

NSW DEPARTMENT OF PRIMARY INDUSTRIES

2006-07 ANNUAL REPORT





The Hon Ian Macdonald MLC

Minister for Primary Industries
Minister for Energy
Minister for Mineral Resources
Minister for State Development



NSW DEPARTMENT OF
PRIMARY INDUSTRIES

Parliament House
Macquarie St SYDNEY NSW 2000
31 October 2007

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 2006-07 Annual Report of the New South Wales Department of Primary Industries for presentation to Parliament.

The report reflects on the Department's achievements for the past year against identified corporate outcomes. These achievements were made possible by the commitment of Departmental staff. I would like to take this opportunity to thank them for their dedication and hard work throughout the year.

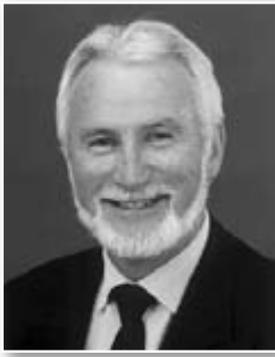
Yours sincerely

A handwritten signature in black ink, appearing to read 'G.P. Keffie'.

Director-General
NSW Department of Primary Industries

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Barry Buffier

Director-General's Year in Review

NSW DPI's third annual report details the continued progress we have made towards achieving the outcomes set out in our corporate plan for 2005–08. In addition the development of the *State Plan* and its release by the Premier in November 2006 has been at the centre of much of our planning and activity in 2006–07.

The key result areas identified in the *NSW DPI Corporate Plan 2005-08* align well with priorities identified in the *State Plan*. Our five key result areas are:

- Strong economic performance of primary industries
- Appropriate access to and wise management of natural resources
- Healthy and safe industries
- Stronger voice in Government decision-making
- Excellence in service delivery to stakeholders

As noted throughout this annual report, NSW DPI operates within the framework established by the *State Plan*. The plan sets out the goals that the NSW Government will work to achieve over the next decade. Of the five areas identified in the plan, two relate closely to NSW DPI core responsibilities, namely "Growing Prosperity across NSW" and "Environment for Living".

NSW DPI has ensured that our own priorities articulate with those in the *State Plan*. We are a partner agency in seven of the thirty-four priorities. The seven priority areas we are involved in are:

- P1 - Increased business investment
- P6 - Increased business investment in rural and regional NSW
- P7 - Better access to training in rural and regional NSW
- E1 - A secure and sustainable water supply for all users
- E3 - Cleaner air and progress on greenhouse gas reductions
- E4 - Better environmental outcomes for native vegetation, biodiversity, land, rivers and coastal waterways, and
- E8 - More people using parks, sporting and recreational facilities and participating in the arts and cultural activity.

In addition, NSW DPI has responsibility to contribute toward two other priorities: Increased customer satisfaction with Government services (S8) and Cutting red tape (P3).

The following performance highlights under each key result area show how NSW DPI is contributing to the goals and priorities set out in the *State Plan*. Our contribution to the *State Plan* goals and priorities is also referenced throughout this report.

Strong economic performance of primary industries

Strong economic performance of primary industries contributes to the prosperity of the whole community by attracting investment, creating jobs and supporting regional and rural communities.

In 2006–07 the mineral resources sector has again performed strongly on all indicators. The combined value of coal and metallic and industrial mineral production was \$12.3 billion, compared to \$11.7 billion in the previous year, while royalties to the NSW Government were approximately \$489 million, down just a few percent on 2005–06 due to the strong Australian dollar. Mineral exploration expenditure was up by 26 per cent to \$144.1 million and petroleum exploration expenditure was approximately \$47 million. Continuing solid performance is expected with the approval by the NSW Government of Centennial Coal's \$240 million Anvil Hill open cut coal mine and the Abel underground coal mine. Together these two projects are expected to generate over 600 full-time jobs.

Whilst the worldwide resources boom undoubtedly contributed to the above results, so did NSW DPI's promotion of mineral and petroleum investment at international industry events and the NSW Government's commitment to New Frontiers, a two-year \$8 million program that builds on success of the earlier Exploration NSW initiative. In what was its first year, New Frontiers generated increased interest in exploration in the far northwest and southwest of the state.

Forests NSW made an underlying trading profit of \$28.04 million despite soft market conditions, of which more than \$9.5 million came from the sale of NSW Greenhouse Abatement Certificates. These were first introduced to the market just a year earlier but

have already become another steady profit stream. The newly established Enterprise Development Group within Forests NSW will explore further commercial opportunities from non-timber products and services in 2007–08, including biodiversity management and biotechnology marketing. At the same time, Forests NSW aims to improve profitability in its core plantation business through using the framework for business decision-making that it established this year.

The ongoing drought conditions for much of 2006–07 affected financial returns to primary producers as well as the viability of rural communities and the wellbeing of many farming families. The expected gross value of agricultural production in 2006–07 is expected to be around \$8 billion. The cross-department response to help producers and communities through the drought is consequently a recurring theme of this report. Several initiatives are however worth singling out – one technical and the other with a more human focus. The first is StockPlan®, which comprises a software package and user manual designed to assist sheep and beef producers in preparing flexible drought management plans. Using StockPlan®, producers are able to explore management options in the early stages of drought and during drought. The other initiative, which dates from 2003, continues to be a stand-out success. This is the provision by NSW DPI of specialist drought support workers who offer drought-affected families personal support, basic information and referral to other services. In 2006–07 our drought support workers ran 257 farm family gatherings across NSW.

Appropriate access to and wise management of natural resources

The long-term profitability of all primary industries is inextricably linked to sustainable management of the natural resources on which they depend.

With drought conditions prevailing over most of the state and with major water storages severely depleted, water access and its use by primary industries has attracted considerable media attention, particularly within the Murray-Darling basin.

Our role has been to ensure primary industries have access to information and services whilst undertaking contingency planning to allow for ongoing operation with reduced water supplies.

There have been numerous research projects and training programs in partnership with industry which are also concerned

with reducing water consumption and improving water management. For example, we have worked on developing new plant varieties for agriculture and forestry that cope better with drier conditions and have developed advisory programs for producers in specific industries, including the wine grape and citrus industries. We have also developed innovations in irrigation scheduling which improve crop water use efficiency by up to 50 per cent and have identified practical crop canopy management strategies to assist industry to cope with severe reductions in water availability.

During the reporting period, there were important advances in sustainability in the fisheries and aquaculture industries with the introduction respectively of new share management plans and the gazettal of the NSW Oyster Industry Sustainable Aquaculture Strategy. The share management plans, which cover the estuary general, estuary prawn trawl, ocean hauling, ocean trawl and ocean trap and line fisheries give fishing business owners tradeable shares that are automatically renewed every 10 years in addition to promoting more sustainable fish harvesting. The oyster industry strategy identifies and secures priority oyster aquaculture areas and aims to ensure maintenance of the environmental conditions required for oyster cultivation.

The introduction of zoning plans for the Port Stephens-Great Lakes and Batemans marine parks in NSW led to the buyout of commercial fishers affected by the reduction under the plans of commercial fishing areas. NSW DPI supervised the \$20.7 million buyout on behalf of the Marine Parks Authority and had the lead role in developing the ongoing plan for the Port Stephens marine park.

Healthy and safe industries

Among NSW DPI's responsibilities is managing biosecurity risks impacting on NSW primary industries, which protects human health and the environment and contributes to growing prosperity through enhanced domestic and international market access.

This year marked the final phase of implementation of the National Livestock Identification System for cattle, with NSW DPI overseeing all implementation phases in this state and directing participation in the last exercise to test system effectiveness. The system involves implantation of an electronic tag in cattle that allows monitoring of their movements on a national database. Further details appear in a case study later in this report.

In other risk management activities, NSW DPI has continued to control the spread of disease and pests in plants, reduced the incidence of footrot and worked with the cattle industry on a new approach to managing Bovine Johne's disease. Our scientific trials have validated new methods for destruction and disposal of commercial poultry that will significantly minimise environmental and operational risks should NSW experience an outbreak of Avian Influenza. As the lead state agency in pest animal control, we have formed a partnership with the Invasive Animals Cooperative Research Centre and University of Canberra to rewrite current training modules to reflect best practice.

Health and safety in the mining sector have remained priorities for NSW DPI. The sector unfortunately recorded two fatalities in 2006–07, although the number of other serious injuries was low as was the time lost due to injury. However, the performance statistics show an increase in both notifiable and dangerous incidents, which can be directly attributed to the expanded notification requirements under legislation that came into effect in the reporting period. The Mine Safety Advisory Council, which had been restructured in the previous year, made progress on implementing the recommendations of the Wran Mine Safety Review and endorsed the Mining Industry Health and Safety Action Plan, which outlines how industry will address the priorities identified at the NSW Government's 2005 Safety Summit. In responding to the Wran Review recommendations, the government also established a board of inquiry into mine safety enforcement that will examine the adequacy of the legislative framework and the role of the NSW DPI Inspectorate.

Safety in the forest industry also remained a priority with the focus being on the continuous improvement of the Forests NSW safety management system. The appointment of another two safety coordinators this year bringing the total to seven supports the importance of the system.

All NSW DPI's biosecurity activities have been carried out with the active cooperation of industry associations and the support of organisations such as the rural lands protection boards is an integral component of this work.

A stronger voice for primary industries in government decision-making

Whole-of-government policies on issues outside NSW DPI's direct areas of responsibility can impact heavily on the operations of primary producers. To enable us to have a greater impact in policy discussion, NSW DPI has established a new branch this

year within the Strategy, Policy and Communications Division. This is the Water and Resources Policy Branch. The priority issues for the branch are: water management, clean coal and related technologies, native vegetation, and biodiversity, biobanking and threatened species. Its responsibility will be to present a scientifically and economically robust case for primary industries on these issues.

We have continued to provide executive support to the industry councils that directly advise the Minister. The latest addition to the council ranks is the Organic Ministerial Advisory Council, which includes representatives from the production, wholesale, retail, processing and waste recycling sectors. In addition to advising the Minister on relevant issues, the council's immediate concerns include helping to harness the full potential of prospering organic markets by the development of a national standard for organic and biodynamic produce.

One of the outcomes NSW DPI has set under the key result area of a stronger voice for primary industries is wider recognition of the social and economic value of regional communities. In this context educating the general public about the contribution of primary producers is important, as is working with the school system to ensure that students receive relevant, curriculum-related information on primary industries. In 2006-07 we participated in the establishment of a national organisation to promote agriculture in schools.

Excellence in service delivery to stakeholders

NSW DPI is committed to delivering high quality services to external and internal stakeholders alike.

In developing and influencing the framework within which primary industries operate, our focus has been on ensuring that sound knowledge and analysis underpin all policy, regulation and advice. This year we have made an input to significant natural resource management issues at both state and national levels, including consultations under the *NSW Greenhouse Plan* and development of the *National Plan for Water Security*, while also coordinating the passage of legislation, most significantly the *Coal Mine Health and Safety Act* and Regulation 2006.

We have continued to build a reputation for excellence in training. Extension programs and short courses were delivered for the second year under the PROfarm banner and attracted an increased number of participants. Enrolments in the residential program at our CB Alexander Campus, Tocal remained high and,

working closely with catchment management authorities, both the CB Alexander Campus and Murrumbidgee Rural Studies Centre, Yanco have extended the reach of their training programs.

To ensure that our external communication is clear and well targeted, NSW DPI has prepared a corporate communications strategy and completed research under the strategy into community awareness of and attitudes to primary industries. The research findings will inform future communication. The adoption of a uniform look across all our publications has also strengthened the NSW DPI corporate brand.

Communication has improved internally with the redevelopment of the intranet, which concluded implementation of the internal communications plan. Other notable organisation-building achievements included preparation and release of the Aboriginal Employment Strategy together with an implementation plan that sets targets for increasing the representation of Aboriginal people in the NSW DPI workforce, improving their career advancement opportunities and giving them a stronger voice in decision-making.

Staff and Board of Management

Our annual Staff Achievement Awards provided an opportunity to acknowledge some of the people whose hard work and excellence have been recognised by their co-workers. The 2006 winners came from across the department and included the full membership of several teams, reflecting the cooperative approach that NSW DPI must take in responding to situations such as disease outbreaks and other emergencies.

Congratulations to individual winners:

Tom Snelgar
Sandra Ryan
Dr Kevin Atkins
Birgitte Verbeek
Andrew Field
Carmen Perry
Tony Dowman

Congratulations to team winners:

Opal Miners Safety Awareness Course
QX in the Hawkesbury Estuary
Drought Support Workers and Forests NSW
Environmental Management System.

Thank you to all NSW DPI staff for your professionalism and dedication throughout the year.

I also thank the board of management, in particular Alastair Howard who was acting chief executive officer of Forests NSW for much of 2006–07, and welcome Nick Roberts, formerly Managing Director of Weyerhaeuser Australia, who joins the board as Deputy Director-General, Primary Industries Trading and Chief Executive Officer, Forests NSW.

In closing, I sincerely thank the Hon Ian Macdonald MLC, Minister for Primary Industries and Minister for Mineral Resources, for his commitment to primary industries and his continued support of NSW DPI and its staff.



Director-General

About NSW DPI

NSW Department of Primary Industries (NSW DPI) acts in partnership with industry and other public sector organisations to foster profitable and sustainable development of primary industries in New South Wales.

With a staff of approximately 3 500 based at over 130 locations across the state, the department delivers a wide range of services to primary industries and rural communities. There is an emphasis on front-line services.

The department was formed in July 2004, with the amalgamation of Mineral Resources NSW, NSW Agriculture, NSW Fisheries and State Forests NSW. It builds on our strengths in the areas of mineral resources, forestry, agriculture and fisheries management, and also provides high quality science and technology.



NSW DPI provides us with greater opportunities to address the highest priority issues for primary industries in NSW. For example, the department is now the state's largest provider of science, and is in a great position to provide our primary industries with the technology and partnerships needed for profitable and sustainable production. It also places primary industries in a stronger position to influence environmental and natural resource access debates.

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



NSW DEPARTMENT OF
PRIMARY INDUSTRIES

Organisational structure



Hon. Ian Macdonald, MLC
Minister for Primary Industries
Minister for Mineral Resources



Barry Buffier
Director-General

Executive Support

 Renata Brooks	 Alan Coutts	 Nick Roberts	 Dr Nick Austin	 Doug Hocking	 Wendy Stamp	 Dr Alan Gleeson
Deputy Director-General Agriculture, Fisheries & Regional Relations	Deputy Director-General Mineral Resources	Chief Executive Officer Forests NSW	Deputy Director-General Science & Research	Executive Director Biosecurity, Compliance & Mine Safety	Executive Director Strategy, Policy & Communications	Executive Director Corporate Services
Extensive Industries Development	Mineral Resources Development	Planted Forests Operations	Systems Research	Animal & Plant Biosecurity	Industry Analysis	Finance & Administration
Intensive Industries Development	Environmental Sustainability	Native Forests Operations	Production Research	Emergencies, Weeds & Pest Animals	Corporate Strategy & Organisational Development	Human Resources
Fisheries Conservation & Aquaculture	Development Coordination	Commercial Services	Health Sciences, Strategic Alliances and Evaluation	Agriculture & Fisheries Compliance Operations	Policy & Legislation Coordination	Assets
Wild Harvest Fisheries	Geological Survey of NSW	Financial & Operational Business Services	Resources Research	Compliance Standards & RLPB Alliance	Water and Resources Policy	Information, Communications & Technology
Regional Relations & Education	Mine Safety Operations	Land Management & Technical Services	Rural Innovation	Mine Safety Performance	Communications	Legal
Animal Welfare	Coal Compensation Board		Research Operations		Public Affairs & Media	
	Mine Subsidence Board		Science Strategy			

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.

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

Strong economic performance of primary industries

OUTCOME	PERFORMANCE INDICATORS	2005-06	2006-07 [#]
Industry see NSW as an attractive state in which to invest	Value of primary industries' production by sector		
	• wild harvest fisheries	\$68.5m	\$80.0m
	• aquaculture	\$48.0m	\$52.0m
	• minerals	\$11.7b	\$12.3b
	• forestry: timber sales by volume (m ³)	4.39m	4.45m
	dividend paid to government	\$26.32m	\$20.0m
	• agriculture	\$9511m	\$8640.8m
	Level of investment by primary industries		
	• capital expenditure mining	\$1760m	\$1700m
	• aquaculture	\$10m	\$20m
Primary industries' competitiveness is increased	Volume and value of targeted primary industries exports		
	• coal: volume	89.8mt	92.0mt
	value	\$6.7b	\$5.3b
	• agriculture	\$5592m	\$5286m
	• aquaculture	\$0.2m	\$0.2m

Appropriate access to and wise management of natural resources

OUTCOME	PERFORMANCE INDICATORS	2005-06	2006-07 [#]
NSW DPI policies and operations reflect principles of sustainable development	• minerals: amount of security held	\$511m	\$733m
	• rehabilitation of mines (number)	26	37
	• aquatic species protected	29	32
	• length of regulated river where fish passage has been reopened (cumulative kms)	484	826
	• proportion of primary/target and key secondary fish species harvested at 'biologically sustainable' levels(%) 'biologically sustainable' means fish species which are considered to be fully fished, under fished, or growth overfished.	96	>90

[#]These are current as at 30 June 2007

Appropriate access to and wise management of natural resources (continued)

OUTCOME	PERFORMANCE INDICATORS	2005-06	2006-07 [#]
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	80
	• % of dairy farms participating in the 'Setting Targets for Sustainable Change Program'	4	10
	• cotton yield (bales) per megalitre of water supplied	1.03	1.06
	% of industry operators and harvest sectors complying with management plans:		
	• 88% compliance rates for recreational fishers	89	90
	• 91% compliance rates for commercial fishers	92	90
	• 65% compliance rates for aquaculture	60	75
	• % of mines operating to agreed mine operations plans, petroleum operations plans and subsidence management plans	95	95

Healthy and safe industries

OUTCOME	PERFORMANCE INDICATORS	2005-06	2006-07 [#]
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	90	97
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	0.05
	- five year average	0.04	0.04
	- non coal yearly	0.00	0.00
	- five year average	0.04	0.04
	• **Lost time injury frequency rate:		
	- coal	14.30	14.20
	• **Serious bodily injury frequency rate:		
	- coal	1.42	1.70
- non-coal	1.87	2.27	

[#] These are current as at 30 June 2007 **Frequency rates specified as injury/fatality per million hours worked.

Financial Overview 2006-07

Financial Highlights

Significant initiatives and developments during 2006-07 include:

- the department achieved a balanced budget and met the financial targets set by the NSW Government
- completing the zoning plans for the Port Stephens-Great Lakes and Batemans marine parks and administering the associated \$19.3 million buyout program
- extending the Government's Exploration NSW initiative so support increased mineral and petroleum exploration under the New Frontiers program with additional funding of \$4m for 2006-07
- Providing drought assistance and support to rural New South Wales. Total expenditure in 2006-07 was \$33.4 million
- Significantly increasing security deposits to over \$733 million to ensure satisfactory mine rehabilitation by implementing the new Rehabilitation Security Deposits Policy
- Reinvesting \$4.6 million from asset sales in the Towards 2020 initiative to enhance Research Facilities such as Cronulla, Wagga, Tamworth, Narrabri and Port Stephens, continuation of the Electronic Surveillance project at Queensland border for improved tick control, and commencement of the Narrara to Somersby relocation.

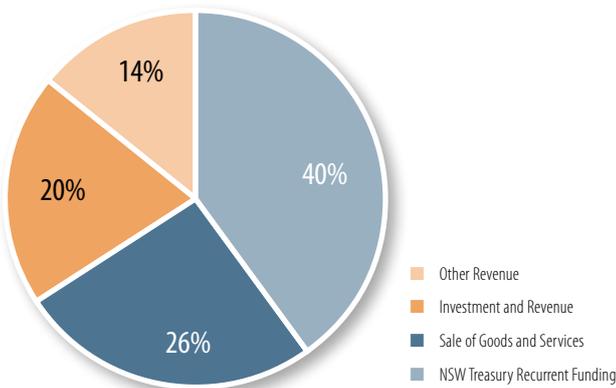
Source of Funds

Total Revenue for the Department of Primary Industries for the year ended 30 June 2007 was \$692.3 million. The main sources of revenue were NSW Treasury Funding \$291.3 million, sale of goods and services \$171.80 million and \$135.4 million in investment revenue (the major component being royalties from timber and related products \$128.4 million).

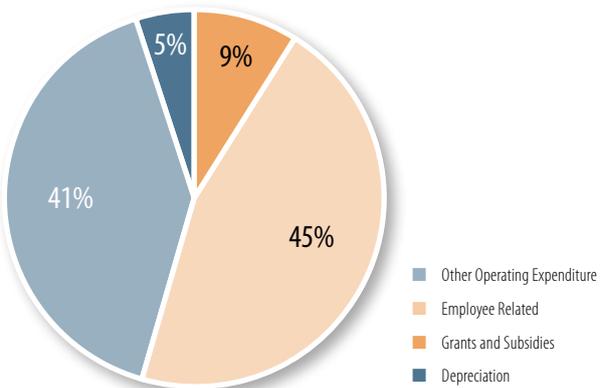
Application of funds

Operating expenditure for the year ended 30 June 2007 was \$663.7 million. Of this total \$307.0 million was for employee related costs. Other operating expenditure of \$356.7 million includes \$94.3 million for Forests NSW contract harvest and haulers and \$30.0 million for depreciation on the departments fixed assets. Grants and subsidies were \$57.8 million for the year.

Sources of Revenue



Operating Expenditure



Budget structure

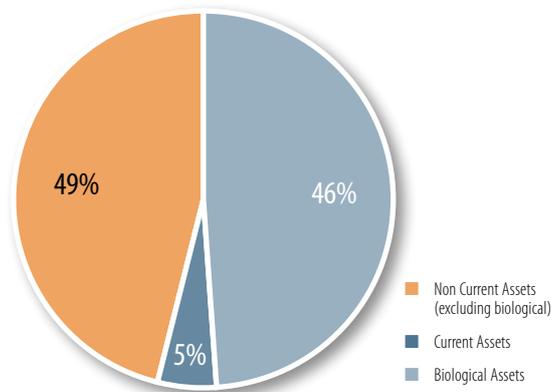
The NSW Department of Primary Industries (DPI) is an entity (for the purpose of financial reporting) which includes Forests NSW. However, Forests NSW operates as a non budget sector Public Trading Enterprise and as such is also an entity for the purpose of financial reporting. DPI's financial statements for 2006-07 are a consolidation of

these two entities. This summary represents the consolidated financial performance for the year ended 30 June 2007 and financial position as at 30 June 2007.

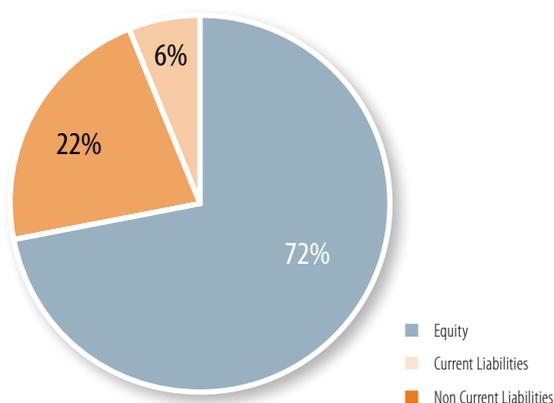
NSW DPI's assets and liabilities

The Department's total asset base as at 30 June 2007 was \$3074 million an increase of \$156 million on the previous year. This is due primarily to a revaluation of Forests NSW land and buildings. Biological assets decreased by \$185m during the year. Total liabilities as at 30 June 2007 were \$854 million, an increase of \$68 million on the previous year. This increase reflects an increase in borrowings and deferred tax liability held by Forests NSW.

Total Assets



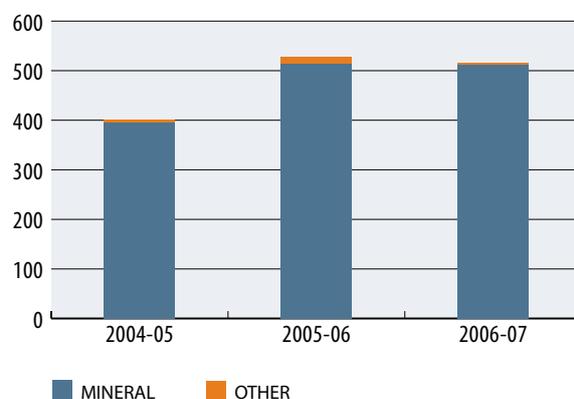
Total Liabilities and Equity



Crown Reserves

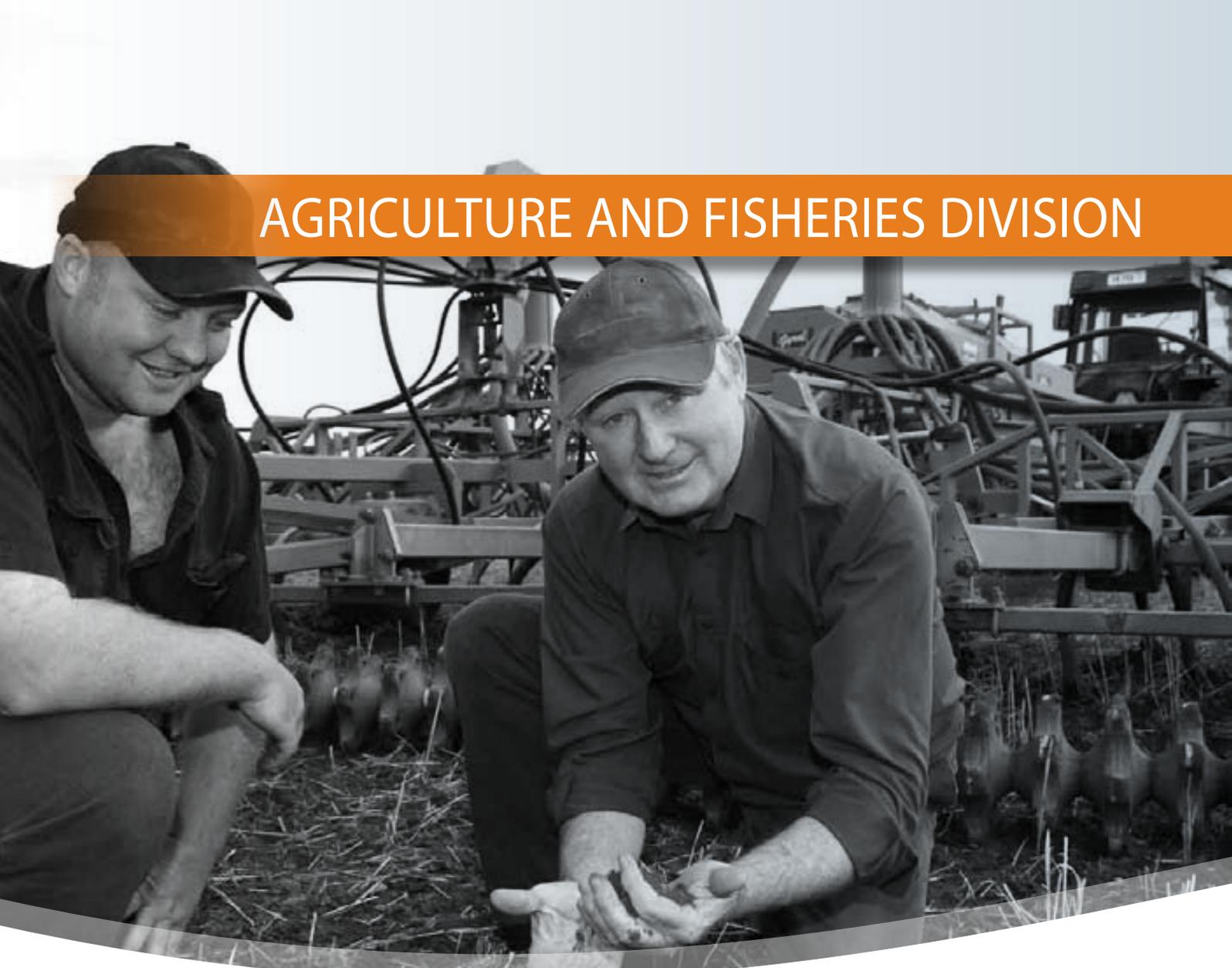
DPI collects revenues on behalf of the Crown Entity totalling \$515.6 million, the majority of which relate to Mineral royalties, mining and exploration leases and coal lease concessions.

Crown revenues (\$million)



Our Services

Agriculture and Fisheries Division	15
Mineral Resources Division	24
Forests NSW	30
Science Research Division	36
Biosecurity, Compliance and Mine Safety Division	42
Strategy, Policy and Communication Division	49
Corporate Services Division	55



AGRICULTURE AND FISHERIES DIVISION

Nature and scope of activities

The Agriculture and Fisheries Division has diverse responsibilities across NSW primary industries, which have a total gross production value of approximately \$8 billion per year. Among our key responsibilities are delivering extension and training services, building industry capacity and devising production solutions for the agriculture, private forestry 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
- Intensive Industries Development
- Fisheries, Conservation and Aquaculture
- Wild Harvest Fisheries
- Regional Relations and Education
- Animal Welfare.

Major outcomes achieved

Primary industries use innovative technologies and practices

Conservation farming (State Plan: P7, E1, E4)

NSW DPI is working to improve implementation of conservation farming techniques such as reduced tillage, direct drilling and zero-tillage in central western NSW. Adoption of these techniques, although expensive has wide-ranging benefits, including moisture retention, improved soil health and more efficient use of farm labour.

To promote conservation farming, NSW DPI developed a workshop to give producers the information they need to make the changeover. Workshop participation was linked to incentive funding from the Central West Catchment Management Authority for machinery conversion and soil testing to accelerate uptake of the technology. To date more than 90 producers have attended training workshops, which we developed in close liaison with project managers from the Central West Conservation Farming Association Inc.

Training (State Plan: P7, E1, E4)

In its second year, PROfarm continued to build a reputation for excellence in training delivery. Strong links are now in place with external stakeholders including most NSW catchment management authorities, major industry research and development corporations, and relevant cooperative research centres. Key features of PROfarm, including the use of course champions and centralised course coordination, enabled NSW DPI to meet very high demand for StockPlan® and Paddock Plants courses. Overall attendance at PROfarm activities was up by over 30 per cent on 2005-06 while the PROfarm website (www.profarm.com.au) recorded over 100 000 hits.

NSW DPI currently offers training under PROfarm to farmers across much of NSW under contracts with catchment management authorities. In 2006-07 over 1 550 farmers extended their knowledge of soil and pasture management through training linked to the healthy soil and sustainable grazing initiatives.

Winegrape Futures (State Plan: P1, P6, P7, E1, E4)

NSW DPI viticulture extension team provide a unique extension framework for the Winegrape Futures Program, a collaborative initiative with Charles Sturt University (Wagga Wagga) and the NSW wine industry. The extension team has links to each of the five research themes and out to the NSW wine industry ensuring that the industry is exposed to the latest research outcomes as they occur. The process enables the industry to be kept informed on best management practices for: plant protection, grape and wine quality, vine improvement, quality assurance, crop forecasting, vineyard establishment and expansion, pest and diseases and irrigation, as well as consumer preferences.

Communities and primary industries are prepared for managing risks

Explaining the impacts of climate change (State Plan: P7, E4)

NSW DPI has a clear role in raising landholders' awareness on climate change so that they can both sustainably manage natural resources and make informed business decisions. In line with the goals set in the NSW Government's Greenhouse Plan, NSW DPI held seven major regional forums to promote awareness and adaptation to climate change impacts. The successful forums, which attracted more than 780 attendees, will be rolled out across the state in 2007-08.

Responding to producer demand for tools to understand the local impacts of climate change, we also developed climate indices for key industries in six catchment management areas. The dairy, beef, grain and wine grape industries were among those analysed.

Changing conditions for the wine grape and citrus industries (State Plan: P7, E1, E4)

Developed as an initiative to help growers reduce production yet keep vines alive, NSW DPI's Steps to Recovery program retained its relevance when the poor 2007 vintage wiped out the wine glut. This was because the techniques that the program promoted for reduced production were also applicable during the 2006-07 drought when water availability was limited.

In other initiatives, the department released the brochures Managing Citrus with Less Water and Irrigating Grapevines with Limited Water Supplies and held water management workshops for the wine grape and citrus industries.

Industries see NSW as an attractive State in which to invest

A sustainable oyster industry (State Plan: P1, P6, E4)

The NSW Oyster Industry Sustainable Aquaculture Strategy was gazetted in December 2006. By identifying and securing priority oyster aquaculture areas, the plan aims to ensure that the environmental conditions required for oyster cultivation in these areas are maintained.

The plan also:

- details oyster industry best practice
- establishes simplified industry planning approvals under a state environmental planning policy
- sets water quality objectives for all oyster growing areas. These link to planning legislation to ensure that consent authorities consider the oyster industry when processing development applications.

Primary industries have appropriate access to natural resources

Commercial fisheries share management

(State Plan: S8, P6, E4)

February 2007 marked the start of significant commercial fisheries management reforms, including:

- implementation of new share management plans for the estuary general, estuary prawn trawl, ocean hauling, ocean trawl and ocean trap and line fisheries
- introduction of new plastic card commercial fishing licences, fishing boat licences and fishing business cards
- alignment of licence periods to the financial year
- introduction of new flexible trading and nomination rules.

In addition to the above reforms, fishery management strategies were finalised for all NSW commercial fisheries following ministerial approval of strategies covering the commercial ocean trawl, ocean trap and line, lobster and abalone fisheries. This completes a major program to promote long-term sustainability, meet state and federal legal requirements and fulfill international obligations relating to ecosystem-based fisheries management.

Gaden hatchery centre re-development (State Plan: E8, S8)

A recent economic survey of recreational fishing in the Snowy Mountains showed that the trout fishery is worth over \$70 million to the regions economy and supports over 700 jobs. The Gaden Trout Hatchery at Jindabyne produces millions of trout and salmon each year for stocking into public waterways. This provides high quality angling opportunities ranging from family fishing on impoundments to world class fly fishing in high country streams. The redevelopment of the hatchery centre, partly funded by the Recreational Fishing Trusts, will boost the production of fingerlings of a larger size which will improve the return of stocking to anglers. All fish stockings in NSW occur under strict environmental guidelines are in approved waters to conserve our unique biodiversity.

Managing land use conflicts (State Plan: E4)

In conjunction with Southern Cross University, NSW DPI completed a major study titled Managing land use conflict and the interface between development and key natural resources. As a result, we integrated relevant policies into a single document. Regional awareness was also raised during the study of the benefits of avoiding land use conflicts.

Primary industries operations reflect principles of ecologically sustainable development

Farmer Targets for Change (State Plan: E4)

Co-developed by NSW DPI and the Mid Coast Dairy Advancement Group, the Farmer Targets for Change (FTC) initiative expanded in 2006-07. At the end of the year, there were 10 FTC groups across the Hunter Valley, and mid and far

north coast of NSW, with the Hunter Valley establishing groups for both dairy farmers and beef producers. Under the initiative producers who develop an action plan for natural resource management are eligible for financial incentives to implement on-farm projects. These will deliver environmental benefits such as improved water quality, rehabilitation of riparian zones and the return of non-productive and environmentally sensitive land to native vegetation. The FTC initiative is supported by funding from Dairy Australia through NSW DPI's Dairy pathways project and will continue for another two years.

Bee Industry Code of Practice (State Plan: E4)

NSW DPI led the development of the National Code of Practice for Beekeeping in the Australian Environment under the auspices of the Australian Honey Bee Industry Council. The code – to be finalised by September 2007 – will form the basis for an environmental management system for the industry and respond to conservation concerns about the impact of honey bees (an introduced insect) on the Australian environment.

Beyond Salinity Solutions (State Plan: P7, E4)

This NSW DPI project is setting a statewide framework for accredited natural resource management training. Its aim is to support catchment management authorities' efforts to improve the adoption of on-ground action to enhance the economic, social and environmental quality of catchments. A total of 520 participants have to date completed accredited training, among them authority staff, private agricultural advisers and local government officers. The successful implementation of Beyond Salinity Solutions and the relationships built during the project have also had flow-on benefits for further training on drought and climate change management.



Lachlan Rowling NSW DPI Salinity Advisory Officer and Manilla farmer Peter Simpson inspecting the successful establishment of salt tolerant summer grasses like Rhodes grass on salt site near Manilla.

Salinity guides (State Plan: E4)

NSW DPI published five new Salinity Glove Box Guides for the major NSW catchment areas following the popularity of the initial guide for the Murrumbidgee and Murray catchments, which was produced as a support tool for training and staff

use in the field. The new guides cover the Hunter, Lachlan and Macquarie, Namoi, Border Rivers, and Gwydir catchments. South Australia and Tasmania have since taken up the glove box guide concept, with NSW DPI lending assistance in developing region-specific publications.

Marine parks and aquatic reserves (State Plan: E4)

Following the completion of zoning plans for the Port Stephens-Great Lakes and the Batemans marine parks, NSW DPI oversaw the buyout of commercial fishers affected by the reduction under the plans in commercial fishing areas. Our supervision of the \$20.7 million buyout was on behalf of the Marine Parks Authority.

In administrative changes following the NSW election, responsibility for NSW marine parks and aquatic reserves transferred to the Department of Environment and Climate Change. The Minister for Primary Industries and NSW DPI retain a role in marine parks through the Minister's responsibility for the *Marine Parks Act 1997* and Director-General's membership of the Marine Parks Authority.

Threatened fish species (State Plan: E4)

NSW DPI finalised the recovery plan for the threatened trout cod (*Maccullochella macquariensis*). We publicly exhibited the draft recovery plan for the river snail (*Notopala sublineata*), the draft threat abatement plan for removal of large woody debris, and the species impact statement on impoundment fishing for silver perch (*Bidyanus bidyanus*). We also implemented a formal monitoring program for all freshwater threatened species which aims to survey all known populations on a rolling three-year basis. See Appendix 25 for more information.

Aquatic habitat management (State Plan: E4)

Externally funded projects opened up an additional 345 kilometres of fish passage across the state while an audit of over 522 barriers to fish passage was completed for the Hunter/Central Rivers, Hawkesbury-Nepean, Sydney Metro and Southern Rivers catchment management areas. The audit allowed NSW DPI to prioritise work to improve fish passage actions across numerous large coastal rivers and catchments.

Fish habitat was successfully re-established in long reaches of the Upper Castlereagh, Barwon and Murray rivers.

2006-07 also saw the launch of the innovative Fish Friendly Farms program which NSW DPI developed to actively engage the agricultural community in the management and rehabilitation of native fish habitat.

New recreational fishing guidelines released

(State Plan: S8, E4, E8)

The well used Freshwater and Saltwater Recreational Fishing Guides have been revamped to include the latest information on fishing rules, safety advice, catch and release techniques, fishing tips, projects funded by the Recreational Fishing Trusts, conservation initiatives and other information on our aquatic

environment. The guidelines also now have high quality pictures of all popular fish species caught by anglers. 300 000 of the free guides are being distributed throughout NSW by fishing tackle stores, Fishcare volunteers and fisheries officers.

Risks posed by pests, diseases and chemicals are excluded, eradicated or effectively managed

Oyster industry water quality initiatives (State Plan: E4)

NSW DPI is working with the NSW oyster industry, local government and other state agencies to improve estuarine water quality in oyster growing areas. Projects over the reporting period included:

- establishing a working group to identify strategies for diffuse source water quality management
- partnering with the Hawkesbury Nepean and Hunter/Central Rivers catchments under the Tide to Table program to examine rehabilitation projects
- developing an interagency protocol to respond to emerging water quality issues in oyster harvest zones
- responding collaboratively to water quality issues in the Bellingen River and Tilligerry Creek that led to the closure of oyster harvest in these waterways.

National Livestock Identification System (State Plan: P6, E4)

2006-07 marked the final phase of implementation of the National Livestock Identification System for cattle by NSW DPI. Statistics show the system's reach – over 55 000 NSW properties and over 9.1 million cattle registered and almost six million subsidised electronic ear tags bought by producers. The performance of NSW in the national cattle tracing exercise, Cow Catcher 2, was the strongest indicator of the system's success while an independent survey showed overall industry acceptance.

Implementation was a collaborative effort between NSW DPI's Agriculture and Fisheries and Biosecurity, Compliance and Mine Safety divisions, which worked closely with the rural lands protection boards. The case study in the chapter on the latter division has more details.



Steve Exton, NSW DPI Industry Leader Beef Development, checks NLIS tagged cattle at Wagga Wagga saleyards.

Small scale pork producers (State Plan: S8, E4)

NSW DPI factored small scale pork producers into biosecurity calculations in 2006-07. Working with rural lands protection boards, we identified the need to locate these producers, provide them with information on biosecurity risks, and institute a traceable pig movement system. To these ends, we prepared a series of brochures for distribution at events such as field days. The brochures cover swill feeding; animal welfare issues; the legal obligations for keeping small numbers of livestock near urban areas; saleyard animal movement requirements; and animal identification.

Phylloxera (State Plan: S8, E4)

Phylloxera is a significant quarantine pest for grape growers. Infestations of this deadly small root dwelling insect are very difficult to treat and control usually consists of preventing the movement of grape material from infested areas. With the exception of two small areas, NSW has been declared a phylloxera-free zone. To maintain this status, NSW DPI conducted a state-wide extension program to ensure that producers in all grape growing areas are familiar with new legislative requirements for importing grape material and have suitable quarantine procedures in place to reduce the risk of pest infestation and spread.

Orchard Plant Protection Guide (State Plan: S8, P6)

Now in its 17th edition, the popular Orchard Plant protection Guide continues to provide deciduous fruit growers with latest technology in orchard management along with pest and disease control strategies including the use of integrated pest and disease management systems and biological controls. A feature of the latest edition was a section on climate change and fruit production.

Dioxin advisory campaign (State Plan: S8)

Following identification of elevated dioxin levels in Port Jackson last year, NSW DPI developed and implemented a comprehensive program to give local anglers updated dietary advice about eating their catch. The program included the publication of multi-lingual material, signage at key locations around the port, written advice to all anglers holding one and three-year licences, and a regular on-water communication with anglers via Fishcare Volunteers and NSW DPI staff. We also used special purpose vessels for on-water education.

Informed debate on primary industries issues involving extensive and effective consultation

Organic Industry Advisory Council (State Plan: P6)

The NSW Government continued to support the development of the organic food and fibre industries in 2006-07 through the establishment the Organic Ministerial Advisory Council. The council, which includes nominated representatives from a broad spectrum of the industry, will provide advice directly to the Minister for Primary Industries.

Service delivery aligned with stakeholder priorities

Aquaculture administration database (State Plan: S8)

NSW DPI enhanced the aquaculture administration database to meet the operational and legislative requirements of managing the NSW aquaculture industry. The database now:

- facilitates a holistic approach to managing individual business
- enables regular audits of business details such as lease security, tenancy and expiry
- frees NSW DPI to dedicate more resources to case managing businesses and transactions.

Agricultural education (State Plan: P7, E4)

The Murrumbidgee Rural Studies Centre and the CB Alexander Campus expanded training and extended the geographical reach of training programs this year. Both also worked closely with catchment management authorities on course delivery.

In other educational developments, the establishment of the AgCredited program in association with the Australian Institute of Agricultural Science and Technology will allow professionals working in agriculture and natural resource management to gain national accreditation and give farmers added confidence when engaging consultants.

The CB Alexander Campus' residential program remained at capacity level with 128 full-time students. As in previous years, college graduates found ready employment in rural industries.



Total students completing Certificate IV in Agriculture

Animal welfare legislation updates (State Plan: P3)

Amendments to the Prevention of Cruelty to Animals Regulation 2006 combined previous regulations in an improved format that streamlined regulatory activities, clarified application of the *Prevention of Cruelty to Animals Act 1979*, and boosted deterrence. The Act was also amended to confirm the prohibition of both surgical and non-surgical tail docking for cosmetic purposes. The Exhibited Animals Protection Regulation 2005 was amended to introduce new standards for exhibiting Australian mammals and allow the issue of penalty notices for certain offences.

Exhibited animals

The opening of two multi-million dollar animal exhibition facilities brought several years work by NSW DPI staff to successful completion. One of the facilities was Taronga Zoo's new Asian elephant exhibit, which had been the subject of intense scrutiny by animal welfare groups. By requiring a series of welfare changes, NSW DPI enabled the zoo to import an additional bull elephant, meet Australian import conditions, and comply with the national zoo elephant guidelines. The second facility was Sydney Wildlife World, which opened following controversy over its location and novel design. Our role in this instance was to require various welfare improvements and environmental changes to satisfy community concerns.

Ethics

In 2006-07 NSW DPI hosted a seminar for over 100 members of NSW animal ethics committees. The meeting reflected on changes in the conduct of animal research since the introduction of animal research legislation 20 years ago as outlined in the case study in this chapter.

Significant issues

Drought management (State Plan: S8, P6)

Drought management was again a significant issue for the division. District staff conducted drought management workshops across the state with a focus on the technical, risk management and social issues facing primary producers as the drought entered new phases. Over the year, technical resources were developed and adapted for different rainfall scenarios and in late 2006 the water delivery announcements in the Murray-Murrumbidgee prompted a further round of assessment and development of new advisory material on managing enterprises through likely water delivery scenarios.

Stock containment areas (State Plan: E4)

The Murray Catchment Management Authority contracted NSW DPI to conduct groundcover assessments for 100 landholders who received incentive funding to build stock containment areas under the authority's drought support package. Stock containment areas are designed to maintain groundcover and protect pastures, waterways and soil by confining stock to smaller parcels of land for hand feeding during drought. The technical data collected in the assessments will be held by the authority to allow benchmarking against a longer-term study of the impacts of stock containment on groundcover.

StockPlan® (State Plan: P7, S8)

In August 2006 the Minister launched StockPlan®, a decision support package developed by NSW DPI to assist livestock producers in making stock/feed management decisions. Following the launch we conducted 40 one-day workshops supported by Australian Wool Innovation and the Lachlan

and Murrumbidgee catchment management authorities. The workshops, which attracted producers from over 530 properties, allowed participants to develop tactical and strategic drought management plans. Participation also made producers eligible for incentive funds of up to \$10 000 to construct drought lots.

Managing animal welfare

The drought has posed an ongoing risk to animal welfare. NSW DPI collaborated with other agencies on a series of policies and publications to ensure that regulatory bodies, advisory officers and others concerned with animal management are aware of the need for proper treatment of drought affected animals.

Drought Support Workers (State Plan: S8, P6)

As they have been doing since 2003, NSW DPI's drought support workers offered drought-affected producers and their families personal support, basic information and referral to other services. This year drought support workers ran 257 farm family gatherings across NSW which attracted over 28 000 participants. And, demonstrating the versatility of the concept, they recently used the same approach in supporting farmers affected by floods in the Hunter.

Buyout of Commonwealth commercial fishing entitlements (State Plan: E4)

The NSW Government initially welcomed the Commonwealth Government's announced buyout of Commonwealth commercial fishing entitlements, while noting the potential risk of dual- endorsed operators selling their Commonwealth entitlements and then transferring their entire operations to NSW fisheries. NSW DPI actively sought to negotiate an agreement that would benefit both governments and the fishers in each jurisdiction, without success to date.

Accordingly, we took steps to protect our fisheries by offering a fixed price for the surrender of trawl and ocean trap and line entitlements, and by upholding the nationally agreed policy to prevent licence splitting. We started the process to cancel the NSW licences held by operators that split their businesses but have no recent catch history in NSW fisheries. When the Commonwealth and NSW marine parks buyouts are complete, NSW DPI will assess the displaced fishing effort and decide on any further action necessary to protect our fisheries and the businesses which depend upon them.

Future directions

Our priorities for the next financial year include:

- meeting the challenge of climate change to agricultural producers and commercial fishers through developing information and programs to build risk management skills and improve understanding of available options
(State Plan: P7, E4)
- continuing to develop information and training to assist producers to respond to ongoing drought and irrigation water shortages (State Plan: S8, P7, E1, E4)
- further developing opportunities and enhancements to recreational fishing with support from the recreational trusts
(State Plan: S8)
- delivering industry development strategies for aquaculture, wild harvest fisheries and private forestry to enhance productivity and sustainability (State Plan: P6, E1, E4)
- pursuing reform of commercial fisheries regulation with the overarching goal of reducing costs, increasing profitability and security and maintaining sustainability
(State Plan: P1, P3, P6, E4)
- preparing further evidence-based guidelines for housing laboratory animals in scientific institutions.

Agricultural and Fisheries Divisional performance

	Units	2004-05	2005-06	2006-07
Outcomes				
Crop area sown using reduced tillage technology	%	70	70	80
Producers trained in PROGRAZE improved grazing management	%	95	95	95
Satisfactory test results from pesticide surveys of NSW livestock produce	%	99.9	92.2	99.9
Aquatic species protected	no	27	29	32
Aquatic communities protected	no	39	40	40
Aquaculture production	\$m	50	48	52
Output				
Farmers attending PROfarm training activities	no	-	4 106	5 760
Animal Welfare Licences issued (research and exhibited animals)	no	383	378	440
Lamb traded 'over the hooks'	%	25	30	35
Native fish stocked	mill	2.4	2.3	2.3
Habitat restoration sites	no	203	280	174
Land-based fish farms	no	219	230	205
Areas of submerged lands leased	ha	3 982	4 192	3 895

CASE STUDY



“Over the past two decades there have been many positive changes flowing from the Act”

20 years of better treatment for research animals

This year marks 20 years since the introduction of innovative legislation to protect the welfare of animals used in research and teaching – the *Animal Research Act 1985*. The first law of its type anywhere in Australia, the Act has two tenets: to protect the welfare of animals used for research and to provide a mechanism to ensure the wider community is involved in decisions on animal use.

The Act, which is based on enforced self-regulation, takes into account the rights of different sectors of the community to hold differing views and allows these views to be heard in collective decision-making.

How it works in practice is that one of the NSW animal ethics committees must assess an application for animal research and give consent before any research goes ahead. The committee then monitors the care and management of the animals used in research. Each committee must include a veterinarian, a researcher, an animal welfare representative and an independent community representative approved by the NSW DPI Director-General.

The Animal Research Review Panel created under the Act and NSW DPI's Animal Welfare Branch take care of enforcement via a system of licensing and inspections. Panel members must include four animal welfare representatives.

Over the past two decades there have been many positive changes flowing from the Act. For example, at one major university the use of animals for teaching purposes has fallen from 4.5 animals per student in the late 1970s to 0.01 animals per student now – a reduction of 99.77 percent.

Such is the strength of the Act that, as noted by Animal Research Review Panel Chairman Margaret Rose, it will help those working to enhance animal welfare to meet the challenges of the next 20 years

CASE STUDY

“Now the fishing industry can move forward.... share management will deliver a rejuvenated commercial fishing sector”

Commercial fishers welcome new management framework

(State Plan: P6, E4, S8)

Greater security, enhanced flexibility and less red tape are the benefits to flow from a new management framework for five of the state's commercial fisheries.

Whereas fisheries management was previously based on an annually renewable licence, the new framework gives fishing business owners shares for a 10-year period. The shares are automatically rolled over with each new management plan. And, if a fishery is closed, business owners are eligible for compensation.

Implementation of the framework in February 2007 crowned the efforts of a dedicated NSW DPI team that drew on expertise from a number of different corporate units. Team members consulted extensively on the criteria for share eligibility, disseminating discussion papers, holding port meetings and seeking input through the industry-based management advisory committees and the Seafood Industry Advisory Council. Fairness and openness were the cornerstones throughout discussion and plan development.

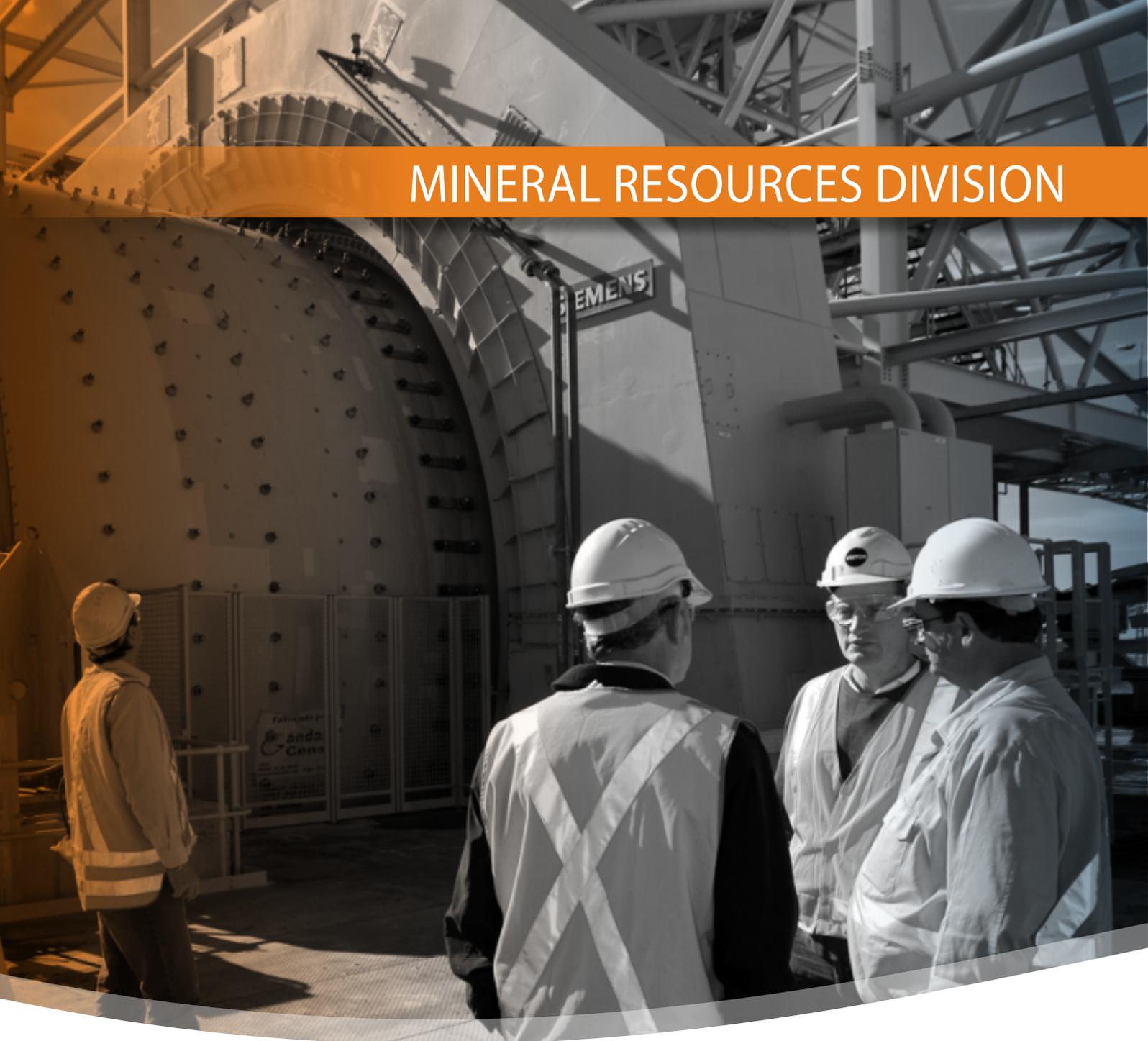
Fishing business owners had the opportunity for a free assessment of their eligibility to shares if dissatisfied with the department's initial assessment. Shares were then allocated on a provisional basis, with any owner still dissatisfied able to appeal to an independent panel. The panel, which is to operate as informally as possible, will have the power to uphold a decision, vary a decision or set a decision aside in favour of a new one.

Industry had long sought a secure management framework and lauded the 2007 implementation. As the deputy chairperson of the Seafood Industry Advisory Council, commented:

“Now the fishing industry can move forward... share management will deliver a rejuvenated commercial fishing sector and more sustainable fish harvesting. It secures supplies of fresh NSW seafood long into the future.”

There will also be other benefits in that business owners will be able to trade shares to gain access to new fisheries as seasonal fluctuations, family commitments and business needs dictate. The early signs are positive with a flurry of share trading underway already. The net result is a solid foundation for an important NSW regional industry

MINERAL RESOURCES DIVISION



Nature and scope of activities

The Mineral Resources Division contributes to the prosperity of NSW through its stewardship of mineral resources. In 2006-07 NSW mineral and metallic mineral export earnings were worth approximately \$11 billion while government royalties from the mining industry totalled approximately \$489 million.

The division comprises five branches:

- Mineral Resources Development
- Environmental Sustainability
- Development Coordination
- Geological Survey of NSW
- Mine Safety Operations

Major outcomes achieved

Primary industries competitiveness is increased

Continued strong production and royalties

(State Plan: P1 P6)

The combined value of NSW mineral production in 2006-07 was \$12.3 billion.

Coal, with an estimated value of \$8.1 billion, accounted for around 65 per cent of the total as the coal boom continued. Strong global demand (especially from Asia), a slump in Chinese exports and supply shortages from key producing nations all helped to maintain export prices for both thermal and metallurgical coal at high levels.

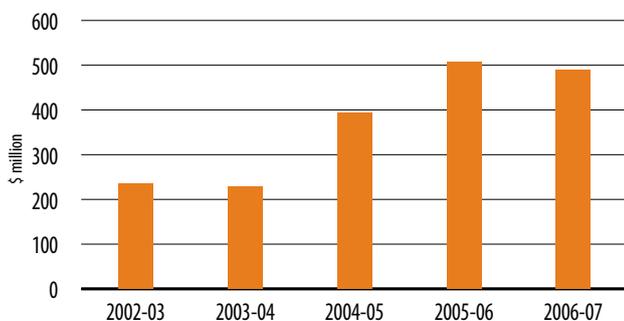
The value of metallic and industrial mineral production rose by around 1 billion to an estimated \$4.2 billion.

