

DEPARTMENT OF PRIMARY INDUSTRIES  
**ANNUAL REPORT**

*1995 - 96*



# COMMUNICATING WITH READERS

## INTRODUCTION

### DEPARTMENTAL CHANGES

From 1 March 1996, as a result of the change in Government, a number of changes impacted on the Department's *1995-2000 Corporate Plan*.

Responsibilities for the Water Services and Natural Resources programs were transferred to the new Department of Natural Resources.

New DPI vision and mission statements were created, goal statements were revised to exclude reference to water-based industries and a number of new business groups were formed.

The Department retained the title, 'Department of Primary Industries' (DPI), for general use; however, its legal title is 'The Department of Primary Industries, Fisheries and Forestry'.

### READER PROFILE

The DPI services diverse client and stakeholder groups, each with different roles, responsibilities and information needs. These groups - the DPI Annual Report's readers - are identified in the table below.

### ANNUAL REPORT PURPOSE

The purpose of this Annual Report is to provide its readers with accurate, useful and valued non-financial and financial performance information that highlights the Department's key issues and achievements during 1995-96.

The Report links and reports performance against agreed goals and provides direction to guide future activities. In linking performance to the goals and output targets published in the Department's *1995-2000 Corporate Plan*, the Report completes the 1995-96 Corporate Management Cycle.

### ACCESSING THE ANNUAL REPORT

Copies are available on request from:

Information Centre  
Primary Industries Building  
80 Ann Street  
Brisbane

Telephone: (07) 3239 3112

Facsimile: (07) 3239 6221

The Report can also be accessed through the DPI Home Page on the Internet.

Address: <http://www.dpi.qld.gov.au>

Primary producers	Industry groups	Agribusiness	Processors
Advice	Information	Independent advice	Advice
Access	Access	Information	Access
Technical support	Responsiveness	Collaboration	Quality products
Sustainability			Technical support
Production efficiency			
Cabinet	Central agencies	Other government depts	Local authorities
Policy implementation	Accountability	Service	Service
Professional advice	Efficiency	Advice	Advice
Responsiveness	Effectiveness	Support	Support
		Coordination	Coordination
		Collaboration	Collaboration
Employees	Consumers	Media	Educational institutions
Job satisfaction	Value for money	Information	Information
Leadership	Health/safety	Access	Advice
Satisfactory work environment	Recreation		Collaboration
	Responsive service		
	Quality products		
Funding bodies	Interest groups	Contractors/suppliers	Commercial developers
Value for money	Information	Work/sales	Responsiveness
Quality research	Access	Continuity	Advice
Timely delivery	Cooperation		Access

# DEPARTMENT OF PRIMARY INDUSTRIES

## 1995-96 ANNUAL REPORT

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### LETTER TO THE MINISTER

*The Honourable Trevor Perrett, MLA  
Minister for Primary Industries  
Primary Industries Building  
80 Ann Street  
BRISBANE QLD 4000*

*Dear Mr Perrett,*

*I am pleased to present the Department of Primary Industries (DPI) Annual Report for the year ending 30 June 1996.*

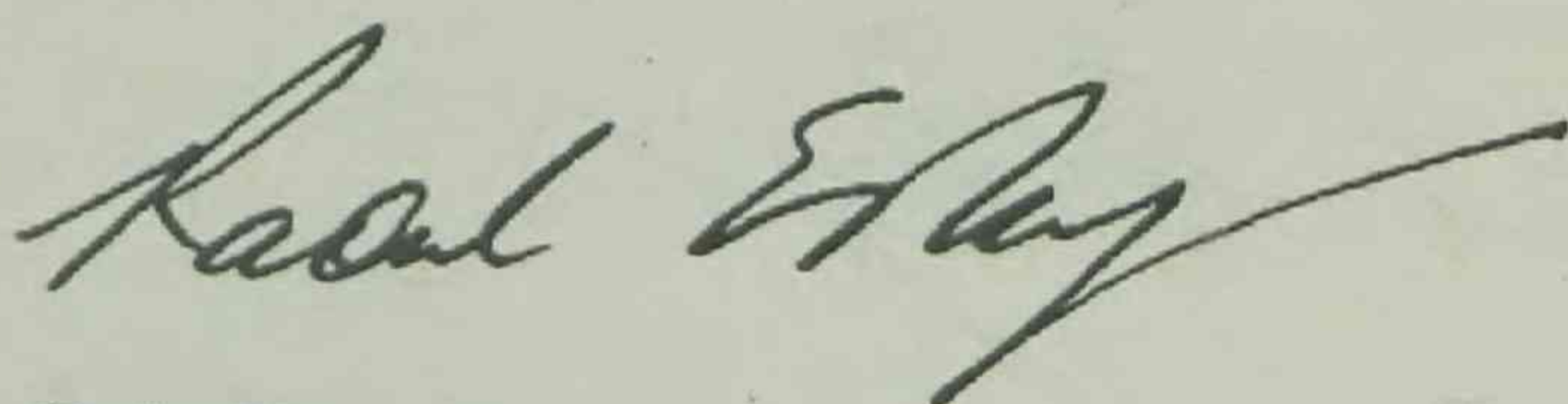
*During the year, the Department underwent changes to its portfolio and organisational arrangements, with the Resource Management and Water Commercial business groups being transferred to the newly created Department of Natural Resources (DNR) in March 1996.*

*The Department retained responsibility for its core business of agriculture, forestry and fisheries, with a focus on supporting Queensland's food and fibre industries by delivering enhanced research, extension and marketing services to our clients.*

*The Department was faced with managing the impacts of the natural environment on agricultural industries. These included the damaging results of the papaya fruit fly, the sorghum ergot fungus, black sigatoka disease in bananas and the continuing drought. The Department and industry worked closely to resolve these issues to safeguard the ongoing viability and productivity of Queensland's primary industries.*

*This Report completes the 1995-96 corporate management cycle and outlines the Department's significant achievements against its stated corporate goals.*

*Yours sincerely*



*Roly Nieper*

**DIRECTOR-GENERAL**

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# DIRECTOR-GENERAL'S REPORT

## THE YEAR IN REVIEW

During 1995-96, the Department of Primary Industries (DPI) underwent significant changes to its portfolio and organisational arrangements to focus on its core business of agriculture, forestry and fisheries.

As part of these arrangements, the Resource Management and Water Commercial business groups were transferred to the newly established Department of Natural Resources (DNR). A strong working relationship was established between DPI and DNR to ensure a united approach to cross-portfolio issues, including a sustainable approach to primary industries-based enterprises.

The Department put maximum effort into providing research and extension services to help the State's agricultural, forestry and fishing industries become more efficient producers and marketers of food and fibre. The delivery of research and extension information to producers, industry organisations and other clients remains a critical component of these services.

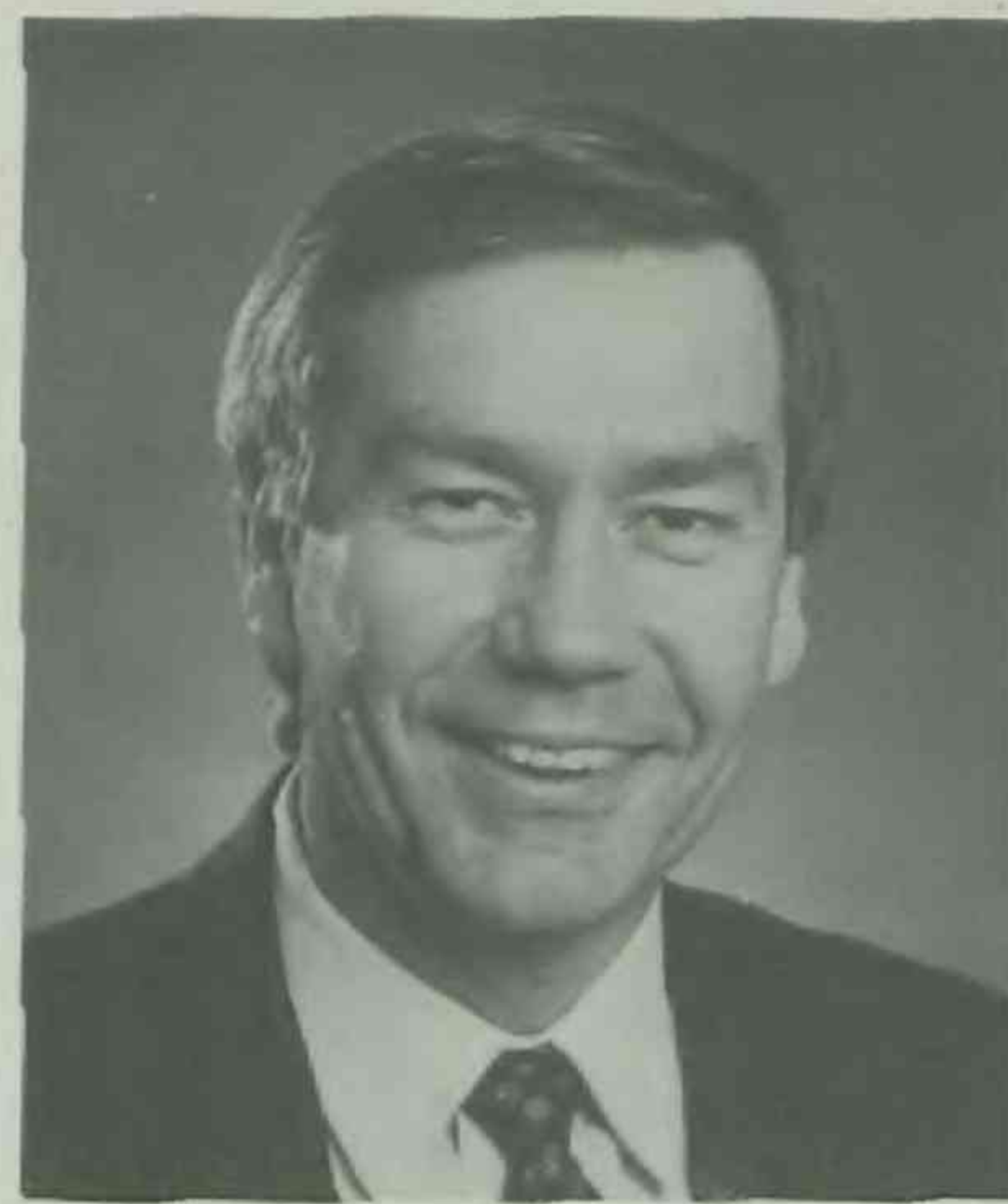
Queensland agricultural industries again faced challenges originating in the natural environment. The Department was called on to respond effectively to the damaging papaya fruit fly outbreak that impacted on the horticulture industry in Queensland's north. An industry liaison group was established to give growers an effective voice in developing strategies to control and eradicate the fly.

The exotic fungal disease, ergot, was detected in sorghum crops on properties across the State, with scientific staff working under extreme pressure to identify the extent of the outbreak and successfully manage it.

In addition, black sigatoka disease was detected on bananas in the Weipa district and successfully eradicated.

Queensland also faced another year of severe drought, which has had a devastating impact on the whole State. Up to 40 shires and parts of another eight were drought declared. Some relief to the drought came in early May, with sizeable rainfalls recorded in the southern quarter of the State.

Measures such as the Cabinet-approved payment of the forward freight subsidy were introduced to assist drought-affected producers. A specialised and dedicated Drought Management and Rural



Development Division was formed to work with the rural sector, from the survival stage (drought and natural disaster) to the success stage (enterprise profitability and rural community development).

A single Corporate Services Agency (CSA) was being established to deliver corporate services systems, from 1 July 1996, to both the DPI and the Department of Natural Resources. An innovative approach to corporate services delivery within Queensland, it provides the opportunity to achieve maximum economies of scale while maintaining high standards of service.

For the second year in a row, the Department was awarded the Queensland Training Award, Employer of the Year - Queensland Public Sector. The award recognises the DPI as an exemplary employer in its commitment to and excellence in training. The Department continued its Achievement Awards to recognise and reward the outstanding achievements of its employees.

I would like to recognise the achievements of Tom Fenwick, who until March 1996 was the DPI's Director-General. Tom's working relationship with the Department is continuing in his new role as Director-General of DNR.

The DPI's staff remain hard-working and committed, and I thank them for their considerable efforts throughout the year.

Along with the other DPI Management Team members, I look forward to building on the achievements of 1995-96 in providing an equally successful 1996-97.

A handwritten signature in black ink, reading 'Roly Nieper'.

*Roly Nieper*  
**DIRECTOR-GENERAL**

# DEPARTMENT REVIEW

## PERFORMANCE HIGHLIGHTS

*Highlights of the Department's work are listed below under the relevant corporate goals.*

**Corporate Goal 1.** *To sustain or enhance the productive capacity and quality of the State's natural resources while meeting ecological, commercial and social obligations.*

- In cooperation with the timber industry, operational trials of a draft Code of Practice to demonstrate ecologically sustainable native forest timber production commenced.
- Through the launch of *The Long Paddock* on the Internet, DPI made key climatic information more readily accessible to producers.
- Research information on major fisheries species and by-catch will have a major bearing on the commercial fishing sector's future management.
- New elements of integrated pest management systems and pesticide use reduction were developed for cotton, citrus, apples, stonefruit, strawberries and papaws.

**Corporate Goal 2.** *To promote profitable production and marketing of high-quality primary products, including value added products.*

- In its first year of commercialised operations, the Forest Production Program recorded an operating profit of \$17.6m and a return on assets of 10%.
- DPI targeted domestic and international confectionery manufacturers to establish new factories in Queensland to service Asian markets by capitalising on the State's high-quality raw and refined sugars.
- A joint wool industry-DPI working group was formed to develop policies and strategies to reduce wool pesticide levels by 50% by 1997-98.
- Quality management systems were devised (in conjunction with major enterprises or grower groups) in citrus, tomato, bean and apple industries.

**Corporate Goal 3.** *To increase the competitive advantage of the agriculture, forest and fishing industries.*

- The 'Expanding Exports from North Queensland' initiative identified market opportunities suitable for commercial implementation in live cattle to the Philippines and Indonesia and in longans into Hong Kong.
- Centre for Food Technology staff developed applications for two large quality-assurance projects with the seafood and horticultural industries. Funding of \$1m was received from the Food Quality Program.
- Data packages were developed to enhance the prospects for the continued efficacy of insecticides and for their compliance with minimum residue limits.
- Queensland's reputation as a supplier of livestock and wholesome meat and other animal-derived

foodstuffs was strengthened by further implementation of a structured disease surveillance system.

- Substantial resources were provided to manage a papaya fruit fly outbreak in north Queensland.

**Corporate Goal 4.** *To improve the long-term economic and social outcomes for rural producers and their associated communities.*

- Activities on the Atherton Tableland to encourage diversification of enterprises away from tobacco to alternative crop options were strongly supported by crop demonstration sites for grapes, citrus, stonefruit and strawberries.
- Almost 2600 droughted producers received a total of \$4.6m in assistance through freight subsidies for fodder and livestock transport.
- Research, monitoring and local community input combined to enhance fisheries across the State through freshwater and marine fish restocking.
- Innovative research by DPI scientists resulted in significant advances towards identifying the origin of equine morbillivirus.

**Corporate Goal 5.** *To ensure the Government is provided with high-quality policy advice on Queensland's agriculture, forest and fishing industries and the resources on which they depend.*

- Reviews of structural arrangements for the egg and tobacco industry were completed and work was well advanced on the drafting of amending legislation for these industries.
- A Beef Industry Development Advisory Council was established to develop goals and strategies to achieve industry development and restructuring.
- All DPI legislation was audited - in line with National Competition Policy Agreement requirements - to identify provisions that restrict competition and that will be reviewed by the year 2000.
- Policy was developed for progressive revision of guidelines for licensing and managing beef feedlots.
- A review of the *Stock Act 1915* was completed.

**Corporate Goal 6.** *To deliver quality services to clients by achieving best practice.*

- A business plan for full-scale release of Agrilink was developed.
- The results of a preliminary investigation to identify Queensland coastal areas suitable for prawn farm development were published.
- A Departmental Emergency Response Management Task Force was set up to operate from February 1996.
- The Department moved into inter-agency service agreements with the Department of Justice and with Queensland Treasury for electronic funds transfer of financial payments.

# DEPARTMENT REVIEW

## DEPARTMENT'S CHARTER

From 1 March 1996, the Department created new vision and mission statements to reflect its new direction and business objectives.

### DPI VISION

*A primary industries sector confidently competing in a world market.*

### DPI MISSION

*The Department is a rural economic development agency bringing together government and industry in partnership to increase the profitability of primary industries-based enterprises on a sustainable basis.*

### DPI PROFILE

The Minister for Primary Industries' main responsibilities and the Acts the Minister administers are set out in the Administrative Arrangements Orders.

The framework guiding the Department's activities involves a combination of primary industries sectoral issues and broader Commonwealth/State issues and strategies.

At the broad Commonwealth/State level, this framework involves a range of reform measures and infrastructure developments. These include Council of Australian Government (COAG) reforms directed at expanding economic development and obtaining a greater return on Government infrastructure investment in areas such as water, electricity and transport.

These are supported by reforms through National Competition Policy to introduce greater competition into Government and business practices, and organisational structures. Other macro- and micro-economic reform measures in financial, taxation, tariff and labour market areas are a part of this process of enhancing market forces and competition.

Further, a wide variety of Commonwealth/State agreements also influence this framework, such as the Inter-Governmental Agreement on the Environment, the National Forest Policy Statement, the National Strategy for Ecologically Sustainable Development and the Protection of Biodiversity. All of these influence programs in Queensland's primary industries sector.

At the sectoral level, the framework is influenced through the need for primary industries to remain viable and profitable, and be able to compete internationally. Its focus is on contributing to Queensland's economic development, with long-term sustainable production systems. Key considerations in this context include market access, 'clean and green' products, value adding and product diversification.

### CONTRIBUTION TO THE ECONOMY

Despite the adverse effects of drought and challenging market conditions, Queensland's rural sector continued to contribute significantly to the economic wellbeing of both Queensland and the nation.

In 1994-95 the sector contributed 37% of the value of Queensland's total overseas exports and 24% of the nation's rural exports. In November 1995, nearly 90 000 people were employed in the State's rural sector, representing 6% of the total number of people employed in Queensland.

The rural sector has also performed well in terms of value of rural output in recent years. Although most industries suffered loss in potential production and increased production costs owing to drought in 1994-95, the total gross value in agricultural commodities produced in Queensland increased by almost 6% from the previous year to \$5466 million.

# DEPARTMENT REVIEW

## DEPARTMENT'S MANAGEMENT

### MANAGEMENT TEAM

The Department's key decision-making group is the Management Team. It provides corporate direction, sets priorities, evaluates performance and oversees funding decisions.

### MANAGEMENT TEAM MEMBERS

The Management Team comprises the officers in the positions below.

Roly Nieper, **Director-General**

Terry Johnston, **Deputy Director-General**

Dr Warren Hoey

**Executive Director (Agriculture)**

Dr Gary Bacon

**Executive Director (Forestry)**

John Pollock

**Executive Director (Fisheries)**

Kevin Dunn

**Executive Director (Animal and Plant Health Service)**

John Childs

**Executive Director (Research, Information & Extension)**

Dr Peter White

**Executive Director (Drought and Rural Development)**

Peter Neville

**Executive Director (Policy and Legal Services)**

John Skinner

**Executive Director (Corporate Performance)**

Sue Wedgwood

**General Manager (Performance Management)**

### PROGRAM MANAGEMENT

#### ORGANISATION AT 1 JULY 1995

From 1 July 1995, the Department had an organisational structure comprising these business groups: Agricultural Production, Agribusiness, Forest Service, Water Resources, Corporate Services, Resource Management, and Rural and Resource Development.

They organised their business activities through seven programs: Natural Resource Management; Industry Services; Product Development and Marketing; Community Services; Water Services; Forest Production; and Corporate Management and Support.

#### Organisation at 1 March 1996

On 1 March 1996, the Department was restructured in response to the new State Government's directive. The impact of this was:

- the transfer of Natural Resource Management Program and Water Services Program to the newly formed Department of Natural Resources;

- the creation of new business groups to manage the Department's program responsibilities (Agriculture; Fisheries; Forestry; Drought and Rural Development; Research, Information and Extension; Policy and Legal Services; and Corporate Performance); and
- the commencement of program restructuring for implementation from 1 July.

#### Interim arrangements

Program performance reported in this Report is against those programs retained by the Department after 1 March 1996. These programs were:

- Industry Services (for activities managed by the Agriculture business group);
- Product Development and Marketing (for activities managed by the Drought and Rural Development business group);
- Forest Production (for activities managed by the Forestry business group); and
- Corporate Management and Support (for activities managed by the Research, Information and Extension; Policy and Legal Services; and Corporate Performance business groups).

The Department's animal and plant health services were brought together as a joint service funded out of the Department's programs.

Components of the Natural Resource Management and Community Services programs retained by the Department were:

- fisheries and aquaculture responsibilities;
- rural leadership (reported in the Product Development and Marketing Program in this Report); and
- the Education, Information and Advice Subprogram (reported in the Corporate Management and Support Program in this Report).

Fisheries activities are reported in this Report against relevant goals of the Natural Resource Management Program. The bulk of this program, along with the Water Services Program, is reported in the Department of Natural Resources 1995-96 Annual Report.

#### REGIONAL CHANGES

From 1 March, the Department ceased operating through a regional structure headed by regional directors. Responsibility for coordinating regional service delivery was placed with Regional Managers (Agriculture). At 30 June, the Department was re-evaluating its regional management structure.

# DEPARTMENT REVIEW

## MANAGING PERFORMANCE

### PERFORMANCE MANAGEMENT

In December 1995, the DPI's accountable managers used an Executive Information System (EIS) to report progress towards achieving planned and targeted performance. The EIS, or strategic reporting module, is part of a bigger information project called LINKX (Linked INFORMATION and Knowledge Exchange), which is both building information systems and ensuring all existing and future systems can 'talk' to each other.

The LINKX strategic reporting module gives the Department an overview of planned versus actual performance, a clear picture of its relationships with clients, and a standard information model for other systems.

### FINANCIAL MANAGEMENT

The Department's financial management showed continued improvement in 1995-96. Enhancements to resource allocation and resource management processes further enabled the Department to administer public resources to reflect Government and Departmental priorities.

Initiatives such as Smartstream, Quality Assurance and Accrual Accounting continued to be developed and reap benefits for the Department. Smartstream (a financial reporting and analysing tool) was further enhanced, making it a critical management tool for the Department.

The Department's financial management processes were analysed in detail, culminating in the staged Quality Assurance certification of Brisbane-based processes to AS/NZS ISO 9001. The Department's success in assuring the quality of its financial processes saw it acknowledged as one of the leaders for this in the public sector.

After the successful implementation of accrual accounting in DPI Forestry from 1 July 1995, extensive policy and system changes were made to enable the whole Department to report on an accrual accounting basis for the financial year 1996-97.

### WOMEN AND ECONOMIC EQUALITY

The Government has acknowledged women as a significant part of the Queensland workforce and an important client group for the delivery of services. In 1995 the Women's Policy Unit, Office of Cabinet, released a set of six 'Principles for Action in Achieving Economic Equality for

Women'. They cover employment, vocational education and training, labour market reform, participation in education, social infrastructure and representation. The Department is an Equal Opportunity Employer committed to addressing these issues within a strategic organisational framework.

The Department provides the mechanism and encouragement for women in local communities to participate on industry boards and to have input into rural and State decision-making bodies.

DPI collaborated with the Office of Women's Affairs to provide more than \$100 000 to assist in establishing a peak council for rural women to give them a greater voice in government.

### PUBLIC SECTOR ETHICS ACT

In accordance with the *Public Sector Ethics Act 1994*, the Department developed a draft Code of Conduct. The process included consultation with and feedback from all DPI staff, the DPI Ethics Steering Committee and statutory authorities linked to the Department.

The draft Code was trialled between December 1995 and 30 June 1996. The 'trial' ensured that staff and clients were aware of the Code, had access to it, could read and test it, were able to understand their rights and obligations under the Code, and had the opportunity to provide feedback. The Code is expected to be implemented in 1996-97.

### WHISTLEBLOWERS PROTECTION ACT

During 1995-96, the Department formalised its policy for handling public interest disclosures under the *Whistleblowers Protection Act 1994*.

The policy was drafted in conjunction with the DPI Code of Conduct and the provisions of the *Public Sector Ethics Act 1994*. Thorough consultation was conducted throughout the drafting and included input from Ethics Steering Committee and Discipline Steering Committee members, drawn from all DPI business groups and regions; union organisations; Department of Training and Industrial Relations; the Office of the Public Service; and the Criminal Justice Commission.

Under Whistleblowers Protection Act provisions, no public interest disclosures were reported to the Director-General.



# DEPARTMENT REVIEW

## STAFF PROFILE

### OVERVIEW

At 30 June 1996, the Department employed 3565 full-time equivalent staff, with 2648 (representing 74.3% of the Department's workforce) located outside the Brisbane central business district.

In late February, the State Government formed new departments from the DPI and the Department of Lands, the latter being renamed the Department of Natural Resources (DNR) responsible for land and water.

Parts of the DPI were transferred to DNR, effective from 1 March 1996. This included the transfer of about 1800 staff.

The DPI retained its core focus on agriculture, forestry and fisheries, and a new DPI structure was developed for staff to best meet clients' needs for services.

Key features of the new Department include industry-based business groups and divisions having a statewide focus; a higher profile for Fisheries (as a business group); establishment of a Drought and Rural Development Group and an Animal and Plant Health Service to coordinate services across industries; and Rural Service Coordinator positions to coordinate local service delivery needs.

As a result of these changes, the staff profile was focused more clearly on research, extension and regulatory functions, along with Forestry staff engaged in commercial-oriented activities.

Administrative and managerial arrangements were simplified and streamlined to enhance client service focus and delivery.

A major recruitment exercise was undertaken to respond to the papaya fruit fly outbreak in north Queensland. This resulted in the addition of more than 300 staff to respond quickly to the outbreak. An ongoing staff presence will be maintained to address this issue.

New emphasis and effort were placed on training and developing professional and technical staff. Negotiations were progressing on a new career progression scheme for research and extension staff and professional development options for these staff.

A Corporate Services Agency, with core functions covering administration, human resources and finance, was being established to service both the DPI and the Department of Natural Resources.

The Agency was to begin operating on 1 July 1996.

For the second year in a row, the Department won the Queensland Training Award, 'Employer of the Year - Queensland Public Sector'. This award recognises the Department's commitment to staff training and acknowledges its excellent achievements in this area, including work done by the Rural Extension Centre (at Gatton) and the Queensland Boating and Fisheries Patrol.

The Study and Research Assistance Scheme (SARAS) was fully utilised, with 160 employees receiving part-time and 10 full-time support.

### GENDER REPRESENTATION

Below is the Department's full-time equivalent gender representation at salary band level as at 30 June 1996.

Salary level	Males	Females	Total
A01-A04	197	502	699
A05-A08	210	49	259
P01-P02	86	53	139
P03-P06	527	86	613
T01-T03	371	136	507
T04-T06	210	6	216
001-007	408	122	530
Senior executive service	27	2	29
*Other	538	35	573
<b>Total</b>	<b>2574</b>	<b>991</b>	<b>3565</b>

\*Represents staff outside the Public Sector Award and casual employees.

# DEPARTMENT REVIEW

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## STAFF PROFILE

### ENTERPRISE BARGAINING

The revision of the Department's structure from February 1996 significantly impacted on its implementation of enterprise bargaining.

However, enterprise bargaining was implemented in compliance with Cabinet-endorsed principles and enterprise agreement requirements. The May 1996 pay increase was achieved through improved practices.

### EQUAL EMPLOYMENT OPPORTUNITY (EEO)

The Department continued its commitment to the principles of equal employment opportunity to ensure that women, Aboriginal and Torres Strait Islander people, members of ethnic communities and people with disabilities have equal access to a full range of employment options and choices.

In meeting its EEO objectives, the Department has adopted a strategic approach to EEO Management planning, aligning the EEO Management Plan with corporate planning and its contribution to service delivery. To this end, strategies have been put in place to ensure that the diversity of representation within the Department reflects that of the community in which DPI operates.

The recruitment of Aboriginal and Torres Islander people in the Department's forestry and fisheries areas has been targeted to arrest the decline in representation, which resulted from organisational structural changes.

The representation of women in senior positions in the Department improved. They currently occupy 17% (8) of these positions, two of which are permanently occupied. The Department is well placed to reach its target of 20% representation of women in SES positions by the year 2000.

The maintenance of data on the employment and promotion of target group members is a critical means of measuring the EEO program's success. As a result of improved system design and maintenance, and enhanced collection methods, EEO data were obtained for 91.7% of DPI's employees in the period 1995-96, an increase of 14% over 1994-95 figure.

The 1995-1997 EEO Management Plan was reviewed and evaluated in 1995-96. A new EEO Management Plan was developed which, in conjunction with the evaluation outcomes,

incorporated changes to the structure and direction of the organisation. These changes are reflected in strategies that will consolidate Equal Employment Opportunity as a vehicle for improving corporate performance and enhancing service delivery.

### AWARDS AND RECOGNITION

Department staff continued to be recognised - by professional, academic and community organisations - for their achievements and excellence in research, extension and administration.

In addition, the Department continued its internal Achievement Awards to recognise teams and individuals for their outstanding achievements above and beyond that which is expected.

# PROGRAM PERFORMANCE REVIEW

## INDUSTRY SERVICES PROGRAM

### PROGRAM PURPOSE

*To increase the competitiveness and economic value of the production sector of Queensland's primary industries through sustainable production systems and in keeping with other community values.*

### DESCRIPTION

The Program's clients include primary producers and their representative organisations, intending primary producers, external funding bodies and the community in general.

