

Annual Report 2004-05  
Department of Primary Industries and Fisheries

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04-05



- **Our vision is:**  
Profitable primary industries for Queensland.
- **Our mission is to:**  
Maximise the economic potential of Queensland's primary industries on a sustainable basis.
- **Our values:**  
In everything we do, we honour these values:
  - We are committed to profitable primary industries for Queensland
  - We work together as one DPI&F
  - We deliver what we promise
  - We demonstrate leadership and innovation
  - We build effective relationships with our stakeholders and each other.

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## ➤ Welcome

to the Department of Primary Industries and Fisheries (DPI&F) Annual Report 2004–05. DPI&F is a Queensland Government agency that is creating a sustainable future for our primary industries and a strong economy for our state.

## ➤ About this report

DPI&F's Annual Report 2004–05 provides a comprehensive analysis of our department's objectives, activities and performance for the financial year ended 30 June 2005.

In particular, our report responds to the vision, mission, values and strategic objectives presented in DPI&F's Strategic Plan 2004–09 by reporting on activities undertaken during the year that are linked to Queensland Government priorities (see page 12) and DPI&F outputs (see pages 18–47).

Our Annual Report is DPI&F's primary accountability document for reporting to the Queensland Parliament. However, it is also a valuable information resource for individuals and groups who share an interest in our performance and future direction.

Electronic versions of the Annual Report 2004–05 and the Strategic Plan 2004–09 are available on DPI&F's web site [www.dpi.qld.gov.au](http://www.dpi.qld.gov.au).

Additional printed copies of this report are available at the DPI&F Information Centre, Ground Floor, 80 Ann Street, Brisbane or by emailing [callweb@dpi.qld.gov.au](mailto:callweb@dpi.qld.gov.au) or telephoning 13 25 23 for assistance. Information on other DPI&F publications is provided at Appendix 4 of this report.

## ➤ Have your say

DPI&F welcomes your comments and suggestions about the Annual Report 2004–05 content and design. Please send your feedback to the Assistant Director-General, Corporate Capability, Department of Primary Industries and Fisheries, GPO Box 46, Brisbane Qld 4001. Or email [annualreport@dpi.qld.gov.au](mailto:annualreport@dpi.qld.gov.au).

As part of DPI&F's continuous improvement process, feedback on past Annual Reports has been incorporated in the development of this report.

This report is printed on 100% recycled, Australian-made paper, made entirely from renewable industrial and agricultural resources (85% paper waste and 15% cotton waste).

Photograph of Queensland Boating and Fisheries patrol officer on the front cover: Peter Johnson, The Courier Mail

### SECTION 1



Government Priorities

### SECTION 2



Industry Development

### SECTION 3



Biosecurity

### SECTION 4



Fisheries

### SECTION 5



Forestry



## 2004–05 Highlights and outlook

### ■ Highlights

- Queensland primary industries posted a record gross value of production (GVP) of \$11 billion for 2004–05 (see page 4).
- We released three strategic documents to further strengthen primary industries research and development, increase exports and boost GVP: *Queensland's Future – Renewing Primary Industries and Fisheries: A Discussion Paper*, *Research and Development Strategy* and *Food and Agribusiness Export Strategy* (see page 18).
- Net assets increased by \$64.7 million to \$332 million, providing a stronger platform for our department's service delivery. Capital expenditure almost doubled to \$25.7 million, with more than \$4 million spent on new scientific equipment (see page 77).
- We posted our third consecutive operating break-even result, highlighting DPI&F's commitment to using our budget allocation to benefit Queensland primary industries (see page 72).
- We undertook our largest ever communications and logistics exercise to prepare the state's livestock industries for the mandatory introduction of the National Livestock Identification System (see page 17).
- We marshalled support from the Australian Government, other states and territories, and the horticultural industry to develop and implement a plan to eradicate the exotic citrus canker disease detected near Emerald in July 2004 (see page 33).
- Our commercialised forest grower, DPI Forestry, posted record-equalling timber and other forest product sales of \$101.6 million in 2004–05, the same as the previous financial year (see page 42).

### ■ Outlook

In 2005–06, we will:

- support the growth of primary industries to achieve DPI&F's increased GVP target despite the continuing drought, increasing farming costs and competition from the projected return of United States beef to the Japanese market
- invest additional Queensland Government funds in biosecurity, aquaculture and export market development as provided for in the 2005–06 State Budget
- implement action plans under DPI&F's *Research and Development Strategy* and *Food and Agribusiness Export Strategy*
- oversee the national plan to destroy all commercial, domestic and high-risk native citrus trees in the Emerald district to eradicate the exotic citrus canker disease and allow growers to re-establish orchards (see case study page 33)
- continue to implement the national eradication strategy for red imported fire ants, including a final surveillance round in 2005–06 of original core infested areas
- maintain DPI Forestry's strong performance. A \$46.8 million surplus is projected for 2005–06 along with record timber sales and record plantation establishment and re-establishment
- work with the state's livestock industries to implement the mandatory National Livestock Identification System (NLIS) for the sheep industry from 1 January 2006 and continue the phase-in of compulsory NLIS for cattle by 1 July 2007 (see page 17)
- commence commercial sales of the Wollemi pine under a joint venture between DPI Forestry and Brisbane's Birkdale Nursery (see page 47).



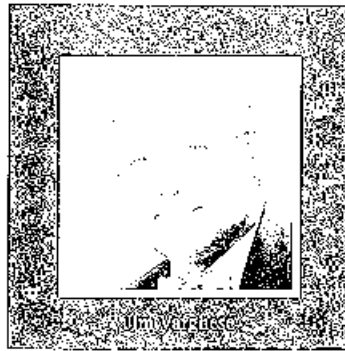
## 2004-05 Performance scorecard

DPI&F's performance scorecard for 2004-05 reflects the first full year of operations after our Aligning for Success review (see page 4). We have had significant achievements and a few challenges along our path to becoming more focussed and stronger in delivering our vision of 'profitable primary industries for Queensland'.

2004-05 Performance indicators for DPI&F outputs	Result	Key achievements	Outlook for 2005-06
<b>Output: Industry development</b>			
Increase the productivity of Queensland's primary industries		We launched three strategic documents that will help us strengthen primary industries research and development, increase exports, and boost the value of primary industries production (see page 18).	We will invest \$55 million in research, development and extension activities across 17 programs as part of our R&D strategy. We will direct resources into achieving a 4.4% annual increase in the gross value of primary industries production in Queensland for the next seven years, compared to a forecast growth rate of 4% a year.
		We provided expertise, programs and support to the wool, dairy, cotton, sugar, grazing and horticultural industries to assist them to become more efficient and sustainable (see page 20).	
Develop markets for food, fibre and foliage products		We created new markets for value-added beef and dairy cattle products and services in South America, Asia and the Middle East (see page 14).	We will lead a horticultural export drive into new Asian markets. We will commercially release fruit and vegetable varieties that offer improved health benefits to consumers.
		We released 13 better tasting, higher yielding and more disease resistant varieties of fruit and vegetables onto commercial markets (see page 20).	
		Our direct trade assistance resulted in \$10 million of primary industries exports, down from \$24.4 million in 2003-04 due to drought and the higher Australian dollar.	
Strengthen business adaptability		We developed new technologies, tools and training programs to enable primary producers to better manage drought and climate variability (see page 14).	We will oversee the implementation of AAA FarmBIS, a training program that aims to boost the capacity of rural enterprises.
		We continued to provide drought relief assistance to affected primary producers throughout the state (see page 14).	
Enhance the sustainability of our primary industries		Working with industry, Government and natural resource management groups, we conducted diverse programs to reduce agricultural impacts on waterways and the Great Barrier Reef (see page 55).	We will continue our range of programs designed to reduce environmental impacts of primary production. This includes supporting the uptake of more sustainable industries, such as aquaculture.
		We signed a <i>Memorandum of Understanding</i> with the Queensland Farmers' Federation to encourage the uptake of voluntary farm management systems to reduce environmental impacts in agricultural areas (see page 23).	

- Achieved
- Significant progress
- Some progress

2004-05 Performance indicators for DPI&F outputs	Result	Key achievements	Outlook for 2005-06
<b>Output: Biosecurity</b>			
Manage pest and disease risks to our animal and plant industries	✓	DPI&F met all national surveillance and eradication targets for pest and disease management, including those for bovine spongiform encephalopathy (see page 28).	We will participate in national avian influenza emergency response planning.
	✓	99.5% of known infested land parcels are fire and free compared to a target of 98% (see page 26).	We will continue the fire and eradication program. The current planned eradication program is due to be completed by 30 June 2007.
	✓	We responded immediately and effectively to the outbreak of citrus canker disease in Emerald in July 2004 (see page 33).	We will continue to lead the citrus canker eradication program, aiming to fully restore market access for Emerald citrus producers by February 2009.
Ensure the proper care and treatment of all animals in Queensland	↗	We began compliance monitoring of groups affected by the <i>Australian Code of Practice for the Care and Use of Animals for Scientific Purposes</i> and the related <i>Animal Care and Protection Act 2001</i> (see page 30).	Monitoring of industry compliance with legislation will continue.
Ensure market access for primary industries products	↗	We implemented the National Livestock Identification System (NLIS) to secure beef exports to major trading partners (see page 17).	We will monitor industry compliance with NLIS, and extend this system to the sheep industry.
	↗	Our random testing of Queensland produce showed that 98% was within legal limits for chemical residues (see page 31).	Chemical residue testing will be enhanced through the use of new technologies.
<b>Output: Fisheries</b>			
Manage fisheries resources on a sustainable basis	↗	The Commonwealth Department of Environment and Heritage (DEH) has determined that 21 Queensland fisheries are managed sustainably (see page 35).	Four remaining fisheries will be assessed by DPI before December 2005 and monitoring of key fisheries will continue.
	↗	Our monitoring of 12 key fisheries showed that current commercial harvesting is sustainable (see page 35).	Our new Quota Management Unit will enhance industry compliance with quota arrangements.
	↗	We introduced quota arrangements for coral reef fin fish and Spanish mackerel, bringing the number of species covered by state-based quotas to 20 (see page 34).	
Protect our fisheries resources	✓	Queensland Boating and Fisheries Patrol (QBFP) inspected 32,973 fishing vessels/operations, revealing 94% compliance with regulations. This exceeded our target by 2% (see page 36).	Compliance monitoring will be enhanced by additional QBFP staff, replacement patrol vessels, and new bases at Rosslyn Bay and Redland Bay.
Develop Queensland's fisheries and aquaculture industries	✓	At the start of 2004-05, aquaculture represented over 20% or \$73 million of the gross value of all Queensland fisheries.	We will assist with an industry development plan for prawn aquaculture, and plans to boost investor confidence in aquaculture.
	✓	We continued to assist with industry development, facilitating plans for oyster and crab farming across the state (see page 38).	
<b>Output: Forestry commercial</b>			
Increase sales of plantation timber on a sustainable basis	✓	DPI Forestry signed an agreement with Pencil Forest Products for the sustainable harvest over 15 years of three million cubic metres of log timber from state-owned plantations in north Queensland (see page 44).	We expect market demand for plantation timber to remain firm, enabling us to meet or exceed sales records.
	✓	Sales of plantation timber exceeded two million cubic metres for the second year running (see page 44).	DPI Forestry's 2004-05 certification to the <i>Australian Forestry Standard</i> will enable us to market our timber production as being sustainable, giving us a competitive advantage in the marketplace.
Increase the efficiency of state-owned forest production	→	The State Government investigated the potential establishment of a forestry corporation to manage commercial timber production from state-owned plantations (see page 45).	The Government is examining findings from the investigation and on the future of DPI Forestry.
Expand state-owned forest plantations	↗	DPI Forestry's land acquisition program was accelerated, resulting in the purchase of 1,680 hectares of cleared land, up from 270 in 2003-04. The land will be used for hardwood and softwood plantations (see page 43).	DPI Forestry will continue to acquire land to expand the state's plantation estate to 200,000 hectares by 2010.
	→	We planted 6,078 hectares of softwood and hardwood plantations, slightly below our target of 6,280 hectares due to dry weather conditions and some shortages of contract labour (see page 43).	We plan to plant a record 7,554 hectares of softwood and hardwood plantations in 2005-06.



## Our Director-General's review

The Department of Primary Industries and Fisheries (DPI&F) is now in a much stronger position to deliver on our vision of 'profitable primary industries for Queensland'.

The Aligning for Success review, and the restructure of the department announced in May last year, reaffirmed DPI&F's position as an economic development agency and a leader among Australia's agricultural departments.

The year 2004-05 was the first full financial year for our new structure and it has been a period of significant challenge and achievement for DPI&F and Queensland's primary industries.

It was also a financial year when Queensland's primary industries posted a record gross value of production (GVP) of \$11 billion.

DPI&F has set a target of accelerating the growth of the sector's GVP from a forecast 4 per cent a year over the seven years to 4.4 per cent (see diagram).

This bold and ambitious target was set amid a challenging period for my department and industry with the detection of the exotic citrus canker disease near Emerald, the introduction of the National Livestock Identification System (NLIS), the ongoing drought and continuing competition in overseas markets.

The Aligning for Success process was underpinned by the Three Frames management philosophy I have developed and implemented in three other Queensland Government agencies.

The Three Frames approach is based on the fact that, for an organisation or an individual to achieve their maximum potential, the focus must be on alignment, relationships and performance.

### Alignment

Under the new structure, DPI&F staff and activities are better aligned with the department's mission to 'maximise the economic potential of Queensland primary industries on a sustainable basis' and the whole of Government priorities.

Alignment of the relationships within DPI&F helps to identify any barriers and capacity to achieve the performance goals we have set.

In March 2005, the Queensland Premier released three strategic documents prepared by DPI&F. The documents: *Queensland's Future - Renewing Primary Industries and Fisheries: A Discussion Paper*, *Research and Development Strategy* and *Food and Agribusiness Export Strategy* were the natural extension of the Aligning for Success process.

These documents have clearly spelt out the department's future strategic direction and our commitment to profitable and sustainable primary industries, including our target of accelerated growth.

DPI&F featured prominently in the second stage of the Queensland Government's Smart State strategy, *Smart Queensland 2005-15*, released in April 2005. Under the strategy, we received additional funding for aquaculture development and Asian market development for horticulture. In addition, the strategy reaffirmed the Government's commitment to 'continue to apply our research and development to strengthen the competitive edge of primary industry exports'.

DPI&F's new organisational structure was strengthened by the introduction of achievement planning. Each member of DPI&F will have a plan that details the achievements and milestones that they commit to. A keen focus on achievement concentrates resources and attention on the results achieved, rather than the inputs.

The development of a performance management system called Clarity was another enhancement. Clarity will greatly assist DPI&F management to make strategic decisions and give operational staff a system to track and monitor the success of projects and activities.

“We are a key Queensland Government agency in the planning and establishment in 2009 of the Ecosciences Precinct, and the Health and Food Sciences Precinct in Brisbane.”

## Relationships

DPI&F has strengthened existing relationships and created new partnerships within government and industry sectors during 2004-05.

We achieved historic memoranda of understanding with Food Science Australia to progress food R&D and with the Queensland Farmers' Federation (QFF) to develop farm management systems.

We are a key Queensland Government agency in the planning and establishment in 2009 of the Ecosciences Precinct, and the Health and Food Sciences Precinct in Brisbane. DPI&F has also established a precinct at the University of Southern Queensland in Toowoomba for our Regional Delivery and Plant Science directorates.

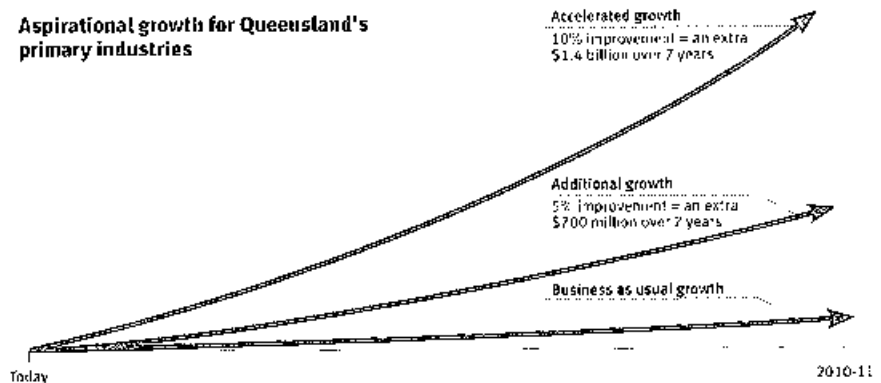
Significantly, DPI&F was the partner in six successful bids in the 2004 Cooperative Research Centre (CRCs) round. These CRCs unify the national research effort in areas such as biosecurity, beef genetics, pork and water.

DPI&F's national leadership was evident in shaping improvements to Australia's drought policy. As part of DPI&F's national approach, I am chairing a steering committee overseeing the development of the National Monitoring System as an early warning and support mechanism for drought.

In 2004, DPI&F was able to forge a partnership with other states and territories and the Australian Government as well as the citrus industry, through Growcom, to marshal a national response to eradicate the exotic citrus canker disease.

Similarly, DPI&F has worked closely with AgForce in whole-of-Government commitment to a Blueprint for the Bush. DPI&F also engaged AgForce and the industry-based Queensland NIS Implementation Committee to deliver one of the department's largest communication exercises to ensure the state's livestock industries were prepared for the introduction of the new identification and tracking system.

## Aspirational growth for Queensland's primary industries



## Performance

DPI&F is now aligned and has developed relationships with our stakeholders to maximise our performance.

Our improved performance in 2004-05 led to increased core and ongoing funding for DPI&F in the State Government's 2005-06 budget. For DPI&F, an increased investment by Government demonstrates return on investment.

In terms of drought, Queensland was the first state to sign up to contribute under the Australian Government's recently expanded Exceptional Circumstances scheme.

Significantly, Queensland contributed the most funding of any Australian state or territory to the AAA FarmBis training subsidy program for primary producers and landholders. With matching Australian Government funding, \$22 million will be available in Queensland for training subsidies over three years.

The Queensland Government's commercialised forest grower, DPI Forestry, posted a record-equalling \$101.6 million in forest product sale proceeds in 2004-05, the same as in 2003-04, despite some weakening in demand late in the year. DPI Forestry was also awarded internationally recognised Australian Forestry Standard certification, acknowledging the business group as one of the world's leading forest managers.

## → Outlook for 2005-06

The achievements of DPI&F in 2004-05 were substantial. Nevertheless, the continuing drought, increasing costs of farm inputs such as fuel, intensifying competition for export markets and preparing for biosecurity risks already loom large. These and other challenges threaten to undermine DPI&F's 'profitable primary industries' agenda and our target for accelerated growth.

Fortunately, DPI&F is well positioned to assist the primary industries sector to respond to these challenges.

With a determined workforce, a capacity for world-class science and innovation, and effective partnerships with our stakeholders, DPI&F promotes growth, new opportunities and new investment.

Jim Varghese  
Director-General



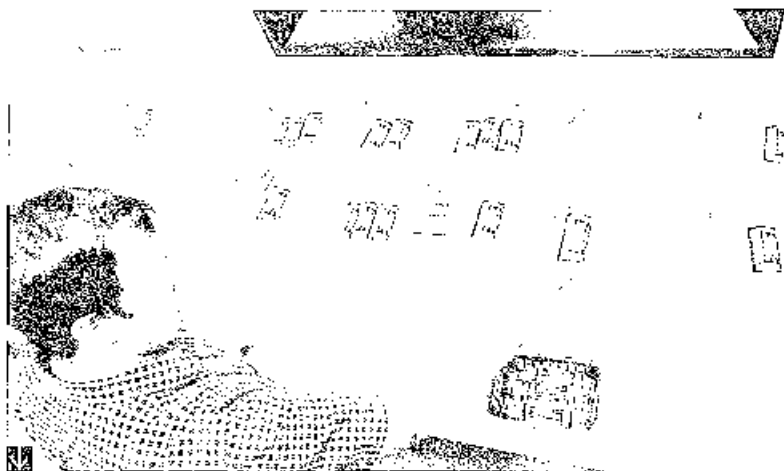
## Our business

DPI&F is the driving force behind Queensland's primary industries – a sector that contributes around \$11 billion to the Australian economy each year. Our role is to maximise the economic potential of food, fibre, forestry and fisheries enterprises to ensure a sustainable future.

The development of DPI&F is a rich part of Queensland's history. In 1855, four years before Queensland became a separate colony, the government made its first primary industries appointment: a sheep inspector in the Moreton Bay District of New South Wales.

Growing demand for assistance from British and European settlers led to the establishment of the Queensland Department of Agriculture in 1887. The department provided advice on managing livestock diseases and how to succeed 'on the land' in Queensland's unique conditions.

Almost 120 years later, DPI&F is helping to develop the economic performance and impact of Queensland's primary industries in the areas of industry development, biosecurity, fisheries and commercial forestry management.



Mitchell Finger, technical officer from DPI&F's tick fever centre at Wacol, dispatching tick fever vaccine.

To plan and deliver DPI&F's services, we work with 10 different groups of stakeholders:

- primary industries enterprises
- industry associations
- research and development organisations
- State and Federal Governments
- environmental and scientific groups
- local government and statutory authorities
- rural, urban and Indigenous communities
- employees
- customers
- unions and suppliers.

DPI&F has administrative responsibilities for, and functional responsibilities derived from, 26 Acts, regulations and plans (see Appendix 5).

We also carry delegations for certain functions under other legislation, such as the *Environmental Protection Act 1994*, and are accountable for compliance with a range of legislation at state and national levels. We report to Parliament through the Minister for Primary Industries and Fisheries.

In 2004–05, DPI&F's operating budget was \$336 million.



## The value of our primary industries

Queensland's primary industries continue to make a significant contribution to the state's economy, despite the challenges of difficult climatic conditions.

This year, the gross value of production of primary industry commodities was an estimated \$11 billion. This is a Queensland record, and an increase of \$823 million compared with 2003-04.

By value, Queensland's beef industry is currently the largest primary industry, accounting for approximately 30 per cent of forecast gross value of primary industry commodities. This is closely followed by the horticulture industry, including fruit, vegetables and lifestyle horticulture, which accounts for approximately 28 per cent of the state's forecast gross value of primary industry commodities.

The table illustrates recent trends in the gross value of production of major primary industry sectors.



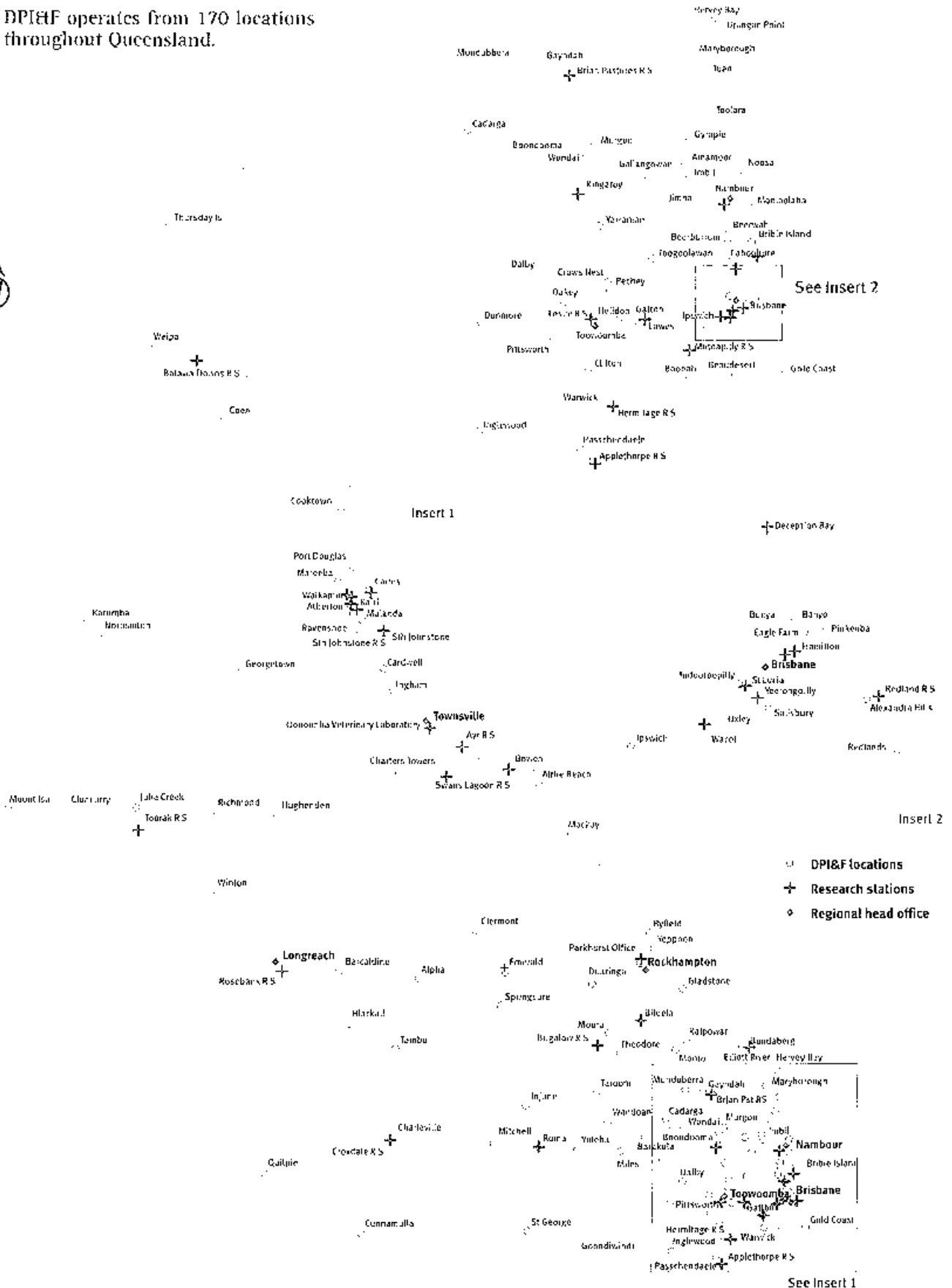
The DPI&F Call Centre managed 142,909 calls and email requests during 2004-05.

### Gross value of Queensland's primary industries 2001-02 to 2004-05

Item	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
Sugar cane	903	944	740	835
Cotton	396	188	410	575
Fruit and nuts	786	720	705	775
Vegetables	677	674	790	695
Lifestyle horticulture	1,165	1,241	1,355	1,460
Other crops	970	849	978	930
<b>Total crops</b>	<b>4,898</b>	<b>4,616</b>	<b>4,978</b>	<b>5,270</b>
Cattle and calves disposals	3,223	2,878	3,165	3,705
Other livestock disposals	474	479	479	525
<b>Total livestock disposals</b>	<b>3,697</b>	<b>3,357</b>	<b>3,644</b>	<b>4,230</b>
Milk wool and eggs	502	511	450	440
Fisheries	400	370	380	335
Forestry	598	666	725	725
<b>Total primary industries</b>	<b>10,094</b>	<b>9,519</b>	<b>10,177</b>	<b>11,000</b>

- Gross value is the value of recorded production at wholesale prices in the marketplace (e.g. cattle sold through saleyards). Figures have been rounded.
- Figures are estimates and/or forecasts from DPI&F and/or the Australian Bureau of Statistics.
- Disposals means livestock slaughtered or exported, less livestock imported.
- Forestry totals include log sawmilling and timber dressing.
- Discrepancies in the additions are due to rounding.

DPI&F operates from 170 locations throughout Queensland.



## Our business groups

DPI&F operates as six business groups, employing 3,724 full-time equivalent staff (including Fire Ant Control Centre staff) to deliver services throughout the state and administer our department.

A brief profile of each business group, with a snapshot of the group's operational performance in 2004–05, is provided on the next three pages. Detailed information on DPI&F's organisational structure and governance is provided on pages 57 to 67 of this report.

## Industry Development Group

Our Industry Development Group establishes DPI&F's policies and priorities based on stakeholder research, industry analysis and an understanding of current issues facing primary industries. The group also develops strategies for research and development, industry development, and promoting trade and investment in primary industries.

## Delivery Group

Our Delivery Group implements our business strategies throughout Queensland. The group develops primary industries through increasing productivity, developing markets, strengthening business adaptability, and devising and implementing sustainable production systems. The group manages the regional delivery of these services and DPI&F's world leading research programs in areas including plant science and farming systems, horticulture and forestry science, animal science, biotechnology, climate science, food science, and sustainable production systems.

### Industry Development Group 2004–05 snapshot

Statistic	2002–03	2003–04	2004–05	% change from previous year
Number of Queensland primary producers who contacted DPI&F for farm finance counselling	1,034	825	861	+4.3%
Amount of external funding secured for research and development (largely from industry research and development corporations and the Australian Government)	\$31.1 million	\$33.0 million*	\$34.3 million	+3.9%
Number of cooperative research centres (CRCs) DPI&F worked with during the year	14	15	15	0%
Attendees at FarmBis-supported training activities designed for primary producers	10,180	13,131	**	N/A

\* The figure has been revised since last year's Annual Report.

\*\* The FarmBis program finished on 30 June 2004 and the new program, AAA FarmBis, did not start until May 2005. The programs are different, making statistical comparison inappropriate.

### Delivery Group 2004–05 snapshot

Statistic	2002–03	2003–04	2004–05	% change from previous year
Number of groups facilitated by DPI&F to promote innovation, business enhancement and rural development	65	67	70	+4.5%
Payments made to Queensland primary producers under the state Drought Relief Assistance Scheme	\$8.8 million	\$9.5 million	\$5.0 million*	-47.4%
Number of applications paid under the Drought Relief Assistance Scheme	6,161	5,385	2,186*	-59.4%
Attendees at DPI&F's Building Rural Leaders program which builds capacity in rural industries	95	93	**	N/A
Number of scientific research and development projects undertaken	>900	>900	>600***	N/A

\* Due to prolonged drought throughout Queensland and lack of available agistment for livestock, most property owners elected to significantly reduce stock numbers while cattle prices were high. This reduced the amount of Drought Relief Assistance Scheme payments.

\*\* The FarmBis program finished on 30 June 2004 and the new program, AAA FarmBis, did not start until May 2005. The programs are different, making statistical comparison inappropriate. AAA FarmBis offers subsidies for approved participants in Building Rural Leaders courses.

\*\*\* Projects were amalgamated for reporting purposes under DPI&F's new performance management system.

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### Biosecurity Group

Our Biosecurity Group's major role is to provide confidence to markets and the community that key biosecurity and animal welfare risks to Queensland are managed. We conduct programs that establish and maintain standards for animal and plant biosecurity, animal welfare, and chemical use and food safety. We also prevent and respond to outbreaks of pests and diseases, and chemical and contaminant exposures.

### Fisheries Group

Our Fisheries Group works to secure the long-term viability of the aquaculture, commercial, recreational and Indigenous fishing industries in Queensland. Using ecologically sustainable development principles we conduct ongoing reviews of our fisheries resource management measures, facilitating development of fisheries and aquaculture, and undertaking a range of related compliance activities.



QBPF district manager, Jeff Krause, inspecting commercial catch at a seafood processor.

### Biosecurity Group 2004-05 snapshot

Statistic	2002-03	2003-04	2004-05	% change from previous year
Number of serology tests conducted under the National Arbovirus Monitoring Program which provides information on diseases such as the bluetongue and akabane viruses of livestock	176	209	200	-4.3%
Number of businesses accredited by DPI&F to certify their own produce through Interstate Certification Assurance (ICA)	1,124	802	781	-2.62%
Number of brand registrations for horses, cattle, sheep and pigs	3,005	3,200	2,748	-14.13%
Number of animal welfare incidents reported to DPI&F	1,234	1,069	904	-15.43%
Number of formal actions required as a result of reported animal welfare incidents (e.g. seizure, prosecution)	60	53	52	-1.89%
Doses of tick fever vaccine produced and sold by DPI&F (as the major producer of live tick fever vaccine in the world) to control endemic tick fever in north Australian cattle herds	931,875	767,070	873,775	+13.91%

### Fisheries Group 2004-05 snapshot

Statistic	2002-03	2003-04	2004-05	% change from previous year
Number of Queensland fisheries scientifically monitored	11	10	12	+20%
Number of Queensland fisheries independently assessed as being managed according to sustainable development principles	10	21	21	0%
Percentage increase in the area of marine Fish Habitat Areas in Queensland	2%	2%	10%	+400%
Number of stocked dams permits issued in Queensland	31,000	35,208	37,023	+4.9%
Percentage of overall compliance with Queensland fisheries laws	92.5%	93.4%	94.4%	+1.1%

### DPI Forestry

DPI Forestry is our commercial business group responsible for sustainably producing and marketing log timber and other forest products from state-owned plantations and native forests. The group is the principal supplier of log timber to Queensland's regionally-based timber processing industry and is responsible for more than 80 per cent of Queensland's domestic timber production.

### Corporate Capability Group

Our Corporate Capability Group manages key DPI/DF administrative and corporate governance functions. These include financial and asset management, human resources management, information management, strategic planning, strategic communication and marketing, performance reporting, legal services and knowledge management.



DPI Forestry maintains a network of water quality monitoring stations throughout its Queensland forest plantations.

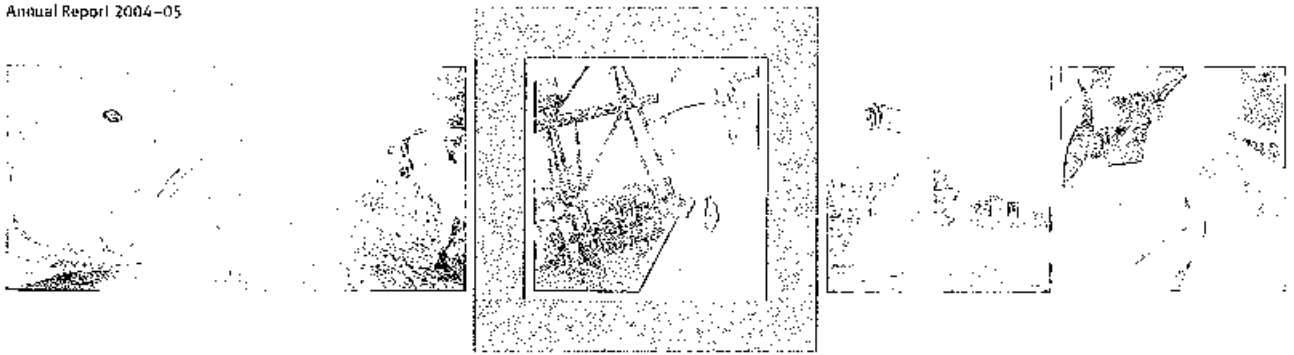
### DPI Forestry 2004-05 snapshot

Statistic	2002-03	2003-04	2004-05	% change from previous year
Volume of state-owned plantation timber harvested in Queensland	1.89 million cubic metres	2.06 million cubic metres	2.0 million cubic metres	-3%
Volume of state-owned native forest timber harvested in Queensland	358,225 cubic metres	350,651 cubic metres	292,272 cubic metres	-17%
Volume of plantation timber harvested as a percentage of DPI Forestry's total timber production	84.1%	85.5%	87.2%	+1.75%
Total value of DPI Forestry's product sales	\$96.8 million	\$101.6 million	\$101.6 million	0%
DPI Forestry's profit (or loss) from ordinary activities including revaluation of standing plantation timber	\$258.3 million	(\$48.8) million	(\$4.1) million	+92%
DPI Forestry's trading surplus after interest and tax, before timber revaluation	\$30.2 million	\$32.7 million	\$17.8 million	-46%
Total area of state-owned plantation planted	6,332 hectares	4,900 hectares	6,078 hectares	+24%

### Corporate Capability Group 2004-05 snapshot

Statistic	2002-03	2003-04	2004-05	% change from previous year
Number of DPI/DF employees	3,928	3,649	3,724*	+2.05%
Workers' Compensation claims:				
- Lost wages and salaries	\$350,778	\$394,893	\$318,246	-19.41%
- Rehabilitation expenses	\$357,461	\$550,901	\$737,710	+33.91%
Percentage of women in senior executive or senior officer positions as a proportion of all senior executive service and senior officer level staff	20%	21%	20%	-1%
Number of calls and email requests handled by DPI/DF's Call Centre	126,108	124,293	142,909	+14.97%
Staff turnover excluding Fire Airt Control Centre staff	6.7%	6.8%	6.6%	-0.2%

\* Includes Fire Airt Control Centre staff.



## Responding to Government priorities

DPI&F addresses the Queensland Government's commitment to strengthening the state economy, building our regions and protecting the environment.

Our department's outputs and outcomes are closely aligned with three State Government priorities, as demonstrated in the table below.

DPI&F also plays a supporting role in the achievement of the following Government priorities:

**Realising the Smart State through education, skills and innovation**

– through our research, development and extension activities.

**Delivering responsive government**

– through our strategic policy development, community engagement and community-based delivery activities.

**Government priority:  
Growing a diverse economy  
and creating jobs**

**Response:  
Key activities in 2004–05**

**Funding secured for six  
cooperative research centres**

Despite our small population and large land area, Queensland is at the cutting edge of science. This is supported by our involvement in collaborative research and development projects.

In 2004–05, DPI&F was partner to six successful bids to the Australian Government for Cooperative Research Centre (CRC) funding for the next seven years.

The successful bids were for CRCs for Beef Genetic Technologies, Internationally Competitive Pork Industry, Cotton Catchment Communities, Australasian Invasive Animals, National Plant Biosecurity, and eWater.

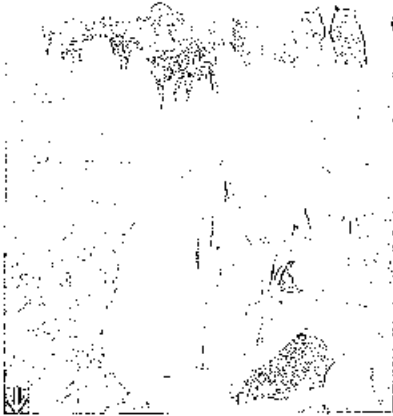
**Protein boost for the Atherton  
dairy industry**

Building on the success of the national DPI&F-led Protein Plus project, we are now assisting Atherton Tablelands dairying businesses to revitalise their industry.

Dairying has traditionally held a significant share of the Atherton Tablelands economy but since dairy industry deregulation, suppliers have fallen from 183 farms in June 2000 to just 104 farms today. Milk production has also declined by more than 20 per cent to 94 million litres a year.

Government priority	Outcomes of DPI&F initiatives	Related DPI&F outputs
Growing a diverse economy and creating jobs	<p>We support profitable primary industries for Queensland through expanded market access, export and trade opportunities, and smart science.</p> <p>We assist Queensland's primary industries diversify and strengthen the economy through job creation, through value adding, productivity growth and the development of future growth industries.</p>	<p>Industry development, fisheries, forestry commercial and biosecurity.</p> <p>Industry development, fisheries and forestry commercial.</p>
Managing urban growth and building Queensland's regions	<p>We ensure Queensland's primary industries build on the competitive strengths of our state's diverse regions.</p>	<p>Industry development, fisheries and forestry commercial.</p>
Protecting the environment for a sustainable future	<p>We promote sustainable development of Queensland's primary industries through responsible use of the state's natural resources.</p>	<p>Industry development, biosecurity, fisheries and forestry commercial.</p>

## SECTION 1



DPI&F Protein Plus project leader Glen Chopping leads a program to help Atherton Tablelands milk suppliers revitalise their industry.

DPI&F's Protein Plus concept aims to increase farm income by lifting protein levels in milk and increasing milk production. Higher levels of protein can increase the value of milk sold to dairy and health products manufacturers.

Protein Plus was launched two years ago and involves 1,400 milk producers in the subtropical dairying areas of New South Wales, Queensland and Western Australia. As part of Protein Plus, dairy farmers are encouraged to adopt better pasture management practices which can improve animal nutrition and the quality of protein in milk. Businesses are also encouraged to select genetically suitable dairy cattle such as the Jersey or brown Swiss varieties.

DPI&F's new role in the 'Grow Malanda - Profit through Protein' project will enable us to adapt Protein Plus training and industry development tools to help rebuild the Atherton Tablelands dairy industry.



From left: DPI Forestry finance director Stuart Samlerson, regional sales officer (Bingham) John Ludlow and business planning and policy manager David West inspect exotic pine timber from north Queensland forest plantations waiting export from the Port of Townsville.

### New contract to grow the timber industry

DPI Forestry has finalised a contract with Pentarch Forest Products to supply three million cubic metres of log timber from state-owned plantations in north Queensland for sustainable harvesting over 15 years.

This major sale will help revitalise the timber industry in north Queensland, providing significant employment and economic benefits. Initially, about 80 per cent of the logs will be exported to south-east Asia, with the remainder being sold to local sawmills.

Several local facilities, including a sawmill and north Queensland plantations, will be established to enhance the value of the enterprise to the local market. Product sales will support 80 long-term jobs in north Queensland, with the potential for further employment as additional sawmill and value-adding facilities are developed (see page 44 for more).

**"DPI Forestry has finalised a contract with Pentarch Forest Products to supply three million cubic metres of log timber from state-owned plantations in north Queensland for sustainable harvesting over 15 years."**

## Beef cattle industry nets exports

Queensland primary producers are making a name in South America as leading suppliers of value-added cattle industry products and services.

South American beef, dairy and allied industry customers already have strong ties with DPI&F and state producers with their main areas of interest being subtropical and tropical pastures in the form of seeds and pasture management programs; cattle genetic material in the form of semen, embryos and artificial insemination technologies; and livestock identification and tracing systems.

A trade mission to Argentina and Brazil last year, organised by DPI&F and the Department of the Premier and Cabinet, has realised \$450,000 in exports of cattle genetic material and offers a further \$3.5 million in contract opportunities.

A trade delegation from Argentina visiting Queensland in 2004-05 purchased \$20,000 of cattle genetic material. During the week-long visit, Argentinian buyers visited small- to-medium braford, brahman and brangus stud breeders in central Queensland to select breeding stock.

A further in-bound trade delegation of beef industry producers and allied business from Brazil resulted in \$65,000 of live animal export sales, as well as sales of traceability software and hardware systems.

**“Queensland primary producers are making a name in South America as leading suppliers of value-added cattle industry products and services.”**



DPI&F's beef trade delegation to South America met with Asocebu (Colombian Brahman Breeders) in Bogota, Colombia. Standing from left: Louise Joyce, Gytrandra Santa Gertrudis Stud, Theodore Nicolas Baker, Consular General of Peru, Peru, Gustavo Ascenzo, senior Austrade officer, Peru, Morgan Cronold, trade development officer, DPI&F, Barcelona, Stephen Lill, Chadwick Downs Cattle Company, Coonabarabran, (seated) Juan Santiago Velez, Executive Director Asocebu

## Government priority: Managing urban growth and building Queensland's regions

### Response: Key activities in 2004-05

#### Drought relief extended

In recent years, Queensland has suffered one of the worst droughts on record. Although conditions eased in some areas in 2004-05, rainfall across much of the state was well below average.

At the end of the year, 61 shires and seven part shires were drought declared, equivalent to 60.6 per cent of the state's land area.

Following recommendations from Local Drought Committees, the Minister for Primary Industries and Fisheries declared an additional 13 shires and six part shires drought affected under state processes, and revoked the drought status of one shire and one part shire.

Primary producers in drought declared shires, or who are individually drought declared, have access to the Drought Relief Assistance Scheme (DRAS).

DRAS provides freight subsidies for transporting fodder and water for livestock, livestock returning from agistment and animals purchased for restocking after drought periods.

During the year, 55.6 per cent of the state remained drought declared under the Australian Government's Exceptional Circumstances (EC) program. As part of this program, DPI&F worked with industry organisations to assist the National Rural Advisory Council to review drought areas. Of the 12 areas reviewed, EC assistance was extended to 11 areas in Queensland and a decision is pending on one further area.

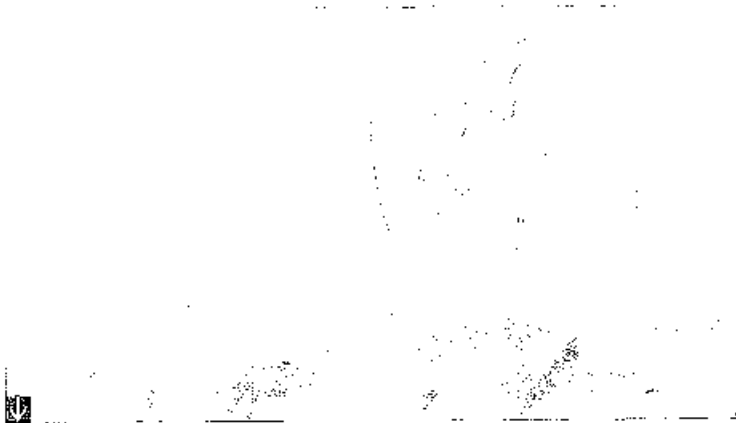
#### Helping producers prepare for future drought

DPI&F takes a lead role in national drought policy reform, providing input into Drought Review Panel deliberations, the Drought Roundtable and Ministerial Council working groups.

Through our department, Queensland is guiding the development of a National Monitoring System (NMS) for drought-affected areas. DPI&F's Director-General, Jim Varghese, chairs the NMS Steering Committee and reports to the Primary Industries Standing Committee and Primary Industries Ministerial Council on drought issues.



## SECTION 1



DPI&F worked closely with the beef industry to move large numbers of cattle from drought-affected areas.

This year, DPI&F took further steps to assist primary producers to prepare for future drought and climate variability. We conducted research and industry training in four main areas:

- *Whole farm economic analysis to better manage climate variability and drought.* Analysis and modelling of farm income, expenditure and production will help farmers to plan for long-term profitability, even in times of drought.
- *Drought projects for the grazing industry.* Enabling the grazing industry to identify and manage climate risks using new technologies will help producers to improve production, reduce water use and avoid environmental impacts on grazing lands.
- *Improved forecasting of crop yields using climate forecasting and crop growth models.* Our research into the breeding of drought-tolerant, high yield grain and pulse varieties will transform traditional farming approaches. We are also developing a new agro-climatic crop modelling system that forecasts production yields for wheat and sorghum. The forecasts, which will be available to growers before planting and during crop growth, will provide advanced warning of potentially low yields associated with drought conditions or very low soil moisture levels.

- *Weather derivatives as a new tool to increase drought preparedness.* DPI&F is assessing the value of weather derivatives (financial tools) to improve the wheat industry's climate risk management and drought preparedness. These tools can be used to provide financial protection against severe climate or weather events. Weather derivatives can replace insurance as a means of protecting against potential loss of profits as a result of drought. DPI&F's project involves surveying the needs of buyers and sellers of weather derivatives and developing alternative approaches to these products.

### → Outlook for 2005-06

In the coming year, DPI&F plans to:

- continue to conduct drought preparedness and climate risk management research and development projects. These include initiatives that will benefit the state's fruit and vegetable industries, and refinement of drought analysis software.

## Government priority: Protecting the environment for a sustainable future

### Response: Key activities in 2004-05

#### Forest production certified sustainable

Following DPI Forestry's independent certification to the *Australian Forestry Standard (AFS) AS 4708(Inf)-2003* this year, we can now demonstrate that our commercial forest production operations in state-owned forests designated for timber production are sustainable (see page 44).

The certification covers our forest management operations in more than three million hectares of state-owned native forests, softwood and hardwood plantations as well as nurseries.

#### New facilities to detect disease incursions

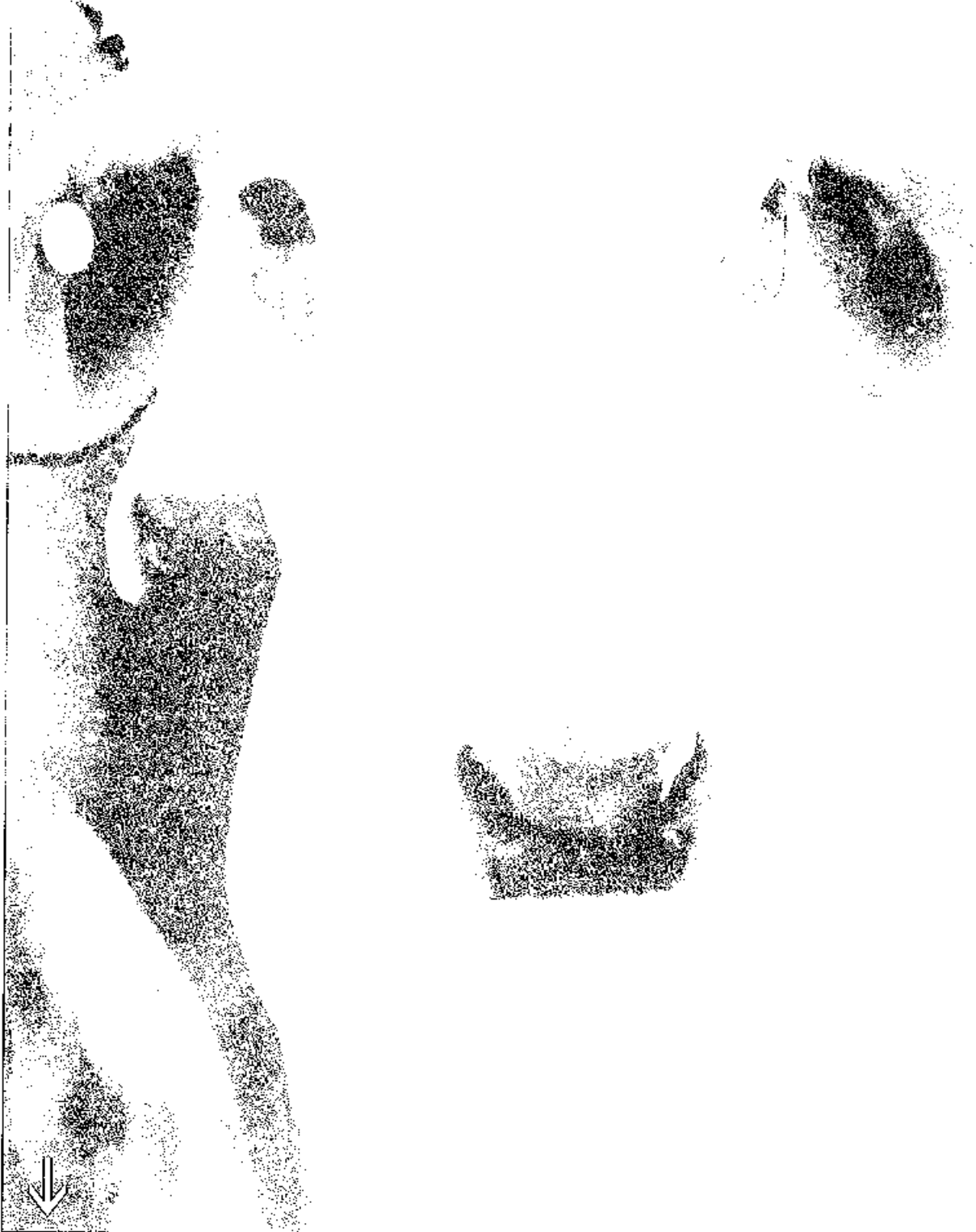
A new \$309,000 Foot and Mouth Preparedness Laboratory has been unveiled as part of a \$916,000 upgrade of DPI&F's Townsville facilities.

Expanded, upgraded laboratories now allow DPI&F scientists and technical staff to almost triple their serum sampling capabilities. This is a major boost to Queensland's ability to quickly determine the extent of animal disease outbreaks, and respond with quarantine restrictions and other measures.

The high-security Foot and Mouth Preparedness Laboratory boasts a \$70,000 robotic work station that automates the plating out and diluting stages of serological testing, allowing tests to be completed rapidly.

- More information about DPI&F's approach to sustainability in 2004-05 is provided in the Environmental Management section of this report on pages 54 to 56.

CASE STUDY



Queensland now has a world-best livestock tracking system, thanks to the National Livestock Identification System.

## SECTION 1

# Livestock tracking system rounds up 11.4 million cattle

In 2004–05, DPI&F undertook our largest ever communications and logistics exercise, implementing the new National Livestock Identification System (NLIS) for the state's \$3.5 billion beef and dairy industries.

Queensland's 11.4 million cattle represent nearly half of Australia's production, with 80 per cent of our beef exported to countries including Japan and the United States of America.

While Queensland and Australia have long been leaders in effective livestock identification and tracing systems, recent outbreaks of foot and mouth disease (FMD) in the United Kingdom and bovine spongiform encephalopathy (BSE or mad cow disease) in Canada and Japan, have reinforced the value of effective biosecurity safeguards.

With NLIS now operating, Queensland boasts a world-best system that enables DPI&F and primary producers to trace the movements of cattle from birth to the abattoir or port of export. With data available at the touch of a button, we can respond quickly to suspected outbreaks of livestock disease and maintain food safety standards.

NLIS uses new technologies to improve our previous documentation-based system. Electronic identification devices, such as ear tags or rumen boluses, are applied to individual cattle and their movements are recorded on a national database.

DPI&F Animal Biosecurity General Manager, Ron Glanville, said this whole-of-life traceability was the key to ensuring effective and efficient animal pest and disease prevention, surveillance and response.

"An outbreak or even a suspected outbreak in Queensland would have a devastating impact on our domestic and export beef and dairy cattle industries and the economy. We estimate that this would be in the vicinity of \$9 billion for a medium-sized outbreak of FMD or BSE," said Ron.

"Being able to trace infected or suspect animals is essential so that we can reduce the duration and severity of outbreaks, restore access to key markets and address food safety issues."

As a result of the new system, all of Queensland's 50,000 cattle producers are now registered with DPI&F and must interact with the NLIS database by transmitting information from animals' electronic tags every time they are moved from one property to another. Ancillary businesses such as sale yards and abattoirs are also required to interact with the database to record stock movements.

"Implementing NLIS was a huge undertaking. We only had a year to implement it and this ended up being a big effort right across DPI&F. Around 250 people were involved, representing a full-time equivalent of 38 jobs," Ron said.

"We spent a lot of time talking to producers about NLIS and provided comprehensive information and education through seminars, a dedicated web site, publications, publicity and advertising. Eighteen months ago, the producers said to us 'why do we need this?'. Six months ago, the same producers were saying 'what do we have to do to make this work?'. Now they're saying 'what were we worried about!' While there's a lot of work still to be done to bed down the system, we're very happy with the results to date."

NLIS was launched on time with close to a 100 per cent compliance rate among beef and dairy cattle enterprises. Based on this success, the system will be implemented over the next 18 month months for Queensland's sheep industry, and then possibly for the goat and pig industries.



