

DEPARTMENT OF PRIMARY INDUSTRIES

2000-2001 *annual report*





in this report

Communication objectives 1

DPI's business 2

Highlights and achievements 4

Outcomes for Queensland 6

Key strategies

1 Facilitating the development of food and fibre chains as an aid to increasing value-adding and export opportunities 13

2 Building Queensland's reputation for delivering environmentally friendly, ethically produced and safe food 19

3 Use research, development and extension to align food and fibre production, processing and marketing with consumer and community expectations 27

4 Safeguarding the harmony between food and fibre industries and natural resources 33

5 Facilitating growth of Queensland's forest industries in line with community expectations 39

6 Increasing the capacity of rural communities to take up opportunities 45

Our people and profile 52

Corporate Governance 65

Financial snapshot 2001 72

Our future thinking 73

Appendixes 76

Acknowledgements 95

Contacts 95



DPI staff featured in this report (by page)

Senior Executive Team

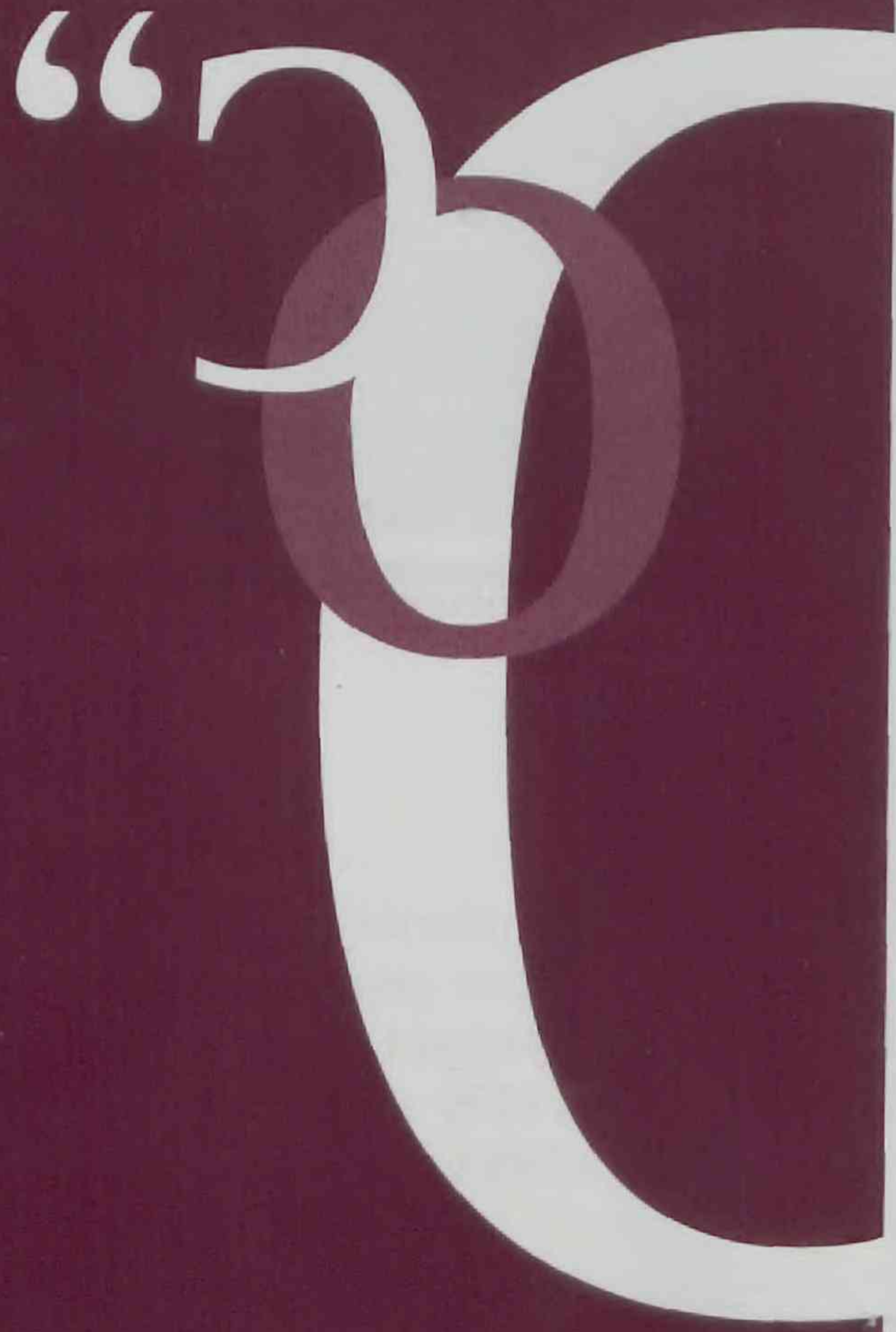
- 1 Dr Warren Hoey, *Director-General* (also pages 53,74)
- 3 Terry Johnston, *Deputy Director-General*
- 15 John Pollock, *Executive Director, Policy Analysis and Industry Development*
- 20 Kevin Dunn, *Executive Director, Animal and Plant Health Service*
- 29 Dr Rosemary Clarkson, *Executive Director, Agency for Food and Fibre Sciences*
- 35 Peter Neville, *Deputy Director-General, Queensland Fisheries Services*
- 40 Ron Beck, *Executive Director, DPI Forestry*
- 49 Janet Stone, *General Manager, Office of Rural Communities*
- 50 Dr Peter White, *Executive Director, Rural Industry Business Services*
- 55 John Skinner, *Executive Director, Corporate Performance*
- 74 Dr Joe Baker, *Chief Scientist*

External members

- 66 Roger McComiskie, *Partner, PriceWaterhouse Coopers*
- 66 Jenny Parker, *Partner, Arthur Anderson*

DPI staff

- 15 Dr Sandra Baxendell, *Director, Regional Services, South Region, Toowoomba*
- 16 Geraldine Meiburg, *Extension Officer, Industry Development, Queensland Horticulture Institute, Cleveland*
● DPI Achievement Award
- 21 Dr Graham White, *Extension Officer, Grain Storage, Agency for Food and Fibre Sciences, Toowoomba*
● Grains Research Development Corporation, Seed of Light Award
- 22 David Spence, *Principal Technical Officer, Farming Systems Institute, Agency for Food and Fibre Sciences, Eagle Farm*
● DPI Achievement Award
- 23 Megan Frost, *Treatment Coordinator, Fire Ant Control Centre, Wacol/Oxley*
- 23 John Molloy, *Principal Research Scientist, Animal Research Institute, Yeerongpilly*
● DPI Achievement Award
- 24 Nalini Chinivasagam, *Research Scientist, Animal Research Institute, Yeerongpilly*
● Yeerongpilly Innovation Award
- 28 Dr Bea Duffield, *General Manager, Office of the Chief Scientist, Brisbane*
- 30 Dr Roger Stone, *Director, Queensland Centre for Climate Applications, Toowoomba*
● P J Thompson Medal (Geography)
- 31 Dan Smith, *Principal Research Entomologist, Queensland Horticulture Institute, Nambour*
● Horticulture Australia's Graham Gregory Award
- 34 Rosemary Lea, *General Manager, Fisheries Resource Management, Brisbane*
- 37 Jim Gillespie, *General Manager, Fisheries Resource Management, Brisbane*
- 40 Ian Last, *Manager, DPI Forestry, Maryborough/ Kate Murray, Project Officer, DPI Forestry, Gympie*
- 46 Craig Mathisen, *A/Director Regional Services, South East Region, Gympie*
- 48 Cathy Campbell, *Manager, Info Research, Client Information Services, Rural Industry Business Services, Brisbane*
● Premier's Award for Excellence in Public Service Management
- 56 Keith McCubbin, *Director, Fire Ant Control Centre, Oxley*
- 57 Sylvie French, *Administrative Officer, Corporate Performance, Brisbane*
- 57 Pauline Pender, *General Manager, Finance and Business Development, Corporate Performance, Brisbane*
- 58 Marcelle Jobin, *Senior Laboratory Technician Queensland Horticulture Institute, St Lucia*



C O M M U N I C A T I O N O B J E C T I V E S

The Department of Primary Industries Annual Report 2000–2001 is an account of how the Department of Primary Industries (DPI) met its negotiated targets and financial responsibilities in the last financial year.

The report gives an account of how we have worked towards the vision outlined in the Department's Corporate Plan 2000–2005. It is the major accountability tool in our management framework. It outlines our achievements, how we are performing with respect to our key strategies and indicators, and the progress we are making towards achieving our targets.

The Annual Report enables the Minister for Primary Industries and Rural Communities to assess the efficiency, effectiveness and economy of the Department, a requirement under the *Financial Administration and Audit Act 1997*. In addition, the report has been prepared to meet the information needs of our stakeholders who include Members of Parliament, our staff, State, Commonwealth and local governments, industry bodies and other authorities, and the people of Queensland.

This report is the first in which DPI performance reporting is structured around the key strategies set out in the Department's Corporate Plan 2000–2005.

This manner of reporting completes the annual planning and reporting cycle, which begins each year with a review of our Corporate Plan to either reassess or confirm the broad direction of DPI.

The overall direction that has been developed informs the Statement of Strategic Intent which, in turn, informs the Output Investment Proposals and the preparation of the Ministerial Portfolio Statement, published as part of the Budget Papers.



Innovative industries & confident communities

> DPI's Operating Framework

DPI's Operating Framework is driven by the priorities set by the Queensland Government. DPI achieves these priorities by delivering food and fibre and rural community-related outcomes for Queensland. These outcomes guide DPI's key strategies, which are managed and reported through DPI's outputs.



Government priorities

- More jobs for Queenslanders
- Skilling Queensland
- Valuing the environment
- Building Queensland's regions
- Strong Government leadership
- Safer and more supportive communities
- Better quality of life

DPI delivers on these priorities through these outcomes

Healthy food and fibre sector

- Contribution of the food and fibre industries to the total economic activity of Queensland is maximised
- Increased investment in food and fibre sector enterprises
- Increased exports of food and fibre products
- High level of market confidence in the food safety and biosecurity status of Queensland's food and fibre products
- A reputation for ethical production systems in Queensland

Capable rural communities

- Viable rural communities throughout the State
- Self-reliant communities with a strong capacity to manage change

Sustainable ecosystems care and repair

- Sustainable use of the environment for producing food and fibre products
- Sustainable farming practices used for production of food and fibre products
- Enhanced marine safety standards



DPI achieves these outcomes through these key strategies

Facilitate the development of food and fibre chains as an aid to increasing value adding and export opportunities.

Build Queensland's reputation to deliver environmentally friendly, ethically produced and safe food.

Use research, development and extension to align food and fibre production, processing and marketing with consumer and community expectations.

Safeguard the harmony between food and fibre industries and natural resources.

Facilitate growth of Queensland's forest industries in line with community expectations.

Increase the capacity of rural communities to take up opportunities.

DPI manages these key strategies through these outputs

Market access and development

Food and fibre science and innovation

Fisheries

Policy analysis and industry development

Rural community development

Forestry (commercial)

H I G H L I G H T S A N D A C H I E V E M E N T S

During 2000-2001, DPI has continued to develop its position as a critical partner in the sustainability of food and fibre systems and rural communities. Through discovery and innovation, education and regulation, DPI builds capacity for better business decision making within the food and fibre sector and rural communities. Over the last year, notable highlights and achievements have included:

Maximising access to domestic and export markets

DPI's work in pest and disease surveillance programs continues to ensure wide market access for Queensland's and Australia's food and fibre products. In the past year DPI has worked to ensure the maintenance of Australia's 'category 1' lowest risk rating status for transmissible spongiform encephalopathy (TSE) or mad cow disease. Other surveillance work included nipah virus and papaya fruit fly, as well as managing the risks of existing pests and diseases through quality assurance programs such as the Interstate Certification Assurance (ICA) scheme. The national award-winning ICA scheme provides easier and safer access for horticultural produce to other States.

Leading the charge against fire ants

DPI has marshalled existing resources and is enlisting national support to eradicate the red imported fire ant. From the Fire Ant Control Centre at Oxley, DPI is implementing a full-scale eradication program that includes community awareness programs, surveillance systems and ongoing risk assessment and containment strategies. Although most significant as an environmental and human pest, the ants can also damage agricultural crops. The DPI expects that, if the red imported fire ants are not controlled, they could inhabit many parts of Australia, with the exception of very cool or dry areas.

Implementing sustainable fisheries management

The introduction of the East Coast Trawl Fishery Management Plan (ECTFMP) is a major step towards the implementation of ecologically sustainable fisheries management. Key elements of the plan include introduction of bycatch reduction and turtle excluder devices, bycatch retention limits, definition of principal species and a limit on the total number of fishing days. A critical part of improving the viability of Queensland's fisheries is the buy-back of 98 trawl licences through a combined Commonwealth-State \$20 million structural adjustment scheme.

Working collaboratively to support the dairy industry

DPI has worked to minimise the economic and social impacts of dairy deregulation on rural communities. This initiative resulted in the establishment of the \$45 million Dairy Regional Assistance Program (DRAP) by the Commonwealth Government. In order to coordinate and complement the range of services already offered, DPI formed an across-government alliance with community and industry organisations. By developing these linkages early, the Queensland Government was able to increase support for families and communities requiring immediate assistance.

Researching DNA technology

DPI scientists have developed DNA-based diagnostic tests to replace the current time-consuming, low-volume tests and allow a faster, more accurate diagnosis. This technology has an immediate application in helping Queensland's \$210 million banana industry fight fungal diseases such as black sigatoka and Panama disease. Research is also under way to develop and improve DNA diagnostic testing for a number of endemic and exotic diseases that threaten northern Australian horticulture.

Positioning regional Queensland for the future

DPI continues to play a lead role in developing all-of-Government responses to regional development. DPI works in partnership with other government agencies, industry and community to develop regional action plans including South-East Queensland 2021 (SEQ 2021), Cape York Partnership 2010, Central Queensland New Millennium and North Queensland 2010. These action plans aim to ensure that rural industries can remain competitive and sustainable in a rapidly changing environment.



Growing Queensland's timber industry

To underpin continued growth of Queensland's plantation hardwood timber industry, DPI Forestry has purchased 360 hectares of cleared land at Coolabunia near Nanango. This purchase is part of the South-East Queensland Forests Agreement (SEQFA). These timber resources further enhance an industry that employs more than 17 000 people throughout the State and plays a major role in sustaining regional businesses and communities.

Collaborating on all-of-Government projects

Working collaboratively on all-of-Government projects is a DPI priority. During the last 12 months DPI has increased this commitment through strong involvement in such activities as the National Action Plan on Salinity and Water Quality, Access Queensland, Food and Meat Taskforce and services to indigenous communities.

Exploring new food opportunities

DPI's Southedge, Walkamin, Kairi and Mareeba Research Stations are combining to form the Tropical Biotechnology Research Centre. This Centre will explore new food opportunities in the unique native flora and tropical crops of north Queensland. The screening of native flora may uncover new amenity horticulture species and bioactive compounds for new functional foods.

Bringing together innovative ideas

DPI's Queensland Food and Fibre Science and Innovation Council (QFFSIC) is a group of nationally and internationally respected business, scientific and community innovators. The Council is a conduit for new and emerging opportunities for food and fibre innovation as well as innovative technologies for food and fibre industries. Two recent achievements include research into opportunities for Queensland's aquaculture potential and the development of a concept plan for a national accreditation system to capitalise on Australia's safe food production capability.

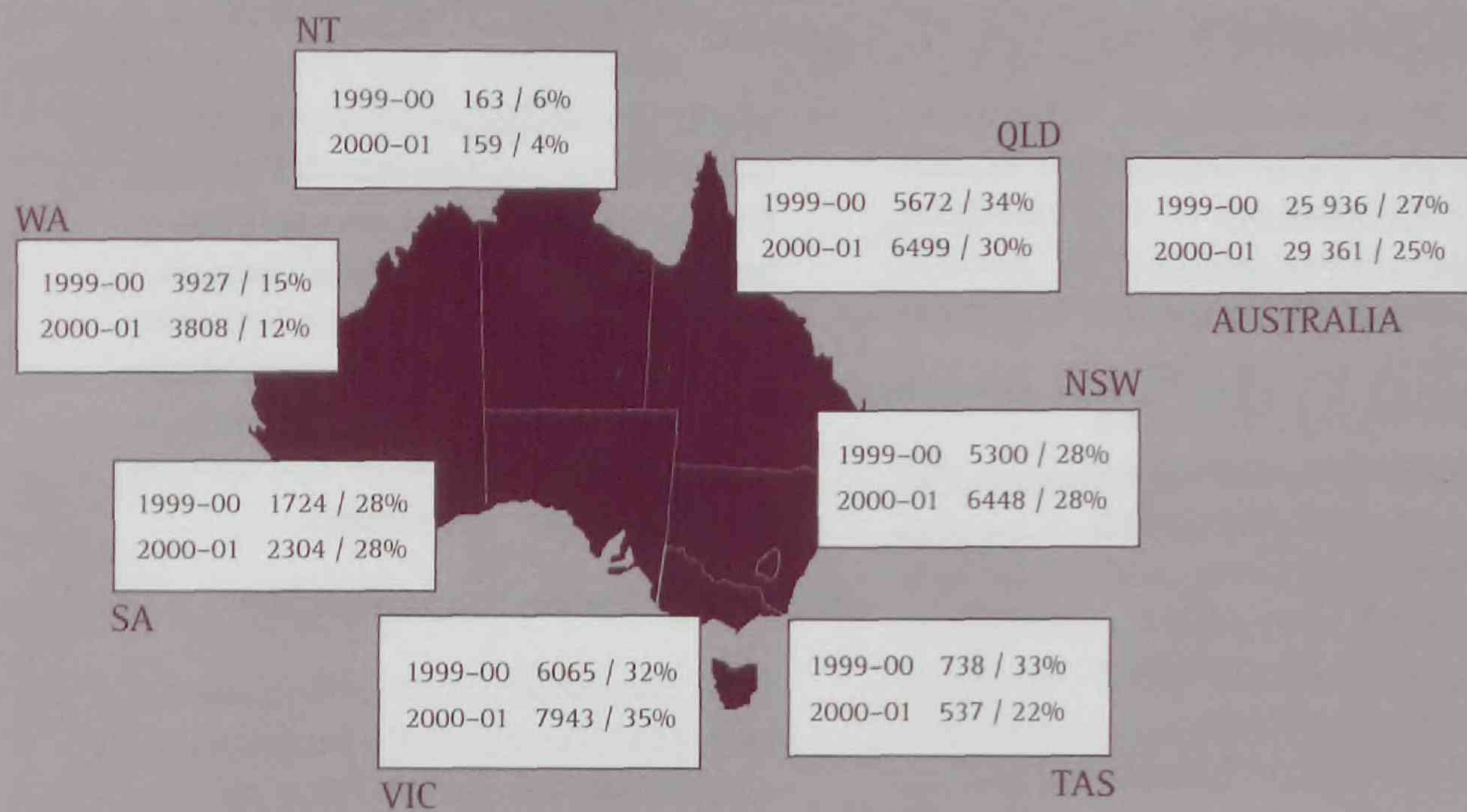
OUTCOMES FOR QUEENSLAND

The global nature of Queensland's food and fibre industries demands an understanding of world economy, export and pricing patterns. Several of these factors are illustrated below.

Exports, prices and economic growth

Exports

Value of exports by the State and Territory (\$millions / food and fibre as % of total exports)

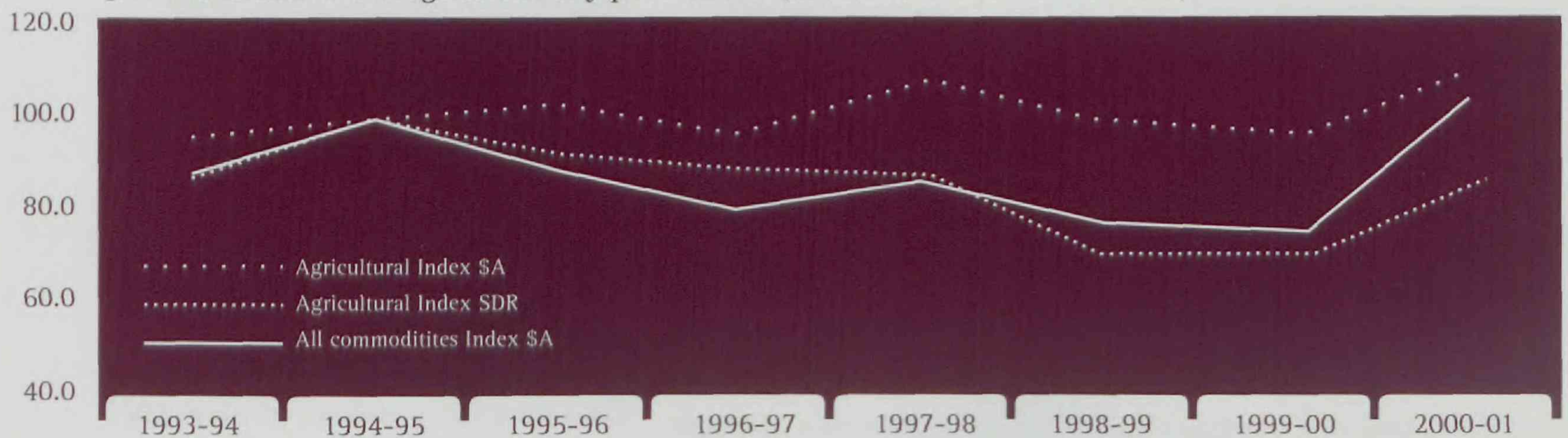


The food and fibre sector is the second highest exporter in Queensland – mining products are the highest. In 2000–2001, the value of Queensland's food and fibre exports increased to roughly \$A6.5 billion. Despite this increase, the contribution of food and fibre exports to the Queensland economy has declined, due to a rise in the value of non-primary industry exports.

Source: Australian Bureau of Statistics, unpublished trade data and DPI estimates.

Commodity prices

Queensland annual average commodity price indices (indices base 1994–1995 = 100)



Source: Office of Economic and Statistical Research, Queensland Treasury.

Favourable commodity prices for beef and sugar and the depreciation of the A\$ resulted in the Queensland indices showing an upward trend during 2000–2001. The differences between the Agricultural Index in Special Drawing Rights (SDR) terms and in A\$ terms is due largely to movements in the exchange rates between the A\$ and the currencies that make up the SDR. (An SDR is an International Monetary Fund (IMF) artificial currency unit that is a combination of the world's 4 major currencies using the following weights: US dollar: 45%, Euro: 30%, Japanese Yen: 14% and Pound Sterling: 11%.) The gap between the 2 indices has particularly widened since mid 2000 because of the depreciation in the A\$. Queensland producers have benefited from this by receiving more A\$ for each unit of commodity exported.

Significantly weaker economic growth in the United States has adversely affected economy activity in other parts of the world, leading to a turbulent year for the world economy and lower global growth in 2001. World growth is forecast to ease from 4.7% in 2000 to 3.0% in 2001, before strengthening to 3.6% in 2002.

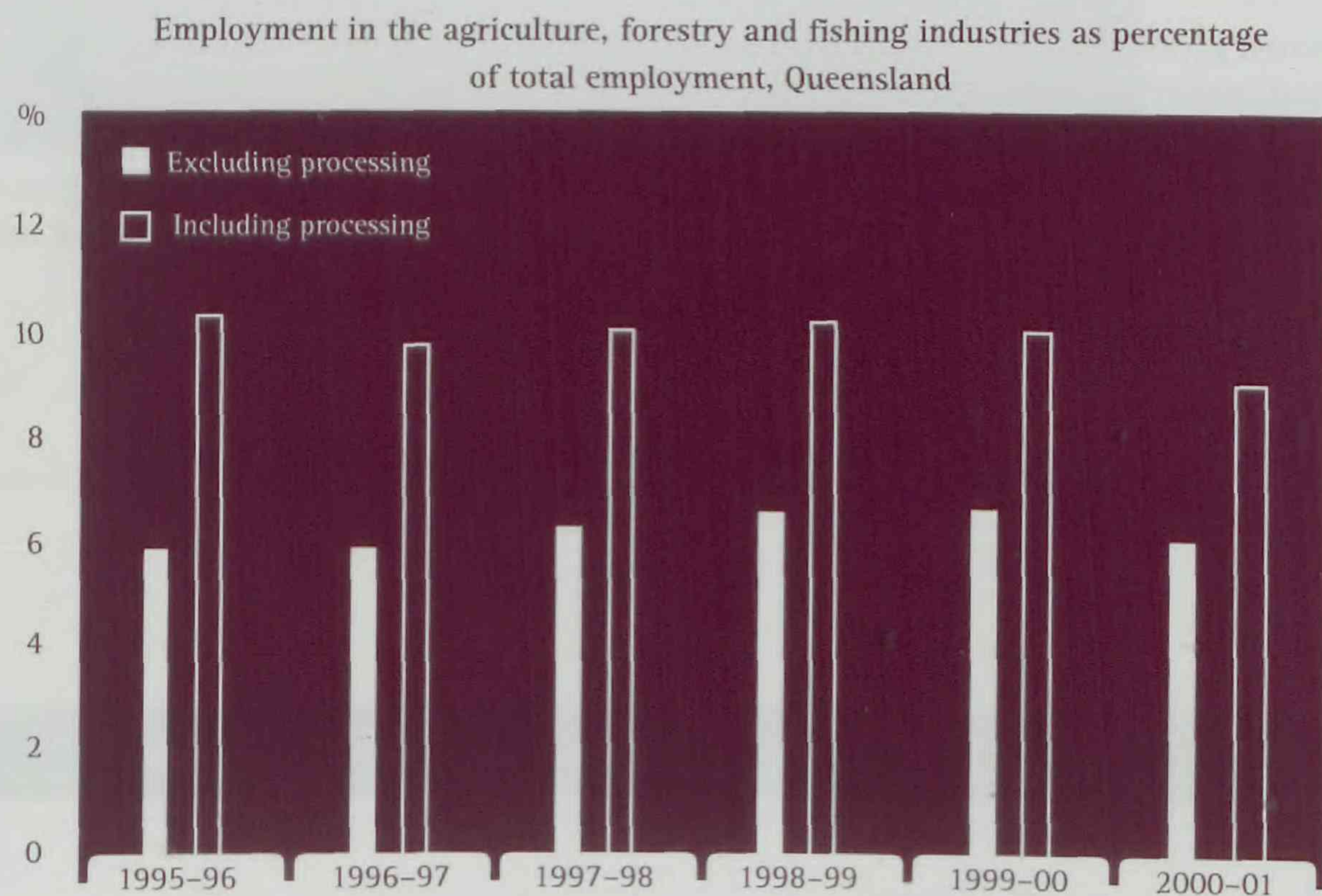
Growth of Gross Domestic Product of Australia & major trading partners				
	1999 ^(a)	2000 ^(a)	2001 ^(b)	2002 ^(b)
	%	%	%	%
United States	4.2	5.0	1.6	2.7
Japan	0.8	1.7	0.6	1.0
South East Asia ^(c)	3.6	6.0	3.3	4.2
China ^(d)	7.1	8.0	7.6	7.8
United Kingdom	2.3	3.0	2.3	2.5
Germany	1.6	3.0	2.0	2.5
India	6.4	5.9	6.0	6.5
New Zealand	3.9	3.4	2.5	2.8
Korea	10.9	8.8	4.0	5.0
Australia	5.4	4.4	2.0	3.3
World ^(e)	3.3	4.7	3.0	3.6

Source: OECD, ABARE.

- (a) Actual.
- (b) ABARE forecasts.
- (c) Indonesia, Malaysia, the Philippines, Singapore and Thailand.
- (d) Excludes Hong Kong.
- (e) Weighted using 1999 purchasing power parity valuation of country GDPs by the IMF.

Triple bottom line snapshot

The Queensland Government is increasingly interested in triple bottom line outcomes. For DPI these outcomes include a healthy food and fibre sector, capable rural communities and sustainable ecosystems. The data outlined in the following pages provide a summary of the contribution, performance and status of food and fibre industries and rural communities in Queensland.



Source: ABS Monthly Population Survey, unpublished data.

On average, 95 200 people were employed (either full-time or part-time) in the State's agricultural, forestry and fishing industries during 2000-2001. A further 55 600 people were employed (either full-time or part-time) in the food and fibre manufacturing and processing industries. In total this amounted to 9.0% of Queensland's workforce. Further investigation is required to validate the 2000-2001 estimates.

Estimated gross value of primary industry commodities produced ^(a) in Queensland

Commodity	1999-00 \$m ^(b)	2000-01 \$m ^(c)	Change %
Crops			
Cereal grains	585	459	-22
Sugar cane ^(d)	820	635	-23
Cotton	447	489	9
Vegetables	552	584	6
Fruit	493	532	8
Other crops	427	388	-9
Total crops	3324	3087	-7
Livestock disposal			
Cattle and calves	2257	2680	19
Pigs	177	189	7
Poultry	157	170	8
Sheep, lambs and other livestock disposals	58	73	26
Total livestock	2649	3112	17
Livestock products			
Milk	324	218	-33
Wool	164	186	13
Eggs and other livestock products	56	53	-5
Total livestock products	544	457	-16
Total agriculture	6517	6656	2
Fisheries			
Wild catch fish ^(c)	292	322	10
Fish from aquaculture ^(c)	56	56	0
Total fisheries	348	378	9
Forestry ^(c)	87	81	-7
Total primary industry	6952	7115	2

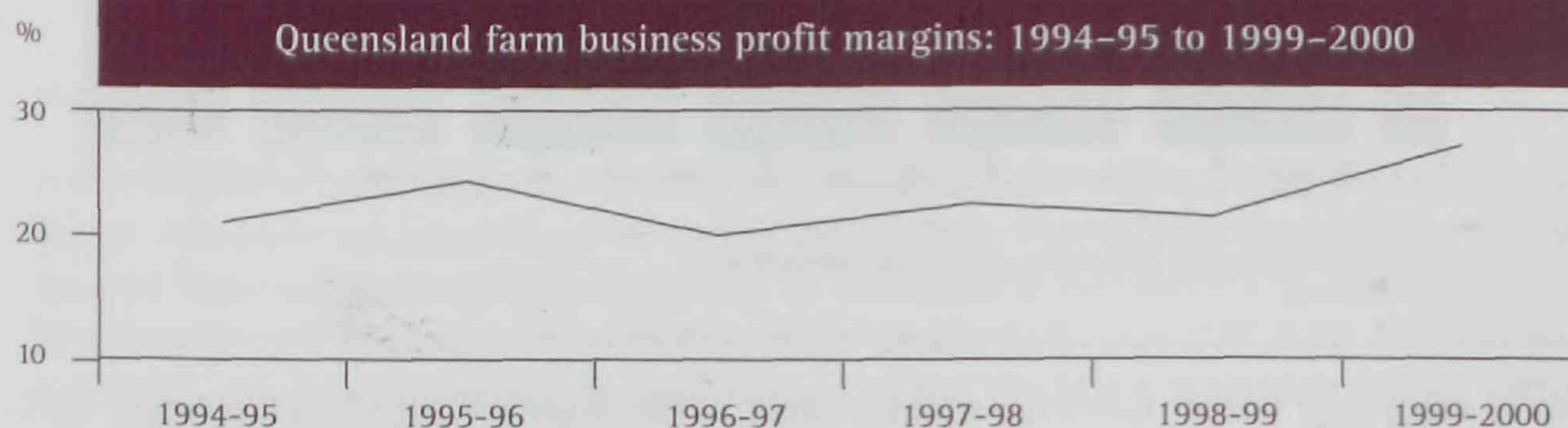
(a) The gross value of commodities produced is the value of the recorded production at wholesale prices realised in the marketplace.

(b) ABS preliminary estimates unless otherwise stated.

(c) DPI estimates.

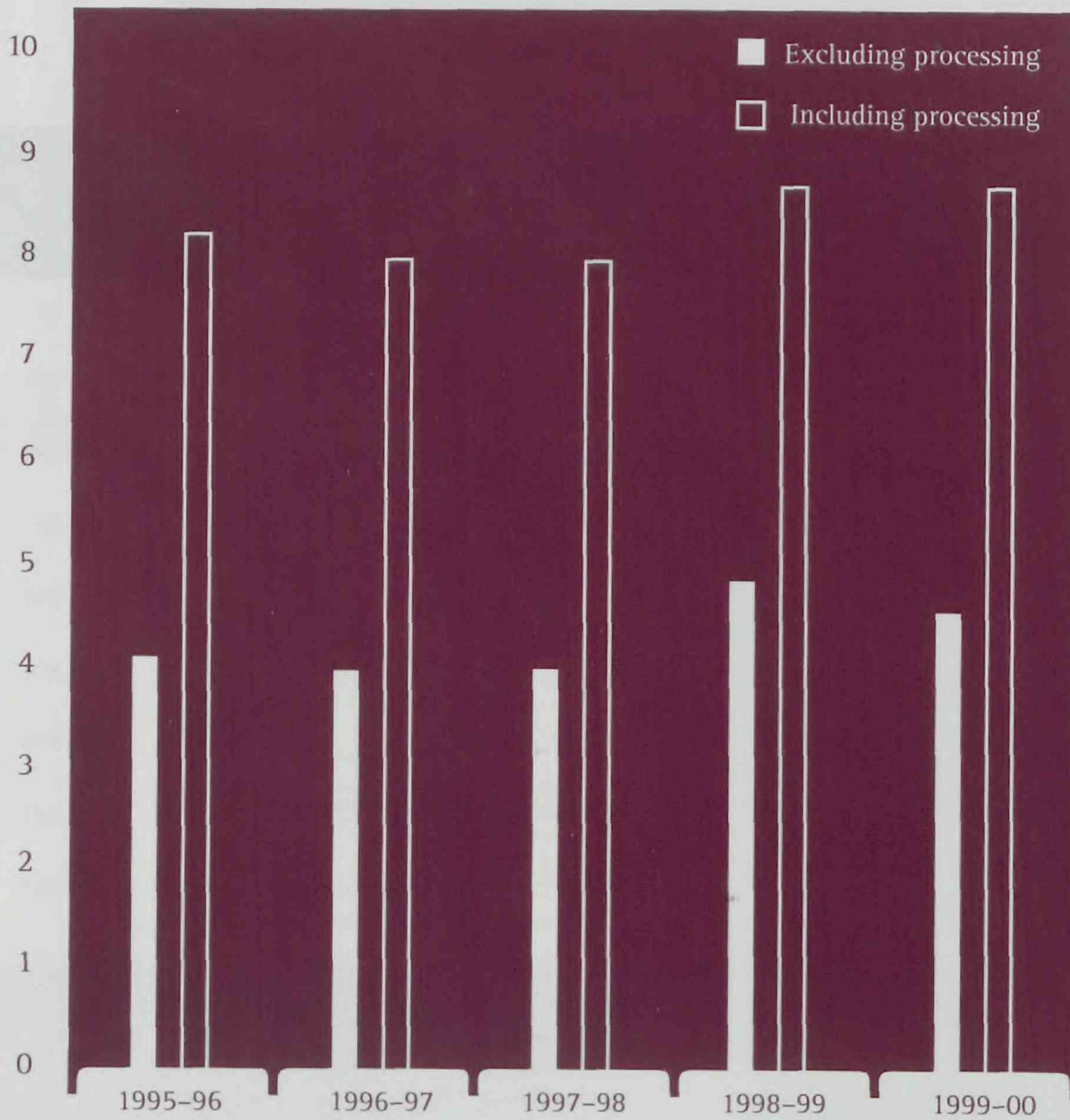
(d) Gross value of sugar cane at the mill door.

The estimated gross value of commodities produced by Queensland's primary industries (agricultural, fisheries and forestry) in 2000-2001 increased by 2% to \$7115 million. DPI calculated this estimate in April 2001 based on preliminary estimates for 1999-2000 from the Australian Bureau of Statistics (ABS). The main contributors to the increase in gross value in 2000-2001 were cattle and calf disposals, wool, cotton, fruit, vegetables and wild catch fisheries.



The profit margin of Queensland's agricultural farm businesses was almost 26% in 1999-2000 (that is, for every \$100 of turnover, farm businesses generated nearly \$26 in profit). This was above the profit margin for the previous 3 years, largely due to the change in the value of cattle as a consequence of the increase in beef prices during 1999-2000.

% Contribution of the agricultural, forestry and fishing industries to total factor income, Queensland



In 1999-2000, 4.6% of Queensland's total economic activity was derived from agricultural, forestry and fishing industries. This expands to 8.6% when combined with estimates of the contribution made by food and fibre manufacturing and processing.

Note: Factor income is used as a proxy for total economic activity. Factor income is a close approximation of gross state product. Industry sector data are available for factor income but not for gross state product.

Source: ABS State Accounts 5220.0 for estimates excluding processing. Estimates "including processing" were made by DPI's Business Strategy Unit (BSU) using OESR, Treasury 1996-1997 Input-Output Tables for Queensland.

Population as at 30 June 1995 and 2000, regional Queensland

ABS Statistical Division	30 June 1995 ('000s)	30 June 2000 ('000s)	Change (%)
Brisbane	1486.7	1626.9	9.4
Moreton	596.0	694.5	16.5
Darling Downs	199.0	202.4	1.7
Wide Bay-Burnett	219.5	234.8	7.0
Fitzroy	176.2	181.2	2.8
Mackay	117.3	127.5	8.7
Northern	190.3	200.2	5.2
Far North	204.5	225.5	10.3
North West, Central & South West	75.7	73.5	-2.9
Regional Queensland*	1182.4	1245.0	5.2
Queensland	3265.1	3566.4	9.2

Over the past 5 years, population growth in regional Queensland has increased in all but 3 statistical divisions. The Mackay and Far North Statistical Divisions experienced the largest regional population shifts outside south-east Queensland.

Source: ABS Estimated Resident Population, 3235.3.

* Regional Queensland is defined as Queensland excluding the Brisbane and Moreton Statistical Divisions.

Quality of life Income levels

Index of Socio-Economic Disadvantage

ABS Statistical Division	Index Value
Brisbane	1023
Moreton	981
Darling Downs	977
Wide Bay-Burnett	927
Fitzroy	963
Mackay	985
Northern	985
Far North	946
North West, Central & South West	937
Queensland	994
Australia	1000

The Index of Socio-Economic Disadvantage has been constructed by the ABS so that relatively advantaged areas (e.g. areas with many high-income earners) have high index values. Relatively disadvantaged areas have lower index numbers. The ABS data indicates that all statistical divisions areas outside Brisbane are relatively disadvantaged.

Average weekly household income, 1998-1999

ABS Statistical Division*	Average weekly income (\$)	Ratio to Brisbane average
Brisbane	841	100
Moreton	732	87
Darling Downs	636	76
Wide Bay-Burnett	641	76
Fitzroy	689	82
Mackay	801	95
Northern	776	92
Far North	723	86
North West, Central & South West	863	103
Regional Queensland	775	92

Source: ABS Household Income and Expenditure Survey, published in *Regional Statistics, Queensland, 2000, 1362.3.*

Incomes in most rural statistical divisions are lower than those in Brisbane. However care needs to be taken in the interpretation of this data as no account is taken of differing household structures between each statistical division.

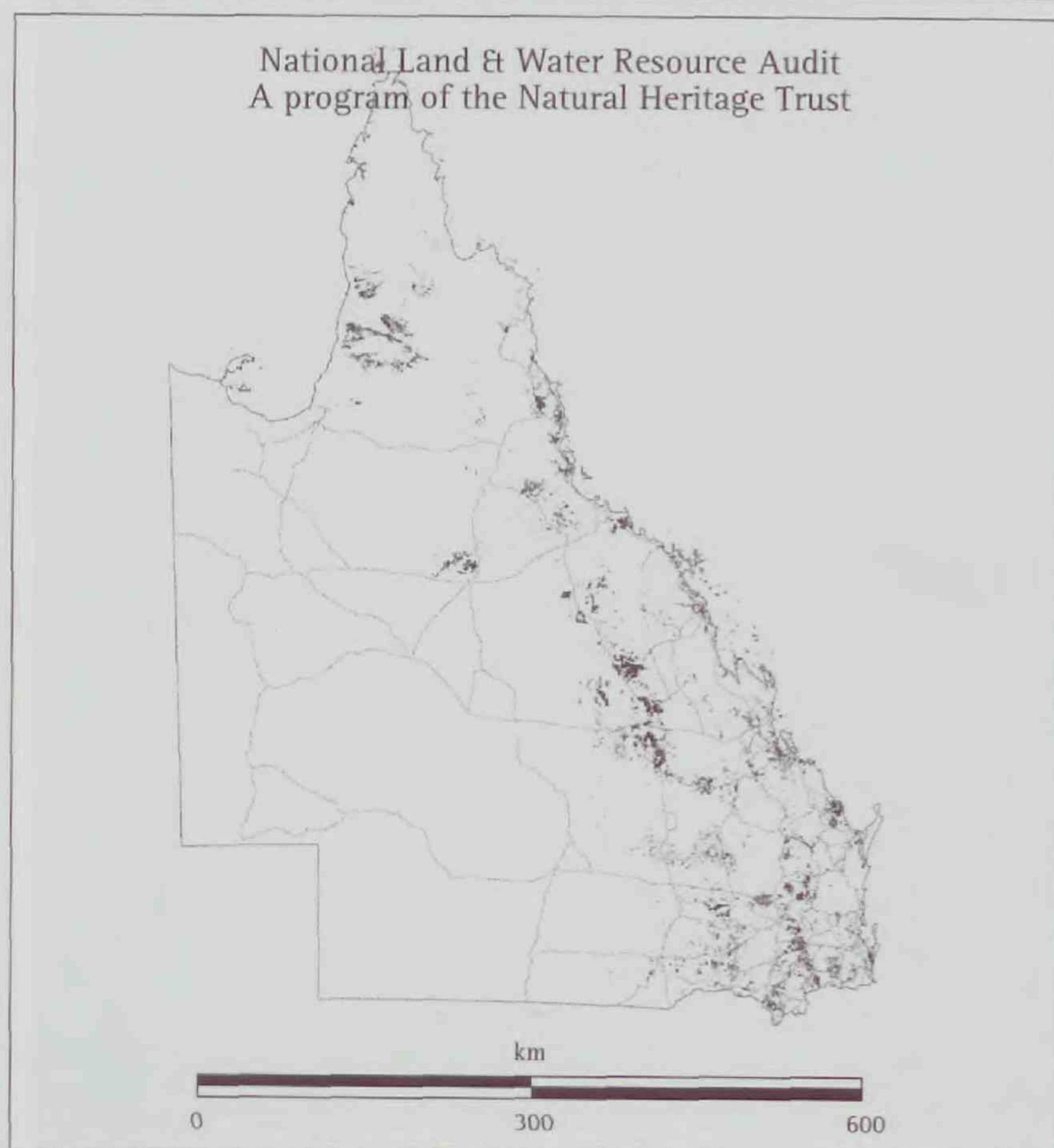
Employment by region 2000-2001 (%)

Labour Force Regions	Primary industries	Mining	Manufacturing	Wholesale & retail	Govt admin education & health	Other services	All industries
	%	%	%	%	%	%	%
Brisbane	1	0	12	21	23	43	100
Moreton	3	1	10	23	18	45	100
Wide Bay-Burnett	18	1	11	19	19	32	100
Darling Downs and S-W Qld	21	1	11	19	21	27	100
Fitzroy, Mackay and C-W Qld	11	4	10	21	17	37	100
Northern and N-W Qld	13	6	7	17	22	35	100
Far North	10	0	8	18	19	45	100
Queensland	6	1	11	20	21	41	100

Source: ABS Monthly Population Survey, unpublished data.

Government, industry and community sectors are major sources of employment in rural Queensland. While primary industries continue to be a significant employer, they also support employment in a range of other industries, including manufacturing, wholesaling, retailing and other services.

Projected dryland salinity hazard in Queensland in 2050



© Commonwealth of Australia 2001

Source: National Land and Water Resources Audit.

Salinity problems in Queensland are not as advanced as in other States; 1990 field observations estimated that 48 000 hectares are currently affected by dryland salinity. However forward projections through the dryland salinity hazard map suggest up to a total of 3.1 million hectares are considered to have a high salinity hazard – of which 2.6 million hectares are agricultural lands.

In partnership with community-based regional groups, \$162 million will be spent in Queensland from joint State and Commonwealth Government funds during the next 7 years. These projects aim to prevent salinisation and generally improve water quality.

DPI will work with a number of other State Government agencies to provide an all-of-Government approach.

Fisheries production

Wild catch and aquaculture, Queensland (tonnes)

	1995-96	1996-97	1997-98	1998-99	1999-00
Wild catch	27 626	25 467	27 607	26 582	22 702
Aquaculture	1700	1800	2250	2500	3150

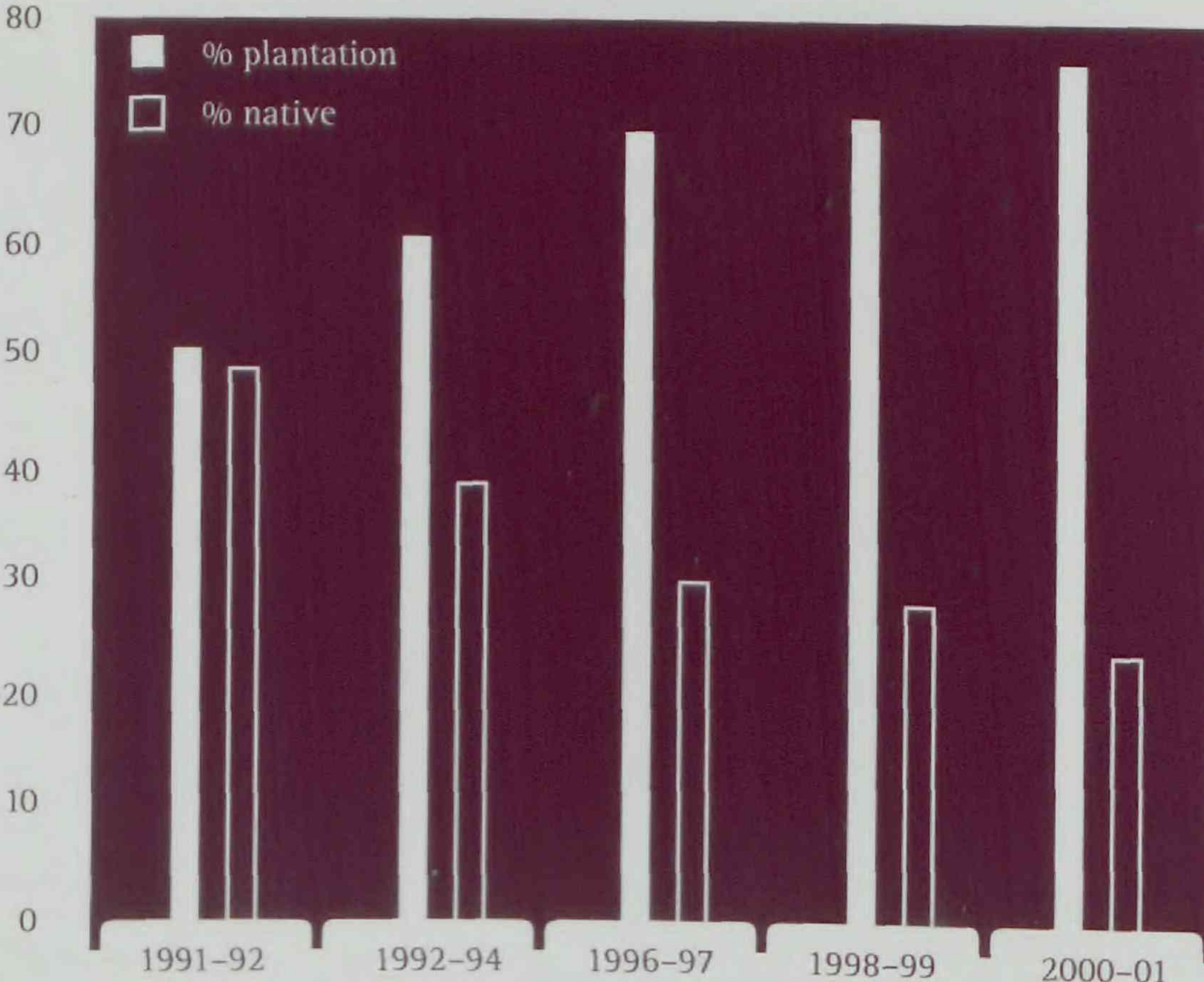
Source: Queensland Fisheries Service, DPI.

Production of Queensland's wild catch fisheries resources has decreased by 4900 tonnes since 1995-96. This reduction is due mainly to the introduction of management to ensure the resource sustainability of wild fisheries, including stout whiting, prawn and spanner crab. The aquaculture industry experienced its greatest growth during the same period. Higher yields and encouraging price increases for marine prawns resulted in an increase of production.

Timber production

Queensland's log timber production sourced from plantations has increased from 51% to 76% during the last 10 years. DPI Forestry is expanding the State-owned plantation estate through strategic purchases of suitable cleared land. In cooperation with other Government agencies, DPI is also encouraging increased private sector investment in plantation development. Under the Government's South-East Queensland Forests Agreement, the Department is working to establish a 5000-hectare hardwood plantation estate, in collaboration with private investors, to enable timber production in the region's native forest to cease in 25 years time.

Queensland log timber production



Source: DPI Forestry.

