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department of
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02
2001-

annual report



Queensland Government
Department of Primary Industries

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Please open for Glossary ...

Communications objectives

This annual report

- fulfils state government reporting requirements
- provides a general and strategic overview of departmental activities and achievements
- provides performance, financial and statistical data
- includes the department's Statement of Affairs.

This report is available on the DPI home page on the Internet at www.dpi.qld.gov.au and copies are also available by request.

DPI Information Centre
Primary Industries Building
80 Ann Street
Brisbane

For further information about obtaining copies please contact the DPI Call Centre by email callweb@dpi.qld.gov.au or telephone 13 25 23.

Glossary

Agvet. Agricultural and veterinary chemicals.

AQIS. Australian Quarantine Inspection Services.

arbovirus. Any of a large group of viruses transmitted by arthropods, such as mosquitoes and ticks—bluetongue, akabane and ephemeral fever are examples.

biochemicals. Relating to biochemistry; characterised by, produced by, or involving, chemical reactions in living organisms.

bioremediation. A process of naturally improving or remediating water quality by farming other organisms in discharge waters from the main aquaculture ponds to convert nutrients and organics into less environmentally harmful products. Benefits include an extra crop plus lower on-farm residual, therefore, reducing environmental impacts.

biosecurity. Refers to the policies and measures taken for protecting food supply and agricultural resources from both accidental contamination and deliberate attacks of 'bio-terrorism'.

biosolid. Solid or semisolid material obtained from treated wastewater, often used as fertiliser.

bluetongue zones. Will be determined as a result of the epidemiological investigations and from the information that is available from the past and continuing National Arbovirus Monitoring Program: both the virus and vector-free areas will be identified so that the bluetongue-free areas are well defined, recognisable and understood.

bovine. Relating to, resembling, or derived from, cattle.

BSE. *Bovine Spongiform Encephalopathy*, sometimes called 'Mad Cow Disease' a form of *Transmissible Spongiform Encephalopathies* (TSE).

bycatch. Bycatch is the unintended catch in trawler fishing. It is often comprised of hundreds of different species and usually weighs more than targeted catch—there is increasing local and global concern to reduce bycatch.

chitin. Chitin is a complex molecule found in crustaceans, such as crabs, lobsters, and shrimp. Research shows that chitin could be used for treating burn patients—it has a remarkable compatibility with living tissue and has been looked at for its ability to increase the healing of wounds.

chitinase. An enzyme which breaks down chitin.

clonal timber. Timber produced from cloned tissue stock providing better form and faster growth, reduction of rotation times and greater uniformity—a tremendous advantage for the sawmillers.

closed-loop systems. Systems where waste products are eliminated by re-introduction into the system, e.g. composting. Closed-loop systems exhibit profitable ways to re-use or recycle products.

COAG. Council of Australian Governments.

environmentally safe pest strategies. Strategies that reduce dependence on chemical insecticides and overall chemical usage by adopting innovative biological control methods, providing the 'softest' impact on the environment.

FMD. Foot-and-mouth disease.

food and fibre. Collective term used to describe the end products of research and agricultural production—meat production, horticulture, field crops and timber, wool, cotton etc.

food and fibre chains. Collective term for each step in the stages of production from producer to consumer.

functional food. Mainstream grocery food items with added nutrients such as pro-biotics and calcium.

GMO. Genetically modified organism.

HACCP. Hazard Analysis Critical Control Point.

in-line systems. Integrated sequential processes which do not incur any additional labour or handling of materials.

innovation and customisation. Improving product attributes and developing new products that meet the demand of domestic and international customers using traditional and novel science.

near-infrared spectroscopy. Spectrum light between visible and infrared is used to assess levels of water, sugar, acids and a range of other organic substances that absorb near infrared light in proportion to their concentration.

nutraceutical. Where the nutritionally valuable components have been extracted to allow consumption in dosage form—a fish oil capsule.

organic. Produce that has not only been grown without the use of chemical fertilisers, pesticides, genetically modified organisms or antibiotics, but has also been harvested, prepared and transported in systems that guarantee the produce is not fumigated, irradiated or contaminated by synthetic chemicals.

ovine. Relating to, resembling, or derived from, sheep.

phytochemicals. Occur naturally in certain plants and they are currently under worldwide scientific scrutiny for their apparent role in fighting cancer, lowering cholesterol, reducing the risk of ulcers and preventing tooth decay.

TSE. *Transmissible Spongiform Encephalopathies* are brain diseases. Two important varieties are *Bovine Spongiform Encephalopathy of cattle* (BSE) and scrapie of sheep.

value chains. Examining the points where value is added along the physical chains, an encompassing set of tangible physical and non-tangible factors also known as demand chain and supply chain.

value-adding. Making the most from the value chain at various points from production to consumer.



These locations and rivers are referenced in the body of the report. DPI regional centres are shown in bold type.



Contacts

Primary Industries Building

80 Ann Street Brisbane Qld
GPO Box 46 Brisbane 4001 Qld Australia
Telephone + 61 7 3239 3111
DPI Call Centre
Telephone 13 25 23

Queensland Government Agent Program
Telephone 1800 803 788 (in rural Qld)

DPI Regional Centres

PO Box 1085 **Townsville**
Qld 4810 Australia
Telephone 07 4722 2688

PO Box 519 **Longreach**
Qld 4730 Australia
Telephone 07 4658 4400

PO Box 5165 **Nambour**
Qld 4560 Australia
Telephone 07 5430 4911

PO Box 6014 **Rockhampton**
Mail Centre
Qld 4702 Australia
Telephone 07 4963 0335

PO Box 102 **Toowoomba**
Qld 4350 Australia
Telephone 07 4688 1200

Letter to the Minister

The Honourable Henry Palaszczuk MP
Minister for Primary Industries and Rural Communities
Primary Industries Building
80 Ann Street
BRISBANE QLD 4000

Dear Minister,

I am pleased to present to you the Department of Primary Industries 2001–02 Annual Report.

This Annual Report outlines the Department of Primary Industries' (DPI) progress and achievements against the strategies in the Corporate Plan ...2006.

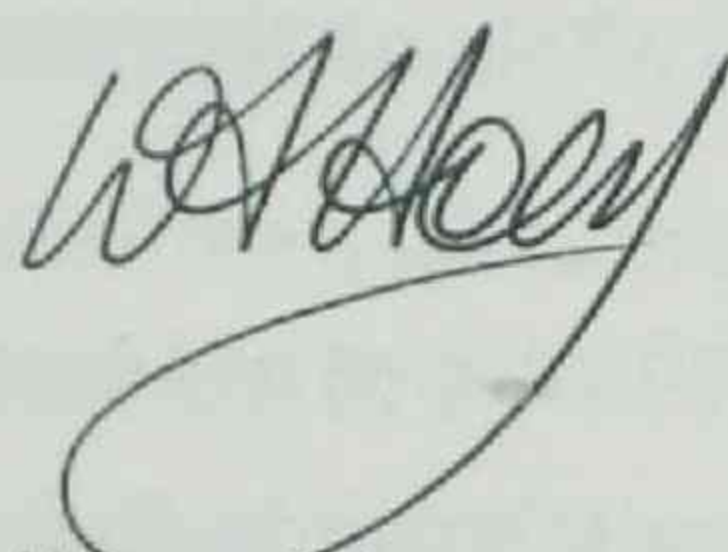
During 2001–02 DPI and Queensland's primary industries and rural communities faced significant and complex challenges. Our response to these challenges was based on our capacity to:

- develop sustainable production systems that are economically viable while meeting stringent environmental and social standards
- maintain effective biosecurity surveillance protecting Queensland's primary industries from introduced pests and diseases to maintain Queensland's reputation for disease-free primary industries exports
- assist rural communities to adapt to changing economic and social circumstances
- work with food and fibre businesses along the supply chains to meet consumer demands
- assist food and fibre producers to manage during and for times of extreme seasonal variations such as drought.

The key to DPI's capacity to face these challenges of developing and delivering sustainable solutions is the leadership of the Senior Executive Team, our staff and the strong relationships we have with our partners. These strong relationships are built on trust, respect and professionalism earned over a long period of time. Our partners include other government agencies, industry bodies, and special interest groups who actively seek and trust our advice. In DPI we value working collaboratively to make a difference and accepting responsibility for our actions, and look forward to further developing the breadth and depth of our partnerships and expertise—making a difference today and in the future.

The success of DPI rests with the staff, and is reflected in their dedication and commitment to the sustainable development of Queensland's primary industries and rural communities. I would like to thank them for their effort during the past year and commend them on their individual and team achievements. I am confident in their skills, knowledge and ability to respond to future challenges and develop sustainable solutions for the benefit of all Queenslanders.

Yours sincerely



Warren Hoey
Director-General

Corporate governance

Corporate governance is the manner in which an organisation is managed in order to achieve strategic goals and operational objectives and, at the same time, reduce risk (the potential for unexpected events).

A Queensland Audit Office (QAO) report examined the corporate governance and risk management practices of various government departments, and required agencies to undergo a self-assessment program. In their findings, released in August 2001, QAO stated that:

'QAO considers that the department is well progressed in its implementation of corporate governance and risk management systems and practices. A number of commendable practices were noted, particularly in relation to management structure and operations; management standards; control; monitoring and reporting; and risk management.' (QAO Report August 2001)

Management structure



The department first established a Corporate Governance Committee in 1997. In 2001 the Committee's activities were incorporated with Senior Executive Team (SET) meetings. This resulted in all SET members being involved in corporate governance issues with external members attending relevant sessions of SET meetings. Director-General, Warren Hoey stated *'I am committed to a holistic, integrated approach to addressing corporate governance issues'*.

All governance and risk management committees meet regularly and operate under set Terms of Reference, which are revised annually. The SET met eight times during the year.

Management standards

The QAO report *'considers that the department is well advanced towards full implementation in relation to policy development and co-ordination, the code of conduct and the communication of management standards'*. (QAO Report August 2001)

The DPI is strongly committed to ethics in the workplace as indicated by the following values:

Professionalism—working collaboratively with our partners, clients and stakeholders

Integrity—providing professional and independent advice

Respect—accepting responsibility for our actions

Growth—respecting differences and encouraging honest and open communication

Balance—maintaining a healthy balance between our work and private lives.

In the interest of best practice and continuous improvement DPI's existing Code of Conduct is currently being revised. The code, available to all staff on the Intranet site and as part of the online induction process, sets out guidelines on acceptable standards of behaviour expected from all DPI employees. As part of a collaborative process key stakeholders and staff have input, the Intranet is used for feedback and a communication and training plan has been established.

Control, monitoring and reporting

Internal Audit

Internal Audit assists the Director-General with the provision of timely advice on the adequacy and effectiveness of the department's internal controls, ensuring that management addresses identified shortcomings or improvements.

QAO noted *'that the department has implemented a comprehensive internal reporting framework to adequately support the monitoring and review functions of executive groups and committees'*. (QAO Report August 2001)

This is achieved by:

- verifying departmental financial statements prior to submission to QAO
- conducting audits at both whole-of-department and work unit levels
- providing feedback on draft policies and procedures
- becoming involved, at an early stage, in new systems and system changes to ensure effective controls are established
- working with staff in assessment reviews

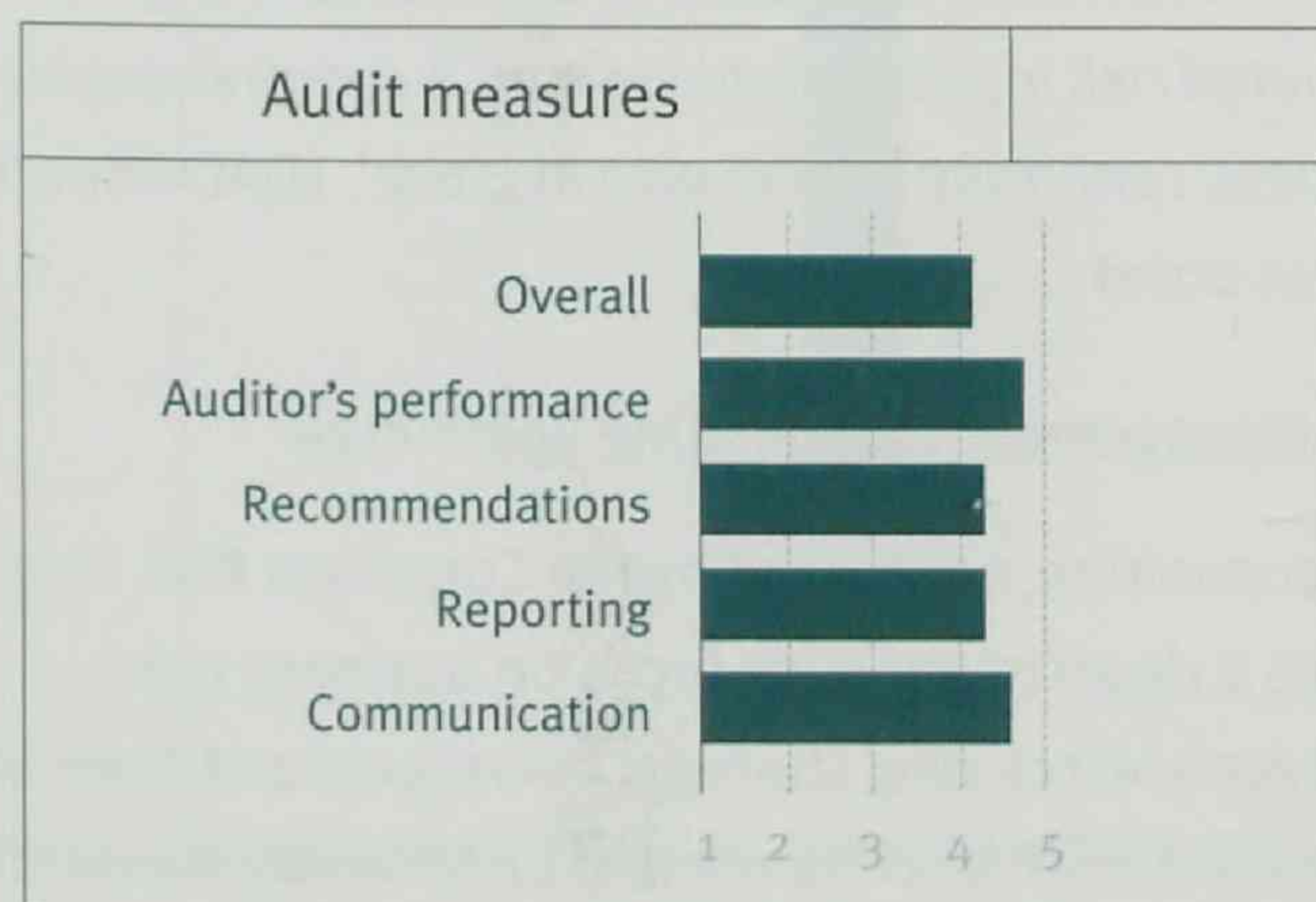
- maintaining a professional audit group with all auditors having at least bachelor degree qualifications and five out of six being qualified CPAs.

Over the past year Internal Audit:

- worked with QAO to successfully audit the department's financial statements
- used an electronic audit tool CAATs (Computer Assisted Audit Techniques) in most audits
- was the first unit in the southern hemisphere to audit the SAP system using ACL Direct Link
- provided a whole-of-government demonstration in the value and use of the ACL Direct Link product in addition to one-on-one demonstrations, where requested, with other agencies
- audited the SAP upgrade
- continued to monitor the level of GST compliance
- provided 572 audited statements to 24 funding bodies.

Feedback

Internal Audit sought client feedback on their service which indicated that the purpose of audits was clearly communicated; results were logical and well documented; audits were conducted in a timely manner with minimum disruption; recommendations were constructive and actionable; and that audits added value to the organisation.



The future

- Continue to monitor GST compliance within the department
- Continue to be involved with new systems development to improve processes and reduce administrative expenses
- Ensure that significant matters identified during audits are addressed by management

Audit Committee

This committee assists the Director-General to fulfil his responsibilities by providing independent advice on the adequacy of administrative, operating and financial management systems.

Over the past year the committee:

- reviewed and endorsed the Strategic Audit Plan for 2001–2004, the Annual Audit plan and the audit

strategy developed by External Audit, and the DPI and DPI Forestry financial statements

- monitored GST implementation
- conducted an evaluation of the committee's performance and identified improvements to the Terms of Reference to increase accountability
- encouraged a review of the Code of Conduct
- oversaw the upgrade to departmental accounting and human resource systems, and the development of other systems which resulted in improved business practices and reporting
- reviewed reports from Internal and External Audit to ensure all matters raised were appropriately addressed
- oversaw matters to ensure they were addressed in a timely manner
- supported and monitored the use of self-assessment audits in the department and monitored the results.

Finance Committee

This committee reviews the budget and financial management of the department and supports the SET. From time to time, the committee's deliberations also include the financial operations of statutory bodies in the Minister's portfolio. During 2001–02, the committee focused on strategic business planning, decision-making support and strong financial management.

The committee was re-constituted in 2001–02 with revised Terms of Reference and the inclusion of all business group executive directors as members. The Director-General is the Chair of the committee.

Over the past year the committee:

- negotiated with Queensland Treasury and the Cabinet Budget Review Committee (CBRC) and internally with business groups on budgets and resource re-positioning to meet government priorities
- approved departmental budget policies and processes
- monitored financial and budgetary performance by outputs and business groups
- reallocated resources to meet financial performance and service delivery targets
- identified and examined areas of financial concern and business risk preventative strategies
- sponsored the development and delivery of a training package as a refresher and update on financial management and accountability.

Legislation Committee

This committee determines the priority, and ensures smooth passage, of the Minister's legislation program and identifies operational changes necessary as a result of new legislation.

The development of a legislative compliance program is well advanced and aims to:

- prevent and, where necessary, identify and respond to breaches of laws, regulations, codes or organisational standards
- promote a culture of compliance
- assist in remaining or becoming a good corporate citizen.

The committee also oversaw the enactment of a number of pieces of legislation, the most significant of which was the *Animal Care and Protection Act 2001* which promotes the responsible care and use of animals and helps to protect animals from acts of cruelty.

The Plant Protection Amendment Regulation (No.1) 2002 introduced a range of pest control measures for areas infested with fire ants, enabling businesses such as nurseries and landscapers dealing in material that could be infested with fire ants to continue trading through the development and approval of risk management plans.

Information Steering Committee

This committee coordinates the management and application of the department's information resource. The committee meets three times a year to discuss and agree on strategic direction for IT initiatives. It reviews and checks these against the published Information Strategy. Out-of-session papers are circulated to committee members via a web page on the DPI Intranet, and comments invited. This process is only used for operational and day-to-day matters of a non-strategic nature so they can be acted on between committee meetings.

Workplace Health and Safety Action Committee

This committee addresses corporate safety issues. It maintains a close relationship with the Risk Management Coordinating Committee to assess ways in which systems and procedures can be improved and risks to staff, equipment and the environment minimised.

Over the past year the committee:

- increased the profile and recognition of the Rehabilitation Coordinators and the importance of their roles in assisting injured staff to return to meaningful work as quickly and conveniently as possible after an accident
- reviewed and updated the department's Rehabilitation Policy and procedures
- organised an audit of the work at cattle dips and spray stations to assess the risks involved
- reviewed procedures for DPI officers working from home and WorkCover requirements for officers working interstate

- initiated development of a system for recording and reporting on Workplace Health and Safety activities that will allow DPI management at all levels to review performance in these areas and develop strategies for improvement
- reviewed the health and safety implications of DPI Officers working on private property and the responsibilities of both the officer and the landowner.



Risk management

The QAO report noted 'a high level of senior management support for the department's risk management system. This is demonstrated by a comprehensive risk management policy, the appointment of a risk management co-ordinator and adequate strategies to promote awareness of risk management issues. It was noted that the department is well progressed in the implementation of all phases of a systematic and co-ordinated risk management system. A comprehensive business continuity plan is also in place'. (QAO Report August 2001)

Risk Management Coordinating Committee

This committee, supported by the Corporate Risk Unit, adopts a department-wide focus on business risk management including strategic, operational and financial risk hazard, with uncertainty and opportunity elements of risk being considered.

DPI has assessed its ability to handle potential risks and is well prepared to respond quickly and effectively to various situations.

External accountability

During the year the department commenced a process of undertaking comprehensive interaction and relationship management with all major stakeholders through an integrated corporate marketing approach. A Corporate Marketing Steering Committee, comprising the department's executive team, was established to drive, monitor and evaluate the process. A major stakeholder evaluation and market research project was identified as a first priority to be undertaken in 2002-03.

Internal strategies

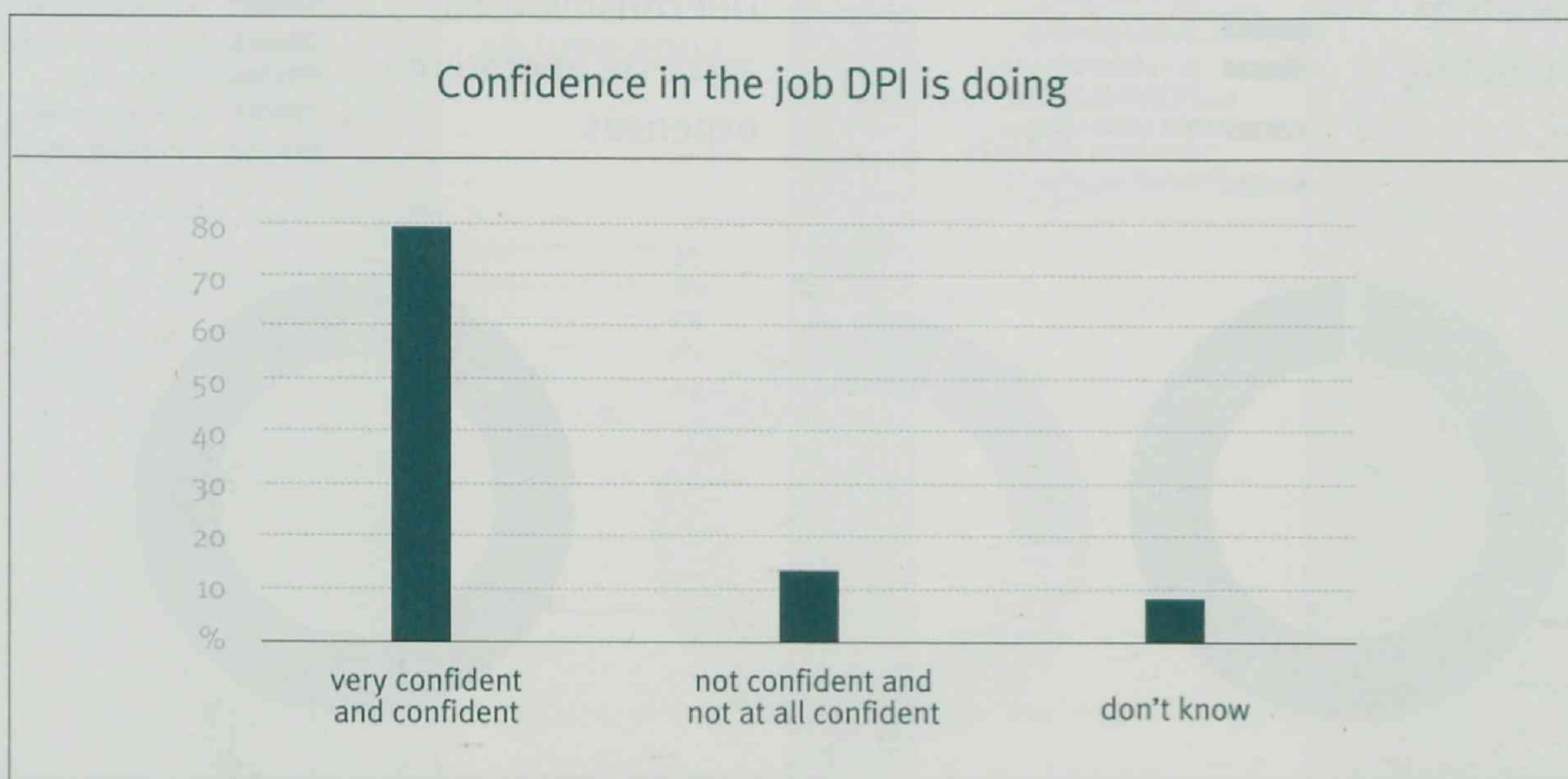
Clients and community

Strategies

- Regularly review DPI services in terms of satisfaction and relevance to clients and the community
- Broaden the interaction of managers and staff with clients and the community to cover all aspects of food and fibre chains
- Ensure region-specific requirements are a prime consideration in reviewing DPI client, and community, relationships and services
- Review the level of awareness of the DPI brand and the image of the DPI within the community
- Monitor DPI services to ensure DPI staff act with integrity and as responsible corporate citizens
- Provide clients and the community with access to information they value

Measures of success

- Client satisfaction ratings
- Service relevance ratings
- Recognition rating of DPI brand and image



Responses from 3000 Queenslanders surveyed by the Office of Economic and Statistical Research, Queensland Treasury (OESR) indicate that almost 80% are 'very confident' or 'confident' that DPI is doing a good job.

Who would you most like to sit next to on a plane? And Why?

'Probably between Gary Hamel for his application of innovative approaches within traditional organisations and Michael Porter in terms of strategy development. On the other hand Leigh Matthews and Wayne Bennett might be better value.'

John Skinner – Executive Director, Corporate Performance

Internal strategies

Resource management

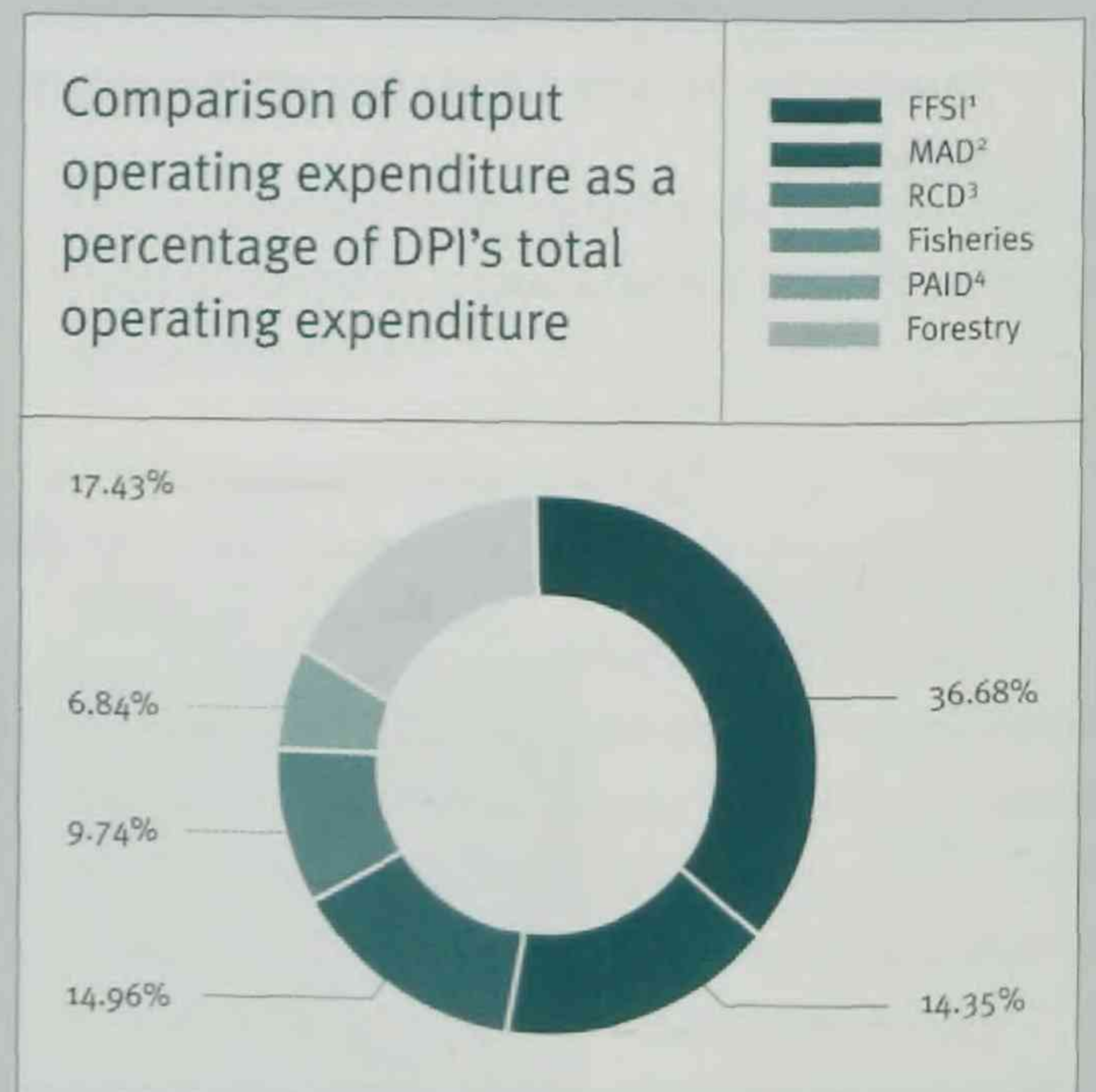
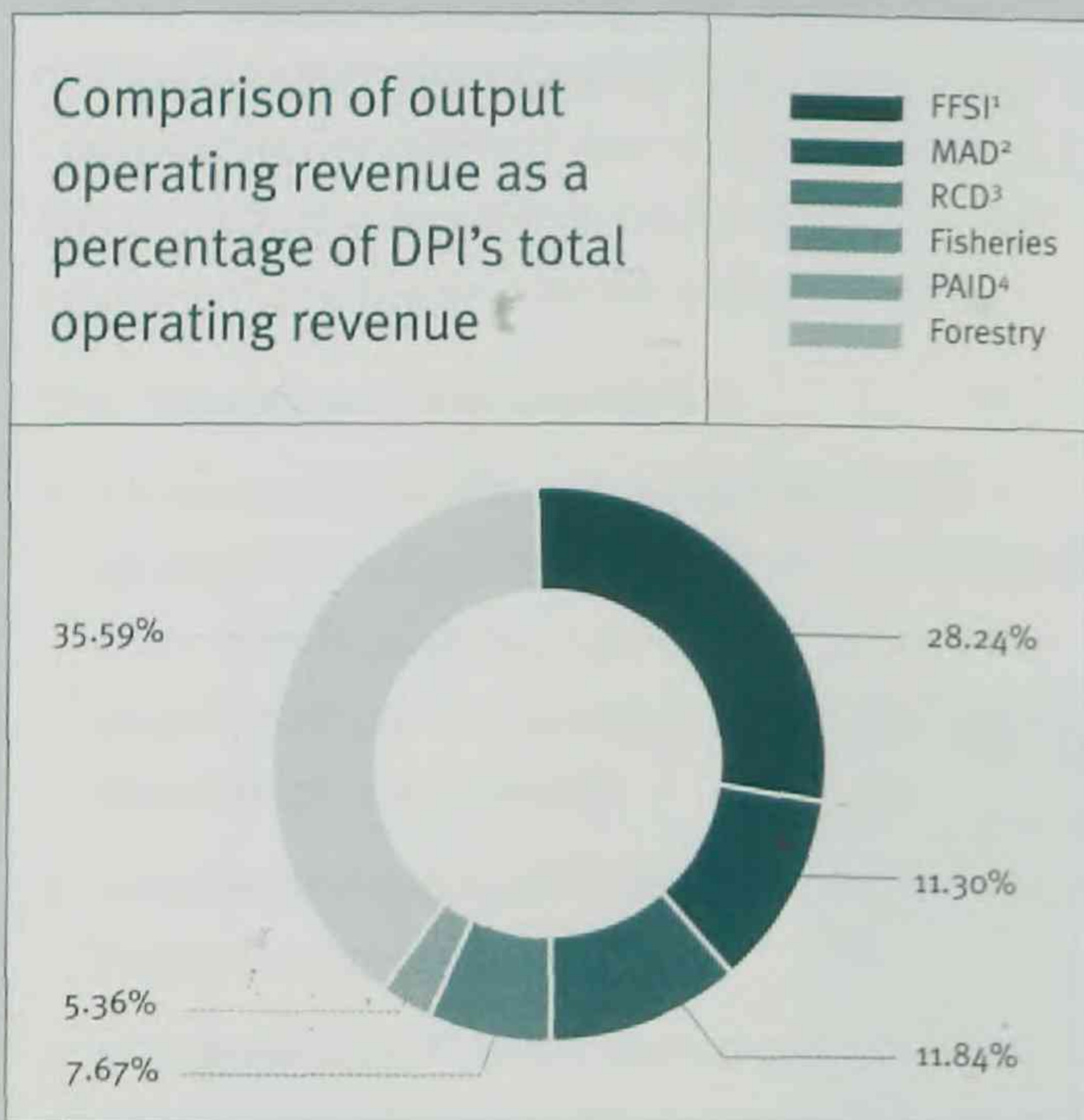
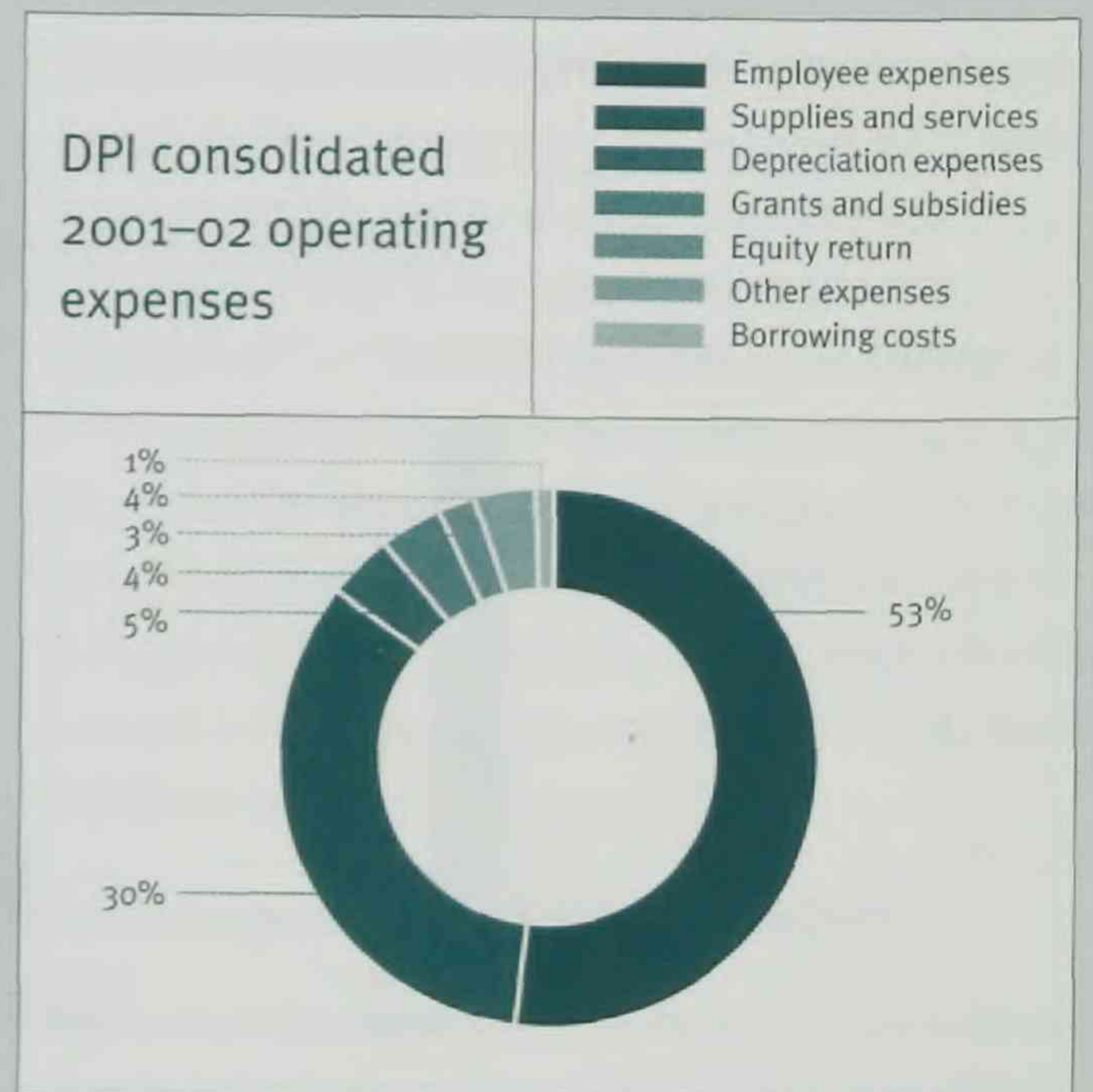
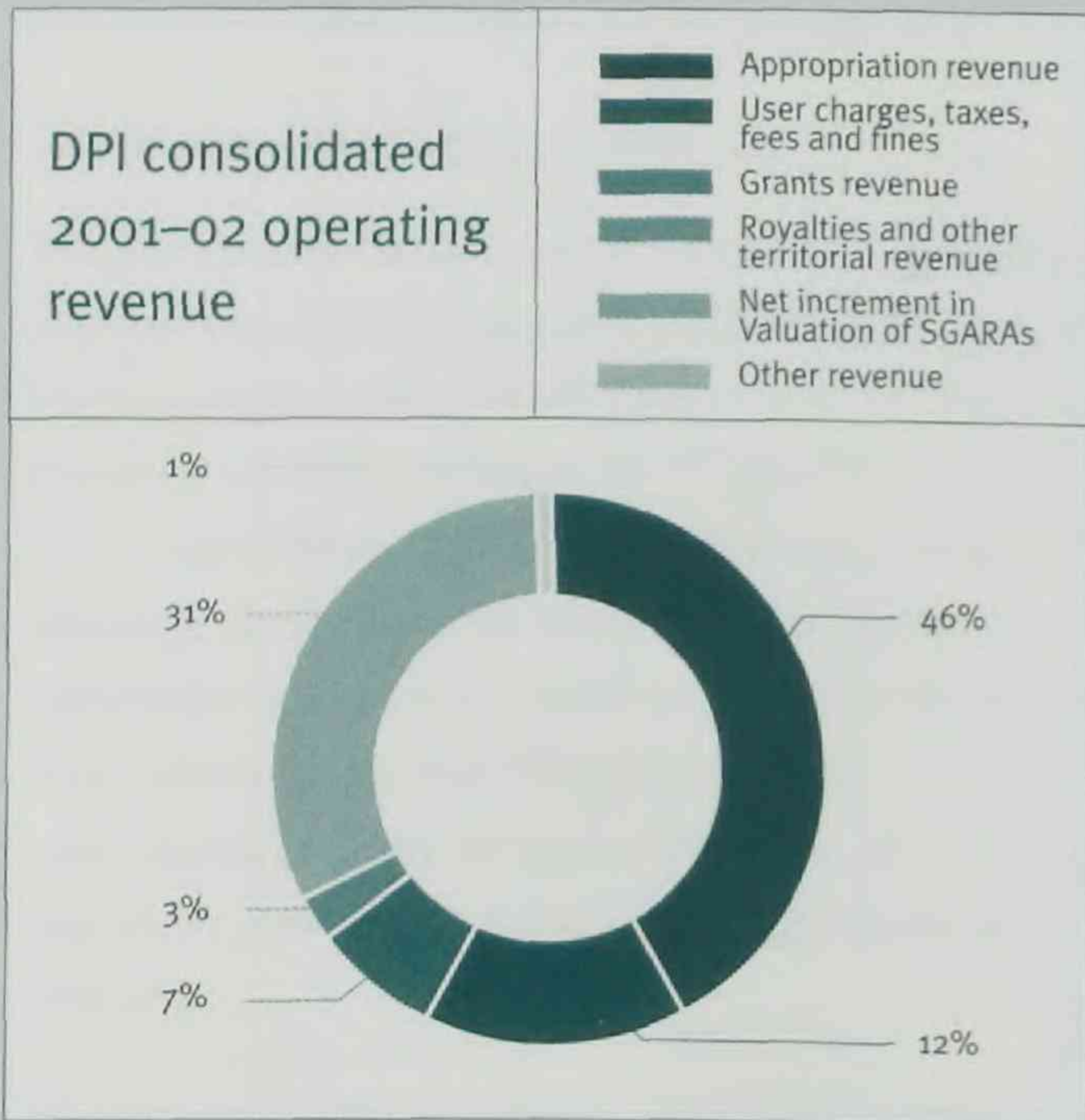
The resource management pages form the department's financial snapshot.

