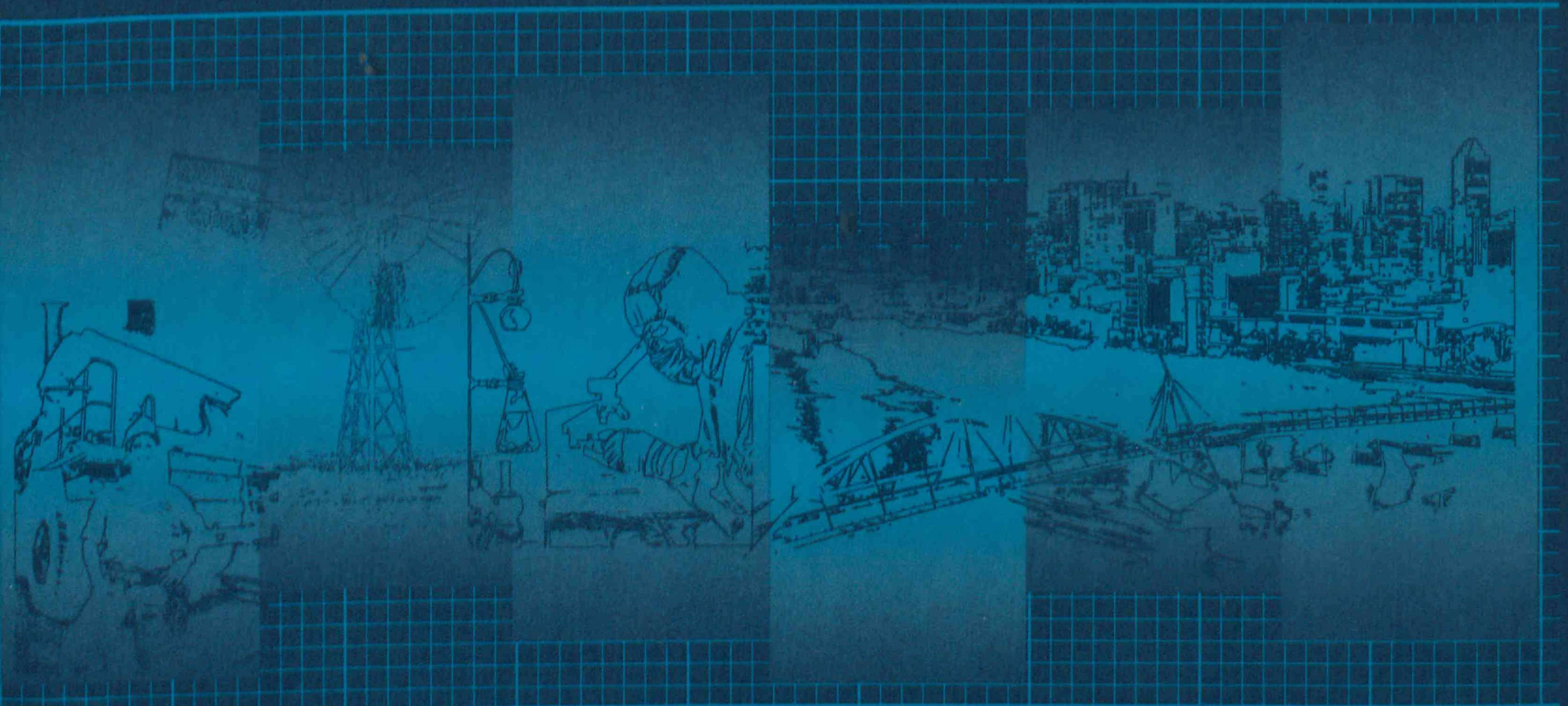


Annual Report 2002-03

Department of Primary Industries



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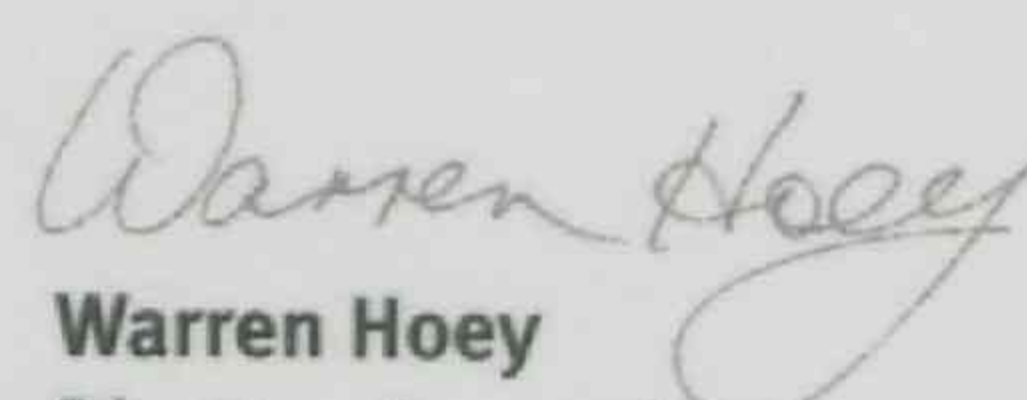
The Honourable Henry Palaszczuk MP
Minister for Primary Industries and Rural Communities
Primary Industries Building
80 Ann Street
Brisbane Qld 4000

Dear Minister

In accordance with the *Financial Administration and Audit Act 1977, s39(1)(a)*, I am pleased to present to you a written report on the operations of the Department of Primary Industries for the financial year 2002–03.

This annual report outlines the department's progress and achievements against the strategies in the Corporate Plan 2002–07.

Yours sincerely


Warren Hoey
Director-General

Communication objectives

This annual report:

- fulfils state government reporting requirements
- provides a general and strategic overview of departmental activities and achievements
- provides performance, financial and statistical data.

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

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

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

Feedback on this report is welcome from all readers. Please send your comments to:

Strategy and Performance
Department of Primary Industries
GPO Box 46
Brisbane Qld 4001

E-mail: donna.mcgregor@dpi.qld.gov.au

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From the Director-General



Over the past year, the effects of one of Australia's worst droughts on record have impacted significantly on our many primary producers, their families and rural communities. The department has worked continuously to provide support and financial assistance to rural Queenslanders during the drought, as well as managing towards successful drought recovery. Advances in climate and climate applications research undertaken by DPI means producers can now operate their businesses with more reliable information on rainfall, temperature, frost and streamflow probabilities.

More and more, emphasis is being placed on ecologically sustainable production for the long-term future of primary industries. During 2002–03, we continued to harness our expertise in natural resource management, research, development, extension and biosecurity to:

- stimulate the diversity of primary industries, by helping industry to take advantage of opportunities in market-driven production and processing
- assist Queensland producers to use sustainable practices and technologies for our natural resource base
- enhance the biosecurity of Queensland's primary industries
- work with rural communities to build capacity to achieve prosperity and self-reliance
- position Queensland as a leader of primary industries research and development.

Our performance in these areas is linked to the government's priorities to deliver better outcomes for Queenslanders. We have six key strategies that support DPI's specific outcomes of smart food and fibre systems and products, ecologically sustainable use of natural resources, and capable rural communities.

Some of the major areas on which we focused our attention during the year include:

- working closely with the departments of State Development, Premier and Cabinet, Natural Resources and Mines, and the Environmental Protection Agency on vital issues including the restructure of the sugar industry and the Reef Water Quality Protection Plan
- taking steps towards securing the sustainability of Queensland's natural resources, with major investment in hardwood plantations to replace harvesting in native forests, and new legislation to protect the biodiversity of our valuable fisheries
- making a concerted effort to respond to the government's priority to improve the economic and social conditions of Indigenous communities. We have stationed staff in Cape York to work with Traditional Owners and Indigenous communities to develop and implement sustainable projects with a focus on the agricultural, fishing and forestry sectors, including community capacity building.

To further guide our strategic direction and focus our attention in the coming years, DPI undertook its most extensive program of stakeholder consultation—from producers and natural resource management groups to urban and rural consumers.

This valuable feedback will continue to inform the work we do and guide our strategic direction. Together with our long-standing reputation for excellence, our partnerships and our highly skilled workforce, DPI will continue to shape and deliver outcomes for a better quality of life for all Queenslanders.

A handwritten signature in blue ink, appearing to read 'W. Hoey'.

Warren Hoey
Director-General

Our vision

Our vision is for a better quality of life for all Queenslanders — a quality of life supported by innovative, world-class food and fibre industries, by responsible and ecologically sustainable use of our state's natural resources, and by capable and self-reliant rural communities.

And our vision is our specific commitment to the realisation of the priorities of the Queensland Government:

- more jobs for Queenslanders — skills and innovation — the Smart State
- valuing the environment
- safer and more supportive communities
- building Queensland's regions
- community engagement and a better quality of life.

Our business

Our business is about:

- science, innovation and the commercial uptake of new technology by our food and fibre industries
- food integrity (securing the safety, quality, ethical and environmental credentials of our food)
- smart, market-driven food and fibre production
- ecological, sustainable use of natural resources
- capable rural communities achieving prosperity and self-reliance through successful rural businesses.

Our values

Our work is underpinned by organisational values that show our determination to:

- work collaboratively with our partners, clients and stakeholders
- provide professional and independent advice
- accept responsibility for our actions
- respect differences, and encourage honest and open communication
- foster personal growth, professional development and learning
- maintain a healthy balance between our work and private lives.

Senior executive team and organisational structure

Director-General

Warren Hoey

PhD, M. Ag. Studies, B.V.Sc. (Hons)



Deputy Director-General

Terry Johnston

M.Nat.Res., B.Sc. (Forestry),
Dip. Forestry, FAIM



Deputy Director-General

Peter Neville

B. Econ (Hons)

Queensland Fisheries Service

QFS safeguards the future of Queensland's fisheries, while balancing the needs of all fishing sectors and the community through:

- fisheries and habitat management
- fisheries licensing and permitting
- compliance through the Queensland Boating and Fisheries Patrol.



Executive Director

Dr Rosemary Clarkson

PhD, B.Sc, Grad. Dip. Manage.,
Dip. Teach., MASM,
MAICD, FAIM

Agency for Food and Fibre Sciences

AFFS is DPI's research and development arm, delivering innovative solutions along Queensland's food and fibre chain to meet consumer and community expectations.

It collaborates with over 150 organisations and is involved in 900 research projects annually, focused on:

- strategic technology development
- ethical resource use
- product innovation and customisation.



Executive Director

Kevin Dunn

B.V.Sc. (Hons)

Animal and Plant Health Service

APHS is responsible for:

- surveillance, control and emergency response for animal and plant pests and diseases
- promotion and monitoring of responsible chemical usage, acceptable food safety and animal welfare standards
- technical and administrative services such as livestock brands and drought or natural disaster management.



Executive Director

John Skinner

B.A., M.Bus., Certif Mgt,
CMAHRI

Corporate Performance

Corporate Performance provides integrated corporate positioning, planning, performance and governance systems and services for DPI, including:

- strategy and performance processes and systems
- workforce capability frameworks and strategies
- integrated information and knowledge systems and processes
- risk, legal and contract management services
- financial and asset planning and management.



Executive Director

Ron Beck

MBA, B.Sc. (Forestry) (Hons),
B.Sc., Dip. Comp. Sc.

DPI Forestry

DPI Forestry manages and markets state-owned forest products to earn commercial returns within a sustainable development framework. DPI Forestry supplies 82 per cent of the domestically produced log timber used each year by Queensland's timber processing industry. Products include:

- exotic pine, araucaria and hardwood plantations
- native hardwood and cypress
- quarries
- forest services.



Chief Scientist

Dr Joe Baker

AO, OBE, FTSE, M.Sc., PhD;
FRACI, C.Chem

Office of the Chief Scientist

OCS positions and profiles Queensland food and fibre science, technology and innovation through:

- science leadership, including strategic advice on innovative science and technologies and policy development and review
- promotion of science and capabilities
- science collaboration and coordination of international research activities
- assessment of heritage values of DPI assets.



Executive Director

John Pollock

M. Agric.Sc., Q.Dip.Ag.

Policy Analysis and Industry Development

PAID is responsible for:

- strategic issues and initiatives that influence the food and fibre supply chain, and industry and community development at a national, state and regional community level
- national, state and international policy development, particularly regarding industry change and reform
- alignment of sustainable resource management, sustainable production systems and community expectations.



A/Executive Director

Janet Stone

B.A., B.Ed.

Rural Industry Business Services

RIBS offers services to increase development activity in rural business and primary industries, including:

- trade and business development
- rural development and industry assessments
- capacity building and developing skills in business, finance, leadership, rural innovation and designing and managing change
- financial counselling for producers
- information and communication services.

Office of Rural Communities

ORC provides a valuable link between the Queensland Government and rural and remote communities through:

- community-based partnerships
- informing government decision makers of current and emerging issues impacting on rural Queensland.



Executive Director

Dr Peter White

B.A., B.Agr.Sc., M.Agr.Sc., MBA,
PhD., FAICD

Strategic Projects

This group works on key corporate issues including:

- sustainability for agricultural production
- international business policy and strategy
- triple bottom line development for Cape York Peninsula
- the challenges of the urban/rural interface
- ramifications of climate change for regional communities.

Office of the Director-General

Directors of Regional Services

Internal Audit

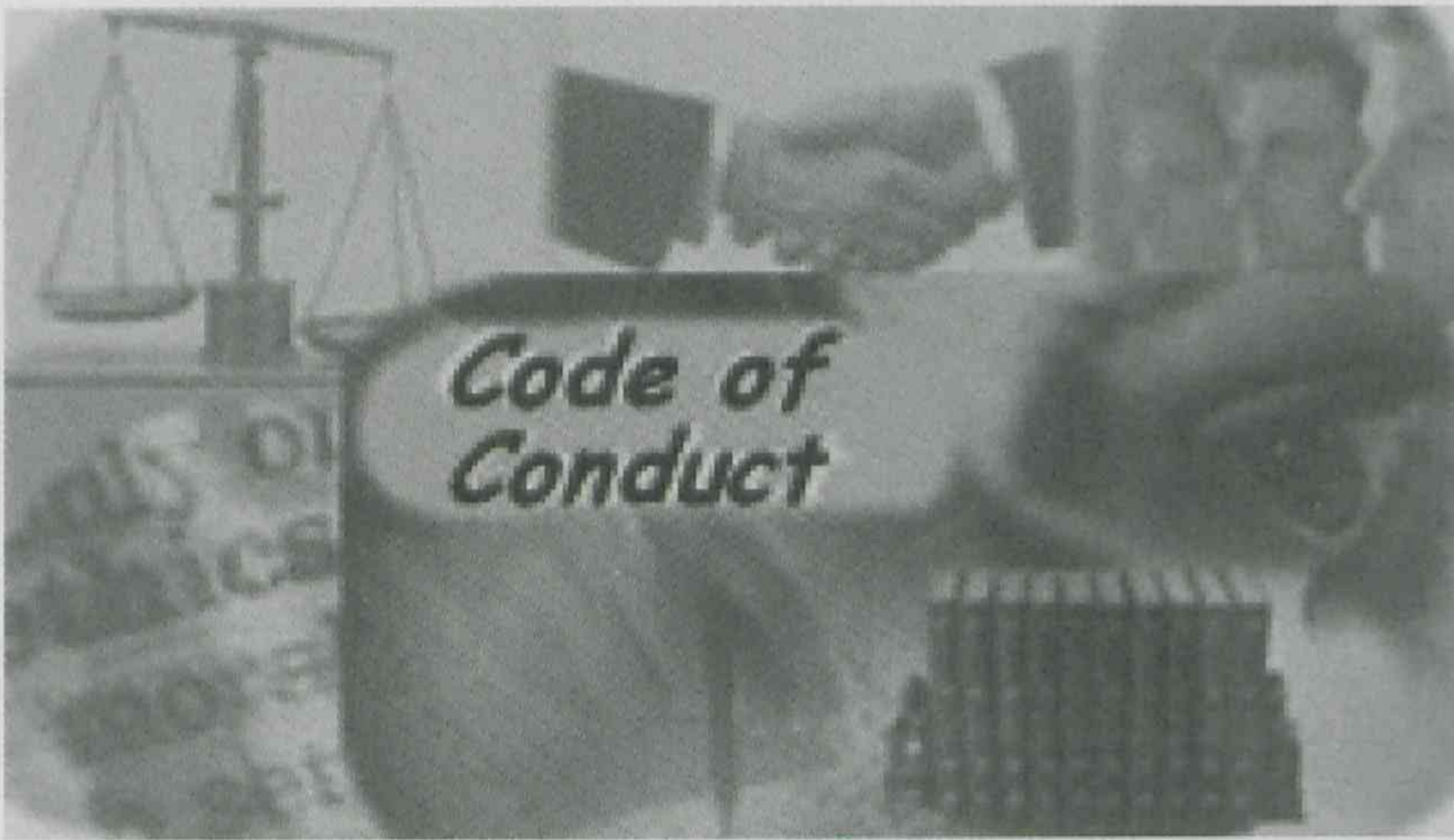
Operational Review

Ministerial and Executive Services Unit

Corporate Marketing

Fire Ant Control Centre

Corporate governance



Collage illustrating the DPI Code of Conduct online course.

The Queensland Audit Office defines corporate governance as *'the way in which an organisation is controlled and governed in order to achieve its objectives'* (Self-assessment program for departments, October 2000).

DPI's governance framework, as set by the *Financial Administration and Audit Act 1977*, includes the Director-General (as the 'accountable officer'), departmental management and internal audit. Supporting that framework are:

- management structures
- management standards
- control, monitoring and review
- external accountabilities.

Management structures

DPI's Senior Executive Team (SET) oversees corporate governance issues. SET comprises the Director-General, two Deputy Directors-General, and the Executive Directors of DPI's Business Groups. SET consults internal and external advisers as required, and provides advice and recommendations to the Director-General.

SET met eight times during the year. Reports from DPI's Finance, Audit, Legislation and Risk Management Coordinating Committees are standing items on the agenda.

Management standards

In transacting DPI's business, staff operate within a governing framework of standards, policies and delegations in the areas of human resources, ethical behaviour, finance, information technology, procurement, administration and other functions. These are reviewed periodically, and made available to staff via DPI's intranet.

Code of Conduct

Overarching these management standards is DPI's Code of Conduct, which defines general principles of ethical behaviour applicable to all employees.

During 2002-03, DPI reviewed the Code of Conduct, in consultation with management, staff, unions, the Integrity Commissioner, the Queensland Audit Office and the Office of Public Service Merit and Equity.

The department was commended by the Integrity Commissioner and Public Service Commissioner on the revised Code.

An online learning course was also developed to support the implementation of the new Code. During 2003–04, it will be mandatory for all staff to complete the course, which will be offered through LearnWorX, DPI's new online learning management system, or face-to-face workshops.

Control, monitoring and review

In fulfilling its governance role, the Senior Executive Team is advised by a number of committees, including:

- Audit Committee
- Finance Committee
- Information Steering Committee
- Legislation Committee
- Risk Management Coordinating Committee.

These committees operate under Terms of Reference, which are revised annually.

Complementing these governance committees, Internal Audit advises the Director-General on the effectiveness of DPI's internal controls.

Audit Committee

The Audit Committee assists the Director-General by providing independent advice on the adequacy of administrative, operating and financial management systems.

During 2002–03, the Audit Committee:

- reviewed and endorsed DPI's and DPI Forestry's financial statements
- oversaw the review of DPI's Code of Conduct and endorsed the issue of the revised code
- reviewed and endorsed the Queensland Audit Office's Client Services Plan to ensure all risk areas in DPI were addressed
- monitored whole-of-government external audit issues for impacts on DPI
- monitored implementation of the new shared services arrangements
- supported and monitored the use of self-assessment audits in DPI
- reviewed and endorsed the annual audit plan and audit strategy developed by External Audit
- monitored GST issues.

The Audit Committee undertook a review of its performance against best practice measures and the results confirmed the committee was performing at a high standard. The committee made recommendations for changes to its charter to make more explicit its authority to call on employees to have to attend if so requested. The committee also ensured that it had oversight over the department's Code of Conduct which it endorsed for re-issue during the year.

Finance Committee

The Finance Committee oversees DPI's budget and financial management, along with the financial operations of statutory bodies in the Minister's portfolio. The committee focuses on strategic business planning and financial management in support of decision making by the SET.

Over the past year, the Finance Committee:

- negotiated with Queensland Treasury, the Cabinet Budget Review Committee and DPI business groups on the re-positioning of resources to meet government priorities
- monitored DPI's financial and budgetary performance, by outputs and by business groups
- reallocated resources to meet financial performance and service delivery targets
- identified and examined areas of financial concern and business risk preventative strategies
- reviewed the resources allocated to the new agencies, *CorporateLink* and *CorpTech*, to service DPI's needs under the Shared Services Initiative
- sponsored the reconfiguration of DPI's SAP system to support informed decision making via improvements in the reporting of costs
- approved budget policies and processes.

During 2002–03 the Finance Committee undertook a self-assessment. The review confirmed that the committee was operating effectively and that its terms of reference and membership were appropriate.

Information Steering Committee

The Information Steering Committee addresses corporate information management issues, and ensures that DPI's priorities are defined in the *Information Strategic Plan* and operational plans.

The committee's role is to ensure that:

- DPI's information technology and information management resources are consistent with corporate directions and the business functions of DPI and government as a whole
- DPI's deployment of information technology is directed at effective and efficient management of the information resources
- appropriate security measures are developed, endorsed, instituted and monitored.

In 2002–03 the Information Steering Committee:

- sponsored the development of DPI's *Information Strategic Plan 2003–2007*
- set in place a governance structure for information management within DPI
- produced an *Information Policy Manual* reflecting the requirements of the whole-of-government Information Standards
- initiated a review of DPI's information standards to ensure their alignment to the manual.

The committee is currently addressing issues associated with escalating use of the Internet, increasing amount of 'spam', and policies that will see user contributions better reflect the actual cost of systems.

Legislation Committee

The Legislation Committee ensures the smooth implementation of the Minister's legislation program. The committee also identifies operational changes necessary as a result of new legislation.

During 2002–03 DPI implemented a legislative compliance program that aims to:

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

The committee monitored the preparation and introduction of a number of pieces of legislation into Parliament. One of the most significant was the *Animal and Plant Health Legislation Amendment Act 2003*, which enhances the state's capacity to prepare for, and respond to, outbreaks of exotic diseases.

The committee also monitored the development of Food Safety Schemes for meat and dairy products, under the *Food Production (Safety) Act 2000*.

Risk Management Coordinating Committee

The Risk Management Coordinating Committee is a forum for considering the strategic, tactical and operational risks that could impact on DPI. DPI regards risk management as a critical element of good business practice, and this is reflected in the support of risk management across the department.

During 2002–03 the Risk Management Coordinating Committee reviewed its terms of reference, and focused particularly on:

- development of comprehensive risk management policies, frameworks and systems
- education of DPI staff in risk management principles
- the effectiveness of DPI's risk profile and risk management practices.

Internal Audit

Internal Audit ensures that management addresses identified shortcomings or improvements by:

- conducting audits at both whole-of-department and work unit levels
- providing feedback on draft policies and procedures
- ensuring that effective controls are built into new systems and system changes
- working with DPI staff in assessment reviews.

Internal Audit maintains a professional audit group. All auditors have at least degree qualifications, and most are qualified CPAs. The Computer-Assisted Audit Techniques tool is used in most audits.

During 2002–03, Internal Audit:

- worked with the Queensland Audit Office to successfully audit DPI's financial statements
- monitored the level of GST compliance in DPI
- provided 549 audited statements to 18 funding bodies
- worked with the internal audit managers of other agencies on the establishment of an internal audit structure for the new shared services provider, *CorporateLink*.

Internal Audit sought client feedback on its service, which indicated that:

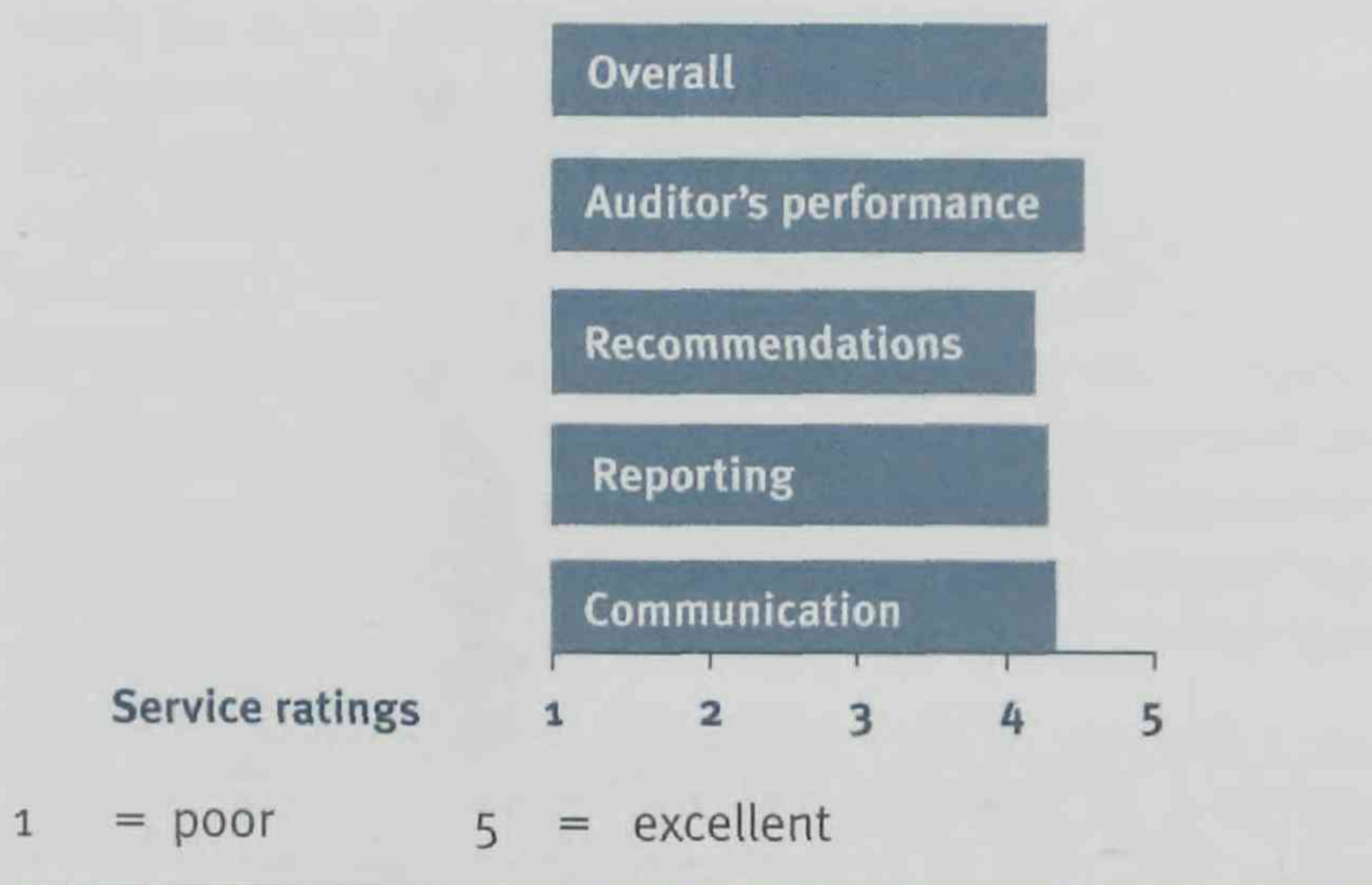
- the purpose of audits had been clearly communicated
- results were logical and well documented
- audits were conducted in a timely manner with minimum disruption
- recommendations were constructive and actionable
- audits added value to the organisation.

Turning to the future, Internal Audit will:

- ensure that any significant matters identified during audits are addressed by management
- continue to monitor GST compliance within DPI
- continue to be involved with new systems to improve processes and reduce administrative costs
- ensure that DPI is prepared for the implementation of the International Financial Reporting Standards.

DPI Internal Audit: Client Survey

How internal DPI clients rated Internal Audit on key aspects of its service



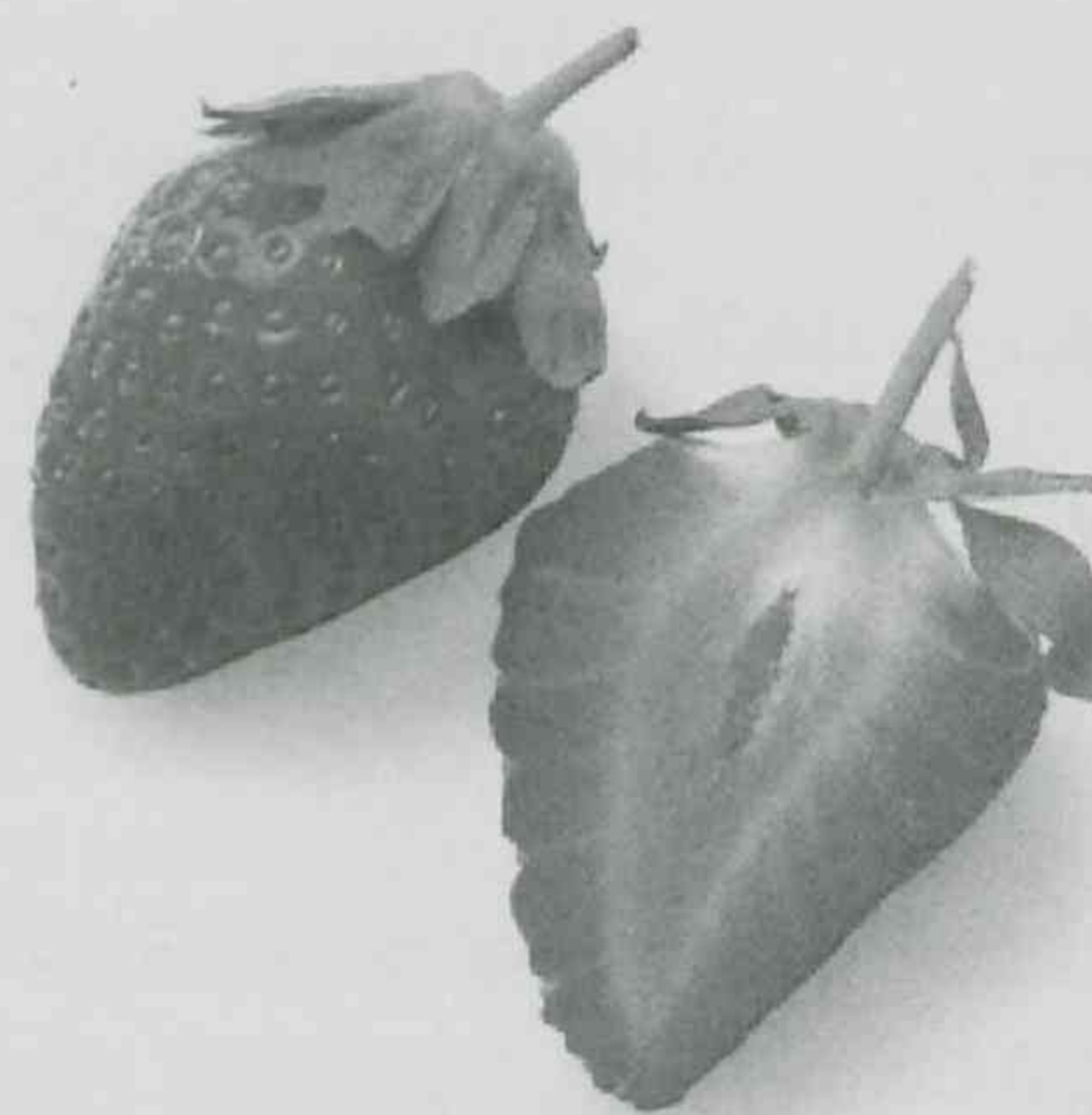
External accountability

DPI's internal governance and control frameworks are complemented by the external accountability mechanisms of performance reporting and external audit.

Each year DPI formally reports its performance to the Minister and Parliament. This *Annual Report* presents an assessment of DPI's achievements against the performance measures set out in its *Corporate Plan 2002-07*.

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

DPI — cultivating opportunities



Biosecurity and animal welfare

Whether they're the family pet or cattle for export, our animals are protected by Queensland's animal welfare legislation. Prevention of abuse through education is vital and DPI works with producers and industry to develop codes of practice, as well as with the RSCPA and with children, through the Help an Animal Smile program.

DPI is on the front-line when it comes to protecting Queensland's primary industries from serious animal and plant diseases and pests, such as Foot and Mouth Disease, black Sigatoka and fire ants. Biosecurity enhances demand for Queensland products by meeting trade protocols, while freedom from diseases such as mad cow and anthrax increases consumer confidence in the safety of meat products.

DPI is also protecting humans from diseases that affect animals. For example, when Severe Acute Respiratory Syndrome (SARS) broke out in China, the World Health Organization turned to DPI experts to help trace the virus to its animal source.

Confident, productive communities

DPI fosters partnerships with rural communities to assist them in strengthening community leadership, sustainability and improving service delivery. On Cape York, DPI works with communities and Traditional Owners to develop projects, such as agroforestry, that generate real economic benefits. Economic, social and cultural development opportunities are also valued and developed in rural communities throughout the state.

Research and innovation

DPI researched and developed 45 new food varieties including improved strawberries, custard apples, pineapples, peanuts, mungbeans and chickpeas.

DPI's turf research is developing better playing surfaces for sporting grounds and drought-resistant lawns. We're helping growers meet demand for native cut flowers and other ornamental plants — like pineapples for floral arrangements, not fruit bowls. These innovations in 'lifestyle' horticulture are making our gardens, parks and sporting arenas more liveable and are opening up new markets.

Good businesses are based on good information and DPI is an information broker. We're providing intelligence and developing skills and computer programs to help producers make better decisions. Climate forecasting, agricultural systems simulation technology, training in financial and risk management and innovation, and market and consumer trends — they're all making for well-informed primary industries.

Industrial hemp has many uses — from car insulation to cosmetics, industrial oil to geo-textiles, fabric to stock food. It's just one of the fibre industries DPI supports, alongside cotton, wool, flax and timber.

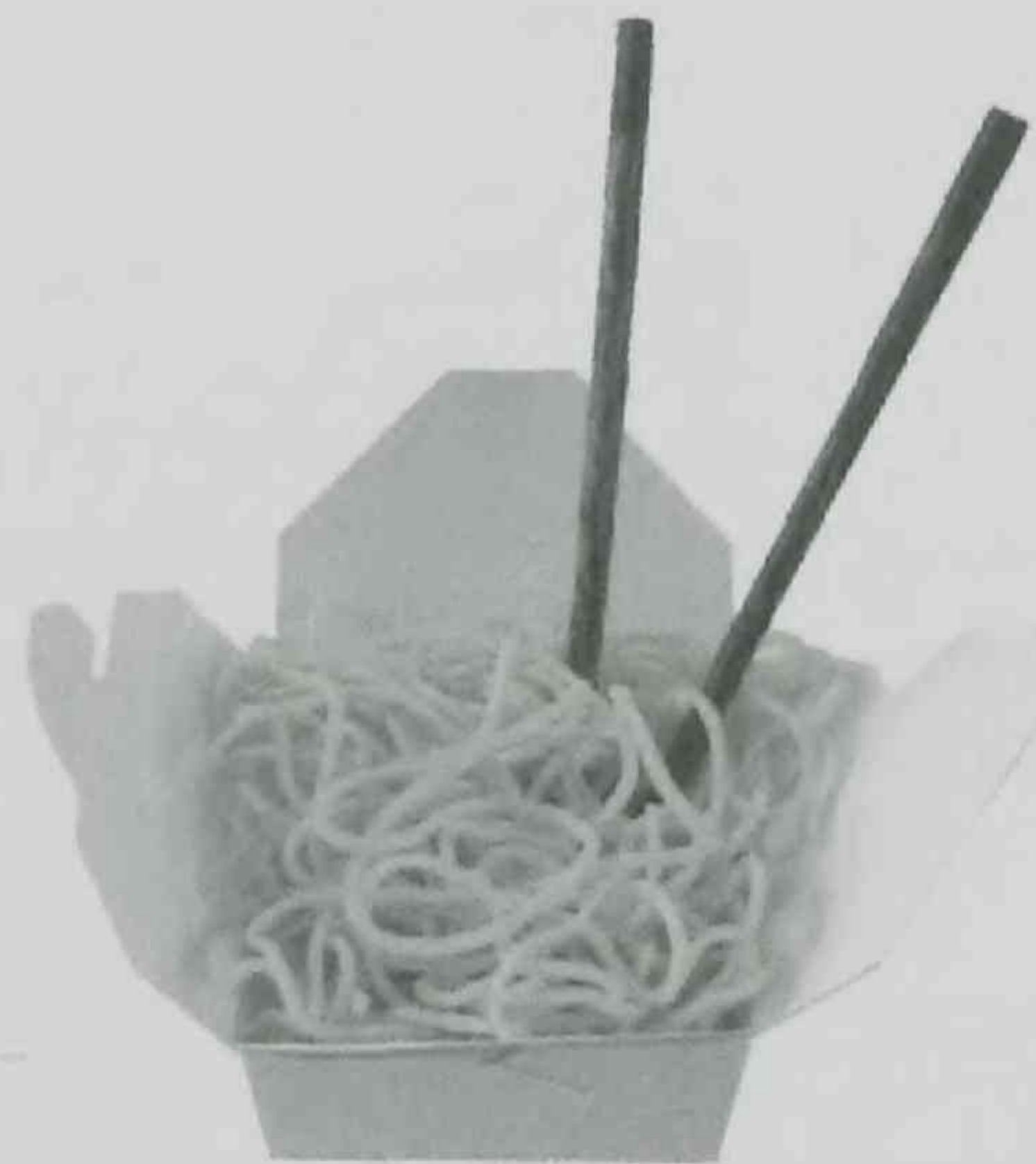


Sustainable production by primary industries

When you next go fishing or buy seafood, consider what's being done to allow your grandchildren to share the same pleasures. DPI manages Queensland's fisheries and fish habitats to protect their future, while balancing the needs of all fishing sectors and the community. And we're managing aquaculture to ensure it is a viable alternative to harvesting from nature.

The Great Barrier Reef is one of the world's great wonders, so it's critical to minimise the impact of primary production on the reef's water quality. It's just one of DPI's investments in natural resource management — helping producers minimise erosion and salinity, manage water and air quality, reduce chemical use and implement regional management.

Across Queensland, farmers are planting hardwood plantations on their properties, in partnership with DPI. Farm forestry is an important element of DPI's efforts to increase plantation timber and reduce pressure on our native forests.



Developing and expanding markets

Good market sense means focusing on consumers. From Dubai to Tokyo, international consumers demand and enjoy a wide range of Queensland food. DPI strengthens Queensland's food and fibre exports by identifying market opportunities, coordinating trade missions and assisting producers and exporters to set up supply alliances.

There's more to a mango than meets the eye. Take the Calypso™, developed by DPI and commercialised by The Harvest Company. The Calypso's™ eye-catching colour, fibreless texture, smaller seed and improved shelf-life guarantees its export success. Then there's getting mangoes to market. DPI is improving distribution methods to ensure the consumer receives high-quality fruit.

Corporate highlights — 2002–03

Drought assistance and recovery

- Escalating drought conditions within Queensland demanded a high priority be placed on support activities associated with the government's response to this climate event. These activities included a range of proactive drought management strategies, which are detailed in the 'Drought' section of this report.
- DPI led the first National Drought Forum to identify new opportunities to improve drought preparedness.

Biosecurity — protection against exotic pests and diseases

- DPI played a lead role in a national Foot and Mouth Disease (FMD) simulation — Exercise Minotaur — to enhance Queensland's preparedness to respond to an outbreak of FMD or Bovine Spongiform Encephalopathy (BSE — mad cow disease). Valuable lessons were learnt as a result of this successful joint exercise with state and Commonwealth agencies and industry, including the attendance of international observers.
- DPI progressed the eradication of the Red Imported Fire Ant. Results show that 98 per cent of known fire ant infested properties in south-east Queensland that have received treatment are now either fire ant free or have inactive nests.
- The Biosecurity Advisory Council of Queensland was established to advise the Minister on strategic biosecurity issues.

