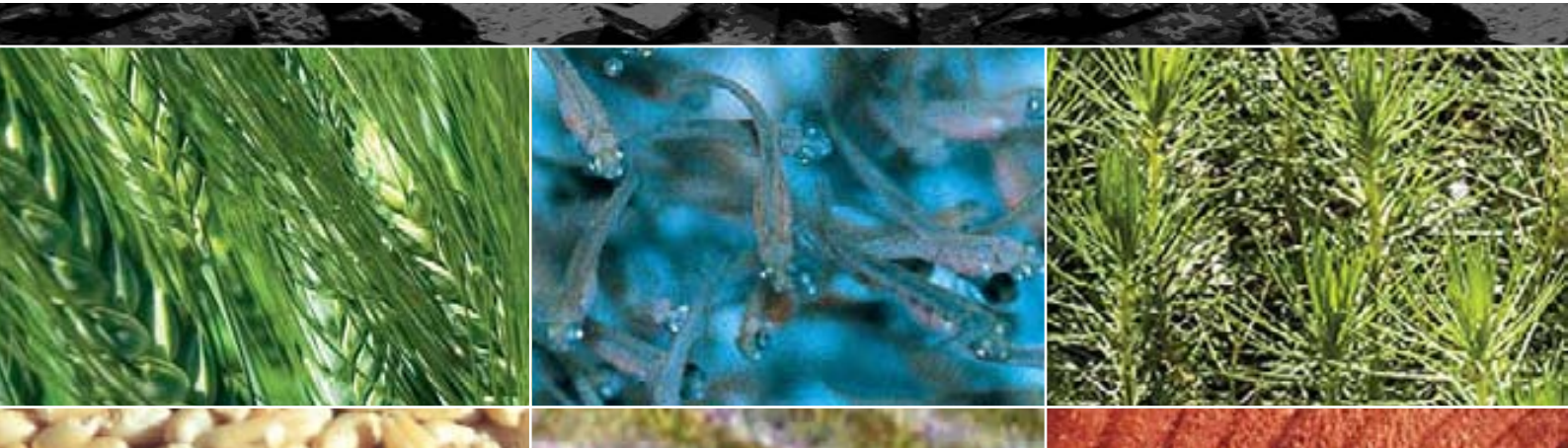


NSW DEPARTMENT OF PRIMARY INDUSTRIES

ANNUAL REPORT

2007-08



Profitable, adaptive and sustainable primary industries building vibrant communities



NSW DEPARTMENT OF
PRIMARY INDUSTRIES

www.dpi.nsw.gov.au

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

22 December 2008

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 2007-08 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.

This report also includes in accordance with clause 7(1) of the Coal Acquisition (Compensation) Arrangements 1985 the twenty-fourth and final NSW Coal Compensation Board Annual Report. This report covers the six month period 1 July 2007 to 31 December 2007.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richard Sheldrake'.

Richard Sheldrake

Director-General
NSW Department of Primary Industries

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Director-General's Year in Review

2007-08

It has been a year of change and challenge for the Department of Primary Industries.

The changes began at the top with the departure of Barry Buffer from the Director-General's position following his appointment as a head of the NSW Department of State and Regional Development. As the incoming Director-General in January 2008, I rejoined a department that, under Barry's guidance, had established excellent credentials within the NSW primary industry sector and was respected nationally and internationally.

There were also structural changes this year which were made to better reflect the strategic direction set in the corporate plan for 2008 to 2011. The restructure sees the creation of two new divisions — the Fisheries, Compliance and Regional Relations Division and the Agriculture, Biosecurity and Mine Safety Division.

The new corporate plan builds on the previous plan for the organisation and is aligned closely with the State Plan. It includes outcomes relating to the mitigation of climate change and improvements in natural resource and environmental management. Although the department had already been active on both fronts, these additions give us a clearer future direction.

The key result areas set by the plan are:

- 1 Strong economic performance of primary industries**
- 2 Appropriate access to and wise management of natural resources**
- 3 Safe, healthy and biosecure industries**
- 4 A strong voice for primary industries**
- 5 Excellence in people, innovation and service delivery**

This report covers the achievements of each of the department's divisions in terms of our key result areas, as do the following highlights.

Strong performance of primary industries

Primary industries make a major contribution to the NSW economy and are critical to the prosperity of rural and regional areas.

As in the previous financial year, the mineral resources sector performed well, with the combined value of mineral production estimated at over \$14 million. This figure was higher than the corresponding figure for 2006–07 due largely to the demand for coal, which accounted for over 70 per cent of the total. The net royalty collection was around \$573.57 million, an increase of 17 per cent on 2006–07 driven primarily by increased coal royalties.