## Ensuring the viability of Queensland's primary industries

Output: Industry development  
Strategic objective: Strengthen the profitability and viability of Queensland's primary industries

▣ Strategy:  
Increase productivity

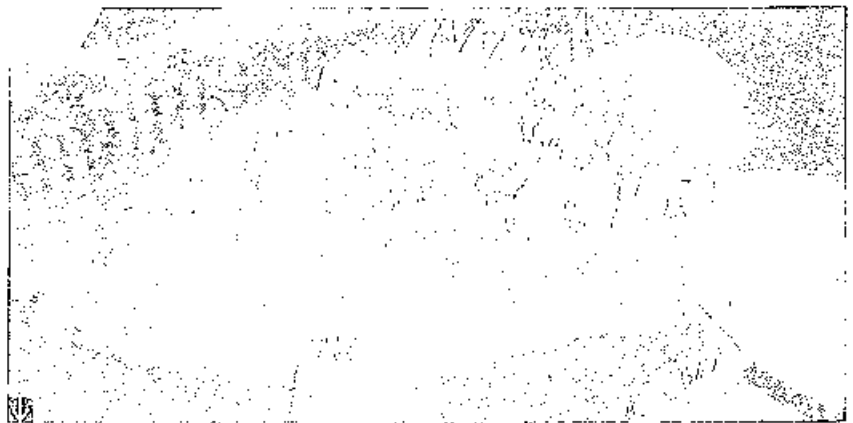
Response:  
Key activities in 2004-05

Fresh look at our strategic direction

DPI&F released three strategic documents in 2004-05 that take us one step closer to realising our vision of profitable primary industries for Queensland. The documents also reinforce our role in achieving the State Government's Smart State vision of a state where knowledge, creativity and innovation drive economic growth to improve prosperity and quality of life for all Queenslanders.

Our new strategic documents are:

- *Queensland's Future - Renewing Primary Industries and Fisheries: A Discussion Paper*. This paper outlines the DPI&F framework for supporting the state's food and fibre agribusinesses to achieve a profitable and sustainable future, consistent with Smart State principles. DPI&F has set a target of 4.4 per cent in annual growth for the gross value of food and fibre agribusiness production in Queensland over seven years. By 2010-11, this will have added \$1.4 billion in gross value to the primary industries sector relative to current growth forecasts.



In a world first, DPI&F researchers have successfully spawned flowery cod (above) and gold-spot cod broodstock in north Queensland, taking our state one step closer to commercial production of these and other reef fish species.

- *DPI&F's Research and Development Strategy* which sets the direction for research and development (R&D) over the next five to 10 years. The strategy will ensure that our investment in R&D supports the food and fibre agribusiness sector and is aligned with whole-of-Government priorities. It will also strengthen our strategic partnerships and collaboration with other government agencies, universities, research organisations and industries.
- *DPI&F's Food and Agribusiness Export Strategy*, a framework for assisting Queensland food and fibre agribusinesses to enhance their export capacity and competitiveness.

The documents are available on DPI&F's web site at [www.dpi.qld.gov.au](http://www.dpi.qld.gov.au).

### Aquaculture breakthrough

In a world first, DPI&F researchers have successfully spawned flowery cod and gold-spot cod broodstock in north Queensland, taking our state one step closer to commercial production of these and other reef fish species.

The live export market for high-value reef fish species currently relies on wild caught stocks. However, new restrictions in the Queensland reef line fishery have opened up opportunities for aquaculture to supply fish to the Hong Kong and China export markets.

The spawning at DPI&F's Northern Fisheries Centre involved artificially controlling water temperature and day length using heat pumps and a computerised lighting system. The research has paved the way for trial production of juvenile grunter in 2005-06 in association with industry partners.

## SECTION 2

### Research to expand hardwood plantations

Since 1999–2000, Queensland's plantation timber estate has grown by almost 33,000 hectares. Approximately 90 per cent of this area is hardwood plantations, of which more than 80 per cent are owned by the private sector.

The State Government is currently supporting a plantation forestry research and development program to enhance the quality and quantity of hardwood timber resources in Queensland. The program also aims to minimise financial risks for potential investors in hardwood plantations.

Under the program, DPI&F scientists have identified disease-tolerant sources of one of our prime native hardwood species, spotted gum, and produced genetically improved material including spotted gum hybrids.

Trial planting of the hybrids has occurred on sites from north Queensland to northern New South Wales. In 2004–05, the trial plants were assessed and were seen to be performing well in terms of their ease of propagation, strong growth in subtropical and tropical environments, timber quality and frost resistance.

DPI Forestry anticipates that the hybrid planting stock will be available in commercial quantities for the 2007 planting season. Use of this planting stock has the potential to rapidly expand Queensland's hardwood plantations and reinforce their investment value.

### Project to increase wool industry productivity

In partnership with Australian Wool Innovation and Agforce, DPI&F is helping to improve the productivity of the state's wool industry. The industry currently comprises about 700 graziers who manage approximately 4.8 million sheep.

The Leading Sheep project has conducted industry forums at Roma and Charleville to identify graziers' issues and objectives. Based on their feedback and current research, Australian Wool Innovation, Agforce and DPI&F have identified five main outcomes that will increase industry productivity through:

- reduced predation
- higher reproduction rates
- increased value of wool and meat
- more effective parasite control
- improved resource management.

To achieve these outcomes, four regional committees in central west, south west, southern and south east Queensland will hold workshops in 2005–06 to plan and implement information campaigns, grazier training and farm management activities. Each committee includes up to four local graziers, a DPI&F extension officer and an external facilitator.

### → Outlook for 2005–06

In the coming year, DPI&F plans to:

- invest \$55 million of state funds in research, development and extension activities across 17 programs as part of DPI&F's *Research and Development Strategy*. Our investment will leverage an additional \$35 million from industry and other funding bodies to provide a total of \$90 million for new and ongoing research and development projects
- oversee an independent assessment of the effectiveness and quality of DPI&F's research and development efforts
- finalise a research and development Strategic Partnerships Statement of Intent to provide a framework for establishing and enhancing strategic scientific partnerships and alliances with national and international scientific organisations.



The Leading Sheep project conducted industry forums at Roma and Charleville to identify issues and objectives for graziers.

**“In partnership with Australian Wool Innovation and Agforce, DPI&F is helping to improve the productivity of the state's wool industry.”**

## Strategy: Develop markets

### Response: Key activities in 2004-05

#### New export opportunities

DPI&F continues to pursue new and emerging export opportunities for our primary industries, especially in the areas of food and agribusiness technologies and services. This year, our export development activities included:

- facilitating new market opportunities for food, including beef in Korea, and pasture seed and beef technologies in Brazil and Argentina
- coordinating trade missions led by the Minister for Primary Industries and Fisheries and our Director-General to Vietnam, Japan and Korea in November 2004 and to Thailand, Japan and Korea in May 2005
- creating new networks for lifestyle horticulture companies in the United Arab Emirates and Qatar
- profiling Queensland's food and wine at the 2005 World Expo in Aichi, Japan
- coordinating 25 inward and outward bound trade missions to establish trade links and networks
- hosting visits by Ambassadors and High Commissioners representing trading countries
- analysing bi-lateral trade agreements to identify potential export opportunities
- implementing the National Livestock Identification System which will significantly benefit beef exports to major Korean and Japanese markets (see case study on page 17)

#### Breeding strategies bear fruit

As a result of DPI&F's horticultural breeding programs, improved varieties of tomato, sweet corn, apples, peaches, plums, nectarines, strawberries, custard apples, macadamia nuts, mandarins, mangoes, pumpkins and pineapple were released for commercial propagation this year.



Chef Dominique Rizzo presents Liam Morland (panelist) her winning dish as part of the Beyond the Chicken Nugget competition at the Enterprising Women in Rural Industries trade show held in March 2005.

All varieties have been selected for better flavour and colour, improved disease resistance and higher yields – benefiting the consumer, the grower and the environment. Some breeding programs have addressed the health benefits of fruit and vegetables. A high antioxidant plum is close to being released and high lycopene (antioxidant) tomatoes are being developed.

DPI&F's horticultural breeding programs are undertaken at research facilities across Queensland, often in collaboration with interstate and overseas scientists. Horticulture Australia Limited, the national research and development corporation focussed on investing Commonwealth and industry funds in Australia's horticultural industries, invests strongly in some of our programs.

#### Enterprising women market niche products

During Primary Industries Week in March 2005, DPI&F coordinated the second Enterprising Women in Rural Industries Trade Show. The show assisted 32 women who have established niche and gourmet food businesses on their farms to profile their products to wholesalers, distributors and the food service sector. It also aimed to identify future opportunities for business growth in domestic and export markets.

Products on show included rainberry (lilly pilly fruit) cakes, organic ducks, rainforest liqueurs and edible bamboo.

Most of the exhibitors were experienced farmers who have created value-added products using their produce. Some were newer to farming, having escaped from city life and bought small properties to pursue their love of good food, wine and rural living.

Key partners in the trade show included the Department of Tourism, Fair Trading and Wine Industry Development, Austrade, and Restaurant and Catering Queensland. The trade show attracted 800 visitors and profiled 32 exhibitors compared with 500 visitors and 25 exhibitors in 2003.

At least seven exhibitors are currently working with Austrade on niche export opportunities.

#### United push for beef genetics exports

Queensland beef producers have taken their first, unified step towards capturing multi-million dollar international sales of beef cattle genetic material in South American countries.

Australia has a national herd of around 25 million cattle and, alongside Brazil, we are the world's leading exporter of fresh beef. However, our sales of beef and dairy cattle semen and frozen embryos are valued at just \$600,000.

On the other hand, Canada has a herd of only 13 million cattle but generates beef and dairy genetic exports of approximately \$60 million due to the country's unified marketing programs.

## SECTION 2

To kick-start a cooperative approach in Queensland, DPI&F organised two export development workshops on tropical beef genetics in Rockhampton and Brisbane in February 2005.

At the workshops, stud stock producers and beef breed society members worked with Australian Government officers from Austrade and Biosecurity Australia to discuss how to gain a greater share of the market for beef cattle semen and embryos. DPI&F Beef Breeding Services officers, our trade and market development officers, and commercial consultants also outlined the state's strengths and challenges in the genetics export sector.

The Queensland tropical beef genetics industry has the infrastructure and products to secure a larger share of the export market. DPI&F's strategic approach to exporting will help make this happen.

### New technologies to enhance competitiveness

'Enabling technologies' are critical to the sustainability and global competitiveness of Queensland's primary industries. These technologies include biotechnologies, agricultural systems analysis and simulation modelling tools, and climate-based risk management systems.

This year, DPI&F collaborated with a range of biotechnology partners to:

- use molecular marker technologies to accelerate the breeding of new varieties of wheat, barley and sorghum
- apply tissue culture technologies, such as in vitro fertilisation, to develop the improved ginger variety Buderim Gold, which has been released to industry
- use gene tagging technologies in fisheries activities
- develop and commercialise novel biopesticides such as fungal biopesticides, that protect plants against sucking insect pests
- use 'transformational technologies' to control pests and diseases in lettuce, peanuts and animals
- screen DPI&F's horticultural collection for novel bioactive compounds and enhanced germplasm to help develop 'new era' foods that are safe, ethically produced and offer health benefits
- use monoclonal antibody and DNA-based tests to diagnose venereal diseases in cattle and coccidiosis in poultry, and to commercialise a tick fever monoclonal antibody test
- develop new commercial vaccines and vaccine technologies for primary industries, such as vaccines to control blowfly in sheep.

### Taking tropical produce to the world

Queensland's tropical produce was well received by potential trading partners this year. Agribusiness trade missions to Vietnam, Malaysia, southern China, the Philippines and Brunei generated \$2 million for the Queensland economy, while prospective deals could increase this amount significantly in 2005-06.

The emerging boer goat industry, based in southern and central Queensland with around 80 mainstream producers, showed strong export potential. Similarly, international demand for boxed meat increased, with major markets being the United States of America and South Korea. There is also strong interest in live animal exports by Malaysia, Brunei, China and Vietnam. DPI&F and AgForce will continue to address supply chain development issues in these sectors.

Other growth sectors included markets for feeding supplements for livestock, and computer programs for livestock management and training.

DPI&F hosted 25 trade missions to Queensland this year. Overseas delegates visited prospective export partners to inspect their facilities as well those of transport organisations.

### → Outlook for 2005-06

In the coming year, DPI&F plans to:

- double our investment in research and development of 'transformational technologies', such as biotechnologies, that can improve the competitiveness of Queensland's industries
- assess opportunities to increase investment in 'revolutionary science', which includes scoping studies to explore new investment opportunities in agricultural biotechnology, new food, tropical and subtropical science, and advanced biomaterials.



DPI&F senior scientist Sharon Hamill in laboratory inspecting ginger germplasm. In 2004-05, we collaborated with our biotechnology partners to apply tissue culture technologies, such as in vitro fertilisation, to develop the improved ginger variety Buderim Gold, which has been released to industry.

**Strategy:**  
**Strengthen business  
adaptability**

**Response:**  
**Key activities in 2004–05**

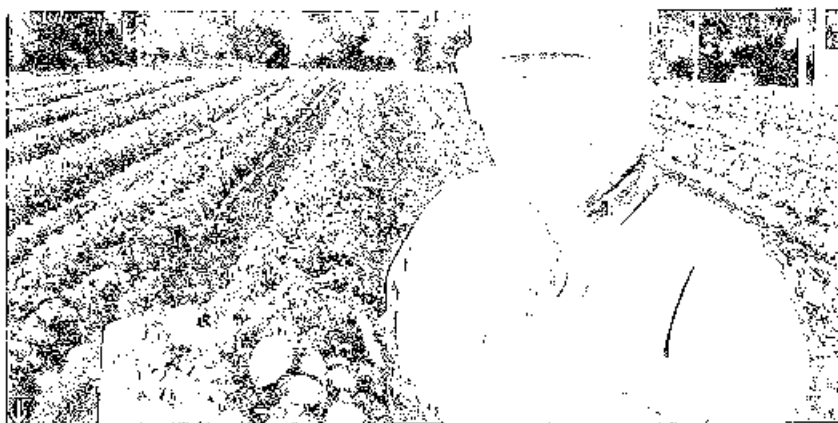
**AAA FarmBis launched**

The future of the highly successful FarmBis primary producer training scheme is secure following the Queensland and Australian Governments' decision to provide \$22 million in joint funding for the program until 30 June 2008.

The new FarmBis program, known as AAA FarmBis, started on 29 April 2005. The previous three-year program, which ended on 30 June 2004, enabled 28,829 participants to complete training in sustainable farm practices. The training aimed to increase producers' self-reliance through more effective business, natural resource and risk management initiatives.

Many producers who have undertaken FarmBis-supported training have reported improved farm profitability and sustainability within a year of training. These benefits have been verified by annual surveys of participants conducted by Roy Morgan, an independent market research company.

**“The future of the highly successful FarmBis primary producer training scheme is secure following the Queensland and Australian Governments' decision to provide \$22 million in joint funding for the program until 30 June 2008.”**



Strawberry farmer Rick Trust proudly displaying his new crop of RubyGem strawberries at his Calondaire property. RubyGem is one of four new varieties bred by DPIRF's horticulture scientists in partnership with the strawberry industry (see story on page 20).

**Smart systems for smarter cropping**

DPIRF is a world leader in the development of computer-based systems that can accurately analyse and simulate crop growth under a variety of conditions. The systems incorporate our latest knowledge of plant physiology, soil science, climatology and farm systems management.

DPIRF has modelled the environmental and economic consequences of different crop management options, and has shown that the sustainability of our primary industries can be assured by:

- improved farm practices that result in more efficient water use, appropriate drainage, and reduced erosion
- an increased ability to make well-informed decisions about land and water use
- growth in services provided to climate-sensitive enterprises, resulting in their increased profitability
- lower cost water infrastructure and more efficient water allocation.

**Disease resistant wheat varieties released**

DPIRF released three new Queensland-bred wheat varieties this year, giving the grains industry access to higher yielding, improved quality and more disease- and nematode-resistant strains.

The new wheat variety EGA Gregory has excellent baking quality and noodle sheet colour. This variety is highly resistant to all current strains of leaf, stem and stripe rust.

The variety EGA Wylie is expected to replace an existing commercial variety (Baxter) and is high yielding and resistant to root lesion nematodes, rust, black point and crown rot.

EGA Wentworth has proved to be a stable performer in Queensland, New South Wales and South Australia. It has excellent milling and dough properties.

To breed the new varieties, DPIRF collaborated with Enterprise Grains Australia, a joint venture that included the New South Wales Department of Primary Industries as well as Agriculture Western Australia and the Grains Research and Development Corporation. Pacific Seeds successfully tendered for the licence to market the varieties nationally and internationally.

**→ Outlook for 2005–06**

In the coming year, DPIRF plans to:

- oversee the implementation of the new AAA FarmBis primary producer training scheme.



## SECTION 2

### **Strategy:** **Enhance sustainability**

#### **Response:** **Key activities in 2004–05**

##### **Farm management systems agreement**

The Queensland Government and the Queensland Farmers' Federation (QFF) have developed a *Memorandum of Understanding (MoU) on Farm Management Systems* for Queensland primary producers. DPI&F will play a key role in supporting implementation of the MoU.

Farm management systems are voluntary, property and business level management processes used by producers to identify and manage risks, particularly environmental risks, that may occur as a result of farming.

The MoU will progress a whole-of-Government approach to policy development and planning processes related to farm management systems, and clarify our working arrangements with industry. The approach is recognised in the Queensland *Smart State Strategy 2005–15* as a key initiative in promoting the sustainable use of our natural resources.

The MoU was signed on 31 March 2005 and will operate for five years. An implementation group, co-chaired by DPI&F and QFF, has been formed to meet our MoU commitments.

##### **New weapon in pest fight**

North Queensland's dry tropics vegetable growers have a new weapon in their fight against insect pests and lost production – the DPI&F publication *Insect Pest Guide: A guide to identifying vegetable insect pests and their natural enemies in the dry tropics*.

The dry tropics vegetable industry grosses about \$270 million a year, with the major production areas being Bowen, Burdekin and the Atherton Tablelands. About 200 growers farm about 11,000 hectares in the Bowen and Burdekin districts, with approximately 2,600 hectares farmed on the Atherton Tablelands.

DPI&F's new publication assists growers to identify natural predators of pests as part of an on-farm Integrated Pest Management (IPM) approach. IPM is a planned approach to managing plant and animal pests, using a variety of cost-effective control methods. The approach aims to reduce reliance on chemicals which in turn lowers production costs, helps protect beneficial insects, and substantially reduces pesticide run-off into waterways (that could ultimately impact on the Great Barrier Reef). IPM also reduces the risk of pests developing resistance to certain chemicals.

DPI&F's new pest guide is available by contacting our Call Centre on 13 25 23.

##### **Partners in science**

To maximise the effectiveness of our research and development drive, DPI&F instigated a range of partnerships:

- **Food Science Australia:** We signed a *MoU* with Food Science Australia to develop new and improved foods that offer significant benefits to human health.
- **James Cook University:** We are pursuing opportunities for further collaboration with James Cook University (JCU) following the signing of a *MoU* in December 2003. DPI&F is considering the relocation of research staff to JCU's planned Tropical Science and Innovation Precinct in Townsville. Proposals for a partnership with JCU and other institutions focussed on innovation in tropical aquaculture are also being developed to support tropical marine and freshwater aquaculture research, and development and education activities in north Queensland.
- **University of the Sunshine Coast:** Proposals for closer collaboration between DPI&F and the University of the Sunshine Coast are being developed under the umbrella of a *MoU* signed in June 2003.

##### **Dedicated science precincts planned**

Under the State Government's Smart Queensland program, DPI&F will relocate some of our science infrastructure, systems and people to a planned Ecosciences Precinct at the Boggo Road development site in Brisbane and a planned Health and Food Sciences Precinct at Coopers Plains, Brisbane.

Co-location of scientists from various government agencies, universities and private sector organisations will foster greater research and development collaboration and innovation. The new facilities are expected to be completed by 2009.

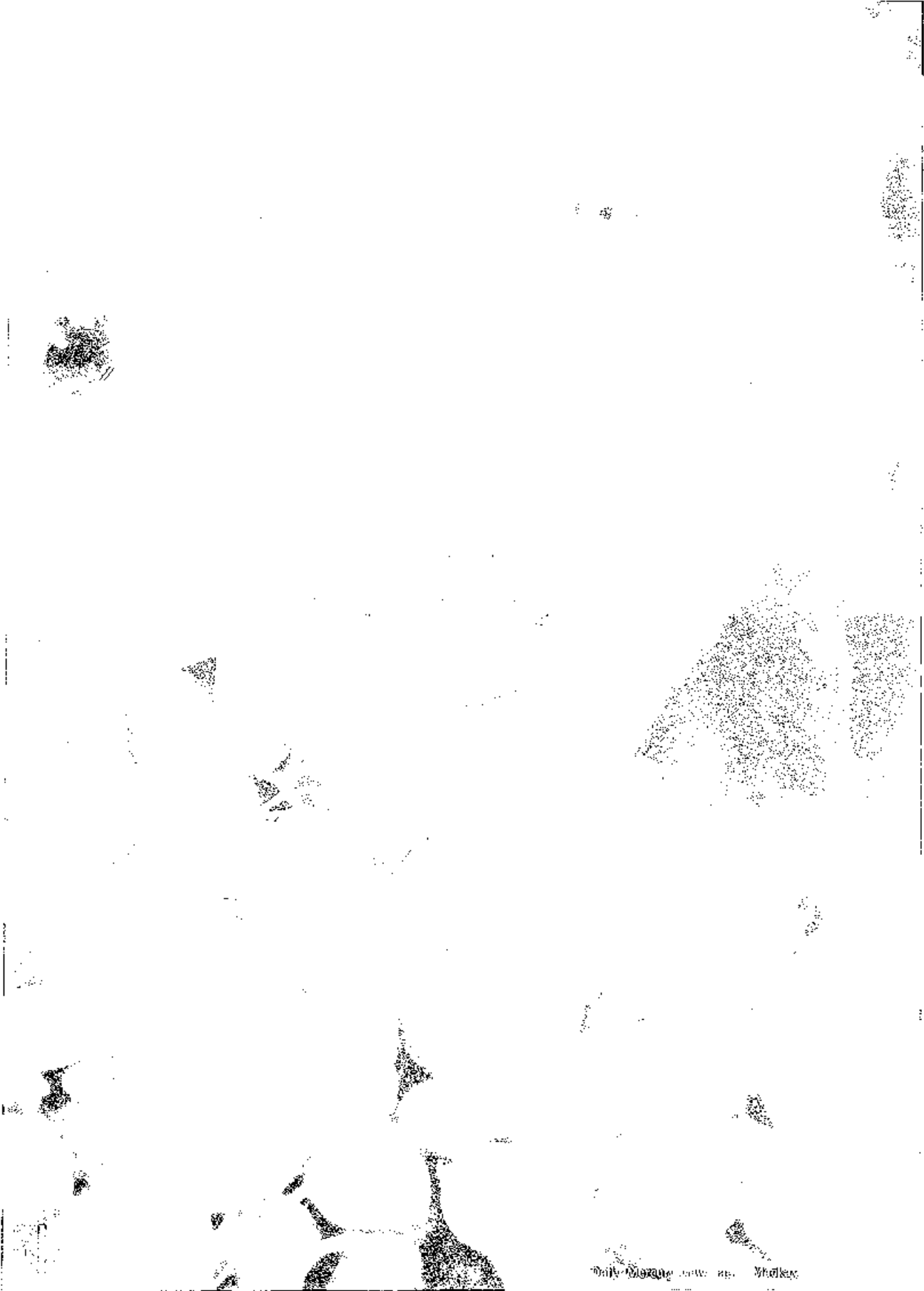
DPI&F has also constructed a \$3 million building at our Redlands Research Station as our contribution to the joint venture Australian Centre for Lifestyle Horticulture. The lifestyle horticulture industry includes businesses involved in the production of non-food horticultural products such as ornamental fruit, vegetables and forestry plants, cut flowers and foliage, and turf grass. It also includes a wide range of services involving these products.

##### **→ Outlook for 2005–06**

In the coming year, DPI&F plans to:

- implement farm management systems initiatives for primary producers with the Queensland Farmers' Federation.

CASE STUDY



North Eton cane farmer Chris Blackburn has diversified into peanuts as part of a farming systems approach to growing cane.

## SECTION 2

# Sugar industry reform promises a sweeter future

Changing the fundamental practices of a centuries-old primary industry was never going to be easy. However, one year on, FutureCane is proving that Queensland cane growers are determined to embrace change.

Traditionally, Queensland's sugar industry has played a significant part in the economic health of our nation, producing approximately 90 per cent of Australia's total sugar production. In recent years, increased global competition and difficult local growing conditions have eroded industry health and confidence.

In 2004-05, the State Government launched a Sugar Change Management Package to facilitate long-term industry restructuring and encourage growers to consider new opportunities. As part of the reform package, DPI&F and BSES Limited developed FutureCane, a three-year, \$5.2 million joint program to achieve more productive and sustainable farms.

According to DPI&F FutureCane Project Leader, Neil Sing, there are three main components of FutureCane.

"Firstly, we are promoting more sustainable farming practices to increase yields and profits and reduce farm costs, sediment and nutrient loss and soil compaction, while providing opportunities for a legume cash crop. These practices are based on 12 years of research," Neil said.

"The second component of FutureCane provides growers with more business skills as the industry has a history of basing business decisions on production issues rather than economic data.

"Finally, we aim to help the industry to embrace positive change wherever possible, even if it means conducting business a little differently". DPI&F estimates that FutureCane, after kicking-off on 1 July 2004, is now reaching approximately 60 per cent of sugar producers.

"FutureCane is supporting grower-driven groups and giving power back to farmers so they can shape their futures. This ensures that the nucleus of the industry grows strong, independent of FutureCane."

A specialist team of 40 people comprising DPI&F farming system agronomists, business development officers, economists and market specialists as well as extension agronomists from BSES is based in Queensland's key sugar cane growing regions surrounding Bundaberg, Mackay, Townsville and Cairns and many other smaller centres.

The team has implemented change management workshops to assist growers to work through their concerns and understand change. The commonly-heard objection that changes in farm practices 'won't work at my place' has been overcome by taking farmers out of their own environments and showing them FutureCane practices at work on other crops and on other farms.

To date, 14 bus tours have shown 461 sugar industry participants first hand what can be achieved. Six field days have attracted more than 1,100 people, 23 business workshops involved 377 people and 89 productivity group meetings were attended by 837 people.

In an innovative move, FutureCane's Agricultural Economist, Trish Cameron, created a computer-based Farm Economic Analysis Tool (FEAT) to help growers consider their whole farming system and calculate profitability based on current practices versus FutureCane methods.

"FEAT is giving farmers and sugar mill operators the confidence to move ahead, allowing them to make informed decisions based on financial information rather than relying on production issues or 'gut feel' as their forebears may have," Neil said.

"The broad range of FutureCane initiatives is bringing about gradual, positive change in the industry. DPI&F and BSES are playing a pivotal role as partners to industry."



## Protecting primary industries from biosecurity risks

### Output: Biosecurity

Strategic objective: Maximise market and community confidence in the integrity of Queensland's agriproducts

**Strategy:**  
Manage the risks presented by pests and diseases to animal and plant primary industries production

**Response:**  
Key activities in 2004–05

On track for world first fire ant eradication

Already a global leader in fire ant treatment, DPI&F is poised to achieve a world first – eradication of the red imported fire ant (*Solenopsis invicta*) from a host country.

Fire ants were first discovered in Queensland in February 2001. The small, reddish-brown ants were recognised as a serious pest, posing an ecological threat to Australia. To fight their spread, the Federal and State Governments agreed to jointly fund a six-year, \$175.4 million surveillance and eradication program. This included establishment and operation of DPI&F's Fire Ant Control Centre (FACC) in Brisbane.

Having completed our fourth year of the surveillance and eradication program, DPI&F has achieved a 94 per cent reduction in the area that requires treatment for fire ants (see graph 1). Over 99 per cent of known infested land parcels are now fire ant free. The current planned eradication program is due to be completed by 30 June 2007.

A survey of more than 222,500 land parcels (or 54,000 hectares) undertaken in our operational area during 2004–05 showed just 11 residual areas of infestation. These areas were treated using environmentally friendly baits, as were 24,000 hectares of land in our extended treatment area south west of Brisbane. Recent surveys in these areas have shown no remaining infestations.

#### Community support in the fight against fire ants

Community engagement activity	2004–05 statistics	Total to date (since 2001)
Industry/government agency training	81 sessions attended by 1,207 people	442 sessions attended by 7,088 people
Community presentations/displays	138 presentations/displays	1,161 presentations/displays
Educational activities for schools/school groups	59 activities	386 activities
Publicity	15 television segments 414 articles 108 radio segments	78 television segments 1,394 articles >200 radio segments
Fire ant web site information	146,032 web site hits	>357,000 web site hits
DPI&F Call Centre support/advice	12,433 calls	114,728 calls
Fire Ant Watch Groups (eight groups with 200 voluntary members)	56 parks surveyed	290 parks surveyed

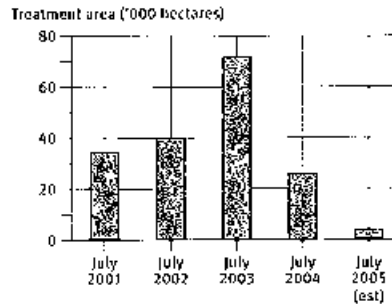
The success of the fire ant eradication program would not have been possible without the strong, active support of the Queensland community. Some of DPI&F's community engagement activities are shown above.

## SECTION 3

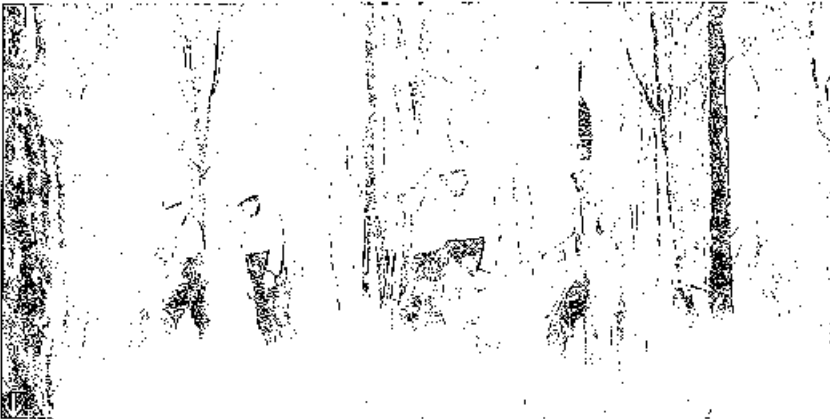
Beyond the restricted area itself, only four new areas of infestation were detected, far fewer than in previous years. Three of these discoveries were small, totalling fewer than ten nests distributed across five land parcels. The most significant infestations were at Rochedale, where 28 land parcels were affected. Rochedale will be our major treatment focus for 2005-06.

Throughout the rest of Queensland and Australia, extensive active and passive surveillance has not detected any other fire ant infestations.

### Reduction in fire ant treatment area over time



DPI&F has achieved a 94 per cent reduction in the area to be treated for fire ants since the 2003 peak.



Fire Ant Control Centre staff searching urban bushland near Logan, south east of Brisbane. Visual surveillance is the FACC's most fundamental detection technique. Armed with a surveillance stick, the Field Assistants search for ants and nests.



Rosamund Smith, laboratory technician, clearing a fruit fly trap. Fruit flies from across the state are identified in the Cairns Plant Health Laboratory to ensure no exotic fruit fly species are present in Queensland.

### Fruit fly strategy effective

Biosecurity authorities do not look forward to the wet season in the Torres Strait.

At this time of year, north-westerly winds carry fruit flies from Papua New Guinea and Indonesia to the Torres Strait islands. If left unchecked, the flies could establish permanent populations on the islands and then migrate to mainland Australia, devastating far north Queensland's horticultural industry.

One such fly, the papaya fruit fly, was eradicated from Cairns following its detection in 1995. This exercise cost over \$30 million.

Today, a long-term containment strategy for exotic fruit flies is in place for the Torres Strait. The strategy, established under the Northwatch program, has helped Queensland to remain free from exotic fruit flies since 1999.

Under the strategy, 119 permanent fruit fly traps were set throughout the Torres Strait, the northern tip of Cape York Peninsula and Old Mapoon (near Weipa) during the 2004-05 wet season. More than 50 fruit flies were caught in the Torres Strait traps, demonstrating the ongoing need for DPI&F and the Australian Quarantine and Inspection Service's annual eradication program on nine Torres Strait islands.

In other areas, DPI&F continued to set fruit fly traps at the major ports of Brisbane, Bundaberg, Cairns, Gladstone, Mackay, Mourilyan Harbour, Townsville and Weipa. Data from the trapping was used to support market access for Queensland's horticultural produce within and outside Australia.

**"119 permanent fruit fly traps were set throughout the Torres Strait, the northern tip of Cape York Peninsula and Old Mapoon (near Weipa) during the 2004-05 wet season..."**

### Farm-based biosecurity system developed

The outbreak of citrus canker disease in Queensland (see the case study on page 33) highlighted the need for on-farm, self-managed biosecurity systems for citrus growers and other horticultural producers.

DPI&F has used our experience in conducting the citrus canker surveillance and eradication campaign to develop a system that uses quality and risk management principles to assist growers to identify, manage and communicate risks associated with plants, pests and diseases on their farms.

Our On-farm Biosecurity System is practical and compatible with other systems commonly used in the citrus industry, including retailer quality assurance schemes and biosecurity plans prepared by industry members of Plant Health Australia. Our system covers:

- pest and disease awareness and surveillance
- reporting of suspect plants, plant material or fruit
- hygienic farm management practices
- hygienic storage and handling practices
- cleaning and sanitation practices for people, vehicles and equipment
- use of warning and information signs
- restricting vehicle and equipment movements during high-risk times.



Citrus canker surveillance staff in backyard garden with resident.

Twenty-five citrus producers attended three training workshops about the new system in 2004-05. Each producer received the On-farm Biosecurity System template, which can be adapted to suit their own business.

DPI&F is currently working with the fruit and vegetable industry organisation, Growcom, to expand the use of the system in Queensland's horticultural industries.

### Improved biosecurity capacity

DPI&F's biosecurity capacity has been significantly improved through implementation of third party provider (TPP) systems for cattle tick inspection services. TPP trials were successfully conducted at Aratula, Helidon, Julia Creek, Clancurry, Charters Towers and Gracemere. Involving external parties in tick inspections has improved customer services and enabled DPI&F staff to concentrate on higher priority biosecurity measures. TPP systems will also allow DPI&F to increase the number of tick inspection centres in Queensland.

### Pest and disease emergency preparedness

A range of initiatives improved DPI&F's ability to prevent, detect and respond to pest and disease incursions in 2004-05. Highlights included:

- seven personnel taking an active role in the national Rapid Response Team
- completion of laboratory upgrades at Toowoomba and Townsville
- establishment of an industry Standsill Zone Management Group and development of guidelines for restricting livestock and plant transportation during pest and disease emergencies
- collaboration with the Biosecurity Cooperative Research Centre to enhance surveillance effectiveness
- enhancements to the ruminant feed ban monitoring program and trial of disposal methods for suspect bovine spongiform encephalopathy (BSE)
- implementation of a compulsory Newcastle disease vaccination program for the poultry industry.

## SECTION 3

### Increasing plant health surveillance capacity

To enhance Queensland's capacity to detect and respond to exotic plant pest and disease incursions, DPI&F has trained 14 biosecurity inspectors in early warning surveillance techniques. The inspectors were trained to conduct surveys for exotic pests and diseases affecting bananas, citrus, mangoes and other crops. They were also trained in fire ant surveillance techniques. There are now 20 staff trained in exotic plant pest and disease surveillance around Queensland.

DPI&F's newly trained inspectors conduct early warning surveillance in and around Brisbane and other urban centres, and work with community gardeners to increase public awareness of the need to report suspicious plant diseases for further investigation. This surveillance also focuses on high risk sites such as post-quarantine entry points across Queensland.

### Getting the message across

In our multicultural society, communicating important biosecurity messages sometimes calls for 'thinking outside the square'.

DPI&F's biosecurity officers in north Queensland have done just that, developing information about banana diseases to suit the needs of a small community of migrant farmers from Hmong, Thailand.

The farmers, who have settled in the Innisfail region, were invited to work with DPI&F biosecurity inspectors to compile and translate a Hmong-language version of new banana leaf spot regulations for their community.

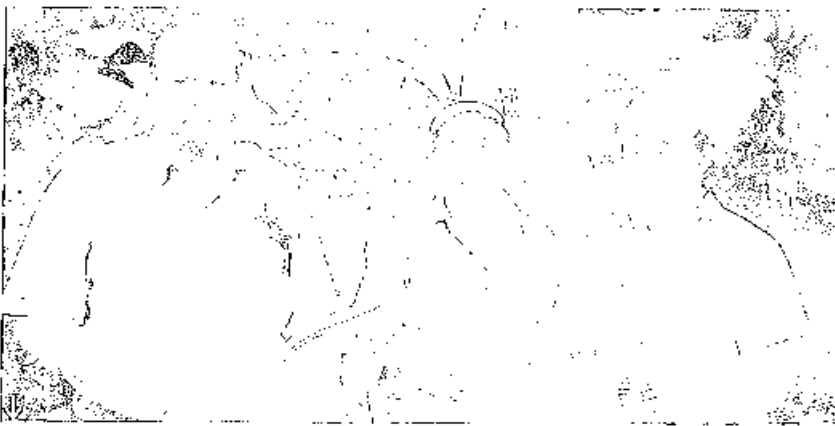
The regulations were presented in a colour brochure, which includes illustrations of various banana leaf diseases, and the steps to take if diseases are detected on growers' properties.

We expect the new brochure to help us continue to control banana diseases in north Queensland. There have been no incursions since the successful eradication of black Sigatoka from the Tully area in 2004.

### → Outlook for 2005–06

In the coming year, DPI&F plans to:

- continue surveillance of 155,000 land parcels (66,000 hectares) for fire ant infestations and treat approximately 7,000 land parcels (3,500 hectares)
- conduct plant health surveillance of suburban gardens and high-risk sites such as waste dumps, tourist precincts, and road and rail depots in the Brisbane region
- continue to implement the nationally approved citrus canker eradication program.



Biosecurity inspector, Key Leaton, presents Hmong-language copies of the banana leaf spot brochure to growers, Sao Lee (centre) and Kou Yang.

“To enhance Queensland's capacity to detect and respond to exotic plant pest and disease incursions, DPI&F has trained 14 biosecurity inspectors in early warning surveillance techniques...”

## Strategy:

Ensure the proper care and treatment of all animals in Queensland

## Response:

Key activities in 2004-05

### Animal Welfare Advisory Committee

As reported last year, DPI&F has established the state's first Animal Welfare Advisory Committee (AWAC) to advise the Minister for Primary Industries and Fisheries on animal welfare matters. Members of AWAC are experts in contemporary animal husbandry and animal management systems, and have an understanding of community attitudes and expectations regarding animal welfare.

Key animal welfare issues considered by AWAC in 2004-05 included welfare of horses on Palm Island, and trapping and recreational shooting of duck and quail in Queensland. The advice on duck and quail shooting and trapping was taken into account as part of the recent decision by the Environmental Protection Agency to ban recreational hunting of these species.

### Helping animals smile

Educating children about animal welfare offers both short-term and long-term gains. Children often pass on what they have learnt to adults, and have the opportunity to become responsible animal owners later in life.

DPI&F's Help an Animal Smile (HAAS) campaign on our web site is proving an effective animal welfare education tool. HAAS features the Smile Clan of colourful cartoon animals and includes quizzes, memory games, animal crosswords, colouring-in activities, activity books and a primary school presentation on the *5 Things to Remember to Help an Animal Smile*.

In 2004-05, DPI&F recorded 3,032 visits to the HAAS section of our web site by children and adults.

### Monitoring animals used for science

To safeguard the welfare of animals used for science and teaching, this year DPI&F began compliance monitoring of groups affected by the *Australian Code of Practice for the Care and Use of Animals for Scientific Purposes* (Scientific Use Code). This is the first code of its type to have a monitoring program in Queensland.

DPI&F's monitoring assesses compliance against both the Scientific Use Code and Queensland's related *Animal Care and Protection Act 2001* (ACPA). This will help to ensure that animals used for scientific purposes are treated humanely and that their use is justified.

### Improving animal welfare in indigenous communities

DPI&F continues to provide a multi-faceted response to managing animal welfare in north Queensland's Indigenous communities. These communities often have close relationships with the animals that share their lives, particularly horses and domestic pets.

In 2004-05, DPI&F removed several horses from the Palm Island community near Townsville following continued reports about their compromised health and wellbeing. The horses were transported to the mainland for assessment and treatment, and were given new homes. Many of the horses' injuries were consistent with being ridden bareback for excessive periods.

DPI&F has continued to monitor the health of certain horses on the Island and has joined Local Government, animal welfare groups, Queensland Police Service and members of the wider community, to find ongoing, practical solutions to the Island's animal welfare issues.



DPI&F's Help an Animal Smile (HAAS) campaign on our web site is an effective animal welfare education tool.

Our staff and volunteers have organised horse management skills workshops for the Island's youth, and DPI&F and the local school have prepared and distributed domestic animal welfare education materials. We have already noticed that these community-based initiatives are improving animal welfare on the Island.

In addition, DPI&F has developed a horse management *Shared Responsibility Agreement* for review by the Palm Island Aboriginal Council, the Australian Government and relevant State Government agencies. We expect this to be signed in 2005-06.

## → Outlook for 2005-06

In the coming year, DPI&F plans to:

- further develop legislation, policies, standards, and awareness programs to promote responsible animal ownership and acceptable standards of animal care
- build on our compliance monitoring of groups affected by animal welfare and ethics codes and standards
- provide animal welfare enforcement services in areas where there are high numbers of animal welfare incidents and no RSPCA presence.



## SECTION 3

☒ **Strategy:**  
Ensure market access for products of Queensland primary industries

**Response:**  
Key activities in 2004-05

**Boost for chemical residue testing**

The clean, green image of Queensland produce is worth billions of dollars to our economy and it would take only one failure detected overseas to damage that reputation.

To minimise this risk, DPI&F conducts routine testing of locally grown produce for evidence of unacceptably high levels of chemical residues. We also source or develop leading technologies to detect new classes of agricultural chemicals as they become available.

In 2004-05, DPI&F purchased a \$500,000 liquid chromatograph/mass spectrometer (LCMS) to enable us to analyse a much wider range of agricultural chemicals. The LCMS is able to detect and positively identify chemical residues at levels of less than one part per billion on the surface of, or inside, produce. We can also detect antibiotic residues and natural plant toxins in meat and natural mycotoxins in grains and animal products.

DPI&F tests for residue levels below those allowed by Australian legislation or enforced by our international trading partners. Of the 251 samples of Queensland-grown produce collected between 2002 and 2005, only two per cent showed residues above legal limits. In each case of non-compliance, DPI&F took action to prevent the growers' produce from reaching the market until their procedures complied with legislation.



Strict controls cover the licensed growing of industrial hemp in Queensland.

Residues above legal limits are not considered a health issue, but are an indication that agricultural chemicals have not been used in accordance with their directions for use.

### Regulations to assist industrial hemp industry

DPI&F has maintained regulatory processes to monitor the production of industrial hemp in Queensland, and address community concerns about possible misuse of the product.

Industrial hemp is grown for its strong fibre, which can be used to make many items including textiles, pulp and paper, building construction products and fibre for plastic components in the automobile and other manufacturing industries. It is a form of *Cannabis sativa* suitable for these purposes as its THC (delta 9-tetrahydrocannabinol) content is low enough to provide no mind altering effects in humans.

There are currently 45 licensed industrial hemp growers and three licensed industrial hemp researchers in Queensland.

Our 2004-05 monitoring program involved inspectors sampling growers' plant material to ensure compliance with the maximum permitted concentrations of THC in plant leaves and flower heads.

DPI&F also maintained our dialogue with other Government agencies that have an interest in industrial hemp production, such as the Queensland Police Service and the Department of Justice and Attorney-General.

### → Outlook for 2005-06

In the coming year, DPI&F plans to:

- work with the cotton industry to develop and implement a joint action plan to minimise agricultural chemical spray drift
- continue research into management techniques to minimise mycotoxins in maize (the presence of mycotoxins can have a serious impact on trade)
- develop a training program for DPI&F staff on chemical use legislation to improve our ability to investigate chemical misuse complaints
- improve emergency response planning for potential food safety incidents in Queensland.

## Queensland citrus fruits—especially mandarins and oranges—have never been better or in more plentiful supply.

Citrus fruits are an excellent source of vitamin C and dietary fibre. They also contain folate, potassium, beta-carotene and antioxidants, making them among the most effective flu fighters to have around this winter.

The Queensland citrus fruits you find at your local store are also completely free from disease—they undergo stringent quality assurance before they leave the farm.

And you can help Queensland's citrus growers too. How? Like Michael Voss, all you need to do is keep buying and enjoying Queensland's wonderful citrus—mandarins, oranges, limes, lemons and grapefruit.

The Queensland Government is working with Queensland Citrus Growers Inc, Queensland Fruit and Vegetable Growers and Horticulture Australia to protect and maintain markets, jobs and income for the State's citrus growers and marketers.



Queensland  
Government

For more information, telephone 13 45 43  
or visit [www.dpi.qld.gov.au](http://www.dpi.qld.gov.au)

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05/05



This poster featuring Brisbane Lions' captain Michael Voss was part of our communication and marketing campaign to reassure Queensland residents that locally-grown citrus is good for you.

## SECTION 3

# The battle to save Queensland's \$100 million citrus industry

In early July 2004, Queensland's thriving citrus industry was thrown into crisis with the discovery of an exotic disease on a large commercial property in Emerald.

DPI&F reacted swiftly to the find, implementing an agreed emergency response plan to manage the outbreak - a plan that restored national confidence in Queensland citrus and enabled trade to resume in a world-record time of 17 days.

Citrus canker causes plant defoliation, dieback, fruit drop and infected fruit. Its discovery in Queensland posed a real threat to our citrus industry. Although the original find was detected on only one property, it affected more than 250 commercial producers and closed interstate and international markets to Queensland citrus fruit and a range of nursery plants. Some international markets even closed their doors to all Australian citrus, an industry worth about \$400 million.

DPI&F General Manager Plant Biosecurity, Chris Adriaansen, said DPI&F's response plan was a multi-pronged strategy, agreed to and funded by the Australian Government and other state governments through the National Management Group (NMG).

This included surveillance and diagnosis to determine the extent of the disease infestation, eradication, and minimisation of disruption to markets within Queensland, interstate and overseas.

"We engaged industry bodies immediately it was determined an exotic citrus disease was present in Queensland. This was even before we had confirmation that it was citrus canker," Chris said.

At midnight on Tuesday 6 July 2004, the citrus industry in Queensland came to an official standstill.

News media widely reported the outbreak locally and nationally. Some overseas media also carried the story.

DPI&F was already in response mode, enacting a world's best practice plan to manage all aspects of the outbreak. Strategies included implementing control methods, destroying affected trees, establishing quarantine and movement controls, and conducting diagnosis, tracing and surveillance.

"Within two weeks nearly 300 staff were working directly on the citrus canker containment, surveillance, logistics and planning response, and inspectors were facilitating the reopening of markets to Queensland citrus fruit," Chris said.

Communication with stakeholders was a critical part of the response and this occurred on many levels. For example, 25,000 information sheets and 4,000 posters showing the symptoms of citrus canker were issued. A multi-level advertising campaign including television, metropolitan and regional press, and radio was in full swing just days after confirmation of the outbreak. DPI&F also held many face-to-face meetings with industry and community groups to listen to their concerns and provide information.

"Our rapid implementation of training programs for different groups affected by the outbreak was also critical. Fast, effective training of more than 100 new inspectors ensured that Queensland citrus could re-enter the domestic and international marketplace with minimal disruption for producers, while the on-

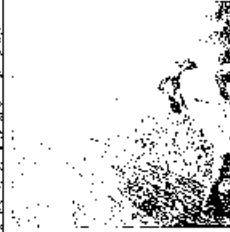
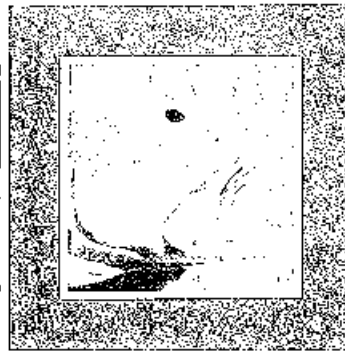
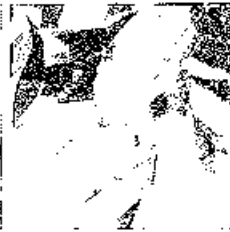
farm biosecurity training we delivered to producers helped them integrate their own pest and disease protective measures into existing quality management systems.

"The training program DPI&F developed for surveillance staff has been adopted as a national standard, while the quality and effectiveness of our overall approach to training was recognised by our selection as one of three finalists in the Queensland Training Awards," said Chris.

In October 2004, citrus canker was detected on a second Emerald district property. Despite this, DPI&F was able to secure unrestricted domestic market access for Queensland citrus growers outside the Emerald district in early 2005. Following the detection of citrus canker on a third Emerald district property in May 2005, the NMG decided to order the destruction of all commercial and residential citrus trees in the Emerald district.

Special provisions were made for Emerald growers with market-ready fruit, and who did not have citrus canker, to pick and pack their produce for the overseas market. DPI&F, in partnership with the Australian Government and industry, committed to an \$11.5 million financial assistance package for the Emerald citrus growers.

DPI&F also made a major submission to the Senate Rural and Regional Affairs and Transport Committee for the inquiry into the Citrus Canker Outbreak.



## Developing sustainable fisheries and aquaculture

### Output: Fisheries

Strategic objective: Ensure the sustainable management and economic development of Queensland's fisheries

**Strategy:**  
Manage fisheries resources on a sustainable basis

**Response:**  
Key activities in 2004-05

#### New harvesting quotas for key species

As reported last year, new regulations were introduced to ensure that commercial harvesting of Queensland's coral reef fin fish and Spanish mackerel resources remains sustainable. Supporting the regulations, DPI&F implemented quota management arrangements for these fisheries over the past 12 months.

This included establishing a Quota Management Unit to supervise and monitor compliance with these regulations as well as fisheries subject to controlled access or limited catch arrangements in Queensland.

Introducing quotas for coral reef fin fish and Spanish mackerel increases the number of species monitored under state-based quota management arrangements to 20. The transferable quotas were introduced to facilitate sustainable use of fisheries resources and, in line with industry requests, to offer greater stability to fishers and investors by providing secure, long-term access to coral reef fin fish and Spanish mackerel resources.

Other sustainability measures introduced for coral reef fin fish and Spanish mackerel in 2004-05 included new minimum and maximum legal fish sizes, and recreational take and possession limits. Independent catch monitoring programs for both species have also been developed to assist with future quota reviews.

#### Harvesting and effort quotas for selected Queensland fisheries

Fishery	Total allowable catch or effort	Reporting requirements
Tailor	120,000 kg	Fishers report before landing
Spotted mackerel	140,000 kg	Buyers report fish purchased DPI&F notifies fishers if the quota is close to being reached
Coral reef fin fish and Spanish mackerel	Coral trout 1,350,000 kg Red throat emperor 700,000 kg Other reef species 1,011,000 kg Spanish mackerel 619,620 kg	Fishers report before landing Queensland Boating and Fisheries Patrol conducts random inspections Fishers update pre-landing report after unloading
East coast trawl	3,069,211 total allowable effort units	Data from DPI&F's Vessel Monitoring System is used to determine days fished
Spanner crab (Managed Area A)	1,726,724 kg	Fishers report before landing Queensland Boating and Fisheries Patrol conducts random inspections Fishers complete landing dockets used to calculate quota usage Buyers report the weight of crabs purchased

## SECTION 4

“DPI&F’s Fish Habitat Area program began in the late 1960s and has grown to cover more than 850,000 hectares of fish habitats in tidal and sub-tidal regions along Queensland’s east coast.”

### Fish habitat expands

The sustainability of Queensland’s fisheries depends on adequate protection of fish habitats. This year, we expanded the state’s Fish Habitat Area by a further 79,100 hectares with areas declared in Margaret Bay, Starke River and Edgecumbe Bay.

Our Fish Habitat Area program is a major contributor to the economic viability of coastal fisheries, with most recreational and commercially important species depending on such habitats to provide food, shelter, spawning and nursery sites.

DPI&F’s Fish Habitat Area program began in the late 1960s and has grown to cover more than 850,000 hectares of fish habitats in tidal and sub-tidal regions along Queensland’s east coast. A further four areas are located in the Gulf of Carpentaria.

Legislative reform was introduced this year to allow approvals for fisheries related developments to be assessed under the *Integrated Planning Act 1999* (IPA). As part of this reform, eight self-assessable codes were introduced to make a significant number of low-impact fisheries developments self-assessable.

Under the self-assessment process, if a fisheries development proposal complies with the rules and requirements set out in the codes, it can proceed without further approval from DPI&F. If a development proposal does not comply with the code, an application must be made through IPA’s Integrated Development Assessment Process. More information on the IPA amendments is available on Fishweb at [www.dpi.qld.gov.au/fishweb](http://www.dpi.qld.gov.au/fishweb) or by contacting the DPI&F Call Centre on 13 25 23.



DPI&F researcher collecting samples to assess the health and diversity of the fish population in a Fish Habitat Area.

### Fisheries reviewed for sustainability

Under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999*, all Commonwealth and state-managed fisheries that have an export component must be assessed as being sustainable by 1 December 2005. The assessments are conducted according to guidelines developed by the Commonwealth Department of the Environment and Heritage (DEH).

To date, DEH has reviewed 21 of Queensland’s 25 fisheries to ensure that management arrangements meet Commonwealth guidelines (see map over page). Approvals range from one to five years and include several recommendations on the management and monitoring of fisheries and their ecological impacts. DPI&F will use these recommendations to prioritise our future fisheries management and research programs.

To support the DEH reviews and provide data for DPI&F’s fisheries management processes, we undertake long-term monitoring of 12 key fisheries in Queensland (see map over page). This program assesses the sustainability of the fisheries based on a range of indicators such as species catch rates, size and age distribution, sex ratio and reproductive status.