NSW royalty figures for 2006-07 were slightly down on the previous record year as a result of improvement in the Australian dollar. The net royalty collection was approximately \$489 million, a decrease of 3 per cent on 2005-06.

At \$416 million, coal royalty collection was down by 7 per cent, largely due to exchange rate variations. Non-coal royalties increased by approximately 30 per cent to \$73 million due to increased commodity prices.

The graph below shows the value of mineral royalties over the period 2002-03 to 2006-07.

Mineral royalties 2002 - 03 to 2006 - 07



New development (State Plan: P1 P6)

In June 2007 the NSW Government approved Centennial Coal's proposed \$240 million Anvil Hill open cut coal mine project and the proposed Abel underground coal mine. The former project involves the mining of up to 10.5 million tonnes per annum (Mtpa) of thermal coal and will create up to 240 full-time jobs. The corresponding figures for the Abel mine are up to 4.5 Mtpa of run-of-mine coal and up to 375 full-time jobs.

Other projects approved during the year included the Duralie coal mine extension, Angus Place coal mine extension, Invincible coal mine extension, Mt Arthur coal exploration adit, Ivanhoe North coal mine rehabilitation project, Northparkes E48 copper-gold project, and the Broula magnetite and limestone project.

Presently there are over 30 coal projects and 20 metallic and industrial mineral projects proposed for development over the next decade. If all were to proceed, the cumulative investment in NSW would exceed \$7 billion and more than 5 500 jobs would be directly generated.

Titles (State Plan: S8, P1, P6)

NSW DPI processed over 400 exploration licence applications in 2006-07 – more than double the numbers received in eight of the last 10 years. There were 2 074 dealings (or actions required) for exploration and mining titles over the year. Of these, about 81 per cent were completed, with the remainder carried forward to 2007-08.

Industry information (State Plan: S8, P1, P6)

Development of a graphical information system of all known historic and active coal mine workings within NSW is in progress and will enable NSW DPI to quickly determine the extent of mining relative to surface features.

In other information initiatives, the scanning of over 4 000 mining lease plans for the DIGS database took the total plan images publicly available via the internet to over 40 000. The database will further expand when the current program to make historical plan registers available in electronic form is completed.

On the safety front, the completed review of the Survey and Drafting Directions for Mine Surveyors and development of check sheets for industry will facilitate a quality assured process for lodging plans required under the Coal Mines Health and Safety Regulations 2006.

Industry see NSW as an attractive state in which to invest

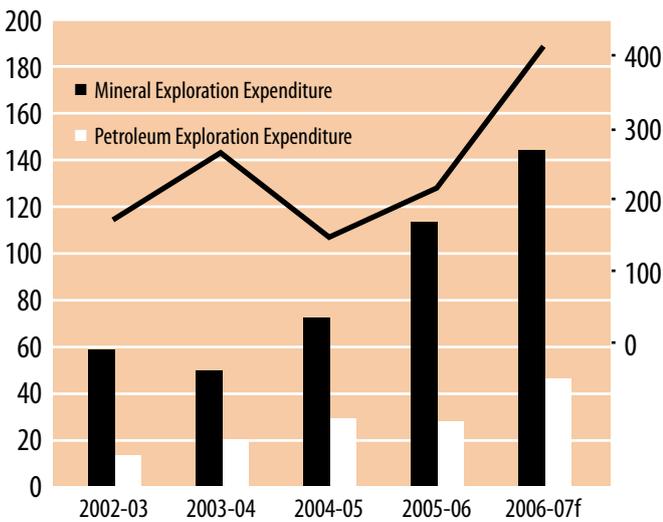
The booming exploration industry (State Plan: P1, P6)

A booming global minerals market and high energy prices, together with strong government support for exploration investment, drove the private sector's mineral exploration expenditure to record levels in 2006-07. At the end of the financial year, NSW exploration spend was \$144.1 million, a 26 per cent increase over 2005-06 and a 100 per cent increase over two years. To this figure should be added forecast expenditure of around \$47 million on petroleum exploration and development, which brings total expenditure on exploration for the year to around \$190 million.

Increased exploration interest was similarly reflected in the number of mineral exploration licence applications NSW DPI received. Applications almost doubled from 215 in 2005-06 to 414 in 2006-07. The increase was largely due to heightened interest in metals, including tin, tungsten and molybdenum.

There was also a significant takeup of petroleum exploration licences.

Private Mineral and Petroleum Exploration Expenditure in New South Wales



f-forecast

New Frontiers (State Plan: P1, P6)

To ensure the state remains competitive in the global market for exploration investment, the NSW Government announced New Frontiers, a two-year \$8 million enhancement program that will build on the success of the Exploration NSW initiative. This initiative stimulated mineral and petroleum exploration investment through new high-technology geoscience programs over under-explored regions of NSW.

New Frontiers was successful in its first year in generating increased interest in exploration in the far northwest and southwest of NSW. Major gravity surveys conducted during the year will substantially improve the three-dimensional understanding of these regions and thus increase confidence in exploring these challenging terrains.

Core library (State Plan: S8, P1, P6)

The E C Andrews Regional Core Storage Facility was constructed at Broken Hill in 2006-07. This core library will hold 80 000 metres of regional exploration drill core and offers an important information resource to the local exploration industry.



New E.C. Andrews Regional Core Storage facility at Broken Hill

Promotion (State Plan: P1, P6)

NSW DPI actively promoted mineral and petroleum investment opportunities in NSW at international industry events such as the Prospectors and Developers Association of Canada Convention in Toronto, the China Mining conference in Beijing, and meetings with the Japan Oil, Gas and Metals National Corporation in Tokyo.

Appropriate access to natural resources

NSW DPI continued to participate in strategic land use studies covering local government areas across NSW. The studies will inform the local environmental plans that councils will prepare over the next three years.

At the next level, a new state environmental planning policy (SEPP) commenced in February 2007. The SEPP (Mining, Petroleum Production and Extractive Industries) 2007 aims to facilitate the orderly use of land containing mineral, petroleum and extractive material resources, and to encourage ecologically sustainable development through the establishment of appropriate planning controls.

Environmental management standards (State Plan: E4)

NSW DPI continued to advance environmental management standards for exploration and mining in NSW.

Improvements to the security deposit process for environmental rehabilitation came into effect from 1 July 2006. The new process requires that mining, petroleum and exploration titleholders provide NSW DPI with a self-calculated estimate of rehabilitation costs – a change that ensures securities adequately reflect the environmental rehabilitation liability on any site. As a result of this change, the value of securities held by NSW DPI increased from \$511 million in 2005-06 to \$733 million in 2006-07. Guidelines to assist industry to calculate rehabilitation costs are available on the NSW DPI website.

Information and education (State Plan: S8, P7, E4)

The new-look NSW DPI website launched in early 2007 provides the latest information on environment policies, guidelines and procedures as well as a list of the environmental factors that exploration and mining proposals must address.

More than 420 new licence and mineral claim holders at Lightning Ridge attended environmental awareness courses designed to improve environmental performance standards and rehabilitation outcomes.

Mine rehabilitation (State Plan: E4)

During the year 37 rehabilitation projects were completed at derelict mine sites across NSW with funding of \$1.77 million provided by the government. Projects included rehabilitation of the former Yerranderie silver mine where the Sydney Catchment Authority provided \$100 000 of supplementary funding. In addition, there were 19 smaller rehabilitation

projects undertaken at Lightning Ridge. Environmental assessments at various sites included surveys for threatened species, heritage assessments, soil and water investigations and preparation of remediation action plans.

The Environmental Levy Works Program commenced at Lightning Ridge. It will lead to rehabilitation of abandoned opal claims through a \$20 per annum levy on each mineral claim renewal.

Subsidence management (State Plan: E4)

NSW DPI manages mine subsidence planning under a whole-of-government approach and in 2006-07 approved 28 of the 35 mine subsidence management plans received. The remainder are currently being assessed. Assessment involves consideration of each plan by an interagency committee comprising senior personnel from the Sydney Catchment Authority, the Department of Environment and Climate Change, Department of Water and Energy, Department of Planning, the NSW Dams Safety Committee and the Mine Subsidence Board in addition to personnel from NSW DPI.

Mining industry operates to best practice health and safety standards

NSW DPI continued to focus on front-line safety activities. We also aided industry compliance with statutory obligations under the new legislative framework through education and development and review of compliance support material. In recognition of the program's success over 13 years, the Lightning Ridge Opal Mine Safety Awareness Course received the 2006 Staff Achievement Award for project excellence, customer service, sustained performance and innovation.

Other major activities included oversight of engineering standards for the design, application and testing of equipment used in NSW mines. NSW DPI monitored those organisations accredited with issuing certificates to ensure the credibility of the certification process that has replaced the previous approval system for electrical plant and equipment used in coal mine hazardous zones.

Significant issues

Water management (State Plan: E1)

NSW DPI continued to promote efficient water management at mining and processing sites in 2006-07 and worked to instil an understanding that water is a vital business and community asset. With better management increasingly important due to the drought and limited water access by mines, NSW DPI began liaising with affected mines to implement contingency plans that will allow ongoing operation with reduced supplies.

Greenhouse gas research (State Plan: P1, E3)

NSW became a member of the Cooperative Research Centre for Greenhouse Gas Technologies. The centre is one of the

world's leading collaborative research organisations focused on carbon dioxide capture and geological storage. Membership will enable NSW DPI to advocate for the state's carbon dioxide storage potential.

Enhancing community consultation and addressing concerns

As part of the allocation of the Carooona Coal Exploration Area in 2006, the Minister for Mineral Resources appointed the Hon. Garry West to chair a community committee to act as a forum for consultation and information exchange during the exploration period. The committee will help address local concerns regarding coal exploration at Carooona. Members include representatives from the community, Gunnedah and Liverpool Plains Councils, BHP Billiton and NSW DPI.

In response to issues raised by the local community, the Minister for Planning and Minister for Mineral Resources jointly announced an independent expert panel to inquire into underground coal mining in the Southern Coalfield. The terms of reference for the inquiry are to:

- review the impacts of underground mining on significant natural features including rivers and streams, swamps, and cliff lines
- advise on best practice in regard to assessing subsidence impacts; avoiding and/or minimising adverse impacts on significant natural features; and managing, monitoring and remedying subsidence
- report on the social and economic significance to the region and the state of the coal resources in the Southern Coalfield.

The panel is expected to report in late 2007.

Review of subsidence management plans (State Plan: P3)

NSW DPI commenced a review of the subsidence management plan process in line with a commitment made when the process was introduced in July 2004.

The review will focus on the streamlining of documentation, risk management and removal of duplication with other statutory requirements, including the integration of plan approval with Part 3A approvals. The findings of the Southern Coalfield Independent Expert Panel will inform the review as will industry and stakeholder consultations.

Future directions

Clean coal technology (State Plan: P1, P6, E3)

The NSW Government announced its commitment to two clean coal technology projects in March 2007. The first aims to capture and store carbon dioxide emissions in underground rock formations (geosequestration). The initial stage of the project will identify potential carbon dioxide storage sites in NSW and pave the way for a pilot geosequestration program. The second project – an Ultra Clean Coal demonstration plant

at Cessnock – will produce high purity, cleaned coal that can be burnt directly in gas turbines to generate electricity, thereby potentially reducing greenhouse gas emissions from the generator by between 20 and 30 percent.

In addition, the NSW Government established the NSW Clean Coal Technologies Working Group in late 2006 to identify priorities and projects in NSW that will reduce carbon emissions from coal. The group includes representatives from government agencies, the coal and electricity generation industry, and research organisations.

Exploration (State Plan: P1, P6, E3)

The successful New Frontiers initiative will further promote exploration opportunities in poorly understood and explored regions of NSW. The focus for 2007-08 will be on both mineral exploration and clean energy, including gas and geothermal.

Legislation (State Plan: P3)

Amendments to the environmental provisions of the *Mining Act 1992* will strengthen administration of mining activities in NSW and improve environmental outcomes without adding significantly to industry compliance costs.

Regional assessment of Western Coalfield

(State Plan: P1, P6)

After delays due to increased demand in 2006-07 for drill rigs, the assessment will continue to identify coal resources suitable for the domestic and export markets.

Mineral Resources Divisional performance

	Units	2004-05	2005-06	2006-07
Outcomes:				
NSW share of private mineral exploration in Australia	%	7.2	9.2	8.4
Value of NSW mineral production	\$m	9 200	11 700 ²	12 300 ¹
Royalties collected	\$m	396	503	489
Lost time due to injuries	no.	565	443 ²	475 ¹
Fatal injuries	no.	1	0	2
Mines operating to agreed mining operation plans	%	95	95	95
Environmental security deposits held	\$m	473	511	733
Outputs:				
Coverage of state by new standard series geoscience maps and data	km2	30 000	27 000	27 000
Titles and dealings processed within published time frames	%	90	88	81
Royalty debt level - % of total royalties	%	0.20	0.15	0.25
Safety regulation				
- Investigations (safety operations) ³	no	494	501	450 ^{1,3}
- Enforcement actions	no	411 ²	360	666 ¹
Environmental regulation				
- Audits, assessments and reviews	no	798	812	857
- Investigations and enforcements	no	45	134	75
Rehabilitation of derelict mine sites	no	50	26	37

Note:

1 forecast figures for 2006-07 may be subject to change, other data may change following audits

2 2003-04, 2004-05 and 2005-06 figures have been updated where new validated information is available

3 reporting incidents where a NSW DPI official attends (i.e. Level 2 and Level 3 investigations only)



CASE STUDY



Mine presents golden opportunities for local community

(State Plan: P1, P6, P7)

Now in full production, Barrick Gold's Cowal Gold Mine will prove a major economic boost to the local area, particularly the towns of West Wyalong, Wyalong and Forbes.

The mine employs around 260 full-time workers and 80 contractors, many of whom are locals, and spends approximately \$18 million on salaries and wages. An additional sum of around \$9 million is outlaid on goods and services.

There will also be major benefits for the Wiradjuri people, who are the Native Title Claimants to the area around Lake Cowal. These stem from an agreement between Barrick Gold and the Wiradjuri Community initiated by the Council of Elders and concluded before mine construction started in 2003. The agreement protects Wiradjuri heritage and the environment while ensuring a wide range of benefits flow to the Wiradjuri Community during the mine's estimated 13-year life.

What this means in practice is increased employment and training opportunities coupled with funding for a Wiradjuri Cultural Studies Centre.

During the advanced drilling and early pre-construction work, Barrick employed Wiradjuri people as aboriginal heritage monitors. (The area contains Aboriginal artefacts and cultural objects such as marked trees and stone axes and blades.) Working alongside the company's archaeologists, they helped to minimise any impacts on heritage sites in the mining lease. In total more than 80 Wiradjuri people were employed in a variety of jobs at Cowal up to the commencement of operations.

Since mining started, the agreement has provided tertiary scholarships and apprenticeships for 12 young Wiradjuri people. New scholarships and apprenticeships are being awarded annually. Barrick has also teamed up with Condobolin TAFE College on a new *Introduction to Mining* course. To date, 36 Wiradjuri students have completed the course, some later gaining valuable jobs at Cowal and others taking up opportunities in Condobolin and elsewhere.

Under the agreement's cultural commitments, Barrick will make an annual grant for a Wiradjuri Cultural Studies Centre to be constructed in Condobolin. The Centre will be a place where people can gather to teach and learn Wiradjuri culture.

For the Wiradjuri, the agreement with Barrick Gold marks a new beginning.

Barrick is also the major sponsor of the Lake Cowal Foundation, a non-profit environmental trust established in June 2000. Its primary goal is to protect and enhance the environment of Lake Cowal. The foundation is expected to use funds of over \$2 million for this purpose during the life of the mine.

Nature and scope of activities

Forests NSW is a public trading enterprise within NSW DPI. Our role is to manage more than two million hectares of native and planted forests on behalf of the people of NSW. In undertaking this role we combine a sharp commercial focus with a strong commitment to high environmental performance standards.

Forests NSW comprises five branches:

- Planted Forest Operations
- Native Forest Operations
- Commercial Services
- Financial and Operational Business Services.
- Land Management and Technical Services

For more information see the separate report we prepare each year as a public trading enterprise and its companion social, economic and environmental report.

Major outcomes achieved

Primary industries competitiveness increased

Commercial performance

Forests NSW made an underlying trading profit of \$28.04 million in 2006-07. While below target, this was still a strong result given the slow market conditions and losses sustained during the fire season.

Revenue from timber sales was lower than projected due to softer market conditions in the housing and construction industry for most of the financial year and lower prices received for fire affected timber. On the other side of the ledger, costs rose due to sharp increases in fuel prices, which prompted development of new cost-sharing mechanisms with industry.

The trading downturn was offset by the sale of NSW Greenhouse Abatement Certificates, together with the sale of surplus assets, and the strengthening of some market sections late in 2006-07.

Fitch Rating, engaged by NSW Treasury to review the credit ratings of all government businesses, reviewed our business in March 2007. Forests NSW was pleased to maintain its BBB minus rating and thereby achieve a key financial performance target.

Price review

In 2005-06 Forests NSW initiated the Review of Pricing for NSW Public Native Forest and Hardwood Plantation Log Products to address ongoing industry pricing concerns, review pricing principles and systems, and re-set log prices where warranted. This financial year consultants engaged by the review's steering committee consulted with industry stakeholders and prepared a draft report and recommendations. The steering committee will forward the final report to the Minister for consideration.

Industry development (State Plan: P6)

The major developments for the year were:

- the opening of the Allied Timber Products new sawmill in Raglan near Bathurst, which will process up to 90 000 cubic metres per annum of Forests NSW softwood plantation sawlogs. Approximately \$10 million has been invested to date
- significant progress has been made towards completion of the McVicar mill at Quirindi near Tamworth, designed to process up to 115 000 cubic metres per annum of Forests NSW softwood sawlogs. \$6 million has been invested to date
- the upgrade of the Norske Skog newsprint mill at Albury, which has considerably increased production. An additional \$130 million has been invested.

Planned expansions include the Visy Pulp and Paper second stage development of their Tumut mill. This \$450 million project is expected to create around 900 jobs in the Snowy Mountains region.

Business development (State Plan: S8, P6, E8)

With the sale of NSW Greenhouse Abatement Certificates generating over \$9.5 million in 2006-07, Forests NSW continued to explore other commercial opportunities from non-timber products and services. Driving this strategy is the newly established Enterprise Development Group. Among potential services that the group may consider are biodiversity management, enhancement of water quality and quantity and commercial recreational opportunities.

In other business development initiatives, Forests NSW finalised plans for a feasibility study into the collection and processing of biomass residue from the harvesting of softwood plantations in the Macquarie Region. A two-year timeframe to complete the study is proposed.

Plantations strategy (State Plan: P6, E4)

Recognition of the need to improve plantation productivity and profitability prompted Forests NSW to develop a strategy that establishes a framework for business decision-making. Consistent with the State Plan, the strategy also outlines actions to deliver economic, social and environmental benefits to regional and rural communities.

Plantation timber quality study (State Plan: P6)

Forests NSW is taking part in the most comprehensive study of wood properties currently in progress in the world. The study is investigating the genetics of wood quality in plantation-grown *Eucalyptus pilularis* (Blackbutt). A Forests NSW plantation near Port Macquarie is one of three sites being used in the study. The end-goal is to select seedlots that will produce Blackbutt plantations with superior growth and wood quality traits, thereby increasing the value of forest production for both Forests NSW and our timber processing customers.

Appropriate access to natural resources

Wood supply agreements (State Plan: P6, E4)

During 2005 Forests NSW commenced the final stage of a process to secure sales of low quality sawlogs (salvage sawlogs) under long-term wood supply agreements and give resource security to all major north coast customers. 2006-07 marked the signing of new wood supply agreements by the majority of customers.

Brigalow Belt South and Nandewar Regional Assessment (State Plan: P6, E4)

In line with the NSW Government's decision on the regional assessment, Forests NSW commenced non-commercial thinning of regrowth cypress to provide future sawlogs to the industry. A review of the inventory of timber supply of the cypress forests south of the Brigalow bioregion also commenced.

Primary industries reflect principles of sustainable development

Sustainable forestry (State Plan: P6, E4)

Continuous improvement in sustainable forest management was a high priority throughout 2006-07 and led to the major achievement of being certified under the Australian Forestry Standard for the management of both native forests and plantations.

Following publication last year of ecologically sustainable forest management plans for native forests in Regional Forest Agreement areas, Forests NSW completed corresponding draft plans for planted forests. We will publish the final plans after taking public comment into account.

Independent audits of the Environment Management System (EMS) were conducted throughout the year to ensure that Forests NSW maintained its environmental performance according to ISO 14001. The EMS certification gained in mid-2006 subsequently allowed us to apply for certification to the Australian Forestry Standard, which was achieved in December 2006.

The Australian Forestry Standard certification assures all stakeholders that our forests are managed sustainably and gives customers greater confidence regarding the environmental, social and economic credentials of their timber products. It will also help to ensure that timber products from logs harvested in NSW state forests remain competitive in local and international marketplaces.

Red gum wetlands (State Plan: P6, E4)

Under the multi jurisdictional Living Murray program, the NSW Government and the Murray Darling Basin Commission jointly purchased a 1 480 hectare property located downstream of Echuca and encircled by Forests NSW red gum forests. The main section of the property was added to the Perricoota/Koondrook group of forests, part of 84 000 hectares of the NSW Central Murray state forests listed as a wetland of international significance under the Ramsar convention.

Acquisition of the property will allow the periodic flooding of the Perricoota/Koondrook forests, an area of approximately 31 000 hectares, which is crucial to the ongoing health and productivity of the entire forest ecosystem.

Adopting best practice health and safety standards

Safety improvements

As a self-insurer for workers compensation purposes, Forests NSW must implement comprehensive safety systems that meet WorkCover requirements.

This year Forests NSW focused on continuous improvement of the safety management system. Although a WorkCover audit of the system led to renewal of our self-insurer licence for 12 months, it also identified a number of technical deficiencies.

We therefore developed a detailed improvement plan which is being implemented.

To further highlight the importance of safety, Forests NSW appointed two additional safety coordinators to support the continuing development and implementation of the system across the state. To strengthen the safety message to staff, our new Chief Executive initiated the production of a monthly newsletter called 'Keep Safe'. The monthly newsletter will highlight key safety issues including recent incidents and new safety programs as well as including current safety statistics.

Community confidence in primary industries is enhanced

NSW state forests not only play a vital role in supporting profitable and sustainable primary industries but also support human health and well-being by providing many educational and recreational opportunities. Consistent with the priorities in the State Plan, Forests NSW is actively developing strategies to encourage more people to use state forests. Some of these initiatives are outlined below.

A new vision for Cumberland State Forest (State Plan: E8)

Long valued by both Forests NSW and the general public, the Cumberland State Forest now has a clear future direction due to the strategic management plan drafted in 2006-07. The plan establishes a vision for forest management and identifies new recreational and leisure opportunities for the increasing number of visitors each year. Cumberland is the only metropolitan state forest in NSW.



Visitors enjoying walking trails through the Cumberland State Forest.

Teacher and student education (State Plan: P7, E8)

Forests NSW organises special forest tours designed to increase teacher awareness of our role and enable them to supply students with up-to-date material about our sustainable forest management practices. The tours, now in their 10th year, are conducted at Coffs Harbour, Bathurst and the Watagans.

For the students themselves, we offer a range of education programs aligned with primary, secondary and tertiary

curricula. Nearly 6 000 students took part in the program in 2006-07.

Contributing to regional infrastructure (State Plan: P6)

As in past years, many Forests NSW projects in 2006-07 directly benefited regional NSW communities, particularly projects relating to road construction and maintenance. Some of the major road works funded under this program this year that contribute to NSW Government social objectives included:

- reconstruction and sealing of the Brindabella Road (Hume Region), which included the conversion of gravel road to a two-lane sealed road
- construction of a new forest bridge over Little Murray River to Campbell's Island State Forest, downstream of Barham.

Feral animal control (State Plan: E4, E8)

Hunting is now available in 180 state forests under the NSW Game and *Feral Animal Control Act 2002*, with hunters applying for special licences from the Game Council NSW. As a result, over 6 000 feral animals have been culled.

Legalised hunting complements other strategies to control feral animals on rural lands.

Service delivery models, systems and processes based on innovative solutions.

Business service centres (State Plan: S8)

Forest NSW reviewed the delivery of business services and, as the result, moved from a decentralised model to a more centralised approach.

Three business service centres located in Coffs Harbour, Albury and West Pennant Hills now deliver transactional and processing services to the organisation. This structural change, coupled with development of new business systems, has led to significant improvements in the efficiency and effectiveness of service delivery.

Information security

In 2004-05 Forests NSW implemented an information security management system to meet government requirements for security of electronic information. During 2006-07, an accreditation audit process was completed. Certification was achieved for the disaster recovery capabilities of Forests NSW sales and payroll systems complying with the requirements of ISO/IEC 27001:2005 standard.

Fleet management

Forests NSW has a large fleet of light and heavy vehicles such as water tankers, tractors and bulldozers. A detailed review of the composition of the fleet, its match to business needs and the associated management practices is in progress and has already led to prioritisation of vehicle replacements and new policies for more efficient use of the equipment.

Significant issues

Climate change (State Plan: E3, E4)

Climate change is a global issue and one which Forests NSW is tackling on a number of fronts. Not only has the organisation been involved in carbon trading since its inception in Australia, we have also integrated climate change research and risk assessment into our business planning. For us, key risks include bushfires, droughts, storms, pests and diseases and competition for land and water resources.

In terms of research, July 2006 marked the beginning of a three-year project to breed trees suitable for timber production in drier areas of Australia. The project, funded by a \$346 000 grant through the NSW Department of Environment and Climate Change, will build on earlier work in the area, notably trial plantings of trees potentially suited to low rainfall and marginal agricultural sites. Our aim is to assess these plantings for growth, form and wood property and identify genetically superior trees for improved planting stock.

Timber salvage from forest fires (State Plan: E4)

Prompt action by Forests NSW minimised timber losses when major fires struck state forests in Tumut and Pilliga areas in December 2006. While the Tumut fire was the largest ever plantation fire in NSW, Forests NSW was able to salvage burnt timber before it degraded. Further details are provided in a case study later in this chapter. At the Pilliga in the west of the State, salvage harvesting of burnt cypress, yielded 20 000 tonnes of wood for industry processing.



Salvaged burnt logs ready for cartage to mill.

Investment services (State Plan: P6)

We successfully promoted our forestry management services to potential clients over 2006-07. Plantation establishment relationships were developed with Coal & Allied, Agriwealth Pty Ltd, Macleay River Hardwoods and Country Energy. In future years we will generate revenue through establishing and managing plantations for a range of customers who wish to establish plantations for different purposes.

Future directions

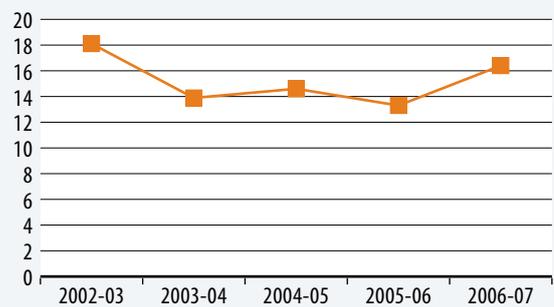
Forests NSW future directions are in line with the State Plan – our focus being increased business investment in rural and regional NSW, better outcomes for native vegetation, biodiversity, land, rivers and coastal waterways, and increased public use of state parks and forests.

Work programs include:

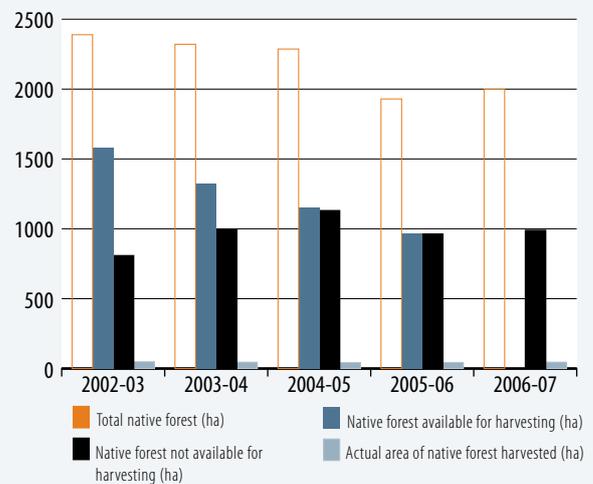
- implementation of the strategic directions identified in Forests NSW Plantations Strategy (State Plan: P1, P6, E4)
- consideration and implementation of the Major Price Review recommendations in consultation with Forests NSW customers and contractors (State Plan: P1, P6)
- development of climate change policies and strategies and associated risk assessment and research activities (State Plan: P1, P6, E3, E4)
- further development of a carbon abatement certificate marketing strategy. The strategy will set the direction for future generation and sales of carbon credits and cover market positioning and pricing for the forestry sequestration products (State Plan: P1, P6, E3, E4)
- linked with the above strategy, the refinement of Forestry Management Business Services to meet investors' expectations for returns for different types of business (State Plan: S8, P1, P6)
- development of biomass marketing strategies in conjunction with the feasibility study in the Macquarie Region
- revise and improve forest valuation and inventory processes.

Safety Frequency Rate

(Number of Lost Time Incidents per million hours worked)



Native Forest Harvested (Area in '000 ha)



Five Year Comparison as at 30 June 2007

	2007 \$'000	2006 \$'000	2005 \$'000	2004 \$'000	2003 \$'000
Revenue*	270 550	259 747	247 546	240 634	219 515
Profit					
Trading Profit*	28 037	31 116	36 819	37 860	23 959
Significant Items and Biological Assets Rev.**	(166 357)	(19 696)	(29 163)	17 392	(11 805)
Profit/(Loss) from Ordinary activities (before tax)	(138 320)	11 420	7 656	55 252	12 154
Distribution to Government	16 000	26 322	32 544	13 096	4 162
Distribution payable					
Capital Expenditure	45 039	31 451	31 531	36 315	32 235
Balance Sheet					
Value of Biological Assets***	1 403 831	1 558 674	1 594 934	1 609 389	1 573 389
Total Assets	2 703 913	2 528 907	2 643 403	2 588 164	2 360 725
Borrowings	159 743	138 276	138 062	121 273	135 576
Total Equity****	1 921 105	1 816 670	1 842 342	2 127 270	1 903 624
Ratios % (excl Abnormals & MVI)					
Return on Equity*	1.41%	1.71%	2.00%	1.78%	1.26%
Return on Assets*	1.07%	1.20%	1.41%	1.53%	1.02%
Debt to Equity	8.01%	7.61%	7.49%	5.70%	7.12%
Return on Equity (including MVI)	(7.25%)	(1.74%)	(0.17%)	2.20%	4.26%

* Exclusive of forest revaluation, capital grants and superannuation fund interest and significant items

** Inclusive of forest revaluations, capital grants and superannuation fund interest

*** Biological Assets represent the commercial value of Forests NSW timber resources (previous year's figures altered accordingly)

**** Australian Equivalents to International Accounting Standards (AEIFRS) was effective from 01/07/04

CASE STUDY



Fire salvage operations set the benchmark

(State Plan: E4)

When fire burnt out over 11 500 hectares of State forest in the Tumut area, including over 8 000 hectares of *Pinus radiata* plantation, the potential timber losses were \$50 million plus. A cooperative effort led by Forests NSW, however, minimised the longer-term industry impacts of the December 2006 fire and set the model for future salvage operations.

As fire-affected timber must be harvested within months, Forests NSW formed a salvage team immediately after the fire to work with contractors and customers on timber harvesting and processing. The team identified four distinct phases in recovery:

- short-medium term resource impact assessment
- salvage operations, including estimation of costs and resources
- re-establishment
- resource impact assessment on long-term wood supply agreements.

Meetings were held with all stakeholders in the week following the fire to determine the quickest and most effective means of salvaging as much of the burnt timber as possible – speed being crucial as burnt timber degenerates rapidly. Stakeholders included representatives from processing industries, harvesting contractors, other private growers, government agencies, local government, the media and the community.

By the end of January 2007, harvesting contractors sourced from as far afield as Queensland were at work in fire-affected areas. By the end of June they had recovered about 500 000 tonnes of sawlog and 150 000 tonnes of pulpwood worth over \$25 million for immediate processing by industry. This result was possible only through the close collaboration of many different agencies.

Other highlights of the salvage operation, which is expected to continue through to October 2007, included provision of advice by other states, a proactive approach to on-site safety, and development of re-establishment plans.



SCIENCE AND RESEARCH DIVISION

Nature and scope of activities

NSW DPI, through the Science and Research Division, undertakes the majority of public sector research and development in the state.

The division's role is to provide the science, research and innovative technologies to increase the international competitiveness and environmental sustainability of the state's primary industries and underpin biosecurity policy and implementation. In undertaking this role, we coordinate research investment across hundreds of projects, foster alliances and cooperative ventures, conduct testing for industry at nationally accredited laboratories and provide a strong evidence base for policy development.

The division comprises seven branches:

- Systems Research
- Production Research
- Health Sciences, Strategic Alliances and Evaluation
- Resources Research
- Rural Innovation
- Research Operations
- Science Strategy.

Major outcomes achieved

The Science and Research Division has performed strongly in attracting external funding with approximately half of its \$100 million direct investment being secured from external sources.

Central to our endeavours this year was the consolidation of climate change research to help primary industries reduce emissions while increasing productivity. Funding of \$2.5 million under the NSW Greenhouse Plan will bolster our research, with the additional money being injected into a range of research projects that span different industries and regions.

Primary industries competitiveness is increased

Coping with climate change (State Plan: P6, E3, E4)

Research to help primary producers adapt to climate change during 2006-07 included:

- identification within the sub-tropical dairy region of trends since 1957 in climatic variables related to dairy production, such as the start of summer moving from mid-November to mid-October, that have significant consequences for pasture production. Simulation modelling and statistical analyses were used to develop monthly rainfall and pasture growth probabilities for three seasonal forecasting systems, giving dairy producers a tool to assess seasonal risk in feed base management
- in collaboration with NSW Department of Environment and Climate Change, enhancement of the operational capacity of catchment management authorities in western NSW to monitor regional ground cover and forecast likely land degradation events by refining the current national AussieGRASS spatial growth simulation system
- the downscaling of global climate models in a geographic information system framework to get a better picture of the impact of climate change on specific NSW primary industries and regions
- development of new plant varieties for agriculture and forestry that cope better with changed climatic conditions, for example, drier conditions, shorter seasons and increased rainfall intensity
- formulation of a range of paper-based and computer packages to assist primary producers make better decisions in the face of climate variability
- investigation of the direct effect of increased atmospheric carbon dioxide on plant growth, for example, through the Hawkesbury Forest Project, which is examining the impact on plantation forests of the interaction between elevated atmospheric carbon dioxide and water availability.

Stockfeed testing service (State Plan: S8)

Farmers across the state are taking advantage of a new NSW DPI stockfeed testing service. Launched in 2006, the Feed

Quality Service measures crude protein, digestibility, fibre and, most importantly, the energy content in megajoules per kilogram of feed so farmers can determine how much to give stock for maintenance, production or reproduction. The service, which NSW DPI extension services are promoting, is proving particularly valuable to farmers who drought-feed stock.

Improving grape and wine quality (State Plan: P1, P6, E1, E4)

The NSW wine industry, which generates more than \$440 million annually in export income, is set to benefit from the new \$31 million Winegrowing Futures Program. This will see the National Wine and Grape Industry Centre in Wagga Wagga, a partnership between NSW DPI, Charles Sturt University and the NSW Wine Industry Association, progressing research and extension activities in the key wine grape growing regions of NSW. The program aims to improve grape and wine quality to match consumer preferences through improved management practices that provide healthier and more productive vines and create water and nutrient savings.

Plant and pasture breeding successes (State Plan: P1, P6, E1, E4)

New commercial lines developed for commercialisation by NSW DPI were:

- Mannus, a new oat variety for winter sowing
- wheat varieties Jaeger and EGA Eaglehawk – one for early and the other for main season sowing
- a new synthetic white clover cultivar, Grasslands Trophy, one of a suite of cultivars with potential to double the Australian white clover zone. The cultivar was produced in alliance with AgResearch NZ, Wrightson PGG and Meat and Livestock Australia
- Jandaroi, a new high yielding durum wheat variety with outstanding pasta making quality.

NSW DPI also helped to establish the National Pulse Breeding Program and the National Chickpea Improvement Program.

Appropriate access to natural resources

Greenhouse gas emissions (State Plan: P1, P6, E3, E4)

Research aimed at mitigating greenhouse gas emissions included:

- award-winning research at the NSW DPI Wollongbar Agricultural Institute. Trials have shown that sequestration of carbon in agricultural soils can increase crop yield significantly and reduce nitrous oxide emissions. The research, which is the subject of a case study in this chapter, is in collaboration with Gosford-based company BEST Energies
- development of forest carbon accounting procedures that better reflect the fate of timber products after harvest
- development of a system whereby catchment management authorities can act as carbon pool managers for landholders to facilitate their participation in the carbon trading market.

The system should give landholders cash income plus an incentive to revegetate their properties

- quantification of carbon sequestration in soils under different agricultural production systems
- research into the use of recycled organics in agriculture and forestry to supply nutrients and sequester carbon, a technique also applicable in mine site rehabilitation
- work on reducing methane emissions from ruminant livestock.



Climate control tree chambers used to investigate climate change impact on tree growth.

Releasing fish for the future (State Plan: S8, E4, E8)

NSW DPI research is helping to ensure that more fish are available in the future by quantifying the mortality of released line-caught fish and then developing and testing changes to fishing gear and practices designed to maximise survival. Given that between 30 and 50 per cent of the total recreational catch each year is released, the research will potentially have a major impact.

To date the findings relating to seven species show that hooking location and handling practices are among the most important predictors of mortality. Anglers are being advised of correct handling procedures and are responding positively to the suggested changes. The research, which will cost more than \$1.5 million, is funded by NSW DPI recreational fishing licence fees.

Communities and primary industries prepared for managing risks

Diagnostic services serve new purpose

(State Plan: S8, P1, P6, E4)

The research and diagnostic capabilities of NSW DPI laboratories allow us to provide a state-of-the-art service to clients and respond quickly to new threats. This year the rapid, high-throughput virus detection system originally established at Elizabeth Macarthur Agricultural Institute to meet the growing threat posed by avian influenza was adapted to meet other needs. It is now being used nationally for testing

imported prawn products for three virus diseases for the Australian Quarantine and Inspection Service.

QX-resistant oyster breeding program (State Plan: P6, E4)

NSW DPI's Sydney rock oyster-breeding program won a Bronze Award in the Business, Management and Financial Performance category of the 2006 NSW Premier's Public Sector Awards. The award recognises the program's significance in developing QX-resistant, fast growing oysters that have contributed to industry sustainability.

The selectively bred oysters have been commercialised now for two years in collaboration with the industry-based Select Oyster Company. Field trials have shown that the new 'super oyster' is on average over twice the weight of standard oysters while industry has praised its marketability.

Plant health (State Plan: P1, P6, E4)

In an effort to limit chemical use and improve market access, NSW DPI developed a number of new integrated pest management plans and evaluated biological control agents for the vegetable and grain industries. In tackling specific issues our plant health scientists:

- recommended an apple black spot management strategy for control of Alternaria leaf and fruit spot
- evaluated the insecticide resistance of a number of pests and developed new management plans so insecticides remained effective
- developed a DNA-based technique for identifying rice consumption by sediment-dwelling midge larvae, a pest of rice. The technique will aid understanding of the role of different midge species in rice ecosystems
- prepared diagnostic protocols for exotic diseases such as mal secco, a fungal disease of citrus.

Associated research aimed to re-open or establish market access for several Australian fruits in Taiwan, Japan and the USA.

A national approach to invasive animals (State Plan: S8, E4)

NSW DPI jointly funds a national project to manage invasive animals with the Invasive Animal Cooperative Research Centre, the National Land and Water Resources Audit, and Land and Water Australia. Project achievements to date include:

- facilitating national agreement on information and reporting priorities for invasive animals
- establishing national indicators to assess the effectiveness of management programs
- developing national monitoring protocols
- collecting state and national information on the extent, abundance and impacts invasive animals.

The project, which commenced in 2005, will next year deliver improved state and national information products, improve links with concurrent NSW programs, and guide development of a national invasive species information system.

Informed debate on primary industries involving extensive consultation

Climate change research priorities (State Plan: P1, P6, E3, E4)

In January 2007 NSW DPI prepared a discussion paper titled Climate Change Research Priorities for NSW Primary Industries for the Ministerial Advisory Council on Primary Industries Science. This is a high-level committee comprising representatives of industry and the research community. Senior scientists from NSW DPI subsequently spoke to the council on the causes of climate change, recent climate trends and projections, possible implications for NSW primary industries, current research and recommendations on future research directions.

The discussion paper, which we prepared in consultation with stakeholders, identifies 30 research priorities in three areas: climate change modelling, mitigating climate change, and helping primary producers adapt to inevitable climate changes. NSW DPI has circulated the discussion paper widely and is exploring both internal and external funding for work relating to the priorities it identifies.

Service delivery based on innovative solutions

Help for Indonesia (State Plan: S8)

The Australian Centre for International Agricultural Research has funded NSW DPI to expand our work on restoring soil fertility and cropping in the tsunami affected areas of Aceh and Nias, Indonesia. One new project targets the west coast where damage was greatest and recovery has been slower while another is based in Aceh. NSW DPI has also completed a scoping study for a project to strengthen animal health services. The project specifically concerns controlling serious animal diseases such as anthrax, rabies and avian influenza, which can also spread to humans.

New Cronulla fisheries laboratory (State Plan: E4, E8)

In February the Minister opened a new \$1 million hi-tech research facility at the Cronulla Fisheries Research Centre of Excellence. Named the H C Dannevig Fisheries Laboratory after the Norwegian scientist who founded the original Cronulla laboratory in 1905, the facility supports the Wild Fisheries Program, which studies the biology and status of key commercial and recreational fish and invertebrate species.

Significant issues

Research funding and returns (State Plan: P1, P6)

Returns from investment are estimated to be in the range of 15 to 40 per cent per annum. NSW DPI scientists argue that the current rate of investment should be maintained and point to the healthy return on investment made by the department in the beef, sheep and weeds cooperative research centres.

More information on the evaluation of these investments is at www.dpi.nsw.gov.au/research/branch/health-science/economics-research/reports.

Future directions

Options analysis (State Plan: P1, P6)

We are examining the use of options analysis to supplement the existing framework for investment currently employed in evaluating research funding. Options analysis seeks to value the options that NSW DPI research creates for the community. The approach, which is particularly valuable in industries that must cope with high levels of uncertainty, will enable us to probe, rank and design investments for NSW DPI's extensive research portfolio.

We will continue to evaluate the funding of research through the existing framework for investment, which examines 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.

Climate change (State Plan: P1, P6, E3, E4)

We will continue to expand research on climate change. Work will centre on the priority areas ratified by the Ministerial Advisory Council on Primary Industries Science – climate change modelling, climate change mitigation, and climate and change adaptation.



The Hon Ian MacDonald MLC (right) with Mr Barry Collier, Member for Miranda opening the new H.C.Dannevig Fisheries Research Laboratory at Cronulla.

Science and Research Divisional performance

	Units	2004-05	2005-06	2006 - 07
Outcomes				
Landholders adopting at least one NSW DPI innovation:				
- sustainability	%	na	na	25
- productivity		na	na	20
Improved mitigation and adaptation to climate change				
- reduction in the net emissions from primary industries sector	%	na	na	2
Major Innovations in pest and disease control to:				
- protect human health		na	na	4
- protect industry	No.	na	na	10
- reduce costs to industry and government	No.	na	na	12
Provision of information to the public:				
- external page views of NSW DPI research website	No.	na	na	190 000
Outputs:				
New diagnostic tests and vaccines	No.	na	na	5
New integrated pest control systems	No.	na	na	6
Provision of formal advice on biosecurity	No.	na	na	50
Scientific and educational publications	No.	804	1 237	1 200
Intellectual property arrangements in place	No.	68	72	70
Samples processed by departmental laboratories	No.	420 000	265 319	350 000
Formal alliances with universities and other research partners	No.	24	31	34

These outcomes and outputs have been recently renegotiated with NSW Treasury and replace previous performance measures; hence the data series does not have values for a number of these outcomes and outputs.

CASE STUDY



“The work with BEST Energies is just one of NSW DPI’s many climate change research projects”

Pyrolysis technology an environmental and award winner

(State Plan: P1, P6, E3, E4)

The results of a research partnership between NSW DPI and BEST Energies grabbed national attention this year for their exciting environmental potential and won the partners the major 2007 World Environment Day Awards category ‘Meeting the Greenhouse Challenge’. *

The partnership, which dates back two years, was established to investigate a renewable energy technology known as pyrolysis that BEST Energies had developed. Pyrolysis involves decomposing green waste or other biomass at high temperatures without oxygen. It generates clean renewable energy plus a stable form of solid carbon called biochar.

Glasshouse and pilot field trials conducted at NSW DPI’s Wollongbar Agricultural Institute have shown that biochar can significantly increase crop biomass production, while improving many soil fertility indicators. Recent work has indicated potential for biochar to reduce soil emissions of greenhouse gases such as nitrous oxide when applied at 10t/ha.

Most importantly for the environment, soils can hold biochar long term, thereby acting as a carbon sink and reducing climate change. The benefits of pyrolysis are such that noted Australian scientist Tim Flannery has listed ‘fostering pyrolysis-based technologies’ in his five steps for saving the planet.

The work with BEST Energies is just one of NSW DPI’s many climate change research projects. Thirty research priorities in three broad categories were approved in 2006-07 by the Ministerial Advisory Council on Primary Industries Science. The categories are:

- developing a predictive capacity to better understand the likely impact of climate change on key primary industries in NSW at a regional scale
- enhancing the ability of primary industry sectors to reduce greenhouse gas emissions
- developing the capacity of primary industries to adapt to inevitable climate change impacts.

For further details see the website at www.dpi.nsw.gov.au/research/climate-change.

* The awards are run annually by the United Nations Association of Australia

BIOSECURITY, COMPLIANCE AND MINE SAFETY DIVISION



Nature and scope of activities

The division develops and implements strategies to protect the NSW economy, environment and public health from the negative impacts of chemical residues, animal and plant pests. We also respond to emergencies and disasters and promote safety in the mining industry.

The division comprises five branches:

- Animal and Plant Biosecurity
- Emergencies, Weeds and Pest Animals
- Agriculture and Fisheries Compliance Operations
- Compliance Standards and Rural Lands Protection Boards Alliance
- Mine Safety Performance

Major outcomes achieved

Risks posed by pests, diseases and chemicals are excluded, eradicated or effectively managed

Market access (State Plan: S8, P6, E4)

During 2005-06 NSW DPI continued to:

- certify a variety of fruit, vegetable, nursery and apiary products to enable those products to be sent to interstate and export markets with quarantine barriers in place. Over 1 800 certificates were issued this year
- audit businesses accredited under schemes that enable producers to self-certify their produce for access to markets where there is a quarantine barrier. Approximately 200 businesses were audited one or more times in 2006-07
- audit NSW saleyards and abattoirs to assess their compliance with NSW and national requirements under the National Livestock Identification System for cattle, sheep and goats. The system underpins strong market access for Australia's meat and livestock industries
- collaborate with the citrus industry in the Riverina to enhance compliance with restrictions on the movement of fruit into the Fruit Fly Exclusion Zone in NSW. Industry funding in 2006-07 enabled the set up of additional vehicle stops and inspections leading to detection of more offenders and increased public awareness
- collaborate with the apiary industry to reduce the incidence and impact of American Foul Brood disease on honey production. Activities this year included a compliance operation in the Young district.

Tick control (State Plan: P6, E4)

After almost 90 years in operation, the Board of Tick Control was replaced by a ministerial advisory committee whose members will be appointed from the beef and dairy industries, rural lands protection boards and NSW Farmers' Association. There will be an independent chair. When establishing the new committee the Minister restated the NSW Government's continued commitment to cattle tick eradication.

During the year NSW DPI and the Rural Crime Unit carried out three operations to check compliance with requirements on stock and horse movements from tick infected areas. The operations centred on Moree, Narrabri, Boggabilla and Tamworth. Further compliance checks were conducted at events such as the Royal Easter Show in Sydney.

Fisheries (State Plan: E4)

Among fisheries compliance activities in 2006-07 were:

- extensive day and night time patrols in coastal and inland waterways
- education in the field and at specific fishing events
- the strategic targeting of high-risk offenders through covert and overt intelligence operations

- the monitoring of aquaculture leases on public water and land for compliance with conditions on use, disease and correct management of chemicals.

As the result of these operations NSW DPI issued 2 352 penalty notices and conducted 359 prosecution outcomes. Of the latter, 327 were successful.

The table below shows compliance across fishery programs.

Fisheries compliance 2006-07 (State Plan: E4)

Program	Total Inspections	Comply %
Aquaculture	1 221	62
Commercial	4 480	91
Conservation	803	na
Recreational	52 178	90

Biosecurity legislation (State Plan: P3)

In the interest of protecting the state's \$8.6 billion agricultural industry, NSW DPI continued to develop, maintain and review legislation underpinning NSW's animal, plant and fisheries biosecurity arrangements. In doing so we ensured that the legislative program was aligned with the regulatory reform agenda set out in the State Plan and met community and industry expectations.

Fruit fly (State Plan: S8, P6)

The majority of the production zones in the fruit fly exclusion zone including Griffith, Leeton and Hillston retained area freedom for fruit flies for 2006-07. A late season outbreak of fruit flies did unfortunately affect some producers in the Narrandera area. Area freedom status for the majority of the area meant, however, that domestic trade and international trade to countries such as the US proceeded without the need for fruit fly treatments.

The audit of NSW DPI's fruit fly program by officials from Indonesia, New Zealand and the Australian Quarantine and Inspection Service indicated that it was meeting requirements. NSW, Victoria and three industry associations also successfully negotiated an agreement for funding the establishment and maintenance of a fruit fly free area in the Sunraysia. If this area can be established as pest-free, local producers will have access to additional markets in Asia.

One-spot livebearers (State Plan: E4)

One-spot livebearers (*Palloceros caudimaculatus*) are a hardy omnivore whose invasive potential has led to their listing as a noxious species in NSW. The Long Reef Golf Course population of livebearers was first recorded in December 1999 following an aquarium release directly into a water hazard. Following an earlier eradication attempt in 2002, NSW DPI treated 10 infested water hazards in 2006 with rotenone delivered via fire tanker. A follow up survey using electro fishing, trapping and

spotlighting in January 2007 confirmed that eradication had been successful.

Bovine Johnes disease (State Plan: S8, P6)

The NSW cattle industry developed and endorsed a new approach to managing Bovine Johnes disease. The three-step process will start with education on the changes to occur and conclude by around 2010 with the removal of Bovine Johnes disease zones in NSW.

Control of footrot (State Plan: S8, P6)

In 2006-07 the Armidale Rural Lands Protection Board submitted an application to become a protected area for footrot. At one stage the board had 135 properties in quarantine for footrot. The number at year's end was 13, which is a testament to success of the footrot disease control program run by NSW DPI and the rural lands protection boards.

Saleyard and swill feeding workshops (State Plan: S8, P7)

We conducted workshops for all inspectors and rangers on a new way of managing inspectorial time in saleyards so that all animal health objectives are met and inspectorial time is effectively used. Another series of workshops concerned the importance of avoiding swill feeding, which is one of the common ways that foot and mouth disease can be spread to animals. Estimates are that a 12-month outbreak of the disease could cost up to \$13 billion.

Pesticide use notification (State Plan: S8 E4)

From February 2007, NSW DPI and other public authorities must notify the community about pesticide use in public places that we own or control. To comply with the new requirements, NSW DPI prepared a Pesticide Use Notification Plan that sets out how, when and where we will notify the general public of any recent or intended pesticide application. A copy of the plan is on our website at: www.dpi.nsw.gov.au/agriculture/farm/chemicals/docs/notification-pesticide-public-places.

Policy development for animal, plant and aquatic industries (State Plan: E4)

NSW DPI develops biosecurity policy across all animal, plant and aquatic industries and also coordinates the NSW government response to Australia's policy development in international trade. In 2006-07 we contributed to a substantial review of the import risk of Cavendish bananas from the Philippines as well as providing comments on draft international plant standards relating to wood packaging and Tephritid fruit flies. Major inputs were made into national preparedness for diseases such as Avian influenza and foot and mouth disease.

Communities and primary industries prepared for managing risks

New methods of destruction and disposal validated

(State Plan: E4)

Disposal of large numbers of infected carcasses during a pest or

disease emergency has long posed significant risks. Traditionally disposal has been by either deep burial or burning. In an Australian first, NSW DPI validated static pile composting and above ground burial as viable alternative methods. Using these methods, emergency managers will be able to minimise the environmental and operational risks associated with carcass disposal. National manuals, policies, procedures and training are being updated to reflect the composting and above ground burial as disposal options.

Moving back a step from disposal, control of a disease such as Avian Influenza will typically necessitate the mass destruction of commercial poultry. This has usually been done by placing each bird in a chamber of carbon dioxide gas – a method that is slow, resource intensive and potentially exposes bird handlers to infection by the disease. A successful NSW DPI trial has now demonstrated that commercial poultry can be killed in their sheds with carbon dioxide. This method reduces the risk of human infection during both destruction and disposal as the poultry can be composted in the shed where they are killed, enhancing the overall biosecurity of the operation.

Training in pest animal control (State Plan: P7, E4)

As the lead state agency in pest animal control, NSW DPI this year offered updated training. Our focus was on best practice and incorporation of the latest research data. Due to the level of demand for training, our registered training organisation at Tocal College, the Invasive Animals Cooperative Research Centre and the University of Canberra formed a partnership to rewrite the current training modules in pest animal control. The modules will potentially reach national and international audiences.

Weed control (State Plan: E4)

Collaboration with stakeholders involved in weed management and support for national initiatives continued during the reporting period.

Significant developments included internal restructuring to create an invasive species policy and planning section, and changes to the Noxious Weeds Advisory Committee to promote more strategically focused stakeholder advice on weed management. The committee is currently considering implementation of a weed risk management system consistent with national protocols.

NSW DPI commenced the Weed Warriors program. The program works with schools to increase awareness and participation in community weed management. Recognising the need for sound information to base weed management decisions on, NSW DPI also updated and distributed over 70 000 weed extension publications and other resources. NSW DPI also published two new weed management guides: *Salvinia Management Guide* and *Integrated Weed Management in Australian Cropping Systems*.

NSW DPI also reared, distributed and established 16 different

weed biological control agents in cooperation with catchment authorities and local government, and collected a cochineal insect in Mexico suitable for control of Hudson Pear.

Implementation of the *Noxious Weeds Act 1993* produced three weed control orders resulting in substantial revisions to weed declarations across NSW. NSW DPI distributed grants totalling nearly \$8 million to support 227 projects. These projects assist public and local weed authorities coordinate and manage noxious weeds.

The mining industry operates to best practice health and safety

Safety performance

Despite two fatalities in the NSW mining industry during 2006-07, the industry maintained the downward trend of the past decade in the fatal injury frequency rate as well as in the lost time injury frequency rate and serious bodily injury/serious injury frequency rate.

The performance statistics in the table below, however, show increases in notifiable incidents and dangerous occurrences in the coal sector in 2006-07, which can be attributed to expanded notification requirements under the *Coal Mine Health and Safety Act 2002* and Coal Mine Health and Safety Regulation 2006. Serious bodily injuries remained constant.

Dangerous incidents decreased, most significantly in the metalliferous sector, while the number of serious injuries in the non-coal sector increased.

Safety performance statistics

	2005-06	2006-07
Fatalities	0	2
Serious bodily injuries (coal)	36	37
Serious injuries (non-coal)	19	26
Notifiable incidents (coal)	273	1 010 ¹
Dangerous occurrences (coal)	22	12
Dangerous incidents (non-coal)	109	82
Lost time injury frequency rate (per million hours worked)	12.5	12.2 ²

¹ Due to new notification requirements of the *Coal Mine Health and Safety Regulation Act 2002* and Coal Mine Health and Safety Regulation 2006

² Estimate based on COMET and Coal Services Pty Ltd data and hours worked in 2005-06.

Mine Safety Advisory Council

The revitalised Mine Safety Advisory Council worked to implement the Wran Mine Safety Review recommendations and the mining industry's response to the NSW Government's 2005 Safety Summit. Implementation of the former was a major focus for the year, with the consultants engaged by the council making progress on examining the impact on health safety of:

- hours of work and fatigue management

- production bonus payments and safety-based incentive schemes
- the apparent disconnect between OHS management systems and workers.

An industry working party comprising representatives from NSW DPI, WorkCover NSW, Coal Services Pty Ltd, and industry and unions is addressing other key Wran Review recommendations on health. Their paper will go to the council which will then make recommendations to the Minister.

The council endorsed and will oversee implementation of the NSW Mining Industry Health and Safety Action Plan to 2008, which outlines how industry will address the priority areas identified at the 2005 summit. These include: manual handling and musculoskeletal disorders, unplanned plant movement, contractor safety and vulnerable workers.

Mine Safety Levy

The Mine Safety Levy, which funds NSW DPI's mine safety regulatory functions, was set at \$17 million for 2007-08 – a decrease of almost \$0.5 million on 2006-07. The levy is based on the wages of employees in the mining and extractive industries and collected through WorkCover NSW and Coal Mines Insurance.

Mine safety legislation (State Plan: P3)

The *Coal Mine Health and Safety Act 2004* and Coal Mine Health and Safety Regulation 2006 were implemented during 2006-07. NSW DPI support for implementation included presentation of industry seminars in major coal mining regions and information distribution.

