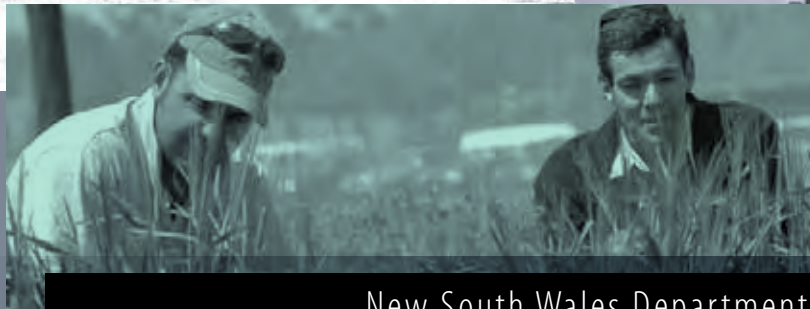




New South Wales Department of Primary Industries

ANNUAL REPORT 2008-09



NSW DEPARTMENT OF
PRIMARY INDUSTRIES

The Hon Ian Macdonald MLC

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



NSW DEPARTMENT OF
PRIMARY INDUSTRIES

Parliament House
Macquarie St SYDNEY NSW 2000
31 October 2009

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 2008-09 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.

Yours sincerely

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

RICHARD SHELDRAKE
DIRECTOR-GENERAL
NSW Department of Primary Industries

Contents

Director-General's Year in Review	1	Mineral Resources Division	28
Our organisation	5	Forests NSW	34
Organisational Structure	6	Science and Research Division	39
Our role	7	Strategy, Policy and Communications Division	46
Our key result areas	8	Corporate Services Division	51
Alignment with NSW State Plan	9	Appendices	54
Our results	10	Financial Statements	95
Financial overview	12	Index	216
Our Services	14	NSW DPI contacts and business hours	ibc
Agriculture, Biosecurity and Mine Safety Division	15		
Fisheries, Compliance and Regional Relations Division	22		

Director-General's Year in Review 2008-09

This year, NSW Department of Primary Industries (NSW DPI) demonstrated resilience and high level achievement in challenging conditions.

Our divisions delivered sound results in a difficult global economic environment. Significant organisational changes were made to meet the requirements of the NSW mini-budget, including voluntary redundancy programs and new leadership appointments. Towards the end of the year we prepared for the move to incorporate NSW DPI, Forests NSW and nine other agencies into a new Department of Industry and Investment. We have used these challenges as an opportunity to build on our strengths, focus on our corporate priorities and constructively support the changes.

As a department we continued to deliver on the range of work that we call business as usual. We pioneered advances in research, minerals exploration, biodiversity protection and legislative developments. We administered some 66 Acts and regulations and assisted with bushfire relief and on-going drought support. The department's technical and commercial expertise and commitment to sustainable primary industries in NSW often saw us coordinating stakeholder engagement at local, state, national and international levels. We facilitated the constructive cross-pollination of ideas, linking communities, industries, agencies and governments. The quality of our efforts is again reflected this year in a wealth of state, national and international recognition, including four gold Premier's Public Sector Awards.

The key result areas set by the NSW DPI Corporate Plan 2008-11 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 economic performance of primary industries

NSW DPI worked to deliver on its commitment to enhancing the prosperity of NSW, including its rural and regional sectors.

The mineral resources sector saw a combined value of mineral production estimated at \$25 billion, compared with about \$14 billion last year. Coal represented approximately 84 per cent of this year's figure. The net royalty collection was \$1 280 million, an increase of over 220 per cent on 2007-08, driven primarily by increased coal royalties.

Continued government support for petroleum exploration investment saw private sector onshore exploration expenditure of \$76 million in 2008-09. This figure highlights industry's confidence in the potential of this resource. A coal exploration licence to China Shenhua Energy Company covering the Watermark area near Gunnedah generated \$300 million for NSW, with a further \$1 million annually for the region, a commitment of \$175 million investment in transport infrastructure and

an additional commitment of \$200 million for any subsequent mining lease.

NSW DPI continued to actively support the development of the mineral resources industry during the year, undertaking two major pre-competitive data acquisition programs in the Southern Riverina Region. In cooperation with CSIRO, we also installed a high-technology hyperspectral drill core scanning system at our Londonderry facility to facilitate an online National Virtual Core Library.

In response to the major challenges of the global financial crisis and drought, services to the agricultural sector focussed on increasing productivity using innovative technologies and practices. Initiatives included skilling our rural communities in the areas of sustainable land use and climate risk, increasing beef and wool production through industry co-operation, reducing weeds with community support,

Director-General's Year in Review 2008-09 (cont'd)

delivering technology solutions in water use efficiency and promoting investment. Productivity improvements in agriculture continue to outperform other sectors of the economy and underpin the sector's buffering effect on the impact of the global financial crisis on the economy.

Forests NSW operates as a public trading enterprise within the department. 2008-09 saw a trading loss of \$16.34 million due to difficult global economic conditions and a one time write down of assets to reflect fair carrying value. Concentrated efforts to maximise revenues saw Forests NSW maintain its sawlog sales, develop commercial

arrangements to re-establish plantation and commence a massive planting program.

The economic focus extended across all NSW DPI divisions. With the practice of mulesing due to be phased out by the end of 2010, we worked to help woolgrowers control flystrike on sheep by developing new breeding techniques. Our science and research division completed a verification trial during the year, seeking to re-open market access for Australian citrus in Taiwan. Positive trial results are now forming the basis of further trade negotiations.

Appropriate access to and wise management of natural resources

NSW DPI continued to help primary industries adapt to climate change and mitigate its impact. We engaged in an international effort to reduce methane emissions from livestock. Work focussed on improving feed management, exploring feed additives, identifying genetic traits for lower methane emitting livestock, and manipulating rumen flora within livestock digestive systems.

Together with the Victorian Department of Primary Industries a consultant was engaged to undertake a critical investigation into the role of agriculture in Australia's low carbon future and, in particular, policy options for agriculture in addition to the Australian Government's Carbon Pollution Reduction Scheme (CPRS). This project is timed well to inform current national debate on this issue and will make a major contribution to the decision to be made in 2013 on the treatment of agriculture in the CPRS.

Following COAG agreement in July 2008, NSW DPI initiated strategic planning for the implementation of a \$300 million irrigated farm modernisation project as part of the national Water for the Future plan funded by the Australian Government.

We commenced stratigraphic drilling programs to identify the carbon storage potential of deep rock sites in NSW. Project results will allow more accurate modelling and prediction of reservoir characteristics in the Sydney and Gunnedah basins. The drilling program is a vital component of our support for low emissions (clean coal) technologies.

NSW DPI continued to deliver on its commitment to maintain or improve functional and productive ecosystems. We commenced two major components of a national recovery project for the Hawkesbury

Nepean River. Nutrient Smart Farms seeks to reduce the run-off of land based nutrients into river systems; Water Smart Farms engages with over 500 farm irrigators in a drive to achieve water savings of 5.9 gigalitres over three years.

Our success in restoring native fish populations over the last five years was reflected in a Gold Award at the 2008 NSW Premier's Public Sector Awards. Two new artificial reefs were constructed in Lake Conjola and Merimbula Lake respectively. Each reef covers an area of over 1600m² and encourages the colonisation by marine plants and animals in depleted areas.

The department took innovative measures to conserve sharks in 2008-09. In a world first, our science and research division successfully designed and trialled an artificial shark 'uterus', in a step to rearing endangered grey nurse sharks in captivity. To test the technology, six wobbegong shark pups completed their final weeks of foetal development in the uterus and are now thriving.

We developed joint management agreements that set out the parameters within which NSW DPI may conduct shark meshing. The agreements will be in place at the start of the 2009 meshing season. They will enable us to continue this important public safety program while mitigating impacts to other marine animals.

Our public education focus on safe and responsible recreational fishing continued with the Get Hooked program, which generated significant interest in 58 primary schools around the State, introducing over 4 100 school children to recreational fishing.

Safe, healthy and biosecure industries

NSW DPI continued to tackle a wide range of pests, diseases, chemicals and emergencies.

- Footrot was effectively eradicated in NSW during the year, after 20 years of collective effort.
- We continued measures to protect NSW's abalone stocks from abalone viral ganglioneuritis, a disease that has decimated Victorian stocks.
- We concluded our National Livestock Identification System (NLIS) cattle implementation project, a world best practice system for the

electronic identification and movement recording for cattle. NLIS supports both quality assurance and rapid response to disease outbreaks.

- NSW is leading the debate on developing national systems for NLIS sheep by improving the tracking of animals and meat products.
- In the wake of the equine influenza epidemic successfully managed the previous year, we held a national workshop to equip other Australian scientists on the use of high volume diagnostic testing for emergency animal disease outbreaks.

Director-General's Year in Review 2008-09 (cont'd)

- We supported control centres to manage emergency events during the year, including plague locusts and the North Coast floods.

The department completed the NSW Land Based Sustainable Aquaculture Strategy, incorporating input from industry and the community. The strategy is awaiting gazettal under State Environmental Planning Policy 62 Sustainable Aquaculture. It includes best practice for site selection, design and operation of aquaculture facilities and a simplified approvals process for intensive and extensive land based facilities.

NSW DPI worked hard during the year to ensure the genetic integrity and health of fish stocked into NSW waters. Under the NSW Hatchery Quality Assurance Scheme, we accredited and monitored fish hatcheries for the production of Murray cod, golden perch, silver perch and Australian bass fingerlings for recreational fishing stocking programs.

Planning for the new Elizabeth Macarthur Agricultural Institute Laboratories is underway and on target with additional funding being secured.

Safety remained a key focus for the department during the year. Forests NSW successfully completed a WorkCover audit conducted in the Macquarie Region, following another successful audit in Central Region in 2008. While entitled to move to a three-yearly audit cycle, Forests NSW will maintain annual audits based on the WorkCover model to ensure that safety remains a priority. Forests NSW also delivered a Truck Safety Program to over 400 harvest and haul drivers throughout NSW.

In the mining sector, we worked with WorkCover to implement recent legislative reforms to mine health and safety. The reforms extend equivalent minimum protections to the mining industry as general industry.

A strong voice for primary industries

NSW DPI maintained an active role in developing state and national climate change policy, on behalf of primary industries. We prepared a report on the potential for soil organic carbon (SOC) to reduce greenhouse gas levels that was included in the national Garnaut Climate Change Review. The report found that total SOC sequestration potential from pasture land, cropping land and rangelands in NSW amounts to an annual equivalent of 11 per cent of the total greenhouse gas emission from NSW in 2005. We will conduct further priority research on this important area that will inform future decisions regarding a role for soil organic carbon in emissions trading or in alternative policy options.

In addition we:

- led development of the NSW Government's submission to the House of Representatives' Inquiry into the role of government in assisting Australian farmers to adapt to the impacts of climate change
- prepared NSW DPI's response to the national Green and White Papers on the Carbon Pollution Reduction Scheme
- began reviewing public comments on the draft NSW Biodiversity Strategy, together with the NSW Department of Environment and Climate Change. A revised strategy will be issued for public comment in 2009-10.

We continued to implement the Australian Government's Exceptional Circumstances Program for 41 regions in the State that remained seriously drought affected. As a result, family income support and over \$250 million in interest rate assistance were made available to eligible producers and small rural businesses in NSW.

We further supported primary industries by:

- a proposed industry assistance package for the Western and Gunnedah coalfields to protect and promote jobs and export opportunities in regional NSW during the economic downturn

- a plan to promote gas exploration and the development of the gas supply industry within NSW
- trialling a new approach to agriculture extension delivery through the formation of regional teams, based on catchment and climate zones to enhance our ability to address government and industry priorities and develop regional solutions with farmers, agribusiness and other agencies such as Catchment Management Authorities and Livestock Health and Pest Authorities
- contributing to a national strategy to promote Aboriginal employment in the primary industries and natural resource management sectors.

The NSW DPI Rural Women's Network continued working with individuals, groups and non-government and government agencies to promote exchange and to identify and progress rural women's issues.

We continued to enhance community understanding and awareness of the significance of primary industries. Landlearn NSW, our flagship schools education program implemented with industry partners, gained Department of Education and Training support and grew significantly in the year since its inception.

We engaged in many different initiatives to promote the achievements of primary producers. These included showcasing of regional produce and working with the Sydney Fish Market on 'Brought to you by a fisherman' campaign to promote locally caught seafood. We highlighted the achievements of rural women through the RIRDC Rural Women's Award. We actively supported over 100 community events, ranging from local or industry-based events to metropolitan events such as the Royal Easter Show.

Director- General's Year in Review 2008-09 (cont'd)

Excellence in people, innovation and service delivery

NSW DPI's achievements were again commended at state, national and international levels this year. We won four gold and one commendation award at the Premier's Public Sector Awards, making NSW DPI the most awarded agency in 2008.

Our Farm Family Gathering and Drought Workshop Program has connected families in need of urgent assistance with community networks and government support and won two gold awards, in the 'State Plan' and 'Delivering Locally' categories. The Aquatic Habitat Rehabilitation Program won a Gold award in the category of 'Environment for Living'. The NSW Equine Influenza Eradication Campaign won a Gold award in the 'Growing Prosperity' category while the Tumut Containerised Seedling Nursery Facility was commended in the same category.

Our Science and Research Division's chapter lists many honours that reflect NSW DPI's outstanding expertise and effort in a diverse number of areas. They include Dr Peter Kirkland, who won the inaugural NSW Scientist of the Year Award for contributions to veterinary virology research and his scientific leadership in controlling and managing the Equine Influenza outbreak in 2007-08. Another highlight was our innovative Precision Sheep Management Project, which won a prestigious Cooperative Research Award. This project enables farmers to manage and market their sheep individually, through the use of unique radio frequency tags, thereby improving farm productivity.

A special congratulation to Rod Morrison, Director Mine & Forest Safety Performance, on receiving his Public Service Medal on Australia Day for outstanding public service in developing enhanced safety measures within the mining industry in NSW.

During the year we continued to foster our greatest asset, namely the depth and breadth of our staff's expertise. With employees aged 35 and under making up nearly one quarter of NSW DPI's workforce, we formed a young people's network to ensure that we remain an employer of choice for this staff segment. NSW DPI also continued to actively implement its Women's Employment Strategy and contributed to a national strategy to promote Aboriginal employment in the primary industries and natural resource management sectors.

The department took steps to align its real estate assets with current and future business priorities. This involved a comprehensive program that included major new constructions, relocations, upgrades to infrastructure and disposal of excess sites.

Staff and Executive Board

I would like to thank all NSW DPI staff for their achievements and efforts over the past year, with special mention of the winners of our 2008 Staff Achievement Awards:

Individual winners

Jamie Bertram
Tim Burfitt
Dr Annette Cowie
Belinda Gersbach
Daphne Johnston
Danny Robbins
Jonathan Smith
Adam Vey

Team winner

Women's Consultative Group

I thank the Executive Board, for energetically supporting our corporate direction and for preparing for the new Department of Industry and Investment.

My thanks also goes to Doug Hocking, who retired from the position of Executive Director Fisheries, Compliance and Regional Relations, and to Alan Coutts former Deputy Director-General Mineral Resources who became Director-General of the NSW Food Authority.

We extend a welcome to Jeannine Biviano who joined the department as Executive Director Corporate Services and to George Davey former Director-General, NSW Food Authority who was appointed NSW DPI Deputy Director-General and Executive Director Fisheries, Compliance and Regional Relations.

On behalf of all NSW DPI staff, I would like express my appreciation to the Hon Ian Macdonald MLC, Minister for Primary Industries and Minister for Mineral Resources for upholding the interests of NSW primary industries for providing strong and unwavering support for our department during the year.



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 3 500 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:

Integrity

- 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.

Collaboration

- 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.

Respect

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

Innovation

- 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

George Davey	Nick Roberts	Dr Nick Austin	Renata Brooks	Brad Mullard	Wendy Stamp	Jeannine Biviano
Deputy Director-General & Executive Director Fisheries, Compliance & Regional Relations	Deputy Director-General PI Trading & Chief Executive Officer Forests NSW	Executive Director Agriculture, Biosecurity & Mine Safety	Executive Director Science & Research	Executive Director Mineral Resources	Executive Director Strategy, Policy & Communications	Executive Director Corporate Services
Compliance Operations Agriculture & Fisheries	Commercial Services	Animal & Plant Biosecurity	Chief Scientist, Fisheries & Ecosystems Research	Mineral Resources Development	Economic Policy and Analysis	Finance & Assets
Fisheries Conservation & Aquaculture	Financial & Operational Business Services	Animal Welfare	Biosecurity Research	Environmental Sustainability	Corporate Strategy & Communications	Human Resources
Fisheries Operations	Human Resources	Compliance Standards & LHPA Alliance	Climate & Water Research	Geological Survey of NSW	Public Affairs & Media	Information, Communications & Technology
Regional Directors	Land Management & Forestry Services	Emergencies Weeds & Pest Animals	Productivity & Food Security Research	Mine Safety Operations	Policy & Legislation Coordination	Legal
PRIMEX	Native Forests Operations	Extensive Industries Development and Education	Research Businesses	Development Coordination	Water & Resources Policy	
	Planted Forests Operations	Intensive Industries Development	Science Strategy & Planning	Clean Coal Secretariat		
		Mine Safety Performance				
		Private Forestry and Resources				



Our role

There are seven divisions within the department namely:

1 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. Manages biosecurity risks impacting on primary industries and the environment, responds to emergencies and disasters, and promotes safety in the mining industry.

2 Fisheries, Compliance and Regional Relations Division

Responsible for conserving aquatic biodiversity, for fish stock sustainability, and for managing the State's commercial fishing, recreational fishing and aquaculture industries. The division also has responsibility for ensuring compliance with agricultural and fisheries legislation, and for fostering strong relationships across all primary industries at the regional level.

3 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.

4 Forests NSW

Forests NSW is a public trading enterprise within NSW DPI. It sustainably manages more than two million hectares of native and planted state forests, taking account of a wide range of economic, environmental and social values. It works to internationally recognised standards, outlined in this report.

5 Science and Research Division

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

6 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 facilitates department-wide planning, performance improvement and strategic communications and promotes primary industries and the work of the department.

7 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.	- 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.	- 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.	- 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.	- 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.	- 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	- 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	Appropriate access to and wise management of natural resources	Primary industries have appropriate access to natural resources
P7 Better access to training in rural and regional NSW to support local economies	Safe, healthy and biosecure industries	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	- 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	Safe, healthy and biosecure industries	- 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
E8 More people using parks, sporting and recreational facilities and participating in the arts and cultural activity	Excellence in people, innovation and service delivery	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	Delivery of high quality services to customers, clients and stakeholders
---	---	--

Our results

Strong economic performance of primary industries

RESULTS	RESULT INDICATORS	2006-07 Actual	2007-08 Actual	2008-09 Budget	2008-09# Revised
Industry see NSW as an attractive state in which to invest	• Value of primary industries' production by sector				
	Wild harvest fisheries (\$m)	80.6	91.2	86.8	86.6
	Aquaculture (\$m)	46.0	39.0	55.0	54
	Minerals (\$m)	12 300	13 900	15 500	24 800
	Agriculture (\$m)	7 741	9 009	10 619	10 920
	• Mining royalties collected (\$m)	489	573	538	1 280
	• Level of investment by primary industries				
	Aquaculture (\$m)	10	5	10	5
	Minerals - Capital expenditure mining (\$m)	1 700	2 200	2 000	2 000
	NSW share of private minerals exploration in Australia (%)	8.4	8.0	7.5	7.9
Primary industries use innovative technologies and practices	• Volume and value of targeted primary industries exports				
	Aquaculture (\$m)	0.2	0.2	0.2	0.4
	Coal - volume (MT)	91.5	100.5	100	103.3
	- value (\$m)	6 200	8 200	9 500	17 100
	Agriculture (\$m)	3 865	4 737	5 975	5 523
	• % Landholders/fishers adopting at least one NSW DPI productivity innovation	20	27	27	28
	• Publication of research based innovations in science journals	1 200	1 184	1 300	1 180

Appropriate access to and wise management of natural resources

RESULTS	RESULT INDICATORS	2006-07 Actual	2007-08 Actual	2008-09 Budget	2008-09# Revised
NSW DPI policies and operations reflect principles of sustainable development	• Minerals				
	Environmental security held (\$m)	733	927	840	1 080
	• Length of river where fish passage has been reopened (cumulative kms)	816	1 410	1 734	1 734
	• proportion of primary/target and key secondary fish species harvested at 'biologically sustainable' levels (%)	>90	>90	>90	91
Primary 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	85	80
	- % of landholders/fishers adopting at least one NSW DPI sustainability innovation	25	30	30	30
	- cotton yield (bales) per megalitre of water supplied	1.13	1.09	1.11	1.11
	• % reduction in net emissions from primary industries	2	3	3	2
	• % of ESD performance indicators met within aquaculture industry development plans	>90	>90	>90	>90

Our results (cont'd)

Appropriate access to and wise management of natural resources (cont'd)

RESULTS	RESULT INDICATORS	2006-07 Actual	2007-08 Actual	2008-09 Budget	2008-09 [#] Revised
	• % of industry operators and harvest sectors complying with management plans:				
	Fisheries				
	- % compliance rates for recreational fishers	90	90	90	90
	- % compliance rates for commercial fishers	91	90	90	91
	- % compliance rates for aquaculture	62	46	75	42
	Minerals				
	- % of mines operating to agreed mine operations plans, petroleum operations plans and subsidence management plans	95	97	97	97

Safe, healthy and biosecure industries

RESULTS	RESULT INDICATORS	2006-07	2007-08 Actual	2008-09 Budget	2008-09 [#] Revised
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	97	97
	• Major innovations in pest and disease control to:				
	Protect human health	4	5	5	5
	Protect industry	10	10	10	10
	Reduce cost to industry and government	12	15	15	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 (five year average)	0.04 0.04	0.00 0.04	0.00 0.01	0.07 0.04
	Non Coal Yearly (five year average)	0.08 0.06	0.00 0.04	0.00 0.04	0.00 0.04
	• Lost time injury frequency rate:				
	Coal Yearly (five year average)	16.29 18.83	14.20 16.97	14.80 15.70	13.19 15.31
	Non-Coal (five year average)	6.24 8.46	4.85 6.61	5.00 6.60	4.82 5.42
	• Serious bodily injury frequency rate:				
	Coal Yearly (five year average)	1.19 1.71	0.88 1.50	1.54 1.54	0.83 1.18
	Non-Coal (five year average)	2.22 1.54	0.52 1.40	2.06 1.84	1.02 1.27

[#] Current estimates as at 30 June 2009

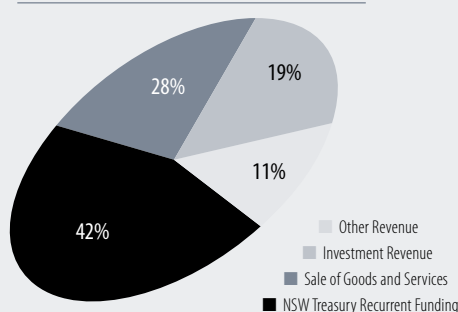
Financial Overview 2008-09

Financial Highlights

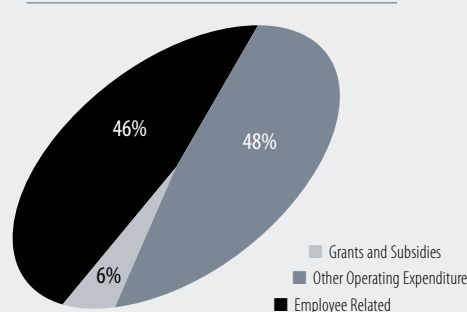
Significant initiatives and developments during 2008-09 include:

- Effectively managing the 2008-09 plague locust outbreak. The department was the lead agency and coordinated the NSW response to the outbreak.
- Awarding an Exploration Licence over the Watermark coal area which has provided up to \$300 million in payments to New South Wales, \$1 million per annum for five years to a regional community trust and a \$175 million investment in transport infrastructure.
- Commencing the Government's five year \$56.67 million upgrade of the biosecurity laboratories at the Elizabeth Macarthur Agriculture Institute to ensure that the facilities meet current and future regulatory standards and provide a platform for future biosecurity research and diagnostics.
- Coordinating the NSW Government response to drought. Total expenditure in 2008-09 was \$17.4 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 2008-09 are a consolidation of these two entities. This summary represents the consolidated financial performance for the year ended 30 June 2009 and financial position as at 30 June 2009.

Source of funds

Total Revenue for the Department of Primary Industries for the year ended 30 June 2009 was \$755.1 million.

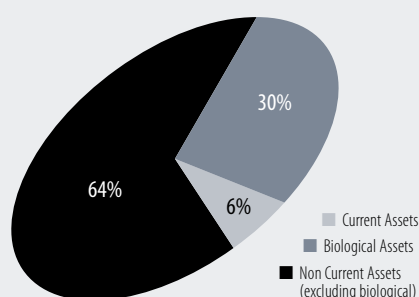
The main sources of revenue were NSW Treasury Funding \$320.5 million, sale of goods and services \$209.0 million and \$144.6 million in investment revenue (the major component being royalties from timber and related products \$138.3 million).

Financial Overview 2008-09 (cont'd)

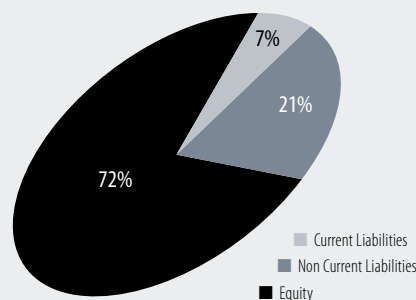
Application of funds

Operating expenditure for the year ended 30 June 2009 was \$771.6 million. Of this total \$357.2 million was for employee related costs. Other operating expenditure of \$365.4 million includes \$123.2 million for Forests NSW contract harvest and haulers and \$30.1 million for depreciation on the departments fixed assets. Grants and subsidies were \$49.0 million for the year.

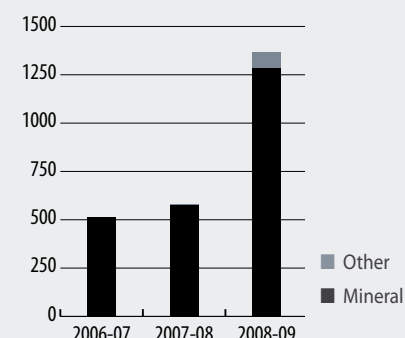
Total Assets



Total Liabilities and Equity



Crown revenues (\$million)



NSW DPI's assets and liabilities

The department's total asset base as at 30 June 2009 was \$2 261 million, an increase of \$9 million on the previous year. This is due an increase in the value of forest assets offset by a decrease in the value of superannuation assets. Total liabilities as at 30 June 2009 were \$634.3 million, an increase of \$23 million on the previous year. This increase reflects an increase in the Department's defined benefit superannuation liability.

Crown Revenues

NSW DPI collects revenues on behalf of the Crown Entity totalling \$1 369 million, the majority of which relate to mineral royalties, mining and exploration leases and coal lease concessions.

OUR SERVICES

Agriculture, Biosecurity and Mine Safety Division	15
Fisheries, Compliance and Regional Relations Division	22
Mineral Resources Division	28
Forests NSW	34
Science and Research Division	39
Strategy, Policy and Communications Division	46
Corporate Services Division	51



Agriculture, Biosecurity and Mine Safety Division

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:

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

Major outcomes achieved

Strong economic performance of primary industries

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

In 2008-09, the department:

- authorised over 10 000 hectares of new plantations
- conserved and protected an additional 14 000 hectares of remnant vegetation under the *Plantations and Reafforestation Act 1999*.

NSW DPI significantly boosted the State's regional economy during the year, investing over \$500 million in new plantation establishment and directly employing more than 3 700 people. The year's results bring the total area of new plantations to 110 000 hectares and conserved remnant vegetation to over 46 000 hectares.

The department also authorised 7 400 hectares of new environmental plantings primarily for carbon trading, bringing the total area of state land set aside for conservation value to over 34 500 hectares.

Monitoring state natural resource targets (State Plan P6, E4, S8)

NSW DPI helped catchment management authorities to complete *State of the Catchment* reports for all 13 NSW regions. The reports cover aspects such as invasive species, marine species and socio-economic considerations for the catchment. They require substantial data collected from across NSW and provide an important basis for the State government to prioritise its investment in natural resource management.

Pig industry lifts performance (State Plan P6, P7)

Breeding performance in NSW pig herds increased during the year under the Target 25 project, coordinated between Australian Pork Limited and NSW DPI. This project improved breeding management skills in a dynamic labour pool to achieve sow breeding rates of over 25 pigs per year to an industry worth \$20.5 million annually.

Regional produce showcases (State Plan P1, P6)

The department worked with Tourism NSW to organise food and wine showcases for the New England-North West and Riverina regions. For each showcase, regional produce was used in NSW Parliament House and promoted in Sydney's media and food service trade for a week. Quality fruit and vegetables, together with meat, wine and oils, demonstrated the State's strong regional food and beverage industry. In 2008-09, this industry had a turnover of over \$23 billion and employed over 58 000 people.

Organic vineyard demonstration at Bathurst (State Plan P6, E4)

During the year, NSW DPI developed an organic vineyard demonstration block at the Bathurst Centre for Organic Horticulture. The block has been designed to assist in the development of the organic wine industry and demonstrate good agricultural practices. Minister Macdonald used the vineyard launch to announce the 2009 NSW Organic Wine Industry Award.

Macadamia industry quality assurance (State Plan P6)

Over the last seven years, NSW DPI has developed standards, audit procedures and training for the State's 850 macadamia nut growers and processors. During the year, we developed a quality assurance

system for growers and processors to satisfy customer requirements at a local and international level. This will enhance their capability to present a high quality, nutritious, tasty product to consumers.

Guidance for dairy industry developments (State Plan P6, E4)

During the year, the department developed and distributed guidelines on how to develop new dairy facilities. The guidelines provide information to dairy farmers and planners on:

- the potential environmental impact of dairy facilities
- siting and design
- the planning process for approving developments.

Appropriate access to and wise management of natural resources

New projects for Hawkesbury Nepean River Catchment

(State Plan E1)

Through its Water Smart Australia fund, the Australian Government has undertaken to fund NSW DPI to deliver its Nutrient Smart Farm and the Water Smart Farm projects. For these projects, the Australian Government will contribute \$25.18 million and the NSW Government will contribute \$5.1 million through the NSW Climate Change Fund.

The projects commenced in June 2009 and will run to September 2011 in a cooperative endeavour with Hawkesbury Nepean Catchment Management Authority.

- *Nutrient Smart Farms* will provide \$2.8 million of landholder incentives for on-ground works that reduce nutrient run-off into the Hawkesbury-Nepean river system. Works will include stock exclusion from the riparian zone, revegetating river and stream banks and erosion control works.
- *Water Smart Farms* is another catchment project, engaging over 500 farm irrigators to improve water management and irrigation efficiency. The primary aim is to achieve significant water savings of 5.9 Gigalitres over three years. Support for irrigators will include:
- significant financial assistance from the Australian Government (\$10 million) and NSW Government Climate Change Fund (\$3 million)
- training to improve irrigation practices
- promotion of new technologies, such as SMS text message services for scheduling water application.

Private Native Forestry Industry Assistance Program

(State Plan P6, E4)

NSW DPI worked to administer this program, under which the NSW Government provided \$29.3 million to help the timber industry adjust to the requirements of the Private Native Forestry Code of Practice, introduced in August 2007. The code sets minimum operating standards for harvesting in private native forests to ensure sustainable management. Assistance is available to industry participants and industry workers who have been made financially unviable or redundant as a result of the introduction of the code.

NSW DPI also initiated awareness-raising field days for private native forestry. In 2008-09, the field days introduced contractors and landholders to the industry codes of practice and to forestry opportunities within a farming enterprise.

Greenhouse gas emissions (State Plan E4)

During the year, we developed a computer-based FarmGAS Calculator for farmers to gauge the greenhouse gas emissions from various farm operations. Farmers can then develop a farm profile that incorporates financial and production information. The FarmGAS Calculator helps to implement *Australia's National Agriculture and Climate Change Action Plan 2006-09*. We plan to make this tool available online through the Australian Farm Institute.

Best practice management for horticultural industries

(State Plan E4)

Banana, blueberry and macadamia industries are benefiting from environmental guidelines that promote practices such as smothergrass establishment to prevent soil loss through erosion. A survey of northern growers has identified that over 25 per cent of farms have now adopted this practice.

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

During the year, Tocal College continued to develop and publish education resources, including four new additions to our Agskills series, covering poultry, dairy, organic production and beef. Graduates from our Murrumbidgee Rural Studies Centre this year included 14 NSW DPI staff, who were awarded a Certificate IV in Business Administration.

More than 4 200 people attended our PROfarm training courses throughout the State in 2008-09 despite the financial impacts of the global economic downturn and the ongoing drought. It is anticipated that the Commonwealth FarmReady funding program that commenced in February 2009 will create further demand for PROfarm training.

In 2008-09, we updated Stockplan®, our drought management training course for primary producers and advisers, to include managing climate variability. The modifications will enable livestock producers to look at the financial impact of a wide range of stock and business operations in the context of variable climate.

Industry and public interest in soil carbon and biology increased significantly in 2008-09. We provided workshops and seminars to over 700 farmers to help them make informed judgements on soil carbon and biology issues. We also commenced planning to extend these workshops in southern NSW river catchments.

New regional approach to extension services

(State Plan P6, P7, S8)

In December 2008, the Minister announced a new departmental approach to agricultural extension delivery. Under the changes, regional teams across NSW are now established according to common climatic and environmental conditions. We selected two regions to pilot this approach, the North Coast/Hunter region and the Southern region.

Adoption of no-till farming (State Plan P7, E4)

A novel approach to extension was employed by NSW DPI agronomists and the Central West Farming Systems group in the Hillston district. Local grain growers perfected the art of no-till farming, involving trial sites on farm, field days and identifying the barriers to adoption of this technology. A survey in 2008 of practice change has revealed that over a five year period, the number of growers using no-till in Hillston increased dramatically from 20 to 70 per cent.

Plants and fodder production (State Plan P7, E4, S8)

During the year, we coordinated a state-wide program called Paddock Plants, to improve landholder skills in plant identification and management. We presented the program to more than 450 participants at 30 events and achieved a 99 per cent approval rating with participants. These skills importantly contribute to sound land management for environmental and agricultural use.

We directed significant training efforts towards fodder conservation around NSW through the TopFodder Silage program, a joint initiative with Dairy Australia. The course links fodder production to farm economics and covers such industries as beef, dairy, grain, prime lamb, wool and fodder. During 2008-09, we delivered 60 courses to 900 industry participants. Over 70 per cent of past participants reported practice change through increased livestock production or feeding through drought. Other management benefits reported through surveys included:

- managing stock feeding after flood
- providing an alternative to hay production
- limiting the negative effect of climate variability.

Best practice for heat stress in dairy cows (State Plan P7, E4)

January 2009 presented farmers with extreme heat conditions that threatened milk production. In response, we initiated workshops for 210 dairy farms, to provide practical strategies to cope with the extreme conditions and prevent large-scale failure to deliver fresh milk to NSW consumers. These workshops were well received by dairy farmers delivering practical measures to improve cow welfare and avoid a potential drop in milk supply.

Safe, healthy and biosecure industries

Natural disasters (State Plan S8)

NSW DPI responded to floods in the north west and mid north coast in early 2009. Staff manned emergency operations centres and coordinated the care and disposal of animals and fodder relief. Our information coordination role was also significant:

- we established 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 parts of the State, we continued to support farmers and rural communities through the ongoing drought. During 2008-09, we answered over 450 calls to the Drought Hotline, processed 9 700 transport subsidy claims to the value of \$11.5 million, and held farm family gatherings attended by more than 25 000 people.

Mulesing of sheep (State Plan E4)

NSW DPI has actively supported a commitment by the Australian wool industry to phase out the practice of mulesing by 2010. During the year, we:

- developed a genetic model to breed and select sheep for reduced skin wrinkle
- conducted economic modelling of flystrike control
- provided education and training to woolgrowers.

QX oyster risk managed (State Plan E4)

NSW DPI, in close collaboration with NSW Farmers' Association, took

steps to manage the risk of QX disease in oysters during the year by revising movement restrictions of oyster stock between estuaries in NSW. Using a risk based approach, we rated estuaries based on QX surveillance and provided a ranking which is used to underpin permissible oyster movements. QX is the result of infection with the parasite *Marteillia sydney*, which has caused mortality and stock losses and has the potential to further devastate the oyster industry. Non-resistant oysters risk mortality rates as high as 84 per cent.

Continued measures to protect abalone stocks

(State Plan P6, E4)

In 2008-09, we extended our ban on the use of abalone gut as bait, to reduce the risk of abalone viral ganglioneuritis (AVG). AVG was first detected in Victoria in 2005 and has the potential to spread into NSW's wild abalone stocks. The disease, which fortunately has no human health implications, has decimated abalone stocks in Victoria.

Invasive species (State Plan E4)

In August 2008, the State Government issued the *NSW Invasive Species Plan 2008-2015*. The plan is designed to reduce the impact of invasive species by 2015. Invasive species include weeds, vertebrate pests, and aquatic and invertebrate pests. The plan incorporates input by NSW DPI, including a weed risk management system and a guide for aquatic plant declarations.

We combatted a range of invasive species in 2008-09 and our activities include:

- strategies to prevent herbicide resistance in wild oats and awnless barnyard grass
- rearing and releasing a biological control agent for *Carvalhotingis visenda* (cat's claw creeper)
- gaining national accreditation for vertebrate pest training
- assisted in the training and accreditation of the NSW Feral Animal Aerial Shooting Team
- helping to develop best practice guidelines for wild dog management as member of NSW Pest Animal Council
- ground and aerial control measures to combat plague locusts
- continued implementation of marine pest education program.

NSW DPI allocated over \$8 million in noxious weeds grants to local control authorities and helped develop regional weed management strategies by supporting 227 local government projects.

In April 2008, the department released a state-wide weed awareness program NSW – No Space 4 Weeds. We also set up our Weeds Extranet, an online site for communication between NSW weed professionals, to facilitate information and resource sharing. These activities concluded a three year program to improve weed management in NSW.

National Livestock Identification System

(State Plan P6, E4, S8)

We concluded our NLIS cattle implementation project in April 2009. Significant allocation of resources by our department has significantly contributed to a world best practice system for the electronic identification and movement recording for cattle. NLIS supports both quality assurance and rapid response to disease outbreaks.

Major NSW DPI activities during the year included:

- continued operation of the NLIS 1300 Helpline
- training activities for cattle producers across NSW
- support to agencies such as NSW Police and Livestock Health and Pest Authorities.

We are now leading the implementation of the National Livestock Identification System for sheep and goats.

Electronic sheep carcass tracking (State Plan P6, E4)

Jointly with industry, we developed a unique system to electronically track sheep carcasses during meat processing. The system maintains a link between the property of origin and product despatch. It aims to deliver effective systems for export meat products throughout Australia.

Victory over Equine Influenza (State Plan S8, P6)

New South Wales was declared Equine Influenza-Free on 30 June 2008. After that time, we were required to investigate potential cases of the disease but recorded no further evidence of the disease.

Pig health (State Plan P7, S8)

We appointed a technical specialist in pig health to our Animal Biosecurity Risk Management Unit. This expertise will help us to undertake research in the pig industry through co-operation and participation in the research direction of the quality assurance, biosecurity and food safety sectors managed by Australian Pork Limited (APL). NSW DPI is working closely with APL to ensure the future of the Australian pig industry.

National animal disease programs (State Plan P1, P6)

We contributed to disease management plans at state and national levels for Ovine Johne's disease, Bovine Johne's disease, avian influenza, Newcastle disease and Ovine Brucellosis. This protects 250 broiler farms and 170 layer farms against Newcastle disease.

The department continued to coordinate a joint NSW-Victoria *Salmonella enteritidis* assurance program, with the ongoing help of industry, to ensure that this harmful bacterium was not present in the NSW egg-laying flock.

This program manages 40 layer flocks and 40 breeder flocks against *Salmonella enteritidis*, effectively covering all commercial flocks sourcing birds from these flocks.

Mining industry safety performance

The NSW mining industry reported three fatalities during 2008-09, all in the underground coal sector. This unfortunate outcome belies the trend of four fatality-free 12 month periods since 2002.

Improved reporting from construction materials workplaces saw five serious injuries notified by quarries. Overall, serious injury numbers in both coal and non-coal sectors remained in the record low range achieved last year. The lost time injury frequency rate also improved in both sectors, maintaining its long-term downward trend.

At the time of writing, the coal workforce appears to have grown by less than 10 per cent during 2008-09 while the trend in non-coal employment growth is unclear.

Mine Safety Levy

The State Government's Mine Safety Levy funds our mine safety

regulatory functions. The levy reflects the costs associated with regulating mine safety in NSW. It is based on the wages of employees in the mining and extractive industries is collected through WorkCover NSW and Coal Mines Insurance Pty Limited. The levy was set at \$23.715 million for 2009-10, representing 0.891 per cent of industry wages and a reduction from the 0.927 per cent set in 2008-09.

NSW mining industry safety performance statistics

Reporting thresholds for certain hazards were tightened in the *Coal Mine Health and Safety Regulation 2006*, for which two years of notification are now available. In 2008-09, underground coal gas detections rose 25 per cent while high-pressure fluid escapes declined 22 per cent.

Notifiable incidents in the non-coal sector rose 12 per cent in line with expectations because of reporting requirements under the new non-coal legislation and improved contact with quality operators.

Safety performance statistics

Table:

	2007-08 ¹	2008-09 ¹
Fatalities	0	3
Serious bodily injuries (coal) ²	23	27
Serious injuries (non-coal)	9	15
Lost time injury frequency rate (per million hours worked)		
- coal	14.20	13.19
- non coal	4.85	4.82
Notifiable incidents (coal) including:	1 752	2103
- underground gas detection	644	803
- escape of fluid under pressure	361	282
Notifiable incidents (non-coal)	199	223
Non-specific incidents resulting in a notifiable injury or outcome (coal)	481	424
Non-specific incidents resulting in a notifiable injury or outcome (non-coal)	14	20
Dangerous incidents (non-coal)	57	-

From 1 September 2008, the *Mine Health and Safety Act 2004* and *Mine Health and Safety Regulation 2007* replaced the *Mines Inspection Act 1901* and *Mines Inspection General Rule 2000*. Incident and injury performance will now be more directly comparable to the coal sector. The new requirements for explicit notification of all cases of hospital admission, loss of consciousness and seven days off work has seen non-specific incident notifications increase, as they did in 2007 in the coal sector.

The table above reflects notifications under the following legislation:

Coal CMHSA 2002 and CMHSR 2006.

Non-Coal: To 31/08/2008 - MIA 1901, MIGR 2000

From 01/09/2008 - MHSR 2004 and MHSR 2007

Notes:

- 2008-09 workforce and injury data is preliminary and subject to change.
- Former serious bodily injury coding is comparable to notifiable nature of injury under CMHSR 2006 and MHSR 2007. The increase in non-coal appears to be from the construction materials sectors (5 serious injuries) which previously under-reported.
- From 1 September 2008, MHSR 2007 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.
- The catch-all term Dangerous incidents is no longer present in the new legislation.

Mine Safety Advisory Council

The Mine Safety Advisory Council supported by the NSW DPI secretariat held a CEO Occupational Health and Safety Culture Change Summit in November 2008 to address important Wran Mine Safety Review recommendations. The summit issued a communiqué outlining a joint vision for the industry and an agreed set of guiding principles to address key health and safety issues.

The Council endorsed a *Guide to the development and implementation of a health management plan* for mine sites developed by its Health Working Party and the approval of the creation of a Standing Health Management Advisory Committee that represents all industry stakeholders, including NSW DPI. The Health Working Party oversees the Prevention of Musculoskeletal Disorders Project, which promotes the need to address musculoskeletal disorders and is developing guidance on the issue for mine sites.

Mine safety legislation (State Plan P3)

Major legislative reforms affecting mining workplace health and safety included:

- commencement of the *Mine Health and Safety Act 2004* and the *Mine Health and Safety Regulation 2007*
- amendment of the Occupational Health and Safety Regulation 2001, now extended to cover mining and coal workplaces.

Both took effect from 1 September 2008.

The mine safety reforms continue the transition to a legal framework that recognises a general duty of care and extends the same minimum protections to the mining industry as general industry.

Last year, the department signed a memorandum of understanding with WorkCover NSW, agreeing to a cooperative approach to ensure smooth and consistent implementation of the reforms.

In 2008-09, we delivered on this commitment by developing operational protocols with WorkCover as follows:

- we jointly executed a first protocol, which outlines how to exchange and manage information about plant registration, business licensing, permits to work and incident notifications under the legislation
- we jointly drafted protocols 2 and 3, relating to jurisdictional coverage, and cooperation and consistency of compliance and enforcement
- to support these protocols, we agreed on a procedure to handle mining industry enquiries about the new regulation.

The Department released a discussion paper on the *Coal Mine Health and Safety Act 2002* in December 2008 and continues to provide for stakeholder consultation as part of the *Mine Health and Safety Act 2004*.

National model Occupational Health and Safety laws and National mine safety framework (State Plan P3)

During the year, the Council of Australian Governments agreed to the development and implementation of a uniform national OHS legislative framework by December 2011. The framework includes a model OHS Act, model regulations and codes of practice. The National Review into Model OHS Laws released two reports (October 2008 and January 2009) which were considered by each jurisdiction.

NSW DPI is working to ensure that additional legislative regulation is only undertaken where it is objectively justified.

The department has contributed to the National Mine Safety Framework process for achieving a consistent OHS regime in the mining industry through the involvement of the Director of Mine Safety Performance on the framework's legislation steering group.