International confidence in Queensland products

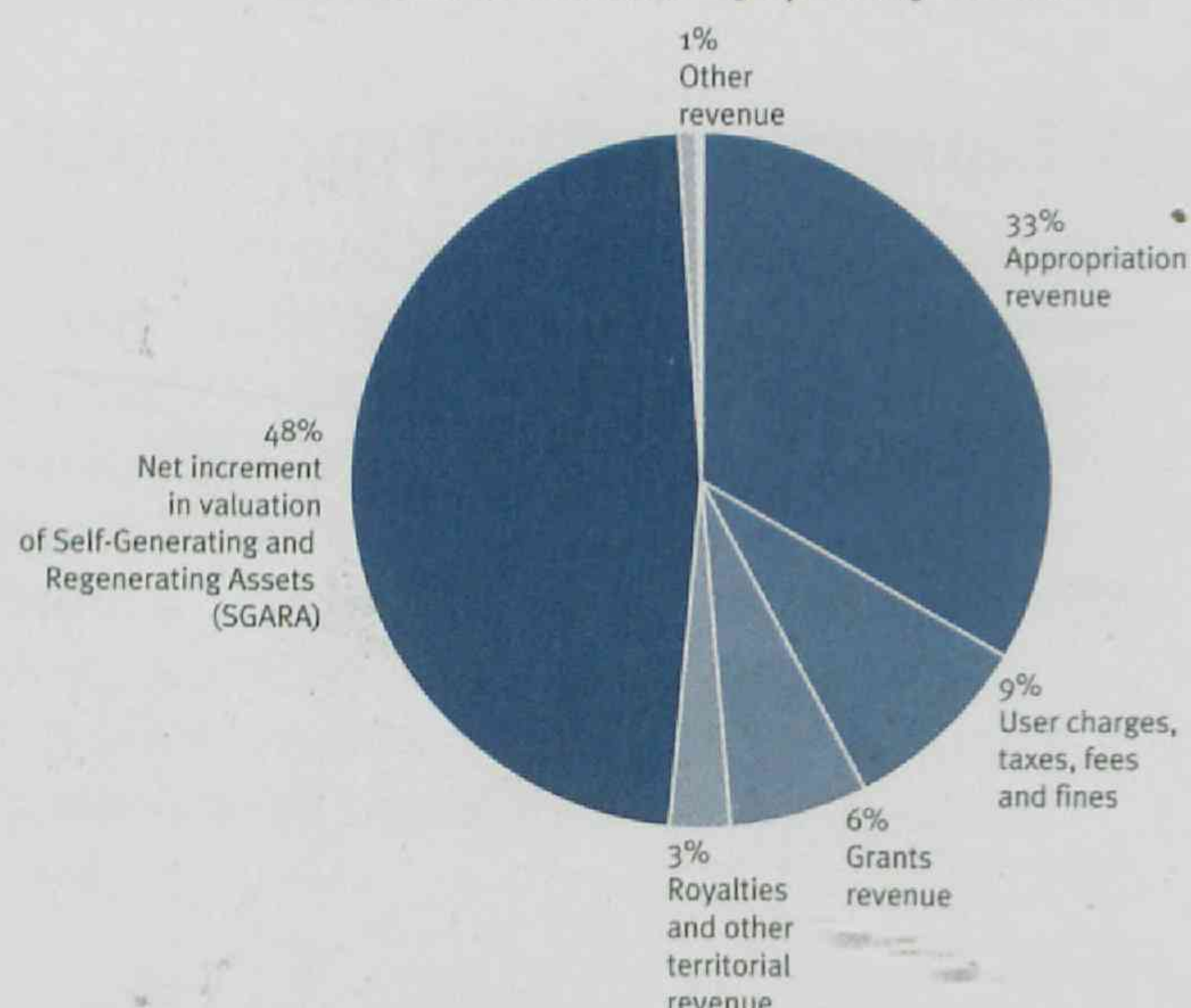
- Australia currently enjoys the European Union's highest geographical BSE risk ranking for BSE freedom of Level 1. This status has ensured the retention of the majority of Queensland's trade in beef and beef products — \$2.4 billion in 2001–02.
- Queensland exports \$320 million in fruit and vegetables each year. Almost 50 per cent of all fruit is exported to Japan, USA and New Zealand. DPI's vigilant surveillance has helped to instil confidence in our markets through ongoing programs targeting pests and diseases such as the papaya fruit fly.

Innovative science

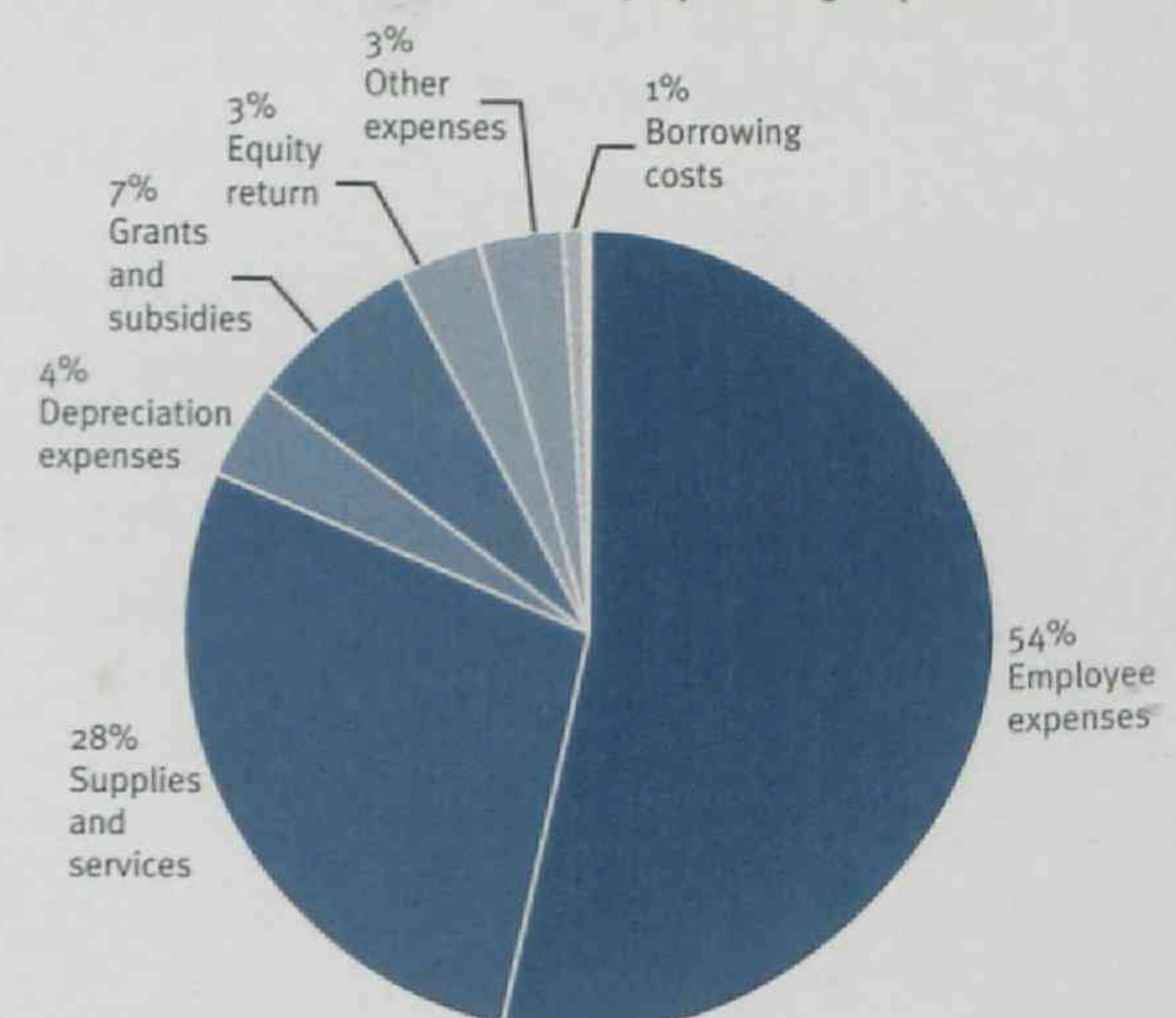
- As a result of a joint initiative between DPI, universities, state and Commonwealth government bodies, and non-government organisations, Queensland now has a Biodiversity Library with a comprehensive catalogue of specimen-based collections of our unique biota.
- DPI and the Queensland Food and Fibre Science Innovation Council conducted a successful 'Smart Ideas' Awards forum to give people who are passionate about developing new products and business opportunities a chance to showcase their ideas.
- DPI launched a biotechnology policy statement of how the department will approach, support and be involved in applications of agricultural biotechnology.

Financial summary as at 30 June 2003

DPI Consolidated 2002–03 operating revenue



DPI Consolidated 2002–03 operating expenses



DPI's support for Queensland industries

- DPI supported the Lifestyle Amenity Horticulture Industry Development Council in its business direction to expand one of Queensland's largest primary industries. These industries include plants and bulbs, cut flowers, turf, landscaping, and parks and gardens.
- DPI worked with the Industrial Hemp Advisory Committee to introduce legislation allowing the establishment of an industrial hemp industry.

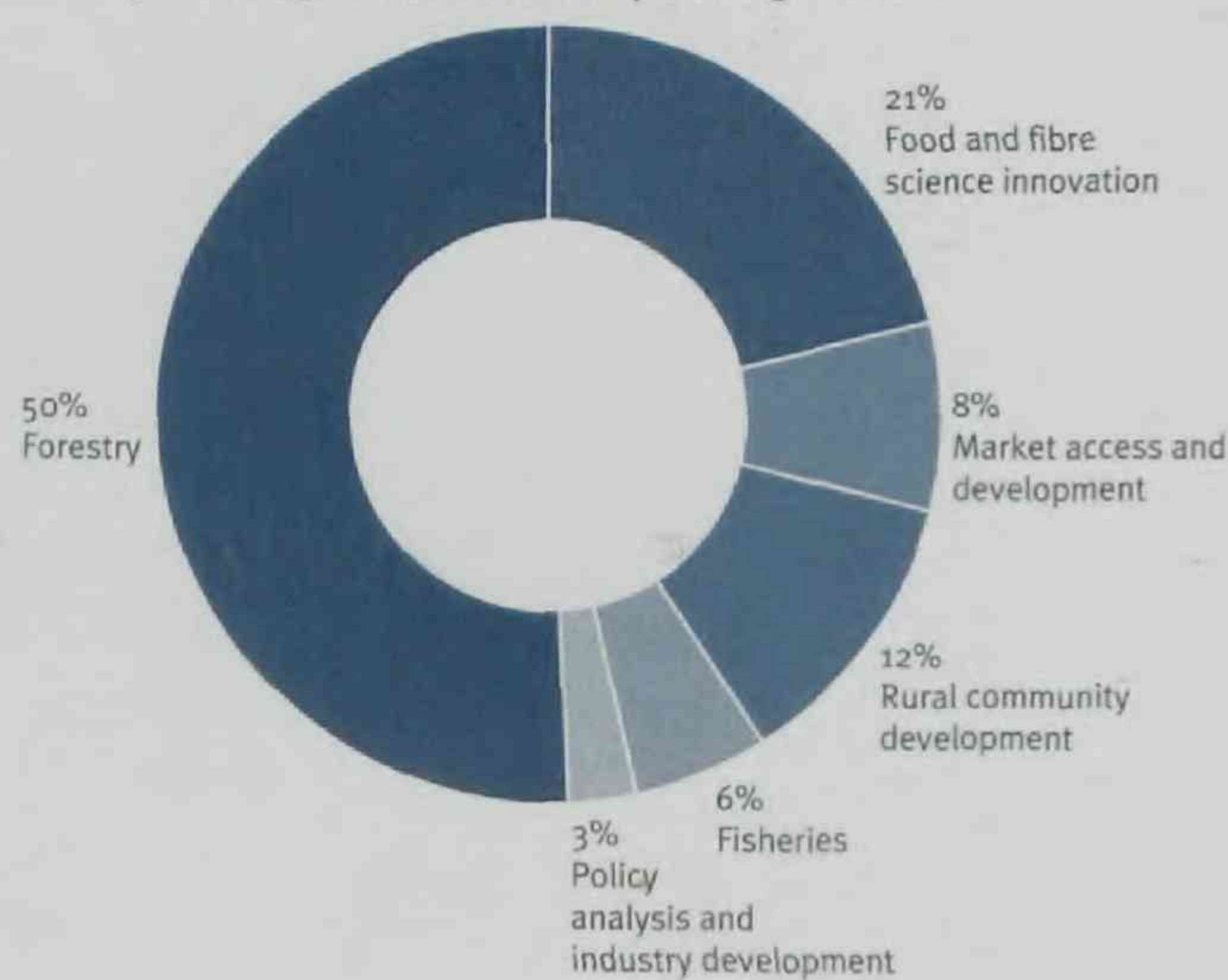
Sustainable forests and fisheries

- DPI Forestry's Environmental Management System achieved independent re-certification to AS/NZS ISO 14001 for a further three years, demonstrating the department's commitment to environmentally responsible forest production. DPI also released the publication, *Using recycled water to irrigate hardwood plantations in Queensland*, which has generated interest from regional city councils in terms of dealing with significant amounts of effluent produced from sewerage plants.
- New fisheries management arrangements were implemented to ensure long-term sustainability and fair catch sharing arrangements for a number of species including tropical rock lobster, snapper, pearl perch, flathead and spotted mackerel.
- DPI Forestry successfully completed on schedule, the state government's four-year, 5000 hectare Hardwood Plantation Program.
- DPI participated in a joint state/Commonwealth government initiative to develop the Reef Water Quality Protection Plan.

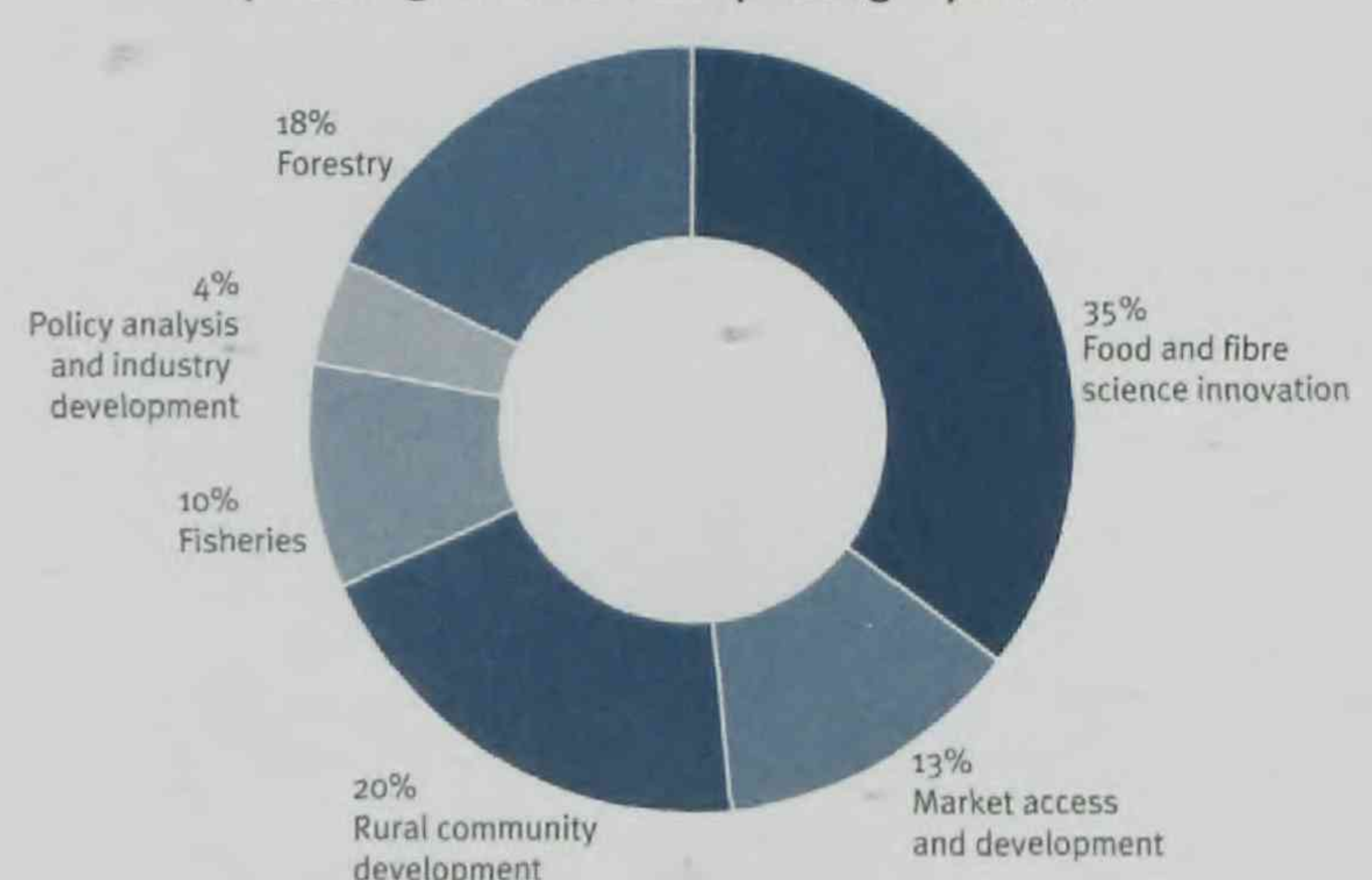
Community partnerships and regional presence

- In partnership with The University of Queensland, DPI established the Centre for Regional and Rural Innovation — Queensland, to encourage and support the development of strategic business and community-based projects through consultancy services to address specific needs.
- DPI implemented the Indigenous Queensland Government Agent Program (QGAP) model in the Yarrabah community to improve equity of access to government information and services for all Queenslanders. DPI also developed the Primary Industries Ministerial Council National Action Plan for Advancing Reconciliation to maximise service delivery to Indigenous clients.
- DPI worked with key stakeholders to develop the South-East Queensland Rural Futures Strategy (SEQ2021) and find pathways to a future that balances competing productive, urban, amenity and recreational demands for land and natural resources from rural landholders, rural communities and the overall regional population.

Comparison of output operating revenue as a percentage of DPI's total operating revenue



Comparison of output operating expenditure as a percentage of DPI's total operating expenditure



Regional news from DPI's five regions



Directors of Regional Services, from left: Gerard Byrne (North), Greg Bell (Central), Sandra Baxendell (South), Craig Mathisen (South-east), Paul Walmsley (A/DRS West).

Central region

Chickpeas repel moths

DPI researchers and a local cotton grower in Emerald have joined forces to battle the destructive heliothis moth. Trial results have shown that chickpeas planted with cotton repel the moth, potentially reducing spray costs by 75 per cent during the first 8 to 10 weeks of crop growth. Growers save on the volume of spray used, and overall costs, with no impact on crop yield.

Buffalo fly trap earns graziers' approval

Field trials conducted in Rockhampton to control buffalo fly using a chemical-free trapping system have shown positive results, reducing fly numbers on cattle by 60–80 per cent. The trials are of great interest to graziers, given that lost production and chemical treatment of buffalo flies costs the Australian beef industry at least \$20–30 million annually. Basic construction plans for the walk-through trap are available from DPI. The trap can be set up at any controlled watering point.

West region

Steak-out in Richmond

Locals and visitors alike were invited to taste the best of the north-west at a 'Steak-out in Richmond' at the Richmond Field Days in June. The highlight of the weekend was the annual beef dinner where guests indulged in kangaroo meat from Mount Isa, fresh fish and prawns from the Gulf, and farmed redclaw from Julia Creek. As well as promoting the quality and diversity of north-west produce and the region, the event helped producers build relationships with retailers, processors and chefs, provided training, and injected an estimated \$15 000 into the local economy.

Developing partnerships

The Regional Communities Partnership Program (RCP) is bringing together communities and government to discuss, plan and implement local projects. Already, the program has been instrumental in providing a dental service to Diamantina Shire, information on hardwood timber to the Blackall community, strategic planning with the Birdsville Race Club, and subsidised rural women's workshops. DPI played a key role in developing this program, providing project management and forum facilitation services, and leading a sub-committee to develop the initial concept.



North region

Re-opened banana markets for Tully bananas

Successful negotiations have re-opened intra- and interstate markets that were lost in 2001 due to a black Sigatoka outbreak in north Queensland. Following an 18-month disease-free period, close collaboration with the north Queensland banana industry has set the scene for the withdrawal of remaining trade restrictions on Tully bananas early in 2003–04.

Northern pine bound for Asian markets

DPI Forestry has commenced large-scale harvesting of softwood from forest plantations near Cardwell. Contractors have harvested 12 lots of plantation-grown timber, mainly Caribbean pine, using state-of-the-art equipment that is safer for personnel and limits impacts on the surrounding environment. About 200 000 cubic metres have been purchased for export through Townsville to Asian markets.

South region

New ideas for Indigenous land use

New business ideas and networks for support and problem solving were formed when Indigenous representatives from St George and Dirranbandi took part in a study tour organised by DPI. Participants visited like-minded communities that are exploring and developing their land use options at St George, Cherbourg and Scrub Hill (Hervey Bay). The businesses visited were involved in activities such as organic market gardening, soap manufacturing, indigenous worm farming, organic industrial composting, organic poultry, flower farming and marketing.

Water use efficiency project wins award

Cotton and grain irrigators increased their water use efficiency by up to 20 per cent in a DPI-led project that was so successful it took out the environment section of the annual Primary Industries Week Achievement Awards. In some areas, 75–80 per cent of growers were involved in the project (higher than the target participation rate of 70 per cent), reflecting the willingness of growers to embrace new ideas leading to more sustainable production.

South-east region

Biofertiliser: the ultimate recycling technology

DPI and Department of Natural Resources and Mines scientists are heavily involved with research into how best to use biofertiliser to recycle the huge volumes of human organic wastes produced by large population centres to lift the output performance of crops. The knowledge gained from these studies will allow what is currently seen as a waste disposal problem to be transformed into a recycled resource that benefits the landscape.

In a nutshell

DPI scientists have developed two new peanut varieties to propel the Australian peanut industry into new markets and deliver safer and tastier peanuts into the homes of consumers. The new varieties, 'wheeler' and 'middleton', deliver benefits to all stages of the peanut value chain — from growers, processors and retailers, to consumers. This smarter breeding is also extending shelf-life and improving in-field performance.

Managing the drought

Queensland recorded one of its worst droughts during 2002–03, reducing economic growth by 0.5 per cent. Ninety shires and five part-shires, or 65 per cent of Queensland's land mass, are drought declared. Water supplies are low, significantly affecting all rural industries, from livestock to horticulture.

Drought measures

Producers across the state reported 'they now have a much better understanding of what support is available', resulting from a series of whole-of-government Drought Information Days coordinated by DPI in 18 locations.



Clifton Drought Information Day, February 2003.
Pictured: (Left) David Cobon, Principal Research Scientist, DPI
(Right) Phil Black, Auctioneer.

Severe drought events threaten the viability of primary industries and dependent communities. DPI staff, in a combined effort, provided services alleviating short-term financial stress and helping farm businesses manage. These services included:

- making available the Drought Carry-on Finance Scheme and Drought Recovery Loan Scheme, two new broad-based subsidised loan schemes, through the Queensland Rural Adjustment Authority (QRAA)
- continuing the Drought Relief Assistance Scheme (DRAS), and providing subsidies on the transport of fodder, water and livestock
- developing 10 Exceptional Circumstances (EC) applications, in collaboration with industry associations, to provide income and business support for producers and small businesses in over 72 shires
- providing access to stamp duty relief on refinanced loans in EC declared areas

- undertaking financial analysis of over 800 farm businesses to help producers assess their eligibility for support, better understand their financial position and evaluate options. Where necessary, these producers were assisted in their negotiations with financial institutions, or referred to other service providers
- advising the whole community on the availability of government support programs through a series of 'Drought Information Days'
- working with Local Drought Committees to assess individual properties or shires for eligibility under the state drought process, providing advice and recommendations for declarations/revocations, and initially assessing claims
- communicating with local primary producers on drought management practices
- advising producers on animal welfare standards and actions to meet the Code of Practice
- delivering Drought Management Workshops covering a range of financial, environmental and production topics.

Planning for the future

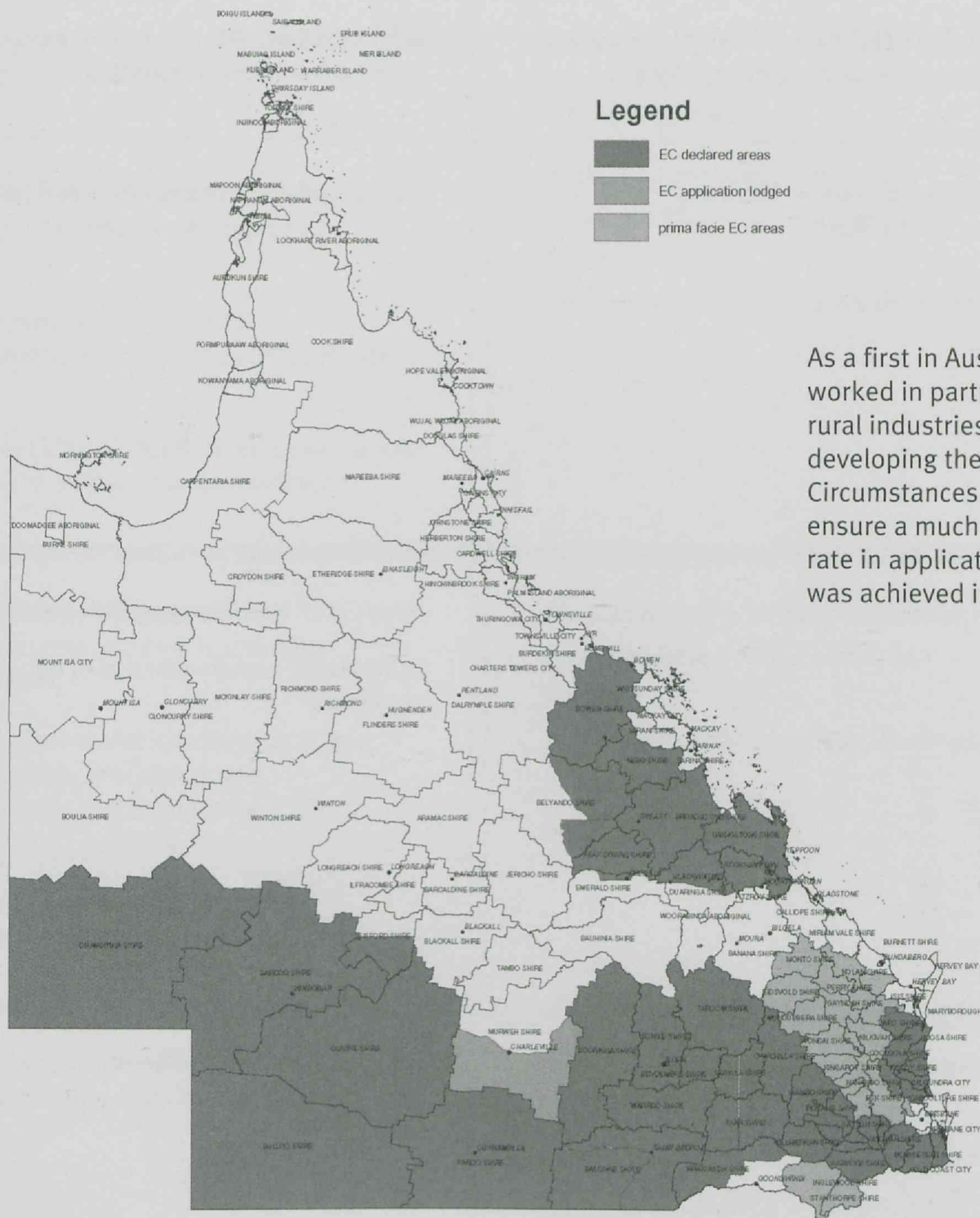
DPI is committed to helping producers effectively manage the impacts of this drought through to recovery. With further development of technologies and information products, DPI will continue to skill producers with new business and production practices improving their ability to deal with climate fluctuation in the future.

Demand for water resources is increasing, with dry conditions becoming more prevalent since the 1970s. Years with adequate rainfall must be effectively managed to overcome the business risk presented by drought.

With advances in DPI's climate and climate applications research, producers are operating their businesses more reliably, aided by information on rainfall, temperature, frost, and streamflow probabilities. Decision support and analysis tools, such as Whopper Cropper, incorporating climate predictions based on the Southern Oscillation Index, are being developed for a range of industries and locations. Other packages — Drought Plan and Destock (a component of Breedcow and Dynama) also assist beef producers to assess their options.

DPI's range of business focused skills development programs will continue to contribute to producers' awareness of how to use climate and market information, and identify and plan for the risks likely to be encountered on-farm.

Current Exceptional Circumstances areas
as at 19 June 2003



As a first in Australia, DPI worked in partnership with rural industries associations developing the Exceptional Circumstances applications, to ensure a much higher success rate in application approval than was achieved in other states.

In partnership with other state agricultural agencies, the Commonwealth Bureau of Meteorology, CSIRO, DPI and Australian universities have agreed to develop a proposal for a collaborative research centre. Aimed at examining current climate research, and establishing a new direction for drought science, the centre will bring together specialists and key decision makers in climate research, natural resources and agriculture.

Research into water use efficiency is showing results, with the dairy and lucerne industries reporting savings of over \$7 million in the last two years. Research into the application, recycling and bioremediation of water is also underway, as is gene technology research into the drought resistant trait of Ethiopian sorghum — a trait that may be able to be transferred into Australian grain crops.

DPI led the first National Drought Forum, bringing together scientists from state and national research organisations to set the direction for drought science in Australia.



The National Drought Forum

Left to right: Dr John Sims, Bureau of Rural Sciences; Dr Richard Price, Land & Water, Australia; Dr Andy Borrell, DPI – AFFS; Dr Greg McKeon, NR&M; Dr Roger Stone, DPI – AFFS; Mr Ken Brook, NR&M; Dr Neville Nicholls, Bureau of Meteorology Research Centre

Performance framework — DPI contributing to government priorities

Government priorities — highlight the areas for policy focus for the government’s current term	DPI outcomes — what we will deliver to contribute to the government’s priorities
More jobs for Queenslanders — skills and innovation — the Smart State	Smart food and fibre systems and products
Valuing the environment	Smart food and fibre systems and products Ecologically sustainable use of natural resources
Safer and more supportive communities	Capable rural communities
Building Queensland’s regions	Smart food and fibre systems and products Ecologically sustainable use of natural resources Capable rural communities
Community engagement and a better quality of life	Ecologically sustainable use of natural resources Capable rural communities

DPI key strategies — support our outcomes and describe our principle focus areas

DPI outputs — discrete services or products for external customers produced by DPI with funding from the government

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

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

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

Market access and development
 Food and fibre science innovation
 Forestry
 Policy analysis and industry development

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

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

Promote harmony between food and fibre industries and natural ecosystems

Rural community development
 Food and fibre science innovation
 Forestry
 Policy analysis and industry development
 Fisheries

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

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 Food and fibre science innovation
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 Fisheries

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

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

Rural community development
 Food and fibre science innovation
 Policy analysis and industry development

1 Smart food and fibre systems and products

Increased competition for markets, changing consumer demands, international trade agreements and the nature of international markets all shape the operating environment of businesses along the value chain. DPI worked to ensure that these businesses had access to the global consumer and to the market intelligence they needed to inform their decisions. We worked with value chains to develop and expand global markets for Queensland primary products and, in doing so, boosted the state's economy.

Primary industries in Queensland use 84 per cent of the state's land and 70 per cent of our water. In return, they sustain local communities and contribute to the state's economy, with food, fibre and lifestyle products earning 30 cents in every export dollar.

Indicators of success

High level of contribution of food and fibre industries to Queensland's total economic activity | Increased investment in food and fibre sector enterprises | Increased value and volume exports of food and fibre products | High level of market confidence in the integrity of Queensland's food and fibre products | Increased value-adding activities to raw materials

2 Ecologically sustainable use of natural resources

DPI worked with all levels of government, as well as with regional organisations, communities and industry groups to effectively manage Queensland's natural resources.

We worked in partnership with industry groups to assist businesses to adopt new technologies and effective business practices to help overcome the constraints of a low-rainfall climate, competition for water, depleted soils and community expectations for ethical production, natural resource use and the environment.

We continued to review and improve management arrangements to ensure that the use of our fisheries resources remains sustainable.

Indicators of success

Food and fibre production and processing systems support sustainable resource use and this is recognised in markets for Queensland products | Off-farm impacts of resource use are minimised | Increased level of restoration of production environments

3 Capable rural communities

Rural communities are changing, through economic diversification and self-reliance. DPI has a strong alignment with the rural sector — we built on this and our presence in rural communities to take a leadership role in rural community development and a whole-of-government advisory role in service delivery.

DPI also assisted communities to manage economic and environmental risk by providing support, knowledge, skill development and expertise.

Indicators of success

Viable rural communities throughout Queensland | Self-reliant communities with a strong capacity to manage and prosper from change | Diversified employment in rural communities

DPI's key strategies

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

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

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

4 – Promote harmony between food and fibre industries and natural ecosystems

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

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

Agriculture, forestry and fishing industries, gross value of production in Queensland: 1995-96 to 2001-02

In 2001-02, the gross value of production of Queensland's agriculture, forestry and fishing industries increased 11% from the previous year to \$9444 million.



Note: Values are given in current prices. 2002-03 data is not yet available.

Source: ABS Agriculture 7121.0. Estimates from 1999-00 onwards include DPI estimates of forestry, fisheries and lifestyle horticulture as published in relevant editions of *Prospects for Queensland's Primary Industries*.

Contribution of the agriculture, forestry and fishing industries to total economic activity in Queensland: 1995-96 to 2001-02

Agriculture, forestry and fishing (excluding processing) increased 17% over 2001-02 to contribute \$5204 million (or 4.9%) to Queensland's total factor income*

	Agriculture, forestry and fishing total factor income \$ M	Queensland total factor income \$ M	(%)
1995-96	3077	72 236	4.3
1996-97	3037	76 861	4.0
1997-98	3156	81 740	3.9
1998-99	4113	86 757	4.7
1999-00	4738	91 547	5.2
2000-01	4438	97 635	4.5
2001-02	5204	105 633	4.9

*Factor income is used as an approximation to gross domestic product at the state level, which in turn is a measure of total economic activity.

Note: Values are given in current prices

Source: ABS State Accounts 5220.0.

Employment by industry in Queensland: 2001-02

Agriculture provides 6% of total Queensland employment, the same value as 2000-01.

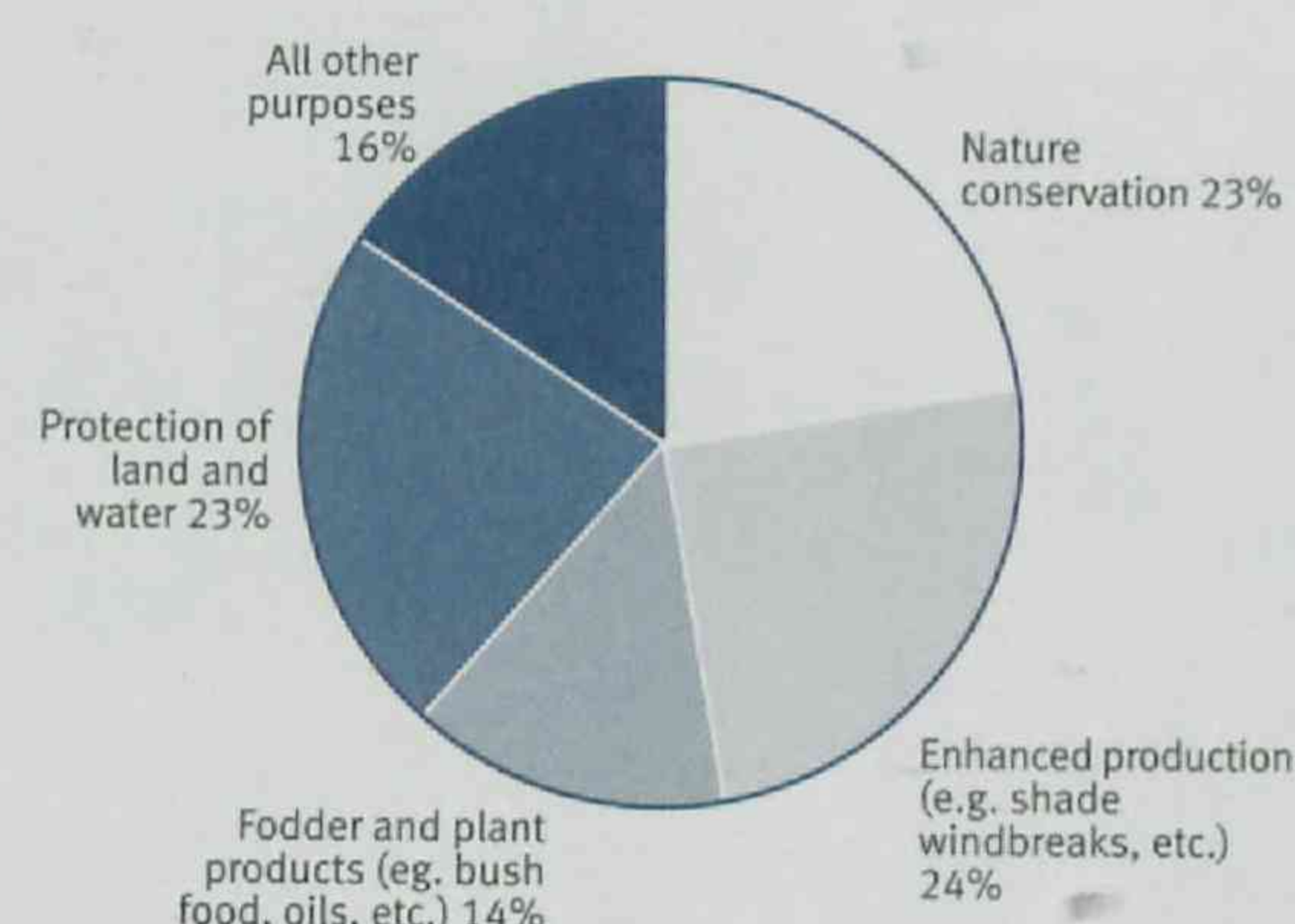
Agriculture provides a smaller contribution to employment relative to other industries. In many regional centres, however, employment in other industries, such as government, administration, education and health relies on employment and economic activity within the agriculture industry.

Labour force regions	Agriculture %	Mining %	Manufacturing %	Wholesale and retail education & health %	Govt admin %	Other services %	All industries %
Brisbane	1	0	12	22	23	42	100
Moreton	4	0	10	22	18	46	100
Wide Bay-Burnett	15	1	11	22	19	31	100
Darling Downs and South West Qld	21	1	10	21	22	26	100
Fitzroy, Mackay and Central West Qld	12	3	10	19	18	37	100
Northern and North West Qld	15	7	7	16	22	33	100
Far North	12	1	6	17	22	43	100
Queensland	6	1	11	21	21	40	100

Source: ABS 6291.0.55.001 Labour Force, Australia, Detailed - Electronic Delivery, Quarterly (unpublished data provided by ABS)

Area planted as seedlings for purposes other than for fruit, nuts, timber and wood pulp production, Queensland: 2001-02

The largest percentage of the area planted with seedlings for purposes other than for fruit, nuts, timber and wood pulp production was to enhance production (see graph below). The relative area of seedlings planted for fodder and plant products, protection of land and water and all other purposes, increased from 2000-01 by 7%, 7% and 9% respectively. However, the area planted with seedlings for nature conservation and enhanced production decreased over the period by 9% and 14%, respectively.



Source: ABS Agricultural Commodities, 7121.0, 2001-02.



Food, fibre and lifestyle products sold overseas contribute 30 cents in every export dollar earned by Queensland. The challenge is to develop and expand global markets in an increasingly competitive environment that is influenced by market forces.

DPI played an important role to help industry understand these market forces and adopt new technologies and business practices, including strategic marketing.

Highlights

- Facilitated food and fibre exports to the value of \$15.9 million by identifying market opportunities, trade missions and supply alliances, and by strengthening government-to-government relationships. Key exports included beef, GMO-free grains and natural products such as organic health products and nutraceuticals (non-edible food-based products). The Global Beef project achieved exports of \$7.5 million.

Inbound and outbound trade missions with the Middle East and northern and South-East Asia have resulted in exports of goats, sheep and dairy cattle, and the provision of related support services such as nutrition training of livestock management and abattoir construction.

- Assisted Queensland producers and exporters to add \$3.1 million to Queensland's export trade as a direct result of the GMO-free grains project. The project has facilitated two in-market visits with Queensland exporters and producers as well as five inbound missions of Japanese and Taiwanese manufacturers and importers.

Exports are expected to continue to grow as Queensland's abilities as product suppliers become more accepted. A number of inbound missions are also expected during the next 12 months.

- Worked in partnership with the Queensland lifestyle horticulture industry, and supported the Lifestyle Amenity Horticulture Industry Development Council in the implementation of its future directions plan. This industry, which includes plants and bulbs, cut flowers, turf, landscaping and parks and gardens is one of Queensland's largest primary industries and has considerable potential for continued growth.

In order to deliver on the industry's future direction plan, working groups have been established to progress major areas: water issues, export development, consumer trends, benchmarking, education and promotion and awareness.

- Undertook, through DPI's Chief Scientist, international visits to China and South Africa (one as a delegate to the World Summit on Sustainable Development), and numerous national visits. The visits were to promote and increase awareness of Queensland's capacity and capabilities to undertake new business ventures, based on expert food and fibre knowledge systems.
- Supported the establishment of an industrial hemp industry that will use natural fibres for a wide range of purposes, including natural insulation material for motor vehicles. Recommendations were made by the Industrial Hemp Advisory Committee and endorsed by the Queensland Food and Fibre Science and Innovation Council (QFFSIC).

The state government has introduced a sound legislative framework in which an industrial hemp industry can develop in Queensland. The legislation provides for the growing and researching of industrial hemp crops, and the manufacture and trade in products made from processed industrial hemp fibre and grain such as animal bedding, geo-textiles, stock food, cosmetics and industrial oil.

- Participated in trade missions to the United Kingdom and France involving small to medium-sized natural product companies, resulting in potential trade in the next 12 months worth \$1 million. Initial trade results of \$0.5 million have been achieved. The project has also led to assisting a natural product company to enter the export market for the first time and obtain an initial contract of \$0.1 million.

Report

Research and communicate information on changing consumer demands and global business opportunities to key stakeholders including food and fibre chains

Considerable work has been undertaken to increase the focus of food and fibre industries and value chains on consumer trends. In a joint project between the Lifestyle Amenity Horticulture Industry Development Council and DPI, project officers researched the impacts and implications of 10 key consumer trends. The industry is using the findings to shape its future direction.

The sugar industry was provided with \$3.8 million for research and development into industry viability via the Bureau of Sugar Experiment Stations (BSES). Incorporation of BSES will provide the industry with full ownership, control, and responsibility of this research organisation, resulting in greater responsiveness to industry and market needs and greater flexibility to compete for new funding sources.