Strategies

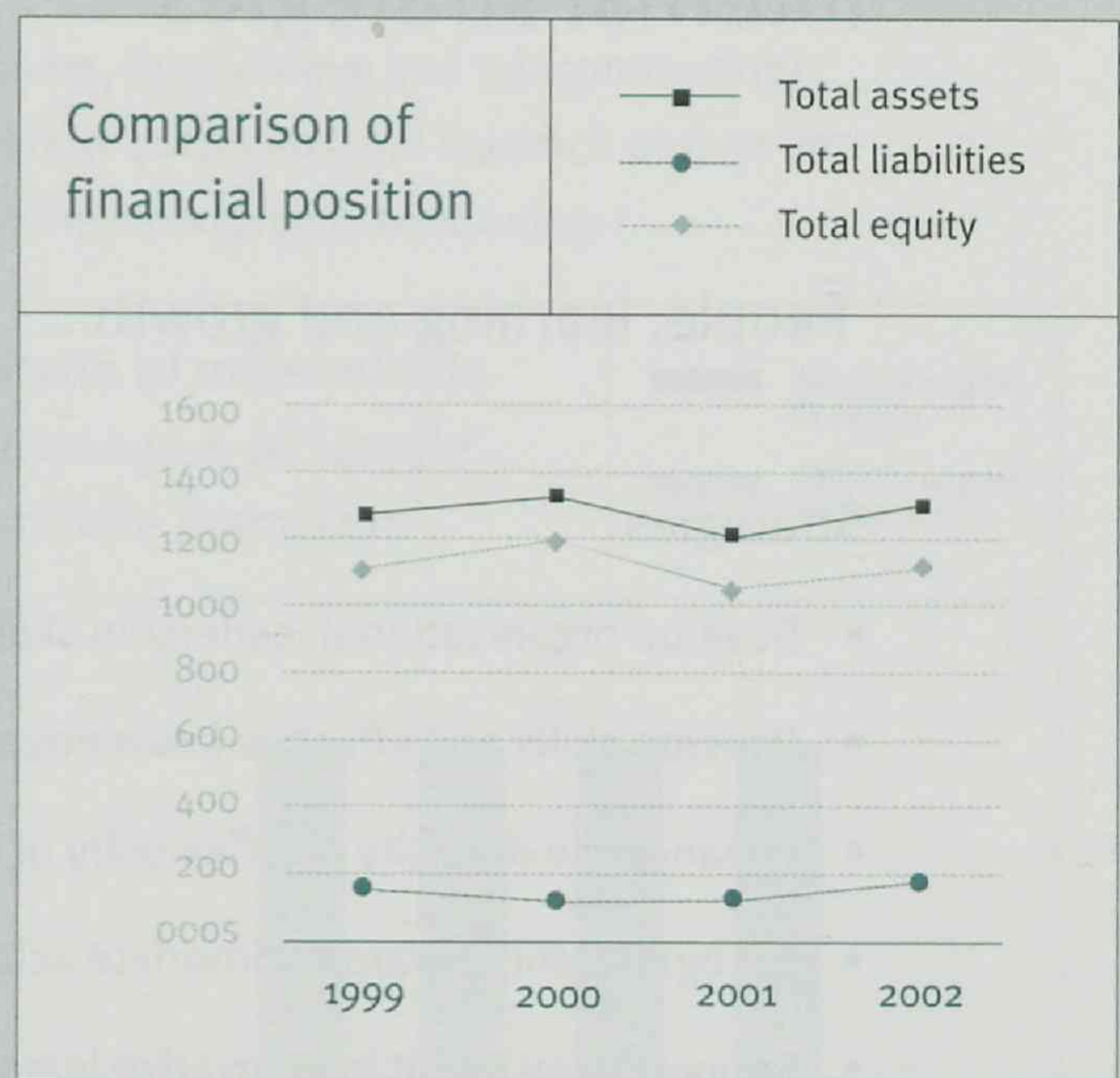
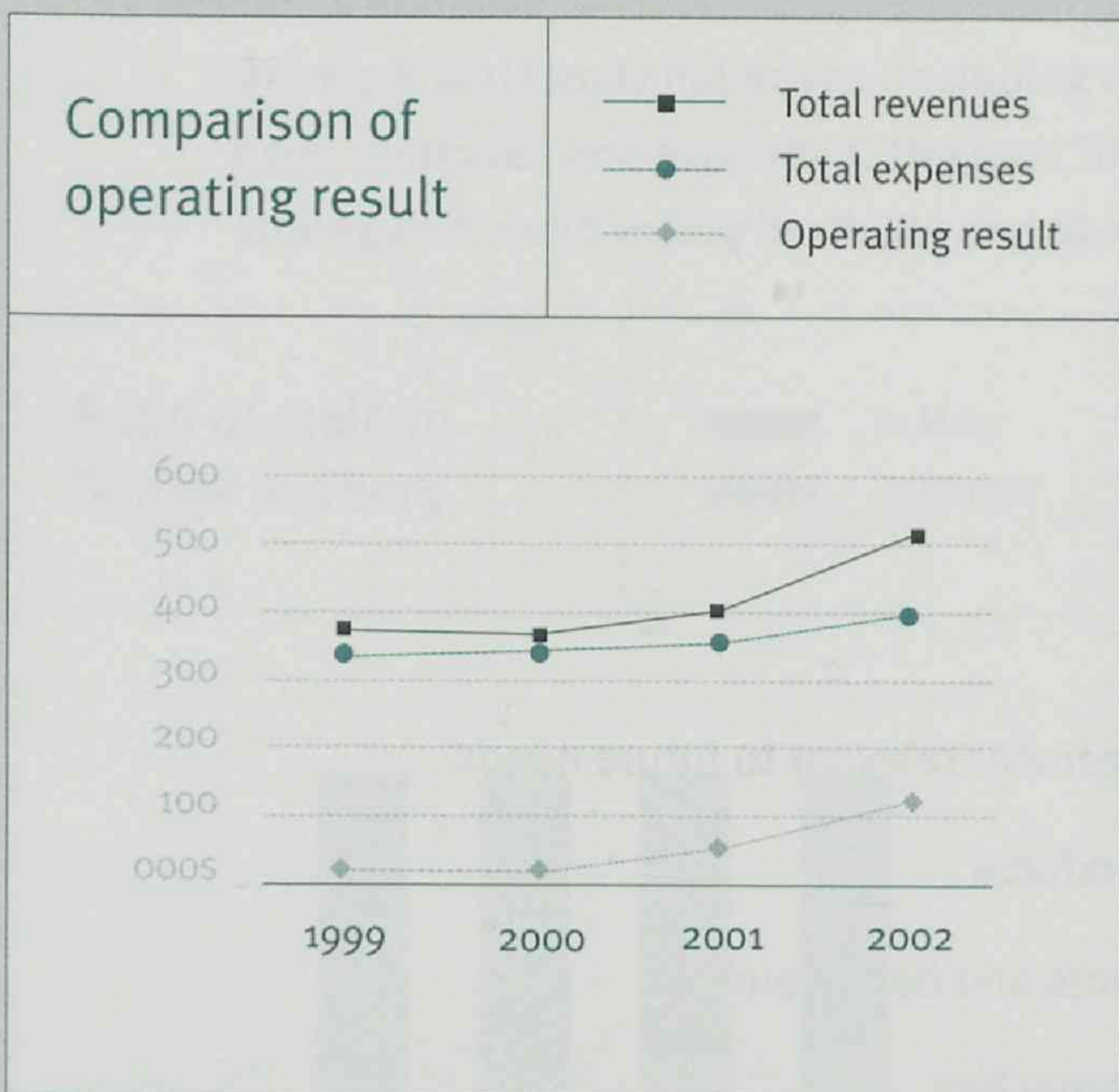
- Maintain and enhance DPI's leadership role in financial management of resources
- Regularly review benchmarks for financial management
- Ensure effective management of non-current physical assets

Measures of success

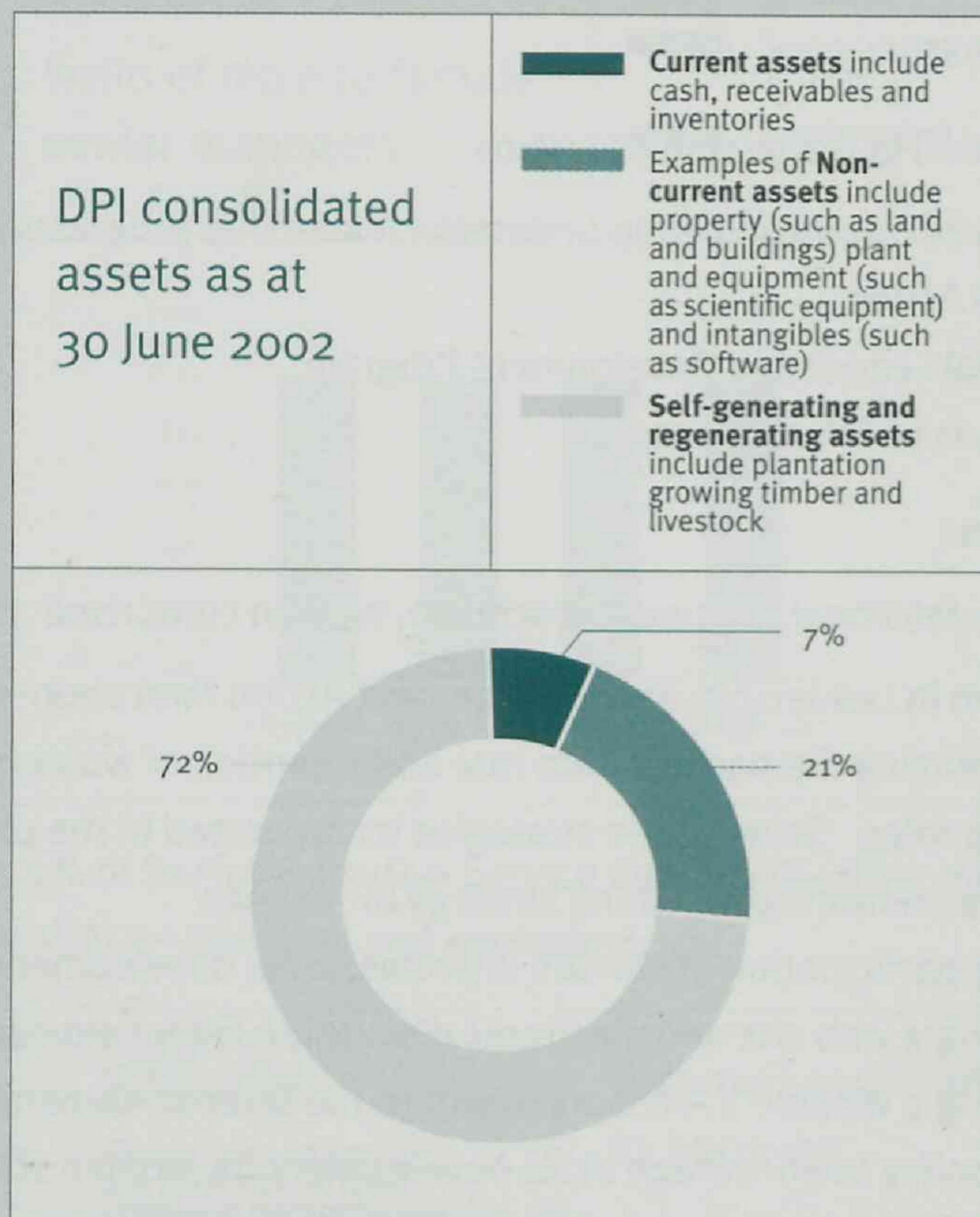
- Unqualified audits
 - The department had no qualified audits for 2001-02.
- External funding as a percentage of overall funding



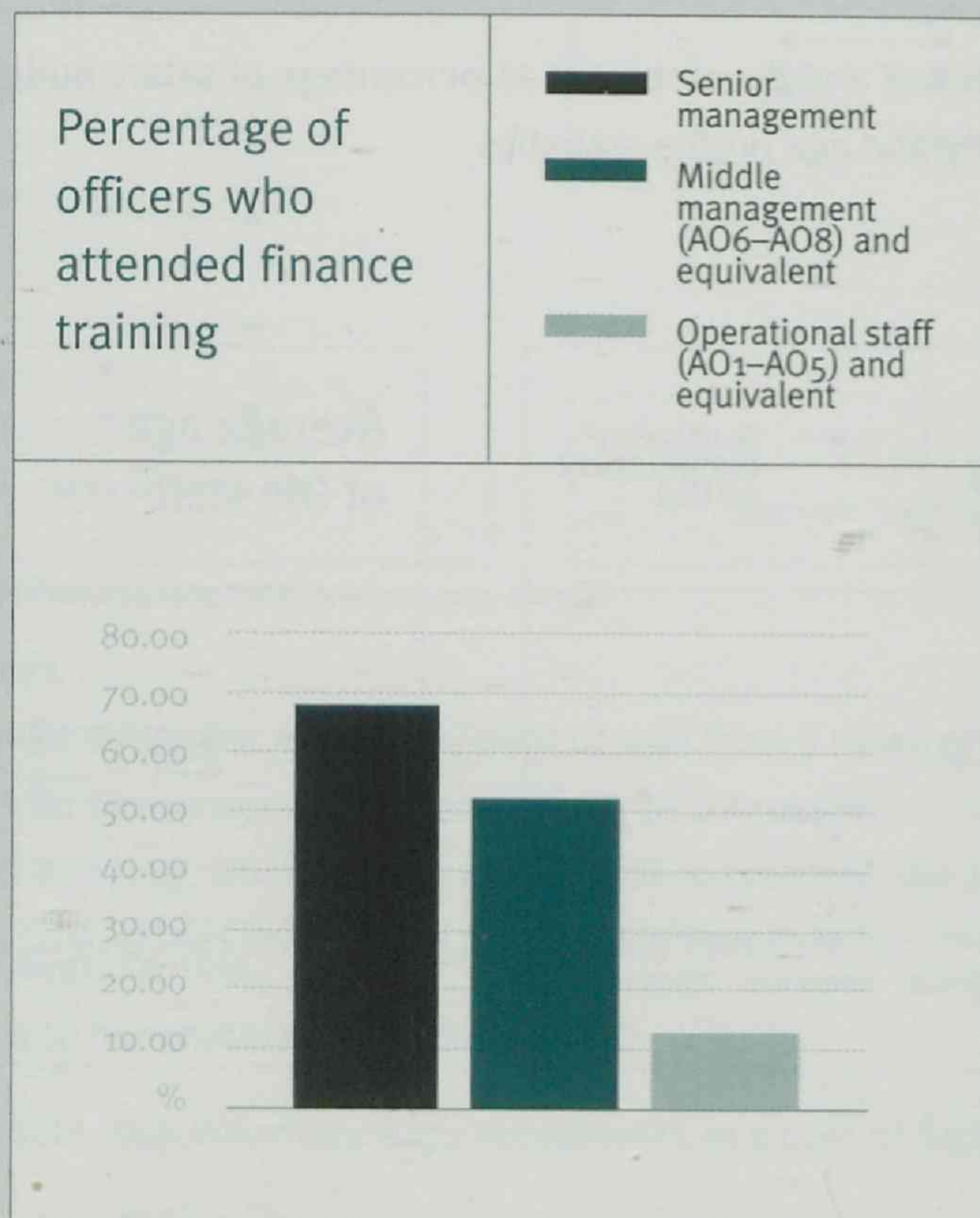
¹FFSI Food and Fibre Science and Innovation
²MAD Market Access and Development
³RCD Rural Community Development
⁴PAID Policy Analysis and Industry Development



(Note: The department's financial performance and position was significantly affected by the commencement of the fire ant eradication program. For more information please see the financial statements.)



- Senior managers regularly undertake updated financial management training



Internal strategies

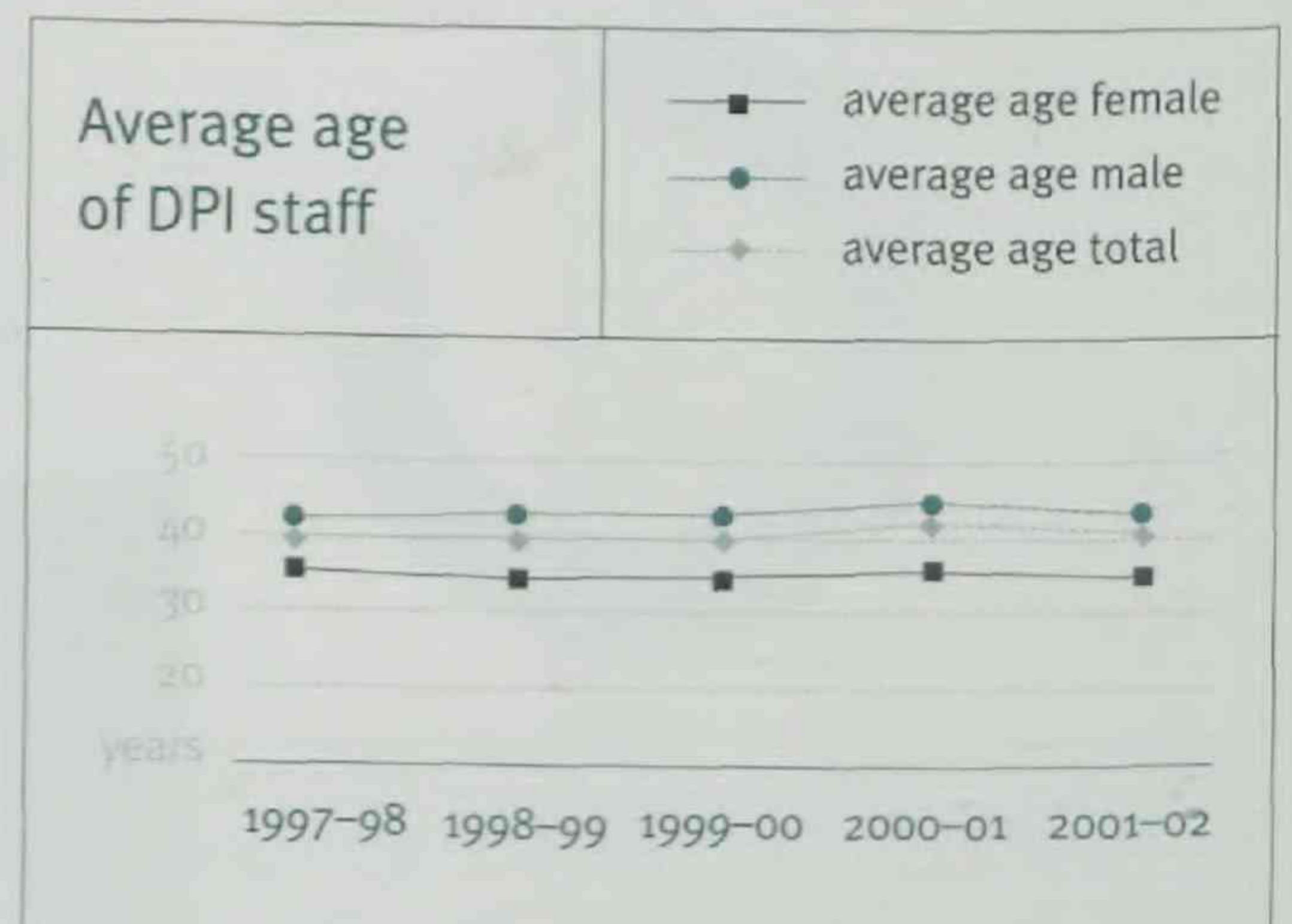
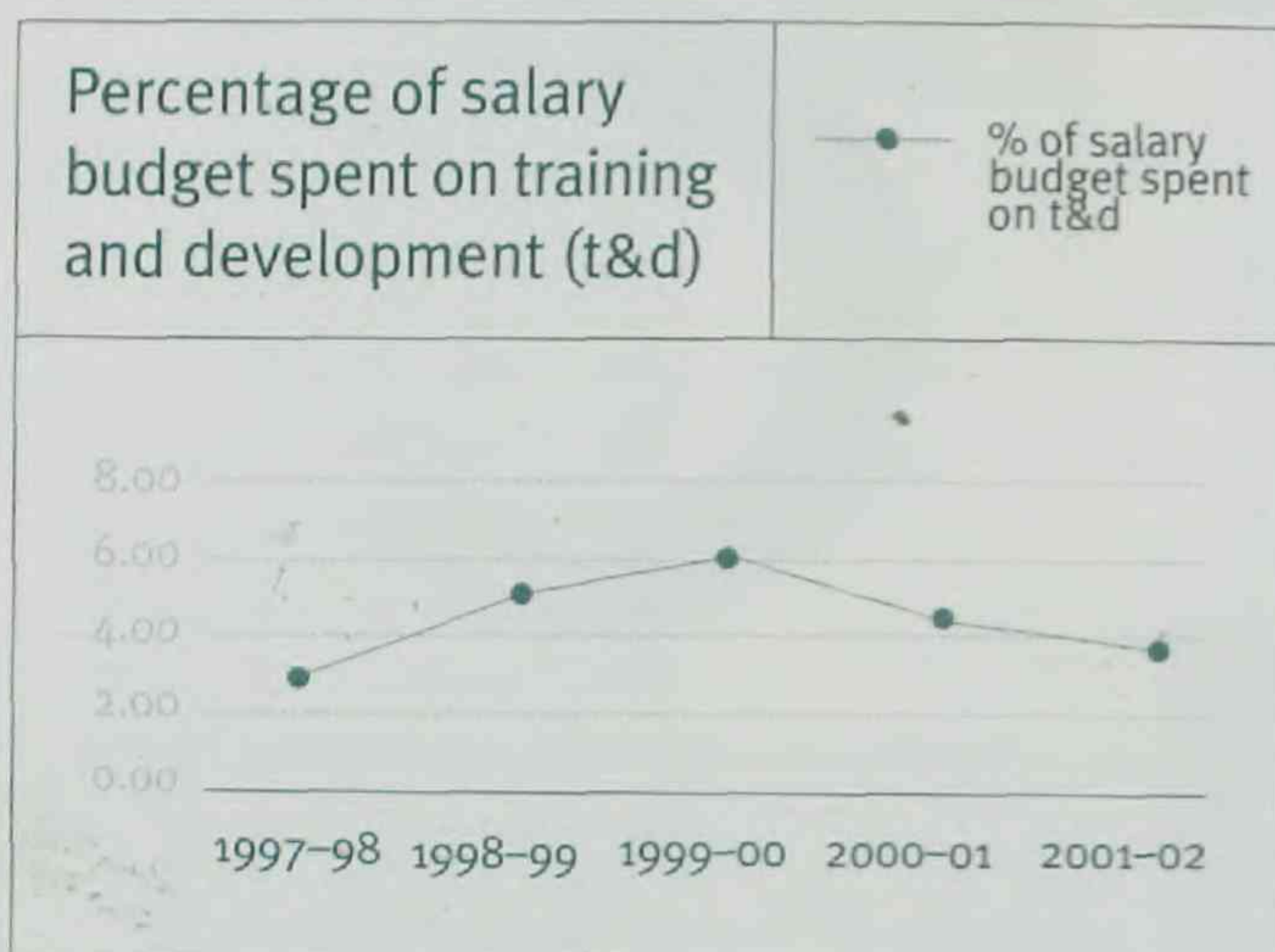
People, learning and growth

Strategies

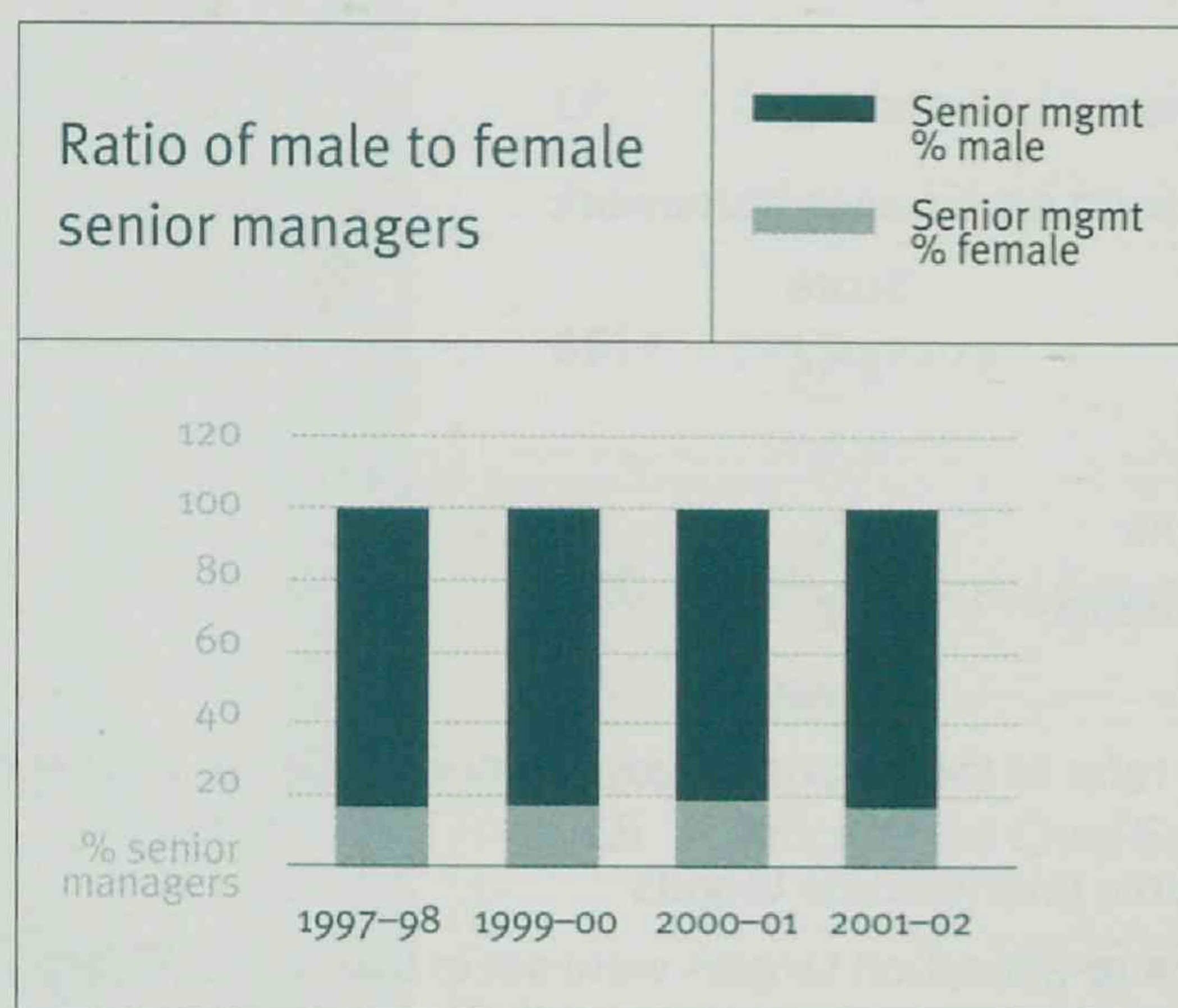
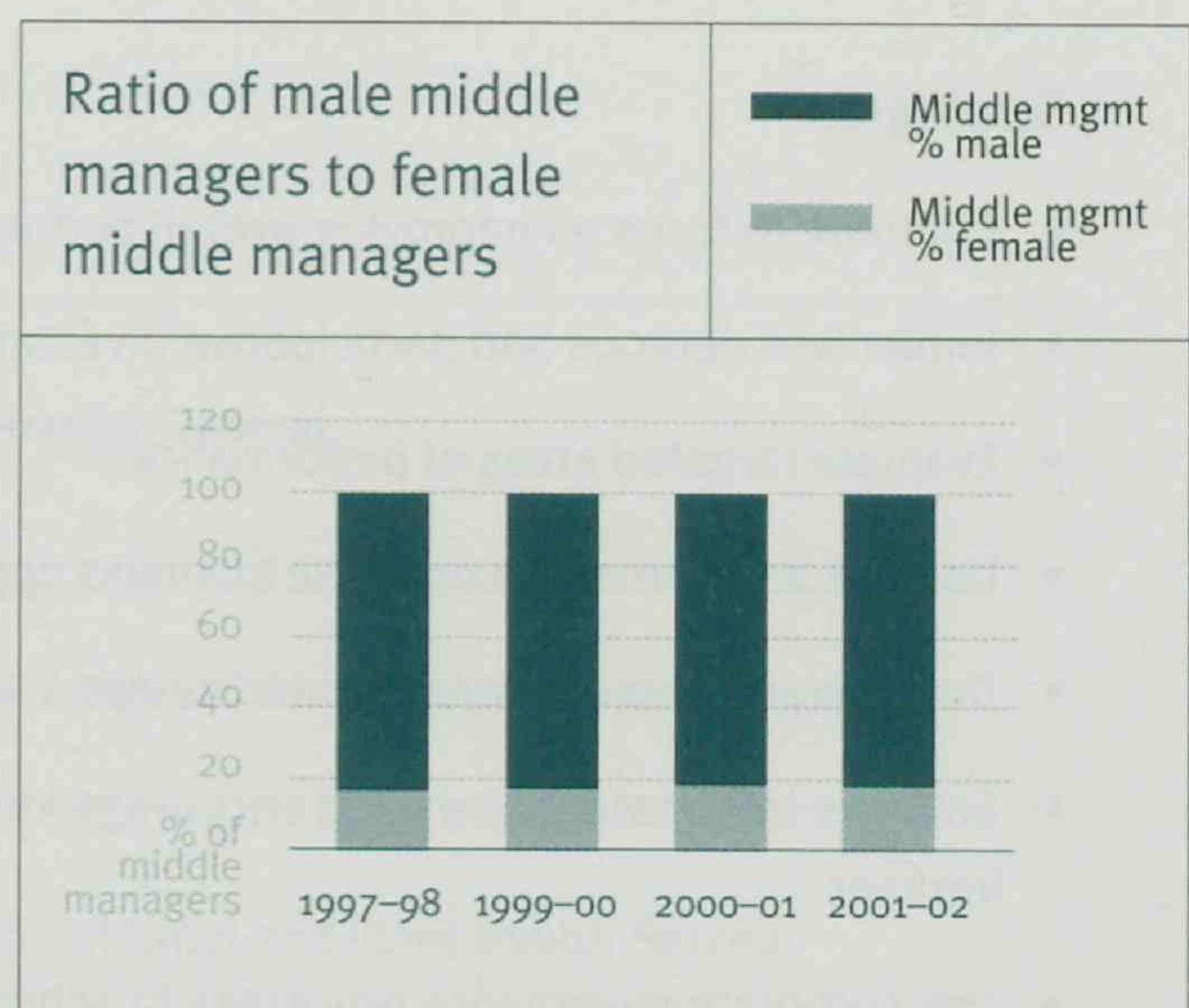
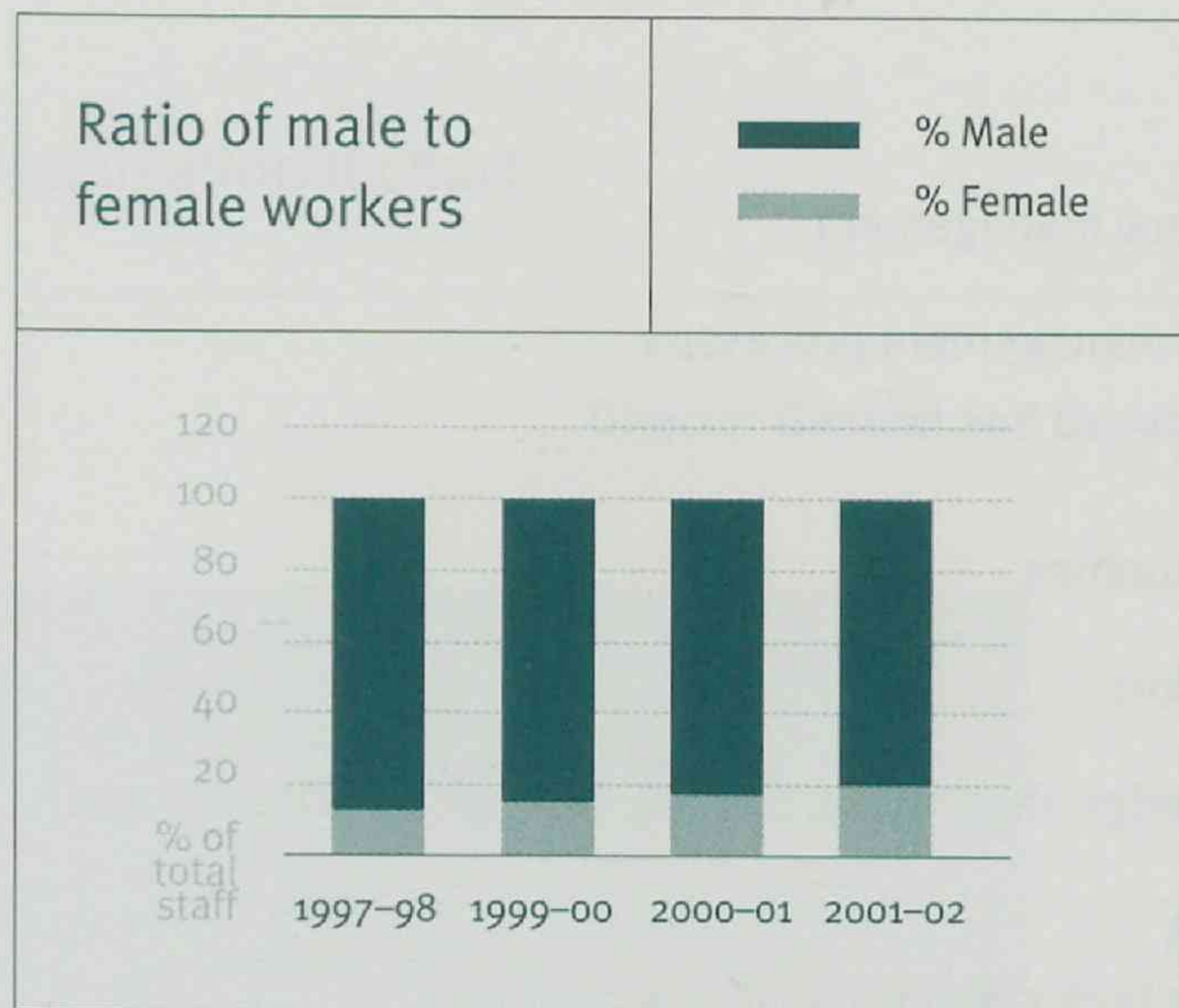
- Develop organisational leadership skills
- Develop skills and effective knowledge management relevant to future needs
- Enhance the diversity and flexibility of our workforce
- Recognise and reward appropriate achievements and behaviours
- Support investment in innovative learning approaches
- Ensure staff are aware of, and behave in accordance with, the Code of Conduct

Measures of success

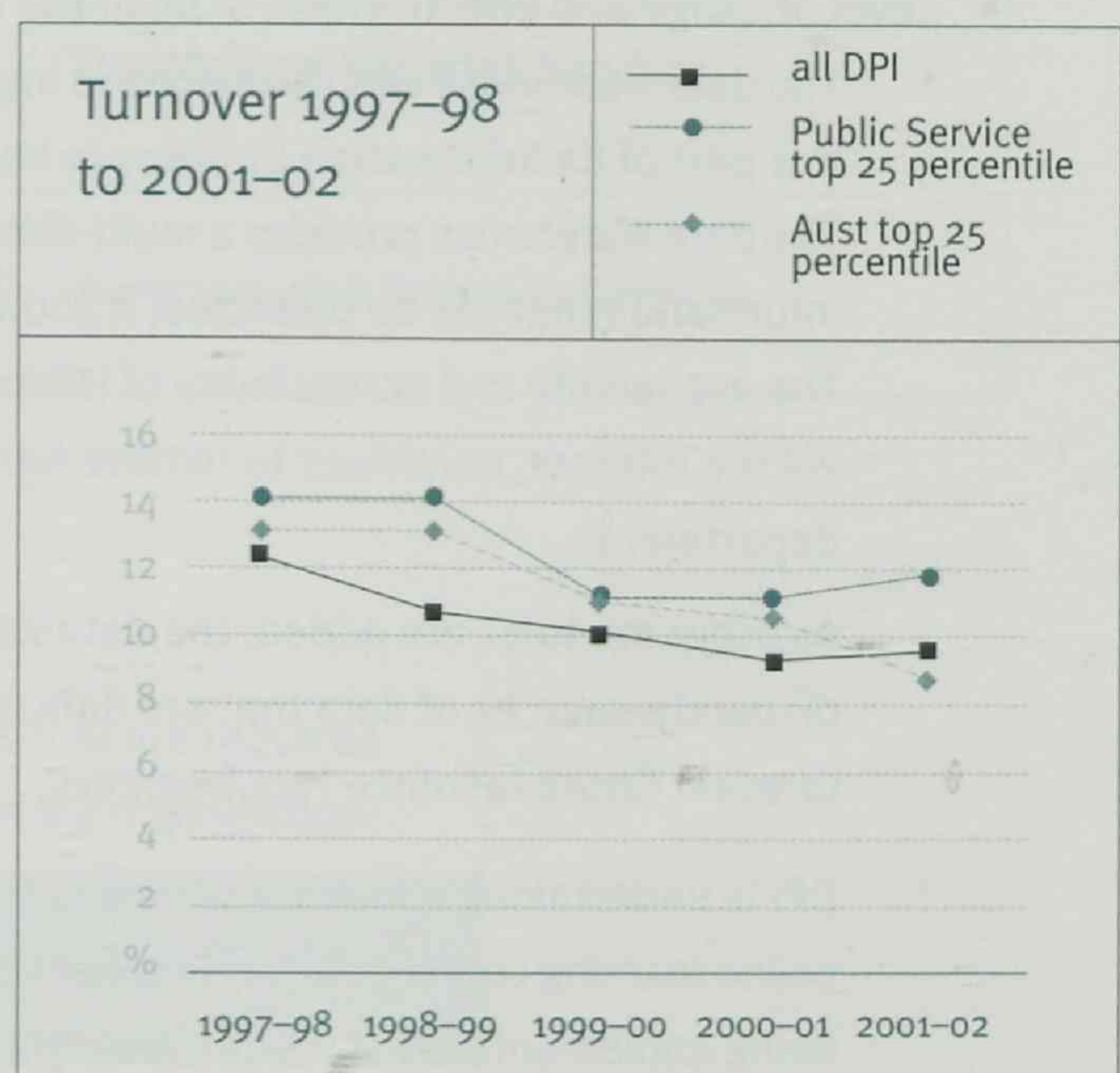
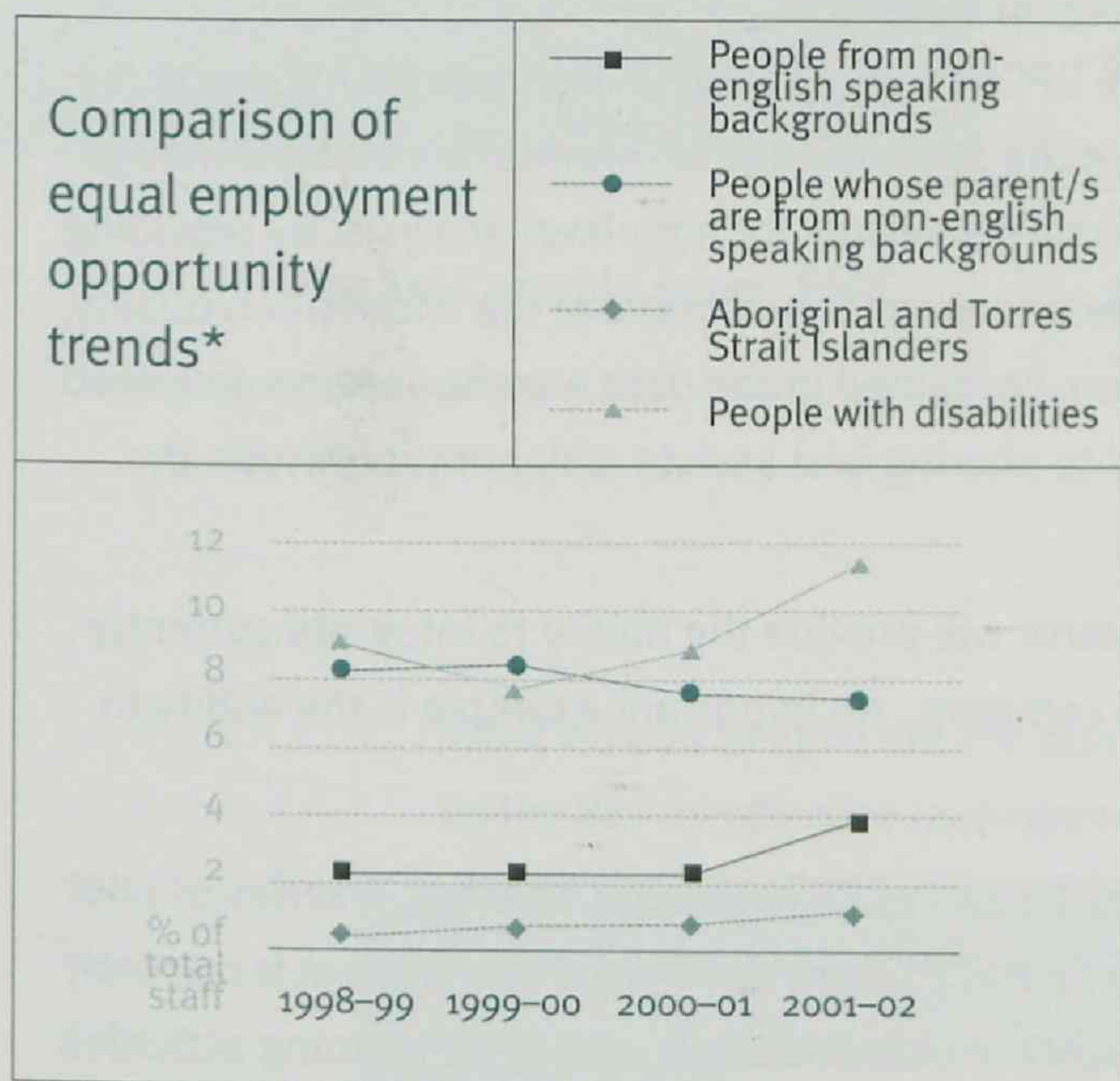
- Level of participation in leadership programs
 - 78 staff accessed opportunities to undertake leadership programs such as:
 - Leaders in Action
 - Experiential Leadership Development Program
 - Foundations of Effectiveness.
- Women's initiatives
 - In the 2002 Professional Progression scheme, women comprised 37% of successful applicants
 - 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
 - establishing a web site and electronic discussion list for women
 - establishing a Women's Advisory Group to the Director-General
 - relieving policy to encourage skills development for women staff.
- Staff feedback on organisational culture
 - DPI's culture survey was undertaken in late July and survey results will be released to staff in November 2002.
- Expenditure on training and development as percentage of salary budget
- Changes in diversity and age profile statistics



- Women's initiative
 - DPI work and family initiatives (including carers' room, 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.



- Women occupy 15.9% of Senior Executive Service and Senior Office positions in DPI, and 17.5% of positions at AO6-AO8 level and equivalent.



*These figures only include respondents to DPI's Voluntary Equal Employment Opportunity Survey.

- Multicultural initiatives
 - Targeted recruitment strategies for employment of staff from a range of cultural backgrounds
 - Client workshops for farmers conducted in a range of languages
 - Using the cultural and linguistic diversity of DPI staff to promote the access of Queensland Primary products to overseas markets — particularly into Asia
- Staff turnover relative to benchmarks (see above right)
- During the year 4 people took voluntary early retirements at a cost of \$470 000

Internal strategies

Internal business processes

Strategies

- Continue to focus on improving overall performance management
- Implement rigorous and participative investment management processes
- Evaluate targeted areas of performance
- Use risk assessment to optimise business opportunities
- Develop and implement integrated systems support
- Enhance information flows and encourage knowledge sharing, particularly through the Internet and Intranet
- Use corporate governance processes to achieve a high standard of accountability

Measures of success

- Effectiveness of corporate governance framework

	Score
Communication	4.35
Reporting	4.3
Recommendations	4.3
Auditors' performance	4.7
Overall	4.249

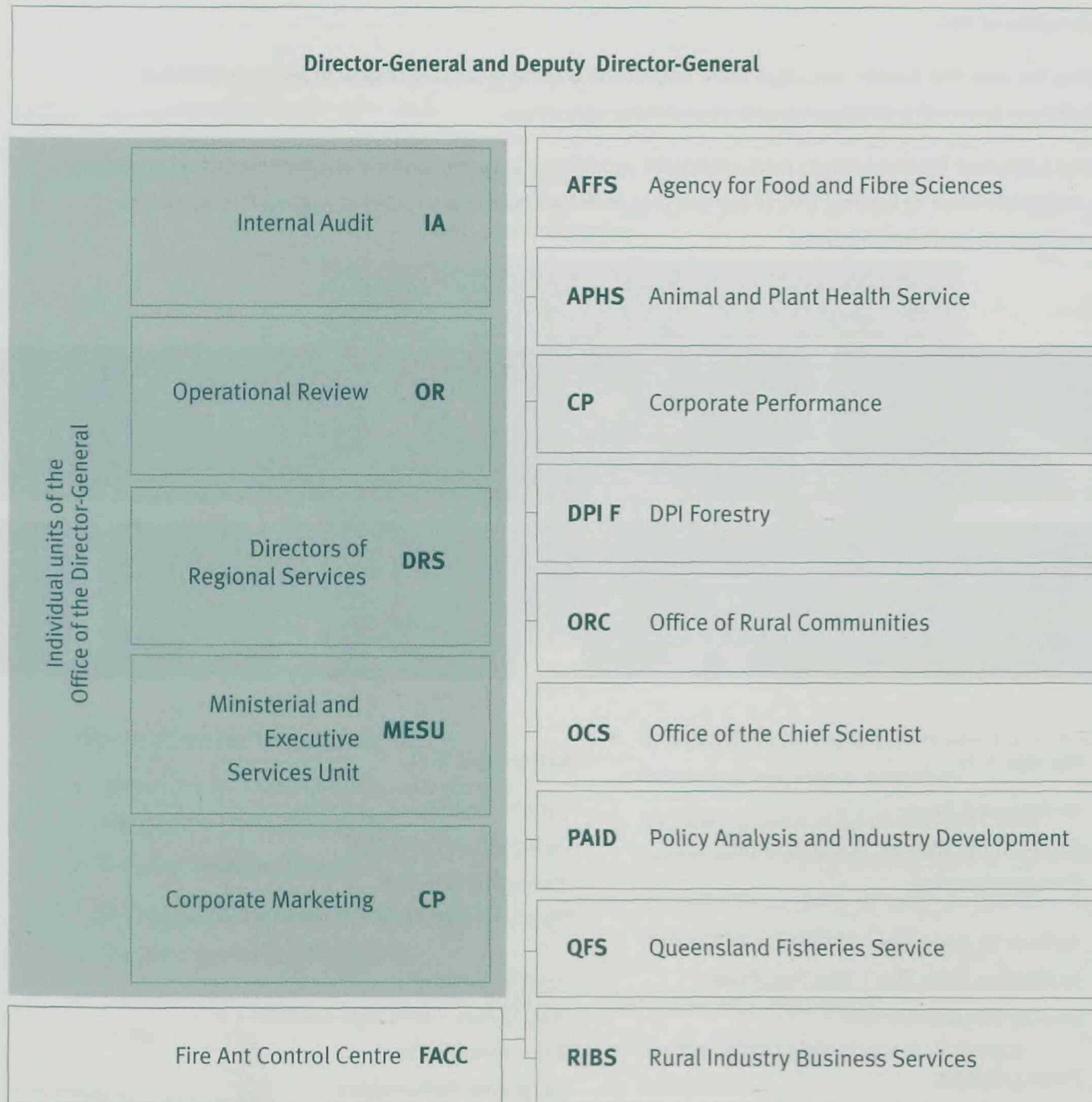
For more information refer to the corporate governance section of this report.

