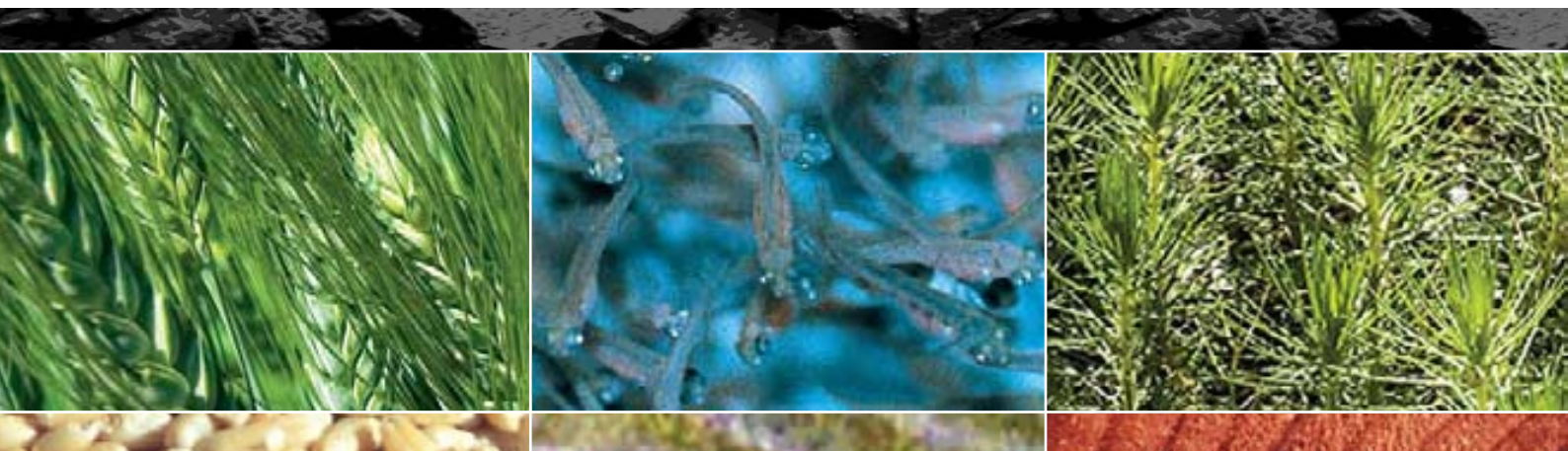


NSW DEPARTMENT OF PRIMARY INDUSTRIES

ANNUAL REPORT

2007-08



Profitable, adaptive and sustainable primary industries building vibrant communities



NSW DEPARTMENT OF
PRIMARY INDUSTRIES
www.dpi.nsw.gov.au

The Hon Ian Macdonald MLC

Minister for Primary Industries
Minister for Energy
Minister for Mineral Resources
Minister for State Development



NSW DEPARTMENT OF
PRIMARY INDUSTRIES

Parliament House
Macquarie St SYDNEY NSW 2000
22 December 2008

Dear Minister

In accordance with the *Annual Reports (Departments) Act 1985*, the *Public Finance and Audit Act 1983*, and the regulations under these Acts I am pleased to submit the 2007-08 Annual Report of the New South Wales Department of Primary Industries for presentation to Parliament.

The report reflects on the Department's achievements for the past year against identified corporate outcomes. These achievements were made possible by the commitment of Departmental staff. I would like to take this opportunity to thank them for their dedication and hard work throughout the year.

This report also includes in accordance with clause 7(1) of the Coal Acquisition (Compensation) Arrangements 1985 the twenty-fourth and final NSW Coal Compensation Board Annual Report. This report covers the six month period 1 July 2007 to 31 December 2007.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richard Sheldrake'.

Richard Sheldrake
Director-General
NSW Department of Primary Industries

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Director-General's Year in Review

2007-08

It has been a year of change and challenge for the Department of Primary Industries.

The changes began at the top with the departure of Barry Buffier from the Director-General's position following his appointment as a head of the NSW Department of State and Regional Development. As the incoming Director-General in January 2008, I rejoined a department that, under Barry's guidance, had established excellent credentials within the NSW primary industry sector and was respected nationally and internationally.

There were also structural changes this year which were made to better reflect the strategic direction set in the corporate plan for 2008 to 2011. The restructure sees the creation of two new divisions — the Fisheries, Compliance and Regional Relations Division and the Agriculture, Biosecurity and Mine Safety Division.

The new corporate plan builds on the previous plan for the organisation and is aligned closely with the State Plan. It includes outcomes relating to the mitigation of climate change and improvements in natural resource and environmental management. Although the department had already been active on both fronts, these additions give us a clearer future direction.

The key result areas set by the plan are:

- 1 Strong economic performance of primary industries**
- 2 Appropriate access to and wise management of natural resources**
- 3 Safe, healthy and biosecure industries**
- 4 A strong voice for primary industries**
- 5 Excellence in people, innovation and service delivery**

This report covers the achievements of each of the department's divisions in terms of our key result areas, as do the following highlights.

Strong performance of primary industries

Primary industries make a major contribution to the NSW economy and are critical to the prosperity of rural and regional areas.

As in the previous financial year, the mineral resources sector performed well, with the combined value of mineral production estimated at over \$14 million. This figure was higher than the corresponding figure for 2006–07 due largely to the demand for coal, which accounted for over 70 per cent of the total. The net royalty collection was around \$573.57 million, an increase of 17 per cent on 2006–07 driven primarily by increased coal royalties.

High global demand for minerals together with strong government support for exploration investment also pushed private sector exploration expenditure to record levels. When expenditure on petroleum exploration is added, total expenditure came to over \$235 million. To ensure the continued flow of investment into exploration initiatives, the NSW Government announced a three-year, \$16.5 million extension of the New Frontiers program, which funds geoscience surveys of under-explored regions of the State. New Frontiers will specifically target mineral and petroleum opportunities in the far west.

Director- General's Year in Review 2007-08 (cont'd)

In increasing the competitive advantage of the mineral resources sector, the department commenced a program to streamline internal processes for managing exploration and mining and, through the upgraded DIGS database and MinView spatial information system, provided a wealth of online information.

Forests NSW, which operates as a public trading enterprise within the department, achieved an underlying trading profit of \$42.6 million in 2007–08 despite, in an uncertain market, limited sales of Greenhouse Gas Abatement Certificates. Future commercial performance will be boosted by improvements made over the year in seedling production and the negotiation of a five-year agreement for the purchase and processing of plantation residue in the Macquarie region, the latter opening up a new revenue stream.

For some years the department has pursued alliances with universities and industry bodies in the interests of developing and delivering innovative, cost-effective technologies for primary industries. As the result, we have seen the establishment of the National Wine and Grape Industry Centre, the EH Graham Centre for Agricultural Innovation and the Primary Industries Innovation Centre and the collaborative Future Dairy program. All are starting to make a difference. Developments in year under review included the launch by the Minister of the National Centre for Greenhouse Gas Research at the Primary Industries Innovation Centre. The office will undertake research to pave the way for agriculture and forestry to participate in a national emissions trading scheme — a matter of vital import.

Appropriate access to and wise management of natural resources

One of the outcomes to which the department is working under the current corporate plan reads: 'Primary industries adapt to climate change and contribute to mitigation of its impact'. Researchers at the Department's National Centre for Greenhouse Gas Research are currently pursuing a number of relevant projects aimed at reducing greenhouse gases that will have national and international applications. Projects include long-term trials to estimate changes in soil carbon levels under different management regimes and research on reducing methane emissions from ruminant livestock.

We were also active in educating primary producers about climate change. Among the initiatives for 2007–08 were delivery of a course on climate change at workshops across the State, development of best practice guidelines for sustainable grazing, an ongoing project with primary producers and, as part of an incentive package linked to funding, delivery of drought management training. The last is the subject of a case study in this report.

There were numerous programs to ensure sustainable recreational and commercial fishing. Judging by the

number of share transfers, commercial fishers appreciate that they are now able to buy and sell shares under the recent arrangements that have been successfully implemented for all major fisheries. A number of commercial fishers also took advantage of the voluntary licence buyout offered by the NSW Government and administered by the department following the creation of two additional NSW marine parks. The buyout compensates commercial fishers for the reduction in areas available to them in the marine parks.

After consultation with the recreational fishing community, the department introduced and publicised a number of changes to recreational fishing rules. The changes will give future generations the opportunity to enjoy the sport of fishing, one of the most popular pastimes in NSW.

While education remains an important tool in securing regulatory compliance, fisheries officers also run regular patrols, often in cooperation with other state organisations and federal agencies. In the year under review, the department purchased three new vessels, which boosted our capacity to undertake estuarine and off-shore patrols.

Safe, healthy and biosecure industries

As a department we faced undoubtedly the biggest challenge in our brief history when equine influenza broke out in August 2007. The eyes of the nation were very much upon us as we coordinated the state-wide response by government agencies and the horse industries and succeeded, through teamwork and technology, in eradicating the virus within six months. The short time

between confirmation of the virus and eradication confirms not only our scientific credentials as the lead agency in managing emergency animal disease outbreaks but the quality of our staff. Congratulations are due to the entire department for the effort involved. Further details of the eradication campaign appear in a special case study in this report.

Director- General's Year in Review 2007-08 (cont'd)

In the wake of the equine influenza outbreak, the NSW Government changes to some of the agricultural Acts administered by NSW DPI, including the *Exotic Diseases of Animals Act 1991*, which will further improve the speed and effectiveness of the department's response to exotic and emergency disease outbreaks.

With drought still affecting many regions in NSW, the department continued to lead response and recovery programs. In conjunction with stakeholders, we examined how the drought affected a wide range of production systems and fed the findings to the Australian Government's review of Exceptional Circumstances drought funding. As the result, NSW communities in need will still be eligible for financial assistance.

Although equine influenza dominated the headlines, the department was active on many fronts in ensuring

that the risks posed by pests, diseases and chemicals were eradicated or effectively managed. For example, we responded rapidly to outbreaks of Queensland fruit fly and to a number of anthrax incidents, thereby protecting market access for producers. SMARTtrain, our chemical risk management program, is so well regarded that it will be delivered in all Australian states.

Despite the mining boom and consequent demand for labour, the NSW mining industry remained fatality-free in 2007–08. Safety was enhanced by the implementation over the year of major legislative reforms which have created a 'general duty of care' regime consistent with the *Occupational Health and Safety Act 2000*. Other mining safety initiatives included the development by the Mine Safety Advisory Council of an action plan to address issues of identified concern such as fatigue and hours of work, production bonuses and safety incentive schemes.

A strong voice for primary industries

To strengthen the voice of primary industries on major issues such as climate change, water management and land-use planning, we have established a new branch within the Strategy, Policy and Communications Division. This is the Water and Resources Policy Branch.

On the issue of climate change, we worked with other key agencies to prepare the NSW Government's responses on options for a national emissions trading scheme. And, at state level, we represented stakeholder interests in discussions concerning the federal *Water Act 2007*, Murray-Darling Basin reform and the Australian Government's Water for the Future program.

It is also pleasing to report the department's contribution to amendment of the *Gene Technology (GM Crop Moratorium) Act 2003* that established a strict scheme for approving commercial cultivation of GM food plants. GM canola has been sown following ministerial approval of the first application under the new regime.

As in previous years, the department was active in promoting the achievements of our primary producers through the annual NSW Farmer of the Year and Rural Women's Award and participation in major events including the Royal Easter Show where in 2007–08 we showcased our research on sustainable primary industry development.

Excellence in people, innovation and service delivery

The quality of the department's people and programs was recognised by state, national and international awards. The Science and Research Division chapter in this report lists some of the many honours bestowed on our scientists for their work in a wide-ranging number of fields. Among them is Dr Rod Mailer, the Principal Research Scientist at the Wagga Australian Oils Research Laboratory, whose international standing was highlighted when he won the prestigious Timothy Mounts Award for his research into the science and technology of edible oils. Dr Mailer, who has worked on oilseeds since 1979, has developed 22 varieties to date for the Australian industry.

Another staff member honoured was Geological Survey Director Lindsay Gilligan, who was honoured in the 2008

Queens Birthday Awards with a prestigious Public Service Medal.

It was not only our scientific excellence that gained international attention in 2007–08. InSite, the department's intranet site, was named one of the best 10 intranets in the world by web usability expert Jakob Nielsen. InSite, connecting more than 3 000 staff based at over 130 NSW locations, was the only Australian site in the top 10 list.

Closer to home, the department's National Livestock Identification Scheme for Cattle, which has been written up in previous annual reports, won the 2007 NSW Premier's Public Sector Award under the NSW State Plan category, Growing Prosperity across NSW. The award recognises that the program has assisted the \$2 billion NSW cattle industry

Director- General's Year in Review 2007- 08 (cont'd)

to maintain domestic and export market access and increase consumer confidence in NSW beef.

With the continuing drought, the department's drought support workers were active in organising social events to strengthen community networks and disseminating information about available services. Such has been their success in helping families and communities to deal with natural disaster that they were called on to provide similar services in areas affected in 2007– 08 by floods and equine influence.

The department understands that, to deliver high quality services to clients and stakeholders, we must support our staff and give them opportunities to develop. This year I launched the Women's Employment Strategy Action Plan, which will help ensure that the potential of NSW DPI women is realised and that they are recognised as key contributors in the workplace. Earlier in the year the department's Board of Management approved the implementation plan for the Aboriginal Employment Strategy. One of the components of the plan is the establishment of an Aboriginal staff network, which will provide an opportunity for our Aboriginal staff to keep in contact with each other and identify possible solutions to any issues of concern.

Staff and Board of Management

Thank you to all NSW DPI staff for your support and work over a challenging year.

In particular I would like to congratulate the individual and team winners of the 2007 Staff Achievement Awards:

Individual winners

Laurie Derwent
Marilyn Evers
Dr David Hall
Stephen Hall
Dr Peter Kirkland
Michael Lynch
Ken Masters
Val O'Brien
Allison Priest

Team winner

Firefighting and Recovery Team, Forests NSW.

My thanks go as well to the Board of Management, particularly Dr Alan Gleeson, who retired from the position of Executive Director, Corporate Services after a distinguished career in NSW Agriculture and NSW DPI of nearly 40 years.

On behalf of NSW DPI staff, I would like to express my gratitude to The Hon. Ian Macdonald MLC, Minister for Primary Industries and Minister for Mineral Resources, who continued to champion the cause of NSW primary industries and this department.



Dr Richard Sheldrake

Director-General

Our organisation

NSW Department of Primary Industries acts in partnership with industry and other public sector organisations to foster profitable and sustainable development of primary industries in New South Wales.

With more than 3000 staff based at over 130 locations across the state, the department delivers a wide range of services to primary industries and rural communities.

We are committed to improving the profitability and sustainability of the agriculture sector, maximising the value of the State's forests and mineral resources, managing fisheries sustainably, delivering world-class research, maintaining animal welfare standards, protecting industries against pests, diseases and chemicals and providing leadership on industry policy.

Our vision

Profitable, adaptive and sustainable primary industries building vibrant communities.

Our values and behaviours

The values that will guide us in achieving our vision are:

- We will behave ethically and act with honesty and fairness.
- We will make decisions based on the best available information.
- We will accept personal responsibility for our decisions and actions.

- We will collaborate with our colleagues and our external partners to achieve common goals.
- We recognise that each team member is accountable for contributing to the team effort and for the outcomes.

- We value different perspectives and approaches.
- We will respect each other, our families, our clients, and those from diverse backgrounds and cultures.

- We will question and challenge the status quo.
- We will strive for excellence, creativity, leading-edge science and quality.

Customer and Stakeholder Focus

- We will consult with our stakeholders and take their views into consideration in developing and delivering our policies and programs.
- We will design and deliver products and services that meet our customers' needs.

Safety

- We will actively care for our staff and visitors by providing a safe and healthy workplace.
- We will maintain a credible safety management system and work to continuously improve it.

Sustainability

- We will work with primary industries to manage the sustainable use of natural resources and to reduce greenhouse gas production.
- We will implement practices to minimise DPI's use of energy, water and other resources and to minimise our carbon footprint.

Organisational structure



Hon. Ian Macdonald, MLC

Minister for Primary Industries
Minister for Energy
Minister for Mineral Resources
Minister for State Development



Dr Richard Sheldrake

Director-General

Executive Support



Renata Brooks

**Deputy
Director-General
Agriculture,
Biosecurity & Mine
Safety**

Private Forestry and
Resources

Intensive Industries
Development

Extensive Industries
Development &
Education

Animal & Plant
Biosecurity

Emergencies Weeds &
Pest Animals

Compliance Standards
& RLPB Alliance

Animal Welfare

Mine & Forest Safety
Performance



Alan Coutts

**Deputy
Director-General
Mineral Resources**

Mineral Resources
Development

Environmental
Sustainability

Development
Coordination

Geological Survey
of NSW

Mine Safety Operations

Coal Compensation
Board*



Nick Roberts

**Chief Executive
Officer
Forests NSW**

Planted Forests
Operations

Native Forests
Operations

Commercial Services

Financial & Operational
Business Services

Land Management &
Forestry Services

Human Resources



Dr Nick Austin

**Deputy
Director-General
Science & Research**

Systems Research &
Chief Scientist

Production Research

Health Sciences,
Strategic Alliances &
Evaluation

Resources Research

Rural Innovation

Research Operations

Science Strategy



Doug Hocking

**Executive Director
Fisheries,
Compliance &
Regional Relations**

Compliance Operations
Agriculture & Fisheries

Fisheries Conservation
& Aquaculture

Wild Harvest Fisheries

Fisheries Coordinator

Regional Relations



Wendy Stamp

**Executive Director
Strategy, Policy &
Communications**

Policy & Legislation
Coordination

Water & Resources
Policy

Economic Policy &
Analysis

Corporate Strategy
& Organisational
Development

Public Affairs & Media

Communications



Tony Heffernan

**A/Executive Director
Corporate Services**

Human Resources

Finance &
Administration

Assets

Information,
Communications &
Technology

Legal

*For the six month period 1 July 2007 to 31 December 2007

Our role

There are seven Divisions within the Department namely:

Agriculture, Biosecurity and Mine Safety Division

Works with industry and other collaborators to improve the profitability and sustainability and skills of the agriculture and private forestry sectors. Manages biosecurity risks impacting on primary industries and the environment, responds to emergencies and disasters, and promotes safety in the mining industry.

Fisheries, Compliance and Regional Relations Division

Manages the development and sustainability of the state's fisheries resources and the aquaculture industry, and conserves aquatic biodiversity. Ensures compliance with legislation, and fosters strong relationships with regional organisations.

Mineral Resources Division

Leads the stewardship of the state's mineral resources to facilitate profitable and sustainable development, effective environmental management, and safe and responsible mining.

Forests NSW

Forests NSW operates as a public trading enterprise within NSW DPI. It manages a native forest estate of 2 million hectares and an expanding estate of hardwood and softwood planted forests to provide timber now and into the future.

Science and Research Division

Undertakes strategic science and research that underpins the growth, sustainability and biosecurity of primary industries in NSW.

Strategy, Policy and Communications Division

Plays a lead role in translating government priorities and industry needs into the Department's policy and corporate agenda. Coordinates whole-of-government approaches and manages strategic and contentious issues. Facilitates strategic communications and promotes the work of the department and primary industries.

Corporate Services Division

Develops, manages and advises on systems, infrastructure, policies and standards to provide services to NSW DPI in the areas of finance and administration, human resources, assets, information technology and legal services.



Our key result areas

To achieve our vision NSW DPI has identified the following key result areas:

KEY RESULT AREAS	OUTCOMES
Strong economic performance of primary industries	
We will contribute to the strong economic performance of primary industries in NSW by growing productivity, maintaining and improving market access, investing in research and development, and facilitating the use of innovative technologies. We will manage our public trading enterprise, Forests NSW, in a commercial manner.	<ul style="list-style-type: none"> Primary industries see NSW as an attractive state in which to invest Primary industries' competitiveness is increased Primary industries use innovative technologies and practices
Appropriate access to and wise management of natural resources	
Our policies and operations will contribute to the sustainable use of natural resources and ensure appropriate access to resources by industry. We will work with primary industries to help them better adapt to climate change and to mitigate their contribution to greenhouse gas production. We will also work with primary industries to achieve improvements in natural resources and environmental management.	<ul style="list-style-type: none"> Primary industries have appropriate access to natural resources Primary industries adapt to climate change and contribute to mitigation of its impact Primary industries achieve improvements in natural resource and environmental management NSW DPI policies and programs contribute to the sustainable use of natural resources
Safe, healthy and biosecure industries	
We will support the development of healthy products and safe primary industries by proactively managing risks presented by pests, weeds, diseases, chemicals and natural disasters, by regulating health and safety in the mining industry, and by adopting best practice health and safety standards for the forests industry.	<ul style="list-style-type: none"> Risks posed by pests, diseases, and chemicals to the economy, environment and human health are excluded, eradicated or effectively managed Communities and primary industries are prepared for managing risks Mining industry operates at best practice health, safety and engineering standards Forests NSW is the leader in the application of best practice health and safety standards for the industry
A strong voice for primary industries	
We will provide a strong voice for primary industries. Through community, government and stakeholder consultation, by leading an informed debate on primary industries issues, and by providing information and expert advice, we will convey the potential social and economic benefits of sustainable primary industries.	<ul style="list-style-type: none"> Informed debate underpins government and industry policy Government policies and regulations account for the interests of primary industries in NSW Primary industries are highly valued by the community
Excellence in people, innovation and service delivery	
We will provide a safe, satisfying and fair work environment, and have a skilled team working together to deliver excellent services and outcomes for our stakeholders in the areas of commercial services, innovative research, policy, regulation, education and advice.	<ul style="list-style-type: none"> Delivery of high quality services to customers, clients and stakeholders A skilled and cohesive workforce operating in a safe, satisfying and fair work environment Internal services and facilities enable our people to achieve the business aims of the organisation Sound corporate governance and responsible use of resources

Alignment with NSW State Plan

NSW STATE PLAN PRIORITY	NSW DPI KEY RESULT AREA	NSW DPI OUTCOMES
Growing prosperity across NSW		
P1 Increased business investment	Strong economic performance of primary industries	<ul style="list-style-type: none"> Primary industries see NSW as an attractive state in which to invest Primary industries' competitiveness is increased Primary industries use innovative technologies and practices
P3 Cutting red tape		
P6 Increased business investment in rural and regional NSW		
P7 Better access to training in rural and regional NSW to support local economies	Appropriate access to and wise management of natural resources	<ul style="list-style-type: none"> Primary industries have appropriate access to natural resources
	Safe, healthy and biosecure industries	<ul style="list-style-type: none"> Risks posed by pests, diseases, and chemicals to the economy, environment and human health are excluded, eradicated or effectively managed
Environment for living		
E1 Secure and sustainable water supply for all users	Appropriate access to and wise management of natural resources	<ul style="list-style-type: none"> Primary industries adapt to climate change and contribute to mitigation of its impact Primary industries achieve improvements in natural resource and environmental management NSW DPI policies and programs contribute to the sustainable use of natural resources
E3 Cleaner air and progress on greenhouse gas reductions		
E4 Better environmental outcomes for native vegetation, bio-diversity, land, rivers and coastal waterways		
E8 More people using parks, sporting and recreational facilities and participating in the arts and cultural activity	Safe, healthy and biosecure industries	<ul style="list-style-type: none"> Risks posed by pests, diseases, and chemicals to the economy, environment and human health are excluded, eradicated or effectively managed Communities and primary industries are prepared for managing risks
	Excellence in people, innovation and service delivery	<ul style="list-style-type: none"> Delivery of high quality services to customers, clients and stakeholders
Delivering better services		
S8 Increased customer satisfaction with government services	Excellence in people, innovation and service delivery	<ul style="list-style-type: none"> Delivery of high quality services to customers, clients and stakeholders

Our results

Strong economic performance of primary industries

RESULTS	RESULT INDICATORS	2006-07	2007-08 [#]
Industry see NSW as an attractive state in which to invest	• Value of primary industries' production by sector		
	Wild harvest fisheries (\$m)	80.6	81.9
	Aquaculture (\$m)	46.0	52.0
	Minerals (\$m)	12 300	14 300
	Agriculture (\$m)	7 741	8 998
	• Mining royalties collected (\$m)	489	573
	• Level of investment by primary industries		
	Aquaculture (\$m)	10	20
	Minerals - Capital expenditure mining (\$m)	1 700	2 200
	NSW share of private minerals exploration in Australia (%)	8.4	8.0
Primary industries use innovative technologies and practices	• Volume and value of targeted primary industries exports		
	Aquaculture (\$m)	0.2	0.4
	Coal - volume (MT)	91.5	100.5
	- value (\$m)	6 200	8 200
	Agriculture (\$m)	4 393	5 064
	• % Landholders/fishers adopting at least one DPI productivity innovation	20	27
	• Publication of research based innovations in science journals	1 200	1 184

Appropriate access to and wise management of natural resources

RESULTS	RESULT INDICATORS	2006-07	2007-08 [#]
NSW DPI policies and operations reflect principles of sustainable development	• Minerals		
	Environmental security held (\$m)	733	927
	• Length of river where fish passage has been reopened (cumulative kms)	816	1 410
	• proportion of primary/target and key secondary fish species harvested at 'biologically sustainable' levels(%)	>90	>90
DPI industries achieve improvements in natural resources and environmental management	• % of industry operators who use specified sustainable practices:		
	- % of crop area sown using reduced tillage technology	80	80
	- % of landholders/fishers adopting at least one DPI sustainability innovation	25	30
	- cotton yield (bales) per megalitre of water supplied	1.13	1.09
	• % reduction in net emissions from primary industries	2	3
	• % of ESD performance indicators met within aquaculture industry development plans	>90	>90

Our results (cont'd)

Appropriate access to and wise management of natural resources (continued)

RESULTS	RESULT INDICATORS	2006-07	2007-08 [#]
	% of industry operators and harvest sectors complying with management plans:		
	Fisheries		
	- % compliance rates for recreational fishers	90	90
	- % compliance rates for commercial fishers	91	90
	- % compliance rates for aquaculture	62	65
	Minerals		
	- % of mines operating to agreed mine operations plans, petroleum operations plans and subsidence management plans	95	97

Safe, healthy and biosecure industries

RESULTS	RESULT INDICATORS	2006-07	2007-08 [#]
Risks posed by pests, diseases and chemicals to the economy, environment and human health are excluded, eradicated or effectively managed	% compliance with performance measures of the National Animal Health Performance Standards	95	97
	Major innovations in pest and disease control to:		
	Protect human health	4	5
	Protect industry	10	10
	Reduce cost to industry and government	12	15
Mining industry operates to best practice health and safety standards	Improved mine safety performance benchmarked and compared over time		
	**Fatal injury frequency rate:		
	Coal Yearly	0.04	0.00
	(five year average)	0.04	0.04
	Non Coal Yearly	0.08	0.00
	(five year average)	0.06	0.04
	**Lost time injury frequency rate:		
	Coal Yearly	16.29	16.29
	(five year average)	18.83	17.39
	Non-Coal	6.24	4.77
	(five year average)	8.46	6.60
	**Serious bodily injury frequency rate:		
	Coal Yearly	1.19	0.81
	(five year average)	1.71	1.49
	Non-Coal	2.22	0.60
	(five year average)	1.54	1.41

[#] These are current as at 30 June 2008 **Frequency rates specified as injury/fatality per million hours worked.

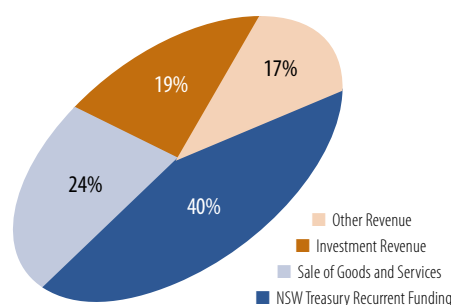
Financial Overview 2007-08

Financial Highlights

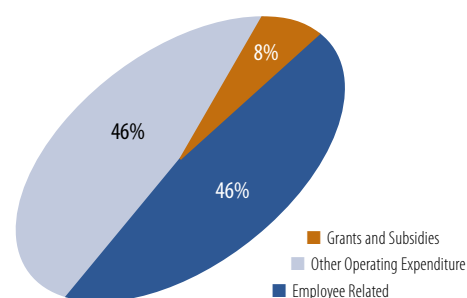
Significant initiatives and developments during 2007-08 include:

- successfully eradicating the equine influenza outbreak. The department was the lead NSW agency in the national response to the outbreak
 - completing the \$1 million Queensland Border electronic surveillance system to help protect the State's livestock industries from the economically damaging cattle tick
 - extending the Government's Exploration
- NSW initiative to support increased mineral and petroleum exploration under the New Frontiers program with ongoing funding of \$4.0 million for 2007-08; with an additional \$1.5 million bringing the funding to \$5.5 million for 2008-09
- coordinating the NSW Government response to drought. Total expenditure in 2007-08 was \$23.4 million
 - mineral royalties collected on behalf of the crown increased by seventeen per cent to \$573 million.

Sources of Revenue



Operating Expenditure



Budget structure

The NSW Department of Primary Industries (NSW DPI) is an entity (for the purpose of financial reporting) which includes Forests NSW. However, Forests NSW operates as a non budget sector Public Trading Enterprise and as such is also an entity for the purpose of financial reporting.

NSW DPI's financial statements for 2007-08 are a consolidation of these two entities. This summary represents the consolidated financial performance for the year ended 30 June 2008 and financial position as at 30 June 2008.

Financial Overview 2007-08 (cont'd)

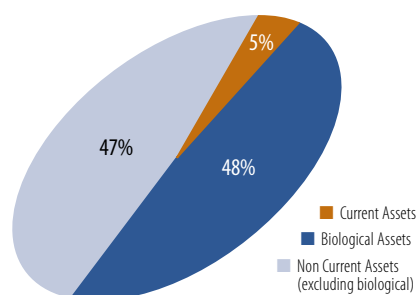
Source of Funds

Total Revenue for the Department of Primary Industries for the year ended 30 June 2008 was \$767.2 million. The main sources of revenue were NSW Treasury Funding \$306.8 million, sale of goods and services \$187.3 million and \$144.0 million in investment revenue (the major component being royalties from timber and related products \$138.8 million).

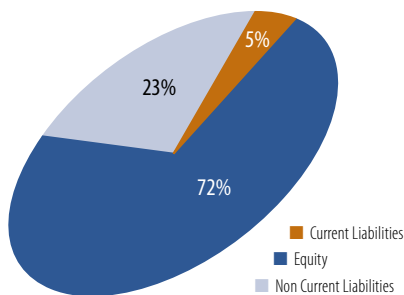
Application of funds

Operating expenditure for the year ended 30 June 2008 was \$743.5 million. Of this total \$344.6 million was for employee related costs. Other operating expenditure of \$398.9 million includes \$120.9 million for Forests NSW contract harvest and haulers and \$31.9 million for depreciation on the department's fixed assets. Grants and subsidies were \$55.9 million for the year.

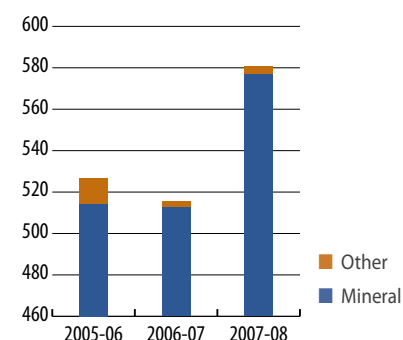
Total Assets



Total Liabilities and Equity



Crown revenues (\$million)



NSW DPI's assets and liabilities

The department's total asset base as at 30 June 2008 was \$3 164 million an increase of \$90 million on the previous year. This is due primarily to the annual revaluation of biological assets (Forests NSW timber resources). Total liabilities as at 30 June 2008 were \$891.2 million, an increase of \$37 million on the previous year. This increase reflects an increase in borrowings and deferred tax liability held by Forests NSW.

Crown Revenues

NSW DPI collects revenues on behalf of the Crown Entity totalling \$581.0 million, the majority of which relate to mineral royalties, mining and exploration leases and coal lease concessions.

Victory over equine influenza

Overview

In 2007–08 NSW DPI emphatically demonstrated its capability as the lead agency in fighting large-scale, emergency animal disease threats through coordinating the successful campaign against equine influenza.

The virus outbreak, which was confirmed at Centennial Park in August, was the most serious animal disease emergency in recent Australia history. At its peak, 47 000 horses on 5 943 NSW properties were infected. Horse owners and everyone in the horse industries were facing loss of livelihood and lifestyle.

The NSW DPI campaign to eradicate the disease was the largest of its type ever undertaken in Australia, using the latest laboratory, vaccine, surveillance, mapping information and communication technologies.

Through strong leadership, coordination and teamwork by more than 2 000 emergency response workers, the last case of equine influenza was confirmed on 22 December 2007. This was just four months after the disease breached the federal quarantine barrier.

By February 2008 eradication was achieved, movement restrictions were eased and exhaustive surveillance testing to confirm disease freedom was nearly complete. The only ongoing requirements were that NSW owners obtain a Travelling Horse Statement when moving their horses and organisers register all horse events.

Given the extensive spread of the virus before it was detected and it's highly contagious nature, the campaign succeeded in stamping out the disease in an extremely short timeframe — gaining local and international acclaim for NSW DPI, its support agencies and all parts of the recreational and professional horse sectors.



A Director Public Affairs and Media, Brett Fifield, and Deputy Chief Veterinary Officer, Ian Roth, explain changes to the NSW Equine Influenza Protection Plan to media at the State Disease Control Headquarters, Orange.

B More than 2 000 staff were part of the response including staff at the Local Disease Control Centre based at Elisabeth Macarthur Institute, Menangle.

C Regulatory officer Wayne Haigh worked with affected horse when Centennial Park became the first property in NSW placed under quarantine.

An early, rapid response

Rapid action from day one set the agenda for the campaign. The NSW Chief Veterinary Officer imposed an immediate state-wide horse 'standstill' and set up state disease control headquarters at Orange and a local disease control centre at Menangle.

A well-trained first response team was called up and quickly operational, working to the pre-existing Australian Veterinary Emergency Plan.

Veterinary investigators launched a major exercise to trace the spread of the disease, recording properties of interest in the ANEMIS computer database. Legal officers declared Restricted Areas around known infected properties while operational staff implemented quarantines and imposed movement restrictions.



The NSW DPI campaign to eradicate the disease was the largest of its type ever undertaken in Australia, using the latest laboratory, vaccine, surveillance, mapping information and communication technologies.

D 132 000 samples were tested for equine influenza by NSW DPI staff.

E Thousands of horses across the State were tested for equine influenza to confirm no presence of the disease. The State was declared free of equine influenza on 28 February 2008.

Communication specialists kept horse owners and the general public informed, logistics personnel set about planning the massive operation, and scientists continued to test an increasing number of samples submitted by veterinarians in the field.

The Minister for Primary Industries engaged with the horse industries by establishing a roundtable taskforce involving key industry organisations. Existing emergency networks were activated, with the chief veterinary officers around Australia meeting regularly as part of the Consultative Committee on Emergency Animal Diseases and NSW agencies gathering at the State Emergency Operations Centre.

Horse movements were controlled during the critical first phase of the response and compliance checked at race meetings, camp drafts, agricultural shows, endurance rides and other equestrian events throughout NSW.

Fifty-nine media releases were written and distributed to metropolitan, regional and horse industry media in the first

seven days, resulting in thousands of radio and television interviews with key spokespeople, and many more newspaper articles.

The NSW DPI website became the most comprehensive national information resource on equine influenza while the 1800 helpline assisted those without internet access.

The campaign peaks before a return to normal

As the disease escalated, campaign leaders recognised the changing circumstances and were able to respond rapidly and effectively.

The strategy of containment involved implementing a four-colour zoning system on 21 September 2007. Called the Equine Influenza Protection Plan, it introduced green, amber, red and purple zones across NSW — green – no infection, amber – low, red – high, purple – high, limited movement allowed in amber and red zones.

In the purple zone, quarantines and restrictions on horse movements and events were lifted as the disease was allowed to burn out within containment lines. Horses were on the move in the green zone, which covered about 60 per cent of NSW, as horse owners took advantage of self-issued Travelling Horse Statements.

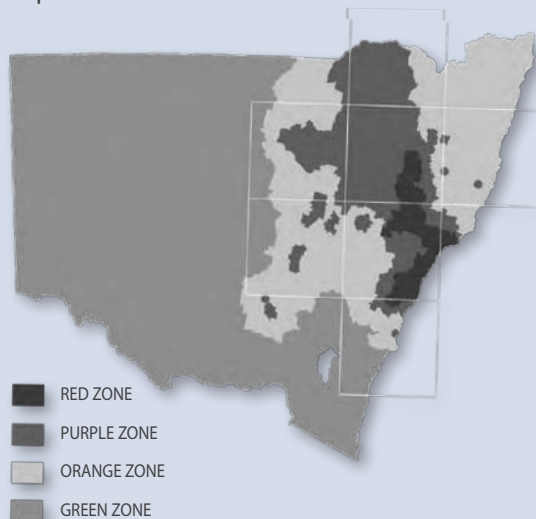
Staff worked tirelessly in the movements section and at rural lands protection board offices, issuing over 12 000 movement permits to horse owners. NSW Police assisted greatly by stopping and checking horse transport vehicles on the roads. Nine decontamination sites were also established for horse vehicles leaving the purple zone.

On 29 September 2007, strategic vaccination against equine influenza was introduced to reduce the spread of infection by creating buffer areas of immune horses. Private and government veterinarians administered over 109 000 doses of the latest genetically-modified vaccine to over 50 000 horses — from children's ponies to thoroughbreds and even zebras at the Western Plains Zoo.

Continued surveillance and testing was necessary into January to confirm areas were disease-free and allow progressive rezoning, which facilitated a return to normal activities for horse owners. Virologists and laboratory staff at NSW DPI's Elizabeth Macarthur Agricultural Institute rose to the occasion, conducting more than 132 000 sample tests — 3 000 a day in the busiest period.

Forty-five zone progression cases were eventually prepared to enable all Restricted Area Orders in the state to be revoked and allow the progressive release of the state from movement restrictions. Mapping experts ensured detailed interactive maps of each change were available on the website and easily accessed by staff responding to callers on the 1800 helpline.

Equine Influenza Protection Plan Zones



Public Information

The changes required wide public communication. During the campaign more than 300 media releases were written and distributed, the NSW DPI website generated up to 8 000 visits a day and, in the first two months, the 1 800 number took an average of 900 calls daily. NSW DPI organised 58 state-wide community meetings attended by 5 663 people and conducted an exhaustive advertising campaign.

A collective contribution to eradication

The response from all parts of the horse sector — recreational and professional, was magnificent and their support was crucial in stamping out the disease.

It was all hands to the pump also for a large section of NSW DPI workforce, who were the backbone of the eradication campaign for the six months of its duration.

Staff from all divisions were directly involved bringing a range of skills and experience. Many honed skills previously used only in training exercises and benefited greatly from exposure to a real emergency animal disease outbreak.

Rural Lands Protection Board staff also contributed significantly to the eradication campaign. Regional veterinarians, rangers and office staff worked from the EI control centres in addition to issuing permits and providing advice to the public from RLPB district offices.

More than 2 000 people in total were deployed, including 385 private vets and staff from rural lands protection boards, NSW Police, Roads and Traffic Authority, State Emergency Service, Rural Fire Service and NSW Health.

More than 150 people in the horse industries, who were affected by the outbreak and had horse experience or good administration skills, also worked as part of equine influenza eradication plan.

On 28 February 2008 eradication of equine influenza was confirmed. Horse events and racing resumed, breeding returned to normal, and yearling sales were held.

Australia declared itself free of equine influenza on 30 June 2008.

Lessons for the future

The successful eradication of equine influenza, while a tremendous feat, still leaves lessons for the future.

NSW DPI launched a full debrief in April to unearth areas for improvement in its response capability. The debrief and an associated independent review suggested a number of improvements, including:

- continuing improvement in information management and supporting technology – integrate the nationally agreed biosecurity database BioSIRT
- optimisation of web-based information exchange with industry and the public – improved client access to biosecurity information
- identification of the significant role of specialist technical and contract services needed to enhance response capability – \$43.25 million upgrade of the laboratory.

When made, these improvements will further enhance the capability of NSW DPI as lead agency in any future campaign to eradicate an emergency animal disease.

With diseases such as avian influenza and foot and mouth disease menacingly close to our shores, it is reassuring to know that NSW DPI has never been better prepared.

Our Services

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Agriculture, Biosecurity and Mine Safety Division

Primary industries' competitiveness increased

Nature and scope of activities

The Agriculture, Biosecurity and Mine Safety Division works with industry and other collaborators to improve the profitability, sustainability and skills of the agriculture and private forestry sectors. The division manages biosecurity risks impacting on primary industries and the environment, responds to emergencies and disasters, and promotes safety in the mining industry.

The division comprises eight branches:

- **Private Forestry and Resources**
- **Intensive Industries Development**
- **Extensive Industries Development & Education**
- **Animal & Plant Biosecurity**
- **Emergencies, Weeds & Pest Animals**
- **Compliance Standards & RLPB Alliance**
- **Animal Welfare**
- **Mine and Forest Safety Performance**

Major outcomes achieved

Strong economic performance of primary industries

Plantation assessment milestone (State Plan P3, P6, E4)

A milestone was reached when the total area of new plantations authorised under the *Plantations and Reafforestation Act 1999* topped 100 000 hectares. The legislation has streamlined the approval process for plantation developers and ensures that best environmental practice is implemented in all authorised plantations.

Since the commencement of the Act in 2001, over 32 000 hectares of remnant vegetation have been conserved and protected. This has significantly boosted the NSW regional economy — investment of around \$450 million in new plantation establishment directly creating between 3 600 and 6 700 jobs and up to 4 600 additional jobs in related sectors.

Rising demand for timber and wood products has also increased market opportunities. In 2007–08 NSW DPI authorised 3 000 hectares of new environmental plantations bringing the total environmental authorisations to 7 000 hectares.

Support for the Brigalow timber industry (State Plan P6)

In addition to providing safety-net assistance to forestry businesses and workers adversely affected by forestry decisions, the NSW Government has assisted businesses remaining in the industry make better use of available resources by upgrading or investing in new technologies, developing new markets, and improving business practices and workplace safety. Over the year, government grants of \$3.4 million supported 20 projects to advance the modernisation of and increase value-adding in the Brigalow timber industry. The grants leveraged a further \$1.7 million in private investment.

Sydney vegetable demonstration block (State Plan P6, E4)

Given the importance of vegetable production in the Sydney Basin, NSW DPI developed a vegetable demonstration block at the University of Western Sydney at Richmond. The block has been designed to demonstrate good agricultural practices, best practice irrigation techniques, soil improvement strategies and correct chemical application procedures. It also allows growers to evaluate a range of vegetable varieties under commercial farming environments. Bilingual officers will ensure that training and demonstrations are available in different languages.



Sydney Basin growers using the UWS vegetable demonstration block to learn more about irrigation and crop performance.

Commercial production of industrial hemp in NSW

(State Plan P1, P6)

Although hemp is a valuable source of high quality fibre and oil, it belongs to the same plant species as marijuana, an illegal crop, and recent tough drug laws have prohibited the growing of all varieties. Consequently, the development of new markets for industrial hemp products has been stifled.

In 2008 NSW DPI worked closely with the NSW Police Force and other agencies to develop a regulatory framework that would allow cultivation and supply of industrial hemp with low levels of the psychoactive agent tetrahydrocannabinol without compromising drug enforcement strategies or increasing the police enforcement burden. Our joint efforts resulted in passage of the *Hemp Industry Act 2008* in June 2008. The Act establishes a comprehensive licensing scheme for the cultivation and supply of industrial hemp that will commence in time for the 2008–09 planting season.

Appropriate access to and wise management of natural resources

Education and extension programs (State Plan P6, P7, E4)

Since the 2003 consolidation of NSW DPI education activities at Yanco and the CB Alexander Campus, Yanco's Murrumbidgee Rural Studies Centre has successfully focused on short courses and adult education under the PROfarm brand name. Overall attendance at PROfarm courses has more than doubled since 2005–06 to reach 8 437 in 2007–08.

NSW DPI developed a new Profarm course, Introduction to Organic Agriculture, for people with little experience in agriculture. The course outlines the principles of organic production systems, potential problems, market opportunities and conversion and certification procedures.

The Aboriginal Rural Training Program coordinated at Yanco continued to grow and content expanded to include governance and property management planning. Under a partnership with the Wiradjuri Community Corporation on business training, NSW DPI held a 'yarn-up' attended by 200 Wiradjuri elders.



Mark Morgan NSW DPI Operational Skills lecturer instructing students from the Trim and Cross-cut Felled Trees course.

A one-day NSW DPI course to inform land managers and their advisors about weather and climate change was delivered to about 240 participants at 20 workshops across the State. Course content included local climatic history, the sources and triggers for moisture, seasonal patterns, and what current climate forecasts mean for agriculture.

A NSW DPI soil health program focusing on irrigated cotton and grain growing areas achieved high approval ratings when delivered across nine catchments in NSW and southern Queensland. The program involved a review of existing extension material, identification of major soil health issues for each catchment and the tailoring of workshops to each of these areas. Eighty-eight per cent of the attendees indicated in evaluations that they gained new knowledge which will improve the sustainability of their farming practices.

A large project between Lachlan Catchment Management Authority and NSW DPI, Drought Lots for Drought Assistance, was completed and demonstrated strong support for incentives linked to training. The project encouraged drought-affected landholders to maintain existing levels of perennial pasture ground cover on their properties. Participants received tailored StockPlan® and drought lot management training plus up to \$10 000 to assist in constructing drought lots. Of the 532 landholders who attended the workshops, 57 per cent received incentive funds.

Best practice (State Plan E4)

NSW DPI worked closely with the Northern Rivers Catchment Management Authority to develop best practice guidelines for banana, blueberry and macadamia growers. The guidelines draw on grower experiences of managing horticultural crops on steep lands and focus on farming practices that minimise on and off-farm impacts from erosion and machinery.

NSW DPI prepared a set of best management practice guidelines for the Australian beekeeping industry. The guidelines, which support conservation principles, cover such practices as respect for heritage, controlling bee swarms, removing rubbish and track use and maintenance.

Monitoring natural resource targets (State Plan P7, E4)

Under the State Plan, NSW DPI is an active partner in the monitoring and evaluation strategy for the 13 state-wide natural resource targets. The strategy will enable catchment management authorities to prioritise their investments and support NSW state of environment reporting.

Tocal College coordinated the development of a capacity-building program to enable authority staff to better utilise this information for planning their natural resource management programs.

Safe, healthy and biosecure industries

Natural disasters (State Plan S8)

NSW DPI responded to floods in the central/north west in December 2007, the north coast in January 2008 and the mid north coast in April 2008. Staff manned emergency operations centres and coordinated the care and disposal of animals. Our information coordination role was also significant. In addition to establishing a flood hotline and website, which farmers used to report damage and obtain information, we organised post-flood workshops covering recovery issues and available assistance.

In other areas of the State, NSW DPI continued to support farmers and rural communities through the worst drought in 100 years. The 2007–08 statistics show that we answered over 930 calls to

the Drought Hotline, processed 18 700 transport subsidy claims to the value of \$19.2 million, and held farm family gatherings attended by more than 25 600 people.

Monitoring techniques for vertebrate pests (State Plan E4)

The Bureau of Rural Sciences and NSW DPI jointly produced a series of publications on monitoring techniques for vertebrate pests. The manuals detail step-by-step techniques for monitoring the abundance of and damage caused by foxes, rabbits, mice, cats, feral goats and pigs and wild dogs. Establishment of monitoring standards will in future allow valid comparisons of pest abundance and damage across Australia.

Green shore crabs (State Plan E4)

The green shore crab is a voracious predator that competes with native species and feeds on native shellfish and other crabs. A NSW DPI-initiated education campaign, which aimed to increase the awareness of oyster and mussel farmers of the pest, led to new discoveries of the crab in a number of south coast estuaries. To gain a better understanding of the distribution, abundance and potential impacts of the green shore crab, we are undertaking ongoing surveillance in several NSW estuaries.

Queensland fruit fly (State Plan S8, P6)

NSW DPI continued to manage Queensland fruit fly outbreaks in the Fruit Fly Exclusion Zone, which encompasses key horticultural production areas in south western NSW.

Queensland fruit fly outbreaks were declared at Barellan, Barooga, Berrigan, Broken Hill, Jerilderie, Rankins Springs, Tocomwal and two sites in Griffith — the outbreaks at Barooga and Griffith having a significant impact on affected growers. We responded rapidly to eradicate all outbreaks according to the Code of Practice for the Management of Queensland Fruit Fly and successfully collaborated with industry to minimise trade disruption to fruit-fly sensitive domestic and international markets.

Together with our Victorian counterpart and key industry stakeholders, NSW DPI formally launched the Queensland Fruit Fly Pest-Free Area in the Sunraysia district, which spans both NSW and Victorian territory. It was a significant collaborative effort that will open access by NSW growers to key Asian markets for a range of horticultural produce.

Invasive species (State Plan E4)

To ensure a consistent approach to invasive species management across the State, NSW DPI completed the NSW Invasive Species Plan, supported state and regional committees, and contributed to national taskforces and working groups, including the Weeds of National Significance taskforces for serrated tussock and aquatic weeds.

We allocated over \$8 million in noxious weeds grants to local control authorities and assisted in the development of regional weed management strategies. Thirty-five notifiable weed outbreaks were reported and controlled during the year.

The highlight of the 2007–08 biological control program was the release of herringbone leaf-mining fly, a new biological control agent for lantana. The fly can cause lantana plants to prematurely defoliate, thereby stunting their growth.

National Livestock Identification System for sheep and goats (State Plan P6, E4)

NSW DPI is leading implementation of the National Livestock Identification System for sheep and goats and this year advised more than 30 000 NSW producers, agents and other industry participants on the requirements for tagging and movement documentation. Sheep Catcher, the national tracing exercise, indicated that implementation was successful and identified areas for improvement in meeting tracing standards.

Training in chemical risk management (State Plan P6, P7)

Arrangements are in place for delivery of our chemical risk management program, SMARTtrain, in all Australian states. The program's security features were enhanced by new identification cards to manage the increasing diversity of training products.

NSW DPI supplied professional development services on managing agricultural chemical risks to other training providers and conducted a program to improve pesticide and associated agricultural management practices by Chinese, Arabic and Cambodian farmers in the Sydney Basin. A total of 327 farmers participated. As part of the program we developed a complete list of all pesticides registered for use on greenhouse tomatoes and cucumbers and another of insecticides registered for Asian vegetables.



NSW DPI provides ongoing SMARTtrain courses to Non English Speaking Background market gardeners in the Sydney basin. Pictured are Arabic greenhouse growers calculating a sprayer calibration exercise.

Exotic diseases (State Plan S8, P6)

The equine influenza outbreak in 2007 prompted proposals for change to some of the agricultural Acts administered by NSW DPI, including the *Exotic Diseases of Animals Act 1991*, and in June 2008 the Exotic Diseases of Animals Amendment Bill passed through Parliament. The Bill's amendments will ensure that management of any future outbreak of an 'emergency animal disease' is consistent with the national government/industry cost sharing agreement on such diseases. By replacing the concept of 'exotic disease' with 'emergency animal disease' and renaming the Act the *Animal Diseases (Emergency Outbreaks) Act 1991*, the amendments also recognise that emergency powers could be required in response to a severe outbreak of a known endemic disease.

Salmonella enteritidis (State Plan P6)

NSW DPI coordinates a joint NSW-Victoria *Salmonella enteritidis* accreditation program which, with the ongoing help of the NSW egg industry, provides assurance that this harmful bacterium is not present in the NSW egg-laying flock. Consumption of raw or undercooked eggs infected with *salmonella enteritidis* can cause illness and even death.

Ovine Johnes disease plan (State Plan P6)

Following exhaustive consultation, the new Ovine Johnes National Management Plan came into effect on 31 March 2008. The plan includes a new nationally agreed sheep health statement to facilitate risk-based trade within and between jurisdictions.

Abalone viral ganglioneuritis (State Plan P6)

Abalone viral ganglioneuritis affects the nervous system of abalone, causing swelling of the mouth and curling of the foot, weakness and eventually death. The disease, which fortunately has no human health implications, has decimated abalone stocks in Victoria.

In an endeavour to protect the NSW abalone stocks from diseases such as abalone viral ganglioneuritis, NSW DPI and the abalone industry developed standard operating procedures for hygiene in commercial harvesting.

While there is no indication that abalone viral ganglioneuritis is present in this state, NSW DPI has commenced action on several fronts, banning the use of abalone gut as bait to minimise the risk of disease transmission within abalone stocks. In addition, we are collecting abalone samples so that we can investigate any prior presence of the disease when the Department of Primary Industries, Victoria and the Australian Animal Health Testing Laboratory complete development of a genetic-based diagnostic tool.

Anthrax (State Plan P1, P6)

Working with rural lands protection boards, NSW DPI successfully handled eight anthrax incidents during the year. We managed the incident in the Hunter Valley over the Christmas/New Year period under intense public scrutiny from, among others, ProMED, a program of the International Society for Infectious Diseases that reports world-wide disease incidents.

The state's capacity to quickly control these incidents, principally through vaccines and carcass burning, protected NSW cattle producers' markets.

Blueberry rust (State Plan P1, P6)

As a result of the detection of blueberry rust (*Pucciniastrum vaccinii*) in NSW in 2002, berries from NSW lost market access to Western Australia. NSW DPI liaised with industry on a pest risk analysis to clearly demonstrate that the risk associated with the fruit pathway could be effectively managed. Due to our combined efforts, entry conditions relating to blueberry rust were changed, allowing NSW blueberries back into Western Australia.

Mining industry safety performance

Against a background of continued growth and high labour demand, the NSW mining industry was again fatality-free in

2007–08, maintaining the downward trend in fatal injuries of the past decade. The statistics for lost time injury and serious bodily injury mirrored the same trend.

Following the introduction of new safety legislation for coal mining and new arrangements for reporting underground gas detection and escape of high-pressure fluid, there was an increase in reports from December 2006. However, the high level of reports decreased over the first full year of reporting as did the number of non-specified incidents which result in a notifiable injury or outcome, such as hospitalisation, loss of consciousness or seven days off work.

In the non-coal sector, dangerous incidents and serious injuries also decreased sharply on the previous year for both metalliferous and extractive mines.

Mine Safety Levy

The Mine Safety Levy, which funds NSW DPI's mine safety regulatory functions, was set at \$21.07 million for 2008–09. The levy reflects the costs associated with regulating mine safety in NSW and implementing the Digging Deeper Action Plan. It is based on the wages of employees in the mining and extractive industries and collected through WorkCover NSW and Coal Mines Insurance Pty Limited.

NSW mining industry safety performance statistics

	2005–06	2006–07	2007–08 ¹
Fatalities	0	2	0
Serious bodily injuries (coal) ²	35	32	28
Serious injuries (non-coal)	18	27	10
Lost time injury frequency rate (per million hours worked)	12.49	13.16	12.56
Notifiable incidents (coal) ³ which now include such things as: - underground gas detection - escape of fluid under pressure	273	128 858	880 840
		270 235	369 196
Annual total	273	986	1 720
Non-specific incidents resulting in a notifiable injury or outcome ⁴ (coal)	27	17 208	230 236
Annual total	27	225	466
Dangerous occurrences (coal)	22	12 n/a	n/a
Dangerous incidents (non-coal)	111	83	57
Non-specific incidents resulting in a notifiable injury or (non-coal)	9	24	6

The table reflects the commencement on 23 December 2006 of new Coal legislation
Coal – Before 23-12-2006 - CMRA 1982, CMUGR 1999, CMOCR 1999, CMGMR 1999.
From 23-12-2006 – CMHSA 2002 and CMHSR 2006.

Non-Coal: MIA 1901, MIGR 2000 (To be superseded from 1 September 2008.)

Notes:

1. 2007–08 workforce and injury data is preliminary and subject to change.
2. Former serious bodily injury coding is comparable to notifiable nature of injury under CMHSR 2006.
3. New Coal incident notifications are shown here in half-year groups in order to see early trends.
4. CMHSR 2006 now requires notification of loss of consciousness, hospital admission, entrapment of a person and lost time or restricted duty of seven days due to injury or illness.

Mine Safety Advisory Council

The revitalised Mine Safety Advisory Council oversaw the implementation of strategies to address important Wran Mine Safety Review recommendations through the Digging Deeper Project and the Mining Industry Health Working Party.

The council developed an action plan to address the findings of the Digging Deeper Project, which examined important issues such as fatigue and hours of work, the apparent disconnect between occupational health and safety (OHS) systems and the workforce, production bonuses and safety incentive schemes. These issues will be addressed under the action plan by education and assistance programs to mine sites.

Meanwhile the Mining Industry Health Working Party identified that, over the coming years, the mining industry should focus on contemporary health issues such as musculoskeletal disorders, noise, hazardous substances and psychological stressors. To assist industry in meeting its obligation to health promotion, the working party prepared a draft health risk management plan for industry comment.

Mine safety legislation (State Plan P3.)

2007–08 saw the implementation of major reforms to the legislative framework governing workplace health and safety including:

- gazettal of the extension of the Occupational Health and Safety Regulation 2001 to mining and coal workplaces, which will apply from 1 September 2008
- the Coal Mine Health and Safety Regulation 2006
- gazettal of the *Mine Health and Safety Act 2004* and Mine Health and Safety Regulation 2007, which will apply from 1 September 2008.

The reforms, which NSW DPI explained to industry through a comprehensive, state-wide education program, will lead to a modern 'general duty of care' philosophy for mine safety consistent with the *Occupational Health and Safety Act 2000*. In the interest of consistent and seamless implementation, NSW DPI and WorkCover NSW signed a landmark memorandum of understanding that will underpin cooperation between the two agencies

National mine safety framework (State Plan P3)

NSW is participating in the development of a national mine safety framework. The aim is to reduce the regulatory burden on business and support the mining industry goal of zero harm in the workplace through a nationally consistent mine safety regime.

Mining accident/incident investigation

NSW DPI uses both proactive and reactive measures to improve mine safety. Where death or serious injury occurs, we conduct detailed investigations that produce recommendations for safety improvement and enable consideration of legal proceedings where warranted.

In 2007–08 there were five serious and fatal accident investigations completed while proceedings were commenced on a number of previously concluded investigations. The following table shows the performance statistics for the year along with statistics for the two previous years.

Accident/incident investigation statistics

Performance statistics	2005–06	2006–07	2007–08
Investigations commenced	5	8	5
Investigations completed	5	7	5
Investigations in field stage at the end of year	4	3	3
Investigation reports submitted to the Coroner	1	1	2
Coronial inquests commenced	1	0	0
Prosecutions commenced	11	12	11
Successful prosecutions	3	7	9
Unsuccessful prosecutions	0	0	1

Mining competency standards

Working groups were established under the Coal Competence Board to make recommendations to the Minister for Primary Industries on:

- the competency standards of people working in the mining industry
- maintenance of competence
- quality standards and guidelines for registered training organisations.

Strong voice for primary industries

Cooperative relationships (State Plan S8, P1, P6)

NSW DPI again worked closely with rural lands protection boards in reducing the impact of pest animals and monitoring livestock diseases. The importance of this partnership was highlighted during the equine influenza outbreak when board staff were an invaluable resource at both local and state levels.

A comprehensive review of the rural lands protection board system was conducted following a review of the rating system earlier in the year.

The 2007–08 NSW DPI contribution to the boards totalled over \$1.85 million. It comprised:

- \$618 000 for administration of the State Council of Rural Lands Protection Boards
- \$460 000 for a centralised payroll system
- \$70 000 for travelling stock reserves
- \$60 000 for wild dog control
- around \$650 000 for drought claims processing.

Rural land use planning (State Plan P6)

Climate change has increased the imperative to retain the most reliable agricultural lands for commercial production in the face of growing demand for new residential land. NSW DPI helped councils to implement planning reforms developed by the NSW Department of Planning and continued to advocate agricultural land retention and avoidance of land use conflicts. In partnership with Southern Cross University, we completed the north coast land use conflict project and published *Living and Working in Rural Areas: A handbook for managing land use conflict issues on the NSW North Coast*.

Excellence in people, innovation and service delivery

Support for rural communities (State Plan S8)

Due to the ongoing drought, there was continuing demand for NSW DPI drought support activities such as farm family gatherings and similar social events to strengthen community networks and provide access to information and services. Such is the success of the support program that our drought support workers were called on to organise similar activities in areas affected by floods and equine influenza.

Assistance for egg producers

National legislation introduced in 2008 makes it mandatory for laying hens to be housed in larger cages and requires egg producers to make a significant capital investment to remain in the industry. The legislation mandates earlier decisions by the Agricultural and Resource Management Council of Australia and New Zealand made in response to broad-based community concern on the welfare of laying hens.

To support introduction of the legislation, NSW DPI developed a decision support tool, Egg Invest, which allows producers to view the costs and returns from investment in the new cages. We also conducted seminars to educate egg producers on non-cage egg production, such as free-range and barn systems.

Staff training

Women's forums were held in each region to support the NSW DPI Women's Employment Strategy and drew a positive response from participants.

Staff from the Murrumbidgee Rural Studies Centre conducted a pilot skills recognition program for Certificate IV in Business Administration. The pilot will be used to identify the benefits of offering skills recognition as a routine component of the NSW DPI staff training program.

Animal welfare

At the end of the public consultation phase, industry and community stakeholders commented on the draft standards for managing captive carnivorous aquatic animals such as seals, the temporary removal of animals from licensed premises, and mobile animal facilities. The proposed standards are breaking new ground and will improve the welfare of exhibited animals.

The evidence-based Guidelines for the Housing of Rats in Scientific Institutions developed by NSW DPI were endorsed by the Animal Research Review Panel. At international level the guidelines are being used as a discussion document by the working group examining harmonisation of standards for the use of animals in science.

Significant issues

Equine influenza (State Plan S8, P6)

The fight against equine influenza, which occupied much of the division's time and resources in 2007–08, is the subject of a major case study earlier in this report.

Pesticide safety reviews (State Plan E4)

The Australian Pesticides and Veterinary Medicines Authority is reviewing the safety of older chemicals against contemporary standards for environmental protection, consumer health and worker safety.

NSW DPI worked closely with industry bodies to supply the authority with reliable scientific information on the current use of chemicals under review and to develop alternative use strategies that could reduce the risks of employing these chemicals. We assisted in reviews of diazinon, a lice control chemical for sheep; 1080, an important vertebrate pest poison used for the control of rabbits, foxes and wild dogs; and atrazine, a herbicide used extensively for weed control.

Future directions

Our priorities for the next financial year include:

- developing and rolling out an extension strategy for climate change
- progressing initiatives to improve mine safety, including establishment of a mine safety assistance unit
- working with the rural lands protection boards to implement reforms
- developing and implementing a private native forestry assistance package
- implementing a biosecurity enhancement program, including a \$43 million upgrade to the Elizabeth Macarthur Agricultural Institute
- improving NSW DPI's information and safety management systems for biosecurity and emergencies
- implementing the Invasive Species Plan and the Weed Risk Management System for NSW
- providing information to help woolgrowers phase out mulesing by the end of 201.

Divisional performance

Service measures	Units	2005-06	2006-07	2007-08
Farmers attending PROfarm training activities	no.	4 106	5 760	8 437
Biosecurity plans with NSW DPI contribution	no.	227	234	200
People accredited in emergency response preparedness	no.	340	328	507
Attendance at mining industry health and safety workshop seminars	no.	2 650	4 101	4 200
Compliance with animal research and exhibited animals regulations	%	87	90	90



Case study: **Drought management package proves a winner**

Graziers will be better equipped to handle drought conditions and take care of the environment thanks to a collaborative drought management package put together by NSW DPI, all inland catchment management authorities and landholders.

The package includes an incentive of up to \$10 000 per landholder from the authorities for building stock containment areas or improving farm water supply. Eligibility for incentive funding is tied to attendance at two of four NSW DPI PROfarm courses – the rationale being training will raise graziers' awareness of the issues surrounding drought risk management and enable them to make optimum use of the funds.

The courses, each tailored to the needs of the region where it is delivered, are:

- StockPlan®, a drought strategy which takes into account feeding and stocking, animal welfare, financial risk and family health
- Farm Water Supply and Climate Risk, which enables graziers to calculate how much water they have and how much water they need over drought periods
- Managing Land Capability, Groundcover and Soil Erosion, which teaches graziers how to assess the ability of their farm to support livestock during drought
- Drought Recovery Strategies and Drought Planning, which looks at land management and stock rebuilding after a drought and how to plan for a drought.

During 2007–08 NSW DPI trained over 720 landholders in connection with the drought management package. Our educators, who include livestock officers, district agronomists and salinity advisory officers, also assisted landholders to achieve their goals for reducing soil erosion, increasing the proportion of perennial plants and improving water use.

Evaluation shows that the courses were successful, with around 90 per cent of participants indicating that they have made or intend to make the recommended changes.

Development of the package shows how effectively NSW DPI is working with catchment management authorities and landholders to achieve positive environmental outcomes.



Fisheries, Compliance and Regional Relations Division

Sustainable use of our fisheries resources

Nature and scope of activities

Fisheries, Compliance and Regional Relations Division manages the development and sustainability of the state's fisheries resources and the aquaculture industry, and conserves aquatic biodiversity. The division ensures compliance with legislation, and fosters strong relationships with regional organisations.

The division has four branches:

- Compliance Operations Agriculture and Fisheries
- Fisheries Conservation and Aquaculture (incl. CAU)
- Wild Harvest Fisheries
- Regional Directors

Major outcomes achieved

Appropriate access to and wise management of natural resources

Fish hatchery accreditation (State Plan S8, P6, E8)

NSW DPI is accrediting Murray cod, golden perch and Australian bass hatcheries under a hatchery quality assurance scheme which addresses genetic diversity, health management and translocation. Accreditation under the scheme is mandatory for hatcheries wishing to stock fish in NSW waterways. Departmental hatcheries must also comply with the scheme's standards. Compliance to date has been extremely high, helping to ensure high quality fingerlings for waterways and the aquaculture industry.

Marine stocking of prawns and mulloway (State Plan P6, E4, E8)

A series of marine fish stockings were undertaken in 2007–08 to enhance recreational fishing opportunities. Over 70 000 mulloway fingerlings were stocked in Botany Bay and three North Coast estuaries while nearly five million prawn juveniles were stocked in Wallagoot and Back lakes on the far south coast. The stockings were part of a broader study with the University of NSW to investigate the effectiveness of stockings and identify any ecological issues.

Both the stocked juvenile prawns and mulloway showed good survival rates, the former reaching weights of up to 60 grams.

The stocking program has widespread support from recreational fishers who recognise it as a positive step toward better recreational fishing but understand that stocking must be done responsibly.

Aquatic habitat rehabilitation (State Plan E4)

Externally funded projects opened up an additional 500 kilometres of waterways for fish passage. Improvements in fish habitat included:

- reinstatement of nearly 1 400 snags
- rehabilitation of 230 hectares of wetlands
- rehabilitation of 60 kilometres of riparian vegetation along the banks of the Tumut, Balonne, Namoi, Castlereagh and Darling rivers.



NSW DPI Albury-based conservation manager, Martin Casey, supervises snagging operation on the Murray River.

Workshops informed local government and other stakeholders of the impacts of road crossings on environmental flows, water quality and fish passage and highlighted methods to remediate road crossings. Many participants commented that they had previously been unaware of the issues and their legislative obligations — feedback that confirms the value of the workshops in educating key planners and decision-makers across government.

Aquatic habitat protection (State Plan E4)

NSW DPI is responsible for conducting environmental assessments of any developments or activities affecting fish habitat and threatened fish or marine vegetation listed under the *Fisheries Management Act 1994*. In 2007–08 we gave conditional approvals to over 530 developments.

In connection with our work with local government to improve aquatic habitat protection under local environmental plans, NSW DPI produced key fish habitat digital maps for 70 per cent of local government areas. We will complete maps for the remaining areas by December 2008.

Grey nurse shark (State Plan E4)

New arrangements commenced to protect grey nurse sharks, an endangered species, at Manta Arch (South Solitary Island) and The Steps/Anemone Bay (North Solitary Island).

In summary, spinning, trolling and lead lining can continue at the sites, although conditions apply, but all other ocean trap and line fishing methods are prohibited. The closures in place at Fish Rock/Green Island (South West Rocks) and Magic Point (Maroubra) were amended to reflect these changes.

Revised recreational fishing regulations (State Plan E4, E8)

Regulation of recreational fishing ensures healthy and sustainable fisheries for future generations. Minimum legal lengths allow fish to reach maturity and complete their breeding cycle while bag limits help to give everyone a chance to catch a good fish and protect species from over-fishing.

After extensive consultation with the NSW fishing community about modified size limits, bag limits and fishing methods, NSW DPI introduced a number of changes to recreational fishing rules in September 2007. A summary of the new rules is available at www.dpi.nsw.gov.au/fisheries/recreational/summary and most tackle shops.

New share management fisheries (State Plan P1, P6)

Share management has been successfully implemented for all major commercial fisheries – ocean trap and line, ocean haul, ocean trawl, estuary general and estuary prawn trawl. The scheme secures access rights for fishers, provides operators with business flexibility and enables NSW DPI to address industry concerns.

Over 350 share transfers with reported values of \$7.4 million were completed to 30 June 2008. The level of trading shows that fishing operators appreciated gaining the flexibility to adjust their businesses by either acquiring or disposing of share classes or building up their shareholdings.

Marine park buyouts (State Plan E4, E8)

NSW DPI managed the successful buyout of commercial fishing licences following the finalisation of zoning plans for two new parks — the Port Stephens-Great Lakes Marine Park and Batemans Marine Park. The voluntary buyout program, for which the NSW Government allocated \$20.7 million, compensates operators for the reduction in areas accessible for commercial fishing in the parks.

Taking advantage of the buyout, 76 fishing operators surrendered all entitlements associated with their businesses while lobster and abalone shareholders surrendered 300 and 200 shares respectively. A further 23 fishing businesses were removed from the NSW commercial fishery when agreement was reached with the owners, who also had access to certain Commonwealth fisheries, to surrender their NSW entitlements.

Environmental assessments and shark conservation

(State Plan E4)

Together with the NSW departments of Planning and of Environment and Climate Change, NSW DPI is completing the environmental assessment for the NSW Shark Meshing (Bather Protection) Program. We are also developing a joint agreement with these departments to manage and, where possible, mitigate any potential impacts of shark meshing on threatened species listed by either the *Fisheries Management Act 1994* or the *Threatened Species Conservation Act 1995*.

NSW DPI continues to meet national and international commitments in shark conservation and management through implementing the National Plan of Action for the Conservation and Management of Sharks (Shark-plan) and relevant actions within the operational plans for the sustainable use of shark resources. We represent NSW at both the National Shark Recovery Group and the Shark-plan Implementation and Review Committee.

Threatened species (State Plan E4)

NSW DPI developed and publicly exhibited the draft *Priorities Action Statement*, which is required by the 2004 threatened species legislation reforms. The draft statement identifies strategies to recover threatened species, populations and ecological communities and to abate key threatening processes listed under the *Fisheries Management Act 1994*. The final statement will be reviewed every three years with review entailing a report by the Director-General on achievement of the identified strategies.

We finalised the recovery plan for the river snail (*Notopala sublineata*) and the threat abatement plan for removal of large woody debris. Drafting of recovery plans for black cod (*Epinephelus daemeli*) and Macquarie perch (*Macquaria australasica*) progressed. Both plans will incorporate a risk management framework based on the framework used in NSW DPI's commercial fisheries management strategies — a first in recovery planning.

In January 2008 NSW DPI assessed the impact of the ongoing drought in the Murray Darling Basin on several listed threatened fish species. Of the 18 sites assessed, most were found to be at low risk and without urgent need for immediate intervention but four sites in the Murray and Murrumbidgee catchments were

identified as high-risk, warranting ongoing monitoring.

Best practice for sustainable grazing (State Plan P6, E4)

NSW DPI, through the Catchment Action Unit (CAU) is working with graziers to develop guidelines for best practice sustainable grazing and engaging directly with them through workshops and field days. This year we worked with more than 2 500 farmers in the Sydney and Hawkesbury-Nepean catchment areas on more effective management of stock, pastures, soils and water. Collectively these farmers are responsible for approximately 2.2 million hectares of coastal floodplains, wetlands, water catchments and increasingly climate-affected inland areas.

The Stockplan, PROGRAZE, Landscan, Paddock Plant ID, Farmers Guide to Climate Risk and Managing Pastures for Horses workshops were delivered in the Sydney, Hawkesbury-Nepean and Hunter-Central Rivers areas. Best management practice incentives linked to completion of the workshops led to increased fencing for stock exclusion from waterways, stock containment areas to protect groundcover in times of drought, and improved stock management.

Fisheries compliance (State Plan E4)

Compliance officers undertook a range of activities in 2007–08 in cooperation with other state and federal agencies including Police, Customs, NSW Maritime, NSW Marine Parks Authority, and the NSW Department of Water and Energy.

Due to extensive day and night patrols, intelligence gathering, covert operations and regular compliance actions:

- over 2 000 penalty notices were issued relating to fisheries offences
- over 3 300 items including vehicles, vessels, traps, nets and fishing gear were seized
- over 450 cases were prosecuted. Of the prosecutions, around 93 per cent were successful, a figure similar to 2006–07.

Compliance results included:

- seizure of over 9 900 abalone, which led to a large number of prosecutions
- seizure of more than 930 eastern rock lobsters during a targeted operation on the mid north coast
- seizure of over 80 crab traps on the far north coast
- detection of 39 illegal fishers in a four-month operation enforcing a ban on night fishing around power stations on Lake Macquarie and Tuggerah Lake
- the fining of a Bermagui man more than \$18 000 for organising an unauthorised commercial charter fishing trip
- a fine of more than \$12 000 for two Ulladulla men found in possession of almost 4 000 cockles, all of which were returned to the water.

With fisheries officers undertaking regular patrols, any individual that commits a serious illegal fishing offence should expect to be caught and receive a prison sentence of up to two years or a community service order; individuals may also receive a fine of up to \$22 000. During 2007–08 one individual received a two month prison sentence, while another individual was sentenced to over 150 hours of community service for two offences; a number of other matters remain before the courts. These

sentences, along with the penalty infringement notices, written and verbal cautions, create an effective deterrent to illegal activity. Further information on compliance appears in the case study at the end of this chapter.

Safe, healthy and biosecure industries

Equine influenza (State Plan P6)

As detailed in the equine influenza case study earlier in this report, control of horse movements was important in the first phase of the emergency response. NSW DPI regulatory officers subsequently checked compliance with horse movement controls at race meetings, camp drafts, agricultural shows, endurance rides and other equestrian events throughout NSW. From April to the end of June, regulatory officers attended over 30 events and contacted more than 600 event organisers to follow up on reporting discrepancies.

Tick control (State Plan P6, E4)

After almost 90 years of operation, the Board of Tick Control was replaced by a ministerial advisory committee with members appointed from the beef and dairy industries, rural lands protection boards and NSW Farmers Association.

Bordercam — an electronic surveillance system, was commissioned at seven border crossings between Queensland and NSW, replacing six manned crossing sites and providing upgraded electronic surveillance technology at a seventh crossing. Bordercam provides continuous crossing surveillance and effectively monitors high-risk livestock movements into NSW.

Over 70 new cattle tick infestations were detected in 2007–08. All new infested properties were quarantined and placed on compulsory treatment programs to eradicate cattle tick.

Following confirmation of an outbreak of tick fever at Burringbar, NSW DPI took quick action to quarantine all affected properties. All at-risk stock were examined and given appropriate treatments to eradicate cattle tick and control the symptoms of tick fever. Only 13 cattle on two properties died during the outbreak.

Fruit fly (State Plan S8, P6)

The majority of the production zones in the fruit fly exclusion zone, including Leeton and Hillston, retained area freedom for fruit flies for 2007–08. Area freedom was re-established for Narrandera in 2007–08. Unfortunately a late season outbreak of fruit flies affected some producers in the Griffith area.

Random vehicle stops and inspections of over 4 000 vehicles over 29 days resulted in 244 travellers receiving infringement notices for illegally introducing fruit into the fruit fly exclusion zone. Travellers carrying infested fruit are thought to be the principal source of new infestations of Queensland fruit fly in the zone.

Bellinger River oysters (State Plan P6)

The NSW Food Authority reopened the Bellinger River to oyster harvesting after an 18-month closure due to coliform pollution. Reopening followed joint programs by NSW DPI, industry and local government to address the sources of the problem and investment funding of over \$100 000 to assist land owners in ongoing pollution reduction.

Industry water needs (State Plan P6)

NSW DPI played a pivotal role in work with the NSW Department of Water and Energy and critical water advisory groups to determine the essential water needs of primary industry producers, particularly those in southern NSW. Our advice assisted the department in making direct water allocations to priority areas and helped minimise the extreme impacts of long-term drought on individuals and rural communities.

Excellence in people, innovation and service delivery

Fish-friendly farms

The achievements of the innovative Fish Friendly Farms program were recognised with the naming of the program as a finalist in the national 2008 Banksia Awards. The program encourages farmers to build and preserve native fish populations through actions such as leaving snags in streams, growing native vegetation on stream banks and controlling agricultural run-off. Banksia award winners will be announced in July 2008.

Helping farmers achieve healthy soils (State Plan E4)

NSW DPI, through the CAU, manages a number of externally funded projects that focus on improving landholder understanding of soil health and this year trialled new training methods — with great success. The training equips landholders to make informed decisions about implementation of cropping practices that improve soil sustainability, fertiliser application and grazing strategies that maintain or improve soil health.



Leader Volunteer Bob Audsley demonstrates casting techniques to young anglers at a Cronulla Fishing Workshop

Fisheries information and education (State Plan S8, P6, E4, E8)

In 2007–08 NSW DPI answered approximately 20 000 phone calls on our 1300 550 474 number and 3 000 emails on the information-advisory@dpi.nsw.gov.au email address — the central contact points for information and feedback on NSW fishery management issues. Enquiries covered the recreational fishing fee and recreational fishing rules, marine parks, commercial fishing, aquaculture and fisheries conservation.

The successful Fishcare Volunteer program continued during the year with our 327 volunteers speaking to around 233 340 anglers across the state and introducing close to 2 000 children to the joy of fishing. Around 7 to 10 per cent of volunteers are from non-English speaking backgrounds.

Streamlined approvals for aquaculture developments

(State Plan P1, P6)

Under the State Environmental Planning Policy, NSW DPI is working to develop sustainable aquaculture strategies for oyster and land-based aquaculture. The aim is to simplify approvals for aquaculture investors and detail best management practice.

Now implemented, the NSW Oyster Industry Sustainable Aquaculture Strategy is streamlining assessment of developments that may affect water quality in oyster-producing estuaries. When finalised, consolidation of existing land-based aquaculture strategies into a single document will reduce assessment requirements for proposed farms with a low environmental risk.

Significant Issues

Exceptional Circumstances declaration for drought areas

(State Plan S8, P6)

In conjunction with rural lands protection boards and the NSW Farmers Association, NSW DPI held on-farm meetings with producers to examine how the drought affected a wide diversity of production systems across NSW. The assessments formed the basis of Exceptional Circumstances reviews by the Australian Government and resulted in continued financial assistance to communities in need.

Pacific oysters (State Plan P6, E4)

Following representations from the oyster industry, NSW DPI developed a draft Pacific oyster management plan for the Wagonga Inlet and Clyde River, where large numbers of noxious feral Pacific oysters have been detected. The plan considers best management practice, options to remove Pacific oysters from unleased land, and compliance requirements. Both estuaries subsequently adopted management plans. We also worked with industry and volunteers in both estuaries on control works to remove Pacific oysters.

Pacific oysters are not native to NSW and are listed as a noxious species under the *Fisheries Management Act 1994*, in all locations except Port Stephens.

Future directions

In 2008–09 the division will:

- work with the state's Commercial Fishing Industry to secure environmental sustainability and economic viability into the future. A structural adjustment program that will link shares and access as well as dealing with latent effort will be established.
- carry out a review of input controls currently applying to commercial fishing operations in an effort to increase productivity without compromising environmental management measures.
- continued improvement of recreational fishing opportunities through the expansion of the artificial reefs
- rollout of the Get Hooked primary schools education program to over 250 schools across NSW, which will introduce an estimated 20 000 children to safe, responsible and sustainable fishing.
- implement the approved provisions of the Palmer report on 'Illegal Fishing for Commercial Gain or Profit in NSW' that includes a significant increase in penalties for illegal fishing
- finalise the environmental assessment and implementation of two joint management agreements for ongoing management of the NSW Shark Meshing (Bather Protection) Program.
- finalise and implement the Priorities Action Statement, which sets out strategies for promoting the recovery of each threatened species, populations and ecological communities and managing each key threatening process listed under the *Fisheries Management Act 1994*.
- investigate the opportunities for offshore fin fish farming along the NSW coastline
- improve the 'Emergency Ready' capacity of NSW DPI in the regions by creating and training back up response teams.
- gather regional intelligence to inform NSW DPI policy and programs and promote external stakeholder understanding of our commitments under the regional delivery component of the *State Plan*.

Divisional performance

Service Measures	Units	2005-06	2006-07	2007-08
Native fish stocked	mill	2.3	2.3	2.5
Habitat restoration sites	no	280	122	155
Areas of submerged lands leased	ha	4 192	3 895	3 850
Aquatic species protected	no	29	32	34
Prosecutions (fisheries)	no	525	359	400
Self Enforcing Infringement Notice Scheme notices (fisheries)	no	2 288	2 352	2 600



Case study: Compliance action promotes quality inland recreational fishing

With the ongoing drought making inland fish stock even more vulnerable, the need for compliance with recreational fishing regulations becomes even more important. As a result Fisheries officers in the state's south west, which is popular with NSW and Victorian fishers alike, have been actively focused on the dual strategies of encouraging voluntary compliance and deterring illegal activity.