Consumer demands

Investment

Value-adding

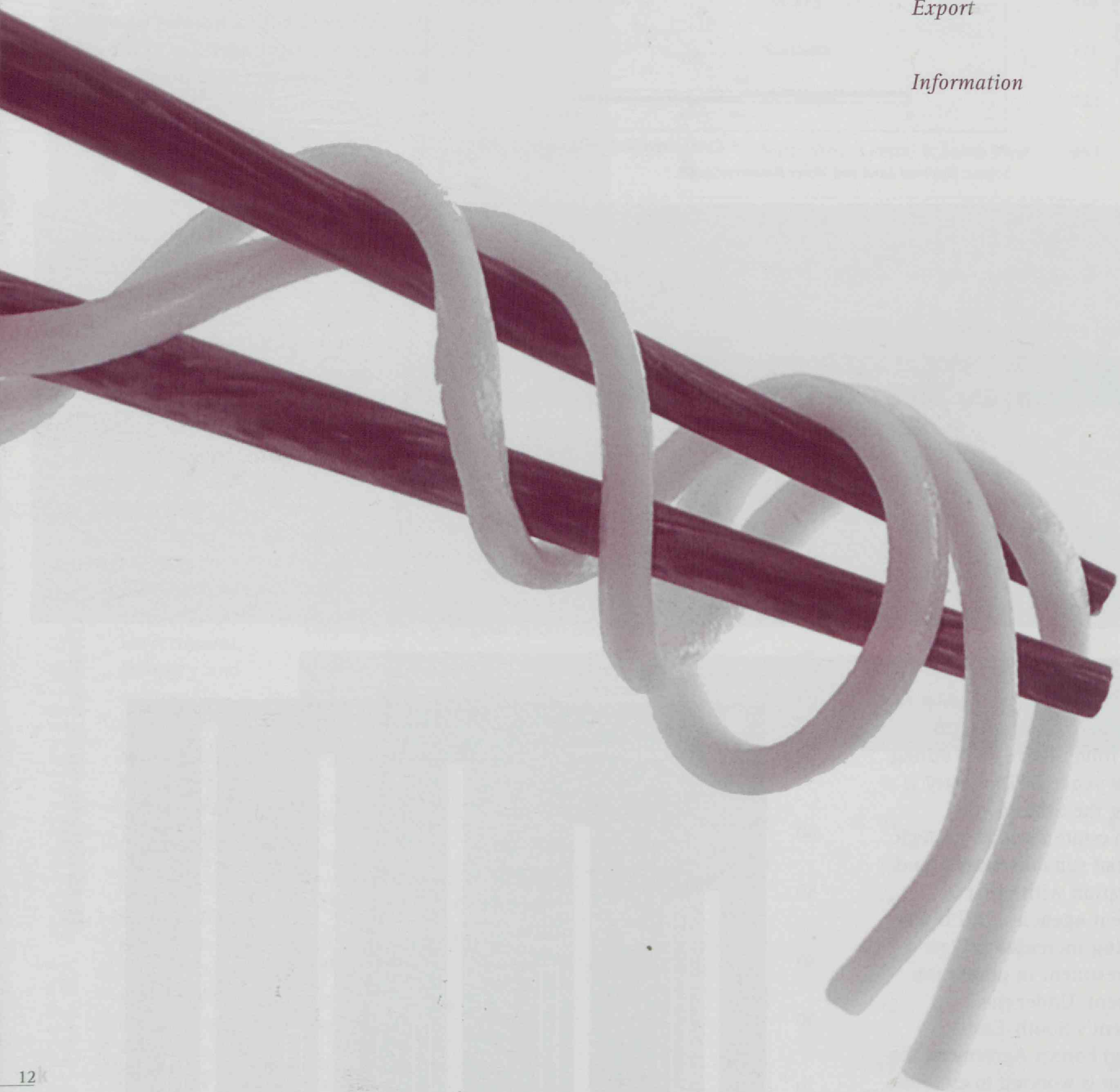
Networks

Relationships

Trade

Export

Information





V A L U E - A D D I N G

key strategy one

**Facilitating the development of food and fibre chains as
an aid to increasing value-adding and export opportunities**

Making the most of value-adding and export opportunities is an essential element of planning for the future. DPI is a key provider of food and fibre chain expertise, assisting businesses to enhance their production, processing and marketing strengths. Through Rural Industry Business Services (RIBS), DPI assists industry and community groups to develop their capacity to seize opportunities and take charge of their futures. DPI's Agency for Food and Fibre Sciences (AFFS) carries out research, development and extension activities to support these services.

- Using genetic markers, DPI researchers have identified specific drought-resistance genes in high-yielding sorghum varieties. The development of more drought-resistant sorghum will better position Queensland's \$135 million sorghum industry to meet local and overseas demand for high-quality grain.
- Live cattle exports to Vietnam recommenced in April 2001 after a marketplace mission as part of the DPI Building Bridges Project. During a visit to Vietnam, the Premier of Queensland oversaw the signing of an agreement, valued at \$75 million over 5 years, between a Queensland beef cattle marketing group and a Vietnamese importation company.
- Queensland exports have increased by more than \$3 million over the past 12 months as a result of DPI Rural Market Development activities. These activities include market development work in North America, Japan and the Middle East.
- Queensland food is promoted through State and regional Queensland Signature Dish competitions. These promotions highlight the quality and diversity of Queensland food and strengthen the links between primary producers and the food service sector.

What we have delivered

1.1

Raising awareness within food and fibre chains of product attributes demanded by consumers

- Developed the *Australian Seafood Users Manual*. The manual aims to raise awareness and usage of Australian seafood by the food service and retail sectors so that they deliver a better-quality seafood product to the final consumer. The manual covers a wide range of topics including species profiles, buying, safety and quality, storage, preparation, cooking, recipes and marketing. The manual achieved immediate success, with over 650 copies sold to seafood wholesalers, retailers, restaurateurs, recreational fishers and the general public.
- Undertook surveys of Queensland consumers' attitudes towards everyday food items. Survey findings are being presented at industry forums, as well as informing DPI research and marketing initiatives.
- Focused food and fibre research on the attributes demanded by the end user, resulting in many innovative, highly customised products that meet identified consumer demands. Recently launched products include:
 - custard apples and mandarins with fewer seeds or pips;
 - new breeds of pineapples and strawberries that have 'ideal' characteristics as identified in consumer research;
 - naturally stencilled apples for celebrations such as Mother's Day, Valentine's Day and Chinese New Year;
 - a new variety of wheat, bred specially for the 'white sliced' bread market;
 - sheep breeding for very fine wool production;
 - beef that is marbled with white fat;
 - crabs with soft shells.

“

Participating in workshops organised by DPI's Rural Market Development has enabled us to further our knowledge and understanding of supply chain members' needs. We have been able to develop our international and domestic business as a result of the skills we have attained from these workshops.”

1.2

Encouraging the formation of new food and fibre chain relationships

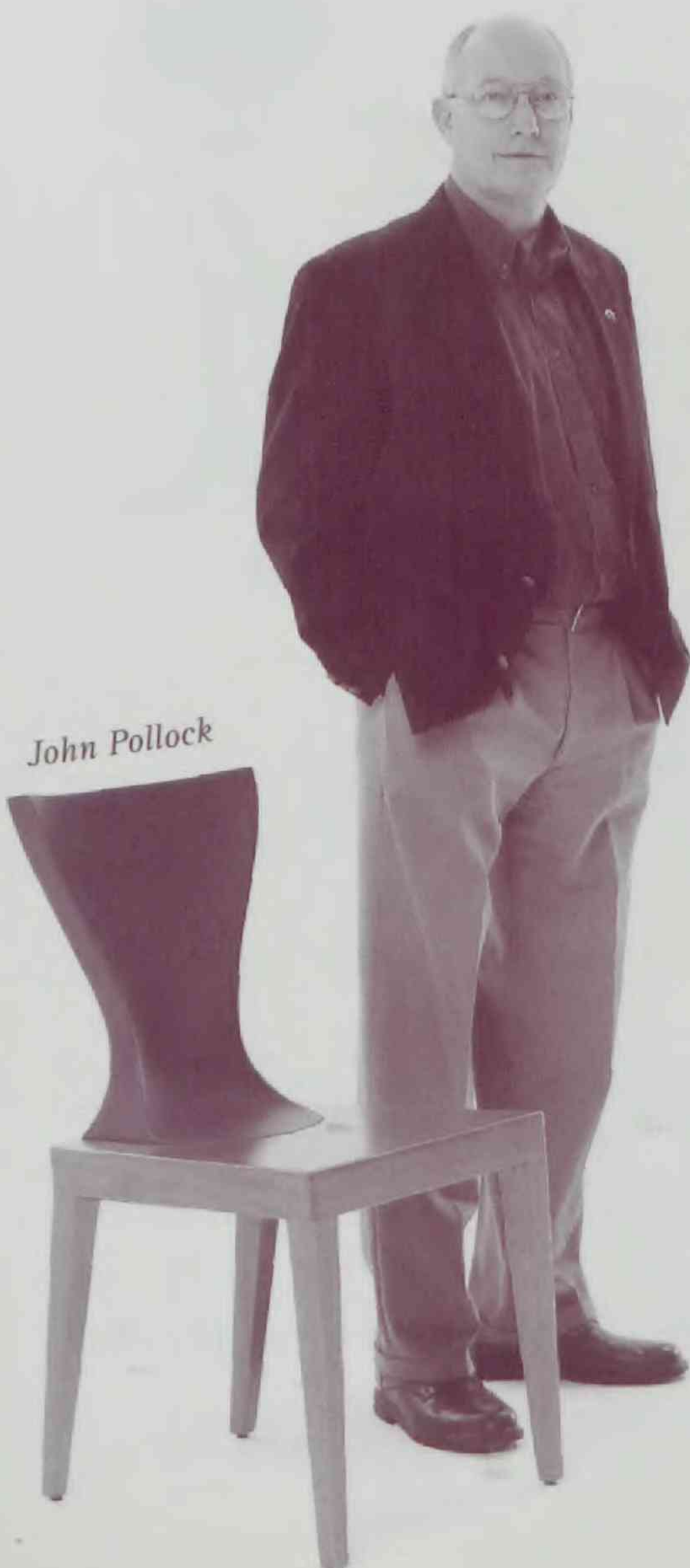
- Worked with the Blue Gum Beef Group to develop new value-chain linkages for branded products. Blue Gum Beef is a network of Queensland beef producers who have formed chain alliances with companies in the transport, processing, retail and food service sectors. The relationship has resulted in quality assurance for beef consumers and greater profit across the value chain.
- Facilitated new alliances in the Queensland ostrich industry. An alliance was formed between an ostrich farming cooperative, a hide processor, a fashion manufacturer and a Japanese retail conglomerate. This opportunity for value adding is replacing exports of much lower-value tanned ostrich hides. Increased demand will support plans to build a leather-finishing factory in Rockhampton.
- Coordinated the formation of the Northern Grain Alliance (NGA). This alliance is made up of 200 growers, exporters and cooperatives located across Queensland who are developing new trade and capturing value-added opportunities. DPI is working in partnership with the NGA and Japanese importers and manufacturers to investigate market opportunities for non-GM grain.



1.3

Profiling Queensland food and fibre sectors as opportunities for investment

- Enhanced north Queensland's live cattle export market to the Philippines and other South-East Asian markets, by identifying market specifications and intensively monitoring cattle performance during the transportation, feedlotting and processing stages.
- Explored commercial arrangements for start-up investment in a sandalwood plantation industry for Queensland. Planting of exotic sandalwood with high oil content is currently being trialled at Longreach and the Burnett Valley.
- Collaborated with the Food and Meat Task Force to further alliances between producers and processors in the Queensland pork industry. This collaboration aims to maximise pork exports and reduce uncertainty of price and supply to both sectors. A guide to investment in the Queensland pork industry has also been prepared as a tool in attracting local and overseas skills and financial investment.
- In partnership with the Queensland Department of State Development, undertook 2 trade and investment missions to Japan. Nippon Meat Packers has since invested \$40 million in the construction of Tong Park piggery near Toowoomba. Tong Park will employ over 70 staff and will process more than 220 000 pigs annually for export.
- Launched the publication *Prospects for Queensland's Primary Industries*, which profiles the opportunities and future prospects for a range of food and fibre industries.



1.4

Providing market information to encourage value-adding opportunities

- Conducted market research into the domestic and export opportunities for frozen redclaw products. Currently, only live redclaw are sold on the domestic market, except for very small quantities of chilled raw and cooked products. Research was conducted in Brisbane, Cairns and Sydney markets, and samples were also sent to New York, USA. The aim of the New York research was to investigate the potential for exports of high-quality frozen redclaw, targeting high-end restaurants in this premium market. Positive market responses are providing growers with greater flexibility in both production and marketing of this unique Queensland product.
- Disseminated outcomes of the organic trade mission to the UK and France, through 6 workshops across Queensland.
- Developed and launched the organic page on the DPI web site. The organic page provides links to a range of information sources and contacts for businesses and consumers interested in understanding the issues and opportunities associated with organic production.
- Undertook a market research project to identify opportunities for the emerging exotic fruit industry. As part of this research, DPI staff coordinated a trade mission to Japan to investigate potential new export markets for rambutan and longan. Insights gained have guided the rambutan industry in implementing a market-development program and resulted in increased exports of rambutans to Japan.
- Continued delivery of the Storelink program to Queensland beef producers. This workshop series provides producers with the skills, knowledge and tools to address production and processing issues that affect beef quality, the ability to meet market specifications and consumer demands.

Future developments

- Improve opportunities for beef exports by providing technical expertise to the Vietnamese beef industry. This expertise will help Vietnam to develop its beef industry and will increase demand for breeding stock from Australia.
- Continue to promote global beef export development through provision of technical expertise to beef producers and innovative approaches to global marketing. These approaches include building market intelligence networks, alliances and government-to-government relationships, as well as inward and outward missions. This investment will significantly improve beef export opportunities in Asia (including China), Mexico, southern USA, the Middle East and Europe.
- Undertake value chain economic analyses and incorporate the results into software packages. These will help marketing groups to evaluate the costs and benefits of a range of production and market-based strategies.
- Identify and evaluate trade opportunities for Queensland dairy products, services and technology.



Emerging issues

- Maintenance of Queensland's clean, healthy reputation for the supply of high-quality food products.
- Accessing capital to develop value-adding opportunities through venture capital and government funding schemes.
- Niche market opportunities for a range of consumer demands; concepts including organic, nutraceutical, GMO-free and environmentally friendly produced products.
- Sourcing appropriate meat-processing technology to deliver value-added goat meat to international markets.
- Opportunities for Queensland industry with the increasing significance of supply chain activities in the global marketplace.
- Changes in global food distribution systems.



Participating in the DPI/State Development-coordinated trade mission to the United States has enabled us to quickly identify trade opportunities for the US market. In only six months, we have commenced early negotiations with a major retail chain in the US.

Robert Eustace, Capilano Business Development Manager, North America

Performance measures

Number of new high-impact, value-adding technologies applied to food and fibre chain ventures as a result of AFFS knowledge and information

Thirty-eight food and fibre chain ventures have applied high-impact, value-adding technologies to their businesses, including:

- successful application of the growth regulator ‘Sunny’ for fruit size and yield increase in avocados, which will help the Queensland avocado industry be competitive and export-oriented;
- development of a potted plant handling device that will substantially reduce costs and increase efficiency in the Queensland nursery industry;
- promotion of the benefits of integrated pest management in cotton and grains. There has been widespread adoption of low-impact insect and pest control strategies, resulting in significant reduction in synthetic pesticides and creating a healthier environment.

Estimated value of primary sales and trade resulting from DPI market and trade development assistance in 2000–2001

Three million dollars in value-added exports, primarily in food products for export to the Middle East, East Asia and North America.

Number of agribusiness clients provided with value chain assistance

One hundred agribusinesses were assisted through market development activities, including:

- promoting the development of food-chain alliances and agreements essential to trade relationships;
- building the expertise of producers and processors in value chain management;
- providing market intelligence, analysis of global trends and strategic market innovations.

Value-adding in the food manufacturing sector as a percentage of input costs for selected industries, Queensland, 1998–1999

Industry	Value-added to inputs	Value-added per employee
	(%)	(\$'000)
Meat processing	25	54
Dairy product manufacturing	18	54
Fruit and vegetable processing	30	51
Flour mill product manufacturing	26	123
Sugar manufacturing	32	83

Source: Australian Bureau of Statistics, *Manufacturing Industry, Queensland, 1998–99, 8221.3, table 2, page 10.*

Environmental care

Animal welfare

Trade

Ethical products

Safe products

Biosecurity

Market confidence

Quality assurance



key strategy two

Building Queensland's reputation for delivering environmentally friendly, ethically produced and safe food

B I O S E C U R I T Y



B

Queensland has a well-earned reputation for producing and marketing wholesome food and fibre products for domestic and overseas markets. Through Animal and Plant Health Service (APHS), DPI ensures that animal and plant health requirements and animal welfare standards are met. The Agency for Food and Fibre Science (AFFS) carries out research and development of new tools and techniques to ensure the highest safety and quality of Queensland food and fibre. The aim is always to minimise the social, economic and environmental impact of pests and diseases of animals and plants.

2

Major achievements and highlights

- Contributed to maintaining Australia's 'category 1' lowest-risk rating status for transmissible spongiform encephalopathy (TSE). Australia is one of only a few countries to achieve this status, giving the Australian red meat industry a competitive advantage in many international markets. The demonstration of disease freedom continues to provide consumer confidence in product sourced from Queensland.
- Led the response to an outbreak of red imported fire ant (*Solenopsis invicta*) which was detected in late February 2001 in the south-western suburbs of Brisbane and at the port of Brisbane. A team of more than 60 DPI staff, assisted by staff from other Government agencies, has worked tirelessly to determine the extent of the outbreak, limit its further spread and assess the feasibility of eradication. The response is based at a newly developed Fire Ant Control Centre at Oxley.
- Expanded Interstate Certification Assurance (ICA) for the horticulture industry. The ICA scheme, initially developed during the papaya fruit fly emergency in 1996, aims to facilitate the treatment and certification of fruit produce throughout Queensland and Australia. The scheme has now been expanded to cover a wide range of pests and quarantine requirements. All states and the Northern Territory have now endorsed the scheme as part of the National Plant Health Certification Program.
- Successfully field-tested fungal biopesticide against heliothis pest populations, with minimised impact on beneficial insect predators and parasites. Further research using environmentally safe fungicides is continuing across a whole range of crops including citrus, avocados, mangoes, passionfruit and custard apples, and is expected to have a critical part to play in plant disease control in the future.
- DPI is leading the development of 3 new national animal welfare codes: welfare standards for domestic poultry, the land transport of sheep, and rodeos. DPI is also developing a Queensland code for the use of animals in film and television.

“Engaging the services of Norm, the DPI Detector dog, enabled us to efficiently assess the organochlorine residue status of our properties and effectively manage the risk the sites represented.” Alan Maudsley, Beef Producer.

What we have delivered

2.1



Designing and implementing systems that meet community expectations for environmental care

- Commercialised 'Lucitrap', an environmentally friendly trapping system for sheep blowfly, a pest problem costing \$150 million annually. Lucitrap works by selectively luring and trapping blowflies, using compounds that smell like wet sheep. It may also find application for cattle buffalo fly.
- Undertook research to control the giant wood moth – a potential threat to Queensland's hardwood plantations – showing that the moth can be trapped by using pheromones.
- Conducted research aimed at improving knowledge of odour emissions from piggeries and their control, and nutrient runoff from effluent application areas. This included the first extensively researched trial of a straw-covered lagoon project in Australia to reduce odour impacts from piggeries. The findings of this research will make it possible to reduce impacts of intensive animal industries on the environment and on adjacent communities.
- In partnership with Queensland Parks and Wildlife Service, took part in pilot disease investigations and diagnoses on dolphins, dugongs and whales, as part of a project to determine causes of death in marine mammals.
- Undertook intensive surveillance for white spot syndrome virus in aquaculture-based prawn farms in north Queensland. No cases were detected, but further surveillance will continue, and will include wild crustacean populations.
- Introduced a range of improved insect pest management strategies for cotton and grain crops. These strategies are reducing the environmental impact of heliothis control in cotton farming systems through the introduction of new biopesticides, trap cropping and pupae busting.

2.2

Managing the risk of pest and disease incursions

- In collaboration with the Queensland banana industry, mounted an emergency response to black sigatoka detected at Tully, undertaking extensive surveillance to determine the geographic limits of the outbreak and control measures to help restore market access. The disease was found in 4000 hectares of bananas in the

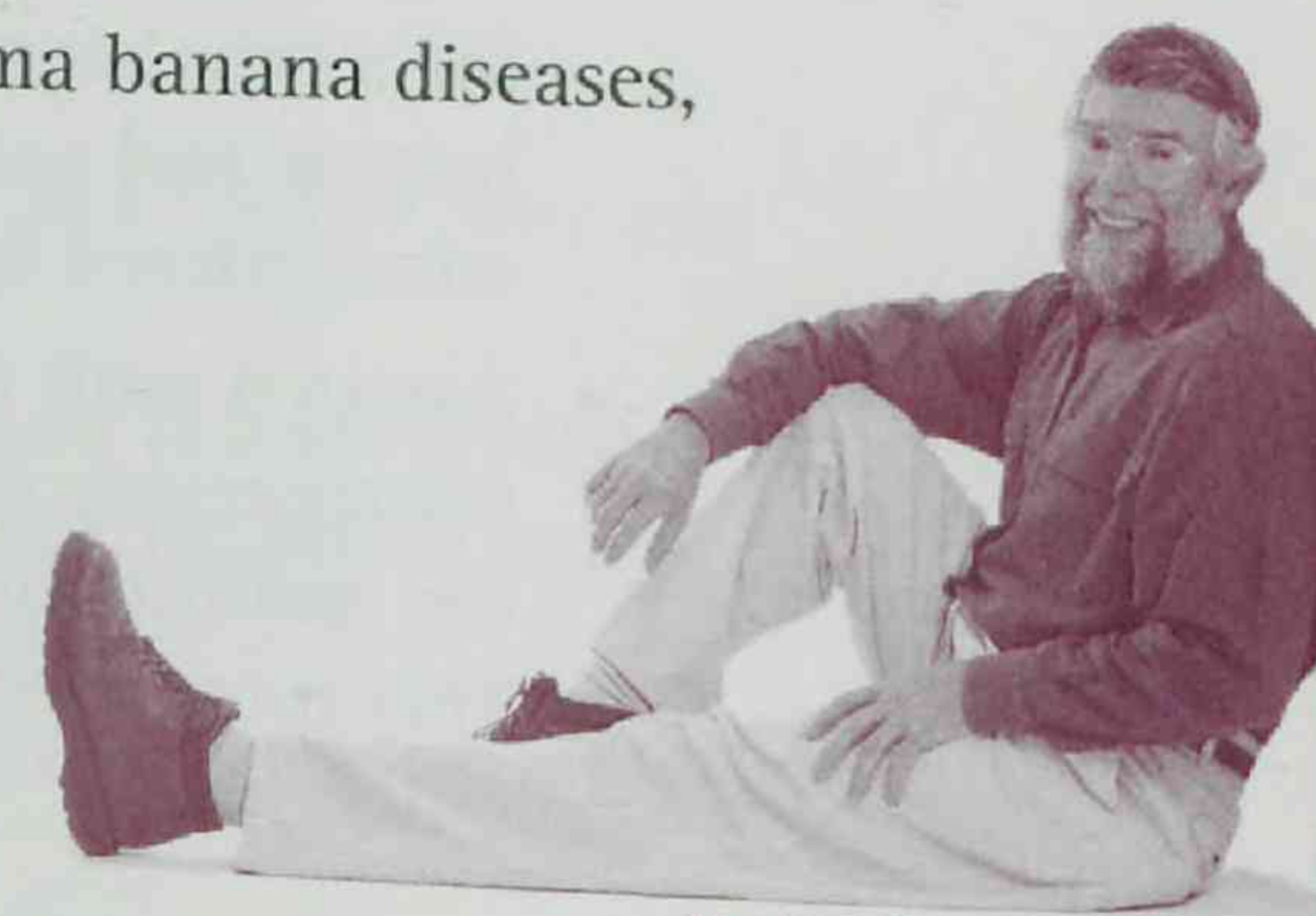
Tully Banana Production Area, but not in other areas of Queensland. A major scientific breakthrough was achieved in the fight against black sigatoka fungus. The use of DNA 'fingerprinting' techniques allowed 48 samples to be DNA tested at one time, compared with conventional diagnostic tests which process only one at a time.

- Implemented eradication procedures in response to 2 detections of bovine tuberculosis at 2 separate sites in Queensland. This required large-scale tracking of livestock movements, destocking of some groups of cattle on trace-forward properties, and tuberculin testing of cattle considered to be at risk. Eradication procedures, consisting of destocking and testing on the index properties, will continue over the coming 12 months.
- Completed pre-wet-season and post-wet-season pest host surveys. These surveys are part of the Northwatch program, which aims to deliver enhanced surveillance and response capability in northern remote areas. Additional surveillance activities included:
 - urban surveys for targeted plant pests in northern ports and towns;
 - a review of the livestock buffer zone in Cape York as part of the screw worm fly risk reduction strategy;
 - maintenance of a traffic information and inspection centre at Coen.
- Carried out an extension of the comprehensive nipah virus surveillance undertaken in 1999–2000, with continued negative results. This has provided the basis for the expansion of exports of pork to Singapore and other Asian markets.
- Provided a leading role in adopting programs developed under the Commonwealth Government's Aquaplan, including disease surveillance and monitoring, and emergency planning for disease outbreaks.
- Discovered consignments of imported frozen green prawns carrying the highly infectious white spot syndrome virus (WSSV), resulting in quarantine and, in a number of cases, seizure and disposal. Completed surveys of Queensland's prawn farms to confirm WSSV-free populations, and initiated surveys of wild crab and prawn stocks. Also increased the knowledge of the general public, and particularly recreational anglers, through the release of an educational brochure providing advice on the dangers of using imported frozen green prawns as bait.
- Organised a National Fish Health Pathologists Workshop, and developed and facilitated two fish health workshops for prawn farmers in both north and south Queensland.
- Maintained specific areas of Queensland free of cattle tick, bunchy top and Panama banana diseases, and papaya ring spot virus.

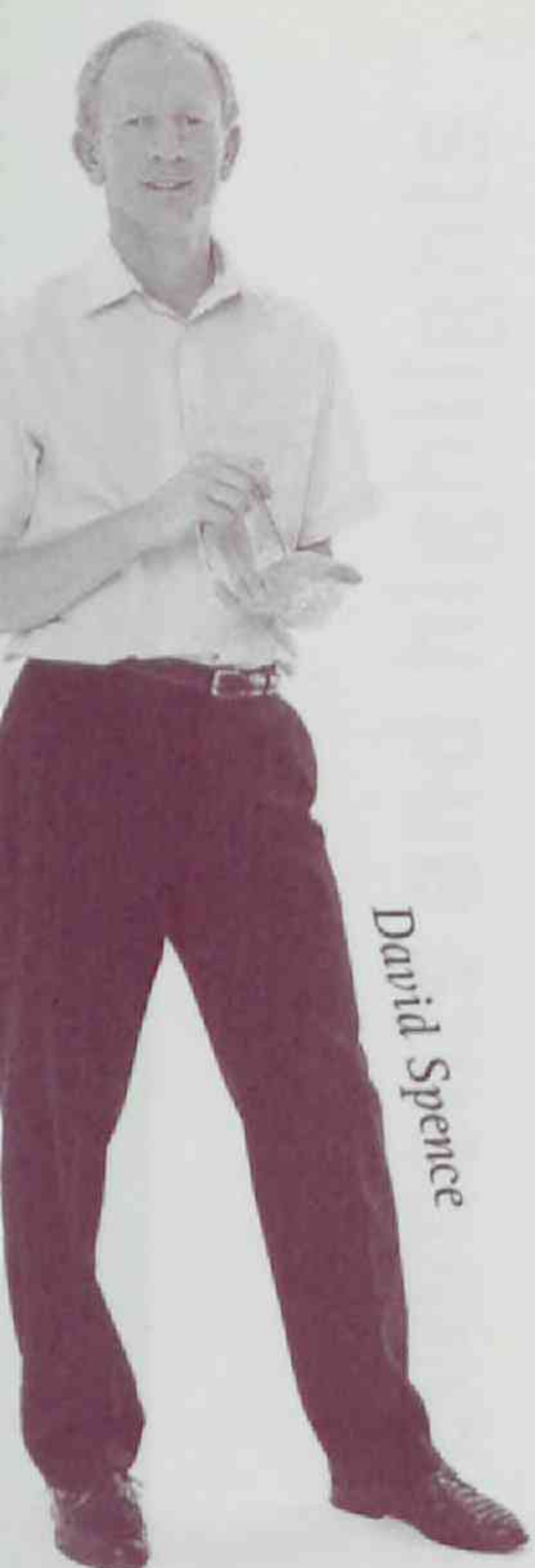
2.3

Fostering industry adoption of quality-assured processes

- Undertook a major quality assurance/hazard analysis critical control path (HACCP) training program for the Queensland egg industry, aimed at improving the quality of retail eggs.
- Provided extensive support to beef producers in the adoption of the National Livestock Identification System (NLIS). Five hundred and fifty cattle producers are now using the NLIS as an integral and mandatory component of the hormonal growth promotant (HGP)-free accreditation scheme, which is mandatory for the production of beef for export to the European Union (EU). Three major processors have installed equipment for reading radio frequency identification data (RFID), and one saleyard complex is equipped with a scanning facility. Broader installation of NLIS will underpin disease control programs and assist in accurate and rapid tracing of livestock products.
- Launched a best-practice manual to combat giant rats tail grass, as well as training packages for those responsible for implementing and managing weedy exotic grasses such as African love grass and creeping lantana.
- Developed a test for detecting and quantifying ergot contamination in sorghum and rye. This technology will be able to be incorporated into quality systems within grain processors and major animal feed producers to ensure livestock feeds do not contain unacceptable levels of ergot.
- Developed a vaccine for bovine respiratory disease. This vaccine will improve animal welfare, reduce the use of antibiotics and further promote Queensland beef as a clean and safe export product.



Dr Graham White



David Spence

2.4

Promoting and monitoring responsible and ethical production systems

- Continued work on a 2-year national soil-testing and land practices survey to help determine the impact of a range of farming practices on the physical, biological and chemical aspects of soil health. This survey, which commenced in 2000, will also provide a good snapshot of soil health on a district-by-district basis. Survey findings will help to determine the extent and degree of soil-borne diseases and salinity, and any clear links between certain land practices and physical and chemical properties of the soil. DPI facilitated the formation of a new community chemical liaison group at Mackay; similar groups are located at Emerald, Theodore and Dalby. These groups provide community ownership of issues relating to responsible use of chemicals.
- Continued participation in a number of major chemical residue management programs, in partnership with State and national governments. These programs include:
 - the National Antimicrobial Residue Minimisation Program (NARM);
 - the National Organochlorine Residue Management Program (NORM); As part of the NORM program, DPI has a 'sniffer dog' which has successfully worked on 73 properties and also provided detection services to NSW Agriculture and the Queensland Environmental Protection Agency (EPA).
 - the National Endosulfan Management Program. Activities include promoting risk-management strategies to cotton industry endosulfan users and their beef-producing neighbours.
- Developed a new Animal Care and Protection Bill. The new Bill aims to reflect advances in behavioural sciences, community expectations and husbandry management practices. The Bill has been developed after extensive consultation with and support from animal industries, the RSPCA and other key stakeholders.
- Undertook a comprehensive extension program on the role and importance of national standards contained in codes of practice for animal welfare. DPI continues to develop strong working relationships with the RSPCA in legislative enforcement, and stock inspectors are now playing an increasing role in the investigation of animal welfare complaints in the livestock industry.
- Enhanced the animal ethics system within DPI to ensure the ethical treatment of animals used for scientific purposes.
- Established the statutory authority Safe Food Production Queensland (Safe Food). Safe Food is responsible for minimising food safety risks in the production, processing, wholesale and transport of food for human and animal consumption. The actions of Safe Food will complement food safety measures administered by Queensland Health, which apply to food manufacturing, food service and retail.
- Assisted with the development of the Rangelands Institute, a centre of excellence in rangelands management education, training and research. Located at The University of Queensland, Gatton campus, the institute provides a nationwide network for delivering integrated rangelands management training. This integrated approach aims to maximise the synergies between social, economic and environmental outcomes.

2.5

Promoting trade opportunities for Queensland's environmentally friendly, ethically produced and safe products

- Undertook research to determine the relative heat tolerance of the immature stages of all fruit flies of quarantine significance in Australia. The data obtained will facilitate the development of all future heat disinfestation protocols for the New Zealand market, by allowing treatments to focus on the stage or species known to be most heat-tolerant.
- Extended trade opportunities for aquaculture of high-value finfish species such as gropers. Research focused on identifying dietary requirements at each growth stage. The development of aquaculture technology for these species will not only support an economically beneficial industry, but will also contribute to reducing pressure on wild stocks.
- Facilitated trade exports of more than \$1 million worth of value-added non-GMO soybeans to Asia. This work is undertaken as part of the Northern Grain Alliance and includes exports of 500 tonnes of non-GMO soybeans to a Japanese

trading company, and 430 tonnes to a soybean processor in Thailand. The alliance is achieving dual outcomes of value-added exports and the development of regional communities.

- Helped fresh and processed food industries to develop new export markets in North America. Assistance was provided as part of a trade mission to North America which is expected to deliver more than \$5 million in the next 3–5 years.
- Developed and launched *Organics – Opportunities and Options*, a series of publications outlining issues that need to be considered before converting to organic meat or wool production systems.

2.66



John Molloy

Developing and maintaining a biosecurity system that ensures market confidence

- Reviewed all aspects of foot and mouth disease (FMD) as a precautionary response to the global spread of FMD virus as demonstrated by the recent United Kingdom outbreak. Key activities have included:
 - participation in national forums and high-level working groups focusing on Australia's FMD preparedness, including participation by 4 DPI veterinarians and 7 DPI stock inspectors in on-the-ground management of FMD in the United Kingdom.
 - reviewing, testing and updating legislative provisions, operational contingency plans, laboratory capabilities and availability of reserve staff;
 - auditing the animal tracing systems and swill feeding bans;
 - liaising, planning and training with key response organisations and groups, including Emergency Services, Police, Environmental Protection Agency, Defence, Natural Resources and private veterinarians;
 - awareness programs, including the clinical signs, consequences of loss of trade, and measures necessary to combat infection, including a ban on swill feeding to prevent outbreaks.
- Established a surveillance system capable of early detection of high-risk infection agents in suspect wildlife reservoir species in Australia.

Future developments

- Continue to implement the agreed control or eradication plans for fire ants and black sigatoka.
- Deliver a major public awareness program on foot and mouth disease (FMD), transmissible spongiform encephalopathy (TSE) and fire ant risk reduction practices, and continue to monitor compliance with existing regulations.
- Undertake increased disease risk assessment and surveillance in aquaculture and marine mammals.
- Facilitate quality assurance programs, including specific pest and disease management plans, and product trace-back and identification systems, such as the National Livestock Identification System.
- Progress the implementation of new animal care and protection legislation, including development and implementation of public education and awareness programs.
- Monitor compliance for higher-risk areas of animal welfare practices within specific industries, communities or businesses, and widen the scope and content of categories that are covered by animal welfare codes of practice. Assist industry with incorporating standards into quality systems.
- Deliver national strategies for management of agvet chemicals by amending legislation on the use of chemicals, promoting responsible use and implementing residue management programs supported by industry.
- Over the next 3 years, extend food safety schemes to other sectors such as seafood, eggs and horticulture.
- Further enhance readiness to respond to aquatic disease incidents by participating in a disease emergency simulation exercise, in collaboration with industry and regulated by the Commonwealth Government.

F



Megan Frost

- Initiate the production of a field guide to introduced marine aquatic invaders, in collaboration with the Environmental Protection Agency. This guide will aid in educating recreational and commercial divers and commercial slipway operators in the identification of exotic marine organisms.
- Complete a review of the Queensland Shellfish Water Assurance Monitoring Program (QSWAMP) to streamline oyster testing processes and legislative requirements, while ensuring a safe, quality product for Queenslanders.

Emerging issues

- Necessity for pest and disease surveillance of remote areas of Queensland.
- Potential biosecurity threats caused by the pan-Asian strain of foot-and-mouth disease currently being eradicated in the UK.
- Rising threat of bovine respiratory disease in Queensland feedlot cattle. This disease accounts for 51% of all feedlot disease cases.
- Impact of increased outbreak of weedy exotic grasses, particularly giant rats tail.
- Pressure on Australia to demonstrate its freedom from bovine spongiform encephalopathy (BSE), or mad cow disease, in view of the link between BSE and the clinical expression of Creutzfeldt-Jakob Disease (CJD) in humans.
- Necessity for an understanding of the risks of nipah virus and other 'new' or emerging disease agents that have wildlife as apparent reservoirs for disease. This will be required before risk reduction strategies in livestock industries and in the public health arena can be developed.



Nalini Chinnivasagam

Performance measures

Number of food and fibre ventures involved in resource sustainability activities as a result of knowledge and information generated by the AFFS

A total of 5900 food and fibre chain ventures have been involved in activities directly targeting resource sustainability. The involvement of DPI in these activities has included:

- assisting dairy farmers to manage their farms in a clean-green manner by developing, in consultation with industry, the community and the Environmental Protection Agency, the Queensland Dairy Farming Environmental Code of Practice;
- leading a national collaborative research project to develop improved, environmentally friendly protein baits for fruit fly control. These new baits include new-generation insecticides that are many times safer than the organophosphate insecticides currently used in baits. This research will benefit horticultural producers in endemic fruit fly areas, and regulatory authorities throughout Australia undertaking fruit fly suppression and eradication programs;
- promotion of the benefits of integrated pest management in cotton and grains, resulting in widespread adoption of this low-impact insect pest control strategy, and achieving significant reductions in synthetic pesticides and a healthier environment.

Level of investment in environmental management programs

DPI allocated \$17 million this year for environmental management activities, with the aim of ensuring that Queensland's production systems are ethical and ecologically sustainable. Specific activities include:

- effluent management
- water-use efficiency
- regeneration of native forests
- salinity management
- natural resource management.

Level of adoption of quality assurance systems and codes of practice

- Interstate certification assurance. Over 95% of horticulturalists who require health certification of produce now use the Interstate Certification Assurance scheme developed by DPI. This quality assurance program is a recent national award winner and is now being taken up by all other States and Territories as the standard method of quality assured certification for movement across State boundaries.
- Animal welfare codes. Various industries have successfully included animal welfare parameters, based on the national codes, in their industry-based quality assurance programs. Examples are:
 - 1800 producers within Beef Industry Cattlecare Program and 394 Queensland feedlotter within the National Feedlot Program;
 - 70% of pig producers within the Queensland Pork Industry Quality Program;
 - 100% of the rail transportation within Queensland Rail's quality assurance program.
- Saleyards, dairy, poultry and the road transport industry are beginning to look at, or have begun to include, animal welfare in their quality assurance programs.

Number of markets accessed or lost on the basis of biosecurity

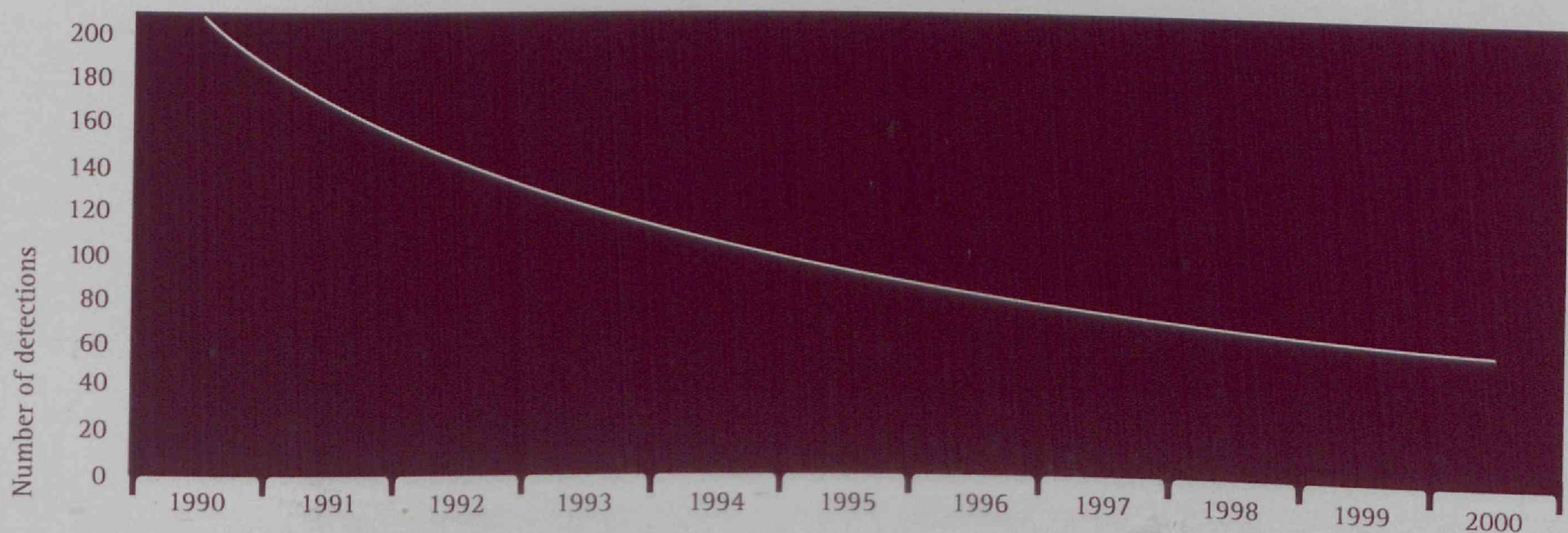
Retention/gains

- The freedom of Australia from bovine spongiform encephalopathy (BSE), as demonstrated through the transmissible spongiform encephalopathy (TSE) surveillance program, made it possible to fill 99% of the EU beef quota. The shortfall was due principally to reduced demand for beef because of concerns in Europe about BSE and FMD.
- TSE-free status has been considered a key factor in expansion of the beef market in the Philippines, retention of market size in Japan and Korea, and increased market penetration in Russia, the Middle East and eastern Europe.
- Continued demonstration of freedom from papaya fruit fly has provided access for \$40 million worth of horticulture trade to the USA, Japan and New Zealand.
- Freedom from nipah virus, backed up by industry-wide surveillance for the virus, has contributed to a dramatic increase in pork exports over the last 2 years.

Losses

- The export of asparagus to New Zealand was halted after the detection of asparagus rust in March 2000 and continuing evidence of infection in Queensland in 2001. DPI is continuing research into asparagus rust and other asparagus diseases.
- The export of chicken meat to Fiji is still prohibited due to Queensland's Newcastle disease status, although negotiations have reopened as a result of surveillance for the disease in 2001, including Queensland industry data.
- There was an initial loss of major interstate markets for bananas after detection of black sigatoka at Tully in April 2001. Negotiations and response strategies have made it possible to reopen southern markets under specific conditions.

Decline in organochlorine residues in beef



Over the past 10 years, the number of detections on properties where residues of organochlorines (mainly Dieldrin and DDT) were greater than the minimum residue limits has continued to fall.

Product transformation

Food safety

Retail food

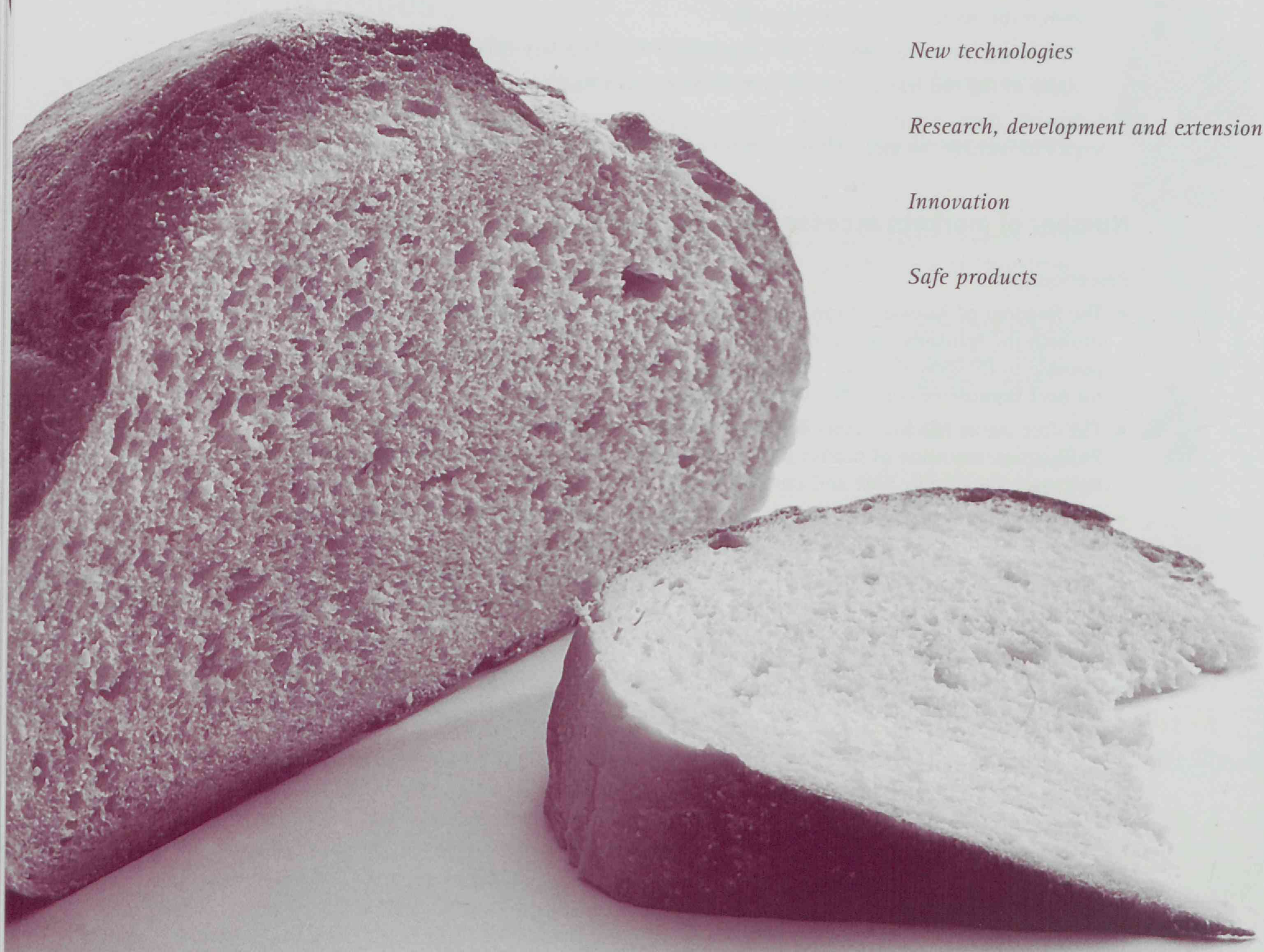
Market edge

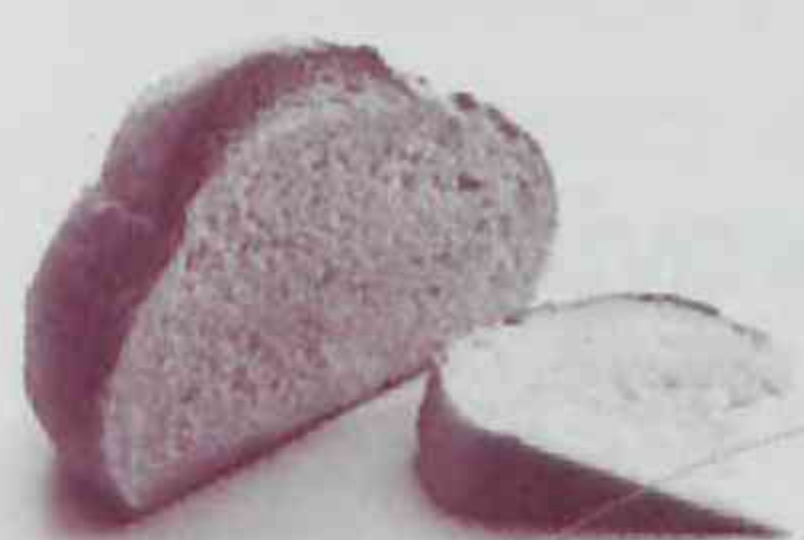
New technologies

Research, development and extension

Innovation

Safe products





F O O D & F I B R E

key strategy three

Use research, development and extension to align food and fibre production, processing and marketing with consumer and community expectations

3

Consumers demand food and fibre products that are produced ethically and with minimal harm to the ecosystems in which they are grown or produced. The Agency for Food and Fibre Sciences (AFFS) and the Office of the Chief Scientist (OCS) carry out consumer-focused research, development and extension activities in a variety of food and fibre industries. DPI is unique in its capacity to maximise the benefits of technology without compromising environmental and quality standards.

- Created 9 new market opportunities through development of new technology and products. These included a prawn cooker for the seafood industry and an 'olive care' program developed for the olive industry.
- Launched diagnostic procedures for tick fever. With the latest molecular techniques used in the field, affected animals can be quickly and accurately detected, disease-free areas can be identified and maintained, and the use of chemicals for control can be reduced.
- Opened new world-class biotechnology laboratories at Indooroopilly, Toowoomba and Bowen. These new gene research facilities will maximise Queensland's capacity to commercialise superior, value-added field crop and horticultural varieties.
- Continued to support the Queensland Food and Fibre Science and Innovation Council (QFFSIC) in developing new and emerging opportunities for food and fibre innovation. The council is exploring opportunities for Queensland's aquaculture industry, in addition to research aimed at identifying commercialisation and investment opportunities.

What we have delivered

3.1

Researching and adapting technologies that provide a competitive edge in markets for products with added value

- Launched a drought-resistant sorghum variety with the attributes of increased grain yield and quality, but no increase in water demand.
- Developed a sophisticated, rapid, DNA-based diagnostic test for diseases such as black sigatoka.
- Undertook research to extend the retail shelf life of fruit and vegetables. The aim of this research is to reduce the rising costs – estimated at \$200 million annually – associated with product waste caused by post-harvest diseases, bruising and inappropriate packaging. By targeting a longer shelf life for different horticultural crops and overcoming quality issues, DPI is helping Queensland producers to deliver products that retain their quality longer.

Specific shelf-life projects include:

- research into modified-atmosphere packaging of Asian leafy vegetables;
- developing packaging options for semi-processed pumpkins;
- breeding pineapples resistant to blackheart, a major post-harvest quality defect that develops during cold storage;
- monitoring mango consignments from harvest to retail distribution in order to pinpoint where quality issues such as poor skin colour and fruit rot development are occurring;
- implementation of, propagation strategies and techniques for the delivery of the rare and endangered Wollemi pine to international markets. The Wollemi pine has the potential to become a major export, targeting the world's indoor plant market.



Dr Bea Duffield

“Clustering of skills and disciplines is an important element in building capacity and centres of world excellence.”

Robin Batterham, Chief Scientist, Commonwealth of Australia



3.2

Focusing research, development and extension effort on innovation and meeting specific customer demands

- Examined the cost-effectiveness of a range of beef cattle feeding regimes. By-products of other industries, such as bagasse, copra meal and cottonseed meal, have been tested to provide beef producers with a range of options to further maximise live weight gain while ensuring the product consistency and quality that consumers demand.
- Developed state-of-the-art models to predict climate patterns and their effect on crop yields. This information can help Queensland producers to maximise yield and minimise risk during dry seasons. DPI targets climate and crop outlook information to growers, directly and via rural/regional media, weekly web climate notes, an SOI hotline, climate workshops and web fact sheets. 'Whopper Cropper' is software that combines crop modelling with climate science. It can indicate the potential yield of many crops under different management and environmental conditions, helping growers to make informed decisions.
- Undertook consumer taste-testing and surveys to determine the attributes most favoured in fruit and vegetables, such as strawberries, custard apples, pumpkins and bananas. This feedback has been incorporated into DPI's breeding programs, with new varieties being selected on both their ability to be grown successfully and their appeal to consumers. There are a number of new breeds of bananas, including the Sucrier or egg banana, which looks like a bright yellow party cheerio and is very sweet. Another variety is the Red Dacca, which ripens to a brilliant sunset red colour, has a custard-like sweet flavour and is similar in size to the Cavendish banana.
- Worked in partnership with industry in a pineapple breeding program aimed at producing cultivars requiring minimal processing and therefore more suited to the fresh fruit market. The cultivars are being selected for attributes such as pleasant aroma, solid bright yellow non-fibrous flesh, small core, high sugar and low acid content.