High global demand for minerals together with strong government support for exploration investment also pushed private sector exploration expenditure to record levels. When expenditure on petroleum exploration is added, total expenditure came to over \$235 million. To ensure the continued flow of investment into exploration initiatives, the NSW Government announced a three-year, \$16.5 million extension of the New Frontiers program, which funds geoscience surveys of under-explored regions of the State. New Frontiers will specifically target mineral and petroleum opportunities in the far west.

Director- General's Year in Review 2007-08 (cont'd)

In increasing the competitive advantage of the mineral resources sector, the department commenced a program to streamline internal processes for managing exploration and mining and, through the upgraded DIGS database and MinView spatial information system, provided a wealth of online information.

Forests NSW, which operates as a public trading enterprise within the department, achieved an underlying trading profit of \$42.6 million in 2007–08 despite, in an uncertain market, limited sales of Greenhouse Gas Abatement Certificates. Future commercial performance will be boosted by improvements made over the year in seedling production and the negotiation of a five-year agreement for the purchase and processing of plantation residue in the Macquarie region, the latter opening up a new revenue stream.

For some years the department has pursued alliances with universities and industry bodies in the interests of developing and delivering innovative, cost-effective technologies for primary industries. As the result, we have seen the establishment of the National Wine and Grape Industry Centre, the EH Graham Centre for Agricultural Innovation and the Primary Industries Innovation Centre and the collaborative Future Dairy program. All are starting to make a difference. Developments in year under review included the launch by the Minister of the National Centre for Greenhouse Gas Research at the Primary Industries Innovation Centre. The office will undertake research to pave the way for agriculture and forestry to participate in a national emissions trading scheme — a matter of vital import.

Appropriate access to and wise management of natural resources

One of the outcomes to which the department is working under the current corporate plan reads: 'Primary industries adapt to climate change and contribute to mitigation of its impact'. Researchers at the Department's National Centre for Greenhouse Gas Research are currently pursuing a number of relevant projects aimed at reducing greenhouse gases that will have national and international applications. Projects include long-term trials to estimate changes in soil carbon levels under different management regimes and research on reducing methane emissions from ruminant livestock.

We were also active in educating primary producers about climate change. Among the initiatives for 2007–08 were delivery of a course on climate change at workshops across the State, development of best practice guidelines for sustainable grazing, an ongoing project with primary producers and, as part of an incentive package linked to funding, delivery of drought management training. The last is the subject of a case study in this report.

There were numerous programs to ensure sustainable recreational and commercial fishing. Judging by the

number of share transfers, commercial fishers appreciate that they are now able to buy and sell shares under the recent arrangements that have been successfully implemented for all major fisheries. A number of commercial fishers also took advantage of the voluntary licence buyout offered by the NSW Government and administered by the department following the creation of two additional NSW marine parks. The buyout compensates commercial fishers for the reduction in areas available to them in the marine parks.

After consultation with the recreational fishing community, the department introduced and publicised a number of changes to recreational fishing rules. The changes will give future generations the opportunity to enjoy the sport of fishing, one of the most popular pastimes in NSW.

While education remains an important tool in securing regulatory compliance, fisheries officers also run regular patrols, often in cooperation with other state organisations and federal agencies. In the year under review, the department purchased three new vessels, which boosted our capacity to undertake estuarine and off-shore patrols.

Safe, healthy and biosecure industries

As a department we faced undoubtedly the biggest challenge in our brief history when equine influenza broke out in August 2007. The eyes of the nation were very much upon us as we coordinated the state-wide response by government agencies and the horse industries and succeeded, through teamwork and technology, in eradicating the virus within six months. The short time

between confirmation of the virus and eradication confirms not only our scientific credentials as the lead agency in managing emergency animal disease outbreaks but the quality of our staff. Congratulations are due to the entire department for the effort involved. Further details of the eradication campaign appear in a special case study in this report.

Director- General's Year in Review 2007-08 (cont'd)

In the wake of the equine influenza outbreak, the NSW Government changes to some of the agricultural Acts administered by NSW DPI, including the *Exotic Diseases of Animals Act 1991*, which will further improve the speed and effectiveness of the department's response to exotic and emergency disease outbreaks.

With drought still affecting many regions in NSW, the department continued to lead response and recovery programs. In conjunction with stakeholders, we examined how the drought affected a wide range of production systems and fed the findings to the Australian Government's review of Exceptional Circumstances drought funding. As the result, NSW communities in need will still be eligible for financial assistance.

Although equine influenza dominated the headlines, the department was active on many fronts in ensuring

that the risks posed by pests, diseases and chemicals were eradicated or effectively managed. For example, we responded rapidly to outbreaks of Queensland fruit fly and to a number of anthrax incidents, thereby protecting market access for producers. SMARTtrain, our chemical risk management program, is so well regarded that it will be delivered in all Australian states.