To maximise voluntary compliance, they attended a range of relevant events, including the Melbourne Fishing Expo, to give out information and educate the fishing public. Brochures and sticky rulers funded by the Recreational Fishing Trust were distributed to fishers and the officers spoke personally to thousands of people about the fishing rules that apply in NSW.

To complement these efforts, the officers conducted eight major operations in the past year in south western NSW. The operations targeted peak periods of fishing activity and specific compliance issues along the Murray River between Albury to Mildura and along the Murrumbidgee River from Wagga Wagga to Balranald.

During these operations, fisheries officers checked over 3 100 fishers. Of these, 360 fishers (— or about 11.5 per cent), were not complying with one or more fishing rules. The more serious offenders are being prosecuted in court, while many more have received one or more penalty infringement notices.

In addition, the officers seized over 100 yabby traps, 100 set lines and 20 fish traps, and over 650 yabbies and almost 200 fish, including protected species, undersized and/or illegally caught fish.

As inland fish stocks can also be affected by damage to fish habitats, DPI uses specialist fisheries conservation officers to detect illegal habitat damage.

In 2007–08, fisheries conservation officers met with landowners, local government authorities, construction companies and other groups to manage the impact of private and public works on fish habitats. When illegal damage was detected, offenders were either cautioned, issued with infringement notices or prosecuted, depending on the scale of the offence. A key issue in each case, however, has been remediation of the damage wherever possible - and this has resulted in a number of remediation orders being put in place.



Mineral Resources Division

Metallic and industrial mineral production valued at \$3.6 billion

Nature and scope of activities

The Mineral Resources Division leads the stewardship of the State's mineral resources to facilitate profitable and sustainable development, effective environmental management and safe and responsible mining.

The division comprises five branches: — **Mineral Resources Development.**
— **Environmental Sustainability**
— **Development Coordination**
— **Geological Survey of NSW**
— **Mine Safety Operations**

Major outcomes achieved

Strong economic performance of primary industries

Continued strong production and royalties (State Plan P1, P6)

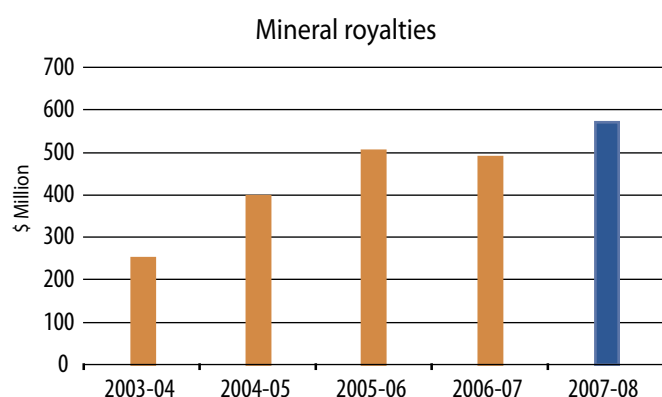
The combined value of NSW mineral production in 2007–08 was estimated at over \$14 billion.

Coal, with an estimated value of over \$10 billion, accounted for around 70 per cent of the total, reflecting the continuing coal boom. Strong global demand (especially from Asia), disruptions to Chinese exports, and supply shortages from key producing nations all helped to maintain high export prices for both thermal and metallurgical coal.

The value of metallic and industrial mineral production was estimated at about \$3.6 billion.

NSW royalty figures for 2007–08 eclipsed those of the previous year, principally as a result of higher coal prices. The net royalty collection was around \$573.57 million, an increase of 17 per cent on 2006–07. At \$494.39 million, coal royalty collection was up by 20 per cent and non-coal royalties increased slightly to \$79.17 million.

The graph below shows the value of mineral royalties over the period 2003–04 to 2007–08.



New development (State Plan P1, P6)

In 2007–08 the NSW Government approved a number of new coal and other mineral projects along with extensions to existing mines, including:

- the \$405 million Moolarben coal mine near Ulan in the Western Coalfield. At full production the mine is expected to create up to 320 full-time jobs
- the \$140 million stage one of the Narrabri North coal mine in the Gunnedah Coalfield
- the \$35 million Belmont coal mine (recently renamed Rocglen), also in the Gunnedah Coalfield
- the \$105 million Snapper mineral sands project in the Murray Basin.
- extensions to the Bengalla, Bulga, Drayton, Invincible, Liddell, Mt Arthur and Mt Owen (Glendell extension) coal mines.

At the end of the reporting period, there were over 40 proposals on hand for coal and mineral projects and mine extensions

for the next decade. If all were to proceed, the cumulative investment in NSW would exceed \$7 billion and more than 5 000 jobs would be directly generated.

Titles (State Plan P1, P6, S8)

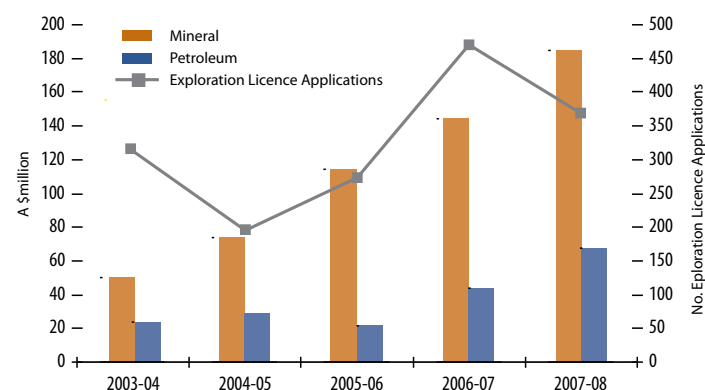
NSW DPI processed 383 exploration licence applications and 281 renewal applications in 2007–08. In addition, thirteen new mining leases were offered and thirty two renewed. There were 3 813 dealings processed for exploration and mining titles over the year. Of these, over 95 per cent were completed within the targeted timeframe.

The booming exploration industry (State Plan P1, P6)

A booming global minerals market and high energy prices, together with strong government support for exploration investment, drove private sector mineral exploration expenditure to record levels. At the end of the financial year, NSW was on track for an exploration spend of about \$190 million, a 30 per cent increase over 2006–07. When forecast expenditure of more than \$45 million on petroleum is added, total expenditure on exploration for the year comes to over \$235 million.

The record exploration expenditure on petroleum was spread across 38 exploration licences, 11 special prospecting authorities, five production leases and one assessment lease. The majority of exploration and development activities are focused on coal seam methane within the three major coal basins: Sydney-Gunnedah, Gloucester and Clarence-Moreton.

Private Mineral Exploration Expenditure in New South Wales



New frontiers (State Plan P1, P6)

The second year of the NSW Government's two-year, \$8 million New Frontiers enhancement program was completed with project work continuing to focus on the under-explored regions of NSW.

The initiative stimulated considerable mineral and petroleum exploration and in particular 'kick-started' greenfields exploration in the NSW part of the Thomson Orogen. Major gravity and deep crustal seismic surveys were completed that substantially improved the understanding of the mineral potential of these regions and thus increase confidence in exploring these challenging terrains.

To ensure the state remains competitive in the global market for exploration investment, the NSW Government recently announced a three year extension to New Frontiers, a

\$16.5 million enhancement program that will build on the earlier success of the initiative.

Increasing competitive advantage (State Plan S8)

Progress was made under the new Minerals Business and Technology Program. Initiated by NSW DPI to increase the competitive advantage of the mineral resources sector, the program focuses on streamlining our internal business processes and systems for managing exploration and mining.

We began by identifying key functional areas, processes and business requirements and then developed a framework for major service delivery enhancements. An expression of interest for delivering business and technology solutions was issued with the aim of going out to tender in 2009–10.

We also convened industry workshops to identify potential short-term service delivery improvements and, in related activities, developed a process documentation tool that can be used across NSW DPI.

Industry information and resources (State Plan P1, P6, S8)

In 2007–08 the mining and exploration industry enjoyed access to a wealth of online information through the NSW DPI website.

Due to the strong increase in exploration activity, the number of exploration reports submitted to our online DIGS database grew significantly. In addition to new exploration reports, some 20 000 legacy maps and other historical documents were scanned for indexing into DIGS.

Exploration companies and researchers also benefited from a major upgrade of the MinView online spatial information service, which included a powerful new user interface and interactive services, and the release of new online maps and other material by the Geological Survey.

Preparations began for installation of the CSIRO's Hylogger II hyperspectral drill core scanning system at our Londonderry facility, now housing both the core library and the specialist geological services units of the Geological Survey. To reflect the new role and honour the father of Australian geoscience, we renamed the facility the W B Clarke Geoscience Centre.

Promotion (State Plan P1, P6)

NSW DPI actively promoted mineral and petroleum investment opportunities in NSW at international industry events such as the Prospectors and Developers Association of Canada Convention in Toronto, the China Mining Conference in Beijing, and a meeting with the Japan Oil, Gas and Metals National Corporation in Tokyo.



John Watkins (left manager regional mapping and exploration geoscience) with Phillip Bruce, managing director of Hill End Gold Limited, on the Australian stand at PDAC, Toronto Canada 2008.

Appropriate access to and wise management of natural resources

Land use planning (State Plan P6)

NSW DPI continued to participate in strategic land use studies covering local government areas across NSW. Resource audit mapping commenced during 2008 and will provide information on known and potential mineral, energy and construction material resources to every local government area in NSW — data that will inform preparation of local environmental plans by all councils in the coming years.

We will also supply resource maps to the NSW Department of Planning for use with the Mining Petroleum Production and Extractive Industry State Environmental Planning Policy. The policy, which protects resources land from inappropriate development, requires all development applications to consider the impacts on or from nearby mines, quarries or known resource areas.

NSW DPI undertook the first five-year review of state conservation areas in collaboration with the NSW Department of Environment and Climate Change. The review assessed the mineral prospectivity of all 127 areas in NSW in order to determine whether any could be classified as national parks without the loss of potential resource lands.

Environmental management standards (State Plan E4)

NSW DPI continued to improve environmental management standards for exploration and mining in NSW. In doing so we changed the process for security deposits. (Mining companies are required to lodge security deposits to enable full rehabilitation of mine sites should they default on their rehabilitation responsibilities.)

The changes allow companies to self-calculate rehabilitation costs for mining, exploration or petroleum activities. As a consequence, there was a substantial increase in the value of security deposits held by the NSW Government in 2007–08 to more than \$927 million.

The passing of the Mining Act Amendment Bill by Parliament in May 2008 also improved environmental management standards without adding significantly to industry compliance costs. The amendments ensure the *Mining Act 1992* is consistent with contemporary environmental standards, community expectations and recent developments in the legislative and regulatory framework. Key changes to the Act include:

- incorporating the principles of ecologically sustainable development
- adopting a broader definition of the environment to ensure that mining title conditions can address a wide range of possible impacts
- ensuring the environmental management provisions which are currently applied through policy arrangements are adopted as statutory requirements
- aligning enforcement provisions with other legislation
- extending the scope of the Act to include off-title impacts.

In consultation with relevant agencies and industry, NSW DPI will develop new guidelines on rehabilitation planning, environmental reporting and compliance, and enforcement. We

propose to complete and implement the guidelines in 2008–09.

Education (State Plan E4, S8)

Education for industry on environmental management and regulation was again a priority in 2007–08. Activities included presentations at industry forums such as the NSW Minerals Council conference and delivery of an environmental awareness program to more than 420 new licence and mineral claim holders at Lightning Ridge.

NSW DPI was also active in raising industry awareness of statutory obligations under the mine safety framework.

Changes to exploration in NSW (State Plan P3, E4)

We are updating our environmental assessment and approval process for exploration activities through the introduction of new exploration title conditions for mineral, coal and petroleum exploration. The new conditions will clarify and streamline standards and strengthen environmental management provisions. They include improved technical standards, reporting and security requirements and conditions relating to community consultation.

NSW DPI is also preparing a standard to regulate routine exploration activities. The aim is to identify particular exploration activities that, when carried out in the locations and manner identified in the standard, will have a minimal environmental impact. Consultations involve industry and the NSW departments of Planning and Environment and Climate Change.

Implementation of the standard will:

- maintain or improve existing environmental standards
- streamline the approvals process for industry
- reduce the administrative burden for government
- increase regulatory certainty
- reduce red tape.

Mine closures (State Plan E4)

Changing community expectations on mine rehabilitation, mine closure and emerging environmental imperatives prompted NSW DPI to review the rehabilitation process. The review outlines a process where mines develop criteria to determine when rehabilitation is successful or complete. The objective of this process is to demonstrate that rehabilitated areas are trending towards stable and sustainable ecosystems consistent with the defined criteria.

Derelict mine rehabilitation (State Plan E1, E4)

Government funding of \$1.82 million for the Derelict Mines Program enabled NSW DPI to undertake rehabilitation of 30 derelict mine sites across NSW.

Projects included a major stage in the rehabilitation of the former Oakdale Colliery (within the Warragamba Special Area in the Sydney Catchment Area) and substantial safety management works at Captain's Flat, Grass Gully Goldfield and Hill End. In a major project at Mole River Arsenic Mine in the state's north west, arsenic contamination was remediated, safety risks reduced and important heritage items conserved. The Border Rivers-Gwydir Catchment Management Authority provided project funding assistance.



Mel Hawthorne (Bulga Coal Environment & Community Coordinator) & Monique Meyer (DPI Senior Environment Officer) inspecting young eucalypt trees in rehabilitation on the northern face of the North Blakefield overburden emplacement, direct seeded into biosolids only (no topsoil) on deep ripped overburden.

Conducting environmental assessments is a core part of planning rehabilitation works for a derelict mine site. This financial year we carried out 16 assessments including threatened species assessments, heritage studies, and water and soil investigations.

The Environmental Levy Works Program at Lightning Ridge continued with the letting of contracts for 11 projects. Funding for the program through which abandoned opal claims are rehabilitated comes from a \$20 per annum industry levy on each mineral claim renewal.

Subsidence management (State Plan E4)

NSW DPI manages mine subsidence planning through a whole-of-government approach and in 2007–08 issued 26 plan approvals. Over 30 applications were lodged in the 2007–08 year and a number of these are currently being assessed.

Assessment involves consideration of each plan by an interagency committee comprising senior personnel from the Sydney Catchment Authority, the NSW Department of Environment and Climate Change, NSW Department of Water and Energy, NSW Department of Planning, the NSW Dams Safety Committee and the Mine Subsidence Board in addition to personnel from NSW DPI.

Mining industry operates to best practice health and safety standards

The Mine Safety Operations Branch continues to be recognised by industry as positively contributing towards improvements in workplace health and safety. Front-line safety activities were supported by a number of seminars and industry meetings held throughout the state to raise industry awareness of its statutory obligations under the new legislative framework. Mine Safety Operations will also be working with industry to ensure understanding of and compliance with the application of the full extension of the Occupational Health and Safety Regulation to coal and mining workplaces from 1 September 2008.

Participation in National and International Standards committees in the application of engineering standards for the design, operation and testing of equipment used at mines continued to improve engineering practices involving equipment. In addition, the Mine Safety Technology Centre at Thornton provided a number of technical services to support the Department's mine safety programmes and scientific testing and analytical services for the industry.

The 17th Annual Mechanical Engineering Safety Seminar and the 17th Annual Electrical Engineering Safety Seminar were held at Penrith in August and November 2007 respectively. The two day conferences were attended by approximately 700 industry stakeholders. Other safety and legislation seminars and workshops held over the financial year totalled over 70 with more than 1 700 people in attendance. Mine Safety Operation seminars and workshops help promote compliance and understanding within industry.

Significant issues

Water management (State Plan E1)

As we have done since inception, NSW DPI promoted efficient water management at mining and processing sites in 2007-08 and worked to instil an understanding that water is a vital business and community asset. With the drought and limited water access impacting heavily on the mining industry, NSW DPI liaised with affected mines to implement contingency plans that will allow ongoing operation with reduced supplies.

Greenhouse gas research (State Plan P1, E3)

NSW attended meetings of the Cooperative Research Centre for Greenhouse Gas Technologies, one of the world's leading research organisations on carbon dioxide capture and geological storage. Membership of the centre enables NSW DPI to advocate for the state's carbon dioxide storage potential.

Enhancing community consultation and addressing concerns

In response to community concerns, the Minister for Planning and Minister for Mineral Resources jointly announced an independent expert panel to enquire into underground mining in the Southern Coalfield in late 2006. During 2007-08 the panel received written and verbal submissions and visited key sites. Their report, which should be completed July 2008, will focus on the assessment, management, monitoring and remediation of natural features affected by subsidence.

The panel's findings will inform the current review of the subsidence management plan process, which is being

undertaken to fulfil a commitment made when the process was first introduced in 2004.

Clean coal technology (State Plan E3)

Delta Electricity and the CSIRO are jointly involved in a pilot carbon capture project at Munmorah Power Station which, it is hoped, will be the foundation for a large-scale, post-combustion capture and storage demonstration project in NSW. NSW DPI is currently assessing potential carbon dioxide storage sites in NSW — a critical early step.

The Premier approved establishment of the NSW Clean Coal Council in December 2007. The council will bring together industry and government representatives to consider how best to support clean coal research and development in NSW.

In May the Minister hosted the Clean Coal Summit at Parliament House. The summit, which featured Professor Ross Garnaut, attracted around 150 delegates from the mining, investment, infrastructure and research industries, along with representatives from state and federal government agencies.

Future directions

In 2008-09 the division will focus on:

- exploration for minerals and alternative clean energy resources under the extended New Frontiers initiative, including coal seam gas and geothermal deposits
- a deep stratigraphic drilling project in the Sydney-Gunnedah Basin to identify storage sites for the demonstration clean coal geosequestration project
- promotion of exploration investment opportunities through major publications and our biennial NSW minerals investment conference
- regional coal assessment programs in the Western and Gunnedah coalfields
- implementation of the new legislative regime for mine safety, which will come into effect from September 2008
- continued improvement in service delivery through better use of technology under the Minerals Business and Technology Program.

Divisional performance

Service Measures	Units	2005-06	2006-07	2007-08
Coverage of State by new standard series geoscience maps	000'ha	2 700	2 700	2 700
Titles and dealings processed within published timeframes	%	88	81	90
Royalty debt level to total royalties	%	0.15	0.25	0.13
Safety regulation				
Investigations of operational safety	no	218	466	384
Enforcement actions	no	360	666	774
Environmental regulation				
Audits, assessments and reviews	no	812	857	870
Investigations and enforcements	no	134	75	60
Rehabilitation of derelict mine sites	no	26	37	30



Case study: Public geoscience information provision spurs private investment

In June 2008 the NSW Government announced funding of \$16.5 million to continue New Frontiers — the third in a series of initiatives to stimulate exploration investment through provision of geoscience data. Research confirms that the latest funding decision will pay off handsomely for the NSW economy.

Total expenditure from the first initiative to present has been \$73 million. The breakdown is as follows:

Discovery 2000	1994–95 to 1999–2000 - \$35 million
Exploration NSW	2000–01 to 2006–07 - \$30 million
New Frontiers	2006–07 to 2007–08 - \$8 million.

Information published by the Australasian Institute of Mining and Metallurgy and the Australian Bureau of Agricultural and Resource Economics from Australia and overseas indicates that government expenditure on pre-competitive geoscience programs raises the level of private exploration expenditure by a factor of 2.5 to 10.

In NSW, research by consultants ACIL Tasman shows that government geoscience initiatives have increased expenditure by private explorers, particularly in regional areas, and resulted in commercial energy and minerals discoveries.

According to their study, Discovery 2000 attracted an extra \$150 million in exploration investment to NSW as a result of the acquisition of new, high-quality geophysical information over more than 40 per cent of the State. The coverage now stands at over 80 per cent with private mineral exploration expenditure of about \$170 million per annum.

Government initiatives have boosted exploration across the State with mineral discoveries at Cadia, Balranald, Braidwood, Narrabri, Blayney, Bourke and elsewhere being stimulated by government geoscience. This geoscience information is fundamental to area selection by the exploration industry.

The impact of initiative funding is strikingly apparent in regions in the northwest and southwest of the state where mineral exploration was insignificant prior to the release of Exploration NSW and New Frontiers regional geophysics and mapping. This information triggered an exploration 'rush' with tens of thousands of square kilometres now under title as a result. Initiative funding has generated multi-million dollar exploration commitments in these previously unexplored areas.



Forests NSW

Management initiatives implemented for increased profit

Nature and scope of activities

Forests NSW operates as a public trading enterprise within NSW DPI. It manages a native forest estate of 2 million hectares and an expanding estate of hardwood and softwood planted forests to provide timber now and into the future.

Forests NSW comprises six branches: — **Planted Forest Operations**
— **Native Forest Operations**
— **Commercial Services**
— **Financial and Operational Business Services**
— **Land Management and Forestry Services**
— **Human Resources**

Established in 2007–08, the Human Resources Branch intensifies the focus on safety and staff development. It reports directly to the Chief Executive Officer.

For more information see the separate annual report we prepare as a public trading enterprise and the companion social, economic and environmental report.

Major outcomes achieved

Strong economic performance of primary industries

Commercial performance (State Plan P1, P6)

Forests NSW achieved an underlying trading profit of \$42.6 million in 2007–08.

This strong result reflects concentrated and responsive management actions to maximise revenues, and achieve improvements in operating expenditure in a climate of mixed market conditions.

The result combined with lower capital expenditure and productivity improvements, allowed Forests NSW to reduce debt levels by \$21.7 million, which reduced interest costs by \$2.9 million also contributing to the improved trading position.

Timber revenues were positively impacted by the strength in markets for plantation softwood and forest management services. Negatively impacting on revenue was the difficulty in accessing material in native forests, particularly due to wet weather conditions together with lower than forecast NGAC sales due to market uncertainty and a conservative sales strategy.

Wet weather brought some advantages, alleviating drought conditions across much of the forest estate, and resulting in a quiet fire season with significant savings in associated expenditure. This was a very welcome contrast to the disastrous fire season experienced in the year before.

Nurseries expansion and improved seedling production

(State Plan SP1, P6)

During the year Forests NSW grew in excess of 10 million seedlings for plantation establishment and has commenced the expansion of containerised seedling facilities at all production nurseries in order to meet the projected increase in future plantings. The move to containerisation was dictated by the many benefits it delivers, notably the ability to 'hold over' stock until the optimum planting time, the potential for multiple planting opportunities and, most importantly, greater planting success. Containerised stock uses on average 90 per cent less water than seedlings grown bare rooted in the ground so there are environmental as well as production advantages.

Stage one of a new container facility at the Blowering nursery near Tumut was completed. The nursery now has 1.4 million containerised seedlings in stock in addition to the traditional bare root crop.

Industry development (State Plan P6)

In January 2008 the Minister announced Willmott Timbers Pty Ltd as the successful tenderer for annual processing of up to 250 000 cubic metres of sawlogs and 70 000 tonnes of biomass resources from the Forests NSW Bombala plantations. The company and Forests NSW later signed a 20-year wood supply agreement.

An integral part of this agreement is construction of a new \$60 million sawmill by Willmotts at Bombala. The sawmill, which will process both large and small sawlogs, should commence operations in 2010. By increasing local employment opportunities, the sawmill will give the Bombala area a huge economic boost.

Over the year, Allied Timber Products ramped up production at its new \$15 million sawmill at Raglan, near Bathurst. The company plans further major investments in processing equipment and marketing.

Pricing review (State Plan P1, P6)

Forests NSW initiated the Review of Pricing for NSW Public Native Forest and Hardwood Plantation Log Products in 2006 to address ongoing industry pricing concerns. The subsequent report made a number of key recommendations, primarily concerning increased pricing transparency and predictability for all parties.

Consultation with the industry to develop an implementation plan for the key outcomes of the review has commenced and will continue through to late 2008

NSW Greenhouse Abatement Certificate sales

(State Plan P1, E3)

Forests NSW created a total of 690 000 NSW Greenhouse Gas Abatement Certificates in 2007–08. Of these, 100 000 were created after a review of the eligibility criteria for plantations established since 1990. The decision to make these plantations eligible under the NSW Greenhouse Gas Abatement Scheme will result in the creation of additional certificates annually throughout the life of the plantations.

Certificate sales were limited in 2007–08 due to market uncertainty and the conservative sales strategy which Forests NSW adopted in view of the prospect of higher carbon values in the future.

Commercial Opportunities for Plantation Residue

(State Plan P1, P6)

After plantation harvesting, significant volumes of residue material are either left on the forest floor or burnt on-site. The economic feasibility of using plantation residue for biomass energy production has to date been limited but changing technologies, developing markets and government initiatives are opening new opportunities in this area.

In 2007–08 Forests NSW sought expressions of interest (EOIs) for the purchase and processing of up to 150 000 tonnes per annum of softwood plantation residue from harvesting operations in the Macquarie region. A timber supply agreement will be negotiated for a minimum five-year term with the successful proponent of the EOI process.

Plantation establishment improvements (State Plan P1, P6)

As part of ongoing business improvements, Forests NSW reviewed practices for the establishment of second rotation plantations in the Macquarie region and, by revising the system for site preparation, achieved savings of over 20 per cent in related costs. The savings enabled the expansion of 2008 winter plantings in the region within the existing budget. We plan to replicate the new site preparation system in other planted forests regions.

Internal structural changes — specifically the amalgamation of Tree Improvement and Plantation Improvement groups, will enable us to take full advantage of the new state-of-the-art nursery and breeding arboretum at the Grafton Forest Technology Centre in delivering genetically improved pine and hardwood species for future plantation establishment.

Forestry service business expansion (State Plan P1, P6)

Forests NSW expanded commercial forestry services to Agriwealth Pty Ltd and in winter 2008 will establish over 1 500 hectares of new radiata pine plantation for the company in the Hume region.

Appropriate access to and wise management of natural resources

Sustainable forestry (State Plan E4)

Forests NSW completed the suite of ecologically sustainable forest management plans for all native and planted forests, publishing the final six plans during the year. The plans set the framework for achieving environmental, social and economic outcomes from publicly-owned, productive NSW forests. Our next step will be to implement a template for reporting by each forestry region under the plans consistent with the internationally agreed Montreal Criteria and Indicators. This will be used as a management tool for enhancing sustainability outcomes.

External audits of the Environment Management System were conducted throughout the year. Forests NSW maintained its environmental performance to the ISO 14001 standard and Australian Forestry Standard AS4708.

Rare plant discovered (State Plan E4)

A rare plant believed to be extinct for more than 100 years was discovered during a pre-harvest survey in Nundle State Forest in an area that was affected by fire control activities last year. The last recorded sighting was in the Nundle area in 1904. The plant *Euphrasia arguta* a member of the foxglove family *Scrophulariaceae* was identified by one of Forests NSW ecologists and confirmed by the Chief Botanist with South Australia's Department for Environment and Heritage. Forests NSW will now develop a conservation management plan for the plant.

Water quality monitoring (State Plan E1, E4)

A comprehensive water quality monitoring program has been in place in native forests and plantations since 1999. Building on that program, Forests NSW is developing a 2008-12 robust and statistically powerful water monitoring strategy that will comply with statutory requirements. Reports will be generated under the strategy to meet community expectations and maintain certification under the Australian Forestry Standard.

Asset protection (State Plan P1, P6, E4)

Moderate weather conditions during the year reduced the number and severity of wildfires in State forests, with minimal losses occurring.

An extensive operational review following the Hume region fire in December 2006 has led to Forests NSW enhancing plantation design and management strategies with a view to reducing the damage caused by future wildfires.

Control of the amount of fuel on the forest floor is an important aspect of fire prevention strategies. To this end we completed corporate fuel management plans which maintain consistent fuel and fire regimes across the forest estate. We also prepared regional fuel management plan templates to assist regions in developing more site-specific plans.

On a broader scale, Forest NSW is working on fire control and

protection on a landscape basis with agencies which have similar fire protection responsibilities — an arrangement that has led to mutually beneficial cost sharing.

Improved feral animal controls (State Plan P6, E8)

There are many initiatives in place across the forest estate to control feral animal populations, one of which is the licensing of hunters under the Game Council of NSW to cull feral animals. Currently 370 State forests are available for hunting.

This program is available under the *NSW Game and Feral Animal Control Act 2002* administered by the Game Council and is proving to be an effective method of feral animal control in State forests.

Brigalow Belt South and Nandewar Regional Assessment

(State Plan P6, E4)

Significant progress was made on developing licence conditions for the Integrated Forestry Operations Approvals which will regulate native forest operations in the Western region for the next 20 years. This is one of the outcomes of the Brigalow Belt South – Nandewar Regional Assessment.

Community use of State forests (State Plan E8)

NSW State forests offer many educational and recreational opportunities for the community. Consistent with priorities set by the State Plan, Forests NSW is developing strategies to encourage more people to visit State forests. Some recent initiatives include:

- improvements to Forests NSW online recreation information
- collaboration with land management agencies on production of cross tenure recreational information
- visitor monitoring through surveys and trail counters — an initiative that will allow us to develop targeted strategies
- a new education shelter at Cumberland State Forest funded from the Steve Stevenson Memorial Trust
- an upgrade to the Cumberland State Forest Information Centre.



Graham Marshall of Forests NSW Walcha Office and Doug Binns, Forests NSW ecologist with the rare *Euphrasia arguta* plant re-discovered during pre-harvest survey

Contribution to conservation in the Hunter (State Plan E4)

In 2006 the NSW Department of Planning developed the Lower Hunter Regional Strategy to guide regional growth over 25 years and establish a green buffer for conservation and biodiversity purposes. Under the plan, Forests NSW transferred some 8 500 hectares of State forest to national parks and state recreation areas in 2007–08 and identified additional flora reserves in State forests.

Safe, healthy and biosecure industries

Safety improvements

A significant result was achieved when Forests NSW became one of only a few self-insurers who passed the Workcover Audit. The Audit was conducted in Central Region in February 2008. To further enhance the effectiveness of Forests NSW Safety Management System, a detailed improvement plan was developed and is currently being implemented.

Unfortunately, there were 41 lost time incidents and 58 medical treatment only incidents during the year. This was an unacceptable result and does not reflect initiatives recently implemented to improve safety performance. Forests NSW is targeting improved performance in future years.

Some of our current initiatives that are expected to make a difference from 2008–09 onwards are:

- improvements to the safety management system
- extensive training in safety leadership that highlighted the behaviours underpinning a safety culture
- improvements in our case management of injured employees, including the appointment of return-to-work coordinators in each of our major locations.

Log truck safety

Concerned at the number of incidents involving log haulage operators contracted to Forests NSW, we set up a special group in 2007 to investigate ways to improve truck safety operations. The group's final report detailed 21 recommendations around nine safety issues including driver behaviour, accident investigation, load configuration and constraint, and haulage contractor safety management. The case study later in this chapter has further details.

Excellence in people, innovation and service delivery

Developing our People

This year has seen the implementation of a Leader Within Program. The program is targeted at current and emerging leaders and provides a framework to enhance leadership and management skills, particularly in a complex and changing business environment. Two programs were run this year, with plans to further expand the program next year to incorporate strategic leadership skills.

There has also been an Introduction to Management program piloted which was developed in response to needs identified for employees moving into managerial positions where they are managing outcomes through people.

Upgrading forest management systems

Information delivery is critical to many aspects of our operations. As the existing Geographic Information System (GIS) was no longer adequately serving our business needs, a project team was established to plan and manage a major GIS systems upgrade. Once the upgrade is complete, Forests NSW will have a more efficient spatial mapping system capable of supporting key business applications.

Significant issues

Valuations of forests

Forests NSW commissioned an independent review of native forest valuation procedures following an audit qualification in 2007. The consultant's report recommended that the 2008 valuation calibrate the harvested product volume against the assessed standing volume and that Forests NSW make system changes to increase confidence around forest valuation in the medium to long term.

Native forests management (State Plan P6, E4)

Preparation of an environmental impact statement is in progress for native Red Gum and Cypress forests in south western NSW. This follows an agreement reached with the National Parks Association in the Land and Environment Court. The environmental impact statement, which is scheduled for public display in June 2009, will set conditions for timber harvesting, road construction and maintenance operations.

In other activities relating to native forest management, a review of the Forest Agreements and Integrated Forestry Operations Approvals for coastal native forests commenced. It will enable us to assess whether agreement objectives are being met and adapt techniques to continually improve management performance in native forests.

Private sector investment in Forests NSW plantations

(State Plan P1, P6)

The destruction of plantations by fires in Bathurst and Tumut coupled with increasing timber demand necessitate the planting of more than 17 000 hectares of State forests over the 2009–13 period

Forests NSW is unable to fund such a massive replanting program from traditional funding sources and maintain its current level of financial performance. Therefore, following a call for expressions of interest a short list of companies were invited to submit firm proposals to invest in re-establishing forestry plantations on Forests NSW land. The short-listed companies are currently undertaking their due diligence. Cabinet must approve the preferred proposal.

National emissions trading (State Plan E3)

Forests NSW contributed to the development of forestry emissions trading policy through the Garnaut Review and the Australian Government's emissions trading consultation process. The role of forestry in a national emissions trading scheme should be determined in late 2008.

Forests NSW prefers to see inclusion and recognition of reforestation activities from the commencement of the scheme and recognition for carbon stored in harvested wood products. Forests NSW is also seeking smooth and equitable transition arrangements for abatement certificate providers operating under the NSW Greenhouse Gas Abatement Scheme, which is due to be replaced by a national scheme in 2010.

Future directions

Forests NSW has developed a new corporate business strategy (CBS) identifying five strategic directions to guide our business growth to 2011.

DPI's vision of 'profitable, adaptive and sustainable primary industries building vibrant communities' and the Government's objectives enunciated in the NSW State Plan provided the framework for developing the strategy. The CBS will help Forests NSW achieve the vision of being 'the best and safest commercial forest manager in Australasia'.

The five strategic directions, each with accompanying projects, are:

- **focus** on excellence in profitable and sustainable forest management
- **organisational efficiency** through performance management and benchmarking, training and development and tools and systems that deliver results
- **revenue growth** through market pricing, new businesses and product diversity and forest management services
- **cost reduction** through planning and process improvement, benchmarking and adoption of best practice
- **simplification** of management systems and organisational structures and functions.

Five Year Comparison as at 30 June 2008

	2008 \$'000	2007 \$'000	2006 \$'000	2005 \$'000	2004 \$'000
Revenue*	293 795	270 550	259 747	247 546	240 634
Profit					
Trading Profit*	42 646	28 037	31 116	36 819	37 860
Significant Items and Biological Assets Rev.**	75 005	(166 357)	(19 696)	(29 163)	17 392
Profit/(Loss) from Ordinary activities (before tax)	117 651	(138 320)	11 420	7 656	55 252
Distribution to Government	1000	16 000	26 322	32 544	13 096
Distribution payable					
Capital Expenditure	34 904	45 039	31 451	31 531	36 315
Balance Sheet					
Value of Biological Assets***	1 515 310	1 403 831	1 558 674	1 594 934	1 609 389
Total Assets	2 802 746	2 703 913	2 528 907	2 643 403	2 588 164
Borrowings	169 489	159 743	138 276	138 062	121 273
Total Equity****	1 997 641	1 921 105	1 816 670	1 842 342	2 127 270
Ratios % (excl Abnormals & MVI)					
Return on Equity*	2.13%	1.46%	1.71%	2.00%	1.78%
Return on Assets*	1.55%	1.07%	1.20%	1.41%	1.53%
Debt to Equity	8.48%	8.32%	7.61%	7.49%	5.70%
Return on Equity (including MVI)	6.14%	(7.53%)	(1.74%)	(0.17%)	2.20%
Sawlogs ('000 of cubic metres)					
Native Forest Hardwood Sawlogs	610	567	665	639	707
Plantation Hardwood Sawlogs	122	106	65	74	80
Plantation Softwood Sawlogs	2071	1955	1964	1829	1859
Cypress Pine Sawlogs	49	58	71	94	101
Other Products	47	48	57	90	93
Total	2 899	2 734	2 822	2 726	2 840
Pulp (tonnes)					
Native Forest Hardwood	500	552	504	468	491
Plantation Hardwood Pulpwood	77	65	40	36	35
Plantation Softwood Pulpwood	1 169	1 188	983	1 042	1 045
Total	1 746	1 805	1 527	1 546	1 571

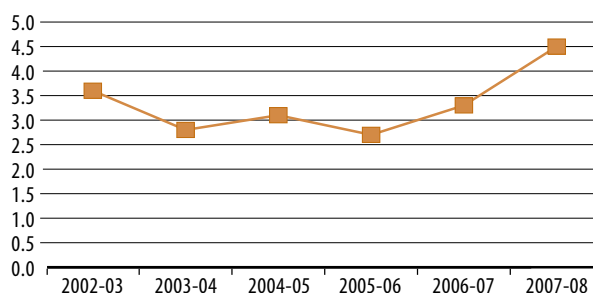
* Exclusive of forest revaluation, capital grants and superannuation fund interest and significant items ** Inclusive of forest revaluations, capital grants and superannuation fund interest

*** Biological Assets represent the commercial value of Forests NSW timber resources **** Australian Equivalents to International Accounting Standards (AEIFRS) was effective from 01/07/04

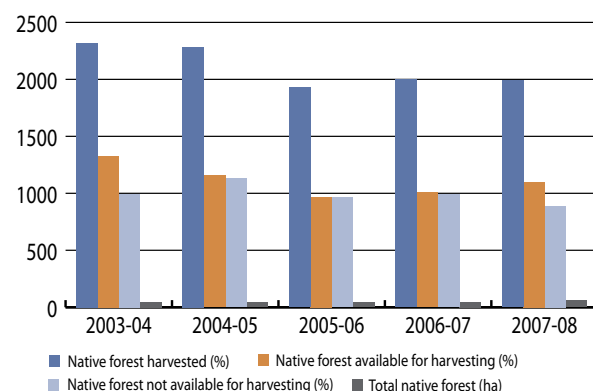
Forests NSW performance

Safety Frequency Rate

(Number of Lost Time Incidents per 200 000 hours worked)



Native Forest Harvested (area in '000 ha)





Case study: Tackling truck safety

Forests NSW recognised the need for action following a series of accidents involving log haulage operators on contract to the organisation. The first step was to establish a high-level internal group to review accidents over the previous five years and the second to implement the group's detailed recommendations on safety improvement.

Safety training officer Andrew Nicolls was duly appointed as implementation coordinator to lead a team working with around 300 drivers and their employers to introduce safer work practices and better accident investigation and reporting.

'The implementation strategy has four or five strands,' says Andrew, 'one being to hold face-to-face training sessions to address driver behaviour issues.'

'Training emphasises the small margin of error for log truck drivers and promotes a few simple messages: maintain truck stability when loading and unloading, be aware of the effect of drugs or alcohol, don't speed, and manage distractions such as mobile phone calls.'

While initially wary of how safety training would be received, Andrew says he has been **'blown away'** by the response. **'For example, around 50 drivers have registered for a Saturday session in Bombala in early July 2008.'**

To date, training has been delivered in four of the state's eight regions. Posters and fact sheets reinforce the messages delivered at training. These are available for use at tool-box talks and allow contractors to highlight safety issues to drivers.

While the current program is working well, there are some interesting plans for the future including the use of a truck simulator in training. An application has already been made for a WorkCover grant to meet the costs of a trial.

Discussions are also being held with TAFE regarding mandatory additional competencies for haulage drivers. As haulage truck safety is a nation-wide issue, other states will undoubtedly be watching developments with interest.



Science and Research Division

Developing integrated research and innovative solutions

Nature and scope of activities

The Science and Research Division undertakes strategic science and research that underpins the growth, sustainability and biosecurity of primary industries in NSW.

The division comprises seven branches:

- Systems Research
- Production Research
- Health Sciences, Strategic Alliances and Evaluation
- Resources Research
- Rural Innovation
- Research Operations
- Science Strategy

Major outcomes achieved

Strong economic performance of primary industries

Alliances (State Plan P6, E3)

NSW DPI seeks alliances with universities and industry bodies to integrate research and develop innovative solutions to pressing problems facing primary industries.

In 2007–08 a full-time, co-funded director, Professor Bob Martin, was appointed at the Primary Industries Innovation Centre, which links the department with the University of New England at Armidale. The centre is focusing on climate change mitigation opportunities for primary industries through the newly established National Centre for Rural Greenhouse Gas Research and will undertake research to pave the way for agriculture and forestry to participate in an emissions trading scheme. To date it has attracted over \$3.6 million in external funding.

At the EH Graham Centre for Agricultural Innovation, an alliance between NSW DPI and Charles Sturt University, the research team is directing their efforts to the challenges and opportunities currently facing dryland and irrigated agriculture in adapting to climate change. Projects dealing with such topics as stubble management, forage conservation, animal parasites, and weed management aim to improve risk management and increase productivity.

Mixed farming systems (State Plan P6, E4)

NSW DPI took part in the national Grain & Graze program that aims to lift profitability and improve biodiversity in mixed farming systems.

As the managing agent we led a series of sub-projects in the Central West/Lachlan region on innovative farming systems with, as project partners, the two local catchment management authorities and three producer organisations. The projects concerned:

- research on pasture cropping and alley farming with old man saltbush
- evaluation of the economic and biodiversity implications of different landscape designs with a view to informing catchment policy on incentive funding
- development of a novel 'whole farm' model for optimising forage supplies in livestock enterprises.

After project completion, we published a series of case studies and fact sheets and conducted training sessions for more than 4 000 producers.

The final report on the national program is being prepared.

Market access for citrus (State Plan P1, P6)

Collaborative research by NSW DPI and Agriculture WA on the effectiveness of cold disinfestation at 2 and 3 degrees Celsius has opened market access for Australian citrus in Japan. While importation of 1 degree Celsius-treated citrus into Japan has been allowed since 1996, the new temperatures are easier to maintain and keep the fruit's quality and pest-free status intact. Acceptance of the new disinfestation conditions has the potential to expand annual trade valued at \$18.5 million. NSW DPI will

submit the research data to other countries where Australia is seeking to export citrus, such as China, Taiwan and Korea.

In another project to improve market access, a team from NSW DPI, the South Australian Research and Development Institute and CSIRO recently identified factors contributing to the incidence of post-harvest rind breakdown in navel oranges, a problem that has periodically impacted on returns to growers. The factors identified included both seasonal conditions and on-farm management of tree health and irrigation. As noted in the project findings, there are simple methods already available for improving fruit quality and marketability.

Appropriate access to and wise management of natural resources

National Centre for Rural Greenhouse Gas Research

(State Plan E3, E4)

In February Minister for Primary Industries Ian Macdonald launched the National Centre for Rural Greenhouse Gas Research, which is located within the previously mentioned Primary Industries Innovation Centre at Armidale. The Centre's work will bolster the State's capacity to identify ways to reduce greenhouse gases and have national and international applications.

Researchers at the centre are currently pursuing a number of projects, including:

- long-term regional trials to estimate changes in soil carbon levels under different management practices such as cropping and pasture farming systems. The results will guide NSW farmers in adopting practices that will increase the soil carbon level of their farms and improve farming sustainability. Information from the trials will also be critical if agriculture is brought into the Carbon Pollution Reduction Scheme after 2015
- investigations into the environmental and agronomic benefits of biochar, which locks carbon in soil for potentially hundreds of years and provides significant benefits to soil health. Testing is in progress in over 150 small-scale field plots in northern NSW and there are plans to expand to other areas of the State. Both ABC television and CNN featured stories on NSW DPI's biochar research in 2007–08
- research on reducing methane emissions from ruminant livestock. NSW DPI is increasing scientific and community understanding of methane emissions from ruminants and how these can be minimised. Research has focused on reducing emissions by elimination of protozoa from the rumen environment and genetic improvement of livestock for both lower methane output and improved feed use efficiency.

In February Minister Macdonald also released the Science and Research Division discussion paper, Climate Change Research Priorities for NSW Primary Industries (www.dpi.nsw.gov.au/research/topics/climate-change/discussion-paper). It presents a plain English overview of climate change, its likely impacts, options to mitigate emissions and, importantly, outlines the key research gaps NSW DPI will address over the next few years.

In addition to preparing the discussion paper, the division led development of a broader department-wide strategy to integrate research priorities with socio-economic evaluation, policy

development and training programs for key stakeholders. The strategy links to the State Plan and the national Climate Change Research Strategy for Primary industries.

BioFirst funds collaborative research (State Plan E3, P6)

Under the BioFirst scheme, NSW DPI signed a \$13.5 million collaborative research agreement with two other leading institutions in agricultural biotechnology — the Australian Centre for Plant Functional Genomics and CSIRO Plant Industries. Together we will undertake pre-breeding research on the impact of climate change on wheat and, in particular, canola.

Regardless of how climate change affects current sowing-flowering-harvesting times, plant choice will be important. The research will give breeders a complete understanding of the biochemistry and genetics underpinning flowering, maturity, water use, rate of grain filling, tolerances to heat and frost stresses. It will also increase understanding of the interactions between climate change effects and their influence on grain quality.

The final research theme under the collaborative agreement will be the development of a universal DNA barcode system to identify pests and diseases in Australia, which will improve management of changing agricultural ecosystems. The proposal is to extend and improve the DNA barcoding capacity developed at NSW DPI in recent proof-of-concept studies.

Fisheries resources (State Plan E4)

Staff of the division's Wild Fisheries Program completed the comprehensive report, *Status of Fisheries Resources in NSW 2006–07*. The publication, which is required under fisheries legislation, is the culmination of many individual scientific studies on important species and draws on the results of the commercial fisheries monitoring project. It is available both in electronic format from the NSW DPI website and in hard copy.

International publication on by-catch reduction (State Plan E4)

Boasting a NSW DPI editor and several NSW DPI contributors, the international publication *By-catch Reduction in the World's Fisheries* has a distinctly local flavour. The book, which was published by Springer, Germany covers successful work worldwide on reducing unwanted fish wastage. It should prove a valuable tool for fisheries professionals and lay people interested in this important subject.

Marine pests in Sydney estuaries (State Plan E4)

NSW DPI and the Sydney Metropolitan Catchment Management Authority are studying the likelihood that marine pests will invade Sydney estuaries. The study will identify the high-risk vectors for a suite of marine pests not yet in NSW, but with potential to establish here if they were to arrive, and determine the likelihood that these pests could spread to other NSW estuaries. The pilot risk assessment framework will help improve the design of future surveys and underpin surveillance arrangements.

Seagrass rehabilitation (State Plan E4)

A new three-year research program to develop methods for cultivating the seagrass *Posidonia australis* for small-scale rehabilitation has begun with funding from NSW DPI and the NSW Environmental Trust. *Posidonia australis* (also called strapweed) is susceptible to many human impacts, is slow

growing and has limited natural recruitment. Research will focus on ways of propagating and enhancing growth and survival rates, with the ultimate aim of growing the seagrass in small sandbags which can be deployed in estuaries to help rehabilitate damaged seagrass beds.

Reducing irrigation impacts on fish communities (State Plan E4)

Work recently completed by the Aquatic Ecosystems Unit has shown that each irrigation pump in the Murray-Darling Basin can extract fish at a daily rate likely to significantly impact on fish communities, especially in rivers that have substantial irrigation infrastructure.

NSW DPI will build on these results via a three-year project jointly funded with the Murray-Darling Basin Commission. The project aims to develop protective screens that prevent the extraction of native fish from main river systems. Close collaboration by researchers and irrigators will be essential to ensure sustainable outcomes for all concerned.

Rehabilitation of Moira Lake (State Plan E4)

Under the Murray Darling Basin Commission's 'The Living Murray' program, NSW DPI is investigating lateral fish movements in Moira Lake, a wetland adjacent to the Murray that has suffered immensely from river regulation. Our twelve month rehabilitation program will reinstate natural wetting to the site and guide environmental managers on how best to improve native fish diversity and control of alien species such as carp.

Water management (State Plan E1, E4)

Our ongoing research into efficient water use in the Murrumbidgee Catchment gained wider public recognition when it won the 2007 Eureka Prize for Water Research and Innovation. The research, undertaken by a team from CSIRO, NSW DPI and Charles Stuart University, is establishing a model for identifying water savings and efficient water management in catchments in Australia and overseas.



A research team which included NSW DPI irrigation engineer Saud Akbar (pictured on right) has won the Eureka Prize for Water Research and Innovation for research into water flows in the Murrumbidgee River catchment, the first global catchment assessment of any river in Australia.

River health (State Plan E4)

A comprehensive assessment of inland freshwater fish communities under the Sustainable Rivers Audit is providing important information for monitoring the health of NSW river ecosystems. The second round of sampling commenced in 2007–08 with surveys of the upper Murray and Darling rivers and will yield vital information for the state-wide Monitoring, Evaluation and Reporting Program.

Use of irrigation water and fertiliser in viticulture

(State Plan P6, E1, E4)

NSW DPI researchers developed strategies to optimise water and fertiliser use in vineyards following a three-year program that identified unnecessary irrigation or fertiliser applications, particularly in furrow-irrigated vineyards, and irrigation on already wet soils as major environmental management issues.

They found that scheduled irrigation based on soil water measurements delivered considerable water and nutrient savings. Based on average water and nitrogen inputs, the researchers identified potential water savings of one megalitre per hectare per year in furrow-irrigated vineyards and potential nitrogen savings of 28 kilograms per hectare per year generally.

NSW DPI has since produced guidelines for grape growers and other industry stakeholders on improved management of viticultural and environmental resources.

Safe, Healthy and biosecure industries

Equine influenza (State Plan S8, P1, P6)

Elizabeth Macarthur Agricultural Institute, NSW DPI's Centre of Excellence for Animal and Plant Health, demonstrated its credentials in the fight against equine influenza. The fast response of the Virology Laboratory at the institute enabled the Chief Veterinary Officer to establish measures to prevent spread of the disease Australia-wide. Testing not only saved the community an estimated \$540 million but also led to eradication of the virus within six months.

At the peak of the virus, the laboratory completed 2 500 real-time PCR (polymerase chain reaction) tests in a single day, using innovative methods and automated equipment unique in Australia. The daily turnaround rate was three to four times greater than that achieved during the 1999 outbreak of Newcastle disease on poultry farms in Mangrove Mountain. Over 131 000 samples were processed, with results usually available within 24 hours or, in urgent cases, three hours.

In achieving a rapid turnaround rate, the laboratory benefited from the department's recent \$2 million investment in a modern, networked laboratory information management system. This investment is critical to delivering effective laboratory support for an exotic disease event response.



At Elizabeth Macarthur Agriculture Institute 132 000 samples were tested for equine influenza by NSW DPI staff.

Upgrade of the Elizabeth Macarthur Agricultural Institute

(State Plan S8, P1, P6)

The NSW Government is to provide \$43.25 million for a significant upgrade of the entire Elizabeth Macarthur Agricultural Institute in order to meet increasing biosecurity standards and maintain response capability to deal with exotic disease incursions. Construction of a new plant biosecurity precinct and a high security wing under the upgrade will expand the institute's diagnostic capability and enable safe diagnosis and research on plant and animal diseases.

A strong voice for primary industries

Management of genetically modified food crops

(State Plan P6, E4)

In July the NSW Government appointed an independent panel to review the *Gene Technology (GM Crop Moratorium) Act 2003*, due to expire the following year. The panel consulted extensively with industry and the community.

Parliament subsequently passed amendments based on the panel's recommendations. These extend the Act until July 2011, place a blanket moratorium on the cultivation of GM food crops and establish a scheme for approving commercial cultivation of GM food plants under which the NSW Expert Committee on Gene Technology must assess applications against criteria in the amended legislation and the Minister for Primary Industries grant approval.

Following the first application under the new regime, the Minister for Primary Industries approved commercial cultivation of GM canola and approximately 5 000 hectares of GM canola was sown.

Excellence in people, innovation and service delivery

Our scientists received national and international recognition for their work over 2007–08 as the following honours demonstrate:

Dr Sandra McDougall, Industry Leader – Field Vegetables at Yanco, was named Bayer CropScience Researcher of the Year at the 2008 Australian Vegetable Industry Awards

Dr Steven Djordjevic won a fellowship to study at the Department of Microbial Pathogenicity, Helmholtz Centre for Infection Research, Braunschweig, Germany

Two publications by NSW DPI researchers — one by Dr Paul Arthur, Dr Robert Herd and Dr Peter Parnell and the other by Dr Paul Greenwood, were listed in 'the 50 most-frequently cited articles' in leading US publication the *Journal of Animal Science*. NSW DPI Chief Scientist Prof. Steve Kennelly was appointed Adjunct Professor of Macquarie University for his long-running association with this and other universities. He also received an Australia Day Award

Dr Rod Mailer received the Timothy L Mounts Award established by the American Oilseed Chemist Society to recognise research relating to the science, technology or applications of edible oils or derivatives in food products

James Neal, Research Agronomist at the Elizabeth Macarthur Agricultural Institute, won the Young Dairy Scientists Communication Award sponsored by the Australian Department of Agriculture, Fisheries and Forestry

Roy Lawrie was awarded an Honorary Doctorate from the University of Wollongong

Dr David Michalk was awarded the Dunhuang Award, the highest award presented to foreigners by the People's Government of Gansu Province, for his outstanding contribution to grassland rehabilitation and the substantial impact of his programs on development of sustainable livestock systems in China

Saud Akbar, irrigation engineer Richmond, along with members of CSIRO's Water for a Healthy Country flagship program, was awarded the CSIRO medal for 'research that has significantly advanced the sustainable management of Australia's water resources, specifically within the irrigation sector'

Dr Kevin Atkins, Principal Research Scientist, was awarded a Fellowship of the Association for Advancement of Animal Breeding and Genetics

Yin Chan was the author of two articles listed in the top 10 published articles in the decade to 2005 by the respected international journal Soil & Tillage Research

Dr Peter Kirkland was elected president of the World Association of Veterinary Laboratory Diagnosticians.

Dr John Mullen, Research Leader Economics Research, and Leanne Orr, Project Officer (Economics), from Orange were awarded the prize for best article at the Conference of the Australian Agricultural and Resource Economics Society, held in Canberra in February for their paper entitled R&D: A Good investment for Australian Agriculture.

Significant issues

Succession planning

The division introduced measures to counter the impact of an ageing research workforce, including:

- actively promoting research careers to university students
- offering post-graduate scholarships to fill key gaps
- awarding summer scholarships for graduates and post-graduates to undertake work practice
- offering post-retirement fellowships to experienced senior staff to enable them to pass on skills and experience.

R&D contribution to productivity growth (State Plan P1, P6)

NSW DPI continued to analyse the contribution of research and development to productivity growth in Australian broadacre

agriculture, financed in part by the Australian Farm Institute. Based on our analysis, it is estimated that returns from public investment in agricultural research are in the range of 15 to 40 per cent per annum. This estimate is consistent with earlier analysis of investments by NSW DPI in areas such as the beef, sheep and weeds cooperative research centres.

We therefore advocate preservation of the current rate of total investment, irrespective of how the debate about the extent of public funding is resolved. For more details see www.dpi.nsw.gov.au/research/areas/health-science/economics-research/reports.

Future directions

The division has identified four over-arching priority areas for research — climate change, water management, food security and biosecurity. The aims within each of those areas are:

climate change

- better understand the likely impacts of climate change
- develop a capacity for the primary industries sector to adapt to climate change
- develop options for primary industries to mitigate emissions

water management

- develop water research priorities within an over-arching water action plan for NSW DPI
- develop techniques to use water more efficiently within dryland agricultural landscapes
- develop techniques to improve irrigation water use efficiency at the farm and system scale

food security

- on-farm management work with other divisions on promoting adoption of food security measures
- undertake economic modelling to inform industry about new and emerging productivity drivers
- improve tools

biosecurity

- develop common platforms for molecular diagnostics
- develop base germplasm rather than varieties
- develop cooperative approaches for gene discovery
- improve coordination across NSW DPI, including Forests NSW, on biosecurity matters
- adopt new technology for surveillance and diagnostics
- utilise smart technologies and databases for surveillance.

Divisional performance

Service Measures	Units	2005-06	2006-07	2007-08
New diagnostic tests and vaccines	no	5	8	8
New integrated pest control systems	no	6	8	8
Publication of research based innovations in scientific journals	no	1 237	1 200	1184
Samples processed by DPI laboratories	thou	265	350	483
Pre-commercial lines and varieties delivered for uptake by private breeding and seed companies	no	7	7	10
New innovations for horticulture, viticulture, aquaculture and animal production	no	35	39	39



Case study: NSW DPI at the forefront of greenhouse gas emission research

The response to climate change by governments all over the world has been to introduce carbon trading. One of the difficulties in successfully implementing a scheme is having the capacity and know-how to accurately measure the production (and reduction) of greenhouse gases.

For example, how much greenhouse gas does a dairy farm with 100 cows produce? What greenhouse gases are released when a forest is harvested?

In the livestock industries, a major NSW DPI study with the University of New England comparing new and conventional techniques for accurately measuring livestock methane emissions should prove integral to evaluating methane reduction strategies.

Not that our research is just about measuring gas. A Beef Cooperative Research Centre-supported project found that more efficient cattle eat less. This points the way for new research to establish a genetic trait for low methane livestock. High grain prices and the need for lower emissions have sparked interest in this research from the US cattle industry.

In forestry, NSW DPI scientists found that a high proportion of the carbon in solid forest products consumed in Australia can remain stored in the product for at least 100 years, regardless of whether the product is in use or discarded in landfill. These findings underscore forestry's role in any proposed carbon pollution reduction scheme.

A paper for the Garnaut climate change review prepared by NSW DPI demonstrates our capacity to support sound policy decisions. The paper found the total sequestration potential from pasture land, cropping land and rangelands was roughly equivalent to the total amount of greenhouse gas emitted from agriculture in NSW in 2005.

As Australia has around 26.5 million head of cattle and over 70 per cent of the land and water in NSW is under the stewardship of primary producers, this research can improve decision-making on greenhouse gas reduction and contribute to international debate about emissions trading.



Strategy, Policy and Communications Division

Translating government priorities and industry needs into the Department's policy and corporate agenda



Nature and scope of activities

The Strategy, Policy and Communications Division plays a lead role in translating government priorities and industry needs into the Department's policy and corporate agenda. The Division coordinates whole-of-government approaches and manages strategic and contentious issues. It also facilitates strategic communications and promotes the work of the department and primary industries.

The division comprises six branches:

- Policy and Legislation Coordination
- Water and Resources Policy
- Economic Policy and Analysis
- Corporate Strategy and Organisational Development
- Public Affairs and Media
- Communications

Major outcomes achieved

A strong voice for primary industries

Policy (State Plan P1, P6)

The division led policy development, formulated the NSW DPI position on strategic and contentious issues and supported key state and national policy forums.

We worked closely with a range of advisory bodies and peak groups and, in doing so, increased our understanding of stakeholder concerns. Groups included ministerial advisory councils for various industry sectors, the NSW Farmers' Association, the Local Government and Shires Associations of NSW and the NSW DPI Aboriginal Reference Group.

Our major achievements for the year were:

- negotiating agreement on the introduction of a NSW licensing regime for industrial hemp production
- lifting the general prohibition on commercial production of genetically modified food crops to allow production under strict conditions
- extension of general occupational health and safety requirements to the mining industry
- expansion of the cloud seeding trial in the Snowy Mountains over an extended area and time period.

In the area of Indigenous policy, we led the development of the 'NSW DPI Aboriginal Employment Strategy' and the establishment of an internal Aboriginal staff network to encourage Indigenous employment and career development. Additionally, we were instrumental in developing policies on Aboriginal heritage mapping and management, cultural access to water, and cultural resource use in marine parks.

Natural resource management policy (State Plan E1, E3, E4)

NSW DPI established a new divisional branch — Water and Resources Policy, in June 2007. It is responsible for presenting a scientifically and economically robust case for primary industries on a number of issues including:

- water management
- climate change
- clean coal and related technologies
- land-use planning
- native vegetation
- biodiversity
- threatened species.

Along with the other climate change initiatives documented in this report, NSW DPI worked with the NSW Department of Premier and Cabinet (DPC) and the NSW Department of Environment and Climate Change (DECC) to prepare the NSW Government's responses to Professor Garnaut's discussion paper on options for a Commonwealth emissions trading scheme.

NSW DPI represented stakeholder interests in state-level deliberations concerning the federal *Water Act 2007*, Murray-

Darling Basin reform and the Water for the Future program. We also advised on how major natural resource issues such as the ongoing drought were affecting primary industries.

Working with DPC, DECC, and the Australian Department of Environment, Water, Heritage and the Arts, we articulated the important role primary industries play in managing biodiversity in the *NSW Biodiversity Strategy Discussion Paper* and the *NSW Invasive Species Plan*. As industry advocates we contributed to development of strategic programs to align with the "Caring for Our Country" program, the new national natural resource management funding program replacing the Natural Heritage Trust.

Legislation program (State Plan P3)

The division drove the NSW DPI legislative program, including application of the *Better Regulation Guidelines* and investigation of opportunities to reduce red tape. In 2007–08 the program involved coordinating the preparation and passage of 10 Bills and 23 regulation review, amendment and renewal processes. Highlights included:

- amendment of the *Gene Technology (GM Crop Moratorium) Act 2003* to allow production of GM crops under strict conditions
- amendment of the *Snowy Mountains Cloud Seeding Trial Act 2004* to extend the area and duration of the trial for a further five years
- introduction of the *Hemp Industry Act 2008* to allow hemp to be grown commercially in NSW
- introduction of the *Clean Coal Administration Act 2008*, which establishes the Clean Coal Council and a Clean Coal Fund
- amendment of the *Exotic Diseases of Animals Act 1991* to implement improvements to the efficiency and effectiveness of emergency disease responses identified during the Equine Influenza outbreak
- establishment of the Prevention of Cruelty to Animals (General) Amendment (Laying Fowl) Regulation 2007, which imposes additional animal welfare requirements on egg producers.

Socio-economic analyses (State Plan S8, P6, E4)

NSW DPI kept key government, industry and community stakeholders informed through socio-economic analyses to support efficient and inclusive policy and program outcomes. For example we:

- coordinated the preparation of information and analysis for the Australian Government's Exceptional Circumstances program as well as the extension reviews for more than 28 NSW regions which remained seriously affected by the ongoing drought. This contributed to eligible producers and small businesses in rural communities qualifying for assistance
- advised on and helped fund further development of the National Agricultural Monitoring System, which has contributed to a more streamlined Exceptional Circumstances process
- developed approaches for monitoring, evaluating and reporting on natural resource decisions and their potential contribution to economic sustainability and social well-being

- negotiated new governance arrangements and continued funding contributions to the Rural Financial Counselling Program, which enables farming families to adjust to drought and water shortages and underpins early recovery.

External information services (State Plan S8, P1, P6, E1, E4)

More than 400 publications were prepared and distributed during the year.

Publishing highlights included:

- fact sheets, posters, displays, advertisements and other materials supporting the equine influenza control program
- six ecologically sustainable forest management plans covering both native and planted forests
- a vertebrate pest control manual and associated booklets about monitoring techniques for the major pest animal species
- the Bush Telegraph and Minfo, the flagship magazines for the forest industry and mining industry respectively.

Electronic information delivery gained further momentum with monthly NSW DPI internet page views reaching a record 2.4 million in May 2008. Consolidation of divisional websites into a central web content management system is progressing according to plan, with completion expected before the end of 2008.

NSW DPI also provided website management and hosting services for a number of smaller NSW government entities, thereby helping to consolidate website systems and improve inter-agency links as required under Better Government Access Program.

Supporting rural women

The NSW DPI Rural Women's Network partners with individuals, groups and non-government and government agencies to promote information exchange and stimulate action on rural women's issues. In 2007–08 the network:

- provided support and information for women and families who continue to struggle with drought
- facilitated 11 Shaping Our Futures Together (SOFT) workshops, which gave rural women leadership training in their own communities
- employed a project officer to strengthen indigenous networks and involvement in indigenous activities
- gave \$30 000 to support the annual NSW Women's Gathering hosted by women from the Hay community
- coordinated the Rural Women's Award for NSW, sponsored by the Rural Industries Research and Development Corporation. Tracey Knowland, a horticulturalist from Brooklet on the north coast, was the 2008 award winner.

Public affairs and media

The year's principal public affairs issue was the equine influenza outbreak. Details on our successful communication campaign to gain the awareness and compliance of NSW horse owners and industry appear in the major case study earlier in this report.

Drought and climate change were the other big issues. Agriculture Today, NSW DPI's newspaper published with "The Land" monthly, highlighted advice and initiatives to assist farmers in managing climate change and the impacts of the ongoing



A focus on science and in particular the science behind the EI campaign attracted thousands of visitors to NSW DPI's award winning stand at the 2008 Sydney Royal Easter Show.

Schools education (State Plan S8, P7)

Several state and national initiatives of which NSW DPI is part are changing how NSW school children learn about primary industries. This year we were involved in:

- implementing 'LandLearn NSW' in conjunction with NSW Farmers and the Royal Agricultural Society of NSW. This major initiative included creating the web hub www.landlearnsw.org.au
- actively assisting establishment of the national Primary Industries Education Foundation, which will support state and national schools education programs.

drought across much of NSW.

NSW DPI public information campaigns also addressed the December floods, and the subsequent January fish kill in the Richmond River, and outbreaks of anthrax and tick fever in cattle in the Hunter and Tweed regions respectively.

Community events (State Plan S8)

Although media attention in 2007–08 centred on the ongoing drought, widespread coverage in regional and Sydney media of events such as the annual NSW Farmer of the Year and Rural Women's Award helped to publicise the achievements of primary producers.

By participating in over 100 community events, we were able to interact directly with stakeholders across NSW. Events ranged from small community festivities and industry-specific conferences through to regional field days and metropolitan events such as the Sydney International Boat Show and the Royal Easter Show. At the latter we showcased our research on sustainable industry development, including research on low emissions coal technologies and carbon capture in forests.

NSW DPI was an event sponsor as well as an event participant in 2007–08. Our sponsorships included:

- the Beef Spectacular in Dubbo. NSW DPI support covered, among other activities, a Women's Day event to celebrate women's contribution to the beef industry
- the Royal Easter Show where we upgraded to a 'Grand Champion' sponsorship in recognition of the impact of equine influenza on show operations
- the 2007 Farming Small Areas Expo held at the Hawkesbury Showground.

Excellence in people, innovation and service delivery

Sound corporate governance

This year NSW DPI reviewed corporate outcomes and strategies to ensure alignment with the State Plan, under which we are a partner agency for seven priority areas. As a result, we revised the corporate plan to include outcomes relating to climate change and natural resource and environmental management. While we had demonstrably worked on these issues in the past, the changes give us clearer forward direction.

Further improvement will result from the preparation of a corporate business plan. The plan, which is still in development, will enhance decision-making through greater emphasis on performance-based reporting. When finalised, it will replace the seven divisional plans and form the basis of quarterly reporting in 2008–09.

2007–08 also witnessed greater input by the senior management team to the governance framework through two special meetings. The team considered both corporate direction, in particular meeting the challenges posed by climate change, and better service delivery to our staff, customers and stakeholders.

We commenced a review of the risk management framework with a view to streamlining the process. See appendix 9 for details.

Support for and recognition of staff

InSite, our restructured intranet, went live on 1 July 2007. The new site boasts significantly improved content and navigation. Its quality was recognised in January 2008 when internet and intranet usability experts the Neilson-Norman group named InSite as one of the best 10 intranets in the world.

With departmental resources focused on managing equine influenza, the planned internal communications review was put on hold. The review, now scheduled for 2008–09, will assess staff views on internal communications and provide a basis for ongoing improvement.

In October the third annual Staff Achievement Awards recognised outstanding performance and helped promote the quality work of the organisation.

Significant issues

- The socio-economic implications of a wide range of resource management issues together with the socio-economic capability of NSW DPI were increasingly recognised across government.
- The development of greenhouse gas abatement policy and programs emerged as a major issue that will challenge the sector, particularly given the current problems with drought and water shortages.
- Media interest in the minerals portfolio remained firmly on clean coal. In response NSW DPI is promoting the state's commitment to reducing greenhouse gas emissions while maintaining a strong and sustainable mining sector.
- Australian Government reviews of Exceptional Circumstances drought declarations over most of NSW will have significant implications for primary producers. NSW DPI provides updated seasonal and production information on a regional basis to support these reviews.

Future directions

Next year the division will contribute to key projects with a national focus such as:

- a NSW and national position on the role of agriculture and forestry in a national emissions trading scheme
- NSW water projects under the federal Water for the Future program, which will ensure equitable access to funding for NSW primary industries within the Murray Darling Basin
- NSW natural resource management projects that align with the six national priorities identified under the Caring for Our Country program.

We will also:

- complete socio-economic analyses of the state's drought recovery status and other issues to ensure policy and programs meet the needs of rural communities
- contribute to the design and delivery of more efficient assistance programs for primary industries and rural communities, including drought support and commercial fisheries structural adjustment
- consult with key stakeholders and experts on the NSW Biodiversity Strategy Discussion Paper, a joint responsibility of NSW DPI and DECC
- review the NSW DPI legislation portfolio to determine where further red tape reductions can be made for the benefit of primary industry stakeholders
- conduct a stakeholder audit and develop a stakeholder engagement plan
- review the risk management framework to re-assess high level corporate risks and streamline the risk management process

NSW DEPARTMENT OF PRIMARY INDUSTRIES

WOMEN'S EMPLOYMENT STRATEGY**PROMOTING EQUITY, DIVERSITY
& OPPORTUNITY****2006 to 2009**Launched by Barry Buffier, Director-General, NSW DPI,
on International Women's Day, 8 March 2006**Case study: Women's regional forums**

The Women's Employment Strategy was developed in 2006 to improve the career management skills of the Department's women and to help them achieve their full career potential. A Women's Consultative Group was established to implement the strategy. Among other actions, the group delivered four women's forums across the State between August and November 2007, in collaboration with Regional Relations Teams and Regional Directors.

Forums were held, at Tocal, Coffs Harbour, Yanco and Dubbo, giving women from very different regions of NSW the opportunity to attend. Overall, 220 women participated, coming from all divisions of the Department.

The forums had several goals. They provided an opportunity for women to network across the Department. They also gave those attending a broader view of the Department's role and responsibilities. Break-out sessions focused on financial planning, aboriginal culture and physical and mental health.

The Department has many functions in its different areas of responsibility, and the talks addressing these gave many a first time insight into them. For everyone, the opportunity to meet and share experiences with their colleagues gave them a much broader sense of the NSW DPI family.

Women reported that the forums were successful, useful and enjoyable.



Corporate Services Division

Delivery of high quality services

Nature and scope of activities

The Corporate Services Division develops, manages and advises on systems, infrastructure, policies and standards to provide services to NSW DPI in the areas of finance and administration, human resources, assets, information technology and legal services.

The division comprises five branches:

- Human Resources
- Finance and Administration
- Assets
- Information and Communication Technology
- Legal

Major outcomes achieved

A safe, satisfying and fair work environment

Payroll and employee services were provided to over 3 800 employees during the year, including clients in the Rural Assistance Authority, the Game Council and the Coal Compensation Board. In addition to the normal employee payroll, NSW DPI provided payroll services to over 350 members of boards and committees. Structural changes both within NSW DPI and other NSW government agencies increased staff movement and placed additional demands on payroll and employee management.

The Human Resources Committee met quarterly and addressed such issues as:

- the development of a 'employer of choice' culture
- design and implementation of a new performance management system
- endorsement of an extensive management training program.

Major development of the Aurion Employee Self Service online system gave staff access to their personal information. The system also allows them to complete various functions such as applications for leave, transfer, higher duties, overtime and training courses.

The Joint Consultative Committee continued to meet during the year to ensure the effective management of industrial issues. The memorandum of understanding with the Public Service Association regarding the advertisement of vacant positions established during the formation and restructure of NSW DPI ceased during the year, bringing to a successful close the amalgamation of four departments into the one agency.

The *Women's Employment Strategy Action Plan: Progress and Targets 2008-2009* was released. It details the achievements of the Women's Consultative Group over the past 12 months as well as plans for the coming year.

NSW DPI looked after staff mental health and wellbeing through the Employee Assistance Program, now provided by Converge International, which offers counselling, mediation and psychological support for all employees and their families. There were also a number of training courses to support staff in dealing with workplace issues such as stress management and bullying and harassment.

The training program expanded to include 10 new courses including Safer Driving, Project Evaluation and Managing Challenging Staff while the compulsory Leadership and Management Development Program for senior managers commenced. A total of 2 565 staff attended 104 courses during the year.

Internal services and facilities enable achievement of business aims

Records management and communication

Consolidation of records is now complete with the inclusion of all documents from the previous minerals, agriculture and fisheries systems in the new TRIM global system. This represents a triumph of both technology and collaboration — the latter essential in devising a single classification and naming convention across

all departments. The new system links seamlessly with existing software applications.

There was another step towards records integration when the State Records Authority gave NSW DPI the approval required for compliance with the *State Records Act 1998*, which replaced a number of earlier separate approvals.

In keeping with best practice, NSW DPI continued to emphasise electronic delivery of journals, databases and documents, with the major focus for 2007–08 being the implementation of an integrated library management system. This will allow clients to access their records of alerts and loans. As a prelude to the introduction of the system and to improve the overall efficiency of library services, an extensive review and cull of departmental collections was undertaken.

NSW DPI extensively modified the Front Gate mapping system, which assists management of emergencies and disease outbreaks through allowing easy access to information on infected areas and properties. Version 2 incorporates aerial images with maps and proved a key component of the equine influenza response.

Telephone and data network services were enhanced. Work included the improvement of network interoperability between our West Pennant Hills office and Orange headquarters and an internal speed-dial telephone plan that allows many NSW DPI staff to dial extensions in other offices without entering the full STD number

The telecommunications section maintained accreditation to international security standard ISO27001 as required by the Department of Premier and Cabinet. The quality of services was further confirmed when benchmarking showed that helpdesk and on-site support services were provided at low cost and high efficiency.

Electronic service delivery

Enhancement of employee self-service facilities continued, as described earlier.

Electronic service delivery played a major role in managing the equine influenza outbreak. Horse owners were able to register requests for horse movements online and organisations to register events involving horses. The mapping of the various exclusion zones used in controlling horse movements involved the use of NSW Department of Lands technology, an arrangement that further cemented the relationship between NSW DPI and Lands.

The department continued to use the Government Broadband Network established by the NSW Department of Commerce for its wide area network.

We are currently working closely with the Australian Department of Climate Change for the exchange of natural resource information linked to the Australian Government's monitoring, evaluation and reporting commitments.

Managing physical assets

Measures to assist NSW DPI in aligning assets with current and future business priorities included:

- disposal of a number of properties, including the remaining part of the former Biological and Chemical Research Institute at Rydalmere and the former depot at Singleton

- construction of a feed evaluation laboratory at Wagga Wagga Agricultural Institute
- installation of border tick video surveillance at six sites on the Queensland border
- construction of shared building for NSW DPI and the Marine Parks Authority at Huskisson
- refurbishment of the fish hatchery at Port Stephens and offices at Tuncurry and Swansea
- completion of irrigation infrastructure at Elizabeth Macarthur Agricultural Institute for the reuse of effluent from West Camden treatment works
- marketing of the Narara Horticultural Research Station for sale following rezoning of the property for residential and rural residential use.

Preparation for a major upgrade for biosecurity at Elizabeth Macarthur Agricultural Institute began with the development of a business plan and supporting documents. Treasury has approved \$43 million for the upgrade over five years.

While drought caused significant crop failures on our inland properties, the Elizabeth Macarthur Agricultural Institute had an excellent season, which significantly improved the financial viability of farming enterprises. However, the lack of spring rain in the southern half of the State meant that there was no grain harvested at our Wagga Wagga, Temora and Yanco operations.

Legal advice and services

Work over the year included:

- approval of contracts for research and development, licensing, commercialisation projects and consultancies
- the hearing of agricultural tenancy arbitrations
- preparation of prosecution proceedings against mining companies and individuals for serious offences under the *Occupational Health and Safety Act 2000* and *Explosives Act 2003*
- completion of prosecutions for offences under the *Fisheries Management Act 1994*
- prosecutions for contravention of agricultural legislation
- preparation of the following for gazettal: 218 orders, 153 appointments, 29 closures, 3 exemptions, 1 public quarantine, 12 revocations, 6 delegations, 10 proclamations, 8 notifications, 2 easements, 4 interim orders, 19 regulation amendments.

Significant issues

Equine influenza (State Plan S8, P6)

Staff across the division rose to the challenge when the equine influenza campaign greatly increased the demand for many corporate services. In doing so they contributed significantly to the overall success of NSW DPI in eradicating the virus within six months.

For example, the majority of Finance and Administration staff were involved in the emergency response, either directly as members of special teams or indirectly in such activities as processing over 100 000 emergency-related financial transactions, liaising with Animal Health Australia on financial matters and assisting the development of expenditure forecasts.

The ICT role was to provide around-the-clock support by supplying new computers and telephone services at control centres and developing software and spatial systems to supply information as required. The new Front Gate mapping system was tested to the maximum while being used to capture and verify the location of thousands of properties suspected as carrying or actually carrying stock infected by equine influenza. Internet-based forms were also developed and modified at short-notice to improve the flow of information and reporting on horse movements and event registrations.

Human Resources staff worked both at the state disease control headquarters and the local disease control centre while those from the Staff Payroll Centre and Employee Services Unit were heavily involved with processing overtime and penalty payments, inducing new employees and processing employment approvals.

Water availability and asset performance

Reductions in the availability of irrigation water again significantly reduced income from the by-products of research. As the outlook for 2008–09 is less than encouraging, we were compelled to prioritise all essential activities on research stations dependent on irrigation.

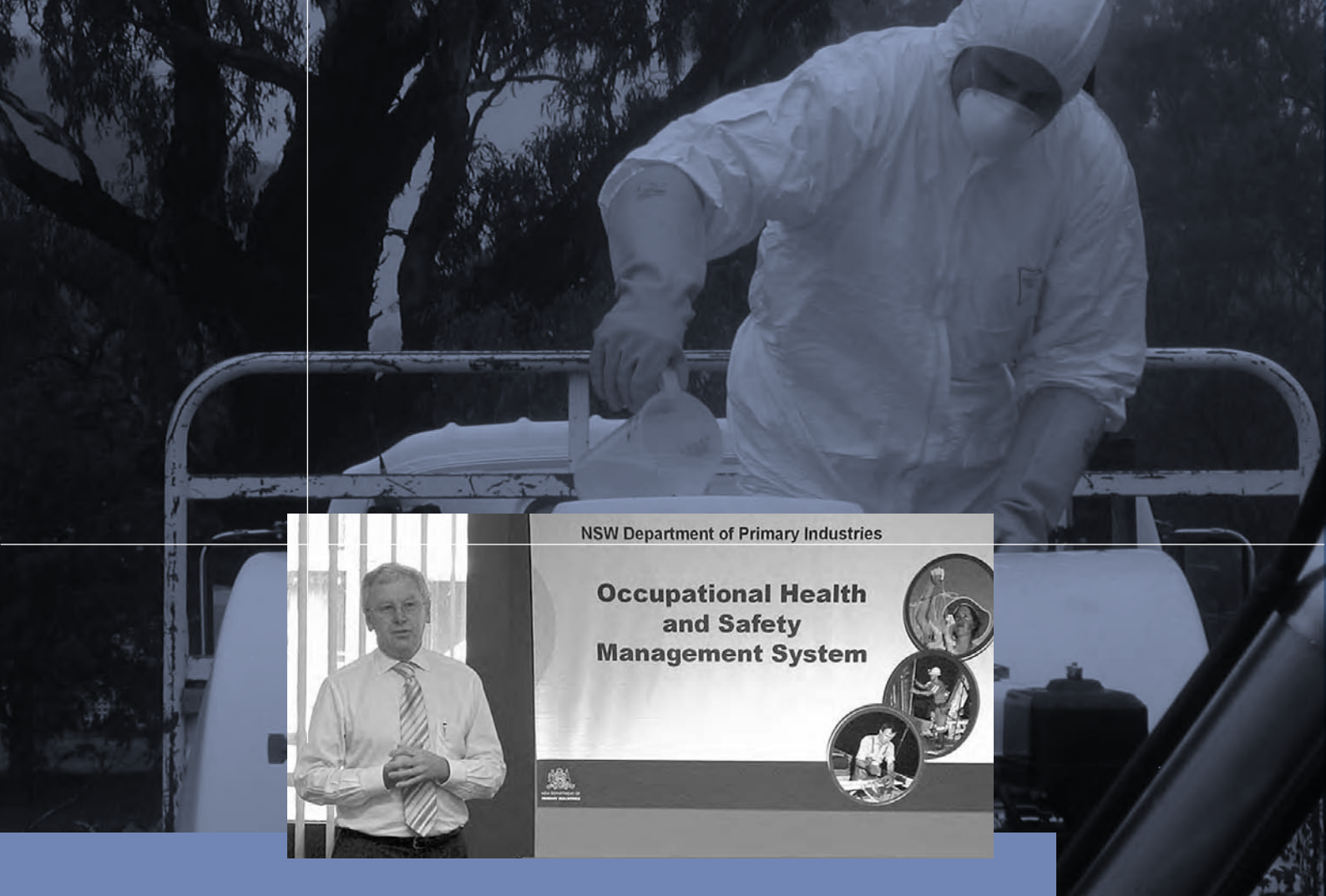
Drought payments (State Plan S8, P6)

In excess of 18 000 drought transport subsidy claims were processed and paid to farmers affected by the drought.