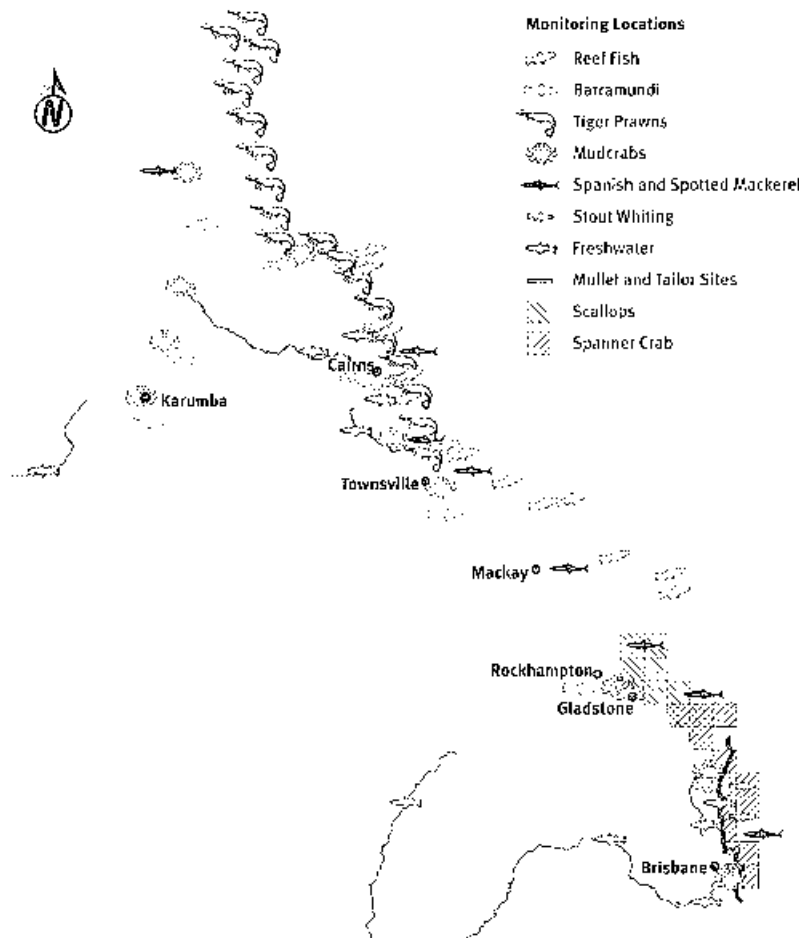
The results of DPI&F’s monitoring program are available on our web site at [www.dpi.qld.gov.au/fisheriesmonitoringprogram](http://www.dpi.qld.gov.au/fisheriesmonitoringprogram).

### → Outlook for 2005-06

In the coming year, DPI&F plans to:

- present sustainability reports to DEH and implement their recommendations, starting with actions that address the highest risk issues
- continue to monitor quota usage and compliance with quota management arrangements
- continue our long-term monitoring of the condition of 12 key fisheries
- introduce a new Fish Habitat Area for the Narrows region near Fitzroy River and start the consultation process for a new area in Cleveland Bay.

DPI&F undertakes long-term monitoring of 12 key fisheries in Queensland.



QBFP's Marine Animal Release Team trains with its new simulated whale tail.

**Strategy:**  
Protect fisheries resources

**Response:**  
Key activities in 2004-05

**Training helps protect whales**

As well as protecting Queensland's commercial fisheries resources, DPI&F works to free whales that become entangled in shark safety nets along the state's coastline.

QBFP officers who are members of our Marine Animal Release Team undertook specialised training using a new simulated whale tail in exercises involving cutting nets, releasing ropes and underwater observation via video camera. Twenty-four members of the team took part in special training exercises on the Sunshine Coast and on the Gold Coast. The simulated whale tail, provided by the Australian Government, made training as realistic as possible.

DPI&F has implemented several initiatives to reduce the risk of shark safety equipment to non-target marine animals such as whales. Shark nets and drumlines are in place off 87 of Queensland's beaches to protect swimmers from shark attacks.

Before the Shark Control Program started in the early 1960s, several shark attacks occurred off Queensland beaches. Since the program was implemented there have been no fatalities on any of the beaches protected by nets.

**Improved compliance with regulations**

DPI&F's Queensland Boating and Fisheries Patrol (QBFP) continued to enforce fishing regulations throughout the state, reporting a slight increase in fishers' compliance with regulations (up from 93.4 per cent to 94.4 per cent compliance).

## SECTION 4

QBFP has 120 field staff at 22 bases around Queensland; from the Gold Coast in the south to Thursday Island and Weipa in the north, and inland to Longreach. In 2004-05, the team inspected:

- 27,090 recreational marine fishery units, detecting 1,230 offences
- 2,273 freshwater fishery units, detecting 250 offences
- 2,783 commercial fishing operations, detecting 280 offences
- 121 fish habitat sites, detecting 22 offences.

In addition, by the end of June 2005, QBFP had seized 70 unattended fishing nets, 893 crab pots and 123 other pieces of equipment.

### Resources boost response efforts

To better detect people who are not complying with DPI&F's new fisheries management arrangements, we have appointed six QBFP special investigators located in Cairns, Townsville, Mackay, Brisbane, the Gold Coast and Hervey Bay. The investigators will enhance our capacity to undertake complex investigations of fisheries infringements, such as quota-related fraud offences. We also have four specialist officers who can undertake covert or rapid response enforcement activities around the state.

Additional QBFP staff members were also recruited at Port Douglas, Airlie Beach, Bowen, Mackay and Gladstone to assist with work we undertake on behalf of the Great Barrier Reef Marine Park Authority.

Construction of a replacement QBFP base at Rosslyn Bay started this year. The base, which is expected to be completed by October 2005, will enhance our services in the central Queensland region.



Kids Fishing Clinics, like this one at Cressbrook Dam during 2004-05, are one of a range of DPI&F programs to improve community awareness of the need to conserve our valuable fisheries resources.

### Inspection and compliance results

Year	Inspections	Compliance with regulations
2004-05	32,971	94.4%
2003-04	27,274	93.4%

### Promoting awareness of fisheries

QBFP has remained active in educational activities, conducting 148 lectures, holding 81 displays, contacting 99 fishing clubs and achieving 167 media articles on a range of legislative compliance topics.

Supporting this, DPI&F undertook activities including:

- advertising on television and radio
- developing and distributing a full colour *Guide to Recreational Fishing and Boating in Queensland* in conjunction with Maritime Safety Queensland
- producing the quarterly newsletter *Fish* which is distributed to more than 4,500 people (per edition)
- distributing more than 300,000 recreational fishing brochures

- maintaining the e-information service *Fish Flash*
- developing and implementing a communication strategy on noxious fish
- conducting free Kids' Fishing Clinics.

### → Outlook for 2005-06

In the coming year, DPI&F plans to:

- implement new on-the-spot fines for fisheries offences, including a range of fines for development related offences
- establish a QBFP office at Redland Bay to improve client services in this growing region
- continue to educate the community about fisheries matters, particularly the impacts of introduced pest fish species.

## Strategy: Develop fisheries and aquaculture

### Response: Key activities in 2004-05

#### Offsetting wild harvest fisheries

Most of Queensland's wild harvest fisheries are near, or at, maximum sustainable levels of exploitation. As such, there is little scope for DPI&F to increase the profitability of our commercial and recreational fishing industries by expanding harvesting in these fisheries.

Instead, our focus is to maintain current access to wild fisheries while developing recreational freshwater impoundment fisheries and a sustainable aquaculture industry.

We are also promoting the involvement of Indigenous communities in fisheries and aquaculture. We have been assisting these communities with education, information and resources to develop primary industries that will benefit their own communities and Queensland as a whole (see the case study on page 41).

#### Freshwater fisheries support regional economies

DPI&F's Stocked Impoundment Permit Scheme (SIPS), introduced in July 2000 under the *Freshwater Fisheries Management Plan*, applies to 29 dams in Queensland. These dams are stocked with native freshwater fish.

Fees from these fishing permits contribute to fish stocking programs for the dams involved in the scheme. Since SIPS was introduced, we have distributed more than \$1.8 million to fish stocking groups, resulting in the distribution of more than four million fish among the dams.

In addition, we support fish stocking programs in areas not covered by SIPS by providing annual grants to community-based fish stocking groups.

In 2004-05, \$168,000 was divided among 51 groups for purchasing fish fingerlings for dams and weirs.

Following surveys conducted in previous years, DPI&F and Central Queensland University have assessed the economic value of three artificially-boosted impoundment fisheries to the communities that surround them. The study estimated that anglers at Bjelke-Petersen Dam spent \$950,000 each year on fishing-related goods and services, with \$1.47 million spent at Boondooma Dam and \$1.07 million at Fairbairn Dam. This demonstrates that these enhanced fisheries are a significant contributor to local economies.

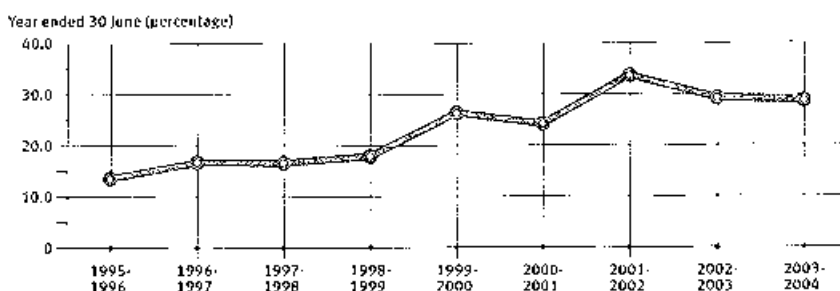
#### Aquaculture industry growth

With DPI&F's assistance, the value of the state's aquaculture industry has doubled in the past decade. At the beginning of the year aquaculture represented over 20 per cent, or \$73 million, of the gross value of all Queensland fisheries (see graph 2).

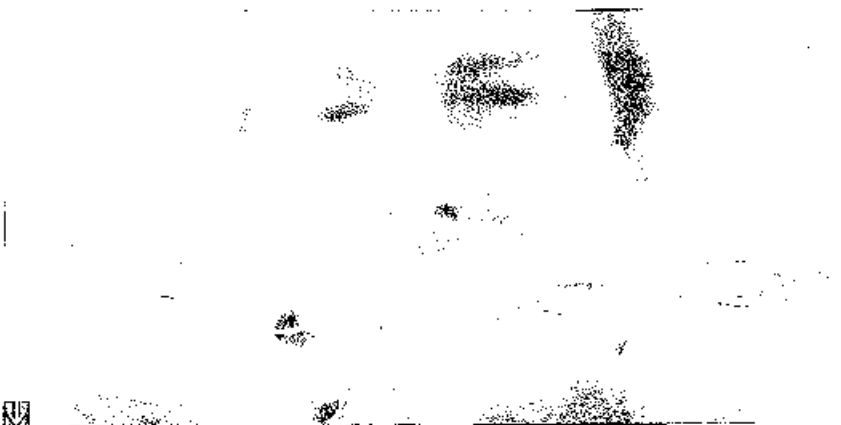
In 2004-05, DPI&F conducted extensive aquaculture industry development activities including:

- preparing industry development plans for the oyster and prawn aquaculture sectors. The *Oyster Industry Development Plan*, prepared with industry participation, was launched in late 2004 and is now being implemented. The prawn aquaculture industry released their development plan in August 2005
- working closely with the emerging crab aquaculture sector to document their current position and future direction in the upcoming *Opportunities for Crab Aquaculture in Queensland plan*
- facilitating the development of guidelines for the construction and management of aquaculture ponds in Queensland
- developing technical information on the potential for aquaculture products to accumulate chemical residues

#### Percentage of the value of Queensland fisheries from aquaculture



The value of the state's aquaculture industry has doubled in the past decade.



Banana prawns from the DPI&F Brisbane Island Aquaculture Research Centre.



## SECTION 4



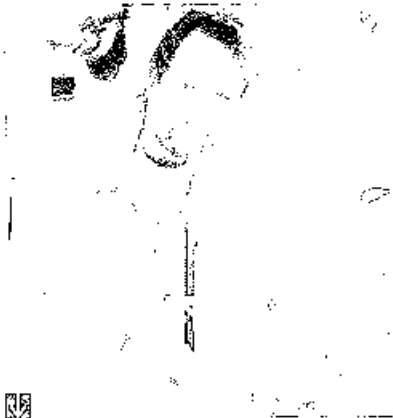
The spanner crab fishery has a total allowable catch weight of 3,726,724 kg.

- obtaining accreditation of Queensland laws under the *Great Barrier Reef Marine Park Aquaculture Regulations*. This aims to establish a state-managed single, accredited environmental assessment process and performance standards for aquaculture development adjacent to the Great Barrier Reef
- releasing several policy documents relating to the aquaculture industry's development, the latest being a draft policy for management arrangements for the commercial harvest of juvenile eels
- developing health protocols for moving prawn broodstock and farmed barramundi into and within Queensland.

### → Outlook for 2005–06

In the coming year, DPI&F plans to:

- provide a framework on the planning principles and mechanisms for managing aquaculture development in Queensland. This framework will be complemented by regional aquaculture plans identifying areas of development potential, and performance standards to guide development
- continue to develop policies and protocols that provide industry participants with clear guidelines on sustainable aquaculture development.



Live coral trout are a key part of the commercial line fishery business.

### ☒ Strategy: Develop fisheries policy

#### Response: Key activities in 2004–05

##### Feedback sought on licensing arrangements

Queensland fisheries legislation provides a framework for the management, use, development and protection of state fisheries and aquaculture resources and habitat. The framework relies on issuing a range of authorities, including licences and permits, to regulate the use of fisheries resources.

A recent *National Competition Policy* review of the state's licensing arrangements found that they are too complex and, in some cases, require amendment to comply with the National Competition Policy.

To address this issue, DPI&F released a *Regulatory Impact Statement* (RIS) in May 2005 to obtain stakeholder feedback on a proposed new fisheries licensing and fee regime. The proposals contained in the RIS represent a fundamental change in the way that commercial fishing licensing operates in Queensland. As such, they constitute the single greatest policy issue for fisheries management in the medium-term.

To explain the proposals and to determine their impact on individuals, DPI&F held 16 public meetings throughout the state in May and June 2005. These meetings highlighted the significant concerns that exist in some sectors of the commercial fishing industry regarding the proposal and its relationship to some existing management arrangements. DPI&F faces a major challenge in working through these issues in 2005–06.

Overall, our aim is to reduce red tape, improve the security of commercial access rights and develop a more streamlined and equitable licensing system. We believe that the changes to fisheries licensing and fees will ultimately prove beneficial to the industry as a whole, meeting both the needs of the industry and the government, and will achieve profitable fisheries based on the principles of ecological sustainability and equity.

Full details of our proposal are available by telephoning 13 25 23 or visiting our web site at [www.dpi.qld.gov.au/extra/pdf/fishweb/licenrefee.pdf](http://www.dpi.qld.gov.au/extra/pdf/fishweb/licenrefee.pdf).

### → Outlook for 2005–06

In the coming year, DPI&F plans to:

- further review the fisheries licensing and fee regime
- complete a review of the *Fisheries Regulation 1995* to update it and simplify its application
- develop a range of policy documents to set high-level guidelines for enforcement and compliance, appropriate use of regulatory instruments, use of investment warnings, and implementation of quota management arrangements
- implement a set of national Indigenous fishing principles.

CASE STUDY



Indigenous communities have started harvesting live tropical painted crayfish for export. Shipments have already been sent to Hong Kong.

## SECTION 4

# Cape York communities hook into commercial fishing

While fishing is part of life for many far north Queensland Indigenous communities, DPI&F is helping several of them to take a more commercial approach to harvesting fisheries resources.

DPI&F's work in the region is a direct result of the State Government's *Cape York Justice Study*, released in November 2001. Our response to the study was to find innovative ways to assist Indigenous communities to access community development and income-generating opportunities.

Over the past two years, DPI&F has invested \$2.5 million in the establishment of the Adai Cape York Seafood company, owned by the Indigenous people of Cape York. The company owns three coral reef fishery licences and an associated reef fish quota, giving the community a significant stake in Queensland's mainstream fishing industry.

DPI&F Senior Policy Officer, Allan Dekker, said that in learning to work successfully with Indigenous communities, the department had become more consultative.

"Instead of DPI&F driving projects, as is often the case in our business, we have responded to community ideas. We work with them to find out what projects they want to take on and how heavily involved they want to become. In the process, we try to ensure that the people we're assisting have the skills to run a successful fisheries business," Allan said.

"We believe the measure of our success is the community's enthusiasm and application to the projects. We've discovered that unless community members decide to carry the projects on, they won't work in the longer term."

DPI&F now has three full time field staff working with Indigenous communities in Cape York to build relationships and trust, and to help identify opportunities for involvement in fisheries and aquaculture projects. These projects have now become part of DPI&F's core business.

In the Lockhart River area, Puchi Wu Fishing Ltd is another DPI&F-assisted business venture helping local Indigenous people to break into the fishing industry. The company will initially focus on live crayfish harvesting for the export market, but will also explore opportunities for harvesting mud crabs, and line fishing.

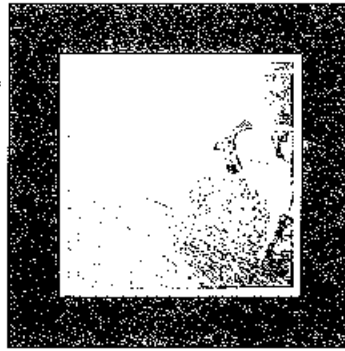
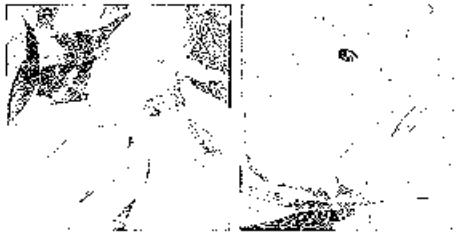
To date, 19 young people have been trained in commercial cray fishing skills by a team of dive instructors, safety officers and commercial fishermen.

"The Indigenous people DPI&F is working with often know more about fishing than most professional fishermen. Many of them have grown up with fishing as part of their lives and they know a lot about fish behaviour and handling. We're assisting them to apply their skills in a commercial context."

At Mapoon north of Weipa, DPI&F is working with a commercial fisher who is training a group of young Indigenous people in commercial mud crab harvesting and barramundi fishing. The group is also learning about seafood processing, marketing and business management.

"The Mapoon project has been operating for several years and we're about to transfer ownership of the business to the local Indigenous community, including the group of young people we're training. The business produces quality seafood for sale to restaurants around Australia.

"The most important thing we're learning through these projects is that DPI&F really can make a difference," Allan said. "We're helping people to do something good for themselves and their community. It's good for Queensland."



## Growing valuable forestry assets

Output: Forestry commercial

Strategic objective: Maximise the market value of state-owned commercial forestry assets within a sustainable development framework

**Strategy:**  
Increase the efficiency of state-owned commercial forestry operations

**Response:**  
Key activities in 2004-05

### Financial performance

In 2004-05, DPI Forestry, a commercial business group of the department, recorded a loss from ordinary activities after income tax equivalents of \$4.1 million. This result, although a considerable improvement on the previous year's loss of \$48.8 million, is well below our 2004-05 profit target of \$54.1 million.

In calculating our profit or loss from ordinary activities, DPI Forestry takes into account:

- the surplus or deficit from trading operations
- the change in the estimated market value of state-owned plantations over the year.

DPI Forestry's trading surplus (after interest and tax) for 2004-05 was \$17.8 million, 46 per cent below the previous year's figure. Trading income for the year, mainly comprising sales of state-owned timber and other forest products, almost equalled our record level of 2003-04.

However, 2004-05 expenditure was \$14.5 million higher than the previous year.

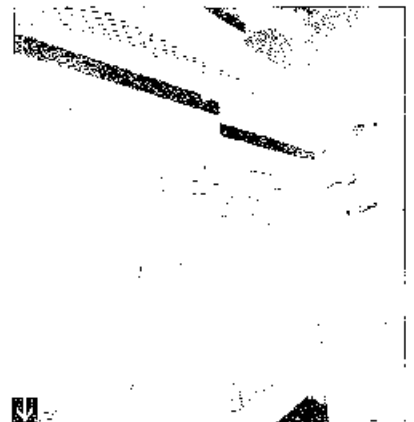
Additional expenditure reflects increased plantation establishment and fire protection operations as well as several one-off costs, the main one being a deferred interest payment of \$6.3 million to the Queensland Treasury Corporation to realign the book and market values of DPI Forestry's long-term debt.

Offsetting our trading surplus, DPI Forestry recorded an unrealised reduction in the market value of state-owned plantations of approximately \$21.9 million, bringing the value of these assets to \$1.13 billion at 30 June 2005. This change in market value, as estimated by a 'net present value' asset valuation methodology, reflects the impact of drought conditions on forest growth, refined growth modelling systems and lower market prices for some timber products.

### Success through sustainable growth

DPI Forestry is Queensland's principal forest grower. We supply more than 80 per cent of the log timber used each year by regionally-based timber processing businesses.

Through our pivotal role in the state's forestry industry, we contribute to its annual turnover of \$2.7 billion (with value-adding of an additional \$1 billion), annual export earnings of \$215 million and employment of more than 19,000 people.



Toolara Forestry Station's David Hunt inspects hybrid pine tissue culture.

More than 190,000 hectares of state-owned plantations and five million hectares of native forests support our forest production and marketing operations. Our main products are plantation exotic pine, plantation araucaria (hoop pine), plantation hardwood, native forest hardwood, native forest cypress, quarry materials and Wolllemi pine plants (see the case study on page 47). We also provide forest management services to a range of Australian and international customers.

DPI Forestry's customers and stakeholders include timber processors, quarry operators, graziers, foliage collectors, apiarists, other forest growers, government agencies, research organisations and the wider community.

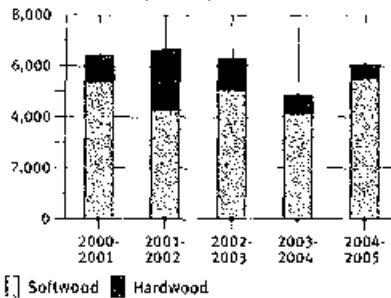
We manage our forest production and marketing operations on a sustainable basis as recognised by independent certification to the *Australian Forestry Standard AS 4708(Int)-2003*.

## SECTION 5

“The DPI Forestry and Timber Industry have been successful in securing a sustainable future for Queensland’s timber industry.”

### DPI Forestry – Plantation establishment and re-establishment

Year ended 30 June (hectares)



DPI Forestry accelerated its land acquisition program for softwood and hardwood plantations in 2004-05.

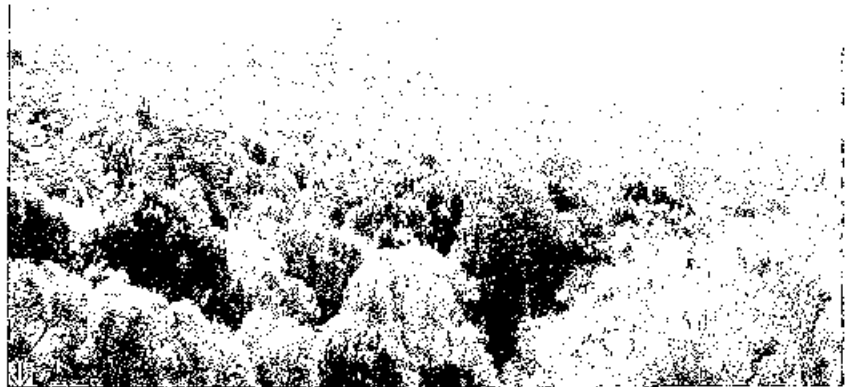
### Plantation expansion accelerates

Underpinning the continued growth of Queensland’s timber industry, DPI Forestry aims to expand the state-owned plantation estate to 200,000 hectares, up from around 193,000 hectares, over the next few years.

In 2004-05, we accelerated our land acquisition program for softwood and hardwood plantations, purchasing 1,680 hectares of cleared land (up from 270 hectares last year).

We planted 6,078 hectares of softwood and hardwood plantations under our annual plantation establishment and re-establishment program, 24 per cent higher than in 2003-04 but three per cent below our target for the year (see graph 3). The shortfall was mainly due to dry weather conditions in several areas and difficulties in obtaining sufficient contract labour for planting operations.

To help address the labour shortage, DPI Forestry collaborated with Kingaroy TAPE to develop a short, focussed training course for potential forestry workers. Ten people took the course during 2004-05 and subsequently gained employment in the industry.



Continued growth of DPI Forestry’s softwood and hardwood plantation estate is securing a sustainable future for Queensland’s timber industry.

### Softwood planting

Planting this year included 5,515 hectares of softwood plantations to restock harvested areas or to establish plantations on recently acquired land. DPI Forestry has more than 180,000 hectares of softwood plantations, mainly exotic pine and the native araucaria (hoop pine), in south east, central and north Queensland.

### Hardwood planting

DPI Forestry established 563 hectares of hardwood plantations under the State Government’s \$32.4 million Future Directions Strategy. This brings the total area planted after year two of the six-year strategy to 1,318 hectares. With funding sourced from our commercial surpluses, the Future Directions Strategy aims to strengthen south east Queensland’s hardwood timber industry through a 5,000-hectare expansion of the state-owned hardwood plantation estate by 2009.

DPI Forestry is planting a large part of the plantations on rented agricultural land, giving landowners the opportunity to diversify their income with secure, long-term rent from DPI Forestry. In many cases, we also employ participating landowners to help conduct plantation maintenance operations once the plantations are established.

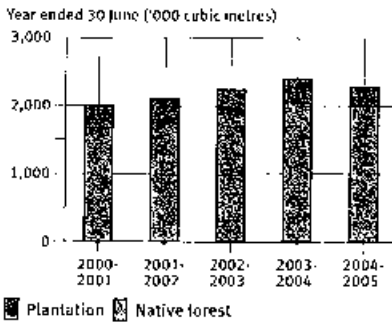
### Private sector partnerships

DPI Forestry worked with several private sector companies during the year to plan the future expansion of Queensland’s hardwood and softwood plantations. As part of a major sale of exotic pine timber to Pentarch Forest Products, Pentarch indicated that it intends to establish additional plantations in north Queensland. These plantations will complement our plans to expand state-owned plantations in the region and will greatly assist with timber industry development.

In line with DPI Forestry’s timber supply arrangements, two of our major timber processing customers, Hyne and Son and Weyerhaeuser (see photo over page), plan to establish large plantations in south east Queensland. We have been selected to supply some of the exotic pine planting stock for one of Hyne and Son’s plantation projects, and to conduct on-site trials to identify the best tree varieties to suit specific sites.

We have also formed links with other companies who are interested in expanding plantations for both commercial and environmental purposes. These include a joint venture with Millmerran Power Partners to establish a hardwood plantation research trial, a biofuel plantation project with Tarong Energy, a hardwood plantation land reclamation project at Swanbank with Thiess Services, and a service contract with Forest Enterprises Australia to monitor the growth and health of their hardwood plantations in the South Burnett region.

**DPI Forestry – State-owned timber removals**



DPI Forestry's sales of plantation timber exceeded two million cubic metres for the second year running.

**Forest product sales**

DPI Forestry's sales of plantation timber exceeded two million cubic metres for the second year running, reflecting continuing strong timber demand for home building and other purposes (see graph 4).

Demand for native forest timber was down significantly this year, resulting in sales of 292,000 cubic metres, a 17 per cent reduction from the previous year. Sales of quarry materials such as sand, gravel, hard rock and fill, although down 10 per cent on the previous year's record level, remained quite strong at 2.7 million cubic metres.

We finalised a major contract with Pentarch Forest Products for the sustainable harvesting of three million cubic metres of log timber over 15 years from state-owned plantations in the Atherton, Ingham and Proserpine areas. This major sale will help revitalise the timber industry in north Queensland, providing significant employment and economic benefits. Initially, about 80 per cent of the products will be exported to south east Asia as logs, with the remainder being sold to local sawmills.



Weyerhaeuser Australia Pty Limited resources manager Craig Morris, left, with DPI Forestry assistant forest manager (Beerbarum) Stan Ward, at Weyerhaeuser's Caboolture timber mill.

Pentarch Forest Products intends to establish several local facilities, including a sawmill, to enhance the value of the enterprise to the local market. Product sales will support 80 long-term jobs in north Queensland with potential for further employment as additional sawmill and value-adding facilities are developed.

→ **Outlook for 2005-06**

In the coming year, DPI&F plans to:

- exceed two million cubic metres of state-owned plantation timber sales for the third consecutive year
- work with our joint venture associate to commence exports of Wollemi pine plants into key national and international markets (see case study on page 47)
- conduct our largest ever softwood plantation establishment and re-establishment program, planting 6,554 hectares
- establish a further 1,000 hectares of hardwood plantations on private and state-owned land in south east Queensland under the Future Directions Strategy.

**Strategy:**

**Conduct commercial forestry operations in accordance with community expectations for sustainable management**

**Response:**

**Key activities in 2004-05**

**Forest production certified sustainable**

Since 1999, DPI Forestry has managed our forest production operations in accordance with an Environmental Management System (EMS), independently certified to the international standard *AS/NZS ISO 14001:1996*.

In a move to further enhance our environmental credentials, we decided to upgrade our system of forest management to meet the higher level, sustainable forest management criteria and indicators set out in the *Australian Forestry Standard AS 4708(Int)-2003*. This internationally recognised standard sets criteria for sustainable forest management of wood production from an economic, social, environmental and cultural perspective.

## SECTION 5

To ensure all our operations meet *Australian Forestry Standard* (AFS) requirements, we conducted several improvement initiatives during the year. They included developing a sustainable forest management plan for state-owned forests and AFS-focused performance indicators. We also published an overview of DPI Forestry's commercial forest production practices to inform our stakeholders and the wider community of our approach to sustainable forest management.

Perhaps the most far-reaching undertaking was a comprehensive stakeholder consultation program at state, regional and local levels (see page 53). The program sought public comment on our operations, particularly from a sustainable management perspective. Stakeholder comments proved extremely useful and, where relevant, are being incorporated into our environmental management activities.

DPI Forestry was awarded AFS certification on schedule (July 2005) following a rigorous independent audit process. Of the five million hectares of forest area in Australia certified under the AFS, we now manage more than three million hectares, or 62 per cent.

The process of obtaining AFS certification has strengthened environmental awareness within DPI Forestry and enhanced our commitment to working more closely with stakeholders and the wider community. It has also created an opportunity for the timber industry and downstream processors to 'green label' their products, potentially giving them a competitive advantage in national and international marketplaces.

### → Outlook for 2005-06

In the coming year, DPI&F plans to:

- maintain AFS certification and further improve our sustainable forest management system
- facilitate action by timber processing customers who wish to 'green label' their products to gain a competitive edge in the marketplace.



Ross Devery, DPI Forestry overseer from Inúuil, in front of a young plantation.

### Strategy: Implement further commercial reform of DPI Forestry

#### Response: Key activities in 2004-05

##### DPI Forestry corporatisation review

In July 2004, the State Government initiated investigations into the potential establishment of a forestry corporation to manage commercial timber production from state-owned plantations. As part of this process, DPI Forestry was declared a Candidate Government Owned Corporation under the *Government Owned Corporations Act 1993*.

Government has been investing in plantation assets since the mid 1920s. As these are now mature and support a vibrant forest industry, the Government is examining whether corporatisation might further enhance the plantation industry, and help it to grow and prosper in an increasingly competitive environment.

To undertake the investigations, the Government formed a Charter Preparation Committee comprising senior officers from the Departments of Treasury (as lead agency), the Premier and Cabinet, Primary Industries and Fisheries, and the Environmental Protection Agency. DPI&F Director-General, Jim Varghese, and the Assistant Director General Forestry, Garry Hammigan, represented our department on the committee.

The committee carried out its investigation during 2004-05 in consultation with key stakeholders including industry representatives, environmental and outdoor recreation interest groups, local government representatives, relevant unions and staff. The committee's report is currently being considered by the Government.

### → Outlook for 2005-06

In the coming year, DPI&F plans to:

- enhance the management of state-owned forest production operations as determined by the Government.

CASE STUDY



Nettie Hamilton from DPI Forestry's Toolara Forestry Station preparing Wollemi pine cuttings for setting into a QNT (Qld Native Tube) filled with our propagation mix.



## SECTION 5

# DPI&F revives a dinosaur

During a recreational abseiling weekend in 1994, New South Wales park ranger David Noble made what is now considered to be the greatest botanical find of the 20th Century – the Wollemi pine which dates back 200 million years. In the next 12 months, these ‘dinosaurs’ will be on nursery shelves, thanks to the expertise of DPI Forestry and our joint venture partner.

The discovery of the Wollemi pine was akin to finding live dinosaurs grazing in the forest. Ranger David Noble discovered a small stand of trees he had never seen before and collected a few fronds for further investigation. The majestic 30 metre high trees were identified as remnants of a conifer species that dates back to the Jurassic Age and was thought to be extinct. The discovery made headlines all over the world.

The *Wollemia nobilis*, or the Wollemi pine as it is more commonly known, is set to make headlines again when commercial quantities of the tree are released for sale in Australia, Japan, North America and Europe in April 2006.

DPI Forestry Product Leader of the Wollemi Pine Commercialisation Project, Ian Lynch, said that DPI Forestry had been propagating and experimenting with the araucariaceae family of trees, of which the Wollemi pine is a part, for around 100 years.

“We are the only group in the world with major araucaria plantations comprising hoop and hunya pines. We have people with exceptional expertise,” Ian said.

“After the discovery of the Wollemi pine, the Royal Botanical Gardens in Sydney wanted to ensure the tree would not become extinct. Their approach was to call for Expressions of Interest in propagation and commercial distribution of the tree.”

As with all rarities, there was fierce competition from national and international groups for the propagation and marketing rights.

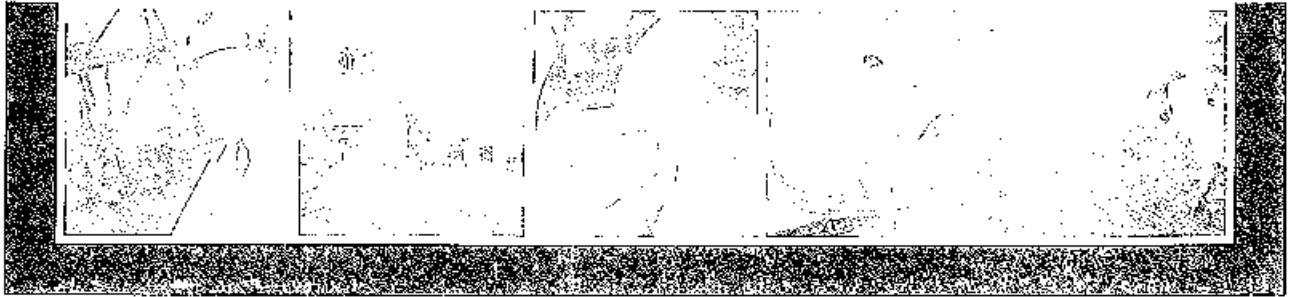
“We really wanted to win this one for Queensland. As part of our bid, DPI Forestry formed a joint venture with Brisbane’s Birkdale Nursery, one of Australia’s leading ornamental horticulture companies. This team combined DPI Forestry’s world-class tree propagation and production capabilities with Birkdale Nursery’s extensive international plant marketing expertise. These strengths won the bid,” Ian said.

DPI Forestry then went to work to unlock the secrets of the ancient tree, developing techniques to successfully propagate the Wollemi pine.

“The tree had some idiosyncrasies that we had to overcome,” said Ian. “Starting with a propagation success rate from cuttings of about five or six per cent in the early days, we’ve upped that to about 95 per cent now.”

The Wollemi Pine Commercialisation Project team comprises more than 50 nursery workers, technicians, foresters, researchers and business services staff, operating mainly in south east Queensland.

“This is a landmark project for DPI Forestry and it is expected to generate millions of dollars in export earnings for Queensland. The environment also benefits, as royalties from sales will help to fund the conservation of the Wollemi pine and other endangered species in the wild. It’s important to us that the Wollemi pine is now safe,” Ian said.



## Our people

The wellbeing of every one of DPI&F's 3,724 employees is important to us. We strive to provide our people with rewarding careers and safe, healthy workplaces.

### Staff profile consistent

DPI&F's staff levels showed little change over the past 12 months, with a 3.5 per cent growth in total staff excluding Fire Ant Control Centre (FACC) employees.

DPI&F has improved the percentage of women in middle management positions (A06-A08 and equivalent) from 21 per cent as at 30 June 2004 to 24 per cent as at 30 June 2005. The percentage of women in SES/SO positions has remained constant at 21 per cent on 30 June 2004 and 20 per cent on 30 June 2005.

Our 3,302 full-time equivalent staff (excluding FACC staff) are located at approximately 170 facilities or centres throughout Queensland. Most (39.7 per cent) work in south east Queensland with 21.9 per cent in Brisbane's central business district, 15 per cent in north Queensland and the remainder located in cities, towns and research stations in other parts of the state.

Of our total staff (excluding FACC staff):

- 76.4 per cent hold permanent tenure with DPI&F, a decrease on last year's 79.1 per cent
- 78.1 per cent are located in regional Queensland, a slight decrease from last year's 78.5 per cent
- 33.4 per cent are female, a slight increase from last year's 32.6 per cent
- 24.7 per cent are in the professional officer employment stream compared with 25.3 per cent last year
- 6.0 per cent are from non-English speaking backgrounds, up from 4.3 per cent last year
- 1.0 per cent are Aboriginal and Torres Strait Islander people.

In 2004-05, 13 staff took voluntary early retirement packages that cost DPI&F a total of \$898,553.

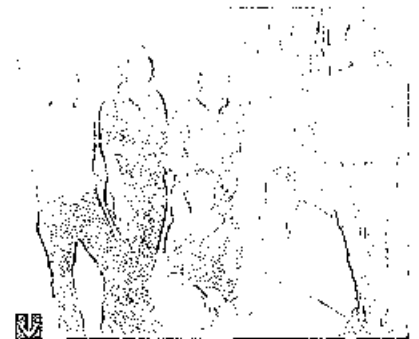
### Initiatives for DPI&F women

Just over a third (33.4 per cent) of DPI&F's workforce are women.

DPI&F's long-established Women's Advisory Group is responsible for implementing initiatives that assist women to gain employment and advance within our department. The Women's Advisory Group is also responsible for the management of our women's intranet site which has been greatly enhanced and updated in the past 12 months to assist women in the DPI&F workplace.

DPI&F has also been pro-active in surveying our female workers to obtain information relating to key issues affecting their lives including career aspirations and achieving a balance between work and lifestyle. This whole-of-Government *Balancing Work, Family & Lifestyle* survey is an important tool in discovering the real issues that affect female employees.

Our department is involved in implementing a wide range of initiatives designed to attract more female workers. In 2004-05, recruitment for Queensland Boating and Fisheries Patrol staff was reviewed to make the patrol more attractive to women. Position descriptions were rewritten to emphasise the diversity of roles rather than focusing on enforcement tasks. We also reviewed information on the physical requirements of roles and highlighted the advances in technology and equipment that are now available to patrol officers.



DPI&F has appointed several new female stock inspectors. Standing front left: Megan Debnuey, Whinton; Robyn Parker, Blackall; Reneca Johnson, Longreach; Angela Pezer, Alpha; (seated): Karen Lowe, Beeralba; Roslyn McLoughlin, Yaroona.

We ensured all recruitment staff were trained in merit selection techniques. These changes resulted in five of 14 new patrol officer recruits being women.

### Equal opportunity for Indigenous people

Our proportion of Aboriginal and Torres Strait Islander staff remained steady at one per cent this year.

We have found that the best way to achieve successful outcomes for Aboriginal and Torres Strait Islander communities is to work in partnership with them. To assist this process, DPI&F now has Indigenous staff based in Cairns, Cooktown and Weipa.

An Indigenous Aquaculture Extension Officer has also been employed to assist with fisheries projects currently underway in the Gulf of Carpentaria, Torres Strait and Cape York (see case study on page 41).

Understanding cultural sensitivities and protocols is an important aspect of working with Indigenous groups and our annual Indigenous staff workshop helps to improve DPI&F's service delivery. During the workshop held in 2004-05, Indigenous staff participated in culturally-specific learning and development activities to increase their competency levels and further their long-term career opportunities.

### Support for multicultural Queenslanders

Approximately six per cent of our staff are from non-English speaking backgrounds. DPI&F provides a range of cultural awareness and development programs for our multicultural staff to assist in their career development and provide opportunities in the workplace. Programs include migrant work experience, and cultural awareness and 'breaking the unemployment cycle' training.

As part of our commitment to the State Government policy, *Multicultural Queensland - making a world of difference*, DPI&F will develop and implement an *Agency Action Plan* in 2005-06 to further support our growing number of staff from non-English speaking backgrounds.

### Industrial relations agreements

With the exception of DPI Forestry, all staff at DPI&F work under the *State Government Departments' Certified Agreement 2003* (Core Agreement). The current agreement is in place until 31 July 2006.

DPI Forestry staff are covered by their own agreement, *DPI Forestry Certified Agreement 2002*, which expires on 31 October 2005. This agreement covers remuneration arrangements and employment conditions. Negotiations to form the basis of a new agreement will start between staff and unions in August 2005, with the new agreement expected to take effect on 1 November 2005.

DPI&F staff also work under specific clauses within other agreements such as the *Department of Primary Industries, Fisheries and Forestry Certified Agreement 1997* which governs working hours arrangements, progression schemes, rural area incentive schemes, and performance planning and review.

Due to the unique nature of their work environment, some of our field staff work under both the Core Agreement and an agreement specific to their area. Field staff at Queensland Boating and Fisheries Patrol are covered by the Core Agreement for issues such as pay rates and increases while the *Department of Primary Industries Queensland Boating and Fisheries Patrol Terms and Conditions Certified Agreement 2002* governs issues such as weekend shift allowances, offshore surveillance allowances and 38-hour week shift arrangements. The latter agreement expires on 31 October 2005 and our department will negotiate with the union before this date to include relevant issues under the *Queensland Public Service Award-State 2003*.

### Full-time equivalent staff by business group/unit

DPI&F business group/unit	30 June 2004	30 June 2005
Industry Development	145.85	124.19*
Delivery	1,497.39	1,469.19*
Biosecurity	320.63	366.78
Fire Ant Control Centre	459.15	422.55
Fisheries	286.08	329.21
Forestry commercial	692.53	738.63
Corporate Capability	236.86	264.85*
Office of the Director-General	9	9
Total excluding FACC staff	3,190	3,302
Total including FACC staff	3,647	3,724

\* Following the Aligning for Success review, corporate staff were aligned to Corporate Capability to improve efficiency and effectiveness of service delivery.

### Full-time equivalent staff by employment classification\*\*

Classification streams	30 June 2002	30 June 2003	30 June 2004	30 June 2005
Administrative staff	831.28	831.74	813.86	802.93
Professional staff (pre-requisite qualification needed)	857.18	802.52	815.48	824.42
Technical staff (pre-requisite qualification needed)	691.83	661.93	638.53	668.03
Other staff including DPI Forestry and trainee, catering, and accommodation staff	832.02	784.71	691.39	738.83
Operational staff	617.94	757.79	606.03	626.49
Senior executive service and senior officer level staff	51.40	59.00	58.80	63.80
Total	3,844.57	3,928	3,647.49	3,724.40

\*\* Includes Fire Ant Control Centre staff.

Field staff at DPI&F's Fire Ant Control Centre are another group that operates under two agreements. They are covered by the Core Agreement for issues such as pay rates and increases while the *DPI Fire Ant Control Centre Certified Agreement 2003* provides a \$20 per week fire ant eradication allowance and 50 per cent weekend shift allowances. The current agreement expires on 30 June 2006.

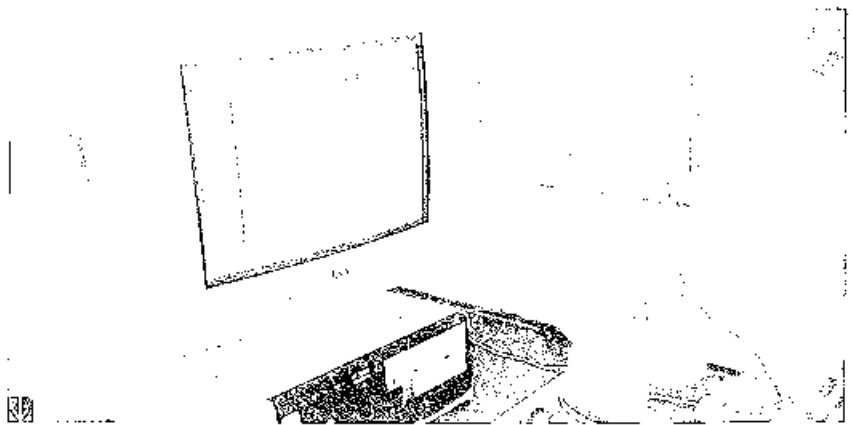
### Veterinarians take action

Veterinarians play an important role in DPI&F's biosecurity systems by maintaining surveillance of, and reporting on, livestock to ensure that Queensland remains free of pest and disease incursions.

In July 2004, the Queensland Public Sector Union served a log of claims to DPI&F on behalf of some of our veterinarians for pay rises of up to \$30,000 per year plus automatic progression to higher classifications, and an additional two weeks training leave per year.

DPI&F considered the log of claims and concluded the claims could not be justified and breached the 'no further claims' clause of our Core Agreement (which binds all DPI&F agencies and their unions). An offer was made by DPI&F to continue discussions with the veterinarians group to reach an amicable outcome. However, in November 2004, some veterinarians decided to take industrial action. The action started with 'work to rule' bans and culminated in February 2005 with a one-day strike. Throughout this time, DPI&F management focussed on resolving the dispute as well as maintaining the integrity of Queensland's biosecurity systems.

In February 2005, an agreement was made with the veterinarians group to suspend industrial action and recommence discussions about workforce issues. A working group comprising DPI&F managers, veterinarians, Department of Industrial Relations staff and the union was



DPI&F staff using LearnWorX, our online learning management system to manage training course enrolments and to deliver courses online.

established to identify and understand the issues. Since that time, a resolution has been proposed through a package that addresses the veterinarians' issues. A positive outcome is expected.

Resolution of the veterinarians' dispute demonstrates DPI&F's commitment to a collaborative industrial relations environment that does not compromise our core service delivery to Queensland's primary industries.

### Training and development update

To ensure DPI&F staff are capable of achieving our stated business outcomes, considerable emphasis is placed on training. In 2004-05, \$7.6 million or 3.4 per cent of our salary budget was devoted to staff training, an increase of \$300,000 compared with last year.

Every staff member is required to meet with their supervisor each year to develop an achievement plan that identifies and schedules appropriate training activities.

As reported last year, an online learning management system, LearnWorX, has been introduced to assist DPI&F manage training course enrolments and data more effectively, and to deliver training courses online. In 2004-05, LearnWorX was used to manage enrolment and training data for 30 online courses and 16 workshops, each with multiple sessions. A total of 2,214 staff participated in online courses and 4,489 participated in workshops.

Eleven more courses were offered online this year. New training subjects included career management, change management, induction and courses in the use of specific departmental systems.

Having a comprehensive induction process is vital to any large organisation to ensure the short and long-term effectiveness of new staff. To assist with this process, we introduced a new induction course in September 2004. This online course is mandatory for all new staff who have network access. Since its introduction, 333 new recruits have completed the course.

A range of leadership development programs is also available to management personnel. In the past 12 months, 151 staff have participated in programs such as Facilitative Leadership, Leadership Learnings, and Foundations of Effectiveness.

DPI&F's Progression Scheme recognises outstanding performance in our professional employment stream. In 2004-05, 36 staff were approved for advancement within their profession under the guidelines of this scheme.

### Recreation leave reviewed

Responding to an audit by the Queensland Audit Office, in the past 12 months DPI&F has taken action to reduce excess recreation leave balances.

Monthly monitoring and reporting was undertaken, discussions took place with individual staff advising them of leave policy, and leave plans were implemented. By June 2005, a 15 per cent reduction had been

“Our Wellbeing at Work project, designed to reduce workers’ compensation costs across DPI&F, has been operating for three years and is showing significant results.”

achieved with average excess hours now at 40.8 hours. Staff numbers with excess recreation leave reduced from 308 people to 289.

#### Web site an education resource for staff

With more than 3,000 staff DPI&F’s human resources intranet site plays a vital role in informing staff of their rights and responsibilities.

In 2004-05, a new tool to educate staff and managers on business ethics and DPI&F’s Code of Conduct was made available on the site. It explains the policies and procedures for managing fraud and corruption and includes links to appropriate forms, standards and information.

It also incorporates two new online courses: Code of Conduct and Internet and Email Usage. Both courses are mandatory for all new staff who have network access. In the past 12 months, 450 staff have completed the Code of Conduct course and 485 completed the Internet and Email Usage course. To date, more than 98 per cent of our staff who have network access have completed these courses.

#### Workplace health and safety reviewed

DPI&F has begun to drive overall improvements in workplace health and safety performance through the implementation of a Safer Workplaces framework.

Our implementation of the framework has been reviewed and audited by an external party. Results show improvements are required in areas such as risk management procedures and workplace health and safety planning. DPI&F scored best practice results in the key areas of workers’ compensation management and injury management.

#### Workers’ compensation claims costs decrease

Our Wellbeing at Work project, designed to reduce workers’ compensation costs across DPI&F, has been operating for three years and is showing significant results.

#### Workers’ compensation claims

Year	DPI&F Average cost per claim	DPI Forestry average cost per claim
2002-03	\$2,712	\$1,887
2003-04	\$2,128	\$1,459
2004-05	\$2,004	\$1,374

Year	Premium rate per \$100 of wages	Overall premium DPI&F \$’000	Overall premium DPI Forestry \$’000
2002-03	DPI&F 0.730 DPI Forestry 2.742	\$1,253	\$1,074
2003-04	DPI&F 0.626 DPI Forestry 2.222	\$806	\$867
2004-05	DPI&F 0.658 DPI Forestry 2.670	\$1,048	\$846
2005-06 (simulation)	DPI&F 0.590 DPI Forestry 2.524	\$1,416	\$1,162

Every year since the program’s 2002-03 inception, the average cost per workers’ compensation claim has decreased. In 2003-04, DPI&F claims costs decreased by 21.5 per cent and in the current year, decreased by a further 5.9 per cent. Similarly, DPI Forestry claims decreased 22.7 per cent in 2003-04 and in the current year, a further 5.9 per cent.

These reductions were achieved through initiatives such as intense case management of complex and high-risk claims, early intervention programs for psychological and physical injuries, and management training to build capability in senior personnel and workplace health and safety officers.

Our Fire Anti Control Centre employs around 16 per cent of DPI&F’s total workforce and was the source of about 38 per cent of total claims expenses for DPI&F in 2004-05. This was less than the previous year’s results, when the centre was responsible for 41 per cent of all total statutory claims costs.

During the year, DPI&F maintained two WorkCover Queensland insurance policies: one covering DPI&F and the other covering DPI Forestry. The premium for each policy has slightly increased but remained at around \$1 million for the past three years.

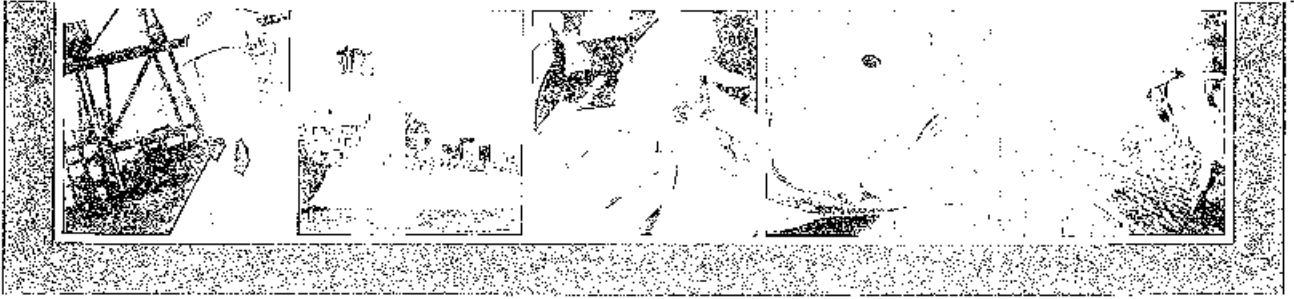
Despite improvements in statutory claims expenses, the premium has increased due to Common Law claims as a result of several complex cases (dating from 2001-02) and wage increases.

In the long-term, this situation is expected to improve, given our greater emphasis on intensive case management of complex and high-risk WorkCover claims.

#### → Outlook for 2005-06

In the coming year, DPI&F plans to:

- implement a Future Skills Program to build our people’s capabilities and attract young people to DPI&F
- grow relevant and targeted training and development opportunities to staff
- develop and implement workforce plans, including Equal Employment Opportunity performance plans for DPI&F business groups
- address action items and implement recommendations from this year’s Safer Workplaces audit
- work with staff and union representatives to implement new enterprise agreements.



## Community engagement

DPI&F operates from 170 locations throughout Queensland but we do not take our presence or current and potential activities in these communities for granted. Before we consider many potential programs, we undertake community and stakeholder engagement and consultation activities to ensure our programs are consistent with their goals.

### Engaging producers on drought and animal welfare issues

Queensland's primary producers have faced some of the most challenging climatic conditions on record in recent years. During the drought, DPI&F has worked closely with industry representatives to ensure animal welfare requirements continue to be met.

In 2004-05, industry drought discussion days in western Queensland targeted key issues affecting producers, including their duty of care under the *Animal Care and Protection Act 2001*.

Two focus groups were also held in western Queensland to identify issues of concern to producers who have been severely affected by drought, and their information needs.

Individual case management was undertaken by DPI&F officers to proactively reduce potential animal welfare problems. Our staff initiated collaborative meetings between producers, stock and station agents, and livestock transport operators to find satisfactory outcomes to quickly move large numbers of drought-affected stock to various destinations. These proactive partnerships avoided potential breaches of animal welfare legislation, and protected the market and sale price of animals by staggering the numbers transported for sale.

The drought also had an impact on the condition of unsealed roads in remote shires, which was partly due to increased stock transport. DPI&F facilitated meetings with other government agencies and local authorities to access funding for road maintenance.

In the coming year, DPI&F will continue this high level of stakeholder engagement to help producers remain profitable under adverse seasonal conditions.

DPI&F seeks feedback from our stakeholders to help us align our programs with community, industry and Government priorities

### Consultation on agricultural chemical legislation

DPI&F received 116 submissions from businesses, organisations and individuals on our proposed amendment to licensing requirements for pilots and commercial operators who spray agricultural chemicals using aerial or ground equipment.

Overall, feedback reflected the interest of chemical users, industry groups and training organisations in continued access to agricultural chemicals for farm productivity and protection of Queensland produce.

As part of our consultation program, DPI&F directly contacted self-employed operators, contractors who employ pilots, and commercial operators. We also posted our *Consultation Paper on the Licensing System for Agricultural Chemicals* on DPI&F's web site. Following the formal consultation process, we met with the Queensland Farmers' Federation, Chenece Training Queensland and Growcom to discuss identified stakeholder issues.

All feedback obtained during the consultation period will be considered as part of the development of new agricultural chemical legislation.

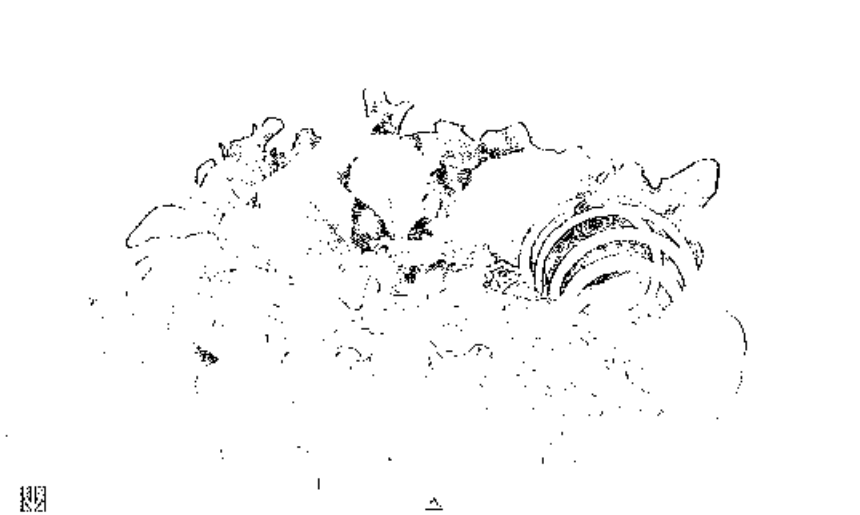
### Profiling local produce to eager palates

Central Queensland farmers are developing stronger links with local consumers, visitors and restaurants as part of a new DPI&F push to profile local produce to eager palates.

