$'000
	Notes		
Total Equity Under Previous AGAAP		2 102 919	2 127 270
Adjustments to accumulated funds			
Effect of valuing individually rather than by class	1	10 676	10 676
Derecognition of Provisions [AASB 137]	2	1 383	1 234
Write back asset revaluation reserve for investment properties	3	3 574	3 393
Defined benefit superannuation adjustment for change in discount rate	4	(39 761)	(20 855)
Effect of discounting long-term annual leave	5	135	141
Tax effect adjustment	6	2 651	10 834
Grant Revenue accrued (AASB 120)	7	(13 851)	(13 851)
Adjustments to other reserves			
Effect of valuing individually rather than by class	1	(10 676)	(10 676)
Write back asset revaluation reserve for investment properties	3	(3 393)	(3 393)
Tax effect adjustment	6	(211 315)	(217 431)
Total equity under AEIFRS		1 842 342	1 887 342

*= adjustments as at the date of transition

**= cumulative adjustments as at the date of transition plus the year ended 30 June 2005

Notes to table above

- 1 AASB 116 Property, Plant and Equipment requires for-profit entities to offset revaluation increments and decrements on individual asset basis, rather than on a class basis. This change decreased accumulated funds and increased asset revaluation reserve
- 2 AASB 116 requires the cost and fair value of property, plant and equipment to be increased to include the estimated restoration costs, where restoration provisions are recognised under AASB 137 Provisions, Contingent Liabilities and Contingent Assets. This treatment was not required under previous AGAAP. As a result, the provision, net carrying amount of property, plant and equipment, depreciation expense and finance costs related to the unwinding of the restoration provision have all increased
- 3 Under AASB 140 Investment Property and NSW Treasury's mandates, investment property is recognised at fair value. In contrast to the previous treatment as property, plant and equipment, investment property recognised at fair value is not depreciated and changes in fair value are recognised in the income statement, rather than the asset revaluation reserve. Any asset revaluation reserve balances relating to such property have been written back to accumulated funds. Unrealised gains recognised in the income statement have increased and depreciation expense has decreased as a consequence
- 4 AASB 119 Employee Benefits requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long-term expected rate of return on plan assets. This will increase the defined benefit superannuation liability (or decrease the asset in an overfunded position) and change the quantum of the superannuation expense.
- 5 AASB 119 Employee Benefits AASB 119 requires present value measurement for all long-term employee benefits. Previous AGAAP provides that wages, salaries, annual leave and sick leave are measured at nominal value in all circumstances. Forests NSW has long-term annual leave benefits and accordingly will measure these benefits at present value rather than nominal value, thereby decreasing the employee benefits liability and changing the quantum of the annual leave expense.
- 6 AASB 112 Income Taxes uses a balance sheet approach which requires the differences between the accounting and tax value of assets and liabilities to be recognised as deferred tax assets or liabilities. Previous AGAAP used an income statement method that accounted for income tax by adjusting accounting profit for temporary and permanent differences to determine taxable income. The AASB 112 approach alters the quantum and timing of tax assets and liabilities recognised. The balance sheet approach resulted in the recognition of a deferred tax liability in relation to revalued assets that were not recognised under previous AGAAP. This also changed the quantum and timing of the tax expense
- 7 AASB 120 Accounting for Government Grants and Disclosure of Government Assistance requires for-profit entities to spread income recognition over the period necessary to match related costs. This has delayed income recognition and increased liabilities. Under previous AGAAP, grants were normally recognised revenue when received.

Notes to and forming part of the financial statements for the year ended 30 June 2006

(ii) Reconciliation of Profit before tax under previous AGAAP to that under AIFRS

	Notes	Statutory Corporation 2005 \$'000
Prior year profit before tax as previous reported		7,656
Defined benefit superannuation adjustment for change in discount rate	1	(18,907)
Effect of discounting long-term Employees' related costs	2	155
Derecognition of Provisions	3	(10)
Write back of Depreciation for Investment Property	4	181
Prior year Loss before tax under AIFRS		(10,925)

Notes to tables above

- 1 AASB 119 Employee Benefits requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long-term expected rate of return on plan assets. Where the superannuation obligation is not assumed by the Crown, this will increase the defined benefit superannuation liability (or decrease the asset for those agencies in an overfunded position) and change the quantum of the superannuation expense.
- 2 AASB 119 requires present value measurement of all long term benefits. Previous AGAAP provided that annual leave was measured at nominal value in all circumstances. Forests NSW has long term annual leave benefits that are now measured at present value rather than at nominal value. This has decreased the employee benefits liability and employee benefits expense.
- 3 AASB 137 requires extinguishment and adjustments to all general and not specific provisions.
- 4 Under AASB 140 Investment Property and NSW Treasury's mandates, investment property are recognised at fair value. In contrast to previous treatment as property, plant and equipment, investment property recognised at fair value is not depreciated and changes in fair value are recognised in the income statement, rather than the asset revaluation reserve. Any asset revaluation reserve balances relating to such property have been written back to accumulated funds. Unrealised gains recognised in the operating statement have increased and depreciation expense has decreased as a consequence

(iii) Financial Instruments - 1 July 2005 first time adoption impacts

As discussed in 1(w) the comparative information for 2004-05 for financial instrument has not been restated and is presented in accordance with previous AGAAP (refer 1(w) above). AASB 132 and AASB 139 have been applied from 1 July 2005. Accordingly, the 1 July 2005 AIFRS opening equity adjustments for the adoption of AASB 132/ASB 139 follow and there is nil effect on the restated opening 1st July, 2005 AEIRS equity.

	Note	Statutory Corporation		Total
		Accumulated Funds	Other Reserves	
		\$'000	\$'000	\$'000
Total opening 1st July, 2005 AIFRS equity		927 568	493 068	1 420 636
Adjustment as a result of change to impairment	1	-	-	-
Movements in Fair Value recognised in the asset revaluation reserve rather than through the profit and loss	2	-	-	-
Interest-free loan measured at fair value on initial recognition	3	-	-	-
Medium and long term Hour Glass growth facilities -change to bid price	4	-	-	-
Financial instruments held for trading	5	-	-	-
Available for sale financial assets	6	-	-	-
Restated opening 1st, July 2005 AIFRS equity (after applying AASB 139)		927 568	493 068	1 420 636

Notes to and forming part of the financial statements for the year ended 30 June 2006

Notes to table above:

1. Impairment testing. Under AASB 139, all financial assets except those measured at fair value through profit or loss is subject to review for impairment. The Standard requires a specific impairment test which needs to be supported by objective evidence that the group of assets is impaired or uncollectible. This means that agencies can no longer raise a general provision for doubtful debts. As a result, the allowance for impairment recognised under previous AGAAP has been reduced.
2. Movements in fair value recognised in the asset revaluation reserve rather than through the profit or loss. Under AASB 139, net gains on 'available for sale' financial assets are recognised through the asset revaluation reserve. Previously, where these assets were measured at fair value and classified as 'current' assets, movements in fair value were recognised through profit or loss. This change has resulted in the reclassification of these gains from accumulated funds to the reserves.
3. Interest-free and low interest loans. Under AASB 139, these types of loans must initially be recognised at fair value, and thereafter at amortised cost. The fair value of a long-term loan receivable that carries no interest or below market interest is estimated as the present value of all future cash receipts, discounted using the prevailing market rates of interest for a similar instrument with a similar credit rating (based on the NSW TCorp government bond rate). Any additional amount lent is an expense or grant unless it qualifies for recognition as some other type of asset. Amortisation of the loan is recognised as investment revenue. Previously, such loans were measured at nominal amount or face value, with no grant or expense recognised. This change has reduced the amount of the loan receivable.
4. Medium and long term TCorp Hour Glass growth facilities – change to bid price. Under AASB 139, these facilities are measured using the 'bid' price, rather than 'mid-point' market prices. This results in the opening balance on 1 July 2005 being slightly lower than the closing balance on 30 June 2005 under previous AGAAP.
5. Financial instruments held for trading. Under AASB 139, financial assets and financial liabilities held for trading (including derivatives) must be recognised at fair value through profit or loss. Previously, derivatives were not recognised in the balance sheet (disclosed in the notes only) and other financial instruments that are now regarded as held for trading were recognised at amortised cost. This change has increased the recognised financial assets and unrealised gains/losses.
6. Available for sale financial assets. Under AASB 139, available for sale financial assets are recognised at fair value through a reserve. Previously, some of these assets were recognised at amortised cost. This change has increased the financial assets and other reserves.

(x) Employee Benefits**Annual leave**

Liability for Annual Leave is recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

Long Service Leave

A liability for Long Service Leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on notional government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Long Service Leave liability was assessed by actuaries at 30th June, 2006.

Sick Leave

Sick leave is non-vesting and is expensed as incurred. In line with past results, sick leave taken in future periods is expected to be well below entitlements in those periods.

Superannuation

Calculation of the total liability for superannuation is based on actuarial advice provided by Pillar Administration.

The superannuation liability in the Balance Sheet is the difference between the gross liabilities and the stake in the funds at reporting date in respect of Forests NSW employees (refer Note 16).

Workers Compensation Insurance

Forests NSW is a licensed self insurer under the provisions of the *Workers Compensation Act 1987*. In accordance with regulations that govern the operations of Workers Compensation, an independent actuary has determined the value of the outstanding claims liability as at 30th June 2006. In addition separate insurance cover is held with private insurance companies for excess total incident and total claims costs.

From 17th, March 2006 onwards, the NSW Government proclaimed the PSELAA (*Public Sector Employment Legislation Amendment Act 2006*). As of that date, all related employee costs and entitlements are recognised as Personnel Services from the supply of labour related services from either NSW DPI and Forestry Commission Division.

Employee related liabilities are transferred from Forests NSW's statutory accounts to New South Wales Department of Primary Industries (NSW DPI) and Forestry Commission Division in accordance with the established memorandum of understanding. In the Forests NSW's (Statutory Balance Sheet), they are disclosed as amounts due to related entities.

Upon consolidation of the year end financial statements, employee related liabilities from the Forestry Commission Division are shown as current and non current provisions.

(Y) Investment Property

Investment Property is property held to earn rentals or for capital appreciation is measured at its fair value at the reporting date. Gains or losses arising from changes in the fair value of the investment property are included in the profit and loss in the period which they arise.

Notes to and forming part of the financial statements for the year ended 30 June 2006

Investment properties are derecognised when they have been either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

3. REVENUE

	Economic Entity 2006 \$ 000	Statutory Corporation 2006 \$ 000	Statutory Corporation 2005 \$ 000
Revenue			
a) from timber and related operating activities			
Royalties from sale of timber and related products	134 668	134 668	128 188
Contract Harvest and Haulage	90 182	90 182	78 364
	224 850	224 850	206 552
b) from other operating activities			
Community Service Obligations	9 557	9 557	9 557
Other Services Rendered	16 952	16 952	18 101
Interest received	592	592	400
Rental Income from Investment Properties	139	139	139
Other rental	2 783	2 783	2 815
Gain/(Loss) on Sale of Non Current Assets	(1 540)	(1 540)	3 193
Other State Government Grants	6 414	6 414	6 789
Superannuation Gain	33 364	28 263	-
	68 261	63 160	40 994
Total Revenue	293 111	288 010	247 546

Community Services and Government Grants

Forests NSW Community Service and Government Grants totalled \$15 971 000 (2005: \$16 346 000). Grants included capital and revenue components, which are detailed in the following notes:

(i) Community Service Obligations

The State Government contributed \$9 557 000 (2005: \$9 557 000) towards the cost of providing Community Services. This contribution was included in the accounts as revenue. In 2005-06, these services, which include provision of recreation facilities, education and advisory services, government liaison and regulatory services, community fire protection and research cost Forests NSW \$10 258 000 (2005: \$10 193 000). These costs are included in operating expenditure.

(ii) Other Government Grants

The State Government also paid Forests NSW \$6 414 000 (2005: \$6 789 000) for the performance of specific services including tasks associated with the Interim Assessment Process and related Comprehensive Resource Assessments, and for cost of redundancy payments resulting from initiatives to better align Forests NSW structures and functions to current trading conditions, \$0 (2005: \$3 594 000).

Notes to and forming part of the financial statements for the year ended 30 June 2006

4. EXPENSES**a) Expenses**

	Notes	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000	Statutory Corporation 2005 \$'000
Finance costs				
Interest and finance charges		7 591	7 591	7 224
Less: Amount capitalised		(7 591)	(7 591)	(7 224)
Finance costs expensed		-	-	-
Written down value of property, plant and equipment disposed		6 834	6 834	16 878
Depreciation				
Buildings		934	934	1 467
Roads & bridges		3 705	3 705	3 553
Plant and equipment		5 145	5 145	4 947
Total depreciation		9 784	9 784	9 967
Other charges against assets				
Bad debts written off - trade debtors		98	98	20
Provisions/Expense				
Doubtful debts		(70)	(70)	(36)
Personnel Services/Employee entitlements		(6 627)	(6 627)	12 237
Workers compensation		(550)	(550)	(50)
Dividend		24 000	24 000	27 334
Total other provisions		16 753	16 753	39 485
	Notes	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000	Statutory Corporation 2005 \$'000

(b) Individually Significant Items

Operating profit after income tax includes the following individually significant items:

Expenses			
Net gain/(loss) from staff superannuation fund	3 506	-	(12 662)
Applicable income tax credit	-	-	3 799
	3 506	-	(8 863)
Net Movement in Staff Superannuation Fund			(8 863)
Net Increment/(decrement) in net market value of timber (refer Note 11)	(62 759)	(62 759)	(39 992)
Write off of failed hardwood plantations (refer Note 11)	(183)	(183)	(647)
Redundancy Payments	-	-	(3 926)
Total of significant items	(62 942)	(62 942)	(53 428)

Notes to and forming part of the financial statements for the year ended 30 June 2006

5. INCOME TAXES**A) Income Tax recognised in Profit and Loss**

	Notes	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000	Statutory Corporation 2005 \$'000
Tax expense/(income) comprises:				
Current tax expense/(income)		3 765	3 765	5 290
Deferred Income tax				
Relating to origination and reversal of timing differences that are part of :				
Deferred tax liability		(57 203)	(57 203)	12 319
Deferred tax Asset		62 022	62 022	(4 672)
Total expense/(income)		8 584	8 584	12 937
Attributable to :				
Continuing operations		8 584	8 584	12 937
Discontinued operations		-	-	-
		8 584	8 584	12 937

The prima facie income tax expense on pre-tax accounting profit from Operation reconciles to the income tax expense in the financial statements as follows:

Accounting Profit/(Loss) from continuing operations	11 420	11 420	(10 925)
Accounting Profit/(Loss) from discontinued operations	-	-	-
At the statutory income tax rate of 30%	3 426	3 426	(3 278)
Excess/(Deficit) of accounting depreciation over tax	231	231	307
Non revenue expenditures	23	23	266
Loss on discontinued assets	1 665	1 665	1 588
Provisions and accruals expenses	791	791	(727)
Unearned revenue	(210)	(210)	1 026
Decrement in net market value of biological assets	18 828	18 828	11 999
Non Assessable Income	(12 919)	(12 919)	2 295
Capitalised Finance Costs	(2 277)	(2 277)	(2 318)
Capital Expenditures on Plantation Establishment	(5 793)	(5 793)	(5 868)
Deferred Income Tax Relating to origination and reversal of timing differences	4 819	4 819	7 647
Income tax expense reported in income statement	8 584	8 584	12 937

Notes to and forming part of the financial statements for the year ended 30 June 2006

5. INCOME TAXES (continued)**B) Income Tax Equivalents**

	Balance Sheet			Income Statement		
	Notes	Economic Entity	Statutory Corporation	Statutory Corporation	Economic Entity	Statutory Corporation
		2006	2006	2005	2006	2005
		\$'000	\$'000	\$'000	\$'000	\$'000
Deferred Income tax equivalent at 30 June relates to the following:						
Deferred income tax equivalent liabilities						
Property Plant & Equipment		(234 047)	(234 047)	(235 248)	1 160	1 160
Biological Assets		(228 594)	(228 594)	(239 472)	(10 878)	(10 878)
Superannuation		-	-	(47 485)	(47 485)	(47 485)
Gross Deferred income tax equivalent liabilities		(462 641)	(462 641)	(522 205)		
Deferred income tax equivalent assets						
Superannuation		-	-	57 446	57 446	57 446
Provision of expenses		650	650	9 172	8 522	8 522
Revenue in Advance		7 695	7 695	3 749	(3 946)	(3 946)
Gross Deferred income tax equivalent assets		8 345	8 345	70 367		
Deferred income tax equivalent charge					4 819	4 819

6. CASH AND CASH EQUIVALENTS

	Notes	Economic Entity	Statutory Corporation	Statutory Corporation
		2006	2006	2005
		\$'000	\$'000	\$'000
Cash at bank		4 149	4 149	6 054
Cash on hand		63	63	63
NSW Treasury Corporation Hour Glass Cash Facility		2 250	2 250	2 018
Other Financial Assets		525	525	242
Balances as per cash flow statement		6 987	6 987	8 377

Investments at call

The NSW Treasury Corporation Hour glass cash facility have been subject to floating interest rates between 5.34% and 5.86% (2005: 5.30% and 6.17%).

Notes to and forming part of the financial statements for the year ended 30 June 2006

7. INVENTORIES

The basis for valuation of Inventories is set out in Note 2(f).

	Notes	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000	Statutory Corporation 2005 \$'000
Materials and parts – at cost		4 892	4 892	4 541
Work in progress and finished goods – at cost and net realisable value		2 056	2 056	2 423
		6 948	6 948	6 964
Provision for stock losses		(13)	(13)	(13)
Total Inventories at lower of cost and net realisable value		6 935	6 935	6 951

8. TRADE AND OTHER RECEIVABLES

	Notes	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000	Statutory Corporation 2005 \$'000
Receivables		42 172	42 172	34 761
Less: Specific debts		(28)	(28)	(99)
		42 144	42 144	34 662
Other debtors		64	55	18 598
Total		42 208	42 199	53 260

During the year bad debts amounting to \$98 000 (2005: \$20 000) were written off.

9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT**Statutory Corporation**

Note	Crown Land \$'000	Freehold Land \$'000	Buildings \$'000	Roads & Bridges \$'000	All Plant & Equipment \$'000	PPE WIP \$'000	Total \$'000
At 1 July 2005							
At Fair Value	742 117	3 413	23 071	191 023	43 964	6 068	1 009 656
Accumulated depreciation and impairment	-	-	(1 176)	(97 862)	(9 037)	-	(108 075)
Net Carrying Amount	742 117	3 413	21 895	93 161	34 927	6 068	901 581
At 30 June 2006							
At Fair Value	715 833	3 413	24 803	109 115	32 260	5 017	890 441
Accumulated depreciation and impairment	-	-	(2 299)	-	-	-	(2 299)
Net Carrying Amount	715 833	3 413	22 504	109 115	32 260	5 017	888 142

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.

Notes to and forming part of the financial statements for the year ended 30 June 2006

9. NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT (continued)

	Note	Crown Land \$'000	Freehold Land \$'000	Buildings \$'000	Roads & Bridges \$'000	All Plant & Equipment \$'000	PPE WIP \$'000	Total \$'000
Year ended 30 June 2006								
Net carrying amount at start of year		742 117	3 413	21 895	93 161	34 927	6 068	901 581
Additions/(transferred to Fixed Assets)		1	-	1 818	4 791	6 581	(1 051)	12 140
Asset Dedications		222	-	-	-	-	-	222
Disposals		(98)	-	(78)	(1 324)	(2 133)	-	(3 633)
Asset Revocation		(35 414)	-	-	-	-	-	(35 414)
Depreciation/amort'n expense*	4(a)	-	-	(1 131)	(3 705)	(5 224)	-	(10 060)
Revaluation Increments (Decrements)		9 005	-	-	16 192	(1 891)	-	23 306
Net carrying amount at end of year		715 833	3 413	22 504	109 115	32 260	5 017	888 142

*Note: Depreciation expense differs from Income Statement by \$276 000 (2005 \$297 000). This amount represents depreciation held in inventories work in progress as a cost of production of nursery seedlings

Independent valuation:

- (a) Land values assessed by SVO as at 30 June 2004. In 2005-06, 359 000 hectares were revoked and transferred to NPWS and other NSW related government agencies. 2 731 hectares were dedicated and transferred across to Forests NSW.
- (b) Building values assessed by SVO as at 30 June 2004
- (c) Roads and bridges revalue by SVO as at 30 June 2006.
- (d) Motor Vehicles were assessed by management valuation at 30 June 2006.
- (e) Heavy plant valuation by Slattery auction as at 30 June 2006.
- (f) Other plant and equipment assessed by management valuation as at 30 June 2006.

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.

Statutory Corporation

	Note	Crown Land \$'000	Freehold Land \$'000	Buildings \$'000	Roads & Bridges \$'000	All Plant & Equipment \$'000	PPE WIP \$'000	Total \$'000
At 1 July 2004								
At Fair Value		742 700	5 028	34 394	187 016	42 766	3 686	1 015 590
Accumulated depreciation and impairment		-	-	-	(94 310)	(4 526)	-	(98 836)
Net Carrying Amount		742 700	5 028	34 394	92 706	38 240	3 686	916 754
At 30 June 2005								
At Fair Value		742 117	3 413	23 071	191 023	43 964	6 068	1 009 656
Accumulated depreciation and impairment		-	-	(1 176)	(97 862)	(9 037)	-	(108 075)
Net Carrying Amount		742 117	3 413	21 895	93 161	34 927	6 068	901 581

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.

Notes to and forming part of the financial statements for the year ended 30 June 2006

9. NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT (continued)

	Note	Crown Land \$'000	Freehold Land \$'000	Buildings \$'000	Roads & Bridges \$'000	All Plant & Equipment \$'000	PPE WIP \$'000	Total \$'000
Year ended 30 June 2005								
Net carrying amount at start of year		742 700	5 028	34 394	92 706	38 240	3 686	916 754
Additions		329	-	973	4 007	4 277	2 382	11 968
Asset Dedications		1	-	-	-	-	-	1
Disposals		(407)	(1 650)	(11 794)	-	(2 556)	-	(16 407)
Asset Revocation		(471)	-	-	-	-	-	(471)
Depreciation/amort'n expense*	4(a)	-	-	(1 678)	(3 552)	(5 034)	-	(10 264)
Group Reclassification		(35)	35	-	-	-	-	-
Revaluation Increments (Decrements)		-	-	-	-	-	-	-
Net Carrying amount at end of year		742 117	3 413	21 895	93 161	34 927	6 068	901 581

*Note: Depreciation expense differs from Income Statement by \$276 000 (2005 \$297 000). This amount represents depreciation held in inventories work in progress as a cost of production of nursery seedlings

Economic Entity

	Note	Crown Land \$'000	Freehold Land \$'000	Buildings \$'000	Roads & Bridges \$'000	All Plant & Equipment \$'000	PPE WIP \$'000	Total \$'000
Year ended 30 June 2006								
Net carrying amount at start of year		742 117	3 413	21 895	93 161	34 927	6 068	901 581
Additions/Transferred to Fixed Assets		1	-	1 818	4 791	6 581	(1 051)	12 140
Asset Dedications		222	-	-	-	-	-	222
Disposals		(98)	-	(78)	(1 324)	(2 133)	-	(3 633)
Asset Revocation		(35 414)	-	-	-	-	-	(35 414)
Depreciation/amort'n expense*	4(a)	-	-	(1 131)	(3 705)	(5 224)	-	(10 060)
Revaluation Increments (Decrements)		9 005	-	-	16 192	(1 891)	-	23 306
Net Carrying amount at end of year		715 833	3 413	22 504	109 115	32 260	5 017	888 142

*Note: Depreciation expense differs from Income Statement by \$276 000 (2005 \$297 000). This amount represents depreciation held in inventories work in progress as a cost of production of nursery seedlings

Notes to and forming part of the financial statements for the year ended 30 June 2006

10. INVESTMENT ASSETS

	Notes	Economic Entity 2006 \$ '000	Statutory Corporation 2006 \$ '000	Statutory Corporation 2006 \$ '000
Net market value of timber at beginning of reporting period (a)		4 778	4 778	4 778

(a) At Valuation 2004: Land \$797 000 Buildings \$3 981 000. Update factors were obtained from SVO as at 30 June 2006 and did not warrant material adjustments to the fair values.

11. BIOLOGICAL ASSETS

Summary of Biological assets

	Notes	Economic Entity 2006 \$ '000	Statutory Corporation 2006 \$ '000	Statutory Corporation 2006 \$ '000
Softwood Plantation Timber Net Market Value at reporting date	10a(i)	1 110 668	1 110 668	1 132 909
Hardwood Plantation Timber carrying amount as at reporting date	10b(i)	61 659	61 659	60 094
Native Forest Timber Net Market Value at reporting date	10c(i)	386 347	386 347	401 931
		1 558 674	1 558 674	1 594,934

(a) Softwood Plantation Timber**i) Valuation**

	Notes	Economic Entity 2006 \$ '000	Statutory Corporation 2006 \$ '000	Statutory Corporation 2006 \$ '000
Net market value of timber at beginning of reporting period		1 132 909	1 132 909	1 178 350
Capital expenditure - plantation establishment & development		17 343	17 343	17 458
Capitalisation of borrowing costs		7 591	7 591	7 724
Write-off of growing stock &/or establishment costs				(102)
Sale of Plantations				(972)
Carrying amount as at the reporting date (prior to adjusting for changes in net market value)		1 157 843	1 157 843	1 202 458
Net market value at reporting date		1 110 668	1 110 668	1 132 909
Net increment/(decrement) in the net market value of timber		(47 175)	(47 175)	(69 549)

Notes to and forming part of the financial statements for the year ended 30 June 2006

11. BIOLOGICAL ASSETS (continued)

ii) Plantation area by species and age class

	Notes	Economic Entity 2006 Hectares	Statutory Corporation 2006 Hectares	Statutory Corporation 2005 Hectares
Pinus radiata				
0 –14 years		59 479	59 479	58 276
15-30 years		98 315	98 315	100 259
31 years and over		30 203	30 203	30 101
Total		187 997	187 997	188 636
Southern Pine				
0 –14 years		3 905	3 905	3 765
15-30 years		3 918	3 918	3 687
31 years and over		1 563	1 563	1 844
Total		9 386	9 386	9 296
Other major species				
0 –14 years		57	57	57
15-30 years		153	153	170
31 years and over		2 963	2 963	3 027
Total		3 173	3 173	3 254
Total Area of Softwood Plantation		200 556	200 556	201 186

iii) Softwood Plantation - standing volumes by major species

	Notes	Economic Entity 2006 Standing Volume	Statutory Corporation 2006 Standing Volume	Statutory Corporation 2005 Standing Volume
Pinus radiata		40 664 199	40 664 199	40 394 398
Southern Pine		962 251	962 251	983 684
Other Major		552 629	552 629	560 139
Other Species		231 111	231 111	227 462

Notes to and forming part of the financial statements for the year ended 30 June 2006

11. BIOLOGICAL ASSETS (continued)**(b) Hardwood Plantation Timber****i) Valuation**

	Notes	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000	Statutory Corporation 2005 \$'000
Carrying amount of timber at beginning of reporting period – at fair value		60 094	60 094	58 665
Capital expenditure - plantation establishment & development		1 967	1 967	2 105
Sale of Plantations		(219)	(219)	(29)
Write off of failed plantations		(183)	(183)	(647)
Carrying amount as at the reporting date – at fair value (Note 2(g)(iii))		61 659	61 659	60 094

ii) Plantation area by species (all less than 15 years old)

	Notes	Economic Entity 2006 Hectares	Statutory Corporation 2006 Hectares	Statutory Corporation 2005 Hectares
Eucalyptus dunnii		8 353	8 353	8 384
Corymbia maculate		4 307	4 307	4 320
Eucalyptus pilularis		4 807	4 807	4 807
Other Hardwood Plantation Species		9 008	9 008	9 405
Total Area of Hardwood Plantation		26 475	26 475	26 916

(c) Native Forest Timber**i) Valuation**

	Notes	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000	Statutory Corporation 2005 \$'000
Net market value of timber at beginning of reporting period		401 931	401 931	372 374
Net market value at reporting date		386 347	386 347	401 931
Net increment in the net market value of timber		(15 584)	(15 584)	29 557

ii) Species Mix of Native Forest areas

	Notes	Economic Entity 2006 Hectares	Statutory Corporation 2006 Hectares	Statutory Corporation 2005 Hectares
Productive forest areas:				
Alpine Ash		17 330	17 330	16 916
Blackbutt		95 292	95 292	84 155
Blue Gum		91 854	91 854	66 185

Notes to and forming part of the financial statements for the year ended 30 June 2006

11. BIOLOGICAL ASSETS (continued)

	Notes	Economic Entity 2006 Hectares	Statutory Corporation 2006 Hectares	Statutory Corporation 2005 Hectares
Messmate		159 204	159 204	171 136
Mixed Coastal Eucalypt		169 670	169 670	109 586
Other Inland Eucalypt types		89 742	89 742	245 087
Rainforest		7 275	7 275	6 673
River Red Gum		91 100	91 100	93 300
Snow Gum		20 085	20 085	19 049
Spotted Gum		147 806	147 806	136 185
Stringybark		171 971	171 971	170 032
Un-classified		200 601	200 601	53 369
White Cypress Pine		156 652	156 652	234 232
Total		1 418 582	1 418 582	1 405 905
Total non productive forest areas		603 530	603 530	886 281
Total Area of Native Forest		2 022 112	2 022 112	2 292 186

* Native Forests are not homogenous by species. A total hectare by species is a proportional measure rather than representing discrete forests by species type.