Research and facilitate trade in traditional, and new food and fibre products

Increasing international demand for industrial hemp fibre and grain products has the potential to provide opportunities for economic development, jobs, import replacement, and environmental benefits to Queensland. With the introduction of legislation that allows the growing of *Cannabis sativa* with low drug concentration, an industrial hemp industry is developing through research and development, and value-adding production. DPI has approved 21 grower licences and two researcher licences in Queensland, from Mareeba in the north to Peak Crossing in the south east. Industrial hemp inspectors monitor growers and researchers to ensure they stay within the licence provisions.

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

Facilitate formation of new food and fibre chain relationships

An alliance of Queensland fruit producers/exporters which DPI helped to establish has achieved an annual turnover of \$7 million, of which approximately 20 per cent is normally exported to Hong Kong. However, due to the drought, these exports decreased slightly to \$1 million during 2002-03. More recent facilitation undertaken by DPI has assisted the group to achieve a broader alliance with cooperatives/smaller alliances from New South Wales, the Northern Territory and New Zealand. This allows the group to offer a 'long-line' range of products such as avocados, citrus, kiwi fruit and mangoes, as well as other fruit products such as apples and cherries.

Despite being hit by drought, hail and floods, an alliance of ex-dairy farmers in the North Burnett has opened its new packing shed. DPI and partnership staff facilitated the formation of the alliance and assisted it to obtain \$1.55 million from the Dairy Regional Assistance Program. The grant was used to complete the packing shed and to train the growers. As a result of the new, more efficient operation, the alliance has exported \$2.5 million of onions, bok choy, tomatoes and rockmelons to domestic and international markets over the past 12 months. By early spring, 50 workers will be employed. This is expected to increase to 200 workers during the peak harvesting and packing periods. To get to this stage, \$4 million has been spent in the region.

Establishment of supply chain relationships between western Queensland producers and Brisbane restaurateurs has achieved \$25 000 in sales for products such as mutton, processed figs and desert limes. Western Queensland kangaroo harvesters have also initiated chain relationships with a central Queensland abattoir to supply products to an existing beef supply chain.

The newly formed Border Highland Fresh is an alliance established as a direct result of DPI sponsoring 10 women from diverse rural industries on a study tour of rural industries in Spain and France. Realising the effectiveness of regional branding, this group is collectively marketing a large selection of locally produced and value-added food items. On returning to Australia, the women made presentations at five regional trade forums, created a cooperative niche-marketing network and developed an internet food portal for south-west Queensland producers. The increased profile of delegates has led to some of the women being elected to industry and government advisory committees.

Provide economic analysis, and technical and market information to encourage diversification and value-adding opportunities

Economic decision tools are essential for both producers and investors to assist them to understand the economic requirements and risks involved in running their businesses. *AquaProfit* is the culmination of DPI's commitment to aquaculture (growing plants or animals in water). *AquaProfit* is currently aligned with around \$27 million worth of aquaculture production across Queensland and Australia. Approximately 60 per cent adoption rates of the tool have been achieved and 450 copies of decision tools sold.

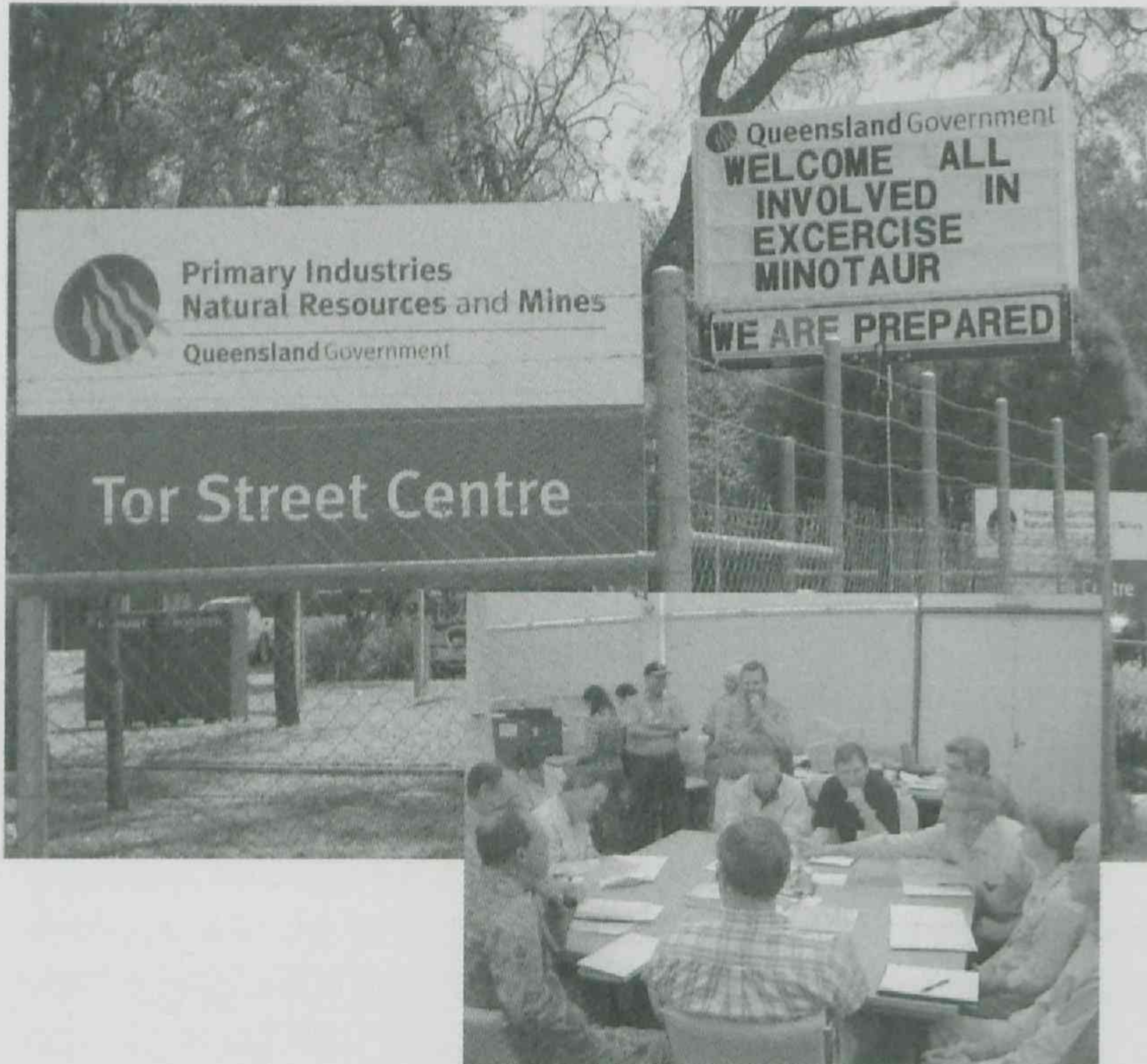
DPI developed an economic decision tool for dairy producers to assist them to make informed decisions about whether to continue to focus on milk production or on the live dairy export market.

Outlook for 2003-04

DPI will continue to ensure that primary industries optimise their profitability in existing and new markets. Specifically, we will:

- generate, and make available to value chain businesses, strategic intelligence that identifies market trends and opportunities for Queensland's products and services
- assist Queensland businesses and industries with an identified competitive edge to enter current, new and emerging export markets
- assist people within primary industries to have the skills needed to meet the challenges of changing industry and business demands.

Corporate measures	Corporate results		
	2000-01	2001-02	2002-03
Value of immediate and direct primary industry export trade as a result of market and trade development assistance	\$2 M	\$4.1 M	\$11 M
Number of agribusiness groups provided with value chain assistance	New measure	5	5
Number of decision support software developed to assist agribusiness companies become more profitable	2	2	3
Level of satisfaction of agribusiness clients with major trade-related initiatives	85%	85%	100%
Proportion of regional agribusiness clients assisted with supply chain development, market research and trade development	90%	90%	95%



The demand for Queensland's products in the global market is influenced by our reputation for safe, ethical production, biosecurity and animal welfare. DPI helps protect and grow this reputation through risk management, and actively works with primary industries to increase market advantage. Queensland's biosecurity risks are continually growing. Animal, plant, aquatic pests and diseases have the potential to spread through the rapid global transport of products and people. DPI continues to implement strategies to manage these risks.

Highlights

Biosecurity protection for Queensland's markets

- Continued to inspire international confidence in Queensland's freedom from serious pests and diseases through ongoing targeted surveillance, laboratory diagnostics, animal and plant health information reporting systems and compliance processes through:
 - animal disease surveillance — targeting Foot and Mouth Disease (FMD) and Bovine Spongiform Encephalopathy (BSE), or mad cow disease.
 - plant pest surveillance — targeting exotic fruit flies, such as the papaya fruit fly.
- Played a leading role in whole-of-government planning to enhance Queensland's preparedness to respond to FMD and BSE through the FMD Cross Government Committee, FMD Socio-economic Recovery Group, and through successful participation in the national FMD simulation exercise, Exercise Minotaur.
- Established the Biosecurity Advisory Council of Queensland to advise the Minister on strategic biosecurity issues. The Council has formed four major working groups: livestock identification and traceability, plant biosecurity risks, international and national trends and requirements, and cattle tick management.
- Demonstrated international recognition of DPI's growing expertise by sending a DPI scientist to provide input into the epidemiological study of the Severe Acute Respiratory Syndrome (SARS) outbreak, following a request from the World Health Organization (WHO).
- Negotiated successfully for the re-opening of key intra- and interstate markets for bananas in March 2003 that were lost in 2001 due to a black Sigatoka outbreak in north Queensland. Following an 18-month period of nil detection, close collaboration with the north Queensland banana industry has set the scene for the withdrawal of remaining trade restrictions on Tully bananas early in 2003-04.

Animal welfare services

- Assisted the beef, feedlots, pig, dairy, poultry, rail transportation, saleyards and road transport industries to incorporate legislated animal welfare codes into their quality assurance programs by:
 - establishing a framework for an Animal Welfare Advisory Committee to advise the Minister on animal welfare matters. DPI also initiated the position of Professor of Animal Welfare at The University of Queensland
 - producing an animal welfare extension program for primary school children, entitled 'Help an animal smile' to promote the duty of care to animals.

Report

Design and implement systems that ensure food and fibre products achieve levels of safety and integrity which meet community and overseas market expectations

Food safety

The continued development of food safety requirements along the food production chain is an important component of continuous improvement in the reduction of food-borne illness.

DPI worked in collaboration with other state and Commonwealth agencies to develop food safety requirements for eggs, and participated in risk assessment for goats' milk, red meat and chicken meat, risk profiling and the development of a national seafood standard.

DPI supported the development of new meat and dairy regulations under the *Food Production (Safety Act) 2000*, taking a preventative approach to food safety management and underpinning the national model food legislation and national food standards.

Livestock traceability

The traceability of livestock is of fundamental importance to animal biosecurity in Queensland for the control of endemic animal diseases such as tuberculosis and Johne's Disease. Tracing the origins and movements of livestock is an important component of the surveillance activities and investigations that must be undertaken in the event of exotic animal diseases such as Foot and Mouth Disease and BSE (mad cow disease).

Key achievements

- enhanced the spatial or mapping capacity, web-enabled data access, and improved validation of the Agricultural Property Systems (APS). Over 50 000 livestock properties are now registered, with legislative requirements expanded to include sheep, goats, alpaca and pig enterprises
- developed the Laboratory Information Management Systems (LIMS) to track laboratory submissions and allow rapid scrutiny of test results. LIMS relies on the APS data to help manage pest and disease outbreaks and provide for quality livestock product certification
- participated in the policy formulation for the industry-driven National Livestock Identification System (NLIS) and the National Flock Identification System (NFIS). Over 600 livestock properties have incorporated the systems.

Planning is underway to integrate the data from livestock Brands registration, the chemical residues database, APS and the systems required to support the NLIS type programs.

Promote and monitor responsible and ethical research and production systems

Animal ethics systems

A Code Liaison Group (including representatives from DPI) drafted the 7th edition of the *Australian Code of Practice for the Care and Use of Animals for Scientific Purposes*.

Practical guidelines were issued on how overseas organisations can meet their responsibilities for the use of animals for scientific purposes under the *Animal Care and Protection Act 2001* when the work is undertaken in Queensland. DPI now has over 86 organisations registered under the Act.

Animal welfare

DPI facilitated the amendment of the Queensland Circus Code and Poultry Code to make certain aspects compulsory, and commenced development of a draft Queensland Code of Practice for the Welfare of Animals in Film and Television.

Funding was committed to support the RSPCA capital works program to enable the upgrade of existing facilities and to establish new facilities over three years. DPI also delivered extensive training under the Animal Care and Protection Act for DPI and RSPCA inspectors.

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

Responsible chemical use

Over 1300 chemical users, distributors and government agencies Australia-wide now subscribe to DPI's *Infopest*. This database, available on CD, provides information for chemical users on available Agvet chemicals.

DPI continued to monitor chemical use and the existence of contaminants by undertaking residue management programs including the National Organochlorine Residue Minimisation (NORM) and National Antibiotic Residue Management (NARM) programs. Specially trained detector dogs help to identify areas of contamination. There are 959 audited on-farm organochlorine risk minimisation plans now in place.

Currently, half a million hectares of Queensland crops are treated with innovative biopesticides each year. Commercial production and use of biopesticides is creating a new industry for Queensland that is estimated to be worth \$15 million each year. DPI played a major role in providing alternatives to chemical use through research and development into biopesticides and integrated pest management.

Implement a biosecurity system that manages the risk of pest and disease incursions and ensures market confidence

A number of biosecurity enhancements were undertaken or implemented, including:

- For FMD and BSE response preparedness:
 - implemented processes for livestock and product Standstill Zones and cross-state border response understandings
 - increased diagnostic capability through new pathology skills and laboratory equipment
 - enhanced regulatory compliance services and information systems for animal feeding bans.
- For bovine tuberculosis, Johne's Disease, Exotic Bee, and arbovirus:
 - maintained animal surveillance systems as part of national programs to support export and domestic trade
- For a range of biosecurity threats including anthrax
 - applied molecular detection techniques for new work started on the epidemiological studies, transcontinental spread and virus detection technologies for Hendra-like viruses in bats.

- For wheat streak mosaic virus, small hive beetle and large earth bumble bee
 - implemented successful rapid emergency responses.

Alternative service delivery options for cattle tick inspections were considered with expressions of interest being sought from interested local authorities and individuals. This will allow DPI to increase its capability to further enhance Queensland's biosecurity protection.

Facilitate trade opportunities by working with industry and the federal government to advocate appropriate trade protocols and international agreements

The implementation of science-based market access protocols facilitates international and interstate movement of Queensland's primary produce and provides growers with access to profitable market opportunities.

For interstate trade, protocols are negotiated with other state authorities following assessment of pest risk and consideration of suitable treatment systems to reduce pest risk. In 2002-03, this service benefited trade in risk materials affected by cattle tick, Johne's Disease, wheat streak mosaic virus, potato viruses, brassica white blister, olive diseases, Queensland fruit fly and Red Imported Fire Ant.

Additional plant pest surveillance was implemented to support risk analyses for recently detected incursions in Queensland — South African citrus thrips, red banded mango caterpillar and small hive beetle. These risk analyses formed the basis for national acceptance of management strategies allowing interstate market access for citrus, mangoes and honey respectively. There has been some loss of international markets for package bees due to the small hive beetle detection.

Risk scientists also contributed to the preparation of import risk assessments conducted by Agriculture, Fisheries and Forestry — Australia. Examples include bananas from the Phillipines, grapes from the United States West Coast, maize from the United States and pineapples from Asia. Ongoing consideration is being given to New Zealand apples and Florida citrus. This activity is essential for meeting World Trade Organisation endorsed protocols and building Australia's reputation for free trade.

These actions have seen the retention of major markets for a wide range of products under threat from international competition and from newly detected pests and diseases.

Outlook for 2003-04

DPI will continue to proactively forecast and minimise the economic, social and environmental impact of pests, diseases, and changing community expectations.

Specifically, we will:

- design and implement systems that ensure food and fibre products achieve levels of safety and integrity which meet regulatory and community standards
- provide timely response to changes in community and market expectations for food safety, chemical usage, quality assurance, animal welfare, environmental responsibility and ethical operation
- work with regions, producers, industry groups and value chain participants to adopt practices that meet animal welfare and ethics standards
- conduct biosecurity surveillance and develop systems that manage the risk from endemic pests and disease, and guard against exotic pest and disease incursion
- conduct programs to overcome the impact of pests and diseases in partnership with government agencies, industry and local communities.

Corporate measures	Corporate results		
	2000-01	2001-02	2002-03
Statewide surveillance systems implemented or maintained	7	7	8
National eradication targets met	100%	100%	100%
Response activated within 24 hours of diagnosis	100%	100%	100%
The level of preparedness for response to FMD and TSEs	N/A	High	High
Number of markets accessed through protocol development	2	2	2
Standard of food safety-related policy and technical advice	N/A	New measure	High
Randomly surveyed food products meet legally accepted chemical residue standards	98%	98%	98%
Level of awareness of welfare standards by extensive livestock producers	New measure	45%	65%
Queensland credibility in animal welfare	High	High	High
Level of compliance with labelled use of Agvet chemicals	High	High	High

KS three

Key strategy

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



DPI provided Queensland food and fibre producers with leading edge technology to help them compete in national and international markets and produce products that cause minimal harm to the natural ecosystems.

DPI, through its community of scientists, creates and delivers ecologically sustainable technologies and solutions to grow Queensland's food and fibre industries.

Highlights

- Led the first National Drought Forum to spearhead a new direction for drought science in Australia by examining current research and identifying new opportunities for drought preparedness. The forum featured presentations by scientists from state and national research organisations. These scientists explored strategic research opportunities for better adapting Australia's food and fibre production systems to a highly variable climate. This involved the examination of current research in innovative technologies, such as the development of molecular markers for drought tolerance in plants and animals, and the potential of emerging technologies.
- Initiated the first Queensland Biodiversity Library in conjunction with universities, state and Commonwealth government bodies, and non-government organisations. Extensive cataloguing of all specimen-based collections has been completed, enabling a comprehensive documentation of Queensland's unique biota. In the age of genetic understanding, this information will be an invaluable source of data for innovative research into high-quality food and fibre products, human nutrition and medicine, and combating pests and diseases.
- Successfully ran the Queensland Food and Fibre Science Innovation Council's 'Smart Ideas' Awards to give people who are passionate about developing new products and business opportunities a chance to showcase their ideas. The aim of the awards is to strengthen Queensland's position as a consumer-focused, innovative and sustainable producer of high-quality food and fibre.
- Launched DPI's Biotechnology Policy to demonstrate the department's commitment to ethics and safety in application of biotechnologies. The policy provides a clear statement of how the department will approach, support and be involved in applications of agricultural biotechnology and clearly sets out overarching guiding principles for staff who use biotechnology in their work. It also outlines DPI's responsibilities in relation to biotechnology policy, regulation, and research and development.

Report

Adapt and promote new technologies that will give a competitive edge in traditional and new markets for food and fibre products

Research was conducted to improve food and fibre product attributes for bulk, processed and fresh products for overseas and domestic markets. This includes benefits such as improved shelf life, nutrition, sensory appeal, adaptation to deal with climate variability, and insect and disease resistance.

Throughout the year, the department researched and developed 45 new varieties including improved strawberries, custard apples, pineapples, peanuts, mungbeans and chickpeas. Researchers breed plant varieties that demonstrate the desirable traits determined by producers and consumers. For example, the new varieties of pineapples developed this year are high in vitamin C, sweeter than the varieties currently on the market, and with a fruit weight averaging 1.5 to 2 kg.

Some of the new pineapple varieties have attractive orange to red skin and reddish crowns; others have white flesh or very firm flesh. These new varieties will provide opportunities to further develop the pineapple industry, which is currently estimated to be worth \$50 million to the Queensland economy annually.

Focus research effort on innovation leading to breakthroughs in technology, and identification of future trends and specific customer demands

This year the department created 45 new market opportunities for food and fibre industries through innovation and technology, maintaining its thrust to produce environmentally friendly, ethically produced and safe food and fibre.

Some of these new technologies include:

- low cost non-chemical disinfestation systems to replace existing chemical insecticide disinfestation treatments for fruit flies for export and interstate markets
- accelerated laboratory tests to assess durability of wood after four months rather than the conventional 25 years for field tests. This evaluation tool will measure wood durability of new hybrid tree species, enabling the creation of high-quality timber plantations through breeding programs. These plantations will benefit consumers by supplying naturally durable timber, and reduce demand on native forest timbers
- technology for breeding marine crustaceans to feed aquaculture finfish. This technology has the potential to greatly increase the number and diversity of aquaculture species and, in turn, reduce demand on wild fish stocks.

Invest in strategic research to generate information on which to base future applied research

The department invested \$3 million in strategic research into new capabilities from platform technologies. This includes research based on molecular science, biological and physical systems modelling capability, and climate forecasting models.

Highlights include:

- research technologies to increase the profitability of red meat industries through the development of non-injectable vaccines. This technology, once developed, has the potential to reduce the time required to vaccinate cattle and reduce stress on the animal
- predictive and precision computer-based systems to predict wheat yields for individual Queensland shires at the start of, and then monthly throughout, the growing season.

In addition, \$4 million was received from intellectual property and capital developed through departmental research, development and extension. This will be reinvested into further research to give Queensland's food and fibre clients access to leading edge technology.

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

Encourage research and development investment in integrated production systems, bio-prospecting, new products from waste, and organic by-products

The department invests \$0.3 million annually into the application of recycling and bioremediation technologies and practices. These technologies include:

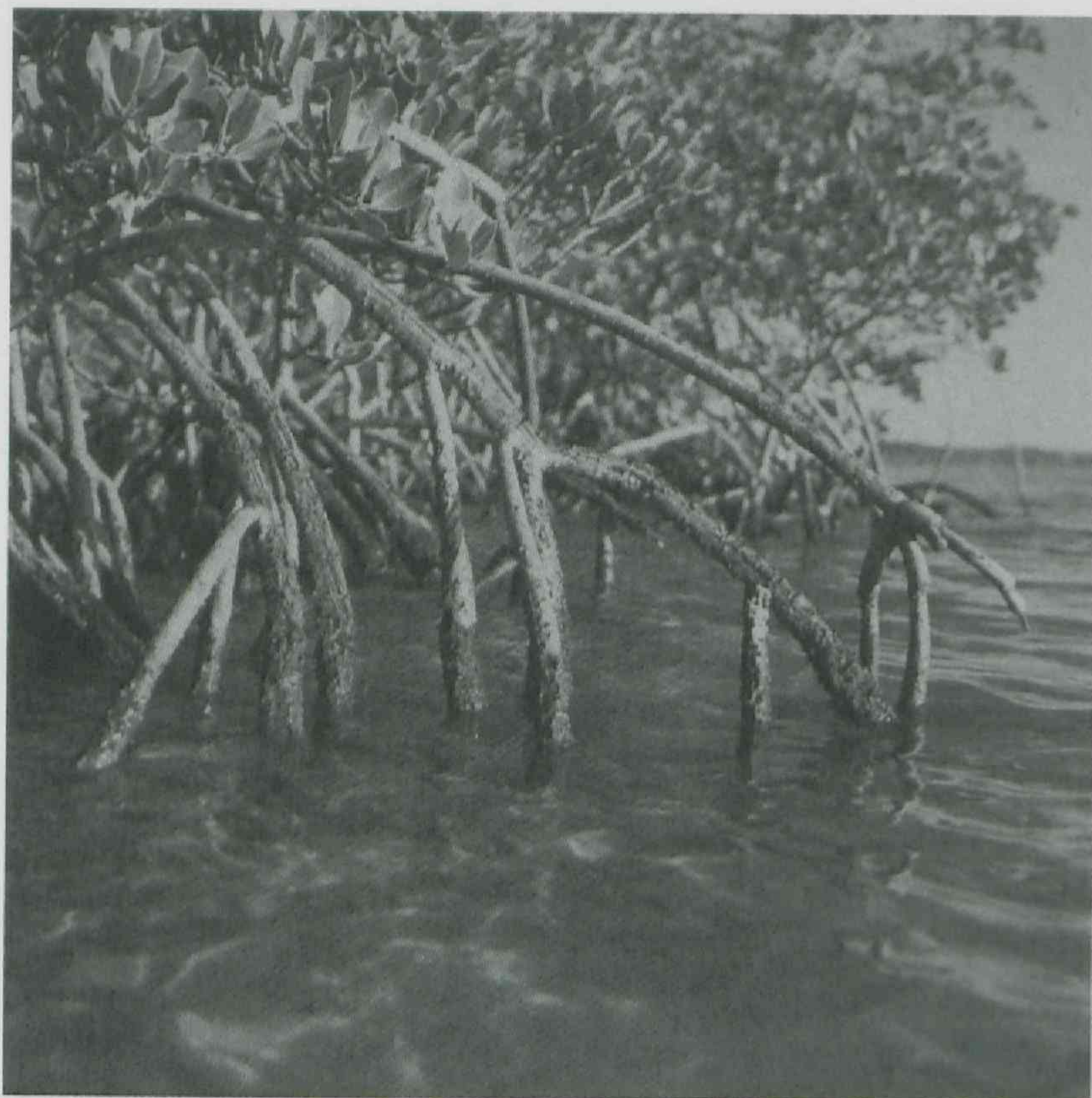
- recycling the waste generated from the processing of wool into an environmentally friendly, nutrient-rich soil improver with potential applications for nursery, ornamental, turf and agricultural industries. Research is occurring in trials that will see wool waste diverted from landfill and used as a safe, premium quality soil-improvement product. Waste material is composed of wool lint, wool fibres, carbonised vegetable matter, grease, acid salts, soil and sheep excreta. Efforts are also underway to have the product certified through Biological Farmers Australia as an accredited organic farming input
- developing integrated aquaculture systems that provide irrigation industries such as cotton and sugar cane with practical and sensible opportunities for diversification into aquaculture. The integration of aquaculture with irrigated agriculture provides a means of leveraging existing infrastructure and water resources to produce an additional high-value crop
- using treated effluent to grow trees, and recycled water to irrigate open spaces (turf). In addition, research is occurring into suitable tree species that will survive in salt-affected soils and help rehabilitate saline lands
- assisting the development of the Queensland Government's research priorities to advance the Smart State—Smart Science concept
- assisting the development of whole-of-government intellectual property policy that will stimulate maximum returns to the community from scientific research.

Outlook for 2003-04

DPI will continue to assist Queensland's primary industries businesses to innovate, so that they can take advantage of market opportunities, meet consumer needs and optimise long-term profitability. Specifically, we will:

- develop partnerships with industry to invest in R&D, based on expressed industry needs and identified market opportunities
- ensure that knowledge and technology development is prioritised to deliver innovative products and services that will improve the market advantage of Queensland businesses
- target the transfer of knowledge and technologies to ensure the competitiveness of businesses along the value chain
- invest in research, and support industry and community development activities, that will lessen the economic, environmental and social impact of short-term climate fluctuation and long-term climate change on Queensland.

Corporate measures	Corporate results		
	2000-01	2001-02	2002-03
Number of varieties (breeds, etc.) developed by AFFS achieving significant uptake by industry	35	40	45
\$'000 value of returns based on intellectual property	\$3.3 M	\$3.6 M	\$3.675 M
Number of new market opportunities created through new technologies and/or products	44	45	47
Number of high-impact value-adding technologies applied to food and fibre chain ventures as a result of AFFS knowledge and information	26	36	37
Number of commercial partnerships with companies and other institutions with a contract value greater than \$20 000	65	67	70



DPI actively worked with primary producers to help them adopt sustainable production practices, while remaining productive and profitable. Fisheries management is one example where DPI aims to achieve a balance between competing interests to ensure this investment is managed sustainably to meet the needs of the present, without compromising the ability of future generations to meet their own needs.

Highlights

- Implemented new fisheries management arrangements to ensure sustainability and fair catch sharing arrangements for a number of species including tropical rock lobster, snapper, pearl perch, flathead and spotted mackerel.
- Reviewed management arrangements including community consultation through the release of draft regulation amendments for a large number of fish species. These reviews included the development and release of a draft management plan and associated Regulatory Impact Statement (RIS) for the Coral Reef Finfish Fishery, as well as the release of two other RISs dealing with a number of proposed changes to management arrangements for a range of other fisheries.
- Conducted a review of the ecologically sustainable activities undertaken by the department to quantify the capacity, capability and level of resources devoted to this work, and to position future activities for the greatest benefit to our clients. The review identified challenges in maintaining levels of production whilst minimising harm to the natural resource.
- Participated in the development of a Reef Water Quality Protection Plan for the Great Barrier Reef. This joint Queensland/Commonwealth Government initiative contains a commitment to ensure that the impacts of land-use activities on waters entering the Great Barrier Reef are minimised.
- Undertook a project to assess the feasibility of using wastewater to develop hardwood plantations. As significant amounts of effluent are produced from sewerage plants, several regional city councils have expressed interest in the project. The publication *Using recycled water to irrigate hardwood plantations in Queensland* has been released.

Report

Promote ecosystem-based management of agriculture, forestry and fisheries systems

Queensland's natural resources are the foundation for highly productive primary industries, although in the past their use may have impacted adversely on the environment. For this reason, fostering changes in agricultural practices towards sustainable systems is a priority for the department.

DPI worked with producer groups, value chain partners and community groups to develop and test eco-labelled meat and wool products. As a result of this research, producers can potentially obtain premium prices for their products in return for practising sound environmental and pasture management.

DPI developed new biopesticides against sucking pests such as whitefly. These biopesticides, in conjunction with integrated pest management strategies, help to reduce chemical insecticides and improve sustainability of agriculture.

The department has promoted sustainable ecosystem-based management of fisheries through:

- conducting an extensive statewide media campaign
- distributing over 160 000 freshwater and marine fishing rules brochures
- demonstrating the importance of fish habitats to sustainable fisheries through *Nature's Nautical Nurseries*, an online interactive educational module for primary school students
- distributing the newsletter *Fish* to over 7500 people, providing an informative overview that helps to protect and conserve the state's fisheries resources
- inspecting over 30 000 fishers, through the Queensland Boating and Fisheries Patrol, and achieving a compliance rate with fisheries regulations of over 92 per cent.

Develop knowledge and technologies that minimise the impacts of production, harvesting and processing methods on natural ecosystems

Research, development and extension for natural resource management in the department is categorised into the following areas:

- minimising on-site and off-site impacts (erosion, water quality, salinity, loss of biodiversity and effect on air quality) of Queensland's grazing, intensive livestock, cropping, horticulture, forestry, aquaculture and fisheries systems
- implementing integrated pest management and area-wide management
- applying recycling and bioremediation technologies and practices
- controlling or minimising weeds in production systems
- minimising greenhouse gas emissions and/or increasing carbon sinks
- reducing chemical use in production systems
- managing risk and drought, including climate prediction technologies
- monitoring the natural resources underpinning food and fibre production systems.

It is estimated that 28 000 food and fibre ventures are using technologies developed by the department to assist them adopt practices that cause minimal harm to the natural environment.

In particular, DPI staff have been involved in:

- providing industry with the technical solutions to achieve sustainable farming systems for broadacre crops. The Central Queensland Sustainable Farming Systems project has developed alternative production techniques that have halted soil fertility decline and reduced soil loss in times of heavy rainfall. The project will also address improved, more integrated and timely crop management practices aimed at increasing yield while reducing crop losses
- establishing a low-cost method of direct seeding for revegetation of gullies and other degraded areas, and developing optimal production and rehabilitation systems for mixed tropical and subtropical hardwood species based on rehabilitation trials in northern, central and southern Queensland
- conducting major research into the use of permeable pond covers to reduce the impacts of odour emissions from intensive livestock and processing plant effluent lagoons on surrounding communities.

Promote harmony between food and fibre industries and natural ecosystems

Monitor and analyse the condition of ecosystems

Fisheries management arrangements are being assessed to determine whether they meet the requirements of the Commonwealth's *Environmental Protection and Biodiversity Conservation Act 1999*. The Act requires fisheries to demonstrate their sustainability if they export product, have the potential to impact on species of conservation interest, or occur in World Heritage Areas.

Through long-term fishery independent monitoring, DPI analysed the condition of ecosystems of the following key species: tailor, mullet, coral reef finfish, Spanish mackerel, spanner crabs, scallops, barramundi, freshwater fish, mud crabs, tiger/endeavour prawns and stout whiting. Stock assessments were conducted as part of the management of the following species: Spanish mackerel, stout whiting, spanner crabs, barramundi, threadfins and tiger/endeavour prawns.

Significant progress was made in consultation on proposed new Fish Habitat Area (FHA) declarations, including:

- submissions for government consideration on 1753 hectares of tidal and freshwater habitat around Annan River
- submissions expected early in 2003–04 for 852 hectares of tidal habitat around Elliott River and consultations completed on 29 853 and 29 000 hectares of tidal habitat around Starke River and Margaret Bay respectively
- ongoing community and stakeholder consultations for FHAs proposed for Fitzroy River and Edgumbe Bay.

Completed digital mapping of coastal wetlands for inclusion in the Coastal Habitat Resources Information System (CHRIS), a web-based resource centre that helps to monitor the condition and trend of coastal fisheries habitats.

Provide information to support government policy development and decision making by clients with respect to sustainable development

DPI submitted ecological assessment reports to Environment Australia to ensure continued access to export fisheries markets.

Approval was obtained for the export of pipefish taken as incidental catch in the East Coast Trawl Fishery. Final reports were submitted for the following fisheries; East Coast Trawl, East Coast beche-de-mer, coral reef finfish, mud crabs, and Gulf of Carpentaria inshore finfish and eels (with other reports under development).

The department developed, through the Fishing Industry Development Council, an operational policy on fisheries resource allocation to help provide solutions to sectoral disputes over access to fisheries resources.

In addition, a number of legislative amendments were implemented to ensure sustainable development of Queensland's fisheries, such as:

- three freshwater species were made no-take (Bloomfield River cod, river blackfish and spiny crayfish)
- requirements for trawl nets to be fitted with standardised turtle exclusion devices were introduced
- changes were made to the size and use of commercial fishing nets around the Wellesley Islands in the Gulf of Carpentaria to minimise interaction between fishing nets and protected wildlife, in particular, dugong
- an annual closed season for the tropical spiny rock lobster (or crayfish), from midnight on 1 October to midnight 31 January was introduced
- an annual quota of 140 tonnes for the commercial spotted mackerel fishery and provisions to ensure that only fishing lines are used to target spotted mackerel were introduced
- recreational take and possession limits were introduced or reduced for teraglin jew, pearl perch, snapper, spotted mackerel, black jewfish (with only two allowed over 100 cm), beachworm, bloodworm, beche-de-mer, and dusky flathead
- size limits were introduced or amended for painted crayfish (carapace 90 mm, tail 115 mm), pearl perch (from 30 cm to 35 cm), snapper (from 30 cm to 35 cm), spotted mackerel (from 50 cm to 60 cm), and dusky flathead (from 30 cm to 40 cm, with a new maximum size limit of 70 cm).

Facilitate community engagement, participation and consultation with respect to sustainable policy and strategy

DPI facilitated community engagement and participation in sustainable fisheries management issues through fisheries meetings in a number of regional locations.

DPI played a key role in identifying actions in the proposed draft Reef Water Quality Protection Plan which was released to the public following extensive consultation with key stakeholders, including local government, primary producers and conservationists.

These DPI initiatives can be combined essentially into the Agriculture Planning Scheme (APS) and on-farm delivery mechanisms involving technical and extension staff. This will be an integrated approach that combines scientific research and development, effective policy and planning, and development of innovative farming system solutions, and will encourage landholders to adopt sustainable production systems.

Outlook for 2003-04

DPI will continue to stimulate widespread adoption of ecologically responsible production and harvesting practices in line with Queensland's expectations for sustainable development. Specifically, we will:

- prioritise investment to ensure knowledge and technologies are developed to minimise the impacts of profitable production on natural ecosystems
- develop business models that benchmark, evaluate and demonstrate the impact of knowledge and technology uptake on industries, ecosystems and communities
- form partnerships with regional natural resource management committees, government agencies, industry and primary industry businesses to ensure knowledge and technologies are adopted
- ensure Queensland's fisheries are managed for ecologically sustainable development.

Corporate measures	Corporate results		
	2000-01	2001-02	2002-03
% increase per year in the area of marine fish habitat protected	5%	2%	2%
Number of fisheries independently assessed as being managed sustainably, including bycatch controls	2	3	10
% of farms that comply with aquaculture license operating conditions	80%	95%	95%
% increase in participation rate for freshwater fishing	2.5%	1.5%	1.5%
Number of units inspected by the Queensland Boating and Fisheries Patrol	32 000	30 000	30 000
Number of food and fibre ventures involved in resource sustainability measures as a result of AFFS knowledge and information	5 900	10 000	12 000
Number of Management Advisory Committees making effective resource management recommendations	7	7	7
Effective development and implementation of Greenhouse, National Action Plan for Salinity and Water Quality policy frameworks to promote new opportunities and sustainable industry activities	High	High	High



DPI is Queensland's principal forest grower. State-owned plantations and native forests managed sustainably by the commercial business group, DPI Forestry, supply 82 per cent of the domestically grown log timber used each year by Queensland's timber processing industry. This industry contributes more than \$500 million annually in value-adding to the state's economy and supports the equivalent of 10 000 full-time jobs, many of which are in regional areas. DPI Forestry's key product areas are exotic pine, araucaria (hoop pine) and hardwood plantations, native hardwood and cypress, quarries and forest services.

Highlights

- Recorded a profit from ordinary activities after income tax equivalents of \$285.3 million.
- Achieved a return on assets of 26.3 per cent.
- Paid a record dividend of \$21 million to the Queensland Government, reflecting DPI Forestry's robust financial position.
- Completed, on schedule, the state government's four-year, 5000 hectare, South-East Queensland Forests Agreement Hardwood Plantation Program. These plantations will provide the core resource base to facilitate transition by the region's timber industry from harvesting of state-owned native forest by 2025.
- Sold 200 000 cubic metres of log timber from state-owned plantations in the Ingham and Cardwell areas for export through Townsville to Asian markets.
- Achieved independent re-certification of DPI Forestry's Environmental Management System to AS/NZS ISO 14001 for a further three years, demonstrating the department's commitment to environmentally responsible forest production.
- Sold a record volume (1.89 million cubic metres) of plantation timber.
- Sold increased volumes of native forest log timber (372 000 cubic metres — 3.4 per cent more than the previous year) and quarry materials (2.86 million cubic metres — 22.2 per cent more than the previous year).
- Planted 6329 hectares of softwood and hardwood plantation despite dry weather conditions, only 5 per cent below the record 2001–02 levels.
- Purchased 4157 hectares of privately owned land for new exotic pine and hardwood plantations.
- Implemented a Community Engagement Strategy and Adjoining Neighbour policy reinforcing open communication and effective working relationships with regional communities.

Report

Maximise the market value of DPI Forestry and achieve a commercial rate of return

Commercial performance

DPI Forestry delivered a record profit from ordinary activities after income tax equivalents for 2002–03 of \$285.3 million, 158 per cent higher than the previous year. This profit figure included a \$255.2 million unrealised increment in the value of plantation assets, reflecting the impact of significantly reduced market interest rates and increased demand for timber on the value of these assets under the 'net present value' asset valuation method. Return on assets for the year was 26.3 per cent.

DPI Forestry also paid a record \$21 million dividend to the state during the year, reflecting the organisation's robust financial position.

Increased timber supplies

DPI Forestry's receipts from sales reached an all time high of \$105.5 million following significantly increased sales of plantation and native forest timber and quarry materials. Sales were buoyed by demand generated by a vibrant housing market and by higher sawlog removals.

Of particular note is DPI Forestry's massive increase in exotic pine sawlog production over the past two years — up 360 000 cubic metres, or more than 57 per cent — which has provided an investment climate for the private sector that has resulted in major sawmill upgrades worth more than \$40 million at Maryborough and Caboolture.

This supply increase is due in large measure to the successful implementation of a revised exotic pine allocation policy for central and south-east Queensland approved by the state government in 2000. A key feature of this policy is a 'fibre substitution' process through which pulpwood purchasers can source more of their fibre requirements from sawmilling by-products and harvesting residues, enabling DPI Forestry to supply greater volumes of sawlog to other processors.

North Queensland sale

During the year, DPI Forestry sold 200 000 cubic metres of log timber from state-owned plantations in the Ingham and Cardwell areas to Pentarch Forest Products for export through Townsville to Asian markets.

Approximately 20 jobs were created to harvest, load, haul and measure logs under this sale. Additionally, re-establishment of the resulting 600 hectares of harvested plantations will provide continuing employment for 28 local DPI Forestry staff at Cardwell and Ingham.

To secure long-term benefits for north Queensland's forest industry, DPI Forestry commenced a process to attract a local processor for log timber sourced from the 14 000 hectares of state-owned plantation in the region.