In a partnership between Rockhampton Tourist and Business Information and our department, a food and wine trail was launched for the Rockhampton region during the year. Promotion of the trail included development of a product calendar and availability chart which incorporated a directory of produce wholesalers and suppliers, information on local restaurants' signature dish promotion, and tips for restaurants keen to design fresh, seasonal menus. The supporting signature dish promotion profiled creative menus from 13 local restaurants over 13 weeks.

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Rockhampton's Da Berto Ristorante Italiano signature dish with local Great Barrier Reef coral trout pocketed with tiger prawns and king scallops complete with roe, covered with smoked salmon and a thyme veloute and accompanied with a firm fresh local garden salad.

### State-wide forestry consultation

During 2004–05, our department's commercial business group, DPI Forestry, undertook a major consultation program with stakeholders at state, regional and local levels.

We consulted widely to demonstrate DPI Forestry's commitment to working more closely with stakeholders and to satisfy requirements of the *Australian Forestry Standard AS 4708(Int)-2003*. DPI Forestry has since successfully obtained certification to this standard in July 2005 (see page 44).

DPI Forestry conducts commercial forest production operations across more than five million hectares of state-owned forest throughout Queensland. The stakeholders include the timber industry, conservation groups, Indigenous groups, recreational users, neighbouring landowners, local authorities, government agencies, scientific organisations and the community.

As part of our consultation program, DPI Forestry wrote to key stakeholders attaching information about our sustainable, commercial forest production, placed advertisements in regional newspapers and issued media releases advising that we were seeking certification to the Australian Forestry Standard and asking interested stakeholders for comment on our operations.

The process proved to be extremely valuable, attracting useful feedback. We will incorporate feedback and other aspects of the consultation process into our business practices to build on our culture of active community engagement.

### Catchment project benefits stakeholders

The Burdekin Rangelands Reef Initiative (BRRI), a three-year grants program focussing on the Burdekin River catchment, was successfully completed in 2004–05. The \$3 million initiative addressed economic, environmental and social issues in the Burdekin catchment and acted as a catalyst for developing partnerships and collaboration among key stakeholders. The Burdekin catchment extends from Townsville in north Queensland, west to Greenvale and south to Ayr.

The BRRI was a State Government election commitment in 2001 and DPI&F was appointed as the lead agency responsible for project coordination. The BRRI was the first project of its kind in Queensland, and similar projects are now being considered for other areas of the state.

The initiative successfully promoted the concept of integrated catchment management to 12,000 people living in a geographically diverse 71,500 sq km area. In the past, these people had found it difficult to identify a common purpose and were not accustomed to thinking of their local area or community as being part of, or influencing, a broader catchment.

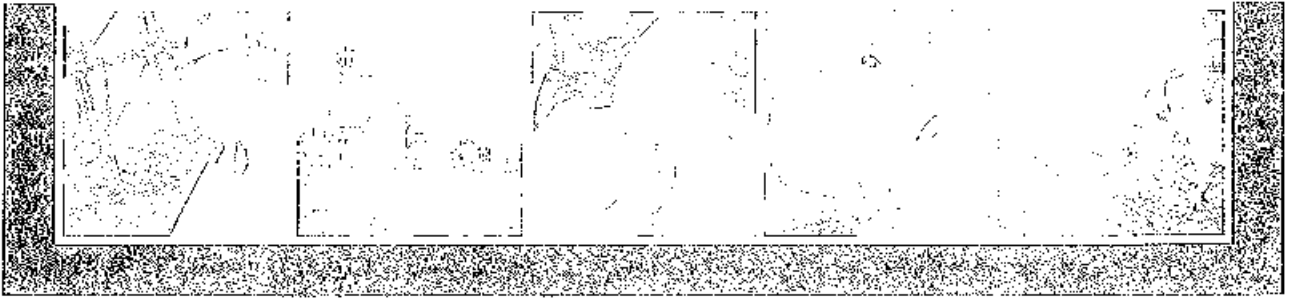
The BRRI sponsored 37 projects addressing agribusiness, community development, water quality, research, natural resource management, employment, tourism and cultural issues. Many of these projects have formed the basis of emerging public and private sector initiatives including FutureCane, the Burdekin Dry Tropics Natural Resource Management Board, and ecotourism ventures.

For example, a model farm project allowed researchers and farmers to investigate new farming methods that could reduce costs and improve land management practices, while the Groper Creek Project cleared and revegetated a popular visitor area to boost local tourism. DPI&F, in partnership with the Burdekin Shire Council, developed a weed harvester which clears surface weeds from waterways. We also worked with Dalrymple Shire Council to undertake a feasibility study of rural tourism opportunities at White Mountains, west of Charters Towers.

### → Outlook for 2005–06

In the coming year, DPI&F plans to:

- develop new agricultural chemical legislation, taking into account stakeholder feedback
- communicate with, and assist primary producers regarding drought-related issues
- further expand the use of community engagement processes in DPI Forestry's day-to-day business.



## Environmental management

DPI&F promotes sustainable resource management, both inside and outside our department, to protect Queensland's beautiful but fragile environment.

### Strategic waste management project

In 2004-05, our department commenced a strategic waste management project which aims to develop long-term goals, management techniques and performance indicators for a three-year, enterprise wide waste and resource efficiency strategy.

The project is broken into three phases:

- In the initial phase conducted this year, we developed a Strategic Waste Management Positioning Paper that identified several long-term goals and outcomes, including a desired focus on sustainability, commitment and ownership of the process.
- Phase two will be delivered during 2005-06. It includes an internship arrangement with a tertiary education provider to enable DPI&F to assess current resource management practices and develop and apply innovative, sustainable solutions that meet or exceed industry best practice standards.
- Phase three, planned for 2006-07, will measure our performance against specific waste management targets identified and monitored during the initial two phases.

### Forest production certified sustainable

Following DPI Forestry's independent certification to the *Australian Forestry Standard (AFS) AS 4708(Int)-2003* this year, we can now demonstrate that our commercial forest production operations in state-owned forests designated for timber production are sustainable.

The certification covers our forest management operations in more than three million hectares of state-owned native forests, softwood plantations and hardwood plantations as well as nurseries.

The AFS is linked to the International Programme for Endorsement of Forest Certification Schemes and requires our forest management to:

- be undertaken in a systematic manner that addresses a range of forest values
- protect and maintain the biological diversity of forests, including their successional stages across the regional landscape
- maintain the productive capacity of forests
- maintain forest ecosystem health and vitality
- protect soil and water resources
- maintain forests' contribution to carbon cycles
- provide for public participation and foster ongoing relationships to be a good neighbour

- protect and maintain, for Indigenous and non-Indigenous people, natural, cultural, social, religious and spiritual heritage values
- maintain and enhance long-term social and economic benefits.

DPI Forestry's AFS certification was achieved following a rigorous independent audit of our operations against 40 sustainable management criteria.

The certification now enables our customers in the timber processing and manufacturing industries to market their products through a 'chain-of-custody' process, as being derived from sustainably-managed forests.

### Crop irrigation now more efficient

Queensland's irrigated cotton and grain industries are using less water but maintaining or increasing production levels, thanks to DPI&F's and the Department of Natural Resources and Mines' promotion of the Rural Water Use Efficiency Initiative (RWUEI).

Between 1999 and 2003, the cotton and grain industries gained 11.3 per cent in water efficiency, saving 67,855 megalitres of water. This provided the capacity for the cotton industry to produce an extra 113,996 bales of cotton, valued at \$57 million.

As part of RWUEI, DPI&F is currently working with Cotton Australia and other industry partners to develop the Cotton Best Management Practice Land and Water Module.



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The module aims to further improve farm irrigation efficiency and assist producers to meet the requirements of Department of Natural Resources and Mines *Land and Water Management Plans*. Cotton Australia will implement the module in 2005-06.

Also this year, DPI&F collaborated with the Cotton Research and Development Corporation, the Cotton CRC, Cotton Australia and cotton growers to develop and distribute *WATERpak*, a comprehensive guide to irrigation management in the cotton industry. We also held grower field days to highlight innovations in irrigated agriculture, furrow irrigation evaluation and water storage loss management.

All of these activities demonstrate DPI&F's and industry partners' commitment to achieving beneficial outcomes for production and the environment.

### Investment in sustainable agriculture

DPI&F initiated 20 new projects under the Sustainable Agriculture State-level Investment Program (AgSIP) this year. The program supports the *National Action Plan for Salinity and Water Quality* and all AgSIP projects aim to boost industry and community capacity to improve salinity and water quality management in regional areas.

DPI&F coordinates and is accountable for the \$7.8 million AgSIP program and delivers it in association with CSIRO, Queensland Farmers' Federation, the Department of Natural Resources and Mines, Cotton Australia, Cane growers and Central Queensland University.

This year's projects included:

- conducting a benchmarking study of pesticide and nutrient run-off in horticultural systems and new cane areas under minimum till
- exploring the type of advisory/extension processes required in peri-urban or densely populated areas, compared with remote grazing areas

- developing and trialing monitoring systems that can provide producers with ongoing information about the impacts of their farm practices, and guide them to reduce fertiliser and pesticide use where appropriate.

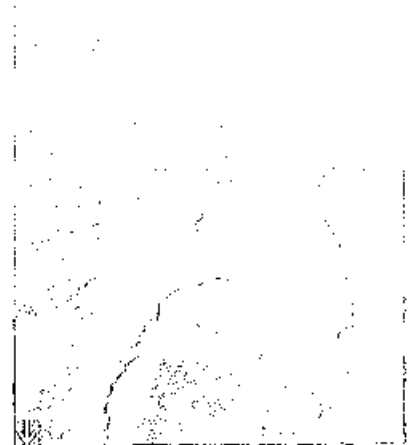
AgSIP's 38 employees were partners with DPI&F to develop a further 26 projects, valued at \$5.5 million. These projects will be implemented in 2005-06 through funding from the *National Action Plan for Salinity and Water Quality*, Natural Heritage Trust II, Landcare and Envirofunds.

### Keeping the Great Barrier Reef healthy

Sustaining the health of the Great Barrier Reef continues to be a major focus for DPI&F. As part of the ongoing *Great Barrier Reef Water Quality Protection Plan*, we engaged a consultant to examine a range of options for the development of an agricultural planning policy to minimise the impacts of new and intensified agriculture on water quality in reef catchments.

We also led a whole-of-Government process to investigate methods for controlling the downstream impacts of agricultural earthworks on wetlands in reef catchments. The main responsibility for this action has now been transferred to the Environmental Protection Agency.

To further safeguard the health of the reef, DPI&F is reviewing management options associated with fertiliser application to minimise nutrient run-off in identified 'nutrient management zones' in reef catchments. At the same time, a *Memorandum of Understanding* between the State Government and the Queensland Farmers' Federation for the delivery of Farm Management Systems will contribute to the implementation of several sustainable management plans for the reef.



Sustaining the health of the Great Barrier Reef continues to be a major focus for DPI&F.

DPI&F is also leading the implementation of a pilot extension program in high-priority reef catchments in partnership with regional natural resource management (NRM) bodies. This aims to increase the voluntary uptake of sustainable land management practices by primary producers, and to integrate these practices with other water quality management projects. We are similarly leading the delivery of the *Reef Coast Freshwater Fisheries Fish Habitat Rehabilitation Strategy* in collaboration with regional NRM bodies. This strategy encourages the construction of fish-ways and restoration of streams to rehabilitate fish habitat.

“DPI&F is also leading the implementation of a pilot extension program in high-priority reef catchments in partnership with regional natural resource management (NRM) bodies.”

“

”

### Grazing land management training starts

DPI&F has developed new regional versions of our Grazing Land Management (GLM) educational workshops for primary producers in association with Meat and Livestock Australia (MLA) and regional natural resource management bodies. This initiative was funded by the *National Action Plan for Salinity and Water Quality* and complements other research, development and extension efforts designed to promote sustainable grazing land management practices in Queensland.

In 2004-05, we provided GLM training to graziers in the Burdekin, Burnett-Mary and Herbert River catchments. The training involved a three-day workshop featuring practical land condition assessment and production management techniques, and supporting group-based and individual extension activities. New training packages have been developed for producers in the Fitzroy Basin, south west Queensland and Queensland Murray-Darling areas, and these will be implemented in 2005-06.

In collaboration with the Fitzroy Basin Association, DPI&F has also developed a one-day workshop called StockTake which assists producers to monitor land condition and prepare forage budgets. StockTake workshops have been held for our extension staff, producers and stock-route managers throughout Queensland.

“The Mackay-Whitsunday project aims to generate further improvements in the quality of water entering the Great Barrier Reef World Heritage Area...”



DPI&F principal scientist, Peter O'Reagain addresses the field day crowd as part of the Wambiana grazing trial, 70km south of Charters Towers.

In a separate program, we have continued to evaluate sustainable grazing practices as part of the Wambiana grazing trial in collaboration with MLA and local producers. The trial is being conducted 70km south of Charters Towers and is in its seventh year. It complements the nearby Burdekin catchment study which aims to identify grazing management practices that are both profitable and do not affect downstream water quality.

### Natural Heritage Trust initiatives

The Mackay-Whitsunday Natural Resource Management (NRM) Group has contracted DPI&F to coordinate a 12-month Natural Heritage Trust II project to address sustainable coastal agricultural systems. The project aims to generate further improvements in the quality of water entering the Great Barrier Reef World Heritage Area.

After consulting with five NRM groups, AgForce and the Queensland Farmers' Federation to identify activities that could most benefit reef water quality, we developed an action plan for implementation by all organisations. The plan includes a resource allocation strategy, project plans and a monitoring and evaluation program.

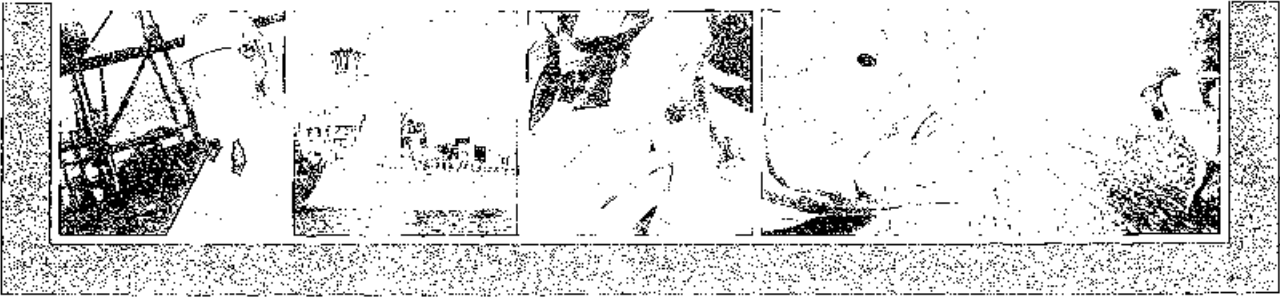
In a separate project, Desert Channels Queensland located in the Lake Eyre basin has received Natural Heritage Trust II funding of up to \$3.5 million over three years to prepare plans for sustainable grazing practices in the region.

A large component of this project will be conducted in partnership with DPI&F. We will assist with grazing land management training for local producers and hold group-based and individual extension activities.

### ⇒ Outlook for 2005-06

In the coming year, DPI&F plans to:

- start a three-year strategic waste management project to improve resource management and reduce waste across DPI&F (see page 54)
- oversee implementation of AgSIP projects in association with industry partners
- continue to plan and conduct projects that minimise agricultural impacts on the Great Barrier Reef in collaboration with Governments, industry and natural resource management groups
- provide grazing land management training to primary producers in the Fitzroy Basin, south west Queensland and Queensland Murray-Darling regions.



## Corporate governance

DPI&F's corporate governance framework supports executive decision-making and is designed to provide our business with appropriate levels of leadership, integrity and accountability.

Our corporate governance framework reflects the Queensland Government's *Charter of Social and Fiscal Responsibility 2004*, which outlines the Government's commitment to delivering improved outcomes for the Queensland community. DPI&F outputs are particularly geared to two commitments in the charter:

- further developing the State's already strong economy
- promoting sustainable development to protect Queensland's unique environment and heritage.

DPI&F also contributes to the charter's third commitment of strengthening Queensland communities by fostering, developing and promoting viable industries and communities in which they operate. Corporate governance in DPI&F addresses all key aspects of how we work – our organisational structure,

corporate planning and reporting, ethical standards and risk management – and aligns these with government priorities, policies and legislation.

Our governance model below is aligned with the government's Strategic Governance Principles. DPI&F has been operating under the following principles:

- strategic leadership and direction
- change, renewal and risk
- workforce capability
- ethics and integrity
- sound fiscal regulatory and administrative framework
- accountability.

During 2004-05, DPI&F achieved the following key governance related initiatives:

- establishment of the independent Corporate Governance Board and holding of its inaugural meeting. The Board provides leadership on aspects of DPI&F's business that may affect our ability to deliver on our vision, mission and values (see page 1)

- implementation of a revised risk management framework (see page 64)
- establishment of a new *Fraud and Corruption Control Policy* in accordance with guidelines developed by the Crime and Misconduct Commission (see page 64)
- implementation of the DPI&F risk management and fraud prevention strategy
- appointment of an independent chairperson to the Audit Committee to improve its capacity to provide impartial advice to our Director-General
- ongoing review of all DPI&F policies to ensure they are consistent with DPI&F's direction and provide a sound administrative framework.

### Leadership of DPI&F

Our Director-General (biography on page 59) is responsible for the overall management of DPI&F and reports on our activities and performance to the Minister for Primary Industries and Fisheries. Each year, our Director-General enters into a Performance Agreement with the Premier and the Minister for Primary Industries and Fisheries.

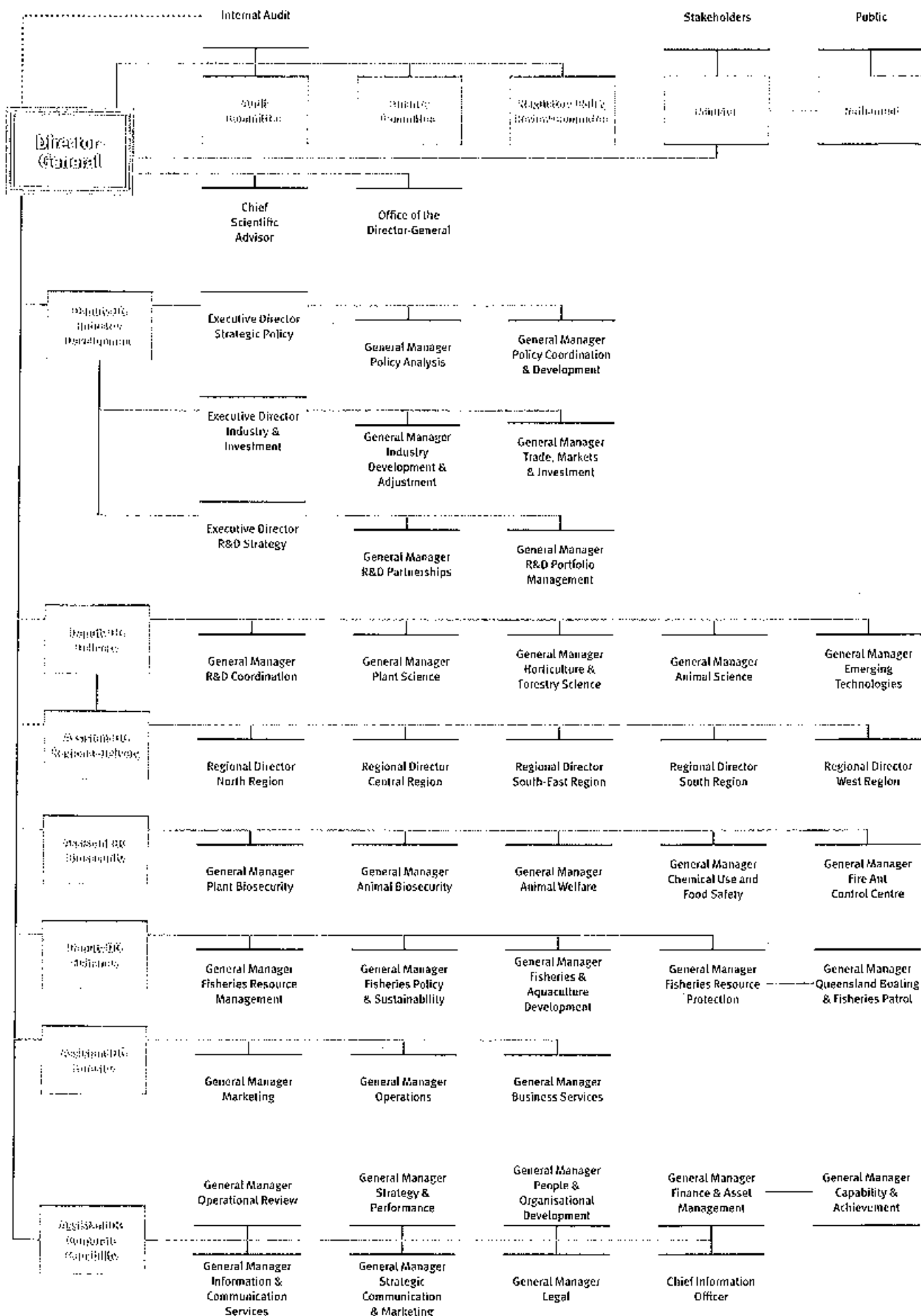
Our Director-General is supported by DPI&F's Senior Executive Team (SET). SET members are qualified, experienced people who share a passion for maximising the economic potential of Queensland's primary industries on a sustainable basis (biographies on pages 59 to 61).

An organisation chart showing our current leadership team and key personnel is provided on page 58.

### Our Governance Model



## Organisation structure





### Jim Varghese

#### Director-General

BA (Hons), BEd, DipEd, MBA, FCPA, FAIM, CPM, MARCO, MACE

Jim Varghese has more than 30 years of experience in the Australian public sector and is committed to service delivery and best practice management. He is an accomplished national and international speaker on public sector innovation and change management.

Jim is recognised as the creator of innovative leadership and management processes that were successfully implemented during his time as Director-General of three State Government departments: Main Roads, Education Queensland and the Department of Employment and Training. His process called 'Aligning for Success' helps to align people, services and systems while his management philosophy 'The Three Learning Frames' uses performance, relationships and alignment to help organisations and individuals achieve their maximum potential.

His approach transformed the Department of Main Roads into Australia's premier road agency in just three years, and enabled the delivery of historic reforms in education, employment and training in Queensland. Recognising his contribution to the public service, Jim was awarded the Public Sector Award for Marketing Excellence in Leadership in 1999.

Apart from his Director-General roles, Jim has been Deputy Director-General of the Department of Natural Resources and the Executive Director of DPI (now DPI&F) in Queensland, as well as the General Manager of Agricultural and Rural Affairs in Victoria. He is currently an Adjunct Professor of The University of Queensland.



### Robert Setter

#### Deputy Director-General, Industry Development

BEd, BA (Hons), GAICD

With extensive experience in creating links between the public and private sectors in Queensland, Robert Setter is accountable for ensuring that the State Government's investment in DPI&F is both aligned to government and industry priorities, and is delivering value for money.

Before joining DPI&F, Robert was General Manager, Planning and Purchasing at the Department of Employment and Training. In this position, he was accountable for the growth and development of Queensland's vocational education and training industry.

Robert has played a leading role in the design and implementation of key State Government skilling strategies including the establishment of Aviation Australia Pty Ltd and the \$1 billion *Smart Vocational Education and Training Skilling Strategy*. Robert has also held leadership roles in the public education and training sectors including TAFE and secondary schools, the marine tourism industry and the small business sector.



### Bruce Turner

#### Executive Director, Strategic Policy, Industry Development BE

With more than 25 years experience in public policy development and analysis, focussing mainly on primary industries and natural resource management issues, Bruce Turner has worked for several State Government departments including State Development and Innovation, Natural Resources and Mines, and the Premier and Cabinet.

In his current role at DPI&F, Bruce provides strategic advice on major policy issues and helps guide our strategic direction. A key outcome for 2004-05 was the release of our key strategic document *Queensland's Future - Renewing Primary Industries and Fisheries: A Discussion paper*.

Before joining the Queensland Public Service, Bruce worked for the Australian Department of Agriculture, Fisheries and Forestry for more than 12 years. He has also been a private sector consultant involved in providing agricultural policy advice and services, and has owned and operated a small business in south east Queensland.



### Sue Ryan

#### Executive Director, Industry and Investment, Industry Development

MBus

Sue Ryan is responsible for DPI&F's Industry and Investment group which develops strategies and programs to guide industry development and adjustment, and to promote investment attraction, exports and trade, and market opportunities. She is also a Director of the QRAA Board and Safe Food Queensland.

When Sue joined DPI&F in 2003, she contributed a wealth of experience in banking, finance and industry development. She spent 17 years in the private sector banking industry before joining the Queensland Public Service in 1991. Working with the Department of State Development and Innovation, Sue managed a range of industry development programs. She was also Director, Manufacturing and Industry Program, and Director, Finance, responsible for implementing a range of financial management initiatives.

Sue has provided strategic leadership in investment decisions that affect DPI&F priorities, and is interested in driving integrated government and industry support for primary industry business development, and expanded exports of Queensland food and agribusiness products and services.



### Professor Beth Woods

#### Executive Director, R&D Strategy, Industry Development

B.AgrSc (Hon), DPhil (Oxon), MAICD, OAM

Professor Beth Woods first joined DPI (now DPI&F) in 1976 as an agricultural extension officer in north Queensland and was involved in the dairy, broad scale cropping and potato industries.

She was the inaugural Director of the Rural Extension Centre at The University of Queensland and became the Suncorp Metway Professor of Agribusiness at the Gatton Campus in 1997. In these roles, Beth investigated supply chain management as a tool for improving innovation and competitiveness in agribusiness, and managed the rapid changes occurring in Asian supply chains.

Beth has served on committees of the Grains Research and Development Corporation, the CSIRO Board, the Gatton College Council, the Rural Adjustment Scheme Advisory Council and the Queensland Planning Group for FarmBis. She was Chair of the Rural Industries Research and Development Corporation, the Australian Centre for International Agricultural Research and the National Drought Policy Review Panel (2004).

Beth is responsible for DPI&F's Research and Development Strategy group which develops R&D strategies and allocates resources to research. The group also conducts stakeholder engagement on research issues including scientific partnerships and alliances, and assesses, reviews and aligns overall R&D investment in Queensland's agribusiness with State Government priorities.



### John Skinner

#### Deputy Director-General, Delivery

MBus, BA, GradCertMgt, CMAHRI

With more than 30 years of experience working in the public sector, John Skinner joined DPI&F in 1991 as a senior executive in the corporate management area.

In his current leadership role, John is responsible for providing services that support DPI&F's strategies and priorities for profitable primary industries. These services include research and development, regional capacity building, business promotion services, industry assistance and adjustment measures.

Before he joined DPI&F, John was an Assistant Director within the Australian Public Service.



### Catherine O'Sullivan

#### Assistant Director-General, Regional Delivery

BA, DipEd

Catherine O'Sullivan's role at DPI&F focuses on delivering profitable primary industries by leading our regional delivery team and supervising regional directors throughout Queensland.

She is a member of the Australian Institute of Management Board (Queensland and Northern Territory), a Board member of the Centre for Rural and Regional Innovation Queensland, and Chair of the Darling Downs Regional Managers Coordination Network. She is the DPI&F representative on the Smart Women Smart State Science, Engineering and Technology Taskforce.

In 2002, Catherine was the Queensland Telstra Business Woman of the Year, the first educator to be recognised by this award in our state. She was awarded Adjunct Professor of the University of Southern Queensland in 2005.

Catherine is currently studying a Master of Public Policy as part of the Queensland Premier's Scholarship Program through the newly established Australia and New Zealand School of Government.

Before joining DPI&F, Catherine was Executive Director of Schools for the Toowoomba District.



### Kevin Dunn

**Assistant Director-General,  
Biosecurity**

BVSc (Hons)

With a background in both public and private sector working environments in Australia and overseas, Kevin Dunn currently oversees DPI&F policy development and service delivery in the areas of animal biosecurity, plant biosecurity, agricultural and veterinary chemical control, animal welfare, and food safety policy. In this role, Kevin aims to ensure effective policy development for, and planning of, State Government and national biosecurity initiatives and programs.

Before joining DPI&F in 1992, Kevin worked with the Australian Government's Department of Primary Industries and Energy in animal biosecurity and export policy areas.

From 1988 to 1991, he was based in Brussels as a Counsellor with the Australian Mission to the European Union. He participated in the Australian delegation to the GATT Uruguay Round which established the World Trade Organisation's *Agreement on Sanitary and Phytosanitary Measures*.



### Peter Neville

**Deputy Director-General,  
Fisheries**

B Econ

Peter Neville has 38 years of experience in the Queensland Public Service and a strong background in the primary industries sector. He started work at DPI&F as a cadet marketing officer in 1966.

Peter has held a range of management, marketing and economic development roles including Deputy Chairman of the Queensland Fisheries Management Authority, Executive Director of DPI&F's Policy and Legal Services group, and Acting Deputy Director-General of our Industry Development group.

Peter is now responsible for the Fisheries business group. This group is involved in the sustainable management of fisheries resources and the management and development of our state's aquaculture industry.

Peter is also the Chair of the Australian Fisheries Management Forum, which is comprised of the executive directors of all Australian fisheries management agencies.



### Garry Hannigan

**Assistant Director-General,  
Forestry**

MPubAdmin, BA, LLB,  
GradDipBus(OR), DipPolSci, Barrister  
at Law

Garry Hannigan joined DPI&F in early 2004 and was appointed Assistant Director-General Forestry shortly afterwards.

He provides strategic leadership of DPI Forestry, DPI&F's commercial business group and Queensland's principal forest grower.

Before joining DPI&F, Garry was Executive Director, Legal and Corporate Services for the Department of Justice and Attorney-General for six years. In this role, he was responsible for the department's finances, information technology, human resources, capital works program, Crown Law and the Office of the Director of Public Prosecutions.



### Grant Hall

**Assistant Director-General,  
Corporate Capability**

Grant Hall has extensive international marketing and business development experience gained through senior roles in the Australian public service and private enterprise.

His career started with the Department of Trade where he was involved in international bi-lateral trade agreement negotiations. In 1986, Grant was appointed an Australian Trade Commissioner and served in Germany and Saudi Arabia. Seven years later, he was appointed National Manager, Tropical Agriculture for AUSTRADE based in Brisbane. Before joining DPI&F in 1999, Grant was Chief Executive Officer of Investment Albury Wodonga, an economic and tourism development agency.

At DPI&F, Grant was initially Director, Queensland Horticulture Institute and went on to become General Manager, Research and Development Partnerships, Research and Development Strategy. In November 2004, he commenced his current role.

Grant oversees key corporate governance and administrative functions of DPI&F such as strategic planning, reporting and analysis, financial and human resource management, organisational development, communication and marketing, strategic information management and legal services.

## Governance Board, committees and governance-related units

### Corporate Governance Board

DPI&F's Corporate Governance Board was established in 2004-05 under the power and authority provided to the Director-General by the *Financial Administration and Audit Act 1977*.

The Board comprises seven members, three of whom are external to the department. The members are:

- Director-General, Jim Varghese (chair)
- Deputy Director-General, Industry Development, Robert Setter
- Chief Scientific Advisor, Joe Baker
- Assistant Director-General, Corporate Capability, Grant Hall
- Principal, Tom Fenwick and Associates Pty Ltd, Tom Fenwick (external member)
- Susan Forrester (external member)
- Partner, PricewaterhouseCoopers, Roger McComiskie (external member).

The Board encourages a culture of collective responsibility for the overall performance of DPI&F and facilitates and monitors department-wide adoption of governance principles.

The Board held its inaugural meeting on 30 May 2005.

### Governance-related committees

Our Audit Committee assists the Director-General to fulfil the role of accountable officer by advising on the adequacy of internal controls, significant issues facing DPI&F, and overseeing and evaluating the quality of audits conducted by our Internal Audit Unit. The committee may recommend to management that employees attend and/or respond to questions from the committee and, as a result, it may direct that significant matters be investigated immediately by Internal Audit. The Audit Committee has observed the terms of its charter and the audit committee guidelines from Queensland Treasury.

The Audit Committee also reviews reports generated by the Queensland Audit Office and internal auditors, and ensures lines of communication are open between the Director-General, internal

and external auditors and CorporateLink (DPI&F's shared services provider). During 2004-05, members of the committee were:

- Ernst & Young Partner, Jenny Parker (external chair)
- Deputy Director-General, Industry Development, Robert Setter
- Deputy Director-General, Delivery, John Skinner
- Deputy Director-General, Fisheries, Peter Neville
- Assistant Director-General, Corporate Capability, Grant Hall
- Assistant Director-General, Biosecurity, Kevin Dunn
- Assistant Director-General, Forestry, Garry Hannigan
- Assistant Director-General, Regional Delivery, Catherine O'Sullivan.

Key activities and outcomes of the Audit Committee in 2004-05 included:

- review and approval of the annual *Internal Audit Plan*
- review and endorsement of the external auditor's *Client Service Plan*
- review and endorsement of DPI&F and DPI Forestry accounts before sign-off by the Director-General
- review and endorsement of the Goods and Services Tax (GST) compliance certificate for the Queensland Treasurer
- endorsement of the introduction of our new *Fraud and Corruption Control Policy*
- monitoring of DPI&F's progress towards implementation of the *Australian equivalents to International Financial Reporting Standards* on 1 July 2005
- review of reports from internal and external auditors to ensure all areas of non-compliance were addressed by DPI&F managers
- support for, and review of, DPI&F's use of regional assessments. These assessments are undertaken by the Managers of Business Administration in regional areas
- review of Auditor-General reports made to Parliament which identify potential risks to DPI&F
- review of the performance of DPI&F's Internal Audit Unit

- self-assessment of Audit Committee activities to monitor compliance with best practice standards.

The Finance Committee's focus is financial management, and strategic business and resource planning. The committee provides advice to the Director-General on financial matters that may affect DPI&F's financial and budgetary performance, service delivery and the financial operations of statutory bodies within the Minister for Primary Industries and Fisheries' portfolio. Asset management has been improved through enhanced and infrastructure management strategies. The committee also provides information and advice to support decision-making by SET.

During the year, the Finance Committee was reconstituted and adopted a revised *Terms of Reference*. Committee members in 2004-05 were:

- Deputy Director-General, Industry Development, Robert Setter (chair)
- Assistant Director-General, Corporate Capability, Grant Hall
- Executive Director, R&D Strategy, Professor Beth Woods
- Executive Director, Industry & Investment, Sue Ryan
- General Manager, Finance and Administration, Pauline Pender (secretary).

Key activities and outcomes of the Finance Committee in 2004-05 included:

- coordinating and oversight of our realignment of financial resources
- recommending resource allocation strategies to meet State Government priorities
- identifying areas of financial concern and developing business risk prevention strategies
- proactively monitoring DPI&F's financial and budgetary performance.

DPI&F's Regulatory Policy Review Committee was formed in August 2004 to address DPI&F's objectives of good corporate governance and accountability. Establishment of the committee is aligned with the *Auditor-General of Queensland Report No 7 1998-99* which raises the issue of proper coordination of legislative activity within State Government departments.



#### Our Regulatory Policy Review Committee has four key roles:

- to ensure best practice and a proactive approach to the development and review of regulatory measures
- to address the requirement of DPI&F's *Aligning for Success* program that legislative interventions be made in accordance with rigorous public policy debate
- to act as a risk management forum and to progress actions as needed
- to ensure that the corporate governance expectations of the Auditor-General for the management of legislation, and the implications of that legislation, are met.

During 2004–05, members of the Regulatory Policy Review Committee were:

- Deputy Director-General, Industry Development, Robert Setter (chair)
- Assistant Director-General, Corporate Capability, Grant Hall
- Deputy Director-General, Fisheries, Peter Neville
- Assistant Director-General, Forestry, Garry Hannigan
- Assistant Director-General, Biosecurity, Kevin Dima
- Executive Director, Strategic Policy, Bruce Turner
- General Manager, Legal, Rex Meadowcroft
- General Manager, Policy Co-ordination and Development, Strategic Policy, Industry Development, Paul Martyn
- Senior Ministerial Policy Advisor, Office of the Minister for Primary Industries and Fisheries, Cameron Dick.

Key activities and outcomes of the committee included overseeing the successful development and review of relevant legislation (see Appendix 5, page 139).

#### Specialist governance-related committees and tribunals

There are several specialist committees that provide advice to the Director-General and SET on specific areas of departmental business or interest.

DPI&F has two Animal Ethics Committees (AECs) that are responsible for overseeing and monitoring DPI&F's animal research activities and for ensuring compliance with the *Animal Care and Protection Act 2001* and *Australian code of practice for the care and use of animals for scientific purposes*. The AECs also consider applications from external entities including collaborating researchers, local authorities, agricultural colleges, small companies and individuals whose activity requires AEC approval. During 2004–05, the committees considered 119 applications (74 from DPI&F applicants and 45 from external applicants), approved 111 applications and eight were pending at 30 June 2005. Forty-four per cent of the applications submitted were approved with conditions and modifications.

Our Firearms Steering Committee develops and implements appropriate policies and procedures to ensure DPI&F addresses the requirements of the *Weapons Act 1990*. During the year the committee:

- established a firearms and ammunition storage facility in south east Queensland that complies with the provisions of the *Weapons Act 1990*
- established ammunition storage depots in north and western Queensland. These were established to ensure that destocking could be undertaken at short notice in the event of an exotic disease emergency
- upgraded firearms for the departmental helicopter destocking team to improve the department's capability to respond to an exotic disease emergency
- tested specialist ammunition to ensure the longevity of the department's firearms and compliance with animal welfare codes of practice
- conducted seven firearms training courses which were attended by 57 departmental staff.

The Institutional Biosafety Committee assists DPI&F to comply with all gene technology regulations administered by the Office of the Gene Technology Regulator (OGTR) under the *Gene Technology Act 2000*.

This committee provides an interface between the OGTR and DPI&F. DPI&F works closely with OGTR and has a legislative responsibility to monitor and coordinate all work within the department involving genetically modified organisms (GMOs). DPI&F's Institutional Biosafety Committee (IBC), an expert technical committee, is licensed by OGTR and carries out this work.

Established under the *Fisheries Act 1994*, the Fisheries Tribunal hears appeals lodged by persons whose interests are adversely affected by an order, direction, requirement or other decision made by DPI&F under the Act, and are dissatisfied with the decision. In 2004–05, the tribunal met nine times for directions hearings and heard 72 appeals, and 25 times for full hearings at which 99 appeals were heard. Sixty-five new appeals were lodged with the tribunal during the year. At hearings, decisions were set aside in 15 cases, 72 appeals were dismissed and a decision was reserved in one case. The remaining appeals were either adjourned or are pending a decision.

#### Governance-related groups and functions

##### Internal Audit

DPI&F's Internal Audit Group provides independent, authoritative advice on, and overview of, our department's activities. The Internal Audit charter gives audit staff unrestricted access to all DPI&F functions, property, personnel, records, activities, files and other documentation. The Manager, Internal Audit, has unrestricted access to our Director-General and to the Audit Committee.

The group comprises staff from diverse backgrounds. All auditors have at least degree qualifications and most are qualified Certified Practising Accountants. Internal Audit Unit staff use computer-assisted audit techniques to provide cost-effective, broad-reaching services.

This year, the unit provided certification to 15 external organisations on how DPI&F spent their funds. The unit reviewed DPI&F and DPI Forestry financial statements, and reviewed or audited whole-of-department issues and 15 regional locations. The unit also reviewed the Drought Relief Assistance Scheme, the department's outsourcing of cattle tick inspections, major financial processes, system access controls and compliance with software licensing. In addition, it reviewed five existing computer systems and five new computer developments.

The Internal Audit Unit also worked with DPI&F's regional offices and teams to oversee the completion and monitoring of regional self-assessment audits.

DPI&F's Audit Committee endorsed the performance of our Internal Audit Unit, while an internal customer survey provided high ratings (more than 4.3 out of a possible 5 points) for all audit and customer service-related performance measures.

#### External audit

As DPI&F's external auditor, the Queensland Audit Office (QAO), conducts an annual program of audits of our financial operations and reports to Parliament on its findings. QAO also audits DPI&F's and DPI Forestry's financial statements and provides the independent audit reports that appear in this Annual Report on pages 112 and 136.

#### Corporate risk management

DPI&F applied our corporate risk management framework to deliver our risk reporting.

We used skills gained by implementing the Government Agency Preparedness counter-terrorism framework, techniques and tools contained in the Australian and New Zealand Standard on risk management, and our corporate risk management framework and reporting

system to protect the department against adverse events that could impact on the delivery of government priorities and outcomes.

We also used the framework and system to inform strategic and governance decision-making. Our Internal Audit Unit reviewed the system each quarter to ensure that our reporting, assessment and management of corporate risks were reliable, consistent and transparent.

#### Fraud and Corruption Control Policy

DPI&F values a culture where ethical behaviour is an accepted part of our responsibilities. As a public sector organisation, our employees have a special responsibility to act ethically and to be seen to act ethically.

This year, DPI&F established a new *Fraud and Corruption Control Policy*. The policy brings together the many prevention and detection processes that were already in place at DPI&F and seeks to foster and demonstrate a coordinated, proactive approach to controlling fraud and corruption. It is a 'living' document that will respond to DPI&F's changing needs as fraud and corruption risks change.

The policy reflects Crime and Misconduct Commission *Fraud and Corruption Control Guidelines* and complies with the Queensland Audit Office recommendation that each agency has an integrated approach to fraud and corruption control.

While reactive and preventative measures are key elements of fraud and corruption control, preventive measures such as DPI&F's *Fraud and Corruption Control Policy* are expected to reduce the need for, and the cost of, investigations over time. This will happen through increased awareness among DPI&F staff of how fraud and corruption can be prevented, and early identification of at-risk areas through risk management processes.

Increased awareness should lead to decreased instances of fraud and

corruption and will contribute to DPI&F's integrity, reputation amongst stakeholders, and capacity to deliver services to our clients.

DPI&F's *Fraud and Corruption Control Policy* will be implemented from 2005–06. Some of our first steps will be to:

- appoint a Fraud and Corruption Control Coordinator and formalise our Fraud and Corruption Control Committee
- include fraud and corruption risk identification in DPI&F's corporate risk management framework
- train risk coordinators in fraud and corruption risk identification and management techniques
- release the *Fraud and Corruption Control Policy* to all staff through our intranet system
- develop an information kit for business partners.

#### Achievement planning

In 2004–05, achievement planning was introduced into DPI&F to:

- align our priorities, business direction and outputs to achieve agreed outcomes
- develop the right skills within DPI&F to meet required performance standards
- facilitate discussion about successes, staff behaviours and areas for improvement.

DPI&F's achievement planning principles are:

- everyone at DPI&F contributes to achieving the department's objectives and outcomes
- achievement planning helps our people to focus on adding value and achieving results
- achievement focuses on outcomes or results achieved, rather than inputs.

#### Workplace health and safety

DPI&F has undertaken an extensive review to enhance its workplace health and safety functions, structures and resourcing. As a result of the review, there will be strengthened policies and function linkages.

## Corporate Capability monitoring and review processes

### Corporate Capability business group processes

DPI&F's Corporate Capability business group undertakes important monitoring and review activities in conjunction with our Internal Audit Unit including:

- providing self-service systems for employees
- providing investigation and grievance management services
- regular monitoring of transactions to assess validity and compliance
- monitoring of internet and email usage, and information services
- conducting regional self-assessment audits and operational reviews
- evaluating DPI&F's corporate risk management framework
- offering whistleblower support.

The activities of the groups that comprise our Corporate Capability business group are outlined below.

**Legal** provides legal advice and services to the department at a corporate level and to individual DPI&F business groups. The unit assists in the development and enforcement of legislation, and manages DPI&F's contractual and administrative law obligations.

Key monitoring and review activities include providing professional services for whistleblower support and freedom of information issues, privacy legislation compliance, judicial review administration, and legal advice on disciplinary and governance matters.

**People and Organisational Development** provides strategic human resources and organisational development advice to DPI&F managers. The unit also develops corporate policies and strategies that support organisational and cultural change, workforce planning, capability development and people management.

**Strategy and Performance** provides advice, processes and systems to assist SET and its subordinate management teams to implement DPI&F's Performance Management Framework.

The unit also helps to develop DPI&F's Strategic Plan and improve performance measurement and evaluation practices. It also manages departmental reporting to the Minister for Primary Industries and Fisheries, and the Departments of Treasury, and the Premier and Cabinet.

**Information and Communication Services** provides knowledge management and information services and systems. Services include provision of information technology systems and support, web and publishing services, and operation of departmental libraries, book distribution centre and the DPI&F Call Centre. Key monitoring and review activities include monitoring and reporting on internet and email use within the department, and network data backup, storage and retention services.

**Finance and Asset Management** provides strategic direction and advice on budgetary and financial performance, asset planning and management and minimisation of financial risk. It prepares DPI&F's financial statements, ensures compliance with departmental and whole-of-Government accounting legislation, policies and guidelines, and provides financial information to assist in the effective management of the department. It also provides business accountancy services and financial advice to our business groups that support delivery and operational efficiency.

**Strategic Communication and Marketing** develops and implements communication and marketing strategies for the department, including media management, crisis communication, communication planning, events management, sponsorship and marketing plans.

Key monitoring and review activities include development of DPI&F's sponsorship policy, evaluation and assessment of sponsorships, and development of issues and major initiatives management protocols.

**Operational Review** provides advice on effective governance and operational performance issues to assist our business units and Internal Audit Unit to develop audit policies. The unit also conducts investigations into sensitive disciplinary matters and matters involving external parties.

**Capability and Achievement** develops, implements and supports policies and processes that maximise individual achievement, engagement and alignment and risk management.

The **Chief Information Officer** provides strategic direction and policy for the department's information based initiatives. It brings together the essential elements of departmental business, whole-of-Government strategy and direction, technological developments offered by industry, and Queensland Audit Office requirements to set information direction and policy for the department to develop and manage its business outcomes to meet government priorities.

## Managing for outcomes

DPI&F is implementing strategies that build on the **Aligning for Success** program undertaken over the past year. We are refining critical business processes to achieve internal alignment and consistency of planning, measuring and reporting activities.

We have also progressed the implementation of a management framework that commits the department's senior executive officers and all staff to personal and organisational performance achievement. The framework emphasises achievement of profitable primary industries for Queensland within a robust financial management framework.

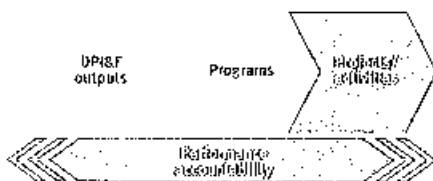
Also under the **Aligning for Success** program, we have established a business model (see diagram below) which shows how our outcomes will be achieved through strong alignment between our outputs, significant programs and associated projects and activities. This alignment is underpinned by strong accountability and performance arrangements.

During 2004–05, we invested in the development of an information management system known as Clarity, which supports the open and transparent reporting of activities at all levels: outputs, programs and projects.

To support the maturity of both the business model and Clarity, and to ensure alignment between the department's activities and high level outcomes, we will improve processes such as strategic and business planning, resource allocation and evaluation in the coming year.

The Director-General has commissioned a management framework that requires all senior executive officers to commit to personal and organisational performance plans, with an emphasis on their financial accountability. Officers will submit monthly activity statements to our Director-General, and quarterly performance reports will be compiled for analysis and further action.

#### Business Model Structure



#### Record keeping

DPI&F has begun preparing for the implementation of the whole-of-Government electronic Document and Records Management Solution. The new system involves use of two different software packages for document and records management, and digital imaging or scanning.

We have established a document and records management project team to adopt the Document and Records Management Solution, and implement associated projects such as creating a public records retention and disposal schedule. This team will also address the necessary business processes which will assist us to meet our obligations under *Information Standard 40: Recordkeeping*.

DPI&F is a pilot agency for the implementation of the whole-of-Government web content management system, RedDot, which forms part of the Document and Records Management Solution. RedDot will retain all pages published on DPI&F's web site as public records for 'point-of-time' recovery. This means any previous version of a web page will be able to be retrieved and displayed as it appeared before the introduction of RedDot.

#### Information for staff

In addition to our Strategic Plan and Annual Report, DPI&F staff have access to several other documents and systems. They include:

- **Corporate Standards and Procedures:** This includes standards, policies and delegations in the areas of human resources, ethical behaviour, finance (incorporating the *Financial Management Practices Handbook* and associated procedures), information technology, procurement, administration and other functions. Our *Corporate Standards and Procedures* are available to all staff online or as a printed copy.
- **Public Sector Ethics Act 1994:** Our *Code of Conduct* provides standards of conduct for all public officials and these standards are consistent with the ethics, principles and obligations in the *Public Sector Ethics Act 1994*. The Code clearly spells out ethics principles and obligations for staff, and guides them through an ethical decision-making process using practical, real-life examples. The Code is regularly reviewed and updated to maintain consistency with corporate standards and government directives.

All staff are required to be trained in the department's *Code of Conduct*, which is available online. Staff and the public can also request a printed copy.

- **Online policies and guides:** DPI&F's intranet sites, such as *HR Online*, provide managers and staff with easy-to-read, current information on departmental processes, policies and procedures. Importantly, the systems highlight any changes to policies.
- **DataPond:** Our portal and data warehouse provides managers with the capacity to identify and analyse potential data errors and issues.
- **Achievement Plans.** All DPI&F staff are required to develop an *Achievement Plan* with their manager, identifying the results they plan to achieve each year. Risk management is integral to all functions and is built into executive achievement plans as a key measurement to manage and monitor business groups risk registers and control plans.

#### Privacy policy

A privacy scheme for the Queensland public sector was introduced in 2001 as part of the State Government endorsement of *Information Standard 42*. This standard establishes a framework for the responsible collection and management of personal information in the Queensland public sector. DPI&F uses this framework when dealing with personal information.

DPI&F's Privacy Officer received several queries and requests for advice regarding *Information Standard 42* in 2004–05, but no formal complaints were received during this year.

#### Access to documents held by DPI&F

Under the *Freedom of Information Act 1992* (FOI Act), members of the community have a legally enforceable right to access documents held by DPI&F. Documents must be disclosed on request, unless there are justifiable grounds for exempting the documents from disclosure. Fees and charges apply to all FOI applications apart from personal affairs applications, and each application is administered in accordance with the FOI Act.

### Freedom of Information statistics

	2002-03	2003-04	2004-05
Personal applications	5	6	7
Non-personal applications	68	87	64
Applications for amendment of personal affairs information	0	1	0
Total applications received	73	94	71
Number of applications withdrawn or transferred	30	13	16
Number of documents access granted in full	6,447	7,441	5,630
Number of documents access refused in full	715	1,325	1,989
Number of documents access granted in part	1,005	747	155
Total number of documents considered	8,167	9,513	7,774
Internal reviews made	7	1	2
External reviews made	1	2	1

### Whistleblowers Protection Act 1994

DPI&F's policy for protecting whistleblowers details the support and protection to be given to whistleblowers, and acts as a guide for making and handling public interest disclosures. Our staff are aware of their entitlements and responsibilities under this policy.

We are currently reviewing the policy to ensure it is consistent with *AS8004 2003 Whistleblower Protection Programs for Entities* and DPI&F's *Fraud and Corruption Control Policy*. The review will be completed in 2005-06.

During the 2004-05 financial year two public interest disclosures were received regarding reprisals under the *Whistleblowers Protection Act 1994*. The review of these two matters, as well as a previous public interest disclosure regarding reprisals made in the 2003-04 financial year, have not yet been finalised.

No public interest disclosures were substantially verified this year.

### Review of administrative decisions

Under the *Judicial Review Act 1991*, aggrieved persons have the right to seek a statement of reasons for certain administrative decisions and the right to apply for a statutory order of review.

Any member of the community who is aggrieved by an administrative decision made by a DPI&F 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.

No applications for a statutory order of review in relation to a DPI&F activity were made to the Supreme Court in 2004-05.

### Service and information delivery

#### Business groups

DPI&F comprises six business groups, including the commercialised DPI Forestry, to provide services to stakeholders throughout Queensland. Information about these groups is provided on pages 6 to 11 of this Annual Report.

In addition, to the six business groups, DPI&F has a Chief Scientific Advisor who provides scientific advice to the Director-General on issues of strategic importance to DPI&F.

#### Shared Service Initiative

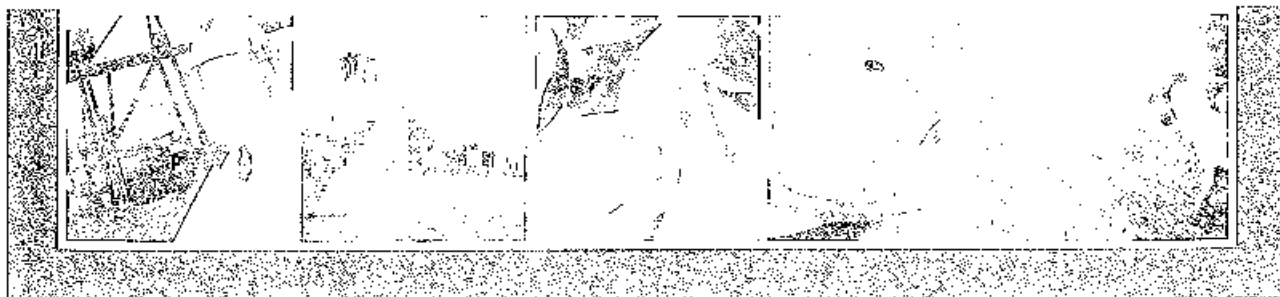
The Shared Service Initiative is a whole-of-Government approach to corporate services delivery which aims to provide high quality cost-effective corporate services to Queensland State Government departments. Shared service providers and CorpTech were established from 1 July 2003, through the consolidation of corporate service functions from departments and existing shared service providers. Departments are grouped into seven clusters, each serviced by a dedicated shared service provider, with CorpTech providing services to five shared service providers.

On 1 July 2003, the Department of Primary Industries and Fisheries transferred responsibility and staff for selected functions, i.e. document and records management, finance, human resources, procurement, property and facilities management, to *CorporateLink* and to CorpTech. The Department of Natural Resources and Mines hosts *CorporateLink* as a separate entity, and will report on its activities in its 2004-05 annual report.