12. TRADE AND OTHER PAYABLES

	Notes	Economic Entity 2006 \$ '000	Statutory Corporation 2006 \$ '000	Statutory Corporation 2005 \$ '000
Current				
Trade		22 510	22 510	19 951
Receipts in Advance		25 650	25 650	26 349
Accrued Salaries, Wages & On-Costs		-	-	1 253
Total		48 160	48 160	47 553

13. INTEREST-BEARING LOANS AND BORROWINGS

(i) Forests NSW Interest-Bearing Loans and Borrowings are recognised at Current Capital value and are made up of:

	Notes	Economic Entity 2006 \$ '000	Statutory Corporation 2006 \$ '000	Statutory Corporation 2005 \$ '000
NSW Treasury Corporation Loans		138 276	138 276	138 062

i. Repayment details of these loans shown on the Balance Sheet are as follows:

Notes to and forming part of the financial statements for the year ended 30 June 2006

13. INTEREST-BEARING LOANS AND BORROWINGS (continued)

	Notes	Economic Entity 2006 \$ '000	Statutory Corporation 2006 \$ '000	Statutory Corporation 2005 \$ '000
Not later than 1 year (Current)		20 809	20 809	29 365
		20 809	20 809	29 365
Later than 1 year but not later than 5 years (Non Current)		49 601	49 601	26 624
Later than 5 years (Non Current)		67 866	67 866	82 073
		117 467	117 467	108 697
Total borrowings		138 276	138 276	138 062

NSW Treasury Corporation outstanding loan interest rates ranged between 5.30% and 6.17% (2005: 5.08% and 6.73%).

14. DIVIDENDS PAID/PROPOSED

	Notes	Economic Entity 2006 \$ '000	Statutory Corporation 2006 \$ '000	Statutory Corporation 2005 \$ '000
Provision for dividend at beginning of year		(27 254)	(27 254)	(13 096)
Dividend paid		24 922	24 922	13 096
Dividend provided		(24 000)	(24 000)	(27 254)
Provision for dividend at end of the year		(26 332)	(26 332)	(27 254)

15. PROVISIONS

	Notes	Economic Entity 2006 \$ '000	Statutory Corporation 2006 \$ '000	Statutory Corporation 2005 \$ '000
Current Liabilities				
Employee Benefits		10 329	-	6 003
Workers Compensation		770	770	460
Other		227	-	-
Total Current Provisions		11 326	770	6 463
Non Current Liabilities				
Employee Benefits		300	-	22 155
Workers Compensation		2 600	2 600	3 310
Total Non current provisions		2,900	2 600	25 465
Total Provisions		14 226	3 370	31 928

Notes to and forming part of the financial statements for the year ended 30 June 2006

16(a) OTHER LIABILITIES**Employee Superannuation Funds**

The Employee Benefits liability for June 2005 was determined by the Fund's actuary based upon membership information as at 31 March, 2005.

Statutory Corporation 2005

	SASS \$'000	SANCS \$'000	SSS \$'000	2005 \$'000
Estimated Reserve Account balance	32 313	9 074	116 895	158 282
Accrued Employees Benefits Liability	(38 189)	(10 121)	(143 176)	(191 486)
	(5 876)	(1 047)	(26 281)	(33 204)

All references are to the July 2004 version of AASB 119.

Accounting policy for recognising actuarial gains/losses

Actuarial gains and losses are recognised in profit or loss in the year they occur.

General description of the type of plan

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

State Authorities Non-contributory Superannuation Scheme (SANCS).

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

All the Schemes are closed to new members.

Reconciliation of the assets and liabilities recognised in the balance sheet

	SASS Financial Year to 30 June 2005 \$	SANCS Financial Year to 30 June 2005 \$	SSS Financial Year to 30 June 2005 \$
Present value of defined benefit obligations	58 607 891	10 121 436	162 344 061
Fair value of plan assets	(52 731 934)	(9 073 815)	(136 062 968)
	5 875 957	1 047 621	26 281 093
Surplus in excess of recovery available from schemes	0	0	0
Unrecognised past service cost	0	0	0
Net (asset)/liability to be disclosed in balance sheet	5 875 957	1 047 621	26 281 093

Assets invested in entity or in property occupied by the entity

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

Notes to and forming part of the financial statements for the year ended 30 June 2006

16(a) OTHER LIABILITIES (continued)**Movement in net liability/asset recognised in balance sheet**

	SASS Financial Year to 30 June 2005 \$	SANCS Financial Year to 30 June 2005 \$	SSS Financial Year to 30 June 2005 \$
Net (asset)/liability at start of year	4 848 383	830 582	20 217 360
Net expense recognised in the income statement	2 930 387	905 868	7 534 129
Contributions	(1 902 813)	(688 829)	(1 470 396)
Net (asset)/liability to be disclosed in balance sheet	5 875 957	1 047 621	26 281 093

Total expense recognised in income statement

	SASS Financial Year to 30 June 2005 \$	SANCS Financial Year to 30 June 2005 \$	SSS Financial Year to 30 June 2005 \$
Current service cost	1 627 543	580 701	1 231 317
Interest on obligation	3 280 174	535 096	8 621 463
Expected return on plan assets	(3 419 301)	(613 410)	(8 716 963)
Net actuarial losses (gains) recognised in year	1 441 971	403 481	6 398 313
Change in surplus in excess of recovery available from scheme	0	0	0
Past service cost	0	0	0
Losses (gains) on curtailments and settlements	0	0	0
Total included in "employee benefits expense"	2 930 387	905 868	7 534 129

Actual return on plan assets

	SASS Financial Year to 30 June 2005 A\$	SANCS Financial Year to 30 June 2005 A\$	SSS Financial Year to 30 June 2005 A\$
Actual return on plan assets	6 146 326	1 079 615	15 844 835

Valuation method and principal actuarial assumptions at the reporting date**a) Valuation Method**

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	30-Jun-05
Discount rate at 30 June	5.2% pa
Expected return on plan assets at 30 June	7.3%
Expected salary increases	4.0% pa
Expected rate of CPI increase	2.5% pa

Notes to and forming part of the financial statements for the year ended 30 June 2006

16.(b) Other Assets**Employee Benefits Liability for June 2006****Economic Entity 2006**

	SASS \$'000	SANCS \$'000	SSS \$'000	2006 \$'000
Estimated Reserve Account balance	38 132	3 923	-	42 055
Accrued Employees Benefits Liability	(35 192)	(3 357)	-	(38 549)
	2 940	566	-	3 506

SASS	State Authorities Superannuation Scheme
SANCS	State Authorities Non-Contributory Superannuation Scheme
SSS	State Superannuation Scheme

All references are to the July 2004 version of AASB 119.

Accounting policy for recognising actuarial gains/losses.

Actuarial gains and losses are recognised in profit or loss in the year they occur.

General description of the type of plan

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

State Authorities Non-contributory Superannuation Scheme (SANCS).

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

All the Schemes are closed to new members.

Reconciliation of the assets and liabilities recognised in the balance sheet

	SASS Financial Year to 30 June 2006 \$	SANCS Financial Year to 30 June 2006 \$	SSS Financial Year to 30 June 2006 \$	TOTAL Financial Year to 30 June 2006 \$
Present value of defined benefit obligations	35 192 664	3 357 132	0	38 549 796
Fair value of plan assets	(38 132 139)	(3 923 711)	0	(42 055 851)
	(2 939 475)	(566 579)	0	(3 506 055)
Surplus in excess of recovery available from schemes	0	0	0	0
Unrecognised past service cost	0	0	0	0
Net (asset)/liability to be disclosed in balance sheet	(2 939 475)	(566 579)	0	(3 506 055)

Assets invested in entity or in property occupied by the entity

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

Notes to and forming part of the financial statements for the year ended 30 June 2006

16.(b) Other Assets (continued)

Movement in net liability/asset recognised in balance sheet

	SASS Financial Year to 30 June 2006 \$	SANCS Financial Year to 30 June 2006 \$	SSS Financial Year to 30 June 2006 \$	TOTAL Financial Year to 30 June 2006 \$
Net (asset)/liability at start of year	2 713 645	359 282	0	3 072 928
Net expense recognised in the income statement	(2 502 554)	(332 590)	0	(2 835 144)
Contributions	(3 150 567)	(593 272)	0	(3 743 839)
Net (asset)/liability transferred on 17 March 2006	0	0	0	0
Net (asset)/liability to be disclosed in balance sheet	(2 939 475)	(566 579)	0	(3 506 055)

Total expense recognised in income statement

	SASS Financial Year to 30 June 2006 \$	SANCS Financial Year to 30 June 2006 \$	SSS Financial Year to 30 June 2006 \$	TOTAL Financial Year to 30 June 2006 \$
Current service cost	891 197	200 329	0	1 091 525
Interest on obligation	1 963 123	172 938	0	2 136 061
Expected return on plan assets	(2 285 033)	(233 268)	0	(2 518 300)
Net actuarial losses (gains) recognised in year	(3 071 841)	(472 589)	0	(3 544 430)
Change in surplus in excess of recovery available from scheme	0	0	0	0
Past service cost	0	0	0	0
Total included in 'employee benefits expense'	(2 502 554)	(332 590)	0	(2 835 144)

Actual return on plan assets

	SASS Financial Year to 30 June 2006 \$	SANCS Financial Year to 30 June 2006 \$	SSS Financial Year to 30 June 2006 \$	TOTAL Financial Year to 30 June 2006 \$
Actual return on plan assets	4 796 206	515 782	0	5 311 988

*Valuation method and principal actuarial assumptions at the reporting date***a) Valuation Method**

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	30-Jun-06
Discount rate at 30 June	5.9% pa
Expected return on plan assets at 30 June	7.6%
Expected salary increases	4.0% pa to 2008; 3.5% pa thereafter
Expected rate of CPI increase	2.5% pa

Notes to and forming part of the financial statements for the year ended 30 June 2006

17. FINANCIAL INSTRUMENTS**(a) Credit Risk Exposures**

The credit risk on the financial assets of Forests NSW have been recognised in the Balance Sheet at the carrying amount, net of any provision for doubtful debts.

Forests NSW has a Credit Policy, which aims to mitigate the credit risk exposure to our sales customers. Customers are assessed with some required to lodge suitable security for the estimated maximum credit exposure based on average monthly sales. The policy requires stringent credit assessment of customers before the granting of any unsecured credit.

(b) Interest Rate Exposures

Forests NSW's exposure to interest rates is set out in notes 6 and 13. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Forests NSW intends to hold fixed interest assets and liabilities to maturity. Interest rate exposure is limited to interest rates available at the time of entering into arrangements with NSW Treasury Corporation. The assets or liabilities are held until maturity.

Statutory Corporation

2005	Notes	1 Year or Less \$'000	Over 1 to 5 years \$'000	More than 5 Years \$'000	Non interest bearing \$'000	Total \$'000
Financial Assets						
Cash and Cash Equivalents	6	8 377	-	-	-	8 377
Receivables	8	-	-	-	53 260	53 260
Total Financial Assets		8 377	-	-	53 260	61 637
Financial Liabilities						
Bank Overdraft and Loans	13	29 365	26 624	82 073	-	138 062
Trade and Other Creditors	12	-	-	-	21 204	21 204
Total Financial Liabilities		29 365	26 624	82 073	21 204	159 266
Net Financial Liabilities		(20 988)	(26 624)	(82 073)	32 056	(97 629)

The carrying values of financial instruments equal to the fair value except for loans where the fair value is \$143 713 839

2005	Note	Weighted Average Rate
Commonwealth Bank Rate		4.44%
T-Corp hour Glass Cash Facility		5.53%

Notes to and forming part of the financial statements for the year ended 30 June 2006

17. FINANCIAL INSTRUMENTS (continued)

2006	Notes	1 Year or Less \$'000	Over 1 to 5 years \$'000	More than 5 Years \$'000	Non interest bearing \$'000	Total \$'000
Financial Assets						
Cash and Cash Equivalents	6	6 987				6 987
Receivables	8				42 199	42 199
Total Financial Assets		6 987			42 199	49 186
Financial Liabilities						
Bank Overdraft and Loans	13	20 809	49 601	67 866		138 276
Trade and Other Creditors	12				22 510	22 510
Total Financial Liabilities		20 809	49 601	67 866	22 510	160 786
Net Financial Liabilities		(13 822)	(49 601)	(67 866)	19 689	(111 600)

The carrying values of financial instruments equal to the fair value except for loans where the fair value is \$140 332 693

2006	Note	Weighted Average Rate
Commonwealth Bank Rate		5.00%
T-Corp Hour Glass Cash Facility		5.60%

Economic Entity

2006	Notes	1 Year or Less \$'000	Over 1 to 5 years \$'000	More than 5 Years \$'000	Non interest bearing \$'000	Total \$'000
Financial Assets						
Cash and Cash Equivalents	6	6 987				6 987
Receivables	8				42 208	42 208
Total Financial Assets		6 987			42 208	49 195
Financial Liabilities						
Bank Overdraft and Loans	13	20 809	49 601	67 866		138 276
Trade and Other Creditors	12				22 510	22 510
Total Financial Liabilities		20 809	49 601	67 866	22 510	160 786
Net Financial Liabilities		(13 822)	(49 601)	(67 866)	19 689	(111 600)

The carrying values of financial instruments equal to the fair value except for loans where the fair value is \$140 332 693

2006	Weighted Average Rate
Commonwealth Bank Rate	5.00%
T-Corp Hour Glass Cash Facility	5.60%

Notes to and forming part of the financial statements for the year ended 30 June 2006

17. FINANCIAL INSTRUMENTS (continued)**(c) Net Fair Value of Financial Assets and Liabilities****(i) On Balance Sheet**

The net fair value of cash and cash equivalents, the non interest bearing monetary financial assets, and the financial liabilities of Forests NSW approximate their carrying value. Monetary dealing of the financial assets and liabilities are restricted to trading with and by the NSW Treasury Corporation.

All Balance Sheet assets are disclosed in the above table.

(ii) Off Balance Sheet

Forests NSW have potential financial liabilities which may arise from certain contingencies disclosed in Note 21- Contingent Liabilities. As explained in the note some of the claims can't be quantified in terms of the likely impact on the carrying value of the Forests NSW asset

18. OPERATING LEASES AND HIRE PURCHASE

At balance date Forests NSW had operating lease/rental agreements totalling \$2 604 000 (2005: \$3 792 000). These agreements relate to occupancy of offices throughout the State. Forests NSW had no other material lease and hire purchase agreements.

	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000	Statutory Corporation 2005 \$'000
Not later than one year	1 453	1 453	1 531
Later than one year and not later than five years	708	708	1 716
Later than five years	443	443	545
Total (including GST)	2 604	2 604	3 792

19. REMUNERATION OF EXTERNAL AUDITORS

	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000	Statutory Corporation 2005 \$'000
Audit Office of NSW – Audit of financial statements	275	275	247

20. CONSULTANTS

Forests NSW engaged consultants to undertake activities, which require specialist or independent skills. In 2006 the total cost for consultants was \$458 000 (2005: \$634 000).

Notes to and forming part of the financial statements for the year ended 30 June 2006

21. CONTINGENT LIABILITIES

During the financial year, the Victorian Court of Appeal has allowed Forests NSW to appeal against a decision of the Victorian Supreme Court in finding for an individual (plaintiff) who had sustained an injury in a diving accident against both a Shire Council and Forests NSW. The Court of Appeal has subsequently made orders in relation to the following:

- a) A Shire Council is to pay Forests NSW and plaintiff's costs of the Shire Council's appeal;
- b) A Shire Council and the plaintiff's are to pay Forests NSW's costs of the Forests NSW appeal
- c) The plaintiff is to pay the Shire Council's and Forests NSW's costs of the plaintiff cross appeal
- d) A Shire Council is to pay the costs of Forests NSW cross claim against the Shire Council
- e) The plaintiff is to pay Forests NSW's costs including any reserved costs and the Shire Council is to the plaintiff's costs.

These potential claims can't be easily quantified (2005:\$153 000) and Forests NSW considers that it has no liability associated with the above case.

At balance sheet date, various areas of Forests NSW (approx. 234 995 hectares) have been subject to claims under the Native Title Act. The impact of these claims on the carrying values of the assets cannot be quantified at this time.

22. COMMITMENTS

At balance date Forests NSW had capital commitments, primarily for growing stock establishment and Plant and Equipment purchases, amounting to \$9 909 485 (2005: \$8 483 000). Operating commitments at balance date amounted to \$21 589 (2005: \$562 000).

All commitments are to be expended in the next financial year. In 2006, total commitments of \$9 931 074 (2005: \$9 044 000) includes input tax credits of \$653,000 (2005: \$814,000) that are expected to be recoverable from the Australian Taxation Office.

23. RELATED ENTITIES

The Public Sector Employment & Management (Department of Primary Industries) Order 2004, made on 23rd June 2004 established the NSW Department of Primary Industries (NSW DPI). The Department comprises the former NSW Agriculture, Mineral Resources NSW, NSW Fisheries and Forests NSW. Forests NSW continues to operate as a self funded Public Trading Enterprise (PTE) aligned with NSW DPI's Primary Industries trading division which has responsibility for identification and development of commercial trading activities and opportunities. Forests NSW is presently the only PTE or commercial activity contained within this section of NSW DPI.

Forests NSW's main related parties for trading in 2005-06 are Forestry Commission Division and Department of Primary Industries. Related party transactions based on the Memorandum of Understanding are as follows:

(i) Income Statements

	Supply of Personnel Services \$ '000	Less Charge back for transfer of Superannuation Gain \$ '000	Total Net Supply \$ '000	Income Statements 2006	
				Economic Entity \$ '000	Statutory Corporation \$ '000
Department of Primary Industries	14 065	(9 698)	4 367	4 367	4 367
Forestry Commission Division	6 730	(5 102)	1 628	-	1 628
Total	20 795	(14 800)	5 995	4 367	5,995

Notes to and forming part of the financial statements for the year ended 30 June 2006

23. RELATED ENTITIES (continued)**(ii) Balance Sheet**

	Notes	Economic Entity Other Assets \$'000	Statutory Corporation Other Assets \$'000	Economic Entity Non Current Liabilities \$'000	Statutory Corporation Non Current Liabilities \$'000
Department of Primary Industries		6 352	6 352	22 502	22 502
Forestry Commission Division		*-	3 506	-	10 847
Prepaid Superannuation Assets	16(b)	3 506	-	-	-
Total		9 858	9 858	22 502	33 349

*On consolidation, the economic entity has a prepaid superannuation asset. Refer to note 16(b)

Key Management Personnel:

- i) Barry Buffier Commissioner for Forests NSW
- ii) Peter Duncan Former Chief Executive Officer (8 December 2003 - 5 March 2006)
- iii) Alastair Howard Acting CEO (10 March 2006)

	Short-Term Employee Benefits \$'000	Post Employment Benefits \$'000	Other Long Term Benefits \$'000	Termination Benefits \$'000	Share-based payment \$'000	Total \$'000
30 June 2006 Total Compensation	250	-	-	-		250
30 June 2005 Total Compensation	188	-	-	-	1	188

The Commissioner for Forests NSW does not receive any remuneration for services rendered to Forests NSW.

All transactions by Forests NSW with key management personnel are conducted on an arm's length basis in the normal course of business and on commercial terms and conditions.

There are no outstanding balances relating to any key management personnel and no guarantees provided or received as well by the key management personnel. For the year ended 30 June 2006, Forests NSW has not raised any provision for doubtful debts relating to amounts owed by key management personnel (2005 nil)

Notes to and forming part of the financial statements for the year ended 30 June 2006

**24. RECONCILIATION OF OPERATING PROFIT (after Income Tax)
TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	Economic Entity 2006 \$ '000	Statutory Corporation 2006 \$ '000	Statutory Corporation 2005 \$ '000
Net/(loss) after income tax	2 836	2 836	(23 862)
	2 836	2 836	(23 862)
Adjusted for non-cash items:			
Depreciation	10 060	10 060	10 264
Loss/(Profit) on disposal of non-current assets	1 540	1 540	(3 193)
Write-down of plantation Asset Revocations and Decrement to Profit and Loss from Revaluation	5 383	5 383	1 750
Revaluation (Increment)/Decrement - Native Forests	15 584	15 584	(29 557)
- Softwood Plantations	47 175	47 175	69 549
	79 742	79 742	48 813
Change in operating assets and liabilities			
Movement in receivables	(7 892)	(7 892)	(4 632)
Movement in inventories	24	24	609
Movement in creditors	3 459	3 459	3 491
Movement in provisions	(38 850)	(38 850)	5 160
Movement in Income tax	3 348	3 348	7 647
	(39 911)	(39 911)	12 275
Net cash inflow from operating activities	42 667	42 667	37 226

As at 30 June 2006, Forests NSW had \$5 000 000 available in unused credit a 'Come and Go' Facility held with NSW T-Corp.

End of Audited Financial Statements

STATEMENT BY DIVISION HEAD

(as Corporation Sole Under Section 7 (1) of the Forestry Act 1916)

Pursuant to the *Public Finance and Audit Act 1983* the statements are signed and attested in the following terms:

In my opinion the accompanying financial statements present a true and fair view of the financial position of the Forestry Commission Division as at 30 June 2006 and the results of its operations and transactions for the period 17th March 2006 to 30th June 2006

The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and accompanying regulations and the Treasurer's Directions.

I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Barry Buffier

Director-General

NSW Department of Primary Industries.

28th November 2006



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Forestry Commission Division

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Forestry Commission Division (the Division):

- presents fairly the Division's financial position as at 30 June 2006 and its performance for the period ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41 B of the *Public Finance and Audit Act 1983* (the Act) and the Public Finance and Audit Regulation 2005.

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

Scope

The Financial Report and the Director-General's Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Division, for the period ended 30 June 2006.

The Director-General of the Department of Primary Industries is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides reasonable assurance to Members of the New South Wales Parliament that the financial report is free of material misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Director-General in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Director-General had not fulfilled his reporting obligations.

My opinion does not provide assurance:

- about the future viability of the Division,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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

G J Gibson FCPA
Assistant-Auditor General

SYDNEY
30 November 2006

CONSOLIDATED ANNUAL FINANCIAL REPORT

Year ending 30 June 2006

INCOME STATEMENT FOR THE PERIOD 17 MARCH 2006 TO 30 JUNE, 2006

	Notes	2006 \$'000
Income		
Personnel Services	4	1 628
Total Revenue		1 628
Less Expenses from continuing operations		
Wages		4 911
Superannuation		(4 786)
Annual and Long Service Leave		953
Payroll tax		540
Workers Compensation		(19)
Fringe Benefits Tax		29
Total expenses		1 628
Net profit/(Loss) for the period		0

The above Income Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET AS AT 30 JUNE, 2006

	Notes	2006 \$'000
Current assets		
Receivables		10 847
Other Assets	2	3 506
Total Assets		14 353
Current Liabilities		
Provisions	3	10 547
Amount Due to Related Entity	4	3 506
Total Current liabilities		14 053
Non Current Liabilities	3	300
Total Liabilities		14 353
Equity		
Accumulated Funds		0
Total Equity		0

The above Balance Sheet should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE, 2006

	Notes	2006 \$'000
Cash flows from operating activities		
Receipts from customers		-
Payment to suppliers and employees		-
Interest received		-
Income Taxes Paid		-
Net cash inflow from operating activities		0
Cash flows from investing activities		
Payments for property, plant and equipment		-
Payments for plantation establishment		-
Capitalised Interest on Borrowings		-
Proceeds from sale of property, plant & equipment		-
Net cash outflow from investing activities		0
Cash flows from financing activities		
Proceeds from borrowings		-
Repayment of borrowings		-
Dividends paid		-
Net cash inflow (outflow) from financing activities		0
Net increase (decrease) in cash held		-
Cash at the beginning of the financial year		-
Cash and cash equivalents at the end of the period		0

The above cash flow statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE, 2006

	Statutory Corporation Capital	Economic Entity Accumulated Funds	Accumulated Funds	Total Equity
	\$'000	\$'000	\$'000	\$'000
At 17 March 2006	0	0	0	0
At 30 June 2006	0	0	0	0

Notes to and forming part of the financial statements for the year ended 30 June 2006

1. Summary of Significant Accounting policies

a) Reporting entity

Forestry Commission Division is a Division of the Government Service established to Part 3 of the Schedule 1 to the *Public Sector Employment and Management Act 2002*. It is a not for profit entity as profit is not its principal objective. It is consolidated as part of Forests NSW and the NSW Total Sector Accounts. It is domiciled in Australia and its principal office is at Building 2 423 Pennant Hills Road NSW 2120

Forestry Commission Division objective is to provide personnel services to Forestry Commission of NSW (trading as Forests NSW) Personnel Service provided to Forestry Commission of NSW is based on Memorandum On Understanding established on 17th March 2006.

Forestry Commission Division commenced operation on 17th March 2006 and assumed the responsibility for the employees and employee-related liabilities of the section 10 of the Forestry Commission of NSW.

The liabilities were recognised on the 17th March 2006 together with an offsetting receivable from Forestry Commission of NSW. The financial report was authorised for issue by Barry Buffier on 28th November 2006

(b) Basis of preparation

This is a general purpose financial report and has been prepared in accordance with Australian Accounting Standards, the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2005 and specific directions issued by the Treasurer.

This is the first financial report prepared on the basis of Australian equivalent to International Financial Reporting Standards.

Generally the historical cost basis of accounting has been adopted and the financial report does not take into account changing money values or current valuations. However certain provisions are measured at fair value.

The accrual basis of accounting has been adopted in the preparation of the financial report

(c) Comparative information

As this is Forestry Commission Divisions' first financial report comparative information for the previous year is not provided.

(d) Income

Income is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

(e) Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred. A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method less any allowance for doubtful debts. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing. If there is objective evidence at year end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for doubtful debts and the resulting loss is recognised in the income statement. Receivables are monitored during the year and bad debts are written off against the allowance when they are determined to be irrecoverable. Any other loss or gain arising when a receivable is derecognised is also recognised in the income statement.

(f) Payables

Payables include accrued wages, salaries and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged cancelled or substituted. A short-term payable with no stated interest rate is measured at historical cost if the effect of discounting is immaterial.