Despite the mining boom and consequent demand for labour, the NSW mining industry remained fatality-free in 2007–08. Safety was enhanced by the implementation over the year of major legislative reforms which have created a 'general duty of care' regime consistent with the *Occupational Health and Safety Act 2000*. Other mining safety initiatives included the development by the Mine Safety Advisory Council of an action plan to address issues of identified concern such as fatigue and hours of work, production bonuses and safety incentive schemes.

A strong voice for primary industries

To strengthen the voice of primary industries on major issues such as climate change, water management and land-use planning, we have established a new branch within the Strategy, Policy and Communications Division. This is the Water and Resources Policy Branch.

On the issue of climate change, we worked with other key agencies to prepare the NSW Government's responses on options for a national emissions trading scheme. And, at state level, we represented stakeholder interests in discussions concerning the federal *Water Act 2007*, Murray-Darling Basin reform and the Australian Government's Water for the Future program.

It is also pleasing to report the department's contribution to amendment of the *Gene Technology (GM Crop Moratorium) Act 2003* that established a strict scheme for approving commercial cultivation of GM food plants. GM canola has been sown following ministerial approval of the first application under the new regime.

As in previous years, the department was active in promoting the achievements of our primary producers through the annual NSW Farmer of the Year and Rural Women's Award and participation in major events including the Royal Easter Show where in 2007–08 we showcased our research on sustainable primary industry development.

Excellence in people, innovation and service delivery

The quality of the department's people and programs was recognised by state, national and international awards. The Science and Research Division chapter in this report lists some of the many honours bestowed on our scientists for their work in a wide-ranging number of fields. Among them is Dr Rod Mailer, the Principal Research Scientist at the Wagga Australian Oils Research Laboratory, whose international standing was highlighted when he won the prestigious Timothy Mounts Award for his research into the science and technology of edible oils. Dr Mailer, who has worked on oilseeds since 1979, has developed 22 varieties to date for the Australian industry.

Another staff member honoured was Geological Survey Director Lindsay Gilligan, who was honoured in the 2008

Queens Birthday Awards with a prestigious Public Service Medal.

It was not only our scientific excellence that gained international attention in 2007–08. InSite, the department's intranet site, was named one of the best 10 intranets in the world by web usability expert Jakob Nielsen. InSite, connecting more than 3 000 staff based at over 130 NSW locations, was the only Australian site in the top 10 list.

Closer to home, the department's National Livestock Identification Scheme for Cattle, which has been written up in previous annual reports, won the 2007 NSW Premier's Public Sector Award under the NSW State Plan category, Growing Prosperity across NSW. The award recognises that the program has assisted the \$2 billion NSW cattle industry

Director- General's Year in Review 2007- 08 (cont'd)

to maintain domestic and export market access and increase consumer confidence in NSW beef.

With the continuing drought, the department's drought support workers were active in organising social events to strengthen community networks and disseminating information about available services. Such has been their success in helping families and communities to deal with natural disaster that they were called on to provide similar services in areas affected in 2007– 08 by floods and equine influence.

The department understands that, to deliver high quality services to clients and stakeholders, we must support our staff and give them opportunities to develop. This year I launched the Women's Employment Strategy Action Plan, which will help ensure that the potential of NSW DPI women is realised and that they are recognised as key contributors in the workplace. Earlier in the year the department's Board of Management approved the implementation plan for the Aboriginal Employment Strategy. One of the components of the plan is the establishment of an Aboriginal staff network, which will provide an opportunity for our Aboriginal staff to keep in contact with each other and identify possible solutions to any issues of concern.

Staff and Board of Management

Thank you to all NSW DPI staff for your support and work over a challenging year.

In particular I would like to congratulate the individual and team winners of the 2007 Staff Achievement Awards:

Individual winners

Laurie Derwent
Marilyn Evers
Dr David Hall
Stephen Hall
Dr Peter Kirkland
Michael Lynch
Ken Masters
Val O'Brien
Allison Priest

Team winner

Firefighting and Recovery Team, Forests NSW.

My thanks go as well to the Board of Management, particularly Dr Alan Gleeson, who retired from the position of Executive Director, Corporate Services after a distinguished career in NSW Agriculture and NSW DPI of nearly 40 years.

On behalf of NSW DPI staff, I would like to express my gratitude to The Hon. Ian Macdonald MLC, Minister for Primary Industries and Minister for Mineral Resources, who continued to champion the cause of NSW primary industries and this department.



Dr Richard Sheldrake

Director-General

Our organisation

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

With more than 3000 staff based at over 130 locations across the state, the department delivers a wide range of services to primary industries and rural communities.