NSW DPI sought public comment on the extension of the Occupational Health and Safety Regulation 2001 to the entire mining industry and developed drafting instructions for the Mine Health Safety Regulation. The revised regulations should commence in the new financial year.



Occupational health and safety and mechanical engineering were focussed at the NSW DPI safety seminar in August '06

Inquiry into mine safety enforcement

In response to the recommendations of the Wran Review, the NSW Government established a board of inquiry into mine safety enforcement. While the review acknowledged that NSW DPI had made significant progress in enforcement during the past decade, it also uncovered differing stakeholder views on how prosecution and enforcement could best improve mine safety.

The Minister appointed Dr James J Macken AM as the board of inquiry. The terms of reference include establishing:

- the adequacy of the legislative framework
- the role of the NSW DPI Inspectorate
- policy implementation
- the range and application of sanctions.

The board called for public submissions in May 2007 and is due to report in August 2007.

Accident/incident investigation

NSW DPI uses both proactive and reactive measures to improve mine safety. Where death or serious injury occurs, the Investigation Unit conducts detailed investigations that result in recommendations for safety improvement and enable consideration of legal proceedings where warranted. In 2006-07 the Investigation Unit completed seven serious and fatal accident investigations and laid a number of charges relating to previously concluded investigations. The table below shows the performance statistics for this year in comparison to the previous year.

Accident/incident investigation statistics

Performance statistics	2005-06	2006-07
Investigations commenced	5	8
Investigations completed	5	7
Investigations in field stage at the end of year	4	3
Investigation reports submitted to the Coroner	1	1
Coronial inquests commenced	1	0
Prosecutions commenced	11	12
Successful prosecutions	3	7
Unsuccessful prosecutions	0	0

The two fatalities investigated were the death of a contractor from high pressure oil injection and that of a mine worker crushed by a machine.

Mining standards of competence

Following legislative changes, the Coal Competence Board replaced the Coal Mining Qualification Board. Under independent chair John Maitland the board:

- oversees the development of competence standards for

people whose activities may impact on health and safety

- assesses the competence of people working in coal operations
- oversees the examination boards
- advises the Minister on matters related to professional competence.

The principal difference between the former and current regimes is that the Coal Competence Board has greater flexibility in managing competency standards and can introduce new measures over time.

Positive and productive partnerships

Rural lands protection boards (State Plan: S8, E4)

As in previous years, NSW DPI worked closely with rural lands protection boards and producers to reduce the impact of pest animals and monitor for livestock diseases. In the 2006-07 we contributed \$1.6 million to the board system. This was made up of \$740 000 for administration of the State Council of the Rural Lands Protection Boards, \$70 000 for travelling stock reserves, \$60 000 for wild dog control, and over \$750 000 for processing drought claims.

Livestock identification (State Plan: S6, E4)

Management of biosecurity data systems by NSW DPI supports annual livestock exports worth \$4.3 billion. With a view to protecting exports, NSW DPI had previously adopted the National Livestock Identification System (NLIS) and in May 2007 participated with rural lands protection boards in a NLIS exercise to trace cattle in a simulated foot and mouth outbreak. We were also involved in a major collaborative project to develop new property identification code databases and electronic data transfer between the boards, the NSW DPI and the NLIS database.

The NLIS exercise is the subject of a case study in this chapter.

Industry consultation (State Plan: S8, P3, P6)

Consultation with industry was again integral to our work in 2006-07.

For example, in negotiating continuation of the lucrative poinsettia trade to Western Australia, nursery wholesalers assisted NSW DPI in developing protocols to ensure the availability of Christmas supplies of the plant despite the threats posed by virus and pests. Industry consultation was also important to revision of legislation regulating the movement of rice and of grape and sugarcane products into the NSW from pest/disease affected states. The revised proclamations for each of these commodities will ensure ongoing biosecurity while allowing low-risk products greater movement flexibility.

Significant issues

Emergency assistance (State Plan: S8, P6)

Assistance for producers was again important in 2006-07 as

flood following drought. During the year NSW DPI handled over 2 856 calls on the drought hotline, up from 652 in 2005-06, and processed transport subsidies worth more than \$30.5 million for agistment, fodder and water. The number and total value of subsidies were over twice that of the previous year. Rural communities continued to praise the work of our drought support workers in helping producers and their families to deal with the impacts of the drought. Refer to appendix 20 for more details on drought assistance.

NSW DPI responded to 16 emergencies over the year and assisted approximately 170 rural producers. A key element of the bushfires and flood help package was the successful fodder donation scheme, a joint initiative with the NSW Farmers' Association. We also assisted producers affected by eight natural disasters that caused approximately \$8 million worth of damage.

Managing organochlorine residues in the beef industry

(State Plan: P3, P6)

Management of organochlorines left in the soil after pesticide use is a major issue as grazing stock can still pick up residues years. This year NSW DPI worked closely with rural lands protection boards and affected producers to pave the way for new arrangements under a national program. These will see the auditing of management plans for properties which are accredited under the beef industry's Livestock Production Assurance Scheme and have a history of organochlorine

contamination. The arrangements are a further step in the evolution of an industry-based quality assurance for beef in the domestic and export markets and continue the move away from government-based regulatory controls.

Future directions

In 2007-08 the division will:

- develop risk-based NSW DPI and whole-of-government emergency response plans and maintain preparedness for emergencies (State Plan: P6, E4)
- develop and participate in state and national mitigation and response programs for drought, weeds and animal and plant pests and diseases (State Plan: P6, E4)
- support local government stakeholders as NSW DPI facilitates the roll-out of the NSW weed risk management system (State Plan: P6, E4)
- implement the Invasive Species Plan with a range of stakeholders (State Plan: P6, E4)
- implement the Health and Safety Action Plan for the mining industry
- implement the NSW Biosecurity Strategy (State Plan: P6, E4)
- consider the recommendations of the board of inquiry investigating mine safety enforcement.

Biosecurity, Compliance and Mine Safety Divisional performance

	Units	2004-05	2005-06	2006-07
Outcomes:				
Persons accredited in emergency response preparedness	no	193	340	328
Compliance rates for recreational fishers	%	88	89	90
Compliance rates for commercial fishers	%	91	92	91
Compliance rates for aquaculture	%	65	60	62
Outputs:				
Biosecurity plans to which Department has contributed	no	104	227	234
Training programs for emergency response preparedness	no	15	18	32
Biological control agent releases	no	270	270	200
Attendees at workshop seminars relating to health and safety in the mining industry	no	2 400	2 650	2 850
Major investigations (mining)	no	5	4	6
Prosecutions (mining - Investigation Unit reports)	no	3	6	3
Prosecutions (fisheries)	no	460	527	329
Penalty notices (fisheries)	no	2 500	3 000	2 600

CASE STUDY



“The NLIS works through the individual identification of cattle with an electronic tag which can be scanned whenever cattle are moved to a saleyard or between properties”

Implementation of livestock ID confirmed a success (State Plan: P6, E4)

Cowcatcher II held in May 2007 confirmed the successful implementation in NSW of the National Livestock Identification System (NLIS) for cattle – a major initiative designed to underpin market access, consumer confidence and management of disease risks.

In NSW the national Cowcatcher exercise involved tracing 99 independently chosen cattle back to the property of birth plus identifying the tens of thousands of cattle in contact with the 99 and their current location. There were 117 780 in contact cattle spread across 1 800 properties and a number of abattoirs. All cattle were successfully traced within 48 hours.

Audited against the five National Traceability Performance Standards, the exercise demonstrated that the NLIS works well and set a benchmark for the future. It also identified areas for improvement for NSW and the other state and territory participants.

The NLIS works through the individual identification of cattle with an electronic tag which can be scanned whenever cattle are moved to a saleyard or between properties. The tag number, date of movement, and property identification codes are then uploaded to a national database managed by Meat and Livestock Australia. Stock inspectors can use the database to quickly and reliably trace the ‘life history’ of cattle that might be carrying a notifiable disease or have been exposed to a chemical contaminant. Action can then be taken to manage the risk.

The NSW Government encouraged uptake of the system through a \$5.4 million grant which allowed the cost of tags and scanners to be subsidised during the first few years and made extensive advertising and training possible. Additional grants from the Australian Government helped to maintain a 1300 helpline as well as fund audits of saleyards and abattoirs. The audits measured how well the system was working and provided feedback for continual improvement.

Since the NLIS was rolled out to the cattle industry as a whole, more than 8 million NSW cattle have been tagged and more than 9 million transfers recorded on the system database. The rapid implementation of this new technology shows just how effective cooperation between various government and industry sectors can be in delivering benefits for the whole community.

The NLIS roll out is an excellent example of effective across NSW DPI teamwork, and working cooperatively and effectively with the State Council of Rural Lands Protection Boards and Rural Lands Protection Boards.

STRATEGY, POLICY AND COMMUNICATION DIVISION



Nature and scope of activities

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

The division comprises six branches:

Industry Analysis

Corporate Strategy and Organisational Development

Policy and Legislation Coordination

Water and Resources Policy

Communications

Public Affairs and Media

Major outcomes achieved

Policy, regulation and advice based on sound knowledge and analysis

Policy (State Plan: E1, E3, E4)

Along with the other climate change initiatives documented in this report NSW DPI worked with the NSW Greenhouse Office to conduct roundtable meetings in Wagga Wagga and Tamworth to inform and consult with rural interest groups on climate change issues. NSW DPI also provided advice to the Government on climate change initiatives including carbon capture and storage projects and biofuels.

NSW DPI represented stakeholder interests in state level deliberations concerning the Commonwealth's National Plan for Water Security and provided advice on primary industry impacts associated with major natural resource management issues and projects, including the establishment of the desalination plant at Kurnell.

Significant support was also provided to the Audit Office of NSW in undertaking its performance audit of DPI's activities aimed at improving the efficiency of irrigation water use on farms. Regional visits were organised and a significant amount of information was provided on DPI's research and extension activities.

The Division managed NSW DPI's contributions to major land use planning policies and projects put forward by other NSW Government agencies, such as national park management plans and the review of the Local Environmental Plan template. NSW DPI also provided detailed assessments of primary industry issues in relation to 53 Aboriginal land claims.

Legislation Program (State Plan: P3)

The Division manages the Department's legislative and regulatory program, including Act reviews, regulatory impact assessment and the remaking of regulations. NSW DPI administers 75 Acts and the regulations under these Acts. During the reporting period, the Division managed the passage of the following bills through Parliament:

- the *Apiaries Amendment Act 2006* which introduced a set of useful and practical changes to the administration of beekeeping;
- the *Deer Act 2006* which clarified the ownership and management of captive deer and introduced mechanisms to control wild deer; and
- the Rural Lands Protection Amendment Bill 2006 which simplified administrative requirements of rural lands protection boards.

NSW DPI coordinated the making and amendment of 21 regulations. Highlights include:

- reviews of the operation of the Non-Indigenous Animals Regulation 1997 and the Prevention of Cruelty to Animals

(General) Regulation 1996 and their remake in 2006 with amendments;

- the preparation of the Coal Mine Health and Safety Regulation 2006 to enable the commencement of the *Coal Mine Health and Safety Act 2002*; and
- the gazettal of the Veterinary Practice Regulation 2006.

In accordance, with State Plan priority P3, Cutting Red Tape, NSW DPI commenced an internal analysis of the Acts and regulations that the Department administers to identify projects that will reduce red tape for primary industry stakeholders.

Socio-economic analysis (State Plan: S8, P1 P6, E1, E4)

NSW DPI continued to use socio-economic analysis in developing effective policies and offering sound advice. In 2006-07 economic analyses underpinned numerous DPI initiatives:

- Preparation of Exceptional Circumstances applications and rollover reviews for more than 30 regions in NSW which remain seriously affected by drought. This work was vital in helping industries and rural communities gain much-needed financial assistance
- Further development of the National Agricultural Monitoring System, resulting in a more streamlined process for Exceptional Circumstances applications and providing information to further encourage risk management and drought preparedness
- provision of funding and advice to the Rural Financial Counselling Services Programme which helps farming families make informed decisions in the face of worsening drought and water shortages
- Development of an Implementation Plan for Target 12 and 13 of the Natural Resource Commission's Monitoring, Evaluation and Reporting Strategy. This work will help to ensure that natural resource decisions contribute to improving or maintaining economic sustainability and social wellbeing and that natural resource managers have increased capacity to contribute to regional natural resource management.
- A major review of the pricing of publicly owned native forests and hardwood plantation logs which will enhance the sustainability of public forest operations and the economic performance of forest industries
- Completion of an inter-agency review of the NSW Shellfish Program which enabled oyster growers to reduce their financial contribution to the program.
- Completion of a series of case studies to ensure the costing of DPI services remains aligned with the distribution of industry and public benefits
- Completion of a new statistical publication on the contribution of primary industries to the NSW economy.

A stronger voice for primary industries in government decision-making (State Plan: P1, P6, E1, E4)

The Division plays a key role in supporting the Director-General in his role as a member of the Natural Resources and Environment CEO Cluster Group, the Water Chief Executive Officers' Committee, the Metropolitan Water Chief Executive Officers' Committee and the Natural Resources Advisory Council. Through these forums, NSW DPI influences the development of policies that affect primary industry stakeholders.

To enable more efficient and sustainable access to natural resources, and a greater impact in policy discussion, a specialist Water and Resources Policy Branch has been established within the Division. The new branch is responsible for presenting a scientifically and economically robust case for primary industries on a number of issues, including water management, clean coal and related technologies, native vegetation, biodiversity, biobanking and threatened species.

Service delivery aligned with stakeholder priorities

The Division coordinates the provision of DPI advice to the Minister in relation to the Ministerial Council on Mineral and Petroleum Resources, the Primary Industries Ministerial Council, the Natural Resources Management Ministerial Council. These are important forums where issues of national significance to primary industries are dealt with.

NSW DPI established a high-level Aboriginal Reference Group to advise the Minister for Primary Industries and the Department on policy issues including engagement with Aboriginal communities. We also worked closely with the existing industry councils advising the Minister on minerals, seafood, agriculture and forest products.

Sound corporate governance

Our emphasis this year was on ensuring that NSW DPI's corporate directions are aligned with the priorities in the State Plan. To this end, we contributed to the development of priority delivery plans under the State Plan. NSW DPI is recognised as a partner agency for seven priority areas in the State Plan – three of these under the theme *Growing Prosperity across NSW* and four under the theme *Environment for Living*. The division played the lead role in coordinating NSW DPI input into each of the seven Priority Delivery Plans, and will continue to coordinate reporting against the plans. We also reviewed our Results and Services Plan to ensure that State Plan priorities are correctly and adequately incorporated.

Based on the findings of an assessment conducted last financial year, NSW DPI developed a business continuity plan to keep core business functions operating in the event of a disaster.

To improve risk management, NSW DPI reviewed corporate risks arising from climate change and commenced development of an action plan. We also implemented risk management policies and procedures under the supervision of a cross-organisation

group that will monitor and report on progress and identify any shifts in our risk profile. See appendix 13 for details.

A skilled and cohesive workforce operating in a safe, satisfying and fair work environment

Internal communications

Implementation of the internal communications plan was completed with the redevelopment of the NSW DPI intranet site, which now boasts significantly improved content and navigation. Consistent branding ensured instant recognition of all internal communication tools.

The next step in improving internal communications will be a review. Building upon the baseline study conducted two years ago, the review will assess changes in staff views on internal communications and solicit ideas for ongoing improvement.



Internal communication tools are consistently branded.

Aboriginal employment

As stated in our corporate plan, NSW DPI is committed to nurturing a skilled and cohesive workforce operating in a safe, satisfying and fair work environment. Preparation of the Aboriginal Employment Strategy during 2006-07 – which is detailed in a case study in this report, will bring achievement of that outcome closer.

Community confidence in primary industries

In 2006-07 media attention again centred on the ongoing drought. Regional media coverage and regular articles in NSW DPI's own monthly newspaper, *Agriculture Today*, highlighted advice and initiatives designed to assist farmers to manage the inevitable impacts of continuing dry conditions across NSW.

On a more positive note, widespread coverage in regional and Sydney media of events such as the annual NSW Farmer of the Year and Rural Women's Award helped to publicise the

achievements of primary producers. The Royal Agricultural Society and Rural Press, publishers of The Land newspaper, were welcomed on board as additional sponsors for the NSW Farmer of the Year, which will further boost the award's profile.

Maximising the exposure of the Department's expertise and initiatives was also achieved through participation at more than 100 events spread across the state. These events ranged from small community festivities and industry-specific conferences through to agricultural field days and metropolitan-centred events such as the Sydney International Boat Show. 'Primary industries, more than you imagine' was the theme of the department's stand at the 2007 Sydney Royal Easter Show. The urban community discovered the role primary industries and NSW DPI play in everyday life in a colourful and interactive display.

City children will learn more about the origins of everyday foods through the jointly produced NSW DPI/Royal Agricultural Society video, *Where does our food come from?* The video was launched at the 2007 Royal Easter Show and will be distributed to Sydney schools.

Additionally, the department supported many events and programs through sponsorships, including:

- Support for the inaugural Beef Spectacular held in Dubbo in March. An event which showcased the region's finest cattle, from paddock to plate. NSW DPI provided support and resources for the region and its community to celebrate this important rural industry.
- Sponsorship of the District Exhibits at the 2007 Sydney Royal Easter Show. The artistic display of NSW hand-picked produce captures the attention of all visitors to the show.
- Being the major sponsor of the 2006 Farming Small Areas Expo, held at Hawkesbury Showground. NSW DPI staff offered farmers and the local community a 'one-stop shop' to obtain information and services for managing small acreage farms. With a significant number of small landholdings in the region, NSW DPI is keen to ensure farmers have the best information available to ensure sustainability of their enterprises.
- Supporting the horticultural industry through sponsorship, presentations and a display at the Australian Vegetable Industry conference in Sydney in May. NSW DPI was pleased to support this event, highlighting the role of NSW DPI's science and extension services in supporting growers to provide best quality produce to consumers.



DPI stand at Beef Spectacular, Dubbo.

Service delivery models, systems and processes based on innovative solutions

Corporate communication and branding (State Plan: S8)

NSW DPI developed its latest corporate communication strategy, which articulates the major communication messages and activities necessary to support the Department's corporate direction and initiatives.

The first major action within the strategy was also completed, namely market research into community awareness of and attitudes to primary industries. The principal findings, which will inform future communications, were that people recognise the value of primary industries but only put primary industries on the mental forefront when there is a major disruption in services.

The NSW DPI corporate brand was strengthened by the adoption of a corporate look across all publications and staff uptake of the voluntary corporate uniform introduced last financial year.

High quality information (State Plan: S8, P1, P6, E1, E4)

Publishing highlights for the year included:

- *Daring to Dream*, a high quality book featuring the inspirational stories of women in primary industries published by the Rural Women's Network
- *Managing Drought*, a comprehensive manual for the rural sector
- *Minfo*, the flagship minerals industry newsletter
- the 2006 Coal Industry Profile.

NSW DPI's substantial publishing output also included hundreds of informative fact sheets (Primefacts), guides and brochures.

Electronic information delivery gained further momentum with monthly NSW DPI internet page views reaching a record 1.5 million in June 2007 and issue of many Primefacts in electronic form only. Our ability to maintain current content on the internet will be enhanced when the implementation of a web management system is complete in 2008.

Schools education (State Plan: S8, P7)

NSW DPI was part of several important state and national initiatives that will change how NSW school children learn about primary industries. Our role entailed:

- signing an agreement with the Victorian Department of Primary Industries for access to the Landlearn program. Together with partners the Royal Agriculture Society and NSW Farmers, we will be now be able to adapt the Landlearn educational models and products for the NSW school system
- progressing establishment of a national organisation to promote agriculture in schools via a working party chaired by the principal of Tocal College. This organisation will act as a funding conduit for state-based education initiatives.

Supporting rural women

The NSW DPI Rural Women's Network partners individuals, groups and non-government and government agencies to promote information exchange and stimulate action on priority rural women's issues. This year the network:

- organised a successful drought event for International Women's Day in Dubbo which one of the largest women's gatherings in NSW for many years
- coordinated the Rural Women's Award for NSW, sponsored by the Rural Industries Research and Development Corporation. Eleanor Cook, a community fundraiser and tourism promoter from Coolah, received the 2007 award at a gala dinner hosted by the Minister
- produced and distributed three issues of the Country Web.



Sonia Muir with members of NSW DPI's Women's Consultative Committee at the 2007 International Women's Day special Drought Event

Significant issues

Until rains in the last quarter of the financial year, over 90 per cent of the state was affected by the worst drought on record. The prevailing conditions made drought support high on the agenda for NSW DPI as a whole and also for the division in terms of helping producers gain financial assistance, supplying data to the Australian Government, publishing drought management advice and handling media enquiries.

Future directions

Major goals for 2007-08 are to:

- ensure the efficient administration of Exceptional Circumstances applications for drought relief and rollover reviews (State Plan: S8, P6)
- contribute to the design and delivery of more efficient assistance programs for primary industries, including drought support and commercial fisheries structural adjustment (State Plan: S8, P6)
- ensure more efficient access by primary industries to publicly owned natural resources through the design of better policy mechanisms in areas such as resource rent settings, tender processes and cost recovery (State Plan: S8, E1, E4, E8)
- continue the further development of an Implementation Plan for Target 12 and 13 of the Natural Resource Commission's Monitoring, Evaluation and Reporting Strategy (State Plan: E4)
- review the NSW DPI corporate plan to ensure alignment with the State Plan priorities
- build on market research results to promote the value of primary industries to the NSW community
- continue work on establishing a national entity for primary industries schools education. (State Plan: P7)



CASE STUDY

“Our success in projects in China has provided a solid foundation for extending NSW DPI linkages beyond agriculture”

Promoting sustainable practices abroad: NSW DPI and northern China

There have been many success stories in the 25 years since NSW first started to share agricultural know-how with China through our sister relationship with Guangdong Province. These include rehabilitating degraded tropical grasslands, developing livestock industries and improving citrus production in south China through a series of projects that have focussed on low-cost technologies and practical advice to producers.

In the 1990s NSW DPI has shifted collaboration to help poverty stricken households in Inner Mongolia, Xinjiang and Gansu provinces to develop sustainable cropping and grazing on seriously degraded grasslands. With funding from the Australian Centre for International Agricultural Research, scientists at the Graham Centre at Wagga Wagga promoted conservation tillage, stubble retention and integration of pulses into wheat rotation planting.

Since wind erosion caused by overgrazing is also a huge problem in north China, the focus has widened to include grassland rehabilitation. Scientists from Orange Agricultural Institute and Charles Sturt University (Orange campus) are working on a whole-of-system approach to identify better livestock feed systems and develop annual feed year calendars to improve production efficiency. Back at home, NSW DPI is using the same approach to assist producers in the Lachlan and Central West catchments.

Through these and other projects NSW DPI has gained a reputation for proving sound advice on change to reduce resource degradation and, in the process, has attracted funding support from a number of aid agencies, including the World Bank.

In 2005 the relationship between Gansu province and the Department was put on a more formal footing with the signing of a memorandum of understanding between NSW DPI and the Gansu Bureau of Agriculture and Animal Husbandry. Under the agreement, NSW DPI will prepare training programs for provincial officers, technicians and students on sustainable development of the province's livestock and wine industries.

Our success in projects in China has provided a solid foundation for extending NSW DPI linkages beyond agriculture. Mine safety, for example, is a critical issue in China, and based on our strong record in mining safety, an opportunity exists for NSW DPI to assist China develop mine safety policies and practices.

NSW DPI is developing an integrated China Strategy to identify priorities for current and future research, extension and training programs.

The next phase of cooperation begins.

CORPORATE SERVICES DIVISION



Nature and scope of activities

The Corporate Services Division provides the necessary professional support to enable staff in all other NSW DPI divisions to do their work efficiently and effectively. The division comprises five branches:

- Finance and Administration
- Human Resources
- Assets
- Information and Communication Technology
- Legal.

Major outcomes achieved

Innovative solutions

Two different developments in 2006-07 illustrate NSW DPI's progress towards the desired corporate outcome of service delivery models, systems and processes based on innovative solutions.

Introduction of GPS technology at our Trangie and Condobolin research stations will result in both efficiency and sustainability gains. By using the technology, the research stations are able to implement industry best practice farming techniques to maximise the use of scarce resources such as water and reduce costs such as fuel, fertiliser and chemicals by approximately 5 per cent. At the same time they are able to minimise the impact of agricultural activities on the environment, for example, the impact of soil compaction and the potential for soil erosion.

Better integration of corporate finance and human resources (HR) systems moved a step closer with a project that will improve the current employee self service capability, provide more detailed and timely HR information to managers, and expand on the capability to track occupational health and safety issues.

2006-07 marked the introduction of a new internal financial management and reporting methodology. Based on the NSW Government model, the methodology brings a more holistic approach to managing finances and promotes optimum use of financial resources.

A safe, satisfying and fair work environment

NSW DPI promoted equity, diversity and opportunity in the workplace for Aborigines and Women with the launch of the Aboriginal Employment Strategy and the Women's Employment Strategy action plan. The former aims to increase the employment of Aboriginal people within the organisation and enhance the capabilities of existing aboriginal staff. Details on development of the strategy appear in a case study in this chapter.

Other significant workplace management developments over the year included the establishment of the NSW DPI Human Resources Committee to advise the Board of Management on human resources issues that impact across the organisation. The committee, which includes representatives from each division, is working on such issues as the creation of an 'Employer of Choice' culture and implementation of a new performance management system.

The department recognised the significant contributions of staff through the Staff Achievement Awards. The 2006 Awards recognised the professionalism and dedication of staff, as well as the cooperative approach that staff take to work projects and responses to situations such as drought management.

The NSW DPI and NSW Public Service Association Joint Consultative Committee successfully resolved all industrial issues within the agreed consultative framework. There were no matters referred to the NSW Industrial Relations Commission. The committee considered a variety of issues including an agreement on a revised travelling compensation policy, the transfer of staff between various government departments, and revision of employment delegations.

In 2006-07 the NSW DPI Board of Management established the Occupational Health and Safety Committee. The committee oversees the comprehensive occupational health and safety management system approved by the Board in early 2006.

We also reviewed and implemented a number of policies, including those dealing with harassment and bullying, staff development, employment delegations, secondary employment, complaint handling and gifts and benefits.

NSW DPI's Training Committee continued to identify corporate training priorities and produce a training calendar. Over the year, 2 275 staff attended over 150 different courses.

Managing physical assets to meet business priorities

Measures to ensure that asset availability aligns with current and future business priorities included:

- disposal of seven properties for a total of \$1 965 000, including the former NSW Agriculture office at Singleton and various rehabilitated dip sites on the north coast.
- \$3.3 million worth of construction comprising: a laboratory for the Oilseeds Research and Evaluation at Wagga Wagga Agricultural Institute; a shared building for NSW DPI and the Marine Parks Authority at Port Stephens Fisheries Centre; and a plant and soil research facility at the Tamworth Centre for Crop Improvement
- refurbishment of a heritage building into a modern laboratory at the Cronulla Fisheries Centre for \$1.1 million.

Following a successful application by NSW DPI, the Camden Park Estate and Belgenny Farm at Camden were listed on the State Heritage Register in December 2006. The Department's Elizabeth Macarthur Agricultural Institute occupies a significant portion of the Camden Park Estate.

Rationalisation of office accommodation continued with the relocation of Agriculture and Fisheries Division staff from Brooklyn and The Entrance to the Horticultural Research Institute at Gosford. The relocation will yield operational savings of \$86 500 per annum.

Safeguarding the interests of primary industries

To ensure that government policies and regulation took account of the interests of NSW primary industries, the Department's legal action included:

- providing advice, drafting and advocacy skills in 30 mine safety prosecutions

- enforcing fisheries legislation on matters such as unauthorised reclamation of land, taking of protected fish, and exceeding the bag limit for fish species, especially abalone
- enforcing sustainable fishing practices through, for example, defending appeals against decisions imposing licence conditions and prosecuting offences
- amending and drafting legislation to meet stakeholder interests and client needs, notably the preparation of five fishery share management plans

Further details of the legislative program appear in the appendices of this report.

In other activities to safeguard the interests of primary industries, we succeeded in gaining ISO14000 accreditation in environmental management for Trangie Agricultural Research Centre and Wagga Wagga Agricultural Institute. The accreditation will improve our capacity to attract future research funding.

Dynamic and integrated ICT infrastructure

Integration of information and communications technology (ICT) systems is critical to a large and physically segmented organisation such as NSW DPI. This year we progressed integration with:

- completion of a single email system
- implementation of a PC standard
- replacement of different reporting systems with one to provide reporting capabilities over a wide range of databases and software applications
- rationalisation of different remote access systems into a single system for travelling staff.

Among infrastructure enhancements were:

- upgrades and expansions to file servers, host systems and telephone systems to improve their serviceability and cater for continued growth of data storage
- electronic systems to allow all staff to lodge travel requests and purchase requisitions, reducing the processing load on head office
- upgrades of 500 regional databases across 60 sites to improve their longevity and support within the organisation.

Due to initiatives designed to bring the Department's up to industry best-practice standards, we have achieved a certification to the international standard ISO27001 - Information Security Management System.

Electronic service delivery

Employee self-service systems were progressively introduced and now enable NSW DPI staff at all sites to electronically request travel approval and to lodge purchase requisitions, leave requests and requests for higher duties.

Significant issues

Drought (State Plan: S8, P6)

The extensive drought caused significant setbacks in breeding and agronomy programs at the Department's research institutes. A total of 30 354 claims were paid under the Drought Transport Subsidy Scheme to drought affected farmers during the year. On average each claim was paid within two weeks of receipt.

Data management

Ongoing growth in the amount of data we collect each year, including geospatial data, has increased our dependence on data storage and back-up facilities. NSW DPI therefore continued to use the TRIM records management system across larger sites, enabling better management of documents including emails. In addition, we began implementing a strategy to centralise and catalogue geospatial data.

Library services

Implementation of the recommendations from a review of library services resulted in a 12 per cent reduction in annual service provision costs.

Future directions

Major goals for 2007-08 are to:

- Under our commitment to reinvest money from property sales in research, we will use proceeds from the sale of the rezoned Narara Horticultural Research Station at Gosford to build a state-of-the-art research facility. This will be located on NSW DPI land at Somersby, near Gosford.
- From 2009-08 we will apply our newly developed office accommodation policy to all construction and refurbishment of owned or leased premises.
- In the coming year NSW DPI will install a single TRIM records management system platform, thereby completing the integration/amalgamation of the three separate TRIM platforms inherited, and closely align our ICT technical directions with those set in the NSW Government's People First policy statement.
- NSW DPI will assist in drawing up legislative amendments to finalise the Coal Compensation Scheme and closure of the Coal Compensation Board; support creation of a manual for Agriculture and Fisheries Division prosecutions; and complete transfer of responsibility for the *Agricultural Tenancies Act 1990* to the Department of Commerce.
- NSW DPI's activity-based costing system which has been used to date to cost the activities of the Corporate Services Division and Mine Safety Branch and will be progressively applied across all areas of operation.

CASE STUDY



“Strategy development involved the convening of a working group that brought together staff from the Aboriginal Liaison and Cultural Heritage Unit and Human Resources Branch”

Strategy promotes Aboriginal employment

Over millennia, Aboriginal people have shared a unique relationship with the Australian environment. Today, as NSW DPI plans and manages for sustainable and profitable primary industries, our Aboriginal employees are becoming an increasingly important resource.

Yet while we are a significant rural employer and primary industry generates many jobs in rural locations, the level of employment of Aboriginal people is often low. The Aboriginal Employment Strategy developed by NSW DPI in 2006-07 should however make a difference.

Strategy development involved the convening of a working group that brought together staff from the Aboriginal Liaison and Cultural Heritage Unit and Human Resources Branch. All Aboriginal staff were invited to make input.

The final strategy identifies five key outcomes as follows:

- an increase in Aboriginal staff to 2 per cent or more of the NSW DPI staff total by 31 December 2008
- increased career opportunities for Aboriginal people within the department
- greater Aboriginal representation in departmental decision-making
- establishment of a support network for Aboriginal employees to ensure strong support for the Aboriginal Employment Strategy.

The working group additionally developed an implementation plan with specific timeframes to ensure the outcomes are achieved.

The next steps were to commission Aboriginal artwork so that the printed strategy was immediately recognisable as addressing Aboriginal employment, and to refer the strategy to our external Aboriginal Reference Group.

After endorsement by the group, the Director-General released the strategy to staff in March 2007. We also sent copies to other agencies and external contacts.

While the next months will involve many tasks and challenges, the Aboriginal Employment Strategy provides an important platform to increase Aboriginal employment in NSW DPI and better support our Aboriginal staff.

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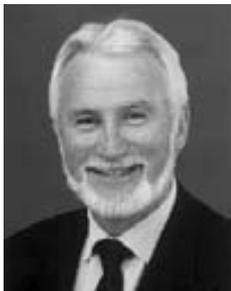
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1. Executive performance



Barry Buffier, BRurSc (Hons), MEd FAICD

Director-General and Commissioner for Forests
SES Level 8
Total remuneration package: \$402 750 plus allowances of \$40 000
Period in position: 1 July 2004 to 30 June 2007

Mr Barry Buffier was appointed to the position of Director-General on 1 July 2004. The Minister for Primary Industries, the Hon. Ian Macdonald, is satisfied that during 2006-07 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;
- developing cooperative approaches with other government agencies and working with stakeholders to deliver on government priorities identified in the State Plan
- providing a stronger voice for primary industries as a member of the Primary Industries Ministerial Council: Primary Industries Standing Committee: Natural Resource Management Ministerial Council, and the Natural Resource Management Standing Committee
- continuing to reinvest departmental asset sales in the Towards 2020 initiative to enhance research facilities for world class primary industries science. For example, during 2006-07 this resulted in opening a new \$1 million state-of-the-art research facility at the Cronulla Fisheries Research Centre
- further developing and delivering education and extension services for primary industries with particular emphasis on the PROfarm program; providing drought assistance and support to rural communities
- providing a biosecurity framework to support and improve domestic and international market access for NSW primary industries products
- facilitating structural adjustment in the fisheries industry by rolling out share management plans for five commercial fisheries
- delivering on-ground conservation outcomes across agriculture and fisheries industries by managing projects to the value of \$24.6 million such as the Healthy Soils, Healthy Landscapes project, and the Bringing Back the Fish project
- completing the zoning plans for the Port Stephens-Great Lakes and Batemans Bay marine parks; commencing a pilot project to facilitate clean coal development and identify potential storage sites for the permanent storage of carbon dioxide; introducing new mine safety legislation to improve the safety performance of the mining industry
- developing a plantations strategy for Forests NSW to establish a framework to deliver economic, social, and environmental benefits to regional and rural communities
- establishing an entity within NSW Forests to explore further commercial opportunities from non-timber products and services including biodiversity management and biotechnology marketing.



Ms 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: 1 July 2006 to 30 June 2007

I am satisfied that Ms Renata 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.

As Deputy Director-General, Agriculture, Fisheries and Regional Relations, Ms Brooks was responsible for:

- Assisting the Director-General in the overall management of the Department and providing leadership of the Agriculture and Fisheries Division
- Member of the NSW DPI Board of Management and of its Audit and Risk Management Committee
- Gazettal of share management plans and associated regulations and roll out of share management for five commercial fisheries, following completion of environmental impact statements and final draft fisheries management strategies and their determination by the Minister under the *Environmental Planning and Assessment Act 1979*. Commercial fisheries are protected from challenge under the Act and commercial fishers have a secure access right
- Further development of the PROfarm initiative with 150 short courses advertised or available for delivery on demand and more than 503 courses; 5 760 attendees at PROfarm courses for 2006-07
- Further development and management of partnership arrangements with Catchment Management Authorities through regional directors
- Gazettal of the 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 implementation of the buy-out process for the Port Stephens-Great Lakes and Batemans marine parks
- Expansion of the role of the Conservation Action Unit, in managing \$24.6 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. Over 1 550 farmers were trained in sustainable soil or pasture management in 2006-07.

1. Executive performance (continued)



Alan Coutts, BCom, DipEd

Deputy Director-General Mineral Resources
SES Level 6
Total remuneration package: \$278 000 plus allowances \$10 000
Period in position: 1 July 2006 to 30 June 2007

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 the Standing Committee of Officials for the Ministerial Council on Mineral and Petroleum Resources
- Chief Executive and Board Member of NSW Rural Assistance Authority
- 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 development of a proposal announced by the Minister in March this year of a pilot project for the capture and storage of CO₂ from coal fired power stations and the establishment of a high level working party to explore options for the development of clean coal technologies
- 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. A proposal to extend the New Frontiers initiatives was also presented to Government
- 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.



Nick Roberts BSc (Forestry) (Hons), MSc (Forestry)

Chief Executive Forests NSW
SES Level 6
Total remuneration package: \$305 000
Period in Position: 30 April 2007 to 30 June 2007

Mr Alastair Howard was Acting Chief Executive until April 2007. Mr Nick Roberts was appointed Chief Executive and commenced on 30 April 2007. Mr Roberts 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 and Mr Roberts have met the performance criteria established for the position despite the qualifications of Forests NSW accounts due to issues relating to hardwood inventory values. 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:

- gained forest certification to the Australian Forestry Standard (AFS) AS 4708 in December, 2006
- Forests NSW was certified as compliant to AFS by an independent auditor accredited by JAS-ANZ to audit against this internationally recognised forest management standard
- recovered 500 000 tonnes of sawlog and 150 000 tonnes of pulpwood valued at over \$25 million from salvage operations following a fire which swept through *Pinus radiata* plantations in Hume Region in December 2006, destroying more than 8 500 ha
- Achieved an underlying trading profit of \$28.04 million
- received renewal of our self insurance licence for 12 months following an audit by WorkCover of our Safety Management System (SMS). Developed a Safety Management System Improvement Plan to enhance the implementation of the SMS
- completed the preparation of draft Ecologically Sustainable Forest Management (ESFM) Plans for the planted forests of Hume, Monaro, Macquarie and Northern regions. The draft ESFM Plans are currently on exhibition and will be published by the end of 2007
- developed a Plantation Strategy to guide the future management of Forests NSW plantations business and associated investment decisions
- received certification for disaster recovery capabilities of Forests NSW sales and payroll systems, complying with the requirements of ISO/IEC27001:2005 standard, following an accreditation audit process
- created three Business Service Centres (BSCs) located in Coffs Harbour, Albury and West Pennant Hills to deliver transactional and processing services to all Forests NSW operations on a geographic basis.

1. Executive performance (continued)



Dr Nicholas R Austin, BE Agr (Hons), MSM, PhD, CID, GAICD

Deputy Director-General Science & Research
SES Level 6
Total remuneration package: \$262 000
Period in position: 1 July 2006 to 30 June 2007

I am satisfied that Dr Nick 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:

- making a significant contribution to key State Plan priorities, specifically P1, P6, E1 and E4
- 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 of a portfolio of over 700 research projects across agriculture, fisheries, forestry and minerals, with total external revenue of about \$50 million in 2006-07, 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
- assisting the Director-General in the overall management of the Department and providing leadership to the Department's Science and Research Division.



Doug Hocking, DipAgr, Grad Dip

Executive Director Biosecurity, Compliance & Mine Safety
SES Level 5
Total remuneration package: \$230 000
Period in position: 1 July 2006 to 30 June 2007

I am satisfied that Mr Doug 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 & 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
- Gazettal of Coal Mine Health and Safety Regulation that commenced the *Coal Mine Safety Health Act 2002* and an implementation program agreed with Division of Mineral Resources
- As the NSW DPI member of the Mine Safety Advisory Council a workplan has been agreed and commenced with council that includes, major consultancies for production bonuses and safety incentive schemes, fatigue and hours of work and safety management systems. The Council also has a goal of achieving world class mine safety for the NSW Mining Industry
- Developed a proposal to review the NSW DPI Plant and Animal Biosecurity Legislation consistent with the NSW State Plan priority three (P3) "cutting red tape and reducing regulatory burden on business"
- Delivered a NSW DPI Biosecurity Strategy aimed at protection of the economy, environment and public health from negative impacts associated with pests, diseases and weeds
- Delivered Stage 1 of BioSIRT the National Information Technology System for Managing Exotic Pests and Disease Incursions that is sponsored by the Primary Industries Ministerial Council
- Established the platforms for integration of BioSIRT to NSW DPI and Rural Lands Protection Boards for Biosirt including links to Frontgate and Property Identification Codes
- Signed on behalf of NSW DPI a cost sharing Memorandum of Understanding with Industry and Vic DPI for QFF Pest Free Areas in the mid and lower Murray Horticultural production districts that will enhance market access
- Established the National Fruit Fly Strategy being developed by Plant Health Australia
- Presented the Plague Locust Taskforce Review to the Minister, reporting on the campaign that saved over \$1 billion in crops at a cost of \$50 million
- As Chairman of the DPI Board of Management Occupational Health & Safety Committee delivered a OHS Strategy and commenced an implementation plan for NSW DPI
- Published the NSW Fine Wines guide with a distribution of 450 000 copies through the Sunday Telegraph.

1. Executive performance (continued)



Wendy Stamp BA (Hons), MAdmin

Executive Director Strategy, Policy & Communications
SES Level 5
Total remuneration package: \$225 000
Period in position: 1 July 2005 to 30 June 2007

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.

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 input on significant whole of government decision-making on natural resource management
- Leading the establishment of a new policy branch called the Water and Resources Policy Branch that will focus on whole of government decision-making concerning key natural resource issues that affect primary industry stakeholders
- Ensuring that NSW DPI's legislative portfolio is maintained and developed to reflect stakeholder interests and client needs
- Taking the lead role in ongoing analyses of policy options relating to the national and state drought policy and the enhancement of the National Agricultural Monitoring System (NAMS)
- Taking the lead role in supporting Exceptional Circumstances applications and review which resulted in extensions of assistance in 30 regions in NSW which remain seriously affected by drought
- Driving the ongoing development of NSW DPI's Corporate Management Framework through the implementation of DPI's Divisional Planning and Reporting System that is integrated with the NSW DPI Corporate Plan 2005–2008. Completion of the DPI Risk Management Policy and Procedures and the DPI Business Continuity Plan
- Facilitating the development of professional best practice, to enhance organisational cohesion and to better manage strategic issues, through the ongoing implementation of the DPI Senior Management Network Program
- Leading the development of a market research project into community attitudes towards primary industries
- Leading the preparation and release of the DPI Aboriginal Employment Strategy, which describes actions the Department will take to increase the number of Aboriginal employees and improve career management options for existing employees
- 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: \$247 300
Period in position: 1 July 2006 to 30 June 2007

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:

- implementation of budget planning and reporting on an accounting net cost of services (ANCS) basis to a Unit level, to assist NSW DPI meet its 2006-07 to 2009-10 ANCS targets
- implementation of an activity based costing system and its application to establish benchmarks for corporate services delivery and a mine safety levy
- participation in steering committees for whole-of-government initiatives on shared services, consolidation of information and communications technology (I&CT) systems and a channels and access strategy
- consolidation of the whole-of-NSW DPI financial statements, including Forests NSW
- alignment of Audit and Risk Management Committee charters and processes for budget dependent NSW DPI and Forests NSW
- revision of the NSW DPI Total Asset Management Plan, incorporating the Assets Strategic Plan, the I&CT Strategic Plan, the Maintenance Strategic Plan, the Asset Disposal Plan and the Accommodation Strategy to align with NSW DPI's Corporate Plan and Results and Services Plan
- assistance in the legal and industrial issues relating to the winding down of the Coal Compensation Board
- development of NSW DPI's Workforce Plan, Women's Employment Strategy, Aboriginal Employment Strategy and Performance Management System
- development of NSW DPI's OH&S framework, including the strategic plan, policies and procedures
- improvement of fisheries resource management by drafting five share management plans and a supporting regulation.
- support to regulatory compliance to 359 fisheries prosecution outcomes and 30 mine safety prosecutions, with 90 percent of prosecutions successful
- improvement of information security by achieving ISO27001 certification for the Telecommunications section in I&CT
- completion of migration of a single email system, a single PC standard, and a single enterprise reporting system.

2. Principal officers

Director-General

Barry Buffer, BrurSc (Hons), MEc, FAICD

Deputy Director-General Agriculture Fisheries and Regional Relations

Renata Brooks, BVSc (Hons), Grad Cert Bioethics

Director, Extensive Industries Development

Regina Fogarty, B.V.Sc., PhD

Director, Intensive Industries Development

Delia Dray, MAppSc

Director, Fisheries Conservation & Aquaculture

Bill Talbot, MA(Aquaculture)

Director, Wild Harvest Fisheries

Anthony Hurst, BA(Geomorphology), MM

Fisheries Coordinator

Peter Turnell, Dip Bus (Mgt)

Director, Regional Relations & Education

John Fisher, BAgSci Hons

Director, Animal Welfare

Ross Burton, BVSc; MVS; MSc

Deputy Director-General Mineral Resources

Alan Coutts, BCom, DipEd

Director, Coal & Petroleum Development

Brad Mullard, BSc

A/Director, Environmental Sustainability

Elise Newberry, B Nat Res

Director, Development Coordination

Garth Holmes, BSc

Director, Geological Survey of NSW

Lindsay Gilligan, BSc(Hons), MappSc, MBA

Director, Mine Safety Operations

Rob Regan, B E (Mining) First Class Hons

Chief Executive Officer Coal Compensation Board

Carolyn Bloch

Chief Executive Officer Mine Subsidence Board

Greg Cole-Clark, B.E (Mining), MBA

Chief Executive Officer Forests NSW

Nick Roberts, BSc (Forestry) (Hons), MSc (Forestry)

A/Director Planted Forests Operations

Bob Orman, BSc (Forestry)

Director Native Forests Operations

Mike Bullen, BSc (Forestry), MBA

A/Director Commercial Services

Martin Grealy, BSc (Forestry)

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

Director, Science Strategy

Philip Wright, B. Sc. Agric, M. Sc. Agric, Ph.D, MAICD, M Royal Soc. NSW

Executive Director Biosecurity, Compliance and Mine Safety

Doug Hocking, DipAgr, Grad Dip Extension, Grad Cert Management

Director Animal & Plant Biosecurity

Bruce Christie, BVSc

Director, Emergencies, Weeds & Pest Animals

Graeme Eggleston, BVSc.,MACVSc.,PSM

Director, Agriculture & Fisheries Compliance Operations

Paul O'Connor, BSc, MSc

Director, Compliance Standards & RLPB Alliance

Jenny Nash, BAgEc

Director, Mine 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, Water & Resources Policy

Austin Whitehead, BSc (Forestry)

Director, Communications

Vera Fiala, MBA, MEng

Director, Public Affairs & Media

Bill Frew, BEc

Executive Director Corporate Services

Alan Gleeson, BSc (Hons), MStat, PhD

Director, Human Resources

Simon Kempson, BCom, CAHRI

Director Finance & Administration

Tony Heffernan

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	DPI Executive	Position
Animal Health Australia Board	Mr Doug Hocking	Member
Aquaculture Steering Committee	Mr Barry Buffier	Member
Australian Gene Technology Standing Committee	Dr Nick Austin	Member
Back Office Application Consolidation Steering Committee	Dr Alan Gleeson	Member
Cattle Tick Advisory Committee	Mr Doug Hocking	Member
C B Alexander Agricultural College Foundation	Mr Barry Buffier	Chair
Centre for Animal & Plant Biosecurity Board	Dr Nick Austin	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
Channels and Access Strategy Senior Officers Group	Dr Alan Gleeson	Member
Chief Executives Committee	Mr Barry Buffier	Member
Coal Compensation Board	Mr Brad Mullard	Member
Community Conservation Council	Mr Barry Buffier	Member
NSW DPI Asset Sale & Reinvestment Steering Committee	Mr Barry Buffier Dr Alan Gleeson	Chair Member
EH Graham Centre for Agricultural Innovation Board of Management	Mr Barry Buffier Dr Nick Austin	Chair Member
Enterprise Grains Australia Board	Dr Nick Austin	Chair
Farrer Memorial Trust	Mr Barry Buffier Dr Nick Austin	Chair Trustee
Forests & Forests Products Committee	Mr Nick Roberts	Member
Game Council	Mr Alastair Howard	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
Metropolitan Water CEOs Committee	Mr Barry Buffier	Member
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	Ms Renata Brooks	Member
NSW/Guangdong Joint Economic Committee	Mr Alan Coutts	Member
NSW Interagency Greenhouse Network CEO Steering Committee	Mr Barry Buffier	Member
NSW Rural Assistance Authority Board	Mr Alan Coutts	Member

3. Membership of significant statutory bodies and inter-departmental committees (continued)

Statutory Body / Interdepartmental Committee	DPI Executive	Position
NSW Skills Council	Mr Barry Buffier	Member
Performance Review of Internal Audit Capacity in NSW Public Sector Steering Committee	Dr Alan Gleeson	Member
Primary Industries Health Committee	Mr Doug Hocking	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
Shared Services Senior Officers Group	Dr Alan Gleeson	Member
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	Mr Doug Hocking	Member
Sustainable Forest Management Committee of the Forest & Forest Products Committee	Mr Alastair Howard	Member

4. Advisory bodies and committees

Agriculture Ministerial Advisory Council

Mr Mike Cahill (Chair)
 Mr David Anthony
 Ms Renata Brooks
 Mr Peter Bartter
 Mr Phillip Brown
 Mr Richard Bull
 Mr Howard Charles
 Mr George Faulkner
 Mr David Kinsey
 Mr Jock Laurie
 Mr Gerard Lawson
 Ms Janet Moxey
 Mr Frank Pace
 Mr Malcolm Peters
 Ms Kathleen Plowman
 Mr Bill Sweeney

Dairy Industry Conference

Mr Albert Vidler (Chair)
 Ms Joy Allen
 Mr Tim Burfitt
 Mr Michael Byrnes
 Mr George Davey
 Mr Adrian Drury
 Ms Kath Evans
 Mr Bob Grey
 Lina Melero
 Ms Janet Moxey

Mr Charles Ng
 Mr Paul Timbs
 Mr Terry Toohey
 Mr Ron Della Vedova
 Ms Kate Woodward

Forests and Forests Products Advisory Council

Mr Graeme Pash (Chair)
 Mr Russ Ainley
 Mr Gus Carfi
 Mr Marcus Derham
 Mr Alastair Howard
 Mr Michael Madden
 Mr John McNamara
 Mr Kerry Pidcock
 Mr Warwick Ragg
 Mr Nick Roberts
 Mr Craig Smith

Pork Industry Task Force

Mr Ron Pollard
 Mr Malcolm Gett
 Ms Sally Walker
 Mr Ted Campbell
 Mr Alex McGillivray
 Mr Christopher Brewster
 Mr Peter Treneman
 Ms Kathleen Plowman
 Mr Tim Burfitt
 Mr Paul Judge

Poultry Meat Industry Committee

Mr Stephen Carroll (Chair)
 Mr Peter Pulley
 Mr James Samphier

Poultry Meat Industry Advisory Group

Mr Stephen Carroll (Chair)
 Mr John Cordina
 Mr Ashley Etherington
 Mr Brian McKelvey
 Mr Andrew Stevenson
 Mr Joe Vella
 Mr Alan Wilson

Seafood Industry Advisory Council

Mr Hans Heilpern (Chair)
 Mr Richard Bagnato
 Mr Gary Braithwaite
 Ms Renata Brooks
 Mr Barry Buffier
 Mr Graeme Byrnes
 Mr Ian Charles
 Mr George Davey
 Mr Jim Drinkwater
 Mr Ron Firkin
 Mr Nicholas Georgouras
 Mr Kel Henry
 Mr Don Johnson
 Ms Megan Kessler
 Mr Bill Pearce

4. Advisory bodies and committees (continued)

Mr Ron Prindable
Prof. Stephan Schnierer
Mr Grahame Turk
Mr Jonathan Yee

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
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 Alan Coutts

NSW Wine Industry Research and Development Advisory Council

Mr Greg Jones (Chair)
Mr Darren De Bortoli
Mr Bruno Brombal
Mr Christopher Brown
Mr Neil Burgess
Mr Trevor Drayton
Mr Ken Edwards
Mr John Gerathy
Mr Loftus Harris
Mr Hans Heilpern
Mr Dick Hilder
Mr Doug Hocking
Mr Thomas Heinick Kling
Mr David Lowe
Mr John Hartigan
Mr Doug McWilliam

Mr David O'Dea
Mr Stephen Roberts
Mr Peter Robson
Mr Bruce Tyrrell

Organic Ministerial Advisory Council

Mr Terrence Healey (Chair)
Cr Jan Barham
Mr David Booth
Ms Renata Brooks
Mr Geoff Brown
Ms Jan Denham
Ms Delia Dray
Ms Catherine Ford
Mr Richard Jones
Mr Stuart Larsson
Mr Eric Love
Mr Phillip Rougon
Mr Scott Seaman
Cr Ingrid Strewé
Mr Ken Taylor

Other advisory bodies

Abalone Management Advisory Committee
Advisory Council on Recreational Fishing
Agricultural Scientific Collections Trust
AgStart Ministerial Advisory Board
Animal Research Review Panel
Animal Welfare Advisory Council
Banana Industry Committee
Belgenny Farm Agricultural Heritage Trust
Bovine John's Disease Summit Executive Committee
C B Alexander Foundation
Coal Safety Advisory Committee
NSW Coalfield Geology Council
Derelict Mines Program Steering Committee
Director-General's Animal Care and Ethics Committee
Estuary General Management Advisory Committee
Estuary Prawn Trawl Management Advisory Committee
Exhibited Animals Advisory Committee
Extractive Industries Safety Advisory Committee
Farrer Memorial Trust
Fisheries Research Advisory Body
Fisheries Scientific Committee
Game Council of New South Wales
Geological Survey Advisory 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 Industry Safety Advisory Committee
NSW Mine Safety Advisory Council
Murray Valley Citrus Marketing Board
Murray Valley Citrus Board Selection Panel
Murray Valley Wine Grape Industry Development Committee
NSW National Livestock Identification System (Sheep and Goats) Implementation Advisory Committee
Non-Indigenous Animals Advisory Committee
Noxious Weeds Advisory Committee
NSW Agricultural Advisory Council on Gene Technology
Pest and Travelling Stock Reserves Committee
NSW Wine Industry Research and Development Advisory Council
Ocean Hauling Management Advisory Committee
Ocean Trap and Line Management Advisory Committee
Ocean Trawl Management Advisory Committee
Ovine John's Disease Industry Advisory Committee
Oyster Research Advisory Committee
Pest Animal Council, NSW
Recreational Fishing Freshwater Trust Expenditure Committee
Recreational Fishing Saltwater Trust Expenditure Committee
Rice Marketing Board
Riverina Citrus
Rural Women's Network State Advisory Committee
Share Appeal Panel – Ocean Trap Line Fishery
Share Appeal Panel – Estuary General Fishery
Share Appeal Panel – Ocean hauling Fishery
Share Appeal Panel – Ocean Trawl Fishery
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

Bills passed by Parliament

- *Apiaries Amendment Act 2006*
- *Deer Act 2006*
- *Rural Lands Protection Amendment Act 2006*

New Regulations

- Fisheries Management (General) Amendment (Listing Criteria) Regulation 2006
- Stock (Chemical Residues) Amendment (Penalty Notice Offences) Regulation 2007
- Stock Foods Amendment (Penalty Notice Offences) Regulation 2007
- Fisheries Management Legislation Amendment (Fees and Contributions) Regulation 2006
- Marine Parks Amendment (Port Stephens - Great Lakes) Regulation 2007
- Fisheries Management (General) Amendment (Listing Criteria) Regulation 2006
- Fisheries Management Legislation Amendment (Fees and Contributions) Regulation 2006
- Veterinary Practice Regulation 2006

Staged Repeal Program

- Agricultural Tenancies Regulation 2006
- Petroleum (Submerged Lands) Regulation 2006
- Rural Assistance Regulation 2006
- Agricultural Livestock (Disease Control Funding) Regulation 2006
- Non-Indigenous Animals Regulation 2006
- Offshore Minerals Regulation 2006
- Prevention of Cruelty to Animals (General) Regulation 2006

Statute Law Revision Amendments

2006

- *Fisheries Management Act 1994*
- *Food Act 2003*
- *Mine Safety (Cost Recovery) Act 2005*
- *Petroleum (Onshore) Act 1991*

2007

- *Fisheries Management Act 1994*
- *Prevention of Cruelty to Animals Act 1979*
- *Coal Mine Health and Safety Act 2002*
- *Agricultural Livestock (Disease Control Funding) Act 1998*
- *Occupational Health and Safety Act 2000*

- *Occupational Health & Safety Regulation 2001*
- *Offshore Mineral Act 1999*
- *Petroleum (Submerged Lands) Act 1982*
- *Petroleum (Onshore) Act 1991*
- *Petroleum (Submerged Lands) Regulation 2006*

Acts Administered by NSW Department of Primary Industries

Minister for Primary Industries and Mineral Resources

- *Agricultural and Veterinary Chemicals (New South Wales) Act 1994, No. 53*
- *Agricultural Industry Services Act 1998 No.45*
- *Agricultural Livestock (Disease Control Funding) Act 1998 No. 139*
- *Agricultural Scientific Collections Trust Act 1983, No. 148*
- *Agricultural Tenancies Act 1990, No. 64*
- *Animal Research Act 1985, No. 123*
- *Apiaries Act 1985, No. 16*
- *Banana Industry Act 1987, No. 66*
- *Biological Control Act 1985, No. 199*
- *C.B. Alexander Foundation Incorporation Act 1969, No. 61*
- *Coal Acquisition Act 1981, No. 109*
- *Coal Industry Act 2001, No 7*
- *Coal Mine Health and Safety Act 2002, No. 129*
- *Coal Ownership (Restitution) Act 1990, No 19*
- *Dairy Adjustment Programme Agreement Ratification Act 1975, No. 31*
- *Dairy Adjustment Programme Agreement Ratification Act 1977, No. 98*
- *Dairy Industry Act 2000, No. 54*
- *Deer Act 2006, No 54*
- *Dried Fruits (Repeal) Act 1997, No. 124*
- *Exhibited Animals Protection Act 1986, No. 123*
- *Exotic Diseases of Animals Act 1991, No. 73*
- *Farm Debt Mediation Act 1994, No. 91*
- *Farm Produce Act 1983, No. 30*
- *Farm Water Supplies Act 1946, No 22*
- *Farrer Memorial Research Scholarship Fund Act 1930, No. 38*
- *Fertilisers Act 1985, No. 5*
- *Fish Marketing Act 1994, No. 37*
- *Fisheries Act 1935, No. 58*
- *Fisheries Management Act 1994, No. 38*

(except Part 7 (Divisions 1 and 2) and Part 7A, jointly the Minister for Climate Change, Environment and Water and the Minister Assisting the Minister for Climate Change, Environment and Water (Water)) from 2 April 2007 changed to Minister Assisting the Minister for Climate Change, Environment and Water (Environment) on 13 April 2007

- *Food Act 2003, No. 43*
- *Forestry Act 1916, No. 55*
- *Game and Feral Animal Control Act 2002, No. 64*
- *Gene Technology (GM Crop Moratorium) Act 2003, No 12*
- *Gene Technology (New South Wales) Act 2003, No 11*
- *Grain Marketing Act 1991, No. 15*
- *Marginal Dairy Farms Reconstruction Scheme Agreement Ratification Act 1971, No. 72*
- *Marketing of Primary Products Act 1983, No. 176*
- *Meat Industry Act 1978, No. 54*
- *Mine Health and Safety Act 2004, No 74*
- *Mine Safety (Cost Recovery) Act 2005, No 74*
- *Mine Subsidence Compensation Act 1961, No. 22*
- *Mines Inspection Act 1901, No. 75*
- *Mining Act 1992, No 29 (except part, Attorney General)*
- *Non-Indigenous Animals Act 1987, No. 166*
- *Noxious Weeds Act 1993, No. 11*
- *Occupational Health and Safety Act 2000, No. 40, so far as it relates to mines within the meaning of the Mines Inspection Act 1901 and a place of work to which the Coal Mine Health and Safety Act 2002 applies. (remainder, the Minister Assisting the Minister for Commerce) from 2 April 2007 changed to (remainder, the Minister Assisting the Minister for Finance on 13 April 2007)*
- *Offshore Minerals Act 1999, No. 42*
- *Petroleum (Onshore) Act 1991, No. 84*
- *Petroleum (Submerged Lands) Act 1982, No. 23*
- *Plant Diseases Act 1924, No. 38*
- *Poultry Meat Industry Act 1986, No. 101*
- *Prevention of Cruelty to Animals Act 1979, No. 200*
- *Rice Marketing Act 1983 No 176*
- *Rural Adjustment Scheme Agreement Act 1993, No. 107*
- *Rural Assistance Act 1989, No. 97*

5. Legislation and legal change (continued)

- *Rural Lands Protection Act 1998, No. 143*
- *Snowy Mountains Cloud Seeding Trial Act 2004 No. 19*
- *Softwood Forestry Agreement Act 1968, No. 20*
- *Softwood Forestry Agreement Ratification Act 1980, No. 90*
- *Softwood Forestry (Further Agreement) Act 1973, No. 7*
- *States and Northern Territory Grants (Rural Adjustment) Agreement Ratification Act 1985, No. 113*
- *States and Northern Territory Grants (Rural Adjustment) Agreement Ratification Act 1989, No. 168*
- *States Grants (Rural Adjustment) Agreement Ratification Act 1977, No. 104*
- *States Grants (Rural Reconstruction) Agreement Ratification Act 1971, No. 37*
- *Stock (Artificial Breeding) Act 1985, No. 196*
- *Stock (Chemical Residues) Act 1975, No. 26*
- *Stock Diseases Act 1923, No. 34*
- *Stock Foods Act 1940, No. 19*
- *Stock Medicines Act 1989, No. 182*
- *Swine Compensation Act 1928, No. 36*
- *Sydney Market Authority (Dissolution) Act 1997, No. 62*
- *Timber Marketing Act 1997, No. 72*
- *Uranium Mining and Nuclear Facilities (Prohibitions) Act 1986, No. 194*
- *Veterinary Practice Act 2003 No 87*
- *Wine Grapes Marketing Board (Reconstitution) Act 2003 No. 100*

6. Significant Judicial Authorities

There were several significant judicial decisions made during the year which were relevant to legislation under the administration of the Department.