(g) Employee benefit provisions and expenses

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement. Employee benefit provisions represent expected amounts payable in the future in respect of unused

Notes to and forming part of the financial statements for the year ended 30 June 2006

entitlements accumulated as at the reporting date. Liabilities associated with but that are not employee benefits (such as payroll tax) are recognised separately. Superannuation and leave liabilities are recognised as expenses and provisions when the obligations arise which is usually through the rendering of service by employees.

Long-term annual leave (ie that is not expected to be taken within twelve months) is measured at present value using a discount rate equal to the market yield on government bonds.

Long Service leave liability was actuarially assessed as at 30 June 2006. Superannuation liability for defined benefit funds for NSW state employees are actuarially assessed by Pillar administration prior to each reporting date and are measured at the present value of the estimated future payments.

All other employee benefit liabilities (ie for benefits falling due wholly within twelve months after reporting date are assessed by management and are measured at the undiscounted amount of the estimated future payments.

The amount recognised for superannuation and long service leave provisions is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligations are to be settled directly.

The amount recognised in the income statement for superannuation and long service leave is the net total of current service cost, interest cost, the expected return on any plan assets and actuarial gains and losses. Actuarial gains or losses are recognised as income or expense in the year they occur.

The actuarial assessment of superannuation and long service leave provisions uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan. The liabilities are discounted using the market yield rate on government bonds of similar maturity to those obligations. Actuarial assumptions are unbiased and mutually compatible and financial assumptions are based on market expectations for the period over which the obligations are to be settled.

(h) The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

(i) New Accounting Standards issued but not yet effective

The following Accounting Standards are being early adopted. Any initial impacts on the first time adoption are detailed in the Statement of Changes in Equity.

AASB Amendment	Affected Standards
2005-4	AASB 139: Financial Instruments: Recognition and Measurement. Issued June 2005.

In this reporting period the following recent Australian Accounting Standards that are not yet effective were not used in preparing this report.

AASB Amendment	Affected Standards
2005-1	AASB 139: Financial Instruments: Recognition and Measurement. Issued May 2005.
2005-5	AASB 1 First-time adoption of AIFRS AASB 139: Financial Instruments: Recognition and Measurement. Issued June 2006.
2005-9	AASB 132: Financial Instruments: Presentation AASB 139: Financial Instruments: Recognition and Measurement. Issued September 2005.
2005-10	AASB 101 Presentation of Financial Statements. AASB 117 Leases. AASB 132: Financial Instruments: Presentation. AASB 139: Financial Instruments: Recognition and Measurement. Issued September 2005.
2005-11	AASB 101 Presentation of Financial Statements. AASB 132: Financial Instruments: Presentation. AASB 139: Financial Instruments: Recognition and Measurement. Issued September 2005. AASB 7 Financial Instruments: Disclosures Issued August 2005.

All AASB amendments above are applicable for the year commencing 1 July 2006 with the exception of AASB 7 which is applicable for the year commencing 1 July 2007. No assessment has been made of the change in accounting policy in the year of change or the financial impact of adoption of any of the amendments above.

Notes to and forming part of the financial statements for the year ended 30 June 2006

2. Other Assets

Employee Superannuation Funds

The Employee Benefits liability was determined by the Fund's actuary at 30 June 2006 based upon membership information as at 31 March 2006.

	SASS \$'000	SANCS \$'000	SSS \$'000	2006 \$'000
Estimated Reserve Account balance	38 132	3 923	-	42 055
Accrued Employees Benefits Liability	(35 192)	(3 357)	-	(38 549)
	2 940	566	-	3 506

SASS State Authorities Superannuation Scheme

SANCS State Authorities Non-Contributory Superannuation Scheme

SSS State Superannuation Scheme

Accounting policy for recognising actuarial gains/losses.

Actuarial gains and losses are recognised in profit or loss in the year they occur.

General description of the type of plan.

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

State Authorities Non-contributory Superannuation Scheme (SANCS).

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

All the Schemes are closed to new members.

Reconciliation of the assets and liabilities recognised in the balance sheet

	SASS Financial Year to 30 June 2006 \$	SANCS Financial Year to 30 June 2006 \$	SSS Financial Year to 30 June 2006 \$	TOTAL Financial Year to 30 June 2006 \$
Present value of defined benefit obligations	35 192 664	3 357 132	0	38 549 796
Fair value of plan assets	(38 132 139)	(3 923 711)	0	(42 055 851)
	(2 939 475)	(566 579)	0	(3 506 055)
Surplus in excess of recovery available from schemes	0	0	0	0
Unrecognised past service cost	0	0	0	0
Net (asset)/liability to be disclosed in balance sheet	(2 939 475)	(566 579)	0	(3 506 055)

Assets invested in entity or in property occupied by the entity

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

Notes to and forming part of the financial statements for the year ended 30 June 2006

Movement in net liability/asset recognised in balance sheet

	SASS Financial Year to 30 June 2006 \$	SANCS Financial Year to 30 June 2006 \$	SSS Financial Year to 30 June 2006 \$	TOTAL Financial Year to 30 June 2006 \$
Net (asset)/liability at start of year	2 713 645	359 282	0	3 072 928
Net expense recognised in the income statement	(2 502 554)	(332 590)	0	(2 835 144)
Contributions	(3 150 567)	(593 272)	0	(3 743 839)
Net (asset)/liability transferred on 17 March 2006	0	0	0	0
Net (asset)/liability to be disclosed in balance sheet	(2 939 475)	(566 579)	0	(3 506 055)

Total expense recognised in income statement

	SASS Financial Year to 30 June 2006 \$	SANCS Financial Year to 30 June 2006 \$	SSS Financial Year to 30 June 2006 \$	TOTAL Financial Year to 30 June 2006 \$
Current service cost	891 197	200 329	0	1 091 525
Interest on obligation	1 963 123	172 938	0	2 136 061
Expected return on plan assets	(2 285 033)	(233 268)	0	(2 518 300)
Net actuarial losses (gains) recognised in year	(3 071 841)	(472 589)	0	(3 544 430)
Change in surplus in excess of recovery available from scheme	0	0	0	0
Past service cost	0	0	0	0
Total included in "employee benefits expense"	(2 502 554)	(332 590)	0	(2 835 144)

Actual return on plan assets

	SASS Financial Year to 30 June 2006 \$	SANCS Financial Year to 30 June 2006 \$	SSS Financial Year to 30 June 2006 \$	TOTAL Financial Year to 30 June 2006 \$
Actual return on plan assets	4 796 206	515 782	0	5 311 988

Valuation method and principal actuarial assumptions at the reporting date

a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	30-Jun-06
Discount rate at 30 June	5.9% pa
Expected return on plan assets at 30 June	7.6%
Expected salary increases	4.0% pa to 2008; 3.5% pa thereafter
Expected rate of CPI increase	2.5% pa

Notes to and forming part of the financial statements for the year ended 30 June 2006

3. Provisions

	Notes	2006 \$'000
Current Liabilities		
Accrued Wages		541
Payroll Tax		211
Leave Entitlements		9 787
FBT		17
Less other miscellaneous provision		(9)
Total Current Liabilities		10 547
Non Current Liabilities		
Leave Entitlements		300
Total Non Current Liabilities		300
Total Liabilities		10 847

All personnel administration costs and related audit fees are met by the parent entity Forests NSW.

4. Related Parties Transactions

	Notes	2006 \$'000
Supply of Personnel Services to Forestry Commission of NSW		1 628
Current Amount due to Forestry Commission of NSW		3 506

End of Audited Financial Statements

FINANCIAL STATEMENTS – MARINE PARKS AUTHORITY

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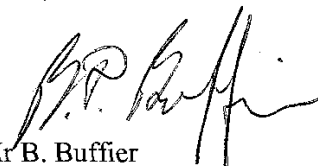
STATEMENT BY MARINE PARKS AUTHORITY

Pursuant to Section 41C (1b) and (1C) of the *Public Finance and Audit Act 1983*, and Clause 11(a) and (b) of the Public Finance and Audit Regulation 2005, we state that:

- (a) The accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2005 and the Treasurer's Directions.
- (b) The statements exhibit a true and fair view of the financial position and transactions of the Authority; and
- (c) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Dr Col Gellatly
Chair, Marine Parks Authority



Mr B. Buffier
Member, Marine Parks Authority



Dr T. Fleming
Member, Marine Parks Authority

28/SEPT/06



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT MARINE PARKS AUTHORITY

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Marine Parks Authority (the Authority):

- presents fairly the Authority's financial position as at 30 June 2006 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act), and the *Public Finance and Audit Regulation 2005*.

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

Scope

The Financial Report and the Board's Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Authority, for the year ended 30 June 2006.

The members of the Board of the Authority are responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Board in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Board members had not fulfilled his reporting obligations.

My opinion does not provide assurance:

- about the future viability of the Authority,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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


R Hegarty FCPA
Director, Financial Audit Services

SYDNEY
19 December 2006

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	Actual 2006 \$'000
Revenue		
Sale of goods and services	2(a)	2
Investment income		-
Retained taxes fees and fines	2(b)	3
Grants and contributions		-
Other revenue	2(c)	28
Government grants	2(d)	8 050
Total Revenue		8 083
Expenditure		
Operating expenses		
Employee related		-
Other operating expenses	3(a)	1 338
- Operating expenses for personnel services	3(b)	2 256
Depreciation and amortisation		-
Grants and subsidies		-
Other expenses	3(c)	4 414
Total Expenditure		8 008
SURPLUS FOR THE YEAR	5	75

The accompanying notes form part of these statements

BALANCE SHEET AS AT 30 JUNE 2006

	Notes	Actual 2006 \$'000
ASSETS		
Current Assets		
Cash	4,6	75
Receivables		-
Other		-
Total Current Assets		75
Non-Current Assets		
Property, Plant and Equipment		
- Land and Buildings		-
- Plant and Equipment		-
Total Non-Current Assets		-
Total Assets		75
LIABILITIES		
Current Liabilities		
Payables		-
Interest bearing liabilities		-
Provisions		-
Other		-
Total Current Liabilities		-
Non-Current Liabilities		
Interest bearing liabilities		-
Provisions		-
Total Non-Current Liabilities		-
Total Liabilities		-
Net Assets		75
EQUITY		
Accumulated funds		75
Total Equity		75

The accompanying notes form part of these statements

CASHFLOW STATEMENT FOR THE ENDED 30 JUNE 2006

	Notes	Actual 2006 \$'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee related		-
Borrowing costs		-
Other		(8 008)
Total Payments		(8 008)
Receipts		
Sale of goods and services		2
Retained fees		3
Other		28
Government contributions		8 050
Total Receipts		8 083
NET CASH FLOWS FROM OPERATING ACTIVITIES	5	75
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of land and buildings, plant and equipment		-
Purchase of land and buildings, plant and equipment		-
NET CASH FLOWS FROM INVESTING ACTIVITIES		-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings and advances		-
Repayment of borrowings and advances		-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-
NET INCREASE/(DECREASE) IN CASH		75
Opening cash and cash equivalents		
CLOSING CASH AND CASH EQUIVALENTS		75

The accompanying notes form part of these statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

	Notes	Actual 2006 \$'000
Accumulated funds Opening Balance		-
Surplus for the Year	5	75
Closing Balance		75

The accompanying notes form part of these statements

Notes to and forming part of the financial statements for the year ended 30 June 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Reporting Entity**

The Marine Parks Authority (MPA), is a reporting entity, whose activities are administered by the Department of Primary Industries, the Department of Environment and Conservation, and the Premier's Department.

The MPA has no staff of its own, no material assets under its control and no liabilities. The Department of Primary Industries is provided with a protected allocation from the Consolidated Fund for partial operations of the MPA.

Transactions relating to the operations of the MPA, as represented in the financial statements are salaries and operational expenses, and any revenues identified by the administering agencies.

This is the first set of financial statements prepared for the Marine Parks Authority. The Marine Parks Authority is prescribed as a statutory body under the *Public Finance and Audit Act 1983*. The financial report has been prepared for the period 1 July 2005 to 30 June 2006 and was authorised for issue by the MPA board on 28 September 2006.

(b) Basis of Preparation

The Authority's financial report is a general purpose financial report which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standards (AIFRS)); and
- the requirements of the *Public Finance and Audit Act* and Regulations;

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

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

(c) Income Recognition

Income is when the controlling Department has control of the good or right to receive, it is probable that the economic benefits will flow to the Department and the amount of revenue can be measured reliably.

(d) Employee Benefits

The Marine Parks Authority does not employ staff of its own. Staff are contracted from the Department of Primary Industries, Department of Environment and Conservation and Premier's Department to perform various functions in relation to the activities of the MPA.

(e) Capital charge

The Marine Parks Authority does not own assets. It utilises assets controlled by the Department of Primary Industries, Department of Environment and Conservation and Premier's Department for the undertaking of its functions. A charge out cost has been included within operating to reflect the use of these assets. The Marine Parks Authority utilises items such as marine craft, computers, buildings and general plant and equipment.

(f) Marine Parks Act

The *Marine Parks Act 1997* ('the Act') commenced on 1 July 1998. The objects of the Act are: to conserve marine biological diversity and marine habitats by declaring and providing for the management of a comprehensive system of marine parks; to maintain ecological processes in marine parks; to provide for the ecologically sustainable use of fish (including commercial and recreational fishing) and marine vegetation in marine parks; and to provide opportunities for public appreciation, understanding and enjoyment of marine parks

The Act provides for the establishment of a marine parks fund in which all fees and charges under the Act and money received in connection with administration of the Act are paid. The Act also allows for payment of all costs and expenses incurred by the three agencies in administration of the Act as approved by the relevant Ministers. The flow of funds into and out of this fund is outlined in note 6.

(g) Buyout of commercial fishers

In 2005-06 the Department of Primary Industries received funding of \$4.4 million to buyout commercial fishers in the Cape Byron Marine Park. An amount of \$4.414 million was expended as at 30 June 2006.

(h) Impact of the adoption of Australian Equivalents to International Financial Reporting Standards

The administering Departments of the MPA have determined the key areas where changes in accounting policies impact the financial report. Some of these impacts arise because AIFRS requirements are different from existing AASB requirements (AGAAP). Other impacts arise from options in AIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised agencies of options it has mandated for the NSW Public Sector.

Notes to and forming part of the financial statements for the year ended 30 June 2006

2. REVENUES	2006 \$'000
(a) Sale of goods and services	
Sale of goods	2
	2
(b) Retained taxes, fees and fines	
Retained taxes, fees and fines	3
	3
(c) Other revenue	
Other	28
	28
(d) Government Contributions	
Recurrent grant	7 107
Capital grant	42
Agency contributions	907
	8 050
3. EXPENSES	2006 \$'000
(a) Other operating expenses	
Fees - General	1 338
Auditor's remuneration (audit of the financial reports)	-
	1 338
(b) Operating expenses for personnel services	
Personnel services are acquired from Department of Primary Industries, Department of Environment and Conservation, and the Premier's Department.	2 256
	2 256
(c) Other expenses	
Buyout of commercial fishers (refer to Note 1(g))	4 414
	4 414
4. CURRENT ASSETS	2006 \$'000
Cash at Bank	75
	75

Notes to and forming part of the financial statements for the year ended 30 June 2006

5. STATEMENT OF CASHFLOWS**2006
\$'000**

(a) Reconciliation of Cash

Cash	75
	75

(b) Reconciliation of Cash Flows from Operating Activities to Net Cost of Services

Net cash used on operating activities	75
Surplus for year	75

6. MARINE PARKS FUND

The Marine Parks Fund was established under the provisions of the *Marine Parks Act 1997*. The Department of Primary Industries and the Department of Environment and Conservation administer operations of the fund jointly. The receipts and expenditure of the Fund administered by the Department of Primary Industries in 2005-06 were \$nil and \$68 000 respectively, leaving a balance of \$75 000 at 30 June 2006.

7. COMMITMENTS

The Marine Parks Authority did not have any commitments at 30 June 2006.

8. CONTINGENT LIABILITIES

The MPA board is not aware of any contingent liabilities at 30 June 2006.

9. EARLY ADOPTION OF AUSTRALIAN ACCOUNTING STANDARDS

At reporting date a number of Australian Accounting Standards have been issued by the AASB but are not yet operative. These have not been early adopted by the Authority. These standards have been assessed for their possible impact on the financial report, if any, in the period of their initial application. The assessment concluded that there will be no material impact.

END OF AUDITED FINANCIAL STATEMENTS

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1. Executive Performance



Barry Buffier, BRurSc (Hons), MEd

Director-General and Commissioner for Forests

SES Level 8

Total remuneration package: \$367 744 plus allowances of \$40 000

Period in position: 1 July 2005 to 30 June 2006

Mr Barry Buffier was appointed to the position of Director-General on 1 July 2004. The Minister for Primary Industries, the Hon. Ian Macdonald MLC, was satisfied that during 2005-06 Mr Buffier met all the performance criteria established for the position.

During the year the Director-General took the lead role in:

- maintaining strong policy development across NSW DPI to promote integrated departmental policy positions on primary industry issues
- reinvesting departmental asset sales in the Towards 2020 initiative to enhance research facilities for world class primary industries science
- developing NSW DPI's extension and training services to deliver accredited training products to meet the needs of farmers, agribusinesses and the community
- building a biosecurity framework to support domestic and international market access for NSW primary industries products, including carrying out on-farm exercises to improve local preparedness for a possible avian influenza outbreak
- developing more efficient and effective drought policies and processes in providing drought assistance and support to rural communities
- implementing a Mine Safety Levy to fund NSW DPI programs for best practice in health and safety in the mining industry
- providing a stronger voice for primary industries in government forums through participation in the Primary Industries Ministerial Council, the Primary Industries Standing Committee, the Natural Resource Management Ministerial Council, and the Natural Resource Management Standing Committee
- enhancing the Department's capacity to engage with the NSW Aboriginal communities through the development of departmental initiatives such as the Guidelines for Aboriginal Cultural Heritage Management in the Forests NSW environmental management system and through proactive participation in whole of government processes
- rationalising accommodation to achieve operational savings with eight co-locations and relocations completed, and negotiating with other agencies about co-locations that will build on existing inter-agency arrangements
- overseeing establishment by the Marine Parks Authority of the NSW marine parks system to provide for the ecologically sustainable use (including commercial and recreational fishing) of marine parks
- implementing strong financial controls and ongoing improvements in systems to achieve strong commercial results from Forests NSW trading activities.

Credit Card Certification

Credit card use in the NSW Department of Primary Industries has been in accordance with the Premier's Memoranda and Treasurer's Directions


 Barry Buffier
 Director-General


Renata Brooks, BVSc (Hons), Grad Cert Bioethics

Deputy Director-General Agriculture, Fisheries & Regional Relations

SES Level 6

Total remuneration package: \$237 801

Period in position: 12 December 2005 to 30 June 2006

Ms Renata Brooks was appointed Deputy Director-General Agriculture, Fisheries and Regional Relations on 12 December 2005 following the departure of Dr Richard Sheldrake to take up a position in the Department of Natural Resources.

I am satisfied that Ms Brooks met the performance criteria established for the position. Key tasks have been undertaken to achieve operational requirements and leadership has been provided to deliver outcomes consistent with government policy.

1. Executive Performance (continued)

Achievements over the last 12 months include:

- completion of environmental impact statements and final draft fisheries management strategies for all major commercial fisheries and their determination by the Minister under the *Environmental Planning and Assessment Act 1979* so that commercial fisheries are protected from challenge under the Act and the foundations are laid for the final stage of rolling-out share management for fisheries
- further development of the PROfarm initiative with 130 short courses advertised or available for delivery on demand and including development and negotiation of major programs such as Dairy Pathways for delivery over three years with support from Dairy Australia
- consolidation of regional relations teams as a key cross-divisional forum for communication, development of whole-of-department initiatives and resolution of regional issues
- development of partnership arrangements with Catchment Management Authorities through regional directors
- release of the draft Oyster Industry Sustainable Aquaculture Strategy to assist the oyster producers in NSW to achieve long-term sustainability by identifying priority growing areas, securing industry access rights, promoting industry best practice and formalising industry commitment to environmentally sustainable practices
- completion of the Marine Parks zoning and buyout process for Cape Byron Marine Park and initiation of the process for Port Stephens-Great Lakes and Batemans marine parks
- completion of the three-year roll-out of the National Livestock Identification System (NLIS) for cattle and commencement of the roll-out of NLIS for sheep
- management of the response to detection of elevated levels of dioxin in fish in Port Jackson, including implementing fishing closures and administering the \$5.8m government buyout program
- development of internationally recognised guidelines for care and housing of laboratory animals
- the awarding of certificates in agriculture to 45 farmers from Chinese and Vietnamese backgrounds graduating from the Tocal Agricultural College
- expansion of the role of the Conservation Action Unit, in managing \$22.5 million of contracted projects, to deliver on-ground conservation outcomes across agriculture and fisheries, such as the Healthy Soils, Healthy Landscapes project and the Bringing Back the Fish project.



Alan Coutts, BCom, DipEd

Deputy Director-General Mineral Resources

SES Level 6

Total remuneration package: \$267 000 plus allowances \$10 000

Period in position: 1 July 2005 to 30 June 2006

I am satisfied that Mr Alan Coutts met the performance criteria established for the position. Key tasks have been undertaken to achieve operational requirements and leadership has been provided to deliver outcomes consistent with government policy.

As Deputy Director-General, Mineral Resources Mr Coutts was responsible for:

- Assisting the Director-General in the overall management of the department and providing leadership of the Mineral Resources Division.
- Member of the Board of Management and of the Budget Committee.
- Chairman, Mine Subsidence Board.
- Member of Coal Compensation Board until resignation in December 2005. Considerable progress has been made in assessing outstanding claims before the Board with a view to the Board completing its work by mid-late 2007.
- Member of the Standing Committee of Officials for the Ministerial Council on Mineral and Petroleum Resources.
- Overseeing the department's primary industries export development initiatives as Executive responsible for Primex and participating as NSW representative in key Federal/State government initiatives on new export opportunities in China and India.
- Key achievements included the allocation of the Caroon coal deposit following a competitive tender process and development of a new exploration initiative which has been funded in the budget to replace the government's Exploration NSW initiative.
- A number of significant mining projects received approval over the period and the Division continued its program of geophysical surveys and geological assessments to support increased investment exploration in NSW.
- The Deputy Director-General also paid particular attention to the resolution of a range of strategic issues, such as land use, environmental management, mine safety, stakeholder liaison and whole-of-government approaches to approvals and natural resources management.

1. Executive Performance (continued)



Alastair Howard, BA

Acting Chief Executive Primary Industries Trading incorporating Forests NSW

SES Level 6

Total remuneration package: \$237 801

Period in position: 10 March 2006 to 30 June 2006

Mr Alastair Howard was appointed Acting Chief Executive on 10 March 2006, following the transfer of Mr Peter Duncan to the Premier's Department. Mr Howard is accountable to me for performing all the functions of the Chief Executive Officer under the *Forestry Act 1916* and for implementing Government policy.

I am satisfied that Mr Howard met the performance criteria established for the position. Key tasks have been undertaken to achieve operational requirements and leadership has been provided to deliver outcomes consistent with government policy.

Achievements over the last 12 months include:

- delivery of a distribution of \$26.3 million to Government
- accreditation of Forests NSW Environment Management System (EMS) under the ISO 14001 standard following audits of the EMS by an internationally accredited third-party verifier
- publication of ecologically sustainable forest management (ESFM) plans for five forest agreement regions covering 1 526 600 hectares. ESFM plans for the remaining native and planted forest regions covering 1 142 100 hectares have been drafted and are to be exhibited for public comment during 2006-07
- successful implementation of the Government's decision on the Brigalow Belt South (and Nandewar) regional assessment announced in May 2005; signing of 20-year wood supply agreements with all customers; development and approval of a cypress thinning program approved by the Community Conservation Council
- the upgrading of various operational systems to improve performance and efficiencies. The Market Supply Modelling System for plantation forest products won the gold award in the 2005 NSW Premier's Public Sector Awards
- expansion of Forests NSW carbon business with the inclusion of eligible softwood plantations in carbon sequestration calculations. NSW Greenhouse Abatement Certificates were created for carbon sequestered in over 20 000 hectares of hardwood and softwood plantations in 2005 and were registered by IPART
- continuing improvement in safety performance and further enhancement of the safety management system which is being implemented across the organisation. New safety records were set in Macquarie and Monaro regions.



Dr Nicholas R Austin, BE Agr (Hons), MSM, PhD, CID

Deputy Director-General Science & Research

SES Level 6

Total remuneration package: \$237 801

Period in position: 6 February 2006 to 30 June 2006

Dr Nicholas Austin was appointed Deputy Director-General on 6 February 2006, following the retirement of Dr Michael Curll.

I am satisfied that Dr Austin met the performance criteria established for the position. Key tasks have been undertaken to achieve operational requirements and leadership has been provided to deliver outcomes consistent with government policy.

As Deputy Director-General Science and Research Dr Austin was responsible for:

- assisting the Director-General in the overall management of the Department and providing leadership to the Department's Science and Research Division
- building and managing relationships with central agencies, industry R&D corporations, peak industry organisations and research partners, particularly in relation to cooperative research centres and joint ventures
- monitoring the service delivery and financial performance

1. Executive Performance (continued)

of a portfolio of some 750 research projects across agriculture, fisheries, forestry and minerals, with total external revenue of about \$50 million in 2005-06, to meet government, industry and community expectations

- analysing investments for their efficiency, effectiveness and appropriateness, and prioritising investment to improve resource productivity
- managing the Science and Research Division's intellectual property and commercialisation
- facilitating workforce effectiveness through staff development, succession planning and managed redundancies
- coordinating the Department's response to audits and reviews, including the Review of Scientific Research in the NSW Public Sector, and contributing to science and research policy and issues at state, national and international level
- supporting the Ministerial Advisory Council on Primary Industry Sciences and the NSW Agricultural Advisory Council on Gene Technology
- Progressing the Towards 2020 reinvestment program into new facilities and technologies at key centres strategically located across regional and rural NSW and the greater metropolitan region.



Doug Hocking, DipAgr, Grad Dip

Executive Director Biosecurity, Compliance & Mine Safety

SES Level 5

Total remuneration package: \$206 101

Period in position: 6 February 2006 to 30 June 2006

Mr Doug Hocking was appointed Executive Director, Biosecurity, Compliance & Mine Safety on the 6 February 2006 on the appointment of Renata Brooks to the position of Deputy Director-General Agriculture, Fisheries and Regional Relations.

I am satisfied that Mr Hocking met the performance criteria established for the position. Key tasks have been undertaken to achieve operational requirements and leadership has been provided to deliver outcomes consistent with government policy.

As Executive Director, Biosecurity, Compliance and Mine Safety Mr Hocking was responsible for:

- leading and managing the Department's responsibilities in relation to biosecurity, emergency response, compliance and mine safety policy and performance
- implementing the recommendations of the Wran Review into Mine Safety, including establishment of the Mine Safety Advisory Council and commencement of industry funding for mine safety of \$17.4 million annually
- implementing the National Animal Health System Performance Standards and Plantplan that bind industry and Government in partnership for surveillance, diagnostics and response preparedness for exotic pest and diseases
- developing information communications and technology platforms for emergency preparedness and surveillance in exotic animal and plant pest and disease management
- developing the NSW DPI Biosecurity Strategy to maintain and gain market access for agricultural exports and domestic products valued at \$8 billion
- integrating NSW DPI compliance functions through structural and operational changes and multi-skilling of inspection staff
- coordinating the signing of a five-year Research and Development Wine Industry Agreement with a value of \$30 million.



Wendy Stamp BA (Hons), MAdmin

Executive Director Strategy, Policy & Communications

SES Level 5

Total remuneration package: \$206 440

Period in position: 1 July 2005 to 30 June 2006

I am satisfied that Ms Wendy Stamp met the performance criteria established for the position. Key tasks have been undertaken to achieve operational requirements and leadership has been provided to deliver outcomes consistent with government policy.