Expand the asset and resource base to enhance long-term commercial returns

Hardwood plantations

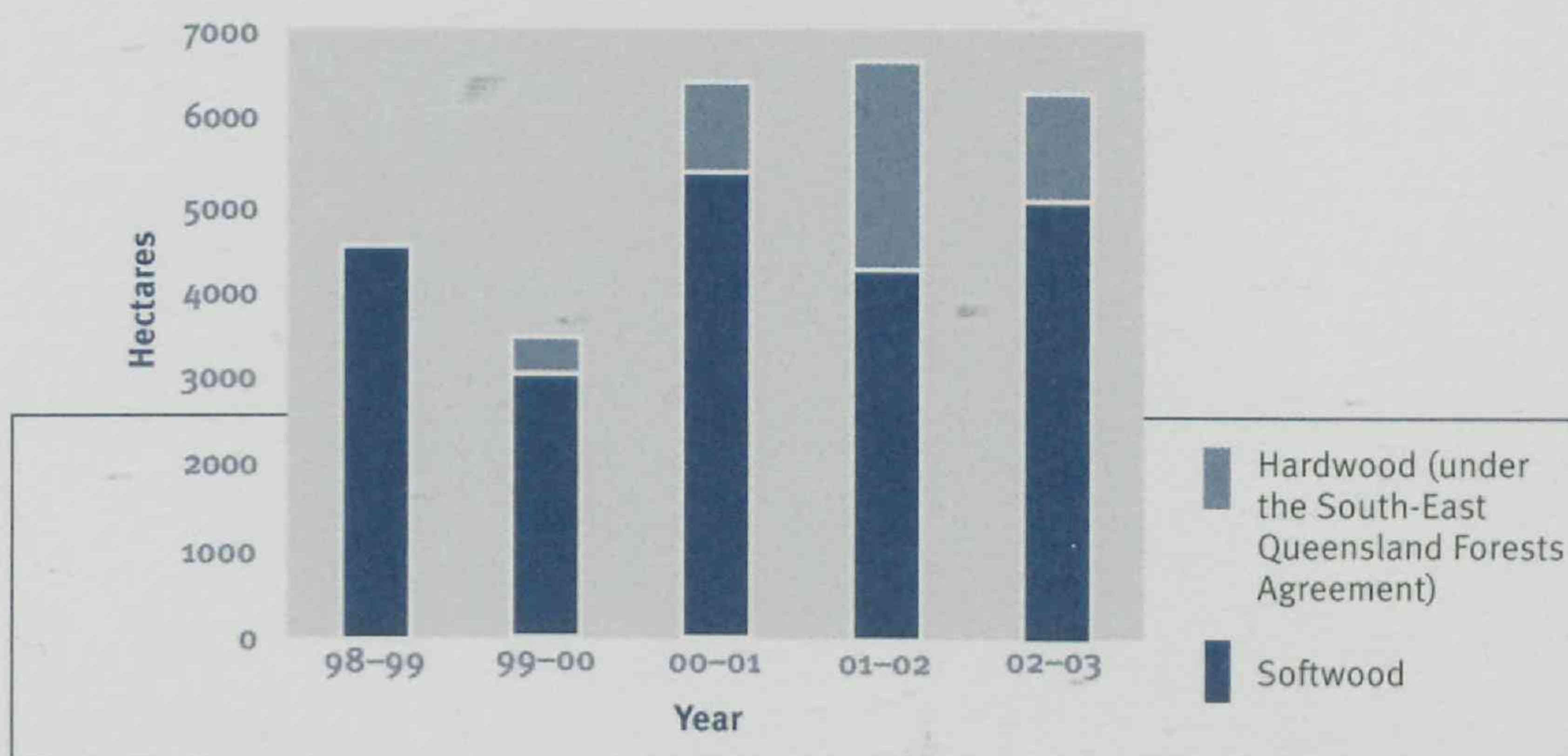
In a major achievement during 2002–03, DPI Forestry successfully completed the government's four-year, 5000 hectare, South-East Queensland Forests Agreement Hardwood Plantation Program. DPI Forestry planted 1265 hectares of hardwood plantation during the year, bringing the total area of plantation established under the program to 5026 hectares.

These plantations, established under joint venture and land rental arrangements with other landholders, and on state-owned land, will provide the core resource base, facilitating transition by the region's timber industry from harvesting of state-owned native forest by 2025.

Softwood plantations

To provide for future timber supplies to Queensland's timber industry, DPI Forestry planted 5064 hectares of softwood plantation, 19 per cent more than the previous year. This was achieved despite dry weather conditions in key plantation centres.

DPI Forestry plantation establishment



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

Plantation expansion

To underpin growth of Queensland's timber industry, DPI Forestry continued its strategic plantation expansion program during the year, purchasing a further 4157 hectares of privately owned land for both exotic pine and hardwood plantations, including 3364 hectares to expand state-owned exotic pine plantations at Byfield, near Yeppoon.

Conduct commercial forest production operations in accordance with community expectations for sustainable forest use

Independent certification

Following a comprehensive independent audit process, DPI Forestry's Environmental Management System (EMS) was re-certified to AS/NZS ISO 14001 for a further three years. Independent certification of the EMS assists Queensland timber processors to sell products into markets demanding timber sourced from sustainably managed forests.

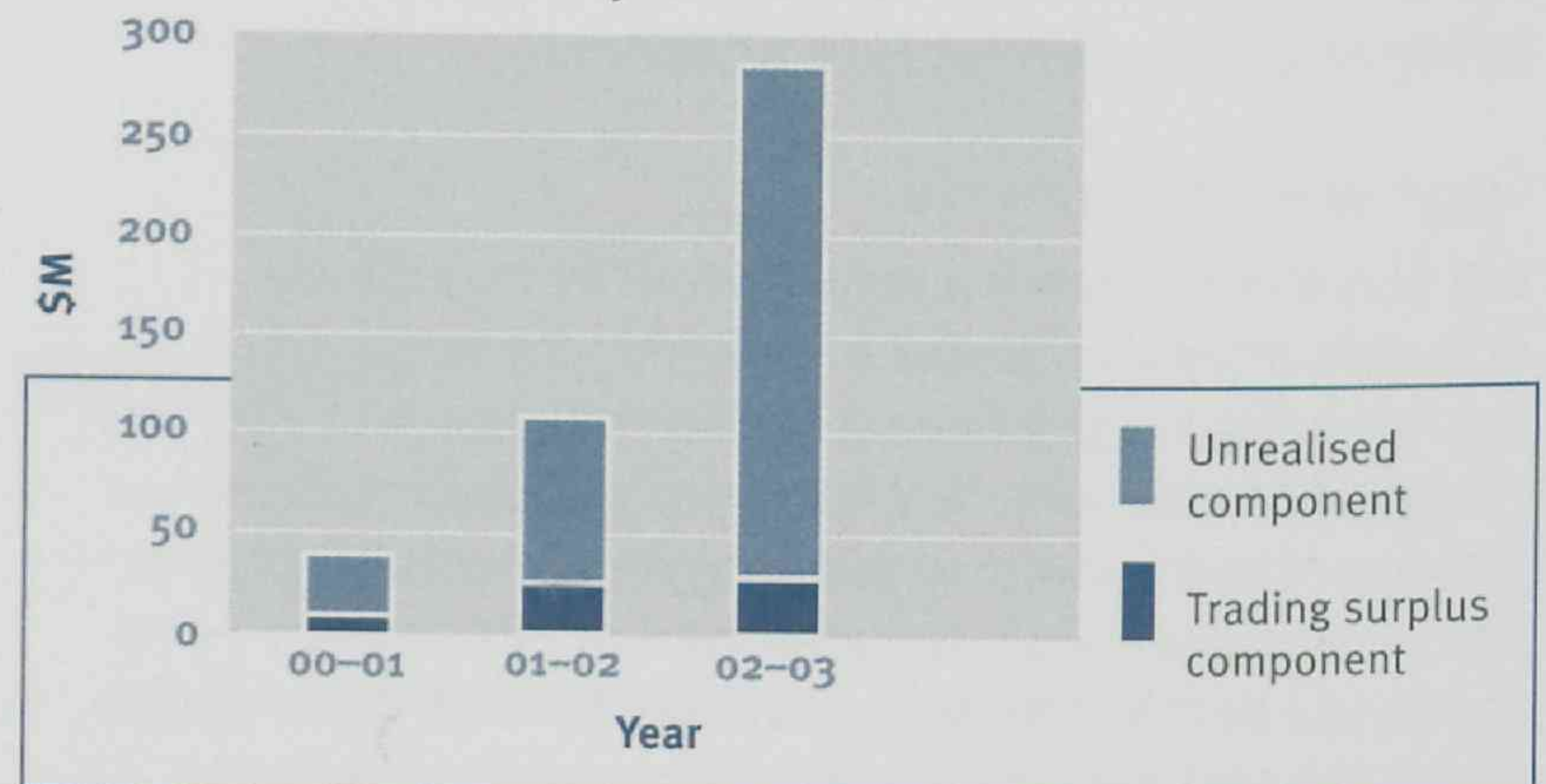
Community engagement

DPI Forestry is aligning its EMS with the Australian Forestry Standard and Forest Stewardship Council principles to meet international and national requirements for sustainable management. As a key element in this process, DPI Forestry has implemented a new Community Engagement Strategy, enabling wider community input to forest management planning. This strategy includes a new Adjoining Neighbour Policy reinforcing open communication channels and effective working relationships with DPI Forestry's many neighbours adjoining state forests.

Environmental awareness

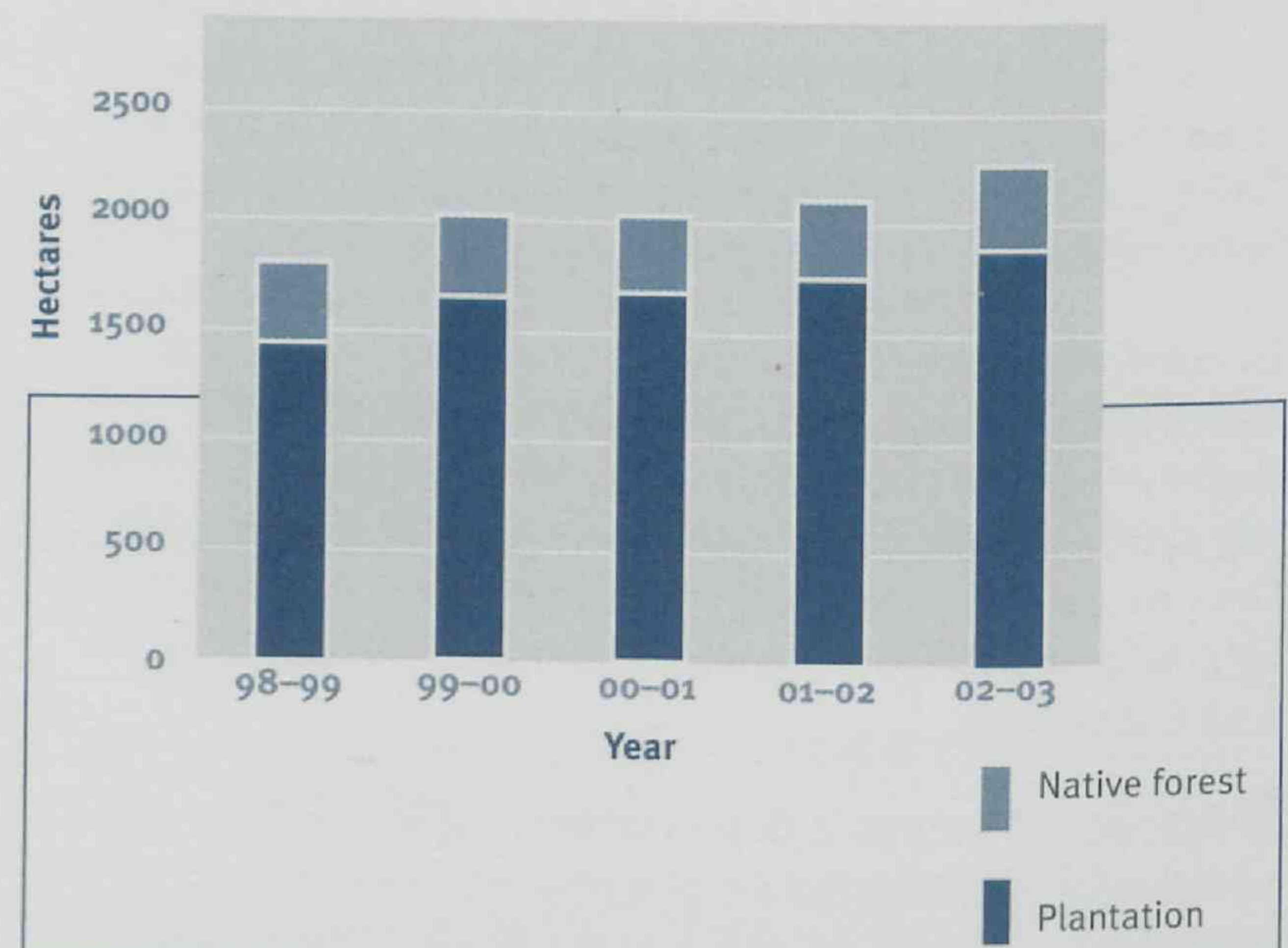
DPI Forestry is working to enhance the environmental and safety awareness of forest workers. All forest harvesting operators and DPI Forestry harvesting supervisors working on state-owned forest product sales are now accredited to National Competency Units FPI OHS 1A (follow defined occupational health and safety policies and procedures) and FPIC 1009A (act in an environmentally responsible manner).

DPI Forestry — profit from ordinary activities after income tax equivalents



Note: The large unrealised component in 2002-03 reflects the effect of lower market interest rates and increased timber market demand on the value of plantation assets under the 'net present value' asset valuation method.

DPI Forestry state-owned timber removals



Outlook for 2003–04

DPI will continue to maximise the market value of Queensland's commercial forestry assets within a sustainable development framework. Specifically, we will:

- commence work on a \$30 million 'Future Directions Strategy' for hardwood plantations and forest management services and investment to further strengthen the growth potential of south-east Queensland's timber industry. As a key element of this strategy, DPI Forestry will expand the hardwood plantation estate in the region by a further 5000 hectares over six years (with 750 hectares to be planted in 2003–04)
- provide for future log supplies to the state's timber industry by increasing state-owned softwood plantation establishment by 17 per cent to 5900 hectares
- enhance DPI Forestry's Environmental Management System in accordance with international requirements for sustainable management.

Corporate measures	Corporate results		
	2000–01	2001–02	2002–03
Accounting rate of return	3.4%	11.4%	26.3%
Percentage of state-owned timber production sourced from plantation	83%	83%	84%
Independent certification of Environmental Management System to AS/NZS ISO 14001 maintained	Achieved	Achieved	Renewed for a further 3 years



DPI increased its capacity to engage with rural communities and give them a greater voice in the development of government policy.

Building these relationships ensures that DPI provides an important link between the state government and Queensland's rural and remote communities, enabling rural Queenslanders to access information and services to help them build strong communities committed to a shared vision of long-term viability and prosperity.

Highlights

Capacity building:

- Provided research, extension and community capacity building services to support the development and progression of viable agriculture, forestry and fisheries business opportunities.
- Established the Centre for Regional and Rural Innovation – Queensland (CRRRI-Q), in partnership with The University of Queensland, to provide business and community-based development, research and development capacity enhancement to encourage and support projects at a strategic level, and consultancy services for specific community and business innovation needs.

Access and community engagement

- Implemented the Indigenous Queensland Government Agent Program (QGAP) model in the Yarrabah community, providing improved equity of access to government information and services for all Queenslanders.
- Widened DPI's distribution network for information on government support programs, in recognition of the wide-scale impact of drought. The Drought Hotline received 6000 calls, the Drought Web portal received more than 70 000 hits, 35 000 brochures were distributed, and information kits were made available at community events.
- Worked with key stakeholders in the development of the South East Queensland Rural Futures Strategy (SEQ2021). The challenge was to find pathways to a future that balances competing productive, urban, amenity and recreational demands for land and natural resources from rural landholders, rural communities and the overall regional population. The strategy was endorsed by the SEQ Regional Coordination Committee and has been widely accepted.
- Won two National Trust Heritage Awards in the 'educational promotion' category for DPI's *Heritage and Heroes* publication, for the department's work to conserve and promote its cultural heritage with the Boondooma Clearing Dip Interpretation Centre, built in partnership with the Boondooma Homestead Committee.

- Progressed the eradication of the Red Imported Fire Ant, with new monitoring results showing that 98 per cent of known fire ant infested properties in south-east Queensland that have received treatment are now either fire-ant free or have inactive nests. Although new nests have been discovered outside the treatment areas as a result of surveillance programs and public involvement, these infestations had significantly fewer active nests. It is important to note that fire ants are still confined to a small area of south-east Queensland and that the treatment program is proving successful.
- Strengthened community-based partnerships and regional networks by providing rural Queenslanders with opportunities to inform government on the issues and challenges facing rural communities and provide feedback on proposed government initiatives through the Queensland Rural Ministerial Advisory Council.
- Developed the Primary Industries Ministerial Council National Action Plan for Advancing Reconciliation to maximise service delivery to Indigenous clients.

Report

Work within the community to facilitate innovation in economic and business development

DPI commissioned and released a report analysing its relationships with successful food and fibre industries and sustainable rural communities. The report highlights the options and strategies available to rural communities that are heavily reliant on these industries, to make them more sustainable.

DPI staff worked with over 500 producers and/or community members in 50 groups, assisting them to build their capacity to improve their businesses or communities. All groups are demonstrating consistent progress towards their goals by developing and implementing strategic, business or action plans. Twenty-eight per cent of these have achieved their goals and no longer require assistance. From this work, approximately \$1.5 million in 'start-up' funds has been attracted into Queensland through philanthropic trust funding or private sector investment.

Four Regional and Rural Innovators Forums were completed, an initiative of the Queensland Food and Fibre Science Innovation Council (QFFSIC), to support leaders in innovation to implement new products, services and systems. Forums were held in Longreach, Yarraman, Gympie and Rockhampton.

DPI facilitated partnerships between rural communities and government agencies to progress community-based initiatives and events.

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

From the South East Queensland Rural Futures Strategy, rural futures working groups have developed strategies relating to five core themes covering land use planning, rural economy, working together, water resource management and sustainable rural communities. Work is now continuing on actions around the core themes.

Extensive support was provided for the Year of the Outback 2002, including providing secretariat support for the Queensland State Steering Committee, promoting associated events in rural Queensland and collaborating across government to facilitate the development of tourism potential in rural communities.

Over 3000 rural and regional Queenslanders participated in a broad range of industry and community-based capacity building activities facilitated by DPI. Capacity building skills acquired have direct relevance on-farm and within the community and are proving beneficial to both the individual and rural communities. This trend has been consistent over the last six years and it is anticipated that it will continue.

Contribute to effective community interaction with government

DPI identified current and emerging social, economic and environmental issues challenging rural communities and promoted equity, access and participation of rural Queenslanders in government decision-making, ensuring that these issues were considered in the development of policy.

In partnership with Agforce and Suncorp, DPI coordinated the Raise their Spirits Concerts, held in Charleville, Clermont and Miles to provide information on a range of drought support services combined with a family entertainment event.

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

DPI promoted community awareness of fire ants, resulting in increased surveillance capacity and wider identification of fire ants that enables a more targeted response to controlling infestations. A number of community-based fire ant management initiatives were implemented and assistance provided to Fire Ant Community Watch Groups to maximise fire ant surveillance, eradication and public education.

In June 2003, DPI surveyed residents living within the fire ant treatment area. Results indicated a very high level of satisfaction with the delivery of the eradication program.

Improved engagement was facilitated between rural communities, government and non-government agencies through coordinated sponsorship of community-focused events.

DPI coordinated three Queensland Rural Ministerial Advisory Council (QRMAC) meetings to enable rural Queenslanders to inform the government decision-making process.

Provide equitable access to information and services

DPI promoted fairer access to government services and information by coordinating electronic service delivery in rural communities through the Queensland Government Agent Program (QGAP). With 67 one-stop-shops throughout Queensland, DPI provides rural Queenslanders with online transactions to a range of government services.

Three new e-networks were established for aspiring women and young people in rural industries i.e. Women on Boards, Enterprising Women, and the Young People in Rural Industries Liaison Group. As women and younger people are a key source of innovation in industry development, supporting these networks is one way of ensuring that ideas and information are widely shared.

Maximise participation of women, youth and Indigenous members of the community in capacity-building activities

DPI services attract a proportion of women across a range of activities. However, disparity exists in the number of women in leadership positions in rural industries. As a result, eight initiatives were held, providing women and young people with opportunities for networking, professional development and informal learning. For example, ten women in rural industries were sponsored to attend the third world congress in Spain and undertake a study tour of Spain and France.

In 2002–03, seed funding was allocated to assist 16 Indigenous communities in Cape York to commence the pre-feasibility work necessary to ensure that initiatives proposed by the communities are achievable. These investigations will continue throughout 2003–04.

\$2.5 million was allocated for the purchase of commercial fishing licences to support the development of the Cape York fishing company.

In other parts of Queensland, specialist ‘in-kind’ support was provided to Indigenous communities to improve employment opportunities. Mining and pastoral companies are to conduct sustainable property business planning activities to support Indigenous economic groups.

The Burdekin Rangeland Reef Initiative provided \$800 000 in grants for a range of community development projects, including the Charter Data Community Information Database, riparian revegetation, the supplementation of aquatic polycultures and regional planning for the Gugu Badhun people. This includes the ‘On Common Country’ project, which assists communities to foster Indigenous enterprises, growing the skills and capabilities of Indigenous people.

Over recent years, services have been tailored to meet the special needs of Queensland’s rural Indigenous communities, particularly the 16 Cape York communities. Subsequently, funding has been made available to recruit three officers in the Cape to build relationships with Indigenous people, develop linkages and support and facilitate Indigenous community-led initiatives.

DPI continued to support a range of activities to benefit rural women, including the annual Elaine Brough Bursary, which was awarded in 2003 to Ms Danielle Powter of Monto to investigate ways to expand Queensland’s domestic goat meat market.

Outlook for 2003-04

DPI will continue to anticipate and address opportunities and challenges which influence the future prosperity of rural communities. Specifically, we will:

- develop community profiles which identify opportunities and challenges for individual rural communities
- improve equity of access to information and services through a more effective regional presence for rural communities
- form partnerships with other agencies to support groups actively developing the capacity of their community
- provide informed advice to government agencies and community stakeholders about current and proposed government policy, and its impact on rural communities.

Corporate measures	Corporate results		
	2000-01	2001-02	2002-03
Level of effectiveness of value chain based business and development plans intended to facilitate strategic planning and positioning of rural industries	New measure	High	High
No. of groups located across Queensland, initiated by local entrepreneurs and community members focused on business enhancement and rural development	87	88	65
No. of QGAP sites (all with electronic links to government services)	65	66	67
No. of activities to promote the role of women and youth in regional Queensland business, communities and industry	6	7	8
New business enterprises and activities initiated or enhanced by individuals, businesses or communities following participation in Innovative Rural Management (IRM) products and services	60%	80%	80%
Ratio of male-to-female participants in IRM products and services	70:30	60:40	55:45
Number of Aboriginal and Torres Strait Islander communities participating in IRM products and services	4	5	4
Client satisfaction with community consultative processes (1-5) (1-low, 5-high)	4	4	4

Internal business strategies – clients and community

Key client and community strategies were to:

- regularly review DPI services in terms of satisfaction and relevance to clients and community
- ensure region specific requirements are a prime consideration in reviewing DPI client, and community, relationships and services
- review the level of awareness of the DPI brand and image of DPI within the community.

For DPI to deliver a return on investment to all Queenslanders, we must seize opportunities, assist producers to diversify their interests, and to predict and manage the risks and opportunities that impact on production. In addition, we must lead producers towards production practices that do not adversely impact on the environment, and communicate to communities that this is happening.

To determine client satisfaction ratings and recognition ratings of DPI's brand and image, this year the department undertook extensive stakeholder research, adding to the ability to further analyse trends contained within the data collected over the previous six years.

In this research the stakeholder groups were broadened to include natural resource management groups, rural and urban communities, and local government as well as the traditional stakeholders of primary producers and processors. The research has taken a more in depth view of the entire value chain and its possible impacts on our environment.

Although the lowest recognition of the DPI brand was in urban communities, there was a general recognition of DPI's involvement in the eradication of fire ants. When prompted, people were able to see clearer links between their everyday lives and DPI's core business – the quality and safety of our food, ensuring that Queensland's natural resources are managed responsibly and promoting the export of Queensland's primary produce.

Rural communities were strongest in their beliefs that DPI has a key role in protecting and safeguarding Queensland's natural resources by assisting producers to adopt more sustainable farming practices.

What some of our stakeholders say about natural resource management

'Their main clients are primary producers. But they have a duty of care role to the entire Queensland community regarding our resource use and food safety.'

'At the local level, some of the work they have been doing has been really excellent and innovative, particularly getting landowners involved.'

Ninety per cent of rural Queenslanders and ninety-four per cent of urban Queenslanders believe that the effective management of our natural resources is of personal benefit to them.

The information in the following table indicates urban and rural Queenslanders' perceptions of DPI's involvement in Queensland's primary industries. DPI surveys indicated that urban and rural Queenslanders share similar perceptions about DPI. This represents a small part of the total set of stakeholder information which has been used in structuring our planning processes.

	Ensuring our food is safe and of good quality		Protecting Queensland's primary industries against the spread of pests and disease		Ensuring Queensland's natural resources are managed responsibly		Helping Queensland's farmers be more productive and profitable		Helping Queensland's rural communities achieve self-reliance and prosperity		Identifying export markets for Queensland's primary products	
	rural	urban	rural	urban	rural	urban	rural	urban	rural	urban	rural	urban
Strongly agree	60	65	62	64	46	53	40	44	40	39	31	33
Agree	37	33	34	35	44	31	49	49	49	51	54	53
Neither agree or disagree		1	1		3	3	4	3	3	5	5	6
Disagree	2		2	1	4	3	5	3	4	3	7	6
Strongly disagree			1		2		1		1	1	1	1

Internal business strategies — resource management

Strategies

During 2002–03, DPI pursued the following strategies:

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

Measures of success

- During 2002–03, DPI completed a program of financial management skills training for senior managers, and then progressed into financial skills training for administrative staff. Training focused on accrual accounting issues and their impact on DPI's decision-making processes, asset management, GST and financial management. Budgeting and interpretation of financial reports were also part of the training.
- DPI had no qualified audits in 2002–03.
- The monthly financial reports to DPI's Finance Committee were enhanced to improve the clarity of information, and aid its interpretation by executive decision makers.
- Extra reporting dimensions were added to the finance module of DPI's information portal, DataPond, to enhance the available options for the analysis of financial data.
- The controlling module of DPI's enterprise system, SAP, was reconfigured to improve the capture and reporting of costs.
- A new strategic framework is being developed for the management of DPI's assets over their life cycles. Implementation of the framework will continue into 2003–04.
- DPI's achievements in financial management training during the year were recognised in the awarding of a Client Service Award from the Minister.



From Left to right: Ian Mccomiskie; Doug Reason; James Cruickshank; Mike Richards; Deidre Carton; Loretta Stewart; Lawson Barney; Melissa Aulfrey; Nik Nicolaidis; Pauline Pender; Steven Kay; Ian Winter; Karl Stevens; Maree Burgess; Cameron Emslie; Than Tran; Malcolm Thompson; Andrew Skalina.

Internal business strategies — people, learning and growth

Strategies

Develop organisational leadership skills

Level of participation in leadership programs

54 staff attended leadership development programs such as the Foundations of Effectiveness, Leadership in Action and Experiential Leadership Development programs.

This commitment to development will provide DPI with leadership capabilities now and into the future.

Develop skills and effective knowledge management relevant to future needs

Expenditure on training and development

\$4.3 million was expended on training and development for DPI staff for professional development, tertiary study, mobility programs, online learning, and training courses.

Training and development priorities are linked via workforce plans to business activities to ensure DPI has the capability to deliver outcomes.

An Information Sharing Culture Study was completed to identify DPI's capacity for collaboration between staff to share knowledge and information.

DPI will continue to develop capable and skilled staff to deliver world-class service.

Enhance the diversity and flexibility of our workforce

Women's initiatives

In the past year, women's representation in middle management positions increased from 17 per cent to 21 per cent and in SES/SO positions from 15 per cent to 20 per cent.

A Women's Advisory Group was formed to advise the Director-General on priority development areas for women.

A website and discussion group for women was developed.

A Relieving Policy was formulated to encourage skills development for female staff.

Changes in diversity and age profile statistics

The department has received Commonwealth funding to undertake a structured employment and training project aimed at increasing the competency levels of Indigenous employees.

Staff turnover relative to benchmarks

Annual turnover of permanent staff is 6.7 per cent compared with Queensland Public Service turnover of 8 per cent.

Multicultural initiatives

Ongoing targeted recruitment strategies were implemented for staff from a range of cultural backgrounds.

The cultural diversity of DPI staff has been used to tailor Queensland's primary industry products to overseas markets.

DPI's workforce will be flexible and reflect the diversity of the Queensland community.

Recognise and reward appropriate achievements and behaviours

Staff feedback on organisational culture

1400 DPI staff participated in the Organisational Culture Inventory (OCI) Survey.

Staff expressed their overall satisfaction with being employees of DPI, and rated the achievements of the department as good to very good.

Strategies are being developed and implemented for any areas identified for further development (e.g. communication, feedback and recognition).

A range of staff recognition and reward strategies are in place — including DPI Client Service Awards and a DPI progression scheme.

DPI will continue to build a culture which recognises innovation and achievement.

Support investment in innovative learning approaches

LearnWorX, the department's E-learning management system, was launched by the Minister in February 2003.

DPI staff and clients from across the state have accessed learning programs on topics as diverse as animal welfare, vessel monitoring, and E-books, and received computer and financial training.

Courses currently under development provide training on the Code of Conduct, DPI Induction, and Internet/email use.

DPI staff will have access to innovative learning opportunities wherever they are located throughout the state.

Ensure staff are aware of, and behave in accordance with, the Code of Conduct

DPI's revised Code of Conduct has been approved by the Minister and will be launched in early 2003-04.

The draft revised code received positive support from the Integrity Commissioner and the Office of Public Service Merit and Equity.

The Code of Conduct will guide DPI staff to act ethically and treat each other and clients with respect.

Snapshot:

At 30 June 2003:

- DPI had 3928 full-time equivalent staff
- 33% of staff were female, 67% were male
- 1.4% were people from an Aboriginal or Torres Strait Islander background
- 10.4% were people with a disability
- 5% were people from a non-English speaking background
- The average age was 41.6 years
- Voluntary Early Retirements (VERs) — as part of the Workforce Renewal Program, 87 staff took voluntary early retirements at a cost of \$3 963 705.

Whistleblowers Protection Act 1994

DPI's policy for protection of whistleblowers details the support and protection to be given, and acts as a guide for making and handling public interest disclosures. In 2002-03, 3 public interest disclosures were reported to the Director-General under the *Whistleblowers Protection Act 1994*.

Internal business strategies — internal business processes

Strategies

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

Measures of success

- DPI's major performance management improvement initiative during 2002–03 was the development of a comprehensive Performance Management Framework, to support the alignment of corporate strategies with government and DPI outcomes, outputs and inputs.
- Integral to the Performance Management Framework is a DPI-wide hierarchy of outputs and key activities that will serve as a foundation for investment analysis, resource allocation and outcome reporting.
- DPI also progressed, for implementation in 2003–04, the development of a Performance Information Management System and the reconfiguration of the SAP system, which together will provide improved reporting on the costs of DPI's lines of business.
- The security of critical infrastructure was a key focus for DPI's risk assessment during the year.
- DPI continued to enhance its corporate operating environment to support a wide range of applications, facilitate information interchange between information systems, and provide tools for staff to communicate electronically with each other, clients, and the greater community.
- To sponsor the exchange of knowledge and information across the department, DPI established a knowledge management project during 2002–03.
- During 2002–03, DPI's principal governance committees undertook self-reviews to maintain their terms of reference and structures in alignment with accountability requirements and stakeholders' expectations.
- The promotion of ethics and accountability were key principles in the design of DPI's new Code of Conduct.

Waste management

DPI is strongly committed to managing its waste in a way that is consistent with the ideals of ecologically sustainable development, and that meets the waste management hierarchy and principles. DPI manages its waste under a Strategic Waste Management Plan, initially developed during 2002, which requires the department to report on its waste management on an annual basis. In 2001–02, the department's first year of operation under the plan, indicative values were supplied. For 2002–03, the following data is supplied:

Number of DPI sites: 194

Waste generated 2002–03				
Types of waste generated	Tonnes	Kilograms	Litres	Cubic metres
Clinical and related waste	8	27 049	108 087	1
Trackable waste — non clinical & related	16	4 188	111 494	711
Other regulated waste — non-trackable	31	1 277 103	1 660 526	591 338
General office/workplace waste	259	21 038	2 846 570	3 378
Total waste generated this year	314	1 329 378	4 726 677	595 428

Measures to address the waste management hierarchy and principles 2002–03				
Measures of waste reduction	Tonnes	Kilograms	Litres	Cubic metres
Waste avoided	4	250	160	200 035
Waste re-used	20	467	2 501 680	527
Waste recycled	581	14 515	32 660	770
Waste from which energy has been recovered	—	—	200	—
Total waste re-used, recycled, etc	605	15 232	2 534 700	201 332

Predicted quantities of waste 2003–04				
Types of waste	Tonnes	Kilograms	Litres	Cubic metres
Clinical and related waste	2	17 046	72 187	1
Trackable waste — non-clinical & related	17	4 447	106 945	712
Other regulated waste — non-trackable	17	458 165	1 662 905	591 329
General office/workplace waste	247	19 060	3 343 150	3 960
Total waste predicted 2003–04	283	498 718	5 185 187	596 002

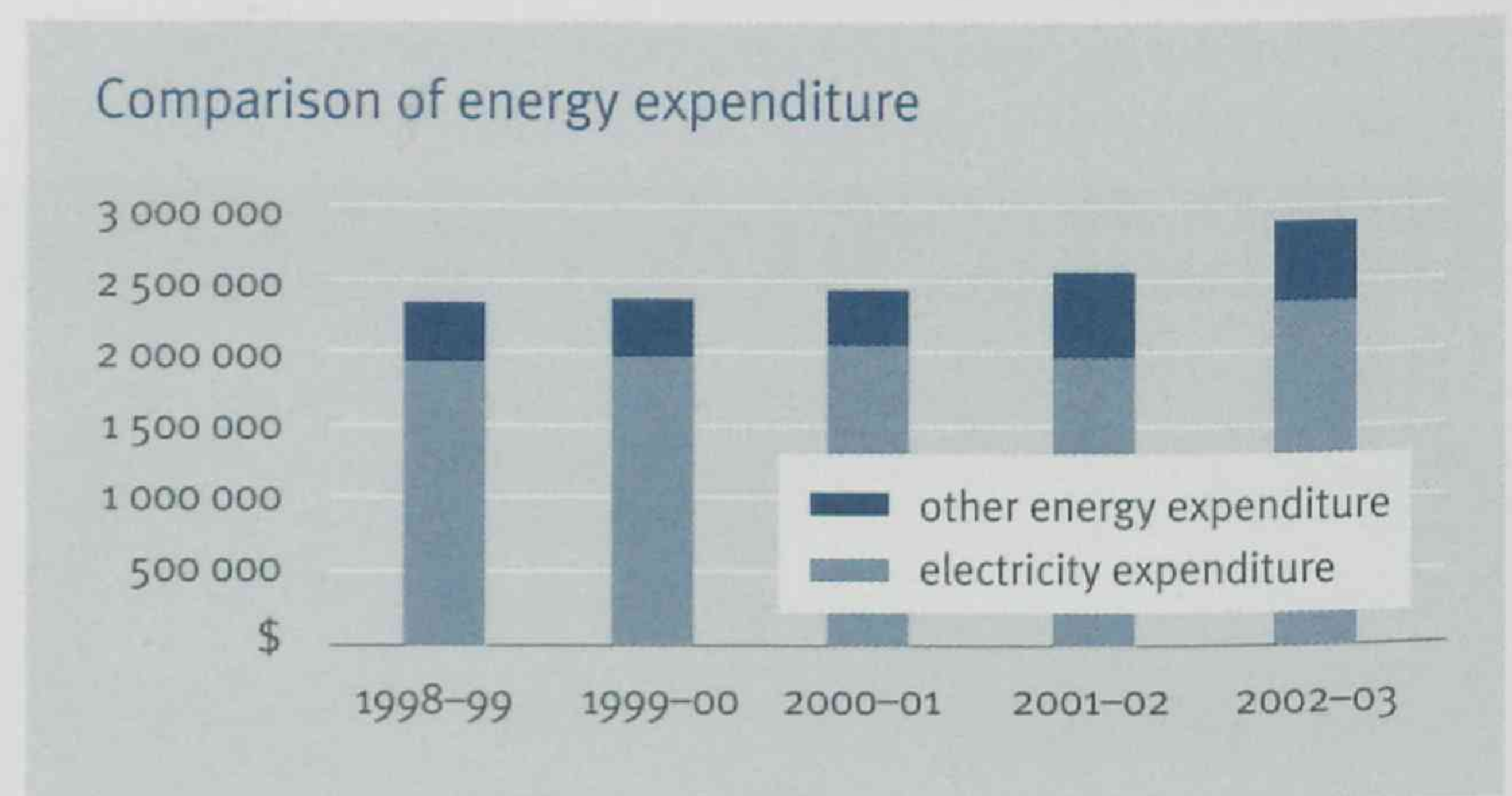
Energy consumption, expenditure and measures implemented to control energy use

Energy expenditure is a significant budgetary item for the department, with total expenditure during 2002–03 being \$2 764 216, of which 89% was for electricity. Compared to last year, electricity expenditure increased by 3.8%. Other energy expenditure, which comprises oil for fixed plant machinery and LP gas, increased by 13.2%.

All areas of the department have been encouraged to support the use of energy efficient systems by monitoring consumption wherever possible, and by encouraging staff to implement and use energy-saving practices such as turning off office and meeting room lights and office and laboratory equipment when these items are not in use.

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

The department has been reviewing the deregulation of the energy market, with the intention of calling tenders for the supply and delivery of energy to selected departmental sites that have high levels of electricity usage. In addition, an investigation of all sites has led to a number of recent changes to more cost-effective tariffs.



Consultancy expenditure

The cost of consultancy services to the department in 2002–03 totalled \$898 000. Expenditure on consultancies has remained comparable over the last four years, since peaking in 1997–98 and 1998–99 during implementation of the SAP computerised financial system.

Consultancy expenditure	
Management	\$111 000
Human Resources Management	\$69 000
Information Technology	\$243 000
Communications	\$224 000
Finance/Accounting	—
Professional/Technical	\$251 000
Total	\$898 000

Overseas travel

As a research organisation making a significant contribution to the Smart State agenda, DPI needs to take all practical steps to ensure that it remains at the forefront of knowledge generation. Research, innovation and technology capability is enhanced through the first-hand experience of staff who have participated in overseas programs and developed relationships with international partners. This also ensures that overseas advances can be readily applied here and avoids unnecessary duplication of effort.

During 2002–03, the department maintained a strong profile that promoted Queensland's leadership in food and fibre systems and community business development.

Overseas travel funded by DPI	\$200 171.53
Overseas travel funded by external sources	\$882 439.84
Total	\$1 082 611.37

Altogether 156 officers of the department undertook 211 overseas trips. Only 30 of these trips were principally funded by DPI. Eighty-two per cent of the total cost of overseas travel for DPI was either totally or partially funded by external sources, such as research and development corporations.

Appendix 1 — statutory bodies

Body ¹	Body Corporate, Corporation, or Instrumentality	Constituting Act	Annual reporting arrangements
Bureau of Sugar Experiment Stations ²	Body corporate	<i>Sugar Industry Act 1999</i>	Annual Report to Parliament
Cane protection and productivity boards (12) ³	Bodies corporate	<i>Sugar Industry Act 1999</i>	Annual Report to Parliament
Chicken Meat Industry Committee	Instrumentality	<i>Chicken Meat Industry Committee Act 1976</i>	Annual Report to Parliament
Grain Research Foundation	Body corporate	<i>Grain Research Foundation Act 1976</i>	Annual Report to Parliament
Queensland Abattoir Corporation ⁴	Body corporate	<i>Meat Industry Act 1993</i>	Annual Report to Parliament
Queensland Rural Adjustment Authority	Body corporate	<i>Rural Adjustment Authority Act 1994</i>	Annual Report to Parliament
Safe Food Production QLD	Body corporate	<i>Food Production (Safety) Act 2000</i>	Annual Report to Parliament
Sugar Authority	Body corporate	<i>Sugar Industry Act 1999</i>	Annual Report to Parliament

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

² The Bureau of Sugar Experiment Stations was dissolved on 1 September 2003 and replaced by BSES Limited.

³ Numbers in brackets () represent the number of individual statutory bodies in a particular class

⁴ The Queensland Abattoir Corporation was dissolved on 25 July 2003

Appendix 2 — cost of boards, committees and tribunals

There are 23 Boards, Committees and Tribunals for which the department pays the meeting costs. For 2002–03, the total meeting costs for these bodies was \$375 040 which includes \$140 414 for the Fisheries Tribunal.