Mining accident/incident investigation

We continued to work hard to improve mine safety during the year. Where death or serious injury occurred, we conducted detailed investigations, made recommendations for safety improvement and considered legal proceedings where necessary.

In 2008-09 we completed five serious accident investigations, and proceedings were commenced by the Director of Mine Safety Performance in relation to a number of previously concluded investigations. The following table shows the performance statistics for the year along with statistics for the two previous years.

Performance statistics	2006-07	2007-08	2008-09
Investigations commenced	8	5	8
Investigations completed	7	5	5
Investigations in field stage at the end of year	3	3	7
Investigation reports submitted to the Coroner	1	2	1
Coronial inquests commenced	0	0	0
Prosecutions commenced	12	11	10
Successful prosecutions	7	9	5
Unsuccessful prosecutions	0	1	0

Mining competency standards

The Metalliferous Mines and Extractive Industries Competence Board (MMEICB) was established in September 2008 to support mine safety performance by developing the competence of people to work safely in the New South Wales mining industry. The MMEICB terms of reference include overseeing development of competence standards, assessment of competence, maintenance of competence and registered training organisation endorsement. During the year, NSW DPI served on the board and provided it with secretariat services.

In late 2008, we commenced a State-recognised training course for site check inspectors in the coal sector. We are undertaking further improvements to further enhance the effectiveness of the pilot training course and its ability to meet the requirements of the Workcover OHS Consultation Course.

Excellence in people, innovation and service delivery

Support for rural communities (State Plan S8)

We continued our drought support activities in rural communities, including farm family gatherings and a drought workshop program. These activities received a NSW Premier's Public Sector Gold Award in 2008 in the category of 'Delivering locally' as well as the State Plan Gold Award. By June 2009, we had held 2 784 events attended by over 140 000 people. The gatherings helped strengthen rural community networks, increased our contact with farm families requiring urgent assistance and facilitated access to other

government services such as mental health teams, department of Community Services disaster funding and Rural Assistance Authority funding for Interest Rate Subsidy grant and Special Conservation Scheme.

Animal welfare (State Plan S8)

NSW DPI issued a revised code for the welfare of animals in pet shops and enforceable standards for exhibited animals, including circus animals. The NSW Animal Research Review Panel and NSW DPI also finalised guidelines for the scientific housing of sheep and mice. The guidelines were submitted for international consideration by a working group examining harmonisation of standards for the use of animals in scientific research.

Significant issues

New hen housing requirements (State Plan S8)

During the year, the department worked with the Royal Society for Prevention of Cruelty to Animals to identify and notify egg producers that were not complying with hen housing requirements. We conducted follow-up inspections and served notices to comply.

Drought (State Plan P6)

A Ministerial taskforce was convened to respond to primary producer concerns, against a backdrop of continuing drought, critical water shortages, decline in market process and impact of the global economic downturn. NSW DPI continued to support farmers and rural communities through the ongoing drought, as detailed earlier in this chapter under the heading 'Natural disasters'.

New noxious fish list (State Plan P3, E4)

As a result of NSW DPI's work during the year, seventy new fish species are to be included under the noxious species listed under the NSW Fisheries Management (General) Regulation (2002). This represents a considerable increase from the previous listing of nine species and widens the protection afforded to our native fish.

Future directions

Our priorities for the next financial year include:

- regionally based extension strategy for climate change
- helping the NSW dairy industry implement new and innovative technologies
- commencing capital works on a \$56.67 million upgrade to the Elizabeth Macarthur Agricultural Institute
- maintaining our preparedness and capability to respond to emergencies
- implementing a refined drought declaration system
- research and development of genetic models to control flystrike in sheep
- developing the first enforceable livestock standards for pigs for NSW
- further development of welfare codes for breeding dogs and cats, pounds and shelters for companion animals
- streamlining the approval process for exhibiting animals and using animals for scientific purposes

- industry briefing by our Mining Industry Assistance Unit (IAU) on health and safety plans and review incentive schemes
- delivery of site-based OHS assistance services by our Mining IAU.

Divisional performance

Service Measures	Units	2006-07 Actual	2007-08 Actual	2008-09 Budget	2008-09 Revised
Farmers attending PROfarm training activities	no.	5 760	8 437	6 200	4 219
Biosecurity plans with NSW DPI contribution	no.	234	200	200	2 350
People accredited in emergency response preparedness	no.	328	507	500	447
Attendance at mining industry health and safety workshop seminars	no.	4 101	4 200	3 000	4 266
Compliance with animal research and exhibited animals regulations	%	90	90	90	90

Fisheries, Compliance and Regional Relations Division



Nature and scope of activities

The Fisheries, Compliance and Regional Relations Division has responsibility for conserving aquatic biodiversity, for fish stock sustainability, and for managing the State's commercial fishing, recreational fishing and aquaculture industries. The division also has responsibility for ensuring compliance with agricultural and fisheries legislation, and for fostering strong relationships across all primary industries at the regional level.

The division comprises four branches:

- Compliance Operations Agriculture and Fisheries
- Fisheries Conservation and Aquaculture
- Fisheries Operations
- Regional Directors

Major outcomes achieved

Appropriate access to and wise management of natural resources

PRIMEX extends regional relations overseas (State Plan P1)

PRIMEX is a specialised business unit within the division that manages the expanding investment, trade and training opportunities for primary industries in Asia, India and the Middle East. Using country focus and thematic approaches, PRIMEX has spearheaded a number of State bilateral initiatives. The unit has expanded its focus beyond NSW agricultural exports to a range of trade, investment and training activities in agriculture, minerals, fisheries and forestry.

In keeping with our State Plan commitment to grow NSW's prosperity, PRIMEX has begun seeking to interest Chinese government agencies and leading companies in opportunities within the NSW resources sector. In doing so, it builds on a healthy relationship of proven assistance to Chinese agriculture over the past 30 years. Outcomes from 2008–09 initiatives in the agricultural and resources sectors have been very encouraging, attracting significant benefits to NSW, for example:

- PRIMEX promotion of investment opportunities for Chinese companies in the NSW mining industry resulted in the successful bid by China's Shenhua Energy Company for the Watermark coal project in Gunnedah in October 2008
- As an accredited trainer of Chinese Government officials through the Chinese State Administration of Foreign Experts Affairs, PRIMEX provided fee-for-service training for 41 overseas delegations and 484 trainees (mostly Chinese) in agricultural, mining, fishery and forestry production in NSW.

Through its extensive and expanding network PRIMEX will continue to identify innovative investment opportunities. It will also share with other NSW government agencies the latest developments and trade/investment related issues in Asia, especially China, Korea and Japan.

Aquatic habitat rehabilitation (State Plan E4)

NSW DPI continued to play a lead role in restoring native fish populations through our Aquatic Habitat Rehabilitation Program. Our program's sustained achievement over the last five years was recognised at the State's Public Sector Management Awards, where it won a Gold Award in the Environment for Living category.

The program team continued to foster valuable partnerships to rehabilitate native fish habitat around the State. New initiatives in 2008–09 include:

- Fishers for Fish Habitat, a partnership with recreational fishers to restore native fish habitat
- working to protect and restore key fish habitat on Crown Land, in partnership with the Department of Lands
- Wetlands on Farms, a program to help Murray Darling Basin landholders integrate wetlands into their farming systems.

NSW DPI managed a range of externally funded projects which collectively opened up an additional 552 kilometres of waterways for fish passage. Projects included remediating 26 barriers, planting 27 000 riparian trees and restoring instream habitats at 40 sites.

Aquatic habitat protection (State Plan E4, S8)

NSW DPI undertakes environmental assessments of any proposed developments that may significantly affect key fish habitats or fish or marine vegetation listed as threatened under the *Fisheries Management Act 1994*. In 2008–09 we assessed, and gave conditional approvals to, over 500 developments.

Completing work commenced in 2007–08, we produced key fish habitat digital maps for the remaining 30 per cent of local government areas and supplied digital data files to all local government authorities in the State. This information will facilitate improved aquatic habitat protection under local environmental plans.

We also worked with the Department of Environment and Climate Change NSW and the NSW Department of Water and Energy to help local governments incorporate natural resource management into planning. NSW DPI assisted in drafting best-practice notes on strategic planning and local environmental plans for councils in the South West region. The best-practice notes include:

- sample clauses for use in local environmental plans
- a kit for applicants
- instructions for developing overlay maps of natural resources, including sensitive waterways.

The joint project won both State and National Awards for Excellence in Planning from the Planning Institute of Australia. The project outputs will be used to model information packages for the rest of NSW.

Environmental protection and shark conservation

(State Plan E4)

NSW DPI exhibited two draft shark meshing (bather protection) Joint Management Agreements (JMAs), in conjunction with the Department of Environment and Climate Change NSW. The importance of shark meshing was highlighted by three high profile shark attacks in the Sydney region during the 2008–09 summer. The JMAs give effect to a management plan that sets out the parameters within which shark meshing is to be undertaken. They will allow this important public safety program to continue while mitigating impacts on other marine animals. The drafts were exhibited in March 2009 and elicited 161 submissions. The department will work to have the final JMAs approved before the start of the 2009 beach-going season, with full implementation for the 2010–11 season.

The department actively participated as a member of two national shark conservation committees, namely the national Shark-plan Implementation and Review Committee (SIRC) and the National Shark Recovery Group (NSRG). During 2008–09, it:

- implemented a National Plan of Action for the Conservation and Management of Sharks (Shark-plan 1)
- reviewed Shark-plan 1 in preparation of Shark-plan 2
- reviewed the Australian Government's 2002 Grey Nurse Shark Recovery Plan and the 2004 White Shark Recovery Plan, and developed the 2009 White Shark Draft Recovery Plan
- prepared an updated NSW Shark Assessment Report to guide the preparation of Shark-plan 2 and to inform other parties to the United Nations' Convention on International Trade in Endangered Species about the ways that Australia manages and conserves its shark resources.

Sustainable aquaculture (State Plan P6, E4)

We approved 30 new oyster lease applications in 2008–09, under our streamlined Oyster Industry Sustainable Aquaculture Strategy (OISAS) process. We also approved 18 new oyster aquaculture permits and seven new permits for land based aquaculture.

We assessed and made recommendations regarding 32 proposed developments with the potential to impact on oyster aquaculture under the referral provisions of SEPP 62. Examples include:

- redesign of an onsite sewage system adjacent to a number of Port Stephens oyster leases, as part of a Land and Environment Court mediation
- incorporation of a substantial riparian buffer zone into a subdivision adjacent to Wallaga Lake
- with the help of Nambucca River oyster growers, OISAS was factored into the Nambucca River Estuary Management Plan to ensure appropriate land use adjacent to oyster harvest areas in that estuary.

We finalised the NSW Land Based Sustainable Aquaculture Strategy in late 2008, after consulting with industry and the community. The strategy builds on two earlier regional strategies and features a simplified advisory section. It establishes a risk based assessment process for new aquaculture proposals and sets clear guidelines for siting and operation of the industry. This strategy is now going through the process of gazettal.

This year saw an increased focus on enforcement under the *Fisheries Management Act 1994* with three times the number of oyster lease inspections conducted than in 2007–08. We are working with industry to improve sustainable practices and increased compliance.

Sustainable commercial fishing – The Pyrmont Pact

In March, staff from the division, in collaboration with the NSW Seafood Industry Advisory Council, began developing a reform program to improve the long-term viability of the commercial fishing industry. The 'Pyrmont Pact' was presented for advice and information to all commercial fishery Management Advisory Committees in late 2008–09, in advance of open regional meetings for all commercial fishers in 2009–10. The pact represents the first step to reform the industry's existing share management scheme by:

- addressing latent effort, minimum shareholdings and improving viability
- reviewing industry regulatory requirements and streamlining NSW DPI's administrative systems
- providing for tradeable input and output controls, enabling fishers to choose between the type of gear used and types of catch limits and quotas
- incorporating a risk-based approach for managing fish resources
- helping fisheries promote NSW-caught seafood as a fresh, sustainable and healthy product.

Sustainable commercial fishing – securing Commonwealth export approval (State Plan P6)

During 2008–09, NSW DPI helped the commercial fishing industry to secure export approval extensions for the six major marine commercial fisheries for which export approvals were due to expire. The Australian Government grants export approvals once the Department of the Environment, Water, Heritage and the Arts (DEWHA) has:

- fully assessed the potential environmental impacts of each fishery and the management arrangements in place
- concluded the fishery is being managed in an ecologically sustainable manner.

This work involved compiling a lengthy submission outlining the status of the fishery (including reports against specified recommendations, conditions and performance indicators), responding to comments received during the public comment phase of the process, and negotiating revised approval recommendations and conditions with DEWHA.

Recreational fishing (State Plan E4, E8)

Sales of recreational fishing licences increased by \$2.7 million during 2008–09, with total revenue into our recreational fishing trust reaching \$13.4 million. Much of this increase is due to the integration of the recreational fishing licence system with the NSW Government Licensing Service which enabled the introduction of plastic licences and a licence renewal function. As at 30 June 2009, over 480 000 people held recreational fishing licences. Taking into account those who are exempt from licence requirements, we estimate that approximately one million people fished recreationally during the year.

Through the Recreational Fishing Trusts, we continued to fund valuable programs during 2008–09, such as new artificial reefs in Lake Conjola and Merimbula Lake on the south coast. The department worked closely with researchers, fishers, community groups and other regulatory bodies to ensure the reefs were constructed in ideal locations to maximise their effectiveness. Each reef covers an area of over 1600m² and is made from 400 'Reef Balls', which encourages colonisation by marine plants and animals. The artificial reef project has received widespread support from NSW recreational fishers.

NSW DPI places a strong focus on educating the public in safe and responsible recreational fishing, and during the year we launched the 'Get Hooked...it's Fun to Fish' program, which generated significant interest in primary schools around the State. The program encourages years 3–6 to take an active role in the management of waterways and fish stocks. Around 4 100 children participated in the in-class component, with around 2 200 of these children undertaking the end of year practical fishing week, learning about responsible and sustainable fishing practices and the value of aquatic habitats.

Under the Fishcare Volunteer program, 330 volunteers provided information and advice to anglers. They worked 20 000 hours, approached over 5 000 recreational fishing boats and helped introduce 4 500 juniors to recreational fishing.

Fisheries compliance (State Plan E4)

Working closely with other state and national agencies, our compliance officers made over 49 000 contacts across the State with commercial fishers, recreational fishers and aquaculturists. Fisheries officers issued almost 2 200 infringement notices, commenced 317 court prosecutions and made 1 750 seizures of nets and fishing gear, with 33 442 fish seized. Significant outcomes include:

- two men face court and fines of up to \$140 000 each as at 30 June 2009, for allegedly using an illegal fishing trap to catch bait for a commercial fishing business in the Bermagui River Recreational Fishing Haven

- a Greenwell Point man found with a protected eastern blue devil fish in his possession was ordered to pay fines and court costs totalling \$3 283
- a man was fined \$2 000 and sentenced to two months imprisonment for illegal abalone fishing at Tathra on the South Coast in May 2009. He was caught after a surveillance operation by fisheries officers and charged with having 202 shucked (shelled) abalone with a value of \$3 000 in his possession.
- a man was ordered to pay more than \$4 000 in court costs, received an \$850 fine and forfeited his car for having 39 illegal fishing nets on the Darling River near Menindee
- Special Operations and Investigations Group officers assisted DPI Fisheries Victoria in an operation that resulted in eight offenders being charged in Victoria for abalone theft. One offender was sentenced to 14 months imprisonment.

We boosted our compliance operations capability with a new offshore patrol boat 'FPV Dannevig' in July 2008. The 8.2 metre Noosacat twin hull boat is designed to work in offshore waters, improving rapid response in all weather conditions. The boat is lightweight, fast and manoeuvrable, enabling our officers to quickly intercept other vessels.

Agriculture compliance (State Plan E4)

We conducted targeted compliance operations during the year, issuing over 138 infringement notices and many more written cautions. Our activities included the following:

- apiaries operations on the South Coast to detect and take follow up action on diseased beehives
- in conjunction with Livestock, Health and Pest Authority (LHPA) rangers, examining all livestock presented at the Royal Agricultural Society Easter Show in Sydney to ensure compliance with movement controls and documentation requirements, and to provide certified permission for the return journeys for many animals
- Queensland Fruit Fly compliance operations, targeting travellers taking fruit into the Fruit Fly Exclusion Zone
- joint work with the Queensland Police Service, Queensland Department of Primary Industries and Fisheries and NSW Police to target illegal movement of horses from Queensland's cattle tick infested zone
- joint work with LHPA rangers and NSW Police Rural Crime Investigators, targeting non-compliance with cattle movement controls, and National Livestock Identification System requirements at Cooma Saleyards.

Threatened species (State Plan E4)

Dry summer conditions in 2008–09 put several populations of endangered species at risk. We rescued a population of southern pygmy perch stranded by drying conditions at Coppabella Creek in the upper Murray catchment. They were temporarily rehoused at the NSW DPI Narrandera Fisheries Centre until environmental conditions permitted their release. The section of Coppabella Creek from which the fish were rescued subsequently dried up completely.

Work progressed on the Macquarie perch National Recovery Plan. This initiative commenced in 2008 in response to biosecurity threats posed by the discovery of redfin perch in the Lachlan and upper

Abercrombie catchments. During 2008–09, we took Macquarie perch from the areas under threat and held them at the Narrandera Fisheries Centre. Field surveys will be undertaken to identify suitable redfin-free sites within the Lachlan and Abercrombie to reintroduce the fish. While holding the fish at Narrandera, we are also attempting to develop captive breeding techniques for the species which has not yet been successfully bred in captivity. This work may underpin a future conservation stocking program.

The department further developed the Threatened Species Priorities Action Statement during the year, incorporating issues raised in public submissions. New final determinations made by the Fisheries Scientific Committee during the year were:

- the snowy river population of river blackfish (endangered population)
- the Murray jollytail (critically endangered).

We also continued work on the process to declare critical habitat for the endangered Oxleyan pygmy perch. The NSW Fisheries Scientific Committee revised the listing of a number of species in line with amended criteria and categories.

Safe, healthy and biosecure industries

NSW Hatchery Quality Assurance Scheme (State Plan P6, E4)

Under our NSW Hatchery Quality Assurance Scheme (HQAS), we accredit fish hatcheries to produce Murray cod, golden perch, silver perch and Australian bass fingerlings for recreational fishing stocking programs. The HQAS is designed to ensure the genetic integrity and health of fish stocked into NSW waters as well as the absence of non-target species. There were seven hatcheries accredited during 2008–09 bringing the total number of accredited hatcheries to 12. We surveyed all accredited facilities after the 2008–09 breeding season in order to review and improve the scheme and conducted three compliance audits.

Agricultural compliance (State Plan E4)

Our agricultural compliance officers conducted a range of activities during the year to:

- protect NSW primary industries from the impacts of pests and diseases
- facilitate market access for primary produce into markets affected by quarantine restrictions
- maximise voluntary compliance and deter illegal agricultural practices in 2008–09.

Notable surveillance activities for the year included:

- cattle tick surveillance at saleyards, abattoirs, Queensland border and properties in the North Coastal area of NSW adjacent to the Cattle Tick Infested Zone in Queensland
- ongoing Queensland fruit fly surveillance in the fruit fly exclusion zone in accordance with the national Code of Practice for Management of Queensland Fruit Fly
- surveillance for exotic fruit fly species and Asian Gypsy moth as part of national programs designed to provide early detection of entries of these pests from overseas.

Control of pests and disease (State Plan E4)

During 2008–09, we detected 68 cattle tick infestations and oversaw eradication programs for them. We supervised 1082 herd treatments,

placed 317 properties under quarantine and released 409 properties from quarantine.

All major fruit production areas in the Murrumbidgee Irrigation Area achieved area freedom status for domestic market access by March 2009, following eradication by NSW DPI of fruit fly outbreaks in Griffith and Narrandera. We also conducted suppression programs to keep fruit fly numbers down in other areas, including locations close to the major fruit production zone.

Kalang River oysters

The harvesting of oysters from the Kalang River was closed following the detection of norovirus within oyster samples. A working group has been formed between Bellingen Shire Council, industry and key agencies to identify the source of the problem and rectify it. Chaired by NSW DPI, the working group is coordinating actions to resolve the problem and has now established norovirus testing in Australia, where previously samples had to be sent to New Zealand for analysis. Three major floods in the Bellingen River between February and May 2009 have disrupted progress in reopening the river for oyster harvesting.

Excellence in people, innovation and service delivery

Streamlined aquaculture administration services

(State Plan P3, S8)

We significantly reduced processing times for permit and lease transactions. During the year, we processed lease transfer applications in 24 days on average, compared with an average of 96 days in 2006–07. Our improvements included:

- electronic information kits to update self audit declarations
- accepting stamp duty payments on lease transfers on behalf of the Office of State Revenue
- greater efficiencies in account and debt management and improvements in database management and functionality.

Industry certification

During 2008–09, we:

- audited over 300 businesses to assess compliance with Interstate Certification Assurance (ICA) arrangements. The ICAs enable businesses to certify that their produce meets the production and treatment requirements of interstate markets in relation to certain pests and diseases. The above total included over 120 vineyards and wineries audited for accreditation under ICA-33 on account of two pests, Queensland fruit fly and the phylloxera aphid.
- provided over 2 000 plant health certificates to businesses and individuals to allow interstate movement of fruit, nursery plants and other produce
- completed over 150 hours of inspections and certification of bees for export to major overseas markets, including the United States.

Fisheries compliance operational safety

Compliance Operations Branch developed a Safe Operation of Watercraft Policy and Watercraft Safety Management System. This policy provides the most comprehensive account of fisheries compliance boating operations ever undertaken and draws on a risk-based model provided by NSW Maritime. It covers all aspects of safe boating, from entry-level qualifications to officers working in offshore operations.

Significant Issues

Fisheries compliance

- We rescued more than 1 600 native fish during construction work at Tallowa Dam in the Shoalhaven River in July. The fish were relocated downstream while a section of the dam was drained for construction of a new fish lift. Fisheries officers worked with the Sydney Catchment Authority and Leighton Constructions to relocate the fish in order to maintain the river's healthy stocks.
- Fisheries officers also assisted in the successful relocation of more than 100 Murray cod, golden perch and silver perch from Merran Creek, near Swan Hill, 30 kilometres to Stoney Crossing on the Wakool River as water levels dropped due to the ongoing drought.

Change management

The Regional Relations branch played an active role in liaising with local communities, industry and staff regarding the future of eight sites operated by NSW DPI identified for possible closure. Regional directors supported working groups to develop alternative options for each site. Their reports have identified community and industry preferences for the sites and are now under consideration for further action.

Regional intelligence gathering

Using information gathered by its regional directors, NSW DPI provided intelligence on the likely impacts of water supply scenarios on industries and communities dependent on irrigation water, as part of the NSW Water Shortage audit. The Regional Relations branch also assisted the State's Natural Resources Advisory Committee to inspect and review areas for continued declaration as Drought Exceptional Circumstances Areas.

Future directions

In 2009–10 the division will:

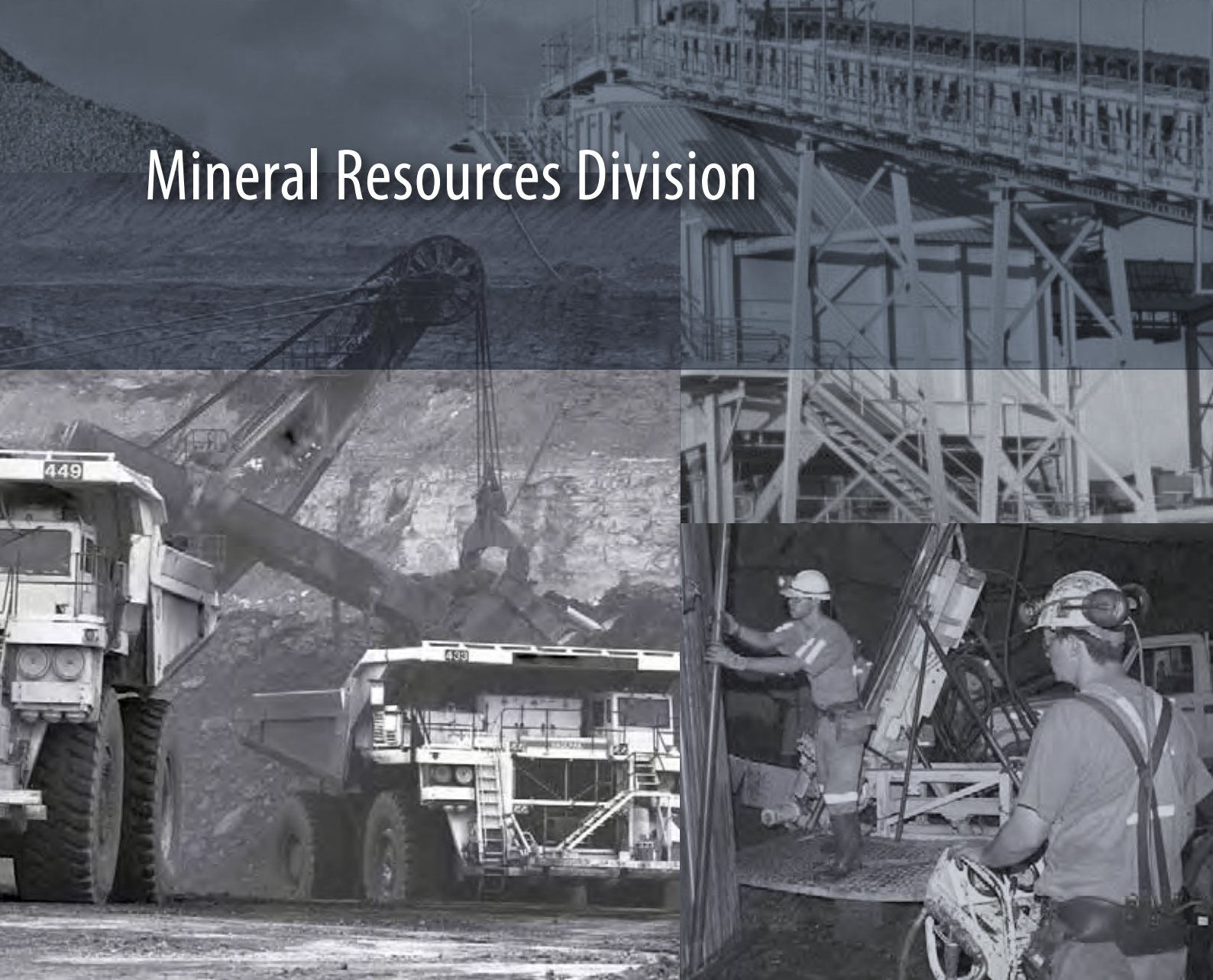
- develop legislation that reflects a new national approach to the ornamental fish industry, exempting breeders who have less than 10 000 L of culture water from holding an aquaculture permit
- engage in marine aquaculture site selection, including identification of sites, environmental assessment, approval processes and tenders for leasing of sites. The project will initially focus on shellfish culture in Jervis Bay with the intention to add future sites for marine finfish
- further enhance the work of our Statewide Operations and Investigations Group (SOIG). This group was formed in response to the recommendations of the Palmer Report into Illegal Fishing for Commercial Gain or Profit in NSW (2004). It has a strong focus on intelligence information in fisheries compliance. It incorporates our former Fisheries Investigations Unit, three regionally based Fishery Mobile Squads, and the Australian Government's Fish Receiver Program. The SOIG divides its time equally between recreational fisheries compliance and targeted operations involving illegal fishing and post-harvest activities
- expand the size of the artificial reefs in Lake Macquarie, Botany Bay and St Georges Basin to further enhance recreational fishing opportunities

- complete environmental assessments of an offshore artificial reef and a statewide marine stocking program to enhance angler catch
- continue the progressive deployment of 23 fish aggregating devices (FADs) along the NSW coast and investigate the potential for new FAD sites
- continue to fulfil our obligations under the NSW Shark Meshing (Bather Protection) Program and related joint management agreements. Tasks will include a statewide public education program on how to minimise the risk of shark attack during the swimming seasons
- enhance the regional applicability of the NSW Threatened Species Priorities Action Statement, which sets out strategies to promote the recovery of each threatened species, population and ecological community and to manage each key threatening process listed under the *Fisheries Management Act 1994*
- work with the Marine Parks Authority to simplify and streamline approval processes for development within marine parks
- strengthen the provisions of the *Fisheries Management Act 1994* to implement Palmer report recommendations, including:
 - a new 'Priority Species' category for fish with high commercial value
 - indictable offences with maximum penalties of up to \$500 000 or 10 years imprisonment for repeat offenders trafficking in commercial quantities of priority species
 - additional monetary penalty of up to 10 times the value of fish seized.
- continue developing the Pyrmont Pact reform program for commercial fisheries
- continue collaborating with other State and Commonwealth program partners on the Adaptation of Fishing and Aquaculture Sectors and Fisheries Management to Climate Change in South-Eastern Australia program
- commence work, in consultation with key stakeholders, on developing formal recovery programs for a number of commercially and recreationally important species identified as overfished through the NSW Resource Assessment System
- provide input to future regional service delivery options under the NSW State Plan.

Divisional performance

Service Measures	Units	2006-07 Actual	2007-08 Actual	2008-09 Budget	2008-09 Revised
Native fish stocked	mill	2.3	2.5	2.5	1.6
Habitat restoration sites	no.	122	155	150	167
Areas of submerged lands leased	ha.	3 895	3 850	3 850	3 720
Aquatic species protected	no.	32	34	34	35
Prosecutions (fisheries)	no.	359	400	400	317

Mineral Resources Division



Nature and scope of activities

The division contributes to the prosperity of NSW through its stewardship of the state's mineral resources to facilitate profitable and sustainable development, effective environmental management, and safe and responsible mining.

The division comprises six branches: — Mineral Resources Development
— Environmental Sustainability
— Geological Survey of NSW
— Mine Safety Operations
— Development Coordination
— Clean Coal Secretariat

Major outcomes achieved

Strong economic performance of primary industries

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

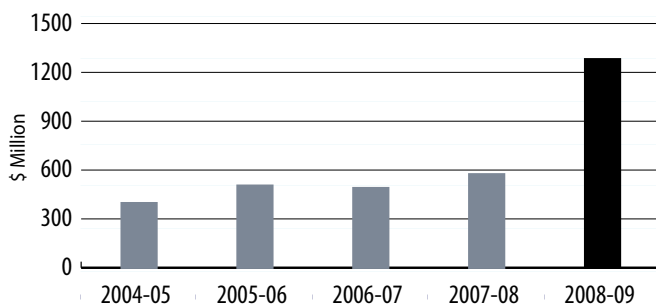
The combined value of NSW mineral production in 2008-09 was approximately \$25 billion. Coal production had an estimated value of over \$21 billion and accounted for around 84 per cent of the total, reflecting the continued significance of the coal industry to the State. Strong demand pressure, particularly from Asia, saw export coal prices soar to record levels.

The value of metallic and industrial mineral production was approximately \$3.5 billion.

NSW royalty figures for 2008-09 increased by over 220 per cent as a result of higher coal prices and changes to the coal royalty regime. The net royalty collected was \$1 280 million, an increase of \$706 million on 2007-08. The \$1 226 million coal royalty collection reflected an increase of 248 per cent. Non-coal royalties decreased by 32 per cent as a result of the fall in base metal prices following the global financial crisis.

The graph below shows the value of mineral royalties over the period 2004-05 to 2008-09.

Mineral Royalties



Coal mine development (State Plan P1, P6)

With input from NSW DPI, the State Government approved a number of new and expansion projects during the year.

- The \$15 million Sunnyside coal project near Gunnedah could generate one million tonnes of coal annually for seven years, along with some 33 full time direct jobs.
- The Hebburn No. 3 coal chitter and tailings reclamation project near Cessnock involves the extraction of 2.86 million tonnes of coal from three coal emplacement sites over three years.
- Coal and Allied's Hunter Valley Operations South coal project involves the consolidation of 25 existing consents to allow production and processing of up to 16 million tonnes of coal annually across the Hunter Valley Operations South complex and extending the Cheshunt, Riverview and South Lemington pits.
- Integra Coal's Glennies Creek coal mine involves an open cut extension with an estimated investment of \$7 million and the potential for 60 new jobs.
- Expansion of Coalpac Pty Ltd's Invincible open cut coal mine near Lithgow was approved in December 2008 for a further expansion to 1.2 million tonnes per year.

- BHP Billiton's Mt Arthur underground project was approved in December 2008 and involves an estimated \$302 million investment and the potential for 300 new jobs.

In October 2008 the NSW Minister for Mineral Resources, the Hon. Ian Macdonald, granted a new exploration licence over the Watermark coal exploration area in the Gunnedah basin to China Shenhua Energy Company. The Watermark area is approximately 35km southeast of Gunnedah. The exploration licence covers an area of about 190km², that is expected to contain:

- shallow coal resources of domestic and export quality thermal coal
- over one billion tonnes of in situ coal resources from near surface to greater than 500 metres depth of cover.

The department continued to manage the Cobbora exploration program to identify coal resources in the North Western Coalfield near Dunedoo.

Coal seam methane development (State Plan P1, P6)

The NSW coal seam methane (CSM) gas industry experienced rapid growth during the year and showed resilience in difficult global financial conditions. There were a number of new development applications and exploration and production projects, including:

- the recently approved Spring Farm and Menangle gas wells project which is expected to produce enough gas to supply 1.6 million households
- the proposed \$100 million northern expansion of The Australian Gas Light Company (AGL) Camden gas project which would involve a new gas plant, 20 surface well locations, gathering lines and access roads
- stepped-up exploration in the Gunnedah Basin with at least 40 wells and 530kms of 2-D seismic survey.

Titles (State Plan P1, P6, S8)

NSW DPI processed 233 exploration licence applications and 281 renewal applications in 2008-09. In addition, 13 new mining leases were granted and 33 renewed. There were 4 522 dealings processed for exploration and mining titles over the year. Of these, over 90 per cent were completed within the targeted timeframe.

High levels of interest in petroleum exploration, particularly coal seam methane is reflected in the increased number of petroleum titles in NSW. There are now six production leases, 47 petroleum exploration licences and six special prospecting authorities, covering approximately 95 per cent of the State's onshore sedimentary basins. At 30 June 2009, there were 16 further title applications under consideration and awaiting grant.

Petroleum exploration investment (State Plan P1, P6)

The petroleum industry showed keen interest in accelerating the exploration and development of CSM projects during the year. Two of the major energy companies operating in NSW, AGL and Santos, consolidated their interests by acquiring CSM projects and shares, including joint venture and farm-ins. These activities pushed the cumulative onshore exploration expenditure for 2008-09 to a record \$76 million. This investment demonstrates industry's confidence in the State's CSM resource potential and foreshadows continued speculation for oil and gas in frontier and unexplored areas. Recent drilling in Surat and Clarence-Moreton basins resulted in 'non-

commercial discoveries' of oil and condensate, confirming the existence of petroleum systems in NSW.

New frontiers, new dimensions, new energy (State Plan P1, P6)

The NSW Government extended its New Frontiers program for three years until 2011, at a cost of \$5.5 million per year. This brings renewed focus to petroleum and mineral exploration in NSW. NSW DPI's minerals and petroleum programs are addressing these themes. During the financial year we undertook two major data acquisition programs in the southern NSW Riverina Region:

- we obtained 250 line kilometres of high resolution 2D seismic imaging over the Oaklands Basin
- we completed a semi-detailed 4x4km and 2x2km grid gravity survey covering 27 620 km² in the Jerilderie/Oaklands area.

Work programs under the New Frontiers initiative targeted a newly recognised mineral province in the far northwest, the Thomson Orogen. During 2008-09, mineral explorers made a substantial number of exploration licence applications in this area. The province has the potential for Cobar style gold and base metals, as well as for porphyry style copper-gold. Seismic and gravity surveys conducted during the year in the far west are also enhancing scientific understanding of the three-dimensional architecture of the State's geology.

Promotion (State Plan P1, P6)

We actively promoted mineral and exploration 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
- a seminar in association with the Japan Oil, Gas and Metals National Corporation (JOGMEC) in Tokyo.

We also hosted our annual industry seminar, 'Exploration in the House', at Parliament House in June 2009. It was opened by the Minister and attended by over 120 delegates from the mineral industry, academic institutions and government agencies.

National virtual core library (State Plan P1, S8)

Informed mineral exploration depends on improving knowledge of our mineral systems. In cooperation with the CSIRO, we installed a high-technology hyperspectral drill core scanning system at our Londonderry facility. The CSIRO-built Hylogger II scans and photographs drill core. Mineral deposits are commonly surrounded by faint zones of alteration minerals. The machine can automatically recognise these zones and thus direct explorers to potential ore deposits.

The HyLogger II scanner data will be added to a national online databank. Explorers and researchers can then inspect core from Londonderry and elsewhere in Australia online. The system was provided through the Australian Government's National Collaborative Research Infrastructure Strategy. The facility is managed by NSW DPI geoscientists but is research infrastructure for both the academic community and the minerals industry.

Appropriate access to and wise management of natural resources

Environmental management (State Plan E4)

During the year, we continued to improve the standard of environmental management and promote sustainable mining and exploration practices. One of the areas of improvement is the continued increase in the rehabilitation security deposits held by Government. The security deposits cover the full cost of rehabilitation in the event of default by the titleholder. As at 30 June 2009, the total security on current mining leases and exploration leases in NSW exceeded \$1.08 billion. This represents a substantial increase from the previous financial year. The increase significantly improves the Government's ability to rehabilitate sites to leading practice standards in the event of titleholder default. It reinforces the Government's commitment to ensuring that the public and local communities are not left with a legacy of environmental and safety liabilities once mining ceases.

We also met our environmental compliance activity targets for:

- activity assessments
- operation plans review
- lease grant/renewal/transfer/relinquishment assessments
- compliance inspections and investigations.

Derelict mines rehabilitation (State Plan E1, E4)

During the year, we conducted rehabilitation projects on 30 derelict mine sites across NSW under our Derelict Mines Program, with Government funding of \$1.863 million. Major projects included:

- commencing the final stage of rehabilitation for the former Oakdale Colliery (within the Warragamba Special Area in the Sydney Catchment Area)
- rehabilitation of the Tulloch Silver mine near Armidale, including capping three tailings dams, filling or securing a number of open mine shafts, and working to prevent contamination of nearby Boundary Creek.

We also conducted other smaller works, such as removing contaminant from Daylight Creek at Sunny Corner near Bathurst, and drainage works on the CSA mine site at Cobar.

This year, we completed the last stage of the Mole River Arsenic Mine Rehabilitation Project. The mine site is located 35km west of Tenterfield in northern New South Wales and supported successive episodes of intensive mining and refining of arsenic related products from 1924 to 1940. It was the second largest producer of arsenic in Australia and retains many features of historic and industrial archaeological significance.

Rehabilitation of this site involved:

- closing mine shafts
- diversion and drainage works
- constructing sediment basins to prevent sediment entering nearby Sam's Creek
- encapsulating contaminated material and revegetation of the rehabilitated areas.

The total cost of the project was \$335 000 of which the Border Rivers-Gwydir Catchment Management Authority provided \$150 000.

Memorandum of understanding with Sydney Catchment Authority (State Plan E4)

During the year, we signed a memorandum of understanding with the Sydney Catchment Authority to allow additional derelict mines rehabilitation projects to be carried out within the Sydney catchment area. This will provide additional funds towards environmental management projects on derelict mines in the Sydney water catchment.

Mining sites in NSW: history and heritage

We completed a study of the history of mining in NSW, which describes the historic mining profiles for 25 different minerals. The study provides information which will help experts involved in assessing and managing the cultural heritage on historic mine sites. It contains over 150 photos and provides an insight into some of the difficulties encountered during the last 150 years of mining in NSW. The book will go to print early in 2009-10. We note the significant contribution made by Dr. Michael Pearson and Dr. Barry McGowan in writing and developing this publication.

Subsidence management (State Plan E4)

The NSW Government requires any underground coal mining application that may result in subsidence impacts to be supported by a Subsidence Management Plan.

Each plan is assessed by a committee comprising representatives from:

- NSW DPI's minerals and fisheries divisions
- Sydney Catchment Authority
- Department of Environment and Climate Change
- Department of Water and Energy
- Department of Planning
- NSW Dams Safety Committee
- Mine Subsidence Board.

In 2008-09, 22 extraction approvals, six first working approvals, and 26 variations were approved. Over 39 applications were lodged during the year.

Southern Coalfield inquiry (State Plan P6, E4)

In 2006, the Minister for Planning and the Minister for Mineral Resources announced an independent expert panel to undertake an inquiry into underground coal mining in the NSW Southern Coalfield. An independent expert panel undertook a thorough investigation of mining impacts on natural features, involving comprehensive consultation with stakeholders. The panel presented its report to Government in July 2008.

The report does not propose significant legislative change and endorses the decision-making framework provided by the *Environmental Planning and Assessment Act 1979* and the *Mining Act 1992*. It makes a number of recommendations regarding approval and assessment processes. In cooperation with the Department of Planning, we have considered its recommendations and are now working to develop guidelines. Consultation with industry will continue during the process of developing these guidelines.

Land use planning (State Plan P6)

We continued to provide advice on local environmental plans and development proposals to local councils and the NSW Department of Planning. During the year, further reforms were introduced to streamline the state planning process. It is expected that these changes will reduce the number of future land use referrals to NSW DPI.

State mineral resource audit (State Plan P1, P6)

NSW DPI commenced this audit in 2007, to inform councils throughout the State and the Department of Planning regarding the location of mineral and extractive resources and potential resources. During 2008-09, we completed mapping and reports for the first four local government areas and continued to map 93 others. We plan to complete the audit by mid-2010. The audit will assist land use planning and development assessment at local and state levels. Its data will help councils to prepare new local environmental plans required by 2011 under government reforms.

Safe, healthy and biosecure industries

Mining industry operates to best practice health and safety standards

In 2008-09, our Mine Safety Operations Branch continued to enforce the *Occupational Health and Safety Act 2000*, *Coal Mine Health and Safety Act 2002* and *Mine Health and Safety Act 2004* for:

- 90 coal mines and preparation plants
- 5 500 metalliferous mines
- 179 coal and 948 metalliferous exploration licences.

This work involved:

- assessing and enforcing standards and compliance
- investigating incidents and complaints
- undertaking campaigns to educate stakeholders and communicate requirements
- authorising activities, equipment, materials and substances for use.

During the year we held over 70 safety and legislation seminars and workshops, attended by over 1 700 people.

We continued to progress Coal industry Health and Safety Management plan audits. The audits are due to be completed by the end of 2009. We commenced similar audits for the metalliferous/extractive industry, prioritising operations according to size and risk profile. The first round of audits again are due to be completed by the end of 2009.

At the 18th annual mechanical and electrical engineering safety seminars, we contributed expertise to the seminar's international standards committees. The committees discussed the application of engineering standards to the design, operation and testing of mine equipment, with a view to improving practices. The seminars were held at Sydney Olympic Park in 2008 and attracted approximately 1 000 industry stakeholders.

Using state of the art technology, our Mine Safety Technology Centre based at Thornton continued to provide analytical services, mobile gas laboratories, mining occupational hygiene, equipment compliance testing and certification, and electrical safety

evaluations. It became an International Electrotechnical Commission accredited test laboratory in March 2009.

A strong voice for primary industries

Abandoned Mines Working Group (State Plan E4)

On 26 March 2009, the department hosted the Ministerial Council on Mineral and Petroleum Resources (MCMPR) Abandoned Mines Working Group in Sydney. NSW DPI chairs the working group, which includes representatives from:

- the Queensland, Western Australian, Tasmanian, South Australian and Commonwealth governments
- the Minerals Council of Australia
- the Australian Centre for Minerals Extension and Research.

We will help the working group develop a strategic framework for abandoned mines management which will be completed in 2010.

Public engagement and education (State Plan E4)

During the year, we continued to actively educate both industry and the community regarding rehabilitation management, mine closure and improved environmental standards for exploration. Our Environmental Sustainability Branch presented on the subject of mine rehabilitation and closure at a number of forums, including:

- the NSW Minerals Council Environment and Community Conference in November 2008
- the Technical Meeting in Lithgow for the Australian Coal Preparation Society (NSW Branch) in April 2009.

We also gave presentations at the Mines and Extractive Environment Team meeting held in Mudgee and the Hunter Coal Environmental Group meeting in Singleton. These are informal associations for mine-based environmental professionals in the Central West and the Hunter Valley.

In May 2008, the Government passed the *Mining Amendment Act 2008*. The amendments are the result of an extensive period of consultation and development and will provide significant benefits to explorers and miners. The amendments focus on three main areas: environment, improved administration, and compliance and enforcement. To address the changes to rehabilitation planning, environmental reporting and compliance and enforcement brought about by amendments to mining legislation, we consulted with Industry during the development of the following draft documents:

- Rehabilitation and Environmental Management Plan Guidelines
- Guidance details for security calculation of off-title impacts
- Compliance and Enforcement Policy.

We will also continue to consult with industry during the development of subsidence management guidelines.

Significant issues

Better regulation of the exploration industry (State Plan P3, S8)

We recognise opportunities to improve the pressing need to improve the rules affecting exploration in NSW. The challenge is to deliver a simplified, streamlined, whole-of-government approach that realises better environmental outcomes. Successfully integrating the requirements of a range of different agencies will

result in major improvements in how exploration is regulated.

In 2008-09, we consulted with other agencies and identified the following areas for improvement:

- integrating the environmental assessment requirements of different agencies and streamlining approval processes where possible
- improving the reporting framework, with more focused requirements, including revised reporting frequency
- reducing duplication between enforcement action by NSW DPI and other state compliance bodies
- allowing online exploration and environmental reporting
- simplifying and clarifying compliance requirements and other conditions for exploration titles.