1. Executive Performance (continued)

As Executive Director, Executive Director Strategy Policy and Communications Ms Stamp was responsible for:

- leading the development of policy proposals and NSW DPI positions on strategic and contentious issues which included industry funding of regulatory costs and reviewing options for securing Sydney's potable water supply
- ensuring that NSW DPI's legislative portfolio is maintained and developed to reflect stakeholder interests and client needs
- taking a lead role in analysing policy options relating to the National Drought Policy and the associated development of the National Agricultural Monitoring System
- developing and applying bio-economic models that have assisted trade-off decisions by catchment managers and marine park authorities
- driving the ongoing development of NSW DPI's corporate management framework through the implementation of a divisional planning and reporting system that is integrated with the NSW DPI Corporate Plan 2005-08
- facilitating the development of professional best practice, to enhance organisational cohesion and to better manage strategic issues, through the Senior Management Network program
- improving corporate branding with the introduction of a uniform range to project a strong image and identify our staff
- establishing an internal schools education network and writing of the NSW DPI Schools Education Plan so that NSW DPI coordinates its schools program better and uses resources more effectively
- leading the preparation and release of the Women's Employment Strategy, which describes actions the Department will take to improve the career management skills of women
- managing issues gaining media attention and promoting NSW DPI's achievements through the media.



Dr Alan Gleeson, BSc (Hons), MStat, PhD

Executive Director Corporate Services

SES Level 5

Total remuneration package: \$237 800

Period in position: 1 July 2005 to 30 June 2006

I am satisfied that Dr Alan Gleeson met the performance criteria established for the position.

Key tasks have been undertaken to achieve operational requirements and leadership has been provided to deliver outcomes consistent with government policy.

As Executive Director, Corporate Services Dr Gleeson was responsible for:

- development and implementation of an activity-based costing system to more objectively and accurately cost corporate services, assess the efficiency of operations and services, model alternative resourcing options and benchmark performance
- provision of corporate services (payroll, personnel, accommodation, IT and other services) through service level agreements with the NSW Rural Assistance Authority, Game Council of NSW and the NSW Coal Compensation Board
- creation, evaluation and filling of positions within the new Department's management structure. The Cullen Egan and Dell job evaluation system was used as the job evaluation tool and over 285 positions were evaluated or benchmarked in accordance with the Department's policy
- construction of the new state-of-the-art robotic dairy at Elizabeth Macarthur Agricultural Institute at a total cost of \$1 million as part of a \$9 million dairy research project involving the University of Sydney, Dairy Australia, AlfaLaval and NSW DPI
- substantial revision of NSW DPI's Asset Strategic Plan and linking of service delivery to impacts on assets for the different emerging issues for each division of NSW DPI
- negotiation and management of the successful commercialisation of intellectual property developed by NSW DPI to optimise the return the Government makes from its investment in intellectual capital
- ensuring the financing of the mine safety operations of the Department through the drafting and implementation of the *Mine Safety (Cost Recovery) Act 2005*
- improving fisheries resource management through the passage of the *Fisheries Management Amendment Act 2006*
- continuing NSW DPI's regulatory programs through the redrafting of 11 regulations that were automatically repealed on 1 September 2005 under the *Subordinate Legislation Act 1989*
- completing work on a network expansion to all NSW DPI sites using broadband services under a new design that will improve resilience of the network to major carrier failures
- developing a strategic plan closely linking ICT development directions to NSW DPI's business directions for the next five years for submission to GCIO and Treasury.

2. Principal Officers

Director-General

Barry Buffier, BrurSc (Hons), MEc

Deputy Director-General Agriculture and Fisheries and Regional Relations

Renata Brooks, BVSc (Hons), Grad Cert Bioethics

Director Regional Relations & Education

John Fisher, BAgSci

A/Director Fisheries Conservation & Aquaculture

Bill Talbot, MA(Aquaculture)

Director, Wild Harvest Fisheries

Anthony Hurst, BA(Geomorphology), MM

Director Extensive Industry Development

Regina Fogarty, B.V.Sc., PhD

Director Intensive Industry Development

Delia Dray, MAppSc

Director Animal Welfare

Ross Burton, BVSc; MVS; MSc

Deputy Director-General Mineral Resources

Alan Coutts, BCom, DipEd

Director Minerals Development

Vacant

A/Director Environmental Sustainability
Ken Hollands, BE (Mining) MBA

Director Geological Survey of NSW
Lindsay Gilligan, BSc(Hons), MAppSc, MBA

Director Mine Safety Operations
Rob Regan, B E (Mining) First Class Hons

Director Minerals Maitland
Brad Mullard, BSc

Chief Executive Officer Coal Compensation Board

Carolyn Bloch

Chief Executive Officer Mine Subsidence Board

Greg Cole-Clark, B.E (Mining), MBA

A/Chief Executive Officer Primary Industries Trading

Alastair Howard BA

Director Planted Forests Operations

Peter Crowe, BSc (Forestry)

Director Native Forests Operations

Mike Bullen, BSc (Forestry), MBA

Director Commercial Services

Gary Keating, BEc

Director Financial & Operational Business Services

Mal Clinch, BBus (Acc), FCPA, FCIS

A/Director Land Management & Technical Services

Ross Dickson, B.Ag Sc (Hons), MSc (Plant Science), PhD (Forestry Science)

Deputy Director-General Science and Research

Nick Austin, BE Agr (Hons), MSM, PhD, CDCD, CID

Director Systems Research & Chief Scientist

Steve Kennelly, BSc (Hons), PhD, DSc

Director Production Research

Trevor Gibson, BScAgr Hons, MScAgr, PhD

Director Health Sciences, Science Alliances and Evaluation

Helen Scott-Orr, B.V.Sc. (Hons), Dip Bact., M.A.C.V.S (Epidem.)

Director Resources Research

Rob Young, B. Ag. Econ, M. Nat. Res.

Director Rural Innovation

Steve Thomas, B.Ag Sc Hons, PhD

Director Research Operations

Geoff File, B Rur Sc (Hon), M Rur Sc, HDA (Hon), FAICD, JP

Executive Director Biosecurity, Compliance and Mine Safety

Doug Hocking, DipAgr, Grad Dip Extension, Grad Cert Management

Director Animal & Plant Biosecurity

Bruce Christie, BVSc

A/Director Surveillance & Biosecurity Operations

Ian Roth, BVSc

Director Emergencies & Strategic Response

Graeme Eggleston, BVSc., MACVSc., PSM

Director Agriculture & Fisheries Compliance Operations

Paul O'Connor, BSc, MSc

Director Compliance Standards

Jenny Nash, BAgEc

Director Mine & Forest Safety Performance

Rod Morrison, B.Bus

Executive Director, Strategy, Policy and Communications

Wendy Stamp, BA (Hons), MAdmin

Director Industry Analysis

Scott Davenport, B. Ag, Ec

Director Corporate Strategy & Organisational Development

Alka Khopkar, MA, MBA

Director Policy & Legislation Coordination

Nick Milham, BAgEc (Hons), MEc

Director Communications

Vera Fiala, MBA, MEng

Director Public Affairs & Media

Bill Frew, BEc

Executive Director Corporate Services

Alan Gleeson, BSc (Hons), MStat, PhD

Director Finance & Administration

Tony Heffernan

Director Human Resources

Simon Kempson, BCom (Industrial Relations), GCCI, AFAHRI

Director Assets

Chris Weale, DipAgr

Director Information, Communications & Technology

Boyd Wymer, BE BA (Hons)

Director Legal

Barbara Jones, BA LLB

3.Membership of significant statutory bodies and inter-departmental committees

Statutory body / interdepartmental committee	NSW DPI executive	Position
Animal Genetics & Breeding Unit Board	Dr Nick Austin	Member
Animal Health Australia Board	Mr Doug Hocking	Member
Aquaculture Steering Committee	Mr Barry Buffier	Member
Australian Gene Technology Standing Committee	Dr Nick Austin	Member
Australian Sheep Industry Cooperative Research Centre Board	Dr Nick Austin	Member
Cattle Tick Advisory Committee	Ms Renata Brooks	Member
C B Alexander Agricultural College Foundation	Mr Barry Buffier	Chair
Centre for Coastal Agricultural Lands Landscapes Board	Dr Nick Austin	Member
CEO Forum on Major Infrastructure & Development Approvals	Mr Barry Buffier	Member
CEOs Network Meeting	Mr Barry Buffier	Member
Chief Executives Committee	Mr Barry Buffier	Member
Coal Compensation Board	Mr Alan Coutts	Member
Community Conservation Council	Mr Barry Buffier	Member
CRC for Greenhouse Accounting	Mr Alastair Howard	Member
DPI Asset Sale & Reinvestment Steering Committee	Mr Barry Buffier	Chair
EH Graham Centre for Agricultural Innovation Board of Management	Mr Barry Buffier Dr Nick Austin	Chair Member
Enterprise Grains Australia Board	Dr Nick Austin Dr Stephen Thomas	Chair Member
Farrer Memorial Trust	Mr Barry Buffier Dr Nick Austin	Chair Trustee
Game Council	Mr Alastair Howard	Member
Genomics Centre Board	Dr Nick Austin	Chair
Graham Gregory Trophy Selection Committee	Mr Barry Buffier	Member
Helen Newton Turner Medal Trust	Mr Barry Buffier	Chair
Horticultural Congress Trust	Mr Barry Buffier	Chair
Marine Park Authority Board	Mr Barry Buffier	Chair
McGarvie Smith Institute	Ms Renata Brooks	Trustee
Mine Subsidence Board	Mr Alan Coutts	Chair
Ministerial Advisory Council on Primary Industries Sciences	Dr Nick Austin	Member
Murray-Darling Basin Commission	Mr Barry Buffier	Commissioner
National Emergency Animal Disease Management Group	Mr Barry Buffier	Member
National Emergency Plant Pest Management Group	Mr Barry Buffier	Member
National Monitoring System Steering Committee	Mr Barry Buffier	Member
National Wine & Grape Industry Centre Council	Mr Barry Buffier	Chair
Natural Resources & Environment CEO Cluster Group	Mr Barry Buffier	Member
Natural Resources Advisory Council	Mr Barry Buffier	Member
Natural Resources Information Needs Committee	Ms Renata Brooks	Member
Natural Resources Management Standing Committee	Mr Barry Buffier Ms Wendy Stamp	Member
Natural Resource Management Joint Steering Committee	Mr John Fisher	Member
NSW/Guangdong Joint Economic Committee	Mr Alan Coutts	Member

3.Membership of significant statutory bodies and inter-departmental committees (continued)

NSW Rural Assistance Authority Board	Mr Alan Coutts	Member
Primary Industries Health Committee	Ms Renata Brooks	Member
Primary Industries Innovation Centre Board	Dr Nick Austin	Member
Primary Industries Standing Committee	Mr Barry Buffier	Member
Rural Women's Network State Advisory Committee	Mr Barry Buffier	Chair
Standing Committee of Officials of the Ministerial Council on Mineral and Petroleum Resources (MCMPR)	Mr Alan Coutts	Member
Seafood Industry Advisory Council	Mr Barry Buffier	Member
Standing Disease Control Advisory Committee	Ms Renata Brooks	Member
State Emergency Management Committee	Ms Renata Brooks Mr Doug Hocking	Member Member
Sustainable Forest Management Committee of the Forest & Forest Products Committee	Mr Alastair Howard	Member
Water CEO's Committee	Ms Renata Brooks	Member
Value Added Wheat Cooperative Research Centre Board	Dr Nick Austin	Member

4. Advisory bodies and committees**Agriculture Ministerial Advisory Council**

Mr Mike Cahill (Chair)
 Mr David Anthony
 Mr Peter Bartter
 Mr Phillip Brown
 Mr Richard Bull
 Mr Howard Charles
 Mr George Faulkner
 Mr David Kinsey
 Mr Jock Laurie
 Mr Gerard Lawson
 Mr Nicholas Moraitis AM
 Ms Janet Moxey
 Mr Frank Pace
 Mr Malcolm Peters
 Ms Kathleen Plowman
 Mr Michael Scotland (Executive Officer)
 Mr Bill Sweeney

Dairy Industry Conference

Mr Albert Vidler (Chair)
 Ms Joy Allen
 Mr Tim Burfitt (Executive Officer)
 Mr Adrian Drury
 Mr Stephan Ellaway
 Ms Kath Evans
 Mr Angus Gidley-Baird
 Mr Bob Grey
 Ms Janet Moxey

Mr Charles Ng
 Mr Terry Toohey
 Mr Ron Della Vedova
 Mr Albert Vidler
 Mr Winston Watt
 Ms Kate Woodward

Forests and Forests Products Advisory Council

Mr Graeme Pash (Chair)
 Mr Russ Ainley
 Mr Peter Boyd
 Mr Gus Carfi
 Mr Marcus Derham
 Mr Rick Fowler (Executive Officer)
 Mr Alastair Howard
 Mr Rob Lord
 Mr Michael Madden
 Mr John McNamara
 Mr Kerry Pidcock
 Mr Warwick Ragg
 Mr Nick Roberts
 Mr Craig Smith

Ministerial Advisory Council of Primary Industries Sciences

Dr John Keniry (Chair)
 Prof Derek Anderson
 Mr David Anthony
 Dr Nick Austin
 Mr Richard Bootle

Dr TJ Higgins
 Dr Steven Kennelly
 Mr John Maitland
 Mrs Janet Moxey
 Mr Mal Peters
 Prof Jim Pratley
 Dr Lisa Szabo
 Mr Grahame Turk
 Dr John Williams
 Mr Peter Zed

NSW Minerals Ministerial Advisory Council

Mr Nicholas J Papallo (Chair)
 Mr Tim Lehany
 Dr Angus Collins
 Mr Peter Coates
 Mr David Tucker
 Mr Colin Bloomfield
 Prof Ian Plimer
 Mr Bob Cameron
 Mr Peter Murray
 Mr Tony Maher
 Mr Tony Haggarty
 Mr Alan Coutts

NSW Wine Industry Research and Development Advisory Council

Mr Greg Jones (Chair)
 Ms Elizabeth Antonopolous
 Mr Darren De Bortoli

4. Advisory bodies and committees (continued)

Mr Trevor Drayton
Mr Ken Edwards
Mr Loftus Harris
Mr Hans Heilpern
Mr Dick Hilder
Mr Doug Hocking (Executive Officer)
Ms Glenda Hoffman
Mr Ron Hutton
Mr Greg Jones
Mr Doug McWilliam
Mr David O'Dea
Mr Stephen Roberts
Mr Peter Robson
Mr Geoff Scollary
Mr Bruce Tyrrell

Organic Ministerial Advisory Council

Mr Terrence Healey (Chair)
Mr David Booth
Mr Geoff Brown
Ms Jan Denham
Ms Catherine Ford
Mr Richard Jones
Mr Stuart Larsson
Mr Eric Love
Mr Phillip Rougon
Mr Ken Taylor

Pork Industry Task Force

Mr Ron Pollard Chair
Mr Tim Burfitt
Mr Ted Campbell
Mr Paul Judge
Ms Jane Littlejohn
Mr Alex McGilvray
Ms Kathleen Plowman
Mr Murray Spicer
Mr Anand Sugrim
Ms Sally Walker

Poultry Meat Industry Committee

Mr Stephen Carroll (Chair)
Ms Joanna Blunden (Executive Officer)
Mr John Camilleri
Mr John Cordina
Mr Anthony D'Andrea
Mr Ashley Etherington
Mr Chris Freney
Mr L. Gallagher
Mr Brian McKelvey
Mr Peter Pulley
Mr James Samphier
Mr Andrew Stevenson

Mr Joe Vella
Mr Alan Wilson
Mr John Witherspoon

Seafood Industry Advisory Council

Mr Hans Heilpern (Chair)
Mr Richard Bagnato
Mr Barry Buffier
Mr Graeme Byrnes
Mr Ian Charles
Mr George Davey
Mr Jim Drinkwater
Mr Ron Firkin
Mr Nicholas Georgouras
Mr Don Johnson
Ms Megan Kessler
Mr Bill Pearce
Mr Ron Prindable
Prof. Stephan Schnierer
Ms Donna Smythe
Mr Tony Troup
Mr Grahame Turk

Other advisory bodies

Abalone Management Advisory Committee
Advisory Council on Recreational Fishing
Agriculture Scientific Collections Trust
Animal Research Review Panel
Animal Welfare Advisory Council
Banana Industry Committee
Belgenny Farm Agricultural Heritage Trust
Board of Tick Control
Bovine Johne's Disease Summit Executive Committee
C B Alexander Agricultural College Advisory Committee
C B Alexander Foundation
Coal Safety Advisory Committee
Coalfield Geology Council
Derelict Mines Committee
Director-General's Animal Care and Ethics Committee
Estuary General Fishery Management Advisory Committee
Estuary Prawn Trawl Management Advisory Committee
Exhibited Animals Advisory Committee
Extractive Industry Safety Advisory Committee
Farmbis State Planning Group
Farrer Memorial Trust

Fisheries Scientific Committee
Game Council of New South Wales
Geological Survey Advisory Committee
Grain Marketing Consultative Committee
Helen Newton Turner Medal Trust
Horticultural Congress Trust
Intensive Agriculture Consultative Committee
Lobster Management Advisory Committee
Marine and Estuarine Recreational Charter Management Advisory Committee
Mcgarvie Smith Institute Trust
Metalliferous Safety Advisory Committee
Mine Safety Advisory Council
Murray Valley Citrus Marketing Board
Murray Valley Citrus Marketing Board Selection Panel
Murray Valley Wine Grapes Industry Development Committee
Murrumbidge College of Agriculture Advisory Council
National Livestock Identification System, Sheep Implementation Advisory Committee
Non Indigenous Animals Advisory Committee
Noxious Weeds Advisory Committee
NSW Agriculture Advisory Council on Gene Technology
NSW Grains Board
NSW National Livestock Identification System Advisory Committee
NSW Nursery Industry Services Committee
NSW Travelling Stock Reserves Committee
NSW Wine Industry Research and Development Advisory Council
Ocean Trap and Line Management Advisory Committee
Ocean Trawl Management Advisory Committee
Ovine Johne's Disease Industry Advisory Committee
Pest and Nuisance Animals and Insect Control Committee
Pest Animal Council, NSW
Recreational Fishing Freshwater Management Planning Committee
Recreational Fishing Freshwater Trust

4. Advisory bodies and committees (continued)

Expenditure Committee
Recreational Fishing Saltwater
Management Planning Committee
Recreational Fishing Saltwater Trust
Expenditure Committee
Rice Marketing Board
Riverena Citrus
Rural Assistance Authority
Rural Lands Protection Board's State
Council

Rural Women's Network State Advisory
Committee
Seafood Industry Advisory Council
Share Management Fisheries Appeal Panel
Standing Disease Control Advisory
Committee
Total Allowable Catch Committee
Veterinary Surgeons Investigating
Committee

Veterinary Surgeons Administrative
Decisions Tribunal
Veterinary Surgeons Board of NSW
Wine Grapes Marketing Board

5. Legislation and legal change

Acts Administered by NSW Department of Primary Industries Minister for Primary Industries

*Agricultural and Veterinary Chemicals
(New South Wales) Act 1994*
Agricultural Industry Services Act 1998
*Agricultural Livestock (Disease Control
Funding) Act 1998*
*Agricultural Scientific Collections Trust Act
1983*
Agricultural Tenancies Act 1990
Animal Research Act 1985
Apiaries Act 1985
Banana Industry Act 1987
Biological Control Act 1985
*C.B. Alexander Foundation Incorporation
Act 1969*
Coal Acquisition Act 1981
Coal Mine Health and Safety Act 2002
Coal Mines Regulation Act 1982
Coal Ownership (Restitution) Act 1990
*Dairy Adjustment Programme Agreement
Ratification Act 1975*
*Dairy Adjustment Programme Agreement
Ratification Act 1977*
Dairy Industry Act 2000
Dried Fruits (Repeal) Act 1997
Exhibited Animals Protection Act 1986
Exotic Diseases of Animals Act 1991
Farm Debt Mediation Act 1994
Farm Produce Act 1983
*Farrer Memorial Research Scholarship
Fund Act 1930*
Fertilisers Act 1985
Fish Marketing Act 1994
Fisheries Act 1935

Fisheries Management Act 1994
Food Act 2003
Forestry Act 1916
Game and Feral Animal Control Act 2002
*Gene Technology (GM Crop Moratorium)
Act 2003*
Gene Technology (New South Wales) Act
Grain Marketing Act 1991
*Marginal Dairy Farms Reconstruction
Scheme Agreement Ratification Act 1971*
*Marine Parks Act 1997 (jointly with the
Minister for the Environment)*
Marketing of Primary Products Act 1983
Meat Industry Act 1978
Mine Subsidence Compensation Act 1961
Mines Inspection Act 1901
*Mining Act 1992 (except part, Attorney
General)*
Non-Indigenous Animals Act 1987
Noxious Weeds Act 1993
*Occupational Health and Safety Act 2000
so far as it relates to mines within the
meaning of the Mines Inspection Act 1901
and the Coal Mines Regulation Act 1982
(remainder, Minister for Commerce)*
Offshore Minerals Act 1999
Petroleum (Onshore) Act 1991
Petroleum (Submerged Lands) Act 1982
Plant Diseases Act 1924
Poultry Meat Industry Act 1986
Prevention of Cruelty to Animals Act 1979
*Rural Adjustment Scheme Agreement Act
1993*
Rural Assistance Act 1989
Rural Lands Protection Act 1998
Seeds Act 1982

*Snowy Mountains Cloud Seeding Trial Act
2004*
Softwood Forestry Agreement Act 1968
*Softwood Forestry Agreement Ratification
Act 1980*
*Softwood Forestry (Further Agreement)
Act 1973*
*States and Northern Territory Grants (Rural
Adjustment) Agreement Ratification Act
1985*
*States and Northern Territory Grants (Rural
Adjustment) Agreement Ratification Act
1989*
*States Grants (Rural Adjustment)
Agreement Ratification Act 1977*
*States Grants (Rural Reconstruction)
Agreement Ratification Act 1971*
Stock (Artificial Breeding) Act 1985
Stock (Chemical Residues) Act 1975
Stock Diseases Act 1923
Stock Foods Act 1940
Stock Medicines Act 1989
Swine Compensation Act 1928
*Sydney Market Authority (Dissolution) Act
1997*
Timber Marketing Act 1997
*Uranium Mining and Nuclear Facilities
(Prohibitions) Act 1986*
Veterinary Practices Act 2003
Veterinary Surgeons Act 1986
*Wine Grapes Marketing Board
(Reconstitution) Act 2003*

5. Legislation and legal change (continued)

Bills passed by Parliament

Gene Technology (GM Crop Moratorium) Amendment (Postponement of Expiry) Bill 2005

Farm Debt Mediation Amendment (Water Access Licences) Bill 2005

Mine Safety (Cost Recovery) Bill 2005

Rice Marketing Amendment (Prevention of National Competition Policy Penalties) Bill 2005

Fisheries Management Amendment Bill 2005

New regulations

The following regulations came into effect on 1 September 2005:

- Agricultural and Veterinary Chemicals (New South Wales) Regulation 2005
- Agricultural Industry Services (Polls and Elections) Regulation 2005
- Animal Research Regulation 2005
- Apiaries Regulation 2005
- Coal Ownership (Restitution) Regulation 2005
- Exhibited Animals Protection Regulation 2005
- Marketing of Primary Products Regulation 2005

- Stock (Chemical Residues) Regulation 2005
- Stock Foods Regulation 2005
- Stock Medicines Regulation 2005
- Timber Marketing Regulation 2005.

Staged Repeal Program

The Department prepared draft regulations and regulatory impact statements for public consultation in relation to the following regulations, which are due for staged repeal on 1 September 2006:

- Non-Indigenous Animals Regulation 1997
- Prevention of Cruelty to Animals (Animal Trades) Regulation 1996 and Prevention of Cruelty to Animals (General) Regulation 1996 (these will be remade as a single regulation).

The Department prepared draft regulations for the following regulations, which are due for staged repeal on 1 September 2006:

- Agricultural Livestock (Disease Control Funding) Regulation 2000
- Agricultural Tenancies Regulation 2001

- Offshore Minerals Regulation 2000
- Petroleum (Submerged Lands) Regulation 2001
- Rural Assistance (General) Regulation 2001.

Statute Law Revision amendments

Agricultural Scientific Collections Trust Act 1983

Coal Mine Health and Safety Act 2002

Exhibited Animals Protection Act 1986

Exotic Diseases of Animals Act 1991

Fisheries Management Act 1994

Fisheries Management (General) Regulation

Forestry Act 1916

Game and Feral Animal Control Act 2002

Game and Feral Animal Control Regulation 2004

Gene Technology (GM Crop Moratorium) Act 2003

Mine Health and Safety Act 2004

Non-Indigenous Animals Act 1987

Plant Diseases Act 1924

Stock (Chemical Residues) Act 1975

Stock Diseases Regulation 2004

Stock Foods Act 1940

6. Significant judicial decisions

Significant judicial decisions

Of the numerous prosecutions and other litigation matters in 2005-06 under legislation administered by the Department, several resulted in important decisions.

The Full Bench of the Industrial Court handed down judgment on 25 November 2005 in *Morrison v Eureka Opals Pty Limited*. That case involved an appeal by the Departmental prosecutor against the acquittal of that company when it was prosecuted under the *Occupational Health & Safety Act 1983 (OHS Act 1983)* in relation to serious injury to a worker following a 28 March 2000 roof collapse at an opal mine at Lightning Ridge. The company was the holder of the mineral claim granted under the *Mining Act 1992* that covered the mine involved and had been prosecuted for an offence under section 17 of the *OHS Act 1983* (now replaced by section 10 of the *Occupational*

Health & Safety Act 2000 – OHS Act 2000). That provision requires a person who has to any extent control of premises used as a place of work by non-employees of the person to ensure that the premises are safe and without risks to health.

The Industrial Court judge who acquitted the company at first instance had accepted its submission that, although it was holder of the relevant mineral claim, the mine premises were, as a result of arrangements by the company with another person for the working of the mine, not controlled by the company. In giving its judgment in the appeal, the Full Bench determined that such arrangements did not result in the company's rights and obligations as controller of the mine, arising from the mineral claim held, being transferred to another person. The earlier acquittal was set aside and the company was fined \$30 000.

6. Significant judicial decisions (continued)

Other significant decisions were given by the Court of Appeal on 30 November 2005 in the cases of *Coal Operations Australia Pty Limited v Morrison* and *Powercoal Pty Limited v Morrison*. These cases involved challenges by application to the Court of Appeal to the constitutional validity of the Industrial Court's power under section 197A of the *Industrial Relations Act 1996* to hear appeals by the Department against acquittals of persons prosecuted by the Department under the *OHS Act 1983* or the *OHS Act 2000*. The Court of Appeal dismissed the applications.

It might also be noted that, during March 2006, the Full Bench of the Industrial Court heard appeals by Newcastle Wallsend Coal Company Pty and Oakbridge Pty Limited and three mine officials against their earlier convictions for offences against the *OHS Act 1983* in relation to the deaths on 14 November 1996 of four miners in an underground water inrush at Gretley Colliery (the prosecutor being a WorkCover officer). At present, the Full Bench has reserved its decision on those appeals to a date to be fixed.

On 2 December 2005, the Narooma Local Court (Lyon LCM), gave judgment in the matters of *NSW Fisheries v Rigby, Caple & Others*, which involved prosecution of 11 defendants for offences under the *Fisheries Management Act 1994* relating to possession of prohibited size abalone, exceeding possession limits for abalone and shucking abalone adjacent to waters at Narooma and four lobster offences. Their defence included arguments that their traditional Aboriginal fishing practices, relevant to the alleged offences, were part of their religion and that they had an honest and reasonable belief in their right to engage in those practices regardless of state law. In its judgment, the Court found each of the defendants guilty, imposing fines ranging between \$50 and \$1000 as well as bonds in relation to five offences. The defendants have filed appeals with the District Court.