### → Outlook for 2005-06

In 2005-06, DPI&F will focus on improving its corporate governance framework through:

- implementing our *Fraud and Corruption Control Policy*
- continuing to implement Clarity and the performance management system
- reviewing our whistleblower protection policy to ensure it is consistent with *AS8004 2003 Whistleblower Protection Programs for Entities*
- further reviewing DPI&F policies to ensure they are consistent with our strategic direction.



## Financial overview

The DPI&F Parent Entity's financial position has continued to strengthen over the past five years. In 2004-05, our liabilities represented less than 15 per cent of the value of our assets, and we experienced strong growth in capital expenditure.

### About our financial statements

This financial overview provides a summary of DPI&F's financial performance and position, as well as commentary on significant movements that occurred during 2004-05 for the DPI&F Parent Entity.

A comprehensive set of 2004-05 financial statements covering all aspects of our department's activities can be found later in this report. These statements include a table of contents, explanatory notes and comparative figures for 2003-04.

A separate overview of DPI Forestry's financial performance is provided on page 71.

### Statement of Financial Performance

In our financial statements, the Statement of Financial Performance shows expenses and revenues and DPI&F's operating result for 2004-05. Our department earned revenues of \$335.2 million this year, with operating expenses of \$335.2 million.

Despite increased demands on our resources, DPI&F delivered on agreed outputs and produced a break-even operating result. Our result reflected DPI&F's ability to effectively monitor and control service delivery costs, particularly increased expenses associated with enterprise bargaining.

### Revenues

DPI&F operates primarily through funds appropriated by Parliament. Other major revenue sources include charges for goods and services, taxes, fees and fines, and grants and contributions from external research bodies.

The significant increase in user charges, taxes, fees and fines from 2001-02 to 2004-05 (shown in Graph 5) was largely related to the fire and eradication program (see page 26). This program is scheduled to continue until the end of 2006-07.

A major contributor to the decrease in output revenues in 2004-05 compared to 2003-04 was the discontinuation of the whole-of-Government equity return regime from 1 July 2004.

### Expenses

Operating expenses were \$335.2 million, a decrease of \$5.8 million compared with the previous year. A major contributor to this decrease was the discontinuation of the whole-of-Government equity return expense regime from 1 July 2004.

Employee expenses were \$6.8 million higher this year, largely due to increased award wages under enterprise bargaining arrangements, and activities relating to the eradication of the citrus canker disease in Queensland (see page 33). Citrus canker eradication activities also increased supplies and services expenses.

DPI&F's expenses over the past five years, organised by expense category, are shown in Graph 6. A portion of the increase in employee, and supplies and services expenses categories between 2001-02 and 2004-05 relates to the fire and eradication program.

### Statement of Financial Position

The strength of DPI&F's financial position over the past five years is shown in Graph 7.

This statement provides information about assets, liabilities and the State Government's equity at the end of the financial year. DPI&F's strong financial position is illustrated by liabilities representing less than 15 per cent of our total assets.

The value of property, plant and equipment at 30 June 2005 was \$327.6 million, an increase of \$64 million or 24.3 per cent compared with the previous year. This increase was due to several factors including the completion of capital works projects, the realisation of planned expenditure on acquisition of new and replacement plant and equipment, and an asset valuation increment applied to land, buildings and access roads to reflect movements in market value. The higher asset values resulting from the re-valuation also increased the value of DPI&F's equity by increasing our asset re-valuation reserves.

### Statement of Cash Flows

This statement provides information on sources and uses of cash during the year, and available cash at the end of the year.

An indicator of DPI&F's strong financial position was the increase in cash at bank from \$1.2 million to \$24.7 million over the financial year. We held a positive cash position at the end of the year through effective management of receivables and payables, and the successful use of cash resources to achieve business objectives.

This was reflected in the inflow of net cash from operating activities of \$20.3 million. The increase in cash from operating activities was offset by an increase in cash outflows to fund investment activities.

DPI&F invested \$25.7 million in payments for intangibles and property, plant and equipment this year, an increase of \$13.5 million or 111 per cent on 2003-04. This investment in infrastructure will support our department's service delivery in the future.

There was also an increase in financing activities of \$5.6 million, with equity injections from the Government helping to finance DPI&F's infrastructure investment activities.

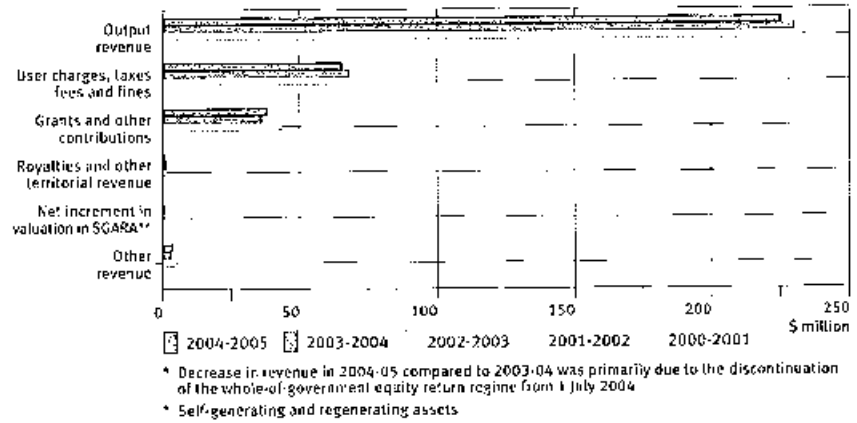
### Statement of Financial Performance by Outputs

Services provided by DPI&F are organised into outputs (see pages 78 to 79) which align the department's activities with government priorities. The outputs support DPI&F's mission to maximise the economic potential of Queensland's primary industries on a sustainable basis.

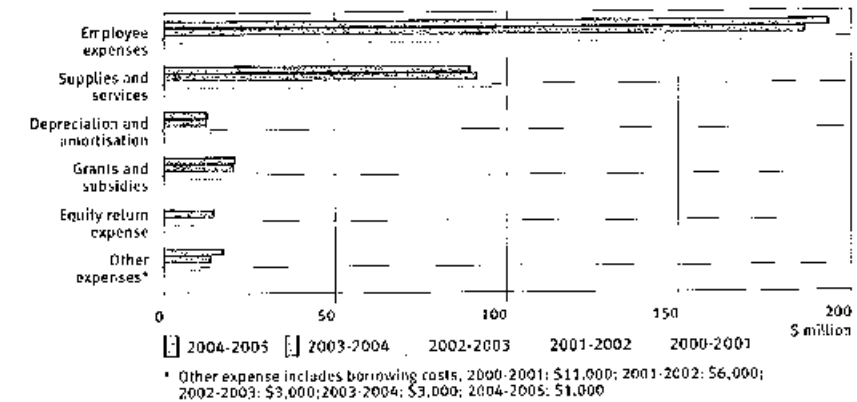
Our outputs relate to controlled activities for the DPI&F Parent Entity, and there are revenue and expenses associated with administered items where DPI&F acts as an agent for the State Government.

In the *Statement of Financial Performance by Outputs*, the proportion of DPI&F's 2004-05 operating expenses of \$335.2 million by outputs is shown in Graph 8.

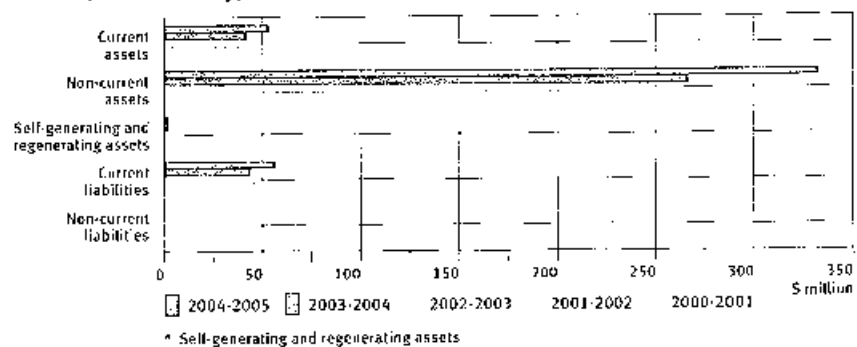
### DPI&F (Parent Entity) - Operating revenue year ended 30 June



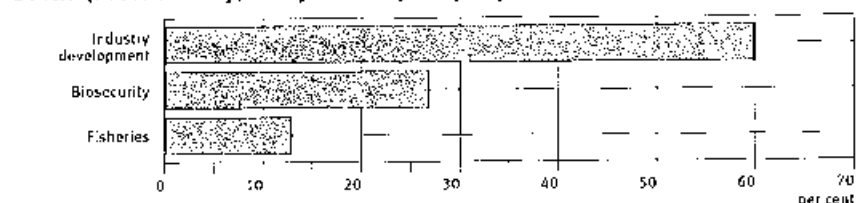
### DPI&F (Parent Entity) - Operating expenses year ended 30 June



### DPI&F (Parent Entity) - Statement of financial position as at 30 June



### DPI&F (Parent Entity) - Expenses by output year ended 30 June 2005



## → Outlook for 2005–06

In 2005–06, DPI&F will continue to manage our finances and assets in the most cost-effective way possible. We will adopt a holistic approach to financial management and reporting to strengthen our ability to accurately forecast and manage revenues and expenses.

DPI&F will continue to improve and refine asset management through strategic asset modelling and planning activities. These activities will provide full-life costing information and asset use assessments to ensure optimal investment in infrastructure.

In addition, we will further enhance our Financial Management Improvement Program and investigate new options for funding by collaborating with industry, communities and other agencies.

### Operating budget

In the State Budget delivered on 7 June 2005, DPI&F's 2005–06 operating budget is \$313.4 million. These funds will be used to deliver Government priorities and provide opportunities for profitable primary industries in Queensland.

The following budget highlights present our economic focus and major areas of investment:

- \$8.8 million in increased funding has been allocated over the next four years to manage key biosecurity and animal welfare risks. This includes initiatives to strengthen prevention and preparedness measures for foot and mouth disease (FMD), bovine spongiform encephalopathy (BSE or mad cow disease) and highly pathogenic avian influenza (HPAI). Measures include monitoring compliance with animal feeding bans, enhanced surveillance, response preparedness, national training initiatives and incursion management exercises. Australia is currently free of FMD, BSE and HPAI.
- \$4 million over four years to support the development of major aquaculture sectors including prawns and barramundi, and emerging sectors such as crabs, sea scallops and reef fish. In partnership with industry, we will invest in increased research and development and will support export market development for these fast-growing sectors.
- The fire ant eradication program is winding down with \$24.6 million allocated for 2005–06, including a \$2.1 million contribution from the Queensland Government. Contributions will be made by all State, Territories and Australian governments under a cost-sharing arrangement for the continued eradication of fire ants in south east Queensland. The Australian Government and all other state governments have contributed to the \$175.4 million program over six years to 2006–07.
- \$1.7 million in 2005–06 to continue the roll-out of the \$5.2 million, three-year FutureCane program. This program aims to achieve more productive, sustainable farms in cane growing regions of Queensland.

- \$1.5 million over three years to spearhead a horticultural export drive into new Asian markets. This initiative will be conducted in partnership with industry.
- \$0.76 million over the next four years to support Queensland's developing wine industry. This will increase DPI&F's capacity to deliver viticultural advice and technical services to state wine producers.
- \$0.26 million is Queensland's contribution in 2005–06 to total in-principle contributions of \$2.6 million by participating governments under an agreed cost sharing arrangement for eradicating the exotic citrus canker disease. The exotic citrus canker disease was detected in Emerald, central Queensland, in July 2004. The overall \$10.9 million citrus canker eradication program is being jointly funded by the Australian Government and citrus-growing States and Territories.

### Capital acquisitions

In 2005–06, DPI&F's capital expenditure program is valued at \$23.8 million. The program is primarily focused on developing state-of-the-art research facilities, and addressing existing and future plant and equipment needs.

Key investments include:

- \$1.8 million for a new research facility and laboratory complex at Applethorpe Research Station in the state's Granite Belt. The new facilities will strengthen DPI&F's national and international reputation as a leading temperate fruit and vegetable research and information provider.
- \$1.5 million for the extension of Marceba Research Station on the Atherton Tablelands in collaboration with the Department of Natural Resources and Mines.
- Other capital expenditure, which will be devoted to new facilities or upgrades of existing facilities at: Biloela, Rockhampton and Rosslyn Bay in central Queensland; Cairns in far north Queensland; and Bribie Island and Redlands in the state's south east, as well as equipment and vessel replacement.



## Smart Queensland

From 2009, DPI&F and other State Government agencies will share premises at the Ecosciences Precinct which is being established as part of the Boggo Road Gaol redevelopment in Brisbane. DPI&F will also be involved in an expansion of existing State Government research facilities at Coopers Plains, Brisbane to create a Health and Food Sciences Precinct.

This research infrastructure will give Queensland the opportunity to boost research capacity through collaboration and supporting the sustainable economic growth of key industries, such as food and agriculture.

## DPI Forestry financial overview

DPI Forestry 2004-05 financial results are included in the DPI&F consolidated column in the comprehensive set of 2004-05 financial statements found later in this report. Full DPI Forestry financial statements for 2004-05 are available on pages 115 to 134.

DPI Forestry's trading surplus after interest, tax and before plantation asset re-valuation for 2004-05 was \$17.8 million, a 46 per cent reduction compared with the previous year (see Graph 9).

While trading income equalled the record level of 2003-04, there was a significant increase in expenditure of \$14.5 million. This increase can be attributed to a modest growth in plantation establishment and fire protection expenditure as well as to several one-off costs including payments for corporate due diligence work, legal services associated with litigation and business structuring, increased research commitments and a payment relating to the alignment of the book and market values of DPI Forestry's long-term debt.

The lower than expected trading result had a flow-on effect to the dividend payable to Queensland Treasury which has been set at \$8.6 million based on our 2004-05 performance.

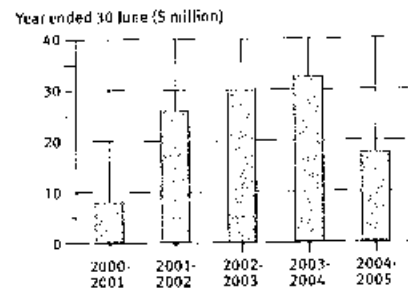
When changes in the value of state-owned plantations are factored in, DPI Forestry reported a deficit of \$4.1 million from ordinary activities for 2004-05 after income tax equivalents.

This reflects a \$21.9 million unrealised reduction in the value of standing plantation timber assets under the approved 'net present value' methodology, mainly due to the impact of drought conditions on forest growth, refined growth modelling systems and decreased market prices achieved for certain timber products. This reduction is in part offset by an increase in plantation value resulting from the application of lower market interest rates to the valuation methodology.

## → Outlook for 2005-06

For 2005-06, DPI Forestry expects market demand for key forest products to remain firm. An operating profit from ordinary activities of \$46.8 million is projected, reflecting expectations of another strong trading year, an increased valuation of plantation forest assets and the absence of one-off costs experienced in 2004-05.

**DPI Forestry – Trading surplus 2000-01 – 2004-05**  
(after interest and tax and before plantation asset revaluation)



### Five-year financial statistics (Parent Entity)

	2000-01 \$'000	2001-02 \$'000	2002-03 \$'000	2003-04 \$'000	2004-05 \$'000
<b>Controlled Statement of Financial Position</b>					
Total current assets	36,540	49,503	43,482	42,005	53,318
Total non-current assets	190,591	240,329	247,245	267,015	332,928
Self-generating and regenerating assets	3,621	2,580	1,963	2,308	2,440
Total current liabilities	37,825	51,829	46,410	44,054	56,682
Total non-current liabilities	36	25	13	0	0
Total equity	200,891	240,558	246,267	267,274	332,004
<b>Controlled Statement of Financial Performance</b>					
Output revenue (1)	217,557	231,870	233,195	230,604	225,477
User charges, taxes, fees and fines (2)	36,155	62,785	66,184	68,369	65,673
Grants and contributions	41,149	37,292	43,654	36,318	38,510
Other revenue	12,644	5,856	6,257	5,704	5,575
Employee expenses (3)	155,190	171,930	186,432	187,058	193,895
Supplies and services	84,912	109,199	95,638	84,647	89,524
Depreciation and amortisation	14,669	15,141	14,037	12,904	12,966
Grants and subsidies	24,702	16,979	27,727	20,765	21,152
Equity return expense (4)	12,229	12,771	14,507	14,899	0
Other expenses (4)	14,845	12,100	10,949	20,722	17,658
Net surplus/(deficit)	958	-317	0	0	0
<b>Ratios</b>					
Current assets/current liabilities	1.0	1.0	0.9	1.0	0.9
Total assets/total liabilities	6.3	5.6	6.3	7.1	6.0
	<b>2000-01 Number</b>	<b>2001-02 Number</b>	<b>2002-03 Number</b>	<b>2003-04 Number</b>	<b>2004-05 Number</b>
Number of employees at 30 June	2,604	3,135	3,170	2,955	2,985

1. A major contributor to the decrease in output revenues in 2004-05 was the discontinuation of the whole-of-Government equity return expense regime effective from 1 July 2004.
2. The significant increase in user charges, taxes, fees and fines from 2001-02 through to 2004-05 largely relates to the fire act eradication program, which is scheduled to continue until the 2006-07 financial year.
3. The operating lease payments to QFleet were reclassified from 'Supplies and services' to 'Other expenses' at 30 June 2005. Comparative 2004 information was restated accordingly.

### Financial summary (Parent Entity)

	2001-02 \$'000	2002-03 \$'000	2003-04 \$'000	2004-05 \$'000	% change 2003-04 / 2004-05
Operating revenue (1)	337,803	349,290	340,995	335,195	-2%
Operating expenses (1)	337,486	349,290	340,995	335,195	-2%
Operating result	(317)	0	0	0	0%
Capital expenditure	25,279	14,768	12,181	25,689	111%
Total assets	292,412	292,690	311,328	388,686	25%
Total liabilities	51,854	46,423	44,054	56,682	29%
Net assets	240,558	246,267	267,274	332,004	24%

1. A major contributor to the decrease in output revenues and expenses in 2004-05 was the discontinuation of the whole-of-Government equity return expense regime effective from 1 July 2004.

**Department of Primary Industries and Fisheries**  
**Financial Statements**  
for the year ended 30 June 2005

## Department of Primary Industries and Fisheries Financial Statements for the year ended 30 June 2005

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## Statement of Financial Performance for the year ended 30 June 2005

	Notes*	DPI&F Consolidated		DPI&F Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Revenues from ordinary activities</b>					
Output revenue	4	225,477	230,604	225,477	230,604
User charges, taxes, fees and fines	5	64,120	67,516	65,673	68,369
Grants and other contributions	6	38,707	36,621	38,510	36,318
Royalties and other territorial revenue	7	17,994	19,806	929	1,457
Increment in valuation of SGARAs	8	63,109	2,522	562	1,010
Other revenue	9	7,093	6,626	4,044	3,237
<b>Total revenues from ordinary activities</b>		<b>416,500</b>	<b>363,695</b>	<b>335,195</b>	<b>340,995</b>
<b>Expenses from ordinary activities excluding borrowing costs</b>					
Employee expenses	10	233,300	224,017	193,895	187,058
Supplies and services	11	116,731	107,804	89,524	84,647
Depreciation and amortisation	12	16,946	16,533	12,966	12,904
Grants and subsidies	13	21,774	21,178	21,152	20,765
Equity return expense	14	-	14,899	-	14,899
Other expenses	15	20,310	23,386	17,657	20,719
<b>Total expenses from ordinary activities excluding borrowing costs</b>		<b>409,061</b>	<b>407,817</b>	<b>335,194</b>	<b>340,992</b>
Borrowing costs	16	11,525	4,710	1	3
<b>Surplus/(deficit) from ordinary activities before income tax expense/revenue</b>		<b>(4,086)</b>	<b>(48,832)</b>	-	-
Income tax equivalents expense relating to ordinary activities	39	-	-	-	-
<b>Net surplus/(deficit)</b>	31	<b>(4,086)</b>	<b>(48,832)</b>	-	-
<b>Non-owner transaction changes in equity</b>					
<i>Valuation increment:</i>					
Asset revaluation reserve	30	62,741	28,025	53,355	22,055
Net amount of each revenue, expense, valuation or other adjustment not disclosed above, recognised as a direct adjustment to equity	30	(4)	(32)	(4)	(32)
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>		<b>62,737</b>	<b>27,993</b>	<b>53,351</b>	<b>22,023</b>
<b>Total change in equity, other than those resulting from transactions with owners as owners</b>	30	<b>58,651</b>	<b>(20,839)</b>	<b>53,351</b>	<b>22,023</b>

\* The accompanying Notes on Pages 80 to 110 form an integral part of the Financial Statements

## Statement of Financial Position as at 30 June 2005

	Notes*	DPI&F Consolidated		DPI&F Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Current assets</b>					
Cash assets	17	68,328	76,210	24,650	23,405
Receivables	18	42,395	77,939	25,507	15,337
Inventories	20	4,439	5,018	1,839	2,426
Prepayments	21	1,652	1,062	1,322	837
<b>Total current assets</b>		<b>116,814</b>	<b>110,229</b>	<b>53,318</b>	<b>42,005</b>
<b>Non-current assets</b>					
Receivables	18	51	63	-	-
Other financial assets	19	130	115	130	115
Inventories	20	15	26	15	26
Prepayments	21	12	55	12	55
Property, plant and equipment	22	412,508	331,754	327,644	263,584
Intangible assets	23	5,400	3,578	5,127	3,235
<b>Total non-current assets</b>		<b>418,116</b>	<b>335,591</b>	<b>332,928</b>	<b>267,015</b>
<b>Self-generating and regenerating assets</b>					
Plantation growing timber	25	1,134,016	1,155,908	-	-
Wollemi pine	25	1,551	-	-	-
Livestock	25	2,440	2,308	2,440	2,308
<b>Total self-generating and regenerating assets</b>		<b>1,138,007</b>	<b>1,158,216</b>	<b>2,440</b>	<b>2,308</b>
<b>Total assets</b>		<b>1,672,937</b>	<b>1,604,036</b>	<b>388,686</b>	<b>311,328</b>
<b>Current liabilities</b>					
Payables	26	24,696	12,903	20,908	9,478
Interest-bearing liabilities	27	-	13	-	13
Provisions	28	31,408	38,249	19,487	18,881
Other current liabilities	29	16,322	15,773	16,287	15,682
<b>Total current liabilities</b>		<b>72,426</b>	<b>66,938</b>	<b>56,682</b>	<b>44,054</b>
<b>Non-current liabilities</b>					
Interest-bearing liabilities	27	76,420	76,420	-	-
<b>Total non-current liabilities</b>		<b>76,420</b>	<b>76,420</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>148,846</b>	<b>143,358</b>	<b>56,682</b>	<b>44,054</b>
<b>Net assets</b>		<b>1,524,091</b>	<b>1,460,678</b>	<b>332,004</b>	<b>267,274</b>
<b>Equity</b>					
Contributed equity	30	56,114	42,734	52,774	41,395
Retained surplus	30	1,056,435	1,046,714	158,125	157,592
Reserves:					
Asset revaluation reserve	30	143,842	81,308	119,971	66,823
SGARAs unrealised revenue reserve	30	267,700	289,922	1,134	1,464
<b>Total equity</b>		<b>1,524,091</b>	<b>1,460,678</b>	<b>332,004</b>	<b>267,274</b>

\* The accompanying Notes on Pages 80 to 110 form an integral part of the Financial Statements

## Statement of Cash Flows for the year ended 30 June 2005

	DPI&F Consolidated		DPI&F Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Cash flows from operating activities</b>				
<i>Inflows:</i>				
Output receipts	224,840	231,531	224,840	231,531
User charges	172,427	183,704	69,177	71,005
Grants and other contributions	37,850	37,947	37,653	37,644
Dividends	2	3	2	3
Interest receipts	2,516	1,924	-	16
GST input tax credits from ATO	3,985	4,172	3,985	3,892
Other	9,975	10,053	9,124	9,465
<i>Outflows:</i>				
Employee expenses	(231,840)	(222,246)	(192,647)	(185,581)
Supplies and services	(131,404)	(132,481)	(100,613)	(104,535)
Grants and subsidies	(21,774)	(21,176)	(21,152)	(20,765)
Borrowing costs	(11,256)	(4,708)	(1)	(3)
Equity return expense	-	(14,900)	-	(14,900)
GST remitted to ATO	(7,207)	(7,041)	(665)	-
Other	(11,802)	(15,459)	(9,395)	(12,902)
<b>Net cash provided by operating activities</b>	<b>31</b>	<b>36,312</b>	<b>51,323</b>	<b>20,308</b>
<b>Cash flows from investing activities</b>				
<i>Inflows:</i>				
Proceeds from sale of property, plant and equipment		3,123	2,043	1,023
Loans and advances redeemed		4	-	4
<i>Outflows:</i>				
Payments for property, plant and equipment		(34,410)	(20,623)	(23,244)
Payments for intangibles		(2,445)	(793)	(2,445)
Payments for Investments		-	-	-
Loans and advances made		-	(21)	-
<b>Net cash used in investing activities</b>		<b>(33,728)</b>	<b>(19,394)</b>	<b>(24,662)</b>
<b>Cash flows from financing activities</b>				
<i>Inflows:</i>				
Equity injections		5,611	-	5,611
Transfers from other government departments		-	42	-
<i>Outflows:</i>				
Finance lease payments (excluding interest component)		(12)	(12)	(12)
Dividends paid	28	(16,065)	(14,795)	-
<b>Net cash provided by (used in) financing activities</b>		<b>(10,466)</b>	<b>(14,765)</b>	<b>5,599</b>
<b>Net increase/(decrease) in cash held</b>		<b>(7,882)</b>	<b>17,164</b>	<b>1,245</b>
<b>Cash at the beginning of the financial year</b>		<b>76,210</b>	<b>59,046</b>	<b>23,405</b>
<b>Cash at the end of the financial year</b>	17	<b>68,328</b>	<b>76,210</b>	<b>24,650</b>
<b>Non-cash financing and investing activities</b>	32			

\* The accompanying Notes on Pages 80 to 110 form an integral part of the Financial Statements

## Statements of Financial Performance by Outputs – Controlled for the year ended 30 June 2005

	Industry Development 2005 \$'000	Fisheries 2005 \$'000	Biosecurity 2005 \$'000	Forestry commercial 2005 \$'000	Inter-Output eliminations 2005 \$'000	Total 2005 \$'000
<b>Revenues from ordinary activities</b>						
Output revenue	145,207	34,511	45,759	-	-	225,477
User charges, taxes, fees and fines	13,653	7,726	44,294	1,646	(3,199)	64,120
Grants and other contributions	36,666	792	1,052	197	-	38,707
Royalties and other territorial revenue	925	4	-	17,201	(136)	17,994
Net increment in valuation of SGARAs	538	-	24	62,547	-	63,109
Other revenue	3,091	362	591	3,377	(328)	7,093
<b>Total revenues from ordinary activities</b>	<b>200,080</b>	<b>43,395</b>	<b>91,720</b>	<b>84,968</b>	<b>(3,663)</b>	<b>416,500</b>
<b>Expenses from ordinary activities excluding borrowing costs</b>						
Employee expenses	119,045	23,465	51,385	39,393	12	233,300
Supplies and services	45,905	12,424	31,195	30,809	(3,602)	116,731
Depreciation and amortisation	10,516	1,342	1,108	3,980	-	16,946
Grants and subsidies	12,963	4,453	3,736	622	-	21,774
Equity return expense	-	-	-	-	-	-
Other expenses	11,481	2,779	3,397	2,726	(73)	20,310
<b>Total expenses from ordinary activities excluding borrowing costs</b>	<b>199,910</b>	<b>44,463</b>	<b>90,821</b>	<b>77,530</b>	<b>(3,663)</b>	<b>409,061</b>
Borrowing costs	1	-	-	11,524	-	11,525
<b>Surplus/(deficit) from ordinary activities before income tax expense/revenue</b>	<b>169</b>	<b>(1,068)</b>	<b>899</b>	<b>(4,086)</b>	<b>-</b>	<b>(4,086)</b>
Income tax equivalents expense relating to ordinary activities	-	-	-	-	-	-
<b>Net surplus/(deficit)</b>	<b>169</b>	<b>(1,068)</b>	<b>899</b>	<b>(4,086)</b>	<b>-</b>	<b>(4,086)</b>
<i>Valuation increment:</i>						
Asset revaluation reserve	35,214	8,537	9,604	9,386	-	62,741
Net amount of each revenue, expense, valuation recognised as a direct adjustment to equity	(4)	-	-	-	-	(4)
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>	<b>35,210</b>	<b>8,537</b>	<b>9,604</b>	<b>9,386</b>	<b>-</b>	<b>62,737</b>
<b>Total change in equity, other than those resulting from transactions with owners as owners</b>	<b>35,379</b>	<b>7,469</b>	<b>10,503</b>	<b>5,300</b>	<b>-</b>	<b>58,651</b>
<b>Allocation of revenues and expenses from ordinary activities to corporate services (disclosure only):</b>						
Revenues from ordinary activities	31,369	6,918	14,140	-	-	52,427
Expenses from ordinary activities	31,397	6,925	14,148	-	-	52,470

\* The accompanying Notes on Pages 80 to 110 form an integral part of the Financial Statements



## Statements of Financial Performance by Outputs – Controlled for the year ended 30 June 2005 (continued)

	Industry Development 2004 \$'000	Fisheries 2004 \$'000	Biosecurity 2004 \$'000	Forestry commercial 2004 \$'000	Inter-Output eliminations 2004 \$'000	Total 2004 \$'000
<b>Revenues from ordinary activities</b>						
Output revenue	148,700	32,464	49,440	-	-	230,604
User charges, taxes, fees and fines	12,810	8,158	47,401	1,700	(2,553)	67,516
Grants and other contributions	34,146	301	1,871	324	(21)	36,621
Royalties and other territorial revenue	1,450	7	-	18,600	(251)	19,806
Net increment in valuation of SGARAs	745	-	265	1,512	-	2,522
Other Revenue	2,674	302	261	3,430	(41)	6,626
<b>Total revenues from ordinary activities</b>	<b>200,525</b>	<b>41,232</b>	<b>99,238</b>	<b>25,566</b>	<b>(2,866)</b>	<b>363,695</b>
<b>Expenses from ordinary activities excluding borrowing costs</b>						
Employee expenses	111,170	22,693	53,195	36,900	(1)	224,017
Supplies and services	43,594	11,406	29,647	26,014	(2,857)	107,804
Depreciation and amortisation	8,876	1,654	2,374	3,629	-	16,533
Grants and subsidies	15,721	1,123	3,921	413	-	21,178
Equity return expense	9,768	2,107	3,024	-	-	14,899
Other expenses	11,509	2,354	6,856	2,675	(8)	23,386
<b>Total expenses from ordinary activities excluding borrowing costs</b>	<b>200,638</b>	<b>41,337</b>	<b>99,017</b>	<b>69,691</b>	<b>(2,866)</b>	<b>407,817</b>
Borrowing costs	3	-	-	4,707	-	4,710
<b>Surplus/(deficit) from ordinary activities before income tax expense/revenue</b>	<b>(116)</b>	<b>(105)</b>	<b>221</b>	<b>(48,832)</b>	<b>-</b>	<b>(48,832)</b>
Income tax equivalents expense relating to ordinary activities	-	-	-	-	-	-
<b>Net surplus/(deficit)</b>	<b>(116)</b>	<b>(105)</b>	<b>221</b>	<b>(48,832)</b>	<b>-</b>	<b>(48,832)</b>
<i>Valuation increment:</i>						
Asset revaluation reserve	15,301	2,955	3,799	5,970	-	28,025
Net amount of each revenue, expense, valuation recognised as a direct adjustment to equity	(18)	(14)	-	-	-	(32)
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>	<b>15,283</b>	<b>2,941</b>	<b>3,799</b>	<b>5,970</b>	<b>-</b>	<b>27,993</b>
<b>Total change in equity, other than those resulting from transactions with owners as owners</b>	<b>15,167</b>	<b>2,836</b>	<b>4,020</b>	<b>(42,862)</b>	<b>-</b>	<b>(20,839)</b>
<b>Allocation of revenues and expenses from ordinary activities to corporate services (disclosure only):</b>						
Revenues from ordinary activities	38,650	8,545	17,319	-	-	64,514
Expenses from ordinary activities	39,445	8,717	17,565	-	-	65,727

<sup>4</sup> The accompanying Notes on Pages 80 to 110 form an integral part of the Financial Statements

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005

### 1. Objectives of the department

The food and fibre agribusiness sector is an integral part of the Queensland Government's Smart State vision. For the sector to continue to grow and prosper, it must harness its inherent knowledge, creativity and innovation to add value. This will ensure its significant potential for wealth and job creation is realised. The Department of Primary Industries and Fisheries (DPI&F) is actively helping the food and fibre agribusiness sector to achieve this potential, taking a lead role helping food and fibre agribusiness tackle challenges and maximise opportunities in a way that is sustainable for the long term.

To innovatively lead the economic development of primary industries in Queensland, DPI&F is working towards the following strategic objectives:

- Strengthen the profitability and viability of Queensland's primary industries
- Maximise market and community confidence in the integrity of Queensland's agriproducts
- Ensure the sustainable management and economic development of Queensland's fisheries
- Maximise the market value of State-owned commercial forestry assets within a sustainable development framework.

The department is predominantly funded for the outputs it delivers by parliamentary appropriations. We also provide 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.

In response to the opportunities and challenges facing primary industries, the DPI&F, in its role as an economic development agency, continues to focus on a vision of profitable primary industries for Queensland through our four key outputs: industry development, biosecurity, fisheries and forestry commercial.

### 2. Summary of significant accounting policies

#### 2.1 Basis of accounting

This financial report is a general purpose financial report that has been prepared in accordance with applicable Australian Accounting Standards (principally AAS 29 *Financial Reporting by Government Departments*), the Treasurer's *Minimum Reporting Requirements for the year ended 30 June 2005*, and other authoritative pronouncements.

Except where otherwise stated, the financial report has been prepared using the historical cost convention.

The accounting policies we adopted for this year are materially consistent with those for the previous year.

#### 2.2 (a) The reporting entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the department, including DPI Forestry, as a controlled entity.

To provide enhanced disclosure, the department has adopted the principles of 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 unit, DPI Forestry. In this context, our core activities are indicated in this financial report as the DPI&F parent entity. 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, we have eliminated in full all balances and transactions with DPI Forestry (internal to the department).

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.

Our outputs/major activities are disclosed in Note 3.

#### 2.2. (a) 1 Transactions and balances administered on a whole-of-Government basis

The department administers, but does not control, certain resources on behalf of Government. In doing so, we are responsible and accountable for administering related transactions and items, but we do not have the discretion to deploy the resources to achieve our objectives.

We have disclosed administered transactions and balances separately in Note 35. These transactions and balances are not significant in comparison to the department's overall financial performance/financial position.

#### 2.2. (a) 2 Trust and agency transactions and balances

The department undertakes/ administers certain trustee transactions and balances, representing security, tender and other deposits, and other agency collections, in a trust or fiduciary capacity.

As the department acts only in a custodial role for these transactions and balances, they are not recognised in the financial statements, but are identified and disclosed in Notes 36 and 42 respectively. We have also disclosed applicable audit arrangements.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.2 (b) Controlled entity

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.

In July 2004, State Cabinet announced that it had nominated DPI Forestry as a candidate Government Owned Corporation under the *Government Owned Corporations Act 1993*. At the same time, a committee of senior officers from DPI&F and other relevant departments was appointed to undertake a comprehensive investigation of the proposal, including wide-ranging consultation with all stakeholders. A final decision on corporatisation has not been made at the reporting date.

A decision to corporatise may impact on the value of assets subject to realisation, plus the timing and quantum of payments in the settlement of liabilities. At reporting date, the financial impact of the proposed corporatisation is unknown.

#### 2.3 Grants and other contributions

Grants, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the department obtains control over them. 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 29.)

Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributed services are recognised only 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 our objectives.

Taxes, fees and fines collected but not controlled by the department are reported as administered revenue and disclosed in Note 35.

#### 2.5 Output revenue/administered item revenue

Appropriation payments to the department under the *Annual Appropriation Act* are recognised as revenue when received or, with Treasury's approval, recognised as receivable or unearned revenue.

Amounts appropriated to the department for transfer to other entities, in accordance with legislation or other requirements, are reported as administered revenues.

#### 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 received 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 at the time of sale or service delivery. Settlement on these amounts is required within thirty (30) days from invoice date. Cash deposits or other financial guarantees secure all DPI Forestry's trade debtors.

The collectability of receivables is assessed periodically, with provision being made for doubtful debts. All known bad debts were written-off at 30 June.

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.

#### 2.8 Other financial assets

Other financial assets are brought to account at the lower of cost and recoverable amount and are disclosed at their fair values indicated in Note 37. Dividend revenue is recognised when received.

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

DPI&F 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 20.

#### 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 resources, Wollemi Pine growing stock, and livestock, which are accounted for in DPI&F 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.

The Wollemi Pine stock is a new saleable SGARA being propagated for sale as part of a major joint venture. There is not yet an observable, active market for DPI Forestry's Wollemi Pine plants, as they have not yet been released into either the domestic or international marketplace. Consequently, cost has been adopted as the only reliable value that can be used as a surrogate for NMV.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.10 Self-generating and regenerating assets (continued)

##### 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 most located in South East Queensland (SEQ).

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
- hardwood plantations of merchantable and unmerchantable age, which are immaterial to the valuation.

##### 2.10.2 Livestock

Livestock is valued at NMV. Livestock held by the department meets the definition of SGARAs. Although, DPI&F 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 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. On the basis of this information, the net value of DPI Forestry's access rights are considered to be immaterial at this point. 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 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. 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 variable climatic, topographic and/or silvicultural factors, for example, high rainfall years increase the weed types to be controlled. We have also assumed that the current three-year rolling average costs are the best indicator of future costs.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.10 Self-generating and regenerating assets (continued)

##### 2.10.5 Valuation of SGARAs (continued)

- 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.
- 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 used for the forest valuation.

An independent expert, Dr Jerry Leach, Dip. For., M.Sc., Ph.D, reviewed the modelling components of the system used for plantation valuation in 1997 and 2002. Dr Leach 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&F 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 a value for these assets has not been included in the accounts.

#### 2.13 Acquisition of assets

Actual cost is used for the initial recording of all asset acquisitions. 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.

Where assets are received free from another Queensland department (whether as a result of machinery-of-Government changes or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately before the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland department, are recognised at their fair value at the date of acquisition in accordance with AAS 21 *Acquisitions of Assets*.

#### 2.14 Property, plant and equipment

All items of property, plant and equipment, except computer equipment, with a cost or other value of \$2,000 or greater, are recognised for financial reporting purposes in the year of acquisition. The recognition threshold for computer equipment is \$1,000. DPI Forestry applies a recognition threshold of \$1,000 to all property, plant and equipment. All property, plant and equipment items are consolidated, regardless of a lower, \$1000 asset recognition threshold applicable to DPI Forestry.

Property, plant and equipment items with a lesser value are expensed in the year of acquisition.

#### 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 (DNRM) or the Environmental Protection Agency (EPA). While these agencies retain control over this land, DPI Forestry is granted free access 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.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.16 Leasehold improvements

DPI&F leasehold improvements with a cost, or other value, of \$2,000 or greater are recognised in the financial statements. DPI Forestry applies a recognition threshold of \$1,000.

Leasehold improvement items with a lesser value are expensed in the year of acquisition.

#### 2.17 Intangibles

Intangible assets with a cost or other value greater than \$50,000 are recognised in the financial statements.

Intangible asset items with a lesser value are expensed.

#### 2.18 Amortisation and depreciation of intangibles, property, plant and equipment

Land is not depreciated as it has an unlimited useful life. Property, plant and equipment is depreciated on a straight line basis to allocate the net cost or re-valued amount of each asset, less its estimated residual value, progressively over its estimated useful life.

Assets under construction (work-in-progress) are not depreciated or amortised until they reach service delivery capacity and are ready for use.

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 and are depreciated accordingly. Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

Asset enhancement expenditure, (\$2,000 or more in case of property, plant and equipment and \$5,000 or more in case of intangibles) that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable or amortisable amount is depreciated or amortised over the remaining useful life of the asset.

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

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.

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

Asset class	Average estimated useful life in years
Land improvements	26
Buildings	31
Access roads	38
Plant and equipment:	
- Computer equipment	4
- Motor vehicles	9
- Scientific equipment	15
- Other equipment	9
Leasehold improvements	12
Intangible assets:	
- Software	5

#### 2.19 Revaluation of non-current physical assets

Land, buildings, infrastructure and heritage and cultural 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 intangibles, are measured at cost.

Non-current physical assets measured at fair value are comprehensively re-valued at least once every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis where there has been a material variation in the index.

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.

#### 2.20 Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all 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 are expensed in the periods in which they are incurred.

Finance and non-cancellable operating lease commitments (GST inclusive) are disclosed in Note 33.

#### 2.21 Library materials

Items comprising the department's technical library are expensed on acquisition.

#### 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 for its obligations for employee compensation.

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. A prior approval is requested from and granted by the Queensland Treasurer in accordance with his *'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 for the year ended 30 June 2005 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.24 Interest-bearing liabilities

##### 2.24.1 Borrowings

Loans payable are recognised at the face value of the principal outstanding, interest being expensed or otherwise recognised as it accrues. The fair value of these loans is disclosed in Note 37 (c).

##### 2.24.2 Borrowing costs

Borrowing costs are recognised as an expense 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
- 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 per cent) 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 benefits

##### 2.26.1 Wages and salaries, annual leave and sick leave

Wages, salaries and annual leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the remuneration rates expected to apply at the time of settlement and include related on-costs such as payroll tax, WorkCover premiums, and employer superannuation contributions.

Prior history indicates that on average, sick leave taken each reporting period is less than entitlement accrued. This is expected to recur in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

##### 2.26.2 Long service leave

Under the Queensland Government's long service leave scheme, the department is levied to cover this expense. Amounts paid to employees for long service leave are claimed from the scheme as and when this 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 pursuant to AAS 31 *Financial Reporting by Governments*.

##### 2.26.3 Superannuation

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

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*.

#### 2.27 Taxation

The Department of Primary Industries and Fisheries is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the Australian Tax Office are recognised and accrued.

DPI Forestry as a commercial business unit 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 39.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.28 Services received free of charge or for nominal value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

#### 2.29 Allocation of revenues and expenses from ordinary activities to corporate services

The department discloses revenues and expenses attributable to corporate services in the Statement of Financial Performance by outputs/major activities. These revenues and expenses 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 several 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.

Contributions by DPI Forestry towards SGARAs are expensed as incurred in compliance with DPI Forestry's SGARAs asset accounting 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, have not been recognised in the Statement of Financial Position. This position is re-assessed annually.

DPI Forestry's interests in joint ventures are disclosed in Note 40.

#### 2.31 Research and development

Research and development costs are expensed in the period in which they are 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 unit DPI Forestry, operate principally in primary industries within the State of Queensland.

#### 2.33 Contributed equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State public sector entities as a result of machinery-of-Government changes are adjusted to 'contributed equity' in accordance with Urgent Issues Group (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 (\$1,000) or, where that amount is five hundred dollars (\$500) or less, to zero.

#### 2.35 Comparative information

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

#### 2.36 Adoption of International Financial Reporting Standards

The Financial Reporting Council has determined that all entities preparing general purpose financial statements will apply the Australian Equivalents to International Financial Reporting Standards (AEIFRS) for reporting periods beginning on or after 1 January 2005.

The department has established an International Financial Reporting Standards steering committee and working group to assist in the implementation of the new reporting requirements. All AEIFRS have been reviewed for implications on policies, procedures, systems and financial impacts arising from such changes.

To date, we have identified the following likely impacts arising from the adoption of AEIFRS:

- The valuation of inventories will not change from the lower of cost and net realisable value as stated in Note 2.9 under AASB 102 *Inventories*. It is therefore estimated that there will be no change in the valuation of inventories. However, inventories may include specific inventories distributed free of charge or for nominal consideration, which may result in the increased total value of inventories disclosed in the financial statements. Inventories held for distribution will be measured at the lower of cost and current replacement cost.
- The introduction of AASB 136 *Impairment of Assets* requires an annual impairment test to be performed on all non-current physical and intangible assets. The department's material assets are currently valued at written-down replacement cost and the effect of this standard is expected to be immaterial. However, as an impairment test has not previously applied to the public sector, an assessment of the effect is still ongoing and cannot be quantified at this time. The test may result in a marginal write-down of the value of specific items of property, plant, equipment and intangibles.
- AASB 119 *Employee Benefits* requires employers to recognise the net surplus or deficit in their employer sponsored defined benefit superannuation funds as an asset or liability, respectively. As the department contributes to a whole-of-Government superannuation scheme, and the Government assumes the responsibility for the funding of the scheme, the department will recognise as a liability only that portion of superannuation contributions owing to QSuper at the end of the reporting period. There will be no effect on departmental accounts.



## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.36 Adoption of International Financial Reporting Standards (continued)

AASB 119 also requires that where there are instances of annual leave not expected to be paid within twelve (12) months, the liability is to be measured at the present value of the future cash flows. Currently, all annual leave is measured at the nominal amount. The department carried out relevant tests and calculations and concluded that the amount of accrued annual leave approximates to the amount of annual leave taken during the reporting period. Based on that conclusion, we have resolved that this liability will continue to be disclosed as a current liability only.

- As DPI Forestry has been identified as a for-profit entity, under AASB 116 *Property, Plant and Equipment*, DPI Forestry will be required to recognise asset valuation adjustments for non-current physical assets in the Asset Revaluation Reserve and Statement of Financial Performance. These adjustments will be determined on an individual asset basis rather than by netting all adjustments for the asset class as was previously the case.
- Under AASB 112 *Income Taxes*, DPI Forestry will be required to use a balance sheet liability method that focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. The most significant impact will be the recognition of a deferred tax liability in relation to the assets revaluation reserve. Previously, the capital gains tax effects of asset revaluations were not recognised. We do not expect there will be any further material impact as a result of adoption of this standard.
- Significant intangible assets held by the department are valued at cost and have no external market. There will be no change in the value disclosed in the financial statements under AASB 138 *Intangible Assets*.

The dollar values of the above changes cannot be reliably estimated at the date of this report.

Policy decisions made at a whole-of-Government level in relation to the limiting of options in the AEIFRSs may have the following additional impact on the financial report:

- Subject to proposed GFS/GAAP harmonisation and ED 132 *Request for comment on IASB ED Proposed Amendments to IAS 39 Financial Instruments: Recognition and Measurement – The Fair Value Option*, financial instruments including borrowings may be recorded at fair value with market value fluctuations taken to the profit and loss. This may result in increased volatility in the DPI Forestry's net operating result and consequently in the department's consolidated net operating result.

In addition to the amendments required on adoption of AEIFRS, a number of mandated policies will be introduced, the commencement date of which coincide with the implementation of the new standards. The major impacts of these new policies are outlined below:

The impact of mandated revised asset recognition thresholds is expected to result in \$9.511 million being posted as a reduction to the balance of accumulated surpluses on 1 July 2004, with a corresponding reduction to the relevant asset class and accumulated depreciation.

In addition, an adjustment of \$5.745 million is expected to be made in the Income Statement for the write-off of assets purchased during 2004-2005 which no longer meet the requirements for capitalisation and any accumulated depreciation for those assets for the 2004-2005 year. There will also be an adjustment of \$3.605 million to write back depreciation charged in 2004-2005 for assets written off as a result of the new thresholds at 1 July 2004.

#### 2.37 Implementation of the shared service initiative

Implementation of the shared service initiative started on 1 July 2003. Under this initiative, shared service providers (SSPs) were established to provide a standard suite of corporate services to client Departments and in some agreed instances provide additional service. CorpTech provides standard software application support and infrastructure for all corporate service applications for the five large-scale SSPs (as well as other agreed non-standard services).

The SSP for DPI&F is CorporateLink. The Department of Natural Resources and Mines is the host agency. The host agency for CorpTech is Queensland Treasury.

On 1 July 2003, only intangible assets with a written down value of \$0.889 million were transferred to CorpTech. No liabilities or staff were transferred to CorpTech.

The department was not required to transfer any assets, liabilities or staff to CorporateLink as at 1 July 2003 for the implementation of the shared service initiative. Such transfers took place on 1 July 1996, when the initial shared service provider, Corporate Services Agency (CSA) was established, and later transformed to CorporateLink.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 3. Outputs of the department

DPI&F contributes significantly to the Government's Smart State vision for Queensland through delivery of unique products and services, primarily linking to the following Government priorities:

- growing a diverse economy and creating jobs
- managing urban growth and building Queensland's regions
- protecting the environment for a sustainable future.

The key outcomes for DPI&F, which contribute to the Government outcomes for the community, are that Queensland's primary industries:

- continue to grow through expanded market access, export, trade opportunities and smart science
- diversify and strengthen the economy, with job creation, through value-adding, productivity growth and the development of future growth industries
- build on the competitive strength of Queensland's diverse regions
- promote sustainable development through responsible use of the State's natural resources.

The positioning of DPI&F in a way that is unequivocally seen to be adding value to the State and the community as a whole is best expressed through the identity and purpose of the department's four clearly focused outputs, which are summarised as follows:

#### 3.1 Industry development

This output contributes significantly to the Government outcome 'A strong diversified economy' by assisting Queensland's primary industries to diversify and grow through expanded market access, export and trade opportunities, increased value-adding, productivity growth and the development of future growth industries. This output's services build on the competitive strength of Queensland's diverse regions and ensure that Queensland's natural resource base continues to support profitable primary industries into the future through responsible use of the state's natural resources.

This output's services are delivered through activities such as:

- policy development
- industry development
- trade
- research and development
- direct regional service provision to business engaged in primary production.

These activities are undertaken in a range of collaborative relationships, alliances and partnerships between DPI&F, other State Government agencies, regional, national and international bodies, industry groups, universities and other interest groups.

#### 3.2 Biosecurity

This output contributes significantly to the Government outcome 'A strong diversified economy' by ensuring we maintain global, domestic and international market confidence in Queensland's agriproducts at a high level. This output's services provide access to interstate and overseas markets for Queensland's primary industries and ensure public health and safety is maximised through early detection of and response to pest and disease incursions, or chemical and contaminant residues in foods. This output also achieves acceptable standards for food safety, agricultural and veterinary chemical use, animal welfare and animal

ethics, as well as protecting the Queensland community, industry and the environment from the potentially significant impacts of the red imported fire ant.

This output's services are delivered through activities such as:

- development of state policy
- risk analysis, prevention, surveillance, control and emergency responses
- protection of the Queensland community, industry and the environment
- product traceability and certification systems
- promotion and monitoring of chemical usage, food safety and animal welfare standards
- administration of relevant legislation through communication, education and enforcement.

#### 3.3 Fisheries

This output contributes significantly to the Government outcome 'Maintenance of the natural resource base' by ensuring that the Queensland Government satisfies its responsibility to the community by managing fisheries resources in accordance with the principles of ecologically sustainable development so that they will continue to support a sustainable industry base and recreational activity into the long-term future. This output's services also ensure that fisheries stocks and habitats are protected in a way that satisfies the interests of all Queenslanders.

This output's services are delivered through activities such as:

- ongoing resource assessment and monitoring of a range of key fisheries and fish habitats
- protection of fisheries stocks through developing and implementing appropriate management arrangements through policy, regulations and statutory management plans
- protection of fish habitats and fishery ecosystems through the declaration of fish habitat areas and by managing development that impacts on those habitats and ecosystems
- delivering a range of fisheries surveillance and compliance services through the Queensland Boating and Fisheries Patrol
- balancing the interests of all principal stakeholders including recreational, commercial, Indigenous, conservation and charter fishing interests and other Government agencies at both a State and Commonwealth level
- encouraging investment in the aquaculture sector
- establishing appropriate revenue streams to support management arrangements.

#### 3.4 Forestry commercial

This output contributes significantly to the Government outcome 'Maintenance of the natural resource base' by seeking to maximise the market value of State-owned commercial forestry assets within a sustainable development framework.

DPI Forestry is committed to ensuring that State-owned forests are managed as a renewable resource for future generations. It maintains high standards of environmental integrity in all its forest production operations through an Environmental Management System, independently certified to AS/NZS ISO 14001.

Notes to, and forming part of, the financial statements  
for the year ended 30 June 2005 (continued)

	DPI&F Consolidated		DPI&F Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>4. Reconciliation of payments from consolidated fund</b>				
<b>Reconciliation of payments from consolidated fund to output revenue recognised in the Statement of Financial Performance</b>				
Budgeted output appropriation	233,959	230,314	233,959	230,314
Add: Transfers from other headings	-	4,828	-	4,828
Less: Transfers to other departments	-	(3,611)	-	(3,611)
Lapsed output appropriation	(9,119)	-	(9,119)	-
<b>Total output receipts</b>	<b>224,840</b>	<b>231,531</b>	<b>224,840</b>	<b>231,531</b>
Less: Opening balance of output revenue receivable	(2,795)	(3,722)	(2,795)	(3,722)
Add: Closing balance of output revenue receivable	3,432	2,795	3,432	2,795
<b>Output revenue recognised in the Statement of Financial Performance</b>	<b>225,477</b>	<b>230,604</b>	<b>225,477</b>	<b>230,604</b>
<b>Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity (Note 30)</b>				
Budgeted equity adjustment appropriation	7,957	5,358	7,957	5,358
Transfers to other headings	-	(5,358)	-	(5,358)
Add: Closing balance of equity injection receivable	5,759	-	5,759	-
Less: Lapsed equity adjustment appropriation	(2,346)	-	(2,346)	-
<b>Equity adjustment recognised in contributed equity</b>	<b>11,370</b>	<b>-</b>	<b>11,370</b>	<b>-</b>
<b>5. User charges, taxes, fees and fines</b>				
Fee for service	52,314	55,673	51,337	55,095
Contract services – DPI Forestry	-	-	3,042	2,317
Sale of goods	6,412	6,249	6,405	5,848
Taxes, fees and fines	5,394	5,594	4,889	5,109
<b>Total user charges, taxes, fees and fines</b>	<b>64,120</b>	<b>67,516</b>	<b>65,673</b>	<b>68,369</b>
<b>6. Grants and other contributions</b>				
Grants (1)	6,544	4,535	6,447	4,251
Industry contributions (2)	31,093	31,325	30,993	31,306
Goods and services received below fair value	1,070	761	1,070	761
<b>Total grants and other contributions</b>	<b>38,707</b>	<b>36,621</b>	<b>38,510</b>	<b>36,318</b>
Refer to Note 13 for disclosure of amount paid to recipients of grants and contributions.				
(1) Included in revenue from grants is \$2.772 million (\$2.099 million in 2003-2004) from the Commonwealth Government to fund specific activities chiefly of the Australian Centre for International Agricultural Research Projects (ACIAR), and State Funds of \$2.473 million (\$0.811 million in 2003-2004).				
(2) Included in industry contributions is revenue from the Grain Research Development Corporation and Horticulture Australia Ltd.				
<b>7. Royalties and other territorial revenue</b>				
<b>Sales:</b>				
Quarry materials	3,772	4,017	-	-
Native forest timber	12,405	13,262	-	-
Seeds and seedlings	709	1,008	-	-
Other	1,108	1,519	929	1,457
<b>Total royalties and other territorial revenue</b>	<b>17,994</b>	<b>19,806</b>	<b>929</b>	<b>1,457</b>

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

	DPI&F Consolidated		DPI&F Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>8. Increment in valuation of self-generating and regenerating assets</b>				
Livestock	562	1,010	562	1,010
Plantation timber (1)	62,547	1,512	-	-
<b>Total net increment in valuation of SGARAs</b>	<b>63,109</b>	<b>2,522</b>	<b>562</b>	<b>1,010</b>
<b>Unrealised revenue/(expense) transferred to the plantation growing timber unrealised revenue reserve (1)</b>	<b>(21,892)</b>	<b>(81,532)</b>	-	-

- (1) During 2004-2005, for the second year running, the realisation of prior periods revenue (represented by sale proceeds) exceeded the current period's unrealised revenue (represented by the net increment in valuation of SGARAs). This reduction is primarily attributable to a decrease in the value of standing plantation timber during the 2004-2005 year and had the effect of reducing the net increment in valuation of SGARAs. The resulting difference is adjusted against the Plantation Growing Timber Unrealised Revenue Reserve.