We are committed to improving the profitability and sustainability of the agriculture sector, maximising the value of the State's forests and mineral resources, managing fisheries sustainably, delivering world-class research, maintaining animal welfare standards, protecting industries against pests, diseases and chemicals and providing leadership on industry policy.

Our vision

Profitable, adaptive and sustainable primary industries building vibrant communities.

Our values and behaviours

The values that will guide us in achieving our vision are:

- We will behave ethically and act with honesty and fairness.
- We will make decisions based on the best available information.
- We will accept personal responsibility for our decisions and actions.

- We will collaborate with our colleagues and our external partners to achieve common goals.
- We recognise that each team member is accountable for contributing to the team effort and for the outcomes.

- We value different perspectives and approaches.
- We will respect each other, our families, our clients, and those from diverse backgrounds and cultures.

- We will question and challenge the status quo.
- We will strive for excellence, creativity, leading-edge science and quality.

Customer and Stakeholder Focus

- We will consult with our stakeholders and take their views into consideration in developing and delivering our policies and programs.
- We will design and deliver products and services that meet our customers' needs.

Safety

- We will actively care for our staff and visitors by providing a safe and healthy workplace.
- We will maintain a credible safety management system and work to continuously improve it.

Sustainability

- We will work with primary industries to manage the sustainable use of natural resources and to reduce greenhouse gas production.
- We will implement practices to minimise DPI's use of energy, water and other resources and to minimise our carbon footprint.

Organisational structure



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



Dr Richard Sheldrake
Director-General

Executive Support

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

*For the six month period 1 July 2007 to 31 December 2007

Our role

There are seven Divisions within the Department namely:

Agriculture, Biosecurity and Mine Safety Division

Works with industry and other collaborators to improve the profitability and sustainability and skills of the agriculture and private forestry sectors. Manages biosecurity risks impacting on primary industries and the environment, responds to emergencies and disasters, and promotes safety in the mining industry.

Fisheries, Compliance and Regional Relations Division

Manages the development and sustainability of the state's fisheries resources and the aquaculture industry, and conserves aquatic biodiversity. Ensures compliance with legislation, and fosters strong relationships with regional organisations.

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 a native forest estate of 2 million hectares and an expanding estate of hardwood and softwood planted forests 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.

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.



Our key result areas

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

KEY RESULT AREAS	OUTCOMES
<p>Strong economic performance of primary industries</p> <p>We will contribute to the strong economic performance of primary industries in NSW by growing productivity, maintaining and improving market access, 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"> • Primary industries see NSW as an attractive state in which to invest • Primary industries' competitiveness is increased • Primary industries use innovative technologies and practices
<p>Appropriate access to and wise management of natural resources</p> <p>Our policies and operations will contribute to the sustainable use of natural resources and ensure appropriate access to resources by industry. We will work with primary industries to help them better adapt to climate change and to mitigate their contribution to greenhouse gas production. We will also work with primary industries to achieve improvements in natural resources and environmental management.</p>	<ul style="list-style-type: none"> • Primary industries have appropriate access to natural resources • Primary industries adapt to climate change and contribute to mitigation of its impact • Primary industries achieve improvements in natural resource and environmental management • NSW DPI policies and programs contribute to the sustainable use of natural resources
<p>Safe, healthy and biosecure industries</p> <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, by regulating health and safety in the mining industry, and by adopting best practice health and safety standards for the forests industry.</p>	<ul style="list-style-type: none"> • Risks posed by pests, diseases, and chemicals 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 at best practice health, safety and engineering standards • Forests NSW is the leader in the application of best practice health and safety standards for the industry
<p>A strong voice for primary industries</p> <p>We will provide a strong voice for primary industries. Through community, government and stakeholder consultation, by leading an informed debate on primary industries issues, and by providing information and expert advice, we will convey the potential social and economic benefits of sustainable primary industries.</p>	<ul style="list-style-type: none"> • Informed debate underpins government and industry policy • Government policies and regulations account for the interests of primary industries in NSW • Primary industries are highly valued by the community
<p>Excellence in people, innovation and service delivery</p> <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, innovative research, policy, regulation, education and advice.</p>	<ul style="list-style-type: none"> • Delivery of high quality services to customers, clients and stakeholders • A skilled and cohesive workforce operating in a safe, satisfying and fair work environment • Internal services and facilities enable our people to achieve the business aims of the organisation • Sound corporate governance and responsible use of resources