- Achievement of resource prioritisation targets
 - Strategic resource re-allocation targets were set in line with the corporate plan ...2006. Plans were implemented to achieve the resource reallocation targets over a five-year period and these plans will be annually reviewed.
- Level of usage and effectiveness of business intelligence systems
 - The data warehouse was developed to improve DPI's ability to analyse its corporate information — it is part of its Information Strategy to improve the strategic use of information and knowledge. The data warehouse provides a multi-dimensional framework for high-level analysis. By providing information that can be dissected, it allows users to monitor and improve the information quality. The availability and accessibility of information, contained in the data warehouse and delivered via the intranet, continues to remove barriers to sharing and assists collaboration within the department.

As other modules are added, the data warehouse will provide the ability to integrate currently disparate sources of data that are difficult to compare. An important example is the ability to forecast future resource requirements.
 - DPI is undertaking a number of new initiatives as part of its eLearning strategy. A series of pilot online learning courses were released in 2001/02 and a Learning Management System is currently being implemented that will facilitate the delivery of online courses and other learning activities undertaken by staff and clients. This system (known as LearnWorX) will be available in early 2003. This complements the move to provide electronic 'self-serve' access for staff to other HR processes and information including electronic leave application and approval and electronic provision of payslips. Additional functionality will be provided throughout 2003 to this electronic HR system as DPI shows itself to be innovative and tuned into new and emerging technologies.

Operating environment

Organisational chart



What do you believe are the qualities that are required by the SET for effective management of the organisation?

'Leadership, lateral thinking, empathy and passion.'

John Pollock—Policy Analysis and Industry Development

'Full acknowledgement of the obligations of membership, and faithful discharge of those obligations.'

Dr Joe Baker—Chief Scientist, Office of the Chief Scientist

Senior Executive Team

Challenged by the needs of our clients to compete in international markets, to access innovative food and fibre technologies, to have sustainable production and rural communities; the DPI Senior Executive Team accepts the responsibilities associated with effective economic, environmental, social and corporate governance of DPI.

During the year the Senior Executive Team undertook a comprehensive review of all departmental activities in terms of prioritisation and government outcomes.

Senior Executive Team members have extensive experience in organisational management and accept the responsibilities of leading DPI, in partnership with its stakeholders, clients and staff towards the organisation's preferred futures.

SET profiles



Top row (l-r)

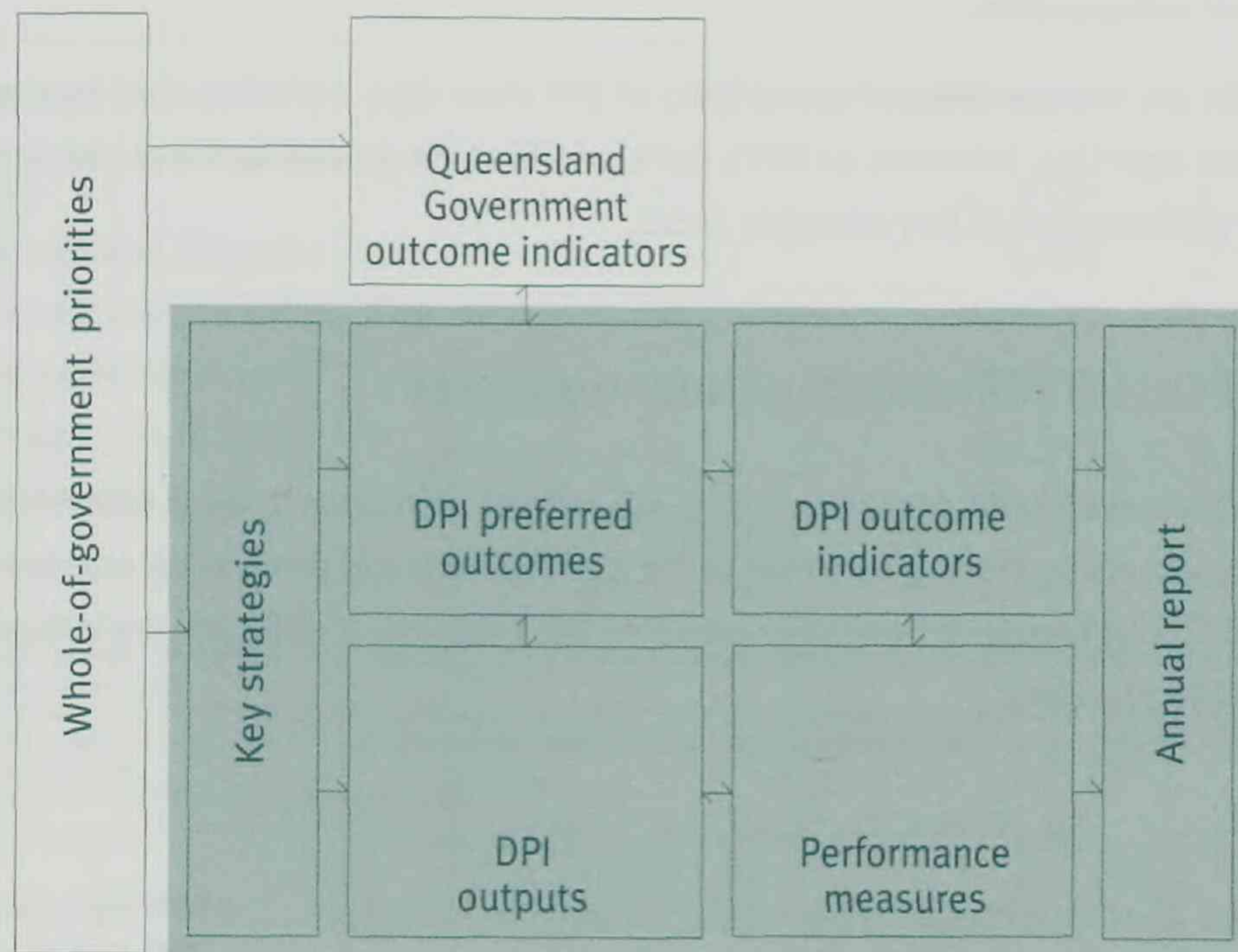
- Dr Warren A. Hoey
Ph.D., M.Ag.Studies, B.V.Sc.(Hons)
Director-General
- Terence N. Johnston
M.Nat.Res., B.Sc.(For.), Dip. For., FAIM
Deputy Director-General
- Peter J. Neville
B.Econs.(Hons)
Deputy Director-General
Queensland Fisheries Service
- Dr Rosemary Clarkson
Ph.D., B.Sc., Grad. Dip. Manage., Dip. Teach.,
MASM, MAICD
Executive Director
Agency for Food and Fibre Sciences
- Dr Peter J. White
Ph.D., MBA, M.Agr.Sc., B.Agr.Sc., BA, FAICD
Executive Director
Rural Industry Business Services

Bottom row (l-r)

- John S. Pollock
M.Agric.Sc., Q.Dip.Ag.
Executive Director
Policy Analysis and Industry Development
- John D. Skinner
B.A, M.Bus, Certif Mgt, CMAHRI
Executive Director
Corporate Performance
- Kevin J. Dunn
B.V.Sc.(Hons)
Executive Director
Animal and Plant Health Services
- Dr Joseph T. Baker
AO, OBE, FTSE, M.Sc, Ph.D., FRACI, C.Chem.
Chief Scientist
Office of the Chief Scientist
- Ronald D. Beck
MBA, B.Sc.(For.)(Hons), B.Sc., Dip.Comp.Sc.
Executive Director
Forestry
- Janet Stone
BA, B Ed
General Manager
Office of Rural Communities
Currently Acting Executive Director
Rural Industry Business Services

Framework

DPI, through its outputs, delivers a diverse range of services which contribute to whole-of-government priorities and our preferred outcomes for primary industries and rural communities. Our key strategies describe the principal focus areas for the immediate future.



Whole-of-government priorities

- More jobs for Queenslanders—skills and innovation—the Smart State
- Valuing the environment
- Safer and more supportive communities
- Building Queensland's regions
- Community engagement and a better quality of life

DPI 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 and fibre
- Use research, development and extension to align food and fibre production, processing and marketing with consumers 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 preferred outcomes

- Ecologically sustainable use of natural resources
- Smart food and fibre systems and products
- Capable rural communities

DPI outputs

- Food and Fibre Science and Innovation
- Market Access and Development
- Rural Community Development
- Fisheries
- Policy Analysis and Industry Development
- Forestry (commercial business unit)

What would you like your legacy to be, for DPI?

'A clear vision and first rate business systems to back it up.'

Terry Johnston—Deputy Director-General

Outcomes

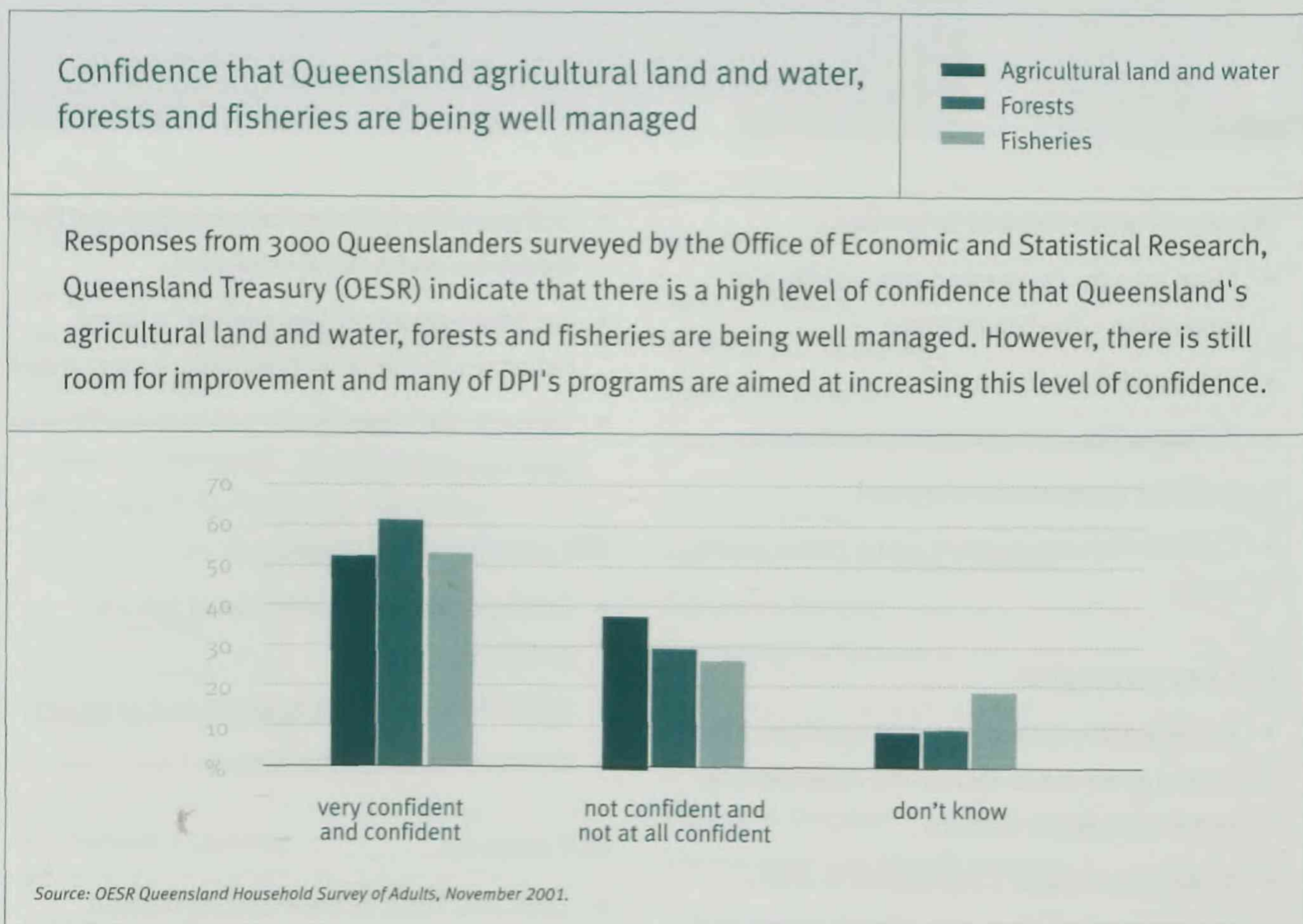
Outcomes drive organisations and, in DPI, they relate to the triple bottom line which balances economic, environmental and social objectives. The outcomes that have most impact on the work of DPI are derived from the government's priorities and can be summarised as:

- ecologically sustainable use of natural resources
- smart food and fibre systems and products
- capable rural communities.

These outcomes are not the direct responsibility of DPI since they are influenced by a range of external factors and other agencies. However, as DPI's work priorities are guided by these outcomes, it is important to monitor the performance of key outcome areas.

Ecologically sustainable use of natural resources

Queensland's food and fibre industries need to use natural resources in ways that minimise adverse impacts on ecosystems by making sure that today's production and processing practices are sustainable. The level of public confidence in how well resources are being managed gives an indication of where DPI services should be targeted.



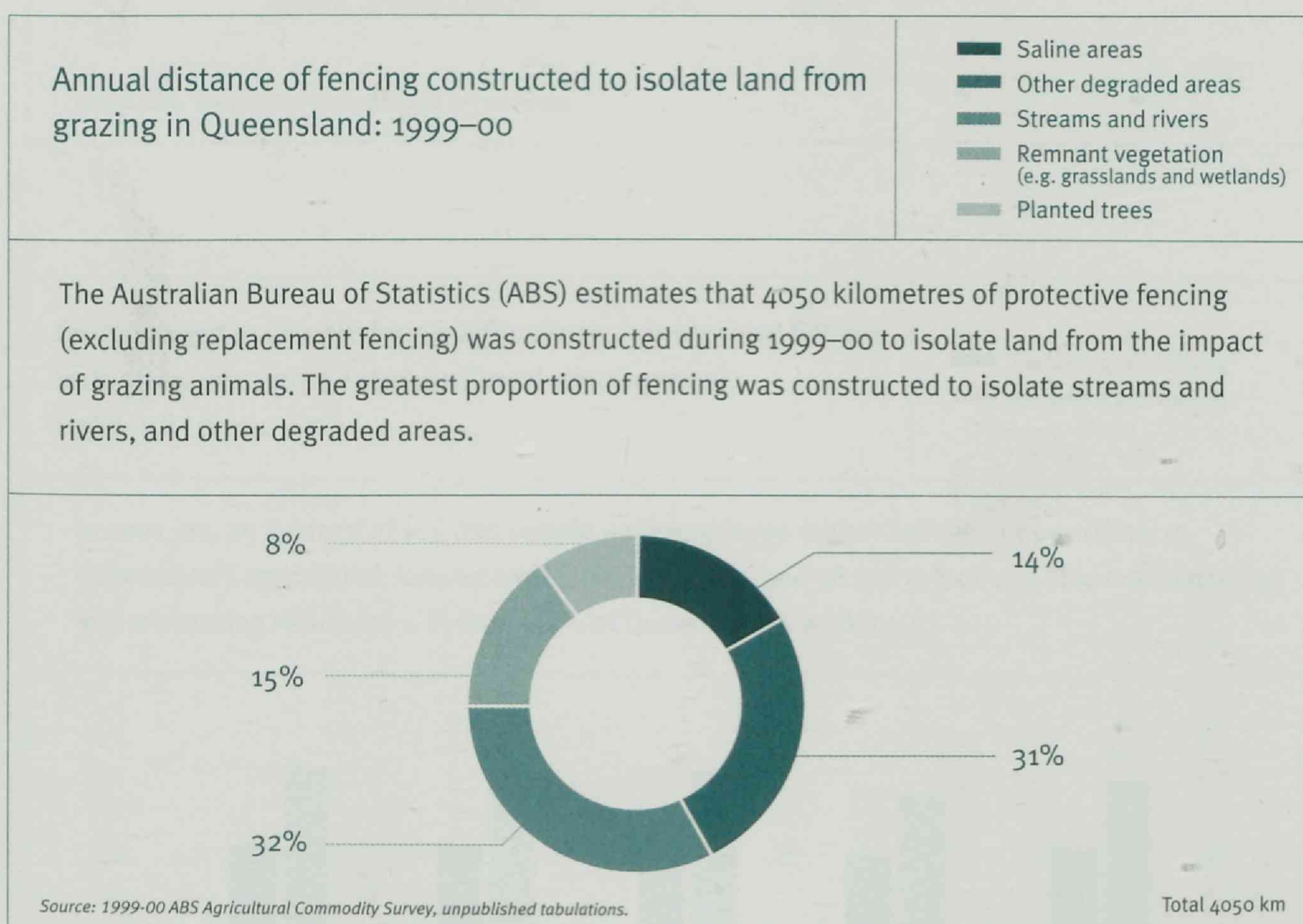
The majority of Queensland's land area is used for agriculture. DPI works with producers to both prevent and repair environmental damage on agricultural lands.

Queensland's land use: 1999–00		
Agricultural land is categorised into land for crops, land sown to pastures and grasses, and other agriculture comprising grazing land, land lying idle or fallow land.		
Land use	'000 Hectares	%
Crops ^a	3 130	2 ^c
Pastures and grasses	4 455	3
Other agriculture (eg grazing, land lying idle, fallow)	137 835	80
Total agriculture land^b	145 420	84
Non-agriculture land ^d	27 645	16
Queensland	173 065	100

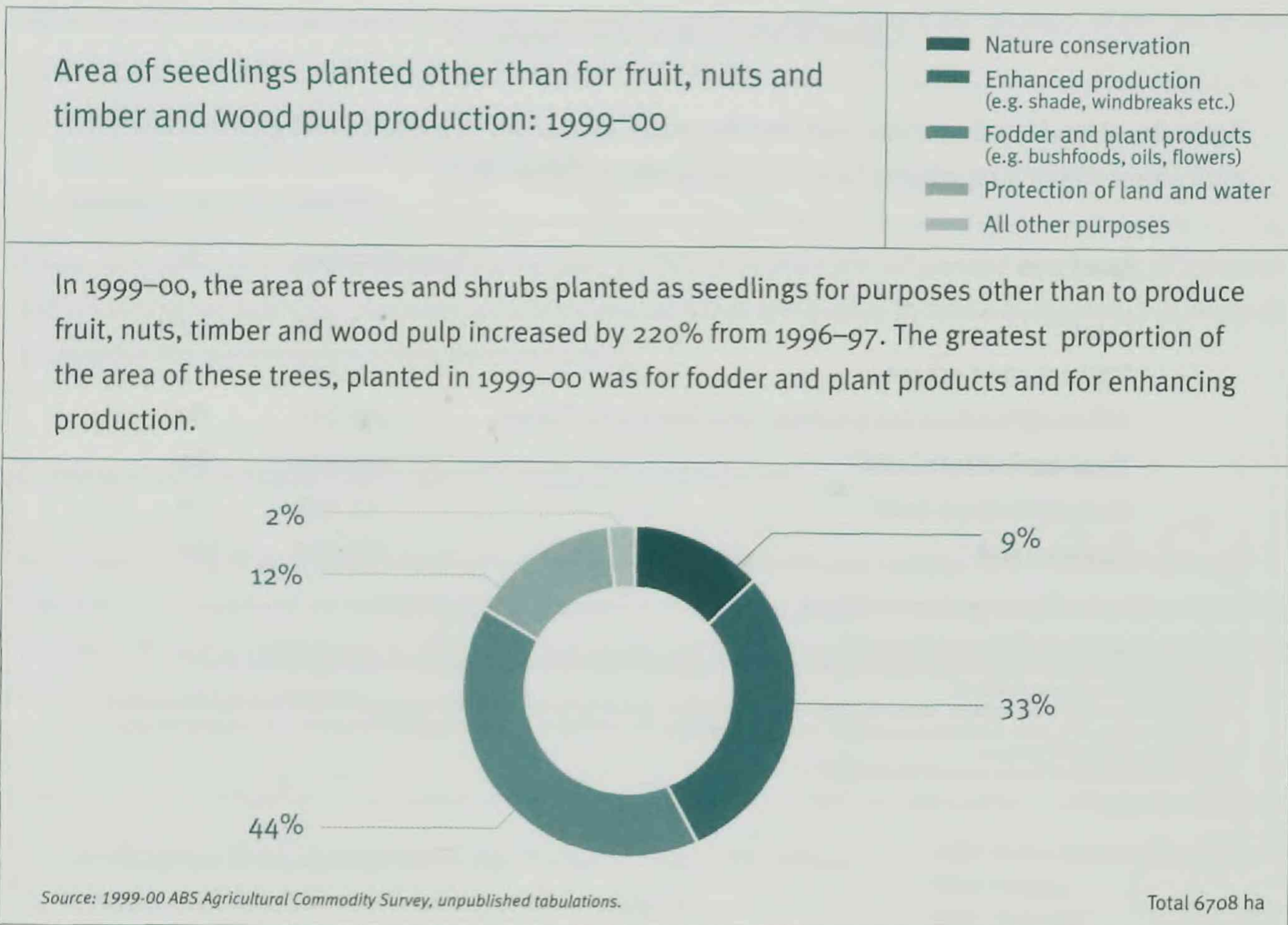
Source: ABS Agriculture Australia 1999–2000 Catalogue No.

^a Excludes crops harvested for hay and seed.
^b Total area of establishments with agricultural activity with an estimated value of agricultural operations (EVAO) of \$5000 or more.
^c Error in addition due to rounding
^d Includes conserved land, forestry, urban, and unused land such as vacant Crown land, commercially unused land on Aboriginal and other Crown reserves and waste land, ephemeral lakes, mangrove swamps, etc., as well as establishments not included in the scope of the ABS Australian Commodity Survey.
 Note: 2000-01 data will not be released until November 2002.

Fencing is one method used to protect land from grazing animals, allowing fenced land to rejuvenate and become more sustainable.



There is an increased awareness that trees and other plants are necessary to protect land from degradation. Planting seedlings reduces the risk of salinity by lowering water table levels, and minimises erosion.



Smart food and fibre systems and products

In 2001–02, food and fibre exports represented 29% of the total value of Queensland's exports or 22% of total Australian exports. It is Queensland's second biggest export sector, worth \$A6.7 billion and is critical to the Queensland economy. Total exports increased by 7%—slight falls in value were due to fluctuations in world prices.

DPI is committed to discovery and innovation and the commercial uptake of new technology by Queensland's food and fibre industries.

Value of Queensland and Australian food and fibre exports: 2000–01 and 2001–02

In 2001–02 the value of Queensland's food and fibre exports decreased slightly from the previous year to \$A6.7 billion. This was due to small falls over a number of commodities including sugar, dairy products, fishery products, horticulture items and animal feed commodities. Total Queensland exports increased by approximately 7% in 2001–02. As a result, the food and fibre percentage of Queensland exports decreased from 32% in 2000–01 to 29% in 2001–02.

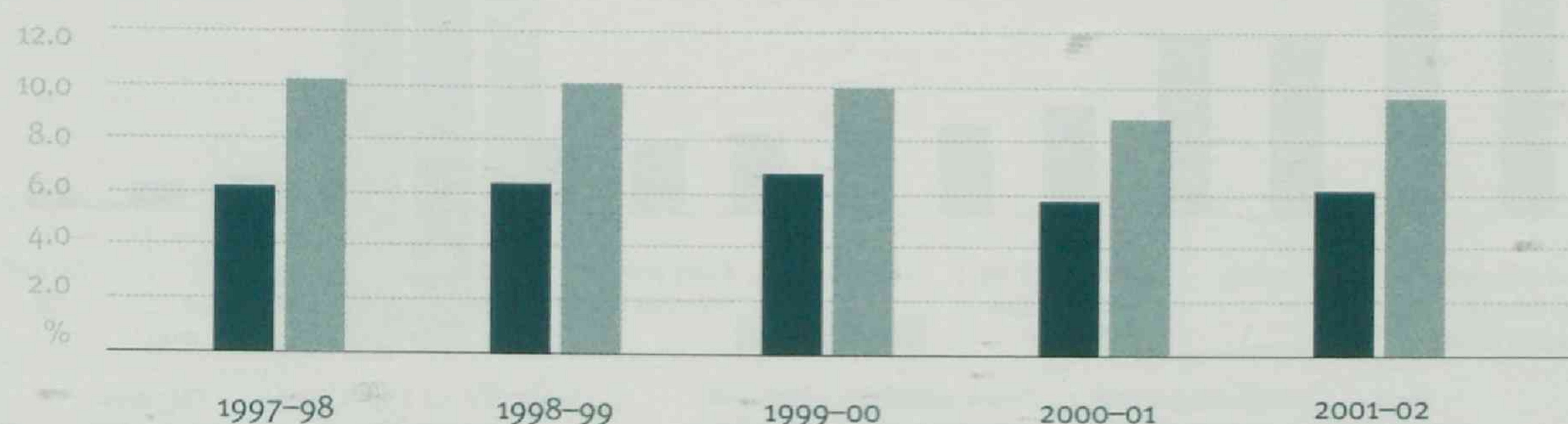
	Qld (\$b)	Australia (\$b)	Qld % of Australia
2000–01			
Total food and fibre exports	6.8	30.6	22%
Total exports	21.5	119.5	18%
Percentage of food and fibre exports of total exports	32%	26%	
2001–02			
Total food and fibre exports	6.7	31.0	22%
Total exports	23.1	121.2	19%
Percentage of food and fibre exports of total exports	29%	26%	

Source: ABS, unpublished trade data and DPI estimates.

Employment in Queensland's agriculture, forestry and fishing industries as a percentage of total employment: 1997–98 to 2001–02

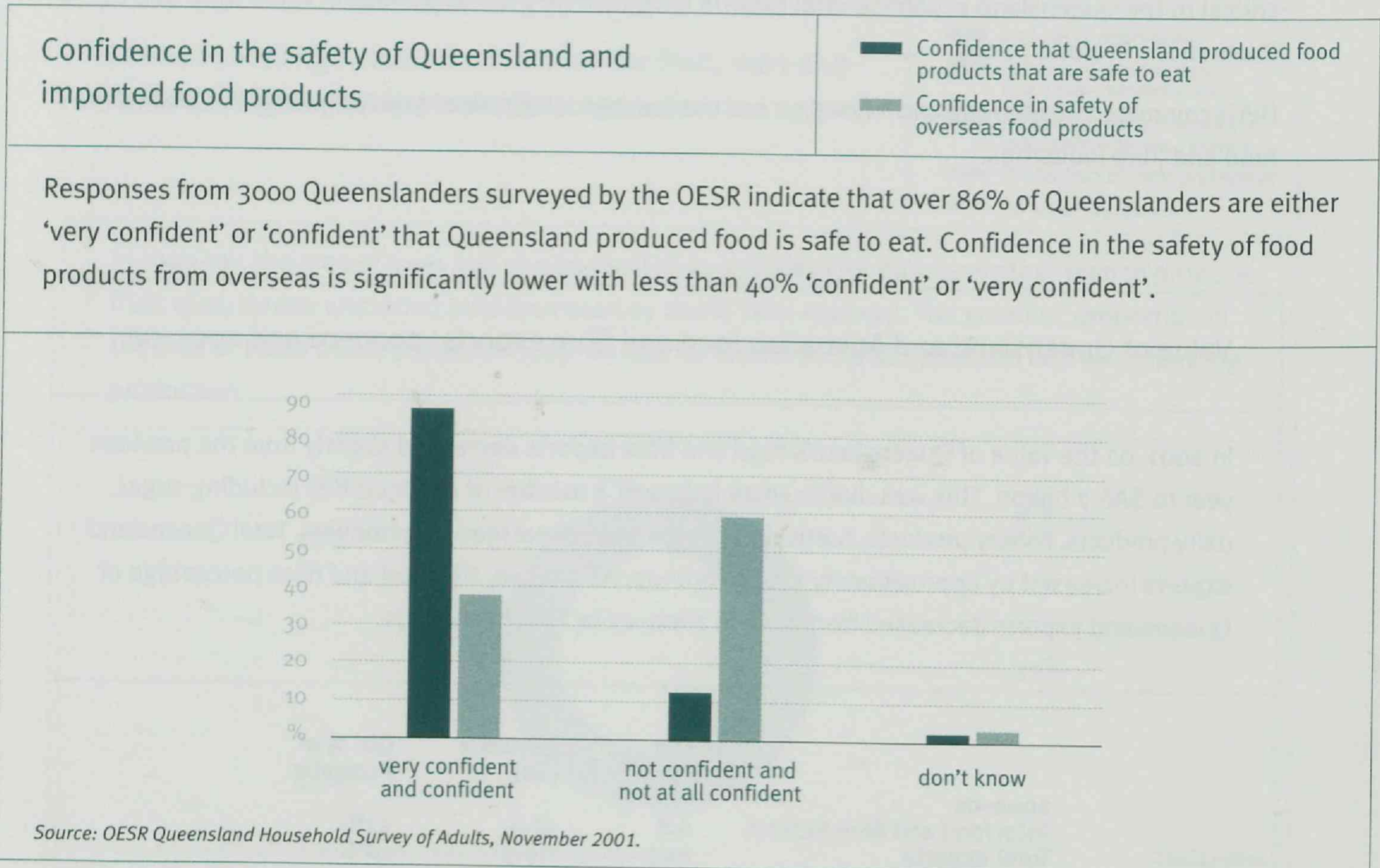
■ Excluding processing
■ Including processing

In 2001–02, an average of 105 000 people were employed (either full-time or part-time) in Queensland's agricultural, forestry and fishing industries, and 58 400 in food and fibre manufacturing and processing industries—in total 9.5% of Queensland's workforce.

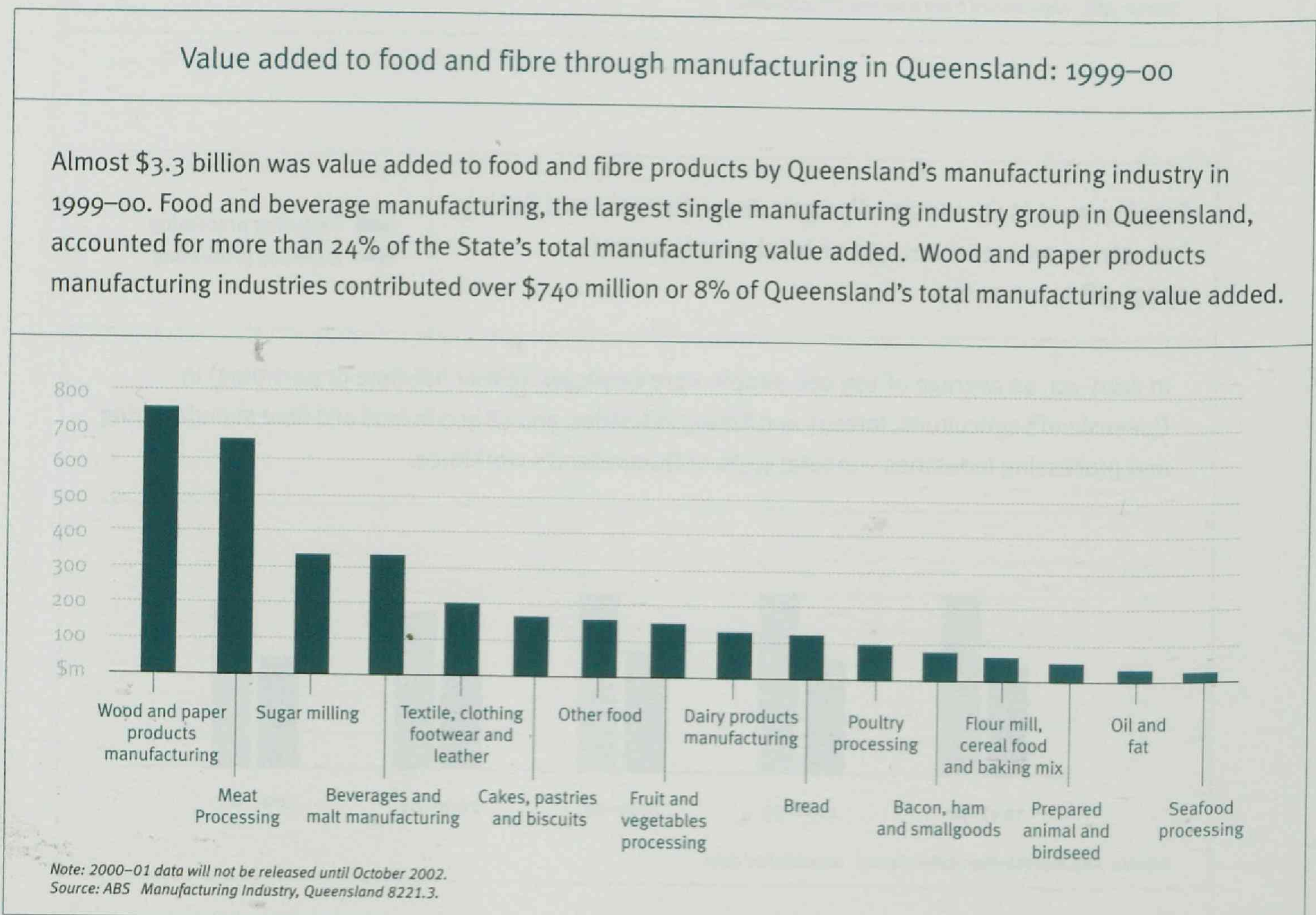


Source: ABS Monthly Population Survey, unpublished data.

Consumers are demanding products of the highest integrity—high quality food that is safe and free from disease and chemical residues, tastes good, and is produced according to ethical and environmental standards. A high level of confidence in the safety of the food we produce and eat is an important community objective.

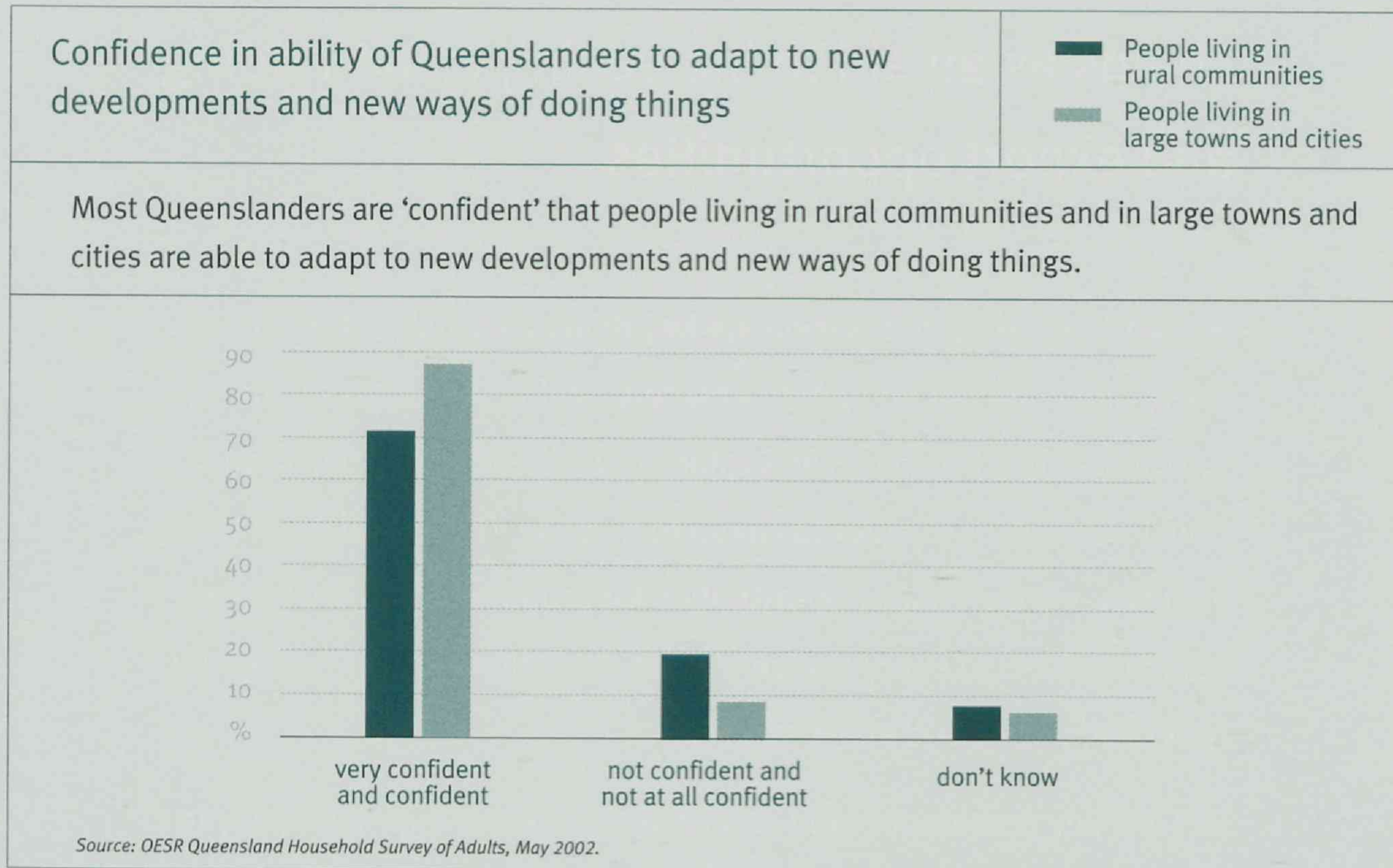


The opening of global markets provides Queensland's food and fibre industries with opportunities and complex challenges. Product innovation, customisation and integrity are key drivers of business success. To trade profitably, businesses need to 'out-innovate' the innovators in product attributes, value adding, business acumen and environmental management.



Capable rural communities

In our rapidly changing world, the ability to respond to changes is an important characteristic of both urban and rural communities. Rural communities have been found to best manage change by identifying and responding positively to likely future trends and by working together to develop community-wide solutions. DPI's products and services aim to raise awareness about change and stimulate new thinking and action.



It is important that all Queenslanders, both urban and rural, are satisfied with their quality of life. The work of many State agencies, including DPI, is aimed at improving the quality of life of Queenslanders.



key strategy one

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

Innovation and customisation are key drivers of business, however, these alone are not enough to ensure sustainable success in today's global markets. Producers and value adders need to develop food and fibre value chains in order to compete globally. The formation of these value chains increases opportunities for primary producers to work collaboratively to supply value-adding operations and to fulfil export orders smoothly and economically.

DPI is a key provider of food and fibre chain expertise, especially in research, development and business marketing—from production to end user (the consumer) to waste disposal.



The water use efficiency study in progress at Mutdapilly Research Station incorporates intensive field plot experiments with a larger scale farm systems study to define best irrigation management. The aim is to maximise water use efficiency and forage production of a range of improved pasture and crop species.



Irrigation scheduling is determined by measuring the level of moisture in the soil to depths of one metre using a probe. The project also investigates the relationships between plant water use and dry matter production, plant and tiller densities and plant quality.

The project aims to develop an improved irrigation management strategy in the context of a whole farm and is supported by the Rural Water Use Efficiency Initiative Dairy Adoption Program.

Highlights

Smart food and fibre systems and products

DPI, through its Rural Business Services (RIBS) and Agency for Food and Fibre Sciences (AFFS):

- Investigated new trade opportunities and links for organic and niche market products, particularly for nutraceutical products in France and the United Kingdom.
- Supported a ministerial trade mission to Japan and Korea, reaffirming the safety, integrity and quality of Queensland beef. The mission included key industry representatives, and followed the outbreaks of Bovine Spongiform Encephalopathy (BSE) in Japan.
- Undertook a beef mission to Vietnam, China, Hong Kong and the Philippines in February 2002. Four dairy shipments to Vietnam, valued at \$5 million, have been confirmed since this visit.
- Facilitated the export of value-added GMO-free grain, valued at \$3 million, to Japan. This was achieved by building strong supply chain relationships between growers, exporters, Japanese trading companies and snack food manufacturers.
- Established an Indonesian consultancy to develop citrus and vegetable production in the highlands of Sumatra. This will improve the economic conditions of the country and open up a counter-season market for Queensland horticulture commodities.

Who inspires you in your work?

'I am inspired by people who are prepared to give things a go. Embracing change and participating in something new requires open-mindedness, willingness to learn, and moral courage. It requires a belief in yourself and others to be able, and willing, to solve problems and see them as ways of testing and refining old skills and learning new strategies. Doing something new requires the courage to fail, and the belief that failure is not an end but actually the beginning of a new learning curve.'

Janet Stone—Acting Executive Director Rural Industry Business Services

Report

Smart food and fibre systems & products

Export development

- As part of the Global Beef Export Development Project DPI hosted a visit to Queensland by a delegation from Brunei, China, Indonesia and the United Arab Emirates. Members of the delegation were able to gain an understanding of, and establish trade relationships with, our livestock and meat production, marketing, transportation and processing sectors. They visited agrifood industries in Mareeba, Cairns, Innisfail, Townsville, Ayr, Hughenden, Richmond, Julia Creek, Longreach and Charters Towers. As a result, trade opportunities were identified by both the international delegation and Queensland companies.

Industry development

- Formed the dairy industry future directions task force to develop a strategic plan for the industry.
- Worked with dairy producers, as part of this overall strategic direction, to identify and establish markets for Queensland dairy products. This year we have been establishing trade development and market access programs to develop greater trade links with South-East Asia.
- Developed a strategy to enable exports of dairy genetics and technology, focusing initially on Vietnam. A basic capability assessment of the dairy industry's capability to supply products and services has been completed. The capability document identifies products and services, including market research on production, processing and export data, and services in training such as animal health and nutrition, dairy hygiene, equipment suppliers and dairy heifers.
- Held a seminar in Toowoomba called 'Stepping forward—The future for Queensland dairy and you', which focused on new opportunities for the Queensland dairy industry and was broadcast via a live video link to an audience in far north Queensland. Approximately 160 people attended in Toowoomba, and 15 in Mareeba. The seminar was strongly supported by the Queensland Dairyfarmers Organisation, with attendees from a variety of sectors across the industry.
- Met with the Amenity Horticulture Industry Development Council (AHIDC) and formulated a future directions plan. Activities have focused on raising the profile of the industry and undertaking research and development planning.

- Assisted the Queensland Turfgrass Foundation with planning activities.
- Undertook a trade mission to the UK and France with four Queensland health food exporters to take advantage of the increase in interest of European consumers in nutraceutical, functional foods and organic foods. Trade outcomes have already been achieved and officers are currently providing follow-up to assist long-term trade development for four participants. RIBS officers are working with the Department of State Development (DSD) who are developing a capability profile of the Gold Coast nutraceutical industry and scoping those who will benefit from trade and market research activities.
- Provided information on a health food project to Middle East Manager, DSD and we are looking at possible linkages for this industry.

Innovation and customisation of products

- Identified and developed market opportunities for highly value-added products such as GMO-free grain, nutraceuticals and skins/leather from emerging industries.
- Focused food and fibre research on the attributes demanded by consumers, resulting in many innovative, highly customised products including:
 - mandarins and custard apples with fewer seeds
 - a new variety of wheat for the 'white sliced' bread market
 - sheep breeds for very fine wool production
 - crabs with soft shells
 - new breeds of pineapples and strawberries that have 'ideal' characteristics as identified in consumer research.
- Created new market opportunities through development of new technologies and products including:
 - implementation of propagation strategies and techniques for the delivery of the rare and endangered Wollemi pine to international markets
 - commercial application of a chilling protocol for use on avocado exports to New Zealand and any country that requires fruit fly disinfestations
 - combination of B74 mango smart science, market research and quality control to produce an excellent product for domestic and international markets.