We have also been working on the Code for Routine Exploration Activities with Low Environmental Impact, which identifies particular exploration activities that, when carried out in the locations and manner identified in the code, will not significantly affect the environment. Subject to approval by the Minister for Planning, complying activities will be exempted from environmental assessment requirements under Part 5 of the *Environmental Planning and Assessment Act 1979*. By providing exemptions for these activities, approval processes can be streamlined, and the Government can focus the approvals process on activities with potential for significant environmental impact, rather than routine, low-impact activities.

We will exhibit draft documents on the department's website and provide an opportunity for interested stakeholders (including the public, industry, special interest groups and government agencies) to comment prior to the department's finalisation of the code and any associated guidelines.

Addressing community concerns

The Minister for Mineral Resources initiated a number of community consultative committees during 2008-09 to bridge the gap between industry, community and local government. These committees have provided an effective channel of communication between the project proponent and the local community and allow for community involvement in the ongoing process. Each committee includes a representative from local government and NSW DPI.

The Minister also initiated discussions between coal and gas exploration and mining interests and agricultural interests to facilitate a water study in the Namoi Catchment. The water study aims to provide a better understanding of the potential impacts of coal exploration and possible future mining activities on aquifers and agricultural activities in the Liverpool Plains region.

Greenhouse gas research (State Plan P1, E3)

We continued our support for the Cooperative Research Centre for Greenhouse Gas Technologies (CO₂CRC), which has now demonstrated storage of more than 50 000 tonnes of carbon dioxide in a deep rock formation in the Otway Basin. As a member of the Carbon Storage Taskforce within the Global Carbon Capture and Storage Institute, NSW DPI is integral to national greenhouse gas research initiatives.

Clean coal technology (State Plan E3)

Exploration core drilling on the Regional Stratigraphic Drilling Program commenced in January 2009. This program is designed to establish and model the carbon storage potential of deep rock units in NSW, a vital component of our support for low emissions (clean coal) technologies. Drilling at Munmorah Power Station was completed in June 2009, followed by another borehole at Vales Point. The program will then be extended to suitable sites to the north and west of the Sydney Basin.

The *Clean Coal Administration Act 2008* was assented to on 1 July 2008 and is administered by the Minister for Mineral Resources. The Act established the Clean Coal Fund to provide funding for clean coal technologies; and established the Clean Coal Council. Secretariat and administrative support is provided by the Clean Coal Council Secretariat Branch within the Mineral Resources Division.

The NSW Mini Budget of November 2008, allocated funds of \$16.5 million for 2009-10 to the Clean Coal Fund. The members of the Council were appointed by Cabinet on 22 September 2008. The main function of the Clean Coal Council is to give advice and make recommendations to the Minister concerning the funding of projects and policies that encourage the development of clean coal technologies.

The inaugural meeting of the Clean Coal Council was held 11 December 2008 with a second meeting held on 10 February 2009, where the Council appointed a Technical Working Group to assist with the assessment of project funding applications. A third meeting was held on 10 June 2009 to approve a draft 'selection criteria for projects' and develop a submission to the Commonwealth Carbon Capture and Storage Flagship program.

Future directions

In 2009-10 the division will focus on:

- continuing the Regional Stratigraphic Drilling Program in the Sydney Basin and commencing exploration of carbon storage potential in the Darling Basin
- consulting with the community and industry regarding the Code for Routine Exploration Activities with Low Environmental Impact, which identifies particular exploration activities that, when carried out in the locations and manner identified in the code, will not significantly affect the environment
- a subsidence management review to promote integration, transparency and efficiency of current subsidence management and planning processes
- promoting exploration investment opportunities through major publications and our biennial NSW minerals investment conference
- redevelopment of the Minerals Business Systems to enhance support to the minerals industry
- continuing to support the exploration for minerals and alternative clean energy resources under the extended New Frontiers initiative
- development of a regulatory framework for greenhouse gas storage
- The Mining Act Amendments. NSW DPI will be developing a number of guideline documents, policies and procedures to allow streamlined implementation of the amendments. These documents will be developed in consultation with industry and relevant stakeholders. The Mining Regulation will be exhibited during 2009-10 with the Mining Act Amendments to commence in early 2010.

Divisional performance

Service Measures	Units	2006-07 Actual	2007-08 Actual	2008-09 Budget	2008-09 Revised
Coverage of State by new standard series geoscience maps	000'ha	2 700	2 700	600	600
Titles and dealings processed within published timeframes	%	81	90	90	92
Royalty debt level to total royalties	%	0.25	0.25	0.25	0.18
Safety regulation					
Investigations of operational safety	no.	466	408	30	400
Enforcement actions	no.	666	828	300	793
Environmental regulation					
Audits, assessments and reviews	no.	857	870	890	886
Investigations and enforcements	no.	75	60	50	32
Rehabilitation of derelict mine sites	no.	37	30	30	30

Forests NSW



Nature and scope of activities

Forests NSW is a public trading enterprise within NSW DPI. It sustainably manages more than two million hectares of native and planted state forests, taking account of a wide range of economic, environmental and social values. It works to internationally recognised standards, outlined in this report.

Forests NSW comprises six branches:

- Native Forest Operations
- Planted Forest Operations
- Commercial Services
- Land Management and Forestry Services
- Financial and Operational Business Services
- Human Resources

This section covers performance against the key result areas of the department's corporate plan. For more information on Forests NSW, see the separate annual report prepared by the public trading enterprise which incorporates a social, economic and environmental sustainability report.

Major outcomes achieved

Strong economic performance of primary industries

Commercial performance (State Plan P1, P6)

The year will be remembered for the global financial crisis, which saw a slump in demand for many timber products. In addition to this challenge, exceptionally wet conditions and flooding on the north coast during the first quarter of 2009 added to operating costs. Also, additional expenses were recorded in accounting policy changes (disclosed in Note 3 to Forests NSW Financial Statements included in this report). Despite management efforts to mitigate these effects on the business, it is still disappointing to report a trading loss of \$16.34 million.

During the year, Forests NSW moved to value its forests using a discounted cash flow rather than the liquidation methodology previously used. This new approach will increase the confidence in the valuation of our forests and is consistent with Australian Accounting Standards and world wide industry trends. In addition, non-forest asset values have been adjusted to better reflect market worth, which contributed to the accounting loss. Coupled with the issues affecting the trading result, these changes have lead to an overall loss before tax of \$46.7 million. It is noteworthy that this is an accounting or paper loss. Importantly, Forests NSW has moved to significantly improve its cash management which saw the business generate a \$7 million cash surplus for the year, \$5 million of which was used to pay down debt with the expectation of further debt reductions in the year ahead.

The results for the year reflected concentrated management actions to maximise revenues and achieve improvements in operating expenditure in an economic climate not previously experienced in the timber industry. Improved debtor management, a more rigorous planning and budget framework, reduced capital expenditure, maintaining sawlog sales and finalising commercial arrangements for plantation establishment all contributed positively to financial results.

Recent forecasts indicate that dwelling construction has shown a recovery from the trough reached in December 2008. At 30 June 2009, the time extension of the First Home Owners Grant Scheme for newly constructed dwellings is already having a positive effect on new dwelling approvals and this should result in improved demand for timber in 2009-10.

Commercial arrangements to re-establish plantation

(State P6)

To assist in re-establishing more than 17 000 hectares of State forests over the 2009-13 period, Forests NSW developed new investment arrangements to supplement traditional funding sources. We conducted expression of interest processes and obtained all necessary approvals to execute two contracts with:

- Willmott Forests, to re-establish 4 500 ha of softwood plantations in the Bombala area
- Forest Enterprises Australia, to re-establish 4 500 ha of hardwood plantation in the north and northeast areas of the State.

Under each contract, the investor owns the trees, on land licensed from Forests NSW. We act as plantation manager and can include the timber in our supply commitments. Each contract has a term of three years.

Preparation for Visy expansion at Tumut (State Plan P6)

Arrangements were finalised for the supply of an additional 300 000 tonnes per annum of pulp log sourced from the Monaro and Macquarie regions, to the Visy pulp and paper mill at Tumut. The increased demand arises from a \$450 million expansion of the mill. We have procured increased harvesting and haulage capacity to satisfy the requirement, positively affecting employment in these rural areas.

Log pricing review (State Plan P3)

Forests NSW has consulted comprehensively with customers on recommendations developed from the review of pricing for NSW hardwood logs from native forests and plantations. Changes are scheduled for implementation on 1 October 2009.

The review was initiated to address ongoing industry concerns and to review pricing principles and systems. One of the key outcomes of the review is the need for a simplified system and incorporating market pricing principles into the pricing systems.

Maintaining sawlog sales (State Plan P6)

Maintaining sawlog sales during the economic downturn was a priority during 2008-09. Keys sales included the export of around 300 000 tonnes of softwood low grade logs through the port of Eden and around 20 000 tonnes of log sales in containers from Bathurst. Both sales were critical to support contractor viability, forest stand improvement and value recovery.

Planting program underway (State Plan P6)

Forests NSW nurseries produced 12 million seedlings and began a massive planting program in June 2009. The bulk of the establishment will be in pine plantation regions around Tumut and Tumbarumba in the South West Slopes and around Bathurst and Oberon in the Central West. The establishment program will run from June to September 2009 and provide employment for an additional 200 contracted staff.

To increase seedling capacity to meet this and other planting programs, we continued to invest significantly in our main nursery at Blowering near Tumut. This involved construction of a world-class container facility, bringing total capacity at the nursery to 13 million seedlings per year. To move nursery production in the northern part of the State closer to plantation establishment areas, we sold the Inverell nursery and consolidated functions to Grafton.

Development of biomass marketing strategies (State Plan E4)

We conducted several operational trials of plantation biomass recovery with commercial energy partners during the year. These included supplies to NSW Sugar, Delta Electricity and Visy Pulp and Paper Pty Ltd. We continued work to finalise an estate-wide strategy for the recovery of forest residues, to be implemented during 2009-10.

Delivering organisational efficiencies

We continued to implement recommendations from our 2007 benchmarking study, introducing a significantly upgraded Geographic Information System (GIS) and reorganising the structure to better deliver forest planning and information across the business. We worked to develop alternative options for cost effective delivery of fleet management and workshop services and this work should be completed in the first half of 2009-10.

Appropriate access to and wise management of natural resources

Sustainable, certified forests (State Plan E4)

Forests NSW maintained certification to the Environmental Management System ISO 14001:2004 and Australian Forestry Standard (AS4708-2007) following audits of forest operations. Forest certification is a key deliverable under our corporate business strategy. It allows our processing customers to gain Chain of Custody (CoC) to AS 4707 certification for their products, an important step in securing long term domestic and export markets. Acknowledging consumer demand for sustainable timber products, a number of our customers have taken the step to gain CoC certification.

During the year Forests NSW participated in five-year reviews of progress towards the commitments of the regional forest agreements and NSW forest agreements. This led to revision of the indicators used by Forests NSW and the National Parks and Wildlife Service to report on our social, environmental and economic performance. The revised indicators are consistent with the Montreal Process criteria and will be used by each Forests NSW region to report under their State's Ecologically Sustainable Forest Management plan.

Forest and community asset protection (State Plan E4)

Fortunately, wildfires did not cause any significant losses to our forest estate during the year, despite a prolonged drought in the southern half of the State and occasionally extreme fire weather conditions. In NSW, our firefighting mainly comprised joint efforts with the National Parks and Wildlife Service and Rural Fire Service against fires on off-tenure lands.

During the devastating bushfires in Victoria in February 2009, we deployed over 200 firefighting staff to a joint NSW contingent. Our skills in managing fire in heavy timber in remote steep country made a valuable and appreciated contribution to the overall effort. We also sent firefighters to assist in wildfire control in California, USA.

Feral animal controls

Feral animal populations are a major problem for land managers throughout the State, and there are many initiatives in place across our forest estate to control them. One program proving successful is the licensing of hunters under the Game Council of NSW to cull feral animals within State forests. Over 400 State forests are now accessible to licensed hunters. This program is available under the *NSW Game and Feral Animal Control Act 2002* administered by the Game Council and is a further measure to control feral animals in our forest estate.

Community use of state forests (State Plan E8)

We took steps during the year to encourage more visitors to state forests.

- The recreation information on our website was extensively updated, adding features such as an interactive map of recreation areas, matrix of recreation facilities and maps available through the NSW Government's online shop (www.shop.nsw.gov.au). In March 2009 work began to update our 2005 statewide Recreation and Tourism Strategy. This will enable us to improve our delivery of forest-based recreation and tourism services.

- Over 5 000 people attended the Cumberland Forest Fair held in Cumberland State Forest in October 2008. The popular fair is held every two years and is an opportunity to promote the value of forests and forestry in NSW.
- We carried out capital works to enhance the visitor experience at Cumberland State Forest at West Pennant Hills, including:
 - upgrades to recreation and educational facilities and picnic areas
 - new orientation signage
 - road re-surfacing and line marking
 - further upgrades to the Information Centre.

Safe, healthy and biosecure industries

Safety improvements

Forest NSW achieved a pleasing result in passing the 2009 WorkCover NSW self-insurers' audit, conducted in the Macquarie Region in February 2009. We achieved passes in all four elements - Corrective Action, Process Control, OHS Audits and OHS Training. This followed the successful audit in Central Region in the previous year.

Although the result of two consecutive years of successful WorkCover audits entitles us to move to a three-yearly WorkCover audit cycle, Forests NSW's senior management team is maintaining yearly audits, based on the WorkCover model, to ensure that safety remains at the forefront of daily activities.

During 2008-09 we achieved a reduction in recordable injuries of over 50 per cent, compared with the previous year. This was achieved through a significant focus on staff education.

Log truck safety

We continued to extend our safety focus to our contractors during 2008-09. We delivered our Truck Safety Program to over 400 harvest and haul contractor drivers to raise awareness of driver safety and behaviours. We will continue to develop the program to cover any other areas identified from our safety investigations. We have undertaken additional work both internally and with our contractors to clarify expectations and responsibilities regarding safety.

Radio network providing communications to the forest estate

As part of providing a safe working environment, Forests NSW continued to operate its own radio communications network. The network covers the native and plantation forest areas in which we conduct business operations. As at 30 June 2009, we have 750 mobile and portable radio units, 61 fixed repeater stations and three transportable repeater stations, together with associated radio network infrastructure. This network delivers reliable communications to staff working in forest operations.

Excellence in people, innovation and service delivery

Developing our people

The management development program was an ongoing part of our training and development calendar in 2008-09. Three programs were completed, catering for nearly 50 potential or existing managers. We also upgraded the program, adding a strong element of Safety Leadership.

We relaunched an expanded leadership program this year, which now runs for one year. The new program builds on our previous 'Leader Within' program and includes topics such as change management, commercial acumen and project management. Participants also work on a four month corporate project. They are selected after nomination by their manager and endorsement by the senior management team.

New planning and budgeting framework

We introduced integrated business planning, budgeting and expenditure controls to strengthen the basis of our planning for major activities and expenditure. The framework uses a staged approach, requiring more detailed analysis and documentation at each stage, with proposals able to be rejected at any stage of the process. This allows for a more rigorous analysis and structured decision-making processes for major expenditure.

Outsourcing the Timber Market Survey

The Timber Market Survey is the premier source of timber price information in Australia. We developed the survey over 10 years ago and it has been jointly funded by all major forest growers in Australia since that time. In January 2009 it was outsourced to URS Forestry, demonstrating the maturing of the survey and its industry wide recognition.

Significant issues

Native forests management

Valuations of forests

Forests NSW has continued work to increase the confidence in our forest valuation procedures in response to audit qualifications. We have changed our valuation process from liquidation to a discounted cash flow approach, for both natural forest and plantations. This change aligns with Australian Accounting Standards and industry trends and will increase the confidence in the valuation of our forests in the medium to long term.

A result of the change in valuations methodology is a significant write-down of the previously recorded values of the growing stock and relevant infrastructure assets.

Auditor-General's Report – Sustaining Native Forest Operations

The Auditor-General released a report in April 2009 following a performance audit of our native forest operations. The main purpose of the audit was to assess our ability to identify the availability of native forest and plantation hardwood for harvesting and whether the volume is sufficient to meet timber supply commitments over the term of current wood supply agreements.

The Auditor-General found that Forests NSW has adequate estimates of the quantity of native forest timber available and that there should be sufficient timber to meet wood supply commitments up to 2023. The report noted however that the cost of harvesting and hauling this timber is likely to increase. It made nine recommendations that we will implement by way of system improvements, so as to better monitor and report on native forest growth and yield and business risk. We have advised the Auditor General that we are working to achieve a cash neutral or better financial outcome for the Native Forests Operations Branch by 2012.

Red gum assessment

An environmental impact statement (EIS), prepared by independent consultants, was completed on schedule and placed on public display on 1 June 2009. The EIS was prepared under Part 5 of the *Environmental Planning and Assessment Act 1979* as agreed with the National Parks Association (NPA) in the Land and Environment Court.

The EIS covers native red gum and cypress forests in south western NSW and assesses sustainable timber supply, flora and fauna, air quality, noise, cultural heritage, water quality, traffic and transport, and socioeconomic impacts. It concluded that there is unlikely to be a significant impact from continued forest management on the majority of threatened species populations or endangered ecological communities or their habitats known to occur in the study area.

Prior to the release of the EIS, Forests NSW worked with the Federal Department of Environment, Water, Heritage and the Arts in response to a complaint by the NPA surrounding the impact of harvesting activities in the Riverina. As a result of meetings between the State and Commonwealth, Forests NSW was able to continue operations.

National emissions trading scheme

During 2008-09, Forests NSW contributed to the design of the Carbon Pollution Reduction Scheme's (CPRS) reforestation provision. Some innovative aspects of the provision that have been adopted include:

- an 'averaging' approach to crediting sequestration - under this approach, commercial plantations will avoid the emissions liabilities that arise when a forest is harvested
- permitting separate ownership of carbon, forest and land
- transferability of carbon maintenance obligations.

Given the delays in commencing the CPRS together with the proposal to not recognise NSW Greenhouse Gas Abatement Certificates, Forests NSW may limit its future participation in the scheme to that of service provider.

Future directions

Forests NSW will continue working towards the five strategic directions in our corporate business strategy that will guide our business growth to 2011:

- 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.

We have identified key projects under each of these strategic directions for 2009-10, including:

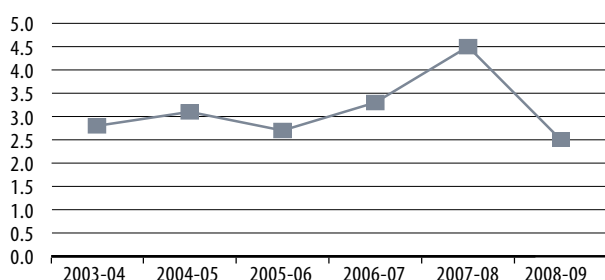
- the review of tree and plantation improvement and development of a strategic plan to better deliver services to operational divisions
- the introduction of strategies to achieve a cash neutral financial outcome for Native Forests Operations over a three year period.

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.

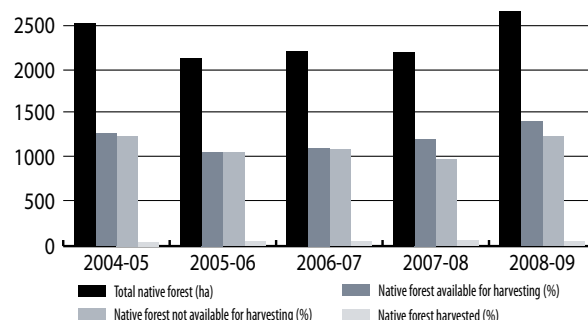
Forests NSW performance

Safety Frequency Rate

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



Native Forest Harvested (area in '000 ha)



Five Year Comparison as at 30 June 2009

	2009 \$'000	2008 \$'000	2007 \$'000	2006 \$'000	2005 \$'000
Revenue¹	286 259	293 795	270 550	259 747	247 546
Profit					
Trading Profit ¹	(16 389)	14 499	28 037	31 116	36 819
Significant Items and Biological Assets Rev. ²	(30 284)	19 356	(166 357)	(19 696)	(29 163)
Profit/(Loss) from Ordinary activities (before tax)	(46 673)	33 855	(138 320)	11 420	7 656
Distribution to Government					
Distribution payable	-	1 000	16 000	26 322	32 544
Capital Expenditure	8 230	10 242	45 039	31 451	31 531
Balance Sheet					
Value of Biological Assets ³	670 000	625 000	1 403 831	1 558 674	1 594 934
Total Assets	1 871 865	1 891 823	2 703 913	2 528 907	2 643 403
Borrowings	165 209	169 489	159 743	138 276	138 062
Total Equity ⁴	1 308 222	1 365 299	1 921 105	1 816 670	1 842 342
Ratios % (excl Abnormals & MVI)⁵					
Return on Equity ¹	-1.25%	1.06%	1.46%	1.71%	2.00%
Return on Assets ¹	-0.88%	0.77%	1.04%	1.23%	1.39%
Debt to Equity	12.63%	12.41%	8.32%	7.61%	7.49%
Return on Equity (including MVI)	2.49%	3.13%	-7.53%	-1.74%	-0.17%
Sawlogs ('000 of cubic metres)					
Native Forest Hardwood Sawlogs	593	610	567	665	639
Plantation Hardwood Sawlogs	151	122	106	65	74
Plantation Softwood Sawlogs	1 918	2 071	1 955	1 964	1 829
Cypress Pine Sawlogs	56	49	58	71	94
Other Products	161	47	48	57	90
Total	2 879	2 899	2 734	2 822	2 726
Pulp (tonnes)					
Native Forest Hardwood	465	500	552	504	468
Plantation Hardwood Pulpwood	99	77	65	40	36
Plantation Softwood Pulpwood	1 083	1 169	1 188	983	1 042
Total	1 647	1 746	1 805	1 527	1 546

¹ Exclusive of forest revaluation, asset impairments and superannuation fund interest and significant items ² Inclusive of forest revaluations, asset impairments and superannuation fund interest

³ Biological Assets represent the commercial value of Forests NSW timber resources ⁴ Australian Equivalents to International Accounting Standards (AEIFRS) was effective from 01/07/04

⁵ Abnormals & Market Value Increment (MVI) relate to reorganisational costs and changes in the determined value of Forests NSW

Science and Research Division



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 six branches:

- Biosecurity Research
- Climate and Water Research
- Fisheries and Ecosystems Research
- Productivity and Food Security Research
- Research Businesses
- Science Strategy and Planning

Major outcomes achieved

Strong economic performance of primary industries

Market access for citrus (State Plan P1, P6)

NSW DPI market access research has been critical to international trade negotiations. For example, Taiwan has always been an important export market for Australian citrus, but in January 2006 it excluded the entry of all Australian fresh produce known to be a host to the Queensland fruit fly (Qfly). The Taiwanese Government requested a trial for disinfestation to allow Australian citrus to be re-imported. NSW DPI sourced staff with the appropriate skills and designed and implemented a test which confirmed the effectiveness of a 3°C cold disinfestation treatment in fresh citrus fruit. Without this research, market access to Taiwan would be denied to Australian citrus. The results are now the basis of ongoing trade negotiations.

Launch of BeefSpecs Calculator (State Plan P6)

The department's Beef CRC Phenotypic Prediction project launched the BeefSpecs calculator in October 2008. The calculator accurately predicts animal weight and fat specifications to enable producers to better comply with market specifications. Initially applicable to Bos taurus steers only, the calculator will be extended to heifers and steers of all breeds and composites. It is available from the Meat and Livestock Australia website at <http://www.mla.com.au>

Our Productivity and Food Security staff also conducted research on validation of the beef tenderness gene marker to better understand:

- physiological responses to anabolic and catabolic hormones
- aspects of gene expression relating to muscle growth and development
- muscle glycogen levels at varying nutritional levels
- production characteristics.

Precision Sheep Management (State Plan P6)

NSW DPI researchers - as part of the Sheep Cooperative Research Centre (CRC) - have established a Precision Sheep Management package of tools for graziers to help move the management of their sheep from a mob basis to an individual animal basis.

The package offers a revolutionary approach to sheep management and has been hailed as a nationally significant innovation in the field of science and technology.

With affordable and robust technology now commercially available, it is possible for sheep producers to monitor and manage each animal in the mob according to its needs and merits, as well as the farmer's and the market's needs.

Professor Rowe, who heads the Sheep CRC, said Precision Sheep Management extracts value from the significant variability among all sheep flocks, even within very uniform, well-bred, long-term closed flocks.

The Sheep CRC research team, led by Dr Kevin Atkins in Orange, identified that variation within the QPlu\$ Merino flock from Trangie (as an example) is such that the wool value per sheep ranges from over \$82 for the top 25 per cent of the flock to below \$40 for the bottom 25 per cent.

The situation for meat value is similar - ranging from \$50 per head for the top 25 per cent to below \$15 for the bottom 25 per cent.

Researchers in this field including Cheryl Pope, Steve Semple and Kevin Atkins received an award at the annual CRC Association's annual Excellence in Innovation awards event in Canberra.

Aerobic spoilage of silage study (State Plan P6)

Silage use in forage dairy systems is likely to increase as a means of coping with the predicted impacts of climate change and reduced water allocations. However, aerobic spoilage can impact on silage quality, feed intake and animal health. NSW DPI has finalised a Dairy Australia-supported project on the impact of aerobic spoilage on silage quality. The project explored aerobic spoilage's impact on production, additive technologies to reduce spoilage and areas for future developmental research.

Grain industries statistical research (State Plan P6)

NSW DPI's Biometrics Unit will provide high level support to plant improvement programs and to the National Variety Trials system administered by the Australian Crop Accreditation System and by the Grains Research Development Corporation (GRDC). This follows a \$800 000 per year funded contract from GRDC for three years to develop its statistics for the Australian Grain Industries (SAGI) project. SAGI will also deliver statistical support to:

- a project at Pilot Brewing Australia
- a GRDC funded project to investigate diseases and genetically controlled defects in wheat
- the GRDC funded National Wheat and Barley Molecular Marker Program which aims to discover genetic markers linked to the control of key traits in wheat and barley
- Australia-wide breeding programs for grains including sorghum, durum wheat, triticale and narrow leaf lupins.

The project will continue to develop innovative statistical methodologies in user-friendly software for use by Australian grain breeders. It will promote scientific collaboration and sound statistical thinking through a nationally coordinated training scheme in statistics for plant improvement.

Soy-fed barramundi research (State Plan P6)

Our Aquaculture Research Unit has been awarded an international contract to evaluate soybean products for use in aquaculture diets for barramundi. This research will benefit soybean producers, barramundi farmers and feed manufacturers, both in NSW and nationally. The research will be conducted at Port Stephens Fisheries Institute in collaboration with barramundi farmers.

Wild tuna production now possible (State Plan P6)

In a world first, the NSW DPI Aquaculture Research Unit joined in a collaborative and successful effort to breed Southern Bluefin Tuna. The project successfully domesticated wild tuna broodstock in very large, on-shore facilities and developed techniques to induce the tuna to spawn. This major achievement opens the door to researching large-scale production of tuna fingerlings (juveniles) for aquaculture.

Semillon grape research findings (State Plan P6)

The Semillon grape variety has a distinctive susceptibility to low soil moisture and heat events. NSW DPI scientists have concluded a

three year project with the Australian Government's Grape and Wine Research and Development Corporation, investigating why. The study made recommendations on mitigating this susceptibility by:

- appropriate rootstocks, row orientation and canopy architecture
- focussed irrigation
- precise soil moisture monitoring.

New perennial plants for farming systems

NSW DPI has led the evaluation of new perennial plant species for farming systems in NSW as a partner in the Future Farm Industries CRC. Perennial plants that may play a role in resilient systems for the future include new drought tolerant legumes and grasses, perennial wheat germplasm as well as the incorporation of known species such as chicory into pasture mixes for acid and waterlogged soils. A state wide network of evaluation sites for these species was established in the first year of the CRC.

Variety Specific Agronomy Packages

NSW DPI completed a three year pilot program supported by GRDC to develop agronomy packages for new varieties of cereals, canola and lupin in southern NSW. Grower support for the information coming from this program led to the negotiation of a new program with a state wide focus for the future.

Appropriate access to and wise management of natural resources

National Centre for Rural Greenhouse Gas Research

(State Plan E3, E4)

Since its inception in February 2008, the Centre has established extensive collaborative links and conducted research on a range of issues, including:

- reducing emissions of methane from ruminant livestock, and nitrous oxide from cropping soils
- increasing carbon sequestration in agricultural and forestry systems
- managing risk associated with seasonal climate variability
- developing technologies for second generation biofuels from woody biomass.

The Centre has been granted over \$4 million in external funding (matched by the equivalent in-kind investment by NSW DPI) by the Department of Agriculture, Forestry and Fisheries (DAFF), Meat and Livestock Australia (MLA), and GRDC to undertake further research on the first two points listed above.

Climate change adaptation strategy tool (State Plan E3, E4)

The department has developed a computer-based tool with funding assistance from the Department of Environment and Climate Change NSW. The tool will help researchers, research and development corporations and industry groups to:

- evaluate the vulnerability of farming systems, industries and communities
- develop adaptation strategies to extend the coping range of those industries or communities.

The tool links generic outputs from a range of global circulation models to historical weather data from sites across NSW. This provides locally relevant data to help producers understand the

impacts of climate change on their farming systems. It also predicts how climate change may affect variables such as rainfall and temperature ranges during key production phases. It then compares these findings with current limits in plant or animal production (for example, the temperatures at which livestock suffer heat stress). This provides a clear picture of the research challenge to increase the adaptive capacity of plants and animals.

Soil carbon (State Plan E3, E4, P6)

The global soil organic carbon (SOC) pool is twice as large as that in the atmosphere and nearly three times that contained in the earth's vegetation. For this reason, there has been interest in how increasing the amount of carbon stored in soil could lock up (sequester) carbon from the atmosphere. SOC sequestration has the potential to mitigate 5-14% of total annual greenhouse gas emissions over the next 50-100 years.

NSW DPI prepared a comprehensive report, which was included in the Garnaut Climate Change Review for the Australian Government. The report outlined the potential for soil carbon to contribute to greenhouse gas mitigation and found that:

- highest SOC potential exists in pasture land in the higher rainfall regions (>450 mm), both as permanent pastures or as ley pasture in the cropping zone
- significant potential also exists in the low rainfall rangelands, which comprises nearly half of NSW (albeit at low rates of carbon accumulation per ha)
- promotion of conservation tillage practices is important to halt further carbon losses from cropping soils
- several management practices that increase SOC in agricultural soils also improve productivity and profitability, conserve the resource base and protect the environment
- carbon can be sequestered in soils by adopting new land conversion and soil amelioration options such as bioenergy crops from perennial vegetation, recycling organics including biochars, and by ameliorating sodic and acid soils
- total SOC sequestration potential from pasture land, cropping land and rangelands in NSW amounts to an annual equivalent of 11 per cent of the total greenhouse gas emission from NSW in 2005. (http://www.dpi.nsw.gov.au/research/areas/soils-recycled-organics/scientific-outputs/2008/soil_organic)

NSW DPI also attracted funding for further research to inform future decisions on the potential role of SOC in emissions trading or alternative policy options, such as voluntary offsets. This includes \$1.05 million from the Australian Government and \$400 000 from GRDC. NSW DPI will support this with a contribution of over \$6 million over the next three years. The research will cover:

- developing low cost methods to account for soil carbon
- quantifying net carbon sequestration under different management practices for different soil types, climates and agricultural systems
- quantifying interactions of SOC sequestration with soil emissions of other greenhouse gases
- developing soil carbon models that account for locally relevant agricultural management practices.

Other greenhouse gas initiatives

NSW DPI completed a study using life cycle assessment modelling on the greenhouse implications of using wood and alternative materials to construct two popular Masterton Homes designs. The results corroborate earlier studies that showed significant greenhouse advantages in using wood products in the major house components. The work was undertaken with financial assistance from Department of the Environment and Climate Change (DECC) NSW.

NSW DPI was the principal organiser for the First Asia Pacific Biochar Conference on the Gold Coast in May. The conference had 200 attendees from 10 countries in the region. Over 100 delegates attended a field tour to our field sites in northern NSW. Our scientists were involved in 16 presentations at the conference. The conference proceedings are available from the Australia New Zealand Biochar Researchers Network website at www.anzbiochar.org

NSW DPI scientists researched the potential to produce ethanol from non-food biomass sources, including native Australian plants. The report:

- assesses biofuel production methods
- reports on the availability of various types of biomass feedstocks, such as agricultural residues and forest thinnings
- evaluates options for converting these biomass forms into ethanol and other value added chemicals and energy
- provides a life cycle assessment for sorghum stubble, one of the most promising biomass feedstocks
- outlines options for achieving a sustainable and regionally based second generation biofuel industry.

The research was undertaken with financial assistance through DECC from the NSW Climate Change Fund.

Murray fishways (State Plan E4)

Fishways constructed along the Murray River from the sea to Hume Dam have reinstated migration for native fish in the Murray-Darling Basin. A report by researchers at our Narrandera Fisheries Centre has demonstrated that the new structures are passing large numbers and a high diversity of native fish from a wide range of size classes. The Fishways program has set a world standard for ecosystem restoration and has gained international acclaim. NSW DPI has been heavily involved in this initiative from the outset and we are continuing a monitoring program of changes to fish communities in the Murray River following the restoration of fish passage.

Maximising fish survival rates (State Plan E4)

Our Fisheries Conservation Technology Unit continued its work of estimating the survival of released angler-caught fish. The latest species to be examined were tailor and luderick. A total of 85 and 111 individuals respectively were caught by recreational anglers at Coffs Harbour and Iluka and monitored in cages for up to 10 days. Survival rates were estimated at 92 and 99 per cent, respectively. Along with the results from previous work, this data is being used to develop protocols to maximise the survival of fish released by anglers throughout NSW.

Recreational fishing survey (State Plan E4)

Researchers conducting recreational fishing surveys in the Greater Sydney Region Project have successfully completed 21 months

of data collection and are expected to have more than 24 000 interviews with recreational fishing parties by the end of the two-year survey period in early 2009. This will provide the most exhaustive data set on recreational fishing in this region and help direct future management of recreational fishing.

Artificial shark uterus a world first (State Plan E4)

The department completed a vital early stage in a long-term project to assess the feasibility of rearing endangered grey nurse sharks in captivity. A specially designed 'artificial uterus' for sharks was built at our Port Stephens Fisheries Institute. In September 2008, the artificial uterus was trialled for the first time using wobbegong sharks. Six pre-term shark pups were placed in the artificial uterus and successfully completed their final weeks of foetal development. They were then 'born' in late September at a time corresponding to when natural pups were being born. The 'birth' was filmed by the ABC science show Catalyst which screened at the end of October 2008. Two of the shark pups were exhibited in Parliament House in mid May 2009.

Shark tracking research (State Plan E4)

In response to shark attacks in Sydney Harbour and adjacent waters, our Wild Fisheries Research Unit fast-tracked the deployment of 14 acoustic listening stations and the tagging of sharks in Sydney Harbour waters. The listening stations link into a further 14 stations to be deployed by NSW DPI during March. This acoustic tracking array will extend from the Parramatta River past the harbour entrance through Middle Harbour to the Roseville Bridge. It complements 160 other listening stations along the coast. This will allow tracking of acoustically tagged sharks within different harbour habitats and throughout NSW over the five-year life-span of the tags.

Safe, healthy and biosecure industries

National biosecurity workshop (State Plan P6, P7)

An important national workshop for training laboratory scientists and technicians in the use of high volume diagnostic assays for emergency animal diseases was held at Elizabeth Macarthur Agricultural Institute (EMAI) in February 2009. The workshop was attended by 26 delegates from all Australian states and New Zealand. Department scientists in the Virology Laboratory at EMAI presented on the high throughput diagnostic assays that were used so successfully in the Equine Influenza (EI) outbreak during 2007-08.

Footrot effectively eradicated in NSW (State Plan P6)

It is expected the whole of NSW will be declared Protected Area status for footrot by July 2009. This represents a major milestone in one of the most successful disease control programs ever undertaken by the sheep industry in Australia. At a Footrot Symposium in November 2008, attendees celebrated this effective eradication of footrot in NSW after 20 years of collective effort. The number of flocks with footrot in NSW has been reduced from over 6 000 in 1991 to now just 26 flocks and all of these are in quarantine and undergoing eradication programs. The key to success has been strong support from the State's sheep industry in cooperating with NSW DPI to eradicate virulent footrot.

Pork Mycoplasma research findings (State Plan P6)

The pig industry will be able to improve diagnostic options for an important respiratory pathogen following a recently completed

project. NSW DPI has submitted a final report to Australian Pork Limited on 'Evaluation and application of PCR tests for *Mycoplasma hyopneumoniae*'. The project evaluated 10 PCR (polymerase chain reaction) assays and recommended two of the assays for routine applications in Australian laboratories.

Control of vertebrate pests (State Plan P6, E4)

During 2008, our Vertebrate Pest Research Unit successfully gained over \$500 000 in funding for a range of research projects, primarily through the Australian Pest Animal Management Program (Caring for Our Country). Many of these were in collaboration with the Invasive Animals Cooperative Research Centre. They include projects to:

- assess and improve the humaneness of control measures for invasive animals
- improve the national mapping and monitoring of pest species
- improve the strategic management of wild dog impacts
- enable bioeconomic evaluation of management strategies for pest birds
- review the strategic and operational guidelines of Australia's Wild Animal Response Strategy
- develop better landscape fox control strategies
- in collaboration with Catchment Management Authorities, build capacity of Landcare and producer groups for pest animal monitoring and control.

New lice detection test available (State Plan P6, E4)

Researchers at Elizabeth Macarthur Agricultural Institute have developed a sensitive new laboratory test to diagnose sheep lice infestations at shearing. A kit to help wool producers will be available from July 2009. The test is the culmination of many years of financial investment and collaboration between NSW DPI, Australian Wool Innovation Ltd (AWI) and CSIRO Livestock Industries. It uses washings from the cleaning of shearers' combs and cutters to detect proteins specific for lice. The test enables improved lice control and better use of chemicals, leading to reduced residues in the wool industry. We are now investigating a simple on-farm test that can be used at shearing to provide an immediate answer on lice status. This second project is being sponsored by NSW DPI, AWI and Elanco Animal Health.

A strong voice for primary industries

Climate change is the most critical and urgent environmental issue facing NSW's primary industries. Research by NSW DPI climate scientists is underpinning the development of the national and global climate change policy framework.

Dr Annette Cowie is the Australian National Team Leader for IEA Bioenergy Task 38 (Greenhouse Gas Balances of Biomass and Bioenergy Systems). In 2008 she was appointed to co-lead the international IEA Bioenergy's Task 38 group, examining the greenhouse gas impacts of bioenergy systems. The Task has developed innovative models for conducting life cycle and GHG balance assessments.

NSW DPI scientists have provided crucial input into the development of the NSW government position on the Garnaut climate change review and the Green paper on the Carbon Pollution Reduction Scheme, focussing on the role of agriculture and forestry in the national Carbon Pollution Reduction Scheme (CPRS). We were

responsible for writing the NSW government submission on CPRS white paper, the National Carbon Offsets standard. Current research is focussed on underpinning the role forestry and agriculture can play either within the CPRS, or as a voluntary offsets provider.

The department's Science Strategy and Planning Branch contributed to briefings to inform State government decision-making on:

- science and research issues relating to primary industries
- the role and function of the NSW Chief Scientist and Scientific Engineer
- research priorities for NSW.

The branch also contributed to some of the most significant national reviews affecting research and development in Australia in the past 20 years, including:

- the Cutler Review of the National Innovation System
- the Review of the Cooperative Research Centres Program (O'Kane Review).

NSW DPI also contributed to policy development in establishing the State's research priorities. By including key primary industries issues such as climate, water, productivity and food security, and biosecurity, the department played a pivotal role in ensuring the needs of primary industries are central to the government's future research efforts.

NSW DPI staff serve on boards of key bodies for research and development and primary industries. They are also represented on the editorial boards of major research and development magazines and scientific journals.

Excellence in people, innovation and service delivery

Our scientists received national and international recognition for their work over 2008-09:

Dr Peter Kirkland, Team Leader of the Virology Laboratory at Elizabeth Macarthur Agricultural Institute, won the inaugural NSW Scientist of the Year Award, in the Plant and Animal Sciences category.

NSW DPI scientists were finalists for the Australian Museum's annual Eureka prizes, in the fields of scientific research, and science leadership and innovation:

- Dr Peter Kirkland, for his role in the laboratory response to the recent Equine Influenza outbreak
- Dr Glen Saunders and Trudy Sharp for scientific research contributing to animal protection, recognising their work on vertebrate pests.

The Biodiversity in Grain & Graze (BiGG) project won the Prime Minister's Banksia Award for Environmental Science. NSW DPI was a major collaborator in this national project, led by the University of Tasmania. The project established baseline biodiversity data for mixed farms across Australia, by monitoring a range of land uses on 44 properties over two years.

Dr. Garry Levot, Principal Research Scientist at Elizabeth Macarthur Agricultural Institute, was a finalist in Monash University's 2008 NAB Agribusiness Awards Of Excellence. His research project used a selective insecticidal device to successfully control an exotic pest of honey bees, the small hive beetle.

Dr Tim Glasby, Dr Bob Creese and Fisheries Technician Peter Gibson won an award from the prestigious scientific journal Biological

Conservation, for the most cited paper from that journal for the five year period 2003-08. Their paper provided an innovative control technique for the introduced marine seaweed, *Caulerpa taxifolia*.

Dr John Mullen was made a Distinguished Fellow of the Australian Agricultural and Resource Economics Society (AARES) in recognition of his work on the economics of agricultural research in Australia, and for his service to AARES.

Dr Paul Milham's work on the plant availability of cadmium in soils featured in the Australian Journal of Soil Research and won:

- the CS Piper Prize from the Royal Australian Chemical Institute for the best Australian peer reviewed research in soil chemistry or plant nutrition
- the FG Swaine Award for the best PhD thesis of the year from the University of Western Sydney.

The department's salinity research site at Gumble featured in the Land Salinity Monitoring Network Design Manual by the Bureau of Rural Sciences. The site demonstrated a well planned and executed salinity and water monitoring program.

NSW DPI contributes to World Health Organisation's pesticides panel

A NSW DPI chemist will help ensure that all countries continue to have access to affordable, safe and efficacious pesticides for crop and animal production. Tony Vancov was invited by the World Health Organization (WHO) to attend the 2009 Food and Agriculture Organization (FAO) / WHO Joint Meeting on Pesticide Specifications in June 2009. He joined a panel of specialists to:

- review pesticide evaluation reports
- determine compliance of pesticide formulations with international standards
- recommend adoption of acceptable specifications.

This includes pesticides used in Australian agriculture for control of plague locust, fruit fly, lice, buffalo fly and tick, as well as for controlling mosquitoes to prevent diseases such as malaria entering Australia.

NSW DPI staff win national diagnostic scholarships

Staff from our Scientific Collections Unit, based at Orange, have been awarded scholarships by the Commonwealth Department of Agriculture, Fisheries and Forestry, to study two important exotic plant pests, namely:

- the Sugarcane Whitefly, a serious pest of sugarcane crops in Southeast Asia, causing production losses of up to 15 per cent
- the South African maize leafhopper, a serious pest of cereals, due to its ability to transmit plant viruses. This pest is found in an arc from Africa to India.

An officer in the department's Plant Health Diagnostic Service was awarded a scholarship to study *Verticillium* wilt disease. This disease is a serious threat to NSW's cotton industry. The research will result in improved surveillance and diagnostic capability in NSW.

European virology conference acknowledges NSW DPI work

NSW DPI staff presented two well-received papers at the European Society of Veterinary Virologists Pestivirus Symposium in September 2008 on Bungowannah virus and porcine myocarditis syndrome. Our Virology Laboratory at EMAI is now an international OIE Reference Laboratory for bovine pestiviruses.

Significant issues

Ensuring the State's producers maintain and increase their productivity is vital to exports and the NSW economy and to ensuring global food security remains in tact.

With over 150 million people threatened by inadequate food resources, research and development in countries such as Australia, the UK, and the USA can feed people in the short-term, but more importantly lead to knowledge spill-overs that break the poverty deadlock in the longer-term.

Extra pressures like climate change and water scarcity increase the urgency of raising productivity to secure food resources.

NSW DPI continues to focus on productivity as a core function of its business.

Future directions

The division will continue research in its five priority areas addressing these key questions:

Productivity and food security

- How can primary industries increase productivity and benefit NSW and regional economies?
- What improvements can be made to food production and processing to secure access to plentiful and healthy food for NSW consumers?
- How can primary industries reduce the environmental footprint of food production?
- Can increased agricultural productivity compensate for the likely increases to production costs associated with carbon accounting, climate variability, and water shortages?

Biosecurity

- How can we detect new biosecurity threats in NSW and demonstrate our freedom from them to our trading partners?
- How can we improve our capacity to mount rapid and effective responses to biosecurity incursions before they become established?
- How can we effectively manage endemic biosecurity problems cooperatively with industries, the community and other agencies?
- How can we develop integrated management systems that protect market access and reduce reliance on chemical use?
- How can we continue to improve the efficiency and effectiveness of surveillance regimes across Australia?

Water management

- How do we maximise returns from primary industries' water use, while maintaining ecosystems and communities?
- What new and improved rotations and systems will maximise water use efficiency and better manage water resources?
- What new irrigation systems better align with crop, soil and irrigation supply constraints?
- How will changes in rainfall patterns and landuse affect water supply, quality and security?

Climate change

- What are the impacts of climate change on primary industries and associated rural communities?
- How can primary industries and communities adapt to the impacts of climate change?
- How can primary producers reduce their emissions and sequester carbon?
- What research is required to inform policy development?

Fisheries and Ecosystems

- What is the best scientific advice to underpin the regulations and legislation governing how our commercial and recreational fisheries are managed in order to provide for both sustainable harvesting and conservation?