Alignment with NSW State Plan

NSW STATE PLAN PRIORITY	NSW DPI KEY RESULT AREA	NSW DPI OUTCOMES
Growing prosperity across NSW		
P1 Increased business investment	Strong economic performance of primary industries	<ul style="list-style-type: none"> Primary industries see NSW as an attractive state in which to invest Primary industries' competitiveness is increased Primary industries use innovative technologies and practices
P3 Cutting red tape		
P6 Increased business investment in rural and regional NSW		
P7 Better access to training in rural and regional NSW to support local economies	Appropriate access to and wise management of natural resources	<ul style="list-style-type: none"> Primary industries have appropriate access to natural resources
	Safe, healthy and biosecure industries	<ul style="list-style-type: none"> Risks posed by pests, diseases, and chemicals to the economy, environment and human health are excluded, eradicated or effectively managed
Environment for living		
E1 Secure and sustainable water supply for all users	Appropriate access to and wise management of natural resources	<ul style="list-style-type: none"> Primary industries adapt to climate change and contribute to mitigation of its impact Primary industries achieve improvements in natural resource and environmental management NSW DPI policies and programs contribute to the sustainable use of natural resources
E3 Cleaner air and progress on greenhouse gas reductions		
E4 Better environmental outcomes for native vegetation, bio-diversity, land, rivers and coastal waterways		
E8 More people using parks, sporting and recreational facilities and participating in the arts and cultural activity	Safe, healthy and biosecure industries	<ul style="list-style-type: none"> Risks posed by pests, diseases, and chemicals to the economy, environment and human health are excluded, eradicated or effectively managed Communities and primary industries are prepared for managing risks
	Excellence in people, innovation and service delivery	<ul style="list-style-type: none"> Delivery of high quality services to customers, clients and stakeholders
Delivering better services		
S8 Increased customer satisfaction with government services	Excellence in people, innovation and service delivery	<ul style="list-style-type: none"> Delivery of high quality services to customers, clients and stakeholders

Our results

Strong economic performance of primary industries

RESULTS	RESULT INDICATORS	2006-07	2007-08 [#]
Industry see NSW as an attractive state in which to invest	• Value of primary industries' production by sector		
	Wild harvest fisheries (\$m)	80.6	81.9
	Aquaculture (\$m)	46.0	52.0
	Minerals (\$m)	12 300	14 300
	Agriculture (\$m)	7 741	8 998
	• Mining royalties collected (\$m)	489	573
	• Level of investment by primary industries		
	Aquaculture (\$m)	10	20
	Minerals - Capital expenditure mining (\$m)	1 700	2 200
NSW share of private minerals exploration in Australia (%)	8.4	8.0	
Primary industries use innovative technologies and practices	• Volume and value of targeted primary industries exports		
	Aquaculture (\$m)	0.2	0.4
	Coal - volume (MT)	91.5	100.5
	- value (\$m)	6 200	8 200
	Agriculture (\$m)	4 393	5 064
	• % Landholders/fishers adopting at least one DPI productivity innovation	20	27
• Publication of research based innovations in science journals	1 200	1 184	

Appropriate access to and wise management of natural resources

RESULTS	RESULT INDICATORS	2006-07	2007-08 [#]
NSW DPI policies and operations reflect principles of sustainable development	• Minerals		
	Environmental security held (\$m)	733	927
	• Length of river where fish passage has been reopened (cumulative kms)	816	1 410
	• proportion of primary/target and key secondary fish species harvested at 'biologically sustainable' levels(%)	>90	>90
DPI industries achieve improvements in natural resources and environmental management	• % of industry operators who use specified sustainable practices:		
	- % of crop area sown using reduced tillage technology	80	80
	- % of landholders/fishers adopting at least one DPI sustainability innovation	25	30
	- cotton yield (bales) per megalitre of water supplied	1.13	1.09
	• % reduction in net emissions from primary industries	2	3
	• % of ESD performance indicators met within aquaculture industry development plans	>90	>90

Our results (cont'd)

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

RESULTS	RESULT INDICATORS	2006-07	2007-08 [#]
	% of industry operators and harvest sectors complying with management plans:		
	Fisheries		
	- % compliance rates for recreational fishers	90	90
	- % compliance rates for commercial fishers	91	90
	- % compliance rates for aquaculture	62	65
	Minerals		
	- % of mines operating to agreed mine operations plans, petroleum operations plans and subsidence management plans	95	97

Safe, healthy and biosecure industries

RESULTS	RESULT INDICATORS	2006-07	2007-08 [#]
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	95	97
	Major innovations in pest and disease control to:		
	Protect human health	4	5
	Protect industry	10	10
	Reduce cost to industry and government	12	15
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 (five year average)	0.04	0.00
	Non Coal Yearly (five year average)	0.04	0.04
	Coal Yearly (five year average)	0.08	0.00
	Non-Coal (five year average)	0.06	0.04
	** Lost time injury frequency rate:		
	Coal Yearly (five year average)	16.29	16.29
	Non-Coal (five year average)	18.83	17.39
	Coal Yearly (five year average)	6.24	4.77
	Non-Coal (five year average)	8.46	6.60
	** Serious bodily injury frequency rate:		
	Coal Yearly (five year average)	1.19	0.81
Non-Coal (five year average)	1.71	1.49	
Coal Yearly (five year average)	2.22	0.60	
Non-Coal (five year average)	1.54	1.41	

[#] These are current as at 30 June 2008 **Frequency rates specified as injury/fatality per million hours worked.