Performance measures

How we said we would measure our success	2001-02
Value of food and fibre exports as a result of market and trade development assistance	\$4.1 million
Number of agribusiness groups provided with value chain assistance	5
Number of decision support tools provided to assist agribusiness clients, diversify, value add and assess viability	2
Increased awareness by stakeholders of global business opportunities and trends	90%

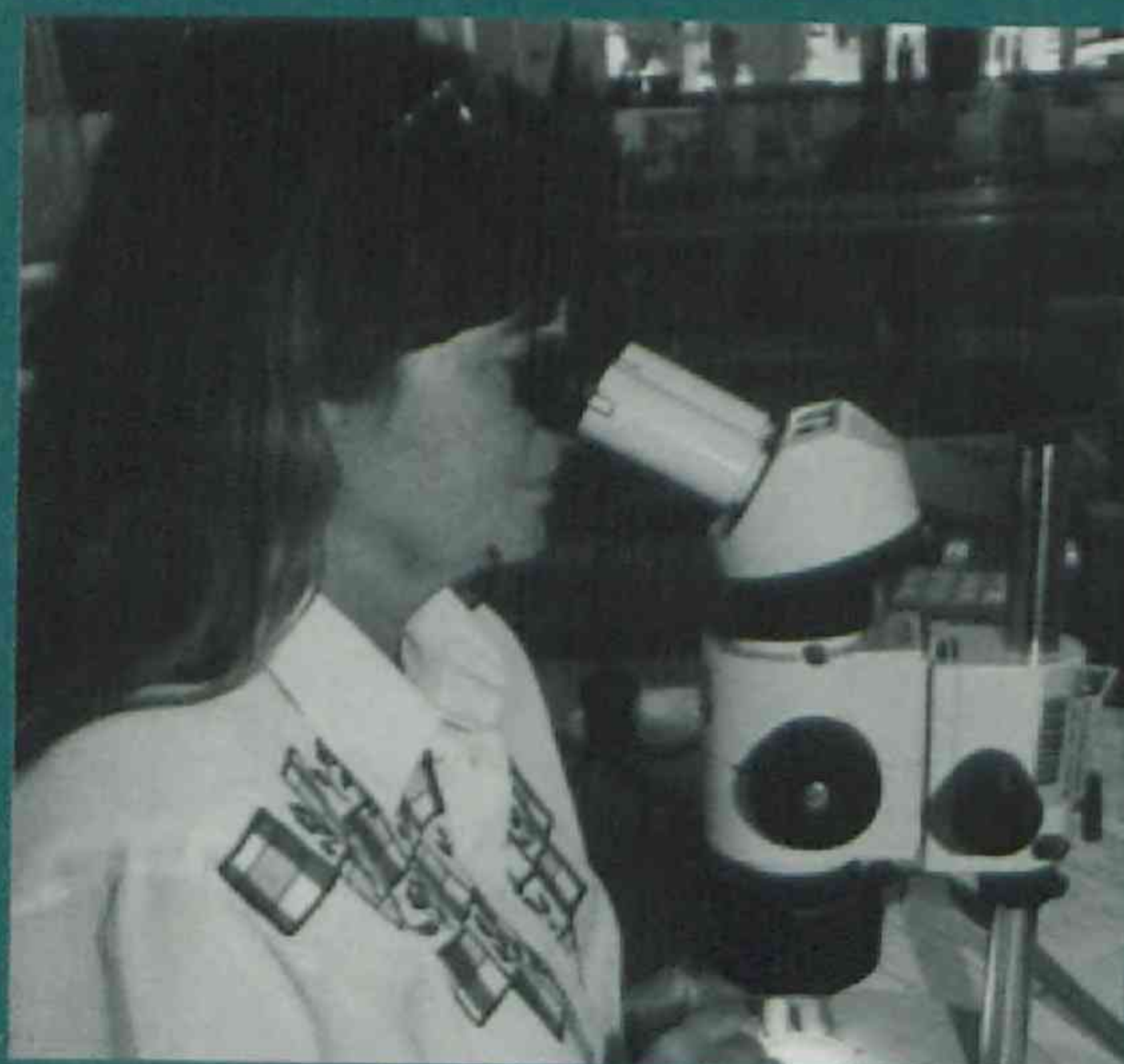
key strategy two

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

More and more consumers are demanding food and fibre products that meet high standards of safety and ethics at each step of the value chain—from primary production to the consumer. DPI provides mechanisms that produce safe and ethical food and fibre products and systems. These include ongoing surveillance programs, rapid responses in biosecurity, and the development of product certification and traceability systems to reduce chemical residues along the demand chain.



DPI is leading the National Fire Ant Eradication Program. During the next year staff from the Fire Ant Control Centre will treat every property in the fire ant treatment zones. Treatment will occur three or four times each year across an area of approximately 70 000 properties and homes.



DPI has enlisted tremendous support from community and business. Without this assistance it would be impossible to contain the spread of fire ants. The 'Look, Check, Call. We've got to find them all!' campaign was released this year with a successful Fire Ant Day taking researchers and fire ant treatment and surveillance officers directly to the public in ten locations in or near to the current fire ant zones. The message at the RNA Show in August highlighted that if fire ants aren't eradicated the possibility of a reduction in quality of lifestyle for Queenslanders is huge.

Highlights

Smart food and fibre systems and products

DPI, through its Animal and Plant Health Service (APHS), Agency for Food and Fibre Sciences (AFFS) and Rural Industry Business Services (RIBS):

- Collaborated with the Australian Quarantine Inspection Service (AQIS) and the Vietnam authorities to facilitate the development of an appropriate protocol for the import of dairy cattle to Vietnam.
- Introduced a biosecurity enhancement program to concentrate on Foot and Mouth Disease (FMD) / Bovine Spongiform Encephalopathy (BSE) preparedness activities influenced by national guidelines as released by the Council of Australian Governments (COAG) and other national bodies.
- Implemented effective control measures, in line with nationally agreed guidelines, in response to the detection of anthrax in cattle on two Queensland properties and bovine tuberculosis on one property.
- Coordinated an emergency response to an outbreak of banana black Sigatoka in the Tully Valley of north Queensland and subsequently assisted industry to establish its own disease management plan aimed at removing market access restrictions for Tully bananas and encouraging growers to adopt sound disease management strategies for the future.

Ecologically sustainable use of natural resources

- Prepared the Animal and Plant Health Legislation Amendment Bill 2002 to amend legislation that underpins emergency response capability to exotic animal disease and plant pest and disease incursions.
- Introduced proactive legislation such as the *Animal Care and Protection Act 2001* which places a duty of care on owners of animals, provides standards and protects animals against cruelty.
- Provided input into the development and implementation of the new national food regulatory arrangements whereby food standards and policy will be developed on a whole-of-food-chain basis incorporating health and primary industry input.
- Developed alternative production techniques through the Central Queensland Farming Systems project which have halted soil fertility decline and reduced soil loss in times of heavy rainfall.

Report

Smart food and fibre systems and products

Biosecurity preparedness

- Contributed, as responsible lead agency for emergency animal diseases, to enhancing whole-of-government emergency response capability for FMD and BSE by assessing areas including reporting, training, inter-agency and industry consultation, legislation, response, planning and laboratory capability.
- Continued development of the Biosecurity (Animal Health) Bill 2002 and the Agricultural and Veterinary Chemicals Control-of-use Bill to modernise existing legislation and increase consumer, industry and community confidence in the wholesomeness of Queensland food.

Biosecurity risk identification and management

- Undertook risk analysis of the threat of incursion of the exotic Varroa Mite within honey bee populations and developed a draft contingency management plan, including positioning sentinel hives in Brisbane and coastal cities as an early detection measure.
- Provided technical support to the Import Risk Analysis (IRA) process for bananas from the Philippines, table grapes from USA and longans and lychees from South-East Asian countries.
- Provided assessment of zonal pest and disease management by updating the Bluetongue zones through the National Arbovirus Monitoring Program (NAMP) and future management plans for FMD nationally.
- Continued research into emerging diseases i.e. Hendra virus and Australian Bat Lyssavirus with specific attention to what may be higher risk times and processes for virus transmission. Participated strongly in the intercontinental assessment of risk of bat-associated viruses (including the exotic Nipah virus currently known to exist on the Malay peninsular) to help develop biosecurity risk reduction strategies for the future.
- Developed a control plan, under the Northwatch project, for red banded mango caterpillar detected through pest surveillance in the Cape York Peninsula in 2001.

Biosecurity surveillance

- Delivered targeted surveillance programs for exotic fruit fly and thrips; Transmissible Spongiform Encephalopathies (TSEs); bovine tuberculosis; Johne's Disease; leaf spot diseases of bananas; wildlife reservoir viruses, bee pests and diseases and white spot virus of crabs and prawns, providing a solid platform for national and international trade.
- Progressed Queensland's status to a protected zone through continued negative surveillance for Ovine Johne's disease. This enabled the State to declare itself a protected zone for this disease under the national program, providing potential trading advantages to Queensland producers selling sheep to other parts of Australia.
- Established a West Indian Drywood Termite (WIDT) Management Group to oversee and assist in managing the WIDT containment program. The program aims to improve efficiencies, reduce costs and introduce the latest control technologies to continue to successfully contain this cryptic insect pest of timber and save Queensland property owners millions of dollars annually.

Biosecurity responses

- Delivered thorough and effective pest and disease responses to detections of anthrax in cattle, botulism in chickens, South African citrus thrips, banana black Sigatoka, red-banded mango caterpillar, and papaya fruit fly in the Torres Strait Islands. The effectiveness of these responses helps to maintain consumer, industry and community confidence in Queensland's pest- and disease-free status.

Biosecurity quality systems

- Implemented biosecurity systems to provide product certification and traceability and ensure compliance with regulatory standards directed at reducing the risk of incursion and spread of biological agents.
- Provided support to sheep and wool producers in the adoption of the National Flock Identification Scheme (NFIS) to underpin disease control programs and assist in accurate and rapid traceback details of sheep and lambs.

- Enhanced auditing of animal feeding bans, e.g. swill feeding and ruminant animal feeding of animal protein.
- Completed auditing of livestock selling systems for maintenance of livestock traceability.
- Developed protocols for interstate movement of plant products under Certification Assurance arrangements for red imported fire ant.
- Enhanced mapping capability within the property registration system and made this function more available for pest and disease control officers.

Ecologically sustainable use of natural resources

Safe and ethical production systems

- Delivered an extensive training program for DPI and RSPCA inspectors to operate effectively under the new animal welfare legislation. Developed a draft code of practice to address strong community concern regarding the treatment of animals in film and television.
- Progressed the conversion of existing meat and dairy regulation to food safety schemes under the new Food Production (Safety) legislation and commenced the development of new food safety schemes for seafood and eggs in collaboration with industry.
- Repositioned the Yeerongpilly chemical residues laboratory from a highly commercial focus to a more strategic role of residue detection and prevention, leading to the potential of becoming a model for Australia.
- Continued to deliver national strategies for responsible management of Agvet chemicals by promoting responsible use and implementing residue management programs supported by industry. Significant input was provided to validate the responsible use of chemicals in the fire ant and banana black Sigatoka eradication emergency responses.
- Continued to meet obligations under national programs to reduce chemical residues in food. In particular, close industry cooperation led to effective control of endosulfan, DDT and dieldrin residues in beef.
- Provided producers with options for controlling pests without using traditional chemical insecticides through the development of biopesticides, pheromones and integrated pest management (IPM) programs. This research uses environmentally safe pest strategies across a whole range of crops, including control of silverleaf whitefly and heliothis in capsicums and eggplants; citrus jassid in mandarins and oranges; aphids and heliothis in cotton; buffalo flies in cattle; lice in sheep; white grubs in peanuts; and giant wood moth in timber plantations.

Who inspires you in your work?

'People with constructive, forward-looking attitudes who value today's contribution of others around them.'

Kevin Dunn— Executive Director, Animal and Plant Health Services

Performance measures

How we said we would measure our success	2001-02
<p>Number of markets accessed and/or markets lost based on Queensland's biosecurity status</p>	<p>Many horticultural products are hosts for fruit flies, which are often considered high-risk quarantine pests by regulatory authorities. The presence of fruit flies in the main tropical and subtropical production areas of Australia, including Queensland, results in the imposition of quarantine barriers to the movement of fresh produce. These quarantine barriers greatly impede trade both within Australia and to overseas markets that are free of these pests. Post-harvest disinfestation treatments, which rely mainly on chemical treatments (particularly insecticides), are often required in order to overcome these quarantine barriers. Results from DPI's research project include:</p> <ul style="list-style-type: none"> • Gained international market acceptance of new non-chemical disinfestation treatments for tomatoes and mangoes to New Zealand • Preliminary protocols developed for consideration by New Zealand authorities with preliminary indications being very positive for both New Zealand and Japanese markets leading to commercial commitment • Value of technology was recognised, in the signing of a contract for construction of the first commercial treatment unit, aimed at high value tropical fruits for Japan.
<p>Level of adoption of QA systems and 'codes of practice' by industry and/or business</p>	<p>DPI facilitated HACCP and Quality Assurance (QA) courses. Eight of these were open to the public and 11 were tailored for private firms.</p> <p>DPI developed 26 QA/HACCP system-development consultancies.</p> <p>Codes of practice</p> <p>DPI led the development of the national code of practice for domestic poultry, which was endorsed by the Primary Industries Ministerial Council. The code of practice for rodeos was drafted and is awaiting final endorsement by the National Consultative Committee on Animal Welfare. The code of practice for the use of animals in television and movie production was drafted and is currently receiving public comments.</p> <p>Quality systems</p> <p>DPI worked with the Queensland Pork Producers Organisation to promote codes of practice and animal welfare standards contained in the industry's quality assurance program. The egg industry developed a national quality assurance program under the auspices of the Primary Industries Ministerial Council incorporating aspects of the domestic poultry code. DPI assisted a Queensland dairy industry initiative to develop animal welfare standards, which can be incorporated into a dairy quality assurance program.</p>

How we said we would measure our success

2001-02

Level of adoption of QA systems and 'codes of practice' by industry and/or business
(continued)

Community confidence that farm animals are treated humanely in Queensland



Source: OESR Queensland Household Survey of Adults November 2001

Responses from 3000 Queenslanders surveyed by the Office of Economic and Statistical Research, Queensland Treasury (OESR) indicate that over 70% are 'very confident' or 'confident' that farm animals are treated humanely in Queensland.

Level of implementation of risk-based food safety systems

Community confidence that Queensland produced food is safe to eat



Source: OESR November 2001

Responses from 3000 Queenslanders surveyed by the Office of Economic and Statistical Research, Queensland Treasury (OESR) indicate that over 80% are 'very confident' or 'confident' that Queensland produced foods are safe to eat.

Confidence of the community in the prevention and control of pest and/or disease incursions

Community confidence that the Queensland Government can control pest and disease outbreaks that affect crops and farm animals



Source: OESR November 2001

Responses from 3000 Queenslanders surveyed by the Office of Economic and Statistical Research, Queensland Treasury (OESR) indicate that almost 70% are 'very confident' or 'confident' that the Queensland Government could quickly find and control major pests and disease outbreaks that affect crops and farm animals.

key strategy three

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

Research, development and the ability to influence the commercial uptake of technology are strengths DPI enjoys. Researchers are working with producers to develop a variety of innovative products and systems, and to use natural resources wisely. Directions include advanced forecasting techniques, the investigation of genetic materials in animals and plants to find strains that are better suited to our environment or consumer requirements, and the use of naturally occurring predators or specific diseases to control pests.



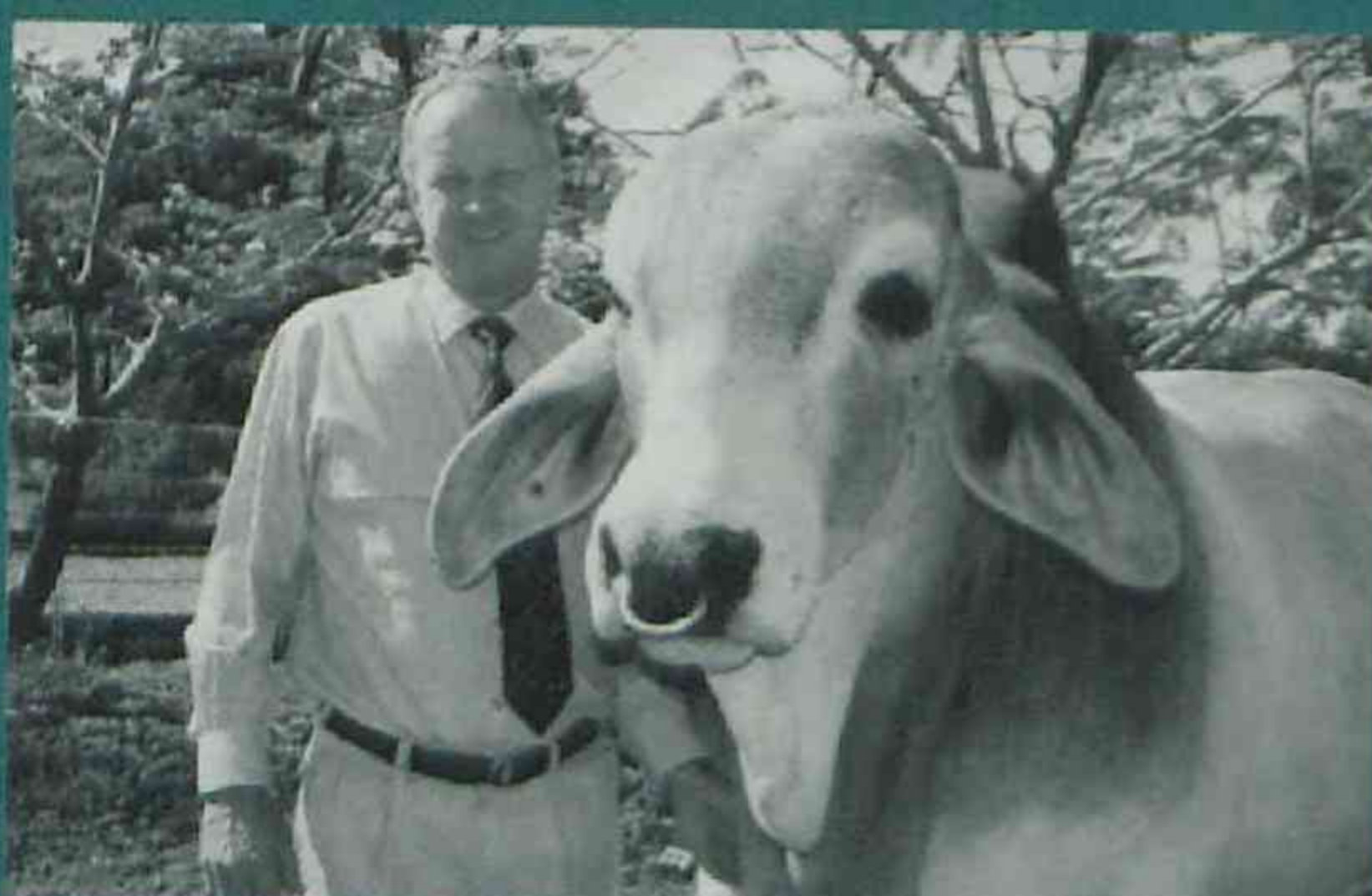
DPI staff Greg Bell, Russ Miller, Belinda Hinds, Greg Fawcett and Brian Dunn checking stocks at the new facility.

John Croaker is a Beef Breeding Services (BBS) Management Committee member and the General Manager of the Australian Brahman Breeders Association.

The Committee, as representatives from industry, realised the strategic need to consolidate and relocate the genetic material collection and processing service to a purpose built facility.

Artificial insemination is a cost effective, safe and efficient means of creating cattle from superior genetic material and both the beef and dairy cattle industries depend on it for their genetic advancement schemes. Approximately 1.5 million cows are artificially inseminated annually in Australia. Most of the cows that are inseminated worldwide are dairy cows, however artificial insemination is being used more often in the beef industry.

The BBS facility at Rockhampton has the capacity to deliver genetic solutions to meet a myriad of environmental conditions and production goals. BBS delivers customised training in artificial insemination, fertility management, embryo transfer and general herd management to beef producers.



Highlights

Smart food and fibre systems and products

DPI, through its Agency for Food and Fibre Sciences (AFFS) and the Office of the Chief Scientist (OCS):

- Established the Aquaculture and Stock Enhancement Facility at Northern Fisheries Centre, Cairns. The centre is used to undertake leading edge research into finfish and rock lobster aquaculture and fish stocking. Through the provision of scientific technology, this state-of-the-art centre will enable the Queensland aquaculture industry to produce high value seafood.
- Established a national wheat-breeding program joint venture to breed better wheat varieties. This joint venture, through the use of modern crop improvement techniques, will develop new high-yielding varieties that are well adapted, with quality attributes that meet market demand. These varieties will have host-plant resistance genes that provide resistance to the many diseases of concern to Australian wheat growers.
- Predicted the current drought conditions through advanced forecasting techniques and alerted rural industry. This technology has given industry the opportunity to prepare and make decisions during periods of drought and to encourage the development of strategies that promote self-reliance in these dry conditions.
- Established the National Horticultural Research Providers' Network (NHRPN) to develop national inter-agency collaboration in matters related to horticultural research and development. This network addresses issues of national significance to ensure efficiencies and non-duplication of research effort nationally.
- Developed, through the Queensland Food and Fibre Science and Innovation Council (QFFSIC), 'smart ideas' awards to recognise and reward excellence in food and fibre science and innovation, and formulated strategies for commercialisation of DPI's intellectual property and intellectual capital.

What do you see your business group's major contribution to the DPI core business goals during the next five years?

'We will provide commercial solutions to the technical issues clients have in developing new products and re-engineering existing products for world markets, including greater customisation and more stringent environmental specifications.'

Dr Rosemary Clarkson — Executive Director, Agency for Food and Fibre Sciences

Report

Smart food and fibre systems and products

Innovation and science

- Undertook leading research using gene-silencing technology to cease the activity of specific genes in plants that cause health problems and diseases. Work occurred on the gene responsible for 'blackheart' that causes discolouration in pineapples and costs the Queensland pineapple industry millions of dollars each year.
- Utilised genetic sequences of wild species to cause genetic variation in domesticated plants such as wheat and sorghum to breed better varieties using DNA technologies. Genetic sequences and molecular tools were also used to assist conventional plant breeding by identifying important genes involved in pathogen resistance, flavour, fruit density, early flowering, ripening, plant architecture (e.g. branching and shape) and digestibility (for pasture grasses).
- Developed extraction technology to obtain the natural therapeutic constituents from ginger to optimise the production of this highly active material as an anti-inflammatory, anti-nausea and analgesic application.
- Investigated the use of phytochemicals from macadamia nuts in fighting chronic diseases such as cancer and heart disease.
- Instigated research into the development of controlled moulting technology for soft shell crab production, which can be used for the production of high-value biochemicals such as chitinase and chitin to be used in a range of pharmaceutical products.
- Improved integrated prediction systems that combine cropping and other growth models, climate forecast models, and economic models to enable accurate prediction of the agricultural, farm, and fisheries output in Queensland. This combined with decision support systems that facilitate easy user access of complex cropping, pasture, and climate forecast systems will improve industry's preparedness for the potentially 'bad' years and ability to capitalise on the potentially 'better' years.
- Used co-suppression technology to investigate the control of pathogens in agricultural crops without the use of chemical pesticides, in particular, the control of nematodes in pineapples. Development of this innovative technology may result in it being used for many applications in cropping systems, which will address an extremely important industry problem.

Food and fibre integrity

- Developed food safety training material to be delivered to employees of seafood processing establishments in the Torres Strait region. With this training it is anticipated that the processing establishments could be upgraded, resulting in fewer Australian Quarantine Inspection Service (AQIS) inspections and creating a basis for branding through value-added quality assured product.
- Developed Near-infrared Spectroscopy technology for rapid testing and verification systems to enable decisions to be made about the quality and safety of food and fibre products in real time.
- Created new tests that can detect exposure to tick fever organisms and can differentiate tick fever organism. The tests are important to the live cattle export industry in that they confirm cattle exported from Australia have been vaccinated against tick fever and that local cattle with tick fever have not contracted the disease through organisms transferring from imported Australian cattle to local cattle.
- Developed heat disinfestation technology for use on fresh fruit and vegetables, which are to be exported to New Zealand, through determining the relative heat tolerance of immature stages of all Australian fruit flies. This information will expedite the development of all future heat disinfestation protocols for New Zealand and elsewhere.
- Evaluated a new type of animal-safe netting that excludes birds, bats and insects, and offers protection from hail. Use of the netting means a total reduction in insecticide use in field spraying and fruit dipping. This results in less damage to the environment in terms of land contamination and runoff into waterways, and safer food. This netting is currently being developed for use in orchard management techniques to overcome losses in yield or fruit quality.
- Developed preservation treatment systems from sawmill waste products for treating timber to increase its durability and investigated the development of in-line systems for the detection of low strength pine framing. This technology will increase the reliability of design characteristics of pine framing and has the potential to increase consumer confidence in the product.

Market-driven products

- Assisted the beef industry to meet its goal of reducing quality variation through identifying inherent variation in the carcass and meat attributes of the live animal within lines, herds, and genotypes and selecting against this variation through attention to animal nutrition and growth rates.
- Created new market opportunities through the development of new technology such as MAXtend, a modified atmosphere control system to improve the storage and transport of highly perishable fruit and vegetables exports; cryovac treatment of cut pumpkin to improve shelf life; modified atmosphere packaging of Asian vegetables to double shelf life; and engineered solutions to reduce high labour cost in pot handling and dispatch of ornamental plants for the nursery industry.

Performance measures

How we said we would measure our success	2001-02
Number of varieties (breeds, etc.) developed by AFFS achieving significant uptake by industry	34
Value of returns on intellectual property and intellectual capacity	\$3 756 000
Number of new market opportunities created through new technologies and/or products	42
Number of high-impact value-adding technologies applied to food and fibre enterprises as a result of DPI knowledge and information	36
Number of existing and potential joint projects with national and international research institutions	<p>DPI is involved in various Cooperative Research Centres (CRCs), which bring DPI researchers together with researchers from universities, other government agencies and private industry. Examples of the types of CRCs that DPI is involved in includes:</p> <ul style="list-style-type: none"> • coastal zone estuary and waterway management • Great Barrier Reef World Heritage Area • Greenhouse accounting • tropical rainforest ecology and management • sustainable production forestry • Australian cotton • cattle and beef quality • sustainable aquaculture of finfish • value-added wheat • Australian sheep industry • innovative wood manufacturing • Australian weed management • tropical savannas management.

key strategy four

Promote harmony between food and fibre industries and the natural ecosystem

DPI officers work with industries to develop methods of production that have a holistic approach to the sustainable management of ecosystems, and minimise negative impacts on natural ecosystems and natural resources. Researchers are working to reduce reliance on chemical controls, develop alternative farming practices to halt decline in soil fertility and reduce soil erosion, develop closed-loop systems for waste management and investigate symbiotic production relationships.



DPI researchers from the Agency for Food and Fibre Science are working to minimise effluent pollution by feeding the nutrients back to captive marine prawns.



The National Heritage Trust Program funds this bioremediation project using banana prawns to clean nutrients from water used to farm tiger prawns. The DPI research team are currently investigating the reduction in nutrient levels in the aquaculture wastewater and the possibility of raising commercial quantities of prawns under this system. The team, photographed, is Dr Paul Palmer, Catriona Morrison and Dirk Erler. The project is testing stocks at both the Bribie Aquaculture Research Centre and on farms with industry. An industry partner Peter Spindler is photographed with Dr Palmer at the Bullock Creek Prawn Farm.



This year the Sensory and Consumer Science Unit at the Centre for Food Technology tested the prawns from the bioremediation ponds for taste and microbial levels to gather data for developing strategies to market the prawns on a commercial basis.

Highlights

Ecologically sustainable use of natural resources

DPI, through its Agency for Food and Fibre Science (AFFS), Queensland Fisheries Service (QFS) and Policy Analysis and Industry Development (PAID) groups:

- Created a new Intensive Livestock Systems Unit to support the accelerated development of the pork industry in Queensland and to build confidence within community and consumers that intensive animal industries in Queensland are environmentally sustainable.
- Reviewed the management arrangements of prawns and other species that are taken by trawlers, tailor and spanner crabs. Recommendations from the reviews resulted in amendments to the legislation to provide for sustainability of these fisheries. The Baffle Creek Fish Habitat Area (FHA) was also declared to provide protection for this valuable habitat.
- Completed the bilateral agreement for the Queensland position with the Commonwealth Government for the National Action Plan on Salinity and Water Quality. This agreement proposes to address salinity and deteriorating water quality in four priority regions in Queensland. Regional projects have been developed and departmental officers are continuing preparation of a strategic investment plan to cover agency spending.
- Conducted workshops with dairy producers around Queensland for best management practice in relation to soils, water and nutrients. Producers were trained to use decision support technology to assist them to manage natural resources. These workshops had a positive impact on those attending with a strong desire from participants to learn more about natural resource management.

What do you see your business group's major contribution to the DPI core business goals during the next five years?

'Developing sustainable production systems in the context of managing fisheries.'

Peter Neville — Deputy Director-General, Queensland Fisheries Service

Report

Ecologically sustainable use of natural resources

Efficiency of water use

- Identified a potential 20% increase in water use efficiency in irrigation practices in irrigated cotton and grains through adoption programs at Emerald, Biloela, St George, Goondiwindi and Dalby. This included research activities into the comparison of evaporative losses from different dam types and the efficiency of broad swath overhead travelling irrigators.
- Conducted research, through the National Action Plan for Salinity and Water Quality, in collaboration with land managers and communities, to enhance the adoption of sustainable production systems in order to meet regional targets for salinity and water quality. The program is being delivered in four priority regions: Burdekin, Fitzroy; Mary-Burnett, Lockyer-Bremer-Upper Brisbane; Condamine, Balonne-Maranoa; and Border Rivers-Moonie.

Sustainable production

- Commissioned a national phone survey of 600 consumers and 300 rangeland graziers to develop marketing strategies and provide crucial information needed to develop a market-orientated environmental certification scheme for rangeland pastoral industries in Australia. The survey results indicated that just under half of Australian consumers currently buy at least one type of environmentally friendly food product.
- Conducted workshops on the environmental benefits of dung beetles in grazing lands. Of particular interest to producers have been the effects of dung beetles on improving soil condition and reducing buffalo fly numbers. This latter benefit may lead to a reduced reliance on chemical control. The workshops have also emphasised that dung beetles are

part of the whole grazing land ecosystem, and that sustainable management of these lands requires a holistic approach.

- Developed alternative production techniques for Central Queensland farming systems that have stopped the decline in soil fertility and reduced soil loss in times of heavy rainfall. These techniques are helping crop production in wheat, sorghum, sunflowers, chickpeas and dryland cotton.
- Integrated silviculture and aquaculture systems between mangroves and mudcrabs for the Cape York region. All work was undertaken in consultation with local Indigenous communities, which has been a major factor in the success of this initiative.

Wild fisheries management

- Undertook an extensive review of management arrangements in the coral reef fishery in addition to a number of reviews on fisheries such as tropical rock lobster, snapper and spotted mackerel to ensure they are operating on a sustainable basis with a view to enter into public consultation.
- Introduced new Fish Habitat Areas (FHAs) to provide increased areas of fish habitat protection in addition to the continued development of fisheries assessment reports for submission to, and assessment by, Environment Australia to demonstrate they are managed sustainably.
- Commenced establishment of a commercial fishing company for Aboriginal communities from Cape York in conjunction with other government agencies. The company will provide training and employment opportunities for local people and an independent and sustainable income source for the communities.

- Instigated research to develop a stock assessment tool to assist in maintaining wild fisheries stock by using a Vessel Monitoring System (VMS) and Electronic Catch and Effort Recording System (ECERS). This information provides real-time locations of fishing boats and up-to-date datasets with precise spatial data. This will profoundly affect the way fisheries statistics are used for fish population modelling and, ultimately, fishery management.

Emission management

- Conducted studies into environmental monitoring, odour emissions, and phosphorus mobilisation from piggery effluent applications and straw covered lagoons to reduce odour emissions. The focus was on reducing the amount of nutrients entering the effluent stream through better formulation of diets, use of enzymes to make available the bound-phosphorus in grains, and feeding management tailored to the age and gender of the pig.
- Negotiated with the Banana Shire Council, Livingston Shire Council and Miriam Vale Shire Council to irrigate hardwood plantations with sewage effluent, thereby combining waste recycling with high-value timber productions.
- Undertook research into the potential benefits of recycled biosolids on agricultural systems with the aim of aiding soil conditioning and plant growth while minimising detrimental effects on the environment. This has provided a better understanding of the form/type of biosolid products that bring the greatest benefit, at an acceptable risk, to agricultural systems. Trials have been established to examine the effects of grains and grain legumes on red soils of the Burnett, sugar cane on sandy soils at Bundaberg, and hardwood timber plantations on duplex soils near Esk. Plans are also in place for trials with cotton and grain crops at Dalby and lucerne crops in the Lockyer Valley.

Performance measures

How we said we would measure our success	2001-02
<p>Number of food and fibre ventures implementing resource sustainability or regeneration processes using DPI knowledge and information</p>	<p>DPI invests \$21 million in resource management activities. Examples of these activities include:</p> <ul style="list-style-type: none"> • The Central Queensland Sustainable Farming Systems project developed alternative production techniques that have halted soil fertility decline and reduced soil loss in times of heavy rainfall. The second phase of the project will have a greater focus on long-term farming systems scenarios and will incorporate a range of other crops such as dryland cotton. The project will address improved, more integrated and timely crop management practices aimed at increasing yield while reducing crop losses. • DPI food technologists developed a tool for the dairy processing industry in Australia, which consists of a software package and manual called <i>Environmental Management Tools for the Dairy Processing Industry</i>. It is designed to manage waste minimisation and environmental risks within a dairy-processing environment. A major source of cost in the dairy industry is waste. Reducing waste is not only friendly to the environment, but also increases profitability for the processors.
<p>Number of improvements to fish management arrangements</p>	<p>To address sustainability concerns, the following improvements to fisheries management arrangements were implemented:</p> <ul style="list-style-type: none"> • Amendments to the East Coast Trawl Management Plan to restrict the take of bycatch species (such as blue swimmer crabs, pipefish, Balmain bugs, barking crayfish, cuttlefish, goatfish, mantis shrimps, octopus, pinkies, red spot crabs, sharks, whiptails) and the provision for improved monitoring of the use of a fishing day • Reduction in the Total Allowable Catch (TAC) for spanner crabs from 2208 tonnes to 1728 tonnes • Introduction of a commercial TAC for Tailor of 120 tonnes, and a bag limit for Tailor of 20 or 30 if a fisher is on Fraser Island for more than 72 hours. <p>The QFS also continued work in preparation for public consultation on changes to management arrangements in the freshwater fishery, coral reef fishery, spotted mackerel fishery, snapper fishery, tropical rock lobster fishery, trawl fishery and pearl perch fishery, amongst others.</p>

How we said we would measure our success

2001-02

Expansion in area of fish habitat protection

Initial investigations were completed or are ongoing into a number of proposed Fish Habitat Areas (FHAs) and include Edgumbe Bay, Margaret Bay and Fitzroy River (Narrows). Consultation on proposed FHAs for the Annon River and Elliott River were completed. The Baffle Creek FHA was declared.

Number of codes of practice implemented

Discussions continuing with other agencies to develop new codes. Although delays may occur with agencies implementing the Integrated Planning Act requirements.

Four codes of practice developed and in use with local governments, canegrowers and electricity suppliers. Fifth co-op being developed with Queensland Transport.

Improved acceptance of fish management arrangements by community feedback

Confidence that fisheries are being well managed.

Respondents were asked: *How confident are you that the Queensland fisheries are being well managed?*



Almost 60% of Queenslanders were either 'very confident' or 'confident' that Queensland's fisheries were being well managed. A significant proportion (nearly 20%) did not know.

key strategy five

Maximise the market value of Queensland's commercial forestry assets within a sustainable development framework

State-owned plantation and native forests contribute to the State's economic development through domestic and export markets and employment. The plantations and forests identified for wood production are the source of 85% of domestically grown log timber used each year by Queensland's regionally based timber-processing industry. These forests help support the quarrying, grazing, apiary and foliage collection industries. The commercialised business group DPI Forestry helps to continuously improve the efficiency and sustainability and strengthen the competitiveness of Queensland forest industries.



State Cabinet approved the South East Queensland Regional Forest Agreement in 1999. Two initiatives underpinning this agreement are the establishment of 5000 hectares of hardwood plantation by June 2003 by DPI Forestry and the establishment of a hardwood timber research and development program by AFFS timber researchers to address the technical challenges of developing the hardwood plantation industry.



DPI researchers have partnered science with industry expertise to produce a forestry concept that produces timber products that have the potential to grow quickly and reliably. On hardwood plantation tours attendees visit private landowner trials, like this one at Amamoor and discuss the impacts of a thinning operation on stand growth.

Wondai Saw and Planing Mill Pty Ltd is a progressive hardwoods sawmill—the management regard hardwood plantations as an innovative step in the industry. They have a collaborative relationship with DPI. Field day participants visited the sawmill to observe the potential of this new resource. This mill recently installed new sawing equipment to enable processing younger, faster grown hardwood timber.

Highlights

Smart food and fibre systems and products

DPI, through its commercial business group, DPI Forestry:

- Achieved record commercial results during 2001–02 with:
 - Return on Assets of 11.4%
 - Profit from ordinary activities after income tax equivalents of \$110.6 million, 187% higher than the previous year
 - Dividend payable to the Queensland Government of \$11.0 million, up 188% on the previous year's figure.
- Achieved forest product sales of \$86.7 million, up 19% on the previous year with plantation and native forest timber removals of 2.1 million cubic metres, 4.5% higher than the previous year.
- Finalised the acquisition of land for the 5000-hectare Hardwood Plantation Program.
- An area of 2396 hectares of new hardwood plantation was planted during the year bringing total plantation establishment under the program to 3752 hectares.
- Achieved a long-term goal of converting its annual exotic pine operational planting program in South-East Queensland to clonal planting stock during the year.
- Revised its Harvesting Safety Policy, to improve the safety of forest harvesting workers in consultation with the timber industry, and conducted a series of seminars in 13 regional centres to brief industry representatives on the requirements of the new policy.
- Undertook a program to increase environmental awareness among its operational staff throughout the State.

What do you consider to be the SET's greatest achievement since you joined?

'SET's effectiveness as a management team has been greatly boosted by the integration of corporate governance responsibilities within SET's role. This has enhanced the corporate focus of SET and its members.'

Ron Beck—Executive Director, Forestry

Report

Smart food and fibre systems and products

Commercial performance

- Posted record commercial results for the year with profit from ordinary activities after income tax equivalents of \$110.6 million (including a \$84.5 million increment in the value of standing plantation timber), 187% higher than the previous year.

As a result, DPI Forestry's return on assets for the year was a very strong 11.4%. At year-end, DPI Forestry's total assets, including plantation-growing timber, were valued at \$1.09 billion, an increase of 11.8% on the previous year. The dividend payable to the Queensland Government is a record \$11.0 million.

This strong commercial performance is attributable to a major increase in sales, along with effective expenditure control. Sales of forest products were particularly strong, up 19% on the previous year to \$86.7 million, buoyed by increased timber demand from a surge in dwelling commencements during the year. This was driven by an increased demand for residential homes.

- Recorded significantly increased sales of exotic pine sawlog (up 43% on 2000–01). This was the biggest contributor to improved sales, in part reflecting DPI Forestry's progress in implementing the revised allocation policy for plantation exotic pine timber in South-East and Central Queensland, approved by State Cabinet in December 2000. A feature of this policy is a process of 'fibre substitution' whereby existing pulpwood purchasers use wood fibre produced as a by-product of sawmilling, along with final crop residues, as a substitute for plantation pulpwood supplies. This allows DPI Forestry to supply increased volumes of higher value final crop sawlog to industry.
- Recorded increased Araucaria sales, (up 9% on 2000–01). Over recent years, DPI Forestry has implemented substantial reductions in log timber values and changed utilisation standards to help the Araucaria industry

combat increased competition in traditional markets from imported radiata pine.

- Conducted an independent review during the year, as a further step in this process, to determine market values for Araucaria log timber and develop a market-based system to adjust log values over time. However, in the absence of final agreement between the parties on pricing methodology from this review, DPI Forestry subsequently initiated a further industry consultation process under general value review provisions in Araucaria final crop sales agreements. In early 2002–03 all parties reached agreement on revised values to apply in South-East Queensland.
- Revised DPI Forestry's Harvesting Safety Policy in consultation with the timber industry to improve the safety of forest harvesting workers. Amongst other things, the new policy requires training of harvesting contractors leading to national competency accreditation. DPI Forestry, in conjunction with the Department of Industrial Relations, conducted a series of seminars in 13 regional centres to brief more than 220 industry representatives on the requirements of the new policy. Implementation of the new policy will continue during 2002–03.

Innovation and science

- Achieved a long-term goal of converting DPI Forestry's annual exotic pine operational planting program of over 4000 hectares in South-East Queensland to clonal planting stock during the year. The use of cloned trees holds the promise of significantly improved profitability for timber processors and DPI Forestry through faster tree growth, better log quality and uniformity and potential reductions in rotation length. This important milestone was the result of a concerted research and development program in cooperation with the department's Agency for Food and Fibre Sciences.

Ecologically sustainable use of natural resources

Environmental management

- Continued to improve DPI Forestry's Environmental Management System (EMS) during the year and conducted a Statewide program to increase environmental awareness of operational staff to enable them to attain accreditation to the national competency unit FPIC 1009A 'act in an environmentally responsible manner'.

DPI Forestry's EMS is independently certified to international standard AS/NZS ISO 14001 in relation to the environmental aspects of establishing, growing and harvesting forest plantations, selective harvesting in native forests and establishing infrastructure such as forestry roads.

Hardwood industry transition

- Finalised acquisition of the targeted 5000-hectare land base for the South-East Queensland Hardwood Plantation Program during the year through a combination of rental and equity arrangements with other landholders and purchase of suitable cleared land.

This program is a key element of the Government's South-East Queensland Forests Agreement (SEQFA) signed in 1999 and aims to establish 5000 hectares of hardwood plantation in the region by mid-2003. These plantations will provide the core resource base to enable a transition from harvesting of State-owned native forests by 2025. The program is underpinned by the Hardwoods Queensland Research Program conducted by the department's Agency for Food and Fibre Sciences.

- Planted a further 2396 hectares of new hardwood plantation on this land, despite difficult weather conditions, bringing total plantation establishment under the program since its inception in 1999 to 3752 hectares. A further 1286 hectares will be planted during 2002–03, meeting program targets.
- Continued to assist the Environmental Protection Agency (EPA) to resolve the final tenure of 409 000 hectares of State-owned native forest in the region which has been withdrawn from timber production and placed in a new interim conservation tenure of forest reserve. EPA assumed full management responsibility for these forests from 1 July 2002.

