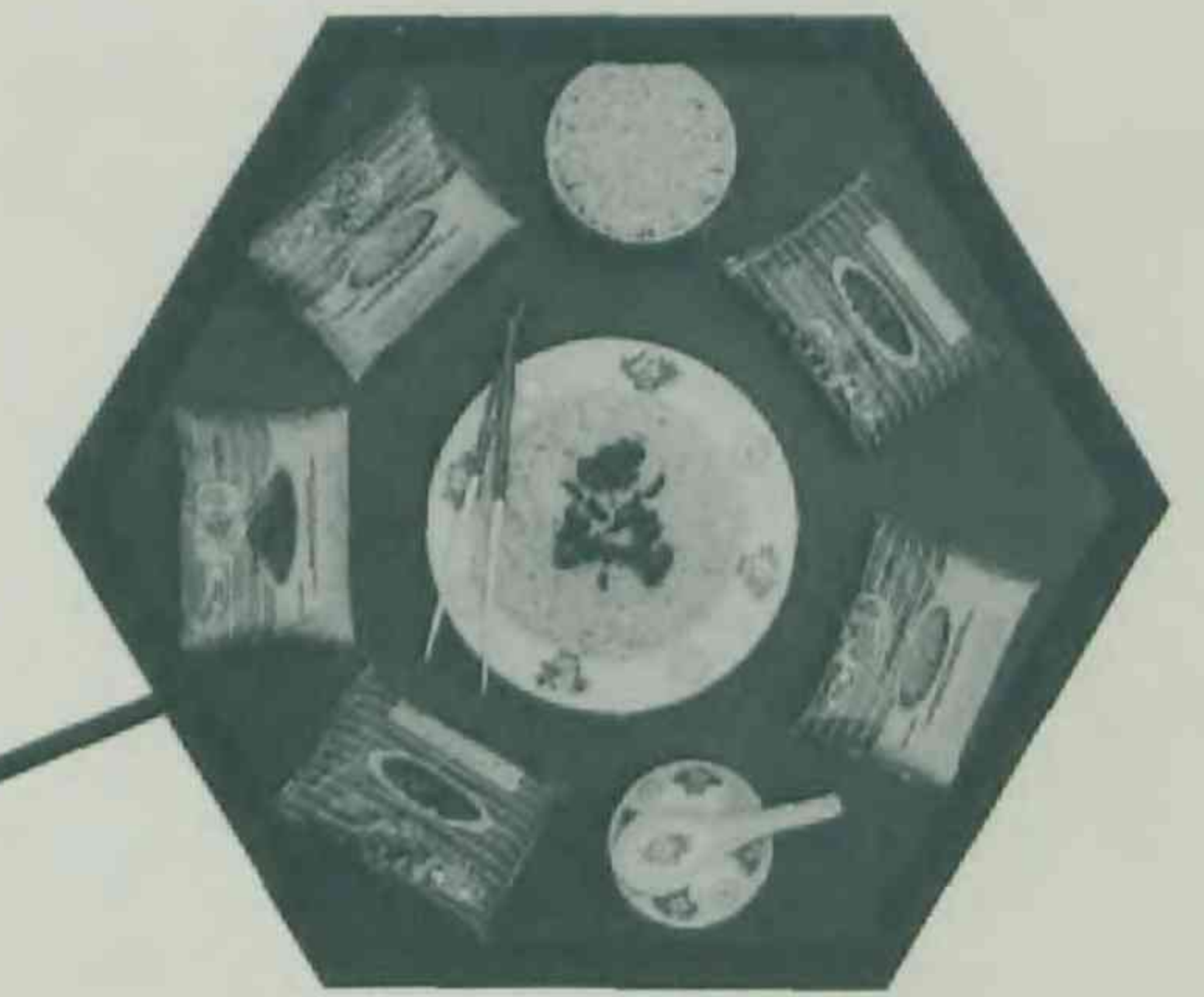




Department of Primary Industries
Queensland

Annual Report

1996-97



DPI
QUEENSLAND
DEPARTMENT OF
PRIMARY INDUSTRIES

DPI Products and Services

industry-focused service delivery to • primary producers • producer groups • agribusiness

- processors • government • central agencies • other government departments
- local authorities • DPI institutes • general public • media • educational institutions
- funding bodies • interest groups • contractors/suppliers • commercial developers

business management

- property management planning
- farm financial counselling
- climate risk assessment
- enterprise development
- promoting role of rural women
- future profit planning
- monitoring and evaluation of rural enterprise business profitability and performance
- natural disaster advice and response

market access and development

- control of pests and diseases (containing spread)
- chemical and residue control
- surveillance for pests and diseases
- emergency response capability
- pest disinfection
- quarantine
- food safety
- proactive export development
- investment advisory services
- marketing information
- market distribution systems
- market analysis

industry development policy and planning

- research and extension policy
- industry development
- legislative support/review
- policy development
- support to industry organisations

production technology

- propagation, breeding, biotechnology
- extension services
- whole-of-farm management systems
- integration of farm production systems
- improved management practices for production systems
- pest and disease management strategy
- new industry production systems development (e.g. hemp)
- product improvement
- farming systems
- product quality and enhancement
- quality systems and implementation

information products and services

- information products and services
- library services
- information centres
- call centre
- web services
- Primary Industries Week
- displays
- business briefs

Processing Technology RD&E

- food research and development
- food processing development
- food analytical services
- food safety related to processing
- transport and packaging of processed product
- processing of by-products
- food information services
- value-adding (e.g. confectionery)

resource management and community services

- animal welfare
- research and development into resource management
- research and development on animal and plant sources of human illness
- environmental impacts
- greenhouse issues
- native forest management
- intensive livestock environmental management
- regulatory compliance
- boating safety
- marine habitat and fisheries management
- freshwater habitat management
- fish stocking
- fisheries resource assessment

letter to the Minister

The Honourable Trevor Perrett, MLA
Minister for Primary Industries
Primary Industries Building
80 Ann Street
Brisbane Q. 4001

Dear Mr Perrett,

I am pleased to present the Department of Primary Industries' Annual Report for the year ending 30 June 1997.

Your brief to me in 1996 was to re-establish the relevance of this Department to rural Queensland, that is, to take DPI back to the bush. To this end, I re-oriented the Department as a rural economic development agency, focusing on the long-term profitability of Queensland's primary industries.

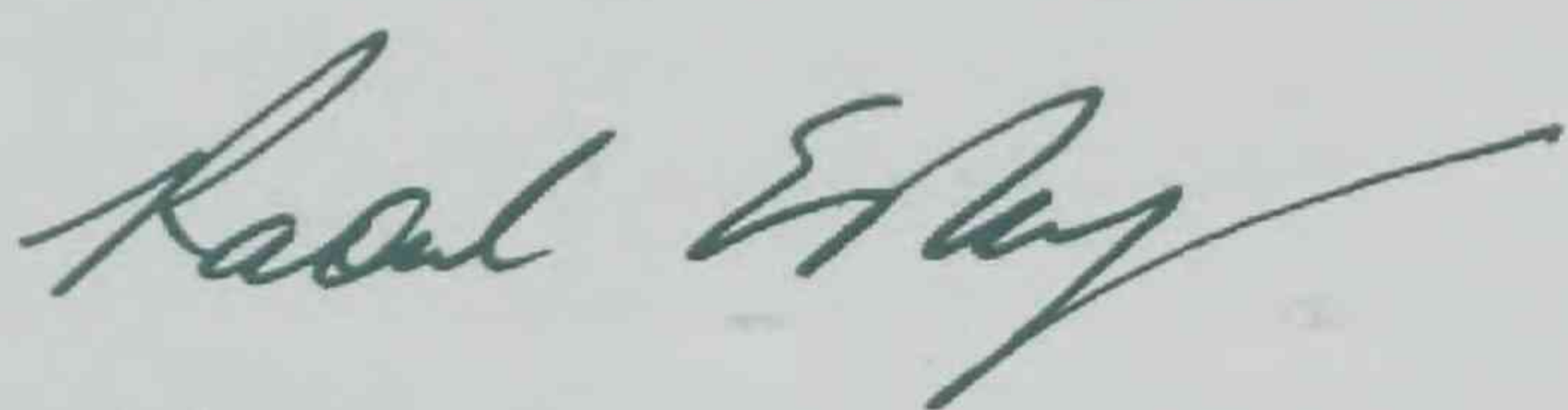
In doing this, during 1996-97 I led the Department towards a new relationship with industry, one based on collaboration and negotiation. A significant step in this direction was the establishment of a framework for industry institutes. These institutes will provide an avenue for industry partnership in a full range of services which bring together research and development, extension and information services.

DPI's commitment to consultation and openness with industry is embodied in our *Priorities Towards 2000* documents. They detail our mutually agreed targets and clearly articulate how we intend to meet the needs of our industry clients. Another initiative, the establishment of Industry Development Councils, will see industry setting its future directions from a secure base of government support and facilitation.

To reflect our new role, mechanisms were put in place during 1996-97. I established a Board of Governance aimed at ensuring probity and financial integrity within the Department. The Board will also allow better management of the cross-agency issues of environmental protection, land use and care of the State's heritage. Also within the last 12 months, DPI moved to a system of full accrual accounting, to provide more realistic information to its stakeholders on the cost of providing services and to show how it manages its budget and assets.

I anticipate that 1997-98 will be another challenging and exciting year. I look forward to discussing with you your vision for the next five years and the role I intend to play in bringing this to realisation.

Yours sincerely



Roly Nieper
DIRECTOR-GENERAL



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about the Annual Report

This Annual Report provides information about the Department's achievement of its key business and financial targets during 1996-97. The targets are those contained in our industry contracts, the *Priorities Towards 2000* documents.

More detailed information about the Department's achievement of business targets is available in a series of documents called *Priorities Towards 2000 Achievements*. These have been produced for each major industry group. Also, an extract of the Annual Report, *DPI Focus and Achievements*, containing non-financial performance information, is available.

how to get copies of the Annual Report

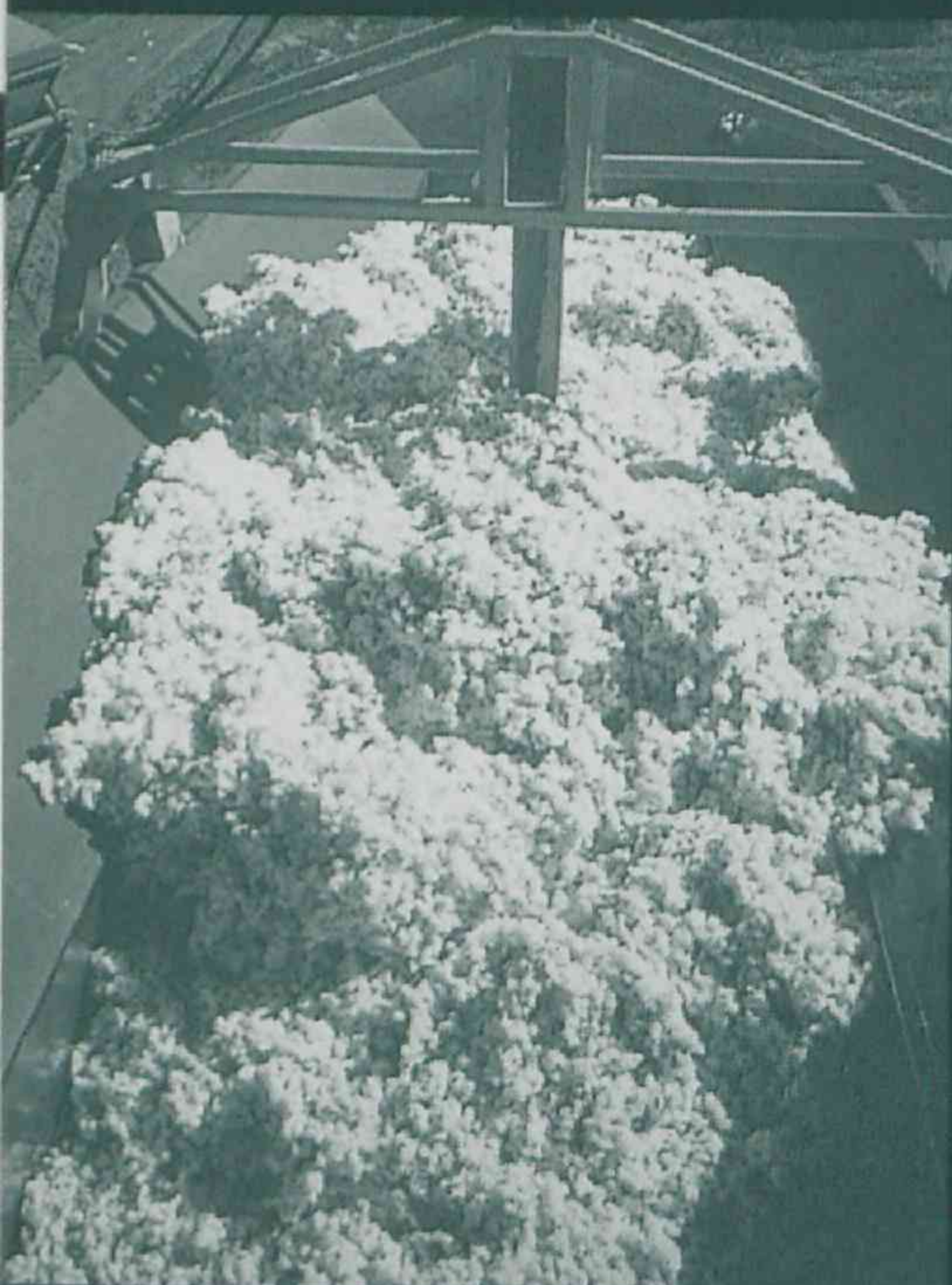
Copies of the Annual Report, *DPI's Focus and Achievements* and *Priorities Towards 2000 Achievements* are available on request from:

DPI Information Centre
Primary Industries Building
80 Ann Street
Brisbane Q 4001

Copies of *DPI's Focus and Achievements* are also available on audio cassette and in large font format.

The report can also be accessed through the DPI Home Page on the Internet. Address: <http://www.dpi.qld.gov.au>

For further information about obtaining copies of the Annual Report please contact the DPI Call Centre on 13 25 23.



The cover of this Annual Report is printed on CPI Banksia, made from 25% recycled waste, 25% cotton and 50% new fibre.

Paper is just one of the thousands of products made from cotton. Along with pulp for things like rayon and x-ray films, and cellulose esters used in the production of nitrate and plastics and lacquers, paper is a cotton by-product made from cotton linters, the short fibres which cling to the seed after ginning.

In 1996-97 the Queensland cotton harvest was the largest on record at 750 000 bales — equal to the entire Australian crop just 10 years ago.

Queensland is where the Australian cotton industry began back in 1857, and this State continues to produce one-third of the Australian crop. With a world-wide reputation for consistently producing high-quality cotton, over 90% of that production is now exported, earning the State around \$3.5 million.

Queensland has also spawned Queensland Cotton Holdings, formerly the Queensland Marketing Board, which since privatisation has become the world's largest non-government-owned cotton trading enterprise.

Shelley Spriggs, Cotton Australia Ltd

the year in review

a report from the director-general



1996-97 was a significant and successful year for DPI. The Department's budget was increased by \$17 million, with a total of \$70 million in new funds to flow into the organisation over a three-year period.

Among the outstanding achievements in 1996-97 were:

- a successful re-orientation of the Department as a rural economic development agency; and
- the establishment of partnering arrangements to build a dynamic relationship between government and industry.

In its role of rural economic development agency, the Department concentrated on the policies and strategies that impacted on the long-term profitability of the State's primary industries. DPI modified its service delivery structures and made a concerted effort to service both specific industry groups and cross-industry needs. The establishment of the Rural Industries Export Development business group and the elevation of the Animal and Plant Health Service from business group to program status reflected this commitment.

During 1996-97 the Department also established formal partnering arrangements with industry within a framework of institutes which deliver research, development and extension services. The institutes will give industry a direct voice in establishing priorities for research, development and extension expenditure.

Industry's role in determining priorities is embodied in the negotiation of targets published in the *Priorities Towards 2000* documents which form agreements between the Department and industry. The Department reports regularly on its performance against these targets. The *Priorities Towards 2000* contracts engender a philosophy of consultation and of continual performance evaluation to ensure that the Department is meeting industry requirements.

One of the Department's central concerns was the importance of maintaining and improving access to markets by Queensland's primary industries. In 1996-97 approximately \$5.37 million was provided for new research and development in the areas of private forest plantations, Agrilink (a horticultural information system), equine morbillivirus, and for increases in staff at the technical service level of veterinary officers, stock inspectors, and extension officers.

Fisheries management and protection was allocated \$2.6 million in 1996-97. The aquaculture industry was boosted by the enhancement of fish health services, rationalisation and improvement of aquaculture licensing procedures, and

support for the aquaculture industry by focusing on production research. Community demands for stock enhancement, assessment, research, extension and management of information were met by the establishment of an inland fisheries unit and the appointment of eleven new staff. The Queensland Boating and Fisheries Patrol opened new bases at Wondai and Weipa, gained twelve new staff, and introduced a trial Fishcare volunteers program.

DPI's commitment to its clients, particularly those in remote locations, was reflected in its diversified information services. A total of \$2.8 million was invested in using the technology most appropriate for clients. 1996-97 saw the creation of a State-wide Call Centre with 15 staff and a World Wide Web service to make DPI information and services more accessible to rural clients in ways that truly took the Department back to the bush.

The Department's responsibilities towards its stakeholders were clearly outlined during 1996-97. A Board of Governance was set up as part of DPI's commitment to accountability and financial integrity. The Department is conscious of its responsibility to use public money wisely and to give value for this investment while meeting financial compliance requirements. The establishment of the Board and a requirement for the Finance Committee, Legislation Committee and Audit Committee to report to it have helped ensure that the Department spends its money appropriately and that all audit and legislative requirements are met.

In 1996-97 for the first time the Department presented financial information on an accrual basis. The transition from cash to accrual reporting assisted in providing more relevant information to stakeholders on which to base resourcing decisions by reflecting the true cost of providing services. In addition it provided a more realistic picture to stakeholders of how the Department spends its budget and manages its assets.

During 1996-97 DPI demonstrated the value it placed on its staff by the introduction of a Progression Scheme to acknowledge professional excellence and to provide career opportunities. The Department also confirmed its commitment to greater equity by involving more women in its management structure and board appointments.

I wish to pay tribute to the contribution made by all staff to the achievement of DPI's goals. I also congratulate those who received Client Service Awards and Australia Day Public Service medallions.

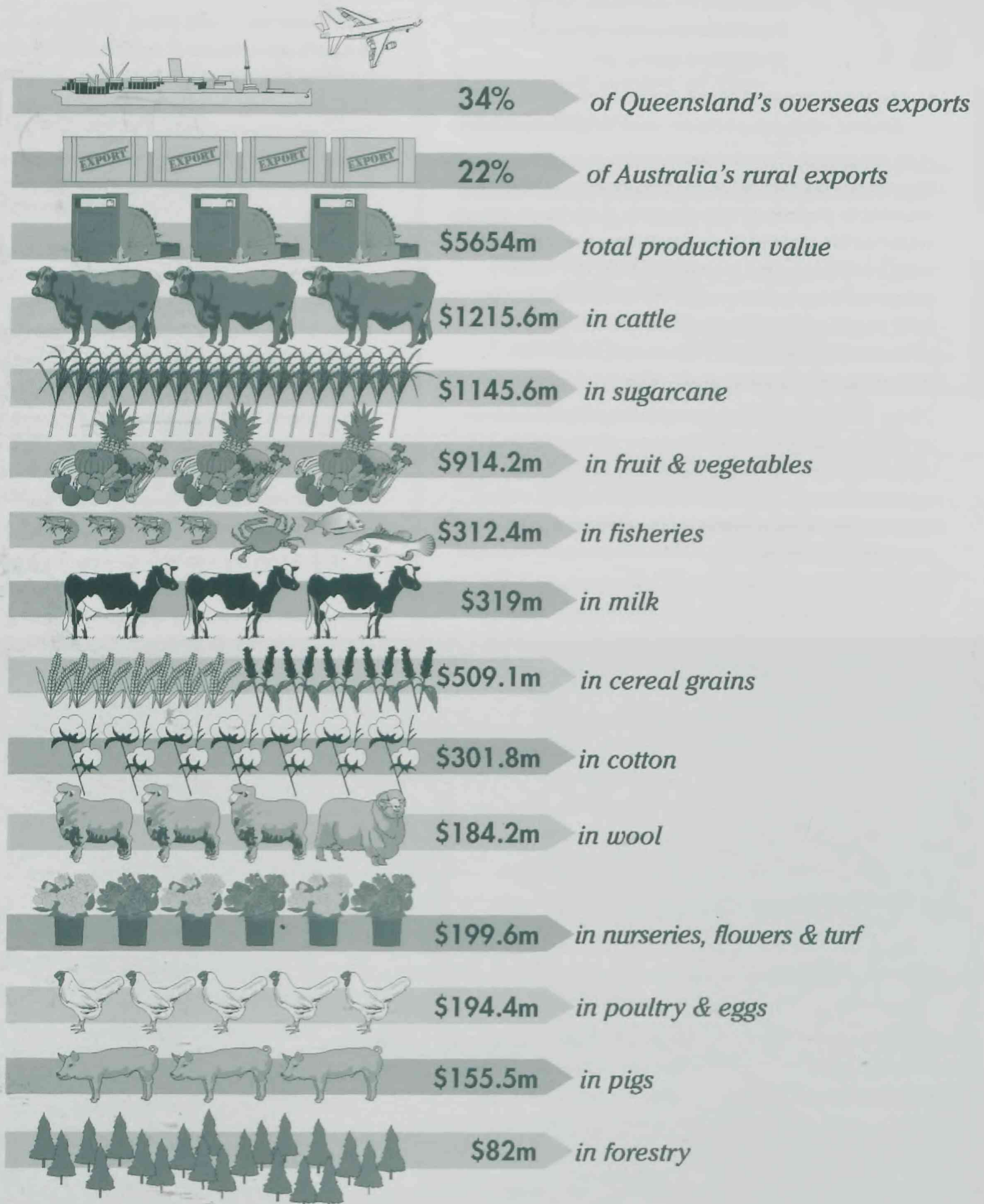
I would like to thank my Management Team for their dedication and assistance in a year of change, and the members of the Board of Governance, and look forward to the continuing commitment of staff at all levels as we move into 1997-98.

. . . the year in review

the value of primary industries

The Queensland primary industries sector (agriculture, fishing and forestry) is a significant contributor to the economic success of Queensland and the rest of Australia. In 1995-96, the sector contributed \$4610 million (or 34%) to Queensland's total overseas exports. In that year, Queensland contributed 22% to the nation's total primary industry-based exports. As at November 1996, a total of 84 000 people were employed in the State's primary industries, representing 5.4% of the total number of people employed in Queensland at that time.

DPI provides major services to the primary sector through its budget which in 1996-97 was more than \$360.5 million.



Source: Department of Primary Industries, Australian Bureau of Statistics and Australian Bureau of Agricultural and Resource Economics

the changing DPI

The changing needs of our clients

Over the last year there have been a number of significant issues impacting on rural industry:

- pressures from the National Competition Policy to restructure industry and industry organisation arrangements;
- increasing industry uncertainty about the nature and level of continuing government support, both at the State and Commonwealth levels in a range of key industry areas;
- increasing competition for world markets and maintaining existing shares of the domestic market;
- increasing complexity for industry of doing business in a context of sustainability, resource management, environment debates, native title issues, changes in international trading rules; and
- natural disasters including a continuation of drought and the El Nino effect.

In this environment our clients are faced with even greater challenges in making future investment and management decisions to grow and expand their industries.

With a growing number of our clients linking their long-term profitability to export rather than domestic markets, the needs of these clients are also subject to greater change. While export markets can be more profitable they are also generally more competitive, and sophisticated marketing strategies are required if our industries are to be successful and profitable. The marketing equation is complicated by the policies and support measures of other countries, world trade reforms, concepts of a "level playing field", and the strategies of multi-national companies.

Both export and domestic market demands for products have become increasingly complex. Specific demands for a particular type and quality of product are putting pressure, in some cases, on our producer clients to change their methods of production. For example, today's consumers, and therefore markets, demand food products undamaged by pests and diseases. At the same time, consumers demand fresh food products that can be eaten without any risk from contamination or spoilage or risk to health. These corresponding demands have forced a rethink in the use of chemicals as a technical solution to pest and disease management. This is just one of a range of complex problems driven by consumer demands which are of common concern to a large number of industries.

It has also become apparent that technical efficiency alone will not translate into profit. Efficiencies are just as likely to be gained or lost in association with costs such as labour, transport, interest on loans and the vagaries of exchange rate movements. These sorts of issues affect primary industries enterprises no matter what products they produce.

The ongoing impact of drought on rural industries and the rural sector has highlighted the need for both State and Commonwealth Governments to work together to deliver practical assistance measures to industries, and the critical role that profitable and viable industries play in sustaining the rural sector and community as a whole.



. . . the changing DPI

DPI's response

In response to this environment, it has been necessary to shift the direction of services provided by government through DPI to rural industries. This translates to an investment in new services and an increased investment in high-priority existing services.

It has also been necessary to seek ways to improve the integration of the policies and strategies that impact on the long-term profitability of our primary industries. Stronger alliances between DPI and industry in particular are required to achieve an integrated approach to decision making and service delivery structures. Alliances are built through deliberate partnering strategies.

In 1996-97, the Department of Primary Industries responded in two major ways to the changing needs of our clients. DPI:

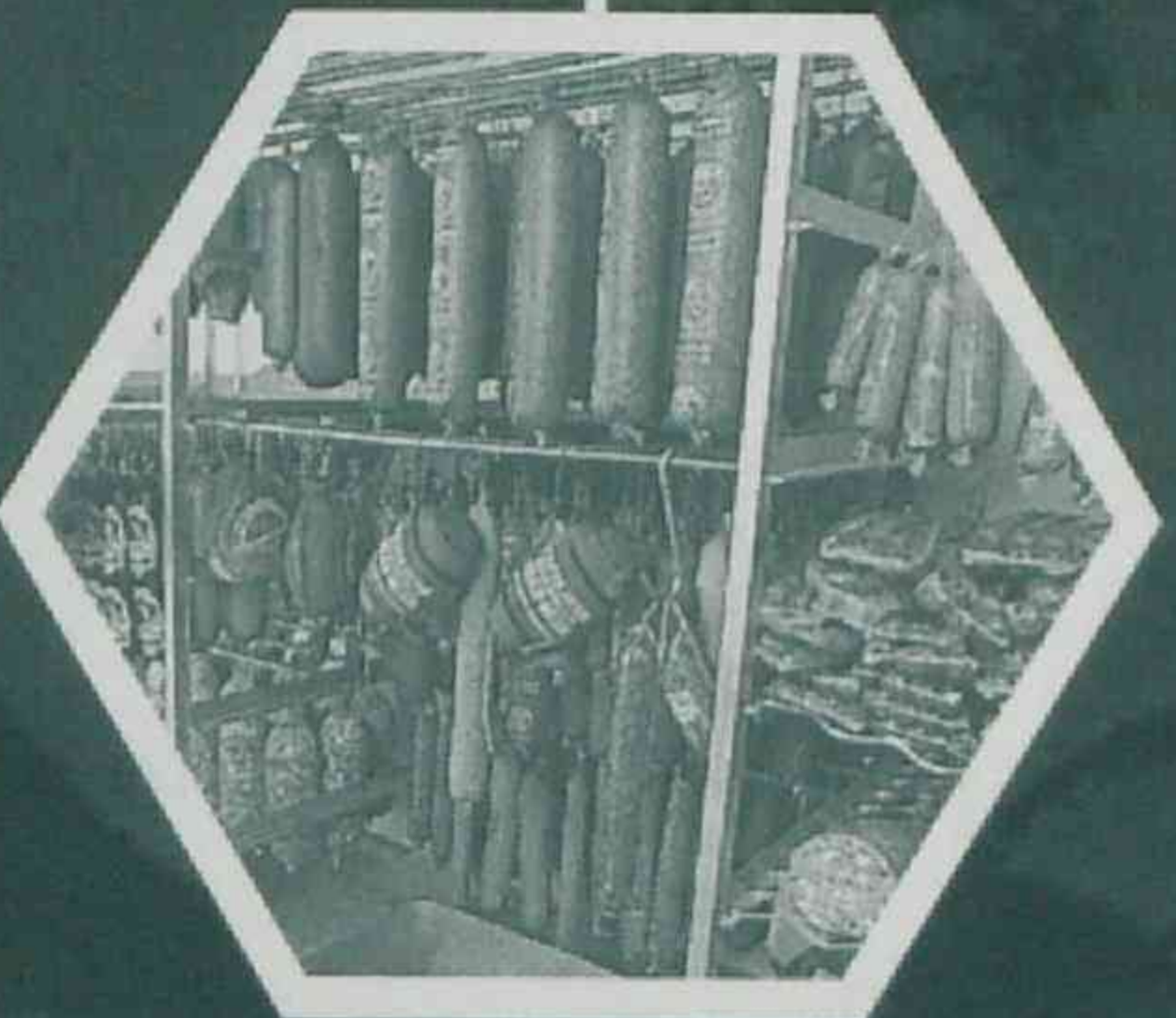
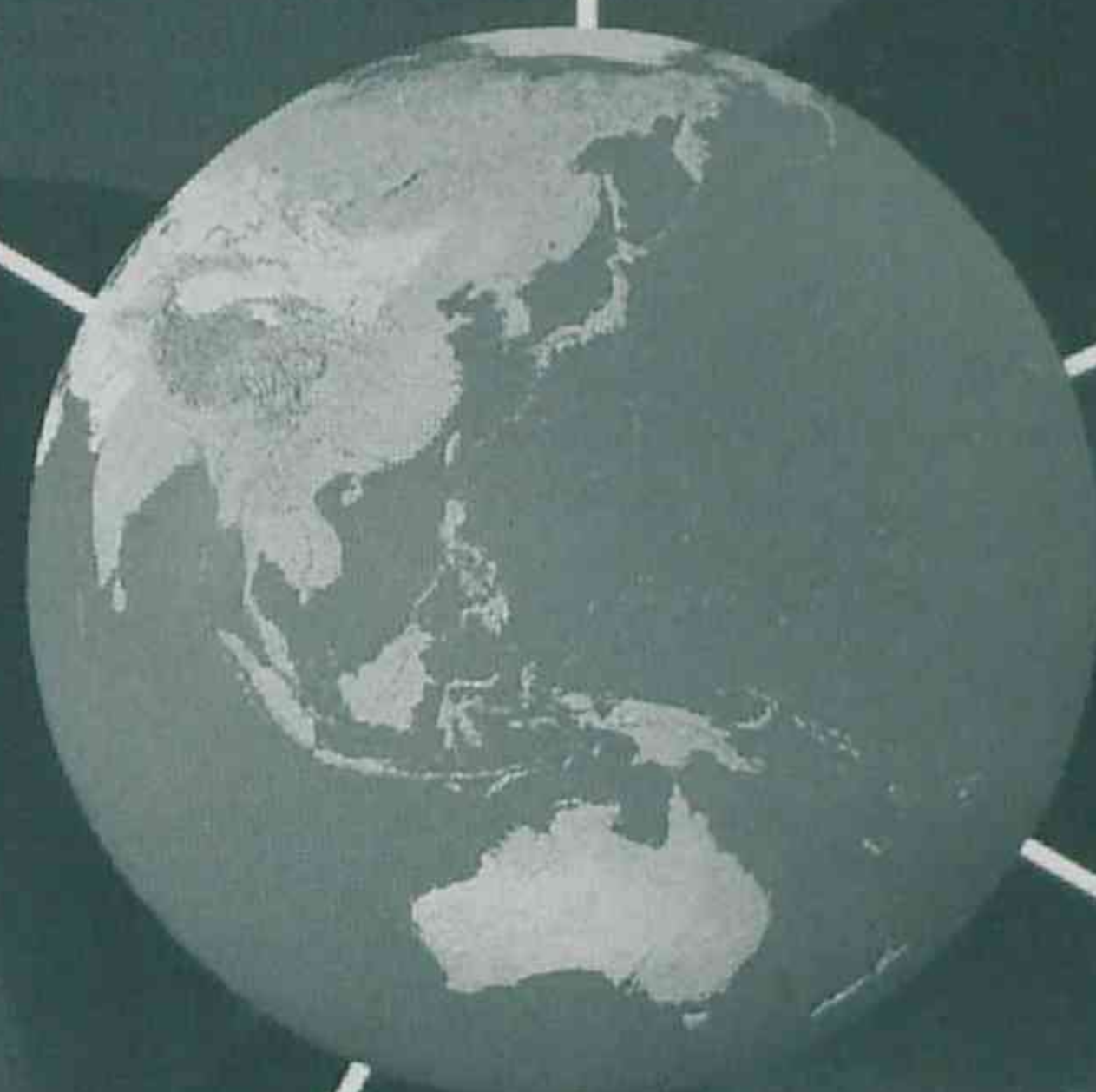
- redefined the focus of our business as "rural economic development" to reflect its clients' need for long-term profitability; and
- established new partnership arrangements that bring the key players together, government and industry, to achieve that outcome.

DPI's new focus has shaped the structure of the organisation, changing the way DPI does business. Through industry-based programs and business groups, our structure has been oriented to the needs of industry clients, including those in the fisheries, forestry, field crops, horticulture, extensive livestock and intensive livestock industries. Just as importantly, the structure also reflects the priority needs that cut across industries. These needs are addressed and coordinated by the Drought and Rural Development, Animal and Plant Health Service, Research Information and Extension, Corporate Performance and Strategies, and Policy and Legal Services groups. The establishment of a Rural Industries Export Development business group is a proactive approach aimed at positioning specific Queensland primary industries to take advantage of emerging markets.

The establishment of industry institutes and Industry Development Councils as formal partnership arrangements with a number of our key clients has been an important change implemented in 1996-97. Their establishment is an important component of DPI's partnership with its industry clients. The Department is working closely with its stakeholders to implement growth.

DPI has changed both the focus of our business and the way we do business. As a result of these shifts, DPI is an organisation which is responsive to the current needs of our clients, and which also has the ability to proactively take advantage of and adapt to future business environments.

our business focus



Our role

We are a rural economic development agency.

Our relationships

We foster a strong government/industry partnership relationship.

Our reason for being

We are working to increase the profitability of primary industries-based enterprises on a sustainable basis.

Our aim for the future

We are aiming to develop a primary industries sector confidently competing in a world market.

Our key priorities

Farm viability

Farm enterprises need to be profitable in a sustained way. This requires best practice technology from production through to marketing of the end product.

Industry competitiveness

Industries as a whole need to be competitive. This requires attention to a range of factors including the marketing environment, the production environment and the world trading environment.

Market access and quality systems

Government has a key role to play in overcoming various market access impediments. This is particularly true in the areas of pest and disease incursion and in the broad area of residue management.

Information services

Information is critical to the success of primary industry enterprises. It is important that the dissemination of information to producers is both timely and effective and that it is targeted at the enhancement of viability and competitiveness.



our business framework



The Director-General has set in place an innovative "partnership" model for delivering its services. The model provides real ownership of the provision of the Department's services by the rural industry recipients of those services. I have strongly supported the change process



which has occurred over the past year in support of the model. This process was targeted at the establishment of joint management arrangements for large parts of the Department's Research and Development (R&D) and extension resources on 1 July 1997.



The impact of the partnership model and the philosophy it represents will continue to be felt right across the organisation for many years to come. The greatest impact will come from the gradual recognition by staff and stakeholders alike that the true business of DPI as an economic development agency is not just the delivery of R&D and similar services. As iterated by the Director-General, its primary role is to work closely with its stakeholders to ensure that the necessary strategic vision for the various rural industries is in place and that strategies to ensure long-term profitability and economic growth are developed and implemented, including any necessary government support and facilitation. This approach is already seeing an expanded range of DPI services being provided to our rural industries and at the same time the continuing re-evaluation of the nature and extent of more traditional services.

I look forward to working closely with staff and clients as we further develop the concept of a partnership-based department which is striving to promote the sustained economic development of Queensland's rural industries.

Terry Johnston, Deputy Director-General

Industry Development Councils

Industry Development Councils (IDCs) are an example of a high-level partnership between the Department and a broad range of industry clients. Their role is to provide strategic directions for industry development.

The Councils are broadly representative of the "paddock to plate" interests of the various industries. These Councils have a clear focus on furthering industry development and setting a vision for industry in meeting the challenges of domestic and international success. They identify impediments and initiate actions to move industry along a path to greater profitability.

To date, the Beef Industry Development Advisory Council, the Dairy Industry Development Council and the Emu Industry Development Council have been formed. Industry Development Councils are currently being formulated for the horticulture, fisheries, grains and nursery industries.

Industry institutes: working in partnership with industry

DPI and the primary industry sector are strongly committed to leading-edge technology. Together, they invest about \$85 million annually in research, development and extension (RD&E) geared to fostering Queensland's economy through its primary industries.

To deliver its RD&E services, DPI is establishing a State-wide network of eight industry-specific institutes which bring together staff with expertise in research and extension. These institutes are a working partnership between DPI and the primary industry sector, with industry having a major representation on institute boards. Four institutes have already been established. Three of these are joint ventures between DPI, industry and the University of Queensland and include the Australian Tropical Dairy Institute, the Queensland Poultry Research and Development Centre and the Australasian Pig Institute. The fourth institute is the Centre for Food Technology which operates in a commercial manner.

Four more institutes will commence on 1 July 1997. These are the Sheep and Wool Institute, the Queensland Beef Industry Institute, the Queensland Horticulture Institute and the Farming Systems Institute.



Business management

During 1996-97, the Department organised its activities through five program areas: Agriculture, Fisheries, Forest Production, Drought and Rural Development, and Corporate Performance and Strategies. These five programs were administered by the following business groups:

- Agriculture
- Fisheries
- Forestry
- Drought and Rural Development
- Animal and Plant Health Service
- Research, Information and Extension
- Policy and Legal Services
- Corporate Performance

A new business group, Rural Industries Export Development, was established from 1 January 1997 to work with rural producers in developing an increased focus on the international market place.

An additional program, Animal and Plant Health, will be established from 1 July 1997. This program will work with Queensland's livestock and plant industries to improve their national and international competitiveness by meeting the highest standards for health, welfare, quality and wholesomeness. The elevation of Animal and Plant Health to program status is recognition of the growing importance of this service to the primary industries sector.

The Department's Management Team comprises:

Mr Roly Nieper	Director-General
Mr Terry Johnston	Deputy Director-General
Dr Warren Hoey	Executive Director, Agriculture
Mr John Pollock	A/Executive Director, Fisheries
Dr Gary Bacon	Executive Director, Forestry
Dr Rosemary Clarkson	A/Executive Director, Drought and Rural Development
Mr Kevin Dunn	Executive Director, Animal and Plant Health Service
Mr John Childs	Executive Director, Research, Information and Extension
Mr Peter Neville	Executive Director, Policy and Legal Services
Mr John Skinner	Executive Director, Corporate Performance
Dr Peter White	Executive Director, Export Industry Development

The Management Team provides corporate direction, sets priorities, evaluates business performance and allocates resources in collaboration with industry and other key Government agencies. Business objectives and targets are negotiated directly with industry groups and were published in the *Priorities Towards 2000* series of documents in October 1996. Highlights of achievements addressing key industry issues are found in the section "A continuum of achievement" in this report. Further information about specific industry targets is available in *Priorities Towards 2000 Achievements*.

The Management Team is supported by a Quality Management Unit which assists in the implementation of formal Quality Assurance systems across a range of areas including Research, Information and Extension, Systems and Administration and in DPI laboratories.

Service delivery throughout regional Queensland is supported through the Department's Service Centres and the Rural Service Coordinators:

North	Mr Eddie Gilbert
West	Mr Keith McCubbin
South East	Mr Brian Cull
Central	Dr Bob Miles
South	Dr Sandra Baxendell

a continuum of achievement

In October 1996, the Department released its Strategic Plan 1996-2000 as a series of documents, comprising *Bringing it Together* and *Priorities Towards 2000* brochures.