On 12 October 2006 the Industrial Relations Court handed down a decision in *Inspector Ken Kumar v David Aylmer Ritchie [2006] NSWIRComm 323* which dealt with the obligations of directors regarding their company's compliance with OH&S legislative requirements.

Owens Container Services Australia Pty Ltd ("Owens") operated a business to repair, clean and store shipping containers and tanks. Owens employed a depot manager at one site who died while cleaning a tank. Mr Ritchie was the CEO of the Owens Group and a director of Owens. Both Owens and Mr Ritchie were charged under s.8(1) of the OH&S Act for failing to ensure the safety of an employee. Mr Ritchie was charged under s.26 of the OH&S Act in his capacity as a Director of Owens. Section 26 deems directors and managers of a corporation to also have contravened the same provision as the company. Haylen J confirmed that s.26 operates so that a director or person concerned in management is, by virtue of their position, complicit in the offence of the corporation unless they can establish either they exercised all due diligence, or they were not in a position to influence the conduct.

Whilst Mr Ritchie had taken some steps to providing a proper system to prevent a contravention, he had not provided adequate supervision to ensure the system was properly implemented and maintained. The decision has made it clear that directors must show that they concentrated their mind on the risks of the particular work and on addressing systems so that the identified risks would be apparent, enabling them to take steps to address the risks. The Court found that a director cannot absolve themselves of liability under s.26 of the OH & S Act by relying solely on subordinates with appropriate expertise to properly perform occupational health and safety related tasks. Mr Ritchie was fined \$22 500 and ordered to pay the prosecutor's costs.

On 27 November 2006 *Gray v The Minister for Planning and Ors [2006] NSWLEC 720* the Land and Environment Court considered the factors to be taken into account by the Director-General of the Department of Planning when accepting environmental assessments for Part 3A project approval applications.

The Director-General of the Department of Planning had determined that an environmental assessment submitted by proponents of an open cut coal mine, adequately addressed requirements imposed under

Part 3A of the *Environmental Planning and Assessment Act*. Mr Gray sought a declaration that the Director-General's view was void on the basis that assessment did not adequately address the impacts of the project on climate change in line with the requirements previously set by the Director-General and imposed under the EP&A Act. The crux of the argument was that the Director-General had accepted the assessment without assessing whether it adequately addressed principles of ecologically sustainable development.

In considering whether or not an environmental assessment adequately addresses Part 3A requirements, Pain J held that the Director-General of the Department of Planning is required to consider the objects of the EP&A Act, which include encouraging principles of ecologically sustainable development. In this case Pain J found that the Director-General had not adequately applied the principles of ecologically sustainable development (in particular the principle of intergenerational equity) to the extent required at law in that he had failed to consider the cumulative impacts of the proposed development on the environment. Applicants for projects that fall within Part 3A of the EP&A Act must ensure that environmental assessments have proper regard to the objects of the EP&A Act.

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 2006-07.

Internal controls

NSW DPI continued to review, audit and improve internal controls. Comprehensive internal reviews were conducted of the systems for:

- management of the department's budget formulation, review and reporting
- payment of accounts
- administration of purchasing cards
- records management
- emergency management planning and preparedness
- minerals titles allocations and renewals
- geoscience mapping and information management
- publications management
- laboratory management
- saltwater fishing trust administration
- management of the commercial abalone fishery
- taxation compliance
- minerals environmental sustainability
- management of a number of departmental research establishments
- ICT network technical security
- ICT HelpDesk management
- ICT compliance with privacy legislation
- information security management

Audit of the Recreational Fishing (Saltwater) Trust.

During 2006-07, IAB Risk Management and Consulting Services undertook a complete review of the management and operations of the NSW Recreational Fishing (Saltwater) Trust. The review included the selection and approval process for projects, fund distribution and performance monitoring of projects.

NSW DPI has accepted the report and is progressively implementing the recommended actions.

Audit of the NSW Abalone Fishery

As part of the NSW DPI Internal Audit Plan, IAB Risk Management and Consulting Services completed a review of the business practices and management operations of the NSW Abalone Fishery.

The review included Abalone Share and Quota Management administration and local operations.

The recommendations of the review will be finalised early in the 2007-08 financial year.

Performance Audit : DPI's Activities in Improving the Efficiency of Water Use on Farms

The Audit Office have been undertaking a performance audit of DPI's activities in improving the efficiency of water use on farms. The formal 'Lines of Inquiry' for the audit are to assess whether DPI have effective approaches for improving the efficiency of use of water on the farm and whether the expected outcomes of the Department's initiatives for improving efficiency of agricultural water use been achieved.

The Audit Office has focussed on DPI's research and extension activities and the important role they play in facilitating adjustment and adoption of more efficient water use practices. In 2006-07, the Audit Office completed a number of regional visits to DPI sites, conducted interviews

with stakeholders and staff, reviewed documents as well as DPI's processes for stakeholder and industry engagement. The Audit Office's report is due to be finalised by the end of 2007 when it will be tabled in Parliament.

Palmer Report on Illegal Fishing

Mick Palmer made a range of recommendations to address illegal fishing issues. These were made under four broad headings: education; increasing compliance capacity; indigenous issues; and species-specific recommendations.

Community education issues have been addressed by a range of measures including the recent production of a sticker urging the reporting of illegal fishing.

A range of actions have been undertaken to increase compliance capacity within DPI. Examples include creation of dedicated conservation and aquaculture groups (thereby freeing up the time of generalist Fisheries Officers to focus on commercial and recreational fishing), to improving compliance efficiency through improved business management practices.

Indigenous Recommendations are being addressed as part of a whole-of-government response to indigenous issues and fisheries generally.

The bag limit for abalone has been reduced, reflecting reductions in the permitted commercial harvest of abalone, but the majority of species-specific recommendations are being addressed in a cabinet minute which has not yet been approved by Cabinet.

Recommendations being progressively implemented. Proposed legislative changes awaiting Cabinet approval; not expected to be finalised until Spring 2007.

Board of Inquiry into Mine Safety Enforcement Policy

This Board of Inquiry is under Section 113 of the *Coal Mine Health and Safety Act 2002* (Recommendation of Wran Mine Safety Review). The Inquiry is to examine mine safety enforcement policy and the processes used by NSW DPI.

Dr James J Macken AM LLD has been appointed as the Board of Inquiry on 14 February 2007. Mr Jim Cox was appointed as an assessor for the purposes of a special inquiry by the Board of Inquiry on the same day. The appointments and Terms of Reference (as recommended by Wran) have been published in NSW Government Gazette on 23 February 2007.

The Board of Inquiry has been asked to prepare a report for the Minister of Mineral Resources by 1 August 2007.

Internal Audit

Deloitte Touche Tohmatsu was commissioned to undertake an analysis of the internal audit function in NSW DPI. Recommendations in their report, delivered in February 2007, are currently being implemented. The most significant of these is the merger of the internal audit function of Forests NSW and the rest of NSW DPI.

Occupational Health and Safety (OH&S)

In a review of OH&S in NSW DPI in December 2006, IAB Services identified gaps in the planning, policies and structure. Since the findings were presented to the Board of Management, recommendations of the review have been implemented. An OH&S Strategic Plan and a comprehensive list of OH&S policies, procedures and reports have been developed and are being progressively rolled out to the staff across the state.

7. Evaluation and improvement (continued)

Report on Dairy Research at the Elizabeth Macarthur Agricultural Institute (EMAI)

DPI has a significant investment in the high profile FutureDairy research project at EMAI in partnership with Sydney University and Dairy Australia. Increasing operating costs for EMAI-based dairies to support the research program led to an internal review of EMAI dairy R&D convened by dairy farmer Mr Rowan Moore. The review focussed upon EMAI dairy operations, impacts of contractual obligations upon dairy operations, alignment of contractual obligations with current project activities and the project's progress against milestones.

The report was completed in March 2007. It found that the FutureDairy project has made outstanding progress and will deliver new technologies and production systems to the NSW and Australian dairy industries. A high proportion of the rising dairy operating costs arose directly from impacts on feed costs by long-term drought conditions. The review also identified a number of operational and contractual issues that affected NSW DPI's financial exposure to project costs and made recommendations for risk management in contractual agreements, management of dairy operations and ongoing project management.

NSW DPI is progressively implementing the review recommendations for the FutureDairy project and will apply recommendations to new project agreements where relevant.

Review of DPI Aquaculture Research

A review on NSW DPI's investment in aquaculture research was conducted in 2005-06 and the report now finalised for publication. The review "Priorities and principles for investment in aquaculture research by NSW DPI" overviewed the main aquaculture industries in NSW and examined the rationale for continued R&D investment in these industries by the Department to support their growth and sustainability, for the conservation of native fish species and for the health and biosecurity of aquaculture species. It made recommendations on priority areas for continued investment, based upon criteria of co-investment by beneficiary industries and the phased development of industry-based hatchery capacity for commercial aquaculture species. The review also supported enhanced extension support for NSW aquaculture industries to promote technology uptake and capacity building.

An economic evaluation of the research benefits and returns on investment in the Invasive Plants Cooperative Research Centre

The CRC for Australian Weed Management (CRAWM) was initiated in 2001 as the second phase of the successful CRC for Weed Management Systems (CRCWMS) and completes its current term in June 2008. A new Invasive Plants Cooperative Research Centre (IPCRC) has been proposed to continue the work of weeds research and development at a national level.

An economic analysis of the proposed IPCRC was undertaken following the 'top-down' method of quantifying research benefits. The marginal benefit from investment in the IPCRC over a 25-year evaluation period is \$2 092 million. This represents the difference between the estimated with-CRC benefits (\$2 845 million) and the estimated without-CRC benefits (\$753 million).

The investment in the proposed IPCRC is shown to provide a high return on public expenditure. Investing \$30 million of taxpayer funds into the IPCRC will leverage a further \$64 million of in-kind and cash contributions from research providers, and these costs combined will generate an additional \$2 092 million in discounted benefits to the broader Australian grains, beef, wool and lamb industries.

The estimated marginal benefit-cost ratio of 55:1 from the IPCRC investment represents a high return thus representing good value for the taxpayer. Almost all of the potential benefits of the IPCRC would accrue to NSW and Australian producers and consumers, further justifying the investment.

Sheep Co-operative Research Centre Renewal Proposal: Economic Evaluation of the Proposed Scientific Themes

The Australian sheep industry and its associated research and development agencies have developed a proposal for the CRC for Sheep Industry Innovation. "Top-down" and "bottom-up" procedures were used to assess the expected economic benefits from this proposal. Formal "with-CRC" and "without-CRC" scenarios were defined for each product and each research theme. The requested investment by the Commonwealth and the Australian sheep industry in the CRC was assessed relative to a scenario where an alternative, lower cost research program into this industry is implemented. These extra resources have a discounted value of about \$34 million over the 25-year period of this evaluation. The benefit from this extra investment and consequent research effort is estimated to be worth about \$518 million in present value terms, which is far in excess of the marginal investment. Thus every \$1 of these extra resources brought into the Australian sheep industry through funding the proposed CRC is expected to return around \$15.30 to the industry in present value terms.

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)

	Permanent (excl Forests NSW)	Other (excl Forests NSW)	Permanent (Forests NSW)	Other (Forests NSW)	Total
2004-05	1 802	747	954	85	3 588
2005-06	1 815	724	948	98	3 585
2006-07	1 885	753	922	30	3 590

Table 2. EFT number of female and male staff within salary levels

Salary Level	\$0- \$33 909	\$33 910- \$44 537	\$44 538- \$49 791	\$49 792 - \$63 006	\$63 007 - \$81 478	\$81 479 - \$101 849	Greater than \$101 849 (Non-SES)	Greater than \$101 849 (SES)	Total
Female (excl Forests NSW)	6	228	194	255	230	76	12	4	1 005
Male (excl Forests NSW)	9	229	148	304	472	333	126	12	1 633
Female (Forests NSW)	4	15	17	61	59	8	3	0	167
Male (Forests NSW)	15	201	76	183	152	99	53	6	785
Totals	34	673	435	803	913	516	194	22	3 590

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
30 June 2007	Excl Forests NSW		2	6	1	3	3		1	16
	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
30 June 2007	Excl Forests NSW			1	1	1	1			4
	Forests NSW									0

9. Equal employment opportunity

Fair Policy and Procedures

The Human Resources Strategic Services Unit 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.

A new policy on Combating Workplace Harassment and Bullying was implemented this year.

EEO Data Collection

The department conducted an EEO survey this year with approximately 60% of staff now providing their EEO Details.

Performance Management and EEO

Performance indicators for the implementation of EEO strategies are incorporated into the performance agreements of all Senior Executive Services Officers.

The Department is currently developing a Performance and Development System to provide a fair and consistent framework to determine individual performance objectives as well as measuring targets to be achieved, and to identify training needs for individual development.

Recruitment

Training courses in Selection Techniques and Written Application and Interview Skills have continued throughout the year and are 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

- In March 2007 the Director-General launched the Department's new Aboriginal Employment Strategy.
- Recognising the knowledge and skills within Aboriginal communities, this strategy seeks to increase the employment of Aboriginal people within the NSW DPI workforce, and provide training and support

for Aboriginal employees to enhance their capacity to contribute effectively to departmental programs and outcomes. This will include the review of policies, systems and decision-making processes affecting Aboriginal communities and their cultural interests and economic opportunities.

The Aboriginal Employment Strategy seeks to achieve the following outcomes:

- Increased representation of Aboriginal people to 2% or more of NSW DPI workforce by 31 December 2008
- Increased career opportunities for Aboriginal people in NSW DPI
- Increased representation of Aboriginal people in departmental decision-making processes
- Implementation of support networks for Aboriginal employees of NSW DPI
- Strong organisational support for the Aboriginal Employment Strategy.

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 have employed two Aboriginal people under this Program this year.

The delivery of an Aboriginal Cultural Awareness course that goes across the whole of the Department has also been established this year.

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.

Disability Capital/Maintenance Program

A total of \$143 000 was spent as part of the Department's Disability Strategic Plan, as follows:

- Tamworth Agricultural Institute - disabled toilet and access ramp
- Tamworth Agricultural institute - disabled access ramp to Administrative Office
- Wagga Wagga Agricultural Institute - access ramp and handrails in Block K
- Port Stephens Fisheries Centre - access ramp and amenities for Compliance and Marine Park Office
- Tuncurry Fisheries Office - access ramp and amenities
- Swansea Fisheries Office - access ramp and toilet

Women's Employment

The Department's Women's Employment Strategy aims to ensure equity, support diversity, and provide opportunity in the workplace for our women employees. Women representing all divisions of the department were involved in developing the Women's Employment Strategy.

Over the past year, the Department established a Women's Consultative Group which comprised nineteen women from all divisions across the State. These women bring together a wealth of knowledge and experience from across the Department and have worked together to develop an Action Plan after conducting research in their workplaces about how working conditions could be enhanced.

9. Equal employment opportunity (continued)

The Action Plan supports the aim of the Women's Employment Strategy to ensure that the potential of NSW DPI women is realised, and that they are recognised as key contributors in the workplace. The ten comprehensive actions outlined in the plan will help us to deliver the outcomes that were identified in the Women's Employment Strategy, namely:

- 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.

There are differing time frames for each of the actions outlined in the plan. The Women's Consultative Group has worked closely with the Human Resources branch in the development of the Action Plan. Many of the strategies proposed by the Women's Consultative Group in the Action Plan complement work currently being undertaken by Human Resources and it is intended that the Women's Consultative Group will work closely with Human Resources in implementing the plan.

The Department is providing funds this year for Carolyn Hinde, Senior Policy Officer, and Kate Needham, Manager Internal Communications, to undertake the Public Sector Management Course, and for Trudy Glasgow, Manager Public Affairs, to participate in the Executive Development Program.

Table 1 Trends in the representation of EEO target groups in percentage

EEO Target Group	Percentage of total staff				
	Benchmark or Target	2004	2005	2006	2007
Women	50%		38%	33%	34%
Aboriginal people & Torres Strait Islanders	2%		0.3%	1.7%	2.4%
People whose first language was not English	20%		8%	11%	11%
People with a disability	12%		7%	8%	8%
People with a disability requiring work-related adjustment	7%			0.30%	0.50%

Table 2 Trends in the distribution of EEO target groups

EEO Target Group	Distribution index				
	Benchmark or Target	2004	2005	2006	2007
Women	100		80	86	87
Aboriginal people & Torres Strait Islanders	100		n/a	71	68
People whose first language was not English	100		110	103	107
People with a disability	100		96	90	91
People with a disability requiring work-related adjustment	100			n/a	n/a

9. Equal employment opportunity (continued)

Table 3 Percent of total NSW DPI staff by level

LEVEL	TOTAL STAFF (Number)	Respondents	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
< \$33 910	26	27%	58%	42%			14%		
\$33 910 - \$44 537	709	30%	62%	38%	6.6%	6%	10%	0.9%	
\$44 538 - \$49 791	467	47%	49%	51%	2.7%	3%	9%	0.5%	
\$49 792 - \$63 006	821	52%	60%	40%	3.0%	6%	8%	0.2%	
\$63 007 - \$81 478	890	62%	67%	33%	0.2%	11%	7%	0.5%	
\$81 479 - \$101 849	487	71%	82%	18%	0.3%	9%	4%		
> \$101 849									
(non SES)	198	78%	92%	8%		5%	7%	0.6%	
> \$101 849 (SES)	16	75%	75%	25%					
TOTAL	3 614	53%	66%	34%	2.4%	7%	8%	0.55	
Est. Number of Staff	3 614	1 930	2 371	1 243	88	252	408	283	17

Table 4 Percent of total NSW DPI staff by level

EMPLOYMENT BASIS	TOTAL STAFF (Number)	Respondents	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	2 713	58%	74%	26%	2.1%	8%	11%	8%	0.4%
Permanent Part-time	139	73%	9%	91%	1.0%	1%	4%	7%	1.0%
Temporary Full-time	591	33%	53%	47%	0.5%	8%	24%	4%	0.5%
Temporary Part-time	143	27%	17%	83%		8%	13%	3%	
Contract - SES	16	75%	75%	25%					
Contract - Non SES	4	50%	100%						
Training Positions	11	36%	91%	9%					
Retained Staff									
Casual	360	14%	57%	43%			19%	2%	
TOTAL	3 977	50%	65%	35%	1.5%	7%	13%	7%	0.4%
Est. Number of Staff	3 977	1 982	2 579	1 398	61	271	530	261	15

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 Principles of Multiculturalism in accordance with following Statement of Intent.

This statement confirms the NSW Department of Primary Industries' commitment to the Principles of Multiculturalism and the key objectives of the Community Relations Commission Plan of Action 2012 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 New South Wales.

Recognising the cultural and linguistic 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:

- 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 the NSW Department of Primary Industries 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 the NSW Department of Primary Industries by ensuring that the staff list of Community Language Allowance Scheme (CLAS) 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 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 2006-07 the Department delivered its commitment to EAPS through a range of activities, including:

- the running of fishing workshops for non-English speaking background families and children with disabilities. A total of 205 children together with 541 parents and relatives from Arabic, Chinese, Vietnamese, Korean, Tongan, Pacific Islander, Samoan, Maroi and Greek backgrounds participated in the one-day workshops.
- producing and distributing fisheries information and educational material in different languages, the development of multilingual fisheries information signs and their placement around relevant waterways and the placement of advertisements in the multicultural press communicating fisheries and other important information.
- the development of a multilingual fisheries section on the NSW DPI website for recreational fisheries information.

- 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. Thirty-three graduated with a full certificate III in Agriculture and a further 30 are expected to do so this year.
- implemented Farmer Field Schools for Chinese fruit and vegetable growers in Sydney basin based on a participatory learning model developed in Vietnam.
- developed DVD training resources for Cambodian, Chinese, Vietnamese and Arabic background market gardeners in Sydney basin covering food safety, quality assurance, soil management and fertilisers.
- Developed market plan for Asian vegetables to support growers by increasing consumption outside of ethnic communities. Including standardising names.

Fishing workshops for special needs people

Eight fishing workshops were held at various locations around Sydney for children and adults with a disability aged between 10yrs and 65yrs, the majority coming from a non - English speaking background.

A total of 160 participated with support from Peer Support and Flexible Respite, Baptist Community Services (Auburn), Community Connect Respite, Home Care Service of NSW (Bankstown), and the Holroyd Peer Support Group, Holroyd City Council (Merrylands)

Programs for 2007-08

- The upgrading of the multilingual section of our website to include more languages on fishing rules and regulations.
- Improve multiingal signage around waterways
- Conducting community information days (targeting various language groups) on new fishing rules and regulations and the continuation of fishing workshops for NESB and aboriginal children and the community.
- Continue to develop innovative ways of working with NESB market growers in Sydney basin so they can meet market expectation

11. Overseas travel

Name	Position	Country visited	Purpose of visit	From	To
Barry Buffier	Director General	China	On behalf of the Minister meet with officials from the Ministry of Science & Technology, Ministry of Agriculture & Agricultural Commission as well as visit and address graduation ceremony at Gansu Agricultural University and visit experimental sites	26.06.2006	5.07.2006
David Michalk	Principal Research Scientist	People's Republic of China	Accompany NSW DPI Director-General to meet with officials from the Ministry of Science & Technology, visit Gansu Province and Agricultural University and resolve outstanding issues associated with Pastoral Development Project	26.06.2006	5.07.2006
Lorraine Spohr	Biometrician	New Zealand	Co-present a paper and poster at the Australian Statistical Conference	2.07.2006	8.07.2006
Sharon Nielsen	Biometrician	New Zealand	Co-present a paper and poster at the Australian Statistical Conference	2.07.2006	8.07.2006
Dorothy Noble	Senior Technical Officer	United Kingdom, USA, Italy	Gain specialised knowledge in the diagnosis of the exotic plant pathogen causing strawberry angular leaf spot and attend the 5th international conference on Plant Pathogenic Bacteria	2.07.2006	30.07.2006
Steven Djordjevic	Principal Research Scientist	England	Attend 8th World Congress on genetics applied to livestock program and attend 30th International conference on Animal Genetics	7.07.2006	17.07.2006
Lee Baumgartner	Research Scientist	Thailand	Give a presentation on fish passage issues to the Mekong River Commission Technical Advisory Body	16.07.2006	23.07.2006
Belinda Walker-Pryor	Senior Regional Animal Health Manager	USA	Attend Exotic Disease Training course to increase Exotic Disease preparedness, visit world leaders in Research and Extension in Paratuberculosis	24.07.2006	7.08.2006
Tracey MacDonald	Senior Manager	Lord Howe Island	Meeting of the Lord Howe Island Marine Park Steering Committee and act as observer at Lord Howe Island Marine Park Advisory Committee Meeting	1.08.2006	3.08.2006
Roger Hegarty	Senior Research Scientist	Japan	Participate in the seminar on Education for Rural Development and broaden DPI's profile	1.08.2006	9.08.2006
Arthur Gilmour	Principal Research Scientist	USA, Brazil, UK	Undertake a commercial consultancy with Pioneer Hibred, present an invited paper at the 8th World Congress on genetics applied to livestock production and visit VSN-International and Rothamsted research for continuing development of the ASREML project	3.08.2006	3.09.2006
Neil Wratten	Special Research Agronomist	Canada, USA	Visit Centres of Excellence for Canola Breeding to review opportunities for exploiting genetic diversity and developing new germplasm	4.08.2006	21.08.2006
Mark Booth	Scientist	Thailand	Participate in the Aquaculture Nutrition Master Class co-funded by ACIAR* and the Australian Academy of Technological Sciences and Engineering Crawford Fund to deliver teaching modules designed to train young scientist from developing countries in the various aspects of grow-out aquaculture nutrition	6.08.2006	20.08.2006
Geoff Allan	Research Leader	Thailand, LAO, Vietnam	Oversee the Aquaculture Nutrition Master Class co-funded by ACIAR* and the Australian Academy of Technological Sciences and Engineering Crawford Fund to deliver teaching modules designed to train young scientists from developing countries in the various aspects of grow-out aquaculture nutrition. research projects	6.08.2006	20.08.2006
Paul Arthur	Institute Director	Brazil	Attend 8th World Congress on genetics applied to livestock program and attend 30th International Conference on Animal Genetics	11.08.2006	29.08.2006
John Oliver	Research Leader	Malaysia, Singapore, China, South Korea, Taiwan	Asian Wheat Market Tour to obtain a greater understanding of the technical requirements of Asian Wheat Markets as well as the complexity of marketing.	13.08.2006	25.08.2006
John Mullen	Principal Research Scientist	New Zealand	Present a paper at the Annual Conference of the New Zealand Agricultural and Resource Economics Society	22.08.2006	26.08.2006
Rajinder Singh	Research Economist	India	Undertake a scoping study of impediments to the adoption of new conservation farming techniques	23.08.2006	10.09.2006
Kevin Quinlan	District Horticulturist	Brazil	Lead a study group of macadamia growers to attend the International Macadamia Symposium and present a paper - 'Covercrops and Erosion Control for Sustainable Production'	25.08.2006	7.09.2006
Warren King	Senior Research Scientist	New Zealand	Attend and present a paper at the joint Australian and New Zealand Ecological Societies Conference	27.08.2006	10.09.2006
Virginia Brunton	Education Officer	Vietnam	Observe and participate in the operation of Farmer Field School Education and Training and participate in a Train the Trainer Program	29.08.2006	10.09.2006
Phillip Pagan	Policy Economist	India	Undertake a scoping study of impediments to the adoption of new conservation farming techniques	1.09.2006	10.09.2006
Kieran O'Keeffe	District Agronomist	India	Attend and present project findings of experiment at ACIAR* mid term project review of 'Permanent beds for irrigated rice-wheat and alternatives in north west India and south east Australia'. Liase, investigate and assess this project with collaborators involved in this project	1.09.2006	12.09.2006
Geoff Beecher	Research Agronomist	India	Attend and present project findings of experiment at ACIAR* mid term project review of 'Permanent beds for irrigated rice-wheat and alternatives in north west India and south east Australia'.	1.09.2006	12.09.2006
Colin Wellings	Principal Research Scientist	USA, Denmark	Undertake diagnostic training in the application of molecular techniques for rust diseases and visit cereal rust laboratories	6.09.2006	14.10.2006
Brendan George	Industry Leader	UK, Sweden	Attend Combined International Energy Agency Bio-energy meeting	8.09.2006	25.09.2006
Anthony Somers	District Horticulturist	USA	Attend the International Workshop on Grapevine Trunk Diseases	9.09.2006	21.09.2006
Peter Slavich	Research Leader	Indonesia, Sumatra	Advise on management of soil fertility for restoring cropping in Tsunami affected soils and restoration of annual cropping projects	10.09.2006	17.09.2006

Name	Position	Country visited	Purpose of visit	From	To
Malem McLeod	Research Hydrologist	Indonesia, Sumatra	Advise on management of soil fertility for restoring cropping in Tsunami affected soils and restoration of annual cropping projects	10.09.2006	17.09.2006
Gavin Tinning	Project Officer	Indonesia, Sumatra	Advise on management of soil fertility for restoring cropping in Tsunami affected soils and restoration of annual cropping projects	10.09.2006	17.09.2006
Mike Sissons	Senior Research Scientist	USA	Attend and present an oral paper as an invited speaker at the World Grains Summit and 2006 Gluten Workshop titled 'An approach to standardise the instrumental texture determination of cooked spaghetti firmness'	13.09.2006	24.09.2006
Helen Allen	Senior Cereal Scientist	USA, Canada	Attend and present a paper on the latest developments in Australian wheat quality assessment at the World Grain Summit as part of American Association of Cereal Chemists (AACC) International Annual Conference	15.09.2006	3.10.2006
Colin Griffiths	District Livestock Officer	China, Tibet	Meet with collaborating Tibetan scientists and visit sites to assess the progress and performance of on-data collection and discuss on going finalisation of review with a view to publish Tibetan Dairy Industry review paper	15.09.2006	5.10.2006
John Wilkins	Senior Livestock Officer	CHINA, TIBET	Meet with collaborating Tibetan scientists and visit sites to assess the progress and performance of on-data collection and discuss on going finalisation of review with a view to publish Tibetan Dairy Industry review paper	15.09.2006	8.10.2006
Sandra Mcdougall	Technical Specialist	Cambodia	ACIAR* project 'Improved vegetable production and postharvest management systems in Cambodia and Australia' Development of experimental and extension activities for year 2 of the project as well as postharvest work trials	16.09.2006	23.09.2006
Mark Hickey	District Horticulturist	Cambodia	ACIAR* project 'Improved vegetable production and postharvest management systems in Cambodia and Australia' Development of experimental and extension activities for year 2 of the project as well as postharvest work trials.	16.09.2006	29.09.2006
Weiguang Liang	Senior Technical Officer	Cambodia	ACIAR* project 'Improved vegetable production and postharvest management systems in Cambodia and Australia' Development of experimental and extension activities for year 2 of the project as well as postharvest work trials.	16.09.2006	29.09.2006
Suzie Newman	Research Horticulturist	Cambodia, Vietnam	ACIAR* project 'Improved vegetable production and postharvest management systems in Cambodia and Australia'. AusAID** Collaboration for Agriculture and Rural Development project documenting two supply chain case studies in Vietnam	16.09.2006	5.10.2006
Doug Hocking	Executive Director	China	Attend the first Joint Steering Committee on the Memorandum of Understanding on Coal Mine Safety between China and Australia	17.09.2006	24.09.2006
Andrew Jessup	Senior Research Horticulturist	Papua New Guinea	Set up first site experiments for ACIAR* project 'Fruit fly monitoring, management and control in horticultural production areas using sterile insect release'	17.09.2006	26.09.2006
Glen Saunders	Research Leader	UK	Provide the UK Dept for Environment, Food and Rural Affairs with an independent external assessment of the quality, balance, scope and appropriateness of the scientific programs in the area of wildlife management carried out by the Central Science Laboratory	18.09.2006	29.09.2006
Bob Creese	Research Leader	New Zealand	Attend and present a keynote address at the New Zealand Marine Sciences Society Conference	19.09.2006	25.09.2006
Andrew Mitchell	Senior Research Scientist	United Kingdom, Belgium, Germany	Diagnostic training as per DAFF training scholarship	25.09.2006	16.10.2006
Robert Martin	Director	Cambodia	Carry out planned project activities including participation in field days on wet season experiments and demonstrations ACIAR* project 'Farming systems research for crop diversification in Cambodia and Australia'	29.09.2006	23.10.2006
John Holland	Senior Research Agronomist	Cambodia	Carry out planned project activities including participation in field days on wet season experiments and demonstrations ACIAR* project 'Farming systems research for crop diversification in Cambodia and Australia'	29.09.2006	23.10.2006
John Lacy	Industry Leader	Chile	5th Consultancy on Ricecheck, review results and attend workshop. Assist in training participating farmers and agronomists, evaluate 2006 Ricecheck recommendations, record form and database and provide feedback on 2006/07 Ricecheck field study proposal	1.10.2006	9.10.2006
David Jordan	Senior Research Scientist	Indonesia, Bali	Participate as an invited expert in a workshop funded by ACIAR* for developing a food safety research program	2.10.2006	6.10.2006
Sue Marte	District Horticulturist	Brazil	Attend 7th International Symposium on egg parasitoids	7.10.2006	14.10.2006
Louise Rossiter	Research Scientist	United Kingdom	Undertake collaborative research to investigate the molecular basis of Esterase Medicated Resistance, establish links and interact with leading international researchers and gain experience in techniques involved in identifying Esterase Genes involved in resistance	8.10.2006	10.11.2006
Andrew Petroschovsky	National Aquatic Weeds Co-ordinator	New Zealand	Project meeting for the National Aquatic Plants Weed Risk Assessment plus training on the operations of the project	9.10.2006	13.10.2006
Joop van Leur	Senior Plant Pathologist	Syria, Spain	Visit collaborative projects at the International Centre for Agriculture Research in dry areas and participate in Faba Bean 2006 International Workshop	14.10.2006	31.10.2006
David Mason	Leader-Urban Agriculture	Singapore, Holland, UK, USA, Canada	Identify how sustainable urban agriculture can benefit the quality of life in Australian urban communities and apply these initiatives	14.10.2006	13.12.2006
Steve McLeod	Research Officer	New Zealand	Attend Science Advisory Group annual science meeting and advise on the relevance and validity of current and future research projects	15.10.2006	19.10.2006
Yizhou Chen	Livestock Reserch Officer	China	Conduct two workshops to train extension officers and key farmers on the management of dairy heifers imported from Australia	24.10.2006	3.11.2006
Matt Broadhurst	Principal Research Scientist	USA	Attend and present paper at the International Council for the Exploration of the Sea Symposium	28.10.2006	5.11.2006
Douglas Rotherham	Research Scientist	USA	Present a paper at the International Council for Exploration of the Sea Symposium	28.10.2006	5.11.2006
Christine Wang	Director - Primex	China	Speak at China Mining Conference in lieu of Minister and meet with companies for signing of MOU's on fisheries and food safety	30.10.2006	16.11.2006

Name	Position	Country visited	Purpose of visit	From	To
Geoff Beecher	Research Agronomist	Austria	Attend and present project findings of experiments at the Food and Agriculture Organisation and International Atomic Energy Agency final project review. Liase, investigate and assess irrigated rice-wheat production systems	3.11.2006	12.11.2006
Alan Coutts	Deputy Director-General	China	Speak at China Mining Conference in lieu of Minister and meet with companies for signing of MOU's on fisheries and food safety	3.11.2006	16.11.2006
Tamrika Hind-Lanoiselet	Plant Pathologist	India	Asia Pacific Network for Global Change Research collaborative workshop 'Climate and Crop Disease Risk Management: An International Initiative in the Asia-Pacific Region'. Present climate based decision support tool used for the minimisation of crop losses due to diseases	4.11.2006	10.11.2006
Lindsay Gilligan	Director	China	Join with other States and Geoscience Australia in a coordinated promotion of mineral exploration and development opportunities at the 2006 China Mining Conference and Trade Show	10.11.2006	19.11.2006
Stephen Elliott	Leader	LAO PDR, Vietnam	Participate and identify future investments for improving irrigated agriculture productivity research programs	10.11.2006	22.11.2006
Trent Penman	Fire Ecology Research Officer	USA	Attend and present a paper at the fire ecology and management congress	11.11.2006	19.11.2006
Michael Mackay	Senior Research Agronomist	Russia, Sweden	Project planning and reporting meetings to develop global strategy of ex situ conservation of avena genetic resources	17.11.2006	10.12.2006
Deborah Hailstones	Molecular Biologist	Russia, Sweden	Present a seminar on collaborative research work, discuss current issues, trends and future directions of citrus production	18.11.2006	27.11.2006
Leonard Tesoriero	Plant Protection Officer	Lord Howe Island	Monitor and record progress of experiments previously set up as part of a current Research and Development project to increase profitability of the Lord Howe Island Board Kentia Palm Nursery	19.11.2006	24.11.2006
Jonathan Lidbetter	Research Horticulturist	Lord Howe Island	Monitor and record progress of experiments previously set up as part of a current Research and Development project to increase profitability of the Lord Howe Island Board Kentia Palm Nursery	19.11.2006	24.11.2006
Jenny Ekman	Research Horticulturist	Japan	Conduct an outrun evaluation of a trial shipment of Australian native flowers and evaluate whether sea freighted native flowers are acceptable in the Japanese marketplace	19.11.2006	25.11.2006
Eric Cother	Principal Research Scientist	Cambodia	Conduct field surveys and harvest blast susceptibility trial as part of ACIAR* rice pathology project	19.11.2006	3.12.2006
Randall Jones	Senior Research Scientist	China	Conduct review meetings, modelling workshops and collect data for ACIAR* project, also participate in meetings	20.11.2006	19.12.2006
Alison Bowman	Research Leader	East Timor	To undertake an assessment of the seed and fertiliser industries in East Timor on behalf of the Ministry of Agriculture, Forestry and Fisheries of East Timor	21.11.2006	10.12.2006
Nigel Phillips	District Agronomist	East Timor	To undertake an assessment of the seed and fertiliser industries in East Timor on behalf of the Ministry of Agriculture, Forestry and Fisheries of East Timor	21.11.2006	10.12.2006
Lisa McFadyen	Research Horticulturist	Thailand	Attend the International Workshop on Tropical and Subtropical Fruits, deliver a presentation and participate in a pre workshop tour	22.11.2006	1.12.2006
Scott Davenport	A/Executive Director	New Zealand	Attend meetings of Primary Industries Ministerial Council and Natural Resources Management Ministerial Council	23.11.2006	25.11.2006
Barry Buffer	Director-General	New Zealand	Attend meetings of Primary Industries Ministerial Council and Natural Resources Management Ministerial Council	23.11.2006	27.11.2006
Barbara Moloney	Technical Specialist	New Zealand	Finalise with Master's Degree Supervisor data analysis requirements for submission of Master's Degree Dissertation which meets objective to ensure the NSW DPI is providing quality assured epidemiological policy advise & animal health surveillance data analysis	27.11.2006	4.12.2006
Peter Fleming	Senior Research Officer	New Zealand	Attend and present two papers at the Australasian Wildlife Management Annual Conference & AGM; organise and co-chair symposium	3.12.2006	8.12.2006
John Tracey	Research Officer	New Zealand	Attend and present two papers at the Australasian Wildlife Management Annual Conference & AGM; organise and co-chair symposium	3.12.2006	8.12.2006
Suzie Newman	Research Hydrologist	Papua New Guinea	Establish collaborative linkages in relation to 'Improving marketing efficiency and postharvest management of sweet potatoes in Papua New Guinea' project; visit sweet potato farms, collection points and markets	3.12.2006	8.12.2006
Elena Lazar	Research Horticulturist	Papua New Guinea	Establish collaborative linkages in relation to 'Improving marketing efficiency and postharvest management of sweet potatoes in Papua New Guinea' project; visit sweet potato farms, collection points and markets	3.12.2006	8.12.2006
Geoff Allan	Research Leader	Papua New Guinea	Train Papua New Guinea staff from four regional centres in basic fish nutrition and aquafeed manufacture	5.12.2006	12.12.2006
Mark Booth	Scientist	Papua New Guinea	Train Papua New Guinea staff from four regional centres in basic fish nutrition and aquafeed manufacture	5.12.2006	12.12.2006
Paul Arthur	Institute Director	USA	Attend the International Symposium on Feed Efficiency	12.12.2006	19.12.2006
Virginia Brunton	Education Officer	Vietnam	Develop a small research activity on the role of women in the production and utilization of Vietnamese indigenous vegetables	7.01.2007	20.01.2007
Jenny Ekman	Research Horticulturist	Vietnam	Develop a small research activity on the role of women in the production and utilization of Vietnamese indigenous vegetables	8.01.2007	20.01.2007
Christopher Dorahy	Technical Specialist	Indonesia (Sumatra)	Preliminary visit for ACIAR* project 'Integrated soil and crop management for rehabilitation of vegetable production in the tsunami affected areas of NAD province'	20.01.2007	28.01.2007
Peter Slavich	Research Leader	Indonesia, Sumatra	Scheduled trip in regard to ACIAR* 'Management of soil fertility for restoring cropping in tsunami affected soils' project	20.01.2007	29.01.2007
Rebecca Lines-Kelly	Soil Extension Specialist	Indonesia, Sumatra	Scheduled trip in regard to ACIAR* 'Management of soil fertility for restoring cropping in tsunami affected soils' project	20.01.2007	29.01.2007

Name	Position	Country visited	Purpose of visit	From	To
Malem McLeod	Research Hydrologist	Indonesia, Sumatra	Scheduled trip in regard to ACIAR* 'Management of soil fertility for restoring cropping in tsunami affected soils' project	20.01.2007	29.01.2007
Gavin Tinning	Project Officer	Indonesia, Sumatra	Scheduled trip in regard to ACIAR* 'Management of soil fertility for restoring cropping in tsunami affected soils' project	20.01.2007	29.01.2007
Philip Gibbs	Principal Fisheries Scientist	Philippines	ACIAR* project 'Management of Philippine lakes for sustainable fisheries and aquaculture'.	29.01.2007	07.02.2007
Peter Sunol	Inspector	USA	Attend committee meeting and contribute to revision of 'Earth moving machinery-rubber tyred/tracked machines-performance requirements' standards	1.02.2007	8.02.2007
John Chapman	Principal Geologist	USA	Exhibit mineral specimens from NSW, present a paper at world's premier mineral show	2.02.2007	14.02.2007
Eric Cother	Principal Research Scientist	Cambodia	Conduct field surveys and run plant pathology training workshop as part of ACIAR* rice pathology project	3.02.2007	18.02.2007
Robert Martin	Director	Cambodia	ACIAR* project, training of extension collaborators and preparation for 2007 field research and demonstration program	4.02.2007	18.02.2007
Stephanie Belfield	District Horticulturist	Cambodia	ACIAR* project, training of extension collaborators and preparation for 2007 field research and demonstration program	4.02.2007	18.02.2007
Geoff Allan	Research Leader	Thailand	ACIAR* Business to participate in feed manufacturing workshop organised in conjunction with world vision	10.02.2007	18.02.2007
Sandra Mcdougall	Technical Specialist	Thailand, Cambodia	Project visit to conduct pest & disease survey on dry season trials. Conduct training on pest & disease monitoring, specimen collection and storage	11.02.2007	17.02.2007
Scott Davenport	Acting Executive Director	New Zealand	Attend Annual Agricultural and Resource Economics Society Conference	12.02.2007	17.02.2007
John Mullen	Research Leader	New Zealand	Attend Annual Agricultural and Resource Economics Society Conference	12.02.2007	17.02.2007
Garry Griffith	Principal Research Scientist	New Zealand	Attend Annual Agricultural and Resource Economics Society Conference	12.02.2007	17.02.2007
Robert Farquharson	Research Scientist	New Zealand	Attend Annual Agricultural and Resource Economics Society Conference	12.02.2007	17.02.2007
Thomas Nordblom	Senior Research Scientist	New Zealand	Attend Annual Agricultural and Resource Economics Society Conference	12.02.2007	17.02.2007
Fiona Scott	Agricultural Economist	New Zealand	Attend Annual Agricultural and Resource Economics Society Conference	12.02.2007	17.02.2007
John Finlayson	Salt Action Economist	New Zealand	Attend Annual Agricultural and Resource Economics Society Conference	12.02.2007	17.02.2007
Trudi Rodgers	Policy Economist	New Zealand	Attend Annual Agricultural and Resource Economics Society Conference	12.02.2007	17.02.2007
Suzie Newman	Research Horticulturist	Vietnam, Cambodia	ACIAR* project 'improving postharvest handling of temperate fruits in Australia & Vietnam' and 'Improved vegetable production and postharvest management systems in Cambodia & Australia'	12.02.2007	21.03.2007
Leonard Tesoriero	Plant Protection Officer	Tonga	Conduct an ACIAR* project workshop on integrated pest management	17.02.2007	23.02.2007
Rodney Mailer	Principal Research Scientist	United Kingdom	Attend the 20th Session of the Codex Committee on Fats and Oils	17.02.2007	24.02.2007
Robert Farquharson	Research Scientist	Cambodia, Philippines	ACIAR* project to conduct village workshop and visit the International Rice Research Institute	20.02.2007	8.03.2007
Alison Bowman	Research Leader	East Timor	Complete the assessment of the seed and fertiliser industries in East Timor on behalf of East Timor Ministry of Agriculture, Forestry and Fisheries	24.02.2007	4.03.2007
Nigel Phillips	District Agronomist	East Timor	Complete the assessment of the seed and fertiliser industries in East Timor on behalf of East Timor Ministry of Agriculture, Forestry and Fisheries	24.02.2007	4.03.2007
Greg Gemell	Technical Officer	Vietnam	Conduct inception and quality assurance workshops in Vietnam to commence AusAID** Collaboration for Agriculture and Rural Development project on Rhizobal Inoculants	24.02.2007	11.03.2007
Elizabeth Hartley	Technical Officer	Vietnam	Conduct inception and quality assurance workshops in Vietnam to commence AusAID** Collaboration for Agriculture and Rural Development project on Rhizobal Inoculants	24.02.2007	11.03.2007
Mark Hickey	District Horticulturist	Cambodia	ACIAR* project visit to conduct irrigation management workshops and inspect dry season vegetable trials for second phase of the project	25.02.2007	2.03.2007
Robert Hoogers	District Irrigation Officer	Cambodia	ACIAR* project visit to conduct irrigation management workshops and inspect dry season vegetable trials for second phase of the project	25.02.2007	8.03.2007
Lindsay Gilligan	Director	Canada, Japan	Participate in the Commonwealth and State Geoscience delegation to the Prospectors and Developers Association of Canada convention and the Japan Oil, Gas and Metals National Corporation seminar and workshops	25.02.2007	10.03.2007
John Watkins	Manager	Canada, Japan	Participate in the Commonwealth and State Geoscience delegation to the Prospectors and Developers Association of Canada convention and the Japan Oil, Gas and Metals National Corporation seminar and workshops	25.02.2007	10.03.2007
Shane Hetherington	Research Horticulturist	Vietnam	Improving postharvest handling of temperate fruits in Australia and Vietnam; annual project review and planning meeting	25.02.2007	21.03.2007
Michael Mackay	Curator	Russia	Meeting to develop global strategy of ex situ conservation of avena genetic resources for Global Crop Diversity Trust	27.02.2007	6.03.2007

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David Herridge	Principal Research Scientist	Vietnam	Conduct inception and quality assurance workshops in Vietnam to commence AusAID** Collaboration for Agriculture and Rural Development project on Rhizobial Inoculants	27.02.2007 25.03.2007	10.03.2007 28.03.2007
Vivian Ku	Project Officer	Vietnam	ACIAR* project 'Improving postharvest handling of temperate fruits in Australia & Vietnam'	27.02.2007	20.03.2007
Stuart McPherson	BioSIRT Coordinator	New Zealand	Complete an on-site evaluation of tenderers proposing to supply a resource management package for the BioSIRT project	28.02.2007	2.03.2007
Ata-ur-Rehman	Professional Officer	Pakistan	Attend international symposium on microbial technologies for sustainable agriculture	9.03.2007	21.03.2007
David Herridge	Principal Research Scientist	Myanmar	Conduct an international workshop, review inoculant use and production technologies and develop a five year plan to enhance inoculant production and quality	10.03.2007	25.03.2007
Helen Scott-Orr	Director	Indonesia	Lead ACIAR* scoping study on 'Future Animal Health Service delivery'	11.03.2007	17.03.2007
Bruce Christie	Director	Indonesia	Lead ACIAR* scoping study on 'Future Animal Health Service delivery'	11.03.2007	17.03.2007
Doug Somerville	Apiary Officer	New Zealand	Rural Industries Research & Development Corporation project to lead a small group of representatives from the Australian Beekeeping industry to study the impact of Varroa mites and the industry managed American Foulbrood (AFB) program	11.03.2007	22.03.2007
David Jordan	Senior Research Scientist	Denmark	Complete a research project on the control of food-borne hazards in collaboration with Danish and American institutions	16.03.2007	25.03.2007
Chris Dorahy	Technical Specialist	Indonesia - Sumatra	ACIAR* project 'Integrated soil and crop management for rehabilitation of vegetable production in the tsunami affected areas of NAD Province'	17.03.2007	30.03.2007
Joop van Leur	Senior Plant Pathologist	China	Participate in the review on the ACIAR* funded collaborative project, increased productivity of cool season pulses in rain-fed agricultural systems	22.03.2007	5.04.2007
Paul Greenwood	Principal Research Scientist	England, Ireland, France	Attend and present at British Society of Animal Science annual conference as invited speaker and visit laboratories	22.03.2007	7.04.2007
Rodney Mailer	Principal Research Scientist	China	Attend 12th International Rapeseed Conference and visit centres of excellence to review opportunities for developing new germplasm and international linked projects	24.03.2007	31.03.2007
John Sykes	Research Leader	China	Attend 12th International Rapeseed Conference and visit centres of excellence to review opportunities for developing new germplasm and international linked projects	24.03.2007	6.04.2007
Stewart Fielder	Research Scientist	India	Monitor project, visit research facilities and meet with collaborating research staff as ACIAR* project leader	25.03.2007	30.03.2007
Peter Snell	Professional Officer	China	Participate and present at the 'Cool rice for a warmer climate the' International Rice Research Institute workshop and initiate linkages with other temperate rice researchers	25.03.2007	31.03.2007
Leonard Tesoriero	Plant Protection Officer	Vietnam	Conduct ACIAR* project workshop on disease identification	5.04.2007	20.04.2007
Ric Cother	Principal Research Scientist	Cambodia, Vietnam	Conduct field surveys and run plant bacteriology training workshop	14.04.2007	21.04.2007
Peter Slavich	Research Leader	Indonesia, Sumatra	ACIAR* project 'Management of soil fertility for restoring cropping in tsunami-affected soils areas of Nanggroe Aceh Darussalam province'	15.04.2007	22.04.2007
Rebecca Lines-Kelly	Soil Extension Specialist	Indonesia, Sumatra	ACIAR* project 'Management of soil fertility for restoring cropping in tsunami-affected soils areas of Nanggroe Aceh Darussalam province'	15.04.2007	22.04.2007
Malem McLeod	Research Hydrologist	Indonesia, Sumatra	ACIAR* project 'Management of soil fertility for restoring cropping in tsunami-affected soils areas of Nanggroe Aceh Darussalam province'	15.04.2007	22.04.2007
Gavin Tinning	Project Officer	Indonesia, Sumatra	ACIAR* project 'Management of soil fertility for restoring cropping in tsunami-affected soils areas of Nanggroe Aceh Darussalam province'	15.04.2007	22.04.2007
Natalie Moore	Soil Scientist	Indonesia, Sumatra	ACIAR* project 'Management of soil fertility for restoring cropping in tsunami-affected soils areas of Nanggroe Aceh Darussalam province'	15.04.2007	22.04.2007
Sonia Muir	Co-ordinator, Rural Women's Network	South Africa	Pre congress study/orientation tour and represent NSW at 4th World Congress of Rural Women	15.04.2007	28.04.2007
Russell Reinke	Research Agronomist	Philippines	Present paper, harness new knowledge and build linkages at international quality rice network inaugural meeting	16.04.2007	21.04.2007
Bernie Dominiak	Project Co-ordinator	USA - California	Attend and participate in a science advisory panel to evaluate fruit fly detection and response programs	18.04.2007	25.04.2007
Craig Maddox	Technical Officer entomology	Hawaii	Collect specimens of the different life cycle stages of main scolytid pest	20.04.2007	27.04.2007
Rodney Mailer	Principal Research Scientist	Argentina, Chile, Canada	Attend 18th biennial meeting of International Standards Organisation and International Society for Fat Research Congress	21.04.2007	17.05.2007
Joseph Ekman	Extension Horticulturist	Vietnam	AusAID** Collaboration for Agriculture and Rural Development project 'Improving the safety and quality of Vietnamese Vegetables' Meet with project collaborators, organise and deliver workshops, visit project trials and co-develop research and extension publications	22.04.2007	6.05.2007
Suzie Newman	Research Horticulturist	Vietnam	AusAID** Collaboration for Agriculture and Rural Development project 'Improving the safety and quality of Vietnamese Vegetables' Meet with project collaborators, organise and deliver workshops, visit project trials and co-develop research and extension publications	22.04.2007	6.05.2007
Sophie Parks	Research Horticulturist	Vietnam	AusAID** Collaboration for Agriculture and Rural Development project 'Improving the safety and quality of Vietnamese Vegetables' Meet with project collaborators, organise and deliver workshops, visit project trials and co-develop research and extension publications	22.04.2007	6.05.2007