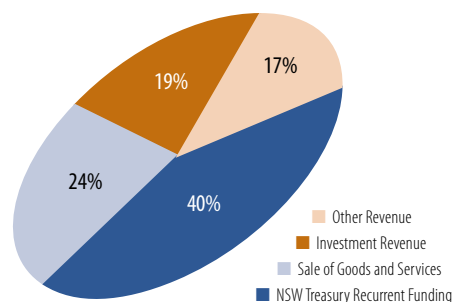
Financial Overview 2007-08

Financial Highlights

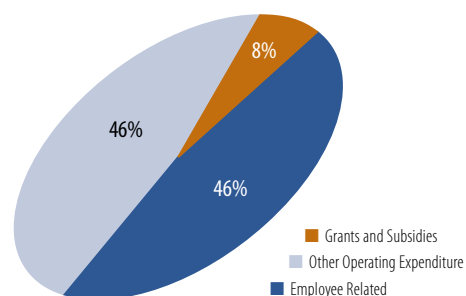
Significant initiatives and developments during 2007-08 include:

- successfully eradicating the equine influenza outbreak. The department was the lead NSW agency in the national response to the outbreak
- completing the \$1 million Queensland Border electronic surveillance system to help protect the State's livestock industries from the economically damaging cattle tick
- extending the Government's Exploration NSW initiative to support increased mineral and petroleum exploration under the New Frontiers program with ongoing funding of \$4.0 million for 2007-08; with an additional \$1.5 million bringing the funding to \$5.5 million for 2008-09
- coordinating the NSW Government response to drought. Total expenditure in 2007-08 was \$23.4 million
- mineral royalties collected on behalf of the crown increased by seventeen per cent to \$573 million.

Sources of Revenue



Operating Expenditure



Budget structure

The NSW Department of Primary Industries (NSW 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.

NSW DPI's financial statements for 2007-08 are a consolidation of these two entities. This summary represents the consolidated financial performance for the year ended 30 June 2008 and financial position as at 30 June 2008.

Financial Overview 2007-08 (cont'd)

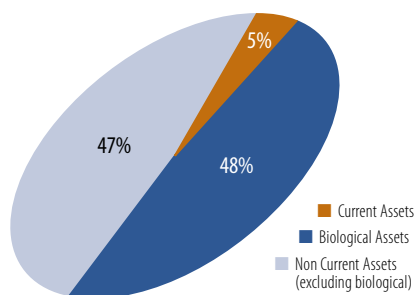
Source of Funds

Total Revenue for the Department of Primary Industries for the year ended 30 June 2008 was \$767.2 million. The main sources of revenue were NSW Treasury Funding \$306.8 million, sale of goods and services \$187.3 million and \$144.0 million in investment revenue (the major component being royalties from timber and related products \$138.8 million).

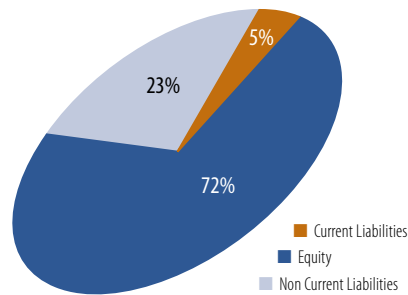
Application of funds

Operating expenditure for the year ended 30 June 2008 was \$743.5 million. Of this total \$344.6 million was for employee related costs. Other operating expenditure of \$398.9 million includes \$120.9 million for Forests NSW contract harvest and haulers and \$31.9 million for depreciation on the department's fixed assets. Grants and subsidies were \$55.9 million for the year.

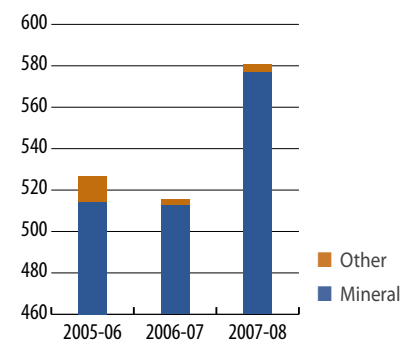
Total Assets



Total Liabilities and Equity



Crown revenues (\$million)



NSW DPI's assets and liabilities

The department's total asset base as at 30 June 2008 was \$3 164 million an increase of \$90 million on the previous year. This is due primarily to the annual revaluation of biological assets (Forests NSW timber resources). Total liabilities as at 30 June 2008 were \$891.2 million, an increase of \$37 million on the previous year. This increase reflects an increase in borrowings and deferred tax liability held by Forests NSW.