Bringing it Together outlined the strategic direction for the Department and included corporate issues and strategies.

Priorities Towards 2000 addressed specific industry issues and business targets established in consultation with industry groups for each of the program areas.

"A continuum of achievement" provides information about the programs and their major achievements in 1996-97.





agriculture program

Agriculture (p. 12)

Animal and Plant Health Service (p. 16)

drought and rural development program

Drought and Rural Development (p. 18)

Rural Industries Export Development (p. 20)

fisheries program

Fisheries (p. 22)

forest production program

Forestry (p. 26)

corporate performance and strategies program

Corporate Performance (p. 28)

Research, Information and Extension (p. 30)

Policy and Legal Services (p. 32)



agriculture program

Business groups: Agriculture; Animal and Plant Health Service

Agriculture



Overview

Queensland agriculture contributes 22% to the nation's total primary industry based exports and 34% to Queensland's total overseas exports. Performance has been solid in 1996-97 despite drought being still declared in approximately 22% of the land area of the State at the beginning of 1997. Although preliminary figures from the Australian Bureau of

Statistics have yet to be released, it is expected that the total gross value of agricultural commodities produced in Queensland in 1996-97 will be 2% down on the previous year.

As ever, RD&E outputs of the Program have improved the base from which industries can grow through the introduction of new plant varieties, new management systems, and new adult education approaches. In the past 12 months this has happened at a time of considerable change when the temptation to be distracted from delivering services was considerable. This did not happen and all staff are to be commended for it.

A significant strategic issue facing agricultural industries is not about their survival and growth, for surely that is inevitable, but in what form and how well that change takes place. Agriculture industry development must assist that transformation by working with and challenging the industries it serves. As a Program a principal focus has been on ensuring the relevance and effectiveness of its RD&E and other services to customers. Ultimately this can only be judged by an increased capacity of industry managers to make better decisions about their production systems. Although the notion is far from new, there is now a greater need than ever to better coordinate all service delivery across the Department to meet the more critical needs of our customers who now face a much greater range of options to choose from. We must work with industry to develop a better shared vision to guide the way we work together and the results we want to achieve. Internally we must better coordinate the important policy and legislative processes to ensure that industry development is optimised. The formation of Institutes will permit the Program to better focus on specific tasks be it RD&E outputs, policy development or industry planning. It will however be a significant challenge to avoid creating unnecessary boundaries.

To be internationally competitive our industries require us to work in partnership with them from a whole-of-industry perspective. It requires our being proactive in jointly looking at challenges five to ten years out, exploring new scenarios and strategically planning for opportunities and challenges. From a government perspective, I see the facilitation of these partnerships as a critical role for agriculture industry development.

Warren Hoey, Executive Director

Description

The Agriculture Program works in partnership with primary producers and their representative organisations, external funding bodies and the community in general to design and deliver services. These include conducting research to develop leading technologies, and providing advice through development and extension programs to accelerate adoption of these latest technologies. The Program also provides policy guidance to strategically position agriculture industries for market success.

Objectives

- Ensure that activities are primarily directed at improving the business performance of primary production enterprises and their industries.

Strategies

- Applying a strong market focus to all activities.
- Using research, development and extension in assisting managers to make better decisions to improve the profitability of their farm production systems.
- Assisting primary industries to be responsible users of natural resources.
- Improving information, delivery and exchange with the primary industries sector.

Achievement highlights

Beef

- The Queensland Beef Industry Institute, headquartered at Rockhampton, has been set up as a partnership between the DPI and the beef industry in Queensland to conduct high-quality research and extension focused on a sustainable and profitable industry. Its programs will cover breeding and feeder cattle production systems, pasture-based growing and finishing, feedlot and live cattle export development, product enhancement and grazing land management.
- The live cattle trade has expanded to a record 858 000 head in 1996-97 compared with 105 000 head just five years ago. The two principal markets continue to be Indonesia and the Philippines, with the Queensland industry enjoying a preferred status through the supply of Brahman-type cattle which meet Indonesia's and the Philippines' import specifications.
- 1645 properties have been registered as complying with QCare quality control programs. These quality assurance systems for grass-fed beef ensure that beef products will meet market specifications. CattleCare and QCare Quality control programs for the grass-fed cattle industry are vital for market protection and the recognition of Queensland as a "clean green" producer.
- The Storelink project continues to promote strategic alliances and the development of best practice between store cattle producers, feedlotters and processors. Five new Storelink groups involving over 100 producers and accessing over 200 000 head of cattle have been formed. Feedback data on each stage of the production chain are being provided on 1500 head per month from cattle drawn from southern, central and western Queensland.

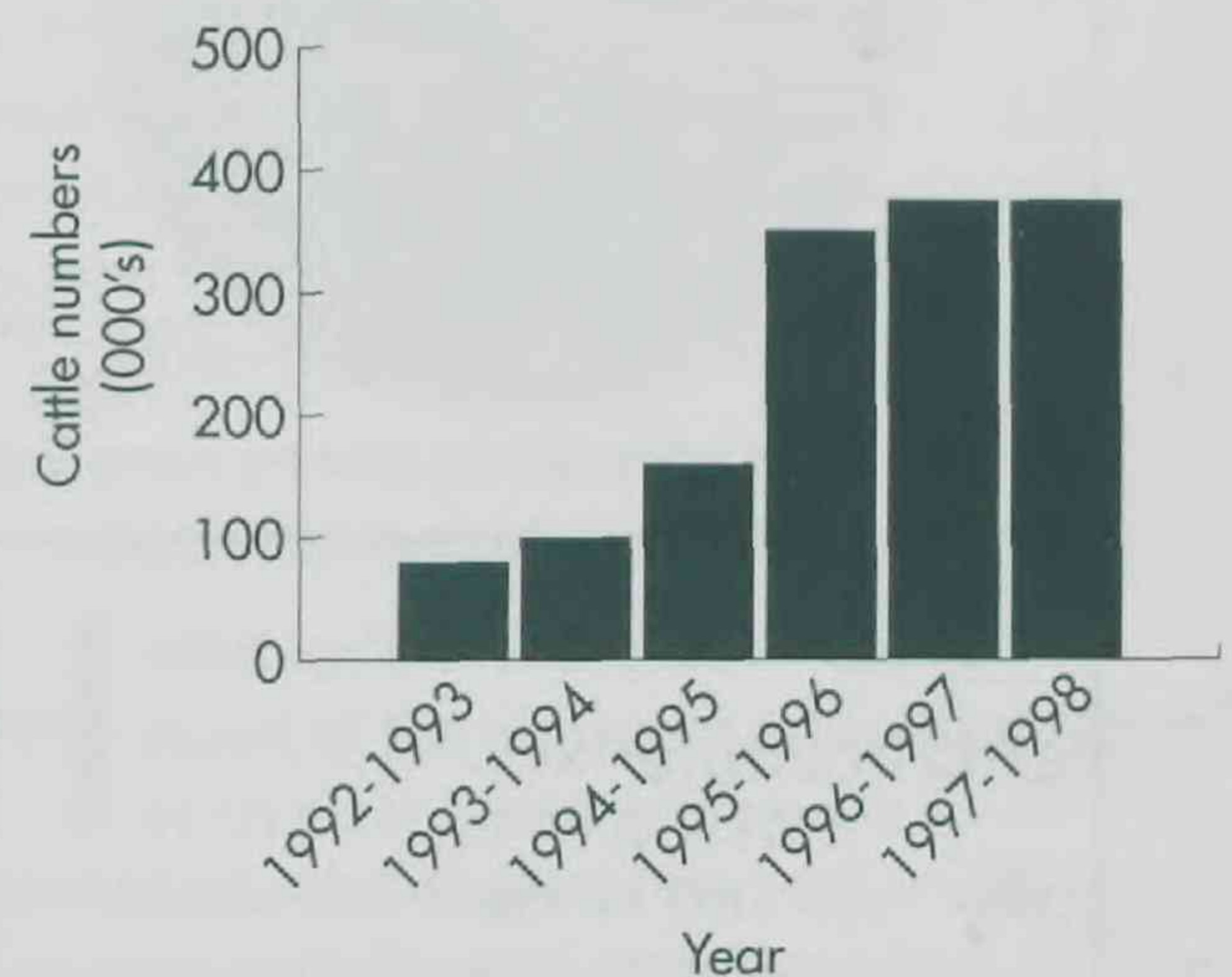
Please refer to Beef Industry: Priorities Towards 2000 Achievements for additional information.

Intensive Livestock

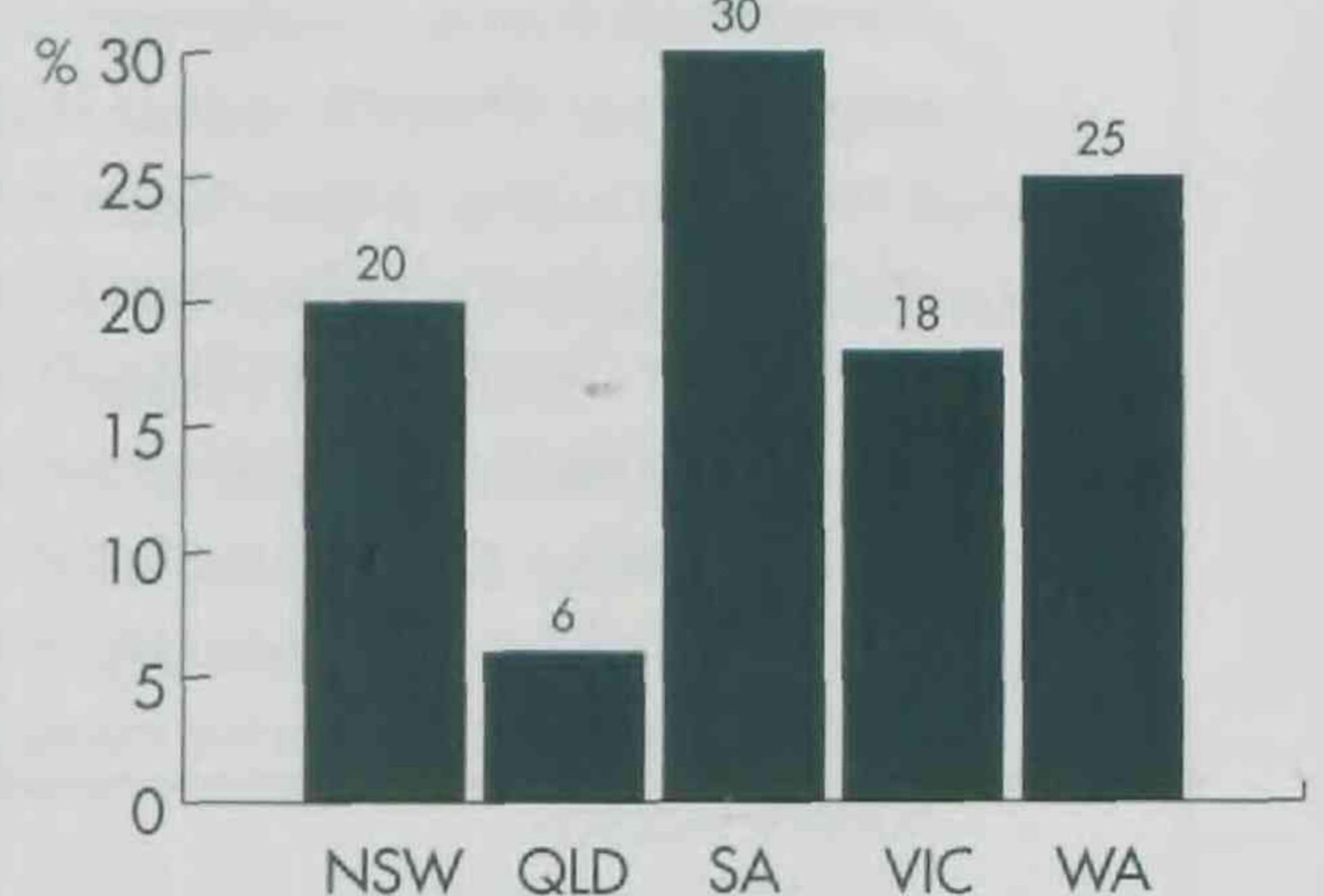
- The Australian Tropical Dairy Institute, a joint venture with the University of Queensland and the dairy industry, was officially opened in December 1996.
- The Australasian Pig Institute, a joint venture with the University of Queensland and the Queensland Pork Producers' Organisation, has been established.
- The pork quality problem in pigs caused by a defective gene has been eliminated in Australia by producers completing the testing of their herds with the DPI halothane gene testing.
- The Queensland Poultry Research Institute, a joint venture with the University of Queensland and representatives from the poultry industry, has been established.
- Honey testing for American foulbrood has shown a lower than expected incidence of this troublesome disease in Queensland apiaries.
- DPI has led the development of industry-specific Environmental Codes of Practice which will assist industry, the community and government identify best practice environmental management. Development of these codes will ensure that appropriate industry practice is benchmarked in an open and conspicuous way, thereby setting the standard for all operators in the industry to follow, for potential industry participants to see what is expected in terms of environmental management and for the community to gauge an industry's environmental performance.

Please refer to Intensive Livestock Industries: Priorities Towards 2000 Achievements for additional information.

Queensland live cattle exports
1992-93 to 1997-98 (Forecast)



Detection of American foulbrood = % by state



... agriculture program ...

Sheep and Grazing Game

- The Sheep and Wool Institute was launched by the Minister on 25 March.
- Development extension activities with wool producer groups contributed to the improvement of two key processing characteristics of the State's wool clip, staple strength and hauteur as shown by statistics from the Australian Wool Testing Authority Ltd.
- A concerted industry and DPI effort to reduce chemical residues in wool appears to have had an effect, although seasonal and other factors were also involved. Analysis of 362 samples of Queensland wool grown in the 1996 season showed a 56% reduction in average total organophosphate and synthetic pyrethroid residues. The joint effort is continuing to reduce residues further for cost efficiency, environment and health reasons.

Please refer to Sheep and Grazing Game Industries: Priorities Towards 2000 Achievements for additional information.

Horticulture

- The export trade to Japan for Kensington mangoes was reinstated in time for the 1996-97 production season through research on the use of vapour heat treatment for disinfestation of papaya fruit fly. Research on disinfestation protocols also commenced for other mango varieties which have the potential to increase access to the lucrative Japanese market.
- New systems for monitoring pest levels and pesticide use in pomefruit were developed and trialled with industry. This work was instrumental in enabling the apple industry to achieve a 40% reduction in pesticide use in apple production.
- Agrilink, a comprehensive horticultural information system tailored to meet the information needs of horticultural producers, was released as a fully commercialised package with an initial set of six modules and a further 24 modules planned for the next two years.
- A major tomato quality management project was completed with seven enterprises developing quality management systems to the international quality management standard ISO 9002. Five other enterprises reached intermediate stages of formal quality system development. There is now evidence of widespread awareness and a positive attitude to quality management within the tomato industry.
- The "Do Our Own Research" (DOOR) concept for self-help research and development continued to have an impact on plant nursery operators with the provision of additional training courses and the publication of the *DOOR Manual*. This work has provided an innovative process to improve management and operations in the nursery industry.

Please refer to Horticultural Industries: Priorities Towards 2000 Achievements for additional information.

"The Queensland Graingrowers Association has welcomed the Government's commitment to increased funding to DPI for the second successive year.

Because rural industries of Queensland do and will contribute substantially to Queensland's economic growth, they need the support of an expert public research program to provide leading-edge technology and remain internationally competitive.

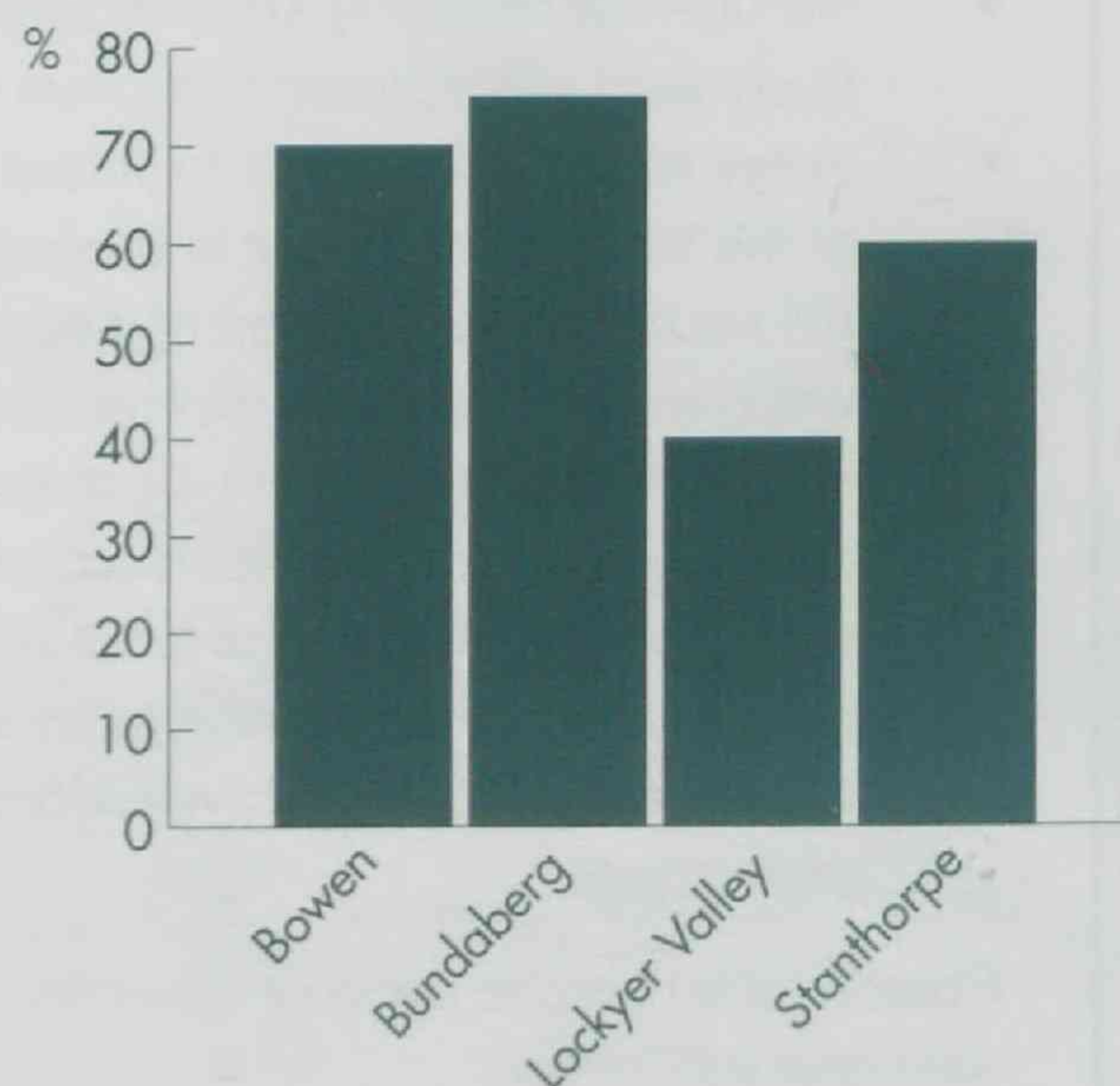
The initiative to build formal partnerships with rural industries through rural institutes is a clear indication of DPI's commitment to stand beside farmers in achieving profitability.

The employment of a substantial number of new country-based staff by DPI is a signal of a long-term commitment to a professional expert service to rural industry and has given a sign of encouragement to young Queenslanders to train themselves in disciplines of rural science as there will be future employment opportunities available."

Ian MacFarlane
General President

Queensland Graingrowers Association

Estimated percentage of district tomato production grown and packed by businesses undertaking training in quality management



. . . a continuum of achievement . . .

Field Crops

- Plant breeding research resulted in three new wheat varieties, Leichhardt, Mawson and Arnhem, providing increased disease resistance, hay yields and improved product suitability for the Japanese and South-East Asian noodle markets.
- The sorghum breeding project produced for the first time breeding lines used to make a hybrid which is totally unaffected by the major pest, sorghum midge. The Program to date has saved the industry \$7.5 million per year.
- A higher quality tobacco and a new disease resistant peanut variety are at pre-release stages.
- The State and Federal Governments endorsed the 74 recommendations made by the Sugar Industry Review Working Party (SIRWP) on the Queensland sugar industry's regulatory arrangements and the sugar tariff. These recommendations provide a more commercial focus, encourage innovation, further facilitate research and development, and embrace environmental and social issues.

Please refer to Field Crops Industries: Priorities Towards 2000 Achievements and Sugar Industries: Priorities Towards 2000 Achievements for additional information.

"The Queensland Farmers Federation has welcomed the refocusing of DPI including the emphasis on meeting the business needs of farmers, a vital issue given that rural industries contribute so much to the State's economy. The collective effort of DPI has been important in maintaining Queensland's competitive edge in Australian and international markets."

Lex Buchanan
President
Queensland Farmers Federation

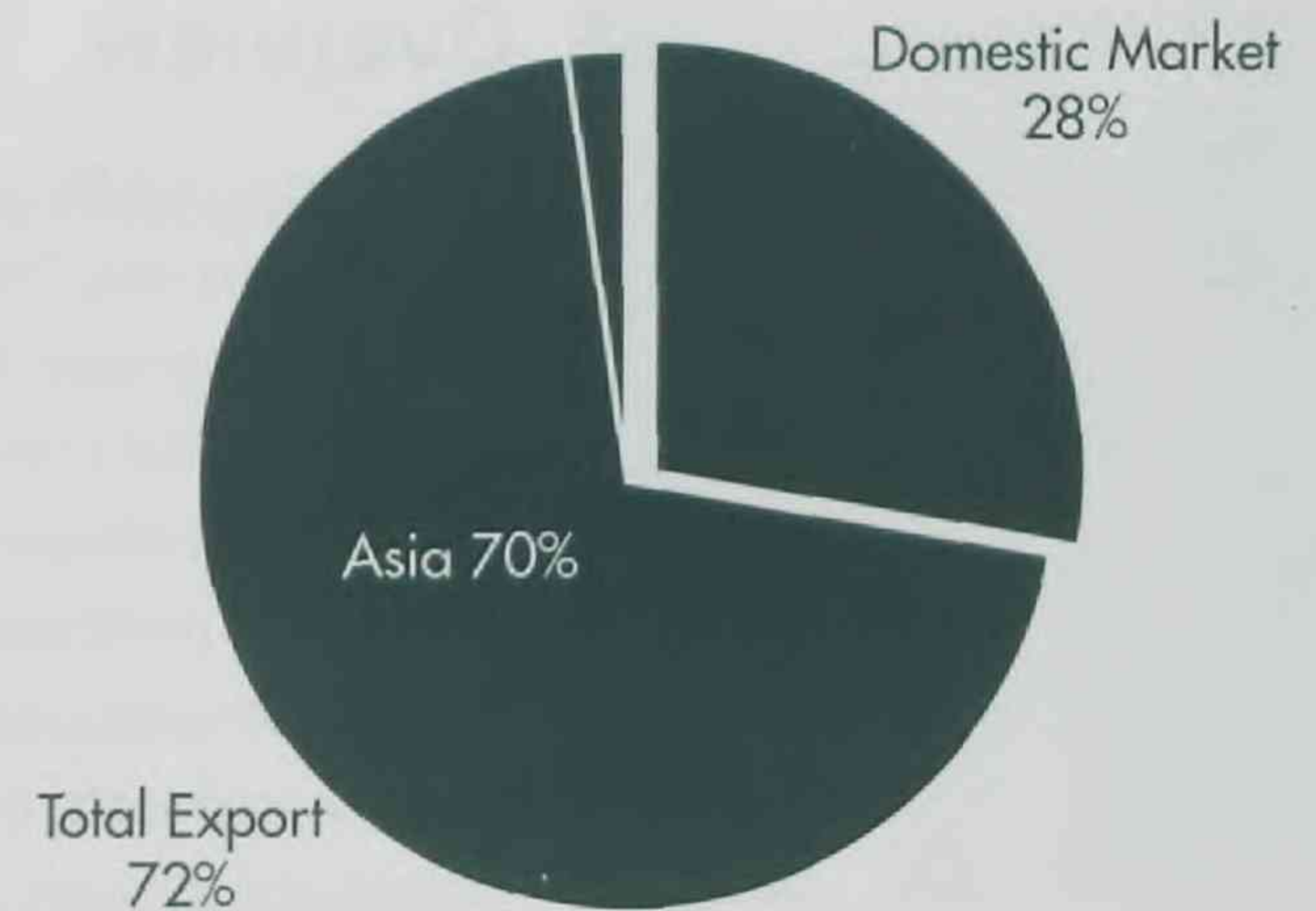
Forest Industry

- Private landowners showed strong interest during the year in the Department's new Private Forestry Plantation Initiative. Hundreds of enquiries were received and 18 landowners established 214 ha of plantation throughout the State, on a joint-venture basis with DPI Forestry. These plantings include 174 ha in South-East Queensland, 20 ha in North Queensland and 20 ha of demonstration planting in the Mackay Proserpine area.
- Expressions of interest for joint-venture plantation establishment of 600 ha during 1997-98 were also advertised and prospects of achieving this target look bright.
- To fully protect an investor's interest in a tree crop on someone else's land, DPI Forestry advocated the use of "profit a prendres" (a crop harvesting agreement) against land title. This mechanism has now been reintroduced to the Land Title Act through amendments proposed by the Minister for Natural Resources.

Please refer to Forest Industries: Priorities Towards 2000 Achievements and DPI Forestry 1996-97 Year Book for additional information.

Queensland wheat utilisation

Total production (10 year average) = 1 000 000 tonnes



Hermitage Research Station can be proud of the consistent achievements of its plant breeding program:

- Varieties developed at Hermitage have occupied 80-90% of the total barley area in Queensland for over 10 years. They are estimated by marketing authorities to be worth an extra \$6-8 million per year to Queensland growers.
- Over 90% of midge-resistant sorghum hybrids on the market have at least one resistant parent derived through the DPI program. The combination of midge resistance and lodging resistance is estimated to be worth \$10 to 20 million per year to industry.
- DPI varieties occupy over 80% of the total soybean market, with an estimated benefit to the industry of \$1.5 million per year.
- Almost 100% of the Australian navy bean crop is grown using DPI varieties. The domestic market for this crop is worth \$10 million.
- The chickpea variety Barwon is expected to be worth \$5 million to Queensland growers.

1996-97 Joint ventures

Species	North Qld	Central Qld	Southern Qld	Total
Hoop pine		3.6	35.5	39.1
Gympie messmate		5.4	26.3	31.7
Red mahogany	17.6	3.0		20.6
Blackbutt			7.4	7.4
Spotted gum			105.0	105.0
Other species		8.0	1.8	9.8
Total	17.6	20.0	176.0	213.6

Animal and Plant Health Service

Overview

The Animal and Plant Health Service (APHS) is building strong links with industry and other client groups. Development of the Animal and Plant Health Service's strategic plan involved industry and relevant stakeholder participation. Our main activities involve close cooperation with primary producers, both individually and collectively through their various

organisations. Our services are regularly reviewed to ensure that they are relevant to the needs of Queensland industries. In particular, as focus increases on developing and growing the export trade, we are reshaping activities with particular emphasis on surveillance and responsiveness to the control and containment of pests and diseases which are significant to market access and productivity.

I have a high regard for the commitment of the staff in APHS to providing the best services which can be achieved. One of the great strengths of this Service is the wide geographical coverage of the State by highly skilled people located at the 66 DPI centres from which we operate. In several of these locations, the APHS person (often a stock inspector) is the only occupant and is "the DPI" in the local community.

The Animal and Plant Health Service aims to provide a wide range of beneficial outcomes for industry and the community. In the words of our mission statement, the APHS purpose is "to work with industry, the community and other service providers to enable Queensland's livestock and plant industries to be nationally and internationally competitive through achieving the highest standards of health, welfare, quality and wholesomeness".

Kevin Dunn, Executive Director

Priority areas

- Surveillance for animal and plant pests and diseases.
- Exotic and emergency pest and disease responsiveness.
- Eradication of the papaya fruit fly.
- Control of animal and plant pests and diseases.
- Responsible use of agricultural and veterinary chemicals, and control of chemical residues.
- Animal welfare.
- Cattle tick control.

The Animal and Plant Health Service has led Australia in the development of the Interstate Certification Assurance (ICA) scheme to reduce the cost to industry of complying with interstate plant quarantine requirements. The scheme was developed to assist businesses in the papaya fruit fly quarantine area, but is now available throughout Queensland and is being adopted by other Australian states.

The ICA scheme involves a series of operational procedures that have been written in consultation with clients. Each procedure describes the "best practice" method of ensuring that one of the quarantine treatments or requirements is correctly met using the principles of quality management.

Businesses that demonstrate that they are able to apply a procedure correctly can be accredited for that procedure and authorised to issue assurance certificates for the produce they consign. Regular audits are conducted to ensure that they continue to comply with the procedure.

The assurance certificates are accepted by plant quarantine authorities in other States. Businesses previously had to pay for a government inspector to supervise a treatment or inspect produce and issue a government certificate.

At the end of the year there were approximately 840 businesses accredited for 1025 Interstate Certification Assurance (ICA) arrangements in Queensland.

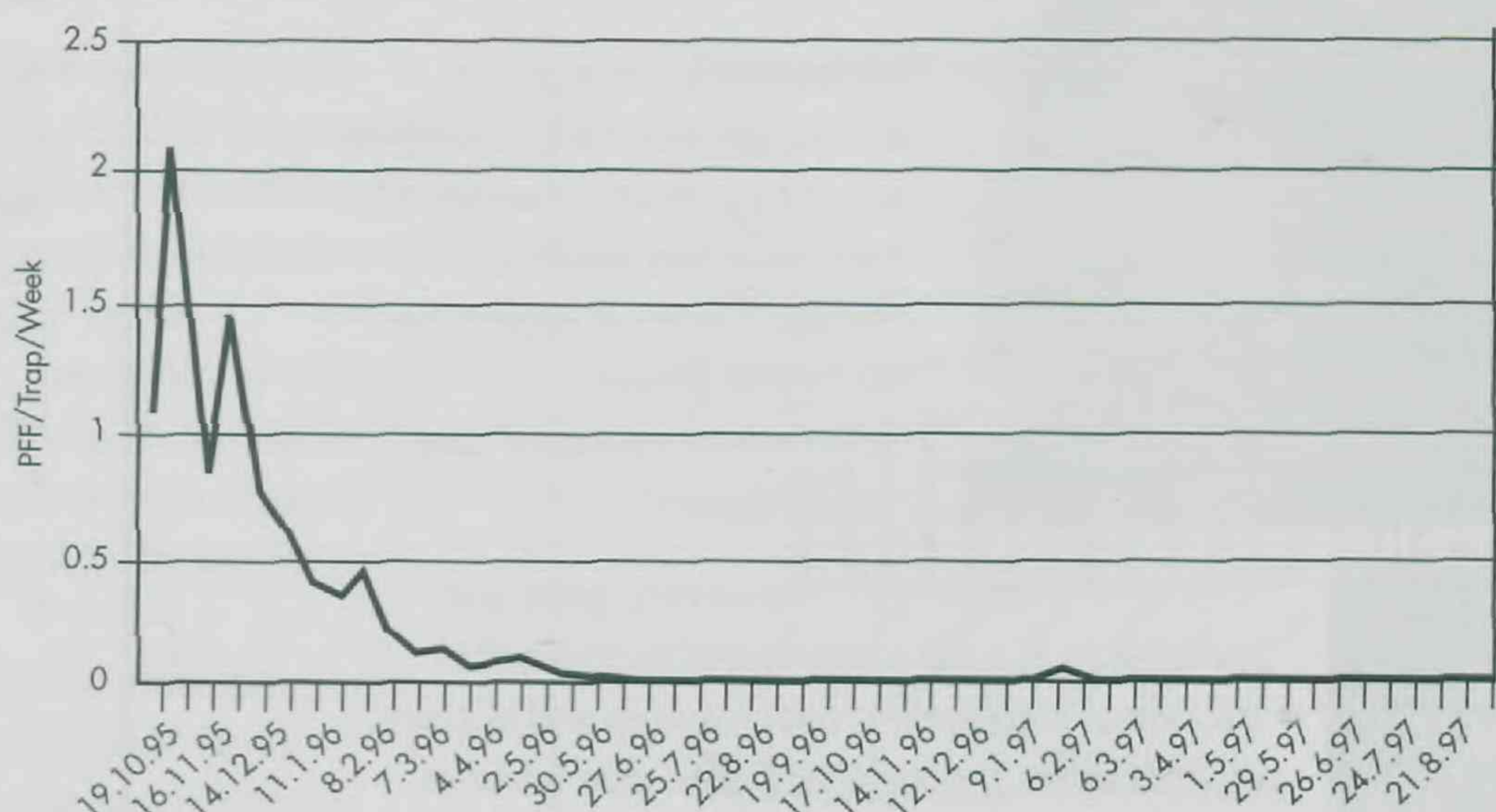
... a continuum of achievement ...

Achievement highlights

- Substantial progress was made with the eradication of the papaya fruit fly with detections in the southern part of the post-quarantine area being reduced to zero and initiation of protocols to establish area freedom. Planning for sterile insect technologies to further reduce the fruit fly population was finalised and funding for the eradication program for 1997-98 was negotiated with the States and the Commonwealth.
- Market access for Queensland produce was enhanced through amendment of Queensland's interstate movement requirements for livestock to recognise requirements specified in the national Johnes disease Market Assurance Program.
- The National Organochlorine Residue Management Program has led to a significant reduction in the number of slaughter cattle with unacceptable organochlorine residues.
- Significant progress was also made with Chlorfluazuron (CFZ) residues in cattle. No CFZ residues were reported to have been detected in any export market. Over 650 properties were originally assessed to have a risk of producing cattle with unacceptable CFZ residues. An ongoing reassessment program has resulted in there now being only 12 risk properties.
- A grower-based, property trapping scheme was introduced on approximately 140 properties to establish property freedom for western flower thrips to allow access of horticultural produce to Victoria and Tasmania. Following the detection of fire blight in Victoria, a survey was undertaken of 270 commercial apple and pear properties and urban areas to demonstrate Queensland's freedom to our trading partners.

Please refer to Animal and Plant Health Service: Priorities Towards 2000 Achievements for additional information.

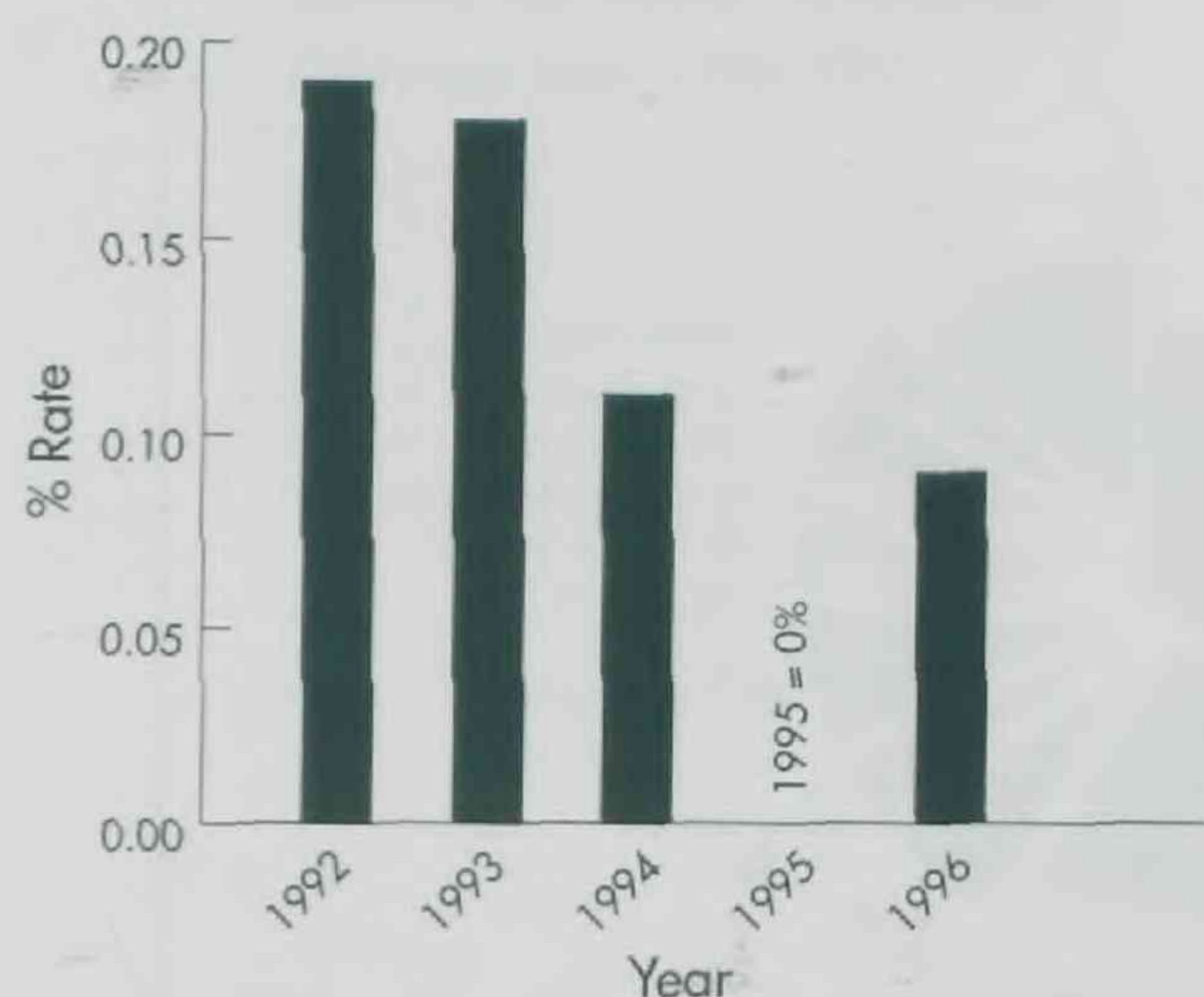
Total papaya fruit fly trap catches in the quarantine zone



1996-97 fruit fly occurrence

Sourced from	
Traps	317
Fruit	1691
Number of fruit samples collected	
Rainforest	6104 samples
	1 477 988 grams
	242 180 pieces
Cultivated fruits	32 803 samples
	21 890 433 grams
	435 720 pieces
Number of traps in place	2271
Number of positive fruit samples in last twelve months	118

Organochlorine residues in cattle



drought and rural development program

Business groups: Drought and Rural Development; Rural Industries Export Development

Drought and Rural Development



Overview

Agribusiness communities around the world are striving to adjust to dramatic changes to their trade and markets, changes hidden in expressions like "global village", "supermarket economy" and "value markets".



They are also striving to find ways to grow and revitalise local rural communities as changes to traditional employment opportunities and business services affect the social and economic fabric of these communities. Thus our efforts must be complementary to, and supportive of, the rural development projects and programs led by other agencies.



Accepting the role of technology in improving competitiveness, the focus for our Group is on access to business information and skills. I believe the future lies in the ongoing acquisition of up-to-date knowledge of the trading and investment environment by producers and processors, and development of the skills needed to successfully trade into target markets.

The investment decisions of individual enterprises along the production and processing chain determine economic progress for rural industries. So we must always start with people, with their ideas and drive to grow their businesses and their need for new learning to help them manage emerging change and risk.

Rosemary Clarkson, Executive Director

Description

The Program ensures that producers and processors have the business, technical and market information and skills they need to manage drought and climate risks and develop products from Queensland commodities that perform well in domestic and overseas markets.