Future directions

In 2008–09 the division will:

- strengthen leadership capacity and build a strong performance culture through ongoing training in leadership management
- implement the Connect performance management system
- gather feedback on employee satisfaction through such means as an online exit survey and employee attitude survey
- explore opportunities to consolidate and simplify NSW DPI's industrial award structure
- form an ICT steering committee to prioritise ICT resources to more effectively meet NSW DPI needs
- implement an enterprise-wide system to improve the remote provision updating and tracking of personal computer software
- upgrade the SAP financial management system to version ERP
- evaluate and, if appropriate, implement new accounts payable technologies and an automated process to improve the uploading of BPay and credit card transactions into SAP.



NSW Department of Primary Industries

Occupational Health and Safety Management System



Case study: Promoting a positive safety culture in NSW DPI

In 2006 an external review identified deficiencies in the management of occupational health and safety (OHS) across the department. In addressing these deficiencies, NSW DPI has built a new OHS management system that changes our approach from reactive to proactive and advances a positive safety culture.

Corporate documentation forms the backbone of the new system. However, it is more than a series of policies and procedures and, importantly, incorporates initiatives to increase awareness of risk management and workplace safety. Among the initiatives are:

- an annual staff achievement award to recognise a significant contribution to safety
- a computerised chemical management system at our larger sites for recording all workplace substances, including laboratory and agricultural chemicals
- the Work Safe for Life monthly newsletter
- a feedback email address, which gives staff an avenue to express concerns and request OHS information
- an easy-to-navigate OHS webpage accessible by all staff.

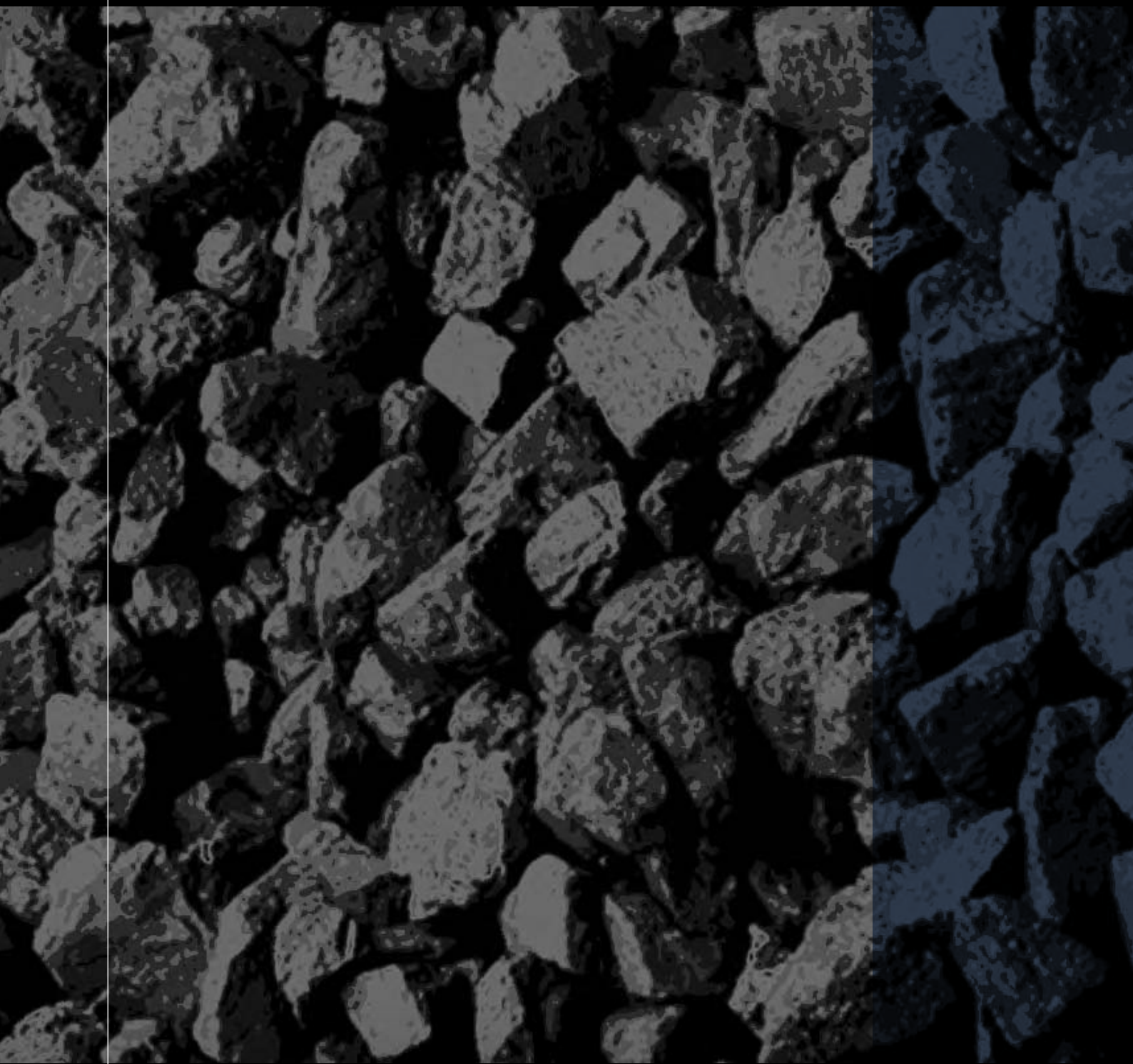
Everyone had the opportunity to comment on the system's policies, procedures and forms. Consultation assisted staff buy-in, as did the commitment of senior management. Demonstrating this commitment, the Director-General signed an OHS policy statement that is now on display in all NSW DPI workplaces.

To implement the new OHS management system and raise awareness, there was a series of 40 presentations to employees and management at 28 locations across NSW.

With a risk-based system in place, NSW DPI will no longer be dealing with incidents and injuries after the fact but instead will be actively promoting employee health and wellbeing.

NSW Coal Compensation Board

ANNUAL REPORT 2008



NSW Coal Compensation Board — Annual Report 2008

For the six month period 1 July 2007 to 31 December 2007

HIGHLIGHTS

- The Board paid out \$10.43 million in compensation during the six month period 1 July 2007 to 31 December 2007.
- During the period the Office of the Board submitted the remaining claims and applications for final determination. This included seven loss in estate claims and applications, four consequential loss applications, two front end payment claims, 241 native title claims and seven voluntary acquisition applications. The Office of the Board also restored three coal titles to former owners.
- The Coal Acquisition Legislation Repeal Bill came into effect on the 31st December 2007. The Bill abolished the NSW Coal Compensation Board and the NSW Coal Compensation Review Tribunal and provided functions of the Board and Tribunal to be assumed by the Director General of the Department of Primary Industries and the Land and Environment Court respectively.

EXECUTIVE

The Executive comprised the Chief Executive Officer, Principal Solicitor, Manager Operations and Compensation and Manager Assessment and is responsible for the corporate direction and planning for the organisation.

Chief Executive Officer

Carolyn Bloch

Ms Bloch became Chief Executive Officer of the Coal Compensation Board (CCB) following the retirement of the inaugural Chief Executive Officer, Mr Harold Bowman in December 2005. She divides her time between the Maitland and Sydney offices.

Prior to her appointment as Chief Executive Officer, Ms Bloch was Director, Change Program Office within the Department of Primary Industries and Executive Director, Department of Mineral Resources. She has held a number of senior executive officer positions within various Government agencies.

Principal Solicitor

Tish McMullen BA/LLB, MLM

Ms McMullen is a lawyer with experience in commercial litigation, statutory interpretation, administrative law, property and compensation litigation, taxation law, law of estates, plus legislative reform. This broad experience, combined with a Masters in Law and Management, has given Ms McMullen the background required to successfully manage the provision of legal services to the Board. In order to effectively defend the Board's determinations before the NSW Coal Compensation Review Tribunal, Ms McMullen co-ordinates inter-disciplinary teams of professionals from each of the operational branches within the office of the Board.

Manager Operations and Compensation

Peter Sayers BSc (Hons), MAus, IMM

Mr Sayers is a graduate geologist with over twenty five years experience in the coal mining and exploration industry and in public sector management. Prior to joining the Board as an assessor in 1987 he worked for the Joint Coal Board, Arco Australia Ltd and CRA Ltd in geological and senior geological roles involved in coal exploration,

mining feasibility studies and coal project evaluation. His work with the Board has included the roles of Manager Assessment and Manager Modelling. In his current role as Manager Operations and Compensation he is responsible for managing the Board's operations to ensure organisation wide performance outcomes meet corporate and business objectives.

Manager Assessment

Joe Nelson BSc, Dip Geoscience, MAusIMM

Mr Nelson is a graduate geoscientist with over thirty five years experience in the mining and exploration industry, principally in the coal industry. Prior to joining the Coal Compensation Board in late 1999 as a Senior Assessor he worked for BHP Exploration, managing coal exploration projects in Indonesia and Mongolia. Before joining BHP Exploration Mr Nelson consulted extensively to the Gold and Coal mining industries in Australia and New Zealand including a number of years managing a coal utilisation research program being undertaken by BHP Research and CSIRO. He also has extensive experience in managing coal exploration projects in NSW and Qld. In his current role as Manager Assessment Mr Nelson is responsible for ensuring the finalisation of the remaining claims for compensation.

NSW COAL COMPENSATION BOARD

APPOINTMENT OF BOARD MEMBERS

The Board is nominated by the Minister for Mineral Resources and appointed by the Governor in accordance with clause 4 of the Coal Acquisition (Compensation) Arrangements 1985.

Board members are appointed on a part-time basis and included the following:

- Chairperson
- Department of Primary Industries employee
- Three members who do not hold an office of profit under the Crown

BOARD MEETINGS

Board Meetings are generally held once a month. A total of 4 meetings were held during the period July – December 2007. The Board did not sit in the months of July and December 2007. Attendance at Board Meetings is outlined below:

Board Members	Meetings Attended
Alastair Fotheringham	4
Maree Callaghan	4
Robert Martin	3
Sue Myers	4
Brad Mullard	3

PROFILE OF BOARD MEMBERS

Chairperson:

Mr Alastair Fotheringham BSc, AAIB

Appointed 1 November 1999

Reappointed 1 March 2007

Mr Fotheringham retired in 1999 as General Manager, NSW & ACT, of

the ANZ Banking Group. Mr Fotheringham is a graduate economist who commenced his career as an agricultural adviser in Scotland. Subsequently, his career was orientated towards business finance and the management and development of business through periods of considerable change.

Apart from many senior positions within the bank, Mr Fotheringham was a Director of Dalgety Rural Finance and Chief Executive of the Tasmanian Chamber of Commerce and Industry.

Throughout his career he has been involved in helping develop strategy for growth.

Board Member:

Representative of the Department of Primary Industries

Mr Brad Mullard BSc

Appointed 7 December 2005

Reappointed 1 March 2007

Mr Mullard is the current Director, Coal and Petroleum Development with the Department of Primary Industries.

Prior to his appointment as Director, Coal and Petroleum Development, Mr Mullard was Director Corporate Services with the Department of Mineral Resources.

Mr Mullard has been involved in the exploration and mining industry for the past 28 years. He is actively involved in promoting development opportunities in the State for both coal and petroleum and continues to provide strategic advice to Government on the State's energy resources.

Board Member:

Mrs Maree Callaghan FAICD, CMC

Appointed 1 November 1995

Reappointed 1 March 2007

Mrs Callaghan is a former director of Insurance Australia Group, of NRMA Insurance Limited (1992-2003) and NRMA Motoring and Services (1991-2002). Mayor of Cessnock from 1987-1995, Mrs Callaghan has been a member of numerous Hunter boards, with specific experience in evaluating needs and determining eligibility for appeals, grants, applications for government assistance, housing and compensation.

Mrs Callaghan has employment expertise in the health, disability and community sectors and has published works on mining and heritage issues, business, mortality and women. She is vice-president of the Northern District Miners' Women's Auxiliary and is an honorary member of the Miners Federation of Australia.

Board Member:

Ms Sue Myers BA, LLB

Appointed 7 February 2001

Reappointed 1 March 2007

Ms Myers is a lawyer with extensive senior management experience. She was first admitted as a solicitor in 1978. Ms Myers was on the Board of the Australian Red Cross Blood Service and Chairperson of its Finance and Audit Committee from 1996 to 2001. She has held the position of company secretary and general counsel in a number of listed entities, and she is currently Special Counsel to Ridley Corporation Limited.

Ms Myers brings legal and corporate governance experience to the Board, including experience in commercial litigation, and an understanding of the operation of boards.

Board Member:

Mr Robert Martin Dip Ag

Appointed 25 February 2004

Reappointed 1 March 2007

Mr Martin was the Minister for Mineral Resources and Minister for Fisheries from 1995-1999, Shadow Minister for Agriculture, Rural Affairs, Land and Forests (including Soil Conservation and Fisheries) from 1991-1995 and a Member for Port Stephens from 1988-1999.

He was educated at Hurlstone Agricultural High School and Hawkesbury Agricultural College. Former employment has been in the field of horticultural advisory work and fisheries research. He has been an active member of the Hunter community for 35 years.

Mr Martin has also had extensive involvement in community organisations such as the Police Citizens Youth Movement, Nelson Bay Apex Club and the Royal Newcastle Hospital Board.

BOARD MEMBERS' CODE OF CONDUCT

This Code of Conduct sets out standards of ethical behaviour for the Chairperson and Members of the NSW Coal Compensation Board. It is designed to ensure that the Board's activities are conducted with efficiency, impartiality, fairness and integrity.

The Board Members' Code of Conduct provides:

- Each member of the Board has a duty to ensure that the management of the Board is competent, ethical, and that it acts in the best interests of the Board.
- Each member of the Board, shall at all times, act honestly and in good faith in the exercise of their powers and the discharge of their duties.
- Each member of the Board has a duty to use care, skill and due diligence in fulfilling the functions of the Board.
- Board members shall not take improper advantage of their position nor use inside information to gain an advantage, either directly or indirectly, for themselves or any other person.
- Board members shall not allow personal, family, business or other interests to conflict with the interests of the Board and the functions of the Board. Board members are responsible for identifying and recording disclosure of any actual or perceived conflict of interest, pecuniary interest, a non-pecuniary interest or a related party transaction affecting themselves or any other Board member.
- Any direct or indirect pecuniary interest of any Board members shall be recorded in the register of pecuniary interest maintained by the Board pursuant to Schedule 1 Clause 7 of the Coal Acquisition (Compensation) Arrangements 1985. If any such interest is disclosed Clause 7(4) takes effect.
- Where an actual or perceived conflict of interest, a non-pecuniary interest or a related party transaction is disclosed or identified, the Board shall resolve whether it is appropriate for the relevant Board member to be excluded from voting, to be excluded from discussion, or not to receive Board papers relating to the issue.
- Confidential information received by Board members in the course of the exercise of their duties remains the property of the company or person from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or the person from whom the information is provided, or is required by law.
- Board members should not engage in conduct likely to bring discredit upon the Board.
- Board members have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.

THE WORK OF THE BOARD

The Board was scheduled to meet normally once a month. As the available work of the Board was nearing completion, there was no Board Meeting in July and December 2007. The regular business of the Board considered issues in the following areas:

- Chairperson's Report
- Chief Executive Officer's Report

- Coal Compensation Status Report
- Board Determinations
- Final Determinations of Claims and Compensation Applications
- Voluntary Acquisitions
- Recommendations to the Minister
- Reports for Information

The Minister received monthly reports on the performance of the Board. The annual report is tabled in Parliament.

ASSESSMENT

The Assessment Branch assesses the value of compensation payable to claimants and applicants for the loss of coal and associated rights. The branch also ensures the compensation budget allocated by Treasury is paid in full.

During the six month period ending 31 December 2007 the Assessment Team finalised all outstanding claims and applications including the 7 remaining loss in estate in coal claims and applications, 2 claims for front end payment compensation and 4 consequential loss applications. The remaining 241 native title claims were also finalised.

The Board received 3 new applications for voluntary acquisition during the 6 months of the Board's operations, bringing the total applications to be processed to 11. The Assessment Team evaluated all available applications and made recommendations to purchase 7 titles on hardship grounds, even though these titles were considered to be of insignificant value to the Crown. It was recommended that a further 2 coal titles be acquired by the State as it was considered the acquisition of these was of benefit to the State. Only 2 voluntary acquisition applications were refused.

The Board paid out a total of \$10.43 million in compensation during the six month period 1 July 2007 to 31 December 2007. This amount included payments of compensation totalling \$10.26 million, and interest of \$0.17 million.

LEGAL

The Legal branch was responsible for managing the Board's litigation, providing legal advice, legal representation and researching legal issues. It also interpreted legislation, legal documents, agreements, contracts and instruments relating to legally, economically, financially, and technically complex claims associated with mining, property, environmental, planning, taxation, administrative and estate law.

REPEAL OF THE LEGISLATION

The Coal Acquisition Legislation Repeal Bill 2007 passed through the NSW Parliament without amendment in November 2007. The Bill dealt with various aspects of the:

- *Coal Acquisition Act 1981*;
- Coal Acquisition (Compensation) Arrangements 1985,
- *Coal Ownership (Restitution) Act 1990*;
- Coal Ownership (Restitution) Regulation 2005, and
- Coal Acquisition (Re-Acquisition Arrangements) Order 1997

Specifically:

1. The entities of the Board and Tribunal were abolished by proclamation on 31 December 2007. Any person who held office as a member of the Board or Tribunal cease to hold office on 31 December 2007.
2. Any claims or applications before the Board that were not finalised by 31 December 2007 were transferred to the Department of Primary Industries with the Director-General assuming all of the functions of the Board.
3. Any appeals that were before the Tribunal and not finalised by 31 December 2007 were transferred into the jurisdiction of the Land and Environment Court. The legislative arrangements will apply in the Land and Environment Court as they applied in the Tribunal.

JUDICIAL DECISIONS

There were 13 significant judicial decisions:

Traditional owners v New South Wales Coal Compensation Board

The NSW Coal Compensation Board consented to requests from four (4) Local Aboriginal Land Councils to vary the name of the claimant in relation to nine (9) compensation claims for pecuniary loss by potential traditional owners. The Board determined to refuse all claims. This resulted in 13 appeals to the NSW Coal Compensation Review Tribunal. The central issue for determination by the Tribunal was the application of section 5 of the *Coal Acquisition Act 1981*, specifically, whether or not holders of native title could be eligible claimants under the 1981 Act.

The Tribunal found in favour of the Board and dismissed all 13 appeals following a hearing in each appeal on the preliminary legal question of eligibility of the claimants to claim compensation.

In January 2008, an appeal was lodged in the Supreme Court of NSW by one (1) traditional owner against the decision of the Tribunal in three (3) claims. Proceedings continue.

FINANCE

Finance provides efficient and effective financial management of the Board's compensation and administrative activities through payment of compensation and creditors in accordance with public sector accounting standards.

From the 1st of July 2007, the NSW Coal Compensation Board entered into a Service Level Agreement for the processing of all financial information with the NSW Department of Primary Industries. As a result all Accounts Payable are sent to DPI for processing with the CCB undertaking the Financial Reporting requirements.

The Board is required under Section 11 of the *Public Finance and Audit Act 1983* to adopt and maintain an effective system of internal control over financial and operational activities.

The NSW Coal Compensation Board ceased use of the MYOB financial system and adopted the financial system of the Department of Primary Industries for financial processing. This has strengthened control with the establishment of a separate independent financial process for the agency.

Reporting

Regular reports are provided to Treasury, NSW Department of Primary Industries (DPI) Board management and the Minister on budgets, forward estimates and financial results.

Monthly financial reports on accounting results and performance, together with a monthly status report on funds available for compensation, compensation paid and a cash flow forecast, was prepared each month for the Board.

Insurance

The Board has comprehensive coverage for workers compensation, motor vehicle, property and public liability insurance, provided through the NSW Treasury Managed Fund. This fund is a government sponsored self insurance scheme which is currently managed by Allianz and the Government Insurance Office.

HUMAN RESOURCES

Under the Arrangements the Board has a number of alternatives for staffing the organisation, and for carrying out its work. The chosen method is for another agency to employ staff to be seconded to the Board. The chosen agency was the Department of Primary Industries.

During 2007-08 there were a total of 12 staff separations. Four of these staff were transferred to other Branches within the Department of Primary Industries.

Financial Statements

NSW COAL COMPENSATION REVIEW TRIBUNAL

Annual Report 1 July 2007 - 31 December 2007

For convenience of interested persons, this report on the activities of the New South Wales Coal Compensation Review Tribunal, for the period 1 July 2007 to 31 December 2007 is published with the Annual Report of the Coal Compensation Board.

The Tribunal is established under the *Coal Acquisition (Compensation) Arrangements 1985*. It is an independent Authority that hears and adjudicates on appeals arising from determinations by the Coal Compensation Board under those Arrangements and the *Coal Acquisition (Re-acquisition Arrangements) Order 1997*.

MEMBERSHIP:

- **Mr G.R. Leader (Chairperson)**

Mr Leader is a solicitor of the Supreme Court and holds a Diploma of Criminology. He was a Stipendiary Magistrate from 1971 until his retirement in 1995. Mr Leader was also Deputy Chairperson of the Serious Offenders Review Council, Chairperson of the Charter Fishing Boats Review Panel and Independent Chairperson of the Advisory Council on Commercial Fishing.

- **Ms Carmel Forbes (Deputy Chairperson)**

Ms Forbes graduated BA/LLB at Macquarie University. She is a part time Magistrate, a Mining Warden and an Industrial Magistrate. Ms Forbes has practised as a solicitor with the Department of Motor Transport, in private practice and as a public solicitor providing criminal legal aid. Ms Forbes was appointed a Magistrate of the Local Court in 2001.

- **Mr F. Fairclough**

Mr Fairclough is a Bachelor of Science, Mining Engineering. He has extensive experience in the coal mining industry both in the United Kingdom and in Australia. Mr Fairclough is a Certificated Colliery Manager and a Chartered Engineer. He was Chief Mining Engineer for the Joint Coal Board.

- **Emeritus Professor F.F. Roxborough AM**

Professor Roxborough was Professor of Mining Engineering at the University of New South Wales from 1975 to 1997 when he retired and was head of the Mining School at the University for most of that time. In addition to his academic qualifications, Professor Roxborough is a Certificated Colliery Manager and a Chartered Professional Engineer. He has a long standing and continuing involvement with the coal mining industry both in Australia and overseas.

- **Professor Colin Ward**

Professor Ward is a Professor of Geology at the University of New South Wales and specialises in Coal Geology, especially coal mining geology and coal petrology. He has been a senior lecturer at the University of Technology, Sydney, and has extensive research and consultancy experience in coal and petroleum geology.

- **Mr John Maitland**

Mr Maitland was appointed as a member of the Tribunal by the Governor on 2 August 2006. Mr Maitland was the National Secretary of the Construction Forestry Mining & Energy Union (CFMEU) from 1996 until 2006. He worked in the coal industry in underground and open cut mines for many years. He is the Chairman of the NSW Department of Primary Industries Coal Competence Board and Chairman of ResCo Services Pty Ltd.

OPERATIONS:

There were no appeals outstanding at 1 July 2007. During the half year to 31 December 2007, 25 further appeals were lodged. Of that total 25 appeals, 14 appeals were dismissed and 11 appeals were undetermined as at 31 December 2007. The undetermined appeals became Class 3 actions in the Land and Environment Court.

Appeals Dismissed	14
Appeals Undetermined	11
Total	25

None of the decisions of the Tribunal between 1 July 2007 and 31 December 2007 were the subject of any orders by superior courts and there are no actions pending in superior courts in respect of those decisions.

In dealing with outstanding appeals during the period the Tribunal expedited the finalisation of appeals by fixing timetables to expedite the commencement of hearings.

The office of the Tribunal was at Level 2, 1 Oxford Street, Darlinghurst in December 2007.

The Tribunal was abolished at the commencement of the *Coal Acquisition Legislation Repeal Act 2007* No. 62.

NSW COAL COMPENSATION BOARD

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2007

STATEMENT ON BEHALF OF THE BOARD

Pursuant to the Public Finance and Audit Act 1983, I state that:

- (a) the accompanying financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Regulations and Financial Reporting Directions issued by the Treasurer under Section 9 (2) (n) of the Act, applicable Australian equivalents to International Financial Reporting Standards ("A-IFRS") and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").
- (b) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.
- (c) The financial statements exhibit a true and fair view of the financial position of the Board as at 31 December, 2007 and transactions for the period then ended.



**DR RICHARD SHELDRAKE
DIRECTOR-GENERAL
NSW Department of Primary Industries**

Date: 2 JUN 2008



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT COAL COMPENSATION BOARD

To Members of the New South Wales Parliament.

I have audited the accompanying financial report of Coal Compensation Board (the Board), which comprises the balance sheet as at 31 December 2007, and the operating statement, statement of recognised income and expense, cash flow statement and summary of compliance with financial directives for the six month period then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- Presents fairly, in all material respects, the financial position of the Board as of 21 December 2007, and of its financial performance and its cash flows for the six month period then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act* 1983 (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Board's Responsibility for the Financial Report

The members of the Board are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does not provide assurance:

- about the future viability of the board,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

A Oyetunji
Director, Financial Audit Services
SYDNEY
5 June 2008

OPERATING STATEMENT

For the 6 month Period Ended 31 December 2007

	Notes	Actual 1 July 2007 to 31 Dec 2007 \$'000	Budget 1 July 2007 to 30 June 2008 \$'000	Actual 1 July 2006 to 30 June 2007 \$'000
Expenses				
Operating Expenses				
Employee Related	2a	2 225	3 885	6 322
Other operating expenses	2b	902	1 260	2 268
Maintenance		0	0	22
Depreciation and amortization	2c	63	25	245
Other expenses	2d	0	0	11 756
Total Expenses		3 190	5 170	20 613
Less:				
Retained Revenue				
Sale of goods and services	3a	12	7	34
Investment income	3b	118	10	165
Total Retained Revenue		130	17	199
Gain/(loss) on disposal of non current assets	4	(24)	0	(68)
Net Cost of Services	19	3 084	5 153	20 482
Government Contributions				
Recurrent appropriation	6	13 905	12 105	73 707
Capital appropriation	6	0	0	8
Acceptance by the Crown Entity of employee entitlements and other liabilities	7	33	293	376
Total Government Contributions		13 938	12 398	74 091
SURPLUS / (DEFICIT) FOR THE YEAR FROM ORDINARY ACTIVITIES	15	10 854	7 245	53 610
Non Owner transaction changes in equity		0	0	0
Total revenues, expenses and valuation adjustments recognised directly in equity		0	0	0
Total Changes in equity other than Those resulting from transactions with owners as	15	10 854	7 245	53 610

The above operating statement is to be read in conjunction with the attached notes

BALANCE SHEET

As at 31 December 2007

	Notes	Actual 31 Dec 2007 \$'000	Budget 30 June 2008 \$'000	Actual 30 June 2007 \$'000
ASSETS				
Current Assets				
Cash and Cash Equivalents	9	4 889	8 244	3 648
Trade and Other Receivables	10	140	0	148
Total Current Assets		5 029	8 244	3 796
Non-Current Assets				
Plant and Equipment	11	45	0	149
Total Non-Current Assets		45	0	149
Total Assets		5 074	8 244	3 945
LIABILITIES				
Current Liabilities				
Trade and Other Payables	12	1 901	0	11 812
Provisions	13	532	2 629	346
Other	14	2 437	329	2 437
Total Current Liabilities		4 870	2 958	14 595
Non-Current Liabilities				
Provisions	13	0	0	0
Total Non-Current Liabilities		0	0	0
Total Liabilities		4 870	2 958	14 595
Net (Deficiency) Assets		204	5 286	(10 650)
EQUITY				
Accumulated funds/(losses)	15	204	5 286	(10 650)
Total Equity		204	5 286	(10 650)

The above balance sheet is to be read in conjunction with the attached notes

STATEMENT OF RECOGNISED INCOME & EXPENSE

For the 6 month Period Ended: 31 December 2007

	Actual 1 July 2007 to 31 Dec 2007 \$'000s	Budget 1 July 2007 to 30 June 2008 \$'000s	Actual 1 July 2006 to 30 June 2007 \$'000s
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	0	0	0
Total income and expense recognised directly in equity	0	0	0
Surplus/(Deficit) for the period	10854	7 245	53 610
Total income and expense recognised for the period	10854	7 245	53 610

The above statement of recognised income and expense is to be read in conjunction with the attached notes

CASH FLOW STATEMENT

For The 6 month Period Ended 31 December 2007

	Notes	Actual 1 July 2007 to 31 Dec 2007 \$'000	Budget 1 July 2007 to 30 June 2008 \$'000	Actual 1 July 2006 to 30 June 2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(1 879)	(4 857)	(5 777)
Other		(489)	(2 564)	(2 281)
Compensation Payments		(10 429)		(64 991)
Total Payments		(12 797)	(7 421)	(73 049)
Receipts				
Sale of goods and services		12	7	33
Interest received		103	(29)	165
Other			(66)	0
Total Receipts		115	(88)	198
Cash Flows from Government				
Recurrent appropriation		13 905	12 105	76 144
Capital appropriation		0		8
Cash reimbursements from the Crown Entity		0	0	0
Cash transfers to Consolidated Fund		0		(2 108)
Net Cash Flows from Government		13 905	12 105	74 044
NET CASHFLOWS FROM OPERATING ACTIVITIES	19	1 223	4 596	1 193
CASH FLOWS – INVESTING ACTIVITIES				
Proceeds of Sale – Plant and Equipment		18	0	0
Purchases of Plant and Equipment		0	0	(8)
NET CASHFLOWS FROM INVESTING ACTIVITIES		18	0	(8)
NET INCREASE/(DECREASE) IN CASH		1 241	4 596	1 185
Opening cash and cash equivalents		3 648	3 648	2 463
CLOSING CASH AND CASH EQUIVALENTS	9	4 889	8 244	3 648

The above cash flow statement is to be read in conjunction with the attached notes.

SUMMARY OF COMPLIANCE WITH FINANCIAL DIRECTIVES

For the 6 month Period Ended 1 July 2007 to 31 December 2007

ORIGINAL BUDGET APPROPRIATION/EXPENDITURE	Recurrent Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000
Appropriation Act	4 743	2 467	0	0
Additional appropriations - Compensation	7 362	7 362	0	0
Sec 21A PF&AA - special appropriations	0	0	0	0
Sec 24A PF&AA – transfer of functions	0	0	0	0
Between departments				
Sec 26A PF&AA - Commonwealth specific	0	0	0	0
Purpose payments				
TOTALS	12 105	9 829	0	0
OTHER APPROPRIATIONS/EXPENDITURE				
Treasurers Advance	4 076	4 076	0	0
Sec 22 - Expenditure certain works & services				
Transfers from another agency	0	0	0	0
(See Sec 28 of the Appropriation Act)	0	0	0	0
TOTALS	4 076	4 076	0	0
Total Appropriations /Expenditure/ Net Claim on Consolidated Fund				
(Includes transfer payments)	16 181	13 905	0	0
Amount drawn down against Appropriation		13 905		0
Liability to Consolidated Fund		0		0

NOTES:

The summary of compliance is based on the assumption that Consolidated Funds moneys are spent first (except where otherwise identified or prescribed.)

If there is a liability to consolidated fund the agency must state that this represents the difference between the "Amount Drawn Down against Appropriations" and the "Total Expenditure/Net Claim on Consolidated Funds"

The above summary of compliance is to be read in conjunction with the attached notes.

SUMMARY OF COMPLIANCE WITH FINANCIAL DIRECTIVES - continued

For the Period Ended 1 July 2006 to 30 June 2007

ORIGINAL BUDGET APPROPRIATION/EXPENDITURE	Recurrent Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000
Appropriation Act	52 385	52 385	50	8
Additional appropriations - Compensation	20 000	19 611	0	0
Sec 21A PF&AA - special appropriations	3 300	1 476	0	0
Sec 24A PF&AA - transfer of functions	0	0	0	0
Between departments				
Sec 26A PF&AA - Commonwealth specific	0	0	0	0
Purpose payments				
TOTALS	75 685	73 472	50	8
OTHER APPROPRIATIONS/EXPENDITURE				
Treasurers Advance	3 508	2 108	0	0
Sec 22 - Expenditure certain works & services				
Transfers from another agency	0	0	0	0
(See Sec 28 of the Appropriation Act)	0	0	0	0
TOTALS	3 508	2 108	0	0
Total Appropriations/Expenditure/ Net Claim on Consolidated Fund				
(Includes transfer payments)	79 193	73 707	50	8
Amount drawn down against Appropriation		76 144		8
Liability to Consolidated Fund		2 437		0

NOTES:

The summary of compliance is based on the assumption that Consolidated Funds moneys are spent first (except where otherwise identified or prescribed.)

If there is a liability to consolidated fund, the agency must state that this represents the difference between the "Amount Drawn Down against Appropriations" and the "Total Expenditure/Net Claim on Consolidated Funds"

The above summary of compliance is to be read in conjunction with the attached notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The Board prepares financial statements on the basis of historical cost, except for the revaluation of certain non-current assets where appropriate. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are rounded to the nearest one thousand dollars and expressed in Australian currency. The accounting policies adopted are consistent with those of the previous year except where stated.

Going Concern Assumption

The Board ceased operations on 31 December 2007. All assets and liabilities of the Board at this date were transferred to the NSW Department of Primary Industries. The assets will be liquidated in the ordinary course of the business to pay off the liabilities when due. Hence the accounts for the 6 month period ended 31 December 2007 have been prepared on the going concern basis. Since most of the activities have been wound down, there is no material difference in the going concern and liquidation basis of preparation for the accounts.

The Board was abolished under the *Coal Acquisition Legislation Repeal Act 2007* on 31 December 2007.

(b) Statement of Compliance

This report is a general purpose financial report prepared on an accrual basis and in accordance with:-

- applicable Accounting Standards which include Australian equivalents to International Financial Reporting Standards ("AIFRS");
- the requirements of the *Public Finance and Audit Act 1983* (the "Act") and
- Regulations and Financial Reporting Directions issued by the Treasurer under section 9(2)(n) of the Act.

(c) Reporting Entity

The NSW Coal Compensation Board, (the Board) as a reporting entity, comprises all the entities under its control, including the NSW Coal Compensation Review Tribunal in accordance with the requirements of the *Coal Acquisition (Compensation) Arrangements 1985*. The operating activities are associated with the Government's plans for either compensating or restoring coal rights to claimants who were former coal owners of private coal pursuant to the *Coal Acquisition Act 1981*.

The *Coal Acquisition Legislation Repeal Act 2007* (the Act) repealed the *Coal Acquisition Act 1981*, the *Coal Ownership (Restitution) Act 1990* and certain other legislation relating to the acquisition and restitution of rights with response to coal. The Act abolished the New South Wales Coal Compensation Board and the New South Wales Coal Compensation Review Tribunal. It also provides for abolition of the Board (whose functions are to be transferred to the Director-General of the New South Wales Department of Primary Industries) and the Tribunal (whose functions are to be transferred to the Land and Environment Court) from 1 January 2008.

The reporting entity is consolidated as part of the NSW Total State Sector and as part of the NSW Public Accounts.

(d) Critical Accounting Judgements and Estimates

Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which

the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of AIFRS that have significant effects on the financial statements and estimates with significant risk of material adjustments in the next year, are disclosed, where applicable, in the relevant notes to the financial statements.

The NSW Coal Compensation Board has determined most claims lodged for compensation under the *Coal Acquisition Act 1981* and subsequent legislation. Additional funding has been made available in successive years since 2004-05 through the State Budget, to enable the Board to accelerate operations in order to achieve the Government's objectives of acquiring coal rights as soon as possible. As a result of these initiatives the Board ceased operations on 31 December 2007. There were several claims which were not finalised at this date which will continue to be heard in the Land and Environment Court.

(e) Key Differences in Accounting Policies

The Board has determined the key areas where changes in accounting policies are likely to impact the financial report. To ensure consistency at the whole of government level, NSW Treasury advised agencies of options mandated for the NSW Public Sector. These were confirmed in Treasury Circular TC07/07 (Mandate of Options and Major Policy Decisions under AIFRS, dated the 27th June 2007 and replaced TC06/11 and TC06/14 in relation to AASB 1 (First Time Adoption of Australian Equivalents to International Financial Reporting Standards). This mandate, although extensive, has not seriously impacted the Board's results for 2006-07 and the six month period ended 31 December 2007.

(f) Revenue Recognition

Revenue is recognised when the Board has control of the goods or right to receive, it is probable that the economic benefits will flow to the Board and the amount of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Parliamentary Appropriations Contributions from Other Bodies

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenues when the Board obtains control over the assets comprising the appropriations / contributions. Control over appropriations and contributions are normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at the year end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

The liability is disclosed in Note 14 as part of "Current Liability - Other." The amount will be repaid and the liability will be extinguished.

Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services i.e. user charges. User charges are recognised as revenue when the Board obtains control of the assets that result from them.

Investment income

Interest revenue is recognised as it accrues.

(g) Employee Benefits and Other Provisions

Wages and Salaries, Annual Leave, Sick Leave and On-Costs

Liabilities for wages and salaries, annual leave and vesting sick leave are recognised and measured as the amount unpaid at the reporting date at

current pay rates in respect of employees' services up to that date.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the entitlements accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee entitlements to which they relate have been recognised.

Long Service Leave and Superannuation

The Board's liabilities for long service leave and superannuation are assumed by the Crown Entity. The Board accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of Employee Entitlements and other Liabilities".

Long service leave is measured using the present value method. The liability is based on the remuneration rates at year end for all employees with five or more years of service. The present value method has been adopted from the year ending 30 June 2004 following the introduction of Treasury Circular 03/08 "LSL Pool Accounting for Long Service Leave." The nominal method employed in previous years is no longer acceptable.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(h) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- the amount of GST incurred by the Board as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- receivables and payables are stated with the amount of GST included.

(i) Insurance

The Board's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience.

(j) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Board. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

(k) Plant and Equipment

Items of Plant and Equipment costing \$5,000 and above purchased individually are capitalised. This policy was adopted to comply with NSW Treasurer's Direction 460.04. Networked computer assets have also been capitalised in line with NSW Treasurer's Guidelines for Capitalisation of Expenditure in the NSW Public Sector.

Other items costing less than \$5,000, which are at risk of loss by misappropriation are expensed and recorded in the Record Only Register.

(l) Depreciation of Non-Current Physical Assets

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity. The following depreciation rates were applied to the assets of the Board during the year and represents a minor change in policy to keep abreast of technology. Assets are written off over 3 years to align with other government agencies the Board deals with.

Office Equipment	33%
Computers	33%
Furniture	33%

(m) Leased Assets

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

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the inception of the lease. The corresponding liability is established at the same amount.

Lease payments are allocated between the principal component and interest expense.

Operating lease payments are charged to the Operating Statement in the periods in which they are incurred.

(n) Maintenance and Repairs

The cost of maintenance is charged to expense as incurred, except where the transaction relates to replacement of a component of an asset, in which case the costs are capitalised and depreciated.

Reference should be made to item (k) above as components valued below \$5,000 will be recorded in the Record Only Register.

(o) Valuation of Coal Compensation Claims

The assessment of claims is carried out in accordance with the guidelines established in the Coal Acquisition (Compensation) Arrangements 1985, the *Coal Ownership (Restitution) Act 1990*, the Coal Ownership (Restitution) Regulation 2005 and the Coal Acquisition (Re-Acquisition Arrangements) Order 1997.

(p) Financial Instruments

Financial Instruments give rise to both a financial asset of one entity and a financial liability (or equity instrument) of another entity. For the Coal Compensation Board these include cash at bank, receivables and creditors. The carrying amount of these assets and liabilities approximates the net fair value. All financial instruments are recognised in the Balance Sheet.

(q) Cash and Cash Equivalents

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (Tcorp) 11am unofficial cash rate adjusted for management fee to The Treasury of NSW. The deposits at balance date were earning an average interest rate of 5.15% (4.75% for 2006-2007).

(r) Trade and Other Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is realised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is charged or earned by the Board on trade debtors.

(s) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Board and other amounts, including interest. Where relevant interest is accrued over the period it becomes due.

(t) Budgeted Amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year together with any adjustments for the effects of additional appropriations, under s 21A, s 24 and/or s 26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Operating Statement and the Cash Flow

Statement originate from the amounts disclosed in the NSW Budget Papers. However, in the Balance Sheet the amounts vary from the Budget Papers, as most opening balances in the Budgeted accounts are based on the carried forward actual amounts i.e. per the audited financial statements (rather than carried forward estimates).

(u) New Australian Accounting Standards issued but not effective

At reporting date, two Australian Accounting Standards have been issued by the Australian Accounting Standards Board. The standards issued were: AASB123 Borrowing Costs – the standard has been revised to remove the option to immediately expense borrowing costs that relate to qualifying assets from 1 Jan 2009. This standard has not been early adopted by the Board.

Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101.

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made prior period adjustments or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being at the beginning of the comparative period. This standard has not been early adopted by the Board.

2. EXPENSES

(a) Employee related expenses comprise the following specific items:

	1 July 2007 to 31 December 2007 \$'000	1 July 2006 to 30 June 2007 \$'000
Salaries and wages (including recreation leave)	721	3 999
Redundancies	1 292	1 619
Superannuation (defined benefit plans)	63	326
Long service leave	8	37
Workers compensation insurance	8	30
Payroll tax and fringe benefit tax	133	287
Employee entitlements (On-cost)	0	22
Other	0	2
	2 225	6 322

In the six month period ended 31 December 2007 the liability for superannuation entitlements \$24 000 (\$326 251 in 2006-07) long service leave \$7 800 (\$37 097 in 2006-07) and payroll tax on superannuation entitlements \$1 440 (\$12 881 in 2006-07) was assumed by the Crown. The overall cost of these items - \$33 240 has been raised in the accounts of the Board and offset by an equivalent amount included under the heading of Acceptance by the Crown Entity (\$376 229 in 2006-07).

Employee entitlements (on-cost) totalling \$0 (\$22 084 in 2006-07) has been calculated using the present value method. The decrease compared to 2006-07, reflects the reduced number of staff over the past six months of operations. On-costs are not assumed by the Crown Entity and are the responsibility of the Board.

Long service leave is recorded at present value in compliance with the Treasurer's Directions under Sec 9, Sec 45E and AASB 119. Measurement is based on the application of factors specified in NSW Treasury Circular 03/08 to employees with 5 or more years of service using current rates of pay.

(b) Other operating expenses

	1 July 2007 to 31 December 2007 \$'000	1 July 2006 to 30 June 2007 \$'000
Auditor's remuneration		
-audit of the financial reports	36	38
Board fees	42	85
Consultancies	234	269
Fees for services rendered	165	750
Insurance	13	10
Internal Audit Bureau	0	16
Other	107	209
Rental and cleaning expense	162	431
Stores and provisions	58	28
Travelling expenses	12	163
Coal Compensation Review Tribunal	73	269
	902	2 268

2. EXPENSES (cont'd)

(c) Depreciation and amortisation expense

	1 July 2007 to 31 December 2007 \$'000	1 July 2006 to 30 June 2007 \$'000
Computer & office equipment	63	245

(d) Other expenses

	1 July 2007 to 31 December 2007 \$'000	1 July 2006 to 30 June 2007 \$'000
Repurchase of Property Rights	0	50 873
Compensation - cash payments	0	14 118
Movements in Assessed Claims Provision	0	(53 235)
	0	11 756

3. REVENUES

(a) Sale of goods and services

	1 July 2007 to 31 December 2007 \$'000	1 July 2006 to 30 June 2007 \$'000
Appeal Fees	2	4
Sundry Income	10	30
	12	34

This reflects the lodgement of appeals and recoup of expenses incurred by the Coal Compensation Review Tribunal.

(b) Investment Income

	1 July 2007 to 31 December 2007 \$'000	1 July 2006 to 30 June 2007 \$'000
Interest Income	118	165

Represents interest received and receivable on the Board's bank account held at the Westpac Bank.

4. GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS

	1 July 2007 to 31 December 2007 \$'000	1 July 2006 to 30 June 2007 \$'000
Gain/(loss) on disposal of plant and equipment		
Proceeds from sale	18	0
Written down value of assets disposed of	(42)	(68)
Net gain/(loss) on disposal of plant and equipment	(24)	(68)

5. INDIVIDUALLY SIGNIFICANT ITEMS

The Net Cost of Services does not include the following items settled during the year as part of compensation creditors liability:

	1 July 2007 to 31 December 2007 \$'000	1 July 2006 to 30 June 2007 \$'000
Repurchase of property rights	736	50 442
Compensation Cash Payments	9 693	14 118
Voluntary Acquisitions	0	431
	10 429	64 991

Since the Board commenced operations a cash total of \$794 942 206 in compensation payments (\$784 512 884 in 2006-07) has been paid.

6. APPROPRIATIONS

	1 July 2007 to 31 December 2007 \$'000	1 July 2006 to 30 June 2007 \$'000
Recurrent Appropriations		
Total recurrent drawdowns from Treasury (per Summary of Compliance)	13 905	73 378
Add liability to the Consolidated Fund (per Summary of Compliance)	0	2 437
Less Repaid to Consolidated Fund (per Summary of Compliance)	0	(2 108)
Total	13 905	73 707
Comprising		
Recurrent Appropriations (per operating statement)	13 905	73 707
Transfer Payments	0	0
Total	13 905	73 707

	1 July 2007 to 31 December 2007 \$'000	1 July 2006 to 30 June 2007 \$'000
Capital Appropriations		
Total capital drawdowns from Treasury (per Summary of Compliance)	0	8
Less: liability to Consolidated Fund (per Summary of Compliance)	0	0
Total	0	8
Comprising		
Capital appropriations (per Statement of Financial Performance)	0	8
Transfer Payments	0	0
Total	0	8

7. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE ENTITLEMENTS AND OTHER LIABILITIES

	1 July 2007 to 31 December 2007 \$'000	1 July 2006 to 30 June 2007 \$'000
Superannuation	24	326
Payroll tax	1	13
Long Service Leave	8	37
	33	376

8. PROGRAMS / ACTIVITIES OF THE BOARD

(a) Program 1 – Compensation Scheme

The NSW Coal Compensation Board is an independent authority with the role of determining claims from former owners of coal whose coal was acquired by the Crown through the *Coal Acquisition Act 1981*.

The Coal Acquisition (Compensation) Arrangements 1985 sets out the detailed rules by which the Coal Compensation Scheme operates. It is administered by the Coal Compensation Board and payments are from the Coal Compensation Budget.

(b) Programs 2 - 4 (inclusive) – Reacquisition, Restitution and Voluntary Acquisition Schemes

The NSW Coal Compensation Board also administers the role of determining claims from former owners of coal holdings who seek restoration of coal ownership, owners who wish to voluntarily transfer their coal rights to the crown for an appropriate consideration and thirdly, the reacquisition of coal rights for coal acquired by the crown after 1997, under the *Coal Ownership Restitution Act 1990*.

The Coal Acquisition (Re-acquisition Arrangements) Order 1997 sets out the detailed rules by which the *Coal Ownership Restitution Act 1990* operates. It is administered by the Coal Compensation Board and payments are from the Coal Re-Acquisition Budget and the Voluntary Scheme budget as appropriate. The legislation also provides for compensation payable in relation to consequential loss claims relating to the re-vestment of coal.

The Coal Ownership (Restitution) Regulation 2005 regulates the manner of making applications for the restitution of ownership of coal under the *Coal Ownership Restitution Act 1990* and the procedures for dealing with those applications.

9. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and bank overdraft. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial

Position as follows:

	31 December 2007 \$'000	30 June 2007 \$'000
Cash at Bank	4 889	3 646
Cash on hand	0	2
Closing cash and cash equivalents	4 889	3 648

The Board also had a Credit Card facility of \$18 000 as at balance date.

10. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	31 December 2007 \$'000	30 June 2007 \$'000
Interest Receivable	115	100
GST Receivable	8	39
Rec LSL Payments	0	9
Trade Debtors/Prepayments	17	0
	140	148

11. NON CURRENT ASSETS - PLANT AND EQUIPMENT**(a) Plant and Equipment**

	31 December 2007 \$'000	30 June 2007 \$'000
At Fair Value	275	410
Less: Accumulated Depreciation	230	261
Total Plant and Equipment At Net Book Value	45	149

(b) Reconciliation

Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year are set out below.

	31 December 2007 \$'000	30 June 2007 \$'000
Plant and Equipment:		
Carrying amount at start of year	149	453
Additions	0	8
Disposals and Write Offs	(41)	(67)
Depreciation expense	(63)	(245)
Carrying amount at end of year	45	149

12. CURRENT AND NON-CURRENT LIABILITIES – PAYABLE

	31 December 2007 \$'000	30 June 2007 \$'000
Current		
Accrued salaries and wages	140	12
Assessed Claims	1 264	11 668
Pecuniary Loss Claims	0	25
	1 404	11 705
Creditors	497	107
Total Current	1 901	11 812

Compensation Liability – Analysis

The claims liability can be further analysed by scheme type of claim and interest as below for the current and prior years :-

Class	31 December 2007 Claims	31 December 2007 \$'000	30 June 2007 Claims	30 June 2007 \$'000
Assessed Claims		0	32	11 545
Claims Litigation – Compensation	11	1 264	0	0
Claims Litigation – Reacquisition	0	0	0	0
Pecuniary Loss Claims	0	0	2	25
Totals	11	1 264	34	11 570
Interest		0		123
Total including interest estimate		1 264		11 693

13. CURRENT AND NON-CURRENT LIABILITIES - PROVISIONS

	31 December 2007 \$'000	30 June 2007 \$'000
Current		
Recreation leave	118	312
Provision - Employee Entitlement & Redundancy	414	3
Creditors – Long Term Employee Related	0	31
	532	346

13. CURRENT AND NON-CURRENT LIABILITIES - PROVISIONS (cont'd)

Aggregate employee benefits and related on-costs	31 December 2007	30 June 2007
	\$'000	\$'000
Provisions-current	532	346
Provisions-non-current	0	0
Accrued salaries and wages (Note 12)	140	12
	672	358

14. CURRENT LIABILITIES - OTHER

	31 December 2007	30 June 2007
	\$'000	\$'000
Liability to Consolidated Fund	2437	2437
	2437	2437

15. CHANGES IN EQUITY

	Accumulated Funds		Total Equity	
	31 Dec 2007	30 June 2007	31 Dec 2007	30 June 2007
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial period/year	(10650)	(64260)	(10650)	(64260)
Changes in equity - other than transactions with owners as owners				
Surplus / (deficit) for the year	10854	53610	10854	53610
Balance at end of the financial period/year	(204)	(10650)	(204)	(10650)

16. COMMITMENTS FOR EXPENDITURE

	31 December 2007	30 June 2007
	\$'000	\$'000
(a) Other Expenditure Commitments		
Aggregate other expenditure contracted for at balance date but not provided for: -		
Not later than one year	0	196
Later than one year and not later than 5 years	0	0
Total (including GST)	0	196
(b) Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided and payable:		
Not later than one year	0	16
Later than one year but not later than 5 years	0	0
Total (including GST)	0	16

There were no outstanding expenditure commitments as at 31 December 2007. Other expenditure commitments are not recognised in the Statement of Financial Position as liabilities. They relate to the rental of office space at Castlereagh Street Sydney and Oxford Street, Darlinghurst in NSW, and a Service Agreement with the NSW Department of Primary Industries in Orange which expired on 31st December 2007.

The operating lease commitments relate to the lease of motor vehicles by the Board based in Sydney. The vehicles were leased through Statefleet and terms expire progressively from 30 September 2007 onwards. All vehicles were returned to Statefleet by 31 December 2007.

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

Native Title

The NSW Coal Compensation Board consented to requests from four (4) Local Aboriginal Land Councils to vary the name of the claimant in relation to nine (9) compensation claims. The Board determined that none of the traditional owners nominated were eligible claimants and refused all claims. This resulted in 13 appeals to the NSW Coal Compensation Review Tribunal which were ultimately dismissed following a hearing on the preliminary legal question of eligibility of the claimants to claim compensation.

Appeals

At 31 December 2007 the appeals received by the Tribunal were: 8 relating to Buchanan Borehole Collieries Pty Limited; 2 relating to Enex Foydell Limited; and 1 relating to Australian Agricultural Company Limited. The Tribunal was abolished on 31 December 2007 and the residual jurisdiction transferred to the Land and Environment Court. In December 2007 all 11 appeals before the Tribunal were adjourned generally to be re-listed in the Land and Environment Court in early 2008.

In January 2008 an appeal was lodged in the Supreme Court of NSW by one (1) traditional owner against the decision of the Tribunal in three (3) claims. A hearing date has not been scheduled.

The total estimated legal cost for the above-mentioned appeals is \$207 000.

Accommodation

The Board vacated Level 5 at 1 Castlereagh Street, Sydney on 31st December 2007. Under the lease agreement the Board is required to remove partitioning. A liability has been allowed, however any additional expenses that may be incurred in regard to the 'make good' will be met by NSW Department of Primary Industries.

18. BUDGET REVIEW

Net cost of services

The actual net cost of services for the period ended 31 December 2007 was lower than budget by \$2.069 million. This was primarily due to salary savings because of the progressive closure of the Board's activities.

Assets and liabilities

Total assets were \$3 170 000 less than budget due to the Board's closure on 31 December 2007 resulting in increased payment to finalise operations. The increase in non-current assets reflects assets not sold at 31 December 2007. During the period numerous items were sold. These items resulted in the disposal of non current assets with a written down value of \$42 000.

Total liabilities were higher than projected due to outstanding compensation liability of \$1 264 000 and a Liability to the Consolidated Fund of \$2 437 000 not being repaid as at 31 December 2007.

Cashflows

The variance between actual and budgeted amounts reflects the downward movement in overall compensation liability due to settlement of most unpaid claims in the current period and reflects a much higher payout of compensation than originally budgeted.

19. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

	1 July 2007 to 31 December 2007 \$'000	1 July 2006 to 30 June 2007 \$'000
Net Cash used on operating activities	(1 223)	(1 193)
Cash flows from Government appropriations	13 905	73 715
Depreciation	63	245
Acceptance by Crown Entity of Employee and other liabilities	33	376
Increase or (decrease) in provisions	186	(237)
Increase or (decrease) in payables	(9 911)	(53 249)
(Increase) or decrease in receivables	7	428
Increase or (decrease) in prepayments	0	329
Net (Gain) or loss on sale of plant & equipment	24	68
Net Cost of Services	3 084	20 482

20. BOARD MEMBERS PECUNIARY INTEREST

No Board Members have any pecuniary interests in the decisions of the Board. Mr Brad Mullard, Director, Coal and Petroleum Development is a member of the Board but is not remunerated for service in that position.

Other Board Members receive statutory remunerations as appropriate and were appointed to 31st December 2007.

21. FINANCIAL RISK

Risk exposure

The Board's financial instruments consist of cash, accounts payable and accounts receivable. The Board's main risks from its financial instruments are interest rate risk and credit risk.

Net fair values

The net fair values of assets and liabilities approximate their carrying values. No assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Interest risk

At 31 December 2007 the Board had the following financial assets and liabilities exposed to variable interest rate risk:

	31 December 2007		30 June 2007	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
Financial assets				
Cash and cash equivalents	4 889	4 889	3 648	3 648
Receivables	140	140	148	148
	5 029	5 029	3 796	3 796
Financial liabilities				
Trade	1 901	1 901	11 812	11 812
	1 901	1 901	11 812	11 812

The Board's exposure to market risk for changes in interest rates relates to the holding of cash. The Board is required to maintain cash within specific bank accounts as required by NSW Treasury and does not have the authority to invest outside these accounts.

Credit risk

The Board's maximum exposure to credit risk at 31 December 2007 in relation to the recognised financial assets is the carrying amount of those assets as indicated in the balance sheet.

Receivables are monitored on an ongoing basis, limiting the exposure to bad debts.

Hedging transactions

The Board did not undertake any hedging transactions during the period.

End of Audited Financial Statements

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1. Executive performance



Dr Richard Sheldrake MScAgr PhD FASM FAICD

Director-General and Commissioner for Forests
SES Level 8

Total remuneration package: \$402 000 plus
allowances \$10 000

Period in position: 2 January 2008 to 30 June 2008

Dr Richard Sheldrake was appointed Director-General on 2 January 2008 following the departure of Mr Barry Buffer. The Minister of Primary Industries, the Hon. Ian Macdonald MLC, is satisfied that Dr Sheldrake has met all performance criteria established for the position.

During the year the Director-General took the lead role in:

- developing a strong policy agenda across NSW DPI to ensure a clear and concise position on policy positions on primary industry issues. Particular focus included contributing to whole-of government policy positions for the Commonwealth's proposal for a Carbon Pollution Reduction Scheme, and the Murray Darling basin reforms and programs
- collaborating with other government agencies and stakeholders to deliver on government priorities identified in the State Plan
- providing a strong voice for primary industries as a member of the Primary Industries Ministerial Council; Primary Industries Standing committee; Natural Resource Management Ministerial Council, and the Natural Resource Management Standing Committee
- reviewing the corporate directions of the department and realigning the structure to better reflect the strategic direction. This resulted in the creation of the Fisheries, Compliance and Regional Relations Division and the Agriculture, Biosecurity, and Mine Safety Division
- successfully assisting in the management of the equine influenza exotic disease emergency and its eradication. The successful management of this campaign has won the Department local and international acclaim
- further developing and delivering education and extension services for primary industries with emphasis on the PROfarm program. Of particular note is a workshop developed to inform land managers of weather and climate change and what that means for agriculture
- introducing changes to recreational fishing regulations and reviewing options for structural adjustment in the NSW commercial fisheries to ensure a sustainable and viable industry
- delivering on-ground conservation outcomes across agriculture and fisheries by further expanding the role of the Conservation Action Unit. The Unit managed projects to the value of \$30.4 million during the year, e.g. the Sydney Catchment Authority Sustainable Grazing Project and the Drought Management for Ecosystem Protection Hawkesbury Nepean CMA project
- extending the New Frontiers program with a further government investment of \$16.5 million over the next three years to fund geoscience surveys of under-explored regions with a view to increasing private sector exploration investment in NSW
- developing a pilot project for the capture and storage of CO₂ from coal fired power stations and the assessment of storage opportunities for CO₂ in NSW
- gazettal of the Mine Health and Safety Act regulations to achieve world class health and safety systems for NSW mining
- introducing improved management and fiscal strategies to ensure that the department's budget is managed in line with Treasury expectations
- negotiating a five-year agreement for the purchase and processing of plantation residue in the Macquarie region to open up a new revenue stream
- progressing the Towards 2020 reinvestment program into new facilities and technologies at key centres strategically located across regional and rural NSW and the greater metropolitan region.



**Ms Renata Brooks, BVSc (Hons),
Grad Cert Bioethics MAICD**

Deputy Director-General, Agriculture, Biosecurity &
Mine Safety
Biosecurity & Mine Safety
SES Level 6

Total remuneration package: \$278 000

Period in position: 14 March 2008 to 30 June 2008

Ms Renata Brooks held the position of Deputy Director-General Agriculture, Fisheries and Regional Relations prior to the re-alignment of executive responsibilities in March 2008.

I am satisfied that Ms Renata Brooks met the performance criteria established for the position. Key tasks have been undertaken to achieve operational requirements and leadership has been provided to deliver outcomes consistent with government policy.

As Deputy Director-General, Agriculture, Biosecurity and Mine Safety, Ms Brooks was responsible for:

- assisting the Director-General in the overall management of the Department and providing leadership of the Agriculture, and Fisheries Division
- Member of the NSW DPI Board of Management and Chair of its Audit and Risk Management Committee
- expanding the forest industry program including – Oversighting expenditure of \$4.88 m from the Brigalow Assistance Fund and development and launch of a second round Industry Development Assistance Program
- further developing the PROfarm initiative, with 150 short courses advertised or available for delivery on demand and more than 503 courses; 5 760 attendees at PROfarm courses for 2006-07. A total of 630 courses and activities were attended by 8 437 people 2007-2008.
- further developing and managing of partnership arrangements with Catchment Management Authorities through regional directors
- improving the ecological health of inland waterways by adding a further 554 kms of waterways now accessible for fish passage.
- further expanding the role of the Conservation Action Unit, in managing \$24.6 million of contracted projects, to deliver on-ground conservation outcomes across agriculture and fisheries, such as the Healthy Soils, Healthy Landscapes project and the Bringing Back the Fish project. Over 1 550 farmers were trained in sustainable soil or pasture management in 2006-07.
- the Conservation Action Unit continues to expand, managing \$30.4 million of contracted projects in the 2007-08 financial year and delivering on-ground conservation outcomes through extension projects such as the Sydney Catchment Authority Sustainable Grazing project and the Drought Management for Ecosystem Protection Hawkesbury Nepean CMA project. Over 2 150 farmers were engaged in training through the CAU in sustainable soil or pasture management in the 2007-08 financial year.
- finalising the hatchery quality assurance scheme to guarantee a sustainable supply of quality native and commercial fish species.
- ongoing delivery of business skills, technical climate risk management training and social support programs reaching more than 50 000 farmers impacted by drought.
- improving business operating environment for commercial fishers
- completing share appeals process fishers and over 250 share transfers with a reduced level of processing time
- implementing the outcomes of the bag and size limit review for recreational fishing to improve the long term sustainability of recreational fishing

1. Executive performance (cont'd)



Doug Hocking, DipAgr, Grad Dip

Executive Director Fisheries, Compliance and Regional Relations

SES Level 6

Total remuneration package: \$250 000

Period in position: 14 March 2008 to 30 June 2008

Mr Doug Hocking held the position of Executive Director Biosecurity, Compliance and Mine Safety prior to the re-alignment of executive responsibilities in March 2008.

I am satisfied that Mr Hocking met the performance criteria established for the position. Key tasks have been undertaken to achieve operational requirements and leadership has been provided to deliver outcomes consistent with government policy.

As Executive director, Fisheries, Compliance and Regional Relations Mr Hocking was responsible for:

- leading and managing the Department's responsibilities in the former Division of Biosecurity, Compliance and Mine Safety until 7th February 2008 and then the new division of Fisheries Compliance and Regional Relations
- chairing the NSW DPI Executive Management Group for the Emergency Response and Eradication of horse flu, successfully eradicated Equine Influenza and achieved provisional area freedom. This was the largest animal health response ever conducted in NSW
- chairing the NSW DPI Board OHS Sub Committee, completed the rollout of the new NSW DPI OHS Management system at 28 sites across NSW
- delivering a draft National Fruit Fly strategy to Primary Industries Health Committee.
- chairing the National Biosert Committee met milestones on time and within budget
- the Mine Health and Safety Act regulations were gazetted on the 21st December 2007 after extensive consultation and review. The workplan for the Mine Safety Advisory Committee was agreed based on achieving world class health and safety systems for NSW mining
- developing a new management structure for the delivery of NSW DPI commercial and recreational fishing services
- reviewing the options for structural adjustment in the NSW commercial fishery
- completing the land based sustainable aquaculture strategy
- finalising and delivering the special abalone recovery group report to the government
- restructuring the NSW Fisheries Officer Service to enable more targeted compliance and surveillance services for fisheries
- completing a restructure of the Regional Directors team to focus on cross divisional and industry regional relations for NSW DPI
- achieving Government agreement to increased penalty provisions under the *Fisheries Management Act 1994* including graded penalties, seizure of assets from proceeds of crime, indictable offences for trafficking in priority species and increased jail term provisions.



Alan Coutts, BCom, DipEd

Deputy Director-General Mineral Resources
SES Level 6

Total remuneration package: \$284 950 plus allowances \$10 000

Period in position: 1 July 2007 to 30 June 2008

I am satisfied that Mr Alan Coutts met the performance criteria established for the position. Key tasks have been undertaken to achieve operational requirements and leadership has been provided to deliver outcomes consistent with government policy.

As Deputy Director-General, Mineral Resources Mr Coutts was responsible for:

- assisting the Director-General in the overall management of the department and providing leadership of the Mineral Resources Division
- member of the Board of Management and of the Budget Committee.
- member of the Minerals Ministerial Advisory Council
- chairman, Mine Subsidence Board
- member of the Standing Committee of Officials for the Ministerial Council on Mineral and Petroleum Resources
- chief Executive and Board Member of NSW Rural Assistance Authority
- overseeing the department's primary industries export development initiatives as Executive responsible for Primex and participating as NSW representative in key Federal/State government initiatives on new export opportunities in China and India
- developing and implementing a pilot project for the capture and storage of CO₂ from coal fired power stations and the assessment of storage opportunities for CO₂ in NSW
- a number of significant mining projects that received approval over the period. The Division continued its program of geophysical surveys and geological assessments to support increased investment exploration in NSW. A proposal to extend the New Frontiers initiatives was also presented to and approved by Government
- The Deputy Director-General also paid particular attention to the resolution of a range of strategic issues, such as land use, environmental management, mine safety, stakeholder liaison and whole-of-government approaches to approvals and natural resources management.

1. Executive performance (cont'd)



Nick Roberts BSc (Forestry) (Hons), MSc (Forestry)

Chief Executive Forests NSW
SES Level 6

Total remuneration package: \$284 950 plus allowances \$27 000

Period in Position: 1 July 2007 to 30 June 2008

Mr Roberts is accountable to me for performing all the functions of the Chief Executive Officer under the *Forestry Act 1916* and for implementing Government policy.

I am satisfied that Mr Roberts has met the performance criteria established for the position despite the qualifications of Forests NSW accounts due to issues relating to native forests valuation. Key tasks have been undertaken to achieve operational requirements and leadership has been provided to deliver outcomes consistent with government policy.

Achievements over the last 12 months include:

- achieving an underlying trading profit of \$25.1 million, exceeding budget by 26% or \$5.2 million
- reducing expected debt levels by \$21.7 million, with reduced interest costs by \$2.9 million.
- developing a Corporate Business Strategy to guide business growth to the year 2011
- developing business unit structures for nurseries and workshop services.
- commissioning an independent review of native forest valuation procedures following an audit qualification in 2007. Forests NSW has made recommended system changes to increase confidence around forest valuation
- completing the tender process for the allocation of up to 250 000 cubic metres per annum of sawlog and up to 70 000 tonnes annually of biomass resource from Forests NSW Bombala plantations. A 20 year wood supply agreement was signed on 28 April 2008 between Forests NSW and Willmott Timbers Pty Ltd
- passing a WorkCover audit in Central Region. Forests NSW is one of only a few self-insurers who have passed a WorkCover audit
- developing and implementing a detailed Safety Improvement Plan. Although safety results were disappointing, safety initiatives have been established to target improved performance
- maintaining environmental performance to the ISO 14001 standard and Australian Forestry Standard AS4708
- publishing the six remaining regional Ecologically Sustainable Forest Management (ESFM) Plans completing the suite of ESFM Plans for all native and planted forests regions
- commencing the environment impact statement for native Red Gum and Cypress forests in south western NSW following an agreement reached with the National Parks Association in the Land and Environment Court
- commencing a review of the Forest Agreements and Integrated Forestry Operations Approvals for coastal native forests
- inviting a short list of companies to submit firm proposals to invest in re-establishing forestry plantations on Forests NSW land. This followed a call for expressions of interest.



Dr Nicholas R Austin, BE Agr, (Hons), MSM, PhD, CID, GAICD

Deputy Director-General Science & Research
SES Level 6

Total remuneration package: \$278 000

Period in position: 1 July 2007 to 30 June 2008

I am satisfied that Dr Nick Austin met the performance criteria established for the position. Key tasks have been undertaken to achieve operational requirements, and leadership has been provided to deliver outcomes consistent with government policy.

As Deputy Director-General Science and Research Dr Austin was responsible for:

- making a significant contribution to key State Plan priorities, specifically P1, P6, E1 and E4
- building and managing relationships with central agencies, industry R&D corporations, peak industry organisations and research partners, particularly in relation to cooperative research centres and joint ventures
- monitoring the service delivery and financial performance of a portfolio of over 700 research projects across agriculture, fisheries, forestry and minerals, with total external revenue of over \$50 million in 2007-08, to meet government, industry and community Expectations
- analysing investments for their efficiency, effectiveness and appropriateness, and prioritising investment to improve resource productivity
- managing the Science and Research Division's intellectual property and commercialisation
- facilitating workforce effectiveness through staff development, succession planning and managed redundancies
- coordinating the Department's response to science audits and reviews, and contributing to science and research policy and issues at state, national and international level
- supporting the Ministerial Advisory Council on Primary Industry Sciences and the NSW Agricultural Advisory Council on Gene Technology
- progressing the Towards 2020 reinvestment program into new facilities and technologies at key centres strategically located across regional and rural NSW and the greater metropolitan region
- assisting the Director-General in the overall management of the Department and providing leadership to the Department's Science and Research Division.

1. Executive performance (cont'd)



Wendy Stamp BA (Hons), MAdmin

Executive Director Strategy, Policy & Communications

SES Level 5

Total remuneration package: \$240 000

Period in position: 1 July 2007 to 30 June 2008

I am satisfied that Ms Wendy Stamp met the performance criteria established for the position. Key tasks have been undertaken to achieve operational requirements and leadership has been provided to deliver outcomes consistent with government policy.

As Executive Director Strategy, Policy and Communications, Ms Stamp was responsible for:

- leading the development of policy proposals and NSW DPI positions on strategic and contentious issues which included input on significant whole of government decision-making on natural resource management
- leading the Department's efforts in contributing to whole of government decision-making on climate change, water, land use planning and biodiversity. Particular focus included the Commonwealth's proposal for an Emissions Trading Scheme and its Murray Darling Basin reform and new programs
- leading the development and implementation of a Climate Change Strategy for DPI covering the Department's activities in contributing to policy development, extension, research and communications
- leading the Department's input to whole of government water policy and program development from a primary industries perspective
- delivering the Department's contribution to ongoing analyses of policy options relating to national and state drought policy. This has included responding to several Commonwealth and State inquiries into drought policy and initiatives
- reviewing and supporting Exceptional Circumstance applications from NSW which resulted in extensions of assistance in twenty two regions in NSW that remain seriously affected by drought
- driving the Department's Corporate Management framework through completion of a Corporate Business Plan for 08-09 and a new Corporate Plan for 2008-2011 and a new quarterly monitoring report on DPI input to the State Plan
- ensuring that the NSW DPI's legislative program was delivered to reflect stakeholder interests and client needs. This included amendments to sixteen Acts
- developing and launching the Landlearn NSW education tool with industry partners to provide an interactive computer resource base for school children. This tool educates children about primary industries and their contribution to the economy and community
- managing issues gaining media attention and promoting NSW DPI's achievement through the media
- leading the NSW DPI communication and media program through the Equine Influenza outbreak
- leading ongoing development of the Department's internal communications initiatives. This resulted in NSW DPI's Intranet winning the international Nielsen Norman Intranet Design Annual Awards '10 Best Intranets 2008' in January 2008.



Mr Tony Heffernan

Acting Executive Director, Corporate Services

SES Level 5

Total remuneration package: \$240 370

Period in position: 20 December 2007 to 30 June 2008

I am satisfied that Mr Tony Heffernan met the performance criteria established for the position. Key tasks have been undertaken to achieve operational requirements and leadership has been provided to deliver outcomes consistent with government policy.

As Executive Director, Corporate Services Mr Heffernan was responsible for:

- implementing budget planning and reporting on an accounting net cost of services (ANCS) basis to a Unit level, to assist NSW DPI meet its 2007-08 to 2010-11 ANCS targets
- consolidating the whole-of-NSW DPI financial statements, including Forests NSW
- consolidating whole of NSW DPI Audit and Risk Management functions
- revising of the NSW DPI Total Asset Management Plan, incorporating the Assets Strategic Plan, the I&CT Strategic Plan, the Maintenance Strategic Plan, the Asset Disposal Plan and the Accommodation Strategy to align with NSW DPI's Corporate Plan and Results and Services Plan
- assisting in the financial, legal and industrial issues relating to the winding down of the Coal Compensation Board
- developing NSW DPI's Workforce Plan, Women's Employment Strategy, Aboriginal Employment Strategy and Performance Management System
- implementing NSW DPI's OH&S framework, including the strategic plan, policies and procedures
- NSW DPI extensively modified the Front Gate mapping system, which assists management of emergencies and disease outbreaks through allowing easy access to information on infected areas and properties
- implementing the Aurion Employee Self Service online system
- resourcing the response to the Equine Influenza disease outbreak
- implementing a new fleet management system and a Library management system.

2. Principal officers

Director-General

Dr Richard Sheldrake MScAgr PhD FASM FAICD

Deputy Director-General Agriculture, Biosecurity and Mine Safety

Renata Brooks, BVSc (Hons), Grad Cert Bioethics MAICD

Director, Private Forestry & Resources

Regina Fogarty, BVSc, PhD

Director, Intensive Industries Development

Delia Dray, MAppSc

Director Animal & Plant Biosecurity

Bruce Christie, BVSc

Director, Emergencies, Weeds & Pest Animals

Graeme Eggleston, BVSc, MACVSc, PSM

Director, Executive Industries Development & Education

John Fisher, BAgSci Hons

Director, Animal Welfare

Ross Burton, BVSc; MVS; MSc

Director, Compliance Standards & RLPB Alliance

Jenny Nash, BAgEc

Director, Mine & Forest Safety Performance

Rod Morrison, BBus

Executive Director Fisheries, Compliance and Regional Relations

Doug Hocking, DipAgr, Grad Dip Extension, Grad Cert Management

Director, Fisheries Conservation & Aquaculture

Bill Talbot, MA(Aquaculture)

Director, Wild Harvest Fisheries

Anthony Hurst, BA(Geomorphology), MM

Fisheries Coordinator

Peter Turnell, Dip Bus (Mgt)

Director, Agriculture & Fisheries Compliance Operations

Paul O'Connor, BSc, MSc

Senior Regional Director

John Williams, BVSc, MPVM, MACVS

Deputy Director-General Mineral Resources

Alan Coutts, BCom, DipEd

Director, Coal & Petroleum Development

Brad Mullard, BSc

Director, Environmental Sustainability

Elise Newberry, B Nat Res

Director, Development Coordination

Garth Holmes, BSc

Director, Geological Survey of NSW

Lindsay Gilligan, BSc(Hons), MappSc, MBA

Director, Mine Safety Operations

Rob Regan, B E (Mining) First Class Hons

Chief Executive Officer Mine Subsidence Board

Greg Cole-Clark, B.E (Mining), MBA Chief Executive Officer

Chief Executive Officer Forests NSW

Nick Roberts, BSc (Forestry) (Hons), MSc (Forestry)

A/Director Planted Forests Operations

Bob Orman, BSc (Forestry)

Director, Native Forests Operations

Erle Robinson BSc (Forestry), MPP (Masters Degree Public Policy)

Director Commercial Services

Martin Greal, BSc (Forestry)

Director Financial & Operational Business Services

Malcolm Clinch, BBus (Acc), FCPA, FCIS

Director Land Management & Technical Services

Ross Dickson, BAg Sc (Hons), MSc (Plant Science), PhD (Forestry Science)

Director, Human Resources

Della Farthing, Graduate Certificate Management

Deputy Director-General Science and Research

Nick Austin, BE Agr (Hons), MSM, PhD, CDCD, CID

Director, Systems Research & Chief Scientist

Steve Kennelly, BSc (Hons), PhD, DSc

Director, Production Research

Trevor Gibson, BScAgr Hons, MScAgr, PhD

Director, Health Sciences, Science Alliances and Evaluation

Helen Scott-Orr, B.V.Sc. (Hons), Dip Bact., M.A.C.V.S (Epidem.)

Director, Resources Research

Rob Young, B. Ag. Econ, M. Nat. Res.

Director, Rural Innovation

Steve Thomas, B.Ag Sc Hons, PhD

Director, Research Operations

Geoff File, B. Rur Sc (Hon), M. Rur Sc, HAD (Hon), FAICD, JP

Director, Science Strategy

Philip Wright; B. Sc. Agric, M. Sc. Agric, Ph.D, MAICD, M Royal Soc. NSW

Executive Director, Strategy, Policy and Communications

Wendy Stamp, BA (Hons), MAdmin

Chief Economist

Scott Davenport, B. Ag, Ec

Director, Corporate Strategy & Organisational Development

Alka Khopkar, MA, MBA

Director, Policy & Legislation Coordination

Nick Milham, BAgEc (Hons), MEC

Director, Communications

Vera Fiala, MBA, MEng

Director, Public Affairs & Media

Brett Fifield

Director, Water & Resources Policy Branch

Austin Whitehead, BSc (Forestry)

Acting Executive Director Corporate Services

Tony Heffernan

Director, Human Resources

Simon Kempson, BCom, CAHRI

A/Director Finance & Administration

John Rumble

Director, Assets

Chris Weale, DipAgr

Director, Information & Communications Technology

Boyd Wymer, BE BA (Hons)

Director, Legal

Barbara Jones, BA LLB

3. Code of conduct

The department's Code of Conduct outlines the minimum standard of behaviour expected of public employees, providing staff with an ethical framework for their decisions, actions and behaviour, and covering appropriate conduct in a variety of contexts.

In May 2006 the Code was made available to all staff to ensure that they were aware of the changes made to the Code and they understood the rationale for these changes. The department's Code was published in full in the 2005-06 Annual Report.