Services provided through the Program include research, extension, regulation and policy development and analysis. The Program:

- conducts *research* to develop technologies for primary producers to better meet market requirements or to lower their production costs while protecting the land resource;
- carries out *extension* to accelerate the adoption of new technologies in production enterprises, and to enhance primary producers' decision-making skills;
- fulfils a *regulatory* responsibility to identify and contain biological and chemical threats to the productivity and financial performance of primary production enterprises, and assists producers to manage self-regulation to maintain and increase market access; and
- conducts *policy* development and analysis to assist the State Government to make informed decisions on issues that affect the economic development of the production sector of Queensland's primary industries, and to provide the State Government with information that it can use to promote the economic development of Queensland's primary industries by influencing Commonwealth Government policies.

### CORPORATE GOALS TO WHICH THIS PROGRAM CONTRIBUTES

- To sustain or enhance the productive capacity and quality of the State's natural resources while meeting ecological, commercial and social obligations.
- To promote profitable production and marketing of high-quality primary products, including value-added products.
- To increase the competitive advantage of agriculture, forest and fishing industries.
- To improve the long-term economic and social outcomes for rural producers and their associated communities.

- To ensure the Government is provided with high-quality policy advice on Queensland's agriculture, forest and fishing industries and the resources on which they depend.
- To deliver quality services to clients by achieving best practice.

### SUBPROGRAMS

The work of this Program was divided among these subprograms:

- Aquaculture
- Beef
- Field Crops
- Forestry and Timber
- Horticulture
- Intensive Livestock
- Sheep and Grazing Game

# PROGRAM PERFORMANCE REVIEW

## INDUSTRY SERVICES PROGRAM

### PROGRAM DEVELOPMENTS 1995-96

#### Policy changes

After a change in Government in February 1996, responsibility for water and resource management issues was transferred from the DPI to a newly formed Department of Natural Resources.

In conjunction with this change, it was decided to maintain close links between production-oriented work (to continue to be performed in DPI through this Program) and work on sustainable management of land and water resources (to be performed in the new Department of Natural Resources).

With the change in Government, a new policy agenda was introduced into the Program. In response to the effects of prolonged drought and low commodity prices, it was decided that service delivery should be improved.

It was also decided that administration costs should be kept to a minimum, that community and industry consultation processes should be streamlined and that management systems should be simplified and made more effective. The last issue was initially addressed by immediately reducing the number of management positions within the Program.

Program priorities were shifted to give increased emphasis to improving the viability and profitability of primary producers' enterprises and rural industries, increasing industry competitiveness, maintaining and increasing market access for agricultural products and increasing the dissemination of useful information to primary producers.

#### Resource changes

Savings amounting to 2% of the Program's budget were due to increased productivity within the Program.

An outbreak of papaya fruit fly in north Queensland led to staff being redeployed to deal with this emergency.

After the change of Government, expenditure was frozen, pending a review, on the two Forestry and Timber Subprogram native species plantation initiatives. Expenditure on these initiatives was \$526 000 of an allocation for 1995-96 of \$4 545 000.

#### Future directions

The Program will continue to implement the new Government's policy agenda. It will increase the viability and competitiveness of primary production enterprises and enhance their capacity to meet market requirements.

The Program will bring about a closer partnership between industry and Government by establishing industry-based Institutes. Through these Institutes, industry representatives will play a strong role in setting directions and establishing priorities for services provided to their respective industries. Institutes will integrate research, information and extension to enhance the value of services provided to primary producers.

The Program's flexibility will be maintained in 1996-97. It will be prepared to respond quickly to variations in climatic and biological conditions; for example, drought and drought-breaking rain, and pest and disease outbreaks. It will have an enhanced capacity to respond to disease and pest incursions such as papaya fruit fly.

It will also have the capacity to respond quickly to other unpredicted developments and opportunities; for example, innovations developed elsewhere and unexpected market opportunities.

The Program will have six priority areas:

- market access for Queensland produce;
- profitable farm enterprises that are internationally competitive and environmentally responsible;
- reduced dependence on chemicals;
- high-value horticultural products for domestic and export markets;
- grains for expanding markets and livestock end users; and
- quality animal and fibre products to domestic and export markets.

# PROGRAM PERFORMANCE REVIEW

## INDUSTRY SERVICES PROGRAM

### PROGRAM GOAL 1

*To increase the economic efficiency and competitiveness of primary production enterprises.*

#### Progress towards outcomes

In horticultural industries, a major extension effort was devoted to improving the efficiency of horticultural production and handling systems. This effort drew on research and development that provided new plant varieties, alternative production technology and improved management practices.

A new disease-resistant banana variety suited to southern Queensland and to New South Wales production was released to the banana industry to help manage soil-borne disease. New disease-resistant tomato-breeding lines were developed and released to private sector breeders. New and highly productive macadamia varieties, which will improve the profitability of macadamia producers, were identified.

A new variety of riceflower, a native cutflower species, was released to complement existing commercially grown varieties. A tropically adapted, disease-resistant supersweet sweetcorn variety released in 1994 continued to gain market acceptance.

A new variety of wheat, a new variety of soybean, 3 maize hybrids and 10 sunflower breeding lines were released for commercial use by industry and private seed companies. The new wheat variety released was an Australian hard variety named Leichhardt. It is resistant to yellow spot disease and can be grown in reduced or no-till situations where wheat residues or disease problems are likely to occur. Two of the new maize varieties released were tropical varieties that yielded 25% higher than the previously available commercial releases. The other new maize variety released was a white hybrid bred specifically for the poultry industry.

Prawn, barramundi and redclaw crayfish farmers' knowledge and production practices were progressively improved through workshops.

Beef producers benefited from a series of workshops that helped industry to identify and target market specifications and develop strategic alliances. An important focus of the workshops was how to penetrate global markets for beef, live cattle, semen and genetic technology.

A DPI-originated National Pig Improvement Program was released to industry. This service takes advantage of recent genetic improvement technology to identify and compare (across pig herds) animals that will be the best breeding stock.

After overseas investigations funded with industry support, the Department committed substantial funds to construct a world class crocodile rearing facility at Oonoonba Veterinary Laboratory, Townsville. This will enable additional crocodile research to assist the expansion of crocodile farming and related value-adding industries.

Following DPI research, development and extension, about 35% of Queensland dairy farmers supply about 20% of their cows' diet requirements as silage, a high-quality and cost-effective feed source. This is helping the dairy industry to minimise the adverse impact of drought.

### PROGRAM GOAL 2

*To improve the capacity of primary production enterprises and industries to operate sustainably.*

#### Progress towards outcomes

Grazing land management research provided data to better define management systems and stocking strategies that will maximise beef enterprise profitability over the long term. For example, in central Queensland, under dry seasonal conditions, research indicates that, when legumes are oversown into native pastures, the same cattle weight gain per hectare can be gained with more trees and fewer stock.

Woodland management research was used in determining tree clearing guidelines.

More than 800 properties entered the tick eradication scheme. This was many more than the targeted 150 properties. Successful tick eradication eliminates the need to treat cattle chemically before sending them to market. This removes the risk of chemical residues from tick treatment and increases beef producers' selling options.

New elements of integrated pest management systems and pesticide use reduction were developed for cotton, citrus, apples, stonefruit, strawberries and papaws. Major coordinated projects on integrated pest management in brassica vegetables and pulse crops began. An extensive range of options for nematode control in intensive vegetable production was finalised and promoted as a way to replace chemical controls.

# PROGRAM PERFORMANCE REVIEW

## INDUSTRY SERVICES PROGRAM

Components of a lower input strawberry-production system continued to be developed. The objective is to achieve more highly integrated use of inputs to reduce input costs, maintain production and improve profitability.

Most insects of stored grain were confirmed as having become resistant to most pyrethroid and organo-phosphorus insecticides. Weak resistance to phosphine was also detected in all major grain pests.

Data packages were developed to enhance the prospects for continued efficacy of insecticides and for their compliance with minimum residue limits.

Good progress was made towards registration of chemicals for use in aquaculture.

More than 55 wool producers in south-west Queensland had long-term carrying capacity assessments made of their properties. As a result, more than 10% of this region can now benefit from scientifically based guidelines to determine stocking rates.

GRAZE-ON, a computer package to help producers decide on tactical stocking rates in Mitchell grass downs wool-producing systems, was completed.

The regulation of feedlots, piggeries and other intensive livestock industries under the Environment Protection Act was delegated to the Department.

Effluent management strategies for dairy farms were revised and a book presenting effluent management guidelines was prepared through collaboration between the dairy industry and Government.

The Department developed two new coccidiosis vaccines to benefit the poultry industry.

### PROGRAM GOAL 3

*To enhance the capacity of primary production enterprises and industries to meet market requirements.*

#### Progress towards outcomes

Queensland's reputation as a supplier of livestock and wholesome meat and other animal-derived foodstuffs was strengthened by further implementation of a structured disease surveillance system. This system complements existing disease monitoring and investigation

activities undertaken by the Program and links with systems being developed nationally and internationally. It provides vital information on the health status of Queensland livestock and thereby supports market access for Queensland producers.

Program resources also contributed in a major way to State and national responses to occurrences of zoonotic diseases of significant public health concern, such as the outbreak in the Torres Strait of Japanese encephalitis and, in the Mackay area, of equine morbillivirus.

In partnership with the beef industry, DPI played a key role in managing chemical residue minimisation programs to maintain access to world markets.

Through the action of the Queensland Cattle Care Management Committee (an industry-led group in which DPI participates), many beef producers were informed about 'Cattle Care' and 'Q Care' quality assurance systems for grass-fed beef production. The introduction of such systems will ensure that beef products will meet market specifications.

Substantial resources were provided to manage a papaya fruit fly outbreak in north Queensland. Support from the Program was instrumental in implementing processes to contain the outbreak and in maintaining access to markets for horticultural products from affected areas. Further support was provided to manage an outbreak of ergot in grain sorghum.

Quality management systems were devised (in conjunction with major enterprises or grower groups) in citrus, tomato, bean and apple industries. The systems increased industry awareness and up-take of quality-assured practices in these industries. A project to foster linkages among business enterprises throughout the horticultural production, handling and marketing chain was underway. The objective is to develop greater understanding and cooperation among horticulture industry stakeholders in servicing market needs for horticultural products.

An in-depth analysis of the use of chemicals in wool production was completed, and DPI-industry partnership strategies were developed and implemented. A joint wool industry-DPI working group was formed to develop policies and strategies to reduce wool pesticide levels by 50% by 1997-98.

# PROGRAM PERFORMANCE REVIEW

## INDUSTRY SERVICES PROGRAM

The Queensland shellfish water assessment and monitoring program successfully completed its first two-year stage and provided the Australian Quarantine Inspection Service with recommended classifications for oyster-growing areas in Moreton Bay.

Innovative research by DPI scientists resulted in significant advances towards identifying the origin of equine morbillivirus.

Comprehensive monitoring for bovine tuberculosis continued with only one new case being detected. Queensland remains 'on track' to declare freedom from bovine tuberculosis (along with the rest of Australia) by the end to 1997.

Strategies to improve tick control on dairy farms were accelerated and will address concerns about increased tick resistance to chemicals and reduce dependency upon chemicals within production systems.

### PROGRAM GOAL 4

*To enhance industry development in the production sector consistent with industry and community expectations.*

#### Progress towards outcomes

Support for and participation in the activities of the North Australia Beef Research Council and its associated Regional Beef Research Committees continued. Examples of outstanding joint DPI-industry activities serving the beef industry included publication of the first edition of *Beeftalk*, a newsletter mailed to 10 000 producers in south-east Queensland, and further development of the live cattle export trade in north Queensland.

Development of joint industry-Government arrangements for managing and funding animal health services was progressed through an industry-led Animal Health Policy Working Group of the Queensland Livestock and Meat Industries Policy Council. The Working Group helped develop a Discussion Paper on the future of DPI's animal health services. The discussion paper was released for public comment.

Policy was developed for progressive revision of guidelines for licensing and managing beef feedlots. Implementation of this policy will result in simplified feedlot monitoring as DPI and National Feedlot Accreditation Scheme requirements are made more compatible.

Activities on the Atherton Tablelands to encourage

diversification of enterprises away from tobacco to alternative crop options were strongly supported by crop demonstration sites for grapes, citrus, stonefruit and strawberries. Navy beans, peanuts and mangoes are already established diversifications for tobacco growers.

A business plan for full-scale release of Agrilink - a series of comprehensive self-help information kits for producers covering a wide range of horticultural crops - was developed ahead of Agrilink's availability for purchase, in the second half of 1996. The Agrilink format provides information on crop production, handling and marketing in a readily accessible format and in a way that serves producers' needs. Plans were set to develop the Agrilink system in alternative computerised formats to complement and enhance the manual-based system.

A baseline study of the Queensland kangaroo industry and a detailed economic analysis of the potential of kangaroo meat and hide production were completed.

The results of a preliminary investigation to identify Queensland coastal areas suitable for prawn farm development were published.

The Queensland Aquaculture Development Advisory Committee drafted a State Aquaculture Development Strategy for release for public comment early in 1996-97.

The Australasian Pig Institute was established as a partnership with industry and the University of Queensland. It will foster and drive research, development, extension, training and education in the Queensland pig industry. A director was appointed to lead the Institute.

The Department completed the evaluation phase of the Pig Infoweb Service on the Internet, and the national pig industry approved its introduction as a commercial service. This information service is likely to become an important new communication and information delivery medium for researchers and pig producers.

A Native Species Plantation Policy Statement was published. It incorporated the results of public comment on a policy options paper titled *Tree Planting for Timber Production and Natural Resource Management*.

Reviews of legislation, in particular the *Stock Act 1915*, were completed. Recommendations highlighted the need to give greater support so that market access requirements can be met.

# PROGRAM PERFORMANCE REVIEW

## PRODUCT DEVELOPMENT AND MARKETING PROGRAM

### PROGRAM PURPOSE

*To create a technical and business environment that encourages the development of new food products and marketing opportunities both within Australia and overseas.*

### DESCRIPTION

The Program focuses on rural business viability and competitiveness in domestic and international markets. It assists business managers, including primary producers and managers of small to medium companies, to review their business positions, identify profitable market and trade opportunities, and enhance their business skills and capabilities. It also helps food manufacturers and processors in all aspects of value adding and postharvest technology.

Rural economic development is the highest-order focus in this Program. This will be achieved through attracting and developing new rural industries and encouraging communities to be self-directing. It recognises drought management as crucial for attaining sustained rural economic development.

The Program works with rural communities and industries on policies and programs to assist the State better prepare for and manage drought and drought recovery.

The Program's clients include primary producers, industry bodies, policy councils, research and development corporations, food processors, rural communities, exporters and consultants. Services provided include:

- providing easier access to economic, finance and marketing information;
- providing relevant and affordable business management training;
- counselling producers with financial problems;
- providing whole-farm business-planning workshops focusing on business management and planning skills in the human, land, financial and production domains;
- providing confidential product and process development;
- maintaining global information networks and a customer advisory service;
- conducting strategic research to meet industry needs for new products or services;

- assisting exporters establish trade linkages; and
- identifying and overcoming restrictive market access issues and developing export protocols.

### CORPORATE GOALS TO WHICH THIS PROGRAM CONTRIBUTES

- To sustain or enhance the productive capacity and quality of the State's natural resources while meeting ecological, commercial and social obligations.
- To promote profitable production and marketing of high-quality primary products, including value-added products.
- To increase the competitive advantage of agriculture, forest and fishing industries.

### SUBPROGRAMS

The work of this Program was divided among these subprograms:

- Trade and Business Development
- Product Quality and Market Assistance
- Food Science and Technology



# PROGRAM PERFORMANCE REVIEW

## PRODUCT DEVELOPMENT AND MARKETING PROGRAM

### PROGRAM DEVELOPMENTS 1995-96

#### Policy changes

Government policy requires increased emphasis on drought and rural economic development issues. A Drought and Rural Development Group was created from the former Agribusiness Group and parts of the former Risk Management and Drought Subprogram to deliver the Program's services and activities. Group activities are aimed at helping clients along a continuum, from survival through self-reliance to success.

Services provided through this Program encompass drought assistance and management, strategies for drought preparedness and post-drought management, property management planning, rural development and rural leadership training, and food and non-food product development.

#### Resource changes

The functions of property management planning, farm financial counselling, economic services, and drought management and regional development were added to the Drought and Rural Development Group, while a component of the Product Quality and Market Assurance Division was excised. These changes resulted in a net increase in staff numbers and fund allocations.

#### Future directions

Droughts will always affect Queensland's primary production. The Program will continue to work with industry to develop policies and programs to help producers better prepare for and manage drought impacts. Issues will include drought recovery and preparation for future drought.

Rural communities need skills to cope with the changing environment and to grasp new opportunities. The rural leadership and business development program gives leadership and advanced business skills to farmers and agribusiness people.

Encouragement of rural community and industry development will continue through coordinated delivery of existing State and Commonwealth government services. Rural development specialists will be located throughout the State to assist communities.

Producers and processors have asked for business and marketing information in brief, relevant and intelligible formats. The challenge is to channel

this information to industry in a timely and cost-effective way.

Business and marketing information will be directed to users through 'business briefs' and through strengthened regional extension services. The Queensland Rural Industry Council and Program staff will help clients, through facilitation, to refocus rural business and management training. It is essential for the farm sector to be sustaining and profitable.

The Program has helped revitalise property management planning to focus on whole-property management. Severe drought, coupled with particularly low prices, has caused considerable financial pressure for many farm businesses.

The team of farm financial counsellors will continue to help producers trade out of their problems or leave their farms with dignity. The Program plans to establish a support group network to help clients and counsellors manage stress.

Food producers need to equal world standards for food safety, accuracy of analysis and truth in labelling. The Department's Centre for Food Technology, at Hamilton, plans to help food industry firms and associated industry organisations adopt quality assurance principles and meet international quality system standards.

The Program will continue to invest in strategic research into postharvest food technology so processors remain globally competitive. There will be a balance between long-term technology development and short-term solutions to today's technical problems.

To enhance the export performance of primary industry-based products, new export markets need to be developed and, at the same time, more value-added products are needed in the range of primary exports. DPI projects will be prioritised to ensure greater market access for new products.

# PROGRAM PERFORMANCE REVIEW

## PRODUCT DEVELOPMENT AND MARKETING PROGRAM

### PROGRAM GOAL 1

*To promote a commercially supportive environment that increases the capability of agribusiness for writing new business and realising profitable trade in Queensland primary products and services.*

#### Progress towards outcomes

The DPI was lead agency for a project targeting confectionery manufacturers to establish factories in Queensland to service Asian markets with the State's high-quality sugars. Another study investigated the potential for farming high-value reef fish for export to markets in Hong Kong and China. Preliminary findings confirmed expanding market opportunities, but little scientific information on the breeding and feeding aspects existed. About \$14m would be needed over 10 years for research.

The Business Advisory Services Scheme - a network providing 'first-stop shop' access for rural businesses to assistance from government - was expanded. Training of 34 AusIndustry Information Service Providers and 13 Referral and Advice Providers - was undertaken. The network includes State and Commonwealth agencies.

Agricultural economists carried out feasibility studies to provide producers with information on the profitability of their production options. Reassessment was needed because of declining terms of trade, deregulated markets and adverse seasonal conditions. Commodities analysed included selected crops on the Atherton Tablelands and the Granite Belt, table grapes on the Central Highlands, olives in south Queensland and adzuki beans in the South Burnett. The BREEDCOW/DYNAMA financial planning computer package was widely used by DPI staff to help beef producers recovering from drought to plan survival tactics.

AgriInfonet - a marketing-information access service to assist small- to medium-sized enterprises search for new export business opportunities - was piloted in Queensland. State and Territory departments of agriculture agreed to joint action to expand and commercialise the service nationally. The pilot program had been running with 35 clients and had developed 62 product and 14 country briefs in the 'At a Glance' series.

A successful seminar series, on the marketing and production of crops including macadamia nut, sugar-cane, avocados, mango, lychee, longans and wild flowers, was delivered under the CHOICES program. The seminars covered aspects of industry development, including economic and marketing issues. Reports covering these seminars were published.

Several significant market research studies were undertaken. A project identified food retail opportunities in Australia, East Asia, Thailand, Taiwan and Japan. Findings included changes to distribution and retailing structures that could provide market opportunities. Others included identification of market potential for value-added kangaroo meat products and domestic and overseas opportunities for Australian bush food.

The 'Expanding Exports from North Queensland' initiative identified two market opportunities for commercial implementation. These were the exports of live cattle to the Philippines and Indonesia, and longans into Hong Kong. Marketing activities were underway to develop these opportunities.

Property management planning programs continued to be popular with producers. The number of workshops increased 15%; 239 workshops involving 2840 properties addressed issues from succession planning to tree management.

Queensland Horticultural Export Council achievements included progress towards increasing vehicle gross mass limits on selected roads, publishing the *Taste of Queensland* poster, and advising the Australian Quarantine Review Committee.

### PROGRAM GOAL 2

*To develop technology that supports new food products.*

#### Progress towards outcomes

The Centre for Food Technology (the Centre) was launched by the Minister for Primary Industries in April 1996. Food industry representatives were told of the Centre's work with industry. This included research, product and process development, analytical and information services, and market access activities.

# PROGRAM PERFORMANCE REVIEW

## PRODUCT DEVELOPMENT AND MARKETING PROGRAM

The Centre implemented a financial plan in 1994-95 to become a more effective commercial unit servicing the food industry's technical needs. Demand for the Centre's technical services rose, with fee-for-service income from clients reaching \$1.3m. To enhance client servicing, staff were trained in professional consultancy skills.

Centre staff developed applications for two large quality assurance (QA) projects with the seafood and horticultural industries. Funding of \$1m was received from the Food Quality Program. Centre staff conducted technical consultancies and training in QA for companies.

Food firms collaborated with staff in 36 research projects (using support from 10 funding corporations) to develop technologies and methods for adoption. Attention was given to waste minimisation and utilisation, biotechnology, sensory evaluation, quality and shelf life. Industry was interested in technology such as heat-pump drying.

Confidential technical consultancies with three companies resulted in new food products being released for national retail and food service markets. The products included medicated throat lozenges, low-fat muesli bars, low-fat cereal products, breakfast bars and flavours for vegetable jellies that set at room temperature.

Centre laboratories tested products and issued certificates of analysis for 248 clients, including 60 clients seeking export certification. The laboratories, which are accredited by the National Association of Testing Authorities and the Japanese Ministry of Welfare for microbiological and chemical testing of food products, provided clients with food analysis certificates.

Centre staff designed information packages for 166 customers, 57 of whom used the Australian Seafood Extension and Advisory Service. These services were provided from an extensive in-house library, CD-ROM resources and electronic databases in Australia and overseas. The Centre is a preferred supplier of technical training to major Queensland dairy companies, and provided short-course training to many other food companies.

The National Seafood Centre funded projects that identified drying conditions for seafood species and flavour taints in aquacultured silver perch. Other aquaculture projects focused on

blue fin tuna in sea cages, stress responses in farmed barramundi and transport technology for Karuma prawns.

### PROGRAM GOAL 3

*To get recognition and wide acceptance by international, interstate and domestic markets of the quality of Queensland produce.*

#### Progress towards outcomes

Agribusiness export enterprises were assisted to implement quality management principles through the Agribusiness Exporters Quality Assurance Scheme; 22 projects to implement quality assurance were funded.

The significantly fewer papaya fruit flies trapped highlighted the eradication program's success. This was endorsed by overseas experts visiting the Pest Quarantine Area and supported the submission to the Standing Committee on Agricultural and Resource Management to continue eradication program funding for 1996-97.

Agreement on amendments to the quarantine treatment protocols for a range of fruit commodities was obtained from the interstate quarantine authorities. This will significantly reduce the need for postharvest quarantine treatments.

Work continued on Certification Assurance to eliminate on-farm supervision of quarantine treatments.

To satisfy international and interstate market requirements, monitoring and surveillance for exotic fruit flies and other horticultural pests were implemented in major horticultural areas.

A sorghum ergot outbreak led to a pest control headquarters being established to manage the response. The extent of this outbreak made quarantine restrictions on the affected properties impractical and eradication unfeasible. DPI's Animal and Plant Health Service continued to manage the disease and establish toxicity of the ergot to stock.

More than 1000 samples of fruit and vegetables were taken from the Brisbane markets for chemical residue analysis. Most samples were taken to monitor control treatment for papaya fruit fly. Three samples had residues exceeding the limit.

# PROGRAM PERFORMANCE REVIEW

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## FOREST PRODUCTION PROGRAM

### PROGRAM PURPOSE

*To manage State-owned forest resources to earn commercial returns having regard to the Government's environmental and other relevant policies.*

### DESCRIPTION

The Program manages and markets Crown timber, quarry materials and other forest products on a commercial basis. Other products and services include genetic materials, technological systems, tropical and subtropical forest management expertise, and research and development services. Under service agreements with the Department of Natural Resources and the DPI's Agriculture Group, the Program also delivers services associated with managing the Crown forest estate, private forestry and forest industry development.

The Program's customers include the timber-processing industry, quarry operators, graziers and pastoralists, apiarists, research organisations, aid agencies, other Government agencies and the general community.

The Program has access to Crown forest resources on the Crown plantation estate (176 000 ha), designated native forest areas in State forests (3.3m ha), timber reserves (354 000 ha), other Crown lands (32.3m ha) and forest entitlement areas (34 000 ha). Of the 32.3m ha of forest on other Crown lands, commercial interest is currently restricted to 7.3m ha. The Program also sells quarry materials sourced from Crown lands and certain freeholded land.

Under the Program, timber is harvested on a sustainable basis and all operations on the Crown forest estate are subject to environmental and natural resource management policies and standards established and monitored by the Department of Natural Resources.

### CORPORATE GOALS TO WHICH THIS PROGRAM CONTRIBUTES

- To promote profitable production and marketing of high-quality primary products, including value-added products.
- To sustain or enhance the productive capacity and quality of the State's natural resources, while meeting ecological, commercial and social obligations.

### PRODUCT GROUPS

Under the Program, commercial operations were undertaken under these core product groups:

- Plantations
- Native Forests
- Quarry Materials
- Other Commercial Business Ventures

# PROGRAM PERFORMANCE REVIEW

## FOREST PRODUCTION PROGRAM

### PROGRAM DEVELOPMENTS 1995-96

#### Policy changes

To ensure Crown forest-growing activities are conducted as efficiently as possible, a new commercialised entity, DPI Forestry, was established on 1 July 1995 with core business responsibilities in wood production and quarrying constituting the Forest Production Program.

Under its commercialisation charter, DPI Forestry's objective is 'to maximise the market value of its assets so long as it observes all regulatory (including environmental) requirements to which it is subject'.

Consistent with this objective, DPI Forestry will be required to achieve a commercial rate of return on its assets and generate returns for the State in the form of dividends.

In addition, to ensure it competes on an even footing with the private sector, DPI Forestry is subject to the taxation equivalents regime under which it is required to meet the same suite of Commonwealth and State taxes as a private sector organisation.

A new Forest Industries Development Division was established within DPI Forestry to integrate effort on forest industry development issues and to provide a clear point of contact and advocacy on forest industry and farm forestry matters.

Under funded agreement with the Department's Industry Services Program, the new Division will provide forest and timber industry development services collaboratively with the forest industry and the community.

#### Resource changes

Before commercialisation, the Forest Production Program operated under a cash accounting regime, with forest product and other revenue meeting all operating costs and providing cash 'dividend' returns to the State. Under these arrangements, interest and redemption payments to Treasury on the Program's long-term debt were funded from Consolidated Revenue.

From 1 July 1995, the Program was fully responsible for its finances, which have been managed on a commercial basis and separated from other Departmental funds. All Departmental assets belonging to the Program (for example,

plantation timber, roads, bridges, buildings, equipment and financial assets) are recorded as Program assets, and a commercial debt/equity structure, against which the Program must provide capital returns to Treasury, is in place. During the year, Program resources met all business costs, including depreciation under an accrual accounting regime.

#### Future directions

Growth and development of Queensland's forest industries require a close working partnership between government and all industry sectors.

Over the next two years, the Department will, through its Forestry business group, sponsor a Forest Industry Strategy to provide a shared vision and future plan. This work will involve all stakeholders and address the key issues of resource security, resource development, sustainability and industry competitiveness.

The Department will continue to enhance DPI Forestry's efficiency and profitability by:

- proactively marketing its products and services, including its world-class expertise and technologies in tropical and subtropical forest management;
- benchmarking performance to best practice;
- improving the productivity of all core business elements; and
- continuing to establish market-based systems for selling forest products, in collaboration with industry.

# PROGRAM PERFORMANCE REVIEW

## FOREST PRODUCTION PROGRAM

### PROGRAM GOAL 1

*To maximise the market value of DPI Forestry and achieve an acceptable economic rate of return.*

#### Progress towards outcomes

The Forest Production Program completed its first year of commercialised operations with an operating profit (before interest, tax and revaluation of standing timber) of \$17.6m.

The book value of program assets at 30 June 1996 was \$1.14 billion, up \$99m from 1 July 1995.

Return on assets, based on a total profit figure of \$105m (including a plantation timber revaluation component of \$87m), was 10%. This compares favourably with returns being achieved by major forest growers in other States.

These results were achieved in the face of a major industry-wide downturn associated with the slump in building activity during 1995 and 1996.

Overall business revenue was 6.2% lower than expected at \$85m. Sales of forest products in the core product groups of plantations, native forests and quarry materials accounted for 88% (\$74.6m) of this revenue.

The remaining revenue of \$10.4m was derived from other commercial business ventures, including the delivery of forest industry development services for the Department's Industry Services Program and provision of a range of services associated with managing the forest estate on the Department of Natural Resources' behalf.

The revenue shortfall was partially offset by significant expenditure savings achieved from an ongoing productivity improvement initiative within the Program.