- What is the science that underpins management initiatives and policy development for all the state's aquatic species, habitats and ecosystems?
- How can we maintain or enhance biodiversity and natural resource condition within terrestrial production systems like forests and rangelands that meet economic objectives?

For more information, see our Research for Action documents at <http://www.dpi.nsw.gov.au/research/key-publications>

Divisional performance

Service Measures	Units	2006-07 Actual	2007-08 Actual	2008-09 Budget	2008-09 Revised
New diagnostic tests and vaccines	no.	8	8	8	8
New integrated pest control systems	no.	8	8	8	8
Publication of research based innovations in scientific journals	no.	1 200	1 184	1 300	1 102
Samples processed by DPI laboratories	thou	350	483	370	380
Pre-commercial lines and varieties delivered for uptake by private breeding and seed companies	no.	7	10	13	13
New innovations for horticulture, viticulture, aquaculture and animal production	no.	39	39	40	40
Self Enforcing Infringement Notice Scheme notices (fisheries)	no.	2 352	2 600	2 600	2 192

Strategy, Policy and Communications Division



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 facilitates department-wide planning, performance improvement and strategic communications and promotes primary industries and the work of the department.

The division comprises five branches:

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

Major outcomes achieved

Strong economic performance of primary industries

Legislative review (State Plan P3)

The division undertook a review of legislation on behalf of NSW DPI, seeking to simplify regulation requirements for primary industries. This led to the repeal of nine acts under NSW's Statute Law Revision Program. Separate to this review, amendments were also made to another four acts and 14 regulations. Significant changes include:

- *Mining Act 1992*: updated environmental assessment and management provisions and streamlined administrative arrangements
- Fisheries and Planning legislation: streamlined assessment requirements that affect the NSW Government's shark meshing program
- *Rural Lands Protection Act 1998*: reformed structure and operation of the rural lands protection system, including the creation of 14 Livestock Health and Pest Authorities to replace some 47 Rural Lands Protection Boards
- Hemp Industry Regulation 2008: entirely new law that introduces a system of licences and penalty notice offences to regulate commercial growth and processing of low THC hemp.

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

During the year, NSW DPI supported government policy-making for primary industries by providing socio-economic information and policy advice to key government, industry and community forums. These included national ministerial councils and state-level advisory councils. Focus areas for national and state policy included drought, biosecurity and carbon pollution reduction. For example, we:

- implemented the Australian Government's Exceptional Circumstances Program for 41 regions in the State that remained seriously drought affected. We coordinated information packages, drought impact analyses and extension (rollover) reviews. As a result, family income support and over \$263 million in interest rate assistance were made available to eligible producers and small rural businesses in NSW.
- contributed to two Australian Centre for International Agricultural Research projects. The projects considered agricultural policy reforms in Australia and India to improve trade and environmental outcomes while maintaining or enhancing farm profitability.
- provided analysis and advice to the Australian Government's National Review of Drought Policy.
- managed the NSW Government's commitments to the national Rural Financial Counselling Program, including the disbursement of grants to service providers.
- contributed to the NSW Government's response to recommendations made by the Independent Review of Biosecurity Australia and the Australian Quarantine and Inspection Service.
- made significant improvements to the regulatory and public oversight arrangements for statutory marketing in the State's rice, citrus, banana and wine grape industries. For example, we consolidated 3 regulations under the *Agricultural Industry Services Act 1998* into one regulation to simplify requirements

for industry. The Annual Report on the Administration of Statutory Authorities was tabled in Parliament in accordance with legislative requirements.

Appropriate access to and wise management of natural resources

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

Our Water and Resources Policy Branch, established in June 2007, continued to lead development of the department's water, climate change, biodiversity and land use planning policy for primary industries.

The branch continued to represent stakeholder and government interests at intra-jurisdictional meetings and negotiations concerning:

- Murray Darling basin reforms
- development of the \$300 million Irrigated Farm Modernisation component of the Australian Government's Water for the Future program.

We also maintained an active role in developing State and national natural resource climate change policy, working with other NSW government agencies and stakeholder groups to provide a strong voice for NSW primary industries. In particular we:

- led development of NSW's submissions to the House of Representatives *Inquiry into the role of government in assisting Australian farmers* to adapt to the impacts of climate change
- prepared NSW DPI's response to the national Green and White Papers on the Carbon Pollution Reduction Scheme
- reviewed public comments on the draft NSW Biodiversity Strategy, together with the Department of Environment and Climate Change NSW. A revised strategy will be issued for public comment in 2009-10.
- prepared, in cooperation with the Department of Environment and Climate Change NSW, a report on greenhouse gas targets. The report examined the range of emissions sources and sinks and abatement opportunities in the agriculture and forestry sectors.
- represented the department on the Natural Resources Policies and Programs Committee, which reports to the Natural Resources Management Ministerial Council
- represented the State's forestry policies at the Forestry and Forest Products Council, one of the Primary Industries Ministerial Council advisory committees
- facilitated the implementation of the NSW planning reforms.

The branch also developed four departmental strategy documents on water, climate, biodiversity and land use planning. These documents provide a comprehensive overview of NSW DPI's vision on these important policy areas to guide its actions over the coming years.

During the year, our division used a newly developed, community-based approach to monitor, evaluate and report on natural resource decisions and their potential for contributing to economic sustainability and social well-being. In accordance with State Plan commitments, the information we obtained was included in State of Catchment reports for 11 catchment management authority regions.

The division also undertook economic analyses of water markets and program proposals to support the proposed State Priority Project, Farm Irrigation Modernisation to improve water-use efficiency on farms. The proposal was made under the Australian Government's Water for the Future initiative.

In collaboration with the Victorian Department of Primary Industries, we began overseeing an independent assessment of how agriculture might best be included in the Australian Government's proposed Carbon Pollution Reduction Scheme. This assessment is designed to assist the Australian Government and stakeholders more broadly in forming a policy position whereby agriculture can make an effective contribution to emissions reduction.

A strong voice for primary industries

Policy (State Plan P1, P6)

In 2008-09, NSW DPI provided a strong voice for primary industries by:

- proposing that the Primary Industries Ministerial Council commission an analysis of policy options for a National Meat Labelling System for Processors, Retailers and Consumers
- developing a proposal for an industry assistance package for the Western and Gunnedah coalfields to protect and promote jobs and export opportunities in regional NSW during the economic downturn. This was approved by the NSW Cabinet for implementation by the Department of State and Regional Development.
- a proposed assistance package for the dairy industry to secure jobs and promote economic stability in the Southern Riverina region
- preparing a plan to promote gas exploration and the development of the gas supply industry within NSW
- contributing to a national strategy to promote Aboriginal employment in the primary industries and natural resource management sectors.

External information services (State Plan S8)

We prepared and distributed over 400 publications during the year, including:

- over 100 new or revised factsheets
- 15 comprehensive technical guides and manuals
- the new Delve magazine, distributed at events such as the Royal Easter Show
- the *Bush Telegraph* and *Minfo*, the flagship magazines for the forest and mining industries respectively.

Electronic information delivery continued to grow with many publications solely in electronic form. We completed integration of former agency websites into a single NSW DPI website, a task that required individual checking and transfer of an estimated 35 000 pages of content.

The department provided website management and hosting services for a number of smaller NSW government entities, consolidating online systems and improving inter-agency links. The Livestock Health and Pest Authority website was added to the NSW DPI hosting facility in 2008.

Schools education (State Plan S8, P7)

2008-09 was an exciting year for the department's collaborative schools education program, LandLearn NSW. We continued work with our founding partners, NSW Farmers Association and Royal Agricultural Society of NSW, and gained a number of new supporters including Australian Chicken Meat Federation, Meat and Livestock Australia, Dairy Australia, Clover Hill Dairies and Australian Museum. Supporters have linked to LandLearn programs or provided support, information and content for LandLearn's development.

The focus of the LandLearn team continues to be online. Leveraging off the success of www.landlearnsw.org.au, forays have now been made into the social media sphere via networking site Facebook, photo sharing gallery Flickr, presentation sharing site SlideShare and video site YouTube. The new mediums are achieving an exposure of hundreds of people each month, taking primary industries education further into the community.

Supporting rural women (State Plan S8)

The NSW DPI Rural Women's Network partners with individuals, groups and non-government and government agencies to promote information exchange and to identify and progress rural women's issues. In 2008-09 the network:

- continued to provide support and information for women and families who struggle with drought
- developed and piloted an innovative web-based virtual farming work experience project for school children
- wrote and published eight new stories of rural women sharing their achievements in a broad range of areas for our Daring to Dream series
- facilitated 9 'Shaping Our Futures Together' workshops, providing rural women throughout the State with leadership training in their own communities
- developed and piloted a new course, 'Time Out For Blokes', to provide skills in goal setting, networking and building self worth
- provided \$40 000 to support the annual NSW Women's Gathering, hosted by women from the Coonamble community
- coordinated the Rural Industries Research and Development Corporation Rural Women's Award for NSW. Kim Currie, a regional food branding expert from Orange, was the 2009 award winner.
- by invitation, participated in two National Rural Women's forums, providing input to Australian Government policy developments.

Public affairs and media (State Plan S8)

Management of public affairs issues and promotion of NSW DPI achievements through the media were once again important in 2008-09.

NSW DPI's Public Affairs and Media unit contributed to informed media coverage of the climate change issue, widespread flooding on the north coast, and the ongoing drought in other parts of the State.

Media attention also centred on the unprecedented number of shark attacks along the coast, fish kills, fires in State forests, mining on agricultural lands and the emerging cattle disease theileriosis.

Public information campaigns addressed the awareness of illegal fishing activities, the establishment of Livestock Health and Pest

Authorities, plague locust control and cattle tick control.

A Special NSW DPI liftout in *The Land* newspaper called 'Meeting the Climate Challenge', and regular articles in the department's own monthly newspaper *Agriculture Today*, highlighted advice and initiatives to help farmers manage the likely impacts of climate change across NSW.

To highlight the importance of NSW DPI's science and research initiatives, major television and newspaper articles appeared on biochar studies at Wollongbar, shark tracking in Sydney Harbour and the upgraded diagnostic capacity at the Elizabeth Macarthur Agricultural Institute.

Communication campaigns (State Plan S8, P6)

NSW DPI was a key partner in a campaign to increase consumer awareness of the role commercial fisherman play in bringing us healthy, fresh and sustainable Aussie seafood. The 'Brought to you by a Fisherman' campaign highlights included seafood cooking demonstrations in Sydney and on the north and south coasts, seafood industry awards and metropolitan media coverage and press advertising.

Division staff also worked closely with Forests NSW to develop and implement a campaign on the role that native forests play in climate change. Market research indicated a general level of community understanding of the role that growing trees play in sequestering carbon, but little awareness of sequestration potential once trees are harvested and processed. The campaign involved print and online publications and presentations that illustrated the cumulative value of native forests and their harvested products, all making a positive difference to addressing climate change.

Excellence in people, innovation and service delivery

Stakeholder engagement (State Plan S8)

In August 2008, NSW DPI conducted a stakeholder engagement audit to better understand key stakeholder issues of interest and how to improve key working relationships. Based on the audit outcomes, we developed an action plan to improve the effectiveness of our stakeholder engagement.

One important channel is direct stakeholder engagement at over 100 community events. Events range 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. Under the theme 'Delve into primary industries', we provided information grouped by topics of Taste – Create – Adapt – Marvel – Learn at the Royal Easter Show.

NSW DPI sponsored and participated in many events in 2008-09. Our sponsorships included the following:

- NSW Beef Spectacular and Trade Expo in Dubbo
- the Royal Easter Show's District Exhibits, which showcase outstanding local produce
- the Sydney Royal Fine Food Show's President's Medal
- 2008 Farming Small Areas Expo held at the Hawkesbury Showground.

Sound corporate governance

Demonstrating the department's continuous focus on performance improvement, we replaced seven divisional plans with a streamlined

corporate business plan that clarifies key departmental deliverables. Quarterly reporting now reflects these deliverables.

We also developed a new risk management framework, identifying and assessing high-level corporate risks and flow-on divisional risks, their likelihood, consequences and mitigation strategies. We will assess progress against mitigation strategies twice per year and fully review the risk registers annually.

Change management was a major focus this year. Budget imperatives provided an opportunity for the department to review its business and improve the efficiency and effectiveness of service delivery to stakeholders. We coordinated communication, planning and stakeholder liaison at department level during the year, with divisional implementation continuing into 2009-10.

Support for and recognition of staff

- We conducted a review of staff views on internal communications, benchmarked against an earlier review in 2006. The findings will inform an updated employee engagement and communications plan, now under development.
- In late 2008, we began assessing the potential for online collaborative tools (such as wikis) to improve our day-to-day business. We invited staff from across the department to nominate business processes they felt could be improved through the use of such tools. Software was trialled in early 2009 and trial responses were overwhelmingly positive. We will conduct a rollout of these tools across the department in 2009-10.
- In October 2008 our fourth annual Staff Achievement Awards recognised outstanding performance and helped promote the department's quality work.

Almost a quarter of NSW DPI's workforce is aged 35 and under. Recognising the importance of this demographic group to our future success, we formed a new representative group within the department. The Young People's Network first met in April 2009. Its purpose is to position us as an employer of choice for younger people, where their talents can be maximised. The group is developing an action plan for consideration by the executive in the next financial year.

Significant issues

During the year, some ratepayers objected to 2009 rate increases issued by some newly formed Livestock Health and Pest Authorities. In response, we proposed legislative amendments to the *Rural Lands Protection Act 1998* and the *Rural Lands Protection Amendment Act 2008*, that give the Minister for Primary Industries power to approve future rates proposed by Livestock Health and Pest Authorities to prevent excessive increases. The Bill was introduced to Parliament in June 2009.

Future directions

Next year the division will contribute to key projects with a national focus, including:

- development of legislation to facilitate carbon capture and storage in NSW
- amendments to the Stock Diseases Regulation 2009. The proposed regulation has improved requirements consistent with the National Livestock Identification System, to reduce biosecurity risks and promote market opportunities.
- amendments to the *Fisheries Management Act 1994* to strengthen enforcement provisions against illegal fishing and improve arrangements for Aboriginal cultural fishing
- development of policy principles and settings to optimise agriculture's role in Australia's carbon pollution reduction strategy
- continued leadership of the NSW contribution to the National Review of Drought Policy and the government response to the Independent Review of Biosecurity Australia and the Australian Quarantine and Inspection Service
- contributing to more efficient and effective national biosecurity arrangements, in cooperation with other jurisdictions
- review of NSW DPI's corporate communications strategy, to ensure we remain positioned as contemporary and relevant to our stakeholders
- online collaborative tools for our internal business processes, for eventual external application

On 11 June 2009 the Premier announced the creation of 13 new 'Super' Departments to improve and integrate service delivery to community and businesses and provide a strong voice for industry within the NSW Government. NSW DPI, including Forests NSW, will join with nine other agencies to become part of the new Department of Industry and Investment in July 2009.

Managing this change and leading the integration of Industry & Investment NSW will be a major initiative for the division and the department as a whole in 2009-10. Key areas of focus include:

- establishing cross-agency working groups in June 2009 to accomplish a wide range of important tasks to progress the integration of the new department, to meet NSW Government priorities and to ensure the change process happens in an open and cooperative way
- developing and implementing a change management plan for the formation of the new department, including internal and external communication strategies
- developing a new corporate plan and implementing regular reporting mechanisms to monitor and improve performance against the corporate plan goals
- facilitating the development of a shared services model through the Corporate Services Working Group.

Corporate Services Division



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 four branches: — Human Resources
— Finance and Assets
— Information and Communication Technology
— Legal

Major outcomes achieved

Excellence in people, innovation and service delivery

A safe, satisfying and fair work environment

During the year, the role and structure of the Occupational Health and Safety (OHS) Steering Committee was revised to focus on developing and implementing a new welfare and safety strategy for the department. The committee is chaired by the Executive Director Corporate Services and has member representatives from each division. It reports directly to the Director-General NSW DPI and the executive.

A human resources strategic plan and a workforce plan were developed during the year. The plans outline our corporate direction and emphasise developing workforce capability, improving business processes and delivering quality human resources services.

The leadership and management development program significantly enhanced the department's capability. The program offered each middle manager nine training days through the year to equip them with a comprehensive set of management skills. Based on its effectiveness and success, the program will continue next year and include a wider range of staff in management or leadership roles.

New courses, including Managing Challenging Staff, Stressmart, Speedcoaching, Digital Photography and Strategies for Managing Older Workers, were added to our learning and development training calendar. A total of 1902 staff attended 182 learning and development courses during the year. Computer training was delivered via an e-learning methodology.

Human Resources provided quality payroll and employee services to over 3 650 employees, including a contracted service to the NSW Rural Assistance Authority and Game Council NSW and over 250 members of boards and committees connected with the department. Our Employee Services Unit processed over 2 060 employment approvals, managed 325 recruitment actions and received and processed 1985 job applications.

The Joint Consultative Committee, comprising representatives from the Human Resources Branch and the NSW Public Service Association, met during the year to ensure a positive and consultative approach to industrial relations issues. This committee proved its value when the department undertook a voluntary redundancy and job swap program during the year. The reduction in staff numbers was driven by the NSW Government's Mini-Budget of November 2008.

Work commenced on investigating the possibility of consolidating the department's various industrial instruments. The NSW Internal Audit Bureau was engaged to scope the project and advise on the options, costs and implications for future department operations. It is expected that the scoping study results will drive the department's industrial agenda in 2009-10.

Records management, information technology and communication

Major upgrades to the power and air-conditioning systems at our Orange and Maitland Data Centres was undertaken. The upgrades cater for growth and enable each data centre to provide disaster

recovery capability in the event of failure at either centre. Increasing use of virtual hosting technology will lower the cost of providing services and reduce the carbon footprint.

The Information and Communication Technology (ICT) Branch supported control centres to manage emergency events during the year, including plague locusts and the North Coast floods. It provided each centre with telephones, computers and network connections. It also provided maintenance and information issues management services. These services were provided to Plague Locusts staff for six months and to Floods staff for two weeks.

Records management systems were enhanced by the deployment of an automated records sentencing facility. The facility streamlines the archiving process by linking the expected lifespan of a record to its classification terms. NSW DPI is leading other State Government agencies in gaining this functionality, which should result in significant savings in our future archive management.

New technology continued to be deployed during the year by developing a single Personal Computer (PC) software image for deployment to over 3 000 PCs across NSW. The single image method improves productivity by allowing the rollout of standardised new software across the department without site visits. This image includes new software versions for email, records management, internet access and additional management tools.

The ICT Steering Committee met regularly during the year, bringing together members from different divisions. The committee considered the department's ICT strategic plan, progress reports from many ICT capital projects and on the operational side, newly-developed service level reports, cataloguing the various services provided by ICT and their availability during the reporting period.

Electronic service delivery

A number of new and important business applications were commissioned during the year, including:

- the national BioSIRT program for management of biosecurity events
- the Catch Records and Quota Management System for the Fisheries Compliance and Regional Relations Division
- a program management system for the Science and Research Division, known as Clarity.

We completed upgrades to the Minerals and Business Technology suite of programs. We commissioned improvements in our geospatial technology systems, such as providing the Department of Lands with access to our geographic information system (GIS) resources.

FigFleet, the new Fleet Management System, commenced operation in April 2009. It replaced QFleet, an MS-DOS based management system that had served the department since 1990. Increasing difficulties with servicing and the removal of vendor support necessitated the system upgrade.

Managing physical assets

During the year, assets were aligned with current and future business priorities, including:

- disposal of five cattle tick dip sites and the Cobar Depot
- construction of a new marine research laboratory at Port

Stephens Fisheries Institute, enabling continued aquatic research in a new fully compliant facility

- a major site power supply infrastructure upgrade at Port Stephens Fisheries Institute and Cronulla Fisheries Institute to provide reliable power and growth for the future
- ongoing detailed design of new and refurbished biosecurity facilities at Elizabeth Macarthur Agricultural Institute
- construction of a new high containment laboratory at Orange Agricultural Institute. The laboratory is designed to be able to be relocated to another site, if necessary, with minimal disruption to services.
- construction of two state-of-the-art greenhouses at Wagga Wagga Agricultural Institute, enabling continued research into wine grapes
- relocation of 40 Dubbo staff from the State Government's office block to a purpose built building on the Forests NSW property in Dubbo. The new office features improved public access, and uses floorspace and energy more efficiently.
- deferring the proposed sale of land at Narara and subsequent relocation of the Gosford Horticultural Institute, due to a recent downturn in property prices. A revised valuation is currently being prepared with the view to re-marketing early in 2009-10.
- construction of a new office facility at Huskisson. The facility houses nine officers from the Jervis Bay Marine Park Authority and six of our compliance and fisheries management officers. Staff moved into the facility during February 2009.
- approval from the Department of Planning to rezone 79 hectares of departmental land at Orange as residential and commercial land with a view to sale. This land forms part of Orange Agricultural Institute but is surplus to requirements. This rezoning offers a great opportunity for the City of Orange as it coincides with the Government's investment of over \$190 million in the new Orange Base Hospital nearby.

Legal advice and services

NSW DPI administers some 66 acts and their relevant regulations. Our Legal Services Branch provides advice to the department's Minister, Director-General, Executive and staff. It achieved the following outcomes for the year:

- established 251 contracts, in the areas of research and development, licensing, commercialisation projects and consultancies
- commenced prosecutions under OHS legislation and the *Explosives Act 2003*, following on from 37 serious offence investigations of mining companies and other persons
- conducted 222 fisheries-related prosecutions under the *Fisheries Management Act 1935*
- conducted seven agriculture-related prosecutions
- received and processed 34 requests for subpoena served on the department
- presented nine training courses, on the subjects of legal considerations for managers, legal responsibilities and intellectual property.

Significant issues

The division met considerable challenges during the year, including:

- announced closures of a number of NSW DPI sites
- restructuring and realignment of division responsibilities
- a general round of voluntary redundancies to meet budget restrictions
- commencement of a business process re-engineering project.

Future directions

The division will develop a strategy for improved management of the department's asset portfolio, incorporating a cross-divisional asset consultative committee and a planning and approval framework.

The department will soon launch NSW DPI's Welfare and Safety Strategy 2009-12. The goals of this strategy are to:

- see every employee go home safe and well every day
- build a shared culture of proactive welfare and safety leadership and accountability across NSW DPI over the next three years
- model welfare and safety practice to the industries that the department serves, and be regarded as a role model for the NSW public sector.

Further efficiency improvements within the Human Resources and Finance and Assets branches are anticipated once the process re-engineering project is completed early in the next financial year. This will enhance the division's capability to provide quality services in a timely and cost effective manner.

Workforce capability will be enhanced next year, with particular focus on:

- performance management
- award consolidation
- competency based position descriptions
- development of e-recruitment, in line with state government initiatives.

Information technology will be utilised to strengthen and integrate the department's internal processes, for example:

- testing and further development of virtual hosting environments at Orange and Maitland Data Centres to provide a computing environment independent of disasters to either data centre
- testing and implementing new communication tools such as internal web conferencing to improve collaboration within teams operating from different sites across NSW
- upgrading our SAP financial management system to enhance resource planning capabilities
- integrating finance and human resources reports to managers by a new tool within the Employee Self Services environment.

APPENDICES

Governance and management

1. Executive performance	55
2. Principal officers	59
3. Code of conduct	59
4. Membership of significant statutory bodies and inter-departmental committees	60
5. Advisory bodies and committees	61
6. Legislation and legal change	62
7. Significant judicial decisions	63
8. Evaluation and improvement	64
9. Risk management and insurance	64

Human resources

10. Staff statistics	65
11. Equal employment opportunity	66
12. Overseas travel	69

Financial management

13. Credit card certification	74
14. Consultants	74
15. Payment of accounts	74
16. Land disposal	75
17. Major assets and capital works	76
18. Heritage management	76
19. Disclosure of controlled entities	77
20. Funding for non-government community organisations	77
21. Fisheries trust fund report	78
22. Cost of production of the 2008-09 annual report	82

Operational

23. Research and development	83
24. Waste reduction, recycling and energy management	85
25. Implementation of recovery and threat abatement plans	85

Stakeholder relationships

26. Ethnic affairs priorities statement	86
27. Customer service	87
28. Volunteer program	87
29. Freedom of information	88
30. Privacy management	92
31. Promotion and communications	92

1. Executive performance



Dr Richard Sheldrake MScAgr PhD FASM FAICD

**Director-General and Commissioner of Forests
SES Level 8**

**Total remuneration package: \$423 150 plus
allowances \$10 000**

Period in position: 1 July 2008 to 30 June 2009

The Minister for Primary Industries, the Hon. Ian Macdonald MLC, is satisfied that during 2008-09, Dr Sheldrake has met all performance criteria established for the position.

During the year the Director-General took the lead role in:

- working effectively with other government agencies and stakeholders to deliver government priorities identified in the State Plan. This included meeting commitments under the State Plan in relation to Monitoring, Evaluation and Reporting on the Natural Resources Management Standards and Targets
- identifying priority areas within the department and re-aligning business operations to ensure budget expenditure was in line with budget allocations
- providing a strong voice for primary industries on the Primary Industries Ministerial Council; Primary Industries Standing Committee; Natural Resource Management Ministerial Council; and the Natural Resource Management Standing Committee
- developing an effective policy agenda across NSW DPI to ensure a clear and consistent position on primary industry policy issues. Particular focus included helping to develop a national policy on climate change and contributing to the national Garnaut Climate Change Review, reviewing the Carbon Pollution Reduction Scheme, participating in interstate negotiations concerning the Murray Darling Basin reforms and the Commonwealth's Water for the Future program, and progressing development of the NSW Biodiversity Strategy in collaboration with the Department of Environment and Climate Change NSW.
- ensuring effective governance through a review of the department's risk profile, implementation of a streamlined risk management framework and appointment of an independent Chair of the NSW DPI's Audit and Risk Management Committee
- implementing strategies across the department to realign expenditure with the department's consolidated revenue allocation to ensure a more sustainable operating environment
- contributing to the strong economic performance of primary industries with two major pre-competitive data acquisition programs undertaken in the Southern Riverina Region, release of new coal exploration licences, and implementing processes for private sector investment in Forests NSW plantations
- supporting the wise management of natural resources through commencement of two major components of a national recovery project for the Hawkesbury Nepean River - Nutrient Smart Farms and Water Smart Farms
- supporting strong economic performance of Forests NSW as a public trading enterprise within the department, with sawlogs sales maintained and commercial arrangements to re-establish plantation developed to maximise revenues despite severe trading conditions and lowered demand for timber
- progressing implementation of a sustainable share managed commercial fisheries framework based on scientific data
- supporting primary industries in mitigating the impacts of climate change through engaging in an international effort to reduce methane emissions from livestock
- supporting low emissions (clean coal) technologies with the commencement of stratigraphic drilling programs to identify the carbon storage potential of deep rock sites in NSW
- continuing to deliver practical measures to maintain healthy, safe and biosecure industries. This included implementing the National Livestock Identification System for the electronic identification and movement recording of cattle, achieving state-wide eligibility for gazettal as Protected Area status for Footrot after 20 years of collective effort and commencing the biosecurity facility upgrade at the Elizabeth Macarthur Agricultural Institute.



Dr Nicholas R Austin BE (Agric) Hons, MSM, PhD, CID, FAICD

**Executive Director, Agriculture, Biosecurity
& Mine Safety**

SES Level 6

Total remuneration package: \$284 950

**Period in position: 18 November 2008 to
30 June 2009**

Dr Nick Austin held the position of Deputy Director-General Science & Research prior to the re-alignment of executive responsibilities in November 2008.

I am satisfied that Dr 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 Executive Director, Agriculture, Biosecurity & Mine Safety Dr Austin was responsible for:

- assisting the Director-General in overall management of the department and contributing to departmental strategic direction, planning and management
- providing leadership to the Department's Agriculture, Biosecurity and Mine Safety Division to achieve outcomes consistent with overall departmental directions
- building and managing relationships with central agencies and relevant agencies in other jurisdictions, and peak industry organisations in the agriculture, private forestry, fisheries and mining sectors
- leading the development, implementation and periodic review of most of the department's key agricultural, private forestry and biosecurity policy and legislation
- leading departmental input to all planning and development related matters
- monitoring the service delivery and financial performance of a portfolio of projects relevant to agriculture, fisheries, forestry and minerals to meet government, industry and community expectations
- leading the development of new industry initiatives addressing customer needs, including piloting a new model of extension service delivery
- directing the provision of services to encourage and enforce compliance with the legislation administered by the department
- representing the Director-General and the department on a number of key national bodies responsible for formulating and implementing Australia-wide policies.

1. Executive performance (cont'd)



George R Davey MSc FAIFST MASM

Deputy Director-General & Executive Director
Fisheries, Compliance & Regional Relations
SES Level 6

Total remuneration package: \$292 050 plus
allowances \$40 000

Period in position: 19 November 2008 to
30 June 2009

Mr George Davey previously held the position of Director-General NSW Food Authority prior to his appointment in November 2008. Mr Davey was also Chief Executive, NSW Rural Assistance Authority, during the period 3 December 2008 to 30 June 2009.

I am satisfied that Mr Davey 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 and Executive Director Fisheries, Compliance and Regional Relations Mr Davey was responsible for:

- assisting the Director-General in the overall management of the department through substantial contribution to department leadership, as Deputy to the Director General and as a member of the Executive Board
- Chief Executive and Board Member of NSW Rural Assistance Authority
- leading, directing and implementing reviews of the functions and operations of the Fisheries, Compliance and Regional Relations Division with a view to securing reform across the division
- oversight of the department's primary industries export development initiative PRIMEX and participation as NSW representative in key Federal/State Government trade/investment initiatives on new export opportunities in Asia, e.g., export promotion of NSW wine in Asia

- managing critical stakeholder relationships and championing a performance-based, stakeholder focused culture across the department and supporting other executives in achieving this outcome for their divisions
- coordination of regional service delivery across NSW DPI and lead regional relationship management
- supporting jobs and business investment in NSW as the primary industries representative for the NSW Government's "Go To" program
- collaborating with the NSW seafood industry to improve the long-term viability of the commercial fishing industry. This work focussed on the development of the Pyrmont Pact which articulates a joint industry/government approach to commercial fishing reform
- promoting the protection of natural resources and safe, healthy and biosecure industries through an active fisheries and agricultural compliance capability across NSW
- supporting environmental protection and shark conservation through the development of Joint Management Agreements with the Department of Environment and Climate Change for the NSW Government Shark Meshing (Bather Protection) program
- improving the ecological health of inland waterways through a range of programs aimed at restoring native fish populations, including opening up of an additional 552 kilometres of waterways for fish passage, remediating 26 barriers, planting 27 000 riparian trees and restoring instream habitats at 40 sites
- supporting the development of sustainable aquaculture in NSW with the approval of 30 new oyster leases under a streamlined Oyster Industry Sustainable Aquaculture Strategy process and the finalisation of the NSW Land Based Sustainable Aquaculture Strategy.



Brad W Mullard BSc (Geology)

Executive Director Mineral Resources
SES Level 5

Total remuneration package: \$235 000

Period in position: 4 May 2009 to 30 June 2009

Mr Brad Mullard was appointed Executive Director Mineral Resources following the transfer of Mr Allan Coutts to the position of Director-General NSW Food Authority.

I am satisfied that Mr Mullard 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, Mineral Resources Mr Mullard was responsible for:

- leadership of the Mineral Resources Division
- providing strategic direction to the directors of the division to facilitate profitable and sustainable development, effective environmental management and safe and responsible mining
- advising on minerals development across NSW to Commonwealth, State and industry bodies
- providing strategic direction on all matters pertaining to low emissions coal technology from a NSW perspective
- advising on research and development of low emissions coal technology and carbon capture and storage issues
- driving a change program including a restructure to align the Mineral Resource Division with NSW DPI's priorities

- developing and fostering alliances and cooperative ventures with industry and research bodies such as the University of Newcastle, the Australian Coal Association, the NSW Minerals Council and the Cooperative Research Centre for Greenhouse Gas Technologies
- leading the establishment of the NSW Clean Coal Council
- leading the NSW regional stratigraphic drilling program to identify CO₂ storage sites in NSW
- leading the department's support to the NSW minerals industry resulting in the collection of royalties of \$1 280 million for 2008-09
- managed the department's involvement in a number of new and expanded mining projects over the year which will result in increased employment in areas such as Gunnedah, Glennies Creek, Muswellbrook and Lithgow
- providing strategic direction that resulted in increased growth in the coal seam methane gas industry and petroleum exploration industry in NSW
- actively promoting mineral and exploration investment opportunities in NSW at international industry events and an annual industry seminar at Parliament House
- overseeing a review of security deposits held by Government to cover the full cost of rehabilitation in the event of default by the titleholder. As a result security held now exceeds \$1.08 billion, a substantial increase the previous financial year.
- providing input to the Southern Coalfield Inquiry which resulted in a number of recommendations regarding approval and assessment processes
- providing strategic direction for the Minerals Business Systems to enhance support to the minerals industry
- introducing a new strategic framework for subsidence management plans which has reduced backlogs and will in the longer term reduce compliance costs to industry.

1. Executive performance (cont'd)



Nick Roberts BSc (Forestry) (Hons), MSc (Forestry)

Deputy Director-General PI Trading & Chief Executive Forests NSW

SES Level 6

Total remuneration package: \$319 050

Period in Position: 1 July 2008 to 30 June 2009

Mr Nick 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. 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:

- a reduction in recordable injuries of 58 per cent over 2007-08
- trading loss of \$16.34 million due to difficult global economic conditions and a one time write down of assets to reflect fair carrying value
- reducing expected debt levels by \$5 million, with reduced interest costs by \$2 million.
- executing contracts with Willmott Forests for the establishment of 4 500 ha over 3 years of second rotation land in the Bombala area and with Forest Enterprises Australia for the re-establishment of 4 500 ha over 3 years of hardwood plantation in the north and northeast areas of the State following Expression of Interest processes
- passing a WorkCover audit in Macquarie Region resulting in two consecutive years of successful WorkCover audits

- delivering a Truck Safety Program to over 400 harvest and haul contractor drivers
- finalising arrangements for supply of an additional 300 000 tonnes of pulp log resource required for the Visy Pulp and Paper mill at Tumut due to mill expansion
- completion of an upgrade of Blowering Nursery in Tumut with the installation of two rolling, modular beds under two mobile irrigators and the construction of a future sowing and dispatch shed. This has provided increased capacity and resulted in greater water efficiencies with over 80 megalitres less water used in 2008-09 over the previous year.
- introducing a discounted cash flow (DCF) valuation approach to natural forest and plantations in line with industry standards to increase confidence around value of forests in medium to long term
- introducing an integrated business planning, budget and expenditure control framework adding more rigorous analysis and structured decision-making processes for major expenditure
- introducing significantly upgraded GIS systems and an improved structure to deliver forest planning and information across the business
- maintaining environmental performance to the ISO 14001:2004 standard and Australian Forestry Standard AS4708:2007
- completing an environmental impact statement (EIS) for native Red Gum and Cypress forests in south western NSW on schedule. The EIS, prepared by independent consultants, was placed on public display on 1 June 2009.
- delivering improved Management Development and Leadership Programs to over 60 potential or existing managers



Ms Renata Brooks, BVSc (Hons), Grad Cert Bioethics MAICD

Executive Director Science & Research

SES Level 6

Total remuneration package: \$284 950

Period in position: 18 November 2008 to 30 June 2009

Ms Renata Brooks held the position of Deputy Director-General Agriculture, Biosecurity & Mine Safety prior to the re-alignment of executive responsibilities in November 2008.

I am satisfied that Ms 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 Executive Director, Science and Research, Ms Brooks was responsible for:

- leadership of the Science and Research Division
- providing strategic direction to NSW DPI's scientists to enhance the growth, sustainability and biosecurity of NSW primary industries
- advising on research and science policy and issues
- coordinating research investments with funding partners

- developing and fostering alliances and cooperative ventures with other organisations and bodies such as 15 Cooperative Research Centres and eight Universities
- developing innovative solutions and technologies
- underpinning creative solutions to enhance public policy
- driving a change program including a restructure to align NSW DPI's research program to new priorities meeting significant budget targets and commencing reforms to planning and financial management
- implementing a leaner management structure – achieving recurrent savings of \$500 000
- consolidating regional veterinary laboratories to a single state veterinary laboratory to improve biosecurity outcomes and reduce costs
- maintaining existing, and initiating new university collaborations to expand the impact of NSW Government investment in primary industries science and research – for example through the commencement of the National Centre for Rural Greenhouse Gas Research, a joint venture with the University of New England.

1. Executive performance (cont'd)



Wendy Stamp BA (Hons), MAdmin

Executive Director Strategy, Policy & Communications

SES Level 5

Total remuneration package: \$252 150

Period in position: 1 July 2008 to 30 June 2009

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
- leading the department's input to whole-of-government water policy and program development including, Murray Darling Basin water reforms and the \$300 million Irrigated Farm Modernisation component
- leading development of the department's water, climate change, biodiversity and land use planning frameworks, to guide future actions and priorities in contributing to whole of government decision-making on these issues

- leading the department's efforts to influence climate change policies and programs at the State and Federal levels to ensure primary industries are not disadvantaged
- delivering NSW DPI's legislative program to reflect stakeholder and client needs within streamlined regulatory requirements for primary industries. Key achievements included repeal of nine acts under NSW's Statute Law Revision Program, and introduction of amendments to an additional four acts and 14 regulations.
- managing the department's corporate planning framework and implementation of the 2008-11 Corporate Plan through department-wide coordination of the 2008-09 Corporate Business Plan and development of a rigorous quarterly reporting process
- managing provision of high-level policy advice and socio-economic information to key state and federal government, industry and community forums, with focus areas including drought, biosecurity and carbon pollution reduction
- implementing the Australian Government's Exceptional Circumstances Program for 41 regions in the State that remained seriously drought affected
- leading ongoing development of the department's external and internal communications programs, including completing an internal communications review, and managing a proactive media program to promote NSW DPI's achievements.



Ms Jeannine Biviano CA, M.Ec, B.Bus, RN

Executive Director, Corporate Services

SES Level 5

Total remuneration package: \$251 150

Period in position: 1 July 2008 to 30 June 2009

I am satisfied that Ms Jeannine Biviano 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 Ms Biviano was responsible for:

- undertaking thorough analysis of NSW DPI's financial position – Consolidated Revenue and Non-Consolidated Revenue funds
- developing strategies to assist NSW DPI re-align departmental appropriation and expenditure and developing a sustainable operating environment
- 20% improvement in the Corporate Services Division productivity in a climate of reduced staffing levels and resources, with an \$8 million reduction in operating costs
- process mapping of over 97 transactional processes functions in finance and payroll, to identify areas of duplication, vulnerability and to assist in the production of procedure manuals

- reviewing and identifying opportunities for corporate services collaboration with Forests NSW
- creating a new People, Learning and Culture team involving the restructuring of the staff welfare unit with the OH&S team. This restructure enabled a relaunch of the OH&S steering committee, revised OH&S reporting and a new OH&S three year strategy document.
- revising and streamlining Human Resources recruitment processes and enhancing capabilities of the Employee Self Service system
- successfully managing the department's voluntary redundancy program
- initiating the award consolidation project
- establishing the ICT Steering Committee and commissioning IT Infrastructure and benchmarking reviews
- setting strategic IT directions and commencing network upgrades with an associated annual saving of \$50 000
- developing new financial and variance reporting templates and new budgeting tools for zero based budget approach for 2009-10 budget which involved initiating training courses on budgeting for managers
- improving efficiency of the motor vehicle fleet by 13 per cent and saving of \$1 million.

2. Principal officers

Director-General

Richard Sheldrake MScAgr PhD FASM FAICD

Executive Director Agriculture Biosecurity and Mine Safety

Nicholas R Austin, BE (Agric) Hons, MSM, PhD, CID, FAICD

Director Animal & Plant Biosecurity

Bruce Christie, BVSc

Director, Animal Welfare

Ross Burton, BVSc; MVS; MSc

Director, Compliance Standards & RLPB Alliance

Jenny Nash, BAgEc

Director, Emergencies, Weeds & Pest Animals

Vacant

Director, Executive Industries Development & Education

Vacant

Director, Intensive Industries Development

Delia Dray, MAppSc

Director, Mine & Forest Safety Performance

Rod Morrison, PSM, BBus

Director, Private Forestry & Resources

Regina Fogarty, BVSc, PhD

Deputy Director General & Executive Director Fisheries, Compliance & Regional Relations

George Davey, B.Sc. (Hon), M.Sc.

Director, Fisheries Conservation & Aquaculture

Bill Talbot, M.A. (Aquaculture)

Director, Fisheries Operations

Peter Turnell Dip Bus (Mgt)

Director, Agriculture & Fisheries Compliance Operations

Paul O'Connor, B.Sc., M.Sc.

Senior Regional Director

John Williams, BVSc, MPVM, MACVS

Executive Director Mineral Resources

Brad Mullard, BSc

Director, Coal & Petroleum Development

Brad Mullard, BSc

Director, Environmental Sustainability

Elise Newberry, B Nat Res

Director, Geological Survey of NSW

Lindsay Gilligan, BSc(Hons), MAppSc, MBA, PSM

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

Director, Clean Coal Secretariat

Rick Fowler MA, BA, Grad Cert Environment Management

Deputy Director-General PI Trading & Chief Executive Officer Forests NSW

Nick Roberts, BSc (Forestry) (Hons), MSc (Forestry)

Director Planted Forests Operations

Ian Brown, BSc (Forestry)

Director Native Forests Operations

Erle Robinson, BSc (Forestry), MPP (Masters Degree Public Policy)

Director Commercial Services

Dean Anderson, BSc (Forestry)

Director Financial & Operational Business Services

Sean Hooper, CA

Director Land Management & Forestry Services

Ross Dickson, B.Ag Sc (Hons), MSc (Plant Science), PhD (Forestry Science)

Director Human Resources

Della Farthing, Graduate Certificate Management

Executive Director Science & Research

Renata Brooks, BVSc (Hons), Grad Cert Bioethics MAICD

NSW DPI Chief Scientist

Director, Fisheries & Ecosystems Research

Prof. Steve Kennelly, BSc (Hons), PhD, DSc

Director, Climate & Water Research

Rob Young, B. Ag. Econ, M. Nat. Res.