Performance measures

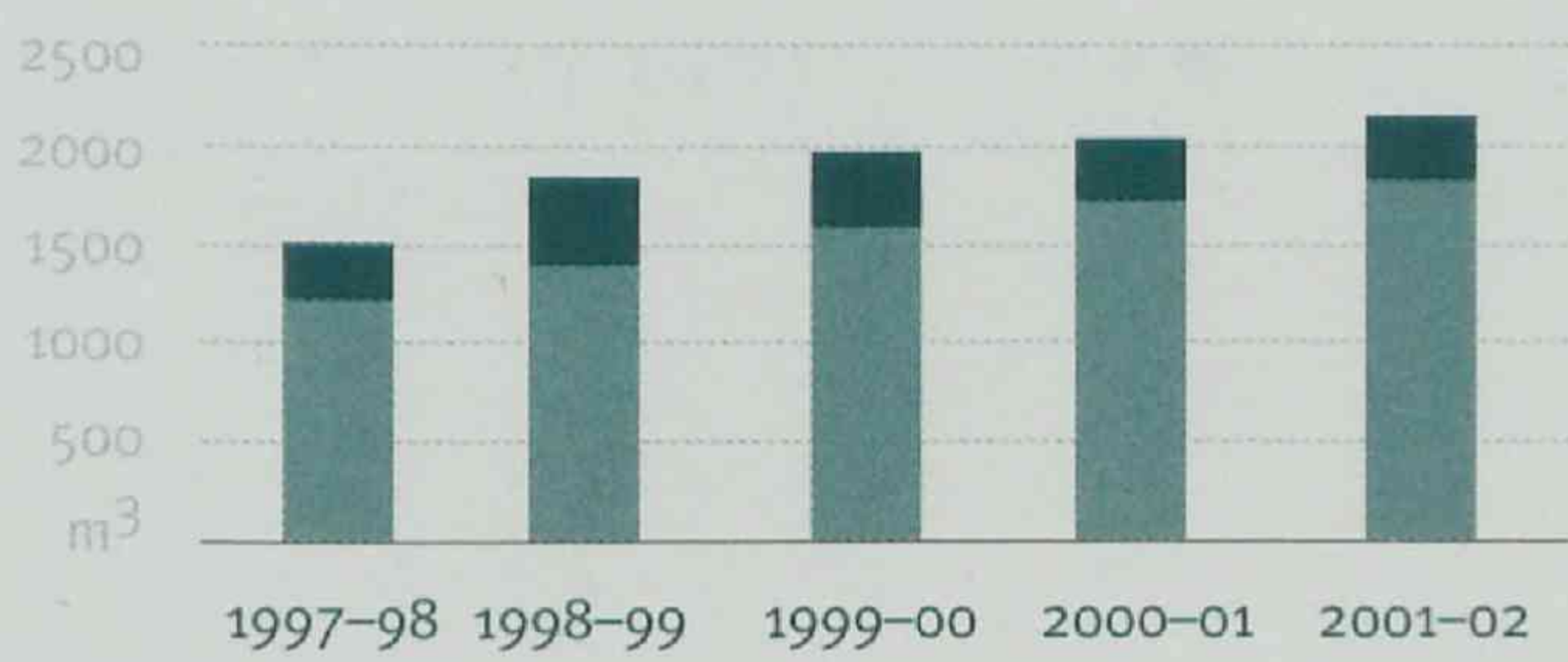
How we said we would measure our success	2001-02	2000-01
Accounting Rate of Return	11.4%	3.4%
Percentage of State-owned timber production sourced from plantation	83%	83%
Independent certification of Environmental Management System to AS/NZS ISO 14001 maintained	Independent certification current Renewal will be sought during 2002-03	Achieved certification

How we said we would measure our success	2001-02	2000-01
Profit from ordinary activities after income tax equivalents	\$110.6m	\$38.5m
Dividend	\$11m	\$3.8m
Return on assets	11.4%	3.4%
Softwood establishment on State-owned land (hectares)	4257	5381
Hardwood plantation establishment (hectares) ¹	2396	1057 ²
Plantation timber sales (million cubic metres)	1.75	1.67
Native forest timber sales (million cubic metres)	0.36	0.34
Quarry material sales (million cubic metres)	2.3	2.2

¹Hardwood plantation establishment on public and private land under the South-East Queensland Forests Agreement
²Revised figure

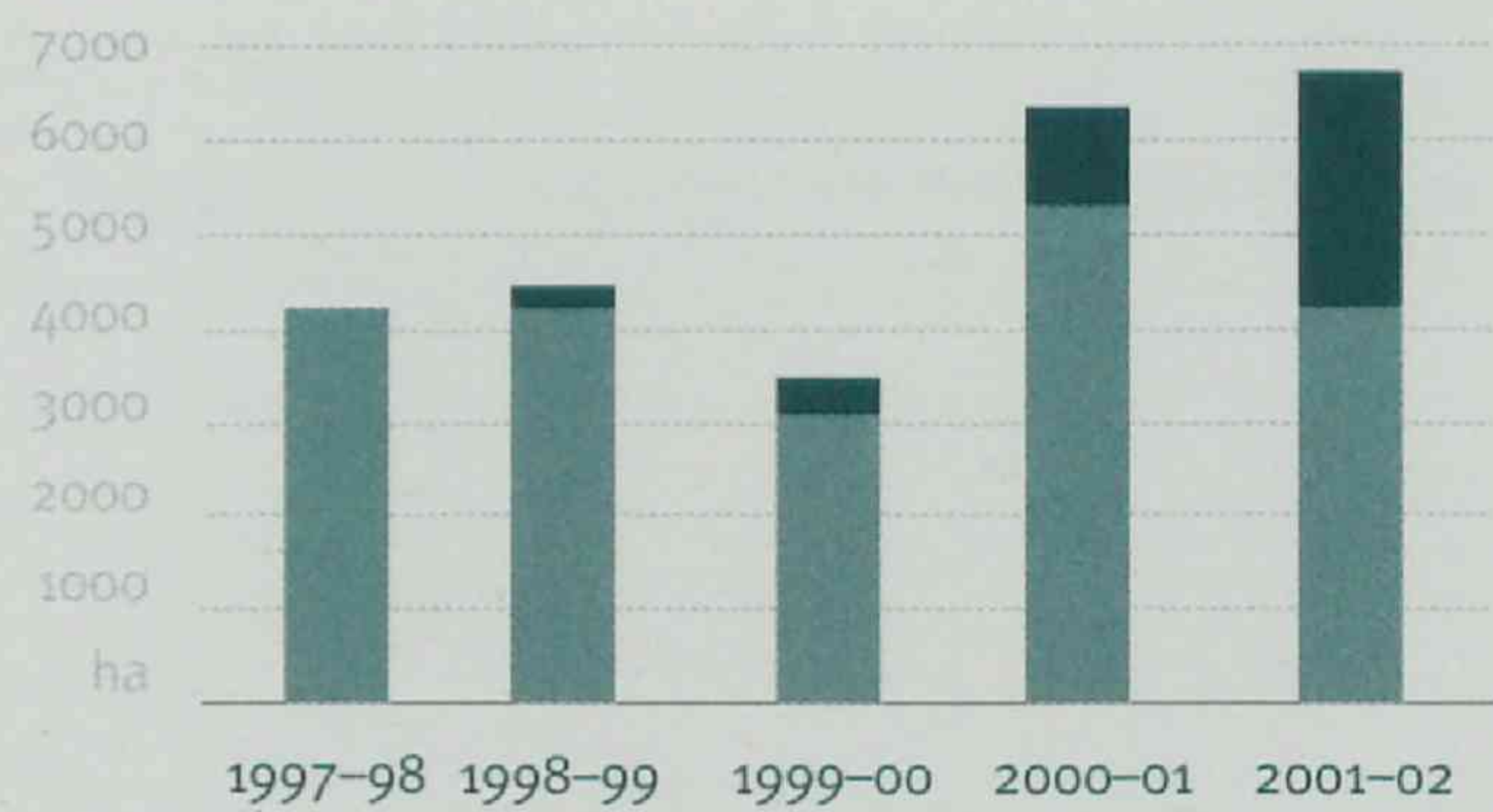
DPI Forestry—State-owned timber removals

■ Native Forest
■ Plantation

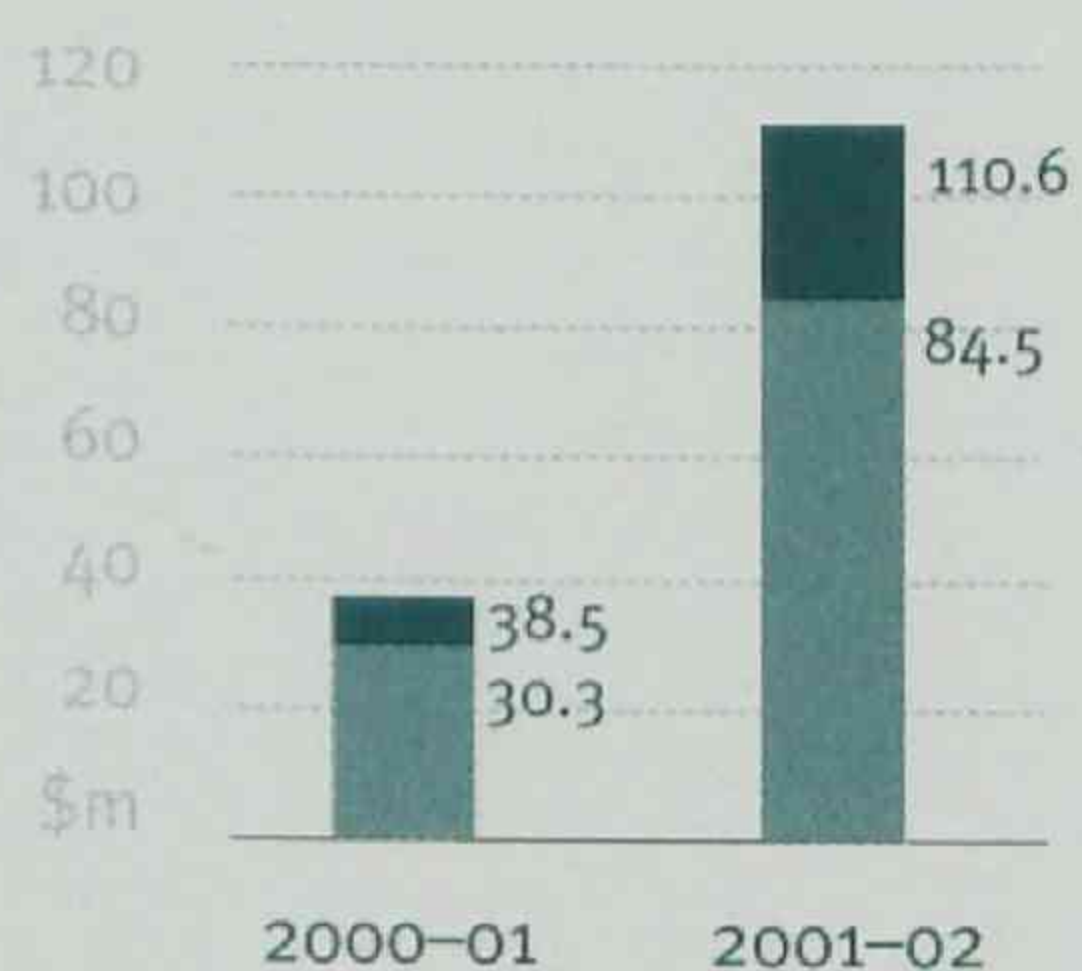


DPI Forestry plantation establishment

■ Hardwood (under the South-East Queensland Forests Agreement)
■ Softwood



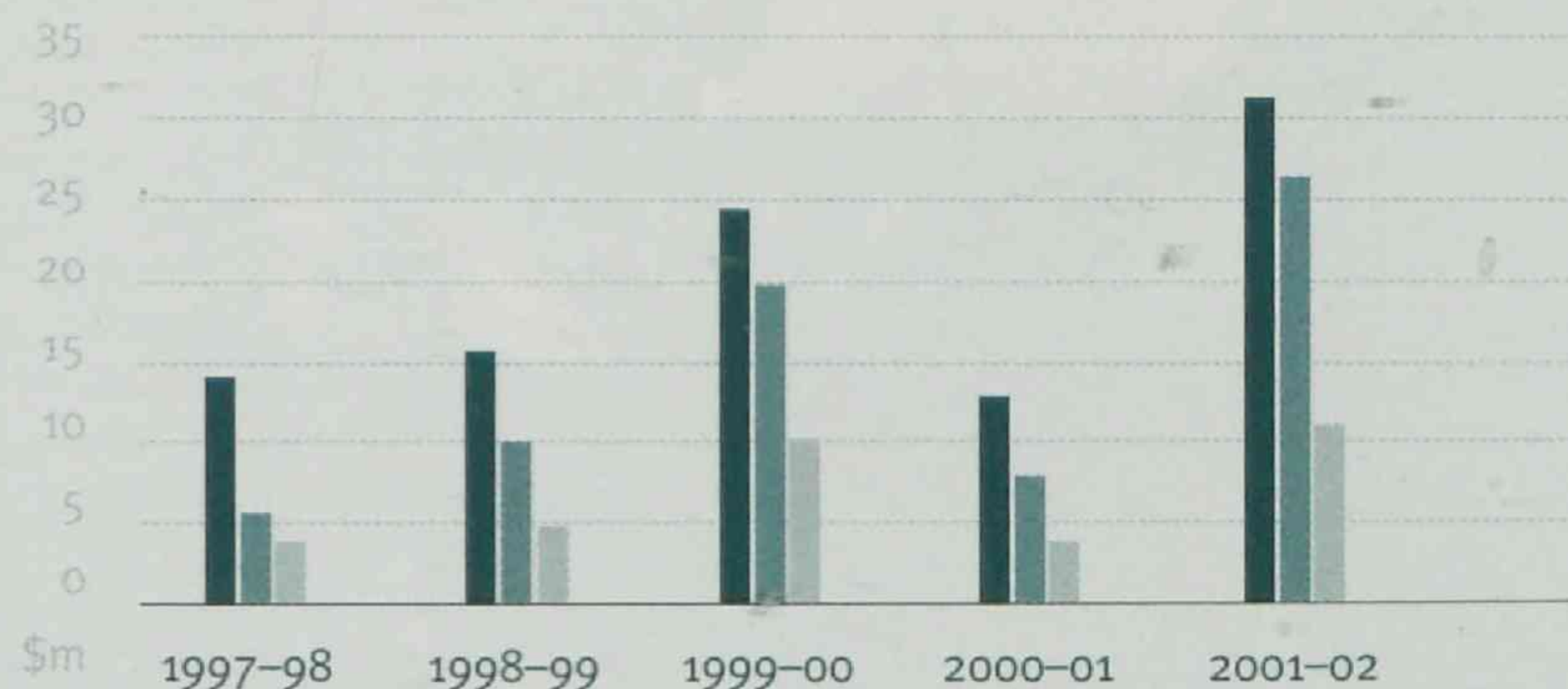
DPI Forestry—Profit from ordinary activities after income tax equivalents



The lightly shaded area represents unrealised component due to revaluation of plantation growing timber. Profit determined in accordance with Australian Accounting Standard 35 'Self-Generating and Regenerating Assets' adopted from 1 July 2000.

DPI Forestry—Commercial performance

■ Earnings before interest and tax
■ Profit after interest and tax
■ Dividend



Australian Accounting Standard (AAS) 35 'Self-Generating and Regenerating Assets' has been applied to DPI Forestry's accounts for the last two years. Profit from ordinary activities after income tax equivalents under AAS 35 for 2001-02 was \$110.6m. In above chart, earnings and profit figures have been expressed in accordance with the previously applicable accounting standard for comparative purposes.

key strategy six

Increase the capability and confidence of rural communities to take up opportunities

Capable rural communities are underpinned by sustainable food and fibre industries. They are identified by their willingness and ability to engage in activities that support self-reliance and increase learning to influence and manage productive change. These communities are energetically seeking to develop innovative solutions for long-term viability. DPI provides an important link between Queensland's diverse rural and remote communities and the State Government. Confident rural communities actively seek partnerships with government and other organisations to influence decision-making and to stay informed.



The Burdekin Rangelands Reef Initiative (BRRRI) is designed to be a national model for whole of catchment management, restoration and development. BRRRI focuses on the delivery of practical triple bottom line outcomes through a community driven model or pilot programs, including a woody weed control, fish habitat restoration in the Lower Burdekin and a broad community development initiative in the catchment area.



The initiative investigates the relationships between social and cultural issues with those of often-conflicting environmental and economic development drivers. The projects will bring together existing Burdekin information and resources to generate practical results. The BRRRI has four guiding principles—economic, social/community and environmental sustainability, community-led development through capacity building, an all-of-government approach and a commitment to community-based governance.

Highlights

Capable rural communities

DPI, through its Rural Industry Business Services (RIBS), Office of Rural Communities (ORC) and Policy Analysis and Industry Development (PAID) foster:

Capacity building

- Revised the FarmBis program resulting in 3519 producers participating in a range of learning activities. Women accounted for 32.5% of all participants, and young people under the age of 35 years accounted for 24.8%. This is 10% and 7% above the national average. In all other community/business development programs offered, the ratio of male and female participants averages at 60:40.
- Developed a sugar cane crop planting scheme as part of an integrated government response to sugar industry issues, providing an incentive to canegrowers to maintain production during the 2003 season.
- Continued the Drought Relief Assistance Scheme in response to deteriorating seasonal conditions in southern Queensland. 'Managing for Climate' workshops and the 'Successful Strategies' series were offered in all regions. 70% of producers participating in these workshops are utilising their learning in farm-business decision making.
- Awarded Year of the Outback sponsorships worth \$12 350 which resulted in five rural communities increasing their participation in local community development activities. The Positive Rural Futures Conference was also associated with the Year of the Outback. Held in Charleville, it attracted 250 people from across Queensland. Special events such as the DPI Regional Art Awards and the Premier's Year of the Outback Awards were announced, celebrating diversity within the Outback. Ensuring coordinated and whole-of-government support to this initiative, DPI provided secretariat services to the Queensland Year of the Outback Steering Committee.

Access and community engagement

- Established the initial Integrated Contact Centre and delivered the first set of Queensland government integrated services. Selected camping permits and vehicle and vessel registration renewals are now available online from the Queensland Government Internet Gateway, and an increasing number of customer service centres.

Who would you most like to sit next to on a plane? And why?

'I'd like to sit next to Gordon Conway, President of the Rockefeller Foundation and author of "The Doubly Green Revolution: Food for all in the Twenty First Century". I would learn from him.'

Dr Peter White—Executive Director, Rural Industry Business Services

Report

Capable rural communities

Capacity building

- Designed and implemented a range of activities to benefit rural women and young people by promoting their contributions to rural industries. Mary Lankester, a banana grower from Tully, was the recipient of the 2001 Elaine Brough Bursary. She was also successful in winning the RIRDC Rural Women's Award and received a total of \$25 000 for her project to produce a fruit-based wine from substandard fruit. Scholarships to the Company Director's course were provided to 25 women promoting their board-ready candidature.
- Identified two areas of the State as suffering from problems related to longer-term structural adjustment. As a result, communities on the Darling Downs and the Burnett have been engaged in joint discussions with the Commonwealth and State, with a view to developing pilot programs to address regional development issues.
- Provided assistance, through farm financial counsellors, to 1100 farmers with financial issues. Grant assistance totalling \$200 000 was provided to eight community groups for managing rural financial counselling projects through the joint State/Commonwealth Rural Financial Counselling Program.
- Delivered foundation Building Rural Leaders (BRL) programs, in which 51 Queenslanders participated and completed, in Mission Beach, Mackay, Stanthorpe and Biloela. Another 28 participants are at various stages of the Atherton, Barcaldine and Bundaberg programs.
- Interviewed 75 people across the Northern Territory, South Australia and Western Australia as part of a research and development journey to advance DPI's delivery of services to Aboriginal and Torres Strait Islander people. Outcomes provided input into initiatives including the Draft Best Practice Guidelines, Draft Protocols and the Primary Industries Ministerial Council's Action Plan to address the social and economic disadvantages experienced by Indigenous people. Outputs will include a number of presentations, workshops, learning processes and resources that will form the emergent implementation strategy.
- Assisted, through the Rural Partnerships team, 70 groups—approximately 58% were community action groups and the remainder were producer groups. Of these 47% have developed, and are implementing, strategic, business or action plans.
- DPI continues to provide research, extension and community capacity building support for viable fisheries, forestry and agriculture initiatives under the Ten Year Partnership. DPI has also placed three new positions in Cape York to work with Indigenous communities to identify and progress viable fisheries, forestry and agriculture related projects—\$250 000 has been allocated to develop these proposals. In addition, Cabinet has approved expenditure of \$2.5 million for the purchase of commercial fishing licences to facilitate establishment of an Indigenous commercial fishing company in the Cape York.
- Enabled primary producers, through the Futureprofit service's strategic planning, structural adjustment and performance improvement programs, to manage change that can demonstrate improvement in quality of life, financial savings, and better returns based on improved skills in natural resource management. This service has enabled our clients to improve their operational practice to develop new enterprise/market/business structures to diversify, and to be confident in, strategic business management decisions.

Access and community engagement

- Promoted fairer access to government services and information through coordinated electronic service delivery in rural communities via the Queensland Government Agent Program (QGAP). With 66 one-stop-shops throughout rural Queensland, DPI provides rural Queenslanders with online transactions to a range of government services.
- Promoted equity, access and participation in decision-making processes across government through the development of a range of strategies and mechanisms to influence and advise on policies, programs and services impacting on rural Queensland.
- Developed and coordinated appropriate policy responses to identified current and emerging social, economic and environmental issues challenging rural communities.
- Provided opportunities for rural communities to develop strategies focused on community driven solutions through the sixth Positive Rural Futures Conference, including the coordination of pre-conference youth and rural practitioner workshops to maximise their contribution.

Performance measures

How we said we would measure our success	2001-02
Number of alliances (including networks and partnerships) demonstrating consistent, tangible progress towards achieving rural community/business development goals	<p>40</p> <p>Rural Partnership Development Officers assist groups of primary producers and local community revitalisation groups to strengthen their businesses or enhance their communities. In doing so, the Partnership Officers build the capacity of the groups to take action themselves to improve their circumstances. The aim of projects is to further develop existing businesses, create business alliances, raise awareness of the quality of regional Queensland food and fibre products and build the capacity and social infrastructure to revitalise small communities.</p>
Level of satisfaction with whole-of-government policy advice to other government agencies	High
Percentage of business and/or community activities initiated and/or enhanced following participation in rural community/business development programs facilitated through DPI	80%
Ratio of male to female participation in rural community development activities/business development programs facilitated through DPI	60:40
Number of Indigenous communities involved in rural community/business development activities facilitated through DPI	16
Rural community access to DPI's community/business development and information services	<p>Information from DPI is accessible via various avenues.</p> <p>During the year DPI Call Centre received a total of 141 913 calls for assistance and information. In addition 40 299 visits were recorded to DPI's business pages and 31 284 visits to DPI's community pages.</p> <p>DPI also has information centres located throughout the State at Brisbane, Townsville, Toowoomba, Rockhampton, Nambour and Longreach.</p> <p>The DPI Centre number, DPI web address and the addresses of the information centres can be found on the inside front cover of this report.</p>

Appendix 1—Acts, regulations, plans, standards and orders

Acts	Regulations
<i>Agricultural and Veterinary Chemicals (Queensland) Act 1994</i>	Agricultural Chemicals Distribution Control Regulation 1998
<i>Agricultural Chemicals Distribution Control Act 1966</i>	Agricultural Standards Regulation 1997
<i>Agricultural Standards Act 1994</i>	Animal Care and Protection Regulation 2002
<i>Animal Care and Protection Act 2001</i>	Animals Protection Regulation 1991
<i>Apiaries Act 1982</i>	Apiaries Regulation 1998
<i>Banana Industry Protection Act 1989</i>	Banana Industry Protection Regulation 2000
<i>Biological Control Act 1987 (except with respect to control of declared plants and animals under the Rural Lands Protection Act 1985)</i>	Brands Regulation 1998
<i>Brands Act 1915</i>	Chemical Usage (Agricultural and Veterinary) Control Regulation 1999
<i>Chemical Usage (Agricultural and Veterinary) Control Act 1988</i>	Chicken Meat Industry Committee Regulation 2001
<i>Chicken Meat Industry Committee Act 1976</i>	Dairy Industry Regulation 1993
<i>Dairy Industry Act 1993</i>	Diseases in Timber Regulation 1997
<i>Diseases in Timber Act 1975</i>	Exotic Diseases in Animals Regulation 1998
<i>Exotic Diseases in Animals Act 1981</i>	Fisheries Regulation 1995
<i>Fisheries Act 1994</i>	Food Production (Safety) Postponement Regulation 2001
<i>Food Production (Safety) Act 2000</i>	Forestry Regulation 1998
<i>Forestry Act 1959 (as it relates to the responsibilities of the Minister for Primary Industries and Rural Communities)</i>	Forestry (State Forests) Regulation 1987
<i>Grain Industry (Restructuring) Act 1991</i>	Grain Industry Regulation 1994
<i>Grain Research Foundation Act 1976</i>	Meat Industry Regulation 1994
<i>Meat Industry Act 1993</i>	Plant Protection (Bactrocera Philippinensis Introduction Prohibition) Regulation 1998
<i>Plant Protection Act 1989</i>	Plant Protection (Banana Pest Quarantine) Regulation 1999
<i>Primary Industry Bodies Reform Act 1999</i>	Plant Protection (Mango Leafhopper Introduction Prohibition) Regulation 1997
<i>Rural Adjustment Authority Act 1994</i>	Plant Protection (Mango Leafhopper) Quarantine Regulation 1997
<i>Sawmills Licensing Act 1936</i>	Plant Protection (Prescription of Pests) Regulation 1993
<i>Stock Act 1915</i>	Plant Protection (Spiraling Whitefly) Regulation 1998
<i>Sugar Industry Act 1999</i>	Plant Protection (Sugarcane Smut) Quarantine Regulation 1998
<i>Timber Utilisation and Marketing Act 1987</i>	Plant Protection Regulation 1990
<i>Torres Strait Fisheries Act 1984</i>	Rural Adjustment Authority Regulation 2000
<i>Veterinary Surgeons Act 1936</i>	

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

Appendix 2 — Acts repealed during 2001–02

Agricultural and Veterinary Chemicals (Queensland) Amendment Act 2001

Animals Protection Act 1925

Dairy Adjustment Program Agreement Act 1976

Dairy Adjustment Program Agreement Act 1977

Primary Industries Legislation Amendment Act 2001

Wheat Marketing (Facilitation) Act 1989

Appendix 3 — Legislation enacted during 2001–02

Animal Care and Protection Act 2001

Date of assent: 25 October 2001

Date of commencement: 1 March 2002

The Act repealed the antiquated animal cruelty legislation, the *Animals Protection Act 1925* and has replaced it with contemporary and proactive legislation that promotes the responsible care and use of animals and helps to protect animals from acts of cruelty.

The Act provides standards that benchmark what is acceptable in the care and use of animals in particular circumstances, for example, in livestock production. In providing such standards, the Act aims to:

- achieve a reasonable balance between the welfare needs of animals and the interests of people who use animals for a livelihood
- reflect contemporary community attitudes and expectations as to how animals should be treated
- acknowledge advances in the scientific knowledge of animal biology and behaviour.

The Act also regulates the use of animals for scientific purposes to ensure accountability, openness, and ethical and responsible behaviour.

Agricultural and Veterinary Chemicals (Queensland) Amendment Act 2001

Date of assent: 19 December 2001

Date of commencement: 19 December 2001

The Act amended the *Agricultural and Veterinary Chemicals (Queensland) Act 1994* to:

- validate actions by Commonwealth authorities, the National Registration Scheme (NRS) for agricultural and veterinary chemicals post *R v. Hughes*;
- validate potentially invalid acts due to certain gaps in the NRS legislative scheme that have arisen independently of the decision in *Hughes*; and
- ensure a constitutionally sound basis for the NRS.

The Act is part of a national legislative response to the decision of the High Court in *Hughes* and other related matters to resolve the validity about the NRS.

Primary Industries Legislation Amendment Act 2001

Date of assent: 25 October 2001

Date of commencement: 25 October 2001

The Act amended the following Acts:

- *Chemical Usage (Agricultural and Veterinary) Control Act 1988*
- *Chicken Meat Industry Committee Act 1976*
- *Grain Research Foundation Act 1976*
- *Meat Industry Act 1993*
- *Plant Protection Act 1989*
- *Sugar Industry Act 1999*
- *Timber Utilisation and Marketing Act 1987*
- *Veterinary Surgeons Act 1936*

The Act also repeals the following Acts:

- *Dairy Adjustment Program Agreement Act 1976*
- *Dairy Adjustment Program Agreement Act 1977*
- *Wheat Marketing (Facilitation) Act 1989*

Chemical Usage (Agricultural and Veterinary) Control Act 1988

The amendment of the Act remedied any potential deficiency by making it clear that a person adheres to a registered chemical product's label instructions unless other statutory exemptions apply.

The Act also amended certain definitions.

The Act incorporated definitions used under the Commonwealth Agvet Code, which promotes consistency across national legislation, and the Queensland statute book.

Chicken Meat Industry Committee Act 1976

The amendment created a new contract registration system under which processors who enter into agreements with growers must register the contract with the Chicken Meat Industry Committee. Under the amendment, a fee may be fixed by regulation and charged to processors upon registration of the contract and with the committee and annually thereafter for the life of the contract.

The fee will represent both payment for the administrative cost of registering the agreement and keeping information on the contract up to date, and for the provision of services by virtue of the general functions of the committee.

Grain Research Foundation Act 1976

The amendment Act amends the section of the Act that sets out the membership of the Queensland Grain Research Foundation (GRF). A nominee of the defunct Queensland Graingrowers Association (QGGA) will no longer be a member of the Board, being replaced by a nominee of the peak industry body representing grain growers in the State's grain industries. That peak body would currently be AgForce Grains.

Meat Industry Act 1993

The amendment inserted new provisions to enable the wind-up of the Queensland Abattoir Corporation (QAC). Other new provisions relate to the responsibilities of the Administrator regarding the wind-up of the QAC. The life of the Act was also extended for a further period of 12 months until 1 January 2003 to allow the Administrator to complete the tasks required before and during the wind-up process.

Plant Protection Act 1989

The amendment of the Act clarified a definition for the purposes of certification under the Interstate Certification Assurance Scheme. The scheme is designed to give other States assurance that where

a plant pest or disease exists in Queensland, plants leaving Queensland have been treated to meet the other States' requirements. The other States receive that assurance by sighting an assurance certificate issued by a person accredited under the Act. To remove any doubt, the amendment clarifies that an acceptable assurance certificate is one given by an accredited person in accordance with the conditions of the person's accreditation.

Sugar Industry Act 1999

The amendment corrected a deficiency in the Act in regard to the absence of a time requirement for a cane production board (CPB) to make decisions. The Act was amended to enable a grower to appeal against a failure by a CPB to make a decision.

Timber Utilisation and Marketing Act 1987

The main object of the Act was to afford consumer protection through the control of the sale of borer, termite and decay susceptible timber and the moisture content of timber and timber products by prohibiting, restricting and authorising certain conduct.

The amendment also removed the term 'duty' from section 41 and replaced it with the term 'performance of the forest officers powers or functions'. This amendment provided consistency in the Act in the use of the term 'function/s' to describe forest officers' statutory responsibilities.

Veterinary Surgeons Act 1936

The amendment implemented the recommendations of the review of the Act conducted under the auspices of the National Competition Policy (NCP). The amendments were:

- maintaining a list of prohibited practices that restrict who can perform veterinary science;
- removing the restriction that only veterinary surgeons or corporations with a veterinary surgeon as a director can own veterinary practices;
- removing the restriction on veterinary business and veterinary surgeons advertising their practices;

- retaining the Veterinary Surgeons Board controls on veterinary premises in legislation, but relinquishing the Board's control on the use of business names of veterinary practices.

In addition other amendments were:

- amending the constitution of the Board from 5 to 6 members and allowing the appointment of a layperson to the Board to provide a consumer perspective;
- amending the way the Board conducts its business so as to accord with current societal expectations of how a statutory body operates;
- amending the Act to incorporate the Trans Tasman Mutual Recognition principles;
- replacing the definition of 'veterinary surgery' with 'veterinary science' to reflect current academic thought on the description of the body of knowledge of veterinary medicine and surgery; and
- modernising the Act generally.

The Act also made an amendment requested by the Queensland Audit Office to clarify that the Board is part of the Department of Primary Industries for the purposes of the *Financial Administration and Audit Act 1977*.

Appendix 4—Statutory bodies

Body ¹	Body corporate, corporation, or instrumentality	Constituting Act	Annual reporting arrangements
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 protection and productivity boards (17) ²	Body corporates	<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
Grain Research Foundation	Body corporate	<i>Grain Research Foundation Act 1976</i>	Annual Report to Parliament
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 Rural Adjustment Authority	Body corporate	<i>Rural Adjustment Authority Act 1994</i>	Annual Report to parliament
Queensland Sugar Corporation	Body corporate	<i>Sugar Industry Act 1999</i>	Annual Report to Parliament
Safe Food Production QLD	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

¹ As defined by the *Financial Administration and Audit Act 1977*

² Numbers in brackets () represent the number of individual statutory bodies in a particular class

Appendix 5 – Statement of Affairs

Information concerning affairs of DPI

Arrangements for community participation in forming DPI policy and decision-making

Community members are encouraged to investigate DPI's policies and functions, and find ways to participate in the formulation of DPI policy and the delivery of these functions. Community members are asked to contact their local DPI office, the DPI call centre, the Administrative Review Coordinator or Director-General.

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 on plants, animals, land, management, environment, food and history.
- **Videos**—educational videos for purchase or hire on animal health, consumer interests, dairying, farm management and fisheries.
- **Computer software**—IBM-compatible, developed or licensed by DPI, that provide 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 registers of 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. The 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 departmental officers to perform their functions. These documents are available for inspection and/or purchase by the community. While there is no cost to inspect 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 officers operating as the interface between the department and rural producers. These officers promote access to business for the rural sector, marketing and technical information, and help DPI officers to gain an understanding of clients' specific needs.
- **DPI Today and Prime News**—newsletters for 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.
- **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. to 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 to obtain a free catalogue for the purchase of publications	
DPI Bookshop Ground Floor, Primary Industries Building 80 Ann Street, Brisbane GPO Box 46 Brisbane Queensland 4001	Toll free telephone 1800 816 541 Facsimile 07 3239 6509 Web www.dpi.qld.gov.au/shop/ or E-books@dpi.qld.gov.au

Access to documents held by DPI

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

How to apply for access to documents: Applications under the FOI Act are to be made in writing and provide sufficient information to enable a DPI officer to source the document. To obtain general information about the FOI Act, to access policy documents, or to lodge an FOI application, please contact:

Administrative Review Coordinator	
<p>Access and Administrative Review Level 7 Primary Industries Building 80 Ann Street, Brisbane</p> <p>GPO Box 46 Brisbane Queensland 4001</p>	<p>Telephone 07 3239 3865</p> <p>Toll free telephone 1800 061 938</p> <p>Facsimile 07 3239 3879</p> <p>Toll free facsimile 1800 627 469</p> <p>Mobile 0409 055 465</p> <p>Email adminreview@dpi.qld.gov.au</p>

FOI fees and charges: A \$32.50 application fee is payable for FOI applications not concerning personal affairs. A 20 cents per A4 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, applications must be acknowledged within 14 days of receipt. Applications must be processed within 45 days unless DPI is required to consult with a third party in which case processing must occur within 60 days. However, where third-party consultation is required on applications which involve non-personal affairs documents created before November 1987, 75 days are allowed for processing.

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 conducts 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 of the received application.

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 by the statutory time limit, may apply to the Information Commissioner for an external review of the decision. Applications to the Information Commissioner must be made in writing and should be sent to:

Information Commissioner	
<p>Level 25 288 Edward Street Brisbane Queensland 4000</p>	<p>Telephone 07 3005 7100</p> <p>Toll free telephone 1800 068 908</p> <p>Email infocomm@infocomm.qld.gov.au</p>

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, give particulars of the out-of-date, misleading, inaccurate or incomplete information, and specify the amendment required. Contact DPI's Administrative Review Coordinator for more information.

Freedom of Information statistics

Freedom of Information Act 1992

Personal applications received	7
Non-personal applications received	89
Applications for amendment of personal affairs information	0
Total applications received (1/7/2001 to 30/6/2002)	96
Applications withdrawn or transferred	18
Documents access granted in full	24 872
Documents access refused in full	647
Documents access granted in part	329
Total number of documents considered	25 848
Internal reviews made 1/7/2001 to 30/6/2002	7
External reviews made 1/7/2001 to 30/6/2002	2

Committees and advisory groups associated with DPI

- Access Queensland Working Group
- Agricultural and Veterinary Chemicals Policy Committee
- Agricultural Chemicals Distribution and Control Board
- All-of-Government Committee Call Centres Project
- All-of-Government Service Locator Project
- Amenity Horticulture Industry Development Council
- Animal Ethics Committees (7)
- Animal Health Australia
- Animal Welfare Committee
- Australian Bureau of Statistics, Agricultural Statistics User Group
- Australian Horticultural Industry Development Corporation
- Aquaculture Committee of the Australian Fisheries Management Forum
- Ayr Research Station Committee
- Banana Industry Protection Board
- Bee Industry Consultative Committee
- 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 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
- CQ A New Millennium
- Damara Sheep Group
- Darling Downs Chemical Liaison Committee
- 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
- Feedlot Advisory Committee
- Financial Counselling Advisory Committee
- Fire Ant Cross Agency Task Force
- Fire Ant Environmental Advisory Group

- Fire Ant Information System Advisory Board
- Fire Ant Scientific Advisory Panel
- Fire Ant Steering Committee
- Fishing Industry Development Council
- Flying Fox Consultative Committee
- 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
- Grains Development Forum
- Grain Research Foundation
- Grain Research Foundation Research Advisory Committees
- Gympie/Sunshine Coast Horticulture Industry Committee
- Heavy Produce Industry Development Committee
- Hinchinbrook Planning Advisory Committee
- Industrial Hemp Advisory Committee
- Industry Drought Working Group
- Infoshare Consortium
- Intensive Livestock Systems Unit Industry Advisory Committee
- 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
- 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 Monitoring Group—Fire Ants
- National Registration Scheme Signatories Working Group
- Natural Resource Management Standing Committee
- NHT Working Group on the Decade of Implementation
- North Queensland Aquaculture Development Advisory Committee
- North Queensland Banana Industry Liaison Group
- Outback Revival
- Plant Health Australia
- Poultry Health Liaison Group
- Primary Industries Standing Committee
- Property Management Planning Committee
- Queensland International Coordinating Committee
- Queensland Market Access and Market Development Committee
- Queensland Animal Health Council
- Queensland Aquaculture Action Team
- Queensland Aquaculture Development Advisory Committee
- Queensland Aquaculture IDC
- Queensland Export Development Scheme Board
- Queensland Fishing Industry Research Advisory Committee
- Queensland Food and Fibre Science and Innovation Council
- Queensland Government Library Purchasing Consortium
- Queensland Residue Management Committee
- Queensland Rural Ministerial Advisory Council
- Queensland Rural and Regional Training Consortium
- Queensland Rural Industry Training 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
- South Queensland Aquaculture Development Advisory Committee
- South West Strategy
- 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
- Wildlife Farming Reference Group

DPI's policy documents

- Animal and Plant Health Service Regulatory Policy
- Animal Welfare Policy
- Beekeeper Access to Crown Land
- Biodiversity (Fisheries)
- Biotechnology Policy
- Boat Replacement
- 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
- Commercial Fisher License
- 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 Relief Assistance Scheme
- Drought Subsidy Administration
- Endemic Diseases Policy
- Equine Health
- Exploratory and Developmental Fisheries
- Exotic Diseases
- Extension Strategy Statement
- Feedlot Licence Guidelines
- Fish Stocking
- Forest Resource Operators Guide
- Health Certification Artificial Breeding
- Hormonal Growth Promotants
- Inspection of Treated Timber Outlets
- Laboratory Development
- Management Advisory Committee
- Management Programs for Sandalwood for Crown Lands in Queensland
- Offshore Constitutional Settlement: Arrangements for Queensland fisheries
- Policy and Guidelines for Use of Firearms within Animal Plant and Health Service Environment
- Register of Authorities (Fisheries)
- Regulatory Procedures for Animal Health and Welfare Bureau
- Release and Marketing of Plant Varieties and Other Germplasm
- Research and Extension Management in DPI
- Translocation (Fisheries)
- Workplace Health and Safety for Animal and Plant Health
- Zoonoses

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 consistent with the ethics obligations in the Act. DPI staff receive extensive education and all new staff are educated on the requirements in the code. Electronic versions of the Code are available to all staff. DPI continues to use the Code of Conduct to enhance client service and to develop good management practices.

Whistleblowers Protection Act 1994

DPI's policy details the support and protection for whistleblowers and is a guide for making and handling disclosures of public interest. Staff are aware of their entitlements and all managers are issued with training kits. In 2001–02, six interest disclosures were reported to the Director-General under the *Whistleblowers Protection Act 1994*.

Review of administrative decisions

Any member of the community who believes they are 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, please contact DPI's Administrative Review Coordinator or the officer who made the decision. Alternatively, write to

Director-General
 Department of Primary Industries
 GPO Box 46
 Brisbane Queensland 4001

Judicial Review Act 1991

This Act awards aggrieved persons two fundamental legal rights:

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

A person may seek a written statement from the decision-maker as to why a decision was made. Requests must be made in writing and be addressed to the decision-maker. If the original decision was made in writing, the statement must be requested within 28 days. The decision-maker is also required to respond within a prescribed period of 28 days. If the decision was not in writing, the request for the statement must be made within a reasonable time.

If a statement of reason is obtained and the outcome is still considered unsatisfactory, an aggrieved person may apply to the Supreme Court for a statutory order of review of either the decision or conduct related to the decision-making process. More information can be obtained from the Queensland Government Office of the Parliamentary Counsel web site www.legislation.qld.gov.au

Complaints to the Ombudsman: The Ombudsman has power to investigate any administrative action taken by, in, or on behalf of, DPI. Any Ombudsman complaint should be made in writing and sent to:

The Ombudsman	
25th Floor 288 Edward Street Brisbane Queensland 4000	Telephone 07 3005 7000 Toll free telephone 1800 068 908 Email ombudsman@ombudsmani.qld.gov.au

Corporate sponsorships

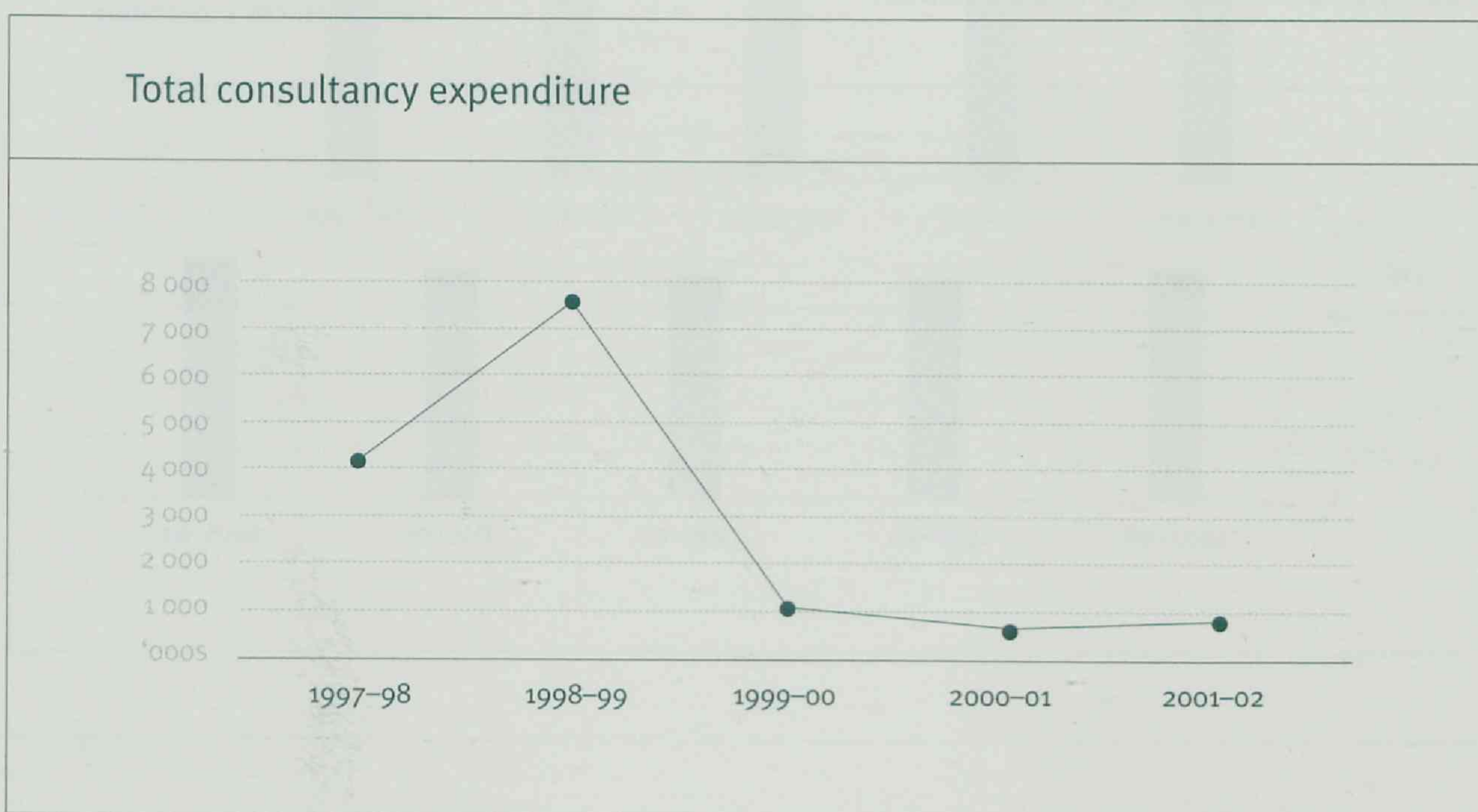
Queensland Government Sponsorship Policy

DPI adheres to the standards and procedures from the Queensland Government Sponsorship Policy. A requirement is that detailed documentation is compiled on sponsorships over \$10 000. Information about DPI's Corporate Sponsorships is available from DPI's Corporate Marketing Manager 07 3405 6947.