Services provided include:

- the provision of policy advice on drought, rural adjustment and development, and natural disaster assistance;
- the provision of skills and rural business training in the areas of rural leadership, business development, property management, marketing, and technical post-harvest quality control;
- the provision of advice and information on topics including marketing, economics, post-harvest technology, farm financial counselling, climate, and rural economic development and structural adjustment;
- the provision of research and development services including collaborative and contract research into new high-value and value-added food and fibre products, food analyses, research into new rural industry opportunities, marketing and economic research, and research and development of climate assessment models.

Objectives

- Ensure that rural producers and communities have the skills and information to prepare for, manage and recover from drought and other high-risk events to better position themselves for the future.
- Increase the capability of Queensland primary producers and other rural enterprises to secure and sustain their business viability.
- Ensure that producers and processors have the technical and market information needed to develop new and value-added products, to produce them locally and trade them globally.

Strategies

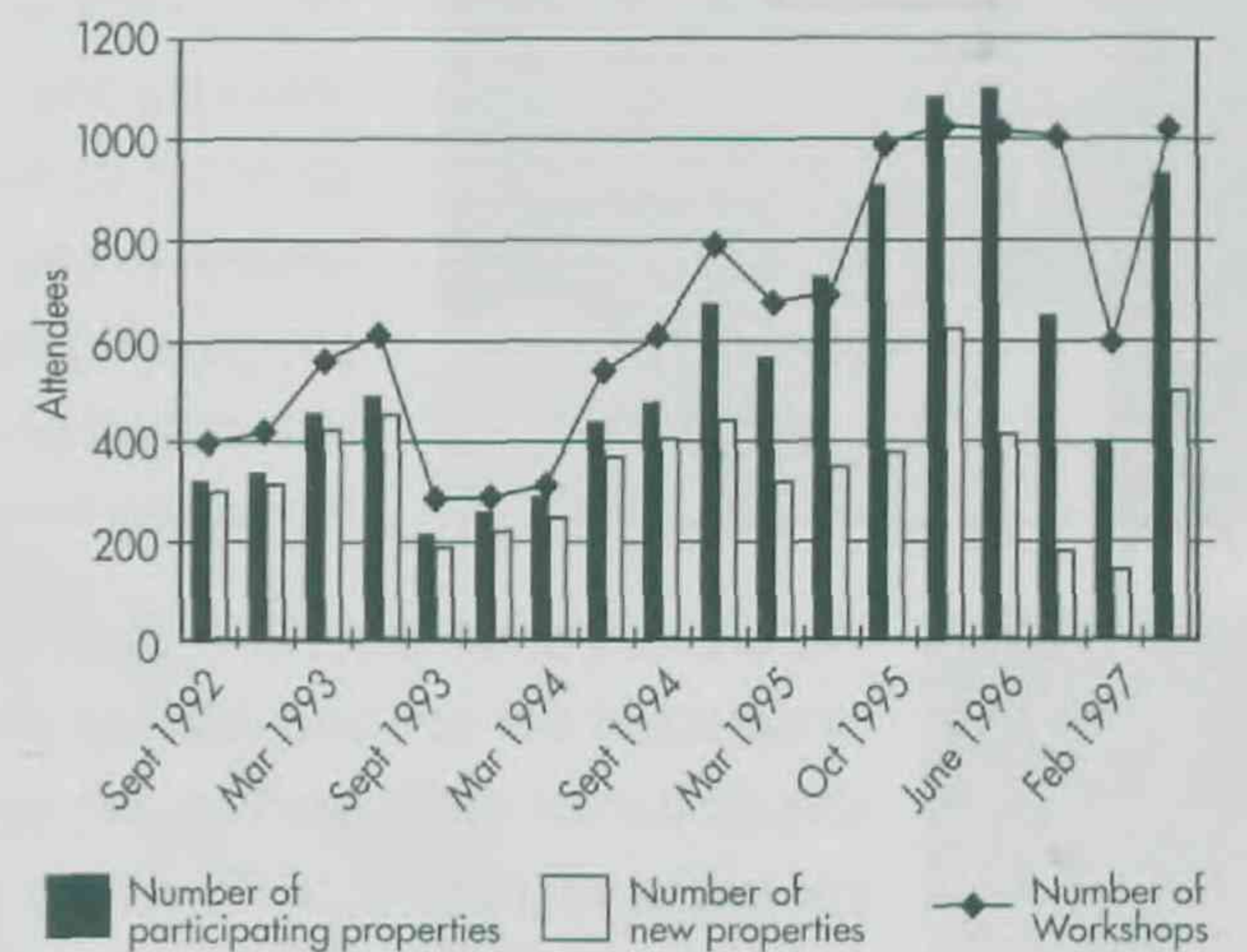
- Working with customers to help them "create their future" using Drought and Rural Development's services which encompass all stages of the business development continuum, namely:
 - *building self-reliance* for surviving adversity and managing change;
 - *enabling smarter decisions* through intelligible, timely and accessible information; and
 - *establishing viable business* based on new markets, new products and new trade.

Achievement highlights

- Queensland's Property Management Planning (PMP) campaign was launched in June 1997 under the new name of *Futureprofit*. *Futureprofit* assists primary producers to improve their management skills through integrated workshop series and through one-off needs-based workshops.
- A Queensland Government and industry submission to the Commonwealth resulted in the Commonwealth's extending the eligibility period for access to drought relief payments and Austudy assistance, leading to producers being better equipped to recover from drought. Additional funding for rural counselling and Rural Adjustment Scheme (RAS) assistance was also provided.
- A number of initiatives to promote regional economic development are under way. The Directions program aims to introduce alternative enterprises to the restructured tobacco industry. The Desert Uplands program works with primary producers in areas which have special environmental degradation problems. The Rural Advance initiative works predominantly with cattle producers to address their long-term viability.
- The Building Rural Leaders program has been successfully conducted across the State as more producers recognise the need to enhance their leadership skills to help their businesses profit from new market opportunities. Fifty per cent of the 150 trainees were women.
- Up-to-date climatic information was provided to rural producers to help them plan to manage for drought via the SOI fax and phone hotlines, through weekly ABC television weather broadcasts and through the Long Paddock website. Rainman (Version 3) software is being developed.
- Information on new trade opportunities is now available following feasibility studies into beta-carotene production, and the emu, olive and *Echinacea* (medicinal herb) industries.
- Queensland primary producers and other rural enterprises were provided with information identifying new business opportunities. A total of 86 Business Briefs were released. Responses to the new Briefs were positive and the large number being produced indicated a high product demand. An order for 500 copies of the "Riceflower" Research Snapshot was received from the Rural Industries Research and Development Corporation.
- The Centre for Food Technology has experienced an increased demand for product development and analytical services from processing industries. The Centre's total external income has grown from \$961 000 in 1990-91 to \$2.2 million in 1996-97. This income growth, at an average annual growth rate of 16%, is evidence of the Centre's increasing importance to the food industry and its increasing ability to provide industry-relevant technical consulting and research and development services.
- The AgriInfonet marketing information and contacts service has proven to be highly regarded by clients and has been expanded from a pilot scheme to a State-wide operation. The service was also expanded nationally at a launch by the Director-General in August 1997. The national program is coordinated by Western Australia's Centre for Agribusiness Marketing.

Please refer to Drought and Rural Development: Priorities Towards 2000 Achievements for additional information.

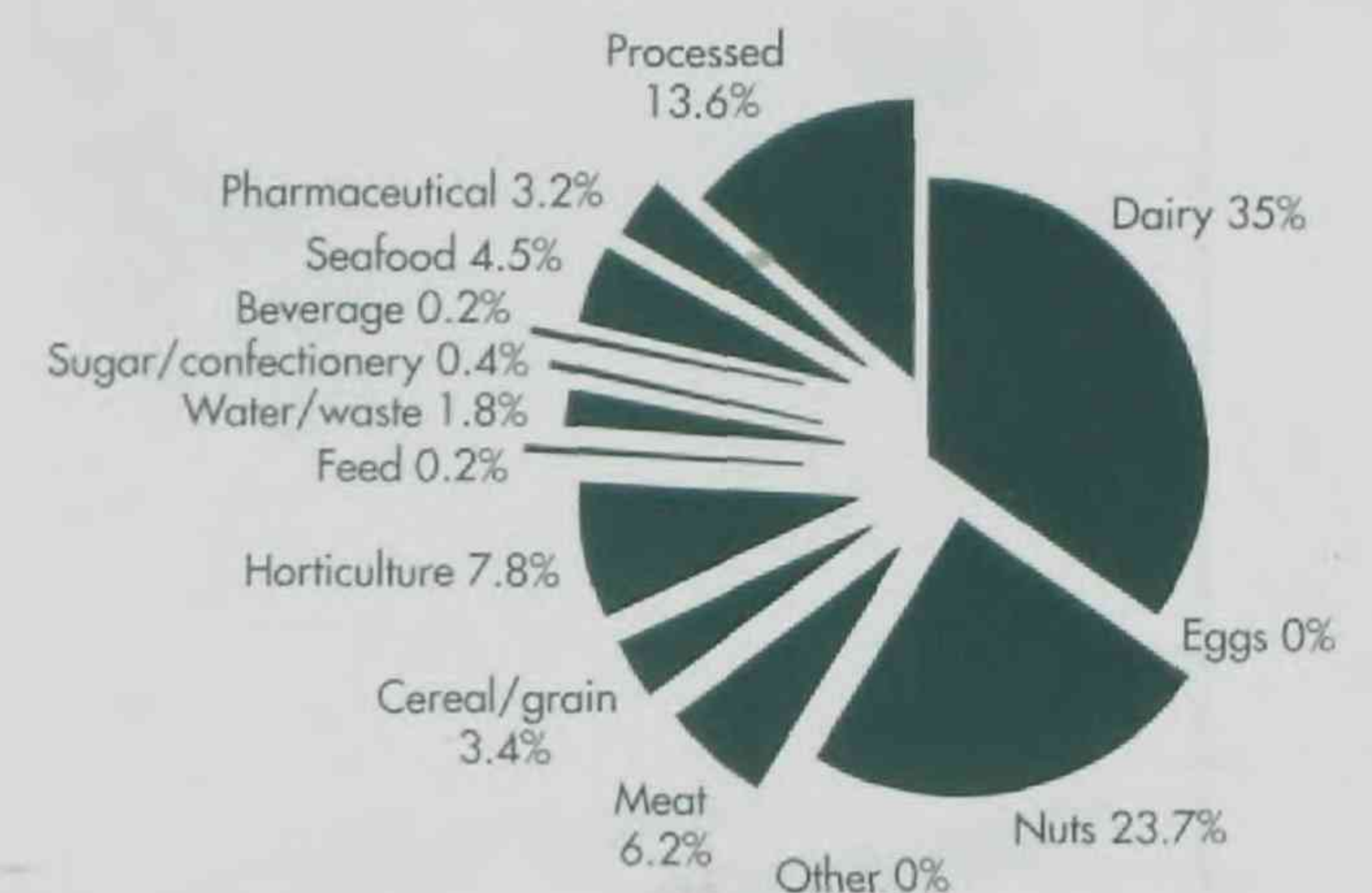
Futureprofit workshop activity



Centre for Food Technology Income and change

Year	Food technical services	Research and development	Total income	%change
1990-91	\$350 000	\$611 000	\$961 000	
1991-92	\$340 000	\$958 000	\$1298 000	35%
1992-93	\$565 000	\$855 000	\$1420 000	9%
1993-94	\$995 000	\$718 000	\$1713 000	21%
1994-95	\$1063 000	\$1010 000	\$2073 000	21%
1995-96	\$1034 000	\$985 000	\$2019 000	-3%
1996-97	\$1193 000	\$1030 000	\$2223 000	10%

Centre for Food Technology Customer base 1996-1997



... drought and rural development program

Rural Industries Export Development



Overview

The future for Queensland's rural sector lies offshore, mainly with the Asian and Pacific nations. Our small population and relatively small growth rate mean that domestic consumption of food and fibre is limited. In contrast, countries to the north are growing rapidly and are looking to us to supply high-quality products for their increasing levels of disposable income.



We are very small players in the international arena. We need to understand our size and develop strategies accordingly. We should pursue niche markets, we need to enter into supply contracts, we need to be flexible in our products and markets, and we need to be realistic about our place in the world economy. One of the biggest challenges facing us is how to translate our environmentally sound production systems into business reality, by supplying a product that is in demand at the right price and at an acceptable standard.



I was asked to set up the Rural Industries Export Development (RIED) unit early in 1997 to assist the rural sector to become more focused on the international market place, from the perspective of both trade and investment.

In RIED we play an important role in assisting the rural sector to become more active on the international scene. We do this by examining barriers to markets and by working with other agencies to overcome these. We run workshops and seminars for industry to raise their interest in and understanding of the international market. We help develop strategies to deal with various scenarios that may be played out in our major industries.

What is more important than what we do is *how* we do it. My unit works on a collaborative basis. We develop relationships with government and industry to gain mutual benefits. RIED's success will be measured by the value it adds to industry and government.

Peter White, Executive Director

Priority areas

- Assisting market access for rural products.
- Developing State strategies for export and investment for beef, horticulture and aquatic products.
- International relationships.
- Support for rural industries.

Achievement highlights

- Much of the activity and success to date has been associated with the establishment of the unit, and making industry and government aware of its services. This has been done through the conduct of several workshops for the horticulture and timber industries.
- More workshops for horticulture and aquaculture are planned. Inbound delegations have been positioned with key players in industry and it is expected that trade and investment opportunities will flow from those.
- A Ministerial Mission went to Asia to examine opportunities for the Queensland seafood industry. On that visit, industry members established important trade links, as well as gaining a better understanding of the potential markets. In addition, agreements were signed on eel production. The eel market of Asia is creating a particularly exciting opportunity for Queensland.
- Another Ministerial Mission went to Indonesia and the Philippines to hold discussions with Government and industry officials on the live cattle trade. This trade represents a very important source of income for the cattle producers of North Queensland. Joint activities have been established between the Department and the Transmigration Ministry of Indonesia and these will help grow the market demand.

Please refer to Rural Industries Export Development: Priorities Towards 2000 for additional information about 1997-2000 business issues and targets.

fisheries program

Business group: Fisheries

Overview

Fisheries and fisheries habitat resources are building blocks for commercial and recreational fishing, tourism, aquaculture and diverse leisure activities.

It is my belief that these resources are the basis of aesthetic, environmental and economic values so important to many Queenslanders.

Maintaining and managing the productive capacity and sustainable use of fisheries resources requires readily available and easily understood information on the significance and management of these resources.

For Fisheries Group, our research and extension services are the keys to providing technical advice that ensures that resources are consumed at a level not exceeding natural limits of wild harvest production, that the enormous potential for aquaculture productivity is realised, and that the full value of fisheries-related recreational and tourism opportunities is reached.

The Fisheries Program has increased its focus on economic development and has issued the challenge to the recreational and other fishing sectors to realise the potential economic benefits that will flow on to the State of Queensland through the integration of natural resource use and management, industry development and market and enterprise management technologies.

Although the major focus for the DPI Fisheries Group is on economic development, there is also a moral and legal obligation for the Group to protect and maintain fisheries habitats, and to meet the wider community's expectation for the management of fisheries resources. This role is complex, with ongoing conflicts occurring between groups that have different views regarding the use, management and conservation of fisheries resources.

To meet these ongoing expectations, the Fisheries Group was successful in attracting major State new initiative funding and external research funding to enhance the Group's capability to service client needs and expectations.

The Fisheries Group is focused on maintaining a high profile in key stakeholder negotiations, working collaboratively with other government agencies, industries and major stakeholder groups and adopting new resource management, education, information delivery and industry development strategies.

John Pollock, Executive Director

Program

The Fisheries Program provides services in partnership with industry and the community to promote sustainable, competitive and profitable fisheries-based industries and general community use of fisheries resources.

These services include:

- natural resources research and assessment;
- information and technology dissemination and uptake;
- development and implementation of legislation;
- policies;
- strategies and management plans;
- protection of habitats and ecosystems; enforcement of fisheries and boating safety laws through compliance monitoring and extension;
- enhancement of aquaculture industry and enterprise productivity through research, extension and diagnostic support; and
- general support for the development of the commercial and recreational fishing sector.

Objectives

- Enhance the sustainable development of the commercial and recreational fishing industries and the aquaculture industry.
- Protect and manage the fisheries and habitats on which these industries depend.

Strategies

- Effective protection of Queensland fisheries and related resources by the provision of Queensland Boating and Fisheries Patrol services.
- Enhance commercial fisheries productivity.
- Enhance recreational fisheries.
- Protect, manage and monitor the sustainable use of fish habitats and natural resources.
- Development of the aquaculture industry.



. . . a continuum of achievement . . .

Achievement highlights

Queensland Boating and Fisheries Patrol services

- Queensland Boating and Fisheries Patrol (QBFP) is responsible for enforcing provisions of fisheries and boating safety laws. Compliance by commercial and recreational fishers was greater than 90% while surveillance monitoring shows that compliance with boating laws was greater than 83%.
- The services of the QBFP were expanded with the appointment of five new patrol officers on the Gold and Sunshine Coasts as part of the successful move to maintain a high level of fisheries and boating compliance. Additionally, budgets were increased in every Queensland Boating and Fisheries Patrol district.
- The Fishcare Volunteers trial was established successfully in Moreton Bay, contributing to community education, support for fisheries laws and reduced protection requirements.
- The shark control program continued to provide community protection on selected swimming beaches. Effects on other species were minimised by initiatives such as gear reconfiguration, a shark hotline, mammal rescue squads, and installation of dolphin and whale alarms on nets.
- In response to increasing demand for inland fisheries education and monitoring services, new QBFP bases opened at Wondai and Longreach with patrols commenced out of Weipa.

Recreational fisheries development

- An inland fisheries unit was established to meet community demands for stock enhancement, assessment, research, extension and management information.
- Support for stocking programs by community groups and the State Government resulted in an increase in both the inland fisheries resources and recreational fishing activity. Inland fisheries resources were supplemented by the release of approximately 850 000 fingerlings into inland water storages.
- More than 30 management plans for inland impoundments were produced by Fisheries staff and stocking groups. Management plans enable stocking groups to conduct their activities within the framework of State Government policy.
- A State-wide recreational fishing survey was completed that will provide information on the extent and catch of the recreational fishing sector for government and other fisheries management bodies.
- Additional support, such as financial and expert advice, was provided to the State's peak recreational fishing bodies to ensure effective representation to advise Government on policy and other issues.
- Three major policy papers, Fish Stocking, Marine Insect Pest Control and Fish Habitat Areas, were completed on fisheries management. These will result in a more consistent and equitable service delivery, and allow clients to understand the basis and rationale upon which decisions and recommendations are made.

"A joint industry and DPI funding and working arrangement benefited recreational fishers and the wider community in 1996-97, with upgraded communications and promotional information on fish conservation and protection. Sunfish aims to further improve the existing cooperation with government and increase angler education activities in the future."

David Bateman
Executive Officer
Sunfish

A recreational fishing telephone survey by the Queensland Fisheries Management Authority showed the following participation rates among the Queensland population:

- 28% of the Queensland population aged 5 years and over (882 200 persons) had fished in Queensland in the past 12 months. Of these, 212 700 were juniors aged 5 to 14 years.
- 45% of the Queensland population aged 5 years and over (1 419 654 persons) had fished at some stage, but not in Queensland in the past 12 months.
- 26% of the Queensland population (820 346 persons) aged 5 years and over had never fished.

Recreational fishing in Queensland

Most popular freshwater fishing locations	%
Far Northern Queensland	14.7
Brisbane	13.4
Darling Downs	12.5
Wide Bay-Burnett	9.7
Southwest/Central West/North West	9.5
Esk/Kilcoy/Boonah	9.2

The main fishing locations for saltwater fishing are:	%
Brisbane	21.7
Sunshine Coast	20.3
Gold Coast	18.4
Wide Bay-Burnett	17.1
Far North	9.4

Figures courtesy of the Queensland Fisheries Management Authority

... fisheries program

Business group Fisheries

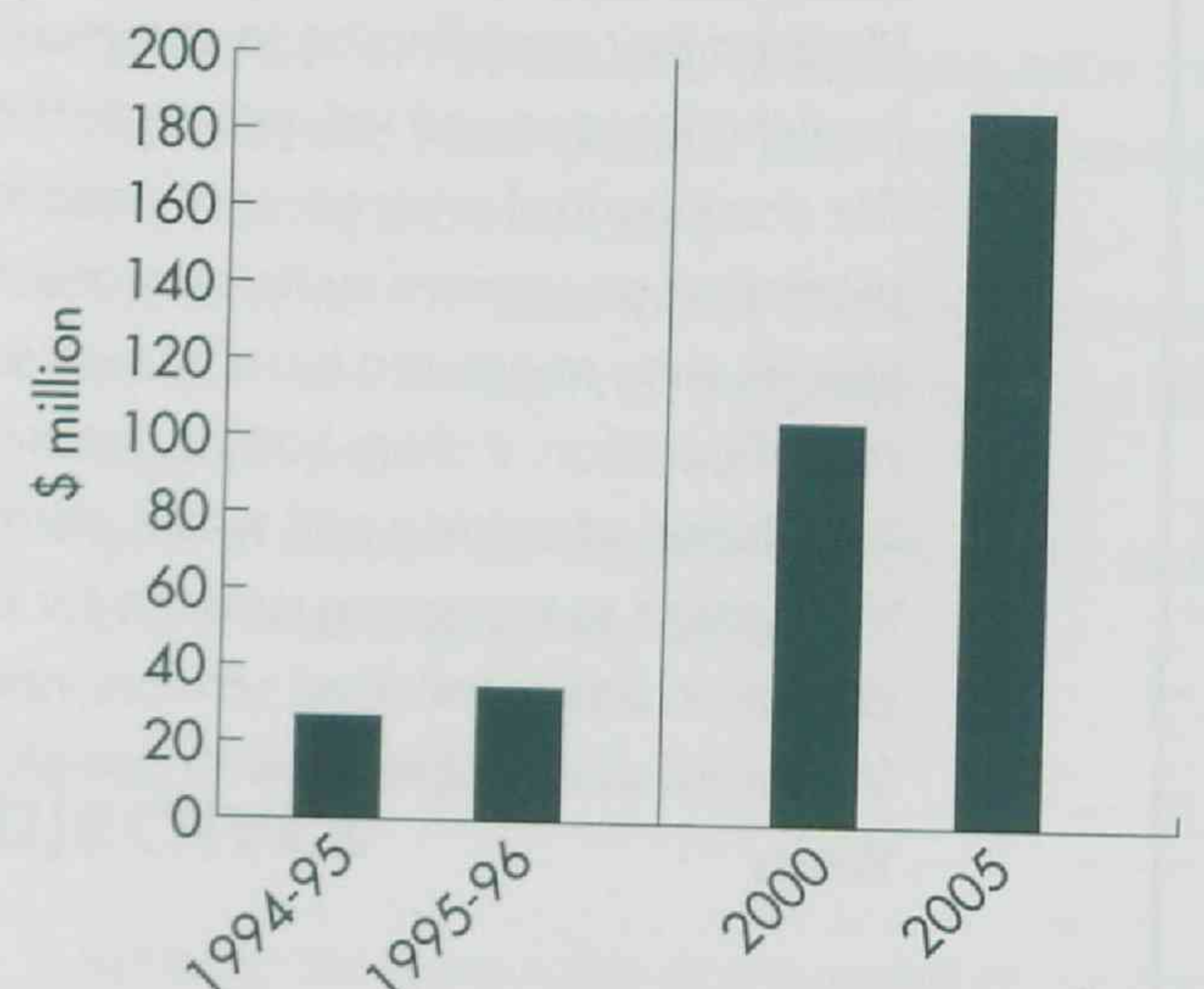
Development of the aquaculture industry

- A new licensing database system reduced the time and complexity of aquaculture approvals and licences, and supported the introduction of 15-year aquaculture licences.
- Rapid growth of the aquaculture industry has significantly increased industry demand for fish health services including disease diagnostic tests. The addition of three new staff committed to disease diagnosis is reducing disease response times.
- Six research officers were appointed to provide scientific and technical services to develop and enhance the potential of new and under-utilised freshwater and marine species.
- A strategy which sets the framework for aquaculture development was released for public information. Implementation is now proceeding overseen by the Queensland Aquaculture Development Advisory Committee (QADAC).

Protection and management of marine and freshwater habitats

- Fish Habitat Areas (FHAs) are designated areas for the maintenance of fish stocks and have strong community support. Two additional FHAs at Cairns and Woodgate are in the process of being gazetted.
- A timely response to clients of the Fisheries Program is often critical to the success of their enterprises. Simpler assessment and processing procedures for Environmental Impact Statements reduced delays in responding to development proposals.
- Construction agencies are now working collaboratively with DPI staff to improve the design and efficiency of fishways in response to general community and construction agencies' recognition of the significant effect that weirs and dams have on fish and fisheries. Improvement in fish transfer systems will have long-term benefits for fish populations in Queensland river systems.
- Protection of coastal habitat to maintain fisheries production is now a well-established and supported process in Queensland.

Queensland aquaculture industry production*: Forecast



***Species include:**

black tiger prawns	Kuruma prawns	barramundi	freshwater crayfish
silver perch	oysters	hatchery	estuary cod
yellowbelly (FW)	eels	snapper	marine finfish
Moreton Bay bugs	mud crabs	whiting	

"The DPI's continuing commitment to the development of the Queensland Aquaculture Industry has been universally welcomed by Industry in 1996-97. The frustration at over-regulation is still a major hurdle to overcome as is overseas investment perceptions. Joint industry and government funding of an aquaculture industry executive officer is a major step to the formation of an industry group that will add force and balance to specific approaches to new species and fisheries regulations.

On balance a positive year and an excellent launching pad for the equally positive progress of aquaculture in the near future."

Justin Bender
Chairman

Queensland Aquaculture Development Advisory Committee

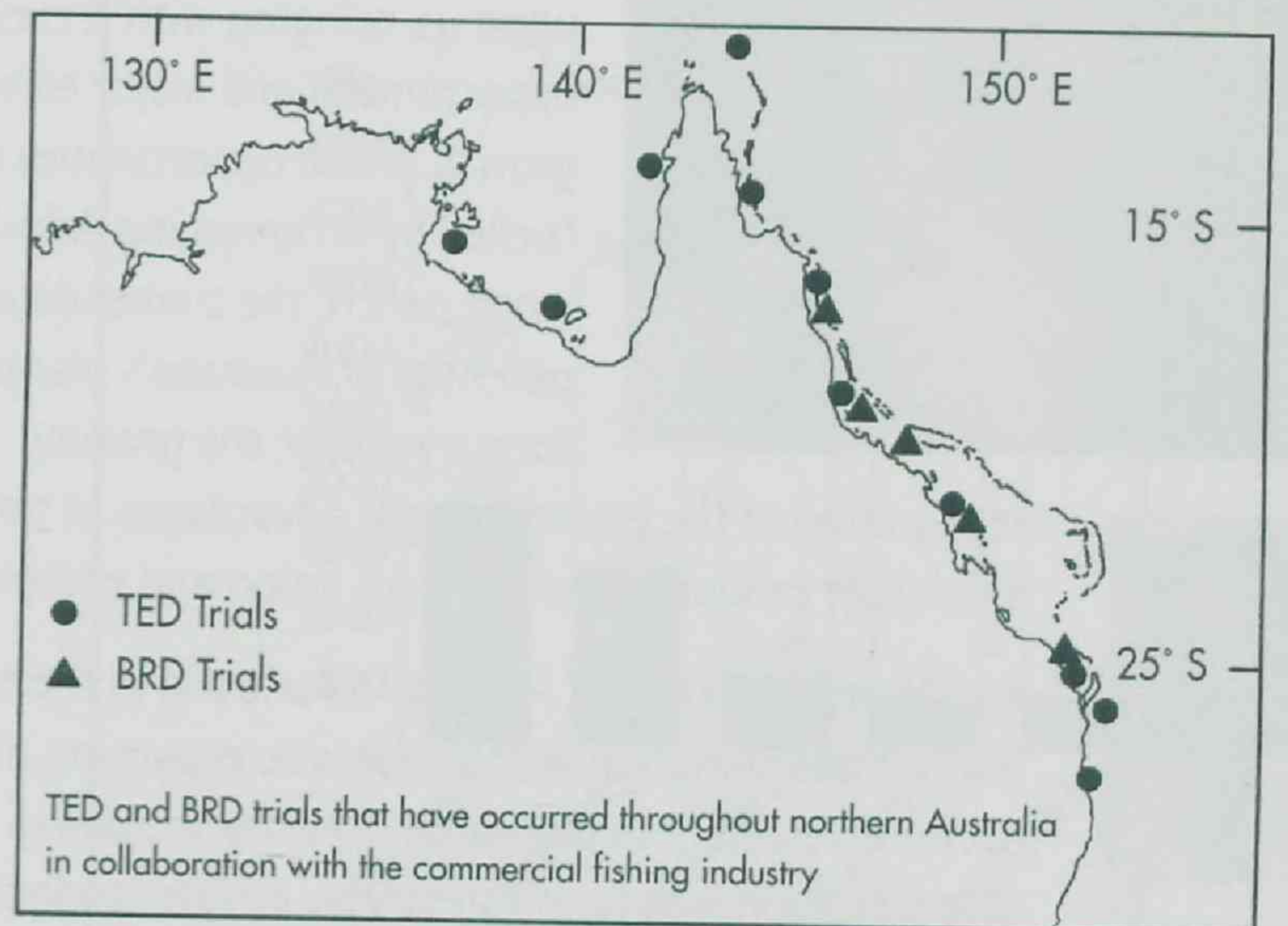
. . . a continuum of achievement . . .

Commercial fisheries productivity

- A major experimental program was established to determine the effectiveness of supplementing fish stocks in estuaries. Techniques for the breeding, rearing and marking of whiting and flathead in hatcheries were developed, and approximately 80 000 juvenile flathead were released into the Maroochy River estuary.
- The development of fisheries management plans by the Queensland Fisheries Management Authority (QFMA) highlighted the need to assess the status of fish resources and the risks these resources face in the context of potentially increasing fishing activity.
- A report which detailed the condition and trend of Queensland's fish, crustacean and mollusc resources was published.
- Key industry members are now using, adapting and actively promoting bycatch reduction systems. Reducing trawl bycatch is a major issue in the trawl industry and self-imposed reduction procedures will demonstrate that the industry is attempting to minimise its ecological impacts.
- Departmental staff provided scientific and technical advice on the management of fisheries resources and maintained significant involvement with Zonal Advisory Committees and Management Advisory Committee and other key stakeholders and agencies.
- A range of policies were developed addressing issues such as the translocation of species and the introduction of species. These were accepted in principle by the Fisheries Ministerial Policy Council. A bycatch policy was developed to draft stage.
- On an ongoing basis, Fisheries staff provide scientific and technical input into such documents as local authority development control plans to plan for long-term fish habitat maintenance and protection. Staff are participating in the Integrated Planning and Approval (IPA) process trials with four local authorities to streamline the assessment of approvals under the Fisheries Act.

Please refer to Fishing and Aquaculture Industries: Priorities Towards 2000 Achievements for additional information.

Non-targeted catch (bycatch) device trials



TED = turtle excluder device
BED = bycatch excluder device

"QCFO welcomes the enthusiasm and expertise being displayed by the Fisheries Group in tackling industry development issues. This is a refreshing contrast to how industry generally perceives government departments and can only promote better understanding and trust between industry and government in the future.

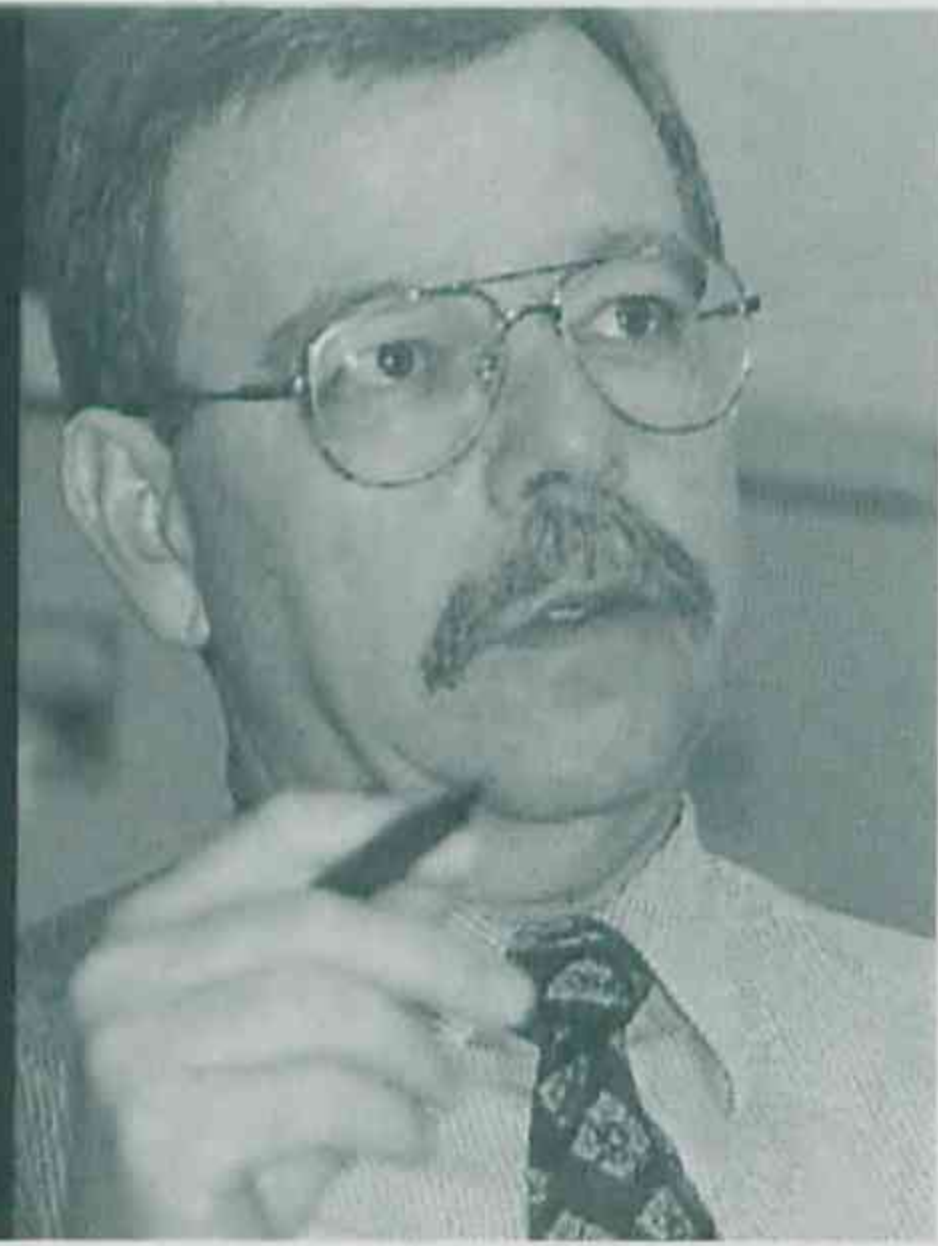
The cooperative approach that is being undertaken now is the only way to ensure meaningful outcomes that satisfy both industry and government. The Fisheries Group is becoming involved in areas that have a significant impact on the industry rather than wasting time on peripheral issues. A major issue that requires attention is to seriously look at establishing an economic database for the industry which will provide valuable material for both industry and management.

QCFO looks forward to continuing its association with the Fisheries Group and the Department in general."

Ted Loveday
President
Queensland Commercial Fishermen's
Organisation

forest production program

Business group: Forestry



Overview

A renaissance in Australian forestry is upon us, bringing with it exciting new opportunities and major economic growth. These opportunities will be fuelled by an emerging Asia-Pacific wood deficit, the tremendous growth potential of Australia's plantation forestry sector, the growing

recognition of the environmental advantages of timber over substitute products, and our own vision and energies.

By the year 2000, I see forestry in Australia in the midst of a major transformation with a dramatic expansion of private sector investment in plantation forestry, including diversification into farm forestry by private landholders, a much greater use of native forest timbers for high value-added products, and an expanded export focus by all sections of the industry. At the same time I can see us becoming an international role model for ecologically sustainable forest management.

Queensland, with its unique timber species and proximity to the burgeoning markets to our north, and stands to be a major player in these developments. However, there are many challenges to be addressed requiring a shared vision and collaborative effort within the forest industry.

I see DPI Forestry playing a pivotal role in these developments as a change agent for the industry. And this is what we have been doing - helping the forest industry develop a shared vision for the future, working with industry to develop new products and technologies through collaborative research and development, undertaking joint-venture plantation growing initiatives, and acting as an advocate to establish an investment environment that encourages expanded private sector involvement in forest growing and improving the efficiency of Crown forests, acting as an advocate to establish an investment environment that encourages expanded private sector involvement in forest growing, and improving the efficiency of Crown forestry operations.

Gary Bacon, Executive Director

Program

The Forest Production Program manages and markets Crown plantation and native forest timber, quarry materials and other forest products on a commercial basis. Other products and services of the Program include tropical and subtropical forest management expertise and research and development services. The Program also delivers a range of other forestry-related services to industry and the community such as fire protection, road maintenance and services aimed at private forestry and forest industry development. Customers of the Program include the timber processing industry, quarry operators, graziers and pastoralists, apiarists, research organisations, aid agencies, other government agencies, and the general community. DPI Forestry is the commercialised departmental business group responsible for the Forest Production Program. Its primary task is to maximise the market value of its assets by enhancing the profitability of Crown forest production on a sustainable basis.

Objectives

- Maximise the market value of DPI Forestry and achieve an acceptable economic rate of return.
- Manage the natural resources associated with State forests in accordance with National and State guidelines and codes of practice for sustainable development of such resources.
- Produce high quality forest products tailored to customer needs.

Priority areas

- Deliver commercial performance.
- Ensure environmental integrity.
- Meet customer needs.

"DPI Forestry, under its new structure and leadership, has aligned itself with industry and is showing a commitment to developing a sustainable and viable timber industry now and in the future. It continues to be at the forefront in seeking solutions to issues including regulatory reforms, economic security, future investment, and research and development. DPI Forestry is the manager of an extensive, high-quality resource which supplies a large and varied manufacturing industry throughout the State, an industry which is the backbone of many Queensland country towns. The future for DPI Forestry is to continue to expand its considerable forest estate, adopt world best practices in managing the estate, and supply an internationally competitive industry. Industry is confident that DPI Forestry has the management and staff to be able to achieve these objectives."

John McNamara
Chief Executive
Hyne & Son

. . . a continuum of achievement . . .