As a result of 1995-96 operations, a dividend of \$9m - 96% of profit after interest and tax - will be paid to the State Government during 1996-97.

Overall returns to the State from the first year of commercialised operations total \$20.8m and include dividends, interest, debt repayments and tax equivalents (under the tax equivalents regime applying to Government-owned enterprises).

### PROGRAM GOAL 2

*To manage the natural resources associated with State forests, in accordance with national and State guidelines and codes of practices for sustainable development of such resources.*

#### Progress towards outcomes

Under the National Forest Policy Statement and Queensland's Greater Planning Certainty policy, Comprehensive Regional Assessments of native forests are being undertaken to allocate forested areas to various uses, including establishing a comprehensive, adequate and representative forest reserve system. During these assessments, the Department of Natural Resources is developing Interim Management Arrangements (IMA) for forest areas of high conservation value.

Consistent with the proposed IMAs, the Department adapted its harvesting plans and excluded logging in a number of relevant native forest areas. Supplies of timber to sawmillers accessing these areas were maintained from other native forest resources. In addition, a review of logging moratoriums over several native forest areas was proceeding with the Natural Resources and Environment departments.

In accordance with the National Forest Policy Statement, the Department of Natural Resources is developing Codes of Practice for various forest uses to demonstrate ecologically sustainable management. A draft Code of Practice for native-forest timber production (conforming to Forest Practices Related to Wood Production in Native Forests: National Principles) was being trialled throughout the State, in cooperation with the timber industry and the Department of Natural Resources. The trial will enable the effectiveness and practicability of the proposed operational standards in the Code to be evaluated and reviewed before implementation.

To provide a sound scientific basis to its commercial forest management, the Department maintains an ongoing environmental research program. Key components of this program are a long-term native-forest ecological sustainability study and a plantation hydrology study, jointly funded by the Department and the timber industry. These studies are expected to provide valuable information on the impacts of forest operations on the environment.

# PROGRAM PERFORMANCE REVIEW

## FOREST PRODUCTION PROGRAM

### PROGRAM GOAL 3

*To produce high-quality forest products tailored to meet customer needs.*

#### Progress towards outcomes

Sales of forest products from Crown forests were significantly affected by a general industry downturn caused by the slump in the building industry during 1995 and 1996.

The total volume of plantation timber harvested during 1995-96 was 1.37m m<sup>3</sup>, a decrease of 3.5% on the record 1994-95 figure. The total volume of timber harvested from Crown native forests was 408 600 m<sup>3</sup>, a decrease of 15.5% on the 1994-95 figure; and the volume of Crown quarry materials sold was down 4.7% to 1.89m m<sup>3</sup>.

In response to advertisements placed by the Department in Australia, Japan, South-East Asia and New Zealand, 22 expressions of interest were received for the purchase of 1.53m m<sup>3</sup> of plantation timber in north and central Queensland. The timber is made up of Caribbean, slash, hoop and kauri pine sawlogs and a small quantity of hardwood from maturing Crown plantations near Atherton, Cardwell and Byfield (near Rockhampton).

To provide for the future supply of forest products, 3531 ha of softwood plantation were planted on the Crown plantation estate located predominantly in south-east Queensland and in central and north Queensland. This included replanting of 3118 ha of previously harvested plantation and 413 ha of new plantation areas.

The Department purchased 1971 ha of freehold plantation land at Beerburrum, in March 1996, to augment its existing 18 000 ha of exotic pine plantations in the area. Future timber production from this land will help sustain a world-scale, internationally-competitive softwood processing industry in south-east Queensland.

To underpin farm forestry in Queensland, DPI Forestry's Queensland Forestry Research Institute began work on a major plantations hardwood research and development initiative. Research will focus on land suitability, silviculture, genetic improvement, sustainability and protection from pests and diseases.

The Department contracted with the Forest and Wood Products Research and Development

Corporation to conduct softwood seasoning research, in collaboration with the Queensland University of Technology and the University of Queensland. Industry partners in the project are the Timber Research and Development Advisory Council and Pine Australia. The project will examine some fundamental wood science issues concerning wood/water relationships that affect the quality of softwood timber as it is seasoned.

DPI Forestry's advanced research, technical and operational expertise in tropical and subtropical plantation management is providing new commercial business opportunities for the Department.

A memorandum of understanding was signed and project work commenced on a 5-year contract with Asia Pacific Resource International Holdings Ltd Forestry Services, which is establishing Acacia plantations in north Sumatra to feed the world's largest and most modern pulp mill. DPI Forestry, through its Queensland Forestry Research Institute, will manage a tree-breeding and clonal forestry program for the company.

# PROGRAM PERFORMANCE REVIEW

## CORPORATE MANAGEMENT AND SUPPORT PROGRAM AND \*COMMUNITY SERVICES PROGRAM (PORTION)

### PROGRAM PURPOSE

#### Corporate Management and Support Program

*To improve the outcomes of other Departmental programs by providing cost-effective professional advice and support services, in line with Government policy and corporate direction.*

#### Community Services Program

*To meet the community need for nature-based, publicly-owned recreation and advice about practices, technological developments and the regulations that apply to managing the State's agricultural, forestry and fisheries resources.*

### DESCRIPTION

#### Corporate Management and Support Program

This Program provides corporate direction through policy development and planning, together with financial, administrative, information and human-resource-management systems support for the entire Department. Costs of this Program are periodically allocated to the Department's other programs.

#### Community Services Program

(portion of the subprogram Education, Information and Advice)

The outcomes of this Program are principally the responsibility of the Department of Natural Resources. The Department of Primary Industries manages that portion of the Community Services Program responsible for providing information and advice on primary production issues and materials for schools and tertiary institutions.

### CORPORATE GOALS TO WHICH THE ABOVE PROGRAMS CONTRIBUTE

- To deliver quality services to clients by achieving best practice.
- To ensure the Government is provided with high-quality policy advice on Queensland's agriculture, forest and fishing industries and the resources on which they depend.

### CORPORATE MANAGEMENT AND SUPPORT SUBPROGRAMS

The work of this Program was divided into these subprograms:

- Financial Services
- Human Resource Management
- Information Management
- Administrative Services
- Policy and Planning
- Executive and Legal Services
- Corporate Communications

### COMMUNITY SERVICES SUBPROGRAMS

The work of this Program was divided into these subprograms:

- Natural Resource Recreation
- Education, Information and Advice

The Department of Primary Industries is responsible for portion of the work associated with the Education, Information and Advice Subprogram.

*\*The portion of the Community Services Program reported here relates to the Education, Information and Advice Subprogram. The rest of this Program is reported in the Department of Natural Resources 1995-96 Annual Report.*



# PROGRAM PERFORMANCE REVIEW

## CORPORATE MANAGEMENT AND SUPPORT PROGRAM

### PROGRAM DEVELOPMENTS 1995-96

#### Policy changes

Corporate Management and Support Program goals and key performance targets were refocused to emphasise a quality support service to help other DPI programs achieve their outcomes. This resulted from a program strategy to introduce advanced technology and modern corporate management systems to ensure a quality product.

The Department allocated significant resources to accrual accounting, which will commence for the whole Department on 1 July 1996. The Forestry Business Group had been operating under accrual accounting since July 1995. It was introduced to the Centre for Food Technology, at Hamilton, in December 1995.

The Department moved into inter-agency service agreements, with formal agreements covering the delivery of electronic funds transfer services. Two service agreements (one with the Department of Justice and the other with Queensland Treasury) were signed.

#### Resource changes

To ensure continual improvement in the Department's financial management, a special allocation of \$647 000 was granted to implement accrual accounting and financial management training.

#### Future directions

The realignment of functions between and within the DPI and the Department of Natural Resources presented the opportunity to establish an integrated Corporate Services Agency (CSA) as a more effective means of delivering corporate services to both departments. The CSA will begin operating from 1 July 1996, with the DPI the host Department.

The forecasted amendments to the Financial Administration and Audit Act will be a focus for the CSA and the Department. These changes are expected to require new systems, policies and methods. The adoption of accrual-based budgeting in the latter part of this decade will improve the management of Departmental resources significantly.

The Department developed an Information Management Strategy that identifies and describes key strategic initiatives for managing information,

enhancing associated technologies and delivering quality information to clients.

### PROGRAM GOAL 1

*To ensure quality, cost-effective corporate services are provided to all programs.*

#### Progress towards outcomes

The Corporate Management and Support Program continued to provide quality technology-based systems and support services to its customers. The ready acceptance of the Primary Industries Office Systems Environment (*PROSE*) across the Department resulted in users receiving vastly improved data communications and support services throughout the State. The Department had more than 4000 *PROSE* users operating within DPI and the Department of Natural Resources.

For the second consecutive year, the Department won the 1995 Queensland Training Award, 'Employer of the Year - Queensland Public Sector', recognising it as an exemplary employer within the public sector, and for its commitment to, and excellence in, training. Criteria for the award focus on performance in providing training to achieve corporate goals, strategic planning and implementation of Equal Employment Opportunity (EEO) principles.

Quality assurance is a key component of improving service delivery to clients. Through an extensive modular training program and formal quality systems, all work units within the Program strove to adopt best practice management to better assist clients.

The Department's commitment to providing quality cost-effective corporate services was highlighted when its procurement, financial operations, financial systems, asset and accrual accounting, and taxation units received Quality Assurance certification. Industry acknowledged this achievement when financial operations and taxation received commendations at the 1995 Queensland Quality Awards.

Under the Freedom of Information Act, the Department handled 116 applications for access to documents. Decisions were made on more than 150 000 documents.

The valuation of Departmental land and buildings was finalised. This valuation will now assist the Department to manage existing assets effectively.

# PROGRAM PERFORMANCE REVIEW

## CORPORATE MANAGEMENT AND SUPPORT PROGRAM

### PROGRAM GOAL 2

*To provide effective corporate policies and coordination of Departmental activities consistent with Government policies.*

#### Progress towards outcomes

The Department made major contributions to the development and implementation of Government policies regarding the National Competition Policy. The Department's contributions helped to ensure that the policies reflect the needs of primary industries.

An audit was taken of all portfolio legislation to identify provisions that restrict competition and that should be subject to review and justification by the year 2000. The outcomes of the initial audit resulted in significant modifications to the guidelines for identifying restrictions provided by Queensland Treasury. These modifications recognised the need for Departmental legislation to control plant and animal diseases and pests, and to regulate access to, and the management of, natural resources.

Policy councils were established for the cotton, dairy, fishing, grain, horticulture, livestock and meat, and sugar industries to provide industry with an involvement in policy formulation on issues of long-term significance. Major activities involving these bodies include reviews and subsequent amendment to horticultural and grain industry legislation. A Beef Industry Development Advisory Council was formed to advise the Minister, the Department and industry on key issues facing the Queensland beef industry.

The Department maintains a substantial policy base to support new legislation and industry in implementing the outcomes of reviews. It initiated and responded with submissions to key policy issues and reviews, such as the Spring Review of the Commonwealth's Drought Exceptional Circumstances assistance, the Rural Adjustment Scheme review and the Quarantine review; representation on a Commonwealth-State Working Party reviewing the effectiveness of government drought responses and the joint industry-government review of the regulatory and tariff arrangements for the sugar industry; responding to environmental and planning issues in terms of their implications to primary industries; and involvement in the review on the Queensland

Abattoir Corporation's future and reviews of egg and tobacco industry structural arrangements.

Policy development in the above areas was targeted at the broad outcomes of industry self-reliance, micro-economic reform and ecologically sustainable development.

An Information Management Strategy was developed and an Information Strategic Plan prepared for the Information Policy Board. The Department's Information Management Strategy contains eight strategic initiatives providing a corporate approach to key existing or planned information initiatives and the supporting core business and client-service delivery areas of the Department.

The Linked Information and Knowledge Exchange (LINKX) system will give corporate management an efficient decision-support system of Departmental information.

LINKX will provide strategic planning and performance-accountability information at each management level; integrate financial and non-financial information; and provide other corporate information (for example, travel, client and EEO databases).

The employment of a Risk Manager provided services to ensure implementation of Public Finance Standards. These services:

- coordinate risk exposure identification and control;
- establish recording and reporting systems for risk and disaster management;
- develop and facilitate the implementation of risk and disaster management policies and procedures; and
- coordinate risk and disaster management education and training.

### PROGRAM GOAL 3

*To assist the Department to achieve a highly skilled, flexible and diverse workforce that meets organisational goals.*

#### Progress towards outcomes

Enterprise Bargaining (EB) contributed to the achievement of corporate objectives by expediting the introduction of new technology, focusing on and improving the link between business priorities and workforce strategies and progressing departmental restructuring. A significant effort

# PROGRAM PERFORMANCE REVIEW

## CORPORATE MANAGEMENT AND SUPPORT PROGRAM AND COMMUNITY SERVICES PROGRAM (PORTION)

was directed towards improving staff consultation. The implementation of Enterprise Bargaining complied with Cabinet-endorsed principles and enterprise agreement requirements. Productivity improvements were realised and staff were awarded a 4% pay increase as at 1 May 1996.

The Department made a commitment to implement an Integrated Strategic Human Resource Information System. This will help managers with their workforce planning. User requirements for the Department were finalised in preparation for the selection of a system.

Improved occupational health and safety performance was reflected by a further small reduction in the already low Worker's Compensation cost to the Department. A total of 274 claims were made to the period ended 31 May, at a cost of \$850 069.

The progression towards implementing accrual accounting resulted in the Department's financial training area taking on an expanded role. Training courses, designed to meet the Department's changing needs, were delivered in more than 20 locations statewide. More than 900 participants attended these highly rated training courses.

## COMMUNITY SERVICES PROGRAM (PORTION)

### PROGRAM DEVELOPMENTS 1995-96

#### Future directions

A number of policy initiatives were undertaken to enhance the performance of the Department's research and extension services. Major new direction to improve management of these functions are proposed in the strategy *Research and extension management in the DPI: a strategy for meeting the challenge of 2000 and beyond*.

This strategy will enhance the statewide industry focus for research and extension by creating nine Institutes. These will enable industry to more clearly identify and benefit from Departmental activities and services.

The research and extension management strategy and institutes will be key initiatives for the Department. Institutes will provide a greater capacity for statewide services to industry clients.

The beef, horticulture, sheep and wool, and farming systems institutes will be established in 1996-97. Institutes for pig, poultry and dairy are already established.

#### PROGRAM GOAL 2

*To increase community awareness and understanding of the current technology, regulations and management practices relating to the State's agricultural, forest and fisheries resources, and the industries dependent upon them.*

#### Progress towards outcomes

The need for improved client information services was being addressed. A DPI Client Information Statement was prepared, outlining a wide range of practical information services to clients, including enhanced newsletter provision to all clients, a statewide farm fax service, and resources to further develop client information services on the Internet's World Wide Web.

Community awareness and understanding of the importance of sound management practices, technology development and regulations to sustain primary industry and maximise community benefits were increased. This was achieved by an increased number of DPI Information Centres. Altogether, 33 Category 1 and 15 Category 2, 3 or 4 Centres were operating. Development of new centres was postponed pending a review by the new State Government.

The Rural Extension Centre (at Gatton) continued its valuable contribution to enhanced client services by offering a wide range of professional development opportunities for staff and clients, especially extension officers. Eleven DPI staff completed the requirements for the Certificate in Extension from the University of Queensland, Gatton College. The Rural Extension Centre conducts this course on the University's behalf. A total of 146 students were enrolled at the Centre.

The Rural Leadership and Business Development project, which gives rural people the skills to shape their own businesses and commitments, commenced programs in Rockhampton, Charters Towers, Charleville and Mareeba. More than 100 participants were involved in the project's first year.

# PROGRAM PERFORMANCE REVIEW

## FISHERIES REPORT

### TRANSITION ARRANGEMENTS

The Department's Fisheries Business Group began operating from 1 March 1996. Between 1 March and 30 June, a new Fisheries Program was established to operate from 1 July 1996.

During the transition, activities under the Fisheries Business Group's management were reported against relevant subprograms in the Natural Resources Management and Community Services programs (see below), which now form part of the Department of Natural Resources program responsibilities. (Further information about these programs is contained in the 1995-96 Annual Report of the Department of Natural Resources.)

### CORPORATE GOALS TO WHICH THE ABOVE PROGRAMS CONTRIBUTE

- To sustain or enhance the productive capacity and quality of the State's natural resources while meeting ecological, commercial and social obligations.
- To increase the competitive advantage of the agriculture, forest and fishing industries.
- To ensure the Government is provided with high-quality policy advice on Queensland's agriculture, forest and fishing industries and the resources on which they depend.
- To deliver quality services to clients by achieving best practice.

### PROGRAM DEVELOPMENTS 1995-96

#### Policy changes

The decision to create a new Fisheries Business Group and a Fisheries Program gave fisheries a higher profile and will improve service delivery to the fisheries and aquaculture industries. Services formerly provided through three programs and four subprograms will be provided, from 1 July 1996, through one program and through three subprograms (Fisheries Resource Protection, Fisheries Resource Management, and Aquaculture and Industry Development).

#### Resource changes

An additional \$536 000 from Departmental reserves was allocated to fisheries activities in the Natural Resources Management Program.

#### Future directions

The Fisheries Program will work closely with the commercial, recreational, and aquaculture industry sectors to:

- sustain and strengthen commercial fisheries productivity;
- enhance recreational fisheries;
- develop the aquaculture industry;
- protect and manage marine and freshwater fisheries habitats;
- enhance Queensland Boating and Fisheries Patrol services; and
- improve community awareness of fisheries.

### NATURAL RESOURCE MANAGEMENT PROGRAM

#### PROGRAM PURPOSE

*To secure the sustainable use of natural resources used primarily for production purposes.*

**Program goal 1.** *To have available quality information on the State's productive natural resources to make decisions on sustainable resource use.*

#### Progress towards outcomes

A resource condition and trend unit was established to enhance the statewide monitoring of commercial and recreational fisheries and fisheries habitat.

Research and stock assessments on priority fisheries in inshore waters in the tropics and south-east Queensland were continuing. There was input to the relevant Management Advisory Committees of the Queensland Fisheries Management Authority on preparation of discussion papers on fisheries management plans for those fisheries.

**Program goal 2.** *To increase understanding of the productive capacity and management needs of natural resources.*

#### Progress towards outcomes

A major 4-year joint research project with the CSIRO investigating the effects of trawling on inter-reef seabed communities was completed. The main finding was that the effects of trawling were difficult to distinguish from the substantial natural changes that occurred in those communities.

Research continued on refining the design of trawl efficiency devices to minimise the catching of unwanted by-catch species, including protected species such as turtles. A concerted extension program was undertaken to inform commercial

# PROGRAM PERFORMANCE REVIEW

## FISHERIES REPORT

fishers of the findings and to encourage them to adopt these devices.

**Program goal 3.** *To improve planning and decision-making on the allocation and management of the State's natural resources used for production.*

### Progress towards outcomes

Pumicestone Passage was closed to commercial fishing, and ex gratia payments were made to 10 commercial fishers affected by this decision.

The restructured Queensland Fishing Industry Research Advisory Committee held its inaugural meeting on 12 June. The committee endorsed the Queensland Fisheries Research and Development Strategy (1995-2005).

Draft policy papers were developed for translocating freshwater fish, stocking Queensland waters, structural adjustment of Queensland fisheries, access fees for stocked impoundments and cost recovery for fisheries management.

The process for declaring additional Fish Habitat Areas in Trinity Inlet and Kinkuna was well advanced, with gazettal expected in late 1996.

Operational policies for assessing habitat approvals for marine plants, marine insect pest control and fish habitat area management have clarified and streamlined permitting.

**Program goal 4.** *To have industries, resource users and the whole community accept the responsibility for managing resources sustainably.*

### Progress towards outcomes

The compliance rate was 86.5% for the 3700 commercial fishing units inspected, 92% for the 19 500 recreational fishing units inspected and 83% for the 22 800 boating units inspected.

The 12-month trial of the Queensland Boating and Fisheries Patrol's Quick Response Unit was successful and the operational unit will be fully implemented in 1996-97. The unit conducted a number of covert operations throughout the State, plus several saturation operations in specific localities.

## COMMUNITY SERVICES PROGRAM

### PROGRAM PURPOSE

*To meet the community's need for nature-based publicly-owned recreation opportunities and up-to-date information and advice about practices, technological developments and the regulations that apply to management of the State's agricultural, forestry and fisheries resources.*

**Program goal 1.** *To meet the community's needs for nature-based, publicly-owned recreational opportunities.*

### Progress towards outcomes

Recreational fisheries development in freshwater impoundments was greatly enhanced by good rains. More than 800 000 fingerlings of eight species were stocked in 32 impoundments. Angler surveys augmented by Departmental monitoring revealed excellent catches in many impoundments, with plentiful fish of good size.

Breeding success was achieved with whiting and flathead, with more than 100 000 fingerlings reared to 50 mm size. Techniques to recognise hatchery-reared fish from wild fish were developed, paving the way for stocking trials to be undertaken in estuarine and inshore waters.

**Program goal 2.** *To increase community awareness and understanding of the current technology, regulations and management practices relating to the State's agricultural, forest and fisheries resources, and the industries dependent on them.*

### Progress towards outcomes

Improved net monitoring procedures in the shark control program successfully reduced the mortality of by-catch species of mammals (dolphins, dugongs and whales) and turtles. There were no shark attacks on bathers on protected beaches.

# PURPOSE, PRINCIPLES AND TRUST FUNDS

## PURPOSE AND SCOPE

The Department of Primary Industries, Fisheries and Forestry is a department of Government under Part 3 of the *Public Service Management and Employment Act 1988*.

The Minister for Primary Industries' principal ministerial responsibilities and the Acts the Minister administers are set out in the Queensland Government's Administrative Arrangements Order.

The 1995-96 Financial Statements were prepared in accordance with the requirements prescribed by the *Financial Administration and Audit Act 1977*:

- to provide an accounting for the custody and management of financial and other resources under the Department's control; and
- to disclose the Department's financial operations for 1995-96 and its financial position at the close of that year.

The Statements are in the form the Treasurer requires.

## DEPARTMENTAL ACCOUNTING PRINCIPLES

### Basis of accounts

The Department's Financial Statements were prepared on a modified cash basis, in accordance with *The Treasurer's Guidelines for the Preparation of Departmental Statements for 1995-96*.

In addition, DPI Forestry prepared accrual-based General Purpose Financial Statements, which are included as Appendix 5 to this Report.

## TRUST FUNDS

In addition to the transactions recorded in the Consolidated Fund, the Department operates certain Trust Funds.

Details of their establishment and operation are set out below.

### Artesian Bores and Water Supply Areas Working Account

This fund is established under the *Financial Administration and Audit Act 1977* to record transactions in connection with the conservation of artesian water supplies involving the provision of a structure to ensure continued permanence of water supplies to landholders and successful settlement of subdivisions of pastoral holdings.

It is financed by receipts derived by rating of water supplied to landholders.

By Order in Council dated 26 February 1996, functions relating to this fund were amalgamated with the Department of Natural Resources.

### Banana Industry Fund

This fund is established under the *Banana Industry Protection Act 1989* to record transactions for disease eradication and banana industry protection.

It is financed from levies and government endowment under the Department's Industry Services Program.

### Brisbane Forest Park Fund

This fund is established under the *Brisbane Forest Park Act 1977* to record transactions in connection with the planning, development and management of the Brisbane Forest Park.

It is financed by contributions from the Consolidated Fund and from revenue generated by Park Services.

By Order in Council dated 26 February 1996, functions relating to this fund were amalgamated with the Department of Natural Resources.

# PURPOSE, PRINCIPLES AND TRUST FUNDS

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## **Fisheries Research Fund**

This fund is established under the *Fisheries Act 1994* to record transactions of moneys applied to the cost of scientific or other research in training and extension in fisheries.

It is financed by fees levied on assessments for marine plant destruction, aquaculture industry licence and permit fees, and revenue from the coral limestone extraction.

## **Forestry Fund**

From 1 July 1995, DPI Forestry became a commercial business unit of DPI and commenced accounting for transactions on an accrual basis. In accordance with the requirements of the *Constitution Act 1867* and the *Financial Administration and Audit Act 1977*, DPI Forestry financial transactions are recorded in the Forestry Fund.

This fund incorporates DPI Forestry functions, including management and development of State forests, purchase and construction of assets and plant, revenue from the sale of forest products and expenditure for the marketing of such products, interest and redemption on loans, maintenance of plant and other DPI Forestry expenditure and receipts.

## **Poultry Industry Fund**

This fund was closed by the Egg Industry (Restructuring) Amendment Regulation (No. 1) 1996 made by the Governor in Council on 11 July 1996.

## **Racing Development Fund**

This fund is established under the *Racing and Betting Act 1980* to establish and improve facilities for galloping, harness racing and greyhound racing throughout the State.

It is financed mainly from off course and on course totalisator levies, unpaid fractions, surplus moneys, unpaid dividends and refunds.

By Order in Council dated 31 July 1995, the Racing Division (previously administered by the Department of Tourism, Sport and Youth) was amalgamated with the Department of Primary Industries.

By a subsequent Order in Council dated 26 February 1996, the Office of Racing was amalgamated with the Department of Police.

## **Water Operations Fund**

This fund is established for the purpose of recording transactions associated with the operation and maintenance of Water Resource facilities.

It is financed mainly by receipts for water charges from industrial, rural and urban users and revenue from consultancy and project management services.

By Order in Council dated 26 February 1996, functions relating to this fund were amalgamated with the Department of Natural Resources.

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1996

Department of Primary Industries, Fisheries and Forestry

## Financial Statements

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Department of Primary Industries, Fisheries and Forestry

Program Statement for the Financial Year Ended 30 June 1996

	Notes *	Natural Resource Management (081)		Community Services (081)		Corporate Management and Support (081)	
		1996 \$'000 (a)	1995 \$'000	1996 \$'000 (a)	1995 \$'000	1996 \$'000 (a)	1995 \$'000
<b>OUTLAYS</b>							
<b>Current Outlays</b>							
Salaries, Wages and Related Payments		35,956	43,230	6,511	9,042	25,791	27,494
Non-Labour Operating Costs		16,285	19,666	5,260	6,716	25,183	30,175
Current Grants and Subsidies		10,856	15,621	72	57	97	117
Interest		..	..	..	..	946	1,624
<b>Total Current Outlays</b>		<b>63,097</b>	<b>78,517</b>	<b>11,843</b>	<b>15,815</b>	<b>52,017</b>	<b>59,410</b>
Revenue Retained (Section 34B)		..	..	..	..	(39)	(46)
<b>Net Current Outlays</b>	5.1	<b>63,097</b>	<b>78,517</b>	<b>11,843</b>	<b>15,815</b>	<b>51,978</b>	<b>59,364</b>
<b>Capital Outlays</b>							
Fixed Capital Expenditure		3,164	4,087	693	1,601	9,573	8,846
Plant and Equipment		2,965	3,551	368	655	3,232	3,720
Capital Grants and Subsidies		1,449	1,200	..	..	..	..
Other Capital Outlays		(45)	(355)	..	10	(36)	(1,075)
<b>Total Capital Outlays</b>		<b>7,533</b>	<b>8,483</b>	<b>1,061</b>	<b>2,266</b>	<b>12,769</b>	<b>11,491</b>
<b>Capital Recoveries/Financing Transactions</b>							
Loans and Advances Paid		..	205	..	..	..	..
Repayment of Loans and Advances		..	..	..	..	7,031	5,210
Other Financing Transactions		..	103	..	..	..	(3)
<b>Total Capital Recoveries/Financing Transactions</b>		<b>..</b>	<b>308</b>	<b>..</b>	<b>..</b>	<b>7,031</b>	<b>5,207</b>
<b>Net Outlays Before Allocation of Corporate Services</b>		<b>70,630</b>	<b>87,308</b>	<b>12,904</b>	<b>18,081</b>	<b>71,778</b>	<b>76,062</b>
Allocation of Corporate Services		21,787	19,428	3,458	2,225	(71,778)	(76,062)
<b>NET OUTLAYS</b>		<b>92,417</b>	<b>106,736</b>	<b>16,362</b>	<b>20,306</b>	<b>..</b>	<b>..</b>
<b>COLLECTIONS</b>							
Commonwealth Payments	6	10,002	17,534	..	70	..	..
Taxes, Fees and Fines		112	248	7	5	..	1
Territorial		1,528	2,170	..	..	..	..
Property Income		40	37	14	94	1,002	956
Receipts for Goods and Services		1,310	2,205	1,582	2,372	4,139	1,411
Miscellaneous Receipts		2,713	5,378	281	435	809	251
Capital Recoveries/Financing Transactions		355	640	..	..	453	185
Intra-Public Account Unrequited Transfers	7	447	156	871	1,551	..	..
<b>TOTAL COLLECTIONS</b>	5.2	<b>16,507</b>	<b>28,368</b>	<b>2,755</b>	<b>4,527</b>	<b>6,403</b>	<b>2,804</b>

\* The accompanying notes on pages 39 - 67 form an integral part of the financial statements.

Restructuring of Administrative Arrangements  
(a) These programs have been restructured during 1995-96, (refer to Note 4).