The department's full Code of Conduct can be accessed on the DPI intranet at: <http://intranet.dpi.nsw.gov.au/>

4. Membership of significant statutory bodies and inter-departmental committees

Statutory Body / Interdepartmental Committee	DPI Executive	Position
Agriculture Ministerial Advisory Council	Ms Renata Brooks	Member
Aquaculture Steering Committee	Dr Richard Sheldrake	Member
Australian Gene Technology Standing Committee	Dr Nick Austin	Member
Biofuels Expert Panel	Dr Richard Sheldrake	Member
C B Alexander Agricultural College Foundation	Dr Richard Sheldrake	Chair
Centre for Animal & Plant Biosecurity Board	Dr Nick Austin	Chair
Centre for Coastal Agricultural Lands Landscapes Board	Dr Nick Austin	Member
CEO Economic & Business Cluster Committee	Dr Richard Sheldrake	Member
CEO Forum on Major Infrastructure & Development Approvals	Dr Richard Sheldrake	Member
Chief Executive Officers' Network Meeting	Dr Richard Sheldrake	Member
Chief Executives Committee	Dr Richard Sheldrake	Member
Clean Coal Technologies Working Group	Mr Alan Coutts	Chair
Coal Compensation Board	Mr Brad Mullard	Member
Community Conservation Council	Dr Richard Sheldrake Ms Renata Brooks	Member Alternate Member
EH Graham Centre for Agricultural Innovation Board of Management	Dr Richard Sheldrake	Chair
Enterprise Grains Australia Board	Dr Nick Austin	Chair
Farrer Memorial Trust	Dr Richard Sheldrake Dr Nick Austin	Chair Trustee
Forests & Forests Products Committee	Mr Nick Roberts	Member
Game Council	Mr Nick Roberts	Member
Helen Newton Turner Medal Trust	Dr Richard Sheldrake	Chair
Horticultural Congress Trust	Dr Richard Sheldrake	Chair
Marine Parks Authority Board	Dr Richard Sheldrake	Chair
McGarvie Smith Institute	Ms Renata Brooks	Trustee
Metropolitan Planning CEOs Group	Dr Richard Sheldrake	Member
Metropolitan Water CEOs Committee	Dr Richard Sheldrake	Member
Mine Subsidence Board	Mr Alan Coutts	Chair
Ministerial Advisory Council on Primary Industries Sciences	Dr Nick Austin	Member
Murray-Darling Basin Commission	Dr Richard Sheldrake	Commissioner
National Emergency Animal Disease Management Group	Dr Richard Sheldrake	Member
National Emergency Plant Pest Management Group	Dr Richard Sheldrake	Member
National Monitoring System Steering Committee	Dr Richard Sheldrake	Member
National Wine & Grape Industry Centre Council	Dr Richard Sheldrake	Chair
Natural Resources & Environment CEO Cluster Group	Dr Richard Sheldrake	Member
Natural Resources Advisory Council	Dr Richard Sheldrake Ms Wendy Stamp	Member Member
Natural Resources Information Needs Committee	Ms Renata Brooks	Member
Natural Resources Management Standing Committee	Dr Richard Sheldrake Ms Wendy Stamp	Member Member
Natural Resource Management Joint Steering Committee	Ms Renata Brooks	Member
NSW/Guangdong Joint Economic Committee	Mr Alan Coutts	Member
NSW / Guangdong Joint Agriculture Working Committee	Dr Nick Austin	Chair
NSW Interagency Greenhouse Network CEO Steering Committee	Dr Richard Sheldrake	Member
NSW Rural Assistance Authority Board	Mr Alan Coutts	Member
NSW Skills Council	Dr Richard Sheldrake	Member
Primary Industries Health Committee	Ms Renata Brooks	Member
Primary Industries Innovation Centre Board	Dr Nick Austin	Member
Primary Industries Standing Committee	Dr Richard Sheldrake	Member
Rural Women's Network State Advisory Committee	Dr Richard Sheldrake	Chair
Standing Committee of Officials of the Ministerial Council on Mineral and Petroleum Resources (MCMPR)	Mr Alan Coutts	Member
Seafood Industry Advisory Council	Dr Richard Sheldrake	Member
Standing Disease Control Advisory Committee	Ms Renata Brooks	Member
State Emergency Management Committee	Ms Renata Brooks	Member
Sustainable Forest Management Committee of the Forest & Forest Products Committee	Mr Ross Dickson	Member

5. Advisory bodies and committees

Agriculture Ministerial Advisory Council

Mr David Anthony
Mr John Baker
Ms Renata Brooks
Mr Peter Bartter
Mr Phillip Brown
Mr Richard Bull
Mr Mike Cahill (Chair)
Mr William Charles
Mr George Faulkner
Mr David Kinsey
Mr Jock Laurie
Mr Gerard Lawson
Ms Janet Moxey
Mr Frank Pace
Mr Malcolm Peters
Ms Kathleen Plowman
Mr Bill Sweeney

Forests and Forests Products Advisory Council

Mr Russ Ainley
Mr Svein Aurstad
Mr Peter Boyd
Mr Gus Carfi
Mr Marcus Derham
Mr Alastair Howard
Mr Rob Lord
Mr Michael Madden
Mr Peter Mitchell
Mr John McNamara
Mr Graeme Pash (Chair)
Mr Chris Peterson
Mr Kerry Pidcock
Mr Warwick Ragg
Mr Nick Roberts
Mr Craig Smith
Mr Jim Snelson
Mr Brian Tisher

Ministerial Advisory Council of Primary Industries Sciences

Prof Derek Anderson
Mr David Anthony
Dr Nick Austin
Mr Richard Bootle
Dr TJ Higgins
Dr John Keniry (Chair)
Dr Steven Kennelly
Mr John Maitland
Mrs Janet Moxey
Mr Mal Peters
Prof Jim Pratley
Dr Lisa Szabo
Mr Grahame Turk
Dr John Williams
Mr Peter Zed

NSW Minerals Ministerial Advisory Council

Mr Colin Bloomfield
Mr Bob Cameron
Mr Peter Coates
Dr Angus Collins
Mr Alan Coutts
Mr Peter Freyberg
Mr Tim Lehany
Mr Tony Maher

Mr Peter Murray
Mr Jock O'Rourke
Mr Nicholas J Papallo (Chair)
Prof Ian Plimer
Mr David Tucker
Dr Nichole Williams

NSW Wine Industry Research and Development Advisory Council

Mr Greg Jones (Chair)
Mr Darren De Bortoli
Mr Bruno Brombal
Mr Christopher Brown
Mr Barry Buffier
Mr John Burgess
Mr Neil Burgess
Mr Trevor Drayton
Mr Ken Edwards
Mr John Gerathy
Mr Loftus Harris
Mr Hans Heilpern
Mr Dick Hilder
Mr Doug Hocking
Mr Thomas Heinick Kling
Mr David Lowe
Mr John Hartigan
Mr Doug McWilliam
Mr David O'Dea
Mr Stephen Roberts
Mr Peter Robson
Mr Bruce Tyrrell

Organic Ministerial Advisory Council

Cr Jan Barham
Mr David Booth
Mr Geoff Brown
Ms Jan Denham
Ms Catherine Ford
Mr Terrence Healey (Chair)
Mr Richard Jones
Mr Stuart Larsson
Mr Eric Love
Mr Phillip Rougon
Cr Ingrid Strewé
Mr Ken Taylor

Pork Industry Task Force

Christopher Brewster
Tim Burfitt
Ted Campbell
Malcolm Gett
Paul Judge
Alex McGillivray
Kathleen Plowman
Ron Pollard
Peter Treneman
Sally Walker (chair)

Poultry Meat Industry Committee

Mr Stephen Carroll (Chair)
Mr John Cordina
Mr Graham Kirby
Mr Alan Wilson

Poultry Meat Industry Advisory Group

Mr Stephen Carroll (Chair)
Mr John Cordina

Mr Ashley Etherington
Mr Brian McKelvey
Mr Andrew Stevenson
Mr Joe Vella
Mr Alan Wilson

Seafood Industry Advisory Council

Mr Richard Bagnato
Mr Gary Braithwaite
Mr Barry Buffier
Mr Graeme Byrnes
Mr Ian Charles
Mr Russ Collison
Mr George Davey
Mr Jim Drinkwater
Mr Ron Firkin
Ms Gielle Firme
Mr Nicholas Georgouras
Mr Hans Heilpern (Chair)
Mr Kel Henry
Mr Don Johnson
Ms Megan Kessler
Mr Bill Pearce
Mr Ron Prindable
Prof. Stephan Schnierer
Mr Grahame Turk
Mr Jonathan Yee

Other advisory bodies

Abalone Management Advisory Committee
Aboriginal Reference Group
Advisory Council on Recreational Fishing
Agricultural Scientific Collections Trust
Animal Research Review Panel
Animal Welfare Advisory Council
Aquaculture Research Advisory Committee
Banana Industry Committee
Belgenny Farm Agricultural Heritage Trust
Board of Examiners for Engine Drivers
Board of Examiners of Shotfirers
Bovine Johnes's Disease Summit Executive Committee
C B Alexander Foundation
Cattle Tick Ministerial Advisory Committee
Coal Compensation Review Tribunal
Coal Competence Board
Coal Mining Qualifications Board
Coal Safety Advisory Committee
Dairy Industry Conference

Derelict Mines Program Steering Committee
Director-General's Animal Care and Ethics Committee
Estuary General Management Advisory Committee
Estuary Prawn Trawl Management Advisory Committee
Exhibited Animals Advisory Committee
Extractive Industries Safety Advisory Committee
Farrer Memorial Trust
Fisheries Research Advisory Body
Fisheries Scientific Committee
Game Council of New South Wales
Geological Survey Advisory Committee
Helen Newton Turner Medal Trust
Horticultural Congress Trust
Intensive Agriculture Consultative Committee
Land Based Aquaculture Consultative Group
Lightning Ridge Mining Board
Lobster Management Advisory Committee
Marine and Estuarine Recreational
Charter Management Advisory Committee
McGarvie Smith Institute Trust
Metalliferous Industry Safety Advisory Committee
Mine Managers Board (Above Ground)
Mine Managers Board (Below Ground)
Murray Valley Citrus Marketing Board
Murray Valley Citrus Board Selection Panel
Murray Valley Wine Grape Industry Development Committee
Non-Indigenous Animals Advisory Committee
Noxious Weeds Advisory Committee
NSW Coalfield Geology Council
NSW Expert Committee on Gene Technology
NSW Mine Safety Advisory Council

NSW National Livestock Identification System (Sheep and Goats) Implementation Advisory Committee
NSW Seafood Industry Conference
NSW Wine Industry Research and Development Advisory Council
Ocean Hauling Management Advisory Committee
Ocean Trap and Line Management Advisory Committee
Ocean Trawl Management Advisory Committee
Ovine Johnes's Disease Industry Advisory Committee
Peak Oyster Advisory Group
Pest and Travelling Stock Reserves Committee
Pest Animal Council, NSW
Port Stephens-Great Lakes Marine Park Advisory Committee
Poultry and Egg Industries Committee
Recreational Fishing Freshwater Trust Expenditure Committee
Recreational Fishing Saltwater Trust Expenditure Committee
Rice Marketing Board
Riverina Citrus
Rural Women's Network State Advisory Committee
Share Appeal Panel – Ocean Trap Line Fishery
Share Appeal Panel – Estuary General Fishery
Share Appeal Panel – Ocean Hauling Fishery
Share Appeal Panel – Ocean Trawl Fishery
Total College Advisory Council
Total Allowable Catch Committee
Veterinary Practitioners Board
Wine Grapes Marketing Board

6. Legislation and legal change

Acts

Spring Session of Parliament 2007

- *Gene Technology (GM Crop Moratorium) Amendment Act 2007*
- *Agricultural Industry Services Amendment Act 2007*
- *Rice Marketing Amendment Act 2007*
- *Wine Grapes Marketing Board (Reconstitution) Amendment Act 2007*
- *Prevention of Cruelty to Animals Amendment (Prosecutions) Act 2007*

Budget Session of Parliament 2008

- *Hemp Industry Act 2008*
- *Clean Coal Administration Act 2008*
- *Exotic Diseases of Animals Amendment Act 2008*
- *Snowy Mountains Cloud Seeding Trial Amendment (Extension) Act 2008*
- *Mining Amendment Act 2008*

Regulations

Staged Repeal Program 2007

- The following regulations were remade:-
- *Agricultural Industry Services (Riverina Citrus) Regulation 2007*
- *Fisheries Management (Aquaculture) Regulation 2007*
- *Mine Subsidence Compensation Regulation 2007*
- *Petroleum (Onshore) Regulation 2007*

Miscellaneous Regulation Amendments 2007-08

The following regulations were made:-

- *Fisheries Management (General) Amendment (Prohibited Size Fish and Bag Limits) Regulation 2007*
- *Fisheries Management (Supporting Plan) Amendment (Management Charges) Regulation 2007*
- *Occupational Health and Safety Amendment (Administration in • Relation to Mines and Coal Workplaces) Regulation 2007*
- *Explosives Amendment (Mines) Regulation 2007*
- *Prevention of Cruelty to Animals (General) Amendment (Laying Fowl) Regulation 2007*
- *Rural Lands Protection (General) Amendment (Rates and Molong Rateable Land) Regulation 2007*
- *Mine Health and Safety Regulation 2007*
- *Mine Subsidence Compensation Amendment (Contributions) Regulation 2008*
- *Mine Safety (Cost Recovery) Amendment Regulation 2008*
- *Occupational Health and Safety Amendment (Application to Mining Workplaces and Coal Workplaces) Regulation 2008*
- *Coal Mine Health and Safety Amendment Regulation 2008*
- *Fisheries Management Legislation Amendment (Fees and Other Matters) Regulation 2008*
- *Agricultural Industry Services (Interstate Arrangements) Amendment Regulation 2008*
- *Rural Lands Protection (General) Amendment (Annual Returns) Regulation 2008*

Statutory Instruments

In complying with legislative obligations the following instruments were prepared for gazettal:-

- 218 x orders,
- 153 x appointments,
- 29 x closures,
- 3 x exemptions,
- 1 x public quarantine,
- 12 x revocations,
- 6 x delegations,
- 10 x proclamations,

- 8 x notifications,
- 2 x easements,
- 4 x interim orders,
- 19 x various regulation amendments

During the 2007-08 outbreak of Equine Influenza the following instruments were drafted and gazetted:-

- 121 x Restricted area orders
- 59 x Control orders
- 35 x Permits
- 17 x Misc orders
- 35 x Appointments

Acts Administered by NSW Department of Primary Industries Minister for Primary Industries and Mineral Resources

- *Agricultural and Veterinary Chemicals (New South Wales) Act 1994, No. 53*
- *Agricultural Industry Services Act 1998 No.45*
- *Agricultural Livestock (Disease Control Funding) Act 1998 No. 139*
- *Agricultural Scientific Collections Trust Act 1983, No. 148*
- *Agricultural Tenancies Act 1990, No. 64*
- *Animal Research Act 1985, No. 123*
- *Apiaries Act 1985, No. 16*
- *Banana Industry Act 1987, No. 66*
- *Biological Control Act 1985, No. 199*
- *C.B. Alexander Foundation Incorporation Act 1969, No. 61*
- *Coal Acquisition Act 1981, No. 109*
- *Coal Mine Health and Safety Act 2002, No. 129*
- *Coal Mines Regulation Act 1982, No. 67*
- *Coal Ownership (Restitution) Act 1990, No. 19*
- *Dairy Adjustment Programme Agreement Ratification Act 1975, No. 31*
- *Dairy Adjustment Programme Agreement Ratification Act 1977, No. 98*
- *Dairy Industry Act 2000, No. 54*
- *Dried Fruits (Repeal) Act 1997, No. 124*
- *Exhibited Animals Protection Act 1986, No. 123*
- *Exotic Diseases of Animals Act 1991, No. 73*
- *Farm Debt Mediation Act 1994, No. 91*
- *Farm Produce Act 1983, No. 30*
- *Farrer Memorial Research Scholarship Fund Act 1930, No. 38*
- *Fertilisers Act 1985, No. 5*
- *Fish Marketing Act 1994, No. 37*
- *Fisheries Act 1935, No. 58*
- *Fisheries Management Act 1994, No. 38*
- *Food Act 2003, No. 43*
- *Forestry Act 1916, No. 55*
- *Game and Feral Animal Control Act 2002, No. 64*
- *Gene Technology (GM Crop Moratorium) Act 2003, No. 12*
- *Gene Technology (New South Wales) Act 2003, No. 11*
- *Grain Marketing Act 1991, No. 15*
- *Marginal Dairy Farms Reconstruction Scheme Agreement Ratification Act 1971, No. 72*
- *Marine Parks Act 1997, No. 64 (jointly with the Minister for the Environment)*
- *Marketing of Primary Products Act 1983, No. 176*
- *Meat Industry Act 1978, No. 54*
- *Mine Subsidence Compensation Act 1961, No. 22*
- *Mines Inspection Act 1901, No. 75*
- *Mining Act 1992, No. 29 (except part, Attorney General)*
- *Non-Indigenous Animals Act 1987, No. 166*
- *Noxious Weeds Act 1993, No. 11*
- *Occupational Health and Safety Act 2000, No. 40, so far as it relates to mines within the meaning of the Mines Inspection Act 1901 and the Coal Mines Regulation Act 1982 (remainder, Minister for Commerce)*

6. Legislation and legal change cont'd

- *Offshore Minerals Act 1999, No. 42*
- *Petroleum (Onshore) Act 1991, No. 84*
- *Petroleum (Submerged Lands) Act 1982, No. 23*
- *Plant Diseases Act 1924, No. 38*
- *Poultry Meat Industry Act 1986, No. 101*
- *Prevention of Cruelty to Animals Act 1979, No. 200*
- *Rural Adjustment Scheme Agreement Act 1993, No. 107*
- *Rural Assistance Act 1989, No. 97*
- *Rural Lands Protection Act 1998, No. 143*
- *Seeds Act 1982, No. 14*
- *Snowy Mountains Cloud Seeding Trial Act 2004 No. 19*
- *Softwood Forestry Agreement Act 1968, No. 20*
- *Softwood Forestry Agreement Ratification Act 1980, No. 90*
- *Softwood Forestry (Further Agreement) Act 1973, No. 7*
- *States and Northern Territory Grants (Rural Adjustment) Agreement Ratification Act 1985, No. 113*
- *States and Northern Territory Grants (Rural Adjustment) Agreement Ratification Act 1989, No. 168*
- *States Grants (Rural Adjustment) Agreement Ratification Act 1977, No. 104*
- *States Grants (Rural Reconstruction) Agreement Ratification Act 1971, No. 37*
- *Stock (Artificial Breeding) Act 1985, No. 196*
- *Stock (Chemical Residues) Act 1975, No. 26*
- *Stock Diseases Act 1923, No. 34*
- *Stock Foods Act 1940, No. 19*
- *Stock Medicines Act 1989, No. 182*
- *Swine Compensation Act 1928, No. 36*
- *Sydney Market Authority (Dissolution) Act 1997, No. 62*
- *Timber Marketing Act 1997, No. 72*
- *Uranium Mining and Nuclear Facilities (Prohibitions) Act 1986, No. 194*
- *Veterinary Surgeons Act 2003, No. 87*
- *Veterinary Surgeons Act 1986, No. 55*
- *Wine Grapes Marketing Board (Reconstitution) Act 2003 No. 100*

7. Significant Judicial Authorities

Cadia Holdings Pty Limited and Newcrest Operations Limited v State of New South Wales

On 30 May 2008, the Supreme Court (Hamilton J) gave judgment in the case of Cadia Holdings Pty Limited and Newcrest Operation Limited v State of New South Wales and Minister for Mineral Resources [2008]NSWSC528, relating to ownership of minerals and entitlement to royalty under the *Mining Act 1992*.

Under that Act, holders of mining leases are required to pay royalty to the Minister on minerals recovered under the lease. Royalty collected is remitted, in the case of publicly owned minerals, to State Treasury. In the case of privately owned minerals, Treasury is entitled to 1/8 of the royalty and the mineral owner to the balance.

The first Plaintiff in the case carries out mining of gold and copper at the Cadia Valley Mined on land owned by it and the second Plaintiff near Orange. The Crown grants, which were made in the 19th Century of some of the land comprised in those Mines were silent on the ownership of minerals. The issue was whether the copper in that land was owned by the Crown or the landowners and hence their entitlement to royalty on copper recovered. Crown ownership of gold and entitlement to gold-related royalty was not in dispute.

Legal argument in the case mainly involved the effect of a Crown prerogative covering gold-bearing and silver-bearing ores, dating back to the 16th Century English decision (known as the Case of Minerals) and limited by 17th Century English legislation. The Defendants in the recent case contended that, as gold-bearing ore under that prerogative includes copper (and other base minerals) present in the ore, the Crown retained its right to the copper in these circumstances even though there has been no reservation of copper in the relevant Crown grants. Rejecting that contention, Hamilton J decided the case

in favour of the Plaintiffs. The State of New South Wales and the Minister have lodged notice of intention to appeal.

Report of the Equine Influenza Inquiry The Hon. Ian Callinan AC April 2008

The Hon. Ian Callinan AC was appointed as Commissioner to inquire into the August 2007 outbreak of Equine Influenza at AQIS' Eastern Creek Quarantine Station that escaped into the New South Wales and Queensland horse populations, requiring widespread regulatory intervention to contain and control the outbreak. The regulatory intervention resulted in the disruption to horse events and horse movements from late August 2007 until early 2008 and cost the horse industries, the governments and the affected people millions of dollars in lost income and control and eradication measures.

The Commissioner was charged with investigating the circumstances that contributed to the outbreak of equine influenza in Australia and the need for any strengthened biosecurity procedures for quarantine management of imported horses.

The Commissioner made 38 recommendations relating to the importation of horses, the external and internal auditing and control of biosecurity measures that relate to horse importations, airport receipt facilities, post arrival quarantine stations, operating procedures for clearance and quarantine of horses, post arrival quarantine, Biosecurity Australia, review of the Quarantine Act 1908 and recovery of quarantine expenses. The Federal Government has accepted all of these recommendations.

The full inquiry report can be found at www.equineinfluenza inquiry.gov.au.

8. Evaluation and improvement

NSW DPI is committed to continuous improvement of programs and services to both internal and external stakeholders. Accordingly, the following reviews were performed during 2007-08.

Internal controls

NSW DPI continued to review, audit and improve internal controls. As a result of the Deloitte Touche Tohmatsu report in February 2007, the department has implemented the merger of the internal audit function of Forests NSW with rest of the DPI audit program. Below are the internal reviews that were undertaken during the 2007-08 period:

- Accounts Receivable/Debt Recovery
- College Management
- Gosford Agricultural Research Centre
- Procurement and Contracts
- Commercial Fishing Licences
- Research Station Management Operations
- Orange Agricultural Institute
- Tamworth Agricultural Institute
- Narrabri Agricultural Institute
- Fishing Trusts
- Equine influenza review
- Information Security Management System - review of compliance with Section 4 of ISO 27001-2006 Standard.
- Review of commercialisation of Intellectual Property
- Forests – Audit of the Environmental Management System
- Forests – Audit of non financial reporting systems
- Forests – Contract Harvesting & Haulage
- Forests – Timber Scheduling Review
- Forests – Disaster Recovery Information Security Management System

8. Evaluation and improvement cont'd

Performance Audit: Meeting Hardwood Supply Obligations – Forests NSW

The Audit Office commenced an audit on meeting hardwood supply obligations in August 2007. Forests NSW advised the Audit Office that it was undertaking a review of the approaches used to model its plantation and native forests resources, including the supply of hardwood. As a result The Audit Office delayed the audit until May 2008 when a meeting with Forests NSW regarding the modelling approaches was held. This audit will continue in 2008-09.

Valuations of forests

Forests NSW commissioned an independent review of native forest valuation procedures following an audit qualification in 2007. The consultant's report recommended that the 2008 valuation calibrate the harvested product volume against the assessed standing volume and that Forests NSW make system changes to increase confidence around forest valuation in the medium to long term.

Plantation establishment improvements

As part of ongoing business improvements, Forests NSW reviewed practices for the establishment of second rotation plantations in the Macquarie region and, by revising the system for site preparation, achieved savings of over 20 per cent in related costs. The savings enabled the expansion of 2008 winter plantings in the region within the existing budget. We plan to replicate the new site preparation system in other planted forests regions.

Upgrading forest management systems

Information delivery is critical to many aspects of our operations. As the existing Geographic Information System (GIS) was no longer adequately serving our business needs, a project team was established to plan and manage a major GIS systems upgrade. Once the upgrade is complete, Forests NSW will have a more efficient spatial mapping system capable of supporting key business applications.

Emergency management

In 2007 the NSW DPI commissioned the Internal Audit Bureau to review its emergency management arrangements. The following key recommendations from that review are currently being implemented:

- continuing improvement in information management and supporting technology
- optimisation of web-based information exchange with industry and the public
- identification of the significant role of specialist technical and contract services needed to enhance response capability.

Board of Inquiry into mine safety enforcement policy

This Board of Inquiry was established under Section 113 of the *Coal Mine Health and Safety Act 2002* (recommendation of the Wran Mine Safety Review). The Inquiry was to examine mine safety enforcement policy and the processes used by NSW DPI.

Dr James J Macken AM LLD was appointed as the Board of Inquiry on 14 February 2007. Mr Jim Cox was appointed as an assessor for the purposes of a special inquiry by the Board of Inquiry on the same day. The appointments and Terms of Reference (as recommended by the Wran Review) were published in the NSW Government Gazette on 23 February 2007.

Dr Macken took submissions from a range of industry stakeholders and a report was provided to the Minister. The report is currently being considered by the Minister, in the context of the proposed harmonisation of State and Federal OHS laws, and the National Mine Safety Framework initiative.

Improving Efficiency of Irrigation Water Use on Farms

The NSW Auditor-General issued a report in November 2007 examining the efficiency gains of the agricultural sector in NSW. It is a companion piece to an audit report of Sydney's future water needs released in 2005.

Over 70 per cent of water extracted in NSW is used in irrigated agriculture which accounts for less than one per cent of the total agricultural area, but contributes more than half of the profit earned by agriculture in NSW.

The report found that water efficiency investments produce a mix of benefits for growers and benefits for the public and community. It found the Department plays a 'crucial role' in assisting the irrigation industry respond to the conflicting demands placed upon the state's water resources, in particular a new emphasis on water to be diverted to the environment. It performs this role by developing science-based practices to improve efficiency of water use, and initiatives to assist irrigators adopt them.

In collaboration with agricultural industries and research organisations, DPI's Science and Research Division developed many improved management methods and irrigation technologies. R&D initiatives included techniques for identifying 'leaky' soils, breeding cold tolerant rice varieties to reduce water requirements, and innovations which have improved water use efficiency in grape growing by 50 per cent. DPI attracts about half of its research funding from its external partners.

The report found that the WaterWise on the Farm education and training program had provided awareness, education, advice and support for farmers to change the way they manage water on-farm. About 5 000 of the State's 12 000 irrigators attended a WaterWise course between 1996 and 2005 contributing to significant adoption of best management practice and uptake of the latest technologies.

Although WaterWise funding ceased in 2005, DPI continues to deliver the course under the PROFarm training initiative.

Review of laboratory charges

The Diagnostic and Analytical Laboratories Unit conducts an annual review of all charges for laboratory testing services. On July 1, 2007, an increase of 3.32 per cent was applied based on movements in the capital city weighted movements in the CPI published by the Australian Bureau of Statistics to 31 March 2007.

A similar review was conducted in March 2008. A CPI increase of 4.24 per cent has been approved for implementation in 2008.

Review of licensing of rice varieties

RIRDC & NSW DPI has undertaken a review of the commercialisation of rice varieties from the DPI breeding program. The review was precipitated by deregulation of the industry on 1 July 2006, and the consequent uncertainty around access to varieties. Following the recommendations of the review, an expression of interest process for access to rice varieties was pursued. Following the tender process, Rural Industries Research and Development Corporation (RIRDC) and DPI have negotiated an arrangement with SunRice to be granted an exclusive licence to produce and market the rice varieties Reiziq, Opus and Quest that are in current production and protected by Plant Breeders Rights.

Discussion is continuing to define the relative roles of the public and private sector in the delivery of future varieties from the Rice Improvement Program conducted at Yanco Agricultural Institute.

Independent Review of Gene Technology (GM Crop Moratorium) Act 2003

In July 2007, the NSW Government appointed an independent panel to review the *Gene Technology (GM Crop Moratorium) Act 2003* (the Act) which provides for the management of genetically modified (GM) food crops in NSW. The expert review panel was chaired by the Hon Mr Ian Armstrong OBE. The other two members of the panel were eminent agricultural scientist and lawyer Ms Kathryn Adams, and Professor Timothy Reeves, an expert in sustainable agriculture.

The review explored the impacts on marketing and trade of either extending or modifying the legislation, or allowing it to expire. Following extensive community and industry consultation, the panel prepared a report for the Government, recommending the removal of the moratorium on GM canola and the extension of the Act.

9. Risk management and insurance

General

The NSW DPI Audit and Risk Management Committee is responsible for championing and driving the implementation of the NSW DPI risk management framework, and establishing strategies and processes for divisions to identify, manage and report on risk and risk mitigation. The Committee is responsible for ensuring that the department's audit, evaluation and review program is based on a thorough analysis of risks.

Divisional Coordinators have been appointed to coordinate risk management processes across their division. They are responsible for championing the risk process across the department. Divisional Coordinators play an important role in driving the ownership of risk management across the department by working with managers in their division and helping them to assess risks and develop and monitor mitigation strategies on a regular basis.

Divisional Coordinators meet as a group twice a year to provide an update on how the process is working within their divisions, review and discuss cross-divisional risks, and suggest improvement strategies. These meetings are also used to provide input for the update of the department's risk register to an agreed timetable each year.

Workers' compensation	
Number of Claims	136
No. of claims per employee	0.06
Average Claim Cost	\$2 261
Average cost per employee	\$128.13
Motor Vehicles	
Number claims	125
Number of claims per vehicle	0.07
Average cost per claim	4 446
Average Cost per vehicle	\$301.05

Occupational health and safety management

NSW DPI completed the first stage of its OHS Management system presenting 40 seminars to DPI staff at 28 locations across NSW.

As part of the NSW DPI development of an OHS Management System, the Human Resources Management Information System (Aurion) has provided additional functionality which allows NSW DPI to record and report OHS incidents in a timely manner in accordance with Australian Standards. This functionality, which is managed by the OHS Unit, consolidates information and reporting facilities in a central database allowing for accurate reporting and analysis.

At all DPI sites, staff will be represented by either a trained OHS Committee or safety representative. There are currently 25 active OHS workplace committees and 45 safety representatives.

A reduction of 45% in lost time incidents has occurred over the past five years.

Workplace Incident Statistics – Performance Indicators

	Summary				
	2003-04	2004-05	2005-06	2006-07	2007-08
No. CLAIMS	188	150	155	148	120
No LTI	85	66	61	49	46
No. NLTI	203	235	213	232	268
Days Lost	3 670	2 950	978	1 293	644
Frequency Rate	19.08	13.84	12.79	10.27	10.24
Incident Rate	3.53	2.56	2.36	1.83	1.58
ALTR	43.17	44.69	16.03	26.38	14.00
LTSR	769	618	205	271	143.39

Explanation of performance indicators.

These measures are based on the Australian Standard AS 1885.1 – 1990 for the recording of Workplace Incident Statistics.

Claims – Total number of injury reports which have incurred lost time or medical expenses, received by insurer (Allianz).

LTI – Lost time injuries – Injuries which involve absence from work of more than one day

NLTI – Non lost time injuries – Injuries which are reported but have not resulted in an absence from work or have incurred medical expenses.

Frequency Rate – Rate that expresses the number of Lost Time Incidents (LTI) related to the total hours worked.

Incident Rate – Rate that expresses the ratio of Lost Time Incidents (LTI) related to the total number of employees.

Average Lost Time Rate – Rate measures time lost in days in relation to the number of injuries experienced.

Lost Time Severity Rate – Provides a list of levels of severity of lost time incidents by measuring days lost against total hours worked.

A comprehensive review of high level corporate risks was commenced during the year. It is expected that the review will be completed early next year. The results will inform the more detailed risk registers at division and branch level, and importantly the audit, evaluation and review programs in future years. It is intended that the department's risk management policies and procedures will also be comprehensively updated following this review.

Specific programs are also in place to assess and manage risks in areas such as occupational health and safety and information security.

Insurance

NSW Department of Primary Industries is a member of the NSW Treasury Managed Fund, which is compulsory for all government departments and authorities. Members self insure for risk exposures under the categories of:

Workers' compensation

Motor vehicles

Property

Public liability

Miscellaneous

Statistics regarding risk coverage for the period 1 July 2007 to 30 June 2008 are shown in the table below:

Property	
Number of claims	42
Number of claims per employee	0.02
Average cost per claim	\$6 361
Average cost per employee	\$111.32
Liability	
Number of claims	Nil
Cost of claims	Nil
Miscellaneous	
Number of claims	1
Cost of claims	\$1 229

10. Staff statistics

All statistics shown in the following tables are expressed as equivalent full time (EFT) unless otherwise stated.

Table 1. Staff numbers (EFT)

	Perm (excl Forests NSW)	Other (excl Forests NSW)	Perm (Forests NSW)	Other (Forests NSW)	Total
2004-05	1 802	747	954	85	3 588
2005-06	1 815	724	948	98	3 585
2006-07	1 885	753	922	30	3 590
2007-08	1 900	725	872	73	3 570

Table 2. EFT number of female and male staff within salary levels

Salary Level	\$0 - \$35 266	\$35 267 - \$46 319	\$46 320 - \$51 783	\$51 784 - \$65 526	\$65 527 - \$84 737	\$84 738 - \$105 923	Greater than \$105 923 (Non-SES)	Greater than \$105 923 (SES)	Total
Female (excl Forests NSW)	6	201	196	265	243	92	13	5	1 021
Male (excl Forests NSW)	3	188	156	285	477	344	139	12	1 604
Female (Forests NSW)	26	17	12	53	51	7	3	0	169
Male (Forests NSW)	49	253	131	100	122	76	39	6	776
Totals	84	659	495	703	893	519	194	23	3 570

Table 3. Numbers and levels of SES staff

		SES level								Total
		1	2	3	4	5	6	7	8	
30 June 2005	Excl Forests NSW	2	5	4	5	3	2	1	1	23
	Forests NSW	1		5			1			7
30 June 2006	Excl Forests NSW	1	5	5	1	3	3		1	19
	Forests NSW	1		4			1*			6
30 June 2007	Excl Forests NSW		2	6	1	3	3		1	16
	Forests NSW	1		4			1*			6
30 June 2008	Excl Forests NSW		3	6		3	4		1	17
	Forests NSW			5			1			6

5* Substantive Level 3 but acting CEO Level 6

Table 4. Numbers and levels of female SES staff

		SES level								Total
		1	2	3	4	5	6	7	8	
30 June 2005	Excl Forests NSW		1	1	2	2				6
	Forests NSW									0
30 June 2006	Excl Forests NSW			1	1	1	1			4
	Forests NSW									0
30 June 2007	Excl Forests NSW			1	1	1	1			4
	Forests NSW									0
30 June 2008	Excl Forests NSW		1	2		1	1			5
	Forests NSW									0

11. Equal employment opportunity

A. Statistical Information on EEO Target Groups

The following tables are completed from data provided by Workforce Profile Unit, Public Sector Workforce Office, NSW Department of Premier and Cabinet:

Table 1 Trends in the representation of EEO target groups in percentage

EEO Target Group	Percentage of total staff	EEO Target Group	Percentage of total staff	EEO Target Group ^a	Percentage of total staff
	Benchmark or Target	2005	2006	2007	2008
Women	50%	38%	33%	34%	35%
Aboriginal people & Torres Strait Islanders	2%	.3%	1.7%	2.4%	2.4%
People whose first language was not English	20%	8%	11%	11%	12%
People with a disability	12%	7%	8%	8%	8%
People with a disability requiring work-related adjustment	7%		.3%	0.5%	0.6%

Table 2 Trends in the distribution of EEO target groups

EEO Target Group	Distribution index	EEO Target Group	Distribution index	EEO Target Group	Distribution index
	Benchmark or Target	2005	2006	2007	2008
Women	100	80	86	87	88
Aboriginal people & Torres Strait Islanders	100	n/a	71	68	65
People whose first language was not English	100	110	103	107	108
People with a disability	100	96	90	91	88
People with a disability requiring work-related adjustment	100		n/a	n/a	81

Please note that figures for Forests NSW were not included in 2004–05 data.

1. Staff numbers are as at 30 June.
2. Excludes casual staff
3. A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by the software provided by ODEOPE.
4. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

11. Equal employment opportunity (cont'd)

Table 3 Percent of total NSW DPI staff by level

LEVEL	TOTAL STAFF (Number)	Respondents	Men	Women	Aboriginal People & Torres Strait Islanders	People from Racial, Ethnic, Ethno-Religious Minority Groups	People Whose Language First Spoken as a Child was not English	People with a Disability	People with a Disability Requiring Work-related Adjustment
< \$35,266	25	24%	48%	52%				17%	
\$35,266 - \$46,319	687	30%	63%	37%	6.8%	6%	6%	12%	1.5%
\$46,320 - \$51,783	524	42%	56%	44%	4.1%	2%	7%	10%	0.5%
\$51,784 - \$65,526	721	50%	54%	46%	2.5%	6%	17%	6%	0.3%
\$65,527 - \$84,737	916	58%	66%	34%		11%	15%	8%	0.6%
\$84,738 - \$105,923	520	68%	80%	20%	0.3%	11%	13%	4%	
> \$105,923 (non SES)	195	70%	92%	8%		4%	8%	6%	0.7%
> \$105,923 (SES)	17	76%	71%	29%					
TOTAL	3 605	51%	65%	35%	2.4%	7%	12%	8%	0.6%
Total Number of Staff	3 605	1 824	2 331	1 274	33	139	223	132	9

Table 4 Percent of total NSW DPI staff by employment basis

EMPLOYMENT BASIS	TOTAL STAFF (Number)	Respondents	Men	Women	Aboriginal People & Torres Strait Islanders	People from Racial, Ethnic, Ethno-Religious Minority Groups	People Whose Language First Spoken as a Child was not English	People with a Disability	People with a Disability Requiring Work-related Adjustment
Permanent Full-time	2 678	56%	74%	26%	2.1%	8%	11%	8%	0.4%
Permanent Part-time	192	61%	8%	92%	0.8%	5%	8%	8%	1.7%
Temporary Full-time	532	30%	52%	48%	0.6%	6%	25%	4%	0.6%
Temporary Part-time	175	23%	18%	82%		10%	10%	5%	
Contract - SES	17	76%	71%	29%					
Contract - Non SES									
Training Positions	11	18%	91%	9%					
Retained Staff									
Casual	327	14%	51%	49%		2%	13%	2%	
TOTAL	3 932	48%	64%	36%	1.5%	7%	13%	7%	0.4%
Total Number of Staff	3 932	1 870	2 498	1 434	33	140	229	133	9

B. Commentary on Initiatives to Eliminate Discrimination in Employment and Promote Equal Employment Opportunity

1. Major Policies/Programs and Their Outcomes during 2007-2008

Employees with a Disability

The HR Strategic Services Unit, in conjunction with supervisors, provides ongoing support for employees with a disability. This support is based on medical advice and consultation with occupational therapists.

The department currently employs four disabled apprentices.

The Mental Health First Aid Course is delivered across the department as part of the Staff Training and Development program.

A total of \$77 000 was spent this year as part of the department's Disability Strategic Plan, as follows:

- Huskisson Fisheries Office - disabled access and amenities - \$50 000
- Jindabyne, Gaden Trout Hatchery - access ramp - \$27 000

Aboriginal Employment

Aboriginal Employment Strategy (AES) - following the launch last year of the AES, its implementation continues with the aim to improve employment opportunities within the department for Aboriginal people as well as

11. Equal employment opportunity (cont'd)

enhancing support measures designed to increase retention rates and professional development opportunities.

The Aboriginal Staff Network (ASN) – a key component of the AES, the ASN has been formed this year and has met on two occasions each of two days duration, the first day being a workshop and the second day being for training. The group has undertaken training in *Building Bridges to a greater Future: Career Development for Aboriginal Employees*, and *Merit Selection Techniques*.

The Network is made up of 29 members of staff, who identify as Aboriginal and are interested in being a part of the group. The Network provides the opportunity for Aboriginal staff to:

- identify issues of concern for Aboriginal employees and possible means to address these concerns
- assist in developing and implementing proposals under the AES
- provide advice to the AES Working Group on the effectiveness of the AES
- undertake identified training needs as a group
- keep in contact, exchange ideas, and provide a valuable support mechanism for each other.

Elsa Dixon Aboriginal Employment Program – one avenue the department pursues to increase employment of Aboriginal staff is the Permanent Employment element of the Elsa Dixon Aboriginal Employment Program, through the NSW Department of Education and Training. We have employed two Aboriginal people under this Program again this year.

Employment Brochure – the brochure, *Aboriginal Employment in NSW Department of Primary Industries*, has been developed and published this year. This brochure is directed at Aboriginals who are interested in employment with the department, and recognises the valuable contributions that Aboriginal people can bring to the development of policy and practices for primary industries through their unique relationship with the land and its natural resources.

Cadetships – four cadetships, under the NSW Public Sector Indigenous Cadetships Program, have been advertised this year in areas of Forests, Agriculture, Fisheries and Mineral Resources. Recruitment is yet to be completed for these cadetships.

Leadership and Development Management Program – has been developed for Research Leaders and Unit Managers (Level 4). It provides an opportunity to meet other managers and directors; discuss the department's values and principles; learn more about key operating systems; and focus on our legal requirements, in particular relating to OHS.

Two additional positions on the course were provided for aboriginal staff below Level 4 to attend. Danielle Goolagong and Gavin Callaghan were nominated to attend from expressions of interest received.

Women's Employment

Women's Employment Strategy (WES) – Women actively involved in the WES, through the Women's Consultative Group (WCG), have been working enthusiastically this year to implement a number of initiatives. The WCG comprises women from all divisions across the State and they have worked together to develop the original Action Plan and the updated and revised 'Action Plan: Progress and Targets 2008-2009'.

This new Action Plan continues to support the aims of the WES to ensure that the potential of NSW DPI women is realised, and that they are recognised as key contributors in the workplace.

Some of the highlights and achievements identified in the updated Action Plan for 2008-09 are:

- **The Pilot Mentoring Program** commenced in September 2007 with an introductory workshop. At the end of the training 11 mentoring pairs, representing women from a range of classifications across the department's divisions and locations, were formed. These pairs are continuing to meet face-to-face, by phone and with the use of email at regular intervals. A mid-term review was conducted in March 2008 with all available participants again coming together to assess progress and to review their aims and progress. There was enormous energy in the group and without exception each pair was able to report concrete progress towards their

stated outcomes. A Career Development workshop was conducted as part of these 2 days, again generating lots of thought and helping people to focus on the steps they might take to formulate and reach bigger goals.

The final meeting took place in June 2008. The associated development activity at this meeting focused on taking the skills learned and practised during the pilot program forward in the workplace.

- **A targeted training needs survey** to identify the training needs of NSW DPI female workforce has been undertaken and will be analysed and actioned in conjunction with HR.
- **Clerical Officers Survey** – 250 clerical officers were surveyed to collect information about the appropriateness of their job titles, classifications and work responsibilities. A report is imminent and will help to inform the Work Force Planning Process.
- **Women's Forums** – The WCG assisted in the development and running of four Regional Women's Forums at Dubbo, Yanco, Tocal and the North Coast. These proved to be excellent opportunities for information sharing and networking.

The WCG continues to work closely with the Human Resources branch (HR) in implementing the Action Plan and many of the strategies it contains complement work already being undertaken by HR. The work of the WCG plays an important part in ensuring NSW DPI recognises women as key contributors in the workplace.

Leadership and Development Management Program – has been developed for Research Leaders and Unit Managers (Level 4). It provides an opportunity to meet other managers and directors; discuss the department's values and principles; learn more about key operating systems; and focus on our legal requirements, in particular relating to OHS.

Seven additional positions on the course were provided for female staff below Level 4 to attend. Lisa Davison, Liz Rogers, Cate Bennett, Cheryl Pope, Linda Rutherford, Kate Hoorweg and Lee Burdett-Symons were nominated to attend from expressions of interest received.

External Training Courses – The department is providing funds for female staff this year, for the following:

- Kylie Davies, Manager Events, is undertaking the Public Sector Management Course,
- Melanie Price, HR Strategic Services Manager, and Rachel Connell, Manager Legislation and Government Relations, are participating in the Executive Development Program, and
- Elise Newberry, Director Environmental Sustainability, is undertaking the Executive Master of Public Administration.

Fair Policy and Procedures

The HR Strategic Services Unit has responsibility for policy development and implementation in all areas of EEO to ensure:

- fair practices in the workplace,
- management decisions being made without bias,
- recognition and respect for the social and cultural backgrounds of all employees,
- employment practices that produce employee satisfaction and job commitment, and improved productivity by guaranteeing that the workplace is efficient and free from bullying, harassment and discrimination.

The following new policies and procedures were developed and implemented this year:

- Grievance Resolution,
- Working from Home, and
- Exit Questionnaires and Interviews.

2. Major Activities and Outcomes Planned for 2008-09

In order to eliminate and ensure the absence of discrimination in employment; and to promote equal employment opportunity for EEO target groups, it is planned that the following policies/programs will be developed and implemented during the next 12 months.

11. Equal employment opportunity (cont'd)

Aboriginal Employment

Aboriginal Employment Strategy (AES) - will continue to improve employment opportunities within the department for Aboriginal people as well as enhancing support measures designed to increase retention rates and professional development opportunities.

The Aboriginal Staff Network (ASN) – will meet on at least two occasions again in 2008–09. The first meeting is planned for October 2008 and will include training for the group in Project Management.

A dedicated web site, as part of the department's intranet, is being set up for the Network Group in July 2008 to further promote the group and encourage all indigenous staff to join in.

Elsa Dixon Aboriginal Employment Program – application has been made to employ one aboriginal person under this program for 2008–09 and is awaiting approval from the funding body.

Employment Brochure - the brochure, Aboriginal Employment in NSW Department of Primary Industries, will be distributed widely at all public events attended by the department during 2008–09, such as field days, shows, NAIDOC week celebrations etc.

Cadetships – applications have been received and recruitment will be completed in 2008 for cadetships under the NSW Public Sector Indigenous Cadetships Program, in the areas of Forests, Agriculture, Fisheries and Mineral Resources.

Women's Employment

Women's Employment Strategy (WES) – Expressions of interest will be called for in July 2008, for new members for the Women's Consultative Group (WCG), for a term of up to three years. A meeting for the new group is planned for late 2008 at which time there will be a review of items outstanding on the action plan, together with identifying new items to be addressed. From this a new action plan will be formulated with responsibilities for addressing the issues assigned to members of the WCG.

Induction

An on-line Induction program for supervisors will be developed and implemented in 2008–09 with the purpose of providing new employees with exposure to the department's policies and procedures, including the staff member's rights and responsibilities in relation to EEO, OHS and anti-discrimination law.

Performance Management

NSW DPI's new Performance Management System for all staff is currently being developed and a pilot program will be conducted in July/August 2008 with 60 staff members participating. It is planned that full implementation will then follow in October 2008.

The system provides for an on-going performance management process in which employees and their supervisors work together to:

- provide clarity with respect to roles and responsibilities
- identify individual work priorities for the year ahead
- ensure alignment with NSW DPI's strategic and operational priorities
- describe the standard of work, conduct and behaviours expected
- promote professional development opportunities and career planning
- provide regular, objective feedback and recognition for achievements
- manage other factors that may impact on the employee's work
- encourage and facilitate effective communication

All DPI employees will be required to participate in the program.

Mentoring Program

From the final meeting conducted in June 2008 as part of the department's Pilot Mentoring Program, recommendations will be made in the latter half of 2008 to assist with the design of a future program for all staff.

Flexible Work Practices

Further development, improvement and promotion of flexible work practices policies and programs will be undertaken in 2008–09, with a view to improving awareness of what is available for staff and increasing the use of flexible arrangements.

12. Overseas travel

NAME of OFFICER	POSITION	COUNTRY VISITED	PURPOSE OF VISIT	DATE FROM	DATE TO
Nick Annand	Livestock Officer	Solomon Islands	ACIAR** project to train beekeepers in the use of bait stations, queen bee production, bee colony propagation and disease diagnosis	1.07.2007	1.08.2007
Lee Baumgartner	Research Scientist	LAO PDR	Principal investigator on ACIAR** funded project seeking to develop fish passage criteria for tropical regions of south east Asia	1.07.2007	1.07.2007
Bruno Holzapfel	Senior Research Viticulturist	Germany	Present and participate in the XXX World Vine and Wine Congress and XV International Symposium GESCO	4.06.2007	1.07.2007
John Lacy	Industry Leader	Lao PDR	Consultancy on adoption of direct rice seeding	07.07.2007	15.07.2007
John Smith	District Agronomist	Lao PDR	Consultancy on adoption of direct rice seeding	07.07.2007	15.07.2007
Glenn Tritton	Manager Fisheries Compliance	New Zealand	Attend National Fisheries Compliance Committee	10.07.2007	13.07.2007
Garry Griffith	Principal Research Scientist	Ireland	Attend and present a paper at the International Farm Management Association 16th Biennial Congress and participate in the post congress tour of Irish beef cattle and dairy enterprises	13.07.2007	2.08.2007
Ross Gilbert	Senior Technical Officer	USA	Meet with leading scientists in the field of biological control of alligator weed and mycology, visit institutions, gain first hand practical information and discuss future collaboration	14.07.2007	10.08.2007
Edwina Toohey	Research Officer	New Zealand	Present a paper at the 67th New Zealand Society of Animal Production conference and meet with colleagues to discuss common research areas, with particular focus on the accelerated processing of meat	16.07.2007	23.06.2007
Jeremy Bright	District Horticulturist	USA	Lead information exchange between Orange district growers and relevant cherry breeding research facilities, cherry orchards and packing facilities within the Pacific North West of America	18.07.2007	31.07.2007
Brad Mullard	Director, Coal & Petroleum	Japan	To attend the Coal International workshop and Japan Australia high level group consultations on mineral and energy in Tokyo	30.07.2007	02.08.2007
Ashley White	Livestock Officer	China	Present papers at 53rd International Congress of Meat, Science and Technology	1.08.2007	11.08.2007
Brent McLeod	Professional Officer	China	As above	01.08.2007	11.08.2007
Ian Lyall	Manager	Vietnam	Attend and present at World Aquaculture Society Asian Pacific 2007 conference as well as two board meetings	03.08.2007	15.08.2007
Sharon Nielsen	Biometrician	New Zealand	Assist the development of a second biometrical course for NSW DPI staff and attend and review an AgResearch course	03.08.2007	13.08.2007
Beverley Orchard TRIP CANCELLED	Biometrician	New Zealand	As above	03.08.2007	13.08.2007
Michael Dove	Scientific Officer	Vietnam	Initiate ACIAR** hatchery development program and attend World Aquaculture Society Asian-Pacific 2007 Conference	4.08.2007	8.08.2007
Wayne O'Connor	Senior Research Scientist	Vietnam	As above	4.08.2007	11.08.2007
Dr Geoff Allan	Research Leader	Vietnam	Attend World Aquaculture Society Asian Pacific 2007 conference and initiate ACIAR** funded hatchery development project	04.08.2007	13.08.2007
Richard Glen	Principal Research Scientist	China	Present paper and participate in major international conference and field workshop of project 480 of the UNESCO International Geological program	4.08.2007	20.08.2007
John Lacy	Industry Leader	Brazil	Attend and present papers at 5th Brazilian Irrigated Rice conference and to Brazilian centre of Agricultural Research (EMBRAPA)	4.08.2007	17.08.2007
Brendan George	Industry Leader	USA	International energy agency bioenergy meeting short rotation crops for bioenergy systems and meetings regarding biofuel project	05.08.2007	20.08.2007
Chris Dorahy	Technical Specialist	Indonesia	ACIAR** project 'Restoration of annual cropping of tsunami- affected areas of Nanggroe Aceh Darussalam Province'	05.08.2007	13.08.2007
Craig Hunt	Technical Officer	Indonesia	ACIAR** project 'Restoration of annual cropping of tsunami- affected areas of Nanggroe Aceh Darussalam Province'	05.08.2007	13.08.2007
Rebecca Lines-Kelly	Soil Extension Specialist	Indonesia	As above	05.08.2007	13.08.2007
Peter Slavich	Research Leader	Indonesia	As above	05.08.2007	13.08.2007
Gavin Tinning	Project Officer	Indonesia	As above	05.08.2007	13.08.2007
Malem McLeod	Research Hydrologist	Indonesia	As above	05.08.2007	13.08.2007
Dr Natalie Moore	Agronomist	Indonesia	As above	05.08.2007	13.08.2007
Shane Hetherington	Industry Leader	USA	Attend the 11th International Workshop on Fireblight to become familiar with the latest research on this disease and establish international contacts	07.08.2007	20.08.2007
Cameron Archer	Principal	Chile	Present key note address and participate in Chilean Horticulture Industry Education & Training forums. To progress the development of long tem relationship and develop international business opportunities for NSW DPI	11.08.2007	21.08.2007
Joseph Ekman	Post Harvest Research	Chile	As above	11.08.2007	21.08.2007
Eric Cother	Principal Research Scientist	Cambodia	Conduct field surveys and crop loss assessment workshop as part of ACIAR* rice pathology project	12.08.2007	1.09.2007
Jianhua Mo	Research Entomologist	USA	Visit experts on onion thrips research	18.08.2007	30.08.2007
Mary-Anne Lattimore	District Agronomist	USA	Conduct study tour, investigate lucerne hay seed silage production and marketing research. Assess extension and crop management practices for lucerne	18.08.2007	5.09.2007

12. Overseas travel (cont'd)

NAME of OFFICER	POSITION	COUNTRY VISITED	PURPOSE OF VISIT	DATE FROM	DATE TO
Robert Hoogers	District Irrigation Officer	USA	Conduct study tour, investigate lucerne hay seed silage production and marketing research. Assess extension and crop management practices for lucerne	18.08.2007	05.09.2007
David Hopkins	Principal Research Scientist	Ireland	Present 2 papers at the 58th Annual meeting of the European Association of Animal Production and meet with researchers to discuss common research areas, with particular focus on the stretching of meat	23.08.2007	5.09.2007
Paul Greenwood	Principal Research Scientist	USA	Attend and present at Aspen Perinatal Biology Symposium as invited speaker and visit laboratory	22.08.2007	31.08.2007
Michael Mackay	Curator	Syria	Participate in the GPG2 linkage meeting for correction and normalization of georeferenced data for collection sites and the global crop diversity trust conservation strategy meeting for barley	24.08.2007	09.09.2007
Sophie Parks	Research Horticulturist	United Kingdom	Presentation of scientific paper as invited speaker at the international symposium on growing media, also meet with key researchers on hydroponic substrate analysis	31.08.2007	09.09.2007
Stanley Maginnis	Inspector	USA	Contribute to the management of IEC Ex scheme and investigate the use of People Proximity Detecting Devices on remotely controlled continuous miners	1.09.2007	1.09.2007
Andrew Jessup	Senior Research Horticulturist	PNG	View experimental sites and review results of experiments for ACIAR* project 'Fruit Fly Management on PNG'	1.09.2007	15.09.2007
John Diplock	Program Manager	Korea	Investigate artificial reef construction deployment and monitoring	02.09.2007	16.09.2007
Heath Folpp	Manager	Korea	As above	02.09.2007	16.09.2007
Dr Charles Gray	Research Leader	Czech Republic	Attend and present oral and poster presentations at fish stock assessment methods conference	07.09.2007	18.09.2007
Dean Gilligan	Research Scientist	United Kingdom	Attend and present NSW DPI carp research at the 6th European Pest Management conference also meet with researchers an recreational carp fishers	07.09.2007	25.09.2007
Graham Charles	Research Agronomist	USA	Attend 4th International Cotton Research Conference and present a paper	8.09.2007	17.09.2007
Dr Russell Reinke	Research Agronomist	China	Maintain and extend links with Chinese research programs focused on rice cold tolerance and rice grown under restricted water supply	9.09.2007	19.09.2007
Dr Peter Snell	Professional Officer	China	As above	9.09.2007	19.09.2007
Doug Ferrell	Senior Scientific Officer	Lord Howe Island	Attend Meeting of Lord Howe Island Marine Park Advisory Committee to provide advice on Yellowtail Kingfish	11.09.2007	13.09.2007
Alison Bowman	Research Leader	Eritrea	Follow up to evaluate the progress of the Dryland Farming Systems capacity building project	10.11.2008	20.11.2008
Andrew Mitchell	Research Leader	Taiwan	Attend second International Barcode of Life Conference and associated network meetings	15.09.2007	22.09.2007
James Scandol	Senior Scientific Officer	Finland	Attend and present at the ICES Annual Science Conference 2007	15.09.2007	23.09.2007
Mark Hickey	Industry Leader	Cambodia	ACIAR* project 'to conduct project planning workshop and commence dry season trials for 3rd phase of project'. Also provide orientation for an Australian Youth Ambassador who is commencing work on a component of the project	15.09.2007	27.09.2007
Gerard Kelly	District Horticulturist	Cambodia	As above	15.09.2007	27.09.2007
Suzie Newman	Research Horticulturist	Vietnam	ACIAR* projects 'Improved vegetable production and post harvest management systems in Cambodia & Australia' and 'Improving the safety and quality of Vietnamese vegetable production'	15.09.2007	06.10.2007
Colin Langford	Livestock Officer	China	Assess training needs, develop appropriate training material and deliver courses to livestock producers collaborating in project 'Improving the rural livelihoods of Inner Mongolian sheep herders through facilitating the adoption of improved livestock production and grassland management systems'	17.09.2007	06.10.2007
Gemma Junk	Livestock Officer	China	As above	17.09.2007	06.10.2007
Dr Robert Martin	Director	Cambodia	ACIAR* project 'Finalisation of new project application, provision of training extension collaborators and participation in national conference on upland crops in Cambodia	17.09.2007	07.10.2007
Stephanie Belfield	District Agronomist	Cambodia	As above	17.09.2007	07.10.2007
Peter Gillespie	Technical Officer	Indonesia	Assess and implement insect collection rehabilitation program. Provide insect collection management and diagnostic training where relevant	21.09.2007	01.10.2007
Steve Montgomery	Research Scientist	Canada	Attend present and chair a session in the 8th International workshop on lobster biology and management conference	21.09.2007	04.10.2007
Steve Kennelly	Chief Scientist, Director	Ireland	Invited to attend and be guest speaker at the World Seafood Congress	22.09.2007	30.09.2007
John Lacy	Industry Leader	Chile	Consultancy on Rice check for the Chilean Rice Industry	22.09.2007	01.10.2007
Stephen Johnson	Weed Ecologist	India	Invited to facilitate a weed risk management workshop for Food and Agriculture Organisation FAO	24.09.2007	30.09.2007
Philip Gibbs	Principal Fisheries Scientist	Philippines	Multiple trips as per project FIS/2003/003 contract	24.09.2007	05.10.2007
RJ Farquharson	Research Scientist	Cambodia	ACIAR* project and present a paper at the conference at CARDI and investigate new methods of transmitting price information between farmers and grain buyers	29.09.2007	15.10.2007
John Tracey	Research Officer	Lord Howe Island	Evaluate existing and potential impacts of hybrid malee/pacific black ducks and provide recommendations for management. Promote DPI as a leader in vertebrate pest research	07.10.2007	19.10.2007
Brian Lukins	Technical Officer	Lord Howe Island	As above	07.10.2007	19.10.2007
Kerry Kempton	Livestock Officer	New Zealand	To learn first hand about dairy farming systems to gain a better understanding of how extension programs are delivered and provide an opportunity for a group dairy farmers to visit and view NZ dairy industry	08.10.2007	18.10.2007
Anthea Young	Livestock Officer	New Zealand	As above	08.10.2007	18.10.2007

12. Overseas travel (cont'd)

NAME of OFFICER	POSITION	COUNTRY VISITED	PURPOSE OF VISIT	DATE FROM	DATE TO
Gerard Kelly	District Horticulturist	Solomon Islands	ACIAR* Project 'Integrated crop management package for sustainable smallholder gardens in the Solomon Islands'	8.10.2007	18.10.2007
John Mullen	Principal Research Scientist	Philippines	ACIAR* project 'to conduct an economic analysis of the value of seasonal climate forecasting to farmers' and to collect and analyse data and interview project partners and stakeholders	8.10.2007	19.10.2007
Dr Murray Fletcher	Principal Research Scientist	India	Attend the 10th International Plant Virus Epidemiology Symposium to present a paper on Leafhopper Taxonomy	13.10.2007	24.10.2007
Grant Chambers	Professional Officer	Turkey	Attend 17th International Organisation of Citrus Virologists conference and pre-conference tour	17.10.2007	30.10.2007
Rajinder Singh	Research Scientist	India	ACIAR* project 'Fine tuning the happy seeder' technology. Collaborate for financial analysis of the HS Technology in rice-wheat alternative and extend contacts with key research and extension personnel	19.10.2007	6.11.2007
Garry Griffith	Principal Research Scientist	New Zealand	To present two, 3 day workshops on the beef profit partnerships model of the CRC for Beef Genetic Technologies to staff of meat and wool NZ to potential producer partners	20.10.2007	28.10.2007
Annette Cowie	Research Scientist	Croatia	Attend International workshop on sustainability of bioenergy as team leader on IEA bioenergy task on greenhouse gas balances of biomass and bioenergy systems	22.10.2007	30.10.2007
Nicholas Otway	Senior Research Scientist	South Africa	Sample grey nurse sharks as part of the collaborative research project with the natal sharks board for the grey nurse shark breeding program	25.10.2007	19.11.2007
Megan Storie	Scientific Officer	South Africa	As above	25.10.2007	19.11.2007
Brendan George	Industry Leader	Germany	International Energy Agency Bioenergy executive committee meeting	26.10.2007	03.11.2007
Colin Griffiths	District Livestock Officer	China - Tibet	Final in country visit for ACIAR* project (LPS/2002/104) 'increasing milk production from cattle in Tibet' to complete the contracted research, development and extension activities and to assist local Scientists in the development and planning for the new project.	26.10.2007	17.11.2007
John Wilkins	Senior Livestock Research Officer	China - Tibet	As above	26.10.2007	17.11.2007
John Piltz	Livestock Research Officer	China - Tibet	As above	26.10.2007	17.11.2007
Sally Spence	Technical Specialist	Japan	Attend 9th International Colloquium on Para tuberculosis	27.10.2007	04.11.2007
Christine Wang	Director Primex	China	To meet with government agencies responsible for agricultural energy and clean coal technology	30.10.2007	24.11.2007
John Waudby	Senior Inspector	Switzerland	Provide, advise and participate in the UN Economic Commission for Europe working party	1.11.2007	13.11.2007
Guangdi Li	Senior Research Scientist	USA	Present results from the ACIAR* project "Improving the productivity and sustainability of rain fed farming systems for the western loess plateau of the Gansu Province"	01.11.2007	11.11.2007
Barry Buffier	Director General	China	Participate in the Yang ling Agricultural Forum & High Tech Fair	03.11.2007	08.11.2007
Ron Hutton	Research Leader	China	As above	03.11.2007	11.11.2007
David Michalk	Institute Director	China	As above	03.11.2007	26.11.2007
John Oliver	Research Leader	China	As above	03.11.2007	11.11.2007
Christine Wang	Director, Primex	China	As above	22.10.2007	24.11.2007
Anne Mooney	Technical Officer	Chile	Invitation from the Australian Prune Industry to attend international Prune Association Congress, Prune Orchards, Drier and Packer Enterprises	03.11.2007	17.11.2007
Eric Cother	Principal Research Scientist	Cambodia	ACIAR* project 'Field surveys and complete crop loss assessment experiments'	04.11.2007	23.11.2007
Dorothy Noble	Senior Technical Officer	Cambodia	As above	4.11.2007	23.11.2007
Ronald Hacker	Research Leader	Ethiopia	Establish lines between institutions engaged in agricultural research and extension. Develop a proposal to facilitate ongoing scientific exchange and technology transfer for submission to an international funding agency in conjunction with an Ethiopian partner	5.11.2007	20.11.2007
Yohannes Alemseged	Rangelands Research Officer	Ethiopia	As above	5.11.2007	20.11.2007
Richard Walker	Senior Officer	New Zealand	Attend Plant Health Committee Meeting	06.11.2007	09.11.2007
Robert Eldridge	Research Leader	New Zealand	Attend meeting of Plant Health Committee (PHC) as nominated national forestry representative	6.11.2007	10.11.2007
Antony Smith	Senior Investigator	New Zealand	A prosecution witness for NZ DOL at the hearing into this matter. The matter is being heard at local court in Greymouth New Zealand	7.11.2007	10.11.2007
Steven Kennelly	Chief Scientist	Costa Rica	Invitation to participate in and co-chair the session on By-catch reduction at the 4th International Fishers Forum	10.11.2007	18.11.2007
Lindsay Gilligan	Director	China	Join with other States and Geoscience Australia in a coordinated promotion of mineral exploration and development opportunities in NSW and Australia at the China Mining 2007 Conference and Trade Show	10.11.2007	21.11.2007
Alan Coutts	Deputy Director-General	China	To accompany Minister to China and India to meet with government agencies responsible for agriculture, energy and clean coal technology	10.11.2007	24.11.2007
Marcus Miller	Senior Fisheries Technician	India	Attend and present aspects of thesis at the 8th Asian Fisheries Forum	15.11.2007	25.11.2007
Geoff Allan	Research Leader		Monitor progress of ACIAR* project and visit research facilities, attend and present at 8th Asian Forum Conference and FAO Workshop on Trash Fish	15.11.2007	30.11.2007

12. Overseas travel (cont'd)

NAME of OFFICER	POSITION	COUNTRY VISITED	PURPOSE OF VISIT	DATE FROM	DATE TO
Shane Hetherington	Industry Leader	Vietnam	ACIAR* project which has developed a series of innovations which will improve stone fruit quality. As the project nears completion a large trial integrating all of these innovations is planned, during this trip the logistics, protocols and responsibilities for this trial will be developed.	21.11.2007	11.12.2007
Stewart Fielder	Research Scientist		Monitor progress of ACIAR* project and visit research facilities, attend and present at 8th Asian Forum Conference	19.11.2007	01.12.2007
Tahir Khurshid	Citrus Physiologist	Pakistan	To establish linkages between citrus industries to transfer knowledge and expertise to key sectors of Pakistan citrus industry, contribute to poverty elevation of farmers and enhance the capacity of extension program	17.11.2007	02.12.2007
Neerida Donovan	Citrus Physiologist	Pakistan	As above	17.11.2007	02.12.2007
Randall Jones	Senior Research Scientist	China	ACIAR* contracted project by NSW DPI and Charles Sturt University titled "Sustainable development of grasslands in western China". Under the contractual arrangements between ACIAR* and the Australian research providers is a requirement for meetings with the Chinese collaborators to finalise research results and to write-up projects outcomes.	26.11.2007	14.12.2007
Michael Mackay	Curator	Russia	Deliver key note address at II International Vavilov conference and participate in FIGS project planning meetings. Extend collaboration with the Nordic Gene Bank in developing environmental signature modelling aspects for FIGS project	23.11.2007	16.12.2007
Roger Hegarty	Senior Research Scientist	New Zealand	Participate and facilitate 3rd Greenhouse Gases and Animal Agriculture conference, lead a team of advisors and participate in initial meeting to establish an International Scientific network on livestock emissions management	24.11.2007	8.12.2007
Douglas Alcock	Livestock Officer	New Zealand	Invited to participate in 3rd Greenhouse Gases and Animal Agriculture conference. Part of team of experts and policy developers to consolidate current mitigation strategies	24.11.2007	08.12.2007
Wayne O'Connor	Research Scientist	China	Attend International Oyster Symposium, 2007 IOS Conference and provide keynote address on Australian oyster culture	25.11.2007	30.11.2007
Roger Toffolon	Manager	Italy	To participate in the Global Minor Use Summit with the aim of improving crop protection for minor and speciality crops in Australia and facilitating international trade in Agricultural commodities	29.11.2007	12.12.2007
Dr Alison Bownman	Research Leader	East Timor	To complete the Assessment of the seed and fertiliser industries	1.12.2007	7.12.2007
Nigel Phillips	Director Ag Institute	East Timor	As above	1.12.2007	7.12.2007
Andrew Jessup	Senior Research Horticulturist	PNG	Review results of experiments for ACIAR* project 'Fruit Fly management in PNG' Set up extension phase of the project and plan mid-project review meeting with collaborators	03.12.2007	08.12.2007
Graham Bailey	OIC, OAI	China	To assist the Hainan Association for Science and Technology develop and maintain an effective animal disease free status.	03.12.2007	13.12.2007
John Mullen	Principal Research Scientist	Philippines	To negotiate with collaborators on the economics research program within a large R&D program in fruit and vegetables being planned by ACIAR* in which NSW DPI is a major partner	01.12.2007	09.12.2007
Barbara Vanselow	Senior Veterinary Research Officer BIC	New Zealand	To attend join NZ and Australian Nutrition Societies Conference and Annual Scientific Meeting	4.12.2007	8.12.2007
Malcolm McPhee	Senior Livestock Research Officer	New Zealand	Attend the International Congress on Modelling and Simulation and present a paper	9.12.2007	04.07.2007
Virginia Brunton	Resource Development Officer	Vietnam	To conduct meetings to finalise details for a project on the safe production, promotion and utilization of indigenous vegetables by women in Vietnam.	14.12.2007	21.12.2007
Harsh Raman	Senior Research Scientist	India	Present a research paper at the 2nd Asian Congress of Mycology and Plant Pathology. Interact, develop and strengthen existing collaborations with researchers especially with molecular pathologists working on cereals and canola	17.12.2007	24.12.2007
Peter Sunol	Inspector of Mechanical Engineering	USA	Attend meeting to discuss and reinforce mechanical and safety issues resulting from investigations that the ISO 3450 CD incorporates specific recommendations before being released globally.	06.01.2008	14.01.2008
Peter Sunol	Inspector of Mechanical Engineering	USA	Attend meeting to discuss and reinforce mechanical and safety issues resulting from investigations that the ISO 3450 CD incorporates specific recommendations before being released globally.	06.01.2008	14.01.2008
Richard Glen	Principal Research Scientist	China/Taiwan	To attend conference of project 524 of the Unesco International Geological Program in Taiwan to lobby for international conference in Orange in 2009 and to present paper in DPI studies of the NSW Ordovician copper-gold rich Macquarie Arc.	11.01.2008	26.01.2008
Chris Dorahy	Technical Specialist	Indonesia	Review project progress in regards to the soil assessment and preliminary results for first season research trials. Plan the second season of research trials.	12.01.2008	20.01.2008
Gavin Tinning	Project Officer	Indonesia	ACIAR* project - restoration of annual cropping in tsunami-affected areas of Nanggroe Aceh Province. The aim is to assist farmers in these areas to re-establish their livelihoods.	13.01.2008	21.01.2008
Malcolm McLeod	Research Hydrologist	Indonesia	As above	13.01.2008	21.01.2008
Rebecca Lines-Kelly	Soil Extension Specialist	Indonesia	As above	13.01.2008	21.01.2008
Lee Baumgartner	Research Scientist	Lao	ACIAR* funded project seeking to develop fish passage criteria for tropical regions of South East Asia. Project to commence in January 08 and collaborating agencies are planning a project inception meeting to finalise experimental designs and select study sites.	09.03.2008	14.03.2008
Brian Cullis	Senior Principal Research Scientist	United Kingdom	To visit Roth Amsted Research to discuss matters arising ASReml release 3 and future plans for mixed models software.	19.01.2008	10.02.2008
Bruce Christie	NSW CVO	Dubai	To brief the Arab Emirates horse industry and government on the Australian Equine Influenza outbreak and management program	15.01.2008	19.01.2008

12. Overseas travel (cont'd)

NAME of OFFICER	POSITION	COUNTRY VISITED	PURPOSE OF VISIT	DATE FROM	DATE TO
Joseph Ekman POSTPONED	District Horticulturist	PNG	Set up extension phase for the ACIAR* project 'Fruit fly management in PNG' to monitor, manage and control fruit flies in horticultural areas	23.01.2008	28.01.2008
Andrew Jessup	Senior Research Horticulturist	PNG	Review results of experiments for ACIAR* project 'Fruit Fly management in PNG' Set up extension phase of the project and plan mid-project review meeting with collaborators	23.01.2008	29.01.2008
John Sykes	Research Leader	India	Attend progress meeting and participate in field trial inspections of ACIAR* project 'Oliseed Brassica Improvement in China, India & Australia'	25.01.2008	05.02.2008
Murray Fletcher	Principal Research Scientist	New Zealand	Attend Editorial Board of the Fauna of New Zealand in official capacity as Overseas Representative on Board	27.01.2008	30.01.2008
Annette Cowie	Research Scientist	Austria	Attend and international IEA Bioenergy workshop and internal task meeting on greenhouse gases	2.2.2008	11.2.2008
Dr Suzie Newman	Research Horticulturist	Cambodia	ACIAR* project to improve vegetable production and post harvest management systems and to assist with project field days.	3.2.2008	16.2.2008
Mark Hickey	Industry Leader	Cambodia	ACIAR* project to inspect dry season trials, carry out series of extension activities with the project team for the 3rd phase of the project and host the project manager on a review of project activities	3.02.2008	16.02.2008
Eric Cother	Principal Research Scientist	Cambodia	To be reviewed by ACIAR* program managers. Conduct field surveys and complete crop loss assessment experiments as part of ACIAR* rice pathology project	03.02.2008	13.02.2008
David Herridge	Principal Research Scientist	Myanmar	To conduct reviews of 2007 activities of ACIAR* and AUSAID projects in Myanmar and Vietnam and to plan for 2008 laboratory and field components of contracted projects.	5.2.2008	22.2.2008
Stephanie Belfield	District Agronomist	Cambodia	ACIAR* Project ASEM/2006/130; Deliver introductory soils science component of training workshops for collaborators in Pailin and Samlaut: attend project meeting in Phnom Penh for new project.	5.02.2008	17.02.2008
Fiona Scott	Economist	Cambodia	ACIAR* project 'Deliver economic analysis component of training workshops for collaborators' attend project commencement meeting in Phnom Penh	5.02.2008	17.02.2008
Bhupinderpal Singh	Research Scientist	New Zealand	Attend scientific meeting on 'Carbon and nutrient management in Agriculture' and present work on Biochar and it's role to enhance soil C sequestration	12.02.2008	15.02.2008
Sandra McDougall	Industry Leader	Cambodia	ACIAR* project to inspect dry season trials and carry out a series of extension activities with the project team and work with the Australian Youth Ambassador.	13.2.2008	22.2.2007
Elizabeth Hartley	Technical Officer	Vietnam	Conduct review of Aus-Aid project plan for 2008 and follow up implementation of inoculants production	16.02.2008	02.03.2008
Greg Gemell	Technical Officer	Vietnam	As above	16.02.2008	02.03.2008
Dr Suzie Newman	Research Horticulturist	PNG	ACIAR* new project in management and value addition of sweet potatoes in PNG A planning meeting is to be held to develop experimental protocols for year project including disease survey and variety evaluation.	17.2.2008	27.2.2008
Dr Elena Lazar	Research Horticulturist	PNG	As above	17.2.2008	27.2.2008
Peter Slavich	Research Leader	Indonesia	Conduct scheduled project activities for ACIAR* project 'Restoration of annual cropping in tsunami affected areas of Nangroe Aceh Darussalam' and conduct project "improving the utilisation of water and soil resources for tree crop production in coastal areas of Vietnam and NSW"	20.02.2008	07.03.2008
Gary Creighton	Irrigation Extensive Manager	Vietnam	Conduct activities for ACIAR* project 'Improving the utilisation of water and soil resources for tree crop production in the coastal areas of Vietnam & NSW'	22.02.2008	04.03.2008
Richard Swinton	Resource Management Officer	Vietnam	As above	22.02.2008	04.03.2008
Lindsay Gilligan	Director Geological Survey	Canada/Japan	Departmental participation in the Commonwealth and State geoscience delegation to the prospectors and developers association of Canada convention and the jogmec seminar and workshops.	24.2.2008	8.03.2008
John Watkins	Manager Geoscience Mapping	Canada/Japan	Departmental participation in the Commonwealth and State geoscience delegation to the prospectors and developers association of Canada convention and the jogmec seminar and workshops.	24.2.2008	8.03.2008
Helen Scott-Orr	Director HSSA & E	Indonesia	Implementation visit for ACIAR* project 2006 166 Improving Veterinary Service Delivery in a decentralised Indonesia	24.02.2008	06.03.2008
Bruce Christie POSTPONED	Chief Veterinary Officer	Indonesia	ACIAR* project to improve the utilisation of water and soil resources for tree crop production in the coastal areas of Vietnam and NSW.	24.02.2008	06.03.2008
William Hughes	Principal Advisor Coal	Singapore	Attend McClosky Asian Coal conference. Asia continues to be the major market for NSW coal with the region buying approximately 90% of all coal exports in 2006-07	25.02.2008	25.02.2008
John Mullen	Research Leader	Vietnam	Conduct activities for ACIAR* project 'Improving the utilisation of water and soil resources for tree crop production in the coastal areas of Vietnam & USA' Also present an invited paper about economic evaluation processes in NSW DPI at an ERS USDA workshop on R&D priority setting	27.02.2008	14.03.2008
Phil Bolton	Manager Recreational Fisheries	New Zealand	Attend fish tagging conference to promote NSW DPI Game Fish Tagging Program and gain a better understanding of advances in tagging.	25.02.2008	04.03.2008
Ian Wooden	Senior Fisheries Technician	New Zealand	Attend and present NSW DPI fish tagging research at the America Fisheries Society conference.	23.02.2008	05.03.2008
Bob Creese	Research Leader	New Zealand	Attend the American Fisheries Society Conference on 'Advances in fish tagging and marking technology' as leader of NSW DPI delegation and to man the official NSW DPI stand to showcase innovative research in the area of fish tagging and tracking	23.02.2008	29.02.2008
Julian Hughes	Fisheries Technician	New Zealand	Attend and present NSW DPI otolith chemistry and tagging research on Australian salmon at the American Fisheries Society Conference-Advances in fish tagging and marking technology	23.02.2008	29.02.2008
Gavin Butler	Scientific Officer	New Zealand	Attend and present NSW DPI fish tagging conference in New Zealand at the American Fisheries Society conference on 'Advances in fish tagging and marking technology'	23.02.2008	05.03.2008

12. Overseas travel (cont'd)

NAME of OFFICER	POSITION	COUNTRY VISITED	PURPOSE OF VISIT	DATE FROM	DATE TO
Steve Kennelly	Chief Scientist, Director Systems Research	USA	The 2008 International Ocean Sciences Meeting and workshop on by catch reduction.	29.2.2008	7.3.2008
Huiquan Bi	Principal Research Scientist	China	ACIAR* project to assess the potential of pinups radiate for ecological restoration of the Yangtze river catchment	14.03.2008	14.04.2008
Doug Hocking POSTPONED	Executive Director	China	Attend the Steering Committee of the Australia China Coal Mine Safety Demonstration Project	05.03.2008	08.03.2008
Geoff Allan	Research Leader	Vietnam	Instigate ACIAR* project on aquaculture feed development and other topics also to meet with Vietnam Ministry of Fisheries staff, collaborating scientists, feed manufacturers and visit research facilities	05.03.2008	12.03.2008
Rod Mailer	Principal Research Scientist	USA	Attend the 41st annual convention of the Canadian Canola Council and meet with the Canola Council Research Group also visit the headquarters of American Oil Chemists' Society as Chairman	07.03.2008	14.03.2008
John Lacy - Cancelled	Industry Leader	Laos PDR	Consultancy on adoption of direct rice seeding	07.03.2008	15.03.2008
John Smith - Cancelled	District Agronomist	Laos PDR	As above	07.03.2008	15.03.2008
Scott Charlton	Professional Officer	Uruguay	Invited to facilitate a Weed Risk Management Workshop for the Food & Agriculture Organization (FAO) of the United Nations	08.03.2008	15.03.2008
Dr Ata-Ur-Rehman	Professional Officer	Pakistan	Attend international symposium on microbial technologies for sustainable agriculture	09.03.2008	21.03.2008
Philip Gibbs	Principal Fisheries Scientist	Philippines	Multiple trips as per project FIS/2003/003 contract	11.03.2008	20.03.2008
Roger Hegarty POSTPONED	Senior Research Scientist	Indonesia	Conduct an expert mission for the international atomic energy agency to establish a cattle methane measurement facility	16.03.2008	22.03.2008
Suzie Newman NOT APPROVED	Research Horticulturist	Vietnam	ACIAR* Project CP2002/086 Developed a series of innovations which will improve stone fruit quality in Vietnam & Australia	24.03.2008	12.04.2008
Shane Hetherington	Industry Leader	Vietnam	As above	24.03.2008	12.04.2008
Edward Knights	Special Research Agronomist	India	Obtain a better understanding of seed quality requirements for the main types of chickpea	26.03.2008	14.04.2008
Bruno Holzapfel	Senior Research Viticulturist	Germany	Present work on the current research project on carbohydrate reserves at the international wine science symposium and present collaborative project on vine nutrient and irrigation management, also visit national institute for agricultural research	27.03.2008	20.04.2008
Olivia Kvedaras	Research Entomologist	Spain	Attend the third 'Research coordination meeting on improving sterile performance in fruit fly sterile insect technique programmes'	29.03.2008	07.04.2008
Graeme Sanderson	Research Horticulturist	Bhutan	Second scheduled visit to partner country for ACIAR* citrus project 'Improving Mandarin Production in Bhutan & Australia through implementation of on-farm best management practices'	30.03.2008	13.04.2008
Sandra Hardy	Industry Leader	Bhutan	As above	30.03.2008	13.04.2008
Michael Mackay	Curator	Egypt	Attend 10th international barley genetics symposium and chair plant genetic resources workshop	30.03.2008	14.04.2008
Bryan Van Der Walt	Senior Manager	Lord Howe Island	Lord Howe Island Marine Park Advisory Committee has requested the deployment of a fish aggregating device in Lord Howe Island waters to improve recreational fishing opportunities	05.04.2008	10.04.2008
Heath Folpp	Fisheries Manager	Lord Howe Island	As above	05.04.2008	10.04.2008
Leonard Tesoriero	Plant Protection Officer	Lord Howe Island	To finalise experiments previously set up as part of a current R&D project	06.04.2008	11.04.2008
Jonathan Lidbetter	Research Horticulturist	Lord Howe Island	As above	06.04.2008	11.04.2008
Roger Carrus	Technical Officer	Lord Howe Island	As above	06.04.2008	11.04.2008
Rajinder Singh	Research Economist	India	Attend ACIAR* project workshops, collaborate with Dr Dhaliwal and liaise with the policy economists at the NCAER	23.06.2008	6.07.2008
Jeffrey Evans	Senior Research Scientist	South Korea	Attend 5th International Crop Science Congress to deliver an oral presentation 'Sustaining maize production in Korea' and review recent findings in crop production research related to sustainable nutrient management	10.04.2008	24.04.2008
Rod Jackson	Irrigation Officer	Pakistan	Scoping study for Extending Permanent Fresh Raised Beds to Irrigated cropping Systems in Pakistan & Australia project	11.04.2008	16.04.2008
Gerard Kelly-Dareton POSTPONED	District Horticulturist	Solomon Islands	Second project visit for ACIAR* Integrated Crop Management Package for sustainable smallholder gardens in the Solomon Islands to build up and strengthen the capacity of local partners and collaborating institutions in carrying out research and extension activities for small holder gardens by conducting technical training workshops.	11.4.2008	21.4.2008
Mike Sissons	Senior Research Scientist	Italy	Attend and present poster at "from seed to pasta-the durum wheat chain" and as editor in-chief of new durum book, meet with other authors and editors.	28.06.2008	05.07.2008
Rebecca Lines-Kelly	Soil Extension Specialist	Indonesia	ACIAR* project 'Restoration of annual cropping of tsunami- affected areas of Nanggroe Aceh Darussalam Province'	29.06.2008	10.07.2008
Gavin Tinning	Project Officer	Indonesia	As above	29.06.2008	10.07.2008
Malem McLeod	Research Hydrologist	Indonesia	As above	29.06.2008	10.07.2008
Dr Natalie Moore	Agronomist	Indonesia	As above	12.04.2008	20.04.2008
Bruce Christie	Director, Animal & Plant Biosecurity	Indonesia	Follow up on implementation visit postponed at Minister's request and undertake workshops addressing the application of risk and economic assessments in animal health policy development	13.04.2008	20.04.2008