Achievement highlights

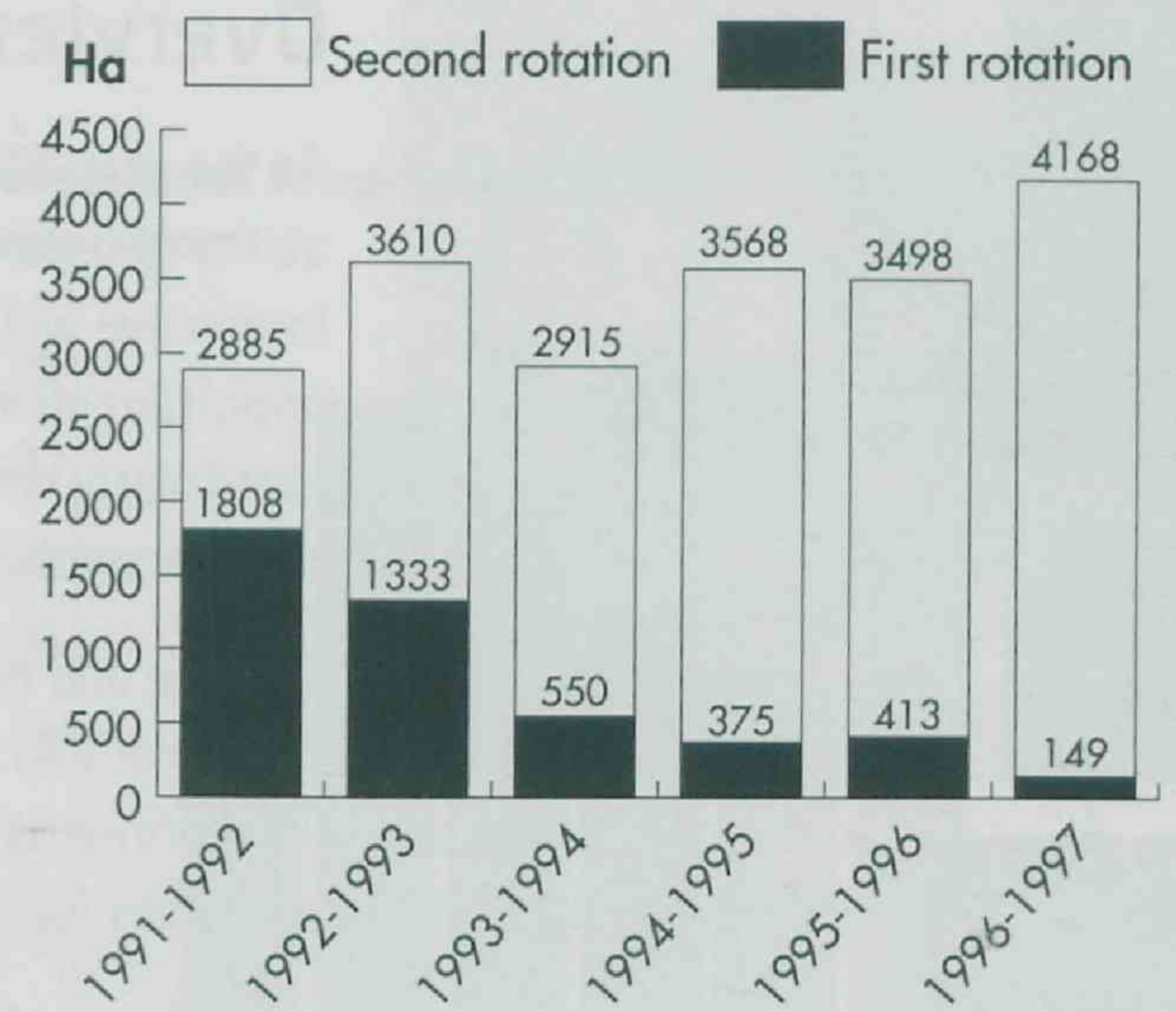
- Under difficult trading conditions due to continuing low levels of dwelling construction, DPI Forestry's operating profit (before interest, tax and timber revaluation) for 1996-97 held up well at \$16.9 million, slightly down on the previous year's figure. Returns to the State of \$20.1 million in dividend, interest, loan repayment and tax equivalents are projected from the year's trading.
- Return on assets for the year, based on a total profit figure of \$74.2 million (including a plantation timber revaluation component of \$57.3 million), was 6.5%.
- Cost-related productivity improvements of 1.8% (in real terms) were achieved during the year. Due to the industry downturn, no real increase in revenue was realised.
- Reviews to develop a framework for market-based allocation and pricing of native forest sawlog, undertaken during the year in collaboration with the timber industry, were well advanced.
- To enable industry customers to seek eco-labelling of Queensland's timber products, DPI Forestry commenced a program to implement an Environmental Management System for independent certification to international standards by the year 2000. A series of internal audits of current environmental management procedures and practices were initiated during the year to identify areas where improvement is required.
- DPI Forestry collaborated with the Department of Natural Resources (DNR) and the timber industry to finalise trials of a draft Code of Practice for Crown Native Forest Timber Production. DNR, which is responsible for preparing Codes of Practice, is coordinating a review of the draft Code based on the trial results and information from ongoing consultation.
- DPI Forestry's Crown timber sales for the year were:
Plantations - Up 5% to a record 1.44 million m³. In addition, 300,000 million m³ were sold from the Beerburrum log store (with 40% exported) finalising sales of material salvaged after major wildfires in 1994.
Native forests - 395,000 m³, up 4% on the previous year's revised figure.
- Crown quarry removals for the year were 2.55 million m³, 32% higher than the previous year.
- Plantation establishment, predominantly of exotic and native hoop pine species, was up 19% (684 ha) on the previous year to 4215 ha.

Please refer to Forest Industries: Priorities Towards 2000 Achievements and DPI Forestry 1996-97 Year Book for additional information.

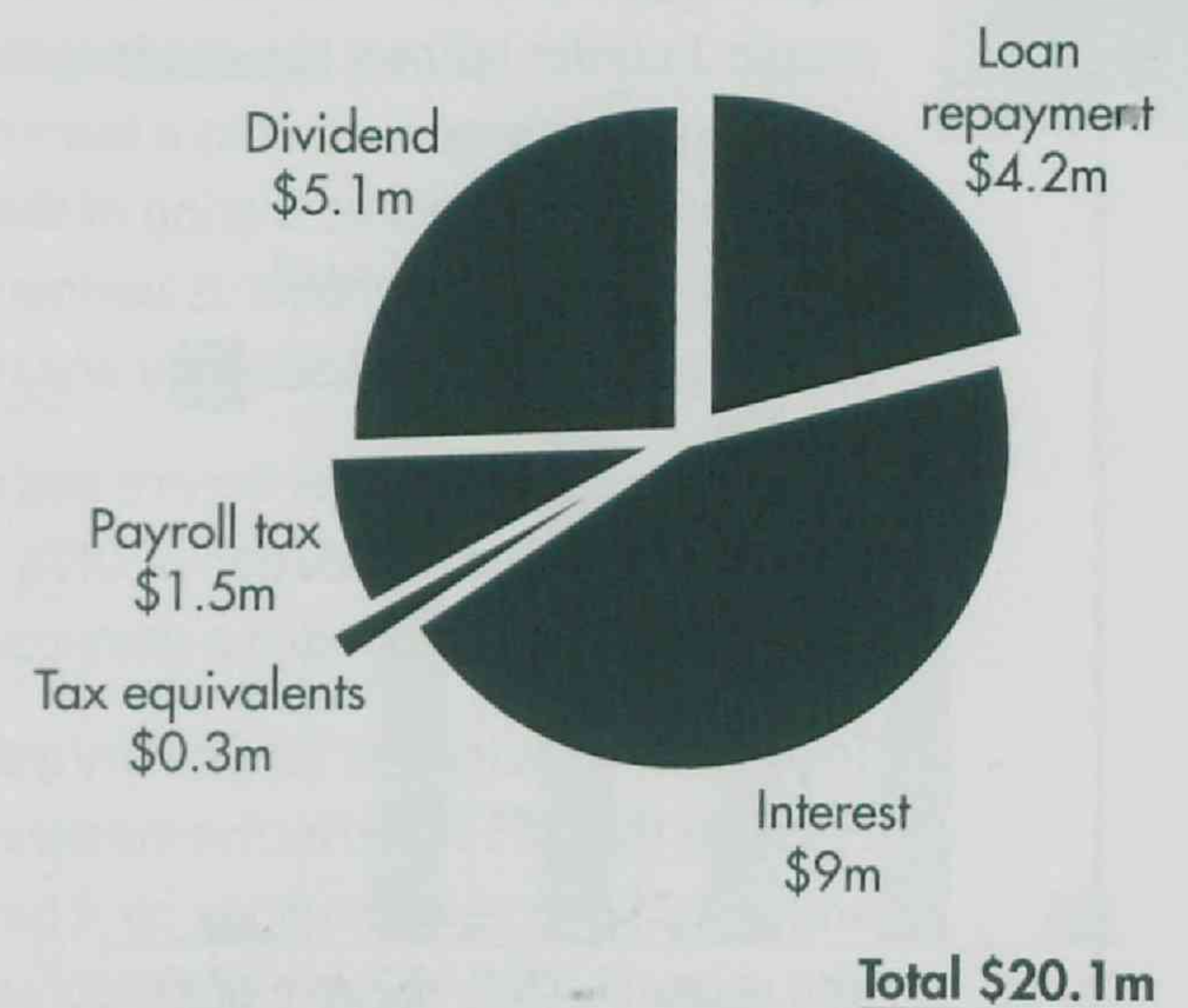
Financial summary

Operating revenue	\$86 m	Return on assets	6.5%
Earnings before interest, tax and timber revaluation (EBITR)	\$16.9 m	Debit to equity ratio	7.9%
Operating profit after tax	\$7.8 m	Interest on borrowings	\$9 m
Profit after tax including timber revaluation	\$74.2 m	Interest cover ratio	1.9
Profit (EBITR) margin	19.6%	Current ratio	1.1
Dividend	\$5.1 m	Revenue per employee (full-time equivalents)	\$89 062

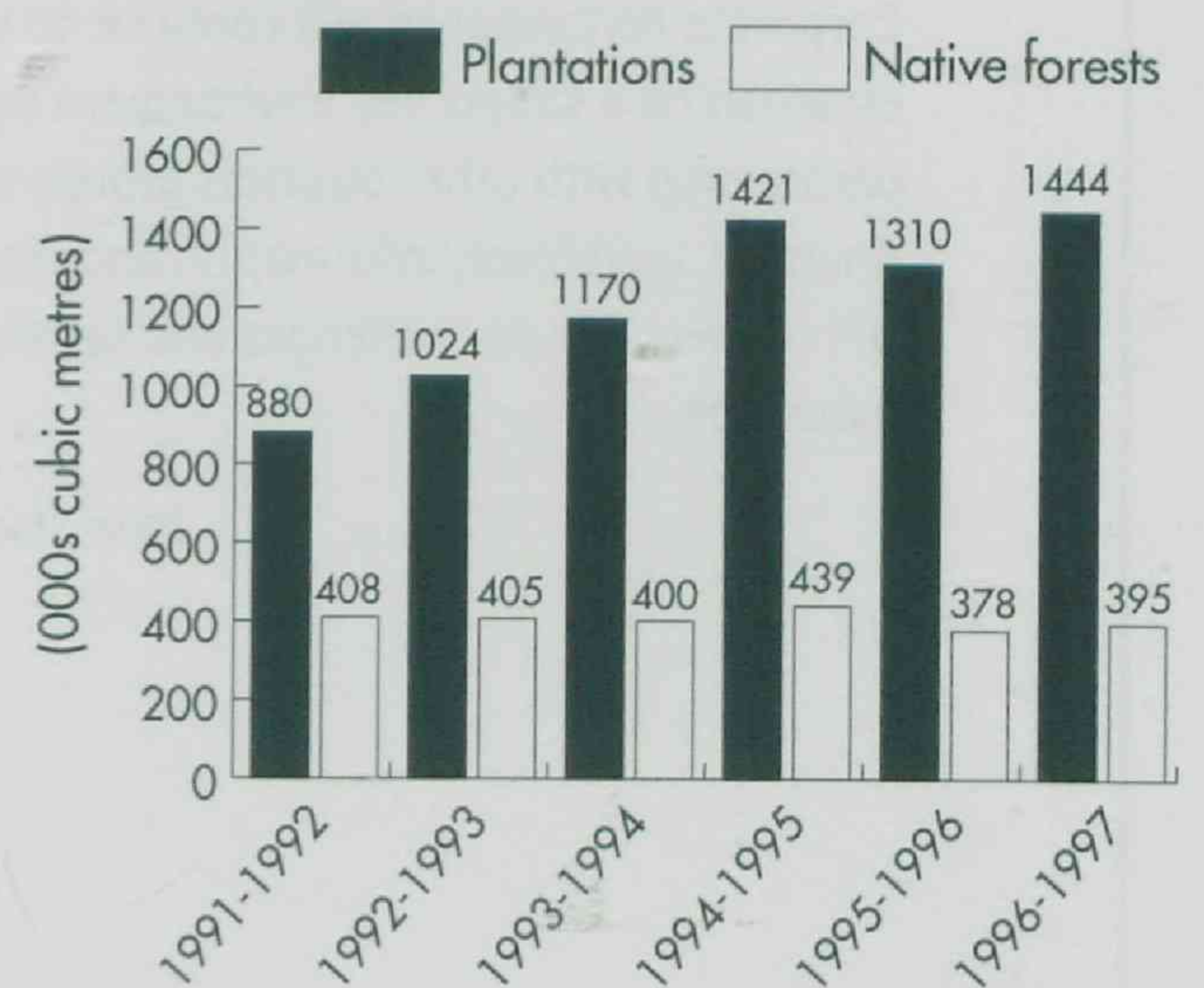
Annual softwood plantation establishment



Returns from 1996-1997 commercial operations



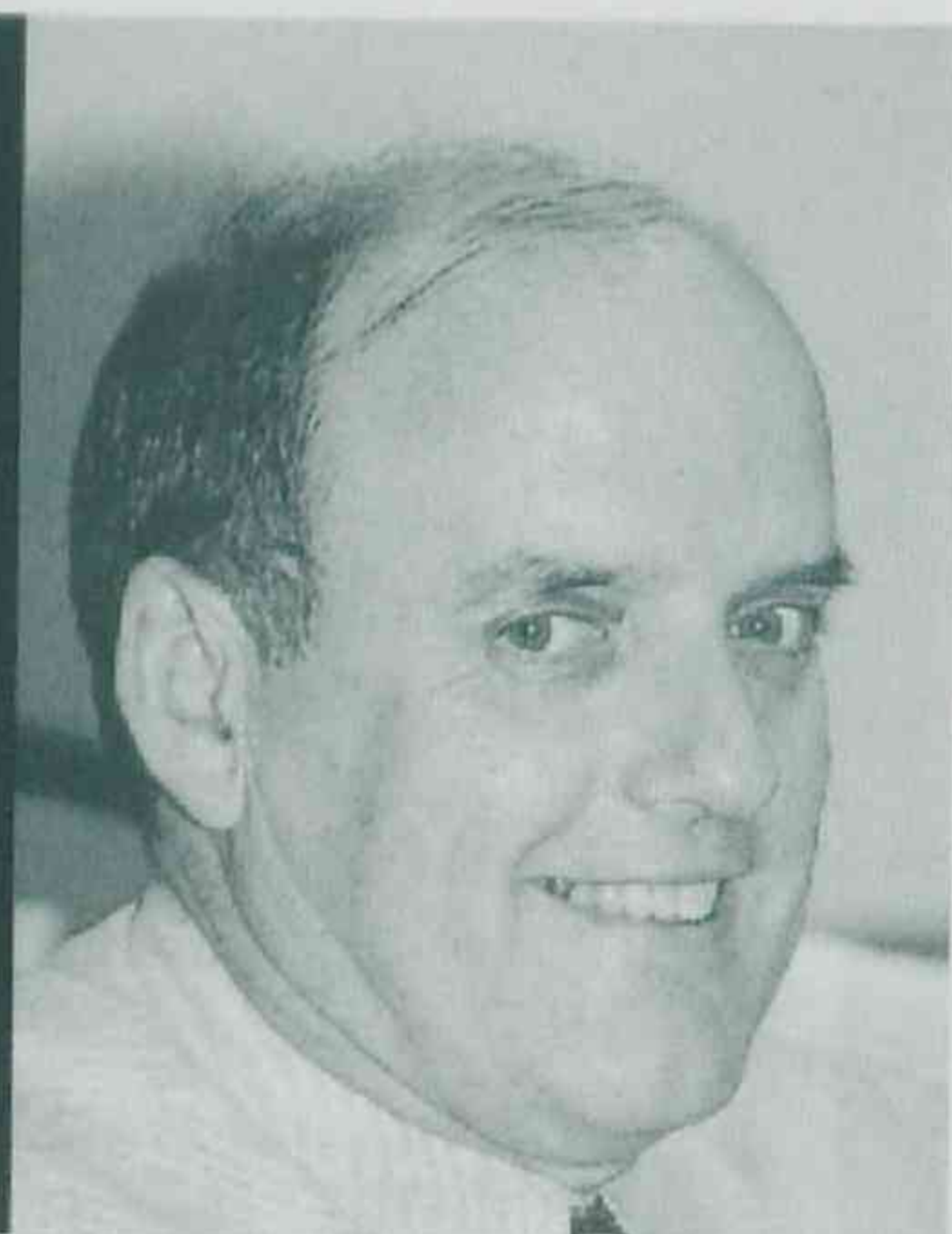
Crown timber removals



corporate performance and strategies program

Business groups: Corporate Performance; Research, Information and Extension; Policy and Legal Services

Corporate Performance



Overview

As the year 2000 approaches, the ability of organisations to be innovative will become an increasingly important element for success, particularly when servicing industries that compete in world markets.

The rate and extent of change, particularly in the areas of technology

and economic change, will continue to be major issues. These will provide significant challenges for DPI.

Integrated information will make a major contribution by enabling more responsive and better informed decision making.

The management of people will continue to be a major priority and a key competitive organisational advantage. DPI as an organisation is committed to investing in the knowledge of its people. In order to meet the challenges faced by its clients DPI will need to develop further as a learning organisation. This will entail more effective sharing of knowledge amongst its people and clients to enable its partnership with industry to be based upon a high level of agility and responsiveness.

Customer needs, customer service and monitoring will continue to be the foundation of DPI's "back to basics", with DPI being able to respond in a seamless manner.

To achieve its outcomes for primary industries, I consider it essential that DPI has effective corporate strategies, people and skills, systems, technology, structures, business processes and resources. It is the role of Corporate Performance to work with other business groups to ensure that these elements are future-focused and aligned in a consistent strategy. The basic principles of "right strategy, right people, right information, right results" will be increasingly evident.

Corporate Performance will continue to work towards establishing a supportive environment by working in partnership with other business groups to ensure that financial, workforce, information and planning systems enable DPI to meet future challenges and satisfy the needs of primary industries.

John Skinner, Executive Director

Program

This Program provides coordination of research, information and extension; strategic financial management; policy and legal advice; planning and performance management; workforce planning and development; information management, asset management and associated information technologies. The Program, through the Corporate Services Agency (CSA), is also responsible for ensuring delivery of operational services relating to human resource management, finance and administration. The Corporate Performance and Strategies Program's clients include departmental management and staff, external clients (e.g. Treasury and Office of the Public Service), marketing and industry groups.

Objectives

- Enhance client knowledge and decision-making capability through the generation, development and delivery of information products and services.
- Improve organisational financial and non-financial performance through the development of appropriate policies, systems and operations.
- Improve the capability and flexibility of the Department's workforce through the development of effective policies and strategies.

Strategies

- Provide corporate performance information.
- Develop corporate strategies.
- Ensure appropriate information and advice on corporate infrastructure.
- Provide corporate services through the Corporate Services Agency.

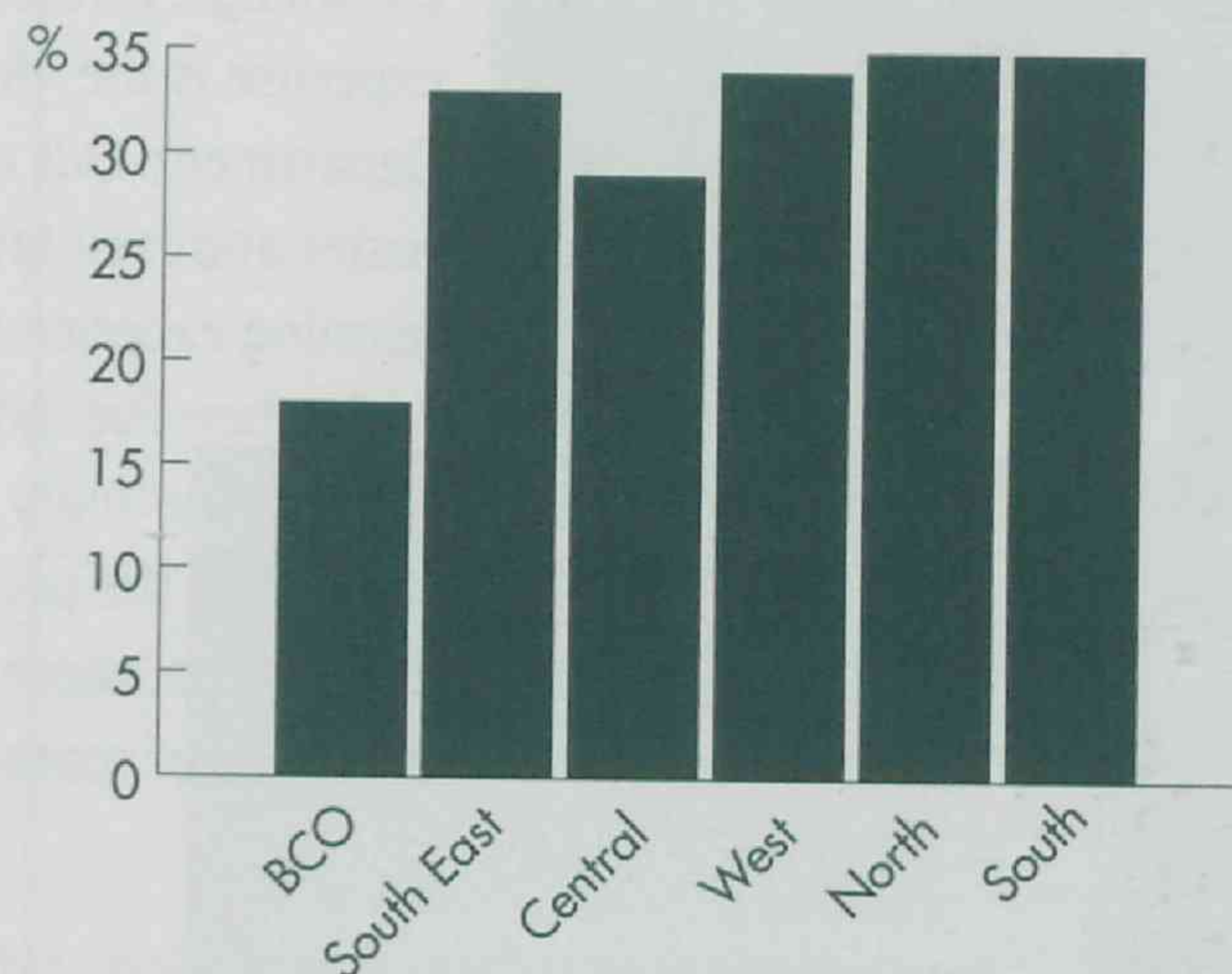
. . . a continuum of achievement . . .

Achievement highlights

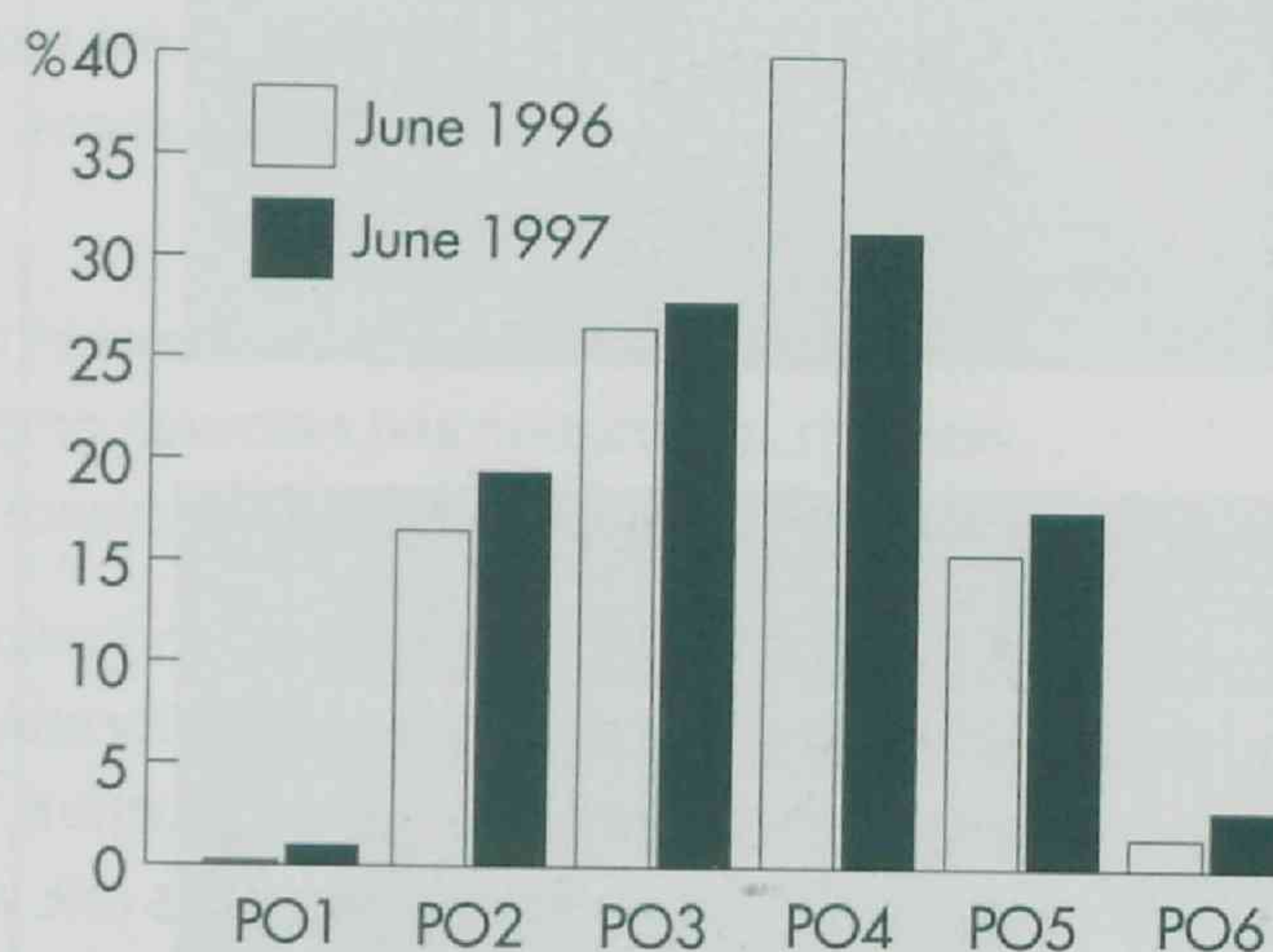
- Full accrual accounting was successfully implemented, which will provide more accurate and responsive management of financial assets.
- A Professional Progression Scheme was developed and implemented to attract and retain professional staff through enhanced career opportunities.
- A greatly improved profile of professional staff was achieved as a result of a broad range of workforce strategies.
- A Board of Governance was established to enhance the provision of corporate oversight of DPI's strategic direction and leadership.
- The Corporate Services Agency (CSA) was established to deliver corporate services to both DPI and the Department of Natural Resources (DNR). It is intended that the CSA will become a model for more efficient and effective delivery of corporate services to Government.
- Management and professional development strategies have been developed to enhance staff skills to meet Program objectives.
- Mentoring and new staff induction processes have been developed and implemented.
- Integrated Workforce Plans have been developed to ensure that future staffing needs are met.
- Client Services Awards were developed and conducted to recognise achievements of staff in the area of service delivery to clients.
- The Department substantially increased its proportion of women in senior positions, meeting its target of 15% of all SES and Senior Officer positions occupied by women by mid-1998.
- A Remote Area Incentive Scheme has been developed to attract suitably skilled staff to remote regional centres.
- Separation issues with DNR relating to staffing, finance and infrastructure have been successfully resolved.
- A database to store and report on all departmental delegations has been developed.
- A staff culture survey was undertaken and completed.
- A Risk Management Strategy has been developed.
- A Physical Asset Strategic Plan has been developed and implemented.
- A policy has been developed and systems implemented to ensure appropriate staff access to the Internet.

Please refer to the sections "Our Accountability Framework" and "Our People" in this Report for additional information.

Professional Progression Scheme appointments across regions



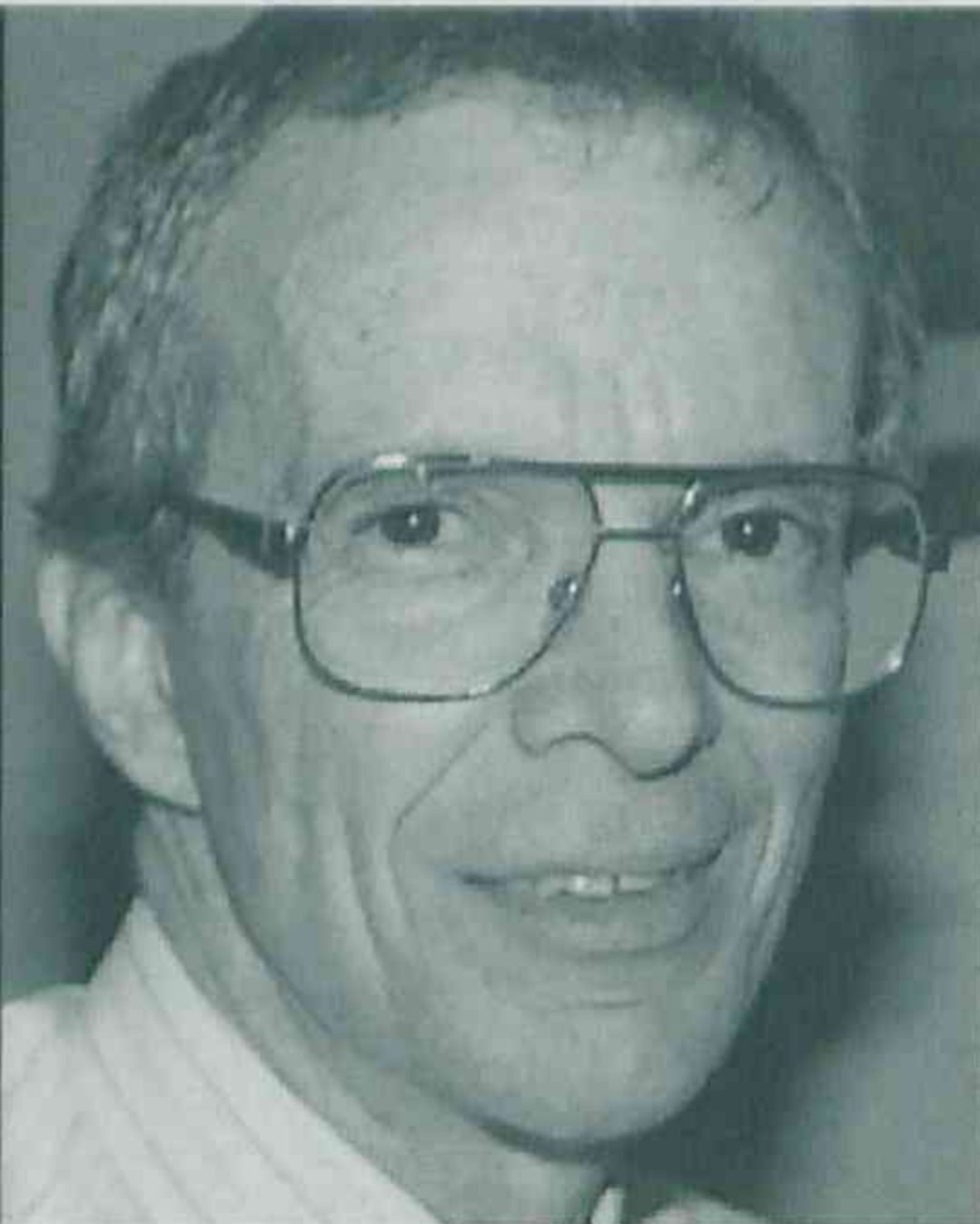
DPI professional profile



... corporate performance and strategies program

Research, Information and Extension

Overview



Participating with all sectors of rural industries in applying knowledge, information and expertise is the lifeblood of the Department. Our role in this is to foster and facilitate ongoing learning experiences for those who make their livelihood from some aspect of primary production and

its associated sectors. We provide the policy and strategy frameworks to provide direction, purpose and sound decision making in the provision of research, information and extension services.



Research, Information and Extension staff have achieved outstanding performance levels and shown commendable initiative in the past year, all focused on improved client service. The Call Centre, Web Services, InfoSearch, Client Service Centres, DPI visibility and recognition, Primary Industries Week and publication marketing have all surpassed targets set for them. Client response and satisfaction have exceeded expectations. We truly have improved services to the bush.



The future will involve improvements in targeting of research, information and extension products and services to clients with an emphasis on relevance and quality.

Defining the role of science and technology in rural economic development and implementing the departmental resourcing, infrastructure, alliances and people management to satisfy this role will be a crucial and exacting challenge. How well we meet it will impact on the future relevance and performance of the Department, and the performance and adaptability of Queensland's primary industries.

John Childs, Executive Director

Objectives

- Progressive research, information and extension policies are identified, enunciated and implemented.
- Information services produced by the Department are valued, accessible, timely, innovative and extensively used.
- Research and extension services are nationally and internationally recognised for their excellence.
- Skill and knowledge support is provided to ensure continued development and outstanding performance in research, information and extension.

Strategies

- Maintain awareness of advances in research, information and extension policy, management and practices in other environments.
- Manage relevant policy development processes in a professional manner.
- Create opportunities for the exchange of information among professionals who can contribute to the development and improvement of research, information and extension policy.
- Formulate plans to capitalise on opportunities to improve organisational management of research, information and extension.
- Promote research and extension achievements.
- Manage information and facilitate its production and delivery through media, publications, libraries and information centres and offices.
- Provide relevant, timely and accessible information products and services.

Achievement highlights

- Eight industry-based institutes are being established across the State. These are the Centre for Food Technology and three joint-venture Institutes with DPI, industry and the University of Queensland - the Australian Tropical Dairy Institute, the Queensland Poultry Research and Development Centre, and the Australasian Pig Institute. An additional four new Institutes will be established by July 1997 - the Sheep & Wool Institute, the Queensland Beef Industry Institute, the Queensland Horticulture Institute and the Farming Systems Institute.
- DPI's Extension Strategy is being revised to reflect advances that have occurred in learning theories and extension management.
- DPI's research facilities were aligned to institutes and guidelines were developed to review and monitor research facility management arrangements with Institutes.
- A new initiative was implemented to improve the information products and services delivered to producers in the dairy, sheep and wool, beef, horticulture, pig and field crops industries. The initiative was developed and implemented in response to strong requests from industry.
- A series of scientists fora involving DPI and DNR research and extension staff from a broad cross-section of disciplines and backgrounds examined how DPI could better foster research, innovation and creativity.
- DPI's participation in national research and extension fora is helping to drive improved efficiency in research and extension delivery and the benchmarking of DPI's research and extension performance against other service deliverers.
- The Rural Extension Centre attracted increased enrolments in each semester, becoming recognised nationally and internationally as a key provider of postgraduate extension training, extension research and consultancies.
- A series of seminars have been sponsored to increase the exchange of information among DPI staff, other government staff and industry on national and international issues which may affect future research and extension delivery and outcomes.
- A state-wide Call Centre telephone service, providing information access at a local call rate, commenced operations.
- A World Wide Web service increased the accessibility of DPI's information products and services to producers. Over 600 members of the Queensland rural community attended DPI Web training and awareness sessions.
- Publishing Services distributed a saleable products catalogue containing information on all books, software and videos available through the Book Distribution Centre and various other outlets throughout Queensland.
- DPI Public Affairs provided timely, relevant information products and services in relation to a number of projects including the papaya fruit fly eradication program, Primary Industries Week (17-21 March 1997), fireblight and black sigatoka.
- New information and communication applications were developed including FARMFAX and CD-ROMs.

Please refer to *Delivering Information: Priorities Towards 2000 Achievements for additional information.*

"Our Board is enthusiastic and keen to get down to business. The Board believes that the Farming Systems Institute should be a team committed to excellence in scientific and advisory skills and achievement. It must also develop an independent and well-recognised identity."

Simon Campbell
Grazier and International Wool
Secretariat Committee member
and Chair of the Sheep and Wool
Institute

"The Institute concept represents a unique opportunity to match DPI personnel skills in research, development and extension to sheep and wool producers in Queensland as demanding customers."

Lyn Brazil
Brookstead grain and cotton grower
and Chair of Queensland Farming
Systems Institute

... corporate performance and strategies program

Policy and Legal Services Extension



Overview

The Policy and Legal Services Group deals with a wide range of strategic, policy and legal issues that impact across very broad areas of industry, the Department and across business groups. In order to deliver services within this environment, the key feature of my operating philosophy is networking and communication. The



Group tends to handle very diverse policy, legal, industry and government issues and at times in very short timeframes. In order to achieve this, it is absolutely necessary that good communication and networking is in place to draw upon the skills required.



The personal philosophies I have in order to achieve these goals involve an emphasis on coordination, quality control and detailed input where necessary. The building of the right teams and "touching the right bases" with external industry clients and other government departments are keys to coordination, whilst the role of quality control I see as paramount to the process.

I see the role of the Group as becoming more and more important in the areas of strategic coordination of issues and policy development across a very broad spectrum of industry and natural resource issues.

Peter Neville, Executive Director, Policy and Legal Services

Priority areas

- Legislation reviews.
- Industry restructuring.
- Strategic policy development and coordination.
- Legal advice.
- Legal compliance.
- Contract development.
- Natural resource management.

Achievement highlights

- The Policy and Legal Services Group has been instrumental in conducting a number of major National Competition Policy Reviews including assistance with the Sugar Industry Review, the conduct of the Grain Industry Review and the commencement of the Dairy Industry Review and the Chicken Meat Industry Review.
- The coordination of major activities such as the compilation of a policy and administrative document to handle native title claims throughout the Department and coordination or preparation for a wide range of government responses to various Committees of Inquiry involving areas such as increased gains from international trade and assistance to industry.
- The DPI Legal Risk Management framework was developed and the first phase of risk assessment completed.
- Development of a range of legislation.
- Development of contractual arrangements to support research and development grants and intellectual property issues.
- Development of Industry Strategic Plans for the Queensland sheep and wool industry.

Please refer to the section "Our Accountability Framework" in this Report for additional information.

. . . a continuum of achievement

Organisational Integrity

Internal Audit Committee



Detailed information about the Department's achievements of business targets has been produced in a series of reports for each industry group called *Priorities Towards 2000 Achievements*.

our accountability framework

Legislative responsibility

The Department of Primary Industries, Fisheries and Forestry was formed under the Public Service Act. The main responsibilities of the Minister for Primary Industries and the Acts which the Minister administers are set out in the Administrative Arrangement Orders.

Corporate governance

To ensure the probity and integrity of the Department's activities and resource management, the Director-General has constituted a Board of Governance. The Board is comprised of the Director-General (Chair), Deputy Director-General, Executive Director Rural Economic Policy, Executive Director Corporate Performance, and the Executive Director Policy and Legal Services. Directors from the private sector with the appropriate commercial accounting skills and experience are proposed to be included as members of the Board of Governance.

A number of committees report to the Board - the Finance Committee, the Audit Committee, the Risk Management Coordinating Committee and the Legislation Committee.

Performance evaluation

Over the past year, DPI has built on its Executive Information System (EIS) capacity by improving the quality of DPI's performance information. Performance is regularly monitored against targets which have been negotiated with industry. Our progress toward achieving these targets and DPI's intended long-term outcomes is monitored using the EIS. The annual negotiation of targets with representatives from peak industry bodies will now include a report on achievements against the previous set of targets so that a continuum of targeted achievements is apparent to our clients.

In recent months, work has begun to integrate the management of financial management information and non-financial performance management information. This work has placed us in the position where we can negotiate and monitor the mix of products and services the organisation is seeking to achieve and prepare budgets and monitor expenditure on this basis. We will strengthen the relationship of these systems and other systems for asset management and human resource management in order to help us manage the partnerships that are seen as critical to the continuing success of DPI.

In DPI, we are seeking to shift our evaluation focus from "once-off" evaluations of performance to the integration of evaluation techniques within everyday management processes. By reporting regularly to industry on the achievement of targets, we are operating in a framework of continual performance evaluation. This is complemented by regular evaluation of service delivery options on a value-for-money basis and by the regular evaluation of the appropriateness of the Department's long-term outcomes.