Appendix 3 — Acts, regulations and plans

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 control of declared plants and animals under *the Rural Lands Protection Act 1985*)
Brands Act 1915
Chemical Usage (Agricultural and Veterinary) Control Act 1988
Chicken Meat Industry Committee Act 1976
Diseases in Timber Act 1975
Drugs Misuse Act 1986 (namely that part of the Act, i.e. Part 5B, administered by the Minister for Primary Industries and Rural Communities)
Exotic Diseases in Animals Act 1981
Fisheries Act 1994
Food Production (Safety) Act 2000
Forestry Act 1959 (as it relates to the responsibilities of the Minister for Primary Industries and Rural Communities)
Grain Industry (Restructuring) Act 1991
Grain Research Foundation Act 1976
Plant Protection Act 1989
Primary Industry Bodies Reform Act 1999
Rural Adjustment Authority Act 1994
Sawmills Licensing Act 1936
Stock Act 1915

Sugar Industry Act 1999

Timber Utilisation and Marketing Act 1987

Torres Strait Fisheries Act 1984

Veterinary Surgeons Act 1936

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)
Exotic Diseases in Animals Regulation 1998
Fisheries Regulation 1995
Food Production (Safety) Regulation 2002
Forestry Regulation 1998
Forestry (State Forests) Regulation 1987
Grain Industry Regulation 1994
Plant Protection Regulation 2002
Rural Adjustment Authority Regulation 2000
Sawmills Licensing Regulation 1965
Stock Identification Regulation 1985 (previously called *Identification of Stock Regulation 1985*)
Stock Regulation 1988

Sugar Industry Regulation 1999

Timber Utilisation and Marketing Regulation 1998

Veterinary Surgeons Regulation 2002

Fisheries Management 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

Acts repealed during 2002–03

Agricultural and Veterinary Chemicals Legislation Amendment Act 2002

Animal and Plant Health Legislation Amendment Act 2002

Dairy Industry Act 1993

Drugs Misuse Amendment Act 2002

Meat Industry Act 1993

Primary Industries Legislation Amendment Act 2002

Legislation enacted during 2002–03

Agricultural and Veterinary Chemicals Legislation Amendment Act 2002

Date of assent: 13 December 2002

Date of commencement: 13 December 2002

(Pts 3 & 4, Schedule 1 and Schedule 2 re *Chemical Usage (Agricultural and Veterinary) Control Act 1988* commenced by Proclamation on 4/4/2003).

The Act amended the following Acts: -

- *Agricultural Chemicals Distribution Control Act 1966* (‘the ACDC Act’); and the
- *Chemical Usage (Agricultural and Veterinary) Control Act 1988* (‘Chem Use Act’).

The primary objective of the Amendment Act was to implement the reforms recommended by the independent National Competition Policy (‘NCP’) review of Commonwealth and State agricultural and veterinary chemicals legislation. These reforms relate to:

- ensuring uniformity of the licensing provisions for agricultural chemical use across all States and Territories by amendments to the ACDC Act; and the
- harmonisation of controls over the use of veterinary chemicals across all States and Territories by amendments to the Chem Use Act.

The Act increased penalties relating to current provisions in the Chem Use Act to align them with similar contemporary legislation throughout Australia. The penalties for offences in this Act now reflect the seriousness of the possible implications of harm to Queensland’s reputation as a producer of safe and ethical food that could arise from misuse of agricultural and veterinary chemicals.

The Act also made minor and consequential amendments to both the ACDC Act and the Chem Use Act.

Animal and Plant Health Legislation Amendment Act 2002

Date of assent: 29 August 2002

Date of commencement: 29 August 2002

(Provisions of the Act that are not in force, other than Part 7, division 1 commenced by Proclamation on 1/10/2002)

The Act amended the following Acts:-

- *Agricultural Standards Act 1994*;
- *Exotic Diseases in Animals Act 1981*;
- *Fisheries Act 1994*;
- *Plant Protection Act 1989*;
- *Stock Act 1915*.

The amendment Act enhances Queensland’s legislative capacity to prepare for and respond to potentially devastating exotic terrestrial and aquatic animal diseases and the exotic economic and environmental pest, red imported fire ant.

The Act also repealed the meat food safety provisions of the *Meat Industry Act 1993* to coincide with the promulgation of a new meat industry Food Safety Scheme under the *Food Production Safety Act 2000*.

Agricultural Standards Act 1994

The review of this legislation identified the critical need to provide a general power of an inspector to monitor compliance through the stock feed manufacturing and supply chain as well as on farm. It is essential that the ruminant feed bans relating to the manufacture and supply of stock feed containing restricted animal material, imposed by the Standards Act be monitored.

The Act amended the Standards Act to ensure the ability to monitor for compliance. This includes the power to enter premises, (but not into a dwelling house without the permission of the occupier or under a warrant), to search, to inspect, examine, photograph, test, take samples for testing, question a person, require the production of documents and search for documents to inspect, copy and audit documents.

Exotic Diseases in Animals Act 1981

Fisheries Act 1994

Stock Act 1915

The Foot and Mouth (FMD) and Bovine Spongiform Encephalopathy (BSE) experiences in Britain and Europe, has prompted the Australian Government animal health authorities to urgently review Australia's preparedness in relation to preventative measures and emergency response capacities to serious and exotic diseases such as FMD, BSE and White Spot Syndrome Virus (WSSV) found in green prawns imported into Australia for human consumption but redirected to the bait market.

A review of the above Acts identified a number of potential weaknesses. The amendment Act has strengthened Queensland's capacity to deal with FMD, BSE, WSSV and similar exotic animal diseases.

Plant Protection Act 1989

The outbreak of the pest red imported fire ant has revealed some deficiencies in the *Plant Protection Act 1989* in relation to:

- limitations on the persons under the obligation in the Act to report notifiable pest and diseases. Only owners of land were required to report;
- limitations on matters for which "inspector's certificates" and "assurance certificates" could be used to confirm that products that posed a risk of spreading the pest had been inspected or treated and were free of the pest. The certificates could only be given in relation to plants;

- the unduly short life of Ministerial Notices in relation to pest declarations, controls over introduction of pests, controls over the spread of pest infestation within Queensland and declaration of pest quarantine areas. These notices lapsed after 21 days and must have been replaced within that time by a regulation. 21 days is considered a dangerously short time in which to pass a replacement regulation;
- lack of power to check for pest on land outside a quarantine area where information was received that there were reasonable grounds to believe that there was an imminent risk of infestation of the area.

The amendment Act has rectified the above deficiencies identified in the Act.

Drugs Misuse Amendment Act 2002

(namely that part of the Act, i.e. Part 5B, administered by the Minister for Primary Industries and Rural Communities)

Date of assent: 16 August 2002

Date of commencement: Commenced by Proclamation on 27/9/2002

The amendment of the Act facilitated the commercial production of industrial cannabis sativa fibre and seed (also known as industrial hemp). This amendment will continue the process of industry development for the Queensland industrial hemp industry that commenced in 1998 with controlled field trials and plant breeding research.

Within prescribed limits, the Act will allow for the growing, plant breeding and research of cannabis sativa for use as commercial fibre and seed products. The Act will also allow the processing and marketing of, and trade in, industrial Cannabis sativa fibre and seed and their derivative products.

Primary Industries Legislation Amendment Act 2002

Date of assent: 24 September 2002

Date of commencement: 24 September 2002 (Sections 14 and 21(2) not yet proclaimed)

The Act amended the following Acts –

- *Animal Care and Protection Act 2001*
- *Chicken Meat Industry Committee Act 1976*
- *Dairy Industry Act 1993*
- *Fisheries Act 1994*
- *Food Production (Safety) Act 2000*
- *Grain Industry (Restructuring) Act 1991*
- *Meat Industry Act 1993*
- *Primary Industry Bodies Reform Act 1999*
- *Stock Act 1915*
- *Veterinary Surgeons Act 1936*

Animal Care and Protection Act 2001

The amendment of the Act provided for a consequential amendment of the *Police Powers and Responsibilities Act 2000* to enable police officers to seize animals in certain circumstances, and to correct a number of minor errors to ensure the effective operation of the Act and to avoid confusion in interpretation.

Chicken Meat Industry Committee Act 1976

The amendment clarified that a contract registration fee is to be apportioned on a 50:50 basis between chicken meat processors and chicken meat producers ('growers').

Dairy Industry Act 1993

The amendment deals with outstanding liabilities and/or proceedings following dissolution of the Queensland Dairy Authority.

Fisheries Act 1994

The amendment Act inserted a new definition of 'ecologically sustainable development' and allows a greater flexibility in the transfer of fishery authorities issued under the Fisheries Act in order to meet the requirements of a National Competition Policy review.

The amendment Act also clarifies the meaning of some sections or amended certain provisions to facilitate a more efficient administration of the Fisheries Act.

Food Production (Safety) Act 2000

The amendment Act inserted necessary transitional provisions to facilitate the transition from the existing food safety arrangements under the *Dairy Industry Act 1993* and the *Meat Industry Act 1993* to new Food Safety Schemes to be implemented by proposed regulations made under the Food Production (Safety) Act.

The amendment Act also delayed the repeal of the *Dairy Industry Act 1993* and provided for the repeal of the *Meat Industry Act 1993* so that the respective dairy and meat food safety regimes remain operational until the new Food Safety Schemes for Meat and Dairy under the Food Production (Safety) Act are in place.

Grain Industry (Restructuring) Act 1991

The amendment allows a review of export marketing arrangements for the Queensland wheat crop when national arrangements for wheat marketing have been reviewed.

Meat Industry Act 1993

Amendments to the Meat Industry Act dealt with any outstanding liabilities and/or proceedings following dissolution of the Queensland Abattoir Corporation and omitted the expiry of the Meat Industry Act to ensure that the food safety regime under the Meat Industry Act remained operational until the new Food Safety Schemes under the Food Production (Safety) Act are proclaimed.

Primary Industry Bodies Reform Act 1999

Amendments were made to the Act to amend references made to the *Dairy Industry Act 1993* in anticipation of the repeal of the *Dairy Industry Act*.

Stock Act 1915

An amendment was made to the Act to amend a reference to a meat safety officer under the *Meat Industry Act 1993* to reflect the appropriate officer under the *Food Production (Safety) Act 2000*.

Veterinary Surgeons Act 1936

An amendment to the Act was made to reflect current industry terminology and to be consistent with the remaining provisions of the *Veterinary Surgeons Act 1936*. The term 'surgery' in section 18(3) has been replaced with 'science'.

Appendix 4 — overseas travel

The total funding is reported by trip year and therefore will not equal amounts in SAP General Ledger for the 2002-03 financial year, as expenditure for trips may be spread over financial years.

Overseas travel substantially funded by DPI

Name of officer	Position	Destination	Reason for travel	Agency cost	Contribution from other agencies or sources
Catchpole S	Research Scientist	France	Research the drying process for the modification of solid wood	\$3 485.86	\$2 990.80 (CRDC)
Jones C	Principal Scientist	Mexico	Present a paper at the International Freshwater Crayfish Conference	\$6 851.34	\$0.00
Stephenson R	Senior Principal Horticulturist	Canada	Bidding team for Brisbane to host the 2010 ISHS Horticultural Congress	\$16 999.14	\$0.00
Chapman J	Program Leader	Canada	As above	\$8 662.27	\$0.00
Hall G	Director	Canada	As above	\$14 009.14	\$0.00
McCubbin K	Director	United States	Assess methods and systems for Red Imported Fire Ant Eradication Program	\$12 484.90	\$0.00
Grimley R	Regional Manager	New Zealand	Fisheries Compliance Conference to develop and enforce regulation on the use of fisheries resources	\$1 739.51	\$0.00
Johnston W	Fisheries and Aquaculture Economist	New Zealand	Conduct a training workshop for pacific oyster growers	\$2 232.35	\$604.51 (NSW Fisheries)
Tyrer B	Manager	New Zealand	11th Biennial Conference of the International Institute of Fisheries Economics and Trade	\$3 493.54	\$0.00
Rimmer M	Principal Fisheries Biologist	Solomon Islands	Formal ACIAR project review undertaken at ICLARM Facility	\$3 082.95	\$0.00
Simpson J	Principal Scientist	China	International Symposium on Eucalypt Plantations	\$790.80	\$0.00
Lee W	Senior Project Officer	Papua New Guinea	Qualify market opportunities for fisheries related products and services as a pre-condition for a proposed industry trade mission	\$4 767.98	\$0.00
Harding K	Principal Scientist	United States, Canada	Assess tree growth and wood quality research for decision support systems	\$3 595.06	\$2 581.47 (CRC SPF)
Muneri A	Senior Research Scientist	France, South Africa	Explore non-destructive evaluation tools for predicting growth stresses and solid wood quality in standing trees	\$5 232.82	\$4 974.68 (FWPRDC)
Mathisen C	Acting Director, Regional Services	United States	Participate in workshops and presentations related to Rural Community Vitality in Global Economy, Rural Community Economic Development Centre and International Economic Development Council Workshop 'Strategic Planning for Economic Development'	\$6 249.17	\$0.00
Beck R	Executive Director	South America	Study tour – world's largest and most important plantation forestry region	\$13 300.00	\$0.00
Johnston T	Deputy Director-General	South America	As above	\$11 913.18	\$0.00
Baxendell S	Director Regional Services	Spain, France	3rd World Congress of Rural Women	\$3 296.81	\$0.00
Clark K	Principal Project Officer	Spain, France	As above	\$5 198.77	\$0.00
Kelly S	Principal Policy Officer	Spain, France	As above	\$3 332.90	\$0.00
Letts M	General Manager	Saudi Arabia	Marketing Queensland's rural community development and training services at invitation of His Royal Highness Prince Migrin bin Abdul Aziz Al Saud, Governor of Medina	\$7 489.95	\$0.00
Olson K	General Manager	Spain, France	3rd World Congress of Rural Women	\$3 968.87	\$0.00
Hodges H	General Manager	New Zealand	Plant Industries Committee meeting	\$2 871.44	\$0.00
Kaus R	Principal Project Leader	China	Discuss issues with Chinese importing companies relating to the development of the live/slaughter/feeder cattle trade	\$5 769.52	\$0.00
Boden D	Coordinator Hardwood Project Development	East Timor	Meeting with the East Timorese Minister of Agriculture, Forestry and Fisheries (MAFF)	\$1 082.38	\$0.00
Hamill S	Acting Principal Horticulturist	New Zealand	Present a paper at the New Zealand International Plant Tissue Culture and Biotechnology Conference	\$3 058.41	\$0.00
Smith M	Acting Program Leader	New Zealand	As above	\$1 717.04	\$0.00
Pollock J	Executive Director	Papua New Guinea	11th PNG-Queensland Business Cooperative Group Meeting	\$2 168.62	\$0.00
Rogers R	Principal Veterinary Officer	New Zealand	14th meeting of the Subcommittee of Animal Health Laboratory Standards (SCAHL)	\$1 939.96	\$0.00
Smith P	Senior Rural Trade Officer	South Korea	In-market research to identify opportunities for Queensland food and fibre products	\$11 500.00	\$0.00

Overseas travel substantially funded by external sources

Name of officer		Position	Destination	Reason for travel	DPI cost	Contribution from other agencies or sources	
George	D	Senior Communication Officer	Indonesia	Capture the benefits of seasonal climate forecasts in agricultural management	\$0.00	\$3 935.91	Australian Centre for International Agricultural Research (ACIAR)
Lawson	S	Scientist	Japan	Quantify the risk of an incursion of the exotic cerambycid beetle to the softwoods industry	\$861.00	\$9 016.11	(Aust. Acad. Science (AAS) & Japan Society for Promotion of Science (JSPS))
Partridge	I	Senior Extension Officer	Indonesia	Capture the benefits of seasonal climate forecasts in agricultural management	\$0.00	\$3 534.68	(ACIAR)
Geering	A	Plant Pathologist	Thailand	International Network for the Improvement of Banana and plantain (INIBAP) in collaboration with the Thailand Department of Agriculture and Kasetsart University of Bangkok	\$1 120.92	\$1 305.85	(International Network for the Improvement of Banana & Plantain (INIBAP))
Kelly	R	Research Scientist	United States	6th International Conference on Precision Agriculture on new techniques in spatial management of farming systems and resource management	\$0.00	\$5 945.53	(Grains Research & Development Corporation (GRDC))
Cooke	A	District Experimentalist	Vietnam	Deliver training courses in postharvest pathology as part of the ACIAR project	\$0.00	\$4 692.43	(ACIAR)
Nayak	M	Research Scientist	United Kingdom	Visit two leading stored grain entomology research laboratories and attend the 8th International Working Conference on Stored Product Protection	\$0.00	\$5 002.72	(ACIAR & GRDC)
Kelly	D	Development Extension Officer	United States	Fact finding and study tour of Silverleaf whitefly affected parts of the USA to aid in the development of management strategies in the CQ region	\$0.00	\$4 437.05	(CRDC)
Sequeira	R	Senior Research Scientist	United States	As above	\$0.00	\$4 717.77	(CRDC)
Asakawa	T	Fisheries Technician	Indonesia	Comparative experimental work between Bribie Island Aquaculture Research Centre and Gondol Research Institute of Mariculture (GRIM)	\$0.00	\$7 306.58	(ACIAR)
Mann	D	Senior Fisheries Technician	Indonesia	As above	\$0.00	\$2 473.53	(ACIAR)
Taylor	J	Senior Veterinary Pathologist	Hong Kong	Assist NATA Australia with a technical audit of a government veterinary laboratory	\$0.00	\$6 540.05	(National Assoc. of Testing Australia (NATA))
Collins	P	Principal Entomologist	United Kingdom	Conduct a workshop at the 8th International Working Conference on Stored Product Protection	\$0.00	\$4 315.83	(GRDC)
Daglish	G	Senior Entomologist	United Kingdom	8th International Working Conference on stored Product Protection	\$0.00	\$3 944.87	(ACIAR)
Lyons	E	Timber Engineer	Ireland, United Kingdom, Malaysia	Visit the Building Research Establishment as part of the research project "Development of high quality wood products for long-term service in a wide range of environmental conditions"	\$0.00	\$10 362.83	(CRC for Wood Innovations)
Meinke	H	Principal Scientist	United States	Participate as a co-director and lecturer in a David and Lucille Packard Foundation funded training institute on "Climatic variability and food security"	\$0.00	\$4 965.73	(FAO, WMO)
Anderson	G	Research Scientist	Canada, United States	Present a paper at the 4th International Conference on Ticks and Tick-borne Pathogen	\$1 618.14	\$6 030.31	(ACIAR/Mavis Nolan Award)
Molloy	J	Principal Research Scientist	Canada, United States	As above	\$3 236.00	\$4 283.40	(ACIAR/Mavis Nolan Award)
Adriaansen	C	Business Manager	Indonesia	Analyse the feasibility of proposed horticultural production in the Sumatra highlands for production in this area	\$0.00	\$3 830.27	(The Selapan Jaya Group (SJGroup))
Chapman	J	Program Leader	Indonesia	As above	\$0.00	\$2 595.85	(SJGroup)
Jackson	K	Program Leader	Indonesia	As above	\$0.00	\$3 579.08	(SJGroup)
Wishart	P	Senior Horticulturist	Indonesia	As above	\$0.00	\$4 070.28	(SJGroup)
Coates	L	Principal Plant Pathologist	Sri Lanka	Project planning activities for "Management of postharvest diseases of subtropical and tropical fruit using their natural resistance mechanisms"	\$0.00	\$2 446.40	(ACIAR)
Field	H	Principal Veterinary Epidemiologist	Indonesia	Determine the presence or absence of Nipah virus in Indonesian flying foxes and the southern limit of any presence	\$670.00	\$7 824.44	(AQIS)
Rimmer	M	Principal Fisheries Biologist	Indonesia	ACIAR Fisheries Program Australia - Indonesia meeting and project showcase in the field of fisheries and aquaculture	\$0.00	\$2 332.77	(ACIAR)
Hamilton	D	Principal Scientific Officer	Switzerland	Meeting of the IUPAC Advisory Committee on Crop Protection Chemistry following the 10th IUPAC International Congress on the Chemistry of Crop Protection	\$0.00	\$6 352.00	(International Union of Pure and Applied Chemistry (IUPAC) & Congress)
Tonello	P	Principal Development Extension Officer	United States, Canada	Visit institutes leading the development and commercialisation of plant "biofactories"	\$0.00	\$8 549.75	(TRDC)
Foster	D	Innovation and Development Specialist	Thailand, Indonesia	Consolidate the extension processes agreed to during the project and establish a refined model for the project operations	\$0.00	\$4 282.56	(ACIAR)
McCarrol	A	Senior Marketing Specialist	Japan	Facilitate further relations between corngrit manufacturers and Queensland's Northern Grain Alliance	\$988.34	\$1 931.27	(Philip Brodie Grains (PBG))

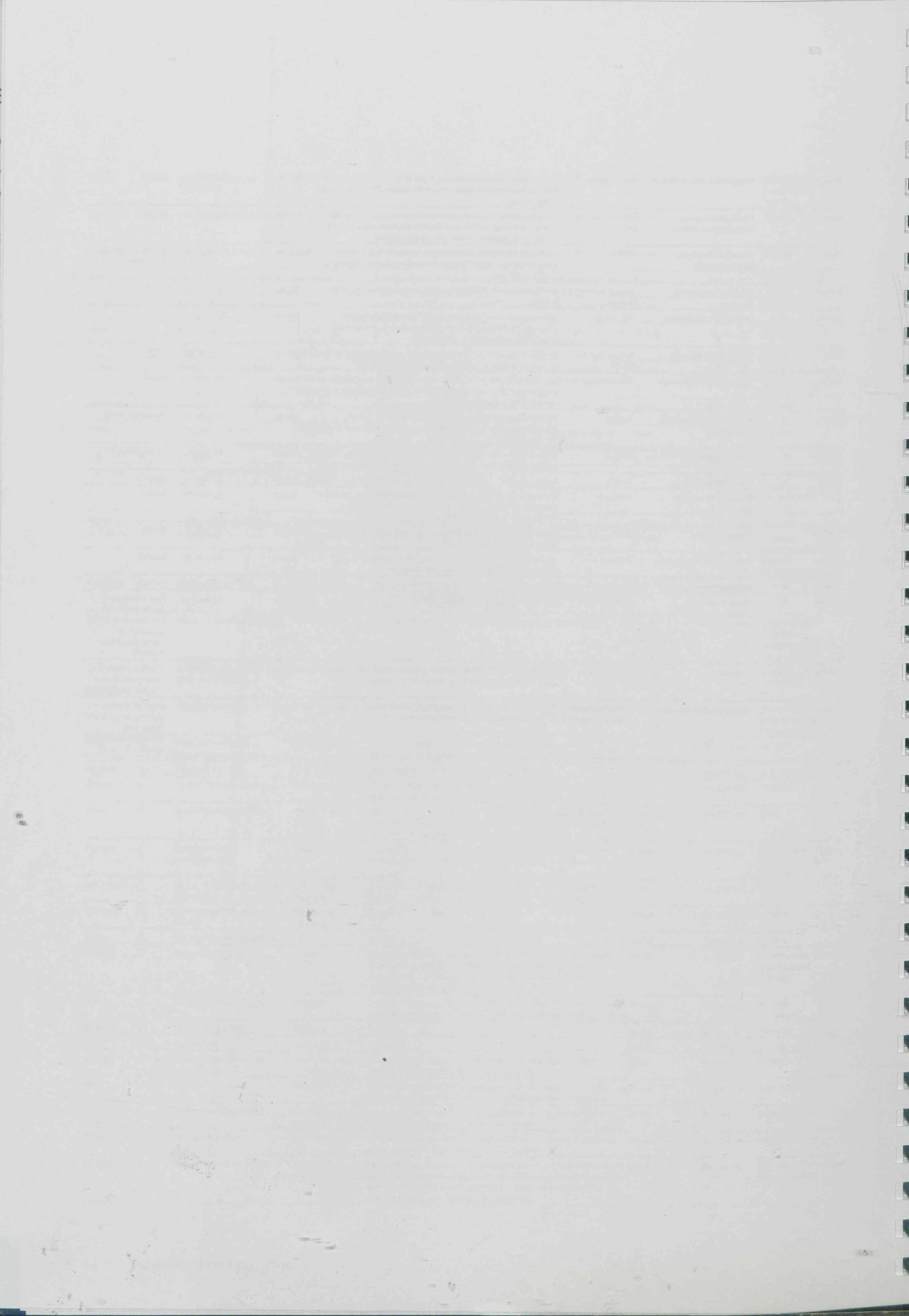
Miller	J	District Extension Officer	Indonesia	Training course on clean milk production for the Indonesian dairy industry	\$0.00	\$5 839.71	(Agriculture, Fisheries and Forestry – Australia (AFFA)/ The Aust. Dairy Corporation Dept of Natural Resources and Environment (DNRE))
Russo	G	Senior Quality Assurance Consultant	New Zealand	Deliver a presentation on "Olive Care" to the New Zealand Olive Growers' Association	\$917.69	\$2 255.06	(NZ Olive Association)
Middleton	S	Principal Horticulturist	Canada, United Kingdom, Switzerland	XXVI International Horticultural Congress and visit Horticulture Research International and Frick Research Institute	\$0.00	\$8 657.54	(HAL)
Mills	G	Principal Development Extension Officer	Indonesia	Supply specific components of the ACIAR funded project "Reducing Aflatoxin in peanuts using agronomic management and bio-control strategies"	\$0.00	\$4 166.03	(ACIAR)
Campbell	S	Fisheries Biologist	Malaysia, Papua New Guinea	Undertake second part of a project contracted through the CRC for reef research to develop a method for monitoring the seagrass health on a global scale	\$0.00	\$1 919.83	(CRC Reef)
McKenzie	L	Senior Research Scientist	Malaysia, Papua New Guinea	As above	\$0.00	\$7 318.87	(CRC Reef)
Xu	Z	Senior Scientist	Thailand, Sweden, France, Portugal, Spain, United States	Access the latest developments in soil science and tree physiology to conduct world-class research projects to improve both productivity and environmental benefits of forest ecosystems	\$1 311.00	\$11 805.00	(Australian Academy of Science/Griffith University/CRC)
Butcher	A	Fisheries Biologist	United States	Invited to presentation at the American Fisheries Society Annual Symposium on Queensland's Taylor Age Validation research	\$0.00	\$5 476.20	(American Fisheries Society/FRDC/PPV)
Miles	K	Senior Marketing Officer	Japan	In-market research with key importers, distributors and other relevant industry organisations relating to environmentally certified products	\$0.00	\$7 765.85	(Rural Industries Research & Development Corp.)
Robson	K	Senior Forest Technician	Fiji, Tonga	Project duties including training, technology transfer and establishment and design of nursery experiments	\$0.00	\$3 744.14	(SPRIG Project)
Fell	R	Principal Project Officer	South Africa	Training support for AusAID project "South Africa Australia Institutional Strengthening of the Department of Agriculture"	\$0.00	\$12 550.61	(AusAID/GRM)
Rachaputi	R	Senior Agronomist	Papua New Guinea	Start-up workshop for a new ACIAR project at the National Agricultural Research Institute to develop experimental protocols for research and extension activities in Year 1	\$0.00	\$3 462.59	(ACIAR)
Wright	G	Principal Agronomist	Papua New Guinea	As above	\$0.00	\$3 300.05	(ACIAR)
Baker	J	Chief Scientist	China	International Conference on Urban Waste Management	\$0.00	\$3 418.46	(SCOPE Paris)
Coles	R	Senior Principal Research Scientist	Papua New Guinea	Project for reef research to develop a method for monitoring seagrass health on a global scale	\$0.00	\$2 818.11	(Queensland based Global Logistics Provider WDM)
Daniells	J	Principal Horticulturist	Papua New Guinea	Assist Southern Cross University in locating, identifying and classifying a wide range of banana germplasm for their phytolith reference collection	\$0.00	\$2 507.16	(Self funded/Far North Qld Area Consultative Committee/Herberton Shire Council)
Baker	J	Chief Scientist	South Africa	Promoted DPI's commitment and progress towards ecologically sustainable development	\$0.00	\$6 064.65	(SCOPE)
Fuller	S	Laboratory Technician	Papua New Guinea	Review the Coffee Quality Laboratory's operations and provide support as part of an EU funded development program to assist the PNG coffee industry	\$0.00	\$3 602.86	(PNG Coffee Industry Corporations (CIC))
Wyatt	P	Research Scientist	Vietnam	Conduct workshops as part of an ACIAR funded project "Low cost heat treatments for fruit"	\$0.00	\$5 579.68	(ACIAR)
Smith	M	Principal Scientist & Centre Leader	Malaysia	National conference and mid-term review of project progress in the areas of pineapple biotechnology and postharvest physiology	\$0.00	\$3 785.21	(ACIAR)
Borrell	A	Principal Research Scientist	East Timor	Conduct training workshops for farmers to develop local solutions and enhance their capacity to adapt to change	\$0.00	\$2 874.80	(Crawford Fund)
Kelly	R	Research Scientist	East Timor	As above	\$0.00	\$2 556.01	(Crawford Fund)
Lawrence	P	Principal Research Scientist	South Korea	Workshop on Plant Genetic Resources Information Networking in the Asia, Pacific and Oceania Region	\$0.00	\$2 731.71	(International Crops Research Institute for the Semi-Arid Tropics)
Burren	B	Research Scientist	Vietnam	Enhance skill level and QA systems for an AusAID funded project "Enhancing Animal production through raising the capacity and capability of Vietnam's Nutritional Agricultural Laboratories"	\$0.00	\$3 710.75	(AusAID)
Martin	P	Senior Chemist	Vietnam	As above	\$0.00	\$4 024.82	(AusAID)
Waite	G	Principal Entomologist	United States, Mexico, United Kingdom	Present a paper and co-convene a specialist workshop on mite management; conduct experiments on fruitspotting bugs and gather information on plant disease transmission	\$2 533.64	\$4 805.41	(Macadamia contract/ Entomology Discipline/Qld Approved Strawberry Runner Scheme/Better Berries)
Catchpole	K	Decision Support Scientist	Canada	Present a research paper at the 4th workshop of the IUFRO working party S5.01-04	\$99.50	\$5 147.58	(Cooperative Research Centre for Sustainable Production Forestry (CRC-SPF))

Thomas	J	Principal Plant Virologist	Belgium, France	Chair the Symposium session on molecular plant pathology and disease resistance	\$0.00	\$6 310.88	(INBAP ProMusa Virology and Genetic Improvement)
Fordyce	G	Principal Scientist	Indonesia	Progress project to develop an integrated production system for Bali cattle, develop technical extension package in reproduction and nutrition	\$0.00	\$3 241.32	(ACIAR)
Clark	R	Principal R & D Officer	Republic of South Africa	Provide specialist support to achieve continuous improvement of profitable production and marketing of beef products	\$0.00	\$6203.42	(ACIAR/CRCs)
Hamilton	D	Principal Scientific Officer	Rome	Joint meeting of the FAO panel of experts on Pesticide Residues in Food and the Environment and the WHO Expert Group on Pesticide Residues (JMPP)	\$0.00	\$14 000.00	(FAO)
Bagshaw	J	Senior Extension Officer	China	Project review against objectives, including results of technologies developed during the project extension	\$0.00	\$3 146.02	(ACIAR)
O'Hare	T	Senior Physiologist	China	As above	\$0.00	\$3 156.54	(ACIAR)
Wong	L	Senior Technician	China	As above	\$0.00	\$4 016.66	(ACIAR)
Holmes	R	Extension Horticulturist	South Africa, Brazil	VII International mango symposium and study tour	\$0.00	\$4 944.32	(Agtour Australia)
Clewett	J	Principal Scientist	Philippines, India	Final project trip "Capturing the Benefits of Seasonal Climate Forecasts in Agricultural Management"	\$0.00	\$6 042.88	(ACIAR)
George	D	Senior Communications Officer	India	As above	\$0.00	\$4 509.44	(ACIAR)
Knuckey	R	Fisheries Biologist Po3	Vietnam, Indonesia	ACIAR project review and workshop on sustainable marine finfish aquaculture in the Asia-Pacific region	\$0.00	\$6 406.49	(ACIAR)
Cook	B	Principal Scientist	Vietnam	AusAID CARD Project "Strengthening the Capacity of Department of Agriculture and Rural Development to Improve Ruminant Production in Quang Ngai Province"	\$0.00	\$5480.39	(AusAID)
Cox	K	Scientist	Vietnam	As above	\$0.00	\$4 639.22	(AusAID)
Kyte	J	Project Officer	Vietnam	As above	\$0.00	\$4 718.66	(AusAID)
Rimmer	M	Senior Fisheries Biologist	Vietnam, Indonesia	ACIAR project review and workshop on sustainable marine finfish aquaculture in the Asia-Pacific region	\$0.00	\$5 748.31	(ACIAR)
Cox	E	Fisheries Biologist	Vietnam	As above	\$0.00	\$3 301.93	(ATSE)
Hollywood	N	Senior Microbiologist	Papua New Guinea	ACIAR project involving the study of cocoa processing	\$0.00	\$3 177.35	(ACIAR)
McBride	S	Fisheries Biologist	Vietnam, Indonesia	ACIAR project review and workshop on sustainable marine finfish aquaculture in the Asia-Pacific region	\$0.00	\$5 484.38	(ACIAR)
Henzell	R	Principal Plant Breeder	United States	Visit key seed companies to explore opportunities for DPI germplasm	\$0.00	\$7 478.11	(GRDC)
Clem	R	Principal Scientist	Republic of South Africa	Workshop on projects being undertaken in southeast Qld	\$0.00	\$3 823.00	(ACIAR)
Blaney	B	Senior Principal Chemist	Papua New Guinea	Discussions on establishing assay techniques for suspect fungal toxins	\$0.00	\$2 300.00	(ACIAR)
Cook	J	Genetic Resources Technician	New Zealand	Introduce tissue-cultured conifer trees to Queensland's biotechnology program	\$0.00	\$2 457.96	(DPI Forestry-commercial funding)
Trueman	S	Senior Scientist	New Zealand	As above	\$0.00	\$2 740.54	(DPI Forestry-commercial funding)
Meinke	H	Principal Scientist	Europe	Applying predictive systems approaches to improve risk management in farming systems	\$0.00	\$5 255.00	(FAO)
Griffiths	M	Entomologist	Thailand	ACIAR funded project "Insect resistance and silvicultural control of the shoot borer hypsipyla robusta feeding on species of Meliaceae in the Asia-Pacific region"	\$0.00	\$2 476.39	(ACIAR)
Wylie	R	Senior Principal Scientist	Thailand	End of project workshop for all collaborators where results of the study in the various countries will be discussed and presented to ACIAR external reviewers	\$0.00	\$2 636.13	(ACIAR)
Campbell	S	Fisheries Biologist	Mexico	Fifth International Seagrass Biology Workshop	\$0.00	\$4 365.80	(CRCs)
Coles	R	Principal Scientist	Mexico	As above	\$0.00	\$5 398.85	(CRCs)
McKenzie	L	Senior Research Scientist	Mexico	As above	\$0.00	\$5 504.50	(CRCs)
Molloy	J	Principal Scientist	Philippines	Review ACIAR project "Development of a research and diagnostic capability for bovine babesiosis and anaplasmosis in the Philippines"	\$0.00	\$3 434.67	(ACIAR)
Robson	K	Senior Forest Technician	New Caledonia	Contractual arrangement with AusAid through CSIRO to provide technical and research expertise	\$0.00	\$2 740.60	(AusAID, SPRIG Project)
Williams	R	Program Leader	Philippines	Banana Asia Pacific Network (BAPNET) Steering Committee meeting	\$0.00	\$2 505.00	(Inibap)
Jorgensen	W	Senior Principal Scientist	Philippines	Co-leader in a workshop on the diagnosis of tick-borne diseases in cattle	\$0.00	\$2 386.54	(ACIAR)
Wilson	T	Principal Economist	Papua New Guinea	AusAid funded project "Australian Contribution to the National Agricultural Research System"	\$0.00	\$4 953.89	(AACM)
Boden	B	Principal Scientist	Bangkok	Collate data from forage species evaluation research throughout the tropics and subtropics	\$0.00	\$2 555.00	(ACIAR)
Partridge	I	Senior Information Extension Officer	Bangkok	As above	\$0.00	\$1869.34	(ACIAR)
Underhill	S	Program Leader Lifestyle Horticulture	China, Hong Kong	Trade delegation to assist industry identify new export trade opportunities for the Queensland lifestyle horticulture industry	\$0.00	\$5 637.38	(Qld Association of Landscape Industries)
Fuller	S	Senior Technical Officer	Papua New Guinea	Phase 2 of the Technical Development and Training Program to focus on the application of rapid analytical techniques that may adversely impact on coffee quality	\$0.00	\$4 259.77	(CIC)

Shivas	R	Senior Plant Pathologist	China	Present a paper at the 3rd Asian-Pacific Mycological Conference on Biodiversity and Biotechnology	\$1 208.12	\$2 570.86	(Uni of Hong Kong)
Mayer	R	Principal Biometrician	Papua New Guinea	AusAID funded project to provide professional support to PNG's National Agricultural Research Institute	\$0.00	\$3 633.16	(AACM)
Thomas	J	Principal Plant Virologist	New Caledonia	Assess the situation for the eradication of an industry-threatening disease	\$0.00	\$2 827.08	(New Caledonian Government)
Vawdrey	L	Principal Experimentalist	Thailand	Present at the First International Conference of Tropical and Subtropical Plant Disease	\$656.00	\$2 350.00	(ACIAR)
Redman	A	Research Scientist	Switzerland	Specific request to work on a timber seasoning project	\$55.00	\$12 201.87	(Swiss School of Engineering)
Vock	N	Project Leader	Philippines	Major project proforma "Enhancing farmer adoption of simple conservation practices - landcare in the Philippines and Australia"	\$0.00	\$3 572.85	(ACIAR)
Bransgrove, K		Scientist	United Kingdom	International amenity sport turf workshop and international pathology research conferce	\$0.00	\$8 393.13	(Australian Football League)
Baker	J	Chief Scientist	South Africa	Meeting to propose practical Urban Solid Waste procedures	\$0.00	\$2 971.01	(Scientific Committee on Problems of the Environment)
Norton	J	Leader - Forest Products Biodeterioration	China	Provide expert advice to the Guandong Forest Research Institute (GDFRI)	\$0.00	\$2 380.98	(GDFRI)
George	A	Principal Horticulturist	Thailand	Consultancy visit as part of project "Adaptation of low chill temperate fruit to Australia and Thailand, Laos and Vietnam"	\$0.00	\$3 147.74	(ACIAR)
Nissen	R	Senior Experimentalist	Thailand	As above	\$0.00	\$3 521.38	(ACIAR)
Campagnolo D		Research Horticulturist	Papua New Guinea	Evaluate expansion of an existing cocoa operation	\$0.00	\$2 545.00	(Colin and Leahy Ltd)
Kaus	R	Project Leader	Vietnam	Co-facilitate an Agribusiness Trade Mission to Vietnam	\$0.00	\$6 529.59	(Dept of State Development)
Cook	B	Principal Scientist	Madagascar	World Bank funded project to develop the dairy industry in Madagascar to improve the nutrition of the population and help alleviate poverty	\$0.00	\$9 980.75	(Nevagri)
Robson	K	Senior Forest Technician	Samoa	Project duties, including training, technology transfer and establishment and design of nursery and field experiments	\$0.00	\$3 726.83	(AusAID, SPRIG Project)
Hunt	M	Program Leader	Samoa, New Zealand, United States	AusAID funded fee-for-service project "South Pacific regional initiative on genetic resources" and fee-for-service project "The Boise Cascade Corporation"	\$0.00	\$6 804.93	(AusAID, SPRIG project)
Hudson	N	Senior Environmental Scientist	South Korea	Part of a collaborative research proposal in the National Livestock Research Institute	\$628.00	\$4 310.95	(National Livestock Research Institute - Korea)
Shivas	R	Senior Plant Pathologist	South Africa	Participate in a survey for plant pathogens of giant rat's tail (GRT) grass to biologically control GRT	\$0.00	\$3 463.16	(Dept of Natural Resources and Mines)
Klieve	A	Principal Scientist	New Zealand	Workshop to identify research priorities for abatement of non CO2 greenhouse gases from agriculture	\$0.00	\$2 419.99	(Australian Greenhouse Office)
Campbell	T	Principal Extension Horticulturist	United Kingdom	Requested to undertake out turn assessments and terminal market research for R2E2 mangoes	\$0.00	\$6 250.00	(Tableland Marketing)
Pinese	B	Senior Entomologist	Papua New Guinea	Establish personal links with PNG researchers and assess the suitability of infrastructure and mango orchards	\$0.00	\$2 804.70	(ACIAR)
Kochman	J	Principal Plant Pathologist	United States	Invited to present project teams findings at a Colloquium, held in conjunction with the annual Beltwide Cotton Production Conference	\$0.00	\$6 101.19	(CRDC)
Goyne	P	Principal Research Scientist	United States	Beltwide cotton conference and the cotton physiology conference	\$0.00	\$2 646.92	(CRDC)
Rachaputi	N	Principal Crop Physiologist	India	Investigate new international science technologies and networks	\$0.00	\$4 872.07	(ACIAR)
Burns	B	Principal Scientist	Vietnam	Finalise the AusAID Vietnam CARD Project's Final Phase III Objective to ensure a quality control audit of the delivery process of the newly developed "Independent Curriculum"	\$0.00	\$5 976.24	(AusAID)
Lambkin	T	Project Leader	United States, Costa Rica	Investigate new technologies and maximise new found applications of science and technology to address broad environmental and consumer demands	\$0.00	\$10 032.31	(RIRDC)
Wylie	R	Senior Principal Scientist	Fiji	Workshop preparation with the Fiji Department of Forests and the Secretariat of the Pacific Community	\$0.00	\$2 074.78	(ACIAR)
Colson	E	Plant Pathologist	New Zealand	Congress to enhance progress in projects and profile DPI's professional expertise on an international stage	\$0.00	\$2 134.09	(GRDC)
Dietzgen	R	Principal Biotechnologist	New Zealand	As above	\$0.00	\$1 307.15	(HRDC)
Persley	D	Senior Plant Pathologist	New Zealand	As above	\$0.00	\$2 101.33	(HAL/GRDC/ External)
Ramsden	M	Forest Pathologist	New Zealand	As above	\$0.00	\$3 712.95	(DPI Forestry-commercial funding)
Leighton	D	Technical and Processing Assistant	Japan	Contracted to develop a transport system to integrate in a newly developed Transkool TM perishable goods transport vessel	\$0.00	\$5 000.00	(Qld based Global Logistics Provider WDM - Fee For Services)
Lees	T	Scientist	United States	Invited by a leading international turfgrass researcher as part of his commitment to fast-track the professional development of promising young turf researchers	\$0.00	\$5 134.69	(HAL & Industry)
Martin	I	Principal Plant Breeder	United States	Present a paper at the International Sweet Corn Development Association and meet leading drought resistance breeder	\$0.00	\$2 847.31	(Horticulture Australia)
Hollywood	N	Senior Microbiologist	Papua New Guinea	ACIAR project with the Cocoa and Coconut Research Institute	\$0.00	\$3 100.00	(ACIAR)
Baxter	A	Manager, Nurseries	New Zealand	Investigate tissue culture/embryogenesis techniques applied to Wollemi and Pinus species	\$0.00	\$1 984.42	(DPI Forestry-commercial funding)