The net reduction in standing plantation values as calculated under the 'net present value' methodology is primarily attributable to:

- A decrease in prices achieved for products in selected plantation areas reducing the estimated value of remaining plantations by approximately \$24.318 million.
- Drought conditions and refined growth modelling systems resulted in a \$17.679 million reduction of estimated standing plantation values due to slower projected growth.
- An offsetting increase in estimated plantation value of \$18.950 million due to a decrease (0.15%) in the estimate of the Weighted Average Cost of Capital (WACC) at 30 June 2005.

### 9. Other revenue

Interest	2,516	2,173	-	16
Gain on sale of property, plant and equipment	1,347	1,541	860	766
Rental income	932	983	731	775
Other	2,298	1,929	2,453	1,680
<b>Total other revenue</b>	<b>7,093</b>	<b>6,626</b>	<b>4,044</b>	<b>3,237</b>

### 10. Employee expenses

Wages and salaries	194,365	186,549	161,866	156,119
Employer superannuation contributions	22,494	21,893	19,018	18,624
Long service leave levy	2,934	2,801	2,437	2,345
Workers' compensation	1,894	1,673	1,048	806
Other	11,613	11,101	9,526	9,164
<b>Total employee expenses</b>	<b>233,300</b>	<b>224,017</b>	<b>193,895</b>	<b>187,058</b>

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 10. Employee expenses (continued)

#### Chief executive remuneration

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

Level	Superannuable salary (\$ per annum)	
	Min. \$	Max. \$
CEO3	209,421	227,258

In addition to this base superannuable salary, the Chief Executive is also eligible for a bonus, based on an assessment by the Premier and Minister for Trade. The total of such bonuses paid to the Chief Executives of all departments is published in the Annual Report of the Office of Public Service Merit and Equity.

The superannuable salary does not include industry and like allowances, leave loading and fringe benefits such as private use of a motor vehicle and employer superannuation contributions.

#### Number of employees

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

DPI&F Consolidated		DPI&F Parent entity	
2005	2004	2005	2004
3,724	3,647	2,985	2,955

DPI&F Consolidated		DPI&F Parent entity	
2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000

### 11. Supplies and services

Consultants and contractors	30,708	22,201	16,057	11,295
Contract services – DPI Forestry	-	-	133	207
Motor vehicle expenses	8,200	7,264	4,679	4,258
Materials	14,159	20,060	9,427	14,964
Travel	8,337	7,283	7,404	6,413
Building Services, repairs and maintenance	10,291	8,439	10,291	8,439
Electricity and telephone	6,773	6,745	6,126	6,141
Computer expenses	4,431	4,175	4,190	3,867
Primary production costs	2,616	2,473	2,630	2,473
Legal expenses	1,392	1,385	771	645
Service delivery costs	13,814	13,129	13,819	13,176
Services received free of charge	1,030	758	1,030	758
Portable & attractive items	1,188	1,092	880	699
Freight, postage & printing	2,959	2,829	2,622	2,542
Other	10,833	9,971	9,459	8,770
<b>Total supplies and services</b>	<b>116,731</b>	<b>107,804</b>	<b>89,524</b>	<b>84,647</b>

### 12. Depreciation and amortisation

Depreciation and amortisation expenses for the financial year were incurred in respect of:

Land improvements	868	793	755	677
Buildings	4,643	4,250	3,943	3,656
Access roads	508	472	102	93
Plant and equipment (1)	9,557	9,507	6,931	7,051
Intangibles	623	506	553	488
Leasehold improvements	747	1,005	682	939
<b>Total depreciation and amortisation expenses (2)</b>	<b>16,946</b>	<b>16,533</b>	<b>12,966</b>	<b>12,904</b>

(1) Included above is amortisation of plant and equipment under finance lease of \$0.006 million (\$0.011 million in 2003-2004).

(2) The increase in depreciation and amortisation expense as a result of indexation of depreciable assets during the reporting period was \$0.001 million because indexation was effected on 30 June 2005 (Nil in 2003-2004).

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

	DPI&F Consolidated		DPI&F Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>13. Grants and subsidies</b>				
<b>Recurrent</b>				
Animal welfare organisations	1,303	1,291	1,303	1,291
Australian Centre for International Agricultural Research Projects	1,681	914	1,681	914
Bureau of Sugar Experiment Stations (BSES)	4,750	2,850	4,750	2,850
Burdekin Rangelands Reef Initiative	69	667	69	667
Cape York Partnerships Program	2,320	-	2,320	-
Cooperative Research Centres (CRC)	539	481	539	481
Drought Relief Freight Subsidy	4,965	9,524	4,965	9,524
Farm and rural financial counsellors' subsidies	254	210	254	210
Fish stocking associations and societies	1,129	159	1,129	159
Fisheries Research & Development Corporation	505	515	505	515
Murray Darling Basin Commission	219	219	219	219
Horticultural Research and Development	133	97	133	97
Private Forestry Development Committees	450	257	450	257
Queensland Government Departments	128	48	128	48
Queensland Rural Adjustment Authority (QRAA)	-	211	-	211
Qld Turf Producers Association	-	20	-	20
Safe Food Production Queensland (SFPQ)	1,800	2,110	1,800	2,110
Sunfish (Qlc) Inc.	186	194	186	194
Town, city and shire councils	47	10	27	10
Tuberculosis Freedom Assistance Program (TFAP)	479	706	479	706
Universities in other States	-	75	-	50
Universities in Queensland	426	383	51	117
Other	391	237	164	115
<b>Total grants and subsidies</b>	<b>21,774</b>	<b>21,178</b>	<b>21,152</b>	<b>20,765</b>

### 14. Equity return expense

The Queensland Government has decided that an equity return will not be required for 2004-2005 and subsequent years.

-	<b>14,899</b>	-	<b>14,899</b>
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### 15. Other expenses

Operating leases	17,065	17,594	15,040	15,365
Audit fees (Queensland Audit Office)	294	287	171	165
Licence fees and permits	200	175	148	132
Loss on sale or disposal of property, plant and equipment	586	436	256	269
Doubtful debts	314	3,144	313	3,141
Sponsorships	446	465	443	463
Donations and gifts	31	20	27	18
Insurance premiums - QGIF	496	471	421	411
Insurance premiums - other	124	194	92	158
Miscellaneous expenses	605	537	608	539
<b>Losses:</b>				
- Public money	36	37	36	37
- Public property (1)	68	15	61	12
<b>Special payments:</b>				
- Extra-contractual	45	11	41	9
<b>Total other expenses</b>	<b>20,310</b>	<b>23,386</b>	<b>17,657</b>	<b>20,719</b>

(1) Certain losses of public property are insured by the Queensland Government Insurance Fund (QGIF).

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 16. Borrowing costs

Interest (1)
Finance charges relating to finance leases
<b>Total borrowing costs expense</b>

DPI&F Consolidated		DPI&F Parent entity	
2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
11,524	4,707	-	-
1	3	1	3
<b>11,525</b>	<b>4,710</b>	<b>1</b>	<b>3</b>

No borrowing costs were recognised during the period as part of the carrying amount of any qualifying assets.

- (1) During the year an interest payment of \$6.262 million was made to better align the book and market values of the QTC loan.

### 17. Cash assets

Cash on hand
Cash at bank
<b>Total cash assets (1)</b>

108	110	82	84
68,220	76,100	24,568	23,321
<b>68,328</b>	<b>76,210</b>	<b>24,650</b>	<b>23,405</b>

- (1) From 2003-2004 DPI & F does not participate in the Cash Management Incentive Regime. DPI Forestry does participate in the Cash Management Incentive Regime and earned interest at rates between 4.42% and 4.85% (for 2003-2004 rates were between 3.90% and 4.51%).

### 18. Receivables

<b>Current</b>
Revenue receivable from Treasury
Equity Injection Receivable from Treasury

3,432	2,795	3,432	2,795
5,759	-	5,759	-
<b>9,191</b>	<b>2,795</b>	<b>9,191</b>	<b>2,795</b>

Trade debtors
Less: Provision for doubtful debts

29,764	23,946	15,656	13,731
(3,517)	(3,394)	(3,517)	(3,391)
<b>26,247</b>	<b>20,552</b>	<b>12,139</b>	<b>10,340</b>

Loans and advances
--------------------

70	120	70	120
<b>70</b>	<b>120</b>	<b>70</b>	<b>120</b>

Freehold selection debtors (1)
--------------------------------

12	29	-	-
<b>12</b>	<b>29</b>	<b>-</b>	<b>-</b>

GST Input tax credits receivable
GST payable

3,046	2,341	2,393	1,620
(1,786)	(1,828)	(952)	(887)

Net GST receivable
Long service leave reimbursements
Interest receivable
Other debtors

<b>1,260</b>	<b>513</b>	<b>1,441</b>	<b>733</b>
1,007	543	802	393
635	635	-	-
3,973	2,752	1,864	956

#### Total current receivables

<b>42,395</b>	<b>27,939</b>	<b>25,507</b>	<b>15,337</b>
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#### Non-current

Freehold selection debtors (1)
<b>Total non-current receivables</b>

51	63	-	-
<b>51</b>	<b>63</b>	<b>-</b>	<b>-</b>

- (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 for the year ended 30 June 2005 (continued)

	DPI&F Consolidated		DPI&F Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>19. Other financial assets</b>				
<b>Non-current</b>				
Shares and units (1)	130	115	130	115
<b>Total</b>	<b>130</b>	<b>115</b>	<b>130</b>	<b>115</b>
The fair value of other financial assets is:				
Shares and units (Refer Note 37.)	136	121	136	121
<b>Total</b>	<b>136</b>	<b>121</b>	<b>136</b>	<b>121</b>
(1) Financial assets comprise equity in primary producer cooperatives.				
<b>20. Inventories</b>				
<b>Current inventories</b>				
<i>Inventory held for sale:</i>				
Finished goods	1,518	1,649	565	667
Work in Progress	55	2	-	-
<i>Inventory not held for sale:</i>				
Raw materials and stores	2,866	3,367	1,774	1,759
<b>Total current inventories</b>	<b>4,439</b>	<b>5,018</b>	<b>1,839</b>	<b>2,426</b>
<b>Non-current inventories</b>				
<i>Inventory held for sale:</i>				
Finished goods	15	26	15	26
<b>Total non-current inventories</b>	<b>15</b>	<b>26</b>	<b>15</b>	<b>26</b>
<b>Aggregate carrying amount of inventories:</b>				
Current	4,439	5,018	1,839	2,426
Non-current	15	26	15	26
<b>Total inventories</b>	<b>4,454</b>	<b>5,044</b>	<b>1,854</b>	<b>2,452</b>
<b>21. Prepayments</b>				
<b>Current</b>				
Prepayments	1,652	1,062	1,322	837
<b>Total current prepayments</b>	<b>1,652</b>	<b>1,062</b>	<b>1,322</b>	<b>837</b>
<b>Non-current</b>				
Prepayments	12	55	12	55
<b>Total non-current prepayments</b>	<b>12</b>	<b>55</b>	<b>12</b>	<b>55</b>
<b>Total prepayments</b>	<b>1,664</b>	<b>1,117</b>	<b>1,334</b>	<b>892</b>



Notes to, and forming part of, the financial statements  
for the year ended 30 June 2005 (continued)

	DPI&F Consolidated		DPI&F Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>22. Property, plant and equipment</b>				
<b>22.1 Land (1) (2)</b>				
At independent valuation 2002	149,822	98,925	117,776	80,399
<b>Total Land</b>	<b>149,822</b>	<b>98,925</b>	<b>117,776</b>	<b>80,399</b>
(1) Refer: Note 2.15.				
(2) Only land controlled by the department has been brought to account.				
<b>22.2 Land improvements</b>				
At cost	20,226	18,829	16,388	15,028
Accumulated depreciation	(7,130)	(6,350)	(5,758)	(5,030)
<b>Total land improvements – net book value</b>	<b>13,096</b>	<b>12,479</b>	<b>10,630</b>	<b>9,998</b>
<b>22.3 Buildings</b>				
At cost	865	756	865	756
At independent valuation 2002	269,114	237,390	235,090	208,583
Accumulated depreciation	(106,135)	(90,983)	(88,008)	(75,485)
<b>Total buildings – net book value</b>	<b>163,844</b>	<b>147,163</b>	<b>147,947</b>	<b>133,854</b>
<b>22.4 Access roads</b>				
At cost	196	-	196	-
At independent valuation 2002	25,395	24,323	5,438	5,407
Accumulated depreciation	(9,748)	(8,865)	(7,570)	(2,468)
<b>Total access roads – net book value</b>	<b>15,843</b>	<b>15,458</b>	<b>3,064</b>	<b>2,939</b>
<b>22.5 Computer equipment</b>				
At cost	21,820	21,740	19,856	19,798
Accumulated depreciation	(14,034)	(14,968)	(12,679)	(13,774)
<b>Total computer equipment – net book value</b>	<b>7,786</b>	<b>6,772</b>	<b>7,177</b>	<b>6,024</b>
<b>22.6 Plant and equipment</b>				
At cost	101,633	92,876	71,729	64,676
Accumulated depreciation	(51,866)	(52,962)	(39,941)	(39,784)
<b>Total plant and equipment – net book value</b>	<b>49,767</b>	<b>39,914</b>	<b>31,788</b>	<b>24,892</b>
<b>22.7 Leased plant and equipment</b>				
At cost	64	64	64	64
Accumulated amortisation	(64)	(58)	(64)	(58)
<b>Total leased plant and equipment – net book value</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>6</b>
<b>22.8 Leasehold improvements</b>				
At cost	8,755	8,468	8,107	7,820
Accumulated amortisation	(4,618)	(3,879)	(4,285)	(3,611)
<b>Total leasehold improvements – net book value</b>	<b>4,137</b>	<b>4,589</b>	<b>3,822</b>	<b>4,209</b>
<b>22.9 Capital works in progress</b>				
At cost	8,213	6,448	5,440	1,263
<b>Total property, plant and equipment – net book value</b>	<b>412,508</b>	<b>331,754</b>	<b>327,644</b>	<b>263,584</b>
<b>Property, plant and equipment</b>				
At cost	161,772	149,181	122,645	109,405
At independent valuation 2002	444,331	360,638	358,304	294,389
Accumulated depreciation and amortisation	(193,595)	(178,065)	(153,305)	(140,210)
<b>Total property, plant and equipment – net book value</b>	<b>412,508</b>	<b>331,754</b>	<b>327,644</b>	<b>263,584</b>

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 22. Property, plant and equipment (continued)

#### 22.10 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).

##### 22.10.1 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.I.F. (Val.) LL.B, A Roberts, AAPI, J Forson, AAPI, M West, AAPI, Collingwood, AAPI

##### 22.10.2 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.I.F. (Val.) LL.B, A Roberts, AAPI, J Forson, AAPI, M West, AAPI, Collingwood, AAPI.

#### 22.11 Property, plant and equipment movement reconciliation

	Land		Land improvements		Leasehold improvements		Buildings	
	DPI&F Consolidated	DPI&F Parent entity	DPI&F Consolidated	DPI&F Parent entity	DPI&F Consolidated	DPI&F Parent entity	DPI&F Consolidated	DPI&F Parent entity
	2005 \$'000	2005 \$'000	2005 \$'000	2005 \$'000	2005 \$'000	2005 \$'000	2005 \$'000	2005 \$'000
Carrying amount at 1 July 2004	98,925	80,399	12,479	9,998	4,589	4,209	147,163	133,854
Acquisitions	5,834	-	166	127	48	48	238	168
Disposals	-	-	(27)	(2)	(2)	(2)	(243)	(153)
Donations made	-	-	-	-	-	-	-	-
Capitalisation of assets expensed in prior periods	-	-	-	-	-	-	1	1
Transfers between classes	750	-	1,346	1,262	249	249	3,564	2,042
External transfers	-	-	-	-	-	-	-	-
Revaluation increments/ (decrements) (Note 30)	44,313	37,377	-	-	-	-	17,763	15,978
Depreciation/amortisation	-	-	(868)	(755)	(747)	(682)	(4,642)	(3,943)
Prior Period adjustments	-	-	-	-	-	-	-	-
<b>Carrying amount at 30 June 2005</b>	<b>149,822</b>	<b>117,776</b>	<b>13,096</b>	<b>10,630</b>	<b>4,137</b>	<b>3,822</b>	<b>163,844</b>	<b>147,947</b>

#### 22.12 Fully Depreciated Assets

The strategic management of fully depreciated assets has been addressed in the department's Asset Strategic Plan 2005-2010.

Heavy plant, motor vehicles, computer equipment, office equipment, scientific equipment and other plant and equipment gross cost account for approximately eighty six percent (2003-2004 eighty nine percent) of the gross cost of the fully depreciated assets still in use.

Disposal and replacement of these items will be addressed during the period of the Asset Strategic Plan 2005-2010.

Significant asset classes	DPI&F Consolidated		DPI&F Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Heavy plant	4,632	5,072	4,341	4,602
Motor vehicles	1,691	3,249	1,576	1,927
Computer equipment	6,487	6,689	5,811	6,033
Scientific equipment	6,907	7,471	6,907	7,471
Office equipment	2,017	1,876	1,346	1,376
Other plant & equipment	1,876	1,720	-	-
<b>Total significant asset classes</b>	<b>23,610</b>	<b>26,077</b>	<b>19,981</b>	<b>21,409</b>
Significant asset classes divided by total assets	86%	89%	89%	90%
<b>Total assets</b>	<b>27,549</b>	<b>29,206</b>	<b>22,446</b>	<b>23,671</b>

Notes to, and forming part of, the financial statements  
for the year ended 30 June 2005 (continued)

Plant and equipment		Leased plant and equipment		Access Roads		Capital Works In Progress		Total	
DPI&F Consolidated 2005 \$'000	DPI&F Parent entity 2005 \$'000	DPI&F Consolidated 2005 \$'000	DPI&F Parent entity 2005 \$'000	DPI&F Consolidated 2005 \$'000	DPI&F Parent entity 2005 \$'000	DPI&F Consolidated 2005 \$'000	DPI&F Parent entity 2005 \$'000	DPI&F Consolidated 2005 \$'000	DPI&F Parent entity 2005 \$'000
46,686	30,916	6	6	15,458	2,939	6,448	1,263	331,754	263,584
16,079	15,041	-	-	-	-	14,497	8,312	36,862	23,696
(2,253)	(418)	-	-	-	-	-	-	(2,525)	(575)
(2)	(2)	-	-	-	-	-	-	(2)	(2)
-	-	-	-	-	-	-	-	1	1
6,596	355	-	-	227	227	(12,732)	(4,135)	-	-
(2)	(2)	-	-	-	-	-	-	(2)	(2)
-	-	-	-	666	-	-	-	62,742	53,355
(9,551)	(6,925)	(6)	(6)	(508)	(102)	-	-	(16,322)	(12,413)
-	-	-	-	-	-	-	-	-	-
<b>57,553</b>	<b>38,965</b>	<b>-</b>	<b>-</b>	<b>15,843</b>	<b>3,064</b>	<b>8,213</b>	<b>5,440</b>	<b>412,508</b>	<b>327,644</b>

DPI&F Consolidated		DPI&F Parent entity	
2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000

23. Intangible assets

23.1 Computer software

At cost	5,189	3,353	4,550	2,714
Accumulated amortisation	(2,449)	(2,032)	(2,083)	(1,736)
<b>Total computer software - net book value</b>	<b>2,740</b>	<b>1,321</b>	<b>2,467</b>	<b>978</b>

23.2 Capital works in progress

At cost	2,660	2,257	2,660	2,257
<b>Total intangible assets - net book value</b>	<b>5,400</b>	<b>3,578</b>	<b>5,127</b>	<b>3,235</b>

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

DPI&F Consolidated		DPI&F Parent entity	
2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000

### 24. 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:

#### 24.1 Current restricted assets

Cash at bank	7,412	9,489	7,412	9,489
Receivables	6,550	5,390	6,550	5,390
<b>Total current restricted assets</b>	<b>13,962</b>	<b>14,879</b>	<b>13,962</b>	<b>14,879</b>

(These funds are restricted for use in specified research areas.)

#### 24.2 Property, plant and equipment

At cost	6,141	6,266	6,141	6,266
At independent valuation	372	311	372	311
Accumulated depreciation	(4,516)	(4,763)	(4,516)	(4,763)
<b>Total property, plant and equipment - net book value</b>	<b>1,997</b>	<b>1,814</b>	<b>1,997</b>	<b>1,814</b>

(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.)

<b>Total restricted assets</b>	<b>15,959</b>	<b>16,693</b>	<b>15,959</b>	<b>16,693</b>
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### 25. Self-generating and regenerating assets

Livestock	2,440	2,308	2,440	2,308
Plantation growing timber (1)	1,134,016	1,155,908	-	-
Wollemi pine	1,551	-	-	-
<b>Total self-generating and regenerating assets</b>	<b>1,138,007</b>	<b>1,158,216</b>	<b>2,440</b>	<b>2,308</b>

(1) Sensitivity of Net Market Valuation of plantations to changes in significant assumptions used in the valuation modelling process.

Change	Effect on Net Market Value	
	2005 \$'000	2004 \$'000
Discount rate		
1%	(116,860)	(113,970)
-1%	140,907	137,057
Expected future sales values		
5%	67,844	68,154
-5%	(67,844)	(68,154)
Expected future costs		
5%	(11,144)	(10,358)
-5%	11,144	10,358

### 26. Payables

Trade creditors	13,036	4,170	14,146	3,836
Accrued salaries and wages	2,845	2,127	2,202	1,630
Long service leave levy payable	753	712	630	597
Fringe benefits tax payable	255	195	224	162
Accrued interest and other costs of finance	1,727	1,459	-	-
Accrued telephone expenses	477	480	443	447
Accrued Superannuation payable	364	264	296	215
Accrued audit fees	157	241	100	69
Accrued payroll tax	810	754	671	627
Corporate card	1,682	1,542	1,315	1,200
Other	2,590	1,059	881	695
<b>Total payables</b>	<b>24,696</b>	<b>12,903</b>	<b>20,908</b>	<b>9,478</b>

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 27. Interest-bearing liabilities

#### Current

Lease liability

#### Total current interest-bearing liabilities

#### Non-current

Queensland Treasury Corporation borrowings (1)

#### Total non-current interest-bearing liabilities

#### Total interest-bearing liabilities

	DPI&F Consolidated		DPI&F Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Lease liability	-	13	-	13
<b>Total current interest-bearing liabilities</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>13</b>
Queensland Treasury Corporation borrowings (1)	76,420	76,420	-	-
<b>Total non-current interest-bearing liabilities</b>	<b>76,420</b>	<b>76,420</b>	<b>-</b>	<b>-</b>
<b>Total interest-bearing liabilities</b>	<b>76,420</b>	<b>76,433</b>	<b>-</b>	<b>13</b>

- (1) The loan is in an AUD\$ denominated amount and recognised at book value, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. The book interest rate is 6.93%. The market value of the loan at 30 June 2005, as notified by the Queensland Treasury Corporation, was \$82.237 million (\$85.278 million at 30 June 2004). (Refer Note 37.(a) (ii) and 37.(b).) This represents the value of the debt if DPI Forestry repaid the loan in full at balance date. As it is the intention of DPI Forestry to hold its borrowings for the full term, no adjustment provision is made in these accounts. No part of this loan has been reported as 'current' as the loan is presently operating on an 'interest only basis'. The Treasurer has approved the continuation of 'interest only' terms for a further year concluding on 30 June 2006. As a consequence the period of the 'interest only loan' has been extended a further year at a rate of 6.85%. Refer to Note 16, for information relating to borrowing costs associated with this loan.

### 28. Provisions

#### Current

Annual leave

Provision for dividend (1)

#### Total provisions

#### Aggregate employee entitlements

#### Current

Annual leave

Accrued salaries and wages (2)

#### Total aggregate employee entitlements

- (1) The dividend of \$8.618 million (\$16.065 million in 2003 - 2004) provided for, in respect of DPI Forestry, is payable to the Queensland Government. (Refer Note 43.)
- (2) Accrued salaries and wages, including employer contributions for superannuation payable, are disclosed in the financial statements as payables. (Refer Note 26.)

Annual leave	22,790	22,184	19,487	18,881
Provision for dividend (1)	8,618	16,065	-	-
<b>Total provisions</b>	<b>31,408</b>	<b>38,249</b>	<b>19,487</b>	<b>18,881</b>
Annual leave	22,790	22,184	19,487	18,881
Accrued salaries and wages (2)	2,845	2,127	2,202	1,630
<b>Total aggregate employee entitlements</b>	<b>25,635</b>	<b>24,311</b>	<b>21,689</b>	<b>20,511</b>

#### Movement in provision for dividend

Balance at beginning of the financial year

Additional provision recognised

Reduction in provision as a result of payments

#### Balance at end of the financial year

Balance at beginning of the financial year	16,065	14,795		
Additional provision recognised	8,618	16,065		
Reduction in provision as a result of payments	(16,065)	(14,795)		
<b>Balance at end of the financial year</b>	<b>8,618</b>	<b>16,065</b>		

### 29. Other current liabilities

Unearned revenue (1)

Unclaimed monies

#### Total other current liabilities

Unearned revenue (1)	16,308	15,770	16,273	15,679
Unclaimed monies	14	3	14	3
<b>Total other current liabilities</b>	<b>16,322</b>	<b>15,773</b>	<b>16,287</b>	<b>15,682</b>

- (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 for the year ended 30 June 2005 (continued)

	DPI&F Consolidated		DPI&F Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>30. Changes in equity</b>				
<b>Contributed equity</b>				
Balance at beginning of financial year	42,734	43,686	41,395	42,411
Equity injections	21,370	-	11,370	-
Net leave liabilities transferred/assumed to/from other departments	11	69	11	69
Net assets transferred/assumed to/from other departments	1,999	(1,021)	(2)	(1,085)
<b>Balance at end of financial year</b>	<b>56,114</b>	<b>42,734</b>	<b>52,774</b>	<b>41,395</b>
<b>Retained surplus</b>				
Balance at beginning of financial year	1,046,714	1,030,154	157,592	157,621
<b>Opening balance adjustments:</b>				
Unearned revenue not previously recognised	-	(21)	-	(21)
Other	(4)	(11)	(4)	(11)
Net surplus/(deficit)	(4,086)	(48,832)	-	-
Dividend payable	(8,618)	(16,065)	-	-
<b>Transfer between reserves:</b>				
Asset Revaluation Reserve	207	(27)	207	19
Livestock unrealised revenue reserve	330	(16)	330	(16)
Plantation growing timber unrealised revenue reserve	21,892	81,532	-	-
<b>Balance at end of financial year</b>	<b>1,056,435</b>	<b>1,046,714</b>	<b>158,125</b>	<b>157,592</b>
<b>Asset revaluation reserve</b>				
Balance at beginning of financial year	81,308	53,256	66,823	44,787
<b>Transfer to retained surplus for:</b>				
Asset Revaluation Reserve	(207)	27	(207)	(19)
<b>Increment/(decrement) on revaluation of:</b>				
Land	44,312	14,102	37,377	10,139
Access roads	666	1,031	-	192
Buildings	17,763	12,892	15,978	11,724
<b>Balance at end of financial year</b>	<b>143,842</b>	<b>81,308</b>	<b>119,971</b>	<b>66,823</b>
<b>SGARAs unrealised revenue reserve</b>				
Balance at beginning of financial year	289,922	371,438	1,464	1,448
<b>Transfer (to)/from retained surplus for:</b>				
Livestock unrealised revenue	(330)	16	(330)	16
Plantation growing timber unrealised revenue (Refer Note 8.)	(21,892)	(81,532)	-	-
<b>Balance at end of financial year</b>	<b>267,700</b>	<b>289,922</b>	<b>1,134</b>	<b>1,464</b>
<b>Total equity</b>	<b>1,524,091</b>	<b>1,460,678</b>	<b>332,004</b>	<b>267,274</b>
<b>Total equity at beginning of financial year</b>	<b>1,460,678</b>	<b>1,498,534</b>	<b>267,274</b>	<b>246,267</b>
Changes in equity recognised in the Statement of Financial Performance	58,651	(20,839)	53,351	22,023
<b>Transactions with owners as owners:</b>				
Equity injection	11,370	-	11,370	-
Non-reciprocal transfer of assets and liabilities	2,010	(952)	9	(1,016)
Dividends	(8,618)	(16,065)	-	-
<b>Total equity at end of financial year</b>	<b>1,524,091</b>	<b>1,460,678</b>	<b>332,004</b>	<b>267,274</b>
<b>Closing balance of asset revaluation reserve by class</b>				
Land	88,450	44,182	77,552	40,219
Land improvements	118	109	118	109
Access roads	8,373	7,707	975	975
Buildings and building improvements	46,299	28,687	40,724	24,897
Plant and equipment	602	623	602	623
<b>Total asset revaluation reserve</b>	<b>143,842</b>	<b>81,308</b>	<b>119,971</b>	<b>66,823</b>

Notes to, and forming part of, the financial statements  
for the year ended 30 June 2005 (continued)

	DPI&F Consolidated		DPI&F Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>31. Reconciliation of net operating result to net cash provided by (used in) operating activities</b>				
<b>Net surplus/(deficit)</b>	<b>(4,086)</b>	<b>(48,832)</b>	-	-
<b>Non-cash items:</b>				
Depreciation and amortisation	16,946	16,533	12,966	12,904
SGARAs unrealised revenue/expense	21,330	80,522	(562)	(1,010)
Decrement on revaluation of non-current assets	-	(185)	-	-
Loss on sale or disposal of property, plant and equipment	256	269	256	269
Gain on sale or disposal of property, plant and equipment	(1,012)	(1,366)	(860)	(766)
Other non-cash items	(300)	133	(300)	133
Loss of public property	7	-	7	-
Stocktake losses	-	3	-	3
Liabilities assumed/transferred	(11)	67	(11)	67
Capitalisation of assets expensed in prior periods	-	(51)	-	(51)
<b>Change in assets and liabilities:</b>				
(Increase)/decrease in receivables	(10,845)	4,684	(3,707)	4,019
(Increase)/decrease in inventories	590	137	597	133
(Increase)/decrease in self-generating and regenerating assets	(1,120)	666	431	666
(Increase)/decrease in other assets	(533)	1,058	(441)	1,071
Increase/(decrease) in payables	14,007	(3,052)	10,754	(3,294)
Increase/(decrease) in employee entitlements	1,292	1,473	1,292	1,414
Increase/(decrease) in other liabilities	538	(497)	594	(512)
(Increase)/decrease in GST input tax credits receivable	(738)	(50)	(773)	74
Increase/(decrease) in GST payable	(9)	(189)	65	(250)
	<b>40,398</b>	<b>100,155</b>	<b>20,308</b>	<b>14,870</b>
<b>Net cash provided by operating activities</b>	<b>36,312</b>	<b>51,323</b>	<b>20,308</b>	<b>14,870</b>

**32. Non-cash financing and investing activities**

Assets donated by the department and recognised as expenses are set out in Note 22.11.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

	DPI&F Consolidated		DPI&F Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>33. Commitments for expenditure</b>				
<b>(a) Finance lease liabilities</b>				
<i>Lease liabilities recognised in the Statement of Financial Position:</i>				
Current	-	13	-	13
<b>Total finance lease liabilities (Refer Note 27.)</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>13</b>
<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	-	15
<b>Total commitments</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>15</b>
Less: Future finance charges	-	1	-	1
Less: Anticipated input tax credits	-	1	-	1
<b>Total finance lease liabilities</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>13</b>
<b>(b) Non-cancellable operating lease commitments</b>				
<i>Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:</i>				
Not later than one year	6,535	6,351	4,838	4,700
Later than one year and not later than five years	3,383	3,400	2,535	2,575
Later than five years	66	70	66	70
<b>Total commitment non-cancellable operating leases</b>	<b>9,984</b>	<b>9,821</b>	<b>7,439</b>	<b>7,345</b>
The department has a total of seven (7) non-cancellable operating leases principally relating to land, buildings and laboratories.				
<b>(c) Expenditure commitments</b>				
<i>Material expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:</i>				
Buildings	937	392	937	392
Land improvements	189	39	189	39
Plant and equipment	2,716	1,514	2,050	436
Intangibles	360	54	360	54
Supplies and services	8,187	5,433	8,187	5,433
Land rental agreements	4,657	3,436	155	-
<b>Total (GST inclusive)</b>	<b>17,046</b>	<b>10,868</b>	<b>11,878</b>	<b>6,354</b>
Not later than one year	8,900	4,581	8,037	3,356
Later than one year and not later than five years	3,398	6,287	2,610	2,998
Later than five years	4,748	-	1,231	-
<b>Total (GST inclusive)</b>	<b>17,046</b>	<b>10,868</b>	<b>11,878</b>	<b>6,354</b>
<b>(d) Grants and Subsidies Commitments</b>				
<i>Commitments in relation to Grants and Subsidies are inclusive of anticipated GST and are payable as follows:</i>				
Bureau of Sugar Experiment Stations (1)	4,180	9,405	4,180	9,405
Royal Society for the Prevention of Cruelty to Animals	-	1,100	-	1,100
Safe Food Production	2,200	1,980	2,200	1,980
Australian Centre for International Agricultural Research Projects	193	628	193	628
Other	272	631	272	631
<b>Total (GST inclusive)</b>	<b>6,845</b>	<b>13,744</b>	<b>6,845</b>	<b>13,744</b>
<i>Commitments in relation to grants and subsidies at the reporting date are payable as follows:</i>				
Not later than one year	6,738	9,429	6,738	9,429
Later than one year and not later than five years	107	4,315	107	4,315
<b>Total (GST inclusive)</b>	<b>6,845</b>	<b>13,744</b>	<b>6,845</b>	<b>13,744</b>

(1) Pursuant to a Cabinet decision made in December 1991, the department provides funding to the Bureau of Sugar Experiment Stations. The figure above represents the instalment for 2005-2006, (GST inclusive).



## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 34. Contingent liabilities and contingent assets

#### (a) Contingent liabilities

##### (i) Litigation in progress

*The jurisdiction of all contingent liability matters as at 30 June 2005 is as follows:*

	2005 No. of cases	2004 No. of cases	2005 No. of cases	2004 No. of cases
Supreme Court	5	5	3	7
District Court	4	4	2	3
Other	16	7	11	6
<b>Total</b>	<b>25</b>	<b>16</b>	<b>16</b>	<b>11</b>

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 insurance cover with the QGIF. The costs associated with any successful claims against DP' may, depending on the circumstances, be met by the insurer, subject to a \$30,000 excess per claim.

##### (ii) 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.

##### (iii) Native title claims over departmental land

At 30 June 2005, Native Title Claims have been made on a total of 49 departmental land properties, covering a total area of 306,116 hectares situated across Queensland. The land has a carrying value of \$71.943 million.

At reporting date it is not possible to make an estimate of any probable outcome of these claims, or any financial effect.

##### (iv) Financial guarantees and undertakings

The department has not provided any financial guarantees and undertakings during the reporting period.

#### (b) Contingent asset

DPI Forestry is currently engaged in the prosecution of a civil claim (on behalf of the State of Queensland) to recover substantial losses resulting from a fire in the Beerburrum State Forest plantations in November 1994. The State's claim has been lodged with the Supreme Court of Queensland and due process is under way. There have been no admissions of liability made by any parties nor has any firm date been identified for final resolution of the matter through mediation or the courts. Given the current state of progress in the case it is considered impractical to make an estimate of the potential financial effect arising in the future.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

	DPI&F Consolidated		DPI&F Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>35. Administered transactions and balances</b>				
<b>Administered revenues</b>				
Administered item revenue	9,866	9,802	9,866	9,802
User charges, taxes, fees and fines	977	1,139	977	1,139
Other	1	5	1	5
<b>Total administered revenues</b>	<b>10,844</b>	<b>10,946</b>	<b>10,844</b>	<b>10,946</b>
<b>Administered expenses</b>				
Grants and subsidies	9,866	9,802	9,866	9,802
<b>Total administered expenses before transfer of administered revenue to Government</b>	<b>9,866</b>	<b>9,802</b>	<b>9,866</b>	<b>9,802</b>
<b>Net surplus before transfers to Government</b>	<b>978</b>	<b>1,144</b>	<b>978</b>	<b>1,144</b>
<b>Transfers to Government</b>	<b>978</b>	<b>1,144</b>	<b>978</b>	<b>1,144</b>
<b>Net surplus/(deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Administered current assets</b>				
Cash	118	141	118	141
Receivables	60	62	60	62
<b>Total administered current assets</b>	<b>178</b>	<b>203</b>	<b>178</b>	<b>203</b>
<b>Administered non-current assets</b>				
Receivables	48,220	38,220	48,220	38,220
<b>Total administered non-current assets</b>	<b>48,220</b>	<b>38,220</b>	<b>48,220</b>	<b>38,220</b>
<b>Total administered assets</b>	<b>48,398</b>	<b>38,423</b>	<b>48,398</b>	<b>38,423</b>
<b>Administered current liabilities</b>				
Payables	112	137	112	137
<b>Total administered current liabilities</b>	<b>112</b>	<b>137</b>	<b>112</b>	<b>137</b>
<b>Total administered liabilities</b>	<b>112</b>	<b>137</b>	<b>112</b>	<b>137</b>
<b>Net administered assets</b>	<b>48,286</b>	<b>38,286</b>	<b>48,286</b>	<b>38,286</b>
<b>Administered equity</b>				
Contributed equity	48,220	38,220	48,220	38,220
Retained surplus	66	66	66	66
<b>Total administered equity</b>	<b>48,286</b>	<b>38,286</b>	<b>48,286</b>	<b>38,286</b>
<b>Cash flows from operating activities</b>				
<i>Inflows:</i>				
Administered item receipts	9,866	9,818	9,866	9,818
User charges, taxes, fees and fines	978	1,150	978	1,150
Other	1	5	1	5
<i>Outflows:</i>				
Grants and other contributions	(9,866)	(10,536)	(9,866)	(10,536)
Transfers to Government	(1,002)	(1,366)	(1,002)	(1,366)
<b>Net cash provided by/(used in) operating activities</b>	<b>(23)</b>	<b>(929)</b>	<b>(23)</b>	<b>(929)</b>
<b>Cash flows from investing activities</b>				
<i>Outflows:</i>				
Loans and advances made	(10,000)	(10,000)	(10,000)	(10,000)
<b>Net cash used in investing activities</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(10,000)</b>
<b>Cash flows from financing activities</b>				
<i>Inflows:</i>				
Equity injections	10,000	10,000	10,000	10,000
<b>Net cash provided by financing activities</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Net increase/(decrease) in cash held</b>	<b>(23)</b>	<b>(929)</b>	<b>(23)</b>	<b>(929)</b>
<b>Cash at the beginning of the financial year</b>	<b>141</b>	<b>1,070</b>	<b>141</b>	<b>1,070</b>
<b>Cash at the end of the financial year</b>	<b>118</b>	<b>141</b>	<b>118</b>	<b>141</b>

Notes to, and forming part of, the financial statements  
for the year ended 30 June 2005 (continued)

35. Administered transactions and balances (continued)

Administered Outputs	Biosecurity	Industry Development	Fisheries	Delivery	Forestry commercial	Inter-Output eliminations	Total
	2005 \$'000	2005 \$'000	2005 \$'000	2005 \$'000	2005 \$'000	2005 \$'000	2005 \$'000
<b>Administered revenues</b>							
Administered item revenue	-	9,866	-	-	-	-	9,866
User charges, taxes, fees and fines	763	2	3	209	-	-	977
Other	-	-	-	1	-	-	1
<b>Total administered revenues</b>	<b>763</b>	<b>9,868</b>	<b>3</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>10,844</b>
<b>Administered expenses</b>							
Grants and subsidies	-	9,866	-	-	-	-	9,866
<b>Total administered expenses</b>	<b>-</b>	<b>9,866</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,866</b>
<b>Net surplus before transfers to Government</b>	<b>763</b>	<b>2</b>	<b>3</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>978</b>
Transfers to Government	763	2	3	210	-	-	978
<b>Net surplus/(deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>2004 \$'000</b>	<b>2004 \$'000</b>	<b>2004 \$'000</b>	<b>2004 \$'000</b>	<b>2004 \$'000</b>	<b>2004 \$'000</b>	<b>2004 \$'000</b>
<b>Administered revenues</b>							
Administered item revenue	-	9,802	-	-	-	-	9,802
User charges, taxes, fees and fines	894	38	2	205	-	-	1,139
Other	-	-	-	5	-	-	5
<b>Total administered revenues</b>	<b>894</b>	<b>9,840</b>	<b>2</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>10,946</b>
<b>Administered expenses</b>							
Grants and subsidies	-	9,802	-	-	-	-	9,802
<b>Total administered expenses</b>	<b>-</b>	<b>9,802</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,802</b>
<b>Net surplus before transfers to Government</b>	<b>894</b>	<b>38</b>	<b>2</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>1,144</b>
Transfers to Government	894	38	2	210	-	-	1,144
<b>Net surplus/(deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

36. 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 separately in the financial statements. They are however, disclosed in this Note for the information of users.

	DPI&F Consolidated		DPI&F Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Trust expenses and revenues</b>				
<b>Expenses</b>				
Supplies and services	26	59	26	59
Other expenses	-	23	-	23
<b>Total expenses</b>	<b>26</b>	<b>82</b>	<b>26</b>	<b>82</b>
<b>Revenues</b>				
User charges	-	3	-	3
<b>Total revenues</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>3</b>
<b>Trust assets and liabilities</b>				
<b>Current assets</b>				
Monies held in trust	941	837	10	36
<b>Total current assets</b>	<b>941</b>	<b>837</b>	<b>10</b>	<b>36</b>
<b>Total assets</b>	<b>941</b>	<b>837</b>	<b>10</b>	<b>36</b>
<b>Current liabilities</b>				
Trust balances payable	941	837	10	36
<b>Total current liabilities</b>	<b>941</b>	<b>837</b>	<b>10</b>	<b>36</b>
<b>Total liabilities</b>	<b>941</b>	<b>837</b>	<b>10</b>	<b>36</b>

(1) The Queensland Auditor-General performed the audit of the department's systems which record Trust transactions for 2004-2005.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 37. Financial instruments

#### (a) Terms, conditions and accounting policies

##### (i) Financial assets

Recognised financial instruments	Notes	Accounting policies	Terms and conditions
Cash	17	Cash includes cash on hand, cash at bank and deposits at call. Interest is included in other revenue.	DPI&F does not participate in the Cash Management Incentive Regime. Cash deposited with the Queensland Treasury Corporation by DPI Forestry earned interest at rates between 4.42% and 4.85% (2003-2004 rates between 3.9% to 4.51%)
Receivables - Trade debtors	18	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	18	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. As at balance date no loans exist.
Receivables (other than trade debtors)	18	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	19	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	26	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	27	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 have been converted to "interest only" until 30 June 2006. The loan then reverts to Principal and Interest, repayable quarterly with an expected final instalment due date of 15 September 2012.
Dividend payable	28	Dividends payable are recognised when declared by DPI Forestry.	Dividends payable is recognised when declared by DPI Forestry on or before reporting date, for the entire amount remaining undistributed at that date. 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). Adjustment for a Qfleet dividend allowance is also made. The dividend is payable to the Queensland Government.
Finance lease liability	27, 33	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&F's finance leases were fully amortised.

Notes to, and forming part of, the financial statements  
for the year ended 30 June 2005 (continued)

37. 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	Fixed rate maturing					Total	Weighted average rate	
	Floating rate	1 year or less	1 to 5 years	Greater than 5 years	Non interest bearing		Fixed	Floating
	2005 \$'000	2005 \$'000	2005 \$'000	2005 \$'000	2005 \$'000		2005 %	2005 %
<b>Financial assets</b>								
Cash	43,652	-	-	-	24,676	68,328	-	4.55
Receivables - trade debtors	-	-	-	-	26,247	26,247	-	-
Receivables - other than trade debtors	-	-	-	-	16,199	16,199	-	-
Shares and units	-	-	-	-	130	130	-	-
<b>Total</b>	<b>43,652</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,252</b>	<b>110,904</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
Payables	-	-	-	-	24,696	24,696	-	-
Borrowings - Queensland Treasury Corporation	-	-	45,111	31,309	-	76,420	6.85	-
Dividends payable	-	-	-	-	8,618	8,618	-	-
Finance lease liability	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>45,111</b>	<b>31,309</b>	<b>33,314</b>	<b>109,734</b>	<b>-</b>	<b>-</b>
<b>2004</b>								
<b>Financial assets</b>								
Cash	52,779	-	-	-	23,431	76,210	-	4.21
Receivables - trade debtors	-	-	-	-	20,552	20,552	-	-
Receivables - other than trade debtors	-	-	-	-	7,450	7,450	-	-
Shares and units	-	-	-	-	115	115	-	-
<b>Total</b>	<b>52,779</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,548</b>	<b>104,327</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
Payables	-	-	-	-	12,903	12,903	-	-
Borrowings - Queensland Treasury Corporation	-	-	37,590	38,830	-	76,420	5.73*	-
Dividends payable	-	-	-	-	16,065	16,065	-	-
Finance lease liability	-	13	-	-	-	13	13.10	-
<b>Total</b>	<b>-</b>	<b>13</b>	<b>37,590</b>	<b>38,830</b>	<b>28,968</b>	<b>105,401</b>	<b>-</b>	<b>-</b>

\* This rate represents the book rate applicable to an "interest only" borrowing. The loan reverts to principal and interest on 1 July 2006, when an approximate book rate of 6.85% will apply.

The floating interest rate represents the most recently administered market rate applicable to the instrument at 30 June 2005.

The fixed rate represents the weighted average market interest rate.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 37. 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	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Financial assets</b>				
Cash (1)	68,328	76,210	68,328	76,210
Receivables – trade debtors (1)	26,247	20,552	26,247	20,552
Receivables – other than trade debtors (1)	16,199	7,450	16,199	7,450
Shares and units (2)	130	115	136	121
<b>Total</b>	<b>110,904</b>	<b>104,327</b>	<b>110,910</b>	<b>104,333</b>
<b>Financial liabilities</b>				
Payables (1)	24,696	12,903	24,696	12,903
Borrowings – Queensland Treasury Corporation (3)	76,420	76,420	82,238	85,779
Dividends payable (1)	8,618	16,065	8,618	16,065
Finance lease liability (1)	-	13	-	13
<b>Total</b>	<b>109,734</b>	<b>105,401</b>	<b>115,552</b>	<b>114,260</b>

- (1) The net fair value approximates the carrying amount.
- (2) The net fair value is the market value of the shares.
- (3) 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&F'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.

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

	2005	2005	2005	2005	2004	2004	2004	2004
	'000 Number	'000 Hectares	'000 Volume M <sup>3</sup>	'000 Net change in NMV	'000 Number	'000 Hectares	'000 Volume M <sup>3</sup>	'000 Net change in NMV
Livestock	16	-	-	562	15	-	-	1,010
Plantation timber – native pine	-	42	22,075	26,176	-	42	22,776	(17,260)
– exotic pine	-	128	50,869	36,371	-	128	49,583	18,772
<b>Total</b>	<b>16</b>	<b>170</b>	<b>72,944</b>	<b>63,109</b>	<b>15</b>	<b>170</b>	<b>72,359</b>	<b>2,522</b>

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 39. Tax equivalents

The commercialised business unit of DPI&F, DPI Forestry, is subject to the National Tax Equivalents Regime.

	2005 \$'000	2004 \$'000
<b>Operating result of the commercialised business unit subject to national tax equivalents regime</b>	(4,086)	(48,837)
Prima facie tax equivalent expense calculated at 30% (30% in 2003-2004)	(1,226)	(14,650)
<i>Tax effect of permanent and other differences:</i>		
Acquired timber felled - Queensland Income Tax Equivalents Ruling 05/4 - ITAA97 Sec 70-120	(11,957)	(12,650)
Revaluation of growing timber	6,568	24,459
Entertainment - non-deductible	-	-
Depreciation - non-deductible	(472)	(774)
Other	442	7
<b>Income tax equivalent expense/(benefit) adjusted for permanent differences</b>	<b>(6,645)</b>	<b>(3,608)</b>
Current year tax losses and timing differences not brought to account (1)	6,645	3,608
<b>Total tax equivalent expense/(benefit)</b>	<b>-</b>	<b>-</b>

- (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 2005 amount to \$74.023 million (calculated at the tax rate of 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.

### 40. Interest in joint ventures

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

#### 40.1 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 the output as follows:

##### *Private forestry plantations ventures*

These are designed to establish commercially viable timber plantations on private and Crown land. Contributions to these joint ventures in 2004-2005 totalled \$0.252 million (\$0.193 million in 2003-2004).

No output was derived from these joint ventures during the financial year 2004-2005 (Nil in 2003-2004).

##### *Seed orchard venture*

This was designed to produce and sell improved tree seeds from an orchard established for that purpose. Contributions to this joint venture in 2004-2005 totalled \$0.002 million (\$0.008 million in 2003-2004).

No output was derived from this joint venture during the financial year 2004-2005 (Nil in 2003-2004).

Total contributions to joint venture operations at 30 June 2005 amounted to \$5.263 million (\$5.008 million at 30 June 2004). Total funding of \$3.494 million has been provided by the State towards Hardwood Plantation Joint Ventures to 30 June 2003. No further funding has since been provided.

#### 40.2 Joint venture entity

A joint venture company (Wollemi Australia Pty Ltd) was established on 28 May 2001 to manage the propagation and worldwide marketing of the Wollemi pine under licence from the Royal Botanic Gardens in Sydney. The State of Queensland has a 50% interest in this company (1 share at \$1), which will conduct its business primarily via sub-licensing arrangements. As at 30 June 2005 this company has not commenced trading. Trading will commence on release of the Wollemi products into the market place during 2005-2006.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 41. 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 Wollomi joint venture. (Refer Note 40.2.)

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 \$0.247 million (\$0.240 million in 2003-2004), and the expenses for the year amounted to \$0.244 million (\$0.205 million in 2003-2004).

### 42. Agency transactions

The department acts as an agent in the collection and distribution of charges and levies for various public sector agencies and others.

Fees of \$0.052 million (\$0.027 million in 2003-2004) received by the department for providing services are recognised in user charges.

	DPI&F Consolidated		DPI&F Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Balance at beginning of financial year	1	-	1	-
Collections during reporting period	1,045	778	1,041	735
Employee deduction collections (1)	14,368	13,291	12,174	11,277
<b>Total collections during reporting period</b>	<b>15,414</b>	<b>14,069</b>	<b>13,216</b>	<b>12,012</b>
Distributions to principals during reporting period	1,035	778	1,031	735
Employee deduction distributions (1)	14,367	13,290	12,173	11,276
<b>Distributions to principals during reporting period</b>	<b>15,402</b>	<b>14,068</b>	<b>13,204</b>	<b>12,011</b>
<b>Balance at end of financial year</b>	<b>12</b>	<b>1</b>	<b>17</b>	<b>1</b>

(1) Where employees have authorised the department to make deductions from their wages and salaries for on-payment to third parties, these transactions are treated as agency transactions.

### 43. Dividends

The dividend of \$8.618 million (\$16.065 million in 2003-2004) provided for is payable to the Queensland Government. (Refer Note 2.25.)

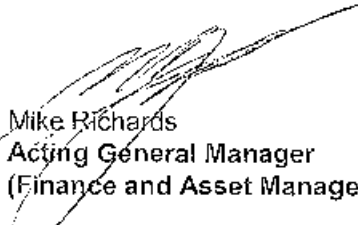


## Certificate of Department of Primary Industries and Fisheries

These general purpose financial statements have been prepared pursuant to section 40(1) of the *Financial Administration and Audit Act 1977* (the Act), and other prescribed requirements.

In accordance with Section 40(3) of the Act we certify that in our opinion:

- (i) the prescribed requirements for establishing and keeping 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 the Department of Primary Industries and Fisheries (consolidated) and the parent entity for the financial year ended 30 June 2005 and of the financial position of the department at the end of that year.



Mike Richards  
Acting General Manager  
(Finance and Asset Management)

29 September 2005



Jim Varghese, FCPA  
Director-General

29 September 2005

## Independent Audit Report

To the Accountable Officer of the Department of Primary Industries and Fisheries

### Scope

#### *The Financial Report*

The financial report consists of the consolidated financial statements of the Department of Primary Industries and Fisheries (reflecting the Department's core business activities and its commercialised business unit, DP Forestry) and also include the financial statements of the Department of Primary Industries and Fisheries (parent entity) reflecting the Department's core business activities. The financial report consists of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance by Outputs – Controlled, 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 of Primary Industries and Fisheries, for the year ended 30 June 2005.

#### *Accountable Officer's Responsibility*

The Accountable Officer is responsible for the preparation and true and fair presentation of the financial report, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

#### *Audit Approach*

As required by law, an independent audit was conducted in accordance with QAO Auditing Standards to enable me to provide an independent opinion whether in all material respects the financial report is presented fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

#### *Audit procedures included –*

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial report;
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Accountable Officer;
- obtaining written confirmation regarding the material representations made in conjunction with the audit; and
- reviewing the overall presentation of information in the financial report.

### Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

### Audit Opinion

In accordance with s.40 of the *Financial Administration and Audit Act 1977* –

- (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 the Department of Primary Industries and Fisheries (consolidated) and the parent entity for the financial year 1 July 2004 to 30 June 2005 and of the financial position as at the end of that year.