Organisational integrity

Internal Audit Committee

The Internal Audit Committee's responsibility is to assist the Director-General to fulfil the role of Accountable Officer of the Department of Primary Industries. It achieves this through the review of the Departmental Financial Statements and by approving and monitoring the work plan for Internal Audit. The Committee reviews any significant issues arising out of the Internal Audit program and makes recommendations to the Director-General and the Board of Governance.

The Committee consists of:

Mr Terry Johnston, Deputy Director-General, DPI (Chair)

Mr Roger McComiskie, Partner, Coopers & Lybrand

Mr John Skinner, Executive Director, Corporate Performance

Dr Rosemary Clarkson, Acting Executive Director, Drought and Rural Development

Mr Colin Brunjes, Manager, Internal Audit.

The Queensland Audit Office also provides a representative to update the Committee on issues facing the department.

In 1996-97 the Committee:

- completed an Internal Controls Assessment of the Corporate Services Agency which was established on 1 July 1996 to provide corporate service functions to the Department and others;
- implemented Australian Accounting Standard 29 and prepared the first set of accrual statements for the Department. This included the auditing of interim statements to address issues prior to the end of the financial year to ensure that the Department's first set of accrual statements would be prepared in a timely manner;
- audited major processing sites located throughout Queensland; and
- contributed to the redrafting of departmental Financial Policies and the Financial Management Practice Manual.

Risk management

In accordance with Public Finance Standard 330, the Department ensures that risk management policies and practices are in place. The Risk Management Coordinating Committee has representation from each of the Department's business groups. The Committee receives support from the Corporate Services Agency through consultancy services in risk management and occupational health and safety.

The Department has committed itself to following the principles laid down in the Australian/New Zealand Standard Risk Management AS/NZS 4360:1995.

Staff are encouraged to attend risk management training courses. Since the courses were first offered in March 1996 approximately 400 staff have attended.

A series of legal training modules which in part cover the liability of the Department in giving advice, providing information, and making public statements are now being conducted by in-house lawyers.

. . . our accountability framework . . .

A corporate standard on Contingency Planning for Business Continuity is nearing completion. Various business groups have prepared contingency plans to ensure that they can continue to provide services to the Department's clients in the event of a disaster affecting operations.

Operational review

The Operational Review Unit regularly conducts reviews, at the request of the Director-General, into the efficiency, effectiveness and economy of departmental policies, systems and practices in conjunction with responsible officers. The Unit also provides an internal consultancy service to management, assisting in diagnosing problems and providing integrated solutions in the development of new and revised policies in line with the strategic direction of the Department.

During the 1996-97 financial year the Unit assisted Management in the implementation of innovative solutions to issues in a number of areas including emergency response strategies and changes to the new weapons legislation. The Unit also influenced the development of corporate standards resulting in improved performance and compliance. The Unit has made many recommendations towards the improvement of departmental processes including resource reallocation, licensing and facilities management and records systems.

Sector-wide issues

Women and economic equality

DPI recognises that women are a significant client group within the rural sector. Concerted efforts are being directed at increasing the participation of women in decision making.

Strategies to increase the representation of women on DPI-related statutory boards included targeted recruitment and advertising of DPI Institute Board vacancies, and the use of the Women's Policy Unit register and the Commonwealth Department of Primary Industries and Energy database to identify potential female board members. As a result, DPI Horticulture, Sheep and Wool, and Farming Systems Institutes each have one female board member and the Beef Institute has two female board members.

DPI supported the development and conduct of workshops to encourage rural dairy women to participate in decision-making forums. Additionally, approximately 20% of Rural Leadership Program funding was specifically targeted at women.

DPI also collaborated with the Office of Women's Affairs to provide \$31,000 to assist the functioning of the Women's Council for Rural and Regional Communities, a forum aimed at giving rural women a greater voice in Government.

DPI is an active participant in the Rural Women's Working Group, a subcommittee of the National Standing Committee on Agriculture and Resource Management (SCARM). This group provides advice to SCARM on best practice in relation to women in recognition of their increasing representation within Australia's agriculture and resource management workforce and the contribution which this part of the workforce makes to sustainable, competitive agricultural industries.

The SCARM National Forum on Women in Agriculture and Resource Management was held in Canberra in March 1997, its purpose being to begin work on a National Action Plan for Women in Agriculture and Resource Management. DPI sponsored 13 women from Queensland to attend, including representatives from the United Graziers' Association, the Cattlemen's Union, the Queensland Graingrowers Association, the Department of Primary Industries, the Department of Natural Resources, the Office of Women's Affairs and the Office of Rural Affairs.

. . . our accountability framework

Public Sector Ethics Act 1994

The Department of Primary Industries' *Code of Conduct* was released on 1 August 1996, replacing the existing *Code of Conduct for Officers of the Queensland Public Service (1988)*. DPI's new Code has strong links to client service, professionalism and good management practice. It provides guidance for staff when they are faced with a difficult ethical issue.

All DPI staff were advised of the requirements of the new Code. All statutory authorities connected to the Department were provided with a copy and requested to develop a Code for their respective organisations in accordance with the requirements established in the *Public Sector Ethics Act 1994*.

Whistleblowers Protection Act 1994

During 1996-97 the Department released to staff a brochure outlining their rights and obligations when making a public interest disclosure (PID) under the requirements of the *Whistleblowers Protection Act 1994* and the *Public Sector Ethics Act 1994*. A training kit encompassing the DPI Whistleblowers policy and Code of Conduct was developed and forwarded to all General Managers, Regional Managers, Regional Directors and Executive Directors for delivery to staff throughout Queensland.

In 1996-97 no public interest disclosures were reported to the Director-General under the provisions of the *Whistleblowers Protection Act 1994*.

Energy expenditure and control

Expenditure on electrical energy during 1996-97 was \$1 830 422, a decrease of approximately 7.45% from the 1995-96 financial year. The Department has introduced an aggressive energy-saving program to meet its obligations to reduce energy expenditure.

The Department actively monitors energy consumption in its buildings. Staff are encouraged in energy-saving practices such as turning off office and meeting room lights when space is not in use. When refitting any of its office space, the Department has employed best practice methods including the use of more energy-efficient lighting arrangements such as sensor lighting which automatically turns lighting off when rooms are vacant.

The Department, together with the Corporate Services Agency and the Department of Natural Resources, is investigating ways to further reduce energy consumption. With this in mind, a project team has been formed to investigate ways to further energy conservation.

our people

Our ability to provide client-focused services depends upon the quality, diversity, knowledge and skills of the people who deliver those services. Over the last twelve months, DPI has targeted activities aimed at training, motivating, rewarding, developing and enhancing the diversity of its people. In doing so it has ensured that:

- career paths were provided;
- performance excellence was properly recognised and rewarded; and
- the Department had a flexible, skilled and productive workforce capable of achieving its goals.

Recruitment of new staff

As part of the Department's commitment to take DPI back to the bush, a key priority over the 1996-97 financial year was to create new positions, particularly those focusing on providing research, development and extension services to primary producers. More than 480 positions, covering a range of industries, have been created since March 1996. Some of these positions have been created in collaboration with other funding bodies such as the Commonwealth and industry.

As at June 1997 the Department had a staff of over 4000, with 73% of all officers located in regional areas.

Progression scheme

A significant achievement of the 1996-97 financial year was the successful development and implementation of the DPI Professional Progression Scheme. The Scheme was designed to:

- enhance career opportunities for research and extension staff;
- recognise and reward professional excellence;
- attract and retain the best research and extension staff; and
- provide formal recognition of staff for their knowledge and expertise.

The Scheme gives staff access to higher salary by peer assessment of the quality of their work within their discipline.

The first round of this new Scheme was concluded in April 1997. Of the 240 applicants, 72 progressed to the next highest classification. The Scheme has been endorsed by the Office of the Public Service and the State Public Services Federation of Queensland.

Consistent with the Department's commitment to take DPI back to the bush, a higher proportion of regional staff were progressed than staff from Brisbane Central Office (BCO).

Professional Progression Scheme

" I compliment you on the way in which you have conducted the process including the excellent consultation, opportunity for feedback, the regular communication and the equity of opportunity. I believe it has set a high benchmark for schemes of this type. Once again thanks for your efforts. "

Applicant

" This was an extremely effective review of the Department's operations. It provided detailed insight into roles, performances and motivation of the Department's most valuable resource – its people, the instruments of all DPI's achievements. "

Manager and panel member

" The scheme is good news for scientists and extension staff who have previously been forced to enter management to gain promotion. This is also an excellent example of how unions and departments can work together to develop innovative and improved employment conditions for staff."

Gordon Rennie, State Public Service Federation of Queensland, General Secretary

Equal employment opportunity

Over the 1996-97 financial year the DPI Management Team focused on a number of key equity issues. In particular, a range of strategies were implemented to increase the representation of women in DPI, including targeted developmental relieving opportunities and recruitment strategies. As a result, the Department substantially increased its proportion of women in senior positions, meeting its target of 15% of all SES and Senior Officer positions occupied by women by mid-1998, an increase of 8% since June 1996. The resulting diversity will bring a wider range of skills, knowledge and experiences to better meet the needs of the Department's clients and staff.

The Department is well placed to meet its target of having 20% of female staff in middle and upper management positions by mid-1998. It is currently at 13.4%.

Other key achievements during 1996-97 include:

- the identification of development needs for senior women at A06 level and equivalent and above and the drafting of a structured and accredited development program for the feeder group at levels A01-5;
- identification of activities to encourage Aboriginal and Torres Strait Islander applicants for Queensland Boating and Fisheries Patrol positions e.g. having a local elder on selection panels and conducting *How to Apply for QB&FP Vacancy* sessions on Thursday Island for the general public;
- maintenance of the Sexual Harassment Prevention Program;
- pilot implementation of Work and Family Strategies e.g. the Parents' Room and Carers' Room at Primary Industries Building;
- ongoing review of EEO policies and practices; and
- integration of EEO priorities into corporate management planning processes.

Women in senior and middle levels

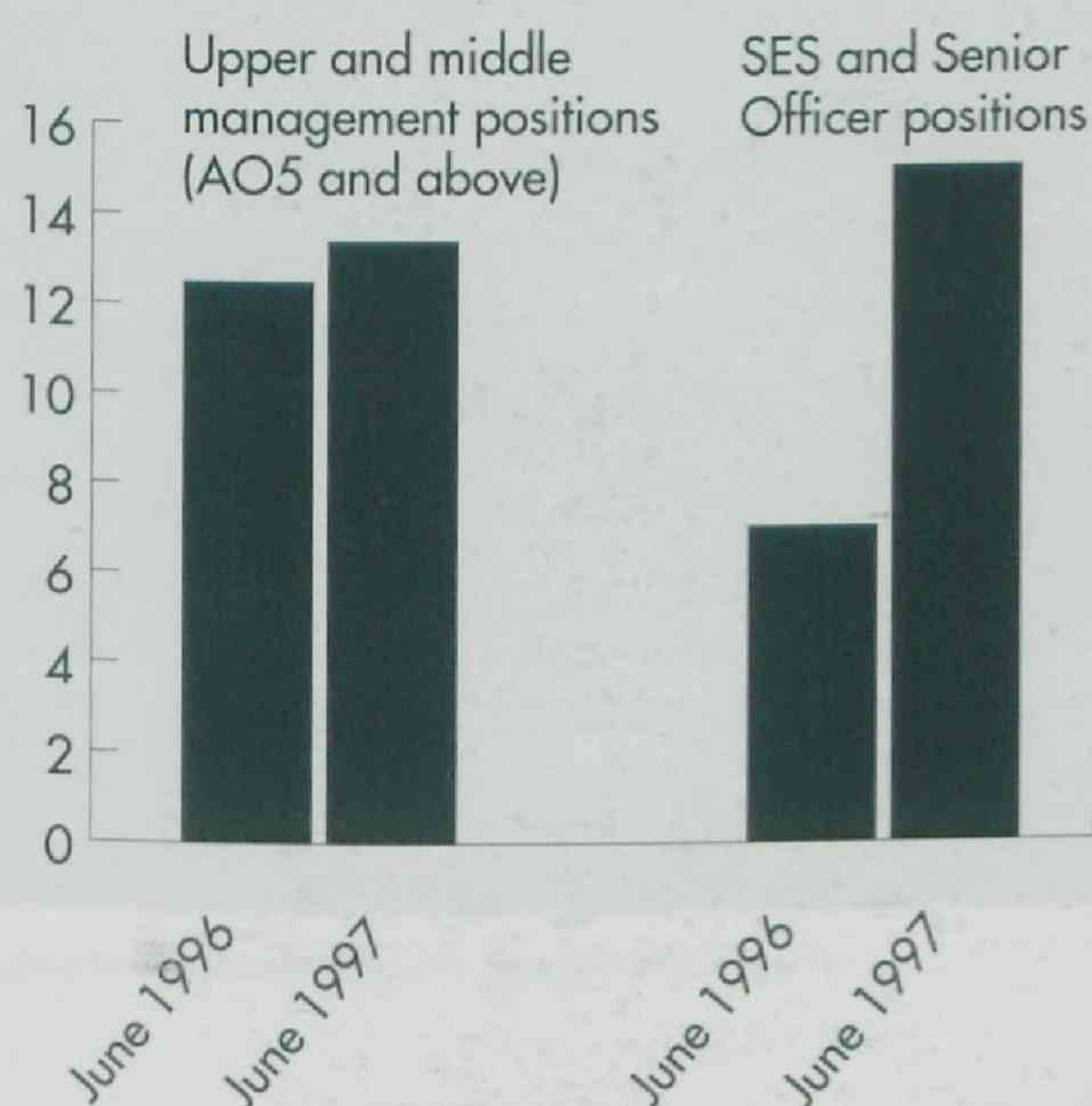


Table 1

New DPI positions by industry groups

Agriculture	3
Animal and Plant Health	50
Beef	5
Drought and Rural Development	58
Extensive Livestock	12
Field Crops	45
Fisheries	73
Food Technology	5
Forestry	43
Horticulture	43
Intensive Livestock	13
Papaya Fruit Fly	99
Policy Services	11
Rural Industries Export Development	2
Rural Services Coordinator	1
Sheep and Wool	3
Technical Support	16
TOTAL	482

Table 2

Full-Time Equivalent (FTE) gender representation at salary band level at 30 June 1997

	Female	Male	TOTAL
AO1-AO4	524	225	749
AO5-AO8	47	222	269
PO1-PO2	65	99	164
PO3-PO6	103	565	668
OO1-OO7	178	498	676
Senior Executive Service	3	32	35
Senior Officers	2	6	8
TO1-TO3	146	375	521
TO4-TO6	6	221	227
Other	28	519	547
TOTAL	1102	2762	3864

. . . our people

Enterprise bargaining

As a result of the Core Queensland Government Departments Enterprise Bargaining Agreement certified in April 1997, all DPI staff were awarded a wage increase of 2% in the last twelve months. The Department is currently developing an agency-specific agreement designed to enhance client service, staff performance and resource management. This new Agreement will be completed by September 1997.

Awards and recognition

DPI is intent on recognising and rewarding staff for their performance and their contribution to the Department's corporate goals and direction. The Progression Scheme mentioned above is one mechanism that the Management Team has adopted to recognise staff for their professional excellence.

The DPI Client Service Awards is another initiative designed to recognise and reward DPI teams and individual staff across all areas of DPI for their performance in client service. Awards were given to the following staff:

- The Plant Health Control and Papaya Fruit Fly Program staff for the development and implementation of certification assurance for the Papaya Fruit Fly Program. The papaya fruit fly outbreak threatened a \$250 million industry and required a certification assurance system to cover all treatments and commodities which are host to the fly.
- Mr Gino Russo, the Head Inspector at Mareeba, received an individual nomination for the Client Services Awards from the Mareeba District Fruit and Vegetable Growers' Association for his support to growers at this very difficult time.
- The Seagrass Ecology Group for enhancing Queensland fisheries through the research and publication of information on the importance of seagrasses in the life cycle of prawns. The group established the first available resource maps of seagrasses in Queensland coastal and island waters to enable the prawn trawling industry to identify and protect sensitive breeding grounds.

- Pat Blackall, Ross Bowles, Joyce Pahoff and Brad Smith, from the Bacterial Research Laboratory, for their work in the diagnosis and control of porcine pleuropneumonia. Porcine pleuropneumonia is recognised as one of the major causes of economic loss to the Queensland and Australian pig industry. Diagnostic tools developed by the Bacterial Research Laboratory have been used extensively throughout the pig industry. The Bacterial Research Laboratory was awarded the 1996 Elano-Farmstock award for this development.
- Bob Shepherd for outstanding client service to the beef industry of North Queensland. Bob has been instrumental in forming many producer groups in the Charters Towers area as well as coordinating the Drought Landcare Program.
- The live cattle export market enhancement project team, which has successfully supported producers through its activities in the marketplace. The project team has been a focal point for the servicing of the live cattle export trade.
- The CHOICES Team. CHOICES is a Queensland Government initiative to help Atherton Tableland producers identify and develop new products and export markets. This project has clearly demonstrated the link between successful community group development and economic development for the region.
- Rod Thompson for novel client communications, incorporating the DPI "Technology Today" TV Info-Mercials, The Aussie Net Discussion Groups and the north Queensland Beef Expo, which have achieved an unprecedented level of across-industry communication.
- The DPI Public Affairs Group for Primary Industries Week.

The Department also supports local awards given by management to foster and reward high levels of achievement.

Induction Course: November 1996

"The course gave an excellent insight into the function, role and direction of the DPI. It gave new recruits a good understanding of the expectations DPI has of its staff and the opportunities being offered to new staff."

Participant

"Found the course enjoyable and interesting. It provided an insight into the work being done by others in the DPI."

Participant

"DPI inductees are likeable, friendly, committed and questioning of the status quo."

Participant

DPI staff are often recipients of awards and recognition by professional and client organisations for their outstanding contribution to industry or their discipline. These awards are highlighted in internal publications. Five staff were awarded the Australia Day Public Service medallion in 1997. The recipients of the medallion were:

- Rob Gunther for his work as a stock inspector;
- Alex Hamlyn for his contribution to the development of inland fisheries;
- Garth Nikles for outstanding contribution to plantation forestry in Queensland;
- Robert Philips for his outstanding level of help, devotion to duty and commitment to farm families in particular and to the rural community generally;
- Calvin Winks for outstanding service to the horticulture industry during his 41 years of service.

Workforce profile

The key achievements outlined above have had a substantial impact on the profile of DPI's workforce and this resulted in a more equitable Professional Officer profile. The previously high proportion of staff at the PO4 level has now been balanced through an increase in the recruitment of graduate and PO2 staff and the provision of opportunities for professional staff to attain PO5 and PO6 levels. This profile provides greater career opportunities and enhances morale amongst professional staff.

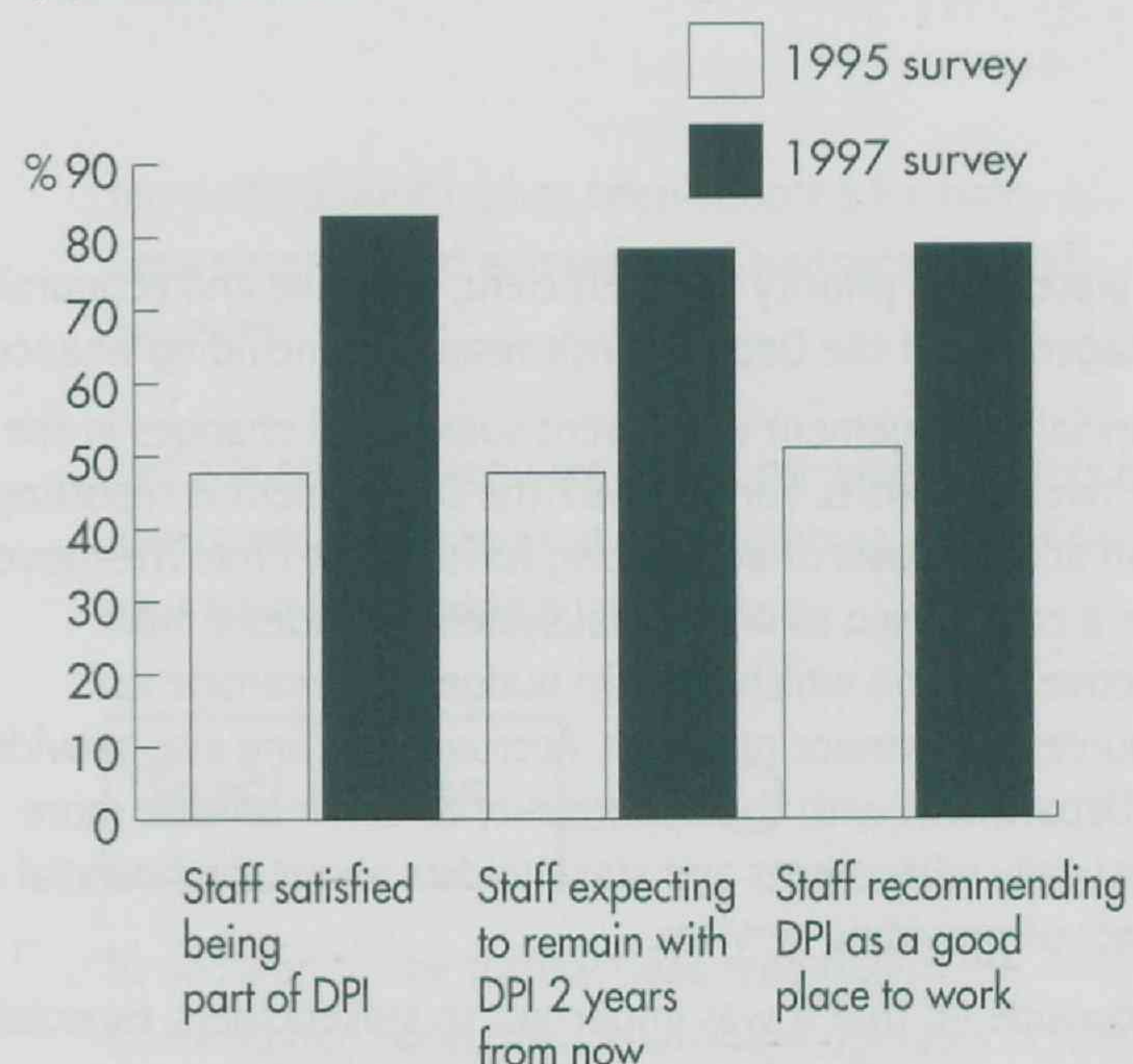
Results from a staff culture survey conducted during 1996-97 show a substantial improvement in staff satisfaction. Staff satisfaction with being a member of DPI increased significantly from 47.7% in 1995 to 83% in 1997.

Staff turnover within the professional and technical streams of DPI was also substantially reduced over 1996-97. For Professional Officers overall, there was a reduction in turnover of 2.69%. For Technical Officers overall, there was a reduction in turnover of 4%. For females in both professional and technical streams, the turnover was reduced by 2.83%.

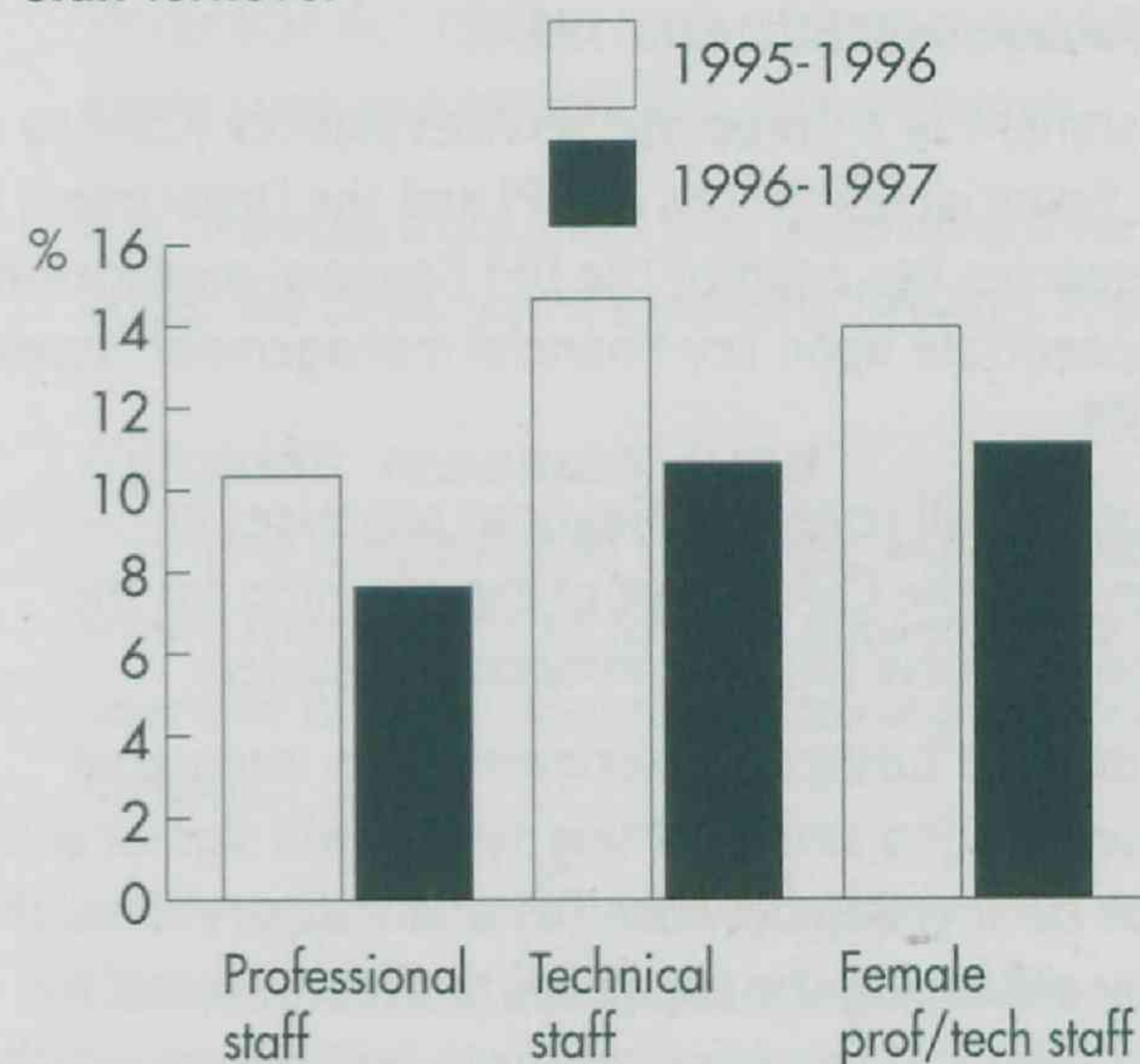
The result for professional staff places DPI in the best 25% of organisations in private industry¹ and below the 13% turnover of Professional Officers in the Queensland Public Service. The result for Technical Officers is better than the 9% average turnover rate in private industry and below the 12% turnover of Technical Officers in the Queensland Public Service.

¹ HRM Consulting. *Human Resource Benchmarking Survey*

Staff satisfaction



Staff turnover



Work and Family Strategies

"These work and family initiatives have helped us attract and retain competent staff, especially senior and professional women. I've also noticed a faster return to full productivity after long leave and increased loyalty and commitment generally from staff."

Manager

financial information

DPI places high priority upon efficient, effective and economic management of the Department's resources including finances.

Financial management underwent substantial changes in the past twelve months. For 1996-97 the Department is reporting on an accrual basis of accounting for the first time. The move from a cash-based to an accrual system provides a more effective basis on which DPI can budget and manage its resources and service priorities. Accrual reporting also provides the Department with the opportunity to communicate more realistically with clients and stakeholders about the financial impact of providing services.

We considered that it was important to stakeholders, especially industry groups, that financial information be delivered in a common format and to a high standard.

To this end, we were granted an extension, under section 37B.(2) of the *Financial Administration and Audit Act 1977* from the Minister for Primary Industries.

The Department undertook a review of its Financial Management Practices Manual to reflect requirements of the Financial Management Standard 1997.

The establishment of a Corporate Services Agency (CSA) to service the financial operations of DPI and the Department of Natural Resources has enabled the DPI financial management team to concentrate upon key financial management issues affecting DPI.

The Department will review its financial processes in conjunction with the CSA as part of the planning for the introduction of a new financial information system.

I consider that the further development of an integrated project-based costing and reporting system will significantly enhance the partnership between DPI and industry through institutes by enhancing the capability to accurately bid for research funding and providing accurate costings on which to base resourcing decisions.

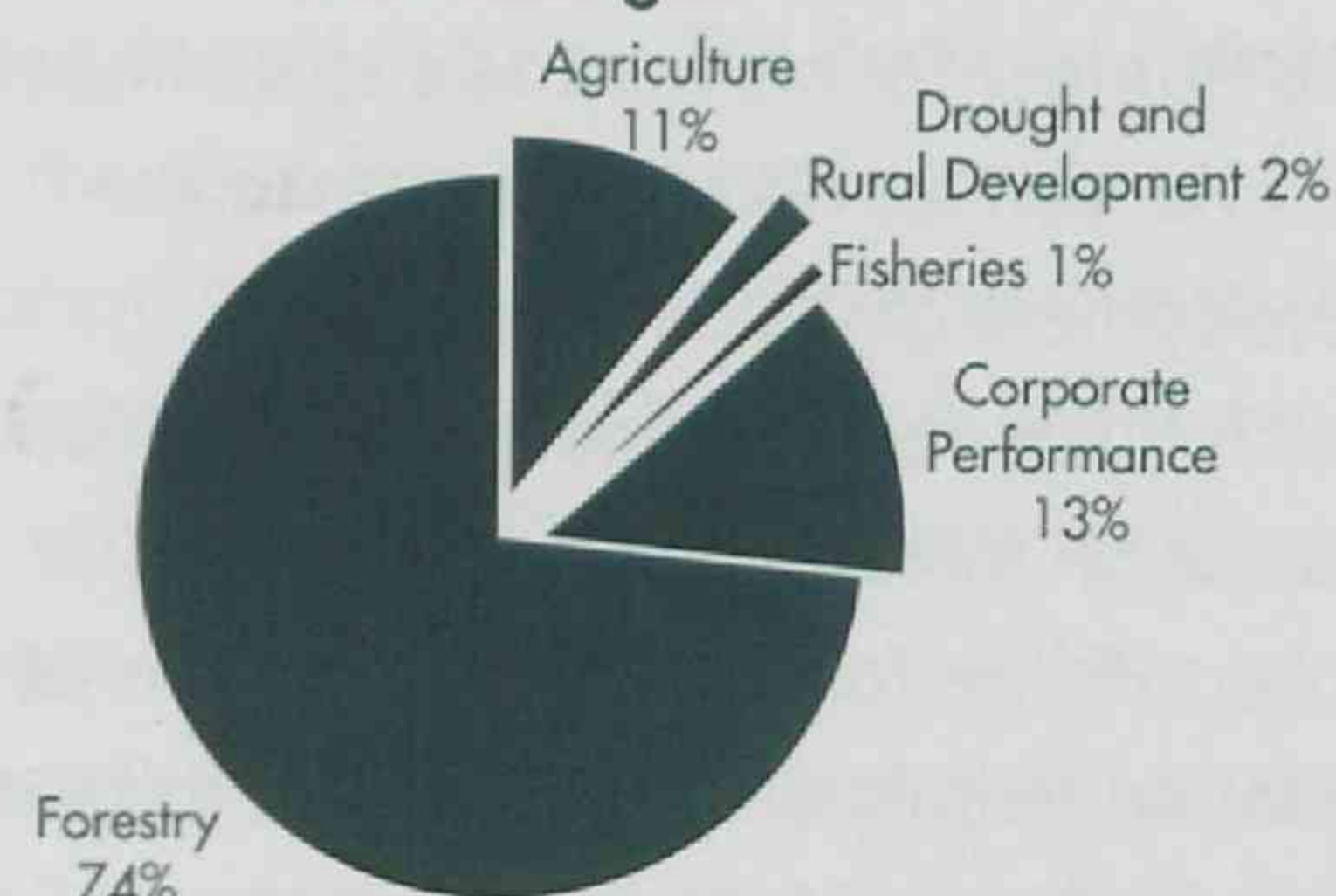
The introduction of output budgeting, project-based reporting and a new financial system provides a unique opportunity for achievement of financial management practices consistent with the business needs of clients and managing for outcomes for government.

The development of these systems and processes will continue to ensure the appropriate use of accountability for and safeguarding of public resources.

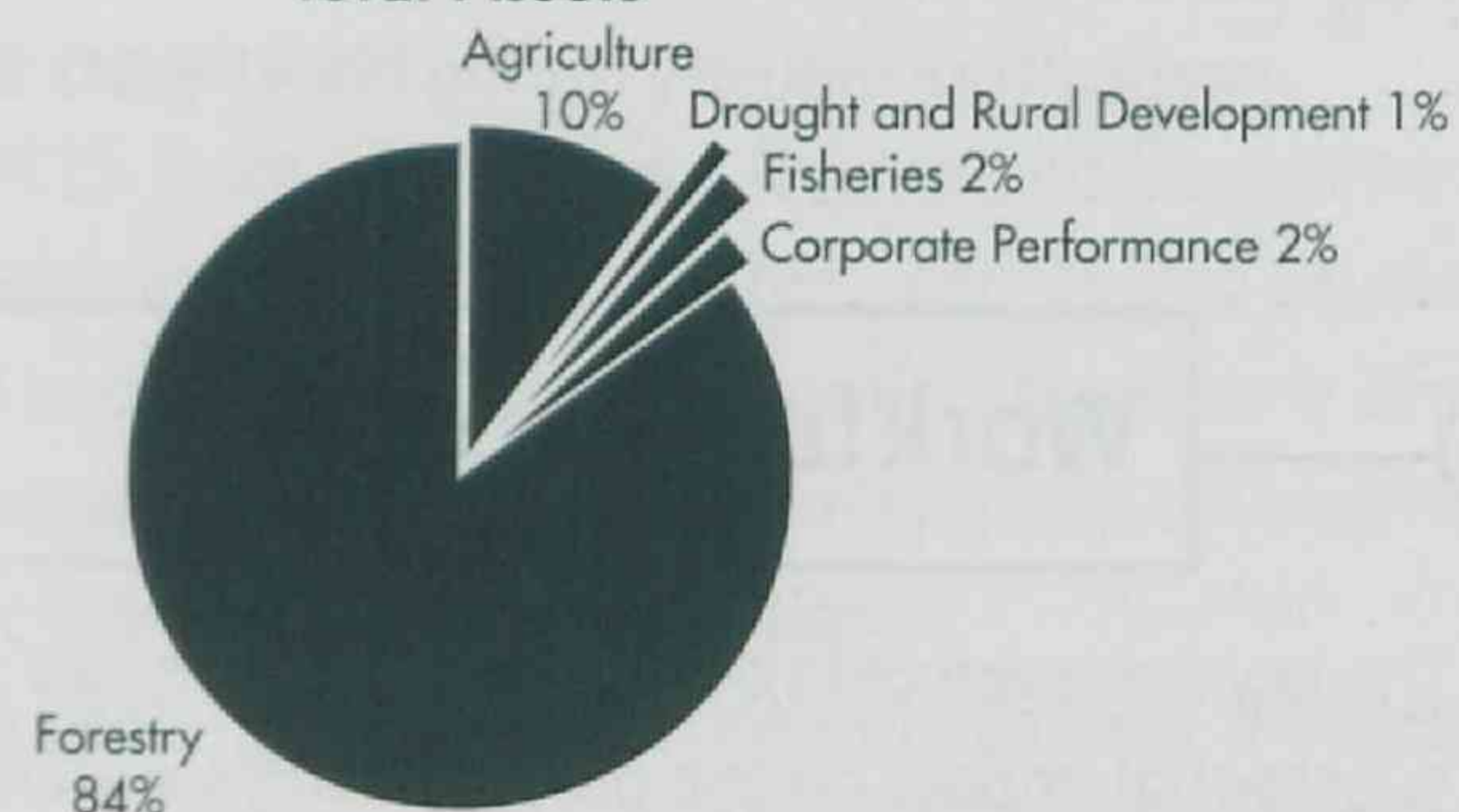
John Skinner, Executive Director, Corporate Performance