Director, Productivity & Food Security Research

John Oliver (acting), Dip Biochem; Dip Appl Sci, Cert Adv Mgmt, Grad Cert Mgmt

Director, Biosecurity Research

Dr Trevor Gibson, BScAgr Hons, MScAgr, PhD

Director, Research Businesses

Greg Stevens, B. Sc, M. Mgt

Director, Science Strategy & Planning

Dr 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 & Communications

Vera Fiala, MBA, MEng

Director, Public Affairs & Media

Brett Fifield, BA (Journalism)

Director, Policy & Legislation Coordination

Liz Livingstone, BSc (Hons)

Director, Water & Resources Policy

Austin Whitehead, BSc (Forestry)

Executive Director, Corporate Services

Jeannine Biviano, CA, MEc, BBus, RN

Director, Human Resources

Simon Kempson, BCom, CAHRI

Director, Finance & Assets

Tony Heffernan

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 NSW 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	Dr Nick Austin	Member
Aquaculture Steering Committee	Dr Richard Sheldrake	Member
Australian Gene Technology Standing Committee	Ms Renata Brooks	Member
Biofuels Expert Panel	Dr Richard Sheldrake	Member
C B Alexander Agricultural College Foundation	Dr Richard Sheldrake	Chair
Centre for Animal & Plant Biosecurity Board	Ms Renata Brooks	Chair
Centre for Coastal Agricultural Lands Landscapes Board	Ms Renata Brooks	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
Coal Compensation Board	Mr Brad Mullard	Member
Community Conservation Council	Dr Richard Sheldrake Dr Nick Austin	Member Alternate Member
Cooperative Research Centre for Greenhouse Gas Technologies (CO ₂ CRC)	Mr Brad Mullard	Joint Venture Member
EH Graham Centre for Agricultural Innovation Board of Management	Dr Richard Sheldrake Ms Renata Brooks	Chair Member
Forest & Forest Products Ministerial Advisory Council	Dr Richard Sheldrake Mr Nick Roberts	Member Member
Farrer Memorial Trust	Dr Richard Sheldrake Dr Nick Austin George Davey	Chair Trustee Member
Forests & Forests Products Committee	Mr Austin Whitehead	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	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 Brad Mullard	Chair
Ministerial Advisory Council on Primary Industries Sciences	Ms Renata Brooks	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 Low Emissions Coal Council	Mr Brad Mullard	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	Dr Nick Austin	Member
Natural Resources Management Standing Committee	Dr Richard Sheldrake Ms Wendy Stamp	Member Alternate Member
Natural Resource Management Joint Steering Committee	Dr Nick Austin	Member
NSW Clean Coal Council	Mr Brad Mullard	Member
NSW / Guangdong Joint Agriculture Working Committee	Ms Renata Brooks	Chair
NSW Rural Assistance Authority Board	George Davey	Member
NSW Skills Council	Dr Richard Sheldrake	Member
Primary Industries Health Committee	Dr Nick Austin	Member
Primary Industries Innovation Centre Board	Ms Renata Brooks	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 Brad Mullard	Member
Seafood Industry Advisory Council	Dr Richard Sheldrake	Member
Standing Disease Control Advisory Committee	Dr Nick Austin	Member
State Emergency Management Committee	Dr Nick Austin	Member
Sustainable Forest Management Committee of the Forest & Forest Products Committee	Dr Ross Dickson	Member

5. Advisory bodies and committees

Agriculture Ministerial Advisory Council

Mr David Anthony
Dr Nick Austin
Mrs Susan Brighenti
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
Mr Bill Sweeney
Mr Rob Vickery
Ms Sally Walker

Dairy Industry Conference

Ms Joy Allen
Mr Timothy Burfitt
Mr Michael Byrnes
Mr Alan Coutts
Mr Adrian Drury
Ms Kathleen Evans
Mr Tristan Harris
Ms Lina Melero
Ms Janet Moxey
Mr Charles Ng
Mr Bob Paton
Mr Joe Russo
Mr Paul Timbs
Mr Albert Vidler (Chair)
Ms Kate Woodward

Forests and Forests Products Advisory Council

Mr Jim Adams
Mr Russ Ainley
Mr Svein Aurstad
Mr Graeme Beard
Mr Gus Carfi
Mr Marcus Derham
Mr Kenneth Epp
Mr Peter Mitchell
Mr John McNamara
Mr Kerry Pidcock
Mr Warwick Ragg
Mr Nick Roberts
Mr Craig Smith
Mr Jim Snelson
Mr Bill Sweeney
Mr Brian Tisher

Ministerial Advisory Council of Primary Industries Sciences

Prof Derek Anderson
Mr David Anthony
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 Peter Freyberg
Mr Tony Maher
Mr Tony McPall
Mr Peter Murray
Mr Nicholas J Papallo (Chair)
Prof Ian Plimer
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 George Davey
Mr Trevor Drayton
Mr Ken Edwards
Mr John Gerathy
Mr Loftus Harris
Mr John Hartigan
Mr Hans Heilpern
Mr Dick Hilder
Mr Doug Hocking
Mr David Lowe
Mr Michael Manners
Mr Doug McWilliam
Ms Tiffany Nugan
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 Stuart Larsson
Mr Eric Love
Mr Phillip Rougon
Cr Ingrid Strewé
Mr Ken Taylor

Pork Industry Task Force

Mr Christopher Brewster
Mr Ted Campbell
Mr John Gaskin
Mr Malcolm Gett
Mr Paul Judge
Mr Jock Laurie
Mr Alex McGillivray

Ms Kathleen Plowman
Mrs Kim Roberts
Ms Sally Walker (chair)

Poultry Meat Industry Committee

Mr Stephen Carroll (Chair)
Mr John Cordina
Mr Peter Pulley
Mr James Samphier
Mr Alan Wilson

Poultry Meat Industry Advisory Group

Mr Stephen Carroll (Chair)
Mr Ashley Etherington
Mr John Kirby
Mr Brian McKelvey
Mr Andrew Stevenson
Mr Joe Vella
Mr Alan Wilson

Seafood Industry Advisory Council

Mr Benjamin Birt
Mr Gary Braithwaite
Mr Donald Burgoyne
Mr Graeme Byrnes
Mr Ian Charles
Mr Russ Collison
Mr Alan Coutts
Mr George Davey
Mr Jim Drinkwater
Mr Ron Firkin
Mr Nicholas Georgouras
Mr John Harrison
Mr Hans Heilpern (Chair)
Mr Garry Joblin
Mr Don Johnson
Mr Ian Miller
Mr David Mitchell
Mr Anthony Puglisi
Prof. Stephan Schnierer
Dr Richard Sheldrake
Mr Grahame Turk
Mr Darren Ward

Other advisory bodies

Abalone Management Advisory Committee
Aboriginal Reference Group
Advisory Council on Recreational Fishing
Agricultural Scientific Collections Trust
AgStart Ministerial Advisory Board
Animal Research Review Panel
Animal Welfare Advisory Council
Aquaculture Research Advisory Committee
Arbitration Panel for Access to Land for Exploration
Banana Industry Committee
Belgenny Farm Agricultural Heritage Trust
Board of Examiners for Engine Drivers
Board of Examiners of Shortfirers

Bovine Johne's Disease Summit Executive Committee
C B Alexander Foundation
Cattle Tick Ministerial Advisory Committee
Clean Coal Council
Coal Competence Board
Coal Mining Qualifications Board
Coal Safety Advisory Committee
NSW Coalfield Geology Council
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
Grain Marketing Consultative 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
Meat Industry Consultative Council
Metalliferous Industry Safety Advisory Committee
Metalliferous Mines and Extractive Industries Competence Board
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 Agricultural Advisory Council on Gene Technology

NSW Mine Safety Advisory Council
NSW National Livestock Identification System (Sheep and Goats) Implementation Advisory Committee
NSW Nursery Industry Services Committee
Ocean Hauling Management Advisory Committee
Ocean Trap and Line Management Advisory Committee
Ocean Trawl Management Advisory Committee
Ovine Johne's Disease Industry Advisory Committee
Peak Oyster Advisory Group
Pest and Nuisance Animals and Insect Control Committee
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 Management Planning Committee
Recreational Fishing Freshwater Trust Expenditure Committee
Recreational Fishing Saltwater Management Planning Committee
Recreational Fishing Saltwater Trust Expenditure Committee
Rice Marketing Board
Riverina Citrus
Rural Lands Protection Board's State Council
Rural Women's Network State Advisory Committee
Share Appeal Ocean Haul Share Management Fishery
Share Appeal Panel Esturay General Share Management Fishery
Share Appeal Panel Esturay Prawn Trawl Share Management Fishery
Share Appeal Panel Ocean Trap and Line Share Management Fishery
Share Appeal Panel Ocean Trawl Share Management Fishery
Share Management Fisheries Appeal Panel
Sheep Advisory Group
Total College Advisory Council
Total Allowable Catch Setting and Review Committee
Veterinary Practitioners Board
Veterinary Surgeons
Administrative Decisions Tribunal
Veterinary Surgeons Board of NSW
Veterinary Surgeons Investigating Committee
Wine Grapes Marketing Board

6. Legislation and legal change

Acts

Spring Session of Parliament 2008

- *Fisheries Management and Planning Legislation Amendment (Shark Meshing) Act 2008*
- *Mining Amendment (Improvements on Land) Act 2008*
- *Rural Lands Protection (Amendment) Act 2008*

Budget Session of Parliament 2009

nil

Regulations

Staged Repeal Program 2008

The following regulations were remade:-

- Animal Diseases (Emergency Outbreaks) Regulation 2008
- Banana Industry Regulation 2008
- Noxious Weeds Regulation 2008
- Plant Diseases Regulation 2008
- Poultry Meat Industry Regulation 2008

Miscellaneous Regulation Amendments 2008-9

The following regulations were made:-

- Agricultural Industry Services (Interstate Arrangements) Further Amendment Regulation 2008
- Deer Regulation 2008
- Exhibited Animals Protection Amendment (Displays Standards) Regulation 2009
- Fisheries Management (Aquaculture) Amendment Regulation 2009
- Fisheries Management Legislation Amendment (Fishing Gear) Regulation 2008.
- Fisheries Management Legislation Amendment (Fishing Closures) Regulation 2008.
- Hemp Industry Regulation 2008
- Mine Subsidence Compensation Amendment (Contributions) Regulation 2008
- Poultry Meat Industry (Poultry Growing Agreements) Regulation 2008
- Prevention of Cruelty to Animals (General) Amendment (Animal Trades) Regulation 2008
- Rural Lands Protection (General) Amendment Regulation 2008
- Rural Lands Protection (General) Amendment Regulation 2009
- Stock Foods Amendment (Foreign Ingredients) Regulation 2008

Statutory Instruments

In complying with legislative obligations the following instruments were prepared for gazettal:-

- 242 x orders,
- 97 x appointments,
- 26 x fishing closures and determinations,
- 38 x exemptions,
- 1 x public quarantine,
- 8 x revocations,
- 21 x delegations,
- 11 x proclamations,
- 5 x notifications,
- 2 x easements,
- 4 x interim orders,
- 5 x regulatory impact statements
- 2 x determinations
- 19 x changes to regulations or acts

2008-2009 Equine Influenza the following instruments were drafted and gazetted:-

- 1 x order
- 7 x revocations

Acts Administered by NSW Department of Primary Industries

Minister for Primary Industries

1. *Agricultural and Veterinary Chemicals (New South Wales) Act 1994 No 53*
2. *Agricultural Industry Services Act 1998 No 45*
3. *Agricultural Livestock (Disease Control Funding) Act 1998 No 139*
4. *Agricultural Scientific Collections Trust Act 1983 No 148*
5. *Agricultural Tenancies Act 1990 No 64*
6. *Animal Diseases (Emergency Outbreaks) Act 1991 No 73*
7. *Animal Research Act 1985 No 123*
8. *Apiaries Act 1985 No 16*
9. *Banana Industry Act 1987 No 66*
10. *Biological Control Act 1985 No 66*
11. *C. B. Alexander Foundation Incorporation Act 1969 No 61*
12. *Dairy Industry Act 2000 No 54*
13. *Deer Act 2006 No 113*
14. *Exhibited Animals Protection Act 1986 No 123*
15. *Farm Debt Mediation Act 1994 No 91*
16. *Farm Water Supplies Act 1946 No 22*
17. *Farrer Memorial Research Scholarship Fund Act 1930 No 38*
18. *Fertilisers Act 1985 No 5*
19. *Fish Marketing Act 1994 No 37*
20. *Fisheries Marketing Act 1935 No 58*
21. *Fisheries Management Act 1994 No 38 (except sections 243 and 245, jointly with Minister for Climate Change and the Environment, and except Division 2 of Part 7 and section 227 in so far as it relates to Division 2 of Part 7, the Minister for Climate Change and the Environment)*
22. *Food Act 2003 No 43*
23. *Forestry Act 1916 No 55*
24. *Game and Feral Animal Control Act 2002 No 64*
25. *Gene Technology (GM Crop Moratorium) Act 2003 No 12*
26. *Gene Technology (New South Wales) Act 2003 No 11*
27. *Hemp Industry Act 2008 No 58*
28. *Marine Parks Act 1997 No 64, jointly with the Minister for Climate Change and the Environment*
29. *Meat Industry Act 1978 No 54*
30. *Non-Indigenous Animals Act 1987 No 166*
31. *Noxious Weeds Act 1993 No 11*
32. *Plant Diseases Act 1924 No 38*
33. *Plantations and Reafforestation Act 1999 No 97*
34. *Poultry Meat Industry Act 1986 No 101*
35. *Prevention of Cruelty to Animals Act 1979 No 200*
36. *Rice Marketing Act 1983 No 176*
37. *Rural Adjustment Scheme Agreement Act 1993 No 107*
38. *Rural Assistance Act 1989 No 97*
39. *Rural Lands Protection Act 1998 No 143*
40. *Snowy Mountains Cloud Seeding Trial Act 2004 No 19*

41. *States and Northern Territory Grants (Rural Adjustment) Agreement Ratification Act 1989 No 168*
42. *States and Northern Territory Grants (Rural Adjustment) Agreement Ratification Act 1985 No 113*
43. *States Grant (Rural Adjustment) Agreement Ratification Act 1977 No 104*
44. *States Grant (Reconstruction) Agreement Ratification Act 1977 No 37*
45. *Stock (Chemical Residues) Act 1975 No 26*
46. *Stock Diseases Act 1923 No 34*
47. *Stock Foods Act 1940 No 19*
48. *Stock Medicines Act 1989 No 182*
49. *Sydney Market Authority (Dissolution) Act 1997 No 62*
50. *Timber Marketing Act 1977 No 72*
51. *Veterinary Practice Act 2003 No 87*
52. *Wine Grapes Marketing Board (Reconstitution) Act 2003 No 100*

Minister for Mineral Resources

53. *Clean Coal Administration Act 2008 No 50*
54. *Coal Acquisition Act 1981 No 109*
55. *Coal Industry Act 2001 No 107*
56. *Coal Mine Health and Safety Act 2002 No 129*
57. *Coal Ownership (Restitution) Act 1990 No 19*
58. *Mine Health and Safety Act 2004 No 74*
59. *Mine Safety (Cost Recovery) Act 2005 No 116*
60. *Mine Subsidence Compensation Act 1961 No 22*
61. *Mining Act 1992 No 29 (except part, the Attorney General)*
62. *Occupational Health and Safety Act 2000 No 40, in so far as relates to a coal workplace or a mining workplace within the meaning of that Act (remainder, the Minister for Finance)*
63. *Offshore Minerals Act 1999 No 42*
64. *Petroleum (Offshore) Act 1982 No 23*
65. *Petroleum (Onshore) Act 1991 No 84*
66. *Uranium Mining and Nuclear Facilities (Prohibitions) Act 1986 No 194*

7. Significant judicial decisions

Cadia Holdings Pty Limited v Minister for Mineral Resources

Cadia Holdings Pty Ltd holds Mining Leases granted under the *Mining Act 1992*. These leases cover the Cadia and Ridgeway Mines located near Orange. Cadia Holdings Pty Ltd and Newcrest Operations Ltd (collectively referred to as 'Newcrest') launched Court proceedings in the Supreme Court seeking a declaration that the copper mined from certain land owned by Newcrest was a privately owned mineral and that royalty paid on the copper mined from this land at the Cadia and Ridgeway Gold mines should be repaid.

Newcrest's argument was that the land in question contained no reservation of minerals to the Crown and accordingly the copper (but not the gold or silver) passed to the land owner with the grant and was therefore a privately owned mineral for the purposes of the mining Act. The department asserted that the copper was a publically owned mineral because the Crown's prerogative to royal mines includes base metals extracted from gold and silver bearing ores and this prerogative had not been displaced by statute.

The matter was heard by Justice Hamilton in the Supreme Court on 31 March 2008 – 2 April 2008 with further mentions on 24 April and 2 May 2008 to finalise some aspects of the evidence. His Honour delivered his Judgement on 30 May 2008 and found in favour of Newcrest.

The final orders which were made on 16 June 2008 ordered the State to repay to Newcrest 7/8ths of the royalty paid on the copper recovered from the Specified Land and interest on that sum in accordance with s. 100 of the Civil Procedure Act

The State appealed the decision to the Court of Appeal and Chief Justice Spigelman and Justices Basten and Hadley heard the matter on 18 March 2009. The Court of appeal handed down its decision on 1 July 2009 finding (by a majority (Spigelman in dissent) in favour of the State.

Cadia Holdings Pty Limited lodged an application for special leave to appeal to the High Court of Australia in late July 2009.

DAMN v DAMN [2008] NSW DC 64 District Court of NSW

The Plaintiff was injured when the truck in which he was travelling struck a cow that had escaped from a Travelling Stock Reserve under the control of the former Hume Rural Lands Protection Board (now incorporated into the Hume Livestock Health and Pest Authority), pursuant to its functions under the *Rural Lands Protection Act 1998* (the Act).

The first defendant was the plaintiff's father who was the owner and driver of the vehicle. The second defendant was the owner of the cow and the third defendant was the Hume Rural Lands Protection Board (Hume RLPB).

A State Forest (the Quat Quatta State Forest), a residence and the travelling stock reserve all share their point of entry from a gate positioned on the Riverina Highway.

The subject cow had escaped through these gates and onto the Riverina Highway when a person unknown had left the gates open. The cow then collided with the truck in which the Plaintiff was a passenger.

The subject cow had been present on the travelling stock reserve pursuant to a permit issued by the Hume RLPB under the Act.

The Hume RLPB is responsible for the "care and management of the reserve..." pursuant to section 81 of the Act.

Her Honour Judge Sidis found that the Hume RLPB was under a duty to take reasonable care to protect users of the adjacent Riverina Highway. There had been a delay in the implementation of a program to install cattle grids at entries to travelling stock reserves that had been identified as high usage locations by recreational users of the area. The Judge found that the Hume RLPB had breached its duty of care. The majority of the responsibility for the damages was borne by the Hume RLPB on the basis that if it had not breached duty of care, the first and second defendants would not have needed to respond to the emergency.

COLBRAN V STATE OF QUEENSLAND [2008] QSC 132 (12 June 2008) Supreme Court of Queensland

1. There were 3 Plaintiffs, all of whom were coffee growers in the Atherton Tableland, Queensland.
2. The Defendant, through its agent the Queensland Department of Primary Industries ("QDPI"), applied a protein bait spray to the Plaintiffs' coffee plants between September and December 1996.
3. This spraying was done to eradicate the Papaya Fruit Fly ("PPF"), which is a significant tropical pest worldwide. Previously, the PPF had only been known in Australia in the Torres Strait. The Atherton Tableland discovery had been made in September 1995. In addition to protein bait spraying, another PPF eradication measure called male annihilation technique was used. However, the protein bait spraying of the Plaintiffs' properties was the focus of the case.
4. The male annihilation technique had been used between November 1995 and March 1996 and was very successful. However, there were pockets of PPF infestation yet to be eradicated. It was decided to use a protein bait spray on what were called "breeding hotspots". It seems that every coffee crop was (incorrectly) treated as a breeding hotspot.
5. The particular protein bait spray used was called Maldison 500, which was only registered for use on certain crops against PPF. Other chemicals were also considered. Maldison 500 had not been used on coffee plants before. There was some research carried out as to what was the best chemical to use. Maldison 500 was one of those chemicals. However, the evidence ultimately showed that no one knows who recommended the use of Maldison 500.
6. A PPF outbreak committee was formed very quickly, within a month of the PPF discovery. A quarantine order was made almost immediately. The PPF outbreak committee consisted of QDPI officers with expertise in entomology, plant species, horticulture, administration, chemical standards and public affairs.
7. By 13 March 1996, a new management structure called State Pest Control Headquarters ("SPCHQ") had been put in place to facilitate inputs of national and scientific opinion and to arrange for shared Commonwealth and State funding.
8. Additionally, a Scientific Advisory Panel ("SAP") was created with members from all Australian States.
9. SPCHQ was the executive manager of the PPF eradication program but operations were undertaken by the Local Pest Control Centre ("LPCC").
10. The decision to apply the protein bait spray was made at LPCC level. This decision appears to be contrary to the advice of the SAP.
11. The personnel of LPCC changed from time to time. Unfortunately, there was "...no clear record of when, or by whom, the decision to spray the coffee plantations, was taken. Nor is there any record of specific discussions leading to the decision."
12. Additionally, "...no expert, indeed no single person, accepts responsibility for making the decision to spray the coffee plantations." and "...the component [Maldison] constituting almost 50% of the spray product was never assessed for its sensitivity in coffee plants."
13. In summary, therefore, there was no evidence as to when, or by whom, the decision to apply protein bait spray was made, and the determination of the method of the delivery of the spray was done without the benefit of expert scientific opinion.
14. About 2 weeks after spraying of the Plaintiffs' properties, (among other problems) many of the coffee berries dropped before ripening. Leaves twisted and changed colour, the wax cover on flower buds turned black and the buds dropped. There were yields but they were significantly reduced from previous years. Yields in subsequent years were also affected.
15. While the Plant Protection Act 1989 (Qld) enables the State to take all reasonable steps to eradicate pests such as PPF in the public interest, Jones J. found that all decisions to eradicate such pests are not necessarily protected by the public interest provisions of the legislation. He found that ultimately the test of whether there is a duty of care in carrying out policy decisions such as pest eradication programs will depend on the circumstances.
16. In the circumstances, Jones J. found that there was a duty on the part of the State to take reasonable care to avoid damage to the Plaintiffs' crops.
17. Jones J. was satisfied that the damage to the coffee plants had a direct relationship with the application by QDPI of the protein bait spray.

8. Evaluation and improvement

NSW DPI is committed to continuous improvement of programs and services to both internal and external stakeholders. Accordingly, the following controls and functions were undertaken during 2008-09:

Internal controls

The department contracted RSM Bird Cameron to undertake the internal audit function for NSW DPI and Forests NSW. Membership of the Internal Audit and Risk Management Committee was reviewed and an independent chair and independent member were appointed. The committee also prepared new charters for the internal audit function and the audit and risk management committee. The committee met on four occasions and the following internal reviews were undertaken during the 2008-09 period:

- ICT General Controls Review - NSW DPI
- ICT Governance and Strategy - NSW DPI
- Extension & Advisory Review - NSW DPI
- Grant acquittal reviews - NSW DPI
- ICT - Accounts Payable - Forests NSW
- ICT General Controls Review - Forests NSW
- Accounts Receivable/Debt Management - Forests NSW

Performance Audit: Sustaining Native Forest Operations – Forests NSW

The Audit Office undertook this performance audit with the aim of assessing whether Forests NSW manages the supply of hardwood to meet wood supply commitments and sustain native forests. The audit found that although Forests NSW used industry accepted process to develop estimates more could be done to improve reliability. It was recognised that Forests NSW should have sufficient timber to meet its supply commitments up to 2023. However, as the supply diminishes and costs increase the financial burden may become significant in the future.

9. Risk management and insurance

Risk Management

In 2008-09 the department appointed an independent chair and an independent member to the NSW DPI Audit and Risk Management Committee. The appointment of these members demonstrates the agencies initiative to strive for governance best practice in the audit and risk functions.

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 mitigation. The Committee is also responsible for ensuring that the department's audit, evaluation and review program is based on a thorough analysis of risks.

During this period a comprehensive review of the high level corporate risks was completed and endorsed by the Executive Board. The Divisional Risk Coordinators also met twice during the year and further changes to the risk register were submitted. The Risk Register has formed the basis for the audit evaluation and review program for the next three years.

Workers' compensation	
Number of Claims	104
No. of claims per employee	0.05
Average Claim Cost	\$3 238
Average cost per employee	\$131
Motor Vehicles	
Number claims	131
Number of claims per vehicle	0.26
Average cost per claim	\$3 397
Average Cost per vehicle	\$897

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 following categories:

Workers compensation
Motor vehicles
Property
Public Liability
Miscellaneous

Statistics regarding risk coverage for the 1 July 2008 to 30 June 2009 are shown below:

Property	
Number of claims	46
Number of claims per employee	0.02
Average cost per claim	\$6 969
Average cost per employee	\$125
Liability	
Number of claims	3
Cost of claims	\$3 188
Miscellaneous	
Number of claims	Nil
Cost of claims	Nil

9. Risk management and insurance (cont'd)

Occupational health and safety management

Following the rollout of the OHS Management System in 2008, safety reviews commenced in March 2009 to evaluate the implementation of the management system at each site. The OHS Unit has completed reviews at 19 sites with 20 more safety reviews scheduled to December 2009.

At all NSW DPI sites, staff are represented by either a trained OHS Committee or safety representative. There are currently 25 active OHS workplace committees and 45 safety representatives.

Workplace Incident Statistics – Performance Indicators

	2005-06	2006-07	2007-08	2008-09
Total to OHS Unit	235	290	389	314
No. Claims	187	176	132	95
No. Lost Time Injuries	61	49	46	48
Total Injury Frequency Rate	39.20	36.90	29.82	23.80
Lost Time Rate	2.36	1.90	1.57	1.75
Lost Time Severity Rate	205	271.09	149.08	153.35

Explanation of performance indicators.

These measures are based on the Australian Standard AS 1885.1-1990 for the recording of Workplace Incident Statistics.

Total to OHS Unit – all injuries received by OHS Unit includes employees, students, contractors and visitors.

Claims – Total number of injury reports for employees which have incurred lost time or medical expenses received by insurer (Allianz).

Lost Time Injuries – injuries which involve absence of more than one full day.

Total Incident Frequency Rate – expresses total reportable injuries (claims) related to the total hours worked.

Lost Time Rate – the ratio of reportable lost time incidents (LTI) related to the total number of employees.

Lost Time Severity Rate – measures days lost on reportable claims against total hours worked.

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
2005-06	1815	724	948	98	3585
2006-07	1885	753	922	30	3590
2007-08	1900	725	872	73	3570
2008-09	1791	622	882	99	3394

Table 2. EFT number of female and male staff within salary levels

Salary Level	\$0 - \$36,676	\$36,677 - \$48,172	\$48,173 - \$53,854	\$53,855 - \$68,147	\$68,148 - \$88,127	\$88,128 - \$110,160	Greater than \$110,160 (Non-SES)	Greater than \$110,160 (SES)	Total
Female (excl Forests NSW)	2	166	173	215	243	100	17	6	922
Male (excl Forests NSW)	7	163	128	250	463	339	132	9	1491
Female (Forests NSW)	41	22	12	54	48	11	3	0	191
Male (Forests NSW)	80	252	122	94	121	73	48	6	796
Totals	130	603	435	613	875	523	200	21	3400

10. Staff statistics (cont'd)

Table 3. Numbers and levels of SES staff

SES level		1	2	3	4	5	6	7	8	Total
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
30 June 2009	Excl Forests NSW		3	5		3	3		1	15
	Forests NSW			5			1			6

* Substantive Level 3 but acting CEO Level 6

Table 4. Numbers and levels of female SES staff

SES level		1	2	3	4	5	6	7	8	Total
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
30 June 2009	Excl Forests NSW		1	2		2	1			6
	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. Representation

EEO Target Group	Per centage of total staff	EEO Target Group	Per centage of total staff	EEO Target Group	Per centage of total staff
	Benchmark or Target	2006	2007	2008	2009
Women	50%	33%	34%	35%	35%
Aboriginal people & Torres Strait Islanders	2%	1.7%	2.4%	2.4%	2.5%
People whose first language was not English	20%	11%	11%	12%	12%
People with a disability	12%	8%	8%	8%	8%
People with a disability requiring work-related adjustment	7%	0.3%	0.5%	0.6%	0.7%

Table 2. Distribution Index

EEO Target Group	Distribution index	EEO Target Group	Distribution index	EEO Target Group	Distribution index
	Benchmark or Target	2006	2007	2008	2009
Women	100	86	87	88	90
Aboriginal people & Torres Strait Islanders	100	71	68	65	66
People whose first language was not English	100	103	107	108	109
People with a disability	100	90	91	88	86
People with a disability requiring work-related adjustment	100	n/a	n/a	81	80

Tables 1. and 2. above represent staff numbers (excluding casual staff) as at 30 June 2009.

11. Equal employment opportunity (cont'd)

Table 3. Per cent of total NSW DPI staff by level

LEVEL	TOTAL STAFF (Number)	Subgroup as Per cent of Total Staff at each Level			Subgroup as Estimated Per cent of Total Staff at each Level				
		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
< \$36,677	18	17%	56%	44%				33%	
\$36,677 - \$48,172	598	29%	65%	35%	6.3%	6%	5%	13%	1.7%
\$48,173 - \$53,854	453	42%	56%	44%	4.8%	3%	8%	11%	0.5%
\$53,855 - \$68,147	626	50%	54%	46%	3.2%	6%	18%	6%	0.3%
\$68,148 - \$88,127	877	55%	65%	35%		11%	14%	7%	0.6%
\$88,128 - \$110,160	519	66%	78%	22%	0.3%	10%	14%	4%	
> \$110,160 (non SES)	177	68%	92%	8%		3%	8%	6%	0.8%
> \$110,160 (SES)	15	73%	60%	40%					
TOTAL	3 283	50%	65%	35%	2.5%	7%	12%	8%	0.7%
Estimate Range (95% confidence level)					1.7% to 3.2%	6.4% to 8.2%	10.7% to 12.9%	7.0% to 9.3%	0.3% to 1.0%
Total Staff Numbers	3 283	1 631	2 137	1 146	31	125	204	120	9

Table 4. Per cent of total NSW DPI staff by employment basis

EMPLOYMENT BASIS	TOTAL STAFF (Number)	Subgroup as % of Total Staff in each Category			Subgroup as Estimated Per cent of Total Staff in each Employment Category				
		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	2 466	54%	74%	26%	2.2%	8%	12%	8%	0.4%
Permanent Part-time	180	63%	6%	94%	0.9%	5%	11%	7%	1.8%
Temporary Full-time	450	28%	54%	46%		7%	25%	5%	0.8%
Temporary Part-time	160	28%	23%	78%		7%	9%	2%	
Contract - SES	15	73%	60%	40%					
Contract - Non SES									
Training Positions	12	17%	92%	8%					
Retained Staff									
Casual	289	14%	53%	47%		2%	22%		
TOTAL	3 572	47%	64%	36%	1.6%	7%	14%	6%	0.5%
Estimate Range (95% confidence level)					1.2% to 2.0%	6.2% to 8.2%	12.4% to 15.5%	5.7% to 7.3%	0.3% to 0.8%
Total Staff Numbers	3 572	1 672	2 290	1 282	31	126	213	120	9

Notes: 1. Table 5 does not include casual staff

2. Figures for EEO groups other than women have been adjusted to compensate for the effects of non-response to the EEO data collection.

11. Equal employment opportunity (cont'd)

Women's Employment

The Women's Employment Strategy (WES) 2009-12 was released this year with the leadership role for the WES passed on to co-chairs Cheryl Pope and Fran Di Biasi.

This updated report provides information on the Women's Consultative Group's (WCG) achievements of the past, as well as the plans for the group for the coming years.

The new Strategic 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.

The plan focuses on four key areas, developing career opportunities for women, attraction of women to join NSW DPI, retention of existing women and organisational support for women employees.

Aboriginal Employment

The Aboriginal Employment Strategy (AES) continues in its aim 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, which is a key component of the AES, is meeting on a regular basis. The Network is comprised of staff who identify themselves as Aboriginal and are interested in being a part of the group. The Network provides the opportunity for Aboriginal staff to:

- Keep in contact with each other, exchange ideas and provide a valuable support mechanism;
- Identify issues of concern for Aboriginal employees and possible means to address these concerns;
- Assist in developing and implementing proposals under the Aboriginal Employment Strategy.
- Provide advice to the Working Group on the effectiveness of the Aboriginal Employment Strategy.

Induction material

An induction package has been progressed and is expected to be available via the intranet in mid 2009.

Job Evaluations

Job evaluations within NSW DPI have continued. The Job Evaluation System, using Cullen, Egan and Dell methodology, has been used to evaluate or benchmark 132 positions during the year.

Disability Action

The Disability Action Plan for NSW DPI was submitted to the Department of Aging, Disability and Home Care.

The Disability Consultation Forums were attended by six staff members, each of whom has a disability.

12. Overseas travel

Over 90 per cent of the following trips undertaken by NSW DPI staff were funded through external sources.

NAME OF OFFICER	POSITION	COUNTRY VISITED	PURPOSE OF VISIT	DATE FROM	DATE TO
Paul Freeman	Regional Health Leader	New Caledonia	Observe and learn about cattle tick fever outbreaks in large populations of naïve cattle.	2.07.2008	3.08.2008
Dr Mark Stevens	Principal Research Scientist	South Africa	International Congress of Entomology the officer is convenor and chair of a symposium on integrated pest management in rice will be presenting papers on rice pest management	3.07.2008	14.07.2008
Dr Cheryl Jenkins	Professional Officer	China	Attend 17th Congress of the International organisation of Mycoplasma	4.07.2008	18.07.2008
Dr Robert Mensah	Principal Research Scientist	South Africa	Attend as well as organise Cotton IPM Symposium and present a paper at the International Congress of Entomology conference	5.07.2008	15.07.2008
Dr Phillip Blevin	Research Scientist	Canada	Attend the Goldschmidt conference and present a paper on Australian gold deposits.	8.07.2008	20.07.2008
Phillip Wilk	District Horticulturist	USA	Accompany a group of 10 blueberry growers from Victoria and NSW on a study tour and conference attendance as group leader	8.07.2008	20.07.2008
Justine Cox	Soil Scientist	USA	To present a paper at the 9th International Vaccinium Symposium and to participate in the pre conference tour, including visits to USA sites and farms	8.07.2008	22.07.2008
Brian Cullis	Senior Principal Research Scientist	UK	Visit Roth Amsted research to discuss matters arising with ASReml Release 3 and future plans for mixed models software	12.07.2008	25.07.2008
John Mullen	Senior Principal Research Scientist	Philippines	Lead the economics components of two large ACIAR projects in fruit and vegetables in the Philippines.	12.07.2008	22.07.2008
Yin Chan	Principal Research Scientist	Philippines	ACIAR project enhanced profitability of selected vegetable value chains in south Philippines and Australia	12.07.2008	22.07.2008
David Hall	Research Leader	Philippines	To lead the evaluation of an ACIAR plant health research project with all costs met by ACIAR	13.07.2008	22.07.2008
Kieran O'Keeffe	District Agronomist	Pakistan	Scoping study for permanent fresh raised beds to irrigated cropping systems in Pakistan and Australia project.	17.07.2008	23.07.2008
Yizhou Chen	Senior Research Scientist	Netherlands	Attend and present the research project at the XXXI Conference of the International Society for Animal Genetics	18.07.2008	27.07.2008
Steve Kennelly	Chief Scientist	USA	Attend, organise and chair opening session the 6th International Fisheries Observer conference	18.07.2008	26.07.2008
Michael Hornitzky	Principal Research Officer	Indonesia	Review Anthrax and brucellosis diagnostic procedures in laboratories servicing Indonesia.	20.07.2008	2.08.2008
Lisa McFadyen	Research Horticulturist	USA	Attend the 9th International Symposium on integrating canopy, rootstock & environmental physiology in orchard systems to deliver a presentation and participate in a pre-symposium tour	31.07.2008	11.08.2008
Richard Glen	Principal Research Scientist	Norway	Departmental participation in the International Geological Congress and Associated Field Excursion	4.08.2008	24.08.2008
Robert Musgrave	Senior Geophysicist	Norway	Departmental participation in the International Geological Congress	4.08.2008	17.08.2008
Mue Keng Tan	Senior Research Scientist	Italy & UK	Present paper and attend the ICPP 9th International congress of plant pathology and visit the central science lab and other labs to exchange research ideas	7.08.2008	1.09.2008
David Hopkins	Principal Research Scientist	South Africa	To present 2 papers at the 54th International Congress on Meat Science & Technology	8.08.2008	17.08.2008
Dr Elena Lazar	Research Horticulturist	PNG	ACIAR project 'Improving marketing efficiency, post harvest management and value addition of sweet potatoes in PNG'	8.08.2008	21.08.2008
Craig Hunt	Technical Officer	Indonesia	ACIAR project 'Restoration of annual cropping of tsunami- affected areas of Nanggroe Aceh Darussalam Province'	9.08.2008	17.08.2008
Rebecca Lines-Kelly	Soil Extension Specialist	Indonesia	As above	9.08.2008	17.08.2008
Peter Slavich	Research Leader	Indonesia	As above	9.08.2008	17.08.2008
Gavin Tinning	Project Officer	Indonesia	As above	9.08.2008	17.08.2008
Malem McLeod	Research Hydrologist	Indonesia	As above	9.08.2008	17.08.2008
Dr Natalie Moore	Agronomist	Indonesia	As above	9.08.2008	17.08.2008
John Lacy	Industry Leader	Laos	Consultancy on adoption of direct rice seeding in Laos	9.08.2008	17.08.2008
John Smith	District Agronomist	Laos	As above	9.08.2008	17.08.2008
Steve O'Connor	Hatchery Manager	Vietnam	Scheduled project visit for ACIAR funded project building bivalve hatchery production capacity in Vietnam and Australia.	10.08.2008	30.08.2008
Francis Lemckert	Senior Research	Brazil	To attend the 6th world congress of herpetology and represent Australia at a meeting of the IUCN AMPHIBIAN SPECIALIST GROUP.	14.08.2008	28.08.2008
Neroli O'Toole	Research Officer	Switzerland	To present validation of molecular markers association with stub in wheat and subsequent incorporation of validated markers into Australian breeding programs	15.08.2008	27.08.2008
Andrew Milgate	Research Plant Pathologist	Switzerland	Present research into resistance genes to STB in Australian wheat varieties and breeding programs at the 7th International Mycosphaerella and Stagonospora Symposium.	15.08.2008	27.08.2008
Brendan George	Industry Leader	USA	International Energy Agency Bioenergy Meeting.	15.08.2008	27.08.2008

12. Overseas travel (cont'd)

NAME OF OFFICER	POSITION	COUNTRY VISITED	PURPOSE OF VISIT	DATE FROM	DATE TO
Gerard Kelly	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 ac	22.08.2008	1.09.2008
John Mullen	Senior Principal Research Scientist	Philippines	Convene and present papers in the 6th International conference of the Asian Society of Agricultural Economics for research into the value to farmers in Australia from seasonal climate forecasting	23.08.2008	3.09.2008
Robert Hoogers	District Irrigation Officer	Solomon Islands	ACIAR project to build up and strengthen the capacity of local partners and collaborating institutions in carrying out research and extension activities for smallholder gardens by conducting technical training workshops	24.08.2008	30.08.2008
Philip Gibbs	Principal Fisheries Scientist	Philippines	Leader of ACIAR funded project - management of Philippine lakes for sustainable fisheries and aquaculture.	25.08.2008	2.09.2008
John Golding	Research Horticulturist	Spain France & Austria	Investigate and learn new techniques in post harvest and market access and to develop collaborative research proposals with leading European researchers to improve market access for NSW citrus and summer fruit.	26.08.2008	11.09.2008
Roger Hegarty	Senior Research Scientist	Indonesia	Conduct an expert mission for the International atomic energy agency to establish a cattle methane measurement facility.	31.08.2008	5.09.2008
Deborah Finlaison	Veterinary Virologist	France	To attend European Society of Veterinary Virologist Pestivirus Symposium and present paper on Bungowannah virus and porcine myocarditis syndrome (PMC)	3.09.2008	23.09.2008
Dr Lukas Van Zwieten	Senior Research Scientist	UK	Present papers at the 3rd International biochar initiative meeting. Slow pyrolysis and biochar use in agriculture and forestry holds significant promise for climate change mitigation and sustainable agriculture.	4.09.2008	11.09.2008
Stephen Kimbers	Environmental Scientist	UK	Present 5 papers and establish linkages with International researchers at the 3rd International Biochar initiative meeting	4.09.2008	11.09.2008
Annette Louise Cowie	Research Scientist	UK	Present papers at two international workshops on bioenergy and biochar	5.09.2008	22.09.2008
Arthur Gilmore	Principal Research Scientist	Argentina	Present a 4 day ASReml workshop in Buenos Aires and present an invited talk and participate in a round table discussion at Argentinean Region Biometrics conference	7.09.2008	29.09.2008
Shane Hetherington	Industry Leader	Vietnam	ACIAR project to develop a series of innovations which will improve stone fruit quality in Vietnam and Australia	7.09.2008	24.09.2008
Suzie Newman	Research Horticulturist	Vietnam & Cambodia	To meet contractual obligations for two ACIAR projects	7.09.2008	3.10.2008
Fabiano De Aquino Ximenes	Research Officer	USA	To attend an international conference (Fifth intercontinental landfill research symposium) as the convener of a session titled "Solids decomposition:	8.09.2008	14.09.2008
Mark Hickey	Industry Leader	Cambodia	Project visit with ACIAR HORT/2003/045 to conduct final project planning workshop for 2008-9 and participate in a scoping study for a proposed ACIAR project.	15.09.2008	26.09.2008
Sandra McDougall	Industry Leader	Cambodia	As above	16.09.2008	26.09.2008
Rajinder Pal Singh	Research Economist farming systems research	Italy	Attend the 5th international land degradation conference to present a research paper, "economic evaluation of happy seeder for sustainable growth of rice-wheat systems".	16.09.2008	24.09.2008
Stephen Dunn	Manager Animal Biosecurity Risk Management	New Zealand	To represent the NSW CVO at the bi-annual face to face meeting of the animal health committee	18.09.2008	24.09.2008
Rachelle Ward	Cereal Chemist	USA	To attend and present at the American Association of Cereal Chemists Conference	19.09.2008	25.09.2008
Hanwn Wu	Senior Research Scientist	USA	As an invited speaker to give a presentation on "glucosinolates in brassica species - weed suppression biosynthesis and engineering" at the 5th world congress on allelopathy to be held in New York	20.09.2008	27.09.2008
Nick Milham	Director Socio-Economic Evaluation	India	To commence a new ACIAR project titled Policy Instrument to address air pollution issues in agriculture - implication for Happy Seeder Technology Adoption in India	21.09.2008	28.09.2008
Rod Mailer	Principal Research Scientist	Spain & UK	To attend the International Olive Council Chemists' Meeting in Madrid to present research studies on oil for consideration in setting international standards. To visit headquarters of International standards organisation London.	22.09.2008	2.10.2008
John Waudby	Senior Inspector of Electrical Engineering	France	Contribute to IEC certification scheme for equipment used in potentially explosive atmospheres	24.09.2008	8.10.2008
David Michalk	Principal Research Scientist	China	To attend official ceremony for presentation of 2008 Friendship Award	26.09.2008	30.09.2008
John Hook and Zona Porter	Education Officer and Technical Assistant	New Zealand	To accompany a group of trainees to No for a study tour of farms and rural businesses	28.09.2008	06.10.2008
Richard Sheldrake	Director General	Italy	Meetings with Australian Wool Innovation and major Australian wool buyers	29.09.2008	2.10.2008
Stephen Krick	Non graduate Lecturer	Japan	The visit is to accompany Tocal college students to observe identify and experience differences in agricultural practices in Japan.	30.09.2008	9.10.2008
Virginia Brunton	Resource Officer	Vietnam	To confirm implementation of project activities and plan next stage for the project on the safe production of indigenous vegetables by Vietnamese woman.	4.10.2008	13.10.2008
Michelle Smith	Development Officer	Vietnam	As above	4.10.2008	13.10.2008
Lesley Skinner	Principal Legal Officer	UK & Italy	To undertake high level negotiations with UN's Roth Amsted Research and Italy's endura to commercialise world leading micro encapsulation technology	5.10.2008	12.10.2008

12. Overseas travel (cont'd)

NAME OF OFFICER	POSITION	COUNTRY VISITED	PURPOSE OF VISIT	DATE FROM	DATE TO
Graeme Sanderson	Research Horticulturist	Bhutan & China	Third scheduled visit to partner country for ACIAR citrus project "improving mandarin production in Bhutan and Australia the implementation of on-farm best management practices". Attend international citrus congress and present two papers	12.10.2008	1.11.2008
Peter Kirkland	Principal research scientist, Virology laboratory	USA	To attend the 2nd international workshop on equine viral arteritis, to deliver a series of invited presentations at major US workshops for exotic and emerging disease and AAVLD.	12.10.2008	28.10.2008
Katrina Lindhout	Research Horticulturist	PNG	To travel to PNG to conduct a mid-project review with all project collaborators and monitor project progress.	12.10.2008	23.10.2008
Joseph Ekman	District Horticulturist	PNG	The project objective is to monitor manage and control fruit flies in production areas	12.10.2008	23.10.2008
Julian Connellan	Technical Officer	Bhutan	Trial site inspections evaluation of pruning and nutrition programs and review of training needs. Formal presentation of national survey results on citrus practices in Bhutan.	12.10.2008	26.10.2008
Andrew Creek	District Horticulturist	Pakistan	Project visit with ACIAR to conduct training workshop and set up irrigation demonstration trials, project "increasing citrus production in Pakistan and Australia through improved orchard management techniques",	16.10.2008	26.10.2008
Joshua Jarvis	Technical Officer	Philippines	To provide cropping advice to Philippine project officers and develop monitoring procedures for greenhouse systems in the Philippines, information which is directly relevant to the Australian component of the project.	16.10.2008	24.10.2008
Megan Storrie	Scientific Officer	South Africa	To travel to South Africa to sample grey nurse sharks and train PHD students. Research projects with the Natal Sharks Board for DPI's shark breeding program.	16.10.2008	17.11.2008
Michael Treeby	Research Horticulturist	China	To attend the 11th international citrus congress to be held in Wuhan, China October 26-30 2008.	24.10.2008	1.11.2008
Steven Falivene	Citrus extension officer	China	Attend world citrus congress, Wuhan, China to gain knowledge on the latest citrus world wide research and technologies	25.10.2008	31.10.2008
Francis Lemckert	Irrigation Extension Officer	Vietnam	The Vietnamese partners need to consult on issues that have arisen over the last 6 months and need direction and technical advice on irrigation systems and irrigation management at the project field sites as selected in June 2008.	25.10.2008	3.11.2008
Geoff Allan	Research Leader Aquaculture	PNG	To co-ordinate a major project review and to identify future ACIAR priorities for the aquaculture funding.	26.10.2008	4.11.2008
Gordon Jervis	Senior Inspector Electrical Engineering	Germany	To contribute to the development of the new IEC standard equipment for explosive atmospheres subcommittee 31m non electrical equipment and protective systems for explosive atmospheres and has requested a rep attend the IEC technical committee No. 31.	26.10.2008	31.10.2008
Dr Mike Sissons	Senior Research Scientist	Belgium	GRDC Senior Research Fellowship study leave to conduct research project at KULeuven and some short visits to collaborators	1.11.2008	01.11.2009
Lindsay Gilligan	Director Geological Survey	India & China	Join with other States and geoscience Australian in a co-ordinated promotion of mineral exploration and development opportunities in NSW and Australia at the 9th International mining and Machinery Exhibition.	2.11.2008	17.11.2008
John Wilkins	Senior Research Officer	China - Tibet	Meeting with Tibetan project partners to establish the co-ordinating committee and commence operations for this newly approved project.	6.11.2008	29.11.2008
Carol Rose	District Agronomist	China - Tibet	As above	6.11.2008	29.11.2008
Christine Wang	Director Primex	China	Attend China Mining Conference and Trade Show also 3rd Australia/China Mining Exploration Investment in Beijing.	8.11.2008	22.03.2008
Bryan Van Der Walt	Senior Manager	USA	Present a paper on DPI recreational fisheries licensing and programs funded by the recreational fishing trust.	9.11.2008	15.11.2008
Bruce Christie	Director	Japan	Presentations and discussions re the eradication of equine influenza with delegates to the 32nd Asian racing conference.	9.11.2008	14.11.2008
Les Gabour	Laboratory Leader	USA & Canada	Attend Annual conference of the American College of veterinary pathology – focus on exotic disease response bioterrorism and training of staff.	13.11.2008	24.11.2008
David Herridge	Principal Research Scientist	Myanmar & Vietnam	To conduct reviews of 2008 activities of ACIAR an AusAID projects in Myanmar and Vietnam and to plan for laboratory and field programs	14.11.2008	21.11.2008
John Mullen	Principal Research Scientist	Philippines	Continuation of ACIAR project	19.11.2008	29.11.2008
Randall Jones	Senior Research Scientist	Philippines & China	With J. Mullen and then to China with development of grasslands in Western China	19.11.2008	29.11.2008
Helen Scott-Orr	Director, Health Science, Strategic alliances & Evaluation	Singapore & Indonesia	Australian Biosecurity CRC international advisory scientific committee meeting in Singapore and senior management visit for ACIAR project 2006 166 – Improving veterinary service delivery in a decentralised Indonesia.	23.11.2008	2.12.2008
Peter Slavich	Research Leader	Indonesia	To visit potential long term experimental and demonstration sites and meetings with potential partners and collaborators in Aceh.	24.11.2008	3.12.2008
Gavin Tinning	Project Manager	Indonesia	As above	24.11.2008	3.12.2008
Malem McLeod	Hydrologist	Indonesia	As above	24.11.2008	3.12.2008
Phillip Wright and Stephen Thomas	Directory Science Strategy & Director Rural Innovations	New Zealand	To complete a compulsory unit of the Australian New Zealand School of Govt Executive Masters in Public Administration course.	25.11.2008	2.12.2008