M T BOOTH, FCPA  
As Delegate of the Auditor-General of Queensland



Queensland Audit Office  
Brisbane

**DPI Forestry**  
**Financial Statements**  
for the year ended 30 June 2005

## DPI Forestry Financial Statements for the year ended 30 June 2005

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## Statement of Financial Performance for the financial year ended 30 June 2005

	* Note	2005 \$'000	2004 \$'000
<b>Revenues from ordinary activities</b>			
Net increment in valuation of plantation timber	3(a)(i)	62,547	1,512
Forest product sales – non-plantation timber	3(b)	13,126	14,295
Specialised forest industry services		354	421
Quarry materials		3,772	4,017
Other revenue	3(c)	5,246	5,547
<b>Total revenues from ordinary activities</b>		<b>85,045</b>	<b>25,792</b>
<b>Expenses from ordinary activities excluding borrowing costs expense</b>			
Employee expenses	6	39,393	36,960
Contracted forestry, professional, technical and other services		18,457	14,178
Depreciation and amortisation	8	3,980	3,629
Hire of plant and equipment		2,163	2,304
Motor vehicle expenses		3,900	3,263
Occupancy costs		2,073	1,948
Forest maintenance expenses		2,707	2,439
Materials		1,422	2,314
Other operating expenses	7	3,512	2,882
<b>Total expenses from ordinary activities excluding borrowing costs expense</b>		<b>77,607</b>	<b>69,917</b>
Borrowing costs expense	5	11,524	4,707
<b>Profit/(loss) from ordinary activities before income tax equivalents</b>		<b>(4,086)</b>	<b>(48,832)</b>
Income tax equivalents relating to ordinary activities	9	-	-
<b>Profit/(loss) from ordinary activities after income tax equivalents</b>	20(ii)	<b>(4,086)</b>	<b>(48,832)</b>
Valuation increment – Asset revaluation reserve	20(iii)	9,386	5,970
<b>Total valuation adjustments recognised directly in equity</b>		<b>9,386</b>	<b>5,970</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	20(v)	<b>5,300</b>	<b>(42,862)</b>

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

## Statement of Financial Position as at 30 June 2005

	* Note	2005 \$'000	2004 \$'000
<b>Current assets</b>			
Cash assets	10	43,678	52,805
Receivables	11	21,009	13,766
Inventories	12	2,599	2,592
<b>Total current assets</b>		<b>67,286</b>	<b>69,163</b>
<b>Non-current assets</b>			
Receivables	11	51	63
Property, plant and equipment	14	84,864	68,170
Intangibles	13	273	343
<b>Total non-current assets</b>		<b>85,188</b>	<b>68,576</b>
<b>Self-generating and regenerating assets</b>			
Plantation growing timber	15(i)	1,134,016	1,155,908
Wollemi pine	15(ii)	1,551	-
<b>Total self-generating and regenerating assets</b>		<b>1,135,567</b>	<b>1,155,908</b>
<b>Total assets</b>		<b>1,288,041</b>	<b>1,293,647</b>
<b>Current liabilities</b>			
Payables	16	7,613	4,455
Provisions	18	11,921	19,368
<b>Total current liabilities</b>		<b>19,534</b>	<b>23,823</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	17	76,420	76,420
<b>Total non-current liabilities</b>		<b>76,420</b>	<b>76,420</b>
<b>Total liabilities</b>		<b>95,954</b>	<b>100,243</b>
<b>Net assets</b>		<b>1,192,087</b>	<b>1,193,404</b>
<b>Equity</b>			
Capital	20 (i)	846,368	844,367
Retained surpluses	20 (ii)	55,282	46,094
Reserves:			
Asset revaluation	20 (iii)	23,871	14,485
Plantation growing timber unrealised revenue	20 (iv)	266,566	288,458
<b>Total equity</b>	20 (v)	<b>1,192,087</b>	<b>1,193,404</b>

*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 2005

	* Note	2005 \$'000	2004 \$'000
<b>Cash Flows from operating activities</b>			
<i>Inflows:</i>			
Receipts from customers		107,478	115,414
Interest received		2,516	1,908
Grants and subsidies received		197	324
<i>Outflows:</i>			
Payments to suppliers and employees		(75,721)	(69,314)
Borrowing costs		(11,255)	(4,705)
GST remitted to ATO		(6,542)	(6,761)
Grants and subsidies paid		(622)	(413)
Stamp duty paid		(47)	-
<b>Net cash provided by (used in) operating activities</b>	19	<u>16,004</u>	<u>36,453</u>
<b>Cash flows from investing activities</b>			
<i>Inflows:</i>			
Proceeds from sale of property, plant and equipment		2,100	1,196
<i>Outflows:</i>			
Payments for property, plant and equipment		(11,166)	(9,235)
<b>Net cash provided by (used in) investing activities</b>		<u>(9,066)</u>	<u>(8,039)</u>
<b>Cash flows from financing activities</b>			
<i>Outflows:</i>			
Dividends paid	18	(16,065)	(14,795)
<b>Net cash provided by (used in) financing activities</b>		<u>(16,065)</u>	<u>(14,795)</u>
<b>Net increase/(decrease) in cash held</b>		(9,127)	13,619
<b>Cash at the beginning of the financial year</b>		<u>52,805</u>	<u>39,186</u>
<b>Cash at the end of the financial year</b>	10	<u>43,678</u>	<u>52,805</u>

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

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005

### 1. Constitution

By Cabinet Decision number 4637 dated 15 May 1995, the DPI Forestry 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 and Fisheries.

In July 2004 it was announced that State Cabinet had nominated DPI Forestry as a candidate Government Owned Corporation under the *Government Owned Corporations Act 1993*. At the same time it was announced that a Committee of senior officers from the Department of Primary Industries and Fisheries and other relevant departments had been appointed to undertake a comprehensive investigation of the proposal, including wide-ranging consultation with all stakeholders. While the Committee has submitted a report for Cabinet consideration, a final decision on corporatisation has not yet been made.

A decision to corporatise may impact on the value of assets subject to realisation, plus the timing and quantum of payments in the settlement of liabilities. As at reporting date the financial impact of the proposed corporatisation was unknown.

### 2. Summary 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 accounting

The financial report is a general purpose financial report and has 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 authoritative pronouncements.

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 materially consistent with those of the previous year.

#### 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 received but not banked at 30 June 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 assessed 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 on or before reporting date, for the entire amount remaining undistributed at that date.

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 Q-Offset dividend allowance is also made. The dividend is payable to the Queensland Government.

#### 2.7 Inventories

##### (i) Raw materials and stores

Raw materials and stores 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.

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.

##### (ii) Work in progress and Finished goods

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

#### 2.8 Acquisition of assets

Actual cost is used for the initial recording of all acquisitions of assets controlled by DPI Forestry. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees.

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

#### 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.



## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.10 Intangibles

Intangible assets with a cost or other value greater than \$50,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is amortised over its estimated useful life, less any anticipated residual value.

Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to DPI Forestry.

#### 2.11 Depreciation of property, plant and equipment and amortisation of intangibles

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

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to DPI Forestry. Assets under Construction (Work-in-Progress) are not depreciated until they reach 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 and are depreciated accordingly. 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. The unexpired period of leases includes any option period where exercise of the option is probable.

Leased plant and equipment are amortised on a straight line basis over the term of the lease, or where it is likely that DPI Forestry will obtain ownership of the asset, the expected useful life of the asset to DPI Forestry.

Items comprising DPI Forestry's technical library are expensed on acquisition.

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

Asset class:	Average estimated useful life (years)
Land improvements	24
Buildings	29
Access roads	37
Leasehold improvements	10
Plant and equipment	6
Intangibles:	Average amortisation period (years)
Software	6.5

#### 2.12 Revaluations of non-current physical assets

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, where there has been a material variance in the index.

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.

#### 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 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.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.14 Self-generating and regenerating assets

Under Australian Accounting Standard AAS 35 *Self-Generating and Regenerating Assets* self-generating and regenerating assets (SGARAs) are defined as 'non-human living assets'.

DPI Forestry assets falling into this category consist mainly of plantation and native forest timber resources, and Wollemi pine growing stock. The Wollemi pine stock is a new saleable SGARA being propagated for sale as part of a major joint venture.

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 plantation SGARAs.

There is not yet an observable, active market for DPI Forestry's Wollemi Pine plants as they have not yet been released into either the domestic or international marketplace. Consequently, cost has been adopted as the only reliable value that can be used as a surrogate for NMV.

#### 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*.

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

Accordingly the value of access rights to native forest products has not been recognised in the Statement of Financial Position. This position will be re-assessed annually but is not expected to change.

#### Restrictions on native forest operations

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

#### 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 Plantation 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;
- 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.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.14 Self-generating and regenerating assets (continued)

- 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 averages of actual costs for individual plantation operations, inflation adjusted to the current period. Three-year averages 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 2.16), 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 SGARAs

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.

#### 2.15 Reserving policy for unrealised revenue/expense

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/expense within the equity account. Unrealised revenue/expense 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 or expense and the realisation of prior periods' revenue through current year sales.

#### 2.16 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.

#### 2.17 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.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.18 Employee benefits

##### *Wages, salaries, annual leave and sick leave*

Wages, salaries and annual leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the remuneration rates expected to apply at the time of settlement and include related on-costs such as payroll tax, WorkCover premiums, long service leave levies and employer superannuation contributions.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to recur in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

##### *Long Service Leave*

Under the Queensland 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*.

#### 2.19 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.

#### 2.20 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 Equivalent's Regime. In addition DPI Forestry is subject to Commonwealth taxation laws in relation to Fringe Benefits Tax and Goods and Services Tax (GST).

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 disclosed as a future income tax benefit or deferred tax equivalent liability. The net future income tax benefit is not carried forward as an asset unless the benefit is virtually certain of being realised.

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 income tax benefits. Details of DPI Forestry's tax position are disclosed at Note 9.

#### 2.21 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.

#### 2.22 Financial reporting by segments

DPI Forestry operates principally in the forestry industry within Queensland.

#### 2.23 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 (SGARAs).

Contributions by DPI Forestry towards the SGARAs are expensed as incurred in line with DPI Forestry's SGARAs asset accounting policy (refer Note 2.14). 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 22.

#### 2.24 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*.

#### 2.25 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 26.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.26 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.

#### 2.27 Rounding and comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000 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.

#### 2.28 Adoption of international financial reporting standards

The Financial Reporting Council has determined that all entities preparing general purpose financial statements will apply the Australian Equivalents to International Financial Reporting Standards (IFRSs) for reporting periods beginning on or after 1 January 2005.

The Department of Primary Industries and Fisheries established an IFRS Steering Committee and Work Group to assist in the implementation of the new reporting requirements. DPI Forestry, which has been identified as a 'for profit' entity, was represented on both groups. All Australian Equivalents to IFRSs have been reviewed for implications on policies, procedures, systems and financial impacts arising from such changes.

To date, DPI Forestry has identified the following key differences in accounting policies, which will arise from the adoption of Australian Equivalents to IFRSs:

- The valuation of inventories will not change from the lower of cost and net realisable value as stated in Note 2.7 under AASB 102 *Inventories*. It is therefore estimated that there will be no change in the valuation of inventories.
- The introduction of AASB 136 *Impairment of Assets* requires an annual impairment test to be performed on all non-current physical and intangible assets where indicators of impairment are identified. The material property, plant and equipment assets of DPI Forestry are currently valued at either written down replacement cost or fair value and the effect of this standard is expected to be minimal.
- The introduction of AASB 116 *Property, Plant and Equipment* will require that asset revaluation adjustments for non-current physical assets be recognised in the Asset Revaluation Reserve and Statement of Financial Performance and be determined on an individual asset basis rather than by netting all adjustments for the asset class as was previously the case.
- Intangible assets held by DPI Forestry are valued at cost and have no external market. There will therefore be no change in the value disclosed in the financial statements under AASB 138 *Intangible Assets*.

- AASB 119 *Employee Benefits* requires employers to recognise the net surplus or deficit in their employer sponsored defined benefit superannuation funds as an asset or liability, respectively. As DPI Forestry contributes to the whole-of-Government superannuation scheme, and the Government assumes the responsibility for the funding of the scheme, DPI Forestry will recognise as a liability only the portion of the superannuation contributions owing to QSuper at the end of the reporting period. Accordingly there will be no effect on DPI Forestry's accounts.

AASB 119 also requires that where there are instances of annual leave not expected to be paid within 12 months, the liability is to be measured at the present value of the future cash flows. Currently, DPI Forestry does not carry any non-current annual leave liability; consequently the effect of this standard is expected to be minimal.

- DPI Forestry currently recognises deferred taxes by accounting for the differences between accounting profits and taxable income, which give rise to 'permanent' and 'timing' differences. Under AASB 112, deferred taxes are measured by reference to the 'temporary differences' determined as the difference between the carrying amount and tax base of assets and liabilities recognised in the balance sheet. In addition, current and deferred taxes relating to an item in the equity section of the balance sheet will also be recognised directly in equity.

Because AASB 112 has a wider scope than DPI Forestry's current accounting policies, it is likely that the most significant impact will be the recognition of a deferred tax liability in relation to the assets revaluation reserve, where previously, the capital gains tax effects of asset revaluations were not recognised. It is not expected that there will be any further material impact as a result of adoption of this standard.

DPI Forestry has also carried forward tax losses of \$74,172,909 which have not been recognised as deferred tax assets as they do not satisfy the 'virtually certain' criteria under current Australian GAAP. The recognition criteria for such assets has changed to 'probable' under the new AASB 112, however it is not expected that this new recognition criteria will alter the current accounting treatment of these losses.

Policy decisions made at a whole-of-Government level in relation to the limiting of options in the Australian Equivalent to IFRSs may have the following additional impact on the financial report:

- Subject to proposed GFS/GAAP harmonisation and ED132 *Request for Comment on IASB ED Proposed Amendments to IAS 39 Financial Instruments: Recognition and Measurement - the Fair Value Option*, financial instruments including borrowings may be recorded at fair value with market value fluctuations taken to the profit and loss. This may result in increased volatility in DPI Forestry's Net Operating Result. For the current year, the adoption of fair value would result in an increase in the borrowings disclosed in Note 17 from \$76.4m to \$82.2m.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 3 Revenue [including net increment/(decrement) in valuation of plantation timber]

	2005 \$'000	2004 \$'000
<b>3(a) (i) Net increment/(decrement) in valuation of SGARAs</b>		
Net increment in net market value of SGARAs recognised as revenue/(expense):		
Plantation timber – native pine	26,176	(17,260)
– exotic pine	36,371	18,772
<b>Net increment/(decrement) in valuation of SGARAs</b>	<b>62,547</b>	<b>1,512</b>
<b>3(a) (ii) Proceeds from disposal</b>		
Proceeds from the disposal of plantation timber during the financial year at net market value:		
Plantation timber – native pine	23,881	24,405
– exotic pine	60,558	58,639
<b>Total proceeds from disposal of plantation timber</b>	<b>84,439</b>	<b>83,044</b>
<b>3(a) (iii) Unrealised revenue/(expense)</b>		
Unrealised revenue/(expense) transferred to the plantation growing timber unrealised revenue reserve (1)	(21,892)	(81,532)
(1) During 2004-05, for the second year running, the realisation of prior periods revenue (represented by sale proceeds) exceeded the current period's unrealised revenue (represented by the net increment in valuation of SGARAs). This reduction is primarily attributable to a decrease in the value of standing plantation timber during the 2004-05 year and had the effect of reducing the net increment in valuation of SGARAs. The resulting difference is adjusted against the Plantation Growing Timber Unrealised Revenue Reserve.		
The net reduction in standing plantation values as calculated under the 'net present value' methodology is primarily attributable to:		
<ul style="list-style-type: none"> <li>• A decrease in prices achieved for products in selected plantation areas reducing the estimated value of remaining plantations by approximately \$24m.</li> <li>• Drought conditions and refined growth modelling systems resulted in a \$17m reduction of estimated standing plantation values due to slower projected growth.</li> <li>• An offsetting increase in estimated plantation value of \$19m due to a decrease (0.15%) in the estimate of the weighted average cost of capital (WACC) as at 30 June 2005.</li> </ul>		
<b>3(b) Forest product sales – non-plantation timber</b>		
Native forest timber – cypress	4,331	4,986
– hardwood	8,074	8,266
Other hardwood timber sales	11	10
Seeds and seedlings	709	1,008
Freehold selection timber	2	25
<b>Total forest product sales – non-plantation timber</b>	<b>13,126</b>	<b>14,295</b>
<b>3(c) Other revenue</b>		
Workshop charges	358	406
Fees and permits	505	485
Interest	2,516	2,157
Plant hire	423	372
Grants and subsidies	197	324
Gain on disposal of plant and equipment (1)	152	600
Other sundry revenue	1,095	1,203
<b>Total other revenue</b>	<b>5,246</b>	<b>5,547</b>
(1) Gain on disposal comprised of:		
Proceeds from sale of plant and equipment	2,102	1,195
Carrying value of assets sold	(1,950)	(595)
<b>Gain on disposal of plant and equipment</b>	<b>152</b>	<b>600</b>

Notes to, and forming part of, the financial statements  
for the year ended 30 June 2005 (continued)

4 **Indicative physical quantities of plantation timber and net valuation increment/(decrement) recognised as revenue/(expense)**

	2005			2004		
	'000	'000	\$'000	'000	'000	\$'000
<b>Plantation timber</b>	Hectares	Volume M <sup>3</sup>	Change in net market value	Hectares	Volume M <sup>3</sup>	Change in net market value
Native pine	42	22,075	26,176	42	22,776	(17,260)
Exotic pine	128	50,869	36,371	128	49,583	18,772
<b>Total</b>	<b>170</b>	<b>72,944</b>	<b>62,547</b>	<b>170</b>	<b>72,359</b>	<b>1,512</b>
				<b>Note</b>	2005 \$'000	2004 \$'000

5 **Borrowing costs**

**Borrowing costs comprised**

Interest expense – QTC loan (1)	11,057	4,236
Administration charges - QTC loan	85	89
Loan guarantee fee – QTC loan	382	382
<b>Total borrowing costs</b>	<b>11,524</b>	<b>4,707</b>

(1) During the year an interest payment of \$6.26m was made to better align the book and market values of the QTC loan.

6 **Employee expenses and number of employees**

**Employee expenses**

Wages and salaries	32,149	30,318
Employer superannuation contributions	3,476	3,269
Payroll tax	1,734	1,581
Long service leave levy	497	456
Termination payments	322	65
Workers' compensation expense	846	867
Other	369	404
<b>Total employee expenses</b>	<b>39,393</b>	<b>36,960</b>

**Average number of employees**

The average number of employees during the reporting period was 705 (2004: 692), and includes both full-time and part-time employees measured on an average full-time equivalent basis.

7 **Other operating expenses**

**Other expenses**

Travel expenses	935	872
Bad and doubtful debts	1	3
Audit fees	123	122
Insurance premiums - Qld Government Insurance Fund	2.21	75
Other	2,378	1,825
<b>Total other expenses</b>	<b>3,512</b>	<b>2,882</b>

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

	2005 \$'000	2004 \$'000
<b>8 Depreciation and amortisation</b>		
<b>Depreciation and amortisation incurred in respect of:</b>		
Access roads	406	379
Buildings and building improvements	700	594
Computer equipment	430	400
Furniture and fittings	82	93
Heavy plant	657	711
Land improvements	113	116
Motor vehicles	929	751
Office equipment	147	152
Plant and equipment – other	381	349
Amortisation – software developed in-house	70	18
Leasehold improvements	65	66
<b>Total Depreciation and Amortisation</b>	<b>3,980</b>	<b>3,629</b>
<b>9 Income tax equivalents</b>		
<b>Profit from ordinary activities</b>	(4,086)	(48,832)
Prima facie tax equivalent expense/(benefit) calculated at 30% (2004: 30%) of profit from ordinary activities	(1,226)	(14,650)
<b>Tax effect of permanent differences</b>		
Acquired timber felled – Queensland Income Tax Equivalents Ruling 95/4 – ITAA97 Sec 70-120	(11,957)	(12,650)
Devaluation of growing timber	6,568	74,459
Entertainment – non-deductible	-	-
Depreciation – non-deductible	(472)	(774)
Other	442	7
<b>Income tax equivalent expense (benefit) adjusted for permanent differences</b>	<b>(6,645)</b>	<b>(3,608)</b>
Current year tax losses and timing differences not brought to account (1)	6,645	3,608
<b>Total tax equivalent expense (benefit)</b>	<b>-</b>	<b>-</b>

(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 2005 are:

@ 30% \$74,023,253

These benefits will only be obtained if:

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



Notes to, and forming part of, the financial statements  
for the year ended 30 June 2005 (continued)

	2005 \$'000	2004 \$'000
<b>10 Cash assets</b>		
Cash on hand	26	26
Cash at bank (1)	43,652	52,779
<b>Total cash</b>	<b>43,678</b>	<b>52,805</b>
(1) DPI Forestry participated in the Queensland Government's cash management incentive scheme and earned interest on cash balances at rates between 4.42% and 4.85% (2004: 3.9% to 4.51%).		
<b>11 Receivables</b>		
<i>Current</i>		
Trade debtors	18,205	12,520
Freehold selection debtors (1)	12	29
	<b>18,217</b>	<b>12,549</b>
Less – Provision for doubtful debts	-	(3)
	<b>18,217</b>	<b>12,546</b>
Interest receivable	635	635
Other debtors	2,157	585
	<b>21,009</b>	<b>13,766</b>
<i>Non-current</i>		
Freehold selection debtors (1)	51	63
<b>Total receivables</b>	<b>21,060</b>	<b>13,829</b>
(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.		
<b>12 Inventories</b>		
<i>Finished goods</i>		
Seeds and seedlings – at cost	953	982
<i>Raw materials and stores</i>		
Miscellaneous – at cost	1,646	1,610
<b>Total inventories</b>	<b>2,599</b>	<b>2,592</b>
<b>13 Intangibles</b>		
<i>Internal use software</i>		
At cost (1)	639	639
Accumulated amortisation (1)	(366)	(296)
<b>Total intangibles</b>	<b>273</b>	<b>343</b>
(1) The amounts disclosed above include an item of internal use software which has been written down to zero net book value. This item had an original cost or gross fair value of \$138,787.		

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

	2005 \$'000	2004 \$'000
<b>14 Property, plant and equipment</b>		
<b>Land</b>		
At fair value (1)	32,046	18,526
<b>Buildings</b>		
At fair value (1)	34,024	28,807
Accumulated depreciation	(18,127)	(15,498)
	15,897	13,309
<b>Land improvements</b>		
At cost	3,838	3,801
Accumulated depreciation	(1,372)	(1,320)
	2,466	2,481
<b>Leasehold improvements</b>		
At cost	648	648
Accumulated amortisation	(333)	(268)
	315	380
<b>Access roads</b>		
At fair value (1)	19,957	18,916
Accumulated depreciation	(7,178)	(6,397)
	12,779	12,519
<b>Plant and equipment</b>		
At cost	31,868	30,142
Accumulated depreciation	(13,280)	(14,377)
	18,588	15,770
<b>Capital works in progress</b>		
At cost	2,773	5,185
<b>Property, plant and equipment</b>		
At cost	39,127	39,776
At fair value	86,027	66,249
Accumulated depreciation	(40,290)	(37,855)
<b>Total Property, plant and equipment - carrying amount</b>	<b>84,864</b>	<b>68,170</b>

### 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, accessroads 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.

Reconciliation of the carrying amount of asset classes	Land	Buildings	Land improve- ments	Leasehold improve- ments	Access roads	Plant and equipment	Capital works in progress	Total
	2005 \$000	2005 \$000	2005 \$000	2005 \$000	2005 \$000	2005 \$000	2005 \$000	2005 \$000
Carrying amount at start of year	18,526	13,309	2,481	380	12,519	15,770	5,185	68,170
Acquisitions	5,834	70	39	-	-	1,038	6,185	13,166
Disposals	-	(90)	(25)	-	-	(1,835)	-	(1,950)
Transfer between classes	750	1,522	84	-	-	6,241	(8,597)	-
Revaluation:								
Increments/(decrements)	6,936	1,785	-	-	666	-	-	9,387
Depreciation/amortisation	-	(699)	(113)	(65)	(406)	(2,626)	-	(3,909)
<b>Carrying amount at end of year</b>	<b>32,046</b>	<b>15,897</b>	<b>2,466</b>	<b>315</b>	<b>12,779</b>	<b>18,588</b>	<b>2,773</b>	<b>84,864</b>

Notes to, and forming part of, the financial statements  
for the year ended 30 June 2005 (continued)

	2005 \$'000	2004 \$'000
<b>15 Self-generating and regenerating assets</b>		
<b>(i) Plantation growing timber</b>		
Balance at the beginning of the financial year	1,155,908	1,237,440
Valuation increment/(decrement) net of plantation timber sales (1)	(21,892)	(81,532)
<b>Balance at the end of the financial year</b>	<b>1,134,016</b>	<b>1,155,908</b>
<b>(ii) Wollemi pine</b>		
Balance at the beginning of the financial year	-	-
Cost of plants	1,551	-
<b>Balance at the end of the financial year</b>	<b>1,551</b>	<b>-</b>

(1) Sensitivity of Net Market Valuation of Plantations to changes in significant assumptions used in the valuation modelling process.

	Change	Effect on Net	Effect on Net
		Market Value	Market Value
		2005 \$'000	2004 \$'000
Discount rate	+1%	(116,860)	(113,970)
	-1%	140,907	137,057
Expected future sales values	+5%	67,844	68,154
	-5%	(67,844)	(68,154)
Expected future costs	+5%	(11,144)	(10,358)
	-5%	11,144	10,358

**16 Payables**

<i>Current</i>		
Trade creditors	2,524	1,076
Accrued interest, loan guarantee fee and other costs of finance	1,727	1,459
Long service leave levy payable	123	115
Accrued staff related expenses	711	546
Tax payable – Payroll	139	127
– Fringe benefits	31	33
– GST payable	922	996
– Less: GST receivable	(743)	(776)
Accrued expenses	2,141	787
Prepaid royalties, grants and other revenue received in advance	35	91
Miscellaneous	1	1
<b>Total payables</b>	<b>7,613</b>	<b>4,455</b>

**17 Interest-bearing liabilities**

<i>Non-current</i>		
Queensland Treasury Corporation Loan (1)	76,420	76,420
<b>Total borrowings</b>	<b>76,420</b>	<b>76,420</b>

(1) The loan is in a \$A denominated amount and recognised at book value, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. The book interest rate is 6.93%.

The market value of the loan at 30 June, as notified by the Queensland Treasury Corporation, was \$82,237,876 (2004: \$85,278,687). This represents the value of the debt if DPI Forestry repaid the loan in full at balance date.

As it is the intention of DPI Forestry to hold its borrowings for the full term, no adjustment provision is made in these accounts.

No part of this loan has been reported as 'current' as the loan is presently operating on an 'interest only basis'. The Treasurer has approved the continuation of 'interest only' terms for a further year concluding on 30 June 2006. As a consequence the period of the 'interest only loan' has been extended a further year at a rate of 6.85%.

Refer Note 5 for information relating to borrowing costs associated with this loan.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

	2005 \$'000	2004 \$'000
<b>18 Provisions</b>		
<i>Current</i>		
Provision for dividend (1)	8,618	16,065
Employee benefits - recreation leave	3,303	3,303
<b>Total provisions</b>	<b>11,921</b>	<b>19,368</b>
<i>(1) Movement in dividend provision</i>		
Balance at the beginning of the financial year	16,065	14,795
Provision recognised for 2004-05	8,618	16,065
Reduction in provision as a result of payments	(16,065)	(14,795)
<b>Balance at the end of the financial year</b>	<b>8,618</b>	<b>16,065</b>

Aggregate employee entitlements for 2004-05 amounted to \$4,137,000 (2004: \$3,964,000) being leave provisions at Note 18, accrued long service leave levies and staff related expenses at Note 16.

## 19 Reconciliation of net operating result to net cash provided by (used in) operating activities

<b>Profit from ordinary activities after income tax equivalents</b>	<b>(4,086)</b>	<b>(48,832)</b>
<b>Non-cash items:</b>		
Unrealised plantation growing timber (increment)/decrement	3(a)(iii) 21,892	81,537
Depreciation and amortisation	3,980	3,629
Asset write-downs and decrements (reversals)	-	(185)
(Gain)/loss on disposal of non-current assets	(152)	(600)
<b>Changes in assets and liabilities:</b>		
(Increase)/decrease in inventories	(7)	4
(Increase)/decrease in SGARA (Wollemi)	(1,551)	-
(Increase)/decrease in net receivables	(7,138)	665
(Increase)/decrease in GST input tax credits receivable	35	(124)
(Increase)/decrease in prepayments and other assets	(92)	(13)
Increase/(decrease) in employee provisions	-	59
Increase/(decrease) in unearned revenue	(56)	15
Increase/(decrease) in GST payable	(74)	61
Increase/(decrease) in creditors	3,253	242
<b>Net cash provided by operating activities</b>	<b>16,004</b>	<b>36,453</b>

### 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.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

	Note	2005 \$'000	2004 \$'000
<b>20 Changes in equity</b>			
<b>(i) Capital</b>			
Balance at the beginning of the financial year		844,367	844,303
Non-reciprocal transfer of assets and liabilities		2,001	64
<b>Balance at the end of the financial year</b>		<b>846,368</b>	<b>844,367</b>
<b>(ii) Retained Surpluses</b>			
Balance at the beginning of the financial year		46,094	29,505
Net (loss) for the period	20(vii)	(4,086)	(48,832)
Dividend provided for	18,21	(8,618)	(16,065)
Transfer (to) asset revaluation reserve	20(iii)	-	(46)
Unrealised expense transferred to plantation growing timber unrealised revenue reserve	3(a)(iii)	21,892	81,532
<b>Balance at the end of the financial year</b>		<b>55,282</b>	<b>46,094</b>
<b>(iii) Asset Revaluation Reserve</b>			
Balance at the beginning of the financial year		14,485	8,469
<i>Increment on revaluation:</i>			
- Access roads		666	839
- Land, land improvements and buildings		8,720	5,131
Transfer from retained surpluses	20(ii)	-	46
<b>Balance at the end of the financial year</b>	20(vi)	<b>23,871</b>	<b>14,485</b>
<b>(iv) Plantation Growing Timber Unrealised Revenue Reserve</b>			
Balance at the beginning of the financial year		288,458	369,990
Unrealised expense transferred from retained profits	3(a)(iii), 20(vii)	(21,892)	(81,532)
<b>Balance at the end of the financial year</b>		<b>266,566</b>	<b>288,458</b>
<b>(v) Total Equity</b>			
Balance at the beginning of the financial year		1,193,404	1,252,267
Changes in equity recognised in the Statement of Financial Performance		5,300	(42,862)
<i>Transactions with owners as owners:</i>			
- Non-reciprocal transfer of assets and liabilities		2,001	64
- Dividends		(8,618)	(16,065)
<b>Balance at the end of the financial year</b>		<b>1,192,087</b>	<b>1,193,404</b>
<b>(vi) Closing Balance of Asset Revaluation Reserve by Class.</b>			
		2005 \$'000	2004 \$'000
Buildings		5,575	3,790
Access roads		7,398	6,732
Land		10,898	3,963
<b>Total</b>		<b>23,871</b>	<b>14,485</b>

(vii) The loss figure for the period contains the net decrement in the value of standing timber in DPI Forestry's plantations. Under Accounting Standard AAS35, DPI Forestry must bring to account as revenue or expense the movement 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 (revenue)/decrement (expense) in plantation growing timber (refer Note 2.15). This reserve is not available for distribution. Calculation details of the unrealised revenue/expense amount can be found at Note 3(a)(iii).

## 21 Dividend

The dividend of \$8,618,169 (2004: \$16,064,544) provided for is payable to the Queensland Government. Refer Note 2.6.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 22 Interests in joint ventures

DPI Forestry holds an interest in a number of joint ventures (Refer Note 2.23). These currently fall into two primary categories, namely:

#### 22 (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. DPI Forestry has a share in 134 of these ventures. Contributions to these joint ventures for 2004-05 totalled \$251,895 (2004: \$193,142).

##### *Seed orchard venture*

Designed to produce and sell improved tree seed from an orchard established for the purpose. Contributions to this joint venture for 2004-05 totalled \$2,374 (2004: \$7,677).

- No output was derived from the joint venture operations during the year (2004: \$nil).
- Total contributions to joint venture operations at 30 June 2005 amounted to \$5,262,764 (2004: \$5,008,496). Total funding of \$3,493,500 has been provided by the State towards Hardwood Plantation Joint Ventures to 30 June 2003. No further funding has since been provided.

#### 22 (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 2005 this company had not commenced trading. Trading will commence on release of the wollemi products into the marketplace during 2005-06.

### 23 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 22(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.

### 24 Contingent liabilities and contingent assets

#### 24 (a) Contingent liabilities

##### (i) 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 DPI Forestry.

##### (ii) Litigation in progress

The jurisdiction of all contingent liability matters as at 30 June 2005 is as follows:

	2005	2004
Supreme Court	2	3
District Court	2	1
Other	5	1

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 Queensland Government Insurance Fund. The costs of any successful claims against DPI Forestry may, depending on the circumstances, be met by the insurer, subject to a \$10,000 excess deduction.

#### 24 (b) Contingent asset

DPI Forestry is currently engaged in the prosecution of a civil claim (on behalf of the State of Queensland) to recover substantial losses resulting from a fire in the Beerburrum State Forest plantations in November 1994. The State's claim has been lodged with the Supreme Court of Queensland and due process is under way. There have been no admissions of liability made by any party nor has any firm date been identified for final resolution of the matter through further mediation or the courts.

Given the current state of progress in the case it is considered impractical to make an estimate of the potential financial effect arising in the future.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 25 Commitments for expenditure

#### 25 (a) Capital expenditure

Plant and equipment payable within 1 year: \$666,108 (2004: \$1,078,075).

#### 25 (b) Recurrent expenditure – land rental agreements

Commitments for payment of land rentals in respect of hardwood plantation agreements in place as at the reporting date are payable as follows:

	\$
• Not later than one year	197,088
• Later than one year and not later than 5 years	788,352
• Later than 5 years	3,516,624

Land rentals payable by DPI Forestry are disclosed at nominal amounts. While the agreements provide that land rentals payable by DPI Forestry are to be adjusted by CPI annually, rental commitments have been disclosed at nominal amounts due to the difficulty in estimating future changes in CPI over an extended period (average remaining life of existing agreements is 22.95 years).

### 26 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 2005 amounted to \$930,552 (30 June 2004: \$801,382). 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 of Queensland.

### 27 Financial instruments

#### 27 (a) Interest rate risk exposure

Exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities are shown in the following table.

Financial instruments	Contractual repricing/maturity date				Non-interest bearing \$'000	Total \$'000	Weighted average rate %
	Floating rate \$'000	1 year or less \$'000	1 to 5 years \$'000	Greater than 5 years \$'000			
<b>Financial assets</b>							
Cash	43,652	-	-	-	26	43,678	4.55* floating
Receivables – trade debtors	-	-	-	-	18,205	18,205	NA
Receivables (other than trade debtors)	-	-	-	-	2,855	2,855	NA
<b>Total financial assets</b>	<b>43,652</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,086</b>	<b>64,738</b>	<b>4.55</b>
<b>Financial liabilities</b>							
Payables	-	-	-	-	7,613	7,613	NA
QIC borrowings	-	-	45,111	31,309	-	76,420	6.85** fixed
Dividend payable	-	-	-	-	8,618	8,618	NA
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>45,111</b>	<b>31,309</b>	<b>16,231</b>	<b>92,651</b>	<b>6.85</b>

- Floating interest rate represents the most recent market rate applicable to the instrument at 30 June 2005 (30 June 2004: 4.21%).
- The fixed rate represents the book rate applicable to an interest only borrowing. The loan reverts to a principal and interest basis on 1 July 2006. An indicative book interest rate of 6.85% has been applied from that date to determine the timing of future repayments for the purposes of the table above.

## Notes to, and forming part of, the financial statements for the year ended 30 June 2005 (continued)

### 27 Financial instruments (continued)

#### 27(b) Net fair value

Financial instruments	Total carrying amount as per the Statement of Financial Position		Net fair value	
	2005 S'000	2004 S'000	2005 S'000	2004 S'000
<b>Financial assets</b>				
Cash	43,678	52,805	43,678	52,805
Receivables – trade debtors	18,205	12,520	18,205	12,520
Receivables (other than trade debtors)	2,855	1,309	2,855	1,309
<b>Total financial assets</b>	<b>64,738</b>	<b>66,634</b>	<b>64,738</b>	<b>66,634</b>
<b>Financial liabilities</b>				
Payables	7,613	4,455	7,613	4,455
QTC borrowings	76,420	76,420	82,238	85,279
Dividend payable	8,618	16,065	8,618	16,065
<b>Total financial liabilities</b>	<b>92,651</b>	<b>96,940</b>	<b>98,469</b>	<b>105,799</b>

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

#### 27(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 net of any provision for doubtful debts as indicated in the Statement of Financial Position.

Credit risk in respect of trade debtors is managed in the following ways:

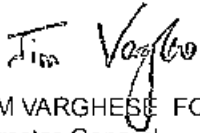
- Payment within 30 days from end of month in which a sale is invoiced; and
- All trade debtors are secured by cash deposit or other financial guarantee.



## Certificate of DPI Forestry

These general purpose financial statements have been prepared pursuant to section 40(1) of the Financial Administration and Audit Act 1977 (the Act) and other prescribed requirements. In Accordance with Section 40(3) of the Act 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 2005 and of the financial position as at the end of that year.



JIM VARGHESE FCPA  
Director-General

22 SEP 2005



GARRY HANNIGAN  
Assistant Director -General (DPI Forestry)

22 SEP 2005

## Independent Audit Report

### To the Accountable Officer of the Department of Primary Industries and Fisheries

#### Scope

##### *The Financial Report*

The financial report of DPI Forestry, a commercialised business unit of the Department of Primary Industries and Fisheries, consists of 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 Accountable Officer and officer responsible for the financial administration of DPI Forestry, for the year ended 30 June 2005.

##### *Accountable Officer's responsibility*

The Accountable Officer is responsible for the preparation and true and fair presentation of the financial report, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

##### *Audit Approach*

As required by law, an independent audit was conducted in accordance with QAO *Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial report is presented fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

##### *Audit procedures included –*

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial report;
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Accountable Officer;
- obtaining written confirmation regarding the material representations made in conjunction with the audit, and
- reviewing the overall presentation of information in the financial report.

#### Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

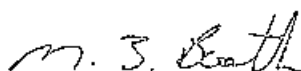
#### Audit Opinion

In accordance with s.40 of the *Financial Administration and Audit Act 1977* –

(a) I have received all the information and explanations which I have required; and

(b) in my opinion –

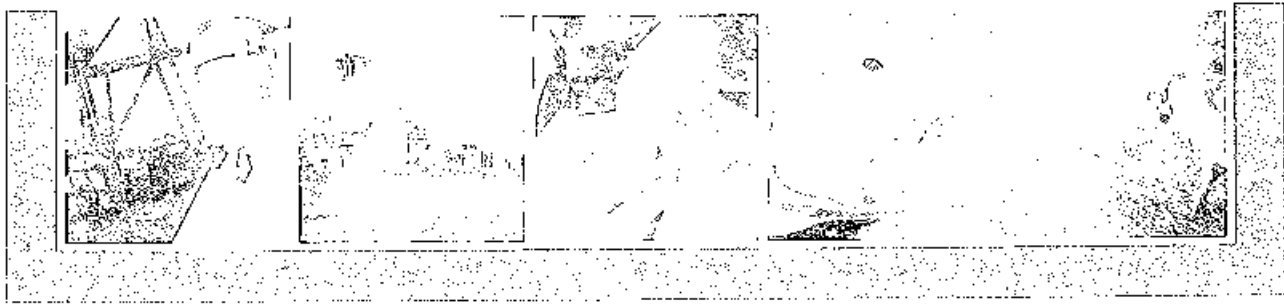
- (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the Statements have been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of DPI Forestry for the financial year 1 July 2004 to 30 June 2005 and of the financial position as at the end of that year.



M T BOOTH, FCPA  
As Delegate of the Auditor-General of Queensland



Queensland Audit Office  
Brisbane



## Appendices

### Appendix 1: Statutory bodies

The following statutory bodies were associated with DPI&F in 2004-05. These bodies report separately to Parliament.

Body*	Body corporate, corporation, instrumentality or statutory position	Constituting Act	Annual reporting arrangements
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
Q&AA	Body corporate	<i>Rural Adjustment Authority Act 1994</i>	Annual Report to Parliament
Safe Food Production Queensland	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
Sugar Industry Commissioner	Statutory position	<i>Sugar Industry Act 1999</i>	Annual Report to Parliament

\* As defined by the *Financial Administration and Audit Act 1977*.

### Appendix 2: Consultancy expenditure

The cost of consultancy services to DPI&F, including DPI Forestry, totalled \$384,410 in 2004-05. Expenditure on these services decreased by 48 per cent compared with the previous financial year.

Expenditure category	Total for 2003-04	Total for 2004-05
Management	\$104,552	\$204,286
Human resources management	\$13,435	Nil
Information technology	\$127,879	Nil
Communications	\$165,751	\$55,826
Finance and accounting	\$75,370	\$98,827
Professional and technical	\$251,934	\$25,471
<b>Total</b>	<b>\$740,921</b>	<b>\$384,410</b>

### Appendix 3: Cost of Boards, Committees and Tribunals

DPPI&F paid meeting costs for 22 industry boards, committees and tribunals during 2004–05. The total value of meeting costs was \$505,760 (rounded) including \$225,507 for the Fisheries Tribunal.

#### Women board members

Thirty-eight women and 215 men were represented on the boards of statutory and non-statutory government bodies related to DPPI&F in 2004–05. Of a total board membership of 253 in 2004–05, 17.6 per cent were women.

Boards, committees and tribunals	Number of meetings held	Cost of meetings	Board type	Number of females	Number of males
Agricultural Chemicals Distribution Control Board**	0	-	Regulatory	3	5
Animal Welfare Advisory Committee	6	\$16,172	Advisory	3	6
Banana Industry Protection Board**	0	-	Advisory	0	4
Bee Industry Consultative Committee	1	\$162	Advisory	1	10
Community Consultative Committee for the Control of Exotic Pest Fish (includes Burdekin Regional Committee for Control of Tilapia)	1 (3)	\$15,568	Advisory	2 (3)	10 (14)
Crab Fisheries MAC***	1	\$3,500	Advisory	2	11
DPPI&F Intellectual Property Advisory Committee	4 meetings	\$22,065	Advisory	2	10
FarmBis	2	\$26,826.54	Advisory	1	11
Fisheries Tribunal (see page 63)	34 directions and full hearings	\$225,507 (total cost of conducting appeals including remuneration for tribunal members, costs of recording, transcription, external legal representation and room hire)	Tribunal	1	2, Chair
Fishing Industry Development Council	2 meetings	\$15,000	Advisory	2	12
Freshwater Fisheries MAC	2 MAC meetings	\$7,300	Advisory	1	13
Gulf of Carpentaria Fisheries MAC	1 MAC meeting	\$7,800	Advisory	0	17
Harvest Fisheries MAC	2 MAC meetings 2 working group meetings	\$15,460	Advisory	2	8
Inshore Fin Fish Fisheries MAC	2 MAC meetings 1 working group meeting	\$9,750	Advisory	0	15
Lifestyle and Amenity Horticulture Industry Development Council	3	\$4,425.31	Advisory	1	10
Queensland Biosecurity Advisory Council	4	\$44,517	Advisory	0	7
Queensland Food and Fibre Agribusiness Council (QF&FAC), formerly known as the Queensland Food and Fibre Science and Innovation Council (QFS&FIC)	1*	\$9,805.74	Advisory	6	9
Reef Fisheries Management Advisory Committee (MAC)	2 MAC meetings 3 working group meetings	\$20,800	Advisory	0	14

Boards, committees and tribunals	Number of meetings held	Cost of meetings	Board type	Number of females	Number of males
Travel Fisheries MAC	2 MAC meetings 2 working group meetings	\$9,650	Advisory	3, Chair	7
Veterinary Surgeons Board of Queensland	8	\$13,095	Advisory	1	7
Veterinary Tribunal of Queensland	2 hearings	\$38,278.31	Advisory	6	9
Young People in Rural Industries Liaison Group	0 (communication by email)**	-	Advisory	0	14

\* QIESIC was replaced by OFIAC in 2004–05.

\*\* The Young People in Rural Industries Liaison Group was an informal network of ten young people studying and working in rural industries. It was active in the 2003 and 2004 calendar years. No group activity was planned for 2005.

\*\*\* No matters required the Board's attention in 2004–05.

\*\*\*\* Management Advisory Committee.

#### Appendix 4: DPI&F publications

DPI&F produces a range of industry and consumer publications each year. A list of available titles is provided at our online store at [www.dpi.qld.gov.au/shop](http://www.dpi.qld.gov.au/shop) or from one of the regional offices listed on the inside back cover. For telephone enquiries, contact the DPI&F Call Centre on 13 25 23.

#### Appendix 5: Acts, Regulations and Plans

Each State Government Minister has a duty to administer legislation under their respective ministerial portfolio that is relevant to their ministerial responsibilities. All current legislation under the Minister for Primary Industries and Fisheries' portfolio at the end of 2004–05 is provided in this appendix.

##### Acts

- *Agricultural and Veterinary Chemicals (Queensland) Act 1994*
- *Agricultural Chemicals Distribution Control Act 1966*
- *Agricultural Standards Act 1994*
- *Animal Care and Protection Act 2001*
- *Apiaries Act 1982*
- *Banana Industry Protection Act 1989*
- *Biological Control Act 1987*, except with respect to wild control of declared plants and animals under the *Land Protection (Pest and Stock Route Management) Act 2002*
- *Brands Act 1915*
- *Chemical Usage (Agricultural and Veterinary) Control Act 1988*
- *Chicken Meat Industry Committee Act 1976*
- *Diseases in Timber Act 1975*
- *Drugs Misuse Act 1986*, namely Part 5B of the Act administered by the Minister for Primary Industries and Fisheries
- *Exotic Diseases in Animals Act 1981*
- *Fisheries Act 1994*
- *Food Production (Safety) Act 2000*
- *Forestry Act 1959*, as it relates to the responsibilities of the Minister for Primary Industries and Fisheries
- *Grain Industry (Restructuring) Act 1991*
- *Grain Research Foundation Act 1976*
- *Plant Protection Act 1989*
- *Primary Industry Bodies Reform Act 1999*
- *Rural and Regional Adjustment Act 1994*
- *Stock Act 1915*
- *Sugar Industry Act 1999*
- *Timber Utilisation and Marketing Act 1987*
- *Torres Strait Fisheries Act 1984*
- *Veterinary Surgeons Act 1936*

##### Regulations

- *Agricultural Chemicals Distribution Control Regulation 1998*
- *Agricultural Standards Regulation 1997*
- *Animal Care and Protection Regulation 2002*
- *Apiaries Regulation 1998*
- *Banana Industry Protection Regulation 2000*
- *Brands Regulation 1998*
- *Chemical Usage (Agricultural and Veterinary) Control Regulation 1999*
- *Chicken Meat Industry Committee Regulation 2001*
- *Diseases in Timber Regulation 1997*
- *Drugs Misuse Regulation 1987* as it relates to DPI&F
- *Exotic Diseases in Animals Regulation 1998*
- *Fisheries Regulation 1995*
- *Food Production (Safety) Regulation 2002*
- *Forestry Regulation 1998*

### Regulations

- *Forestry (State Forests) Regulation 1987*
- *Plant Protection Regulation 2002*
- *Rural and Regional Adjustment Regulation 2000*
- *Stock Identification Regulation 1985*, which will be supplanted by the *Stock Identification Regulation 2005* which started on 1 July 2005
- *Stock Regulation 1988*
- *Sugar Industry Regulation 1999*
- *Timber Utilisation and Marketing Regulation 1998*
- *Veterinary Surgeons Regulation 2002*

### 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*
- *Fisheries (Coral Reef Fin Fish) Management Plan 2003*

### Acts repealed in 2004–05

- *Plant Protection Amendment Act 2004*
- *Primary Industries and Fisheries Legislation Amendment Act 2004*
- *Primary Industry Bodies Reform Amendment Act 2004*
- *Rural Adjustment Authority Amendment Act 2004*
- *Sawmills Licensing Act 1936*

### Legislation enacted in 2004–05

#### *Plant Protection Amendment Act 2004*

Date of assent:

12 October 2004

Date of commencement:

12 October 2004

This Act amended the *Plant Protection Act 1989* to rectify deficiencies identified in the Act during the citrus canker outbreak. In particular, the amended Act:

- removes the ability of some owners of diseased properties to seek injunctions to prevent eradication
- provides greater disease surveillance power to inspectors
- allows inspectors to access records (wherever they are located) to trace the movements of potentially diseased plant matter
- increases the penalties for breaches of the Act, and includes personal liability for company directors
- clarifies the right of the State Government to carry out necessary treatment or destruction within a pest quarantine area.

#### *Primary Industries and Fisheries Legislation Amendment Act 2004*

Date of assent:

12 October 2004

Date of commencement:

Part 7 commenced on 30 September 2004

Part 9 commenced on 1 January 2005

The remaining provisions commenced on assent

The Act amended the following Acts administered by the Minister for Primary Industries and Fisheries:

- *Erotic Diseases in Animals Act 1981*
- *Fisheries Act 1994*
- *Food Production (Safety) Act 2000*
- *Grain Industry (Restructuring) Act 1991*
- *Sawmills Licensing Act 1936*
- *Stock Act 1915*.

The Act also amended the *Police Powers and Responsibilities Act 2000* (the Police Powers Act).

The main purpose of the new Act was to:

- amend and subsequently repeal the *Sawmills Licensing Act 1936* and amend the *Fisheries Act 1994* (the Fisheries Act) to meet *National Competition Policy* requirements
- amend the *Stock Act 1915* and the *Erotic Diseases in Animals Act 1981* to clarify the appeals process under each Act
- amend the *Food Production (Safety) Act 2000* and the *Grain Industry (Restructuring) Act 1991* to clarify the policy intent in some provisions and to make formal/technical amendments
- further amend the Fisheries Act to:
  - enable disclosure of information to other agencies in certain circumstances
  - make clear that the offence of obstructing an inspector included assault, threaten to obstruct or attempt to obstruct
  - minor amendments to the Police Powers Act.

#### *Primary Industry Bodies Reform Amendment Act 2004*

Date of assent:

27 October 2004

Date of commencement:

27 October 2004

The Act amended the *Primary Industry Bodies Reform Act 1999*.

The main purpose of the Amendment Act was to facilitate the transfer of sugar grower trusts administered by Queensland Cane Growers Organisation Limited (trading as 'Canegrowers') to local grower control.

*Rural Adjustment Authority Amendment Act 2004*

Date of assent:  
12 October 2004

Date of commencement:  
12 October 2004

The Act amended the *Rural Adjustment Authority Act 1994*.

The purpose of the Amendment Act was to implement recommendations from the review of the *Rural Adjustment Authority Act 1994*, and expands the statutory powers and functions of the Queensland Rural Adjustment Authority (QRAA). In particular, the amendments:

- ensure the Act covers all relevant primary industries including fisheries and forestry
- expands the functions of QRAA to include administration of State and Commonwealth assistance schemes where approved by the Minister for Primary Industries and Fisheries and where the QRAA has the necessary expertise to provide services. For example, this may involve matters connected with Rural Water Pricing Directions which are the responsibility of Sunwater as established under the *Government Owned Corporations (State Water Projects Corporatisation) Regulation 2000*
- expands QRAA's ability to provide assistance to small businesses (other than rural producers) and other elements of the state's economy by removing the limitation in the Act that such assistance only be given "in periods when they are experiencing temporary difficulty". The quoted words have proved to be too restrictive
- require approved assistance schemes be made by Regulation and ensure they are drafted by Parliamentary Counsel and tabled and subject to disallowance in accordance with modern standards of accountability

- empower the Minister to give written directions to the QRAA Board of Directors about the discharge of its functions
- revise the composition of the board to ensure members possess requisite skills
- empower the Minister to require the board to give the Minister stated information and reports
- provide appeal rights to unsuccessful applicants for assistance from QRAA
- provide for regular, future reviews of the *Rural Adjustment Authority Act 1994*.

The Amendment Act also amended the title of the *Rural Adjustment Authority Act 1994* to *Rural and Regional Adjustment Act 1994*.

#### Appendix 6: Overseas travel

During 2004–05, DPI&F maintained a strong international profile, with 126 staff undertaking 200 overseas trips at a total estimated cost of \$952,000. Eighty-four per cent of the cost or \$802,000 was provided from external funds, and this totally or partially funded 185 of the trips (91.5 per cent of the total number). Only 15 trips were wholly funded by DPI&F consolidated revenue.

The opportunity for our staff to travel overseas enhanced DPI&F's trade and market development capability, and resulted in:

- significant trade outcomes for food and fibre exporters to Korea, Vietnam and Japan
- signing of a *Memorandum of Understanding* with the Ministry of Agriculture and Rural Development in Vietnam
- formation of a Thai-Queensland government working group
- reinforced industry commitment to meat traceability systems

- demonstration of Queensland's Smart State strategy through our application of climate technology systems and models for the agricultural industry
- overwhelming interest in Queensland research projects by Indonesian agencies
- development of joint research project concepts by DPI&F and the New Zealand Sports Turf Institute
- identification of new data or models required to advance ecosystem-based approaches to marine resource management.

Our travel also helped to maintain domestic and international market confidence in Queensland's agricultural products, and enabled us to promote DPI&F's contribution to the Smart State strategy.

Our staff's research, innovation and technology capability was enhanced by first-hand experience in overseas research and development programs, and by forming relationships with international partners. This experience ensured that any global advances in research and development can be readily applied in Queensland without unnecessary duplication of effort.

Note: While DPI Forestry is a commercialised business unit of DPI&F, their overseas travel costs are reported here.

A table of full details of overseas travel is over the page.

**Overseas travel substantially funded by DPI&F**

Acronyms used in Appendix G are available in the definitions on page 160.