7. Evaluation and improvement

NSW DPI is committed to continuous improvement of programs and services to both internal and external stakeholders. Accordingly, the following reviews were carried out in 2005-06.

Internal controls

NSW DPI continued to review, audit and improve internal controls. Comprehensive internal reviews were conducted for the systems for:

- travel allowance reimbursement
- payroll and personnel administration
- occupational health and safety policies and procedures
- assets capital and maintenance expenditure
- administration of minerals royalties collections and minerals titles
- management of the Freshwater Fishing Trust
- payments under the Drought Transport Subsidy Scheme.

Review of Fisheries Management in NSW – Mr Richard Stevens

In December 2005 NSW DPI engaged Mr Richard Stevens, Government Relations and Fisheries Management Advisor, to conduct a review on fisheries management in NSW. Mr Stevens conducted interviews and received written submissions from commercial, recreational and other fisheries stakeholders and NSW DPI staff. The review report identifies the main challenges facing fisheries management and makes

recommendations for priority actions, guiding principles, consultative approaches and issues management.

NSW DPI has accepted and is progressively implementing the actions from the review.

Report on the Review of the NSW Abalone Fishery – Dr John Keniry

Following a further reduction in the total allowable catch by the independent Total Allowable Catch Committee, Dr John Keniry was engaged to chair an independent taskforce to review the reductions and make recommendations on the future directions for the fishery. A key focus was to identify possible strategies to help the abalone industry plan and adjust for significant variations in the availability of abalone stocks and market prices.

The report was released in December 2005. NSW DPI is progressively developing and implementing strategies in response to Dr Keniry's review within the context of the existing arrangements of the fishery, including the share management plan, the environmental determination for the commercial fishery and the recommendations from the Total Allowable Catch Committee.

Risk assessment

During 2005-06, NSW DPI conducted a department-wide business risk assessment using a consistent methodology based on the Australian/New Zealand Standard for Risk Management. (Refer to page 89 for more detail)

7. Evaluation and improvement (continued)

Science review

In July 2005, the then Premier established a Review of Scientific Research in NSW Government Agencies. As the largest research organisation reviewed, NSW DPI provided substantial information on its research portfolio and the significant public benefits from this research investment. This is the latest in a number of reviews of NSW DPI research

or that conducted by the former agencies incorporated in NSW DPI. The review will enable a greater understanding of the extent and complexity of NSW DPI research as well as its significant economic, environmental and social benefits.

8. Staff statistics

All statistics shown in the following tables are expressed as equivalent full-time (EFT) unless otherwise stated.

Table 1. Staff numbers (EFT)

	Perm (excl Forests NSW)	Other (excl Forests NSW)	Perm (Forests NSW)	Other (Forests NSW)	Total
2004-05	1802	747	954	85	3588
2005-06	1815	724	948	98	3585

Table 2. EFT number of female and male staff within salary levels

Salary Level	\$0-\$32 605	\$32 606-\$42 824	\$42 825-\$47 876	\$47 877-\$60 583	\$60 584-\$78 344	\$78 345-\$97 932	Greater than \$97 932 (Non-SES)	Greater than \$97 932 (SES)	Total
Female (excl Forests NSW)	5	221	184	236	207	56	20	4	933
Male (excl Forests NSW)	9	230	154	301	480	239	178	15	1606
Female (Forests NSW)	17	52	30	64	31	14	4	0	212
Male (Forests NSW)	49	303	73	175	119	53	56	6	834
Totals	80	806	441	776	837	362	258	25	3585

Table 3. Numbers and levels of SES staff

		SES level								Total
		1	2	3	4	5	6	7	8	
30 June 2005	Excl Forests NSW	2	5	4	5	3	2	1	1	23
	Forests NSW	1		5			1			7
30 June 2006	Excl Forests NSW	1	5	5	1	3	3		1	19
	Forests NSW	1		4			1*			6

*Substantive Level 3 but Acting CEO Level 6

Table 4. Numbers and levels of female SES staff

		SES level								Total
		1	2	3	4	5	6	7	8	
30 June 2005	Excl Forests NSW		1	1	2	2				6
	Forests NSW									0
30 June 2006	Excl Forests NSW			1	1	1	1			4
	Forests NSW									0

9. Equal employment opportunity

Fair policy and procedures

The Personnel Officer (Policy) has responsibility for policy development and implementation in all areas of EEO to ensure:

- fair practices in the workplace
- management decisions being made without bias
- recognition and respect for the social and cultural backgrounds of all employees
- employment practices that produce employee satisfaction and job commitment
- improved productivity by guaranteeing that the workplace is efficient and free from bullying, harassment and discrimination.

The Personnel Officer (Policy) is an executive member of Diversity NSW, their vision being to excel in providing networking and support services for its members and to influence strategic decision makers in the development, implementation and review of employment equity related policies and strategies.

The Department plans to conduct an EEO survey in the coming year to ensure that EEO statistics are current and comprehensive for staff across NSW DPI.

Policy and guidelines for management and staff on grievance management and combating workplace harassment and bullying will be developed and implemented during the next 12 months.

Performance management and EEO

Performance indicators for the implementation of EEO strategies are incorporated into the performance agreements of all Senior Executive Services officers.

Management and staff are encouraged to use the Performance Management and Development System to provide a fair and consistent framework by which the individual performance of staff members can be assessed.

Recruitment

Training courses in Selection Techniques, Career Enhancement and Interview Skills, and Career and Job Change, have been provided throughout the year and made available to all staff.

Recruitment practices are closely monitored by the Human Resources Employee Services Unit to ensure that the selection and recruitment process is open, ethical and transparent and that selection is made with a commitment to the firm application of the merit principle.

Flexible work practices

The Department recognises the importance of flexibility for all employees to balance their work and personal responsibilities

more effectively and offers job sharing, part-time work, career breaks, variable year employment, part-year employment, working from home, and an enhanced Flexible Working Hours Agreement.

Health management

The Department provides confidential professional counselling and support for staff in need through the Human Resources Strategic Services Unit and the Employee Assistance Program.

The Mental Health First Aid Course is delivered across the Department as part of the Staff Training and Development Program.

Aboriginal employment

The Department is committed to achieving the NSW Government target of two per cent Aboriginal employment. We are currently developing an Aboriginal Employment Strategy, which seeks to increase Aboriginal employment and retention as well as addressing career progression, training and support for aboriginal staff to assist them in reaching their full potential.

One avenue the Department is pursuing to increase employment of Aboriginal staff is the permanent employment element of the Elsa Dixon Aboriginal Employment Program through the NSW Department of Education and Training. We currently have an application lodged to employ two Aboriginal people in regional areas under this program.

Further steps such as identified Aboriginal positions are also being pursued. Recruitment action for an Aboriginal Policy Officer within the Aboriginal Liaison and Cultural Heritage Unit is one such example.

Employees with a disability

The Human Resources Strategic Services Unit, in conjunction with supervisors, provides ongoing support for employees with a disability. This support is based on medical advice and consultation with occupational therapists.

The Department currently employs four disabled apprentices and one disabled trainee.

Disability Capital/Maintenance Program

A total of \$98 700 was spent as part of the Department's Disability Strategic Plan as follows:

- Wollongbar – disabled covered parking area
- Broken Hill Core Library – disabled toilet and amenities
- OAI - disabled access to building
- EMAI VMS Dairy
- Wagga J block laboratory – disabled access ramp and toilet
- Dutton trout hatchery – disabled hand railing.

9. Equal employment opportunity (continued)

Women's employment

On International Women's Day this year the Director-General launched the Department's new Women's Employment Strategy. With the formation of the NSW DPI came the opportunity to develop a new approach to maximising the potential of our women by building on the Spokeswomen's Program, which had operated in the former four agencies. NSW DPI's Women's Employment Strategy aims to ensure that the potential of all female employees is realised, and that they are recognised as key contributors in the workplace.

As part of the strategy, a consultative group of 21 women from all divisions across the State and across salary ranges has

recently been selected from expressions of interest received. Their role is to network and consult with women employees to identify women's employment needs and develop proposals to address them. This group will develop an action plan, monitor its implementation, and assist in its promotion across the Department.

The Department is providing funds for a number of women to undertake the Public Sector Management Course.

Table 1. Trends in the representation of EEO target groups in %

EEO target group	% of total staff				
	Benchmark or target	2003	2004	2005	2006
Women	50%			38%	33%
Aboriginal people and Torres Strait Islanders	2%			.3%	1.7%
People whose first language was not English	20%			8%	11%
People with a disability	12%			7%	8%
People with a disability requiring work-related adjustment	7%				.3%

Table 2. Trends in the distribution of EEO target groups

EEO target group	Distribution index				
	Benchmark or target	2003	2004	2005	2006
Women	100			80	86
Aboriginal people and Torres Strait Islanders	100			n/a	71
People whose first language was not English	100			110	103
People with a disability	100			96	90
People with a disability requiring work-related adjustment	100				n/a

Notes

- 1 Excludes casual staff.
- 2 Note that this year's figures include Forests NSW which was not included in 2004-05 data.
- 3 A Distribution Index of 100 indicates that the centre of the distribution of the EEO groups across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by the software provided by the Office of the Director of Equal Opportunity in Public Employment on Equal Employment Opportunity (ODEOPE).

Table 3. Percent of total NSW DPI staff by level

Level	Total staff (number)		Men	Women	Aboriginal people & Torres Strait Islanders	People from racial, ethnic, ethno-religious minority groups	People whose language first spoken as a child was not English	People with a disability	People with a disability requiring work-related adjustment
< \$32 606	18	22%	67%	33%				25%	
\$32 606 – \$42 824	734	31%	63%	37%	3.9%	5%	8%	11%	0.4%
\$42 825 – \$47 876	462	48%	48%	52%	1.8%	4%	9%	10%	
\$47 877 – \$60 583	824	58%	62%	38%	2.5%	6%	16%	7%	0.2%
\$60 584 – \$78 344	885	66%	71%	29%	0.2%	10%	13%	7%	0.5%
\$78 345 – \$97 932	430	77%	83%	17%		9%	11%	6%	
> \$97 932 (non SES)	191	81%	93%	7%		6%	8%	6%	0.6%
> \$97 932 (SES)	19	79%	79%	21%				7%	
TOTAL	3563	57%	67%	33%	1.7%	7%	11%	8%	0.3%
Est. number of staff	3563	2014	2377	1186	59	237	408	293	11

Table 4. Per cent of total NSW DPI staff by level

Employment basis	Total staff (Number)		Men	Women	Aboriginal people & Torres Strait Islanders	People from racial, ethnic, ethno-religious minority groups	People whose language first spoken as a child was not English	People with a disability	People with a disability requiring work-related adjustment
Permanent full-time	2681	60%	75%	25%	1.5%	7%	11%	8%	0.4%
Permanent part-time	141	72%	10%	90%		3%	5%	7%	
Temporary full-time	593	38%	54%	46%	0.4%	8%	22%	4%	
Temporary part-time	126	38%	17%	83%		6%	17%	6%	
Contract - SES	19	79%	79%	21%				7%	
Contract – Non-SES	4	50%		100%		50%	50%		
Training positions	12	25%	83%	17%					
Retained staff									
Casual	349	19%	54%	46%			22%		
TOTAL	3925	53%	66%	34%	1.1%	7%	13%	7%	0.3%
Est. number of staff	3925	2084	2579	1346	44	256	527	264	10

Notes: 1. Table 3 does not include casual staff
 2. Figures for EEO groups other than women have been adjusted to compensate for the effects of non-response to the EEO data collection.

10. Ethnic Affairs Priorities Statement

The Department is committed to the New South Wales Charter of Principles for a Culturally Diverse Society with the following Statement of Intent.

This statement confirms the NSW Department of Primary Industries' commitment to the New South Wales Charter of Principles for a Culturally Diverse Society and reflects how services and facilities are accessible to all residents of this State.

The NSW Department of Primary Industries is dedicated to the development of profitable, sustainable primary industries for NSW.

Recognising the cultural mix of consumers, the Department is committed to ensuring that quality products meet the needs of a culturally diverse market. Training of client service staff involves sessions highlighting the cultural diversity of our clientele and educating officers on how best to satisfy the individual needs of all people.

All residents of NSW have access to the services and open facilities of the NSW Department of Primary Industries. Wherever necessary, clients' special needs will be addressed professionally, expeditiously and in a manner appropriate to those needs.

To implement the Ethnic Affairs Priorities Statement the Department will continue to:

- circulate information that will assist departmental staff to respond effectively to ethnic affairs issues. This is achieved by disseminating information on cultural diversity to all staff, at recruitment and induction and as part of ongoing training programs
- enhance the cultural diversity of NSW DPI staff by providing for special needs of potential staff in the recruitment process and by providing cross-cultural awareness training made available to all staff
- provide access to individual training for staff who have language communication difficulties
- respond to community needs for access to the resources of NSW DPI by ensuring that the staff list of Community Language Allowance Scheme recipients, and the languages spoken, is readily available to relevant staff to assist their culturally diverse client groups
- provide a service whereby information is provided to clients with translation and/or interpretation, if required.

The Department has a full time Community Relations Manager attached to its Agriculture and Fisheries Division to manage, develop and deliver community education programs and frontline advisory services to the general public, including school children, Aboriginal people, disabled people, overseas delegates and non-English speaking backgrounds.

During 2005-06 the Department delivered its commitment to EAPS through a range of activities, including:

- the employment of three bilingual officers to work with the community to improve chemical management on farms. Their role is to encourage people to attend training and assist farmers in adopting the practices detailed in the training such as keeping chemical records, safe pesticide storage and correct use of pesticides
- the training of over 200 farmers from a range of culturally diverse backgrounds (Chinese, Vietnamese, Arabic, Cambodian) on Smarttrain, soils and fertiliser use, freshcare, basic computer skills, machinery maintenance and integrated pest management training. Fifty-one graduated with a full certificate III in Agriculture and a further 30 are expected to do so next year
- the development of resources in Khmer, Chinese, Vietnamese and Arabic to support training in chemical management and soils and fertiliser management
- the organisation of fishing workshops for non-English speaking background families and children with disabilities. A total of 147 children together with 432 parents and relatives from Arabic, Chinese, Vietnamese, Korean, Tongan, Pacific Islander, Samoan and Greek backgrounds participated in the one-day workshops
- the development, production and distribution of fisheries information and educational material in different languages
- involvement in a four-week talk-back program on Muslim Community Radio called Good Afternoon Sydney (2MFM 92.1). The Fishing Secrets segment aired at 4pm weekdays and was heard by a significant section of the Sydney Muslim community.

Programs for 2006-07

- Develop a multilingual fisheries section of the NSW DPI website on recreational fisheries information.
- Develop and erect multilingual signage around relevant waterways

11. Overseas travel

Name	Position	Country visited	Purpose of visit	From	To
J Piltz	Professional Officer	Northern Ireland Ireland	Attend 14th International Silage Conference	1/07/2005	11/07/2005
S Newman	Research Horticulturist	Vietnam	Improve post harvest handling of temperate fruits in Australia and Vietnam	3/07/2005	25/07/2005
V Ku	Project Officer	Vietnam	Improve post harvest handling of temperate fruits in Australia and Vietnam	3/07/2005	20/07/2005
B Moloney	Technical Specialist	New Zealand	Study on campus for a masters degree in epidemiology	4/07/2005	23/07/2005
D Michalk	Research Leader	China	Undertake consultancy for Worldvision Australia on behalf of NZAid in Gansu province	10/07/2005	29/07/2005
R Jones	Senior Research Scientist	China	Undertake consultancy for Worldvision Australia on behalf of NZAid in Gansu province	10/07/2005	29/07/2005
A Bowman	Research Leader	Eritrea	Take part in dryland farming systems capacity building project	15/07/2005	25/07/2005
A Jessup	Senior Research Horticulturist	Papua New Guinea	Set up procedures to monitor, manage and control fruit flies in horticultural production areas	19/07/2005	22/07/2005
J Mullen	Principal Research Scientist	Philippines	Conduct economic analysis of value of seasonal climate	25/07/2005	5/08/2005
A Milgate	Research Agronomist	Japan China Malaysia	Tour Asian wheat market	30/07/2005	13/08/2005
D Hopkins	Senior Research Scientist	South Africa USA	Present paper at 51st International Congress of Meat Science & Technology. Present seminar at University of California	3/08/2005	17/08/2005
J Ekman	Research Horticulturist	United Arab Emirates	Examine the outturn quality of lettuce, cauliflowers and broccoli shipped to Dubai	5/08/2005	12/08/2005
J Golding	Research Horticulturist	United Arab Emirates	Examine the outturn quality of lettuce, cauliflowers and broccoli shipped to Dubai	5/08/2005	12/08/2005
C Hunt	Technical Officer	Indonesia Sumatra	Manage soil fertility for restoring cropping in tsunami affected soils areas of Nanggroe Aceh, Darussalam Province	7/08/2005	14/08/2005
M McLeod	Research Hydrologist	Indonesia Sumatra	Manage soil fertility for restoring cropping in tsunami affected soils areas of Nanggroe Aceh, Darussalam Province	7/08/2005	14/08/2005
P Slavich	Research Leader	Indonesia Sumatra	Manage soil fertility for restoring cropping in tsunami affected soils areas of Nanggroe Aceh, Darussalam Province	7/08/2005	14/08/2005
S Fielder	Research Scientist	India	Monitor progress of salt-affected areas and visit research facilities	14/08/2005	19/08/2005
M Hornitzky	Research Leader	Ireland	Attend International des Epizooties Symposium and present scientific data at Apimondia Conference	17/08/2005	28/08/2005
B Dominiak	Project Coordinator	Austria	Attend international fruit fly consultants meeting	20/08/2005	28/08/2005
M Sissons	Senior Research Scientist	USA Canada	Attend and present at 3rd International Durum Wheat Workshop and speak at American Association of Cereal Chemists International Conference	2/09/2005	5/10/2005
H Allen	Senior Cereal Chemist	USA	Attend American Association of Cereal Chemists International Conference	7/09/2005	24/09/2005
P Kirkland	Principal Research Scientist	France Northern Ireland Switzerland USA	Meet with Synbiotics (Europe). Attend Circoviruses Conference and 6th International Pestivirus Symposium and Emerging Diseases Forum	8/09/2005	22/09/2005
D Finlaison	Veterinary Virologist	Northern Ireland USA	Study new techniques for virus research and attend International Conference on Circoviruses and Emerging Diseases Forum	9/09/2005	7/10/2005
N Donovan	Plant Pathologist	Israel	Receive advanced training in the identification of phoma tracheiphila	10/09/2005	26/09/2005
D Michalk	Research Leader	China	Attend and present paper at the XV International Plant Nutrition Colloquium. Undertake World Bank Consultancy for Gansu & Xinjiang Pastoral Development Project	13/09/2005	1/10/2005

11. Overseas travel (continued)

B Holzapfel	Senior Research Viticulturist	China	Participate and present at the XV International Plant Nutrition Colloquium	14/09/2005	1/10/2005
R Hutton	Deputy Director, National Wine & Grape Industry Centre	China	Participate and present at the XV International Plant Nutrition Colloquium	14/09/2005	1/10/2005
J Chin	Principal Research Scientist	China	Present a symposium at 13th International Congress in Genes, Gene Families and Isozymes 2005 Forum	15/09/2005	23/09/2005
K Motley	Extension Agronomist	Japan	Study Japanese azuki bean industry	17/09/2005	25/09/2005
M Martin	Technical Officer	Philippines	Visit the grain quality and nutrition research centre at the International Rice Research Institute	19/09/2005	1/10/2005
J Neal	Research Agronomist	Italy UK	Attend Interdrought Conference and Wumed Workshop in Rome. Investigate water use efficiency in UK	22/09/2005	6/10/2005
R Mailer	Principal Research Scientist	Czech Republic	Attend 26th International Society of Fats Congress and present a bid for the 28th Congress in Australia in 2009	25/09/2005	28/09/2005
J Ekman	Research Horticulturist	New Zealand	Attend Australasian Post Harvest Conference and present research results on Asian vegetables	27/09/2005	1/10/2005
P Greenwood	Principal Research Scientist	Austria	Attend a joint Food and Agricultural Organisation/International Atomic Energy Agency consultants meeting on foetal programming and emerging areas of animal nutrition. Prepare final report on consultants meeting in Vienna	14/10/2005	24/10/2005
D Herridge	Principal Research Scientist	India	Present keynote address at the 4th International Food Legume Conference	15/10/2005	24/10/2005
M McLeod	Research Hydrologist	Indonesia Sumatra	ACIAR project c2004/121 - manage soil fertility for restoring cropping in tsunami affected soil areas	16/10/2005	22/10/2005
N Moore	Research Agronomist	Indonesia Sumatra	ACIAR project c2004/121 - manage soil fertility for restoring cropping in tsunami affected soil areas	16/10/2005	22/10/2005
P Slavich	Research Leader	Indonesia Sumatra	ACIAR project c2004/121 - manage soil fertility for restoring cropping in tsunami affected soil areas	16/10/2005	22/10/2005
S Love	Veterinarian	New Zealand	Attend workshop on management of anthelmintic resistance and sustainable worm control in parasites of ruminants	20/10/2005	22/10/2005
A Mather	Extension Agronomist	Tibet China	Attend the Australian Youth Ambassadors for Development Program	27/10/2005	21/03/2006
M Lowry	Research Scientist	USA	Attend 4th International Billfish Symposium	28/10/2005	5/11/2005
B Van Der Walt	Senior Fisheries Manager	USA	Attend and present a paper and poster on NSW DPI Gamefish tagging program at the 4th International Billfish Symposium	30/10/2005	11/11/2005
C Bloch	Director, Change Program Office	Fiji	Chair meeting for the emerging Pacific leader's dialogue 2006	5/11/2005	11/11/2005
C Wellings	Principal Research Scientist	USA	Present a lecture to the Crop Science Society of America and visit colleagues at Washington State University	5/11/2005	18/11/2005
G Allan	Principal Scientist	Papua New Guinea	Develop ACIAR fisheries and aquaculture research program	7/11/2005	11/11/2005
P Gibbs	Principal Scientist	Philippines	Follow up scoping for ACIAR funded project	7/11/2005	15/11/2005
C Harvey	Mining Engineer & Senior Environment Officer	New Zealand	Attend minerals and metallurgy conference	12/11/2005	16/11/2005
D Somerville	Livestock Officer	India	Attend and present a paper at the Eucalyptus in Plantations - Their Value to Honey Bees Conference	12/11/2005	20/11/2005
J Ekman	Extension Horticulturist	Singapore	Conduct a review of quality assurance systems for Asian fruit and vegetable project	13/11/2005	17/11/2005
J Gibson	Ministerial Liaison Officer	Israel West Bank Gaza	As part of a ministerial delegation, assist the Palestinian Authority in establishing wild fisheries and aquaculture industries	15/11/2005	28/11/2005

11. Overseas travel (continued)

S Kennelly	Chief Scientist	Israel West Bank Gaza	As part of a ministerial delegation, assist the Palestinian Authority in establishing wild fisheries and aquaculture industries	15/11/2005	28/11/2005
C Wang	Manager, Primex	China	Explore opportunities for future cooperation in coal mine industry	17/11/2005	25/11/2005
R Singh	Research Economist	India	Work with research scientists involved in permanent beds for irrigated rice-wheat and alternative farming systems project	17/11/2005	19/12/2005
M Fletcher	Principal Research Scientist	Malaysia	Host a workshop on identification of insects in the order hemiptera including collection and identification techniques, morphology and terminology	19/11/2005	27/11/2005
D Hocking	Acting Deputy Director-General, Agriculture, Fisheries and Regional Relations	India Bhutan	Review two major projects for improving sub tropical citrus production and pest management of citrus fruit fly	20/11/2005	2/12/2005
R Jones	Senior Research Scientist	China	Meet with Chinese collaborators of sustainable development of grasslands project and conduct data gathering for future project	24/11/2005	13/12/2005
G Eamens	Senior Research Scientist	New Zealand	Attend Pork Cooperative Research Centre (CRC) research meeting to establish research priorities and key animal health areas applicable to pig health and production research	25/11/2005	2/12/2005
H Scott-Orr	Director, Health Science & Strategic Alliances	New Zealand	Attend the inaugural Pork CRC meeting to negotiate NSW DPI involvement in the CRC	25/11/2005	29/11/2005
R Giles	Principal Research Scientist	New Zealand	Attend Pork CRC research meeting to establish research priorities and key animal health areas applicable to pig health and production research	25/11/2005	2/12/2005
B Moloney	Technical Specialist	New Zealand	Ensure epidemiological policy animal health data analysis	27/11/2005	17/12/2005
J Ekman	Research Horticulturist	Japan	Conduct an outrun evaluation of trial shipment of Australian native flowers to see if flowers are acceptable in the market place	27/11/2005	3/12/2005
T Horn	Agricultural Environmental Specialist	New Zealand	Present a paper at the International Association of Hydrogeologists and Hydrological Society Conference	27/11/2005	3/12/2005
G Sanderson	Research Horticulturist	USA Spain Italy	Improve NSW citrus industry access to the latest varieties through visits to international citrus breeding programs	3/12/2005	20/12/2005
C Wellings	Research Horticulturist	Lord Howe Island	Conduct fieldwork and establish trials as part of ACIAR project 1813-1	4/12/2005	9/12/2005
G Allan	Principal Scientist	Thailand Vietnam Cambodia	Meet with ACIAR aquaculture project collaborators and scientists involved with existing projects	4/12/2005	12/12/2005
L Tessoriero	Diagnostic Plant Pathologist	Lord Howe Island	Conduct fieldwork and establish trials as part of ACIAR project 1813-1.	4/12/2005	9/12/2005
P Drain	Mine Safety Officer	China	Assess operations in China where longwall top coal caving technology is used as Austar colliery is proposing to use it	5/12/2005	11/12/2005
P Hamson	Inspector of Coal Mines	China	Assess operations in China where longwall top coal caving technology is used as Austar colliery is proposing to use it	5/12/2005	11/12/2005
J Brennan	Principal Research Scientist	Mexico	Visit International Maize and Wheat Improvement Centre to discuss the editing of the economics of genetic diversity in wheat book	7/12/2005	19/12/2005
H Burns	National Coordinator, TopFodder	USA	Attend the 35th California Alfalfa & Forage Symposium and discuss forage production issues	10/12/2005	18/12/2005
P Olson	Technical Manager	Italy	Attend international course for panel supervisors of virgin olive oil	10/12/2005	18/12/2005
W O'Connor	Senior Research Scientist	Vietnam	Meet with aquaculture research scientists to discuss the potential of developing an oyster aquaculture project	10/12/2005	15/12/2005
B Christie	Director, Animal & Plant Biosecurity	Indonesia	Attend a scoping mission to develop Indonesian national surveillance system for classical swine fever, avian influenza and foot and mouth disease	12/12/2005	19/12/2005