3.3

Encouraging investment in technologies that create value from waste recycling

- Conducted research on technology for closed-system prawn farming. Pond trials are being used to further refine the technique of zero water exchange (nil discharge) to be adopted by industry as a conventional method of prawn farming. This will involve a series of prawn crops stocked and harvested from existing farm ponds, using modified pond management aimed at removing the need to rinse new water through the pond.
- Developed a conceptual framework for integrated mangrove silviculture and mud crab aquaculture systems. These integrated systems will enable Queensland to capture trade and employment opportunities offered by escalating global demand for both high-quality hardwoods and high-quality aquaculture products. These systems will facilitate a new industry in remote areas of Queensland, and can also provide substantial environmental benefits by incorporating the use of wastewater from other aquaculture or related activities.
- Continued work on a 4-year turf research project to document the characteristics of a range of grass species and their suitability for residential use, open spaces and sporting fields. The benefits of this research are enormous, not just for Queensland backyards but also for reducing maintenance costs and water usage on parks and sporting fields. Grass maintenance in urban open spaces is one of the major expenses for local and state governments, with more than \$60 million spent annually within subtropical Australia. The project is looking at ways of using wastewater to irrigate urban open spaces without causing any nutrient runoff that pollutes our waterways.



3.4



Developing technologies that deliver safe products to consumers

- Tested alternative grain fumigants and storage techniques to maximise grain quality, eliminate pest resistance to fumigants and ensure food safety.
- Increased research efforts on the management of the soil-borne fungus that produces aflatoxin. This fungus is a major contaminant that can make peanuts unsuitable for consumption. Completion of this research will not only enable assured production of safe products for domestic consumption but will also help Queensland to export peanuts to new markets.
- Allocated over \$15 million to strategic biotechnology research to develop internationally competitive and environmentally sustainable agriculture and safe food production.

Future developments

- Maximise Queensland's aquaculture potential by developing non-conventional products such as seaweed, non-human food (brine shrimp), specialty chemicals, pearl oysters and aquarium species.
- Establishing a Food for Life Centre of Excellence to provide a focus for innovation, research and policy in the food industry. The centre will combine the skills and expertise of food technology businesses with those in companion fields of functional genomics and medical, health and food production.
- Develop state-of-the-art climate prediction and crop modelling systems to predict the impact of climate patterns on crop production. This will allow Queensland producers to minimise risk and diversify incomes during the dry seasons.
- Establish an Artificial Beef Breeding Centre at Rockhampton, which will give the stud industry greater capacity to service export markets. The centre will meet the increasingly stringent quarantine and animal health requirements for animal product exports.

Emerging issues

- Sustaining the supply of organic produce. Although demand is expanding at 40% per annum, supply is increasing by only 25%.
- Accessing venture capital to develop value-adding opportunities.
- Sourcing appropriate meat-processing technology to deliver value-added goat meat.
- Taking advantage of new developments in biotechnology to maintain Queensland's position at the forefront of tick-bovine disease control, and to control emerging disease threats.
- Keeping ahead of changing consumer attitudes, preferences and trends to ensure that food and fibre products meet expectations.

Performance measures

Number of varieties (breeds, etc.) developed by AFFS that have achieved uptake by industry

These number 35, including:

- 5 new strawberry lines to provide consumers with better fruit that is consistent throughout the season;
- an onion hybrid with highly desirable features including a globe shape, brown shell and excellent shelf life;
- new sorghum varieties that provide increased resistance to attack by midge and further reduce the need to use harmful insecticides;
- development in a semi-arid environment of fine-wool sheep, with wool fibres of less than 20 microns. This wool is returning up to \$1 more per kilogram clean than the traditional 21-23 micron wool.

Number of new market opportunities created through new technologies and or products:

These number 44, including:

- developing a Horticultural Export Program (HEP) initiative on avocado exports to New Zealand. This involves the development and commercial application of a chilling protocol for fruit fly disinfestation, which maximises fruit quality. Avocados are now 'export-ready' for any country that requires fruit fly disinfestation treatment;
- undertaking a feasibility study to evaluate the potential for cryovac treatment of cut pumpkin to improve shelf life. A principal factor that deters consumers from buying pumpkin is the difficulty of cutting and peeling it. This new technology addresses this, and improves the overall appeal of pumpkin to consumers. Cling wrap, barrier bags and cryovac bags were evaluated. Preliminary results demonstrate that vacuum packaging in cryovac plastic significantly increases shelf life in 3 varieties – Butternut, Ken's Special, and Jarrahdale – by 6–8 days;
- applying technical expertise in turf to assist the United Arab Emirates (UAE) with a massive greening program. The UAE want to plant 90% of over 25 000 farms with Rhodes grass that is salt tolerant. To achieve this, the UAE require massive amounts of high-quality seed and the practical and technical knowledge needed to grow it successfully under very harsh conditions. Dr Don Loch recently led a group of Australian farmers on a visit to the UAE to negotiate trade agreements;
- the creation of 9 new market opportunities through new technologies and/or products. These included a prawn cooker for the seafood industry and an 'olive care' program developed for the olive industry.

\$'ooo value of returns based on intellectual property

- \$3 300 000 for returns on plant breeder rights, patents, trademarks and consultancies.

Research and development expenditure by Australian Government agencies (State and Federal) in agricultural sciences

Year	Australian total (\$m)	NSW (\$m)	Vic. (\$m)	Qld (\$m)	Qld %(b)	SA (\$m)	WA (\$m)	Tas. (\$m)	NT (\$m)	ACT (\$m)	Other (a) (\$m)
1992–93	539	105	113	126	23	44	63	22	13	42	11
1994–95	584	150	86	130	22	54	78	21	19	43	4
1996–97	617	147	114	156	25	41	69	21	10	55	3
1998–99	664	161	115	158	24	53	78	25	8	64	2

(a) Includes Australian external territories and overseas.

(b) % of Australian total.

Source: Australian Bureau of Statistics, Research and Experimental Development, General Government and Private Non-Profit Organisations, Australia, Catalogue No. 8109.0



Dan Smith

“ If you consider that no value is actually added to a food product until a consumer buys it, and buys it again, then it's easy to understand why the consumer is 'king'.

Rob Robson, CEO of Harvest FreshCuts, Australia's leading freshcut processor



Natural resource management

Compliance

Education

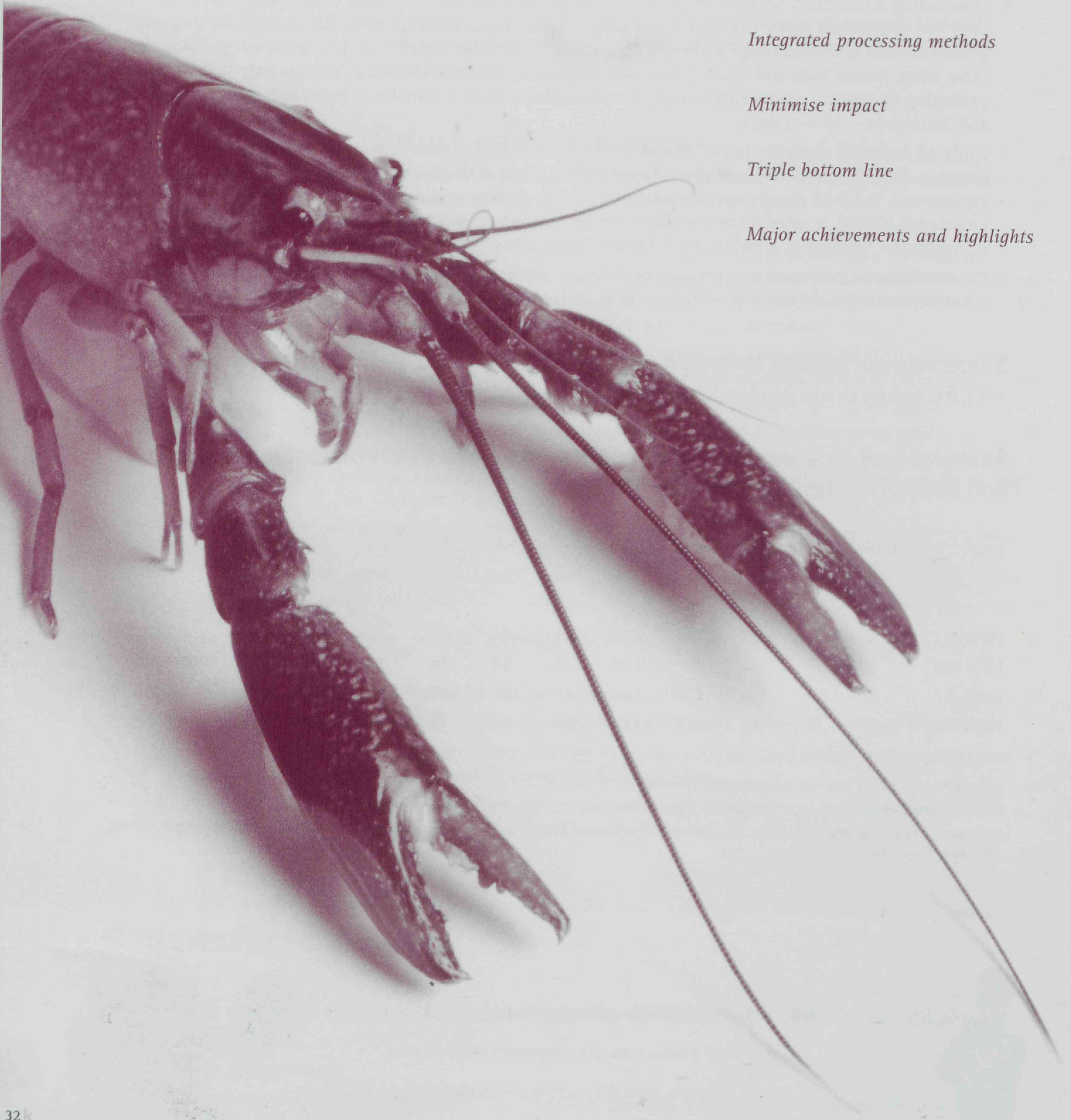
New technologies

Integrated processing methods

Minimise impact

Triple bottom line

Major achievements and highlights



key strategy four

Safeguarding the harmony between food and fibre industries and natural resources

N E W T E C H N O L O G I E S

4

Queensland's food and fibre industries are actively working to promote the sustainable use of natural resources. DPI, through the Agency for Food and Fibre Science (AFFS), Queensland Fisheries Service and Animal and Plant and Health Service (APHS), works with a range of industry and community groups to protect our natural resources for current and future generations. DPI's Policy Analysis and Industry Development (PAID) groups support these activities by developing and implementing policies.



Rosemary Lee

Major achievements and highlights

- Released results of the long-term grazing and land management trials in the Central Highlands and Downs Maranoa, promoting responsible and ethical production systems and minimising the impact of production systems on natural resources.
- Undertook a pilot study investigating the potential of a feed additive to reduce emissions of methane, a major greenhouse gas, from sheep and cattle. Preliminary results indicate a significant reduction in methane.
- Implemented an industry adjustment scheme for the prawn trawl fishery to improve its sustainability. This is the largest fishery in Australia, with over 700 vessels targeting a range of prawn species and other bycatch fish species. The scheme involved a \$20 million buy-back of about 100 licences and the implementation of a statutory East Coast Trawl Fishery Management Plan. A range of measures were implemented, including reductions in fishing effort each year, closure of fishing areas, and more efficient nets that allow the escape of turtles and unwanted fish species.
- Released approximately 580 000 fish fingerlings into 55 sites throughout the State under the fish-stocking program. Over 70 community-based fish-stocking groups support this program and contribute through the purchase and release of fish. A new fishing scheme, the Stocked Impoundment Permit Scheme, allows anglers to contribute to the cost of restocking dams and helps to ensure quality fishing opportunities.

4.1

What we have delivered

Researching and minimising the impacts of production, harvesting and processing methods on natural ecosystems

- Enhanced Queensland's reputation for clean and safe food and fibre, by continuing research to prevent soil erosion, improve pest and disease management techniques and minimise the application of agvet chemicals.
- Continued research into precision-agriculture production systems. Precision agriculture includes the use of yield mapping and guidance systems that reduce the overspray of fertiliser and other chemicals. DPI is working with industry to extend the uptake of these systems through the development of competency-based training packages.
- Developed an integrated framework for grazing management systems, as part of work undertaken by the Cooperative Research Centre for the Sustainable Development of Tropical Savannas. Research data demonstrates the productivity and sustainability benefits of responsible management of native pasture grazing lands.
- Worked to reduce the reliance on heavy chemicals in horticultural industries. The adoption of innovative integrated pest management systems has reduced the use of chemicals by 60%, positioning Queensland's banana industry as one of world's most environmentally friendly.
- Embarked on a 3-year project to examine and improve dung beetle distribution throughout Queensland's grazing land. This project includes a community extension program to highlight the important role dung beetles play in reducing soil runoff and erosion and improving the cover and quality of pasture.
- Launched the Q Pastures database intranet site. This site provides DPI staff with access to successful and unsuccessful pasture species trials throughout Queensland, enabling them to suggest production options that balance economic and environmental considerations.
- Introduced the East Coast Trawl Fishery Management Plan and the associated structural adjustment scheme, as a major step forward in the implementation of ecologically sustainable fisheries management.
- Demonstrated commitment to the National Ecologically Sustainable Development Strategy, by implementing a 3-year program to undertake ecological assessments on State-managed commercial fisheries. Assessments have been provided for the spanner crab and bêche-de-mer fisheries.
- Introduced amendments to the Spanner Crab Fishery Management Plan, including a review of individual quotas and a scientific assessment of the fishery that has resulted in a reduction in the quota levels for the fishery.
- Developed new fish habitat areas to protect natural ecosystems for Baffle Creek, Annan River, Elliot River and Starke River.

4.2

Promoting the development and implementation of new technologies, integrated management strategies and environmental codes of practice

- Worked with the Fishing Industry Development Council to oversee the implementation of the 'Fisheries 2010' common vision and develop policies for integrated management strategies.
- Worked in partnership with industry, community and the Environmental Protection Agency to develop the Queensland Dairy Farming Environmental Code of Practice.
- Worked with the Commonwealth Government to develop new codes and regulations for the aquaculture industry.
- Supported the sugar industry and relevant stakeholders in the development of new codes of practice for habitat management.
- Increased, among both producers and the community, awareness and understanding of management strategies and environmental codes of practice for the sustainable management of privately owned native forests.
- Released the Strategy for Control of Exotic Pest Fishes in Queensland Freshwaters, to combat the effects of exotic fish on native fish species and habitats.
- Participated in the all-of-Government planning for the National Action Plan for Salinity and Water Quality, the Council of Australian Governments' water reform agenda, social and economic impact assessment of Water Allocation Management Plans and development of Integrated Planning Act systems.
- Provided policy advice on the implementation of measures to limit greenhouse gas emissions. This advice focused on assessing the impacts of implementing the Kyoto Protocol in Queensland, including abatement strategies, climate adaptation issues and profiling greenhouse emissions relevant to primary industries.
- Released over 580 000 fingerlings into 55 dams, weirs and rivers to enhance the quality of Queensland's freshwater recreational fishing.



Peter Neville

4.4

Reviewing and reporting on the status of fisheries resource systems

- Developed an ecosystems model displaying the impacts of prawn trawling in the Great Barrier Reef World Heritage Area (WHA), to lead to improved management of trawl fishery resources in the WHA.
- Participated in the National Recreational and Indigenous Fishing Survey, with the aim of contributing to comparative data on the recreational fish catch in each State and obtaining an indication of the number of interstate visitors who fish in Queensland.
- Completed satellite mapping of coastal wetlands – from Mackay to Rockhampton and in the southern Gulf of Carpentaria – for use in strategic planning of declared Fish Habitat Areas and contributing to a baseline data set for monitoring changes in coastal fish habitats.
- Expanded scientific monitoring of major commercial and recreational fisheries to include tailor, mullet, coral reef fish, spanish mackerel, spanner crabs, scallops, barramundi, mud crabs and freshwater fish under the Long Term Monitoring Program. Results were formatted as a database assessment of trends and of the condition of fisheries resources.

4.3

Developing production systems that minimise the use of agvet chemicals

- Improved understanding of the darkling beetle, a transmitter of diseases and parasites to poultry. A culturing technique has been developed and tests have demonstrated widespread resistance to common insecticides, confirming the necessity to use alternative strategies to control the beetle.
- Issued 2000 Early Bird Wormcheck kits. Growers can now make objective decisions on timing and frequency of drenching, making it possible to reduce the amount of drench used and the consequent risk of resistance.
- Initiated a process for investigating the use of chemicals in aquaculture operations, with the aim of educating the industry on the approval processes and use of registered chemicals.

4.5

Developing and enforcing regulation of the use of fisheries resources

- Achieved 93% compliance of recreational and commercial fishers with fisheries regulations.
- Completed more than 30 000 boating and fisheries inspections with 26 000 recreational anglers, 4000 commercial fishers and 200 habitat-related inspections. The inspection rate has increased as a result of efforts to enhance public profile through liaison with fishers at peak activity times.
- Continued operation of the Vessel Monitoring System for all east coast trawl vessels and bêche-de-mer vessels, and a number of vessels involved with the Queensland Fisheries Joint Authority fisheries in the Gulf of Carpentaria.
- Enhanced community understanding of the importance of protecting Queensland's fisheries resources and observing fisheries laws, through the initiation and training of 133 Fishcare volunteers. These volunteers liaised with more than 13 400 recreational anglers and provided 1600 hours of their time to the program.
- Initiated the Aboriginal Ranger Program in Cape York for training existing community rangers in a range of fisheries and boating activities. Programs are designed for sharing of information between trainees and the Queensland Boating and Fisheries Patrol (QBFP).

Future developments

- Release *Aquatic Invaders*, a curriculum-based module for upper primary and lower secondary schools about the dangers of introducing non-native fish to our waterways and the spread of existing pest fish.
- Continue to lead DPI's response in Commonwealth-State natural resource management activities through the National Action Plan for Salinity and Water Quality. This work involves working with industry and community groups to improve the sustainability of farming and grazing systems.
- Purchase a new 16-metre QBFP vessel, which will cost more than \$1 million, to monitor compliance with fisheries laws in south-east Queensland.
- Continue to develop policies to underpin DPI's interests under the Integrated Planning Act.
- Assist in the development of Queensland's position in response to the Commonwealth Government's proposals for greenhouse issues, quantitative assessment of the impacts and opportunities associated with the implementation of greenhouse policy in Queensland and introduction of carbon trading arrangements.
- Initiate the development of additional codes of practice for habitat management with Queensland Transport, Main Roads, Telstra and the aquaculture industry.
- Amend the Fisheries Act to take into account the Fisheries Review outcomes, and progress the supporting legislation to improve management arrangements.
- Develop marine finfish seacage aquaculture strategies to facilitate the development of this new industry.
- Invest \$1.4 million over the next 4 years in research on DNA technology for the early detection and identification of, and response to, plant and animal pests and diseases.
- Invest more than \$6 million over 3 years in research and development to support commercial aquaculture of tropical rock lobster, reef fish, mud crabs and soft-shell crabs. These technologies, as well as DPI's expertise in the move from land-based agriculture to aquaculture, and the implementation of government policy to create supportive financial and regulatory platforms, will foster the development of a major aquaculture industry in Queensland and lessen the demand on the natural fisheries stocks.

Emerging issues

- Identifying pasture and forage plants that are more salt tolerant.
- Recognising the increasing complexity in legal jurisdiction, a range of environmental laws that impact upon fisheries resources and a range of community and social developments, which all contribute to the complex nature of fisheries management.
- Managing the impacts of growing populations, expanding urban and industrial development and agricultural production that place pressure on water quality in our river systems and impact on fisheries resources.



Jim Gillespie

Performance measures

Research, regulation and risk assessment to enhance the sustainability of production systems

\$6.3 million was invested in 1999–2001 in water-use efficiency activities for sustainable production. Specific activities include:

- research to investigate 'multiple-use' farming systems, integrating current farm activities (cotton, grain, sugar and forestry) with aquaculture. Benefits include flexible and sustainable use of fresh water and saline groundwater, more efficient use of water and restoration of degraded habitats;
- research to increase irrigation efficiency and to have at least 70% of cotton and grain irrigators using best management practice. DPI staff in Emerald, Biloela, Dalby, Goondiwindi and St George will help make improvements in water-use efficiency through grower education and engagement;
- support for the aquaculture industry in protecting Queensland's fisheries resources through on-farm inspections, resulting in high levels of compliance with licence operating conditions.

Marine habitat condition and extent of protection

- Satellite mapping of 85% of coastal wetlands along the Queensland coastline has been completed. Further revision of existing fish habitat areas (FHAs) has provided clarification of boundaries, a key issue for local government development of statutory planning schemes.
- Since 1998, the total area declared under FHA has increased by 36%, with a further 6 FHAs proposed for gazettal over the next 2 years. Rehabilitation of illegally disturbed fish habitats has resulted from the issue of more than 10 restoration notices.
- Three new Fish Habitat Codes of Practice have been developed with key stakeholders, and issuing Strategic Permits has markedly reduced administrative processes. A Fish Habitat Guideline on Buffer Zone requirements is in place to ensure fish habitat conservation is incorporated into new developments. Legislative amendments now provide a statutory basis for habitat management plans.



% change from
3-year mean

Barramundi	22
Bream	4
Coral trout	18
Crab, blue swimmer – pot	-11
Crab, mud	7
Crab, spanner	8
Mackerel, grey	25
Mackerel, spanish	6
Mullet	-33
Red throat emperor	9
Shark	20
Snapper	-13
Tailor	-26
Threadfin, king	59
Whiting, net	11
Prawns, banana	-41
Prawns, endeavour	5
Prawns, king	-12
Prawns, tiger	-25
Scallop, meat	-11
Whiting, stout	-26

Status of fisheries stocks: percentage difference for 1999–2000 from the 1997–1998 to 1999–2000 mean daily catch rate

This analysis reflects what is currently happening as a result of commercial, recreational and indigenous fishing activity, climate, environmental factors such as habitat changes, and management arrangements.

The analysis of information reported through commercial fisheries logbooks suggests that Queensland's fish stocks are generally healthy. Declines in some resources are being further investigated. Care needs to be taken when interpreting these results for a single year which may, for example, have been the result of resources responding to adverse environmental factors.

“ The Queensland trawling industry now operates under one of the most ecologically advanced fisheries management plans in the world. ”

Ted Loveday, Chief Executive Officer,
Queensland Seafood Industry Association (QSIA)

Commercial forest resources

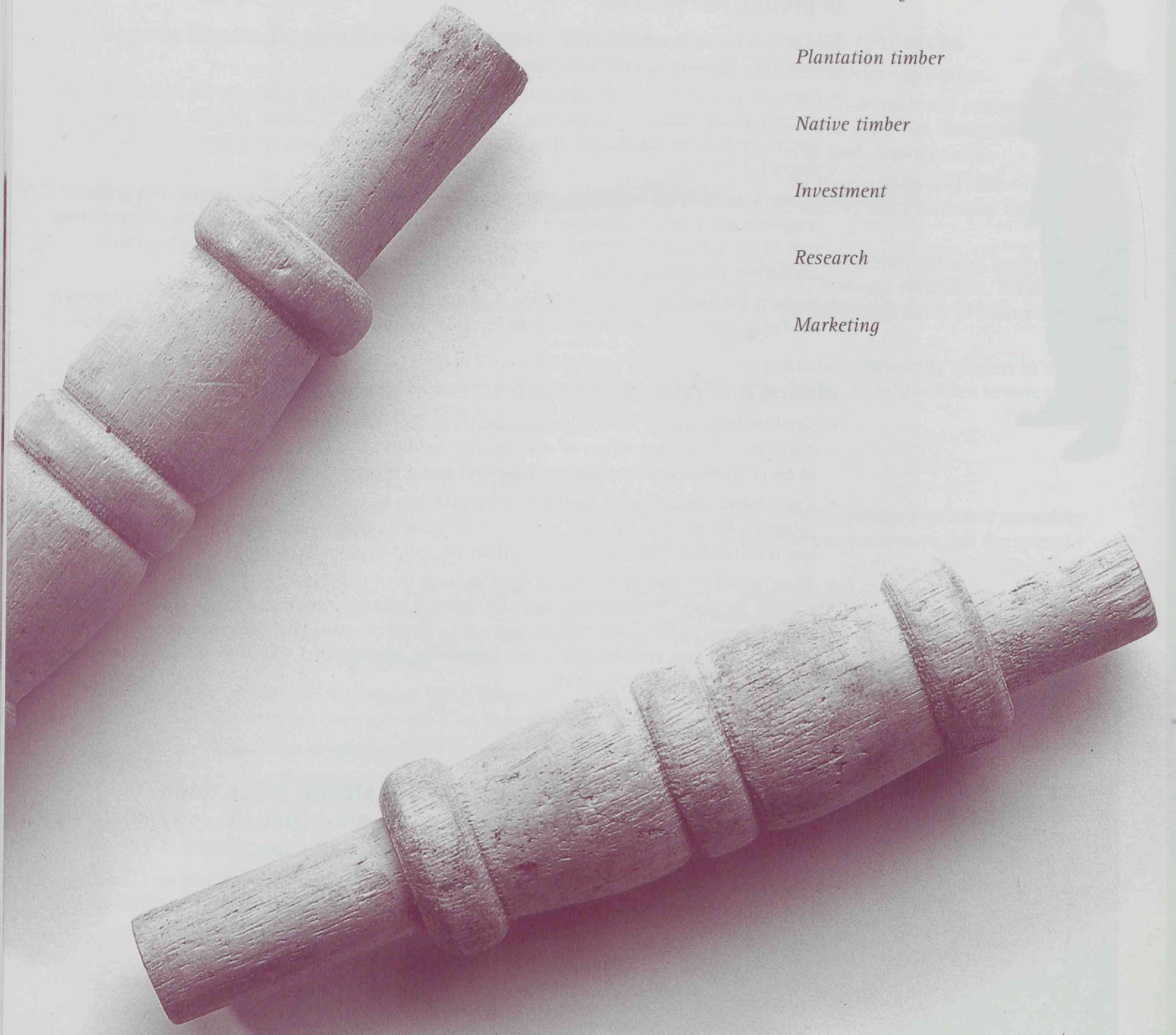
Plantation timber

Native timber

Investment

Research

Marketing



I N V E S T M E N T

key strategy five

Facilitating growth of Queensland's forest industries in line with community expectations

I

Queensland's forest industries play a key role in economic development and generating employment for communities throughout the State. The industry includes forest growers (both State and private), timber harvesters, and primary and secondary processors. Graziers, apiarists, foliage collectors and quarry operators also have access to State-owned forests, which are managed commercially and sustainably by the DPI Forestry business group. The Agency for Food and Fibre Sciences (AFFS) conducts research, development and extension activities to develop new markets for timber products. These activities are supported by DPI's Policy Analysis and Industry Development (PAID) group.

5

Major highlights and achievements

- Worked to facilitate improved market access for Queensland's timber processing industry, by promoting DPI Forestry's credentials, both in Australia and internationally, as a leader in sustainable forest management. DPI Forestry was the first State Forest management agency in Australia to achieve independent certification of its environmental management system (to AS/NZS ISO 14001).
- Supported the establishment of a pilot sandalwood plantation in a low-rainfall zone at Longreach. This pilot program is intended to attract interest and investment by the private sector into a larger research and development project. The aim of the project will be to establish a viable plantation sandalwood industry in Queensland, to expand market exports and to create value-adding industries using high-value furniture timber.
- Finalised a 3-year 140 000 cubic metre sale of sawlog material and harvesting residues from the 10 000-hectare exotic pine plantation resource in the Ingham-Cardwell region of north Queensland. This sale will boost the local economy by ensuring continued private sector and DPI Forestry employment while investment in a long-term regionally based processing facility is sought.
- Helped the Environmental Protection Agency to transfer 403 000 hectares of State-owned native forest, previously accessed for timber production, to a new interim conservation tenure of forest reserve.



What we have delivered

5.1

Developing and managing the State's commercial forest resources

- Continued to manage and market State-owned plantation and native forest resources on a sustainable basis. These resources are managed by DPI Forestry, a commercialised business group supplying more than 80% of the log timber used each year by Queensland's timber processors.
- Achieved profit from ordinary activities after income tax equivalents, through DPI Forestry, of \$38.5 million. Accounting policy underlying this profit measure has changed from the previous year with the adoption from 1 July 2000 of Australian Accounting Standard (AAS) 35 'Self-Generating and Regenerating Assets'. As a result of a change in valuation methodology in line with this standard, write-downs totalling \$167 million were made to DPI Forestry's asset valuations for Plantation Growing Timber, Nursery Seedling Inventories and Access Roads, with a balancing adjustment to the Government's contributed equity. (For more information, refer to the financial statements.)
- Maintained plantation sales volumes at over 1.6 million cubic metres, despite new-dwelling approvals falling to their lowest level in nearly 20 years. This was mainly due to an unprecedented demand for pulpwood which was processed and sold into export markets.
- Achieved native forest timber sales of 343 000 cubic metres, a reduction of 2% on the previous year. Sales volumes of cypress sawlog increased by 12.5%.



5.2

Delivering assigned outcomes under the Government's South-East Queensland Forests Agreement (SEQFA)

- Managed a 4-year, \$18 million program to establish 5000 hectares of hardwood plantation on suitable public and private land in south-east Queensland. Planted 933 hectares of hardwood plantation with a range of joint venture partners, bringing the total planted since the start of the program to 1230 hectares. In addition, a further 1032 hectares was secured for future planting.
- In conjunction with the Department of Natural Resources and Mines, developed the policy elements of a Queensland Forest Practices System as part of implementation of the South-East Queensland Forests Agreement (SEQFA).
- Delivered research and development results for hardwood genetics, silviculture, pests and diseases, processing and marketing in a 4-year, \$8 million dollar program by the Queensland Forestry Research Institute.
- Delivered a range of forest management services including road maintenance, fire protection and pest management on more than 400 000 hectares of nominated conservation reserves. The Queensland Parks and Wildlife Service will progressively take the responsibility for managing these areas.
- Supplied timber to the hardwood timber industry from other State-owned resources under secure 25-year sales permits as a substitute for timber resources previously supplied from nominated conservation reserves under the SEQFA.
- Compensated eligible permit holders under the Sawlog Haulage Assistance Scheme for the additional costs in log haulage resulting from changes in harvesting areas.
- Established plantation trials with industry partners and private landowners to evaluate and optimise tree species and cultivation on more than 450 hectares, leading to increased industry confidence and investment in hardwood plantations.

5.3

Creating a climate conducive to private-sector investment in plantation and native timber production and value-added technology

- Commenced work to implement a new policy, approved by Cabinet in December 2000, governing the allocation of State-owned exotic pine plantation timbers in south-east and central Queensland. The policy provides an option for existing DPI Forestry customers to take up new sale agreements for a term of up to 15 years. Among other benefits, implementation of the policy should:
 - through a process known as 'fibre substitution', increase exotic pine final crop sawlog supply to processors from about 700 000 cubic metres to over a million cubic metres per year within the next 2 years;
 - enable a major upgrading of Hyne & Son's sawmill at Maryborough, ensure the future of Weyerhaeuser's sawmill at Caboolture, and also provide opportunities for the establishment of significant new areas of exotic pine plantations in south-east Queensland.
- Continued to contribute to the all-of-Government Timber Taskforce which is developing legislation on removing impediments to private forestry development, including hardwoods.
- Developing policy to further the development of the farm forestry industry.



We applaud the actions of DPI Forestry to become internationally-competitive and thereby underpin the viability of the timber industry in Queensland and its 30 000 dependent persons.

Rod McInnes, General Manager, Queensland Timber Board

5.4

Delivering innovative technology to underpin private and public sector investment in timber production

- Undertook research to help reposition araucaria (hoop pine) as a high-value product in domestic and export markets. Study results indicate araucaria can meet the design attributes of machine-graded pine (MGP) – stiffness and bending, tensile and compression strength. This work is assisting araucaria processors to convert araucaria thinnings into structural grade timber.
- Reported results from research trials indicating that, as expected, long-term productivity of plantation land is enhanced by DPI's practice of retaining tree litter and residues on-site after harvesting operations.
- Participated in the Lyngbya Steering Committee, providing support for additional research into land sources of pollutants that may initiate algal blooms, namely *Lyngbya majuscula*. Research partners include The University of Queensland, the Queensland University of Technology and the Queensland Forestry Research Institute. The research efforts are aimed at identifying measures to help control and prevent toxic algal blooms in Moreton Bay.
- Continued to facilitate the transition from native forest timber supplies to a new plantation-based hardwood industry through the Hardwoods Queensland Research Program under the SEQFA. This program is delivering a technical and genetic base for the development of a hardwood plantation industry in Queensland. Benefits include reducing imported wood and increasing exports of wood products from native trees grown in plantations.
- Facilitated an increase in competitiveness in the Queensland softwood plantation growing industry. A research and development project, aimed at reducing the rotation length of pine hybrids from 28 years to approximately 20 years, will, when completed, revolutionise the economics of pine plantation forestry.

5.5

Researching, understanding and communicating the commercial and environmental values of forests, other than for timber

- Developed conceptual framework for an integrated mangrove silviculture and mud crab aquaculture system. This integrated system will enable Queensland to capture trade and employment opportunities offered by escalating global demand for both high-quality hardwoods and high-quality aquaculture products. This will facilitate new industry opportunities in rural Queensland, and can also provide substantial environmental benefits by incorporating use of wastewater from other aquaculture or related activities.
- Established research trials for irrigating tree plantations with secondary treated sewage effluent. Land managers and the local community gain the potential to develop commercial tree plantations or agroforestry initiatives and to provide environmentally sound land and water management.
- Extracted an environmentally friendly preservative from naturally occurring compounds in cypress pine sawdust, to enhance the durability and service life of structural timber products. This research has potential to provide value-adding opportunities for existing rural industries to make income from waste products.

Future developments

- Conduct an independent price review for the araucaria sector, which is facing continuing marketing difficulties due to aggressive competition in both traditional domestic and newly developed export markets.
- Adopt an all-of-Government approach to securing a suitable regionally based project for the long-term processing of 10 000 hectares of exotic pine in north Queensland's Ingham-Cardwell region.
- Plant a further 1900 hectares of hardwood plantation in 2001-2002, in addition to the 1230 hectares planted under the South-East Queensland Forests Agreement since the start of the program in 1999. This will bring the total area planted by year-end to 3130 hectares. This program will, in time, deliver more wood to industry than the total sawlog volume presently being harvested from State-owned native forests in south-east Queensland.
- Enhance environmental awareness training among the DPI Forestry workforce during 2001-2002, as part of its ongoing continuous improvement program focused on sustainable forest management. Similar training programs will be fostered for the forest-harvesting industry.

Emerging issues

- Working with the timber industry to encourage increased export penetration for Queensland's timber products.
- Enhancing the productivity and efficiency of the State's forest growers through applied research and development.
- Encouraging increased private-sector participation in plantation growing.

Performance measures

Financial Performance:

DPI Forestry's profit after tax was \$38.5 million

Net Market Value of State-owned plantations:

\$898 million

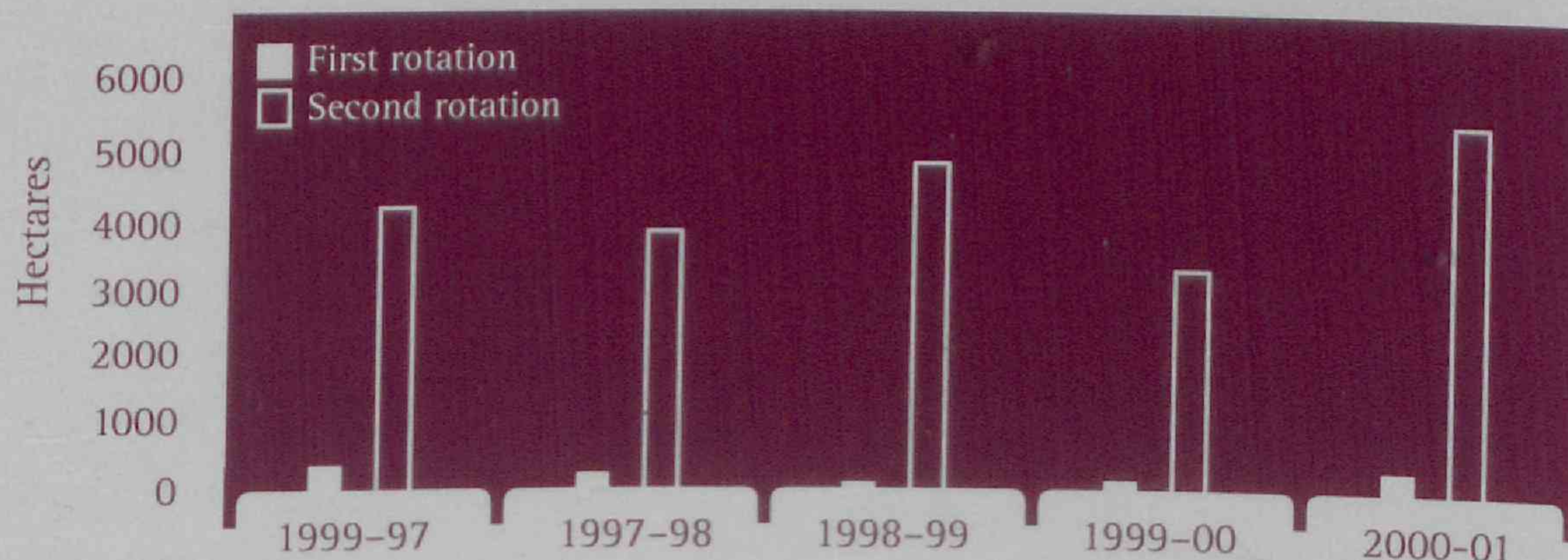
Area of hardwood plantation established (under the South-East Queensland Forests Agreement):

933 hectares

Area of State-owned softwood plantation established:

5382 hectares

DPI Forestry plantation establishment on State-owned land
Comprises both softwood and hardwood



Leadership

Community

Employment

Diversity

Self-reliance

Risk management

Diversification

Innovation

Community capacity building

Well-being

Community and Government



key strategy six

Increasing the capacity of rural communities to take up opportunities

L E A D E R S H I P

6

There are many opportunities for Queensland's rural communities to take advantage of emerging opportunities in domestic and international markets. DPI's Rural Industry Business Services (RIBS) look for ways to develop partnerships with rural communities and assist them to meet their economic, social and environmental goals. The Office of Rural Communities (ORC) provides an important link with Queensland's diverse rural and remote communities, promoting fairer access to Government services and information. It also takes an advocacy and advisory role on policy affecting rural Queensland.

Major highlights and achievements

- Signed a Memorandum of Understanding with Department of Aboriginal and Torres Strait Islander Policy (DATSIP) to jointly fund and run an Indigenous Land Planning Initiative. Several workshops have already been facilitated with the Woorabinda and Palmtree Wutaru Land Corporation in central Queensland.
- There has been a fourfold increase in the uptake of training by Queensland primary producers and farm managers as a result of FarmBis.
- Supported women in dairy, horticulture, fisheries and sugar industries in the formation of industry alliances to further mentoring and networking opportunities. Participating in these industry alliances promotes the skills and confidence of rural women and helps them to take on greater decision-making roles. The Women in Dairy Advisory Group has provided regular reports to the Minister about the social effects of deregulation on dairy-farming families; this advice helps inform ongoing policy development.
- Supported the Callide Herb Association in the expansion of a processing plant that will employ up to 120 staff. This expansion follows substantial development of domestic and export markets. Each member of the Callide Herb Association is a graduate of DPI's Building Rural Leaders Program. The skills developed through this program have enabled the group to take full advantage of emerging opportunities.
- Hosted the DPI Rural Arts Award in conjunction with Flying Arts Inc. and Logan Art Gallery. This award offers exposure to regional artworks, resulting in new markets and further commissions for rural artists.
- Launched the Burdekin Range to Reef initiative, focusing on the sustainable development of the Burdekin catchment. The Burdekin is one of only four major catchments in Queensland to be included in the national action plan for salinity and water quality. This catchment provides the opportunity for DPI to build on this State's investment in resource management, and demonstrate that ecologically sustainable development is achieved by supporting viable enterprises and vibrant communities, as well as through valuing our resources.

What we have delivered

6.1

Working within the community to facilitate innovation in economic, business and community development

- Helped over 750 farm families across Queensland to set goals, analyse their enterprise performance and make plans for the future through the Futureprofit integrated workshop series.
- Undertook economic and risk assessments to determine the relationships between crop yields and grain cropping practices, such as minimum tillage and reduced chemical usage, which minimise soil losses and protect our farming land.
- Developed business-modelling software to help producers and investors evaluate the profitability of new enterprises and market opportunities.
- Breedcow Dynama enables producers to assess the impacts that changes to their management practices would have on their profitability and cash flow.
- Aqua-Profit guides management investment decisions in the redclaw, barramundi and silver perch industries.



Craig Mathisen

“ You can pick the Building
Rural Leaders graduates . . .
they are the ones thinking
critically about the future.

Barbara Carseldine, Rural Futures
Network, Sunshine Coast



Sketches Skull, by Gayle Warrploe, Rockhampton

- Facilitated the development of skills in submission writing, and business and market planning, through a number of rural partnership projects. These projects include:
 - diversification projects to develop opportunities for organic and goat-milk processing plants, and the establishment of a siltstone quarry in dairying regions;
 - marketing projects to develop marketing plans and support a trade delegation to Hong Kong and Singapore to promote Sunfresh avocados;
 - innovation projects to develop a plant to turn pig waste into pelletised compost for domestic use or broadacre agriculture;
 - community development projects, funded by the Dairy Regional Assistance Program, that are employing community support workers in areas most affected by dairy deregulation.
- Organised the fifth annual Positive Rural Futures Conference in Sarina, May 2001. The conference provides representatives from rural and remote communities with an opportunity to share practical information on community development and to establish networks. Small communities such as Babinda, Boonah, Surat and Sarina used the conference to share skills and strategies that have helped them to achieve new investment, increase civic pride, renew business activity and increase their population. It was held in partnership with Education Queensland.
- Supported producers from western Queensland in promoting their value-added products at the Brisbane Farmers' Markets. On sale were barramundi and redclaw from Richmond, date and honey products from Eulo, organic beef from Birdsville and bush limes from Tambo.

6.2

Working to build a 'Smart' community

- Completed 50% of a training program in extension processes and community-based planning for Indigenous Land Council staff. This program offers a unique opportunity for indigenous communities and Government workers to undertake training specifically developed for indigenous participation.
- Worked collaboratively with the Queensland Rural Industry Training Council to establish the FarmBis Regional Coordination and Referral Network. This network aims to help farmers identify learning needs and develop a focused learning program directly relevant to the sustainable operation of their farm business.
- Launched DPI Shop Online, facilitating online sales of publications, videos and software packages. Regional orders have so far accounted for 44% of sales, with other orders coming from as far afield as the UK and USA.
- Helped Queenslanders to consider the implications and opportunities of changes through the video and workshop package, *The Future – Not What it Used to Be*, Global Trends Business Briefs and Global Trends presentations:
 - Over 1200 Queenslanders have participated in Global Trends workshops.
 - Over 1200 people have received copies of the Global Trends Business Briefs.
 - Over 3000 people have attended Global Trends presentations.

6.3

Working within Queensland's communities to enhance independence and sustainable wellbeing

- Published the 'Successful Strategies' series of case-study booklets and audiotapes, as told by producers. These case studies outline ideas for diversification and innovation for producers, to help them better manage risks associated with climate and business variability. The strategies complement workshops and are the first stage in raising producers' awareness of how to assess and manage the complex factors associated with their businesses.
- Released a best-practice manual to encourage the equitable appointment of board members in rural industry organisations.
- Allocated \$25 000 towards supporting the participation of 25 women in the Company Director's course, and actively encouraged rural industry groups to match this funding dollar-for-dollar.
- Helped producer and community groups to access over \$3 million of Commonwealth funding for diversification and value-adding projects, which will result in job retention and growth, skill development, new export and domestic markets, innovation, supply-chain development and strategic business alliances.
- Supported the Department of Premier and Cabinet in establishing a Queensland steering committee for Year of the Outback 2002. The committee comprises members from the Queensland Rural Ministerial Advisory Council (QRMAC), who broadly represent the interests of rural Queensland. Government agencies are being encouraged to focus rural development activities in ways that highlight the outback's contribution to the wealth of Australia.
- Worked with community members and other Government agencies at a local level, to implement community-based projects that highlight a community's unique 'outback' characteristics, or focus on initiatives to enhance the outback's long-term sustainability.
- Provided lifestyle information on the Rural Lifestyles web site about 46 towns, to assist the attraction of qualified personnel to key rural and remote locations where it has proved difficult to retain staff. Information includes facilities and services in the communities as well as in the surrounding region. <http://www.dpi.qld.gov.au/rlq/>



Cathy Campbell

6.4

Developing and facilitating effective community interaction with Government

- Collaborated with the Department of Aboriginal and Torres Strait Islander Policy (DATSIP) and the Aboriginal and Torres Strait Islander Commission (ATSIC) in the development of a framework to assess the appropriateness of Government policy decisions in relation to indigenous training services.
- Established a partnership agreement with DATSIP to provide funding to support the development and delivery of an indigenous training process for indigenous land managers. This funding is to customise Futureprofit workshops to ensure that they are culturally relevant for indigenous people. Woorabinda is the first Deed of Grant in Trust (DOGIT) community to participate in 'Reducing the dust', an integrated Government service delivery program for indigenous communities.
- Developed assistance schemes for the producers/community members acutely affected by structural adjustment in the east coast trawl fishery and sugar industry, in collaboration with other Government agencies. The aim is to ensure the sustainability of the social and economic capital of these communities in the immediate term.

Richmond •

• Babinda

• Sarina

• Tambo

• Woorabinda

• Birdsville

• Eulo

• Surat

• Boonah

- Provided rural Queenslanders with the opportunity to have issues considered, as part of Government decision making on relevant policies and programs, through the Queensland Rural Ministerial Advisory Council. Issues included economic and social development, sustainability and industry diversification.
- Improved access to Government services through the expansion of the QGAP network to 64 offices.
- Introduced Internet-based technologies enabling all QGAP offices to perform transactions, deliver services and provide Government information online via GovNet.
- Coordinated Regional Managers of Government forums throughout Queensland. The aim of these forums is to facilitate an all-of-Government approach to local service delivery and build effective networks within local governments and regional agencies.
- Responded to over 355 000 requests for information, services and products through the DPI Call Centre. The Call Centre aims to assist community and industry with answers to questions on topics ranging from horticulture, agriculture and livestock to fisheries and forestry, in addition to home garden or domestic livestock inquiries.

F

Future developments

- Support the Year of the Outback 2002 by holding the next Positive Rural Futures conference in western Queensland. Increased attention on the uniqueness and diversity of the Australian outback will benefit rural communities through a new awareness of the contribution that rural communities make to the State's social, economic and environmental wellbeing.
- Develop a model for indigenous communities to access the Queensland Government Agent Program (QGAP). The model site will enhance access to Government services and information, and be a training centre that focuses on skill development for young people.
- Increase emphasis on developing strategies to increase the involvement of youth in rural industries' decision-making processes.
- Promote rural towns throughout Queensland by enhancing the Rural Lifestyles Queensland web site to include new links to community web sites.
- Expand Aqua-profit software to cater for the groper and shellfish aquaculture industries.
- Continue to develop applications for new and emerging technologies including e-publishing, thus opening additional avenues of access for Queenslanders to information generated by Government.



Janet Stone

“The revitalisation of Surat and Gayndah are inspiring examples of what could be achieved when local communities take charge of their development to ensure their survival on their own terms.”

Participant, Positive Rural Futures Conference, 2001

Emerging issues

- Ensuring QGAP's business is consistent with the direction of Access Queensland.
- Increasing the capacity of communities to manage the implications and opportunities of globalisation by using tools such as triple bottom line management.
- Increasing Government's capacity to provide culturally sensitive services to indigenous communities.
- Building a sustainable business base for rural community development.
- Developing the risk management capabilities of primary producers.
- Encouraging increased participation by rural youth in industry and community development programs.



Dr Peter White

Performance measures

Number of QGAP sites: 64

QGAP service ratings: 60% of people in rural and remote communities access QGAP service, and more than 80% of those people rate the service offered by QGAP as above average to excellent.

Farmbis: Over 10 000 producers used the FarmBis program to undertake a range of learning activities to help them remain competitive, profitable and sustainable. 88% of survey respondents have incorporated their learning into their business practices. As a direct result of this, 64% have realised business improvement.

In Queensland, 36.6% of FarmBis participants are women, compared to only 28.8% nationally.

Number of groups located across Queensland, initiated by local entrepreneurs and community members, focusing on business enhancement and rural development: 87

Number of producers accessing DPI Farm Financial Counselling Services

Two thousand producers have received financial analyses and information in relation to the profitability of their farming enterprises. Through referrals from other producers or banks, producers are seeking assistance from farm financial counsellors earlier, thus ensuring that more options for financial recovery are available.



Sunfresh Avocado Cooperative

In July 1995, less than a third of producers belonged to the Nambour Avocado Cooperative, which provided centralised pack-house facilities. With no marketing representation, market returns were low and most producers preferred to use their own labour and plant as a way of controlling costs.

A small group of producers recognised that this situation was not sustainable. As a cooperative, they needed to develop large volumes of quality-assured product in consistent supply throughout the year, with a common brand and centralised marketing.

DPI's Rural Partnership Development Officers (RPDOs) worked with the Sunshine Coast Avocado Growers Association to develop a sustainable alternative. The Avocado Marketing Cooperative Limited (trading as Sunfresh) commenced.

The timeline below charts the journey Sunfresh has made from a small avocado marketing cooperative to a significant exporter of a range of subtropical fruits.

- 1995** Assisted by the RPDOs, the group accessed Commonwealth funding to enable them to learn about marketing and business structures.
- 1996** Initial membership was 22 producers – a number that was maintained for 3 years – enabling the group to establish the business and marketing systems required to support expansion.
- 1997** The Sunfresh brand name, along with 'preferred supplier status', was established. Domestic markets were being developed.
- 1998** Production increased, the employment of casual labour commenced and premium prices for quality-assured
- 2000** Sunfresh avocados were achieved. Through FarmBis funding, members furthered their skills in quality assurance.
- Business and strategic planning sessions, group facilitation and ongoing support by the RPDO helped them to identify export opportunities for both avocados and other fruit.
- With assistance from the RPDO, Sunfresh received funding under the Commonwealth Government's Supermarket to Asia Program for a trade mission to Hong Kong and Singapore to explore export potential. This has resulted in avocados being exported direct from Sunfresh farms into Hong Kong and Singapore.
- 2001** Annual turnover is expected to exceed \$6 million, ranking Sunfresh as the second-largest avocado marketing business in Australia. Sunfresh represents 8% of Australia's production, with plans under way to increase this to 20% by 2004.