## Department of Primary Industries, Fisheries and Forestry

## Program Statement for the Financial Year Ended 30 June 1996 (continued)

	Notes *	Product Development and Marketing (082)		Industry Services (082)		Forest Production (082)	
		1996 \$'000 (a)	1995 \$'000	1996 \$'000 (a)	1995 \$'000	1996 \$'000	1995 \$'000
<b>OUTLAYS</b>	5.1						
<b>Current Outlays</b>							
Salaries, Wages and Related Payments		16,787	17,305	62,691	62,018	35,272	29,992
Non-Labour Operating Costs		11,008	5,783	23,538	23,303	24,521	30,873
Current Grants and Subsidies		1,685	1,672	9,050	7,539	1,128	1,260
Interest		..	..	..	..	6,117	7,799
<b>Total Current Outlays</b>		<b>29,480</b>	<b>24,760</b>	<b>95,279</b>	<b>92,860</b>	<b>67,038</b>	<b>69,924</b>
Revenue Retained (Section 34B)		(2,102)	..	(2,332)	..	..	..
<b>Net Current Outlays</b>		<b>27,378</b>	<b>24,760</b>	<b>92,947</b>	<b>92,860</b>	<b>67,038</b>	<b>69,924</b>
<b>Capital Outlays</b>							
Fixed Capital Expenditure		264	4	2,322	3,242	1,777	10,084
Plant and Equipment		1,030	994	3,989	4,095	5,070	1,108
Capital Grants and Subsidies		..	..	..	..	..	2
Other Capital Outlays		(37)	(101)	221	109	1,115	(13)
<b>Total Capital Outlays</b>		<b>1,257</b>	<b>897</b>	<b>6,532</b>	<b>7,446</b>	<b>7,962</b>	<b>11,181</b>
<b>Capital Recoveries/Financing Transactions</b>							
Loans and Advances Paid		..	..	..	..	..	..
Repayment of Loans and Advances		..	..	..	..	3,237	1,003
Other Financing Transactions		..	..	..	110	..	79
<b>Total Capital Recoveries/Financing Transactions</b>		<b>..</b>	<b>..</b>	<b>..</b>	<b>110</b>	<b>3,237</b>	<b>1,082</b>
<b>Net Outlays Before Allocation of Corporate Services</b>		<b>28,635</b>	<b>25,657</b>	<b>99,479</b>	<b>100,416</b>	<b>78,237</b>	<b>82,187</b>
Allocation of Corporate Services		5,046	4,686	26,478	19,528	..	6,756
<b>NET OUTLAYS</b>		<b>33,681</b>	<b>30,343</b>	<b>125,957</b>	<b>119,944</b>	<b>78,237</b>	<b>88,943</b>
<b>COLLECTIONS</b>	6						
Commonwealth Payments		6,225	9,641	9,036	9,319	16	15
Taxes, Fees and Fines		174	234	1,212	1,155	461	13
Territorial		..	..	79	61	76,405	74,315
Property Income		..	8	59	69	909	516
Receipts for Goods and Services		637	1,881	6,606	8,803	6,729	8,691
Miscellaneous Receipts		8,037	1,753	11,715	12,907	1,975	2,352
Capital Recoveries/Financing Transactions		2	1	696	1,047	1,156	689
Intra-Public Account Unrequited Transfers	7	1,873	590	..	13	..	..
<b>TOTAL COLLECTIONS</b>	5.2	<b>16,948</b>	<b>14,108</b>	<b>29,403</b>	<b>33,374</b>	<b>87,651</b>	<b>86,591</b>

\* The accompanying notes on pages 39 - 67 form an integral part of the financial statements.

**Restructuring of Administrative Arrangements**

(a) These programs have been restructured during 1995-96, (refer to Note 4).

## Department of Primary Industries, Fisheries and Forestry

## Program Statement for the Financial Year Ended 30 June 1996 (continued)

	Notes *	Racing (105)		Water Services (082)		Total	
		1996	1995	1996	1995	1996	1995
		\$'000 (a)	\$'000 (b)	\$'000 (a)	\$'000 (c)	\$'000	\$'000
<b>OUTLAYS</b>							
<b>Current Outlays</b>							
Salaries, Wages and Related Payments		751	..	18,569	..	202,328	189,081
Non-Labour Operating Costs		683	..	23,309	..	129,787	116,516
Current Grants and Subsidies		9,738	..	70	..	32,696	26,266
Interest		1,398	..	13,678	..	22,139	9,423
<b>Total Current Outlays</b>		<b>12,570</b>	<b>..</b>	<b>55,626</b>	<b>..</b>	<b>386,950</b>	<b>341,286</b>
Revenue Retained (Section 34B)		..	..	..	..	(4,473)	(46)
<b>Net Current Outlays</b>		<b>12,570</b>	<b>..</b>	<b>55,626</b>	<b>..</b>	<b>382,477</b>	<b>341,240</b>
<b>Capital Outlays</b>							
Fixed Capital Expenditure		..	..	27,633	..	45,426	27,864
Plant and Equipment		159	..	1,108	..	17,921	14,123
Capital Grants and Subsidies		..	..	1,191	..	2,640	1,202
Other Capital Outlays		..	..	(80)	..	1,138	(1,425)
<b>Total Capital Outlays</b>		<b>159</b>	<b>..</b>	<b>29,852</b>	<b>..</b>	<b>67,125</b>	<b>41,764</b>
<b>Capital Recoveries/Financing Transactions</b>							
Loans and Advances Paid		195	..	..	..	195	205
Repayment of Loans and Advances		3,074	..	10,169	..	23,511	6,213
Other Financing Transactions		..	..	..	..	..	289
<b>Total Capital Recoveries/Financing Transactions</b>		<b>3,269</b>	<b>..</b>	<b>10,169</b>	<b>..</b>	<b>23,706</b>	<b>6,707</b>
<b>Net Outlays Before Allocation of Corporate Services</b>		<b>15,998</b>	<b>..</b>	<b>95,647</b>	<b>..</b>	<b>473,308</b>	<b>389,711</b>
Allocation of Corporate Services		145	..	14,864	..	..	(d) (23,439)
<b>NET OUTLAYS</b>		<b>16,143</b>	<b>..</b>	<b>110,511</b>	<b>..</b>	<b>473,308</b>	<b>366,272</b>
<b>COLLECTIONS</b>							
Commonwealth Payments	6	..	..	1,650	..	26,929	36,579
Taxes, Fees and Fines		7,326	..	4	..	9,296	1,656
Territorial		..	..	134	..	78,146	76,546
Property Income		105	..	189	..	2,318	1,680
Receipts for Goods and Services		733	..	35,706	..	57,442	25,363
Miscellaneous Receipts		7,685	..	4,258	..	37,473	23,076
Capital Recoveries/Financing Transactions		3	..	3,529	..	6,194	2,562
Intra-Public Account Unrequited Transfers	7	..	..	..	..	3,191	2,310
<b>TOTAL COLLECTIONS</b>	5.2	<b>15,852</b>	<b>..</b>	<b>45,470</b>	<b>..</b>	<b>220,989</b>	<b>169,772</b>

\* The accompanying notes on pages 39 - 67 form an integral part of the financial statements.

**Restructuring of Administrative Arrangements**

(a) These programs have been restructured during 1995-96, (refer to Note 4).

(b) This program was administered in 1994-95 by the then Department of Tourism, Sport and Racing.

(c) The Water Services Program was transferred in its entirety to the Department of Natural Resources by Order in Council dated 26 February 1996. In accordance with the Treasurer's Guidelines no comparative figures are presented for this program.

(d) This residual balance appears due to the exclusion of the Water Services Program from the Program Statement.

## Statement of Assets and Liabilities as at 30 June 1996

	Notes *	1996 \$'000	1995 \$'000
<b>CURRENT ASSETS</b>			
Cash	8	17,910	10,645
Receivables	9.1	13,085	32,700
Inventories	10	5,204	6,747
Other	12	552	1,467
<b>Total Current Assets</b>		<b>36,751</b>	<b>51,559</b>
<b>NON-CURRENT ASSETS</b>			
Receivables	9.1	999	19,924
Inventories	10	324	365
Investments	11	92	91
Plant and Equipment	13.1	47,062	101,238
Other	12	3	29
<b>Total Non-Current Assets Reported</b>		<b>48,480</b>	<b>121,647</b>
<b>SELF GENERATING AND REGENERATING ASSETS</b>			
Plantation Growing Timber	14	1,033,590	946,493
Livestock	14	1,785	2,435
<b>Total Self Generating and Regenerating Assets Reported</b>		<b>1,035,375</b>	<b>948,928</b>
<b>TOTAL ASSETS REPORTED</b>		<b>1,120,606</b>	<b>1,122,134</b>
<b>CURRENT LIABILITIES</b>			
Creditors	15.1	8,290	18,982
Borrowings	16	6,394	61,318
Employee Entitlements	17	17,113	20,120
Other	18	10,864	782
<b>Total Current Liabilities</b>		<b>42,661</b>	<b>101,202</b>
<b>NON-CURRENT LIABILITIES</b>			
Creditors	15.1	1,400	..
Borrowings	16	78,131	379,142
Employee Entitlements	17	28,084	47,665
<b>Total Non-Current Liabilities</b>		<b>107,615</b>	<b>426,807</b>
<b>TOTAL LIABILITIES</b>		<b>150,276</b>	<b>528,009</b>
<b>NET ASSETS REPORTED</b>		<b>970,330</b>	<b>594,125</b>

\* The accompanying notes on pages 39 - 67 form an integral part of the financial statements.

Department of Primary Industries, Fisheries and Forestry

Program Schedule - Assets and Liabilities as at 30 June 1996

	Notes *	Natural Resource Management (081)	Community Services (081)	Corporate Management and Support (081)	Product Development and Marketing (082)
		1996 \$'000	1996 \$'000	1996 \$'000	1996 \$'000
<b>DEPARTMENTAL ASSETS AND LIABILITIES</b>					
<b>CURRENT ASSETS</b>					
Cash	8	54	4	60	19
Receivables	9.1	..	..	1,127	..
Inventories	10	129	512	1,163	..
Other	12	8	6	403	22
<b>Total Current Assets</b>		<b>191</b>	<b>522</b>	<b>2,753</b>	<b>41</b>
<b>NON-CURRENT ASSETS</b>					
Receivables	9.1	..	..	..	..
Inventories	10	..	..	..	..
Investments	11	..	..	..	..
Plant and Equipment	13.1	5,695	992	6,551	2,667
Other	12	..	..	3	..
<b>Total Non-Current Assets Reported</b>		<b>5,695</b>	<b>992</b>	<b>6,554</b>	<b>2,667</b>
<b>SELF GENERATING AND REGENERATING ASSETS</b>					
Plantation Growing Timber	14	..	..	..	..
Livestock	14	..	..	..	..
<b>Total Self Generating and Regenerating Assets Reported</b>		<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>TOTAL ASSETS REPORTED</b>		<b>5,886</b>	<b>1,514</b>	<b>9,307</b>	<b>2,708</b>
<b>CURRENT LIABILITIES</b>					
Creditors	15.1	75	..	830	43
Borrowings	16	..	..	2,788	..
Employee Entitlements	17	1,254	388	2,164	1,366
Other	18	..	..	..	..
<b>Total Current Liabilities</b>		<b>1,329</b>	<b>388</b>	<b>5,782</b>	<b>1,409</b>
<b>NON-CURRENT LIABILITIES</b>					
Creditors	15.1	..	..	..	..
Borrowings	16	..	..	3,328	..
Employee Entitlements	17	1,918	623	3,442	2,192
<b>Total Non-Current Liabilities</b>		<b>1,918</b>	<b>623</b>	<b>6,770</b>	<b>2,192</b>
<b>TOTAL LIABILITIES</b>		<b>3,247</b>	<b>1,011</b>	<b>12,552</b>	<b>3,601</b>
<b>NET DEPARTMENTAL ASSETS (LIABILITIES) REPORTED</b>		<b>2,639</b>	<b>503</b>	<b>(3,245)</b>	<b>(893)</b>

\* The accompanying notes on pages 39 - 67 form an integral part of the financial statements.

Comparative figures by Program are not available. This statement has been prepared for the first time as at 30 June 1996.

Department of Primary Industries, Fisheries and Forestry

Program Schedule - Assets and Liabilities as at 30 June 1996 (continued)

	Notes*	Natural Resource Management (081)	Community Services (081)	Corporate Management and Support (081)	Product Development and Marketing (082)
		1996 \$'000	1996 \$'000	1996 \$'000	1996 \$'000
<b>ADMINISTERED ASSETS AND LIABILITIES</b>					
<b>CURRENT ASSETS</b>					
Receivables	9.2	..	..	..	..
<b>NON-CURRENT ASSETS</b>					
Receivables	9.2	..	..	..	..
<b>TOTAL ADMINISTERED ASSETS</b>					
		..	..	..	..
<b>CURRENT LIABILITIES</b>					
Creditors	15.2	172	..	..	..
<b>NET ADMINISTERED ASSETS (LIABILITIES)</b>					
		(172)	..	..	..

\* The accompanying notes on pages 39 - 67 form an integral part of the financial statements.

Comparative figures by Program are not available. This statement has been prepared for the first time as at 30 June 1996.

## Department of Primary Industries, Fisheries and Forestry

## Program Schedule - Assets and Liabilities as at 30 June 1996 (continued)

	Notes *	Industry Services (082)	Forest Production (082)	General Non-Attributed	Total
		1996 \$'000	1996 \$'000	1996 \$'000	1996 \$'000
<b>DEPARTMENTAL ASSETS AND LIABILITIES</b>					
<b>CURRENT ASSETS</b>					
Cash	8	603	16,644	526	17,910
Receivables	9.1	..	9,955	2,003	13,085
Inventories	10	1,022	2,378	..	5,204
Other	12	86	..	27	552
<b>Total Current Assets</b>		<b>1,711</b>	<b>28,977</b>	<b>2,556</b>	<b>36,751</b>
<b>NON-CURRENT ASSETS</b>					
Receivables	9.1	..	999	..	999
Inventories	10	324	..	..	324
Investments	11	92	..	..	92
Plant and Equipment	13.1	16,744	14,413	..	47,062
Other	12	..	..	..	3
<b>Total Non-Current Assets Reported</b>		<b>17,160</b>	<b>15,412</b>	<b>..</b>	<b>48,480</b>
<b>SELF GENERATING AND REGENERATING ASSETS</b>					
Plantation Growing Timber	14	..	1,033,590	..	1,033,590
Livestock	14	1,785	..	..	1,785
<b>Total Self Generating and Regenerating Assets Reported</b>		<b>1,785</b>	<b>1,033,590</b>	<b>..</b>	<b>1,035,375</b>
<b>TOTAL ASSETS REPORTED</b>		<b>20,656</b>	<b>1,077,979</b>	<b>2,556</b>	<b>1,120,606</b>
<b>CURRENT LIABILITIES</b>					
Creditors	15.1	231	2,876	4,235	8,290
Borrowings	16	..	3,606	..	6,394
Employee Entitlements	17	5,978	4,710	1,253	17,113
Other	18	..	10,864	..	10,864
<b>Total Current Liabilities</b>		<b>6,209</b>	<b>22,056</b>	<b>5,488</b>	<b>42,661</b>
<b>NON-CURRENT LIABILITIES</b>					
Creditors	15.1	..	1,400	..	1,400
Borrowings	16	..	74,803	..	78,131
Employee Entitlements	17	11,440	7,505	964	28,084
<b>Total Non-Current Liabilities</b>		<b>11,440</b>	<b>83,708</b>	<b>964</b>	<b>107,615</b>
<b>TOTAL LIABILITIES</b>		<b>17,649</b>	<b>105,764</b>	<b>6,452</b>	<b>150,276</b>
<b>NET DEPARTMENTAL ASSETS (LIABILITIES) REPORTED</b>		<b>3,007</b>	<b>972,215</b>	<b>(3,896)</b>	<b>970,330</b>

\* The accompanying notes on pages 39 - 67 form an integral part of the financial statements.  
Comparative figures by Program are not available. This statement has been prepared for the first time as at 30 June 1996.

Department of Primary Industries, Fisheries and Forestry

Program Schedule - Assets and Liabilities as at 30 June 1996

	Notes *	Industry Services (082) 1996 \$'000	Forest Production (082) 1996 \$'000	General Non-Attributed 1996 \$'000	Total 1996 \$'000
<b>ADMINISTERED ASSETS AND LIABILITIES</b>					
<b>CURRENT ASSETS</b>					
Receivables	9.2	<u>43</u>	<u>..</u>	<u>434</u>	<u>477</u>
<b>NON-CURRENT ASSETS</b>					
Receivables	9.2	<u>133</u>	<u>..</u>	<u>..</u>	<u>133</u>
<b>TOTAL ADMINISTERED ASSETS</b>		<u>176</u>	<u>..</u>	<u>434</u>	<u>610</u>
<b>CURRENT LIABILITIES</b>					
Creditors	15.2	<u>..</u>	<u>..</u>	<u>214</u>	<u>386</u>
<b>NET ADMINISTERED ASSETS (LIABILITIES)</b>		<u>176</u>	<u>..</u>	<u>220</u>	<u>224</u>

\* The accompanying notes on pages 39 - 67 form an integral part of the financial statements.

Comparative figures by Program are not available. This statement has been prepared for the first time as at 30 June 1996.



Other Financial Information for the Year Ended 30 June 1996

Losses	1996 Number of Cases	1996 Loss \$'000	1996 Recovery \$'000
Public moneys or other moneys:			
Bad debts written off (a)	280	10,230	..
Discounts lost	432	9	..
	<u>712</u>	<u>10,239</u>	<u>..</u>
Public property or other property:			
Stocktake deficiencies (b)	970	533	..
Livestock losses due to natural attrition	5,302	106	..
Stealing or other offences	156	54	..
Sundry crop losses	4	12	..
Wilful destruction or damage	34	11	..
Property - lost through obsolescence	22	23	..
	<u>6,488</u>	<u>739</u>	<u>..</u>
<b>Total</b>	<u>7,200</u>	<u>10,978</u>	<u>..</u>

(a) Bad debts written off are mainly represented by the following:

- Racing Development Fund, loans to 70 race clubs and organisations totalling \$7.037 million; and
- Queensland Fish Board loan of \$3.053 million.

(b) In 1993-94, a stocktake of plant and equipment was undertaken for the first time and the gross value of these assets was reported in the Departmental Statements. Stocktakes have since been conducted on an annual basis. A number of items which were not located during the first two stocktakes were not written off at the time, pending further investigation. All items of plant and equipment which were not located during the 1995-96 stocktake have been written off.

Special Payments	1996 Number	1996 \$'000
Payments being:		
Ex-gratia payments (a)	186	1,151
Other contributions to special projects	14	35
<b>Total</b>	<u>200</u>	<u>1,186</u>

(a) Includes \$995,000 paid to commercial fishers due to the closure of the Pumicestone Passage, \$150,000 paid as compensation for the death of an employee whilst on duty, and various minor special payments totalling \$5,565.

Other Financial Information for the Year Ended 30 June 1996 (continued)

Gifts	Made 1996		Received 1996	
	Number	\$'000	Number	\$'000
Where the value of the individual gift is \$1,000 or more	2	5	2	8
Where the value of the individual gift is less than \$1,000	1,010	20	34	3
<b>Total</b>	<b>1,012</b>	<b>25</b>	<b>36</b>	<b>11</b>

Goods and Services Received Below Fair Value

	Estimated Fair Value	
	1996 \$'000	1995 \$'000
Legal services (Department of Justice)	912	672
Archiving services (Department of Public Works and Housing)	114	..
Maintenance of marine electronic and communication equipment (Department of Transport)	30	54
Registration and surveys of marine vessels (Department of Transport)	..	21
Trainee Graduate Development Program (Department of Training and Industrial Relations)	6	..
Analytical advisory services (Department of Health)	2	..
<b>Total Goods/Services Received</b>	<b>1,064</b>	<b>747</b>

Fair value has been determined on a cost basis.

The Department received services from the Department of Police at no charge. The services included responding to inquiries, issuing of permits, inspections of stock, holdings and fisheries, receipting and processing of moneys, stock/brand returns, brand applications and brand transfers. It is not cost effective to quantify the fair value of these services.

The Department of Public Works and Housing provided maintenance services for buildings that are occupied by the Department. It is not cost effective to quantify the fair value of these services.

Moneys Held in Trust

The Department administers, but does not control, the following moneys held in trust:

Item	\$'000	External Audit Arrangements
Security Deposits	789	Queensland Audit Office
Tender Deposits	109	Queensland Audit Office
Payroll Deductions	29	Queensland Audit Office
	<u>927</u>	

As the Department performs only a custodial role in respect of these moneys they are not brought to account in the Departmental Statements.

Agency Collections to be Remitted to Departments

	\$'000
Department of Natural Resources	<u>1,272</u>

1. **Objectives of the Department**

The Department's objective is to support Queensland's economic growth by providing responsive, innovative and professional services, valued by industry and community partners, which extend and add value to the sustainable development of agriculture, fishing and forest industries.

The Department is predominantly funded by Parliamentary appropriations.

2. **Department Name Change**

By Order in Council dated 26 February 1996, the name of the Department of Primary Industries was changed to the Department of Primary Industries, Fisheries and Forestry.

3. **Statement of Significant Accounting Policies**

The significant policies which have been adopted in the preparation of the Departmental Statements are:

(a) **Reporting Entity**

The Financial Statements include all assets, liabilities, outlays and collections of the Department, subject to transitional reporting arrangements as noted at (c) below. By Cabinet decision number 4637, dated 15 May 1995, the DPI Forest Service was restructured and a commercial business group (DPI Forestry) was established within the Department of Primary Industries commencing 1 July 1995. The transactions of DPI Forestry are included in the financial statements of the Department.

(b) **Basis of Preparation**

The Financial Statements of the Department have been prepared in accordance with the Treasurer's Guidelines for the Preparation of Departmental Statements for 1995-96, using a modified cash basis and do not take into account changing money values or, except where otherwise stated, the current valuations of non-current physical assets.

**Administered (Whole of Government) Resources**

The Department administers, but does not control, certain resources on behalf of the Queensland Government. It is accountable for the transactions involving whole of government resources, but does not have the discretion to deploy these resources for the achievement of the Department's objectives. For these resources, the Department acts only on behalf of the Queensland Government.

Balances relating to whole of government resources are separately recognised as assets or liabilities in the Program Schedule - Assets and Liabilities as at 30 June 1996. Whole of Government transactions have not been separately recognised as administered outlays or collections, (refer to Note 3(c) below).

(c) **Transitional Reporting Arrangements**

The items listed below have not been disclosed due to the unavailability of reliable information:

Land, Land Improvements, Buildings and Infrastructure Assets

All land, land improvements, buildings and infrastructure assets which are controlled or administered by the Department have now been identified and the asset register is currently being updated. These assets have been valued by the Australian Valuation Office. However, the allocation of these assets between the Department of Primary Industries, Fisheries and Forestry and the Department of Natural Resources has not yet been finalised. Land, land improvements, buildings and infrastructure assets of DPI Forestry are disclosed in Notes 13.2, 13.3 and 13.4. All land, land improvements, buildings and infrastructure assets will be reported in the 1996-97 Financial Statements.

(c) **Transitional Reporting Arrangements (continued)**

Accumulated Depreciation on Land Improvements, Buildings and Infrastructure Assets

The Department has developed its depreciation policies for land improvements, buildings and infrastructure assets. Accumulated depreciation on land improvements, buildings and infrastructure assets of DPI Forestry is disclosed in Notes 13.2 and 13.3. All accumulated depreciation on land improvements, buildings and infrastructure assets will be reported in the 1996-97 Financial Statements.

Departmental and Administered Outlays and Collections

The Department did not record information to enable it to differentiate between departmental and administered outlays and collections in 1995-96 due to system constraints. A system has now been implemented to record this information as part of the accrual accounting project which will enable it to be reported in the 1996-97 Financial Statements.

(d) **Changes in Accounting Policies**

Reporting of Non-Current Physical Assets

The threshold for reporting of non-current physical assets has been decreased from \$5,000 to \$1,000 for the 1995-96 Departmental Statements.

Accumulated Depreciation on Plant and Equipment

Accumulated depreciation on plant and equipment is reported for the first time in 1996. Depreciation is charged on a straight line basis over the period of useful life of individual assets. Comparative figures have not been reported.

Self Generating & Regenerating Assets

Plantation growing timber has been reported in the Financial Statements for the first time in 1996. This asset will be revalued annually in accordance with the policy as described in Note 3(h).

Inventories

At 30 June 1995, seedling inventory was valued at net realisable value. At 30 June 1996 this inventory was valued at cost. As a result of the change in the basis of valuation, seedling inventory has been reduced by \$0.337 million.

(e) **Receivables**

Receivables comprise public moneys owed to the Department at 30 June 1996, where an invoice or notice of assessment has been issued but for which payment has not been received. Receivables include loans and advances at cost.

Receivables are reported net of any doubtful debts.

(f) **Investments**

Investments are reported at cost.

(g) **Inventories**

Inventories are valued at the lower of cost and net realisable value, except for fodder, feedstocks and sundry crops, saleable semen and embryos, and saleable vaccine, which are valued at net realisable value.

**(h) Plantation Growing Timber**

The Net Realisable Value (NRV) methodology has been adopted by DPI Forestry for the valuation of Plantation Growing Timber. NRV is the amount that could be expected to be received from the disposal of an asset in an orderly market after deducting costs expected to be incurred in realising the proceeds of such a disposal. Under this methodology, value changes arise mainly from:

- a) changes in timber volume associated with growth and also changes to the overall estate as a result of annual planting and harvesting activity;
- b) changes in timber prices; and
- c) changes in realisation costs.

Volume increments are determined both by periodic re-measurement of samples of plantations and by modelling growth from the date of the most recent measurement to the valuation date. The market valuation is prepared by appropriately qualified staff employed by DPI Forestry using advanced modelling techniques/methods accepted by the forestry industry. Current market prices have been applied in determining the plantation growing timber valuation. Realisation costs are based on weighted average costs of existing sales.

Only merchantable stands of timber have been included in the valuation and comprise stands 20 years and older for hoop pine and 15 years and older for exotic pine species. Other plantation areas which previous marketing experience suggests are likely to be unmerchantable or of problematic value and which have not been valued include:

- plantations containing minor species;
- areas subject to experimental treatments; and
- small, fragmented plantation areas.

Costs incurred in relation to pine plantations establishment and maintenance are expensed as incurred with the exception of access roads construction and upgrade, which are capitalised.

DPI Forestry revalues Plantation Growing Timber annually.

**(i) Native Forests**

The management and marketing of timber from specified Crown native forests is part of the core business of DPI Forestry. Valuation difficulties arise as a consequence of the need to assess volume and growth characteristics across an extensive range of forest types and areas. In addition there are unresolved issues associated with the Comprehensive Regional Assessment process in Crown native forests. Both of these factors raise reliability problems for any native forest valuation approach and have resulted in native forest property rights not being valued and disclosed in the Financial Statements for the year ended 30 June 1996. The volume of timber harvested from native forests approximates annual forest growth, i.e. the forests are managed on a sustained yield basis. Accordingly, costs are expensed on the basis that these costs are incurred to maintain the constant forest resource.

**(j) Quarries**

DPI Forestry obtains royalties from quarry operators for the extraction of quarry materials located on Crown lands and identified freehold land. Revenues are taken to account when received and any expenditure when incurred. The extent of quarry resources has not been quantified and accordingly a value for these assets has not been included in the accounts.

**(k) Livestock**

Livestock is valued at net realisable value.

**(l) Plant and Equipment**

Plant and equipment is reported at cost wherever cost can be determined. Where it has not been possible to determine the cost an appropriate Departmental officer has assessed the market value of the item.

Items of plant and equipment with a cost or market value of \$1,000 or more are capitalised in the year of acquisition, with the exception of DPI Forestry where a threshold of \$500 applies. All assets below the threshold value are expensed. Computer software is not capitalised with the exception of DPI Forestry. Only plant and equipment items with a cost or market value in excess of \$1,000 are reported in the Statement of Assets and Liabilities.

**(m) Depreciation of Property, Plant and Equipment**

Depreciation of property, plant and equipment is calculated on a straight line basis so as to write off the cost, or other value, of each depreciable asset progressively over its estimated useful life.

The cost, or other value, of leasehold improvements is depreciated over the estimated useful life of the improvement or the unexpired period of the lease, whichever is shorter.

**(n) Valuation of Plant and Equipment**

The Department has not valued plant and equipment assets at deprival value. In accordance with a determination provided by the Queensland Treasury Department in respect of the 1995-96 financial year, such assets have been reported at either historical cost or officers' valuation. The Department will report all assets in accordance with the Treasurer's Policy dated October 1994 entitled "*Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector*" in the 1996-97 Financial Statements.

**(o) Library Assets**

Purchases of library materials are expensed as incurred.

**(p) Research and Development**

Research and Development costs are expensed as incurred.

**(q) Leases**

Leases of plant and equipment under which the Department assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

**(r) Borrowings**

Borrowings are reported at book value.

**(s) Employee Entitlements**

Employee entitlements relate to amounts expected to be paid to employees for accrued recreation leave and long service leave as well as accrued salaries and wages. In addition, associated on-costs and outstanding employer contributions to employee superannuation schemes have also been recorded.

Recreation leave liability is based on each employee's statutory entitlement based on current salary and wages rates. Long service leave liabilities expected to arise in future in respect of service accrued at the reporting date have been calculated in accordance with the State Actuary's model by taking into consideration the long service leave entitlement of all employees. The model is based on the assumption that salaries and wages will increase on average by 6% per annum and also in line with age based promotional salary scales appropriate to the employees and that the expected cash flows are discounted to present value using a discount rate of 8.5% per annum. The assumed rate of salary inflation and discount rate are based on Commonwealth Government bond yields at the reporting date and the expected long term gap between salary inflation and investment return. The weighted average term to settlement of the liabilities is approximately 14 years.

Sick leave is charged as an expense in the period in which it is taken.

**(t) Gifts**

Gifts are reported in the financial statements based on the date they were made or received.

**(u) Comparative Figures**

Certain comparative figures have been restated in order to comply with the current year's presentation of the accounts.

**(v) Rounding**

Amounts included in the Departmental Statements have been rounded to the nearest one thousand dollars. If necessary, minor rounding adjustments have been made to line item totals to ensure columns add to the correct rounded total.