Appendix 6 – Consultancy expenditure

The cost of consultancy services to the department in 2000–01 totalled \$840 000. In the table below, this figure is broken down into different categories. The graph below demonstrates that the department's consultancy services expenditure for the last three years has remained comparable, although expenditure in 1997–98 and 1998–99 peaked due to implementation of computerised accounting and financial management system SAP R/3.

Consultancy expenditure by category	
Total by category	\$
Professional	358 000
Management	118 000
Communication	139 000
Finance	182 000
HR	21 000
IT	22 000
TOTAL	840 000



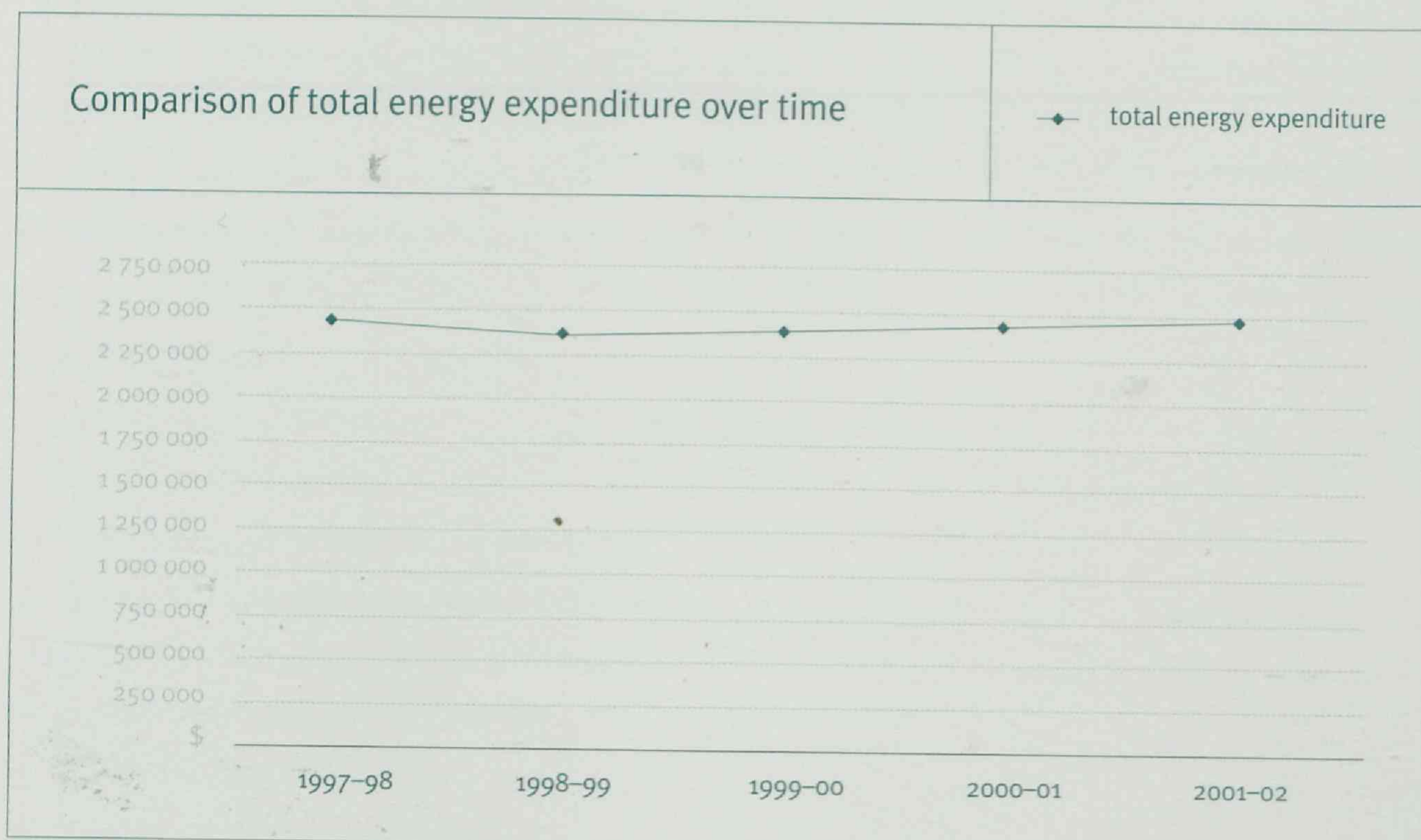
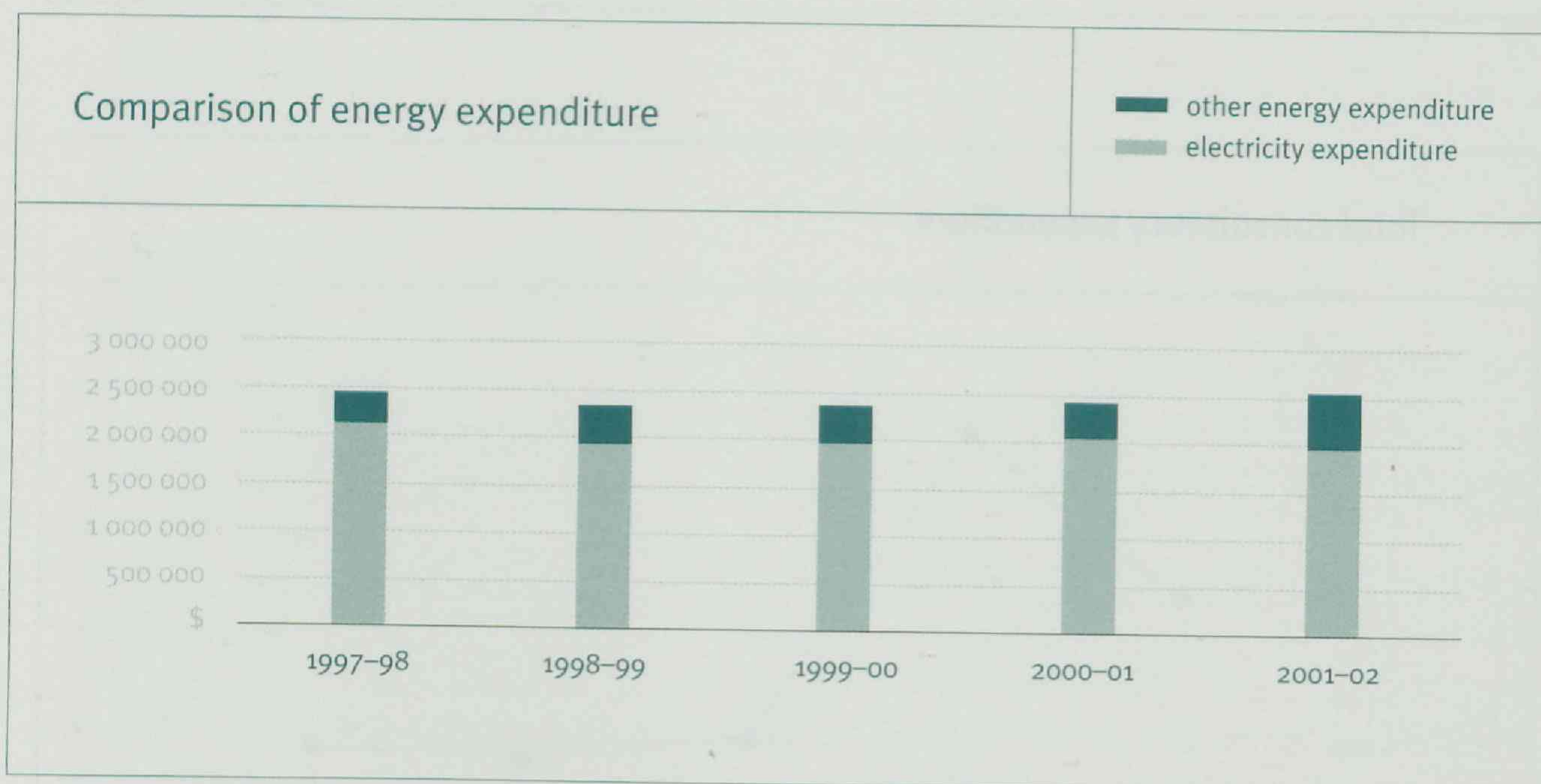
Appendix 7—Energy consumption, expenditure and measures implemented to control energy use

Energy expenditure is a significant budgetary item for the department with total expenditure during 2001–02 being \$2 475 796 of which 79.5% is for electricity. Electricity expenditure has decreased and, compared to last year, expenditure was reduced by 2.3%. Other energy expenditure, which comprises oil for fixed plant machinery and LP gas, increased by almost 20%.

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 lights and office or laboratory equipment when not in use.

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

The department has maintained a watching brief on the deregulation of the energy market, with freedom to choose its energy retailer at all sites being available in the near future. It is anticipated that savings on energy expenditure will be achieved through competitive tenders for the supply and delivery of energy to selected departmental sites, particularly those close to Brisbane.



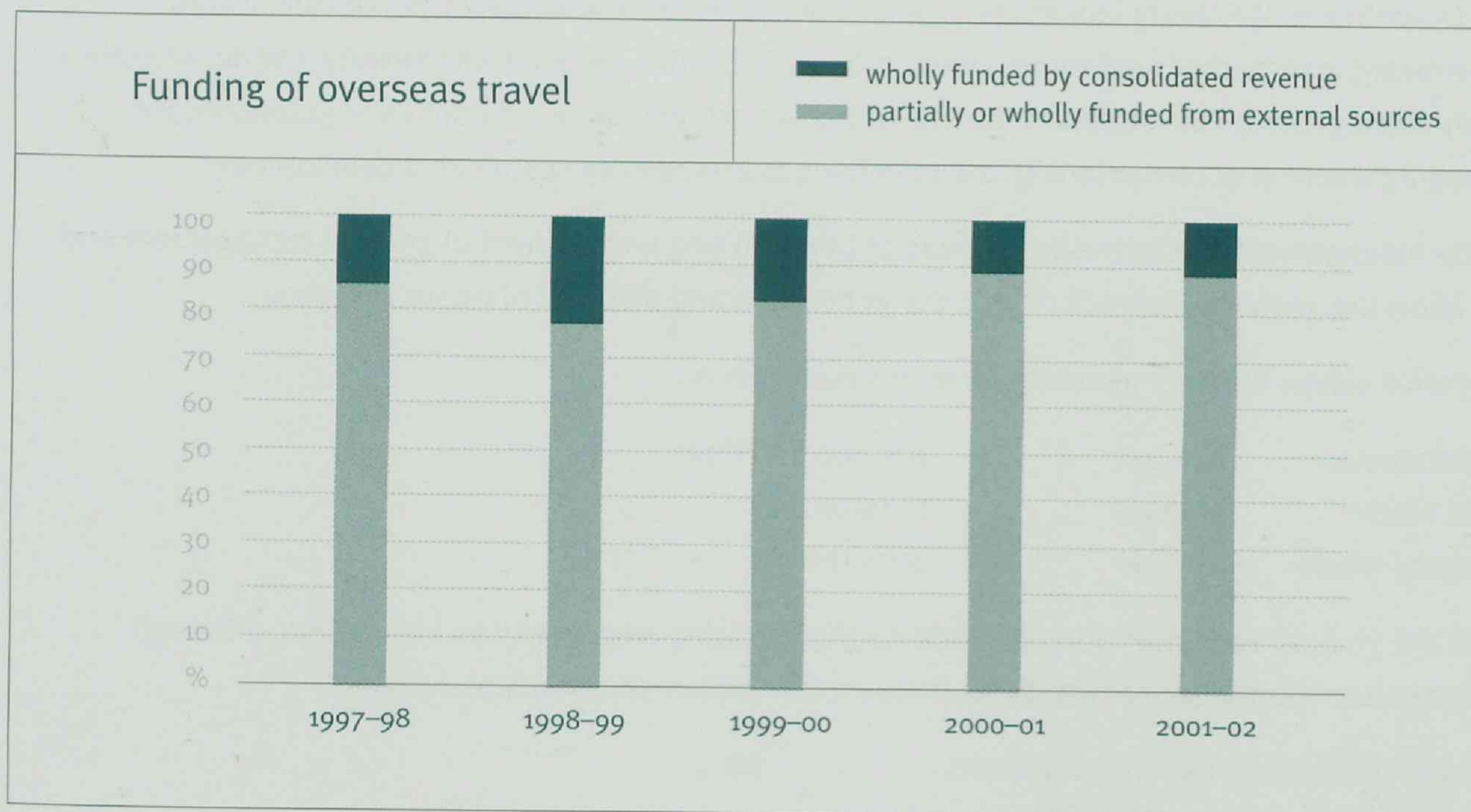
Appendix 8—Overseas travel

During 2001–02 the department maintained a strong international profile that promoted Queensland's leadership in food and fibre systems and community business development.

Altogether 153 officers of the department undertook 201 trips. Their time spent overseas totalled 3556 days.

External sources were used to fund, totally or partially, the costs associated with 178 overseas trips (89% of the total number). Only 23 trips were wholly funded from consolidated revenue.

The graph below compares DPI's overseas travel expenditure for the past five years.



Appendix 9—Waste management

DPI's Waste Management Plan was approved by the Director-General on 29 April 2002.

The Plan has provision to contain the following types of information:

- DPI's aims and objectives in waste management
- the accountabilities for waste management within the department
- departmental activities that may impact on waste management issues
- the types and quantities of waste produced
- the application of the waste management hierarchy and principles
- performance indicators, and an annual overview.

The Department of Primary Industries' role is to act as the principal agency of the Queensland Government in respect of rural communities, primary industries, fisheries and forestry. The department's Waste Management Plan supports the role of the department by setting out clear guidelines for managing waste in accordance with the principles of ecologically sustainable development.

Waste management across business areas of DPI is an ongoing element of general management and will allow the analysis of trends in both the generation and disposal of waste over time

Indicative values of waste generated over the past year are:

Liquid waste:	at least	105 000 000 litres
Solid waste:	at least	1579 tonnes
Gaseous waste:	at least	1094 tonnes

As at the 30 June 2002, performance data for the following measures was incomplete, although performance information for the initial three-month implementation is as follows:

Number of incidents and investigations:	Nil
Number of improvement notices issued regarding waste management:	Nil
Number of substantial alterations in departmental waste management activities:	No data available at this time

This is the initial year of data collection. Data will be further analysed and reported on in 2002–03.

Financial statements

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Financial statements for the year ended 30 June 2002

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**Statement of Financial Performance
for the year ended 30 June 2002**

	Notes*	DPI Consolidated		DPI Parent entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenues from ordinary activities					
Output revenue	4	231,870	217,557	231,870	217,557
User charges, taxes, fees and fines	5	59,974	33,740	62,785	36,155
Grants and other contributions	6	37,292	41,172	37,292	41,149
Royalties and other territorial revenue	7	16,135	15,054	1,000	887
Net increment in valuation of SGARAs	8	155,952	92,539	253	3,829
Other revenue	9	6,474	9,405	4,603	7,928
Total revenues from ordinary activities		507,697	409,467	337,803	307,505
Expenses from ordinary activities excluding borrowing costs					
Employee expenses	10	206,964	187,257	171,930	155,190
Supplies and services	11	121,188	102,619	109,594	84,912
Depreciation and amortisation expenses	12	18,808	18,476	15,141	14,669
Grants and subsidies	13	16,984	24,714	16,979	24,702
Equity return	14	12,771	12,229	12,771	12,229
Other expenses	15	15,973	19,969	11,699	14,834
Total expenses from ordinary activities excluding borrowing costs		392,688	365,264	338,114	306,536
Borrowing costs	16	4,696	4,731	6	11
Surplus / (deficit) from ordinary activities before income tax expense / revenue		110,313	39,472	(317)	958
Income tax equivalents expense relating to ordinary activities	41	-	-	-	-
Net surplus / (deficit)	32	110,313	39,472	(317)	958
Non-owner transaction changes in equity					
<i>Valuation increment:</i>					
Asset revaluation reserve	31	40,519	1,082	33,184	1,032
<i>Increase / (decrease) in retained surplus on:</i>					
Adoption of AAS 35	31	-	(167,241)	-	-
Adoption of AASB 1041	31	(111)	-	-	-
Net amount of each revenue, expense, valuation or other adjustment not disclosed above, recognised as a direct adjustment to equity	31	(808)	(5)	(808)	(5)
Total revenues, expenses and valuation adjustments recognised directly in equity		39,600	(166,164)	32,376	1,027
Total change in equity, other than those resulting from transactions with owners as owners	31	149,913	(126,692)	32,059	1,985

* The accompanying Notes on Pages 8 - 46 form an integral part of the Financial Statements.

**Statement of Financial Position
as at 30 June 2002**

	Notes*	DPI Consolidated		DPI Parent entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Current assets					
Cash assets	18	54,895	31,916	20,622	15,911
Receivables	19	36,141	30,946	25,537	17,281
Inventories	21	4,680	4,778	1,903	2,072
Other	22	1,654	1,378	1,441	1,276
Total current assets		97,370	69,018	49,503	36,540
Non-current assets					
Receivables	19	177	283	-	-
Financial assets	20	115	130	115	130
Inventories	21	35	59	35	59
Property, plant and equipment	23	287,900	234,727	236,317	194,076
Intangible assets	24	3,802	4,415	3,727	4,326
Other	22	135	-	135	-
Total non-current assets		292,164	239,614	240,329	198,591
Self-generating and regenerating assets					
Plantation growing timber	26	982,252	897,761	-	-
Livestock	26	2,580	3,621	2,580	3,621
Total self-generating and regenerating assets		984,832	901,382	2,580	3,621
Total assets		1,374,366	1,210,014	292,412	238,752
Current liabilities					
Payables	27	16,879	12,333	16,477	8,595
Interest-bearing liabilities	28	11	12	11	12
Provisions	29	31,292	22,523	17,222	15,744
Other	30	18,170	13,676	18,119	13,474
Total current liabilities		66,352	48,544	51,829	37,825
Non-current liabilities					
Interest-bearing liabilities	28	76,445	76,456	25	36
Total non-current liabilities		76,445	76,456	25	36
Total liabilities		142,797	125,000	51,854	37,861
Net assets		1,231,569	1,085,014	240,558	200,891
Equity					
Contributed equity	31	43,596	35,975	42,340	34,732
Retained surplus	31	1,025,001	1,011,332	157,835	159,239
Reserves:					
- Asset revaluation reserve	31	46,008	5,487	38,221	5,011
- SGARA's unrealised revenue reserve	31	116,964	32,220	2,162	1,909
Total equity		1,231,569	1,085,014	240,558	200,891

**Statement of Cash Flows
for the year ended 30 June 2002**

	Notes*	DPI Consolidated		DPI Parent entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Cash flows from operating activities					
<i>Inflows:</i>					
Output receipts		226,357	214,462	226,357	214,462
User charges		167,049	109,353	61,401	30,353
Grants and other contributions		38,478	40,150	38,478	40,127
Dividends		1	7	1	7
Interest received		1,776	2,053	870	914
GST collected on sales		6,103	12,999	6,103	6,356
GST input tax credits received		14,128	11,713	14,128	8,608
Other		13,254	4,750	8,606	3,776
<i>Outflows:</i>					
Employee costs		(205,570)	(188,017)	(170,649)	(156,086)
Supplies and services		(142,061)	(108,509)	(106,018)	(78,293)
Grants and subsidies		(16,785)	(24,714)	(16,780)	(24,702)
Borrowing costs		(4,712)	(4,734)	(6)	(11)
Equity return		(12,749)	(12,229)	(12,749)	(12,229)
Tax equivalents		-	(258)	-	-
GST paid on purchases		(13,131)	(13,426)	(13,131)	(10,198)
GST remitted to ATO		(13,597)	(12,241)	(7,659)	(5,346)
Other		(7,865)	(8,850)	(7,635)	(8,697)
Net cash provided by operating activities	32	50,676	22,509	21,317	9,041
Cash flows from investing activities					
<i>Inflows:</i>					
Proceeds from sale of property, plant and equipment		1,889	1,595	886	824
Investments redeemed		15	59	15	59
Loans and advances redeemed		-	3	-	3
<i>Outflows:</i>					
Payments for property, plant and equipment		(33,559)	(19,346)	(25,279)	(12,891)
Loans and advances made		(58)	-	(58)	-
Net cash used in investing activities		(31,713)	(17,689)	(24,436)	(12,005)
Cash flows from financing activities					
<i>Inflows:</i>					
Equity injections		14,441	-	14,441	-
<i>Outflows:</i>					
Repayment of borrowings		-	(168)	-	(168)
Finance lease payments (excluding interest component)		(11)	(11)	(11)	(11)
Dividends paid		(3,814)	(10,000)	-	-
Equity withdrawal		(6,600)	-	(6,600)	-
Net cash provided by (used in) financing activities		4,016	(10,179)	7,830	(179)
Net increase / (decrease) in cash held		22,979	(5,359)	4,711	(3,143)
Cash at the beginning of the financial year		31,916	37,100	15,911	18,879
Adjustment to opening cash balance (1)		-	175	-	175
Cash at the end of the financial year	18	54,895	31,916	20,622	15,911
Non-cash financing and investing activities	33				

(1) Adjustment resultant from administrative restructure and machinery-of-government changes.

Statement of Financial Performance by Outputs - Controlled (continued)
for the year ended 30 June 2002

	Policy analysis and industry development		Corporate services		Forestry commercial		Inter-Output eliminations		Total	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenues from ordinary activities										
Output revenue	21,770	13,335	5,671	4,165	-	-	-	-	231,870	217,557
User charges	1	1	88	-	9,974	6,171	(12,785)	(8,586)	59,974	33,740
Grants and other contributions	541	387	3	12	-	23	-	-	37,292	41,172
Royalties and other territorial revenue	-	-	-	-	15,510	14,355	(375)	(188)	16,135	15,054
Net increment in valuation of SGARAs	-	-	-	-	155,699	88,710	-	-	155,952	92,539
Other	36	91	10	68	5,504	1,866	(3,633)	(389)	6,474	9,405
Corporate services allocation	5,772	4,245	(5,772)	(4,245)	-	-	-	-	-	-
Total revenues from ordinary activities	28,120	18,059	-	-	186,687	111,125	(16,793)	(9,163)	507,697	409,467
Expenses from ordinary activities excluding borrowing costs										
Employee expenses	4,020	3,746	440	421	35,077	32,075	(43)	(8)	206,964	187,257
Supplies and services	13,961	5,737	2,667	1,786	28,344	26,859	(16,750)	(9,152)	121,188	102,619
Depreciation and amortisation	2	103	154	134	3,667	3,807	-	-	18,808	18,476
Grants and subsidies	4,182	4,009	68	36	5	12	-	-	16,984	24,714
Equity return	-	-	1,521	1,019	-	-	-	-	12,771	12,229
Other	33	43	956	821	4,274	5,138	-	(3)	15,973	19,969
Corporate services allocation	5,806	4,217	(5,806)	(4,217)	-	-	-	-	-	-
Total expenses from ordinary activities excluding borrowing costs	28,004	17,855	-	-	71,367	67,891	(16,793)	(9,163)	392,688	365,264
Borrowing costs	-	-	-	-	4,690	4,720	-	-	4,696	4,731
Corporate services allocation	-	-	-	-	-	-	-	-	-	-
Surplus / (deficit) from ordinary activities before income tax	116	204	-	-	110,630	38,514	-	-	110,313	39,472
Income tax equivalents expense relating to ordinary activities	-	-	-	-	-	-	-	-	-	-
Net surplus / (deficit)	116	204	-	-	110,630	38,514	-	-	110,313	39,472
Valuation increment:										
Asset revaluation reserve	-	-	4,015	82	7,335	50	-	-	40,519	1,082
Increase / (decrease) in retained surplus on:	-	-	-	-	-	(167,241)	-	-	-	-
Adoption of AAS 35	-	-	-	-	(111)	-	-	-	(111)	(167,241)
Adoption of AASB 1041	-	-	-	-	-	-	-	-	-	-
Net amount of each revenue, expense, valuation recognised as a direct adjustment to equity	3	-	57	-	-	-	-	-	(808)	(5)
Corporate services allocation	4,072	82	(4,072)	(82)	-	-	-	-	-	-
Total revenues, expenses and valuation adjustments recognised directly in equity	4,075	82	-	-	7,224	(167,191)	-	-	39,600	(166,164)
Total change in equity, other than those resulting from transactions with owners as owners	4,191	286	-	-	117,854	(128,677)	-	-	149,913	(126,692)

**Notes to, and forming part of, the financial statements
for the year ended 30 June 2002**

1. Objectives of the Department

The Department of Primary Industries (DPI) provides many unique services and products that contribute to the capacity for growth and prosperity in food and fibre sectors and rural communities. These services and products are delivered with an emphasis on triple bottom line outcomes that promote smart food and fibre systems and products, ecologically sustainable use of natural resources and capable rural communities. 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 and fibre;
- using research, development and extension to align food and fibre production, processing and marketing with consumer and community expectations;
- promoting harmony between food and fibre industries and natural ecosystems;
- maximising the market value of Queensland's commercial forestry assets within a sustainable development framework;
- increasing the capability and confidence 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 (AAS), in particular Australian Accounting Standard (AAS) 29 *Financial Reporting by Government Departments*, Statements of Accounting Concepts, Urgent Issues Group (UIG) Abstracts, the Queensland Treasurer's *Minimum Reporting Requirements for Departmental Financial Statements for 2001 - 2002* and other prescribed reporting requirements.

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 for the accounting policy with respect to the revaluation of non-current physical assets. DPI has adopted the Accounting Standard AASB 1041 *Revaluation of Non-Current Assets* and Queensland Treasury's *Non-Current Asset Accounting Guidelines for the Queensland Public Sector*. (Refer also Note 2.19 for further disclosure in respect of items affected by the new Policy.)

The accrual basis of accounting has been adopted for both controlled transactions and balances, and those administered on a whole-of-government basis.

2.2 The reporting entity

The financial statements include all assets, liabilities, equities, revenues and expenses of the Department, including DPI Forestry. In accordance with the 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.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

2. Summary of significant accounting policies (continued)

2.2 The reporting entity (continued)

In order to provide enhanced disclosure, the Department has adopted the principles outlined in 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.

The Outputs undertaken by the Department are disclosed in Note 3.

2.2.1 Transactions and balances administered on a whole-of-government basis

The Department administers, but does not control, certain resources on a whole-of-government basis. It is responsible and accountable for the transactions involving such administered items, 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, equities, assets or liabilities, but are disclosed separately in Note 36.

2.2.2 Trust and agency transactions and balances

The Department administers certain transactions and balances, representing security, tender and other deposits and other Agency collections, in a trust or fiduciary capacity, as identified in Notes 37 and 44.

As the Department performs only a custodial role in respect of these transactions and balances, they are not recognised as departmental revenues, expenses, equities, assets or liabilities, and are disclosed in the financial statements by way of Note only. Applicable audit arrangements are also disclosed.

2.3 Grants, benefits and other contributions

Grants, donations, gifts and other non-reciprocal contributions and benefits are recognised as revenues in the year in which 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, revenues are 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 they had not been donated.

2.4 User charges, taxes, fees and fines

User charges and fees controlled by the Department are recognised as revenues when invoices for the related services are issued. The Department controls these revenues, 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 2002**

2. Summary of significant accounting policies (continued)

2.4 User charges, taxes, fees and fines (continued)

Taxes, fees and fines collected but not controlled by the Department, are not recognised as departmental revenues. They are reported as revenues administered on a whole-of-government basis, and are disclosed separately in Note 36.

2.5 Output revenue / administered item revenue

Appropriation payments to the Department are recognised as revenue when received or when a receivable is raised.

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 transactions.

2.6 Cash assets

For the purpose of the Statement of Financial Position and the Statement of Cash Flows, cash assets include 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

Trade debtors are recognised at the nominal amount due to the Department at the time of sale of goods or service delivery. The settlement term for trade debtors is generally thirty (30) days from the invoice date. Cash deposits or other financial guarantees secure all DPI Forestry's trade debtors.

Loans and advances are recognised at their face values. Terms usually range from seven (7) days to a maximum of one (1) year, with Interest charged at rates that are set out in terms of the specific schemes of financial assistance. Security is not normally obtained.

Other debtors generally arise from transactions outside the usual operating activities of the Department and are recognised at their assessed values. Terms usually range from seven (7) days to a maximum of six (6) months, where no Interest is charged and no Security is obtained.

The collectability of receivables is periodically assessed with adequate provision being made for doubtful debts. All known bad debts have been written off at 30 June. Receivables are reported net of any doubtful debts.

2.8 Financial assets

Financial assets are brought to account at the lower of cost and net recoverable amount. Interest and Dividend Revenues are recognised when received. Financial assets are also disclosed at their fair values in Note 38.

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. Net realisable value is determined on the basis of the Department's normal selling pattern.

DPI assigns costs of inventories based on the First-In-First-Out (FIFO) method, and DPI Forestry on a weighted average basis. These costs include expenditure incurred in acquiring the inventories and bringing them to their existing condition.

The carrying amounts of inventories are disclosed in Note 21.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

2. Summary of significant accounting policies (continued)

2.10 Self-generating and regenerating assets

Under AAS 35 *Self-Generating and Regenerating Assets* (SGARAs), such assets are defined as non-human living assets, such as plantation growing timber, native forest timber and livestock, which are accounted for in DPI accounts. The Department adopted Net Market Value (NMV) for the valuation of livestock. 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.

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

2.10.1 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, small and fragmented plantation areas and areas subject to experimental treatments, which, as previous marketing experience suggests, are 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.

2.10.2 Livestock

Livestock is valued at Net Market Value (NMV). Livestock held by the Department meets the definition of SGARAs. Although, DPI SGARAs are not held primarily for profit, but rather for research, the management of the Department believes that the application of AAS 35 is appropriate.

2.10.3 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*.

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.

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 2002**

2. Summary of significant accounting policies (continued)

2.10 Self-generating and regenerating assets (continued)

2.10.3 Native forests (continued)

Reliability of volumes and prices for cypress forest resources extends only for five years. Accordingly, this limited resource information would restrict the reliability of any asset valuation undertaken.

2.10.4 Other self-generating and regenerating assets

The SGARAs 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 the Department, they have not been recognised. This position will be re-assessed annually, but is not expected to change.

2.10.5 Valuation of SGARAs

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;
- timber prices;
- forest production costs;
- the WACC 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.
- 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 date of harvest.
- 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.
- The estimated cost of growing the existing stand until maturity is taken to account in determining the net cash flows.
- Costs used in the NPV analysis are three-year rolling average actual costs for individual plantation operations, and inflation adjusted to the current period. Three-year averages also eliminate significant annual variations caused by things such as variable climatic, topographic and/or silvicultural factors, for example, high rainfall years increase the weed spectrums to be controlled. It is also assumed that the 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.
- All costs incurred in developing and managing the trees in forests are recognised as cash outflows in the NPV calculation, except for capital items, e.g. buildings, major roads, heavy plant, which are deemed to have a life independent of the plantation. Usage of these assets is recognised through the application of an annual capital usage charge, which is treated as a cash outflow for the purposes of the plantation valuation.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

2. Summary of significant accounting policies (continued)

2.10 Self-generating and regenerating assets (continued)

2.10.5 Valuation of SGARAs (continued)

- 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. The use of 'real' discount rates effectively assumes that both prices and costs will rise over time in line with inflation and allows for all prices and costs to be expressed in current dollar terms.

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 and methods. A computerised plantation decision support system underpins the NPV calculations utilised for the forest valuation.

An independent expert, Dr. Jerry Leech, Dip. For., M.Sc., Ph.D. reviewed the modelling components of the system used for plantation valuation in 1997 and again in 2002. Dr. Leech found the system, including the growth and yield modelling components, to be *'robust, complete, coherent and consistent, and in line with best practice'*. Appropriately qualified DPI Forestry personnel extensively test results derived from the system on an on-going basis.

2.11 Reserving policy for unrealised revenue

A Reserve Account has been established to recognise the change in NMV for livestock and NPV for Forestry assets, where amounts of Unrealised Revenue are brought to account through the Statement of Financial Performance.

DPI and DPI Forestry revalue their SGARAs annually, and recognise the change in NMV and NPV respectively 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 SGARAs unrealised revenue reserve until the revenue is realised (through 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.

2.12 Quarries

DPI Forestry obtains royalties from quarry operators for the extraction of quarry materials located on Crown Land and identified Freehold Land. Revenues are 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.

2.13 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 a machinery-of-government restructure. In the latter case, the assets are recognised at their gross carrying amount in the books of the transferor immediately prior to the transfer, together with any accumulated depreciation offset.

Assets acquired at no cost, or for nominal consideration, are recognised at their fair value at the date of acquisition, in accordance with AAS 21 *Acquisition of Assets*.

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.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

2. Summary of significant accounting policies (continued)

2.14 Recognition of property, plant and equipment

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

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.

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 (DNR&M) or the Environmental Protection Agency (EPA). While these agencies retain 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.

2.16 Leasehold improvements

DPI leasehold improvements with a cost, or other value, of \$2,000 or greater, are recognised as assets. DPI Forestry 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 the year of acquisition.

2.17 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 in the year of acquisition. Each intangible asset is amortised over its estimated useful life.

Management reviews the carrying values of intangible assets recognised in the financial statements annually, to determine whether those values are still appropriate.

The Department records intangible assets at gross value, 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.

2.18 Depreciation and amortisation of intangible assets, property plant and equipment

Property, plant and equipment items, (other than land), are depreciated at rates based on their estimated useful 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. Capital work-in-progress is not depreciated until the resultant asset reaches its service delivery capacity and is ready for use.

Asset enhancement expenditure, (\$2,000 or more in case of property plant and equipment, and \$5,000 or more in case of Intangible Assets), that increases the originally assessed capacity or service potential of an asset, is capitalised and the carrying value of the enhanced 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.

Land is not depreciated as it has an unlimited useful life.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

2. Summary of significant accounting policies (continued)

2.18 Depreciation and amortisation of intangible assets, property plant and equipment (continued)

Plant and equipment under finance lease arrangements are amortised on a straight line basis over the term of the lease, or where it is likely that the Department will obtain ownership of the asset, the expected useful life of the asset to the Department.

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

Asset class	Average estimated useful life in years
Land improvements	24
Buildings	28
Access roads	36
Leased equipment	3
Plant and equipment:	
- Computer equipment	3
- Motor vehicles	5
- Scientific equipment	11
- Other equipment	7
Leasehold improvements	10
Intangible assets:	
- Software	6

2.19 Revaluation of non-current physical assets

2.19.1 Revaluation methodology

From 1 July 2001, land, buildings and infrastructure assets are measured at fair value, in accordance with AASB 1041 *Revaluation of Non-Current Assets* and Queensland Treasury's *Non-Current Asset Accounting Guidelines for the Queensland Public Sector*. All other non-current assets, principally plant and equipment and intangible assets, are recorded at cost.

Non-current physical assets measured at fair value are comprehensively revalued at least once every five years, with interim valuations, using appropriate indices, being otherwise performed on an annual basis.

Only those assets, the total value of which is material, compared to the value of the class of assets to which they belong, are comprehensively revalued. Separately identified components of assets are measured on the same basis as the assets to which they relate.

2.19.2 Change in accounting policy

The Department applied the new AASB 1041 and related Queensland Treasury's Guidelines for the first time on 1 July 2001.

In prior reporting periods, all non-current physical assets were valued using deprival valuation methodology, in accordance with Queensland Treasury's Guidelines *Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector*. Under this concept, assets were valued at an amount that represented the loss that might have been expected to be incurred if the Department was deprived of the future economic benefits of the assets at the reporting date. Non-current physical assets having an estimated value greater than the revaluation threshold set for the relevant class of assets, and an estimated useful life of more than three (3) years, were required to be revalued on a regular basis.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

2. Summary of significant accounting policies (continued)

2.19 Revaluation of non-current physical assets (continued)

2.19.2 Change in accounting policy (continued)

The values of assets in classes of assets, which are not required to be reported at fair value, have been deemed to be their acquisition cost. Asset values in those asset classes have not been adjusted back to the original acquisition cost, even where such information was available.

All land, buildings and infrastructure assets, that are required to be reported at their fair value, were revalued as at 1 July 2001 by independent professional valuers. There are now no revaluation thresholds applied in the selection of asset items to be revalued.

The financial effect of the change from deprival value methodology to the fair value methodology is an increase in assets value by \$40.519 million. (Refer Note 31.)

2.20 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 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 of the lease liability 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.

Disclosure of finance lease and non-cancellable operating lease commitments, GST inclusive, is made in Note 34.

2.21 Library materials

Purchases of Library materials are expensed as incurred.

2.22 Insurance

The Department's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF). Insurance premiums are being paid to QGIF on a risk assessment basis.

The Department also pays insurance premiums to WorkCover Queensland in respect of its obligations for employee compensations.

In addition, in certain research activity circumstances, where insurance of such activities is required by legislation, or where an agreement for provision of such specific services exists, insurance premiums are paid to specific insurance providers, with a prior approval requested from, and granted by, the Queensland Treasurer, in accordance with his Policy '*Guidelines on Risk Management and Insurance*'.

2.23 Payables

Trade creditors are recognised upon receipt of the goods or services ordered, and are measured at the agreed purchase / contract price, gross of applicable trade and other discounts. Amounts owing are unsecured, and are generally settled on seven (7), fourteen (14), or thirty (30) day terms.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

2. Summary of significant accounting policies (continued)

2.24 Interest-bearing liabilities

2.24.1 Borrowings

Loans payable are recognised in the Statement of Financial Position at book value of the outstanding principal, with interest expense recognised as it accrues. Such liabilities are also disclosed at their net fair value / market value in Note 38.(c).

2.24.2 Borrowing costs

Borrowing costs are recognised as expenses in the Statement of Financial Performance in the period in which they are incurred, except where they are included in the costs of qualifying assets. Borrowing costs include:

- Interest on bank overdrafts and short-term and long-term borrowings;
- Finance lease charges;
- Ancillary administration charges; and
- Loan guarantee charges.

2.25 Dividends payable

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

The Dividends payable are declared at a negotiated percentage, currently 50% of the DPI Forestry's profit from ordinary activities after income tax equivalents, and after adjustments for plantation timber valuation increments, (net of sales), and adjustment for a QFleet dividend allowance.

2.26 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.

2.26.1 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.

2.26.2 Long service leave

Under the centralised State Government's Long Service Leave Scheme administered by the Government Superannuation Office, a levy is made on the Department to cover this expense.

Amounts paid to employees for long service leave are claimed from the scheme as a reimbursement, as and when long service leave is taken. A provision for long service leave has not been made in the departmental accounts, as the liability for long service Leave is being held on a whole-of-government basis by the scheme and reported on by the Government in the financial report pursuant to AAS 31 *Financial Reporting by Governments*.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

2. Summary of significant accounting policies (continued)

2.26 Employee entitlements (continued)

2.26.3 Superannuation

Employer superannuation contributions are determined by the Queensland State Actuary, and are expensed as incurred. These contributions are paid to QSuper, which is administered by the Government Superannuation Office.

No liability is recognised for accruing superannuation benefits in these financial statements, as this liability is being held on a whole-of-government basis, and reported in the whole-of-government financial report prepared pursuant to AAS 31.

2.27 Taxation

The Department's activities are exempt from all forms of Commonwealth taxation, except for Fringe Benefits Tax and Goods and Services Tax (GST). As such, input tax credits receivable and GST payable, from / to the Australian Tax Office, have been accrued and recognised.

DPI Forestry, as a commercial business group of the Department, is subject to payment of income tax equivalents, in accordance with the requirements of the *National Tax Equivalents Regime*.

Pursuant to AAS 3 *Income Taxes*, income tax equivalents expense is calculated on the profit from ordinary activities in the Statement of Financial Performance 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 future income tax equivalents benefits, 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.

No liability has been brought to account as a provision for deferred income tax equivalents. An excess of future income tax equivalents benefits currently wholly offsets such liability. Details of DPI Forestry's tax position are disclosed in Note 41.

2.28 Resources received free of charge or for nominal value

Contribution of resources received free of charge, or for nominal value, which the Department would otherwise have purchased, if they had not been donated, are recognised at their fair value as equal amounts of revenues and expenses or assets, as appropriate, but only where they can be reliably measured.

2.29 Allocation of overheads to departmental controlled outputs

The Department allocates corporate services overhead items to its controlled outputs in the Statement of Financial Performance by Outputs.

The revenues and expenses of the Department's corporate services are allocated to Outputs on a cost recovery basis.

2.30 Interests in joint ventures

DPI Forestry currently has a financial interest and is involved in a number of joint venture arrangements, which involve the production of SGARAs and predominantly relate to research and development activities and the establishment of commercially viable timber plantations on private land.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

2. Summary of significant accounting policies (continued)

2.30 Interests in joint ventures (continued)

Contributions by DPI Forestry towards SGARAs are expensed as incurred, in compliance with DPI Forestry's SGARA's policy. 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, they have not been recognised in the Statement of Financial Position. This position will be reassessed annually.

DPI Forestry's interests in joint ventures are disclosed in Note 42.

2.31 Research and development

Research and development costs are expensed in the period in which they were incurred. Such 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.

2.32 Financial reporting by segments

The Department, including its commercial business group, DPI Forestry, operates principally in Primary Industries within the State of Queensland only.

2.33 Contributed equity

Non-reciprocal transfers of assets and liabilities between wholly owned Queensland Public Sector Entities, including as a result of machinery-of-government changes, are accounted for as adjustments to 'contributed equity', in accordance with UIG Abstract 38 *Contributions by Owners Made to Wholly Owned Public Sector Entities*.

Appropriations for equity adjustments are similarly designated.

2.34 Rounding

Amounts included in the financial statements have been rounded to the nearest one thousand dollars, or where that amount is \$500 or less, to zero.

2.35 Comparative information

Certain amounts relating to the prior year have been restated, where necessary, in order to provide a valid comparison consistent with the current reporting period's disclosures.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

3. Outputs of the Department

DPI makes a significant contribution to all five whole-of-government priorities and their associated Outcomes through the provision of specific departmental Outputs. The identity and purpose of each Output undertaken by the Department during the reporting period is summarised as follows:

3.1 Food and fibre science and innovation

This Output focuses on the delivery of innovative and commercially relevant research, development and extension solutions to Queensland's food and fibre sectors. These solutions assist Queensland businesses to deliver higher value, safe, customised products that match consumer demands as well as community expectations for ethical and environmentally sustainable production.

3.2 Market access and development

The market access and development Output contributes to the competitiveness of Queensland's food and fibre industries through increased trade outcomes for global and domestic markets. It focuses on ensuring animal and plant health requirements and animal welfare standards are met, as well as developing new market opportunities through product research and trade facilitation.

3.3 Rural community development

This Output encompasses work undertaken to help build the future capacity of rural communities. This includes ensuring access to Government services and information that enhances the ability of rural communities to make effective business decisions.

3.4 Fisheries

The Fisheries Output promotes the sustainable development of Queensland's commercial and recreational fishing industries. A significant component of this Output is focused on the protection of the natural resources on which these industries depend.