DPI business groups

PAID: Policy Analysis and Industry Development

APHS: Animal and Plant Health Service

ORC: Office of Rural Communities

RIBS: Rural Industry Business Services

OCS: Office of the Chief Scientist

AFFS: Agency for Food and Fibre Sciences

Corporate Performance

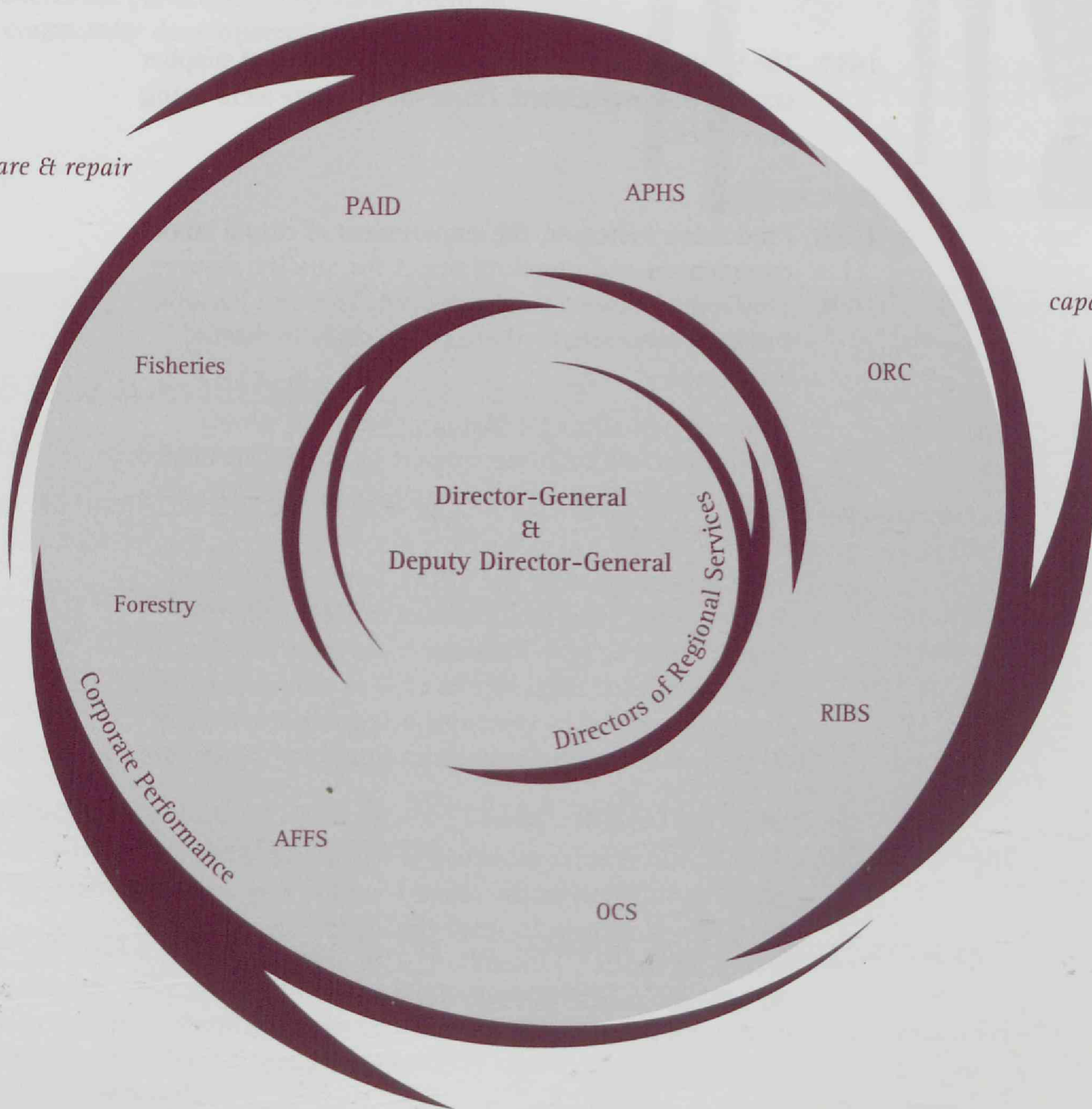
DPI Forestry

Queensland Fisheries Service



O U R P E O P L E & P R O F I L E

sustainable ecosystems care & repair



capable rural communities

healthy food & fibre sector



Historical perspective

The DPI we know today evolved from the Department of Agriculture, gazetted in June 1887. In the years that followed the Department's formation, a small group of officers were drawn from other sections of the Queensland Government service to form a workforce. The main tasks of the new Department were to serve the needs of new settlers and to guide the development of the infant cropping and dairying industries.

Early appointments of specialists from Australia and overseas allowed the Department to expand its services to the cropping and dairying industries, commencing the Department's lead role in research, development and extension activities and greatly improving the standards of agriculture throughout the State.

The new Department proved its worth in the State's development and more duties were allocated to it. Other responsibilities associated with the growth of the pastoral industries were added to the set of core business activities for the Department – the introduction of marketing, conservation of soil and land resources, food technology, forestry and fisheries.

The Department of Primary Industries (DPI) now has 3260 officers stationed in more than 136 centres, from Thursday Island in the north to the southern border, and west to the most remote areas of the State. These officers serve not only Queensland's primary producers but also, indirectly, the millions of people in Queensland, Australia and overseas who consume their products. DPI helps producers to increase their market share by value-adding at various key points along the supply chain. World markets are increasingly focused on customers. Through innovation in food and fibre production and accessing and expanding markets, DPI is helping producers to negotiate these changes.

Strategic partnerships

DPI values its many government, community and commercial partners. They form part of an evolving network of contributors who are committed to growing innovative industries and confident communities.

Over the past 12 months, DPI has worked to maximise its involvement in collaborative, inclusive activities. Some significant initiatives include:

- greater involvement in all-of-Government initiatives such as Access Queensland;
- maximising opportunities for new fruit markets through national plant breeding programs, such as the Australian Mango Breeding Program, a collaborative project between CSIRO Plant Industry, DPI, Northern Territory Department of Primary Industries and Fishery, and Western Australian Department of Agriculture;
- exploring new food opportunities through collaborative partnerships with CSIRO and private bio-prospecting companies;
- value-adding Queensland products through collaborative industry ventures such as the commercialisation of DPI's soft shell crab technology;
- creating stronger research and development links through Co-operative Research Centres (CRC) such as the CRC for Tropical Savannas Management, which focuses on economic, environmental and social issues affecting pastoral, conservation, indigenous, mining, tourism and defence stakeholders in northern Australia.

Funding

The Department of Primary Industries operating expenses, in the 2000-2001 financial year, of \$307 million were managed in line with the Department's focus on driving growth for innovative food and fibre industries and confident rural communities.

In addition to normal operating outlays, the 2000-2001 expenses included:

- a \$10 million contribution to the structural adjustment package, funded jointly by industry and Queensland and Commonwealth Governments, aimed at reducing the fishing effort in the East Coast Trawl Fishery;
- over \$6 million for the implementation of the South-East Queensland Forests Agreement (SEQFA), which will assist in the transition from native forest logging into plantation timber industries and address private forestry development issues.

In 2000-2001, sources of funding for DPI expenses of \$307 million were:

- \$217 million (71%) – State funding;
- \$38 million (12%) – user charges derived from fee-for-service activities including: consulting and advisory services; inspection fees; testing services; sale of vaccines; licence fees and permits;
- \$41 million (13%) – grants and contributions from the Commonwealth Government and industry;
- \$11 million (4%) – other revenue, including royalties.



Organisational development

DPI is a knowledge-based organisation and recognises that people and ideas are the key to its success. To be successful, DPI's people need to:

- be clever, innovative and tuned in to new and emerging technologies and ideas;
- establish effective working relationships and networks across the globe;
- be achievement-oriented, and keen to talk about and account for their performance;
- take responsibility for their own self-development and lifelong learning;
- effectively use sophisticated communication and interpersonal techniques.



Workforce planning and capability development

DPI's Workforce Plan supports and enables the outcomes of the Corporate Plan. DPI focuses on:

- developing future-relevant skills and effective knowledge management;
- enhancing the diversity and flexibility of its workforce;
- developing and maintaining a constructive organisational culture.

DPI has developed a capability framework that will assist in identifying the key skills and expertise that DPI will require for the future. These priority capabilities include:

- strategic and creative thinking;
- leadership;
- coaching and mentoring;
- financial and resource management.

Training and development

DPI continues to focus on developing its skill base, and last year spent over \$5.6 million on meeting the training and development needs of staff.

The focus on developing leadership skills through the organisation continues. Over 75 staff attended leadership development programs including Foundations of Effectiveness and Leadership in Action. DPI sponsors cross-agency leadership programs with the Environmental Protection Agency (EPA) and the Department of Natural Resources and Mines (NR&M) aimed at increasing the cooperation and collaboration in delivering services to clients. A number of successful cross-agency pilot projects were implemented as part of these leadership programs.



Keith McCubbin

E

Staff-leader relationships

DPI is committed to providing staff with opportunities to participate in corporate planning and decision-making processes, and encourages its senior leaders to communicate directly with staff across the State.

The second round of the 'Leaders on the Road' program was conducted during the year. Senior leaders held discussions with staff at 30 centres throughout the State. 'Leaders on the Road' provides a positive communication forum where staff and senior leaders can discuss strategic directions and priorities openly and honestly, and raise and resolve issues of concern.

e-learning

DPI staff are located in centres throughout the State. It is essential that the vast distances between centres do not inhibit learning opportunities for staff. The e-learning strategy will focus on developing the technology to provide targeted learning programs through the DPI intranet. Development has commenced on a number of e-learning packages including Animal Welfare Codes, Vessel Monitoring System and Accrual Accounting.

Traineeships

DPI recruited 27 trainees for the 'Breaking the Unemployment Cycle' initiative. DPI has focused on the employment of rural youth and Equal Employment Opportunity (EEO) target group members. As a result, over 60% of trainees were placed in regional DPI centres, 7% of whom were of Aboriginal or Torres Strait Islander heritage and 66% were women. An additional 30 pest management trainees were recruited to assist in the eradication of red imported fire ants.

Aboriginal and Torres Strait Islanders Employment Strategy

Under the Aboriginal and Torres Strait Islander Employment Strategy, several initiatives that were aimed at increasing the number of indigenous people employed by DPI have been implemented – including cultural awareness programs, Careers Expo and traineeships.

The School-to-Employment cadetship program was launched at Parliament House in March 2001. DPI has sponsored 7 Aboriginal and Torres Strait Islander students from across the State to complete their senior high school education. DPI staff have volunteered to 'buddy' up with the students, each of whom have expressed interest in employment within primary industries. The students will undertake work experience at DPI throughout the school year and during vacations.

Staff profiles



Sylvie French

Sylvie was placed in an office traineeship within DPI during April 1999 with assistance from Access Employment – an organisation that specialises assisting people with cerebral palsy to find employment.

Sylvie successfully completed her traineeship in April 2000 and she has since been appointed to a permanent A02 administrative position in Corporate Performance.

Sylvie believes that the traineeship provided her with a range of administrative skills, a better understanding of people, and experience in working in a government department. She particularly likes the approach of 'learning on-the-job'.

Sylvie feels she has also helped educate people in DPI about working with people with a disability; a number of staff have spoken to her about how much they have learnt from her.

Although Sylvie is very happy in her job within DPI, her long-term goal is to set up an Internet-based company specialising in travel for people with a disability.



Pauline Pender

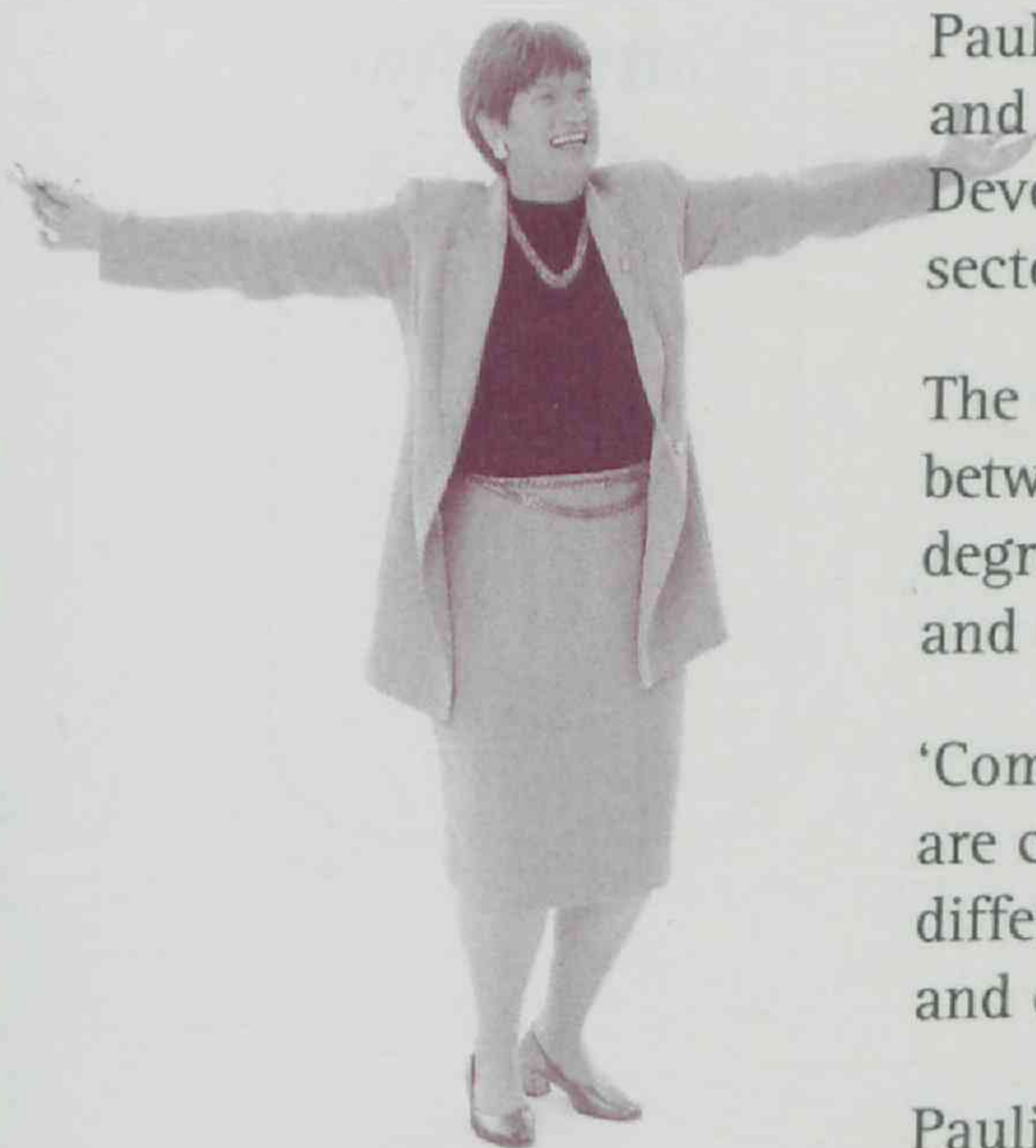
Pauline began with DPI as Project Manager for the implementation of the Goods and Services Tax. Her current position is General Manager, Finance and Business Development. The shift to the public sector follows 20 years of working in the private sector in finance and change management.

The calling for a finance career commenced as a mature-age student sharing time between working and raising a young family of three. She completed her undergraduate degree followed by postgraduate study for the qualifications of Chartered Accountant and Company Secretary.

'Coming from the private sector has been a good move,' says Pauline. 'DPI people are challenging, willing to listen to new ideas and look at issues from a totally different perspective and above all are willing to engage in discussion about change and development.'

Pauline is passionate about providing a collegiate environment. She has been a member and chair of a number of committees of the Australian Institute of Chartered Accountants and has been awarded fellowships of three professional institutes – the Institute of Chartered Accountants, the Institute of Chartered Secretaries and the Australian Institute of Company Directors.

Pauline's vision is that corporate governance is about continuous improvement. High growth and ongoing change are areas of business of particular interest to her – the process of change management and the challenges it brings are two things that she looks for in a working environment.



> Marcelle Jobin

Marcelle Jobin works at the Queensland Agricultural Biotechnology Centre as a specialist in subtropical fruits. Marcelle has been participating in the Technical Officer Progression Scheme and recently was successful in gaining a position at the level of T05.

Talking about the benefits of participating in the scheme, Marcelle says, 'Being successful in my progression applications means that I am recognised for doing meaningful work – this is a boost to my self-confidence.

'It also means that I am adaptable to change and can keep abreast with the changes of the Department priorities. And for all this it gives, too, the satisfaction to receive an increase in salary.

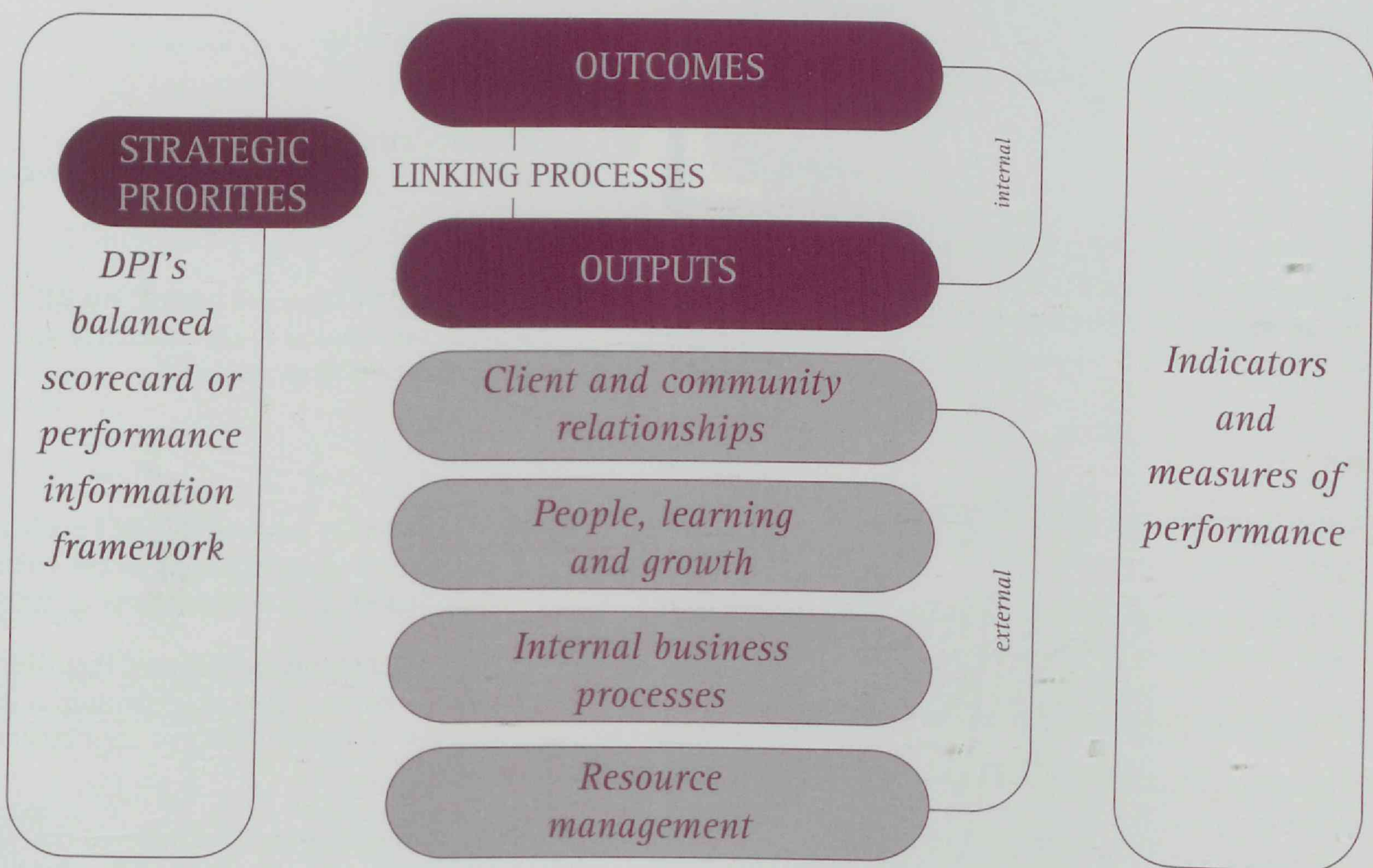
'The process of writing the application has other benefits. It allows me to review my work and see where improvement is required, or if a change of field is necessary, like my change from physiology to biotechnology. This is helpful for the applicant as well as the supervisor as it keeps everyone going in the right direction.'

- ✓
- ✓
- ✓



Internal measures of performance

DPI is committed to reporting on the linkages between service delivery and the supporting infrastructure. This includes our ability to develop client and community relationship, integrate our people and business processes, and manage our resources effectively.



Client and community relationships

Strategies

- Broaden the interaction of managers and staff with clients and the community to cover all aspects of food and fibre chains.
- Ensure that region-specific requirements are a prime consideration when reviewing DPI's relationships with clients and the community, and the service it provides.
- Provide clients and community with access to information they value.
- Use Intranet and Internet technology to maintain organisational intelligence.

Indicator

Client satisfaction ratings

Target

- An overall level 4 satisfaction rating from producers, on a 5-point scale, in response to a range of questions regarding DPI service. (1= poor service; 5 = excellent service)

Status

- Overall satisfaction with DPI among producers was 3.7.
- 69% of producers consider that DPI did a better than average job in 1999.
- 2% of producers rated DPI's performance as poor.
- Overall satisfaction with DPI among food processors was 4.1.
- 8 out of 10 food processors considered that DPI did a better than average job in 1999.
- 2% of food processors rated DPI's performance as poor.

Indicator

Service relevance ratings

Target

- 50% of people surveyed agreed that DPI makes a vital contribution to the efficiency and profitability of their business.

Status

- 1 in 3 producers believed that DPI made either a vital or a great contribution to the efficiency and profitability of their business in 1999.
- 32% of food processors believed that DPI made either a vital or a great contribution to the efficiency and profitability of their business in 1999.
- 46% of sawmill operators believed that DPI made either a vital or a great contribution to the efficiency and profitability of their business in 1999.
- Research and development corporations rated DPI's service as a research supplier as above average. They rated DPI highly for reliability.

People, learning and growth

Strategies

- Develop future relevant skills and manage knowledge effectively.
- Enhance the diversity and flexibility of DPI's workforce and workforce practices.
- Develop and maintain a constructive achievement-oriented organisational culture.

Indicator

Employees' perceptions of the effectiveness of leaders

Target

Average score of 3.4 out of 5 across the range of relevant questions in 2001 staff culture survey.

Status

Average score of 3.1 out of 5

Indicator

Employees' perceptions of their access to development opportunities

Target

Average score of 3.3 out of 5 across the range of relevant questions.

Status

3.3 out of 5

Indicator

Number of staff accessing flexible work options

Target

9.7%

Status

9.1%

Indicator

Overall money spent on training and development as percentage of salary budget

Target

5%

Status

4.6%

Indicator

Women in middle management positions

Target

20% by June 2004

Status

17.3%

Indicator

Employees' satisfaction with DPI

Target

3.5 out of 5

Status

3.64 out of 5

Indicator

People with disabilities

Target

10% by 2004

Status

19.0%

Indicator

Women in SES/SO positions

Target

22% by June 2004

Status

17.7%

Indicator

Average age of employees

Target

41

Status

41

Indicator

People from non-English-speaking backgrounds

Target

8% by 2004

Status

7.5%

Internal business processes

Strategies

- Continue to focus on improving overall performance management.
- Implement rigorous and participative investment management processes.
- Use risk assessment to optimise business opportunities.
- Develop and implement integrated systems support.

Indicator

Achievement of resource reallocation targets

Target

10% resource reallocation over three years

Status

Strategic reallocation targets have been set for the 2000-2005 period

Indicator

Develop a Corporate Plan in the context of the Government's policy priorities

Target

30 June 2001

Status

Corporate Plan 2001-2002 is currently under development and will be released in December 2001.

Indicator

Report on performance against Corporate Plan as required by *Finance Administration and Audit Act 1997*

Target

30 June 2001

Status

Report compiled

Indicator

Level of usage and effectiveness of business intelligence systems

Target

High

Status

DPI's performance management framework system and data warehouse systems are currently being tested.

Resource management

Strategies

- Establish strong financial management.
- Develop benchmarks for financial management.
- Develop DPI's leadership role in financial management of resources.
- Enhance information flows and encourage knowledge sharing.

Indicator

DPI Statement of Financial Performance

Target

Production of periodic accruals based Statement of Financial Performance for each business group and each output.

Status

Completed

Indicator

Total Revenue

Target

Increase of Total Revenue each year.

Status

An increase of Total Revenue by 8.4% over the last year's result has been achieved.

Indicator

Current ratio

Target

Improvement in the management of the Statement of Financial Position over time.

Status

Current ratio increased from 1.2 to 1.4 as compared with the previous year.

Indicator

Total Revenue per Employee vs. Total Expenses per Employee

Target

Improve efficiency in use of resources.

Status

Total Revenue per Employee increased by \$24 000 whilst Total Expenses per Employee increased by only \$16 000.

Indicator

Value of Non-Current Physical Assets

Target

Enhanced Strategic Asset Management.

Status

Decrease in total net value of Non-Current Physical Assets by \$26 million (9.9%) through rationalisation of asset base.

DPI's Corporate Governance Framework supports the Director-General in ensuring that corporate management performs effectively, achieving its objectives while managing risk.

The framework consists of the Senior Executive Team and the following committees:

- Audit
- Finance
- Legislation
- Risk Management Coordination.

The functions of the Senior Executive Team include:

- reviewing strategic direction;
- monitoring implementation of business plans;
- ensuring compliance with statutory requirements;
- managing risk by identifying the principal risks of the business and ensuring the implementation of systems to manage those risks;
- continually reviewing comprehensive operating information, especially financial information, to understand the health of DPI at all times;
- monitoring organisational performance against strategies to ensure the suitability of those strategies and the performance of management;
- ensuring that DPI and its officers act legally, responsibly and ethically on all matters, endorsing the Code of Conduct;
- determining that DPI has instituted adequate reporting systems and internal controls;
- ensuring that DPI has an appropriate policy to enable it to communicate effectively with stakeholders and the public.

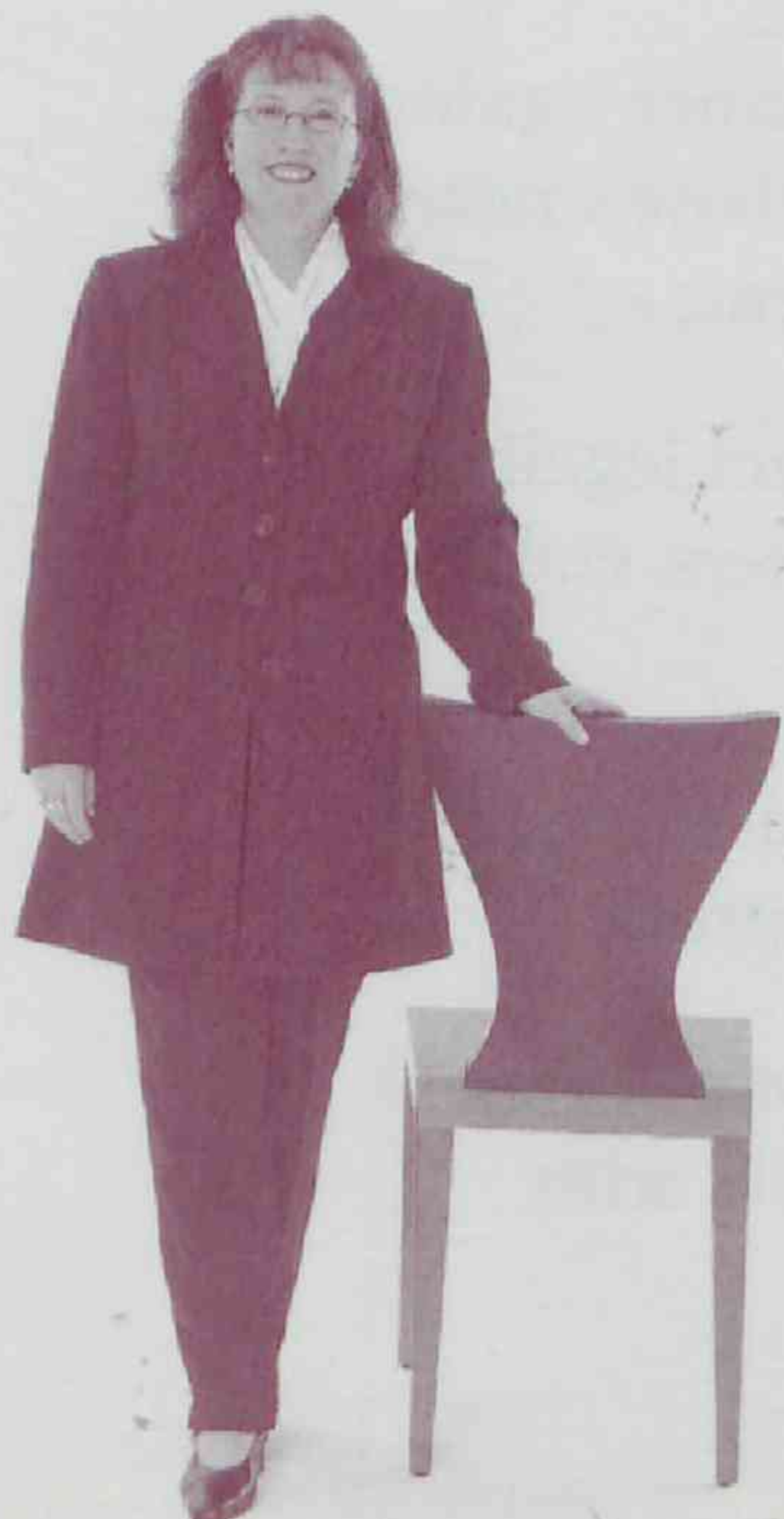
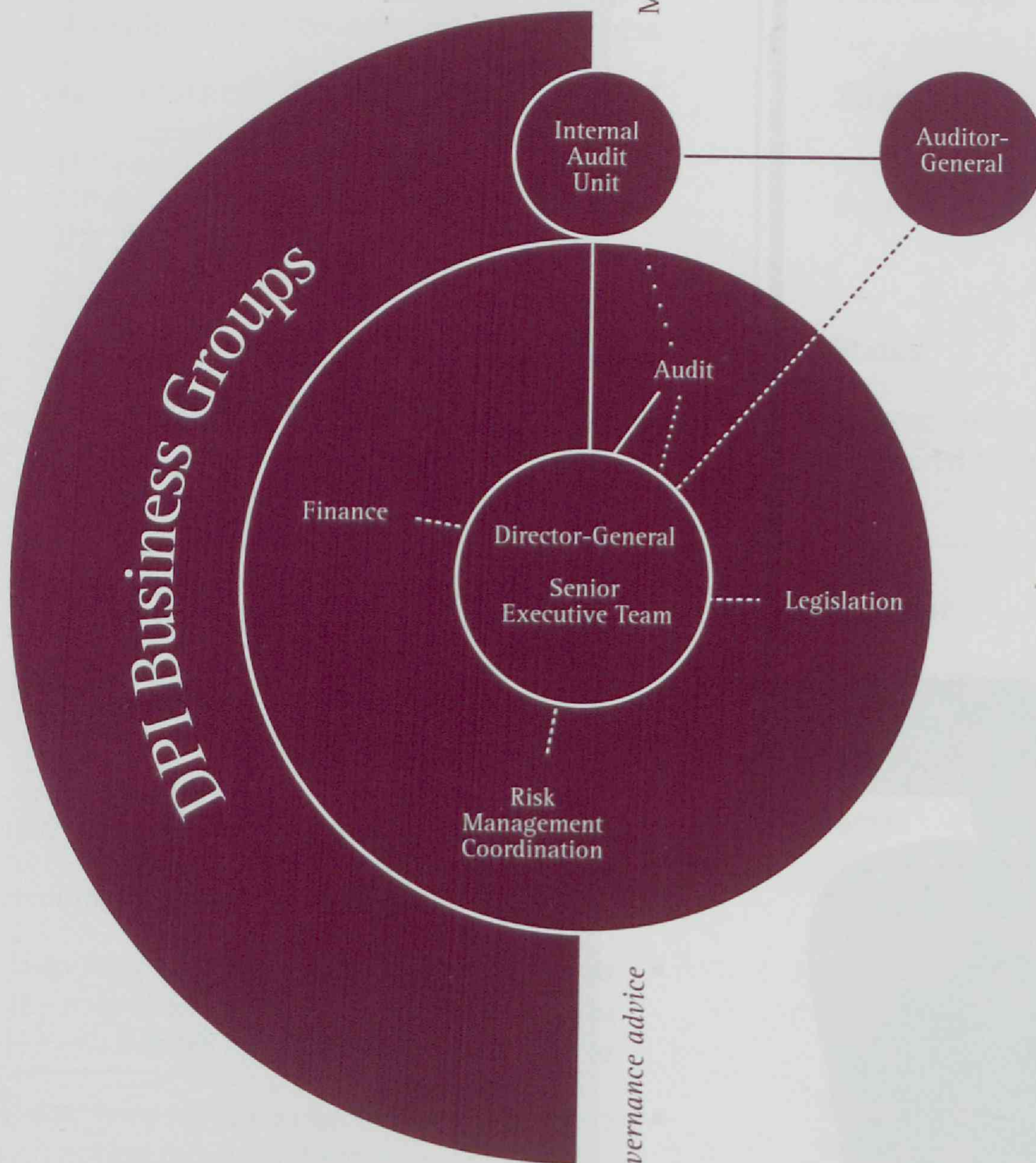
Dr Warren Hoey
Director-General and Chair

Terry Johnston
Deputy Director-General

Peter Neville
*Deputy Director-General
(Queensland Fisheries Service)*

John Skinner
Executive Director

Membership of the Board of Corporate Governance in 2000-2001



Jenny Parker
Partner, Arthur Anderson

External members — Providing specialist corporate governance advice



Roger McComiskie
Partner, Pricewaterhouse Coopers

2000-2001

The year in review

2000-2001 was a significant year for corporate governance in DPI, particularly risk management and financial performance, with the completion of a substantial review of the Department's governance framework.

As a result of this review, terms of reference and business rules were updated for all governance committees. In addition, committee membership was reviewed, with an emphasis on developing corporate skills within the organisation. Some general managers will now be included as members of governance committees to facilitate this process.

A significant change, commencing in July 2001, merges the current Board of Corporate Governance and Senior Management Team to form the Senior Executive Team. External members will continue to participate in this team to provide specialist corporate governance advice. Meeting formats will be restructured to accommodate the change.

Membership of the Senior Executive Team 2001-2002

Dr Warren Hoey
Director-General and Chair

Terry Johnston
Deputy Director-General

Peter Neville
Deputy Director-General (Queensland Fisheries Service)

John Skinner
Executive Director (Corporate Performance)

Dr Peter White
Executive Director (Rural Industry Business Services)

John Pollock
Executive Director (Policy Analysis and Industry Development)

Ron Beck
Executive Director (DPI Forestry)

Dr Rosemary Clarkson
Executive Director (Agency for Food and Fibre Sciences)

Kevin Dunn
Executive Director (Animal and Plant Health Service)

Dr Joseph Baker
Chief Scientist

Roger McComiskie
Partner, Pricewaterhouse Coopers

Jenny Parker
Partner, Arthur Anderson

Internal Audit Committee

The role of the Internal Audit Committee is to help the Director-General fulfil his responsibilities as the accountable officer for the Department. The committee also reports directly to the Board of Corporate Governance.

Highlights

The Internal Audit Committee:

- undertook a self-assessment of its composition and activities, as measured by the guide, *Audit Committees – Good Practices for Meeting Market Expectations*. The results indicate it was successfully meeting its objectives;
- reviewed, approved and monitored Internal Audit's 2000–2001 audit plan;
- reviewed reports by Internal Audit to ensure that long-term corrective actions are taken;
- reviewed the implementation of GST within the Department;
- monitored the implementation of AAS35, Self-Generating and Regenerating Assets;
- maintained DPI's focus on self-assessment;
- held regular meetings with staff from the Queensland Audit Office;
- reviewed all reports from the Queensland Audit Office and action taken to deal with the matters raised;
- monitored risk areas facing the DPI;
- reported on high-risk areas, in terms of financial accountability, to the Board of Corporate Governance;
- reviewed and endorsed the Department's financial statements before signature by the Director-General.

Finance Committee

The role of the Finance Committee continued to oversee the financial management of the DPI and to report important issues or concerns to the Board of Corporate Governance. During 2000–2001, the committee focused on establishing a framework to deliver strong financial accountability and decision support. From time to time, the committee's deliberations included the financial operations of statutory bodies in the Minister's portfolio.

Highlights

The Finance Committee:

- approved departmental budget policies and processes;
- monitored the financial and budgetary performance of business groups and outputs;
- implemented strategies to meet financial performance targets;
- approved internal budgets and resource reallocations;
- examined business risk to detect early warning of potential threats or adverse financial conditions, and implemented associated strategies to minimise financial risk;
- reviewed significant financial transactions which are not part of normal activities and initiated appropriate action to address any issues.

The Legislation Committee determines the priority of proposed legislation for DPI's legislation program and ensures smooth passage of that legislation.

Highlights

Food Production (Safety) Act 2000

This Act received Royal Assent on 25 October 2000. The Act establishes Safe Food Production Queensland (Safe Food), a statutory body headed by a chief executive officer. Safe Food will regulate the production of primary produce to ensure it is safe for human and/or animal consumption. This regulation will govern primary produce from the source (farm or vessel) through to the point where products enter either the manufacturing (for transformation) or retail sectors.

This regulation will be carried out through the use of food safety schemes, which will:

- set out general requirements for the handling and processing of specified primary produce to ensure its safety and wholesomeness;
- detail requirements for the accreditation of primary producers;
- detail the requirements for auditing food safety schemes and any food safety program under the scheme;
- set out associated matters such as fees.

In many cases, the scheme will also require people seeking accreditation to devise a food safety program tailored to their specific business, such as an individual butcher shop. The program will identify significant food safety hazards for that particular business, and state how those hazards are to be monitored and controlled. It will also detail how hygienic and safe conditions for the primary produce are to be maintained, and contain details about the provision of training for staff for this purpose.

The Act establishes a food safety advisory committee to assist Safe Food in the development of food safety schemes. The Act requires the food safety advisory committee to be consulted before a food safety scheme is made.

The Act provides that, subject to any public sector policies notified by the Minister to the chief executive officer of Safe Food, any person may be accredited as an auditor provided they meet the qualification requirements set by Safe Food. A person to be audited may select any auditor accredited by Safe Food. Market forces will dictate the charges made by those auditors for their services. Potential auditors include local government environmental health officers. Those officers may also be authorised officers that carry out enforcement activity under the Act.

Fisheries Amendment Act 2001

The Act received Royal Assent on 25 May 2001. It amended the *Fisheries Act 1994* in a number of key aspects, including:

- expansion of the matters that may be dealt with by a management plan and of the range of management options available for inclusion in plans (including the suspension and cancellation of authorities);
- allowing for the leasing of authorities in the manner prescribed by a regulation or management plan;
- clarifying the obligations of a person who takes or possesses a noxious or non-indigenous fish;
- strengthening the power to rehabilitate or restore land, waters and plants or a declared fish habitat area that has been removed, damaged or destroyed;
- rectifying certain unintended anomalies in the allocation of individual transferable quotas (ITQ) under the Fisheries Management Plan 1999.

Fisheries (East Coast Trawl) Amendment Management Plan 1999

In December 2000, the introduction of the Fisheries (East Coast Trawl) Amendment Management Plan represented the culmination of a comprehensive review of management of the important trawl fishery. It introduced significant new measures to safeguard the future economic and ecological sustainability of the fishery, and to strike a balance between the needs of a diverse industry and protection of the fishery's supporting environment, particularly in the Great Barrier Reef World Heritage Area.

Key strategies achieved by the introduction of the plan included:

- new permanent closures to trawling of certain areas within the Great Barrier Reef Marine Park;
- the progressive extension of the requirement to use turtle excluder and bycatch reduction devices;
- the introduction of a system of authorities, known as effort units, to cap and gradually reduce the overall effort expended annually in the trawl fishery;
- special management arrangement for boats that operate exclusively in Moreton Bay.

Risk Management Coordinating Committee

The role of the Risk Management Coordinating Committee is to oversee an effective risk management system for the Department and to assist the Executive with timely advice on risk mitigation issues.

Highlights

The Risk Management Coordinating Committee:

- carried out a review of existing committee processes and functions;
- assessed design requirements for documenting threat assessments on strategic issues;
- advised on management policies and risk management frameworks relevant to DPI operations;
- continued to monitor the effectiveness of risk management practices and changes to the risk profile of the Department.

Workplace health and safety

Developments and achievements in workplace health and safety (WH&S) during 2000–2001 were focused on consolidating infrastructure and processes for monitoring, consultation and prevention in WH&S practices.

The Workplace Health and Safety Action Committee continued to identify areas for improvement. The committee focused its audit activity on laboratories and Boating and Fisheries Patrol sites during the year.

Highlights

The Workplace Health and Safety Action Committee:

- developed a new audit tool for inspecting dips and spray stations;
- devolved collection and input of incident reporting to local human resource officers, thus increasing reporting capability;
- establishing a new electronic network for departmental Rehabilitation Coordinators;
- continued the DPI Safety Week concept at a local level;
- developed protocols and processes for workplace safety issues surrounding the response to the fire ant incursion.

Operating Expenses

The Department of Primary Industries (DPI) continued its support of research and development in primary industries with grants and subsidies totalling \$24.7 million during the year (\$11.1 million in 1999-2000). Note 13 to the Financial Statements, shows grants and subsidies by organisation for each of the Department's output.

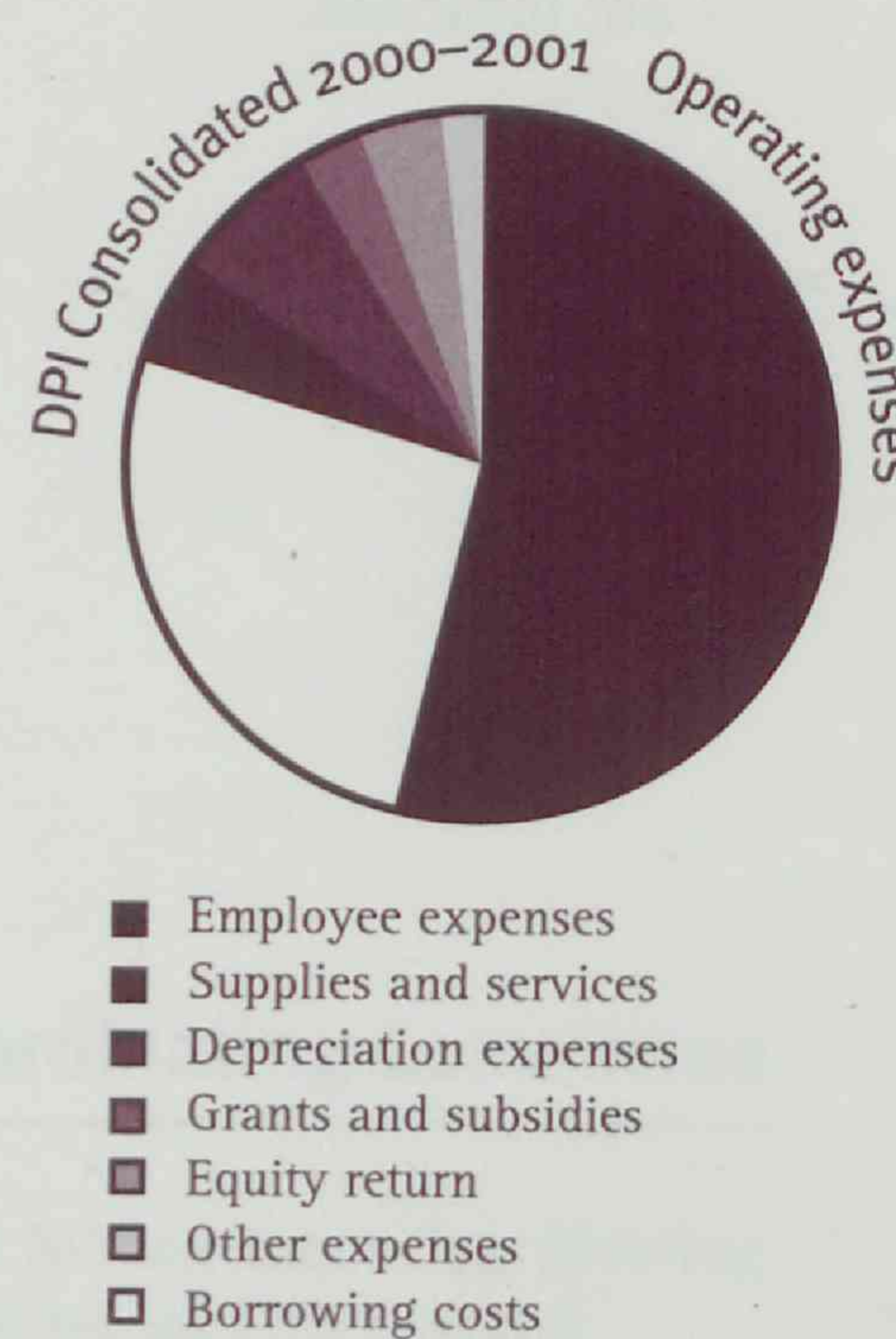
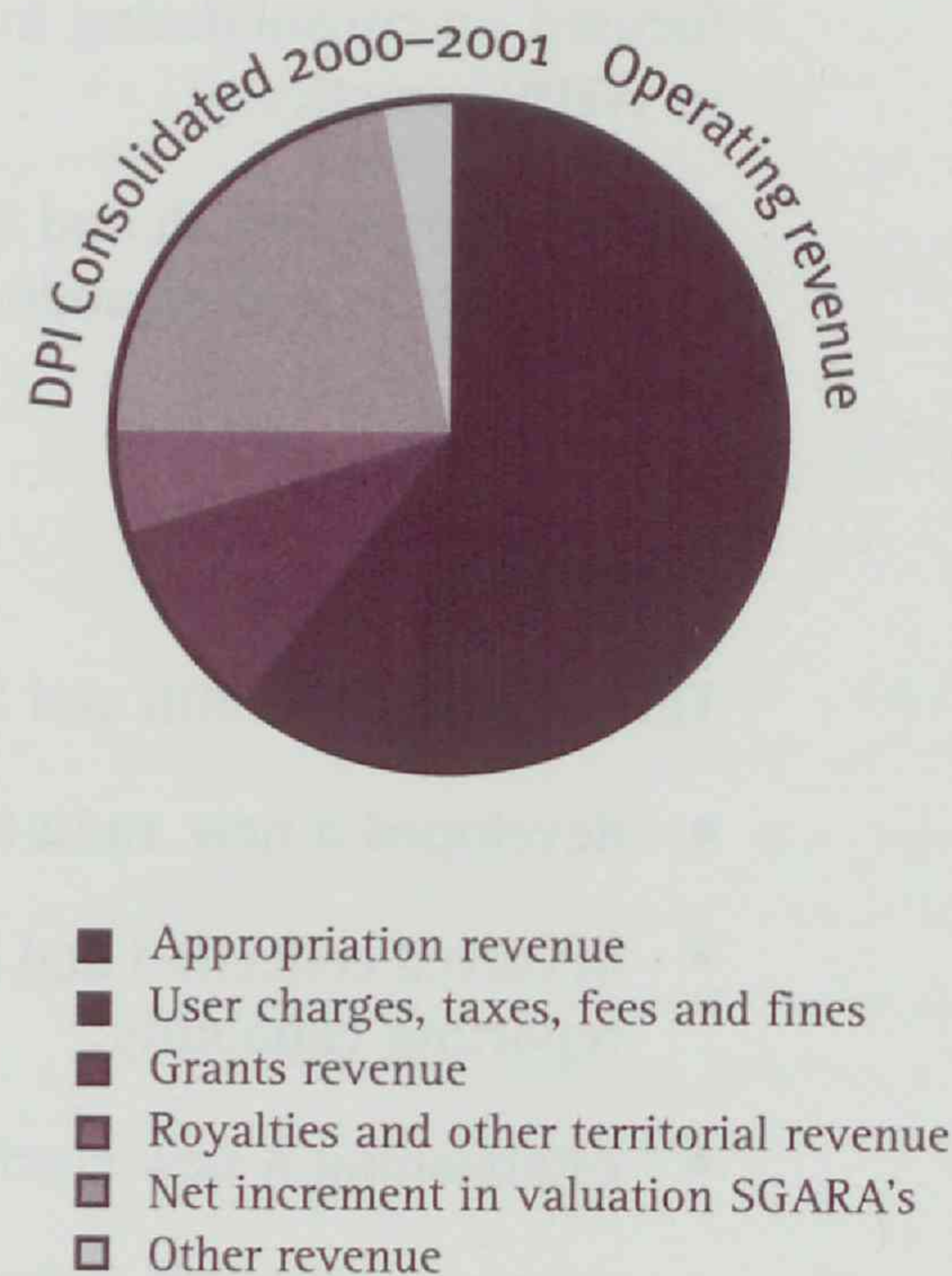
Responsibility for the Corporate Service Agency (CSA) was transferred from DPI to the Department of Natural Resources and Mines on 1 July 2000. As a result, payments under the Service Level Agreement to CSA for 2001 (\$7.1 million) have been treated as supplies and services, rather than (primarily) employee expenses, as in the previous year. When adjusted for the transfer to supplies and services, a real reduction in employee expenses was achieved, which is evident in the employee expenses ratio of total operating expenses at 52.5% (55.8% in 1999-2000).

When adjusted for comparative purposes, the Department has recorded a marginal increase in supplies and services costs, as compared with 1999-2000. However, the contribution of supplies and services to the total operating expenses has remained steady at 26.8% (27.1% in 1999-2000).

Overhead costs (after adjustments for equity return) were \$54.2 million in 2000-2001, compared with \$65.96 million in 1999-2000.

Operating Revenue

Appropriation revenue from Treasury is the largest source of revenue for the Department at 53.13% of total operating revenue (57.36% in 1999-2000).