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
I. Taylor Senior Veterinary Officer	Canada	Attend the World Association for Buiatrics (study of cattle diseases) convention in Quebec to gain up-to-date information on cattle diseases, especially bovine spongiform encephalopathy (BSE).	\$4,710.24	\$0.00	
T Streeten Program Leader	Malaysia	Present a plenary paper at the 11th Animal Science Congress and participate in a concurrently held production and environmental satellite meeting/workshop.	\$1,400.25	\$816.63	Food and Agriculture Organisation
R Kaus Principal Project Officer	Vietnam	Develop new business opportunities as identified by the tropical dairy and beef mission, and built on recent visits to Queensland by Vietnamese business groups.	\$3,159.73	\$0.00	
R Heddes Manager	Papua New Guinea	Attend the 11th Australasia/Oceania regional meeting/workshop on Sustainable Livestock Production and Food Security - the Role of Women and the Threats of Emerging Diseases. Workshop topics have direct relevance to Queensland's biosecurity.	\$3,327.57	\$0.00	
R Ada Regional Director	Japan, Vietnam and South Korea	Promote the safety and reliability of Queensland food and fibre products to Korean, Japanese and Vietnamese markets. Conduct high-level government and industry meetings to expedite development of new trade opportunities.	\$13,805.90	\$0.00	
J Varghese Director-General	Japan, Vietnam and South Korea	As above.	\$16,450.00	\$0.00	
G Pegg Technician	Thailand	Deliver two scientific presentations at an international mycological (fungal) conference to showcase DPI&F's leading research in an international forum. Meet with internationally recognised research leaders in this field.	\$1,225.00	\$745.84	DPI Forestry
P Tatt Senior Trade and Business Officer	United Arab Emirates and Qatar	Research identified opportunities for lifestyle horticulture in the United Arab Emirates and Qatar associated with large-scale tourism, sporting and infrastructure projects. Enable Queensland companies to expand their networks in these markets.	\$6,327.19	\$0.00	
R Kaus Principal Project Officer	Hong Kong, Philippines, Vietnam, Malaysia and Brunei Darussalam	Participate in an agribusiness supply chain mission to south Asia with other delegates representing the newly formed Rural North Queensland Cattle Network. This group of exporters plans to supply products to these growing markets.	\$9,026.77	\$0.00	
M Letts General Manager	Hong Kong, Philippines, Vietnam, Malaysia and Brunei Darussalam	As above.	\$6,098.63	\$0.00	



Overseas travel substantially funded by DPI&F (continued)

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
B Turner Executive Director	Papua New Guinea	Attend the Papua New Guinea (PNG) Queensland Business Cooperation Group meeting as a member of a State Government delegation. Develop closer ties with PNG Government agencies and private agribusiness companies with a view to formalising production, processing and marketing arrangements.	\$4,102.51	\$0.00	
J Baker Chief Scientific Advisor	Canada	Influence selection of topics and keynote speakers for the International Marine Biotechnology Conference, attended by 450 scientists. Chair three sessions and attend meetings.	\$6,950.00	\$1,642.00	Private funding
P Grieve General Manager	United States of America	Represent DPI&F interests as part of the Pre-Bio2005 Mission and attend the Bio2005 Annual International Convention. Identify collaborative project opportunities with Washington State University and gain a strategic overview of current and future trends in food and agricultural biotechnology.	\$7,109,929	\$0.00	
A Berghuis Fisheries Biologist	United States of America	Attend a training course in operating hydro-acoustic equipment recently bought by DPI&F. Travel to a hydropower dam where hydro-acoustic equipment is used to quantify the survival of downstream migrating salmon. Inspect visitor facilities at fish-ways to identify opportunities to emulate these at Burnet River Dam.	\$6,000.00	\$0.00	
A Onley Senior Trade and Business Officer	Hong Kong, South Korea, Thailand and Japan	Promote Queensland goods and services exports in the areas of production technology, research and development, and value-added foods. Strengthen Government and commercial links.	\$12,961.55	\$0.00	
J Varghese Director-General	Hong Kong, South Korea, Thailand and Japan	As above.	\$12,490.00	\$0.00	
M Camargo Senior Trade and Business Officer	Japan	Manage and coordinate a DPI&F food and wine event. Coordinate all meetings relating to the Minister for Primary Industries and Fisheries' visit.	\$4,130.34	\$0.00	
J Resing Rural Information Specialist	United States of America	Conduct first hand research into the use of farm management software in the United States as part of the Rural Industry Research and Development Corporation-funded project 'Can farm management software improve the performance of farm businesses?'	\$172.63	\$0.00	Private funding (Officer recalled to duty while on leave)
N Standfast Senior Project Officer	New Zealand	Attend the Australia and New Zealand Council for the Care of Animals in Research and Teaching conference to determine best practice standard for implementing a monitoring and reporting program for users of animals for scientific purposes in Queensland.	\$2,318.14	\$0.00	

**Overseas travel substantially funded by external sources**

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
M Smith Principal Horticulturist	Malaysia	Develop blackheart-resistant pineapples and solve a major post-harvest problem that costs the Australian industry \$2.6 million annually. Attend and present a paper at a major international banana conference.	\$0.00	\$5,054.40	ACIAR
G Abawi Program Leader	Thailand	Progress the development of research into the use of climate forecasts to improve irrigation water management and achieve greater, more secure crop production.	\$0.00	\$5,913.58	ACIAR
A Douglas Experimentalist	United States of America	Characterise acquired thermotolerance in a range of sorghum genotypes from the diversified germplasm program. Acquire new skills to screen thermotolerance in seedlings to be used in a range of crop improvement programs.	\$0.00	\$8,323.97	Grains Research & Development Corporation
D Foster Extension Specialist	Thailand	Improve the economic efficiency, ecological security and social equity of shrimp farming. Adopt effective disease control programs to restore confidence in shrimp farming and contribute to farm profitability.	\$0.00	\$2,589.58	ACIAR
C Robertson Fisheries Biologist	Thailand	As above.	\$0.00	\$3,224.42	ACIAR
C Jones Senior Biologist	Vietnam	Improve the sustainability of a large, well-developed but low technology lobster grow-out industry. Address the knowledge gap that is limiting establishment of a lobster grow-out industry in Australia.	\$291.00	\$3,741.83	ACIAR, CSIRO
D McClymont Senior Project Officer	Samoa, Tonga and Tuvalu	Obtain feedback on seasonal climate forecasting software at training and development workshops as part of the 'Software development for enhanced application of climate predictions in Pacific Island countries' project.	\$0.00	\$7,838.34	Bureau of Meteorology, AusAID
M Smith Research Scientist	India	Establish grafting experiments and field trials to address citrus production constraints in Sikkim. Confirm disease presence in cooperation with a project botanist and quarantine plant pathologist. This has application to the Queensland mandarin industry.	\$0.00	\$4,241.05	ACIAR
L McKenzie Senior Research Scientist	Papua New Guinea	Provide condition and trend monitoring of fisheries habitats at regional and global levels as part of the Global Seagrass Monitoring Program, an initiative developed by the University of New Hampshire and DPI&F.	\$0.00	\$3,653.13	Cooperative Research Centre-Reef
K Murray Project Officer (Wollendi)	New Zealand	Meet with New Zealand Forest Research to discuss the laboratory phase of Wollendi pine tissue culture. This enabled further work to be done to develop protocols and operationally root and condition these cultures into saleable plants.	\$0.00	\$2,769.27	DPI Forestry
T Wilson Principal Agricultural Economist	Papua New Guinea	Review priority-setting methods for the Australian Agency for International Development-funded project 'Australian contribution to the national agricultural research system' in Papua New Guinea.	\$0.00	\$4,337.39	AusAID

Overseas travel substantially funded by external sources (continued)

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
N Hollywood Senior Microbiologist	Papua New Guinea	Assist with cocoa fermentation and drying trials and assess genotypes of cocoa for incorporation into breeding programs at the Cocoa and Coconut Research Institute. This trip was an extension of an ACIAR project involving a cocoa processing study.	\$0.00	\$3,100.00	ACIAR
H Meinke Program Leader	Brazil	Conduct a workshop as part of the major project 'Scientific capacity building/enhancement for sustainable development in developing countries programme'. Hold detailed discussions with potential investors and science collaborators.	\$0.00	\$6,458.60	Asia Pacific Network
K Robson Technician	Samoa	Undertake research activities required under the South Pacific Regional Initiative on Forest Genetic Resources in the area of clonal forestry and vegetative propagation. The primary activity was experimental work on clonal deployment of key native and exotic timber species.	\$0.00	\$4,446.71	AusAID
D Osborne Senior Research Scientist	Vanuatu	Assist rural development through identification of the optimum sandalwood genetic resources in Vanuatu and Cape York Peninsula in Queensland. Develop a tree improvement strategy that will allow small growers to access these resources.	\$0.00	\$3,018.23	James Cook University
R Clark Principal Consultant	South Africa	Conceptualise and design the proposed South African National Industries Program, which is a large agricultural and regional industry development project in South Africa based on sustainable regional industry improvement and innovation.	\$0.00	\$4,980.88	ACIAR, CSIRO
M Rimmer Senior Biologist	New Caledonia	Involve Pacific and French research, development, education and policy agencies in the provision of up-to-date information on the status of aquaculture and fisheries in the region. Assess collaborative research opportunities for Queensland agencies.	\$0.00	\$3,364.85	ACIAR
H Drummond Manager (Inforesearch)	Fiji	Provide training to the Secretariat of the Pacific Community/ Food and Agriculture Organisation of the United Nations Regional Workshop on the creation and maintenance of collections of agricultural information resources and documents. This is to establish new digital information resources for the Pacific Region.	\$751.00	\$2,328.00	Secretariat of the Pacific Community
D Freckleton Library Information Specialist	Fiji	As above.	\$751.00	\$2,328.00	Secretariat of the Pacific Community
C Hair Senior Fisheries Biologist	New Caledonia	Attend the Fourth Heads of Fisheries meeting to update staff on aquaculture progress in the Pacific region and discuss solutions to aquaculture constraints. Visit the WorldFish Centre hatchery at St Vincent.	\$0.00	\$3,574.05	ACIAR
G Kong Senior Plant Pathologist	United States of America	Attend the 16th International Sunflower Conference, a gathering of sunflower researchers from around the world. Update staff on the latest research to provide effective solutions to sunflower industry problems.	\$0.00	\$3,685.60	Australian Sunflower Association, Grain Research and Development Corporation
G Abawi Program Leader	Cook Islands	Develop seasonal climate forecasting software and promote its application in climate-sensitive industries in the Pacific region as part of an AusAID project.	\$0.00	\$2,679.00	Bureau of Meteorology, AusAID

**Overseas travel substantially funded by external sources (continued)**

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
M Hunt Principal Research Scientist	Samoa	Undertake research activities in clonal forestry and vegetative propagation as required under an AusAID project. Review experimental work and determine the next phase of experimentation towards clonal deployment of key native and exotic timber species.	\$0.00	\$3,169.39	AusAID
W Johnston Manager (Economic Services)	New Caledonia	Conduct a workshop for the heads of fisheries meeting as part of an AusAID project on: Formulating economic models for rural aquaculture and agriculture farms in the Pacific Islands.	\$0.00	\$2,984.39	Secretariat of the Pacific Community
G Wright Principal Agronomist	China	Inspect and review peanut production and processing systems in the Kaifeng region of Central China. Obtain an insight into the strengths and weaknesses of one of Australia's major trading partners and, in the case of peanuts, one of its major competitors.	\$0.00	\$4,697.65	Chinese Government
P Banks Principal Plant Breeder	China	Attend final project meeting of ACIAR project 'Wheat improvement in Sichuan Province – application of modern breeding technologies'. Identify genes that are useful in controlling agronomic traits that will be useful in the Queensland environment.	\$0.00	\$4,410.00	University of Southern Queensland
J Andrews Principal Extension Officer	Malaysia	Co-host a tropical dairybyg satellite meeting of the 11th Animal Science Congress of the Asian-Australian Association of Animal Production Sciences. Present a paper to a plenary session in the main seminar program.	\$0.00	\$1,368.88	Dairy Australia
H Meinke Program Leader	Ecuador	Make a presentation at an international workshop on 'El Niño early warning for sustainable development in Pacific Rim countries and islands'. The workshop provides national and international research communities with an overview of the current capacity of improved climate risk management in Queensland.	\$0.00	\$2,555.64	World Meteorological Organisation, US National Science Foundation, Inter-American Institute, US National Oceanic and Atmospheric Administration
D Osborne Senior Research Scientist	Vietnam	Undertake research and training activities required under the 'Vietnam mixed species silviculture' project. Activities include site-based silvicultural assessment, soils training and management of field experiments and experimental data.	\$0.00	\$2,847.96	ACIAR via The University of Queensland
J Simpson Principal Research Scientist	Vietnam	As above.	\$0.00	\$2,777.41	ACIAR via The University of Queensland
G Abawi Program Leader	Solomon Islands	Promote the application of seasonal climate forecasts in the Pacific region. Provide local staff with training to make better risk management decisions in climate-sensitive industries.	\$0.00	\$2,503.00	Bureau of Meteorology, AusAID
D Hamilton Principal Scientific Officer	Italy	Contribute to the Joint Meeting of the FAO Panel of Experts on Pesticide Residues in Food and the Environment and the WHO Expert Group on Pesticide Residues. These groups set standards for allowable pesticide residue levels in food used in international trade.	\$0.00	\$14,081.00	Food and Agriculture Organisation
M Hunt Principal Research Scientist	Fiji	Provide technical and research expertise as part of the 'South Pacific regional initiative on forest genetic resources' project. Attend and participate in the project coordinating committee meeting and regional conference of the Heads of Agriculture and Forestry Services annual meeting.	\$0.00	\$2,166.60	AusAID

Overseas travel substantially funded by external sources (continued)

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
K Robson Technician	Fiji	As above.	\$0.00	\$2,842.77	AusAID
J Sohn Environmental Scientist	Italy	Attend the EUROSSENSOR XVIII Conference and present a paper at an associated Electronic Nose workshop. Establish relationships with leading researchers involved in developing expertise using this emerging technology for intensive livestock odour research.	\$729.95	\$4,311.35	National Centre for Engineering in Agriculture
S McLennan Principal Scientist	United States of America	Participate in a collaborative project with United States scientists to improve prediction of cattle production in the tropics. Evaluate and modify a decision support model for tropical extensive grazing conditions.	\$0.00	\$5,859.85	Meat and Livestock Australia
G Dickinson Research Scientist	Vanuatu	Assist rural development by identifying the optimum sandalwood genetic resources in Vanuatu and Cape York Peninsula, Queensland. Develop a tree improvement strategy to allow small growers to access to these resources.	\$0.00	\$1,200.90	ACIAR
J Baker Chief Scientific Advisor	China and Malaysia	Attend the Millennium Assessment Planning Meeting and give lectures and seminars on natural resource management.	\$700.00	\$1,752.59	Millennium Assessment
P Leach Entomologist	Thailand	Represent Australia at the Asia-Pacific Plant Protection Commission committee and meet with plant quarantine experts from China, Indonesia, Malaysia, New Zealand and Thailand to establish guidelines for a 'Standard for determination of the non-host status of fruit commodities to fruit fly infestation'.	\$0.00	\$4,950.00	Biosecurity Australia
S Ledger Principal Extension Horticulturist	Malaysia	Initiate the development of an ASEAN Good Agriculture Practices standard. Its development will enable the harmonisation of standards across ASEAN countries and Australia, and provide an internationally recognised standard for on-farm horticultural practices.	\$0.00	\$2,569.86	AusAID, Royal Melbourne Institute of Technology
S Trueman Senior Scientist	South Korea	Assess the uptake of biotechnology methods used for forestry pines in Korea and future adoption in Queensland. This project has a direct impact on exotic pine micro-propagation and storage, and on the Wollentee pine commercialisation venture.	\$0.00	\$3,721.00	Australian Academy of Science, Korea Science and Engineering Foundation
D Lee Principal Research Scientist	United Kingdom and Portugal	Enable collaborative research with Oxford Forestry Institute in the United Kingdom into optimal matching of trees to sites. Attend the Eucalypt Breeding Conference to enhance knowledge of forestry genetics and biotechnology.	\$0.00	\$5,095.79	DPI Forestry, Selected Hardwood Improvement Joint Venture
N Rachaputi Principal Crop Physiologist	Papua New Guinea	Organise and participate in the external review meeting of the ACIAR peanut project. Develop a new ACIAR research project proposal in consultation with project scientists and administrators in Papua New Guinea.	\$0.00	\$3,382.97	ACIAR
G Wright Principal Agronomist	Papua New Guinea	As above.	\$0.00	\$3,414.09	ACIAR
B Nelson Extension Officer	Argentina	Present a plenary paper and deliver a grazing land management workshop. Participate in an information exchange about sustainable grazing systems, impacts of grazing on sediment and nutrient run-off, and extension methodologies to gain adoption of long-term sustainable grazing practices.	\$105.68	\$4,268.42	Argentinian Animal Production Association, Healthy Burdekin Catchments, Meat and Livestock Australia, Universidad Nacional del Centro

**Overseas travel substantially funded by external sources (continued)**

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
R Mayer Senior Biometrician	Papua New Guinea	Provide biometry input to the extended AusAID-funded project 'Australian contribution to a national agricultural research system in Papua New Guinea'. Help present five, three-day statistics workshops for agricultural researchers in different research organisations, and provide statistical consulting for projects.	\$0.00	\$3,971.14	URS Australia Pty Ltd
R Clark Principal Consultant	Philippines	Refine technologies and expertise for managing major industry development projects and project partnerships. Hold workshops with network partners to ensure sustainability and institutionalisation of project outcomes and technologies.	\$0.00	\$2,744.14	ACIAR
A Borrell Principal Research Scientist	United States of America and Mexico	Review the collaboration between DPI&F and three United States universities as part of an international project to discover drought-resistant genes in sorghum. Attend a meeting at Washington University to discuss Queensland's role in sequencing the sorghum genome.	\$0.00	\$5,242.96	Grains Research and Development Corporation
S Gerber Timber Engineer	Fiji	Participate in a regional workshop on coconut wood utilisation. Development of innovative, viable solutions to the problems of coconut wood utilisation has the potential to generate significant economic, social and environmental benefits for Queensland and the Asia Pacific region.	\$0.00	\$2,680.99	ACIAR
M Kennedy Program Leader	Fiji	As above.	\$0.00	\$2,347.92	ACIAR
R Broadley Program Leader	Vietnam	Develop a 'Collaboration for agriculture and rural development' AusAID program with Vietnam to increase opportunities for export of selected Queensland fruit crops.	\$0.00	\$3,777.29	Collaboration for Agriculture and Rural Development
S Fuller Senior Technical Officer	Vietnam	Undertake a pre-project visit as part of the Collaboration for agriculture and rural development (CARD) program to assist in the development of Vietnam's cocoa industry.	\$0.00	\$2,753.53	Collaboration for Agriculture and Rural Development
W Johnston Manager (Economic Services)	Samoa	Assist in the formulation of economic models for key aquaculture species in Samoa. Provide training in the application of these models to create a commercially profitable aquaculture industry and to promote economic development in the region.	\$0.00	\$3,585.93	AusAID
N Hudson Senior Environmental Scientist	United Kingdom, Netherlands and Germany	Attend and present a paper at an international odour conference hosted by the German Association of Engineers. Visit three world-renowned research institutes to discuss research results and recent advances in odour sample collection, assessment and control procedures with experts.	\$3,109.58	\$4,071.95	Australian Pork Ltd
D Jordan Senior Plant Breeder	United States of America	Participate in meetings to plan sorghum biotechnology priorities and to review and plan the progress of DPI&F's stay-green gene discovery project. Meet with United States sorghum researchers to obtain the latest research information and investigate opportunities to develop germplasm exchanges between DPI&F and United States sorghum breeding programs.	\$0.00	\$4,557.17	Grains Research and Development Corporation
K Robson Principal Technical Officer	Vanuatu	Undertake research activities required under an AusAID project in clonal forestry and vegetative propagation. Review the experimental work, assist with collection of key species and determine the next phase of experimentation towards clonal deployment of key native and exotic timber species.	\$0.00	\$4,985.01	AusAID

Overseas travel substantially funded by external sources (continued)

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
M Bell Principal Agronomist	Vietnam	Participate in the final project review of an ACIAR project investigating food safety and environmental impacts of heavy metal contaminants in recycled organic wastes. DPI&F's component of this project is helping to develop Queensland re-use guidelines.	\$0.00	\$4,272.89	ACIAR
A Collins Fisheries Biologist	Vietnam	Enable the CARD project 'intensive in-pond raceway production of marine fin fish' to be developed with collaborating agencies and industry participants.	\$0.00	\$2,855.41	Collaboration for Agriculture and Rural Development
B Pinese Senior Entomologist	Papua New Guinea	Evaluate, progress and develop new work plans for the ACIAR-funded project on the red banded mango caterpillar in Papua New Guinea.	\$0.00	\$3,894.08	ACIAR
I McCubbin General Manager	Taiwan	Advise on program design and methodology for large-scale eradication of red imported fire ants.	\$0.00	\$4,176.60	Taiwanese Government
R Clark Principal Consultant	South Africa	Contribute to a review of research and development technologies to increase beef industry productivity, market development, business improvement and innovation.	\$0.00	\$5,079.13	Cooperative Research Centre-Beef
R Stone Director	Switzerland	Lead a United Nations Commission for Agricultural Meteorology world meeting in Geneva on climate and climate application systems for profitable and sustainable farming. Meet with international research funding agencies regarding the potential for overseas investment in DPI&F's climate applications research.	\$515.40	\$5,849.01	United Nations
D Beasley Plant Pathologist	Thailand	Co-chair a reference group comprising south east Asian plant pathologists and mycologists responsible for managing biological collections in the region and who will contribute to a manual on management of the plant disease herbaria. The reference group met during the 4th Asia Pacific Mycological Congress.	\$0.00	\$2,642.11	Department of Agriculture, Fisheries and Forestry
R Shivas Senior Plant Pathologist	Thailand	As above.	\$0.00	\$3,995.55	Department of Agriculture, Fisheries and Forestry
A Maguire Technical Officer	New Zealand	Reduce methane emissions from livestock by conducting collaborative projects with AgResearch NZ. Train in the isolation and cultivation of methanogens. Present research findings at the NZ Society for Microbiology Conference.	\$0.00	\$2,483.97	Pastoral Greenhouse Gases Research Consortium
J Simpson Principal Research Scientist	Brazil	Attend a workshop on 'Site management and productivity in tropical plantations'. Present a paper on the sustainable management of subtropical pines and an overview of the softwoods project to representatives of major Brazilian forest industries.	\$0.00	\$3,448.83	Centre for International Forestry Research
J Baynes Lecturer	Philippines	Lead a University of Queensland course 'International Forestry Tour'. This course prepares students for employment by DPI&F, the Department of Natural Resources and Mines, and the Environmental Protection Agency.	\$0.00	\$2,881.00	University of Queensland
R Williams Program Leader	China	Attend the annual research programs meeting coordinated by the International Network for the Improvement of Banana and Plantain. Assess the progress of current research and development and extension projects, and formulate new collaborative projects for the region.	\$0.00	\$4,217.54	bihap

**Overseas travel substantially funded by external sources (continued)**

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
B Cook Principal Scientist	Vietnam	Provide training for livestock technicians and leading farmers in Vietnam to assist in the development of the Vietnamese beef and dairy industry.	\$0.00	\$4,981.69	Crawford Fund
J Müller Extension Officer	Vietnam	As above.	\$0.00	\$4,550.34	Crawford Fund
J Siebuhr Senior Resource Modeller	New Zealand	Attend a meeting of Research Working Group 2 – Forest Measurement and Information. Review current issues, advise on new or emerging research needs and determine research priorities for the next two years in the field of forest measurement and information.	\$0.00	\$1,728.67	DPI Forestry
J Daniells Principal Horticulturist	Samoa	Present training workshops for Samoan Advisory Officers, and present and review results of research and action plans to the Samoan Ministry of Agriculture management staff.	\$0.00	\$3,505.83	ACIAR
R Holmes Extension Horticulturist	Samoa	As above.	\$0.00	\$3,406.90	ACIAR
K Robson Principal Technical Officer	Tonga	Undertake research activities in clonal forestry and vegetative propagation. Review the state of the experimental work, assist with collection of key species and determine the next phase of experimentation towards clonal deployment of key native and exotic timber species.	\$0.00	\$4,676.64	AusAID
G Abawi Program Leader	South Korea	Progress information exchange in the field of climate application research and agricultural systems modelling with Gyeonggi Agricultural Research and Extension Services. This group was established under a <i>Memorandum of Understanding</i> between DPI&F and the Republic of Korea.	\$0.00	\$5,936.02	Gyeonggi Province Agricultural Research and Extension
P Collins Senior Entomologist	Vietnam	Review progress and provide expert advice on phosphine resistance monitoring and development of effective disinfestation protocols, and development of better food and feed storage systems for low-income farmers in Vietnam.	\$0.00	\$2,661.84	ACIAR
W Johnston Manager (Economic Services)	Samoa	Facilitate and present a consultation workshop to demonstrate the economic viability of aquaculture ventures to interested parties including government agencies, private companies, communities and significant international funding bodies.	\$0.00	\$2,250.64	AusAID, Lincoln International
E Woods Executive Director	China	Improve understanding of the Consultative Group on international agricultural research systems for international agricultural research from which Australia draws elite germplasm. Identify international priorities for research and development into farming systems involving grain.	\$0.00	\$7,293.62	International Rice Research Institute
N Raghupati Principal Crop Physiologist	Thailand	Present a keynote paper on aflatoxin management at the International Peanut Conference. Conduct a review and planning meeting with Indonesian collaborators on aflatoxin management in peanuts.	\$0.00	\$2,714.31	ACIAR



**Overseas travel substantially funded by external sources (continued)**

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
G Wright Principal Agronomist	Thailand	As above.	\$0.00	\$2,923.76	ACTAR, International Peanut Conference 2005 Organising Company
M Christopher Senior Research Scientist (Biotechnology)	United States of America	Attend a conference which will provide access to the latest developments in plant genetics and molecular techniques for application to Queensland's wheat industry and other primary industries. Showcase world-class research being undertaken at DPI&F.	\$0.00	\$5,204.00	Grains Research and Development Corporation
S Dillon Research Scientist	United States of America	Attend the International Plant & Animal Genome Conference and present a seminar to the Department of Soil and Crop Sciences at Texas A&M University. Undertake training in advanced tissue culture techniques at Texas A&M University.	\$0.00	\$6,442.42	Grain Foods Cooperative Research Centre, Grains Research and Development Corporation
W Walters Senior Molecular Biologist	United States of America	Attend and present a paper at the Plant and Animal Genome XIII conference held in San Diego. Visit collaborators at the Institute for Plant Genomics and Biotechnology at Texas A&M University.	\$0.00	\$5,866.90	Grains Research and Development Corporation
D Hamilton Principal Scientific Officer	Belgium	Contribute to the European Union (EU) Workshop on short-term dietary risk assessment for pesticide residues in food. The current consumer risk assessment process is inhibiting international trade in food, particularly for fruit and vegetables.	\$0.00	\$9,202.55	European Crop Protection Association
D Mann Fisheries Technician	Philippines	Attend the International Workshop on Culture, Fisheries and Stock Enhancement of Penaeid Crabs and visit local sites of crab production significance.	\$0.00	\$2,245.24	Collaborative Innovation Venture
C Shelley Manager (Aquaculture Policy and Management)	Philippines	Attend an international workshop on aquaculture, fisheries and stock enhancement of crabs. Present papers on a recently completed project to the workshop.	\$0.00	\$2,545.03	Fisheries Research and Development Corporation
D Foster Extension Specialist	Thailand	Undertake a scheduled project visit for the ACTAR project 'Delivery of practical disease control for small-scale shrimp farmers in Indonesia, Thailand and Australia'.	\$0.00	\$2,435.55	ACTAR
G Abawi Program Leader	Vanuatu and Solomon Islands	Fulfil contractual requirements for the AusAID project 'Enhanced application of climate predictions in Pacific Island countries'. Improve profitability and sustainability of agricultural systems through application of climate forecasting.	\$0.00	\$5,376.45	Bureau of Meteorology
H Meinke Program Leader	Japan	Attend an expert team meeting in Tokyo to finalise recommendations to the United Nations via the World Meteorological Organisation on approaches, methods and suitability of statistical measures for forecast verification.	\$81.00	\$3,800.00	World Meteorological Organisation
J Norton Senior Principal Scientist	France	Expand market access, export and trade opportunities for Queensland's primary industries.	\$0.00	\$4,268.92	Organising Committee IRG Environmental Conference 2005
J Daniells Principal Horticulturist	Papua New Guinea and Vietnam	Visit the banana genebanks in Papua New Guinea and Vietnam to assess the collections for their suitability for support by the Global Crop Diversity Trust. Provide opportunities for DPI&F researchers to collaborate with overseas banana research organisations.	\$0.00	\$5,886.94	Inihap

**Overseas travel substantially funded by external sources (continued)**

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
N Vock Senior Extension Horticulturist	Philippines	Conduct project planning and training including development of a communication plan, a project management plan, a project monitoring and performance review process, and a reporting plan for the ACIAR Philippines-Australia Landcare Project.	\$0.00	\$9,083.90	ACIAR
R Nissen District Experimentalist	Vietnam	Develop equipment suited to Asian industries to improve the logistics and quality of fruit marketed within Asia. Considerable potential exists to develop fruit crop projects in post-harvest physiology, supply chain management and marketing of high value fruit crops.	\$0.00	\$5,369.71	ACIAR
P Leach Entomologist	South Korea and Japan	Conduct a final review of the 'Application of food irradiation for food security, safety and trade' project. The project is part of a regional cooperative agreement involving 13 countries.	\$81.00	\$4,050.00	International Atomic Energy Agency
K Robson Principal Technical Officer	Samoa	Establish new clonal hedges and set cuttings of mahogany and Malili. Initiate a trial of the plants' response to slow release fertiliser and foliar fertiliser. Summarise and discuss previous nursery trial data.	\$0.00	\$3,874.77	AusAID
P Graham Fisheries Technician	Papua New Guinea	Increase tropical regions' effectiveness in addressing issues, problems and opportunities associated with tropical aquaculture.	\$81.00	\$1,508.53	ACIAR
B Herbert Fisheries Biologist	Papua New Guinea	As above.	\$81.00	\$1,938.00	ACIAR
J Ovenden Fisheries Biologist	Indonesia	Attend the Second Coordination Meeting and Stock Assessment Workshop of the ACIAR project 'Artisanal shark (local fisheries) and ray fisheries in eastern Indonesia'. Conduct collaborative laboratory work at the Gondol Research Station's DNA facility.	\$82.00	\$2,003.50	ACIAR, CSIRO
R Street Fisheries Technician	Indonesia	As above.	\$0.00	\$2,085.50	ACIAR, CSIRO
W Johnston Manager (Economic Services)	New Caledonia	Develop decision support tools (bio-economic models) for marine fin fish aquaculture in Queensland. Link ongoing DPI&F and ACIAR-funded research and development with market studies for the live reef food fish trade to provide a whole-of-value-chain approach to marine fin fish aquaculture.	\$0.00	\$2,767.29	ACIAR
N Rachaputi Principal Crop Physiologist	Papua New Guinea	Inspect field trials and assess progress in ACIAR peanut project activities. Develop a collaborative partnership strategy for a new ACIAR peanut project proposal.	\$0.00	\$3,695.96	ACIAR
G Wright Principal Agronomist	Papua New Guinea	As above.	\$0.00	\$3,583.79	ACIAR
M Rimmer Senior Biologist	New Caledonia	Investigate supply, demand and market chain issues for high-value marine fin fish products. Evaluate the likely increase in production of high-value marine fin fish through aquaculture, and the likely impacts on market supply and price.	\$0.00	\$2,582.90	ACIAR
T Wilson Principal Agricultural Economist	Papua New Guinea	Assist in the development of a priority-setting procedure for the National Agricultural Research Institute and recommend ways of assessing research needs.	\$0.00	\$5,373.52	AusAID

**Overseas travel substantially funded by external sources (continued)**

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
W Knibb Principal Biologist	New Caledonia	Tour New Caledonian prawn industry and science facilities as part of a DPI&F and APFA delegation. Assess the risks and benefits of closer cooperation to improve the position of Queensland's prawn industry.	\$81.00	\$2,348.62	Commonwealth and French Governments
G Abawi Principal Horticulturist	Cook Islands and Fiji	Develop seasonal climate forecast software and promote its application in climate sensitive industries in the Pacific region. Conduct training and stakeholder workshops to identify potential users of the software.	\$0.00	\$2,580.94	Bureau of Meteorology
A Baxter Manager Nurseries	United States of America, United Kingdom and Germany	Conduct on-site audits of selected licensees and growers of Wollemi pine and train staff. Audits supported the selection of the Proven Winners Group as suitable licensees.	\$0.00	\$5,485.72	DPI Forestry
M Smith Principal Horticulturist	Fiji	Establish links with the Fijian Ministry of Agriculture, Sugar and Land Resettlements and the Secretariat of the Pacific Community. Create research, development and extension partnerships and frameworks. Appraise the Fijian ginger industry and visit and interview people involved in all aspects of the supply chain.	\$0.00	\$2,446.85	ACIAR
C Jennings Principal Policy Officer	United States of America	Review the latest fire and research and development results, treatments and prevention measures in Florida and Mississippi. Promote Queensland's eradication success at a fire ant conference.	\$1,251.08	\$13,762.01	Department of Agriculture, Fisheries and Forestry
I McCubbin General Manager	United States of America	As above.	\$1,671.00	\$17,215	Department of Agriculture, Fisheries and Forestry
A Hamilton Extension Officer	New Zealand	Evaluate shearer and wool handler training resources in Australia for Australian Wool Innovation. Help develop a database of Australian and New Zealand training resources to establish those suitable for industry training.	\$0.00	\$1,500.00	Australian Wool Innovation, Cooperative Research Centre-Sheep
D Foster Extension Specialist	Thailand	Consolidate prawn health protocols that span the Australasia Pacific region. Contribute to the current development of extension material including the development of the Australian Prawn Health manual for Australian prawn farmers.	\$0.00	\$2,249.73	ACIAR
I Last Manager	Vietnam	Assess the 'five million hectares reforestation program' in Vietnam and opportunities that exist for Queensland to commercially develop high-value conifer hybrids for the project.	\$0.00	\$4,943.17	DPI Forestry
J Simpson Principal Research Scientist	Vietnam	As above.	\$1,036.16	\$1,285.43	DPI Forestry
E Coleman Senior Extension Officer	Papua New Guinea	Assess yield decline and pest management in sweet potatoes in Papua New Guinea (PNG) as the first stage in the development of a collaborative research program between PNG and DPI&F.	\$0.00	\$5,080.82	ACIAR
J Malby Senior Extension Horticulturist	Papua New Guinea	As above.	\$0.00	\$5,460.64	ACIAR

**Overseas travel substantially funded by external sources (continued)**

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
S Ledger Principal Extension Horticulturist	Thailand	Participate in a workshop involving representatives from six Asian countries and Australia to develop an ASEAN Good Agricultural Practice (GAP) standard. Ensure harmonisation with Australian GAP schemes, preventing the creation of barriers to trade and enabling on-going access to ASEAN markets.	\$0.00	\$2,589.86	AusAID, Royal Melbourne Institute of Technology
E Woods Executive Director	Philippines	Attend a board meeting and committee meetings of the International Rice Research Institute. Review the future direction of the Consulate-General for International Agricultural Research (CGIAR) which provides germplasm to Queensland.	\$0.00	\$7,100.00	International Rice Research Institute
M Hunt Principal Research Scientist	Vietnam	Provide training for Vietnamese staff at forestry research centres facilities in Bai Bang as part of the ACIAR 'Mixed species silviculture' project.	\$0.00	\$5,961.36	AusAID
D Osborne Senior Research Scientist	Vietnam	As above.	\$0.00	\$2,641.14	AusAID
R Jordan Principal Physiologist	Philippines	Initiate a project on mango pest management and supply chain improvement. Brief provincial political leaders about the project and establish ties with a related mango disease management project.	\$0.00	\$3,010.35	ACIAR
R Mayer Senior Biometrician	Papua New Guinea	Provide specialist biometrical services (consulting, data analysis and training) to the AusAID-funded project 'Australian contribution to a national agricultural research system for Papua New Guinea'.	\$0.00	\$4,251.04	URS Australia Pty Ltd
R Dixon Principal Scientist	New Zealand	Participate in the Twelfth International Conference in Near-Infrared Spectroscopy (NIR). Present a paper at the conference on current research being conducted using NIR technology to better understand the nutrition of cattle grazing tropical pastures.	\$0.00	\$2,995.29	Meat and Livestock Australia
D Ouwerkerk Senior Scientist	United States of America and Canada	Attend the 2005 Conference on Gastrointestinal Function in Chicago. Present a paper on fibrolytic bacteria isolated from the fore-stomach of kangaroos. Visit the laboratories of two of the Rumen Ecology Unit's international collaborators.	\$0.00	\$5,439.98	Meat and Livestock Australia
C Akem Plant Pathologist	Philippines	Conduct the first project visit for the 'Management of post-harvest diseases of subtropical and tropical fruit using their natural resistance mechanisms' project. Select project activity field sites and present and discuss interim results from Australia with collaborators.	\$0.00	\$2,929.80	ACIAR
F Wylie Principal Research Scientist	New Zealand	Develop a response plan for dealing with an incursion of the exotic Asian gypsy moth into Australia. Hold discussions with New Zealand officers involved in a recent incursion in Hamilton. Information and documentation obtained will be used to prepare Australia's response plan to this pest.	\$0.00	\$2,329.74	Department of Agriculture, Fisheries and Forestry
B Herbert Fisheries Biologist	Papua New Guinea	Foster greater inter-agency cooperation between the Papua New Guinea (PNG) National Fisheries Authority, Ok Tedi Mining Ltd and DPI&F to enhance our role as a leader in tropical fisheries science. Use Queensland technologies and techniques for species shared with PNG.	\$0.00	\$1,755.63	ACIAR, Ok Tedi Mines

Overseas travel substantially funded by external sources (continued)

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
G Abawi Program Leader	Niue	Develop seasonal climate forecast software and promote its application in climate sensitive industries in the Pacific region. Conduct training and stakeholder workshops to identify potential users who would benefit from this information.	\$0.00	\$4,413.00	Bureau of Meteorology
N Gribble Senior Biologist	United States of America	Participate as the Australian representative and expert panel member at the Ecosystem Science and Management Planning workshop.	\$0.00	\$4,130.32	Western Pacific Regional Fisheries Management Council
A Burrell Principal Research Scientist	Taiwan	Present a keynote speech at the Chinese Society of Agronomy Annual Conference. Meet Taiwan's leading crop scientists and discuss ways to increase the interaction between scientists in Queensland and Taiwan.	\$601.10	\$3,635.50	Chinese Society of Agronomy
C Hair Senior Fisheries Biologist	Fiji	Meet the Secretariat of the Pacific Community and WorldFish Centre to discuss collaboration in the development of sea cucumber aquaculture in northern Australia as part of the ACIAR project 'Sustainable aquaculture development in Pacific Islands region and northern Australia'.	\$0.00	\$1,966.20	ACIAR
G Pegg Research Scientist	South Africa	Deliver a paper on 'Diseases in plantation forestry in Queensland'. A collaborative research program has been developed studying the biology of the pathogen <i>Quambalaria eucalypti</i> and the threat this disease poses to Australian plantation species.	\$1,545.13	\$3,356.35	DPI Forestry, Forestry and Agriculture Biotechnology Institute (So)
G McLean Senior Research Scientist	United States of America, France, Netherlands and United Kingdom	Assess scientific advances that will lead to increased proficiency in plant breeding for variable environments. Queensland's economy will become more efficient through better-adapted crop varieties.	\$0.00	\$10,694.99	Agricultural Production Systems Research Unit, CSIRO
G Mills Principal Development Extension Officer	Papua New Guinea	Review and progress the ACIAR project 'Improving yield and economic viability of pearl production in Papua New Guinea and Australia'. Conduct field activities, develop publications, liaise with project collaborators and develop further ACIAR project work.	\$0.00	\$3,731.86	ACIAR
J Reberger Manager	Taiwan	Provide advice on the operational management of the Taiwanese Fire Ant Eradication Program. Successful eradication in Taiwan is important to reduce the risk of re-infestation in Queensland as Taiwan is one of our major trading partners.	\$0.00	\$6,670.00	Taiwan Government
H Field Principal Veterinary Epidemiologist	Philippines	Provide expert training to the AusAid-funded workshop 'Strengthening animal health management and biosecurity in Asia' which aims to enhance the capability of ASEAN countries to manage risks to the biosecurity of livestock industries by strengthening capabilities in risk analysis, disease surveillance and animal health information management.	\$82.00	\$4,118.00	ACIAR
I Francis Technician	India	Present research on above-ground timber durability at an international conference on wood preservation. Establish a research network.	\$0.00	\$4,461.88	Cooperative Research Centre-Wood Innovations

**Overseas travel substantially funded by external sources (continued)**

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
C Jones Senior Biologist	Vietnam	Discuss the ACIAR project 'Sustainable tropical spiny lobster'. DPI&F has a major role in developing suitable husbandry practices to enhance survival and growth of juvenile lobsters in the Vietnam cage culture industry. Technology will be transferred to develop an equivalent industry in Queensland.	\$0.00	\$3,793.53	ACIAR
R Stone Director	United Kingdom	Provide input and present to an international meeting on future climate impacts on world food security at The Royal Society in London. Greater understanding of future climate impacts on crop production have been made through high-level scientific interactions gained at this meeting.	\$501.54	\$3,812.73	The Royal Society
P DeVoil Senior Scientist	France, Netherlands, United Kingdom and United States of America	Re-affirm DPI&F's position as a world leader in simulation modelling. Gain greater insight into new technologies and form partnerships with world-leading research organisations.	\$0.00	\$10,784.21	Agricultural Production Systems Research Unit, CSIRO
H Meinke Program Leader	Switzerland and Ecuador	Review the latest information on climate risk management trends and deliver two keynote papers to international audiences.	\$0.00	\$6,309.00	Asian Pacific Network, World Meteorological Organisation, System for Analysis Research and Training, European Geosciences Union, University of Sao Paulo
E Woods Executive Director	Malaysia	Attend a training course provided for new board members of the International Agricultural Research Centre, sponsored by the United Nations through the World Bank.	\$0.00	\$4,555.40	International Rice Research Institute
G Abawi Program Leader	New Zealand, Samoa and Tonga	Conduct training and stakeholder workshops to identify potential users of seasonal climate forecast software. Promote its application in climate sensitive industries in the Pacific region.	\$0.00	\$6,138.00	Bureau of Meteorology
A Klieve Principal Scientist	New Zealand	Discuss a collaborative project on reducing greenhouse gas emissions from livestock with AgResearch.	\$0.00	\$1,739.60	Pastoral Greenhouse Gases Research Consortium
B Paterson Senior Research Scientist (crab aquaculture)	Vietnam	Compare results with collaborators working on mud crab feeding in Vietnam. Gather information for a farming manual and discuss opportunities for genetic selection. This benefits crab aquaculture development in Queensland by focusing on increasing production efficiency and competitiveness.	\$0.00	\$2,716.62	ACIAR
M Rimmer Senior Biologist	Indonesia	Undertake collaborative research on aquaculture of high-value marine fin fish species as part of an ACIAR project. Collaborative work with Bali laboratories includes research into larval rearing technologies for coral trout, and development of improved grow-out diets.	\$0.00	\$3,189.49	ACIAR
R Cotes Principal Scientist	Indonesia	Attend an Indonesian workshop on a global seagrass monitoring program. Provide training in tracking changes in fisheries habitats. Trial monitoring methods including online data entry.	\$0.00	\$2,638.26	Cooperative Research Centre- Reef
I McKenzie Senior Research Scientist	Indonesia	As above.	\$0.00	\$1,738.27	Cooperative Research Centre- Reef
D Russell Principal Fisheries Biologist	Indonesia	Present a paper at the World Aquaculture 2005 conference. Showcase DPI&F's expertise in marine fish stock enhancement and learn about recent international advances relevant to Queensland fisheries.	\$0.00	\$2,867.50	Johnstone Shire Stocking Association

**Overseas travel substantially funded by external sources (continued)**

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
B Cook Principal Scientist	Vietnam	Deliver training in animal nutrition to dairy industry personnel in Vietnam, focussing on improvement of forage quality and silage production techniques. Discuss trade opportunities.	\$0.00	\$3,921.86	Crawford Fund
I Last Manager	China	View the implementation of the National Forest Policy Program in China, which has resulted in a rapid expansion in reforestation activities of fast-growing high yielding plantations. Opportunities exist for commercial collaboration involving Queensland-developed high value conifer hybrids.	\$0.00	\$3,363.10	DPI Forestry, University of Queensland
R Warren Extension Officer	Vietnam	Deliver training in animal nutrition to dairy industry personnel in Vietnam, focusing on improvement of forage quality and silage production techniques. Discuss trade opportunities.	\$0.00	\$3,960.18	Crawford Fund
P Graham Fisheries Technician	Papua New Guinea	Develop technologies and techniques for aquaculture of Queensland species shared with Papua New Guinea.	\$0.00	\$1,232.41	ACTAR
R Goebel Development Horticulturist	Samoa	Visit Samoa for the ACTAR project 'Developing tropical horticulture in remote communities'. Conduct farm visits and workshops to assist in development of the Samoan Crops Advisory services. This project can be directly related to remote communities in Queensland.	\$0.00	\$5,269.40	ACTAR
C Hair Senior Fisheries Biologist	Fiji	Transfer technology for the capture and culture of pre-settlement reef species. This work is associated with the ACTAR project 'Sustainable aquaculture development in Pacific Islands region and northern Australia'.	\$0.00	\$2,982.63	ACTAR
Y Diezhalis Senior Research Scientist	China and Taiwan	Attend and present at a mini-symposium on lychee and longan production in South China. Participate in a study tour of Chinese and Taiwanese lychee and longan growing areas.	\$0.00	\$4,541.19	Horticulture Australia Limited
A Baxter Manager Nurseries	Japan	Deliver training, manuals and detailed discussions on all aspects of Wollemi pine growing to individuals and group seminars.	\$0.00	\$3,592.78	DPI Forestry
D Loeb Principal Scientist	New Zealand	Present papers on the New Zealand use in of cool-growing, warm season grasses from Australia.	\$0.00	\$1,566.00	New Zealand Sports Turf Institute
R Smith Development Extension Officer	United States of America	Assist Queensland cotton growers to better target new and existing markets, remain internationally competitive, strengthen business adaptability and build more profitable primary industries.	\$0.00	\$16,010.99	Rural Press Queensland
M Hunt Principal Research Scientist	Fiji and Tonga	Conduct new project work for the 'South Pacific regional initiative on forest genetic resources' project.	\$0.00	\$5,880.99	AusAID
K Robson Principal Technical Officer	Fiji and Tonga	As above.	\$0.00	\$5,427.05	AusAID
J Kopinski Senior Research Scientist	Vietnam	Plan the in-vivo and in-vitro work components of the ACTAR project that is addressing better use of local feeds.	\$0.00	\$3,447.49	ACTAR
M Rimmer Senior Biologist	Vietnam and Thailand	Undertake collaborative research on aquaculture of high-value marine fin fish species as part of the ACTAR project 'Improved hatchery and grow-out technology for marine fin fish aquaculture in the Asia-Pacific region'.	\$0.00	\$4,096.54	ACTAR

**Overseas travel substantially funded by external sources (continued)**

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
R Shivas Senior Plant Pathologist	Thailand	Attend a workshop on enhanced surveillance for plant pests including sessions on international standards, planning and timing of surveys, collection techniques and statistical methods in survey design.	\$0.00	\$3,754.05	Department of Agriculture, Fisheries and Forestry
G Abawi Program Leader	Cook Islands, Fiji and Kiribati	Conduct training and stakeholder workshops on seasonal climate forecast software. Promote application of the software in climate sensitive industries in the Pacific region.	\$0.00	\$5,600.00	Bureau of Meteorology
R Dietzgen Principal Biotechnologist	United States of America	Attend two international conferences in plant biotechnology and virology in the United States. Strengthen existing research and development partnerships and forge new collaborations.	\$954.70	\$3,768.64	Cooperative Research Centre for Tropical Plant Protection, Australian Research Council
T Jensen Agricultural Engineer	United Kingdom and Sweden	Attend the 4th European Conference on Precision Agriculture to enable development of international networks and collaborative projects on remote sensing, crop modelling, on-header monitoring and the use of low-cost, unmanned aerial platforms.	\$0.00	\$8,231.59	Grains Research and Development Corporation
B Pinese Senior Entomologist	Philippines	Progress the ACIAR project 'Integrated pest management and supply chain improvement for mangoes in the Philippines and Australia' to rationalise the heavy use of pesticides in mango production.	\$0.00	\$2,806.36	ACIAR
G Waite Principal Entomologist	Philippines	Progress the ACIAR project 'Integrated pest management and supply chain improvement for mangoes in the Philippines and Australia' to rationalise the heavy use of pesticides in mango production.	\$0.00	\$1,013.02	ACIAR
B Herbert Fisheries Biologist	Papua New Guinea	Visit Fly River tributaries to increase awareness of environmental impacts of mining on aquatic and riparian fauna and flora, giving insights into management issues for sustainable development and management issues applicable to Queensland.	\$0.00	\$1,859.87	ACIAR
J Noller Trade and Business Officer	Japan	Interview manufacturers, distributors, growers and researchers identified as potential customers of nune (stone fruit and products) or participants in supply and manufacturing alliances.	\$0.00	\$1,448.90	Rural Industries Research and Development Corporation
B Topp Principal Plant Breeder	Japan and Taiwan	As above.	\$0.00	\$7,277.75	Rural Industries Research and Development Corporation
X Zhang Research Scientist	Indonesia	Develop climate application and risk management tools to enhance agricultural sustainability and farming resilience in developing countries where the agriculture and water resources sectors are vulnerable to extremes of climate variability and climate change.	\$0.00	\$1,861.27	ACIAR

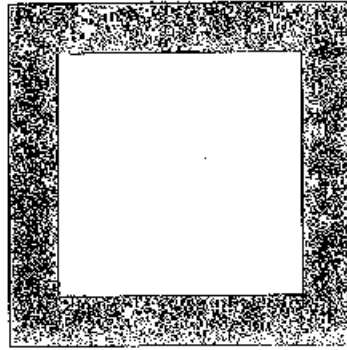


Overseas travel substantially funded by external sources (continued)

Name of officer and position	Destination	Reason for travel	DPI&F cost	Contribution from other agencies or sources	Contributing agency
M Bickman Senior Development Extension Officer	United States of America	Attend an agro-ecology, integrated pest management and sustainable agriculture international short course hosted by Michigan State University (MSU). Visit MSU research sites: Kellogg Biological Station, a long-term ecological research site, and conventional/organic orchards.	\$0.00	\$8,744.24	Australian Cotton Cooperative Research Centre, Cotton Research & Development Corporation
M Callow Research Scientist	United Kingdom and Ireland	Visit international research development and extension organisations and attend the an International Grassland Congress in Ireland. Gain a broader knowledge of factors affecting production and profitability of pasture-based farming systems.	\$0.00	\$8,655.51	AW Howard Trust, Dairy Australia
T Hall Senior Scientist	United Kingdom and Ireland	Participate in an International Grassland Congress in Ireland, and present a paper on sustainable land use in the eucalypt woodlands of Queensland. Visits farms where external social, environmental and subsidy issues influence farmers' decisions on land management.	\$0.00	\$8,250.00	AW Howard Trust, Meat and Livestock Australia
R Clark Principal Consultant	South Africa	Attend project workshops and meetings to report on project performance and set targets with municipal and provincial agricultural industry development staff. Conduct negotiations for new projects.	\$0.00	\$5,064.11	Cooperative Research Centre Cattle and Beef Quality
P Tuon Technical Coordinator [Research Services]	United States of America	Attend the Southern Forest Tree Improvement Conference to obtain research results and review emerging technologies associated with southern pines. Inspect trials of Queensland-bred hybrid pines and discuss management with potential clients.	\$0.00	\$5,723.76	DPI Forestry
E Akiew Senior Plant Pathologist	Philippines	Attend a workshop on biofumigation used to control soil-borne diseases of tropical vegetables. DPI&F's project on biofumigation has demonstrated 'proof of concept' for suppression of bacterial wilt of solanaceous crops using biofumigation.	\$0.00	\$1,440.00	ACLAR
D Cobon Principal Research Scientist	United Kingdom, Ireland and United States of America	Present two papers at an International Grasslands Congress in Ireland. Discuss, develop and investigate opportunities for emerging forecast systems with renowned climate scientists.	\$0.00	\$10,965.76	AW Howard Trust, Gascoyne Murchison Strategy, Land, Water and Wool
F Hamacek Laboratory Technician	United States of America	Attend the Annual Meeting of the Hawaii Fruit Fly Area-Wide Pest Management Program and present a paper on the management program in the central Burnett area. Promote DPI&F's research, and interact with researchers from Asia Pacific countries.	\$0.00	\$5,711.79	Horticulture Australia Limited

## Appendix 7: Definitions

Term	Definition	Term	Definition
ACIAR	Australian Centre for International Agricultural Research	Extension	Use of social processes to assist target clients to change practices
ASEAN	Association of South East Asian Nations	FACC	Fire Ant Control Centre
Agribusiness	Encompasses farming, fisheries, forestry, food and fibre processing, and agriculturally related businesses that supply farm inputs (such as fertiliser or equipment) or are involved in the marketing of farm products (such as warehouses, processors, wholesalers, transporters and retailers)	Genebank	Collection of plant genetic resource material as either seed or living plants
Bioactive compounds	Biologically active; a substance having an effect on living tissue	Germplasm	Genetic material, especially its specific molecular and chemical constitution, that comprises the physical basis of the inherited qualities of an organism
Biopesticides	Selected organisms (typically pathogens) or compounds derived from living organisms that are applied against pests (weeds, insects, micro-organisms). While effective against target pests, biopesticides typically have little or no impact on non-target organisms, humans or livestock, and are generally less disruptive of ecosystems than chemical pesticides	GMO	Genetically modified organisms
Biosecurity	Protecting favourable pest and disease status and enhancing access to international markets by managing risks presented by pests and diseases of animals and plants, animal welfare matters, and chemical and contaminant risks	IRG	International Research Groups on Wood Products
Biotechnologies	Application of science and technology to living organisms to alter living or non-living materials for the production of knowledge, goods and services	Land parcel	A land parcel is an area of land which has either a real property or administrative description, described in the digital cadastral database administered by the Department of Natural Resources and Mines and denotes location and has links to ownership of the land. A property may consist of one or more land parcels or there may be multiple properties on one land parcel.
Broodstock	Parental stock of animals and fish, that are born and reared together	Mycotoxins	Poisons produced by moulds (microscopic fungi) growing in feedstuffs
Chemical residues	Those chemicals in food and fibre not intended to be present and which are left over from some process in the production of food or fibre	Nematode	Elongated cylindrical worms parasitic in animals or plants, or free-living in soil or water
Citrus canker	An exotic bacterial disease of citrus	NLLS	National Livestock Identification System
Coccidiosis	Common and costly disease in poultry. The death rate may be high, both in chicks and in adults	Output	Discrete products or services produced by DPI/FI for external clients with funding from the State Government
DNA	Deoxyribonucleic acid – the chemical chain that carries the genetic instructions for making a living organism	Parent Entity	Non-commercial business groups (i.e. excludes DPI Forestry commercial) of the department
DPI Forestry	The department's commercial business group responsible for managing forest production from state-owned forests on a sustainable basis	Peri-urban	Urban fringe
DPI/FI	Department of Primary Industries and Fisheries	REID	Research and development
Enabling technologies	Technology platforms that can be applied to an array of scientific endeavours to improve the effectiveness of science	Revolutionary science	Revolutionary science involves new technologies and new approaches to establishing new industries
		RSPCA	Royal Society for the Prevention of Cruelty to Animals
		Rumen bolus	A capsule of ceramic or inert material containing a radio frequency transponder that is inserted into the rumen of cattle through the mouth using an application device. A key component of NLLS
		SET	The department's Senior Executive Team
		Smart State vision	Go to <a href="http://www.smartstate.qld.gov.au">www.smartstate.qld.gov.au</a>
		Transformational technologies (e.g. biotechnologies)	The next generation of science and technology



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