12. Overseas travel (cont'd)

NAME of OFFICER	POSITION	COUNTRY VISITED	PURPOSE OF VISIT	DATE FROM	DATE TO
Virginia Brunton	Resource Development Officer	Vietnam	To conduct project activities on the safe production, promotion and utilization of indigenous vegetables by Vietnamese women.	13.04.2008	25.04.2008
Jenny Ekman	Research Horticulturist	Vietnam	As above	13.04.2008	25.04.2008
Michelle Smith	Project Officer	Vietnam	As above	13.04.2008	25.04.2008
Colin Langford	Livestock Officer	China	Deliver training workshops to livestock producers collaborating in CSU-NSWDPI DAFF** funded project 'Improving the rural livelihoods of Inner Mongolian sheep management systems'	13.04.2008	29.04.2008
Gemma Junk	Livestock Officer	China	As above	13.04.2008	29.04.2008
Roger Hegarty	Senior Research Scientist	New Zealand	35 week collaborative research project with AgResearch New Zealand	14.04.2008	05.12.2008
Leigh Pilkington	Research Scientist	Thailand	HAL project 'IPM for greenhouse vegetables - research to industry'	16.04.2008	30.4.2008
Dr De Li Liu	Senior Research Scientists	China	To present paper at 2008 International Symposium on crop modelling and decision support.	17.4.2008	25.4.2008
Gregory Stevens	Manager, Diagnostic & Analytical Laboratories	USA	Attend the 2008 International Conference on Biocontainment Facilities to gain up-to-date knowledge of international developments in the design and maintenance of the PC3 and PC2 biocontainment facilities to be installed as part of the proposed upgrade to EMAI	18.04.2008	25.04.2008
Nick Annand	Livestock Officer	Solomon Islands	To fulfil NSW DPI's commitment to train beekeepers and collaborators in the use of bait stations, queen bee production, bee colony propagation and disease diagnosis as part of ACIAR* project	20.04.2008	01.05.2008
David Michalk	Institute Director	China	DAFF* project 'Improving the rural livelihoods of Inner Mongolian sheep herders through facilitating adoption of improved livestock production & grasslands management systems' and ACIAR* project 'Sustainable development of grasslands in Western China'	22.04.2008	11.05.2008
Randall Jones	Senior Research Scientist	China	ACIAR* contracted project 'Sustainable development of grasslands in western China'. The purpose of this trip is to hold annual meeting with the Chinese collaborators so as to develop a final report to ACIAR* and to plan and prepare papers for an ACIAR* funded workshop	25.04.2008	16.05.2008
Steven Djordjevic	Senior Principal Research Scientist	Germany	To accept an invitation of a prestigious Helmholtz Research Fellowship to study at the Department of Microbial Pathogen city, Helmholtz Centre for Infection Research. Also attend the 17th International Organisation for Mycoplasma Meeting	30.04.2008	01.08.2008
Chris Dorahy	Technical Specialist	Indonesia	ACIAR* project 'Restoration of annual cropping of tsunami- affected areas of Nanggroe Aceh Darussalam Province'	01.05.2008	09.05.2008
Raymond Hare	Principal Research Scientist	Syria	To evaluate the performance and select breeding materials from ICARDA/CIMMYT, CWANA national programs and Australia at sites in Syria. To research project planning on the existing and new GRDC funded collaboration with ICARDA to accelerate cultivar improvements for adaptation across all production regions.	02.05.2008	19.05.2008
William McKiernan CANCELLED	Research Leader	New Zealand	To present outcomes of Beef CRC research to farmers and farm advisors as part of NSW DPI cooperative involvement in the Beef CRC	04.05.2008	07.05.2008
Joop van Leur	Senior Plant Pathologist	Syria	Inspect and discuss collaborative projects in pulse virology and pathology with the International Centre for Agricultural Research in the Dry Areas (ICARDA)	04.05.2008	18.05.2008
Rodney Morrison	Director Mine & Forest Safety	Singapore	Present paper at 3rd Annual Global Executive Mining Maintenance Summit	9.5.2008	11.4.2008
Helen Scott-Orr	Director, HSSA	Indonesia	Regional implementation visit and disease control workshops for ACIAR* project, improving veterinary service delivery in decentralised Indonesia	10.05.2008	01.06.2008
Rodney Mailer	Principal Research Scientist	USA	Attend 99th Annual AOCS Annual meeting and expo, receive Timothy Mounts award for service to edible oils industry, present an invited paper on international olive oil standards, attend the International Society for Fats Research as president of that organisation also attend the ISO technical committee meeting	14.05.2008	25.05.2008
Lindsay Gilligan	Director, Geological Survey	Iran	Join with an official business delegation led by the Hon RJ Hawke to develop opportunities for a two way mineral resource exploration development	15.05.2008	24.05.2008
Minister Ian Macdonald	Minister for Primary Industries	China	Lead a minerals delegation to further promote investment and trade opportunities in Primary Industries. Establish contact, identify opportunities and participate in activities to further promote agency relationships	15.05.2008	27.05.2008
Dr Richard Sheldrake	Director General	China	Accompany the Minister and a minerals delegation to further promote investment and trade opportunities in Primary Industries. Establish contact, identify opportunities and participate in activities to further promote agency relationships	15.05.2008	27.05.2008
Alan Coutts	DD-G, Mineral Resources	China	As above	15.05.2008	27.05.2008
Christine Wang	Director, Primex	China	As above	15.05.2008	27.05.2008
Jason Bartlett	Ministers Aide	China	As above	15.05.2008	27.05.2008
Fiona Scott	Director, Animal & Plant Biosecurity	Indonesia	Follow up on implementation visit postponed at Minister's request and undertake workshops addressing the application of risk and economic assessments in animal health policy development	17.05.2008	22.05.2008
John Lacy	Industry Leader	Chile	Consultancy on Wheat check for Chile	25.05.2008	04.06.2008
Glen Saunders	Research Leader Vertebrate Pest Research	Indonesia	Provide advice on dog population and ecology on Flores to underpin the rabies eradication component of ACIAR* project 2006 166 - improving Veterinary Service Delivery in a Decentralised Indonesia	20.05.2008	30.05.08
Peter Slavich CANCELLED AND RESUBMITTED WITH EXTRA LOCATIONS	Research Leader	Vietnam	Scheduled project activities for ACIAR* project 'Improving the utilisation of water and soil resources for tree crop production in the coastal areas of Vietnam & NSW'	23.05.2008	01.06.2008

12. Overseas travel (cont'd)

NAME of OFFICER	POSITION	COUNTRY VISITED	PURPOSE OF VISIT	DATE FROM	DATE TO
Tahir Khurshid	Citrus Physiologist	Pakistan	ACIAR* project 'Increasing citrus production through improved orchard management techniques' To establish linkages between Australian & Pakistan citrus industries to transfer knowledge, contribute to poverty elevation of farmers and enhance the capacity of Pakistan extension farming	19.05.2008	28.05.2008
Jeremy Giddings	Irrigation Officer	Pakistan	As above	19.05.2008	28.05.2008
Eric Cother	Principal Research Scientist	Cambodia	Discuss review report with collaborators, conduct field surveys and complete crop loss assessment experiments as part of ACIAR* rice pathology project also discuss future project with Royal University of Agriculture and DAALI	24.05.2008	02.06.2008
Peter A Smith	Irrigation Officer	Portugal	To transfer CRCIF Centre Pivot and Lateral Move training course to COTR Portugal, and Identify potential additional markets for the CP & LM training course.	25.05.2008	15.06.2008
Mark Booth	Research Scientist	Brazil	To attend the 13th International Symposium on Fish Nutrition & Feeding	29.05.2008	07.06.2008
Anthony Tyler	Analytical Chemist	Germany	Attend the 7th FAO/WHO joint meeting on pesticide specifications and present report at the 52nd CIPAC meeting	30.05.2008	15.06.2008
Dr Robert Farquharson	Research Scientist	Cambodia	Enhancing production and marketing of maize and soybean in north-western Cambodia and production of summer crops in north-eastern Australia.		12.06.2008
Scott Davenport	Director, Industry Analysis	India	Invited to make a presentation at an International conference convened by the Indian National Council of applied economic research	2.06.2008	11.06.2008
Lee Baumgartner	Research Scientist	Lao	Participate in experiments and provide technical advice as principal investigator on a proposed ACIAR* funded project seeking to develop fish passage criteria for tropical regions of South East Asia	02.06.2008	13.06.2008
Suzie Newman	Research Horticulturist	Vietnam	Meet contractual obligations for two ACIAR* project 'Improving post harvest quality of temperate fruits in Australia & Vietnam' and 'Improving marketing efficiency, post harvest management and value addition of sweet potato and potato'	4.06.2008	09.07.2008
Warwick Dougherty	Soil Scientist	New Zealand	Meet with NZ Scientists, software developers, modellers, extension and policy staff involved in nutrient budgeting model 'Overseer'	08.06.2008	14.06.2008
Colin Wellings	Principal Research Scientist	Kyrgyzstan	ACIAR* project develop collaborative research to address the need for resistance to the rust diseases of wheat in Australia, China & Central Asia	11.06.2008	23.07.2008
John Diplock	Program Manager	China	Visit South China Sea Fisheries Research Institute for meetings on recreational fisheries management and artificial reefs	14.06.2008	28.06.2008
Bryan Van Der Walt	Senior Manager	China	Visit South China Sea Fisheries Research Institute for meetings on recreational fisheries management and artificial reefs	14.06.2008	28.06.2008
John Piltz	Livestock Research Officer	China - Tibet	Meeting with Tibetan project partners to establish the co-ordinating committee and commence operations for this newly approved project. The Tibetan component involves laboratory and applied animal production and agronomic experiments, forage production and conservation techniques along with sociological studies, economics and methodology of technology transfer.	14.06.2008	5.7.2008
John Wilkins	Senior Research Officer	China - Tibet	As above	14.06.2008	5.7.2008
Carol Rose	District Agronomist	China - Tibet	To co-ordinate laboratory and applied animal production and agronomic experiments and methodology of technology transfer.	14.06.2008	05.07.2008
Richard Swinton	Resource Management Officer	Vietnam	To present the contract ACIAR* project 'Improving the utilisation of water and soil resources for tree crop production in the coastal areas of Vietnam & NSW', at a planning meeting organised by ACIAR* for integrated projects in the same area as Vietnam.	15.06.2008	24.06.2008
Lloyd Davies	ECONOMIST	Brazil	To represent Australia and present Australian information at an international Beef production benchmarking training workshop and conference	18.06.2008	1.07.2008
Tim Burfitt	Manager, Intensive Livestock Development	UK	A study tour of the UK dairy industry has been proposed to coincide with the International Dairy Federation First Dairy Farming Summit 'Climate change - The heat is on?'	20.06.2008	13.07.2008
Sean Murphy	Farming Systems Hydrologist	China	Promote research findings, which will lead to improved dry land grazing systems that better utilise water in the landscape and so reduce the onset and impacts of dry land salinity.	21.06.2008	06.07.2008
Peter Slavich	Research Leader	Vietnam	Scheduled project activities for ACIAR* project 'Improving the utilisation of water and soil resources for tree crop production in the coastal areas of Vietnam & NSW'. Also ACIAR* Project 'Restoration of annual cropping in tsunami affected areas of Nangroe Aceh Province'.	22.06.2008	10.07.2008
Brad Keen	Technical Officer	Vietnam	Scheduled project activities for ACIAR* project 'Improving the utilisation of water and soil resources for tree crop production in the coastal areas of Vietnam & NSW'.	22.06.2008	30.06.2008
Guangdi Li	Senior Research Scientist	China	Present research results from salinity CRC on a joint meeting of the XXXI International Grasslands Congress and the VIII International Rangeland Congress to promote the showcase of NSW DPI on the International Science Forum and explore research opportunities for international collaboration to increase the research capacity and scientific impact of NSW DPI on the world	26.06.2008	07.07.2008
Ron Hacker	Research Leader	China	Participate in the joint meeting of the VII International Rangeland Congress and XXI International Grassland Congress and present an invited paper	27.06.2008	07.07.2008
John Fowler	District Agronomist	Indonesia	Undertake a field visit and attend a workshop to prepare for an ACIAR* funded project with view to utilising my extensive experience and technical competencies in rice, soybeans and soils	29.06.2008	09.07.2008
Raymond Hare	Principal Research Scientist	Italy	To attend the International Durum Wheat Symposium as an invited presenter to present «Breeding Salt Tolerant Durum Wheat» presentation.	30.06.2008	05.07.2008
Shoba Venkatanagappa	Lucerne Breeder	USA	To attend 41st Nth American Alfalfa Improvement Conference and to present a talk on lucerne breeding and improvement in Australia.	30.05.2008	14.06.2008

13. Credit Card Certification

Credit card use in the NSW Department of Primary Industries has been in accordance with the Premier's Memoranda and Treasurer's Directions



Dr Richard Sheldrake
Director-General

14. Consultants

Consultancies equal to or more than \$30 000

Consultant	Cost in \$	Title/Nature
ACIL Tasman P/L	34 732.85	Economic Report on Value of Elizabeth MacCarthur Agricultural Institute to the NSW economy
Department of Planning	250 000.00	DPI Contribution to a joint study with Department of Planning. The Southern Coalfields Independent Expert Panel to undertake an inquiry into best practice management of subsidence in the Southern Coalfields
Shaw Idea Pty Ltd	208 538.57	Provide advice to Mine Safety Advisory Council to address major recommendations from the Wran Mine Safety Review
Total	493 271.42	

Consultancies less than \$30 000

During the year four other consultancies were engaged in the following areas;

Area	Actual \$ cost of consultancies in area
Management	0
Environmental	0
Organisation Review	27 500.00
Engineering	9 090.91
Total	36 590.91
Total consultancy costs	529 862.33

15. Payment of accounts

Time for payment of accounts

The following commentary relates to the Parent Entity only – Forests NSW is specifically excluded.

Payments were predominately made on an accrual accounting basis during 2007-08, with creditor payments generally being made in line with each creditor's payment terms for metropolitan based businesses. Due to extreme drought conditions, businesses relying on rural production were paid using zero terms. Payment terms are entered into the financial management information system for each creditor. As invoices are received they are entered into the system which automatically calculates when the invoice is due for payment and produces a cheque or Electronic Funds Transfer (EFT) payment in time to reach the creditor by the due date. These terms may be overridden in urgent or special circumstances. This system allows the maximum benefits to be gained from the State's cash management processes and also sees creditors being paid as required.

During the 2007-08 financial year, the department processed 95 695 accounts payable documents. The department continues to actively pursue a campaign whereby creditors' bank account details are requested to enable as many payments as possible to be made via EFT. This process expedites the payment to the creditor and reduces the work involved in reconciling the department's bank accounts. In the 2007-08 financial year, 80 per cent of all payments were made using EFT.

EFT Remittance Advices may be automatically faxed or emailed to each creditor, if they have the facilities to receive Remittance Advices by such means. This reduces the number of Remittance Advices requiring printing, enveloping, and posting. Further savings are being achieved through this process with an estimated average cost of seven cents per email. It is estimated that in excess of 90 per cent of all Remittance Advices are either faxed or emailed to creditors.

15. Payment of accounts (cont'd)

Aged Analysis at the end of each quarter

Below is a schedule of the dollar amount of payments made during 2007-08 by the Department of Primary Industries. Also included is the time these documents were paid, in relation to the due date.

Quarter	Current (ie within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	More than 90 days overdue
	\$	\$	\$	\$	\$
September 2007	51 960 225	77 571 762	5 795 733	924 611	1 817 786
December 2007	93 759 323	94 852 943	8 000 086	1 591 167	1 412 503
March 2008	15 928 413	126 629 174	11 516 690	3 370 148	3 840 824
June 2008	23 687 715	143 668 733	9 245 620	4 381 686	4 443 393

Due to the manner in which the financial management system reports payment analysis, it is considered that payments in the "less than 30 days overdue" are also paid on time.

The payments that appear to be overdue are inflated due to the invoice date on all invoices being used as the base date. In some instances eg payment

of Drought Transport Subsidies, other organisations are used as an invoice collection point. These invoices are then processed and forwarded on to NSW Department of Primary Industries for payment. The invoice date may be months prior to NSW Department of Primary Industries actually receiving the invoice.

Accounts paid on time within each quarter

Below is a schedule indicating the percentage of payments paid "on time" as compared to the department's target.

Total Accounts Paid on Time				
Quarter	Target%	Actual%	Actual%	Total Amount Paid \$
September 2007	90.00%	89.55%	129 531 987	138 070 117
December 2007	90.00%	84.98%	188 612 266	199 616 022
March 2008	90.00%	68.71%	142 557 587	161 285 249
June 2008	90.00%	77.10%	167 356 448	185 427 147

Drought Transport Assistance Claims take some time to be received into the Department and therefore distort the Total Accounts Paid on Time values. In addition, with the outbreak of equine influenza in late August, 2007, there was a substantial increase in payments being processed, with a large number of these being from creditors performing work associated with treatment of affected animals and eradication of the disease. Due to the necessity to act quickly in performing these services, and because of the immense scale of these operations, a number of creditor's claims were received well after the services were provided. This further distorted the Total Accounts Paid on Time values. For the full 2007-08 financial year, 80.09 per cent of all accounts were paid on time.

All accounts for payment are directed to and processed in the department's Orange office. Improvements in the timeliness of account payments may be expected in future years.

In addition:

There were no instances of penalty interest being paid or incurred during 2007-08.

There were instances of supplier's enquiries regarding late payments.

Invoices were generally entered into the accounting system within one week of receipt of the invoice by the Accounts Payable Section.

These indicators will continue to be monitored during 2008-09 and future years, to ensure the department's payment performance continues to improve.

16. Land disposal

NSW DPI sold the former Institute at Rydalmere, the Regional Veterinary Laboratories at Wagga Wagga, an excess Fisheries property at Nowra and four former Cattle Tick Dip Sites on the NSW North Coast for a total of \$7 096 000

Site	Amount \$
Biological Chemical Research Institute, Rydalmere	5 000 000
Regional Veterinary Laboratory, Wagga Wagga	1 250 000
145 Shoalhaven Street, Nowra	256 000
Lot 11 Iluka Road, Wombah	185 000
1 Iona Close, Maclean	150 000
3 Iona Close, Maclean	150 000
Cullendore Border Crossing	105 000

The properties were sold because they were surplus to NSW DPI requirements. The sale proceeds are being used for re-investment in new buildings and infrastructure.

There was no family or business association between any of the buyers and the person responsible for approving disposal.

All documents relating to Property Disposal are available under the *Freedom of Information Act 1989*.

17. Major assets and capital works

Capital Works

During the year the department completed the Jervis Bay Joint Offices, Manning Bio Region Marine Park, Border Tick Video Surveillance and continued major state-wide information and communications technology projects to improve infrastructure which delivers enhanced service levels across the whole of NSW DPI. The department continued to improve OHS systems across the state, refurbish laboratories at Wagga Wagga, and commenced documentation and planning in preparedness for the National Centre for Greenhouse Horticulture relocation to Somersby.

The following is a list of major capital works completed in 2007-08 in descending order of value:

Capital Works	\$ Value
Information & Communication Technology Enhancement - various sites	3 321 000
Feed Evaluation Laboratory, Wagga Wagga	1 300 000
Information & Communication Technology Integration - various sites	978 000
Jervis Bay Joint Offices	875 000
Border Tick Video Surveillance - various sites	650 000
Manning Bio Region Marine Park	300 000

Capital Works in Progress

The following is a list of major capital works partly completed in 2007-08:

Work to be Completed in 2008-09	\$ Value
Gosford National Centre for Greenhouse Horticulture - relocation Narara to Somersby	9 000 000
Refurbishment of Laboratories, Wagga Wagga	2 819 000

Major Assets

Plant and Equipment

The department acquired major equipment to support laboratory, research functions, fisheries compliance and network infrastructure.

Equipment purchased for over \$100 000 is shown below in descending order of value:

Equipment	\$ Value
Yanmar Rice Harvester, Yanco	150 000
Noosacat Vessel, Wollstonecraft	149 000
Real Time PCR Machine, EMAI	136 000
John Deere Tractor, Temora	133 000
Summer Crop Planter, Tamworth	125 000
John Deere Tractor, Narrabri	123 000
NIR XDS Instrument, Wagga	120 000
Hino Ranger and Tray Top, Deniliquin	109 000
Hino Tipper, Trangie	108 000
Arc GIS Enterprise Advanced Server, Head Office, Orange	107 000
John Deere Tractor and Front End Loader, Tamworth	106 000
John Deere Tractor, Trangie	103 000
New Holland Backhoe Loader, Yanco	101 000

18. Heritage Management

The NSW DPI, has prepared a Heritage Asset Management Strategy (HAMS) which has been submitted to the Heritage Council for endorsement. The department continues to meet all guidelines issued by the Heritage Council.

The NSW DPI's Heritage and Conservation Register has been established and continues to be reviewed. The register contains approximately 110 Items and includes items as diverse as vegetation remnants, scientific collections, buildings, places, equipment, maps, photographs and a mine.

The majority of these items continue to be utilised as a part of normal operations of the department and as such these items continue to be maintained as part of routine maintenance. Items not in current use are managed to preserve their heritage values.

The department has seven items that are listed on the State Heritage Register:

- Elizabeth Macarthur Agricultural Institute, also known as (Camden Park) currently up-dating the Conservation Management Plan. Remains a working property
- The Cronulla Fisheries Centre – research Building recently renovated – continues in current use
- Fossil Collection - continues to be used as a working collection, stored in a secure location
- High Conservation Value Old Growth Forest NSW - protected from exploitation
- Historic Photographs Collection, Department of Mineral Resources collection continues to be updated and maintained as a working collection
- Ottery Mine condition maintained
- Petrology Collection stored in a secure location

19. Disclosure of controlled entities

In accordance with the *Annual Reports (Departments) Act 1985*, the NSW Department of Primary Industries 2007-08 Annual Report includes Forests NSW's annual financial statements both as a separate report and as part of the Department's consolidated financial statements.

20. Funding for non-government community organisations

Recipient	2007-08 \$
Biosecurity Compliance & Mine Safety (as per Budget papers)	
To subsidise costs to affected farmers of transporting stock fodder & water	
Various	21 674 857.70
To subsidise costs to affected victims due to floods	
Various	240 377.52
To assist in the eradication of noxious weeds	
Various	8 225 287.26
Agriculture & Fisheries Program (as per Budget Papers)	
Habitat Grant - Nari Nari	
Nari Nari tribal Council	3 387.50
Habitat Grant - Greening Australia	
Greening Australia	14 975.00
Habitat Grant - Gloucester	
Gloucester Shire Council	4 500.00
Strategy Policy & Communication (as per Budget papers)	
To assist in the destruction of wild dogs	
Armidale Rural Lands	10 786.21
Bombala Rural Lands	502.71
Braidwood Rural Lands	2 088.99
Gloucester Rural lands	5 514.44
Goulburn Rural lands	1 261.70

20. Funding for non-government community organisations (cont'd)

Grafton Rural Lands	2 608.89
Gundagai Rural Lands	1 859.72
Hume Rural Lands	1 790.29
Hunter Rural Lands	5 429.33
Kempsey Rural Lands	2 099.07
Maitland Rural Lands	610.22
Northern New England Rural Lands	16 735.12
South Coast Rural Lands	732.42
Tamworth Rural Lands	2 537.61
Yass Rural Lands	5 443.29
	60 000.01
To assist in the management of the Prevention of Cruelty to Animals Act	
The NSW Animal Welfare League	75 000.00
RSPCA	424 000.00
Domestic Animal Birth Control	3 000.00
Wires Incorporated	15 500.00
Cat Protection Society of NSW	15 500.00
	533 000.00
Grants-other	
Oceanwatch Australia Ltd Prymont	5 000.00
Animal Health Australia	311 303.00
State Council of Rural Lands Protection Board	150 000.00
RLPB Division	460 000.00
	926 303.00
Freshwater Trust Small Grants Program	
Oberon Branch of the Central Acclimatisation Authority	360.00

21. Fisheries trust fund report

Commercial Fishing Trust Fund

NSW DPI provides a range of monitoring, scientific, compliance and administrative services to the commercial fishing industry.

Of the eight commercial fisheries only two, abalone and rock lobster are subject to full cost recovery of attributable costs, although there is still some degree of government contribution. In both these cases, budgets are negotiated in detail with the relevant management advisory committees.

For the remaining fisheries, charges are levied for services such as licence administration and management, but are not project specific.

Expenditure by the department on activities relating to commercial fishing are funded from consolidated revenue with a contribution from the Commercial Fishing Trust Fund.

The Seafood Industry Advisory Council was consulted over the budget for commercial fishing. In 2007-08 the Commercial Fishing Trust Fund contributed three million to the Department's commercial fishery related programs.

Aquaculture Trust Fund

NSW DPI provides a range of monitoring, scientific, compliance and administrative services to the aquaculture industry.

The aquaculture industry is not subject to full cost recovery and charges are not project specific.

Expenditure by the department on activities relating to aquaculture is funded from consolidated revenue with a contribution from the Aquaculture Trust Fund.

The Seafood Industry Advisory Council was consulted over the budget for aquaculture. In 2007-08 the Aquaculture Trust Fund contributed \$481 441 towards the department's aquaculture management activities.

21. Fisheries trust fund report (cont'd)

Charter Fishing Trust Fund

In 2007-08 the Charter Fishing Trust Fund continued funding of the following projects:

	Total Available 2007-08 \$'000	Actual Expenses 2007-08 \$'000	Carry Forward \$'000
Charter fishing consultation	85	129	96
Charter fishing monitoring	59	47	32
Total	114	176	128

Fish Conservation Trust Fund

In 2007-08 the Fish Conservation Trust contributed to fisheries conservation projects within the department. Approval to expend \$100 000 from the trust was provided.

Recreational Fishing (Saltwater) Trust Fund expenditure

Project	Total Available 2007-08* \$'000	Actual Expenses 2007-08 \$'000	Carry Forward \$'000
ACoRF meeting expenses	16	14	1
Artificial reefs deployment	190	208	-18
Artificial reefs monitoring and research	150	143	7
Biology of Australian salmon	122	122	0
Biology of NSW estuary perch	107	14	93
Coastal habitat restoration grants program	71	33	38
Coffs Harbour fish cleaning facilities	6	0	6
Defining a quality recreational fishing experience	5	5	0
Eastern king prawn stocking in NSW estuaries	163	163	0
Expenditure committee meeting expenses	28	27	1
Experimental breeding of black bream	25	18	8
Fish aggregation devices (FADs)	159	161	-2
Fishcare volunteer program	618	622	-5
Fisheries officers (9 coastal officers)	1 053	1 053	0
Fisheries officers (mobile squad)	405	380	25
Fishing platforms, Shoalhaven	130	130	0
Gamefish tagging program	143	118	25
Get Hooked: It's Fun to Fish education program	188	212	-24
Greater Sydney region recreational fishing survey	750	569	181
Historic insights into recreational fishing program	5	5	0
Life history research of black bream and luderick	40	34	6
Marine recreational management project	122	73	49
Marine stocking environmental impact statement	182	6	176
Maximising survival of line caught fish research	213	215	-2
Membership to Recfish Australia	30	23	7
Mulloway stocking in NSW estuaries	233	233	0
Nelson Bay disability access platform	7	0	7
Offshore artificial reef deployment	275	163	112
Recreational fishing access (coastal)	61	8	52
Recreational fishing governance	75	0	75
Recreational fishing havens process	2 000	2 000	0
Recreational fishing line bin project	6	6	0
Recreational fishing in Shoalhaven River	79	55	24

21. Fisheries trust fund report (cont'd)

Recreational fishing trust executive officer	148	143	5
Recreational publications	215	188	27
Recreational research project	122	81	41
Research on striped marlin	5	3	1
Richmond River rescue	30	0	30
Satellite tagging of tiger sharks	7	0	7
Small grants program	100	78	22
Study on landed fish at gamefishing tournaments	30	24	6
Swansea radio tower	35	0	35
Wave behaviour research	39	27	12
Young Leaders Program	24	19	5
Total	8 412	7 376	1 033

*The total available 2007-08 consists of allocations from the trust fund in 2007-08 and amounts carried forward from 2006-07.

ACoRF meeting expenses – the Advisory Council on Recreational Fishing (ACoRF) provides high quality advice to the Minister for Primary Industries on issues relating to recreational fishing.

Artificial reefs deployment – deployment of artificial reefs in barren areas in estuaries to enhance angler catch.

Artificial reefs monitoring and research – investigation of the effectiveness of artificial reefs in estuaries with regard to changes in fish populations.

Biology of Australian salmon – study of the biology, diet and population structure of Australian salmon along the NSW coast.

Biology of NSW estuary perch – study of the biology and demographic characteristics of the estuary perch fishery.

Coastal habitat restoration grants program – matching funds for angling clubs, local councils and other groups for on-grounds habitat rehabilitation projects to enhance native fish stocks.

Coffs Harbour fish cleaning facilities – installation of quality facilities for anglers.

Defining a quality recreational fishing experience – modelling the concept of a quality recreational fishing experience.

Eastern king prawn stocking in NSW estuaries – investigation of the effectiveness of stocking to enhance recreational fishing.

Expenditure committee meeting expenses – the Recreational Fishing Saltwater Trust Expenditure Committee (RFSTEC) provides advice on expenditure to ACoRF and monitors the progress of projects supported by the Trust.

Experimental breeding of black bream – study to develop breeding technology for black, yellowfin and hybrid bream.

Fish aggregating devices (FADs) – these are placed in coastal waters to attract pelagic fish such as mahi-mahi, tunas and marlin for recreational angling.

Fishcare volunteer program – a dynamic volunteer program providing face to face education of recreational fishers, including promoting awareness of fishing rules and sustainable fishing.

Fisheries officers (9 coastal officers) – to maximise compliance with fishing rules and provide advisory services to recreational fishers.

Fisheries officers (mobile squad) – a mobile support group of three officers with rapid response capacity to promote compliance with fishing regulations.

Fishing platforms, Shoalhaven – Nowra, Greenwell Point, Terrara Levee, Lake Conjola, Tabourie Lake.

Gamefish tagging program – provides valuable scientific information on the movement and growth of billfish, tuna, sharks and sportfish.

Get Hooked: It's Fun to Fish education program – a primary school education program teaching children the importance of aquatic habitats and to introduce them to safe and responsible fishing.

Greater Sydney recreational fishing survey – collection of catch and effort information for the management of recreational fishing.

Historic insights into recreational fishing program – compilation of historic accounts of observations and records of fisheries in NSW.

Life history research of black bream and luderick – essential research on the biology and life history of black bream and luderick, two key recreational species.

Marine recreational management project – development of new recreational fisheries initiatives and advisory tools.

Marine stocking environmental impact statement – investigating environmental impacts of a marine stocking program.

Maximising survival of line caught fish research – study to estimate the survival of popular recreational estuarine species and to determine factors that increase survival when released.

Membership to RecFish Australia – represents the interests of recreational fishers at a national level to ensure high-quality and sustainable fishing.

Mulloway stocking – research to explore the effects of stocking mulloway fingerlings in Botany Bay and North Coast estuaries.

Nelson Bay disability access platform – construction of a platform to provide disabled access to the water for recreational fishing.

Offshore artificial reef deployment – investigating the potential for construction of purpose built artificial reefs in coastal waters.

Recreational fishing access (coastal) – Identification of sites of significance to recreational fishing to secure fair access for anglers.

Recreational fishing governance – investigating a framework to provide for governance of recreational fishing.

Recreational fishing havens process – thirty recreational fishing havens were created along the NSW coast in 2002 to provide better fishing opportunities for anglers. The Trust is repaying a loan used to buy out commercial fishing businesses.

Recreational fishing line bin project – Installation of customised bins in popular locations for the safe disposal of fishing line to reduce injury to wildlife.

21. Fisheries trust fund report (cont'd)

Recreational fishing in Shoalhaven River - research in the Shoalhaven River, including regional stakeholder workshops.

Recreational fishing trust executive officer - oversees the Recreational Fishing Trusts and provides efficient service delivery to the Expenditure Committees and ACoRF.

Recreational publications – boosts production of advisory material to educate the community about responsible and sustainable fishing.

Recreational research project – collection of information on effort and harvests of important recreational fish species for resource assessments.

Research on striped marlin – investigation of age, growth and reproduction of this important recreational species.

Richmond River rescue – installation of flood mitigation gates in the Richmond River floodplain to improve environmental outcomes.

Satellite tagging of tiger sharks – gathering of detailed information on the movements of the tigers sharks.

Small grants program – provides grants for fishing clubs, councils and other community members for small, local projects aimed at enhancing recreational fishing.

Study of landed fish at gamefishing tournaments – collection of valuable biological data on gamefish at gamefishing tournaments across NSW.

Swansea radio tower – to improve safety for recreational fishing boaters in the Swansea region.

Wave behaviour research – aims to characterise the behaviour of wave groups impacting coastal rock platforms to educate the fishing community of potentially hazardous conditions.

Young Leaders Program – education and mentoring of young people by recognised leaders in recreational fishing advocacy and management.

Recreational Fishing (Freshwater) Trust Fund expenditure

Project	Total Available 2007-08* \$'000	Actual Expenses 2007-08 \$'000	Carry Forward \$'000
Dollar-for-dollar native fish stocking program	230	119	111
Dutton Trout Hatchery recirculation system	6	1	5
Eastern cod stocking program	5	5	0
Effectiveness of stocking research	167	167	-1
Enhanced fish production for stocking	345	340	6
Expenditure committee meeting expenses	16	19	-3
Fishcare volunteer program	181	246	-65
Fisheries officers (inland)	762	557	205
Freshwater catfish research	207	118	89
Freshwater recreational management	173	172	1
Gaden Trout Hatchery redevelopment	42	42	0
Impoundments access program	11	11	0
Inland habitat restoration grants program	167	36	131
Inland management officer	92	104	-13
Macquarie perch research	60	28	32
Maintaining access in travelling stock reserves	124	139	-15
Maximising survival of inland line caught fish research	241	162	78
Nodavirus research	22	22	12
Regional fish habitat managers (2)	5	5	0
Small grants	60	35	25
Total	2 916	2 328	598

*The total available 2007-08 consists of allocations from the trust fund in 2007-08 and amounts carried forward from 2006-07.

Dollar-for-dollar native fish stocking program – provides grants for fishing clubs, councils and community groups to buy native fish from hatcheries to stock in approved public waterways.

Dutton Trout Hatchery recirculation system – provides for a temperature controlled re-circulation unit capable of maintaining trout broodstock to enhance production.

Eastern cod stocking – essential research into genetic factors of cod to investigate effective stocking practices in the future.

Effectiveness of stocking research – research to improve effectiveness of freshwater stocking practices in NSW.

Enhanced fish production for stocking – enhancement of the stocking capacity of fish hatcheries at Narrandera, Jindabyne, Ebor and Port Stephens.

Expenditure committee meeting expenses – the Recreational Fishing Freshwater Trust Expenditure Committee (RFFTEC) provides advice on priorities for expenditure to ACoRF and monitors the progress of projects supported by the Trust.

Fishcare volunteer program - a dynamic volunteer program providing face to face education of recreational fishers, including promoting awareness of fishing rules

21. Fisheries trust fund report (cont'd)

and sustainable fishing.

Fisheries officers (Inland) – maximise compliance with fishing rules and provide advisory services to recreational fishers.

Freshwater catfish research – aims to identify patterns of population structure in freshwater catfish and identify suitable reintroduction sites within the Murray-Darling catchment.

Freshwater recreational management – management of fish stocking programs in NSW and community liaison and correspondence with fishing clubs and other key stakeholder groups.

Gaden Trout Hatchery redevelopment – facilities upgrade to enhance the continual production of hatchery reared fish for stocking.

Impoundments access program – development of a guidebook on stocked lakes and impoundments for anglers.

Inland habitat restoration grants program – provides matching funding to angling clubs, local councils and Landcare groups for on-grounds habitat rehabilitation projects to enhance native fish stocks.

Inland management officer – monitoring and assessment of inland stockings to improve environmental outcomes.

Macquarie perch research – investigation of captive breeding techniques of Macquarie perch.

Maintaining access in travelling stock reserves – identification of travelling stock reserves and other parcels of land of significance to anglers to ensure maintenance of appropriate access for fishers.

Maximising survival of inland line caught fish research – studies to estimate the survival of popular recreational inland species and establish factors that increase survival when released.

Nodavirus research – aims to understand the causes and management of nodavirus outbreaks in Australian bass to ensure ongoing stocking of the species.

Regional fish habitat management – inland conservation management focused on protecting and rehabilitating valuable freshwater fish habitats for healthy and productive recreational fisheries.

Small grants program – provides grants for fishing clubs, councils and other community members for small, local projects aimed at enhancing recreational fishing. Recreational Fishing (Freshwater and Saltwater) Trust Fund expenditure

The following programs are funded on a one-third two-thirds basis by the respective trust funds.

Project	Total Available 2007-08* \$'000	Actual Expenses 2007-08 \$'000	Carry Forward \$'000
Fishing guides	174	158	16
Fishing promotion	50	76	-26
Fishing safety DVD	60	60	0
Fishing workshops	98	87	11
Recreational fishing fee administration	1 199	1 032	167
Recreational fishing fee reminder notice	165	165	0
Recreational fishing fee research database	90	75	15
Recreational Fishing Infrastructure Manager	62	6	56
Recreational fishing trust DVD	3	3	0
Research on banded grunter	21	21	0
Socio-economic survey of recreational fishing	75	0	75
Tournament management	138	141	-3
Tournament monitoring	118	103	15
Total	2 253	1 927	326

* The total available 2007-08 consists of allocations from the trust fund in 2007-08 and amounts carried forward from 2006-07.

Fishing guides – printing and distribution of 300 000 Recreational Saltwater and Freshwater Guides free of charge to anglers in 2007/08.

Fishing promotion – raises awareness of fishing rules, including the need for a recreational fishing fee receipt, to encourage responsible and sustainable fishing practice.

Fishing safety DVD – production of high quality DVD modules on fishing safely.

Fishing workshops – children's workshops in Sydney, at Government hatcheries and across regional NSW, including workshops for special needs groups and culturally and linguistically diverse communities.

Recreational fishing fee administration – management of a network of 1 000 fee agents, and internet and telephone fee payment systems. Includes payment of agent commissions.

Recreational fishing fee reminder notice – mailing out of reminder letters (with advisory material) to one and three year fee receipt holders.

Recreational fishing fee research database – collection of information on fishing fee receipt holders, including names, addresses, phone details and other demographic information for use in surveys of recreational angling.

21. Fisheries trust fund report (cont'd)

Recreational fishing infrastructure manager – development of recreational fishing infrastructure projects and on-grounds works throughout NSW.

Recreational fishing trust DVD – production of a DVD outlining programs funded by the Trusts and distribution to recreational fishers.

Research on banded grunter – development of a plan to control the banded grunter (pest species) in the Clarence River.

Socio-economic survey of recreational fishing – state-wide survey of recreational fishing for the purpose of securing long term access for recreational fishing stakeholders.

Tournament management – development and implementation of a code of conduct for fishing competitions to improve the environmental and social impacts of these events.

Tournament monitoring – collection of catch and effort information at selected fishing competitions across NSW to monitor fish populations.

22. Cost of production of the 2007-08 annual report

The total external cost incurred in the production of the NSW DPI's 2007-08 Annual Report is \$35 519.00. This cost includes editing, print management and print production. An electronic copy is available on the department's website at www.dpi.nsw.gov.au

23. Research and development

The department manages a research portfolio with a direct annual investment of about \$100 million dollars per year. About half of the investment comes from partnerships and alliances. These collaborations make NSW DPI one of the largest research organisations in Australia, with almost 900 staff and more than 700 projects. The department's partnerships and collaborations enhance its capacity to provide the research that underpins and drives productivity growth in the State's primary industries and to address key environmental and social issues associated with primary industries.

The department is involved with seventeen Cooperative Research Centre's (Table 1) which along with fifty significant co-investors (Table 2), contributed a total of over \$41 million in funds to the department research activities. Further, the department collaborates with a wide range of universities within and outside of Australia, CSIRO and with State Departments from other jurisdictions. A number of these arrangements have been formalised in significant alliances (Table 3).

Table 1. Current NSW DPI involvement with CRC's

CRC Name	HQ / NSW Node	Period
Australian Weed Management	SA/Wagga & Orange	2002 - 08
Landscape Environments & Mineral Exploration	WA/Maitland	2002 - 08
Predictive Mineral Discovery	VIC/Maitland	2002 - 08
Value Added Wheat	NSW/Wagga	2002 - 08
Bushfire	VIC/Pennant Hills	2004 - 10
Desert Knowledge	NT/Trangie	2004 - 10
Irrigation futures	QLD/Orange	2004 - 10
Australasian Invasive Animals	ACT/Orange	2006 - 12
Beef Genetic Technologies	NSW/Armidale	2006 - 12
Cotton Catchment Communities	NSW/Narrabri	2006 - 12
Internationally Competitive Pork Industry	SA/EMAI	2006 - 12
National Plant Biosecurity	ACT/Orange	2006 - 12
Forestry	TAS/Pennant Hills	2006 - 12
Sheep Industry Innovation	NSW/Armidale	2006 - 12
Future Farm Industries	WA/Wagga & Tamworth, Glen Innes	2006 - 12
Seafood	SA/Port Stephens	2006 - 12
CO ² (Greenhouse Gas Technologies)	ACT/Maitland	2006 - 12

Table 2. Significant Co-investors

Aquaculture Trust	Central West Catchment Management Authority
AusAid	Comm Dept of Employment, Workplace Relations & Small Business
Aust Ctr for International Ag Research	Commercial Fisheries Trust
Aust Pork Limited	Cotton Catchment Communities CRC
Aust Quarantine Inspection Service	Cotton R&D Corporation
Australasian Invasive Animals CRC	Dairy Australia
Australian Wool Innovations	Dept Agriculture, Fisheries & Forestry / Plant Health Australia
Beef Genetic Technologies CRC	Dept Environment & Climate Change

23. Research and development cont'd

Dept Environment & Water Resources	Murrumbidgee Catchment Management Authority
Dept of Water & Energy	Namoi Catchment Management Authority
Enterprise Grains Australia	National Plant Biosecurity CRC
Environmental Research Trust / Environment Australia	NHT - Nat Feral Animal Cont Strategy
Fisheries Research & Development Corporation	Northern Rivers Catchment Management
Freshwater Fisheries Trust	Plant Management Dryland Salinity CRC
Future Farm Industries CRC	Pork CRC
Grains R&D Corporation	Rural Industries R&D Corporation
Hawkesbury Nepean Catchment Management Authority	Saltwater Fisheries Trust
Horticulture Aust Ltd	Sheep Industry Innovations CRC
Hunter/Central Rivers Catchment Management Authority	Southern Rivers Catchment Management Authority
Irrigation Futures CRC	Sydney Catchment Authority
Lachlan Catchment Management Authority	Sydney Metropolitan Catchment Management Authority
Land & Water Resource R&D Corporation	Sydney Water
Lower Murray Darling Catchment Management Authority	Weeds Management Systems CRC
Meat & Livestock Australia	Western Catchment Management Authority
Murray Catchment Management Authority	Wheat Quality CRC
Murray Darling Basin Commission	World Wide Fund For Nature

Table 3. Formal Alliances

Alliance	Key Partners
Australian Cotton Research Institute	CSIRO
Animal Genetics and Breeding Unit	University of New England
Canola Alliance	Nugrain Plantech
Chair of Dairy Science	University of Sydney, NSW Dairy Foundation
Coastal Agricultural Landscapes Centre	Southern Cross University
National Grape and Wine Industry Centre	Charles Sturt University, NSW Wine Growers Association
NSW Agricultural Genomics Centre	CSIRO, Australian Proteome Analysis Facility
Primary Industries Innovation Centre	University of New England
E.H. Graham Centre for Agricultural Innovation	Charles Sturt University
Riverlink	Department of Primary Industries, Victoria (DPIVic) CSIRO Department of Primary Industries and Resources of South Australia (PIRSA) South Australia Research and Development Institute (SARDI)
Australian Lucerne Alliance	Grains R&D Corporation Seedmark
National Pulse Breeding Program	Grains R&D Corporation South Australia Research and Development Institute (SARDI) Department of Primary Industries Victoria (DPIVic) Department of Agriculture and Food Western Australia (DAFWA) Department of Primary Industries and Fisheries Queensland (QDPI&F) University of Adelaide
Barley Breeding Australia	Grains R&D Corporation Department of Primary Industries Victoria (DPIVic) University of Adelaide Department of Agriculture and Food Western Australia (DAFWA) Department of Primary Industries and Fisheries Queensland (QDPI&F)

23. Research and development cont'd

Enterprise Grains Australia

Grains R&D Corporation

Department of Primary Industries and Fisheries Queensland (QDPI&F)

24. Waste reduction, recycling and energy management

NSW DPI is committed to the aims and objectives of the NSW Government's Waste Reduction and Purchasing Policy.

In complying with the policy, NSW DPI purchases recycled copy paper and paper products wherever possible. All toner cartridges purchased are either recycled or manufactured from recycled material.

Programs to reduce waste are in place at all major sites and include recycling of paper, toner cartridges and packaging materials. In addition, recycling of building and vegetation waste occurs wherever possible.

Energy Management

Information has been gathered on NSW DPI's energy consumption including electricity, natural gas, liquid petroleum gas, oil, unleaded petrol and diesel for the previous year. This data along with the kilometres travelled by vehicle fleet, building area and staff numbers is collated into the national database administered by the Department of Climate Change, Australian Greenhouse Office allowing reporting total energy consumption and CO² emissions of the NSW DPI. Data appearing in this annual report are from NSW DPI's 2006-07 energy consumption.

Energy consumption by the NSW DPI has increased slightly from the previous year as have CO² emissions. Increases in energy consumption are largely a result of increased consumption of natural gas at Menangle, Gosford and to a lesser extent at Wagga.

		2006-07		2007-08	
	Units	Energy Use	CO ² tonnes	Energy Use	CO ² tonnes
Electricity	gigajoules (GJ)	68 029	18 069	68 184	19 471
Green	gigajoules (GJ)	4 388	0	4 381	0
LPG	gigajoules (GJ)	3 450	156	2 537	172
NG	gigajoules (GJ)	14 710	756	16 970	1 113
Heat Oil	gigajoules (GJ)	195	14	0	0
MV Petrol	kilolitres (kl)	1 427	3 221	1 430	3 608
MV Diesel	kilolitres (kl)	585	1 574	543	1 625
MV LPG	kilolitres (kl)	0	0	0	0
Other Petrol	kilolitres (kl)	78	176	76	191
Other Diesel	kilolitres (kl)	222	597	265	793
Total Building Energy	gigajoules (GJ)	90 772		92 072	
Total Building CO ²	tonnes		18 995		20 755
Total motor vehicles Fuel	kilolitres (kl)	2 312		2 314	
Total motor vehicles CO ²	tonnes		5 568		6 217
Total CO ²	tonnes				26 973

25. Implementation of recovery and threat abatement plans

Recovery plans relating to threatened fish and marine vegetation are prepared under the *Fisheries Management Act 1994*. The plans identify the actions required to recover the species to a position of viability in nature. Similarly, threat abatement plans are prepared to address key threatening processes listed under the Act, and they identify actions required to ameliorate the threat. NSW DPI is the lead implementation agency, however each plan also identifies other government agencies, authorities, councils and community groups that have a role and responsibility to contribute to implementing recovery and threat abatement actions. Public authorities are required to report on actions taken to implement measures for which they are responsible in their annual report to Parliament. This report only relates to actions taken by NSW DPI to implement measures identified in the plans. Five recovery plans and one threat abatement plan have been finalised to date, as reported below.

Eastern (freshwater) cod (*Maccullochella ikei*)

Post graduate studies relating to the ecology and genetics of the species are nearing completion. Survey of eastern cod populations in the Nymboida/Mann,

Orara and upper Clarence areas continue to be undertaken as part of broader programs. Habitat protection and restoration programs at various sites within the former range of the species are in progress. A seasonal (August, September and October) ban on all forms of fishing has been implemented in the Mann-Nymboida River system to minimise disturbance of eastern cod during the breeding season. The conservation stocking program remains deferred.

Oxleyan pygmy perch (*Nannoperca oxleyana*)

Post graduate research into aspects of the species reproduction, early life history, population dynamics, age and growth, genetics and habitat preferences is nearing completion. Additional distribution and abundance surveys were undertaken. The process of declaring critical habitat for Oxleyan pygmy perch is nearing completion. Advisory materials were updated.

Silver perch (*Bidyanus bidyanus*)

NSW DPI is compiling a collection of genetic samples to analyse population sub-structures when sufficient samples are available. Population and distribution surveys continue, as part of broader fish community assemblage

25. Implementation of recovery and threat abatement plans (cont'd)

surveys. A Ministerial Order under s.221A of the *Fisheries Management Act 1994* was made to allow fishing for silver perch in a number of public impoundments. The fish taken in compliance with the Order are stocked into the impoundments and the activity is not considered to have a significant impact on wild populations of silver perch. Habitat improvement works continue as part of a range of habitat restoration programs throughout NSW.

Trout cod (*Maccullochella macquariensis*)

Survey of known trout cod populations are being undertaken as part of broader fish community assemblage surveys, as well as NSW DPI's threatened fish monitoring program. Compliance operations continue as does distribution of information brochures and erection and maintenance of signage. The conservation stocking program continued with approximately 30 000 fish stocked to sites within the upper Murrumbidgee region during the reporting

period. Previously stocked locations in the mid-Murrumbidgee region continue to be monitored for evidence of natural recruitment. Habitat improvement works continue as part of a range of habitat restoration programs throughout NSW.

River snail (*Notopala sublineata*)

Advisory material prepared and distributed. Research undertaken to assess captive husbandry and breeding requirements.

Removal of large woody debris

A significant number of resnagging activities have been undertaken throughout the state. Regulatory action undertaken. Commenced review of regulatory mechanisms to better manage snag removal.

26. Ethnic Affairs priorities statement

NSW DPI is committed to the New South Wales Principles of Multiculturalism in accordance with following Statement of Intent.

This statement confirms NSW DPI's commitment to the Principles of Multiculturalism and the key objectives of the *Community Relations Commission Plan of Action 2012* and reflects how services and facilities are accessible to all residents of this State.

The department is dedicated to the development of profitable, sustainable primary industries for New South Wales.

Recognising the cultural and linguistic mix of consumers, the department is committed to ensuring that quality products meet the needs of a culturally diverse market. Training of client service staff involves sessions highlighting the cultural diversity of our clientele and educating officers on how best to satisfy the individual needs of all people.

All residents of NSW have access to the services and open facilities of the department. Where ever necessary, clients' special needs will be addressed professionally, expeditiously and in a manner appropriate to those needs.

To implement the Ethnic Affairs Priorities Statement the department will:

- Circulate information that will assist departmental staff to respond effectively to ethnic affairs issues. This is achieved by disseminating information on cultural diversity to all staff, at recruitment and induction and as part of ongoing training programs.
- Enhance the cultural diversity of the NSW DPI staff by providing for special needs of potential staff in the recruitment process and by providing cross-cultural awareness training made available to all staff.
- Provide access to individual training for staff, who have language communication difficulties.
- Respond to community needs for access to the resources of the department by ensuring that the staff list of Community Language Allowance Scheme (CLAS) recipients, and the languages spoken, is readily available to relevant staff to assist their culturally diverse client groups.
- provide a service whereby information is provided to clients with translation and/or interpretation, if required.

The NSW DPI has a full time Community Relations Manager to manage, develop and deliver community education programs and frontline advisory services to the general public, including school children, aboriginal people, disabled people, overseas delegates and non-English speaking backgrounds.

During 2007-08 NSW DPI delivered its commitment to EAPS through a range of activities, including:

- Fishing workshops and information days for children and families from Non-English speaking background: 294 children together with 433 parents and relatives from Arabic, Chinese, Vietnamese, Korean, Tongan, Pacific Islander, Samoan, Maroi, Indian, Indonesian, Italian and Greek backgrounds participated in the one-day fishing and information workshops.
- Fishing workshops for disadvantaged Aboriginal youth: 350 Aboriginal youth from Walgett, Brewarrina, Bourke, Weilmoringle, Ettalong, Gosford,

Umina, Kempsey, Redfern, Waterloo and La Pouse participated in one-day fishing and information workshops with support from teachers and Aboriginal elders from Dharrawal, Mingaletta, Gamilaroi, Dunghutti, the Ghinni Ghinni Youth and Culture Aboriginal Corporation and Alexandria Park Community School.

- Participate in a Korean rock fishing event at Bass Point Shellharbour together with Korean Society of Sydney and Ryde Fishing Tackle (World Fishing). Fishing safety was a major focus in this event with over 200 men and women from all ages, most from the Korean background and various fishing clubs including Team JF, Sydney Fishing Club, and Wave Rock Fishing Club. A major sponsor was the Korean Society of Sydney, Consulate-General of the Republic of Korea.
- Produced and distributed fisheries information and educational material in different languages.
- Improve the multilingual fisheries section of the NSW DPI website to include more languages on fishing rules and regulations.
- Updated multilingual fisheries information signs around relevant waterways
- Adverts placed in the multicultural press communicating fisheries information and important information.
- Provided telephone interpreting service for various languages seeking fisheries information and advice.

Development of the Sydney vegetable demonstration block

Given the importance of vegetable production in the Sydney Basin a vegetable demonstration block has been developed at the University of Western Sydney at Richmond. The block has been designed to demonstrate Good Agricultural Practices, best practice irrigation techniques, soil improvement strategies and correct chemical application procedures along with a range of vegetable varieties for growers to evaluate under commercial farming environments. The use of bi-lingual officers will ensure that training and demonstrations are available in a range of languages.

Fishing workshops for special needs people

Seven fishing workshops were conducted in Sydney, on the north and south coast of NSW for children and adults with a disability and cancer aged between 10yrs and 65yrs. The majority coming from a non - English speaking background.

A total of 177 participated with support from Department of Ageing, Disability and Home Care (Liverpool & Fairfield local government area), Peer Support and Flexible Respite, Baptist Community Services (Auburn), Camp Quality, Can Teen and Headway Shoalhaven.

Programs for 2008-09

- further develop the multilingual section of our website to include more languages on fisheries information
- improve multilingual signage around waterways

26. Ethnic Affairs priorities statement cont'd

- conduct community information days targeting various language groups; continue running fishing workshops for NESB, aboriginal children and the community.

27. Customer Service

It is recognised that the majority of customer service complaints can be satisfactorily settled by providing further information or explanation at the time the original dissatisfaction is raised.

Where the client is not satisfied with the service or response and this cannot be resolved by frontline staff or Branch management, the matter may be progressed through the Complaint Handling Process.

The Complaint Handling Process is available to our clients on the NSW DPI website. Guidelines in the Policy provide for:

- investigating complaints
- informing complainants about progress and outcomes
- identifying problems and suggesting improvements to systems and processes

- obtaining information to assist the Department to make decisions on resource allocation, training, prioritisation, planning and quality assurance.

Two complaints were received that related to the activities of other agencies and were referred for their attention. No complaints were received that required action by NSW DPI through the Complaint Handling Process during the 2007-2008 reporting period.

Further information is available from the Complaints Manager at PO Box 21 Cronulla NSW 2203, by telephone on (02) 9527 8453, fax (02) 9527 8458 or email complaints@dpi.nsw.gov.au

28. Volunteer program

NSW DPI supports the Government's objective under the State Plan to increase community participation in volunteering activities.

The department coordinates a number of volunteering programs aimed at achieving conservation and recreation outcomes for fisheries resources and in State forests. Volunteers from other organisations are also used in emergency management.

Fishcare Volunteer Program

The Fishcare Volunteer Program is funded by the recreational fishing licence. \$811 000 was allocated to the program in 2007-08.

Approximately 350 volunteers across NSW actively participate in the program. In 2007-08 there were 634 volunteer events involving approximately 16 000 volunteer hours.

Volunteers give approximately one day per month to talk to anglers about fishing rules and responsible fishing and help in a range of activities, such as fishing workshops, catch surveys and community fishing events.

NSW DPI trains the volunteers and equips them with identification and distinctive clothing. Training includes fish identification and presentations by NSW DPI staff in fisheries management, conservation, research, advisory and compliance.

Around 7-10 per cent of volunteers come from non-English speaking backgrounds. The department is exploring ways to encourage greater participation by women and minority groups in volunteering and outdoor activities in general.

Further information about the program can be found on NSW DPI's website or by contacting the program coordinator on (02) 9527 8531.

Forests NSW volunteer programs

In 2007-08, 252 volunteers participated in 10 Forest NSW volunteer programs. Key volunteer programs included:

- The Cumberland State Forest Volunteer Program in Sydney (West Pennant Hills). This is an ongoing program that focuses on bush regeneration activities.
- The 'Friends of Strickland' program in Strickland State Forest, near Narara on the Central Coast. Major projects currently underway include bush regeneration and the construction of a circuit walking trail.
- Forests NSW and Conservation Volunteers Australia partnership 'Communities in Forests', which aims to maximise the involvement of communities and volunteers in on-ground projects in State forests across NSW, in particular the maintenance and construction of recreation trails

and facilities. The 'Communities in Forests' program consists of an annual program of 10 weeks of volunteer teams targeted at key sites.

Some of the achievements in 2007-08 were:

- In December 2007, Forests NSW reviewed and updated its Volunteer Policy that outlines the position of volunteers, defines rights and responsibilities and establishes the role of volunteers and their relationship to paid staff within Forests NSW.
- Forests NSW developed a draft Memorandum of Understanding with the Four Wheel Drive Association of NSW and ACT to establish the basis for a co-operative working relationship and a range of volunteering opportunities.

Highlights of the 2007-08 'Communities in Forests' program include:

- volunteers in Wingello State Forest creating and repairing recreational tracks and building bridges
- volunteers in Eden undertaking weeding, repairing tracks and building fences near Edrom Lodge
- volunteers in Ulladulla assisting with the upgrade and extension of Yadboro Flat camping area in Yadboro State Forest
- volunteers in Bulahdelah repairing track along the Wootton Historical Railway Walk in Wang Wauk State Forest.
- volunteers in Tumut State Forest continuing to work on the popular Tumut recreational trail repairing trails, planting trees and removing rubbish.

Statistics in relation to Forests NSW volunteer programs are available in Forests NSW Seeing (Social, Environmental and Economic) Report, via the NSW DPI website or by contacting the Manager Community Programs on (02) 9872 0134.

Emergency management

NSW DPI has a range of responsibilities in the event of emergencies such as floods, bushfires and outbreak of exotic pest or animal diseases.

In undertaking its emergency management responsibilities the department is often assisted by persons from numerous volunteer organisations including State Emergency Service (SES), Rural Fire Service, Royal Society for the Prevention of Cruelty to Animals (RSPCA), Australian Veterinary Association (AVA), Wildlife Information and Rescue Service (WIREs) and Volunteer Rescue Association.

29. Freedom of information

Statement of Affairs

In accordance with Section 14 of the *Freedom of Information Act 1989* (FOI Act) the NSW Department of Primary Industries Annual Report is to be taken as its Statement of Affairs.

The number of new applications received during 2007-2008 was slightly fewer than the preceding year and the number of Internal Reviews reduced from five in 2006-2007 to one in 2007-2008.

Compliance with statutory timeframes was consistent with the previous year with one application unable to be completed within the required 21 day timeframe. This application took 22 days to complete due to delays in accessing some information.

Following a complaint by a third party one Ombudsman Review was undertaken with a subsequent recommendation being made to withhold some business related information. The matter was redetermined in accordance with this recommendation after which the applicant lodged an appeal with the Administrative Appeals Tribunal. Following further consultation with the applicant the matter was withdrawn.

There was no adverse impact upon the department's activities and no major issues arose in connection with the department's compliance with FOI requirements.

Further information is available from the Freedom of Information Officer at PO Box 21 Cronulla NSW 2203, by telephone on (02) 9527 8453, fax (02) 9527 8458 or email Freedomof.info@dpi.nsw.gov.au

SECTION A: NUMBER OF NEW FOI REQUESTS

		Personal		Other		Total	
		2006-07	2007-08	2006-07	2007-08	2006-07	2007-08
A1	New (including Transferred in)	6	10	27	23	33	33
A2	Brought Forward	2	-	2	-	4	-
A3	Total to be Processed	8	10	29	23	37	33
A4	Completed	8	9	28	19	36	28
A5	Discontinued	-	-	1	4	1	4
A6	Total Processed	8	9	29	23	37	32
A7	Unfinished (Carried Forward)	-	1	-	-	-	1

SECTION B: DISCONTINUED APPLICATIONS

		Personal		Other		Total	
		2006-07	2007-08	2006-07	2007-08	2006-07	2007-08
B1	Request transferred out to another agency	-	-	1	2	1	2
B2	Applicant withdrew request	-	-	-	1	-	1
B3	Applicant failed to pay advance deposit	-	-	-	-	-	-
B4	Applicant failed to amend a request that would have been an unreasonable diversion of resources to complete	-	-	-	1	-	1
B5	Total discontinued	-	-	-	4	-	4

SECTION C: COMPLETED APPLICATIONS

		Personal		Other		Total	
		2006-07	2007-08	2006-07	2007-08	2006-07	2007-08
C1	Granted or otherwise available in Full	5	4	20	9	25	13
C2	Granted or otherwise available in Part	3	2	7	4	10	6
C3	Refused	-	1	1	2	1	3
C4	No documents held	-	2	-	4	-	6
C5	Total Completed	8	9	28	19	36	28

29. Freedom of information cont'd

SECTION D: APPLICATIONS GRANTED OR OTHERWISE AVAILABLE IN FULL

		Personal		Other		Total	
		2006-07	2007-08	2006-07	2007-08	2006-07	2007-08
D1	Provided to the applicant	5	4	20	9	25	1
D2	Provided to the applicant's medical Practitioner	-	-	-	-	-	-
D3	Available for inspection	-	-	-	-	-	-
D4	Available for purchase	-	-	-	-	-	-
D5	Library material	-	-	-	-	-	-
D6	Subject to deferred access	-	-	-	-	-	-
D7	Available by a combination of any of the reasons listed in D1-D6 above	-	-	-	-	-	-
D8	Total granted or other wise available in full	5	4	20	9	25	1

SECTION E: APPLICATIONS GRANTED OR OTHERWISE AVAILABLE IN PART

		Personal		Other		Total	
		2006-07	2007-08	2006-07	2007-08	2006-07	2007-08
E1	Provided to the applicant	3	2	7	4	10	6
E2	Provided to the applicant's medical Practitioner	-	-	-	-	-	-
E3	Available for inspection	-	-	-	-	-	-
E4	Available for purchase	-	-	-	-	-	-
E5	Library material	-	-	-	-	-	-
E6	Subject to deferred access	-	-	-	-	-	-
E7	Available by a combination of any of the reasons listed in D1-D6 above	-	-	-	-	-	-
E8	Total granted or other wise available in full	3	2	7	4	10	6

SECTION F: REFUSED FOI APPLICATIONS

		Personal		Other		Total	
		2006-07	2007-08	2006-07	2007-08	2006-07	2007-08
F1	Exempt	-	1	1	2	1	3
F2	Deemed refused	-	-	-	-	-	-
F3	Total refused	-	1	1	2	1	3

SECTION G: REFUSED FOI APPLICATIONS

		Personal		Other		Total	
		2006-07	2007-08	2006-07	2007-08	2006-07	2007-08
G1	Cabinet documents (clause 1)	-	-	-	-	-	-
G2	Executive Council documents (Clause 2)	-	-	-	-	-	-
G3	Documents affecting law enforcement and public safety (clause 4)	-	-	-	1	-	1
G4	Documents affecting counter terrorism measures (Clause 4A)	-	-	-	-	-	-
G5	Documents affecting personal affairs (Clause 5)	-	-	-	-	-	-
G6	Documents affecting personal affairs (Clause 6)	-	1	-	1	-	2

29. Freedom of information cont'd

G7	Documents affecting business affairs (Clause 7)	3	-	7	3	10	3
G8	Documents affecting the conduct of research (Clause 8)	-	-	-	-	-	-
G9	Schedule 2 exempt agency	-	-	-	-	-	-
G10	Documents containing information confidential to Olympic Committees (Clause 22)	-	-	-	-	-	-
G11	Documents relating to threatened species, Aboriginal objects or Aboriginal places (Clause 23)	-	-	-	-	-	-
G12	Documents relating to threatened species conservation (Clause 24)	-	-	-	-	-	-
G13	Plans of management containing information of Aboriginal significance (Clause 25)	-	-	-	-	-	-
G14	Private documents in public library collections (Clause 19)	-	-	-	-	-	-
G15	Documents relating to judicial functions (Clause 19)	-	-	-	-	-	-
G16	Documents subject to contempt (Clause 17)	-	-	-	-	-	-
G17	Documents arising out of companies and securities legislation (Clause 18)	-	-	-	-	-	-
G18	Exempt documents under interstate FOI Legislation (Clause 21)	-	-	-	-	-	-
G19	Documents subject to legal professional privilege (Clause 10)	-	-	-	-	-	-
G20	Documents containing confidential material (Clause 13)	-	-	-	-	-	-
G21	Documents subject to secrecy provisions (Clause 12)	-	-	-	-	-	-
G22	Documents affecting the economy of the State (Clause 14)	-	-	-	-	-	-
G23	Documents affecting financial or property interests of the State or an agency (Clause 15)	-	-	-	-	-	-
G24	Documents concerning operations of agencies (Clause 16)	-	-	-	-	-	-
G25	Internal working documents (Clause 9)	-	-	-	-	-	-
G26	Other exemptions (eg. Clauses 20, 22A and 26)	-	2	-	1	-	3
G27	Total applications including exempt documents	3	3	7	6	10	9

SECTION H: MINISTERIAL CERTIFICATES

No Ministerial Certificates were issued for 2006-07 and 2007-08.

SECTION I: FORMAL CONSULTATION

		2006-07	2007-08
I1	Number of requests requiring formal consultations	-	13
I2	Number of persons formally consulted	71	27

SECTION J: AMENDMENT OF PERSONAL RECORDS

There were no requests for amendment of personal records in 2006-07 and 2007-08

29. Freedom of information cont'd

SECTION K: NOTATION OF PERSONAL RECORDS

There were no requests for notation of personal records in 2006-07 and 2007-08.

SECTION L: COSTS AND FEES OF REQUESTS PROCESSED

		Assessed Costs		Fees Received	
		2006-07	2007-08	2006-07	2007-08
L1	All Completed Requests	\$14610	\$7350	\$7426	\$3065

SECTION M: FEE DISCOUNTS

		Personal		Other		Total	
		2006-07	2007-08	2006-07	2007-08	2006-07	2007-08
M1	Processing fees waived in full	-	-	-	-	-	-
M2	Processing fees waived in full	-	-	3	1	3	1
M3	Financial Hardship – pensioner/child	-	-	-	-	-	-
M4	Financial hardship – non profit organisation	-	-	-	-	-	-
M5	Total	-	-	3	1	3	1

SECTION N: FEE REFUNDS

There were no refunds granted as a result of significant correction of personal records for 2007-08.

SECTION O: DAYS TAKEN TO COMPLETE REQUEST

		Personal		Other		Total	
		2006-07	2007-08	2006-07	2007-08	2006-07	2007-08
O1	0-21 days	3	7	11	12	14	19
O2	22-35 days	5	2	16	6	21	8
O3	Over 21 days	-	-	-	1	-	1
O4	Over 35 days	-	-	1	-	1	-
O5	Total	8	9	28	19	36	28

SECTION P: PROCESSING TIME - HOURS

		Personal		Other		Total	
		2006-07	2007-08	2006-07	2007-08	2006-07	2007-08
P1	0-10 hours	8	8	20	14	28	22
P2	11-20 hours	-	-	5	5	5	5
P3	21-40 hours	-	1	1	-	1	1
P4	Over 40 hours	-	-	2	-	2	-
P5	Total	8	9	28	19	36	28

SECTION Q: REVIEWS AND APPEALS

		2006-07	2007-08
Q1	Internal reviews	5	1
Q2	Ombudsman reviews	-	1
Q3	ADT reviews	-	--

29. Freedom of information cont'd

SECTION R – RESULTS OF INTERNAL REVIEW RESULTS

		Personal		Other		Total	
		Upheld	Varied	Upheld	Varied	Upheld	Varied
R1	Access refused	-	-	-	-	-	-
R2	Access deferred	-	-	-	-	-	-
R3	Exempt matter deleted from documents	-	-	-	-	-	-
R4	Unreasonable charges	-	-	-	-	-	-
R5	Failure to consult with third parties	-	-	-	-	-	-
R6	Third parties views disregarded	-	-	1	-	1	-
R7	Amendment of personal records refused	-	-	-	-	-	-
R8	Total	-	-	1	-	1	-

30. Privacy management

NSW DPI respects the privacy of members of the public who use our services and of our employees. As a NSW government agency, NSW DPI must comply with the requirements of the *Privacy and Personal Information Protection Act 1998 (PPIPA)* and the *Health Records and Information Privacy Act 2002*.

The NSW DPI Privacy Management Plan was developed in accordance with the requirements of Section 33 of PPIPA and is available to all staff on the DPI intranet. Information sessions for staff and senior management on privacy management and FOI issues continued throughout 2007-08 and will continue in 2008-09.

One complaint was received which was resolved when further information

advising of the context and process applicable to the situation in question was advised to the applicant.

No reviews were requested under Part 5 of PPIPA during 2007-08.

Requests for access to personal information held by NSW DPI may be made to:

Privacy Management Officer
NSW Department of Primary Industries

PO Box 21 Cronulla NSW 2203,
Tel: (02) 9527 8453, Fax (02) 9527 8458
Email Privacy@dpi.nsw.gov.au

31. Promotions and communications

NSW DPI places considerable emphasis on its communications with industry and the community. Face-to-face communication via stakeholder consultation, formal advisory committees, seminars and events occurs on an ongoing basis. As a major information provider for the primary industry sector, the department produces and distributes a wide range of print and electronic documents every year.

An integrated, multi-pronged approach is taken for major communication initiatives. For example, in the 2007-08 equine influenza outbreak, a major communication campaign was staged, utilising the full breadth of communication options. News media, advertising, publications, call centres, public meetings, email bulletins, highway signs and a comprehensive website kept horse owners and the public informed throughout the emergency.

The department's website at www.dpi.nsw.gov.au provides clients and the general public with ready access to over 30 000 individual documents, including digital versions of many of the department's publications. Most information can be downloaded free of charge. Rationalisation of website resources was commenced with the gradual merger of former agency websites into an integrated NSW DPI site. The new site has fewer pages due to reduced duplication.

A number of 'restricted access' website are maintained to facilitate communication and collaborative working with key partners. These include the Rural Lands Protection extranet, which shares information with Rural Lands protection Board staff, and the Weeds Extranet that shares information with weed control authorities in local government.

Services supporting the drought continued throughout 2005-06.

Education resources on the website were enhanced with the addition of the 'LandLearn' program, which was introduced to the education community at the Royal Easter Show.

The website also delivers services such as on-line payment of the recreational fishing fee, and online minerals applications.

Print publications are a major communications tool with over 400 new or updated publications in 2007-08. This is over 200 publications fewer than the previous year, as more and more publications are published only on the website. The reduction is also a result of the major focus on the management of equine influenza for much of the year. A list of the major publication categories is provided below. The most popular publication is Primefacts, a simple and clear factsheet series on a wide range of primary industry topics.

Publication numbers:

Report or paper	16
Book or booklet	70
Brochure or flyer	71
Magazine or newsletter	16
Factsheet	136
Display or poster	91
Electronic or multimedia	2
Total	402

Most print publications, including the educational materials produced by Tocal College, are accessible through the bookshop (telephone 1800 028 374 or email bookshop@dpi.nsw.gov.au). Mineral resource publications are available by calling 02 4931 6669. Many publications are also available electronically on the website www.dpi.nsw.gov.au

31. Promotions and communications cont'd

A wide range of scientific information is also published in external journals. A regular electronic newsletter is issued to update stakeholders on key scientific outputs. To subscribe to the NSW DPI Science and Research Updates, clients can go to www.dpi.nsw.gov.au/research/enewsletter.

Eleven times per year, the department produces 66 000 copies of *Agriculture Today*, a newspaper insert in *The Land*, which provides key research, extension and primary industry management information to the rural community. This initiative is made possible through the cooperation of Rural Press Limited.

Every four months, the department also produces and distributes 12 000 copies of *The Country Web* magazine for rural women and their families, and 5 000 copies of *Minfo* magazine for the mining industry. On a quarterly basis, 22 000 copies of *BushTelegraph* are distributed to thousands of individual subscribers, schools, visitor centres and natural resource management agencies, featuring stories about State Forest management and recreation.

The department participates in hundreds of field days, conferences, community days and other events across the State. A list of the primary events is provided below.

Dates	Event Title	Venue	Event Attendance	Theme
13-14 July 07	Mudgee Small Farm Field Days	Mudgee	20 000	Discover what NSW DPI can do for you! NSW DPI offered farmers expert advice and information on a large variety of subjects and services such as climate change, drought support, organics, Profarm training courses, inland recreational fishing, livestock, horticulture and agronomy.
2-7 Aug 07	Sydney International Boat Show	Sydney	82 000	Support your Sport: Recreational anglers and boating enthusiast discovered the diversity of projects funded by the NSW Recreational Trusts that help improve recreational fishing in NSW. The new changes to the bag and size limits were announced at the Show.
21-23 Aug 07	Agquipp	Gunnedah	100 000	One stop shop: NSW DPI displays offered a one-stop shop for primary industries advice and information, featuring climate change, drought assistance, chickpeas, pastures, sheep NLIS, Lucerne breeding, beef cattle, Profarm, Tocal courses and recreational fishing. Books and plants were available from the Bookshop and Forests NSW Nursery.
18-20 Sep 07	Henty Machinery Field Days	Henty	50 000	Surviving the drought: NSW DPI provided farmers with support and advice to help them deal with the drought. Information on feed quality testing, salinity management, better bull breeding, soil and worm testing, drought support workers were offered. The bookshop and Forests NSW nursery were also present.
16-18 Oct 07	Australian National Field Days	Orange	29 000	Regional services: Supporting farmers in the region, NSW DPI featured information on paddock plants, worm testing, managing climate change, drought assistance, organic agriculture, biosecurity, livestock and courses. The NSW DPI Bookshop and Forests NSW nursery provided opportunity to purchase resources and plants.
9-10 Nov 07	Farming Small Areas Expo	Richmond	10 000	NSW DPI, helping you! The NSW DPI pavilion provided small acreage farmers with information for the Sydney basin region on pastures, aquatic habitat rehabilitation, weeds, diagnostic testing, sustainable grazing, and profarm courses. Farmers could purchase drought tolerant plants from the Forests NSW nursery. Biosecurity staff were on hand to answer questions on Equine Influenza.
9-11 Nov 07	Ultimate Outdoors Adventure Show	Sydney	20 000	Where do your fishing fees go?: NSW DPI fisheries officers were on hand to inform recreational anglers of responsible fishing activities and to demonstrate projects funded by the NSW Recreational Trusts. Forests NSW also attended to promote state forests as adventurous venues for recreational activities.
20 Mar – 2 Apr 08	Sydney Royal Easter Show	Sydney	800 000	Science behind primary industries: NSW DPI's stand showcased the research and dedication the department has to the future sustainable development of primary industries in NSW. Case studies included clean coal technology, sustainable commercial fishing, carbon capture in forests, Asian vegetables grown hydroponically and biosecurity fighting Equine Influenza.
2-4 May 08	Tocal Field Days	Paterson	27 000	'Then and Now' of sustainable primary industries: NSW DPI provided technical advice and resources for landholders. Features included managing climate change, preparing for natural disaster, organics, pastures, aquatic habitat rehabilitation and water testing. Other displays offered information on Rural Women's Network, mineral resources of the region, recreational fishing and native plants.
16-17 May 08	Murrumbidgee Farm Fair	Yanco	15 000	Centenary of Yanco: NSW DPI celebrated the centenary of the department's Yanco Agriculture Institute, on which the Fair is held. Other NSW DPI displays included information on organics, farming systems, fruit fly and cereal chemistry. Plants could be purchased from the Forests NSW nursery and course information obtained from the Murrumbidgee Rural Studies Centre.
12-14 Jun 08	Primex	Casino	45 000	Integrated NSW DPI services: Regional NSW DPI staff presented farmers with a one stop shop for information relevant to the region, such as soil erosion, cattle ticks, water testing for stock, weeds, cropping, neighbour relations and tubestock plants from the Forests NSW nursery.



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NSW Department of Primary Industries

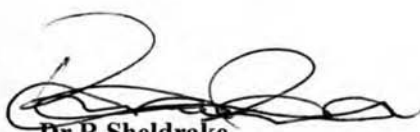
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STATEMENT BY THE DIRECTOR-GENERAL

“Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I state that:

- (a) The accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Financial Reporting Code for Budget Dependent General Government Sector Agencies, the applicable clauses of the Public Finance and Audit Regulation 2005 and the Treasurer’s Directions;
- (b) The statements exhibit a true and fair view of the financial position and transactions of the Department; and
- (c) At the date on which the statement is signed, there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.
- (d) The accompanying financial statements have an audit qualification relating to the valuation of Biological Assets in the accounts of NSW Forests which has also resulted in the qualification of the NSW DPI Consolidated Accounts for the year ended 30 June 2008.

Signed



Dr R Sheldrake
DIRECTOR-GENERAL

19 December 2008



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Department of Primary Industries

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Department of Primary Industries (the Department), which comprises the balance sheets as at 30 June 2008, the operating statements, statement of recognised income and expenses, cash flow statements, program statement – expenses and revenues and summary of compliance with financial directives for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Department and the consolidated entity. The consolidated entity comprises the Department and the entities it controlled at the year's end or from time to time during the financial year.

Qualified Auditor's Opinion

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to satisfy myself as to the valuation of the Biological Assets, the financial report:

- presents fairly, in all material respects, the financial position of the Department and the consolidated entity as at 30 June 2008, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- Is in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

My opinion should be read in conjunction with the rest of this report.

Basis for Qualified Auditor's Opinion

Note 1 (i) (iii) under the heading Native Forest Timber discloses various assumptions relating to the valuation of these forests. I have been unable to obtain sufficient appropriate audit evidence to confirm that these assumptions are statistically reliable to form an opinion on the value of the Native Forest Timber included within Biological Assets. I have been unable to carry out audit procedures to quantify the possible adjustments to the financial report that might have been necessary had this limitation not existed.

My Auditor's Report for 2007 was similarly qualified.

Significant Uncertainty Regarding Deferred Tax Liability

Without qualification to the opinion expressed above, I draw attention to Deferred Tax disclosed in Note 1 (n). The Commission intends to obtain a private ruling from the Australian Taxation Office over the deductibility of plantation establishment costs for Biological assets. Until the outcome of this matter is known there is uncertainty over the deferred tax amount included in the non-current liabilities.

Department Head's Responsibility for Financial Report

The Department Head is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. The Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Department Head, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does not provide assurance:

- about the future viability of the Department or consolidated entity,
- that they have carried out their activities effectively, efficiently and economically,
- about the effectiveness of their internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.