11. Overseas travel (continued)

J O'Halloran	Cotton Industry Development Officer	USA	Present a paper at the Beltwide Cotton Conference regarding on-farm trials critical in the adaptation of research at a local level	1/01/2006	16/01/2006
T Osborne	Dairy Supervisor	Sweden	Attend a training course on the use and maintenance of the voluntary milking system for Elizabeth Macarthur Agricultural Institute	6/01/2006	30/01/2006
A Gilmour	Principal Research Scientist	United Kingdom	Present a paper and discuss matters at meeting of the biometrics society	13/01/2006	22/01/2006
B Cullis	Principal Research Scientist	United Kingdom	Visit Rothamsted Research to present a paper at the Biometrics Society and discuss matters arising with Asreml Release 2 and future plans for mixed models software.	13/01/2006	22/01/2006
J Lacy	Leader, Rice Farming Systems	Chile	4th Consultancy on Rice Check. Train farmers and agronomists	13/01/2006	23/01/2006
K Bevington	Senior Research Horticulturist	China	Adoption study for evaluation of East Asian citrus germplasm as scions and rootstocks	14/01/2006	22/01/2006
G Griffith	Principal Research Scientist	New Zealand	Present seminar to meat and wool growers and discuss farm monitoring activities	16/01/2006	20/01/2006
D Herridge	Principal Research Scientist	Malaysia Thailand Philippines	Conduct on-ground review of rhizobium project	16/01/2006	31/01/2006
A Coutts	Deputy Director-General, Minerals Division	India	Attend as a member of the Australian delegation to the India-Australia coal and mining forum	29/01/2006	6/02/2006
P Slavich	Research Leader	Vietnam Indonesia	Manage soil fertility for restoring cropping in tsunami affected soils	30/01/2006	14/02/2006
G Kelly	District Horticulturist	Cambodia	Conduct capsicum and chilli variety assessments and plan for leafy vegetable fresh and processed market development	31/01/2006	17/02/2006
M Hickey	District Horticulturist	Cambodia	Visit with ACIAR to conduct 1st phase trial assessments and post-harvest training	31/01/2006	10/02/2006
R Hoogers	District Irrigation Officer	Cambodia	Visit with ACIAR to conduct 1st phase trial assessments and post-harvest training	31/01/2006	7/02/2006
F Scott	Economist	Cambodia	Train extension collaborators and preparation for future field research program	4/02/2006	11/02/2006
R Martin	Research Leader	Cambodia	Train extension collaborators and preparation for future field research program	4/02/2006	23/02/06
S Belfield	District Agronomist	Cambodia	Train extension collaborators and preparation for future field research program	4/02/2006	11/02/2006
E Cother	Principal Research Scientist	Cambodia	Conduct workshops and field surveys as part of ACIAR rice pathology project cim/2003/030.	5/02/2006	18/02/2006
M McLeod	Research Hydrologist	Vietnam Indonesia	Manage soil fertility for restoring cropping in tsunami affected soils	5/02/2006	14/02/2006
N Moore	Research Agronomist	Vietnam Indonesia	Manage soil fertility for restoring cropping in tsunami affected soils	5/02/2006	14/02/2006
S Newman	Research Horticulturist	Vietnam Cambodia	Post-harvest training in tomato and chilli evaluation and planning meeting to develop experimental protocols	5/02/2006	20/03/2006
J Ekman	Quality Assurance Officer	Vietnam	Assist government to develop safe management systems for vegetable industry and organise workshops focusing on quality assurance	8/02/2006	25/02/2006
S Davenport	Director, Industry Analysis	India	Present paper at the Indian National Council of Applied Economic Research	8/02/2006	12/02/2006
S Parks	Research Horticulturist	Vietnam	Assist government to develop safe management systems for vegetable industry and organise workshops focusing on quality assurance	8/02/2006	25/02/2006

11. Overseas travel (continued)

V Nguyen	Special Research Horticulturist	Vietnam	Assist government to develop safe management systems for vegetable industry and organise workshops focusing on quality assurance	8/02/2006	25/02/2006
T Hashimoto	Geoscientist	New Caledonia	Research and investigate the Lord Howe rise and collaborate regarding assessment of offshore petroleum potential	9/02/2006	27/02/2006
G Schwenke	Soil Scientist	Nepal Pakistan	Conduct post evaluations of ACIAR projects for achievement of change at a scientific and community level	15/02/2006	25/02/2006
J Van Leur	Senior Plant Pathologist	China	Attend faba bean and pea improvement meeting and discuss collaborative field trials	18/02/2006	5/03/2006
A Bowman	Research Leader	East Timor	Assess seed and fertiliser industry on behalf of the Ministry of Agriculture, Forestry and Fisheries of East Timor	21/02/2006	11/03/2006
N Phillips	District Agronomist	East Timor	Assess seed and fertiliser industry on behalf of the Ministry of Agriculture, Forestry and Fisheries of East Timor	21/02/2006	11/03/2006
R Burton	Director, Animal Welfare	New Zealand	Attend meeting of the animal welfare working group	21/02/2006	24/02/2006
J Watkins	Manager, Geoscience Mapping and Exploration Geoscience	Canada	Participate in the Commonwealth and State Geoscience delegation to the Prospectors and Developers Association of Canada Convention	28/02/2006	14/03/2006
L Gilligan	Director, Geological Survey	Canada	Participate in the Commonwealth and State Geoscience delegation to the Prospectors and Developers Association of Canada Convention	28/02/2006	14/03/2006
G Butt	Executive Officer, Geological Survey	Philippines	Provide technical assistance to AusAid scoping mission project	4/03/2006	17/03/2006
R Hare	Principal Research Scientist	India	Review of physiological and genetic approaches for the development of waterlogging tolerance in wheat project	4/03/2006	11/03/2006
S Hetherington	Research Horticulturist	Vietnam	Participate in annual project review and planning meeting for improving post-harvest handling of temperate fruits project	5/03/2006	20/03/2006
V Ku	Project Officer	Vietnam	Attend annual project review and planning meeting for improving post-harvest handling of temperate fruits in Australia and Vietnam	5/03/2006	20/03/2006
R Hegarty	Senior Research Scientist	New Zealand	Define the exact protocol and equipment requirements for water and atmospheric research. Develop a structure and research plan	6/03/2006	11/03/2006
G Fraser	Officer in Charge, Regional Veterinary Laboratory, Orange	New Zealand	Attend Sub Committee of Animal Health Laboratory Standards (SCAHLs) meeting number 20	7/03/2006	11/03/2006
A White	Livestock Officer	New Zealand	Lead a study tour group of NSW lamb industry leaders to investigate the critical success factors of lamb alliances	10/03/2006	20/03/2006
B McLeod	Product Development Officer	New Zealand	Lead a study tour group of NSW lamb industry leaders to investigate the critical success factors of lamb alliances	10/03/2006	20/03/2006
C Griffiths	District Livestock Officer	China Tibet	Contribute to an ongoing project for ACIAR - Increasing Milk Production from cattle in Tibet	10/03/2006	28/03/2006
J Wilkins	Senior Livestock Research Officer	China Tibet	Contribute to an ongoing project for ACIAR - Increasing Milk Production from cattle in Tibet	10/03/2006	28/03/2006
G Saunders	Principal Research Scientist	New Zealand	Attend rodent research workshop	14/03/2006	20/03/2006
A Milgate	Research Agronomist	Mexico	Select germplasm from CIMMYT program and attend international workshop on increasing wheat yield potential	18/03/2006	30/03/2006
P Martin	Special Research Agronomist	Mexico	Select germplasm from CIMMYT program and attend international workshop on increasing wheat yield potential	18/03/2006	30/03/2006
L Jenkins	Program Officer	Papua New Guinea	Facilitate the organisation and recording of sea cucumber fishery management workshop	19/03/2006	24/03/2006

11. Overseas travel (continued)

P Slavich	Research Leader	Indonesia	Design a new project aimed at assisting the establishment of agriculture on highly damaged tsunami areas	26/03/2006	2/04/2006
P Kirkland	Principal Research Scientist	United Kingdom France	Attend international conference on avian influenza, participate in research meetings	30/03/2006	9/04/2006
A Cowie	Program Leader, New Forests	Norway	Attend international workshops on bioenergy, greenhouse accounting methodology and policy	31/03/2006	9/04/2006
K Arzey	Veterinary Virologist	United Kingdom	Attend international conference on avian influenza.	1/04/2006	9/04/2006
S Falivene	Citrus Extension Officer	USA Israel	Study citrus production best practice and sustainable management of drip irrigation and fertigation	1/04/2006	29/04/2006
C Bloch	Chief Executive Officer, Coal Compensation Board	New Caledonia	Chair steering committee meeting for the Emerging Pacific Leaders Dialogue 2006	3/04/2006	5/04/2006
D Michalk	Research Leader	People's Republic of China	Review impacts of tropical pastures and undertake review of ACIAR rodent project	10/04/2006	10/05/2006
I Rose	Special Research Agronomist	New Zealand	Attend and present at Australasian Plant Breeding Conference	17/04/2006	22/04/2006
L Tessoriero	Diagnostic Plant Pathologist	Lord Howe Island	Improve the germination and health of Kentia seedlings using microbial agents	17/04/2006	21/04/2006
R Carrus	Technical Officer	Lord Howe Island	Improve the germination and health of Kentia seedlings using microbial agents	17/04/2006	21/04/2006
M Broadhurst	Principal Research Scientist	USA	Attend workshop for judges of the World Wildlife Funds 2006 Smart Gear Competition	18/04/2006	23/04/2006
R Hegarty	Senior Research Scientist	Thailand	Attend the International Atomic Energy Agency training workshop	22/04/2006	29/04/2006
J Golding	Research Horticulturist	Japan	Research and study green tea production, processing and quality management and discuss research work	26/04/2006	10/05/2006
R Jones	Senior Research Scientist	People's Republic of China	Attend and present at the annual meeting of Sustainable Development of Grasslands in Western China Project	26/04/2006	12/05/2006
R Mailer	Principal Research Scientist	USA Germany	Attend 97th AOCS Annual Meeting and Board Meeting of the International Society for Fat Research	29/04/2006	12/05/2006
V Nguyen	Research Horticulturist	Vietnam Japan	Work on green tea production technology and evaluate outcomes of project and plan for second year	30/04/2006	23/05/2006
R Kilgour	Senior Livestock Research Officer	Japan	Increase international linkages of animal welfare research groups to build Australian research capacity	1/05/2006	30/05/2006
G Allan	Research Leader	India Italy	Attend, present and chair a session at the World Aquaculture Conference	3/05/2006	16/05/2006
M Steiner	Senior Entomologist	Spain United Kingdom Israel	Attend the International Organisation for Biological Control working group	3/05/2006	29/05/2006
S Fielder	Research Scientist	India Italy	Attend, present and chair a session at the World Aquaculture Conference	3/05/2006	16/05/2006
S Goodwin	Senior Research Scientist	Spain United Kingdom Israel	Mediate session at the International Organisation for Biological Control Working Group on integrated control in protected crops	3/05/2006	29/05/2006
R Hare	Principal Research Scientist	Syria Lebanon	Evaluate and select breeding materials from icarda/cimmyt, cwana national programs and Australia	5/05/2006	23/05/2006
B Holzapfel	Senior Research Viticulturist	Germany	Study vine carbohydrate reserves and establish project on nutrition and irrigation	6/05/2006	4/06/2006
L Cook	Veterinarian (Chemical Control)	Mexico	Represent states via PISC on Australian delegation to WHO/FAO Codex Committee on residues of veterinary drugs in food (CCRYDF)	6/05/2006	14/05/2006

11. Overseas travel (continued)

W O'Connor	Senior Research Scientist	Italy France	Attend World Aquaculture Conference Journal Board meeting and review French edible oyster breeding programs	6/05/2006	21/05/2006
P Kirkland	Principal Research Scientist	India	Investigate the feasibility of a research project on bluetongue virus in India	10/05/2006	20/05/2006
M Mackay	Curator, Australian Winter Cereals Collection	Sweden Finland	Undertake Nova PhD course in plant breeding	11/05/2006	13/06/2006
D Jordan	Senior Research Scientist	Denmark	Research on the control of food borne hazards	12/05/2006	24/06/2006
D Dray	Acting Director, Intensive Industries Development	Bhutan	Undertake scoping study on the citrus industry and prepare a 5-year plan for research development and extension activities	18/05/2006	31/05/2006
S Hardy	Acting Technical Specialist	Bhutan	Undertake scoping study on the citrus industry and prepare a five year plan for research development and extension activities	18/05/2006	31/05/2006
S Marte	District Horticulturist	Italy France	Attend international prune conference and visit prune facilities	19/05/2006	4/06/2006
C Hunt	Technical Officer	Indonesia	Manage soil fertility for restoring cropping in tsunami affected soils project	21/05/2006	28/05/2006
M McLeod	Research Hydrologist	Indonesia	Manage soil fertility for restoring cropping in tsunami affected soils project	21/05/2006	28/05/2006
P Slavich	Research Leader	Indonesia	Manage soil fertility for restoring cropping in tsunami affected soils project	21/05/2006	28/05/2006
S Murphy	Farming Systems Hydrologist	Canada	Research long-term pasture trials to increase knowledge of grassland agro ecosystems	27/05/2006	9/07/2006
V Ku	Project Officer	Vietnam	Improve post-harvest handling of temperate fruits in Australia and Vietnam	10/06/2006	23/06/2006
B Christie	Director, Animal & Plant Biosecurity	Indonesia	Participate in and investigate possible animal health research projects	12/06/2006	26/06/2006
A Jessup	Senior Research Horticulturist	Papua New Guinea	Attend scoping workshop and develop research plans to monitor, manage and control fruit flies	25/06/2006	1/07/2006

12. Code of conduct

1. Introduction

The people of NSW have a right to expect the business of the State to be conducted with efficiency, fairness, impartiality and integrity. Public employment carries with it a particular obligation to the public interest. It requires standards of professional behaviour from employees that promote and maintain public confidence and trust in the work of government departments.

At the same time, people should not be subject to unnecessary restrictions simply because they work in government. State employees have all the normal rights of employees under common and statute law.

Although no one set of rules can answer all ethical questions, this code of conduct provides the staff of NSW DPI with an ethical framework for their decisions, actions and behaviour.

In this regard, it explains the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected of public employees.

2. Relevant legislation

The main legislation applying to staff members is the *Public Sector Employment and Management Act 2002* (PSEM Act 2002). The following legislation may also be relevant:

- *Anti-Discrimination Act 1977*
- *Child Protection (Prohibited Employment) Act 1998*
- *Commission for Children and Young People Act 1998*
- *Crimes Act 1900*
- *Freedom of Information Act 1989*
- *Independent Commission Against Corruption Act 1988*
- *Industrial Relations Act 1996*
- *Occupational Health and Safety Act 2000*
- *Ombudsman Act 1974*
- *Privacy and Personal Information Protection Act 1998*
- *Protected Disclosures Act 1994*
- *Public Finance and Audit Act 1983*
- *State Records Act 1998*.

12. Code of conduct (continued)

3. General principles

The community is entitled to expect the business of the State to be conducted with efficiency, economy, fairness, impartiality and integrity. In order to meet this expectation, staff members of NSW DPI need to abide by the following principles when doing their work.

3.1 Responsibility to the Government of the day

Employees are to implement the policies and decisions of the Government of the day in an impartial manner. In particular, employees must comply with any relevant legislative, industrial and administrative requirements.

3.2 Respect for people

Employees are to treat members of the public and their colleagues fairly and consistently, in a non-discriminatory manner with proper regard for their rights and obligations. In this regard, they should perform their duties in a professional and responsible manner.

They should also ensure that their decisions and actions are reasonable, fair and appropriate to the circumstances, based on a consideration of all the relevant facts, and supported by adequate documentation.

3.3 Integrity and public interest

Employees are to promote confidence in the integrity of public administration by always acting in the public interest and not in their private interest.

Employees should protect the reputation of public employers. They should not engage in activities, at work or outside work, that would bring NSW DPI or the Public Service generally into disrepute.

3.4 Responsive service

Employees are to provide a relevant and responsive service to their clients and customers, providing all necessary and appropriate assistance and fulfil the Department's service performance standards.

They should provide information promptly and in an appropriate format that is easy for the recipient to understand, and make sure that the information is clear, accurate, current and complete.

3.5 Economy and efficiency

Employees should keep up to date with advances and changes in their area of expertise and look for ways to improve performance and achieve high standards of public administration.

They should use their authority and available resources and information only for the work-related purpose intended.

3.6 Working with children

Employees are responsible for creating a workplace where children and young people under 18 years are safe and protected from sexual, physical and emotional abuse, and neglect. Such abuse and neglect is an offence under the Commission for Children and Young People Act 1998.

Employees who are 'Prohibited Persons' as described under the Child Protection (Prohibited Employment) Act 1998, are not permitted to apply for, undertake or remain in child-related employment. All employees working in child-related employment must declare whether or not they are a prohibited person.

3.7 Dress standard

Employees have a responsibility to project an appropriate image to the public.

Clothing should be appropriate to the duties of the position, and reflect a professional image wherever possible.

The NSW Government Corporate Wardrobe should be taken as an indicator of this standard. Faded jeans, sporting wear, track suits and clothing with excessive logos should not be worn.

Some employees are required to wear a uniform as part of their role within the Department. This requirement is to be adhered to where stipulated.

Employees whose work and/or workplace may expose them to physical injury or adverse health effects must comply with the Department's protective clothing policy.

4. Guide to ethical decision making

To assist in fostering a climate of ethical awareness, conduct and decision-making in NSW DPI, employees may find it useful to refer to or consider, either by themselves or in consultation with others such as their peers or supervisor, the following points:

1. Is the decision or conduct lawful?
2. Is the decision or conduct consistent with government policy, the objectives of NSW DPI and this code of conduct?
3. What will be the outcomes for the employee, work colleagues, the Department and other parties?
4. Do these outcomes raise a conflict of interest or lead to private gain at public expense?
5. Can the decision or conduct be justified in terms of the public interest and would it withstand public scrutiny?

4.1 Conflicts of interest

Conflicts of interest exist when it is likely that an employee could be influenced, or could be perceived to be influenced, by a personal interest in carrying out their public duty.

12. Code of conduct (continued)

Conflicts of interest that lead to partial decision-making may constitute corrupt conduct.

Some related interests that may give rise to a conflict of interest include:

- financial interests in a matter NSW DPI deals with or having friends or relatives with such an interest that the employee is aware of
- personal beliefs or attitudes that influence the impartiality of advice given
- personal relationships with the people NSW DPI is dealing with or investigating that go beyond the level of a professional working relationship
- participation on recruitment selection panels where one or more applicants is a close friend or relative
- secondary employment that compromises the integrity of the employee and the Department
- party political activities or making adverse political comments that relate to the Department's work.

An individual employee may often be the only person aware of the potential for conflict. It is therefore their responsibility to avoid any financial or other interest that could compromise the impartial performance of their duties, and disclose any potential or actual conflicts of interest to their supervisor.

If employees are uncertain whether a conflict exists, they should discuss the related interest matter with their supervisor and attempt to resolve any conflicts of interest that may exist.

To resolve any conflicts of interest that occur, or could occur, a range of options is available depending on the significance of the conflict. These options include:

- recording the details of the disclosure and taking no further action where the potential for conflict is minimal or can be eliminated by disclosure or effective supervision
- the employee relinquishing the personal interest
- the employee transferring (at no disadvantage in their terms and conditions of employment) from the area of work or particular task where the conflict arises.

Disputes over alleged conflicts of interest may be resolved through the normal grievance handling procedures.

4.2 Acceptance of gifts or benefits

Employees should not accept a gift or benefit that is intended to, or likely to, cause them to act in a partial manner in the course of their duties.

The Director-General may approve the acceptance of token gifts or benefits under certain circumstances provided that there is no possibility that the recipient might be, or might appear to be, compromised in the process.

Employees should advise their Executive Director or Deputy Director-General if they believe they have been offered a bribe or if they have been offered or received a favour or benefit.

Employees dealing with or having access to sensitive investigations or commercially sensitive information should be particularly alert to inappropriate attempts to influence them.

5. Discrimination, harassment and bullying

All employees must:

- act to prevent harassment, discrimination and bullying against others in their workplace
- respect cultural and social differences among their colleagues and customers
- treat people fairly (don't discriminate against, harass or bully them).

Managers must:

- ensure the work environment is free from bullying and from all forms of unlawful discrimination and harassment.

5.1 Fairness and equity

All employees must:

- work to the best of their ability and provide quality service to customers and colleagues
- recognise and respect the skills and talents of other staff.

Managers must:

- take steps to ensure that all work practices and behaviours are fair in their workplace, including fair allocation of workloads
- provide employees with information and resources to enable them to carry out their work
- consult employees about decisions that affect them
- provide all employees with equal opportunity to apply for available jobs, higher duties, job rotation schemes and flexible working arrangements
- ensure selection processes are transparent and the methods used are consistent
- provide all employees with equal access to fair, prompt and confidential processes to deal with complaints and grievances
- give their employees equal access to relevant training and development opportunities
- identify special training and development needs of EEO group members in their team and help them gain access to training and development opportunities
- participate in learning opportunities and seek feedback to help them manage staff effectively.

12. Code of conduct (continued)

6. Public comment on the work of NSW DPI

Public comment by employees includes public speaking engagements, comments on radio and television or in letters to newspapers, and expressing views in books, journals or notices if it is expected that the comments will spread to the community at large.

Employees, as individual members of the community, have the right to make public comment and enter into public debate on political and social issues. However, there are some circumstances in which this is inappropriate. For example, situations when the public comment, although made in a private capacity, may appear to be an official comment on behalf of NSW DPI. In such circumstances, employees should preface their remarks with a comment that they are made in a private or union capacity and do not represent the official view of the department concerned.

Employees must follow the procedures detailed in the document, *Protocol for Dealing with the Media*, when making public comment on the work of NSW DPI.

As a general rule, staff members may disclose official information that is normally given to members of the public seeking that information, but should only disclose other official information or documents:

- in the course of their duties
- when proper authority has been given
- when required, or authorised, to do so by law
- when called to give evidence in court.

In these cases, comments made by employees should be confined to factual information and should not, as far as possible, express an opinion on official policy or practice unless required to do so by the circumstances of the particular situation (for example, when asked to do so in court).

Comments made on matters pertaining to union business by members of unions in their capacity as a local delegate within the department or by union office holders employed by the department are permissible under this code.

7. Protecting confidential information

Official information must only be used for the work-related purpose intended and not for personal benefit. Unless authorised to do so by legislation, employees must make sure that they do not disclose or use any confidential information without official approval.

Unauthorised disclosures may cause harm to individuals or give an individual or an organisation an improper advantage. The integrity and credibility of NSW DPI may also be damaged if it appears unable to keep its information secure.

All employees must make sure that confidential information in any form (including computer files) cannot be accessed by unauthorised people, and that sensitive information is only discussed, within or outside the Department, with people who are authorised and have a legitimate, work related reason for access.

8. Use of official facilities and equipment

Employees are expected to be efficient and economical in their use and management of public resources, including their own work time. They should be scrupulous in their use of public property and services.

Official facilities and equipment should only be used for private purposes when official permission has been given. This includes limited private use of telephones, facsimiles, email, and the Internet, where such use does not disrupt official work.

9. Secondary employment

NSW DPI staff must have the approval of the Director-General before they engage in any form of paid employment outside their official duties.

Employees must also carefully consider whether the organisation offering them secondary employment may adversely affect the performance of their Public Service duties and responsibilities or give rise to a conflict of interest.

This applies whether they are working full-time, part-time or are only temporarily employed.

10. Political and community participation

Employees must make sure that any participation in party political activities does not conflict with their primary duty as a public employee to serve the government of the day in a politically neutral manner.

This is important because of the need to maintain Ministerial and public confidence in the impartiality of the actions taken and advice given by public employees.

What is considered appropriate in any particular case will depend on the nature of the issue, the position held by the employee, the extent of the employee's participation, and their public prominence.

If employees become aware that a potential conflict of interest has arisen or might arise, they should inform their Executive Director or Deputy Director-General immediately and may have to stop the political activity or withdraw from the areas of their work where the conflict is occurring.

Within the context of these requirements, employees are free to fully participate in voluntary community organisations and charities and in professional associations.

12. Code of conduct (continued)

11. Reporting corrupt conduct, maladministration and waste

Employees are urged to report suspected corrupt conduct, as well as maladministration and serious and substantial waste of public resources.

The *Protected Disclosures Act 1994* provides certain protections against reprisals for employees who voluntarily report such matters (but not vexatious or malicious allegations), either to the principal officer of a public authority, or to one of the three investigative bodies: the Independent Commission Against Corruption, the Auditor-General or the Ombudsman. Disclosures may also be made under the NSW DPI internal reporting procedure.

If disclosures are made to an external investigating body, those concerning corrupt conduct should be made to the Independent Commission Against Corruption. Disclosures concerning maladministration should be made to the Ombudsman while disclosures concerning substantial waste of public money should be made to the Auditor-General.

The person dealing with the protected disclosure should notify the employee who made the disclosure of the action taken, or proposed to be taken, in relation to the disclosure and the outcome of such action.

12. Post separation employment

Employees must not use their position to obtain opportunities for future employment. They should not allow themselves or their work to be influenced by plans for, or offers of, employment outside NSW DPI. If they do, there is a

conflict of interest and the integrity of the employee and their department is at risk.

Former employees should not use, or take advantage of, confidential information that may lead to gain or profit obtained in the course of their official duties until it has become publicly available.

All employees should be careful in their dealings with former NSW DPI staff members and make sure that they do not give them, or appear to give them, favourable treatment or access to privileged information.

13. Specific guidelines

Certain groups of staff within the Department also have their own set of guidelines that contain specific issues relevant to that particular group. For example, staff involved in research work must read and comply with the requirements of the NSW DPI Code of Conduct for Research and ensure that their work enhances the good name of their institution and the profession to which they belong.

Other guidelines are currently being produced and will need to be read and complied with in conjunction with this code of conduct. During the transition period, while these specific guidelines are being drafted, staff should refer to the previous NSW Agriculture Code of Conduct for Research, as well as codes of conduct for Forests NSW, the former Department of Mineral Resources, and NSW Fisheries.

13. Risk management and insurance

General

Risk management principles and practices are implemented across NSW DPI in areas such as audit, OH&S, information security, Forests NSW environmental management system, and other operational areas.

During 2005-06, NSW DPI conducted a department-wide business risk assessment using a consistent methodology based on the Australian/New Zealand Standard for Risk Management. The comprehensive risk assessment and risk register identifies and rates NSW DPI's high level corporate risks as well as risks at the operational level of the organisation.

In accordance with best practice public sector corporate governance, NSW DPI is now establishing an overarching risk management framework implemented across the Department. The NSW DPI Audit and Risk Management

Committee is responsible for championing and driving implementation of the NSW DPI risk management framework, establishing strategies and processes for the NSW DPI's Divisions to identify, manage and report on risk and risk mitigation, and annually reviewing and updating the corporate level risk register.

Insurance

NSW DPI is a member of the NSW Treasury Managed Fund, which is compulsory for all government departments and authorities. Members self-insure for risk exposures under the categories of:

- workers' compensation
- motor vehicles
- property
- public liability
- miscellaneous.

13. Risk management and insurance (continued)

During the 2005-06 financial year there were 155 workers' compensation claims received by the insurer, Allianz. Of these, 134 claims remain active at the end of the report period. This is an increase of 1 claim over the previous financial year.

Statistics regarding risk coverage for the period 1 July 2005 to 30 June 2006 are shown in the table below.

Workers' compensation

Number of claims	172
Number of claims per employee	0.07
Average claim cost	\$2176
Average cost per employee	\$141.47

Motor vehicles

Number of claims	125
Number of claims per vehicle	0.07
Average cost per claim	2932
Average cost per vehicle	\$203.50

Property

Number of claims	24
Number of claims per employee	0.01
Average cost per claim	\$7989
Average cost per employee	\$72.46

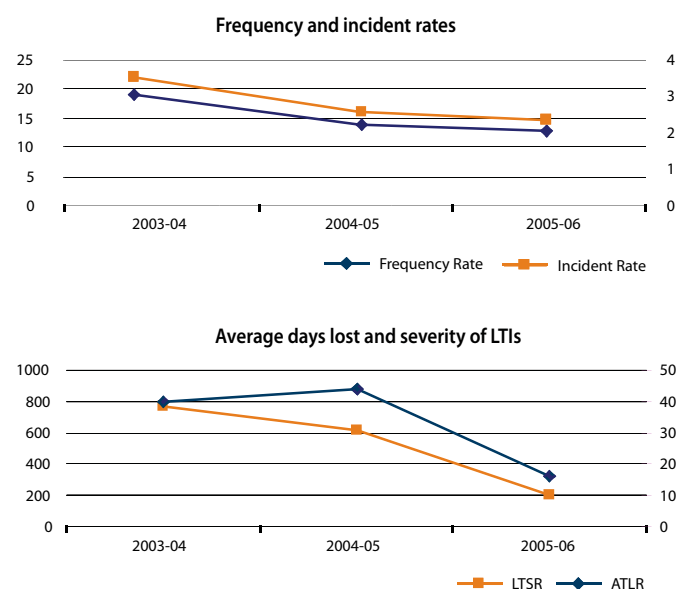
Liability

Number of claims	3
Cost of claims	\$32 701

WorkCover prosecutions

There were no significant incidents or WorkCover prosecutions during the period.