	2001 \$'000	2000 \$'000	1999 \$'000	Change 2001-2000	Change 2000-1999
Financial position as at 30 June 2001					
Total assets	1 210 014	1 347 693	1 296 046	-10.2%	4.0%
Total liabilities	125 000	130 197	158 178	-4.0%	-17.7%
Total equity	1 085 014	1 217 496	1 137 868	-10.9% (b)	7.0%
Operating result for the year ended 30 June 2001					
Total revenues	409 467	377 892	367 704	8.4%	2.8%
Total expenses	369 995	360 832	347 349	2.5%	3.9%
Operating result	39 472	17 060	20 355	131.4%	-16.2%

(a) Self-Generating and Regenerating Assets.

(b) Refer to page 65 (5) of the DPI Forestry Financial Statements for details.



OUR FUTURE THINKING

A conversation with Director-General Dr Warren Hoey and Chief Scientist Dr Joe Baker

Our 2000–2005 Corporate Plan reinforces our commitment to rural and regional interests; at the same time it acknowledges the important role consumers play in shaping food and fibre opportunities. How do you see the organisation changing in response to this broader consumer and community focus?

Warren. Conversations are a useful indicator of change. In DPI, the way people express themselves and their thoughts about the organisation has changed. Our conversations reflect different ideas, new possibilities and a preparedness to understand changes from a global perspective.

Although change still has some negative connotations, I think generally DPI is a more forward-looking and challenging organisation than it was, say, five years ago.

New ideas infiltrate our conversations with clients and stakeholders. We are comfortable talking about future challenges and opportunities, whether they relate to science and technology or to sustainable ecosystems.

As an organisation I think we are also taking more notice of leaders in industry – people who are applying new ideas. We have been more open to negotiating our role, more active in working across government and putting our names and ideas forward.

As our relationships with clients and stakeholders evolve, what new kinds of partnerships do you see forming?

Joe. I think the most important and interesting partnerships will be with industry, to better the needs of different consumer groups. At this year's Ekka, for example, the beef industry had an obvious 'value-added' focus. However, two-and-a-half or three years ago, when the chicken industry was talking about value-adding at every stage, the question was asked by the beef industry, 'How can we do that?' A lot of people didn't think they could do it. But the beef industry has adapted and is achieving greater value-adding to the basic product. The

success is due to a willingness to think beyond the traditional market and product, and that innovative feature must be a fundamental characteristic of all our primary industries, and of DPI.

What kind of value-adding opportunities are you referring to?

Warren. I think there are opportunities in value chain integration – the capacity to work together to shape and develop value chains. Rural people have the capacity to pull together, and this capacity needs to be used in both a business and a community sense. Producers need to get better at challenging each other to work together in raising the industry standard. This is already happening. Industries are generally talking more intelligently about value-adding; not just about processing a product but about adding value to a region in terms of employment, services and infrastructure.

Joe. A good example of this is in the aquaculture industry – farming some of our most attractive aquatic species, and selling both the direct and the processed product.

There are some very real value-adding opportunities on offer to rural communities, particularly in north Queensland. The value-adding could also relate to changing part of their land from, say, sugar production to prawn farming.

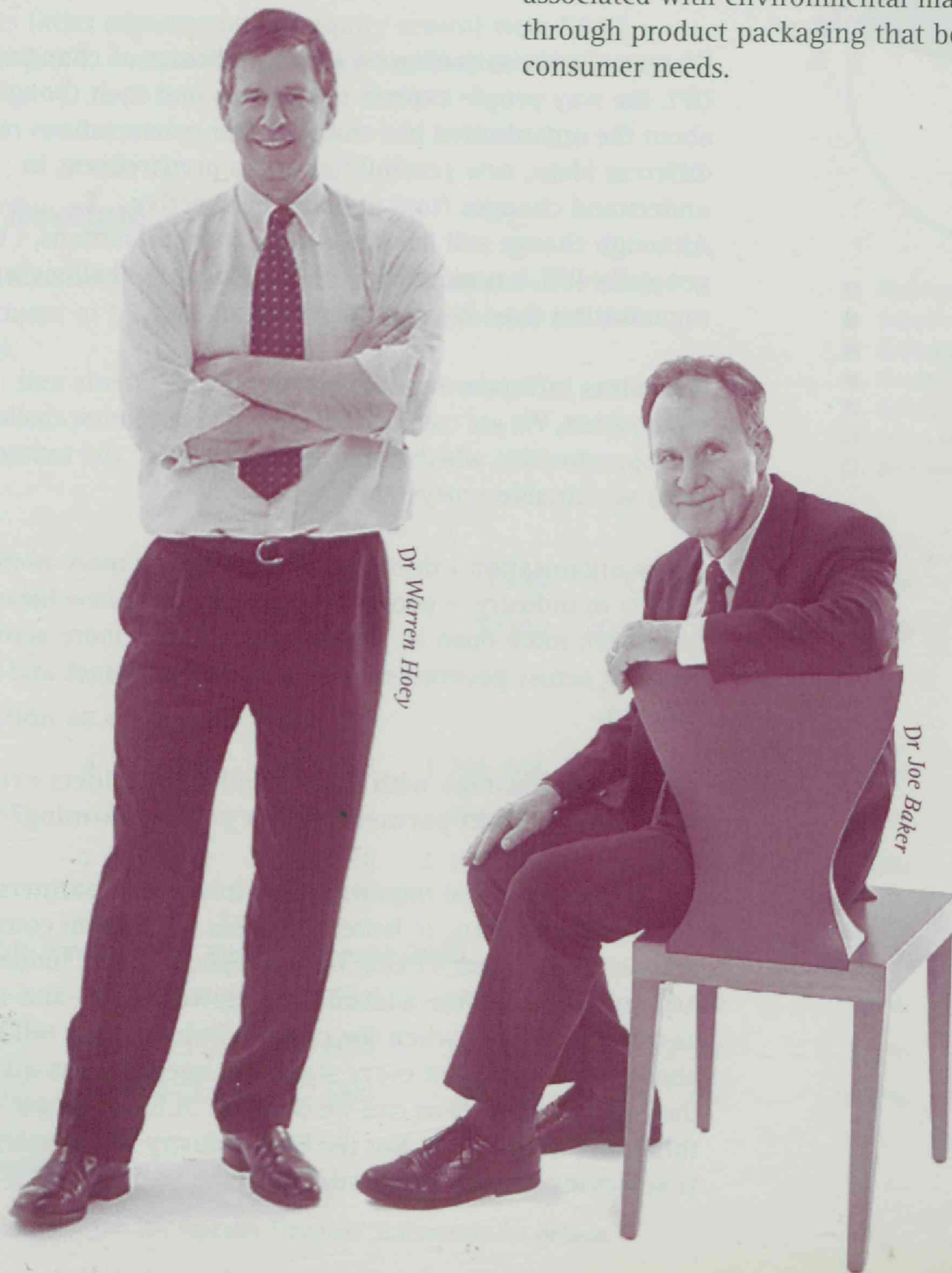
The value of Queensland aquaculture may very well surpass the value of sugar in the next ten years. Even with sugar there are attractive alternative products to the sugar cane.

What potential challenges stand in the way of these opportunities?

Joe. There are challenges in the short and longer term. Food and fibre industries need to look globally, as well as locally, in seeking out market development opportunities.

Warren. Yes, I agree; but I don't think we have really thought through the full impact of globalisation. It's hard to say what globalisation will mean for those producers who are already operating in the top 10%. How much better can they get?

Food and fibre industries will need to differentiate themselves to overcome some of the problems of distance. This may be through quality attributes associated with environmental management or through product packaging that better meets consumer needs.



Dr Warren Hoey

Dr Joe Baker

Joe. I agree. Australia's 'clean and fresh' image is a key opportunity but also a challenge. Numerous opportunities have arisen this year because of Australia's ability to retain a low-risk rating for such frightening events as mad cow disease and foot-and-mouth disease. Concepts like Jock Douglas's Australian Landcare Management System can strengthen the position of Australia's food and fibre industries internationally, giving us the opportunity to compete successfully with international players.

How can government support the food and fibre industries in dealing with these challenges?

Warren. One of the most important roles government can play is supporting producers entering the value chain. This includes facilitating market development for existing and emerging rural products, promoting the development of food-chain alliances and building producers' and processors' expertise in supply chain management.

Joe. Government will also continue to play a key role in protecting sustainable productivity and market access through effective pest and disease surveillance, and by encouraging good management practices. These systems will ensure that our agri-products meet national and international standards, helping to build new trade opportunities and consumer confidence.

How will the roles of DPI staff change to support these challenges and opportunities?

Joe. Technologies based on good science will still be a large part of DPI's business. DPI technologists will continue to focus strongly on the application of science for triple bottom line benefits.

What do you mean by technologists?

Joe. Researchers and communicators who are close to community concerns, and who apply their skills for community benefit. Their role is quite different from, say, university scientists, who are often remote from the application of their scientific discoveries.

Warren. Our close association with rural communities will continue to be a very real strength. These relationships will help us build links between our traditional clients, value chains, markets and new ideas.

How does this fit with Government's 'Smart State' strategy?

Warren. The 'Smart State' vision is encouraging us to think about the future, and not just focus on government for today. The 'Smart State' vision is made up of a whole lot of things interacting – whether you're talking about environmental management, trading, developing business or developing people. Technology will play an important role, but not the only role.

Given your comments about change, and the opportunities and challenges that come with it, what kind of investment criteria should DPI be considering?

Warren. First, are we getting the maximum amount of value out every investment? We need to look at every opportunity for investment in sustainable products. We need to consider the whole system and its impacts, whether they are social, economic or environmental.

Joe. Community strengthening needs to be a criterion – we need systems that allow communities to stay on the land and work it productively.

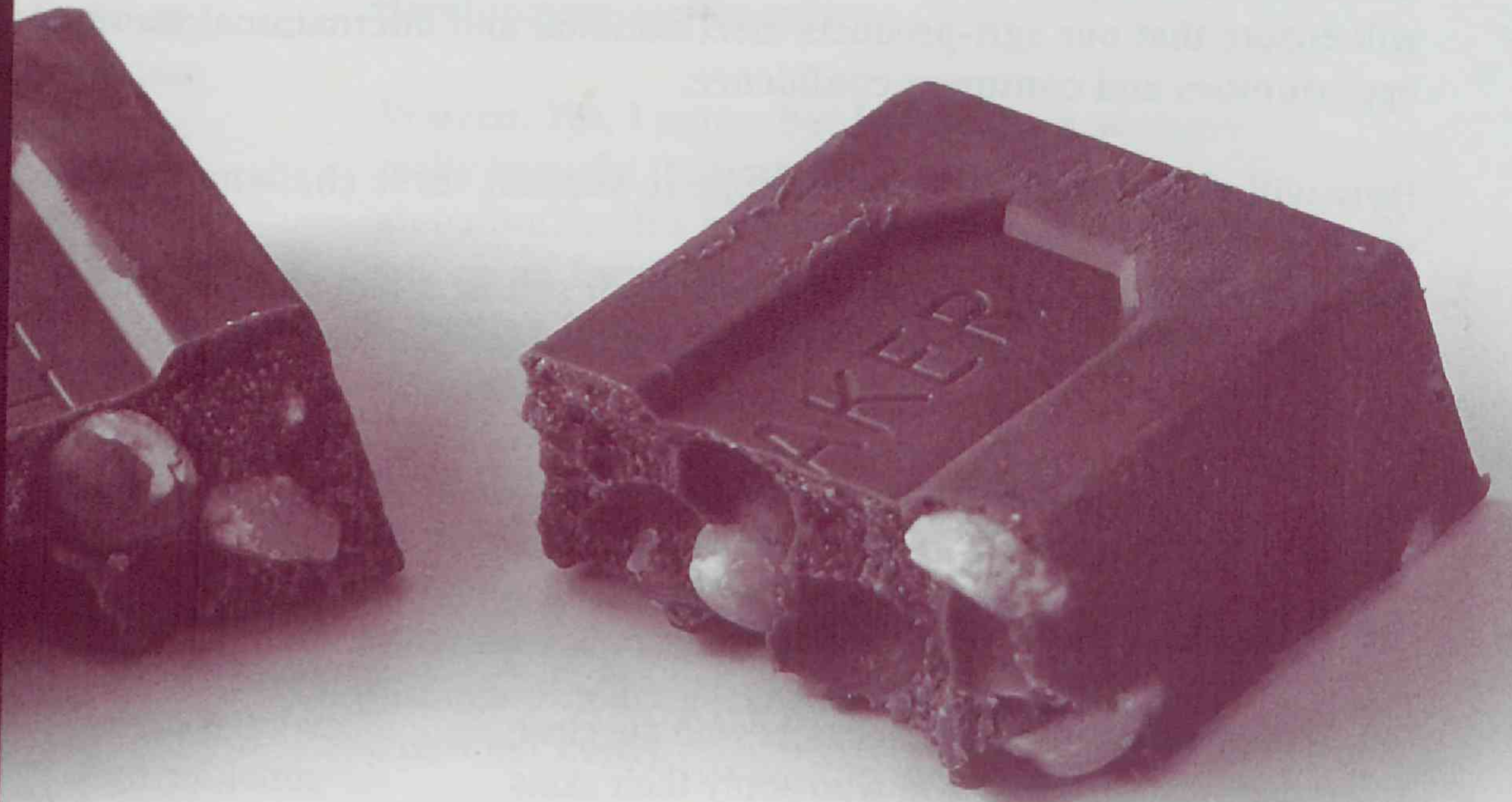
Warren. We also need to be much more conscious of life-cycle investments – when to start and when to cease investment.

Joe. Environmental requirements are going to be increasingly strict – I think we can turn this to our advantage by having world's best practice. Waste minimisation will become an essential investment criterion. We will need to look at potential waste at every stage of production. We will also need to get better at using and reusing water. The term 'cradle to cradle' is critical – everything we use needs to be there for the next generation. This is a smart way to think. The future is sustainable development.

A

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A P P E N D I X E S



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1 Women's initiatives

2 Multicultural initiatives

3 Statement of DPI affairs

Arrangements for community participation in the formulation of DPI policy and decision making

Public Sector Ethics Act 1994

Whistleblowers Protection Act 1994

Information and documents held by DPI

Access to information about DPI

Access to documents held by DPI

Amendment of personal information

Review of administrative decisions

Freedom of Information statistics

Corporate sponsorships

Committees and advisory groups associated with DPI

DPI's policy documents

4 Consultancy expenditure

5 Energy consumption, expenditure and measures implemented to control energy use

6 Overseas travel

7 Statutory bodies associated with DPI

8 Acts, regulations, plans, standards and orders

Acts

Regulations

Plans

Standards

Orders

Acts repealed during 2000–2001

Legislation enacted during 2000–2001

Women's initiatives

Women occupy 18% of Senior Executive Service and Senior Officer positions in DPI, and 16% of positions at AO6 level and above.

The DPI Women in Leadership and Management Action Plan 2000–2002 was developed with the aim of increasing the participation rate and retention of women within all management and leadership roles. Some of the strategies incorporated in the plan include:

- a proactive mentoring/coaching strategy for women;
- increasing participation of women in professional development and leadership programs;
- Senior Executive sponsorship of women's conferences and information sessions;
- establishing a web site and electronic discussion list for women.

DPI Work and Family initiatives (including carers' rooms, family leave and telecommuting) have continued and expanded. The joint DPI/University of Queensland research project into strategies for enhancing flexibility and diversity in the workforce is continuing.

Multicultural initiatives

- Ongoing cultural awareness programs for staff, focusing on the provision of effective services to clients from a range of cultural backgrounds, including Aboriginal and Torres Strait Islander, Australian South Sea Islander and Vietnamese.
- Provision of information and education to clients in a range of languages, and referral to the Translating and Interpreting Services.
- As part of DPI's eradication program for the red imported fire ant, the employment of significant numbers of staff from different cultural backgrounds to establish close contacts with local community groups, particularly the Vietnamese, Samoan and Aboriginal communities.

Statement of DPI affairs

Arrangements for community participation in the formulation of DPI policy and decision making

Members of the community are encouraged to investigate DPI's policies and functions, and ways in which they can participate in the formulation of DPI policy and the exercise of these functions. They can do this by contacting their local DPI office, the DPI Call Centre, the Administrative Review Coordinator or Director-General.

Public Sector Ethics Act 1994

DPI continues to implement the *Public Sector Ethics Act 1994*. DPI's Code of Conduct, which was published in 1996, provides standards of conduct for its public officials that are consistent with the ethics obligations in the Act. All DPI staff have received extensive education and all new staff are educated on the code's requirements. Electronic versions of the code are available to all staff. DPI continues to use the code as a guide to client service and good management practice.

Whistleblowers Protection Act 1994

DPI's policy for protection of whistleblowers details the support and protection to be given, and acts as a guide for making and handling public interest disclosures. Staff are aware of their entitlements and training kits have been issued to all managers. In 1999-2000, no public interest disclosures were reported to the Director-General under the *Whistleblowers Protection Act 1994*.

Information and documents held by DPI

DPI produces the following publications for purchase or free of charge:

- Books – over 600 easy-to-read, professional titles concerning plants, animals, land, management, environment, food and history.
- Videos – educational videos for rent or purchase covering the topics of animal health, consumer interests, dairying, farm management and fisheries.
- Computer software – DPI software programs, which are IBM-compatible, providing solutions to the challenges of everyday farming, from simple loan repayment calculations to advanced farm management techniques.
- Maps and plans – aerial photographs, forestry and recreational maps.
- Bulletins and reports – including resource assessments, planning reports and technical guidelines.
- DPI Notes and free publications – publications covering a range of topics relevant to DPI's primary production (including pests and diseases, conservation and economic issues).

Public registers: DPI holds a number of registers containing information about various primary industries. Although privacy and confidentiality issues prevent disclosure of some information, other information may be accessed by the public either free of charge or by payment of a fee. Registers include:

- Agricultural Chemical Distribution Control Licensing
- Apiary Permits
- Banana Industry Protection
- Banana Tissue Culture
- Brands
- Cattle Feedlots
- Client Sales List (Forestry)
- Deer Farm Licences
- Drought and Disaster Assistance Management
- Farm Produce Commercial Sellers
- Fisheries
- Plant Health Inspections
- Property Holdings

- Queensland Beekeeping Registration
- Queensland Government Fodder
- Sawmill Licences
- Sheep Stud
- Stock Grazing Permits
- Victorian Accreditation
- Western Australian Accreditation
- Woolgrowers' Guide to Queensland Merino Studs.

Policy documents: DPI has developed rules, policies and guidelines to enable its officers to perform their functions. These documents are available for inspection and/or purchase by members of the community. While there is no cost for inspecting a policy document, photocopies cost 50 cents per A4 page.

DPI's community information services and programs: DPI develops or participates in various programs that assist those working within, or interested in, the primary production sector. These include the following:

- **AgriInfonet** – a national program offering export market 'snapshots' and a computerised service that links producers, importers and investors to trade and investment opportunities, nationally and internationally;
- **Business Advisory Services Scheme** – a network providing access to rural business assistance from Government;
- **Business Briefs** – economic and marketing intelligence, including product data on national and international markets, enterprise selections and crop production costs and returns – available via mail or fax;
- **DPI Info Research** – a library system, integrated with State and national library systems, providing up-to-date information for DPI officers throughout the State;
- **DPI Prime Notes** – extension material (production, environmental, economic) accessed via CD-ROM or Internet;
- **DPI Rural Information Specialists** – information extension officers operating as the interface between DPI and rural producers. These officers promote rural sector access to business, marketing and technical information, and help DPI officers package material to meet specific client needs;
- **DPI Today and Prime News** – newsletters to DPI staff profiling DPI achievements, events and activities;
- **SOI Hotline and Message Line** – recorded STD telephone messages giving daily SOI updates for farmers, providing information on 30-day SOI forecasts and monthly updates on the SOI phases, trends and seasonal outlook across Queensland and Australia;
- **Growsearch** – a service providing business, technical and marketing information to the nursery industry, Australia-wide;
- **Infosearch** – commercial information service for agriculture clients;
- **PIB Information Centre** – 'walk-in' information centre for self-directed research, based in the Primary Industries Building in Brisbane;

- **Public Affairs** – a service providing information to the media and promoting DPI's profile and image in the public arena;
- **Seafood Services** – commercial information service, provided by the Centre for Food Technology to the Queensland food industry.

Anyone interested in these programs can obtain further information from their local DPI office.

Documents held by DPI concerning the performance of its business, activities and functions: DPI maintains a comprehensive records management system in accordance with the *Libraries and Archives Act 1988*. It holds all documents created and received by DPI during the course of the performance of its business, activities and functions. Any member of the community may apply for access to these documents.

Access to information about DPI

Contact the DPI Call Centre on 13 25 23. Access to all DPI services is available between 8.00 a.m. and 6.00 p.m. Monday to Friday, except public holidays, for the cost of a local call.

Visit DPI online at: www.dpi.qld.gov.au

Contact DPI Publications. Obtain a free catalogue and purchase publications from:

DPI Bookshop
Ground Floor
Primary Industries Building
80 Ann Street Brisbane

GPO Box 46
Brisbane Queensland 4001

Toll-free T 1800 816 541
E-books@dpi.qld.gov.au

F 07. 3239 6509
W www.dpi.qld.gov.au/shop/

Access to documents held by DPI

Under the *Freedom of Information Act 1992* (FOI Act), members of the community have a legally enforceable right to access documents held by DPI. Documents must be disclosed upon request, unless there are justifiable grounds for exempting them from disclosure.

How to apply for access to documents: Applications under the FOI Act must be made in writing and provide such information as is reasonably necessary to enable a responsible DPI officer to identify the documents. To lodge an FOI application, to obtain general information about the FOI Act, or to access policy documents, contact:

Administrative Review Coordinator
Access and Administrative Review
Level 7 Primary Industries Building
80 Ann Street Brisbane

GPO Box 46
Brisbane Queensland 4001

T 07. 3239 3865
F 07. 3239 3879
M 0409 055 465

Toll-free T 1800 061 938
Toll-free F 1800 627 469
E adminreview@dpi.qld.gov.au

FOI fees and charges: A \$31.00 application fee is payable for FOI applications not concerning personal affairs. A 50 cents per page photocopying charge is payable for non-personal

documents released under the FOI Act. No fees or charges are payable for personal affairs applications. FOI fees and charges are GST-free.

Time limits for processing FOI applications: Under the FOI Act, DPI must acknowledge receipt of an application within 14 days of its receipt. Applications must be processed within a period of between 45 and 75 days. (All applications must be processed within 45 days, but an additional 15 processing days may be taken if DPI consults a third party about disclosure of a document and/or if non-personal documents were created before November 1987.)

Review rights: Applicants or third parties who are dissatisfied with any decision made by the initial FOI decision maker may apply for an internal review. An officer no less senior than the initial decision maker will conduct the internal review. Requests for internal review must be made within 28 days of receiving the original decision. The internal review will be conducted within 14 days.

Applicants or third parties who remain dissatisfied with the outcome of the internal review, or who do not receive a decision on their FOI application within the statutory time limit, may apply to the Information Commissioner for an external review. Applications to the Information Commissioner must be made in writing and should be sent to the following address:

Information Commissioner
Level 25
288 Edward Street
Brisbane Queensland 4000

T 07. 3005 7100

Toll-free T 1800 068 908

E infocomm@infocomm.qld.gov.au

Amendment of personal information

Under the FOI Act, a person who has accessed a document concerning their personal affairs may seek an amendment of that document if the document is out-of-date, misleading, inaccurate or incomplete. Amendment applications must be made in writing and specify an address where notifications can be sent, giving particulars of the out-of-date, misleading, inaccurate or incomplete information and specifying the amendment required. Contact DPI's Administrative Review Coordinator for more information.

Review of administrative decisions

Any member of the community who is aggrieved by an administrative decision made by a DPI officer may be entitled to seek an informal departmental review of that decision, or seek reasons for the decision under the *Judicial Review Act 1991*, or complain to the Ombudsman about the decision.

To discuss your review options, contact DPI's Administrative Review Coordinator or the officer who made the decision. Alternatively, write to

The Director-General
GPO Box 46
Brisbane Queensland 4001.

Judicial Review Act 1991 (JR Act). The JR Act gives an aggrieved person two fundamental legal rights:

1. the right to seek a statement of reasons for certain administrative decisions;
2. the right to seek a Supreme Court review of an administrative decision on legal grounds.

An aggrieved person may seek a written statement of reasons from the decision maker as to why a decision was made. Any such request must be made in writing and be addressed to the decision maker. If the decision was communicated to the aggrieved person in writing, this person has 28 days within which to lodge a request for a statement of reasons. If the decision

was not in writing, then the request for reasons must be made within a reasonable time. If reasons are required, the decision maker must provide a statement of reasons within 28 days of receiving the request.

An aggrieved person may apply to the Supreme Court for a statutory order of review of the decision, whether it concerns the actual decision or conduct related to the decision-making process. The aggrieved person must obtain a statement of reasons before applying for a statutory order of review.

Complaints to the Ombudsman: The Parliamentary Commissioner for Administrative Investigations (commonly referred to as the Ombudsman) has power to investigate any administrative action taken by, in or on behalf of, DPI. Any complaint to the Ombudsman should be made in writing and sent to:

Parliamentary Commissioner for Administrative Investigations
Level 25
288 Edward Street
Brisbane Queensland 4000

T 07. 3005 7000

Toll-free T 1800 068 908

E ombudsman@pcai.qld.gov.au

Freedom of Information statistics

Freedom of Information Act 1992

Personal applications received	8
Non-personal applications received	79
Applications for amendment of personal affairs information	0
Total applications received (1/7/2000 to 30/6/2001)	87
Number of applications withdrawn or transferred	8
Number of documents access granted in full	10 080
Number of documents access refused in full	1 623
Number of documents granted in part	322
Total number of documents considered	12 025
Internal reviews made 1/7/2000 to 30/6/2001	5
External reviews made 1/7/2000 to 30/6/2001	2

Corporate sponsorships

Queensland Government sponsorship policy

The Department compiles detailed documentation on sponsorships over \$10 000. Information about DPI's corporate sponsorships is available from the Public Affairs Manager.

Committees and advisory groups associated with DPI

- Australian Bureau of Statistics, Agricultural Statistics User Group
- Access Queensland Working Group
- Agricultural and Veterinary Chemicals Policy Committee
- Agricultural Chemicals Distribution and Control Board
- AgriInfonet Reference Group

- Amenity Horticulture Industry Development Council
- Animal Ethics Committees (7)
- Animal Health Australia
- Animal Welfare Committee
- Australasian Pig Institute Board
- Australasian Tropical Dairy Institute Board
- Australian Horticultural Industry Development Corporation
- Ayr Research Station Committee
- Banana Industry Protection Board
- Bee Industry Consultative Committee
- Beef Industry Development Advisory Council
- Bowen District Vegetable Research and Development Committee
- Bundaberg and District Tree Crop Industry Committee
- Bundaberg and District Vegetable Industry Committee
- Burnett Inland Economic Development Organisation
- Business Strategy Unit Steering Committee
- Callide Dawson TAFE Council
- Central Burnett Horticulture Committee
- Central Queensland Area Consultative Committee
- Centre for Food Technology Advisory Group
- Centre for Integrated Environmental Protection
- Chemical Residues Coordinating Committee
- Citrus Industry Development Committee
- Consortium Integrated Resource Management
- Consultative Committee on Exotic Animal Disease
- Consultative Committee on Exotic Insect Pests, Weeds and Plant Diseases
- Cooperative Research Council Users Advisory Committee
- Cotton Industry Development Council
- CQ A New Millennium
- Dairy Deregulation Response Advisory Committee
- Damara Sheep Group
- Darling Downs Chemical Liaison Committee
- Desert Uplands
- Department of Natural Resources and Mines Rural Water Use Efficiency Initiative Advisory Committee
- Drought Management Coordination Committee
- Environmental Code of Practice Piggeries Task Force
- Environmental Code of Practice Poultry Farming Task Force
- Far North Queensland 2010 Planning Committee
- Far North Queensland Sugar Industry Taskforce
- Farming Systems Institute Board
- Feedlot Advisory Committee
- Financial Counselling Advisory Committee
- Fishing Industry Development Council
- Food Industry Forum
- Food Regulations Standing Committee
- Food Safety Advisory Committee
- Futureprofit State Advisory Council
- Government Service Delivery Project Community Capacity Building Cluster
- Government Service Delivery Project Community Capacity Building Cluster Training Project Team
- Grain Industry Development Council
- Grain Research Foundation Research Advisory Committees
- Gympie/Sunshine Coast Horticulture Industry Committee
- Heavy Produce Industry Development Committee
- Hinchinbrook Planning Advisory Committee
- Horticulture Industry Development Council
- Horticulture Industry Policy Council
- Industrial Hemp Advisory Committee
- Industry Drought Working Group
- Infoshare Consortium
- Interdepartmental Liaison Group – Fire Ants
- Interstate Plant Health Regulation Working Group
- Johnes Disease – Bovine – Technical Advisory Group
- Johnes Disease – Ovine – Technical Advisory Group
- Landcare and Catchment Management Council Implementation Committee
- Live Cattle Export Advisory Committee
- Murrumbidgee Community Development Association
- National Consultative Committee – Animal Welfare
- National Livestock Identification Systems – National Management Committee
- National Livestock Identification Systems – Safemeat NLIS Standards Committee
- National Registration Scheme Signatories Working Group

- NHT Working Group on the Decade of Implementation
- North Queensland Aquaculture Development Advisory Committee
- North Queensland Banana Industry Liaison Group
- Outback Revival
- Pig Industry Development Council
- Plant Health Australia
- Poultry Health Liaison Group
- Property Management Planning Committee
- Queensland International Coordinating Committee
- Queensland Market Access and Market Development Committee
- Queensland Animal Health Council
- Queensland Aquaculture Development Advisory Committee
- Queensland Beef Industry Institute Board
- Queensland Cotton Industry Policy Council
- Queensland Dairy Industry Policy Council
- Queensland Export Development Scheme Board
- Queensland Fisheries Policy Council
- Queensland Fishing Industry Research Advisory Committee
- Queensland Food and Fibre Science and Innovation Council
- Queensland Forest Industry Policy Council
- Queensland Government Library Purchasing Consortium
- Queensland Grain Industry Policy Council
- Queensland Grain Regulatory Review Council
- Queensland Horticulture Export Council
- Queensland Livestock and Meat Industry Policy Council
- Queensland Poultry Research and Development Centre Board
- Queensland Residue Management Committee
- Queensland Rural Ministerial Advisory Council
- Queensland Rural and Regional Training Consortium
- Queensland Rural Industry Training Council
- Queensland Sugar Industry Policy Council
- Queensland Veterinary Surgeons Board
- Queensland Vine Improvement Group
- Regional Beef Research Committees
- Regional Coordinating Committee of the Central Highlands Regional Resource Use Planning Project
- Rural Affairs Advisory Committee
- Rural Community Communications Facilities
- Rural Extension Centre Board of Management
- Rural Industry Learning Committee
- Shark Focus Groups
- Sheep and Wool Institute Board
- South Queensland Aquaculture Development Advisory Committee
- South West Strategy
- Standing Committee on Agriculture and Resource Management (SCARM) – Women in Agriculture
- Standing Committee on Agriculture and Resource Management (SCARM) – Plant Industry Committee
- Standing Committee on Agriculture and Resource Management (SCARM) – Publications and Databases Committee
- Stanthorpe Regional Development Group
- State Library Management System Group
- Stumpage Review Committee
- Sugar Industry Development Advisory Council
- Sustainable Bioregions Organising Committee
- Tick Eradication Implementation Committee
- Timber Research Liaison Committee
- Torres Strait Fisheries Scientific Advisory Committee
- Trinity Inlet Management Planning Committee
- Tuberculosis Freedom Assurance Program National Committee
- Tuberculosis Freedom Assurance Program Property Program Group
- Vision 21 Advisory Committee
- West Moreton Financial Counselling Advisory Committee
- All-of-Government Committee Call Centres Project
- All-of-Government Service Locator Project
- Wildlife Farming Reference Group
- Wine Industry Development Council

DPI's policy documents

- ABC System of Timber Utilisation and Marketing Act (TUMA) Sampling (Forestry)
- Access Fees (Fisheries)

- Animal and Plant Health Service Regulatory Policy
- Animal Welfare Policy
- Beekeeper Access to Crown Land
- Biodiversity (Fisheries)
- Bringing It Together
- Brucellosis and Tuberculosis Eradication Campaign (BTEC)
- Bycatch
- Cattle Tick Control
- Cattle Tick Eradication
- Chemical Residues
- Client Consultation Policy and Guidelines
- Client Information Services Statement
- Client Information Services Strategy
- Client Training Strategy
- Code of Conduct
- Corporate Standards
- Cost Recovery (Fisheries)
- Departmental Procedures for Permit Applications, Assessment and Approvals
- Digital Plantation Mapping User Manual
- Disease Investigation Policy
- Disease Surveillance and Reporting
- Drought and Managing for Self Reliance – Review of Rural Adjustment Scheme (RAS) in Queensland
- Drought Relief Assistance Scheme
- Drought Subsidy Administration
- Endemic Diseases Policy
- Equine Health
- Exotic Diseases
- Exotic Pine Silvicultural Manual
- Extension Strategy Statement
- Feedlot Licence Guidelines
- Field Procedures Manual
- Fire Manual (Forestry)
- Fish Stocking
- Forest Resource Operators Guide
- Freeholding Manual
- Harvest Marketing and Resource Management Manual (Forestry)
- Health Certification Artificial Breeding
- Herbicide Mixing Training Manual
- Hoop Pine Silvicultural Manual
- Hormonal Growth Promotants
- Inspection of Treated Timber Outlets
- Laboratory Development
- Leases and Permits Manual (Forestry)
- Management Advisory Committee and Zonal Advisory Committee
- Management Programs for Sandalwood for Crown Lands in Queensland
- Marketing Administration Manual (Forestry)
- National Competition Policy
- Native Forest Permanent Plot Establishment Manual
- Native Forest Permanent Plot Remeasure Manual
- Offshore Constitutional Settlement: Arrangements for Queensland Fisheries
- Plantation Resource Assessment Manual
- Plantation Yield Simulation System (PLYSIM) User Manual
- Policy and Guidelines for Use of Firearms within Animal Plant and Health Service Environment
- Priority 2000 Series
- Quality Assurance (Forestry) Engineering Workshop Manual
- Quarry Material Extraction
- Regulatory Procedures for Animal Health and Welfare Bureau
- Release and Marketing of Plant Varieties and Other Germplasm
- Research and Extension Management in DPI
- Sales Administration Manual (Forestry)
- Sked (Yield Scheduling) Manual (Forestry)
- Sked Operating Manual (Forestry)
- Timber Inventory Manual
- Translocation (Fisheries)
- Weeds Management Silviculture Manual
- Weeds User Manual
- Wildlife Farming Policy
- Workplace Health and Safety for Animal and Plant Health
- Zoonoses

Consultancy expenditure

The cost of consultancy services to the Department in 2000–2001 totalled \$638 000. This figure includes \$88 000 relating to DPI Forestry activities.

Total by category	\$ ('000)
Management	69
Human resource management	40
Information technology	nil
Communications	76
Finance/accounting	nil
Professional/technical	453
Total	638

Energy consumption, expenditure and measures implemented to control energy use

DPI supports the use of energy-efficient systems. Consumption is monitored wherever possible and staff are encouraged to use energy-saving practices, such as turning off office or meeting room lights, and office or laboratory equipment, when these are not in use.

The cost of electrical energy is a significant budget item for the Department. The total expenditure during 2000–2001 of \$2 014 441 represents a reduction of 4.2% during the last three years. Lower costs for this period have been sustained by the continued support of energy conservation measures.

Whenever any new facility or refurbishment is contemplated, energy efficiency is carefully considered. DPI has employed best practice methods including the use of more energy-efficient lighting arrangements such as zonal lighting and tri-phosphorous tubes.

The Department monitors energy market deregulation, and may in the near future be able to choose its energy retailer at all sites. It is anticipated that energy expenditure savings can be achieved through a competitive tender process for selected DPI sites, particularly ones close to Brisbane.

Overseas travel

During 2000–2001 DPI maintained a strong international profile, which promoted Queensland's leadership in food and fibre systems and community business development.

In total, 152 DPI officers undertook 213 trips. The entire time overseas totalled 3594 days.

External sources were used to fund or partially fund the costs associated with 190 of these trips (89% of the total number). Only 23 trips were wholly funded from consolidated revenue.

Some major outcomes from this travel are highlighted below.

Sally Louise Dillon, Research Scientist (United States of America)

Presented a paper at the Plant and Animal Genome IX Conference detailing results of a study involving genetic relationships and variability in the cultivation of sorghum both nationally and internationally.

Deborah Kay Maxwell, Senior Extension Officer (South Africa)

Attended the 5th International Sheep Veterinary Congress. The increased knowledge she gained will enhance her skills in aligning food and fibre production, processing and marketing to consumer and community expectations.

Roger Kaus, Project Leader (Brunei, Vietnam and Philippines)

Managed and coordinated a delegation of Queensland beef producers and agribusiness personnel, in conjunction with the Department of State Development, Export Market Development Division.

Allison Crook, Senior Veterinary Officer (United Kingdom)

Participated in and assisted British veterinary authorities with control and eradication of the foot-and-mouth disease outbreak. As a result, gained knowledge and experience in foot-and-mouth disease control and eradication, thus improving Queensland and Australia's ability to respond to any incursion of the disease.

Leonard Joseph Weis, Manager Commercialisation and Innovation (United States of America)

Attended Bio-2001 International Biotechnology Conference and Exhibition in San Diego, California, USA, the premier annual international event in biotechnology, and attended meetings with personnel from research and technology transfer agencies.

Chris Horsburgh, Trade Development Officer (Guam)

Identified export opportunities associated with the Cairns-based Australian Tropical Foods and Mareeba-based Tableland marketing groups, facilitated discussions between potential importers in Guam and a Queensland food company, and achieved trade outcomes.

Pauline Peterson, Research Scientist (Vietnam)

Enhanced DPI's capability in the areas of innovative science and technology and trade and export development. The AUSAID project to expand fruit fly treatment development and quarantine training capability in Vietnam is complementary to a current Australian Centre for International Agricultural Research project.

Statutory bodies associated with DPI

Body ¹	Body corporate, corporation, 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 'Notes'
Banana Industry Protection Board	Instrumentality	<i>Banana Industry Protection Act 1989</i>	Included in this appendix under 'Notes'
Brisbane Market Corporation	Corporation	<i>Government Owned Corporations Act 1993</i>	Annual Report to Parliament
Bureau of Sugar Experiment Stations	Body corporate	<i>Sugar Industry Act 1999</i>	Annual Report to Parliament
Cane production boards (23)	Instrumentalities	<i>Sugar Industry Act 1999</i>	Included in Annual Report of Sugar Industry Commissioner

Cane protection and productivity boards (19)	Bodies corporate	<i>Sugar Industry Act 1999</i>	Annual Report to Parliament
Chicken Meat Industry Committee	Instrumentality	<i>Chicken Meat Industry Committee Act 1976</i>	Annual Report to Parliament
Dairy Industry Tribunal	Instrumentality	<i>Dairy Industry Act 1993</i>	Included in Annual Report of Queensland Dairy Authority
Fisheries Tribunal	Instrumentality	<i>Fisheries Act 1994</i>	Included in this appendix under 'Notes'
Grain Research Foundation	Body corporate	<i>Grain Research Foundation Act 1976</i>	Annual Report to Parliament
Meat Industry Tribunal	Instrumentality	<i>Meat Industry Act 1993</i>	Included in Annual Report of Safe Food Production
Queensland			
Negotiating teams (25)	Instrumentalities	<i>Sugar Industry Act 1999</i>	Included in Annual Report of Queensland Sugar Corporation
Queensland Abattoir Corporation	Body corporate	<i>Meat Industry Act 1993</i>	Annual Report to Parliament
Queensland Dairy Authority	Body corporate	<i>Dairy Industry Act 1993</i>	Annual Report to Parliament
Queensland Sugar Corporation	Body corporate	<i>Sugar Industry Act 1999</i>	Annual Report to Parliament
Safe Food Production Queensland ²	Body corporate	<i>Food Production (Safety) Act 2000</i>	Annual Report to Parliament
Sugar Authority	Body corporate	<i>Sugar Industry Act 1999</i>	Annual Report to Parliament
Veterinary Surgeons Board of Queensland	Body corporate	<i>Veterinary Surgeons Act 1936</i>	Included in this appendix under 'Notes'
Veterinary Tribunal of Queensland	Instrumentality	<i>Veterinary Surgeons Act 1936</i>	Included in this appendix under 'Notes'

¹ Numbers in brackets () represent the number of individual statutory bodies in a particular class.

² Established by the *Food Production (Safety) Act 2000*, which also provided for the dissolution of the Queensland Livestock and Meat Authority.

Notes

Statutory bodies that do not submit a separate annual report, and are not included in the annual report of another body, 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 861 new commercial operator licences and 11 new pilot chemical rating licences; it renewed 4530 commercial operator licences and 106 pilot chemical rating licences. In addition, the board issued four new aerial distribution contractor licences, and renewed 48. The board also considered reports on the investigation of spray drift complaints and issued 18 statements to growers. It should be noted that there has been a change in DPI policy and, since 30 November 2000, the board has ceased to investigate allegations of spray drift and provide a statement to growers about possible causes. The revised policy does, however, provide for investigations if there is sound evidence that an offence under the *Agricultural Chemicals Distribution Control Act 1966* may have been committed and resulted in the alleged damage.

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 2000-2001, the board continued to ensure the enforcement of regulations governing the planting and movement of banana planting material, and sponsored research and development projects to control banana pests and diseases, including the management of and surveillance for banana black sigatoka in Queensland. Total expenditure from the banana industry fund was \$0.9 million.

Fisheries Tribunal

The tribunal is constituted under the *Fisheries Act 1994*. Its main purpose is to hear appeals lodged by people whose interests are adversely affected by an order, direction, requirement or other decision of the chief executive (of DPI) and who are dissatisfied with the decision. However, to be brought before the tribunal, an appeal must maintain that the decision was contrary to the Act, or was manifestly unfair, or will cause severe personal hardship to the appellant. During 2000-2001, 195 appeals against decisions of the chief executive were lodged. These appeals resulted in the following actions by the tribunal: one decision was confirmed; no decisions were set aside and a different decision substituted; 183 appeals were adjourned and not finalised by 30 June 2001; and 11 appeals were dismissed by consent.

Veterinary Surgeons Board of Queensland and Veterinary Tribunal of Queensland

The board is constituted under the *Veterinary Surgeons Act 1936* and acts in the public interest to ensure domestic and international consumer protection, and animal welfare, in the delivery of veterinary services. Providers of veterinary services are required to be appropriately qualified veterinary surgeons registered for practice in Queensland. Investigative and disciplinary processes ensure that registered veterinary surgeons are accountable for incompetent or negligent treatment of animals. In 2001, 1920 registered veterinarians are recorded on the Roll of Veterinary Surgeons of Queensland and 42 registered veterinary specialists are recorded on the Roll of Veterinary Specialists of Queensland. The board met on seven occasions 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 any professional misconduct charges referred by the Board.

Acts, regulations, plans, 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 and Veterinary) Control Act 1988*
- Chicken Meat Industry Committee Act 1976*
- Dairy Adjustment Program Agreement Act 1976*
- Dairy Adjustment Program Agreement Act 1977*
- Dairy Industry Act 1993*
- Diseases in Timber Act 1975*
- Exotic Diseases in Animals Act 1981*
- Fisheries Act 1994*
- Food Production (Safety) Act 2000*
- Forestry Act 1959 (as it relates to the responsibilities of the Minister for Primary Industries and Rural Communities)*
- Grain Industry (Restructuring) Act 1991*
- Grain Research Foundation Act 1976*
- Meat Industry Act 1993*
- Plant Protection Act 1989*
- Primary Industries Bodies Reform Act 1999*
- Rural Adjustment Authority Act 1994*
- Sawmills Licensing Act 1936*
- Stock Act 1915*
- Sugar Industry Act 1999*
- Timber Utilisation and Marketing Act 1987*
- Torres Strait Fisheries Act 1984*
- Veterinary Surgeons Act 1936*
- Wheat Marketing (Facilitation) Act 1989*

Regulations

- Agricultural Chemicals Distribution Control Regulation 1998*
- Agricultural Standards Regulation 1997*

Animals Protection Regulation 1991
Apiaries Regulation 1998
Banana Industry Protection Regulation 2000
Brands Regulation 1998
Chemical Usage (Agricultural and Veterinary) Control Regulation 1999
Dairy Industry Regulation 1993
Diseases in Timber Regulation 1997
Exotic Diseases in Animals Regulation 1998
Fisheries Regulation 1995
Forestry Regulation 1998
Forestry (State Forests) Regulation 1987
Grain Industry Regulation 1994
Meat Industry Regulation 1994
Plant Protection (Asparagus Rust) Quarantine Regulation 2000
Plant Protection (Bactrocera Philippinensis Introduction Prohibition) Regulation 1998
Plant Protection (Banana Black Sigatoka) Quarantine Regulation 1999
Plant Protection (Mango Leafhopper Introduction Prohibition) Regulation 1997
Plant Protection (Mango Leafhopper) Quarantine Regulation 1997
Plant Protection (Prescription of Pests) Regulation 1993
Plant Protection (Spiraling Whitefly) Regulation 1998
Plant Protection (Sugarcane Smut) Quarantine Regulation 1998
Plant Protection Regulation 1990
Rural Adjustment Authority Regulation 2000
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 1999
Timber Utilisation and Marketing Regulation 1998
Veterinary Surgeons Regulation 1991

Plans

Fisheries (East Coast Trawl) Management Plan 1999
Fisheries (Freshwater) Management Plan 1999
Fisheries (Gulf of Carpentaria Inshore Fin Fish) Management Plan 1999
Fisheries (Spanner Crab) Management Plan 1999

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 Game Meat for Human Consumption) Standard 1998

Meat Industry (Hygienic Production of Poultry Meat for Human Consumption) Standard 1998

Meat Industry (Hygienic Production of Rabbit Meat for Human Consumption) Standard 1998

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 1999

Stock (Camelidae) Order 1991

Acts repealed during 2000–2001

Fisheries Amendment Act 2001

Legislation enacted during 2000–2001

Fisheries Amendment Act 2001

Date of assent: 25 May 2001

Date of commencement: 25 May 2001

The Act amended the *Fisheries Act 1994* in a number of key aspects including:

- (i) expansion of the matters that may be dealt with by a management plan and of the range of management options available for inclusion in plans (including the suspension and cancellation of authorities;
- (ii) allowing for the leasing of authorities in the manner prescribed by regulation or management plan;
- (iii) clarifying the obligations of a person who takes or possesses a noxious or non-indigenous fish;
- (iv) strengthening the power to rehabilitate or restore land, waters, plants and waters or a declared fish habitat area that has been removed, damaged or destroyed; and
- (v) rectifying certain unintended anomalies in the allocation of Individual Transferable Quota (ITQ) under the Fisheries (Spanner Crab) Management Plan 1999.

Food Production (Safety) Act 2000

Date of assent: 25 October 2000

Date of commencement: 25 October 2000 (parts 5--8; part 12, division 1 not yet proclaimed into force)

The primary objective of the Act was to establish Safe Food Production Queensland (Safe Food), a regulatory statutory authority whose core objectives are to:

- ensure the production of primary produce is conducted in a way that renders it fit for human and animal consumption and maintains food quality; and
- develop food safety measures for the production of primary produce consistent with other State laws relating to food safety.

Under the Act, Safe Food has the functions of:

- managing and implementing food safety schemes for industry;
- accrediting the production of primary produce;
- managing the food safety auditing of primary produce production businesses; and
- accrediting auditors.

The Act also:

- makes a consequential amendment to the Meat Industry Act 1993 to allow a transitional period during which existing food safety standards under that Act will continue to apply. This will allow time for Safe Food to develop food safety schemes relating to meat;
- provides for the eventual repeal of the Meat Industry Act 1993;
- provides for the repeal of the Dairy Industry Act 1993 once food safety schemes covering dairy products are developed under this Act and the outcomes of dairy deregulation are clear.

Under this Act, the functions of the Queensland Livestock and Meat Authority under the *Meat Industry Act 1993* and the food safety functions of the Queensland Dairy Authority under the *Dairy Industry Act 1993* will be merged. Food safety programs for remaining high-risk sectors, in particular seafood, will also be developed.

The Health Department will be responsible, together with local government councils, for food safety not covered by this Act.

A C K N O W L E D G E M E N T S



Photographs of the Senior Executive Team, external members and DPI staff: Stefan Jannides Photography.

The dialogue chair was designed by Marc Harrison and manufactured by the Furniture Manufacturing Company of Australia (FMCA). Marc Harrison is a product and furniture designer. FMCA manufactures and markets contemporary Australian design. Visit their web site www.fmca.com.au

Photographs page 5, 12, 14, 15, 18, 19, 24, 26, 27, 31, 38, 39, 57, 77, 78, 81, 87 and 91 are provided courtesy of a Queensland Table, produced by the Agency for Food and Fibre Services.

Photographs page 2 are provided courtesy of Business Strategy Unit, Rural Industry Business Services.

Photographs page 44 are provided courtesy of Rural Market Development, Rural Industry Business Services.

Photographs page 32 are provided courtesy of Centre for Food Technology, Agency for Food and Fibre Services.

Sketches Skull, page 47, by Gayle Warpole, Rockhampton. This exhibit, an entry in the DPI Regional Art Award acquisition, was acquired by DPI. The inaugural DPI Regional Art Award was a partnership between DPI, Flying Arts Incorporated and the Logan Art Gallery.