Cook	J	Genetic Resources Technician	New Zealand	Introduction of select genotypes of tissue-cultured F1 hybrids to Queensland's biotechnology program	\$0.00	\$2 436.30	(DPI Forestry-commercial funding)
Rachaputi	R	Principal Crop Physiologist	Papua New Guinea	Inspection for the on-farm and varietal trials for project activities and participate in the peanut production and marketing survey and sampling for aflatoxin	\$0.00	\$4 016.56	(ACIAR)
Redding	M	Senior Environmental Scientist	India	Facilitate exchange of ideas and expertise with Indian scientists in a project on manure re-use issues	\$0.00	\$4 253.12	(ACIAR)
Robson	K	Senior Forest Technician	Vanuatu	AusAid project duties through CSIRO to provide technical and research expertise as part of the SPRIG Phase 2 project	\$0.00	\$4 947.28	(SPRIG Project)
Simpson	J	Senior Principal Scientist	China	Workshop and associated field inspections at the Tropical Forestry Research Institute	\$0.00	\$3 007.00	(CIFOR)
Kaus	R	Project Leader	Indonesia, Brunei, Vietnam, Philippines	Agribusiness Mission to South East Asia to focus on new business opportunities for Queensland agrifood producers	\$2 203.19	\$5 162.71	(Mission Revenue)
Mayer	R	Principal Biometrician	Papua New Guinea	Biometrical commitment to the AusAID funded project to provide professional support to the PNG's National Agricultural Research Institute	\$0.00	\$4 185.80	(Aust. Agricultural Consultancy and Management)
Kopinski	J	Senior Husbandry Officer	Vietnam	Urgent request by the ACIAR Animal Sciences Program leader to link in with other commitments in Vietnam	\$0.00	\$2 711.15	(ACIAR)
Cook	B	Principal Scientist	Vietnam	Assist and advise staff from DARD and the Hue University of Agriculture and Forestry in the delivery of a training package	\$0.00	\$6 435.75	(AusAID)
Cox	K	Scientist	Vietnam	As above	\$0.00	\$3 236.40	(AusAID)
Partridge	I	Senior Information Officer	Vietnam, Thailand	As above	\$0.00	\$6 550.00	(AusAID/Asian Disaster Preparedness Centre)
Taylor	K	Senior Extension Officer	Vietnam	As above	\$0.00	\$4 651.86	(AusAID)
McCallum	K	Project Leader	United States, Canada	Lead a delegation of six companies which includes detailed market research for each company	\$0.00	\$6 150.00	(Industry Contributions from Mission Participants)
Potgieter	A	Research Scientist	United States	Visit the International Research Institute to progress the development of collaborative research activities and facilitate communication across the agencies	\$0.00	\$8 199.53	(GRDC)
McIntyre	G	Principal Extension Officer	South Africa	Present papers at the World Cotton Research Conference	\$225.00	\$4 150.00	(CRDC-Cotton Research Development Corporation)
Salmond	G	Senior Development Extension Officer	South Africa	Present at the World Cotton Research Conference	\$0.00	\$2 911.60	(CRDC/Australian Cotton CRC travel grant)
Vanderwoude	C	Principal Scientist	United States	Visit State Regulatory staff and discuss collaborative work on environmental impacts of Fire Ants	\$0.00	\$16 519.38	(Cost sharing arrangements for fire ant eradication)
Clark	R	Principal Research & Development Officer	South Africa	Provide specialist support to achieve continuous improvement of profitable production and marketing of beef products	\$0.00	\$8 490.00	(ACIAR)
Clarkson	N	Principal Scientist	New Zealand	15th Australia-New Zealand Climate Forum	\$0.00	\$2 068.56	(L & W Australia)
Robson	K	Senior Forest Technician	Solomon Islands	Project duties including training, technology transfer and establishment and design of nursery and field experiments	\$0.00	\$3 579.66	(AusAID)
Fuller	S	Senior Technical Officer	Papua New Guinea	Phase 2 of the Technical Development and Training Program to focus on the application of rapid analytical techniques that may adversely impact on coffee quality	\$0.00	\$3 836.40	(CIC)
Hofman	P	Senior Principal Horticulturists	Chile	Participate in an international expert panel to advise on the improvement of systems and impact on fruit quality	\$0.00	\$2 722.99	(Consultancy Fees - Chilean Avocado Industry)
McDonald	J	Forest Health Surveillance Technician	Fiji, Tonga, Vanuatu	Capacity building relating to forest health surveillance systems, increasing awareness and quarantine issues	\$0.00	\$6 559.23	(ACIAR)
Ramsden	M	Forest Health Surveillance Officer	Fiji, Tonga, Vanuatu	As above	\$0.00	\$7 688.38	(ACIAR)
Wylie	R	Senior Principal Scientist	Fiji	As above	\$0.00	\$2 474.58	(ACIAR)
Duffield	B	General Manager	China	Invited by the Commonwealth Government (AFFA) to be part of the Australian delegation to attend a meeting with the joint Agricultural Commission and accompanying program of agricultural field visits	\$0.00	\$9 994.16	(Commonwealth Government (AFFA))
Collins	P	Principal Entomologist	Vietnam	Project review meeting and install specialised laboratory equipment in the laboratory of the Plant Protection Dept., Hanoi	\$0.00	\$4 040.22	(ACIAR)
Daglish	G	Senior Entomologist	Vietnam	As above	\$0.00	\$2 424.84	(ACIAR)
Pavic	H	Technician	Vietnam	As above	\$0.00	\$2 133.00	(ACIAR)
George	A	Principal Horticulturist	Thailand, Laos, Vietnam	As part of the project, set up, establish and monitor field research experiments in temperate fruits	\$0.00	\$4 893.25	(ACIAR)
Neil	K	Fisheries Biologist	Brazil	Present papers at the 1st International Workshop on Global Monitoring Systems in Introduced/Invasive Marine Species	\$0.00	\$5 057.72	(CRC Reef)
Nissen	R	Senior Experimentalist	Thailand, Laos, Vietnam	As part of the project, set up, establish and monitor field research experiments in temperate fruits	\$0.00	\$5 603.97	(ACIAR)
Miller	J	Extension Officer	Malaysia	Contracted by the Victorian Department of Primary Industries to conduct training courses in milk hygiene	\$0.00	\$5 288.40	(ADC/AFFA/CF)
Martin	M	Senior Extension Officer	Gran Canaria, United Kingdom	Present a paper and poster presentation at the International Water Resources Management 2003 Conference and overview dairy/lucerne program's contribution and achievements to regional water management in Australia	\$0.00	\$9 712.00	(Qld Dairy Farmers Organisation)

Rimmer	M	Senior Fisheries Biologist	New Caledonia, Fiji	Support the continued development of ACIAR project "Sustainable aquaculture development in the Pacific Island region"	\$0.00	\$4 565.41	(ACIAR)
Clark	R	Principal Research & Development Officer	Philippines	Provide project leadership to the Network Leadership Team of the Leyte Improvement and Innovation Network to lead, design and conduct a farmer-to-farmer forum	\$0.00	\$4 539.00	(ACIAR)
Field	H	Principal Veterinary Epidemiologist	China	Invited by the World Health Organisation to join the WHO team investigating the Severe Acute Respiratory Syndrome (SARS) outbreak	\$300.00	\$6 343.12	(World Health Organisation)
Wilson	T	Principal Economist	Papua New Guinea	Review priority-setting methods for agricultural research projects	\$0.00	\$4 564.21	(URS)
Daniells	J	Principal Horticulturist	Fiji, Samoa	International Taro Symposium and attend discussions with MAFFM collaborators and management to expedite commencement of the ACIAR project	\$0.00	\$3 284.69	(ACIAR)
Topp	B	Senior Plant Breeder	United States, Spain	On-site evaluation of the QHI selections being tested in Spain as part of a contract with Seleccion Plantas Sevilla	\$0.00	\$5 578.65	(SPS)
Bally	I	District Experimentalist	Sri Lanka	Conduct research activities for the project "Management of postharvest diseases of subtropical and tropical fruits using their natural resistance mechanisms"	\$0.00	\$3 780.71	(ACIAR)
Hunt	M	Business Development Manager	Samoa	Visit and assess vegetative propagation facilities for implementation of next phase - the multiplication of select trees for clonal tests	\$0.00	\$6 520.00	(AusAID/CSIRO)
Robson	K	Senior Forest Technician	Samoa	Project duties which include training, technology transfer and establishment and design of nursery and field experiments	\$0.00	\$6 100.00	(SPRIG Project)
Zwart	R	Plant Pathologist	Turkey	Invited to participate in a Master Class on Soil Borne Diseases	\$0.00	\$7 820.00	(GRDC)
Field	H	Principal Veterinary Epidemiologist	Malaysia	Invited by the World Health Organisation (WHO) to attend a meeting on future research priorities for Severe Acute Respiratory Syndrome (SARS)	\$0.00	\$5 500.00	(WHO)
Smith	C	Program Officer	India	Conduct surveillance studies of the known or suspected natural hosts of henipavirus	\$0.00	\$3 162.76	(CCM)
Nissen	R	Principal Horticulturist	Vietnam	ACIAR project "Adaptation of low chill temperate fruit to Australia and Thailand, Laos and Vietnam"	\$0.00	\$4 505.98	(ACIAR)
George	A	Principal Horticulturist	Vietnam	As above	\$0.00	\$4 065.88	(ACIAR)
Fairley	S	Rural Partnership Development Officer	Spain, France	3rd World Congress of Rural Women	\$1 255.31	\$2 255.00	(Self funded/Far North Qld Area Consultative Committee/Herberton Shire Council)
McCubbin	K	Director	United States	Consult with USDA and State Regulatory staff and assess the Fire Ant Suppression program in Mississippi	\$0.00	\$17 078.53	(Cost sharing arrangements for fire ant eradication)
Cheeseman	N	Senior Marketing Officer	United Kingdom, France, Germany	"New Markets" project to work with rural industry clients to gain access to new markets	\$8 000.00	\$8 300.00	(Dept of State Development & Qld Trade and Investment Office London & Paris)



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**Statement of Financial Performance
for the year ended 30 June 2003**

	Notes*	DPI Consolidated		DPI Parent entity	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Revenues from ordinary activities					
Output revenue	4	233,195	231,870	233,195	231,870
User charges, taxes, fees and fines	5	64,190	59,974	66,184	62,785
Grants and other contributions	6	43,769	37,292	43,654	37,292
Royalties and other territorial revenue	7	19,185	16,135	1,412	1,000
Net increment in valuation of SGARAs	8	334,695	155,952	476	253
Other revenue	9	7,098	6,474	4,369	4,603
Total revenues from ordinary activities		702,132	507,697	349,290	337,803
Expenses from ordinary activities excluding borrowing costs					
Employee expenses	10	222,723	206,964	186,432	171,930
Supplies and services	11	115,917	120,762	95,638	109,199
Depreciation and amortisation	12	17,362	18,808	14,037	15,141
Grants and subsidies	13	27,855	16,984	27,727	16,979
Equity return expense	14	14,507	12,771	14,507	12,771
Other expenses	15	13,723	16,399	10,946	12,094
Total expenses from ordinary activities excluding borrowing costs		412,087	392,688	349,287	338,114
Borrowing costs	16	4,697	4,696	3	6
Surplus / (deficit) from ordinary activities before income tax expense / revenue		285,348	110,313	-	(317)
Income tax equivalents expense relating to ordinary activities	41	-	-	-	-
Net surplus / (deficit)	31	285,348	110,313	-	(317)
Non-owner transaction changes in equity					
<i>Valuation increment:</i>					
Asset revaluation reserve	30	7,208	40,519	6,524	33,184
<i>Increase / (decrease) in retained surplus on:</i>					
Adoption of AASB 1028	30	(516)	-	(516)	-
Adoption of AASB 1041	30	-	(111)	-	-
Net amount of each revenue, expense, valuation or other adjustment not disclosed above, recognised as a direct adjustment to equity	30	(370)	(808)	(370)	(808)
Total revenues, expenses and valuation adjustments recognised directly in equity		6,322	39,600	5,638	32,376
Total change in equity, other than those resulting from transactions with owners as owners	30	291,670	149,913	5,638	32,059

**Statement of Financial Position
as at 30 June 2003**

	Notes*	DPI Consolidated		DPI Parent entity	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Current assets					
Cash assets	17	59,046	54,895	19,860	20,622
Receivables	18	32,728	36,141	19,126	25,537
Inventories	20	5,156	4,680	2,560	1,903
Prepayments	21	2,144	1,654	1,936	1,441
Total current assets		99,074	97,370	43,482	49,503
Non-current assets					
Receivables	18	95	177	-	-
Other financial assets	19	102	115	102	115
Inventories	20	25	35	25	35
Property, plant and equipment	22	300,408	287,900	243,191	236,317
Intangible assets	23	3,961	3,802	3,901	3,727
Prepayments	21	26	135	26	135
Total non-current assets		304,617	292,164	247,245	240,329
Self-generating and regenerating assets					
Plantation growing timber	25	1,237,440	982,252	-	-
Livestock	25	1,963	2,580	1,963	2,580
Total self-generating and regenerating assets		1,239,403	984,832	1,963	2,580
Total assets		1,643,094	1,374,366	292,690	292,412
Current liabilities					
Payables	26	15,671	16,879	12,063	16,477
Interest-bearing liabilities	27	12	11	12	11
Provisions	28	36,211	31,292	18,178	17,222
Unearned Revenue	29	16,233	18,170	16,157	18,119
Total current liabilities		68,127	66,352	46,410	51,829
Non-current liabilities					
Interest-bearing liabilities	27	76,433	76,445	13	25
Total non-current liabilities		76,433	76,445	13	25
Total liabilities		144,560	142,797	46,423	51,854
Net assets		1,498,534	1,231,569	246,267	240,558
Equity					
Contributed equity	30	43,686	43,596	42,411	42,340
Retained surplus	30	1,030,154	1,025,001	157,621	157,835
Reserves:					
- Asset revaluation reserve	30	53,256	46,008	44,787	38,221
- SGARA's unrealised revenue reserve	30	371,438	116,964	1,448	2,162
Total equity		1,498,534	1,231,569	246,267	240,558

* The accompanying Notes on pages 7 - 46 form an integral part of the Financial Statements.

**Statement of Cash Flows
for the year ended 30 June 2003**

	Notes*	DPI Consolidated		DPI Parent entity	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Cash flows from operating activities					
<i>Inflows:</i>					
Output receipts		238,081	226,357	238,081	226,357
User charges		171,822	173,152	66,400	67,504
Grants and other contributions		42,886	38,478	42,771	38,478
Dividends		3	1	3	1
Interest received		2,345	1,776	881	870
GST input tax credits		5,838	6,469	5,838	6,469
Other		13,557	13,254	12,543	8,606
<i>Outflows:</i>					
Employee expenses		(220,899)	(205,570)	(184,868)	(170,649)
Supplies and services		(138,859)	(155,192)	(115,201)	(119,149)
Grants and subsidies		(27,855)	(16,785)	(27,727)	(16,780)
Borrowing costs		(4,696)	(4,712)	(3)	(6)
Equity return expense		(14,529)	(12,749)	(14,529)	(12,749)
GST remitted to ATO		(7,095)	(5,938)	-	-
Other		(13,640)	(7,865)	(10,930)	(7,635)
Net cash provided by operating activities	31	46,959	50,676	13,259	21,317
Cash flows from investing activities					
<i>Inflows:</i>					
Proceeds from sale of property, plant and equipment		1,181	1,889	696	886
Loans and advances redeemed		42	-	42	-
Investments redeemed		-	15	-	15
<i>Outflows:</i>					
Payments for property, plant and equipment		(21,880)	(33,559)	(13,586)	(25,279)
Payments for intangibles		(1,182)	-	(1,182)	-
Loans and advances made		-	(58)	-	(58)
Net cash used in investing activities		(21,839)	(31,713)	(14,030)	(24,436)
Cash flows from financing activities					
<i>Inflows:</i>					
Equity injections		6,520	14,441	6,520	14,441
<i>Outflows:</i>					
Finance lease payments (excluding interest component)		(11)	(11)	(11)	(11)
Dividends paid	45	(20,978)	(3,814)	-	-
Equity withdrawal		(6,500)	(6,600)	(6,500)	(6,600)
Net cash provided by (used in) financing activities		(20,969)	4,016	9	7,830
Net increase / (decrease) in cash held		4,151	22,979	(762)	4,711
Cash at the beginning of the financial year		54,895	31,916	20,622	15,911
Cash at the end of the financial year	17	59,046	54,895	19,860	20,622
Non-cash financing and investing activities	32				

* The accompanying Notes on pages 7 - 46 form an integral part of the Financial Statements.

**Statement of Financial Performance by Outputs - Controlled
for the year ended 30 June 2003**

	Food and fibre science and innovation		Rural community development		Fisheries		Market access and development		Policy analysis and industry development		Forestry commercial		Inter-Output eliminations		Total	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Revenues from ordinary activities																
Output revenue	98,749	98,619	44,469	32,268	31,072	30,269	39,771	43,273	19,134	27,441	-	-	-	-	233,185	231,870
User charges, taxes, fees and fines	12,274	14,172	37,863	27,746	5,902	7,925	9,012	12,853	133	89	5,841	9,974	(7,835)	(12,785)	64,190	59,974
Grants and other contributions	34,770	31,350	939	940	1,557	1,606	5,896	2,852	492	544	113	-	2	43,769	37,292	
Royalties and other territorial revenue	1,406	994	-	-	6	6	-	-	-	-	17,773	15,510	-	(375)	19,185	16,135
Net increment in valuation of SGARAs	360	222	-	-	-	-	116	31	-	-	334,219	155,699	-	-	334,895	155,952
Other Revenue	2,615	2,747	1,082	1,143	82	419	349	248	241	46	2,769	5,504	(40)	(3,633)	7,098	6,474
Total revenues from ordinary activities	150,174	148,104	84,353	62,097	39,619	40,225	55,144	59,257	20,000	28,120	360,715	186,687	(7,873)	(16,793)	702,132	507,697
Expenses from ordinary activities excluding borrowing costs																
Employee expenses	90,970	87,596	39,974	32,428	21,952	20,116	28,236	27,330	5,300	4,460	36,359	35,077	(68)	(43)	222,723	206,964
Supplies and services	37,763	39,066	26,146	21,571	11,886	12,231	12,748	19,746	7,095	16,585	28,084	28,313	(7,805)	(16,750)	115,917	120,762
Depreciation and amortisation	8,569	9,749	1,868	1,328	1,734	2,088	1,703	1,820	163	156	3,325	3,667	-	-	17,362	18,808
Grants and subsidies	1,729	3,005	11,194	2,231	1,922	1,759	8,689	5,734	4,193	4,250	128	5	-	-	27,855	16,984
Equity return expense	5,971	5,452	2,753	1,688	1,947	1,686	2,561	2,424	1,275	1,521	-	-	-	-	14,507	12,771
Other expenses	5,185	5,312	2,119	2,028	1,239	2,002	1,638	1,720	775	1,032	2,767	4,305	-	-	13,723	16,399
Total expenses from ordinary activities excluding borrowing costs	150,187	150,180	84,054	61,274	40,680	39,882	55,575	58,774	18,801	28,004	70,663	71,367	(7,873)	(16,793)	412,087	392,688
Borrowing costs	3	6	-	-	-	-	-	-	-	-	4,694	4,690	-	-	4,697	4,696
Surplus / (deficit) from ordinary activities before income tax expense / revenue	(16)	(2,082)	299	823	(1,061)	343	(431)	483	1,199	116	285,358	110,630	0	-	285,348	110,313
Income tax equivalent expense relating to ordinary activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net surplus / (deficit)	(16)	(2,082)	299	823	(1,061)	343	(431)	483	1,199	116	285,358	110,630	0	-	285,348	110,313
Valuation increment:																
Asset revaluation reserve	2,903	14,114	1,166	4,015	798	4,349	1,105	6,691	552	4,015	684	7,335	-	-	7,208	40,519
Increase / (decrease) in retained surplus on:																
Adoption of AASB 1028	(277)	-	(81)	-	(59)	-	(83)	-	(16)	-	-	-	-	-	(516)	-
Adoption of AASB 1041	-	-	-	-	-	-	-	-	-	-	-	(111)	-	-	-	(111)
Net amount of each revenue, expense, valuation recognised as a direct adjustment to equity	(371)	(1,247)	1	79	(2)	(98)	1	398	1	60	-	-	-	-	(370)	(808)
Total revenues, expenses and valuation adjustments recognised directly in equity	2,255	12,867	1,086	4,094	736	4,251	1,023	7,089	537	4,075	684	7,224	-	-	6,322	39,600
Total change in equity, other than those resulting from transactions with owners as owners	2,239	10,785	1,385	4,917	(325)	4,594	592	7,572	1,736	4,191	285,042	117,854	0	-	291,870	149,913
Allocation of revenues and expenses from ordinary activities to corporate services (disclosure only):																
Revenues from Ordinary Activities	29,860	23,131	14,048	9,674	7,885	6,765	9,844	9,364	3,913	5,772	-	-	-	-	65,560	54,706
Expenses from Ordinary Activities	30,999	23,254	14,572	9,712	8,256	6,803	10,332	9,419	4,156	5,806	-	-	-	-	68,315	54,994

**Notes to, and forming part of, the financial statements
for the year ended 30 June 2003**

1. Objectives of the Department

The Department of Primary Industries (DPI) provides many unique services and products that contribute to the capacity for growth and prosperity in food and fibre sectors and rural communities. These services and products are delivered with an emphasis on triple bottom line outcomes that promote smart food and fibre systems and products, ecologically sustainable use of natural resources and capable rural communities. DPI is driving growth and building the capacity for innovative food and fibre industries and confident communities in the rural sector.

To achieve this vision, the Department is:

- facilitating the development of food and fibre chains, as an aid to increase value-adding and export opportunities;
- building Queensland's reputation to deliver environmentally friendly, ethically produced and safe food and fibre;
- using research, development and extension to align food and fibre production, processing and marketing with consumer and community expectations;
- promoting harmony between food and fibre industries and natural ecosystems;
- maximising the market value of Queensland's commercial forestry assets within a sustainable development framework;
- increasing the capability and confidence of rural communities to take up opportunities.

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

2. Summary of significant accounting policies

The significant accounting policies, which have been adopted in the preparation of the general purpose departmental financial statements, are:

2.1 Basis of accounting

The financial statements are a general purpose financial report and have been prepared in accordance with the *Financial Administration and Audit Act 1977*, the *Financial Management Standard 1997*, applicable Australian Accounting Standards, in particular Australian Accounting Standard (AAS) 29 *Financial Reporting by Government Departments*, Statements of Accounting Concepts, Urgent Issues Group (UIG) Abstracts, the Queensland Treasurer's *Financial Reporting Requirements for Government Departments for the year ending 30 June 2003* and other prescribed reporting requirements.

Except where otherwise stated, the financial statements have been prepared in accordance with the historical cost convention. The accounting policies adopted are generally consistent with those of the previous year.

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

2.2 The reporting entity

The financial statements include all assets, liabilities, equities, revenues and expenses of the Department, including DPI Forestry. In accordance with the Cabinet Decision Number 4637 dated 15 May 1995, the DPI Forest Service was restructured to operate as a commercial business group (DPI Forestry) of the Department from 1 July 1995.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

2. Summary of significant accounting policies (continued)

2.2 The reporting entity (continued)

In order to provide enhanced disclosure, the Department has adopted the principles outlined in AASB 1024 *Consolidated Accounts*. This approach is considered appropriate as it reflects the relationship between the Department's core business activities and those of its commercial business group, DPI Forestry. In this context, the core activities of the Department are indicated in these financial statements as the DPI parent entity, while consolidated results provide information in relation to the whole of the Department, including DPI Forestry.

In the process of reporting on the Department as a single economic entity, all transactions and balances between the DPI parent entity and DPI Forestry have been eliminated in full. Except where otherwise stated, DPI Forestry and the remainder of the Department employed consistent accounting policies in the preparation and presentation of these financial statements.

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

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

The Department administers, but does not control, certain resources on a whole-of-government basis. It is responsible and accountable for the transactions involving such administered items, but does not have the discretion to deploy these resources for the achievement of the Department's objectives. Transactions and balances relating to administered resources are not recognised as departmental revenues, expenses, equities, assets or liabilities, but are disclosed separately in Note 36.

2.2.2 Trust and agency transactions and balances

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

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

2.3 Grants, benefits and other contributions

Grants, donations, gifts and other non-reciprocal contributions and benefits are recognised as revenues in the year in which the Department obtains control over the assets comprising the contributions. Control is normally obtained upon the receipt of these assets.

Where non-reciprocal contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, they are reported as unearned revenue. (Refer Note 29.) Where grants are received that are reciprocal in nature, revenues are accrued over the term of the funding arrangements.

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

2.4 User charges, taxes, fees and fines

User charges and fees controlled by the Department are recognised as revenues when invoices for the related services are issued. The Department controls these revenues, where they can be deployed for the achievement of the departmental objectives.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

2. Summary of significant accounting policies (continued)

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

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

2.5 Output revenue / administered item revenue

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

Amounts appropriated to the Department for transfer to other entities in accordance with legislation or other requirements, are not controlled by the Department, and such amounts are reported as administered transactions.

2.6 Cash assets

For the purpose of the Statement of Financial Position and the Statement of Cash Flows, cash assets include cash on hand comprising petty cash, postage and change imprest balances, cash at bank, cash and cheques receipted but not banked, and similar financial assets, which are readily convertible to cash, and are used in the day-to-day cash management function of the Department.

2.7 Receivables

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

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

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

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

2.8 Financial assets

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

2.9 Inventories

Inventories are valued at the lower of cost and net realisable value, except for sundry crops, saleable semen, and saleable vaccine, which are valued at net realisable value. Net realisable value is determined on the basis of the Department's normal selling pattern.

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

The carrying amounts of inventories are disclosed in Note 20.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

2. Summary of significant accounting policies (continued)

2.10 Self-generating and regenerating assets

Under AASB 1037 *Self-Generating and Regenerating Assets* (SGARAs), such assets are defined as non-human living assets, such as plantation growing timber, native forest timber and livestock, which are accounted for in DPI accounts. The Department adopted Net Market Value (NMV) for the valuation of livestock. NMV is the amount that could be expected to be received from the disposal of an asset in an active and liquid market, after deducting the costs expected to be incurred in realising the proceeds of such a disposal.

As there is no observable active and liquid market for DPI Forestry's forest assets, DPI Forestry has, in accordance with the relevant provisions of AASB 1037, adopted the Net Present Value (NPV) methodology of valuation as the most appropriate alternative for estimating the NMV of its SGARAs.

2.10.1 Plantation growing timber

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

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

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

2.10.2 Livestock

Livestock is valued at Net Market Value (NMV). Livestock held by the Department meets the definition of SGARAs. Although, DPI SGARAs are not held primarily for profit, but rather for research, the management of the Department believes that the application of AASB 1037 is appropriate.

2.10.3 Native forests

DPI Forestry's asset in State-owned native forests is its right to harvest forest products from certain forest areas on a sustained yield basis in accordance with section 33 (1) of the *Forestry Act 1959*.

Restrictions on native forest operations

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

Current cash flows associated with these native forest products have been examined, and on the basis of this information, the net value of DPI Forestry's access rights are considered to be immaterial at this point in time. Accordingly, the value of access rights to native forest products has not been recognised in the Statement of Financial Position. This position will be re-assessed annually, but is not expected to change.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

2. Summary of significant accounting policies (continued)

2.10 Self-generating and regenerating assets (continued)

2.10.3 Native forests (continued)

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

2.10.4 Other self-generating and regenerating assets

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

2.10.5 Valuation of SGARAs

The NPV methodology

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

Under the NPV methodology, valuation changes arise mainly from changes in:

- timber volume associated with growth, and also changes to the overall estate, as a result of annual planting and harvesting activity;
- timber prices;
- forest production costs;
- the WACC rate used in the discounted cash flow calculation.

Assumptions underpinning the NPV calculation are:

- Forest valuations are based on the expected volumes of merchantable timber that will be realised from existing stands, given current management strategies and stand recovery rates.
- Only the current crop is valued. The cash flow analysis is based on the anticipated timing of the harvest of existing stands, which has been derived from harvest plans developed for the entire estate.
- Volume increments are determined both by periodic re-measurement of samples of plantations and by modelling growth from the date of the most recent measurement to the date of harvest.
- Prices used in the NPV calculation are based on current selling prices at balance date, unless market intelligence indicates that such prices are not indicative of future trends.
- The estimated cost of growing the existing stand until maturity is taken to account in determining the net cash flows.
- Costs used in the NPV analysis are three-year rolling average actual costs for individual plantation operations, and inflation adjusted to the current period. Three-year averages also eliminate significant annual variations caused by things such as variable climatic, topographic and/or silvicultural factors, for example, high rainfall years increase the weed spectrums to be controlled. It is also assumed that the current three-year rolling average costs are the best indicator of future costs.
- Notional costs, particularly imputed land usage charges relating to State-owned plantation land, which DPI Forestry currently accesses at no charge, have not been included in the calculation.
- All costs incurred in developing and managing the trees in forests are recognised as cash outflows in the NPV calculation, except for capital items, e.g. buildings, major roads, heavy plant, which are deemed to have a life independent of the plantation. Usage of these assets is recognised through the application of an annual capital usage charge, which is treated as a cash outflow for the purposes of the plantation valuation.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

2. Summary of significant accounting policies (continued)

2.10 Self-generating and regenerating assets (continued)

2.10.5 Valuation of SGARAs (continued)

- The discount rate used is based on the WACC formula in conjunction with the Capital Asset Pricing Model. The discount rate is expressed in real terms, before income tax, and has been set with reference to benchmarked forestry industry risk margins relative to overall market risk margins. The use of 'real' discount rates effectively assumes that both prices and costs will rise over time in line with inflation and allows for all prices and costs to be expressed in current dollar terms.

Source of valuation of plantation growing timber

The Net Market Valuation, (based on NPV), of the plantation growing timber, has been prepared by appropriately qualified staff employed by DPI Forestry, using advanced modelling techniques and methods. A computerised plantation decision support system underpins the NPV calculations utilised for the forest valuation.

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

2.11 Reserving policy for unrealised revenue

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

DPI and DPI Forestry revalue their SGARAs annually, and recognise the change in NMV and NPV respectively as revenue or expense in the Statement of Financial Performance, in accordance with the treatment required by AASB 1037. Unrealised revenues are transferred to the SGARAs unrealised revenue reserve until the revenue is realised (through sales) and becomes available for distribution. The reserve is adjusted annually for the net movement in unrealised revenue and the realisation of prior periods' revenue through current year sales.

2.12 Quarries

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

2.13 Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled and/or administered by the Department, unless these have been received as a result of a machinery-of-government restructure. In the latter case, the assets are recognised at their gross carrying amount in the books of the transferor immediately prior to the transfer, together with any accumulated depreciation offset.

Assets acquired at no cost, or for nominal consideration, are recognised at their fair value at the date of acquisition, in accordance with AASB 1015 *Acquisitions of Assets*.

Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

2. Summary of significant accounting policies (continued)

2.14 Recognition of property, plant and equipment

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

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

2.15 Land

DPI Forestry carries out its forestry establishment, management and marketing operations principally on Crown Land allocated for forest production purposes by the Department of Natural Resources and Mines (DNR&M) or the Environmental Protection Agency (EPA). While these agencies retain control over this land, DPI Forestry is granted access free of charge to carry out its operations, in accordance with the *Forestry Act 1959*. Only land controlled by DPI Forestry has been brought to account in the Statement of Financial Position. This land includes specified Freehold and Crown Land parcels held for operational purposes.

2.16 Leasehold improvements

DPI leasehold improvements with a cost, or other value, of \$2,000 or greater, are recognised in the financial statements. DPI Forestry applies an asset recognition threshold of \$1,000. All other leasehold improvement items with a cost, or other value less than the asset recognition threshold, are expensed in the year of acquisition.

2.17 Intangible assets

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

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

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

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

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

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

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

2. Summary of significant accounting policies (continued)

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

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

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

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

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

Asset class	Average estimated useful life in years
Land improvements	25
Buildings	30
Access roads	37
Plant and equipment:	
- Computer equipment	3
- Motor vehicles	5
- Scientific equipment	11
- Other equipment	7
Leasehold improvements	10
Intangible assets:	
- Software	6

2.19 Revaluation of non-current physical assets

2.19.1 Revaluation methodology

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

Non-current physical assets measured at fair value are comprehensively revalued at least once every five years, with interim valuations, using appropriate indices, being otherwise performed on an annual basis, 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, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

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

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

2. Summary of significant accounting policies (continued)

2.20 Leases (continued)

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

Disclosure of finance lease and non-cancellable operating lease commitments, GST inclusive, is made in Note 33.

2.21 Library materials

Purchases of Library materials are expensed as incurred.

2.22 Insurance

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

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

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

2.23 Payables

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

2.24 Interest-bearing liabilities

2.24.1 Borrowings

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

2.24.2 Borrowing costs

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

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

2.25 Dividends payable

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

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

2. Summary of significant accounting policies (continued)

2.25 Dividends payable (continued)

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

2.26 Employee benefits

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

2.26.1 Wages and salaries, annual leave and sick leave

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.

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

2.26.2 Long service leave

Under the Queensland Government's Long Service Leave Scheme, a levy is made on the Department to cover this expense.

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

2.26.3 Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland government employees, at rates determined by the Queensland State Actuary, and are expensed as incurred.

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

2.27 Taxation

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

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

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

2. Summary of significant accounting policies (continued)

2.27 Taxation (continued)

Pursuant to AASB 1020 *Income Taxes*, income tax equivalents expense is calculated on the profit from ordinary activities in the Statement of Financial Performance after adjusting for permanent differences between taxable and accounting income.

The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the Statement of Financial Position as future income tax equivalents benefits, or a provision for deferred income tax equivalents. Future income tax equivalents benefits are not brought to account, unless realisation of the benefits is virtually certain. No liability has been brought to account as a provision for deferred income tax equivalents. An excess of future income tax equivalents benefits currently wholly offsets such liability. Details of DPI Forestry's tax position are disclosed in Note 41.

2.28 Resources received free of charge or for nominal value

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

2.29 Allocation of overheads to departmental controlled outputs

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

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

2.30 Interests in joint ventures

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

Contributions by DPI Forestry towards SGARAs are expensed as incurred, in compliance with DPI Forestry's SGARA 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 will be reassessed annually.

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

2.31 Research and development

Research and development costs are expensed in the period in which they were incurred. Such costs will only be deferred to the extent that future benefits are expected, beyond any reasonable doubt, to equal or exceed those costs, any previously deferred costs, and any future costs necessary to give rise to the future benefits.

2.32 Financial reporting by segments

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

2.33 Contributed equity

Non-reciprocal transfers of assets and liabilities between wholly owned Queensland State Public Sector Entities, as a result of Machinery-of-Government changes, are accounted for as adjustments to 'contributed

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

2.33 Contributed equity (continued)

equity', in accordance with UIG Abstract 38 *Contributions by Owners Made to Wholly Owned Public Sector Entities*.

Appropriations for equity adjustments are similarly designated.

2.34 Rounding

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

2.35 Comparative information

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

2.36 Change in accounting policy

(1) In accordance with the Queensland Treasury's *Financial Reporting Requirements for Government Departments* for the financial year ending 30 June 2003, the department recorded wages, salaries and annual leave due but unpaid in the Statement of Financial Position at the remuneration rates expected to apply at the time of settlement as required by AASB1038 from 1 July 2002.

The initial increase in the provision for annual leave as at 30 June 2003 of \$0.517 million to report on this basis has been treated as an adjustment against equity. Future changes in the provision will be recorded in the Statement of Financial Performance.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

3. Outputs of the Department

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

3.1 Food and fibre science and innovation

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

3.2 Market access and development

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

3.3 Rural community development

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

3.4 Fisheries

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

3.5 Policy analysis and industry development

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

3.6 Forestry commercial

This Output is a commercial business group (DPI Forestry) of the Department, where its activities aim to manage and market State-owned plantation and native forest timber resources, quarry material resources, and other forestry related services in a sustainable manner to earn commercial returns while observing the State Government's environmental policies.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
4. Reconciliation of Payments from Consolidated Fund				
Reconciliation of payments from consolidated fund to output revenue recognised in the Statement of Financial Performance				
Budgeted output appropriation	236,022	225,508	236,022	225,508
Add: Transfers from other headings	2,059	849	2,059	849
Total output receipts	238,081	226,357	238,081	226,357
Less: Opening balance of output revenue receivable	(8,608)	(3,095)	(8,608)	(3,095)
Add: Closing balance of output revenue receivable	3,722	8,608	3,722	8,608
Output revenue recognised in the Statement of Financial Performance	233,195	231,870	233,195	231,870
Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity (Note 30)				
Budgeted equity adjustment appropriation (1)	4,108	7,841	4,108	7,841
Transfers from/to other headings	(2,953)	-	(2,953)	-
Less: Lapsed equity adjustment appropriation	(1,135)	-	(1,135)	-
Equity adjustment recognised in contributed equity	20	7,841	20	7,841
(1) Budgeted equity adjustment of \$4.108 million is represented by an amount of \$10.608 million of equity injections and an amount of (\$6.500) million of equity withdrawals. (Refer Note 30)				
5. User charges, taxes, fees and fines				
Fee for service	49,865	46,104	52,337	49,788
Contract services - DPI Forestry	-	-	757	720
Sale of goods	8,530	8,252	7,811	7,098
Taxes, fees and fines	5,795	5,618	5,279	5,179
Total user charges, taxes, fees and fines	64,190	59,974	66,184	62,785

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
6. Grants and other contributions				
Grants (1)	7,594	6,987	7,575	6,987
Industry contributions	34,873	29,494	34,890	29,494
Goods and services received below fair value	1,189	811	1,189	811
Other	113	-	-	-
Total grants and other contributions	43,769	37,292	43,654	37,292
Refer to Note 13 for disclosure of amount paid to recipients of grants and contributions.				
(1) Included in revenue from grants are:				
- a grant of \$2.202 million (\$3.197 million in 2001-2002) received from the Commonwealth Government to fund specific activities chiefly of the Australian Centre for International Agricultural Research Projects (ACIAR);				
- a grant of \$5.346 million (\$0.945 million in 2001-2002) was also received from the Commonwealth Government to fund the Tuberculosis Freedom Assistance Program (TFAP).				
7. Royalties and other territorial revenue				
Sales:				
Quarry materials	3,960	2,856	-	-
Native forest timber	12,553	10,988	-	-
Seeds and seedlings	947	1,199	-	-
Other	1,725	1,092	1,412	1,000
Total royalties and other territorial revenue	19,185	16,135	1,412	1,000
8. Net increment in valuation of self-generating and regenerating assets				
Livestock	476	253	476	253
Plantation timber (1)	334,219	155,699	-	-
Total net increment in valuation of SGARAs	334,695	155,952	476	253
(1) During 2002-03 several of the key determinants of plantation revenue (defined as the gross increment in plantation asset value) varied sufficiently to deliver an increase significantly above that achieved during the 2001-02 financial year.				
The following factors contributed to the large plantation asset valuation increase under the current net present value methodology:				
- A substantial decrease (1.25%) in the weighted average cost of capital (WACC) during the year – refer note 25 for sensitivity information.				
- Increased market demand for certain forest resources resulting in both increased product prices for some products and re-scheduling of harvesting to deal with the demand.				
9. Other revenue				
Interest	2,198	1,666	645	739
Gain on sale of property, plant and equipment	1,080	1,184	609	629
Rental income	383	508	185	301
Other	3,437	3,116	2,930	2,934
Total other revenue	7,098	6,474	4,369	4,603

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
10. Employee expenses				
Wages and salaries	185,702	172,274	155,927	143,278
Employer superannuation contributions	20,961	19,435	17,870	16,540
Long service leave levy	2,717	2,578	2,277	2,145
Other	13,343	12,677	10,358	9,967
Total employee expenses	222,723	206,964	186,432	171,930
Chief executive remuneration				
The following salary band relates to the Chief Executive of the Department:				
Level	Superannuable salary (\$ per annum)			
	Min. \$	Max. \$		
CEO2	166,274	188,347		
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.				
	3,928	3,844	3,170	3,135
11. Supplies and services				
Consultants and contractors	21,742	28,653	9,634	16,188
Contract services - DPI Forestry	-	-	3,795	11,480
Motor vehicle expenses	14,944	14,521	11,768	11,696
Materials	16,845	16,631	15,089	14,891
Staff Travel	7,885	8,418	7,139	7,624
Building Services, repairs and maintenance	7,864	8,166	7,868	8,168
Electricity and telephone	6,938	6,599	6,362	6,003
Computer expenses	4,565	4,659	4,313	4,473
Forest maintenance	3,279	2,897	-	-
Primary production costs	2,324	2,424	2,328	2,428
Legal expenses	756	608	651	441
Service delivery costs	12,518	13,208	12,523	13,208
Services received free of charge	1,189	706	1,189	706
Portable & attractive items	766	1,140	766	1,140
Freight, postage & printing	3,029	3,309	3,029	3,309
Other	11,273	8,823	9,184	7,444
Total supplies and services	115,917	120,762	95,638	109,199
The 2001-2002 comparative information has been amended by \$0.426 million. This related to the transfer of insurance expenses to other expenses (Note 15) as required by Queensland Treasury " Financial Reporting Requirements for Government Departments".				
12. Depreciation and amortisation				
<i>Depreciation and amortisation expenses for the financial year were incurred in respect of:</i>				
Land improvements	767	754	640	618
Buildings	3,910	3,940	3,378	3,452
Access roads	460	456	91	88
Plant and equipment (1)	10,292	11,362	8,074	8,766
Intangibles	985	1,547	971	1,533
Leasehold improvements	948	749	883	684
Total depreciation and amortisation expenses	17,362	18,808	14,037	15,141

(1) Included above is amortisation of plant and equipment under finance lease of \$0.011 million (\$0.013 million in 2001 - 2002).