12. Overseas travel (cont'd)

NAME OF OFFICER	POSITION	COUNTRY VISITED	PURPOSE OF VISIT	DATE FROM	DATE TO
Roy Lawrie	Specialist Chemist	New Zealand	Attend soils conference and present paper on improving soil properties by irrigating wastewater. Attend pre and post conference field trips and inspect soils and agricultural research projects in NZ	26.11.2008	10.12.2008
Rebecca Lines-Kelly	NRM Extension Specialist	New Zealand	Attend and present a paper at soils 2008 the Quadrennial joint conference of the Australian and New Zealand soil and science societies and attend pre and post conference field trips.	27.11.2008	10.12.2008
Annette Cowie	Research Scientist and program leader new forests science centre	Canada	Present a keynote address at a conference on the science of first carbon management, organised by the university of Toronto and population probe, in Toronto Canada	29.11.2008	6.12.2008
John Piltz	Livestock Research Officer	Pakistan	To study fodder production in the dairy industry. This will be funded as part of the Commonwealth Govt's agricultural sector linkages program	29.11.2008	12.12.2008
Gary Creighton	Irrigation Extension Officer	Vietnam	To provide leadership and project management for the ACIAR project and consult on issues that have arisen and require direction and technical advice.	5.12.2008	15.12.2008
John Smith POSTPONED 4 JAN – 12 JAN 2009	District Agronomist	Laos	Continuation of consultancy on adoption of direct rice seeding in Laos.	14.12.2008	20.12.2008
David Hall	Research Leader	Philippines	To integrate five component research projects which will benefit vegetable industries in NSW and the Philippines.	11.01.2009	23.01.2009
Edwina Toohey	Research Officer	New Zealand	To conduct joint work with Carne Technology to refine a diameter control sensing device to be incorporated to a machine to stretch meat.	18.01.2009	24.01.2009
Suzie Newman	Research Horticulturist	PNG Cambodia & Vietnam	To meet contractual obligations for 3 ACIAR projects. Both these projects have strong Australian components with 58% and 69% of the funds allocated to NSW DPI being used for Australian based work for the Vietnam and Cambodian project respectively.	18.01.2009	20.02.2009
Mark Hickey	Industry Leader	Cambodia	Project visit with ACIAR to conduct project review program and complete Cambodian research activities	1.02.2009	14.02.2009
Fiona Scott	Economist	Cambodia	Deliver economic analysis component of training workshops for collaborators and attend project team meeting.	7.02.2009	21.02.2009
Leigh Pilkington	Research Scientist	New Zealand	To gain new ideas and develop collaboration to help progress NSW DPI greenhouse initiatives and reduce pesticide use	8.02.2009	14.02.2009
Dr Rodney Mailer	Research Scientist	Singapore & Malaysia	To attend the Codex Committee on Fats and Oils (CCFO) in Kota Kinabalu.	11.02.2009	22.02.2009
Virginia Brunton	Resource Development Officer	Vietnam	To confirm implementation of project activities and plan next stage for the project on the safe production of indigenous vegetables	15.02.2009	28.02.2009
Robert Hoogers	District Irrigation Officer	Solomon Islands	First project visit for '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 smallholder gardens by conducting technical irrigation management training workshops.	16.02.2009	27.02.2009
Kieran O'Keeffe	District Agronomist	New Zealand	To lead a group of maize growers on an industry development trip to attend and participate in the 2009 New Zealand maize conference and post conference tour.	16.02.2009	24.02.2009
Kieran O'Keeffe	District Agronomist	New Zealand	As above	16.02.2009	24.02.2009
Slavich, Tinning, and Mcleod	Research Leaders	Indonesia	Improving the utilisation of water and soil resources for tree crop production in the coastal areas of Vietnam and New South Wales"	17.02.2009	27.02.2009
Brian Cullis	Senior Research Scientist	New Zealand	Visiting Lincoln University to conduct ASReml workshop	21.02.2009	28.02.2009
Lindsay Gilligan, and John Watkins	Director Geological Survey and Manager Geoscience Mapping	Canada & Japan	Participation in the Commonwealth and State geoscience delegation to the prospectors and developers association of Canada convention and the JOGMEC seminar and workshops	22.02.2009	7.03.2009
Kath Donoghue, , Dorothy Robinson, and Roger Hegarty	Livestock Officers, Research Scientists, Director and Principal Research Scientists	New Zealand	Attend a workshop on Breeding Livestock	2.03.2009	8.03.2009
Christine Wang	Director Primex	China	Promoting investment opportunities and services in NSW minerals and agriculture sectors.	12.03.2009	20.03.2009
Angus J Carneige	Senior Research Scientist	New Zealand	Attend IUFRO international forest biosecurity conference to present invited paper on new technologies to enhance forest health surveillance, attend meetings of IUFRO working party division 7 (forest health	15.03.2009	22.03.2009
Victor Peddemors, and William Robbins	Snr Research Scientists and Research Scientists	Lord Howe Island	To develop bycatch mitigation measures to reduce this incidental catch and increase the observation outlook for grey nurse sharks.	15.03.2009	4.04.2009
Christine Stone	Program Leader	New Zealand	To present a paper titled mapping and quantifying the impact of tree mortality in pinus adiate plantations due to bark beetle attack using remote sensing technologies	15.03.2009	21.03.2009
Dr Deborah Hailstones	Research Leader Horticulture	Thailand	To deliver a workshop "Implementation of Molecular Diagnostics in Horticultural Biosecurity". Also to take a field trip to observe citrus canker and Thai fruit flies	21.03.2009	29.03.2009
Annette Cowie	Research Scientist	Finland	To present paper at International workshop and participate in several internal task meeting	27.03.2009	6.04.2009
Christine Wang	Director Primex	China	Attend Advance Asia top 50 Summit in Shanghai. Meet with various coal, energy and metals companies to strengthen relationship and discuss future trade and investment opportunities in NSW	28.03.2009	4.04.2009
Mark Norton	Senior Research Scientist	USA	This travel will help NSW DPI maintain its leading position in the development of drought resistant crops	31.03.2009	19.04.2009

12. Overseas travel (cont'd)

NAME OF OFFICER	POSITION	COUNTRY VISITED	PURPOSE OF VISIT	DATE FROM	DATE TO
Rajinder Pal Singh	Research Economist	India	Working on the ACIAR Happy seeder technical project on the economics assessment of Happy Seeder for rice-wheat farming systems in Punjab India	2.04.2009	17.04.2009
Jenny Ekman, and John Golding	Team Leader and Research Horticulturist	Turkey	Present research results and participate in two leading international scientific conferences; identify latest developments in market access technologies to apply NSW horticulture, establish new professional contacts	2.04.2009	15.04.2009
John Wilkins, John Piltz, and Carol Rose	Senior Livestock Research Officers and District Agronomist	China-Tibet	To continue to honour the contracted commitment of NSW DPI to this ACIAR funded project by delivery of forecasted inputs to on-site activities	16.04.2009	10.05.2009
Brad Keen	Technical Officer	Vietnam	Review and document ACIAR on going project	18.04.2009	28.04.2009
Agnes Kelly	Technical Manager	New Zealand	To attend the meeting of the sub committee on plant health diagnostic standards	20.04.2009	23.04.2009
Aldo Steffe	Research Scientist	New Zealand	Invited to attend a workshop on catch and effort estimation for recreational fisheries	26.04.2009	28.04.2009
Helen Scott-Orr	Director Biosecurity	Indonesia	Regional implementation visit and disease control workshops for ACIAR project 2006 Improving veterinary service deliver in a decentralised Indonesia.	26.04.2009	16.05.2009
Wayne O'Connor	Senior Research Scientist	Vietnam	To review ACIAR hatchery development program	2.05.2009	8.05.2009
Stewart Fielder	Research Scientist	India	Final overseas travel required for this ACIAR project which concludes in November 2009	3.05.2009	10.05.2009
George Davey, and Steve Kennelly	DDG & ED Fisheries Compliance and Chief Scientist and Director Fisheries and Ecosystems	China Thailand & Hong Kong	Invitation of Shanghai Ocean University and Royal Thai Embassy to participate in meetings and discussions on food safety and fisheries regulations and to participate in a trade mission arranged for the NSW Seafood Industry Conference	3.05.2009	19.05.2009
Glen Saunders	Research Leader	Indonesia	Provide advise on dog population and ecology studies on flores and Bali to underpin the rabies eradication component of ACIAR project 2006. Improving veterinary service delivery in a decentralised Indonesia	9.05.2009	15.05.2009
Nick Annand	Livestock Officers, Research Scientists, Director and Principal Research Scientists	Solomon Islands	To fulfil DPI's commitment to train beekeepers and collaborators in the use of bait stations, queen bee productions, bee colony propagation and disease diagnosis as part of the ACIAR project	11.05.2009	22.05.2009
Nerida Donovan, and Sandra Hardy	Plant Pathologist and Industry Leader	Bhutan	To develop expertise in exotic disease detection, identification and control in citrus and gain knowledge in the identification and management of exotic citrus pests and diseases (HLB).	16.05.2009	31.05.2009
Raymond Cowley	Technical Officer	Philippines	To be awarded a Crawford Fund Scholarship to attend this workshop at the International Rice Research Institute	16.05.2009	6.06.2009
Suzie Newman	Research Horticulturist	Vietnam	Final Trip in ACIAR project to improve outcomes for the NSW stone fruit industry.	24.05.2009	7.06.2009
Jarrold McPherson	Fisheries Technician	Lao	An Active ACIAR funded project seeking to develop fish passage critical for tropical regions south east Asia and NSW.	24.05.2009	10.06.2009
Phillip Blevin	Research Scientist	Canada	To attend the 24 international applied geochemistry symposium and present a paper on Australian molybdenum deposits	27.05.2009	6.06.2009
Anthony Tyler	Analytical Chemist	El Salvador	Attend 8th FAO/WHO joint meeting on pesticides specifications and 53rd collaborative international pesticides council meeting	30.05.2009	14.06.2009
Myles Parker	District Agronomist	Eritrea	To develop an extension strategy with Eritrean extension and research officers for the release of new forage suited to Eritrea that have come out of the NSW DPI managed forage options project	1.06.2009	3.07.2009
Anne Mooney	Senior Technical Officer	France & USA	To attend the international prune association congress in France and to assess variety production practices in USA.	6.06.2009	23.06.2009
George Davey	DDG & ED Fisheries Compliance and Regional Relations	UK & Norway	At the invitation of the University of Ulster Business School to present a case study at a seminar entitled International Insights in the Dairy Industry. To chair the International Dairy Federation Standing Committee on Marketing mid year meeting and to attend International Milk Promotion business meetings	10.06.2009	20.6.2009
Olivia Kvedras	Research Scientist	USA Mexico & Guatemala	International methodologies for sterile insect rearing and release - gain knowledge of an consider methods that can be directly applied to improving sterile fly emergence and release for Qld fruit fly.	13.06.2009	2.07.2009
Kirrilly Pollock	Research Economist	France	To undergo intensive training at the AGRI benchmark training workshop and to present new Australian beef benchmarking data at the International Conference	17.06.2009	30.06.2009
Dean Gilligan	Senior Research Scientist	New Zealand	To attend the 2009 Joint Science Review Meeting of the invasive animals CRC freshwater products and strategies program.	22.06.2009	26.06.2009
Kurt Lindbeck	Plant Pathologist	USA & Canada	To present a paper at the 2nd International Ascochyta Workshop on grain legumes. Visit leading research facilities and inspect latest developments in pulse breeding and evaluation for disease resistance	26.06.2009	12.07.2009

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



RICHARD SHELDRAKE
DIRECTOR-GENERAL

14. Consultants

Consultancies equal to or more than \$30 000

Consultant	Cost in \$	Title/Nature
Murray Darling Freshwater	62 254.00	Assessment of Snag Habitat & Fish Community relationship in the Pomona priority habitat reach Lower Darling River
Doll Martin & Associates	30 000.00	Prepare Treasury Funded Capital Business case
University of Queensland	37 996.36	Mine 7033 Workshop 20-26/10/08
Doll Martin & Associates	165 970.36	Document a number of Minerals business processes in accordance with "business process compliant" methodology to allow process automation and effective use of IT applications as well as support recent amendments to the Mining Act.
Total	296 220.72	

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	25 000.00
Environmental	25 000.00
Organisation Review	54 764.47
Training	0
Engineering	0
Total	104 764.47
Total consultancy costs	400 985.19

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 2008-09, 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 2008-09 financial year, the department processed 68 676 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 2008-09 financial year, 84 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 2008-09 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 2008	38 860 690	63 053 404	8 499 879	1 441 534	1 257 268
December 2008	89 105 010	145 904 661	4 443 151	1 194 101	1 656 746
March 2009	8 152 210	173 210 514	7 678 089	2 536 760	5 669 728
June 2009	17 431 367	114 909 977	8 912 422	2 609 943	4 560 971

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 per centage 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%	83.73%	101 914 094	113 112 775
December 2007	90.00%	84.84%	235 009 671	242 303 670
March 2008	90.00%	78.49%	181 362 724	197 247 301
June 2008	90.00%	80.99%	132 341 344	148 424 680

Drought Transport Assistance Claims take some time to be received into the Department and therefore distort the Total Accounts Paid on Time values.

For the full 2008-09 financial year, 82.07 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 2008-09.
- 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 2009-10 and future years to ensure the Department's payment performance continues to improve.

16. Land disposal

NSW DPI sold the Cobar Depot and two former Cattle Tick Dip Sites on the NSW North Coast for a total of \$323 000

Site	Amount \$
3 Iona Close, Maclean	216 000
1 Iona Close, Maclean	80 000
Cobar Depot	27 000

The properties were surplus to NSW DPI requirements and sale proceeds are being reinvested 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 Port Stephens Laboratory Upgrade, Jervis Bay Shared Facility, Manning Bio Region Marine Park, Dubbo Office and Storage Shed 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, began construction in preparedness for the National Centre for Greenhouse Horticulture relocation and also commenced construction of the Biosecurity Upgrade at Elizabeth Macarthur Agricultural Institute (EMAI).

The following is a list of major capital works completed in 2008-09 in descending order of value:

Completed Capital Works	\$ Value
Jervis Bay Shared Facility (DPI/DECC)	1 000 000
Information & Communication Technology Enhancement - various sites	940 000
Port Stephens Laboratory Upgrade	718 000
Dubbo Office and Storage Shed	460 000
Manning Bio Region Marine Park	400 000

Capital Works in Progress

The following is a list of major capital works partly completed in 2008-09:

Gosford National Centre for Greenhouse Horticulture - Relocation	100 000
Soil and Plant Processing Facility Wagga Wagga	760 000
Biosecurity Upgrade EMAI	1 514 000

Work to be Continued in 2009-10

Gosford National Centre for Greenhouse Horticulture - Relocation	8 000 000
Continuation Wagga Wagga Redevelopment	1 419 000
Biosecurity Upgrade EMAI	17 672 000

Major Assets

Plant and Equipment

The Department acquired major equipment to support laboratory, research functions, fisheries compliance and ICT network infrastructure.

Equipment purchased for over \$100 000 is shown below in descending order of value:

Equipment	\$ Value
Host System Infrastructure, ICT Head Office	1 218 000
Desktop Environment Infrastructure ICT Head Office	900 000
Broadacre Cropping Tractor, Trangie	220 000
Fisheries Patrol Vessel, Eden	140 000
Gravity Meter, Maitland	133 000
No Till Air Drill Seeder, Trangie	120 000

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 2008-09 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	2008-09 \$
Agriculture, Biosecurity & Mine Safety Program	
To assist in the eradication of noxious weeds	
Various	1 909 915
Counselling Services	
Bourke Rural Counselling Service	50 000
Richmond Valley Business and Rural Financial Counselling Service	232 000
Rural Financial Counselling Service NSW Southern Region	180 000
Rural Financial Counselling Service Central West	378 000
	840 000
To assist in the management of the Prevention of Cruelty to Animals Act	
The NSW Animal Welfare League	75 000
RSPCA	424 000
Domestic Animal Birth Control	3 000
Wires Incorporated	15 500
Cat Protection Society of NSW	15 500
	533 000
Farm Family Gatherings	
Bookham War Memorial Hall Incorporated	200
Dalgety Chamber of Commerce	380
Parkes & District Landcare	909
Lions Club of Hillston Inc.	2 000
	3 489
Brigalow Timber Industry Development Assistance Fund	
NSW Forest Products Association	15 533
Timber Development Association	5 000
NSW Forest Products Association	15 400
Baradine Progress Association	105 864
Walhallow Aboriginal Corporation	204 907
	346 704
Education	
C B Alexander Foundation	5 000
C B Alexander Foundation	5 000
	10 000
Fisheries and Compliance Program Saltwater Trust Small Grants program	
Southern Bass Fishing Club	2 020
The Far South Coast Bass Stocking Association	4 532
Southern Bass Fishing Club	2 100
Bass Kempsey Fishing Club	550
	9 202

20. Funding for non-government community organisations (cont'd)

Freshwater Trust Small Grants Program	
Pallamallawa Fishing Club	1 783
Calrossy Anglican School	1 040
Balranald & District Ex-Services Memorial Club	906
	3 729
Total	3 656 039

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.

Expenditure by the department on activities relating to commercial fishing are funded from consolidated revenue with a contribution from the Commercial Fishing Trust Fund. Charges are levied for services such as licence administration and management, but are not project specific.

The NSW Abalone and rock lobster fisheries 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.

The Seafood Industry Advisory Council was consulted over the budget for commercial fishing.

In 2008-09 the Commercial Fishing Trust Fund contributed \$3 037 476 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 2008-09 the Aquaculture Trust Fund contributed \$434 239 towards the Department's aquaculture management activities.

Charter Fishing Trust Fund

In 2008-09 the Charter Fishing Trust Fund contributed \$127 527 toward charter fishing consultation and monitoring activities within the department.

Fish Conservation Trust Fund

In 2008-09 the Fish Conservation Trust contributed \$291 412 toward fisheries conservation projects within the department.

Charter Fishing Trust Fund

In 2008-09 the Charter Fishing Trust Fund funded the following programs:

Project	Total Available 2008-09* \$'000	Actual Expenses 2008-09 \$'000	Carry Forward \$'000
Charter fishing consultation	131	95	36
Charter fishing monitoring	55	40	15
Artificial reef development	70	70	0
Total	256	205	51

Recreational Fishing (Saltwater) Trust Fund

In 2008-09 the Recreational Fishing (Saltwater) Trust Fund funded the following programs:

Project	Total Available 2008-09* \$'000	Actual Expenses 2008-09 \$'000	Carry Forward \$'000
ACoRF meeting expenses	30	30	0
Artificial reefs deployment	423	437	-14
Artificial reefs monitoring and research	172	175	-3
Biology of Australian salmon, black bream, luderick and estuary perch	165	162	3
Coastal habitat restoration grants program	238	206	32

21. Fisheries trust fund report (cont'd)

Project	Total Available 2008-09* \$'000	Actual Expenses 2008-09 \$'000	Carry Forward \$'000
Coffs Harbour fish cleaning facilities	6	6	0
Eastern king prawn stocking in NSW estuaries	179	179	0
Expenditure committee meeting expenses	35	42	-7
Experimental breeding of black bream	11	11	0
Fish aggregation devices (FADs)	192	213	-21
Fishcare volunteer program	616	664	48
Fisheries officers (9 coastal officers)	1053	820	234
Fisheries officers (mobile squad)	423	434	-12
Gamefish tagging program	145	150	-4
Get Hooked: It's Fun to Fish education program	599	613	-14
Greater Sydney region recreational fishing survey	532	454	78
Marine recreational management project	124	33	91
Marine stocking environmental impact statement	176	74	102
Maximising survival of line caught fish research	214	201	13
Membership to Recfish Australia	30	23	7
Mulloway stocking in NSW estuaries	53	53	0
National Marine Science Centre display	40	0	40
Nelson Bay disability access platform	7	0	7
Offshore artificial reef deployment	423	230	193
Production of map for Lower Hawkesbury	12	0	12
Production of scientific review	30	30	0
Recreational fishing access (coastal)	118	110	8
Recreational fishing in Shoalhaven River	24	24	0
Recreational fishing trust executive officer	151	159	-8
Recreational publications	170	109	61
Recreational research project	132	97	35
Research on striped marlin	6	5	1
Richmond River rescue	30	5	25
Research on grey nurse shark fishing interactions	229	148	80
Research on tagging of iconic recreational species	133	0	133
Satellite tagging of tiger sharks	7	0	7
Small grants program	100	75	25
Stockton recreational fishing platform	25	0	25
Study on landed fish at gamefishing tournaments	32	25	6
Survey on rock fishing fatalities	67	0	67
Swansea radio tower	35	25	11
Tweed fish cleaning tables	28	14	14
Wave behaviour research	12	0	12
World Recreational Fishing Conference	17	17	0
Young Leaders Program	6	0	6
Total	7250	6053	1197

* The total available 2008-09 consists of allocations from the trust fund in 2008-09 and amounts carried forward from 2007-08.

21. Fisheries trust fund report (cont'd)

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 black bream, luderick and estuary perch – essential research of key recreational species along the NSW coast.

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.

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 squads) - mobile support groups with 3 Trust funded officers with rapid response capacity to promote compliance with fishing regulations.

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.

Marine recreational management project – development of new recreational fisheries initiatives and advisory tools.

Marine stocking environmental impact statement – investigating environmental impacts of a new 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.

National Marine Science Centre display – contributing funding for an interactive display of recreational fishing projects, advisory information and aquariums with recreational species.

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 feasibility for construction of purpose built artificial reefs in coastal waters.

Production of map for Lower Hawkesbury – production of maps that educate and inform recreational fishers on fishing locations and seagrass habitats.

Production of scientific review – scientific appraisal of the Torn Blue Fringe with respect to recreational fishing.

Recreational fishing access (coastal) – identification of sites of significance to recreational fishing to secure and maintain fair access for anglers.

Recreational fishing in Shoalhaven River - research surveys 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.

Research on grey nurse shark fishing interactions – investigation of the behavioural response of grey nurse sharks to different recreational hook-and-line methods.

Research on tagging of iconic recreational species – development of a spatial model for the distribution and movements of mulloway, bream and flathead.

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.

Stockton recreational fishing platform – erection of a fishing platform.

Study of landed fish at gamefishing tournaments - collection of valuable biological data on gamefish at gamefishing tournaments across NSW.

Survey on rock fishing fatalities – to describe recreational fishing related drownings since 2002 to develop water safety initiatives.

Swansea radio tower – to improve safety for recreational fishing boaters in the Swansea region.

Tweed fish cleaning tables – production and installation of 7 tables.

Wave behaviour research – aims to characterise the behaviour of wave groups impacting coastal rock platforms to educate the fishing community of potentially hazardous conditions.

World Recreational Fishing Conference – attendance of 2 people at this conference.

Young Leaders Program – education and mentoring of young people by recognised leaders in recreational fishing advocacy and management.

21. Fisheries trust fund report (cont'd)

Recreational Fishing (Freshwater) Trust Fund

In 2008-09 the Recreational Fishing (Freshwater) Trust Fund funded the following programs:

Project	Total Available 2008-09* \$'000	Actual Expenses 2008-09 \$'000	Carry Forward \$'000
Dollar-for-dollar native fish stocking program	200	247	-47
Dutton Trout Hatchery recirculation system	5	3	2
Effectiveness of stocking research	184	184	0
Enhanced fish production for stocking	370	391	-21
Expenditure committee meeting expenses	27	36	-9
Fishcare volunteer program	126	140	-14
Fisheries officers (inland)	701	200	501
Freshwater catfish research	222	167	56
Freshwater recreational management	166	167	-1
Gosling Creek fishing platform	11	8	3
Inland habitat restoration grants program	261	105	157
Inland stocking management officer	84	76	8
Macquarie perch research	58	55	3
Maximising survival of inland line caught fish research	172	163	10
Nodavirus research	19	19	0
Recreational fishing access (inland)	113	126	-13
Recreational fishing promotion calender	15	2	13
Regional fish habitat manager	40	36	3
Research on bass populations in Clarence River	10	7	3
Research on bass stocking rates	50	35	15
Small grants	60	24	36
Total	2894	2191	705

*The total available 2008-09 consists of allocations from the trust fund in 2008-09 and amounts carried forward from 2007-08.

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.

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 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.

Gosling Creek fishing platform – installation of a platform

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 stocking management officer – monitoring and assessment of inland stockings to improve environmental outcomes.

Macquarie perch research – investigation of captive breeding techniques of Macquarie perch.

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.

Recreational fishing access (inland) – identification of travelling stock reserves and other parcels of land of significance to anglers to ensure maintenance of appropriate access for fishers.

Recreational fishing promotion calender – production of a calender to promote the Trusts and recreational fishing

21. Fisheries trust fund report (cont'd)

Regional fish habitat manager – inland conservation management focused on protecting and rehabilitating valuable freshwater fish habitats for healthy and productive recreational fisheries.

Research on bass populations in Clarence River – investigation of life history parameters in a local bass population.

Research on bass stocking rates – scientific modelling and determination of appropriate stocking rates and sizes for Australian bass.

Small grants program – provides grants for fishing clubs, councils and other community members for small, local projects aimed at enhancing recreational fishing.

The following programs were funded on a one-third two-thirds basis by the respective trust funds.

Project	Total Available 2008-09* \$'000	Actual Expenses 2008-09 \$'000	Carry Forward \$'000
Fishing guides	160	178	-18
Fishing promotion	24	44	-21
Fishing safety DVD	40	0	40
Fishing workshops	80	79	1
Recreational fishing fee administration	1217	1122	96
Recreational fishing fee renewal notice	165	159	6
Recreational fishing fee research database	90	36	54
Recreational Fishing Infrastructure Manager	118	112	6
Tournament management	132	108	24
Tournament monitoring	130	141	-11
Total	2156	1979	177

* The total available 2008-09 consists of allocations from the trust fund in 2008-09 and amounts carried forward from 2007-08.

Fishing guides - printing and distribution of 300 000 Recreational Saltwater and Freshwater Guides free of charge to anglers.

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 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 renewal notice - mailing out of renewal 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.

Recreational fishing infrastructure manager – development of recreational fishing infrastructure projects and on-grounds works throughout NSW.

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 Department's 2008-09 Annual Report is \$14 602.00

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 come from partnerships and alliances. These collaborations make NSW DPI one of the largest research organisations in Australia, with more than 700 staff and more than 900 projects. The division'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 division is involved with fifteen Cooperative Research Centre's (Table 1) which along with fifty two significant co-investors (Table 2), contributed a total of over \$41 million in funds to the division's research activities. Further, the division 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
Landscape Environments & Mineral Exploration	WA / Maitland	2002- 08
Predictive Mineral Discovery	VIC / Maitland	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	Future Farm Industries CRC
AusAid	Grains R&D Corporation
Aust Ctr for International Ag Research	Hawkesbury Nepean Catchment Management Authority
Aust Pork Limited	Horticulture Aust Ltd
Aust Quarantine Inspection Service	Hunter/Central Rivers Catchment Management Authority
Australasian Invasive Animals CRC	Irrigation Futures CRC
Australian Wool Innovations	Lachlan Catchment Management Authority
Beef Genetic Technologies CRC	Land & Water Resource R&D Corporation
Central West Catchment Management Authority	Lower Murray Darling Catchment Management Authority
Comm Dept of Employment, Workplace Relations & Small Business	Meat & Livestock Australia
Commercial Fisheries Trust	Murray Catchment Management Authority
Cotton Catchment Communities CRC	Murray Darling Basin Commission
Cotton R&D Corporation	Murrumbidgee Catchment Management Authority
Dairy Australia	Namoi Catchment Management Authority
Dept Agriculture, Fisheries & Forestry	National Plant Biosecurity CRC
Dept Environment & Climate Change	NHT - Nat Feral Animal Cont Strategy
Dept Environment & Water Resources	Northern Rivers Catchment Management
Dept of Water & Energy	Plant Health Australia
Environmental Research Trust / Environment Australia	Pork CRC
Fisheries Research & Development Corporation	Rural Industries R&D Corporation
Freshwater Fisheries Trust	Saltwater Fisheries Trust
Forests NSW	Sheep Industry Innovations CRC

23. Research and development (cont'd)

Southern Rivers Catchment Management Authority	Weeds Management Systems CRC
Sydney Catchment Authority	Western Catchment Management Authority
Sydney Metropolitan Catchment Management Authority	Value Added Wheat CRC
Sydney Water	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
Australian Centre for Plant Functional Genomics	CSIRO
Primary Industries Innovation Centre	University of New England
Centre for Rural Greenhouse Gas Research	University of New England
NSW Institute for Frontier Geoscience	University of Newcastle
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)

24. Waste reduction, recycling and energy management

Waste reduction and recycling

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. The majority of 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 2007-08 energy consumption.

Energy consumption by the NSW DPI has decreased slightly from the previous year as have CO₂ emissions.

	Units	Energy Use	2006-07 CO ₂ tonnes	2007-08 Energy Use	2007-08 CO ₂ tonnes
Electricity	gigajoules (GJ)	68 184	19 471	65 894	18 817
Green	gigajoules (GJ)	4,381	0	4 333	0
LPG	gigajoules (GJ)	2 537	172	2 690	182
NG	gigajoules (GJ)	16 970	1 113	14 445	947
Heat Oil	gigajoules (GJ)	0	0	0	0
MV Petrol	kilolitres (kl)	1 430	3 608	1 483	3 742
MV Diesel	kilolitres (kl)	543	1 625	562	1 681
MV LPG	kilolitres (kl)	0	0	0	0
Other Petrol	kilolitres (kl)	76	191	79	199
Other Diesel	kilolitres (kl)	265	793	274	819
Total Building Energy	gigajoules (GJ)	92 072		87 362	
Total Building CO ₂	tonnes		20 755		19 946
Total motor vehicles fuel	kilolitres (kl)	2 314		2 398	
Total motor vehicles CO ₂	tonnes		6 217		6 442
Total CO ₂	tonnes		26 973		26 388

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 reduce the impact of threatening processes.

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 recovery and threat abatement 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 have been completed, improving the understanding of the species ecological requirements. Survey of eastern cod populations in the Nymboida/Mann, Orara and upper Clarence areas continue to be undertaken as part of broader ongoing programs that involve six monthly sampling and tagging with passive inert transponders (PIT tagging).

Habitat protection and restoration programs at various sites within the former range of the species continued. Fishway construction at Casuarina Lane resulted in 64km of improved fish passage. 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. Targeted compliance operations were undertaken during the year. The conservation stocking program remains deferred.

NSW DPI collaborated with other state agencies and the Northern Rivers Catchment Management Authority on a new project looking at flows and barriers in relation to the movements of eastern cod. The project uses an acoustic listening station array to continuously monitor the movements of 30 cod over a two year period.

Oxleyan pygmy perch (*Nannoperca oxleyana*)

Post graduate research into aspects of the species reproduction, early life history, population dynamics, genetics and habitat preferences has been completed. Further research into age and growth characteristics of the species is nearing completion.

Additional distribution and abundance surveys were undertaken to further improve understanding of the species distribution in support of a critical habitat declaration.

The process to declare critical habitat is ongoing.

25 - Implementation of recovery and threat abatement plans (cont'd)

Ongoing periodic monitoring is occurring at several sites in NSW.

Silver perch (*Bidyanus bidyanus*)

NSW DPI continued compilation of silver perch genetic samples to analyse population sub-structures when sufficient samples are available. Population and distribution surveys continue, as part of broader fish community assemblage surveys.

Significant efforts to improve fish passage have occurred in collaboration with Catchment Management Authorities ultimately resulting in over 500 kms of river with free fish passage due to either weir removals and fishway construction on Bulgrega, Marthaguy, Billabong and Molong Creeks and the Little and Namoi Rivers

Trout cod (*Maccullochella macquariensis*)

Survey of known trout cod populations are being undertaken as part of broader fish community assemblage surveys, as well as the department's threatened fish monitoring program. Compliance operations continue as does distribution of information brochures and installation 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.

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 re-snagging activities have been undertaken throughout the state with 919 snags reinstated in the Murray River (Hume to Yarrawonga), 525 in the Darling River (Wilcannia), 235 in the Barwon River (Bourke to Brewarrina), 185 in the Namoi River (Boggabri to Narrabri) and 2 snag complexes in the Hunter River. Compliance action has been undertaken in respect of unauthorised de-snagging activities.

26. Ethnic affairs priorities statement (EAPS)

NSW DPI is committed to the New South Wales Principles of Multiculturalism in accordance with following Statement of Intent.

This statement confirms the 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 NSW Department of Primary Industries. Wherever 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 department has a 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 2008-09 the department 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: 310 children, parents and relatives from Arabic, Chinese, Vietnamese, Korean, Tongan, Pacific Islander, Samoan, Maroi, Indian, Indonesian, Italian, Greek and Burmese backgrounds participated in the one-day fishing and information workshops.
- Fishing workshops for disadvantaged Aboriginal youth and families: 352 Aboriginal children, parents and relatives from Bermagui, Wallaga Lake, Ettalong, Gosford, Umina, Dubbo, Narromine, Wellington, Kempsey and South West Rocks participated in one-day fishing and information workshops with support from Mingaletta, Dunghutti, Wiradjuri, Merrimans. Aboriginal elders and community, Regional Youth Support Services and Mian School teachers.
- Fishcare Volunteers from non-English speaking background, assisted in a range of events and activities including fishing workshops, school incursions, restoration work, catch surveys, and community fishing events. Nineteen volunteers from various backgrounds gave approximately 1 day per month to talk to anglers about fishing rules and responsible fishing practices.
- Presentation and distribution of Fisheries and Aquaculture information to overseas delegations from the National Fishermen's Association of Malaysia, and the Chilean, Indonesian and Philippine parliament.
- Produced and distributed fisheries information and educational material in 16 languages.
- Update the multilingual fisheries section of the NSW DPI website to include more languages on fishing rules and regulations.
- Improve multilingual fisheries information signs around relevant waterways
- Provided telephone interpreting service for various languages seeking fisheries information and advice.

Fishing workshops for special needs people

Eleven fishing workshops were conducted in Sydney, the inland and on the north and south coast of NSW for children and adults with a disability and cancer.

A total of 204 participated with support from Department of Ageing, Disability and Home Care (Liverpool, Fairfield and Bankstown local government areas), Home Care Service NSW (Inner South West Sydney), Peer Support and Flexible Respite, (Baptist Community Services Auburn), Camp Quality, CanTeen, House With No Steps, Interchange Disability Support Provider. The majority of these participants come from a non - English speaking background.

26. Ethnic affairs priorities statement (EAPS) (cont'd)

Programs for 2009-10

Further develop the multilingual section of our website to include more languages on fisheries information.

Communicate fisheries information and important information through the multicultural press.

Improve multilingual signage around waterways

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, and

- obtaining information to assist the Department to make decisions on resource allocation, training, prioritisation, planning and quality assurance.

Four complaints were received that were investigated through the Complaint Handling Process during the 2008-09 reporting period. The recommendations made in one of these investigations resulted in a procedural change aimed at precluding a recurrence. Another complaint was investigated and a subsequent decision made to continue addressing the issues identified as a separate management action due to their complexity.

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 programs

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

Approximately 330 volunteers across NSW actively participated in the program. In 2008-09 there were 556 volunteer events involving approximately 19 900 volunteer hours. Volunteers also undertook 149 days of water advisory, approaching over 5 000 vessels to distribute catch and release kits and information relating to rules and regulations.

Volunteers give approximately one day per month to talk to anglers about fishing rules and responsible fishing practices. Volunteers assist in a range of events and activities, but on the water using dedicated fishcare vessels and on land, such as fishing workshops, school incursions, restoration work, catch surveys, and community fishing events.

NSW DPI trains volunteers and equips them with distinctive blue uniforms and identification badges. Training is done in conjunction with TAFE NSW and involves species identification and communication workshops as well as presentations from agency staff in rules and regulations, fisheries management, conservation, research. Once volunteers have been active for 12 months they are encouraged to partake in skill enhancement training such as risk assessment, first aid and elements of shipboard safety.

The general age demographic of volunteers is between 48 and 65 years of age, with 6 per cent of volunteers came from culturally and linguistically diverse backgrounds.

Forests NSW volunteer programs

In 2008-09, volunteers participated in 7 Forest NSW volunteer programs contributing a total of 868 days of work.

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. In 2008-09 these weeks took place across five different projects.

Some of the achievements in 2008-09 were:

- Restoration of native forest types in Cumberland State Forest 180 metres of new high class track constructed with sandstone drywalls and lantana removed from 35 hectares in Strickland State Forest.

Highlights of the 2008-09 'Communities in Forests' program include:

- Volunteers in Deniliquin and Boomanooma State Forests protecting and enhancing biodiversity values in unique sandhill habitats
- Volunteers in Tumut State Forest undertaking maintenance work on a track constructed by CVA volunteers several years ago.
- Volunteers in Sunny Corner State Forest to restore the Mitchell Creek forest chain of ponds system by removing weeds and planting native plants along the creek banks.
- Volunteers in Wingello State Forest maintaining and restoring mountain bike track network
- Volunteers in Penrose State Forest working to protect and revive Stringray and hanging Rock swamps both of which are registered as swamps of national significance.

Statistics in relation to Forests NSW volunteer programs are available in Forests NSW Annual Report, via the website.

29. Freedom of information

Statement of Affairs

In accordance with Section 14 of the *Freedom of Information Act 1989* (FOI Act) the Department of Primary Industries Annual Report is to be taken as its Statement of Affairs.

The number of new applications received during 2008-09 increased by 25 per cent over 2007-08 with the number of Internal Reviews also increasing from one to three. In addition to an increase in volume, applications are becoming more complex.

Three applications were unable to be finalised within the statutory timeframes. In two of these matters this was due to payments being received but not being identified as relating to FOI applications. Procedures have now been put in place to ensure such payments are properly matched with the relevant FOI application. In the remaining case not all relevant information was able to be accessed in time due to the absence of critical staff from the operational area sourcing the material. This was advised to the applicant at the time and agreement was reached on an alternative timeframe to provide the information.

Two matters were the subject of investigation by the Ombudsman. One matter was resolved to the satisfaction of the applicant while the other was subsequently referred to the ADT and is yet to be heard.

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	
		2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
A1	New (including Transferred in)	10	20	23	32	33	52
A2	Brought Forward	-	1	-	-	-	1
A3	Total to be Processed	10	21	23	32	33	53
A4	Completed	9	20	19	31	28	51
A5	Discontinued	-	-	4	-	4	-
A6	Total Processed	9	20	23	31	32	51
A7	Unfinished (Carried Forward)	1	1	-	1	1	2

SECTION B: DISCONTINUED APPLICATIONS

		Personal		Other		Total	
		2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
B1	Request transferred out to another agency	-	-	2	-	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	
		2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
C1	Granted or otherwise available in Full	4	15	9	19	13	34
C2	Granted or otherwise available in Part	2	2	4	10	6	12
C3	Refused	1	1	2	1	3	2
C4	No documents held	2	2	4	1	6	3
C5	Total Completed	9	20	19	31	28	51

29. Freedom of information (cont'd)

SECTION D: APPLICATIONS GRANTED OR OTHERWISE AVAILABLE IN FULL

		Personal		Other		Total	
		2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
D1	Provided to the applicant	4	15	9	19	13	34
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	4	15	9	19	13	34

SECTION E: APPLICATIONS GRANTED OR OTHERWISE AVAILABLE IN PART

		Personal		Other		Total	
		2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
E1	Provided to the applicant	2	2	4	10	6	12
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	2	2	4	10	6	12

SECTION F: REFUSED FOI APPLICATIONS

		Personal		Other		Total	
		2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
F1	Exempt	1	1	2	1	3	2
F2	Deemed refused	-	-	-	-	-	-
F3	Total refused	1	1	2	1	3	2

SECTION G: REFUSED FOI APPLICATIONS

		Personal		Other		Total	
		2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
G1	Cabinet documents (clause 1)	-	-	-	1	-	1
G2	Executive Council documents (Clause 2)	-	-	-	-	-	-
G3	Documents affecting law enforcement and public safety (clause 4)	-	1	1	-	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	-
G7	Documents affecting business affairs (Clause 7)	-	1	3	10	3	11
G8	Documents affecting the conduct of research (Clause 8)	-	-	-	-	-	-
G9	Schedule 2 exempt agency	-	-	-	-	-	-

29. Freedom of information (cont'd)

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)	-	1	-	-	-	1
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	6	11	9	14

SECTION H: MINISTERIAL CERTIFICATES

No Ministerial Certificates were issued for 2007-08 and 2008-09.

SECTION I: FORMAL CONSULTATION

		2007-08	2008-09
I1	Number of requests requiring formal consultations	13	17
I2	Number of persons formally consulted	27	90

SECTION J: AMENDMENT OF PERSONAL RECORDS

There were no requests for amendment of personal records in 2007-08 and 2008-09.

SECTION K: NOTATION OF PERSONAL RECORDS

There were no requests for notation of personal records in 2007-08 and 2008-09.

SECTION L: COSTS AND FEES OF REQUESTS PROCESSED

		Assessed Costs		Fees Received	
		2007-08	2008-09	2007-08	2008-09
L1	All Completed Requests	\$7 350	\$12 390	\$3 065	\$2 541

29. Freedom of information (cont'd)

SECTION M: FEE DISCOUNTS

		Personal		Other		Total	
		2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
M1	Processing fees waived in full	-	-	-	-	-	-
M2	Public interest discounts	-	-	1	5	1	5
M3	Financial Hardship – pensioner/child	-	-	-	-	-	-
M4	Financial hardship – non profit organisation	-	-	-	-	-	-
M5	Total	-	-	1	5	1	5

SECTION N: FEE REFUNDS

There were no refunds granted as a result of significant correction of personal records for 2008-09.

SECTION O: DAYS TAKEN TO COMPLETE REQUEST

		Personal		Other		Total	
		2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
O1	0-21 days	7	18	12	19	19	37
O2	22-35 days	2	2	6	9	8	11
O3	Over 21 days	-	-	1	2	1	2
O4	Over 35 days	-	-	-	1	-	1
O5	Total	9	20	19	31	28	51

SECTION P: PROCESSING TIME - HOURS

		Personal		Other		Total	
		2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
P1	0-10 hours	8	20	14	22	22	41
P2	11-20 hours	-	-	5	4	5	4
P3	21-40 hours	1	-	-	4	1	4
P4	Over 40 hours	-	-	-	2	-	2
P5	Total	9	20	19	32	28	51

SECTION Q: REVIEWS AND APPEALS

		2007-08	2008-09
Q1	Internal reviews	1	3
Q2	Ombudsman reviews	1	2
Q3	ADT reviews		

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	-	-	1	-	1	-
R4	Unreasonable charges	-	-	-	-	-	-
R5	Failure to consult with third parties	-	-	-	-	-	-
R6	Third parties views disregarded	-	-	1	1	1	1
R7	Amendment of personal records refused	-	-	-	-	-	-
R8	Total	-	-	2	1	2	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 2008-09.

No complaints were received and no reviews were requested under Part 5 of PPIPA during 2008-09.

Requests for access to personal information held by NSW DPI may be made to the Privacy Management Officer at PO Box 21 Cronulla NSW 2203, by telephone on (02) 9527 8453, fax (02) 9527 8458 or 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 2008 Australian Plague Locust control program, a major communication campaign was staged, utilising the full breadth of communication options. News media, advertising, publications, public meetings, and comprehensive website resources kept property owners and the public informed throughout the campaign.

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 completed with the merger of former agency websites into a single integrated site.

A number of 'restricted access' website are maintained to facilitate communication and collaborative working with key partners. These include the Livestock Health & Pest Authorities extranet, and the Weeds Extranet.

Education resources on the website were enhanced with the addition of the resources under the 'LandLearn NSW' program.

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 2008-09. 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.

Publications:

Report or paper	25
Book or booklet	64
Brochure or flyer	100
Magazine or newsletter	36
Factsheet	109
Display or poster	69
Electronic or multimedia	4
Total	407

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

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 *The Country Web* magazine for rural women and their families. On a quarterly basis, *BushTelegraph* magazine is distributed to thousands of individual subscribers, schools, visitor centres and natural resource management agencies, featuring stories about State Forest management and recreation.