C O N T A C T S

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80 Ann Street Brisbane Queensland
GPO Box 46 Brisbane 4001 Queensland
Australia
T + 61 7 3239 3111

DPI Call Centre
T 13 25 23

Queensland Government Agent Program
T 1800 803 788 (in rural Queensland)

DPI Regional Centres

PO Box 1085 Townsville
Queensland 4810 Australia
T 07 4722 2688

PO Box 519 Longreach
Queensland 4730 Australia
T 07 4658 4400

PO Box 5165 Nambour
Queensland 4560 Australia
T 07 5430 4911

PO Box 6014 Rockhampton Mail Centre
Queensland 4702 Australia
T 07 4963 0335

PO Box 102 Toowoomba
Queensland 4350 Australia
T 07 4688 1200

To get copies of the Annual Report

Copies of the Annual Report are available on request from:

DPI Information Centre
Primary Industries Building
80 Ann Street
Brisbane Q 4000

The report can also be accessed through the DPI home page on www.dpi.qld.gov.au

For further information about obtaining copies, please contact the DPI Call Centre on 13 25 23





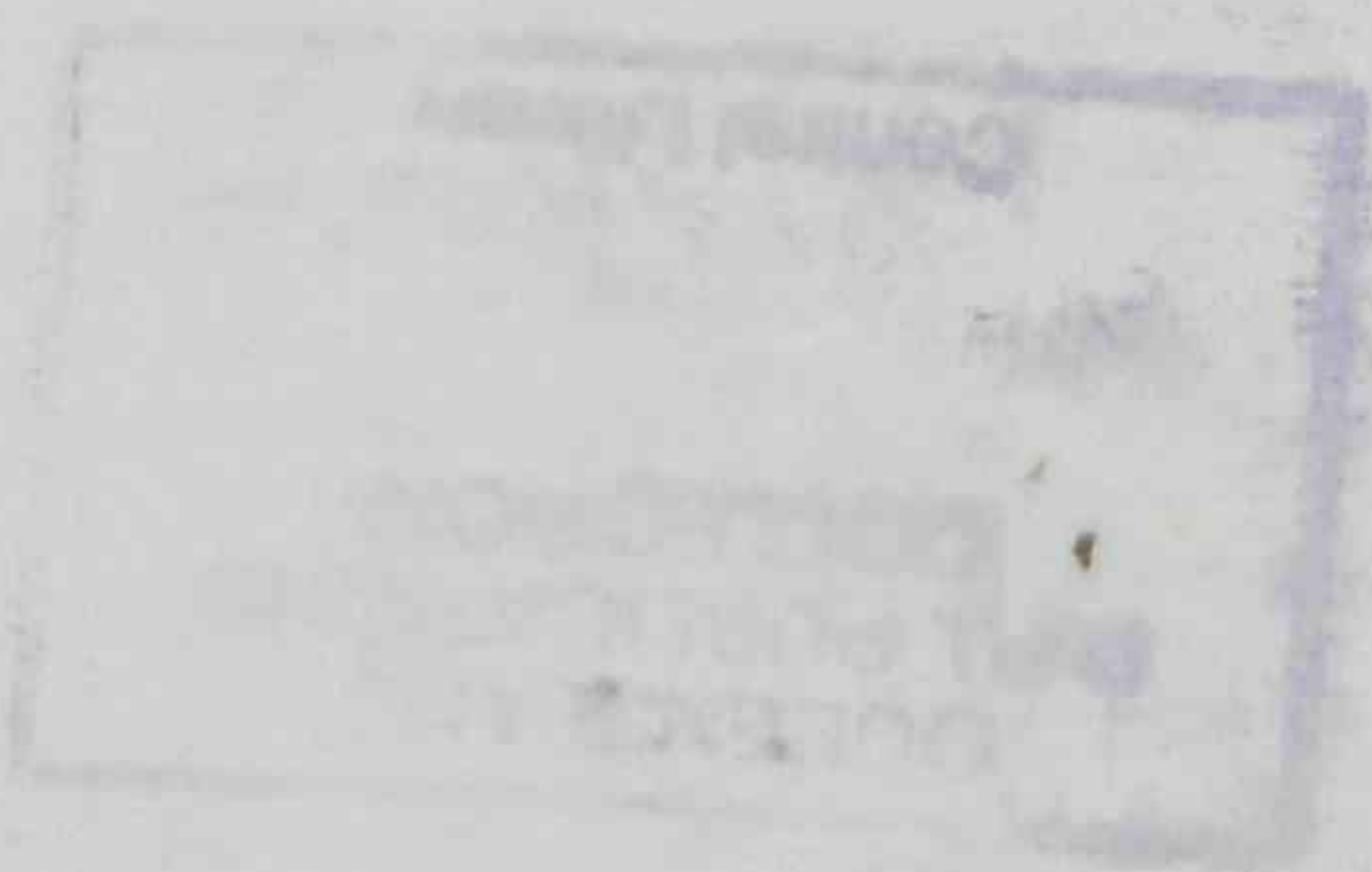
financials

DPI Financials 2

Appendix: DPI Forestry Financials 47



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Financial Statements for the Year Ended 30 June 2001

Page No.

Contents

Statement of Financial Performance	2
Statement of Financial Position	4
Statement of Cash Flows	6
Statement of Financial Performance by Outputs / Major Activities	8
Notes to and Forming Part of the Financial Statements	
1 Objectives of the Department	10
2 Summary of Significant Accounting Policies	10
3 Outputs / Major Activities of the Department	21
4 Reconciliation of Output Revenue to Payments from Consolidated Fund	23
5 User Charges, Taxes, Fees and Fines	23
6 Grants and Other Contributions Revenue	24
7 Royalties and Other Territorial Revenue	24
8 Net Increment in Valuation of SGARA's	24
9 Other Revenue	24
10 Employee Expenses	25
11 Supplies and Services	25
12 Depreciation and Amortisation Expenses	25
13 Grants and Subsidies	26
14 Equity Return	27
15 Other Expenses	27
16 Borrowing Costs	27
17 Restructuring of Administrative Arrangements	28
18 Cash	29
19 Receivables	29
20 Financial Assets	30
21 Inventories	30
22 Other Assets	30
23 Property, Plant and Equipment	31
24 Intangible Assets	33
25 Restricted Assets	33
26 Self-Generating and Regenerating Assets	33
27 Payables	34
28 Interest-Bearing Liabilities	34
29 Provisions	34
30 Other Liabilities	34
31 Equity	35
32 Reconciliation of Net Surplus / (Deficit) to Net Cash Provided by Operating Activities	36
33 Non-Cash Financing and Investing Activities	36
34 Commitments for Expenditure	37
35 Contingent Liabilities	38
36 Trust Transactions and Balances	39
37 Financial Instruments	40
38 Indicative Physical Quantities of SGARA's and Net Valuation Increment Recognised as Revenue	43
39 Financing Facilities	43
40 Tax Equivalents	43
41 Interest in Joint Ventures	44
Certificates	
Department of Primary Industries	45
Queensland Audit Office	46

STATEMENT OF FINANCIAL PERFORMANCE
for the Year Ended 30 June 2001

	Notes*	DPI Consolidated		DPI Parent Entity	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
REVENUES FROM ORDINARY ACTIVITIES					
Output Revenue	4	217,557	217,434	217,557	217,434
User Charges, Taxes, Fees and Fines	5	33,740	39,460	36,155	36,966
Grants and Other Contributions	6	41,172	36,240	41,149	33,938
Royalties and Other Territorial Revenue	7	15,054	80,120	887	500
Net Increment in Valuation of SGARA's	8	92,539	-	3,829	-
Other	9	9,405	4,638	7,928	4,743
Total Revenues from Ordinary Activities		409,467	377,892	307,505	293,581
EXPENSES FROM ORDINARY ACTIVITIES					
EXCLUDING BORROWING COSTS					
Employee Expenses	10	187,257	202,013	155,190	163,491
Supplies and Services	11	106,312	97,612	84,912	83,029
Depreciation and Amortisation	12	18,476	20,578	14,669	15,300
Grants and Subsidies	13	24,714	11,103	24,702	10,748
Equity Return	14	12,229	11,257	12,229	11,257
Other	15	16,276	13,414	14,834	12,196
Total Expenses from Ordinary Activities excluding Borrowing Costs		365,264	355,977	306,536	296,021
Borrowing Costs	16	4,731	4,855	11	82
SURPLUS / (DEFICIT) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		39,472	17,060	958	(2,522)
Income Tax Equivalents Expense Relating to Ordinary Activities	40	-	-	-	-
NET SURPLUS / (DEFICIT)	32	39,472	17,060	958	(2,522)
<i>Valuation Increment:</i>					
Asset Revaluation Reserve		1,082	1,056	1,032	908
Plantation Growing Timber Revaluation Reserve		-	31,665	-	-
<i>Increase / (Decrease) in Retained Surplus on:</i>					
Adoption of AAS 35		(167,241)	-	-	-
Adoption of AAS 29 Transitional Provisions		-	1,896	-	1,781
Net Amount of Each Revenue, Expense, Valuation or Other Adjustment not Disclosed Above, Recognised as a Direct Adjustment to Equity		(5)	-	(5)	-
Total Revenues, Expenses and Valuation Adjustments Recognised Directly in Equity		(166,164)	34,617	1,027	2,689
TOTAL CHANGE IN EQUITY, OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	31	(126,692)	51,677	1,985	167

* The accompanying Notes on Pages 10 - 44 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL PERFORMANCE (Continued)
for the Year Ended 30 June 2001

		DPI Consolidated		DPI Parent Entity	
		2001	2000	2001	2000
		\$'000	\$'000	\$'000	\$'000
EXPENSES AND REVENUES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT					
		Notes*			
REVENUES					
Administered Item Revenue	4	17,246	837	17,246	837
User Charges, Taxes, Fees and Fines	5	808	796	808	796
Other	9	601	640	601	640
Total Revenues		18,655	2,273	18,655	2,273
EXPENSES					
Grants and Subsidies	13	17,246	768	17,246	768
Total Expenses		17,246	768	17,246	768
Net Surplus Before Transfers to Government		1,409	1,505	1,409	1,505
Transfers of Revenue to Government		1,429	1,413	1,429	1,413
NET SURPLUS / (DEFICIT)	31	(20)	92	(20)	92

* The accompanying Notes on Pages 10 - 44 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION
as at 30 June 2001

	Notes*	DPI Consolidated		DPI Parent Entity	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
CURRENT ASSETS					
Cash	18	31,916	37,100	15,911	18,879
Receivables	19	30,946	20,932	17,281	6,458
Inventories	21	4,778	5,413	2,072	2,238
Other	22	1,378	2,675	1,276	2,493
Total Current Assets		69,018	66,120	36,540	30,068
NON-CURRENT ASSETS					
Receivables	19	283	329	-	-
Financial Assets	20	130	69	130	69
Inventories	21	59	62	59	62
Property, Plant and Equipment	23	234,727	260,681	194,076	192,317
Intangibles	24	4,415	4,546	4,326	4,444
Total Non-Current Assets		239,614	265,687	198,591	196,892
SELF-GENERATING AND REGENERATING ASSETS					
Plantation Growing Timber	26	897,761	1,012,617	-	-
Livestock	26	3,621	3,269	3,621	3,269
Total Self-Generating and Regenerating Assets		901,382	1,015,886	3,621	3,269
TOTAL ASSETS		1,210,014	1,347,693	238,752	230,229
CURRENT LIABILITIES					
Payables	27	12,333	10,275	8,595	6,500
Interest-Bearing Liabilities	28	12	300	12	300
Provisions	29	22,523	30,767	15,744	17,144
Other	30	13,676	12,103	13,474	11,328
Total Current Liabilities		48,544	53,445	37,825	35,272
NON-CURRENT LIABILITIES					
Interest-Bearing Liabilities	28	76,456	76,752	36	332
Total Non-Current Liabilities		76,456	76,752	36	332
TOTAL LIABILITIES		125,000	130,197	37,861	35,604
NET ASSETS		1,085,014	1,217,496	200,891	194,625
EQUITY					
Contributed Equity	31	35,975	37,951	34,732	30,451
Retained Surplus	31	1,011,332	1,092,481	159,239	160,133
Reserves:					
- Asset Revaluation Reserve	31	5,487	5,273	5,011	4,041
- SGARA's Unrealised Revenue Reserve	31	32,220	-	1,909	-
- Plantation Growing Timber Revaluation Reserve	31	-	81,791	-	-
TOTAL EQUITY		1,085,014	1,217,496	200,891	194,625

* The accompanying Notes on pages 10 - 44 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION (Continued)
as at 30 June 2001

		DPI Consolidated		DPI Parent Entity	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT					
	Notes*				
CURRENT ASSETS					
Cash	18	33	(47)	33	(47)
Receivables	19	54	145	54	145
Total Current Assets		87	98	87	98
NON-CURRENT ASSETS					
Receivables	19	16,220	-	16,220	-
Total Non-Current Assets		16,220	-	16,220	-
TOTAL ASSETS		16,307	98	16,307	98
CURRENT LIABILITIES					
Payables	27	21	13	21	13
Total Current Liabilities		21	13	21	13
TOTAL LIABILITIES		21	13	21	13
NET ASSETS		16,286	85	16,286	85
EQUITY					
Contributed Equity	31	16,220	-	16,220	-
Retained Surplus	31	66	85	66	85
TOTAL EQUITY		16,286	85	16,286	85

* The accompanying Notes on pages 10 - 44 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS
for the Year Ended 30 June 2001

	Notes*	DPI Consolidated		DPI Parent Entity	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Inflows:</i>					
Output Receipts		214,462	234,123	214,462	234,123
User Charges		109,353	123,424	30,353	36,420
Grants and Other Contributions		40,150	34,534	40,127	33,229
Dividends		7	-	7	-
Interest Received		2,053	435	914	-
GST Collected on Sales		11,989	8	5,346	6
GST Input Tax Credits Received		6,432	-	3,327	-
Other		4,750	10,647	3,776	8,462
<i>Outflows:</i>					
Employee Costs		(188,017)	(202,149)	(156,086)	(162,340)
Supplies and Services		(108,509)	(106,541)	(78,293)	(82,796)
Grants and Subsidies		(24,714)	(11,424)	(24,702)	(10,749)
Borrowing Costs		(4,734)	(3,785)	(11)	(82)
Equity Return		(12,229)	(11,257)	(12,229)	(11,257)
Tax Equivalents		(258)	(235)	-	-
GST Paid on Purchases		(11,836)	(181)	(8,608)	(176)
GST Remitted to ATO		(6,960)	-	(65)	-
Other		(9,430)	(11,777)	(9,277)	(11,415)
Net Cash Provided by Operating Activities	32	22,509	55,822	9,041	33,425
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Inflows:</i>					
Proceeds from Sale of Property, Plant and Equipment		1,595	1,159	824	710
Investments Redeemed		59	10	59	10
Loans and Advances Redeemed		3	27	3	27
<i>Outflows:</i>					
Payments for Property, Plant and Equipment		(19,346)	(24,759)	(12,891)	(17,929)
Net Cash Used in Investing Activities		(17,689)	(23,563)	(12,005)	(17,182)
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Inflows:</i>					
Equity Injections		-	1,515	-	1,515
<i>Outflows:</i>					
Repayment of Borrowings		(168)	(564)	(168)	(564)
Finance Lease Payments (Excluding Interest Component)		(11)	(90)	(11)	(90)
Dividends Paid		(10,000)	(4,633)	-	-
Equity Withdrawal		-	(1,377)	-	-
Net Cash Provided by / (Used in) Financing Activities		(10,179)	(5,149)	(179)	861
Net Increase / (Decrease) in Cash Held		(5,359)	27,110	(3,143)	17,104
Cash at the Beginning of the Financial Year		37,100	9,990	18,879	1,775
Adjustment to Opening Balance Cash (1)		175	-	175	-
Cash at the End of the Financial Year	18	31,916	37,100	15,911	18,879
Non-Cash Financing and Investing Activities	33				

(1) Adjustment resultant from Administrative Restructure and Machinery of Government Changes.

* The accompanying Notes on pages 10 - 44 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS (Continued)
for the Year Ended 30 June 2001

		DPI Consolidated		DPI Parent Entity	
		2001	2000	2001	2000
	Notes*	\$'000	\$'000	\$'000	\$'000
CASH FLOWS ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT					
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Inflows:</i>					
Administered Item Receipts		17,305	812	17,305	812
User Charges, Taxes, Fees and Fines		808	796	808	796
Royalties, Property Income and Other Territorial Revenue		7	594	7	594
Other		626	-	626	-
<i>Outflows:</i>					
Grants and Other Contributions		(17,255)	(836)	(17,255)	(836)
Transfers to Government		(1,411)	(1,413)	(1,411)	(1,413)
Net Cash Provided by / (Used in) Operating Activities		80	(47)	80	(47)
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Outflows:</i>					
Loans and Advances Made		(16,220)	-	(16,220)	-
Net Cash Used in Investing Activities		(16,220)	-	(16,220)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Inflows:</i>					
Equity Injections		16,220	-	16,220	-
Net Cash Provided by Financing Activities		16,220	-	16,220	-
Net Increase / (Decrease) in Cash Held		80	(47)	80	(47)
Cash at the Beginning of the Financial Year		(47)	-	(47)	-
Cash at the End of the Financial Year	18	33	(47)	33	(47)

* The accompanying Notes on pages 10 - 44 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL PERFORMANCE BY OUTPUTS / MAJOR ACTIVITIES (continued)
for the Year Ended 30 June 2001

OUTPUTS / MAJOR ACTIVITIES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT																		
	Food and Fibre Sciences and Innovation		Rural Community Development		Fisheries		Market Access and Development		Policy Analysis and Industry Development		Forestry Commercial		General - Not Attributed		Inter-Output Eliminations		Total	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
REVENUES																		
Administered Item Revenue	-	591	17,246	246	-	-	-	-	-	-	-	-	-	-	-	-	-	2000
User Charges, Taxes, Fees and Fines	121	241	-	-	101	16	537	538	49	1	-	-	-	-	-	-	-	837
Other	112	226	-	-	55	12	399	402	35	-	-	-	-	-	-	-	-	796
Total Revenues	233	1,058	17,246	246	156	28	936	940	84	1	-	-	-	-	-	-	-	2,273
EXPENSES																		
Grants and Subsidies	-	554	17,246	214	-	-	-	-	-	-	-	-	-	-	-	-	-	768
Total Expenses	-	554	17,246	214	-	-	-	-	-	-	-	-	-	-	-	-	-	768
Net Surplus Before Transfers to Government	233	504	-	32	156	28	936	940	84	1	-	-	-	-	-	-	-	1,505
Transfers of Revenue to Government	238	472	-	1	133	28	974	912	84	-	-	-	-	-	-	-	-	1,413
NET SURPLUS / (DEFICIT)	(5)	32	-	31	23	-	(38)	28	-	1	-	-	-	-	-	(20)	-	92

* The accompanying Notes on Pages 10 - 44 form an integral part of the Financial Statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the Year Ended 30 June 2001**

1. Objectives of the Department

The Department of Primary Industries (DPI) is driving growth and building the capacity for innovative food and fibre industries and confident communities in the rural sector.

To achieve this Vision, the Department is:

- Facilitating the development of food and fibre chains, as an aid to increase value-adding and export opportunities;
- Building Queensland's reputation to deliver environmentally friendly, ethically produced and safe food;
- Using research, development and extension to align food and fibre production, processing and marketing with consumer and community expectations;
- Safeguarding the harmony between food and fibre industries and natural resources;
- Facilitating the growth of Queensland's forest industries, in line with community expectations; and
- Increasing the capacity of rural communities to take up opportunities.

The Department is predominantly funded for the Outputs it delivers by Parliamentary Appropriations. It also provides the following services on a fee for service basis: sale of artificial breeding products, inspections, testing, contract research and development, advisory and consultancy services covering activities of primary industries, fisheries and forestry.

2. Summary of Significant Accounting Policies

The Significant Accounting Policies, which have been adopted in the preparation of the General Purpose Departmental Financial Statements, are:

2.1 Basis of Accounting

The Financial Statements are a General Purpose Financial Report and have been prepared in accordance with the *Financial Administration and Audit Act 1977*, the *Financial Management Standard 1997*, applicable Australian Accounting Standards, in particular Australian Accounting Standard (AAS) 29 "*Financial Reporting by Government Departments*", Statements of Accounting Concepts, Urgent Issues Group (UIG) Abstracts, the Treasurer's *Minimum Reporting Requirements for Departmental Financial Statements for 2000 - 2001* and other prescribed requirements.

The following new or revised Australian Accounting Standards became operative during the 2000 - 2001 year and have been adopted where relevant:

- AAS 1 *Statement of Financial Performance*;
- AAS 36 *Statement of Financial Position*; and
- AAS 37 *Financial Report Presentation and Disclosures*.

Except where otherwise stated, the Financial Statements have been prepared in accordance with the historical cost convention. The accounting policies adopted are generally consistent with those of the previous year except in respect of transfers of assets and liabilities between Entities wholly owned by the Queensland Government, that do not arise as a result of Machinery of Government changes. In the prior reporting period, these transfers have been recognised as items of Revenues or Expenses. In the current reporting period, these transfers have been recognised as direct adjustments to Contributed Equity, in accordance with the concepts contained in UIG Abstract 38 "*Contributions by Owners Made to Wholly Owned Public Sector Entities*".

The accrual basis of accounting has been adopted for both Controlled transactions and balances, and those Administered on a Whole of Government basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

2. Summary of Significant Accounting Policies (continued)

2.2 The Reporting Entity

The Financial Statements include all Assets, Liabilities, Equities, Revenues and Expenses of the Department, including DPI Forestry. 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.

In order to provide enhanced disclosure, the Department has adopted the principles outlined in Australian Accounting Standard (AAS) 24 "Consolidated Financial Reports". This approach is considered appropriate as it reflects the relationship between the Department's core business activities and those of its Commercial Business Group, DPI Forestry. In this context, the core activities of the Department are indicated in these Financial Statements as the DPI Parent Entity, while consolidated results provide information in relation to the whole of the Department, including DPI Forestry.

In the process of reporting on the Department as a single Economic Entity, all transactions and balances between the DPI Parent Entity and DPI Forestry have been eliminated in full. Except where otherwise stated, DPI Forestry and the remainder of the Department employed consistent Accounting Policies in the preparation and presentation of these Financial Statements.

2.2.1 Transactions and Balances Administered on a Whole-of-Government Basis

The Department administers, but does not control, certain resources on behalf of the Government as a whole. It is accountable for the transactions involving such administered resources, but does not have the discretion to deploy these resources for the achievement of the Department's objectives. Transactions and balances relating to Administered Resources are not recognised as Departmental Revenues, Expenses, Assets or Liabilities, but are disclosed separately in the shaded Administered Statements and associated Notes.

2.2.2 Trust Transactions and Balances

The Department administers transactions and balances, representing Security Deposits and Other Agency Collections, in a trust or fiduciary capacity, as set out in Note 36. As the Department performs only a custodial role in respect of these transactions and balances, they are not recognised as Departmental Revenues, Expenses, Assets or Liabilities, and are disclosed in the Financial Statements by way of Note only.

2.3 Grants, Benefits and Contributions

Grants, Donations, Gifts and other non-reciprocal Contributions and Benefits are recognised as Revenues when the Department obtains control over the assets comprising the contributions. Control is normally obtained upon the receipt of these assets.

Where non-reciprocal Contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, they are reported as Unearned Revenue. (Refer Note 30.) Where Grants are received that are reciprocal in nature, Revenue is accrued over the term of the funding arrangements.

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

2.4 User Charges, Taxes, Fees and Fines

User Charges, Taxes, 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

2. Summary of Significant Accounting Policies (continued)

2.4 User Charges, Taxes, Fees and Fines (continued)

User Charges, Taxes, Fees and Fines collected by the Department, but not controlled by it, are not recognised as Departmental revenues, but are reported as revenues Administered on behalf of the Whole of Government and disclosed separately in the shaded Administered Statements and associated Notes.

2.5 Output Revenue / Administered Item Revenue

Appropriation payments to the Department were based on the value of the Outputs that it delivered in the year.

Amounts appropriated to the Department for transfer to other Entities in accordance with legislation or other requirements, are not controlled by the Department, and such amounts are reported as Administered Revenues and Expenses.

2.6 Cash

For financial reporting purposes, cash includes cash on hand comprising petty cash, postage and change imprest balances, cash at bank, cash and cheques receipted but not banked, and similar financial assets, which are readily convertible to cash, and are used in the day to day cash management function of the Department.

2.7 Receivables

Receivables are recognised at the amount due to the Department at the time of sale of goods or service delivery. The collectability of receivables is periodically assessed with adequate provision being made for doubtful debts. All known bad debts have been written off. Receivables are reported net of any doubtful debts. The settlement term for trade debtors is generally 30 days, while loans and advances range from seven days to one year.

2.8 Financial Assets

Financial Assets are brought to account at the lower of cost and net recoverable amount. Dividend income is recognised when received. Financial Assets are also disclosed at their Fair Values in Note 37.

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. Costs are assigned based on the First-In-First-Out (FIFO) method. The carrying amounts of Inventories are disclosed in Note 21.

2.9.1 Change in Accounting Policy

Prior to the current financial year, Nursery Seedlings held for resale were reported as Inventories. In terms of AAS 35 "*Self-Generating and Regenerating Assets*", which was implemented during the current financial year, Nursery Seedlings are now accounted for as a Self Generating and Regenerating Asset. (Refer Note 2.10.)

2.10 Self-Generating and Regenerating Assets

Self-Generating and Regenerating Assets (SGARA's) are defined as non-human living assets, such as Plantation Growing Timber and Livestock, which are accounted for in DPI Accounts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

2. Summary of Significant Accounting Policies (continued)

2.10 Self-Generating and Regenerating Assets (continued)

2.10.1 Change in Accounting Policy

With the adoption of AAS 35 from 1 July 2000, DPI Forestry has adopted Net Market Value (NMV) for the valuation of its assets under this category. NMV is the amount that could be expected to be received from the disposal of an asset in an active and liquid market after deducting the costs expected to be incurred in realising the proceeds of such a disposal. Previously, Plantation Growing Timber was valued at Net Realisable Value (NRV), and the change in methodology has resulted in a write down at 1 July 2000 of \$145.167 million, which has been adjusted against Retained Surplus.

As there is no observable active and liquid market for DPI Forestry's Plantation and Native Forest assets, DPI Forestry has, in accordance with the provisions of AAS 35, adopted the Net Present Value (NPV) methodology, as the most appropriate alternative for estimating the NMV of its SGARA's.

A significant effect of using the NPV methodology is that certain costs previously capitalised and recognised as assets by DPI Forestry are now accounted for as cash outflows in determining the SGARA's value and hence are now included as expenses in the Statement of Financial Performance in the period incurred. The most significant of these items is Minor Roads which, immediately prior to the adoption of AAS35, had a written down value of \$21.928 million. This amount was eliminated through an adjustment to Retained Surplus. (Refer Notes 23.4 and 31.)

2.10.2 Plantation Growing Timber

DPI Forestry's Plantation Growing Timber resources comprise principally exotic and native pine species distributed along the eastern seaboard of Queensland, with the majority located in South East Queensland.

All current stands of Plantation Growing Timber have been included in the valuation with the exception of:

- plantings of minor species, which previous marketing experience suggests are likely to be unmerchantable, or have a value, which is considered to be unreliable;
- areas subject to experimental treatments, which previous marketing experience suggests are likely to be unmerchantable, or have a value, which is considered to be unreliable;
- small, fragmented plantation areas likely to be unmerchantable, or have a value, which is considered to be unreliable; and
- hardwood plantations of merchantable and unmerchantable age, which are immaterial to the valuation.

2.10.3 Livestock

Livestock is valued at NMV. Livestock held by the Department meets the definition of SGARA's. Although, DPI SGARA's are not held primarily for profit, but rather for research, the Management of the Department believes that the application of AAS 35 is appropriate.

2.10.4 Native Forests

DPI Forestry's asset in State-owned Native Forests is its right to harvest forest products from certain forest areas on a sustained yield basis in accordance with section 33(1) of the *Forestry Act 1959*. Current cash flows associated with these Native Forest products have been examined and on the basis of this information the net value of DPI Forestry's access rights are considered to be immaterial at this point in time. Accordingly the value of access rights to Native Forest products has not been recognised in the Statement of Financial Position. This position will be re-assessed annually, but is not expected to change.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

2. Summary of Significant Accounting Policies (continued)

2.10 Self-Generating and Regenerating Assets (continued)

2.10.4 Native Forests (continued)

Restrictions on Native Forest Operations

As a consequence of the signing of the South East Queensland Forest Agreement (SEQFA), DPI Forestry has secured access to a defined quantity of wood from native forests in South East Queensland (SEQ) for a period of 25 years expiring on 31 December 2024. All harvesting of native forests in SEQ will cease after this date.

Reliability of volumes and prices for Cypress forest resources extends only for 5 years. Uncertainty in relation to future harvesting guidelines and limited resource information would restrict the reliability of any asset valuation undertaken.

A review process is currently proceeding to assess 'Other Native Hardwood' resources in areas of South, Central and Western Queensland to identify volume and supply issues associated with the resources and their locations.

2.10.5 Other Self-Generating and Regenerating Assets

The SGARA assets represented by Tree Seed Orchards, Tree Hedges and Nursery Seedlings have been assessed and, on the basis that these assets are not material in the context of financial reporting by DPI Forestry, they have not been recognised. This position will be re-assessed annually.

2.10.6 Valuation of SGARA's

The NPV Methodology

NPV is calculated as the net of the future cash inflows and outflows associated with forest production activities discounted back to current values at the specified Weighted Average Cost of Capital (WACC).

Under the NPV methodology, valuation 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;
- changes in forest production costs; and
- changes in the discount rate used in the discounted cash flow calculation.

Assumptions underpinning the NPV calculation are:

- Forest valuations are based on the expected volumes of merchantable timber that will be realised from existing stands, given current management strategies and stand recovery rates.
- Only the current crop is valued. The cash flow analysis is based on the anticipated timing of the harvest of existing stands, which has been derived from harvest plans developed for the entire estate. These harvest plans incorporate estimated sale quantities by product, (sawlog and pulp log), recognising potential and roll-over sale opportunities.
- The estimated cost of growing the existing stand until maturity is taken to account in determining the net cash flows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

2. Summary of Significant Accounting Policies (continued)

2.10 Self-Generating and Regenerating Assets (continued)

2.10.6 Valuation of SGARA's (continued)

- Prices used in the NPV calculation are based on current selling prices at balance date unless market intelligence indicates that such prices are not indicative of future trends. These prices are generally determined via a market based 'closed tender' process. In this regard the demand for log timber is derived from the demand for sawn timber.

Factors, which influence the prices paid for log timber over time include:

- sawn timber prices, competitive product prices and international timber prices;
- dwelling approvals, additions and alterations;
- housing loan interest rates; and
- average weekly earnings.

The impact of these and other factors upon log prices in the future cannot be reliably determined. Therefore, current prices have been used as the best estimation of future prices.

- 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.
- Costs used in the NPV analysis are three-year rolling average actual costs for individual plantation operations, where inflation is adjusted to the current period.

Three-year averages are used for costs to eliminate significant annual variations, which arise as a consequence of:

- changes in plantation topography, weed spectrums and weather conditions; and
- changes in the scale of various operations each year, eg pruning, tending and thinning.

Future movements in costs are influenced by a range of factors, including efficiency improvements in DPI Forestry operations, changes in management regimes linked to market factors, and changes in wages and other input costs linked to general economic conditions. The impact of these factors cannot be reliably determined and hence, it is assumed that current three-year rolling average costs are the best indicator of future costs.

- Notional costs, particularly imputed land usage charges relating to State-Owned Plantation Land, which DPI Forestry currently accesses at no charge, have not been included in the calculation. (Refer Note 23.)
- All costs incurred in developing and managing the trees in forests are recognised as an expense when incurred, except for the construction and upgrade of permanent multi-functional roads, which are capitalised and reported separately from the SGARA's.
- All prices and costs are expressed in current (constant dollar) terms. Real discount rates (net of inflation) are also employed in the analysis in conjunction with these constant dollar prices and costs. Such an approach effectively assumes that both prices and costs will rise over time in line with inflation.
- The discount rate used is based on the WACC formula in conjunction with the Capital Asset Pricing Model. The discount rate is expressed in real terms, before income tax, and has been set with reference to benchmarked forestry industry risk margins relative to overall market risk margins.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

2. Summary of Significant Accounting Policies (continued)

2.10 Self-Generating and Regenerating Assets (continued)

2.10.6 Valuation of SGARA's (continued)

Source of Valuation of Plantation Growing Timber

The net market valuation (based on NPV) of the Plantation Growing Timber has been prepared by appropriately qualified staff employed by DPI Forestry using advanced modelling techniques/methods. The NPV calculations utilised for the forest valuation are underpinned by a computerised plantation decision support system. The centrepiece of this decision support system is a linear programming model used by DPI Forestry to predict and control the level of wood removals and sales to industry. The functionality of the model has been progressively extended and refined over time via the addition of price and cost data to allow a range of economic and financial analyses to be conducted. This includes the calculation of the forest value using the NPV, or discounted future cash flow concept.

The growth and yield modelling capability of the system has been reviewed by an independent expert [Dr. Gerry Leach, Dip For., M.Sc., Ph.D. (1997)] who found the valuation system, including the growth and yield modelling components, to be '*robust, complete, coherent and consistent, and in line with best practice*'. Results derived from the system are extensively tested on an on-going basis by appropriately qualified DPI Forestry personnel.

2.11 Reserving Policy for Unrealised Revenue

A Reserve Account has been created to set aside amounts of unrealised revenue brought to Account through the Statement of Financial Performance. DPI and DPI Forestry revalue their SGARA's annually, and recognise the change in NPV as revenue or expense in the Statement of Financial Performance, in accordance with the treatment required by AAS 35. Unrealised revenues are transferred to the SGARA's Unrealised Revenue Reserve until the revenue is realised (through sales). The Reserve is adjusted annually for the net movement in unrealised revenue and the realisation of prior periods' revenue through current year sales.

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 Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled and/or administered by the Department, unless these have been received as a result of an administrative restructure. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees.

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

2.14 Property, Plant and Equipment

All items of property, plant and equipment (excluding computers) with a cost, or other value, of \$2,000 or greater, are recognised in the year of acquisition, except for DPI Forestry, which applies an asset recognition threshold of \$1,000. The asset recognition threshold for Computers is \$1,000. All other items with a cost, or other value, less than the asset recognition thresholds, are expensed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

2. Summary of Significant Accounting Policies (continued)

2.14 Property, Plant and Equipment (continued)

Items, or components, which form an integral part of an asset, are recognised as a single asset (functional asset unit). The recognition threshold is applied to the aggregate cost, or other value, of each functional asset unit. Capital Works in Progress represent costs incurred in respect of assets under construction.

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 and Mines (DNR&M). While DNR&M retains control over this Land, DPI Forestry is granted access free of charge to carry out its operations, in accordance with the *Forestry Act 1959*. Only Land controlled by DPI Forestry has been brought to Account in the Statement of Financial Position. This Land includes specified Freehold and Crown Land parcels held for operational purposes.

2.14.1 Change in Accounting Policy

During 2000 – 2001, the Department, excluding DPI Forestry, increased its threshold for the recognition of Property, Plant and Equipment, (excluding computers), from \$1,000 to \$2,000. The financial effect of the change is \$2.045 million, which has been recognised as an expense in the Statement of Financial Performance. For DPI Forestry, the asset recognition threshold was increased from \$500 to \$1,000 and the financial effect of this change, as recognised in the Statement of Financial Performance, is \$0.573 million expense.

2.15 Leasehold Improvements

Leasehold Improvements with a cost, or other value, of \$2,000 or greater, are recognised as assets, except for DPI Forestry, which applies an asset recognition threshold of \$1,000. All other Leasehold Improvement items with a cost, or other value less than the asset recognition threshold, are expensed.

In 2000 - 2001, the Department recognised a number of Leasehold Improvements not previously capitalised, in accordance with the change in Accounting Policy adopted in 1999 - 2000. These assets were valued at cost. The net (amortised) carrying value of the newly recognised Leasehold Improvements was \$1.886 million, and was recognised in the Statement of Financial Performance as Other Revenue.

2.16 Intangible Assets

All Intangible Assets with a cost, or other value, greater than \$50,000 are recognised as assets. Items with a lesser value are expensed. Each Intangible Asset is amortised over its estimated useful life.

The carrying values of Intangible Assets recognised in the Financial Statements are reviewed annually by management, to determine whether they are still appropriate.

The Department records Intangible Assets at gross valuation, less amortisation, and for that purpose recognises the gross value as the lower of historical cost, and either gross replacement cost (for items valued predominantly for their income stream), or the capitalised value of any identifiable net future income stream.

2.17 Amortisation and Depreciation

Property, plant and equipment, other than land, are depreciated at rates based on their estimated economic lives, using the straight line method, so as to write off the cost, or other value, of each depreciable asset, less its residual value, progressively over its estimated useful life. Work-in-Progress is not depreciated until the resultant asset reaches service delivery capacity.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the carrying value of the asset is depreciated over its remaining useful life.

The depreciable amount of improvements to, or on, a leasehold property is allocated progressively over the estimated useful lives of the improvements, or the unexpired period of the lease, whichever is shorter.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

2. Summary of Significant Accounting Policies (continued)

2.17 Amortisation and Depreciation (continued)

For each class of depreciable assets, the following average estimated useful lives were applied:

Asset Class	Average Estimated Useful Life in Years
Land Improvements	30
Buildings	40
Access Roads	34
Leased Equipment	5
Plant and Equipment:	
- Computer Equipment	3
- Motor Vehicles	5
- Scientific Equipment	13
- Other Equipment	9
Leasehold Improvements	10
Computer software	6

2.18 Revaluation of Non-Current Physical Assets

Non-Current Physical Assets are valued on the deprival basis, in accordance with the *Financial Management Standard 1997* and the Queensland Treasury's Guidelines "*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 the Department was deprived of the future economic benefits of these assets at the reporting date. It is contrasted to the financial or proprietary approach, that values an entity's assets on a net worth basis from the owners' perspective.

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. Comprehensive Revaluations of these assets are performed at five-year intervals on a rolling basis. Annual indexations, (Interim Valuations), are performed between the Comprehensive Revaluations.

For the purpose of revaluation of Non-Current Physical Assets, the Department established the following revaluation thresholds by Class of Assets:

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

An election has been made to continue to use deprival value as the basis of valuation until 30 June 2001. However, from 1 July 2001 some Non-Current Physical Assets will be revalued using fair value principles, in accordance with AAS 38 "*Revaluation of Non-Current Assets*". In accordance with Queensland Treasury's guidelines '*Non-Current Asset Accounting Guidelines for the Queensland Public Sector*', all Classes of Assets other than Land, Buildings, Infrastructure and Heritage and Cultural Assets will be recorded on a cost basis, at the carrying amount of the asset as at 30 June 2001.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

2. Summary of Significant Accounting Policies (continued)

2.19 Leases

A distinction is made in the Financial Statements 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 Statement of Financial Performance in the period in which they are incurred.

Disclosure of Finance and Non-Cancellable Operating Lease commitments, GST inclusive, is made in Note 34.

2.20 Library Materials

Purchases of library materials are expensed as incurred.

2.21 Insurance

In accordance with the Queensland Treasurer's Policy "*Guidelines on Risk Management and Insurance*", the Department's assets are not insured, and losses are treated as an expense as they are incurred. Workers' compensation insurance premiums are paid to WorkCover Queensland. In certain research activity circumstances, where insurance of such activities is required by legislation, or an agreement for provision of such specific services exists, insurance premiums are paid to specific insurance providers, with a prior approval granted by the Treasurer, in accordance with the Policy Guidelines.

2.22 Payables

Payables are recognised at the amount to be paid in the future for goods and services received by the Department on or before the end of the reporting period.

2.23 Interest-Bearing Liabilities

Borrowings are recognised at Book Value, with interest expense recognised when accrued. Such Liabilities are also disclosed at their fair value in Note 37.

2.24 Dividends

Dividends are recognised when declared by DPI Forestry, and are payable to the Queensland Government.

2.25 Employee Entitlements

Employee entitlements relate to amounts expected to be paid to employees for accrued Recreation 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 in the Statement of Financial Position.

2.25.1 Wages and Salaries, Annual Leave and Sick Leave

Liabilities for Wages, Salaries and Annual Leave are recognised in the Statement of Financial Position, 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 these 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 2001

2. Summary of Significant Accounting Policies (continued)

2.25 Employee Entitlements (continued)

2.25.2 Long Service Leave

In 1999 - 2000, a new centralised Long Service Leave Scheme administered by the Government Superannuation Office, became operative, whereby a levy is made on the Department to cover this expense and amounts paid to employees for Long Service Leave are claimed from the Scheme as a reimbursement. Accordingly, a Provision for Long Service Leave is no longer recognised.

2.25.3 Superannuation

Employer contributions for Superannuation expenses are determined by the Queensland State Actuary, and are expensed as incurred. No liability is recognised for accruing Superannuation benefits, as this liability is held on a Whole of Government basis, and reported in the Whole of Government Financial Statements prepared in accordance with AAS 31 "Financial Reporting by Governments".

2.26 Taxation

The Department's activities are exempt from all forms of Commonwealth taxation, except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). As such, Input Tax Credits Receivable and GST Payable, from / to the Australian Tax Office, have been recognised and accrued.

Agreements have been reached with Queensland Treasury for DPI Forestry, as a Commercialised Business Unit of the Department, to pay an Income Tax Equivalent in accordance with the requirements of the *Queensland Government Tax Equivalents Regime*.

Pursuant to Australian Accounting Standard (AAS 3) "Income Taxes", Income Tax Equivalents expense is calculated on the Operating Profit after adjusting for permanent differences between taxable and accounting income.

The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the Statement of Financial Position as a Future Income Tax Equivalents Benefit, or a Provision for Deferred Income Tax Equivalents. Future Income Tax Equivalents Benefits are not brought to Account, unless realisation of the benefits is virtually certain.

The Company Tax Rate will change from 34% to 30% for the year ending 30 June 2002. Consequently, for the year ended 30 June 2001, Income Tax Equivalents Expense is calculated at 34% and Deferred Tax Equivalent Assets and Liabilities are restated to 30%.

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.

2.27 Resources Received Free of Charge or for Nominal Value

Resources received free of charge, or for nominal value, which the Department would otherwise have purchased, are recognised as equal amounts of revenues and expenses or assets, as appropriate, but only where they can be reliably measured.

2.28 Allocation of Overheads to Departmental Activities

The Department has the necessary information systems to allocate overhead items to Outputs / Activities. This is reflected in the Statements of Outputs / Major Activities. The revenues and expenses of the Department's Corporate Services are allocated to Outputs / Activities on a cost recovery basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

2. Summary of Significant Accounting Policies (continued)

2.29 Joint Ventures

DPI Forestry 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. DPI Forestry's Interests in Joint Ventures are disclosed in Note 41.

2.30 Rounding

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

2.31 Comparative Amounts

Certain figures of the prior year have been restated in order to provide a valid comparison with the current year's disclosures.

2.32 Change in Accounting Policy

For 2000 – 2001, all non-reciprocal transfers of Assets and Liabilities between wholly-owned Queensland Government Entities are accounted for as adjustments to Contributed Equity, in accordance with UIG Abstract 38 "Contributions by Owners Made to Wholly Owned Public Sector Entities". In 1999 – 2000, non-reciprocal transfers of Assets and Liabilities between wholly-owned Queensland Government Entities, other than as a result of Machinery of Government changes, were accounted for as items of revenue and expense.

As the foregoing represents a change in Accounting Policy arising from the initial adoption of an Urgent Issues Group Consensus View, the cumulative financial effect of the change, as if the new Accounting Policy had always been applied, has not been calculated.

3. Outputs / Major Activities of the Department

Change in Outputs: Effective 1 July 2000, significant changes occurred within DPI. The result of these changes allowed the Department to refocus its Research and Development activities and to have a holistic approach to working with Regional Communities. The following Table demonstrates the relationship between the Outputs for 1999 - 2000 and 2000 - 2001.

<i>1999 - 2000 Outputs</i>	<i>2000 - 2001 Outputs</i>
Forestry Commercial	Forestry Commercial
Fisheries Industry Development	Fisheries
Policy and Legal Services	Policy Analysis and Industry Development
Agricultural Industry Development	
Food Technology Services	Food and Fibre Sciences and Innovation
Beef Industry Services	
Farming Systems Services	
Horticulture Industry Services	
Sheep and Wool Industry Services	
Animal and Plant Health Services	Market Access and Development
Rural Industry Business Services	
Access to Government, Information and Services	Rural Community Development

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

3. Outputs / Major Activities of the Department (continued)

The identity and purpose of each Output / Major Activity undertaken by the Department during the reporting period is summarised as follows:

3.1 Food and Fibre Sciences and Innovation

This Output's activities involve research, development, extension and information products aimed at improving the efficiency and sustainability of primary products and developing new products tailored to meet consumer demands.

3.2 Market Access and Development

This Output's activities involve delivering pest and disease surveillance, the prevention and control of exotic pest and disease incursions, minimising chemical usage, ensuring the safe and ethical production of agri-products, and developing and gaining access to new and expanded markets.

3.3 Rural Community Development

This Output's activities involve helping individuals and groups to manage global changes through initiatives that build the capacity of communities to identify and respond to opportunities as they arise.

3.4 Fisheries

This Output's activities involve research, development and management services to promote the sustainable development and competitiveness of Queensland's commercial and recreational fishing and aquaculture industries and protect the environment on which these industries depend.

3.5 Policy Analysis and Industry Development

This Output's activities involve implementing the priorities and legislative reform packages of the Queensland Government to promote effective and equitable Government intervention, thereby minimising impediments and ensuring internationally competitive and viable rural industry sectors and communities.

3.6 Forestry Commercial

This Output's activities aim to manage and market State-owned Plantation and Native Forest timber resources, quarry material resources, and other forestry-related services in a sustainable manner to earn commercial returns while observing the State Government's environmental policies.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

	DPI Consolidated		DPI Parent Entity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
4. Reconciliation to Payments from Consolidated Fund				
Output Revenue				
Budgeted Output Appropriation	219,379	219,469	219,379	219,469
Add: Transfers from Other Departments	-	2,597	-	2,597
Supplementary Appropriations	-	8,991	-	8,991
Transfers from Other Headings	-	3,066	-	3,066
Less: Lapsed Output Appropriation	(4,917)	-	(4,917)	-
Total Output Receipts	214,462	234,123	214,462	234,123
Less: Opening Balance of Output Revenue Receivable	-	(16,689)	-	(16,689)
Add: Closing Balance of Output Revenue Receivable	3,095	-	3,095	-
Output Revenue Recognised in the Statement of Financial Performance	217,557	217,434	217,557	217,434
Equity Adjustment				
Budgeted Equity Adjustment Appropriation	4,910	3,703	4,910	3,703
Less: Transfer to Other Departments	-	(2,188)	-	(2,188)
Lapsed Equity Adjustment Appropriation	(4,910)	-	(4,910)	-
Total Equity Adjustment Receipts	-	1,515	-	1,515
Less: Opening Balance of Equity Adjustment Receivable	-	(473)	-	(473)
Equity Adjustment Recognised in Contributed Equity (Refer Note 31.)	-	1,042	-	1,042

**ADMINISTERED ITEM REVENUE ADMINISTERED ON BEHALF
OF THE WHOLE OF GOVERNMENT**

Budgeted Administered Item Appropriation	19,969	1,670	19,969	1,670
Less: Lapsed Administered Adjustment Appropriation	(2,665)	-	(2,665)	-
Repayments of Incorrectly Paid Amounts	-	(858)	-	(858)
Total Receipts	17,304	812	17,304	812
Less: Opening Balance of Administered Item Receivable	(73)	(48)	(73)	(48)
Prior Year Adjustment	(1)	-	(1)	-
Add: Closing Balance of Administered Item Receivable	16	73	16	73
Administered Item Revenue Recognised in the Statement of Financial Performance	17,246	837	17,246	837
Equity Adjustment				
Budgeted Equity Adjustment Appropriation	16,220	-	16,220	-
Equity Adjustment Recognised in Contributed Equity (Refer Note 31.)	16,220	-	16,220	-

5. User Charges, Taxes, Fees and Fines

Fee for Service	16,631	30,259	19,339	24,000
Contract Services - DPI Forestry	-	-	766	4,112
Sale of Goods	10,339	8,027	9,628	8,050
Taxes, Fees and Fines	6,770	1,174	6,422	804
Total	33,740	39,460	36,155	36,966

**USER CHARGES, TAXES, FEES AND FINES ADMINISTERED ON BEHALF
OF THE WHOLE OF GOVERNMENT**

User Charges, Taxes, Fees and Fines

Taxes, Fees and Fines	808	796	808	796
Total	808	796	808	796

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

	DPI Consolidated		DPI Parent Entity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
6. Grants and Other Contributions Revenue				
Grants	7,999	7,995	7,999	6,830
Industry Contributions	32,207	25,919	32,207	25,919
Goods and Services Received Below Fair Value	647	1,604	645	467
Donated Non-Current Assets	298	722	298	722
Other	21	-	-	-
Total	41,172	36,240	41,149	33,938
7. Royalties and Other Territorial Revenue				
<i>Sales:</i>				
Quarry Materials	2,723	2,997	-	-
Plantation Timber	-	64,394	-	-
Native Forest Timber	10,449	9,901	-	-
Seeds and Seedlings	1,090	1,149	-	-
Other	792	1,679	887	500
Total	15,054	80,120	887	500
8. Net Increment in Valuation of SGARA's				
Livestock	3,829	-	3,829	-
Plantation Timber	88,710	-	-	-
Total	92,539	-	3,829	-
9. Other Revenue				
Increase in Value of Livestock	-	1,544	-	1,544
Interest	2,512	621	1,283	-
Gain on Sale of Property, Plant and Equipment	563	617	415	439
Rental Income	320	408	126	192
Assets Assumed / Liabilities Transferred (1)	-	371	-	286
Other	6,010	1,077	6,104	2,282
Total	9,405	4,638	7,928	4,743

(1) From 1 July 2000, Assets Assumed / Liabilities Transferred are adjusted against Contributed Equity. (Refer Notes 2.32 and 31.)

OTHER REVENUES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT				
Rental Income	601	640	601	640
Total	601	640	601	640

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

	DPI Consolidated		DPI Parent Entity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
10. Employee Expenses				
Wages and Salaries	142,763	151,432	118,193	122,137
Superannuation	17,622	20,060	14,908	16,577
Annual Leave	12,920	15,601	10,829	13,020
Long Service Leave Levy	2,293	2,249	1,921	1,817
Other	11,659	12,671	9,339	9,940
Total	187,257	202,013	155,190	163,491

Chief Executive Remuneration

The following salary band relates to the Chief Executive of the Department:

Level	Superannuable Salary (\$ per annum)	
	Min. \$	Max. \$
CEO2	156,327	177,133

In addition to this base superannuable salary, the Chief Executive is eligible for consideration of a performance bonus of up to 15%, subject to the Premier's assessment. The total bonus quantum paid to the Chief Executives of Departments is published in the Annual Report of the Office of Public Service Merit and Equity.

Number of Employees

The number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis.