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Mark Stephens	Regional Mine Inspector	USA	Visit Henderson underground mine to examine panel block caving mine operations	22.04.2007	27.06.2007
Philip Gibbs	Principal Fisheries Scientist	Philippines	ACIAR* project 'Management of Philippine lakes for sustainable fisheries and aquaculture'. Visit field sites, discuss the project progress with collaborating Philippine Nationals and meet with stakeholders involved in aquaculture trials, water hyacinth composting and fisheries management in the lakes	24.04.2007	01.05.2007
Virginia Brunton	Resource Development Officer	Vietnam	Develop and conduct a small research activity on safe production, promotion and utilization of indigenous vegetables by Vietnamese women	26.04.2007	12.05.2007
Jenny Ekman	Research Horticulturist	Vietnam	Develop and conduct a small research activity on safe production, promotion and utilization of indigenous vegetables by Vietnamese women	26.04.2007	12.05.2007
Michael Mackay	Curator	Italy, USA	Participate in crop registers workshop and negotiate involvement of United States Department of Agriculture and Agricultural Research Service germplasm program in 'Focused Identification of Germplasm Strategy' project	27.04.2007	15.05.2007
Colin Wellings	Principal Research Scientist	China	Establish contacts with international team to address the research and training needs for cereal improvement in Shaanxi Province, China.	28.04.2007	10.05.2007
Ian Blackwood	Livestock Officer	Eritrea	Assist Eritrea to improve the productivity of livestock and educate scientists on how to maximise the nutritional benefit of a variety of forage species	30.04.2007	1.06.2007
Nicholas Otway	Senior Research Scientist	South Africa	Facilitate collaborative research on the Grey Nurse Shark breeding program	30.04.2007	10.05.2007
Russell Reinke	Research Agronomist	South Korea	Participate in planning meeting for the Temperate Rice Research Consortium	1.05.2007	5.05.2007
Jeremy Giddings	Irrigation Officer	Pakistan	Establish linkages between Australia and Pakistan citrus industry to transfer knowledge and expertise, contribute to poverty elevation of farmers and enhance the capacity of Pakistan extension program	1.05.2007	11.05.2007
Tahir Khurshid	Citrus Physiologist	Pakistan	Establish linkages between Australia and Pakistan citrus industry to transfer knowledge and expertise, contribute to poverty elevation of farmers and enhance the capacity of Pakistan extension program	1.05.2007	17.05.2007
Suzu Rogiers	Research Scientist	Taiwan	Attend international conference on plant vascular biology	5.05.2007	13.05.2007
Helen Scott-Orr	Director	Indonesia	ACIAR* scoping study on project 'Future animal health service delivery'	6.05.2007	13.05.2007
Wayne O'Connor	Senior Research Scientist	New Zealand	Accompany oyster industry representatives on a review of NZ mollusc breeding programs and visit hatchery, growout and marketing facilities	7.05.2007	11.07.2007
Arthur Gilmour	Principal Research Scientist	Kenya, South Africa	Visit Elsenburg Sheep Research Centre and International Livestock Research Centre to research collaboration with scientists and conduct introductory workshops on ASReml, a statistical package for the analysis of data sets commonly arising in the agricultural, biological, medical and environmental sciences	8.05.2007	26.05.2007
Steve Kennelly	Chief Scientist, Director	Canada	Attend, organise and chair a session in the 5th International Fisheries Observer Conference	11.05.2007	19.05.2007
Tracey McVea	Executive Officer	Canada	Document and compile proceedings for the 5th International Fisheries Observer Conference.	11.05.2007	19.05.2007
Will Macbeth	Research Scientist	Canada	Attend and present paper at the 5th International Fisheries Observer Conference	11.05.2007	19.05.2007
Charles Gray	Research Leader - Deputy Director	Canada	Attend and give an oral presentation at the 5th International Fisheries Observer Conference	11.05.2007	20.05.2007
John Wilkins	Senior Livestock Officer	China - Tibet	ACIAR* project 'Increasing milk production from cattle in Tibet'	11.05.2007	3.06.2007
Colin Griffiths	District Livestock Officer	China - Tibet	ACIAR* project 'Increasing milk production from cattle in Tibet'	11.05.2007	3.06.2007
John Piltz	Livestock Research Officer	China - Tibet	ACIAR* project 'Increasing milk production from cattle in Tibet'	11.05.2007	3.06.2007
John Diplock	Program Manager	China	Arrange for a delegation to visit Sydney for a workshop on management of recreational fisheries	12.05.2007	20.05.2007
Bryan van der Walt	Senior Manager	China	Arrange for a delegation to visit Sydney for a workshop on management of recreational fisheries	12.05.2007	20.05.2007
Mark Hickey	District Horticulturist	Vietnam	Conduct a study tour as part of ACIAR* project	12.05.2007	22.05.2007
Alan Boulton	Technical Officer	UK, India	Develop the skills to correctly and accurately identify aphids of importance to the horticulture and grains industry	15.05.2007	30.05.2007
Garry Griffith	Principal Research Scientist	South Africa	Participate in a number of workshops associated with ACIAR* project 'Joint Cooperative Research Centre for Beef Genetic Technologies and South African Agricultural Research Council'.	18.05.2007	11.06.2007
Stephen Thomas	Director	New Zealand	Meet with Vice President of Forage Genetics International with the aim of finalising an agreement to access lucerne germplasm traits and breeding tools	20.05.2007	21.05.2007
John Ryan	Manager	New Zealand	Meet with Vice President of Forage Genetics International with the aim of finalising an agreement to access lucerne germplasm traits and breeding tools	20.05.2007	21.05.2007
Shane Hetherington	Research Horticulturist	Vietnam	ACIAR* project 'Improving postharvest handling of temperate fruits in Australia and Vietnam'	25.05.2007	3.06.2007
Fiona Scott	Economist	Cambodia	ACIAR* project supervision of a scientific writing workshop	26.05.2007	10.06.2007
Robert Farquharson	Research Scientist	Cambodia	ACIAR* project supervision of a scientific writing workshop	26.05.2007	11.06.2007
John Mullen	Principal Research Scientist	Philippines	Consultant for ACIAR* to evaluate and analyse data and interview project partners and stakeholders	28.05.2007	1.06.2007
Randall Jones	Senior Research Leader	China	Set up a DAFF*** funded project to establish demonstration farms in inner Mongolia	28.05.2007	6.07.2007

Name	Position	Country visited	Purpose of visit	From	To
David Michalk	Research Leader	China	Set up a DAFF*** funded project to establish demonstration farms in inner Mongolia	28.05.2007	8.07.2007
Geoffrey Millar	Senior Technical Officer	China	Set up a DAFF*** funded project to establish demonstration farms in inner Mongolia	28.05.2007	11.06.2007
Mark Conyers	Principal Research Scientist	North Korea	ACIAR* project 'To develop an experimental program associated budget for an extension of 18 months'	30.05.2007	6.06.2007
Jeffrey Evans	Senior Research Scientist	North Korea	ACIAR* project 'To develop an experimental program associated budget for an extension of 18 months'	30.05.2007	8.06.2007
Graeme Sanderson	Research Horticulturist	Bhutan	Initiate and plan operational functions of ACIAR* citrus program 'Improving mandarin production through implementation of onfarm best management practices'	1.06.2007	14.06.2007
Sandra Hardy	Acting Technical Specialist	Bhutan	Initiate and plan operational functions of ACIAR* citrus program 'Improving mandarin production through implementation of onfarm best management practices'	1.06.2007	14.06.2007
Nilantha Hulugalle	Senior Research Scientist	Indonesia	Short term posting as research scholar; provide soil management support and gain expertise in quantitative participatory on-farm research methodology	1.06.2007	30.09.2007
Leonard Tesoriero	Plant Protection Officer	Lord Howe Island	Monitor and record progress of experiments previously set up as part of an R&D project to increase profitability of the Lord Howe Island Board Kentia Palm Nursery	3.06.2007	8.06.2007
Jonathan Lidbetter	Research Horticulturist	Lord Howe Island	Monitor and record progress of experiments previously set up as part of an R&D project to increase profitability of the Lord Howe Island Board Kentia Palm Nursery	3.06.2007	8.06.2007
Christopher Weale	Director Assets	Lord Howe Island	Evaluate progress of experiments currently set up as part of an R&D project to increase profitability of the Lord Howe Island Board Kentia Palm Nursery	4.06.2007	8.06.2007
Genevieve Carruthers	Environmental Systems Specialist	USA	Present to & co-ordinate the multi-state working group on environmental performance annual meeting, meet to discuss Environmental Management Systems & other programs	8.06.2007	30.06.2007
Dr Colin Wellings	Principal Research Scientist	Kazakhstan	To continue co-operative research with the CIMMYT, the International Maize & Wheat Improvement Centre program in Kazakhstan	10.06.2007	25.07.2007
Geoff Allan	Research Leader	Papua New Guinea	Assist with inaugural Papua New Guinea Aquaculture technical co ordination meeting and provide overall input from ACIAR*	11.06.2007	14.06.2007
Christine Wang	Director Primex	Japan, China	Meet with government agencies responsible for energy and clean coal technology, key industry bodies and businesses and further strengthen relationship with the government bodies and industry	11.06.2007	19.06.2007
Alan Coutts	Deputy Director General	Japan, China	Meet with government agencies responsible for energy and clean coal technology, key industry bodies and businesses and further strengthen relationship with the government bodies and industry	11.06.2007	19.06.2007
BL (Lloyd) Davies	Economist	Germany	Represent and present information at an international beef production benchmarking training workshop and conference	12.06.2007	22.06.2007
Peter Snell	Professional Officer	France, Italy, Spain	Participate and present at the 4th International Temperate Rice Conference, attend pre-conference 7 day study tour of rice production, initiate linkages with other temperate researchers in rice cold tolerance	15.06.2007	30.06.2007
Brian Dunn	Research Agronomist	France, Spain, Italy	Participate and present at the 4th International Temperate Rice Conference, attend pre-conference 7 day study tour of rice production, initiate linkages with other temperate researchers in rice cold tolerance	15.06.2007	30.06.2007
Kieran O'Keeffe	District Agronomist	Spain, France, Italy	Participate in the 4th International Temperate Rice Conference and pre conference tour of rice growing areas	15.06.2007	1.07.2007
Andrew Mitchell	Research Leader	Canada	Attend inaugural workshop of the Barcode of Life International	16.06.2007	22.06.2007
Richard Walker	Manager	Indonesia	Train Indonesian quarantine and crop protection staff on the establishment of pest free areas for fruit flies	16.06.2007	24.06.2007
Peter Kirkland	Principal Research Scientist	Germany, Poland, Netherlands	Attend the 5th International Conference on new and emerging diseases of swine and visit several laboratories on research projects	16.06.2007	2.07.2007
Robert Martin	Director	Cambodia	ACIAR* project 'Preparation for 2007 field research and demonstration program for the main wet season'	21.06.2007	15.07.2007
Stephanie Belfield	District Agronomist	Cambodia	ACIAR* project 'Preparation for 2007 field research and demonstration program for the main wet season'	21.06.2007	15.07.2007
Malcolm McPhee	Senior Livestock Research Officer	USA	Conduct research on fat deposition and distribution in beef cattle and present 5 abstracts at an international conference	24.06.2007	4.07.2007
Ian Percival	Principal Research Scientist	China	Present results at 10th International Symposium on the Ordovician system and participate in post conference field excursion	25.06.2007	8.07.2007
Barry Buffier	Director General	China, Cambodia	Identify new opportunities for research and development, to address production, economic resources and environmental issues facing agricultural producers in Cambodia and visit NSW DPI ACIAR* projects	26.06.2007	8.07.2007
Christine Wang	Director	China, Cambodia	Identify new opportunities for research and development, to address production, economic resources and environmental issues facing agricultural producers in Cambodia and visit NSW DPI ACIAR* projects	26.06.2007	8.07.2007

12. Code of conduct

The department's new Code of Conduct outlines the minimum standard of behaviour expected of public employees, providing staff with an ethical framework for their decisions, actions and behaviour, and covering appropriate conduct in a variety of contexts.

In May 2006 the Code was made available to all staff to ensure that they were aware of the changes made to the Code and they understood the

rationale for these changes. The department's Code was published in full in the 2005-06 Annual Report

The department's full Code of Conduct can be accessed on the DPI website at: <http://www.dpi.nsw.gov.au/>

13. Risk management and insurance

General

The NSW DPI Audit and Risk Management Committee is responsible for championing and driving the 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.

In March 2007 the Department released a comprehensive policy and procedures for risk management across the organisation. The documents clearly articulate the responsibilities and accountabilities of staff across the Department in relation to identifying, evaluating and managing risks. A key element of the Department's risk framework has been the establishment of a group of Divisional Co-ordinators at Branch Director level.

The intention is to emphasise the importance of work areas taking ownership of the NSW DPI risk management framework, to get a whole-of-Department perspective on corporate risks, and to ensure that the risk register is a 'live' document that is reviewed and updated to an agreed timetable each year. Divisional Co-ordinators are responsible for:

- assessing and reporting to their Division head on the implementation of the risk management framework throughout their Division;
- reporting to a meeting of Divisional Co-ordinators twice a year on each Division's risk management implementation; and
- co-ordinating their Division's annual review of the identified risks and risk mitigation actions, and participating in the annual review of the Risk Register.

The group met for the first time during the reporting year and recommended updates to the risk register. This process will continue to be refined over the next few years to ensure that risk management is further integrated with NSW DPI's corporate and operational planning and reporting systems.

Insurance

NSW Department of Primary Industries 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

During the 2006-07 financial year there were 148 Workers Compensation claims received by the insurer, Allianz. Of these 65 claims remain active at the end of the report period.

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	148
No. of claims per employee	0.06
Average Claim Cost	\$5 252
Average cost per employee	\$300.69

Motor Vehicles

Number claims	144
Number of claims per vehicle	0.08
Average cost per claim	\$3 859
Average Cost per vehicle	\$312.00

Property

Number of claims	42
Number of claims per employee	0.02
Average cost per claim	\$11 540
Average cost per employee	\$187.49

Liability

Number of claims	24
Cost of claims	\$1 335 578.00

Occupational health and safety management

In mid 2007, an external review of OHS in NSW DPI was undertaken. As a result of the review, an executive level OHS Committee was put in place to provide advice to the NSW DPI Board of Management on the strategic direction of OHS in NSW DPI.

The OHS Committee has developed an OHS Strategic Plan to give direction to the management of OHS across all divisions, branches, units and workplaces.

All OHS policies, procedures, guidelines and forms were revised and updated during the period.

An OHS Management System based on Australian Standards has been developed and will be implemented during the forthcoming financial year.

Safety inspections and audits.

Ten major sites across the organisation were audited to assess compliance with the NSW Department of Primary Industries OHS Management System.

Areas of concern identified from the audits are:

- Hazardous substances management
- Contractor management
- Remote work policies
- Housekeeping issues

OHS unit staffing

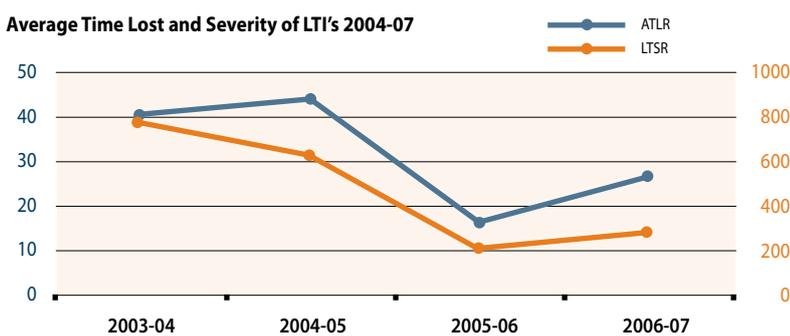
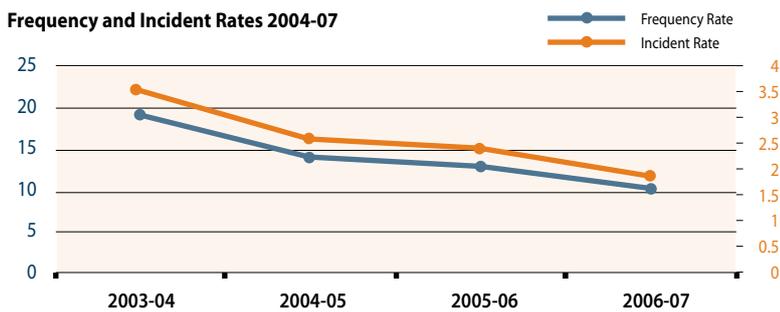
The staffing of the OHS Unit has been increased from three staff in 2005-06 to seven staff in this period to reflect the departments' commitment to the health and safety of staff and visitors and the development of OHS management systems.

Workplace OHS committees

There are currently 28 committees and 45 safety representatives.

Health and Safety Performance Indicators

	Summary			
	2003-04	2004-05	2005-06	2006-07
No. CLAIMS	188	150	155	148
No LTI				49
No. NLTI	203	235	213	232
Days Lost	3670	2950	978	1293
Frequency Rate	19.08	13.84	12.79	10.27
Incident Rate	3.53	2.56	2.36	1.83
ATLR	40	44	16	26.38
LTSR	769	618	205	271



Explanation of performance indicators.

These measures are based on the Australian Standard AS 1885.1 – 1990 for the recording of Workplace Incident Statistics.

1. Claims – Total number of injury reports which have incurred lost time or medical expenses, received by insurer (Allianz).
2. LTI – Lost time injuries – Injuries which involve absence from work of more than one day
3. NLTI – Non lost time injuries – Injuries which are reported but have not resulted in an absence from work or have incurred medical expenses.
4. Frequency Rate – Rate that expresses the number of Lost Time Incidents (LTI) related to the total hours worked.
5. Incident Rate – Rate that expresses the ratio of Lost Time Incidents (LTI) related to the total number of employees.
6. Average Lost Time Rate – Rate measures time lost in days in relation to the number of injuries experienced.
7. Lost Time Severity Rate – Provides a list of levels of severity of lost time incidents by measuring days lost against total hours worked.

14. 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



Director-General

15. Consultants

Consultancies equal to or more than \$30 000

Consultant	Cost in \$	Title/Nature
ACIL Tasman P/L	66 800	Options Based Planning in Natural Resource Management Capability
Deloitte Touche Tohmatsu	44 878	Implementation of five recommendations of the Wran Review into Mine Safety
Shaw Idea P/L	210 735	Implementation of five recommendations of the Wran Review into Mine Safety
Total	322 413	

Consultancies less than \$30 000

During the year there were five consultancies of less than \$30 000

Area	Actual \$ cost of consultancies in area
Management	29 486
Environmental	24 930
Organisation Review	26 400
Engineering	31 618
Total	112 434
Total consultancy costs	434 847

16. Payment of accounts

Time for payment of accounts

The following commentary relates to the Parent Entity only – Forests NSW is specifically excluded.

Payments were predominately made on an accrual accounting basis during 2006-07, with creditor payments generally being made in line with each creditor's payment terms for metropolitan based businesses. Due to extreme drought conditions, businesses relying on rural production were 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 2006-07 financial year, the Department processed 90 281 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 2006-2007 financial year, 76.2 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 90 per cent of all Remittance Advices are either faxed or emailed to creditors.

16. Payment of accounts (continued)

Aged Analysis at the end of each quarter

Below is a schedule of the dollar amount of payments made during 2006-07 by the Department of Primary Industries. Also included is the time these documents were paid, in relation to the due date.

Quarter	Current (ie 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 2006	41 540 592	22 424 725	3 206 297	868 050	762 628
December 2006	21 583 117	28 139 779	4 992 439	1 269 905	2 756 569
March 2007	9 253 025	39 630 043	4 613 072	1 954 200	1 569 308
June 2007	23 172 868	68 200 746	6 749 785	2 307 770	1 917 257

Due to the manner in which the financial management system reports payment analysis, it is considered that payments in the "less than 30 days overdue" are also paid on time.

The payments that appear to be overdue are inflated due to the invoice date on all invoices being used as the base date. In some instances eg payment of Drought Transport Subsidies, other organisations are used as an invoice collection point. These invoices are then processed and forwarded on to NSW Department of Primary Industries for payment. The invoice date may be months prior to NSW Department of Primary Industries actually receiving the invoice.

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.

Quarter	Total Accounts Paid on Time			Total Amount Paid \$
	Target %	Actual %	Actual \$	
September 2006	90.00	87.73%	63 965 316	68 802 291
December 2006	90.00	88.00%	49 722 896	58 741 808
March 2007	90.00	88.72%	48 883 068	57 019 649
June 2007	90.00	87.04%	91 373 614	102 348 426

The target for Total Accounts Paid on Time has been revised for 2006-07 due to the large number of Drought Transport Assistance Claims. These payments take some time to be received into the Department and therefore distort the Total Accounts Paid on Time values.

For the full 2006-07 financial year, 88.51 per cent of all accounts were paid on time.

All accounts for payment are directed to and processed in the Department's Orange office. 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 2006-07.
- There were very few instances of supplier's enquiries regarding late payments.
- Invoices were generally entered into the accounting system within one week of receipt of the invoice by the Accounts Payable Section.
- These indicators will continue to be monitored during 2007-08 and future years, to ensure the Department's payment performance continues to improve.

17. Land disposal

NSW DPI sold a former depot at Singleton and seven former cattle tick dip sites on the NSW north coast for a total of \$1 965 000.

17. Land disposal (continued)

Site	Auction Amount \$
Hambleton Hill Rd, Singleton	270 000
11 Federation Dr Terranora	556 000
Lot 11 Stokes Lane, Shark Creek via Maclean	170 000
Lot 1, Coolgardie Rd, Waddell	175 000
Cnr Cook & Neil Sts, Lawrence	54 000
12 Lee St, East Ballina	340 000
1 Simmons Ave, Goonellabah	220 000
24 Invercauld Rd, Goonellabah	180 000

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*

18. Major assets and capital works

Capital Works

During the year the Department completed the Fisheries Compliance and Marine Park Authority building at the Port Stephens Fisheries Centre and continued major state-wide information and communications technology projects to improve infrastructure which delivers enhanced service levels across the whole of NSW DPI.

The Department continued to improve OHS systems, rectify structural defects in laboratories at EMAI, and construct laboratories at Narrabri, the plant and soil facility at Tamworth, and fisheries compliance office upgrades.

The following is a list of major capital works undertaken in 2006-07 in descending order of value:

Capital Works	\$ Value
Fisheries compliance and marine park office building - Port Stephens	1 325 000
Plant and soil processing facility - Tamworth	1 100 000
Laboratory underpinning - EMAI	1 000 000
Environment laboratories - Narrabri	800 000
Fisheries compliance office redevelopment - Swansea and Tuncurry	520 000
Trout hatchery - Jindabyne	238 000
Oyster QX disease research facility - Port Stephens	222 000

Capital Works in Progress

The following is a list of major capital works partly completed in 2006-07 in descending order of value:

Work to be completed in 2007-08	\$ Value
Gosford National Centre for Greenhouse Horticulture site relocation - Narara to Somersby	4 000 000
Joint agency office - Huskisson	1 275 000
Border tick video surveillance - various sites	1 000 000
Work to be completed in 2008-09	
Gosford National Centre for Greenhouse Horticulture site relocation - Narara to Somersby	5 000 000

Plant and equipment

The Department acquired major equipment to support fisheries compliance, laboratory, research station functions and network infrastructure. Equipment purchased for over \$100 000 is shown below in descending order of value:

18. Major assets and capital works (continued)

Storage Area Network Disk Array- Maitland	338 000
Micro Liquid Chromatograph- Wollongbar	250 000
Storage Area Network Disk Array- Orange Head Office	211 000
John Deere Tractor- Condobolin	200 000
John Deere Tractor – EMAI	171 000
Noosa Cat 2700 Ocean Going Vessel - WIP- Port Stephens Marine Park	118 000
Direct Drill Seeder – Tamworth 110 000	110 000

19. Disclosure of controlled entities

In accordance with the *Annual Reports (Departments) Act 1985*, the Department of Primary Industries 2006-07 Annual Report includes Forests NSW's annual financial statements both as a separate report (see page 157) and as part of the Department's consolidated financial statements.

20. Funds granted to non-government community organisations

Recipient	2006-07 \$
Agriculture & Fisheries Program	
Habitat Grant - Nari Nari	
Nari Nari Tribal Council	3 387.50
Habitat Grant - Greening Australia	
Greening Australia	8 985.00
Habitat Grant - Gloucester	
Gloucester Shire Council	4 500.00
To off-set audit costs	
CB Alexander Foundation	5 000.00
To assist in the management of the Prevention of Cruelty to Animals Act	
Wires Incorporated	15 500.00
NSW Animal Welfare League	54 000.00
Cat Protection Society	15 500.00
RSPCA	424 000.00
Domestic Animal Birth Control	3 000.00
	512 000.00
To assist in the management of soil erosion	
Macleay Landcare Network	3 008.96
Coffs Harbour Regional Landcare	15 044.78
Clarence Landcare Inc	23 616.00
Toepfers Rehabilitation Environmental and Ecological Services P/L	1 050.00
	42 719.74

20. Funds granted to non-government community organisations (continued)

To assist in forestry development	
Capital Region Development Board	93 750.00
Murray Regional Development Board	31 250.00
Northern Rivers Regional	62 500.00
	187 500.00
To assist in providing counselling services to farmers	
Lower Hunter Manning Rural Counselling Service Inc	6 250.00
Central West Rural Financial Counselling Service Inc	6 250.00
Southern New England Rural Counselling Service Inc	6 250.00
Lower Lachlan Community Services Inc	5 125.05
New England Rural Counselling Service Inc	6 250.00
Bogan Advisory Service Inc	6 250.00
Gunnedah and District Rural Counselling Service Inc	6 250.00
Lachlan Advisory Group	6 250.00
Richmond Valley Business and Rural Counselling Service Inc	18 750.00
Warrumbungle Rural CommunityProgram Inc	6 250.00
Southern Riverina Rural Advisory Service Inc	12 500.00
Wentworth/Baranald Rural Counselling Service Inc	12 500.00
	98 875.05
Grants-other	
Kangaroo Valley A & H Association	2 000.00
Warranboo Partnership, Holbrook	300.00
State Council of Rural Lands Protection Boards	40 000.00
The Malacological Society of Australia Ltd	1 000.00
Murrumbidgee Catchment Management Authority	71 569.00
Australian Landcare Management System Ltd	16 474.56
Fisheries Research and Development Corporation	80 544.00
	211 887.56
Biosecurity Compliance & Mine Safety Program	
To subsidise costs to affected farmers of transporting stock fodder & water	
Various	34 667 835.53
To assist in the eradication of noxious weeds	
Various	6 885 814.19
To assist in the control of Queensland Fruit Fly	
Murray Valley Citrus Board	109 135.18
To assist in the destruction of wild dogs	
Armidale Rural Lands Protection Board	6 435.03
Bombala Rural Lands Protection Board	509.70
Braidwood Rural Lands Protection Board	4 443.70
Cooma Rural Lands Protection Board	2 414.44

20. Funds granted to non-government community organisations (continued)

Gloucester Rural Lands Protection Board	3 816.95
Goulburn Rural Lands Protection Board	1 501.53
Grafton Rural Lands Protection Board	1 227.54
Hume Rural Lands Protection Board	3 287.02
Hunter Rural Lands Protection Board	3 397.28
Kempsey Rural Lands Protection Board	2 939.30
Moss Vale Rural Lands Protection Board	1 790.45
Northern North England Rural Lands Protection Board	13 635.48
Tamworth Rural Lands Protection Board	1 656.54
Yass Rural Lands Protection Board	9 538.43
Young Rural Lands Protection Board	3 406.61
	60 000.00

21. 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 these 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 Seafood Industry Advisory Council was consulted over the budget for commercial fishing. In 2006-07 the Commercial Fishing Trust Fund contributed \$3.6 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 Seafood Industry Advisory Council was consulted over the budget for aquaculture. In 2006-07 the Aquaculture Trust Fund contributed \$500 000 towards the Departments aquaculture management activities.

Charter Fishing Trust Fund

In 2006-07 the Charter Fishing Trust Fund continued funding of the following projects:

	Total Available 2006-07 \$'000	Actual Expenses 2006-07 \$'000	Carry Forward \$'000
Charter fishing consultation	178	93	85
Charter fishing monitoring	84	26	59
Total	262	119	144

Fish Conservation Trust Fund

In 2006-07 the Fish Conservation Trust continued to fund Ocean Watch and contribute to fisheries conservation projects within the Department. Expenditure of \$124 000 on these two programs was approved.

21. Fisheries trust fund report (continued)**Recreational Fishing (Saltwater) Trust Fund expenditure**

Project	Total Available 2006-07* \$'000	Actual Expenses 2006-07 \$'000	Carry Forward \$'000
ACORF Meeting Expenses	24	25	-1
Artificial Reefs Deployment	114	118	-4
Artificial Reefs Monitoring and Research	229	196	33
Coastal Habitat Restoration Grants Program	238	167	71
Coffs Harbour fish cleaning facilities	20	14	6
Defining a quality recreational fishing experience	18	13	5
Dusky Flathead Research	-4	4	0
Eastern king prawn stocking in NSW estuaries	131	92	39
Estuary perch research	25	8	17
Expenditure Committee Meeting Expenses	25	32	-7
Fish Aggregation Devices (FADs)	135	139	-4
Fishcare Volunteer Program	624	629	-5
Fisheries Officers (9 Coastal Officers)	1 053	1 053	0
Fisheries Officers (Mobile Squad)	452	264	187
Gamefish Tagging Program	133	122	10
Greater Sydney Region Recreational Fishing Survey	390	105	285
Life History Research of Black Bream and Luderick	158	122	37
Marine Recreational Management Project	120	73	47
Maximising Survival of Line Caught Fish Research	199	147	52
Membership to RecFish Australia	23	16	7
Mulloway Stocking in NSW Estuaries	104	104	0
Recreational Fisheries Management Strategy	-6	6	0
Recreational Harvest of Baitfish in NSW Research*	20	20	0
Recreational Fishing Havens Process*	219	219	0
Recreational Fishing Trust Executive Officer	138	142	-3
Recreational Publications	219	147	73
Recreational Research Project	127	98	29
Research on striped marlin	5	5	0
Satellite tagging of tiger sharks	69	62	7
Small Grants	116	77	39
Study on Landed Fish at Gamefishing Tournaments 06-07	24	18	6
Sub-total	5 142	4 237	926
Direct Payments:			
Illuka Fishing Platform	3	3	0
Loan Repayment-Recreational Fishing Havens	2 000	2 000	0
Marine Discovery Centre, Bondi Beach	10	10	0
Recreational Fishing Haven Research in Northern NSW	60	60	0
Study on Landed Fish at Gamefishing Tournaments 05-06	6	6	0
Sub-total	2 079	2 079	0
Total	7 221	6 316	926

* The total available 2006-07 consists of allocations from the trust fund in 2006-07 and amounts carried forward from 2005-06.

21. Fisheries trust fund report (continued)

ACoRF Meeting Expenses - the Advisory Council on Recreational Fishing (ACoRF) provides high quality advice to the Minister for Primary Industries on issues relating to recreational fishing.

Artificial Reefs Deployment –involved the deployment of 6 artificial reefs in barren areas in Lake Macquarie, Botany Bay and St Georges Basin to enhance angler catch. The reefs were constructed using concrete 'Reefball' modules.

Artificial Reefs Monitoring and Research - is investigating the effectiveness of artificial reefs in 3 recreational fishing havens. The reefs are being monitored before and after installation to investigate changes in fish populations.

Coastal Habitat Restoration Grants Program - provides matching funding to angling clubs, local councils and Landcare groups for on-grounds habitat rehabilitation projects to enhance native fish stocks.

Coffs Harbour fish cleaning facilities – involves installation of quality facilities for anglers.

Defining a quality recreational fishing experience - involves surveys for analysis and modelling of the concept of a quality recreational fishing experience.

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.

Estuary perch research – is investigating the biology and demographic characteristics of estuary perch, an increasingly important recreational species in NSW.

Expenditure Committee Meeting Expenses – the Recreational Fishing Saltwater Trust Expenditure Committee (RFSTEC) provides advice on 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) - twenty one fish aggregating devices (FADs) are placed 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 donate their time and effort promoting awareness and advising anglers about the rules and values of sustainable recreational fishing.

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) - a mobile support group of three Officers with rapid response capacity that are heavily involved in recreational compliance activities.

Gamefish Tagging Program - provides valuable scientific information on the movement and growth of billfish, tuna, sharks and sportfish and encourages anglers to participate in fisheries management and research.

Greater Sydney Recreational Fishing Survey – this three year research program involves an extensive survey of recreational fishing in the Hawkesbury Shelf Bioregion.

Life History Research of Black Bream and Luderick – involves essential research on the biology and life history of black bream and luderick, two key recreational species.

Marine Recreational Management Project – this program 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 Survival of Line Caught Fish Research – studies are underway to estimate the survival of popular recreational estuarine species and to establish the factors that increase survival when released.

Membership to RecFish Australia - represents the interests of recreational fishers at a national level to ensure high-quality, enjoyable and ecologically sustainable fishing.

Mulloway Stocking in NSW Estuaries - ongoing research is exploring the effects of stocking the highly prized mulloway into NSW estuaries. Tens of thousands of mulloway fingerlings are being stocked into Botany Bay and the Manning, Richmond and Tweed Rivers.

Recreational Fisheries Management Strategy – involved a comprehensive review of recreational fishing rules to ensure sustainable fishing.

Recreational Harvest of Baitfish in NSW Research - provided estimates of the quantities of baitfish taken by the recreational sector to make informed decisions about resource sharing amongst stakeholders (these unspent funds were returned to the Trust Fund).

Recreational Fishing Havens Process - thirty 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 (these unspent funds were returned to the Trust Fund).

Recreational Fishing Trust Executive Officer - oversees the Recreational Fishing Trusts and provides efficient service delivery to the Expenditure Committees and ACoRF to ensure transparent reporting.

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 effort and harvests of recreational fishers for resource assessments. The program also produces articles for the recreational fishing community.

Research on striped marlin – involves investigation of age, growth and reproduction of this important recreational species.

Satellite tagging of tiger sharks – provides interesting, detailed information on the movements of the tigers sharks on a daily basis for many months.

Small Grants Program – provides grants for fishing clubs, councils and other community members for small, local projects aimed at enhancing recreational fishing. Programs include construction of fish cleaning tables, measuring stations etc.

Study of Landed Fish at Gamefishing Tournaments 06-07 - collection of valuable biological data on gamefish and sharks at gamefishing tournaments across NSW.

Direct Payments

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 paid in 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's school children on sustainable recreational fishing.

Recreational fishing haven research in northern NSW - This study compared catches of fish by anglers in and outside the recreational fishing havens in northern NSW to determine the effectiveness of the havens in improving recreational fishing opportunities.

Study of Landed Fish at Gamefishing Tournaments 05-06 - collection of valuable biological data on gamefish and sharks at gamefishing tournaments across NSW.

21. Fisheries trust fund report (continued)

Recreational Fishing (Freshwater) Trust Fund expenditure

Project	Total Available 2006-07* \$'000	Actual Expenses 2006-07 \$'000	Carry Forward \$'000
Brewarrina Fishing Platform	21	10	11
Dollar-for-Dollar Native Fish Stocking Program	230	208	22
Dutton recirculation system	53	47	6
Eastern Cod Stocking Program	5	0	5
Effectiveness of stocking research	159	153	5
Enhanced Fish Production for Stocking	329	345	-17
Expenditure Committee Meeting Expenses	15	25	-9
Fishcare Volunteer Program	185	182	3
Fisheries Officers (Inland)	582	584	-1
Freshwater Recreational Management	204	185	19
Gaden Trout Hatchery Redevelopment	238	280	-42
Genetic research on Bass and Perch	30	20	10
Gosling Creek Reservoir Fishing Platform	19	8	11
Impoundments Access Program	11	0	11
Inland Habitat Restoration Grants Program	205	38	167
Maintaining Access in Travelling Stock Reserves	105	109	-4
Maximising Survival of Inland Line Caught Fish Research	173	92	80
Nodavirus research	16	11	5
Recreational Fisheries Management Strategy	-2	2	0
Regional fish Habitat Managers (2)	299	294	5
Small grants	60	11	49
Total	2 936	2 604	336

* The total available 2006-07 consists of allocations from the trust fund in 2006-07 and amounts carried forward from 2005-06.

Brewarrina fishing platform - involves construction of an angling platform.

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 in approved public waterways.

Dutton recirculation system – provides for a temperature controlled recirculation unit capable of maintaining trout broodstock at the Dutton fish hatchery to enhance production.

Eastern Cod Stocking - 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.

Enhanced Fish Production for Stocking - these funds boost the stocking capacity of Government hatcheries at Narrandera, Jindabyne, Ebor and Port Stephens.

Expenditure Committee Meeting Expenses – the Recreational Fishing Freshwater Trust Expenditure Committee (RFFTEC) 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 donate their time and effort promoting awareness and advising anglers about the rules and values of sustainable recreational fishing.

Fisheries Officers (Inland) – provides funding for 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 - ensures the supply of quality stock in the future for the benefit of anglers and the regional economy.

Genetic Research on Bass and Perch – assessment of the population genetic structure of golden perch, Macquarie perch, estuary perch and Australian bass within NSW, which will contribute to the development of effective broodstock collection procedures.

Gosling Creek Reservoir fishing platform – involves construction of an angling platform.

Impoundments Access Program - this program involved the development of a guidebook on stocked lakes and impoundments for anglers.

21. Fisheries trust fund report (continued)

Inland Habitat Restoration Grants Program - provides matching funding to angling clubs, local councils and Landcare groups for on-grounds habitat rehabilitation projects to enhance native fish stocks.

Maintaining Access in 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.

Maximising Survival of Inland Line Caught Fish Research - studies are underway to estimate the survival of popular recreational inland species and to establish the factors that increase survival when released.

Nodavirus research – aims to understand the causes and management of nodavirus outbreaks in Australia bass to ensure ongoing stocking of the species.

Recreational Fisheries Management Strategy – involved a comprehensive review of recreational fishing rules to ensure sustainable fishing.

Regional Fish Habitat Managers (2) – this program funds two inland conservation managers focused on protecting and rehabilitating valuable freshwater fish habitats for healthy and productive recreational fisheries.

Small Grants – enables fishing clubs, councils and other community members to submit saltwater proposals for small, local or regional projects aimed at enhancing recreational fishing. Programs include construction of fish cleaning tables, measuring stations etc.

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 2006-07* \$'000	Actual Expenses 2006-07 \$'000	Carry Forward \$'000
Fishing Guides	179	176	3
Fishing Promotion	50	43	7
Fishing Workshops	111	118	-7
Recreational Fishing Fee Administration	1 147	873	274
Recreational Fishing Fee Reminder Notice	164	164	0
Recreational Fishing Fee Research Database	90	71	19
Recreational Fishing Trust DVD	60	57	3
Research on Banded Grunter	58	49	9
Tournament Management	132	134	-2
Tournament Monitoring	160	151	9
Total	2 151	1 836	315

* The total available 2006-07 consists of allocations from the trust fund in 2006-07 and amounts carried forward from 2005-06.

Fishing Guides - involved the printing and distribution of 300 000 quality Recreational Saltwater and Freshwater Guides in 2006-07.

Fishing Promotion - raises awareness of fishing rules (including the need to pay the fee) and encourages responsible and sustainable fishing practices.

Fishing Workshops - involves holding children's workshops in Sydney, at Government hatcheries and across regional NSW, including workshops for special needs groups and NESB communities.

Recreational Fishing Fee Administration - involves management of a network of 1 000 fee agents, including the distribution of fishing fee receipt books and advisory material, reconciliation of monthly returns and agent accounts and maintenance of Web and IVR fee payments. Also includes payment of agent commissions.

Recreational Fishing Fee Reminder Notice - involves the mailing out of reminder letters (with advisory material) to one and three year fee receipt holders.

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 Trust DVD – involved production of a DVD outlining programs funded by the Trusts and distribution of 70 000 copies to recreational fishers.

Research on Banded Grunter - involves development of a plan to control the banded grunter (pest species) in the Clarence River.

Tournament Management - involves development and implementation of a code of conduct for fishing competitions to improve the environmental and social impacts of these events.

Tournament Monitoring – this program collects catch and effort information at selected fishing competitions across NSW to monitor fish populations.

22. Cost of production of the 2006-07 annual report

The total external cost incurred in the production of the Department's 2006-07 Annual Report is \$33 699. 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

23. Research and development

The Science and Research Division manages a research portfolio with a direct annual investment of about \$100 million dollars per year. About half of the investment comes from partnerships and alliances. These collaborations make NSW DPI one of the largest research organisations in Australia, with almost 900 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 Cooperative Research Centre's (Table 1) which along with 50 significant co-investors (Table 2), contributed a 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 (Table3).

Table 1. Current NSW DPI involvement with CRC's

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 / EMAI	2006-12
National Plant Biosecurity	ACT / Orange	2006-12
Forest Landscapes	TAS / Pennant Hills	2006-12

Table 2. Significant Co-investors

AusAID
Australian Centre for International Agricultural Research
Australian Greenhouse Office
Australian Oilseeds Federation
Australian Pork Limited
Australian Quarantine Inspection Service
Australian Research Council
Australian Wheat Board Services
Australian Wool Innovation
Biosecurity Australia
Catchment Management Authorities (9)
Cotton Research and Development Corporation
Dairy Australia

23. Research and development (continued)

Commonwealth Department of Agriculture, Forestry and Fisheries
 Commonwealth Department of Education, Science and Training
 Electricity Association of NSW
 Environment Australia
 Environment Trust
 Enterprise Grains Australia
 Fisheries Research and Development Corporation
 Forest and Wood Products Research and Development Corporation
 Grains Research and Development Corporation
 Grape and Wine Research and Development Corporation
 Horticulture Australia
 Land and Water Australia
 Meat and Livestock Australia
 Murray Darling Basin Commission
 Murray Irrigation Limited
 National Feral Animal Control Program
 National Heritage Trust – Environmental Management Systems
 National Heritage Trust – National Action Plan
 National Heritage Trust – National Bushcare Program
 National Heritage Trust – National Investment in Weeds Strategy
 National Heritage Trust – National Landcare Program
 National Heritage Trust – National Weeds Program
 NSW Greenhouse Office
 NSW Department of Environment and Conservation
 NSW Department of Education and Training
 NSW Department of Natural Resources
 NSW Maritime
 Plant Health Australia
 Recreational Fresh Water Fishing Trust Fund
 Recreational Marine Fishing Trust Fund
 Resource NSW
 Rural Industries Research and Development Corporation
 Sea World
 Sydney Water
 West2000
 Wildlife and Exotic Diseases Protection Program
 World Wide Fund For Nature

Table 3. Formal Alliances

Alliance	Key Partners
Australian Cotton Research Institute	CSIRO
Animal Genetics and Breeding Unit	University of New England
Canola Alliance	Nugrain Plantech
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

23. Research and development (continued)

Riverlink	Department of Primary Industries, Victoria (DPIVic) CSIRO Department of Primary Industries and Resources of South Australia (PIRSA) South Australia Research and Development Institute (SARDI)
Australian Lucerne Alliance	Grains R&D Corporation Seedmark
National Pulse Breeding Program	Grains R&D Corporation South Australia Research and Development Institute (SARDI) Department of Primary Industries Victoria (DPIVic) Department of Agriculture and Food Western Australia (DAFWA) Department of Primary Industries and Fisheries Queensland (QDPI&F) University of Adelaide
Barley Breeding Australia	Grains R&D Corporation Department of Primary Industries Victoria (DPIVic) University of Adelaide Department of Agriculture and Food Western Australia (DAFWA) Department of Primary Industries and Fisheries Queensland (QDPI&F)
Enterprise Grains Australia	Grains R&D Corporation Department of Primary Industries and Fisheries Queensland (QDPI&F)

24. 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 wherever possible.

	Units	Energy Use	CO2 Emissions (tonnes)
Electricity	gigajoules (GJ)	68 029	18 069
Green	gigajoules (GJ)	4 388	0
LPG	gigajoules (GJ)	3 450	156
NG	gigajoules (GJ)	14 710	756
Heat oil	gigajoules (GJ)	195	14
MV petrol	kilolitres (kl)	1 427	3 221
MV diesel	kilolitres (kl)	585	1 574
MV LPG	kilolitres (kl)	0	0
Other petrol	kilolitres (kl)	78	176
Other diesel	kilolitres (kl)	222	597
Total Building Energy	gigajoules (GJ)	90 772	
Total Building CO²	tonnes		18 995
Total motor vehicles fuel	kilolitres (kl)	2 312	
Total motor vehicles CO²	tonnes		5 568
Total CO²	tonnes		24 562

25. 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 (formerly NSW Fisheries) 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. Four recovery plans have been finalised to date, as reported below.

Eastern (freshwater) cod (*Maccullochella ikei*)

NSW DPI continued to support post graduate studies relating to the ecology and genetics of the species. Survey of eastern cod populations in the Nymboida/Mann, Orara and upper Clarence areas are being undertaken as part of broader programs. Compliance operations continue as does distribution of information brochures and erection and maintenance of signage. The conservation stocking program remains 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 continued to support post graduate research into aspects of the species reproduction, early life history, population dynamics, age and growth, genetics and habitat preferences. NSW DPI liaised with local and state government agencies and private consultants to mitigate the impacts of developments on Oxleyan pygmy perch populations and their habitats including the Pacific Highway upgrade, urban drainage practices and the Evans Head Sewage Treatment Plant Augmentation. The process of declaring critical habitat for Oxleyan pygmy perch was progressed. Advisory materials were prepared and distributed.

Silver perch (*Bidyanus bidyanus*)

NSW DPI is compiling a collection of genetic samples to analyse population sub-structures when sufficient samples are available. Population and distribution surveys have been conducted as part of broader fish community assemblage surveys. A species impact statement, examining the impacts of stocking and fishing for silver perch in public impoundments, was exhibited in 2007. Habitat improvement works continue as part of the Living Murray and other habitat restoration programs.

Advisory material to inform fishers and consent authorities were 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 to mitigate impacts on threatened species including silver perch.

Trout cod (*Maccullochella macquariensis*)

Survey of known trout cod populations are being undertaken as part of broader fish community assemblage surveys, as well as NSW DPI's threatened fish monitoring program. Compliance operations continue as does distribution of information brochures and erection and maintenance of signage. The conservation stocking program continued with approximately 48 000 fish stocked to sites within the upper Murrumbidgee region during the reporting period.

Previously stocked locations in the mid-Murrumbidgee region are being monitored for evidence of natural recruitment. On-ground works to enhance trout cod habitat in Tarcutta Creek (mid Murrumbidgee) catchment were completed.

Advisory brochures targeted at recreational fishers were released. The brochures outline information to assist in the identification of trout cod and ways to minimise harm to, and assist in the recovery of, the species.

26. Customer service

Complaints from the public and external clients

During the year, the Department developed and published for its staff a comprehensive policy and procedure for handling customer service complaints that cannot be resolved by frontline staff. It is recognised that the majority of customer service complaints can be satisfactorily settled by providing further information or explanation at the time the original dissatisfaction is raised. Where the client is not satisfied with the service or response and this cannot be resolved by frontline staff or Branch management, the matter may be progressed through the complaint handling process.

Guidelines in the policy provide for:

- investigating complaints
- informing complainants about progress and outcomes
- identifying problems and suggesting improvements to systems and processes, and
- obtaining Information to assist the Department to make decisions on resource allocation, training, prioritisation, planning and quality assurance.

The Complaints Handling Policy will be available to our clients on the NSW DPI internet website and statistics collected from the Department's Complaints Register will be reported the 2007-08 annual report.

27. 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 the FOI Act or to access information generally, contact the Freedom of Information Officer at PO Box 21, Cronulla NSW 2230, by telephone on (02) 9527 8437 or by fax on (02) 9527 8576.

The number of new applications received during 2006-07 was slightly less than for 2005-06. Thirty-three new applications were received compared to forty four for the previous year.

Although there were fewer applications, overall their processing was more complex with more formal consultations required and more time spent on finalising responses. The number of formal consultations increased from 40 to 71 and two cases required in excess of 80 hours processing time.

Compliance with statutory timeframes improved with the number of matters exceeding 35 days to process reducing from five to one. Difficulties in identifying, accessing and assessing documents in a complex application covering a range of legal actions resulted in one application exceeding 35 days processing time. Ongoing negotiations with the applicant over this time, however, resulted in the application being granted in full.

The number of refusals reduced from six to one. That refusal was made after 130 hours had been expended and the applicant declined to revise the scope of the application.

There was no adverse impact upon the Department's activities and no major issues arose in connection with the Department's compliance with FOI requirements.

There were no formal investigations by the Ombudsman nor actions in the Administrative Decisions Tribunal or Supreme Court related to FOI matters during 2006-07.

SECTION A: NUMBER OF NEW FOI REQUESTS

		2005-06			2006-07		
		Personal	Other	Total	Personal	Other	Total
A1	New (Including Transferred In)	9	35	44	6	27	33
A2	Brought Forward	-	2	2	2	2	4
A3	Total to be Processed	9	37	46	8	29	37
A4	Completed	6	35	41	8	29	37
A5	Transferred Out	-	-	-	-	1	1
A6	Withdrawn	1	-	1	-	-	-
A7	Total Processed	7	35	42	8	28	36
A8	Unfinished (Carried Forward)	2	2	4	-	-	-

SECTION B: RESULTS OF FOI REQUESTS

		2005-06			2006-07		
		Personal	Other	Total	Personal	Other	Total
B1	Granted in Full	7	23	30	5	20	25
B2	Granted in Part	-	6	6	3	7	10
B3	Refused	-	6	6	-	1	1
B4	Deferred	-	-	-	-	-	-
B5	Completed	7	35	42	8	28	36

SECTION C: MINISTERIAL CERTIFICATES

No Ministerial Certificates were issued for 2006-07.

SECTION D: FORMAL CONSULTATION

		2005-06	2006-07
D1	Number of applications requiring formal consultation	22	26
D2	Number of persons formally consulted	40	71
D3	Total	62	97

27. Freedom of information (contents)

SECTION E: AMENDMENT OF PERSONAL RECORDS

There were no requests for amendment of personal records in 2006-07

SECTION F: NOTATION OF PERSONAL RECORDS

There were no requests for notation of personal records in 2006-07.

SECTION G: BASIS OF DISALLOWING OR RESTRICTING ACCESS

		2005-06			2006-07		
		Personal	Other	Total	Personal	Other	Total
G1	Section 19 (application incomplete, wrongly directed)	-	-	-	-	-	-
G2	Section 22 (deposit not paid)	-	-	-	-	-	-
G3	Section 25 (1) (a1) (diversion of resources)	-	-	-	-	1	1
G4	Section 25 (1) (a) (exempt)	-	8	8	3	7	10
G5	Section 25 (1) (b) (c) (d) (otherwise available)	-	-	-	-	-	-
G6	Section 28 (1) (b) (documents not held)	-	4	4	-	-	-
G7	Section 24 (2) (deemed refused, over 21 days)	-	-	-	-	-	-
G8	Section 31 (4) (released to medical practitioner)	-	-	-	-	-	-
G9	Total	-	12	12	3	8	11

SECTION H: COSTS AND FEES OF REQUESTS PROCESSED

		Assessed Costs	FOI Fees Received	Assessed Costs	FOI Fees Received
		H1	All Completed Requests	\$7 710	\$2 510

SECTION I: DISCOUNTS ALLOWED

		2005-06			2006-07		
		Personal	Other	Total	Personal	Other	Total
I1	Public Interest	-	1	1	-	3	3
I2	Financial Hardship – pensioner / child	-	-	-	-	-	-
I3	Financial Hardship – non-profit organisation	-	-	-	-	-	-
I4	Total	-	1	1	-	3	3
I5	Significant Corrections of Personal Records	-	-	-	-	-	-

SECTION J: DAYS TO PROCESS

		2005-06			2006-07		
		Personal	Other	Total	Personal	Other	Total
J1	0-21 days	6	18	24	3	11	14
J2	22-35 days	1	12	13	5	16	21
J3	Over 35 days	-	5	5	-	1	1
J4	Total	7	35	42	8	28	36

27. Freedom of information

SECTION K: PROCESSING TIME

		2005-06			2006-07		
		Personal	Other	Total	Personal	Other	Total
K1	1-10 hours	7	19	26	8	20	28
K2	11-20 hours	-	12	12	-	5	5
K3	21-40 hours	-	3	3	-	1	1
K4	Over 40 hours	-	1	1	-	2	2
K5	Total	7	35	42	8	28	36

SECTION L: REVIEWS AND APPEALS

		2005-06			2006-07		
		Personal	Other	Total	Personal	Other	Total
L1	Number of Internal Reviews Finalised	4	-	-	1	4	5
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		2005-06				2006-07			
		Personal		Other		Personal		Other	
		Upheld	Varied	Upheld	Varied	Upheld	Varied	Upheld	Varied
L4	Access Refused	-	-	1	-	-	-	1	-
L5	Deferred	-	-	-	-	-	-	-	-
L6	Exempted Matter	-	-	2	1	1	-	2	1
L7	Unreasonable Charges	-	-	-	-	-	-	-	-
L8	Charge Unreasonable Occurred	-	-	-	-	-	-	-	-
L9	Amendment Refused	-	-	-	-	-	-	-	-
L10	Totals	-	-	3	1	1	-	3	1

28. 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 PPIPA was distributed within NSW DPI during 2005-06 and the Privacy Management Plan was made available to all DPI employees when it was published on the DPI Intranet in 2006-07. Information sessions for staff and senior management on privacy management and FOI issues were developed and presented during 2006-07. The information sessions will continue in 2007-08.

No reviews were requested under Part 5 of PPIPA during 2006-07.

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 9527 8576

29. Promotions and communications

NSW DPI places considerable emphasis on its communications with industry and the community. Face-to-face communication via stakeholder consultation, formal advisory committees, seminars and events occurs on an ongoing basis. As a major information provider for the primary industry sector, the department produces and distributes a wide range of print and electronic documents every year.

An integrated, multi-pronged approach is taken for major communication initiatives. For example, in 2006-07 updated dietary advice was issued to the community regarding the health risks of consuming fish caught in Port Jackson. Working with partner agencies NSW Food Authority and NSW Health, the department produced revised, multi-lingual signage which was installed at all major Port Jackson boat ramps. Advertisements advising anglers of the new advice was placed in newspapers and fishing magazines. The updated information was placed prominently on the fishing section of the website, and flyers were distributed at the Sydney Boat Show and Fishing Show and by Fishcare Volunteers and Fisheries Officers operating in Port Jackson.

The department's website at www.dpi.nsw.gov.au provides clients and the general public with ready access to over 25 000 individual documents, including digital version of many of the department's publications. Most information can be downloaded free of charge. Rationalisation of website resources was commenced with the gradual merger of former agency websites into an integrated NSW DPI site. The new site has fewer pages due to reduced duplication.

A number of 'restricted access' website are maintained to facilitate communication and collaborative working with key partners. These include the Rural Lands Protection extranet, which shares information with Rural Lands protection Board staff, and the Weeds Extranet that shares information with weed control authorities in local government.

The websites are enhanced by the innovative use of new internet technologies. NSW DPI was one of the first NSW Government agencies to trial 'RSS feed' technology to enable clients and stakeholders to monitor changes on the website as they occur.

Services supporting the drought have been an important focus throughout 2005-06. The drought website was among the first areas of content to be migrated to the new website, and a comprehensive review was undertaken of all drought factsheets to ensure that the most up-to-date information was available to affected communities.

Information about NSW DPI programs, products and services for schools was consolidated in one spot on the department's website this year. The new web pages link students and teachers with face-to-face programs, classroom resources, professional development opportunities, events, careers information and on-line games.

The website also delivers services such as on-line payment of the recreational fishing fee, and online minerals applications.

Print publications are a major communications tool with over 660 new or updated publications in 2006-07. A list of the major publication categories is provided below. The most popular publication is *Primefacts*, a simple and clear factsheet series on a wide range of primary industry topics.

Publication numbers:

Report or paper	21
Book or booklet	60
Brochure or flyer	130
Magazine or newsletter	41
Factsheet	346
Display or poster	64
Electronic or multimedia	4
Total	666

Most print publications, including the educational materials produced by Tocal College, are accessible through the bookshop (telephone 1800 028 374 or email bookshop@dpi.nsw.gov.au). Mineral resource publications are available by calling 02 4931 6669. Many publications are also available electronically on the website www.dpi.nsw.gov.au

A wide range of scientific information is also published in external journals. A regular electronic newsletter is 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/ newsletter or contact the Science Communication Specialist on 02 6391 3171.

Eleven times per year, the department produces 66 000 copies of *Agriculture Today*, a newspaper insert in *The Land*, which provides key research, extension and primary industry management information to the rural community. This initiative is made possible through the cooperation of Rural Press Limited.

Every four months, the department also produces and distributes 12 000 copies of *The Country Web* magazine for rural women and their families, and 5 000 copies of *Minfo* magazine for the mining industry. On a quarterly basis, 22 000 copies of *BushTelegraph* are distributed to thousands of individual subscribers, schools, visitor centres and natural resource management agencies, featuring stories about State Forest management and recreation.

The department participates in hundreds of field days, conferences, community days and other events across the State. A list of the primary events is provided below.

Table: Primary Events

Dates	Event Title	Venue	Event Attendance	Theme
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14-15 July 06	Mudgee Small Farm Field Days	Mudgee	25 000	
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Regional services: NSW DPI was a one-stop shop for expert advice on agronomy, livestock and horticulture through interactive displays and lecture programs. The main tent offered NSW DPI services such as the bookshop, Profarm, Forests NSW nursery and free testing from Diagnostic and Analytical Services. Drought support workers were available with assistance advice and support.

29. Promotions and communications (continued)

3-8 Aug 06	Sydney International Boat Show	Sydney	85 000	Your Fishing Fees at Work: Recreational anglers had the opportunity to discover and be informed about projects funded by the NSW Recreational Trusts that help improve recreational fishing in NSW.
22-24 Aug 06	Agquip	Gunnedah	100 000	Testing Times: Featured the Diagnostics and Analytical Services who offered farmers basic tests on soil, water, animal worms, olive oil and feed quality. Information on weeds, drought support and recreational fishing was displayed. Books and courses were offered through the Bookshop and Tocal. Forests NSW nursery had a large variety of plants for sale.
19-21 Sept 06	Henty Machinery Field Days	Henty	50 000	Dealing with the drought: Focusing on the farmers, NSW DPI featured information on Profarm courses, feed quality services, soil management, pulses, wheat breeding and grain storage pest management. District agronomists and drought support workers were on hand to answer questions. The NSW DPI Bookshop and Forests NSW Nursery were also present.
17-19 Oct 06	Australian National Field Days	Orange	25 000	Discover what NSW DPI can do for you! NSW DPI offered farmers an opportunity to gather information on a variety of subjects such as fish friendly farms, animal feed quality, Profarm training courses, drought support, agronomy and inland recreational fishing. The bookshop and Forests NSW nursery were available for sales. The department's new climate change campaign was introduced.
10-11 Nov 06	Farming Small Areas Expo	Richmond	12 500	Farming in a small way: The NSW DPI pavilion was packed with information and services for small acreage farmers. It featured fresh hydroponic lettuces, Profarm course, aquaculture, bookshop, weeds, diagnostic & analytical services, water and soil management and the Forests NSW nursery.
5-18 Apr 07	Sydney Royal Easter Show	Sydney	890 000	Primary industries....more than you imagine! This interactive display encouraged the urban public to consider how much they rely on the products of primary industries in their every day activities. Information flip boards informed and educated the public on the role NSW DPI plays in supporting primary producers and industries.
4-6 May 07	Tocal Field Days	Paterson	28 000	Get connected to NSW DPI: Connecting to the special focus of water, NSW DPI featured aquaculture, fisheries research and conservation displays, water quality and climate change. Organic farming, feed quality, kid's activities, fishing clinics, bookshop and Forests NSW nursery were popular with the visitors.
17-19 May 07	Murrumbidgee Farm Fair	Yanco	15 000	Discover what NSW DPI can do for you! 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 Forests NSW nursery or a book from the NSW DPI bookshop.
14-16 June 07	Primex	Casino	50 000	NSW DPI Workshops: Special field day workshops were held by NSW DPI horticulturists, soil diagnostic, climate change and livestock officers throughout the field days. Traditional agricultural displays and information on soils, weeds, horticulture, soybeans, cattle ticks and pastures were also available. Drought tolerant natives for farms and gardens were for sale from the Forests NSW nursery.