31. Promotions and communications (cont'd)

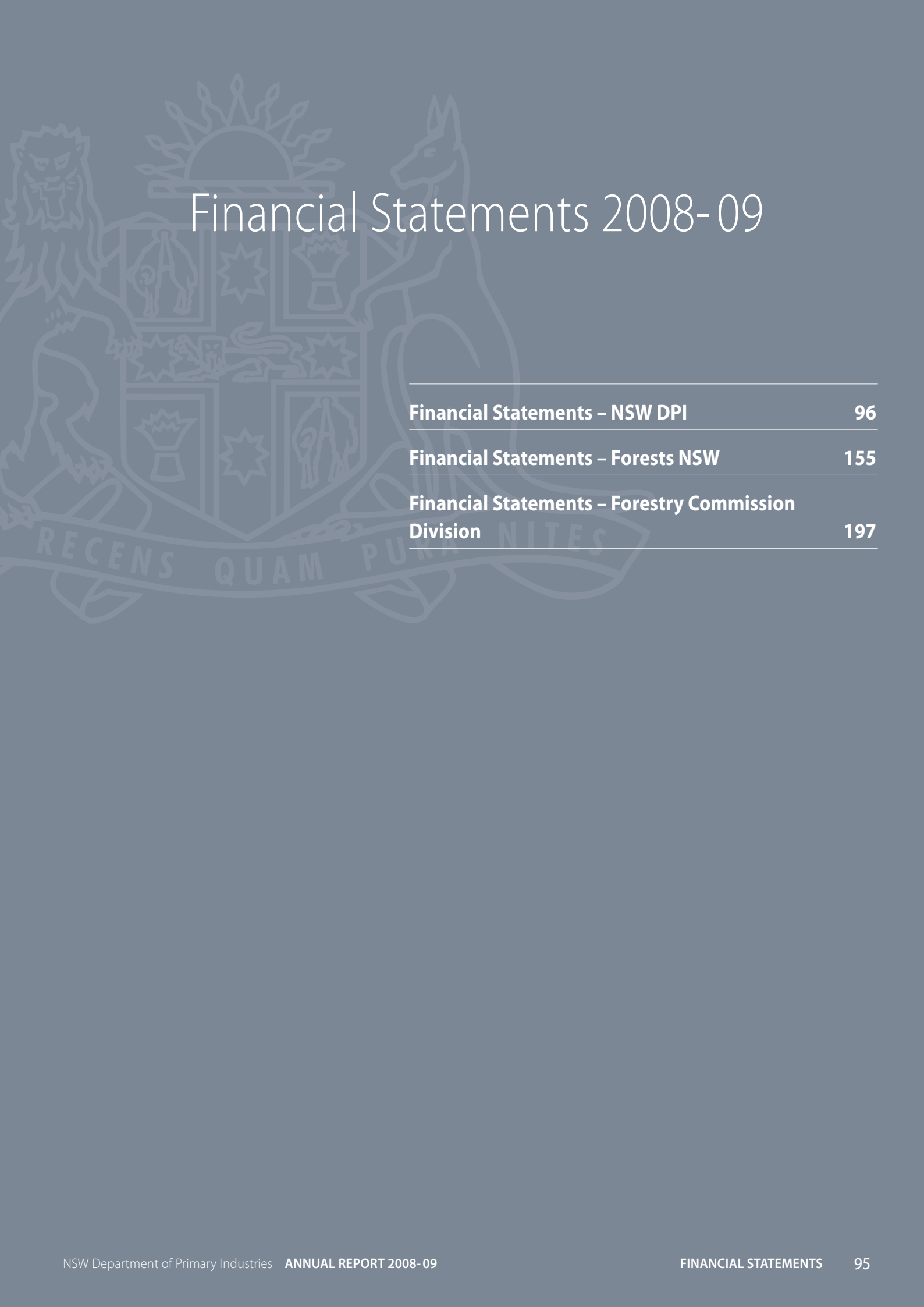
The department participates in hundreds of field days, conferences, community days and other events across the State. A list of the major events is provided below.

Table of major events:

Dates	Event Title	Venue	Event Attendance	Theme
18-19 July 08	Mudgee Small Farm Field Days	Mudgee	20 000	Sustainability and Innovation: NSW DPI offered farmers expert advice and information on a large variety of subjects and services such as agronomy, horticulture, livestock, climate risk management, drought support, organic gardening and fisheries education.
25-27 July 08	Organic Expo and Green Show	Sydney	60 000	The Green Show: NSW DPI supporting exhibitors showcasing thousands of organic and green products to benefit lifestyle and the planet
29-31 July 08	NSW Farmer's Association Conference	Homebush	550	Celebrate, Reflect, Connect: promoting NSW DPI and highlighting their key services to the rural community.
31 July - 5 Aug 08	Sydney International Boat Show	Sydney	80 000	Responsible fishing and your fishing fees at work: Recreational anglers and boating enthusiast discovered the diversity of projects funded by the NSW Recreational Trusts that help improve recreational fishing in NSW.
2 Aug 08	Nyngan Ag Expo	Nyngan	5000	Field Day: NSW DPI marketed their services with displays and brochures.
8-10 Aug 08	Country Week Expo	Rosehill	8 000	The tree and sea change Expo: Regional development program aimed at encouraging individuals, professional and skilled people and businesses to relocate to country and regional areas. Local councils and economic development organisations promote the benefits of living and working in NSW regional locations through exhibitions.
19-21 Aug 08	Agquip	Gunnedah	100 000	One-stop-shop towards healthy farms: 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.
23-25 Sep 08	Henty Machinery Field Days	Henty	25 000	Drought Support: 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.
12 Oct 08	Cumberland Forest Fair	West Pennant Hills	5 000	Spring into Forests: The Fair provided a wonderful opportunity to highlight Cumberland State Forest, Forests NSW and to encourage visitors to interact and learn more about the benefits and values of our states forestry industry.
17-18 Oct 08	Murrumbateman Field Days	Murrumbateman	6000	Field Day: NSW DPI promoted its services with marquee and displays
19-22 Oct 08	Australian Forest Growers National Conference	Albury-Wodonga	350	Conference: Forest NSW Trade exhibit display
21-23 Oct 08	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.
23-26 Oct 08	Melbourne Fishing Show and Outdoors Expo	Melbourne	40 000	Exhibition: NSW DPI display promoting responsible fishing and fishing fees at work.
7-8 Nov 08	Farming Small Areas Expo	Richmond	10 000	Farming in a Small Way: The NSW DPI pavilion provided a huge variety of information and displays for small scale agricultural producers with a diverse mix of information on everything from weed control and maintaining soil health, through to effective water use and diagnostic services. Farmers could discuss current challenges facing agriculture today with NSW DPI staff and avail of brochures and information on Profarm short courses and the latest information on integrated pest management. Farmers could purchase drought smart native plants available through the Forests NSW Cumberland Nursery.
20 Nov 08	NSW DPI Staff Achievement Awards	Orange	100	Awards Dinner: An internal awards evening to acknowledge and recognise staff achievements – nominations made by colleagues.

31. Promotions and communications (cont'd)

Dates	Event Title	Venue	Event Attendance	Theme
31 Jan 09	Orange and District Picnic Race Day	Orange	15 000	Corporate Event: NSW DPI contributes as a sponsor with opportunities for race naming right, signage, passes and potential to have a DPI marquee.
17-19 Mar 09	NSW Beef Spectacular and Trade Expo	Dubbo	4 000	Field Day: NSW DPI staff presented talks and provided resources to support the livestock industry. They also sashed beasts, judged carcasses and engaged with producers on-field.
18 Mar 09	Woman's Luncheon at the Beef Spectacular	Dubbo	90	Celebrating rural women's contribution to community and primary industries and International Women's Day: NSW DPI sponsored, organised and hosted this event, which gave women opportunities to network and interact with other women from the cattle industry, to catch up, renew friendships and fellowship with people and to listen to inspirational speakers.
9-22 Apr 09	Sydney Royal Easter Show	Homebush	900 000	Delve into Primary Industries: This year's theme 'Delve into primary industries' provide information under the general headings of Taste - Create - Adapt - Marvel - Learn. These headings provoked visitors' understanding of NSW DPI role in supporting their food and timber products through to the impact of the changing climate, research and education of primary industries. The display provided visitors with further information and publications and promotional items were distributed from the stand.
15 Apr 09	Stakeholders dinner – NSW DPI and NSW Food Authority	Homebush	66	Function: The dinner was a casual evening with invited key stakeholders. Guests enjoyed the opportunity to network while entertained by the Show's main arena performances and dined on good food and wine.
18-26 Apr 09	NSW Caravan, Camping, 4WD and Holiday Supershow	Rosehill	7800	Show: This expo provided an opportunity to promote NSW DPI as an employer of choice in the NSW Government, and also as a significant employer in rural and regional NSW. Publications such as the Rural Woman's Network's Country Web and Agtoday and brochures on NSW demonstrated the support provided by DPI. Profarm courses, extension programs and the NSW DPI bookshop were also promoted.
21-22 Apr 09	Murrumbidgee Farm Fair	Yanco	15 000	Field Day: NSW DPI hosted a marquee which displayed their publications and services to all attendees. Plants could be purchased from the Forests NSW nursery and course information obtained from the Murrumbidgee Rural Studies Centre.
1-3 May 09	Total Field Days	Paterson	28 000	Field Day: The NSW DPI marquee housed a diverse range of displays and provided visitors with information about primary industries, along with Forests NSW nursery and fisheries advisory trailer outside. Other displays offered information on LandLearn, mineral resources of the region, recreational fishing and native plants.
11-13 Jun 09	Primex – Primary Industry Exhibition Field Day	Casino	45 000	25th Anniversary 1985- 2009: The NSW DPI stand at Primex Rural expo, provided information on identifying pasture plants, advice on livestock management and information about biochar and how to preserve our fish life. Displays included pasture plants, soils, horticulture, soybeans, cattle ticks and beef cattle. The fisheries display featured underwater life, how to play a part in preserving it, and the rules that apply when fishing in NSW waters. Agronomists, horticulturalists and livestock
19-21 Jun 09	Sydney Timber and Working with Wood Show	Sydney	13 000	Forest timber – storing carbon today and tomorrow: This year's stand highlighted Forests NSW and carbon storage. The aim was to connect visitors and timber users with the fact that Forests NSW sustainably manage the growth and harvest of timber that store carbon in NSW. The key message was 'Grow. Harvest. Store' and key Forest publications were distributed.



Financial Statements 2008-09

Financial Statements – NSW DPI	96
Financial Statements – Forests NSW	155
Financial Statements – Forestry Commission Division	197

Financial Statements 2008-09

NSW Department of Primary Industries

Statement by the Director-General	97	20. Biological Assets	137
Independent Audit Report	98	21. Restricted Assets	137
Operating Statement	99	22. Current / Non-Current Liabilities -Payables	137
Statement of Recognised Income and Expenses	100	23. Current/Non-Current Liabilities -Borrowings	138
Balance Sheet	101	24. Dividend	138
Cashflow Statement	102	25. Current/Non-Current Liabilities -Provisions	139
Service Group- Expenses and Revenues	103	26. Current/Non-Current Liabilities -Other	139
Service Group-Assets and Liabilities	104	27. Changes in Equity	140
Summary of Compliance with Financial Directives	105	28. Commitments for Expenditure	142
Notes to and forming part of the financial statements	106	29. Contingent Liabilities	143
1. Summary of Significant Accounting Policies	106	30. DPI Budget Review	143
2. Expenses Excluding Losses	117	31. Reconciliation of Cash Flows from Operating Activities to Net Cost Services	144
3. Revenues	119	32. Trust Funds	144
4. Gain/(Loss) on Disposal	120	33. Fisheries Management Act -Special Fisheries Trust Funds	145
5. Other Gains/(Losses)	120	34. Administered Assets and Liabilities	147
6. Conditions on Contributions	120	35. Administered Revenues	147
7. Income Taxes	120	36. Joint Venture Agreement	148
8. Appropriations	121	37. Financial Instruments	148
9. Acceptance by the Crown Entity of Employee Benefits and Other Liabilities	122	38. After Balance Date Events	154
10. Programs/Activities of the Department	122		
11. Current Assets -Cash and Cash Equivalents	122		
12. Current/Non Current Assets -Receivables	123		
13. Current/Non Current Assets -Inventories	123		
14. Current/Non-Current Assets -Financial Assets at Fair Value	124		
15. Non-Current Assets -Property Plant and Equipment	125		
16. Investment Property	127		
17. Intangible Assets	127		
18. Other Financial Assets	128		
19. Assets held for sale	137		

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 the consolidated entity; 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.

Signed



Dr R Sheldrake
DIRECTOR-GENERAL

28 October 2009



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Department of Primary Industries and Controlled Entities

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 2009, the operating statements, statement of recognised income and expense, cash flow statements, service group statements 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 regarding as to the tax deductibility of plantation establishment costs incurred prior to 1 July 1994 for the Controlled Entity's 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 2009, and of their financial performance 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 2 (n) under the heading Accounting for Taxation the Department discloses \$797million for the establishment of plantation forests as a deduction in calculating its deferred tax liability. To date, there has been no formal resolution of this matter and I have been unable to obtain all the information required to be able to form an opinion on the \$767 million as an allowable taxation deduction. I have been unable to carry out audit work to quantify the possible adjustments to the financial report that might have been necessary had this limitation not existed.

Director-General's Responsibility for the Financial Report

The Director-General is responsible for the preparation 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 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 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 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.

Peter Achterstraat
Auditor-General
29 October 2009
SYDNEY

Beginning of the financial statements

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated Actual 2009 \$000	Consolidated Actual 2008 \$000	Parent Actual 2009 \$000	Parent Budget 2009 \$000	Parent Actual 2008 \$000
Expenses excluding losses						
Operating expenses						
Employee related	2(a)	357 165	322 315	308 946	264 965	282 356
Other operating expenses	2(b)	181 547	203 164	117 825	112 805	147 210
Depreciation and amortisation	2(c) 1(i)	30 056	31 911	19 927	19 638	21 434
Grants & subsidies	2 (d)	48 975	55 856	58 943	37 579	65 665
Finance Costs	2(e) 1(e)	13 512	12 624	1 347	1 417	1 484
Other expenses	2(f)	17 092	10 213	17 092	6 146	10 213
Contract harvest and haulage		123 203	113 038	0	0	0
Total expenses excluding losses		771 550	749 121	524 080	442 550	528 362
Revenue						
Sale of goods and services	3(a) 1(h)	208 959	186 174	62 430	62 934	49 822
Investment revenue	3(b) 1(h)	144 619	145 205	3 126	2 615	2 258
Retained Taxes Fees and Fines	3(c)	13 438	10 670	13 438	10 940	10 670
Grants and contributions	3(d)	59 437	108 980	55 581	41 185	102 341
Other revenue	3(e)	2 685	6 121	5 866	188	6 437
Personnel services revenue	3(f)	5 430	2 669	112 044	49 855	56 805
Total Revenue		434 568	459 819	252 485	167 717	228 333
Gain/(loss) on disposal	4	(20 760)	(2 927)	(3 673)	11 110	709
Other Gains/(losses)	5	35 820	27 736	20	0	972
Net Cost of Services	31	321 921	264 493	275 248	263 723	298 348
Government contributions						
Recurrent appropriation	8	283 222	275 488	283 222	237 614	275 488
Capital appropriation	8	10 019	12 121	10 019	10 019	12 121
(Asset sale proceeds transferred to the Crown Entity)		(5)	0	(5)	(9 650)	0
Acceptance by the Crown Entity of employee benefits and other liabilities	9	27 251	19 212	27 251	16 290	19 212
Total Government Contributions		320 487	306 821	320 487	254 273	306 821
SURPLUS/(DEFICIT) FOR THE YEAR (before Income Tax Expense)		(1 434)	42 328	45 239	(9 450)	8 473
Income tax equivalent benefit/(expense)	7(a)	2 402	(10 880)	0	0	0
SURPLUS/(DEFICIT) FOR THE YEAR (after Income Tax Equivalent Benefit/(Expense))		968	31 448	45 239	(9 450)	8 473

The accompanying notes form part of these financial statements

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated Actual 2009 \$000	Consolidated Actual 2008 \$000	Parent Actual 2009 \$000	Parent Budget 2009 \$000	Parent Actual 2008 \$000
Net increase/(decrease) in property plant and equipment asset revaluation reserve		63 546	(317)	63 546	0	(5 881)
Superannuation actuarial (gains)/losses		66 787	30 133	59 856	0	25 714
Other net increases/(decreases) in equity		(32 310)	(3 617)	(6 116)	0	3
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		98 023	26 199	117 286	0	19 836
Surplus/(Deficit) for the year	27	968	31 448	45 239	(9 450)	8 473
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR		98 991	57 647	162 525	(9 450)	28 309

The accompanying notes form part of these financial statements

BALANCE SHEET AS AT 30 JUNE 2009

	Notes	Consolidated Actual 2009 \$000	Consolidated Actual 2008 \$000	Parent Actual 2009 \$000	Parent Budget 2009 \$000	Parent Actual 2008 \$000
ASSETS						
Current Assets						
Cash and cash equivalents	11	35 977	47 070	22 186	30 323	35 430
Receivables	12	72 290	69 991	29 214	15 985	27 553
Inventories	13	12 141	9 952	2 171	1 790	1 790
Other financial assets	18	268	21 982	0	15 427	9 196
Assets held for sale	19	8 330	9 004	8 330	7 719	9 004
Total Current Assets		129 006	157 999	61 901	71 244	82 973
Non-Current Assets						
Receivables	12	4 485	1 386	75 631	26 335	26 335
Financial Assets at Fair Value	14	3 504	2 146	3 504	2 146	2 146
Property Plant and Equipment						
- Land and buildings	15	1 271 122	1 240 957	235 771	196 212	189 334
- Plant and Equipment	15	54 848	64 914	35 000	37 969	37 630
- Infrastructure Systems	15	102 377	127 908	36 136	24 148	27 319
- Digital Imaging System	15	0	590	0	590	590
- PPE Under Construction	15	3 645	4 385	0	0	0
Total Property Plant and Equipment		1 431 992	1 438 754	306 907	258 918	254 873
Biological Assets	20	675 714	630 975	5 714	5 975	5 975
Investment Property	16	8 750	7 916	0	0	0
Intangible assets	17 1(i)(xii)	7 463	13 114	7 463	12 655	13 114
Deferred income tax asset	7	0	0	0	0	0
Total Non-Current Assets		2 131 908	2 094 291	399 219	306 030	302 443
Total Assets		2 260 914	2 252 290	461 120	377 274	385 416
LIABILITIES						
Current Liabilities						
Payables	22 1(j)(i)	67 347	67 542	15 745	16 698	16 697
Borrowings	23 1(j)(ii)	9 819	14 759	4 192	4 446	4 196
Provisions	25 1(j)(v) 1(j)(iv)	73 787	70 393	56 636	59 142	59 142
Dividend	24 1(p)	0	1 000	0	0	0
Current Tax Liability		0	0	0	0	0
Other	26	261	751	261	751	751
Total Current Liabilities		151 214	154 445	76 834	81 036	80 786
Non-Current Liabilities						
Payables	22	0	9 196	0	15 427	9 196
Borrowings	23	177 086	177 841	17 505	14 466	18 913
Provisions	25	56 278	4 803	48 340	1 223	1 223
Deferred Tax Liability	7	249 672	265 408	0	0	0
Total Non-Current Liabilities		483 036	457 248	65 845	31 115	29 332
Total Liabilities		634 250	611 693	142 679	112 152	110 118
Net Assets		1 626 664	1 640 597	318 441	265 122	275 298
EQUITY						
Capital	27	421 706	421 706	0	0	0
Reserves	27	866 873	831 822	193 365	130 939	131 076
Accumulated funds	27	338 085	387 069	125 076	134 183	144 222
Total Equity		1 626 664	1 640 597	318 441	265 122	275 298

The accompanying notes form part of these financial statements

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated Actual 2009 \$000	Consolidated Actual 2008 \$000	Parent Actual 2009 \$000	Parent Budget 2009 \$000	Parent Actual 2008 \$000
CASHFLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(298 057)	(444 301)	(287 519)	(254 906)	(279 746)
Grants and subsidies		(48 975)	(55 856)	(58 942)	(37 579)	(65 665)
Finance costs		(12 264)	(12 364)	(818)	(964)	(962)
Other		(389 574)	(244 574)	(160 304)	(125 618)	(181 157)
Income taxes paid		1 223	(4 599)	0	0	0
Total Payments		(747 647)	(761 694)	(507 583)	(419 067)	(527 530)
Receipts						
Sale of goods and services		336 557	329 289	117 527	124 254	102 543
Retained taxes fees and fines		13 438	10 670	13 438	10 940	10 670
Interest received		3 016	3 362	1 930	2 615	2 197
Other		115 639	151 833	83 530	54 373	126 694
Total Receipts		468 649	495 154	216 426	192 182	242 104
Cashflows from Government						
Recurrent appropriation		283 483	276 239	283 483	237 614	276 239
Capital appropriation (excluding equity appropriation)		10 019	12 121	10 019	10 019	12 121
Asset sale proceeds transferred to the Crown Entity		(5)	0	(5)	(9 650)	0
Cash reimbursements from the Crown Entity		0	0	0	0	0
Cash transfers to the Consolidated Fund		(751)	(214)	(751)	0	(214)
Net Cash Flows from Government	31	292 746	288 146	292 746	237 983	288 146
NET CASH FLOWS FROM OPERATING ACTIVITIES		13 748	21 606	1 588	11 098	2 721
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of Land and Buildings Plant and Equipment and Infrastructure Systems		5 359	11 942	851	12 501	8 307
Proceeds from the sale of investments		1 688	0	1 688	0	0
Advance repayments received		0	0	0	0	0
Purchases of Land and Buildings Plant and Equipment and Infrastructure Systems		(23 948)	(25 593)	(14 711)	(24 056)	(15 351)
Purchases of investments		0	0	0	0	0
Payments for SGARA's		0	0	0	0	0
Capitalised interest on borrowings		0	0	0	0	0
Advances made		0	0	0	0	0
Other		(1 511)	1 250	(1 511)	0	1 250
NET CASH FLOWS FROM INVESTING ACTIVITIES		(18 411)	(12 401)	(13 683)	(11 555)	(5 794)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings and advances		654	38 467	0	0	0
Repayment of borrowings and advances		(6 084)	(32 458)	(1 150)	(4 650)	(3 738)
Dividend paid		(1 000)	(16 000)	0	0	0
NET CASH FLOWS FROM FINANCING ACTIVITIES		(6 430)	(9 991)	(1 150)	(4 650)	(3 738)
NET INCREASE/(DECREASE) IN CASH		(11 093)	(786)	(13 244)	(5 107)	(6 811)
Opening cash and cash equivalents		47 070	47 856	35 430	35 430	42 241
Cash transferred in (out) as a result of administrative restructuring		0	0	0	0	0
CLOSING CASH AND CASH EQUIVALENTS	11	35 977	47 070	22 186	30 323	35 430

The accompanying notes form part of these financial statements

SERVICE GROUP* – EXPENSES AND REVENUES FOR THE YEAR ENDED 30 JUNE 2009

AGENCY'S EXPENSES & REVENUES	Agriculture Biosecurity & Mine Safety*		Mineral Resources*		Fisheries Compliance & Regional Relations*		Science & Research*		Personnel Services*		Not Attributable		Total	
	2009 \$000	2008*** \$000	2009 \$000	2008*** \$000	2009 \$000	2008*** \$000	2009 \$000	2008*** \$000	2009 \$000	2008*** \$000	2009 \$000	2008*** \$000	2009 \$000	2008*** \$000
Expenses excluding losses														
Operating Expenses														
Employee related	71 241	74 751	39 230	35 754	45 273	44 410	101 015	96 350	52 187	31 091	0	0	308 946	282 356
Other operating expenses	33 304	60 497	19 223	15 914	21 633	22 207	43 665	48 592	0	0	0	0	117 825	147 210
Depreciation and amortisation	5 400	5 662	2 676	2 782	3 617	4 012	8 234	8 978	0	0	0	0	19 927	21 434
Grants and subsidies	57 918	64 859	113	104	481	327	431	375	0	0	0	0	58 943	65 665
Finance costs	143	392	71	193	914	278	219	621	0	0	0	0	1 347	1 484
Other expenses	3 470	5 327	12 759	2 922	849	1 947	14	17	0	0	0	0	17 092	10 213
Total expenses excluding losses	171 476	211 488	74 072	57 669	72 767	73 181	153 578	154 933	52 187	31 091	0	0	524 080	528 362
Revenue														
Sale of goods and services	14 068	9 558	30 192	21 132	6 419	6 842	11 751	12 290	0	0	0	0	62 430	49 822
Investment revenue	674	648	320	266	1 147	485	985	859	0	0	0	0	3 126	2 258
Retained taxes fees and fines	7	3	3	0	13 418	10 667	10	0	0	0	0	0	13 438	10 670
Grants and contributions	14 165	54 125	152	442	7 853	11 482	33 411	36 292	0	0	0	0	55 581	102 341
Other revenue	158	459	2 017	423	260	437	3 431	5 118	0	0	0	0	5 866	6 437
Personnel services revenue	0	0	0	0	0	0	0	112 044	56 805	0	0	0	112 044	56 805
Total Revenue	29 072	64 792	32 684	22 264	29 097	29 914	49 588	54 559	112 044	56 805	0	0	252 485	228 333
Gain/ (loss) on disposal	(995)	187	(493)	92	(667)	133	(1 518)	297	0	0	0	0	(3 673)	709
Other gains / (losses)	5	257	3	126	4	182	8	407	0	0	0	0	20	972
Net Cost of Services	143 394	146 251	41 878	35 188	44 333	42 953	105 500	99 670	(59 857)	(25 714)	0	0	275 248	298 348
Government contributions**	0	0	0	0	0	0	0	0	0	0	320 487	306 821	320 487	306 821
NET EXPENDITURE/(REVENUE) FOR THE YEAR	143 394	146 250	41 878	35 187	44 333	42 952	105 500	99 673	0	0	(320 487)	(306 821)	45 239	8 473
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	23 285	5 485	23 285	5 485
- Other	0	0	0	0	0	0	0	0	0	0	1 345 863	575 476	1 345 863	476 575
Total Administered Revenues	0	0	0	0	0	0	0	0	0	0	1 369 148	580 961	1 369 148	580 961
Administered Revenues less Expenses	0	0	0	0	0	0	0	0	0	0	1 369 148	580 961	1 369 148	580 961

* NSW Budget Paper No. 3 has replaced program statements with service group statements. Service group statements focus on the key measures of service delivery performance. The name and purpose of each service group is summarised in Note 10.

**Appropriations are made on an agency basis and not to individual service groups. Consequently government contributions must be included in the 'Not Attributable' column.

*** Comparative amounts have been reclassified to align with the change in focus from programs to service groups.

SERVICE GROUP* – ASSETS AND LIABILITIES FOR THE YEAR ENDED 30 JUNE 2009

	Agriculture Biosecurity & Mine Safety		Mineral Resources		Fisheries Compliance & Regional Relations		Science & Research		Personnel Services		Not Attributable		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS														
Current Assets														
Cash and cash equivalents	6012	9358	2979	4598	4027	6632	9168	14841	0	0	0	0	22186	35430
Receivables	9412	11631	6960	1404	3419	4700	9423	9818	0	0	0	0	29214	27553
Inventories	588	473	292	232	394	335	897	750	0	0	0	0	2171	1790
Other financial assets	0	0	0	0	0	0	0	0	9196	0	0	0	0	9196
Assets held for sale	2257	2378	1119	1168	1512	1685	3442	3772	0	0	0	0	8330	9004
Total Current Assets	18270	23840	11349	7403	9352	13353	22930	29181	9196	0	0	0	61901	82973
Non-Current Assets														
Receivables	0	0	0	0	0	0	0	0	75631	26335	0	0	75631	26335
Financial Assets at Fair Value	77	163	3259	1608	51	116	117	259	0	0	0	0	3504	2146
Property Plant and Equipment	63889	50010	31662	24572	42796	35441	97425	79311	0	0	0	0	235771	189334
- Land and buildings	9484	9940	4700	4884	6353	7044	14463	15763	0	0	0	0	35000	37631
- Plant and Equipment	9792	7216	4853	3545	6559	5114	14932	11444	0	0	0	0	36136	27319
- Infrastructure Systems	0	156	0	77	0	110	0	247	0	0	0	0	0	590
- Digital Imaging System	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- PPE Under Construction	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Property Plant and Equipment	83165	67321	41216	33078	55709	47709	126819	106765	0	0	0	0	306907	254873
Biological Assets	1548	1578	767	775	1037	1118	2361	2503	0	0	0	0	5714	5975
Investment Property	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Intangible assets	2022	3464	1002	1702	1355	2455	3084	5494	0	0	0	0	7463	13114
Deferred income tax asset	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	86812	72526	46244	37163	58152	51398	132381	115021	75631	26335	0	0	399219	302444
Total Assets	105082	96366	57593	44566	67504	64751	155311	144201	75631	35531	0	0	461120	385416
LIABILITIES														
Current Liabilities														
Payables	3699	3480	2753	3171	2517	2140	4961	6145	1815	1761	0	0	15745	16697
Borrowings	2964	3046	0	0	1227	1150	0	0	0	0	0	0	4192	4196
Provisions	8330	9363	4128	4600	5580	6635	12703	14848	25895	23695	0	0	56636	59142
Dividend	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Tax Liability	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	71	198	35	97	47	141	108	315	0	0	0	0	261	751
Total Current Liabilities	15064	16087	6916	7869	9371	10066	17771	21308	27710	25456	0	0	76834	80786
Non-Current Liabilities														
Payables	0	0	0	0	0	0	0	0	0	9196	0	0	0	9196
Borrowings	6444	6625	0	0	11061	12288	0	0	0	0	0	0	17505	18913
Provisions	113	91	56	45	76	64	173	144	47921	879	0	0	48340	1223
Deferred Tax Liability	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Current Liabilities	6557	6716	56	45	11137	12352	173	144	47921	10075	0	0	65845	29332
Total Liabilities	21622	22803	6972	7914	20508	22418	17944	21452	75631	35531	0	0	142679	110118
Net Assets	83460	73563	50621	36653	46996	42332	137366	122749	0	0	0	0	318441	275298

Administered assets and liabilities are disclosed in Note 34

Notes to and forming part of the financial statements

SUMMARY OF COMPLIANCE WITH FINANCIAL DIRECTIVES

	2009				2008			
	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	237 614	237 474	10019	10019	236 932	236 909	13 704	13 704
Additional Appropriations			0	0	1 200	1 200	0	0
s24 A PF&AA – transfer of functions between departments	(100)	(100)	0	0	0	0	0	0
s26 A PF&AA – Commonwealth specific purpose payments	106	35	0	0	0	0	0	0
	237 620	237 409	10019	10019	238 132	238 109	13 704	13 704
OTHER APPROPRIATIONS/ EXPENDITURE								
Treasurer's Advance	30 808	18 300	0	0	31 107	31 107	0	0
Section 22 – expenditure for certain works and services	10 891	10 891	0	0	7 000	6 272	0	0
Transfers to/ from another agency (s28 of the Appropriation Act)	0	0	0	0	0	0	(1 583)	(1 583)
Section 31	28 901	16 622	0	0	0	0	0	0
Total Appropriation/ Expenditure/ Net Claim on Consolidated Fund (includes transfer payments)	308 220	283 222	10019	10019	276 239	275 488	12 121	12 121
Amount drawn down against Appropriation	0	283 483	0	10019	0	276 239	0	12 121
Liability to Consolidated Fund	0	261	0	0	0	751	0	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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The parent entity (the Department) 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.

The controlling entity (DPI) comprises the consolidated accounts of the Department and NSW Forests.

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 17 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 the Department 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 DPI 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 'DPI' it refers to the total activities of the Department of Primary Industries as the controlling entity whilst a reference to 'the Department' relates to activities of the Parent entity. 'Forest NSW' refers to the specific activities of NSW Forests.

This consolidated financial report has been authorised for issue by the Director-General on 28 October 2009.

(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 2005 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 cash basis of accounting and all applicable accounting standards have been adopted for the reporting of the administered activities.

(e) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

Borrowing costs include:

- Interest on bank overdrafts and short-term and long-term borrowings
- Amortisation of discounts or premiums relating to borrowings

(f) Insurance

Parent

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 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

Notes to and forming part of the financial statements

determined the value of the outstanding claims liability as at 30th June 2009. 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 Revenue

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 significant risks and rewards of ownership transfer to the buyer.

(ii) Forest management services

Revenue from forest management services is typically received in advance with the amount received representing the net present value and as agreed within individual contractual arrangements. Revenue from forest management services is then recognised over the period of the contractual term unless it is refunded.

(iii) Rental Income

Revenue from investment properties is recognised on a straight line basis over the period of the lease.

(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.

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 property revaluation was completed on 30 June 2009 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.

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 every five years 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 every five years 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 Motor Vehicles and Mobile Plant were revalued

at 30 June 2009 by management. The carrying value as at 30 June 2009 approximates to the fair value.

Biological Assets (refer note 20)

Biological assets are measured at fair value less estimated point-of-sale costs with any change therein recognised in profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets.

Forests NSW manage available 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 forest areas. As a result all costs incurred in managing maintaining and developing the timber resources are expensed as incurred on the basis that all relevant costs are incurred in maintaining a constant forest resource.

Plantation Timber Valuation

The value of the softwood and hardwood plantations has been assessed using a discounted cash flow model which estimates the present value of the net cash flows arising from the liquidation of the current crop of trees within the context of sustained yield management.

The flows of logs available from the regional plantation forest estates are estimated using an industry-standard forest estate modelling system which simulates growth harvesting and replanting of forests over an extended time period. Timber yield estimates are made by the application of growth and yield models to forest inventory measurements and the aggregate wood flow from the regional forests is constrained by the requirement to fill contracts to supply logs to existing customers.

The total standing volume of trees expected at the dates of harvest is converted to an assortment of log products by the application of models which simulate the manufacture of saleable log products. The estimates of future log product yields are tempered by past experience of actual yields in similar crops.

Average stumpage prices for the log products are estimated from recent actual sales of these products and are applied to the forecast log product volumes to estimate future gross revenues from the sale of logs. Constant real prices are assumed. The costs of accessing the crop in order to harvest it including the costs of new roading infrastructure and the costs of planning and managing the harvest are deducted from the gross revenue to estimate the net harvest revenue from the current crop.

Ancillary income earned from activities such as the leasing of land for grazing and other occupancy rights is added to the net harvest revenue.

The direct and indirect costs required to bring the crop to maturity and protect it from injurious agencies are deducted to estimate the net cash flow from the trees.

The annual net cash flows are converted to a present value by the application of Forests NSW weighted average cost of capital (10.02% on a real pre-tax basis) and summed to estimate the present value of the trees. Only those cash flows associated with the standing crop at valuation date are included in the present value estimate.

Native Forest Timber

The value of the Native Forest timber resource is estimated using a discounted cash flow model which assumes that the forests are managed for the production of logs in perpetuity.

Forests NSW manages the native forest using environmentally and economically sustainable yield principles. A fundamental objective is to maintain both forests and industry in perpetuity by ensuring that the volume harvested approximates the annual forest growth on the harvestable forest area over successive harvest cycles.

The gross area of the native forests from which the log supply is drawn is reduced by the extent by which logging is excluded in certain areas. In the north and south coast regions an additional "net harvest 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 harvest area to account for the effect of excluding areas with significant floral and faunal values.

Notes to and forming part of the financial statements

The cash flow analysis is underpinned by projections of future wood volume flows over a 100 year period for each of the major native forest estates. The wood flows are determined using the FRAMES (Forest Resource Area Management Evaluation System) toolkit initialised with most recent resource inventory information. The inventory 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.

After adjusting the volume projections for the area modifiers "calibration factors" are then applied to the volumes of log products available from each regional resource. These calibration factors reflect the differences between the visual features recorded for standing trees (as recorded in the inventory) and those found when trees are felled and logs are manufactured when internal defects become visible. This enables the impact of internal defects in the timber to be incorporated into the estimates of future log product volume availability.

The volume flows are converted to cash flows by the application of regional stumpage prices achieved in recent sales of logs from these forests. Constant real prices are assumed in perpetuity. Ancillary income earned from activities such as leasing of land for grazing and other occupancy rights is added to the total stumpage income from the sale of logs.

The cost of securing the stumpage income flow is estimated from current operating costs unadjusted for any increase in operational efficiency which might occur in the future.

The net cash flows are discounted using Forests NSW's weighted average cost of capital (10.02% on a real pre-tax basis) and summed to estimate present value of the perpetual cash flow.

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 2009 unsold carbon credit certificates are accounted for as inventory at lower of cost or net realisable value.

(iv) Impairment of 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.

(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.

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 \$0.386m for 2008-2009.

(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	Computing Equipment	4 years
Commercial Vehicles	5 years	Specialised Equipment	7 years
Motor Cycles	7 years	Passenger Vehicles	7 years
Business Equipment	7 years	Laboratory Equipment	7 years
Agricultural Equipment	10 years	Furniture and Fittings	10 years
Digital Imaging System	10 years	Farm Vehicles	10 years
Trailers and Caravans	10 years	Marine Equipment	10 years
Other Marine Craft	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 assets are ready for use even if standby assets.

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 that are surplus to its requirements for rental income.

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 cost where there is no 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. AASB 102 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.

Notes to and forming part of the financial statements

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 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 disclosed 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

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.

(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 2009 (Nil 2008). 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 2009.

Parent

The superannuation expense for the financial year is determined by using formulae specified in the Treasurer's Circular. 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.

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 year. 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 plantation establishment cost against derived post TER and NTER (National Tax

Notes to and forming part of the financial statements

Equivalent Regime) assessable income.

The deductibility of this amount is uncertain and is subject to Forests NSW obtaining approval from NSW Treasury to bring these plantation costs into the TER and the NTER working group allowing these costs to be grandfathered into the NTER.

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 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 years.

Current and deferred tax for the year

Movements in current and deferred tax is recognised as an expense or income in the Operating 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 dividend payable by Forest NSW is calculated according with TPP 02-3 Financial Distribution Policy for Government Businesses. The dividend payable of \$0 (2008: \$1 000 000) is calculated based on profit/loss adjusted for certain non-cash items.

As a result of the changed treatment of superannuation actuarial gains and losses (refer Note 1 u) in the dividend calculation there is no longer a need to adjust profit to exclude these gains/losses as they are now recognised outside profit/loss.

(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 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 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 Balance Sheet.

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	I	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.

Early adoption of new or revised Accounting Standards/Interpretation.

The following Australian Accounting Standards/Interpretations have been mandated by 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) AASB 2007-8 and AASB 2007-10 regarding presentation of financial statements;
- AASB 123 (June 2007) and AASB 2007-6 regarding borrowing costs;
- AASB1039 regarding concise financial reports;
- AASB 2008-1 regarding share based payments;
- AASB 2008-2 regarding puttable financial instruments;
- AASB 2008-5 and AASB 2008-6 regarding amendments to Australian Accounting Standards arising from the Annual Improvements Project;
- AASB 2008-7 regarding costs of an investment in a subsidiary jointly controlled entity or an associate;
- AASB 2008-8 regarding eligible hedged items;
- AASB 2008-9 regarding AASB 1049 amendments consistent with AASB 101;
- AASB 2008-11 regarding business combinations with not-for-profit entities;
- AASB 2009-1 regarding borrowing costs of not for profit public sector entities;
- AASB 2009-2 regarding financial instruments disclosures;
- Interpretation 15 on construction of real estate;
- Interpretation 16 on hedges of a net investment in a foreign operation;
- Interpretation 17 and AASB 2008-13 on distribution of noncash assets to owners;
- Interpretation 18 on transfers of assets from customers.

(u) Change in accounting policy and correction of errors

Parent

i) Changes in accounting policies – Superannuation actuarial gains and losses

According with NSW Treasury policy the entity has changed its policy on the recognition of superannuation actuarial gains and losses. Such actuarial gains and losses are now recognised outside of profit or loss in the 'Statement of Recognised Income and Expense'. Previously actuarial gains and losses were recognised through profit or loss. Both options are permissible under AASB 119 Employee Benefits.

The change in policy has been adopted on the basis that recognition outside profit or loss provides reliable and more relevant information as it better reflects the nature of actuarial gains and losses. This is because actuarial gains/losses are re-measurements based on assumptions that do not necessarily reflect the ultimate cost of providing superannuation.

Recognition outside profit or loss also harmonises better with the Government Finance Statistics/GAAP comprehensive income presentation for the whole of government and general government sector required under AASB 1049 Whole of Government and General Government Sector Financial Reporting. A comprehensive income presentation will also be available at the entity level from 2009/10 under AASB 101 Presentation of Financial Statements.

The change in accounting policy increases 2009 'profit (loss) for the period' from (\$14.6)m to \$45.2m (2008; from (\$17.2)m to \$8.5m) by excluding from profit the superannuation actuarial loss item (2009: \$59.9m 2008: \$25.7m). This item is now recognised in the "Statement of Recognised Income and Expense" rather than the "Operating Statement".

ii) Correction of error – restatement of current receivables and current payables

In the previous reporting period amounts relevant to Administered activities receivables and payables were incorrectly reported within the Department's assets and liabilities.

iii) Change in Accounting Policy – Intangible Assets

According to Nsw Treasury policy where there is no active market cost is used to value intangible assets. There has been no movement for water licence for the past year and it is unlikely there is an active market existing for water licences. Therefore water licences have been valued at cost instead of fair value.

Notes to and forming part of the financial statements

Forests NSW

(i) Changes in accounting policies – Biological assets valuation

The measurement basis Forest NSW use for biological assets is fair value. For native forest crops and softwood plantations a net market value approach was used to determine their fair values. The net market value approach is based upon standing volumes at current prices less the direct costs of disposing the timber. For hardwood plantations the fair value was determined to be the historical cost.

With effect from 1 July 2006 the fair value of native forest crops softwood plantations and hardwood plantations has been determined using a discounted cash flow approach. The principal assumptions associated with this method can be found in Note 2 (h)(iii). This method of valuation was chosen as it more closely reflects usual market practice and provides a more accurate view of the value of the assets in terms of future revenue generation. The financial impact of the change in accounting policy at parent and consolidated levels is set out below in note 1 (u) (vi).

(ii) Changes in accounting policies – Superannuation actuarial gains and losses

According with NSW Treasury policy Forests NSW has changed its policy on the recognition of superannuation actuarial gains and losses. Such actuarial gains and losses are now recognised outside of profit or loss in the 'statement of recognised income and expense'. Previously actuarial gains and losses were recognised through profit or loss. Both options are permissible under AASB 119 Employee Benefits.

The change in policy has been adopted on the basis that recognition outside profit or loss provides reliable and more relevant information as it better reflects the nature of actuarial gains and losses. This is because actuarial gains/losses are re-measurements based on assumptions that do not necessarily reflect the ultimate cost of providing superannuation.

Recognition outside profit or loss also harmonises better with the Government Finance Statistics/GAAP comprehensive income presentation for the whole of government and general government sector required under AASB 1049 Whole of Government and General Government Sector Financial Reporting. A comprehensive income presentation will also be available at the entity level from 2009-10 under AASB 101 Presentation of Financial Statements. The financial impact of the change in accounting policy at parent and consolidated levels is set out below in note 1 (u) (vi).

(iii) Changes in accounting policies – Capitalisation of planted forest operational costs

Forests NSW previously capitalised direct costs of plantation establishment and development and indirect costs attributable to the plantation establishment and management including fire prevention and suppression road maintenance forest management and planning research and administration and management.

Forests NSW management have assessed that Forests NSW manage available 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 forest areas. As a result it has been determined that with effect from 1 July 2007 all costs incurred in managing maintaining and developing the timber resources are to be expensed as incurred on the basis that all relevant costs are incurred in maintaining a constant forest resource. The financial impact of the change in accounting policy at parent and consolidated levels is set out below in note 1 (u) (vi).

(iv) Changes in accounting policies – Capitalisation of borrowing costs

Forests NSW previously capitalised interest relating to loans used for the purposes of developing biological assets.

Forests NSW management have assessed that Forests NSW manage available 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 forest areas. As a result it has been determined that with effect from 1 July 2007 all borrowing costs incurred

in relation to the development of biological assets are to be expensed as incurred on the basis that the costs are incurred in maintaining a constant forest resource. The financial impact of the change in accounting policy at parent and consolidated levels is set out below in note 1 (u) (vi).

(v) Correction of error – Roading expenses

Forests NSW contribute funds to local councils throughout the state for the purposes of building and maintaining the road networks which Forests NSW use extensively to conduct its operations.

In prior reporting periods this expenditure was incorrectly capitalised as Forests NSW does not actually own the assets to which the expenditure relates. The capitalisation of this expenditure has been reversed and subsequently expensed in the year in which the expenditure occurred. The financial impact of the correction of error at parent and consolidated levels is set out below in note 1 (u) (vi).

(vi) Restatement of accounts

Parent.