Financial summary

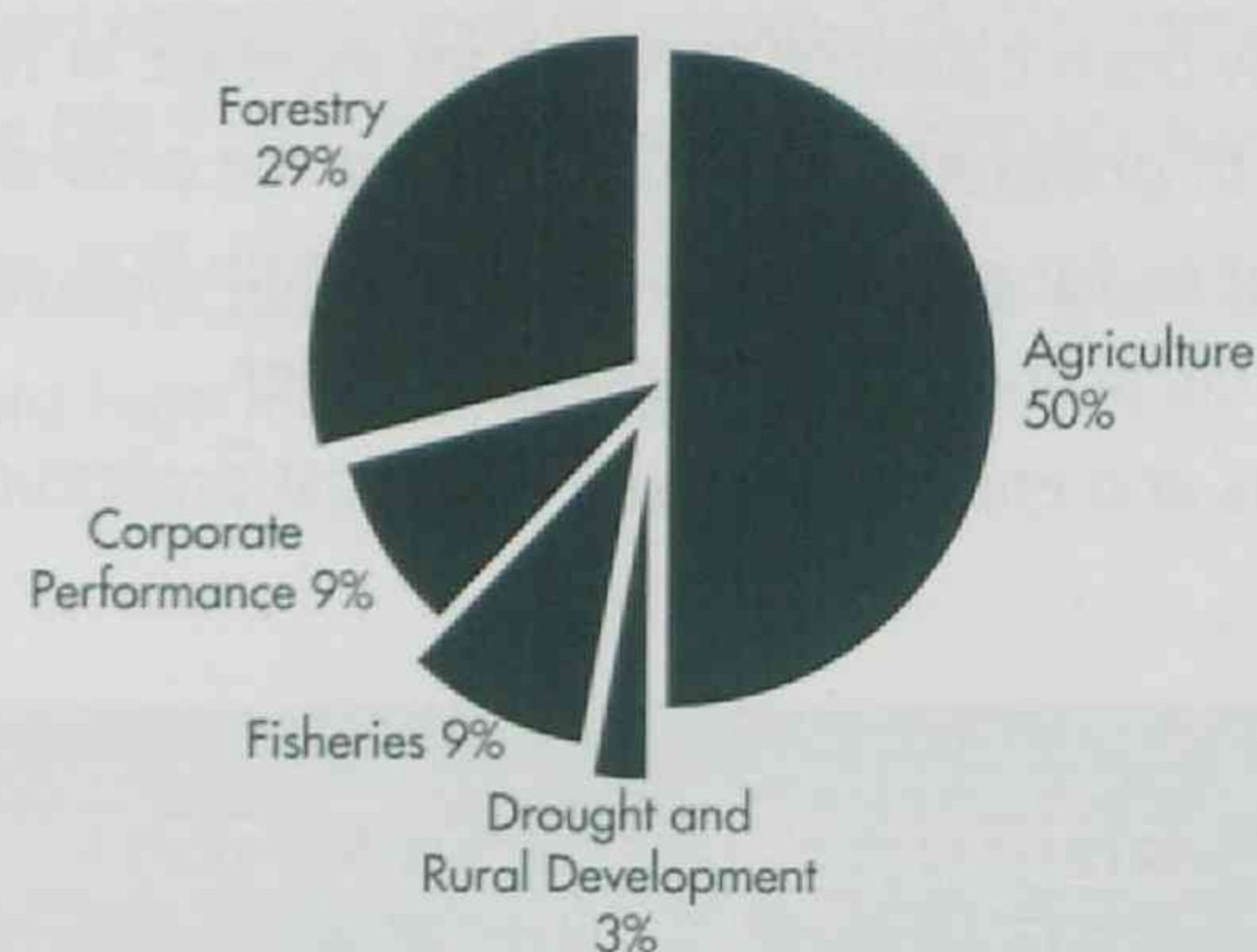
User Charges



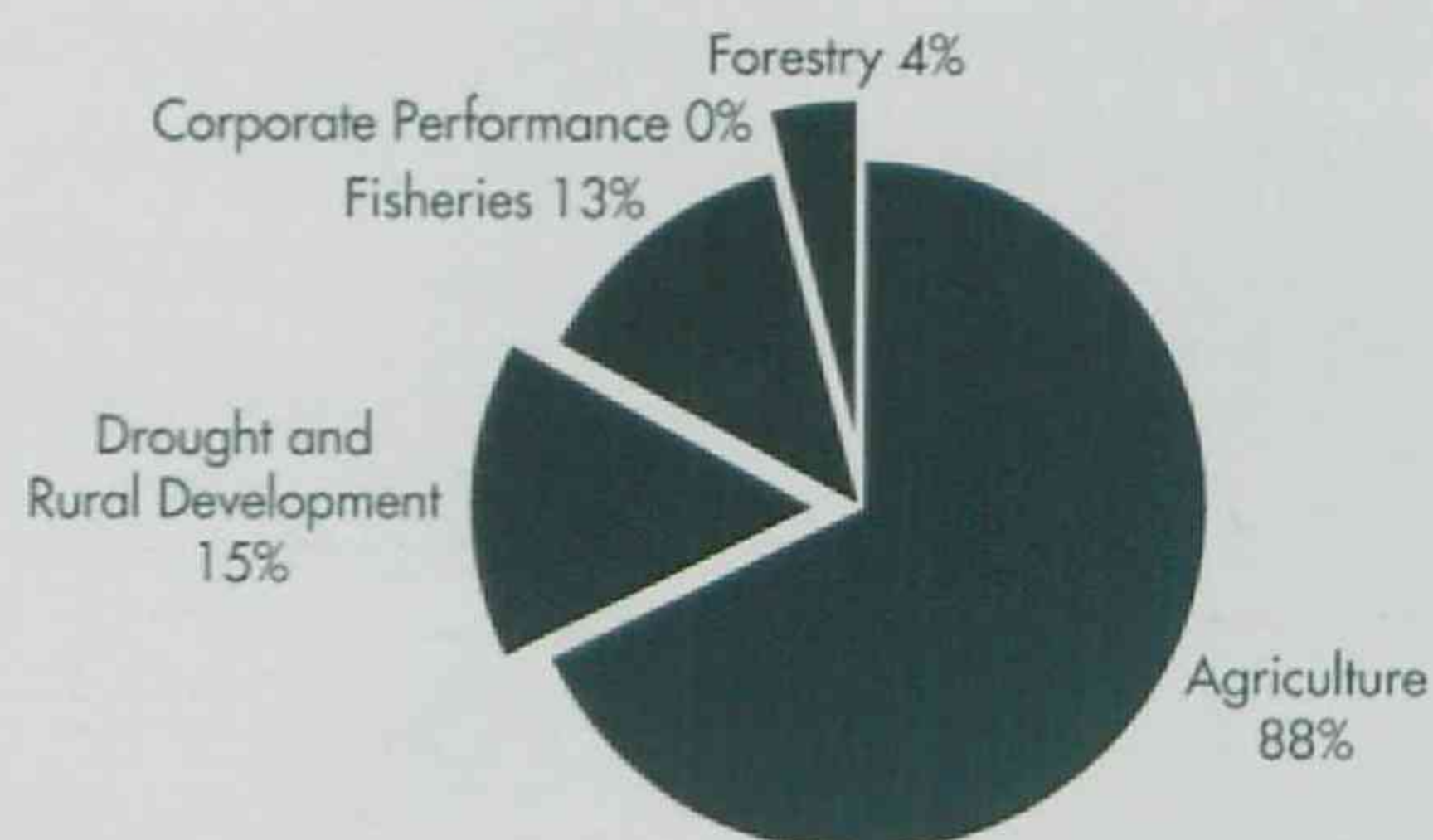
Total Assets



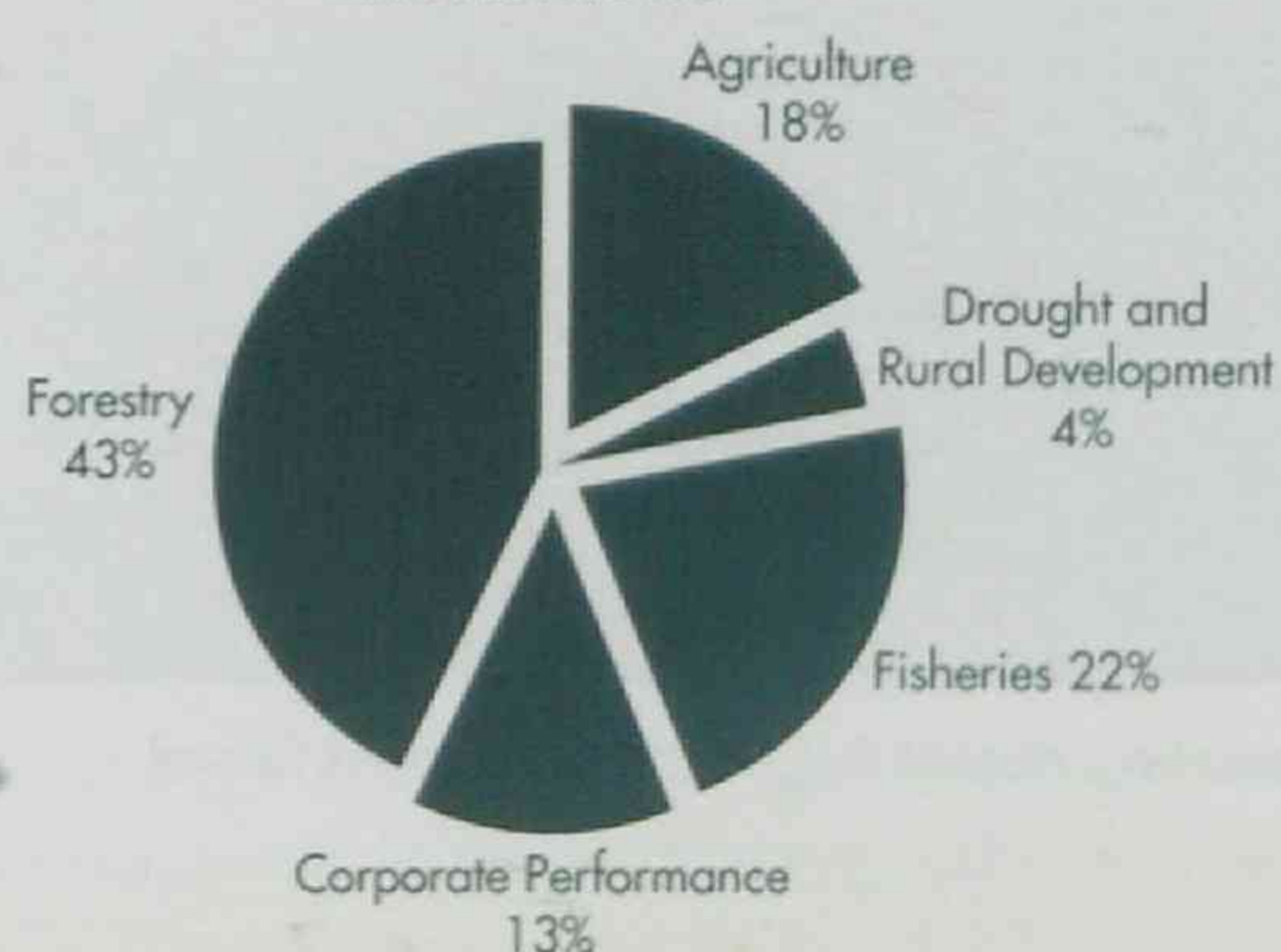
Property, Plant and Equipment



Grants and Subsidies Paid



Receivables



The Corporate Services Agency

To ensure that DPI remains better positioned to meet the needs of industry clients, the Corporate Services Agency (CSA) was established to meet the administrative, financial and human resource needs of DPI and the Department of Natural Resources. The CSA delivers well over 100 individual services grouped into 26 functions over 3 Divisions. The establishment of the CSA has resulted in improved service delivery to the operational areas of both DNR and DPI, improved effectiveness based on economies of scale and has ensured a more client-focused and commercial approach to the provision of such services.

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 1996-97 Financial Statements were prepared in accordance with the requirements prescribed by the *Financial Administration and Audit Act 1977*:

- to provide accounting for and management of financial and other resources under the Department's control; and
- to disclose the Department's financial operations for 1996-97 and its financial position as at 30 June 1997.

The Statements are in the form as required by *Minimum Reporting Requirements for the Preparation of General Purpose Financial Statements of Government Departments for 1996-97*.

Basis of accounts

This is the first financial year in which the Financial Statements of the Department have been prepared on an accrual basis of accounting. The Financial Statements have been prepared in accordance with the *Financial Administration and Audit Act 1977*, the Financial Management Standards 1997, applicable Australian Accounting Standards, Statements of Accounting Concepts, the Treasurer's *Minimum Reporting Requirements for the Preparation of General Purpose Financial Statements of Government Departments for 1996-97*, and other prescribed requirements.

Except where otherwise stated, the Financial Statements have been prepared in accordance with the historical cost convention. The accrual

basis of accounting has been adopted for both Departmental and administered transactions and balances.

Net adjustments required to the carrying amounts of assets and liabilities as at the beginning of the financial year have been made against equity.

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.

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.

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 licences 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.

financial statements

for the year ended 30 June 1997

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OPERATING STATEMENT

for the Year Ended 30 June 1997

	Notes*	1997 \$'000
Operating Expenses		
Employee Expenses	4	179,211
Supplies and Services	5	94,515
Depreciation Expense	6	18,549
Grants and Subsidies	7	12,597
Other	8	22,893
Total Operating Expenses		<u><u>327,765</u></u>
Operating Revenues		
User Charges, Fees and Fines	9	106,138
Grants and Other Contributions	10	38,083
Property Income	11	1,882
Other	12	9,541
Total Operating Revenues		<u><u>155,644</u></u>
NET COST OF SERVICES	32	<u><u>172,121</u></u>
Revenues (to)/from Government		
Appropriations		180,456
Assets, Liabilities, Revenues and Expenses Assumed and Relinquished	13	(1,603)
Net Unrequited Transfers		(344)
Total Revenues from Government		<u><u>178,509</u></u>
Increase in Net Assets before Dividends		<u><u>6,388</u></u>
Dividend (DPI Forestry)		(5,060)
Increase in Net Assets	31	<u><u>1,328</u></u>

* The accompanying Notes on pages 56 - 87 form an integral part of the Financial Statements.

OPERATING STATEMENT (Continued)

For the Year Ended 30 June 1997

ADMINISTERED EXPENSES AND REVENUES		
	Notes*	1997 \$'000
Administered Expenses		
Employee Expenses	4	179
Supplies and Services	5	87
Grants and Subsidies	7	4,349
Other	8	1,310
Total Administered Expenses		<u><u>5,925</u></u>
Administered Revenues		
Administered Appropriations		5,444
User Charges, Taxes, Fees and Fines	9	3,084
Property Income	11	1,129
Royalties and Other Territorial Revenue		539
Unrequited Transfers		45
Interest		10
Other	12	216
Total Administered Revenues		<u><u>10,467</u></u>

* The accompanying Notes on pages 56 - 87 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 1997

	Notes *	1997 \$'000
CURRENT ASSETS		
Cash	14	25,536
Receivables	15	24,235
Investments	16	2
Inventories	17	5,335
Other	18	654
Total Current Assets		<u>55,762</u>
NON-CURRENT ASSETS		
Receivables	19	1,255
Investments	20	48
Inventories	21	133
Property, Plant and Equipment	22	256,572
Total Non-Current Assets		<u>258,008</u>
SELF-GENERATING AND REGENERATING ASSETS		
Plantation Growing Timber		1,090,873
Livestock		2,208
Total Self-Generating and Regenerating Assets		<u>1,093,081</u>
TOTAL ASSETS		<u>1,406,851</u>
CURRENT LIABILITIES		
Creditors	24	13,470
Borrowings	25	6,631
Provisions	26	27,837
Other	27	7,782
Total Current Liabilities		<u>55,720</u>
NON-CURRENT LIABILITIES		
Creditors	28	700
Borrowings	29	81,588
Provisions	30	31,420
Total Non-Current Liabilities		<u>113,708</u>
TOTAL LIABILITIES		<u>169,428</u>
NET ASSETS		<u>1,237,423</u>
EQUITY		
Accumulated Surplus		1,087,249
Asset Revaluation Reserve		5,794
Plantation Growing Timber Revaluation Reserve		144,380
TOTAL EQUITY	31	<u>1,237,423</u>

* The accompanying Notes on pages 56 - 87 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION (Continued)

as at 30 June 1997

	Notes*	1997 \$'000
ADMINISTERED ASSETS AND LIABILITIES		
Administered Current Assets		
Cash	14	130
Receivables	15	1,395
		<u>1,525</u>
Administered Non-Current Assets		
Receivables	19	75
TOTAL ADMINISTERED ASSETS		<u><u>1,600</u></u>
Administered Current Liabilities		
Creditors	24	484
Provisions	26	9
Administered Non-Current Liabilities		<u>493</u>
Provisions	30	38
TOTAL ADMINISTERED LIABILITIES		<u><u>531</u></u>

* The accompanying Notes on pages 56 - 87 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS
for the Year Ended 30 June 1997

	Notes *	1997 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Inflows:</i>		
User Charges, Fees and Fines		107,045
Grants and Other Contributions		37,828
Interest		826
Other		1,983
<i>Outflows:</i>		
Employee Costs		(169,926)
Supplies and Services		(87,416)
Grants and Subsidies		(12,516)
Interest and Other Costs of Finance		(8,212)
Tax Equivalents		(349)
Other		(9,254)
Net Cash Used in Operating Activities	32	(139,991)
CASH FLOWS FROM INVESTING ACTIVITIES		
<i>Inflows:</i>		
Proceeds from Sale of Property, Plant and Equipment		5,348
<i>Outflows:</i>		
Payment for Property, Plant and Equipment		(31,173)
Net Cash Used in Investing Activities		(25,825)
CASH FLOWS FROM FINANCING ACTIVITIES		
<i>Inflows:</i>		
Interest and Redemption Received		953
<i>Outflows:</i>		
Repayment of Borrowings		(7,077)
Dividends Paid		(8,978)
Net Cash Used in Financing Activities		(15,102)
CASH FLOWS FROM GOVERNMENT		
<i>Inflows:</i>		
Transfers from Government		193,763
<i>Outflows:</i>		
Transfers to Government		(15,956)
Net Cash Provided by Government		177,807
Net Decrease in Cash Held		(3,111)
Cash at Beginning of the Financial Year		28,647
Cash at End of the Financial Year	14	25,536

* The accompanying Notes on pages 56 - 87 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS (Continued)
for the Year Ended 30 June 1997

ADMINISTERED CASH FLOWS	
	1997
	\$'000
Inflows:	
User Charges, Taxes, Fees and Fines	1,653
Royalties and Other Territorial Revenue	2,346
Property Income	1,132
Administered Appropriations	6,805
Unrequited Transfers	45
	<u>11,981</u>
Outflows:	
Grants and Other Contributions	(4,341)
Transfers to Government	(6,127)
Other	(1,512)
	<u>(11,980)</u>
Net Administered Cash Inflows	<u><u>1</u></u>

* The accompanying Notes on pages 56 - 87 form an integral part of the Financial Statements.

STATEMENT OF PROGRAM EXPENSES AND REVENUES
for the Year Ended 30 June 1997

	Agriculture		Drought and Rural Development		Fisheries		Corporate Performance and Strategies		Forest Production		Inter-Program Eliminations		Total	
	1997	\$'000	1997	\$'000	1997	\$'000	1997	\$'000	1997	\$'000	1997	\$'000	1997	\$'000
Operating Expenses														
Employee Expenses	78,398		15,865		15,297		31,528		38,127		(4)			179,211
Supplies and Services	25,450		6,055		7,584		33,626		24,256		(2,456)			94,515
Depreciation Expense	6,904		860		1,684		3,384		5,717		-			18,549
Grants and Subsidies	8,587		2,122		1,627		59		500		(298)			12,597
Other	13,898		2,101		2,452		13,774		9,569		(18,901)			22,893
Total Operating Expenses	133,237		27,003		28,644		82,371		78,169		(21,659)			327,765
Operating Revenues														
User Charges, Fees and Fines	11,708		1,570		759		13,425		78,790		(114)			106,138
Grants and Other Contributions	28,186		5,936		3,589		-		372		-			38,083
Property Income	410		(48)		27		1,008		485		-			1,882
Other	5,297		1,145		613		17,653		6,387		(21,554)			9,541
Total Operating Revenues	45,601		8,603		4,988		32,086		86,034		(21,668)			155,644
NET COST OF SERVICES	87,636		18,400		23,656		50,285		(7,865)		9			172,121
Revenue (to)/from Government														
Appropriations	85,058		16,561		22,511		56,326		-		-			180,456
Assets, Liabilities, Revenues and Expenses Assumed and Relinquished	(157)		(46)		(99)		(1,292)		(18)		9			(1,603)
Net Unrequited Transfers	169		(39)		(220)		(254)		-		-			(344)
Total Revenues (to)/from Government	85,070		16,476		22,192		54,780		(18)		9			178,509
Increase/(Decrease) in Net Assets before Dividends	(2,566)		(1,924)		(1,464)		4,495		7,847		-			6,388
Dividend (DPI Forestry)	-		-		-		-		(5,060)		-			(5,060)
Increase/(Decrease) in Net Assets	(2,566)		(1,924)		(1,464)		4,495		2,787		-			1,328

* The accompanying Notes on pages 56 - 87 form an integral part of the Financial Statements.

Department of Primary Industries, Fisheries and Forestry

STATEMENT OF PROGRAM EXPENSES AND REVENUES (Continued)
for the Year Ended 30 June 1997

	Agriculture 1997 \$'000	Drought and Rural Development 1997 \$'000	Fisheries 1997 \$'000	Corporate Performance and Strategies 1997 \$'000	Forest Production 1997 \$'000	Inter-Program Eliminations 1997 \$'000	Total 1997 \$'000
ADMINISTERED EXPENSES AND REVENUES							
Administered Expenses							
Employee Expenses	-	179	-	-	-	-	179
Supplies and Services	-	87	-	-	-	-	87
Grants and Subsidies	-	4,349	-	-	-	-	4,349
Other	46	1	4	(4)	1,263	-	1,310
Total Administered Expenses	46	4,616	4	(4)	1,263	-	5,925
Administered Revenues							
Administered Appropriations	-	5,444	-	-	-	-	5,444
User Charges, Taxes, Fees and Fines	1,634	52	4	131	1,263	-	3,084
Property Income	88	-	123	918	-	-	1,129
Royalties and Other Territorial Revenue	-	-	539	-	-	-	539
Unrequited Transfers	-	-	45	-	-	-	45
Interest	10	-	-	-	-	-	10
Other	111	26	16	63	-	-	216
Total Administered Revenues	1,843	5,522	727	1,112	1,263	-	10,467

* The accompanying Notes on pages 56 - 87 form an integral part of the Financial Statements.

STATEMENT OF PROGRAM ASSETS AND LIABILITIES

for the Year Ended 30 June 1997

	Agriculture		Drought and Rural Development		Fisheries		Corporate Performance and Strategies		Forest Production		Inter-Program Eliminations		Total	
	1997	\$'000	1997	\$'000	1997	\$'000	1997	\$'000	1997	\$'000	1997	\$'000	1997	\$'000
Current Assets														
Cash	7,900		2,692		835		4,281		9,828		-		25,536	
Receivables	6,582		567		2,079		4,513		10,565		(71)		24,235	
Investments	2		-		-		-		-		-		2	
Inventories	1,268		-		233		1,136		2,698		-		5,335	
Other	39		-		-		539		76		-		654	
Total Current Assets	15,791		3,259		3,147		10,469		23,167		(71)		55,762	
Non-Current Assets														
Receivables	-		-		-		450		805		-		1,255	
Investments	48		-		-		-		-		-		48	
Inventories	133		-		-		-		-		-		133	
Property, Plant and Equipment	130,834		7,374		22,999		21,559		73,806		-		256,572	
Total Non-Current Assets	131,015		7,374		22,999		22,009		74,611		-		258,008	
Self-Generating and Regenerating Assets														
Plantation Growing Timber	-		-		-		-		1,090,873		-		1,090,873	
Livestock	2,208		-		-		-		-		-		2,208	
Total Self-Generating and Regenerating Assets	2,208		-		-		-		1,090,873		-		1,093,081	
TOTAL ASSETS	149,014		10,633		26,146		32,478		1,188,651		(71)		1,406,851	
Current Liabilities														
Creditors	4,140		799		909		3,089		4,604		(71)		13,470	
Borrowings	-		-		-		1,760		4,871		-		6,631	
Provisions	9,703		2,027		2,001		3,961		10,145		-		27,837	
Other	4,283		2,239		489		5		766		-		7,782	
Total Current Liabilities	18,126		5,065		3,399		8,815		20,386		(71)		55,720	
Non-Current Liabilities														
Creditors	-		-		-		-		700		-		700	
Borrowings	-		-		-		1,499		80,089		-		81,588	
Provisions	13,661		2,726		2,465		5,023		7,545		-		31,420	
Total Non-Current Liabilities	13,661		2,726		2,465		6,522		88,334		-		113,708	
TOTAL LIABILITIES	31,787		7,791		5,864		15,337		108,720		(71)		169,428	
NET ASSETS	117,227		2,842		20,282		17,141		1,079,931		-		1,237,423	

* The accompanying Notes on pages 56 - 87 form an integral part of the Financial Statements.

STATEMENT OF PROGRAM ASSETS AND LIABILITIES (Continued)
for the Year Ended 30 June 1997

	Agriculture 1997 \$'000	Drought and Rural Development 1997 \$'000	Fisheries 1997 \$'000	Corporate Performance and Strategies 1997 \$'000	Forest Production 1997 \$'000	Inter-Program Eliminations 1997 \$'000	Total 1997 \$'000
ADMINISTERED ASSETS AND LIABILITIES							
Administered Assets							
Current							
Cash	-	-	-	-	130	-	130
Receivables	340	834	-	48	173	-	1,395
Non-Current							
Receivables	75	-	-	-	-	-	75
Total Administered Assets	415	834	-	48	303	-	1,600
Administered Liabilities							
Current							
Creditors	1	180	-	-	303	-	484
Provisions	-	9	-	-	-	-	9
Non-Current							
Provisions	-	38	-	-	-	-	38
Total Administered Liabilities	1	227	-	-	303	-	531

*The accompanying Notes on pages 56 - 87 form an integral part of the Financial Statements.

Department of Primary Industries, Fisheries and Forestry

STATEMENT OF APPROPRIATIONS
for the Year Ended 30 June 1997

	APPROPRIATIONS 1997 \$'000				EXPENDITURE 1997 \$'000	
	Original Appropriation	Transfers	Unforeseen Expenditure	Total	Lapsed Appropriation	Total
Policy Area 08 Agriculture, Forestry and Water Resources						
Program Areas:						
082 Industry Development						
Consolidated Fund	263,434	-	2,661	266,095	-	266,095
Forestry Fund	95,674	-	-	95,674	(1,477)	94,197
Fisheries Research Fund	675	-	-	675	(42)	633
Banana Industry Fund	736	-	-	736	(72)	664
Total for Program Area 082	360,519	-	2,661	363,180	(1,591)	361,589
Total Policy Area 08						
Consolidated Fund	263,434	-	2,661	266,095	-	266,095
Trust and Special Funds	97,085	-	-	97,085	(1,591)	95,494
Total for Policy Area 08	360,519	-	2,661	363,180	(1,591)	361,589
Grand Total						
Consolidated Fund	263,434	-	2,661	266,095	-	266,095
Trust and Special Funds	97,085	-	-	97,085	(1,591)	95,494
TOTAL APPROPRIATIONS	360,519	-	2,661	363,180	(1,591)	361,589
<i>Less: Appropriations not Recognised as Revenues</i>						
Commonwealth Funds						21,857
Revenue Retention and Receipt Offset Funds						43,880
Trust Funds						95,494
Administered Appropriations						6,805
Cheque Carryovers paid to Queensland Treasury						15,402
Net Unrequited Transfers						344
Net Cash Provided by Government						177,807
<i>Add:</i>						
Net Change in Carryover Appropriation						2,305
<i>Less:</i>						
Assets, Liabilities, Revenues and Expenses Assumed and Relinquished						(1,603)
TOTAL REVENUES FROM GOVERNMENT						178,509

Further Information in relation to the Statement of Appropriations is provided at Note 39.

* The accompanying Notes on pages 56 - 87 form an integral part of the Financial Statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the Year Ended 30 June 1997

1. Objectives of the Department

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.

The Department is predominantly funded by Parliamentary appropriations. It provides the following services on a fee for service basis: sale of vaccines; sale of artificial breeding products; inspections; testing, advisory and consultancy services.

2. Summary of Significant Accounting Policies

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

2.1 Basis of Accounting

This is the first financial year in which the Financial Statements of the Department have been prepared on an accrual basis of accounting. The Financial Statements have been prepared in accordance with the *Financial Administration and Audit Act 1977*, the *Financial Management Standard 1997*, applicable Australian Accounting Standards, Statements of Accounting Concepts, the Treasurer's *Minimum Reporting Requirements for the Preparation of General Purpose Financial Statements of Government Departments for 1996-97* and other prescribed requirements.

Except where otherwise stated, the Financial Statements have been prepared in accordance with the historical cost convention. The accrual basis of accounting has been adopted for both Departmental and administered transactions and balances.

Net adjustments required to the carrying amounts of assets and liabilities as at the beginning of the financial year have been made against equity, as shown in Note 31.

2.2 The Reporting Entity

The Financial Statements include all assets, liabilities, equities, revenues and expenses of the Department. By Cabinet Decision number 4637 dated 15 May 1995, the DPI Forest Service was restructured to operate as a commercial business group (DPI Forestry) of the Department from 1 July 1995. The transactions of DPI Forestry are included in the Financial Statements of the Department.

Except where otherwise stated, consistent accounting policies were employed by DPI Forestry and the remainder of the Department in the preparation and presentation of the Financial Statements.

2.2.1 Transactions and Balances Administered on Behalf of the Whole of Government

The Department administers, but does not control, certain resources on behalf of the Queensland Government. It is accountable for the transactions involving administered 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.

Transactions and balances relating to administered resources are not recognised as Departmental revenues, expenses, assets or liabilities, but are disclosed separately in the shaded partial Administered Financial Statements and associated Notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

2. Summary of Significant Accounting Policies (continued)

2.2 The Reporting Entity (continued)

2.2.2 Transactions and Balances Administered on Behalf of Entities Other than the Whole of Government

The Department administers transactions and balances in a fiduciary capacity as set out in Note 35. As the Department performs only a custodial role in respect of these transactions and balances, they are recognised in the Financial Statements by way of Note only.

2.3 Grants and Other Contributions

Grants, donations, gifts and other contributions are recognised as revenues when the Department obtains control over the assets comprising the contributions.

Grants and other contributions that were obtained on the condition that they be expended in a particular manner, or used over a particular period, are reported as unearned revenue, where those conditions were undischarged as at the reporting date.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

2.4 User Charges, Fees and Fines

User charges, fees and fines controlled by the Department are recognised as revenues. These revenues are considered to be controlled by the Department where they can be deployed for the achievement of the Departmental objectives.

User charges, fees and fines collected by the Department, but not controlled by it, are not recognised as Departmental revenues, but are reported as revenue administered on behalf of Whole of Government. Such amounts are required to be paid to the Consolidated Fund and are not controlled by the Department.

2.5 Appropriations

All appropriations are recognised as revenues in the reporting period when the Department expends money or incurs an obligation.

Amounts appropriated to the Department for transfer to eligible beneficiaries in accordance with legislation or other authoritative requirements are not controlled by the Department. Accordingly, such amounts are not recognised as Departmental revenues, but are reported as administered revenues. Similarly, the amounts transferred, or to be transferred, are not recognised as Departmental expenses, but are reported as administered expenses.

2.6 Cash

Cash includes cash on hand, cash at bank, petty cash, postage and change imprest balances, trust and special fund balances, and Departmental funds receivable from the Queensland Treasury, which are used in the day to day cash management function of the Department.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

2. Summary of Significant Accounting Policies (continued)

2.7 Receivables

All known bad debts are written off and adequate provision is made for doubtful debts.

Receivables comprise public moneys owed to the Department at the end of the reporting period, where an invoice or notice of assessment has been issued but for which payment has not been received, or where an amount is determined to be owing to the Department. Receivables include loans and advances at cost. The collectability of debts is assessed at year end and doubtful debts are provided for when necessary. Receivables are reported net of any doubtful debts.

2.8 Investments

Investments are brought to account at the lower of cost and net realisable value. Interest revenues are recognised as they accrue.

2.9 Inventories

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

Change in Accounting Policy

The Policy in relation to the recognition of seedlings and consumable stores by DPI Forestry as inventories was amended during the year.

- Seedlings used in plantation production are prepared on a seasonal basis for use in the plantation establishment process. Plantation timber is not valued until it reaches merchantable age and accordingly, seedlings produced for DPI Forestry's plantation production are no longer recognised as inventory.
- Minor stores held at certain sites and nursery consumables purchased for immediate use are no longer recognised as inventory.

The financial effect of this Policy change is disclosed in Note 5.

2.10 Self-Generating and Regenerating Assets

2.10.1 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:

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

2. Summary of Significant Accounting Policies (continued)

2.10 Self Generating and Regenerating Assets (continued)

2.10.1 Plantation Growing Timber (continued)

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. The change in net realisable value from the beginning to the end of the year is not shown as revenue in the Operating Statement, but is treated as an adjustment to the Plantation Growing Timber Revaluation Reserve.

2.10.2 Livestock

Livestock is valued at net realisable value.

2.11 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 still unresolved issues associated with the Regional Forest Agreement process in native forests, with this agreement not scheduled for signing prior to June 1998. 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 1997. 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.

2.12 Quarries

DPI Forestry obtains royalties from quarry operators for the extraction of quarry materials located on Crown land 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

2. Summary of Significant Accounting Policies (continued)

2.13 Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Department. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition and all other costs incurred in preparing the assets ready for use.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

2.14 Property, Plant and Equipment

All items of property, plant and equipment with a cost, or other value, of \$1,000 or greater, are capitalised in the year of acquisition, except for DPI Forestry, which applies an asset recognition threshold of \$500. All other assets with a cost, or other value less than the asset recognition thresholds are expensed.

Items or components which form an integral part of an asset are recognised as a single asset (functional asset), and the capitalisation threshold is applied to the aggregate cost or other value of each functional asset.

Capital works in progress represents costs incurred in respect of assets under construction.

2.15 Depreciation of Property, Plant and Equipment

Depreciation on depreciable assets 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.

2.16 Revaluation of Non-Current Physical Assets

Non-current physical assets are valued on the "deprival" basis in accordance with the Queensland Treasurer's Guidelines "*Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector - June 1997*". Under the deprival value concept, assets are valued at an amount that represents the entire loss that might be expected to be incurred if the Department was deprived of the future economic benefits of these assets at the reporting date.

For the purpose of revaluation of non-current physical assets, the Department established the following revaluation thresholds by class of assets:

Asset Class:	\$
Land	200,000
Land Improvements	700,000
Buildings	100,000
Access Roads	1,000,000
Plant and Equipment	1,000,000

Non-current physical assets having an estimated value greater than the appropriate revaluation threshold and an estimated useful life of three years or more, are periodically revalued. A comprehensive revaluation of these assets is performed at five year intervals on a rolling basis. Annual indexation is applied between the full revaluations.

2.17 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 WorkCover Queensland.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

2. Summary of Significant Accounting Policies (continued)

2.18 Leasehold Improvements

Leasehold improvements are expensed as incurred.

2.19 Library Assets

Purchases of library materials are expensed as incurred.

2.20 Computer Software

Acquisition costs of computer software are expensed as incurred.

2.21 Research and Development

Research and development costs are expensed as incurred.

2.22 Leases

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

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at an amount equal to the present value of the minimum lease payments. The liability is recognised at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are representative of the pattern of benefits derived from the leased assets, and accordingly are charged to the Operating Statement in the periods in which they are incurred.

2.23 Borrowings

Borrowings are reported at book value.

2.24 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.

2.24.1 Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date, and include related on-costs.

The pattern of sick leave taken is expected to be stable in the future, and as sick leave entitlements do not vest with employees, no provision has been made for sick leave entitlements. Sick leave is charged as an expense in the period in which it is taken.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

2. Summary of Significant Accounting Policies (continued)

2.24 Employee Entitlements (continued)

2.24.2 Long Service Leave

A liability for long service leave is recognised, and is measured by the use of a shorthand method derived by the Queensland State Actuary. The result of this method does not differ materially from that which would be arrived at should a calculation be performed estimating the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. The method used incorporates consideration of expected future wage and salary levels, experience of employee departures and periods of service. 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.

2.24.3 Superannuation

Employer contributions for superannuation expense are determined by the State Actuary. No liability is shown for superannuation benefits in the Statement of Financial Position as the liability is held by the Whole of Government.

2.25 Taxation

The Department's activities are exempt from all forms of Commonwealth taxation except Fringe Benefits Tax. However, DPI Forestry is subject to the payment of Income Tax Equivalents and Sales Tax Equivalents under the Queensland Tax Equivalents Regime. Income tax expense, assets and liabilities arising from the levying of Income Tax Equivalents including Capital Gains Tax 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)". No liability has been provided for the payment of future Capital Gains Tax Equivalents that may arise on the disposal of assets. Such liability is provided at the time of disposal of the assets. Where assets are revalued no provision for potential Capital Gains Tax Equivalents has been made.

2.26 Resources Received Free of Charge or for Nominal Value

Resources received free of charge or for nominal value, which can be reliably measured, are recognised as revenues, and as expenses or assets, as appropriate.

2.27 Joint Ventures

The Department is involved in a number of Joint Venture arrangements which predominantly relate to research and development activities and the establishment of commercially viable timber plantations on private land. Contributions to Joint Ventures are expensed as incurred. The Department's interests in Joint Ventures are not material and are not reported in the Financial Statements.

2.28 Rounding

Amounts included in the Financial 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.

2.29 Comparative Amounts

Comparative amounts have not been disclosed because the Financial Statements for the preceding financial year were prepared on a different basis and it has been impracticable to reconstruct them.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

3. Programs of the Department

The identity and purpose of each major Program undertaken by the Department during the reporting period is summarised as follows:

3.1 Agriculture

The program's activities are primarily directed at increasing the economic efficiency and competitiveness of primary production enterprises and industries, and enhancing their capacity to meet market requirements. The program's activities are also directed at developing industries consistent with industry and community expectations, and improving the capacity of primary industry production enterprises to operate sustainably.

3.2 Drought and Rural Development

The program aims to increase the capability of Queensland primary producers and those of other rural enterprises to secure and sustain their business viability and ensure that producers and processors have the technical and market information they need to develop products from Queensland commodities that perform well in domestic and overseas markets. The program is also aimed at ensuring agriculturally based rural communities have the necessary skills to grasp major regional and industry development opportunities in food and fibre derived businesses, to be developed within a drought and risk management framework and to be active participants in working towards self reliance and sustainability.

3.3 Fisheries

The program aims to enhance the sustainable development of the commercial and recreational fishing industries and the aquaculture industry, and to protect and manage the fisheries and habitats on which these industries depend.

3.4 Forest Production

The program aims to maximise the market value of DPI Forestry and achieve an acceptable economic rate of return, to manage the natural resources associated with State Forests in accordance with National and State guidelines and codes of practice for sustainable development of such resources and to produce high quality forest products tailored to customer needs.

3.5 Corporate Performance and Strategies

The program aims to provide effective corporate policies and co-ordination of Departmental activities consistent with government policies and assist the Department to achieve a highly skilled, flexibly structured and productive workforce which meets organisational goals now and in the future. The program's activities are also directed towards implementing research and extension strategies which develop and deliver client information products and services and ensuring that quality cost effective corporate services are provided to all programs.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
 for the Year Ended 30 June 1997

	1997
	\$'000
4. Employee Expenses	
Wages and Salaries	137,582
Superannuation	17,139
Annual Leave Expenses	10,238
Long Service Leave Expenses	4,870
Other Related Expenses	9,382
Total	<u>179,211</u>

Administered Employee Expenses	
Wages and Salaries	97
Long Service Leave Expenses	43
Annual Leave Expenses	17
Superannuation	15
Other Related Expenses	7
Total	<u>179</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

	1997 \$'000
5. Supplies and Services	
Consultants and Contractors	14,991
Materials (1)(a)	13,799
Motor Vehicle Expenses	11,335
Travel	8,734
Electricity and Telephone	8,113
Repairs and Maintenance	8,067
Computer Expenses	6,173
Primary Production Costs	2,708
Legal Expenses	2,344
Forest Maintenance (1)(b), (2)	2,031
Other	16,220
Total	<u><u>94,515</u></u>

Administered Supplies and Services	
Consultants and Contractors	72
Travel	5
Materials	1
Other	9
Total	<u><u>87</u></u>

- (1) As a result of changes in inventory accounting policy (Note 2.9) the following adjustments are included within Supplies and Services expenses for 1996-97.
- (a) Materials:- Balance at 1 July 1996 of stores no longer designated as inventory and expensed were \$0.380 million.
- (b) Forest Maintenance Expenses:- Balances at 1 July 1996 of nursery seedlings and consumables no longer designated as inventory and expensed were \$0.575 million.
- (2) The inventory balance for seeds was written up by \$0.582 million as at 1 July 1996 following a re-assessment of costs included in the inventory valuation. This adjustment has resulted in an equivalent amount being credited against Forest Maintenance Expenses for 1996-97.