A T Whitfield
Deputy Auditor-General
19 December 2008
SYDNEY

Beginning of the financial statements

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated Actual 2008 \$000	Consolidated Actual 2007 \$000	Parent Actual 2008 \$000	Parent Budget 2008 \$000	Parent Actual 2007 \$000
Expenses excluding losses						
Operating expenses						
Employee related	2(a)	344 588	307 001	308 069	273 631	266 569
Other operating expenses	2(b)	177 933	144 756	147 210	100 446	117 909
Depreciation and amortisation	2(c)1(i)	31 911	30 020	21 434	21 364	19 766
Grants & subsidies	2 (d)	55 856	57 764	65 665	46 205	67 321
Finance Costs	2(e) 1(e)	2 067	3 169	1 484	1 418	1 716
Other expenses	2(f)	10 214	26 665	10 213	6 666	26 665
Contract harvest and haulage		120 898	94 305	0	0	0
Total expenses excluding losses		743 467	663 680	554 075	449 730	499 946
Revenue						
Sale of goods and services	3(a) 1(h)	187 339	171 817	49 822	108 357	54 473
Investment revenue	3(b) 1(h)	144 040	135 410	2 258	3 155	3 586
Retained Taxes, Fees and Fines	3(c)	10 670	10 507	10 670	10 673	10 507
Grants and contributions	3(d)	108 980	80 698	102 341	40 955	74 488
Other revenue	3(e)	6 121	921	6 437	183	921
Personnel services revenue	3(f)	2 669	1 618	56 805	0	47 637
Total Revenue		459 819	400 971	228 333	163 323	191 611
Gain/(loss) on disposal	4	(2 927)	(855)	709	4 866	(277)
Other Gains/(losses)	5	80 166	(183 032)	972	0	886
Net Cost of Services	31	206 409	446 596	324 061	281 541	308 276
Government contributions						
Recurrent appropriation	8	275 488	263 164	275 488	236 932	263 164
Capital appropriation	8	12 121	12 098	12 121	13 704	12 098
(Asset sale proceeds transferred to the Crown Entity)		0	0	0	(350)	0
Acceptance by the Crown Entity of employee benefits and other liabilities	9	19 212	16 064	19 212	15 713	16 064
Total Government Contributions		306 821	291 326	306 821	265 999	291 326
SURPLUS/(DEFICIT) FOR THE YEAR (before Income Tax Expense)		100 412	(155 270)	(17 240)	(15 542)	(16 950)
Income tax equivalent benefit/(expense)	7(a)	(37 279)	39 965	0	0	0
SURPLUS/(DEFICIT) FOR THE YEAR (after Income Tax Equivalent Benefit/(Expense))		63 133	(115 305)	(17 240)	(15 542)	(16 950)

The accompanying notes form part of these financial statements

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated Actual 2008 \$000	Consolidated Actual 2007 \$000	Parent Actual 2008 \$000	Parent Budget 2008 \$000	Parent Actual 2007 \$000
Net increase/(decrease) in property, plant and equipment asset revaluation reserve		(5 881)	(438)	(5 881)	0	838
Other net increases/(decreases) in equity, Water licence adjustment		3	0	3	0	0
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		(5 878)	(438)	(5 878)	0	838
Surplus/(Deficit) for the year	27	63 131	(115 305)	(17 241)	(15 542)	(16 950)
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR		57 253	(115 743)	(23 119)	(15 542)	(16 112)

The accompanying notes form part of these financial statements

BALANCE SHEET AS AT 30 JUNE 2008

	Notes	Consolidated Actual 2008 \$000	Consolidated Actual 2007 \$000	Parent Actual 2008 \$000	Parent Budget 2008 \$000	Parent Actual 2007 \$000
ASSETS						
Current Assets						
Cash and cash equivalents	11	47 070	47 856	35 430	33 433	42 241
Receivables	12	70 913	68 272	28 475	23 022	23 022
Inventories	13	10 179	10 061	1 790	2 118	2 118
Other financial assets	18	21 982	16 926	9 195	11 692	11 692
Assets held for sale	19	9 004	15 542	9 004	15 265	15 542
Total Current Assets		159 148	158 657	83 894	85 530	94 615
Non-Current Assets						
Receivables	12	1 386	1 285	26 335	25 699	25 699
Financial Assets at Fair Value	14	2 146	1 803	2 146	1 803	1 803
Property Plant and Equipment						
- Land and buildings	15	1 240 957	1 248 971	189 334	180 863	191 998
- Plant and Equipment	15	64 915	71 170	37 631	43 033	39 808
- Infrastructure Systems	15	137 018	143 348	27 319	29 937	34 492
- Digital Imaging System	15	590	1 180	590	1 180	1 180
- PPE Under Construction	15	8 204	8 180	0	0	0
Total Property Plant and Equipment		1 451 684	1 472 849	254 874	255 013	267 478
Biological Assets	20	1 521 285	1 409 355	5 975	5 524	5 524
Investment Property	16	7 916	9 039	0	0	0
Intangible assets	17, 1(i)(xii)	13 114	10 180	13 114	9 721	10 180
Deferred income tax asset	7	7 457	10 614	0	0	0
Total Non-Current Assets		3 004 988	2 915 125	302 444	297 760	310 684
Total Assets		3 164 136	3 073 782	386 338	383 290	405 299
LIABILITIES						
Current Liabilities						
Payables	22 1(j)(i)	68 466	67 391	17 620	13 613	13 613
Borrowings	23 1(j)(ii)	14 758	36 220	4 196	2 097	5 009
Provisions	25 1(j)(iv)	70 393	64 388	59 142	53 592	53 592
Dividend	24 1(p)	1 000	16 000	0	0	0
Current Tax Liability		0	1 615	0	0	0
Other	26	751	214	751	214	214
Total Current Liabilities		155 368	185 828	81 709	69 516	72 428
Non-Current Liabilities						
Payables	22	9 196	677	9 196	11 692	11 692
Borrowings	23	177 841	150 369	18 913	18 102	21 837
Provisions	25	4 803	4 679	1 222	1 129	1 129
Deferred Tax Liability	7	543 989	512 911	0	0	0
Total Non-Current Liabilities		735 829	668 636	29 331	30 923	34 658
Total Liabilities		891 197	854 464	111 040	100 439	107 086
Net Assets		2 272 939	2 219 318	275 298	282 851	298 213
EQUITY						
Capital	27	421 706	421 706	0	0	0
Reserves	27	832 328	842 844	131 076	137 972	137 972
Accumulated funds	27	1 018 905	954 768	144 222	144 879	160 241
Total Equity		2 272 939	2 219 318	275 298	282 851	298 213

The accompanying notes form part of these financial statements

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated Actual 2008 \$000	Consolidated Actual 2007 \$000	Parent Actual 2008 \$000	Parent Budget 2008 \$000	Parent Actual 2007 \$000
CASHFLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(443 653)	(387 375)	(279 746)	(257 738)	(252 081)
Grants and subsidies		(55 856)	(57 764)	(65 665)	(46 205)	(67 321)
Finance costs		(1 546)	(2 162)	(962)	(1 031)	(1 166)
Other		(216 705)	(214 528)	(179 108)	(120 112)	(156 266)
Income taxes paid		(4 599)	(2 961)	0	0	0
Total Payments		(722 359)	(664 790)	(525 481)	(425 086)	(476 834)
Receipts						
Sale of goods and services		325 871	308 308	100 527	108 357	106 383
Retained taxes fees and fines		10 670	10 507	10 670	10 673	10 507
Interest received		2 197	3 624	2 197	3 155	3 005
Other		151 807	120 779	126 668	54 138	84 585
Total Receipts		490 545	443 218	240 062	176 323	204 480
Cashflows from Government						
Recurrent appropriation		276 239	263 378	276 239	236 932	263 378
Capital appropriation (excluding equity appropriation)		12 121	12 098	12 121	13 704	12 098
Asset sale proceeds transferred to the Crown Entity		0	0	0	(350)	0
Cash reimbursements from the Crown Entity		0	0	0	0	0
Cash transfers to the Consolidated Fund		(214)	(1 928)	(214)	0	(1 928)
Net Cash Flows from Government	31	288 146	273 548	288 146	250 286	273 548
NET CASH FLOWS FROM OPERATING ACTIVITIES		56 332	51 976	2 727	1 523	1 194
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of Land and Buildings, Plant and Equipment and Infrastructure Systems		11 904	9 281	8 308	19 834	2 810
Proceeds from the sale of investments		0	0	0	0	0
Advance repayments received		0	0	0	0	0
Purchases of Land and Buildings, Plant and Equipment and Infrastructure Systems		(28 212)	(42 298)	(15 574)	(23 132)	(19 291)
Purchases of investments		0	0	0	0	0
Payments for SGARA's		(22 266)	(22 032)	0	0	0
Capitalised interest on borrowings		(10 019)	(8 721)	0	0	0
Advances made		0	0	0	0	0
Other		1 465	(1 692)	1 465	0	(1 692)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(47 128)	(65 462)	(5 801)	(3 298)	(18 173)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings and advances		38 466	38 000	0	0	0
Repayment of borrowings and advances		(32 456)	(19 431)	(3 737)	(7 034)	(2 898)
Dividend paid		(16 000)	(26 332)	0	0	0
NET CASH FLOWS FROM FINANCING ACTIVITIES		(9 990)	(7 763)	(3 737)	(7 034)	(2 898)
NET INCREASE/(DECREASE) IN CASH		(786)	(21 249)	(6 811)	(8 809)	(19 877)
Opening cash and cash equivalents		47 856	69 105	42 241	42 242	62 118
Cash transferred in (out) as a result of administrative restructuring		0	0	0	0	0
CLOSING CASH AND CASH EQUIVALENTS	11	47 070	47 856	35 430	33 433	42 241

The accompanying notes form part of these financial statements

PROGRAM STATEMENT – EXPENSES AND REVENUES FOR THE YEAR ENDED 30 JUNE 2008

AGENCY'S EXPENSES & REVENUES	Agriculture, Biosecurity & Mine Safety		Mineral Resources		Fisheries, Compliance & Regional Relations		Science & Research		Personnel Services		Not Attributable		Total	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Expenses excluding losses														
Operating Expenses														
Employee related	74 751	60 362	35 754	31 659	44 409	41 986	96 350	84 925	56 805	47 637	0	0	308 069	266 569
Other operating expenses	60 497	32 266	15 914	16 758	22 207	21 275	48 591	47 610	0	0	0	0	147 209	117 909
Depreciation and amortisation	5 662	5 673	2 782	2 519	4 012	3 537	8 979	8 037	0	0	0	0	21 435	19 766
Grants and subsidies	64 859	66 832	104	65	327	184	376	240	0	0	0	0	65 666	67 321
Finance costs	392	492	193	219	278	307	622	698	0	0	0	0	1 485	1 716
Other expenses	5 325	3 405	2 922	1 833	1 947	2 110	18	316	0	0	0	0	10 212	26 665
Total expenses excluding losses	211 486	169 030	57 669	53 053	73 180	88 400	154 936	141 826	56 805	47 637	0	0	554 076	499 946
Revenue														
Sale of goods and services	9 558	11 049	21 132	22 690	6 842	7 591	12 290	13 143	0	0	0	0	49 822	54 473
Investment revenue	648	1 064	266	433	485	709	859	1 381	0	0	0	0	2 258	3 586
Retained taxes fees and fines	3	29	0	13	10 667	10 420	0	45	0	0	0	0	10 670	10 507
Grants and contributions	54 125	12 022	442	211	11 482	27 549	36 292	34 154	0	0	0	0	102 341	73 937
Other revenue	459	176	423	231	437	284	5 117	230	0	0	0	0	6 437	921
Personnel services revenue	0	0	0	0	0	0	0	0	56 805	47 637	0	0	56 805	47 637
Total Revenue	64 793	24 340	22 263	23 578	29 913	46 553	54 558	48 953	56 805	47 637	0	0	228 332	191 061
Gain/(loss) on disposal	187	(79)	92	(35)	133	(50)	297	(113)	0	0	0	0	709	(277)
Other gains/(losses)	257	254	126	113	182	159	407	360	0	0	0	0	972	886
Net Cost of Services	146 249	144 515	35 188	29 398	42 952	41 738	99 674	92 626	0	0	0	0	324 063	308 276
Government contributions**	0	0	0	0	0	0	0	0	0	0	306 821	291 326	306 821	291 326
NET EXPENDITURE/(REVENUE) FOR THE YEAR	146 249	144 515	35 188	29 398	42 952	41 738	99 674	92 626	0	0	(306 821)	(291 326)	17 242	16 950
ADMINISTERED EXPENSES & REVENUE														
Administered Expenses														
Transfer payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Administered Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Administered Revenues														
Transfer receipts	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Consolidated Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Taxes, fees and fines	0	0	0	0	0	0	0	0	0	0	5845	1 193	5 485	1 193
- Other	0	0	0	0	0	0	0	0	0	0	575 476	514 392	575 476	514 392
Total Administered Revenues	0	0	0	0	0	0	0	0	0	0	581 321	515 585	581 321	515 585
Administered Revenues less Expenses	0	0	0	0	0	0	0	0	0	0	581 321	515 585	581 321	515 585

* The name and purpose of each program is summarised in Note 10. ** Appropriations are made on an agency basis and not to individual programs. Consequently, government contributions must be included in the 'Not Attributable' column.

SUMMARY OF COMPLIANCE WITH FINANCIAL DIRECTIVES

	2008				2007			
	RECURRENT APPROPRIATION	EXPENDITURE/ NET CLAIM ON CONSOLIDATED FUND	CAPITAL APPROPRIATION	EXPENDITURE/ NET CLAIM ON CONSOLIDATED FUND	RECURRENT APPROPRIATION	EXPENDITURE/ NET CLAIM ON CONSOLIDATED FUND	CAPITAL APPROPRIATION	EXPENDITURE/ NET CLAIM ON CONSOLIDATED FUND
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE								
Appropriation Act	236 932	236 909	13 704	13 704	225 141	225 067	13 209	13 209
Additional Appropriations								
s21 A PF&AA – special appropriation	44 214	40 628	0	0	0	0	0	0
s24 A PF&AA – transfer of functions between departments	0	0	0	0	7 255	2 255	(374)	(374)
s26 A PF&AA – Commonwealth specific purpose payments	0	0	0	0	0	0	0	0
	281 146	277 537	13 704	13 704	232 396	227 322	12 835	12 835
OTHER APPROPRIATIONS/ EXPENDITURE								
Treasurer's Advance	(2049)	(2049)	0	0	1 072	1 072	98	98
Section 22 – expenditure for certain works and services	0	0	0	0	34 449	33 389	0	0
Transfers to/from another agency (s32 of the Appropriation Act)	0	0	(1 583)	(1 583)	1 381	1 381	(835)	(835)
Total Appropriation/Expenditure/Net Claim on Consolidated Fund (includes transfer payments)	279 097	275 488	12 121	12 121	269 298	263 164	12 098	12 098
Amount drawn down against Appropriation		276 239		12 121		263 378		12 098
Liability to Consolidated Fund		751		0		214		0

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).

The Liability to Consolidated Fund represents the difference between the "Amount Drawn against Appropriation" and the "Total Expenditure/Net Claim on Consolidated Fund". For an explanation of variances to Budget, you are referred to Note 30.

Notes to and forming part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Reporting Entity**

The Department of Primary Industries as a reporting entity comprises all the entities under its control, including the Department's commercial activities, such processes as laboratory testing, education and Fishery fees. The Department also controls activities under the *Agricultural Scientific Collections Trust Act, 1983* and the *Agriculture Livestock Disease Control Funding Act, 1998*. The entity also encompasses funds which, while containing assets that are restricted for specific uses by the grantor or donor, are nevertheless controlled by the Department. The Department of Primary Industries is a NSW government department. The Department is a not for profit entity as profit is not its principal objective and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

In June 2004 Forests NSW was aligned with DPI but continues to operate as a self funded Public Trading Enterprise. Forests NSW is the trading name for the Forestry Commission of NSW a statutory body created under the *Forestry Act 1916* which has continued to be listed under Schedule 2 of the *Public Finance and Audit Act 1983* (the Act) for financial reporting and management purposes. Forests NSW operates as a non-budget sector Public Trading Enterprise and under requirements of the Act and National Competition Guidelines for government owned businesses is required to report separately from other areas of Government.

On 17 March 2006 the Government proclaimed the *Public Sector Employment Legislation Amendment Act 2006*. This Act made fundamental changes to the employment arrangements of many statutory corporations through amendments to the *Public Sector Employment and Management Act 2002* (PSEMA) and other Acts. In particular, the status of employees of many statutory corporations has been changed. They are now employees of the Government of New South Wales in the service of the Crown. Employees of the Government were assigned to Divisions of the Government Service. Departments are now also known as Divisions of the Government Service, per Schedule 1 of the PSEMA.

From 17th March, 2006 Forests NSW employees became either the employees of either Department of Primary Industries or the new entity, Forestry Commission Division. As a PTE, Forests NSW continues to be responsible for making use of the employees and resources of both Department of Primary Industries and Forestry Commission Division at its own cost, and must meet all expenses, taxes, duties and Government dividends from revenues earned from the commercial business activities it undertakes. Forests NSW are also a reporting entity.

This supply and continued use of resources and shared services from DPI and Forestry Commission Division is based on the signed Memorandums of Understanding. Accordingly separate financial statements have been prepared for the Department and Forests NSW. In the case of the Department, its reports are in accord with the Financial Reporting Code for Budget Dependent General Government Sector Agencies (the Code). Forests NSW accounts are prepared more in line with private sector reports reflecting Forests commercial self-funding basis of operation. The financial reports of the Department of Primary Industries and Forests NSW are consolidated in this document.

In the process of preparing the consolidated financial report for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

With regard to the following Notes, where reference is made to 'Department' it refers to the total activities of the Department of Primary Industries whilst a reference to 'Parent' relates to activities of the Department of Primary Industries. 'Forest NSW' refers to the specific activities of NSW Forests.

This consolidated financial report has been authorised for issue by the Director-General on 19 December 2008.

(b) Basis of Preparation

The Department's financial report is a general purpose financial report which has been prepared in accordance with:

1. applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
2. the requirements of the *Public Finance and Audit Act 1983* and Regulation; and
3. the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets at 'fair value through profit and loss' and available for sale are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention.

Judgement, key report assumptions and estimations management has made are disclosed in the relevant notes to the financial report.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

Forests NSW

Forest NSW is a for profit entity and its accounts are consolidated as part of the NSW Total State Sector Accounts.

The accounts have been prepared on an accrual basis utilising conventional historical cost bases except for certain forest, non-forest assets and investment properties which, as indicated separately in the notes and financial statements, are stated at fair value.

(c) Statement of Compliance

The consolidated and parent financial reports and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations);

(d) Administered Activities

The Department administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources resulting from these transactions for the achievement of the Department's own objectives.

Transactions and balances relating to the administered activities are not recognised as the agency's revenues, expenses, assets, and liabilities but are disclosed in the accompanying schedules as "Administered Revenues", "Administered Expenses", "Administered Assets" and "Administered Liabilities".

The accrual basis of accounting and all applicable accounting standards have been adopted for the reporting of the administered activities.

(e) Borrowing Costs**Parent**

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's mandate to general government sector agencies.

Forests NSW

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 (where valid).

Borrowing costs include:

- Interest on bank overdrafts and short-term and long-term borrowings
- Amortisation of discounts or premiums relating to borrowings

Borrowing costs are capitalised as these funds have been utilised for the acquisition of land and for the establishment and development of new plantations which by their nature take a substantial period of time to become commercially productive.

Notes to and forming part of the financial statements

(f) Insurance

The Department's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

Forests NSW**Workers Compensation Insurance**

Forests NSW are a licensed self insurer under the provisions of the *Workers Compensation Act 1987*. In accordance with regulations that govern the operations of Workers Compensation, an independent actuary has determined the value of the outstanding claims liability as at 30th June 2008. In addition separate insurance cover is held with private insurance companies for excess total incident and total claims costs.

From 17th, March 2006 onwards, the NSW Government proclaimed the PSELAA (*Public Sector Employment Legislation Amendment Act 2006*). As of that date, all related employee costs and entitlements are recognised as Personnel Services from the supply of labour related services from either DPI or Forestry Commission Division.

Employee related liabilities are transferred from Forests NSW's statutory accounts to New South Wales Department of Primary Industries (DPI) and Forestry Commission Division in accordance with the established memorandum of understanding. In the Forests NSW's (Statutory Balance Sheet), they are disclosed as amounts due to related entities.

Upon consolidation of the year end financial statements, employee related liabilities from the Forestry Commission Division are shown as current and non current provisions.

(g) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where:

- the amount of GST incurred by the agency as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the cash flow statement on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Tax Office are classified as operating cash flows.

(h) Income Recognition**Parent**

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Parliamentary Appropriations and Contributions

Except as specified below, Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenue when the Department obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions are normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

The liability is disclosed in Note 26 as part of "Current Liabilities – Other". The amount will be repaid and the liability will be extinguished next financial year. Any liability in respect of transfer payments is disclosed in Note 34 "Administered Assets and Liabilities".

(ii) Sale of Goods

Revenue from the sale of goods is recognised as revenue when the

Department transfers the significant risks and rewards of ownership of the assets.

(iii) Rendering of Services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iv) Investment Income

Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement. Rental revenue is recognised in accordance with AASB 117 Leases on a straight-line basis over the lease term. Royalty revenue is recognised in accordance with AASB 118 Revenue on an accrual basis in accordance with the substance of the relevant agreement. Dividend revenue is recognised in accordance with AASB 118 when the Department's right to receive payment is established.

Forests NSW

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

(i) Sale of Timber and Related Activities

Revenue from the sale of timber and related activities is recognised (net of returns, discounts and allowances) when control of the goods passes to the customer.

(ii) Grants

Government grants are recognised as income over the periods necessary to match them with related costs which they are intended to compensate, on a systematic basis.

(i) Assets**(i) Acquisition of assets****Parent**

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Department. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

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

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

(ii) Capitalisation Thresholds

Property, plant and equipment and intangible assets costing \$5 000 and above individually (or forming part of a network costing more than \$5 000) are capitalised.

(iii) Revaluation of Property, Plant and Equipment**Parent**

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment and AASB 140 Investment Property. Information on investment property is separately discussed at Note 1(i)(xi).

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Notes to and forming part of the financial statements

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Department re-values each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2004 and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being re-valued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reserves a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit.

Revaluation decrements are recognised immediately as expenses in the surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been re-valued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

Forests NSW

Land

All land, being Crown Land and Forests NSW owned land, under forests and plantations and under administrative buildings, offices, mechanical workshops and other non-forest installations were revalued by Valuation Services which is a business unit of Department of Lands on 30 June 2007. Fair value is based on current market buying price representing value in use. The Valuation Services supported this basis of valuation by recognising that Forests NSW land was held for continued use and would be replaced if Forests NSW was deprived of them.

The valuation recognised areas that were currently utilised for timber producing purposes and other areas such as reserves and exclusion zones where no commercial activities are carried out by Forests NSW.

Independent valuations will be performed at least triennially for land, or earlier if significant market movements are detected, with purchases in the intervening periods taken to account at cost.

Roads & Bridges

Major Roads and Bridges have been independently revalued by Valuation Services (formerly State Valuation Office) at 30 June 2006 on the basis of written down replacement cost, which approximates fair value.

Independent valuations will be performed at least triennially or earlier if significant market movements are detected, with purchases in the intervening periods taken to account at cost.

Costs of building or significantly upgrading primary access roads (Class A) and secondary access roads (Class B) are capitalised as incurred. Maintenance costs on these higher classification roads are expensed as incurred. All other costs of maintaining and developing the rest of the

road infrastructure are expensed as incurred.

Heavy Plant and Equipment, Motor Vehicles and Mobile Plant

Heavy Plant and Equipment have been independently revalued by Slattery Auctions at 30 June 2006 on the basis of market realisable estimate which approximates fair value.

Independent valuations will be performed at least triennially or earlier if significant market movements are detected, with purchases in the intervening periods taken to account at cost.

Motor vehicles and Mobile Plant were revalued at 30 June 2006 by management. The carrying value as at 30 June 2006 approximates to the fair value. Revaluations will be performed at least triennially for motor vehicles, or earlier if significant market movements are detected, with purchases in the intervening periods taken to account at cost.

Other Assets

Radio Equipment was revalued at 30 June 2006 by management. The carrying value as at 30 June 2006 approximates to the fair value. Aircraft was revalued by Slattery Auctions at 30 June 2006. Other assets are stated at written down value as at 30 June 2006, which approximates fair value.

Biological Assets (refer note 20)**Softwood Plantation Timber**

The fair value of the Softwood Pine Plantation Growing Stock has been assessed utilising a Net Market Value model, which is based upon standing volumes and current prices less the direct costs of disposing of the timber.

The present valuation model differentiates between the following components of the plantation: Non commercial plantations are defined as those plantations which are less than 15 years of age and which have not yet undergone a commercial operation. As market prices cannot be readily determined for these plantations, they are valued on the basis of historical costs incurred in their establishment. Commercial plantations are defined as those plantations between 12 and 15 years of age which have experienced a commercial operation, and all plantations 15 years of age or greater. A commercial operation is defined as a thinning or clear felling which produces marketable quantities of forest products for sale.

Volume increments are determined both by periodic re-measurement of samples of plantations and by modelling growth from the date of most recent measurement to the valuation date. The modelled growth estimates are generally checked to physical data at five yearly intervals. The market valuation is prepared by qualified foresters, employed by Forests NSW using techniques/methods published in scientific journals and accepted by the forestry industry. The current product proportionment models, used to determine the component product volumes on which the valuations are based, were first implemented in 2002. To better reflect the effects of recent growth conditions and the usage of more genetically advanced seedling stock in more recent years, Forests NSW has recently commenced processes to test and validate the modelling projections to recent actual harvested volumes of various timber products.

Until these validation processes are completed, there may be some variation between reported modelled volumes and actual standing volumes. Recalibration of the inventory models will then be made to ensure models closely align to current actual harvest records. Should any amendment to the valuation become necessary as a result of this testing, any resulting financial effects will be incorporated into future valuations. Costs capitalised in relation to plantations comprise the direct costs of establishment and development attributable to a new plantation of specific age class and species, and indirect costs attributable to the growing stock establishment activity. These indirect costs include fire prevention and suppression, road maintenance, forest management and planning, research, and administration and management.

Other ongoing maintenance and management costs in relation to commercial pine plantations are expensed as incurred, with the exception of major post thinning fertilising and pruning programs. Where these programs are designed specifically to improve stand quality, the costs are

Notes to and forming part of the financial statements

capitalised. The net change in fair value (resulting from price and volume movements) from the beginning, to the end of the year is recognised as revenue or an expense in the Income Statement.

Additional data from harvest reconciliations confined a value adjustment to Macquarie Region. This resulted in a value decrement adjustment of \$51 504 547 (\$105 593 586 in 2006-2007).

Hardwood Plantation Timber

These plantations are generally less than 15 years of age and have yet to undergo a commercial operation. As market prices cannot be readily determined for these plantations and as the quality of inventory and growth data has not developed to a suitable standard to support a detailed growth model for these plantations at this time, this resource is valued on the basis of historical costs incurred in their establishment, being the best indication of fair value of the standing timber.

As Hardwood plantations undergo a commercial operation or reach age 15, Forests NSW intends to move to market value for this resource. Land under these plantations and integral infrastructures have been independently valued and disclosed separately in these accounts.

Native Forest Timber

The value of the Native Forest timber resource, currently available for harvesting, has been assessed utilising a Net Market Value model for the 2007-08 financial year. This approach has been recommended, in the short term, by an independent review of Forests NSW's native forest valuation methodology by Pöyry Forest Industry Limited (Pöyry). The approach is based upon standing volumes and current prices less direct costs of disposing of the timber.

Standing volume information is derived from the most recently available resource inventory data. The inventory base is updated on an annual basis to replace plots that have been disturbed due to harvesting or plots that were established in excess of 10 years from the previous measurement date. Only the standing volume of timber that is available in a single harvest cycle is valued. Standing volume information has been grown forward from inventory date to 30 June 2008 and reduced by the volume of products sold since the inventory date.

The Western River Redgum forests and Southern Cypress forests were previously not covered by the standard inventory plot base and previous valuations have relied upon older sources of data for the derivation of values. These areas are now covered by the standard inventory plot base with the Western River Red Gum plot set being current as of the 1-1-2008 and the Southern Cypress plot set being current as of the 1-1-2007.

In determining the standing volume, the gross area of native forests is reduced by the extent where logging is excluded in certain areas. On the north and south coast a net harvest area modifier is then applied to reflect the impact of other logging exclusions prescribed by licences that are not area specific. A further strike rate reduction factor is used to reduce the net harvest area for unmapped flora and fauna exclusions.

After adjusting the gross standing volume for the above exclusions, reconciliation factors are applied to the standing volume of products within each valuation area. These reconciliation factors reflect restrictions on the intensity of harvesting in native forests and the influence of current markets on FNSW's ability to sell certain product types. The reconciliation factors were derived independently by Pöyry and represent a write down factor of the estimated total standing merchantable volume, derived from plot data, with the actual harvested yields from the same areas. A summary of the reconciliation factors used are shown in the table below:

Valuation Area	Reconciliation Factor (%)		
	High quality	Low quality	Pulp
Western cypress non-RA	34	N/A	N/A
Western cypress RA	34	N/A	N/A
Western River Red Gum	31	48	1
South Coast Tumbarumba	25	21	63

South Coast Batemans Bay	25	21	63
South Coast Eden	30	30	56
Central Region	43	29	16
North East Region	35	27	2
North Coast pre-94 hardwood plantations	30	30	30

The market value for products by species that is applied to yield estimates was sourced from current years actual price data adjusted for marketing and selling costs.

Forests NSW older hardwood plantation resource (pre 1994) has presently been valued as native forest until the plantations are accredited.

Forests NSW manages available native forest areas on a sustainable yield basis. Sustainable yield means that the volume harvested will approximate, over long-term harvest cycles, annual forest growth of the harvestable native forest areas. As a result, all costs incurred in managing, maintaining and developing the Native Forests timber resources are expensed as incurred on the basis that all relevant costs are incurred in maintaining a constant forest resource.

Carbon Credits

Forests NSW participated in an inaugural sale of New South Wales Greenhouse Abatement Credits in 2004-2005. For financial year ending 30 June, 2008, unsold carbon credit certificates are accounted for as inventory at lower of cost or net realisable value.

(iv) Impairment**Property, Plant and Equipment**

As a not-for-profit entity with no cash generating units, the Department is effectively exempted from AASB 136 Impairment of Assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

Forests

Fixed Assets are reviewed and assessed periodically at each reporting cycle to assess fair value and impairment.

Impairment of other tangible and intangible assets

At each reporting date, Forests NSW reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, Forests NSW estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset maybe impaired.

Where an indicator of impairment exists, the asset will be written down to the recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is also used to determine assets that do not generate largely independent cash inflows

(v) Assets Not Able to be Reliably Measured

The Department holds certain assets that have not been recognised in the Balance Sheet because the Department is unable to measure reliably the value for the assets. These assets are the insect and mite collection, the plant pathology herbarium, a collection of mineral core specimens obtained through drilling over a considerable period of time and various

Notes to and forming part of the financial statements

Marine Protected Areas, as defined in Note 37.

Some of these assets were originally acquired in 1890 with the appointment of the first scientific officers in the Department. Since that time the assets have been augmented continuously through the addition of specimens representing records of insects, mites, fungi, bacteria, viruses, nematodes and minerals samples.

Each addition of a specimen to the collections also adds a data label bearing information on the identity, location, date of collection, name of the collector and biological information pertaining to that specimen. Each specimen provides data for the trade, quarantine, research and diagnostic functions. The identity information has been added progressively by specialist scientists and geologists, many with world authority status, over many years and much of the information is now irreplaceable because the original source is no longer available. Therefore, due to the irreplaceable nature of these collections, valuation would be extremely difficult.

In addition to this collection information, the collections include many unique reference specimens known as primary type specimens. These are used by taxonomists as the only valid reference point for individual scientific names and are established by the taxonomist who originally names a species.

The maintenance and preservation of these collections is estimated to cost \$0.340m for 2007-2008.

(vi) Depreciation of Property, Plant and Equipment

Parent

Except for certain heritage assets, depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Department.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Land is not a depreciable asset. Certain heritage assets have an extremely long useful life, including original artworks and collections and heritage buildings. Depreciation for these items cannot be reliably measured because the useful life and the net amount to be recovered at the end of the useful life cannot be reliably measured. In these cases, depreciation is not recognised. The decision not to recognise depreciation for these assets is reviewed annually.

The depreciation of buildings and infrastructure is calculated on a straight line basis. Due to the nature and location of its activities, a maximum useful life of 40 years is appropriate. For practical purposes and a basis of accounting treatment, useful life is expressed in 10 year increments, up to the maximum of 40 years.

Equipment and vehicles are depreciated on a straight line basis over the remaining life to scrap value (where applicable) so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity. Each class of asset has a default life which may be varied as a result of management review either at acquisition or at any time during the asset life.

Default asset class lives are:

Ocean going vessels	3 years
Commercial Vehicles	5 years
Motor Cycles	7 years
Business Equipment	7 years
Agricultural Equipment	10 years
Digital Imaging System	10 years
Trailers and Caravans	10 years
Other Marine Craft	10 years
Computing Equipment	4 years
Specialised Equipment	7 years
Passenger Vehicles	7 years

Laboratory Equipment	7 years
Furniture and Fittings	10 years
Farm Vehicles	10 years
Marine Equipment	10 years
Engineering Equipment	15 years

Forests NSW

Depreciation is charged on Property (other than land), and Plant & Equipment at rates which provide for the original cost or valuation to be written down over the expected useful life of the asset. Depreciation commences when the asset is brought into commercial operation.

Type of Asset	Depreciation Method	Useful Life
Property (other than Land)	Straight Line	10 to 50 Years
Aircraft	Straight Line	10 years
Other Plant and Equipment	Straight Line	3 to 50 Years
Roads and Bridges		
- earthworks	Straight Line	100 Years
- paving (gravel)	Straight Line	30 Years
- paving (bitumen)	Straight Line	50 Years

(vii) Major Inspection Costs

The labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(viii) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(ix) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(x) Leased Assets

Parent

The Department does not hold any finance leases. It does however, lease assets on an operating lease basis.

Operating Lease payments are charged to the Operating Statement in the periods in which they are incurred. The major operating lease is that relating to the Head Office Building located in Orange. This building is covered by a 20 year lease with a nine year option. Commitment values for this lease are outlined in Note 28(c).

Forests NSW

Leases are classified as financial leases if at the end of the lease term, the risk and ownership of the leased assets substantially accrued to the lessee.

Financial leases are capitalised at the inception of the lease based on the fair value of the leased assets or the lower of, the present value of the minimum lease payments.

All other leases are classified as operating leases. Operating lease payments are recognised as expenses in the operating statement on a straight-line basis over the lease term.

(xi) Investment Property

Forests does not actively trade or engage in the investment property market. It leases offices and other buildings sites for rental income that are surplus to its requirements.

Notes to and forming part of the financial statements

Investment Property, is measured initially at its cost, including transaction costs and subsequently restated at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in which they arise.

Investment properties are derecognised when they have been either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

(xii) Intangible Assets

The Department recognises intangible assets only if it is probable that future economic benefits will flow to the agency and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Department's intangible software assets, the assets are carried at cost less any accumulated amortisation. The Department's intangible software assets are amortised using the straight line method over a period of 10 years.

Water licences have been valued at fair value where there is an active market.

In general, intangible assets are tested for impairment when an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units, the Department is effectively exempted from impairment testing (refer Para 1 (iv)).

(xiii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the Operating Statement when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(xiv) Inventories**Parent**

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost or "first in first out" method. The Standard requires Inventories held for distribution to be measured at cost, adjusted where applicable for any loss of service potential.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost the Department would incur to acquire the asset on the reporting date. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Forests NSW

Inventories and Work in Progress (WIP) are stated at the lower of cost or net realisable value. In the case of materials and parts, cost comprises purchase price and incidental expenses. The valuation of WIP and finished goods is based on direct costs plus an appropriate proportion of production overheads.

(xv) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The agency determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

Fair value through profit or loss - The agency subsequently measures investments classified as "held for trading" or designated "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the Operating Statement.

Held to maturity investments - Non-derivative financial assets with fixed or determinable payments and fixed maturity that the agency has the positive intention and ability to hold to maturity are classified as "held-to-maturity". These investments are measured at amortised cost using the effective interest method. Changes are recognised in the Operating Statement when impaired, derecognised or through the amortisation process.

Available for sale investments - Any residual investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value directly in equity until disposed or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the Operating Statement. However, interest calculated using the effective interest method and dividends are recognised in the Operating Statement.

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date i.e. the date the entity commits itself to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the balance sheet date.

Forests

Investments are initially recognised at fair values plus, in the case of investments not at fair values through profit and loss, transaction costs. Forests NSW determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each month reporting date.

Forests NSW subsequently measures investments classified as "held for trading" or designated "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the income statement.

(xvi) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the Operating Statement.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the Operating Statement, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the Operating Statement.

Any reversals of impairment losses are reversed through the Operating Statement, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified

Notes to and forming part of the financial statements

as “available for sale” must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(xvii) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Department transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the Department has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the Department has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the agency's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(xviii) Non Current Assets held for sale

The Department has certain non-current assets classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale. Refer note 19

(xix) Trust Funds

The Department receives monies in a trustee capacity for various trusts as set out in Notes 32 and 33. As the Department performs only a custodial role in respect of these monies, and because the monies can not be used for the achievement of the Department's own objectives, these funds are separately identified in the financial statements.

(xx) Other Assets

Other assets are recognised on a cost basis

(j) Liabilities**(i) Payables**

These amounts represent liabilities for goods and services provided to the agency and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Borrowings**Parent**

Loans are not held for trading and are recognised at amortised cost using the effective interest method. Gains or losses are recognised in the operating statement on derecognition.

Forests NSW

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(iii) Financial Guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued and initially measured at fair value, where material. After initial recognition, the liability is measured at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent

Liabilities and Contingent Assets and the amount initially recognised, less accumulated amortisation, where appropriate.

The Department has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts at 30 June 2008 and at 30 June 2007. However, refer Note 29 regarding disclosures on contingent liabilities.

(iv) Employee benefits and other provision**(a) Salaries and Wages, Annual Leave, Sick Leave and On-Costs**

Liabilities for salaries and wages (including non-monetary benefits) and annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 Employee Benefits. Market yields on government bonds of 6.45% are used to discount long-term annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(b) Long Service Leave and Superannuation

The Department's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Department accounts for the liability as having been extinguished; resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 07/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

Forest LSL

A liability for Long Service Leave is recognised in Forestry Commission Division and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on notional government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Long Service Leave liability was assessed by actuaries at 30th June, 2008.

Parent

The superannuation expense for the financial year is determined by using formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contribution.

Forests NSW

Calculation of the total liability for superannuation is based on actuarial advice provided by Pillar Administration.

Notes to and forming part of the financial statements

The superannuation liability in the Balance Sheet is the difference between the gross liabilities and the stake in the funds at reporting date in respect of Forests NSW employees (refer Note 18).

(v) Other Provisions

Other provisions exist when the agency has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the obligation.

Any provision for restructuring are recognised when an agency has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

(k) Equity Transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated as a contribution by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure between government departments are recognised at the amount at which the asset was recognised by the transferor government department immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.

(l) Budgeted Amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s 21A, s 24 and/or s 26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Operating Statement and the Cash Flow Statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Balance Sheet, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts; i.e. per the audited financial statements (rather than the carry forward estimates).

(m) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(n) Accounting for Taxation

Forests NSW

Income Tax (Tax equivalents regime) (refer note 7)

As of 1 July 2001, Forests NSW was subject to the National Tax Equivalents Regime (NTER) which requires Government Trading Enterprises to be subject to the same taxes, including income tax and goods and services tax, as private sector organisations. Prior to this date Forests NSW were subject to the state based Tax Equivalents Regime.

Current tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax losses for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Tax for the current period/prior period is recognised as a liability (or asset) to the extent that is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Included in the deferred tax liability is an amount which represents future deductibility of biological assets amounting to \$796 693 000 (Tax effect @ 30% is \$239 007 900).

The above amount was ascertained during the transitional period when Forests NSW moved from a NSW State Government Agency to a TER (Tax Equivalent Regime) entity.

Forests NSW has never claimed a tax deduction for this establishment plantation Cost against the derived post TER and NTER (National Tax Equivalent Regime) assessable income.

The deductibility of this amount is uncertain and is subject to Forest NSW obtaining a private binding ruling with the Australian Taxation office during 2009.

The correctness of the deferred tax liability recognised for the biological assets is therefore subject to:

- i. Confirmed that these deductions are available
- ii. Accuracy of the future deductible amount of \$796 963 000

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period (s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and Forests NSW intends to settle its current tax assets and liabilities on a net basis.

Deferred tax asset items relating to tax losses will be carried forward as an asset as this benefit has largely arisen from the deductibility of plantation establishment activity. Whilst recognising the significant period involved (to maturity of these plantation assets), as these activities constitute Forests NSW core business, there is high likelihood the benefit will be fully realised in future periods

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

(o) Guarantee Fee

Forests NSW is required to pay an annual Government Guarantee Fee to the NSW Treasury relative to the amount of loans at balance date based upon the differential between an independently assessed, stand alone, credit rating for Forests NSW and the NSW Government's AAA rating. The actual fee payable is calculated using factors provided by the NSW Treasury each year. Forests NSW has been assigned a private stand alone qualified rating indication of 'BBB-' (BBB minus) by Fitch ratings. This is not necessarily the unqualified corporate credit rating that would otherwise apply to Forests NSW.

(p) Dividend

The amount of Dividend payable to the NSW Treasury is set at \$1 000 000. The dividend provided is payable to Treasury in the following financial year.

(q) Buyout of commercial fishers

In September 2001 the Treasurer approved the provision of a loan of \$20 million to the Department to fund the buyout of commercial fishers

Notes to and forming part of the financial statements

affected by the creation of recreational fishing areas in the State. This loan was drawn down on 30 April 2002 at an interest rate of 6.455%. The loan is scheduled to be repaid over seventeen years at an amount of \$2 million per annum, commencing in December 2002.

Approximately \$18.6 million of this loan was expended during the period 2001-02 to 2006-07. Unexpended funds have been repaid to Treasury.

(r) Fisheries Management Amendment Acts

The *Fisheries Management Amendment Act 1997* ("the Act") commenced on 1 July 1998. The objects of the Act are: to provide for the payment of an access fee by recreational freshwater fishers; to establish special fisheries trust funds; and to make other miscellaneous changes to the *Fisheries Management Act 1994*. The *Fisheries Management Amendment Act 2000* also allowed for the introduction from 23 March 2001 of a general access fee payable by recreational fishers to use estuarine and marine waters.

The Act provides for the establishment of special fisheries trust funds, which are: Recreational Fishing (Freshwater) Trust Fund; Recreational Fishing (Saltwater) Trust Fund; Commercial Fishing Trust Fund; Fish Conservation Trust Fund; Aquaculture Trust Fund; and Charter Fishing Trust Fund.

Moneys in these trust funds are under the control of the Minister for Primary Industries and can be expended by the Minister only for the purposes authorised by the Act.

Under the Department's accounting structure, all revenue paid into these special fisheries trust funds and any expenditure there from is included in the Department's financial statements. NSW Treasury has agreed with this course of action. The flow of funds into and out of these special fisheries trust funds has been outlined in note 32 and 33.

(s) Financial instruments accounting policy

Investment income

Interest revenue is recognised as it accrues. Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Dividend revenue is recognised when the Department's right to receive payment is established.

Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectible debts. An estimated provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Other Financial Assets

"Other financial assets" are generally recognised at cost, with the exception of TCorp Hour-Glass Facilities and Managed Fund Investments, which are measured at market value.

For non-current "other financial assets", revaluation increments and decrements are recognised in the same manner as physical non-current assets.

For current "other financial assets", revaluation increments and decrements are recognised in the Statement of Financial Performance.

Payables

These amounts represent liabilities for goods and services provided to the agency and other amounts, including interest. Interest is accrued over the period it becomes due.

Interest Bearing Liabilities

Interest-bearing loans and borrowings are carried at current capital value, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

Coal Compensation Board

The Coal Compensation Board ceased to exist on 31 December 2007. All assets and liabilities of the Board were transferred to the NSW Department of Primary Industries. Refer note 27.

The Board was abolished under the *Coal Acquisition Legislation Appeal Act 2007*.

Recognised Financial Instruments		Terms and Conditions
i) Financial Assets		
Cash	Short-term deposits are stated at net realisable value. Interest is recognised in the income statement when earned	Cash is deposited at call
Receivables	Trade receivables are carried at nominal amounts due less any provision for doubtful debts. A provision is recognised when the collection of the amount is no longer probable.	Credit sales are generally on 7, 14 or 30 day settlement terms.
Other Financial Assets	Investments are stated at net realisable value. Interest and movements in market value are recognised in the income statement when earned	All Investments during the year were at call
ii) Financial Liabilities		
Accounts Payable And Other Creditors	Liabilities are recognised for amounts to be paid in the future for goods and services received.	Trade liabilities are settled within 30 days of the month in which they are incurred in line with NSW Government policy.
Interest-Bearing Loans and Borrowings	Liabilities for loans are recognised at the time of entering into the arrangement.	A liquidity risk policy has been adopted by which no more than 25% of the total debt matures in any one year. All borrowings are sourced from the NSW Treasury Corporation

(t) New Australian Accounting Standards issued but not effective

At reporting date all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (The AASB) that are relevant to the Department's operations and effective for the current annual reporting period have been adopted.

The adoption of the following new and revised Standards and

Interpretations have resulted in changes to the entity's accounting policies as outlined below:

- *AASB 7 Financial Instruments: Disclosure*

The application of AASB 7 Financial Instruments: Disclosure does not affect any of the amounts reported in the financial statements for the current or prior years, but does change the disclosures previously made in relation to the Authority's financial assets and financial liabilities.

Notes to and forming part of the financial statements

- AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and other Amendments*

This Standard was issued as a result of the Australian Accounting Standards Board's decision that, in principle all options that currently exist under IFRSs should be included in the Australian Accounting Standards. There has been no impact on the Authority's policies as the options are consistent with previous practices mandated by NSW Treasury.

At the date of the financial report, the following Standards and Interpretations were on issue but not yet effective:

Accounting Standard/Interpretation	Effective
• AASB 3, AASB 127 and AASB 2008-3 (Mar 2008) regarding business combinations	2009/10
• AASB 8 and AASB 2007-3 regarding operating segments	2009/10
• AASB 101 (Sept 2007) and AASB 2007-8 regarding presentation of financial statements	2009/10
• AASB 123 (June 2007) and AASB 2007-6 regarding borrowing costs	2009/10
• AASB 1004 (Dec 2007) regarding contributions	2008/09
• AASB 1049 (Oct 2007) regarding the whole of government and general government sector financial reporting	2008/09
• AASB 1050 (Dec 2007) regarding administered items	2008/09
• AASB 1051 (Dec 2007) regarding land under roads	2008/09
• AASB 1052 (Dec 2007) regarding disaggregated disclosures	2008/09
• AASB 2007-9 regarding amendments arising from the review of AAS 27, AAS 29 and AAS 31	2008/09
• AASB 2008-1 regarding share based payments	2009/10
• AASB 2008-2 regarding puttable financial instruments	2009/10
• Interpretation 4 regarding determining whether an arrangement contains a lease (Feb 2007) (amended as a result of Interpretation 12)	2008/09
• Interpretation 12 and AASB 2007-2 regarding services concession arrangements (except Changed references to UIG Interpretations which apply from 2006/07)	2008/09
• Interpretation 13 on customer loyalty programmes	2008/09
• Interpretation 14 regarding the limit on a defined benefit asset	2008/09
• Interpretation 129 (Feb 2007) regarding services concession disclosures	2008/09
• Interpretation 1038 (Dec 2007) regarding contribution by owners	2008/09

Early adoption of new or revised Accounting Standards/ Interpretation.

The following Australian Accounting Standards/Interpretations have been mandated by the NSW Treasury not to be adopted early in this financial report:

- AASB 3 (March 2008), AASB 127 and AASB 2008-3 regarding business combinations;
- AASB 8 and AASB 2007-3 regarding operating segments;
- AASB 101 (Sept 2007) and AASB 2007-8 regarding presentation of financial statements;
- AASB 123 (June 2007) and AASB 2007-6 regarding borrowing costs;
- AASB 1004 (Dec 2007) regarding contributions;
- AASB 1049 (Oct 2007) regarding the whole of government and general government sector financial reporting;
- AASB 1050 (Dec 2007) regarding administered items;
- AASB 1051 (Dec 2007) regarding land under roads;
- AASB 1052 (Dec 2007) regarding disaggregated disclosures;
- AASB 2007-9 regarding amendments arising from the review of AASs 27, 29 and 31;
- AASB 2008-1 regarding share based payments;
- AASB 2008-2 regarding puttable financial instruments;
- Interpretation 4 (Feb 2007) regarding determining whether an arrangement contains a lease;
- Interpretation 12 and AASB 2007-2 regarding service concession arrangements;
- Interpretation 13 on customer loyalty programmes;
- Interpretation 14 regarding the limit on a defined benefit asset;
- Interpretation 129 (Feb 2007) regarding service concession disclosures;
- Interpretation 1038 (Dec 2007) regarding contributions by owners.

Notes to and forming part of the financial statements

2. EXPENSES EXCLUDING LOSSES

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
(a) Employee Related Expenses				
Salaries and wages (including recreation leave)	245 959	229 622	228 944	203 416
Superannuation – defined benefit plans	18 313	1 518	9 743	8 169
Superannuation – defined contribution plans	18 184	13 898	17 071	12 773
Long service leave	13 861	9 775	13 530	9 429
Workers compensation insurance	4 981	3 819	4 547	2 604
Payroll tax and fringe benefits tax	18 864	21 232	17 254	15 727
Redundancy payments	8 016	4 964	8 066	4 866
Other - Miscellaneous	16 410	22 173	8 914	9 585
	344 588	307 001	308 069	266 569
(b) Other operating expenses include the following:				
Auditor's remuneration – audit or review of financial reports	736	644	366	346
Cost of inventories held for distribution	18 409	16 038	18 413	16 038
Operating lease rental expense – minimum lease payments	15 731	15 091	15 097	13 889
Maintenance*	8 682	12 430	8 589	12 311
Insurance	1 947	2 049	1 311	1 498
Other – Advertising and promotion	1 833	895	1 779	822
- Bank charges	186	180	186	180
- Bad debts written off	2 287	0	0	0
- Consultancy	742	724	530	514
- Courier and freight	953	603	953	603
- Electricity	3 061	2 983	2 631	2 592
- Rates	446	462	378	378
- Materials	18 517	16 063	0	0
- Telephone	5 236	5 467	3 735	3 962
- Travel	15 232	11 767	12 739	9 146
- Water	68	84	0	0
- Land Tax	468	491	0	0
- Stamp duty	29	33	0	0
- Fuel	3 353	2 939	3 353	2 939
- Legal Fees	325	237	325	237
- Training	1 601	1 151	1 601	1 151
- Fees	50 819	26 331	51 424	26 408
- Printing	2 296	1 890	2 295	1 890
- Other operating expenses	24 976	26 204	21 505	23 005
	177 933	144 756	147 210	117 909
Maintenance Reconciliation				
*Maintenance expense as above	8 682	12 430	8 589	12 311
Maintenance related employee expenses included in Note 2(a)	3 612	4 531	2 253	2 344
Total maintenance expenses included in Note 2(a) + (b)	12 294	16 961	10 842	14 655
No employee related costs have been capitalised.				
(c) Depreciation and amortisation expense				
Buildings	6 608	6 255	5 405	5 263
Infrastructure	7 522	7 261	3 350	3 216
Plant and Equipment	17 067	16 190	11 965	10 973
Amortisation of intangible assets	714	314	714	314
	31 911	30 020	21 434	19 766

Notes to and forming part of the financial statements

2. EXPENSES EXCLUDING LOSSES (cont'd)

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
(d) Grants and subsidies				
Destruction of Noxious Weeds	8 260	7 854	8 260	7 854
Wild Dog Destruction Board	60	60	60	60
Animal Welfare Organisations	533	512	533	512
Rural Lands Protection Boards	540	740	540	740
Rural Counsellors Contribution	841	701	841	701
Grants to Government Bodies	3 762	165	13 319	9 722
Grants to Other Non-Government Bodies	0	156	0	156
Safe Food Production	11 462	12 426	11 462	12 426
Disaster response services	2 400	0	2 400	0
Brigalow Structural Adjustment	4 622	1 761	4 874	1 761
Drought Transport Subsidies	23 376	33 389	23 376	33 389
	55 856	57 764	65 665	67 321
(e) Finance Costs				
Interest on Treasury Advance	1 545	2 619	962	1 166
Amortised interest expense	522	550	522	550
	2 067	3 169	1 484	1 716
(f) Other expenses				
Beekeepers' Compensation	38	62	38	62
Marine Parks commercial fisheries buyout	1 121	19 258	1 121	19 258
Shark Meshing	792	881	792	881
Buyout of Commercial fisheries	0	1 308	0	1 308
Remedial Works to Mine Areas	1 837	1 732	1 837	1 732
Australian Standing Committee on Agriculture	5 346	3 187	5 345	3 187
Forest Industry Restructure Package	0	237	0	237
Coal compensation expense	1 080	0	1 080	0
	10 214	26 665	10 213	26 665

Notes to and forming part of the financial statements

3. REVENUES

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
(a) Sale of goods and services				
Sale of goods:				
Sale of produce	5 095	4 958	5 095	4 958
Sale of publications	685	755	685	755
Minor sales of goods and services	772	333	772	333
Rendering of services:				
Education	2 436	3 009	2 436	3 011
Fees for services rendered	125 823	105 476	11 811	10 361
Fishery Application & Management Fees	3 496	3 985	3 496	3 985
Mine Safety Levy	17 029	18 686	17 029	18 686
Other Services	32 003	34 615	8 498	12 384
	187 339	171 817	49 822	54 473
(b) Investment revenue				
Interest	1 217	3 242	1 217	2 622
Rents	3 975	3 668	1 030	884
Royalties from the sale of timber and related products	138 837	128 420	0	0
Dividends	11	80	11	80
	144 040	135 410	2 258	3 586
(c) Retained taxes fees and fines				
Recreational Fishing Fees	10 670	10 507	10 670	10 507
	10 670	10 507	10 670	10 507
(d) Grants and Contributions				
Grants – Industry/Private Bodies	32 139	43 137	32 139	43 154
Grants – Public Authorities	6 639	6 778	0	0
Grants – Other Employment Schemes	68	(300)	68	(300)
Grants – Commonwealth Government	46 715	2 495	46 715	2 495
Grants – Budget Sector Agencies	22 652	27 257	22 652	27 257
Grants from Local Government	767	1 331	767	1 331
	108 980	80 698	102 341	73 937
(e) Other revenue				
Other Revenue	6 121	921	6 437	921
	6 121	921	6 437	921
(f) Personnel Services Revenue	2 669	1 618	56 805	47 637

4. GAIN/(LOSS) ON DISPOSAL

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
Proceeds from sale of property, plant and equipment	4 270	8 055	674	1 584
Proceeds from sale of assets held for sale	7 633	1 226	7 633	1 226
Written down value of assets sold	(14 830)	(10 136)	(7 598)	(3 087)
Net gain on disposal of property, plant and equipment	(2 927)	(855)	709	(277)

Notes to and forming part of the financial statements

5. OTHER GAINS /(LOSSES)

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
Impairment of Receivables	0	(2 427)	0	0
Gain /(loss) – fair value of property, plant and equipment	0	(166)	0	0
Gain /(loss) – investment properties	0	4 261	0	0
Gain on fair value of borrowings	522	551	522	551
Increment/(decrement) in net market value of biological assets	79 644	(185 251)	450	335
Net Other gains/(losses)	80 166	(183 032)	972	886

6. CONDITIONS ON CONTRIBUTIONS

Contributions of \$56.888m during 2007-08 were provided for specific purposes associated with industry funded research with the Department having an obligation to use these funds as specified by the donor body. Expenditure of these contributions has been made in the manner specified by the contributors. Any funds that are not used on the specific project must be refunded to the donor body unless the body agrees to redirect the funds to another project. Refer Note 21.

The total amounts of contributions which were unexpended at 30 June 2008 (including those received in prior years) were \$25.103m (30 June 2007 - \$19.770m). These funds will be carried forward to the next financial year.

7. INCOME TAXES

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
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(a) Income Tax recognised in Operating Statement

Tax expense/(income) comprises:

Current tax expense/(income)	1 492	5 190	0	0
Deferred income tax Relating to origination and reversal of timing differences that are part of:				
Deferred tax liability	32 630	(42 886)	0	0
Deferred tax asset	3 157	(2 269)	0	0
Total expense/(income)	37 279	(39 965)	0	0
Attributable to:				
Continuing operations	37 279	(39 965)	0	0
Discontinued operations	0	0	0	0
	37 279	(39 965)	0	0

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Accounting Profit/(Loss) from continuing operations	117 651	(138 320)	0	0
Accounting Profit/(Loss) from discontinued operations	0	0	0	0
At the statutory income tax rate of 30 per cent	(35 295)	41 496	0	0
Excess/(Deficit) of accounting depreciation over tax	(204)	(208)	0	0
Non revenue expenditures	(1 519)	(52)	0	0
Loss on discontinued assets	(1 411)	(72)	0	0
Provisions and accruals expenses	576	(1 338)	0	0
Unearned revenue	2 688	311	0	0
Increment/(decrement) in net market value of biological assets	23 987	(51 792)	0	0
Non Assessable Income	0	1 885	0	0
Capitalised finance costs	3 006	2 616	0	0
Sundry Items	0	(760)	0	0
Capital Expenditures on Plantation Establishment	6 680	2 723	0	0

Notes to and forming part of the financial statements

7. INCOME TAXES (cont'd)

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
Deferred Income Tax relating to origination and reversal of timing differences	(35 787)	45 156	0	0
Income tax benefit/(expense) reported in operating statement	(37 279)	39 965	0	0
	Consolidated Actual			
Income Tax Equivalents	Balance Sheet		Operating Statement	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Deferred Income tax equivalent at 30 June relates to the following:				
Deferred Income Tax equivalent Liabilities				
Property Plant & Equipment	(328 404)	(330 770)	2 366	96 723
Biological Assets	(215 585)	(182 141)	(33 444)	(46 453)
Superannuation	0	0	0	0
Gross deferred income tax equivalent liabilities	(543 989)	(512 911)	0	0
Deferred Income Tax equivalent Assets				
Superannuation	0	0	0	0
Provision of expenses	1 451	1 948	(497)	1 298
Revenue in advance	6 006	8 666	(2 660)	971
Gross deferred income tax equivalent assets	7 457	10 614	0	0
Deferred income tax equivalent charge			(34 235)	52 539

8. APPROPRIATIONS

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
Recurrent appropriations				
Total recurrent draw-downs from Treasury (per Summary of Compliance)	276 239	263 378	276 239	263 378
Less: Liability to Consolidated Fund (per Summary of Compliance)	(751)	(214)	(751)	(214)
	275 488	263 164	275 488	263 164
Comprising:				
Recurrent appropriations (per Operating Statement)	275 488	263 164	275 488	263 164
Transfer payments	0	0	0	0
	275 488	263 164	275 488	263 164
Capital appropriations				
Total capital draw-downs from Treasury (per Summary of Compliance)	12 121	12 098	12 121	12 098
Less: Liability to Consolidated Fund (per Summary of Compliance)	0	0	0	0
	12 121	12 098	12 121	12 098
Comprising:				
Capital appropriations (per Operating Statement)	12 121	12 098	12 121	12 098
Transfer payments	0	0	0	0
	12 121	12 098	12 121	12 098

Notes to and forming part of the financial statements

9. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
The following liabilities and/or expenses have been assumed by the Crown Entity or other Government agencies:				
Superannuation	9 743	8 189	9 743	8 189
Long Service Leave	8 884	7 384	8 884	7 384
Payroll tax	585	491	585	491
	19 212	16 064	19 212	16 064

10. PROGRAMS/ACTIVITIES OF THE DEPARTMENT**Agriculture and Fisheries**

Program objective: To assist sustainable development of the State's agricultural and fishing industries, whilst ensuring conservation of fisheries resources and maintaining a high standard of animal welfare.

Mineral Resources

Program objective: To manage mineral resources sustainability for high and stable economic growth; employment from exploration and mining; and a safe, healthy, environmentally responsible exploration and mining industry.

Biosecurity, Compliance and Mine Safety

Program objective: To provide a bio-security framework to support and improve domestic and international market access for New South Wales primary industries products. To coordinate and where necessary implement emergency management planning and response. To help the mining industry continually to improve industry safety.

Science and Research

Program objective: To provide strategic science that enhances growth, sustainability, and biosecurity of New South Wales primary industries.

Personnel Services

Program objective: To provide personnel services to selected agencies as part of the State's WorkChoices insulation legislation.

11. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
Cash at bank and on hand*	46 376	45 356	35 430	42 241
Short term deposits	651	434	0	0
NSW Treasury Corporation Hourglass Investments	43	2 066	0	0
	47 070	47 856	35 430	42 241

For the purpose of the Cash Flow Statement, cash and cash equivalents include cash at bank, cash on hand, short term deposits and bank overdraft.

Cash and cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:

Cash and cash equivalents (per Balance Sheet)	47 070	47 856	35 430	42 241
Closing cash and cash equivalents (per Cash Flow Statement)	47 070	47 856	35 430	42 241

Refer Note 38 for details regarding credit risk, liquidity risk and market risk arising from financial instruments

The Department has credit facilities of \$5.0 million of which \$4.6 million remains unused at 30 June 2008.

NOTE: *Included in this balance is the following special deposit accounts

Agricultural Scientific Collections Trust	32	24	32	24
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Transactions of the Agricultural Scientific Collections Trust are recognised in relevant amounts recorded in these financial statements.

A separate general purpose financial report is prepared for the Agricultural Scientific Collections Trust as required in the *Agricultural Scientific Collections Trust Act 1983*.

Notes to and forming part of the financial statements

12. CURRENT/NON-CURRENT ASSETS-RECEIVABLES

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
CURRENT				
Sale of goods and services	57 593	55 867	17 465	11 313
Less: Allowance for impairment	(588)	(3 334)	(566)	(907)
Prepayments	4 268	5 981	2 372	3 030
Interest Receivable	405	1 379	405	1 379
Miscellaneous	9 235	8 379	8 799	8 207
	70 913	68 272	28 475	23 022
NON-CURRENT				
Personnel Services	1 386	1 285	26 335	25 699
	1 386	1 285	26 335	25 699

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
Movement in the allowance for impairment				
Balance at 1 July	3 334	723	907	695
Amounts written off during the year	(2 475)	(80)	(71)	(72)
Amounts recovered during the year	(24)	(258)	(23)	(258)
				542
Increase/(decrease) in allowance recognised in profit or loss	(247)	2 949	(247)	
Balance 30 June	588	3 334	566	907

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 38

13. CURRENT/NON-CURRENT ASSETS – INVENTORIES

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
CURRENT				
Valued at Cost				
Materials and Parts	6 317	6 861	1 450	1 861
Work in Progress and Finished Goods	3 862	3 200	340	257
	10 179	10 061	1 790	2 118

14. CURRENT/NON-CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
NON-CURRENT				
Gold Exhibits	1 528	1 190	1 528	1 190
Shares in Co-Operatives	618	613	618	613
	2 146	1 803	2 146	1 803

Gold Exhibits

The Department has control and custody of certain gold exhibits which were transferred following the closure of the Earth Exchange (Mining Museum) in 1995. The 2008 valuations are based on the estimated specimen value as at 22 June 2008. These exhibits are as follows:

Notes to and forming part of the financial statements

14. CURRENT/NON-CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE (cont'd)

		Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
	Weight (Troy Oz)				
Maitland Bar	344.41	1 288	1 010	1 288	1 010
Lucky Hit	42.64	160	119	160	119
Woods Flat	20.85	63	47	63	47
Alluvial Gold	18.00	17	14	17	14
TOTAL	425.90	1 528	1 190	1 528	1 190
The value of shares represents holdings in:					
Australian Co-Operative Foods Ltd		507	502	507	502
Norco Co-Operative Ltd		92	92	92	92
Rice Growers Co-Operative Mills Ltd		8	10	8	10
Rice Marketing Board of NSW		10	9	10	9
		617	613	617	613

Refer Note 38 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

Notes to and forming part of the financial statements

15. NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT

	Land and Buildings		Plant & Equipment		Infrastructure Systems		Digital Imaging System (DIGS)		Forest Plant & Equipment under construction		Total	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
At 1 July 2007												
At Fair Value	1 267 317	210 344	1 34 657	98 305	1 58 311	45 410	5 899	5 899	8 180	0	1 574 364	359 958
Accumulated Depreciation and Impairment	(18 346)	(18 346)	(63 487)	(58 497)	(14 963)	(10 918)	(4 719)	(4 719)	0	0	(101 515)	(92 480)
Net Carrying Amount	1 248 971	191 998	71 170	39 808	143 348	34 492	1 180	1 180	8 180	0	1 472 849	267 478
At 30 June 2008												
At Fair Value	1 265 546	212 570	1 36 878	105 733	1 55 216	41 345	5 899	5 899	8 204	0	1 571 744	365 548
Accumulated Depreciation and Impairment	(24 589)	(23 236)	(71 964)	(68 103)	(18 199)	(14 027)	(5 309)	(5 309)	0	0	(120 061)	(110 675)
Net Carrying Amount	1 240 957	189 334	64 914	37 630	137 017	27 318	590	590	8 204	0	1 451 683	254 873
Reconciliation												
A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.												
	Land and Buildings		Plant & Equipment		Infrastructure Systems		Digital Imaging System (DIGS)		Forest Plant & Equipment under construction		Total	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
Year ended 30 June 2008												
Net carrying amount at start of year	1 248 971	191 998	71 170	39 808	143 348	34 492	1 180	1 180	8 181	0	1 472 850	267 478
Additions	4 461	3 176	15 850	9 534	7 634	2 620	0	0	12 986	0	40 931	15 330
Assets held for sale (Note 19)	0	0	0	0	0	0	0	0	0	0	0	0
Disposals	(977)	(325)	(8 202)	(2 987)	(464)	(464)	0	0	(348)	0	(9 991)	(3 776)
Transfers	(741)	(944)					0	0	(12 615)	0	(13 356)	(944)
Opening balance addition	(4 327)	505	605	605	122	122	0	0	0	0	(3 600)	1 232
Transfer	20	20	(115)	(115)			0	0	0	0	(95)	(95)
Acquisitions through administrative restructures	271	271	0	0	(2)	(2)	0	0	0	0	269	269
Net revaluation increment less revaluation decrements recognised in reserves	0	0	0	0	(6 219)	(6 219)	0	0	0	0	(6 219)	(6 219)
Transfer to intangibles	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation expense	(6 756)	(5 403)	(16 554)	(11 375)	(7 522)	(3 350)	(590)	(590)	0	0	(31 422)	(20 718)
Writeback on disposal	35	35	2 161	2 161	119	119	0	0	0	0	2 315	2 315
Net Carrying amount at end of year	1 240 957	189 334	64 915	37 631	137 016	27 318	590	590	8 204	0	1 451 683	254 873

The Department holds assets in the form of scientific collections which are not included in the financial statements as they cannot be measured reliably: see Note 1(a). These assets are protected by the *Agricultural Scientific Collections Trust Act 1983*.

Note: Consolidated depreciation expense differs from the operating statement by \$284,000 (2006 \$276,000). This amount represents depreciation held in inventories work in progress as a cost of production of nursery seedlings.

Notes to and forming part of the financial statements

15. NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT (cont'd)

	Land and Buildings		Plant & Equipment		Infrastructure Systems		Digital Imaging System (DIGS)		Forest Plant & Equipment under construction		Total	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
At 1 July 2006												
At Fair Value	948 557	204 508	124 323	92 063	154 207	45 092	5 899	5 899	5 017	0	1 238 003	347 562
Accumulated Depreciation and Impairment	(14 145)	(11 846)	(52 374)	(52 374)	(7 720)	(7 720)	(4 130)	(4 130)	0	0	(78 369)	(76 070)
Net Carrying Amount	934 412	192 662	71 949	39 689	146 487	37 372	1 769	1 769	5 017	0	1 159 634	271 492
	Land and Buildings		Plant & Equipment		Infrastructure Systems		Digital Imaging System (DIGS)		Forest Plant & Equipment under construction		Total	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
At 30 June 2007												
At Fair Value	1 267 317	210 344	134 657	98 305	158 311	45 410	5 899	5 899	8 180	0	1 574 364	359 958
Accumulated Depreciation and Impairment	(18 346)	(18 346)	(63 487)	(58 497)	(14 963)	(10 918)	(4 719)	(4 719)	0	0	(101 515)	(92 480)
Net Carrying Amount	1 248 971	191 998	71 170	39 808	143 348	34 492	1 180	1 180	8 180	0	1 472 849	267 478
Reconciliation												
A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior reporting period is set out below.												
	Land and Buildings		Plant & Equipment		Infrastructure Systems		Digital Imaging System (DIGS)		Forest Plant & Equipment under construction		Total	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
Year ended 30 June 2007												
Net carrying amount at start of year	934 412	192 662	71 949	39 689	146 487	37 372	1 769	1 769	5 017	0	1 159 634	271 492
Additions	12 960	6 063	21 269	12 109	4 908	1 122	0	0	0	0	39 137	19 294
Assets held for sale (Note 19)	0	0	0	0	0	0	0	0	0	0	0	0
Disposals	(4 122)	(951)	(8 611)	(4 733)	(290)	(290)	0	0	0	0	(13 023)	(5 974)
Transfers	(638)	(638)	(346)	(346)	(513)	(513)	0	0	3 163	0	1 666	(1 497)
Opening balance addition	(2 631)	0	0	0	0	0	0	0	0	0	(2 631)	0
Transfer	(147)	(147)	507	507	(48)	(48)	0	0	0	0	312	312
Acquisitions through administrative restructures	140	140	(801)	(801)	0	0	0	0	0	0	(661)	(661)
Net revaluation increment less revaluation decrements recognised in reserves	315 316	0	(875)	0	0	0	0	0	0	0	314 441	0
Transfer to intangibles	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation expense	(6 451)	(5 263)	(15 688)	(10 383)	(7 261)	(3 216)	(589)	(589)	0	0	(29 989)	(19 451)
Writeback on disposal	132	132	3 766	3 766	65	65	0	0	0	0	3 963	3 963
Net Carrying amount at end of year	1 248 971	191 998	71 170	39 808	143 348	34 492	1 180	1 180	8 180	0	1 472 849	267 478

Notes to and forming part of the financial statements

16. INVESTMENT PROPERTY

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
FAIR VALUE				
Opening Balance as at 1 July	9 039	4 778	0	0
Additions	0	0	0	0
Disposals and assets held for sale	(1 123)	0	0	0
Net gain/(loss) from fair value adjustment	0	4 261	0	0
Closing balance as at 30 June (a)	7 916	9 039	0	0

(a) At Valuation 2007: Land \$2,984,000, Buildings \$6,055,000 by Valuation Services

17. INTANGIBLE ASSETS

	Consolidated Software \$000	Consolidated Other \$000	Consolidated Total \$000	Parent Software \$000	Parent Other \$ 000	Parent Total \$000
At 1 July 2007						
Cost (gross carrying amount)	8 950	6 147	15 097	8 950	6 147	15 097
Accumulated amortisation and impairment	(4 917)	0	(4 917)	(4 917)	0	(4 917)
Net Carrying amount	4 033	6 147	10 180	4 033	6 147	10 180
At 30 June 2008						
Cost (gross carrying amount)	12 667	6 147	18 814	12 667	6 147	18 814
Accumulated amortisation and impairment	(5 700)	0	(5 700)	(5 700)	0	(5 700)
Net Carrying amount	6 967	6 147	13 114	6 967	6 147	13 114
Year ended 30 June 2008						
Net carrying amount at start of year	4 033	6 147	10 180	4 033	6 147	10 180
Additions	3 676	0	3 676	3 676	0	3 676
Disposals	(32)	0	(32)	(32)	0	(32)
Impairment losses	3	0	3	3	0	3
Amortisation (recognised in 'depreciation and amortisation')	(713)	0	(713)	(713)	0	(713)
Net carrying amount at end of year	6 967	6 147	13 114	6 967	6 147	13 114
At 1 July 2006						
Cost (gross carrying amount)	7 181	6 147	13 328	7 181	6 147	13 328
Accumulated amortisation and impairment	(4 525)	0	(4 525)	(4 525)	0	(4 525)
Net Carrying amount	2 656	6 147	8 803	2 656	6 147	8 803
At 30 June 2007						
Cost (gross carrying amount)	8 950	6 147	15 097	8 950	6 147	15 097
Accumulated amortisation and impairment	(4 917)	0	(4 917)	(4 917)	0	(4 917)
Net Carrying amount	4 033	6 147	10 180	4 033	6 147	10 180
Year ended 30 June 2007						
Net carrying amount at start of year	2 656	6 147	8 803	2 656	6 147	8 803
Additions	1 769	0	1 769	1 769	0	1 769
Disposals	(78)	0	(78)	(78)	0	(78)
Impairment losses	0	0	0	0	0	0
Amortisation (recognised in depreciation and amortisation)	(314)	0	(314)	(314)	0	(314)
Net carrying amount at end of year	4 033	6 147	10 180	4 033	6 147	10 180

Notes to and forming part of the financial statements

18. OTHER FINANCIAL ASSETS

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
Tax Asset	1 491	0	0	0
Employee Superannuation Funds	20 491	16 926	9 195	11 692
	21 982	16 926	9 195	11 692

Refer Note 38 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

EMPLOYEE BENEFITS JUNE 2008*Fund Information*

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

Police Superannuation Scheme (PSS)

State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation

Consolidated - Financial Year to June 2008	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<i>Present value of partly funded defined benefit obligations at beginning of year</i>	64 930	10 167	151 601	226 698
Current service cost	1 502	552	832	2 886
Interest cost	4 001	620	9 437	14 058
Contributions by fund participants	957	0	1 065	2 022
Actuarial (gains)/losses	(3 269)	111	(4 277)	(7 435)
Benefits paid	(5 894)	(1 557)	(11 059)	(18 510)
Past service cost	0	0	0	0
Curtailments	0	0	0	0
Settlements	0	0	0	0
Business Combinations	0	0	0	0
Exchange rate changes	0	0	0	0
<i>Present value of partly funded defined benefit obligations at end of the year</i>	62 227	9 893	147 599	219 719

Parent - Financial Year to June 2008	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<i>Present value of partly funded defined benefit obligations at beginning of year</i>	26 192	6 511	151 601	184 304
Current service cost	699	356	832	1 887
Interest cost	1 625	397	9 437	11 459
Contributions by fund participants	431	0	1 064	1 495
Actuarial (gains)/losses	(1 641)	126	(4 277)	(5 792)
Benefits paid	(2 509)	(1 309)	(11 059)	(14 877)
Past service cost	0	0	0	0
Curtailments	0	0	0	0
Settlements	0	0	0	0
Business Combinations	0	0	0	0
Exchange rate changes	0	0	0	0
<i>Present value of partly funded defined benefit obligations at end of the year</i>	24 797	6 081	147 598	178 476

Notes to and forming part of the financial statements

18. OTHER FINANCIAL ASSETS (cont'd)

Reconciliation of the fair value of fund assets

Consolidated - Financial Year to June 2008	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<i>Fair value of Fund assets at beginning of year</i>	74 909	13 571	172 761	261 241
Expected return on fund assets	5 620	1 054	13 323	19 997
Actuarial gains/(losses)	(10 184)	(1 860)	(26 527)	(38 571)
Employer contributions	1 923	604	1 539	4 066
Contributions by Fund participants	957	0	1 065	2 022
Benefits paid	(5 894)	(1 557)	(11 059)	(18 510)
Settlements	0	0	0	0
Business Combinations	0	0	0	0
Exchange rate changes	0	0	0	0
<i>Fair value of Fund assets at end of the year</i>	67 331	11 812	151 102	230 245

Parent - Financial Year to June 2008	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<i>Fair value of Fund assets at beginning of year</i>	31 871	8 982	172 760	213 613
Expected return on fund assets	2 434	705	13 323	16 462
Actuarial gains/(losses)	(4 761)	(1 218)	(25 526)	(32 505)
Employer contributions	821	374	1 539	2 734
Contributions by Fund participants	432	0	1 064	1 496
Benefits paid	(2 509)	(1 308)	(11 059)	(14 876)
Settlements	0	0	0	0
Business Combinations	0	0	0	0
Exchange rate changes	0	0	0	0
<i>Fair value of Fund assets at end of the year</i>	28 288	7 535	152 101	186 924

Reconciliation of the assets and liabilities recognised in the balance sheet

Consolidated - Financial Year to June 2008	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of partly funded defined benefit obligations at end of year	62 223	9 893	147 597	219 713
Fair value of fund assets at end of year	(67 330)	(11 813)	(152 102)	(231 245)
Subtotal	(5 107)	(1 920)	(4 505)	(11 532)
Unrecognised past service cost	0	0	0	0
Unrecognised gain/(loss)	0	0	0	0
Adjustment for limitation on net asset	90	38	122	250
<i>Net Liability/(Asset) recognised in balance sheet at end of year</i>	(5 017)	(1 882)	(4 383)	(11 282)

Parent - Financial Year to June 2008	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of partly funded defined benefit obligations at end of year	24 797	6 081	147 598	178 476
Fair value of fund assets at end of year	(28 287)	(7 534)	(152 102)	(172 856)
Subtotal	(3 490)	(1 453)	(4 504)	(5 620)
Unrecognised past service cost	0	0	0	0
Unrecognised gain/(loss)	0	0	0	0
Adjustment for limitation on net asset	90	38	123	251
<i>Net Liability/(Asset) recognised in balance sheet at end of year</i>	(3 400)	(1 415)	(4 381)	(5 369)

Notes to and forming part of the financial statements

18. OTHER FINANCIAL ASSETS (cont'd)

Expense recognised in income statement

Consolidated - Financial Year to June 2008	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Components Recognised in Income Statement				
Current service cost	1 502	552	832	2 886
Interest cost	4 001	619	9 437	14 057
Expected return on Fund assets (net of expenses)	(5 620)	(1 054)	(13 323)	(19 997)
Actuarial losses/(gains) recognised in year	6 913	719	21 250	28 882
Past service cost	0	0	0	0
Movement in adjustment for limitation on net asset	(3 450)	(1 472)	(12 693)	(17 615)
Curtailment or settlement (gain)/loss	0	0	0	0
Expense/(income) recognised	3 346	(636)	5 503	8 213

Parent - Financial Year to June 2008	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Components Recognised in Income Statement				
Current service cost	699	355	832	1 886
Interest cost	1 625	397	9 437	11 459
Expected return on Fund assets (net of expenses)	(2 434)	(705)	(13 323)	(16 462)
Actuarial losses/(gains) recognised in year	3 120	1 344	21 250	25 714
Past service cost	0	0	0	0
Movement in adjustment for limitation on net asset	(3 450)	(1 472)	(12 693)	(17 615)
Curtailment or settlement (gain)/loss	0	0	0	0
Expense/(income) recognised	(440)	(81)	5 503	4 982

The percentage invested in each asset class at the balance sheet date

	30 Jun 08
Australian equities	31.6%
Overseas equities	25.4%
Australian fixed interest securities	7.4%
Overseas fixed interest securities	7.5%
Property	11.0%
Cash	6.1%
Other	11.0%

Fair value of Fund assets

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighing the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on Fund Assets

Consolidated - Financial Year to June 2008	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Actual return on Fund assets	(4 688)	(805)	(10 877)	(16 370)
Parent - Financial Year to June 2008				
	\$000	\$000	\$000	\$000
Actual return on Fund assets	(2 008)	(513)	(10 877)	(13 398)

Notes to and forming part of the financial statements

18. OTHER FINANCIAL ASSETS (cont'd)

Valuation method and principal actuarial assumptions at the balance sheet date

(a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

(b) Economic Assumptions

	30 Jun 08
Salary increase rate (excluding promotional increases)	3.50% pa
Rate of CPI Increase	2.50% pa
Expected rate of return on assets backing current pension liabilities	8.30%
Expected rate of return on assets backing other liabilities	7.30%
Discount rate	6.55% pa

Demographic Assumptions

The demographic assumptions at 30 June 2008 and at 30 June 2007 are those used in the 2006 triennial actuarial valuation. A selection of the most financially significant assumptions is shown below:

- (i) SASS Contributors – the number of SASS contributors expected in any one year (out of 10,000 members), at the ages shown to leave the fund as a result of death, disability, resignation, retirement, and redundancy. Promotional salary increase rates are also shown.

Age nearest Birthday	Number of members expected in any one year, out of 10 000 members at the age shown, to leave the fund as a result of:								Additional promotional salary Increase rate %
	Death	Total & Permanent Disability	Retirement		Resignation		Redundancy		
			Part 1	Part 3	Part 1	Part 3	Part 1	Part 3	
Males									
30	4	8	-	-	280	395	150	-	2.90
40	6	10	-	-	150	285	150	-	1.80
50	11	30	-	-	112	172	150	-	0.00
60	30	-	1 400	950	-	-	150	-	0.00
Females									
30	2	2	-	-	372	700	150	-	2.90
40	3	6	-	-	175	320	150	-	1.80
50	7	28	-	-	144	270	150	-	0.00
60	18	-	1 500	1 500	-	-	150	-	0.00

- (ii) SSS Contributors – the number of SSS contributors expected in any one year (out of 10,000 members), at the ages shown, to leave the fund as a result of death, disability, resignation, retirement and preservation. Promotional salary increase rates are also shown.

Age nearest birthday	Number of members expected in any one year, out of 10 000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Ill-health Retirement	Retirement (R60 for females)	Cash Resignation (R60 for females)	Preservation (R60 for females)	
Males						
30	4	42	-	178	95	2.90
40	6	54	-	80	140	1.80
50	11	144	-	20	50	0.00
60	30	-	6 500	-	-	0.00
Females						
30	2	6	-	204	124	2.90

Notes to and forming part of the financial statements

18. OTHER FINANCIAL ASSETS (cont'd)

40	3	21	-	72	105	1.80
50	7	103	-	30	90	0.00
60	18	-	6 300	-	-	0.00

(iii) SSS Commutation – the proportion of SSS members assumed to commute their pension to a lump sum in any one year.

Age	Proportion of pension commuted	
	Retirement	Breakdown
Later of commencement or age 55	.15	.20
	Widow	Widower
55	.2500	.2500
65	.5380	.5800
75	.4825	.5160
85	.3928	.3728

(iv) SSS Pensioner Mortality – assumed mortality rates (in 2006-2007) for SSS pensioners (separately for normal retirement/spouses and invalidity).