4. Restructuring of Administrative Arrangements

(a) Functions Transferred to the Department

**Natural Resource Management (081)**

By Order in Council dated 31 July 1995 the Department of Primary Industries assumed responsibility for the Alan Fletcher Research Station, the Tropical Weeds Research Centre and the Robert Wicks Research Station previously administered by the Department of Lands. These research stations were subsequently re-amalgamated with the Department of Lands, (see Note 4 (b) below).

**Industry Services (082)**

By Order in Council dated 31 July 1995 the Department of Primary Industries assumed responsibility for animal welfare services previously administered by the Department of Housing, Local Government and Planning. Departmental outlays of \$0.007 million are disclosed by the Department of Local Government and Planning in its Departmental Statements for the period 1 July 1995 to 31 July 1995.

**Racing (105)**

By Order in Council dated 31 July 1995 the Department of Primary Industries assumed responsibility for the Racing Division previously administered by the Department of Tourism, Sport and Youth. This function was subsequently amalgamated with the Department of Police, (see Note 4 (b) below).

(b) Functions Transferred from the Department

**Natural Resource Management (081)**

By Order in Council dated 26 February 1996 functions relating to Crown land quarry sales and natural resource management relating to land conservation, catchment management and water resource management previously administered by the Department of Primary Industries were amalgamated with the Department of Natural Resources. A portion of the resources of this program were transferred, and as a result, collections and outlays reported by the Department for 1996 do not reflect a full year's activity for the transferred functions and are therefore not comparable with the 1995 figures published.

Functions relating to research stations previously transferred to the Department of Primary Industries on 31 July 1995, (see Note 4 (a) above), were re-amalgamated with the Department of Lands, in accordance with an Order in Council dated 24 August 1995.

**Product Development and Marketing (082)**

By Order in Council dated 18 April 1996 the activities of the Registrar of Co-operatives previously administered by the Department of Primary Industries, Fisheries and Forestry were amalgamated with the Department of Justice.

**Community Services (081)**

By Order in Council dated 26 February 1996 functions relating to Crown land quarry sales and natural resource management relating to land conservation, catchment management and water resource management previously administered by the Department of Primary Industries were amalgamated with the Department of Natural Resources. A portion of the resources of this program were transferred, and as a result, collections and outlays reported by the Department for 1996 do not reflect a full year's activity for the transferred functions and are therefore not comparable with the 1995 figures published.



4. **Restructuring of Administrative Arrangements (continued)**

(b) **Functions Transferred from the Department (continued)**

**Corporate Management and Support (081)**

By Order in Council dated 26 February 1996 functions relating to Crown land quarry sales and natural resource management relating to land conservation, catchment management and water resource management previously administered by the Department of Primary Industries were amalgamated with the Department of Natural Resources. A portion of the resources of this program were transferred, and as a result, collections and outlays reported by the Department for 1996 do not reflect a full year's activity for the transferred functions and are therefore not comparable with the 1995 figures published.

**Racing (105)**

By Order in Council dated 26 February 1996, the Office of Racing was amalgamated with the Department of Police.

The net outlays and collections reported by the Department of Primary Industries, Fisheries and Forestry are for the period 1 August 1995 to the date of transfer of this program. Net outlays and collections for both the current and previous years are disclosed in the Departmental Statements of the Department of Police.

**Water Services Program (082)**

By Order in Council dated 26 February 1996, this program was transferred to the Department of Natural Resources.

The net outlays and collections reported by the Department of Primary Industries, Fisheries and Forestry are for the period 1 July 1995 to the date of transfer of this program. Net outlays and collections for the current year are disclosed in the Departmental Statements of the Department of Natural Resources.

Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

5. Explanation of Material Variations from Previous Year's Outlays and Collections	1996 \$'000	1995 \$'000	Variation \$'000
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As indicated in Note 4 above, the Natural Resource Management, Community Services, Corporate Management and Support, Water Services and Racing Programs were significantly affected by restructuring of administrative arrangements during 1995-96. As a consequence, outlays and collections reported by the Department for 1995-96 do not reflect a full year's activity and are not comparable with those for 1994-95.

**1. Outlays**

**Product Development and Marketing (082)**

Net Current Outlays	27,378	24,760	2,618
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Significant variations from the previous year's outlays are mainly attributable to:

- additional expenditure of \$7.848 million being incurred in 1995-96 to monitor and control the Papaya Fruit Fly Outbreak; offset by
- the transfer of quarantine inspection services back to the Commonwealth Government. These services were previously provided by the Department on an agency basis and resulted in a reduction in expenditure of \$3.552 million in 1995-96; and
- reductions in expenditure of \$2.102 million in 1995-96 arising from the Department entering into revenue retention agreements as of 1 July 1995, which allow for certain receipts to be credited against expenditure.

Total Capital Outlays	1,257	897	360
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The variation from the previous year's outlays is mainly attributable to additional expenditure in 1995-96 amounting to \$0.535 million which was required to establish road-blocks, modify and refurbish buildings and purchase equipment in response to the Papaya Fruit Fly Outbreak.

**Industry Services (082)**

Net Current Outlays	92,947	92,860	87
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Significant variations from the previous year's outlays are mainly attributable to:

- increased grants and subsidies payments in 1995-96 of \$1.511 million resulting primarily from the costs related to the de-stocking of properties involved in the Brucellosis and Tuberculosis Eradication Campaign totalling \$2.368 million. This increase was partially offset by a reduction of \$1.088 million in payments to the Bureau of Sugar Experiment Stations as these funds were retained by the Department and allocated internally to sugar research; and
- reductions in expenditure in 1995-96 of \$2.332 million arising from the Department entering into revenue retention agreements as of 1 July 1995, which allow for certain receipts to be credited against expenditure.

Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

Explanation of Material Variations from Previous Year's Outlays and Collections (continued)	1996 \$'000	1995 \$'000	Variation \$'000
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1. Outlays (continued)

Industry Services (082) (continued)

Total Capital Outlays	6,532	7,446	(914)
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The variation from the previous year's outlays is mainly attributable to 1994-95 expenditure including an amount of \$1.200 million relating to the construction of the South Johnstone Research Station which did not recur in 1995-96.

Forest Production (082)

Net Current Outlays	67,038	69,924	(2,886)
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Significant variations from the previous year's outlays are mainly attributable to:

- a reduction in 1995-96 expenditure amounting to \$7.302 million in relation to the log salvage operation following the Beerburrum bushfires in September and November 1994;
- a reduction in internal plant hire expenditure of \$4.515 million in 1995-96 resulting from the introduction of accrual accounting, whereby internal activities relating to plant hire no longer generated cash expenditure transactions;
- the write off in December 1994 of State sourced Forestry Development loans which resulted in a reduction of \$2.217 million in interest paid in 1995-96. This reduction was partially offset by an increase of \$0.536 million in the interest paid in 1995-96 on Commonwealth sourced loans;
- a reduction in office rental payments amounting to \$0.709 million due to a rationalisation and reduction in Head Office floor space occupied;
- an increase in expenditure of \$4.656 million in 1995-96 resulting from a change in the method of delivering corporate services which are now largely delivered internally by DPI Forestry. In 1994-95 these services were in the main delivered through other programs of the Department. This change has resulted in the elimination of the internal corporate service charge but has resulted in an offsetting increase in Net Current Outlays;
- an increase in expenditure of \$4.080 million in 1995-96 for certain forest establishment costs which were capitalised in 1994-95; and
- an increase in expenditure amounting to \$2.742 million due to the introduction of fee for service arrangements between DPI Forestry and the Department pursuant to the commercialisation of DPI Forestry.

## Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

5. Explanation of Material Variations from Previous Year's Outlays and Collections (continued)	1996 \$'000	1995 \$'000	Variation \$'000
<b>1. Outlays (continued)</b>			
<b>Forest Production (082) (continued)</b>			
Total Capital Outlays	7,962	11,181	(3,219)
Significant variations from the previous year's outlays are mainly attributable to:			
<ul style="list-style-type: none"> <li>- a decrease in expenditure of \$3.642 million in 1995-96 for certain forest establishment costs which are no longer capitalised;</li> <li>- a reduction in 1995-96 expenditure amounting to \$2.105 million in relation to the log salvage operation following the Beerburrum bushfires in September and November 1994;</li> <li>- a reduction in internal plant hire expenditure of \$1.500 million in 1995-96 resulting from the introduction of accrual accounting, whereby internal activities relating to plant hire no longer generated cash expenditure transactions;</li> <li>- additional expenditure of \$3.419 million incurred in 1995-96 on plant and equipment due for replacement in accordance with the asset replacement schedule; and</li> <li>- additional expenditure in 1995-96 of \$1.100 million for the purchase of land at Beerburrum.</li> </ul>			
Total Capital Recoveries/Financing Transactions	3,237	1,082	2,155
<ul style="list-style-type: none"> <li>- The variation from the previous year's outlays is due mainly to loan repayments being higher in 1995-96 by \$2.234 million, due to a change in the debt structure of DPI Forestry.</li> </ul>			
<b>2. Collections</b>			
Product Development and Marketing (082)	16,948	14,108	2,840
Significant variations from the previous year's receipts are mainly attributable to:			
<ul style="list-style-type: none"> <li>- additional receipts amounting to \$5.959 million in 1995-96 from the Commonwealth and other States to assist in the monitoring and control of the Papaya Fruit Fly Outbreak;</li> <li>- additional receipts totalling \$1.185 million being provided in 1995-96 by the Department of the Premier, Economic and Trade Development for the Agribusiness Exporters Quality Assurance Scheme;</li> <li>- increased funding of \$1.375 million being provided by the Australian Centre for International Agricultural Research in 1995-96 for research and development;</li> <li>- the transfer of quarantine inspection agency services to the Commonwealth Government resulting in a reduction in receipts of \$3.932 million in 1995-96; and</li> <li>- reductions in receipts in 1995-96 amounting to \$1.497 million arising from the Department entering into revenue retention agreements as of 1 July 1995, which allow for certain receipts to be credited against expenditure.</li> </ul>			

Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

5. Explanation of Material Variations from Previous Year's Outlays and Collections (continued)	1996 \$'000	1995 \$'000	Variation \$'000
2. Collections (continued)			
Industry Services (082)	29,403	33,374	(3,971)

Significant variations from the previous year's receipts are mainly attributable to:

- a reduction in receipts of \$2.253 million in 1995-96 arising from the Department entering into revenue retention agreements as of 1 July 1995, which allow for certain receipts to be credited against expenditure;
- a reduction in receipts of \$0.677 million in 1995-96 due to depressed livestock sale prices; and
- a reduction in recoveries of \$0.341 million in 1995-96 in relation to Commonwealth and other States funding contributions on account of the Avian Influenza Outbreak.

Forest Production (082)	87,651	86,591	1,060
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Significant variations from the previous year's receipts are mainly attributable to:

- an increase in receipts amounting to \$5.028 million due to the introduction of fee for service arrangements between DPI Forestry and the Department pursuant to the commercialisation of DPI Forestry;
- an increase in Forest Product receipts amounting to \$1.529 million primarily resulting from an increase in royalty and stumpage charges on timber of 3.2% effective from 1 July 1995;
- additional receipts aggregating to \$1.446 million on account of increased seed and seedling sales in 1995-96 and sales of surplus plant and equipment resulting from an increased replacement program in 1995-96; and
- a reduction in internal plant hire receipts of \$6.906 million in 1995-96 resulting from the introduction of accrual accounting whereby internal plant hire charges no longer generate cash receipt transactions.

## Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

6. Collections	1996 \$'000	1995 \$'000 (a)
<b>Commonwealth Payments</b>		
National Landcare Program	7,773	..
Sugar Industry Assistance	1,158	..
Primary Industries Grants - Other	17,998	..
	<u>26,929</u>	<u>..</u>
<b>Taxes, Fees and Fines</b>		
Licences and Permits	1,973	..
Regulatory Fees	7,322	..
Fines and Forfeiture's	1	..
	<u>9,296</u>	<u>..</u>
<b>Territorial</b>		
Land Revenues	725	..
Other Royalties	77,421	..
	<u>78,146</u>	<u>..</u>
<b>Property Income</b>		
Interest	880	..
Dividends	12	..
Rent of Government Property	1,426	..
	<u>2,318</u>	<u>..</u>
<b>Receipts for Goods and Services</b>		
Commissions	17	..
Gazettes and Publications	748	..
Services Rendered	56,677	..
	<u>57,442</u>	<u>..</u>
<b>Miscellaneous Receipts</b>		
Expenditure Recovered	4,622	..
Primary Industries - Industry Related Grants	16,037	..
Other Miscellaneous Receipts	16,814	..
	<u>37,473</u>	<u>..</u>
<b>Capital Recoveries/Financing Transactions</b>		
Repayments of Capital Advances	31	..
Freehold Land Sales	3,697	..
Sale of Government Property	2,329	..
Other Capital Recoveries/Financing Transactions	137	..
	<u>6,194</u>	<u>..</u>
<b>Intra-Public Account Unrequited Transfers</b>	<u>3,191</u>	<u>..</u>
<b>Total</b>	<u>220,989</u>	<u>..</u>

(a) Due to the restructuring of administrative arrangements, (refer to Note 4), prior year figures are not comparable and accordingly have not been presented.

Department of Primary Industries, Fisheries and Forestry

Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

7. Intra-Public Account Unrequited Transfers		1996	1995
		\$'000	\$'000
<i>Unrequited Transfer Payments</i>			
<b>From: Program</b>	<b>To: Department</b>		
Natural Resource Management	Treasury Department	1,437	..
Forest Production (a)	Treasury Department	..	21,970
Water Services	Department of Lands	..	20
		<u>1,437</u>	<u>21,990</u>
<b>From: Program</b>	<b>To: Fund/Program</b>		
Water Services	Water Operations Fund/Water Services	3,500	..
Community Services	Brisbane Forest Park Fund/Community Services	1,445	1,450
Forest Production (a)	Consolidated Fund/Natural Resource Management	523	..
Forest Production (a)	Consolidated Fund/Community Services	660	..
Industry Services	Banana Industry Fund/Industry Services	181	310
Forest Production	Forestry Fund/Forest Production	..	15,632
Natural Resource Management	Forestry Fund/Forest Production	..	5,833
Community Services	Forestry Fund/Forest Production	..	4,767
Industry Services	Forestry Fund/Forest Production	..	834
Product Development and Marketing	Forestry Fund/Forest Production	..	554
		<u>6,309</u>	<u>29,380</u>
<b>Total</b>		<u>7,746</u>	<u>51,370</u>

The source appropriation for all unrequited transfer payments was the Department of Primary Industries, Fisheries and Forestry - Consolidated Fund except as shown in:

(a) The source appropriation was the Department of Primary Industries, Fisheries and Forestry - Forestry Fund.

## Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

7. Intra-Public Account Unrequited Transfers (continued)	1996 \$'000	1995 \$'000	
<i>Unrequited Transfer Receipts</i>			
<b>From: Department</b>	<b>To: Program (a)</b>		
Department of the Premier, Economic and Trade Development	Product Development and Marketing	1,798	590
Department of Environment and Heritage	Community Services	801	1,426
Department of Environment and Heritage	Natural Resource Management	238	66
Department of Environment and Heritage	Industry Services	..	13
Department of Natural Resources	Natural Resource Management	118	..
Department of Tourism, Small Business and Industry	Product Development and Marketing	75	..
Department of Housing, Local Government and Planning	Community Services	70	..
Department of Lands	Natural Resource Management	58	57
Various Departments	Natural Resource Management	33	33
Department of Lands	Community Services	..	125
	<u>3,191</u>	(b)	<u>2,310</u>

(a) All unrequited transfer receipts were paid into the Consolidated Fund.

(b) The Water Services Program has been excluded from the comparative figures. As a result, an amount of \$3.341 million received by the Water Services Program from the then Queensland Electricity Commission has been omitted from the figures reported in the 1994-95 Departmental Statements.

8. Cash	1996 \$'000	1995 \$'000
Cash on Hand	142	136
Cash at Bank	37	325
Travel Advances (a)	127	180
<b>Trust Fund Balances</b>		
Artesian Bores and Water Supply Areas Working Account (b)	..	292
Banana Industry Fund	506	590
Brisbane Forest Park Fund (b)	..	4
Fisheries Research Fund	523	771
Forestry Fund	16,575	8,345
Poultry Industry Fund	..	2
<b>Total (c)</b>	<u>17,910</u>	(a) <u>10,645</u>

(a) Travel advances were reported as part of "Other Current Assets" in 1995. This item is reported as part of "Cash" as at 30 June 1996, in compliance with the Treasurer's Guidelines for the Preparation of Departmental Statements for 1995-96, (refer to Note 12).

(b) These trust funds were transferred to the Department of Natural Resources by Order in Council dated 26 February 1996, (refer to Note 4).

(c) In addition to the above amounts, funds totalling \$531,829 at 30 June 1996 were held in the suspense account of the Department. These balances represent funds which cannot be readily categorised to the major receipt headings. Following assessment, funds are either placed to the correct receipt heading or refunded.



## Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

9. Receivables	1996 \$'000	1995 \$'000
1. Departmental Receivables		
<i>Current:</i>		
Trade Debtors		
0 - 30 days	7,833	18,824
31 - 60 days	2,626	4,390
Over 60 days	1,622	3,837
less: Estimate of Doubtful Debts	<u>(737)</u>	<u>(1,727)</u>
	<b><u>11,344</u></b>	<b><u>25,324</u></b>
Loans and Advances		
Over 60 days	<u>1,127</u>	<u>7,161</u>
	<b><u>1,127</u></b>	<b><u>7,161</u></b>
Other Debtors (a)		
0 - 30 days	109	1
31 - 60 days	..	2
over 60 days	<u>505</u>	<u>212</u>
	<b><u>614</u></b>	<b><u>215</u></b>
<b>Total Current Receivables</b>	<b><u>13,085</u></b>	<b><u>32,700</u></b>
<i>Non-Current:</i>		
Loans and Advances		
Other Debtors (a)	<u>999</u>	<u>19,210</u>
	<b><u>999</u></b>	<b><u>19,924</u></b>
<b>Total Non-Current Receivables</b>	<b><u>999</u></b>	<b><u>19,924</u></b>
<b>Total Departmental Receivables</b>	<b><u>14,084</u></b>	<b><u>52,624</u></b>

The significant reduction in receivables is due to the transfer of Program activities (principally Water Services) to the Department of Natural Resources, (refer to Note 4).

- (a) Other Debtors include freehold selection debtors owed to DPI Forestry (current \$0.385 million, non-current \$0.999 million). Freehold selection debtors arise where Crown Land under lease is converted to freehold. The balance represents the value of unpaid instalments due on the timber component of the property sold. These debtors are managed by the Department of Natural Resources. Doubtful debts have not been provided for as at 30 June 1996.

Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

9. Receivables (continued)	1996	1995
	\$'000	\$'000
2. Administered Receivables		(c)
<i>Current:</i>		
Trade Debtors (a)		
0 - 30 days	260	..
31 - 60 days	87	..
Over 60 days	66	..
less: Estimate of Doubtful Debts	<u>(5)</u>	<u>..</u>
	<u>408</u>	<u>..</u>
Loans and Advances (b)		
Over 60 days	<u>43</u>	<u>..</u>
Other Debtors		
Over 60 days	46	..
less: Estimate of Doubtful Debts	<u>(20)</u>	<u>..</u>
	<u>26</u>	<u>..</u>
<b>Total Current Receivables</b>	<u><b>477</b></u>	<u><b>..</b></u>
<i>Non-Current:</i>		
Loans and Advances (b)	<u>133</u>	<u>..</u>
<b>Total Administered Receivables</b>	<u><b>610</b></u>	<u><b>..</b></u>

- (a) Administered Trade Debtors consist of receivable balances related to Whole of Government revenue transactions.  
 (b) Administered loans and advances consist of receivable balances under the Necessitous Growers Seed Grain Scheme.  
 (c) Comparative figures have not been provided as this is the first year that receivable balances have been split between Departmental and Administered receivables.

## Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

10. Inventories	1996 Held for Resale \$'000	1996 Not Held for Resale \$'000	1996 Total \$'000	1995 Total \$'000
<i>Current:</i>				
Raw Materials and Stores				
Fertilisers and Chemicals	..	684	684	683
Consumables, e.g. spare parts, stationery, etc.	..	1,179	1,179	1,416
Motor Fuels and Oils	..	115	115	139
Casing and Piping	..	4	4	735
	<u>..</u>	<u>1,982</u>	<u>1,982</u>	<u>2,973</u>
Finished Goods				
Saleable Publications and Other Saleable Stock	1,296	..	1,296	1,832
Saleable Vaccine	124	..	124	169
Seeds and Seedlings	..	1,214	1,214	931
Fodder, Feedstocks and Sundry Crops	100	178	278	256
Saleable Semen and Embryos	132	..	132	183
Artificial Breeding Equipment	30	..	30	100
Harvested Timber	67	..	67	..
Maps and Posters	81	..	81	303
	<u>1,830</u>	<u>1,392</u>	<u>3,222</u>	<u>3,774</u>
	<u>1,830</u>	<u>3,374</u>	<u>5,204</u>	<u>6,747</u>
<i>Non-Current:</i>				
Finished Goods				
Saleable Semen and Embryos	263	..	263	365
Artificial Breeding Equipment	61	..	61	..
	<u>324</u>	<u>..</u>	<u>324</u>	<u>365</u>
<b>Total</b>	<u>2,154</u>	<u>3,374</u>	<u>5,528</u>	<u>7,112</u>
11. Investments			1996 \$'000	1995 \$'000
<i>Non-Current:</i>				
Metropolitan Milk Producers Co-operative Association Limited (Market value \$0.237 million, 1995 \$0.196 million)			39	39
Malanda Dairyfoods Limited (Market value \$0.031 million, 1995 \$0.026 million)			26	26
The Malanda Co-operative Dairy Association Limited (Market value \$0.030 million, 1995 \$0.026 million)			26	26
The Bean Growers Co-operative Association Limited (Market value \$0.001 million)			1	..
<b>Total</b>			<u>92</u>	<u>91</u>

The market values of Investments have been determined on information received from investee companies.

## Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

12. Other Assets	1996 \$'000	1995 \$'000
<i>Current:</i>		
Prepayments	518	1,033
Prepaid Roadworks	..	400
Recreation Leave Paid in Advance	21	5
Prepaid Interest	13	29
	<u>552</u>	<u>(a) 1,467</u>
<i>Non-Current:</i>		
Prepayments	<u>3</u>	<u>29</u>
<b>Total</b>	<u>555</u>	<u>1,496</u>

(a) Travel advances were reported as part of "Other Current Assets" in 1995. This item is reported as part of "Cash" as at 30 June 1996, in compliance with the Treasurer's Guidelines for the Preparation of Departmental Statements for 1995-96, (refer to Note 8).

13. Property, Plant and Equipment	1996 \$'000	1995 \$'000 (c)
<b>1. Plant and Equipment</b>		
<b>Computer Equipment</b>		
At cost	24,306	32,976
At valuation (a)	2,230	3,099
Accumulated depreciation (b)	(16,147)	..
	<u>10,389</u>	<u>36,075</u>
<b>Heavy Plant</b>		
At cost	16,858	24,266
At valuation (a)	196	510
Accumulated depreciation (b)	(6,904)	..
	<u>10,150</u>	<u>24,776</u>
<b>Scientific Apparatus &amp; Equipment</b>		
At cost	18,161	15,501
At valuation (a)	697	241
Accumulated depreciation (b)	(11,081)	..
	<u>7,777</u>	<u>15,742</u>

(a) Valuations of Plant and Equipment were determined by appropriate officers of the Department, except for items relating to DPI Forestry's infrastructure assets which were valued at deprival value by the Australian Valuation Office as at 1 January 1995.

(b) Accumulated depreciation is reported for the first time in 1995-96. Comparative figures are not available.

(c) Prior year figures are stated at gross value, based on a \$5,000 reporting threshold, (refer to Note 3(d)).

## Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

13. Property, Plant and Equipment (continued)	1996 \$'000	1995 \$'000 (c)
<b>1. Plant and Equipment (continued)</b>		
<b>Boats and Boating Equipment</b>		
At cost	7,071	7,416
At valuation (a)	28	814
Accumulated depreciation (b)	(2,396)	..
	<u>4,703</u>	<u>8,230</u>
<b>Office Equipment</b>		
At cost	7,792	2,847
At valuation (a)	214	38
Accumulated depreciation (b)	(3,377)	..
	<u>4,629</u>	<u>2,885</u>
<b>Motor Vehicles and Light Trucks</b>		
At cost	8,849	3,693
At valuation (a)	281	70
Accumulated depreciation (b)	(4,957)	..
	<u>4,173</u>	<u>3,763</u>
<b>Machinery and Equipment</b>		
At cost	7,946	4,169
At valuation (a)	887	128
Accumulated depreciation (b)	(4,858)	..
	<u>3,975</u>	<u>4,297</u>
<b>Other</b>		
At cost	2,012	5,289
At valuation (a)	539	181
Accumulated depreciation (b)	(1,285)	..
	<u>1,266</u>	<u>5,470</u>
<b>Total Plant and Equipment</b>	<u>47,062</u>	<u>101,238</u>

(a) Valuations of Plant and Equipment were determined by appropriate officers of the Department except for items relating to DPI Forestry's infrastructure assets which were valued at deprival value by the Australian Valuation Office as at 1 January 1995.

(b) Accumulated depreciation is reported for the first time in 1995-96. Comparative figures are not available.

(c) Prior year figures are stated at gross value, based on a \$5,000 recording threshold, (refer to Note 3(d)).

Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

13. Property, Plant and Equipment (continued)

2. Land, Land Improvements and Buildings

As indicated in Note 3(c), the reporting of land, land improvements and buildings is subject to transitional reporting arrangements. These assets have not been included in the Statement of Assets and Liabilities as at 30 June 1996, because the split of assets between the Department of Primary Industries, Fisheries and Forestry and the Department of Natural Resources has not been finalised. However, DPI Forestry has completed the valuation of its land, land improvements and buildings and the following figures are provided:

	1996 \$'000
<b>Land</b>	
At cost (a)	<u>3,200</u>
<b>Land Improvements and Buildings</b>	
At cost	464
At valuation	27,436
Accumulated Depreciation	<u>(1,651)</u>
	<u>26,249</u>
<b>Capital Work in Progress</b>	
At cost	<u>30</u>
<b>Total Land, Land Improvements and Buildings</b>	<u>29,479</u>

(a) DPI Forestry carries out its operations (establishment, management and marketing) principally on Crown Land allocated for production purposes by the Department of Natural Resources, except for freehold land purchased by the Department of Primary Industries, Fisheries and Forestry prior to 1 July 1995 and freehold land purchased by DPI Forestry since that date. Only the value of land purchased and controlled by DPI Forestry has been brought to account.

3. Access Roads

As indicated in Note 3(c), the reporting of infrastructure assets is subject to transitional reporting arrangements. These assets have not been included in the Statement of Assets and Liabilities as at 30 June 1996, because the split of assets between the Department of Primary Industries, Fisheries and Forestry and the Department of Natural Resources has not been finalised. However, DPI Forestry has completed the valuation of its infrastructure assets and the following figures are provided:

	1996 \$'000
<b>Access Roads</b>	
At cost	232
At valuation	30,863
Accumulated Depreciation	<u>(1,561)</u>
	<u>29,534</u>
<b>Capital Work in Progress</b>	
At cost	<u>696</u>
<b>Total Access Roads</b>	<u>30,230</u>

## 13. Property, Plant and Equipment (continued)

## 4. Valuation of Non-Current Physical Assets of DPI Forestry

Non-current physical assets, with the exception of plant and equipment, are valued on the deprival basis in accordance with the Queensland Treasurer's Policy dated October 1994 entitled "Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector". Additions of non-current physical assets acquired during the year are recorded at the acquisition cost. The carrying values of property, plant and equipment are reviewed annually. An asset revaluation threshold of \$1 million has been established for the purpose of carrying out comprehensive revaluations, which are to be performed at five year intervals.

Valuation of land improvements, buildings and access roads of DPI Forestry disclosed in notes 13.2 and 13.3 were valued at deprival value as at 1 January 1995 by the following independent expert valuers:

**Australian Valuation Office**

J F McAuliffe, L.F.V.L.E. (Val. & Econ.) and C J Tuttle, Dip. Val., F.V.L.E. (Val. & Econ.)

Interim revaluation (by indexation) of land improvements, buildings and access roads as at 30 June 1996 was carried out in accordance with the "Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector" policy by the appropriate officers of DPI Forestry. This revaluation has not taken into account potential capital gains tax. (The DPI Forestry business group operates under the *Queensland Income Tax Equivalents Regime*.)

Market valuation of DPI Forestry plant and equipment was performed internally between 1994 and 1996, except for items relating to infrastructure assets which were valued at deprival value by the Australian Valuation Office as at 1 January 1995.

## 14. Self Generating and Regenerating Assets

	1996 \$'000	1995 \$'000
Plantation Growing Timber (a)	1,033,590	946,493
Livestock	1,785	2,435
<b>Total</b>	<b>1,035,375</b>	<b>948,928</b>

## (a) Log Storage Facility Valuation

An area of 4,800 hectares of Beerburrum plantation was burnt by bushfire in September and November 1994. If left standing the timber would have very quickly deteriorated and become unusable. It was decided to attempt to recover as much timber as possible by immediately logging salvageable material, creating a stockpile, and maintaining moisture by constant spraying with water. The majority of expenditure was incurred in the 1994-95 year to establish a fenced storage area, place the logs and set up irrigation systems.

At 30 June 1995 the quality and hence marketability of the stored timber were not known with any certainty since wet storage had never been previously attempted in a subtropical environment. As a result of continuing uncertainty as to the market value of the stockpile, no value has been applied at 30 June 1995 and 30 June 1996.

Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

15. Creditors	1996 Total \$'000	1995 Total \$'000
<b>1. Departmental Creditors</b>		
<i>Current:</i>		
Trade Creditors	5,192	12,306
Other Creditors	<u>3,098</u>	<u>6,676</u>
	<u>8,290</u>	<u>18,982</u>
 <i>Non-Current:</i>		
Other Creditors (a)	<u>1,400</u>	<u>..</u>
<b>Total Departmental Creditors</b>	<u>9,690</u>	<u>18,982</u>
 <b>2. Administered Creditors</b>		
<i>Current:</i>		
Trade Creditors (b)	<u>386</u>	<u>(c) ..</u>

The significant reduction in creditors is due to the transfer of Program activities to the Department of Natural Resources, (refer to Note 4).

- (a) During the 1995-96 year, additional plantation land was acquired by DPI Forestry at a cost of \$3.200 million. The acquisition involved a payment of \$1.100 million in 1995-96 with a subsequent payment of \$0.700 million due in each of the next three financial years.
- (b) Administered creditors consist of amounts payable under the Brucellosis and Tuberculosis Eradication Scheme (\$0.214 million) and the Drought Relief Assistance Scheme (\$0.172 million).
- (c) Comparative figures have not been provided as this is the first year that creditor balances have been split between Departmental and Administered creditors.



## Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

16.	<b>Borrowings</b>	<b>1996</b>	<b>1995</b>
		<b>\$'000</b>	<b>\$'000</b>
			(d)
	<i>Current:</i>		
	Treasury Borrowings (a)	2,788	35,384
	QTC Borrowings (b), (c), (d)	2,240	25,110
	Commonwealth Borrowings	<u>1,366</u>	<u>824</u>
		<u>6,394</u>	<u>61,318</u>
	<i>Non-Current:</i>		
	Treasury Borrowings (a)	3,328	7,979
	QTC Borrowings (b), (c), (d)	45,795	341,977
	Commonwealth Borrowings	<u>29,008</u>	<u>29,186</u>
		<u>78,131</u>	<u>379,142</u>
	<b>Total</b>	<u>84,525</u>	<u>440,460</u>
	<b>Market Value of QTC Borrowings at 30 June</b>	<u>47,598</u>	<u>390,675</u>

- (a) On 18 August 1995, the Queensland Treasury Department wrote off the remaining State sourced Forestry loans, effective 1 July 1995, of \$31.143 million (comprising a principal amount of \$29.138 million and accrued interest, capitalised as at 1 July 1995, of \$2.005 million).
- (b) During 1995-96, the Department reached an agreement with the Queensland Treasury Department reducing DPI Forestry's QTC debt to \$50.188 million, with the remaining debt (\$98.358 million) being transferred to the Queensland Treasury Department effective 1 July 1995.
- (c) As a result of the restructuring of administrative arrangements set out in the Order in Council dated 26 February 1996, (refer to Note 4), the QTC borrowings relating to Water Services were transferred to the Department of Natural Resources. The book value of the borrowings at the time of the transfer were \$208.728 million.
- (d) Comparative figures for QTC borrowings have been restated to book value at 30 June 1995. These borrowings were previously reported at market value.

Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

17. Employee Entitlements	1996 \$'000	1995 \$'000
<i>Current:</i>		
Accrued - Recreation Leave	13,148	17,886
- Long Service Leave	2,774	2,234
- Salaries and Wages	1,121	..
Unpaid Superannuation Contributions	<u>70</u>	<u>..</u>
	<u>17,113</u>	<u>20,120</u>
<i>Non-Current:</i>		
Accrued - Long Service Leave	<u>28,084</u>	<u>47,665</u>
<b>Total</b>	<u>45,197</u>	<u>67,785</u>

The reduction in employee entitlements is due to the restructuring of administrative arrangements, (refer to Note 4), and the subsequent transfer of relevant human resources to the Department of Natural Resources.

18. Other Liabilities	1996 \$'000	1995 \$'000
<i>Current:</i>		
Provision for Dividend (a)	8,978	..
Accrued Interest and Loan Guarantee Fee	1,495	782
Unearned Revenue	<u>391</u>	<u>..</u>
<b>Total</b>	<u>10,864</u>	<u>782</u>

(a) The dividend is payable to the Queensland Government. It is calculated as 100% of the DPI Forestry 1995-96 operating profit after income tax reduced by \$0.368 million being Q-Fleet dividend compensation.

## Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

19.	<b>Commitments for Expenditure</b>	<b>1996</b>	<b>1995</b>
		<b>\$'000</b>	<b>\$'000</b>
	<b>(a) Capital Expenditure Commitments</b>		
	Material capital expenditure commitments contracted for but not brought to account as at 30 June 1996 include:		
	Buildings	2,188	207
	Office equipment	468	191
	Heavy equipment	334	1,396
	Vehicles and vessels	251	2,063
	Scientific equipment	182	197
	Forest roads, buildings and tracks	19	221
	Dams and weirs	17	21,640
	Surveying equipment	1	..
	Other	<u>252</u>	<u>..</u>
	<b>Total</b>	<b><u>3,712</u></b>	<b><u>25,915</u></b>
	This expenditure is due for payment:		
	Not later than one year	3,691	19,741
	Later than one year and not later than two years	<u>21</u>	<u>6,174</u>
	<b>Total</b>	<b><u>3,712</u></b>	<b><u>25,915</u></b>

The reduction in capital expenditure commitments is due to the restructuring of administrative arrangements, (refer to Note 4), and the subsequent transfer of functions to the Department of Natural Resources.

<b>(b) Non-cancellable Operating Lease Commitments</b>	<b>1996</b>	<b>1995</b>
	<b>\$'000</b>	<b>\$'000</b>
Commitments in relation to non-cancellable operating leases are payable as follows:		
Not later than one year	73	206
Later than one year and not later than two years	57	153
Later than two years and not later than five years	14	252
Later than five years	<u>21</u>	<u>40</u>
<b>Total</b>	<b><u>165</u></b>	<b><u>651</u></b>

The reduction in lease commitments is primarily due to the restructuring of administrative arrangements, (refer to Note 4), and the subsequent transfer of functions to the Department of Natural Resources.

Notes to and forming part of the Departmental Statements for the Year Ended 30 June 1996 (continued)

19. Commitments for Expenditure (continued)

(c) Grants and Subsidies

Commitments made in relation to grants and subsidies are as follows:

	1996 \$'000
Bureau of Sugar Experiment Stations (a)	3,800
Other	1,693
<b>Total</b>	<b>(b) 5,493</b>

Commitments in relation to grants and subsidies at the reporting date are payable as follows:

Not later than one year	4,757
Later than one year and not later than two years	380
Later than two years and not later than five years	338
Later than five years	18
<b>Total</b>	<b>(b) 5,493</b>

- (a) Pursuant to a Cabinet Decision made in December 1991, the Department provides funding to the Bureau of Sugar Experiment Stations to the amount of \$3.800 million per annum. The figure above includes one year's funding only for this item.
- (b) Comparative figures are not provided as this is the first year that this information has been reported.

20. Contingent Liabilities

(a) Litigation in Progress

The Department's legal advisors and management believe that it would be misleading to estimate the final amounts payable, if any, in respect of the litigation filed in the Courts. However, the following cases were filed in the Courts at year end:

	<i>Number of Cases</i>
Supreme Court	15
District Court	8
Magistrates Court	1
Other Jurisdictions	1

The Department has also received notification of a number of other cases which are not yet subject to Court action.

(b) Financial Guarantees and Undertakings

The Department has not provided any financial guarantees or undertakings.

21. **Entity included in the Departmental Statements**

The outlays, collections, assets and liabilities of DPI Forestry, which is a commercial business group of the Department, have been included within the Departmental Statements. The financial statements of DPI Forestry have been prepared on an accrual accounting basis and are published separately. As the Departmental Statements are prepared on a modified cash basis and are subject to transitional reporting arrangements, the following adjustments have been made to the DPI Forestry figures before including them in the Departmental Statements:

1. Revenue and expenses have been restated to cash outlays and collections for inclusion in the Program Statement.
2. Land, land improvements and buildings, access roads and capital works in progress were excluded from the Statement of Assets and Liabilities because these items are not reported by the Department at 30 June 1996 in accordance with transitional reporting arrangements, (refer to Note 3(c)). Details in respect of the assets held by DPI Forestry are reported in Notes 13.2, 13.3 and 13.4.
3. DPI Forestry uses a capitalisation threshold of \$500 for recording property, plant and equipment. Balances at 30 June 1996 have been restated to reflect the Department's capitalisation threshold of \$1,000. The written down value of DPI Forestry's assets with a gross value of \$500 or more, but less than \$1,000, as at 30 June 1996 were as follows:

- Plant and Equipment	- \$0.620 million
- Land Improvements and Buildings	- \$0.071 million

4. Security Deposits (\$0.789 million) and Tender and Other Deposits (\$0.044 million) were excluded from both cash and other liabilities in the Departmental Statements. In accordance with the Treasurer's Guidelines for the Preparation of Departmental Statements for 1995-96, these amounts are disclosed as Moneys Held in Trust, in the Other Financial Information section of these statements.
5. An amount payable at 30 June 1996 by DPI Forestry to the Department of Primary Industries, Fisheries and Forestry (Consolidated Fund) in the amount of \$0.019 million representing proceeds from the sale of an asset has been excluded from the Statement of Assets and Liabilities.

22. **Events Subsequent to Balance Date**

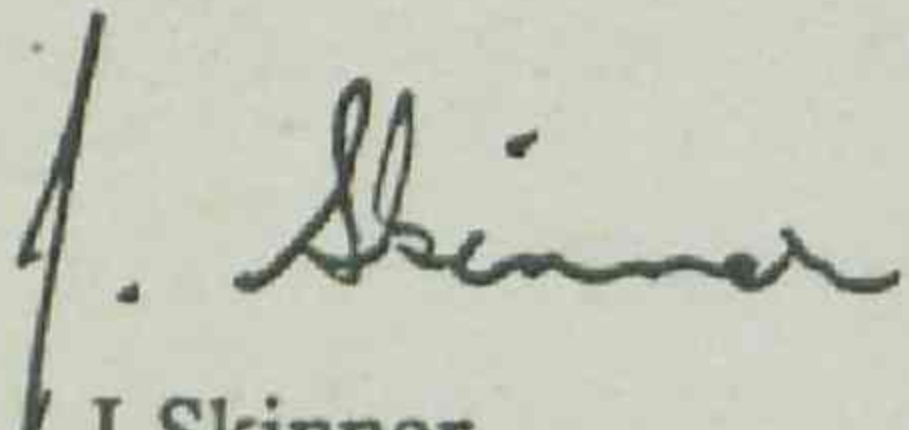
Under the terms of DPI Forestry's debt restructuring, an amount of \$10.000 million has been converted from equity to debt. The conversion came into effect on 1 July 1996. The agreement with the Queensland Treasury Department allows for a further conversion from equity to debt held by DPI Forestry of an amount of \$10.000 million on 1 July 1997. The debt will be repaid to the Queensland Treasury Corporation on a commercial basis.

23. **Financing Facilities**

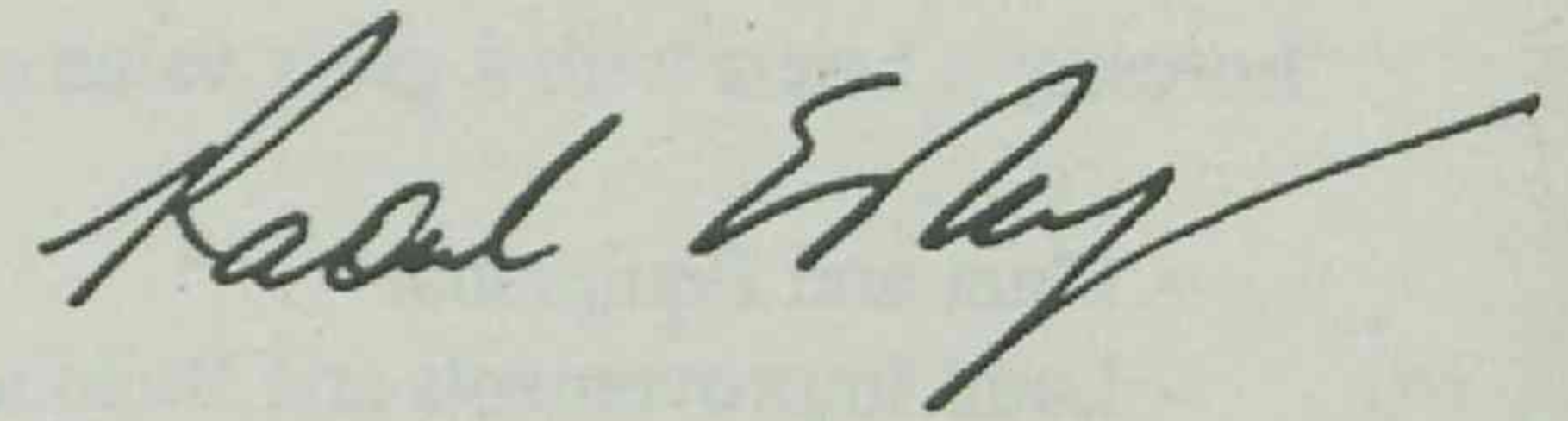
DPI Forestry has standby arrangements with the Queensland Treasury Department to provide funds and support facilities up to an amount of \$3.000 million. This credit facility is provided by Queensland Treasury Corporation, and was unused at 30 June 1996.

The foregoing financial statements have been prepared pursuant to section 39A of the *Financial Administration and Audit Act 1977* and other prescribed requirements. We certify that -

- (a) the statements together with the other information and notes to and forming part thereof are in the form required by the Treasurer and are in agreement with the accounts of the Department; and
- (b) in our opinion -
  - the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
  - the statements have been drawn up so as to present a true and fair view of the transactions of the Department for the period 1 July 1995 to 30 June 1996, and of the financial position as at 30 June 1996.



J Skinner  
Executive Director (Corporate Performance)



R E Nieper  
Director-General

13 November 1996

**Scope**

I have audited the Departmental Statements and certificates given by the Accountable Officer and person responsible for financial administration of the Department of Primary Industries, Fisheries and Forestry for the year ended 30 June 1996 as required by the *Financial Administration and Audit Act 1977*.

The Accountable Officer is responsible for the preparation and presentation of the financial statements and these have been prepared in terms of the Treasurer's Guidelines for the preparation of Departmental Statements.

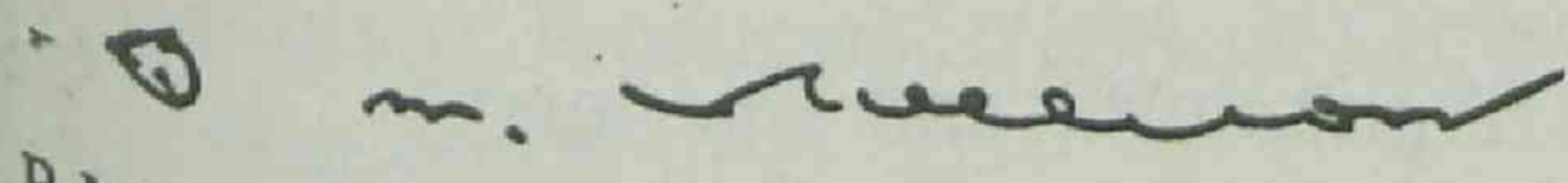
The audit has been conducted in accordance with *QAO Auditing Standards*. Audit procedures have included examination, on a test basis, of evidence supporting the amounts and other disclosures in the Departmental Statements and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the Departmental Statements are presented fairly in accordance with the Treasurer's Guidelines as specified in the Notes to the Statements and other prescribed requirements. As allowed by the Treasurer, transitional reporting arrangements have been applied in respect of land, land improvements, buildings and infrastructure assets, accumulated depreciation on land improvements, buildings and infrastructure assets and departmental and administered outlays and collections.

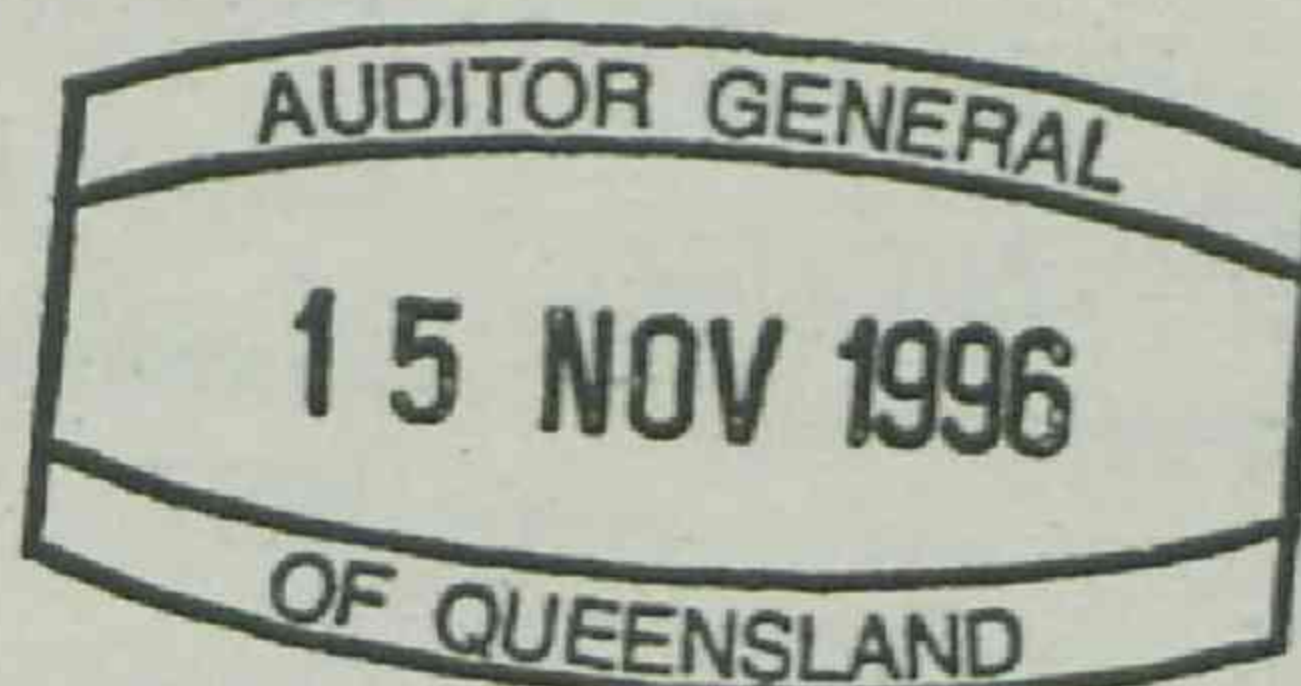
The audit opinion expressed in this certificate has been formed on the above basis.

**Audit Opinion**

I have examined the Departmental Statements for 1995-1996 of the Department of Primary Industries, Fisheries and Forestry as required by the *Financial Administration and Audit Act 1977* and certify that -

- (a) I have received all the information and explanations which I have required;
- (b) the foregoing Departmental Statements are in the form required by the Treasurer and are in agreement with the departmental accounts; and
- (c) in my opinion -
  - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the foregoing Statements have been drawn up so as to present a true and fair view of the transactions of the Department for the period 1 July 1995 to 30 June 1996 and of the financial position as at 30 June 1996.

  
B M ROLLASON  
Auditor-General



# APPENDICES

## APPENDIX 1:

### ACTS, REGULATIONS, GUIDELINES, STANDARDS AND ORDERS

#### ACTS

*Agricultural and Veterinary Chemicals  
(Queensland) Act 1994*

*Agricultural Chemicals Distribution Control Act  
1966*

*Agricultural Standards Act 1994*

*Animals Protection Act 1925*

*Apiaries Act 1982*

*Banana Industry Protection Act 1989*

*Biological Control Act 1987 (except with respect  
to control of declared plants and animals under the  
Rural Lands Protection Act 1985)*

*Brands Act 1915*

*Chemical Usage (Agricultural & Veterinary)  
Control Act 1988*

*Chicken Meat Industry Committee Act 1976*

*City of Brisbane Market Act 1960*

*Dairy Adjustment Program Agreement Act 1976*

*Dairy Adjustment Program Agreement Act 1977*

*Dairy Industry Act 1993*

*Deer Farming Act 1985*

*Diseases in Timber Act 1975*

*Egg Industry (Restructuring) Act 1993*

*Exotic Diseases in Animals Act 1981*

*Farm Produce Marketing Act 1964*

*Fisheries Act 1994*

*Forestry Act 1959 (as it relates to the  
responsibilities of the Minister for Primary  
Industries, Fisheries and Forestry)*

*Fruit Marketing Organisation Act 1923*

*Grain Industry (Restructuring) Act 1991*

*Grain Research Foundation Act 1976*

*Meat Industry Act 1993*

*Plant Protection Act 1989*

*Primary Industries Corporation Act 1992 (as it  
relates to the responsibilities of the Minister for  
Primary Industries, Fisheries and Forestry)*

*Primary Producers' Organisation and Marketing  
Act 1926*

*Sawmills Licensing Act 1936*

*Stock Act 1915*

*Sugar Industry Act 1991*

*Sugar Milling Rationalisation Act 1991*

*Timber Utilization and Marketing Act 1987*

*Tobacco Industry Stabilisation Act 1965*

*Torres Strait Fisheries Act 1984*

*Transport Infrastructure Act 1994 (section 237)*

*Veterinary Surgeons Act 1936*

*Wheat Marketing (Facilitation) Act 1989*

#### REGULATIONS

*Agricultural Chemicals Distribution Control  
Regulation 1970*

*Animals Protection Regulation 1991*

*Apiaries Regulation 1983*

*Banana Industry Protection Regulation 1989*

*Brands Regulation 1987*

*Brisbane Market Trust (Appointment of Licensed  
Buyers Representative) Regulation*

*Brisbane Market Trust Inscribed Stock Regulation  
1962*

*Cattle Feedlot Regulation 1989*

*Central Queensland Egg Marketing Board  
Regulation 1988*

*Chemical Usage (Agricultural and Veterinary)  
Control Regulation 1989*

*Chicken Meat Industry Committee Regulation 1989*

*City of Brisbane Market (Accommodation)  
Regulation 1993*

*City of Brisbane Market (Accommodation)  
Regulation 1994*

*City of Brisbane Market Regulation 1982*

*Commodity Marketing Board Elections Regulation  
1987*

*Dairy Industry Regulation 1993*

*Dairy Industry (Milk Products) Regulation 1993*

*Deer Farming Regulation 1992*



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Diseases in Timber Regulation 1979  
Egg Industry (Restructuring) Regulation 1993  
Egg Industry (Restructuring-Poll) Regulation 1995  
Egg Marketing Board (Administrative Levy) Regulation 1989  
Exotic Diseases in Animals Regulation 1981  
Farm Produce Marketing Regulation 1984  
Fisheries Regulation 1995  
Forestry Regulation 1987 (as it relates to the responsibilities of the Minister for Primary Industries, Fisheries and Forestry)  
Fruit and Vegetables Grading and Packing Regulation 1979  
Fruit Marketing (Committee of Direction Levies) Regulation 1992  
Fruit Marketing Organisation Regulation 1964  
Grain Industry Regulation 1994  
Meat Industry Regulation 1994  
Navy Bean Marketing Board Levy Regulation 1970  
North Eton Sugar Mill Suppliers' Committee Insurance Monies Regulation 1988  
Northern Pig Marketing Board Exemption Regulation 1969  
Plant Protection (Papaya Fruit Fly) Quarantine Regulation 1996  
Plant Protection (Prescription of Pests) Regulation 1993  
Plant Protection Regulation 1990  
Primary Industries (Variation of Fees) Regulation 1993  
Primary Producers' (Levy on Cane Growers) Regulation 1995  
Primary Producers' (Prescription of Growers) Regulation 1993  
Primary Producers' Organisation and Marketing (Queensland Cane Growers' Organisation) Regulation 1987  
Primary Producers' Organisation and Marketing (Vesting of Property and Assumption of Liabilities - Atherton Tableland Maize Marketing Board) Regulation 1994  
Queensland Commercial Fisher's Organisation Regulation 1989

Queensland Dairyfarmers' Organisation (Brucellosis Slaughter Out Loss of Income Insurance) Regulation 1989  
Queensland Dairyfarmer's State Council Regulation 1947  
Queensland Pork Producers' Organisation Regulation 1990  
Regulation of Sugar Cane Prices Regulation 1963  
Sawmills Licensing Regulation 1965  
Stock Identification Regulation 1985 (previously called Identification of Stock Regulation 1985)  
Stock (Maximum Chemical Residue Limits) Regulation 1989  
Stock Regulation 1988  
Sugar Industry Regulation 1991  
Timber Utilisation and Marketing Regulation 1987  
Tobacco Industry Stabilisation Regulation 1988  
Tobacco Leaf Marketing Board Administrative Levy (Repeal) Regulation 1991  
Veterinary Surgeons Regulation 1991

## GUIDELINES

Sugar Industry (Assignment Grant) Guideline (No.2) 1995  
Sugar Industry (Authorised Transaction Orders) Guideline 1992  
Sugar Industry (Calculation of Raw Sugar Equivalent) Guideline 1992  
Sugar Industry (Local Board Award Interim Minimum Price) Guideline 1992  
Sugar Industry (Mill Peak Adjustments) Guideline 1992

## STANDARDS

Dairy Industry Standard 1993  
Meat Industry Standard 1994

## ORDERS

Dairy Industry (Market Milk Prices) Order 1996  
Dairy Industry (Scheme for Restructuring Distribution) Order 1993

# APPENDICES

## APPENDIX 2:

### ACTS REPEALED DURING 1995-96

- Agricultural Chemicals Distribution Control Act Amendment Act 1968*
- Agricultural Chemicals Distribution Control Act Amendment Act 1970*
- Agricultural Chemicals Distribution Control Act Amendment Act 1978*
- Agricultural Chemicals Distribution Control Act Amendment Act 1983*
- Animals Protection Act Amendment Act 1952*
- Animals Protection Act Amendment Act 1971*
- Animals Protection Act Amendment Act 1977*
- Animals Protection Act Amendment Act 1981*
- Animals Protection Act Amendment Act 1991*
- Animals Protection Acts Amendment Act 1954*
- Animals Protection Acts Amendment Act 1957*
- City of Brisbane Market Act Amendment Act 1961*
- City of Brisbane Market Act Amendment Act 1978*
- City of Brisbane Market Act and Other Acts Amendment Act 1985*
- City of Brisbane Market Acts Amendment Act 1962*
- City of Brisbane Market Acts Amendment Act 1967*
- Deer Farming Act Amendment Act 1989*
- Diseases in Stock Act Amendment Act 1930*
- Diseases in Stock Acts Amendment Act 1936*
- Diseases in Stock Acts Amendment Act 1946*
- Diseases in Stock Acts Amendment Act 1948*
- Diseases in Stock Acts Amendment Act 1949*
- Diseases in Stock Acts Amendment Act 1950*
- Exotic Diseases in Animals Act Amendment Act 1982*
- Farm Produce Marketing Act Amendment Act 1986*
- Fruit and Vegetable Act 1947*
- Fruit and Vegetables Act Amendment Act 1959*
- Fruit Marketing Organisation Act Amendment Act 1925*
- Fruit Marketing Organisation Acts Amendment Act 1934*
- Fruit Marketing Organisation Acts Amendment Act 1940*
- Fruit Marketing Organisation Acts Amendment Act 1945*
- Fruit Marketing Organisation Acts Amendment Act 1956*
- Fruit Marketing Organisation Acts Amendment Act 1964*
- Fruit Marketing Organisation Acts Amendment Act 1964 (No. 2)*
- Fruit Marketing Organisation Acts Amendment Act 1980*
- Fruit Marketing Organisation Amendment Act 1991*
- Fruit Marketing Organisation Amendment Act 1995*
- Grain Industry (Restructuring) Amendment Act 1995*
- Grain Research Foundation Act Amendment Act 1990*
- Grain Research Foundation Act Amendment Act 1991*
- Horticulture Legislation Amendment Act 1995*
- Plant Protection Amendment Act 1996*
- Primary Producers' Organisation and Marketing Act Amendment Act 1928*
- Primary Producers' Organisation and Marketing Act Amendment Act 1973*
- Primary Producers' Organisation and Marketing Act Amendment Act 1979*
- Primary Producers' Organisation and Marketing Act Amendment Act 1981*
- Primary Producers' Organisation and Marketing Act Amendment Act 1983*
- Primary Producers' Organisation and Marketing Act Amendment Act 1987*
- Primary Producers' Organisation and Marketing Act and Other Acts Amendment Act 1984*
- Primary Producers' Organisation and Marketing Acts Amendment Act 1932*
- Primary Producers' Organisation and Marketing Acts Amendment Act 1935*
- Primary Producers' Organisation and Marketing Acts Amendment Act 1938*
- Primary Producers' Organisation and Marketing Acts Amendment Act 1939*
- Primary Producers' Organisation and Marketing Acts Amendment Act 1951*

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*Primary Producers' Organisation and Marketing Acts Amendment Act 1955*

*Primary Producers' Organisation and Marketing Acts Amendment Act 1957*

*Primary Producers' Organisation and Marketing Acts Amendment Act 1962*

*Primary Producers' Organisation and Marketing Acts Amendment Act 1966*

*Primary Producers' Organisation and Marketing Acts and Another Act Amendment Act 1965*

*Sawmills Licensing Act Amendment Act 1965*

*Sawmills Licensing Act Amendment Act 1976*

*Sawmills Licensing Act Amendment Act 1979*

*Sawmills Licensing Act Amendment Act 1990*

*Stock Act Amendment Act 1976*

*Stock Act Amendment Act 1979*

*Stock Act Amendment Act 1986*

*Stock Act Amendment Act 1987*

*Stock Act Amendment Act 1989*

*Stock Acts Amendment Act 1953*

*Stock Acts Amendment Act 1954*

*Stock Acts Amendment Act 1958*

*Stock Acts Amendment Act 1959*

*Stock Acts Amendment Act 1960*

*Stock Amendment Act 1993*

*Sugar Industry Amendment Act 1994*

*Wheat Industry Stabilisation Act and Another Act Amendment Act 1957*

*Wheat Marketing Act Amendment Act 1984*

## APPENDIX 3:

### LEGISLATION PASSED IN 1995-96

*Horticulture Legislation Amendment Act 1996*

Date of assent 22 November 1995

Date of commencement 22 November 1995

This Act addressed the more urgent recommendations resulting from the detailed review of Queensland's horticulture industry legislation. It amended the *City of Brisbane Market Act 1960* to establish an expertise-based Brisbane Market Authority to replace the Brisbane Market Trust. The

Act also amended the *Farm Produce Marketing Act 1964* to establish a Horticulture Industry Policy Council (representing the relevant industry stakeholders) to advise the Minister on Queensland horticulture industry policy issues.