Injury management report



Explanation of terms

Frequency rate – expresses the number of lost time incidents (LTIs) related to the total hours worked.

Incident rate – expresses the ratio of lost time incidents related to the number of employees.

Average lost time rate – measures time lost in days in relation to the number of injuries experienced.

Lost time severity rate – provides a list of levels of severity of lost time incidents by measuring days lost against total hours worked.

Occupational health and safety inspections and audits

Twelve major sites across the organisation were audited to assess compliance with the Department's OHS management system. The OHS Unit also conducted safety audits of three district offices.

The audit criteria were increased this financial year to 74 audit points as the Department upgraded to SafetyMap 4th Edition.

The sites audited performed very well in light of the increased audit criteria. Two were fully compliant, six sites had less than five non-conformances and four sites had more than five non-conformances. Weaknesses were mostly related to training of OHS Committee members, expired material safety data sheets and lack of plant maintenance.

14. Consultants

Consultancies equal to or more than \$30 000

Consultant	Cost in \$	Title/Nature
Parsons Brinkerhoff	35 625	Environmental - threatened biodiversity survey
Quality Solutions	34 900	Environmental - stock plan development
Total	70 525	

Consultancies less than \$30 000

During the year there were five consultancies of less than \$30 000

Area	Actual \$ cost of all consultancies in area
Environmental	47 029
Engineering	36 277
Total	83 306
Total consultancy costs	153 831

15. Payment of accounts

Time for payment of accounts

The following commentary relates to the NSW DPI parent entity. Only Forests NSW is excluded.

Payments were predominately made on an accrual accounting basis during 2005-06, with creditor payments generally being made in line with each creditor's payment terms. The exceptions to this are small local businesses which are paid using zero terms. Payment terms are entered into the financial management information system for each creditor. As invoices are received they are entered into the system, which automatically calculates when the invoice is due for payment and produces a cheque or electronic funds transfer (EFT) payment in time to reach the creditor by the due date. These terms may be overridden in urgent or special circumstances. This system allows the maximum benefits to be gained from the State's cash management processes and also sees creditors being paid as required.

During the 2005-06 financial year the Department processed 72 981 accounts payable documents. The Department

continues to actively pursue a campaign whereby creditors' bank account details are requested to enable as many payments as possible to be made via EFT. This process expedites the payment to the creditor and reduces the work involved in reconciling the Department's bank accounts. In the 2005-06 financial year, 74.24 per cent of all payments were made using EFT.

EFT remittance advices may be automatically faxed or emailed to each creditor, if they have the facilities to receive remittance advices by such means. This reduces the number of remittance advices requiring printing, enveloping, and posting. Further savings are being achieved through this process with an estimated average cost of seven cents per email. It is estimated that in excess of 80 per cent of all remittance advices are either faxed or emailed to creditors.

Aged analysis at the end of each quarter

Below is a schedule of the dollar amount of payments made during 2005-06 by the Department. Also included is the time these documents were paid in relation to the due date.

Quarter	Current (i.e. within due date) \$	Less than 30 days overdue \$	Between 30 and 60 days overdue \$	Between 60 and 90 days overdue \$	More than 90 days overdue \$
September	17 605 507	25 157 950	3 754 666	2 910 105	2 439 312
December	36 345 737	32 895 370	4 007 744	1 144 176	439 974
March	21 077 780	30 327 502	3 359 295	789 975	1 740 195
June	120 489 407	46 063 865	5 746 942	1 334 354	5 907 864

15. Payment of accounts (continued)

Due to the way in which the financial management system reports payment analysis, it is considered that payments in the 'less than 30 days overdue' category are also paid on time.

The payments made that appear to be overdue are inflated due to the invoice date on all invoices being used as the base date. In some instances, for example natural disaster payments, other organisations are used as an invoice collection point. These invoices are then processed and forwarded on to NSW DPI for payment. The invoice date may be months prior to NSW DPI actually receiving that invoice. Therefore the invoice will fall into the category of being paid outside of creditor terms.

Accounts paid on time within each quarter

Below is a schedule indicating the percentage of payments paid 'on time' as compared to the Department's target.

For the full 2005-06 financial year, 90.76 per cent of all accounts were paid on time.

The NSW DPI parent entity is now operating from one SAP financial management information system, following full integration of the former departments of Agriculture,

Fisheries, and Mineral Resources from 1 July 2005. All accounts for payment are directed to and processed in Orange. As a result, a noticeable improvement in payment performance has occurred during the year. Continued improvements in the timeliness of account payments may be expected in future years.

In addition:

- there were no instances of penalty interest being paid or incurred during 2005-06
- there were instances of supplier's enquiries regarding late payments due mainly to the integration into NSW DPI. The bulk of these instances occurred during the early part of the financial year
- invoices were generally entered into the accounting system within one week of receipt of the invoice by the Accounts Payable Section.

We will continue to monitor these indicators during 2006-07 and future years to ensure the Department's payment performance continues to improve.

Quarter	Total accounts paid on time			Total amount paid \$
	Target %	Actual %	Actual \$	
September	95	92.53	69 241 107	74 833 001
December	95	89.72	51 405 282	57 294 747
March	95	82.45	42 763 457	51 867 539
June	95	92.77	166 553 272	179 542 433

16. Land disposal

NSW DPI sold five former dip sites and part of the Wollongbar Agricultural Institute by auction for a total of \$7 101 000.

Site	Auction amount \$
5 Coolgardie Road, Pimlico	175 000
6 Cook Street, Lawrence	54 000
278 Iluka Road, Woombah	185 000
Lot 1 Stokes Lane, Sharks Creek	170 000
11 Federation Drive, Terranora	612 500
Part of Wollongbar Agricultural Institute	955 000
Part of Temora Agricultural Research & Advisory Station	300 000
Lidcombe Laboratory	4 650 000

The properties were sold because they were surplus to NSW DPI requirements. The sale proceeds are being used for re-investment in new buildings and infrastructure.

There was no family or business association between any of the buyers and the person responsible for approving disposal.

All documents relating to property disposal are available under the *Freedom of Information Act 1989*.

17. Major assets and capital works

Capital works

During the year, the Department completed the robotic dairy at Elizabeth Macarthur Agricultural Institute and major statewide information and communications technology projects to improve infrastructure that will deliver improved service levels across the whole of NSW DPI.

The Department continued work to improve OH&S systems, upgrade facilities for the Manning Shelf Bioregion Marine Park at Port Stephens, construct feed evaluation and oilseed laboratories at Wagga, a rice cold tolerance greenhouse at Yanco. and replace marine craft.

The following is a list of major capital works undertaken in 2005-06 in descending order of value:

Capital works	\$ Value
OH&S and environmental works – statewide	650 000
2 glasshouses – Wagga	600 000
glasshouse – Yanco	250 000
voluntary milking system dairy – EMAI	900 000
laboratory refurbishment – Cronulla	550 000
effluent pumping station – EMAI	250 000
river pump station – Dareton	500 000
office refurbishment – Cronulla	80 000
office refurbishment – Port Stephens	90 000
Total	\$3 870 000

Capital works in progress

The following is a list of major capital works partly completed in 2005-06 in descending order of value:

Work to be completed 2006-07	\$ Value
Wagga feed evaluation/oilseeds – new laboratories	589 000
Work to be completed 2007-08	
Manning Bio-Region Port Stephens upgrade	400 000
Work to be completed 2006-07	
rice cold tolerance greenhouse – Yanco	209 000

Plant and equipment

The Department acquired major equipment to support fisheries compliance laboratory, science and research functions. Equipment purchased for over \$100 000 is shown below in descending order of value:

Equipment	\$ Value
Fisheries patrol vessel*	430 000
Biacore X System for molecular research	154 000
row crop tractor – Narrabri	150 000
teleloader – EMAI	141 000
dual frequency sonar – Fisheries Port Stephens	139 000
laser scanner – Animal Molecular Genetics	138 000
plot harvester – Yanco	138 000
near infra-red spectrometer – Feed Quality Wagga	120 000
air seeder – Condobolin	110 000
loadall teleloader – Yanco	105 000

* Total cost of \$635 000 with contract payments over two financial years.

18. Disclosure of controlled entities

In accordance with *Annual Reports (Departments) Act 1985*, the Department of Primary Industries 2005-06 Annual Report includes Forest's NSW annual financial statements both as a separate report (see page 121) and as part of the Department's consolidated financial statements.

19. Funds granted to non-government community organisations

Recipient	2005-06 \$
Agriculture & Fisheries Program (as per Budget Papers)	
Fish cleaning table - Gwandalan	
Lions Club - Gwandalan	3 500.00
Fish cleaning tables	
Merimbula Big Game & Lakes Angling Club	8 000.00
Fish cleaning tables - Broadwater	
Pambula Fishing Club	6 128.00
Catch'n' Cook Grant	
Koori Communications	5 000.00
Habitat grant - Oyster Creek	
F & C Welsh	7 305.50
Habitat grant - various	
Wetlandcare Australia	30 000.00
Habitat grant - Brunswick	
Brunswick Valley Landcare	8 522.00
Habitat grant - Macquarie River	
S & P Doshon	6 500.00
Habitat grant - Nelson Bay	
R & M Morrow	9 350.00
Habitat grant - Namoi River	
Boggabri Landcare/Rivercare	5 682.00
Habitat grant - Orara Valley	
Orara Valley Rivercare	30 250.00
Habitat grant - Molong Creek	
D & A Trowbridge	2 100.00
	122 337.50
Biosecurity Compliance & Mine Safety (as per Budget Papers)	
To subsidise costs to affected farmers of transporting stock fodder & water	
Various	17 821 000.00
	17 821 000.00
To assist in the eradication of noxious weeds	
Various	7 727 000.00
	7 727 000.00
Strategy Policy & Communication (as per Budget Papers)	
To meet regulatory and accounting expenses	
NSW Gains Board	33 333.00
	33 333.00

Recipient	2005-06 \$
Agriculture & Fisheries (as per Budget Papers)	
To assist in the management of the Prevention of Cruelty to animals act	
RSPCA	424 000.00
NSW Animal Welfare League	54 000.00
Cat Protection Society of NSW	15 500.00
Wildlife Information & Rescue Service	15 500.00
Domestic Animal Birth	3 000.00
	512 000.00
Strategy Policy & Communication (as per Budget Papers)	
To assist Rural Financial Councilors to cover additional costs during drought periods	
Bogan Advisory Service	25 000.00
Bourke Rural Counselling Service	50 000.00
Brewarrina & District Rural Counselling Service	25 000.00
Castlereagh Advisory Centre	50 000.00
Central West Rural Financial Counselling Service	25 000.00
Cowra Regional Advisory Service	25 000.00
Forbes Rural Counselling Service	25 000.00
Gunnedah & District Rural Counselling Service	25 000.00
Lachlan Advisory Group	25 000.00
Lower Hunter/Manning Rural Counselling Service	25 000.00
Lower Lachlan Community Services	25 000.00
Macquarie Rural Advisory Service	50 000.00
Monaro Rural Counselling Service	25 000.00
Murrumbidgee Valley Rural Financial Counselling Service	25 000.00
New England Rural Counselling Service	25 000.00
North East Riverina Rural Advisory Service	25 000.00
North West Rural Counselling Service	50 000.00
Richmond Valley Business & Rural Financial Counselling Service	75 000.00
Southern New England Rural Counselling Service	25 000.00
Southern Rivinera Rural Advisory Service	50 000.00
Southern Tablelands Rural Counselling Service	25 000.00

19. Funds granted to non-government community organisations (continued)

Recipient	2005-06 \$
Upper Hunter Rural Counselling Service	25 000.00
Walgett Advisory Group	25 000.00
Warrumbungle Rural Community	25 000.00
Wentworth Balranald Rural Counselling Service	50 000.00
	825 000.00
Sponsorship of 2005 Royal Easter Show	
Royal Agricultural Society of NSW	51 500.00
	51 500.00
To assist in providing counselling services to farmers	
Bogan Advisory Service	25 000.00
Bourke Rural Counselling Service	50 000.00
Brewarrina & District Rural Counselling Service	25 000.00
Castlereagh Advisory Centre	50 000.00
Central West Rural Financial Counselling Service	25 000.00
Cowra Regional Advisory Service	24 000.00
Forbes Rural Counselling Service	25 000.00
Gunnedah & District Rural Counselling Service	25 000.00
Lachlan Advisory Group	25 000.00
Lower Hunter/Manning Rural Counselling Service	25 000.00
Lower Lachlan Community Services	20 500.00
Macquarie Rural Advisory Service	50 000.00
Monaro Rural Counselling Service	25 000.00
Murrumbidgee Valley Rural Financial Counselling Service	25 000.00
New England Rural Counselling Service	25 000.00
North East Riverina Rural Advisory Service	25 000.00
North West Rural Counselling Service	50 000.00
Richmond Valley Business & Rural Financial Counselling Service	75 000.00
Southern New England Rural Counselling Service	25 000.00
Southern Rivinera Rural Advisory Service	50 000.00
Southern Tablelands Rural Counselling Service	25 000.00
Upper Hunter Rural Counselling Service	25 000.00
Walgett Advisory Group	25 000.00
Warrumbungle Rural Community	25 000.00
Wentworth Balranald Rural Counselling Service	50 000.00
	819 500.00

Recipient	2005-06 \$
To assist in the destruction of wild dogs	
Armidale Rural Lands Protection Board	4 186.43
Braidwood Rural Lands Protection Board	4 412.81
Central Tablelands Rural Lands Protection Board	396.30
Cooma Rural Lands Protection Board	8 327.10
Gloucester Rural Lands Protection Board	1 904.74
Goulburn Rural Lands Protection Board	419.33
Grafton Rural Lands Protection Board	1 706.10
Hume Rural Lands Protection Board	5 317.92
Hunter Rural Lands Protection Board	2 547.86
Kempsey Rural Lands Protection Board	1 387.51
Maitland Rural Lands Protection Board	636.22
Moss Vale Rural Lands Protection Board	2 727.58
Northern New England Rural Lands Protection Board	6 213.54
Tamworth Rural Lands Protection Board	1 443.81
Yass Rural Lands Protection Board	15 719.01
Young Rural Lands Protection Board	2 653.74
	60 000.00
To off-Set audit costs	
C B Alexander Foundation	5 000.00
	5 000.00

20. Fisheries trust fund report

Commercial Fishing Trust Fund

NSW DPI provides a range of monitoring, scientific, compliance and administrative services to the commercial fishing industry.

Of the eight commercial fisheries only two, abalone and rock lobster, are subject to full cost recovery of attributable costs, although there is still some degree of government contribution. In both cases, budgets are negotiated in detail with the relevant management advisory committees.

For the remaining fisheries, charges are levied for services such as licence administration and management, but are not project specific.

Expenditure by the Department on activities relating to commercial fishing is funded from consolidated revenue with a contribution from the Commercial Fishing Trust Fund.

The Advisory Council on Commercial Fishing was consulted over the budget for commercial fishing. In 2005-06 the Commercial Fishing Trust Fund contributed \$3.4 million to the Department's commercial fishery related programs.

Aquaculture Trust Fund

NSW DPI provides a range of monitoring, scientific, compliance and administrative services to the aquaculture industry.

The aquaculture industry is not subject to full cost recovery and charges are not project specific.

Expenditure by the Department on activities relating to aquaculture is funded from consolidated revenue with a contribution from the Aquaculture Trust Fund.

The Advisory Council on Aquaculture was consulted over the draft budget for aquaculture. In 2005-06 the Aquaculture Trust Fund contributed \$586 000 towards the Department's aquaculture management activities.

Charter Fishing Trust Fund

In 2005-06 the Charter Fishing Trust Fund continued funding of the following projects:

	Total available 2005-06 \$'000	Actual expenses 2005-06 \$'000	Carry forward \$'000
Charter fishing consultation	55	11	44
Charter fishing monitoring	90	26	64
Total	145	37	108

Fish Conservation Trust Fund

Funds were provided from the Fish Conservation Trust fund for the following projects:

	Total available 2005-06 \$'000	Actual expenses 2005-06 \$'000	Carry forward \$'000
Ocean Watch	25	25	0
Contribution to fisheries Conservation program	198	198	0
Total	223	223	0

20. Fisheries trust fund report (continued)

Recreational Fishing (Saltwater) Trust Fund expenditure

Project	Total available 2005-06* \$'000	Actual expenses 2005-06 \$'000	Carry forward \$'000
ACoRF meeting expenses	17	21	-5
Artificial reefs management	155	145	10
Artificial reefs monitoring and research	154	69	85
Coastal Habitat Restoration Grants Program	206	171	35
Dusky flathead research	46	51	-4
Expenditure Committee meeting expenses	23	33	-10
Fish aggregation devices (FADs)	132	132	1
Fishcare Volunteer Program	696	585	111
Fisheries Officers (9 Coastal Officers)	1053	1053	0
Fisheries Officers (Mobile Squad)	426	276	150
Gamefish Tagging Program	126	115	11
Life history of black bream and luderick	281	123	158
Marine Recreational Management Project	75	30	45
Maximising Survival of Line Caught Fish Research (Phase 1 and 2)	163	161	2
Recreational Fishing Fisheries Management Strategy	36	42	-6
Recreational harvest of baitfish in NSW research	71	50	20
Recreational fishing havens process	326	107	219
Recreational publications	143	66	77
Recreational Research Project	93	58	34
Small Grants Program	110	79	31
Tournament monitoring (Coastal)	157	159	-2
Trust Executive Officer	141	149	-8
Sub-total	4630	3675	954
Direct payments:			
Framework for fish harvest sizes	51	51	0
Historic Insights into Recreational Fishing Program	18	13	5
Iluka fishing platform	15	12	3
Loan repayment - recreational fishing havens	2000	2000	0
Marine Discovery Centre, Bondi Beach	10	0	10
Mulloway stocking in NSW estuaries	136	136	0
Recreational Fishing Line Bin Program	21	14	6
Rockfishing Safety Awareness Program	88	88	0
Study on landed fish at gamefishing tournaments	30	24	6
Validating existing fishing survey information	19	19	0
Sub-total	2388	2357	30
Total	7018	6032	984

* The total available 2005-06 consists of allocations from the trust fund in 2005-06 and amounts carried forward from 2004-05

20. Fisheries trust fund report (continued)

ACoRF meeting expenses – cover the cost of the Advisory Council on Recreational Fishing (ACoRF), which provides high quality advice to the Minister on important matters relating to recreational fishing. The Council is required to meet at least four times a year.

Artificial reefs management – involves the deployment of six small artificial reefs in identified barren areas in Lake Macquarie, Botany Bay and St Georges Basin. The reefs are being constructed using concrete 'Reefball' modules.

Artificial reefs monitoring and research - is investigating the effectiveness of artificial reefs in three recreational fishing havens to create fish habitat. The reefs are being monitored before and after installation to investigate changes in fish populations.

Coastal Habitat Restoration Grants Program - provides matching funding from the Saltwater Trust to angling clubs, local councils and Landcare groups for on-grounds habitat rehabilitation projects to enhance native fish stocks.

Dusky flathead research – involves essential research to determine the reproductive cycle, size and age at maturity and the timing and location of spawning of dusky flathead in NSW.

Expenditure committee meeting expenses – covers the cost of the Recreational Fishing Saltwater Trust Expenditure Committee (RFSTEC) meetings. The Committee provides advice on priorities for expenditure from the Recreational Fishing (Saltwater) Trust to the Advisory Council and monitors the progress of projects supported by the Trust.

Fish aggregating devices (FADs) – involves the placement of 21 fish aggregating devices (FADs) in coastal waters to attract pelagic fish such as mahi-mahi and even tunas and marlin.

Fishcare Volunteer Program - a dynamic volunteer program providing face-to-face education of recreational fishers. Volunteers advise anglers about the rules and values of sustainable recreational fishing. Volunteers also assist with fishing clinics, catch surveys, fishing community events.

Fisheries Officers (9 Coastal Officers) - nine Fisheries Officers are based at Clarence, Hastings, Port Stephens, Hunter, Sydney (x 2), Illawarra, Batemans Bay and the Far South Coast regions to maximise compliance with fishing rules and provide advisory services in recreational fisheries.

Fisheries Officers (Mobile Squad) - comprising three Fisheries Officers who are heavily involved in recreational compliance activities. The squad maintains a mobile support group with rapid response capacity.

Gamefish Tagging Program - provides valuable scientific information on the biology (distribution, movement, growth

and exploitation) of billfish, tuna, sharks and sportfish. Running since 1973, the tagging program is the largest of its kind in the world and encourages gamefish anglers to participate in fisheries management and research.

Life history and biology of black bream and luderick – involves research on the biology and life history of black bream and luderick, two key recreational species.

Marine Recreational Management Project – develops new recreational fisheries' policies, codes of conduct, fisheries advisory tools and products and other initiatives to enhance recreational fishing opportunities and ensure responsible fishing.

Maximising the Survival of Line Caught Fish Research (Phase 1 and 2) – studies are underway to estimate the survival of popular recreational estuarine species and establish the factors that increase survival when released.

Recreational Fisheries Management Strategy – develops a fisheries management strategy to ensure our recreational fishery is managed in a sustainable way.

Recreational harvest of baitfish in NSW research - aims to provide estimates of the quantities of baitfish taken by the recreational sector to determine the total impacts of fishing and to make informed decisions about resource sharing amongst stakeholders.

Recreational fishing havens process - 30 recreational fishing havens were created along the NSW coast in 2002 to provide better fishing opportunities for anglers. Many commercial fishing businesses were bought out using funding from the Saltwater Recreational Fishing Trust, via a \$20 million loan that the Trust is repaying on an annual basis.

Recreational publications - aims to inform and educate the community about responsible fishing, compliance with fishing rules and to encourage responsible fishing.

Recreational Research Project - collects information on the effort and harvests of recreational fishers for resource assessments. The program also produces articles for the recreational fishing community.

Small Grants Program - enables fishing clubs, councils and other community members to submit saltwater proposals for small, local or regional projects aimed at enhancing recreational fishing.

Tournament monitoring (Coastal) – collects catch and effort information at selected fishing competitions across NSW to monitor fish populations and the quality of recreational fishing across coastal NSW.

Trust Executive Officer - oversees and coordinates the Recreational Fishing Trusts and provides efficient service

20. Fisheries trust fund report (continued)

delivery to the Expenditure Committees and ACoRF to ensure transparent reporting. Communicates the work of the committee to the broader community.

Direct payments

Framework for fish harvest sizes – this research is developing a framework based on biological, social and economic information by which appropriate minimum legal lengths can be determined for popular fish species.

Historic Insights into Recreational Fishing - this study is collating reliable accounts, reports and actual records of abundances and catches of fish in coastal NSW throughout the past 200 years. This will provide information on real versus perceived changes to fish populations, habitat and catch rates over long time periods.

Iluka fishing platform – involves the construction of a safe fishing platform and measuring station for recreational fishers on the Clarence River.

Loan repayment, recreational fishing havens - the recreational fishing havens established in 2002 were funded through a \$20 million loan. The loan repayments schedule requires that repayments of \$2 million be made each financial year.

Marine Discovery Centre, Bondi Beach – involves the enhancement of the Marine Discovery Centre at Bondi Beach. The Centre is a non-profit organisation for the education of Sydney school children on sustainable recreational fishing.

Mulloway stocking in NSW estuaries - ongoing research is exploring the effects of stocking the highly prized sportfish, the mulloway, into NSW estuaries. Tens of thousands of mulloway fingerlings are being stocked into Botany Bay and three north coast estuaries: Manning, Richmond and Tweed rivers.

Recreational Fishing Line Project – involves the proposed installation of specifically designed bins at popular recreational fishing spots in NSW. The program is being developed by Oceanwatch to help reduce the risk of death and injury to wildlife due to discarded monofilament fishing line.

Rockfishing Safety Awareness Program – this rock fishing safety awareness campaign involved the production of brochures in a number of different languages and a DVD on rock fishing safety to educate fishers about the dangers of rockfishing.

Study of landed fish at gamefishing tournaments - involves the collection of valuable biological data on otherwise difficult to access species at gamefishing tournaments across

NSW to enable the study of the life cycles of gamefish and sharks.

Validating existing fishing survey information - all current information on recreational fishing activity, catch and expenditure in NSW is being reconciled to identify areas where potential discrepancies appear and propose ways to clarify the validity of using the surveys for management decisions.

20. Fisheries trust fund report (continued)

Recreational Fishing (Freshwater) Trust Fund expenditure

Project	Total available 2005-06* \$'000	Actual expenses 2005-06 \$'000	Carry forward \$'000
Dollar-for-Dollar Native Fish Stocking Program	240	159	81
Eastern Cod Stocking Program	7	2	5
Effectiveness of stocking research	160	127	33
Enhanced fish production for stocking	338	305	33
Expenditure committee meeting expenses	13	23	-10
Fishcare Volunteer Program	209	169	39
Fisheries Officers (Inland)	625	657	-32
Freshwater recreational management	161	150	11
Gaden Trout Hatchery redevelopment	100	0	100
Impoundments Access Program	30	22	8
Inland Habitat Restoration Grants Program	225	220	5
Recreational Fishing Fisheries Management Strategy	15	17	-2
Regional fish Habitat Managers (2)	298	290	8
Small Grants Program	30	21	9
Tournament monitoring (Inland)	125	127	-2
Maintaining travelling stock reserves	30	27	3
Sub-total	2606	2316	289
Direct payment:			
Conservation genetics of bass and perch	20	10	10
Sub-total			
Total	2626	2326	299

* The total available 2005-06 consists of allocations from the trust fund in 2005-06 and amounts carried forward from 2004-05.

Dollar-for-Dollar Native Fish Stocking Program – enables fishing clubs, councils and community groups to apply for matching funds to buy native fish from hatcheries to stock public waterways, where approved.

Eastern cod stocking - this conservation stocking program is part of the Eastern Cod Recovery Plan. The funding supports essential research into genetic factors of cod to ensure effective stocking practices in the future.

Effectiveness of stocking research – this program involves research on the effectiveness of freshwater stocking in NSW, which will lead to improved stocking practices in the future.

Enhanced fish production for stocking - these funds boost the capacity of government hatcheries at Narrandera, Jindabyne (Gaden Trout Hatchery), Ebor (Dutton Trout Hatchery) and Port Stephens to produce popular, recreational species including trout, salmon, Australian bass, Murray cod, golden perch and silver perch.

Expenditure committee meeting expenses – the Recreational Fishing Freshwater Trust Expenditure Committee provides advice on priorities for expenditure from the Recreational Fishing (Freshwater) Trust to the Advisory

Council and monitors the progress of projects supported by the Trust.

Fishcare Volunteer Program - a dynamic volunteer program providing face-to-face education of recreational fishers. Volunteers advise anglers about the rules and values of sustainable recreational fishing. Volunteers also assist with fishing clinics, catch surveys, fishing community events.

Fisheries Officers (Inland) – provides funding for six additional fisheries officers based in inland NSW to maximise the level of compliance with fishing rules and provide advisory services in the recreational fishery.

Freshwater recreational management – this program manages fish stocking programs in NSW and plays a key role in community liaison and correspondence with fishing clubs and other key stakeholder groups.