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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.
- (d) The accompanying financial statements have an audit qualification relating to the valuation of Biological Assets in the accounts of NSW Forests which has also resulted in the qualification of the NSW DPI Consolidated Accounts for the year ended 30 June 2007.

Signed



**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

I have audited the accompanying financial report of the Department of Primary Industries (the Department), and the Department and controlled entities (the consolidated entity) which comprises the balance sheet as at 30 June 2007 and the income statement, statement of recognised income and expense, cash flow statement, program statement - expenses and revenues, and summary of compliance with financial directives for the year then ended, and a summary of significant accounting policies and other explanatory notes. The consolidated entity comprises the Department and the entities it controlled at the year's end or from time to time during the financial year.

Qualified Auditor's Opinion

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to satisfy myself as to the valuation of the Biological Assets, the financial report:

- presents fairly, in all material respects, the financial position of the Department and the consolidated entity as of 30 June 2007 and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Basis for Qualified Auditor's opinion - Biological Assets

Note 1(l) under the heading Native Forest Timber discloses that there are assumptions and uncertainties relating to the valuation of these forests. Forests NSW has been unable to provide me with all the information that I require to confirm these assumptions. This together with the Forest NSW's ongoing intention to apply a new inventory regime means I am unable to form an opinion on the value of Native Forest Timber included within biological Assets. I have been unable to carry out audit procedures to quantify the possible adjustments to the financial report that might have been necessary had this limitation not existed.

Department Head's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

My opinion does not provide assurance:

- about the future viability of the Department or consolidated entity,
- 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.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements.

The PF&A Act further promotes independence by:

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

Peter Achterstraat
Auditor-General
31 October 2007
Sydney

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Notes	Consolidated Actual 2007 \$000	Consolidated Actual 2006 \$000	Parent Actual 2007 \$000	Parent Budget 2007 \$000	Parent Actual 2006 \$000
Expenses excluding losses						
Operating expenses						
Employee related	2(a)	307 001	289 174	266 569	216 823	214 640
Other operating expenses	2(b)	144 756	141 615	117 909	103 200	107 139
Depreciation and amortisation	2(c) 1(o)	30 020	28 973	19 766	20 123	19 189
Grants & subsidies	2(d)	57 764	44 025	67 321	32 782	53 598
Finance Costs	2(e) 1(g)	3 169	3 653	1 716	1 347	1 941
Other expenses	2(f)	26 665	16 552	26 665	15 547	16 552
Contract harvest and haulage		94 305	90 001	0	0	0
Total expenses excluding losses		663 680	613 993	499 946	389 822	413 059
Less:						
Retained Revenue						
Sale of goods and services	3(a) 1(e)	171 817	145 800	54 473	52 403	40 031
Investment revenue	3(b) 1(e)	135 410	142 101	3 586	3 053	3 932
Retained Taxes Fees and Fines	3(c)	10 507	10 905	10 507	10 327	10 905
Grants and contributions	3(d)	80 698	50 236	73 937	49 106	43 876
Other revenue	3(e)	921	1 003	921	177	1 003
Personnel services revenue	3(f)	1 618	2 226	47 637	0	6 593
Forests superannuation gain	3(g)	0	33 364	0	0	0
Total Revenue		400 971	385 635	191 061	115 066	106 340
Gain/(loss) on disposal	4	(855)	(946)	(277)	6 150	595
Other Gains/(losses)	5	(183 032)	(65 305)	886	0	0
Net Cost of Services	31	446 596	294 609	308 276	268 606	306 124
Government contributions						
Recurrent appropriation	8	263 164	275 970	263 164	225 141	275 970
Capital appropriation	8	12 098	8 798	12 098	13 209	8 798
(Asset sale proceeds transferred to the Crown Entity)		0	0	0	(5 829)	0
Acceptance by the Crown Entity of employee benefits and other liabilities	9	16 064	16 185	16 064	17 032	16 185
Total Government Contributions		291 326	300 953	291 236	249 553	300 953
SURPLUS/(DEFICIT) FOR THE YEAR (before Income Tax Expense)						
		(155 270)	6 344	(16 950)	(19 053)	(5 171)
Income tax equivalent benefit/(expense)	7(a)	39 965	(8 584)	0	0	0
SURPLUS/(DEFICIT) FOR THE YEAR (after Income Tax Equivalent Benefit/(Expense))						
		(115 305)	(2 240)	(16 950)	(19 053)	(5 171)

The accompanying notes form part of these financial statements

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2007

	<i>Notes</i>	Consolidated Actual 2007 \$000	Consolidated Actual 2006 \$000	Parent Actual 2007 \$000	Parent Budget 2007 \$000	Parent Actual 2006 \$000
Net increase/(decrease) in property plant and equipment asset revaluation reserve		(438)	20 278	838	0	112
Other net increases/(decreases) in equity		0	10 740	0	0	0
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		(438)	31 018	838	0	112
Surplus/(Deficit) for the year	27	(115 305)	(2 240)	(16 950)	(19 053)	(5 171)
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR		(115 743)	28 778	(16 112)	(19 053)	(5 059)

The accompanying notes form part of these financial statements

BALANCE SHEET AS AT 30 JUNE 2007

	Notes	Consolidated Actual 2007 \$000	Consolidated Actual 2006 \$000	Parent Actual 2007 \$000	Parent Budget 2007 \$000	Parent Actual 2006 \$000
ASSETS						
Current Assets						
Cash and cash equivalents	11	47 856	69 105	42 241	49 663	62 118
Receivables	12	68 272	65 795	23 022	21 323	21 323
Inventories	13	10 061	9 412	2 118	6 352	2 477
Other financial assets	18	16 926	10 474	11 692	2 477	6 352
Assets held for sale	19	15 542	15 215	15 542	15 215	15 215
Total Current Assets		158 657	170 001	94 615	95 030	107 485
Non-Current Assets						
Financial Assets at Fair Value	14	1 803	943	1 803	943	943
Receivables	12	1 285	1 448	25 699	23 950	23 950
Property Plant and Equipment						
- Land and buildings	15	1 248 971	934 412	191 998	180 099	192 662
- Plant and Equipment	15	71 170	71 949	39 808	40 718	39 689
- Infrastructure Systems	15	143 348	146 487	34 492	34 201	37 372
- Digital Imaging System	15	1 180	1 769	1 180	1 769	1 769
- PPE Under Construction	15	8 180	5 017	0	0	0
Total Property Plant and Equipment		1 472 849	1 159 634	267 478	256 787	271 492
Biological Assets	20	1 409 355	1 563 863	5 524	5 189	5 189
Investment Property	16	9 039	4 778	0	0	0
Intangible assets	17 1(t)	10 180	8 803	10 180	10 513	8 803
Deferred income tax asset	7	10 614	8 345	0	0	0
Total Non-Current Assets		2 915 125	2 747 814	310 684	297 382	310 377
Total Assets		3 073 782	2 917 815	405 299	392 412	417 862
LIABILITIES						
Current Liabilities						
Payables	22 1(ab)	67 391	63 142	13 613	14 280	14 280
Borrowings	23 1(ac)	36 220	27 747	5 009	6 938	6 938
Provisions	25	64 388	59 825	53 592	49 296	49 296
Dividend	24 1(ad)	16 000	26 332	0	0	0
Current Tax Liability		1 615	0	0	0	0
Other	26	214	1 928	214	1 928	1 928
Liabilities associated with assets held for sale		0	0	0	0	0
Total Current Liabilities		185 828	178 974	72 428	72 442	72 442
Non-Current Liabilities						
Payables	22	677	0	11 692	6 352	6 352
Borrowings	23	150 369	140 273	21 837	16 409	22 806
Provisions	25	4 679	3 817	1 129	918	918
Deferred Tax Liability	7	512 911	462 641	0	0	0
Total Non-Current Liabilities		668 636	606 731	34 658	23 679	30 076
Total Liabilities		854 464	785 705	107 086	96 121	102 518
Net Assets		2 219 318	2 132 110	298 213	296 291	315 344
EQUITY						
Capital	27	421 706	421 706	0	0	0
Reserves	27	842 844	625 627	137 972	138 067	138 067
Accumulated funds	27	954 768	1 084 777	160 241	158 224	177 277
Amounts recognised in equity relating to assets held for sale		0	0	0	0	0
Total Equity		2 219 318	2 132 110	298 213	296 291	315 344

The accompanying notes form part of these financial statements

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Notes	Consolidated Actual 2007 \$000	Consolidated Actual 2006 \$000	Parent Actual 2007 \$000	Parent Budget 2007 \$000	Parent Actual 2006 \$000
CASHFLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(387 375)	(370 246)	(252 081)	(199 791)	(206 269)
Grants and subsidies		(57 764)	(44 025)	(67 321)	(32 782)	(53 598)
Finance costs		(2 162)	(3 720)	(1 166)	(1 347)	(1 324)
Other		(214 528)	(193 540)	(156 266)	(131 747)	(130 551)
Income taxes paid		(2 961)	(5 040)	0	0	0
Total Payments		(664 790)	(616 571)	(476 834)	(365 667)	(391 742)
Receipts						
Sale of goods and services		308 308	272 475	106 383	52 403	18 644
Retained taxes fees and fines		10 507	10 905	10 507	10 327	10 905
Interest received		3 624	2 892	3 005	3 053	2 300
Other		120 779	102 873	84 585	62 283	80 458
Total Receipts		443 218	389 145	204 480	128 066	112 307
Cash flows from Government						
Recurrent appropriation		263 378	277 897	263 378	225 141	277 897
Capital appropriation		12 098	8 798	12 098	13 209	8 798
Asset sale proceeds transferred to the Crown Entity		0	0	0	(5 829)	0
Cash reimbursements from the Crown Entity		0	0	0	0	0
Cash transfers to the Consolidated Fund		(1 928)	(2 333)	(1 928)	0	(2 333)
Net Cash Flows from Government		273 548	284 362	273 548	232 521	284 362
NET CASH FLOWS FROM OPERATING ACTIVITIES	31	51 976	56 936	1 194	(5 080)	4 927
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of Land and Buildings Plant and Equipment and Infrastructure Systems		9 281	26 410	2 810	20 284	6 717
Proceeds from the 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		(42 298)	(35 375)	(19 291)	(19 093)	(13 892)
Purchases of investments		0	0	0	0	0
Payments for SGARA's		(22 032)	(19 310)	0	0	0
Capitalised interest on borrowings		(8 721)	(7 591)	0	0	0
Advances made		0	0	0	0	0
Other		(1 692)	(160)	(1 692)	(2 169)	(160)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(65 462)	(36 026)	(18 173)	(978)	(7 335)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings and advances		38 000	32 000	0	0	0
Repayment of borrowings and advances		(19 431)	(36 942)	(2 898)	(6 397)	(5 156)
Dividend paid		(26 332)	(24 922)	0	0	0
NET CASH FLOWS FROM FINANCING ACTIVITIES		(7 763)	(29 864)	(2 898)	(6 397)	(5 156)
NET INCREASE/(DECREASE) IN CASH		(21 249)	(8 954)	(19 877)	(12 455)	(7 564)
Opening cash and cash equivalents		69 105	78 059	62 118	62 118	69 682
Cash transferred in (out) as a result of administrative restructuring		0	0	0	0	0
CLOSING CASH AND CASH EQUIVALENTS	11	47 856	69 105	42 241	49 663	62 118

The accompanying notes form part of these financial statements

PROGRAM STATEMENT – EXPENSES AND REVENUES FOR THE YEAR ENDED 30 JUNE 2007

AGENCY'S EXPENSES & REVENUES	Agriculture & Fisheries		Mineral Resources		Biosecurity, Compliance & Mine Safety		Science & Research		Personnel Services		Not Attributable		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Expenses excluding losses														
Operating Expenses														
Employee related	61 910	57 248	31 522	29 136	40 573	38 263	84 927	83 400	47 637	6 593	0	0	266 569	214 640
Other operating expenses	34 263	31 331	16 630	13 618	19 400	16 893	47 616	45 297	0	0	0	0	117 909	107 139
Depreciation and amortisation	5 742	5 304	2 477	2 319	3 510	3 418	8 037	8 148	0	0	0	0	19 766	19 189
Grants and subsidies	11 902	12 357	137	539	54 806	39 279	476	1 423	0	0	0	0	67 321	53 598
Finance costs	499	536	215	235	304	346	698	824	0	0	0	0	1 716	1 941
Other expenses	20 503	8 053	1 792	1 729	4 174	6 744	196	26	0	0	0	0	26 665	16 552
Total expenses excluding losses	134 819	114 829	52 773	47 576	122 767	104 943	141 950	139 118	47 637	6 593	0	0	499 946	413 059
Retained Revenue														
Sale of goods and services	11 017	9 561	23 158	8 887	5 535	9 086	14 763	12 497	0	0	0	0	54 473	40 031
Investment revenue	1 021	1 063	438	465	706	770	1 421	1 633	0	0	0	0	3 586	3 931
Retained taxes fees and fines	10 503	10 905	0	0	0	0	4	0	0	0	0	0	10 507	10 905
Grants and contributions	36 962	10 714	209	216	2 611	3 156	34 155	29 790	0	0	0	0	73 937	43 876
Other revenue	192	192	230	183	269	435	230	193	0	0	0	0	921	1 003
Personnel services revenue	0	0	0	0	0	0	0	0	47 637	6 593	0	0	47 637	6 593
Total Revenue	59 695	32 435	24 035	9 751	9 121	13 447	50 573	44 113	47 637	6 593	0	0	191 061	106 340
Gain/ (loss) on disposal	(80)	164	(35)	72	(49)	106	(113)	253	0	0	0	0	(277)	595
Other gains/(losses)	258	0	111	0	157	0	360	0	0	0	0	0	886	0
Net Cost of Services	74 946	82 230	28 662	37 753	113 538	91 390	91 130	94 752	0	0	0	0	308 276	306 124
Government contributions**	0	0	0	0	0	0	0	0	0	0	291 326	300 953	291 326	300 953
NET EXPENDITURE/(REVENUE) FOR THE YEAR	74 946	82 230	28 662	37 753	113 538	91 390	91 130	94 752	0	0	(291 326)	(300 953)	16 950	5 171
ADMINISTERED EXPENSES & REVENUE														
Administered Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Administered Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Administered Revenues														
Transfer receipts	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Consolidated Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Taxes, fees and fines	0	0	0	0	0	0	0	0	0	0	1 193	11 474	1 193	11 474
- Other	0	0	0	0	0	0	0	0	0	0	514 392	515 259	514 392	515 259
Total Administered Revenues	0	0	0	0	0	0	0	0	0	0	515 585	526 733	515 585	526 733
Administered Revenues less Expenses	0	0	0	0	0	0	0	0	0	0	515 585	526 733	515 585	526 733

* The name and purpose of each program is summarised in Note 10.

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

SUMMARY OF COMPLIANCE WITH FINANCIAL DIRECTIVES

	2007			2006			
	RECURRENT APPROPRIATION	EXPENDITURE/NET CLAIM ON CONSOLIDATED FUND	CAPITAL APPROPRIATION	EXPENDITURE/NET CLAIM ON CONSOLIDATED FUND	RECURRENT APPROPRIATION	CAPITAL APPROPRIATION	EXPENDITURE/NET CLAIM ON CONSOLIDATED FUND
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ORIGINAL BUDGET APPROPRIATION/EXPENDITURE							
Appropriation Act	225 141	225 067	13 209	13 209	241 121	8 840	8 798
Additional Appropriations							
s21 A PF&AA – special appropriation	0	0	0	0	0	0	0
s24 A PF&AA – transfer of functions between departments	7 255	2 255	(374)	(374)	0	0	0
s26 A PF&AA – Commonwealth specific purpose payments	0	0	0	0	0	0	0
	232 396	227 322	12 835	12 835	241 121	8 840	8 798
OTHER APPROPRIATIONS/EXPENDITURE							
Treasurer's Advance	1 072	1 072	98	98	23 270	0	0
Section 22 – expenditure for certain works and services	34 449	33 389	0	0	3 400	0	0
Transfers to/from another agency (s27 of the Appropriation Act)	1 381	1 381	(835)	(835)	0	0	0
Transfers to / from another agency (s28 of the Appropriation Act)	0	0	0	0	12 116	(42)	0
Total Appropriation/Expenditure/Net Claim on Consolidated Fund (includes transfer payments)	269 298	263 164	12 098	12 098	279 907	8 798	8 798
Amount drawn down against Appropriation		263 378		12 098			8 798
Liability to Consolidated Fund		214		0			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 30.

Notes to and forming a part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Department of Primary Industries as a reporting entity comprises all the entities under its control, including the Department's commercial activities, such processes as laboratory testing, education and Fishery fees. The Department also controls activities under the *Agricultural Scientific Collections Trust Act* and the *Agriculture Livestock Disease Control Funding Act, 1998*. 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. The Department of Primary Industries is a NSW government department. The Department is a not for profit entity as profit is not its principal objective and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

In June 2004 Forests NSW was aligned with DPI but continues to operate as a self funded Public Trading Enterprise (PTE). 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.

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. Forests NSW are also a reporting entity.

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 financial reports of the Department of Primary Industries and Forests NSW are consolidated in this document.

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. 'Forest NSW' refers to the specific activities of NSW Forests.

This consolidated financial report has been authorised for issue by the Director-General on 31 October 2007.

(b) Basis of Preparation

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

1. applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standards (AEIFRS);

2. the requirements of the Public Finance and Audit Act and Regulation; and

3. the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

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.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets at 'fair value through profit and loss' and available for sale are measured at fair value. Other financial 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

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 stated at fair value.

(c) Statement of Compliance

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

(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 resulting from these transactions 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.

1. 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 are 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 26 as part of 'Current Liabilities – Other'. The amount will be repaid and the liability will be extinguished next

Notes to and forming a part of the financial statements

financial year. Any liability in respect of transfer payments is disclosed in Note 34 'Administered Assets and Liabilities'.

2. 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.

3. 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).

4. 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.

1. 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.

2. 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

1. 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 5.5% 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.

2. Long Service Leave and Superannuation

The Department's liabilities for long service leave and defined benefit 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 07/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value. Long Service Leave liability was assessed by actuaries at 30th June, 2007.

3. Other Provisions

Other provisions exist when 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 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.

Superannuation

Parent

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.

Forests NSW

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 18).

(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.

(h) Insurance

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

Notes to and forming a part of the financial statements

30th June 2007. 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 DPI or Forestry Commission Division.

Employee related liabilities are transferred from Forests NSW's statutory accounts to New South Wales Department of Primary Industries (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.

(i) Accounting for Taxation

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 7)

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 and 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. While 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

Parent

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 re-values 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 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 re-valued (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 reserve, except that, to the extent that an increment reserves 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 re-valued 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 Valuation Services which is a business unit of Department of Lands on 30 June 2007. Fair value is based on current market buying price representing value in use. The Valuation Services supported this basis of valuation by

Notes to and forming a part of the financial statements

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 Valuation Services (formerly State Valuation Office) at 30 June 2006 on the basis of written down replacement cost, which approximates fair value.

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

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 estimate which approximates fair value.

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

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.

Investment Property

Investment Property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequently to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in 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.

Biological Assets (refer note 20)

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 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. During 2006-2007, a change in the data volume estimates as applied in the inventory model versus actual volume harvested necessitated an additional fair value adjustment of \$105,593 586 or 9.67% of the softwood plantation base value. No additional fair value adjustment was made in the 2005-2006, as the result arising from a similar review of the data volume estimate versus actual volume harvested were inconclusive.

Hardwood Plantation Timber

These plantations are less generally 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, being the best indication of fair value of the standing timber. 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.

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 is derived from the most recently available resource inventory 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 typical cycle of 5-30 years for native forest and 30-50 years for cypress. Where possible necessary standing volume information has been grown forward to 30 June 2007 and

Notes to and forming a part of the financial statements

reduced by volumes sold since the inventory date

Standing volume is calculated based on data obtained from sample inventory plots. Forests covered by the South East and South Coast Regional Forest Agreements (RFAs) have used the RFA inventory data as the basis for valuation. Valuations of the north coast forests prior to 2004 were also based on RFA data. However inventory data for these forests was updated during an all-of-government review completed in 2003. 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 in areas transferred to National Park and areas harvested. A new approach was also developed for estimating harvestable area. Implementation of these processes provided improved information on available sawlog volumes between species, the volume of saleable species, and a reduction in available pulpwood.

As part of a continuous improvement program new biometric equations are being developed for purposes of measurement, estimating growth, estimating standing volume and for estimating product yields.

Forests NSW has commenced implementation of updating the inventory processes to other areas. At this stage, it is not known if similar affects as outlined above, may occur in inventory for those other areas. The current

estimate of volume is the best estimate available and where possible is based on formal analyses that have been prepared in consultation with other government agencies and stakeholder groups.

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.

The table below summarises some statistical information for the highest value component of the main inventories used to determine native forest valuations. The table shows the un-adjusted standing volumes of high value sawlogs, firstly at measurement date, then at June 30 2006. The 95% confidence interval in the initial assessment is also presented. Due to the natural variability of the forests, the confidence range of this high quality product can be quite high. In all native forest examples the final 2006 volume (after growth and harvesting components are added) remains within the initial inventory confidence interval. This demonstrates that the natural variability of the resource has a bigger impact on volume than valuation growth and harvest calculations.

Assessment Area (Inventory Date)	Initial Vol HQL (Snapshot)	PLE on Initial Vol	Lower Bound	Upper Bound	HQL Volume F06	Within Confidence Interval?	Propn of F06 Valn
North Coast (1/1/2004)	5 863 672	± 6.3%	5 492 589	6 234 755	5 698 866	Yes	38%
NC Plantation (1/3/2004)	320 719	± 15.2%	272 088	369 349	401 745	No	3%
South Coast (1/1/1999)	1 340 224	± 18.5%	1 092 282	1 588 165	1 268 189	Yes	9%
SCRA Tumbarrumba (1/1/1999)	2 303 167	± 22.9%	1 775 741	2 830 592	2 382 794	Yes	16%
West CRA (30/6/2006)	1 908 759	± 14.9%	1 624 354	2 193 165	1 760 732	Yes	12%
Total	11 736 541		10 257 054	13 216 026	11 512 326		78%

The above table demonstrates that 95% of the time the volume of high quality large sawlogs in these areas will be between 10.25 million and 13.2 million cubic metres.

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 value of the standing timber without this restriction is \$ 1 146 473 660.

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 2004-2005. For financial year ending 30 June, 2007, unsold carbon credit certificates are accounted for as inventory at lower of cost or net realisable value.

(m) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Department 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.

Forests

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.

(n) Assets Not Able to be Reliably Measured

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 37.

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 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,

Notes to and forming a part of the financial statements

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 \$0.376m for 2006-2007.

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

Except for certain heritage assets, depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the 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
Motor Cycles	7 years	Passenger Vehicles	7 years
Business Equipment	7 years	Laboratory Equipment	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 & 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	Depreciation Method	Useful Life
Property (other than Land)	Straight Line	10 to 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

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.

(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.

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 28(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 operating 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 software assets, the assets are carried at cost less any accumulated amortisation. The Department's intangible software assets are amortised using the straight line method over a period of 10 years.

Water licences have been valued at fair value were there is an active market.

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 (m)).

(u) Loans and Receivables Year ended 30 June 2007

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

Notes to and forming a part of the financial statements

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.

(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 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 private stand alone qualified rating indication of 'BBB-' (BBB minus) by Fitch ratings. This is not necessarily the unqualified corporate credit rating that would otherwise apply to Forests NSW.

(x) Trust Funds

The Department receives monies in a trustee capacity for various trusts as set out in Notes 32 and 33. 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 separately identified in the financial statements.

(y) Investments- Year ended 30 June 2007

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 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

The amount of Dividend payable to the NSW Treasury is set at \$16 000 000. The dividend provided is payable to Treasury in the following financial year.

(ae) Budgeted Amounts

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*

Notes to and forming a part of the financial statements

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

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 scheduled 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 2006-07, leaving a balance of \$1.4m unexpended as at 30 June 2007.

In 2006-07 the Department received funding of \$20.103m to buyout commercial fishers in the Port Stephens-Great Lakes and Batemans marine parks. An amount of \$19.601m had been expended as at 30 June 2007.

(ag) Fisheries Management Amendment Acts

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.

Under the Department's accounting structure, all revenue paid into these special fisheries trust funds and any expenditure there from 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 and 33.

(ah) Comparative Information

Comparative figures are based on AEIFRS.

(ai) Financial instruments accounting policy

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 provision 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

At reporting date all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (The AASB) that are relevant to its operations and effective for the current annual reporting period have been adopted. The adoption of these new and revised Standards and Interpretations has resulted in changes to the entity's accounting policies in the following areas that have affected the amounts reported for the current or prior years:

- Investments classified as at fair value through profit or loss (AASB 2005-04 'Amendments to Australian Accounting Standards'); and
- financial guarantee contracts (AASB 2005-09 'Amendments to Australian Accounting Standards').

There has been no impact arising as a result of these changes in accounting policies.

At the date of authorisation of the financial report, the following Standards and Interpretations were on issue but yet effective:

AASB 7 'Financial Instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue.	Effective for annual reporting periods beginning on or after 1 January 2007.
AASB 8 'Operating Segments' and consequential amendments to other accounting standards resulting from its issue.	Effective for annual reporting periods beginning on or after 1 January 2007.
AASB 101 'Presentation of Financial Statements' – revised standard.	Effective for annual reporting periods beginning on or after 1 January 2007.
Interpretation 10 'Interim Financial Reporting and Impairment'.	Effective for annual reporting periods beginning on or after 1 November 2006.
Interpretation 11 'Group and Treasury Share Transactions and consequential amendments to other accounting standards resulting from its issue.	Effective for annual reporting periods beginning on or after 1 March 2007.
Interpretation 12 'Service Concession Arrangements' and consequential amendments to other accounting standards resulting from its issue.	Effective for annual reporting periods beginning on or after 1 January 2008.

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Early adoption of new or revised Accounting Standards/Interpretation. The following Australian Accounting Standards/Interpretations have been mandated by NSW Treasury not to be adopted early in this financial report:

- AASB 7 & AASB 2005-10 regarding financial instrument disclosures;
- AASB 8 & AASB 2007-3 regarding operating segments;
- AASB 101 (Oct 2006) regarding presentation of financial statements;
- AASB 123 (June 2007) and AASB 2007-6 regarding borrowing costs;
- AASB 1049 regarding the general government sector and GFS/GAAP convergence;
- AASB 2007-4 regarding Australian additions to and deletions from IFRSs;
- AASB 2007-5 regarding inventories held for distribution by not-for-profit entities;
- Interpretation 4 (Feb 2007) regarding determining whether an arrangement contains a lease;
- Interpretation 10 regarding interim financial reporting;
- Interpretation 11 & AASB 2007-1 regarding group and treasury share

transactions;

- Interpretation 12 & AASB 2007-2 regarding service concession arrangements;
- Interpretation 129 (Feb 2007) regarding service concession disclosures.

(ak) Equity Transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated as a contribution by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with Urgent Issues Group Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure between government departments are recognised at the amount at which the asset was recognised by the transferor government department immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.

2. EXPENSES EXCLUDING LOSSES

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
(a) Employee Related Expenses				
Salaries and wages (including recreation leave)	229622	217375	203416	161492
Superannuation – defined benefit plans	1518	2099	8169	7952
Superannuation – defined contribution plans	13898	11802	12773	10015
Long service leave	9775	13024	9429	8468
Workers compensation insurance	3819	3492	2604	3514
Payroll tax and fringe benefits tax	21232	17703	15727	12464
Redundancy payments	4964	3109	4866	2270
Other - Miscellaneous	22173	20570	9585	8465
	307001	289174	266569	214640
(b) Other operating expenses include the following:				
Auditor's remuneration – audit or review of financial reports	644	848	346	573
Cost of inventories held for distribution	16038	15179	16038	15184
Operating lease rental expense – minimum lease payments	15091	14799	13889	13531
Maintenance*	12430	9704	12311	9547
Insurance	2049	2169	1498	1476
Other – Advertising and promotion	895	679	822	628
- Bank charges	180	143	180	143
- Consultancy	724	611	514	154
- Courier and freight	603	357	603	357
- Electricity	2983	3042	2592	2620
- Rates	462	405	378	315
- Materials	16063	18576	0	0
- Telephone	5467	5987	3962	4347
- Travel	11767	9914	9146	7919
- Water	84	90	0	0
- Land Tax	491	356	0	0
- Stamp duty	33	23	0	0
- Fuel	2939	2759	2939	2759
- Legal Fees	237	735	237	735
- Training	1151	904	1151	908
- Fees	26331	20795	26408	20898

2. EXPENSES EXCLUDING LOSSES (continued)

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
- Printing	1 890	1 989	1 890	1 989
- Other operating expenses	26 204	31 551	23 005	23 056
	144 756	141 615	117 909	107 139
Maintenance Reconciliation				
*Maintenance expense as above	12 430	9 704	12 311	9 547
Maintenance related employee expenses included in Note 2(a)	2 187	3 075	2 344	2 254
Total maintenance expenses included in Note 2(a) + (b)	14 617	12 779	14 655	11 801
No employee related costs have been capitalised.				
(c) Depreciation and amortisation expense				
Buildings	6 255	6 365	5 263	5 431
Infrastructure	7 261	6 893	3 216	3 188
Plant and Equipment	16 190	15 429	10 973	10 284
Amortisation of intangible assets	314	286	314	286
	30 020	28 973	19 766	19 189
(d) Grants and subsidies				
Destruction of Noxious Weeds	7 854	7 727	7 854	7 727
Wild Dog Destruction Board	60	60	60	60
Animal Welfare Organisations	512	512	512	512
Rural Lands Protection Boards	740	475	740	475
Rural Counsellors Contribution	701	876	701	876
Grants to Government Bodies	165	3 967	9 722	13 524
Grants to Other Non-Government Bodies	156	63	156	79
Safe Food Production	12 426	12 524	12 426	12 523
Brigalow Structural Adjustment	1 761	0	1 761	0
Drought Transport Subsidies	33 389	17 821	33 389	17 822
	57 764	44 025	67 321	53 598
(e) Finance Costs				
Interest on Treasury Advance	3 169	3 653	1 716	1 941
	3 169	3 653	1 716	1 941
(f) Other expenses				
Beekeepers' Compensation	62	23	62	23
Marine Parks commercial fisheries buyout	19 258	4 414	19 258	4 414
Shark Meshing	881	693	881	693
Buyout of Commercial fisheries	1 308	3 619	1 308	3 619
Remedial Works to Mine Areas	1 732	1 722	1 732	1 722
Australian Standing Committee on Agriculture	3 187	6 081	3 187	6 081
Forest Industry Restructure Package	237	0	237	0
	26 665	16 552	26 665	16 552

Notes to and forming a part of the financial statements

3. REVENUES

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
(a) Sale of goods and services				
Sale of goods:				
Sale of produce	4 958	5 076	4 958	5 074
Sale of publications	755	965	755	966
Minor sales of goods and services	333	387	333	387
Rendering of services:				
Education	3 009	2 405	3 011	2 466
Fees for services rendered	105 476	99 035	10 361	8 867
Fishery Application & Management Fees	3 985	4 744	3 985	4 744
Mine Safety Levy	18 686	5 285	18 686	5 285
Other Services	34 615	27 903	12 384	12 242
	171 817	145 800	54 473	40 031
(b) Investment revenue				
Interest	2 242	3 647	2 622	3 054
Rents	3 668	3 725	884	816
Royalties from the sale of timber and related products	128 420	134 667	0	0
Dividends	80	62	80	62
	135 410	142 101	3 586	3 932
(c) Retained taxes fees and fines				
Recreational Fishing Fees	10 507	10 905	10 507	10 905
	10 507	10 905	10 507	10 905
(d) Grants and Contributions				
Grants – Industry/Private Bodies	43 137	36 780	43 154	36 796
Grants – Public Authorities	6 778	6 064	0	0
Grants – Other Employment Schemes	(300)	443	(300)	443
Grants – Commonwealth Government	2 495	2 626	2 495	2 626
Grants – Budget Sector Agencies	27 257	3 417	27 257	3 104
Grants from Local Government	1 331	906	1 331	907
	80 698	50 236	73 937	43 876
(e) Other revenue				
Other Revenue	921	1 003	921	1 003
	921	1 003	921	1 003
(f) Personnel Services Revenue				
	1 618	2 226	47 637	6 593
(g) Forest Superannuation Gain				
	0	33 364	0	0

Notes to and forming a part of the financial statements

4. GAIN/(LOSS) ON DISPOSAL

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
Gain/(loss) on disposal of property plant and equipment				
Proceeds from sale	9 281	8 810	2 810	6 717
Written down value of assets sold	(10 136)	(9 756)	(3 087)	(6 122)
Net gain on disposal of property plant and equipment	(855)	(946)	(277)	595

5. OTHER GAINS /(LOSSES)

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
Gain on fair value of borrowings	551	0	551	0
Impairment of Receivables	(2 427)	(28)	0	0
Gain/(loss) – fair value of property plant and equipment	(166)	(2 335)	0	0
Gain/(loss) – investment properties	4 261	0	0	0
Increment/(decrement) in net market value of biological assets	(185 251)	(62 942)	335	0
Net Other gains/(losses)	(183 032)	(65 305)	886	0

6. CONDITIONS ON CONTRIBUTIONS

Contributions of \$48.343m during 2006-07 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 unless the body agrees to redirect the funds to another project. Refer Note 21.

The total amounts of contributions which were unexpended at 30 June 2007 (including those received in prior years) were \$19.770m (30 June 2006 - \$8.864m). These funds will be carried forward to the next financial year.

7. INCOME TAXES

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
(a) Income Tax recognised in Operating Statement				
Tax expense/(income) comprises:				
Current tax expense/(income)	5 190	3 765	0	0
Deferred income tax Relating to origination and reversal of timing differences that are part of;				
Deferred tax liability	(42 886)	(57 203)	0	0
Deferred tax asset	(2 269)	62 022	0	0
Total expense/(income)	(39 965)	8 584	0	0
Attributable to:				
Continuing operations	(39 965)	8 584	0	0
Discontinued operations	0	0	0	0
	(39 965)	8 584	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	(138 320)	(11 420)	0	0
Accounting Profit/(Loss) from discontinued operations	0	0	0	0
At the statutory income tax rate of 30 per cent	41 496	(3 426)	0	0
Excess/(Deficit) of accounting depreciation over tax	(208)	(231)	0	0
Non revenue expenditures	(52)	(23)	0	0
Loss on discontinued assets	(72)	(1 665)	0	0
Provisions and accruals expenses	(1 338)	(791)	0	0

Notes to and forming a part of the financial statements

7. INCOME TAXES (continued)

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
Unearned revenue	311	210	0	0
Decrement in net market value of biological assets	(51 792)	(18 828)	0	0
Non Assessable Income	1 885	12 919	0	0
Capitalised finance costs	2 616	2 277	0	0
Sundry Items	(760)	0	0	0
Capital Expenditures on Plantation Establishment	2 723	5 793	0	0
Deferred Income Tax relating to origination and reversal of timing differences	45 156	(4 819)	0	0
Income tax benefit/(expense) reported in operating statement	39 965	(8 584)	0	0

	Consolidated Actual			
	Balance Sheet		Operating Statement	
Income Tax Equivalents	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Deferred Income tax equivalent at 30 June relates to the following:				
Deferred Income Tax equivalent Liabilities				
Property Plant & Equipment	(330 770)	(234 047)	96 723	1 160
Biological Assets	(182 141)	(228 594)	(46 453)	(10 878)
Superannuation	0	0	0	(47 485)
Gross deferred income tax equivalent liabilities	(512 911)	(462 641)		
Deferred Income Tax equivalent Assets				
Superannuation	0	0	0	57 446
Provision of expenses	1 948	650	1 298	8 522
Revenue in advance	8 666	7 695	971	(3 946)
Gross deferred income tax equivalent assets	10 614	8 345	0	0
Deferred income tax equivalent charge			52 539	4 819

8. APPROPRIATIONS

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
Recurrent appropriations				
Total recurrent draw-downs from Treasury (per Summary of Compliance)	263 378	277 897	263 378	277 897
Less: Liability to Consolidated Fund (per Summary of Compliance)	(214)	(1 927)	(214)	(1 927)
	263 164	275 970	263 164	275 970
Comprising:				
Recurrent appropriations (per Operating Statement)	263 164	275 970	263 164	275 970
Transfer payments	0	0	0	0
	263 164	275 970	263 164	275 970
Capital appropriations				
Total capital draw-downs from Treasury (per Summary of Compliance)	12 098	8 798	12 098	8 798
Less: Liability to Consolidated Fund (per Summary of Compliance)	0	0	0	0
	12 098	8 798	12 098	8 798
Comprising:				
Capital appropriations (per Operating Statement)	12 098	8 798	12 098	8 798
Transfer payments	0	0	0	0
	12 098	8 798	12 098	8 798

9. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
The following liabilities and/or expenses have been assumed by the Crown Entity or other Government agencies				
Superannuation	8 189	7 953	8 189	7 953
Long Service Leave	7 384	7 755	7 384	7 755
Payroll tax	491	477	491	477
	16 064	16 185	16 064	16 185

10. 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.

Personnel Services

Program objective: To provide personnel services to selected agencies as part of the State's WorkChoices insulation legislation.

Program description: Personnel services are provided to Forests NSW and Mine Subsidence Board.

11. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
Cash at bank and on hand*	45 356	66 330	42 241	62 118
Short term deposits	434	525	0	0
NSW Treasury Corporation Hourglass Investments	2 066	2 250	0	0
	47 856	69 105	42 241	62 118

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)	47 856	69 105	42 241	62 118
Closing cash and cash equivalents (per Cash Flow Statement)	47 856	69 105	42 241	62 118

The Department has credit facilities of \$6.3 million of which \$5.803 million remains unused at 30 June 2007.

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

Agricultural Scientific Collections Trust	24	19	24	19
-------------------------------------------	----	----	----	----

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*.

Notes to and forming a part of the financial statements

12. CURRENT/NON-CURRENT ASSETS-RECEIVABLES

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
CURRENT				
Sale of goods and services	55 867	58 411	11 313	16 239
Less: Allowance for impairment	(3 334)	(723)	(907)	(695)
Prepayments	5 981	4 803	3 030	2 539
Interest Receivable	1 379	1 704	1 379	1 704
Miscellaneous	8 379	1 600	8 207	1 536
	68 272	65 795	23 022	21 323
NON-CURRENT				
Personnel Services	1 285	1 448	25 699	23 950
	1 285	1 448	25 699	23 950

13. CURRENT/NON-CURRENT ASSETS – INVENTORIES

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
CURRENT				
Valued at Cost				
Materials and Parts	6 861	6 131	1 861	1 357
Work in Progress and Finished Goods	3 200	3 281	257	1 120
	10 061	9 412	2 118	2 477

14. CURRENT/NON-CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
NON-CURRENT				
Gold Exhibits	1 190	351	1 190	351
Shares in Co-Operatives	613	592	613	592
	1 803	943	1 803	943

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. The 2007 valuations are based on the estimated specimen value as at 4 July 2007. These exhibits are as follows:

	Weight (Troy Oz)			
Maitland Bar	344.41	1 010	284	1 010
Lucky Hit	42.64	119	35	119
Woods Flat	20.85	47	17	47
Alluvial Gold	18	14	15	14
TOTAL	425.9	1 190	351	1 190
The value of shares represents holdings in:				
Australian Co-Operative Foods Ltd	502	481	502	481
Norco Co-Operative Ltd	92	92	92	92
Rice Growers Co-Operative Mills Ltd	10	10	10	10
Rice Marketing Board of NSW	9	9	9	9
	613	592	613	592

15. NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT

	Land and Buildings		Plant & Equipment		Infrastructure Systems		Digital Imaging System (DIGS)		Forest Plant & 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 2006												
At Fair Value	948557	204508	124323	92063	154207	45092	5899	5899	5017	0	1238003	347562
Accumulated Depreciation and Impairment	(14145)	(11845)	(52374)	(52374)	(7720)	(7720)	(4130)	(4130)	0	0	(78369)	(76070)
Net Carrying Amount	934412	192662	71949	39689	146487	37372	1769	1769	5017	0	1159634	271492
At 30 June 2007												
At Fair Value	1267317	210344	134657	98305	158311	45410	5899	5899	8180	0	1574365	359958
Accumulated Depreciation and Impairment	(18346)	(18346)	(63487)	(58497)	(14963)	(10918)	(4719)	(4719)	0	0	(101515)	(92480)
Net Carrying Amount	1248971	191988	71170	39808	143348	34492	1180	1180	8180	0	1472849	267478
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		Digital Imaging System (DIGS)		Forest Plant & 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 2007												
Net carrying amount at start of year	934412	192662	71949	39689	146487	37372	1769	1769	5017	0	1159634	271492
Additions	12960	6063	21269	12109	4908	1122	0	0	0	0	39137	19294
Assets held for sale (Note 19)	0	0	0	0	0	0	0	0	0	0	0	0
Disposals	(4122)	(951)	(8611)	(4733)	(290)	(290)	0	0	0	0	(13023)	(5974)
Transfers	(638)	(638)	(346)	(346)	(513)	(513)	0	0	3163	0	1666	(1497)
Opening balance addition	(2631)	0	0	0	0	0	0	0	0	0	(2631)	0
Transfer	(147)	(147)	507	507	(48)	(48)	0	0	0	0	312	312
Acquisitions through administrative restructures	140	140	(801)	(801)	0	0	0	0	0	0	(661)	(661)
Net revaluation increment less revaluation decrements recognised in reserves	315316	0	(875)	0	0	0	0	0	0	0	314441	0
Transfer to intangibles	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation expense	(6451)	(5263)	(15688)	(10383)	(7261)	(3216)	(589)	(589)	0	0	(29989)	(19451)
Writeback on disposal	132	132	3766	3766	65	65	0	0	0	0	3963	3963
Net Carrying amount at end of year	1248971	191988	71170	39808	143348	34492	1180	1180	8180	0	1472849	267478

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*.

Note: Consolidated depreciation expense differs from the operating statement by \$284,000 (2006 \$276,000). This amount represents depreciation held in inventories work in progress as a cost of production of nursery seedlings.

Notes to and forming a part of the financial statements

15. NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT (continued)

	Land and Buildings		Plant & Equipment		Infrastructure Systems		Digital Imaging System (DIGS)		Forest Plant & 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)	(44 13)	(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	948 557	204 508	124 323	92 063	154 207	45 092	5 899	5 899	5 017	0	1 238 003	347 562
Accumulated Depreciation and Impairment	(14 145)	(11 846)	(52 374)	(52 374)	(7 720)	(7 720)	(4 130)	(4 130)	0	0	(78 369)	(76 070)
Net Carrying Amount	934 412	192 662	71 949	39 689	146 487	37 372	1 769	1 769	5 017	0	1 159 634	271 492
Reconciliation												
A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior reporting period is set out below.												
	Land and Buildings		Plant & Equipment		Infrastructure Systems		Digital Imaging System (DIGS)		Forest Plant & 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 19)	(14 978)	(14 978)	0	0	0	0	0	0	0	0	(14 978)	(14 978)
Disposals	(5 594)	(5 418)	(7 153)	(5 020)	(1 402)	(78)	0	0	0	0	(14 149)	(10 516)
Transfers	(11)	(11)	11	11	0	0	0	0	(1 051)	0	(1 051)	0
Opening balance addition	58	58	0	0	0	0	0	0	0	0	58	58
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	0
Revocation	(35 414)	0	0	0	0	0	0	0	0	0	(35 414)	0
Transfer to intangibles	0	0	2 815	2 815	0	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

16. INVESTMENT PROPERTY

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$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	4 261	0	0	0
Closing balance as at 30 June (a)	9 039	4 778	0	0

(a) At Valuation 2007: Land \$2 984 000 Buildings \$6 055 000 by Valuation Services

17. INTANGIBLE ASSETS

	Consolidated Software \$000	Consolidated Other \$000	Consolidated Total \$000	Parent Software \$000	Parent Other \$'000	Parent Total \$000
At 1 July 2006						
Cost (gross carrying amount)	7 181	6 147	13 328	7 181	6 147	13 328
Accumulated amortisation and impairment	(4 525)	0	(4 525)	(4 525)	0	(4 525)
Net Carrying amount	2 656	6 147	8 803	2 656	6 147	8 803
At 30 June 2007						
Cost (gross carrying amount)	8 950	6 147	15 097	8 950	6 147	15 097
Accumulated amortisation and impairment	(4 917)	0	(4 917)	(4 917)	0	(4 917)
Net Carrying amount	4 033	6 147	10 180	4 033	6 147	10 180
Year ended 30 June 2007						
Net carrying amount at start of year	2 656	6 147	8 803	2 656	6 147	8 803
Additions	1 769	0	1 769	1 769	0	1 769
Disposals	(78)	0	(78)	(78)	0	(78)
Impairment losses	0	0	0	0	0	0
Amortisation (recognised in 'depreciation and amortisation')	(314)	0	(314)	(314)	0	(314)
Net carrying amount at end of year	4 033	6 147	10 180	4 033	6 147	10 180
At 1 July 2005						
Cost (gross carrying amount)	7 068	6 147	13 215	7 068	6 147	13 215
Accumulated amortisation and impairment	(4 253)	0	(4 253)	(4 253)	0	(4 253)
Net Carrying amount	2 815	6 147	8 962	2 815	6 147	8 962
At 30 June 2006						
Cost (gross carrying amount)	7 181	6 147	13 328	7 181	6 147	13 328
Accumulated amortisation and impairment	(4 525)	0	(4 525)	(4 525)	0	(4 525)
Net Carrying amount	2 656	6 147	8 803	2 656	6 147	8 803
Year ended 30 June 2006						
Net carrying amount at start of year	2 815	6 147	8 962	2 815	6 147	8 962
Additions	127	0	127	127	0	127
Disposals	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0
Amortisation (recognised in 'depreciation and amortisation')	(286)	0	(286)	(286)	0	(286)
Net carrying amount at end of year	2 656	6 147	8 803	2 656	6 147	8 803

Notes to and forming a part of the financial statements

18. OTHER FINANCIAL ASSETS

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
Tax Asset	0	616	0	0
Employee Superannuation Funds	16 926	9 858	11 692	6 352
	16 926	10 474	11 692	6 352

EMPLOYEE BENEFITS JUNE 2007*Fund Information*

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 present value of the defined benefit obligation

Consolidated - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
<i>Present value of partly funded defined benefit obligations at beginning of year</i>	59 303	9 669	154 375
Current service cost	1 508	559	879
Interest cost	3 404	547	8 909
Contributions by fund participants	887	0	975
Actuarial (gains)/losses	2 775	(21)	(5 282)
Benefits paid	(2 947)	(586)	(8 257)
Past service cost	0	0	0
Curtailements	0	0	0
Settlements	0	0	0
Business Combinations	0	0	0
Exchange rate changes	0	0	0
<i>Present value of partly funded defined benefit obligations at end of the year</i>	64 930	10 168	151 599

Parent - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
<i>Present value of partly funded defined benefit obligations at beginning of year</i>	24 110	6 312	154 375
Current service cost	625	365	879
Interest cost	1 381	357	8 909
Contributions by fund participants	339	0	975
Actuarial (gains)/losses	353	(33)	(5 282)
Benefits paid	(614)	(489)	(8 257)
Past service cost	0	0	0
Curtailements	0	0	0
Settlements	0	0	0
Business Combinations	0	0	0
Exchange rate changes	0	0	0
<i>Present value of partly funded defined benefit obligations at end of the year</i>	26 194	6 512	151 599

Notes to and forming a part of the financial statements

18. OTHER FINANCIAL ASSETS (continued)

Reconciliation of the fair value of fund assets

Consolidated - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
<i>Fair value of Fund assets at beginning of year</i>	65 146	11 873	155 940
Expected return on fund assets	4 892	895	11 652
Actuarial gains/(losses)	5 262	792	10 806
Employer contributions	1 671	596	1 644
Contributions by Fund participants	887	0	975
Benefits paid	(2 947)	(586)	(8 257)
Settlements	0	0	0
Business Combinations	0	0	0
Exchange rate changes	0	0	0
<i>Fair value of Fund assets at end of the year</i>	74 911	13 570	172 760

Parent - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
<i>Fair value of Fund assets at beginning of year</i>	27 014	7 949	155 940
Expected return on fund assets	2 026	599	11 652
Actuarial gains/(losses)	2 373	524	10 806
Employer contributions	735	398	1 644
Contributions by Fund participants	339	0	975
Benefits paid	(614)	(489)	(8 257)
Settlements	0	0	0
Business Combinations	0	0	0
Exchange rate changes	0	0	0
<i>Fair value of Fund assets at end of the year</i>	31 873	8 981	172 760

Reconciliation of the assets and liabilities recognised in the balance sheet

Consolidated - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
Present value of partly funded defined benefit obligations at end of year	64 929	10 168	151 601
Fair value of fund assets at end of year	(74 909)	(13 571)	(172 761)
Subtotal	(9 980)	(3 403)	(21 160)
Unrecognised past service cost	0	0	0
Unrecognised gain/(loss)	0	0	0
Adjustment for limitation on net asset	3 389	1 485	12 742
<i>Net Liability/(Asset) recognised in balance sheet at end of year</i>	(6 591)	(1 918)	(8 418)

Parent - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
Present value of partly funded defined benefit obligations at end of year	26 192	6 511	151 601
Fair value of fund assets at end of year	(31 871)	(8 982)	(172 761)
Subtotal	(5 679)	(2 471)	(21 160)
Unrecognised past service cost	0	0	0
Unrecognised gain/(loss)	0	0	0
Adjustment for limitation on net asset	3 389	1 485	12 742
<i>Net Liability/(Asset) recognised in balance sheet at end of year</i>	(2 290)	(986)	(8 418)

Notes to and forming a part of the financial statements

18. OTHER FINANCIAL ASSETS (continued)

Expense recognised in income statement

Consolidated - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
Components Recognised in Income Statement			
Current service cost	1 508	559	879
Interest cost	3 404	547	8 909
Expected return on Fund assets (net of expenses)	(4 892)	(895)	(11 652)
Actuarial losses/(gains) recognised in year	(2 486)	(813)	(16 088)
Past service cost	0	0	0
Movement in adjustment for limitation on net asset	3 389	1 485	12 742
Curtailement or settlement (gain)/loss	0	0	0
Expense/(income) recognised	(923)	883	(5 210)

Parent - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
Components Recognised in Income Statement			
Current service cost	625	365	879
Interest cost	1 381	357	8 909
Expected return on Fund assets (net of expenses)	(2 026)	(599)	(11 652)
Actuarial losses/(gains) recognised in year	(2 020)	(557)	(16 088)
Past service cost	0	0	0
Movement in adjustment for limitation on net asset	3 389	1 485	12 742
Curtailement or settlement (gain)/loss	0	0	0
Expense/(income) recognised	1 349	1 051	(5 210)

Amounts recognised in the statement of recognised income and expense

Consolidated - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
Actuarial (gains)/losses	0	0	0
Adjustment for limitation on net asset	0	0	0

Parent - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
Actuarial (gains)/losses	0	0	0
Adjustment for limitation on net asset	0	0	0

Cumulative amount recognised in the statement of recognised income and expense

Consolidated - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
Cumulative amount of actuarial (gains)/losses	0	0	0
Cumulative adjustment for limitation on net asset	0	0	0

Parent - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
Cumulative amount of actuarial (gains)/losses	0	0	0
Cumulative adjustment for limitation on net asset	0	0	0

Notes to and forming a part of the financial statements

18. OTHER FINANCIAL ASSETS (continued)

The percentage invested in each asset class at the balance sheet date

	30 Jun 07
Australian equities	33.6%
Overseas equities	26.5%
Australian fixed interest securities	6.8%
Overseas fixed interest securities	6.4%
Property	10.1%
Cash	9.8%
Other	6.8%

Fair value of Fund assets

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

Expected rate of return on assets

The expected return on assets assumption is determined by weighing the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on Fund Assets

Consolidated - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
Actual return on Fund assets	9 417	1 687	21 920

Parent - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
Actual return on Fund assets	3 948	1 123	21 920

Valuation method and principal actuarial assumptions at the balance sheet 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 07
Salary increase rate (excluding promotional increases)	4.0% pa to June 2008; 3.5% thereafter
Rate of CPI Increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	7.6%
Expected rate of return on assets backing other liabilities	7.6%
Discount rate	6.4% pa

Notes to and forming a part of the financial statements

18. OTHER FINANCIAL ASSETS (continued)*c) Demographic Assumptions*

The demographic assumptions at 30 June 2007 are those used in the 2006 triennial actuarial valuation. A selection of the most financially significant assumptions is shown below:

(i) SASS Contributors – the number of SASS contributors expected in any one year (out of 10 000 members) at the ages shown to leave the fund as a result of death disability resignation retirement and redundancy. Promotional salary increase rates are also shown.

Age nearest Birthday	Number of members expected in any one year out of 10 000 members at the age shown to leave the fund as a result of:								Additional promotional salary increase rate %
	Death	Total & Permanent Disability	Retirement		Resignation		Redundancy		
			Part 1	Part 3	Part 1	Part 3	Part 1	Part 3	
Males									
30	4	8	-	-	280	395	150	-	2.90
40	6	10	-	-	150	285	150	-	1.80
50	11	30	-	-	112	172	150	-	0.00
60	30	-	1 400	950	-	-	150	-	0.00
Females									
30	2	2	-	-	372	700	150	-	2.90
40	3	6	-	-	175	320	150	-	1.80
50	7	28	-	-	144	270	150	-	0.00
60	18	-	1 500	1 500	-	-	150	-	0.00

(ii) SSS Contributors – the number of SSS contributors expected in any one year (out of 10 000 members) at the ages shown to leave the fund as a result of death disability resignation retirement and preservation. Promotional salary increase rates are also shown.

Age nearest birthday	Number of members expected in any one year out of 10 000 members at the age shown to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Ill-health Retirement	Retirement (R60 for females)	Cash Resignation (R60 for females)	Preservation (R60 for females)	
Males						
30	4	42	-	178	95	2.90
40	6	54	-	80	140	1.80
50	11	144	-	20	50	0.00
60	30	-	6 500	-	-	0.00
Females						
30	2	6	-	204	124	2.90
40	3	21	-	72	105	1.80
50	7	103	-	30	90	0.00
60	18	-	6 300	-	-	0.00

(iii) SSS Commutation – the proportion of SSS members assumed to commute their pension to a lump sum in any one year.

Age	Proportion of pension commuted	
	Retirement	Breakdown
Later of commencement or age 55	.15	.20
	Widow	Widower
55	.2500	.2500
65	.5380	.5800
75	.4825	.5160
85	.3928	.3728

Notes to and forming a part of the financial statements

18. OTHER FINANCIAL ASSETS (continued)

(iv) SSS Pensioner Mortality – assumed mortality rates (in 2006-07) for SSS pensioners (separately for normal retirement/spouses and invalidity).