Crown Revenues

NSW DPI collects revenues on behalf of the Crown Entity totalling \$581.0 million, the majority of which relate to mineral royalties, mining and exploration leases and coal lease concessions.

Victory over equine influenza

Overview

In 2007–08 NSW DPI emphatically demonstrated its capability as the lead agency in fighting large-scale, emergency animal disease threats through coordinating the successful campaign against equine influenza.

The virus outbreak, which was confirmed at Centennial Park in August, was the most serious animal disease emergency in recent Australia history. At its peak, 47 000 horses on 5 943 NSW properties were infected. Horse owners and everyone in the horse industries were facing loss of livelihood and lifestyle.

The NSW DPI campaign to eradicate the disease was the largest of its type ever undertaken in Australia, using the latest laboratory, vaccine, surveillance, mapping information and communication technologies.

Through strong leadership, coordination and teamwork by more than 2 000 emergency response workers, the last case of equine influenza was confirmed on 22 December 2007. This was just four months after the disease breached the federal quarantine barrier.

By February 2008 eradication was achieved, movement restrictions were eased and exhaustive surveillance testing to confirm disease freedom was nearly complete. The only ongoing requirements were that NSW owners obtain a Travelling Horse Statement when moving their horses and organisers register all horse events.

Given the extensive spread of the virus before it was detected and its highly contagious nature, the campaign succeeded in stamping out the disease in an extremely short timeframe — gaining local and international acclaim for NSW DPI, its support agencies and all parts of the recreational and professional horse sectors.



A Director Public Affairs and Media, Brett Fifield, and Deputy Chief Veterinary Officer, Ian Roth, explain changes to the NSW Equine Influenza Protection Plan to media at the State Disease Control Headquarters, Orange.

B More than 2 000 staff were part of the response including staff at the Local Disease Control Centre based at Elisabeth Macarthur Institute, Menangle.

C Regulatory officer Wayne Haigh worked with affected horse when Centennial Park became the first property in NSW placed under quarantine.

An early, rapid response

Rapid action from day one set the agenda for the campaign. The NSW Chief Veterinary Officer imposed an immediate state-wide horse 'standstill' and set up state disease control headquarters at Orange and a local disease control centre at Menangle.

A well-trained first response team was called up and quickly operational, working to the pre-existing Australian Veterinary Emergency Plan.

Veterinary investigators launched a major exercise to trace the spread of the disease, recording properties of interest in the ANEMIS computer database. Legal officers declared Restricted Areas around known infected properties while operational staff implemented quarantines and imposed movement restrictions.

seven days, resulting in thousands of radio and television interviews with key spokespeople, and many more newspaper articles.

The NSW DPI website became the most comprehensive national information resource on equine influenza while the 1800 helpline assisted those without internet access.

The campaign peaks before a return to normal

As the disease escalated, campaign leaders recognised the changing circumstances and were able to respond rapidly and effectively.

The strategy of containment involved implementing a four-colour zoning system on 21 September 2007. Called the Equine Influenza Protection Plan, it introduced green, amber, red and purple zones across NSW — green – no infection, amber – low, red – high, purple – high, limited movement allowed in amber and red zones.



The NSW DPI campaign to eradicate the disease was the largest of its type ever undertaken in Australia, using the latest laboratory, vaccine, surveillance, mapping information and communication technologies.

D 132 000 samples were tested for equine influenza by NSW DPI staff.

E Thousands of horses across the State were tested for equine influenza to confirm no presence of the disease. The State was declared free of equine influenza on 28 February 2008.

Communication specialists kept horse owners and the general public informed, logistics personnel set about planning the massive operation, and scientists continued to test an increasing number of samples submitted by veterinarians in the field.

The Minister for Primary Industries engaged with the horse industries by establishing a roundtable taskforce involving key industry organisations. Existing emergency networks were activated, with the chief veterinary officers around Australia meeting regularly as part of the Consultative Committee on Emergency Animal Diseases and NSW agencies gathering at the State Emergency Operations Centre.

Horse movements were controlled during the critical first phase of the response and compliance checked at race meetings, camp drafts, agricultural shows, endurance rides and other equestrian events throughout NSW.

Fifty-nine media releases were written and distributed to metropolitan, regional and horse industry media in the first

In the purple zone, quarantines and restrictions on horse movements and events were lifted as the disease was allowed to burn out within containment lines. Horses were on the move in the green zone, which covered about 60 per cent of NSW, as horse owners took advantage of self-issued Travelling Horse Statements.