*Plant Protection Amendment Act 1996*

Date of assent 23 May 1996

Date of commencement 23 May 1996

This Act amended the *Plant Protection Act 1989* (the 'Act') to remedy deficiencies and ambiguities that were highlighted by the papaya fruit fly outbreak in northern Queensland. The amendments provide inspectors with a statutory basis to issue certificates relating to the status of plants and provide for the accreditation of persons (such as non-government officials) to issue assurance certificates that facilitate the movement of plants both within Queensland and nationally.

The amendments also replaced the general offence provision in the Act with specific penalties commensurate with the gravity of an offence and clarified that a regulation made under the Act may impose a penalty.

*Primary Industries Legislation Amendment Act 1996*

Date of assent 23 May 1996

Date of commencement 23 May 1996

(except for section 20[2], which will commence on a day to be fixed by proclamation).

This Act amended eight Acts in the Minister for Primary Industries' portfolio and the *Transport Infrastructure Act 1994* in the Minister for Transport's portfolio. The other Acts amended were: *Agricultural Chemicals Distribution Control Act 1966*, *Agricultural Standards Act 1994*, *Chemical Usage (Agricultural and Veterinary) Control Act 1988*, *Farm Produce Marketing Act 1964*, *Fisheries Act 1994*, *Fruit Marketing Organisation Act 1923*, *Grain Industry (Restructuring) Act 1991*, and *Primary Producers' Organisation and Marketing Act 1926*.

Most of the amendments were minor. Those to the *Fruit Marketing Organisation Act 1923* provided for two additional sectional group committees (Heavy Produce and Tomato) and extended the Committee of Direction's term until 31 December 1996. The amendments to the *Primary Producers' Organisation and Marketing Act 1926* provide an alternative to the winding up process for Boards constituted under this Act.

# APPENDICES

## APPENDIX 4:

### STATUTORY BODIES ASSOCIATED WITH THE DEPARTMENT

NAMES OF STATUTORY BODIES	CORPORATION SOLE, BODY CORPORATE OR INSTRUMENTALITY	CONSTITUTING ACT	ANNUAL REPORTING ARRANGEMENTS
Agricultural Chemical Distribution Control Board	Instrumentality	<i>Agricultural Chemical Distribution Control Act 1966</i>	Included in this appendix under 'Statutory body notes'
Australian Quality Egg Farms Limited	Corporation	<i>Corporations Law 1991; Egg Industry (Restructuring) Act 1993</i>	Annual report to Parliament
Banana Industry Protection Board	Instrumentality	<i>Banana Industry Protection Act 1989</i>	Included in this appendix under 'Statutory body notes'
Brisbane Market Authority <sup>+</sup>	Body corporate	<i>City of Brisbane Market Act 1960</i>	Annual report to Parliament
Brisbane Market Trust <sup>++</sup>	Body corporate	<i>City of Brisbane Market Act 1960</i>	Annual report to Parliament
Cane protection and productivity boards (20)	Bodies corporate	<i>Sugar Industry Act 1991</i>	Annual report to Parliament
Chicken Meat Industry Committee	Instrumentality	<i>Chicken Meat Industry Committee Act 1976</i>	Annual report to Parliament
Committee of Direction of Fruit Marketing	Body corporate	<i>Fruit Marketing Organisation Act 1923</i>	Annual report to Parliament
Dairy Industry Tribunal	Instrumentality	<i>Dairy Industry Act 1993</i>	Included in annual report of the Queensland Dairy Authority
Fisheries Tribunal	Instrumentality	<i>Fisheries Act 1994</i>	Included in annual report of the Queensland Fisheries Management Authority
Grain Research Foundation	Body corporate	<i>Grain Research Foundation Act 1976</i>	Annual report to Parliament
Grainco Ltd	Corporation	<i>Corporations Law 1991; Grain Industry (Restructuring) Act 1991</i>	Annual report to Parliament
Local boards (25)	Instrumentalities	<i>Sugar Industry Act 1991</i>	Included in annual report of the Queensland Sugar Corporation

Note. Numbers in brackets ( ) represent the number of individual statutory bodies in a particular class.

<sup>+</sup>Commenced 22/5/96.

<sup>++</sup>Ceased 22/5/96.

# APPENDICES

## STATUTORY BODIES ASSOCIATED WITH THE DEPARTMENT

NAMES OF STATUTORY BODIES	CORPORATION SOLE, BODY CORPORATE OR INSTRUMENTALITY	CONSTITUTING ACT	ANNUAL REPORTING ARRANGEMENTS
Marketing boards (5) <sup>+++</sup>	Instrumentalities	<i>Primary Producers' Organisation and Marketing Act 1926</i>	Annual report to Parliament
Meat Industry Tribunal <sup>++++</sup>	Instrumentality	<i>Meat Industry Act 1993</i>	Not applicable
Primary Industries Corporation	Corporation sole	<i>Primary Industries Corporation Act 1992</i>	Included in this appendix under 'Statutory body notes'
Queensland Abattoir Corporation	Body corporate	<i>Meat Industry Act 1993</i>	Annual report to Parliament
Queensland Cane Growers' Council	Body corporate	<i>Primary Producers' Organisation and Marketing Act 1926</i>	Annual report to Parliament
Queensland Commercial Fishermen's State Council	Body corporate	<i>Primary Producers' Organisation and Marketing Act 1926</i>	Annual report to Parliament
Queensland Dairy Authority	Body corporate	<i>Dairy Industry Act 1993</i>	Annual report to Parliament
Queensland Dairyfarmers' State Council	Body corporate	<i>Primary Producers' Organisation and Marketing Act 1926</i>	Annual report to Parliament
Queensland Egg Industry Management Authority	Body corporate	<i>Egg Industry (Restructuring) Act 1993</i>	Annual report to Parliament
Queensland Fisheries Management Authority	Body corporate	<i>Fisheries Act 1994</i>	Annual report to Parliament
Queensland Livestock and Meat Authority	Body corporate	<i>Meat Industry Act 1993</i>	Annual report to Parliament
Queensland Pork Producers' State Council	Body corporate	<i>Primary Producers' Organisation and Marketing Act 1926</i>	Annual report to Parliament
Queensland Sugar Corporation	Body corporate	<i>Sugar Industry Act 1991</i>	Annual report to Parliament
Sugar Experiment Stations Board	Body corporate	<i>Sugar Industry Act 1991</i>	Annual report to Parliament
Sugar Industry Tribunal	Instrumentality	<i>Sugar Industry Act 1991</i>	Included in annual report of the Queensland Sugar Corporation

Note. Numbers in brackets ( ) represent the number of individual statutory bodies in a particular class.

<sup>+++</sup>The Tobacco Leaf Marketing Board is the only operative board; other boards are in the process of being wound up.

<sup>++++</sup>Tribunal not yet appointed.

# APPENDICES

## STATUTORY BODIES ASSOCIATED WITH THE DEPARTMENT

NAMES OF STATUTORY BODIES	CORPORATION SOLE, BODY CORPORATE OR INSTRUMENTALITY	CONSTITUTING ACT	ANNUAL REPORTING ARRANGEMENTS
Timber Research and Development Advisory Committee	Body corporate	<i>Forestry Act 1959</i>	Annual report to Parliament
Tobacco Quota Appeals Tribunal <sup>#</sup>	Instrumentality	<i>Tobacco Industry Stabilisation Act 1965</i>	Not applicable
Tobacco Quota Committee	Instrumentality	<i>Tobacco Industry Stabilisation Act 1965</i>	Included in annual report of the Tobacco Leaf Marketing Board
Veterinary Surgeons Board of Queensland	Body corporate	<i>Veterinary Surgeons Act 1936</i>	Included in this appendix under 'Statutory body notes'
Veterinary Tribunal Queensland	Instrumentality	<i>Veterinary Surgeons Act 1936</i>	Included in this appendix under 'Statutory body notes'

Note. <sup>#</sup>Denotes statutory organisation currently inoperative.

### STATUTORY BODY NOTES

Statutory bodies, which do not submit a separate Annual Report, or are not included in another body's Annual Report, are briefly described below.

#### Agricultural Chemicals Distribution Control Board

The board is constituted under the *Agricultural Chemicals Distribution Control Act 1966*. It licenses commercial spray applicators (aerial and ground) and regulates their distribution of agricultural chemicals. The board issued 1246 new commercial operator licences, and renewed 4180 commercial operator licences and 115 pilot chemical licences. In addition, 54 aerial distribution contractors licences were issued or renewed. The board also considered reports on the investigation of spray drift complaints and issued 14 statements to growers.

#### Banana Industry Protection Board

The board is constituted under the *Banana Industry Protection Act 1989*. Its main function is to develop policies and regulations to protect the Queensland banana industry against the introduction, spread and proliferation of serious diseases, insects or other pests. In 1995-96 the board continued to ensure the enforcement of regulations governing the planting and movement of banana planting material, and directed \$287 970 towards research and development projects to control banana pests and diseases. This includes the 5-year National Banana Plant Health Improvement Project, which is a coordinated effort with New South Wales, to further reduce the spread of bunchy top and other diseases spread in planting material.

#### Primary Industries Corporation

The corporation was established on 19 June 1992 under the *Primary Industries Corporation Act 1992* (the Act). The corporation carries out such functions as are conferred on it by the Act, the *Forestry Act 1959*, and any other Act; and acts as agent for the State on matters administered by the Minister. The corporation also acts as agent for the State on matters administered by the Minister for Natural Resources.

#### Veterinary Surgeons Board of Queensland and Veterinary Tribunal of Queensland

The **board** is constituted under the *Veterinary Surgeons Act 1936*, which relates to veterinary surgeons' qualifications and registration, and to regulating and controlling the practice of veterinary surgery. In 1996, 1640 registered veterinarians were recorded on the Roll of Veterinary Surgeons of Queensland and 35 registered veterinary specialists were recorded on the Roll of Veterinary Specialists of Queensland. The board met seven times to deliberate on complaints made against registered veterinary surgeons and to consider the registration of veterinarians and veterinary premises.

The **tribunal** met once to deliver a decision on a misconduct charge, in a professional respect, against a registered veterinary surgeon.

# APPENDICES

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### PROFIT AND LOSS STATEMENT

for the financial year ended 30 June 1996

	* Notes	1996 \$'000
Operating profit before income tax	3	9,346
Income tax attributable to operating profit	4	-
Operating profit after income tax		9,346
Retained profits at the beginning of the financial year		-
Total available for appropriation		9,346
Dividend provided for	13,16	(8,978)
Retained profits at the end of the financial year		368

\* The accompanying Notes on pages 78-83 form an integral part of the Financial Statements.

### BALANCE SHEET

as at 30 June 1996

	* Notes	1996 \$'000
<b>Current Assets</b>		
Cash	5	16,644
Deposits held in trust	6	833
Receivables	7	9,955
Inventories	8	2,378
<b>Total current assets</b>		<b>29,810</b>
<b>Non-Current Assets</b>		
Receivables	7	999
Property, plant and equipment	9	74,814
<b>Total non-current assets</b>		<b>75,813</b>
<b>Self Generating and Regenerating Assets</b>		
Plantation Growing Timber	10	1,033,590
<b>Total Assets</b>		<b>1,139,213</b>
<b>Current Liabilities</b>		
Creditors	11	5,614
Borrowings	12	3,606
Provisions	13	13,688
<b>Total current liabilities</b>		<b>22,908</b>
<b>Non-Current Liabilities</b>		
Creditors	11	1,400
Borrowings	12	74,803
Provisions	13	7,505
<b>Total non-current liabilities</b>		<b>83,708</b>
<b>Total Liabilities</b>		<b>106,616</b>
<b>Net Assets</b>		<b>1,032,597</b>
<b>Equity</b>		
Capital		945,055
Retained profits		368
Reserves	14	87,174
<b>Total equity</b>		<b>1,032,597</b>

\* The accompanying Notes on pages 78-83 form an integral part of the Financial Statements.

### STATEMENT OF CASH FLOWS

for the financial year ended 30 June 1996

	* Notes	1996 \$'000	
		Inflows	(Outflows)
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		85,751	
Payments to suppliers and employees		(60,635)	
Interest received		726	
Interest paid		(6,117)	
Miscellaneous receipts		61	
<b>Net cash provided by operating activities</b>	19		19,786
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant and equipment		(8,248)	
Proceeds from sale of property, plant and equipment		1,156	
<b>Net cash used in investing activities</b>			(7,092)
<b>Cash Flows from Financing Activities</b>			
Repayment of borrowings		(3,237)	
Funds relating to non-commercial activities paid to the Consolidated Fund - Department of Primary Industries, Fisheries and Forestry		(1,183)	
<b>Net cash used in financing activities</b>			(4,420)
<b>Net increase in cash held</b>			8,274
Cash at the beginning of the financial year			8,370
<b>Cash at the end of the financial year</b>	5		16,644

\* The accompanying Notes on pages 78-83 form an integral part of the Financial Statements.

# APPENDICES

## DPI FORESTRY FINANCIAL STATEMENTS

for the year ended 30 June 1996

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 1. CONSTITUTION

By Cabinet Decision number 4637 dated 15 May 1995, the DPI Forest Service was restructured and a commercial business group (DPI Forestry) was established within the Department of Primary Industries commencing 1 July 1995. By Order in Council dated 26 February 1996 the name of the Department of Primary Industries was changed to the Department of Primary Industries, Fisheries and Forestry.

#### 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of these financial statements are as follows:

##### 2.1 BASIS OF PREPARATION OF THE ACCOUNTS

The accounting policies adopted comply with the requirements of the Public Finance Standards, Statements of Accounting Concepts and applicable Australian Accounting Standards. The accounts have been prepared on an accrual basis and in accordance with the historical cost convention except for certain non-current assets and plantation growing timber which are reported at valuation.

Comparative figures have not been disclosed as this is the first year in which a general purpose financial report has been prepared for DPI Forestry.

##### 2.2 RECEIVABLES

Receivables are reported net of any doubtful debts.

##### 2.3 BAD DEBTS

All known bad debts are written off.

##### 2.4 INVENTORIES

Inventories are valued at lower of cost and net realisable value.

##### 2.5 LIBRARY ASSETS

Purchase of library materials are expensed as incurred.

##### 2.6 PROPERTY, PLANT AND EQUIPMENT

###### RECORDING OF PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment with a value, in excess of \$500 are capitalised and items under this threshold are recorded as an expense in the year of acquisition. Items or components which form an integral part of an asset are recognised as a single asset and the capitalisation threshold is applied to the aggregate cost of the asset.

###### DEPRECIATION ON PROPERTY, PLANT AND EQUIPMENT

Depreciation on depreciable assets is calculated on a straight line basis so as to allocate the cost, or other value, of each depreciable asset, progressively over its estimated useful life.

###### VALUATION OF PROPERTY, PLANT AND EQUIPMENT

Non-current physical assets, with the exception of plant and equipment, are valued on the "deprival" basis in accordance with the Queensland Treasurer's Policy dated October 1994 entitled "Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector". Additions of non-current physical assets acquired during the year are recorded at the acquisition cost.

The carrying values of property, plant and equipment are reviewed annually. An asset revaluation threshold of \$1 million has been established for the purpose of carrying out comprehensive revaluations which are to be performed at five year intervals. An interim revaluation (by indexation) of Land Improvements, Buildings and Access Roads was carried out as at 30 June 1996. This revaluation has not taken into account potential capital gains tax.

DPI Forestry has not valued Plant and Equipment at deprival value. In accordance with a determination provided by the Queensland Treasury Department in respect of the 1995-96 financial year, such assets have been reported at either historical cost or valuation.

Capital works in progress represent payments and other costs incurred in respect of assets under construction.

##### 2.7 PLANTATION GROWING TIMBER

The Net Realisable Value (NRV) methodology has been adopted by DPI Forestry for the valuation of Plantation Growing Timber. NRV is the amount that could be expected to be received from the disposal of an asset in an orderly market after deducting costs expected to be incurred in realising the proceeds of such a disposal. Under this methodology, value changes arise mainly from:

- i) changes in timber volume associated with growth and also changes to the overall estate as a result of annual planting and harvesting activity;
- ii) changes in timber prices;
- iii) changes in realisation costs.

Volume increments are determined both by periodic re-measurement of samples of plantations and by modelling growth from the date of the most recent measurement to the valuation date. The market valuation is prepared by appropriately qualified staff employed by DPI Forestry using advanced modelling techniques/methods accepted by the forestry industry. Current market prices have been applied in determining the plantation growing timber valuation. Realisation costs are based on weighted average costs of existing sales.

Only merchantable stands of timber have been included in the valuation and comprise stands 20 years and older for hoop pine and 15 years and older for exotic pine species. Other plantation areas considered unmerchantable for the purposes of the valuation include:

- plantations containing minor species which previous marketing experience suggests are likely to be unmerchantable or of problematic value;
- areas subject to experimental treatments which previous marketing experience suggests are likely to be unmerchantable or of problematic value; and
- small, fragmented plantation areas likely to be unmerchantable or of problematic value.

Costs incurred in relation to pine plantations establishment and maintenance are expensed as incurred with the exception of access roads construction and upgrade, which are capitalised.

DPI Forestry revalues plantation growing timber annually. The net change in market value from the beginning to the end of the year is not shown as revenue in the Profit and Loss Statement. It is treated as an adjustment to the Plantation



# APPENDICES

## DPI FORESTRY FINANCIAL STATEMENTS

for the year ended 30 June 1996

### 2.7 PLANTATION GROWING TIMBER (cont.)

Growing Timber Revaluation Reserve. This treatment of the net change in market value varies from that of some other forest growing agencies and needs to be borne in mind in any comparative analysis of profits.

### 2.8 NATIVE FORESTS

The management and marketing of timber from specified Crown native forests is part of the core business of DPI Forestry. Valuation difficulties arise as a consequence of the need to assess volume and growth characteristics across an extensive range of forest types and areas. In addition there are unresolved issues associated with the Comprehensive Regional Assessment process in Crown native forests. Both of these factors raise reliability problems for any native forest valuation approach and have resulted in native forest property rights not being valued in the financial statements for the year ended 30 June 1996. The volume of timber harvested from native forests approximates annual forest growth, i.e. the forests are managed on a sustained yield basis. Accordingly, costs are expensed on the basis that these costs are incurred to maintain the constant forest resource.

### 2.9 LAND

DPI Forestry carries out its operations (establishment, management and marketing) principally on Crown Land allocated for production purposes by the Department of Natural Resources, except for freehold land purchased by the Department of Primary Industries, Fisheries and Forestry prior to 1 July 1995 and freehold land purchased by DPI Forestry since that date. Only the value of land purchased and controlled by DPI Forestry has been brought to account.

### 2.10 QUARRIES

DPI Forestry obtains royalties from quarry operators for the extraction of quarry materials located on Crown lands and identified freehold land. Revenues are taken to account when received and any expenditure when incurred. The extent of quarry resources has not been quantified and accordingly a value for these assets has not been included in the accounts.

### 2.11 EMPLOYEE ENTITLEMENTS

Employee entitlements relate to amounts expected to be paid to employees for accrued recreation leave and long service leave as well as accrued salaries and wages. In addition, associated on-costs and outstanding employer contributions to employee superannuation schemes have also been recorded.

Recreation leave liability is based on each employee's statutory entitlement based on current salary and wages rates. Long service leave liabilities expected to arise in future in respect of service accrued at the reporting date have been calculated in accordance with the State Actuary's model by taking into consideration the long service leave entitlement of all employees. The model is based on the assumption that salaries and wages will increase on average by 6% per annum and also in line with age based promotional salary scales appropriate to the employees and that the expected cash flows are discounted to present value using a discount rate of 8.5% per annum. The assumed rates of salary inflation and discount rate are based on Commonwealth Government bond yields at the reporting date and the expected long term gap between salary inflation and investment return. The weighted average term to settlement of the liabilities is approximately 14 years.

Sick leave is charged as an expense in the period in which it is taken.

### 2.12 RESEARCH AND DEVELOPMENT

Research and development costs are charged to operating profit before income tax as incurred. Research and development costs will only be deferred to the extent that future benefits are expected, beyond any reasonable doubt, to equal or exceed those costs, any previously deferred costs, and any future costs necessary to give rise to the future benefits.

### 2.13 TAXATION

DPI Forestry is subject to the payment of Income Tax Equivalents and Sales Tax Equivalents under the Queensland Tax Equivalents Regime as from 1 July 1995. Income tax expense, assets and liabilities arising from the levying of income tax including capital gains tax (refer Note 4.), have been calculated using the liability method of tax effect accounting in accordance with Australian Accounting Standard AAS 3 "Accounting for Income Tax (Tax-effect Accounting)".

### 2.14 INSURANCE

In accordance with Government policy, assets are not insured, and losses are treated as an expense as they are incurred, except for workers' compensation insurance for which premiums are paid to the Workers' Compensation Board of Queensland.

### 2.15 ROUNDING

Amounts included in the financial statements have been rounded to the nearest one thousand dollars.

### 2.16 FINANCIAL REPORTING BY SEGMENTS

DPI Forestry operates principally in the forestry industry within Queensland.

# APPENDICES

## DPI FORESTRY FINANCIAL STATEMENTS

for the year ended 30 June 1996

### 3. OPERATING PROFIT

	Notes	1996 \$'000
Revenue - Sales	3(a)	74,615
- Other	3(a)	10,398
		85,013
Operating expense	3(b)	75,667
<b>Operating profit before income tax</b>		<b>9,346</b>

Operating profit before income tax has been determined after:

#### 3(a) CREDITING AS REVENUE

	1996 \$'000
<b>Sales Revenue</b>	
Plantations - Native Pine	22,661
- Exotic Pine	36,110
- Hardwood	114
Native Forests - Cypress	2,980
- Hardwood	5,733
- Sandalwood	1,447
Quarries	2,637
Seeds and seedlings	1,256
Freehold selections - timber revenue	905
Fees and permits	292
Other sales revenue	480
<b>Total sales revenue</b>	<b>74,615</b>
<b>Other Revenue</b>	
Interest	828
Specialised forest industry services	6,527
External workshop charges	1,036
External plant hire	319
Profit on disposals of non-current assets	374
Miscellaneous	1,314
<b>Total other revenue</b>	<b>10,398</b>

#### 3(b) CHARGING AS AN OPERATING EXPENSE

	1996 \$'000
Salaries, wages and related costs	29,346
Interest and other cost of finance - Queensland Treasury Corporation Loan	4,682
- Commonwealth Softwood Loans	3,574
Contracted forestry, professional, technical and other services	5,585
Depreciation on property, plant and equipment	5,636
Hire of plant and equipment	4,575
Provision for employee entitlements	4,221
Superannuation contributions	3,116
Motor vehicle expenses	2,993
Occupancy costs	2,809
Materials	1,991
Forest maintenance expenses	1,710
Workers' compensation insurance	1,061
Travel expenses	1,045
Computer operating expenses	844
Postage, printing and stationery	424
Auditor's remuneration	90
Doubtful debts expense	16
Bad debts written off	2
Other operating expenses	1,947
<b>Total operating expenses</b>	<b>75,667</b>

### 4. INCOME TAX

	1996 \$'000
Operating profit	9,346
The prima facie income tax expense (calculated at 36% of operating profit)	3,365
<b>Tax effect of permanent differences which increase/(decrease) income tax expense:</b>	
Acquired timber felled - Queensland Income Tax Equivalents Ruling 95/4	(10,056)
Research and development concession	(587)
Entertainment - non-deductible	3
Diesel fuel rebate	26
Prepayments	21
<b>Total income tax benefit</b>	<b>(7,228)</b>

	1996 \$'000
Net income tax benefit	(6,934)
Deferred income tax liability	66
Future income tax benefit	(360)
<b>Total income tax benefit</b>	<b>(7,228)</b>

Accounting depreciation rates were used for the purpose of income tax calculation. This treatment is an administrative arrangement for the 1995-96 financial year. In future years depreciation will be calculated using taxation depreciation rates in accordance with the *Income Tax Assessment Act 1936* and the *Queensland Income Tax Equivalents Regime*.

A future income tax benefit has not been brought to account as an asset of DPI Forestry as realisation of the benefit cannot be regarded as being assured beyond any reasonable doubt.

The future income tax benefit will only be obtained if:

- DPI Forestry derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- DPI Forestry continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect DPI Forestry in realising the benefit from the deductions for the loss.

### 5. CASH

	1996 \$'000
Cash on hand	29
Cash at bank	37
Cash other - Forestry Fund	16,575
Travel advances	3
<b>Total cash</b>	<b>16,644</b>

### 6. DEPOSITS HELD IN TRUST

	1996 \$'000
Security deposits	789
Tender deposits	43
Other deposits	1
<b>Total deposits</b>	<b>833</b>

# APPENDICES

## DPI FORESTRY FINANCIAL STATEMENTS

for the year ended 30 June 1996

### 7. RECEIVABLES

	1996 \$'000
<b>Current</b>	
Trade debtors	9,357
Less - Provision for doubtful debts	(16)
	9,341
Freehold selection debtors (1)	385
Interest receivable	124
Other debtors	105
	9,955
<b>Non-Current</b>	
Freehold selection debtors (1)	999
<b>Total receivables</b>	<b>10,954</b>

(1) Freehold selection debtors arise where Crown Land under lease is converted to freehold. Debtors represent the value of unpaid installments due on the timber component of the property sold. These debtors are managed by the Department of Natural Resources. Doubtful debts have not been provided for as at 30 June 1996.

### 8. INVENTORIES

	1996 \$'000
<b>Finished goods:</b>	
Seeds and seedlings	1,214
Harvested timber on hand	67
	1,281
<b>Raw materials and stores:</b>	
Fertilisers, chemicals and herbicides	491
Saleable publications	259
Fuel	92
Miscellaneous	255
	1,097
<b>Total inventories</b>	<b>2,378</b>

At 1 July 1995, seedling inventory was determined on the basis of Net Realisable Value (NRV). At 30 June 1996, seedling inventory was valued at cost. As a result of the change in the basis of valuation, seedling inventory and operating profit have been reduced by \$0.337 million.

### 9. PROPERTY, PLANT AND EQUIPMENT

	1996 \$'000
<b>Land</b>	
At cost	3,200
<b>Land improvements and buildings</b>	
At cost	475
At valuation	27,513
Accumulated depreciation	(1,668)
	26,320
<b>Access roads</b>	
At cost	232
At valuation	30,863
Accumulated depreciation	(1,561)
	29,534
<b>Plant and equipment</b>	
At cost	23,931
At valuation	3,239
Accumulated depreciation	(12,136)
	15,034
<b>Capital works in progress</b>	
At cost	726
<b>Property, plant and equipment</b>	
At cost	28,564
At valuation	61,615
Accumulated depreciation	(15,365)
<b>Total property, plant and equipment</b>	<b>74,814</b>

### VALUATION OF NON-CURRENT ASSETS

Land Improvements, Buildings and Access Roads were valued at deprival value as at 1 January 1995 in accordance with the Queensland Treasurer's Policy dated October 1994 entitled "Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector" by the following independent expert valuers:

#### Australian Valuation Office

J F McAuliffe, L.F.V.L.E. (Val. & Econ.) and C J Tuttle, Dip. Val., F.V.L.E. (Val. & Econ.)

Interim revaluation (by indexation) of Land Improvements, Buildings and Access Roads as at 30 June 1996 was carried out in accordance with the "Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector" policy by the responsible officers of DPI Forestry.

Market valuation of Plant and Equipment was performed internally between 1994 and 1996 (\$2.196 million), except for items relating to infrastructure assets which were valued at deprival value by the Australian Valuation Office as at 1 January 1995 (\$1.043 million).

### 10. SELF GENERATING AND REGENERATING ASSETS

	Notes	1996 \$'000
<b>Plantation Growing Timber</b>		
Balance as at 1 July		946,493
Net increment for the year	14	87,097
<b>Balance as at 30 June</b>		<b>1,033,590</b>

### Log Storage Facility Valuation

An area of 4,800 hectares of Beerburrum plantation was burnt by bushfire in September and November 1994. If left standing the timber would have very quickly deteriorated and become unusable. It was decided to attempt to recover as much timber as possible by immediately logging salvageable material, creating a stockpile, and maintaining moisture by constant spraying with water. The majority of expenditure was incurred in the 1994-95 year to establish a fenced storage area, place the logs and set up irrigation systems.

At 1 July 1995 the quality and hence marketability of the stored timber were not known with any certainty since wet storage had never been previously attempted in a subtropical environment. As a result of continuing uncertainty as to the market value of the stockpile, no value has been applied at 1 July 1995 and 30 June 1996.