3,263	3,731	2,604	2,923
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11. Supplies and Services

Consultants and Contractors	20,226	16,258	10,038	9,292
Contract Services - DPI Forestry	-	-	2,591	5,276
Motor Vehicle Expenses	14,023	13,623	11,334	10,963
Materials	10,269	10,402	8,446	8,736
Travel	8,096	8,362	7,476	7,377
Repairs and Maintenance	5,626	7,424	5,626	7,435
Electricity and Telephone	6,576	8,788	5,952	7,855
Computer Expenses	3,661	5,817	3,773	5,639
Forest Maintenance	2,076	1,653	-	-
Primary Production Costs	4,077	3,989	4,090	3,924
Legal Expenses	947	525	284	525
Service Delivery Costs	12,617	3,936	12,617	3,936
Other	18,118	16,835	12,685	12,071
Total	106,312	97,612	84,912	83,029

12. Depreciation and Amortisation Expenses

Depreciation and Amortisation Expenses for the Financial Year were incurred in respect of:

Land Improvements	795	795	655	631
Buildings	4,027	3,989	3,293	3,272
Access Roads	305	1,167	75	73
Plant and Equipment (1)	11,216	13,243	8,586	9,975
Intangibles	1,595	1,328	1,581	1,302
Leasehold Improvements	538	56	479	47
Total	18,476	20,578	14,669	15,300

(1) Included above is Amortisation of Plant and Equipment under Finance Lease of \$0.009 million, (\$0.121 million in 1999 - 2000).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

13. Grants and Subsidies

	Food & Fibre Sciences & Innovation		Rural Community Development		Fisheries		Market Access & Development		Policy Analysis & Industry Development		Forestry Commercial		Inter-Output Eliminations		Total	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Recurrent																
Agribusiness export quality assurance subsidy scheme	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Animal Welfare Organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Australian Centre for International Agricultural Research Projects (ACIAR)	237	864	-	-	-	-	132	197	-	-	-	-	-	-	132	197
Bureau of Sugar Experiment Stations (BSES)	-	3,800	10	24	-	127	-	13	-	-	-	-	-	-	178	197
Commonwealth Government Bodies & Authorities (incl CSIRO)	79	45	-	-	-	-	-	-	3,875	-	-	-	-	-	237	1,093
Co-operative and Joint Research Ventures	18	-	-	-	-	-	-	-	-	-	-	179	-	-	3,885	3,824
CRC Reef Research Centre	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79	224
Farm and Rural Financial Counsellor's Subsidies	-	-	239	263	-	-	-	-	-	-	-	-	-	-	18	-
Fish Stocking Associations and Societies	25	-	-	-	101	30	-	-	-	-	-	-	-	-	156	-
Fisheries Research & Development	-	-	-	-	530	349	-	-	-	-	-	-	-	-	239	263
Forest Industry Development Adjustment Package (QFIDAP)	-	-	-	-	-	-	-	1	-	-	-	-	-	-	126	30
Grain Research & Development	-	160	-	-	-	-	-	-	5	-	-	-	-	-	530	350
Landcare	1	80	3	-	-	-	-	-	-	-	-	-	-	-	5	-
Horticultural Research and Development	-	8	-	-	28	-	18	18	10	-	-	-	-	-	60	160
Investigation and Education Project Payments	1	-	3	-	-	-	145	183	-	-	-	-	-	-	80	80
Land and Water Resources Research	-	-	-	-	30	-	20	-	10	-	-	-	-	-	145	191
Queensland Fisheries Management Authority (QFMA)	-	-	-	76	-	-	-	-	-	-	-	-	-	-	64	-
Queensland Government Departments	20	151	-	428	-	1,930	-	-	-	-	-	-	-	-	76	-
Non Queensland Government Departments	51	-	-	-	1	48	-	-	34	-	-	-	-	-	1,930	-
QGAP	-	-	907	-	27	3	-	-	-	-	-	-	-	-	55	627
Queensland Commercial Fishermen's Organisation	-	-	-	-	4	-	-	-	-	-	-	-	-	-	27	54
Queensland Livestock and Meat Authority (QLMA)	-	550	-	-	-	-	350	-	-	-	-	-	-	-	907	-
Queensland Rural Adjustment Authority (East Coast Trawl Buy-Back)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-
Regional Drought Initiative	-	-	-	3	-	-	-	-	-	-	-	-	-	-	350	550
Safe Food Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000	-
Sunfish (Qld) Inc	-	-	-	-	-	-	1,320	-	-	-	-	-	-	-	3	-
Town, City and Shire Councils	-	-	2	-	210	170	-	-	-	-	-	-	-	-	1,320	-
Tuberculosis Freedom Assistance Program (TFAP)	-	-	-	-	15	14	3	-	97	-	12	-	-	-	210	170
Universities in Other States	-	-	-	-	50	-	5,363	100	-	-	-	-	-	-	129	14
Universities in Queensland	7	-	-	-	-	-	-	-	-	-	-	-	-	-	5,413	100
Other	41	188	2	12	2	5	1	1	-	-	-	79	-	-	79	79
	2	458	6	179	286	18	41	19	13	-	-	66	-	-	47	271
												132	-	-	348	705
Total Recurrent	431	6,355	1,172	1,074	11,440	2,694	7,571	513	4,045	-	12	456	-	(101)	24,671	10,991
Capital																
Australian Centre for International Agricultural Research Projects (ACIAR)	-	53	-	-	-	-	-	-	-	-	-	-	-	-	-	53
Cooperative and Joint Research Ventures	20	-	-	-	-	-	-	-	-	-	-	-	-	-	20	-
Grain Research & Development Corporation (GRDC)	-	39	-	-	-	-	-	-	-	-	-	-	-	-	-	39
Town, City and Shire Councils	-	-	8	-	-	-	-	-	-	-	-	-	-	-	8	-
QGAP	-	-	15	-	-	-	-	-	-	-	-	-	-	-	15	-
Queensland Government Departments	-	20	-	-	-	-	-	-	-	-	-	-	-	-	-	20
Total Capital	20	112	23	-	-	-	-	-	-	-	-	-	-	-	43	112
TOTAL	451	6,467	1,195	1,074	11,440	2,694	7,571	513	4,045	-	12	456	-	(101)	24,714	11,103

GRANTS AND SUBSIDIES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT

Drought Relief Freight Subsidy	-	-	500	214	-	-	-	-	-	-	-	-	-	-	-	500	214
Queensland Rural Adjustment Authority	-	-	16,746	-	-	-	-	-	-	-	-	-	-	-	-	16,746	-
Agribusiness Export Quality Assurance Subsidy Scheme (AEQAS)	-	554	-	-	-	-	-	-	-	-	-	-	-	-	-	-	554
TOTAL	-	554	17,246	214	-	-	-	-	-	-	-	-	-	-	-	17,246	768

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

	DPI Consolidated		DPI Parent Entity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
14. Equity Return				
An Equity Return rate of 6 percent has been set by the Government for 2000 - 2001. Queensland Treasury invoices the Department for this amount on a quarterly basis. The Return is calculated on a pro-rata daily basis using the Opening Net Asset position of the Department for each quarter, plus or minus Equity Injections or Withdrawals.				
	12,229	11,257	12,229	11,257

15. Other Expenses

Operating Leases	7,741	9,277	7,741	9,296
Audit Fees (Queensland Audit Office)	298	358	164	212
Licence Fees and Permits	243	174	205	119
Loss on Sale or Disposal of Property, Plant and Equipment	5,753	1,296	4,673	950
Doubtful Debts	487	(118)	538	(132)
Liabilities Assumed / Assets Transferred (1)	-	480	-	452
Miscellaneous Expenses	899	966	658	319
Losses:				
- Public Money	297	51	297	51
- Public Property	5	16	5	16
Special Payments :				
- Donations and Gifts	444	274	444	273
- Ex-Gratia Payments	109	640	109	640
Total	16,276	13,414	14,834	12,196

(1) From 1 July 2000, Assets Assumed / Liabilities Transferred are adjusted against Contributed Equity. (Refer Notes 2.32 and 31.)

16. Borrowing Costs

Interest	4,720	4,809	-	36
Finance Charges Relating to Finance Leases	11	46	11	46
	4,731	4,855	11	82

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

17. Restructuring of Administrative Arrangements

As a result of *Public Service Departmental Arrangements Notice (No. 1) 2000* dated 30 June 2000, the Corporate Services Agency (CSA) was transferred to the Department of Natural Resources and Mines (DNR&M). The Assets and Liabilities listed below were transferred to the DNR&M effective 1 July 2000.

The Department assumed the operational responsibilities for the Queensland Fisheries Management Authority (QFMA) as at 1 July 2000 in accordance with the *Primary Industries and Natural Resources Legislation Amendment Act 2000*. The Assets and Liabilities listed below were assumed by the Department on 1 July 2000.

	QFMA 2001 \$'000	CSA 2001 \$'000	TOTAL 2001 \$'000
ASSETS			
<i>Current Assets</i>			
Cash	136	759	(623)
Receivables	218	194	24
Inventories	-	94	(94)
Other Current Assets	-	50	(50)
Total Current Assets	354	1,097	(743)
<i>Non - Current Assets</i>			
Property, Plant and Equipment	710	2,861	(2,151)
Investments	733	-	733
Intangibles	-	363	(363)
Total Non-Current Assets	1,443	3,224	(1,781)
Total Assets	1,797	4,321	(2,524)
LIABILITIES			
<i>Current Liabilities</i>			
Payables	(209)	(667)	458
Provisions	(2,285)	(1,485)	(800)
Total Current Liabilities	(2,494)	(2,152)	(342)
<i>Non-Current Liabilities</i>			
Payables	-	(284)	284
Total Non-Currnt Liabilities	-	(284)	284
Total Liabilities	(2,494)	(2,436)	(58)
NET ASSETS / (LIABILITIES) (Refer Note 31.)	(697)	1,885	(2,582) (1)

(1) The Total represents the net effect on Contributed Equity as a result of the transfer out of CSA Assets and Liabilities and the assumption of Assets and Liabilities of QFMA.

On 1 July 2000, DPI Transferred certain Queensland Forestry Research Institute (QFRI) Assets and Liabilities, to the Agency for Food and Fibre Sciences (AFFS) within DPI. The net amount of this non-reciprocal transfer was \$6.253 million. (Refer Note 31.)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

	DPI Consolidated		DPI Parent Entity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
18. Cash				
Cash on Hand	135	173	106	139
Cash at Bank	31,781	36,927	15,805	18,740
Total	31,916	37,100	15,911	18,879

CASH ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT				
Cash at Bank	33	(47)	33	(47)
Total	33	(47)	33	(47)

19. Receivables

Current

Revenue Receivable from Treasury	3,095	-	3,095	-
Trade Debtors	21,120	17,835	10,193	5,571
Less: Provision for Doubtful Debts	(933)	(515)	(928)	(395)
	20,187	17,320	9,265	5,176
Loans and Advances	455	430	435	430
Less: Provision for Doubtful Debts	(4)	-	(4)	-
	451	430	431	430
Freehold Selection Debtors (1)	196	167	-	-
Less: Provision for Doubtful Debts	-	(3)	-	-
	196	164	-	-
GST Input Tax Credits Receivable	2,551	181	1,591	176
GST Payable	(2,169)	(8)	(1,009)	(6)
Net GST Receivable	382	173	582	170
Long Service Leave Reimbursements	600	736	543	563
Interest Receivable	643	186	367	-
Other Debtors	5,392	1,923	2,998	119
Total Current Receivables	30,946	20,932	17,281	6,458

Non-Current

Freehold Selection Debtors (1)	283	329	-	-
Total Non-Current Receivables	283	329	-	-

(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 and Mines.

RECEIVABLES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT				
Current				
Trade Debtors	38	72	38	72
Receivables from Treasury	16	73	16	73
Total	54	145	54	145
Non-Current				
Loans	16,220	-	16,220	-
Total	16,220	-	16,220	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

	DPI Consolidated		DPI Parent Entity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
20. Financial Assets				
Non-Current				
Shares and Units (1)	130	69	130	69

(1) Financial Assets comprise Equity in Primary Producer Co-operatives. The Net Fair Value is disclosed in Note 37.

21. Inventories

Current Inventories

Inventory Held for Sale:

Finished Goods	2,360	2,983	931	1,171
Work in Progress	-	113	-	-

Inventory not Held for Sale:

Raw Materials and Stores	2,418	2,317	1,141	1,067
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Total Current Inventories

	4,778	5,413	2,072	2,238
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Non-Current Inventories

Inventory Held for Sale:

Finished Goods	59	62	59	62
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Total Non-Current Inventories

	59	62	59	62
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22. Other Assets

Current

Prepayments	1,378	2,675	1,276	2,493
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Total

	1,378	2,675	1,276	2,493
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

	DPI Consolidated		DPI Parent Entity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
23. Property, Plant and Equipment				
Non-Current				
23.1 Land (1)				
At Cost (2)	3,172	1,015	455	355
At Independent Valuation 1996 (2)	40,421	40,598	39,508	39,513
At Independent Valuation 2000 (2)	3,135	3,135	-	-
Total Land	46,728	44,748	39,963	39,868
(1) 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 & Mines (DNR&M). While DNR&M retains control over this Land, DPI Forestry is granted access, free of charge, to carry out its operations in accordance with the <i>Forestry Act 1959</i> .				
(2) Only Land controlled by the Department has been brought to Account.				
23.2 Land improvements				
At Cost	4,386	3,714	2,635	2,237
At Independent Valuation 1995	1,686	1,699	54	-
At Independent Valuation 1996	10,134	10,480	10,134	10,480
At Independent Valuation 1997	346	347	4	4
At Management Valuation 1996	5	5	-	-
At Management Valuation 1997	47	56	36	42
At Management Valuation 1998	-	2	-	-
Accumulated Depreciation	(4,351)	(3,792)	(3,115)	(2,651)
Total Land Improvements - Net Book Value	12,253	12,511	9,748	10,112
23.3 Buildings				
At Cost	31,747	29,533	31,177	28,037
At Independent Valuation 1995	8,988	9,197	340	-
At Independent Valuation 1996	83,833	84,622	83,833	84,622
At Independent Valuation 2000	6,087	11,813	6,006	-
At Management Valuation 1996	18	18	18	18
At Management Valuation 1997	3	4	-	-
At Management Valuation 2000	7,058	-	-	-
Accumulated Depreciation	(21,716)	(18,580)	(16,521)	(12,443)
Total Buildings - Net Book Value	116,018	116,607	104,853	100,234
23.4 Access Roads				
At Cost	350	1,232	81	76
At Independent Valuation 1995	7,695	32,365	-	-
At Independent Valuation 1996	2,288	2,213	2,288	2,213
Accumulated Depreciation	(1,881)	(6,268)	(395)	(321)
Total Access Roads - Net Book Value	8,452	29,542	1,974	1,968
23.5 Computer Equipment				
At Cost	27,718	33,133	25,821	30,013
At Independent Valuation 1997	287	400	287	400
At Management Valuation 1996	8	16	8	16
At Management Valuation 1997	140	277	90	99
At Management Valuation 1998	5	18	5	14
Accumulated Depreciation	(21,314)	(25,528)	(20,067)	(23,478)
Total Computer Equipment - Net Book Value	6,844	8,316	6,144	7,064
23.6 Plant and Equipment				
At Cost	63,829	70,348	44,985	50,626
At Independent Valuation 1996	352	395	352	395
At Independent Valuation 1997	17,823	20,227	12,614	13,364
At Management Valuation 1996	4	4	4	4
At Management Valuation 1997	393	526	98	159
At Management Valuation 1998	75	109	-	10
Accumulated Depreciation	(46,546)	(50,040)	(34,022)	(36,321)
Total Plant and Equipment - Net Book Value	35,930	41,569	24,031	28,237

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

	DPI Consolidated		DPI Parent Entity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
23. Property, Plant and Equipment (continued)				
23.7 Leased Plant and Equipment				
At cost	64	771	64	771
Accumulated Amortisation	(23)	(342)	(23)	(342)
Total Leased Plant and Equipment - Net Book Value	41	429	41	429
23.8 Leasehold Improvements				
At cost	5,706	2,547	5,062	1,903
Accumulated Amortisation	(1,186)	(56)	(1,112)	(47)
Total Leasehold Improvements - Net Book Value	4,520	2,491	3,950	1,856
23.9 Capital Works in Progress				
At Cost	3,941	4,468	3,372	2,549
Total Property, Plant and Equipment - Net Book Value	234,727	260,681	194,076	192,317
Property, Plant and Equipment				
At Cost	140,913	146,761	113,652	116,567
At Independent Valuation 1995	18,369	43,261	394	-
At Independent Valuation 1996	137,028	138,308	136,115	137,223
At Independent Valuation 1997	18,456	20,974	12,905	13,768
At Independent Valuation 2000	9,222	14,948	6,006	-
At Management Valuation 1996	35	43	30	38
At Management Valuation 1997	583	863	224	300
At Management Valuation 1998	80	129	5	24
At Management Valuation 2000	7,058	-	-	-
Accumulated Depreciation and Amortisation	(97,017)	(104,606)	(75,255)	(75,603)
Total Property, Plant and Equipment - Net Book Value	234,727	260,681	194,076	192,317

23.10 Valuation of Property, Plant and Equipment

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

23.10.1 Land, Land Improvements, Buildings, and Access Roads

Land, Land Improvements, Buildings and Access Roads were valued as at 1 January 1995, 1 January 1996, 30 June 1997 and 30 June 2000 by the following independent expert valuers:

Australian Valuation Office

J F Mc Auliffe, 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.)

23.10.2 Plant and Equipment

Plant and Equipment assets with a historical or current replacement cost over \$50,000 were valued as at 30 June 1996 and 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 represent deprival value, in accordance with Queensland Treasury's Guidelines.

23.10.3 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 2.18) were carried out as at 30 June 2001.

23.11 Change of Asset Recognition Threshold

The Department changed its Asset Recognition Threshold from \$1,000 to \$2,000 during the financial year, with the exception of Computer Equipment, where the Threshold remains \$1,000. (Refer Note 2.14.)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

	DPI Consolidated		DPI Parent Entity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
24. Intangible Assets				
24.1 Computer Software				
At Cost	7,212	6,367	7,212	6,028
At Management Valuation	339	-	-	-
Accumulated Amortisation	(3,856)	(2,278)	(3,606)	(2,041)
Total Computer Software - Net Book Value	3,695	4,089	3,606	3,987
24.2 Capital Works in Progress				
At Cost	720	457	720	457
Total Intangible Assets - Net Book Value	4,415	4,546	4,326	4,444
25. 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:				
25.1 Current Restricted Assets				
Cash at Bank	5,666	7,714	5,666	7,714
Total Current Restricted Assets	5,666	7,714	5,666	7,714
(These Funds are restricted for use in specified research areas.)				
25.2 Property, Plant and Equipment				
At Cost	6,914	7,677	6,914	7,677
At Independent Valuation 1997	6,634	6,714	6,634	6,714
At Management Valuation 1997	6	6	6	6
Accumulated Depreciation	(5,191)	(5,725)	(5,191)	(5,725)
Total Property, Plant and Equipment - Net Book Value	8,363	8,672	8,363	8,672
(The control over these Assets is restricted. The Assets may only be used for specific purposes of the Projects funded by the External Funding Bodies.)				
Total Restricted Assets	14,029	16,386	14,029	16,386
26. Self-Generating and Regenerating Assets				
Livestock	3,621	3,269	3,621	3,269
Plantation Growing Timber				
Balance at the Beginning of the Financial Year	1,012,617	980,952	-	-
Adjustment at 1 July 2000 Upon Adoption of AAS 35	(145,167)	-	-	-
Valuation Increment for the Year, Net of Plantation Timber Sales	30,311	31,665	-	-
Balance at the End of the Financial Year	897,761	1,012,617	-	-
Total Self-Generating and Regenerating Assets	901,382	1,015,886	3,621	3,269

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
 for the Year Ended 30 June 2001

	DPI Consolidated		DPI Parent Entity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
27. Payables				
Current				
Trade Creditors	5,355	4,609	5,672	3,930
Accrued Salaries and Wages	484	299	77	71
Accrued Interest and Other Costs of Finance	1,460	1,466	-	3
Long Service Leave Levy Payable	582	580	489	467
Other	4,452	3,321	2,357	2,029
Total	12,333	10,275	8,595	6,500

PAYABLES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT
Current

Trade Creditors	21	13	21	13
Total	21	13	21	13

28. Interest-Bearing Liabilities
Current

Lease Liability (1)	12	132	12	132
QTC Borrowings	-	168	-	168
Total Current Interest-Bearing Liabilities	12	300	12	300

Non-Current

Lease Liability (1)	36	332	36	332
QTC Borrowings	76,420	76,420	-	-
Total Non-Current Interest-Bearing Liabilities	76,456	76,752	36	332

(1) Amounts are exclusive of GST. (Refer Note 34.)

29. Provisions
Current

Annual Leave	18,709	20,767	15,744	17,144
Provision for Dividend (1)	3,814	10,000	-	-
Total	22,523	30,767	15,744	17,144

Aggregate Employee Entitlements
Current

Annual Leave	18,709	20,767	15,744	17,144
Accrued Salaries and Wages (2)	484	299	77	71
Total	19,193	21,066	15,821	17,215

(1) The Dividend of \$3.814 million (\$10.000 million in 1999 - 2000) provided for, in respect of DPI Forestry, is payable to the Queensland Government.

(2) Accrued Salaries and Wages, including Employer Contributions for Superannuation Payable, are disclosed in the Financial Statements as Payables. (Refer Note 27.)

30. Other Liabilities
Current

Unearned Revenue (1)	13,676	12,103	13,474	11,328
Total	13,676	12,103	13,474	11,328

(1) Unearned Revenue represents funds provided by External Funding Bodies, where goods or services have not been provided as at reporting date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

	DPI Consolidated		DPI Parent Entity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
31. Equity				
Contributed Equity				
Balance at the Beginning of the Financial Year	37,951	-	30,451	-
Equity Injections	-	1,042	-	1,042
Adjustment due to Elimination of Opening Balance of Provision for Long Service Leave	-	36,912	-	29,412
Adjustment due to Elimination of Long Service Leave - QFMA	272	-	272	-
Administrative Restructure - Assets / Liabilities Assumed / Transferred (Refer Note 17.)	(2,582)	(3)	(2,582)	(3)
Other Assets / Liabilities Assumed / Transferred	334	-	6,591	-
Balance at the End of the Financial Year	35,975	37,951	34,732	30,451
Retained Surplus				
Balance at the Beginning of the Financial Year	1,092,481	1,082,773	160,133	160,841
Opening Balance Adjustments	(5)	1,896	(5)	1,781
Net Surplus / (Deficit)	39,472	17,060	958	(2,522)
Dividend Payable	(3,814)	(10,000)	-	-
Transfer from Asset Revaluation Reserve and Plantation Growing Timber Reserve due to adoption of AAS 35	82,583	-	-	-
Adjustment on adoption of AAS 35	(167,241)	-	-	-
Transfer between Reserves:				
Sale of Revalued Assets	76	752	62	33
Livestock Unrealised Revenue Reserve	(1,909)	-	(1,909)	-
Plantation Growing Timber Unrealised Revenue Reserve	(30,311)	-	-	-
Balance at the End of the Financial Year	1,011,332	1,092,481	159,239	160,133
Asset Revaluation Reserve				
Balance at the Beginning of the Financial Year	5,273	4,969	4,041	3,166
Transfer to Retained Surplus Upon Adoption of AAS 35	(792)	-	-	-
Transfer to Retained Surplus:				
Sale of Revalued Assets	(76)	(752)	(62)	(33)
Increment / (Decrement) on Revaluation of:				
Land Improvements	-	39	-	39
Buildings	1,050	1,097	1,000	869
Plant and Equipment	32	(80)	32	-
Balance at the End of the Financial Year	5,487	5,273	5,011	4,041
Plantation Growing Timber Revaluation Reserve				
Balance at the Beginning of the Financial Year	81,791	50,126	-	-
Transfer to Retained Surplus Upon Adoption of AAS 35	(81,791)	-	-	-
Increment on Revaluation of:				
Plantation Growing Timber	-	31,665	-	-
Balance at the End of the Financial Year	-	81,791	-	-
SGARA's Unrealised Revenue Reserve				
Balance at the Beginning of the Financial Year	-	-	-	-
Transfer from Retained Surplus for:				
Livestock Unrealised Revenue	1,909	-	1,909	-
Plantation Growing Timber Unrealised Revenue	30,311	-	-	-
Balance at the End of the Financial Year	32,220	-	1,909	-
Total Equity	1,085,014	1,217,496	200,891	194,625
Total Equity at the Beginning of the Financial Year				
Changes in Equity Recognised in the Statement of Financial Performance	1,217,496	1,137,868	194,625	164,007
Transactions with Owners as Owners:	(126,692)	51,677	1,985	167
Equity Injection	-	1,042	-	1,042
Non-Reciprocal Transfer of Assets and Liabilities	(2,248)	(3)	4,009	(3)
Dividends	(3,814)	(10,000)	-	-
Adjustment due to Elimination of Opening Balance of Provision for Long Service Leave	-	36,912	-	29,412
Adjustment due to Elimination of Long Service Leave - QFMA	272	-	272	-
Total Equity at the End of the Financial Year	1,085,014	1,217,496	200,891	194,625

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
 for the Year Ended 30 June 2001

31. Equity (Continued)

DPI Consolidated		DPI Parent Entity	
2001	2000	2001	2000
\$'000	\$'000	\$'000	\$'000

EQUITY ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT

	Accumulated Surplus / (Deficit)			
	DPI Consolidated		DPI Parent Entity	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
Balance at the Beginning of the Financial Year	85	(7)	85	(7)
Prior Year Adjustment	1	-	1	-
Increase / (Decrease) in Net Surplus / (Deficit)	(20)	92	(20)	92
Balance at the End of the Financial Year	66	85	66	85

CONTRIBUTED EQUITY

Opening Balance	-	-	-	-
Equity Injections	16,220	-	16,220	-
Closing Balance	16,220	-	16,220	-

32. Reconciliation of Net Surplus / (Deficit) to Net Cash Provided by Operating Activities

Net Surplus / (Deficit)	39,472	17,060	958	(2,522)
Non-Cash Items:				
Depreciation and Amortisation	18,476	20,578	14,669	15,300
SGARA's Unrealised Revenue / Expense	(30,228)	-	83	-
Loss on Sale or Disposal of Property, Plant and Equipment	5,615	1,296	4,673	950
Gain on Sale or Disposal of Property, Plant and Equipment	(415)	(617)	(415)	(439)
Finance Charges	-	45	-	45
Loss on Sale of Investments	3	18	3	18
Non-Current Assets Written Off	-	16	-	16
Bad and Doubtful Debts	534	(146)	534	(132)
Equity Adjustments	-	519	-	519
Inventories Written Off	-	(319)	-	-
Capitalisation of Assets Expensed in Prior Periods	(3,341)	-	(3,341)	-
Assets Received Below Fair Value	(318)	(1,377)	(318)	(299)
Change in Assets and Liabilities				
(Increase) / Decrease in Receivables	698	14,346	(10,064)	16,252
(Increase) / Decrease in Inventories	398	(279)	284	(139)
(Increase) / Decrease in Livestock	(352)	(551)	(352)	(551)
(Increase) / Decrease in Other Assets	1,204	(638)	1,166	(732)
Increase / (Decrease) in Creditors	(7,599)	1,235	2,149	(987)
Increase / (Decrease) in Employee Entitlements	(693)	1,136	(744)	2,430
Increase / (Decrease) in Other Liabilities	(491)	3,500	82	3,696
(Increase) / Decrease in GST Input Tax Credits Receivable	(1,759)	-	(1,279)	-
Increase / (Decrease) in GST Payable	1,305	-	953	-
	(16,963)	38,762	8,083	35,947
Net Cash Provided by Operating Activities	22,509	55,822	9,041	33,425

33. Non-Cash Financing and Investing Activities

- Assumption of Assets / Liabilities. (Refer Note 31.)
- Plant and Equipment. (Refer Note 23.7.)
- Assets / Liabilities Assumed / Transferred from Restructuring of Administrative Arrangements. (Refer Note 17.)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

DPI Consolidated		DPI Parent Entity	
2001	2000	2001	2000
\$'000	\$'000	\$'000	\$'000

34. Commitments for Expenditure

(a) Finance Leases

Lease Liabilities Recognised in the Statement of Financial Position:

Current	13	145	13	145
Non-Current	40	365	40	365
Total (Inclusive of GST)	53	510	53	510

Less: GST - Input Tax Credits to be received in respect of the above liabilities

	5	46	5	46
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Finance Lease Liability (Refer Note 28.)

	48	464	48	464
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Commitments in relation to Finance Leases at the Reporting Date are payable as follows:

Not later than one year	19	188	19	188
Later than one year and not later than five years	47	413	47	413
Minimum Lease Payments	66	601	66	601
Less: Future Finance Charges	13	91	13	91
Total (Inclusive of GST)	53	510	53	510

The Department has a total of three (3) Assets (photocopiers) under Finance Lease Arrangements. (Refer Note 37. (a) (ii) for Terms of Leases.)

(b) Non-Cancellable Operating Leases

Commitments in Relation to Non-Cancellable Operating Leases at the Reporting Date are Payable as follows:

Not later than one year	123	134	123	134
Later than one year and not later than five years	399	412	399	412
Later than five years	122	141	122	141
Total Inclusive of GST	644	687	644	687

GST - Input Tax Credits to be received in respect of the above commitments

	14	62	14	62
--	----	----	----	----

The Department has a total of twelve (12) Non-Cancellable Operating Leases principally relating to Land, Buildings and Laboratories. The average term of the leases is 12 years.

(c) Expenditure Commitments

Material Expenditure Commitments Contracted for, but not Recognised as Payables, are as follows:

Buildings	7,724	375	7,724	375
Plant and Equipment	1,675	1,422	1,255	985
Supplies and Services	4,581	3,173	4,581	3,173
Other	-	118	-	118
Total Inclusive of GST	13,980	5,088	13,560	4,651

Not later than one year	10,951	4,635	10,531	4,198
Later than one year and not later than five years	3,029	453	3,029	453

Total Inclusive of GST	13,980	5,088	13,560	4,651
-------------------------------	---------------	--------------	---------------	--------------

GST - Input Tax Credits to be received in respect of the above commitments

	1,271	459	1,233	423
--	-------	-----	-------	-----

DPI Consolidated		DPI Parent Entity	
2001	2000	2001	2000
\$'000	\$'000	\$'000	\$'000

34. Commitments for Expenditure (continued)

(d) Grants and Subsidies

Commitments in Relation to Grants and Subsidies are as follows:

Bureau of Sugar Experiment Stations (1)	4,180	4,180	4,180	4,180
Other	1,960	3,039	1,960	2,990
Total Inclusive of GST	6,140	7,219	6,140	7,170

Commitments in Relation to Grants and Subsidies at the Reporting Date are Payable as follows:

Not later than one year	5,328	6,004	5,328	5,955
Later than one year and not later than five years	812	1,215	812	1,215
Total Inclusive of GST	6,140	7,219	6,140	7,170

GST - Input Tax Credits to be received in respect of the above commitments

	558	644	558	640
--	-----	-----	-----	-----

(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 represents one year's funding only for this item, inclusive of GST.

35. Contingent Liabilities

(a) Litigation in Progress

The following cases were filed in the courts as at 30 June 2001:

	No. of Cases	No. of Cases	No. of Cases	No. of Cases
Supreme Court	5	7	4	4
District Court	4	3	2	1
Magistrates Court	-	1	-	-
Total	9	11	6	5

The Department's legal advisors and management believe 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 notifications of nine (9) other cases, which are not yet subject to Court actions.

(b) Native Title Claims over Departmental Land

As at 30 June 2001, Native Title Claims have been made on Departmental land, but as yet, no claims involving Departmental land have been determined by the National Native Title Tribunal.

(c) Financial Guarantees and Undertakings

The Department has not provided any Financial Guarantees or Undertakings during the reporting period.

(d) Contingency Relating to Unearned Revenues

A Contingent Liability may exist in relation to taxation implications on Unearned Revenue for Research Funding Agreements. However, due to the complex nature of the various Funding Agreements with organisations, and the volume of specific Funding Arrangements, the final amount of the liability cannot be reliably estimated and disclosed at the time of finalisation of the Financial Statements and Notes thereto. It is anticipated that the final Liability amount will be able to be reliably calculated during 2001 - 2002 and reported at 30 June 2002.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

36. Trust Transactions and Balances

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 in this Note for information purposes. The transactions and balances are subject to audit by the Auditor-General.

TRUST ASSETS AND LIABILITIES	DPI Consolidated		DPI Parent Entity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
ADMINISTERED ASSETS				
Monies Held in Trust (Security Deposits)	965	729	252	31
TOTAL ADMINISTERED ASSETS	965	729	252	31
ADMINISTERED LIABILITIES				
Monies Held in Trust (Security Deposits)	965	729	252	31
TOTAL ADMINISTERED LIABILITIES	965	729	252	31

CASH FLOWS ADMINISTERED ON BEHALF OF ENTITIES OTHER THAN THE WHOLE OF GOVERNMENT				
Inflows:				
Security Deposits	273	128	258	23
Agency Collections	25	437	25	437
Total Inflows	298	565	283	460
Outflows:				
Security Deposits	(37)	(156)	(37)	(22)
Agency Collections	(25)	(513)	(25)	(513)
Total Outflows	(62)	(669)	(62)	(535)
Net Administered Cash Inflows / (Outflows)	236	(104)	221	(75)
Administered Cash at the Beginning of the Financial Year	729	833	31	106
Administered Cash at the End of the Financial Year	965	729	252	31

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

37. Financial Instruments**(a) Terms, Conditions and Accounting Policies****(i) Financial Assets**

Recognised Financial Instruments	Notes	Accounting Policies	Terms and Conditions
Cash	18	Cash includes cash on hand, cash at bank and deposits at call. Interest is included in other revenue.	Cash is held by the Queensland Treasury Department. Interest is paid on DPI funds at 5% calculated on daily balances and overdraft balances attract a 9% penalty interest charge.
Receivables - Trade Debtors	19	Trade receivables are carried at nominal amounts due, less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Trade sales require payment within 30 days from end of month in which a sale is invoiced. All DPI Forestry trade debtors are secured by cash deposit or other financial guarantee.
Receivables - Seed Scheme Loans	19	Amounts for the Seed Scheme Loans are carried at nominal amounts due, less any provision for doubtful debts. Interest is taken up as income on an accrual basis.	Seed Scheme Loans are payable from the proceeds of crops when harvested.
Receivables (Other than Trade Debtors)	19	Amounts (Other than Trade Debtors) are carried at nominal amounts, less any provision for doubtful debts.	Net 30 days, except Freehold Selection Debtors which are generally of a longer nature.
Unlisted Shares and Units	20	Shares and Units are brought to account at the lower of cost and net recoverable amount. Dividend income is recognised when received.	

(ii) Financial Liabilities

Recognised Financial Instruments	Notes	Accounting Policies	Terms and Conditions
Payables	27	Liabilities are recognised for amounts to be paid in the future for goods and services received.	Trade Creditors are normally settled on 7, 14 or 30 day terms.
Borrowings	28	Loans are carried at book value. Interest is charged as an expense as it accrues.	All borrowings are with the Queensland Treasury Corporation (QTC). The DPI Forestry borrowings with the QTC are repayable quarterly with the final instalment due 10 October 2012.
Dividend Payable	29	Dividends payable are recognised when declared by DPI Forestry.	Dividends payable are declared at a negotiated percentage (currently 50%) of DPI Forestry's profit from ordinary activities after income tax equivalents, and after adjustment for plantation timber valuation increments (net of sales). Adjustment for a QFleet dividend allowance is also made. Dividends are payable to the Queensland Government.
Finance Lease Liability	28, 34	The Finance Lease Liabilities are accounted for in compliance with AAS17 "Accounting for Leases". Interest is charged as an expense as it accrues.	As at balance date, DPI's finance leases have an average lease term of 3 years. The average interest rate implicit in the leases is 11.7%.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

37. Financial Instruments (continued)

(b) Interest Rate Risk

Financial Instruments	Floating Rate						Fixed Rate Maturing						Average Rate								
	2001		2000		2001		2000		2001		2000		2001		2000		2001		2000		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%	%	%		
Financial Assets																					
Cash	-	18,221	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables - Trade Debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables - Other than Trade Debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shares and Units	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	18,221	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Liabilities																					
Payables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings - Queensland Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Payable	-	-	168	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance Lease Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	12	132	12	300	12	300	12	332	12	454	12	454	11.70	12.10	5.52*	5.52	11.70	12.10	6.23

Financial Instruments Administered on Behalf of the Whole of Government	Floating Rate						Fixed Rate Maturing						Average Rate								
	2001		2000		2001		2000		2001		2000		2001		2000		2001		2000		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%	%	%		
Financial Assets																					
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables - Trade Debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables - Other than Trade Debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Liabilities																					
Payables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* This Rate represents the Book Rate applicable to an "interest only" Borrowing. The Loan reverts to Principal and Interest on 1 July 2002, when an approximate Book Rate of 7.72% will apply.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

37. Financial Instruments (continued)

(c) Net Fair Values

Financial Instruments	Total Carrying Amount		Net Fair Value		
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	
Financial Assets					
Cash	31,916	37,100	31,916	37,100	
Receivables - Trade Debtors	20,187	17,320	20,187	17,320	
Receivables - Other than Trade Debtors	11,042	3,941	11,042	3,941	
Shares and Units (1)	130	69	134	163	
Total	63,275	58,430	63,279	58,524	
Financial Liabilities					
Payables	12,333	10,275	12,333	10,275	
Borrowings - Queensland Treasury Corporation (2)	76,420	76,588	82,010	80,388	
Dividends Payable	3,814	10,000	3,814	10,000	
Finance Lease Liability	48	464	48	464	
Total	92,615	97,327	98,205	101,127	
Financial Instruments Administered on Behalf of the Whole of Government					
		Total Carrying Amount		Net Fair Value	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Financial Assets					
Cash		33	(47)	33	(47)
Receivables - Trade Debtors		38	72	38	72
Receivables - Other than Trade Debtors		16,236	73	16,236	73
Total		16,307	98	16,307	98
Financial Liabilities					
Payables		21	13	21	13
Total		21	13	21	13

(1) The Net Fair Value is the Market Value of the Shares.

(2) Based on advice provided by the Queensland Treasury and the Queensland Treasury Corporation, the Net Fair Value of Borrowings is the Market Value of the Loans.

(d) Credit Risk Exposure

DPI's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets net of any provisions for doubtful debts as indicated in the Statement of Financial Position.

Credit risk in Trade Debtors is managed in the following ways:

- Payment within 30 days from end of month in which a sale is invoiced.
- DPI Forestry Trade Debtors are secured by Cash Deposits or other Financial Guarantees.
- Reviewing Trade Debtors and identifying amounts which are doubtful.
- Writing off bad debts as they are incurred.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

38. Indicative Physical Quantities of SGARA's and Net Valuation Increment Recognised as Revenue

	2001 '000 Number	2001 '000 Hectares	2001 '000 Volume M3	2001 \$'000 Net Change in NMV	2000 '000 Number	2000 '000 Hectares	2000 '000 Volume M3	2000 \$'000 Net Change in NMV
Livestock	21	-	-	3,829	32	-	-	na
Plantation Timber - Native Pine	-	43	22,957	26,709	-	43	22,185	na
- Exotic Pine	-	127	48,328	62,001	-	125	47,620	na
Total	21	170	71,285	92,539	32	168	69,805	-

39. Financing Facilities

DPI Forestry has standby arrangements with the Queensland Treasury Corporation 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 2001.

40. Tax Equivalents

The Commercialised Business Unit of DPI, DPI Forestry, is subject to the Queensland Tax Equivalents Regime.

	DPI Forestry	
	2001 \$'000	2000 \$'000
Operating Result of the Commercialised Business Unit Subject to Tax Equivalents Regime	38,514	19,582
Prima facie tax equivalent expense thereon at 34% (36% in 1999 - 2000)	13,094	7,051
<i>Tax effect of permanent and other differences:</i>		
Acquired timber felled - Queensland Income Tax Equivalents Ruling 95/4	(13,664)	(12,912)
Revaluation of Growing Timber	(10,306)	-
Entertainment - Non-Deductible	9	9
Depreciation - Non-Deductible	(5)	51
Other	2	50
Total Tax Equivalent Benefit not Brought to Account	(10,870)	(5,751)
<i>Total tax equivalent benefit comprises movements in:</i>		
Net Tax Equivalent Benefit	(11,472)	(6,589)
Provision for Deferred Tax Equivalent	279	389
Future Tax Equivalent Benefit	323	449
Total Tax Equivalent Benefit not Brought to Account	(10,870)	(5,751)

A future tax equivalent benefit has not been brought to account as an asset of DPI Forestry, as realisation of the benefit cannot be regarded as being virtually certain. Accumulated future tax equivalent benefits attributable to tax losses carried forward amount to \$51.564 million (calculated at the approximate tax rate of 30%) as at 30 June 2001, and 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 losses 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 losses.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
for the Year Ended 30 June 2001

41. Interest in Joint Ventures

DPI Forestry holds an interest in a number of Joint Ventures. (Refer Note 2.29.) These currently fall into the following categories, namely:

41.1 Private Forestry Plantations Ventures

These are designed to establish commercially viable timber plantations on private land. Contributions to these Joint Ventures in 2000 - 2001 totalled \$0.992 million, (\$0.790 million in 1999 - 2000).

41.2 Seed Orchard Venture

This was established to produce and sell improved tree seeds from an orchard established for that purpose. Contributions to this Joint Venture in 2000 - 2001 totalled \$0.031 million, (\$0.072 million in 1999 - 2000).

41.3 Commercialisation of Wollemi Pine

A Joint Venture Company (Wollemi Australia Pty Ltd) has been established to manage the propagation and worldwide marketing of the Wollemi Pine under licence from the Royal Botanic Gardens in Sydney. The State of Queensland has a 50% interest in this Company (1 share at \$1), which will conduct its business primarily via sub-licensing arrangements. This Company has not yet commenced trading.

No output was derived from the Joint Venture operations during the 2000 - 2001 financial year, (Nil in 1999 - 2000).

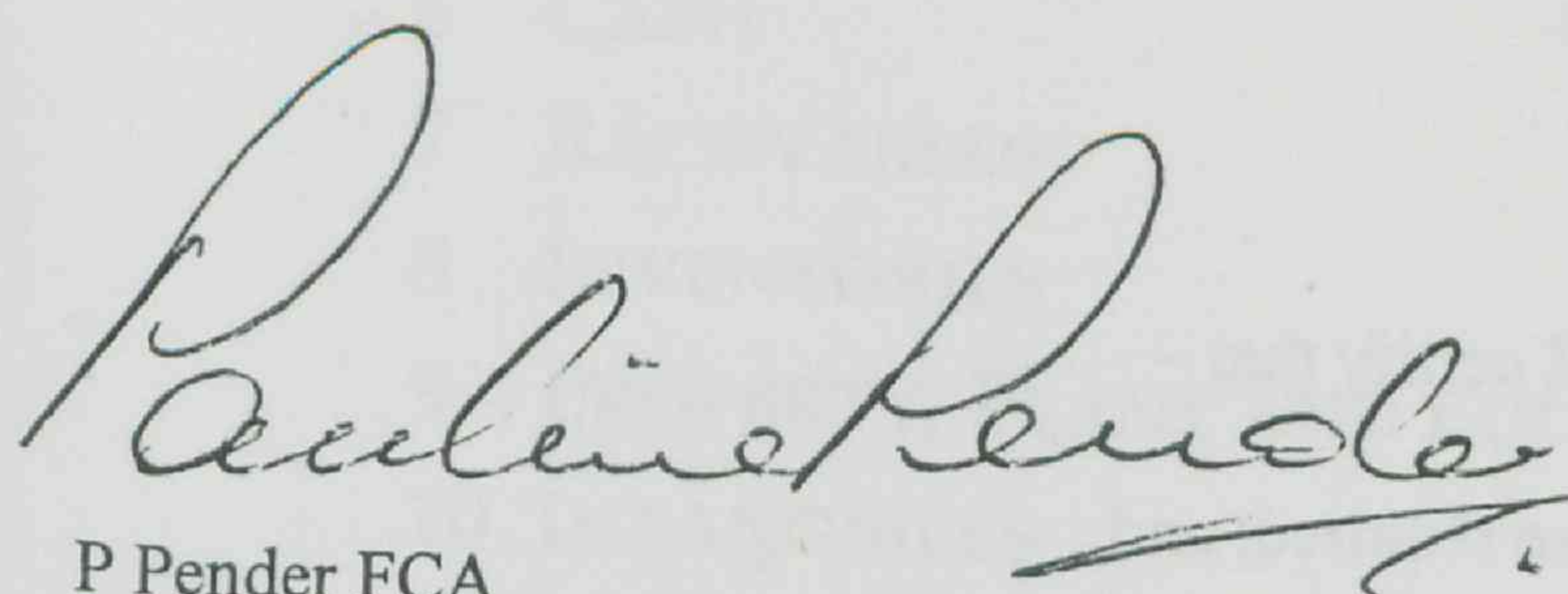
Total contributions towards Joint Venture operations to 30 June 2001 amounted to \$3.299 million (\$2.299 million at 30 June 2000). Of this amount, \$2.315 million, (\$1.408 million at 30 June 2000) has been provided from State Funding.

Certificate of the Department of Primary Industries

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.

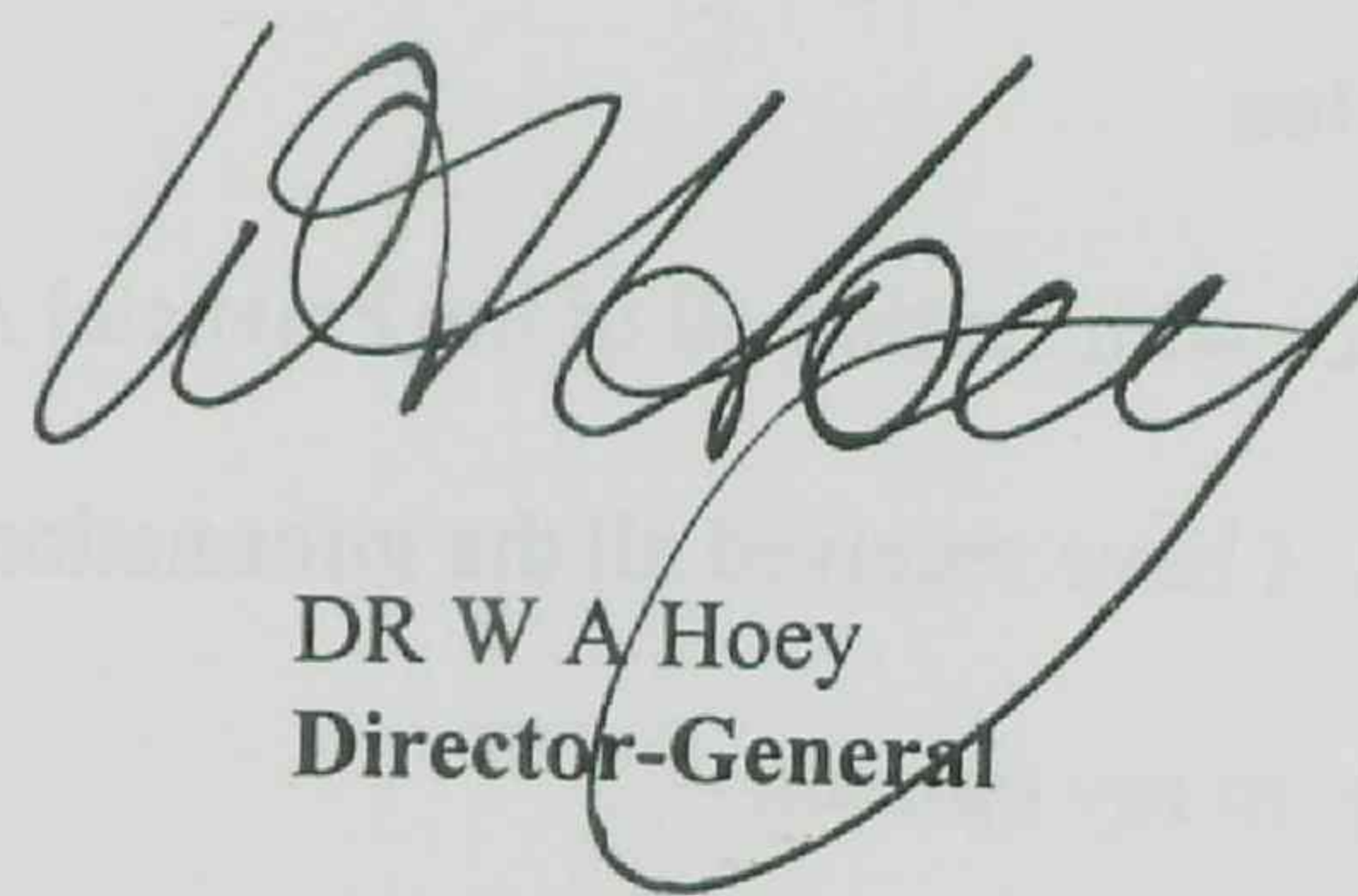
We certify that –

- (a) the Statements together with 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; 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 and cash flows of the Department of Primary Industries for the period 1 July 2000 to 30 June 2001, and of the financial position as at 30 June 2001.



P Pender FCA
General Manager
(Finance and Business Development)

26 September 2001



DR W A Hoey
Director-General

26 September 2001



INDEPENDENT AUDIT REPORT

To the Accountable Officer of the Department of Primary Industries

Scope

I have audited the General Purpose Financial Statements of the Department of Primary Industries prepared by the Accountable Officer for the year ended 30 June 2001 in terms of section 40 of the *Financial Administration and Audit Act 1977*. The financial statements comprise the consolidated financial statements of the Department of Primary Industries (reflecting the Department's core business activities and its commercialised business unit, DPI Forestry) and also include the financial statements of the Department of Primary Industries (parent entity), reflecting the Department's core business activities. The financial statements comprise the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance by Outputs / Major Activities, Notes to and forming part of the financial statements and certificates given by the Accountable Officer and officer responsible for the financial administration of the Department.

The Accountable Officer is responsible for the preparation and the form of the 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*, which incorporate Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures 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 financial statements are presented fairly in accordance with the prescribed requirements and prescribed accounting standards.

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

Audit Opinion

In accordance with section 40 of the Financial Administration and Audit Act I certify that –

- (a) I have received all the information and explanations which I have required; and
- (b) 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 Statements have been drawn up to present a true and fair view in accordance with the prescribed accounting standards, of the transactions of the Department of Primary Industries (consolidated) and the parent entity for the financial year 1 July 2000 to 30 June 2001 and of the financial position as at the end of that year.