Gaden Trout Hatchery redevelopment - the Gaden Trout Hatchery, Jindabyne, is being re-developed to cater for long-term community demand for the production of trout fry and fingerlings for stocking. It will ensure the supply of quality stock in the future for the benefit of anglers and the regional economy.

20. Fisheries trust fund report (continued)

Impoundments Access Program - this program involved the development of a guidebook on stocked lakes and impoundments to assist and encourage anglers to visit quality fisheries established as a result of stocking recreational fish species.

Inland Habitat Restoration Grants Program - provides matching funding from the Saltwater Trust to angling clubs, local councils and Landcare groups for on-grounds habitat rehabilitation projects to enhance native fish stocks.

Recreational Fisheries Management Strategy - a fisheries management strategy is being developed to ensure our recreational fishery is managed in a sustainable way.

Regional Fish Habitat Managers - this program funds two inland conservation managers focused on protecting and rehabilitating valuable freshwater fish habitats for healthy and productive recreational fisheries.

Small Grants Program - enables fishing clubs, councils and other community members to submit saltwater proposals for small, local or regional projects aimed at enhancing recreational fishing.

Tournament Monitoring (Inland) - this program collects catch and effort information at selected fishing competitions across NSW to monitor fish populations and the quality of recreational fishing across inland NSW.

Maintaining travelling stock reserves - involves identification of travelling stock and other reserves of importance to recreational anglers and follow-up management action to ensure maintenance of appropriate access for fishers.

Direct payment

Conservation genetics of bass and perch - this program is assessing the population genetic structure of golden perch, Macquarie perch, estuary perch and Australian bass within NSW, which will contribute to the development of more effective broodstock collection procedures.

Recreational Fishing (Freshwater and Saltwater) Trust Fund expenditure

The following programs are funded on a one-third two-thirds basis by the respective trust funds.

Project	Total available 2005-06*	Actual expenses 2005-06	Carry forward
	\$'000	\$'000	\$'000
Fishing guides	137	126	10
Fishing workshops	151	79	71
Fishing promotion	69	42	27
Recreational fishing fee administration	848	882	-34
Recreational fishing fee research database	80	69	11
Recreational fishing fee reminder notice	110	110	0
Total	1395	1308	85

* The total available 2005-06 consists of allocations from the trust fund in 2005-06 and amounts carried forward from 2004-05.

Fishing guides - involved the printing and distribution of 200 000 quality recreational saltwater fishing guides and 100 000 freshwater guides in 2005-06.

Fishing workshops - involved holding children's workshops in Sydney, at government hatcheries and across regional NSW, including workshops for special needs groups and NESB communities.

Fishing promotion - raises awareness of fishing rules (including the need to pay the fee) and encourages responsible and sustainable fishing practices. These are promoted through a range of media at peak fishing periods.

Recreational fishing fee administration - involves management of a network of approximately 1100 fee agents, including the distribution of fishing fee receipt books and advisory material, processing and reconciliation of monthly returns and agent accounts and maintenance of web and IVR fee payments. Also includes payment of agent commissions.

Recreational fishing fee research database - the database collects information on the names, addresses, phone details and other demographic information for use in surveys.

Recreational fishing fee reminder notice - involves the mailing out of reminder letters (with advisory material) to one and three year fee receipt holders.

21. Cost of production of the 2005-06 annual report

The total external cost incurred in the production of the Department's 2005-06 Annual Report is \$32 768. This cost includes editing, print management and print production. An electronic copy is available on the Department's website at www.dpi.nsw.gov.au

22. Research and development

The Science & Research Division manages a research portfolio with a direct cost of about \$80.9 million dollars per year. About 50 per cent of the direct costs come from partnerships and alliances. These collaborations make NSW DPI one of the largest research organisations in Australia, with over 800 staff and more than 700 projects. The Division's partnerships and collaborations enhance its capacity to provide the research that underpins and drives productivity growth in the State's primary industries and to address key environmental and social issues associated with primary industries.

The Division is involved with 16 current CRCs (Table 1) and more than 50 significant co-investors (Table 2) who contributed a combined total of over \$41 million in funds to the Division's research activities. Further, the Division collaborates with a wide range of universities within and outside of Australia, CSIRO and with state departments from other jurisdictions. A number of these arrangements have been formalised in significant alliances (Table 3).

Table 1. Current NSW DPI involvement with CRCs

CRC Name	HQ/NSW Node	Period
Australian Sheep Industry	NSW/Armidale	2002-08
Australian Weed Management	SA/Wagga & Orange	2002-08
Landscape Environments & Mineral Exploration	WA/Maitland	2002-08
Plant-based Management of Dryland Salinity	WA/Wagga & Tamworth, Glen Innes	2002-08
Predictive Mineral Discovery	VIC/Maitland	2002-08
Sustainable Aquaculture of Finfish	SA/Port Stephens	2002-08
Value Added Wheat	NSW/Wagga	2002-08
Bushfire	VIC/Pennant Hills	2004-10
Desert Knowledge	NT/Trangie	2004-10
Irrigation futures	QLD/Orange	2004-10
Australasian Invasive Animals	ACT/Orange	2006-12
Beef Genetic Technologies	NSW/Armidale	2006-12
Cotton Catchment Communities	NSW/Narrabri	2006-12
Internationally Competitive Pork Industry	SA/EMA	2006-12
National Plant Biosecurity	ACT/Orange	2006-12
Sustainable Forest Landscapes	TAS/Pennant Hills	2006-12

Table 2. Significant co-investors

AusAID	Murray Irrigation Limited
Australian Centre for International Agricultural Research	National Feral Animal Control Program
Australian Greenhouse Office	National Heritage Trust – Environmental Management Systems
Australian Oilseeds Federation	National Heritage Trust – National Action Plan
Australian Pork Limited	National Heritage Trust – National Bushcare Program

22. Research and development (continued)

Australian Quarantine Inspection Service	National Heritage Trust – National Investment in Weeds Strategy
Australian Research Council	National Heritage Trust – National Landcare Program
Australian Wheat Board Services	National Heritage Trust – National Weeds Program
Australian Wool Innovation	NSW Greenhouse Office
BioFirst	NSW Department of Environment and Conservation
Biosecurity Australia	NSW Department of Education and Training
Catchment Management Authorities (9)	NSW Department of Natural Resources
Cotton Research and Development Corporation	NSW Maritime
Dairy Australia	Plant Health Australia
Commonwealth Department of Agriculture, Forestry and Fisheries	Recreational Fresh Water Fishing Trust Fund
Commonwealth Department of Education, Science and Training	Recreational Marine Fishing Trust Fund
Electricity Association of NSW	Resource NSW
Environment Australia	Rural Industries Research and Development Corporation
Environment Trust	Sea World
Enterprise Grains Australia	Sydney Water
Fisheries Research and Development Corporation	West2000
Forest and Wood Products Research and Development Corporation	Wildlife and Exotic Diseases Protection Program
Grains Research and Development Corporation	World Wide Fund For Nature
Grape and Wine Research and Development Corporation	
Horticulture Australia	
Land and Water Australia	
Meat and Livestock Australia	

Table 3. Formal alliances

Alliance	Key partners
Australian Cotton Research Institute	CSIRO
Animal Genetics and Breeding Unit	University of New England
Chair of Dairy Science	University of Sydney
Coastal Agricultural Landscapes Centre	Southern Cross University
National Grape and Wine Industry Centre	Charles Sturt University, Deakin University, NSW Wine Growers Association
NSW Agricultural Genomics Centre	CSIRO, Australian Proteome Analysis Facility
Primary Industries Innovation Centre	University of New England
E.H. Graham Centre	Charles Sturt University
Riverlink	Department of Primary Industries, Victoria CSIRO Department of Primary Industries and Resources of South Australia South Australia Research and Development Institute

23. Waste reduction, recycling and energy management

NSW DPI is committed to the aims and objectives of the NSW Government's Waste Reduction and Purchasing Policy.

In complying with the policy NSW DPI purchases recycled copy paper and paper products wherever possible. All toner cartridges purchased are either recycled or manufactured

from recycled material.

Programs to reduce waste are in place at all major sites and include recycling of paper, toner cartridges and packaging materials. In addition, recycling of building and vegetation waste occurs whenever possible.

Government Energy Management Policy			
	Units	Energy Use	CO ² Emissions (tonnes)
Electricity	gigajoules (GL)	70 692	18 776
Green electricity	gigajoules (GL)	3920	0
Gas LPG	gigajoules (GL)	3439	156
Gas natural	gigajoules (GL)	19 898	1023
Heat oil	gigajoules (GL)	196	14
Motor vehicles (petrol)	kilolitres (kl)	1153	2602
Motor vehicles (diesel)	kilolitres (kl)	384	1033
Motor vehicles (LPG)	kilolitres (kl)	1	2
Other vehicles (petrol)	kilolitres (kl)	71	160
Other vehicles (diesel)	kilolitres (kl)	229	616
Total building energy	gigajoules (GL)	98 145	
Total building CO ²	tonnes		19 968
Total motor vehicles fuel	kilolitres (kl)	1838	
Total motor vehicles CO ²	tonnes		4413
Total CO ²	tonnes		24 381

24. Implementation of recovery and threat abatement plans

Implementation of recovery plans

Recovery plans relating to threatened fish and marine vegetation are prepared under the *Fisheries Management Act 1994*. The plans identify the actions required to recover the species to a position of viability in nature. NSW DPI is the lead implementation agency, however, each plan also identifies other government agencies, authorities, councils and community groups that have a role and responsibility to contribute to implementing recovery actions. Public authorities are required to report on actions taken to implement measures for which they are responsible in their annual report to Parliament. This report only relates to actions taken by NSW DPI to implement recovery measures identified in the plans. Three recovery plans have been finalised to date as reported below.

Eastern freshwater cod (*Maccullochella ikei*)

NSW DPI continues to support post-graduate studies relating to the ecology and genetics of the species. On-ground works to enhance eastern cod habitat in the Richmond River catchment are complete. Survey of eastern cod populations in

the Nymboida and Orara subcatchments of the Clarence River system are being undertaken as part of broader programs. Compliance operations continue as does distribution of information brochures and signs. The conservation stocking program has been deferred pending results of a broader genetic study of the wild population and assessment of success of previous stock enhancement activities.

Oxleyan pygmy perch (*Nannoperca oxleyana*)

NSW DPI supported post-graduate research into aspects of the species reproduction, early life history, population dynamics, age and growth, genetics, habitat preferences and distribution. Community awareness has been increased through direct liaison with stakeholders and distribution of advisory materials, including distribution of fine-scale maps of pygmy perch habitat.

NSW DPI liaised with state and local government to mitigate impacts of development proposals and land management initiatives that have the potential to impact on Oxleyan pygmy perch populations, including the Pacific Highway upgrade, national park fire management strategies and urban

24. Implementation of recovery and threat abatement plans (continued)

drainage practices. NSW DPI has developed a preliminary critical habitat identification for the species. NSW DPI supported Richmond Valley Council in its successful bid for grant funding to undertake works to facilitate the protection of Oxleyan pygmy perch habitat in the Evans Head area.

Silver perch (*Bidyanus bidyanus*)

NSW DPI is compiling a collection of genetic samples with a view to analysis when sufficient samples are available, and undertaking population and distribution surveys as part of

broader programs. A study of the impacts of stocking and fishing for silver perch in public impoundments is underway. Habitat improvement works continue as part of the Living Murray and other habitat restoration programs. Advisory material to inform fishers and consent authorities has been prepared and distributed. Stocking proposals for other species of native fish are reviewed according to the NSW Freshwater Fish Stocking Fishery Management Strategy and Hatchery Quality Assurance Program.

25. Customer service

The NSW DPI aims to deliver quality customer services that support profitable and sustainable primary industries.

Guarantee of service

NSW DPI provides these high quality services to the community by adhering to the key values outlined in the NSW DPI Corporate Plan 2005-2008 – integrity, professionalism, innovation and respect. DPI is committed to a leadership approach that gives effect to our values, and we uphold our values in all dealings with clients, stakeholders and each other.

All NSW DPI staff dealing with the public are helpful, highly trained and competent in their professional areas of expertise. The NSW DPI Code of Conduct is accessible by all staff on the intranet. It sets out an ethical framework for the decisions, actions and behaviour of our staff. In this regard, it explains the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected of the staff of NSW DPI.

All requests for information or assistance are met directly and promptly or are referred to the most appropriate person as required. Requests are dealt with as soon as practicable, normally within five working days of receipt for written requests. A contact name, address and telephone number for future enquiries are provided in all correspondence.

Consumer response

NSW DPI is constantly liaising with stakeholder groups from industry, local and state government, and the wider community to ensure that the services provided by the department are relevant and consistent with contemporary issues facing primary industries and natural resource managers in NSW.

NSW DPI operates an extensive formal stakeholder consultative network with several advisory committees reporting directly to the Minister. These committees have independent chairs, transparent procedures and publicly

available minutes.

The community as a whole has a wide range of avenues whereby it can communicate its views to the department. Avenues include:

- Calling our advisory numbers for each primary industries sector:

Fisheries – 1300 550 474

Minerals – 1300 736 122

Agriculture – 1800 808 095

Forests – 1300 655 687

- Contacting any of our many regional centres and offices, compliance staff or extension officers
- Providing comments in writing
- Participating in workshops and public forums
- Emailing the Department through our website at **www.dpi.nsw.gov.au**

Local managers are responsible for accepting and dealing with minor concerns regarding departmental operations. Where an issue cannot be dealt with locally, it is referred to senior management to ensure that it is appropriately dealt with.

26. Freedom of information

Statement of Affairs

In accordance with Section 14 of the *Freedom of Information Act 1989* (FOI Act), the Department of Primary Industries Annual Report is to be taken as its Statement of Affairs.

To apply under FOI Act or to access information generally, contact:

The Freedom of Information Officer

PO Box 21

CRONULLA NSW 2230

Tel: 02 9527 8437 Fax: 02 9544 1934

SECTION A: NUMBER OF NEW FOI REQUESTS

	Personal	Other	Total
A1 New (including transferred in)	9	35	44
A2 Brought forward		2	2
A3 Total to be processed	9	37	46
A4 Completed	6	35	41
A5 Transferred out	-	-	-
A6 Withdrawn	1	-	1
A7 Total processed	7	35	42
A8 Unfinished (carried forward)	2	2	4

SECTION B: RESULTS OF FOI REQUESTS

	Personal	Other
B1 Granted in full	7	23
B2 Granted in part	-	6
B3 Refused	-	6
B4 Deferred	-	-
B5 Completed	7	35

SECTION C: MINISTERIAL CERTIFICATES

No Ministerial Certificates were issued for 2005-06.

SECTION D: FORMAL CONSULTATION

	Personal	Other
D1 Number of requests Requiring formal consultation(s)	22	40

SECTION E: AMENDMENT OF PERSONAL RECORDS

There were no requests for amendment of personal records in 2005-06.

SECTION F: NOTATION OF PERSONAL RECORDS

There were no requests for notation of personal records in 2005-06.

SECTION G: BASIS OF DISALLOWING OR RESTRICTING ACCESS

	Personal	Other
G1 Section 19 (application incomplete, wrongly directed)	-	-
G2 Section 22 (deposit not paid)	-	-
G3 Section 25 (1) (a1) (diversion of resources)	-	-
G4 Section 25 (1) (a) (exempt)	-	8

G5	Section 25 (1) (b) (c) (d) (otherwise available)	-	-
G6	Section 28 (1) (b) (documents not held)	-	4
G7	Section 24 (2) (deemed refused, over 21 days)	-	-
G8	Section 31 (4) (released to medical practitioner)	-	-
G9	Total	-	12

SECTION H: COSTS AND FEES OF REQUESTS PROCESSED

	Assessed costs	FOI fees received
H1 All completed requests	\$7710	\$2510

SECTION I: DISCOUNTS ALLOWED

	Personal	Other
I1 Public interest	-	1
I2 Financial hardship – pensioner/child	-	-
I3 Financial hardship – non-profit organisation	-	-
I4 Totals	-	1
I5 Significant corrections of personal records	-	-

SECTION J: DAYS TO PROCESS

	Personal	Other
J1 0-21 days	6	18
J2 22-35 days	1	12
J3 Over 35 days	-	5
J4 Totals	7	35

SECTION K: PROCESSING TIME

	Personal	Other
K1 1-10 hours	7	19
K2 11-20 hours	-	12
K3 21-40 hours	-	3
K4 Over 40 hours	-	1
K5 Totals	7	35

SECTION L: REVIEWS AND APPEALS

L1	Number of internal reviews finalised	4
L2	Number of Ombudsman's reviews finalised	3
L3	Number of District Court appeals finalised	1

DETAILS OF INTERNAL REVIEW RESULTS

Basis of internal review							
Grounds on which internal review requested							
		Personal		Other			
		Upheld varied		Upheld varied			
L4	Access refused			-	-	1	-
L5	Deferred			-	-	-	-
L6	Exempted matter			-	-	2	1
L7	Unreasonable charges			-	-	-	-
L8	Charge unreasonable occurred			-	-	-	-
L9	Amendment refused			-	-	-	-
L10	Totals			-	-	3	1

27. Privacy management

NSW DPI respects the privacy of members of the public who use our services and of our employees. As a NSW government agency, NSW DPI must comply with the requirements of the *Privacy and Personal Information Protection Act 1998* (PPIPA) and the *Health Records and Information Privacy Act 2002*.

Section 33 of the PPIPA requires agencies to prepare a management plan outlining existing policies and procedures, as well as those to be adopted to comply with the Act. The Privacy Management Plan for NSW DPI was developed during 2004-05. Information on the requirements and obligations of the *Privacy and Personal Information Protection Act 1998* was distributed within NSW DPI during 2005-06.

No reviews were requested under Part 5 of PPIPA during 2005-06.

Programs for 2006-07 will include:

- publishing the Department's Privacy Management Plan on the website
- developing and delivering information sessions to senior management on FOI and privacy management issues.

Requests for access to personal information held by NSW DPI may be made to:

Privacy Management Officer
NSW Department of Primary Industries
PO Box 21
CRONULLA NSW 2230
Tel: 02 9527 8453 Fax: 02 9544 1934

28. Promotions and communications

NSW DPI communicates to a wide range of stakeholders through many avenues.

The website at www.dpi.nsw.gov.au provides clients and the general public with ready access to over 40 000 documents. Most of the information can be downloaded free of charge.

Kids are catered for with forests and fish education materials and online games.

The website also delivers services such as on-line payment of the recreational fishing fee, and online minerals applications:

- MinView, which allows users to interactively display and query historical and current exploration tenement information
- DIGS®, an interactive database for exploration and geoscience information
- TASMap, which permits the search, display and download of NSW titles maps and detailed information
- online exploration licence application, which provides an online lodgement of applications for exploration licences for selected mineral groups.

Print publications are major communication tool, with 450 new publications produced in 2005-06. These include major reports, books, recreational information, summaries of rules and regulations, magazines, newsletters, and posters. The most popular publication is *PrimeFacts*, a simple and clear factsheet series on a wide range of primary industry topics. Most print publications are accessible through the bookshop (telephone **1800 028 374** or email bookshop@dpi.nsw.gov.au) and also available electronically on the NSW DPI website (www.dpi.nsw.gov.au). Mineral resource publications are available by calling **02 4931 6669**.

Publications by type

Report or paper	18
Book or booklet	64
Brochure or flyer	98
Magazine or newsletter	49
Factsheet	168
Display or poster	59
Electronic or multimedia	3
Total	459

A wide range of scientific information is also published in external journals. A new regular electronic newsletter is being issued to update stakeholders on key scientific outputs.

To subscribe to the NSW DPI *Science and Research Updates*, clients can go to www.dpi.nsw.gov.au/research/enewsletter or contact **02 6391 3171, 0428 491 813** or joanne.finlay@dpi.nsw.gov.au.

Total College also produces a wide range of educational materials which can be purchased directly from the college or bookshop or found on the website.

Signs are also a major communications tool, used primarily to advise community members about issues and rules affecting specific geographic areas. For example, a signage program was implanted to advise recreational fishers of the potential health risks of fishing in Port Jackson. These signs were produced in 12 languages to ensure broad dissemination of the message.

Events are a major avenue for communicating face-to-face with the community and clients. The Department participated in hundreds of field days, conferences, community days, and other events across the State.

28. Promotions and communications (continued)

Each month, the Department produces 65 000 copies of *NSW Agriculture Today*, a newspaper insert in *The Land*, which provides key research, extension, education and management

information to the rural community. This initiative is made possible through the cooperation of Rural Press Limited.

Table: Primary Events

Indicative Dates	Event Title	Venue	Event Attendance	Theme
July 05	Mudgee Small Farm Field Days	Mudgee	26 000	Professional services: In conjunction with Australian Rural Education Centre, the display featured the training and professional advice we can offer. Experts provided information on weed control, soil management, fisheries habitat management, Profarm courses and other topics.
July 05	Sydney International Boat Show	Sydney	90 000	Responsible fishing: The NSW DPI stand was designed to inform recreational anglers of responsible fishing activities. It also gave visitors a chance to chat to a fisheries officer and get their questions answered.
Aug 05	Agquip	Gunnedah	100 000	Regional services: NSW DPI featured a range of services, with a focus on drought support, extension and training (Profarm courses and bookshop products).
Sept 05	Henty Machinery Field Days	Henty	60 000	Professional services: The department focused on the main audience for Henty - farmers - and profiled its Profarm courses, NLIS, fish in farm dams, innovation such as the Stubble Star and held an outdoor field trial. A number of district agronomists and drought support workers were on hand to answer questions.
Oct 05	Australian National Field Days	Orange	30 000	Regional services: NSW DPI displayed a wide cross section of services it offers to regional NSW, including diagnostic & analytical services, extensive training programs, expert manuals and other books, sheep and silage information, inland fishing advice, State forest recreational opportunities and drought support.
Nov 05	Farming Small Areas Expo	Richmond	11 000	Discover what NSW DPI can do for you! A large shed featured a range of NSW DPI services including the Forests NSW nursery, Profarm courses, bookshop, water and soil management, and the diagnostic & analytical services. Over one third of expo visitors interacted with the stand.
March 06	Sydney Royal Easter Show	Sydney	900 000	Innovation: A range of NSW DPI innovations for primary industries were featured, including NLIS, olive oil testing, carbon sequestration research, geological mapping, naming of asian vegetables, aquaculture, and bycatch reduction.
April 06	Total Fieldays	Paterson	28 000	Testing Times: Diagnostics and Analytical Services were a feature with nine stations offered testing on samples of dam water, soil, plants and more brought by farmers. Staff also sold plants from the Forests NSW nursery, gave talks in the livestock area and ran fishing clinics at the dam.
May 06	Murrumbidgee Farm Fair	Yanco	12 000	Capacity building: Training is the main feature for this show, located near one of NSW DPI's agricultural colleges. Visitors also got to ask questions of drought support workers, fisheries officers and researchers, and agronomists, and buy a native plant from the nursery or a book from the bookshop.
June 06	Primex	Casino	50 000	One stop shop: The NSW DPI stand featured a one-stop shop for primary industries advice, featuring traditional agricultural displays and information on soils, weeds, horticulture, soybeans, cattle ticks and the National Livestock Identification System (NLIS). In addition, Forests NSW nursery products were on sale, the fisheries trailer on site, and bookshop open for business.
June 06	Fishing Show & Outdoors Expo	Sydney	25 000	Recreation: The display featured responsible recreational fishing, and recreational opportunities within State forests. The stand included fish tanks, net and trap displays, and kids activities and competitions.
Total attendees			1 332 000	

29. Responses to reports by Parliamentary Committees and the Auditor-General

In March 2006, the Public Accounts Committee announced an inquiry to follow up the implementation of recommendations made in two performance audit reports prepared by the Auditor General, namely: NSW Agriculture - Managing Animal Disease Emergencies (of 2002); and Implementing the Ovine Johne's Disease Program (of 2003). The Inquiry's terms of reference included:

- reviewing the recommendations of each Report and considering their relevance under current administrative arrangements;
- examining the State's preparedness to manage animal and plant disease emergencies; and
- consideration of the effectiveness and efficiency of the management of endemic diseases, including examining the role of Government and industry.

NSW DPI coordinated a whole-of-Government submission responding to the Inquiry. In particular, the submission demonstrated that NSW agencies had made significant progress towards developing a whole-of-government approach to the preparedness for, and response to biosecurity emergencies, including animal disease and pest emergencies.

NSW DPI's expertise and experience in managing such emergencies, has meant that we have taken a lead role in ensuring that the recommendations of each performance audit report have been implemented. The Department has developed risk analysis and surveillance models, which are supported by identification, tracing and data management systems in line with those recommendations. These changes have led to more efficient and effective biosecurity programs ensuring access to domestic and international markets and critical to industry profitability.

NSW DPI's submission to the Inquiry also highlighted advances made in sharing the costs and responsibility for biosecurity programs with industry. Participation, contribution and commitment from industry sectors is recognised as being essential for the success of programs and preventative measures.

Where animal disease and pest emergencies impact on specific sectors of industry, it is widely accepted that industry should play a key role in managing the risks of outbreak. However, where outbreaks or emergencies have an impact on human health, biodiversity and native species, government retains its responsibility for responding to the emergency. Where the impacts and benefits are to both industry and the community, then the costs and responsibility for responding are shared between governments and industry. These cost sharing arrangements have also led to significant savings and efficiencies in biosecurity programs.

The whole-of-government submission was settled by The Cabinet Office and submitted to the Public Accounts Committee. Oral evidence from NSW DPI officers and other agencies will be received in 2006-07 and a final report will be prepared after the evidence and submissions have been considered by the Committee.

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Contacts

Head Office

Monday – Friday 8.30 am-4.30 pm

Telephone	+61 2 6391 3100
Facsimile	+61 2 6391 3336
Postal Address	Locked Bag 21, Orange NSW 2800
Street Address	161 Kite Street, Orange NSW 2800

Sydney Office

Monday – Friday 8.30 am-4.30 pm

Telephone	+61 2 8289 3999
Facsimile	+61 2 9286 3208
Postal Address	PO Box K220, Haymarket NSW 1240
Street Address	Level 6, 201 Elizabeth Street, Sydney NSW 2000

Minerals

Monday – Friday 8.30 am-4.30 pm

Telephone	+61 2 4931 6666, or 1300 736 122 (Australia Only)
Facsimile	+61 2 4931 6790
Postal Address	PO Box 344, Hunter Region Mail Centre 2310
Street Address	516 High Street, Maitland NSW 2320
Email	webcoord@minerals.nsw.gov.au

Agriculture

Monday – Friday 8.30 am-4.30 pm

Telephone	+61 2 6391 3100
Facsimile	+61 2 6391 3336
Postal Address	Locked Bag 21, Orange NSW 2800
Street Address	161 Kite Street, Orange NSW 2800
Email	nsw.agriculture@dpi.nsw.gov.au

Fisheries

Monday – Friday 8.30 am-4.30 pm

Telephone	+61 2 9527 8411, or 1300 550 474 (Australia only)
Facsimile	+61 2 9527 8576
Postal Address	PO Box 21, Cronulla NSW 2230
Street Address	202 Nicholson Parade, Cronulla NSW 2230
Email	information-advisory@fisheries.nsw.gov.au

Forests

Monday – Friday 8.30 am-4.30 pm

Telephone	+61 2 9980 4100
Facsimile	+61 2 9484 1310
Postal Address	Locked Bag 23, Pennant Hills NSW 2120
Street Address	Building 2 423 Pennant Hills Road, Pennant Hills NSW 2120
Email	cumberland@sf.nsw.gov.au

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

Annual Report Working Group

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NSW Department of Primary Industries has made an electronic copy of the Annual Report available on its website, www.dpi.nsw.gov.au

Printed by Union Offset Printers, Canberra, Australia



NSW DEPARTMENT OF
PRIMARY INDUSTRIES

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