Age	Retirement Pensioners and Spouses and Widows		Invalidity Pensioners	
	Males	Females	Males	Females
55	0.0025	0.0014	0.0081	0.0066
65	0.0070	0.0055	0.0112	0.0125
75	0.0194	0.0157	0.0505	0.0314
85	0.0945	0.0634	0.1134	0.1268

(v) SSS Pensioner Mortality Improvements – per annum assumed rates of mortality improvement for SSS pensioners

Age	Improvement rates – (for years post 2006)	
	Males	Females
55	0.0152	0.0113
65	0.0101	0.0065
75	0.0087	0.0068
85	0.0052	0.0080

Historical Information

Consolidated - Financial Year to June 2008	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of defined benefit obligation	62 223	9 893	147 597	219 713
Fair value of Fund assets	(67 330)	(11 813)	(152 102)	(231 245)
(Surplus)/Deficit in Fund	(5 107)	(1 920)	(4 505)	(11 532)
Experience adjustments – Fund liabilities	(3 269)	111	(4 277)	(7 435)
Experience adjustments – Fund assets	10 184	1 860	25 527	37 571
Parent - Financial Year to June 2008	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of defined benefit obligation	24 797	6 081	147 598	178 476
Fair value of Fund assets	(28 287)	(7 535)	(152 101)	(187 924)

Notes to and forming part of the financial statements

18. OTHER FINANCIAL ASSETS (cont'd)

(Surplus)/Deficit in Fund	(3 490)	(1 454)	(4 503)	(9 448)
Experience adjustments – Fund liabilities	(1 641)	126	(4 277)	(5 792)
Experience adjustments – Fund assets	4 761	1 217	25 526	31 504

Expected contributions

Consolidated - Financial Year to June 2008	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Expected employer contributions	823	400	1 703	2 926

Parent - Financial Year to June 2008	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Expected employer contributions	823	400	1 703	2 926

EMPLOYEE BENEFITS JUNE 2007*Fund Information*

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

Police Superannuation Scheme (PSS)

State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation

Consolidated - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of partly funded defined benefit obligations at beginning of year	59 303	9 669	154 375	223 347
Current service cost	1 508	559	879	2 946
Interest cost	3 404	547	8 909	12 860
Contributions by fund participants	887	0	975	1 862
Actuarial (gains)/losses	2 775	(21)	(5 282)	(2 528)
Benefits paid	(2 947)	(586)	(8 257)	(11 790)
Past service cost	0	0	0	0
Curtailments	0	0	0	0
Settlements	0	0	0	0
Business Combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Present value of partly funded defined benefit obligations at end of the year	64 930	10 168	151 599	226 697

Parent - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of partly funded defined benefit obligations at beginning of year	24 110	6 312	154 375	184 797
Current service cost	625	365	879	1 869
Interest cost	1 381	357	8 909	10 647
Contributions by fund participants	339	0	975	1 314
Actuarial (gains)/losses	353	(33)	(5 282)	(4 962)
Benefits paid	(614)	(489)	(8 257)	(9 360)

Notes to and forming part of the financial statements

18. OTHER FINANCIAL ASSETS (cont'd)

Past service cost	0	0	0	0
Curtailments	0	0	0	0
Settlements	0	0	0	0
Business Combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Present value of partly funded defined benefit obligations at end of the year	26 194	6 512	151 599	184 305

Reconciliation of the fair value of fund assets

Consolidated - Financial Year to June 2007	SASS	SANCS	SSS	Total
	\$000	\$000	\$000	\$000
Fair value of Fund assets at beginning of year	65 146	11 873	155 940	232 959
Expected return on fund assets	4 892	895	11 652	17 439
Actuarial gains/(losses)	5 262	792	10 806	16 860
Employer contributions	1 671	596	1 644	3 911
Contributions by Fund participants	887	0	975	1 862
Benefits paid	(2 947)	(586)	(8 257)	(11 790)
Settlements	0	0	0	0
Business Combinations	0	0	0	0
Exchange rate changes	0	0	0	0
<i>Fair value of Fund assets at end of the year</i>	74 911	13 570	172 760	261 241

Parent - Financial Year to June 2007	SASS	SANCS	SSS	Total
	\$000	\$000	\$000	\$000
Fair value of Fund assets at beginning of year	27 014	7 949	155 940	190 903
Expected return on fund assets	2 026	599	11 652	14 277
Actuarial gains/(losses)	2 373	524	10 806	13 703
Employer contributions	735	398	1 644	2 777
Contributions by Fund participants	339	0	975	1 314
Benefits paid	(614)	(489)	(8 257)	(9 360)
Settlements	0	0	0	0
Business Combinations	0	0	0	0
Exchange rate changes	0	0	0	0
<i>Fair value of Fund assets at end of the year</i>	31 873	8 981	172 760	213 614

Reconciliation of the assets and liabilities recognised in the balance sheet

Consolidated - Financial Year to June 2007	SASS	SANCS	SSS	Total
	\$000	\$000	\$000	\$000
Present value of partly funded defined benefit obligations at end of year	64 929	10 168	151 601	226 698
Fair value of fund assets at end of year	(74 909)	(13 571)	(172 761)	(261 241)
Subtotal	(9 980)	(3 403)	(21 160)	(34 543)
Unrecognised past service cost	0	0	0	0
Unrecognised gain/(loss)	0	0	0	0
Adjustment for limitation on net asset	3 389	1 485	12 742	17 616
<i>Net Liability/(Asset) recognised in balance sheet at end of year</i>	(6 591)	(1 918)	(8 418)	(16 927)

Parent - Financial Year to June 2007	SASS	SANCS	SSS	Total
	\$000	\$000	\$000	\$000
Present value of partly funded defined benefit obligations at end of year	26 192	6 511	151 601	184 304
Fair value of fund assets at end of year	(31 871)	(8 982)	(172 761)	(213 614)
Subtotal	(5 679)	(2 471)	(21 160)	(29 310)
Unrecognised past service cost	0	0	0	0

Notes to and forming part of the financial statements

18. OTHER FINANCIAL ASSETS (cont'd)

Unrecognised gain/(loss)	0	0	0	0
Adjustment for limitation on net asset	3 389	1 485	12 742	17 616
<i>Net Liability/(Asset) recognised in balance sheet at end of year</i>	(2 290)	(986)	(8 418)	(11 694)

Expense recognised in income statement

	SASS	SANCS	SSS	Total
	\$000	\$000	\$000	\$000
Consolidated - Financial Year to June 2007				
Components Recognised in Income Statement				
Current service cost	1 508	559	879	2 946
Interest cost	3 404	547	8 909	12 860
Expected return on Fund assets (net of expenses)	(4 892)	(895)	(11 652)	(17 439)
Actuarial losses/(gains) recognised in year	(2 486)	(813)	(16 088)	(19 387)
Past service cost	0	0	0	0
Movement in adjustment for limitation on net asset	3 389	1 485	12 742	17 616
Curtailment or settlement (gain)/loss	0	0	0	0
Expense/(income) recognised	923	883	(5 210)	(3 404)

	SASS	SANCS	SSS	Total
	\$000	\$000	\$000	\$000
Parent - Financial Year to June 2007				
Components Recognised in Income Statement				
Current service cost	625	365	879	1 869
Interest cost	1 381	357	8 909	10 647
Expected return on Fund assets (net of expenses)	(2 026)	(599)	(11 652)	(14 277)
Actuarial losses/(gains) recognised in year	(2 020)	(557)	(16 088)	(18 665)
Past service cost	0	0	0	0
Movement in adjustment for limitation on net asset	3 389	1 485	12 742	17 616
Curtailment or settlement (gain)/loss	0	0	0	0
Expense/(income) recognised	1 349	1 051	(5 210)	(2 810)

The percentage invested in each asset class at the balance sheet date

	30 Jun 07
Australian equities	33.6%
Overseas equities	26.5%
Australian fixed interest securities	6.8%
Overseas fixed interest securities	6.4%
Property	10.1%
Cash	9.8%
Other	6.8%

Fair value of Fund assets

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighing the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on Fund Assets

	SASS	SANCS	SSS	Total
	\$000	\$000	\$000	\$000
Consolidated - Financial Year to June 2007				
Actual return on Fund assets	9 417	1 687	21 920	33 024

Notes to and forming part of the financial statements

18. OTHER FINANCIAL ASSETS (cont'd)

Parent - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Actual return on Fund assets	3 948	1 123	21 920	26 991

Valuation method and principal actuarial assumptions at the balance sheet date

(a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

(b) Economic Assumptions

30 Jun 07	
Salary increase rate (excluding promotional increases)	4.0% pa to June 2008; 3.5% pa thereafter
Rate of CPI Increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	7.6% pa
Expected rate of return on assets backing other liabilities	7.6% pa
Discount rate	6.4% pa

Historical Information

Consolidated - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of defined benefit obligation	64 929	10 168	151 601	226 698
Fair value of Fund assets	(74 909)	(13 571)	(172 761)	(261 241)
(Surplus)/Deficit in Fund	(9 980)	(3 403)	(21 160)	(34 543)
Experience adjustments – Fund liabilities	2 775	(22)	(5 282)	(2 529)
Experience adjustments – Fund assets	(5 262)	(792)	(10 806)	(16 860)

Parent - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of defined benefit obligation	26 192	6 511	151 601	184 304
Fair value of Fund assets	(31 871)	(8 982)	(172 761)	(213 614)
(Surplus)/Deficit in Fund	(5 679)	(2 471)	(21 160)	(29 310)
Experience adjustments – Fund liabilities	353	(34)	(5 282)	(4 963)
Experience adjustments – Fund assets	(2 373)	(524)	(10 806)	(13 703)

Expected contributions

Consolidated - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Expected employer contributions	1 688	612	1 560	3 860

Parent - Financial Year to June 2007	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Expected employer contributions	697	399	1 560	2 656

Notes to and forming part of the financial statements

19. ASSETS HELD FOR SALE

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
Assets held for sale				
Infrastructure	421	430	421	430
Land and Buildings	8 583	15 112	8 583	15 112
	9 004	15 542	9 004	15 542
Amounts recognised in equity relating to assets held for sale	0	0	0	0
Property, plant and equipment asset revaluation reserve increments/ decrements	9 004	15 542	9 004	15 542

20. BIOLOGICAL ASSETS

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
(a) Softwood Plantation Timber				
Net market value of timber at beginning of reporting period	986 465	1 110 668	0	0
Capital expenditure – plantation establishment and development	18 625	19 735	0	0
Capitalisation of borrowing costs	10 019	8 721	0	0
Write-off of growing stock and/or establishment costs	(764)	(12 884)	0	0
Sale of Plantations	0	0	0	0
Carrying amount as at the reporting date (prior to adjusting for changes in net market value)	1 014 345	1 126 240	0	0
Net market value at reporting date	1 114 564	986 465	0	0
Net increment/(decrement) in the net market value of timber	100 219	(139 775)	0	0
(b) Hardwood Plantation Timber				
Carrying amount of timber at the beginning of reporting period – at fair value	63 885	61 659	0	0
Capital expenditure – plantation establishment and development	3 641	2 297	0	0
Sale of Plantations	0	(10)	0	0
Write off of failed plantations	0	(61)	0	0
Carrying amount as at the reporting date – at fair value	67 526	63 885	0	0
(c) Native Forest Timber				
Net market value of timber at beginning of reporting period	353 481	386 347	0	0
Net market value at reporting date	333 220	353 481	0	0
Net increment/(decrement) in the net market value of timber	(20 261)	(32 866)	0	0
(d) Livestock and fodder				
Net market value of livestock and fodder at beginning of reporting period	5 524	5 189	5 524	5 189
Net market value at reporting date	5 975	5 524	5 975	5 524

Notes to and forming part of the financial statements

20. BIOLOGICAL ASSETS (cont'd)

Net increment/(decrement) in the net market value of livestock and fodder	451	335	451	335
Total Net Biological Assets	1 521 285	1 409 355	5 975	5 524

21. RESTRICTED ASSETS

The Department conducts research projects on behalf of a wide range of donor bodies. These bodies provide funds that are restricted to use on projects specified by the donor body. Strict terms and conditions apply to the use of these funds. Any unspent funds are returned to the donor bodies unless their prior approval has been obtained to use the funds on another project.

The Agricultural Scientific Collections Trust is controlled by separate legislation. That being the *Agricultural Scientific Collections Trust Act 1983*.

22. CURRENT/NON-CURRENT LIABILITIES - PAYABLES

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
CURRENT				
Accrued Salaries, wages and on-costs	4 872	4 276	4 012	2 474
Receipts in Advance	20 015	28 888	0	0
Creditors	43 579	34 227	13 608	11 139
	68 466	67 391	17 620	13 613
NON-CURRENT				
Personnel Services liability	9 196	677	9 196	11 692
	9 196	677	9 196	11 692

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 38.

23. CURRENT/NON-CURRENT LIABILITIES – BORROWINGS

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
CURRENT				
Secured/Unsecured				
Treasury Advance Repayable – Ovine Johnes Disease Loan	0	993	0	993
TCorp borrowings – Forests NSW	10 563	31 211	0	0
Treasury Advance Repayable – Locust Loan	3 046	3 046	3 046	3 046
Treasury Advance Repayable – Buyout of Commercial Fishers	1 150	970	1 150	970
	14 759	36 220	4 196	5 009
NON-CURRENT				
Secured/Unsecured				
Treasury Advance Repayable – Ovine Johnes Disease Loan	0	0	0	0
TCorp borrowings – Forests NSW	158 929	128 532	0	0
Treasury Advance Repayable – Locust Loan	6 625	6 625	6 625	6 625
Treasury Advance Repayable – Buyout of Commercial Fishers	12 287	15 213	12 287	15 212
	177 841	150 370	18 912	21 837
Repayment of Borrowings (excluding finance leases)				
Not later than one year	14 758	36 220	4 196	5 009
Between one and five years	89 370	80 789	12 035	11 186

Notes to and forming part of the financial statements

23. CURRENT/NON-CURRENT LIABILITIES – BORROWINGS (cont'd)

Later than five years	88 470	69 580	6 878	10 651
Total borrowings at face value (excluding finance leases)	192 599	186 589	23 109	26 846

NSW Treasury Corporation outstanding loan interest rates ranged between 5.79% and 6.76% (2007: 5.79% and 6.76%)

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 38.

24. DIVIDEND

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
Provision for dividend at beginning of year	(16 000)	(26 332)	0	0
Dividend paid	16 000	26 332	0	0
Dividend provided	(1 000)	(16 000)	0	0
Provision for dividend at end of the year	(1 000)	(16 000)	0	0

25. CURRENT/NON-CURRENT LIABILITIES – PROVISIONS

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
CURRENT				
Employee benefits and related on-costs				
Recreation Leave	29 879	28 800	28 017	26 864
Long Service Leave	27 053	26 087	19 063	18 480
Workers Compensation	770	820	0	0
Other	5 627	5 181	4 998	4 748
Redundancy	7 064	3 500	7 064	3 500
	70 393	64 388	59 142	53 592
NON-CURRENT				
Employee benefits and related on-costs				
Recreation Leave	0	0	0	0
Long Service Leave	1 116	1 136	1 002	918
Workers Compensation	3 460	3 320	0	0
Other	227	223	220	211
	4 803	4 679	1 222	1 129
Aggregate employee benefits and related on-costs				
Provisions – current	70 393	64 388	59 142	53 592
Provisions – non-current	4 803	4 679	1 223	1 129
Accrued salaries, wages and on-costs (Note 22)	4 872	4 276	4 012	2 474
	80 068	73 343	64 377	57 195
Movements in provisions (other than employee benefits)				
Carrying amount at beginning of financial year	735	517	735	517
Additional provisions recognised	86	218	85	218
Carrying amount at end of financial year	821	735	820	735

26. CURRENT/NON-CURRENT LIABILITIES - OTHER

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
CURRENT				
Liability to Consolidated Fund	751	214	751	214
	751	214	751	214

Notes to and forming part of the financial statements

27. CHANGES IN EQUITY

	Capital			Accumulated Funds			Asset Revaluation Reserve			Total Equity		
	Consolidated	Parent		Consolidated	Parent		Consolidated	Parent		Consolidated	Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2008 \$'000	2007 \$'000	2008 \$'000
Balance at the beginning of the financial year	421 706	421 706	0	0	177 277	160 241	177 277	842 844	625 627	137 972	138 068	221 931 8
AASB 139 first-time adoption	0	0	0	0	0	0	0	0	0	0	0	0
Other changes in accounting policy	0	0	0	0	0	0	0	0	0	0	0	0
Correction of errors	0	0	0	0	(98)	0	(3)	0	(1146)	0	0	(1 244)
Restated Opening Balance	421 706	421 706	0	0	177 274	160 241	177 274	842 844	624 481	137 972	138 068	221 931 8
Changes in equity – transactions with Owners as Owners												
Increase/decrease in net asset from equity transfers	0	0	0	0	(1 017)	204	(1 017)	0	315 135	0	0	(6 127)
Dividend provided	0	0	0	0	(1 000)	0	0	0	0	0	0	(1 000)
Total	0	0	0	0	(7 127)	204	(1 017)	0	315 135	0	0	(7 127)
Changes in Equity – other than transactions with Owners as Owners												
Surplus/(deficit) for the year	0	0	0	0	(16 950)	(17 241)	(16 950)	0	0	0	0	63 132
Increment/decrement on revaluation of:												
Land and buildings	0	0	0	0	0	0	0	0	(1 276)	0	0	0
Plant & Equipment	0	0	0	0	0	0	0	0	0	0	0	0
Library Books	0	0	0	0	0	0	0	(6 219)	0	(6 219)	0	(6 219)
Other Assets – Gold Exhibits	0	0	0	0	0	0	0	338	838	338	838	338
Deferred tax	0	0	0	0	1 551	0	0	0	(92 630)	0	0	1 551
Transfer to surplus/ (deficit) on disposal of available for sale financial assets	0	0	0	0	0	0	0	0	0	0	0	0
Other increases/ (decreases)	0	0	0	0	3	0	3	0	0	0	0	3
Total	0	0	0	0	64 686	(115 305)	(17 238)	(5 881)	(93 068)	(5 881)	838	58 805

Notes to and forming part of the financial statements

27. CHANGES IN EQUITY (cont'd)

	Capital			Accumulated Funds			Asset Revaluation Reserve			Total Equity		
	Consolidated	2007	Parent	Consolidated	2007	Parent	Consolidated	2007	Parent	Consolidated	2007	Parent
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Transfers within equity												
Asset revaluation reserve balance transferred to accumulated funds on disposal of asset	0	0	0	0	0	0	(4635)	(3704)	(1015)	(934)	1944	0
Total	0	0	0	6 579	3 704	1 015	(4635)	(3 704)	(1 015)	(934)	1 944	0
Balance at the end of the financial year	421 706	421 706	0	1 018 906	954 768	144 222	832 328	842 844	131 076	137 972	2 272 940	2 219 318
											275 298	298 213

Note 1 The 2008 parent equity transfer represents the transfer of assets of 5,074 and liabilities of 4,870 resulting in a net equity transfer of 204 from the Coal Compensation Board on 31 December, 2007.

Asset Revaluation Reserve

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with NSW Department of Primary Industries' policy on the 'Revaluation of Physical Non-Current Assets' and 'Investments' as discussed in Note 1.

Notes to and forming part of the financial statements

28. COMMITMENTS FOR EXPENDITURE

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
(a) Capital Commitments				
Land and Buildings				
Aggregate capital expenditure for the acquisition of Land and Buildings contracted for at balance date but not provided for:				
Not later than one year	2 087	200	2 087	200
Later than one year and not later than five years	0	0	0	0
Later than five years	0	0	0	0
Total (including GST)	2 087	200	2 087	200
Infrastructure				
Aggregate capital expenditure for the acquisition of Infrastructure contracted for at balance date but not provided for:				
Not later than one year	0	905	0	905
Later than one year and not later than five years	0	0	0	0
Later than five years	0	0	0	0
Total (including GST)	0	905	0	905
Plant and Equipment				
Aggregate capital expenditure for the acquisition of Plant and Equipment contracted for at balance date but not provided for:				
Not later than one year	14 447	5 022	1 636	1 696
Later than one year and not later than five years	0	0	0	0
Later than five years	0	0	0	0
Total (including GST)	14 447	5 022	1 636	1 696
(b) Other Expenditure Commitments				
Aggregate other expenditure for the acquisition of goods and services contracted for at balance date but not provided for:				
Not later than one year	7 715	12 479	7 452	12 462
Later than one year and not later than five years	0	0	0	0
Later than five years	0	0	0	0
Total (including GST)	7 715	12 479	7 452	12 462
(c) Operating Lease Commitments				
Head Office and Maitland Buildings				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	6 199	6 010	6 199	6 010
Later than one year and not later than five years	26 623	25 811	26 623	25 811
Later than five years	45 953	52 713	45 953	52 713
Total (including GST)	78 775	84 534	78 775	84 534
Representing:				
Non-cancellable operating leases	78 775	84 534	78 775	84 534
Other				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	3 324	3 428	2 662	2 780
Later than one year and not later than five years	7 408	4 466	6 388	3 756

Notes to and forming part of the financial statements

28. COMMITMENTS FOR EXPENDITURE (cont'd)

Later than five years	3 288	3 951	2 967	3 642
Total (including GST)	14 020	11 845	12 017	10 178
Representing:				
Non-cancellable operating leases	14 020	11 845	12 017	10 178

The total commitments includes input tax credits of \$9,269,727 that are expected to be recoverable from the Australian Taxation Office.

Operating Leases predominantly comprise office accommodation, computer equipment and motor vehicles. Some contingent rental payments are arrived at by increasing the base rental by the annual CPI. Other lease agreements, approximately 50% which do not include annual CPI increments, have annual set increases detailed in the lease agreements. Lease renewal options for office accommodation exist in the large majority of cases. There are no renewal or purchase options for motor vehicles or computer equipment, except by negotiation at the end of the lease term. This usually does not occur.

29. CONTINGENT LIABILITIES

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
As at 30 June 2008 the Department has \$12,503 of outstanding court cases as set out by category below:				
Negligence	175	1 927	175	1 927
Contamination	422	5	422	5
Minerals and mine safety	40	2 600	40	2 600
Personal injury	303	272	113	272
Licence validity	4	0	4	0
Appeals	11 552	180	11 552	180
Disputed fish seizure	179	179	179	179
Compulsory acquisition	0	0	0	0
Disputed legislation	18	1 700	18	1 700
	12 693	6 863	12 503	6 863

DPI is insured by the Treasury Managed Fund.

During the financial year 2007-2008, 289 hectares of Timber Reserves in the Western region have been subject to claims under the Native Title Act. The impact of the claim on the carrying amount of the asset can't be quantified at this time.

As at balance sheet date, Forests NSW has potential public liability insurance claims limited to \$190,000, being the net excess on its current public insurance liability policy at the date of the relevant claims.

30. DPI BUDGET REVIEW

The budget process is finalised prior to the beginning of each financial year. Events can arise after that date that necessitates variations to the planned activities of the Department for that year. This in turn may cause variations to the financial activities. Major variations between the original budget and actual amounts are outlined below.

Net Cost of services

The Net Cost of Services result was \$42.972m over the original budget. This is due mainly to expenditure associated with controlling the equine influenza outbreak and supplementation associated with the continuance of the drought assistance program \$23.377m and Voluntary Redundancies \$8.066m.

Assets and Liabilities

Overall assets and liabilities have no major variation from budget. The decrease in the value of Infrastructure was caused by a devaluation of library assets.

Cash Flows

Cash flows from operating activities varied little from budget. However large offsetting variations came from cash inflows from cost sharing arrangements with the Commonwealth and other states and total payments as a result of controlling the Equine Influenza outbreak.

Cash flows from Investing Activities are under budget by \$2.504m. This is due to lower than anticipated proceeds of sales of Property, Plant and Equipment because of delayed property sales. This in turn resulted in lower than expected purchases of assets because the funds were not available.

Cash flows from financing activities are \$3.296m lower than budget because of deferral in the repayment of a loan of \$3.5m.

Notes to and forming part of the financial statements

31. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
Net cash used on operating activities	56 332	51 976	2 727	1 194
Adjusted for tax paid	4 599	2 433	0	0
Cash Flows from Government/Appropriations	(288 146)	(273 548)	(288 146)	(273 548)
Acceptance by the Crown Entity of employee benefits and other liabilities	(19 212)	(16 041)	(19 212)	(16 041)
Depreciation and amortisation	(31 911)	(30 020)	(21 434)	(19 766)
Non cash expenses	(522)	(340)	(522)	(595)
Non cash revenues	80 171	(180 584)	977	907
Impact of administrative restructures	4 727	601	4 727	601
Decrease/(Increase) in provisions	(6 158)	(5 432)	(5 644)	(4 507)
Increase/(Decrease) in receivables	3 208	2 224	5 453	1 699
Increase/(Decrease) in other financial assets	3 565	7 068	(2 497)	5 341
Increase/(Decrease) in other assets	(6)	588	310	1 390
Decrease/(Increase) in creditors	(10 485)	(750)	(4 007)	667
Increase/(Decrease) in other current liabilities	354	(3 915)	2 497	(5 341)
Net gain/(loss) in sale of plant and equipment	(2 927)	(855)	709	(277)
Net cost of services	(206 411)	(446 596)	(324 062)	(308 276)

As at 30 June 2008 Forests NSW had nil available in unused credit a 'Come and Go' Facility held with NSW T-Corp.

32. TRUST FUNDS

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
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a) Fisheries Related Trust Funds

The Department holds money in a trust fund that is used for fisheries research by various independent organisations. These monies are separately identified in the financial statements as the Department cannot use them for the achievement of its own objectives. The following is a summary of the transactions in these trust accounts.

Fisheries Research Development Corporation**Oyster Fishery Research Levy:**

Cash balance at the beginning of the Financial Year	(4)	(7)	(4)	(7)
Add: Receipts	102	82	102	82
Less Expenditure	(94)	(79)	(94)	(79)
Cash balance at the end of the reporting period	4	(4)	4	(4)

Aquaculture Fishery Research Levy:

Cash balance at the beginning of the Financial Year	36	41	36	41
Add: Receipts	24	27	24	27
Less Expenditure	(32)	(32)	(32)	(32)
Cash balance at the end of the reporting period	28	36	28	36

Fisher Research Levy:

Cash balance at the beginning of the Financial Year	77	90	77	90
Add: Receipts	193	107	193	107
Less Expenditure	(146)	(120)	(146)	(120)
Cash balance at the end of the reporting period	124	77	124	77

Notes to and forming part of the financial statements

32. TRUST FUNDS (cont'd)**b) Minerals Related Trust Funds – Deposits under the Mining Acts**

Cash deposits are received in respect of various forms of titles issued under the provisions of the State's mining legislation. Such cash deposits are held by the Department during the currency of titles and are normally refunded to registered holders upon cessation, providing certain title conditions have been observed.

These monies are excluded from the financial statements as the Department cannot use them for the achievement of its objectives.

The following is a summary of the transactions in the trust account.

Balance at the beginning of the Financial Year	12 966	11 369	12 966	11 369
Add: Receipts	7 091	3 545	7 091	3 545
Less Expenditure	(2 713)	(1 948)	(2 713)	(1 948)
Balance at the end of the reporting period	17 344	12 966	17 344	12 966

33. FISHERIES MANAGEMENT ACT – SPECIAL FISHERIES TRUST FUNDS

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
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Amendments to the *Fisheries Management Amendment Act in 1997 and 2000* have provided for the establishment of six special fisheries trust funds. Under the Department's accounting structure, all revenue paid into these trust funds and any expenditure there from is included in the Department's Financial Statements. While a separate bank account for each of these trusts is not kept, the Department maintains separate cost centres.

A summary of the accrual transactions relating to these special fisheries trust funds is outlined in the following table.

The 'balance' of each of these special fisheries trust funds comprises cash and receivables.

Recreational Fishing (Freshwater) Trust Fund

Balance at the beginning of the Financial Year	398	636	398	636
Add: Revenue				
Sale of goods and services	2	24	2	24
Investment income	38	30	38	30
Transfer from Saltwater Trust	3 016	3 000	3 016	3 000
Grants and contributions	0	0	0	0
Sub total	3 056	3 054	3 056	3 054
Less: Projects Funded*	(2 998)	(3 292)	(2 998)	(3 292)
Sub total	(2 998)	(3 292)	(2 998)	(3 292)
Balance at the end of the reporting period	456	398	456	398

* Of the 'projects funded' in 2008 and in prior periods, an amount of \$0.650m was unexpended at 30 June 2008. This amount will be carried forward into the various approved project budgets for 2008-09.

Recreational Fishing (Saltwater) Trust Fund

Balance at the beginning of the Financial Year	5 573	5 608	5 573	5 608
Add: Revenue				
Sale of goods and services	9	25	9	25
Investment income	364	263	364	263
Grants and contributions	0	0	0	0
Retained fees, grants and contributions	10 766	10 642	10 766	10 642
Sub total	11 139	10 930	11 139	10 930
Less: Projects Funded*	(6 544)	(5 773)	(6 544)	(5 773)
Transfer to Freshwater Trust	(3 000)	(3 000)	(3 000)	(3 000)
Loan repayment transfer	(2 359)	(2 000)	(2 359)	(2 000)
Other	0	(192)	0	(192)
Sub total	(11 903)	(10 965)	(11 903)	(10 965)
Balance at the end of the reporting period	4 809	5 573	4 809	5 573

Notes to and forming part of the financial statements

33. FISHERIES MANAGEMENT ACT – SPECIAL FISHERIES TRUST FUNDS (cont'd)

* Of the 'projects funded' in 2008 and in prior periods, an amount of \$1.342m was unexpended at 30 June 2008. This amount will be carried forward into the various approved project budgets for 2008-09.

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
Commercial Fishing Trust Fund				
Balance at the beginning of the Financial Year	4 381	4 474	4 381	4 474
Add: Revenue				
Sale of goods and services	3 065	3 261	3 065	3 261
Investment income	328	246	328	246
Sub total	3 393	3 507	3 393	3 507
Less: Projects Funded*	38	(58)	38	(58)
Less: Contribution to Department activities*	(3 000)	(3 542)	(3 000)	(3 542)
Sub total	(2 962)	(3 600)	(2 962)	(3 600)
Balance at the end of the reporting period	4 812	4 381	4 812	4 381

* Of the 'projects funded' in 2008 and in prior periods, an amount of \$0.351m was unexpended at 30 June 2008. This amount will be carried forward into the various approved project budgets for 2008-09.

Fish Conservation Trust Fund				
Balance at the beginning of the Financial Year	187	80	187	80
Add: Revenue				
Sale of goods and services	121	102	121	102
Investment income*	9	5	9	5
Sub total	130	107	130	107
Less: Projects Funded*	(200)	0	(200)	0
Sub total	(200)	0	(200)	0
Balance at the end of the reporting period	117	187	117	187

* Of the 'projects funded' in 2008 and in prior periods, there were not any funds unexpended at 30 June 2007

Aquaculture Trust Fund				
Balance at the beginning of the Financial Year	96	101	96	101
Add: Revenue				
Sale of goods and services	273	275	273	275
Investment income	20	17	20	17
Grants and contributions	215	207	215	207
Sub total	508	499	508	499
Less: Contribution to Department activities*	(482)	(499)	(482)	(499)
Other (Bad debts expense)	(7)	(5)	(7)	(5)
Sub total	(489)	(504)	(489)	(504)
Balance at the end of the reporting period	115	96	115	96

* All expenditure by the Department on existing activities related to commercial fishing is funded from a combination of Consolidated revenue, user charges, and a contribution from the Commercial Fishing Trust Fund. As a result, monies allocated from this trust fund are not 'project specific' and thus there is no carry forward into the next financial year.

Notes to and forming part of the financial statements

33. FISHERIES MANAGEMENT ACT – SPECIAL FISHERIES TRUST FUNDS (cont'd)

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
Charter Fishing Trust Fund				
Balance at the beginning of the Financial Year	201	185	201	185
Add: Revenue				
Sale of goods and services	185	161	185	161
Investment income	15	10	15	10
Sub total	200	171	200	171
Less: Projects Funded*	(161)	(155)	(161)	(155)
Sub total	(161)	(155)	(161)	(155)
Balance at the end of the reporting period	240	201	240	201

* Of the 'projects funded' in 2008 and in prior periods, an amount of \$0.084m was unexpended at 30 June 2008. This amount will be carried forward into the various approved project budgets for 2008-09.

34. ADMINISTERED ASSETS AND LIABILITIES

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
The Department administers certain activities on behalf of other bodies. The assets and liabilities associated with these activities are listed below:				
Administered Assets				
Receivables – Royalties/Mining lease (less Provision for Doubtful Debts)	3 146	1 811	3 146	1 811
	3 146	1 811	3 146	1 811
Administered Liabilities				
Payables – Royalties	1 415	1 816	1 415	1 816
Income received in Advance	50 792	69 039	50 792	69 039
Payables – NSW Treasury Corporation	0	993	0	993
	52 207	71 848	52 207	71 848

35. ADMINISTERED REVENUES

	Consolidated 2008 \$000	Consolidated 2007 \$000	Parent 2008 \$000	Parent 2007 \$000
The following monies have been collected on behalf of the Crown Entity and forwarded to NSW Treasury:				
Fees	4 699	700	4 699	700
Fines	786	580	786	580
Licences	123	134	123	134
Reimbursement of Employers Superannuation	576	579	576	579
Unclaimed monies	30	45	30	45
Payment of Long Service Leave	2 084	976	2 084	976
Royalty on Minerals	572 663	512 571	572 663	512 571
	580 961	515 585	580 961	515 585

Notes to and forming part of the financial statements

36. JOINT VENTURE AGREEMENT

In July 2001, the Treasurer of NSW granted approval for the former Department of Mineral resources to enter into a joint venture with the Commonwealth and nine other participants, entitled the Cooperative Research Centre for Landscape Environments and Mineral Exploration (CRC LEME).

The joint venture is a non commercial, non profit entity established to conduct strategic research, education and training in regolith geoscience and its applications in mineral exploration and environmental issues.

There are no assets arising from the Department's participation in the joint venture or any liabilities arising from its interest in the joint venture. The Department does not have a percentage share in the output or assets of the joint venture and no revenue is probable.

The Department is also engaged with several other joint ventures. These include the Australian Cotton Co-Operative Research Centre, The Australian Sheep Industry Co-Operative Research Centre, the Co-Operative Research Centre for Plant Based Dryland Salinity, and the Quality Wheat Co-Operative Research Centre.

37. MARINE PARKS FUND

The Department previously administered jointly with the Department of Environment and Conservation, certain assets on behalf of the Marine parks Authority. These assets were the areas covered by the four established marine parks at Jervis Bay, Solitary Islands, Cape Byron and Lord Howe Island. The Marine Parks Fund was established under the provisions of the *Marine Parks Act 1997*.

The receipts and payments of the Fund administered by the Department in 2006-07 were \$13 698m and \$13 698m respectively, leaving a balance of \$0.075m as at 30 June 2007.

As at 27 April 2007 these functions were transferred to DECC. There have been no transactions for the 2008 financial year.

38. FINANCIAL INSTRUMENTS

The Department's principal financial instruments are outlined below. These financial instruments arise directly from the Department's operations or are required to finance the Department's operations. The Department does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Department's main risks arising from financial instruments are outlined below, together with the Department's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Director General has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Department, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the internal auditors on a continuous basis.

(a) Financial instrument categories

Financial Assets Class:	Note	Category	Consolidated Carrying Amount 2008 \$'000	Consolidated Carrying Amount 2007 \$'000	Parent Carrying Amount 2008 \$'000	Parent Carrying Amount 2007 \$'000
Cash and cash equivalents	11	N/A	46 588	47 856	35 430	42 241
Receivables	12	Loans and receivables (at amortised cost)	72 299	69 557	54 810	48 721
Financial Assets at fair value	14	Loans and receivables (at amortised cost)	2 146	1 803	2 146	1 803
Other Financial Assets	18	Loans and receivables (at amortised cost)	22 256	16 926	9 195	11 692
Financial Liabilities Class:	Note	Category	Consolidated Carrying Amount 2008 \$'000	Consolidated Carrying Amount 2007 \$'000	Parent Carrying Amount 2008 \$'000	Parent Carrying Amount 2007 \$'000
Payables	22	Financial liabilities measured at amortised cost	77 183	68 068	26 816	25 30524
Borrowings	23	Financial liabilities measured at amortised cost	192 598	186 589	23 109	26 846

Notes 1. Excludes statutory receivables and prepayments. Excludes statutory payables and unearned revenue

Notes to and forming part of the financial statements

38. FINANCIAL INSTRUMENTS (cont'd)**(b.) Credit Risk**

Credit risk arises when there is the possibility of the Department's debtors defaulting on their contractual obligations, resulting in a financial loss to the Department. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Department, including cash, receivables, Department deposits and advances receivable. No collateral is held by the Department. The Department has not granted any financial guarantees.

Credit risk associated with the Department's financial assets, other than receivables, is managed through the selection of counterparties. Department deposits are held with NSW TCorp are guaranteed by the State.

Forests

Forests NSW has a Credit Policy, which aims to mitigate the credit risk exposure to sales customers. Customers are assessed with some required to lodge suitable security for the estimated maximum credit exposure based on average monthly sales. The policy requires stringent credit assessment of customers before the granting of any unsecured credit.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables – trade debtors

All trade debtors are recognised as amounts at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions. No interest is earned on trade debtors.

The Department is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2008: \$10 792 737; 2007: \$17 912) and past due (2008: \$17 682 000; 2007 \$5 110 000) are not considered impaired and together these represent 100% of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the balance sheet.

Forests - Allowance for impairment loss

Trade receivables are non interest bearing and are generally on 30-60 day terms. A provision for impairment loss is recognised when there is evidence of debt being impaired. An impairment loss of \$22 000 (2007: 2 427 000) has been recognised in the current year.

Financial Assets at Fair Value

These assets represent share required to be held in agriculture related cooperatives in order to sell commodities and a gold mineral collection. There is no credit risk associated with these assets.

Other Financial Assets

Other Financial Assets represents Forest superannuation assets reported in the accounts of the Department.

The Department is not materially exposed to concentrations of credit risk to a single loan debtor or group of loan debtors.

Parent	Total	Past due but not impaired	Considered impaired
	\$'000	\$'000	\$'000
2008			
< 3 months overdue	50 641	50 641	0
3 months – 6 months overdue	1 351	1 351	0
> 6 months overdue	1 967	1 401	566
2007			
< 3 months overdue	41 612	41 612	0
3 months – 6 months overdue	301	301	0
> 6 months overdue	3 181	2 274	907

Notes to and forming part of the financial statements

38. FINANCIAL INSTRUMENTS (cont'd)

Consolidated	Total \$'000	Past due but not impaired \$'000	Considered impaired \$'000
2008			
< 3 months overdue	91 132	91 110	22
3 months – 6 months overdue	1 402	1 402	0
> 6 months overdue	1 967	1 401	566
2007			
< 3 months overdue	80 211	80 211	0
3 months – 6 months overdue	1 591	1 591	0
> 6 months overdue	5 591	2 274	3 317

Note – these consolidated figures are those of Forest Commission and DPI. We have not considered inter – department balances.

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7.

Department Deposits

The Department has no funds placed on deposit with TCorp.

Forests

At reporting date the carrying value of borrowings and derivatives (net of funds held at call) managed by TCorp stood at \$165.2 million (2007:\$157.9 million).

Other Facilities

The Department has access to the following banking facilities:

	2008 \$'000	2007 \$'000
MasterCard Limit	5 000	5 000

Forests

Credit risk arises when there is the possibility of Forests NSW debtors defaulting on their contractual obligations, resulting in a financial loss to the agency. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of Forests NSW, including cash, receivables and authority deposits. Some collateral is held by the agency. Forests NSW has not granted any financial guarantees.

Credit risk associated with the agency's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State and are AAA- rated by Standard and Poors.

The credit risk on the financial assets of Forests NSW has been recognised in the Balance Sheet at the carrying amount, net of any provision for doubtful debts.

Forests NSW has a Credit Policy, which aims to mitigate the credit risk exposure to our sales customers. Customers are assessed with some required to lodge suitable security for the estimated maximum credit exposure based on average monthly sales. The policy requires stringent credit assessment of customers before the granting of any unsecured credit.

(c.) Liquidity risk

Liquidity risk is the risk that the Department will be unable to meet its payment obligations when they fall due. The Department continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other advances.

During the current year, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Department's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. The rate of interest applied during the year was 0% (2007 – 0%).

The table below summarises the maturity profile of the Department's financial liabilities, together with the interest rate exposure.

Notes to and forming part of the financial statements

38. FINANCIAL INSTRUMENTS (cont'd)

Maturity analysis and interest rate exposure of financial liabilities

Parent	Weighted Average Effective Int. Rate	Nominal Amount \$'000	Interest Rate Exposure			Maturity Dates		
			Fixed Int. Rate	Variable Int. Rate	Non-interest bearing \$'000	< 1 yr	1 – 5 yrs	> 5 yrs
			\$'000	\$'000	\$'000			
2008								
Payables	0	26 128	0	0	26 128	26 128	0	0
Borrowings:								
Fish Loan	6.46%	17 901	17 901	0	0	2 000	8 000	7 901
Locust Loan	5.69%	10 500	10 500	0	0	3 500	7 000	0
		54 529	28 401	0	26 128	31 628	15 000	7 901
2007								
Payables	0	24 387	0	0	24 387	24 387	0	0
Borrowings:								
Fish Loan	6.45%	21 248	21 248	0	0	2 000	8 000	11 248
Locust Loan	5.69%	10 500	10 500	0	0	3 500	7 000	0
OJD Loan	5.69%	1 018	1 018	0	0	1 018	0	0
		57 153	32 766	0	24 387	30 905	15 000	11 248
Consolidated	Weighted Average Effective Int. Rate	Nominal Amount \$'000	Interest Rate Exposure			Maturity Dates		
			Fixed Int. Rate	Variable Int. Rate	Non-interest bearing	< 1 yr	1 – 5 yrs	> 5 yrs
			\$'000	\$'000	\$'000	\$'000		
2008								
Payables	0	77 182	0	0	77 182	77 182		
Borrowings:								
Fish Loan	6.45%	17 901	17 901	0	0	2 000	8 000	7 901
Locust Loan	5.69%	10 500	10 500	0	0	3 500	7 000	0
OJD Loan	5.69%	0	0	0	0	0	0	0
Forest short term	6.82%	10 689	0	10 689	0	10 689	0	0
Forest Fixed rate	7.34%	217 006	217 006	0	0	9 711	107 000	100 295
		333 278	245 407	10 689	77 182	103 082	122 000	108 196
2007								
Payables	0	68 069	0	0	68 069	68 069	0	0
Borrowings:								
Fish Loan	0	21 248	21 248	0	0	2 000	8 000	11 248
Locust Loan	0	10 500	10 500	0	0	3 500	7 000	0
OJD Loan	0	1 018	1 018	0	0	1 018	0	0
Forest short term	6.41%	5 438	0	5 438	0	5 438	0	0
Forest Fixed rate	6.42%	200 751	200 751	0	0	30 120	96 595	74 036
		307 024	233 517	5 438	68 069	110 145	111 595	85 284

(d.) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Department's exposures to market risk are primarily through interest rate risk on the Department's new borrowings. The Department has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in

risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Department operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposure in existence at the balance sheet date. The analysis is performed on the same basis for 2007. The analysis assumes that all other variables remain constant.

Notes to and forming part of the financial statements

38. FINANCIAL INSTRUMENTS (cont'd)*Interest rate risk*

Exposure to interest rate risk arises primarily through the Department's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The Department does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of + / - 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Department's exposure to interest rate risk is set out below.

Forests

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Forests NSW intends to hold fixed interest assets and liabilities to maturity. Interest rate exposure is limited to interest rates available at the time of entering into arrangements with NSW Treasury Corporation. The assets or liabilities are held until maturity.

Other price risk – TCorp Hour Glass Investment facilities.

Parent		-1%		1%	
	Carrying Amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2008					
Financial assets					
Cash and cash equivalents	35 430	-354	-354	354	354
Receivables	0	0	0	0	0
Other Financial Assets	9 212	0	0	0	0
Financial liabilities					
Payables	9 997	0	0	0	0
Borrowings	28 401	0	0	0	0
2007					
Financial assets					
Cash and cash equivalents	42 241	-422	-422	422	422
Receivables	0	0	0	0	0
Other Financial Assets	11 692	0	0	0	0
Financial liabilities					
Payables	8 078	0	0	0	0
Borrowings	32 766	0	0	0	0
Consolidated		-1%		1%	
	Carrying Amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2008					
Financial assets					
Cash and cash equivalents	35 430	-354	-354	354	354
Receivables	0	0	0	0	0
Other Financial Assets	9 212	0	0	0	0
Forest Cash	11 640	-1 116	-1 116	1 116	1 116
Financial liabilities					
Payables	9 990	0	0	0	0
Borrowings	28 401	0	0	0	0
Forest NSW financial liabilities	169 490	-1 694	-1 694	1 694	1 694
2007					
Financial assets					
Cash and cash equivalents	42 241	-422	-422	422	422
Receivables	0	0	0	0	0

Notes to and forming part of the financial statements

38. FINANCIAL INSTRUMENTS (cont'd)

Consolidated		-1%		1%	
	Carrying Amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Forest cash	5 615	-562	-562	562	562
Financial liabilities					
Payables	8 078	0	0	0	0
Borrowings	32 766	0	0	0	0
Forest NSW financial liabilities	159 744	-1 597	-1 597	1 597	1 597

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour Glass Investment facilities, which are held for strategic rather than trading purposes. Forest NSW has no direct equity investments.

Forests NSW only holds units in the Hour Glass Investment Cash Facility trust. This trust only invests in Cash & money market instruments that have an investment horizon up to 1.5 years (Pre- June 2008 – Up to 2 years).

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily. NSW TCorp as trustee for each of the above facilities is required to act in the best interest of the unitholders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour Glass facilities limits Forests NSW exposure to risk, as it allows diversification across a pool of funds, with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the facilities, using historically based volatility information. The TCorp Hour Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

(e) Other Qualitative Disclosures:

Managed debt portfolios

NSW Treasury Corporation (TCorp) manages interest rate risk exposures applicable to specific borrowings of Forests NSW in accordance with a debt portfolio mandate agreed between the two parties. TCorp uses derivatives, primarily interest rate futures, to establish short-term (tactical) and longer term (strategic) positions within agreed tolerance limits to manage portfolio duration and maturity profiles. At reporting date the carrying value of borrowings and derivatives (net of funds held at call) managed by TCorp stood at \$165.2 million (2007:\$157.9 million).

Hour-Glass Investment Facilities

Forests NSW holds units in the following Hour-Glass investment facilities:-

Facility	Investment Sectors	Investment Horizon
Cash Facility	Cash, Money market instruments	Up to 2 years

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW Treasury Corporation (TCorp) as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. [From April 2007 TCorp commenced acting as manager for part of the Cash Facility*. A significant portion of the administration of the facilities is outsourced to an external custodian.

The Department holds no units in Hour-Glass investment trusts.

(f) Forest Fair Value

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of many of the financial instruments.

Other Quantitative Disclosures:-

	2008	2007
Unrealised Gains/(Losses) From Derivatives	\$105 439	\$16 955

End of the audited financial statements.

Financial Statements 2007-08

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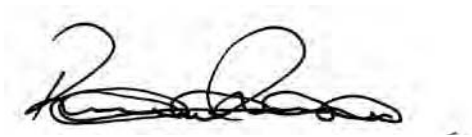
**STATEMENT BY COMMISSIONER
(AS CORPORATION SOLE UNDER SECTION 7 (1) OF THE FORESTRY ACT 1916)**

Pursuant to the *Public Finance and Audit Act, 1983*, the statements are signed and attested in the following terms:

In my opinion, the accompanying financial statements present a true and fair view of the consolidated financial position of the Forestry Commission of New South Wales (trading as Forests NSW) as at 30 June 2008 and the results of its operations and transactions for the year then ended.

The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act, 1983*, and accompanying regulations, and the Treasurer's Directions.

I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Richard Sheldrake

Director-General of The NSW Department of Primary Industries.
17th December, 2008.



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Forestry Commission of New South Wales (Trading as Forest NSW) and controlled entities

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Forestry Commission of New South Wales (The Commission), which comprises the balance sheets as at 30 June 2008, the income statements, statements of changes in equity and cash flow statements for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Commission and the economic entity. The economic entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

Qualified Auditor's Opinion

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to satisfy myself as to the valuation of the Biological Assets, the financial report:

- presents fairly, in all material respects, the financial position of the Commission and the economic entity as at 30 June 2008, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

My opinion should be read in conjunction with the rest of this report.

Basis for Qualified Auditor's Opinion

Note 2 (g) (iii) under the heading Native Forest Timber discloses various assumptions relating to the valuation of these forests. I have been unable to obtain sufficient appropriate audit evidence to confirm that these assumptions are statistically reliable to form an opinion on the value of the Native Forest Timber included within Biological Assets. I have been unable to carry out audit procedures to quantify the possible adjustments to the financial report that might have been necessary had this limitation not existed.

My auditor's report for 2007 was similarly qualified for Native Forest Valuation.

Significant Uncertainty Regarding Deferred Tax Liability

Without qualification to the opinion expressed above, I draw attention to Deferred Tax disclosed in Note 2 (d). The Commission intends to obtain a private ruling from the Australian Taxation Office over the deductibility of plantation establishment costs for Biological assets. Until the outcome of this matter is known there is uncertainty over the deferred tax amount included in the non-current liabilities.

Commissioner's Responsibility for the Financial Report

The Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit except as discussed in the qualification paragraph. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Commission or the Economic entity,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Achterstraat
Auditor - General

17 December 2008
SYDNEY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE, 2008

		Economic Entity 2008 \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
	Notes				
Continuing Operations					
Revenue from ordinary activities					
From sales of timber and related activities	3a	252 848	252 848	223 621	223 621
Income from investment properties	3b	88	88	108	108
From other operating activities	3b	40 859	40 859	46 821	46 821
Total Revenue		293 795	293 795	270 550	270 550
Less Expenses from Continuing Operations					
Contract harvest & haulage		113 038	113 038	94 306	94 306
Contractors		15 357	15 357	12 588	12 588
Depreciation	4a	10 477	10 477	10 254	10 254
Employee & related		29 389	-	27 844	-
Personnel services	23(i),(iii)	54 136	83 525	46 019	73 863
Materials		19 281	19 281	28 612	28 612
Fees		10 308	10 308	9 085	9 085
Other		4 117	4 117	7 521	7 521
Changes in Fair Value /(Increment) Decrement Biological Assets	11(a), (c)	(79 959)	(79 959)	172 641	172 641
		176 144	176 144	408 870	408 870
Profit / (Loss) from continuing operations before income tax		117 651	117 651	(138 320)	(138 320)
(Income tax expense)/Loss	5	(37 279)	(37 279)	39 965	39 965
Profit/(Loss) after tax from continuing operations		80 372	80 372	(98 355)	(98 355)
Net Profit/(Loss) for the period		80 372	80 372	(98 355)	(98 355)

The above Income Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET AS AT 30 JUNE, 2008

	Notes	Economic Entity 2008 \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
Current assets					
Cash and cash equivalents	6	11 640	11 640	5 615	5 615
Trade and other receivables	8	40 542	40 542	42 299	42 299
Inventories	7	8 389	8 389	7 943	7 943
Prepayment		1 896	1 896	2 951	2 951
Other assets	16,23(ii),(iv)	11 295	11 295	16 249	16 249
Current tax assets		1 491	1 491		
Total Current Assets		75 253	75 253	75 057	75 057
Non-current assets					
Property, plant and equipment	9	1 196 810	1 196 810	1 205 372	1 205 372
Biological assets	11	1 515 310	1 515 310	1 403 831	1 403 831
Investment properties	10	7 916	7 916	9 039	9 039
Deferred income tax asset	5b(ii)	7 457	7 457	10 614	10 614
Total Non-Current assets		2 727 493	2 727 493	2 628 856	2 628 856
TOTAL ASSETS		2 802 746	2 802 746	2 703 913	2 703 913
Current liabilities					
Trade and other payables	12	49 631	49 631	52 752	52 752
Interest-bearing loans and borrowings	13	10 562	10 562	31 211	31 211
Dividend provided	14	1 000	1 000	16 000	16 000
Provisions	15	12 467	770	11 823	820
Current tax liability	5			1 615	1 615
Total Current Liabilities		73 660	61 963	113 401	102 398
Non-current liabilities					
Interest-bearing loans and borrowings	13	158 927	158 927	128 532	128 532
Provisions	15	3 580	3 460	3 550	3 320
Deferred income tax liability	5	543 989	543 989	512 911	512 911
Amount due to related entities	23(ii),(iv)	24 949	36 766	24 414	35 647
Total Non-Current Liabilities		731 445	743 142	669 407	680 410
TOTAL LIABILITIES		805 105	805 105	782 808	782 808
NET ASSETS		1 997 641	1 997 641	1 921 105	1 921 105
Equity					
Capital		421 706	421 706	421 706	421 706
Asset revaluation reserve		701 252	701 252	704 872	704 872
Retained profits		874 683	874 683	794 527	794 527
TOTAL EQUITY		1 997 641	1 997 641	1 921 105	1 921 105

The above Balance Sheet should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE, 2008

		Economic Entity 2008 \$ '000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$ '000	Statutory Corporation 2007 \$'000
	Notes				
Cash flows from operating activities					
Receipts from customers		289 262	289 262	267 100	267 100
Payment to suppliers and employees		(232 223)	(232 223)	(213 975)	(213 975)
Interest received		1 165	1 165	619	619
Income taxes paid		(4 599)	(4 599)	(2 961)	(2 961)
Net Cash Flow from operating Activities		53 605	53 605	50 783	50 783
Cash flows from investing activities					
Payments for property, plant and equipment		(12 638)	(12 638)	(23 007)	(23 007)
Payments for plantation establishment		(22 266)	(22 266)	(22 032)	(22 032)
Capitalised interest on Borrowings		(10 019)	(10 019)	(8 721)	(8 721)
Proceeds from sale of property, plant & equipment		3 596	3 596	6 470	6 470
Net cash (outflow) from investing activities		(41 327)	(41 327)	(47 290)	(47 290)
Cash flows from financing activities					
Proceeds from borrowings		38 467	38 467	38 000	38 000
Repayment of borrowings		(28 720)	(28 720)	(16 533)	(16 533)
Dividends paid	14	(16 000)	(16 000)	(26 332)	(26 332)
Net cash inflow (outflow) from financing activities		(6 253)	(6 253)	(4 865)	(4 865)
Net increase (decrease) in cash held					
Cash at the beginning of the financial year		5 615	5 615	6 987	6 987
Cash and cash equivalents at the end of the Period	6	11 640	11 640	5 615	5 615

The above cash flow statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY For the year ended 30 June, 2007

	Economic Entity Capital \$'000	Statutory Corporation Capital \$'000	Economic Entity Accumulated Funds \$'000	Statutory Corporation Accumulated Funds \$'000	Economic Entity Asset Revaluation Reserve \$'000	Statutory Corporation Asset Revaluation Reserve \$'000	Economic Entity Total Equity \$'000	Statutory Corporation Total Equity \$'000
At July 2006	421 706	421 706	907 405	907 405	487 559	487 559	1 816 670	1 816 670
Changes in equity- transaction with owners as owners(b)			(1 293)	(1 293)			(1 293)	(1 293)
Realised Gain on disposal of other fixed assets			2 770	2 770	(2 770)	(2 770)	-	-
Fair Value Revaluation of fixed Assets					315 135	315 135	315 135	315 135
Loss on Decrement of Fixed Asset Valuation					(1 276)	(1 276)	(1 276)	(1 276)
Deferred Tax					(92 630)	(92 630)	(92 630)	(92 630)
Equity Dividend			(16 000)	(16 000)			(16 000)	(16 000)
Fair Value Adjustment on prior year acquisitions					(1 146)	(1 146)	(1 146)	(1 146)
Profit/Loss for the Year			(98 355)	(98 355)			(98 355)	(98 355)
At 30 June 2007	421 706	421 706	794 527	794 527	704 872	704 872	1 921 105	1 921 105

(b) In 2006/2007, 5797.79 hectares were transferred revoked and transfer to NPWS and other NSW related government entities

FOR THE YEAR ENDED 30 JUNE, 2008

	Economic Entity Capital \$'000	Statutory Corporation Capital \$'000	Economic Entity Accumulated Funds \$'000	Statutory Corporation Accumulated Funds \$'000	Economic Entity Asset Revaluation Reserve \$'000	Statutory Corporation Asset Revaluation Reserve \$'000	Economic Entity Total Equity \$'000	Statutory Corporation Total Equity \$'000
At July 2007	421 706	421 706	794 527	794 527	704 872	704 872	1 921 105	1 921 105
Changes in equity- transaction with owners as owners(b)			(6 331)	(6 331)			(6 331)	(6 331)
Realised Gain on disposal of other fixed assets			5 564	5 564	(3 620)	(3 620)	1 944	1 944
Deferred Tax			1 551	1 551			1 551	1 551
Equity Dividend			(1 000)	(1 000)			(1 000)	(1 000)
Profit/Loss for the Year			80 372	80 372			80 372	80 372
At 30 June 2008	421 706	421 706	874 683	874 683	701 252	701 252	1 997 641	1 997 641

(b) In 2007/2008, 12,364.13 hectares were transferred revoked and transfer to NPWS and other NSW related government entities

Notes to and forming part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2008**1. CORPORATE INFORMATION**

Forests NSW is the trading name of Forestry Commission of NSW.

In June 2004, Forests NSW was aligned with the Department of Primary Industries (DPI) but continues to operate as a self funded Public Trading Enterprise (PTE).

On 17th March, 2006 the Government proclaimed the Public Sector Employment Legislation Amendment Act 2006. This Act made fundamental changes to the employment arrangements of many statutory corporations through amendments to the Public Sector Employment and Management Act 2002 (PSEMA) and other Acts. In particular, the status of employees of many statutory corporations has been changed. They are now employees of the Government of New South Wales in the service of the Crown. Employees of the Government were assigned to Divisions of the Government Service. Departments are now also known as Divisions of the Government Service, per Schedule 1 of the PSEMA.

From 17th March, 2006 Forests NSW employees became the employees of either DPI or the new entity, Forestry Commission Division. As a PTE, Forests NSW continues to be responsible for making use of the employees and resources of both DPI and Forestry Commission Division at its own cost, and must meet all expenses, taxes, duties and Government dividends from revenues earned from the commercial business activities it undertakes.

This supply and continued use of resources and shared services from DPI and Forestry Commission Division is based on a signed Memorandum of Understanding.

Forestry Commission Division is a special purpose service entity pursuant to Schedule 3 of PSEMA and Forests NSW administers and has dominant control of its day to day operation.

Forests NSW is the parent reporting entity and its operations are consolidated with the activities of Forestry Commission Division NSW to form the economic reporting entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations, the Public Finance and Audit Act 1983, the Public Finance and Audit (General) Regulation 2005.

Forests NSW is a for profit entity and its accounts are consolidated as part of the NSW Total State Sector Accounts.

The accounts have been prepared on an accrual basis utilising conventional historical cost bases except for certain forest, non-forest assets and investment properties which, as indicated separately in the notes and financial statements, are at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

(b) Statement of Compliance

The consolidated and parent entity financial report has been prepared & complies with the accounting and disclosure requirements specified by all Australian Accounting Standards and Interpretations.

(c) Basis of Consolidation

This financial report has been consolidated in accordance with Australian Accounting Standard AASB 127 Consolidated and Separate Financial Statements

The consolidated statements comprise the financial statements of Forests NSW (parent entity) and Forestry Commission Division as at 30 June 2008.

The financial statements of Forestry Commission Division are prepared, using the same consistent accounting policies with Forests NSW.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions are eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

The consolidated financial report for the year ended 30 June 2008 has been authorised for use by Richard Sheldrake, Commissioner of the Forestry Commission of New South Wales, on 17th December, 2008.

(d) Income Tax (Tax equivalents regime) (refer Note 5)

As of 1 July 2001, Forests NSW was subject to the National Tax Equivalents Regime (NTER) which requires Government Trading Enterprises to be subject to the same taxes, including income tax and goods and services tax, as private sector organisations. Prior to this date Forests NSW were subject to the state based Tax Equivalents Regime.

Current tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax losses for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Tax for the current period/prior period is recognised as a liability (or asset) to the extent that is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences.

Included in the deferred tax liability is an amount which represents future deductibility of biological assets amounting to \$796 693 000. (Tax effect @30% is \$239 007 900).

The above amount was ascertained during the transitional period when Forests NSW moved from a NSW State Government Agency to a TER (Tax Equivalent Regime) entity.

Forests NSW has never claimed a tax deduction for this establishment plantation cost against derived post TER and NTER (National Tax Equivalent Regime) assessable income.

The deductibility of this amount is uncertain and is subject to Forests NSW obtaining a private binding ruling with the Australian Taxation office during 2009.

The correctness of the deferred tax liability recognised for the biological assets is therefore subject to:

- i. confirmation that these deductions are available
- ii. accuracy of the future deductible amount of \$796 963 000

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period (s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have enacted or substantively enacted by reporting date. The measurement of

Notes to and forming part of the financial statements

deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and Forests NSW intends to settle its current tax assets and liabilities on a net basis.

Deferred tax asset items relating to tax losses will be carried forward as an asset as this benefit has largely arisen from the deductibility of plantation establishment activity. Whilst recognising the significant period involved (to maturity of these plantation assets), as these activities constitute Forests NSW core business, there is high likelihood the benefit will be fully realised in future periods.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

Other Taxes (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- the amount of GST incurred by Forests NSW as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- receivables and payables are stated with the amount of GST included.

(e) Trade and Other Receivables (refer Note 8)

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using effective interest method, less an allowance for any impairment of receivables.

Trade and other receivables are constantly reviewed and impairment provided when the debt is deemed uncollectible. Bad debts are written off as incurred.

Credit sales are generally 7, 14 or 30 days settlement.

(f) Inventories and Work in Progress (refer Note 7)

Inventories and Work in Progress (WIP) are stated at the lower of cost or net realisable value. In the case of materials and parts, cost comprises purchase price and incidental expenses. The valuation of WIP and finished goods is based on direct costs plus an appropriate proportion of production overheads.

(g) Non-Current Asset Valuations

Fixed Assets are reviewed and assessed periodically at each reporting cycle to assess fair value and impairment.

(i) Impairment of other tangible and intangible assets.

At each reporting date, Forests NSW reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, Forests NSW estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Where an indicator of impairment exists, the asset will be written down to the recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use.

(ii) Property, Plant & Equipment (refer Note 9)

Land

All land, being Crown Land and Forests NSW owned land, under forests and plantations and under administrative buildings, offices, mechanical workshops and other non-forest installations were revalued by Valuation Services which is a business unit of Department of Lands on 30 June 2007. Fair value is based on current market buying price representing value in use. The Valuation Services supported this basis of valuation by recognising that Forests NSW land was held for continued use and would be replaced if Forests NSW was deprived of them.

The valuation recognised areas that were currently utilised for timber producing purposes and other areas such as reserves and exclusion zones where no commercial activities are carried out by Forests NSW.

Independent valuations will be performed at least triennially for land, or earlier if significant market movements are detected, with purchases in the intervening periods taken to account at cost.

Roads & Bridges

Major Roads and Bridges have been independently revalued by Valuation Services (formerly State Valuation Office) at 30 June 2006 on the basis of written down replacement cost, which approximates fair value.

Independent valuations will be performed at least triennially or earlier if significant market movements are detected, with purchases in the intervening periods taken to account at cost.

Costs of building or significantly upgrading primary access roads (Class A) and secondary access roads (Class B) are capitalised as incurred. Maintenance costs on these higher classification roads are expensed as incurred. All other costs of maintaining and developing the rest of the roading infrastructure are expensed as incurred.

Heavy Plant and Equipment, Motor Vehicles and Mobile Plant

Heavy Plant and Equipment have been independently revalued by Slattery Auctions at 30 June 2006 on the basis of market realisable estimate which approximates fair value.

Independent valuations will be performed at least triennially or earlier if significant market movements are detected, with purchases in the intervening periods taken to account at cost.

Motor vehicles and Mobile Plant were revalued at 30 June 2006 by management. The carrying value as at 30 June 2006 approximates to the fair value. Revaluations will be performed at least triennially for motor vehicles, or earlier if significant market movements are detected, with purchases in the intervening periods taken to account at cost.

Other Assets

Radio Equipment was revalued at 30 June 2006 by management. The carrying value as at 30 June 2006 approximates to the fair value. Aircraft was revalued by Slattery Auctions at 30 June 2006. Other assets are stated at written down value as at 30 June 2006, which approximates fair value.

Notes to and forming part of the financial statements

(iii) Biological Assets (refer Note 11)***Softwood Plantation Timber***

The fair value of the Softwood Pine Plantation Growing Stock has been assessed utilising a Net Market Value model, which is based upon standing volumes and current prices less the direct costs of disposing of the timber.

The present valuation model differentiates between the following components of the plantation: Non commercial plantations are defined as those plantations which are less than 15 years of age and which have not yet undergone a commercial operation. As market prices cannot be readily determined for these plantations, they are valued on the basis of historical costs incurred in their establishment.

Commercial plantations are defined as those plantations between 12 and 15 years of age which have experienced a commercial operation, and all plantations 15 years of age or greater. A commercial operation is defined as a thinning or clear felling which produces marketable quantities of forest products for sale.

Volume increments are determined both by periodic remeasurement of samples of plantations and by modelling growth from the date of most recent measurement to the valuation date. The modelled growth estimates are generally checked to physical data at five yearly intervals. The market valuation is prepared by qualified foresters, employed by Forests NSW using techniques/methods published in scientific journals and accepted by the forestry industry.

The current product proportion models, used to determine the component product volumes on which the valuations are based, were first implemented in 2002. To better reflect the effects of recent growth conditions and the usage of more genetically advanced seedling stock in more recent years, Forests NSW has recently commenced processes to test and validate the modelling projections to recent actual harvested volumes of various timber products.

Until these validation processes are completed, there may be some variation between reported modelled volumes and actual standing volumes. Recalibration of the inventory models will then be made to ensure models closely align to current actual harvest records. Should any amendment to the valuation become necessary as a result of this testing, any resulting financial effects will be incorporated into future valuations. Costs capitalised in relation to plantations comprise the direct costs of establishment and development attributable to a new plantation of specific age class and species, and indirect costs attributable to the growing stock establishment activity. These indirect costs include fire prevention and suppression, road maintenance, forest management and planning, research, and administration and management.

Other ongoing maintenance and management costs in relation to commercial pine plantations are expensed as incurred, with the exception of major post thinning fertilising and pruning programs. Where these programs are designed specifically to improve stand quality, the costs are capitalised. The net change in fair value (resulting from price and volume movements) from the beginning, to the end of the year is recognised as revenue or an expense in the Income Statement.

Additional data from harvest reconciliations confined a value adjustment to Macquarie Region. This resulted in a value decrement adjustment of \$51 504 547 (\$105 593 586 in 2006-2007).

Hardwood Plantation Timber

These plantations are generally less than 15 years of age and have yet to undergo a commercial operation. As market prices cannot be readily determined for these plantations and as the quality of inventory and growth data has not developed to a suitable standard to support a detailed growth model for these plantations at this time, this resource is valued on the basis of historical costs incurred in their establishment, being the best indication of fair value of the standing timber.

As Hardwood plantations undergo a commercial operation or reach age 15, Forests NSW intends to move to market value for this resource. Land under these plantations and integral infrastructures have been independently valued and disclosed separately in these accounts.

Native Forest Timber

The fair value of the Native Forest timber resource, currently available for harvesting, has been assessed utilising an updated Net Present Value for the F08 financial year. This approach has been recommended, in the short term, by an independent review of Forests NSW's native forest valuation methodology by Pöyry Forest Industry Limited (Pöyry). The approach is based upon standing volumes and current prices less direct costs of disposing of the timber.

Standing volume information is derived from the most recently available resource inventory data. The inventory base is updated on an annual basis to replace plots that have been disturbed due to harvesting or plots that were established in excess of 10 years from the previous measurement date. Only the standing volume of timber that is available in a single harvest cycle is valued. Standing volume information has been grown forward from inventory date to 30 June 2008 and reduced by the volume of products sold since the inventory date.

The Western River Redgum forests and Southern Cypress forests were previously not covered by the standard inventory plot base and previous valuations have relied upon older sources of data for the derivation of values. These areas are now covered by the standard inventory plot base with the Western River Red Gum plot set being current as of the 1/1/2008 and the Southern Cypress plot set being current as of the 1/1/2007.

In determining the standing volume, the gross area of native forests is reduced by the extent where logging is excluded in certain areas. On the north and south coast a net harvest area modifier is then applied to reflect the impact of other logging exclusions prescribed by licences that are not area specific. A further strike rate reduction factor is used to reduce the net harvest area for unmapped flora and fauna exclusions.

After adjusting the gross standing volume for the above exclusions, reconciliation factors are applied to the standing volume of products within each valuation area. These reconciliation factors reflect restrictions on the intensity of harvesting in native forests and the influence of current markets on FNSW's ability to sell certain product types. The reconciliation factors were derived independently by Pöyry and represent a write down factor of the estimated total standing merchantable volume, derived from plot data, with the actual harvested yields from the same areas. A summary of the reconciliation factors used are shown in the following table.

Notes to and forming part of the financial statements

Valuation Area	Reconciliation Factor (%)		
	High quality	Low quality	Pulp
Western cypress non-RA	34	N/A	N/A
Western cypress RA	34	N/A	N/A
Western River Red Gum	31	48	1
South Coast Tumbarumba	25	21	63
South Coast Batemans Bay	25	21	63
South Coast Eden	30	30	56
Central Region	43	29	16
North East Region	35	27	2
North Coast pre-94 hardwood plantations	30	30	30

The market value for products by species that is applied to yield estimates was sourced from current years actual price data adjusted for marketing and selling costs.

Forests NSW older hardwood plantation resource (pre 1994) has presently been valued as native forest until the plantations are accredited.

Forests NSW manages available native forest areas on a sustainable yield basis. Sustainable yield means that the volume harvested will approximate, over long-term harvest cycles, annual forest growth of the harvestable native forest areas. As a result, all costs incurred in managing, maintaining and developing the Native Forests timber resources are expensed as incurred on the basis that all relevant costs are incurred in maintaining a constant forest resource.

(h) Carbon Credits

Forests NSW participated in an inaugural sale of New South Wales Greenhouse Abatement Credits in 2004/2005. For financial year ending 30 June, 2008, unsold carbon credit certificates are accounted for as inventory at lower of cost or net realisable value.

(i) Depreciation of Property, Plant & Equipment

Depreciation is charged on Property (other than land), and Plant & Equipment at rates which provide for the original cost or valuation to be written down over the expected useful life of the asset. Depreciation commences when the asset is brought into commercial operation.

Type of Asset	Depreciation Method	Useful Life
Property (other than Land)	Straight Line	10 to 50 Years
Aircraft	Straight Line	10 years
Other Plant and Equipment	Straight Line	3 to 50 Years
Roads and Bridges		
• earthworks	Straight Line	100 Years
• paving (gravel)	Straight Line	30 Years
• paving (bitumen)	Straight Line	50 Years

(j) Maintenance and Repairs

Forests NSW policy is to maintain property, plant and equipment in good order and condition requiring ongoing maintenance and repair. The costs of maintenance and repairs are generally charged as expenses when incurred, except where they relate to the replacement of a significant component of an asset or a major upgrade of an asset, in which cases the costs are capitalised and depreciated. Other routine operating maintenance, repair and minor renewal costs are also expensed as incurred.

(k) Derecognition of Assets

Assets are derecognised upon disposal where there is no future economic benefits expected to arise from the continued use.

Any gain or loss from derecognition of assets upon disposal is included in the income statement in the year the item is derecognised.

(l) Other Financial Assets (refer Note 6)

Investments are initially recognised at fair values plus, in the case of investments not at fair values through profit and loss, transaction costs. Forests NSW determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each month reporting date.

Forests NSW subsequently measures investments classified as "held for trading" or designated "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the income statement.

(m) Interest-bearing Loans and Borrowings (refer Note 13)

Interest-bearing loans and borrowings are carried at current capital value, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(n) Guarantee Fee

Forests NSW is required to pay an annual Government Guarantee Fee to the NSW Treasury relative to the amount of loans at balance date based upon the differential between an independently assessed, stand alone, credit rating for Forests NSW and the NSW Government's AAA rating. The actual fee payable is calculated using factors provided by the NSW Treasury each year. Forests NSW has been assigned a private stand alone qualified rating indication of 'BBB-' (BBB minus) by Fitch ratings. This is not necessarily the unqualified corporate credit rating that would otherwise apply to Forests NSW.

Notes to and forming part of the financial statements

(o) Financial Instruments (refer Note 17)

Recognised Financial Instruments	Accounting Policies	Terms and Conditions
i) Financial Assets		
Cash	Short-term deposits are stated at net realisable value. Interest is recognised in the income statement when earned	Cash is deposited at call
Receivables	Trade receivables are carried at nominal amounts due less any provision for doubtful debts. A provision is recognised when the collection of the amount is no longer probable.	Credit sales are generally on 7, 14 or 30 day settlement terms.
Other Financial Assets	Investments are stated at net realisable value. Interest and movements in market value are recognised in the income statement when earned	All Investments during the year were at call
ii) Financial Liabilities		
Accounts Payable and Other Creditors	Liabilities are recognised for amounts to be paid in the future for goods and services received.	Trade liabilities are settled within 30 days of the month in which they are incurred in line with NSW Government policy.
Interest-Bearing Loans and Borrowings	Liabilities for loans are recognised at the time of entering into the arrangement.	A liquidity risk policy has been adopted by which no more than 25% of the total debt matures in any one year. All borrowings are sourced from the NSW Treasury Corporation

(p) Cash and Cash Equivalents

For purposes of the cash flow statement, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(q) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets (where valid).

Finance costs include:

- i. interest on bank overdrafts and short-term and long-term borrowings
- ii. amortisation of discounts or premiums relating to borrowings

Capitalisation of Borrowing Costs:

Borrowing costs are capitalised as these funds have been utilised for the acquisition of land and for the establishment and development of new plantations which by their nature take a substantial period of time to become commercially productive.

(r) Rounding of Amounts

The amounts in the Financial Statements have been rounded off to the nearest thousand dollars unless specifically stated to be otherwise.

(s) Provisions

Provisions are recognised when past events will result in a present obligation, that will involve a future sacrifice of economic resources and the amount of provision can be measured reliably.

The amount of provisions recognised at reporting date are derived after estimating the considerations required to settle the obligation, taking into account both the associated risks and uncertainties.

In circumstances where there are recoveries of settlement obligations from third parties, the receivable amount will be recognised as an asset if there is absolute certainty of recovery and recoverable monies can be reliably measured.

Provisions that are measured by expected cash outflows on future settlement dates to settle the present obligation will be discounted by an appropriate rate of discount so as to obtain the present value of the expected cash outflows.

The discount rate that is used to compute the present value of cash outflows reflects the specific risks pertaining to the obligation and the current market assessment of the present value of money. Any increase in the provision due to discounting is recognised as a finance cost.

(t) Lease Assets

Leases are classified as financial leases if at the end of the lease term, the risk and ownership of the leased assets substantially accrued to the lessee.

Financial leases are capitalised at the inception of the lease based on the fair value of the leased assets or the lower of, the present value of the minimum lease payments.

All other leases are classified as operating leases. Operating lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term

(u) Dividend (refer Note 14)

The amount of Dividend payable to the NSW Treasury is \$1 000 000 (2006/2007 \$16 000 000).

(v) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

i) Sale of Timber and Related Activities

Revenue from the sale of timber and related activities is recognised (net of returns, discounts and allowances) when control transfers to the buyer the significant risks and rewards of ownership.

Notes to and forming part of the financial statements

(w) Grants

Government grants are recognised as income over the periods necessary to match them with related costs which they are intended to compensate, on a systematic basis.

(x) Employee Benefits***Workers Compensation Insurance***

Forests NSW is a licensed self insurer under the provisions of the Workers Compensation Act 1987. In accordance with regulations that govern the operations of Workers Compensation, an independent actuary has determined the value of the outstanding claims liability as at 30th June 2008. In addition separate insurance cover is held with private insurance companies for excess total incident and total claims costs.

From 17th, March 2006 onwards, the NSW Government proclaimed the PSELAA (Public Sector Employment Legislation Amendment Act 2006). As of that date, all related employee costs and entitlements are recognised as Personnel Services from the supply of labour related services from both DPI and Forestry Commission Division.

Employee related liabilities are transferred from Forests NSW's statutory accounts to New South Wales Department of Primary Industries (DPI) and Forestry Commission Division in accordance with the established memorandum of understanding. In the Forests NSW's (Statutory Balance Sheet), they are disclosed as amounts due to related entities.

Upon consolidation of the year end financial statements, employee related liabilities from the Forestry Commission Division are shown as current and non current provisions.

Annual leave

Liability for Annual Leave is recognised in Forestry Commission Division and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

Long Service Leave

A liability for Long Service Leave is recognised in Forestry Commission Division and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on notional government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Long Service Leave liability was assessed by actuaries at 30th June, 2008.

Sick Leave

Sick leave is non-vesting and is expensed as incurred. In line with past results, sick leave taken in future periods is expected to be well below entitlements in those periods.

Superannuation

Calculation of the total liability for superannuation is based on actuarial advice provided by Pillar Administration.

The superannuation liability is recognised in Forestry Commission Division. It is the difference between the gross liabilities and the stake in the funds at reporting date in respect of Forestry Commission Division employees (*refer Note 16*).

(y) Investment Property

The Economic Entity does not actively trade or engage in the investment property market. It leases offices and other buildings sites for rental income that are surplus to its requirements.

Investment Property, is measured initially at its cost, including transaction costs and subsequently restated at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in which they arise.

Investment properties are derecognised when they have been either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

(z) Adoption of new and revised Accounting Standards.

In the current year, Economic entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (The AASB) that are relevant to its operations and effective for the current annual reporting period. The following standards listed below only impacted on the Economic Entity financial statements with respect to disclosure.

- AASB 7 'Financial instruments: Disclosures'
- AASB 101 Presentation of financial statements (revised October 2006)

At the date of authorisation of the financial report, the following Standards and Interpretations were on issue but not yet effective:

- | | |
|---|--|
| • AASB 8 'Operating Segments and consequential amendments to other accounting standards resulting from its issue. | • Effective for annual reporting periods beginning on or after 1 January 2009. |
|---|--|

Early adoption of new or revised Accounting Standards/Interpretation.

The following Australian Accounting Standards/Interpretations have been mandated by NSW Treasury not to adopt early in this financial report:

- AASB 3 (March 2008), AASB 127 and AASB 2008-3 regarding business combinations;
- AASB 8 and AASB 2007-3 regarding operating segments;
- AASB 101 (Sept 2007) and AASB 2007-8 regarding presentation of financial statements;
- AASB 123 (June 2007) and AASB 2007-6 regarding borrowing costs;
- AASB 1004 (Dec 2007) regarding contributions;
- AASB 1049 (Oct 2007) regarding the whole of government and general government sector financial reporting;
- AASB 1050 (Dec 2007) regarding administered items;
- AASB 1051 (Dec 2007) regarding land under roads;
- AASB 1052 (Dec 2007) regarding disaggregated disclosures;
- AASB 2007-9 regarding amendments arising from the review of AASs 27, 29 and 31;
- AASB 2008-1 regarding share based payments;
- AASB 2008-2 regarding puttable financial instruments;
- Interpretation 4 (Feb 2007) regarding determining whether an arrangement contains a lease;
- Interpretation 12 and AASB 2007-2 regarding service concession arrangements;
- Interpretation 13 on customer loyalty programmes;
- Interpretation 14 regarding the limit on a defined benefit asset;
- Interpretation 129 (Feb 2007) regarding service concession disclosures;
- Interpretation 1038 (Dec 2007) regarding contributions by owners.

Notes to and forming part of the financial statements

3. REVENUE

	Economic Entity 2008 \$ 000	Statutory Corporation 2008 \$ 000	Economic Entity 2007 \$ 000	Statutory Corporation 2007 \$ 000
Revenue				
a) From timber and related operating activities				
Royalties from sale of timber and related products	138 837	138 837	128 421	128 421
Contract Harvest and Haulage	114 011	114 011	95 200	95 200
	252 848	252 848	223 621	223 621
b) From other operating activities				
Community Service Obligations	9 557	9 557	9 557	9 557
Other Services Rendered	24 024	24 024	23 669	23 669
Interest received	1 165	1 165	619	619
Gain on revaluation of investment properties	-	-	4 261	4 261
Rental Income from Investment Properties	88	88	108	108
Other rental	2 857	2 857	2 681	2 681
Gain/(Loss) on Sale of Non Current Assets	(3 635)	(3 635)	(578)	(578)
Decrement on revaluation of fixed assets	-	-	(166)	(166)
Other State Government Grants	6 891	6 891	6 778	6 778
Superannuation Gain	-	-	-	-
	40 947	40 947	46 929	46 929
Total Revenue	293 795	293 795	270 550	270 550

Community Services and Government Grants

Forests NSW Community Service and Government Grants totalled \$16 448 000 (2007: \$16 335 000). Grants included capital and revenue components, which are detailed in the following notes:

(i) Community Service Obligations

The State Government contributed \$9 557 000 (2007: \$9 557 000) towards the cost of providing Community Services. This contribution was included in the accounts as revenue. In 2007/08, these services, which include provision of recreation facilities, education and advisory services, government liaison and regulatory services, community fire protection and research cost Forests NSW \$9 849 000 (2007: \$11 136 000). These costs are included in operating expenditure.

(ii) Other Government Grants

The State Government also paid Forests NSW \$6 891 000 (2007: \$6 778 000) for the performance of specific services including tasks associated with the Interim Assessment Process and related Comprehensive Resource Assessments.