P G SHIPPERLEY
Assistant Auditor-General
(Delegate of the Auditor-General)



Queensland Audit Office
Brisbane

Appendix:

DPI FORESTRY

FINANCIAL STATEMENTS

for the financial year ended 30 June 2001

Contents	Page
STATEMENT OF FINANCIAL PERFORMANCE	48
STATEMENT OF FINANCIAL POSITION	49
STATEMENT OF CASH FLOWS	50
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	51
1. CONSTITUTION	51
2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	51
3. REVENUE	59
4. BORROWING COSTS	60
5. INCOME TAX EQUIVALENTS	60
6. CASH	60
7. RECEIVABLES	61
8. INVENTORIES	61
9. PROPERTY, PLANT AND EQUIPMENT	62
10. INTANGIBLES	62
11. PLANTATION GROWING TIMBER	63
12. PAYABLES	63
13. INTEREST-BEARING LIABILITIES	63
14. PROVISIONS	63
15. CHANGES IN EQUITY	64
16. DIVIDEND	65
17. RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO PROFIT AFTER INCOME TAX EQUIVALENTS	65
18. FINANCING FACILITIES	66
19. INTERESTS IN JOINT VENTURES	66
20. CONTINGENT LIABILITIES	66
21. COMMITMENTS FOR EXPENDITURE	66
22. DEPOSITS HELD IN TRUST	67
23. NUMBER OF EMPLOYEES	67
24. FINANCIAL INSTRUMENTS	67
25. INDICATIVE PHYSICAL QUANTITIES OF PLANTATION TIMBER AND NET VALUATION INCREMENT RECOGNISED AS REVENUE	68
CERTIFICATE OF DPI FORESTRY	69
INDEPENDENT AUDIT REPORT	70

STATEMENT OF FINANCIAL PERFORMANCE

for the financial year ended 30 June 2001

	* Notes	2001 \$'000	2000 \$'000
Revenues from Ordinary Activities			
Net increment in valuation of plantation timber	3(a)(i)	88,710	-
Sale of plantation timber		-	64,394
Forest Product sales - non-plantation timber	3(b)	11,323	11,958
Specialised forest industry services		4,508	8,973
Quarry materials		2,723	2,997
External workshop charges		889	812
Other revenue	3(c)	3,271	5,066
Total revenues from ordinary activities		111,424	94,200
Expenses from Ordinary Activities excluding borrowing costs expense			
Salaries, wages and related costs		26,767	31,815
Contracted forestry, professional, technical and other services		16,706	11,249
Depreciation and Amortisation		3,807	5,278
Hire of plant and equipment		2,523	2,147
Superannuation contributions		2,714	3,478
Provision for employee entitlements		2,093	2,621
Motor vehicle expenses		3,162	2,991
Occupancy costs		1,853	2,722
Forest maintenance expenses		3,107	1,653
Materials		1,907	1,995
Travel expenses		619	989
Workers' compensation costs		501	606
Postage, printing and stationery		531	558
Computer operating expenses		190	229
Audit fees		134	146
Doubtful debts expense		(118)	(1)
Bad debts written off		67	15
Loss on disposals of non-current assets		931	168
Grants and Subsidies		12	456
Other operating expenses		700	782
Total expenses from ordinary activities excluding borrowing costs expense		68,206	69,897
Borrowing costs expense	4	4,704	4,721
Profit from ordinary activities before income tax equivalents		38,514	19,582
Income tax equivalents relating to ordinary activities	5	-	-
Profit from ordinary activities after income tax equivalents	15(ii)	38,514	19,582
Valuation increment - Asset Revaluation Reserve	15(iii)	50	148
Valuation increment - Plantation Growing Timber Revaluation Reserve	15(v)	-	31,665
Total valuation adjustments recognised directly in equity.		50	31,813
Total changes in equity other than those resulting from transactions with owners as owners	15(vi)	38,564	51,395

* This Statement of Financial Performance should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2001

	* Notes	2001 \$'000	2000 \$'000
Current Assets			
Cash	6	16,133	18,221
Receivables	7	14,654	14,658
Inventories	8	2,706	3,175
Total current assets		33,493	36,054
Non-Current Assets			
Receivables	7	283	329
Property, plant and equipment	9	40,651	68,364
Intangibles	10	89	102
Total non-current assets		41,023	68,795
Self Generating and Regenerating Assets			
Plantation Growing Timber	11	897,761	1,012,617
Total Assets		972,277	1,117,466
Current Liabilities			
Payables	12	4,955	4,552
Provisions	14	6,779	13,623
Total current liabilities		11,734	18,175
Non-Current Liabilities			
Interest-bearing Liabilities	13	76,420	76,420
Total non-current liabilities		76,420	76,420
Total Liabilities		88,154	94,595
Net Assets		884,123	1,022,871
Equity			
Capital	15 (i)	844,271	935,186
Retained Profits	15 (ii)	9,065	4,662
Reserves			
- Asset Revaluation	15 (iii)	476	1,232
- Plantation Growing Timber Unrealised Revenue	15 (iv)	30,311	-
- Plantation Growing Timber Revaluation	15 (v)	-	81,791
Total Equity	15 (vi)	884,123	1,022,871

* This Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2001

	* Notes	2001 \$'000	2000 \$'000
Cash Flows from Operating Activities			
Inflows:			
Receipts from customers		80,504	89,191
Interest received		1,139	435
Grants and subsidies received		23	1,305
GST input tax credits received		3,105	-
GST collected on sales		7,123	-
Outflows:			
Payments to suppliers and employees		62,830	63,921
Borrowing Costs		4,723	3,703
Sales taxation equivalents paid		258	235
Grants and subsidies paid		12	675
GST paid on purchases		3,580	-
GST remitted to ATO		6,895	-
Net cash provided by (used in) operating activities	17	13,596	22,397
Cash Flows from Investing Activities			
Inflows:			
Proceeds from sale of property, plant and equipment		771	449
Outflows:			
Payments for property, plant and equipment		6,455	6,830
Net cash provided by (used in) investing activities		(5,684)	(6,381)
Cash Flows from Financing Activities			
Outflows:			
Dividends paid		10,000	4,633
Equity returned - Long Service Leave		-	1,377
Net cash provided by (used in) financing activities		(10,000)	(6,010)
Net increase / (decrease) in cash held		(2,088)	10,006
Cash at the beginning of the financial year		18,221	8,215
Cash at the end of the financial year	6	16,133	18,221

* This Statement of Cash Flows should be read in conjunction with the accompanying notes.

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.

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 financial statements are a general purpose financial report and have been prepared in accordance with applicable Australian Accounting Standards, *the Financial Management Standard 1997* issued pursuant to the *Financial Administration and Audit Act 1977*, Statements of Accounting Concepts, Urgent Issues Group Abstracts and other mandatory professional reporting requirements.

The accounts have been prepared on an accrual basis and except where stated otherwise, in accordance with the historical cost convention. The accounting policies adopted are generally consistent with those of the previous year except principally in respect of Self-Generating and Regenerating Assets. Further disclosure in respect of items affected by this policy change has been provided where appropriate.

2.2 TRADE AND OTHER RECEIVABLES

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred. Settlement on trade debtors is within 30 days from the end of the month in which the sale is invoiced, while other receivables are net 30-day terms.

2.3 PAYABLES

Creditors are recognised at the amount to be paid for the goods and services received.

2.4 INTEREST-BEARING LIABILITIES

Borrowings are recognised at the face value of the principal outstanding with interest being expensed as it accrues. Borrowings are also disclosed at their fair market value in Note 13.

2.5 INVENTORIES

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

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials - purchase cost on a weighted average basis; and
- Finished goods and work-in-progress - cost of direct material and labour and a proportion of overheads.

Change in Accounting Policy.

Prior to 1 July 2000 nursery seedlings held for resale were reported as inventories. In terms of Australian Accounting Standard 35 "Self-Generating and Regenerating Assets" which was implemented by DPI Forestry during the current financial year, nursery seedlings are now accounted for as a self generating and regenerating asset. Refer also to Note 2.13.

2.6 ACQUISITION OF ASSETS

Cost is used for the initial recording of all acquisitions of assets controlled by DPI Forestry. Assets acquired at no cost or for nominal considerations are recognised at their fair value at date of acquisition. Cost is determined as the value given as consideration plus costs incidental to the

acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees.

2.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment with a cost, or other value, equal to or in excess of \$1,000 are capitalised in the year of acquisition. Items with a lesser value are expensed.

Change in Accounting Policy

As from 1 July 2000 the asset recognition threshold was increased from \$500 to \$1,000. Assets with an original cost of less than \$1,000 were written out of the books as of that date and their written down value of \$572,940 recognised as an expense in the Statement of Financial Performance.

2.8 INTANGIBLES

All intangible assets with a cost or value greater than \$50,000 are recognised as assets, while items with a lesser value are expensed. Each intangible asset is amortised over its estimated useful life.

2.9 DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT AND AMORTISATION OF INTANGIBLES

Land, being an asset with an unlimited useful life, is not depreciated.

Depreciation on property, plant and equipment is calculated on a straight-line basis so as to write-off the value of each depreciable asset, less its estimated residual value, progressively over its estimated useful life. Work-in-Progress is not depreciated until it has reached service delivery capacity. Where 'complex' assets exist, the components of these assets are classified separately and depreciated over their respective useful lives.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the carrying value of the asset is depreciated over the remaining useful life of the asset.

The depreciable amount of improvements to or on a leasehold property is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is shorter.

For each class of depreciable asset the following estimated useful lives were used:

Asset Class:	Average Estimated Useful Life (Years)
Land Improvements	18
Buildings	22
Access Roads	25
Leasehold Improvements	10
Plant and Equipment	6
Intangibles:	Average Amortisation Period (Years)
Software	7.5

2.10 REVALUATIONS OF NON-CURRENT PHYSICAL ASSETS

All non-current physical assets are valued on the deprival basis in accordance with the Financial Management Standard and Queensland Treasury's guidelines "Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector". Under this concept, assets are valued at an amount that represents the loss that might be expected to be incurred if the department was deprived of the future economic benefits of the assets at the reporting date. It is contrasted to the financial or propriety approach that values an entity's assets on a net worth basis from the owners' perspective.

Non-current physical assets having an estimated value greater than the revaluation threshold for the relevant class and an estimated useful life of more than three years are required to be revalued. A comprehensive revaluation of non-current physical assets is performed at five-year intervals with interim revaluations, using suitable indices, being otherwise performed on an annual basis.

DPI Forestry has adopted the departmentally established revaluation thresholds by class of assets as follows-

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

An election has been made to continue to use deprival value as the basis of valuation until 30 June 2001. However, from 1 July 2001 some non-current physical assets will be revalued using fair value principles in accordance with AAS 38 Revaluation of Non-Current Assets. In accordance with Queensland Treasury's guidelines, 'Non-Current Asset Accounting Guidelines for the Queensland Public Sector', all classes of assets other than land, buildings, infrastructure and heritage and cultural assets will be recorded on a cost basis, at the carrying amount of the asset as at 30 June 2001.

2.11 LEASES

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

Where a non-current physical 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 Statement of Financial Performance in the periods in which they are incurred.

2.12 LIBRARY ASSETS

Purchases of library materials are expensed as incurred.

2.13 SELF-GENERATING AND REGENERATING ASSETS.

Self-generating and regenerating assets (SGARA's) are defined as 'non-human living assets' and DPI Forestry assets falling into this category consist mainly of plantation and native forest timber resources.

Change in Accounting Policy.

With the adoption of Australian Accounting Standard (AAS) 35 'Self-Generating and Regenerating Assets' from 1 July 2000, DPI Forestry has adopted Net Market Value (NMV) for the valuation of its assets under this category. NMV is the amount that could be expected to be received from the disposal of an asset in an active and liquid market after deducting the costs expected to be incurred in realising the proceeds of such a disposal. Previously plantation growing timber was valued at Net Realisable Value and the change in methodology has resulted in a write down at 1 July 2000 of \$145,166,635 which has been adjusted against Capital. Refer also Note 15(i).

As there is no observable active and liquid market for DPI Forestry's forest assets, DPI Forestry has, in accordance with the provisions of AAS35, adopted the Net Present Value (NPV) methodology as the most appropriate alternative for estimating the net market value of its SGARA's.

A significant effect of using the NPV methodology is that certain costs previously capitalised and recognised as assets are now accounted for as cash outflows in determining the SGARA value and hence are now included as expenses in the Statement of Financial Performance in the period incurred. The most significant of these items is minor roads which, immediately prior to

the adoption of AAS35, had a written down value of \$21,928,222. This amount was eliminated through an adjustment to Capital. Refer Notes 9 and 15(i).

Plantation Growing Timber

DPI Forestry's plantation growing timber resources are comprised principally of exotic and native pine species distributed along the eastern seaboard of Queensland with the majority located in South East Queensland.

All current stands of plantation growing timber have been included in the valuation with the exception of:

- plantings of minor species which previous marketing experience suggests are likely to be unmerchantable or have a value which is considered to be unreliable;
- areas subject to experimental treatments which previous marketing experience suggests are likely to be unmerchantable or have a value which is considered to be unreliable;
- small, fragmented plantation areas likely to be unmerchantable or have a value which is considered to be unreliable; and
- hardwood plantations of merchantable and unmerchantable age which are immaterial to the valuation.

Native Forests

DPI Forestry's asset in State owned native forests is its right to harvest forest products from certain forest areas on a sustained yield basis in accordance with section 33(1) of the *Forestry Act 1959*. Current cash flows associated with these native forest products have been examined and on the basis of this information the net value of DPI Forestry's access rights are considered to be immaterial at this point in time. Accordingly the value of access rights to native forest products has not been recognised in the Statement of Financial Position. This position will be re-assessed annually but is not expected to change.

Restrictions on native forest operations.

As a consequence of the signing of the South East Queensland Forest Agreement (SEQFA), DPI Forestry has secure access to a defined quantity of wood from native forests in South East Queensland (SEQ) for a period of 25 years expiring on 31/12/2024. All harvesting of native forests in SEQ will cease after this date.

Reliability of volumes and prices for Cypress forest resources extends only for 5 years. Uncertainty in relation to future harvesting guidelines and limited resource information would restrict the reliability of any asset valuation undertaken.

A review process is currently proceeding to assess 'Other Native Hardwood' resources in areas of South, Central and Western Queensland to identify volume and supply issues associated with these resources and their locations.

Other Self-Generating and Regenerating Assets.

The SGARA assets represented by tree seed orchards, tree hedges and nursery seedlings have been assessed and, on the basis that these assets are not material in the context of financial reporting by DPI Forestry, they have not been recognised. This position will be re-assessed annually but is not expected to change.

Valuation of SGARA's.

The NPV Methodology.

NPV is calculated as the net of the future cash inflows and outflows associated with forest production activities discounted back to current values at the specified Weighted Average Cost of Capital.

Under the NPV methodology, valuation 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;
- changes in forest production costs; and
- changes in the discount rate used in the discounted cash flow calculation.

Assumptions underpinning the NPV calculation are:

- Forest valuations are based on the expected volumes of merchantable timber that will be realised from existing stands, given current management strategies and stand recovery rates.
- Only the current crop is valued. The cash flow analysis is based on the anticipated timing of the harvest of existing stands which has been derived from harvest plans developed for the entire estate. These harvest plans incorporate estimated sale quantities by product (sawlog and pulp log) recognising potential and roll-over sale opportunities.
- The estimated cost of growing the existing stand until maturity is taken to account in determining the net cash flows.
- Prices used in the NPV calculation are based on current selling prices at balance date unless market intelligence indicates that such prices are not indicative of future trends. These prices are generally determined via a market based 'closed tender' process. In this regard the demand for log timber is derived from the demand for sawn timber. Factors which influence the prices paid for log timber over time include:
 - Sawn timber prices, competitive product prices and international timber prices;
 - Dwelling approvals, additions and alterations;
 - Housing loan interest rates; and
 - Average weekly earnings.

As the impact of these and other factors upon log prices in the future cannot be reliably determined, current prices have been used as the best estimation of future prices.

- 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.
- Costs used in the NPV analysis are three year rolling average actual costs for individual plantation operations, inflation adjusted to the current period. Three year averages are used for costs to eliminate significant annual variations which arise as a consequence of:
 - Changes in plantation topography, weed spectrums and weather conditions; and
 - Changes in the scale of various operations each year eg pruning, tending and thinning.

Future movements in costs are influenced by a range of factors including efficiency improvements in DPI Forestry operations, changes in management regimes linked to market factors and changes in wages and other input costs linked to general economic conditions. The impact of these factors cannot be reliably determined and hence it is assumed that current (3 year rolling average) costs are the best indicator of future costs.

- Notional costs, particularly imputed land usage charges relating to State owned plantation land which DPI Forestry currently accesses at no charge (refer Note 2.15), have not been included in the calculation.
- All costs incurred in developing and managing the trees in forests are recognised as an expense when incurred except for the construction and upgrade of permanent multi-functional roads which are capitalised and reported separately from the SGARA.
- All prices and costs are expressed in current (constant dollar) terms. Real discount rates (net of inflation) are also employed in the analysis in conjunction with these constant

dollar prices and costs. Such an approach effectively assumes that both prices and costs will rise over time in line with inflation.

- The discount rate used is based on the Weighted Average Cost of Capital formula in conjunction with the Capital Asset Pricing Model. The discount rate is expressed in real terms, before income tax, and has been set with reference to benchmarked forestry industry risk margins relative to overall market risk margins.

Source of valuation of SGARA's.

The net market valuation (based on Net Present Value) of the plantation growing timber has been prepared by appropriately qualified staff employed by DPI Forestry using advanced modelling techniques/methods. The net present value calculations utilised for the forest valuation are underpinned by a computerised plantation decision support system. The centrepiece of this decision support system is a linear programming model used by DPI Forestry to predict and control the level of wood removals and sales to industry. The functionality of the model has been progressively extended and refined over time via the addition of price and cost data to allow a range of economic and financial analyses to be conducted. This includes the calculation of the forest value using the net present value or discounted future cash flow concept.

The growth and yield modelling capability of the system has been reviewed by an independent expert [Dr. Gerry Leach, Dip For., M.Sc., Ph.D. (1997)] who found the valuation system including the growth and yield modelling components to be '*robust, complete, coherent and consistent, and in line with best practice*'. Results derived from the system are extensively tested on an on-going basis by appropriately qualified DPI Forestry personnel.

2.14 RESERVING POLICY FOR UNREALISED REVENUE

DPI Forestry revalues its plantation growing timber annually and recognises the change in net present value as revenue or an expense in the Statement of Financial Performance in accordance with the treatment required in AAS35 "Self-Generating and Regenerating Assets". A reserve account has been created to isolate unrealised revenue within the equity account. Unrealised revenue is transferred to the Plantation Growing Timber Unrealised Revenue Reserve until the revenue is realised (through timber sales) and becomes available for distribution. The reserve is adjusted annually for the net movement in unrealised revenue and the realisation of prior periods' revenue through current year sales.

2.15 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 and Mines (NR&M). While NR&M retains control over this land, DPI Forestry is granted access free of charge to carry out its operations in accordance with the *Forestry Act 1959*.

Only land controlled by DPI Forestry has been recognised as an asset in the Statement of Financial Position. This land includes specified freehold and Crown land parcels held for operational purposes.

2.16 QUARRIES

DPI Forestry obtains royalties from quarry operators for the extraction of quarry materials located on Crown land and identified freehold land. Revenues are brought 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.

2.17 EMPLOYEE ENTITLEMENTS

Wages, Salaries, Annual Leave and Sick leave.

Liabilities for wages, salaries and annual leave are recognised in the Statement of Financial Position and are measured as the amount unpaid at reporting date in respect of all employees' services, and include on-costs.

Sick leave is non-vesting and is expensed when incurred.

Long Service Leave.

In 1999-2000, a new centralised long service leave scheme administered by the Government Superannuation Office became operative whereby a levy is made on DPI Forestry to cover this expense and amounts paid to employees for long service leave are claimed from the scheme as a reimbursement. Accordingly, a provision for long service leave is no longer recognised.

Superannuation

Employer contributions for superannuation expenses are determined by the State Actuary. No liability is recognised for accruing superannuation benefits as the liability is held on a whole of Government basis and reported in the whole of Government financial statements prepared in terms of AAS 31 "Financial Reporting by Governments".

2.18 RESEARCH AND DEVELOPMENT

Research and development costs are expensed 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.

2.19 TAXATION

DPI Forestry as a commercialised business unit is subject to the payment of income tax equivalents in accordance with the requirements of the Queensland Tax Equivalents Regime.

Pursuant to Australian Accounting Standard AAS 3 "Income Taxes", Income Tax Equivalent expense is calculated on the operating profit in the Statement of Financial Performance after adjusting for permanent differences. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes is carried forward as a future tax equivalent benefit or a provision for deferred tax equivalent.

Future tax equivalent benefits are not brought to account unless realisation of the benefit is virtually certain.

No liability has been brought to account as a provision for deferred tax equivalents. Such liabilities are currently wholly offset by an excess of future tax equivalents benefits.

Details of DPI Forestry's tax position are disclosed at Note 5.

2.20 INSURANCE

In accordance with government policy operative throughout the reporting period, DPI Forestry's assets are not insured. Workers' compensation premiums are paid to Workcover Queensland.

2.21 FINANCIAL REPORTING BY SEGMENTS

DPI Forestry operates principally in the forestry industry within Queensland.

2.22 INTERESTS IN JOINT VENTURES

DPI Forestry currently has a financial interest in a number of joint ventures involving the production of self-generating and regenerating assets (SGARA's).

Contributions by DPI Forestry towards the SGARA's are expensed as incurred in line with DPI Forestry's SGARA asset accounting policy (refer Note 2.13). The assets embodied in DPI Forestry's share of the joint venture outputs have been assessed and, on the basis that these assets are not material, have not been recognised in the Statement of Financial Position. This position will be re-assessed annually.

Details of DPI Forestry's interests are disclosed at Note 19.

2.23 NON-RECIPROCAL TRANSFERS OF ASSETS AND LIABILITIES.

Change in Accounting Policy.

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland public sector entities are accounted for as adjustments to capital in accordance with UIG Abstract 38 *Contributions by Owners Made to Wholly Owned Public Sector Entities*. Such transfers were accounted for as items of revenue and expenses in prior reporting periods.

As the foregoing represents a change in accounting policy arising from the initial adoption of an Urgent Issues Group Consensus View, the cumulative financial effect of the change as if the new accounting policy had always been applied, has not been calculated.

2.24 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 22.

2.25 COMPARATIVE FIGURES

Where necessary and practicable, comparative figures have been restated in order to comply with the current year's presentation of the accounts.

2.26 ROUNDING

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

3 REVENUE

	2001 \$'000	2000 \$'000
3(a)(i) Net increment in net market value of plantation timber recognised as revenue.		
Plantation timber		
- Native Pine	26,435	
- Exotic Pine	62,275	
Net increment in valuation of plantation timber (1)	88,710	not applicable
3(a)(ii) Proceeds from the disposal of plantation timber during the financial year at net market value.		
Plantation timber		
- Native Pine	21,379	
- Exotic Pine	37,020	
Total proceeds from disposal of plantation timber	58,399	for 1999-2000
3(a)(iii) Unrealised revenue / (expense) transferred to the plantation growing timber unrealised revenue reserve	30,311	

(1) The valuation increment for 1999-00 was recognised directly in the Plantation Growing Timber Revaluation Reserve. Details regarding the physical quantities of Plantation Timber appears at note 25.

	2001 \$'000	2000 \$'000
3(b) Forest Product Sales - Non-plantation Timber		
Native forest timber		
- Cypress	3,990	3,558
- Hardwood	6,172	6,012
- Sandalwood	162	148
Other hardwood timber sales	125	183
Seeds and seedlings	1,090	1,149
Freehold selection timber	(216)	908
Total forest product sales - non-plantation timber	11,323	11,958

	2001 \$'000	2000 \$'000
3(c) Other Revenue		
Fees and permits	163	171
Interest	1,229	621
External plant hire	414	329
Grants & Subsidies	2	1,305
Fitout Forestry House (provided below fair value)	-	1,137
Other sundry revenue	1,463	1,503
Total other revenue	3,271	5,066

4 BORROWING COSTS

	2001 \$'000	2000 \$'000
Borrowing costs comprised:		
Interest expense - QTC loan	4,322	4,339
Loan Guarantee Fee - QTC loan	382	382
Total borrowing costs	4,704	4,721

5 INCOME TAX EQUIVALENTS

	2001 \$'000	2000 \$'000
Operating profit	38,514	19,582
Prima facie tax equivalent expense - calculated at 34% (1999-00, 36%) of operating profit	13,094	7,051
Tax effect of permanent differences:		
Acquired timber felled - Queensland Income Tax Equivalents		
Ruling 95/4	(13,664)	(12,912)
Revaluation of Growing Timber	(10,306)	-
Research and development concession	-	-
Entertainment - non-deductible	9	9
Depreciation - non-deductible	(5)	51
Capital gains tax	-	-
Other	2	50
Total tax equivalent benefit	(10,870)	(5,751)
Total income tax equivalent benefit comprises movements in:		
Net tax equivalent benefit	(11,472)	(6,589)
Provision for deferred tax equivalent	279	389
Future tax equivalent benefit	323	449
Total tax equivalent benefit	(10,870)	(5,751)

A future tax equivalent benefit related to carry forward losses has not been brought to account an asset of DPI Forestry, as realisation of the benefit cannot be regarded as being virtually certain. These carry forward losses encompass the effect of the above permanent and timing differences. Accumulated future tax benefits attributable to tax losses carried forward as at 30 June 2001 are \$51,564,171 (at 30%.)

These benefits 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 losses 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 losses.

6 CASH

	2001 \$'000	2000 \$'000
Cash on hand	29	34
Cash at bank	16,104	18,187
Total cash	16,133	18,221

7 RECEIVABLES

	2001 \$'000	2000 \$'000
Current		
Trade debtors	12,708	13,671
Freehold selection debtors (1)	196	167
	12,904	13,838
Less - Provision for doubtful debts (1)	(5)	(123)
	12,899	13,715
Interest receivable	276	186
GST Receivable	480	5
Other debtors	999	752
	14,654	14,658
Non-Current		
Freehold selection debtors (1)	283	329
Total receivables	14,937	14,987

- 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 \$3,349 (\$3,449, 1999-00) for freehold selection debtors. The Department of Natural Resources and Mines manages the freehold selection debtors.

8 INVENTORIES

	2001 \$'000	2000 \$'000
Finished goods:		
Seeds and seedlings (1)	1,429	1,641
Work in progress		
Seedlings (1)	-	113
Raw materials and stores:		
Saleable publications	-	171
Miscellaneous	1,277	1,250
	1,277	1,421
Total inventories	2,706	3,175

- 1) Upon the adoption of new accounting standard AAS35, nursery seedlings are now treated as SGARA's and are no longer accounted for as inventories. This resulted in a write-down of inventories to the value of \$146,478 at 1 July 2000. In 1999-00 a nursery seedlings amount of \$145,997 was included in the finished goods and work in progress inventory accounts. See Note 2.5.

for the financial year ended 30 June 2001

9 PROPERTY, PLANT AND EQUIPMENT

	2001 \$'000	2000 \$'000
Land		
At cost	2,717	660
At valuation (2)	4,048	4,220
	6,765	4,880
Buildings		
At cost	1,654	1,496
At valuation (2)	14,706	21,014
Accumulated depreciation	(5,195)	(6,137)
	11,165	16,373
Land improvements		
At cost	1,751	1,477
At valuation (2)	1,990	2,063
Accumulated depreciation	(1,236)	(1,141)
	2,505	2,399
Leasehold improvements		
At cost	644	644
Accumulated amortisation	(74)	(9)
	570	635
Access roads		
At cost	269	1,156
At valuation (2)	7,695	32,365
Accumulated depreciation	(1,486)	(5,947)
	6,478	27,574
Plant and equipment (1)		
At cost	20,741	22,842
At valuation	5,629	7,511
Accumulated depreciation	(13,771)	(15,769)
	12,599	14,584
Capital works in progress		
At cost	569	1,919
Total Property, plant and equipment		
At cost	28,345	30,194
At valuation	34,068	67,173
Accumulated depreciation	(21,762)	(29,003)
Total property, plant and equipment - net book value	40,651	68,364

The adoption of AAS 35 has resulted in minor access roads no longer being reported under Property, Plant and Equipment (See note 2.13 and note 15(i)). This resulted in a net reduction in the value of access roads of \$21,928,222.

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) *The following independent expert valuer revalued Plant and Equipment with an historical cost or current replacement cost over \$50,000 as at 30 June 1997.*

Edward Rushton Australia Pty. Ltd.

- 2) *Land, Land Improvements, Access Roads and Buildings with a historical cost or replacement value above the relevant revaluation threshold were revalued as at 30 June 2000, by the following independent expert valuers:*

Australian Valuation Office, R N Mullins, FAPI LLB

Interim revaluations (by indexation) of assets above the established revaluation thresholds and with an estimated useful life of three years or more (refer Notes 2.9 & 2.10) are considered annually based on the materiality of price movements in the reporting period.

10 INTANGIBLES

	2001 \$'000	2000 \$'000
Internal use software		
At Management valuation	339	339
Accumulated amortisation	(250)	(237)
Total Intangibles	89	102

11 PLANTATION GROWING TIMBER

	Note	2001 \$'000	2000 \$'000
Balance at the beginning of the financial year		1,012,617	980,952
Adjustment at 1 July 2000 upon adoption of new Accounting Standard AAS35 - "Self-Generating and Regenerating Assets"	15(i)	(145,167)	-
Valuation increment/(decrement) net of plantation timber sales		30,311	31,665
Balance at the end of the financial year		897,761	1,012,617

On 1 July 2000, AAS 35, "Self Generating and Regenerating Assets" was adopted by DPI Forestry for the first time and required the implementation of a new valuation methodology (net present value of cash flows). Details of this change in accounting policy including the key assumptions used in the asset valuation are outlined in Note 2.13.

12 PAYABLES

	2001 \$'000	2000 \$'000
Current		
Trade creditors	420	724
Accrued interest, loan guarantee fee and other costs of finance	1,460	1,463
Long Service Leave Levy Payable	93	113
Accrued staff related expenses	214	115
Tax payable - Payroll	114	166
- Sales	-	228
- GST	808	2
Accrued expenses	595	645
Prepaid royalties, grants & other revenue received in advance	202	775
Miscellaneous	1,049	321
Total payables	4,955	4,552

13 INTEREST-BEARING LIABILITIES

	2001 \$'000	2000 \$'000
Non-current		
Queensland Treasury Corporation Loan (1) - [market value as at 30 June \$82.01M]	76,420	76,420
Total borrowings	76,420	76,420

1) No part of this loan has been reported as 'current' as the loan is 'interest only'. After approval from the Treasurer the 'interest only' terms have been extended a further year until 30 June 2002. The period of the loan has also been extended a year. Queensland Treasury Corporation provides the loan. The interest rate is 5.5%. The market value represents the value of the debt if DPI Forestry repaid the debt at 30 June 2001. As DPI Forestry intends to hold the loan for its term, no provision has been made in these accounts for the margin between book and market value. Refer note 4 for information relating to borrowing costs associated with this loan.

14 PROVISIONS

	Note	2001 \$'000	2000 \$'000
Current			
Provision for dividend	16	3,814	10,000
Recreation leave		2,965	3,623
Total provisions		6,779	13,623

Aggregate employee entitlements for 2000-01 amounted to \$3,272,000 (\$3,853,000, 1999-00) being leave provisions at Note 14, accrued long service leave levies and staff related expenses at Note 12.

for the financial year ended 30 June 2001

15 CHANGES IN EQUITY

	Notes	2001 \$'000	2000 \$'000
(i) Capital			
Balance at the beginning of the financial year		935,186	927,571
Adjustment at 1 July 2000 upon adoption of new Accounting Standard AAS35 - "Self-Generating and Regenerating Assets" (5)			
- Decrement in the value of the Plantation Growing Timber	11	(145,167)	-
- Elimination of C & D class access roads	9	(21,928)	-
- Reclassification of nursery seedling inventory	8	(146)	-
- Transfers from reserves	15(iii),(v)	82,583	-
- Elimination of opening balance of provision for long service leave (1)		-	7,500
(Prior period) Adjustment to non-current assets (2)		-	115
Non-reciprocal transfer of assets and liabilities (3)		(6,257)	-
Balance at the end of the financial year		844,271	935,186
(ii) Retained Profits			
Balance at the beginning of the financial year		4,662	(5,639)
Net Profit for the period (4)		38,514	19,582
Dividend provided for	14,16	(3,814)	(10,000)
Transfer from Asset Revaluation Reserve		14	719
Unrealised revenue transferred to Plantation Growing Timber			
Unrealised Revenue Reserve (4)	3(a)(iii)	(30,311)	-
Balance at the end of the financial year		9,065	4,662
(iii) Asset Revaluation Reserve			
Balance at the beginning of the financial year		1,232	1,803
Increment/(Decrement) on revaluation			
- Land, Land improvements and Buildings		50	228
- Plant and equipment		-	(80)
Transfer to Capital upon adoption of new Accounting Standard AAS35 - "Self-Generating and Regenerating Assets" for access roads		(792)	-
Transfer to Retained Profits		(14)	(719)
Balance at the end of the financial year		476	1,232
(iv) Plantation Growing Timber Unrealised Revenue Reserve			
Balance at the beginning of the financial year		-	-
Unrealised revenue transferred from Retained Profits (4)	3(a)(iii)	30,311	-
Balance at the end of the financial year		30,311	-
(v) Plantation Growing Timber Revaluation Reserve			
Balance at the beginning of the financial year		81,791	50,126
Transfer to Capital upon adoption of new Accounting Standard AAS35 - "Self-Generating and Regenerating Assets"		(81,791)	-
Increment/(Decrement) on revaluation of Plantation Growing Timber		-	31,665
Balance at the end of the financial year		-	81,791
(vi) Total Equity			
Balance at the beginning of the financial year		1,022,871	973,861
Changes in equity recognised in the Statement of Financial Performance		38,564	51,395
Transactions with Owners as Owners			
- Adjustment on adoption of AAS35 (5)		(167,241)	-
- Non-reciprocal transfer of assets and liabilities (3)		(6,257)	-
- Dividends		(3,814)	(10,000)
- Elimination of opening balance of provision for long service leave (1)		-	7,500
- (Prior period) Adjustment to non-current assets (2)		-	115
Balance at the end of the financial year		884,123	1,022,871

(1) Refer Note 2.17.

(2) Represents adjustments processed to correct asset balances taken up as at 1 July 1995 when DPI Forestry commenced operations as a Commercial Business Group.

- (3) On 1 July 2000, DPI Forestry undertook the non-reciprocal transfer of certain Queensland Forestry Research Institute assets and liabilities, to the Agency for Food and Fibre Sciences (AFFS) within DPI. The net amount of this non-reciprocal transfer was \$6,253,330. The remainder of the non-reciprocal amount represents annual leave balances transferred between government entities. Refer policy note 2.23
- (4) The profit figure for the period contains the net increment in the value of standing timber in DPI Forestry's plantations. Under Accounting Standard AAS35, DPI Forestry must bring to account as revenue the increment in the value of its plantations regardless of whether the plantation timbers have been sold or not. This treatment has given rise to the creation and use of the Plantation Growing Timber Unrealised Revenue Reserve, which sets aside the unrealised portion of the increment in plantation growing timber (refer note 2.14). This unrealised revenue is not available for distribution. Calculation details of the unrealised revenue amount can be found at note 3(a)(iii).
- (5) Upon the adoption of AAS35 "Self-Generating and Regenerating Assets" on 1 July 2000 write downs totalling \$167.241 million were made to the asset valuations for Plantation Growing Timber, Nursery Seedling Inventories and Access Roads. Also, Plantation Growing Timber valuation increments amounting to \$81.791 million, previously accumulated in the Plantation Growing Timber Revaluation Reserve, were cleared from the Reserve. These valuation adjustments were made directly against Capital rather than Retained Profits as required by AAS35. When DPI Forestry became a commercial business group on 1 July 1995 the value of its net assets was recorded as Capital. DPI Forestry management believes that it is more appropriate to adjust the revaluation decrement, arising from the adoption of AAS35, against Capital as it effectively represents a capital reduction in the equity interest held by the State Government as owner of the forest estate.

16 DIVIDEND

The dividend of \$3,814,440 (\$10,000,000, 1999-00) provided for is payable to the Queensland Government. Refer note 24 (a)(ii).

17 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO PROFIT AFTER INCOME TAX EQUIVALENTS

Note	2001 \$'000	2000 \$'000
Profit from ordinary activities after income tax equivalents	38,514	19,582
Non-cash items:		
Unrealised plantation growing timber revenue	3(a)(iii) (30,311)	-
Depreciation and Amortisation	3,807	5,278
Goods received below fair value	-	(1,078)
Liabilities transferred/(assumed)	-	(57)
(Gain)/loss on disposal of non-current assets	942	168
Changes in assets and liabilities:		
(Increase)/decrease in inventories	114	(459)
(Increase)/decrease in net receivables	8,187	(1,920)
(Increase)/decrease in GST input tax credits receivable	3,105	(5)
(Increase)/decrease in prepayments & other assets	38	99
Increase/(decrease) in employee provisions	51	(1,237)
Increase/(decrease) in unearned revenue	(573)	(198)
Increase/(decrease) in GST payable	(6,895)	2
Increase/(decrease) in creditors	(3,383)	2,222
Net cash provided by operating activities	13,596	22,397

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 Statement of Financial Position as detailed in Note 6.

18 FINANCING FACILITIES

STANDBY ARRANGEMENTS TO PROVIDE FUNDS AND SUPPORT FACILITIES

	2001 \$'000	2000 \$'000
Credit facility	3,000	3,000
Amount utilised	-	-
Unused credit facility	3,000	3,000

At 30 June 2001, a credit facility with the Queensland Treasury Corporation was in place with a limit of \$3,000,000. This facility remained fully undrawn at balance date and is available for use in the next reporting period.

19 INTERESTS IN JOINT VENTURES

DPI Forestry holds an interest in a number of joint ventures (Refer Note 2.22). These currently fall into three categories, namely;

1. *Private Forestry Plantations Ventures*: Designed to establish commercially viable timber plantations on private and crown lands. Contributions to these joint ventures for 2000-01 totalled \$992,268 (\$790,055 1999-00).
 2. *Seed Orchard Venture*: Designed to produce and sell improved tree seed from an orchard established for the purpose. Contributions to this joint venture for 2000-01 totalled \$30,535 (\$72,244, 1999-00).
 3. *Commercialisation of Wollemi Pine*: A joint venture company (Wollemi Australia Pty Ltd) was established on 28 May 2001 to manage the propagation and worldwide marketing of the Wollemi pine under licence from the Royal Botanic Gardens in Sydney. The State of Queensland has a 50% interest in this company (1 share at \$1) which will conduct its business primarily via sub-licensing arrangements. This company has not yet commenced trading.
- No output was derived from the joint venture operations during 2000-01 (nil, 1999-00).
 - Total contributions to joint venture operations at 30 June 2001 were \$3,298,842 (\$2,298,825, 1999-00). Of this amount \$2,314,622 (\$1,408,189, 1999-00) has been provided from State funding external to DPI Forestry.

20 CONTINGENT LIABILITIES

DPI Forestry was self-insured for workers' compensation prior to 1 July 1995. There are no outstanding damages actions relating to this period. There remains one outstanding costs matter. 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.

There are two other matters relating to personal injury claims to non-employees and two breach of contract claims 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 all contingent liability matters is as follows:-

Supreme Court	1
District Court	2
Other Jurisdictions including anticipated matters	2

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.

21 COMMITMENTS FOR EXPENDITURE

- Capital expenditure - plant and equipment payable within 1 year: \$420,006 (\$401,003, 1999-00).
- Grants and subsidies expenditure - milestone payments payable within 1 year: \$Nil (\$45,000, 1999-00).

22 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 2001 amounted to \$712,304 (\$710,556, 30 June 2000). 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.

23 NUMBER OF EMPLOYEES

The number of employees at reporting date was 659. (807, 1999-00) This includes both full-time employees and part-time employees measured on a full-time equivalent basis.

24 FINANCIAL INSTRUMENTS

24 (a) Terms, conditions and accounting policies.

DPI Forestry's accounting policies including terms and conditions of each class of financial asset and financial liability are as follows:

(i) Financial assets

Recognised Financial Instruments	Statement of Financial Position Notes	Accounting Policies	Terms and Conditions
Cash	6	Cash includes cash on hand, cash at bank and deposits at call. Interest is included in other revenue.	Cash deposited with the Queensland Treasury Department earns interest at 5% calculated on daily balances. Overdraft balances attract a 9% penalty interest charge.
Receivables (Trade debtors)	2.2 & 7	Trade debtors are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Trade sales require payment within 30 days from end of month in which a sale is invoiced. All trade debtors are secured by cash deposit or other financial guarantee.
Receivables (other than Trade debtors)	2.2 & 7	Amounts (other than trade debtors) are carried at nominal amounts.	All other receivables are net 30 day terms except Freeholding debtors which are generally of a longer term nature.

(ii) Financial liabilities

Recognised Financial Instruments	Statement of Financial Position Notes	Accounting Policies	Terms and Conditions
Payables	2.3 & 12	Recognition - upon receipt of goods or services irrespective of whether an invoice has been received. Measurement - based on agreed purchase/ contract price.	Trade liabilities are normally settled on 7, 14 or 30 day terms.
Interest-bearing liabilities	2.4 & 13	Loans are carried at book value. Interest is charged as an expense as it accrues.	Subsequent to Treasury approval the loan has been temporarily converted to an 'interest-only' loan.
Dividend payable	14 & 16	Dividend payable is recognised when declared by DPI Forestry.	Dividends payable are declared at a negotiated percentage (currently 50%) of profit from ordinary activities after income tax equivalents and after adjustment for plantation timber valuation increments (net of sales.) [note 3(a)(iii)]. Adjustment for a Qfleet dividend allowance is also made. The dividend is payable to the Queensland Government.

24 Financial Instruments continued

24 (b) Interest rate risk.

Financial Instruments	Floating Rate		Fixed Rate Maturing in:						Non-Interest Bearing		Total		Average		Rate:	
			1 year or less		1 to 5 years		Greater than 5 years						Fixed	Floating		
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 %	2000 %	2001 %	2000 %
Financial Assets																
Cash	16,104	18,187	-	-	-	-	-	-	29	34	16,133	18,221	-	-	5.00	4.00
Receivables -trade debtors	-	-	-	-	-	-	-	-	12,706	13,551	12,706	13,551	-	-	-	-
Receivables (other than trade debtors)	-	-	-	-	-	-	-	-	2,231	1,436	2,231	1,436	-	-	-	-
Total Financial Assets	16,104	18,187	-	-	-	-	-	-	14,966	15,021	31,070	33,208	-	-	-	-
Financial Liabilities																
Payables	-	-	-	-	-	-	-	-	4,955	4,552	4,955	4,552	-	-	-	-
Interest-bearing liabilities	-	-	-	-	29,524	20,563	46,896	55,857	-	-	76,420	76,420	5.52*	5.52	-	-
Dividend payable	-	-	-	-	-	-	-	-	3,814	10,000	3,814	10,000	-	-	-	-
Total Financial Liabilities	-	-	-	-	29,524	20,563	46,896	55,857	8,769	14,552	85,189	90,972	-	-	-	-

* This rate represents the book rate applicable to an interest only borrowing. The loan reverts to principal and interest on 1/7/2002, where an approximate book rate of 7.72% will apply.

24 (c) Net fair values.

Financial Instruments	Total carrying amount as per the Statement of Financial Position		Net fair value	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Financial Assets				
Cash	16,133	18,221	16,133	18,221
Receivables -trade debtors	12,706	13,551	12,706	13,551
Receivables (other than trade debtors)	2,231	1,436	2,231	1,436
Total Financial Assets	31,070	33,208	31,070	33,208
Financial Liabilities				
Payables	4,955	4,552	4,955	4,552
QTC Borrowings	76,420	76,420	82,010	78,314
Dividend payable	3,814	10,000	3,814	10,000
Total Financial Liabilities	85,189	90,972	90,779	92,866

The fair value of borrowings is the market value as advised by Queensland Treasury Corporation.

24 (d) Credit risk exposure.

DPI Forestry's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

Credit risk in respect of trade debtors is managed in the following ways:

- payment within 30 days from end of month in which a sale is invoiced; and
- all trade debtors are secured by cash deposit or other financial guarantee.

25 INDICATIVE PHYSICAL QUANTITIES OF PLANTATION TIMBER AND NET VALUATION INCREMENT RECOGNISED AS REVENUE

	2001 '000	2001 '000	2001 \$'000	2000 '000	2000 '000	2000 \$'000
	Hectares	Volume M3	Net Change in NMV	Hectares	Volume M3	Net Change in NMV
Plantation timber - Native Pine	43	22,957	26,435	43	22,185	na
- Exotic Pine	127	48,328	62,275	125	47,620	na
Total	170	71,285	88,710	168	69,805	-

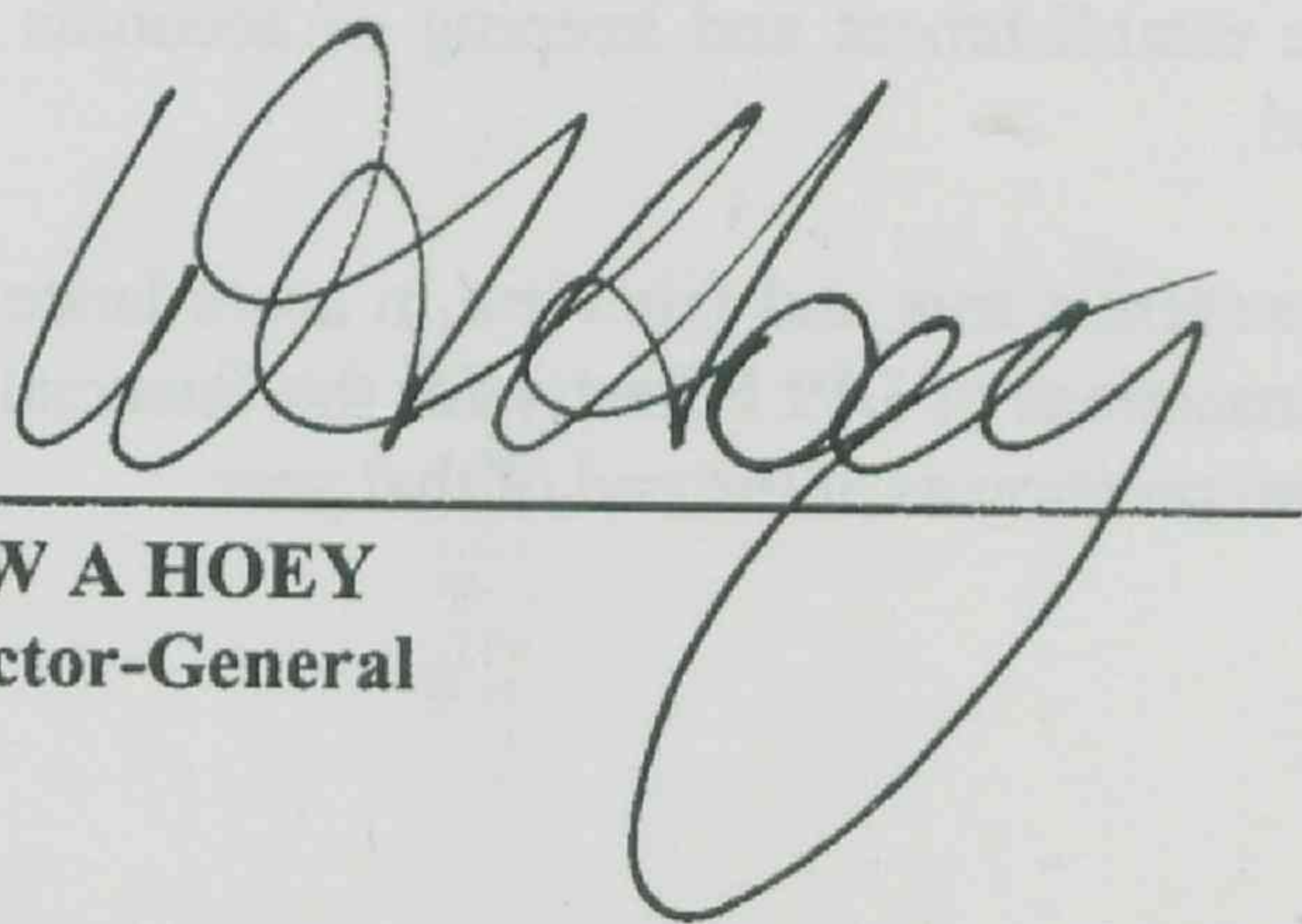
DPI FORESTRY

CERTIFICATE OF DPI FORESTRY

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

in our opinion –

- (i) the prescribed requirements for the establishment and keeping of the accounts have been complied with in all material respects; and
- (ii) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of DPI Forestry for the financial year ended 30 June 2001 and of the financial position as at the end of that year.



DR W A HOEY
Director-General



R BECK
Executive Director (DPI Forestry)

13th September 2001



INDEPENDENT AUDIT REPORT

DPI Forestry

Scope

I have audited the general purpose financial statements of DPI Forestry for the year ended 30 June 2001 in terms of the provisions of the *Financial Administration and Audit Act 1977*. The financial statements comprise the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Notes to and forming part of the financial statements and certificates given by the Director-General and Executive Director (DPI Forestry).

DPI Forestry 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*, which incorporate Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures 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 financial statements are presented fairly in accordance with the prescribed requirements and prescribed accounting standards.

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

Audit Opinion

In accordance with the provisions of the Financial Administration and Audit Act I certify that -

- (a) I have received all the information and explanations which I have required; and
- (b) 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 Statements have been drawn up so as to present a true and fair view in accordance with the prescribed accounting standards, of the transactions of DPI Forestry for the financial year 1 July 2000 to 30 June 2001 and of the financial position as at the end of that year.



P G SHIPPERLEY
Assistant Auditor-General
(Delegate of the Auditor-General)



Queensland Audit Office
Brisbane

INDEPENDENT AUDIT REPORT

DPL Forestry

Scope

I have audited the general purpose financial statements of DPL Forestry for the year ended 31 June 2001 in terms of the provisions of the Financial Administration and Audit Act 1997. The financial statements comprise the statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Notes to and forming part of the financial statements and reports given by the Director General and Executive Director 1997-2001.

DPL Forestry is responsible for the preparation and the fair presentation of the financial statements and the related disclosures thereon. I have audited the financial statements in order to express an opinion on them.

The audit has been conducted in accordance with ICAI Auditing Standards, which require the Auditor to provide reasonable assurance as to whether the financial statements and disclosures are free of material misstatement. Audit procedures included examining, on a test basis, of evidence supporting the amounts and 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 aspects, the financial statements are prepared fairly in accordance with the prescribed requirements and prescribed accounting standards.

The audit opinion is expressed in the report has been I issued on 18 September 2001.

Audit Opinion

In accordance with the provisions of the Financial Administration and Audit Act I certify that:

- (a) I have received all the information and explanations which I have required, and
- (b) the accounts are correct.

The prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects and

- (c) the statements have been drawn up so as to present a true and fair view in accordance with the prescribed accounting standards, of the transactions of DPL Forestry for the financial year 1 July 2000 to 30 June 2001 and of the financial position at the end of that year.



P O BENNETT
Assistant Auditor-General
(Deputy of the Auditor-General)



Assistant Auditor-General
Ottawa

DEPARTMENT OF PRIMARY INDUSTRIES

2000-2001 *financials*