### 11. CREDITORS

	Notes	1996 \$'000
<b>Current</b>		
Trade creditors		874
Amount owing to the Department of Primary Industries, Fisheries and Forestry - Consolidated Fund		19
Accrued interest	- Commonwealth Softwood Loans - Security deposits	1,077 21
Accrued loan guarantee fee	- Commonwealth Softwood Loans - Queensland Treasury Corporation Loan	151 246
Deposits held in trust	6	833
Tax payable - Payroll		109
- Sales		349
Land purchase (1)		700
Accrued expenses		418
Prepaid royalties		391
Miscellaneous		426
		5,614
<b>Non-Current</b>		
Land purchase (1)		1,400
<b>Total creditors</b>		<b>7,014</b>

(1) During the 1995-96 year additional plantation land was acquired at a total cost of \$3.200 million. The acquisition involved a payment of \$1.100 million in 1995-96 with subsequent payments of \$0.700 million due in each of the next three financial years.

# APPENDICES

## DPI FORESTRY FINANCIAL STATEMENTS

for the year ended 30 June 1996

### 12. BORROWINGS

	1996 \$'000
<b>Current</b>	
Commonwealth Softwood Loans (3(a))	1,366
Queensland Treasury Corporation Loan (market value at 30 June being \$2.220 million)(2,3(b))	2,240
	3,606
<b>Non-current</b>	
Commonwealth Softwood Loans (3(a))	29,008
Queensland Treasury Corporation Loan (market value at 30 June being \$45.378 million)(2,3(b))	45,795
	74,803
<b>Total borrowings as at 30 June</b>	<b>78,409</b>

DPI Forestry's debt was restructured by the following transactions which have been taken into account in establishing the 1 July 1995 opening balances:

- (1) On 18 August 1995 Queensland Treasury Department wrote off the remaining State sourced Forestry loans, effective 1 July 1995, of \$31.143 million (comprising a principal amount of \$29.138 million and accrued interest, capitalised as at 1 July 1995, of \$2.005 million)
- (2) During 1995-96 DPI Forestry reached an agreement with the Queensland Treasury Department reducing DPI Forestry's QTC debt to \$50.188 million, with the remaining debt (\$98.358 million) being transferred to the Queensland Treasury Department effective 1 July 1995.
- (3) Borrowings established on 1 July 1995 were:
  - (a) Commonwealth Softwood Loans (at book value)  
\$30.010 million
  - (b) Queensland Treasury Corporation Loan (at book value)  
\$50.188 million

### 13. PROVISIONS

	Notes	1996 \$'000
<b>Current</b>		
Provision for dividend	16	8,978
Employee entitlements	13(a)	4,710
		13,688
<b>Non-current</b>		
Employee entitlements	13(a)	7,505
<b>Total provisions</b>		<b>21,193</b>

#### 13(a) EMPLOYEE ENTITLEMENTS

	1996 \$'000
<b>Current</b>	
Annual leave	3,162
Long service leave	834
Other - Salaries and Wages	644
- Superannuation	70
<b>Total current</b>	<b>4,710</b>
<b>Non-current</b>	
Long service leave	7,505
<b>Total non-current</b>	<b>7,505</b>
<b>Total employee entitlements</b>	<b>12,215</b>

### 14. RESERVES

	Notes	1996 \$'000
Balance as at 1 July		-
Land improvements and buildings revaluation		77
Plantation growing timber revaluation	10	87,097
<b>Balance as at 30 June</b>		<b>87,174</b>

### 15. CONTINGENT LIABILITIES

DPI Forestry was self-insured for workers' compensation prior to 1 July 1995. Nine matters relating to this period of self-insurance remain unresolved. Claims made by employees for injuries sustained on or after 1 July 1995 in the course of carrying out their employment duties are fully covered by insurance through the Workers' Compensation Board of Queensland.

There are four third party matters currently outstanding to which DPI Forestry is a party.

The above cases were filed in the courts prior to the end of the financial year:

Supreme Court	6
District Court	6
Other Jurisdictions	1

The above matters are being managed according to commercial considerations and will be resolved through the courts, by discontinuance of the action or by settlement.

It is not expected that any outstanding claims will materially impact on DPI Forestry's financial position.

### 16. DIVIDEND

\$8.978 million dividend provided for comprises 100% of the 1995-96 operating profit after income tax reduced by \$0.368 million being Q-Fleet dividend compensation. The dividend is payable to the Queensland Government.

### 17. EVENTS SUBSEQUENT TO BALANCE DATE

Under the terms of DPI Forestry's debt restructuring an amount of \$10.000 million has been converted from equity to debt. The conversion came into effect on 1 July 1996. The agreement with the Queensland Treasury Department allows for a further conversion from equity to debt held by DPI Forestry of an amount of \$10.000 million on 1 July 1997. The debt will be repaid to the Queensland Treasury Corporation on a commercial basis.

### 18. COMMITMENTS FOR CAPITAL EXPENDITURE

Commitments for capital expenditure - plant and equipment payable within 1 year: \$0.182 million.

# APPENDICES

## DPI FORESTRY FINANCIAL STATEMENTS

for the year ended 30 June 1996

### 19. RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING PROFIT AFTER INCOME TAX

	1996 \$'000
Operating profit after income tax	9,346
Depreciation	5,636
Diminution in value of assets	47
Non-Current assets written off	152
Provision for doubtful debts	16
Bad debts written off	2
Profit on disposal of non-current assets	(374)
Capitalised interest	1,448
Increase in employee entitlements	1,193
Increase in inventories	(53)
Decrease in receivables	651
Increase in creditors	1,722
Net cash provided by operating activities	19,786

#### Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand and deposits at call which are readily convertible to cash and which are used in the day-to-day cash management function of DPI Forestry. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as detailed in Note 5.

### 20. FINANCING FACILITIES

#### STANDBY ARRANGEMENTS TO PROVIDE FUNDS AND SUPPORT FACILITIES

	1996 \$'000
Credit facility	3,000
Amount utilised	-
Unused credit facility	3,000

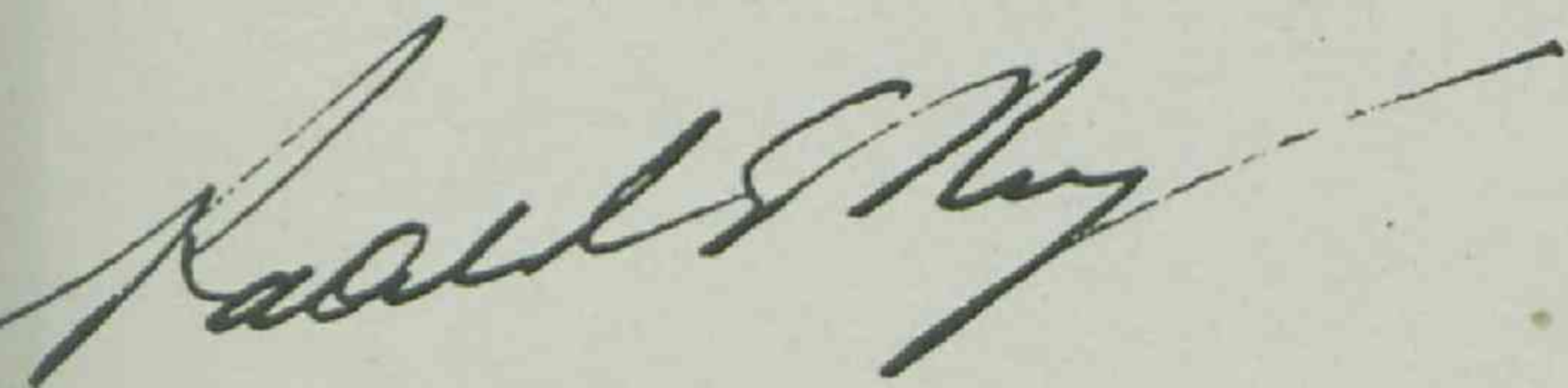
The credit facility is arranged with the Queensland Treasury Department with the general terms and conditions being set and agreed upon from time to time. The provider of this credit facility is Queensland Treasury Corporation.

## CERTIFICATE OF DPI FORESTRY

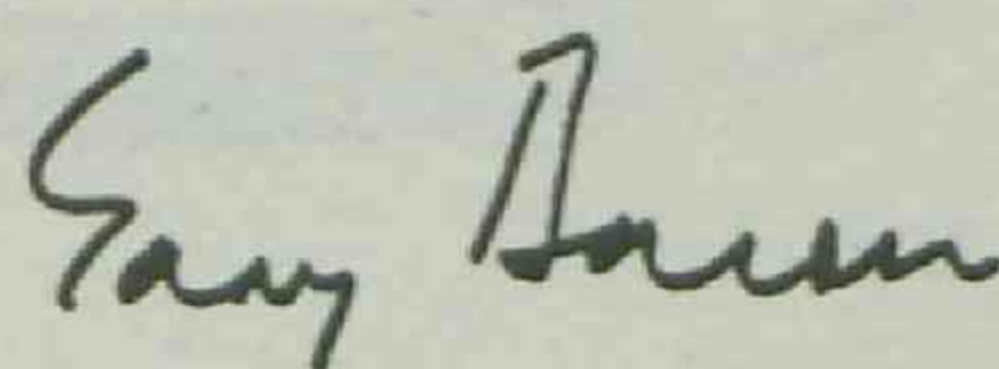
We have prepared the foregoing annual financial statements pursuant to section 40 of the *Financial Administration and Audit Act 1977* and other prescribed requirements and certify that -

In our opinion:

- the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
- the foregoing annual financial statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards and other prescribed requirements, of the transactions of DPI Forestry for the financial year ended 30 June 1996 and of the financial position as at the end of that year.



R E NIEPER  
Director-General



G J BACON  
Acting Executive Director (Forestry)

5 November 1996

# APPENDICES

## DPI FORESTRY FINANCIAL STATEMENTS

for the year ended 30 June 1996

### AUDIT CERTIFICATE

#### SCOPE

I have audited the financial statements of DPI Forestry for the year ended 30 June 1996 comprising the Profit and Loss Statement, Balance Sheet, Statement of Cash Flows, Notes to and forming part of the financial statements and certificates given by the Accountable Officer and person responsible for financial administration as required by the *Financial Administration and Audit Act 1977*.

The Accountable Officer is responsible for the preparation and the form of presentation of the financial statements and the information they contain. I have audited the financial statements in order to express an opinion on them.


The audit has been conducted in accordance with *QAO Auditing Standards* to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures adopted have included the examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with prescribed accounting standards and other prescribed requirements so as to present a view which is consistent with my understanding of the entity's financial position and the results of its operations.

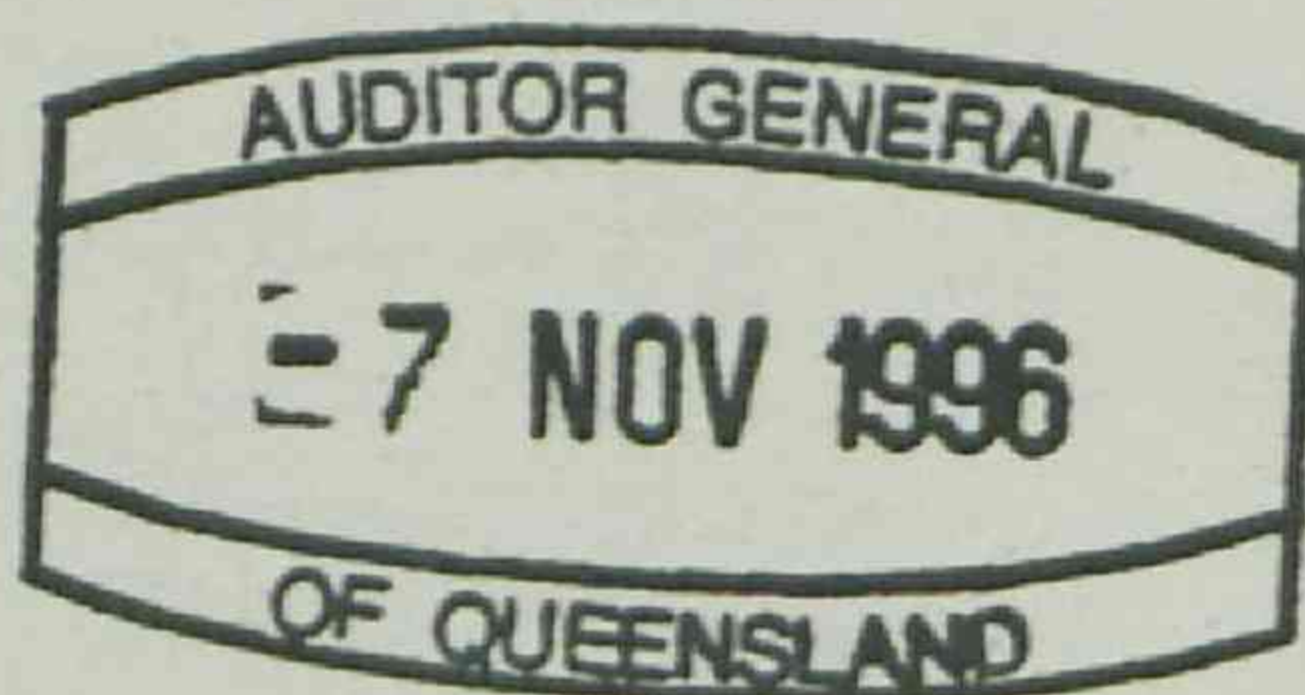
The audit opinion expressed in this certificate has been formed on the above basis.

#### AUDIT OPINION

In accordance with the provisions of the *Financial Administration and Audit Act 1977*, I certify that I have received all the information and explanations I have required in respect of the financial statements of DPI Forestry and, in my opinion-

- the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
- the statements have been drawn up so as to present a true and fair view in accordance with prescribed accounting standards and other prescribed requirements of the transactions of DPI Forestry for the financial year ended 30 June 1996 and of the financial position as at the end of that year.

  
B M ROLLASON  
Auditor-General



# APPENDICES

## APPENDIX 6:

### ENERGY EXPENDITURE AND CONTROL

Expenditure on electrical energy for 1995-96 was \$2 450 750. The Department is continuing to meet its obligations to reduce energy expenditure by audits and the introduction of improved energy management schemes.

Energy audits were conducted at major buildings, with consequent arrangements for the most advantageous electricity tariff to be applied to suit these sites. This resulted in significant on-going reductions.

A joint project between the Department's South Region and the Administrative Services Department to finance the construction of a new 'energy efficient' solar greenhouse at Hermitage Research Station is expected to be ready for winter trials in 1996 and to save considerable quantities of electrical energy.

The Department is cooperating with the Office of Energy Management (EOM). The result will be DPI Energy Policy and Plans, which will set the blueprint for future energy consumption within the Department.

## APPENDIX 7:

### OVERSEAS TRAVEL

During 1995-96 the Department maintained a strong international profile that promoted Queensland's leadership in tropical agricultural technology, production systems and equipment.

A total of 203 officers undertook 241 trips. Their time spent overseas totalled 3860 days.

External funds were used to totally or partially fund 91% of costs associated with departmental overseas travel. Only 22 trips (9%) were wholly funded from consolidated revenue.

## APPENDIX 8:

### \*DEPARTMENTAL CONSULTANCY EXPENDITURE

The 1995-96 cost of consultancy services to the Department totalled \$1 055 364.

<b>Totals by category</b>	<b>\$</b>
Management	196 706
Human resources management	235 648
Information technology	134 855
Communications	478
Finance/accounting	20 066
Professional/technical	467 611
<b>Total</b>	<b>1 055 364</b>

*\*These figures include information for some activities that were transferred to other Government departments during 1995-96.*

# APPENDICES

## APPENDIX 9:

### \*GRANTS AND SUBSIDIES

During 1995-96, the Department paid grants and subsidies as set out below.

	Natural Resource Management (081)		Community Services (081)		Corporate Management and Support (081)	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
<b><i>Current</i></b>						
Drought Relief Freight Subsidy	4 607	10 140	..	..	..	..
Grants paid under the Landcare Scheme	4 169	2 865	..	..	..	..
Integrated Catchment Management Project Grants	796	868	..	..	..	..
Queensland Fisheries Management Authority	781	370	..	..	..	..
Waterwatch Grants	80	..	..	..	..	..
National Centre for Engineering and Agriculture	72	..	..	..	..	..
River Improvement Trusts	5	234	..	..	..	..
Murray Darling Basin Commission	..	159	..	..	..	..
Payments made on behalf of the Land and Water Resource Research Development Corporation	47	103	..	..	..	..
Contributions made pursuant to resolution passed by the Agriculture and Resource Management Council of Australia and New Zealand	..	..	..	..	71	120
Commonwealth Government Bodies and Authorities	11	305	..	..	..	..
Queensland Government Departments	60	88	..	..	6	..
Non-Queensland Government Departments	122	211	..	..	..	..
Universities in Queensland	30	209	20	..	10	87
City, Town and Shire Councils	..	..	40	45	..	..
Other	61	220	12	15	10	35
Amounts included in the above listed payments, coded to accounts other than Grants and Subsidies	..	(151)	..	(3)	..	(125)
Amounts incorrectly coded to Grants and Subsidies	15	..	..	..	..	..
	<b>10 856</b>	<b>15 621</b>	<b>72</b>	<b>57</b>	<b>97</b>	<b>117</b>
<b><i>Capital</i></b>						
River Improvement Trusts	1 110	874	..	..	..	..
Kaywanna Bore Water Supply Board	180	..	..	..	..	..
Integrated Catchment Management Project Grants	155	..	..	..	..	..
Payments made under the Landcare Scheme	..	171	..	..	..	..
Queensland Fisheries Management Authority	..	75	..	..	..	..
Other	4	80	..	..	..	..
	<b>1 449</b>	<b>1 200</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Total</b>	<b>12 305</b>	<b>16 821</b>	<b>72</b>	<b>57</b>	<b>97</b>	<b>117</b>

\*These figures were prepared in accordance with the Treasurer's Guidelines for the Preparation of Departmental Statements 1995-96. They include information for some activities (for the period 1 July 1995 to 29 February 1996) that were transferred to other Government departments during the year (refer to Note 4 in the Financial Statements).



# APPENDICES

## \*GRANTS AND SUBSIDIES (continued)

	Product Development and Marketing (082)		Industry Services (082)		Forest Production (082)	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
<b>Current</b>						
Grants made on behalf of Australian Centre for International Agriculture Research Projects (ACIAR)	1 535	1 653	..	..	..	..
Agribusiness Export Quality Assurance Study Scheme	74	..	..	..	..	..
Brucellosis Tuberculosis Eradication Campaign and Partial Interest Reimbursement	..	..	3 777	1 409	..	..
Bureau of Sugar Experiment Stations	..	..	2 782	3 870	..	..
Queensland Livestock and Meat Authority	..	..	274	574	..	..
Animal Welfare Organisations	..	..	194	..	..	..
Horticultural Research and Development Corporation	..	..	145	130	..	..
Harvest Markets Pty Ltd	..	..	81	..	..	..
Australian Animal Health Council	..	..	58	..	..	..
Co-operative and Joint Research Ventures	..	..	51	48	..	..
Timber Research and Development Advisory Council of Qld	..	..	..	..	949	1 231
Mackay and Proserpine Displaced Workers Subsidy	..	..	..	..	75	..
Commonwealth Government Bodies and Authorities	..	..	352	316	..	..
Non-Queensland Government Departments	..	..	270	241	14	..
Universities in Queensland	..	..	788	848	48	..
City, Town and Shire Councils	..	..	..	..	9	..
Other	76	74	328	185	31	29
Amounts included in the above listed payments, coded to accounts other than Grants and Subsidies	..	(55)	(35)	(82)	..	..
Amounts incorrectly coded to Grants and Subsidies	..	..	(15)	..	2	..
	<b>1 685</b>	<b>1 672</b>	<b>9 050</b>	<b>7 539</b>	<b>1 128</b>	<b>1 260</b>
<b>Capital</b>						
Restructuring Package due to cessation of Crown Rainforest logging	..	..	..	..	..	750
Other	..	..	..	..	..	2
Amounts included in the above listed payments, coded to Administration costs in Central Finance System	..	..	..	..	..	(750)
	..	..	..	..	..	2
<b>Total</b>	<b>1 685</b>	<b>1 672</b>	<b>9 050</b>	<b>7 539</b>	<b>1 128</b>	<b>1 262</b>

\*These figures were prepared in accordance with the Treasurer's Guidelines for the Preparation of Departmental Statements 1995-96. They include information for some activities (for the period 1 July 1995 to 29 February 1996) that were transferred to other Government departments during the year (refer to Note 4 in the Financial Statements).

# APPENDICES

## \*GRANTS AND SUBSIDIES (continued)

	Racing (105)		Water Services (082)		Total	
	1996 \$'000 (a)	1995 \$'000	1996 \$'000	1995 \$'000 (b)	1996 \$'000 (c)	1995 \$'000 (c)
<b>Current</b>						
Developmental Club Funding Schemes	2 238	..	..	..	..	..
Racing Industry Management Information System	1 374	..	..	..	..	..
Queensland Racing Incentive Scheme	1 223	..	..	..	..	..
Queensland Harness Racing and Breeding Scheme	835	..	..	..	..	..
Grants Paid for the Holding of Feature Races	672	..	..	..	..	..
Thoroughbred, Harness and Greyhound Race Clubs	600	..	..	..	..	..
Trustees of Race Courses	591	..	..	..	..	..
Grants paid to Control Bodies	532	..	..	..	..	..
Queensland Harness Racing Board Capital Works and Developmental Projects	375	..	..	..	..	..
Racing Asia	350	..	..	..	..	..
Dumaresq - Barwon Border Rivers Commission	..	..	..	..	..	..
Operation Lockyer Revival Catchment Grants	..	..	(21)	..	..	..
Queensland Government Departments	..	..	10	..	..	..
Non-Queensland Government Departments	..	..	..	..	..	..
Universities in Queensland	..	..	29	..	..	..
City, Town and Shire Councils	..	..	47	..	..	..
Other	106	..	5	..	..	..
Amounts included in the above listed payments, coded to accounts other than Grants and Subsidies	..	..	..	..	..	..
Amounts incorrectly coded to Grants and Subsidies	842	..	..	..	..	..
	<b>9 738</b>	<b>..</b>	<b>70</b>	<b>..</b>	<b>32 696</b>	<b>26 266</b>
<b>Capital</b>						
Payments made under the Sugar Infrastructure Package	..	..	841	..	..	..
Utilities Boards	..	..	149	..	..	..
Kaywana Bore Water Supply Board	..	..	168	..	..	..
Operation Lockyer Revival Catchment Grants	..	..	31	..	..	..
Other	..	..	2	..	..	..
Amounts included in the above listed payments, coded to accounts other than Grants and Subsidies	..	..	..	..	..	..
	<b>..</b>	<b>..</b>	<b>1 191</b>	<b>..</b>	<b>2 640</b>	<b>1 202</b>
<b>Total</b>	<b>9 738</b>	<b>..</b>	<b>1 261</b>	<b>..</b>	<b>35 336</b>	<b>27 468</b>

(a) The Racing Division was transferred from the Department of Tourism, Sport and Racing effective as of 1 August 1995. Effective 1 March 1996 it was transferred to the Department of Police. In accordance with the Treasurer's Guidelines, no comparative figures are shown for this Program (refer to Note 4 in the Financial Statements).

(b) The Water Services Program was transferred in its entirety to the Department of Natural Resources on 1 March 1996. In accordance with the Treasurer's Guidelines, no comparative figures are shown for this Program.

(c) Total columns show sub-total amounts only. For details, refer to individual Program columns.

\*These figures were prepared in accordance with the Treasurer's Guidelines for the Preparation of Departmental Statements 1995-96. They include information for some activities (for the period 1 July 1995 to 29 February 1996) that were transferred to other Government departments during the year (refer to Note 4 in the Financial Statements).

# APPENDICES

## APPENDIX 10:

### INTERNAL AUDIT

#### DPI AUDIT COMMITTEE

##### Purpose, objectives and responsibilities

The DPI Audit Committee, together with the Internal Audit Unit, has an active role in ensuring that the Department's systems and associated internal controls operate at a high standard.

In this regard, the committee's responsibility is to assist the Director-General to fulfil the role of Accountable Officer of the Department of Primary Industries. It does this through its main activities of appraising the internal audit reports, monitoring the progress of the Internal Audit Plan and providing a direct reporting relationship between the auditors and the Director-General.

It also fulfils its responsibilities by advising the Director-General on the adequacy of internal controls in the Department's administrative, operating and financial management systems.

##### Committee composition

In 1995-96 Audit Committee members were:

Terry Johnston, Deputy Director-General (Chairperson), DPI;

Roger McComiskie, Partner, Coopers and Lybrand;

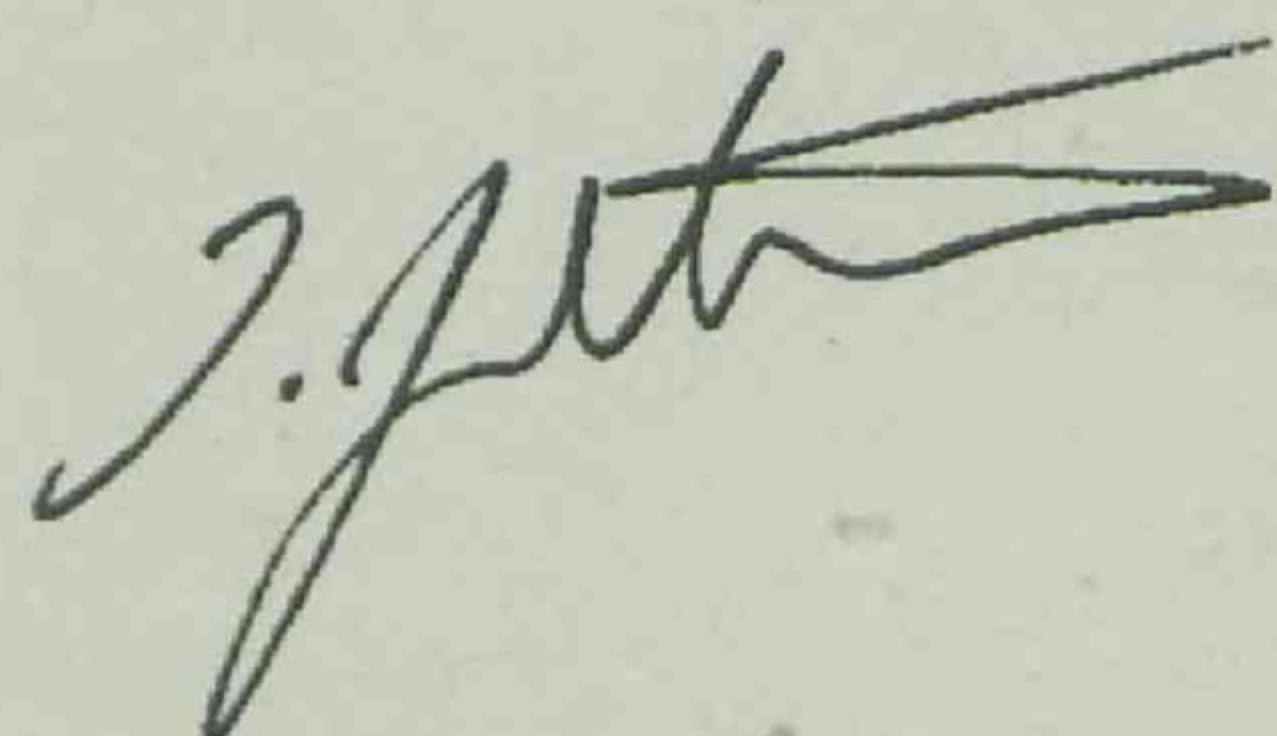
Dr Warren Hoey, Executive Director, Agriculture;

Dr Gary Bacon, Executive Director, Forestry; and

Robert McDonald, Acting Manager, Internal Audit, Department of Natural Resources.

##### Committee activities

For the year ended 30 June 1996, the Audit Committee held four meetings, during which the Internal Audit Unit's reports, progress of the internal audit plan and other matters were reviewed. It also received and reviewed the Department's 1995-96 financial statements, in consultation with management, the Internal Audit Unit and external auditors.



**T Johnston**

*Chairperson*

*DPI Audit Committee*

#### INTERNAL AUDIT UNIT

The Department actively ensures that its systems and their associated internal controls are maintained and operating at a high standard. The Internal Audit Unit, as an independent reviewing activity, contributes to the Department's achieving this objective by providing sound practical advice, assistance and professional support to the Director-General and executive management. It does this through a program of independent analyses, appraisals, recommendations, counsel and information.

Working within this framework, the Internal Audit Unit performed a number of audits in 1995-96, with the main focus on financial/compliance issues. These audits were in accordance with the annual internal audit plan, which was developed through the application of a risk-based audit methodology. The Unit enhanced its activities through further refining the use of computer-assisted audit tools and techniques. The benefit of this approach is that information from the Department's operating systems can be downloaded, and interrogated and manipulated to provide a more efficient and logical basis for audit testing. As a result, audit resources were used with increased efficiency and effectiveness.

A strong audit emphasis was also placed on the Department's electronic data processing (EDP) systems. The Internal Audit Unit's involvement in this area has increased, owing to the increasing number of new EDP systems and their impact on the Department's operations. The Unit's involvement included audits/reviews of EDP systems and participation in project boards established to oversee the development of EDP systems.

The Internal Audit Unit continued to provide services with a stronger consultancy emphasis. With the rapid development of new computer systems and the move towards accrual accounting within the Department, the Unit's participation in project boards and committees increased. This participation involved a consultancy approach, with review, advice and assistance services being provided.

With the heightened role of Quality Systems within the Department, the Internal Audit Unit will become more actively involved in this field. The Unit had substantially completed a comprehensive audit manual incorporating quality systems. As a further commitment, Unit members will undertake professional development to qualify as Quality Systems auditors.

In delivering its audit services, the Internal Audit Unit clearly understands the Department's corporate goals and objectives. Its ongoing activities place it within the total framework of the Department's operations and expectations. In 1996-97, the Unit looks forward to providing a wider range of beneficial services.





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**D.P.I. LIBRARY**

# DEPARTMENT OF PRIMARY INDUSTRIES

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## CONTACTS

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