3.5 Policy analysis and industry development

This Output provides strategic analysis and advice on whole-of-government and departmental policy issues. These policy issues include natural resources management, industry adjustment, rural communities and a diversity of industry development-related issues.

3.6 Forestry Commercial

This Output is a commercial business group (DPI Forestry) of the Department, where its 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 2002**

	DPI Consolidated		DPI Parent entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
4. Reconciliation to payments from consolidated fund and output revenue recognised in the Statement of Financial Performance				
Budgeted output appropriation	225,508	219,379	225,508	219,379
Add: Transfers from other headings	849	-	849	-
Less: Lapsed output appropriation	-	(4,917)	-	(4,917)
Total output receipts	226,357	214,462	226,357	214,462
Less: Opening balance of output revenue receivable	(3,095)	-	(3,095)	-
Add: Closing balance of output revenue receivable	8,608	3,095	8,608	3,095
Output revenue recognised in the Statement of Financial Performance	231,870	217,557	231,870	217,557
Reconciliation of payments from consolidated fund and equity adjustment recognised in contributed equity (Note 31)				
Budgeted equity adjustment appropriation (1)	7,841	4,910	7,841	4,910
Less: Lapsed equity adjustment appropriation	-	(4,910)	-	(4,910)
Equity adjustment recognised in contributed equity	7,841	-	7,841	-
(1) Budgeted equity adjustment of \$7.841 million is represented by an amount of \$14.441 million of equity injections and an amount of (\$6.600) million of equity withdrawals. (Refer Note 31.)				
5. User charges, taxes, fees and fines				
Fee for service	46,104	16,631	49,788	19,339
Contract services - DPI Forestry	-	-	720	766
Sale of goods	8,252	10,339	7,098	9,628
Taxes, fees and fines	5,618	6,770	5,179	6,422
Total user charges, taxes, fees and fines	59,974	33,740	62,785	36,155

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

	DPI Consolidated		DPI Parent entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
6. Grants and other contributions				
Grants (1)	6,987	7,999	6,987	7,999
Industry contributions (2)	29,494	32,207	29,494	32,207
Goods and services received below fair value	811	945	811	943
Other	-	21	-	-
Total grants and other contributions	37,292	41,172	37,292	41,149
Refer to Note 13. for disclosure of amount paid to recipients of grants and contributions.				
(1) Included in revenue from grants are:				
- a grant of \$3.197 million was received from the Commonwealth Government to fund specific activities chiefly of the Australian Centre for International Agricultural Research Projects (ACIAR);				
- a grant of \$0.945 million was also received from the Commonwealth Government to fund the Tuberculosis Freedom Assistance Program (TFAP).				
(2) Industry contributions of \$19.785 million were received during the financial year to fund various research activities.				
7. Royalties and other territorial revenue				
<i>Sales:</i>				
Quarry materials	2,856	2,723	-	-
Native forest timber	10,988	10,449	-	-
Seeds and seedlings	1,199	1,090	-	-
Other	1,092	792	1,000	887
Total royalties and other territorial revenue	16,135	15,054	1,000	887
8. Net increment in valuation of self-generating and regenerating assets				
Livestock	253	3,829	253	3,829
Plantation timber	155,699	88,710	-	-
Total net increment in valuation of SGARAs	155,952	92,539	253	3,829
9. Other revenue				
Interest	1,666	2,512	739	1,283
Gain on sale of property, plant and equipment	1,184	563	629	415
Rental income	508	320	301	126
Other	3,116	6,010	2,934	6,104
Total other revenue	6,474	9,405	4,603	7,928

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

	DPI Consolidated		DPI Parent entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
10. Employee expenses				
Wages and salaries	172,274	155,683	143,278	129,022
Superannuation	19,435	17,622	16,540	14,908
Long service leave levy	2,578	2,293	2,145	1,921
Other	12,677	11,659	9,967	9,339
Total employee expenses	206,964	187,257	171,930	155,190
Chief executive remuneration				
The following salary band relates to the Chief Executive of the Department:				
Level	Superannuable salary (\$ per annum)			
	Min. \$	Max. \$		
CEO2	161,227	182,657		
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 and Minister for Trade'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.				
	3,844	3,263	3,135	2,604
11. Supplies and services				
Consultants and contractors	28,653	20,226	16,188	10,038
Contract services - DPI Forestry	-	-	11,480	2,591
Motor vehicle expenses	14,620	14,023	11,795	11,334
Materials	16,631	10,269	14,891	8,446
Travel	8,418	8,092	7,624	7,472
Repairs and maintenance	5,368	5,270	5,370	5,270
Electricity and telephone	6,599	6,576	6,003	5,952
Computer expenses	4,659	3,661	4,473	3,773
Forest maintenance	2,897	2,076	-	-
Primary production costs	2,424	4,077	2,428	4,090
Legal expenses	608	947	441	284
Service delivery costs	13,208	12,617	13,208	12,617
Services received free of charge	706	645	706	645
Other	16,397	14,140	14,987	12,400
Total supplies and services	121,188	102,619	109,594	84,912
12. Depreciation and amortisation expenses				
<i>Depreciation and amortisation expenses for the financial year were incurred in respect of:</i>				
Land improvements	754	795	618	655
Buildings	3,940	4,027	3,452	3,293
Access roads	456	305	88	75
Plant and equipment (1)	11,362	11,216	8,766	8,586
Intangibles	1,547	1,595	1,533	1,581
Leasehold improvements	749	538	684	479
Total depreciation and amortisation expenses	18,808	18,476	15,141	14,669

(1) Included above is amortisation of plant and equipment under finance lease of \$0.013 million (\$0.013 million in 2000 - 2001).

(2) The approximate increase in depreciation and amortisation expense as a result of the revaluation of depreciable assets during the reporting period was \$0.500 million.

Department of Primary Industries

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

13. Grants and subsidies

	Food and fibre science and innovation		Rural community development		Fisheries		Market access and development		Policy analysis and industry development		Forestry commercial		Total	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Recurrent														
Agribusiness Export Quality Assurance Subsidy Scheme	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Animal welfare organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Australian Centre for International Agricultural Research Projects (ACIAR)	1,084	237	-	-	-	-	172	178	-	-	-	-	172	178
Bureau of Sugar Experiment Stations (BSES)	-	-	-	10	-	-	-	-	-	-	-	-	1,084	237
Commonwealth government bodies & authorities (Incl CSIRO)	250	79	-	-	76	-	-	-	3,800	3,875	-	-	3,800	3,885
Cooperative and joint research ventures	27	18	-	-	32	-	-	-	-	-	-	-	326	79
CRC Reef Research Centre	188	-	-	-	119	-	-	-	18	-	-	-	77	18
Farm and rural financial counsellors' subsidies	-	-	200	239	-	156	-	-	-	-	-	-	307	156
Fish stocking associations and societies	-	-	-	-	-	-	-	-	-	-	-	-	200	239
Fisheries research & development	25	25	-	-	496	101	-	-	-	-	-	-	496	126
Forest Industry Development Adjustment Package (QFIDAP)	-	-	-	-	525	530	-	-	-	-	-	-	550	530
Grain research & development	157	-	-	-	-	-	-	-	-	5	-	-	-	5
Landcare	37	1	261	3	8	28	-	18	-	-	-	-	157	-
Horticultural research and development	7	-	-	-	-	-	170	145	-	10	-	-	306	60
Investigation and education project payments	-	-	47	3	-	-	38	20	-	-	-	-	177	145
Queensland Government Departments	452	20	10	-	30	1	-	-	10	10	-	-	85	64
Non-Queensland Government Departments	251	-	-	-	30	27	-	-	34	-	-	-	492	55
Queensland Government Agent Program (QGAP)	-	-	1,269	907	-	-	-	-	7	-	-	-	258	27
Queensland Seafood Industry Association Inc. (QSIA)	-	-	-	-	18	4	-	-	-	-	-	-	1,269	907
Queensland Farmers' Federation	43	-	-	-	-	-	-	-	-	-	-	-	18	4
Queensland Livestock and Meat Authority (QLMA)	-	-	-	-	-	-	-	-	-	-	-	-	43	-
Queensland Rural Adjustment Authority (East Coast Trawl Buy-Back)	-	-	-	-	-	-	-	350	-	-	-	-	-	350
Safe Food Production Queensland (SFPQ)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sunfish (Qld) Inc.	-	-	-	-	-	10,000	-	-	-	-	-	-	-	10,000
Town, city and shire councils	-	-	-	-	-	210	2,712	1,320	-	-	-	-	2,712	1,320
Transmissible Spongiform Encephalopathy (TSE) Incentives	-	-	113	2	231	15	-	-	-	-	-	-	231	210
Tuberculosis Freedom Assistance Program (TFAP)	-	-	-	-	-	-	25	3	97	-	5	12	188	129
Universities in other States	143	7	-	-	-	50	2,446	5,363	-	-	-	-	25	-
Universities in Queensland	353	41	-	2	36	2	100	1	-	-	-	-	143	7
Other	79	2	90	6	160	286	17	41	337	13	-	-	489	47
Total recurrent	3,096	431	1,990	1,172	1,731	11,440	5,680	7,571	4,232	4,045	5	12	16,734	24,671
Capital														
Cooperative and Joint research ventures	-	20	-	-	-	-	-	-	-	-	-	-	-	20
Town, city and shire councils	-	-	250	8	-	-	-	-	-	-	-	-	250	8
Queensland Government Agent Program (QGAP)	-	-	-	15	-	-	-	-	-	-	-	-	-	15
Total capital	-	20	250	23	-	-	-	-	-	-	-	-	250	43
Total grants and subsidies	3,096	451	2,240	1,195	1,731	11,440	5,680	7,571	4,232	4,045	5	12	16,984	24,714

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

	DPI Consolidated		DPI Parent entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
14. Equity return				
An equity return rate of 6 percent has been set by the Government for 2001 - 2002. 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.				
	12,771	12,229	12,771	12,229
15. Other expenses				
Operating leases	11,663	11,434	8,056	7,741
Audit fees (Queensland Audit Office)	308	298	160	164
Licence fees and permits	181	243	150	205
Loss on sale or disposal of property, plant and equipment	1,031	5,753	651	4,673
Decrement on revaluation of non-current assets	74	-	-	-
Doubtful debts	207	487	203	538
Sponsorships	331	385	331	385
Donations and gifts	199	59	199	59
Miscellaneous expenses	1,571	899	1,541	658
Losses:				
- Public money	108	297	108	297
- Public property (1)	47	5	47	5
Special payments :				
- Extra-contractual	170	22	170	22
- Ex-gratia	83	87	83	87
Total other expenses	15,973	19,969	11,699	14,834
(1) Certain losses of public property are insured by the Queensland Government Insurance Fund (QGIF).				
16. Borrowing costs				
Interest	4,690	4,725	-	5
Finance charges relating to finance leases	6	6	6	6
Total borrowing costs expense	4,696	4,731	6	11
No borrowing costs were recognised during the period as part of the carrying amount of any qualifying assets.				

Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002

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 2002 \$'000	QFMA 2001 \$'000	CSA 2002 \$'000	CSA 2001 \$'000	TOTAL 2002 \$'000	TOTAL 2001 \$'000
Assets						
Current assets						
Cash	-	136	-	759	-	(623)
Receivables	-	218	-	194	-	24
Inventories	-	-	-	94	-	(94)
Other current assets	-	-	-	50	-	(50)
Total current assets	-	354	-	1,097	-	(743)
Non-current assets						
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						
Current liabilities						
Payables	-	(209)	-	(667)	-	458
Provisions	-	(2,285)	-	(1,485)	-	(800)
Total current liabilities	-	(2,494)	-	(2,152)	-	(342)
Non-current liabilities						
Payables	-	-	-	(284)	-	284
Total non-current 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 Science (AFFS) within DPI.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

	DPI Consolidated		DPI Parent entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
18. Cash assets				
Cash on hand	125	135	98	106
Cash at bank	54,770	31,781	20,524	15,805
Total cash assets (1)	54,895	31,916	20,622	15,911
<p>(1) The total for cash assets reconciles to cash at the end of the financial year as disclosed in the Statement of Cash Flows. Cash deposited with the Queensland Treasury Corporation earned interest at rates between 3.23 % and 4.01 % (2001: 5.00 %).</p>				
19. Receivables				
Current				
Revenue receivable from Treasury	8,608	3,095	8,608	3,095
Trade debtors	18,498	21,120	9,747	10,193
Less: Provision for doubtful debts	(378)	(933)	(372)	(928)
	18,120	20,187	9,375	9,265
Loans and advances	543	455	539	435
Less: Provision for doubtful debts	(4)	(4)	(4)	(4)
	539	451	535	431
Freehold selection debtors (1)	115	196	-	-
Less: Provision for doubtful debts	-	-	-	-
	115	196	-	-
GST Input tax credits receivable	842	2,551	2,050	1,591
GST payable	(382)	(2,169)	(938)	(1,609)
Net GST receivable	460	382	1,112	582
Long service leave reimbursements	63	600	39	543
Interest receivable	533	643	236	367
Other debtors	7,703	5,392	5,632	2,998
Total current receivables	36,141	30,946	25,537	17,281
Non-current				
Freehold selection debtors (1)	177	283	-	-
Total non-current receivables	177	283	-	-

(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.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

	DPI Consolidated		DPI Parent entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
20. Financial assets				
Non-current				
Shares and units (1)	115	130	115	130
 (1) Financial assets comprise equity in primary producer cooperatives. The net fair value is disclosed in Note 38.				
21. Inventories				
Current inventories				
<i>Inventory held for sale:</i>				
Finished goods	1,889	2,360	417	931
<i>Inventory not held for sale:</i>				
Raw materials and stores	2,791	2,418	1,486	1,141
Total current inventories	4,680	4,778	1,903	2,072
Non-current inventories				
<i>Inventory held for sale:</i>				
Finished goods	35	59	35	59
Total non-current inventories	35	59	35	59
Total inventories	4,715	4,837	1,938	2,131
22. Other assets				
Current				
Prepayments	1,654	1,378	1,441	1,276
Total other current assets	1,654	1,378	1,441	1,276
Non-current				
Prepayments	135	-	135	-
Total other non-current assets	135	-	135	-
Total other assets	1,789	1,378	1,576	1,276

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

	DPI Consolidated		DPI Parent entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
23. Property, plant and equipment				
23.1 Land (1) (2)				
At cost (deemed fair value)	-	3,172	-	455
At independent valuation 2002	80,518	43,556	70,251	39,508
Total Land	80,518	46,728	70,251	39,963
(1) Refer Note 2.15.				
(2) Only land controlled by the Department has been brought to account.				
23.2 Land improvements				
At cost	16,935	16,604	13,343	12,863
Accumulated depreciation	(4,842)	(4,351)	(3,758)	(3,115)
Total land improvements - net book value	12,093	12,253	9,585	9,748
23.3 Buildings				
At cost (deemed fair value)	489	31,747	489	31,177
At independent valuation 2002	199,819	105,987	175,231	90,197
Accumulated depreciation	(71,263)	(21,716)	(58,762)	(16,521)
Total buildings - net book value	129,045	116,018	116,958	104,853
23.4 Access roads				
At cost (deemed fair value)	-	350	-	81
At independent valuation 2002	22,453	9,983	4,959	2,288
Accumulated depreciation	(7,338)	(1,881)	(2,118)	(395)
Total access roads - net book value	15,115	8,452	2,841	1,974
23.5 Computer equipment				
At cost	27,148	28,158	25,224	26,211
Accumulated depreciation	(19,737)	(21,314)	(18,343)	(20,067)
Total computer equipment - net book value	7,411	6,844	6,881	6,144
23.6 Plant and equipment				
At cost	85,329	82,476	59,690	58,053
Accumulated depreciation	(49,630)	(46,546)	(37,053)	(34,022)
Total plant and equipment - net book value	35,699	35,930	22,637	24,031
23.7 Leased plant and equipment				
At cost	64	64	64	64
Accumulated amortisation	(36)	(23)	(36)	(23)
Total leased plant and equipment - net book value	28	41	28	41
23.8 Leasehold improvements				
At cost	7,070	5,706	6,422	5,062
Accumulated amortisation	(1,934)	(1,186)	(1,795)	(1,112)
Total leasehold improvements - net book value	5,136	4,520	4,627	3,950
23.9 Capital works in progress				
At cost	2,855	3,941	2,509	3,372
Total property, plant and equipment - net book value	287,900	234,727	236,317	194,076
Property, plant and equipment				
At cost	139,890	172,218	107,741	137,338
At independent valuation 2002	302,790	159,526	250,441	131,993
Accumulated depreciation and amortisation	(154,780)	(97,017)	(121,865)	(75,255)
Total property, plant and equipment - net book value	287,900	234,727	236,317	194,076

Department of Primary Industries

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

23. Property, plant and equipment (continued)

23.10 Valuation of property, plant and equipment

Property, plant and equipment have been valued in accordance with AASB 1041 "Revaluation of non-current assets" and Queensland Treasury's Non-Current Asset Accounting Guidelines for the Queensland Public Sector (May 2001).

23.10.1 Land, buildings, and access roads

Land, buildings and access roads were comprehensively revalued as at 1 July 2001 based on current market values by the following independent expert valuers using 'fair value' principles:
Australian Valuation Office

R N Mullins, F.V.L.E. (Val.) LL.B, A Roberts, AAPI, J Forson, AAPI, M.West, AAPI, I Collingwood, AAPI

23.10.2 Plant and equipment

Plant and equipment, land improvements, and leasehold improvements are valued at cost in accordance with AASB 1041 'Deeming the carrying amount of the non-current assets comprising the class at the date of first applying this standard to be their cost'. Asset classes and useful lives were revised as at 1 July 2001 by the following independent expert valuers:
Australian Valuation Office

R N Mullins, F.V.L.E. (Val.) LL.B, A Roberts, AAPI, J Forson, AAPI, M.West, AAPI, I Collingwood, AAPI.

23.11 Property, plant and equipment movement reconciliation

	Land		Land improvements		Leasehold improvements		Buildings		Plant and equipment		Leased plant and equipment		Infrastructure		In course of construction		Total	
	DPI Consolidated	DPI Parent entity	DPI Consolidated	DPI Parent entity	DPI Consolidated	DPI Parent entity	DPI Consolidated	DPI Parent entity	DPI Consolidated	DPI Parent entity	DPI Consolidated	DPI Parent entity	DPI Consolidated	DPI Parent entity	DPI Consolidated	DPI Parent entity	DPI Consolidated	DPI Parent entity
	2002	2002	2002	2002	2002	2002	2002	2002	2002	2002	2002	2002	2002	2002	2002	2002	2002	2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at start of year	46,728	39,963	12,253	9,748	4,520	3,950	116,018	104,853	42,774	30,175	41	41	8,452	1,974	3,941	3,372	234,727	194,076
Acquisitions	3,838	221	67	31	792	788	566	561	12,108	7,968	-	-	-	-	14,439	13,930	31,810	23,499
Disposals	(39)	(35)	(28)	(15)	-	-	(169)	(89)	(1,368)	(644)	-	-	(10)	-	(45)	-	(1,659)	(783)
Donations made	(51)	(51)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(51)	(51)
Transfers between classes	82	82	555	439	573	573	12,871	12,755	946	772	-	-	453	172	(15,480)	(14,793)	-	-
Revaluation increments / (decrements) (Note 31.)	29,960	30,071	-	-	-	-	3,698	2,330	-	-	-	-	6,676	783	-	-	40,334	33,184
Depreciation / amortisation	-	-	(754)	(618)	(749)	(684)	(3,939)	(3,452)	(11,350)	(8,753)	(13)	(13)	(456)	(88)	-	-	(17,261)	(13,608)
Carrying amount at end of year	80,518	70,251	12,093	9,585	5,136	4,627	129,045	116,958	43,110	29,518	28	28	15,115	2,841	2,855	2,509	287,900	236,317

Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002

	DPI Consolidated		DPI Parent entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
24. Intangible assets				
24.1 Computer software				
At cost	7,898	7,212	7,898	7,212
At management valuation 2000	339	339	-	-
Accumulated amortisation	(5,310)	(3,856)	(5,046)	(3,606)
Total computer software - net book value	2,927	3,695	2,852	3,606
24.2 Capital works in progress				
At cost	875	720	875	720
Total intangible assets - net book value	3,802	4,415	3,727	4,326
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	9,931	8,850	9,931	8,850
Receivables	6,339	3,306	6,339	3,306
Total current restricted assets	16,270	12,156	16,270	12,156
(These funds are restricted for use in specified research areas.)				
25.2 Property, plant and equipment				
At cost	8,116	6,914	8,116	6,914
At independent valuation	554	345	554	345
Accumulated depreciation	(5,723)	(4,500)	(5,723)	(4,500)
Total property, plant and equipment - net book value	2,947	2,759	2,947	2,759
(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	19,217	14,915	19,217	14,915
26. Self-generating and regenerating assets				
Livestock	2,580	3,621	2,580	3,621
Plantation growing timber				
Balance at the beginning of the financial year	897,761	1,012,617	-	-
Adjustment at 1 July 2000 upon adoption of AAS 35	-	(145,167)	-	-
Valuation increment for the year, net of plantation timber sales	84,491	30,311	-	-
Balance at the end of the financial year	982,252	897,761	-	-
Total self-generating and regenerating assets	984,832	901,382	2,580	3,621

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

	DPI Consolidated		DPI Parent entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
27. Payables				
Current				
Trade creditors	8,082	5,355	11,008	5,672
Accrued salaries and wages	414	484	84	77
Accrued interest and other costs of finance	1,456	1,460	-	-
Long service leave levy payable	570	582	570	489
Other	6,357	4,452	4,815	2,357
Total payables	16,879	12,333	16,477	8,595
28. Interest-bearing liabilities				
Current				
Lease liability (1)	11	12	11	12
Total current interest-bearing liabilities	11	12	11	12
Non-current				
Lease liability (1)	25	36	25	36
Queensland Treasury Corporation borrowings (2)	76,420	76,420	-	-
Total non-current interest-bearing liabilities	76,445	76,456	25	36
Total interest-bearing liabilities	76,456	76,468	36	48
(1) Amounts are exclusive of GST. (Refer Note 34.) Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. No assets have been pledged as security for any liability.				
(2) DPI Forestry loan on "interest only" terms until 30 June 2003 at a rate of 5.52% and is carried at face value. The market value of the loan at 30 June 2002 is \$83.291 million (\$82.010 million at 30 June 2001). (Refer Note 38.(a) (ii) and 38.(b).)				
29. Provisions				
Current				
Annual leave	20,313	18,709	17,222	15,744
Provision for dividend (1)	10,979	3,814	-	-
Total provisions	31,292	22,523	17,222	15,744
Aggregate employee entitlements				
Current				
Annual leave	20,313	18,709	17,222	15,744
Accrued salaries and wages (2)	414	484	84	77
Total aggregate employee entitlements	20,727	19,193	17,306	15,821
(1) The dividend of \$10.979 million (\$3.814 million in 2000 - 2001) provided for, in respect of DPI Forestry, is payable to the Queensland Government. Applicable to this financial year only, an agreement has been reached with the Queensland Treasury to exclude funding provided for land purchases under the Hardwood Plantation Establishment Initiative, from the calculation of dividend payable.				
(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)	18,170	13,676	18,119	13,474
Total other liabilities	18,170	13,676	18,119	13,474
(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 2002**

	DPI Consolidated		DPI Parent entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
31. Changes in equity				
Contributed equity				
Balance at the beginning of the financial year	35,975	37,951	34,732	30,451
Equity injections	14,441	-	14,441	-
Equity withdrawals	(6,600)	-	(6,600)	-
Adjustment due to elimination of long service leave - QFMA	-	272	-	272
Administrative restructure - assets / liabilities assumed / transferred (Refer Note 17.)	-	(2,582)	-	(2,582)
Net leave liabilities transferred / assumed to / from other Departments	(115)	(2,211)	(128)	(2,919)
Net assets transferred / assumed to / from other Departments	(105)	2,545	(105)	9,510
Balance at the end of the financial year	43,596	35,975	42,340	34,732
Retained surplus				
Balance at the beginning of the financial year	1,011,332	1,092,481	159,239	160,133
Opening balance adjustments:				
Assets not previously recognised	477	(5)	477	(5)
Unearned revenue not previously recognised	(1,285)	-	(1,285)	-
Net surplus / (deficit)	110,313	39,472	(317)	958
Dividend payable	(10,979)	(3,814)	-	-
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)	-	-
Adjustment on adoption of AASB 1041	(111)	-	-	-
Transfer between reserves:				
Sale of revalued assets	(2)	76	(26)	62
Livestock unrealised revenue reserve	(253)	(1,909)	(253)	(1,909)
Plantation growing timber unrealised revenue reserve	(84,491)	(30,311)	-	-
Balance at the end of the financial year	1,025,001	1,011,332	157,835	159,239
Asset revaluation reserve				
Balance at the beginning of the financial year	5,487	5,273	5,011	4,041
Transfer to retained surplus upon adoption of AAS 35	-	(792)	-	-
Transfer to retained surplus:				
Sale of revalued assets	2	(76)	26	(62)
Increment / (decrement) on revaluation of:				
Land	30,071	-	30,071	-
Access roads	6,676	-	783	-
Buildings	3,772	1,050	2,330	1,000
Plant and equipment	-	32	-	32
Balance at the end of the financial year	46,008	5,487	38,221	5,011
Plantation growing timber revaluation reserve				
Balance at the beginning of the financial year	-	81,791	-	-
Transfer to retained surplus upon adoption of AAS 35	-	(81,791)	-	-
Balance at the end of the financial year	-	-	-	-
SGARA's unrealised revenue reserve				
Balance at the beginning of the financial year	32,220	-	1,909	-
Transfer from retained surplus for:				
Livestock unrealised revenue	253	1,909	253	1,909
Plantation growing timber unrealised revenue	84,491	30,311	-	-
Balance at the end of the financial year	116,964	32,220	2,162	1,909
Total equity	1,231,569	1,085,014	240,558	200,891
Total equity at the beginning of the financial year	1,085,014	1,217,496	200,891	194,625
Changes in equity recognised in the Statement of Financial Performance	149,913	(126,692)	32,059	1,985
Transactions with owners as owners:				
Equity injection	14,441	-	14,441	-
Equity withdrawal	(6,600)	-	(6,600)	-
Non-reciprocal transfer of assets and liabilities	(220)	(2,248)	(233)	4,009
Dividends	(10,979)	(3,814)	-	-
Adjustment due to elimination of long service leave - QFMA	-	272	-	272
Total equity at the end of the financial year	1,231,569	1,085,014	240,558	200,891

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

	DPI Consolidated		DPI Parent entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
31. Changes in equity (continued)				
Closing balance of asset revaluation reserve by class				
Land	31,965	476	30,071	-
Land improvements	109	109	109	109
Access roads	6,676	-	783	-
Buildings and building improvements	6,612	4,256	6,612	4,256
Plant and equipment	646	646	646	646
Total asset revaluation reserve	46,008	5,487	38,221	5,011
32. Reconciliation of net surplus / (deficit) to net cash provided by operating activities				
Net surplus / (deficit)	110,313	39,472	(317)	958
Non-cash items:				
Depreciation and amortisation	18,808	18,476	15,141	14,669
SGARA's unrealised revenue / expense	(84,723)	(30,228)	(232)	83
Natural increment in livestock	-	-	-	-
Decrement on revaluation of non-current assets	74	-	-	-
Loss on sale or disposal of property, plant and equipment	1,031	5,753	651	4,673
Gain on sale or disposal of property, plant and equipment	(1,184)	(563)	(629)	(415)
Finance charges	-	-	-	-
Loss on sale or devaluation of investments	16	3	16	3
Prior period adjustment	418	-	418	-
Loss of public property	47	-	47	-
Bad and doubtful debts	309	534	309	534
Stocktake losses	43	-	43	-
Inventories written off	129	-	129	-
Capitalisation of assets expensed in prior periods	(493)	(3,341)	(493)	(3,341)
Assets received below fair value	(811)	(318)	(811)	(318)
Change in assets and liabilities				
(Increase) / decrease in receivables	4,547	698	(4,798)	(10,064)
(Increase) / decrease in inventories	122	398	193	284
(Increase) / decrease in livestock	935	(352)	935	(352)
(Increase) / decrease in other assets	(411)	1,204	(300)	1,166
Increase / (decrease) in creditors	(2,582)	(7,599)	7,044	2,149
Increase / (decrease) in employee entitlements	1,543	(693)	1,404	(744)
Increase / (decrease) in other liabilities	2,978	(481)	3,129	82
(Increase) / decrease in GST input tax credits receivable	994	(1,759)	994	(1,279)
Increase / (decrease) in GST payable	(1,427)	1,305	(1,556)	953
	(59,637)	(16,963)	21,634	8,083
Net cash provided by operating activities	50,676	22,509	21,317	9,041
33. Non-cash financing and investing activities				
(a) Assumption of assets / liabilities. (Refer Note 31.)				
(b) Plant and equipment. (Refer Note 23.7.)				
(c) 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 2002**

	DPI Consolidated		DPI Parent entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
34. Commitments for expenditure				
(a) Finance lease liabilities				
<i>Lease liabilities recognised in the Statement of Financial Position:</i>				
Current	11	12	11	12
Non-current	25	36	25	36
Total finance lease liabilities (Refer Note 28.)	36	48	36	48
<i>Commitments under finance leases at reporting date are inclusive of anticipated GST and are payable as follows:</i>				
Not later than one year	15	19	15	19
Later than one year and not later than five years	33	47	33	47
Total commitments	48	66	48	66
Less: Future finance charges	8	13	8	13
Less: Anticipated input tax credits	4	5	4	5
Total finance lease liabilities	36	48	36	48
The Department has a total of two (2) assets (photocopiers) under finance lease arrangements. (Refer Note 38. (a) (ii) for terms of leases.)				
(b) Non-cancellable operating leases				
<i>Commitments in relation to non-cancellable operating leases at the reporting date are payable as follows:</i>				
Not later than one year	111	123	111	123
Later than one year and not later than five years	430	399	430	399
Later than five years	95	122	95	122
Total inclusive of GST	636	644	636	644
GST - Input tax credits to be received in respect of the above commitments	12	14	12	14
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				
<i>Material expenditure commitments contracted for, but not recognised as payables, are as follows:</i>				
Buildings	231	7,724	231	7,724
Plant and equipment	2,447	1,675	2,376	1,255
Supplies and services	4,004	4,581	4,004	4,581
Total inclusive of GST	6,682	13,980	6,611	13,560
Not later than one year	5,053	10,951	4,982	10,531
Later than one year and not later than five years	1,629	3,029	1,629	3,029
Total inclusive of GST	6,682	13,980	6,611	13,560
GST - Input tax credits to be received in respect of the above commitments	607	1,271	601	1,233

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

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)
Other

Total inclusive of GST

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

Not later than one year
Later than one year and not later than five years

Total inclusive of GST

GST - Input tax credits to be received in respect of the above commitments

	DPI Consolidated		DPI Parent entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Bureau of Sugar Experiment Stations (1)	4,180	4,180	4,180	4,180
Other	2,045	1,960	2,045	1,960
Total inclusive of GST	6,225	6,140	6,225	6,140
Not later than one year	5,309	5,328	5,309	5,328
Later than one year and not later than five years	916	812	916	812
Total inclusive of GST	6,225	6,140	6,225	6,140
GST - Input tax credits to be received in respect of the above commitments	566	558	566	558

(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 2002:

Supreme Court
District Court

Total

No. of cases	No. of cases	No. of cases	No. of cases
3	5	1	4
5	4	3	2
8	9	4	6

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 six (6) other cases, which are not yet subject to court action.

The Department has insurance cover with the QGIF. The costs associated with any successful claims against DPI may, depending on the circumstances, be met by the insurer.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

35. Contingent liabilities (continued)

(b) Workers' compensation claims

Claims relating to employees for personal injuries suffered during the course of their employment are dealt with by WorkCover. Damages and costs arising from workers' compensation claims will also be met by WorkCover, and therefore do not represent a contingent liability for the Department.

DPI Forestry was self-insured for workers' compensation prior to 1 July 1995. There are no outstanding damages actions relating to this period. 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 matters relating to personal injury claims to non-employees, one breach of contract claim and one negligence claim currently outstanding, to which DPI Forestry is a party.

(c) Native title claims over departmental land

At 30 June 2002, one (1) Native Title Claim has been made on Departmental land covering a total area of 240,000 hectares situated in North Queensland. As yet, the National Native Title Tribunal has not determined the claim.

If the claim was successful, the Department could be deprived of the exclusive use of land, which has a carrying value of \$0.660 million. Irrespective of the outcome, it is likely that the land will still be able to be used for Departmental purposes if required.

(d) Financial guarantees and undertakings

The Department has not provided any financial guarantees or undertakings during the reporting period other than that stated in Note 35.(e).

(e) Contingency relating to undertaking to meet the debts of the Queensland Dairy Authority

A contingent liability may exist in relation to a contribution to the Queensland Dairy Authority (QDA) to cover any expected trading deficit. This is in accordance with Cabinet Decision No. 3476 dated 29 July 2002 which states that the Department will fund internally any shortfalls experienced in any delay in the winding up of the QDA.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

	DPI Consolidated		DPI Parent entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
36. Administered transactions and balances				
Administered revenues				
Administered item revenue	13,349	17,246	13,349	17,246
User charges, taxes, fees and fines	707	808	707	808
Other	562	601	562	601
Total administered revenues	14,618	18,655	14,618	18,655
Administered expenses				
Grants and subsidies	13,349	17,246	13,349	17,246
Total administered expenses before transfer of administered revenue to Government	13,349	17,246	13,349	17,246
Net surplus before transfers to Government	1,269	1,409	1,269	1,409
Transfers to Government	1,269	1,429	1,269	1,429
Net surplus / (deficit)	-	(20)	-	(20)
Administered current assets				
Cash	(24)	33	(24)	33
Receivables	281	54	281	54
Total administered current assets	257	87	257	87
Administered non-current assets				
Receivables	16,220	16,220	16,220	16,220
Total administered non-current assets	16,220	16,220	16,220	16,220
Total administered assets	16,477	16,307	16,477	16,307
Administered current liabilities				
Payables	191	21	191	21
Total administered current liabilities	191	21	191	21
Total administered non-current liabilities	-	-	-	-
Total administered liabilities	191	21	191	21
Net administered assets	16,286	16,286	16,286	16,286
Administered equity				
Contributed equity	16,220	16,220	16,220	16,220
Retained surplus	66	66	66	66
Total administered equity	16,286	16,286	16,286	16,286

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

	DPI Consolidated		DPI Parent entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
36. Administered transactions and balances (continued)				
Cash flows from operating activities				
<i>Inflows:</i>				
Administered item receipts	13,140	17,305	13,140	17,305
User charges, taxes, fees and fines	707	808	707	808
Royalties, property income and other territorial revenue	27	7	27	7
Other	518	626	518	626
<i>Outflows:</i>				
Grants and other contributions	(13,225)	(17,255)	(13,225)	(17,255)
Transfers to Government	(1,224)	(1,411)	(1,224)	(1,411)
Net cash provided by / (used in) operating activities	(57)	80	(57)	80
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	2,115	16,220	2,115	16,220
Equity withdrawals	(2,115)	-	(2,115)	-
Net cash provided by financing activities	-	16,220	-	16,220
Net increase / (decrease) in cash held	(57)	80	(57)	80
Cash at the beginning of the financial year	33	(47)	33	(47)
Cash at the end of the financial year	(24)	33	(24)	33

Department of Primary Industries

Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002

36. Administered transactions and balances (continued)

Administered Outputs

	Food and fibre science and innovation		Rural community development		Fisheries		Market access and development		Policy analysis and industry development		Forestry commercial		Inter-Output eliminations		Total		
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	
Administered revenues																	
Administered item revenue	-	-	13,349	17,246	-	-	-	-	-	-	-	-	-	-	-	-	-
User charges, taxes, fees and fines	157	121	-	-	-	101	511	537	39	49	-	-	-	-	13,349	17,246	-
Other	131	112	-	-	-	55	402	399	29	35	-	-	-	-	707	808	-
Total administered revenues	288	233	13,349	17,246	-	156	913	936	68	84	-	-	-	-	14,618	18,655	-
Administered expenses																	
Grants and subsidies	-	-	13,349	17,246	-	-	-	-	-	-	-	-	-	-	-	-	-
Total administered expenses	-	-	13,349	17,246	-	-	-	-	-	-	-	-	-	-	13,349	17,246	-
Net surplus before transfers to Government	288	233	-	-	-	156	913	936	68	84	-	-	-	-	1,269	1,409	-
Transfers to Government	288	238	-	-	-	133	913	974	68	84	-	-	-	-	1,269	1,429	-
Net surplus / (deficit)	-	(5)	-	-	-	23	-	(38)	-	-	-	-	-	-	-	(20)	-

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

37. Trust transactions and balances (1)

The Department performs a custodial role in respect of security deposits, seized fishing catches and secretarial duties. These transactions and balances are neither controlled nor administered by the Department and, accordingly, are not recognised in the financial statements. They are however, disclosed in this Note for the information of users.

	DPI Consolidated		DPI Parent entity	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Trust expenses and revenues				
Expenses				
Supplies and services	187	78	187	78
Other expenses	100	-	100	-
Total expenses	287	78	287	78
Revenues				
User charges	113	21	113	21
Grants and other contributions	84	78	84	78
Other revenue	38	215	-	200
Total revenues	235	314	197	299
Trust assets and liabilities				
Current assets				
Monies held in trust (2)	962	965	233	323
Total current assets	962	965	233	323
Total assets	962	965	233	323
Current liabilities				
Trust balances payable	939	942	210	300
Total current liabilities	939	942	210	300
Non-current liabilities				
Trust balances payable	23	23	23	23
Total non-current liabilities	23	23	23	23
Total liabilities	962	965	233	323

(1) The Queensland Audit Office performed the audit of the Department's systems which record Trust transactions for 2001 - 2002.

(2) The 2001 comparative information has been amended by \$0.071 million. These were monies held in trust for the National Sirex Fund which were recognised as unearned revenue in the 2001 financial statements.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

38. 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. The floating interest rate applicable as at 30 June 2002 on daily balances was 3.66% and overdraft balances attracted a 7.66% 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 has been converted to "interest only" until 30 June 2003. The loan then reverts to Principal and Interest, 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. (Refer Note 29.(1).)
Finance lease liability	28, 34	The finance lease liabilities are accounted for in compliance with AASB 1008 "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 13.09%.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

38. Financial instruments (continued)

(b) Interest rate risk

The Department's exposure to interest rate risk and the effective interest rates of financial assets and liabilities are shown in the following table.

Financial instruments	Floating rate		Fixed rate maturing						Non Interest Bearing				Total				Weighted average rate									
	2002 \$'000		2001 \$'000		1 year or less		1 to 5 years		Greater than 5 years		2002 \$'000		2001 \$'000		2002 \$'000		2001 \$'000		2002 %		2001 %		2001 %			
Financial assets																										
Cash	54,770	31,781	-	-	-	-	-	-	-	-	-	-	125	135	54,895	31,916	-	-	-	-	-	-	-	-	3.66	5.00
Receivables - Trade debtors	-	-	-	-	-	-	-	-	-	-	18,120	20,187	18,120	20,187	18,120	20,187	-	-	-	-	-	-	-	-	-	-
Receivables - Other than trade debtors	-	-	-	-	-	-	-	-	-	-	18,198	11,042	18,198	11,042	18,198	11,042	-	-	-	-	-	-	-	-	-	-
Shares and units	-	-	-	-	-	-	-	-	-	-	115	130	115	130	115	130	-	-	-	-	-	-	-	-	-	-
Total	54,770	31,781									36,558	31,494	91,328	63,275	91,328	63,275										
Financial liabilities																										
Payables	-	-	-	-	-	-	-	-	-	-	-	-	16,879	12,333	16,879	12,333	-	-	-	-	-	-	-	-	-	-
Borrowings - Queensland Treasury Corporation	-	-	-	-	24,148	29,524	-	-	52,272	46,896	-	-	-	-	76,420	76,420	5.52*	5.52	-	-	-	-	-	-	-	-
Dividends payable	-	-	-	-	-	-	-	-	-	-	10,979	3,814	10,979	3,814	10,979	3,814	-	-	-	-	-	-	-	-	-	-
Finance lease liability	-	-	11	12	25	36	-	-	-	-	-	-	36	48	36	48	-	-	-	-	-	-	-	-	-	-
Total	-	-	11	12	24,173	29,560	52,272	46,896	52,272	46,896	27,858	16,147	104,314	92,615	104,314	92,615	13.09	11.70	-	-	-	-	-	-	-	-

* This rate represents the book rate applicable to an "interest only" borrowing. The loan reverts to principal and interest on 1 July 2003, when an approximate book rate of 6.15% will apply.

The floating interest rate represents the most recently administered market rate applicable to the instrument at 30 June 2002.

The fixed rate represents the weighted average market interest rate.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2002**

38. Financial instruments (continued)

(c) Net fair values

The carrying amounts and estimated net fair values of financial assets and financial liabilities held at balance date are given below.

Financial instruments	Total carrying amount		Net fair value	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Financial assets				
Cash	54,895	31,916	54,895	31,916
Receivables - Trade debtors	18,120	20,187	18,120	20,187
Receivables - Other than trade debtors	18,198	11,042	18,198	11,042
Shares and units (1)	115	130	115	134
Total	91,328	63,275	91,328	63,279
Financial liabilities				
Payables	16,879	12,333	16,879	12,333
Borrowings - Queensland Treasury Corporation (2)	76,420	76,420	83,291	82,010
Dividends payable	10,979	3,814	10,979	3,814
Finance lease liability	36	48	36	48
Total	104,314	92,615	111,185	98,205

(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.

No significant credit risks have been identified.

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 2002**

39. Indicative physical quantities of SGARAs and net valuation increment recognised as revenue

	2002 '000 Number	2002 '000 Hectares	2002 '000 Volume M3	2002 \$'000 Net change in NMV	2001 '000 Number	2001 '000 Hectares	2001 '000 Volume M3	2001 \$'000 Net change in NMV
Livestock	18	-	-	253	21	-	-	3,829
Plantation timber - Native pine	-	43	22,105	29,926	-	43	22,957	26,709
- Exotic pine	-	128	49,216	125,773	-	127	48,328	62,001
Total	18	171	71,321	155,952	21	170	71,285	92,539

40. Financing facilities

At 30 June 2002, a credit facility with the Queensland Treasury Corporation was in place with a limit of \$3.000 million. This facility remained fully undrawn at balance date and is available for use in the next reporting period.

41. Tax equivalents

The commercialised business unit of DPI, DPI Forestry, is subject to the National tax equivalents regime.

	2002 \$'000	2001 \$'000
Operating result of the commercialised business unit subject to substantive tax equivalents regime	110,630	38,514
Prima facie tax equivalent expense thereon at 30% (34% in 2000 - 2001)	33,189	13,094
<i>Tax effect of permanent and other differences:</i>		
Acquired timber felled - Queensland Income Tax Equivalents Ruling 95/4	(13,971)	(13,664)
Revaluation of growing timber	(25,347)	(10,306)
Entertainment - Non-deductible	6	9
Depreciation - Non-deductible	135	(5)
Other	118	2
Income tax equivalent expense / (benefit) adjusted for permanent differences	(5,870)	(10,870)
Current year tax losses and timing differences not brought to account (1)	5,870	10,870
Total tax equivalent expense / (benefit)	-	-

(1) A future tax equivalent benefit related to carry forward losses has not been brought to account as an asset, 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 equivalent benefits attributable to tax losses carried forward as at 30 June 2002 amount to \$57.816 million (calculated at the approximate tax rate of 30%).

These benefits will only be obtained if :

- a) DPI 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;
- b) DPI continues to comply with the conditions for deductibility imposed by the law; and
- c) No changes in tax legislation adversely affect DPI 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 2002**

42. Interest in joint ventures

DPI and DPI Forestry hold an interest in a number of joint ventures. (Refer Note 2.30.) These currently fall into the following categories, namely :

42.1 Joint venture operations

Private forestry plantations ventures:

These are designed to establish commercially viable timber plantations on private and Crown land. Contributions to these joint ventures in 2001 - 2002 totalled \$0.999 million (\$0.992 million in 2000 - 2001).