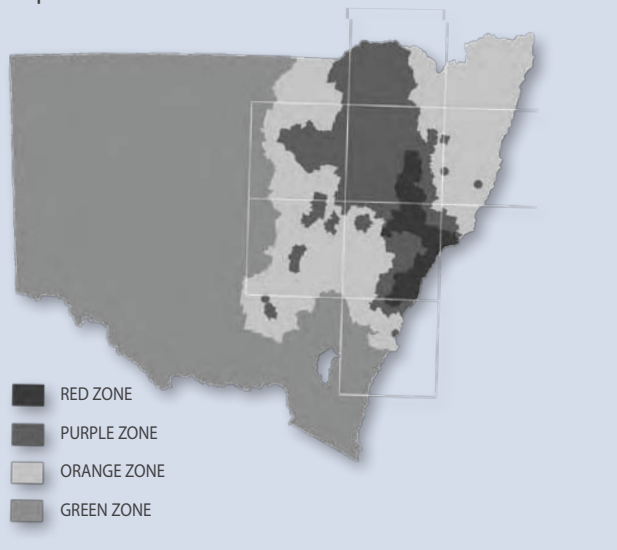
Staff worked tirelessly in the movements section and at rural lands protection board offices, issuing over 12 000 movement permits to horse owners. NSW Police assisted greatly by stopping and checking horse transport vehicles on the roads. Nine decontamination sites were also established for horse vehicles leaving the purple zone.

On 29 September 2007, strategic vaccination against equine influenza was introduced to reduce the spread of infection by creating buffer areas of immune horses. Private and government veterinarians administered over 109 000 doses of the latest genetically-modified vaccine to over 50 000 horses — from children's ponies to thoroughbreds and even zebras at the Western Plains Zoo.

Continued surveillance and testing was necessary into January to confirm areas were disease-free and allow progressive rezoning, which facilitated a return to normal activities for horse owners. Virologists and laboratory staff at NSW DPI's Elizabeth Macarthur Agricultural Institute rose to the occasion, conducting more than 132 000 sample tests — 3 000 a day in the busiest period.

Forty-five zone progression cases were eventually prepared to enable all Restricted Area Orders in the state to be revoked and allow the progressive release of the state from movement restrictions. Mapping experts ensured detailed interactive maps of each change were available on the website and easily accessed by staff responding to callers on the 1800 helpline.

Equine Influenza Protection Plan Zones



Public Information

The changes required wide public communication. During the campaign more than 300 media releases were written and distributed, the NSW DPI website generated up to 8 000 visits a day and, in the first two months, the 1 800 number took an average of 900 calls daily. NSW DPI organised 58 state-wide community meetings attended by 5 663 people and conducted an exhaustive advertising campaign.

A collective contribution to eradication

The response from all parts of the horse sector — recreational and professional, was magnificent and their support was crucial in stamping out the disease.

It was all hands to the pump also for a large section of NSW DPI workforce, who were the backbone of the eradication campaign for the six months of its duration.

Staff from all divisions were directly involved bringing a range of skills and experience. Many honed skills previously used only in training exercises and benefited greatly from exposure to a real emergency animal disease outbreak.

Rural Lands Protection Board staff also contributed significantly to the eradication campaign. Regional veterinarians, rangers and office staff worked from the EI control centres in addition to issuing permits and providing advice to the public from RLPB district offices.

More than 2 000 people in total were deployed, including 385 private vets and staff from rural lands protection boards, NSW Police, Roads and Traffic Authority, State Emergency Service, Rural Fire Service and NSW Health.

More than 150 people in the horse industries, who were affected by the outbreak and had horse experience or good administration skills, also worked as part of equine influenza eradication plan.

On 28 February 2008 eradication of equine influenza was confirmed. Horse events and racing resumed, breeding returned to normal, and yearling sales were held.

Australia declared itself free of equine influenza on 30 June 2008.

Lessons for the future

The successful eradication of equine influenza, while a tremendous feat, still leaves lessons for the future.

NSW DPI launched a full debrief in April to unearth areas for improvement in its response capability. The debrief and an associated independent review suggested a number of improvements, including:

- continuing improvement in information management and supporting technology – integrate the nationally agreed biosecurity database BioSIRT
- optimisation of web-based information exchange with industry and the public – improved client access to biosecurity information
- identification of the significant role of specialist technical and contract services needed to enhance response capability – \$43.25 million upgrade of the laboratory.

When made, these improvements will further enhance the capability of NSW DPI as lead agency in any future campaign to eradicate an emergency animal disease.

With diseases such as avian influenza and foot and mouth disease menacingly close to our shores, it is reassuring to know that NSW DPI has never been better prepared.

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