Age	Retirement Pensioners and Spouses and Widows		Invalidity Pensioners	
	Males	Females	Males	Females
55	0.0025	0.0014	0.0081	0.0066
65	0.0070	0.0055	0.0112	0.0125
75	0.0194	0.0157	0.0505	0.0314
85	0.0945	0.0634	0.1134	0.1268

(v) SSS Pensioner Mortality Improvements – per annum assumed rates of mortality improvement for SSS pensioner

Age	Improvement rates – (for years post 2006)	
	Males	Females
55	0.0152	0.0113
65	0.0101	0.0065
75	0.0087	0.0068
85	0.0052	0.0080

Historical Information

Consolidated - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
Present value of defined benefit obligation	64 929	10 168	151 601
Fair value of Fund assets	(74 909)	(13 571)	(172 761)
(Surplus)/Deficit in Fund	(9 980)	(3 403)	(21 160)
Experience adjustments – Fund liabilities	2 775	(22)	(5 282)
Experience adjustments – Fund assets	(5 262)	(792)	(10 806)

Parent - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
Present value of defined benefit obligation	26 192	6 511	151 601
Fair value of Fund assets	(31 871)	(8 982)	(172 761)
(Surplus)/Deficit in Fund	(5 679)	(2 471)	(21 160)
Experience adjustments – Fund liabilities	353	(34)	(5 282)
Experience adjustments – Fund assets	(2 373)	(524)	(10 806)

Expected contributions

Consolidated - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
Expected employer contributions	1 688	612	1 560

Parent - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000
Expected employer contributions	697	399	1 560

EMPLOYEE BENEFITS JUNE 2006**Fund Information**

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 a part of the financial statements

18. OTHER FINANCIAL ASSETS (continued)

Reconciliation of the present value of the defined benefit obligation

Consolidated - Financial Year to June 2006	SASS \$000	SANCS \$000	SSS \$000
Present value of partly funded defined benefit obligations at beginning of year	0	0	0
Current service cost	494	171	369
Interest cost	1 000	147	2 527
Contributions by fund participants	271	0	268
Actuarial (gains)/losses	(893)	(311)	(5 884)
Benefits paid	(1 043)	(252)	(1 787)
Past service cost	0	0	0
Curtailements	0	0	0
Settlements	0	0	0
Business Combinations	0	0	0
Exchange rate changes	0	0	0
Transfer in on 17 March 2006	58 188	9 522	151 331
Present value of partly funded defined benefit obligations at end of the year	58 017	9 277	146 824
Parent - Financial Year to June 2006	SASS \$000	SANCS \$000	SSS \$000
Present value of partly funded defined benefit obligations at beginning of year	0	0	0
Current service cost	235	113	369
Interest cost	430	97	2 527
Contributions by fund participants	125	0	268
Actuarial (gains)/losses	(1 075)	(256)	(5 884)
Benefits paid	(443)	(166)	(1 787)
Past service cost	0	0	0
Curtailements	0	0	0
Settlements	0	0	0
Business Combinations	0	0	0
Exchange rate changes	0	0	0
Transfer in on 17 March 2006	23 551	6 132	151 331
Present value of partly funded defined benefit obligations at end of the year	22 823	5 920	146 824

Reconciliation of the fair value of fund assets

Consolidated - Financial Year to June 2006	SASS \$000	SANCS \$000	SSS \$000
Fair value of Fund assets at beginning of year	0	0	0
Expected return on fund assets	1 145	198	2 941
Actuarial gains/(losses)	1 244	239	3 241
Employer contributions	1 586	502	(972)
Contributions by Fund participants	271	0	268
Benefits paid	(1 042)	(251)	(1 787)
Settlements	0	0	0
Business Combinations	0	0	0
Exchange rate changes	0	0	0
Transfer in on 17 March 2006	60 556	10 754	145 083
Fair value of Fund assets at end of the year	63 760	11 442	148 774
Parent - Financial Year to June 2006	SASS \$000	SANCS \$000	SSS \$000
Fair value of Fund assets at beginning of year	0	0	0
Expected return on fund assets	481	130	2 941
Actuarial gains/(losses)	170	157	3 241
Employer contributions	671	330	(972)
Contributions by Fund participants	125	0	268

Notes to and forming a part of the financial statements

18. OTHER FINANCIAL ASSETS (continued)

Benefits paid	(442)	(165)	(1 787)
Settlements	0	0	0
Business Combinations	0	0	0
Exchange rate changes	0	0	0
Transfer in on 17 March 2006	24 622	7 066	145 083
Fair value of Fund assets at end of the year	25 627	7 518	148 774

Reconciliation of the assets and liabilities recognised in the balance sheet

Consolidated - Financial Year to June 2006	SASS \$000	SANCS \$000	SSS \$000
Present value of partly funded defined benefit obligations at end of year	58 016	9 277	146 824
Fair value of fund assets at end of year	(63 759)	(11 441)	(148 775)
Subtotal	(5 743)	(2 164)	(1 951)
Unrecognised past service cost	0	0	0
Unrecognised gain/(loss)	0	0	0
Adjustment for limitation on net asset	0	0	0
Net Liability/(Asset) recognised in balance sheet at end of year	(5 743)	(2 164)	(1 951)

Parent - Financial Year to June 2006	SASS \$000	SANCS \$000	SSS \$000
Present value of partly funded defined benefit obligations at end of year	22 823	5 920	146 824
Fair value of fund assets at end of year	(25 627)	(7 517)	(148 775)
Subtotal	(2 804)	(1 597)	(1 951)
Unrecognised past service cost	0	0	0
Unrecognised gain/(loss)	0	0	0
Adjustment for limitation on net asset	0	0	0
Net Liability/(Asset) recognised in balance sheet at end of year	(2 804)	(1 597)	(1 951)

Expense recognised in income statement

Consolidated - Financial Year to June 2006	SASS \$000	SANCS \$000	SSS \$000
Components Recognised in Income Statement			
Current service cost	494	171	369
Interest cost	1 000	147	2 527
Expected return on Fund assets (net of expenses)	(1 145)	(198)	(2 941)
Actuarial losses/(gains) recognised in year	(2 137)	(549)	(9 125)
Past service cost	0	0	0
Movement in adjustment for limitation on net asset	0	0	0
Curtailment or settlement (gain)/loss	0	0	0
Expense/(income) recognised	(1 788)	(429)	(9 170)

Parent - Financial Year to June 2006	SASS \$000	SANCS \$000	SSS \$000
Components Recognised in Income Statement			
Current service cost	235	113	369
Interest cost	430	97	2 527
Expected return on Fund assets (net of expenses)	(481)	(130)	(2 941)
Actuarial losses/(gains) recognised in year	(1 245)	(412)	(9 125)
Past service cost	0	0	0
Movement in adjustment for limitation on net asset	0	0	0
Curtailment or settlement (gain)/loss	0	0	0
Expense/(income) recognised	(1 061)	(332)	(9 170)

Notes to and forming a part of the financial statements

18. OTHER FINANCIAL ASSETS (continued)

Amounts recognised in the statement of recognised income and expense

	SASS \$000	SANCS \$000	SSS \$000
Consolidated - Financial Year to June 2006			
Actuarial (gains)/losses	0	0	0
Adjustment for limitation on net asset	0	0	0

	SASS \$000	SANCS \$000	SSS \$000
Parent - Financial Year to June 2006			
Actuarial (gains)/losses	0	0	0
Adjustment for limitation on net asset	0	0	0

Cumulative amount recognised in the statement of recognised income and expense

	SASS \$000	SANCS \$000	SSS \$000
Consolidated - Financial Year to June 2006			
Cumulative amount of actuarial (gains)/losses	0	0	0
Cumulative adjustment for limitation on net asset	0	0	0

	SASS \$000	SANCS \$000	SSS \$000
Parent - Financial Year to June 2006			
Cumulative amount of actuarial (gains)/losses	0	0	0
Cumulative adjustment for limitation on net asset	0	0	0

The percentage invested in each asset class at the balance sheet date

	30 Jun 06
Australian equities	37.4%
Overseas equities	27.9%
Australian fixed interest securities	9.9%
Overseas fixed interest securities	6.8%
Property	8.6%
Cash	5.0%
Other	4.4%

Fair value of Fund assets

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

Expected rate of return on assets

The expected return on assets assumption is determined by weighing the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on Fund Assets

	SASS \$000	SANCS \$000	SSS \$000
Consolidated - Financial Year to June 2006			
Actual return on Fund assets	2 405	437	6 103

	SASS \$000	SANCS \$000	SSS \$000
Parent - Financial Year to June 2006			
Actual return on Fund assets	1 012	287	6 103

Valuation method and principal actuarial assumptions at the balance sheet date

d) 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

Notes to and forming a part of the financial statements

18. OTHER FINANCIAL ASSETS (continued)

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.

e) Economic Assumptions

30 Jun 06	
Salary increase rate (excluding promotional increases)	4.0% pa to June 2008; 3.5% thereafter
Rate of CPI Increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	7.6%
Expected rate of return on assets backing other liabilities	7.6%
Discount rate	5.9% pa

f) Demographic Assumptions

The demographic assumptions at 30 June 2006 are those used in the 2006 triennial actuarial valuation. A selection of the most financially significant assumptions is shown below:

(i) SASS Contributors – the number of SASS contributors expected in any one year (out of 10 000 members) at the ages shown to leave the fund as a result of death disability resignation retirement and redundancy. Promotional salary increase rates are also shown.

Age nearest Birthday	Number of members expected in any one year out of 10 000 members at the age shown to leave the fund as a result of:								Additional promotional salary increase rate %
	Death	Total & Permanent Disability	Retirement		Resignation		Redundancy		
			Part 1	Part 3	Part 1	Part 3	Part 1	Part 3	
Males									
30	4	8	-	-	280	395	150	-	2.90
40	6	10	-	-	150	285	150	-	1.80
50	11	30	-	-	112	172	150	-	0.00
60	30	-	1 400	950	-	-	150	-	0.00
Females									
30	2	2	-	-	372	700	150	-	2.90
40	3	6	-	-	175	320	150	-	1.80
50	7	28	-	-	144	270	150	-	0.00
60	18	-	1 500	1 500	-	-	150	-	0.00

(ii) SSS Contributors – the number of SSS contributors expected in any one year (out of 10 000 members) at the ages shown to leave the fund as a result of death disability resignation retirement and preservation. Promotional salary increase rates are also shown.

Age nearest birthday	Number of members expected in any one year out of 10 000 members at the age shown to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Ill-health Retirement	Retirement (R60 for females)	Cash Resignation (R60 for females)	Preservation (R60 for females)	
Males						
30	4	42	-	178	95	2.90
40	6	54	-	80	140	1.80
50	11	144	-	20	50	0.00
60	30	-	6 500	-	-	0.00
Females						
30	2	6	-	204	124	2.90
40	3	21	-	72	105	1.80
50	7	103	-	30	90	0.00
60	18	-	6 300	-	-	0.00

Notes to and forming a part of the financial statements

18. OTHER FINANCIAL ASSETS (continued)

(iii) SSS Commutation – the proportion of SSS members assumed to commute their pension to a lump sum in any one year.

Age	Proportion of pension commuted	
	Retirement	Breakdown
Later of commencement or age 55	.15	.20
	Widow	Widower
55	.2500	.2500
65	.5380	.5800
75	.4825	.5160
85	.3928	.3728

(iv) SSS Pensioner Mortality – assumed mortality rates (in 2006-07) for SSS pensioners (separately for normal retirement/spouses and invalidity).

Age	Retirement Pensioners and Spouses and Widows		Invalidity Pensioners	
	Males	Females	Males	Females
55	0.0025	0.0014	0.0081	0.0066
65	0.0070	0.0055	0.0112	0.0125
75	0.0194	0.0157	0.0505	0.0314
85	0.0945	0.0634	0.1134	0.1268

(v) SSS Pensioner Mortality Improvements – per annum assumed rates of mortality improvement for SSS pensioner

Age	Improvement rates – (for years post 2006)	
	Males	Females
55	0.0152	0.0113
65	0.0101	0.0065
75	0.0087	0.0068
85	0.0052	0.0080

Historical Information

Consolidated - Financial Year to June 2006	SASS \$000	SANCS \$000	SSS \$000
Present value of defined benefit obligation	58 016	9 277	146 824
Fair value of Fund assets	(63 759)	(11 441)	(148 775)
(Surplus)/Deficit in Fund	(5 743)	(2 164)	(1 951)
Experience adjustments – Fund liabilities	(893)	(311)	(5 884)
Experience adjustments – Fund assets	(1 244)	(239)	(3 241)

Parent - Financial Year to June 2006	SASS \$000	SANCS \$000	SSS \$000
Present value of defined benefit obligation	22 823	5 920	146 824
Fair value of Fund assets	(25 627)	(7 517)	(148 775)
(Surplus)/Deficit in Fund	(2 804)	(1 597)	(1 951)
Experience adjustments – Fund liabilities	(1 075)	(256)	(5 884)
Experience adjustments – Fund assets	(170)	(157)	(3 241)

Expected contributions

Consolidated - Financial Year to June 2006	SASS \$000	SANCS \$000	SSS \$000
Expected employer contributions	514	178	429

18. OTHER FINANCIAL ASSETS (continued)

Parent - Financial Year to June 2006	SASS \$000	SANCS \$000	SSS \$000
Expected employer contributions	237	117	429

19. ASSETS HELD FOR SALE

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
Assets held for sale				
Land and Buildings	15 542	15 215	15 542	15 215
	15 542	15 215	15 542	15 215
Amounts recognised in equity relating to assets held for sale				
Property plant and equipment asset revaluation reserve increments/ decrements	15 542	15 215	15 542	15 215

20. BIOLOGICAL ASSETS

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
(a) Softwood Plantation Timber				
Net market value of timber at beginning of reporting period	1 110 668	1 132 909	0	0
Capital expenditure – plantation establishment and development	19 735	17 343	0	0
Capitalisation of borrowing costs	8 721	7 591	0	0
Write-off of growing stock and/or establishment costs	(12 884)	0	0	0
Sale of Plantations	0	0	0	0
Carrying amount as at the reporting date (prior to adjusting for changes in net market value)	1 126 240	1 157 843	0	0
Net market value at reporting date	986 465	1 110 668	0	0
Net increment/(decrement) in the net market value of timber	(139 775)	(47 175)	0	0
(b) Hardwood Plantation Timber				
Carrying amount of timber at the beginning of reporting period – at fair value	61 659	60 094	0	0
Capital expenditure – plantation establishment and development	2 297	1 967	0	0
Sale of Plantations	(10)	(219)	0	0
Write off of failed plantations	(61)	(183)	0	0
Carrying amount as at the reporting date – at fair value	63 885	61 659	0	0
(c) Native Forest Timber				
Net market value of timber at beginning of reporting period	386 347	401 931	0	0
Net market value at reporting date	353 481	386 347	0	0
Net increment/(decrement) in the net market value of timber	(32 866)	(15 584)	0	0
(d) Livestock and fodder				
Net market value of livestock and fodder at beginning of reporting period	5 189	4 655	5 189	4 655

Notes to and forming a part of the financial statements

20. BIOLOGICAL ASSETS (continued)

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
Net market value at reporting date	5 524	5 189	5 524	5 189
Net increment/(decrement) in the net market value of livestock and fodder	335	534	335	534
Total Net Biological Assets	1 409 355	1 563 863	5 524	5 189

21. 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 unless their prior approval has been obtained to use the funds on another project.

The Agricultural Scientific Collections Trust is controlled by separate legislation. That being the *Agricultural Scientific Collections Trust Act 1983*.

22. CURRENT/NON CURRENT LIABILITIES - PAYABLES

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
CURRENT				
Accrued Salaries wages and on-costs	4 276	3 937	2 474	2 289
Receipts in Advance	28 888	25 650	0	0
Creditors	34 227	33 555	11 139	11 991
	67 391	63 142	13 613	14 280
NON-CURRENT				
Personnel Services liability	677	0	11 692	6 352
	677	0	11 692	6 352

23. CURRENT/NON-CURRENT LIABILITIES – BORROWINGS

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
CURRENT				
Secured/Unsecured				
Treasury Advance Repayable – Ovine Johnes Disease Loan	993	2 980	993	2 980
TCorp borrowings – Forests NSW	31 211	20 809	0	0
Treasury Advance Repayable – Locust Loan	3 046	3 047	3 046	3 047
Treasury Advance Repayable – Buyout of Commercial Fishers	970	911	970	911
	36 220	27 747	5 009	6 938
NON-CURRENT				
Secured/Unsecured				
Treasury Advance Repayable – Ovine Johnes Disease Loan	0	0	0	0
TCorp borrowings – Forests NSW	128 532	117 467	0	0
Treasury Advance Repayable – Locust Loan	6 624	6 624	6 624	6 624
Treasury Advance Repayable – Buyout of Commercial Fishers	15 213	16 182	15 213	16 182
	150 369	140 273	21 837	22 806
Repayment of Borrowings (excluding finance leases)				
Not later than one year	36 220	27 747	5 009	6 938
Between one and five years	80 789	60 506	11 186	10 905
Later than five years	69 580	79 767	10 651	11 901
Total borrowings at face value (excluding finance leases)	186 589	168 020	26 846	29 744

NSW Treasury Corporation outstanding loan interest rates ranged between 5.79% and 6.76% (2006: 5.08% and 6.17%)

Notes to and forming a part of the financial statements

24. DIVIDEND

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
Provision for dividend at beginning of year	(26 332)	(27 254)	0	0
Dividend paid	26 332	24 922	0	0
Dividend provided	(16 000)	(24 000)	0	0
Provision for dividend at end of the year	(16 000)	(26 332)	0	0

25. CURRENT/NON-CURRENT LIABILITIES – PROVISIONS

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
CURRENT				
Employee benefits and related on-costs				
Recreation Leave	28 800	26 140	26 864	24 441
Long Service Leave	26 087	26 362	18 480	18 737
Workers Compensation	820	770	0	0
Other	5 181	4 807	4 748	4 372
Redundancy	3 500	1 746	3 500	1 746
	64 388	59 825	53 592	49 296
NON-CURRENT				
Employee benefits and related on-costs				
Recreation Leave	0	0	0	0
Long Service Leave	1 136	999	918	715
Workers Compensation	3 320	2 600	0	0
Other	223	218	211	203
	4 679	3 817	1 129	918
Aggregate employee benefits and related on-costs				
Provisions – current	64 388	59 825	53 592	49 296
Provisions – non-current	4 679	3 817	1 129	918
Accrued salaries wages and on-costs (Note 22)	4 276	3 937	2 474	2 289
	73 343	67 579	57 195	52 503
Movements in provisions (other than employee benefits)	Make Good	Total	Make Good	Total
Carrying amount at beginning of financial year	517	0	517	0
Additional provisions recognised	218	517	218	517
Carrying amount at end of financial year	735	517	735	517

26. CURRENT/NON-CURRENT LIABILITIES - OTHER

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
CURRENT				
Liability to Consolidated Fund	214	1 928	214	1 928
	214	1 928	214	1 928

Notes to and forming a part of the financial statements

27. CHANGES IN EQUITY

	Capital			Accumulated Funds			Asset Revaluation Reserve			Total Equity						
	Consolidated		Parent	Consolidated		Parent	Consolidated		Parent	Consolidated		Parent				
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000				
Balance at the beginning of the financial year	421 706	421 706	0	0	1 084 777	1 101 963	177 277	174 395	625 627	631 456	138 068	138 388	2 132 110	2 155 125	315 345	312 783
AASB 139 first-time adoption	0	0	0	0	0	1 446	0	1 446	0	0	0	0	0	1 446	0	1 446
Other changes in accounting policy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Correction of errors	0	0	0	0	(98)	6 117	(3)	6 117	(1 146)	0	0	0	(1 244)	6 117	(3)	6 117
Restated Opening Balance	421 706	421 706	0	0	1 084 679	1 109 526	177 274	181 958	624 481	631 456	138 068	138 388	2 130 866	2 162 688	315 342	320 346
Changes in equity – transactions with Owners as Owners																
Increase/decrease in net asset from equity transfers (Note 28)	0	0	0	0	(2 310)	(35 356)	(1 017)	58	315 135	0	0	0	312 825	(35 356)	(1 017)	58
Dividend provided	0	0	0	0	(16 000)	(24 000)	0	0	0	0	0	0	(16 000)	(24 000)	0	0
Total	0	0	0	0	(18 310)	(59 356)	(1 017)	58	315 135	0	0	0	296 825	(59 356)	(1 017)	58
Changes in Equity – other than transactions with Owners as Owners																
Surplus/(deficit) for the year	0	0	0	0	(115 305)	(2 240)	(16 950)	(5 171)	0	0	0	0	(115 305)	(2 240)	(16 950)	(5 171)
Increment/decrement on revaluation of:																
Land and buildings	0	0	0	0	0	432	0	432	(1 276)	19 374	0	(432)	(1 276)	20 166	0	0
Plant & Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Library Books	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Assets – Gold Exhibits	0	0	0	0	0	0	0	0	838	112	838	112	838	112	838	112
Transfer to surplus/ (deficit) on disposal of available for sale financial assets	0	0	0	0	0	0	0	0	(92 630)	0	0	0	(92 630)	0	0	0
Other increases/ (decreases)	0	0	0	0	0	10 740	0	0	0	0	0	0	0	10 740	0	0
Total	0	0	0	0	(115 305)	8 932	(16 950)	(4 739)	(93 068)	19 846	838	(321)	(208 373)	28 778	(16 112)	(5 059)

27. CHANGES IN EQUITY (continued)

	Capital		Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	Consolidated	Parent	Consolidated	Parent	Consolidated	Parent	Consolidated	Parent
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Transfers within equity								
Asset revaluation reserve balance transferred to accumulated funds on disposal of asset	0	0	3 704	25 675	934	0	(3 704)	(25 675)
Total	0	0	3 704	25 675	934	0	(3 704)	(25 675)
Balance at the end of the financial year	421 706	421 706	954 768	1 084 777	160 241	177 277	842 844	625 627
							2 219 318	2 132 110
								298 213
								315 345

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 a part of the financial statements

28. COMMITMENTS FOR EXPENDITURE

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$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	200	0	200	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)	200	0	200	0
Infrastructure				
Aggregate capital expenditure for the acquisition of Infrastructure contracted for at balance date but not provided for:				
Not later than one year	905	205	905	205
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)	905	205	905	205
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	5 022	10 129	1 696	220
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)	5 022	10 129	1 696	220
(b) Other Expenditure Commitments				
Aggregate other expenditure for the acquisition of goods and services contracted for at balance date but not provided for:				
Not later than one year	12 479	4 670	12 462	4 648
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)	12 479	4 670	12 462	4 648
(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	6 010	5 448	6 010	5 448
Later than one year and not later than five years	25 811	23 393	25 811	23 393
Later than five years	52 713	54 706	52 713	54 706
Total (including GST)	84 534	83 547	84 534	83 547
Representing:				
Non-cancellable operating leases	84 534	83 547	84 534	83 547
Other				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	3 428	4 608	2 780	3 155
Later than one year and not later than five years	4 466	4 643	3 756	3 935
Later than five years	3 951	3 528	3 642	3 085
Total (including GST)	11 845	12 779	10 178	10 175
Representing:				
Non-cancellable operating leases	11 845	12 779	10 178	10 175

The total commitments includes input tax credits of \$10 001 818 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.

28. COMMITMENTS FOR EXPENDITURE (continued)

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.

29. CONTINGENT LIABILITIES

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
As at 30 June 2007 the Department has \$4.258m of outstanding court cases as set out by category below:				
Negligence	1 927	0	1 927	0
Contamination	5	5	5	5
Minerals and mine safety	2 600	2 600	2 600	2 600
Personal injury	272	1 380	272	1 380
Licence validity	0	15	0	15
Appeals	180	35	180	35
Disputed fish seizure	179	90	179	90
Compulsory acquisition	0	0	0	0
Disputed legislation	1 700	1 468	1 700	1 468
	6 863	5 593	6 863	5 593

DPI Is insured by the Treasury Managed Fund.

During 2006 the Victorian Court of Appeal 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 had 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 and Forests NSW considers that it has no liability associated with the above case.

At balance sheet date various areas of Forests NSW (approx. 235 524 hectares) have been subject to claims under the Native Title Act. Additionally 82 850 hectares of Timber Reserves are within areas covered by active claims. The impact of these claims on the carrying values of the assets cannot be quantified at this time.

30. DPI BUDGET REVIEW

The budget process is finalised prior to the beginning of each financial year. Events can arise after that date that necessitates 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 \$39.670m over the original budget. This is due mainly to expenditure supplementation associated with the continuance of the drought assistance program (\$33.5m), Port Jackson Commercial Fisher buyout of 1.072m and Voluntary Redundancies (\$3.020m).

Assets and liabilities have no major variation from budget

Cash flows from operating activities varied from budget as a result of provision of personnel services to other agencies of \$47.637m. This also caused an equal variation in Receipts. Also budget supplementations were received from with the continuance of the drought assistance program (\$33.5m), Marine park Fisher buyout of \$9.523 and Voluntary Redundancies (\$3.020m).

Cash flows from Investing Activities are under budget by \$17.4745m. This is due to lower than anticipated Proceeds of sales of Property, Plant and Equipment because of delayed property sales.

Cash flows from financing activities are \$3.499m lower than budget because of a deferral in the repayment of a loan.

Notes to and forming a part of the financial statements

31. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
Net cash used on operating activities	51 976	56 936	1 194	4 927
Adjusted for tax paid	2 961	5 040	0	0
Cash Flows from Government/Appropriations	(273 548)	(284 362)	(273 548)	(284 362)
Acceptance by the Crown Entity of employee benefits and other liabilities	(16 041)	(16 155)	(16 041)	(16 155)
Depreciation and amortisation	(30 020)	(28 973)	(19 766)	(19 189)
Non cash expenses	(183 377)	(63 328)	(2 331)	19 693
Non cash revenues	3 244	32	3 244	33
Decrease/(Increase) in provisions	(5 425)	30 807	0	(20 024)
Increase/(Decrease) in receivables	2 314	(3 159)	3 448	30 446
Increase/(Decrease) in other financial assets	6 452	10 474	5 340	6 352
Increase/(Decrease) in other assets	649	4 945	(359)	183
Decrease/(Increase) in creditors	(4 926)	(4 397)	(4 673)	(8 599)
Increase/(Decrease) in other current liabilities	0	(1 524)	(4 507)	(20 024)
Net gain/(loss) in sale of plant and equipment	(855)	(945)	(277)	595
Net cost of services	(446 596)	(294 609)	(308 276)	(306 124)

As at 30 June 2007 Forests NSW had nil available in unused credit a 'Come and Go' Facility held with NSW T-Corp.

32. TRUST FUNDS

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$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 separately identified in the financial statements as the Department cannot use them for the achievement of its own 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	(7)	(13)	(7)	(13)
Add: Receipts	82	85	82	85
Less Expenditure	(79)	(79)	(79)	(79)
Cash balance at the end of the reporting period	(4)	(7)	(4)	(7)

Aquaculture Fishery Research Levy:

Cash balance at the beginning of the Financial Year	41	45	41	45
Add: Receipts	27	32	27	32
Less Expenditure	(32)	(36)	(32)	(36)
Cash balance at the end of the reporting period	36	41	36	41

Fisher Research Levy:

Cash balance at the beginning of the Financial Year	90	113	90	113
Add: Receipts	107	190	107	190
Less Expenditure	(120)	(213)	(120)	(213)
Cash balance at the end of the reporting period	77	90	77	90

Notes to and forming a part of the financial statements

32. TRUST FUNDS (continued)**b) Minerals Related 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	11 369	12 206	11 369	12 206
Add: Receipts	3 545	2 895	3 545	2 895
Less Expenditure	(1 948)	(3 732)	(1 948)	(3 732)
Balance at the end of the reporting period	12 966	11 369	12 966	11 369

33. FISHERIES MANAGEMENT ACT – SPECIAL FISHERIES TRUST FUNDS

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$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 there from 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	636	814	636	814
Add: Revenue				
Sale of goods and services	24	19	24	19
Investment income	30	21	30	21
Transfer from Saltwater Trust	3 000	2 500	3 000	2 500
Grants and contributions	0	0	0	0
Sub total	3 054	2 540	3 054	2 540
Less: Projects Funded*	(3 292)	(2 718)	(3 292)	(2 718)
Sub total	(3 292)	(2 718)	(3 292)	(2 718)
Balance at the end of the reporting period	398	636	398	636

* Of the 'projects funded' in 2007 and in prior periods a net amount of \$0.397m was unexpended at 30 June 2007. This amount will be carried forward into the various approved project budgets for 2007-08.

Recreational Fishing (Saltwater) Trust Fund				
Balance at the beginning of the Financial Year	5 608	4 073	5 608	4 073
Add: Revenue				
Sale of goods and services	25	10	25	10
Investment income	263	249	263	249
Grants and contributions	0	0	0	0
Retained fees grants and contributions	10 642	10 897	10 642	10 897
Sub total	10 930	11 156	10 930	11 156
Less: Projects Funded*	(5 773)	(5 064)	(5 773)	(5 064)
Transfer to Freshwater Trust	(3 000)	(2 500)	(3 000)	(2 500)
Loan repayment transfer	(2 000)	(2 000)	(2 000)	(2 000)
Other	(192)	(57)	(192)	(57)
Sub total	(10 965)	(9 621)	(10 965)	(9 621)
Balance at the end of the reporting period	5 573	5 608	5 573	5 608

* Of the 'projects funded' in 2007 and in prior periods an amount of \$1.544m was unexpended at 30 June 2007. This amount will be carried forward into the various approved project budgets for 2007-08.

Notes to and forming a part of the financial statements

33. FISHERIES MANAGEMENT ACT – SPECIAL FISHERIES TRUST FUNDS (continued)

Commercial Fishing Trust Fund				
Balance at the beginning of the Financial Year	4 474	3 816	4 474	3 816
Add: Revenue				
Sale of goods and services	3 261	3 970	3 261	3 970
Investment income	246	264	246	264
Sub total	3 507	4 234	3 507	4 234
Less: Projects Funded*	(58)	0	(58)	0
Less: Contribution to Department activities*	(3 542)	(3 576)	(3 542)	(3 576)
Sub total	(3 600)	(3 576)	(3 600)	(3 576)
Balance at the end of the reporting period	4 381	4 474	4 381	4 474

* Of the 'projects funded' in 2007 and in prior periods an amount of \$,040m was unexpended at 30 June 2007. This amount will be carried forward into the various approved project budgets for 2007-08.

Fish Conservation Trust Fund				
Balance at the beginning of the Financial Year	80	201	80	201
Add: Revenue				
Sale of goods and services	102	92	102	92
Investment income*	5	10	5	10
Sub total	107	102	107	102
Less: Projects Funded*	0	(223)	0	(223)
Sub total	0	(223)	0	(223)
Balance at the end of the reporting period	187	80	187	80

* Of the 'projects funded' in 2007 and in prior periods an amount of \$0,004m was unexpended at 30 June 2007. This amount will be carried forward into the various approved project budgets for 2007-08.

Aquaculture Trust Fund				
Balance at the beginning of the Financial Year	101	177	101	177
Add: Revenue				
Sale of goods and services	275	267	275	267
Investment income	17	26	17	26
Grants and contributions	207	222	207	222
Sub total	499	515	499	515
Less: Contribution to Department activities*	(499)	(586)	(499)	(586)
Other (Bad debts expense)	(5)	(5)	(5)	(5)
Sub total	(504)	(591)	(504)	(591)
Balance at the end of the reporting period	96	101	96	101

* 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 monies allocated from this trust fund are not 'project specific' and thus there is no carry forward into the next financial year.

33. FISHERIES MANAGEMENT ACT – SPECIAL FISHERIES TRUST FUNDS (continued)

Charter Fishing Trust Fund				
Balance at the beginning of the Financial Year	185	93	185	93
Add: Revenue				
Sale of goods and services	161	149	161	149
Investment income	10	8	10	8
Sub total	171	157	171	157
Less: Projects Funded*	(155)	(65)	(155)	(65)
Sub total	(155)	(65)	(155)	(65)
Balance at the end of the reporting period	201	185	201	185

* Of the 'projects funded' in 2007 and in prior periods an amount of \$0.143m was unexpended at 30 June 2007. This amount will be carried forward into the various approved project budgets for 2007-08.

34. ADMINISTERED ASSETS AND LIABILITIES

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
The Department administers certain activities on behalf of other bodies. The assets and liabilities associated with these activities are listed below:				
Administered Assets				
Receivables – Royalties/Mining lease (less Provision for Doubtful Debts)	1 811	2 255	1 811	2 255
	1 811	2 255	1 811	2 255
Administered Liabilities				
Payables – Royalties	1 816	1 844	1 816	1 844
Income received in Advance	69 039	92 055	69 039	92 055
Payables – NSW Treasury Corporation	993	2 980	993	2 980
	71 848	96 879	71 848	96 879

35. ADMINISTERED REVENUES

	Consolidated 2007 \$000	Consolidated 2006 \$000	Parent 2007 \$000	Parent 2006 \$000
The following monies have been collected on behalf of the Crown Entity and forwarded to NSW Treasury:				
Fees	700	10 978	700	10 978
Fines	493	496	493	496
Licences	134	107	134	107
Plant Disease Inspections	66	14	66	14
Reimbursement of Employers Superannuation	579	277	579	277
Unclaimed monies	45	12	45	12
Payment of Long Service Leave	976	628	976	628
Royalty on Minerals	512 592	514 221	512 592	514 221
	515 585	526 733	515 585	526 733
The following monies have been collected on behalf of the NSW Treasury Corporation:				
Repayments of NSW Grains Board Loan	0	1 297	0	1 297

Notes to and forming a part of the financial statements

36. 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. No additional cash contributions are required from the Department.

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.

37. MARINE PARKS FUND

The Department previously administered jointly with the Department of Environment and Conservation, certain assets on behalf of the Marine parks Authority. These assets were 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 2006-07 were \$11.498m and \$11.498m respectively, leaving a balance of \$0.075m as at 30 June 2007 (balance as at 30 June 2006 was \$0.075m).

As at 27 April these functions were transferred to DECC. Refer note 39.

38. 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 2007 was \$42.241m.

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 2007 was \$23.022m.

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 2007 was \$0.613m. 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 2007 was \$13.613m.

Treasury Advances

The Department has advances of \$26.846m (2006 - \$29.745m) 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:

	2007	2006
	\$'000	\$'000
Less than one year	5 009	6 939
One to five years	11 186	10 905
Greater than five years	10 651	11 901
	26 846	29 745

38. FINANCIAL INSTRUMENTS (continued)**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 NSW**(a) Credit Risk Exposures**

The credit risk on the financial assets of Forests NSW has 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

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.

	2007	2006
	\$'000	\$'000
Less than one year	5 009	6 939
One to five years	11 186	10 905
Greater than five years	10 651	11 901
	26 846	29 745

DPI 2006	1 Year or Less	Over 1 to 5 Years	More than 5 Years	Non Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000

Financial Assets

Cash and Cash Equivalents	62 118	0	0	0	62 118
Receivables	0	0	0	45 273	45 273
Total Financial Assets	62 118	0	0	45 273	107 391

Financial Liabilities

Bank Overdraft and Loans	6 938	10 905	11 901	0	29 744
Trade and Other Creditors	0	0	0	20 632	20 632
Total Financial Liabilities	6 938	10 905	11 901	20 632	50 376
Net Financial Liabilities	55 180	(10 905)	(11 901)	24 641	57 015

DPI 2007	1 Year or Less	Over 1 to 5 Years	More than 5 Years	Non Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000

Financial Assets

Cash and Cash Equivalents	42 241	0	0	0	42 241
Receivables	0	0	0	48 721	48 721
Total Financial Assets	42 241	0	0	48 721	90 962

Financial Liabilities

Bank Overdraft and Loans	5 009	11 186	10 651	0	26 846
Trade and Other Creditors	0	0	0	25 306	25 306
Total Financial Liabilities	5 009	11 186	10 651	25 306	52 152
Net Financial Liabilities	37 232	(11 186)	(10 651)	23 415	38 810

Notes to and forming a part of the financial statements

38. FINANCIAL INSTRUMENTS (continued)

Consolidated 2006	1 Year or Less	Over 1 to 5 Years	More than 5 Years	Non Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash and Cash Equivalents	69 105	0	0	0	69 105
Receivables	0	0	0	67 423	67 423
Total Financial Assets	69 105	0	0	67 423	136 528
Financial Liabilities					
Bank Overdraft and Loans	27 747	60 506	79 767	0	168 020
Trade and Other Creditors	0	0	0	63 143	63 143
Total Financial Liabilities	27 747	60 506	79 767	63 143	231 163
Net Financial Liabilities	41 358	(60 506)	(79 767)	4 280	(94 635)

The carrying values of financial instruments equal to the fair value except for forest 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%

Consolidated 2007	1 Year or Less	Over 1 to 5 Years	More than 5 Years	Non Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash and Cash Equivalents	47 856	0	0	0	47 856
Receivables	0	0	0	69 557	69 557
Total Financial Assets	47 856	0	0	69 557	117 413
Financial Liabilities					
Bank Overdraft and Loans	36 220	80 789	69 580	0	186 589
Trade and Other Creditors	0	0	0	68 069	68 069
Total Financial Liabilities	36 220	80 789	69 580	68 069	254 658
Net Financial Liabilities	11 636	(80 789)	(69 580)	1 488	(137 245)

The carrying values of Forest financial instruments equal to the fair value except for loans where the fair value is \$158 468 025

2007	Weighted Average Rate
Commonwealth Bank Rate	5.64%
T-Corp hour Glass Cash Facility	6.05%

(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 29- 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

Notes to and forming a part of the financial statements

39. TRANSFER OF PROGRAMS (see Note 1(ak))**Plantation Assessment from Department of Natural Resources to Department of Primary Industries**

As a consequence of a restructure of administrative arrangements effective 27 April 2007 certain activities relating to Plantation assessment were transferred to DPI from the Department of Natural Resources.

The following summaries the expenses and revenues recognised by the transferor agencies up to the date of transfer i.e. 27 April 2007.

Comparisons have not been included as they are not readily available.

	DNR 1 July 2006 to 26 April 2007 \$'000	DPI 27 April to 30 June 2007 \$'000	2007 Program \$'000
Expenses			
Operating expenses			
Employee related	790	200	990
Other operating expenses	52	6	58
Grants and subsidies	8 976	1 761	10 737
Other expenses	1 869	279	2 148
Total expenses	11 687	2 246	13 933
Less: retained revenue			
Investment income	39	5	44
Total retained revenue	39	5	44
Net cost of services	11 648	2 241	13 889

Marine Park from Department of Primary Industries to Department of Environment and Climate Change

As a consequence of a restructure of administrative arrangements effective 27 April 2007 certain activities relating to marine park operations were transferred to the Department of Environment and Climate Change from NSW DPI.

The following summaries the expenses and revenues recognised by the transferor agencies up to the date of transfer i.e. 27 April 2007.

Comparisons have not been included as they are not readily available.

	DPI 1 July 2006 to 26 April 2007 \$'000	DECC 27 April to 30 June 2007 \$'000	2007 Total Program \$'000
Expenses			
Operating expenses			
Employee related	189	40	229
Other operating expenses	142	33	175
Depreciation and amortisation	48	13	61
Grants and subsidies	1 285	343	1 628
Other expenses	0	0	0
Total expenses	1 664	429	2 093
Less: retained revenue			
Total retained revenue	0	0	0
Net cost of services	1 664	429	2 093

END OF AUDITED FINANCIAL STATEMENTS

Forests NSW and Forestry Commission Division

Forests NSW

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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 2007 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.

The accompanying financial statements have an audit qualification relating to the valuation of Biological Assets for the year ended 30 June 2007.

I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.


B D Buffler

Commissioner for the Forestry Commission of New South Wales
29 October 2007



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

FORESTRY COMMISSION OF NEW SOUTH WALES

(trading as FORESTS NSW) and controlled entities

To Members of the New South Wales Parliament

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

Qualified Auditor's Opinion

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to satisfy myself as to the valuation of the Biological Assets, the financial report:

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

Basis for Qualified Auditor's Opinion - Biological Assets

Note 2(g)(iii) under the heading Native Forest Timber discloses that there are assumptions and uncertainties relating to the valuation of these forests. The Commission has been unable to provide me with all the information that I require to confirm these assumptions. This together with the Commission's ongoing intention to apply a new inventory regime means that I am unable to form an opinion on the value of the Native Forest Timber included within Biological Assets. I have been unable to carry out audit procedures to quantify the possible adjustments to the financial report that might have been necessary had this limitation not existed.

The Commissioner's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

My opinion does not provide assurance:

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

Independence

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

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

Peter Achterstraat

Auditor-General

30 October 2007

SYDNEY

For the year ended 30 June 2007

INCOME STATEMENT

	Notes	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
Continuing Operations					
Revenue from ordinary activities					
From sales of timber and related activities	3a	223 621	223 621	224 850	224 850
Income from investment properties	3b	108	108	139	139
From other operating activities	3b	46 821	46 821	68 122	63 021
Total Revenue		270 550	270 550	293 111	288 010
Less Expenses from continuing operations					
Contract harvest & haulage		94 306	94 306	90 002	90 002
Contractors		12 588	12 588	12 104	12 104
Depreciation	4a	10 254	10 254	9 784	9 784
Employee & related		27 844	-	62 933	56 204
Personnel services	23(i),(iii)	46 019	73 863	4 367	5 995
Materials		28 612	28 612	18 902	18 902
Fees		9 085	9 085	10 034	10 034
Other		7 521	7 521	10 806	10 806
Changes in Fair Value / Decrement Biological Assets	11(a), (c)	172 641	172 641	62 759	62 759
		408 870	408 870	281 691	276 590
Profit / (Loss) from continuing operations before income tax		(138 320)	(138 320)	11 420	11 420
Income tax expense	5	39 965	39 965	(8 584)	(8 584)
Profit/(Loss) after tax from continuing operations		(98 355)	(98 355)	2 836	2 836
Net Profit/(Loss) for the period		(98 355)	(98 355)	2 836	2 836

The above Income Statement should be read in conjunction with the accompanying notes

As at 30 June 2007

BALANCE SHEET

	Notes	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
Current assets					
Cash and cash equivalents	6	5 615	5 615	6 987	6 987
Trade and other receivables	8	42 299	42 299	42 208	42 199
Inventories	7	7 943	7 943	6 935	6 935
Prepayment		2 951	2 951	2 264	2 264
Other assets	16,23(ii),(iv)	16 249	16 249	9 858	9 858
Current tax asset	5			616	616
Total Current assets		75 057	75 057	68 868	68 859
Non-current assets					
Property, plant and equipment	9	1 205 372	1 205 372	888 142	888 142
Biological assets	11	1 403 831	1 403 831	1 558 674	1 558 674
Investment properties	10	9 039	9 039	4 778	4 778
Deferred income tax asset	5	10 614	10 614	8 345	8 345
Total Non-Current assets		2 628 856	2 628 856	2 459 939	2 459 939
TOTAL ASSETS		2 703 913	2 703 913	2 528 807	2 528 798
Current liabilities					
Trade and other payables	12	52 752	52 752	48 160	48 160
Interest-bearing loans and borrowings	13	31 211	31 211	20 809	20 809
Dividend provided	14	16 000	16 000	26 332	26 332
Provisions	15	11 823	820	11 326	770
Current tax liability	5	1 615	1 615	-----	-----
Total Current Liabilities		113 401	102 398	106 627	96 071
Non-current liabilities					
Interest-bearing loans and borrowings	13	128 532	128 532	117 467	117 467
Provisions	15	3 550	3 320	2 900	2 600
Deferred income tax liability	5	512 911	512 911	462 641	462 641
Amount due to related entities	23(ii),(iv)	24 414	35 647	22 502	33 349
Total non-current liabilities		669 407	680 410	605 510	616 057
Total liabilities		782 808	782 808	712 137	712 128
Net Assets		1 921 105	1 921 105	1 816 670	1 816 670
Equity					
Capital		421 706	421 706	421 706	421 706
Asset revaluation reserve		704 872	704 872	487 559	487 559
Retained profits		794 527	794 527	907 405	907 405
Total Equity		1 921 105	1 921 105	1 816 670	1 816 670

The above Balance Sheet should be read in conjunction with the accompanying notes

For the year ended 30 June 2007

CASH FLOW STATEMENT

	Notes	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
Cash flows from operating activities					
Receipts from customers		267 100	267 100	279 350	279 350
Payment to suppliers and employees		(213 975)	(213 975)	(232 038)	(232 038)
Interest received		619	619	592	592
Income taxes paid		(2 961)	(2 961)	(5 237)	(5 237)
Net Cash Flow from operating activities		50 783	50 783	42 667	42 667
Cash flows from investing activities					
Payments for property, plant and equipment		(23 007)	(23 007)	(12 141)	(12 141)
Payments for plantation establishment		(22 032)	(22 032)	(19 310)	(19 310)
Capitalised interest on Borrowings		(8 721)	(8 721)	(7 591)	(7 591)
Proceeds from sale of property, plant & equipment		6 470	6 470	19 693	19 693
Net cash (outflow) from investing activities		(47 290)	(47 290)	(19 349)	(19 349)
Cash flows from financing activities					
Proceeds from borrowings		38 000	38 000	32 000	32 000
Repayment of borrowings		(16 533)	(16 533)	(31 786)	(31 786)
Dividends paid	14	(26,332)	(26 332)	(24 922)	(24 922)
Net cash inflow (outflow) from financing activities		(4 865)	(4 865)	(24 708)	(24 708)
Net increase (decrease) in cash held					
Cash at the beginning of the financial year		6 987	6 987	8 377	8 377
Cash and cash equivalents at the end of the Period	6	5 615	5 615	6 987	6 987

The above cash flow statement should be read in conjunction with the accompanying notes

For the year ended 30 June 2007

STATEMENT OF CHANGES IN EQUITY

	Economic Entity Capital	Statutory Corporation Capital	Economic Entity Accumulated Funds	Statutory Corporation Accumulated Funds	Statutory Corporation Accumulated Funds	Statutory Corporation Asset Revaluation Reserve	Economic Entity Total Equity	Statutory Corporation Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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)	-----	-----
	-----		10 591	10 591			10 591	10 591
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	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.

For the year ended 30 June 2007

STATEMENT OF CHANGES IN EQUITY (continued)

	Economic Entity Capital	Statutory Corporation Capital	Economic Entity Accumulated Funds	Statutory Corporation Accumulated Funds	Economic Entity Asset Revaluation Reserve	Statutory Corporation Asset Revaluation Reserve	Economic Entity Total Equity	Statutory Corporation Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At July 2006	421 706	421 706	907 405	907 405	487 559	487 559	1 816 670	1 816 670
Changes in equity-transaction with owners as owners(b)			(1 293)	(1 293)			(1 293)	(1 293)
Realised Gain on disposal of other fixed assets			2 770	2 770	(2 770)	(2 770)	-----	-----
Fair Value Revaluation of fixed Assets					315 135	315 135	315 135	315 135
Loss on Decrement of Fixed Asset Valuation					(1 276)	(1 276)	(1 276)	(1 276)
Deferred Tax					(92 630)	(92 630)	(92 630)	(92 630)
Equity Dividend			(16 000)	(16 000)			(16 000)	(16 000)
Fair Value Adjustment on prior year acquisitions					(1 146)	(1 146)	(1 146)	(1 146)
Profit/Loss for the Year			(98 355)	(98 355)			(98 355)	(98 355)
At 30 June 2007	421 706	421 706	794 527	794 527	704 872	704 872	1 921 105	1 921 105

(b) In 2006-2007 5797.79 hectares were transferred revoked and transfer to NPWS and other NSW related government entities

Notes to the Financial Statements for the year ended 30 June 2007

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 (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 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 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 DPI and Forestry Commission Division is based on a signed Memorandum of Understanding.

Forestry Commission Division is a special purpose service entity pursuant to 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 and Interpretations, the *Public Finance and Audit Act 1983*, the Public Finance and Audit (General) Regulation 2005.

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 has been prepared & complies with the accounting and disclosure requirements specified by all Australian Accounting Standards and Interpretations.

(c) Basis of Consolidation

The consolidated statements comprise the financial statements of Forests NSW (parent entity) and Forestry Commission Division as at 30 June 2007.

Financial year 2005/2006 was the initial year in which consolidated statements were prepared for the economic entity.

The financial statements of Forestry Commission Division were prepared for the period 17th March, 2006 to 30th June, 2006, using the same consistent accounting policies with Forests NSW. Adjustments were 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 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 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 2007 has been authorised for use by Barry Buffer, Commissioner of the Forestry Commission of New South Wales, on 29 October, 2007.

(d) Income Tax (Tax equivalents regime) (refer Note 5)

As of 1 July 2001, Forests NSW was 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

Current tax is calculated by reference to the amount of income tax taxes payable or recoverable in respect of the taxable profit or tax losses for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Tax for the current period/prior period is recognised as a liability (or asset) to the extent that is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period (s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and Forests NSW intends to settle its current tax assets and liabilities on a net basis.

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

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

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 of other tangible and intangible assets.

At each reporting date, Forests NSW reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, Forests NSW estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset maybe impaired.

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 and value in use. 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 Valuation Services which is a business unit of Department of Lands on 30 June 2007. Fair value is based on current market buying price representing value in use. The Valuation Services 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 Valuation Services (formerly State Valuation Office) at 30 June 2006 on the basis of written down replacement cost, which approximates fair value.

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

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 estimate which approximates fair value.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

During 2006-2007, a change in the data volume estimates as applied in the inventory model versus actual volume harvested necessitated an additional fair value adjustment of \$105 593 586 or 9.67% of the softwood plantation base value. No additional fair value adjustment was made in the 2005-2006, as the result arising from a similar review of the data volume estimate versus actual volume harvested were inconclusive.

Hardwood Plantation Timber

These plantations are generally 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, being the best indication of fair value of the standing timber. 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 is derived from the most recently available resource inventory 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 typical cycle of 5-30 years for native forest and 30-50 years for cypress. Where necessary standing volume information has been grown forward to 30 June 2007 and reduced by the volume of products sold since the inventory date.

Standing volume is calculated based on data obtained from sample inventory plots. Forests covered by the South East and South Coast Regional Forest Agreements (RFAs) have used the RFA inventory data as the basis for valuation. Valuations of the north coast forests prior to 2004 were also based on RFA data. However inventory data for these forests was updated during an all-of-government review completed in 2003. 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 in areas transferred to National Park and areas harvested. A new approach was also developed for estimating harvestable area. Implementation of these processes provided improved information on available sawlog volumes between species, the volume of saleable species, and a reduction in available pulpwood.

As part of a continuous improvement program new biometric equations are being developed for purposes of measurement, estimating growth, estimating standing volume and for estimating product yields.

Forests NSW has commenced implementation of updating the inventory processes to other areas. At this stage, it is not known if similar affects as outlined above, may occur in inventory for those other areas. The current estimate of volume is the best estimate available and where possible is based on formal analyses that have been prepared in consultation with other government agencies and stakeholder groups.

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.

The table below summarises some statistical information for the highest value component of the main inventories used to determine native forest valuations. The table shows the un-adjusted standing volumes of high value sawlogs, firstly at measurement date, then at June 30 2006. The 95% confidence interval in the initial assessment is also presented. Due to the natural variability of the forests, the confidence range of this high quality product can be quite high. In all native forest examples the final 2006 volume (after growth and harvesting components are added) remains within the initial inventory confidence interval. This demonstrates that the natural variability of the resource has a bigger impact on volume than valuation growth and harvest calculations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assessment Area (Inventory Date)	Initial Vol HQL (Snapshot)	PLE on Initial Vol	Lower Bound	Upper Bound	HQL Volume F06	Within Confidence Interval?	Propn of F06 Valn
North Coast (1/1/2004)	5 863 672	± 6.3%	5 492 589	6 234 755	5 698 866	Yes	38%
NC Plantation (1/3/2004)	320 719	± 15.2%	272 088	369 349	401 745	No	3%
South Coast (1/1/1999)	1 340 224	± 18.5%	1 092 282	1 588 165	1 268 189	Yes	9%
SCRA Tumbarrumba (1/1/1999)	2 303 167	± 22.9%	1 775 741	2 830 592	2 382 794	Yes	16%
West CRA (30/6/2006)	1 908 759	± 14.9%	1 624 354	2 193 165	1 760 732	Yes	12%
Total	11 736 541		10 257 054	13 216 026	11 512 326		78%

The above table demonstrates that 95% of the time the volume of high quality large sawlogs in these areas will be between 10.25 million and 13.2 million cubic metres.

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 value of the standing timber without this restriction is \$1 146 473 660.

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 2004-2005. For financial year ending 30 June, 2007, unsold carbon credit certificates are accounted for as inventory at lower of cost or net realisable value.

(i) Depreciation of Property, Plant & Equipment

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.

Type of Asset	Depreciation Method	Useful Life
Property (other than Land)	Straight Line	10 to 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

(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 use.

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.

(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.

Notes to the Financial Statements for the year ended 30 June 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(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 private stand alone qualified rating indication of 'BBB-' (BBB minus) by Fitch ratings. This is not necessarily the unqualified corporate credit rating

that would otherwise apply to Forests NSW.

(o) Financial Instruments (refer Note 17)

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

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(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 \$16 000 000.00. 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.

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.

(w) 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.

(x) Employee Benefits**Annual leave**

Liability for Annual Leave is recognised in Forestry Commission Division 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 in Forestry Commission Division 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, 2007.

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 is recognised in Forestry Commission Division. It is the difference between the gross liabilities and

the stake in the funds at reporting date in respect of Forestry Commission Division 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 2007. 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 both DPI and Forestry Commission Division.

Employee related liabilities are transferred from Forests NSW's statutory accounts to New South Wales Department of Primary Industries (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, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequently to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in which they arise.

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.

(z) Adoption of new and revised Accounting Standards.

In the current year, Forests NSW has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (The AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has resulted in changes to the entity's accounting policies in the following areas that have affected the amounts reported for the current or prior years:

- Investments classified as at fair value through profit or loss (AASB 2005-04 'Amendments to Australian Accounting Standards'); and
- financial guarantee contracts (AASB 2005-09 'Amendments to Australian Accounting Standards').

There has been no impact arising as a result of these changes in accounting policies.

At the date of authorisation of the financial report, the following Standards and Interpretations were on issue but yet effective:

Notes to the Financial Statements for the year ended 30 June 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

• AASB 7 'Financial Instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue.	• Effective for annual reporting periods beginning on or after 1 January 2007.
• AASB 8 'Operating Segments' and consequential amendments to other accounting standards resulting from its issue.	• Effective for annual reporting periods beginning on or after 1 January 2007.
• AASB 101 'Presentation of Financial Statements' – revised standard.	• Effective for annual reporting periods beginning on or after 1 January 2007.
• Interpretation 10 'Interim Financial Reporting and Impairment'.	• Effective for annual reporting periods beginning on or after 1 November 2006.
• Interpretation 11 'Group and Treasury Share Transactions and consequential amendments to other accounting standards resulting from its issue.	• Effective for annual reporting periods beginning on or after 1 March 2007.
• Interpretation 12 'Service Concession Arrangements' and consequential amendments to other accounting standards resulting from its issue.	• Effective for annual reporting periods beginning on or after 1 January 2008.

Early adoption of new or revised Accounting Standards/Interpretation.

The following Australian Accounting Standards/Interpretations have been mandated by NSW Treasury not to adopt early in this financial report:

- AASB 7 & AASB 2005-10 regarding financial instrument disclosures;
- AASB 8 & AASB 2007-3 regarding operating segments;
- AASB 101 (Oct 2006) regarding presentation of financial statements;
- AASB 123 (June 2007) and AASB 2007-6 regarding borrowing costs;
- AASB 1049 regarding the general government sector and GFS/GAAP convergence;
- AASB 2007-4 regarding Australian additions to and deletions from IFRSs;
- AASB 2007-5 regarding inventories held for distribution by not-for profit entities;
- Interpretation 4 (Feb 2007) regarding determining whether an arrangement contains a lease;
- Interpretation 10 regarding interim financial reporting;
- Interpretation 11 & AASB 2007-1 regarding group and treasury share transactions;
- Interpretation 12 & AASB 2007-2 regarding service concession arrangements;
- Interpretation 129 (Feb 2007) regarding service concession disclosures.

3. REVENUE

	Economic Entity 2007 \$ 000	Statutory Corporation 2007 \$ 000	Economic Entity 2006 \$ 000	Statutory Corporation 2006 \$ 000
Revenue				
a) From timber and related operating activities				
Royalties from sale of timber and related products	128 421	128 421	134 668	134 668
Contract Harvest and Haulage	95 200	95 200	90 182	90 182
	223 621	223 621	224 850	224 850
b) From other operating activities				
Community Service Obligations	9 557	9 557	9 557	9 557
Other Services Rendered	23 669	23 669	16 952	16 952
Interest received	619	619	592	592
Gain on revaluation of investment properties	4 261	4 261	-----	-----
Rental Income from Investment Properties	108	108	139	139
Other rental	2 681	2 681	2 783	2 783
Gain/(Loss) on Sale of Non Current Assets	(578)	(578)	(1 540)	(1 540)
Decrement on revaluation of fixed assets	(166)	(166)	-----	-----
Other State Government Grants	6 778	6 778	6 414	6 414
Superannuation Gain	-----	-----	33 364	28 263
	46 929	46 929	68 261	63 160
Total Revenue	270 550	270 550	293 111	288 010

Community Services and Government Grants

Forests NSW Community Service and Government Grants totalled \$16 335 000 (2006: \$15 971 000). Grants included capital and revenue components, which are detailed in the following notes:

(i) Community Service Obligations

The State Government contributed \$9 557 000 (2006: \$9 557 000) towards the cost of providing Community Services. This contribution was included in the accounts as revenue. In 2006/07, 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 \$11 136 000 (2006: \$10 258 000). These costs are included in operating expenditure.

(ii) Other Government Grants

The State Government also paid Forests NSW \$6 778 000 (2006: \$6 414 000) for the performance of specific services including tasks associated with the Interim Assessment Process and related Comprehensive Resource Assessments.