6. Depreciation Expense	
Plant and Equipment	13,384
Buildings	3,218
Land Improvements	1,022
Access Roads	925
Total	<u><u>18,549</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
 for the Year Ended 30 June 1997

7. Grants and Subsidies Expense

	Corporate Performance and Strategies	Fisheries	Agriculture	Drought and Rural Development	Forest Production	Total
	1997 \$'000	1997 \$'000	1997 \$'000	1997 \$'000	1997 \$'000	1997 \$'000
Current						
Australian Animal Health Council	-	-	105	-	-	105
Australian Centre for International Agricultural Research Projects (ACIAR)	-	-	9	1,512	-	1,521
Australian Quarantine and Inspection Service (AQIS)	-	-	32	-	-	32
Brucellosis and Tuberculosis Eradication Campaign	-	-	1,181	-	-	1,181
Bureau of Sugar Experiment Stations (BSES)	-	-	4,169	-	-	4,169
Commonwealth Scientific & Industrial Research Organisation (CSIRO)	-	36	545	-	2	583
Commonwealth Bodies and Authorities	-	-	-	-	20	20
Co-operative and Joint Research Ventures	-	-	31	-	-	31
Farm and Rural Financial Counsellors' Subsidies	-	-	-	63	-	63
Fish Stocking Associations and Societies	-	14	-	-	-	14
Horticultural Research and Development Corporation	-	-	342	-	-	342
Institute for Horticultural Development	-	-	17	-	-	17
Integrated Catchment Management Project	12	-	-	-	-	12
Landcare Payments	-	-	6	64	-	70
Non-Queensland Government Departments	-	78	297	10	32	417
North Australia Beef Research Council-NSW	-	-	24	-	-	24
Queensland Commercial Fishermen's Organisation	-	24	-	20	-	44
Queensland Farmers Federation	28	-	-	-	-	28
Queensland Fisheries Management Authority	-	972	-	-	-	972
Queensland Government Departments	-	-	108	85	-	193
Queensland Livestock and Meat Authority (QLMA)	-	-	350	-	-	350
Sunfish (Qld) Inc.	-	174	-	-	-	174
Town, City and Shire Councils	-	65	-	50	34	149
Universities in Other States	-	150	120	24	-	294
Universities in Queensland	-	93	898	-	370	1,361
Other	18	12	273	61	42	406
Total Current	58	1,618	8,507	1,889	500	12,572
Capital						
Commonwealth Scientific & Industrial Research Organisation (CSIRO)	-	-	10	-	-	10
Non-Queensland Government Departments	-	-	11	-	-	11
Queensland Government Departments	-	-	2	-	-	2
Other	1	-	1	-	-	2
Total Capital	1	-	24	-	-	25
Total	59	1,618	8,531	1,889	500	12,597

Administered Grants and Subsidies

Drought Relief Freight Subsidy	-	-	-	4,055	-	4,055
Agribusiness Export Quality Assurance Subsidy Scheme	-	-	-	289	-	289
Commonwealth Scientific & Industrial Research Organisation (CSIRO)	-	-	-	5	-	5
Total	-	-	-	4,349	-	4,349

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

8. Other Expenses	1997 \$'000
Operating Lease Expenses and Leasehold Improvements	10,146
Interest and Other Costs of Finance	9,347
Decrements Arising from the Revaluation of Non-Current Assets	1,153
Other	760
Audit Fees (Queensland Audit Office) (1)	370
Losses (2)	365
Licence Fees and Permits	262
Bad and Doubtful Debts	148
Gifts	77
Special Payments :	
- Ex-gratia to Contractors	32
- Ex-gratia Compensation	22
- Ex-gratia Other	20
- Other Special Payments (3)	191
Total	<u>22,893</u>

Administered Other Expenses	
Stumpage fees paid/payable to the Timber Research and Development Advisory Council of Queensland (TRADAC)	1,263
Bad and Doubtful Debts	47
Total	<u>1,310</u>

- (1) 1996-97 expense includes \$0.060 million on account of 1995-96.
- (2) Represents inventory losses of \$0.249 million, livestock losses of \$0.084 million and other losses of \$0.032 million.
- (3) Represents \$0.191 million paid to Queensland Livestock and Meat Authority as a contribution towards funding of redundancy payments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

	1997
	\$'000
9. User Charges, Fees and Fines	
Royalties	73,975
Fee for Service	22,236
Sale of Goods	8,088
Taxes, Fees and Fines	1,839
Total	<u>106,138</u>

Administered User Charges, Taxes, Fees and Fines

Sale of Goods	825
Fee for Service	729
Taxes, Fees and Fines	1,530
Total	<u>3,084</u>

10. Grants and Other Contributions Revenue

Industry Contributions	19,989
Grants	18,094
Total	<u>38,083</u>

11. Property Income

Gain on Disposal of Property, Plant and Equipment	1,148
Rental Income	734
Total	<u>1,882</u>

Administered Property Income

Rental Income	942
Gross Proceeds on Disposal of Property, Plant and Equipment	187
Total	<u>1,129</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

12. Other Revenue	1997 \$'000
Goods and Services Received Below Fair Value:	
Maintenance Services (Department of Public Works and Housing)	3,972
Legal Services (Department of Justice)	654
Archiving Services (Department of Public Works and Housing)	99
Quarantine Facilities (Department of Natural Resources)	14
Other Goods (Department of Transport)	11
	<u>4,750</u>
Increase in Value of Livestock	1,004
Interest	769
Diesel Fuel Rebates	462
Gain on Disposal of Investments	106
Other	2,450
Total	<u><u>9,541</u></u>

Administered Other Revenues	
Expenditure Recovered from Prior Year	59
Other	157
Total	<u><u>216</u></u>

13. Assets, Liabilities, Revenues and Expenses Assumed and Relinquished

The following assets and/or revenues have been relinquished by the Department to the Queensland Government or Other Government Agencies during the financial year:

Transfer of Property, Plant and Equipment to other Departments	(559)
Proceeds on Disposal of Plant and Equipment Relinquished to Queensland Treasury	(187)
Other Cash Relinquished to Queensland Treasury	(56)
	<u>(802)</u>

The following liabilities have been relinquished by the Department to the Queensland Government or other Government Agencies during the financial year:

Leave Liabilities Relinquished due to Staff Transfers	<u>947</u>
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The following liabilities have been assumed by the Department from the Queensland Government or other Government Agencies during the financial year:

Leave Liabilities Assumed due to Staff Transfers	<u>(1,748)</u>
Total	<u><u>(1,603)</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

	1997 \$'000
14. Current Assets - Cash	
Funds Held by Treasury (1)	14,400
Trust Fund Balances	10,983
Cash on Hand	153
Total	25,536

Administered Current Assets - Cash	
Cash at Bank	130
Total	130

(1) Funds Held by Treasury represent monies which have been received by the Department from sources other than the Queensland Government, such as the Commonwealth Government, Industry Bodies and Other Parties. These funds are available for use by the Department in accordance with revenue retention and receipt offset arrangements with Queensland Treasury.

15. Current Assets - Receivables

Trade Debtors	14,462
Less: Provision for Doubtful Debts	(667)
Freehold Selection Debtors (1)	349
Less: Provision for Doubtful Debts	(8)
Loans and Advances	758
Carryovers of Appropriation	8,629
Interest Receivable	45
Other Debtors	667
Total	24,235

Administered Current Assets - Receivables	
Trade Debtors	416
Less: Provision for Doubtful Debts	(15)
Loans and Advances	98
Less: Provision for Doubtful Debts	(74)
Other Debtors	166
Less: Provision for Doubtful Debts	(26)
Carryovers of Appropriation	830
Total	1,395

(1) Freehold selection debtors arise where Crown Land under lease is converted to freehold. Debtors represent the value of unpaid instalments due on the timber component of the property sold. These debtors are managed by the Department of Natural Resources.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

	1997 \$'000
16. Current Assets - Investments	
Shares and Units - at Cost	2
Total (1)	2

(1) The Department holds Investments in the following Entities: Queensland Sugar Corporation; Bean Growers Australia; Australian Quality Egg Farms; Australian Wheat Board; Australian Co-operative Foods; Queensland Dairy Authority; United Milk Producers Co-operative; and Metropolitan Milk Producers. These Investments are held solely to allow the Department to sell produce generated by the operations of the Department.

17. Current Assets - Inventories	
<i>Inventory held for sale:</i>	
Finished Goods	2,877
Work in Progress	124
<i>Inventory not held for sale:</i>	
Raw Materials and Stores	2,334
Total	5,335

18. Current Assets - Other	
Prepayments	654
Total	654

19. Non-Current Assets - Receivables	
Freehold Selection Debtors (See Note 15.)	805
Other Debtors	450
Total	1,255

Administered Non-Current Assets - Receivables	
Loans and Advances	75
Total	75

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

1997

\$'000

20. Non-Current Assets - Investments

Shares and Units - at Cost	48
Total (1)	<u>48</u>

(1) Refer Note 16.(1).

21. Non-Current Assets - Inventories

<i>Inventory held for sale:</i>	
Finished Goods	133
Total	<u>133</u>

22. Non-Current Assets - Property, Plant and Equipment

22.1 Plant and Equipment

At Cost	80,771
At Independent Valuation 1997	33,309
At Management Valuation 1997	2,866
Accumulated Depreciation	(58,164)
Total Plant and Equipment - Net Book Value	<u>58,782</u>

22.2 Land (1)

At Cost	3,209
At Independent Valuation 1996	48,558
Total Land	<u>51,767</u>

(1) DPI Forestry carries out its operations (establishment, management and marketing) principally on Crown Land allocated for forest production purposes by the Department of Natural Resources (DNR). While DNR retains control over this Land, DPI Forestry is granted access to carry out its operations in accordance with the *Forestry Act 1959*. Only Land controlled by the Department has been brought to account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

22. Non-Current Assets - Property, Plant and Equipment (continued)

1997
\$'000

22.3 Land Improvements

At Cost	1,204
At Independent Valuation 1995	6,112
At Independent Valuation 1996	10,279
At Management Valuation 1997	58
Accumulated Depreciation	(1,811)
Total Land Improvements - Net Book Value	15,842

22.4 Buildings

At Cost	5,833
At Independent Valuation 1995	18,117
At Independent Valuation 1996	80,278
At Management Valuation 1997	18
Accumulated Depreciation	(5,411)
Total Buildings - Net Book Value	98,835

22.5 Access Roads

At Cost	1,002
At Independent Valuation 1995	25,889
At Independent Valuation 1996	2,150
Accumulated Depreciation	(2,253)
Total Access Roads - Net Book Value	26,788

22.6 Capital Works in Progress

At Cost	4,558
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Total Property, Plant and Equipment - Net Book Value	256,572
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

22. Non-Current Assets - Property, Plant and Equipment (continued)

	1997
	\$'000
Property, Plant and Equipment	
At Cost	96,577
At Independent Valuation 1995	50,118
At Independent Valuation 1996	141,265
At Independent Valuation 1997	33,309
At Management Valuation 1997	2,942
Accumulated Depreciation	(67,639)
Total Property, Plant and Equipment - Net Book Value	256,572

22.7 Valuation of Property, Plant and Equipment

Property, Plant and Equipment have been valued on the deprival basis in accordance with the Treasurer's Guidelines entitled "*Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector - June 1997*".

22.7.1 Land, Land Improvements, Buildings and Access Roads

Land, Land Improvements, Buildings and Access Roads were valued as at 1 January 1995 and 1 January 1996 by the following independent expert valuers:

Australian Valuation Office

J F McAuliffe, L.F.V.L.E. (Val. & Econ.), C J Tuttle, Dip. Val., F.V.L.E. (Val. & Econ.),
R N Mullins, F.V.L.E. (Val.) LL.B. and A Roberts, A.V.L.E. (Val.)

22.7.2 Plant and Equipment

Plant and Equipment assets with a historical or current replacement cost over \$50,000 were valued as at 30 June 1997 by the following independent expert valuer:

Edward Rushton Australia Pty Limited

S Greenstock, F.V.L.E. (P & M)

The Department undertook an analysis of its other Plant and Equipment assets and concluded that the historical cost or management valuation assigned to these assets reasonably represents deprival value, in accordance with the Treasurer's Guidelines.

22.7.3 Interim Revaluation

Interim revaluations (by indexation) of assets above the established revaluation thresholds and with an estimated useful life of three years or more (Note 2.16) were carried out as at 1 January 1997.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

1997
\$'000

23. Restricted Assets

The Department has included a number of assets in the accounts which are classified as restricted assets. These are assets, the uses of which are wholly or partially restricted, by legislation or other externally - imposed requirements. These include:

23.1 Funds Held by Treasury

Funds Held by Treasury (Note 14) represent monies which have been received by the Department from sources other than the Queensland Government. The use of these funds is restricted by conditions contained in relevant agreements.

8,486

23.2 Plant & Equipment

At Cost	2,439
At Management Valuation 1997	24
Accumulated Depreciation	(808)

Total Plant and Equipment - Net Book Value 1,655

These assets may not be disposed of without the permission of the external funding body and may only be used to carry out the agreed purposes of the project for which funding has been provided.

Total 10,141

24. Current Liabilities - Creditors

Trade Creditors	7,037
Other Creditors	4,508
Accrued Interest and Other Costs of Finance	1,925

Total 13,470

Administered Current Liabilities - Creditors

Trade Creditors	484
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Total 484

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

1997
\$'000

25. Current Liabilities - Borrowings

Treasury Borrowings	3,468
QTC Borrowings	3,163
Total	<u><u>6,631</u></u>

26. Current Liabilities - Provisions

Recreation Leave	15,587
Long Service Leave (1)	3,110
Salaries and Wages	3,656
Unpaid Superannuation Contributions	424
Provision for Dividend (2)	5,060
Total	<u><u>27,837</u></u>

Administered Current Liabilities - Provisions

Recreation Leave	6
Long Service Leave (1)	3
Total	<u><u>9</u></u>

(1) Long Service Leave is measured by use of the shorthand method derived by the Queensland State Actuary. This method is equivalent to the calculation of the present value of payments expected to arise in the future in respect of services provided by employees up to the reporting date, assuming:

- (a) weighted average rates of increase in annual employee entitlements to settlement of the liabilities 4% per annum;
- (b) weighted average discount rate of 6.5% per annum; and
- (c) weighted average term to settlement of the liabilities at 14 years.

(2) The dividend of \$5.060 million provided for is payable to the Queensland Government in relation to the operation of DPI Forestry.

27. Current Liabilities - Other

Unearned Revenue	7,777
Other	5
Total	<u><u>7,782</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

	1997
	\$'000
28. Non-Current Liabilities - Creditors	
Other Creditors	700
Total	<u><u>700</u></u>

In the 1995-96 financial year, additional plantation land was acquired by DPI Forestry 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. The above amount represents the final payment due in 1998-99.

29. Non-Current Liabilities - Borrowings	
QTC Borrowings	52,018
Treasury Borrowings	29,570
Total	<u><u>81,588</u></u>

30. Non-Current Liabilities - Provisions	
Long Service Leave (1)	31,420
Total	<u><u>31,420</u></u>

Administered Non-Current Liabilities - Provisions	
Long Service Leave (1)	38
Total	<u><u>38</u></u>

(1) The assumptions upon which the long service leave liability is based are disclosed at Note 26.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
 for the Year Ended 30 June 1997

31. Changes in Equity

1997

\$'000

	Accumulated Surplus	Asset Revaluation Reserve	Plantation Growing Timber Revaluation Reserve	Total Equity
Opening Balance as at 1 July 1996	1,095,921	77	87,097	1,183,095
Increase in Net Assets	1,328	-	-	1,328
Conversion of DPI Forestry Equity to QTC Borrowings (1)	(10,000)	-	-	(10,000)
Increment on Revaluation				
- Land Improvements and Buildings	-	1,049	-	1,049
- Plant and Equipment	-	4,668	-	4,668
- Plantation Growing Timber	-	-	57,283	57,283
Closing Balance	1,087,249	5,794	144,380	1,237,423

- (1) Under the terms of DPI Forestry's debt restructuring agreement with Queensland Treasury Department, an amount of \$10.000 million was converted from equity to debt on 1 July 1996. A further conversion occurred on 1 July 1997, refer note 37.2. The debt will be repaid to Queensland Treasury Corporation on a commercial basis.

32. Reconciliation of Net Cash Provided by/(Used in) Operating Activities

Net Cost of Services

(172,121)

Non-Cash Items:

Depreciation Expense	18,549
Provision for Doubtful Debts	148
Gain on Disposal of Property Plant and Equipment	(1,148)
Internal Transfer of Costs for Assets Constructed	(284)
Capitalised Interest	771
Decrements Arising from the Revaluation of Non-Current Assets	1,153
Non-Current Assets Written Off	28

Change in Assets and Liabilities:

Increase/(Decrease) in Employee Entitlements	8,200
(Increase)/Decrease in Inventories	59
(Increase)/Decrease in Livestock	(423)
(Increase)/Decrease in Receivables	(4,296)
Increase/(Decrease) in Creditors	9,373

32,130

Net Cash Used in Operating Activities

(139,991)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

	1997 \$'000
33. Commitments for Expenditure	
(a) Non-Cancellable Operating Lease Commitments	
<i>Commitments in Relation to Non-Cancellable Operating Leases are Payable as follows:</i>	
Not later than one year	125
Later than one year and not later than two years	122
Later than two years and not later than five years	333
Later than five years	72
Total	652
(b) Capital Expenditure Commitments	
<i>Material Capital Expenditure Commitments Contracted for but not Brought to Account are as follows:</i>	
Buildings	8,799
Land Improvements	555
Vehicles and Vessels	321
Scientific Equipment	216
Office Equipment	299
Heavy Equipment	382
Other	285
Total	10,857
<i>These Commitments are Payable as follows:</i>	
Not later than one year	8,024
Later than one year and not later than two years	2,833
Total	10,857
(c) Grants and Subsidies	
<i>Commitments in Relation to Grants and Subsidies at the Reporting Date are Payable as Follows:</i>	
Not later than one year	5,402
Later than one year and not later than two years	485
Later than two years and not later than five years	531
Total (1)	6,418

(1) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
 for the Year Ended 30 June 1997

34. Contingent Liabilities

(a) Litigation in Progress

The following cases were filed in the Courts at the end of the financial year:

	<i>Number of Cases</i>
Supreme Court	21
District Court	5
Other Jurisdictions	13

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.

The Department has also received notification 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

35. Transactions and Balances Administered on Behalf of Entities Other than the Whole Government

As the Department performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements, but are disclosed here for information purposes.

ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF ENTITIES OTHER THAN THE WHOLE OF GOVERNMENT	1997 \$'000
Administered Current Assets	
Monies Held in Trust (Security Deposits)	661
Agency Collections	27
Total Administered Current Assets	<u>688</u>
Administered Non-Current Assets	
Monies Held in Trust (Security Deposits)	68
Total Administered Non Current Assets	<u>68</u>
Total Administered Assets	<u><u>756</u></u>
Administered Current Liabilities	
Monies Held in Trust (Security Deposits)	661
Agency Collections	27
Total Administered Current Liabilities	<u>688</u>
Administered Non Current Liabilities	
Monies Held in Trust (Security Deposits)	68
Total Administered Non Current Liabilities	<u>68</u>
Total Administered Liabilities	<u><u>756</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

35. Transactions and Balances Administered on Behalf of Entities Other than the Whole Government (continued)

CASH FLOWS ADMINISTERED ON BEHALF OF ENTITIES OTHER THAN THE WHOLE OF GOVERNMENT		1997 \$'000
<i>Inflows</i>		
Security Deposits		3,234
Agency Collections		8,682
		<u>11,916</u>
<i>Outflows</i>		
Security Deposits		(3,404)
Agency Collections		(10,044)
		<u>(13,448)</u>
Net Cash Outflows Administered on Behalf of Entities Other than the Whole of Government		<u><u>(1,532)</u></u>

Transactions and balances administered on behalf of entities other than the Whole of Government are subject to audit by the Auditor-General.

36. Entity included in the Departmental Financial Statements

The revenues, expenses, assets, liabilities and equity of DPI Forestry, which is a commercial business group of the Department, have been included within the Departmental Financial Statements. The financial statements of DPI Forestry have been prepared on an accrual basis of accounting and are published separately in the Annual Report.

36.1 Income Tax Equivalent

DPI Forestry has not incurred an income tax liability but has accumulated future income tax benefits amounting to \$19.343 million as at 30 June 1997. These benefits will only be obtained if:

- a) 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;
- b) DPI Forestry continues to comply with the conditions for deductibility imposed by the law; and
- c) no changes in tax legislation adversely affect DPI Forestry in realising the benefit from the deductions for the loss.

The future income tax benefits have not been recognised as an asset as their realisation can not be assured beyond any reasonable doubt.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

37. Events Subsequent to Balance Date

37.1 Transfer of Land to the Department of Natural Resources

An Agreement concerning joint site management was reached between the Department of Primary Industries Fisheries and Forestry (DPI) and the Department of Natural Resources (DNR) on 29 August 1997. Under this Agreement the transfer to DNR of two parcels of land at Indooroopilly with a total value of \$3.421 million will be effected as at 1 July 1997.

37.2 DPI Forestry Debt Restructure

Under the terms of DPI Forestry's debt restructuring agreement with Queensland Treasury Department, an amount of \$10.000 million was converted from equity to debt on 1 July 1997.

38. 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 1997.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

39. Notes to the Statement of Appropriations

39.1 Retained Revenue and Credits to Vote

The Treasurer has given approval under sections 34A and 34B of the *Financial Administration and Audit Act 1977* for the following types of receipts to be retained by the department. Amounts indicated have been credited against expenditure from the following Funds/Policy Area/Program Area -

39.1.1 Section 34A Approvals

	1997 \$'000
Sale of Certain Motor Vehicles	
Consolidated Fund/Agriculture, Forestry and Water Resources/Industry Development	330
Brucellosis and Tuberculosis Eradication Campaign Sale Proceeds to Offset Compensation Costs of De-stocking	
Consolidated Fund/Agriculture, Forestry and Water Resources/Industry Development	426
Payroll Apportioned to Prior Year	
Consolidated Fund/Agriculture, Forestry and Water Resources/Industry Development	2,653
Banana Industry Fund/Agriculture, Forestry and Water Resources/Industry Development	2
Fisheries Research Fund/Agriculture, Forestry and Water Resources/Industry Development	5
Secondments and Employee Subsidies	
Consolidated Fund/Agriculture, Forestry and Water Resources/Industry Development	765
Forestry Fund/Agriculture, Forestry and Water Resources/Industry Development	50
Employee Reimbursements	
Consolidated Fund/Agriculture, Forestry and Water Resources/Industry Development	3
Forestry Fund/Agriculture, Forestry and Water Resources/Industry Development	1
Jury Fees	
Consolidated Fund/Agriculture, Forestry and Water Resources/Industry Development	1
Forestry Fund/Agriculture, Forestry and Water Resources/Industry Development	1
Workers' Compensation	
Consolidated Fund/Agriculture, Forestry and Water Resources/Industry Development	33
Banana Industry Fund/Agriculture, Forestry and Water Resources/Industry Development	1
Forestry Fund/Agriculture, Forestry and Water Resources/Industry Development	10
Total	4,281

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

39. Notes to the Statement of Appropriations (continued) 1997
\$'000

39.1 Retained Revenue and Credits to Vote (continued)

39.1.2 Section 34B Approvals

Queensland Government Agents Program

Consolidated Fund/Agriculture, Forestry and Water Resources/Industry Development	47
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Revenue Retention Arrangements

Consolidated Fund/Agriculture, Forestry and Water Resources/Industry Development	4,064
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Revenue Retention Arrangements comprise the following activities

- \$1.352 million sale of vaccines;
- \$1.174 million sale of artificial breeding products;
- \$0.504 million testing and advisory services;
- \$0.469 million consulting fees;
- \$0.260 million income from training;
- \$0.252 million sale of general goods and services;
- \$0.045 million herd recording; and
- \$0.008 million overseas visitor fees.

Total	4,111
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39.2 Material Variances and Carryovers

39.2.1 Consolidated Fund Material Variances

Expenditure was higher than anticipated mainly due to:

- \$2.071 million in various activities (principally service agreements) operating under revenue sharing arrangements where receipts were higher than expected;
- \$1.771 million in subsidising quarantine treatment costs to growers and additional monitoring and eradication costs in response to the Papaya Fruit Fly outbreak;
- \$0.478 million on increased activities in the development of private forestry plantations and research projects as a result of increased Commonwealth funding;
- \$0.460 million for a control program involving the fumigation of houses and buildings infested by the West Indian Drywood Termite; and
- \$0.231 million on account of special allocations provided to fund the introduction of paid maternity leave arrangements and Crown Law user charges.

This was partially offset by expenditure which was lower than anticipated in the following areas-

- The demand for drought relief subsidies was less than expected as producers were able to take advantage of native pasture re-growth following good rainfall. In addition, several shires did not have their drought status revoked until March/April 1997 resulting in drought relief subsidies for the restocking of properties and the return of stock from agistment being less than expected. As a result, expenditure was \$0.822 million less than anticipated;

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

39. Notes to the Statement of Appropriations (continued)

39.2 Material Variances and Carryovers (continued)

39.2.1 Consolidated Fund Material Variances (continued)

- The number of cattle being de-stocked from a North Queensland property under the Brucellosis and Tuberculosis Eradication Campaign was less than expected. In addition, proceeds from the sale of cattle were higher than expected thereby providing greater recoveries to offset compensation payments under the scheme. As a result, expenditure was \$0.639 million less than anticipated;
- \$0.540 million resulting from long service leave entitlements being less than expected; and
- \$0.392 million in research and extension activities operating under revenue sharing arrangements where receipts were lower than expected.

39.2.2 Consolidated Fund Carryovers

Expenditure on account of approved carryovers at 30 June 1997 are contained within the column headed "Expenditure" in the Statement of Appropriations. These carryovers include:

	1997 \$'000
39.2.2.1 Recurrent Items	
Unspent balances in trading and research and extension activities operating under revenue sharing arrangements	2,926
Funding for the development and implementation of quality assurance systems under the Agribusiness Exporters Quality Assurance Scheme	2,191
Unspent balances for Commonwealth funded landcare and research projects	1,862
Projects relating to the Papaya Fruit Fly outbreak due mainly to delays in the construction of a laboratory in Cairns to conduct disinfestation research	1,464
Enhancements to corporate systems relating to financial and human resource management	717
Brucellosis and Tuberculosis Eradication Campaign funding commitments	360
Commitments relating to recreational fishing activities	342
Projects associated with the restructuring and development of primary industries in the Atherton Tablelands	318
Unspent balances relating to Commonwealth funded quarantine activities	210
Disposal of unwanted chemicals due to delays in the finalisation of agreements	158
Provision for legal costs associated with an outstanding litigation case	127
Total	10,675
39.2.2.2 Capital Items	
Vessel replacement program provision for future purchases of major replacement vessels	3,766
Provisions for the replacement of heavy vehicles	210
Total	3,976

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 1997

39. Notes to the Statement of Appropriations (continued)

39.2 Material Variances and Carryovers (continued)

39.2.3 Forestry Fund Material Variances

Expenditure was less than anticipated mainly due to -

- \$1.653 million arising largely from delays in filling vacant positions and employee entitlement payments being less than expected; and
- \$1.210 million resulting principally from a decrease in demand for new plant and equipment.

This was partially offset by expenditure which was higher than anticipated in the following areas-


- \$0.740 million in additional payments to contractors associated primarily with service delivery agreements and the development of financial systems and procedures;
- \$0.346 million in increased dividend payments to Queensland Treasury; and
- \$0.281 million in increased grant and subsidy payments largely due to the receipt of additional research grants from industry.

Certificate of the Department of Primary Industries, Fisheries and Forestry

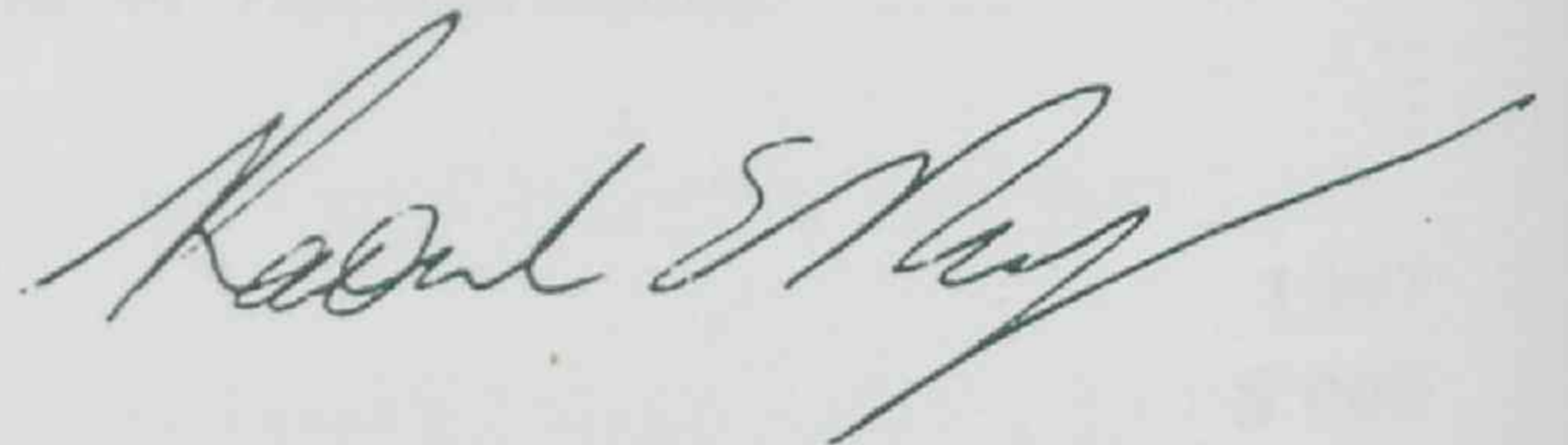
The foregoing General Purpose Financial Statements have been prepared pursuant to section 40 of the *Financial Administration and Audit Act 1977* and other prescribed requirements.

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 of Primary Industries, Fisheries and Forestry; and
- (b) in our 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 Statements have been drawn up so as to present a true and fair view of the transactions of the Department of Primary Industries, Fisheries and Forestry for the period 1 July 1996 to 30 June 1997, and of the financial position as at 30 June 1997.

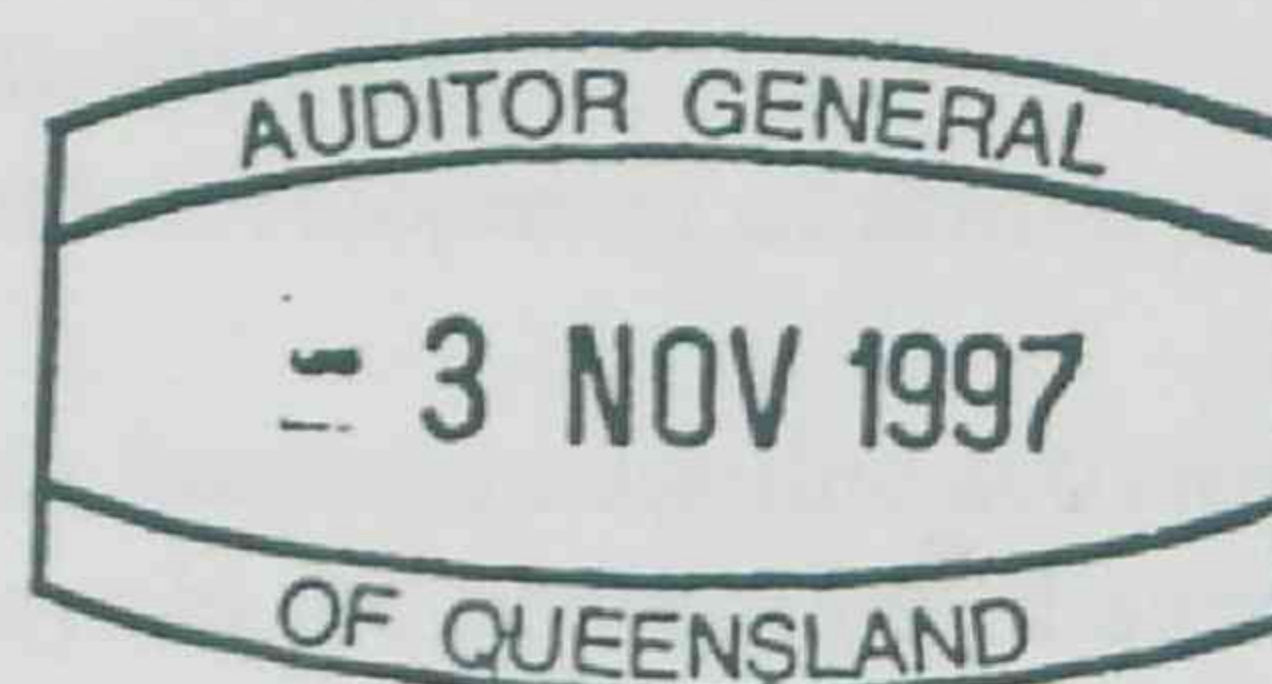

SKINNER

Executive Director (Corporate Performance)



R E NIEPER
Director-General

3 November 1997



Certificate of the Auditor-General

Scope

I have audited the General Purpose Financial Statements prepared by the Accountable Officer for the year ended 30 June 1997 in terms of s. 40 of the *Financial Administration and Audit Act 1977*.


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 Financial 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 General Purpose Financial Statements are presented fairly in accordance with the prescribed requirements which include the Treasurer's 'Minimum Reporting Requirements for the Preparation of General Purpose Financial Statements of Government Departments' for 1996-97 and prescribed accounting standards.

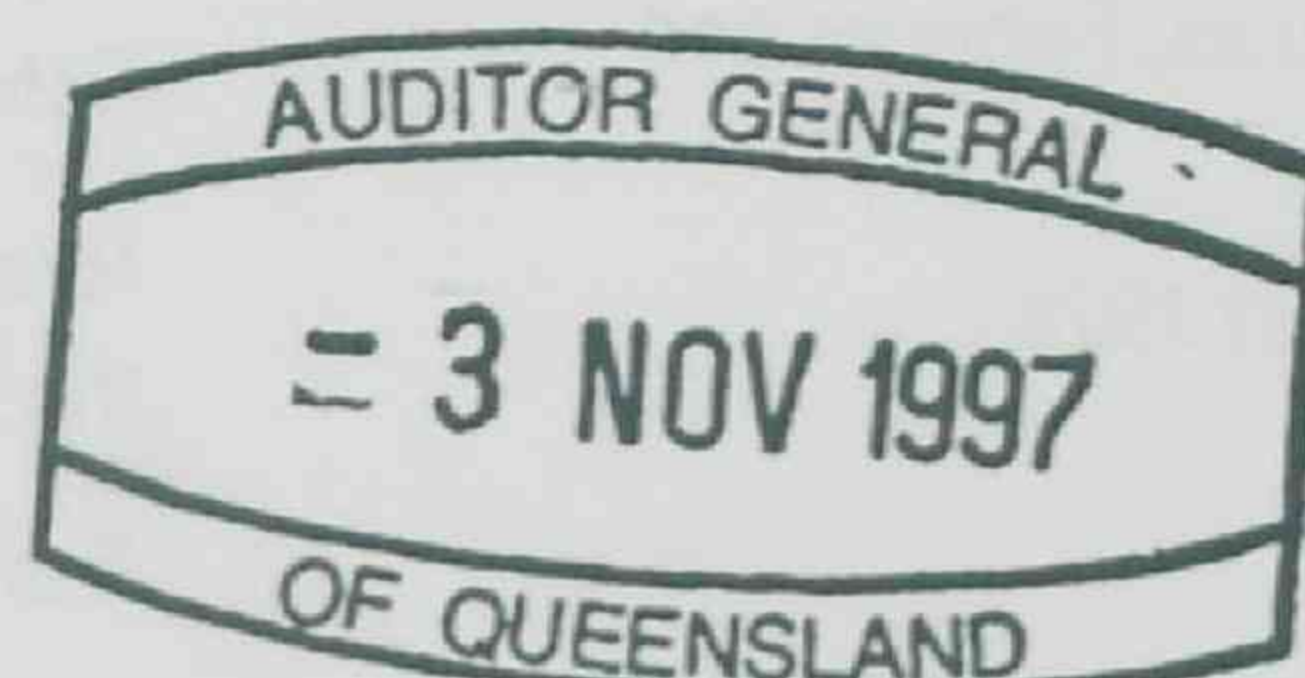
The audit opinion expressed in this certificate has been formed on the above basis.

Audit Opinion

I have examined the General Purpose Financial Statements for 1996-97 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 General Purpose Financial Statements are in conformity with the prescribed accounting standards 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 1996 to 30 June 1997 and of the financial position as at 30 June 1997.


B M ROLLASON
Auditor-General



appendices

appendix I

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 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 Utilisation and Marketing Act 1987
Tobacco Industry (Restructuring) Act 1996
Torres Strait Fisheries Act 1984
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
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 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

Plant Protection (Prescription of Pests) Regulation 1993

Plant Protection Regulation 1990

Primary Producers' (Levy on Cane Growers) Regulation 1996

Primary Producers' (Prescription of Growers) Regulation 1993

Primary Producers' Organisation and Marketing (Queensland Cane Growers' Organisation) Regulation 1987

Primary Producers' Organisation and Marketing (Queensland Pork Producers' Organisation) Regulation 1990

Primary Producers' Organisation and Marketing (Rice Marketing Board) Regulation 1993

Primary Producers' Organisation and Marketing (Vesting of Property and Assumption of Liabilities - Atherton Tableland Maize Marketing Board) Regulation 1994

Queensland Commercial Fishers' Organisation Regulation 1989

Queensland Dairyfarmers' Organisation (Brucellosis Slaughter Out Loss of Income Insurance) Regulation 1989

Queensland Dairyfarmers' State Council Regulation 1947

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

Sugar Milling Rationalisation Regulation 1995

Timber Utilisation and Marketing Regulation 1987

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 1996

Sugar Industry (Local Area Negotiation and Dispute Resolution) Guideline 1996

Sugar Industry (Local Board Award Interim Minimum Price) Guideline 1992

Sugar Industry (Mill Peak Adjustments) Guideline 1996

Sugar Industry (Sugar Quality Standards) Guideline 1996

Standards

Dairy Industry Standard 1993

Meat Industry Standard 1994

Meat Industry (Construction of Premises Processing Animals for Human Consumption) Standard 1996

Meat Industry (Construction of Premises Processing Meat for Human Consumption) Standard 1996

Meat Industry (Hygienic Production of Meat for Human Consumption) Standard 1996

Meat Industry (Transportation of Meat for Human Consumption) Standard 1996

Orders

Dairy Industry (Market Milk Prices) Order (No. 2) 1996

Dairy Industry (Scheme for Restructuring Distribution) Order 1993

appendix 2

Acts repealed during 1996-97

Egg Industry (Restructuring) Amendment Act 1996

Plant Protection Amendment Act 1996

Primary Industries Legislation Amendment Act 1996

Sugar Industry Amendment Act 1996

Tobacco Industry Stabilisation Act 1965

appendix 3

Legislation passed during 1996-97

Egg Industry (Restructuring) Amendment Act 1996

Date of assent	15 August 1996
Date of commencement	15 August 1996

This Act amended the *Egg Industry (Restructuring) Act 1993* in order to remove the Queensland egg industry's statutory marketing scheme, which had been administered by Australian Quality Egg Farms (AQEF). The company will then be in a position to diversify and become more competitive in the domestic market throughout Australia.

This Act also amended the short title of the original Act so that it is now known as the *Egg Industry Act 1993*. The Act did not affect the hen quota scheme which is intended to remain in place until its automatic expiry in accordance with the *Egg Industry Act 1993*.

Primary Industries Legislation Amendment Act (No. 2) 1996

Date of assent	5 December 1996
Date of commencement	5 December 1996 (except for Parts 8 and 9 which will commence on a day to be fixed by proclamation)

This Act amended ten Acts in the Minister for Primary Industries' portfolio. The Acts amended were the:

Biological Control Act 1987

City of Brisbane Market Act 1960

Dairy Industry Act 1993

Farm Produce Marketing Act 1964

Fisheries Act 1994

Grain Industry (Restructuring) Act 1991

Meat Industry Act 1993

Primary Producers' Organisation and Marketing Act 1926

Stock Act 1915

Sugar Industry Act 1991

This Act made a number of amendments to Acts about the dairy, fisheries, horticulture, meat, and sugar industries, including:

- repealing provisions relating to policy councils so that the councils are replaced with more flexible bodies that can be structured according to industry needs; and
- repealing provisions that prevent industry leaders from participating fully in administrative and regulatory bodies representing their particular industry.

The Act also amended the *Meat Industry Act 1993* to provide options for reform of the Queensland Livestock and Meat Authority.

Primary Industries Legislation Amendment Act 1997

Date of assent	15 May 1997
Date of commencement	15 May 1997 (except for Part 4 which will commence on a day to be fixed by proclamation)

This Act amended three Acts in the Minister for Primary Industries' portfolio, namely the:

- Forestry Act 1959*
- Grain Industry (Restructuring) Act 1991*
- Sugar Industry Act 1991*

In particular, the amendments to the *Forestry Act 1959* significantly increased penalties for illegally interfering with or obtaining forest products or quarry materials from Crown land. Forest officers have also been given greater powers of confiscation of equipment being used (or suspected of being used) in connection with such illegal activities. These amendments provide deterrents against such things as the illegal harvesting of sandalwood from Crown land in western Queensland.

The amendments to the *Grain Industry (Restructuring) Act 1991* have changed the "sunset" date for certain matters from 30 June 1997 to 30 June 1998. This will allow time for the Government to consider the report of the Grain Regulation Review Committee and to develop new legislation, if necessary, based on the Government's response to the report.

Upon commencement, the amendments to the *Sugar Industry Act 1991* will implement certain recommendations of the Sugar Industry Review Working Party, particularly about the governance of the Queensland Sugar Corporation and the Bureau of Sugar Experiment Stations.

Sugar Industry Amendment Act 1996

Date of assent	30 July 1996
Date of commencement	30 July 1996

This Act amended the *Sugar Industry Act 1991*, to cater for and facilitate the establishment of new sugar mills in Queensland. The Act also implemented recommendations contained in the Local Area Negotiation and Dispute Resolution Report about determining on a commercial basis the distribution of sugar monies and other contractual matters relating to the supply of sugarcane.