(2) The increase in depreciation and amortisation expense as a result of indexation of depreciable assets during the reporting period was nil because indexation was effected on 30 June 2003 (\$0.500 million in 2001 - 2002).

Department of Primary Industries

Notes to, and forming part of, the financial statements (continued) for the year ended 30 June 2003

13. Grants and subsidies

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Recurrent				
Agaware	29	-	29	-
Animal welfare organisations	682	172	682	172
Australian Centre for International Agricultural Research Projects (ACIAR)	1,080	1,084	1,080	1,084
Banana Industry Protection Board	159	-	159	-
Bureau of Sugar Experiment Stations (BSES)	3,800	3,800	3,800	3,800
Burdekin Rangelands Reef Initiative	659	-	659	-
Cape York Trawl buy-back	314	-	314	-
Commonwealth government bodies & authorities (Incl CSIRO)	1	326	1	326
Cooperative Research Centres (CRC)	433	384	433	384
Drought Relief Freight Subsidy (1)	8,809	-	8,809	-
Farm and rural financial counsellors' subsidies	172	200	172	200
Fish stocking associations and societies	631	496	631	496
Fisheries Research & Development Corporation	628	550	628	550
Grain Research & Development Corporation	2	157	2	157
Landcare	-	306	-	306
Murray Darling Basin Commission	178	-	178	-
Horticultural Research and Development	24	177	24	177
Investigation and education project payments	-	85	-	85
Queensland Government Departments	36	492	36	492
Non-Queensland Government Departments	-	258	-	258
Queensland Government Agent Program (QGAP)	1,363	1,269	1,363	1,269
Queensland Seafood Industry Association Inc. (QSIA)	-	18	-	18
Queensland Farmers' Federation	43	43	43	43
Queensland Commercial Fisherman's Organisation	4	-	4	-
QLD Turf Producers Association	31	-	31	-
Safe Food Production Queensland (SFPQ)	1,922	2,712	1,922	2,712
Sunfish (Qld) Inc.	131	231	131	231
St Vincents Community Services	42	-	42	-
Town, city and shire councils	171	188	171	183
Transmissible Spongiform Encephalopathy (TSE) Incentives	33	25	33	25
Tuberculosis Freedom Assistance Program (TFAP)	5,773	2,446	5,773	2,446
Universities in other States	112	143	106	143
Universities in Queensland	335	489	231	489
Other	255	683	237	683
	-	-	-	-
Total recurrent	27,852	16,734	27,724	16,729
Capital				
Town, city and shire councils	-	250	-	250
Other	3	-	3	-
	-	-	-	-
Total capital	3	250	3	250
Total grants and subsidies	27,855	16,984	27,727	16,979

(1) Drought freight subsidies grants of \$1.191 million paid during 2001- 2002 were classified as administered.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

14. Equity return expense

An equity return rate of 6 percent has been set by the Government for 2002 - 2003. This represents the opportunity cost of capital invested in the net assets of the Department. The return is calculated on a pro-rata daily basis using the opening net asset position of the Department for each quarter, plus or minus equity injections or withdrawals.

15. Other expenses

Operating leases
Audit fees (Queensland Audit Office)
Licence fees and permits
Loss on sale or disposal of property, plant and equipment
Decrement on revaluation of non-current assets
Doubtful debts
Sponsorships
Donations and gifts
Insurance premiums - QGIF
Insurance premiums - other
Miscellaneous expenses

Losses:

- Public money
- Public property (1)

Special payments :

- Extra-contractual
- Ex-gratia

Total other expenses

(1) Certain losses of public property are insured by the Queensland Government Insurance Fund (QGIF).

The 2001-2002 comparative information has been amended by \$0.426 million. This related to the transfer of insurance expenses from supplies and services (Note 11) as required by Queensland Treasury "Financial Reporting Requirements for Government Departments."

16. Borrowing costs

Interest
Finance charges relating to finance leases

Total borrowing costs expense

No borrowing costs were recognised during the period as part of the carrying amount of any qualifying assets.

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
	14,507	12,771	14,507	12,771
Operating leases	10,298	11,663	7,857	8,056
Audit fees (Queensland Audit Office)	271	308	160	160
Licence fees and permits	224	181	172	150
Loss on sale or disposal of property, plant and equipment	304	1,031	265	651
Decrement on revaluation of non-current assets	-	74	-	-
Doubtful debts	157	207	163	203
Sponsorships	476	331	476	331
Donations and gifts	33	199	33	199
Insurance premiums - QGIF	369	300	317	269
Insurance premiums - other	136	126	136	126
Miscellaneous expenses	1,145	1,529	1,123	1,499
Losses:				
- Public money	64	108	54	108
- Public property (1)	8	89	8	89
Special payments :				
- Extra-contractual	238	170	182	170
- Ex-gratia	-	83	-	83
Total other expenses	13,723	16,399	10,946	12,094
Interest	4,694	4,690	-	-
Finance charges relating to finance leases	3	6	3	6
Total borrowing costs expense	4,697	4,696	3	6

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
17. Cash assets				
Cash on hand	1,015	125	989	98
Cash at bank	58,031	54,770	18,871	20,524
Total cash assets (1)	59,046	54,895	19,860	20,622
<p>(1) Cash deposited with the Queensland Treasury Corporation earned interest at rates between 3.77% and 4.12% up to and including the March Quarter (2002: between 3.23% and 4.01%). For the June quarter DPI opted out of the Cash Management Incentive Regime. Cash deposited with the Queensland Treasury Corporation by DPI Forestry earned interest at rates between 3.77% and 4.12% (2001-2002 3.7%)</p>				
18. Receivables				
Current				
Revenue receivable from Treasury	3,722	8,608	3,722	8,608
Trade debtors	23,987	18,498	12,590	9,747
Less: Provision for doubtful debts	(349)	(378)	(349)	(372)
	23,638	18,120	12,241	9,375
Loans and advances	99	543	99	539
Less: Provision for doubtful debts	-	(4)	-	(4)
	99	539	99	535
Freehold selection debtors (1)	98	115	-	-
Less: Provision for doubtful debts	-	-	-	-
	98	115	-	-
GST Input tax credits receivable	2,235	842	1,694	2,050
GST payable	(1,961)	(382)	(1,137)	(938)
Net GST receivable	274	460	557	1,112
Long service leave reimbursements	-	63	-	39
Interest receivable	386	533	-	236
Other debtors	4,511	7,703	2,507	5,632
Total current receivables	32,728	36,141	19,126	25,537
Non-current				
Freehold selection debtors (1)	95	177	-	-
Total non-current receivables	95	177	-	-

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

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
19. Other financial assets				
Non-current				
Shares and units (1)	102	115	102	115
Total	102	115	102	115
The fair value of other financial assets is:				
Shares and units (see note 38)	108	115	108	115
Total	108	115	108	115
(1) Financial assets comprise equity in primary producer cooperatives.				
20. Inventories				
Current inventories				
<i>Inventory held for sale:</i>				
Finished goods	1,556	1,889	435	417
Work in Progress	2	-	-	-
<i>Inventory not held for sale:</i>				
Raw materials and stores	3,598	2,791	2,125	1,486
Total current inventories	5,156	4,680	2,560	1,903
Non-current inventories				
<i>Inventory held for sale:</i>				
Finished goods	25	35	25	35
Total non-current inventories	25	35	25	35
Aggregate carrying amount of inventories:				
Current	5,156	4,680	2,560	1,903
Non - Current	25	35	25	35
Total - Inventories	5,181	4,715	2,585	1,938
21. Prepayments				
Current				
Prepayments	2,144	1,654	1,936	1,441
Total current prepayments	2,144	1,654	1,936	1,441
Non-current				
Prepayments	26	135	26	135
Total non-current prepayments	26	135	26	135
Total prepayments	2,170	1,789	1,962	1,576

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
22. Property, plant and equipment				
22.1 Land (1) (2)				
At independent valuation 2002	84,153	80,518	70,251	70,251
Total Land	84,153	80,518	70,251	70,251
(1) Refer Note 2.15.				
(2) Only land controlled by the Department has been brought to account.				
22.2 Land improvements				
At cost	17,969	16,935	14,211	13,343
Accumulated depreciation	(5,583)	(4,842)	(4,369)	(3,758)
Total land improvements - net book value	12,386	12,093	9,842	9,585
22.3 Buildings				
At cost (deemed fair value)	13,362	489	13,362	489
At independent valuation 2002	201,479	199,819	175,171	175,231
Accumulated depreciation	(79,076)	(71,263)	(65,304)	(58,762)
Total buildings - net book value	135,765	129,045	123,229	116,958
22.4 Access roads				
At independent valuation 2002	22,554	22,453	4,969	4,959
Accumulated depreciation	(7,798)	(7,338)	(2,209)	(2,118)
Total access roads - net book value	14,756	15,115	2,760	2,841
22.5 Computer equipment				
At cost	23,293	27,148	21,325	25,224
Accumulated depreciation	(15,615)	(19,737)	(14,276)	(18,343)
Total computer equipment - net book value	7,678	7,411	7,049	6,881
22.6 Plant and equipment				
At cost	90,688	85,329	62,820	59,690
Accumulated depreciation	(52,222)	(49,630)	(38,978)	(37,053)
Total plant and equipment - net book value	38,466	35,699	23,842	22,637
22.7 Leased plant and equipment				
At cost	64	64	64	64
Accumulated amortisation	(47)	(36)	(47)	(36)
Total leased plant and equipment - net book value	17	28	17	28
22.8 Leasehold improvements				
At cost	7,230	7,070	6,582	6,422
Accumulated amortisation	(2,881)	(1,934)	(2,678)	(1,795)
Total leasehold improvements - net book value	4,349	5,136	3,904	4,627
22.9 Capital works in progress				
At cost	2,838	2,855	2,297	2,509
Total property, plant and equipment - net book value	300,408	287,900	243,191	236,317
Property, plant and equipment				
At cost	155,444	139,890	120,661	107,741
At independent valuation 2002	308,186	302,790	250,391	250,441
Accumulated depreciation and amortisation	(163,222)	(154,780)	(127,861)	(121,865)
Total property, plant and equipment - net book value	300,408	287,900	243,191	236,317

Department of Primary Industries

Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003

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.L.E. (Val.) LL.B, A Roberts, AAPI, J Forson, AAPI, M West, AAPI, I 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.L.E. (Val.) LL.B, A Roberts, AAPI, J Forson, AAPI, M West, AAPI, I Collingwood, AAPI.

22.11 Property, plant and equipment movement reconciliation

	Land		Land improvements		Leasehold improvements		Buildings		Plant and equipment		Leased plant and equipment		Access Roads		Capital Works in Progress		Total	
	DPI Consolidated	DPI Parent entity	DPI Consolidated	DPI Parent entity	DPI Consolidated	DPI Parent entity	DPI Consolidated	DPI Parent entity	DPI Consolidated	DPI Parent entity	DPI Consolidated	DPI Parent entity	DPI Consolidated	DPI Parent entity	DPI Consolidated	DPI Parent entity	DPI Consolidated	DPI Parent entity
	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000
Carrying amount at 1 July 2002	80,518	70,251	12,093	9,585	5,136	4,627	129,045	116,958	43,110	29,518	28	28	15,115	2,841	2,855	2,509	287,900	236,317
Acquisitions	3,635	-	168	48	4	4	283	256	11,255	7,595	-	-	6	6	6,808	5,939	22,159	13,848
Disposals	-	-	(58)	(57)	-	-	(121)	(98)	(304)	(278)	-	-	-	-	-	-	(483)	(433)
Donations made	-	-	-	-	-	-	-	-	(5)	(5)	-	-	-	-	-	-	(5)	(5)
Transfers between classes	-	-	971	926	156	156	3,228	2,935	2,375	2,130	-	-	95	4	(6,825)	(6,151)	-	-
External Transfers	-	-	(20)	(20)	-	-	-	-	(5)	(5)	-	-	-	-	-	-	(25)	(25)
Revaluation increments / (decrements) (Note 30)	-	-	-	-	-	-	7,216	6,532	(8)	(8)	-	-	-	-	-	-	7,208	6,524
Depreciation / amortisation	-	-	(768)	(640)	(947)	(883)	(3,910)	(3,378)	(10,281)	(8,063)	(11)	(11)	(460)	(91)	-	-	(16,377)	(13,066)
Prior Period adjustments	-	-	-	-	-	-	24	24	7	7	-	-	-	-	-	-	31	31
Carrying amount at 30 June 2003	84,153	70,251	12,386	9,842	4,349	3,904	135,765	123,229	46,144	30,891	17	17	14,756	2,760	2,838	2,297	300,408	243,191

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
23. Intangible assets				
23.1 Computer software				
At cost	8,521	8,237	8,183	7,898
Accumulated amortisation	(6,212)	(5,310)	(5,934)	(5,046)
Total computer software - net book value	2,309	2,927	2,249	2,852
23.2 Capital works in progress				
At cost	1,652	875	1,652	875
Total intangible assets - net book value	3,961	3,802	3,901	3,727
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	10,039	9,931	10,039	9,931
Receivables	5,228	6,339	5,228	6,339
Total current restricted assets	15,267	16,270	15,267	16,270
(These funds are restricted for use in specified research areas.)				
24.2 Property, plant and equipment				
At cost	7,074	8,116	7,074	8,116
At independent valuation	864	554	864	554
Accumulated depreciation	(5,372)	(5,723)	(5,372)	(5,723)
Total property, plant and equipment - net book value	2,566	2,947	2,566	2,947
(The control over these assets is restricted. The assets may only be used for specific purposes of the projects funded by the external funding bodies.)				
Total restricted assets	17,833	19,217	17,833	19,217
In 2002-2003 monies for Commonwealth Quarantine funds are no longer deemed restricted. An amount of \$0.424million was deemed restricted in 2001 2002.				
25. Self-generating and regenerating assets				
Livestock	1,963	2,580	1,963	2,580
Plantation growing timber				
Balance at 1 July 2002	982,252	897,761	-	-
Valuation increment for the year net of plantation timber sales (1)	255,188	84,491	-	-
Balance at 30 June 2003	1,237,440	982,252	-	-
Total self-generating and regenerating assets	1,239,403	984,832	1,963	2,580

(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
		2003 \$'000
Discount Rate	1%	-142,688
	-1%	175,184
Stumpage rates	5%	72,818
	-5%	-72,818
Future Costs	5%	-10,946
	-5%	10,946

Stumpage Rates refer to the residual value of timber calculated by deducting the costs of harvest transport to the market or a processing centre.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
26. Payables				
Current				
Trade creditors	6,131	8,082	5,267	10,016
Accrued salaries and wages	1,476	414	1,068	84
Equity Return	-	22	-	22
Accrued interest and other costs of finance	1,457	1,456	-	-
Long service leave levy payable	593	570	593	570
Fringe benefits tax payable	206	166	173	166
Accrued telephone expenses	453	256	421	222
Superannuation payable	93	7	70	7
Accrued audit fees	178	159	87	82
Accrued payroll tax	125	608	-	608
Corporate card	1,273	1,204	957	992
Grants	2,660	1,600	2,660	1,600
Other	1,026	2,335	767	2,108
Total payables	15,671	16,879	12,063	16,477
27. Interest-bearing liabilities				
Current				
Lease liability (1)	12	11	12	11
Total current interest-bearing liabilities	12	11	12	11
Non-current				
Lease liability (1)	13	25	13	25
Queensland Treasury Corporation borrowings (2)	76,420	76,420	-	-
Total non-current interest-bearing liabilities	76,433	76,445	13	25
Total interest-bearing liabilities	76,445	76,456	25	36

(1) Amounts are exclusive of GST. (Refer Note 33.)

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. No assets have been pledged as security for any liability.

(2) 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 2004. As a consequence the period of the loan has been extended a further year. The interest rate is 5.52%. The market value represents the value of the debt if DPI Forestry repaid the debt at 30 June 2003. As DPI Forestry intends to hold the loan for its term, no provision has been made in these accounts for the margin between book and market value. Refer note 16 for information relating to borrowing costs associated with this loan.

The market value of the loan at 30 June 2003 is \$88.864 million (\$83.291 million at 30 June 2002). (Refer Note 38.(a) (ii) and 38.(b).)

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
28. Provisions				
Current				
Annual leave	21,416	20,313	18,178	17,222
Provision for dividend (1)	14,795	10,979	-	-
Total provisions	36,211	31,292	18,178	17,222
Aggregate employee entitlements				
Current				
Annual leave	21,416	20,313	18,178	17,222
Accrued salaries and wages (2)	1,476	414	1,068	84
Total aggregate employee entitlements	22,892	20,727	19,246	17,306

(1) The dividend of \$14.795 million (\$10.979 million in 2001 - 2002) provided for, in respect of DPI Forestry, is payable to the Queensland Government. Applicable to this financial year only, an agreement has been reached with the Queensland Treasury to exclude funding provided for land purchases under the Hardwood Plantation Establishment Initiative, from the calculation of dividend payable.

Movement in dividend provision	2003	2002
Balance at beginning of the financial year	10,979	3,814
Additional provision recognised	14,795	10,979
Reduction in provision as a result of payments	(10,979)	(3,814)
Balance 30 June 2003	14,795	10,979

(2) Accrued salaries and wages, including employer contributions for superannuation payable, are disclosed in the financial statements as payables. (Refer Note 26)

29. Unearned Revenue				
Current				
Unearned revenue (1)	16,233	18,170	16,157	18,119
Total unearned revenue	16,233	18,170	16,157	18,119

(1) Unearned revenue represents funds provided by external funding bodies, where goods or services have not been provided as at reporting date.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
30. Changes in equity				
Contributed equity				
Balance at 1 July 2002	43,596	35,975	42,340	34,732
Equity injections	6,520	14,441	6,520	14,441
Equity withdrawals	(6,500)	(6,600)	(6,500)	(6,600)
Net leave liabilities transferred / assumed to / from other Departments	96	(115)	77	(128)
Net assets transferred / assumed to / from other Departments	(26)	(105)	(26)	(105)
Balance at 30 June 2003	43,686	43,596	42,411	42,340
Retained surplus				
Balance at 1 July 2002	1,025,001	1,011,332	157,835	159,239
Opening balance adjustments:				
Assets not previously recognised	6	477	6	477
Unearned revenue not previously recognised	(300)	(1,285)	(300)	(1,285)
Other	(76)	-	(76)	-
Net surplus / (deficit)	285,348	110,313	-	(317)
Dividend payable	(14,795)	(10,979)	-	-
Additional Dividend Paid	(10,000)	-	-	-
Adjustment on adoption of AASB 1028	(516)	-	(516)	-
Adjustment on adoption of AASB 1041	-	(111)	-	-
Transfer between reserves:				
Sale of revalued assets	(40)	(2)	(42)	(26)
Livestock unrealised revenue reserve	714	(253)	714	(253)
Plantation growing timber unrealised revenue reserve	(255,188)	(84,491)	-	-
Balance at 30 June 2003	1,030,154	1,025,001	157,621	157,835
Asset revaluation reserve				
Balance at 1 July 2002	46,008	5,487	38,221	5,011
Transfer to retained surplus:				
Sale of revalued assets	40	2	42	26
Increment / (decrement) on revaluation of:				
Land	-	30,071	-	30,071
Access roads	-	6,676	-	783
Buildings	7,216	3,772	6,532	2,330
Plant and equipment	(8)	-	(8)	-
Balance at 30 June 2003	53,256	46,008	44,787	38,221
SGARA's unrealised revenue reserve				
Balance at 1 July 2002	116,964	32,220	2,162	1,909
Transfer (to)/from retained surplus for:				
Livestock unrealised revenue	(714)	253	(714)	253
Plantation growing timber unrealised revenue	255,188	84,491	-	-
Balance at 30 June 2003	371,438	116,964	1,448	2,162
Total equity	1,498,534	1,231,569	246,267	240,558
Total equity at 1 July 2002	1,231,569	1,085,014	240,558	200,891
Changes in equity recognised in the Statement of Financial Performance	291,670	149,913	5,638	32,059
Transactions with owners as owners:				
Equity injection	6,520	14,441	6,520	14,441
Equity withdrawal	(6,500)	(6,600)	(6,500)	(6,600)
Non-reciprocal transfer of assets and liabilities	70	(220)	51	(233)
Dividends	(14,795)	(10,979)	-	-
Additional Dividends Paid	(10,000)	-	-	-
Total equity at 30 June 2003	1,498,534	1,231,569	246,267	240,558
Closing balance of asset revaluation reserve by class				
Land	30,071	31,965	30,071	30,071
Land improvements	109	109	109	109
Access roads	6,676	6,676	783	783
Buildings and building improvements	15,756	6,612	13,180	6,612
Plant and equipment	644	646	644	646
Total asset revaluation reserve	53,256	46,008	44,787	38,221

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
31. Reconciliation of net surplus / (deficit) to net cash provided by operating activities				
Net surplus / (deficit)	285,348	110,313	-	(317)
Non-cash items:				
Depreciation and amortisation	17,362	18,808	14,037	15,141
SGARA's unrealised revenue / expense	(255,664)	(84,723)	(476)	(232)
Decrement on revaluation of non-current assets	-	74	-	-
Loss on sale or disposal of property, plant and equipment	265	1,031	265	651
Gain on sale or disposal of property, plant and equipment	(1,035)	(1,184)	(609)	(629)
Loss on sale or devaluation of investments	26	16	26	16
Prior period adjustment	(894)	418	(894)	418
Loss of public property	(5)	47	(5)	47
Bad and doubtful debts	-	309	-	309
Stocktake losses	-	43	-	43
Inventories written off	-	129	-	129
Liabilities Assumed/Transferred	77	-	77	-
Capitalisation of assets expensed in prior periods	(174)	(493)	(174)	(493)
Assets received below fair value	-	(811)	-	(811)
Change in assets and liabilities				
(Increase) / decrease in receivables	14,480	4,547	3,381	(4,798)
(Increase) / decrease in inventories	(465)	122	(646)	193
(Increase) / decrease in livestock	1,093	935	1,093	935
(Increase) / decrease in other assets	(382)	(411)	(388)	(300)
Increase / (decrease) in creditors	(15,874)	(2,582)	(5,064)	7,044
Increase / (decrease) in employee entitlements	2,206	1,543	2,066	1,404
Increase / (decrease) in other liabilities	40	2,978	15	3,129
(Increase) / decrease in GST input tax credits receivable	356	994	356	994
Increase / (decrease) in GST payable	199	(1,427)	199	(1,556)
	(238,389)	(59,637)	13,259	21,634
Net cash provided by operating activities	46,959	50,676	13,259	21,317

32. Non-cash financing and investing activities

- (a) Assumption of assets / liabilities. (Refer Note 30.)
- (b) Plant and equipment. (Refer Note 22.7.)

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
33. Commitments for expenditure				
(a) Finance lease liabilities				
<i>Lease liabilities recognised in the Statement of Financial Position:</i>				
Current	12	11	12	11
Non-current	13	25	13	25
Total finance lease liabilities (Refer Note 27)	25	36	25	36
<i>Commitments under finance leases at reporting date are inclusive of anticipated GST and are payable as follows:</i>				
Not later than one year	16	15	16	15
Later than one year and not later than five years	15	33	15	33
Total commitments	31	48	31	48
Less: Future finance charges	3	8	3	8
Less: Anticipated input tax credits	3	4	3	4
Total finance lease liabilities	25	36	25	36
The Department has a total of two (2) assets (photocopiers) under finance lease arrangements. (Refer Note 38 (a) (ii) for terms of leases.)				
(b) Non-cancellable operating lease Commitments				
<i>Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:</i>				
Not later than one year	38	111	38	111
Later than one year and not later than five years	111	430	111	430
Later than five years	80	95	80	95
Total Commitment Non-Cancellable Operating Leases	229	636	229	636
The Department has a total of seven (7) non-cancellable operating leases principally relating to land, buildings and laboratories.				
(c) Expenditure commitments				
<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	1,019	231	1,019	231
Plant and equipment	875	2,447	612	2,376
Supplies and services	5,723	4,004	5,723	4,004
Total inclusive of GST	7,617	6,682	7,354	6,611
Not later than one year	3,210	5,053	2,947	4,982
Later than one year and not later than five years	4,407	1,629	4,407	1,629
Later than five years	-	-	-	-
Total inclusive of GST	7,617	6,682	7,354	6,611

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

33. Commitments for expenditure (continued)

(d) Grants and Subsidies Commitments

Commitments in relation to Grants and Subsidies are inclusive of anticipated GST, and are payable as follows:

Bureau of Sugar Experiment Stations (1)	12,540	4,180	12,540	4,180
Royal Society for the Prevention of Cruelty to Animals	2,000	-	2,000	-
Safe Food Production	1,800	-	1,800	-
Australian Centre for International Agricultural Research Projects	915	1,135	915	1,135
Other	822	910	822	910

Total inclusive of GST

DPI Consolidated

DPI Parent entity

**2003
\$'000**

**2002
\$'000**

**2003
\$'000**

**2002
\$'000**

18,077

6,225

18,077

6,225

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

Not later than one year	7,329	5,309	7,329	5,309
Later than one year and not later than five years	10,748	916	10,748	916
Later than five years	-	-	-	-

Total inclusive of GST

18,077

6,225

18,077

6,225

(1) Pursuant to a Cabinet decision made in December 1991, the Department provides funding to the Bureau of Sugar Experiment Stations to the amount of \$3.800 million per annum. The figure above represents three years funding for this item, inclusive of GST.

34. Contingent liabilities

(a) Litigation in progress

The following cases were filed in the courts as at 30 June 2003:

Supreme Court	5	3	2	1
District Court	5	5	3	3
Magistrate Court	1	-	1	-
Other	4	-	4	-

Total

No. of cases

No. of cases

No. of cases

No. of cases

15

8

10

4

The Department's legal advisors and management believe it would be misleading to estimate the final amounts payable, if any, in respect of the litigation filed in the courts.

The Department has also received notifications of four (4) other cases, which are not yet subject to court action.

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

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

34. Contingent liabilities (continued)

(b) Workers' compensation claims

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

DPI Forestry was self-insured for workers' compensation prior to 1 July 1995. There are no outstanding damages actions relating to this period. Claims made by employees for injuries sustained on or after 1 July 1995 in the course of carrying out their employment duties are fully covered by insurance through WorkCover Queensland.

(c) Native title claims over departmental land

At 30 June 2003, Native Title Claims have been made on a total of 54 Departmental land properties, covering a total area of 290,639 hectares situated across Queensland. The land has a carrying value of \$35.9M.

The National Native Title Tribunal has not determined the claims. At reporting date it is not possible to make an estimate of any probable outcome of these claims, or any financial effect. Irrespective of the outcome, it is likely that the land will still be used for Departmental purposes.

(d) Financial guarantees and undertakings

The Department has not provided any financial guarantees and undertakings during the reporting period.

35. Events occurring after balance date

From 1 July 2003, certain corporate support services currently resourced internally by the Department will be outsourced to Corporate Link under a shared service provider arrangement. As part of this new arrangement, a number of this Department's staff and resources will be transferred in 2003-04 to Corporate Link. Details of the financial effect of this transfer will be reported in the 2003-04 financial year statements.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
36. Administered transactions and balances				
Administered revenues				
Administered item revenue	6,970	13,349	6,970	13,349
User charges, taxes, fees and fines	868	707	868	707
Other	537	562	537	562
Total administered revenues	8,375	14,618	8,375	14,618
Administered expenses				
Grants and subsidies	6,970	13,349	6,970	13,349
Total administered expenses before transfer of administered revenue to Government	6,970	13,349	6,970	13,349
Net surplus before transfers to Government	1,405	1,269	1,405	1,269
Transfers to Government	1,405	1,269	1,405	1,269
Net surplus / (deficit)	-	-	-	-
Administered current assets				
Cash	1,070	(24)	1,070	(24)
Receivables	89	281	89	281
Total administered current assets	1,159	257	1,159	257
Administered non-current assets				
Receivables	28,220	16,220	28,220	16,220
Total administered non-current assets	28,220	16,220	28,220	16,220
Total administered assets	29,379	16,477	29,379	16,477
Administered current liabilities				
Payables	1,093	191	1,093	191
Total administered current liabilities	1,093	191	1,093	191
Total administered non-current liabilities	-	-	-	-
Total administered liabilities	1,093	191	1,093	191
Net administered assets	28,286	16,286	28,286	16,286
Administered equity				
Contributed equity	28,220	16,220	28,220	16,220
Retained surplus	66	66	66	66
Total administered equity	28,286	16,286	28,286	16,286

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
36. Administered transactions and balances (continued)				
Cash flows from operating activities				
<i>Inflows:</i>				
Administered item receipts	7,179	13,140	7,179	13,140
User charges, taxes, fees and fines	516	707	516	707
Royalties, property income and other territorial revenue	-	27	-	27
Other	872	518	872	518
<i>Outflows:</i>				
Grants and other contributions	(6,363)	(13,225)	(6,363)	(13,225)
Transfers to Government	(1,110)	(1,224)	(1,110)	(1,224)
Net cash provided by / (used in) operating activities	1,094	(57)	1,094	(57)
Cash flows from investing activities				
<i>Outflows:</i>				
Loans and advances made	(12,000)	-	(12,000)	-
Net cash used in investing activities	(12,000)	-	(12,000)	-
Cash flows from financing activities				
<i>Inflows:</i>				
Equity injections	12,000	2,115	12,000	2,115
Equity withdrawals	-	(2,115)	-	(2,115)
Net cash provided by financing activities	12,000	-	12,000	-
Net increase / (decrease) in cash held	1,094	(57)	1,094	(57)
Cash at the beginning of the financial year	(24)	33	(24)	33
Cash at the end of the financial year	1,070	(24)	1,070	(24)

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

37. Trust transactions and balances (1)

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

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Trust expenses and revenues				
Expenses				
Supplies and services	101	187	101	187
Grants and other contributions	85		85	
Other expenses	3	100	3	100
Total expenses	189	287	189	287
Revenues				
User charges	1	113	1	113
Grants and other contributions	6	84	6	84
Other revenue	64	38	64	-
Total revenues	71	235	71	197
Trust assets and liabilities				
Current assets				
Monies held in trust	939	962	115	233
Total current assets	939	962	115	233
Total assets				
	939	962	115	233
Current liabilities				
Trust balances payable	929	939	105	210
Total current liabilities	929	939	105	210
Non-current liabilities				
Trust balances payable	10	23	10	23
Total non-current liabilities	10	23	10	23
Total liabilities	939	962	115	233

(1) The Queensland Auditor-General performed the audit of the Department's systems which record Trust transactions for 2002 - 2003.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

38. 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.	Cash deposited with the Queensland Treasury Corporation earned interest at rates between 3.77% and 4.12% up to and including the March quarter. For the June quarter DPI opted out of the Cash Management Incentive Regime. Cash deposited with the Queensland Treasury Corporation by DPI Forestry earned interest at rates between 3.77% and 4.12% (2001-2002 3.7%)
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.
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 2004. The loan then reverts to Principal and Interest, repayable quarterly with the final instalment due 10 October 2013.
Dividend payable	28	Dividends payable are recognised when declared by DPI Forestry.	Dividends payable are declared at a negotiated percentage (currently 50%) of DPI Forestry's profit from ordinary activities after income tax equivalents, and after adjustment for plantation timber valuation increments (net of sales). Adjustment for a QFleet dividend allowance is also made. Dividends are payable to the Queensland Government. (Refer Note 28(1))
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's finance leases have an average lease term of 2 years. The average interest rate implicit in the leases is 13.09%.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

38. Financial instruments (continued)

(b) Interest rate risk

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

Financial instruments	Fixed rate maturing						Non Interest Bearing			Total			Weighted average rate									
	Floating rate		1 year or less		1 to 5 years		Greater than 5 years		2003		2002		2003		2002		2003		2002			
	2003	2002	2003	2002	2003	2002	2003	2002	\$'000	\$'000	\$'000	\$'000	%	%	%	%	%	%	%	%		
Financial assets																						
Cash	39,160	54,770	-	-	-	-	-	-	-	19,886	125	59,046	54,895	-	-	-	-	-	-	-	-	3.66
Receivables - Trade debtors	-	-	-	-	-	-	-	-	-	23,638	18,120	23,638	18,120	-	-	-	-	-	-	-	-	-
Receivables - Other than trade debtors	-	-	-	-	-	-	-	-	-	9,185	18,198	9,185	18,198	-	-	-	-	-	-	-	-	-
Shares and units	-	-	-	-	-	-	-	-	-	102	115	102	115	-	-	-	-	-	-	-	-	-
Total	39,160	54,770	-	-	-	-	-	-	-	52,811	36,558	91,971	91,328	-	-	-	-	-	-	-	-	-
Financial liabilities																						
Payables	-	-	-	-	-	-	-	-	-	15,671	16,879	15,671	16,879	-	-	-	-	-	-	-	-	-
Borrowings - Queensland Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-	76,420	76,420	5.52*	5.52	-	-	-	-	-	-	-
Dividends payable	-	-	-	-	-	-	-	-	-	14,795	10,979	14,795	10,979	-	-	-	-	-	-	-	-	-
Finance lease liability	-	-	12	11	13	25	-	-	-	-	-	25	36	13.09	13.09	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	30,466	27,858	106,911	104,314	-	-	-	-	-	-	-	-	-

* This rate represents the book rate applicable to an "interest only" borrowing. The loan reverts to principal and interest on 1 July 2004, when an approximate book rate of 5.7% will apply.

The floating interest rate represents the most recently administered market rate applicable to the instrument at 30 June 2003.

The fixed rate represents the weighted average market interest rate.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

38. Financial instruments (continued)

(c) Net fair values

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

Financial instruments	Total carrying amount		Net fair value	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Financial assets				
Cash (1)	59,046	54,895	59,046	54,895
Receivables - Trade debtors (1)	23,638	18,120	23,638	18,120
Receivables - Other than trade debtors (1)	9,185	18,198	9,185	18,198
Shares and units (2)	102	115	108	115
Total	91,971	91,328	91,977	91,328
Financial liabilities				
Payables (1)	15,671	16,879	15,671	16,879
Borrowings - Queensland Treasury Corporation (3)	76,420	76,420	88,865	83,291
Dividends payable (1)	14,795	10,979	14,795	10,979
Finance lease liability (1)	25	36	25	36
Total	106,911	104,314	119,356	111,185

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

No significant credit risks have been identified.

Credit risk in trade debtors is managed in the following ways:

- Payment within 30 days from end of month in which a sale is invoiced.
- DPI Forestry trade debtors are secured by cash deposits or other financial guarantees.
- Reviewing trade debtors and identifying amounts which are doubtful.
- Writing off bad debts as they are incurred.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

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

	2003 '000 Number	2003 '000 Hectares	2003 '000 Volume M3	2003 \$'000 Net change in NMV	2002 '000 Number	2002 '000 Hectares	2002 '000 Volume M3	2002 \$'000 Net change in NMV
Livestock	19	-	-	476	18	-	-	253
Plantation timber - Native pine	-	42	22,665	77,721	-	43	22,105	29,926
- Exotic pine	-	128	52,471	256,498	-	128	49,216	125,773
Total	19	170	75,136	334,695	18	171	71,321	155,952

40. Financing facilities

At 30 June 2003, a credit facility with the Queensland Treasury Corporation was in place with a limit of \$3.000 million. This facility remained fully undrawn at balance date and is available for use in the next reporting period.

41. Tax equivalents

The commercialised business unit of DPI, DPI Forestry, is subject to the National Tax Equivalents Regime.

	2003 \$'000	2002 \$'000
Operating result of the commercialised business unit subject to national tax equivalents regime	285,348	110,630
Prima facie tax equivalent expense calculated at 30% (30% in 2001 - 2002)	85,604	33,189
<i>Tax effect of permanent and other differences:</i>		
Acquired timber felled - Queensland Income Tax Equivalents Ruling 95/4	(15,595)	(13,971)
Revaluation of growing timber	(76,556)	(25,347)
Entertainment - Non-deductible	-	6
Depreciation - Non-deductible	64	135
Other	3	118
Income tax equivalent expense / (benefit) adjusted for permanent differences	(6,480)	(5,870)
Current year tax losses and timing differences not brought to account (1)	6,480	5,870
Total tax equivalent expense / (benefit)	-	-

(1) A future tax equivalent benefit related to carry forward losses has not been brought to account as an asset, as realisation of the benefit cannot be regarded as being virtually certain. These carry forward losses encompass the effect of the above permanent and timing differences. Accumulated future tax equivalent benefits attributable to tax losses carried forward as at 30 June 2003 amount to \$64.693 million (calculated at the approximate tax rate of 30%).

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 for the losses.

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

42. Interest in joint ventures

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

42.1 Joint venture operations

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 2002 - 2003 totalled \$0.485 million (\$0.999 million in 2001 - 2002).

No output was derived from these joint ventures during the 2002 - 2003 financial year (Nil in 2001 - 2002).

Seed orchard venture:

This was established to produce and sell improved tree seeds from an orchard established for that purpose. Contributions to this joint venture in 2002 - 2003 totalled \$0.008 million (\$0.024 million in 2001 - 2002).

No output was derived from this joint venture during the 2002 - 2003 financial year (Nil in 2001 - 2002).

42.2 Joint venture entity

A joint venture company (Wollemi Australia Pty Ltd) has been established to manage the propagation and worldwide marketing of the Wollemi pine under licence from the Royal Botanic Gardens in Sydney. The State of Queensland has a 50% interest in this company (1 share at \$1), which will conduct its business primarily via sub-licensing arrangements. At 30 June 2003, this company has not yet commenced trading.

No output was derived from this joint venture during the 2002 - 2003 financial year (Nil in 2001 - 2002).

Total contributions towards joint venture operations to 30 June 2003 amounted to \$4.808 million (\$4.321 million at 30 June 2002). Of this amount, \$3.494 million (\$3.232 million at 30 June 2002) has been provided from State funding.

43. Controlled entities

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

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

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

The Veterinary Surgeons Board of Queensland is a part of the Department and all transactions and balances are included in the departmental balances. The revenue for the year amounted to \$0.225 million (\$0.161 million in 2001 - 2002), and the expenses for the year amounted to \$0.185 million (\$0.169 million in 2001 - 2002).

**Notes to, and forming part of, the financial statements (continued)
for the year ended 30 June 2003**

44. 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 \$0.019 million (\$0.019 million in 2001 - 2002) received by the Department for providing services are recognised in user charges.

	DPI Consolidated		DPI Parent entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Balance as at 1 July 2002	-	-	-	-
Collections during reporting period	638	661	638	661
Employee deduction collections (1)	10,469	9,283	10,469	9,283
Total collections during reporting period	11,107	9,944	11,107	9,944
Distributions to principals during reporting period	638	661	638	661
Employee deduction collections (1)	10,469	9,283	10,469	9,283
Distributions to principals during reporting period	11,107	9,944	11,107	9,944
Balance at end of financial year	-	-	-	-

(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

45 Dividends

The dividend of \$14.795M (\$10.979M in 2001-2002) provided for is payable to the Queensland Government (Refer note 2.25).