Notes to the Financial Statements for the year ended 30 June 2007

4. EXPENSES**a) Expenses**

	<i>Notes</i>	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
Finance costs					
Interest and finance charges		8 721	8 721	7 591	7 591
Less: Amount capitalised		(8 721)	(8 721)	(7 591)	(7 591)
Finance costs expensed		-----	-----	-----	-----
Written down value of property, plant and equipment disposed					
		7 215	7 215	6 834	6 834
Depreciation					
Buildings		992	992	934	934
Roads & bridges		4 045	4 045	3 705	3 705
Plant and equipment		5 217	5 217	5 145	5 145
Total depreciation		10 254	10 254	9 784	9 784
Other charges against assets					
Bad debts written off - trade debtors		49	49	98	98
Provisions /Expense					
Doubtful debts	24	2 398	2 398	(70)	(70)
Personnel Services/Employee entitlements		13 106	13 106	(6 627)	(6 627)
Workers compensation	15	770	770	(550)	(550)
Dividend	14	16 000	16 000	24 000	24 000
Total other provisions		32 274	32 274	16 753	16 753

(b) Individually Significant Items

	<i>Notes</i>	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
Operating profit after income tax includes the following individually significant items:					
Expenses					
Net gain/(loss) from staff superannuation fund		1 621	-----	3 506	-----
Applicable income tax credit		-----	-----	-----	-----
		1 621	-----	3 506	-----
Net Movement in Staff Superannuation Fund					
Changes in Fair Value /(decrement) in Biological assets	11	(172 641)	(172 641)	(62 759)	(62 759)
Write off of failed hardwood/softwood plantation	11	(12 945)	(12 945)	(183)	(183)
Total of significant items		(185 586)	(185 586)	(62 942)	(62 942)

5. INCOME TAXES**A) Income Tax recognised in Profit and Loss**

<i>Notes</i>	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
Tax expense/(income) comprises :				
Current tax expense/(income)	5 190	5 190	3 765	3 765
Deferred Income tax				
Relating to origination and reversal of timing differences that are part of :				
Deferred tax liability	(42 886)	(42 886)	(57 203)	(57 203)
Deferred tax asset	(2 269)	(2 269)	62 022	62 022
Total expense /(income)	(39 965)	(39 965)	8 584	8 584
Attributable to :				
Continuing operations	(39 965)	(39 965)	8 584	8 584
Discontinued operations			-----	-----
	(39 965)	(39 965)	8 584	8 584

<i>Notes</i>	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
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	(138 320)	(138 320)	11 420	11 420
Accounting Profit/(Loss) from discontinued operations	-----	-----	----	-----
At the statutory income tax rate of 30%	(41 496)	(41 496)	3 426	3 426
Excess/(Deficit)of accounting depreciation over tax	208	208	231	231
Non revenue expenditures	52	52	23	23
Loss on discontinued assets	72	72	1 665	1 665
Provisions and accruals expenses	1 338	1 338	791	791
Unearned revenue	(311)	(311)	(210)	(210)
Decrement in net market value of biological assets	51 792	51 792	18 828	18 828
Non Assessable Income	(1 885)	(1 885)	(12 919)	(12 919)
Capitalised Finance Costs	(2 616)	(2 616)	(2 277)	(2 277)
Sundry Items	760	760	-----	-----
Capital Expenditures on Plantation Establishment	(2 723)	(2 723)	(5 793)	(5 793)
Deferred Income Tax				
Relating to origination and reversal of timing differences	(45 156)	(45 156)	4 819	4 819
Income tax expense reported in income statement	(39 965)	(39 965)	8 584	8 584

Notes to the Financial Statements for the year ended 30 June 2007

5. INCOME TAXES (continued)**B) (i) Income Tax Equivalents (2005-2006)**

	Balance Sheet			Income Statement		
	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000	Statutory Corporation 2005 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000	Statutory Corporation 2005 \$'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	1 327
Biological Assets	(228 594)	(228 594)	(239 472)	(10 878)	(10 878)	5 816
Superannuation	-----	-----	(47 485)	(47 485)	(47 485)	5 139
Gross Deferred income tax equivalent liabilities	(462 641)	(462 641)	(522 205)			
Deferred income tax equivalent assets						
Superannuation	-----	-----	57 446	57 446	57 446	(3 716)
Provision of expenses	650	650	9 172	8 522	8 522	107
Revenue in Advance	7 695	7 695	3 749	(3 946)	(3 946)	(1 026)
Gross Deferred income tax equivalent assets	8 345	8 345	70 367			
Deferred income tax equivalent charge				4 819	4 819	7 647

B) (ii) Income Tax Equivalents (2006-2007)

	Balance Sheet 2007		Balance Sheet 2006		Income Statement 2007		Income Statement 2006	
	Economic Entity \$'000	Statutory Corporation \$'000						
Deferred Income tax equivalent at 30 June relates to the following:								
Deferred income tax equivalent liabilities								
Property Plant & Equipment	(330 770)	(330 770)	(234 047)	(234 047)	96 723	96 723	1 160	1 160
Biological Assets	(182 141)	(182 141)	(228 594)	228 594	(46 453)	(46 453)	(10 878)	(10 878)
Superannuation	-----	-----	-----	-----	-----	-----	(47 485)	(47 485)
Gross Deferred income tax equivalent liabilities	(512 911)	(512 911)	(462 641)	(462 641)	-----	-----	-----	-----
Deferred income tax equivalent assets								
Superannuation	-----	-----	-----	-----	-----	-----	57 446	57 446
Provision of expenses	1 948	1 948	650	650	1 298	1 298	8 522	8 522
Revenue in Advance	8 666	8 666	7 695	7 695	971	971	(3 946)	(3 946)
Gross Deferred income tax equivalent assets	10 614	10 614	8 345	8 345	-----	-----	-----	-----
Deferred income tax equivalent charge					52 539	52 539	4 819	4 819

6. CASH AND CASH EQUIVALENTS

<i>Notes</i>	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
Cash at bank	3 056	3 056	4 149	4 149
Cash on hand	59	59	63	63
NSW Treasury Corporation Hour Glass Cash Facility	2 066	2 066	2 250	2 250
Other Financial Assets	434	434	525	525
Balances as per cash flow statement	5 615	5 615	6 987	6 987

Investments at call

The NSW Treasury Corporation Hour glass cash facility have been subject to floating interest rates between 5.83% and 6.87% (2006: 5.34% and 5.86%).

7. INVENTORIES

The basis for valuation of Inventories is set out in Note 2(f).

<i>Notes</i>	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
Materials and parts – at cost	5 059	5 059	4 892	4 892
Work in progress and finished goods – at cost and net realisable value	2 884	2 884	2 056	2 056
	7 943	7 943	6 948	6 948
Provision for stock losses	--	--	(13)	(13)
Total Inventories at lower of cost and net realisable value	7 943	7 943	6 935	6 935

8. TRADE AND OTHER RECEIVABLES

<i>Notes</i>	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
Receivables	44 554	44 554	42 172	42 172
Less: specific debts	(2 427)	(2 427)	(28)	(28)
	42 127	42 127	42 144	42 144
Other debtors	172	172	64	55
Total	42 299	42 299	42 208	42 199

During the year bad debts amounting to \$49 000 (2006: \$98 000) were written off.

Notes to the Financial Statements for the year ended 30 June 2007

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 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
At 30 June 2007							
At Fair Value	1 027 747	1 946	27 280	112 901	36 352	8 181	1 214 407
Accumulated depreciation and impairment				(4 045)	(4 990)	-	(9 035)
Net Carrying Amount	1 027 747	1 946	27 280	108 856	31 362	8 181	1 205 372

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.

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*	-	-	(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	Crown Land \$'000	Freehold Land \$'000	Buildings \$'000	Roads & Bridges \$'000	All Plant & Equipment \$'000	PPE WIP \$'000	Total \$'000
Year ended 30 June 2007							
Net carrying amount at start of year	715 833	3 413	22 504	109 115	32 260	5 017	888 142
Additions (transferred to Fixed Assets)	4 962	-	1 935	3 786	9 160	3 164	23 007
Asset Dedications							
Disposals	(424)	(2 000)	(747)	-	(3 878)	-	(7 049)
Asset Revocation	(2 631)	-	-	-	-	-	(2 631)
Depreciation/amort'n expense*	-	-	(1 188)	(4 045)	(5 305)	-	(10 538)
Revaluation Increments (Decrements)	310 007	533	4 776	-	(875)	-	314 441

9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

Net carrying amount at end of year	1 027 747	1 946	27 280	108 856	31 362	8 181	1 205 372
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*Note: Depreciation expense differs from Income Statement by \$284 000 (2006 \$276 000). 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 Valuation Services as at 30/06/07. In 2006/2007 5 797.79 hectares (2005/2006, 359 000 hectares revoked, 2 731 dedicated) were revoked and transferred to NPWS and other NSW related government agencies.
- (b) Building values assessed by Valuation Services as at 30/06/07
- (c) Roads and bridges revalue by Valuation Services (Formerly SVO) as at 30/06/06.
- (d) Motor Vehicles and Heavy Plant assessed by management valuation at 30/06/06.
- (e) Heavy Plant Valuation by Slattery auction as at 30/06/2006
- (f) Other plant and equipment assessed by management valuation as at 30/06/06.

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.

Economic Entity

	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 1 July 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
At 30 June 2007								
At Fair Value		1 027 747	1 946	27 280	112 901	36 352	8 181	1 214 407
Accumulated depreciation and impairment					(4 045)	(4 990)	-	(9 035)
Net Carrying Amount		1 027 747	1 946	27 280	108 856	31 362	8 181	1 205 372

Notes to the Financial Statements for the year ended 30 June 2007

9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)**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.

	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	Crown Land \$'000	Freehold Land \$'000	Buildings \$'000	Roads & Bridges \$'000	All Plant & Equipment \$'000	PPE WIP \$'000	Total \$'000
Year ended 30 June 2007								
Net carrying amount at start of year		715 833	3 413	22 504	109 115	32 260	5 017	888 142
Additions(transferred to Fixed Assets)		4 962	-	1 935	3 786	9 160	3 164	23 007
Asset Dedications		-	-	-	-	-	-	-
Disposals		(424)	(2 000)	(747)	-	(3 878)	-	(7 049)
Asset Revocation		(2 631)	-	-	-	-	-	(2 631)
Depreciation/amort'n expense*	4(a)	-	-	(1 188)	(4 045)	(5 305)	-	(10 538)
Revaluation Increments (Decrements)		310 007	533	4 776	-	(875)	-	314 441
Net carrying amount at end of year		1 027 747	1 946	27 280	108 856	31 632	8 181	1 205 372

*Note: Depreciation expense differs from Income Statement by \$284 000 (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 Valuation Services as at 30/06/07. In 2006/2007 5 797.79 hectares (2005/2006, 359 000 hectares revoked, 2 731 dedicated) were revoked and transferred to NPWS and other NSW related government agencies.

(b) Building values assessed by Valuation Services as at 30/06/07

(c) Roads and bridges revalue by Valuation Services (formerly SVO) as at 30/06/06.

(d) Motor Vehicles and Heavy Plant assessed by management valuation at 30/06/06.

(e) Heavy Plant Valuation by Slattery auction as at 30/06/2006

(f) Other plant and equipment assessed by management valuation as at 30/06/06.

10. INVESTMENT ASSETS

<i>Notes</i>	Economic Entity \$ '000 2007	Statutory Corporation \$ '000 2007	Economic Entity \$ '000 2006	Statutory Corporation \$ '000 2006
Investment assets at beginning of reporting period-at fair value	4 778	4 778	4 778	4 778
Additions/Disposals during the year	-----	-----	-----	-----
Net gain/losses arising from fair value adjustments	4 261	4 261	-----	-----
Investment assets at end of reporting period-at fair value (a)	9 039	9 039	4 778	4 778

(a) At Valuation 2007: Land \$2 984 000, Buildings \$6 055 000 by Valuation Services

11. BIOLOGICAL ASSETS

Summary of Biological assets

<i>Notes</i>	Economic Entity \$ '000 2007	Statutory Corporation \$ '000 2007	Economic Entity \$ '000 2006	Statutory Corporation \$ '000 2006
Softwood Plantation Timber Net Market Value at reporting date	11 a(i) 986 465	986 465	1 110 668	1 110 668
Hardwood Plantation Timber carrying amount as at reporting date	11b(i) 63 885	63 885	61 659	61 659
Native Forest Timber Net Market Value at reporting date	11 c(i) 353 481	353 481	386 347	386 347
	1 403 831	1 403 831	1 558 674	1 558 674

(a) Softwood Plantation Timber**i) Valuation**

<i>Notes</i>	Economic Entity \$ '000 2007	Statutory Corporation \$ '000 2007	Economic Entity \$ '000 2006	Statutory Corporation \$ '000 2006
Net market value of timber at beginning of reporting period	1 110 668	1 110 668	1 132 909	1 132 909
Capital expenditure - plantation establishment & development	19 735	19 735	17 343	17 343
Capitalisation of borrowing costs	8 721	8 721	7 591	7 591
Write-off of growing stock &/or establishment costs	(12 884)	(12 884)	-----	-----
Carrying amount as at the reporting date (prior to adjusting for changes in net market value)	1 126 240	1 126 240	1 157 843	1 157 843
Net market value at reporting date	986 465	986 465	1 110 668	1 110 668
Changes in fair Value/Net increment/(decrement) in the net market value of timber	(139 775)	(139 775)	(47 175)	(47 175)

Notes to the Financial Statements for the year ended 30 June 2007

11. BIOLOGICAL ASSETS (continued)**ii) Plantation area by species and age class**

<i>Notes</i>	Economic Entity 2007 Hectares	Statutory Corporation 2007 Hectares	Economic Entity 2006 Hectares	Statutory Corporation 2006 Hectares
Pinus radiata				
0 –14 years	60 502	60 502	59 479	59 479
15-30 years	94 916	94 916	98 315	98 315
31 years and over	29 434	29 434	30 203	30 203
Total	184 852	184 852	187 997	187 997
Southern Pine				
0 –14 years	3 689	3 689	3 905	3 905
15-30 years	4 136	4 136	3 918	3 918
31 years and over	1 021	1 021	1 563	1 563
Total	8 846	8 846	9 386	9 386
Other major species				
0 –14 years	76	76	57	57
15-30 years	185	185	153	153
31 years and over	2 862	2 862	2 963	2 963
Total	3 123	3 123	3 173	3 173
Total Area of Softwood Plantation	196 821	196 821	200 556	200 556

iii) Softwood Plantation - standing volumes by major species

	Economic Entity 2007	Statutory Corporation 2007	Economic Entity 2006	Statutory Corporation 2006
Species				
Pinus radiata	36 444 234	36 444 234	40 664 199	40 664 199
Southern Pine	786 431	786 431	962 251	962 251
Other Major	505 044	505 044	552 629	552 629
Other Species	234 861	234 861	231 111	231 111

11. BIOLOGICAL ASSETS (continued)**(b) Hardwood Plantation Timber****i) Valuation**

<i>Notes</i>	Economic Entity \$'000 2007	Statutory Corporation \$'000 2007	Economic Entity \$'000 2006	Statutory Corporation \$'000 2006
Carrying amount of timber at beginning of reporting period – at fair value	61 659	61 659	60 094	60 094
Capital expenditure - plantation establishment & development	2 297	2 297	1 967	1 967
Sale of Plantations	(10)	(10)	(219)	(219)
Write off of failed plantations	(61)	(61)	(183)	(183)
Carrying amount as at the reporting date – at fair value (Note 2(g)(iii))	63 885	63 885	61 659	61 659

ii) Plantation area by species (all less than 15 years old)

<i>Notes</i>	Economic Entity 2007 Hectares	Statutory Corporation 2007 Hectares	Economic Entity 2006 Hectares	Statutory Corporation 2006 Hectares
Eucalyptus dunnii	8 353	8 353	8 353	8 353
Corymbia maculate	4 309	4 309	4 307	4 307
Eucalyptus pilularis	4 789	4 789	4 807	4 807
Other Hardwood Plantation Species	9 364	9 364	9 008	9 008
Total Area of Hardwood Plantation	26 815	26 815	26 475	26 475

(c) Native Forest Timber**i) Valuation**

<i>Notes</i>	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
Net market value of timber at beginning of reporting period	386 347	386 347	401 931	401 931
Net market value at reporting date	353 481	353 481	386 347	386 347
Net increment in the net market value of timber	(32 866)	(32 866)	(15 584)	(15 584)

Notes to the Financial Statements for the year ended 30 June 2007

11. BIOLOGICAL ASSETS (continued)

ii) Species Mix of Native Forest areas

Notes	Economic Entity 2007 Hectares*	Statutory Corporation 2007 Hectares*	Economic Entity 2006 Hectares*	Statutory Corporation 2006 Hectares*
Productive forest areas:				
Alpine Ash	16 836	16 836	17 330	17 330
Blackbutt	96 160	96 160	95 292	95 292
Blue Gum	92 994	92 994	91 854	91 854
Messmate	175 653	175 653	159 204	159 204
Mixed Coastal Eucalypt	164 327	164 327	169 670	169 670
Other Inland Eucalypt types	108 633	108 633	89 742	89 742
Rainforest	5 915	5 915	7 275	7 275
River Red Gum	87 365	87 365	91 100	91 100
Snow Gum	19 591	19 591	20 085	20 085
Spotted Gum	146 985	146 985	147 806	147 806
Stringybark	158 360	158 360	171 971	171 971
Un-classified	228 431	228 431	200 601	200 601
White Cypress Pine	148 721	148 721	156 652	156 652
Total	1 449 971	1 449 971	1 418 582	1 418 582
Total non productive forest areas	547 405	547 405	603 530	603 530
Total Area of Native Forest	1 997 376	1 997 376	2 022 112	2 022 112

* Native Forests are not homogenous by species. A total hectare by species is a proportional measure rather than representing discreet forests by species type.

12. TRADE AND OTHER PAYABLES

Notes	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
Current				
Trade	23 864	23 864	22 510	22 510
Receipts in Advance	28 888	28 888	25 650	25 650
Total	52 752	52 752	48 160	48 160

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 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
NSW Treasury Corporation Loans	159 743	159 743	138 276	138 276

13. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Repayment details of these loans shown on the Balance Sheet are as follows:

<i>Notes</i>	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
Not later than 1 year (Current)	31 211	31 211	20 809	20 809
	31 211	31 211	20 809	20 809
Later than 1 year but not later than 5 years (Non Current)	69 603	69 603	49 601	49 601
Later than 5 years (Non Current)	58 929	58 929	67 866	67 866
	128 532	128 532	117 467	117 467
Total borrowings	159 743	159 743	138 276	138 276

NSW Treasury Corporation outstanding loan interest rates ranged between 5.79% and 6.76% (2006: 5.30% and 6.17%)

14. DIVIDENDS PAID/ PROPOSED

<i>Notes</i>	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
Provision for dividend at beginning of year	(26 332)	(26 332)	(27 254)	(27 254)
Dividend paid	26 332	6 332	24 922	24 922
Dividend provided	(16 000)	(16 000)	(24 000)	(24 000)
Provision for dividend at end of the year	(16 000)	(16 000)	(26 332)	(26 332)

15. PROVISIONS

<i>Notes</i>	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
Current Liabilities				
Employee Benefits	11 003	---	10 329	---
Workers Compensation	820	820	770	770
Other			227	---
Total Current Provisions*	11 823	820	11 326	770
Non Current Liabilities				
Employee Benefits	230	---	300	---
Workers Compensation	3 320	3 320	2 600	2 600
Total Non current provisions*	3 550	3 320	2 900	2 600
Total Provisions	15 373	4 140	14 226	3 370

The effect of the change in the discount rate applied (2007-6.00% , 2006 -5.5%) was \$70 000.00

Notes to the Financial Statements for the year ended 30 June 2007

16. OTHER ASSETS

Accounting policy {AASB 119 – paragraph 120A (a)}

Actuarial gains and losses are recognised immediately in profit and loss in the year in which they occur.

Fund information {AASB 119 – paragraph 120A (b)}

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 present value of the defined benefit obligation {AASB 119 – paragraph 120A(c)}

	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 partly funded defined benefit obligations at beginning of the year	0	0	0	0
Current service cost	258 813	58 178	0	316 991
Interest cost	570 112	50 223	0	620 336
Contributions by fund participants	145 569	0	0	145 569
Actuarial (gains)/losses	181 759	(55 200)	0	126 559
Benefits paid	(600 226)	(86 314)	0	(686 541)
Past service cost	0	0	0	0
Curtailments	0	0	0	0
Settlements	0	0	0	0
Business Combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Transfer in on 17 March 2006	34636637	3390245	0	38026882
Present value of partly funded defined benefit obligations at end of the year	35 192 664	3 357 132	0	38 549 796

Reconciliation of the fair value of fund assets {AASB 119 – paragraph 120A (e)}

	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 \$
Fair value of Fund assets at beginning of the year	0	0	0	0
Expected return on fund assets	663 599	67 743	0	731 342
Actuarial gains/(losses)	1 073 855	82 045	0	1 155 900
Employer contributions	914 959	172 293	0	1 087 252
Contributions by Fund participants	145 569	0	0	145 569
Benefits paid	(600 226)	(86 314)	0	(686 541)
Settlements	0	0	0	0
Business combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Transfer in on 17 March 2006	35 934 384	3 687 944	0	39 622 328
Fair value of Fund assets at end of the year	38 132 140	3 923 711	0	42 055 851

16. OTHER ASSETS (continued)

Reconciliation of the assets and liabilities recognised in the balance sheet {AASB 119 – paragraphs 120A (d) and (f)}

	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 partly funded defined benefit obligations at end of year	35 192 664	3 357 132	0	38 549 796
Fair value of fund assets at end of year	(38 132 139)	(3 923 711)	0	(42 055 851)
Subtotal	(2 939 475)	(566 579)	0	(3 506 055)
Unrecognised past service cost	0	0	0	0
Unrecognised gain/(loss)	0	0	0	0
Adjustment for limitation on net asset	0	0	0	0
Net Liability/(Asset) recognised in balance sheet at end of year	(2 939 475)	(566 579)	0	(3 506 055)

Expense recognised in income statement {AASB 119 – paragraph 46 & 120A (g)}

	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 \$
Components Recognised in Income Statement				
Current service cost	258 813	58 178	0	316 991
Interest cost	570 112	50 223	0	620 336
Expected return on Fund assets (net of expense)	(663 599)	(67 743)	0	(731 342)
Actuarial losses/(gains) recognised in year	(892 096)	(137 245)	0	(1 029 341)
Past service cost	0	0	0	0
Movement in adjustment for limitation on net assets	0	0	0	0
Curtailment or settlement (gain)/loss	0	0	0	0
Expense/(income) recognised	(726 770)	(96 587)	0	(823 356)

Amounts recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A (h)}

	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 \$
Actuarial (gains)/losses	0	0	0	0
Adjustment for limit on net asset	0	0	0	0

Cumulative amount recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A (i)}

	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 \$
Cumulative amount of actuarial (gains)/losses	0	0	0	0
Cumulative adjustment for limitation on net asset	0	0	0	0

Fund assets {AASB 119 – paragraph 120A (j)}

Notes to the Financial Statements for the year ended 30 June 2007

16. OTHER ASSETS (continued)

The percentage invested in each asset class at the balance sheet date:

	30-Jun-06
Australian equities	37.4%
Overseas equities	27.9%
Australian fixed interest securities	9.9%
Overseas fixed interest securities	6.8%
Property	8.6%
Cash	5.0%
Other	4.4%

Fair value of Fund assets {AASB 119 – paragraph 120A (k)}

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

Expected rate of return on assets {AASB119 – paragraph 120A (l)}

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual Return on Fund Assets {AASB 119 – paragraph 120A (m)}

	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 Fund assets	1 392 871	149 789	0	1 542 660

Valuation method and principal actuarial assumptions at the balance sheet date {AASB 119 – paragraph 120A (n)}

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 entity

b) Economic Assumptions

	30-Jun-06
Salary increase rate (excluding promotional increases)	4.0% pa to June 2008; 3.5% pa thereafter
Rate of CPI Increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	7.6%
Expected rate of return on assets backing other liabilities	7.6%
Discount rate	5.9% pa

Historical information {AASB119 – paragraph 120A (p)}

	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 obligation	35 192 664	3 357 132	0	38 549 796
Fair value of Fund assets	(38 132 139)	(3 923 711)	0	(42 055 850)
(Surplus)/Deficit in Fund	(2 939 475)	(566 579)	0	(3 506 054)
Experience adjustments – Fund liabilities	181 759	(55 200)	0	126 559
Experience adjustments – Fund assets	(1 073 855)	(82 045)	0	(1 155 900)

Expected contributions {AASB119 – paragraph 120A (q)}

16. OTHER ASSETS (continued)

	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 \$
Expected employer contributions	276 581	61 273	0	337 854

Accounting policy {AASB 119 – paragraph 120A (a)}

Actuarial gains and losses are recognised immediately in profit and loss in the year in which they occur.

Fund information {AASB 119 – paragraph 120A (b)}

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 present value of the defined benefit obligation {AASB 119 – paragraph 120A(c)}

	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 partly funded defined benefit obligations at beginning of the year	35 192 664	3 357 132	0	38 549 796
Current service cost	883 317	194 235	0	1 077 552
Interest cost	2 023 320	189 954	0	2 213 274
Contributions by fund participants	547 885	0	0	547 885
Actuarial (gains)/losses	2 422 459	12 171	0	2 434 630
Benefits paid	(2 322 567)	(96 786)	0	(2 429 353)
Past service cost	0	0	0	0
Curtailments	0	0	0	0
Settlements	0	0	0	0
Business Combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Present value of partly funded defined benefit obligations at end of the year	38 747 078	3 656 706	0	42 393 784

Notes to the Financial Statements for the year ended 30 June 2007

16. OTHER ASSETS (continued)**Reconciliation of the fair value of fund assets {AASB 119 – paragraph 120A (e)}**

	SASS Financial Year to 30 June 2007 \$	SANCS Financial Year to 30 June 2007 \$	SSS Financial Year to 30 June 2007 \$	TOTAL Financial Year to 30 June 2007 \$
Fair value of Fund assets at beginning of the year	38 132 139	3 923 711	0	42 055 851
Expected return on fund assets	2 866 394	295 630	0	3 162 024
Actuarial gains/(losses)	2 888 629	268 220	0	3 156 849
Employer contributions	935 935	198 006	0	1 133 941
Contributions by Fund participants	547 885	0	0	547 885
Benefits paid	(2 332 567)	(96 786)	0	(2 429 353)
Settlements	0	0	0	0
Business combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Fair value of Fund assets at end of the year	43 038 415	4 588 781	0	47 627 197

Reconciliation of the assets and liabilities recognised in the balance sheet {AASB 119 – paragraphs 120A (d) and (f)}

	SASS Financial Year to 30 June 2007 \$	SANCS Financial Year to 30 June 2007 \$	SSS Financial Year to 30 June 2007 \$	TOTAL Financial Year to 30 June 2007 \$
Present value of partly funded defined benefit obligations at end of year	38 737 079	3 656 706	0	42 393 785
Fair value of fund assets at end of year	(43 038 415)	(4 588 782)	0	(47 627 197)
Subtotal	(4 301 336)	(932 076)	0	(5 233 412)
Unrecognised past service cost	0	0	0	0
Unrecognised gain/(loss)	0	0	0	0
Adjustment for limitation on net asset	0	0	0	0
Net Liability/(Asset) recognised in balance sheet at end of year	(4 301 336)	(932 076)	0	(5 233 412)

Expense recognised in income statement {AASB 119 – paragraph 46 & 120A (g)}

	SASS Financial Year to 30 June 2007 \$	SANCS Financial Year to 30 June 2007 \$	SSS Financial Year to 30 June 2007 \$	TOTAL Financial Year to 30 June 2007 \$
Components Recognised in Income Statement				
Current service cost	883 317	194 235	0	1 077 552
Interest cost	2 023 320	189 954	0	2 213 274
Expected return on Fund assets (net of expenses)	(2 866 394)	(295 630)	0	(3 162 024)
Actuarial losses/(gains) recognised in year	(466 169)	(256 049)	0	(722 218)
Past service cost	0	0	0	0
Movement in adjustment for limitation on net asset	0	0	0	0
Curtailment or settlement (gain)/loss	0	0	0	0
Expense/(income) recognised	(425 926)	(167 490)	0	(593 416)

Amounts recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A (h)}

16. OTHER ASSETS (continued)

	SASS Financial Year to 30 June 2007 \$	SANCS Financial Year to 30 June 2007 \$	SSS Financial Year to 30 June 2007 \$	TOTAL Financial Year to 30 June 2007 \$
Actuarial (gains)/losses	0	0	0	0
Adjustment for limit on net asset	0	0	0	0

Cumulative amount recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A (i)}

	SASS Financial Year to 30 June 2007 \$	SANCS Financial Year to 30 June 2007 \$	SSS Financial Year to 30 June 2007 \$	TOTAL Financial Year to 30 June 2007 \$
Cumulative amount of actuarial (gains)/losses	0	0	0	0
Cumulative adjustment for limitation on net asset	0	0	0	0

Fund assets {AASB 119 – paragraph 120A (j)}

The percentage invested in each asset class at the balance sheet date:

	30-Jun-07
Australian equities	33.6%
Overseas equities	26.5%
Australian fixed interest securities	6.8%
Overseas fixed interest securities	6.4%
Property	10.1%
Cash	9.8%
Other	6.8%

Fair value of Fund assets {AASB 119 – paragraph 120A (k)}

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

Expected rate of return on assets {AASB119 – paragraph 120A (l)}

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual Return on Fund Assets {AASB 119 – paragraph 120A (m)}

	SASS Financial Year to 30 June 2007 \$	SANCS Financial Year to 30 June 2007 \$	SSS Financial Year to 30 June 2007 \$	TOTAL Financial Year to 30 June 2007 \$
Actual return on Fund assets	5 469 035	563 850	0	6 032 885

Valuation method and principal actuarial assumptions at the balance sheet date {AASB 119 – paragraph 120A (n)}**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 entity

Notes to the Financial Statements for the year ended 30 June 2007

16. OTHER ASSETS (continued)**b) Economic Assumptions**

	30-Jun-07
Salary increase rate (excluding promotional increases)	4.0% pa to June 2008; 3.5% pa thereafter
Rate of CPI Increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	7.6%
Expected rate of return on assets backing other liabilities	7.6%
Discount rate	6.4% pa

Historical information {AASB119 – paragraph 120A (p)}

	SASS Financial Year to 30 June 2007 \$	SANCS Financial Year to 30 June 2007 \$	SSS Financial Year to 30 June 2007 \$	TOTAL Financial Year to 30 June 2007 \$
Present value of defined benefit obligation	38737079	3656706	0	42393785
Fair value of Fund assets	(43038415)	(4588782)	0	(47627197)
(Surplus)/Deficit in Fund	(4301336)	(932076)	0	(5233412)
Experience adjustments – Fund liabilities	2422459	12171	0	2434630
Experience adjustments – Fund assets	(2888629)	(268220)	0	(3156849)

Expected contributions {AASB119 – paragraph 120A (q)}

	SASS A\$	SANCS A\$	SSS A\$	TOTAL A\$
Expected employer contributions	991414	212770	0	1204184

17. FINANCIAL INSTRUMENTS**(a) Credit Risk Exposures**

The credit risk on the financial assets of Forests NSW has 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 Body

2006	<i>Notes</i>	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	6987				6987
Receivables	8				42199	42199
Prepayments					2264	2264
Total Financial Assets		6987			44463	51450
Financial Liabilities						
Bank Overdraft and Loans	13	20809	49601	67866		138276

Notes to the Financial Statements for the year ended 30 June 2007

17. FINANCIAL INSTRUMENTS (continued)

Trade and Other Payables	12				48 160	48 160
Total Financial Liabilities		20 809	49 601	67 866	48 160	186 436
Net Financial Liabilities		(13 822)	(49 601)	(67 866)	(3 697)	(134 986)

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%

Statutory Body

2007	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	5 615				5 615
Receivables	8				42 229	42 229
Prepayments					2 951	2 951
Total Financial Assets		5 615			45 180	50 795
Financial Liabilities						
Bank Overdraft and Loans	13	31 211	69 604	58 929		159 744
Trade and Other Payables	12				52 752	52 752
Total Financial Liabilities		31 211	69 604	58 929	52 752	212 496
Net Financial Liabilities		(25 596)	(69 604)	(58 929)	(7 572)	(161 701)

The carrying values of financial instruments equal to the fair value except for loans where the fair value is \$158 468 025

2007	Weighted Average Rate
Commonwealth Bank Rate	5.64%
T-Corp hour Glass Cash Facility	6.05%

Notes to the Financial Statements for the year ended 30 June 2007

17. FINANCIAL INSTRUMENTS (continued)**Economic Entity**

2006	Notes	1 Year or Less	Over 1 to 5 Years	More than 5 Years	Non Interest Bearing	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash and Cash Equivalents	6	6 987				6 987
Receivables	8				42 208	42 208
Prepayments					2 264	2 264
Total Financial Assets		6 987			44 472	51 459
Financial Liabilities						
Bank Overdraft and Loans	13	20 809	49 601	67 866		138 276
Trade and Other Payables	12				48 160	48 160
Total Financial Liabilities		20 809	49 601	67 866	48 160	186 436
Net Financial Liabilities		(13 822)	(49 601)	(67 866)	(3 688)	(134 977)

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%

Economic Entity

2007	Notes	1 Year or Less	Over 1 to 5 Years	More than 5 Years	Non Interest Bearing	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash and Cash Equivalents	6	5 615				5 615
Receivables	8				42 229	42 229
Prepayments					2 951	2 951
Total Financial Assets		5 615			45 180	50 795
Financial Liabilities						
Bank Overdraft and Loans	13	31 211	69 604	58 929		159 744
Trade and Other Payables	12				52 752	52 752
Total Financial Liabilities		31 211	69 604	58 929	52 752	212 496
Net Financial Liabilities		(25 596)	(69 604)	(58 929)	(7 572)	(161 701)

The carrying values of financial instruments equal to the fair value except for loans where the fair value is \$158 468 025

17. FINANCIAL INSTRUMENTS (continued)

2007	Weighted Average Rate
Commonwealth Bank Rate	5.64%
T-Corp hour Glass Cash Facility	6.05%

(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 \$1 667,000 (2006: \$2 604 000). These agreements relate to occupancy of offices throughout the State. Forests NSW had no other material lease and hire purchase agreements.

	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
Not later than one year	648	648	1 453	1 453
Later than one year and not later than five years	710	710	708	708
Later than five years	309	309	443	443
Total (including GST)	1 667	1 667	2 604	2 604

19. REMUNERATION OF EXTERNAL AUDITORS

	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
Audit Office of NSW – Audit of financial statements	298	298	275	275

20. CONSULTANTS

Forests NSW engaged consultants to undertake activities, which require specialist or independent skills. In 2007 the total cost for consultants was \$210 274 (2006: \$458 000)

Notes to the Financial Statements for the year ended 30 June 2007

21. CONTINGENT LIABILITIES

During 2006, the Victorian Court of Appeal 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 had subsequently made orders in relation to the following:

- A Shire Council is to pay Forests NSW and plaintiff's costs of the Shire Council's appeal;
- A Shire Council and the plaintiff's are to pay Forests NSW's costs of the Forests NSW appeal
- The plaintiff is to pay the Shire Council's and Forests NSW's costs of the plaintiff cross appeal

- A Shire Council is to pay the costs of Forests NSW cross claim against the Shire Council
- 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 and Forests NSW considers that it has no liability associated with the above case.

At balance sheet date, various areas of Forests NSW (approx. 235,524 hectares) have been subject to claims under the Native Title Act. Additionally, 82,850 hectares of Timber Reserves are within areas covered by active claims. 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 has the following commitments :

i) Capital :	2007 (\$)	2006 (\$)
Establishment of Biological Assets	1 625 626	4 487 847
Others	1 700 110	2 729 044
	3 325 736	7 216 891
ii) Operating	17 456	19 791
Total Commitments(a)	3 343 192	7 236 682
Input tax Credits(b)	302 927	653 000

(a) All commitments are expected to be expended in the next financial year and include input tax credits.

(b) Input tax credits 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 (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 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 DPI.

Forests NSW's main related parties for trading are Forestry Commission Division and Department of Primary Industries. Related party transactions based on the Memorandum of Understanding are as follows:

(i) Income Statements

	Income Statements 2006				
	Supply of Personnel Services	Less Charge back for transfer of Superannuation Gain	Total Net Supply	Economic Entity	Statutory Corporation
	\$'000	\$'000	\$'000	\$'000	\$'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

23. RELATED ENTITIES (continued)**(ii) Balance Sheet**

Balance Sheet 2006					
	Notes	Economic Entity Other Assets	Statutory Corporation Other Assets	Economic Entity Non Current Liabilities	Statutory Corporation Non Current Liabilities
		\$'000	\$'000	\$'000	\$'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)

(iii) Income Statements

Income Statements 2007					
	Supply of Personnel Services	Less Charge back for transfer of Superannuation Gain	Total Net Supply	Economic Entity	Statutory Corporation
	\$'000	\$'000	\$'000	\$'000	\$'000
Department of Primary Industries	50 682	(4 663)	46 019	46 019	46 019
Forestry Commission Division	29 465	(1 621)	27 844	-----	27 844
Total	80 147	(6 284)	73 863	46 019	73 863

(iv) Balance Sheet

Balance Sheet 2007					
	Notes	Economic Entity Other Assets	Statutory Corporation Other Assets	Economic Entity Non Current Liabilities	Statutory Corporation Non Current Liabilities
		\$'000	\$'000	\$'000	\$'000
Department of Primary Industries		11 015	11 015	24 414	24 414
Forestry Commission Division		*-----	5 234	-----	11 233
Prepaid Superannuation Assets		5 234	-----	-----	-----
Total		16 249	16 249	24 414	35 647

* 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 (8/12/2003-05/03/2006)
- iii) Alastair Howard Acting CEO (10/03/2006-30/04/2007)
- iv) Nick Roberts CEO (30/04/2007)

Notes to the Financial Statements for the year ended 30 June 2007

23. RELATED ENTITIES (continued)

	Short-Term Employee Benefits	Post Employment Benefits	Other Long Term Benefits	Termination Benefits	Share-based payment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2007 Total Compensation	253					253
30 June 2006 Total Compensation	250	----	----	----	----	250

The Commissioner for Forests NSW does not received 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 2007 Forests NSW has not raised any provision for doubtful debts relating to amounts owed by key management personnel (2006 nil)

24. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 31 July 2007, Stephen Graham Longley and David Laurence McEvoy of PricewaterhouseCoopers, Freshwater Place, 2 Southbank Boulevard, Southbank, were appointed Joint and Several Receivers and Managers of Integrated Forest Products Pty and Timbermans Group Pty Ltd ("by the National Australia Bank Limited).

Integrated Forest Products Pty Ltd has an unsecured debt with Forests NSW of \$ 2 365 416 that has been fully provided in the accounts.

25. RECONCILIATION OF OPERATING PROFIT (After Income Tax)**TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2006 \$'000
Net/(loss) after income tax	(98 355)	(98 355)	2 836	2 836
	(98 355)	(98 355)	2 836	2 836
Adjusted for non-cash items:				
Depreciation	10 254	10 254	10 060	10 060
Loss/(Profit) on disposal of non-current assets	744	744	1 540	1 540
Write-down of plantation , Asset Revocations, Revaluation, (Increment) /Decrement to Profit and Loss	(30 585)	(30 585)	5 383	5 383
Biological assets :Revaluation (Increment)/Decrement - Native Forests	32 866	32 866	15 584	15 584
-Softwood Plantations	139 775	139 775	47 175	47 175
	153 054	153 054	79 742	79 742
Change in operating assets and liabilities:				
Movement in receivables	3 139	3 139	(7 892)	(7 892)
Movement in inventories	(996)	(996)	24	24
Movement in creditors	(1 055)	(1 055)	3 459	3 459
Movement in provisions	(2 299)	(2 299)	(38 850)	(38 850)
Movement in Income tax	(2 705)	(2 705)	3 348	3 348
	(3 916)	(3 916)	(39 911)	39 911)
Net cash inflow from operating activities	50 783	50 783	42 667	42 667

As at 30 June 2007, Forests NSW had Nil available in unused credit a 'Come and Go' Facility held with NSW T-Corp

END OF AUDITED FINANCIAL STATEMENTS

STATEMENT BY DIVISION HEAD

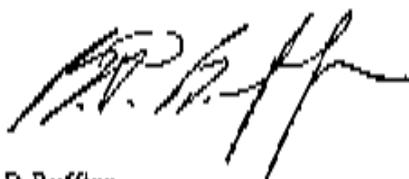
(as Public Sector Employment Legislation Amendment Act 2006)

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 2007.

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.



B D Buffler

Director-General of The NSW Department of Primary Industries

29 October 2007



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Forestry Commission Division

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Forestry Commission Division (the Division), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

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

The Director-General's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

My opinion does not provide assurance:

- about the future viability of the Division,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

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

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

CJ Giumelli

Director, Financial Audit Services

30 October 2007

SYDNEY

For the year ended 30 June, 2007

INCOME STATEMENT

	<i>Notes</i>	2007 \$'000	2006 \$'000
Income			
Personnel Services	4	27 844	1 628
Total Revenue			
		27 844	1 628
Less Expenses from continuing operations			
Wages		21 230	4 911
Superannuation		848	(4 786)
Annual and Long Service Leave		3 012	953
Payroll tax		1 477	540
Worker Comp		1 214	(19)
Fringe Benefits Tax		63	29
Total expenses			
		27 844	1 628
Net profit/(Loss) for the period		0	0

The above Income Statement should be read in conjunction with the accompanying notes.

As at 30 June, 2007

BALANCE SHEET

	<i>Notes</i>	2007 \$'000	2006 \$'000
Current assets			
Receivables		11 233	10 847
Other Assets	2	5 234	3 506
Total Assets			
		16 467	14 353
Current Liabilities			
Provisions	3	11 003	10 547
Amount Due to Related Entity	4	5 234	3 506
Total Current liabilities			
		16 237	14 053
Non Current Liabilities			
	3	230	300
Total Liabilities			
		16 467	14 353
Equity			
Accumulated Funds		0	0
Total Equity			
		0	0

The above Balance Sheet should be read in conjunction with the accompanying notes.

For the Year ended 30 June, 2007

CASH FLOW STATEMENT

	<i>Notes</i>	2007 \$'000	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	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	0
Cash flows from financing activities			
Proceeds from borrowings			-----
Repayment of borrowings			-----
Dividends paid			-----
Net cash inflow (outflow) from financing activities		0	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	0

The above cash flow statement should be read in conjunction with the accompanying notes.

For the year ended 30 June 2007

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2007

	Statutory Corporation Capital \$'000	Economic Entity Accumulated Funds \$'000	Accumulated Funds \$'000	Total Equity \$'000
At 01/07/2006	0	0	0	0
At 30 June 2007	0	0	0	0

For the year ended 30 June 2006

	Statutory Corporation Capital \$'000	Economic Entity Accumulated Funds \$'000	Accumulated Funds \$'000	Total Equity \$'000
At 17/03/2006	0	0	0	0
At 30 June 2006	0	0	0	0

The above statement of equity should be read in conjunction with the accompanying notes.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a) Reporting entity**

Forestry Commission Division is a Division of the Government Service established pursuant 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 121-131 Oratava Avenue West Pennant Hills NSW 2125.

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 a Memorandum of 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 assumed liabilities were recognised as at 30th June 2007 with offsetting receivable from Forestry Commission of NSW.

The financial report was authorised for issue by Barry Buffier Director-General of the NSW Department of Primary Industries Industries on 29 October 2007.

(b) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations the Public Finance and Audit Act 1983 the Public Finance and Audit (General) Regulation 2005 and specific directions issued by the Treasurer.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated

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) 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.

(d) 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.

(e) 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

(f) 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 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 (i.e. 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 30/06/2007. 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 (i.e. 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.

(g) Adoption of new and revised Accounting Standards.

In the current year Forests NSW has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (The AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has resulted in changes to the entity's accounting policies in the following areas that have affected the amounts reported for the current or prior years:

Investments classified as at fair value through profit or loss (AASB 2005-04 'Amendments to Australian Accounting Standards'); and

Notes to the Financial Statements for the year ending 30 June 2007

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

financial guarantee contracts (AASB 2005-09 'Amendments to Australian Accounting Standards').

There has been no impact arising as a result of these changes in accounting policies.

At the date of authorisation of the financial report the following Standards and Interpretations were on issue but yet effective

AASB 7 'Financial Instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue.	Effective for annual reporting periods beginning on or after 1 January 2007.
AASB 8 'Operating Segments' and consequential amendments to other accounting standards resulting from its issue.	Effective for annual reporting periods beginning on or after 1 January 2007.
AASB 101 'Presentation of Financial Statements' – revised standard.	Effective for annual reporting periods beginning on or after 1 January 2007.
Interpretation 10 'Interim Financial Reporting and Impairment'.	Effective for annual reporting periods beginning on or after 1 November 2006.
Interpretation 11 'Group and Treasury Share Transactions and consequential amendments to other accounting standards resulting from its issue.	Effective for annual reporting periods beginning on or after 1 March 2007.
Interpretation 12 'Service Concession Arrangements' and consequential amendments to other accounting standards resulting from its issue.	Effective for annual reporting periods beginning on or after 1 January 2008.

Early adoption of new or revised Accounting Standards/Interpretation.

The following Australian Accounting Standards/Interpretations have been mandated by NSW Treasury not to adopt early in this financial report:

AASB 7 & AASB 2005-10 regarding financial instrument disclosures;

AASB 8 & AASB 2007-3 regarding operating segments;

AASB 101 (Oct 2006) regarding presentation of financial statements;

AASB 123 (June 2007) and AASB 2007-6 regarding borrowing costs;

AASB 1049 regarding the general government sector and GFS/GAAP convergence;

AASB 2007-4 regarding Australian additions to and deletions from IFRSs;

AASB 2007-5 regarding inventories held for distribution by not-for profit entities;

Interpretation 4 (Feb 2007) regarding determining whether an arrangement contains a lease;

Interpretation 10 regarding interim financial reporting;

Interpretation 11 & AASB 2007-1 regarding group and treasury share transactions;

Interpretation 12 & AASB 2007-2 regarding service concession arrangements;

Interpretation 129 (Feb 2007) regarding service concession disclosures.

2. OTHER ASSETS**Accounting policy {AASB 119 – paragraph 120A (a)}**

Actuarial gains and losses are recognised immediately in profit and loss in the year in which they occur.

Fund information {AASB 119 – paragraph 120A (b)}

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 present value of the defined benefit obligation {AASB 119 – paragraph 120A(c)}

	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 partly funded defined benefit obligations at beginning of the year				
Current service cost	258 813	58 178	0	316 991
Interest cost	570 112	50 223	0	620 336
Contributions by fund participants	145 569	0	0	145 569
Actuarial (gains)/losses	181 759	(55 200)	0	126 559
Benefits paid	(600 226)	(86 314)	0	(686 541)
Past service cost	0	0	0	0
Curtailments	0	0	0	0
Settlements	0	0	0	0
Business Combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Transfer in on 17 March 2006	34 636 637	3 390 245	0	38 026 882
Present value of partly funded defined benefit obligations at end of the year	35 192 664	3 357 132	0	38 549 796

Reconciliation of the fair value of fund assets {AASB 119 – paragraph 120A (e)}

	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 \$
Fair value of Fund assets at beginning of the year				
Expected return on fund assets	663 599	67 743	0	731 342
Actuarial gains/(losses)	1 073 855	82 045	0	1 155 900
Employer contributions	914 959	172 293	0	1 087 252
Contributions by Fund participants	145 569	0	0	145 569
Benefits paid	(600 226)	(86 314)	0	(686 541)
Settlements	0	0	0	0
Business combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Transfer in on 17 March 2006	35 934 384	3 687 944	0	39 622 328
Fair value of Fund assets at end of the year	38 132 140	3 923 711	0	42 055 851

Notes to the Financial Statements for the year ending 30 June 2007

2. OTHER ASSETS (continue)

Reconciliation of the assets and liabilities recognised in the balance sheet {AASB 119 – paragraphs 120A (d) and (f)}

	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 partly funded defined benefit obligations at end of year	35 192 664	3 357 132	0	38 549 796
Fair value of fund assets at end of year	(38 132 139)	(3 923 711)	0	(42 055 851)
Subtotal	(2 939 475)	(566 579)	0	(3 506 055)
Unrecognised past service cost	0	0	0	0
Unrecognised gain/(loss)	0	0	0	0
Adjustment for limitation on net asset	0	0	0	0
Net Liability/(Asset) recognised in balance sheet at end of year	(2 939 475)	(566 579)	0	(3 506 055)

Expense recognised in income statement {AASB 119 – paragraph 46 & 120A (g)}

	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 \$
Components Recognised in Income Statement				
Current service cost	258 813	58 178	0	316 991
Interest cost	570 112	50 223	0	620 336
Expected return on Fund assets (net of expenses)	(663 599)	(67 743)	0	(731 342)
Actuarial losses/(gains) recognised in year	(892 096)	(1 372 245)	0	(1 029 341)
Past service cost	0	0	0	0
Movement in adjustment for limitation on net asset	0	0	0	0
Curtailment or settlement (gain)/loss	0	0	0	0
Expense/(income) recognised	(726 770)	(96 587)	0	(823 356)

Amounts recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A (h)}

	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 \$
Actuarial (gains)/losses	0	0	0	0
Adjustment for limit on net asset	0	0	0	0

Cumulative amount recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A (i)}

	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 \$
Cumulative amount of actuarial (gains)/losses	0	0	0	0
Cumulative adjustment for limitation on net asset	0	0	0	0

2. OTHER ASSETS (continue)**Fund assets {AASB 119 – paragraph 120A (j)}**

The percentage invested in each asset class at the balance sheet date:

	30-Jun-06
Australian equities	37.4%
Overseas equities	27.9%
Australian fixed interest securities	9.9%
Overseas fixed interest securities	6.8%
Property	8.6%
Cash	5.0%
Other	4.4%

Fair value of Fund assets {AASB 119 – paragraph 120A (k)}

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

Expected rate of return on assets {AASB119 – paragraph 120A (l)}

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual Return on Fund Assets {AASB 119 – paragraph 120A (m)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to	Financial Year to	Financial Year to	Financial Year to
	30 June 2006	30 June 2006	30 June 2006	30 June 2006
	\$	\$	\$	\$
Actual return on Fund assets	1 392 871	149 789	0	1 542 660

Valuation method and principal actuarial assumptions at the balance sheet date {AASB 119 – paragraph 120A (n)}**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 entity

b) Economic Assumptions

	30-Jun-06
Salary increase rate (excluding promotional increases)	4.0% pa to June 2008; 3.5% pa thereafter
Rate of CPI Increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	7.6%
Expected rate of return on assets backing other liabilities	7.6%
Discount rate	5.9% pa

Notes to the Financial Statements for the year ending 30 June 2007

2. OTHER ASSETS (continue)

Historical information {AASB119 – paragraph 120A (p)}

	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 obligation	35 192 664	3 357 132	0	38 549 796
Fair value of Fund assets	(38 132 139)	(3 923 711)	0	(42 055 850)
(Surplus)/Deficit in Fund	(2 939 475)	(566 579)	0	(3 506 054)
Experience adjustments – Fund liabilities	181 759	(55 200)	0	126 559
Experience adjustments – Fund assets	(1 073 855)	(82 045)	0	(1 155 900)

Expected contributions {AASB119 – paragraph 120A (q)}

	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 \$
Expected employer contributions	276 581	61 273	0	337 854

Accounting policy {AASB 119 – paragraph 120A (a)}

Actuarial gains and losses are recognised immediately in profit and loss in the year in which they occur.

Fund information {AASB 119 – paragraph 120A (b)}

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 present value of the defined benefit obligation {AASB 119 – paragraph 120A(c)}

	SASS Financial Year to 30 June 2007 \$	SANCS Financial Year to 30 June 2007 \$	SSS Financial Year to 30 June 2007 \$	TOTAL Financial Year to 30 June 2007 \$
Present value of partly funded defined benefit obligations at beginning of the year	35 192 664	3 357 132	0	38 549 796
Current service cost	883 317	194 235	0	1 077 552
Interest cost	2 023 320	189 954	0	2 213 274
Contributions by fund participants	547 885	0	0	547 885
Actuarial (gains)/losses	2 422 459	12 171	0	2 434 630
Benefits paid	(2 322 567)	(96 786)	0	(2 429 353)
Past service cost	0	0	0	0
Curtailments	0	0	0	0
Settlements	0	0	0	0
Business Combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Present value of partly funded defined benefit obligations at end of the year	38 747 078	3 656 706	0	42 393 784

2. OTHER ASSETS (continue)

Reconciliation of the fair value of fund assets {AASB 119 – paragraph 120A (e)}

	SASS Financial Year to 30 June 2007 \$	SANCS Financial Year to 30 June 2007 \$	SSS Financial Year to 30 June 2007 \$	TOTAL Financial Year to 30 June 2007 \$
Fair value of Fund assets at beginning of the year	38 132 139	3 923 711	0	42 055 851
Expected return on fund assets	2 866 394	295 630	0	3 162 024
Actuarial gains/(losses)	2 888 629	268 220	0	3 156 849
Employer contributions	935 935	198 006	0	1 133 941
Contributions by Fund participants	547 885	0	0	547 885
Benefits paid	(2 332 567)	(96 786)	0	(2 429 353)
Settlements	0	0	0	0
Business combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Fair value of Fund assets at end of the year	43 038 415	4 588 781	0	47 627 197

Reconciliation of the assets and liabilities recognised in the balance sheet {AASB 119 – paragraphs 120A (d) and (f)}

	SASS Financial Year to 30 June 2007 \$	SANCS Financial Year to 30 June 2007 \$	SSS Financial Year to 30 June 2007 \$	TOTAL Financial Year to 30 June 2007 \$
Present value of partly funded defined benefit obligations at end of year	38 737 079	3 656 706	0	42 393 785
Fair value of fund assets at end of year	(43 038 415)	(4 588 782)	0	(47 627 197)
Subtotal	(4 301 336)	(932 076)	0	(5 233 412)
Unrecognised past service cost	0	0	0	0
Unrecognised gain/(loss)	0	0	0	0
Adjustment for limitation on net asset	0	0	0	0
Net Liability/(Asset) recognised in balance sheet at end of year	(4 301 336)	(932 076)	0	(5 233 412)

Expense recognised in income statement {AASB 119 – paragraph 46 & 120A (g)}

Components Recognised in Income Statement	SASS Financial Year to 30 June 2007 \$	SANCS Financial Year to 30 June 2007 \$	SSS Financial Year to 30 June 2007 \$	TOTAL Financial Year to 30 June 2007 \$
Current service cost	883 317	194 235	0	1 077 552
Interest cost	2 023 320	189 954	0	2 213 274
Expected return on Fund assets (net of expenses)	(2 866 394)	(295 630)	0	(3 162 024)
Actuarial losses/(gains) recognised in year	(466 169)	(256 049)	0	(722 218)
Past service cost	0	0	0	0
Movement in adjustment for limitation on net asset	0	0	0	0
Curtailment or settlement (gain)/loss	0	0	0	0
Expense/(income) recognised	(425 926)	(167 490)	0	(593 416)

Notes to the Financial Statements for the year ending 30 June 2007

2. OTHER ASSETS (continue)

Amounts recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A (h)}

	SASS Financial Year to 30 June 2007 \$	SANCS Financial Year to 30 June 2007 \$	SSS Financial Year to 30 June 2007 \$	TOTAL Financial Year to 30 June 2007 \$
Actuarial (gains)/losses	0	0	0	0
Adjustment for limit on net asset	0	0	0	0

Cumulative amount recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A (i)}

	SASS Financial Year to 30 June 2007 \$	SANCS Financial Year to 30 June 2007 \$	SSS Financial Year to 30 June 2007 \$	TOTAL Financial Year to 30 June 2007 \$
Cumulative amount of actuarial (gains)/losses	0	0	0	0
Cumulative adjustment for limitation on net asset	0	0	0	0

Fund assets {AASB 119 – paragraph 120A (j)}

The percentage invested in each asset class at the balance sheet date:

	30-Jun-07
Australian equities	33.6%
Overseas equities	26.5%
Australian fixed interest securities	6.8%
Overseas fixed interest securities	6.4%
Property	10.1%
Cash	9.8%
Other	6.8%

Fair value of Fund assets {AASB 119 – paragraph 120A (k)}

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

Expected rate of return on assets {AASB119 – paragraph 120A (l)}

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual Return on Fund Assets {AASB 119 – paragraph 120A (m)}

	SASS Financial Year to 30 June 2007 \$	SANCS Financial Year to 30 June 2007 \$	SSS Financial Year to 30 June 2007 \$	TOTAL Financial Year to 30 June 2007 \$
Actual return on Fund assets	5 469 035	563 850	0	6 032 885

2. OTHER ASSETS (continue)**Valuation method and principal actuarial assumptions at the balance sheet date {AASB 119 – paragraph 120A (n)}****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 entity

b) Economic Assumptions

	30-Jun-07
Salary increase rate (excluding promotional increases)	4.0% pa to June 2008; 3.5% pa thereafter
Rate of CPI Increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	7.6%
Expected rate of return on assets backing other liabilities	7.6%
Discount rate	6.4% pa

Historical information {AASB119 – paragraph 120A (p)}

	SASS Financial Year to 30 June 2007 \$	SANCS Financial Year to 30 June 2007 \$	SSS Financial Year to 30 June 2007 \$	TOTAL Financial Year to 30 June 2007 \$
Present value of defined benefit obligation	38 737 079	3 656 706	0	42 393 785
Fair value of Fund assets	(43 038 415)	(4 588 782)	0	(47 627 197)
(Surplus)/Deficit in Fund	(4 301 336)	(932 076)	0	(5 233 412)
Experience adjustments – Fund liabilities	2 422 459	12 171	0	2 434 630
Experience adjustments – Fund assets	(2 888 629)	(268 220)	0	(3 156 849)

Expected contributions {AASB119 – paragraph 120A (q)}

	SASS A\$	SANCS A\$	SSS A\$	TOTAL A\$
Expected employer contributions	991 414	212 770	0	1 204 184

Notes to the Financial Statements for the year ending 30 June 2007

3. PROVISIONS

	<i>Notes</i>	2007 \$'000	2006 \$'000
Current Liabilities			
Accrued Wages		700	541
Payroll Tax		302	211
Leave Entitlements		9976	9787
FBT		25	17
Less other miscellaneous provision		-	(9)
Total Current Liabilities		11 003	10 547
Non Current Liabilities			
Leave Entitlements		230	300
Total Non Current Liabilities		230	300
Total Liabilities		11 233	10 847

All personnel administration costs and related audit fees are met by the parent entity Forests NSW.

4. RELATED PARTIES TRANSACTIONS

	<i>Notes</i>	2007 \$'000	2006 \$'000
Supply of Personnel Services to Forestry Commission of NSW		27 844	1 628
Current Amount due to Forestry Commission of NSW		5 234	3 506

END OF AUDITED FINANCIAL STATEMENTS

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We wish to thank all the staff of NSW
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Annual Report

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www.dpi.nsw.gov.au

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