No output was derived from these joint ventures during the 2001 - 2002 financial year (Nil in 2000 - 2001).

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 2001 - 2002 totalled \$0.024 million (\$0.031 million in 2000 - 2001).

No output was derived from this joint venture during the 2001 - 2002 financial year (Nil in 2000 - 2001).

42.2 Joint venture entity

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. At 30 June 2002, this company has not yet commenced trading.

No output was derived from this joint venture during the 2001 - 2002 financial year (Nil in 2000 - 2001).

Total contributions towards joint venture operations to 30 June 2002 amounted to \$4.321 million (\$3.299 million at 30 June 2001). Of this amount, \$3.232 million (\$2.315 million at 30 June 2001) has been provided from State funding.

43. Controlled entities

In August 2001, DPI Forestry formed, with the approval of the Treasurer, Qfor Pty Ltd., and acquired a 100% interest (10 shares at \$1) in the company. The company was formed as a suitable corporate vehicle from which to conduct certain commercial joint ventures, particularly the Wollemi joint venture. (See Note 42.2.)

As investment to date has been minor and the company has not yet commenced trading, the entity is considered immaterial for reporting purposes and has not been consolidated into DPI Forestry's financial statements.

The Auditor-General of Queensland has been appointed as the company's auditor.

The Veterinary Surgeons Board of Queensland is a part of the Department and all transactions and balances are included in the departmental balances. The revenue for the year amounted to \$0.161 million (\$0.149 million in 2000 - 2001), and the expenses for the year amounted to \$0.169 million (\$0.161 million in 2000 - 2001).

44. Agency transactions

The Department acts as an agent in the collection and distribution of charges and levies for various public sector agencies and local governments.

The total amount distributed to these entities during the reporting period was \$0.661 million (\$0.670 million in 2000 - 2001).

Amounts collected but not distributed to these entities at 30 June 2002 was Nil (Nil as at 30 June 2001).

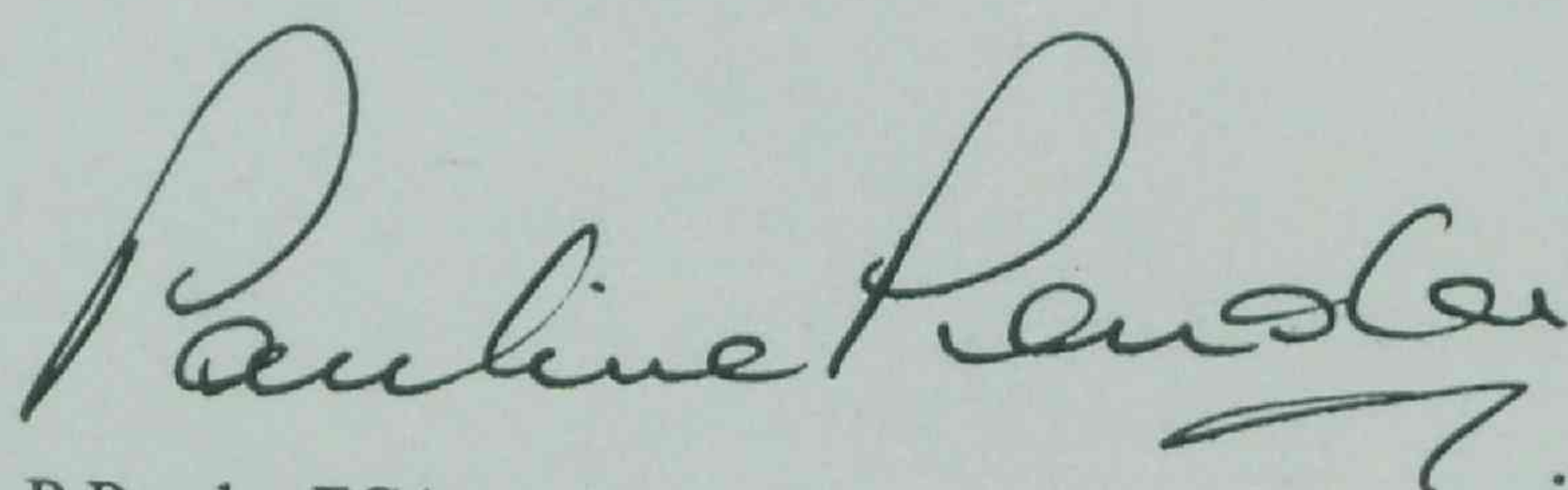
Fees of \$0.019 million (\$0.030 million in 2000 - 2001) received by the Department for providing services are recognised in user charges.

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.

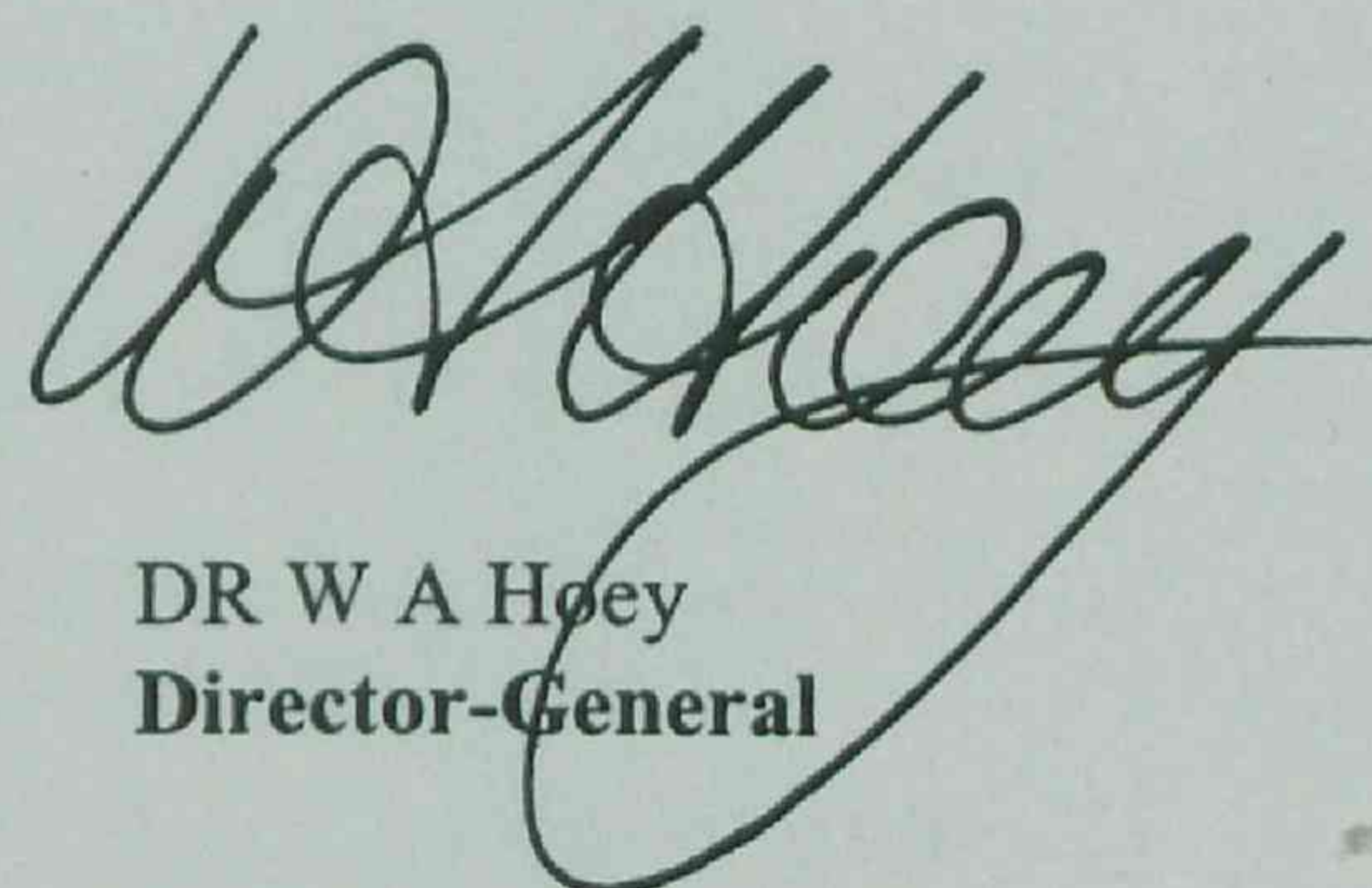
We certify that –

- (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 2001 to 30 June 2002, and of the financial position as at 30 June 2002.



P Pender FCA
General Manager
(Finance and Business Development)

17 September 2002



DR W A Hoey
Director-General

17 September 2002

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 2002 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 – Expenses and Revenues, 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 presentation of the financial statements and the information they contain. I have audited the financial statements in order to express an opinion on them.

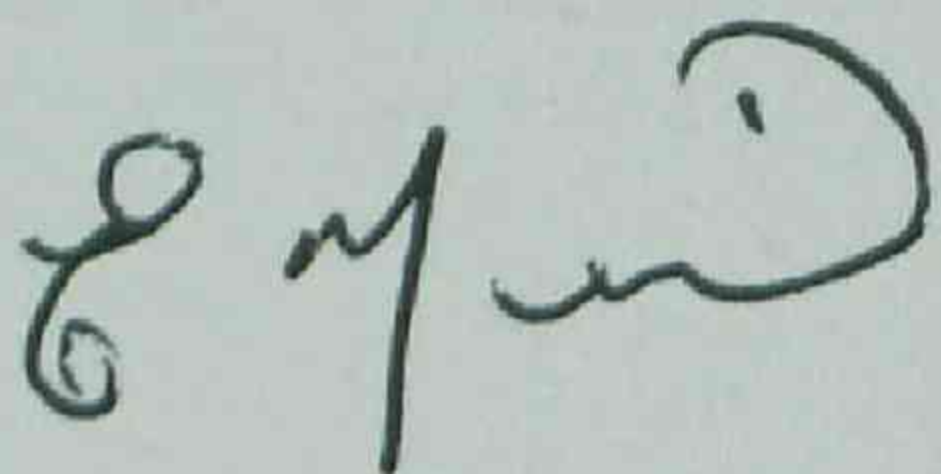
The audit has been conducted in accordance with *QAO Auditing Standards*, which incorporate Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting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

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 1977* 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 and other mandatory professional reporting requirements in Australia, of the transactions of the Department of Primary Industries (consolidated) and the parent entity for the financial year 1 July 2001 to 30 June 2002 and of the financial position as at the end of that year.



E A MUIR, FCPA
Assistant Auditor-General
(Delegate of the Auditor-General)



Queensland Audit Office
Brisbane

DPI FORESTRY

FINANCIAL STATEMENTS

for the financial year ended 30 June 2002

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STATEMENT OF FINANCIAL PERFORMANCE

for the financial year ended 30 June 2002

	* Notes	2002 \$'000	2001 \$'000
Revenues from Ordinary Activities			
Net increment in valuation of plantation timber	3(a)(i)	155,699	88,710
Forest Product sales - non-plantation timber	3(b)	12,393	11,323
Specialised forest industry services		8,493	4,508
Quarry materials		2,856	2,723
Other revenue	3(c)	7,236	4,160
Total revenues from ordinary activities		186,677	111,424
Expenses from Ordinary Activities excluding borrowing costs expense			
Employee Expenses	6	34,245	31,574
Contracted forestry, professional, technical and other services		17,778	16,706
Depreciation and Amortisation	8	3,667	3,807
Hire of plant and equipment		2,332	2,523
Motor vehicle expenses		3,204	3,162
Occupancy costs		1,919	1,853
Forest maintenance expenses		2,851	3,107
Materials		1,849	1,907
Other operating expenses	7	3,512	3,567
Total expenses from ordinary activities excluding borrowing costs expense		71,357	68,206
Borrowing costs expense	5	4,690	4,704
Profit from ordinary activities before income tax equivalents		110,630	38,514
Income tax equivalents relating to ordinary activities	9	-	-
Profit from ordinary activities after income tax equivalents	19(ii)	110,630	38,514
Valuation increment - Asset Revaluation Reserve	19(iii)	7,335	50
Adjustment on adoption of new Accounting Standard AASB1041 - "Revaluation of Non-Current Assets" for reduction in Land value	19(ii)	(111)	-
Total valuation adjustments recognised directly in equity.		7,224	50
Total changes in equity other than those resulting from transactions with owners as owners	19(vi)	117,854	38,564

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2002

	* Notes	2002 \$'000	2001 \$'000
Current Assets			
Cash assets	10	34,273	16,133
Receivables	11	15,143	14,174
Inventories	12	2,777	2,706
Total current assets		52,193	33,013
Non-Current Assets			
Receivables	11	177	283
Property, plant and equipment	14	51,583	40,651
Intangibles	13	75	89
Total non-current assets		51,835	41,023
Self - Generating and Regenerating Assets			
Plantation Growing Timber	15	982,252	897,761
Total Assets		1,086,280	971,797
Current Liabilities			
Payables	16	4,779	4,475
Provisions	18	14,070	6,779
Total current liabilities		18,849	11,254
Non-Current Liabilities			
Interest-bearing Liabilities	17	76,420	76,420
Total non-current liabilities		76,420	76,420
Total Liabilities		95,269	87,674
Net Assets		991,011	884,123
Equity			
Capital	19 (i)	844,284	844,271
Retained Surpluses	19 (ii)	24,138	9,065
Reserves			
- Asset Revaluation	19 (iii)	7,787	476
- Plantation Growing Timber Unrealised Revenue	19 (iv)	114,802	30,311
Total Equity	19 (vi)	991,011	884,123

* 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 2002*

	* Notes	2002 \$'000	2001 \$'000
Cash Flows from Operating Activities			
Inflows:			
Receipts from customers		110,296	87,627
Interest received		906	1,139
Grants and subsidies received		-	23
Outflows:			
Payments to suppliers and employees		(71,194)	(66,410)
Borrowing Costs		(4,706)	(4,723)
Sales taxation equivalents paid		-	(258)
Grants and subsidies paid		(5)	(12)
GST remitted to ATO		(6,066)	(3,790)
Net cash provided by operating activities	21	29,231	13,596
Cash Flows from Investing Activities			
Inflows:			
Proceeds from sale of property, plant and equipment		1,003	771
Outflows:			
Payments for property, plant and equipment		(8,280)	(6,455)
Net cash used in investing activities		(7,277)	(5,684)
Cash Flows from Financing Activities			
Outflows:			
Dividends paid		(3,814)	(10,000)
Net cash used in financing activities		(3,814)	(10,000)
Net increase / (decrease) in cash held		18,140	(2,088)
Cash at the beginning of the financial year		16,133	18,221
Cash at the end of the financial year	10	34,273	16,133

* 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 consistent with those of the previous year except for the accounting policy with respect to the revaluation of non-current physical assets. DPI Forestry has adopted the Accounting Standard AASB 1041 *Revaluation of Non-Current Assets* and Queensland Treasury's *Non-Current Asset Accounting Guidelines for the Queensland Public Sector*. Refer also note 2.12 for further disclosure in respect of items affected by this policy change.

2.2 CASH ASSETS

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked as well as deposits at call with financial institutions.

2.3 TRADE AND OTHER RECEIVABLES

Trade debtors 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. All trade debtors are secured by cash deposit or other financial guarantee.

Other receivables generally arise from transactions outside the usual operating activities of DPI Forestry and are recognised at their assessable values. Terms are net 30 days, except for Freeholding debtors, which are generally of a longer-term nature.

2.4 PAYABLES

Trade Creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price gross of applicable trade and other discounts. Amounts owing are generally settled on 7, 14 or 30-day terms.

2.5 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 17.

2.6 DIVIDEND PAYABLE

Dividend payable is recognised when declared by DPI Forestry.

The dividend payable is 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.

2.7 INVENTORIES

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

Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition.

for the financial year ended 30 June 2002

Net realisable value is determined on the basis of DPI Forestry's normal selling pattern.

Expenses associated with marketing, selling and distribution are deducted to determine net realisable value.

2.8 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 in accordance with AAS 21 *Acquisition of Assets*.

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.

2.9 PROPERTY, PLANT AND EQUIPMENT

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

2.10 INTANGIBLES

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

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

Land is not depreciated as it has an unlimited useful life.

Depreciation on property, plant and equipment is calculated on a straight-line basis so as to write-off the net cost or revalued amount 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 assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to DPI Forestry.

The depreciable amount of improvements to or on 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	23
Buildings	29
Access Roads	37
Leasehold Improvements	10
Plant and Equipment	6
Intangibles:	Average Amortisation Period (Years)
Software	7.5

2.12 REVALUATIONS OF NON-CURRENT PHYSICAL ASSETS

From 1 July 2001 land, buildings and access roads are measured at fair value in accordance with AASB 1041 *Revaluation of Non-Current Assets* and Queensland Treasury's *Non-Current Asset Accounting Guidelines for the Queensland Public Sector*.

All other non-current assets, principally plant and equipment and intangibles, are measured at cost.

Non-current physical assets measured at fair value are comprehensively revalued at least once every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis.

Only those assets, the total values of which are material, compared to the value of the class of assets to which they belong, are comprehensively revalued.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

for the financial year ended 30 June 2002

Change in Accounting Policy

DPI Forestry is applying the new accounting standard AASB 1041 and Queensland Treasury's *Non-Current Asset Accounting Guidelines for the Queensland Public Sector* for the first time in this financial reporting period.

In prior financial periods, all non-current physical assets were 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 were valued at an amount that represented the loss that might be expected to have been incurred if DPI Forestry was deprived of the future economic benefits of the assets at the reporting date. 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 were required to be revalued on a regular basis.

The values of assets in classes which are not to be reported at Fair Value have been deemed to be their cost of acquisition. Asset values in these classes have not been adjusted back to original cost even where this was known.

In classes to be reported at Fair Value, that is land, buildings and access roads, all assets were valued at their fair values as at 1 July 2001 by independent valuers. There are now no revaluation thresholds applied in the selection of items to be revalued.

The financial effect of changing to the Fair Value basis is an increase in value of \$2.1 million. This is the result of revaluing items to Fair Value that were previously excluded from revaluation because of revaluation thresholds.

2.13 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 of the lease liability and the interest expense.

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

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

2.14 LIBRARY ASSETS

Purchases of library materials are expensed as incurred.

2.15 SELF-GENERATING AND REGENERATING ASSETS.

Under Australian Accounting Standard AAS 35 '*Self-Generating and Regenerating Assets*' (operative since 1 July 2000), Self-generating and regenerating assets (SGARA's) are defined as 'non-human living assets'. In implementing this standard DPI Forestry 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.

As there is no observable active and liquid market for DPI Forestry's 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 net market value of its SGARA's.

DPI Forestry assets falling into this category consist mainly of plantation and native forest timber resources.

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, small and fragmented plantation areas and areas subject to experimental treatments which previous marketing experience suggests are likely to be unmerchantable or have a value 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*.

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 December 2024. All harvesting of native forests in SEQ will cease after this date.

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.

Reliability of volumes and prices for Cypress forest resources extends only for 5 years. Accordingly this limited resource information would restrict the reliability of any asset valuation undertaken.

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 (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 WACC 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.
- 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 date of harvest.
- 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.
- The estimated cost of growing the existing stand until maturity is taken to account in determining the net cash flows.

for the financial year ended 30 June 2002

- Costs used in the NPV analysis are three year rolling averages of actual costs for individual plantation operations, inflation adjusted to the current period. Three year averages also eliminate significant annual variations caused by things such as variable climatic, topographic and/or silvicultural factors (for example high rainfall years increase the weed spectrums to be controlled). It is also 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 2.17), have not been included in the calculation.
- All costs incurred in developing and managing the trees in forests are recognised as cash outflows in the NPV calculation except for capital items (e.g. buildings, major roads, heavy plant) which are deemed to have a life independent of the plantation. Usage of these assets is recognised through the application of an annual capital usage charge which is treated as a cash outflow for the purposes of the plantation valuation.
- 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. The use of 'real' discount rates effectively assumes that both prices and costs will rise over time in line with inflation and allows for all prices and costs to be expressed in current dollar terms.

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 modelling component of the system used for plantation valuation has been reviewed by an independent expert [Dr. Jerry Leech, Dip For., M.Sc., Ph.D. (2002 and 1997)] who found the 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.

2.16 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.

2.17 LAND

DPI Forestry carries out its forestry establishment, management and marketing operations principally on Crown land allocated for forest production purposes by either the Department of Natural Resources and Mines (NR&M) or the Environmental Protection Agency (EPA). While these agencies retain control over the 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.

2.18 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.

for the financial year ended 30 June 2002

2.19 EMPLOYEE ENTITLEMENTS

Wages, Salaries, Annual Leave and Sick leave.

Wages, salaries and annual leave due but unpaid at reporting date recognised in the Statement of Financial Position include related on-costs such as payroll tax, workcover premiums and employer superannuation contributions.

Sick leave is non-vesting and is expensed when incurred.

Long Service Leave.

Under the State Government's long service leave scheme a levy is made on DPI Forestry to cover this expense. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

No provision for long service leave is recognised in the financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AAS 31 *Financial reporting by Governments*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees at rates determined by the State Actuary.

No liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AAS 31 *Financial Reporting by Governments*.

2.20 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.

2.21 TAXATION

DPI Forestry as a commercialised business unit is subject to the payment of income tax equivalents in accordance with the requirements of the National Tax Equivalents Regime.

Pursuant to Australian Accounting Standard AAS 3 *"Income Taxes"*, Income Tax Equivalent expense is calculated on the profit from ordinary activities 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 9.

2.22 INSURANCE

DPI Forestry's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition DPI Forestry pays premiums to Workcover Queensland in respect of its obligations for employee compensation.

2.23 FINANCIAL REPORTING BY SEGMENTS

DPI Forestry operates principally in the forestry industry within Queensland.

for the financial year ended 30 June 2002

2.24 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 2.15). 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 23.

2.25 NON-RECIPROCAL TRANSFERS OF ASSETS AND LIABILITIES.

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*.

2.26 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 27.

2.27 BORROWING COSTS

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

Borrowing costs include:

- Interest on short-term and long-term borrowings;
- Ancillary administration charges; and
- Loan guarantee charges.

2.28 ROUNDING AND COMPARATIVES

Amounts included in the financial statements have been rounded to the nearest \$1000 or, where that amount is \$500 or less, to zero.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

for the financial year ended 30 June 2002

3 REVENUE

	2002 \$'000	2001 \$'000
3(a)(i) Net increment in valuation of plantation timber		
Net increment in net market value of plantation timber recognised as revenue:-		
Plantation timber - Native Pine	29,926	26,435
- Exotic Pine	125,773	62,275
Net increment in valuation of plantation timber (1)	155,699	88,710
3(a)(ii) Proceeds from disposal.		
Proceeds from the disposal of plantation timber during the financial year at net market value:-		
Plantation timber - Native Pine	22,932	21,379
- Exotic Pine	48,276	37,020
Total proceeds from disposal of plantation timber	71,208	58,399
3(a)(iii) Unrealised revenue.		
Unrealised revenue transferred to the plantation growing timber unrealised revenue reserve	84,491	30,311

1) During 2001-02 several of the key determinants of revenue (i.e. net increment in plantation asset value) varied sufficiently to deliver an increase significantly above that achieved during the 2000-01 financial year.

In addition to the expected plantation growth the following items contributed to the significant and unanticipated increase reported:

- A modest reduction in the weighted average cost of capital applied in the NPV calculation; and
- Unexpected upward movements in exotic pine price indices used by DPI Forestry in setting timber prices.

	2002 \$'000	2001 \$'000
3(b) Forest product sales - Non-plantation Timber		
Native forest timber - Cypress	3,762	3,990
- Hardwood	7,190	6,172
- Sandalwood	154	162
Other hardwood timber sales	79	125
Seeds and seedlings	1,203	1,090
Freehold selection timber	5	(216)
Total forest product sales - non-plantation timber	12,393	11,323

	2002 \$'000	2001 \$'000
3(c) Other revenue		
Hardwood Plantation Establishment Initiative - land purchase	3,616	-
External Workshop Charges	677	889
Fees and permits	439	348
Interest	927	1,229
External plant hire	357	414
Grants & Subsidies	-	2
Gain on disposal of plant and equipment (1)	175	-
Other sundry revenue	1,045	1,278
Total other revenue	7,236	4,160

1) Gain on disposal comprised of:-

Proceeds from sale of plant and equipment	1,000	-
Carrying value of assets sold	(825)	-
Gain on disposal of plant and equipment	175	-

for the financial year ended 30 June 2002

4 INDICATIVE PHYSICAL QUANTITIES OF PLANTATION TIMBER AND NET VALUATION INCREMENT RECOGNISED AS REVENUE

	2002 '000	2002 '000	2002 \$'000	2001 '000	2001 '000	2001 \$'000
	Hectares	Volume M3	Change in Net Market Value	Hectares	Volume M3	Change in Net Market Value
Plantation timber - Native Pine	43	22,105	29,926	43	22,957	26,435
- Exotic Pine	128	49,216	125,773	127	48,328	62,275
Total	171	71,321	155,699	170	71,285	88,710

5 BORROWING COSTS

	2002 \$'000	2001 \$'000
Borrowing costs comprised:		
Interest expense - QTC loan	4,223	4,238
Administration charges - QTC Loan	85	84
Loan Guarantee Fee - QTC loan	382	382
Total borrowing costs	4,690	4,704

6 EMPLOYEE EXPENSES AND NUMBER OF EMPLOYEES

	2002 \$'000	2001 \$'000
Employee expenses:		
Wages and Salaries	28,901	26,647
Employer superannuation contributions	2,895	2,714
Payroll Tax	1,556	1,559
Long service leave levy	433	372
Termination & Ex-gratia payments	115	11
Other	345	271
Total employee expenses	34,245	31,574
Number of employees:		
The number of employees includes both full-time and part-time employees measured on a full-time equivalent basis.	709	668

7 OTHER EXPENSES

	2002 \$'000	2001 \$'000
Other expenses		
Travel expenses	794	619
Workers' Compensation Expense	832	501
Bad & Doubtful debts	4	(51)
Audit fees	148	134
Loss on disposals of plant and equipment (1)	-	931
Other	1,734	1,433
Total other expenses	3,512	3,567
1) Loss on disposal comprised of:-		
Proceeds from sale of plant and equipment	-	314
Carrying value of assets sold	-	(1,245)
Loss on disposals of plant and equipment	-	(931)

for the financial year ended 30 June 2002

8 DEPRECIATION AND AMORTISATION

	2002	2001
	\$'000	\$'000
Depreciation and amortisation incurred in respect of:		
Access Roads	368	230
Buildings & Building Improvements	488	734
Computer Equipment	435	470
Furniture & Fittings	94	93
Heavy Plant	982	994
Land Improvements	136	140
Motor Vehicles	507	513
Office Equipment	159	165
Staff Amenities	1	1
Plant & Equipment - Other	418	394
Amortisation - Software Developed In-House	14	14
Leasehold Improvements	65	59
Total Depreciation and Amortisation	3,667	3,807

9 INCOME TAX EQUIVALENTS

	2002	2001
	\$'000	\$'000
Profit from ordinary activities	110,630	38,513
Prima facie tax equivalent expense calculated at 30% (2001: 34%) of profit from ordinary activities	33,189	13,094
Tax effect of permanent differences:		
Acquired timber felled - Queensland Income Tax Equivalents Ruling 95/4 -ITAA97 Sec 70-120	(13,971)	(13,664)
Revaluation of Growing Timber	(25,347)	(10,306)
Entertainment - non-deductible	6	9
Depreciation - non-deductible	135	(5)
Other	118	2
Income tax equivalent expense (benefit) adjusted for permanent differences	(5,870)	(10,870)
Current year tax losses and timing differences not brought to account (1)	5,870	10,870
Total tax equivalent expense (benefit)	-	-

1) A future tax equivalent benefit related to carry forward losses has not been brought to account as 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 equivalent benefits attributable to tax losses carried forward as at 30 June 2002 are \$57,816,150 (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.

for the financial year ended 30 June 2002

10 CASH

	2002 \$'000	2001 \$'000
Cash on hand	27	29
Cash at bank	34,246	16,104
Total cash	34,273	16,133

11 RECEIVABLES

	2002 \$'000	2001 \$'000
Current		
Trade debtors	13,205	12,708
Freehold selection debtors (1)	115	196
	13,320	12,904
Less - Provision for doubtful debts	(6)	(5)
	13,314	12,899
Interest receivable	297	276
Other debtors	1,532	999
	15,143	14,174
Non-Current		
Freehold selection debtors (1)	177	283
Total receivables	15,320	14,457

- 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. The Department of Natural Resources and Mines manages the freehold selection debtors.

12 INVENTORIES

	2002 \$'000	2001 \$'000
Finished goods:		
Seeds and seedlings - at cost	1,472	1,429
Raw materials and stores:		
Miscellaneous - at cost	1,305	1,277
Total inventories	2,777	2,706

13 INTANGIBLES

	2002 \$'000	2001 \$'000
Internal use software		
At Management valuation	339	339
Accumulated amortisation	(264)	(250)
Total intangibles	75	89

for the financial year ended 30 June 2002

14 PROPERTY, PLANT AND EQUIPMENT

	2002 \$'000	2001 \$'000
Land		
At fair value (1)	10,267	6,765
Buildings		
At fair value (1)	24,588	16,360
Accumulated depreciation	(12,501)	(5,195)
	12,087	11,165
Land improvements		
At cost	3,592	3,741
Accumulated depreciation	(1,084)	(1,236)
	2,508	2,505
Leasehold improvements		
At cost	648	644
Accumulated amortisation	(139)	(74)
	509	570
Access roads		
At fair value (1)	17,494	7,964
Accumulated depreciation	(5,220)	(1,486)
	12,274	6,478
Plant and equipment		
At cost	27,563	26,370
Accumulated depreciation	(13,971)	(13,771)
	13,592	12,599
Capital works in progress		
At cost	346	569
Total Property, plant and equipment		
At cost	32,149	31,324
At fair value	52,349	31,089
Accumulated depreciation	(32,915)	(21,762)
Total property, plant and equipment - net book value	51,583	40,651

Valuation of Property, Plant and Equipment

All Land, Buildings and Access Roads are carried at fair value, while all other asset classes are carried at cost in accordance with Queensland Treasury's *Non-Current Asset Accounting Guidelines for the Queensland Public Sector*.

- 1) **Land, Access Roads and Buildings** were revalued using fair value principles as at 1 July 2001, by the following independent expert valuers:
Australian Valuation Office, R N Mullins, FAPI LLB

Property, Plant & Equipment Reconciliation

Reconciliation of the carrying amount of asset classes	Land	Buildings	Land Improvements	Leasehold Improvements	Access Roads	Plant and Equipment	Capital Works in Progress	Total
	2002 \$000	2002 \$000	2002 \$000	2002 \$000	2002 \$000	2002 \$000	2002 \$000	2002 \$000
Carrying amount at start of year	6,765	11,165	2,505	570	6,478	12,599	569	40,651
Acquisitions	3,617	5	36	4	-	4,140	509	8,311
Disposals	(4)	(80)	(13)	-	(10)	(724)	(45)	(876)
Transfer between classes	-	116	116	-	281	174	(687)	-
Revaluation:-								
Increments/(decrements)	(111)	1,368	-	-	5,893	-	-	7,150
Depreciation/Amortisation	-	(487)	(136)	(65)	(368)	(2,597)	-	(3,653)
Carrying amount at end of year	10,267	12,087	2,508	509	12,274	13,592	346	51,583

for the financial year ended 30 June 2002

15 PLANTATION GROWING TIMBER

	2002 \$'000	2001 \$'000
Balance at the beginning of the financial year	897,761	1,012,617
Adjustment at 1 July 2001 upon adoption of new Accounting Standard AAS35 - "Self-Generating and Regenerating Assets"	-	(145,167)
Valuation increment/(decrement) net of plantation timber sales	84,491	30,311
Balance at the end of the financial year	982,252	897,761

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 2.15.

16 PAYABLES

	2002 \$'000	2001 \$'000
Current		
Trade creditors	747	420
Accrued interest, loan guarantee fee and other costs of finance	1,456	1,460
Long Service Leave Levy Payable	109	93
Accrued staff related expenses	221	214
Tax payable - Payroll	113	114
- GST Payable	1,045	808
-Less GST Receivable	(392)	(480)
Accrued expenses	947	595
Prepaid royalties, grants & other revenue received in advance	51	202
Miscellaneous	482	1,049
Total payables	4,779	4,475

17 INTEREST-BEARING LIABILITIES

	2002 \$'000	2001 \$'000
Non-current		
Queensland Treasury Corporation Loan (1) - [market value as at 30 June \$83.291M]	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 2003. 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 2002. 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 5 for information relating to borrowing costs associated with this loan.

18 PROVISIONS

	Note	2002 \$'000	2001 \$'000
Current			
Provision for dividend	20	10,979	3,814
Recreation leave		3,091	2,965
Total provisions		14,070	6,779

Aggregate employee entitlements for 2001-02 amounted to \$3,421,000 (2001: \$3,272,000) being leave provisions at Note 18, accrued long service leave levies and staff related expenses at Note 16.

for the financial year ended 30 June 2002

19 CHANGES IN EQUITY

	Notes	2002 \$'000	2001 \$'000
(i) Capital			
Balance at the beginning of the financial year		844,271	935,186
<i>Adjustment at 1 July 2001 on adoption of new Accounting Standard AAS35 - "Self-Generating and Regenerating Assets"</i>			
- Decrement in the value of the Plantation Growing Timber		-	(145,167)
- Elimination of C & D class access roads		-	(21,928)
- Reclassification of nursery seedling inventory		-	(146)
- Transfers from reserves		-	82,583
- Non-reciprocal transfer of assets and liabilities		13	(6,257)
Balance at the end of the financial year		844,284	844,271
(ii) Retained Profits			
Balance at the beginning of the financial year		9,065	4,662
Net Profit for the period (1)		110,630	38,514
Dividend provided for	18,20	(10,979)	(3,814)
<i>Adjustment on adoption of new Accounting Standard AASB1041 - "Revaluation of Non-Current Assets" for reduction in Land value</i>			
		(111)	-
Transfer from Asset Revaluation Reserve	19(iii)	24	14
Unrealised revenue transferred to Plantation Growing Timber Unrealised Revenue Reserve	3(a)(iii)	(84,491)	(30,311)
Balance at the end of the financial year		24,138	9,065
(iii) Asset Revaluation Reserve			
Balance at the beginning of the financial year		476	1,232
Increment/(Decrement) on revaluation			
- Access Roads		5,893	-
- Land, Land improvements and Buildings		1,442	50
<i>Transfer to Capital upon adoption of new Accounting Standard AAS35 - "Self-Generating and Regenerating Assets" for access roads</i>			
		-	(792)
Transfer to Retained Profits	19(ii)	(24)	(14)
Balance at the end of the financial year		7,787	476
(iv) Plantation Growing Timber Unrealised Revenue Reserve			
Balance at the beginning of the financial year		30,311	-
Unrealised revenue transferred from Retained Profits (1)	3(a)(iii)	84,491	30,311
Balance at the end of the financial year		114,802	30,311
(v) Plantation Growing Timber Revaluation Reserve			
Balance at the beginning of the financial year		-	81,791
<i>Transfer to Capital on adoption of new Accounting Standard AAS35 - "Self-Generating and Regenerating Assets"</i>			
		-	(81,791)
Balance at the end of the financial year		-	-
(vi) Total Equity			
Balance at the beginning of the financial year		884,123	1,022,871
Changes in equity recognised in the Statement of Financial Performance		117,854	38,564
<i>Transactions with Owners as Owners</i>			
- Adjustment on adoption of AAS35		-	(167,241)
- Non-reciprocal transfer of assets and liabilities		13	(6,257)
- Dividends		(10,979)	(3,814)
Balance at the end of the financial year		991,011	884,123

- (1) 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 2.16). This unrealised revenue is not available for distribution. Calculation details of the unrealised revenue amount can be found at note 3(a)(iii).

for the financial year ended 30 June 2002

20 DIVIDEND

The dividend of \$10,978,608 (2001: \$3,814,440) provided for is payable to the Queensland Government. Refer note 2.6.

Note. Applicable to this financial year only, an agreement was reached with Queensland Treasury to exclude funding provided for land purchases under the Hardwood Plantation Establishment Initiative (refer note 3(c) from the calculation of dividend payable.

21 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO PROFIT AFTER INCOME TAX EQUIVALENTS

	Note	2002 \$'000	2001 \$'000
Profit from ordinary activities after income tax equivalents		110,630	38,514
Non-cash items:			
Unrealised plantation growing timber revenue	3(a)(iii)	(84,491)	(30,311)
Depreciation and Amortisation		3,667	3,807
Asset write-downs and decrements		74	-
(Gain)/loss on disposal of non-current assets		(174)	942
Changes in assets and liabilities:			
(Increase)/decrease in inventories		(71)	114
(Increase)/decrease in net receivables		(752)	486
(Increase)/decrease in GST input tax credits receivable		88	(475)
(Increase)/decrease in prepayments & other assets		(111)	38
Increase/(decrease) in employee provisions		139	51
Increase/(decrease) in unearned revenue		(151)	(573)
Increase/(decrease) in GST payable		237	806
Increase/(decrease) in creditors		146	197
Net cash provided by operating activities		29,231	13,596

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 10.

22 FINANCING FACILITIES**STANDBY ARRANGEMENTS TO PROVIDE FUNDS AND SUPPORT FACILITIES**

	2002 \$'000	2001 \$'000
Credit facility	3,000	3,000
Amount utilised	-	-
Unused credit facility	3,000	3,000

At 30 June 2002, 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.

23 INTERESTS IN JOINT VENTURES

DPI Forestry holds an interest in a number of joint ventures (Refer Note 2.24). These currently fall into two primary categories, namely;

23 (a) Joint Venture Operations.

Inputs to these joint ventures are recorded and accumulated over the life of the venture with the outputs being shared in proportion to the investment. Investments in these ventures are currently classified by output as follows:

Private Forestry Plantations Ventures:

Designed to establish commercially viable timber plantations on private and crown lands. Contributions to these joint ventures for 2001-02 totalled \$998,722 (2001: \$992,268).

for the financial year ended 30 June 2002

Seed Orchard Venture:

Designed to produce and sell improved tree seed from an orchard established for the purpose. Contributions to this joint venture for 2001-02 totalled \$23,880 (2001: \$30,535).

- No output was derived from the joint venture operations during the year (2001: \$nil).
- Total contributions to joint venture operations at 30 June 2002 amounted to \$4,321,451 (2001: \$3,298,842). Of this amount \$3,232,064 (2001: \$2,314,622) has been provided from State funding external to DPI Forestry.

23 (b) Joint Venture Entity.

A 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.

As at 30 June 2002 this company had not commenced trading.

24 CONTROLLED ENTITY

In August 2001, with the approval of the Treasurer, DPI Forestry formed Qfor Pty. Ltd., and acquired a 100% interest (10 shares at a \$1) in the company. The company was formed as a suitable corporate vehicle from which to conduct certain commercial joint ventures, particularly the Wollemi Joint Venture. See note 23(b).

As investment to date has been minor and the company has not yet commenced trading, the entity is considered immaterial for reporting purposes and has not been consolidated into DPI Forestry's financial statements.

The Auditor-General of Queensland has been appointed as the company's auditor.

25 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. 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 matters relating to personal injury claims to non-employees, one breach of contract claim and one negligence claim 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	2
District Court	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.

DPI Forestry has insurance cover with the Queensland Government Insurance Fund. The costs of any successful claims against DPI Forestry may, depending on the circumstances, be met by the insurer.

26 COMMITMENTS FOR EXPENDITURE

Capital expenditure - plant and equipment payable within 1 year: \$71,117 (2001: \$420,006).

27 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 2002 amounted to \$727,369 (30 June 2001 \$712,304). 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.

28 FINANCIAL INSTRUMENTS

28 (a) 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		
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 %	2001 %	2002 %	2001 %
Financial Assets																
Cash	34,246	16,104	-	-	-	-	-	-	27	29	34,273	16,133	-	-	3.74	5.00
Receivables -trade debtors	-	-	-	-	-	-	-	-	13,205	12,708	13,205	12,708	-	-	-	-
Receivables (other than trade debtors)	-	-	-	-	-	-	-	-	2,115	1,749	2,115	1,749	-	-	-	-
Total Financial Assets	34,246	16,104	-	-	-	-	-	-	15,347	14,486	49,593	30,590	-	-	-	-
Financial Liabilities																
Payables	-	-	-	-	-	-	-	-	4,779	4,475	4,779	4,475	-	-	-	-
Interest-bearing liabilities	-	-	-	-	24,148	29,524	52,272	46,896	-	-	76,420	76,420	5.52*	5.52	-	-
Dividend payable	-	-	-	-	-	-	-	-	10,979	3,814	10,979	3,814	-	-	-	-
Total Financial Liabilities	-	-	-	-	24,148	29,524	52,272	46,896	15,758	8,289	92,178	84,709	-	-	-	-

* This rate represents the book rate applicable to an interest only borrowing. The loan reverts to principal and interest on 1 July 2003, at which time an approximate book rate of 6.15% will apply.

28 (b) Net fair values.

Financial Instruments	Total carrying amount as per the Statement of Financial Position		Net fair value	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Financial Assets				
Cash	34,273	16,133	34,273	16,133
Receivables -trade debtors	13,205	12,708	13,205	12,708
Receivables (other than trade debtors)	2,115	1,749	2,115	1,749
Total Financial Assets	49,593	30,590	49,593	30,590
Financial Liabilities				
Payables	4,779	4,475	4,779	4,475
QTC Borrowings	76,420	76,420	83,291	82,010
Dividend payable	10,979	3,814	10,979	3,814
Total Financial Liabilities	92,178	84,709	99,049	90,299

The fair value of borrowings is the market value as advised by Queensland Treasury Corporation.

28 (c) 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.

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 2002 and of the financial position as at the end of that year.



DR W A HOEY
Director-General



R BECK
Executive Director (DPI Forestry)

27th August 2002

INDEPENDENT AUDIT REPORT

To the Director-General of the Department of Primary Industries.

Scope

I have audited the General Purpose Financial Statements of DPI Forestry, a Commercialised Business Unit of the Department of Primary Industries prepared by DPI Forestry for the year ended 30 June 2002 in terms of s.40 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 officer responsible for the financial administration of 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.

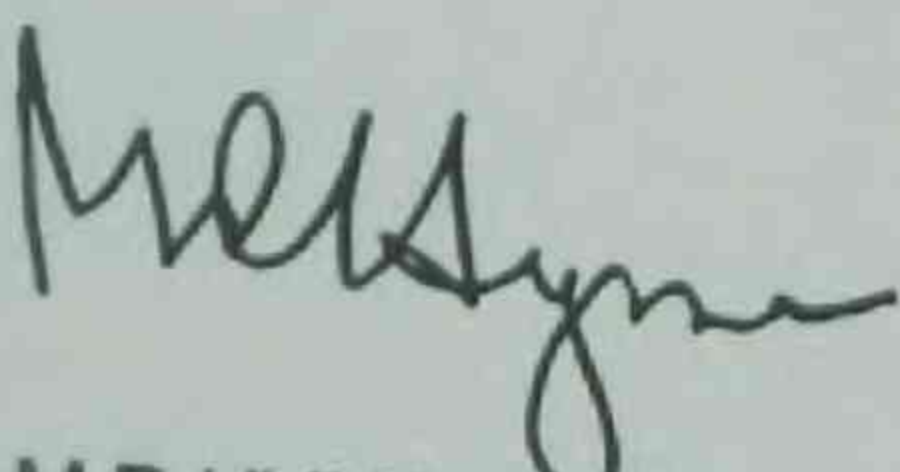
The audit has been conducted in accordance with *QAO Auditing Standards*, which incorporate Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting 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 in Australia which include Australian Accounting Standards so as to present a view which is consistent with my understanding of the entity's financial position and the results of its operations and its cash flows.

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 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 2001 to 30 June 2002 and of the financial position as at the end of that year.



M.R. HYMAN, CA
Acting Assistant Auditor-General
(As Delegate of the Auditor-General)



Queensland Audit Office
Brisbane



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