Notes to and forming part of the financial statements

4. EXPENSES**a) Expenses**

		Economic Entity 2008 \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
	Notes				
Finance costs					
Interest and finance charges		10 019	10 019	8 721	8 721
Less: Amount capitalised		(10 019)	(10 019)	(8 721)	(8 721)
Finance costs expensed		-	-	-	-
Written down value of property, plant and equipment disposed		7 231	7 231	7 215	7 215
Depreciation					
Buildings		1 203	1 203	992	992
Roads & bridges		4 172	4 172	4 045	4 045
Plant and equipment		5 102	5 102	5 217	5 217
Total depreciation		10 477	10 477	10 254	10 254
Other charges against assets					
Bad debts written off - trade debtors		2 287	2 287	49	49
Provisions /Expense					
Doubtful debts	8	(2 404)	(2 404)	2 398	2 398
Personnel Services/Employee entitlements		15 116	15 116	13 106	13 106
Workers compensation	15	90	90	770	770
Dividend	14	(1 000)	(1 000)	16 000	16 000
Total other provisions		11 802	11 802	32 274	32 274

(b) Individually Significant Items

Operating profit after income tax includes the following individually significant items:		Economic Entity 2008 \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
	Notes				
Expenses					
Net gain/(loss) from staff superannuation fund		(3 150)	-	1 621	-
		(3 150)	-	1 621	-
Net Movement in Staff Superannuation Fund					
Changes in Fair Value /(decrement) in Biological assets	11	79 959	79 959	(172 641)	(172 641)
Write off of failed hardwood/softwood plantation	11	(764)	(764)	(12 945)	(12 945)
Total of significant items		79 195	79 195	(185 586)	(185 586)

Notes to and forming part of the financial statements

5. INCOME TAXES**A) Income Tax recognised in Profit and Loss**

	Economic Entity 2008 \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
Notes				
Tax expense/(income) comprises :				
Current tax expense/(income)	1 492	1 492	5 190	5 190
Deferred Income tax Relating to origination and reversal of timing differences that are part of:				
Deferred tax liability	32 630	32 630	(42 886)	(42 886)
Deferred tax asset	3 157	3 157	(2 269)	(2 269)
Total expense /(income)	37 279	37 279	(39 965)	(39 965)
Attributable to:				
Continuing operations	37 279	37 279	(39 965)	(39 965)
Discontinued operations				
	37 279	37 279	(39 965)	(39 965)
The prima facie income tax expense on pre-tax accounting profit from Operation reconciles to the income tax expense in the financial statements as follows:				
Accounting Profit/(Loss) from continuing operations	117 651	117 651	(138 320)	(138 320)
Accounting Profit/(Loss) from discontinued operations			-	-
At the statutory income tax rate of 30%	35 295	35 295	(41 496)	(41 496)
Excess/(Deficit) of accounting depreciation over tax	204	204	208	208
Non revenue expenditures	1 519	1 519	52	52
Loss on discontinued assets	1 411	1 411	72	72
Provisions and accruals expenses	-576	-576	1 338	1 338
Unearned revenue	(2 688)	(2 688)	(311)	(311)
(Increment)/ Decrement in net market value of biological assets	(23 987)	(23 987)	51 792	51 792
Non Assessable Income	-	-	(1 885)	(1 885)
Capitalised Finance Costs	(3 006)	(3 006)	(2 616)	(2 616)
Sundry Items	-	-	760	760
Capital Expenditures on Plantation Establishment	(6 680)	(6 680)	(2 723)	(2 723)
Deferred Income Tax Relating to origination and reversal of timing differences	35 787	35 787	(45 156)	(45 156)
Income tax expense reported in income statement	37 279	37 279	(39 965)	(39 965)

Notes to and forming part of the financial statements

5. INCOME TAXES (continued)**B) (i) Income Tax Equivalents (2006-2007)**

	Balance Sheet 2007		Balance Sheet 2006		Income Statement 2007		Income Statement 2006	
	Economic Entity \$'000	Statutory Corporation \$'000	Economic Entity \$'000	Statutory Corporation \$'000	Economic Entity \$'000	Statutory Corporation \$'000	Economic Entity \$'000	Statutory Corporation \$'000
Deferred Income tax equivalent at 30 June relates to the following: Deferred income tax equivalent liabilities								
Property, Plant & Equipment	(330 770)	(330 770)	(234 047)	(234 047)	96 723	96 723	1 160	1 160
Biological Assets	(182 141)	(182 141)	(228 594)	(228 594)	(46 453)	(46 453)	(10 878)	(10 878)
Superannuation	-	-	-	-	-	-	(47 485)	(47 485)
Gross Deferred income tax equivalent liabilities	(512 911)	(512 911)	(462 641)	(462 641)	-	-	-	-
Deferred income tax equivalent assets								
Superannuation	-	-	-	-	-	-	57 446	57 446
Provision of expenses	1 948	1 948	650	650	1 298	1 298	8 522	8 522
Revenue in Advance	8 666	8 666	7 695	7 695	971	971	(3 946)	(3 946)
Gross Deferred income tax equivalent assets	10 614	10 614	8 345	8 345	-	-	-	-
Deferred income tax equivalent charge					52 539	52 539	4 819	4 819

B) (ii) Income Tax Equivalents (2007-2008)

	Balance Sheet 2008		Balance Sheet 2007		Income Statement 2008		Income Statement 2007	
	Economic Entity \$'000	Statutory Corporation \$'000	Economic Entity \$'000	Statutory Corporation \$'000	Economic Entity \$'000	Statutory Corporation \$'000	Economic Entity \$'000	Statutory Corporation \$'000
Deferred Income tax equivalent at 30 June relates to the following: Deferred income tax equivalent liabilities								
Property, Plant & Equipment	(328 404)	(328 404)	(330 770)	(330 770)	2 366	2 366	96 723	96 723
Biological Assets	(215 585)	(215 585)	(182 141)	(182 141)	(33 444)	(33 444)	(46 453)	(46 453)
Gross Deferred income tax equivalent liabilities	(543 989)	(543 989)	(512 911)	(512 911)	-	-	-	-
Deferred income tax equivalent assets								
Provision of expenses	1 451	1 451	1 948	1 948	(497)	(497)	1 298	1 298
Revenue in Advance	6 006	6 006	8 666	8 666	(2 660)	(2 660)	971	971
Gross Deferred income tax equivalent assets	7 457	7 457	10 614	10 614	-	-	-	-
Deferred income tax equivalent charge					(34 235)	(34 235)	52 539	52 539

Notes to and forming part of the financial statements

6. CASH AND CASH EQUIVALENTS

	Economic Entity 2008 \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
Notes				
Cash at bank	10 418	10 418	3 056	3 056
Cash on hand	46	46	59	59
NSW Treasury Corporation Hour Glass Cash Facility	43	43	2 066	2 066
Other Financial Assets	1 133	1 133	434	434
Balances as per cash flow statement	11 640	11 640	5 615	5 615

Investments at call

The NSW Treasury Corporation Hour glass cash facility have been subject to floating interest rates between 6.87% and 7.83%(2007: 5.83% and 6.87%).

7. INVENTORIES

The basis for valuation of Inventories is set out in Note 2(f).

	Economic Entity 2008 \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
Notes				
Materials and parts – at cost	4 867	4 867	5 059	5 059
Work in progress and finished goods – at cost and net realisable value	3 522	3 522	2 884	2 884
	8 389	8 389	7 943	7 943
Provision for stock losses	-	-	-	-
Total Inventories at lower of cost and net realisable value	8 389	8 389	7 943	7 943

8. TRADE AND OTHER RECEIVABLES

	Economic Entity 2008 \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
Notes				
Receivables	40 128	40 128	44 554	44 554
Allowance for impairment Loss	(22)	(22)	(2 427)	(2 427)
	40 106	40 106	42 127	42 127
Other debtors*	436	436	172	172
Total	40 542	40 542	42 299	42 299

During the year bad debts amounting to \$2 287 000 (2007: \$49 000) were written off.

Notes to and forming part of the financial statements

8. TRADE AND OTHER RECEIVABLES (continued)**(i) Allowance for impairment loss**

Trade receivables are non interest bearing and are generally on 30-60 day terms. A provision for impairment loss is recognised when there is evidence of debt being impaired. An impairment loss of \$0 (2007: \$2 427 000) has been recognised in the current year.

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due.

This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Department is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors.

Movement of the impairment loss were as follows :

	Economic Entity 2008 \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
<i>Notes</i>				
At 1st July	2 426	2 426	29	29
Charge for the year	-	-	2 405	2 405
Amount written off	(2 404)	(2 404)	(8)	(8)
Total	22	22	2 426	2 426

At 30 June , the ageing analysis of trade receivables is as follows :

	Economic Entity 2008 \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
<i>Notes</i>				
Total				
0-30 Days*	27 548	27 548	24 388	24 388
31-60 Days	11 728	11 728	13 767	13 767
61-90 Days (Past due but not impaired)	1 215	1 215	444	444
61-90 Days (Considered impaired)	-	-	-	-
>90 Days (Past due but not impaired)	51	51	1 290	67
>90 Days (Considered impaired)	-	-	2 410	2 410

* Other debtor balances do not contain impaired assets and are not past due. These debts balances will be received when due

Notes to and forming part of the financial statements

9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT**Statutory Corporation**

	Crown Land \$'000	Freehold Land \$'000	Buildings \$'000	Roads & Bridges \$'000	All Plant & Equipment \$'000	PPE WIP \$'000	Total \$'000
Note							
At July 2007							
At Fair Value	1 027 747	1 946	27 280	112 901	36 352	8 181	1 214 407
Accumulated depreciation and impairment				(4 045)	(4 990)	-	(9 035)
Net Carrying Amount	1 027 747	1 946	27 280	108 856	31 362	8 181	1 205 372
At 30 June 2008							
At Fair Value	1 022 466	1 946	28 565	117 914	34 914	8 204	1 214 009
Accumulated depreciation and impairment			(1 353)	(8 216)	(7 630)		(17 199)
Net Carrying Amount	1 022 466	1 946	27 212	109 698	27 284	8 204	1 196 810

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

	Crown Land \$'000	Freehold Land \$'000	Buildings \$'000	Roads & Bridges \$'000	All Plant & Equipment \$'000	PPE WIP \$'000	Total \$'000
Note							
Year ended 30 June 2007							
Net carrying amount at start of year	715 833	3 413	22 504	109 115	32 260	5 017	888 142
Additions(transferred to Fixed Assets)	4 962		1 935	3 786	9 160	3 164	23 007
Asset Dedications							
Disposals	(424)	(2 000)	(747)		(3 878)		(7 049)
Asset Revocation	(2 631)						(2 631)
Depreciation/amort'n expense* 4(a)			(1 188)	(4 045)	(5 305)		(10 538)
Revaluation Increments (Decrements)	310 007	533	4 776		(875)		314 441
Net carrying amount at end of year	1 027 747	1 946	27 280	108 856	31 362	8 181	1 205 372

*Note: Depreciation expense differs from Income Statement by \$284 000 (2006 \$276 000). This amount represents depreciation held in inventories work in progress as a cost of production of nursery seedlings

Independent valuation:

(a) Land values assessed by Valuation Services as at 30/06/07. In 2006/2007 5,797.79 hectares (2005/2006, 359 000 hectares revoked, 2 731 were dedicated) were revoked and transferred to NPWS and other NSW related government agencies.

(b) Building values assessed by Valuation Services as at 30/06/07

(c) Roads and bridges revalue by Valuation Services (Formerly SVO) as at 30/06/06.

(d) Motor Vehicles and Heavy Plant assessed by management valuation at 30/06/06.

(e) Heavy Plant Valuation by Slattery auction as at 30/06/2006

(f) Other plant and equipment assessed by management valuation as at 30/06/06.

Notes to and forming part of the financial statements

9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

	Crown Land \$'000	Freehold Land \$'000	Buildings \$'000	Roads & Bridges \$'000	All Plant & Equipment \$'000	PPE WIP \$'000	Total \$'000
<i>Note</i>							
Year ended 30 June 2008							
Net carrying amount at start of year	1 027 747	1 946	27 280	108 856	31 362	8 181	1 205 372
Additions						12 986	12 986
Transfers from WIPS			1 285	5 014	6 316	(12 615)	0
Asset Dedications	203						203
Disposals	(894)				(5 215)	(348)	(6 457)
Asset Revocation	(4 590)						(4 590)
Depreciation/amort'n expense*	4(a)		(1 353)	(4 172)	(5 179)		(10 704)
Revaluation Increments (Decrements)							
Net carrying amount at end of year	1 022 466	1 946	27 212	109 698	27 284	8 204	1 196 810

*Note: Depreciation expense differs from Income Statement by \$227 000 (2007 \$284 000). This amount represents depreciation held in inventories work in progress as a cost of production of nursery seedlings

Independent valuation:

(a) Land values assessed by Valuation Services as at 30/06/07. In 2007/2008 12 364.13 hectares (2006/2007, 5 797.79 hectares revoked,) were revoked and transferred to NPWS and other NSW related government agencies.

(b) Building values assessed by Valuation Services as at 30/06/07

(c) Roads and bridges revalue by Valuation Services (Formerly SVO) as at 30/06/06.

(d) Motor Vehicles and Heavy Plant assessed by management valuation at 30/06/06.

(e) Heavy Plant Valuation by Slattery auction as at 30/06/2006

(f) Other plant and equipment assessed by management valuation as at 30/06/06.

(g) Update factors were obtained from Valuation Services as at 30/06/2008 and were not material enough to warrant adjustment to fair market value of assets.

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

Economic Entity

	Crown Land \$'000	Freehold Land \$'000	Buildings \$'000	Roads & Bridges \$'000	All Plant & Equipment \$'000	PPE WIP \$'000	Total \$'000
<i>Note</i>							
At 1 July 2007							
At Fair Value	1 027 747	1 946	27 280	112 901	36 352	8 181	1 214 407
Accumulated depreciation and impairment				(4 045)	(4 990)	-	(9 035)
Net Carrying Amount	1 027 747	1 946	27 280	108 856	31 362	8 181	1 205 372
At 30 June 2008							
At Fair Value	1 022 466	1 946	28 565	117 914	34 914	8 204	1 214 009
Accumulated depreciation and impairment			(1 353)	(8 216)	(7 630)		(17 199)
Net Carrying Amount	1 022 466	1 946	27 212	109 698	27 284	8 204	1 196 810

Notes to and forming part of the financial statements

9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)**Reconciliation**

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

Note	Crown Land \$'000	Freehold Land \$'000	Buildings \$'000	Roads & Bridges \$'000	All Plant & Equipment \$'000	PPE WIP \$'000	Total \$'000
Year ended 30 June 2007							
Net carrying amount at start of year	715 833	3 413	22 504	109 115	32 260	5 017	888 142
Additions (transferred to Fixed Assets)	4 962		1 935	3 786	9 160	3 164	23 007
Asset Dedications							
Disposals	(424)	(2 000)	(747)		(3 878)		(7 049)
Asset Revocation	(2 631)						(2 631)
Depreciation/amort'n expense* 4(a)			(1 188)	(4 045)	(5 305)		(10 538)
Revaluation Increments (Decrements)	310 007	533	4 776		(875)		314 441
Net carrying amount at end of year	1 027 747	1 946	27 280	108 856	31 632	8 181	1 205 372

*Note: Depreciation expense differs from Income Statement by \$284 000 (2006 \$276 000). This amount represents depreciation held in inventories work in progress as a cost of production of nursery seedlings

Independent valuation:

(a) Land values assessed by Valuation Services as at 30/06/07. In 2006/2007 5 797.79 hectares (2005/2006, 359 000 hectares revoked, 2 731 were dedicated) were revoked and transferred to NPWS and other NSW related government agencies.

(b) Building values assessed by Valuation Services as at 30/06/07

(c) Roads and bridges revalue by Valuation Services (Formerly SVO) as at 30/06/06.

(d) Motor Vehicles and Heavy Plant assessed by management valuation at 30/06/06.

(e) Heavy Plant Valuation by Slattery auction as at 30/06/2006

(f) Other plant and equipment assessed by management valuation as at 30/06/06.

Note	Crown Land \$'000	Freehold Land \$'000	Buildings \$'000	Roads & Bridges \$'000	All Plant & Equipment \$'000	PPE WIP \$'000	Total \$'000
Year ended 30 June 2008							
Net carrying amount at start of year	1 027 747	1 946	27 280	108 856	31 362	8 181	1 205 372
Additions						12 986	12 986
Transfer from WIPS			1 285	5 014	6 316	(12 615)	0
Asset Dedications	203						203
Disposals	(894)				(5 215)	(348)	(6 457)
Asset Revocation	(4 590)						(4 590)
Depreciation/amort'n expense* 4(a)			(1 353)	(4 172)	(5 179)		(10 704)
Revaluation Increments (Decrements)							
Net carrying amount at end of year	1 022 466	1 946	27 212	109 698	27 284	8 204	1 196 810

*Note: Depreciation expense differs from Income Statement by \$227 000 (2007 \$284 000). This amount represents depreciation held in inventories work in progress as a cost of production of nursery seedlings

Independent valuation:

(a) Land values assessed by Valuation Services as at 30/06/07. In 2007/2008 12 364.13 hectares (2006/2007, 5 797.79 hectares revoked,) were revoked and transferred to NPWS and other NSW related government agencies.

(b) Building values assessed by Valuation Services as at 30/06/07

(c) Roads and bridges revalue by Valuation Services (Formerly SVO) as at 30/06/06.

(d) Motor Vehicles and Heavy Plant assessed by management valuation at 30/06/06.

(e) Heavy Plant Valuation by Slattery auction as at 30/06/2006

(f) Other plant and equipment assessed by management valuation as at 30/06/06.

(g) Update factors were obtained from Valuation Services as at 30/06/2008 and were not material enough to warrant adjustment to fair market value of assets.

Notes to and forming part of the financial statements

10. INVESTMENT ASSETS

	Economic Entity \$ '000 2008	Statutory Corporation \$ '000 2008	Economic Entity \$ '000 2007	Statutory Corporation \$ '000 2007
Notes				
Investment assets at beginning of reporting period-at fair value	9 039	9 039	4 778	4 778
Additions/Disposals during the year	(1 123)	(1 123)	-	-
Net gain/losses arising from fair value adjustments	-	-	4 261	4 261
Investment assets at end of reporting period-at fair value (a)	7 916	7 916	9 039	9 039

(a) At Valuation 2007: Land \$2 984 000, Buildings \$6 055 000 by Valuation Services

11. BIOLOGICAL ASSETS**Summary of Biological assets**

		Economic Entity \$ '000 2008	Statutory Corporation \$ '000 2008	Economic Entity \$ '000 2006	Statutory Corporation \$ '000 2006
	Notes				
Softwood Plantation Timber Net Market Value at reporting date	11 a(i)	1 114 564	1 114 564	986 465	986 465
Hardwood Plantation Timber carrying amount as at reporting date	11b(i)	67 526	67 526	63 885	63 885
Native Forest Timber Net Market Value at reporting date	11 c(i)	333 220	333 220	353 481	353 481
		1 515 310	1 515 310	1 403 831	1 403 831

(a) Softwood Plantation Timber**i) Valuation**

	Economic Entity \$ '000 2008	Statutory Corporation \$ '000 2008	Economic Entity \$ '000 2007	Statutory Corporation \$ '000 2007
Notes				
Net market value of timber at beginning of reporting period	986 465	986 465	1 110 668	1 110 668
Capital expenditure - plantation establishment & development	18 625	18 625	19 735	19 735
Capitalisation of borrowing costs	10 019	10 019	8 721	8 721
Write-off of growing stock &/or establishment costs	(764)	(764)	(12 884)	(12 884)
Carrying amount as at the reporting date (prior to adjusting for changes in net market value)	1 014 345	1 014 345	1 126 240	1 126 240
Net market value at reporting date	1 114 564	1 114 564	986 465	986 465
Changes in fair Value/Net increment/(decrement) in the net market value of timber	100 219	100 219	(139 775)	(139 775)

Notes to and forming part of the financial statements

11. BIOLOGICAL ASSETS (continued)**ii) Plantation area by species and age class**

	Economic Entity 2008	Statutory Corporation 2008	Economic Entity 2007	Statutory Corporation 2007
<i>Notes</i>	Hectares	Hectares	Hectares	Hectares
<i>Pinus radiata</i>				
0 –14 years	61 383	61 383	60 502	60 502
15-30 years	90 046	90 046	94 916	94 916
31 years and over	29 537	29 537	29 434	29 434
Total	180 966	180 966	184 852	184 852
Southern Pine				
0 –14 years	3 715	3 715	3 689	3 689
15-30 years	4 293	4 293	4 136	4 136
31 years and over	716	716	1 021	1 021
Total	8 724	8 724	8 846	8 846
Other major species				
0 –14 years	117	117	76	76
15-30 years	136	136	185	185
31 years and over	2 768	2 768	2 862	2 862
Total	3 021	3 021	3 123	3 123
Total Area of Softwood Plantation	192 711	192 711	196 821	196 821

iii) Softwood Plantation - standing volumes by major species

	Economic Entity 2008	Statutory Corporation 2008	Economic Entity 2007	Statutory Corporation 2007
Species				
<i>Pinus radiata</i>	37 609 477	37 609 477	36 444 234	36 444 234
Southern Pine	882 556	882 556	786 431	786 431
Other Major	539 364	539 364	505 044	505 044
Other Species	235 019	235 019	234 861	234 861

Notes to and forming part of the financial statements

11. BIOLOGICAL ASSETS (continued)**(b) Hardwood Plantation Timber****i) Valuation**

	Economic Entity \$ '000 2008	Statutory Corporation \$ '000 2008	Economic Entity \$ '000 2007	Statutory Corporation \$ '000 2007
Notes				
Carrying amount of timber at beginning of reporting period – at fair value	63 885	63 885	61 659	61 659
Capital expenditure - plantation establishment & development	3 641	3 641	2 297	2 297
Sale of Plantations	-	-	(10)	(10)
Write off of failed plantations	-	-	(61)	(61)
Carrying amount as at the reporting date – at fair value (Note 2(g)(iii))	67 526	67 526	63 885	63 885

ii) Plantation area by species (all less than 15 years old)

	Economic Entity 2008 Hectares	Statutory Corporation 2008 Hectares	Economic Entity 2007 Hectares	Statutory Corporation 2007 Hectares
Notes				
<i>Eucalyptus dunnii</i>	8 765	8 765	8 353	8 353
<i>Corymbia maculata</i>	4 517	4 517	4 309	4 309
<i>Eucalyptus pilularis</i>	4 889	4 889	4 789	4 789
Other Hardwood Plantation Species	9 182	9 182	9 364	9 364
Total Area of Hardwood Plantation	27 353	27 353	26 815	26 815

(c) Native Forest Timber**i) Valuation**

	Economic Entity 2008 \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
Notes				
Net market value of timber at beginning of reporting period	353 481	353 481	386 347	386 347
Net market value at reporting date	333 220	333 220	353 481	353 481
Net increment in the net market value of timber	(20 261)	(20 261)	(32 866)	(32 866)

Notes to and forming part of the financial statements

11. BIOLOGICAL ASSETS (continued)**ii) Species Mix of Native Forest areas**

	Economic Entity 2008 Hectares*	Statutory Corporation 2008 Hectares*	Economic Entity 2007 Hectares*	Statutory Corporation 2007 Hectares*
<i>Notes</i>				
Productive forest areas:				
Alpine Ash	16 851	16 851	16 836	16 836
Blackbutt	95 813	95 813	96 160	96 160
Blue Gum	90 893	90 893	92 994	92 994
Messmate	175 755	175 755	175 653	175 653
Mixed Coastal Eucalypt	163 778	163 778	164 327	164 327
Other Inland Eucalypt types	145 553	145 553	108 633	108 633
Rainforest	10 527	10 527	5 915	5 915
River Red Gum	93 559	93 559	87 365	87 365
Snow Gum	19 583	19 583	19 591	19 591
Spotted Gum	147 696	147 696	146 985	146 985
Stringybark	147 876	147 876	158 360	158 360
Un-classified	239 736	239 736	228 431	228 431
White Cypress Pine	148 840	148 840	148 721	148 721
Total	1 496 460	1 496 460	1 449 971	1 449 971
Total non productive forest areas	525 111	525 111	547 405	547 405
Total Area of Native Forest	2 021 571	2 021 571	1 997 376	1 997 376

* Native Forests are not homogenous by species. A total hectare by species is a proportional measure rather than representing discrete forests by species type.

12. TRADE AND OTHER PAYABLES

	Economic Entity 2008 \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
<i>Notes</i>				
Current				
Trade	29 616	29 616	23 864	23 864
Receipts in Advance	20 015	20 015	28 888	28 888
Total	49 631	49 631	52 752	52 752

13. INTEREST-BEARING LOANS AND BORROWINGS

i) Forests NSW Interest-Bearing Loans and Borrowings are recognised at Current Capital value and are made up of:

	Economic Entity 2008 \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
<i>Notes</i>				
NSW Treasury Corporation Loans	169 490	169 490	159 743	159 743

Notes to and forming part of the financial statements

13. INTEREST-BEARING LOANS AND BORROWINGS (continued)

i) Repayment details of these loans shown on the Balance Sheet are as follows:

	Economic Entity 2008 Notes \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
Not later than 1 year (Current)	10 562	10 562	31 211	31 211
	10 562	10 562	31 211	31 211
Later than 1 year but not later than 5 years (Non Current)	77 335	77 335	69 603	69 603
Later than 5 years (Non Current)	81 592	81 592	58 929	58 929
	158 927	158 927	128 532	128 532
Total borrowings	169 489	169 489	159 743	159 743

NSW Treasury Corporation outstanding loan interest rates ranged between 5.5% and 7.0% (2007: 5.5% and 8%)

14. DIVIDENDS PAID/ PROPOSED

	Economic Entity 2008 Notes \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
Provision for dividend at beginning of year	(16 000)	(16 000)	(26 332)	(26 332)
Dividend paid	16 000	16 000	26 332	26 332
Dividend provided	(1 000)	(1 000)	(16 000)	(16 000)
Provision for dividend at end of the year	(1 000)	(1 000)	(16 000)	(16 000)

15. PROVISIONS

	Economic Entity 2008 Notes \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
Current Liabilities				
Employee Benefits	11 697	-	11 003	-
Workers Compensation	770	770	820	820
Other				
Total Current Provisions*	12 467	770	11 823	820
Non Current Liabilities				
Employee Benefits	120	-	230	-
Workers Compensation	3 460	3 460	3 320	3 320
Total Non current provisions*	3 580	3 460	3 550	3 320
Total Provisions	16 047	4 230	15 373	4 140

The effect of the change in the discount rate applied 2008-6.5%, 17 000, 2007 -6.0% (2007 \$17 000)

Notes to and forming part of the financial statements

16. OTHER ASSETS**Accounting policy {AASB 119 – paragraph 120A (a)}**

Actuarial gains and losses are recognised immediately in profit and loss in the year in which they occur.

Fund information {AASB 119 – paragraph 120A (b)}

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

Police Superannuation Scheme (PSS)

State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation {AASB 119 – paragraph 120A(c)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$
Present value of partly funded defined benefit obligations at beginning of the year	35 192 664	3 357 132	0	38 549 796
Current service cost	883 317	194 235	0	1 077 552
Interest cost	2 023 320	189 954	0	2 213 274
Contributions by fund participants	547 885	0	0	547 885
Actuarial (gains)/losses	2 422 459	12 171	0	2 434 630
Benefits paid	(2 322 567)	(96 786)	0	(2 419 353)
Past service cost	0	0	0	0
Curtailments	0	0	0	0
Settlements	0	0	0	0
Business Combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Present value of partly funded defined benefit obligations at end of the year	38 747 078	3 656 706	0	42 403 784

Notes to and forming part of the financial statements

16. OTHER ASSETS (continued)**Reconciliation of the fair value of fund assets {AASB 119 – paragraph 120A (e)}**

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$
Fair value of Fund assets at beginning of the year	38 132 139	3 923 711	0	42 055 850
Expected return on fund assets	2 866 394	295 630	0	3 162 024
Actuarial gains/(losses)	2 888 629	268 220	0	3 156 849
Employer contributions	935 935	198 006	0	1 133 941
Contributions by Fund participants	547 885	0	0	547 885
Benefits paid	(2 332 567)	(96 786)	0	(2 429 353)
Settlements	0	0	0	0
Business combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Fair value of Fund assets at end of the year	43 038 415	4 588 781	0	47 627 196

Reconciliation of the assets and liabilities recognised in the balance sheet {AASB 119 – paragraphs 120A (d) and (f)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$
Present value of partly funded defined benefit obligations at end of year	38 737 079	3 656 706	0	42 393 785
Fair value of fund assets at end of year	(43 038 415)	(4 588 782)	0	(47 627 197)
Subtotal	(4 301 336)	(932 076)	0	(5 233 412)
Unrecognised past service cost	0	0	0	0
Unrecognised gain/(loss)	0	0	0	0
Adjustment for limitation on net asset	0	0	0	0
Net Liability/(Asset) recognised in balance sheet at end of year	(4 301 336)	(932 076)	0	(5 233 412)

Notes to and forming part of the financial statements

16.OTHER ASSETS (continued)**Expense recognised in income statement {AASB 119 – paragraph 46 & 120A (g)}**

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$
Components Recognised in Income Statement				
Current service cost	883 317	194 235	0	1 077 552
Interest cost	2 023 320	189 954	0	2 213 274
Expected return on Fund assets (net of expenses)	(2 866 394)	(295 630)	0	(3 162 024)
Actuarial losses/(gains) recognised in year	(466 169)	(256 049)	0	(722 218)
Past service cost	0	0	0	0
Movement in adjustment for limitation on net asset	0	0	0	0
Curtailment or settlement (gain)/loss	0	0	0	0
Expense/(income) recognised	(425 926)	(167 490)	0	(593 416)

Amounts recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A (h)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$
Actuarial (gains)/losses	0	0	0	0
Adjustment for limit on net asset	0	0	0	0

Cumulative amount recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A (i)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$
Cumulative amount of actuarial (gains)/losses	0	0	0	0
Cumulative adjustment for limitation on net asset	0	0	0	0

Notes to and forming part of the financial statements

16.OTHER ASSETS (continued)**Fund assets {AASB 119 – paragraph 120A (j)}**

The percentage invested in each asset class at the balance sheet date:	
	30-Jun-07
Australian equities	33.6%
Overseas equities	26.5%
Australian fixed interest securities	6.8%
Overseas fixed interest securities	6.4%
Property	10.1%
Cash	9.8%
Other	6.8%

Fair value of Fund assets {AASB 119 – paragraph 120A (k)}

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets {AASB119 – paragraph 120A (l)}

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual Return on Fund Assets {AASB 119 – paragraph 120A (m)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$
Actual return on Fund assets	5 469 035	563 850	0	6 032 885

Notes to and forming part of the financial statements

16. OTHER ASSETS (continued)

Valuation method and principal actuarial assumptions at the balance sheet date {AASB 119 – paragraph 120A (n)}

a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entity

b) Economic Assumptions

	30-Jun-07
Salary increase rate (excluding promotional increases)	4.0% pa to June 2008; 3.5% pa thereafter
Rate of CPI Increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	7.6%
Expected rate of return on assets backing other liabilities	7.6%
Discount rate	6.4% pa

Historical information {AASB119 – paragraph 120A (p)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$
Present value of defined benefit obligation	38 737 079	3 656 706	0	42 393 785
Fair value of Fund assets	(43 038 415)	(4 588 782)	0	(47 627 197)
(Surplus)/Deficit in Fund	(4 301 336)	(932 076)	0	(5 233 412)
Experience adjustments – Fund liabilities	2 422 459	12 171	0	2 434 630
Experience adjustments – Fund assets	(2 888 629)	(268 220)	0	(3 156 849)

Expected contributions {AASB119 – paragraph 120A (q)}

	SASS	SANCS	SSS	TOTAL
	A\$	A\$	A\$	A\$
Expected employer contributions	991 414	212 770	0	1 204 184

Notes to and forming part of the financial statements

16. OTHER ASSETS (continued)**Accounting policy {AASB 119 – paragraph 120A (a)}**

Actuarial gains and losses are recognised immediately in profit and loss in the year in which they occur.

Fund information {AASB 119 – paragraph 120A (b)}

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

Police Superannuation Scheme (PSS)

State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation {AASB 119 – paragraph 120A(c)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$
Present value of partly funded defined benefit obligations at beginning of the year	38 737 079	3 656 706	0	42 393 785
Current service cost	802 455	196 420	0	998 875
Interest cost	2 375 548	221 682	0	2 597 230
Contributions by fund participants	525 035	0	0	525 035
Actuarial (gains)/losses	(1 629 328)	(15 493)	0	(1 644 821)
Benefits paid	(3 385 269)	(247 270)	0	(3 632 539)
Past service cost	0	0	0	0
Curtailments	0	0	0	0
Settlements	0	0	0	0
Business Combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Present value of partly funded defined benefit obligations at end of the year	37 425 520	3 812 045	0	41 237 565

Notes to and forming part of the financial statements

16. OTHER ASSETS (continued)**Reconciliation of the fair value of fund assets {AASB 119 – paragraph 120A (e)}**

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$
Fair value of Fund assets at beginning of the year	43 038 415	4 588 781	0	47 627 196
Expected return on fund assets	3 185 176	349 247	0	3 534 423
Actuarial gains/(losses)	(5 422 540)	(641 672)	0	(6 064 212)
Employer contributions	1 101 756	228 888	0	1 330 644
Contributions by Fund participants	525 035	0	0	525 035
Benefits paid	(3 385 269)	(247 270)	0	(3 632 539)
Settlements	0	0	0	0
Business combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Fair value of Fund assets at end of the year	39 042 573	4 277 974	0	43 320 547

Reconciliation of the assets and liabilities recognised in the balance sheet {AASB 119 – paragraphs 120A (d) and (f)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$
Present value of partly funded defined benefit obligations at end of year	37 425 521	3 812 045	0	41 237 566
Fair value of fund assets at end of year	(39 042 574)	(4 277 975)	0	(43 320 549)
Subtotal	(1 617 053)	(465 930)	0	(2 082 983)
Unrecognised past service cost	0	0	0	0
Unrecognised gain/(loss)	0	0	0	0
Adjustment for limitation on net asset	0	0	0	0
Net Liability/(Asset) recognised in balance sheet at end of year	(1 617 053)	(465 930)	0	(2 082 983)

Notes to and forming part of the financial statements

16. OTHER ASSETS (continued)**Expense recognised in income statement {AASB 119 – paragraph 46 & 120A (g)}**

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$
Components Recognised in Income Statement				
Current Service Cost	802 455	196 420	0	998 875
Interest cost	2 375 548	221 682	0	2 597 230
Expected return on Fund assets (net of expenses)	(3 185 176)	(349 247)	0	(3 534 423)
Actuarial losses/(gains) recognised in year	3 793 213	626 179	0	4 419 392
Past service cost	0	0	0	0
Movement in adjustment for limitation on net asset	0	0	0	0
Curtailment or settlement (gain)/loss	0	0	0	0
Expense/(income) recognised	3 786 040	695 034	0	4 481 074

Amounts recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A (h)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$
Actuarial (gains)/losses	0	0	0	0
Adjustment for limit on net asset	0	0	0	0

Cumulative amount recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A (i)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$
Cumulative amount of actuarial (gains)/losses	0	0	0	0
Cumulative adjustment for limitation on net asset	0	0	0	0

Notes to and forming part of the financial statements

16. OTHER ASSETS (continued)**Fund assets {AASB 119 – paragraph 120A (j)}**

The percentage invested in each asset class at the balance sheet date:	
	30-Jun-08
Australian equities	31.6%
Overseas equities	25.4%
Australian fixed interest securities	7.4%
Overseas fixed interest securities	7.5%
Property	11.0%
Cash	6.1%
Other	11.0%

Fair value of Fund assets {AASB 119 – paragraph 120A (k)}

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets {AASB 119 – paragraph 120A (l)}

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual Return on Fund Assets {AASB 119 – paragraph 120A (m)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2008	Financial Year to 30 June 2008	Financial Year to 30 June 2008	Financial Year to 30 June 2008
	\$	\$	\$	\$
Actual return on Fund assets	(2 680 098)	(292 425)	0	(2 972 523)

Valuation method and principal actuarial assumptions at the balance sheet date {AASB 119 – paragraph 120A (n)}**a) Valuation Method**

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	30-Jun-08
Salary increase rate (excluding promotional increases)	3.5% pa
Rate of CPI Increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	8.3%
Expected rate of return on assets backing other liabilities	7.3%
Discount rate	6.55% pa

Notes to and forming part of the financial statements

16. OTHER ASSETS (continued)**c) Demographic Assumptions**

The demographic assumptions at 30 June 2008 are those used in the 2006 triennial actuarial valuation. A selection

Of the most significant assumptions is shown below:

- (i) SASS Contributors – the number of SASS contributors expected in any one year (out of 10 000 members) at the ages shown, to leave the fund as a result of death, resignation, retirement and redundancy. Promotional salary increase rates are also shown

Age /Nearest/ Birthday	Number of members expected in any one year, out of 10 000 members at the age shown to leave the fund as a result of :					Additional promotional salary Increase rate %
	Death	Total & Permanent Disability	Retirement	Resignation	Redundancy	
Males						
30	4	8	-	280	150	2.90
40	6	10	-	150	150	1.80
50	11	30	-	112	150	0.00
60	30	-	1400	-	150	0.00
Females						
30	2	2	-	372	150	2.90
40	3	6	-	175	150	1.80
50	7	28	-	144	150	0.00
60	18	-	1500	-	150	0.00

- (ii) SSS Contributors – the number of SASS contributors expected in any one year (out of 10,000 members) at the ages shown, to leave the fund as a result of death , resignation, retirement and redundancy. Promotional salary increase rates are also shown

Age /Nearest/ Birthday	Number of members expected in any one year, out of 10 000 members at the age shown to leave the fund as a result of :					Additional promotional salary Increase rate %
	Death	Ill-health retirement	Retirement (R60 for females)	Resignation (R60 for females)	Redundancy (R60 for females)	
Males						
30	4	42	-	178	95	2.90
40	6	54	-	80	140	1.80
50	11	144	-	20	50	0.00
60	30	-	6 500	-	-	0.00
Females						
30	2	6	-	204	124	2.90
40	3	21	-	72	105	1.80
50	7	103	-	30	90	0.00
60	18	-	6 300	-	-	0.00

Note: Different assumptions apply to females who have elected to retire at age 55(R55 members)

Notes to and forming part of the financial statements

16. OTHER ASSETS (continued)

(iii) SSS commutation-the proportion of SSS assumed to commute their pension to a lump sum in any one year

Age	Proportion of pension commuted	
	Retirement	Breakdown
Later of commencement or age 55	.15	.20
	Widow	Widower
55	.2500	.2500
65	.5380	.5800
75	.4825	.5160
85	.3928	.3728

(iv) SSS Pensioner Mortality-assumed mortality rates in 2006/2007) for SSS pensioners(separately for normal retirement/spouses and invalidity)

Age	Retirement pensioners and Spouses and Widows		Invalidity Pensioners	
	Male	Females	Male	Females
55	0.0025	0.0014	0.0081	0.0066
65	0.0070	0.0055	0.0112	0.0125
75	0.0194	0.0157	0.0505	0.0314
85	0.0945	0.0634	0.1134	0.1268

(v) SSS Pensioner Mortality Improvements-per annum assumed rates of mortality improvement for SSS pensioner

Age	Improvement rates(for years post 2006)	
	Male	Females
55	0.0152	0.0113
65	0.0101	0.0065
75	0.0087	0.0068
85	0.0052	0.0080

Historical information {AASB119 – paragraph 120A (p)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$
Present value of defined benefit obligation	37 425 521	3 812 045	0	41 237 566
Fair value of Fund assets	(39 042 574)	(4 277 975)	0	(43 320 549)
(Surplus)/Deficit in Fund	(1 617 053)	(465 930)	0	(2 082 983)
Experience adjustments – Fund liabilities	(1 629 328)	(15 493)	0	(1 644 821)
Experience adjustments – Fund assets	5 422 540	641 672	0	6 064 212

Notes to and forming part of the financial statements

16. OTHER ASSETS (continued)**Expected contributions {AASB119 – paragraph 120A (q)}**

	SASS	SANCS	SSS	TOTAL
	A\$	A\$	A\$	A\$
Expected employer contributions	0	0	0	0

Funding Arrangements for Employer Contributions**(a) Surplus/Deficit**

The following is a summary of 30 June 2008 financial position of the funds calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans".

	SASS	SANCS	SSS	TOTAL
	30-Jun-08 A\$	30-Jun-08 A\$	30-Jun-08 A\$	A\$
Accrued Benefits	37 334 009	3 826 933	0	41 160 942
Net market value of Fund Assets	(39 042 574)	(4 277 975)	0	(43 320 549)
Net(surplus)	(1 708 565)	(451 042)	0	(2 159 607)

(b) Contribution recommendations

Recommended contribution rates for the entity are

SASS	SANCS	SSS	TOTAL
Multiple of Member Contribution	% of Member Salary	Multiple of Member contributions	
0	0	0	0

(c) Funding method

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding Method. The method adopted affects the timing of the cost of the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet the benefits payment to existing members taking into account the current value of assets and future contributions.

(d) Economic assumptions

The economic assumption adopted for the last actuarial review of the Fund were:

Weighted-Average Assumptions	
Expected rate of return on Fund assets backing current pension liabilities	7.7% pa
Expected rate of return on Fund assets backing other liabilities	7.00% pa
Expected salary increase rate	4.00% pa
Expected rate of CPI increase	2.5% pa

Nature of Assets/Liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

Notes to and forming part of the financial statements

17. FINANCIAL INSTRUMENTS

Forests NSW principal financial instruments are outlined below. These financial instruments arise directly from Forests NSW operations or are required to finance Forests NSW operations. Forests NSW does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Forests NSW main risks arising from financial instruments are outlined below, together with Forests NSW objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Commissioner for the Forestry Commission of NSW has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by Forests NSW, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the internal auditors on a continuous basis.

(a) Credit Risk

Credit risk arises when there is the possibility of Forests NSW debtors defaulting on their contractual obligations, resulting in a financial loss to the agency. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of Forests NSW, including cash, receivables and authority deposits. Some collateral is held by the agency. Forests NSW has not granted any financial guarantees.

Credit risk associated with the agency's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State and are AAA- rated by Standard and Poors.

The credit risk on the financial assets of Forests NSW has been recognised in the Balance Sheet at the carrying amount, net of any provision for doubtful debts.

Forests NSW has a Credit Policy, which aims to mitigate the credit risk exposure to our sales customers. Customers are assessed with some required to lodge suitable security for the estimated maximum credit exposure based on average monthly sales. The policy requires stringent credit assessment of customers before the granting of any unsecured credit.

(b) Liquidity Risk

Liquidity risk is the risk that Forests NSW will be unable to meet its payment obligations when they fall due. Forests NSW continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. Forests NSW exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Forests NSW exposures to market risk are primarily through interest rate risk on the agency borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment facilities. Forests NSW has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which Forests NSW operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2007. The analysis assumes that all other variables remain constant.

(d) Interest rate risk

Exposure to interest rate risk arises primarily through the agency's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. Forests NSW does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore for these financial instruments a change in interest rates would not affect profit or loss or equity. A reasonably possible change of $\pm 1\%$ is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The agency exposure to interest rate risk is set out below.

Forests NSW's exposure to interest rates is set out in notes 6 and 13. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Forests NSW intends to hold fixed interest assets and liabilities to maturity. Interest rate exposure is limited to interest rates available at the time of entering into arrangements with NSW Treasury Corporation. The assets or liabilities are held until maturity.

(e) Other price risk – T Corp Hour Glass Investment facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour Glass Investment facilities, which are held for strategic rather than trading purposes. Forest NSW has no direct equity investments.

Forests NSW only holds units in the Hour Glass Investment Cash Facility trust. This trust only invests in Cash & money market instruments that have an investment horizon up to 1.5 years (Pre- June 2008 – Up to 2 years).

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily. NSW TCorp as trustee for each of the above facilities is required to act in the best interest of the unitholders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp, acts as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour Glass facilities limits Forests NSW exposure to risk, as it allows diversification across a pool of funds, with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the facilities, using historically based volatility information. The TCorp Hour Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

Notes to and forming part of the financial statements

17. FINANCIAL INSTRUMENTS (continued)**(f) Other Quantitative Disclosures:-**

	2008	2007
(i) Unrealised Gains/(Losses) From Derivatives	\$105 439	\$16 955

(ii) Contractual Maturity Analysis

Contractual maturity analysis of financial liabilities based on undiscounted cash flows

2007

Ageing Order					
Category	< 1 year	1 year to 5 years	> 5 years	Total Cash Flows	Market Value
Short Term Borrowings	(5 438 088.74)			(5 438 088.74)	(5 422 526.35)
Fixed Rate Borrowings	(30 120 032.66)	(96 595 064.67)	(74 035 940.03)	(200 751 037.36)	(148 045 498.84)

2008

Ageing Order					
Category	< 1 year	1 year to 5 years	> 5 years	Total Cash Flows	Market Value
Short Term Borrowings	(10 688 628.43)			(10 688 628.43)	(10 610 322.38)
Fixed Rate Borrowings	(9 711 446.28)	(107 000 365.61)	(100 294 970.71)	(217 006 782.60)	(155 383 394.03)

(iii) Sensitivity Analysis

- Interest Rate Risk

	2008	2007
Approximate increase (decrease) in fair value of financial liabilities assuming one percentage point decrease (increase) in interest rates	\$6 400 000	\$5 900 000

- Hour-Glass Investment Facilities

	Change in Unit price	Impact on profit/loss	
		2008 \$	2007 \$
Hour-Glass Cash Facility	+/- 1%	+/- 430	+/- 20 671

The above Hour-Glass Investment Facility fair value sensitivity percentage is derived from historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability).

(iv) Net Fair Value of Financial Assets and Liabilities**a. Off Balance Sheet**

Forests NSW have potential financial liabilities which may arise from certain contingencies disclosed in Note 21- Contingent Liabilities. As explained in the note some of the claims can't be quantified in terms of the likely impact on the carrying value of the Forests NSW asset.

b. On Balance Sheet

The net fair value of cash and cash equivalents, the non interest bearing monetary financial assets, and the financial liabilities of Forests NSW approximate their carrying value. Monetary dealing of the financial assets and liabilities are restricted to trading with and by the NSW Treasury Corporation.

Notes to and forming part of the financial statements

17. FINANCIAL INSTRUMENTS (continued)

All Balance Sheet assets are disclosed in the following tables :

Statutory Body

2007		1 Year or Less	Over 1 to 5 Years	More than 5 Years	Non Interest Bearing	Total
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash and Cash Equivalents	6	5 615				5 615
Receivables	8				42 229	42 229
Prepayments					2 951	2 951
Total Financial Assets		5 615			45 180	50 795
Financial Liabilities						
Bank Overdraft and Loans	13	31 211	69 603	58 929		159 743
Trade and Other Payables	12				52 752	52 752
Total Financial Liabilities		31 211	69 603	58 929	52 752	212 495
Net Financial Liabilities		(25 596)	(69 603)	(58 929)	(7 572)	(161 700)

The carrying values of financial instruments equal to the fair value except for loans where the fair value is \$157 916 609

2007	Weighted Average Rate
UBS Australian Bank Bill index	6.42%
T-Corp hour Glass Cash Facility	6.41%

Statutory Body

2008		1 Year or Less	Over 1 to 5 Years	More than 5 Years	Non Interest Bearing	Total
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash and Cash Equivalents	6	11 640				11 640
Receivables	8				40 542	40 542
Prepayments					1 896	1 896
Total Financial Assets		11 640			42 438	54 078
Financial Liabilities						
Bank Overdraft and Loans	13	10 562	77 335	81 592		169 489
Trade and Other Payables	12				49 631	49 631
Total Financial Liabilities		10 562	77 335	81 592	49 631	219 120
Net Financial Liabilities		1 078	(77 335)	(81 592)	(7 193)	(165 042)

The carrying values of financial instruments equal to the fair value except for loans where the fair value is \$165 182 546

2008	Weighted Average Rate
UBS Australian Bank Bill index	7.34%
T-Corp hour Glass Cash Facility	6.82%

Notes to and forming part of the financial statements

17. FINANCIAL INSTRUMENTS (continued)**Economic Entity**

2007		1 Year or Less	Over 1 to 5 Years	More than 5 Years	Non Interest Bearing	Total \$'000
	Notes	\$'000	\$'000	\$'000	\$'000	
Financial Assets						
Cash and Cash Equivalents	6	5 615				5 615
Receivables	8				42 229	42 229
Prepayments					2 951	2 951
Total Financial Assets		5 615			45 180	50 795
Financial Liabilities						
Bank Overdraft and Loans	13	31 211	69 603	58 929		159 743
Trade and Other Payables	12				52 752	52 752
Total Financial Liabilities		31 211	69 603	58 929	52 752	212 495
Net Financial Liabilities		(25 596)	(69 603)	(58 929)	(7 572)	(161 700)

The carrying values of financial instruments equal to the fair value except for loans where the fair value is \$157 916 609

2007	Weighted Average Rate
UBS Australian Bank Bill Index	6.42%
T-Corp hour Glass Cash Facility	6.41%

Economic Entity

2008		1 Year or Less	Over 1 to 5 Years	More than 5 Years	Non Interest Bearing	Total \$'000
	Notes	\$'000	\$'000	\$'000	\$'000	
Financial Assets						
Cash and Cash Equivalents	6	11 640				11 640
Receivables	8				40 542	40 542
Prepayments					1 896	1 896
Total Financial Assets		11 640			42 438	54 078
Financial Liabilities						
Bank Overdraft and Loans	13	10 562	77 335	81 592		169 489
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Total Financial Liabilities		10 562	77 335	81 592	49 631	219 120
Net Financial Liabilities		1 078	(77 335)	(81 592)	(7 193)	(165 042)

The carrying values of financial instruments equal to the fair value except for loans where the fair value is \$165 182 546

2008	Weighted Average Rate
UBS Australian Bank Bill Index	7.34%
T-Corp hour Glass Cash Facility	6.82%

Notes to and forming part of the financial statements

c. Other Qualitative Disclosures:**Managed debt portfolios**

NSW Treasury Corporation (T Corp) manages interest rate risk exposures applicable to specific borrowings of Forests NSW in accordance with a debt portfolio mandate agreed between the two parties. TCorp receives a fee for this service, [which may include a performance component where TCorp is able to add value by achieving a reduction in [the agency's] debt costs against an agreed benchmark]. TCorp uses derivatives, primarily interest rate futures, to establish short-term (tactical) and longer term (strategic) positions within agreed tolerance limits to manage portfolio duration and maturity profiles. At reporting date the carrying value of borrowings and derivatives (net of funds held at call) managed by TCorp stood at \$165.2 million (2007:\$157.9 million).

Hour-Glass Investment Facilities

Forests NSW holds units in the following Hour-Glass investment facilities:-

Facility	Investment Sectors	Investment Horizon
Cash Facility	Cash, Money market instruments	Up to 2 years

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW Treasury Corporation (T Corp) as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. A significant portion of the administration of the facilities is outsourced to an external custodian.

18. OPERATING LEASES AND HIRE PURCHASE

At balance date Forests NSW had operating lease/rental agreements totalling \$2 003 000 (2007: \$1 667 000). These agreements relate to occupancy of offices throughout the State. Forests NSW had no other material lease and hire purchase agreements.

	Economic Entity 2008 \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
Not later than one year	662	662	648	648
Later than one year and not later than five years	1 020	1 020	710	710
Later than five years	321	321	309	309
Total (including GST)	2 003	2 003	1 667	1 667

19. REMUNERATION OF EXTERNAL AUDITORS

	Economic Entity 2008 \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
Audit Office of NSW – Audit of financial statements	370	370	298	298

20. CONSULTANTS

Forests NSW engaged consultants to undertake activities, which require specialist or independent skills. In 2008 the total cost for consultants was \$212 946 (2007: \$210 274).

Notes to and forming part of the financial statements

21. CONTINGENT LIABILITIES

During the financial year 2007/2008, 289 hectares of Timber Reserves in the Western region have been subject to claims under the Native Title Act. The impact of the claim on the carrying amount of the asset can't be quantified at this time.

As at balance sheet date, Forests NSW has potential public liability insurance claims limited to \$190,000, being the net excess on its current public insurance liability policy at the date of the relevant claims.

22. COMMITMENTS

At balance date Forests NSW has the following commitments:

	2008 \$'000	2007 \$'000
i) Capital:		
Establishment of Biological Assets	4 048	1 626
Others	8 763	1 700
	12 811	3 326
ii) Operating	263	17
Total Commitments (a)	13 074	3 343
Input tax Credits (b)	1 170	303

(a) All commitments are expected to be expended in the next financial year and include input tax credits.

(b) Input tax credits are expected to be recoverable from the Australian Taxation Office

23. RELATED ENTITIES

The Public Sector Employment & Management (Department of Primary Industries) Order 2004, made on 23rd June 2004 established the NSW Department of Primary Industries (DPI). The Department comprises the former NSW Agriculture, Mineral Resources NSW, NSW Fisheries and Forests NSW. Forests NSW continues to operate as a self funded Public Trading Enterprise (PTE) aligned with DPI's Primary Industries trading division which has responsibility for identification and development of commercial trading activities and opportunities. Forests NSW is presently the only PTE or commercial activity contained within this section of DPI.

Forests NSW's main related parties for trading are Forestry Commission Division and Department of Primary Industries. Related party transactions based on the Memorandum of Understanding are as follows:

(i) Income Statements

Income Statements 2007	Supply of Personnel Services \$'000	Less Charge back for transfer of Superannuation Gain \$'000	Total Net Supply \$'000	Economic Entity \$'000	Statutory Corporation \$'000
Department of Primary Industries	50 682	(4 663)	46 019	46 019	46 019
Forestry Commission Division	29 465	(1 621)	27 844	-	27 844
Total	80 147	(6 284)	73 863	46 019	73 863

Notes to and forming part of the financial statements

23. RELATED ENTITIES (continued)**(ii) Balance Sheet**

Balance Sheet 2007		Economic Entity Other Assets \$'000	Statutory Corporation Other Assets \$'000	Economic Entity Non Current Liabilities \$'000	Statutory Corporation Non Current Liabilities \$'000
	Notes				
Department of Primary Industries		11 015	11 015	24 414	24 414
Forestry Commission Division		*-	5 234	-	11 233
Prepaid Superannuation Assets	16(b)	5 234	-	-	-
Total		16 249	16 249	24 414	35 647

* On consolidation, the economic entity has a prepaid superannuation asset. Refer to note 16(b)

(iii) Income Statements

Income Statements 2008	Supply of Personnel Services \$'000	Less Charge back for transfer of Superannuation Gain \$'000	Total Net Supply \$'000	Economic Entity \$'000	Statutory Corporation \$'000
Department of Primary Industries	54 136	-	54 136	54 136	54 136
Forestry Commission Division	29 389	-	29 389	-	29 389
Total	83 525	-	83 525	54 136	83 525

(iv) Balance Sheet

Balance Sheet 2008		Economic Entity Other Assets \$'000	Statutory Corporation Other Assets \$'000	Economic Entity Non Current Liabilities \$'000	Statutory Corporation Non Current Liabilities \$'000
	Notes				
Department of Primary Industries		9 212	9 212	24 949	24 949
Forestry Commission Division		*-	2 083	-	11 817
Prepaid Superannuation Assets		2 083	-	-	-
Total		11 295	11 295	24 949	36 766

* On consolidation, the economic entity has a prepaid superannuation asset. Refer to note 16(b)

Notes to and forming part of the financial statements

23. RELATED ENTITIES (continued)**Key Management Personnel:**

i) Barry Buffier	Commissioner for Forests NSW(01/07/04-01/01/08)
ii) Richard Sheldrake	Commissioner for Forests NSW(02/01/08)
iii) Alastair Howard	Acting CEO (10/03/2006-30/04/2007)
iv) Nick Roberts	CEO (30/04/2007)

	Short-Term Employee Benefits \$'000	Post Employment Benefits \$'000	Other Long Term Benefits \$'000	Termination Benefits \$'000	Share-based payment \$'000	Total \$'000
30 June 2008 Total Compensation	309	-	-	-	-	309
30 June 2007 Total Compensation	253	-	-	-	-	253

The Commissioner for Forests NSW does not received any remuneration for services rendered to Forests NSW.

All transactions by Forests NSW with key management personnel are conducted on an arm's length basis in the normal course of business and on commercial terms and conditions.

There are no outstanding balances relating to any key management personnel and no guarantees provided or received as well by the key management personnel. For the year ended 30 June 2008, Forests NSW has not raised any provision for doubtful debts relating to amounts owed by key management personnel (2007 nil).

24. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Economic Entity 2008 \$'000	Statutory Corporation 2008 \$'000	Economic Entity 2007 \$'000	Statutory Corporation 2007 \$'000
Net/(loss) after income tax	80 372	80 372	(98 355)	(98 355)
	80 372	80 372	(98 355)	(98 355)
Adjusted for non-cash items:				
Depreciation	10 477	10 477	10 254	10 254
Loss/(Profit) on disposal of non-current assets	3 635	3 635	744	744
Write-down of plantation , Asset Revocations, Revaluation, (Increment) / Decrement to Profit Loss , Non cash items	38 285	38 285	(30 585)	(30 585)
Biological assets: Revaluation (Increment)/Decrement • Native Forests	20 261	20 261	32 866	32 866
Softwood Plantations	(100 219)	(100 219)	139 775	139 775
	52 811	52 811	153 054	153 054
Change in operating assets and liabilities:				
Movement in receivables	(7 120)	(7 120)	3 139	3 139
Movement in inventories	(446)	(446)	(996)	(996)
Movement in creditors	5 704	5 704	(1 055)	(1 055)
Movement in provisions	7 255	7 255	(2 299)	(2 299)
Movement in income tax	(4 599)	(4 599)	(2 705)	(2 705)
	794	794	(3 916)	(3 916)
Net cash inflow from operating activities	53 605	53 605	50 783	50 783

As at 30 June 2008, Forests NSW had \$5 000 000 available in unused credit a 'Come and Go' Facility held with NSW T-Corp.

End of Audited Financial Statements

**STATEMENT BY DIVISION HEAD
(AS PUBLIC SECTOR EMPLOYMENT LEGISLATION AMENDMENT ACT 2006)**

Pursuant to the Public Finance and Audit Act, 1983, the statements are signed and attested in the following terms:

In my opinion, the accompanying financial statements present a true and fair view of the financial position of the Forestry Commission Division as at 30 June 2008.

The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, and accompanying regulations, and the Treasurer's Directions.

I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'Richard Sheldrake', is positioned above the printed name and title.

Richard Sheldrake
Director-General of The NSW Department of Primary Industries.
17th December, 2008.



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT Forestry Commission Division

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Forestry Commission Division (the Division), which comprises the balance sheet as at 30 June 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents a fairly, in all material respects, the financial position of the Division as at 30 June 2008, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the Public Finance and Audit Act 1983 (the PF&A Act) and the Public Finance and Audit Regulation 2005.

My opinion should read in conjunction with the rest of this report.

The Director General's Responsibility for the Financial Report

The Director General is responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Accounting Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Division's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the expressiveness of the Division's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director General, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does not provide assurance:

- about the future viability of the Division,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor General, and
- mandating the Auditor-General as auditor of public of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income

A handwritten signature in black ink, appearing to read 'Ron Hegarty'.

Ron Hegarty
Director, Finance Audit Services

17 December 2008
SYDNEY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE, 2008

	<i>Notes</i>	2008 \$'000	2007 \$'000
Income			
Personnel Services	4	29 389	27 844
Total Revenue		29 389	27 844
Less Expenses from continuing operations			
Wages		18 743	21 230
Superannuation		4 707	848
Annual and Long Service Leave		4 209	3 012
Payroll tax		1 257	1 477
Worker Comp		435	1 214
Fringe Benefits Tax		38	63
Total expenses		29 389	27 844
Net profit/(Loss) for the period		0	0

The above Income Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET AS AT 30 JUNE, 2008

	<i>Notes</i>	2008 \$'000	2007 \$'000
Current assets			
Receivables		11 817	11 233
Other Assets	2	2 083	5 234
Total Assets		13 900	16 467
Current Liabilities			
Provisions	3	11 697	11 003
Amount Due to Related Entity	4	2 083	5 234
Total Current liabilities		13 780	16 237
Non Current Liabilities	3	120	230
Total Liabilities		13 900	16 467
Equity			
Accumulated Funds		0	0
Total Equity		0	0

The above Balance Sheet should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT For the year ended 30 June, 2008

	Notes	2008 \$'000	2007 \$'000
Cash flows from operating activities			
Receipts from customers		-	-
Payment to suppliers and employees		-	-
Interest received		-	-
Income Taxes Paid		-	-
Net cash inflow from operating activities		0	0
Cash flows from investing activities			
Payments for property, plant and equipment		-	-
Payments for plantation establishment		-	-
Capitalised Interest on Borrowings		-	-
Proceeds from sale of property, plant & equipment		-	-
Net cash outflow from investing activities		0	0
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Dividends paid		-	-
Net cash inflow (outflow) from financing activities		0	0
Net increase (decrease) in cash held		-	-
Cash at the beginning of the financial year		-	-
Cash and cash equivalents at the end of the period		0	0

The above cash flow statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE, 2008

	Capital \$'000	Accumulated Funds \$'000	Total Equity \$'000
At 01/07/2007	0	0	0
At 30 June 2008	0	0	0

FOR THE YEAR ENDED 30 JUNE, 2007

	Capital \$'000	Accumulated Funds \$'000	Total Equity \$'000
At 1/07/2006	0	0	0
At 30 June 2007	0	0	0

The above statement of equity should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**Note 1 Summary of Significant Accounting Policies****a) Reporting entity**

Forestry Commission Division is a Division of the Government Service established pursuant to Part 3 of the Schedule 1 to the Public Sector Employment and Management Act 2002. It is a not for profit entity as profit is not its principal objective. It is consolidated as part of Forests NSW and the NSW Total Sector Accounts. It is domiciled in Australia and its principal office is located 121-131 Oratava Avenue, West Pennant Hills, NSW, 2125.

Forestry Commission Division objective is to provide personnel services to Forestry Commission of NSW (trading as Forests NSW)

Personnel Service provided to Forestry Commission of NSW is based on a Memorandum of Understanding established on 17th March, 2006.

Forestry Commission Division commenced operation on 17th March, 2006 and assumed the responsibility for the employees and employee-related liabilities of the section 10 of the Forestry Commission of NSW.

The assumed liabilities were recognised as at 30th June, 2007 with offsetting receivable from Forestry Commission of NSW.

The financial report was authorised for issue by Richard, Director-General of the NSW Department of Primary Industries on 17th December, 2008

(b) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations, the Public Finance and Audit Act 1983, the Public Finance and Audit (General) Regulation 2005 and specific directions issued by the Treasurer.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

Generally, the historical cost basis of accounting has been adopted and the financial report does not take into account changing money values or current valuations. However, certain provisions are measured at fair value.

The accrual basis of accounting has been adopted in the preparation of the financial report.

(c) Income

Income is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

(d) Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred. A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for doubtful debts. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing. If there is objective evidence at year end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for doubtful debts and the resulting loss is recognised in the income statement. Receivables are monitored during the year and bad debts are written off against the allowance when they are determined to be irrecoverable. Any other loss or gain arising when a receivable is derecognised is also recognised in the income statement.

(e) Payables

Payables include accrued wages, salaries, and related on costs (such as

payroll tax, fringe benefits tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement).

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted. A short-term payable with no stated interest rate is measured at historical cost if the effect of discounting is immaterial.

(f) Employee benefit provisions and expenses

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement. Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not, employee benefits (such as payroll tax) are recognised separately. Superannuation and leave liabilities are recognised as expenses and provisions when the obligations arise, which is usually through the rendering of service by employees.

Long-term annual leave (i.e. that is not expected to be taken within twelve months) is measured at present value using a discount rate equal to the market yield on government bonds.

Long Service leave liability was actuarially assessed as at 30/06/2008.

Superannuation liability for defined benefit funds for NSW state employees are actuarially assessed by Pillar Administration prior to each reporting date and are measured at the present value of the estimated future payments.

All other employee benefit liabilities (i.e. for benefits falling due wholly within twelve months after reporting date) are assessed by management and are measured at the undiscounted amount of the estimated future payments.

The amount recognised for superannuation and long service leave provisions is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligations are to be settled directly.

The amount recognised in the income statement for superannuation and long service leave is the net total of current service cost, interest cost, the expected return on any plan assets, and actuarial gains and losses. Actuarial gains or losses are recognised as income or expense in the year they occur.

The actuarial assessment of superannuation and long service leave provisions uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan. The liabilities are discounted using the market yield rate on government bonds of similar maturity to those obligations. Actuarial assumptions are unbiased and mutually compatible and financial assumptions are based on market expectations for the period over which the obligations are to be settled.

(g) Adoption of new and revised Accounting Standards.

In the current year, Forestry Commission Division has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (The AASB) that are relevant to its operations and effective for the current annual reporting period. The following standards listed below only impacted on the Economic Entity financial statements with respect to disclosure

- AASB 7 Financial instruments: Disclosures
- AASB 101 Presentation of financial statements(revised October 2006)

At the date of authorisation of the financial report, the following Standards and Interpretations were on issue but yet effective:

- | | |
|--|--|
| <ul style="list-style-type: none"> • AASB 8 'Operating Segments' and consequential amendments to other accounting standards resulting from its issue. | <ul style="list-style-type: none"> • Effective for annual reporting periods beginning on or after 1 January 2009. |
|--|--|

Notes to and forming part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Early adoption of new or revised Accounting Standards/Interpretation.

The following Australian Accounting Standards/Interpretations have been mandated by NSW Treasury not to adopt early in this financial report:

- AASB 3 (March 2008), AASB 127 and AASB 2008-3 regarding business combinations;
- AASB 8 and AASB 2007-3 regarding operating segments;
- AASB 101 (Sept 2007) and AASB 2007-8 regarding presentation of financial statements;
- AASB 123 (June 2007) and AASB 2007-6 regarding borrowing costs;
- AASB 1004 (Dec 2007) regarding contributions;
- AASB 1049 (Oct 2007) regarding the whole of government and general government sector financial reporting;
- AASB 1050 (Dec 2007) regarding administered items;
- AASB 1051 (Dec 2007) regarding land under roads;
- AASB 1052 (Dec 2007) regarding disaggregated disclosures;
- AASB 2007-9 regarding amendments arising from the review of AASs 27, 29 and 31;
- AASB 2008-1 regarding share based payments;
- AASB 2008-2 regarding puttable financial instruments;
- Interpretation 4 (Feb 2007) regarding determining whether an arrangement contains a lease;

- Interpretation 12 and AASB 2007-2 regarding service concession arrangements;
- Interpretation 13 on customer loyalty programmes;
- Interpretation 14 regarding the limit on a defined benefit asset;
- Interpretation 129 (Feb 2007) regarding service concession disclosures;
- Interpretation 1038 (Dec 2007) regarding contributions by owners.

2. OTHER ASSETS

Accounting policy {AASB 119 – paragraph 120A (a)}

Actuarial gains and losses are recognised immediately in profit and loss in the year in which they occur.

Fund information {AASB 119 – paragraph 120A (b)}

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

Police Superannuation Scheme (PSS)

State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation {AASB 119 – paragraph 120A(c)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2007	Financial Year to 30 June 2007	Financial Year to 30 June 2007	Financial Year to 30 June 2007
	\$	\$	\$	\$
Present value of partly funded defined benefit obligations at beginning of the year	35 192 664	3 357 132	0	38 549 796
Current service cost	883 317	194 235	0	1 077 552
Interest cost	2 023 320	189 954	0	2 213 274
Contributions by fund participants	547 885	0	0	547 885
Actuarial (gains)/losses	2 422 459	12 171	0	2 434 630
Benefits paid	(2 322 567)	(96 786)	0	(2 419 353)
Past service cost	0	0	0	0
Curtailments	0	0	0	0
Settlements	0	0	0	0
Business Combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Present value of partly funded defined benefit obligations at end of the year	38 747 078	3 656 706	0	42 403 784

Notes to and forming part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**2. OTHER ASSETS (continued)****Reconciliation of the fair value of fund assets {AASB 119 – paragraph 120A (e)}**

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$
Fair value of Fund assets at beginning of the year	38 132 139	3 923 711	0	42 055 850
Expected return on fund assets	2 866 394	295 630	0	3 162 024
Actuarial gains/(losses)	2 888 629	268 220	0	3 156 849
Employer contributions	935 935	198 006	0	1 133 941
Contributions by Fund participants	547 885	0	0	547 885
Benefits paid	(2 332 567)	(96 786)	0	(2 429 353)
Settlements	0	0	0	0
Business combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Fair value of Fund assets at end of the year	43 038 415	4 588 781	0	47 627 196

Reconciliation of the assets and liabilities recognised in the balance sheet {AASB 119 – paragraphs 120A (d) and (f)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$
Present value of partly funded defined benefit obligations at end of year	38 737 079	3 656 706	0	42 393 785
Fair value of fund assets at end of year	(43 038 415)	(4 588 782)	0	(47 627 197)
Subtotal	(4 301 336)	(932 076)	0	(5 233 412)
Unrecognised past service cost	0	0	0	0
Unrecognised gain/(loss)	0	0	0	0
Adjustment for limitation on net asset	0	0	0	0
Net Liability/(Asset) recognised in balance sheet at end of year	(4 301 336)	(932 076)	0	(5 233 412)

Notes to and forming part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**2. OTHER ASSETS (continued)****Expense recognised in income statement {AASB 119 – paragraph 46 & 120A (g)}**

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$
Components Recognised in Income Statement				
Current service cost	883 317	194 235	0	1 077 552
Interest cost	2 023 320	189 954	0	2 213 274
Expected return on Fund assets (net of expenses)	(2 866 394)	(295 630)	0	(3 162 024)
Actuarial losses/(gains) recognised in year	(466 169)	(256 049)	0	(722 218)
Past service cost	0	0	0	0
Movement in adjustment for limitation on net asset	0	0	0	0
Curtailment or settlement (gain)/loss	0	0	0	0
Expense/(income) recognised	(425 926)	(167 490)	0	(593 416)

Amounts recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A (h)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$
Actuarial (gains)/losses	0	0	0	0
Adjustment for limit on net asset	0	0	0	0

Cumulative amount recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A (i)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$	Financial Year to 30 June 2007 \$
Cumulative amount of actuarial (gains)/losses	0	0	0	0
Cumulative adjustment for limitation on net asset	0	0	0	0

Fund assets {AASB 119 – paragraph 120A (j)}

The percentage invested in each asset class at the balance sheet date:

	30-Jun-07
Australian equities	33.6%
Overseas equities	26.5%
Australian fixed interest securities	6.8%
Overseas fixed interest securities	6.4%
Property	10.1%
Cash	9.8%
Other	6.8%

Notes to and forming part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**2. OTHER ASSETS (continued)****Fair value of Fund assets {AASB 119 – paragraph 120A (k)}**

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets {AASB 119 – paragraph 120A (l)}

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual Return on Fund Assets {AASB 119 – paragraph 120A (m)}**Actual Return on Fund Assets {AASB 119 – paragraph 120A (m)}**

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2007	Financial Year to 30 June 2007	Financial Year to 30 June 2007	Financial Year to 30 June 2007
	\$	\$	\$	\$
Actual return on Fund assets	5 469 035	563 850	0	6 032 885

Valuation method and principal actuarial assumptions at the balance sheet date {AASB 119 – paragraph 120A (n)}**a) Valuation Method**

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entity.

b) Economic Assumptions

	30-Jun-07
Salary increase rate (excluding promotional increases)	4.0% pa to June 2008; 3.5% pa thereafter
Rate of CPI Increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	7.6%
Expected rate of return on assets backing other liabilities	7.6%
Discount rate	6.4% pa

Historical information {AASB 119 – paragraph 120A (p)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2007	Financial Year to 30 June 2007	Financial Year to 30 June 2007	Financial Year to 30 June 2007
	\$	\$	\$	\$
Present value of defined benefit obligation	38 737 079	3 656 706	0	42 393 785
Fair value of Fund assets	(43 038 415)	(4 588 782)	0	(47 627 197)
(Surplus)/Deficit in Fund	(4 301 336)	(932 076)	0	(5 233 412)
Experience adjustments – Fund liabilities	2 422 459	12 171	0	2 434 630
Experience adjustments – Fund assets	(2 888 629)	(268 220)	0	(3 156 849)

Expected contributions {AASB 119 – paragraph 120A (q)}

	SASS	SANCS	SSS	TOTAL
	A\$	A\$	A\$	A\$
Expected employer contributions	991 414	212 770	0	1 204 184

Notes to and forming part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**2. OTHER ASSETS (continued)****Accounting policy {AASB 119 – paragraph 120A (a)}**

Actuarial gains and losses are recognised immediately in profit and loss in the year in which they occur.

Fund information {AASB 119 – paragraph 120A (b)}

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

Police Superannuation Scheme (PSS)

State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation {AASB 119 – paragraph 120A(c)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$
Present value of partly funded defined benefit obligations at beginning of the year	38 737 078	3 656 706	0	42 393 784
Current service cost	802 455	196 420	0	998 875
Interest cost	2 375 548	221 682	0	2 597 230
Contributions by fund participants	525 035	0	0	525 035
Actuarial (gains)/losses	(1 629 328)	(15 493)	0	(1 644 821)
Benefits paid	(3 385 269)	(247 270)	0	(3 632 539)
Past service cost	0	0	0	0
Curtailments	0	0	0	0
Settlements	0	0	0	0
Business Combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Present value of partly funded defined benefit obligations at end of the year	37 425 519	3 812 045	0	41 237 564

Reconciliation of the fair value of fund assets {AASB 119 – paragraph 120A (e)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$
Fair value of Fund assets at beginning of the year	43 038 415	4 588 781	0	47 627 196
Expected return on fund assets	3 185 176	349 247	0	3 534 423
Actuarial gains/(losses)	(5 422 540)	(641 672)	0	(6 064 212)
Employer contributions	1 101 756	228 888	0	1 330 644
Contributions by Fund participants	525 035	0	0	525 035
Benefits paid	(3 385 269)	(247 270)	0	(3 632 539)
Settlements	0	0	0	0
Business combinations	0	0	0	0
Exchange rate changes	0	0	0	0
Fair value of Fund assets at end of the year	39 042 573	4 277 974	0	43 320 547

Notes to and forming part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**2. OTHER ASSETS (continued)****Reconciliation of the assets and liabilities recognised in the balance sheet {AASB 119 – paragraphs 120A (d) and (f)}**

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$
Present value of partly funded defined benefit obligations at end of year	37 425 521	3 812 045	0	41 237 566
Fair value of fund assets at end of year	(39 042 574)	(4 277 975)	0	(43 320 549)
Subtotal	(1 617 053)	(465 930)	0	(2 082 983)
Unrecognised past service cost	0	0	0	0
Unrecognised gain/(loss)	0	0	0	0
Adjustment for limitation on net asset	0	0	0	0
Net Liability/(Asset) recognised in balance sheet at end of year	(1 617 053)	(465 930)	0	(2 082 983)

Expense recognised in income statement {AASB 119 – paragraph 46 & 120A (g)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$
Components Recognised in Income Statement				
Current Service Cost	802 455	196 420	0	998 875
Interest cost	2 375 548	221 682	0	2 597 230
Expected return on Fund assets (net of expenses)	(3 185 176)	(349 247)	0	(3 534 423)
Actuarial losses/(gains) recognised in year	3 793 213	626 179	0	4 419 392
Past service cost	0	0	0	0
Movement in adjustment for limitation on net asset	0	0	0	0
Curtailment or settlement (gain)/loss	0	0	0	0
Expense/(income) recognised	3 786 040	695 034	0	4 481 074

Amounts recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A (h)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$
Actuarial (gains)/losses	0	0	0	0
Adjustment for limit on net asset	0	0	0	0

Notes to and forming part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**2. OTHER ASSETS (continued)****Cumulative amount recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A (i)}**

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$
Cumulative amount of actuarial (gains)/losses	0	0	0	0
Cumulative adjustment for limitation on net asset	0	0	0	0

Fund assets {AASB 119 – paragraph 120A (j)}

The percentage invested in each asset class at the balance sheet date:

	30-Jun-08
Australian equities	31.6%
Overseas equities	25.4%
Australian fixed interest securities	7.4%
Overseas fixed interest securities	7.5%
Property	11.0%
Cash	6.1%
Other	11.0%

Fair value of Fund assets {AASB 119 – paragraph 120A (k)}

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets {AASB 119 – paragraph 120A (l)}

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual Return on Fund Assets {AASB 119 – paragraph 120A (m)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$
Actual return on Fund assets	(2 680 098)	(292 425)	0	(2 972 523)

Valuation method and principal actuarial assumptions at the balance sheet date, {AASB 119 – paragraph 120A (n)}**a) Valuation Method**

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	30-Jun-08
Salary increase rate (excluding promotional increases)	3.5% pa
Rate of CPI Increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	8.3%
Expected rate of return on assets backing other liabilities	7.3%
Discount rate	6.55% pa

Notes to and forming part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

2. OTHER ASSETS (*continued*)

c) Demographic Assumptions

The demographic assumptions at 30 June 2008 are those used in the 2006 triennial actuarial valuation. A selection of the most significant assumptions is shown below:

- (i) SASS Contributors – the number of SASS contributors expected in any one year (out of 10 000 members) at the ages shown, to leave the fund as a result of death, resignation, retirement and redundancy. Promotional salary increase rates are also shown

Number of members expected in any one year, out of 10 000 members at the age shown to leave the fund as a result of:						
Age Nearest Birthday	Death	Total & Permanent Disability	Retirement	Resignation	Redundancy	Additional promotional salary Increase rate %
Males						
30	4	8	-	280	150	2.90
40	6	10	-	150	150	1.80
50	11	30	-	112	150	0.00
60	30	-	1400	-	150	0.00
Females						
30	2	2	-	372	150	2.90
40	3	6	-	175	150	1.80
50	7	28	-	144	150	0.00
60	18	-	1500	-	150	0.00

- (ii) SSS Contributors – the number of SASS contributors expected in any one year (out of 10 000 members) at the ages shown, to leave the fund as a result of death, resignation, retirement and redundancy. Promotional salary increase rates are also shown

Number of members expected in any one year, out of 10 000 members at the age shown to leave the fund as a result of:						
Age Nearest Birthday	Death	Ill-health retirement	Retirement (R60 for females)	Cash resignation (R60 for females)	Preservation (R60 for females)	Additional promotional salary Increase rate %
Males						
30	4	42	-	178	95	2.90
40	6	54	-	80	140	1.80
50	11	144	-	20	50	0.00
60	30	-	6 500	-	-	0.00
Females						
30	2	6	-	204	124	2.90
40	3	21	-	72	105	1.80
50	7	103	-	30	90	0.00
60	18	-	6 300	-	-	0.00

Note: Different assumptions apply to females who have elected to retire at age 55 (R55 members)

Notes to and forming part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**2. OTHER ASSETS (continued)**

(iii) SSS commutation-the proportion of SSS assumed to commute their pension to a lump sum in any one year

Age	Proportion of pension commuted	
	Retirement	Breakdown
Later of commencement or age 55	.15	.20
	Widow	Widower
55	.2500	.2500
65	.5380	.5800
75	.4825	.5160
85	.3928	.3728

(iv) SSS Pensioner Mortality-assumed mortality rates in 2006/2007) for SSS pensioners(separately for normal retirement/spouses and invalidity)

Age	Retirement pensioners and Spouses and Widows		Invalidity Pensioners	
	Male	Females	Male	Females
55	0.0025	0.0014	0.0081	0.0066
65	0.0070	0.0055	0.0112	0.0125
75	0.0194	0.0157	0.0505	0.0314
85	0.0945	0.0634	0.1134	0.1268

(v) SSS Pensioner Mortality Improvements-per annum assumed rates of mortality improvement for SSS pensioner

Age	Improvement rates(for years post 2006)	
	Male	Females
55	0.0152	0.0113
65	0.0101	0.0065
75	0.0087	0.0068
85	0.0052	0.0080

Historical information {AASB119 – paragraph 120A (p)}

	SASS	SANCS	SSS	TOTAL
	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$	Financial Year to 30 June 2008 \$
Present value of defined benefit obligation	37 425 521	3 812 045	0	41 237 566
Fair value of Fund assets	(39 042 574)	(4 277 975)	0	(43 320 549)
(Surplus)/Deficit in Fund	(1 617 053)	(465 930)	0	(2 082 983)
Experience adjustments – Fund liabilities	(1 629 328)	(15 493)	0	(1 644 821)
Experience adjustments – Fund assets	5 422 540	641 672	0	6 064 212

Notes to and forming part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**2. OTHER ASSETS (continued)****Expected contributions {AASB119 – paragraph 120A (q)}**

	SASS	SANCS	SSS	TOTAL
	A\$	A\$	A\$	A\$
Expected employer contributions	0	0	0	0

Funding Arrangements for Employer Contributions**(a) Surplus/Deficit**

The following is a summary of 30 June 2008 financial position of the funds calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans".

	SASS	SANCS	SSS	TOTAL
	30-Jun-08	30-Jun-08	30-Jun-08	
	A\$	A\$	A\$	A\$
Accrued Benefits	37 334 009	3 826 933	0	41 160 942
Net market value of Fund Assets	(39 042 574)	(4 277 975)	0	(43 320 549)
Net (surplus)	(1 708 565)	(451 042)	0	(2 159 607)

(b) Contribution recommendations

Recommended contribution rates for the entity are

SASS	SANCS	SSS	TOTAL
Multiple of Member Contribution	% of Member Salary	Multiple of Member contributions	
0	0	0	0

(c) Funding method

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding Method. The method adopted affects the timing of the cost of the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet the benefits payment to existing members taking into account the current value of assets and future contributions.

(d) Economic assumptions

The economic assumption adopted for the last actuarial review of the Fund were:

Weighted-Average Assumptions	
Expected rate of return on Fund assets backing current pension liabilities	7.7% pa
Expected rate of return on Fund assets backing other liabilities	7.00% pa
Expected salary increase rate	4.00% pa
Expected rate of CPI increase	2.5 % pa

Notes to and forming part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

2. OTHER ASSETS *(continued)*

Nature of Assets/Liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

3. PROVISIONS

	Notes	2008 \$'000	2007 \$'000
Current Liabilities			
Accrued Wages		896	700
Payroll Tax		303	302
Leave Entitlements		10 481	9 976
FBT		17	25
Less other miscellaneous provision		-	-
Total Current Liabilities		11 697	11 003
Non Current Liabilities			
Leave Entitlements		120	230
Total Non Current Liabilities		120	230
Total Liabilities		11 817	11 233

All personnel administration costs and related audit fees are met by the parent entity, Forests NSW.

4. RELATED PARTIES TRANSACTIONS

	Notes	2008 \$'000	2007 \$'000
Supply of Personnel Services to Forestry Commission of NSW		29 389	27 844
Current Amount due to Forestry Commission of NSW		2 083	5 234

End of Audited Financial Statements

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