The amendments to the *Sugar Industry Act 1991* also:

- facilitate the smooth transition of bulk sugar terminal operations from bulk sugar terminal organisations to the Queensland Sugar Corporation;
- continue the exclusive control, management, operation and maintenance of bulk sugar terminal facilities by the Queensland Sugar Corporation; and
- allow greater flexibility for the period of contractual agreements between sugarcane growers and millers.

Tobacco Industry (Restructuring) Amendment Act 1996

Date of assent	15 August 1996
Date of commencement	15 August 1996

This Act provided for the deregulation and restructuring of Queensland's tobacco industry. On 1 September 1996 the Tobacco Leaf Marketing Board's assets and liabilities were transferred to a grower-owned cooperative, known as the Queensland Tobacco Marketing Cooperative Association Ltd (QTM). Shares in QTM are distributed to tobacco growers.

appendix 4

Statutory bodies associated with the Department

NAMES OF STATUTORY BODIES	CORPORATION SOLE, BODY CORPORATE OR INSTRUMENTALITY	CONSTITUTING ACT	ANNUAL REPORTING ARRANGEMENTS
Agricultural Chemicals Distribution Control Board	Instrumentality	<i>Agricultural Chemicals Distribution Control Act 1966</i>	Included in this appendix under "Statutory body notes"
Australian Quality Egg Farms Limited ¹	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	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.

¹Ceased 15 August 1996.

NAMES OF STATUTORY BODIES	CORPORATION SOLE, BODY CORPORATE OR INSTRUMENTALITY	CONSTITUTING ACT	ANNUAL REPORTING ARRANGEMENTS
Marketing boards (2) ²	Instrumentalities	<i>Primary Producers' Organisation and Marketing Act 1926</i>	Annual report to Parliament
Meat Industry Tribunal ³	Instrumentality	<i>Meat Industry Act 1993</i>	Not applicable
Negotiating teams (25) ⁴	Instrumentalities	<i>Sugar Industry Act 1991</i>	Included in annual report of the Queensland Sugar Corporation
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 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

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

²The Rice Marketing Board and the Tobacco Leaf Marketing Board are in the process of being wound up.

³Tribunal not yet appointed.

⁴Commenced 30 July 1996.

... appendix 4

Statutory bodies associated with the Department

NAMES OF STATUTORY BODIES	CORPORATION SOLE, BODY CORPORATE OR INSTRUMENTALITY	CONSTITUTING ACT	ANNUAL REPORTING ARRANGEMENTS
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
Timber Research and Development Advisory Council of Queensland	Body corporate	<i>Forestry Act 1959</i>	Annual report to Parliament
Tobacco Quota Appeals Tribunal ⁵	Instrumentality	<i>Tobacco Industry Stabilisation Act 1965</i>	Not applicable
Tobacco Quota Committee ⁶	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 of Queensland	Instrumentality	<i>Veterinary Surgeons Act 1936</i>	Included in this appendix under "Statutory body notes"

⁵Ceased 15 August 1996.

⁶Ceased 15 August 1996.

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 1336 new commercial operator licences, 11 new pilot chemical rating licences and renewed 3475 commercial operator licences and 119 pilot chemical rating licences. In addition, the Board issued 6 new, and renewed 68, aerial distribution contractor licences. The Board also considered reports on the investigation of spray drift complaints and issued 28 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 1996-97 the Board continued to ensure the enforcement of regulations governing the planting and movement of banana planting material, and directed \$308 640 towards research and development projects to control banana pests and diseases. This includes the five-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 1997, a total of 1675 registered veterinarians were recorded on the Roll of Veterinary Surgeons of Queensland and 36 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 Veterinary Tribunal of Queensland was not required to meet to consider charges of professional misconduct against any registered veterinary surgeon.

appendix 5

DPI Forestry Financial Statements for the year ended 30 June 1997

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PROFIT AND LOSS STATEMENT

for the financial year ended 30 June 1997

	* Notes	1997 \$'000	1996 \$'000
Operating profit before income tax	3	7,847	9,346
Income tax attributable to operating profit	4	-	-
Operating profit after income tax		7,847	9,346
Retained profits at the beginning of the financial year		368	-
Total available for appropriation		8,215	9,346
Dividend provided for	12,14	(5,060)	(8,978)
Retained profits at the end of the financial year		3,155	368

* The accompanying Notes on pages 102-115 form an integral part of the Financial Statements.

DPI FORESTRY - FINANCIAL STATEMENTS

BALANCE SHEET

as at 30 June 1997

	* Notes	1997 \$'000	1996 \$'000
Current Assets			
Cash	5	9,958	16,641
Receivables	6	10,814	9,937
Inventories	7	2,698	2,378
Total current assets		23,470	28,956
Non-Current Assets			
Receivables	6	805	999
Property, plant and equipment	8	73,806	74,814
Total non-current assets		74,611	75,813
Self Generating and Regenerating Assets			
Plantation Growing Timber	9	1,090,873	1,033,590
Total Assets		1,188,954	1,138,359
Current Liabilities			
Creditors	10	5,673	4,760
Borrowings	11	4,871	3,606
Provisions	12	10,145	13,688
Total current liabilities		20,689	22,054
Non-Current Liabilities			
Creditors	10	700	1,400
Borrowings	11	80,089	74,803
Provisions	12	7,545	7,505
Total non-current liabilities		88,334	83,708
Total Liabilities		109,023	105,762
Net Assets		1,079,931	1,032,597
Equity			
Capital	13	928,167	945,055
Retained profits		3,155	368
Reserves			
- Asset Revaluation	13	4,229	77
- Plantation Growing Timber Revaluation	13	144,380	87,097
Total equity		1,079,931	1,032,597

* The accompanying Notes on pages 102-115 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

for the financial year ended 30 June 1997

	* Notes	1997		1996	
		\$'000	\$'000	\$'000	\$'000
		Inflows (Outflows)		Inflows (Outflows)	
Cash Flows from Operating Activities					
Receipts from customers		84,304		84,557	
Payments to suppliers and employees		(62,688)		(59,262)	
Interest received		826		726	
Interest and loan guarantee fees paid on borrowings		(7,825)		(6,117)	
Sales taxation equivalents paid		(349)		-	
Grants and subsidies paid		(501)		(182)	
Grants and subsidies received		421		61	
Net cash provided by operating activities	15		14,188		19,783
Cash Flows from Investing Activities					
Payments for property, plant and equipment		(8,363)		(8,248)	
Proceeds from sale of property, plant and equipment		690		1,156	
Net cash used in investing activities			(7,673)		(7,092)
Cash Flows from Financing Activities					
Repayment of borrowings		(4,220)		(3,237)	
Funds relating to non-commercial activities paid to the Consolidated Fund - Department of Primary Industries, Fisheries and Forestry		-		(1,183)	
Dividends paid		(8,978)		-	
Net cash used in financing activities			(13,198)		(4,420)
Net increase/(decrease) in cash held			(6,683)		8,271
Cash at the beginning of the financial year			16,641		8,370
Cash at the end of the financial year	5		9,958		16,641

* The accompanying Notes on pages 102-115 form an integral part of the Financial Statements.

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 to operate as a commercial business group (DPI Forestry) from 1 July 1995. DPI Forestry is part of 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 except where stated otherwise, in accordance with the historical cost convention.

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.

Change in Accounting Policy

The policy in relation to the recognition of seedlings and consumable stores as inventories was amended during the year.

- Seedlings used in plantation production are prepared on a seasonal basis for use in the plantation establishment process. Plantation timber is not valued until it reaches merchantable age and accordingly, seedlings produced for DPI Forestry's plantation production are no longer recognised as inventory.
- Also, minor stores held at certain sites and nursery consumables purchased for immediate use are no longer recognised as inventory.

Refer also to note 3(b).

2.5 LIBRARY ASSETS

Purchase of library materials are expensed as incurred.

2.6 LEASEHOLD IMPROVEMENTS

Leasehold improvements are expensed as incurred.

2.7 COMPUTER SOFTWARE

Acquisition costs of computer software are expensed as incurred.

2.8 PROPERTY, PLANT AND EQUIPMENT

RECORDING OF PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment with a value of \$500 or more, 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.

PROFIT AND LOSS ON DISPOSAL OF ASSETS

Any gain or loss on the sale of property, plant and equipment has been taken into account in determining the profit for the year.

VALUATION OF PROPERTY, PLANT AND EQUIPMENT

Non-current physical assets are valued on the "deprival" basis in accordance with the Queensland Treasurer's guidelines entitled "Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector". Under the deprival value concept assets are valued at an amount that represents the entire loss that might be expected to be incurred if DPI Forestry was deprived of the future economic benefits of these assets at reporting date. Additions of non-current physical assets acquired during the year are recorded at the acquisition cost.

For the purpose of revaluation of non-current physical assets, the Department established the following revaluation thresholds by class of assets.

Asset Class:	\$
Land	200,000
Land Improvements	700,000
Buildings	100,000
Access Roads	1,000,000
Plant and Equipment	1,000,000

The carrying values of property, plant and equipment are reviewed annually.

Non-current physical assets having an estimated value greater than the appropriate revaluation threshold, and an estimated useful life of three years or more, are periodically revalued. A comprehensive revaluation of these assets is performed at five year intervals with annual indexation between full revaluations.

Capital works in progress represents costs incurred in respect of assets under construction.

2.9 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:

- changes in timber volume associated with growth and also changes to the overall estate as a result of annual planting and harvesting activity;
- changes in timber prices; and
- 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 change in net realisable 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 Growing Timber Revaluation Reserve. This treatment of the change in net realisable value varies from that of some other forest growing agencies and needs to be borne in mind in any comparative analysis of profits.

2.10 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 still unresolved issues associated with the Regional Forest Agreement process in native forests, with this agreement not scheduled for signing prior to June 1998. 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 1997. 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.

2.11 LAND

DPI Forestry carries out its forestry establishment, management and marketing operations principally on Crown land allocated for forest production purposes by the Department of Natural Resources (DNR). While DNR retains control over this land, DPI Forestry is granted access to carry out its operations in accordance with the *Forestry Act 1959*.

Only land controlled by DPI Forestry has been brought to account. This land includes specified freehold and leasehold land parcels held for operational purposes as at 1 July 1995 plus freehold land purchased since that date.

2.12 QUARRIES

DPI Forestry obtains royalties from quarry operators for the extraction of quarry materials located on Crown land 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.

2.13 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.

A liability for long service leave is recognised and is measured by the use of a shorthand method derived by the Queensland State Actuary. The result of this method does not differ materially from that which would be arrived at should a calculation be performed estimating the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. The method used incorporates consideration of expected future wage and salary levels, experience of employee departure and periods of service. 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.

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

Employer contributions for employee superannuation are expensed as incurred. No liability is shown for superannuation benefits in the balance sheet as the liability is held by the Government Superannuation Office.

2.14 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.

2.15 TAXATION

DPI Forestry is subject to the payment of Income Tax Equivalents and Sales Tax Equivalents under the Queensland Tax Equivalents Regime. Income tax expense, assets and liabilities arising from the levying of Income Tax Equivalents 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)".

No liability has been provided for the payment of future Capital Gains Tax Equivalents that may arise on the disposal of assets. Such liability is provided at the time of disposal of the assets. Where assets are revalued no provision for potential Capital Gains Tax Equivalents has been made.

2.16 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 Workcover Queensland.

2.17 FINANCIAL REPORTING BY SEGMENTS

DPI Forestry operates principally in the forestry industry within Queensland.

2.18 INTERESTS IN JOINT VENTURES

DPI Forestry is involved in establishing private forestry plantations. These are joint venture schemes designed to establish commercially viable timber plantations on private land. Contributions by DPI Forestry are expensed as incurred consistent with DPI Forestry's policy of not capitalising plantation establishment and maintenance costs (refer note 2.9). Details of DPI Forestry's interests are disclosed at note 17.

2.19 DEPOSITS HELD IN TRUST

Security, tender and other deposits administered by DPI Forestry in a trust capacity are not recognised in the financial statements but are disclosed for information purposes in note 20.

2.20 COMPARATIVE FIGURES

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

2.21 ROUNDING

Amounts included in the financial statements have been rounded to the nearest one thousand dollars unless specifically stated to be otherwise.

3. OPERATING PROFIT

	Notes	1997 \$'000	1996 \$'000
Revenue - Sales	3(a)	75,139	74,615
- Other	3(a)	10,895	10,398
		86,034	85,013
Operating expense	3(b)	78,187	75,667
Operating profit before income tax		7,847	9,346

Operating profit before income tax has been determined after:

3(a) CREDITING AS REVENUE

	1997 \$'000	1996 \$'000
Sales Revenue		
Plantations - Native Pine	21,756	22,661
- Exotic Pine	38,774	36,110
- Hardwood	258	114
Native Forests - Cypress	2,847	2,980
- Hardwood	6,363	5,733
- Sandalwood	338	1,447
Quarries	2,827	2,637
Seeds and seedlings	1,089	1,256
Freehold selections - timber revenue	117	905
Fees and permits	266	292
Other sales revenue	504	480
Total sales revenue	75,139	74,615
Other Revenue		
Interest	769	828
Specialised forest industry services	6,868	6,527
External workshop charges	907	1,036
External plant hire	615	319
Profit on disposals of non-current assets	203	374
Miscellaneous	1,533	1,314
Total other revenue	10,895	10,398

for the financial year ended 30 June 1997

3(b) CHARGING AS AN OPERATING EXPENSE

	1997 \$'000	1996 \$'000
Salaries, wages and related costs	29,763	29,825
Interest and Loan guarantee fee - Queensland Treasury Corporation Loan	5,397	4,682
- Commonwealth Softwood Loans	3,641	3,574
Contracted forestry, professional, technical and other services	9,534	8,153
Depreciation on property, plant and equipment	5,717	5,636
Hire of plant and equipment	2,210	2,007
Superannuation contributions	3,331	3,116
Provision for employee entitlements	4,090	3,742
Motor vehicle expenses	2,709	2,993
Occupancy costs	2,532	2,809
Forest maintenance expenses(1),(2)	2,031	1,710
Materials(1)	1,505	1,991
Travel expenses	1,199	1,045
Workers' compensation costs	949	1,061
Postage, printing and stationery	641	424
Computer operating expenses	610	844
Auditor's remuneration(3)	185	90
Doubtful debts expense	8	16
Bad debts written off	1	2
Other operating expenses	2,134	1,947
Total operating expenses	78,187	75,667

- 1) As a result of changes in inventory accounting policy (Note 2.4) the following adjustments are included within the operating expenses for 1996-97.
 - *Materials*:- Balances at 1 July 1996 of stores no longer designated as inventory and expensed were \$380,035.
 - *Forest Maintenance Expenses*:- Balances at 1 July 1996 of nursery seedlings and consumables no longer designated as inventory and expensed were \$574,621.
- 2) The inventory balance for seeds was written up by \$582,443 as at 1 July 1996 following a re-assessment of costs included in the inventory valuation. This adjustment has resulted in an equivalent amount being credited against Forest Maintenance Expenses for 1996-97.
- 3) 1996-97 expense includes \$60,200 on account of 1995-96 which was under accrued at 30 June 1996.

4. INCOME TAX

	1997 \$'000	1996 \$'000
Operating profit	7,847	9,346
The prima facie income tax expense (calculated at 36% of operating profit)	2,825	3,365
Tax effect of permanent differences which increase/(decrease) income tax expense:		
Acquired timber felled - Queensland Income Tax Equivalents Ruling 95/4	(14,751)	(10,056)
Research and development concession	(272)	(587)
Entertainment - non-deductible	6	3
Diesel fuel rebate	-	26
Prepayments	-	21
Capital gains tax	148	-
Other	(71)	-
Total income tax benefit	(12,115)	(7,228)

	1997 \$'000	1996 \$'000
Net income tax benefit	(13,002)	(6,934)
Deferred income tax liability	941	66
Future income tax benefit	(54)	(360)
Total income tax benefit	(12,115)	(7,228)

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. Accumulated future income tax benefits amounting to \$19,342,550 as at 30 June 1997 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

	1997 \$'000	1996 \$'000
Cash on hand	30	29
Cash at bank	517	37
Cash other - Forestry Fund	9,411	16,575
Total cash	9,958	16,641

6. RECEIVABLES

	1997 \$'000	1996 \$'000
Current		
Trade debtors	10,255	9,357
Freehold selection debtors (1)	349	385
	10,604	9,742
Less - Provision for doubtful debts(1)	(24)	(16)
	10,580	9,726
Interest receivable	45	103
Other debtors	189	108
	10,814	9,937
Non-Current		
Freehold selection debtors (1)	805	999
Total receivables	11,619	10,936

- 1) Freehold selection debtors arise where Crown Land under lease is converted to freehold. Debtors represent the value of unpaid instalments due on the timber component of the property sold. Included in the total doubtful debt provision is an amount of \$8,075 (\$nil, 1995-96) for freehold selection debtors. The freehold selection debtors are managed by the Department of Natural Resources.

7. INVENTORIES

	1997 \$'000	1996 \$'000
Finished goods:		
Seeds and seedlings	1,199	1,214
Harvested timber on hand	64	67
	1,263	1,281
Work in progress		
Seedlings	124	-
Raw materials and stores:		
Fertilisers, chemicals and herbicides	391	491
Saleable publications	180	259
Fuel	63	92
Miscellaneous	677	255
	1,311	1,097
Total inventories	2,698	2,378

The basis for valuation of inventories and details of changes in accounting policy are set out in notes 2.4 and 3(b) respectively.

8. PROPERTY, PLANT AND EQUIPMENT

	1997 \$'000	1996 \$'000
Land		
At cost	3,209	3,200
At valuation (1)	1,088	-
	4,297	3,200
Buildings		
At cost	431	353
At valuation (2)	18,117	19,542
Accumulated depreciation	(1,601)	(1,028)
	16,947	18,867
Land improvements		
At cost	531	122
At valuation (2)	6,112	6,777
Accumulated depreciation	(940)	(640)
	5,703	6,259
Access roads		
At cost	908	232
At valuation (2)	25,889	32,057
Accumulated depreciation	(2,149)	(1,561)
	24,648	30,728
Plant and equipment (3)		
At cost	17,174	23,931
At valuation	16,570	3,239
Accumulated depreciation	(12,601)	(12,136)
	21,143	15,034
Capital works in progress		
At cost	1,068	726
Property, plant and equipment		
At cost	23,321	28,564
At valuation	67,776	61,615
Accumulated depreciation	(17,291)	(15,365)
Total property, plant and equipment - net book value	73,806	74,814

VALUATION OF PROPERTY, PLANT AND EQUIPMENT

All Property, Plant and Equipment has been valued at deprival value in accordance with the Queensland Treasurer's guidelines entitled "Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector"

- 1) **Land** was valued as at 1 January 1996 by the following independent expert valuers:
Australian Valuation Office
R N Mullins, FVLE (Val) LLB and A Roberts AVLE (Val)
- 2) **Buildings, Land Improvements and Access Roads** were valued as at 1 January 1995 by the following independent expert valuers:
Australian Valuation Office
J F McAuliffe, LFFVLE (Val & Econ), C J Tuttle, Dip Val., FVLE (Val & Econ) and R N Mullins, FVLE (Val) LLB
- 3) **Plant and Equipment** with an historical cost or current replacement cost over \$50,000 was revalued by the following independent expert valuer to \$15,599,180 as at 30 June 1997.
Edward Rushton Australia Pty. Ltd.
S Greenstock, FVLE (P & M)
DPI Forestry undertook an analysis of its other plant and equipment assets and concluded that the historical cost or management valuation assigned to these assets reasonably represents deprival value.

Interim revaluations (by indexation) of assets above the established revaluation thresholds and with an estimated useful life of three years or more (refer note 2.8) were carried out as at 30 June 1996 and 1 January 1997.

9. PLANTATION GROWING TIMBER

	Notes	1997 \$'000	1996 \$'000
Balance as at 1 July		1,033,590	946,493
Net increment for the year	13	57,283	87,097
Balance as at 30 June		1,090,873	1,033,590

10. CREDITORS

	1997 \$'000	1996 \$'000
Current		
Trade creditors	1,253	874
Amount owing to the Department of Primary Industries, Fisheries and Forestry - Consolidated Fund	-	19
Accrued interest - Commonwealth Softwood Loans	1,482	1,077
Accrued loan guarantee fee - Commonwealth Softwood Loans	150	151
- Queensland Treasury Corporation Loan	283	246
Tax payable - Payroll	125	109
- Sales	307	349
Land purchase (1)	700	700
Accrued expenses	303	418
Prepaid royalties, grants & other revenue received in advance	766	391
Miscellaneous	304	426
	5,673	4,760
Non-Current		
Land purchase (1)	700	1,400
Total creditors	6,373	6,160

- 1) In the 1995-96 financial year, additional plantation land was acquired at a total cost of \$3,200,000. The acquisition involved a payment of \$1,100,000 in 1995-96 with subsequent payments of \$700,000 due in each of the next three financial years. The current amount represents the second payment of \$700,000 due in the 1997-98 financial year, and the non-current amount represents the final payment due in 1998-99.

11. BORROWINGS

	1997 \$'000	1996 \$'000
Current		
Commonwealth Softwood Loans	1,708	1,366
Queensland Treasury Corporation Loan (market value at 30 June: \$3.390 million)	3,163	2,240
	4,871	3,606
Non-current		
Commonwealth Softwood Loans	28,071	29,008
Queensland Treasury Corporation Loan (market value at 30 June: \$55.748 million)	52,018	45,795
	80,089	74,803
Total borrowings as at 30 June	84,960	78,409

12. PROVISIONS

	Notes	1997 \$'000	1996 \$'000
Current			
Provision for dividend	14	5,060	8,978
Employee entitlements (1)	12(a)(i)	5,085	4,710
		10,145	13,688
Non-current			
Employee entitlements (1)	12(a)(ii)	7,545	7,505
Total provisions		17,690	21,193

- 1) The aggregate employee entitlement liability includes an amount for long service leave which, as explained in note 2.13, is measured by use of a shorthand method derived by the Queensland State Actuary. This method is equivalent to the calculation of the present value of payments expected to arise in the future in respect of services provided by employees up to the reporting date, assuming:
- weighted average rates of increase in annual employee entitlements to settlement of the liabilities 4% pa;
 - weighted average discount rate of 6.5% pa; and
 - weighted average term to settlement of the liabilities at 14 years.

12(a) EMPLOYEE ENTITLEMENTS

	1997 \$'000	1996 \$'000
(i) Current		
Annual leave	3,341	3,162
Long service leave	838	834
Other - Salaries and Wages	817	644
- Superannuation	89	70
Total current	5,085	4,710
(ii) Non-current		
Long service leave	7,545	7,505
Total non-current	7,545	7,505
Total employee entitlements	12,630	12,215

13. MOVEMENT IN CAPITAL AND RESERVES

	Capital		Asset Revaluation Reserve		Plantation Growing Timber Revaluation Reserve	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
Balance as at 1 July	945,055	945,055	77	-	87,097	-
Increment on revaluation						
- Land Improvements and Buildings			70	77		
- Plant and equipment			4,082	-		
- Plantation Growing Timber					57,283	87,097
Conversion of Equity into QTC borrowing(1)	(10,000)	-				
(Prior period) Adjustment to non-current assets(2)	(6,888)	-				
Balance as at 30 June	928,167	945,055	4,229	77	144,380	87,097

- Under the terms of DPI Forestry's debt restructuring agreement with Queensland Treasury Department, an amount of \$10,000,000 was converted from equity to debt on 1 July 1996. A further conversion occurred on 1 July 1997, refer note 21. The debt will be repaid to Queensland Treasury Corporation on a commercial basis.
- Represents adjustments processed during 1996-97 to correct opening asset balances taken up as at 1 July 1995 when DPI Forestry commenced operations as a Commercial Business Group.

for the financial year ended 30 June 1997

14. DIVIDEND

The dividend of \$5,060,000 (\$8,978,336, 1995-96) provided for is payable to the Queensland Government.

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

	1997 \$000	1996 \$000
Operating profit after income tax	7,847	9,346
Depreciation on property, plant & equipment	5,717	5,636
Diminution in value of assets	-	47
Non-Current assets written off	28	152
Inventories written down	372	-
Provision for doubtful debts	8	16
Bad debts written off	1	2
Internal transfer of costs for assets constructed	(284)	-
Profit on disposal of non-current assets	(203)	(374)
Capitalised interest	771	1,448
Increase/(decrease) in employee entitlements	415	1,193
(Increase)/decrease in inventories	(692)	(53)
(Increase)/decrease in receivables	(692)	727
Increase/(decrease) in creditors	900	1,643
Net cash provided by operating activities	14,188	19,783

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.

16. FINANCING FACILITIES

STANDBY ARRANGEMENTS TO PROVIDE FUNDS AND SUPPORT FACILITIES

	1997 \$000	1996 \$000
Credit facility	3,000	3,000
Amount utilised	-	-
Unused credit facility	3,000	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.

17. INTERESTS IN JOINT VENTURES

DPI Forestry holds an interest in a number of joint ventures. Refer note 2.18.

- As at 30 June 1997 amounts contributed to joint venture operations totalled \$197,170 (\$nil, 1995-96)
- No output was derived from the joint venture operations during 1996-97.

18. 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 Workcover Queensland (previously Workers' Compensation Board of Queensland).

There are seven other matters (such as property damage claims and personal injury claims to non-employees) currently outstanding, to which DPI Forestry is a party.

The incidents giving rise to the above matters occurred prior to the end of the financial year. The jurisdiction of the matters is as follows:-

Supreme Court	8
District Court	3
Other Jurisdictions including anticipated matters	5

DPI Forestry's legal advisers 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.

19. COMMITMENTS FOR CAPITAL EXPENDITURE

Commitments for capital expenditure - plant and equipment payable within 1 year: \$399,200(\$182,000, 1995-96).

20. DEPOSITS HELD IN TRUST

Security, tender and other deposits are held by DPI Forestry in trust primarily as guarantees for performance under timber sales agreements and contracts. Deposits held as at 30 June 1997 amounted to \$682,254 (\$832,920, 30 June 1996). These deposits are not recognised in the financial statements but are reported for information purposes.

Transactions and balances relating to these deposits are subject to audit by the Auditor-General.

21. EVENTS SUBSEQUENT TO BALANCE DATE

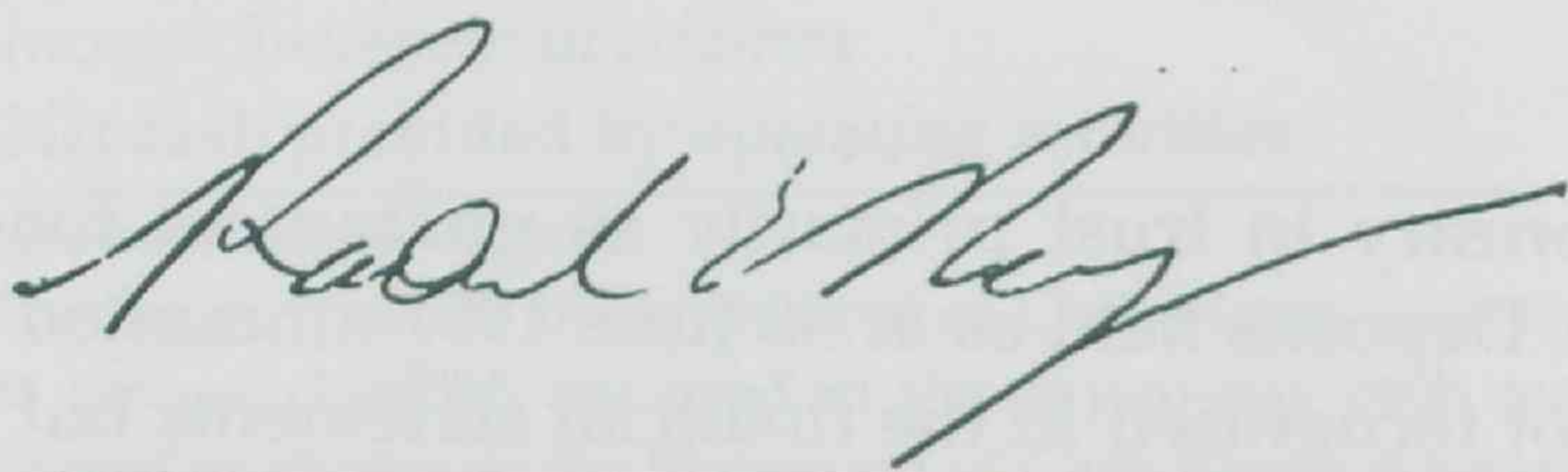
Under the terms of DPI Forestry's debt restructuring agreement with Queensland Treasury Department an amount of \$10,000,000 was converted from equity to debt on 1 July 1997.

CERTIFICATE OF DPI FORESTRY

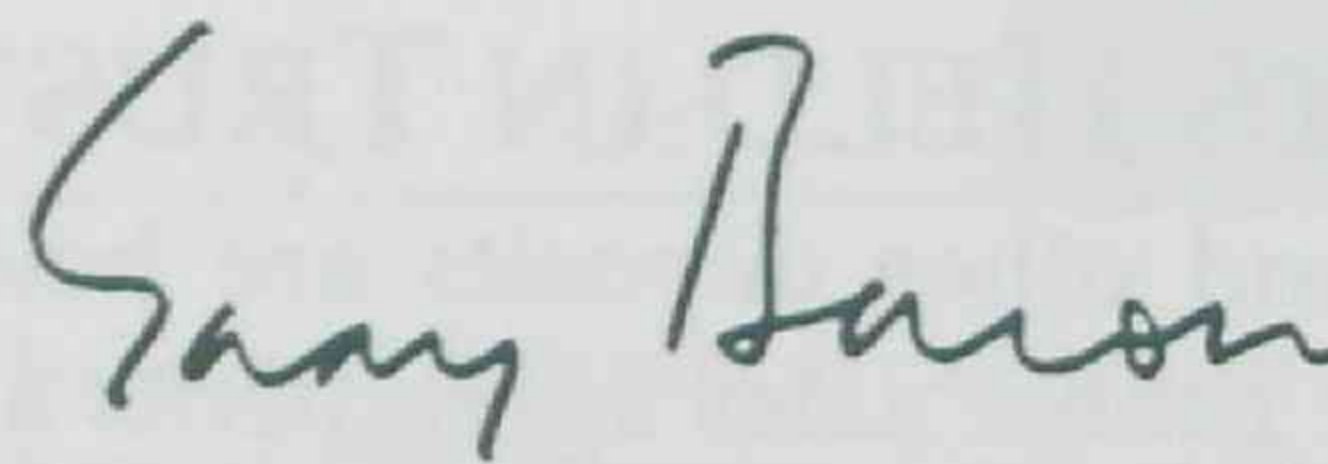
We have prepared the foregoing annual financial statements pursuant to section 40 of the *Financial Administration and Audit Act 1977* and other prescribed requirements and certify that -

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 1997 and of the financial position as at the end of that year.



R E NIEPER
Director-General



G J BACON
Executive Director (Forestry)

10 October 1997

AUDIT CERTIFICATE

SCOPE

I have audited the financial statements of DPI Forestry for the year ended 30 June 1997 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, the results of its operations and cash flows.

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

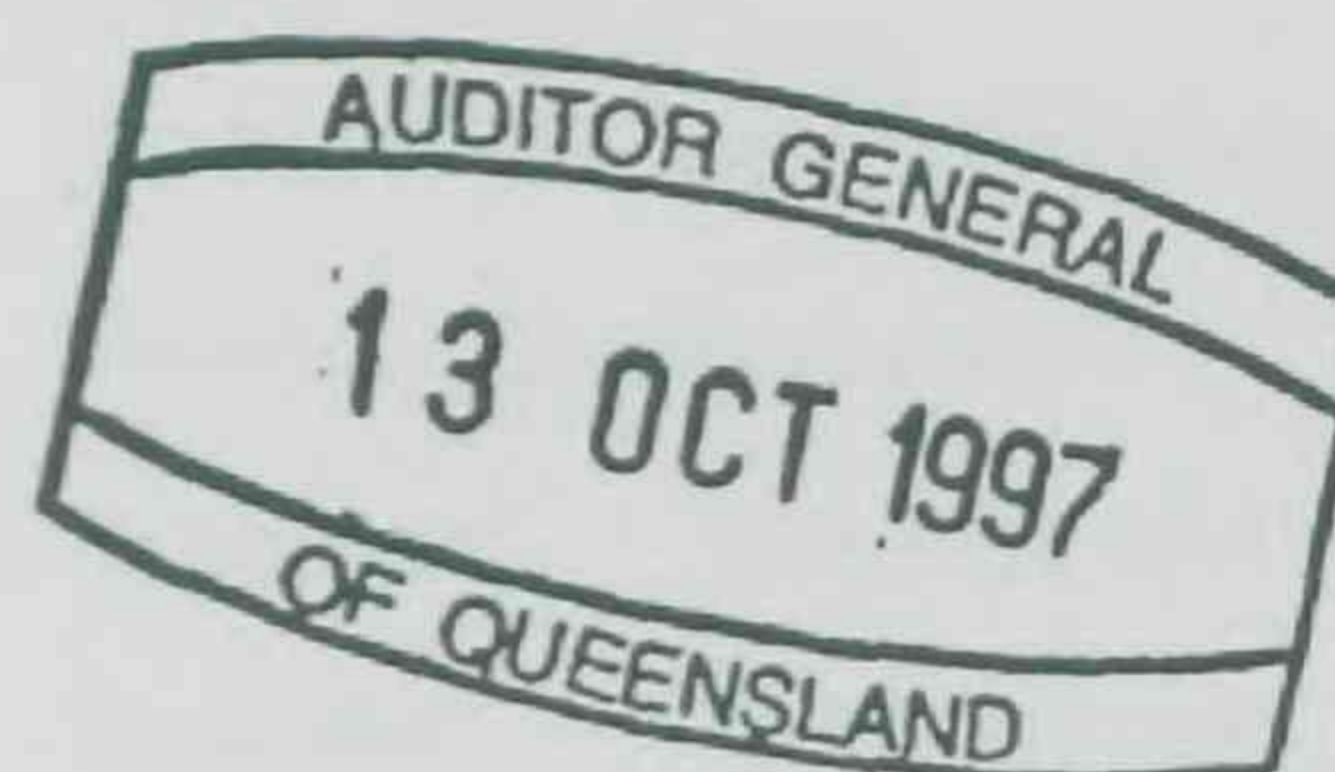
AUDIT OPINION

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 the prescribed accounting standards and other prescribed requirements of the transactions of DPI Forestry for the financial year ended 30 June 1997 and of the financial position as at the end of that year.



B M ROLLASON
Auditor-General



appendix 6

Overseas travel

During 1996-97 the Department maintained a strong international profile that promoted Queensland's leadership in tropical agricultural technology, production systems and equipment.

A total of 151 officers undertook 228 trips. Their time spent overseas totalled 3218 days.

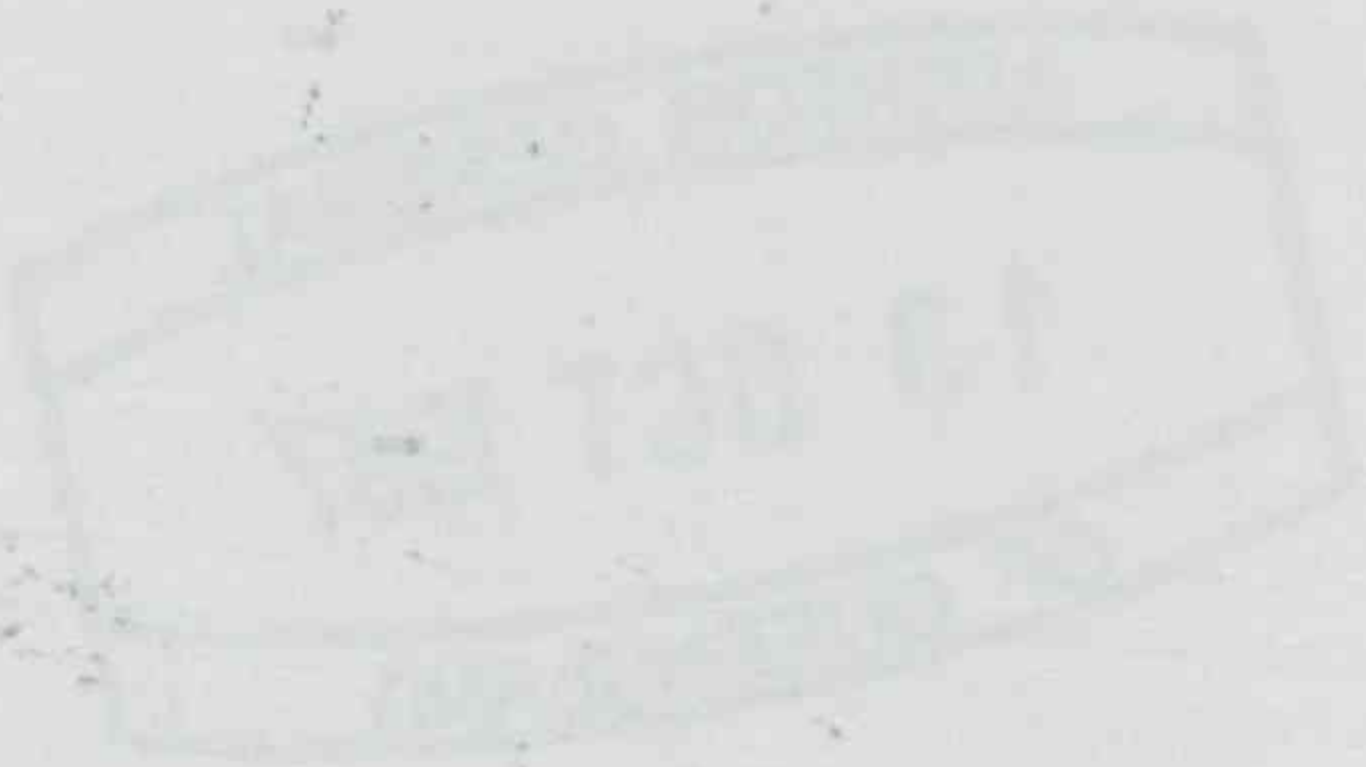
External funds were used to fund totally or partially fund 87% of costs associated with departmental overseas travel. Only 31 trips (13%) were wholly funded from consolidated revenue.

appendix 7

Departmental consultancy expenditure

The 1996-97 cost of consultancy services to the Department totalled \$919 095.

Total by category	\$
Management	159 284
Information Technology	490 863
Communications	120 909
Professional / Technical	148 039
Total	919 095



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appendix 6

Overseas travel

Table 6.1 shows the overseas travel expenditure of the Department of Primary Industries for the financial years 1975-76 to 1980-81. The expenditure is shown in thousands of dollars.

A total of 1,147 overseas travel days were recorded for the period 1975-76 to 1980-81.

The expenditure on overseas travel was highest in 1975-76 at \$1,125,000 and lowest in 1978-79 at \$400,000.

Financial Year	Expenditure (\$'000)	Days
1975-76	1,125	1,147
1976-77	850	1,050
1977-78	600	800
1978-79	400	500
1979-80	550	650
1980-81	700	800

appendix 7

Contract consultancy expenditure

Table 7.1 shows the contract consultancy expenditure of the Department of Primary Industries for the financial years 1975-76 to 1980-81. The expenditure is shown in thousands of dollars.

A total of 1,147 contract consultancy days were recorded for the period 1975-76 to 1980-81.

The expenditure on contract consultancy was highest in 1975-76 at \$1,125,000 and lowest in 1978-79 at \$400,000.

Financial Year	Expenditure (\$'000)	Days
1975-76	1,125	1,147
1976-77	850	1,050
1977-78	600	800
1978-79	400	500
1979-80	550	650
1980-81	700	800