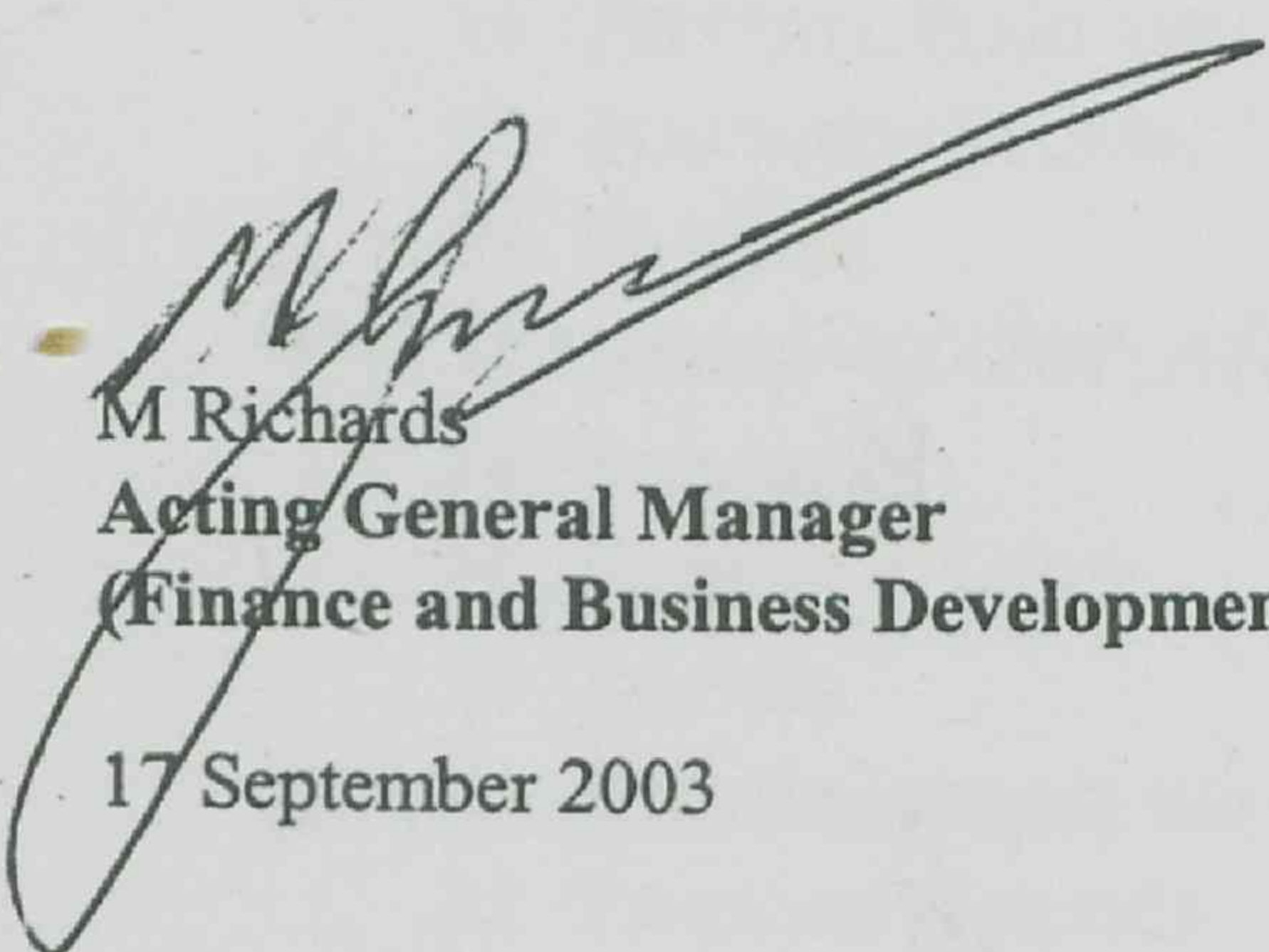
During 2002-03 financial year an additional dividend amounting to \$10 million was declared and paid out of retained surpluses.

Certificate of the Department of Primary Industries

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.

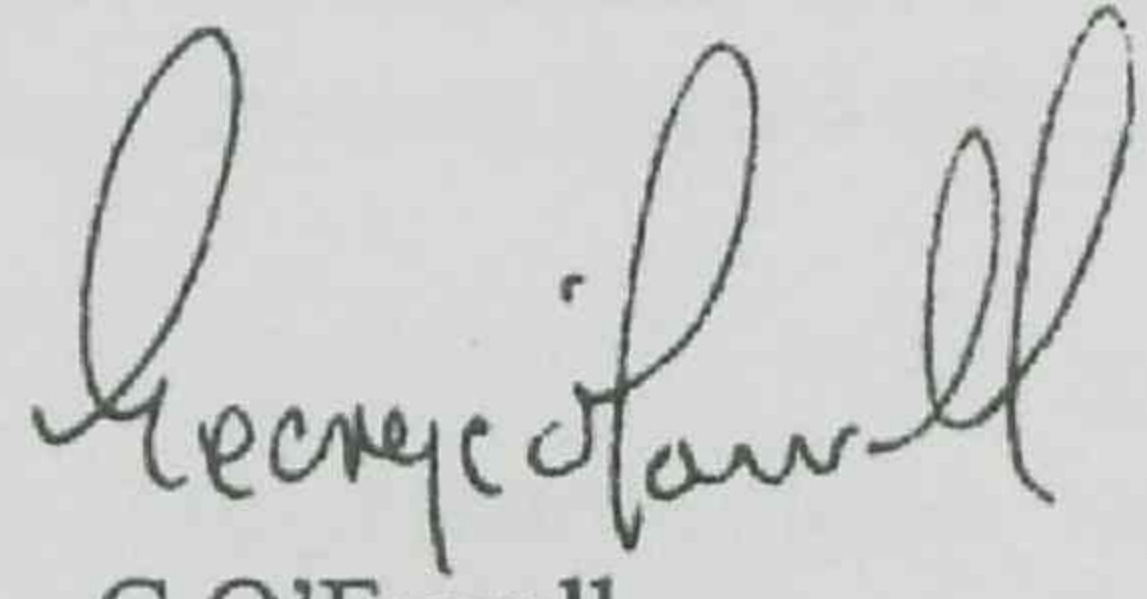
In accordance with Section 40(3) of the Act we certify that –

- (a) the statements together with other information and notes to and forming part thereof are in the form required by the Treasurer and are in agreement with the accounts of the Department of Primary Industries; and
- (b) in our opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of Primary Industries for the financial year ended 30 June 2003 and of the financial position of the department at the end of that year.



M Richards
Acting General Manager
(Finance and Business Development)

17 September 2003



G O'Farrell
Acting Director-General

17 September 2003

INDEPENDENT AUDIT REPORT

To the Accountable Officer of the Department of Primary Industries

Scope

The financial statements

The financial statements include the consolidated financial statements of the Department of Primary Industries (reflecting the Department's core business activities and its commercialised business unit, DPI Forestry) and also include the financial statements of the Department of Primary Industries (parent entity). The financial statements consist 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, for the year ended 30 June 2003.

Accountable Officer's responsibility

The Accountable Officer is responsible for the preparation and true and fair presentation of the financial statements, 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 statements present 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 statements,
- 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 statements.

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.

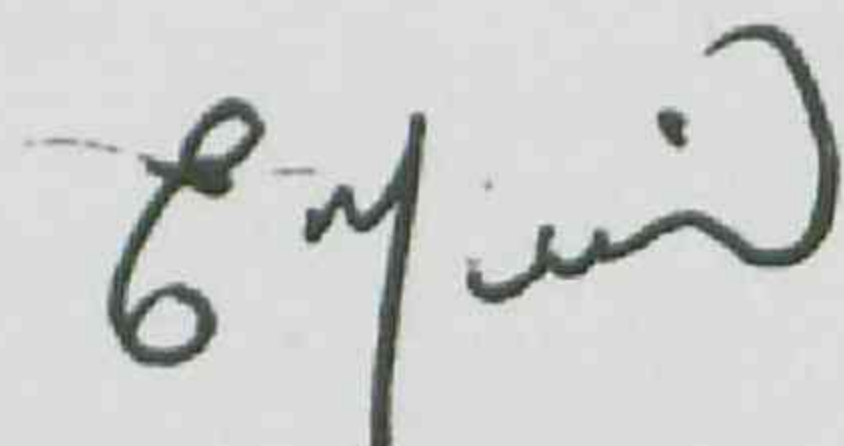
The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

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 section 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 (consolidated) and the parent entity for the financial year 1 July 2002 to 30 June 2003 and of the financial position as at the end of that year.



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



Queensland Audit Office
Brisbane

DPI FORESTRY

FINANCIAL STATEMENTS

for the financial year ended 30 June 2003

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STATEMENT OF FINANCIAL PERFORMANCE

for the financial year ended 30 June 2003

	* Note	2003 \$'000	2002 \$'000
Revenues from Ordinary Activities			
Net increment in valuation of plantation timber	3(a)(i)	334,219	155,699
Forest Product sales - non-plantation timber	3(b)	13,500	12,393
Specialised forest industry services		4,439	8,493
Quarry materials		3,960	2,856
Other revenue	3(c)	4,558	7,236
Total revenues from ordinary activities		360,676	186,677
Expenses from Ordinary Activities excluding borrowing costs expense			
Employee Expenses	6	36,359	35,077
Contracted forestry, professional, technical and other services		15,637	17,778
Depreciation and Amortisation	8	3,325	3,667
Hire of plant and equipment		2,441	2,332
Motor vehicle expenses		3,184	3,204
Occupancy costs		2,022	1,919
Forest maintenance expenses		2,944	2,851
Materials		2,111	1,849
Other operating expenses	7	2,611	2,680
Total expenses from ordinary activities excluding borrowing costs expense		70,634	71,357
Borrowing costs expense	5	4,694	4,690
Profit from ordinary activities before income tax equivalents		285,348	110,630
Income tax equivalents relating to ordinary activities	9	-	-
Profit from ordinary activities after income tax equivalents	19(ii)	285,348	110,630
Valuation increment - Asset Revaluation Reserve	19(iii)	684	7,335
Adjustment on adoption of new Accounting Standard AASB1041 - "Revaluation of Non-Current Assets" for reduction in Land value	19(ii)	-	(111)
Total valuation adjustments recognised directly in equity.		684	7,224
Total changes in equity other than those resulting from transactions with owners as owners	19(v)	286,032	117,854

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2003

		2003	2002
	* Note	\$'000	\$'000
Current Assets			
Cash assets	10	39,186	34,273
Receivables	11	14,387	15,143
Inventories	12	2,595	2,777
Total current assets		56,168	52,193
Non-Current Assets			
Receivables	11	95	177
Property, plant and equipment	14	57,217	51,583
Intangibles	13	61	75
Total non-current assets		57,373	51,835
Self - Generating and Regenerating Assets			
Plantation Growing Timber	15	1,237,440	982,252
Total Assets		1,350,981	1,086,280
Current Liabilities			
Payables	16	4,261	4,779
Provisions	18	18,033	14,070
Total current liabilities		22,294	18,849
Non-Current Liabilities			
Interest-bearing Liabilities	17	76,420	76,420
Total non-current liabilities		76,420	76,420
Total Liabilities		98,714	95,269
Net Assets		1,252,267	991,011
Equity			
Capital	19 (i)	844,303	844,284
Retained Surpluses	19 (ii)	29,505	24,138
Reserves			
- Asset Revaluation	19 (iii)	8,469	7,787
- Plantation Growing Timber Unrealised Revenue	19 (iv)	369,990	114,802
Total Equity	19 (v)	1,252,267	991,011

* 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 2003

		2003	2002
	* Note	\$'000	\$'000
Cash Flows from Operating Activities			
Inflows:			
Receipts from customers		114,605	110,296
Interest received		1,464	906
Grants and subsidies received		113	-
Outflows:			
Payments to suppliers and employees		(70,566)	(71,194)
Borrowing Costs		(4,693)	(4,706)
Sales taxation equivalents paid		-	-
Grants and subsidies paid		(128)	(5)
GST remitted to ATO		(7,095)	(6,066)
Net cash provided by operating activities	21	33,700	29,231
Cash Flows from Investing Activities			
Inflows:			
Proceeds from sale of property, plant and equipment		486	1,003
Outflows:			
Payments for property, plant and equipment		(8,294)	(8,280)
Net cash used in investing activities		(7,808)	(7,277)
Cash Flows from Financing Activities			
Outflows:			
Dividends paid	20	(20,979)	(3,814)
Net cash used in financing activities		(20,979)	(3,814)
Net increase / (decrease) in cash held		4,913	18,140
Cash at the beginning of the financial year		34,273	16,133
Cash at the end of the financial year	10	39,186	34,273

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. CONSTITUTION

By Cabinet Decision number 4637 dated 15 May 1995, the DPI Forest Service was restructured to operate as a commercial business group (DPI Forestry) from 1 July 1995. DPI Forestry is part of the Department of Primary Industries.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION OF THE ACCOUNTS

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

The accounts have been prepared on an accrual basis and except where stated otherwise, in accordance with the historical cost convention. The accounting policies adopted are 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.

The dividend payable is declared at a negotiated percentage (currently 50%) of profit from ordinary activities after income tax equivalents and after adjustment for plantation timber valuation increments (net of sales.) [Note 3(a)(iii)]. Adjustment for a Qfleet dividend allowance is also made. The dividend is payable to the Queensland Government.

2.7 INVENTORIES

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

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

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

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

2.8 ACQUISITION OF ASSETS

Cost is used for the initial recording of all acquisitions of assets controlled by DPI Forestry. 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.

2.10 INTANGIBLES

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

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

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

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 un-expired period of the lease, whichever is shorter. The un-expired 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	30
Access Roads	37
Leasehold Improvements	10
Plant and Equipment	6
Intangibles:	Average Amortisation Period (Years)
Software	7.5

2.12 REVALUATIONS OF NON-CURRENT PHYSICAL ASSETS

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.

2.14 SELF-GENERATING AND REGENERATING ASSETS.

Under Australian Accounting Standard AAS 35 'Self-Generating and Regenerating Assets' Self-generating and regenerating assets (SGARA's) are defined as 'non-human living assets'. In implementing this standard DPI Forestry adopted Net Market Value (NMV) for the valuation of its assets under this category. NMV is the amount that could be expected to be received from the disposal of an asset in an active and liquid market after deducting the costs expected to be incurred in realising the proceeds of such a disposal.

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

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

Plantation Growing Timber

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

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

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

Native Forests

DPI Forestry's asset in State owned native forests is its right to harvest forest products from certain forest areas on a sustained yield basis in accordance with section 33(1) of the *Forestry Act 1959*.

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 SGARA's.

The NPV Methodology.

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

Under the NPV methodology, valuation changes arise mainly from:

- Changes in timber volume associated with growth and also changes to the overall estate as a result of annual planting and harvesting activity;
- Changes in timber prices;
- Changes in forest production costs; and
- Changes in the WACC rate used in the discounted cash flow calculation.

Assumptions underpinning the NPV calculation are:

- Forest valuations are based on the expected volumes of merchantable timber that will be realised from existing stands, given current management strategies and stand recovery rates.
- Only the current crop is valued. The cash flow analysis is based on the anticipated timing of the harvest of existing stands which has been derived from harvest plans developed for the entire estate.
- Volume increments are determined both by periodic re-measurement of samples of plantations and by modelling growth from the date of the most recent measurement to the date of harvest.
- Prices used in the NPV calculation are based on current selling prices at balance date unless market intelligence indicates that such prices are not indicative of future trends.
- The estimated cost of growing the existing stand until maturity is taken to account in determining the net cash flows.
- 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 SGARA's.

The net market valuation (based on Net Present Value) of the plantation growing timber has been prepared by appropriately qualified staff employed by DPI Forestry using advanced modelling techniques/methods. The net present value calculations utilised for the forest valuation are underpinned by a computerised plantation decision support system.

The modelling component of the system used for plantation valuation has been reviewed by an independent expert [Dr. Jerry Leech, Dip For., M.Sc., Ph.D. (2002 and 1997)] who found the system including the growth and yield modelling components to be 'robust, complete, coherent and consistent, and in line with best practice'. Results derived from the system are extensively tested on an on-going basis by appropriately qualified DPI Forestry personnel.

2.15 RESERVING POLICY FOR UNREALISED REVENUE

DPI Forestry revalues its plantation growing timber annually and recognises the change in net present value as revenue or an expense in the Statement of Financial Performance in accordance with the treatment required in AAS35 "Self-Generating and Regenerating Assets". A reserve account has been created to isolate unrealised revenue within the equity account. Unrealised revenue is transferred to the Plantation Growing Timber Unrealised Revenue Reserve until the revenue is realised (through timber sales) and becomes available for distribution. The reserve is adjusted annually for the net movement in unrealised revenue and the realisation of prior periods' revenue through current year sales.

2.16 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.

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

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

Superannuation

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

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

2.19 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 Equivalents Regime.

Pursuant to Australian Accounting Standard AAS 3 *"Income Taxes"*, Income Tax Equivalent expense is calculated on the profit from ordinary activities in the Statement of Financial Performance after adjusting for permanent differences. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes is carried forward as a future tax equivalent benefit or a provision for deferred tax equivalent.

Future tax equivalent benefits are not brought to account unless realisation of the benefit is virtually certain.

No liability has been brought to account as a provision for deferred tax equivalents. Such liabilities are currently wholly offset by an excess of future tax equivalents benefits.

Details of DPI Forestry's tax position are disclosed at Note 9.

2.21 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 (SGARA's).

Contributions by DPI Forestry towards the SGARA's are expensed as incurred in line with DPI Forestry's SGARA asset accounting policy (refer Note 2.14). 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 23.

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 27.

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.

3 REVENUE

	2003	2002
	\$'000	\$'000
3(a)(i) Net increment in valuation of plantation timber		
Net increment in net market value of plantation timber recognised as revenue:-		
Plantation timber - Native Pine	77,721	29,926
- Exotic Pine	256,498	125,773
Net increment in valuation of plantation timber (1)	334,219	155,699
3(a)(ii) Proceeds from disposal.		
Proceeds from the disposal of plantation timber during the financial year at net market value:-		
Plantation timber - Native Pine	23,882	22,932
- Exotic Pine	55,149	48,276
Total proceeds from disposal of plantation timber	79,031	71,208
3(a)(iii) Unrealised revenue.		
Unrealised revenue transferred to the plantation growing timber unrealised revenue reserve	255,188	84,491

(1) During 2002-03 several of the key determinants of plantation revenue (defined as the gross increment in plantation asset value) varied sufficiently to deliver an increase significantly above that achieved during the 2001-02 financial year.

The following factors contributed to the large plantation asset valuation increase under the current net present value methodology:

- A substantial decrease (1.25%) in the weighted average cost of capital (WACC) during the year – refer note 15 for sensitivity information.
- Increased market demand for certain forest resources resulting in both increased product prices for some products and re-scheduling of harvesting to deal with the demand.

	2003	2002
	\$'000	\$'000
3(b) Forest product sales - Non-plantation Timber		
Native forest timber - Cypress	4,355	3,762
- Hardwood	7,901	7,190
- Sandalwood	227	154
Other hardwood timber sales	70	79
Seeds and seedlings	947	1,203
Freehold selection timber	-	5
Total forest product sales - non-plantation timber	13,500	12,393
	2003	2002
	\$'000	\$'000
3(c) Other revenue		
Hardwood Plantation Establishment Initiative - land purchase	-	3,616
External Workshop Charges	496	677
Fees and permits	516	439
Interest	1,553	927
External plant hire	381	357
Grants & Subsidies	6	-
Gain on disposal of plant and equipment (1)	426	175
Other sundry revenue	1,180	1,045
Total other revenue	4,558	7,236
(1) Gain on disposal comprised of:-		
Proceeds from sale of plant and equipment	476	1,000
Carrying value of assets sold	(50)	(825)
Gain on disposal of plant and equipment	426	175

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

	2003 ' 000	2003 ' 000	2003 \$'000	2002 ' 000	2002 ' 000	2002 \$'000
	Hectares	Volume M3	Change in Net Market Value	Hectares	Volume M3	Change in Net Market Value
Plantation timber - Native Pine	42	22,665	77,721	43	22,105	29,926
- Exotic Pine	128	52,471	256,498	128	49,216	125,773
Total	170	75,136	334,219	171	71,321	155,699

5 BORROWING COSTS

	2003 \$'000	2002 \$'000
Borrowing costs comprised:		
Interest expense - QTC loan	4,223	4,223
Administration charges - QTC Loan	88	85
Loan Guarantee Fee - QTC loan	383	382
Total borrowing costs	4,694	4,690

6 EMPLOYEE EXPENSES AND NUMBER OF EMPLOYEES

	2003 \$'000	2002 \$'000
Employee expenses:		
Wages and Salaries	29,195	28,901
Employer superannuation contributions	3,091	2,895
Payroll Tax	1,533	1,556
Long service leave levy	440	433
Termination & Ex-gratia payments	588	115
Workers' Compensation Expense	1,078	832
Other	434	345
Total employee expenses	36,359	35,077
Number of employees:		
The number of employees includes both full-time and part-time employees measured on a full-time equivalent basis.	758	709

7 OTHER OPERATING EXPENSES

	Note	2003 \$'000	2002 \$'000
Other expenses			
Travel expenses		746	794
Bad & Doubtful debts		4	4
Audit fees		111	148
Insurance premiums - Qld Government Insurance Fund	2.21	52	25
Other		1,698	1,709
Total other expenses		2,611	2,680

8 DEPRECIATION AND AMORTISATION

	2003	2002
	\$'000	\$'000
Depreciation and amortisation incurred in respect of:		
Access Roads	369	368
Buildings & Building Improvements	532	488
Computer Equipment	379	435
Furniture & Fittings	92	94
Heavy Plant	831	982
Land Improvements	127	136
Motor Vehicles	401	507
Office Equipment	158	159
Staff Amenities	-	1
Plant & Equipment - Other	357	418
Amortisation - Software Developed In-House	14	14
Leasehold Improvements	65	65
Total Depreciation and Amortisation	3,325	3,667

9 INCOME TAX EQUIVALENTS

	2003	2002
	\$'000	\$'000
Profit from ordinary activities	285,348	110,630
Prima facie tax equivalent expense calculated at 30% (2002: 30%) of profit from ordinary activities	85,604	33,189
Tax effect of permanent differences:		
Acquired timber felled - Queensland Income Tax Equivalents Ruling 95/4 -ITAA97 Sec 70-120	(15,595)	(13,971)
Revaluation of Growing Timber	(76,556)	(25,347)
Entertainment - non-deductible	-	6
Depreciation - non-deductible	64	135
Other	3	118
Income tax equivalent expense (benefit) adjusted for permanent differences	(6,480)	(5,870)
Current year tax losses and timing differences not brought to account (1)	6,480	5,870
Total tax equivalent expense (benefit)	-	-

(1) A future tax equivalent benefit related to carry forward losses has not been brought to account as an asset of DPI Forestry, as realisation of the benefit cannot be regarded as being virtually certain. These carry forward losses encompass the effect of the above permanent and timing differences. Accumulated future tax equivalent benefits attributable to tax losses carried forward as at 30 June 2003 are \$64,693,434 (at 30%).

These benefits will only be obtained if:

1. 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;
2. DPI Forestry continues to comply with the conditions for deductibility imposed by the law; and
3. No changes in tax legislation adversely affect DPI Forestry in realising the benefit from the deductions of the losses.

10 CASH ASSETS

	2003	2002
	\$'000	\$'000
Cash on hand	26	27
Cash at bank (1)	39,160	34,246
Total cash	39,186	34,273

(1) Cash deposited with the Commonwealth Bank earned interest at rates between 3.7% and 4.12% (2002: 3.7%)

DPI FORESTRY - NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTD.)

for the financial year ended 30 June 2003

11 RECEIVABLES

	2003	2002
	\$'000	\$'000
Current		
Trade debtors	13,483	13,205
Freehold selection debtors (1)	98	115
	13,581	13,320
Less - Provision for doubtful debts	-	(6)
	13,581	13,314
Interest receivable	386	297
Other debtors	420	1,532
	14,387	15,143
Non-Current		
Freehold selection debtors (1)	95	177
	14,482	15,320

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

12 INVENTORIES

	2003	2002
	\$'000	\$'000
Finished goods:		
Seeds and seedlings - at cost	1,121	1,472
Raw materials and stores:		
Miscellaneous - at cost	1,474	1,305
	2,595	2,777

13 INTANGIBLES

	2003	2002
	\$'000	\$'000
Internal use software		
At cost	339	339
Accumulated amortisation	(278)	(264)
	61	75

14 PROPERTY, PLANT AND EQUIPMENT

	2003	2002
	\$'000	\$'000
Land		
At fair value (1)	13,902	10,267
Buildings		
At fair value (1)	26,308	24,588
Accumulated depreciation	(13,772)	(12,501)
	12,536	12,087
Land improvements		
At cost	3,758	3,592
Accumulated depreciation	(1,214)	(1,084)
	2,544	2,508
Leasehold improvements		
At cost	648	648
Accumulated amortisation	(203)	(139)
	445	509
Access roads		
At fair value (1)	17,585	17,494
Accumulated depreciation	(5,589)	(5,220)
	11,996	12,274
Plant and equipment		
At cost	29,836	27,563
Accumulated depreciation	(14,583)	(13,971)
	15,253	13,592
Capital works in progress		
At cost	541	346
Total Property, plant and equipment		
At cost	34,783	32,149
At fair value	57,795	52,349
Accumulated depreciation	(35,361)	(32,915)
Total property, plant and equipment - net book value	57,217	51,583

Valuation of Property, Plant and Equipment

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

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

Property, Plant and Equipment Reconciliation

Reconciliation of the carrying amount of asset classes	Land	Buildings	Land Improvements	Leasehold Improvements	Access Roads	Plant and Equipment	Capital Works in Progress	Total
	2003	2003	2003	2003	2003	2003	2003	2003
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	10,267	12,087	2,508	509	12,274	13,592	346	51,583
Acquisitions	3,635	27	120	-	-	3,660	869	8,311
Disposals	-	(23)	(1)	-	-	(26)	-	(50)
Transfer between classes	-	293	45	-	91	245	(674)	-
Revaluation:-								
Increments/(decrements)	-	684	-	-	-	-	-	684
Depreciation/Amortisation	-	(532)	(128)	(64)	(369)	(2,218)	-	(3,311)
Carrying amount at end of year	13,902	12,536	2,544	445	11,996	15,253	541	57,217

15 PLANTATION GROWING TIMBER

	2003	2002
	\$'000	\$'000
Balance at the beginning of the financial year	982,252	897,761
Valuation increment/(decrement) net of plantation timber sales (1)	255,188	84,491
Balance at the end of the financial year	1,237,440	982,252

(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
		2003 \$'000
Discount Rate	+1%	(142,688)
	-1%	175,184
Stumpage rates	+5%	72,818
	-5%	(72,818)
Future Costs	+5%	(10,946)
	-5%	10,946

Stumpage Rates refer to the residual value of timber calculated by deducting the costs of harvest transport to the market or a processing centre.

16 PAYABLES

	2003	2002
	\$'000	\$'000
Current		
Trade creditors	1,158	747
Accrued interest, loan guarantee fee and other costs of finance	1,457	1,456
Long Service Leave Levy Payable	113	109
Accrued staff related expenses	318	221
Tax payable - Payroll	125	113
- GST Payable	935	1,045
-Less GST Receivable	(652)	(392)
Accrued expenses	451	947
Prepaid royalties, grants & other revenue received in advance	76	51
Miscellaneous	280	482
Total payables	4,261	4,779

17 INTEREST-BEARING LIABILITIES

	2003	2002
	\$'000	\$'000
Non-current		
Queensland Treasury Corporation Loan (1) - [market value as at 30 June \$88.865M]	76,420	76,420
Total borrowings	76,420	76,420

(1) No part of this loan has been reported as 'current' as the loan is 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 2004. As a consequence the period of the loan has been extended a further year. The interest rate is 5.52%. The market value represents the value of the debt if DPI Forestry repaid the debt at 30 June 2003. As DPI Forestry intends to hold the loan for its term, no provision has been made in these accounts for the margin between book and market value. Refer note 5 for information relating to borrowing costs associated with this loan.

18 PROVISIONS

		2003	2002
	Note	\$'000	\$'000
Current			
Provision for dividend	20	14,795	10,979
Employee benefits: Recreation leave		3,238	3,091
Total provisions		18,033	14,070

Aggregate employee entitlements for 2002-03 amounted to \$3,669,0000 (2002: \$3,421,000) being leave provisions at Note 18, accrued long service leave

Movement in dividend provision			
Balance at the beginning of the financial year		10,979	3,814
Provision recognised for 2002-03		14,795	10,979
Reduction in provision as a result of payments		(10,979)	(3,814)
Balance at the end of the financial year		14,795	10,979

levies and staff related expenses at Note 16.

19 CHANGES IN EQUITY

	Note	2003 \$'000	2002 \$'000
(i) Capital			
Balance at the beginning of the financial year		844,284	844,271
Non-reciprocal transfer of assets and liabilities		19	13
Balance at the end of the financial year		844,303	844,284
(ii) Retained Surpluses			
Balance at the beginning of the financial year		24,138	9,065
Net Profit for the period (2)		285,348	110,630
Dividend provided for	18,20	(14,795)	(10,979)
Additional Dividend Paid	20	(10,000)	-
Adjustment on adoption of new Accounting Standard AASB1041 - "Revaluation of Non-Current Assets" for reduction in Land value		-	(111)
Transfer from Asset Revaluation Reserve	19(iii)	2	24
Unrealised revenue transferred to Plantation Growing Timber Unrealised Revenue Reserve	3(a)(iii)	(255,188)	(84,491)
Balance at the end of the financial year		29,505	24,138
(iii) Asset Revaluation Reserve			
Balance at the beginning of the financial year		7,787	476
Increment/(Decrement) on revaluation		-	5,893
- Access Roads		-	5,893
- Land, Land improvements and Buildings		684	1,442
Transfer to Retained Surpluses	19(ii)	(2)	(24)
Balance at the end of the financial year (1)		8,469	7,787
(iv) Plantation Growing Timber Unrealised Revenue Reserve			
Balance at the beginning of the financial year		114,802	30,311
Unrealised revenue transferred from Retained Profits (2)	3(a)(iii)	255,188	84,491
Balance at the end of the financial year		369,990	114,802
(v) Total Equity			
Balance at the beginning of the financial year		991,011	884,123
Changes in equity recognised in the Statement of Financial Performance		286,032	117,854
<i>Transactions with Owners as Owners</i>			
- Non-reciprocal transfer of assets and liabilities		19	13
- Dividends		(24,795)	(10,979)
Balance at the end of the financial year		1,252,267	991,011

Note 19 - Changes in Equity continued.

(1) Closing Balance of Asset Revaluation Reserve by Class.

	2003 \$'000	2002 \$'000
Buildings	2,576	1,894
Access roads	5,893	5,893
Total	8,469	7,787

(2) The profit figure for the period contains the net increment in the value of standing timber in DPI Forestry's plantations. Under Accounting Standard AAS35, DPI Forestry must bring to account as revenue the increment in the value of its plantations regardless of whether the plantation timbers have been sold or not. This treatment has given rise to the creation and use of the Plantation Growing Timber Unrealised Revenue Reserve, which sets aside the unrealised portion of the increment in plantation growing timber (refer note 2.15). This unrealised revenue is not available for distribution. Calculation details of the unrealised revenue amount can be found at note 3(a)(iii).

20 DIVIDEND

The dividend of \$14,794,897 (2002: \$10,978,608) provided for is payable to the Queensland Government. Refer note 2.6.

Note. During 2002-03 financial year an additional dividend amounting to \$10 million was declared and paid out of retained surpluses.

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

	Note	2003 \$'000	2002 \$'000
Profit from ordinary activities after income tax equivalents		285,348	110,630
Non-cash items:			
Unrealised plantation growing timber revenue	3(a)(iii)	(255,188)	(84,491)
Depreciation and Amortisation		3,325	3,667
Asset write-downs and decrements		-	74
(Gain)/loss on disposal of non-current assets		(426)	(174)
Changes in assets and liabilities:			
(Increase)/decrease in inventories		181	(71)
(Increase)/decrease in net receivables		832	(752)
(Increase)/decrease in GST input tax credits receivable		(260)	88
(Increase)/decrease in prepayments & other assets		6	(111)
Increase/(decrease) in employee provisions		140	139
Increase/(decrease) in unearned revenue		25	(151)
Increase/(decrease) in GST payable		(110)	237
Increase/(decrease) in creditors		(173)	146
Net cash provided by operating activities		33,700	29,231

Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand and deposits at call which are readily convertible to cash and which are used in the day-to-day cash management function of DPI Forestry. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as detailed in Note 10.

22 FINANCING FACILITIES

STANDBY ARRANGEMENTS TO PROVIDE FUNDS AND SUPPORT FACILITIES

	2003 \$'000	2002 \$'000
Credit facility	3,000	3,000
Amount utilised	-	-
Unused credit facility	3,000	3,000

At 30 June 2003, a credit facility with the Queensland Treasury Corporation was in place with a limit of \$3,000,000. This facility remained fully undrawn at balance date.

23 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;

23 (a) Joint Venture Operations.

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

Private Forestry Plantations Ventures:

Designed to establish commercially viable timber plantations on private and crown lands. Contributions to these joint ventures for 2002-03 totalled \$485,555 (2002: \$998,722).

Seed Orchard Venture:

Designed to produce and sell improved tree seed from an orchard established for the purpose. Contributions to this joint venture for 2002-03 totalled \$8,314 (2002: \$23,880).

- No output was derived from the joint venture operations during the year (2002: \$nil).
- Total contributions to joint venture operations at 30 June 2003 amounted to \$4,807,676 (2002: \$4,321,451). Of this amount \$3,493,500 (2002: \$3,232,064) has been provided from State funding external to DPI Forestry.

23 (b) Joint Venture Entity.

A company (Wollemi Australia Pty Ltd) was established on 28 May 2001 to manage the propagation and worldwide marketing of the Wollemi pine under licence from the Royal Botanic Gardens in Sydney. The State of Queensland has a 50% interest in this company (1 share at \$1), which will conduct its business primarily via sub-licensing arrangements.

As at 30 June 2003 this company had not commenced trading.

24 CONTROLLED ENTITY

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

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

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

25 CONTINGENT LIABILITIES

DPI Forestry was self-insured for workers' compensation prior to 1 July 1995. There are no outstanding damages actions relating to this period. Claims made by employees for injuries sustained on or after 1 July 1995 in the course of carrying out their employment duties are fully covered by insurance through Workcover Queensland.

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

Supreme Court	3
District Court	2
Other	2

DPI Forestry's legal advisers and management believe that it would be misleading to estimate the final amounts payable, if any, in respect of the litigation filed in the courts.

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

26 COMMITMENTS FOR EXPENDITURE

Capital expenditure - plant and equipment payable within 1 year: \$263,251 (2002: \$71,117).

27 DEPOSITS HELD IN TRUST

Security, tender and other deposits are held by DPI Forestry in trust primarily as guarantees for performance under timber sales agreements and contracts. Deposits held as at 30 June 2003 amounted to \$824,155 (30 June 2002 \$727,369). 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.

28 FINANCIAL INSTRUMENTS

28 (a) Interest rate risk.

Financial Instruments	Floating Rate		Fixed Rate Maturing in:						Non-Interest Bearing		Total		Average		Rate:	
			1 year or less		1 to 5 years		Greater than 5 years						Fixed	Floating		
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%	%	%
Financial Assets																
Cash	39,160	34,246	-	-	-	-	-	-	26	27	39,186	34,273	-	-	3.89	3.74
Receivables -trade debtors	-	-	-	-	-	-	-	-	13,483	13,205	13,483	13,205	-	-	-	-
Receivables (other than trade debtors)	-	-	-	-	-	-	-	-	999	2,115	999	2,115	-	-	-	-
Total Financial Assets	39,160	34,246	-	-	-	-	-	-	14,508	15,347	53,668	49,593	-	-	-	-
Financial Liabilities																
Payables	-	-	-	-	-	-	-	-	4,261	4,779	4,261	4,779	-	-	-	-
Interest-bearing liabilities	-	-	-	-	28,027	24,148	48,393	52,272	-	-	76,420	76,420	5.52*	5.52	-	-
Dividend payable	-	-	-	-	-	-	-	-	14,795	10,979	14,795	10,979	-	-	-	-
Total Financial Liabilities	-	-	-	-	28,027	24,148	48,393	52,272	19,056	15,758	95,476	92,178	-	-	-	-

* This rate represents the book rate applicable to an interest only borrowing. The loan reverts to principal and interest on 1 July 2004, at which time an approximate book rate of 5.7% will apply.

for the financial year ended 30 June 2003

28 (b) Net fair values.

Financial Instruments	Total carrying amount as per the Statement of Financial Position		Net fair value	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Financial Assets				
Cash	39,186	34,273	39,186	34,273
Receivables -trade debtors	13,483	13,205	13,483	13,205
Receivables (other than trade debtors)	999	2,115	999	2,115
Total Financial Assets	53,668	49,593	53,668	49,593
Financial Liabilities				
Payables	4,261	4,779	4,261	4,779
QTC Borrowings	76,420	76,420	88,865	83,291
Dividend payable	14,795	10,979	14,795	10,979
Total Financial Liabilities	95,476	92,178	107,921	99,049

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

28 (c) Credit risk exposure.

DPI Forestry's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

Credit risk in respect of trade debtors is managed in the following ways:

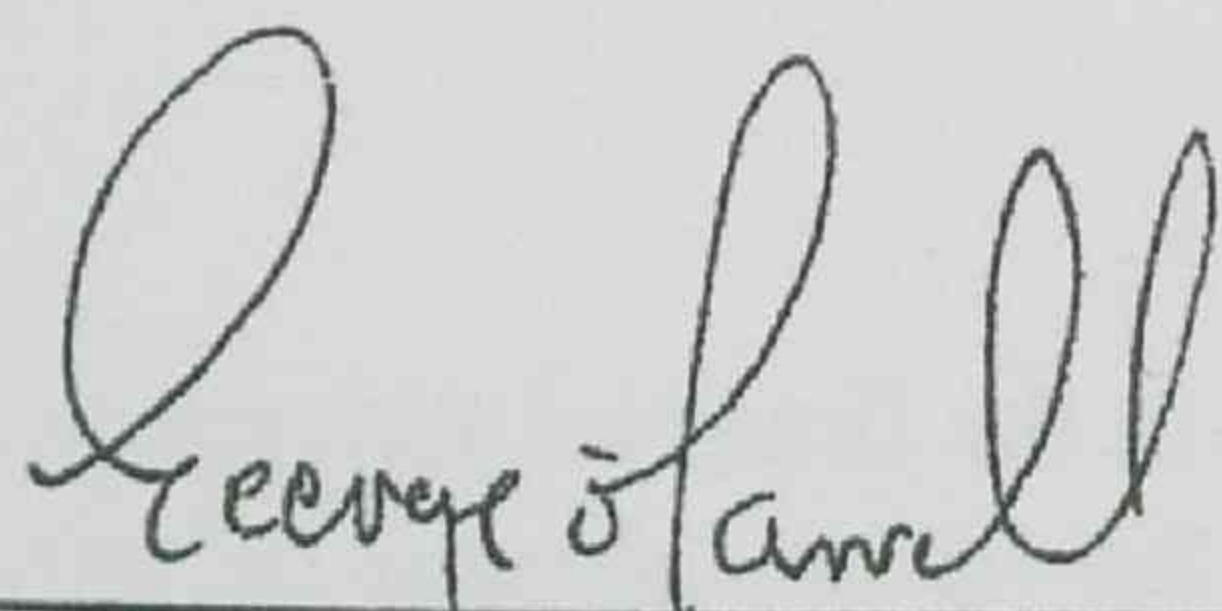
- Payment within 30 days from end of month in which a sale is invoiced; and
- All trade debtors are secured by cash deposit or other financial guarantee.

CERTIFICATE OF DPI FORESTRY

The foregoing financial statements have been prepared pursuant to 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:

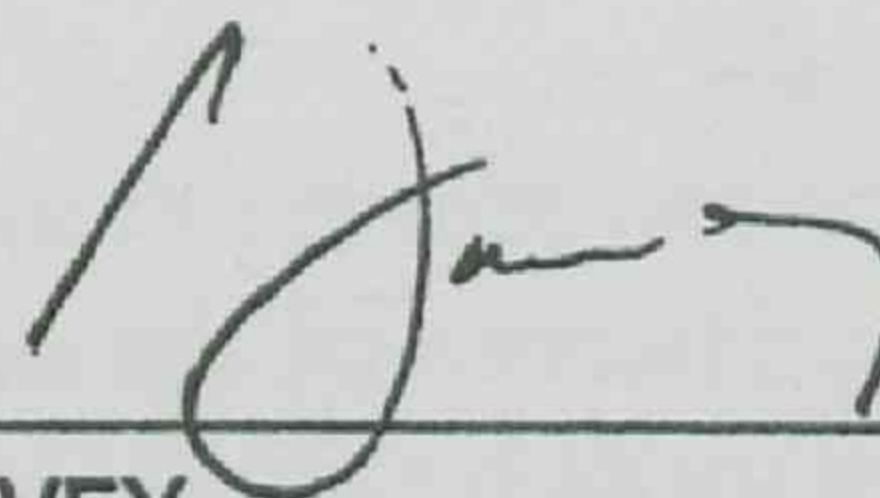
in our opinion –

- (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 2003 and of the financial position as at the end of that year.



G. O'FARRELL
Acting Director-General

- 2 SEP 2003



A HARVEY
Acting Executive Director (DPI Forestry)



INDEPENDENT AUDIT REPORT

To the Accountable Officer of the Department of Primary Industries

Scope

The financial statements

The financial statements of DPI Forestry, a Commercialised Business Unit of the Department of Primary Industries, consist 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 2003.

Accountable Officer's responsibility

The Accountable Officer is responsible for the preparation and true and fair presentation of the financial statements, 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 statements present 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 to provide evidence supporting the amounts and disclosures in the financial statements;
- 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 statements.

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.

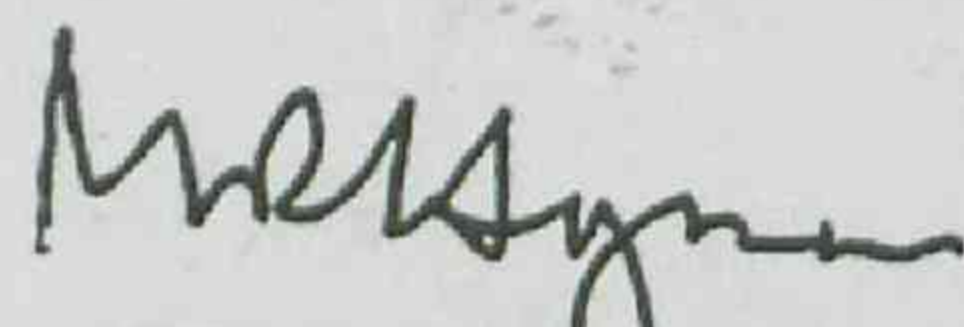
The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

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 section 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 2002 to 30 June 2003 and of the financial position as at the end of that year.


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



Queensland Audit Office
Brisbane



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