	Notes	Consolidated			Parent		
		Original	Movement	Restated	Original	Movement	Restated
		2008		2008	2008		2008
		\$000	\$000	\$000	\$000	\$000	\$000
Operating Statement (extract)							
Employee Related	1(u)(i ii)	344 588	(22 273)	322 315	308 069	(25 713)	282 356
Other operating expenses	1(u)(iii,v)	177 933	25 230	203 163	0	0	0
Finance Costs	1(u)(iv)	2 067	10 557	12 624	0	0	0
Contract Harvest and Haulage		120 898	(7 860)	113 038	0	0	0
Sale of goods and services		187 339	(1 165)	186 174	0	0	0
Investment revenue		144 040	1 165	145 205	0	0	0
Other gains/(losses)	1(u)(i,iii,iv)	80 166	52 430	27 736	0	0	0
Net Cost of Service		206 409	58 084	264 493	324 061	(25 713)	298 348
Income Tax equivalent expense		(37 279)	(26 399)	(10 880)	0	0	0
SURPLUS/(DEFICIT) FOR THE YEAR		63 133	(31 685)	31 448	(17 240)	25 713	8 473
Balance Sheet (extract)							
Current Assets							
Receivables	1(u)(ii)	70 913	(922)	69 991	28 475	(922)	27 553
Inventories		10 179	(228)	9 951			
Total Current Assets		159 148	(1 151)	157 997	83 894	(922)	82 973
Non-Current Assets							
Property, Plant and Equipment	1(u)(v)	1 451 684	(12 928)	1 438 756	0	0	0
Biological Assets	1(u)(i)	1 521 285	(890 310)	630 975	0	0	0
Deferred income tax asset		7 457	(7 457)	0	0	0	0
Total Non-Current Assets		3 004 988	(910 695)	2 094 293	0	0	0
Total Assets		3 164 136	(911 846)	2 252 290	386 338	(922)	385 416
Current Liabilities							
Payables	1(u)(ii)	68 466	(922)	67 544	17 620	(922)	16 697
Total Current Liabilities		155 368	(922)	154 446	81 709	(922)	80 786
Non-Current Liabilities							
Deferred Tax Liability	1(u)(i,iii,v)	543 989	(278 581)	265 408	0	0	0
Total Non-Current Liabilities		735 829	(278 583)	457 246	0	0	0
Total Liabilities		891 197	(279 504)	611 693	111 040	(922)	110 118
Net Assets		2 272 939	(632 342)	1 640 598	275 298	0	275 298
Equity (extract)							
Reserves		832 328	(506)	831 822	0	0	0
Accumulated Funds		1 018 905	(631 835)	387 070	0	0	0
Total Equity		2 272 939	(632 342)	1 640 597	0	0	0

Notes to and forming part of the financial statements

2. EXPENSES EXCLUDING LOSSES

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
(a) Employee Related Expenses				
Salaries and wages (including recreation leave)	238 384	248 395	217 873	228 146
Superannuation – defined benefit plans	11 193	9 805	11 081	9 743
Superannuation – defined contribution plans	14 070	11 973	11 079	10 860
Long service leave	20 416	11 723	18 260	9 906
Workers compensation insurance	4 209	4 981	3 127	4 547
Payroll tax and fringe benefits tax	18 310	18 233	17 027	17 254
Redundancy payments	13 421	6 759	13 421	6 812
Other - Miscellaneous	37 162	10 446	17 078	(4 912)
	357 165	322 315	308 946	282 356

Refer Note 15. Superannuation actuarial losses of \$60.857m (2008: \$25.714m) are recognised in the 'Statement of Recognised Income and Expense'.

(b) Other operating expenses include the following:

Auditor's remuneration – audit or review of financial reports	801	736	370	366
Cost of inventories held for distribution	16 820	18 409	16 816	18 413
Operating lease rental expense – minimum lease payments	15 412	15 731	15 070	15 097
Maintenance*	9 552	9 587	8 458	8 589
Insurance	2 012	1 947	1 333	1 311
Other - Advertising and promotion	1 055	1 833	915	1 779
- Bank charges	226	186	226	186
- Bad debts written off	6 012	(322)	556	0
- Consultancy	1 959	742	345	530
- Courier and freight	962	953	962	953
- Electricity	3 094	3 053	2 718	2 631
- Rates	737	700	677	378
- Materials	16 282	15 721	0	0
- Telephone	5 008	5 236	3 512	3 735
- Travel	11 992	15 232	9 682	12 739
- Water	60	66	0	0
- Land Tax	543	468	0	0
- Stamp duty	32	29	0	0
- Fuel	6 535	6 913	2 798	3 353
- Legal Fees	841	549	471	325
- Training	971	1 601	971	1 601
- Fees	41 101	59 173	32 330	51 424
- Printing	1 604	2 295	1 604	2 295
- Other operating expenses	37 936	42 326	18 011	21 505
	181 547	203 164	117 825	147 210

Maintenance Reconciliation

*Maintenance expense as above	9 552	9 587	8 458	8 589
Maintenance related employee expenses included in Note 2(a)	3 121	3 612	2 091	2 253
Total maintenance expenses included in Note 2(a) + (b)	12 673	13 199	10 549	10 842

No employee related costs have been capitalised.

(c) Depreciation and amortisation expense

Buildings	7 322	6 758	5 889	5 405
Infrastructure	6 927	7 295	2 855	3 350
Plant and Equipment	14 923	17 145	10 299	11 965
Amortisation of intangible assets	884	713	884	714
	30 056	31 911	19 927	21 434

2. EXPENSES EXCLUDING LOSSES (cont'd)

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
(d) Grants and subsidies				
Destruction of Noxious Weeds	7 468	8 260	7 468	8 260
Wild Dog Destruction Board	60	60	60	60
Animal Welfare Organisations	533	533	533	533
Rural Lands Protection Boards	637	540	637	540
Rural Counsellors Contribution	840	841	840	841
Grants to Government Bodies	6 492	3 762	16 049	13 319
Grants to Other Non-Government Bodies	0	0	0	0
Safe Food Production	11 747	11 462	11 747	11 462
Disaster response services	0	2 400	0	2 400
Brigalow Structural Adjustment	3 754	4 622	4 165	4 874
Drought Transport Subsidies	17 444	23 376	17 444	23 376
	48 975	55 856	58 943	65 665
(e) Finance Costs				
Interest on Treasury Advance	12 984	12 102	819	962
Amortised interest expense	528	522	528	522
	13 512	12 624	1 347	1 484
(f) Other expenses				
Investment asset revaluation – decrement	2	0	2	0
Beekeepers' Compensation	28	38	28	38
Marine Parks commercial fisheries buyout	0	1 121	0	1 121
Shark Meshing	814	792	814	792
Buyout of Commercial fisheries	0	0	0	0
Remedial Works to Mine Areas	1 864	1 837	1 864	1 837
Australian Standing Committee on Agriculture	3 493	5 345	3 493	5 345
Forest Industry Restructure Package	0	0	0	0
Legal and other costs	10 891	0	10 891	0
Coal compensation expense	0	1 080	0	1 080
	17 092	10 213	17 092	10 213

Notes to and forming part of the financial statements

3. REVENUES

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
(a) Sale of goods and services				
Sale of goods:				
Sale of produce	6 067	5 095	6 067	5 095
Sale of publications	728	685	728	685
Minor sales of goods and services	1 035	772	1 037	772
Rendering of services:				
Education	2 504	2 436	2 517	2 436
Fees for services rendered	134 174	125 823	9 623	11 811
Fishery Application & Management Fees	2 727	3 496	2 727	3 496
Mine Safety Levy	21 096	17 029	21 096	17 029
Other Services	40 628	30 838	18 635	8 498
	208 959	186 174	62 430	49 822
(b) Investment revenue				
Interest	2 497	2 382	1 411	1 217
Rents	3 330	3 975	1 213	1 030
Royalties from the sale of timber and related products	138 290	138 837	0	0
Dividends	502	11	502	11
	144 619	145 205	3 126	2 258
(c) Retained taxes fees and fines				
Recreational Fishing Fees	13 438	10 670	13 438	10 670
	13 438	10 670	13 438	10 670
(d) Grants and Contributions				
Grants – Industry/Private Bodies	37 825	32 139	37 808	32 139
Grants – Public Authorities	3 842	6 639	0	0
Grants – Other Employment Schemes	232	68	232	68
Grants – Commonwealth Government	2 996	46 715	2 996	46 715
Grants – Budget Sector Agencies	13 451	22 652	13 454	22 652
Grants from Local Government	1 091	767	1 091	767
	59 437	108 980	55 581	102 341
(e) Other revenue				
Other Revenue	2 685	6 121	5 866	6 437
	2 685	6 121	5 866	6 437
(f) Personnel Services Revenue	5 430	2 669	112 044	56 805

4. GAIN/(LOSS) ON DISPOSAL

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Proceeds from sale of property, plant and equipment	5 123	4 309	614	674
Proceeds from sale of assets held for sale	236	7 633	237	7 633
Written down value of assets sold	(27 473)	(14 869)	(5 878)	(7 598)
Proceeds of sales of investments	1 688	0	1 688	0
Written down value of investments sold	(334)	0	(334)	0
Net gain/(loss) on disposal	(20 760)	(2 927)	(3 673)	709

5. OTHER GAINS /(LOSSES)

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Impairment of Receivables	0	0	0	0
Gain /(loss) – fair value of property, plant and equipment	(9 990)	0	(770)	0
Gain /(loss) – investment properties	0	0	0	0
Gain on fair value of borrowings	790	522	790	522
Increment/(decrement) in net market value of biological assets	45 020	27 214	0	450
Net Other gains /(losses)	35 820	27 736	20	972

6. CONDITIONS ON CONTRIBUTIONS

Contributions of \$50.344m during 2008-09 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 (30 June 2008 \$56.888m). 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 2009 (including those received in prior years) were \$22.730m (30 June 2008 - \$25.103m). These funds will be carried forward to the next financial year.

7. INCOME TAXES

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
(a) Income Tax recognised in Operating Statement				
Tax expense/(credit) comprises:				
Current tax expense/(income)	(1 619)	(1 492)	0	0
Deferred income tax Relating to origination and reversal of timing differences that are part of;				
Origination and reversal of temporary differences	4 021	(9 388)	0	0
Total Income Tax expense/(income)	2 402	(10 880)	0	0
Numerical reconciliation between tax expense and pre-tax accounting profit				
Pre-Tax Accounting Profit (Loss)	46 673	(33 855)	0	0
Income tax using therate of 30 per cent	14 002	(35 295)	0	0
Excess/(Deficit) of accounting depreciation over tax	(538)	(204)	0	0
Non deductible expenses	(17 227)	(1 519)	0	0
Loss on discontinued assets	(7 540)	(1 411)	0	0
Net movements in provisions	(2 957)	576	0	0
Unearned revenue	(859)	2 688	0	0

Notes to and forming part of the financial statements

7. INCOME TAXES (cont'd)

Change in net market value of biological assets	13 500	23 987	0	0
Capital Expenditures on Plantation Establishment	0	6 680	0	0
Capitalised finance costs	0	3 006	0	0
Change in unrecognised temporary differences	4 021	(9 388)	0	0
Income tax benefit/(expense) reported in operating statement	2 402	(10 880)	0	0

TAX ASSETS & LIABILITIES	Assets \$000		Liabilities \$000		Net \$000	
	2009	2008	2009	2008	2009	2008
Property Plant & Equipment	0	0	(298 113)	(324 372)	(298 113)	(324 372)
Biological Assets	239 008	239 008	(201 000)	(187 500)	38 008	51 508
Provisions	3 571	1 452	0	0	3 571	1 452
Revenue in advance	6 862	6 004	0	0	6 862	6 004
Net Deferred Tax Assets / (Liabilities)	249 441	246 464	(499 113)	(511 872)	(249 672)	(265 408)

	Balance 1 July 2007	Recognised in Operating Statement	Recognised in Equity	Balance 30 June 2008	Recognised in Operating Statement	Recognised in Equity	Balance 30 June 2009
Property Plant & Equipment	(327 646)	1 571	1 703	(324 372)	14 545	11 714	(298 113)
Biological Assets	59 308	(7 800)	0	51 508	(13 500)	0	38 008
Provisions	1 948	(496)	0	1 452	2 119	0	3 571
Revenue in advance	8 666	(2 662)	0	6 004	858	0	6 862
Net Deferred Tax Assets / (Liabilities)	(257 724)	(9 387)	1 703	(265 408)	4 022	11 714	(249 672)

8. APPROPRIATIONS

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Recurrent appropriations				
Total recurrent draw-downs from Treasury (per Summary of Compliance)	283 483	276 239	283 483	276 239
Less: Liability to Consolidated Fund (per Summary of Compliance)	(261)	(751)	(261)	(751)
	283 222	275 488	283 222	275 488
Comprising:				
Recurrent appropriations (per Operating Statement)	283 222	275 488	283 222	275 488
Transfer payments	0	0	0	0
	283 222	275 488	283 222	275 488
Capital appropriations				
Total capital draw-downs from Treasury (per Summary of Compliance)	10 019	12 121	10 019	12 121
Less: Liability to Consolidated Fund (per Summary of Compliance)	0	0	0	0
	10 019	12 121	10 019	12 121
Comprising:				
Capital appropriations (per Operating Statement)	10 019	12 121	10 019	12 121
Transfer payments	0	0	0	0
	10 019	12 121	10 019	12 121

9. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
The following liabilities and/or expenses have been assumed by the Crown Entity or other Government agencies:				
Superannuation	11 081	9 743	11 081	9 743
Long Service Leave	15 521	8 884	15 521	8 884
Payroll tax	649	585	649	585
	27 251	19 212	27 251	19 212

10. PROGRAMS/ACTIVITIES OF THE DEPARTMENT**Agriculture, Biosecurity and Mine Safety**

Service Description: This service group covers development and delivery of services and initiatives such as extension, education and promotion of animal welfare, to drive sustainable development of agriculture and private forestry, as well as development and implementation of industry safety, biosecurity and emergency response plans to support improved industry safety and biosecurity.

Mineral Resources

Service Description: This service group covers assessment of the State's geology and mineral resources, their allocation to private interests for exploration and mining, and regulation of exploration and mining activities for safety and environmental performance.

Fisheries and Compliance

Service Description: This service group covers development and delivery of compliance, regulatory programs, services and initiatives to protect primary industries from pests, diseases and contaminants and drive sustainable development of aquaculture, commercial fishing and recreational fishing.

Science and Research

Service Description: This service group covers provision of science, research and innovative technologies to increase the international competitiveness of the State's primary industries in an environmentally sustainable way, as well as provision of the science to underpin effective biosecurity policy and implementation.

Personnel Services

Program objective: This service group covers provision of personnel services to Forests NSW and the Mine Subsidence Board as part of the State's Work Choices insulation legislation.

11. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Cash at bank and on hand*	33 999	46 376	22 186	35 430
Short term deposits	1 947	651	0	0
NSW Treasury Corporation Hourglass Investments	31	43	0	0
	35 977	47 070	22 186	35 430

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)	35 977	47 070	22 186	35 430
Closing cash and cash equivalents (per Cash Flow Statement)	35 977	47 070	22 186	35 430

Refer Note 37 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 2009.

NOTE:*Included in this balance is the following special deposit accounts

Agricultural Scientific Collections Trust	38	32	38	32
---	----	----	----	----

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 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
CURRENT				
Sale of goods and services	68 773	56 671	25 384	16 543
Less: Allowance for impairment	(2 469)	(588)	(1 099)	(566)
Prepayments	3 978	4 268	3 015	2 372
Interest Receivable	388	405	388	405
Miscellaneous	1 620	9 235	1 526	8 799
	72 290	69 991	29 214	27 553
NON-CURRENT				
Personnel Services	4 485	1 386	75 631	26 335
	4 485	1 386	75 631	26 335

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Movement in the allowance for impairment				
Balance at 1 July	588	3 334	566	907
Amounts written off during the year	(71)	(2 475)	(71)	(71)
Amounts recovered during the year	(6)	(24)	(6)	(23)
Increase/(decrease) in allowance recognised in profit or loss	1 958	(247)	610	(247)
Balance 30 June	2 469	588	1 099	566

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 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
CURRENT				
Valued at Cost				
Materials and Parts	7 769	6 317	1 364	1 450
Work in Progress and Finished Goods	4 372	3 635	808	340
	12 141	9 952	2 171	1 790

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	3 221	1 528	3 221	1 528
Shares in Co-Operatives	283	618	283	618
	3 504	2 146	3 504	2 146

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 2009 valuations are based on the estimated specimen value as at 30 June 2009. These exhibits are as follows:

	Weight (Troy Oz)				
Maitland Bar	344.41	2 773	1 288	2 773	1 288
Lucky Hit	42.64	292	160	292	160
Woods Flat	20.85	136	63	136	63
Alluvial Gold	18	20	17	20	17
TOTAL	425.9	3 221	1 528	3 221	1 528
The value of shares represents holdings in:					
Dairy Farmers Ltd		175	507	175	507
Norco Co-Operative Ltd		92	92	92	92
Rice Growers Co-Operative Mills Ltd		7	8	7	8
Rice Marketing Board of NSW		9	10	9	10
		283	617	283	617

Refer Note 37 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 2008												
At Fair Value	1 265 546	212 570	140 648	105 733	149 732	41 345	5 899	5 899	4 385	0	1 566 210	365 547
Accumulated Depreciation and Impairment	(24 589)	(23 236)	(75 734)	(68 103)	(21 824)	(14 026)	(5 309)	(5 309)	0	0	(127 456)	(110 674)
Net Carrying Amount	1 240 957	189 334	64 914	37 630	127 908	27 319	590	590	4 385	0	1 438 754	254 873
At 30 June 2009												
At Fair Value	1 277 921	242 570	135 654	108 474	114 915	41 372	5 899	5 899	3 645	0	1 538 034	398 315
Accumulated Depreciation and Impairment	(6 799)	(6 799)	(80 806)	(73 474)	(12 538)	(5 236)	(5 899)	(5 899)	0	0	(106 042)	(91 408)
Net Carrying Amount	1 271 222	235 771	54 848	35 000	102 377	36 136	(0)	0	3 645	0	1 431 992	306 907
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 2009												
Net carrying amount at start of year	1 240 957	189 334	64 914	37 630	127 908	27 319	590	590	4 385	0	1 438 754	254 873
Additions	5 793	5 793	7 500	7 500	1 735	1 735	0	0	8 230	0	23 258	15 028
Disposals	(7 868)	(5 388)	(6 919)	(4 781)	(15 762)	(530)	0	0	0	0	(30 549)	(10 699)
Transfers	387	387	23	23	25	25	0	0	0	0	435	435
Opening balance addition	(1 492)	0	0	0	0	0	0	0	0	0	(1 492)	0
Transfer	1 300	0	3 451	0	4 364	(11)	0	0	(8 970)	0	145	(11)
Acquisitions through administrative restructures	54	54	9	9	(2)	(2)	0	0	0	0	61	61
Net revaluation increment less revaluation decrements recognised in reserves	51 652	51 652	0	0	10 200	10 200	0	0	0	0	61 852	61 852
Impairment	(12 796)	(629)	(4 126)	0	(19 419)	0	0	0	0	0	(36 341)	(629)
Transfer to intangibles	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation expense	(7 322)	(5 889)	(14 335)	(9 712)	(6 928)	(2 856)	(590)	(590)	0	0	(29 175)	(19 047)
Writeback on disposal	457	457	4 331	4 331	256	256	0	0	0	0	5 044	5 044
Net Carrying amount at end of year	1 271 122	235 771	54 848	35 000	102 377	36 136	0	0	3 645	0	1 431 992	306 907

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*.

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 2007												
At Fair Value	1 267 317	210 344	134 657	98 305	151 475	45 410	5 899	5 899	4 413	0	1 563 761	359 958
Accumulated Depreciation and Impairment	(18 346)	(18 346)	(63 487)	(58 497)	(14 770)	(10 918)	(4 719)	(4 719)	0	0	(101 322)	(92 480)
Net Carrying Amount	1 248 971	191 998	71 170	39 808	136 705	34 492	1 180	1 180	4 413	0	1 462 439	267 478
	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 2008												
At Fair Value	1 265 547	212 570	140 648	105 733	149 732	41 345	5 899	5 899	4 385	0	1 566 210	365 547
Accumulated Depreciation and Impairment	(24 589)	(23 236)	(75 734)	(68 103)	(21 824)	(14 026)	(5 309)	(5 309)	0	0	(127 456)	(110 674)
Net Carrying Amount	1 240 957	189 334	64 914	37 630	127 908	27 319	590	590	4 385	0	1 438 754	254 873

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 2008												
Net carrying amount at start of year	1 248 971	191 998	71 170	39 808	136 705	34 492	1 180	1 180	4 413	0	1 462 439	267 478
Additions	3 176 (977)	3 176 (325)	15 850 (8 203)	9 534 (2 988)	2 620 (463)	2 620 (463)	0	0	10 242 (348)	0	31 888 (991)	15 330 (3 776)
Disposals	(944)	(944)					0	0	(9 922)	0	(10 866)	(944)
Transfers												
Opening balance addition	(4 327)	505	605	605	122	122	0	0	0	0	(3 600)	1 232
Transfer	1 508	21	(115)	(115)	2 319	(2)	0	0	0	0	3 712	(96)
Acquisitions through administrative restructures	271	271	0	0	0	0	0	0	0	0	271	271
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)	(7 295)	(3 350)	(590)	(590)	0	0	(31 195)	(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	64 914	37 630	127 908	27 319	590	590	4 385	0	1 438 754	254 873

Notes to and forming part of the financial statements

16. INVESTMENT PROPERTY

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
FAIR VALUE				
Opening Balance as at 1 July	7 916	9 039	0	0
Additions	1 087	0	0	0
Disposals and assets held for sale	(253)	(1 123)	0	0
Net gain/(loss) from fair value adjustment	0	0	0	0
Closing balance as at 30 June	8 750	7 916	0	0

17. INTANGIBLE ASSETS

	Consolidated Software \$000	Consolidated Other \$000	Consolidated Total \$000	Parent Software \$000	Parent Other \$ 000	Parent Total \$000
At 1 July 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
At 30 June 2009						
Cost (gross carrying amount)	14 023	0	14 023	14 023	0	14 023
Accumulated amortisation and impairment	(6 560)	0	(6 560)	(6 560)	0	(6 560)
Net Carrying amount	7 463	0	7 463	7 463	0	7 463
Year ended 30 June 2009						
Net carrying amount at start of year	6 967	6 147	13 114	6 967	6 147	13 114
Additions	1 523	0	1 523	1 523	0	1 523
Disposals	(143)	(6 147)	(6 290)	(143)	(6 147)	(6 290)
Impairment losses	0	0	0	0	0	0
Amortisation (recognised in 'depreciation and amortisation')	(884)	0	(884)	(884)	0	(884)
Net carrying amount at end of year	7 463	0	7 463	7 463	0	7 463
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

18. OTHER FINANCIAL ASSETS

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Tax Asset	268	1 491	0	0
Employee Superannuation Funds	0	20 491	0	9 196
	268	21 982	0	9 196

Refer Note 37 for further information regarding credit risk liquidity risk and market risk arising from financial instruments.

EMPLOYEE BENEFITS JUNE 2009**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>	62 223	9 893	147 598	219 714
Current service cost	1 428	508	678	2 614
Interest cost	3 925	615	9 396	13 936
Contributions by fund participants	981	0	904	1 884
Actuarial (gains)/losses	(1 381)	616	28 349	27 585
Benefits paid	(5 799)	(1 274)	(9 753)	(16 826)
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>	61 376	10 358	177 172	248 906

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>	24 797	6 081	147 598	178 476
Current service cost	664	315	678	1 657
Interest cost	1 574	380	9 396	11 350
Contributions by fund participants	420	0	904	1 324
Actuarial (gains)/losses	(440)	401	28 349	28 310
Benefits paid	(2 505)	(872)	(9 753)	(13 129)
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>	24 511	6 306	177 172	207 989

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 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<i>Fair value of Fund assets at beginning of year</i>	67 330	11 813	152 101	231 244
Expected return on fund assets	5 361	942	12 084	18 387
Actuarial gains/(losses)	(12 186)	(2 078)	(25 941)	(40 204)
Employer contributions	1 875	571	1 417	3 863
Contributions by Fund participants	981	0	904	1 884
Benefits paid	(5 799)	(1 274)	(9 753)	(16 826)
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>	57 561	9 975	130 813	198 348

Parent - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<i>Fair value of Fund assets at beginning of year</i>	28 288	7 535	152 101	187 923
Expected return on fund assets	2 269	605	12 084	14 958
Actuarial gains/(losses)	(5 279)	(1 328)	(25 941)	(32 548)
Employer contributions	785	349	1 417	2 551
Contributions by Fund participants	420	0	904	1 324
Benefits paid	(2 505)	(872)	(9 753)	(13 129)
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>	23 979	6 288	130 813	161 080

Reconciliation of the assets and liabilities recognised in the balance sheet

Consolidated - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of partly funded defined benefit obligations at end of year	61 376	10 358	177 172	248 906
Fair value of fund assets at end of year	(57 561)	(9 975)	(130 813)	(198 348)
Subtotal	3 815	384	46 359	50 558
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
<i>Net Liability/(Asset) recognised in balance sheet at end of year</i>	3 815	384	46 359	50 558

Parent - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of partly funded defined benefit obligations at end of year	24 511	6 306	177 172	207 989
Fair value of fund assets at end of year	(23 979)	(6 288)	(130 813)	(161 080)
Subtotal	532	18	46 359	46 909
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
<i>Net Liability/(Asset) recognised in balance sheet at end of year</i>	532	18	46 359	46 909

18. OTHER FINANCIAL ASSETS (cont'd)

Expense recognised in income statement

Consolidated - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Components Recognised in Income Statement				
Current service cost	1 428	508	678	2 614
Interest cost	3 925	615	9 396	13 936
Expected return on Fund assets (net of expenses)	(5 361)	(942)	(12 084)	(18 387)
Actuarial losses/(gains) recognised in year	0	0	0	0
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	(8)	181	(2 010)	(1 837)

Parent - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Components Recognised in Income Statement				
Current service cost	664	315	678	1 657
Interest cost	1 574	380	9 396	11 350
Expected return on Fund assets (net of expenses)	(2 269)	(605)	(12 084)	(14 958)
Actuarial losses/(gains) recognised in year	0	0	0	0
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	(31)	91	(2 010)	(1 950)

Amounts recognised in the statement of recognised income and expense

Consolidated - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Actuarial (gains)/losses	10 805	2 694	54 290	67 789
Adjustment for limit on net assets	(90)	(38)	(123)	(252)

Parent - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Actuarial (gains)/losses	4 838	1 729	54 290	60 857
Adjustment for limit on net assets	(90)	(38)	(123)	(252)

Cumulative amounts recognised in the statement of recognised income and expense

Consolidated - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Actuarial (gains)/losses	14 682	3 330	60 688	78 700
Adjustment for limit on net assets	(90)	(38)	(123)	(252)

Notes to and forming part of the financial statements

18. OTHER FINANCIAL ASSETS (cont'd)

Parent - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Actuarial (gains)/losses	4 838	1 729	54 290	60 857
Adjustment for limit on net assets	(90)	(38)	(123)	(252)
				30 Jun 09
Australian equities				32.1%
Overseas equities				26.0%
Australian fixed interest securities				6.2%
Overseas fixed interest securities				4.7%
Property				10.0%
Cash				8.0%
Other				13.0%

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 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Actual return on Fund assets	(6 566)	(1 135)	(14 953)	(22 654)
Parent - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Actual return on Fund assets	(2 790)	(724)	(14 953)	(18 466)

*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) Demographic Assumptions

The demographic assumptions at 30 June 2009 are those that will be used in the 2009 triennial actuarial valuation. The triennial review will be available from the NSW Treasury website, after it is tabled in Parliament in December 2009.

18. OTHER FINANCIAL ASSETS (cont'd)

Reconciliation of the present value of the defined benefit obligation

Consolidated - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of partly funded defined benefit obligations at beginning of year	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
Present value of partly funded defined benefit obligations at end of the year	62 227	9 893	147 599	219 719

Parent - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of partly funded defined benefit obligations at beginning of year	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
Present value of partly funded defined benefit obligations at end of the year	24 797	6 081	147 598	178 476

Consolidated - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Fair value of Fund assets at beginning of year	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
Fair value of Fund assets at end of the year	67 331	11 812	151 102	230 245

Notes to and forming part of the financial statements

18. OTHER FINANCIAL ASSETS (cont'd)

Parent - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Fair value of Fund assets at beginning of year	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
Fair value of Fund assets at end of the year	28 288	7 535	151 101	186 924

Reconciliation of the assets and liabilities recognised in the balance sheet

Consolidated - Financial Year to June 2009	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
Net Liability/(Asset) recognised in balance sheet at end of year	(5 017)	(1 882)	(4 383)	(11 282)

Parent - Financial Year to June 2009	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	(28 288)	(7 535)	(152 102)	(187 924)
Subtotal	(3 490)	(1 453)	(4 504)	(9 447)
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
Net Liability/(Asset) recognised in balance sheet at end of year	(3 400)	(1 416)	(4 383)	(9 199)

Expense recognised in income statement

Consolidated - Financial Year to June 2009	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

18. OTHER FINANCIAL ASSETS (cont'd)

Parents - Financial Year to June 2009	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

Historical Information

Consolidated - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of defined benefit obligation	61 376	10 358	177 172	248 906
Fair value of Fund assets	(57 561)	(9 975)	(130 813)	(198 349)
(Surplus)/Deficit in Fund	3 815	383	46 359	50 558
Experience adjustments – Fund liabilities	(1 380)	616	28 349	27 585
Experience adjustments – Fund assets	12 186	2 077	25 941	40 204

Parent - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of defined benefit obligation	24 511	6 306	177 172	207 989
Fair value of Fund assets	(23 979)	(6 288)	(130 813)	(161 080)
(Surplus)/Deficit in Fund	532	18	46 359	49 909
Experience adjustments – Fund liabilities	(440)	401	28 349	28 310
Experience adjustments – Fund assets	5 279	1 328	25 941	32 548

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	(5 108)	(1 919)	(4 503)	(11 530)
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)
(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

Notes to and forming part of the financial statements

18. OTHER FINANCIAL ASSETS (cont'd)

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)	(4 963)
Experience adjustments – Fund assets	(5 262)	(792)	(10 806)	(13 703)

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)

Consolidated - Financial Year to June 2006	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of defined benefit obligation	58 015	9 277	146 824	214 116
Fair value of Fund assets	(63 758)	(11 441)	(148 775)	(223 974)
(Surplus)/Deficit in Fund	(5 743)	(2 164)	(1 951)	(9 858)
Experience adjustments – Fund liabilities	0	0	0	0
Experience adjustments – Fund assets	0	0	0	0

Parent - Financial Year to June 2006	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of defined benefit obligation	22 823	5 920	146 824	175 567
Fair value of Fund assets	(25 626)	(7 518)	(148 775)	(184 919)
(Surplus)/Deficit in Fund	(2 803)	(1 598)	(1 951)	(9 352)
Experience adjustments – Fund liabilities	0	0	0	0
Experience adjustments – Fund assets	0	0	0	0

Consolidated - Financial Year to June 2005	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of defined benefit obligation	32 314	9 074	116 895	158 282
Fair value of Fund assets	(32 689)	(8 788)	(110 248)	(151 725)
(Surplus)/Deficit in Fund	(375)	286	6 647	6 557
Experience adjustments – Fund liabilities	0	0	0	0
Experience adjustments – Fund assets	0	0	0	0

Parent - Financial Year to June 2005	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of defined benefit obligation	0	0	0	0
Fair value of Fund assets	0	0	0	0
(Surplus)/Deficit in Fund	0	0	0	0
Experience adjustments – Fund liabilities	0	0	0	0
Experience adjustments – Fund assets	0	0	0	0

18. OTHER FINANCIAL ASSETS (cont'd)*Expected contributions*

Consolidated - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Expected employer contributions	1 867	583	1 446	3 896

Parent - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Expected employer contributions	803	360	1 446	2 610

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

*Funding Arrangements for Employer Contributions***(a) Surplus/(deficit)**

The following is a summary of the 30 June 2009 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

Consolidated - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Accrued Benefits	56 417	9 491	134 186	200 094
Net market value of fund assets	(57 561)	(9 975)	(130 813)	(198 348)
Net (surplus)/deficit	(1 143)	(484)	3 373	1 746

Parent - Financial Year to June 2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Accrued Benefits	22 501	5 784	134 186	162 471
Net market value of fund assets	(23 979)	(6 288)	(130 813)	(161 080)
Net (surplus)/deficit	(1 478)	(504)	3 373	1 391

(b) Contribution recommendations

Recommended contribution rates for the entity are	SASS Multiple of members contributions	SANCS % member salary	SSS Multiple of members contributions
Forests	1.9	2.5	1.6
Mine Subsidence Board	2.1	2.5	1.6

(c) Funding Method

The method used to determine the employer contribution recommendations in the 2006 triennial actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

Notes to and forming part of the financial statements

(d) 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	8.13%
Discount rate	5.59% pa

Nature of Asset/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.

19. ASSETS HELD FOR SALE

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Assets held for sale				
Infrastructure	302	421	302	421
Land and Buildings	8 028	8 583	8 028	8 583
	8 330	9 004	8 330	9 004
Amounts recognised in equity relating to assets held for sale	0	0	0	0
Property, plant and equipment asset revaluation reserve increments/ decrements	8 330	9 004	8 330	9 004

20. BIOLOGICAL ASSETS

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
(a) Softwood Plantation Timber				
Net market value of timber at beginning of reporting period	625 000	599 000	0	0
Additions	0	0	0	0
Reallocations	(20)	(764)	0	0
Change in fair value less estimated point of sale costs	45 020	26 764	0	0
Balance at reporting date	670 000	625 000	0	0
(b) Livestock and fodder				
Net market value of livestock and fodder at beginning of reporting period	5 975	5 524	5 975	5 524
Net market value at reporting date	5 714	5 975	5 714	5 975
Net increment/(decrement) in the net market value of livestock and fodder	(261)	451	(261)	451
Total Net Biological Assets	675 714	630 975	5 714	5 975

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 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
CURRENT				
Accrued Salaries, wages and on-costs	5 104	4 908	4 229	4 012
Receipts in Advance	21 952	20 015	0	0
Creditors	40 291	42 622	11 516	12 685
	67 347	67 546	15 745	16 697
NON-CURRENT				
Personnel Services liability	0	9 196	0	9 196
	0	9 196	0	9 196

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 37.

23. CURRENT/NON-CURRENT LIABILITIES – BORROWINGS

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
CURRENT				
Secured/Unsecured				
TCorp borrowings – Forests NSW	5 628	10 563	0	0
Treasury Advance Repayable – Locust Loan	2 965	3 046	2 965	3 046
Treasury Advance Repayable – Buyout of Commercial Fishers	1 227	1 150	1 227	1 150
	9 819	14 759	4 192	4 196

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
NON-CURRENT				
Secured/Unsecured				
TCorp borrowings – Forests NSW	159 581	158 929	0	0
Treasury Advance Repayable – Locust Loan	6 444	6 625	6 444	6 625
Treasury Advance Repayable – Buyout of Commercial Fishers	11 061	12 287	11 061	12 287
	177 086	177 841	17 505	18 912
Repayment of Borrowings (excluding finance leases)				
Not later than one year	9 819	14 758	4 191	4 196
Between one and five years	77 199	89 370	12 211	12 035
Later than five years	99 887	88 470	5 294	6 878
Total borrowings at face value (excluding finance leases)	186 905	192 598	21 696	23 109

NSW Treasury Corporation outstanding loan interest rates ranged between 5.5% and 7.0% (2008: 5.59% and 6.76%).

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 37.

Notes to and forming part of the financial statements

24. DIVIDEND

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Provision for dividend at beginning of year	(1 000)	(16 000)	0	0
Dividend paid	1 000	16 000	0	0
Dividend provided	0	(1 000)	0	0
Provision for dividend at end of the year	0	(1,000)	0	0

25. CURRENT/NON-CURRENT LIABILITIES – PROVISIONS

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
CURRENT				
Employee benefits and related on-costs				
Recreation Leave	29 103	29 998	27 261	28 017
Long Service Leave	32 356	26 932	23 205	19 063
Workers Compensation	890	770	0	0
Other	9 557	5 629	4 907	4 998
Redundancy	1 881	7 064	1 263	7 064
	73 787	70 393	56 636	59 142
NON-CURRENT				
Employee benefits and related on-costs				
Recreation Leave	0	0	0	0
Long Service Leave	1 372	1 116	1 222	1 002
Workers Compensation	4 130	3 460	0	0
Superannuation Polled Fund	94 439	0	46 909	0
Other	(43 663)	227	209	221
	56 278	4 803	48 340	1 223
Aggregate employee benefits and related on-costs				
Provisions – current	73 787	70 393	56 636	59 142
Provisions – non-current	56 278	4 803	48 340	1 223
Accrued salaries, wages and on-costs (Note 22)	5 104	4 908	4 299	4 012
	135 169	80 104	109 205	64 377
Movements in provisions (other than employee benefits)				
Carrying amount at beginning of financial year	820	735	820	735
Additional provisions recognised	4 217	85	110	85
Carrying amount at end of financial year	5 037	820	930	820

26. CURRENT/NON-CURRENT LIABILITIES – OTHER

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
CURRENT				
Liability to Consolidated Fund	261	751	261	751
	261	751	261	751

27. CHANGES IN EQUITY

	Capital			Accumulated Funds			Asset Revaluation Reserve			Total Equity		
	Consolidated	Parent		Consolidated	Parent		Consolidated	Parent		Consolidated	Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2009 \$'000	2008 \$'000	2008 \$'000
Balance at the beginning of the financial year	421 706	421 706	0	0	144 222	160 241	831 822	842 844	131 076	137 972	1640 597	2219 318
Other changes in accounting policy	0	0	0	0	0	0	0	0	0	0	0	0
Correction of errors	0	0	0	144	(570 172)	144	0	(506)	0	0	144	(570 678)
Restated Opening Balance	421 706	421 706	0	387 213	384 596	160 241	831 822	842 338	131 076	137 972	1 640 741	1 648 640
Changes in equity – transactions with Owners as Owners												
Increase/decrease in net asset from equity transfers Note 1 s	0	0	0	(2 407)	(6 127)	187	0	0	0	0	(2 407)	(6 127)
Dividend provided	0	0	0	0	(1 000)	0	0	0	0	0	0	(1 000)
Total	0	0	0	(2 407)	(7 127)	187	0	0	0	0	(2 407)	(7 127)
Changes in Equity – other than transactions with Owners as Owners												
Surplus/(deficit) for the year	0	0	0	968	31 448	45 239	0	0	0	0	968	31 448
Superannuation actuarial gains/(losses)	0	0	0	(66 787)	(30 133)	(59 856)	0	0	0	0	(66 787)	(30 133)
Increment/decrement on revaluation of:												
Land and buildings	0	0	0	0	0	0	51 652	0	51 652	0	51 652	0
Plant & Equipment	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure/Library Books	0	0	0	11 199	5 564	0	10 200	(6 219)	10 200	(6 219)	21 399	(655)
Other Assets – Gold Exhibits	0	0	0	0	0	0	1 694	338	1 694	338	1 694	338
Deferred tax	0	0	0	11 714	1 703	0	0	0	0	0	11 714	1 703
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	(6 143)	3	(6 143)	(26 167)	(3 620)	27	0	(32 310)	(6 116)
Total	0	0	0	(49 049)	8 585	(17 238)	37 379	(9 501)	63 573	(5 881)	(11 670)	42 812

27. CHANGES IN EQUITY (cont'd).

[illegible]

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

28. COMMITMENTS FOR EXPENDITURE

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$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	4 144	2 087	4 144	2 087
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)	4 144	2 087	4 144	2 087
Infrastructure				
Aggregate capital expenditure for the acquisition of Infrastructure contracted for at balance date but not provided for:				
Not later than one year	0	0	0	0
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	0	0	0
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	6 077	14 447	966	1 636
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)	6 077	14 447	966	1 636
(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	21 533	7 715	15 140	7 452
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)	21 533	7 715	15 140	7 452
(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	6 382	6 199	6 382	6 199
Later than one year and not later than five years	27 686	26 623	27 686	26 623
Later than five years	39 350	45 953	39 350	45 953
Total (including GST)	73 418	78 775	73 418	78 775
Representing:				
Non-cancellable operating leases	73 418	78 775	73 418	78 775
Other				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	2 716	3 324	2 716	2 662
Later than one year and not later than five years	5 504	7 408	5 504	6 388
Later than five years	1 394	3 288	1 394	2 967
Total (including GST)	9 614	14 020	9 614	12 017
Representing:				
Non-cancellable operating leases	9 614	14 020	9 614	12 017

Notes to and forming part of the financial statements

28. COMMITMENTS FOR EXPENDITURE (cont'd)

The total commitments include input tax credits of \$9389 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 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
As at 30 June 2009 the Department has \$20.608m of outstanding court cases as set out by category below:				
Negligence	0	175	0	175
Contamination	0	422	0	422
Minerals and mine safety	5	40	5	40
Personal injury	322	303	0	113
Licence validity	0	4	0	4
Appeals	15 135	11 552	15 135	11 552
Disputed fish seizure	0	179	0	179
Compulsory acquisition	0	0	0	0
Disputed legislation	52	18	52	18
	15 514	12 693	15 192	12 503

DPI is insured by the Treasury Managed Fund.

Forests

During the financial year 2008-2009 195 hectares (2007-2008, 289 hectares) of operational timber reserves have been subject to claims under the Native Title Act. The impact of the claim on the carrying amount of the asset can not be quantified at this time.

As at balance sheet date, Forests NSW has potential public liability insurance claims limited to \$321 963 (2008 \$190 000), being the net excess on its current public insurance liability policy at the date of the relevant claims.

Forest NSW may need to rehabilitate derelict mines which lie on its land, the amount of this contingent liability cannot be measured reliably.

Forests NSW may have onerous contracts in relation to wood supply agreements for native forest timber. The quantum of this amount is not able to be determined as the wood supply agreements allow for movements in price and volume.

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 \$9.18m over the original budget. This is due mainly to expenditure associated with the supplementation associated with the continuance of the drought assistance program \$15.35m and Voluntary Redundancies \$13.421m. The change in superannuation accounting policy increases 2009 'profit for the period' from \$(14.618)m to \$45.239m (2008: from \$(17.241)m to \$8.473m), by excluding from profit the superannuation actuarial loss line item (2009: \$59.856m, 2008: \$25.714m), along with the associated and offsetting income tax revenue (2009: \$0m, 2008: \$0m). Both these items are now recognised in the 'statement of recognised income and expense' rather than the 'operating statement'.

Assets and Liabilities

Current assets are \$9.343m lower than budget because the superannuation asset associated with the provision of personnel services no longer exists.

Cash Flows

Cash flows from operating activities varied from budget largely as a result of actuarial adjustments relating to Long Service Leave as well as the redundancy program.

Cash outflows from financing activities are under budget by \$3.5m because of deferral in the repayment of a loan from Treasury associated with the control of plague locusts.

Administered revenue has increased dramatically largely due to increases in mineral royalty and coal exploration licenses partly as a result of foreign exchange movements and the grant of a major coal exploration licence.

31. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Net cash used on operating activities	13 748	21 606	1 589	2 721
Adjusted for tax paid	(1 223)	4 599	0	0
Cash Flows from Government / Appropriations	(292 746)	(288 146)	(292 746)	(288 146)
Acceptance by the Crown Entity of employee benefits and other liabilities	(27 238)	(19 212)	(27 251)	(19 212)
Depreciation and amortisation	(30 056)	(31 911)	(19 928)	(21 434)
Non cash expenses	66 257	29 611	59 321	25 194
Non cash revenues	27 098	27 741	20	977
Impact of administrative restructures	0	4 731	0	4 731
Decrease/(Increase) in provisions	(54 871)	(6 156)	(44 611)	(5 644)
Increase/(Decrease) in receivables	4 822	1 334	50 956	4 278
Increase/(Decrease) in other financial assets	(20 491)	4 242	(9 196)	(2 497)
Increase/(Decrease) in other assets	3 566	(911)	121	(326)
Decrease/(Increase) in creditors	9 971	(10 150)	10 148	301
Increase/(Decrease) in other current liabilities	0	0	0	0
Net gain/(loss) in sale of plant and equipment	(20 759)	(1 871)	(3 672)	709
Net cost of services	(321 921)	(264 493)	(275 249)	(298 348)

32. TRUST FUNDS

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
--	-------------------------------	-------------------------------	-------------------------	-------------------------

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 no longer separately identified in the financial statements but the Department will not use the funds for the achievement of its own objectives.

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	17 344	12 966	17 344	12 966
Add: Receipts	7 044	7 091	7 044	7 091
Less Expenditure	(6 666)	(2 713)	(6 666)	(2 713)
Balance at the end of the reporting period	17 722	17 344	17 722	17 344

Notes to and forming part of the financial statements

33. FISHERIES MANAGEMENT ACT – SPECIAL FISHERIES TRUST FUNDS

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
--	-------------------------------	-------------------------------	-------------------------	-------------------------

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 projects.

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	456	398	456	398
Add: Revenue				
Sale of goods and services	0	2	0	2
Investment income	25	38	25	38
Transfer from Saltwater Trust	3411	3016	3411	3016
Grants and contributions	0	0	0	0
Sub total	3435	3056	3435	3056
Less: Projects Funded*	(3 176)	(2 998)	(3 176)	(2 998)
Sub total	(3 176)	(2 998)	(3 176)	(2 998)
Balance at the end of the reporting period	716	456	716	456

* Of the 'projects funded' in 2009 and in prior periods, an amount of \$0.309m was unexpended at 30 June 2009, (2008 \$0.65m). This amount will be carried forward into the various approved project budgets for 2009-10.

Recreational Fishing (Saltwater) Trust Fund				
Balance at the beginning of the Financial Year	4809	5 573	4809	5 573
Add: Revenue				
Sale of goods and services	313	9	313	9
Investment income	302	364	302	364
Grants and contributions	0	0	0	0
Retained fees, grants and contributions	13 413	10 766	13 413	10 766
Sub total	14 028	11 139	14 028	11 139
Less: Projects Funded*	(7 357)	(6 544)	(7 357)	(6 544)
Transfer to Freshwater Trust	(3 390)	(3 000)	(3 390)	(3 000)
Loan repayment transfer	(1 968)	(2 359)	(1 968)	(2 359)
Other	(1)	0	(1)	0
Sub total	(12 716)	(11 903)	(12 716)	(11 903)
Balance at the end of the reporting period	6 121	4 809	6 121	4 809

* Of the 'projects funded' in 2009 and in prior periods, an amount of \$1.574m was unexpended at 30 June 2009, (2008 \$1.32m). This amount will be carried forward into the various approved project budgets for 2009-10.

33. FISHERIES MANAGEMENT ACT – SPECIAL FISHERIES TRUST FUNDS (cont'd)

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Commercial Fishing Trust Fund				
Balance at the beginning of the Financial Year	4813	4381	4813	4382
Add: Revenue				
Sale of goods and services	2805	3065	2805	3065
Investment income	306	328	306	328
Sub total	3111	3393	3111	3393
Less: Projects Funded*	(559)	38	(559)	38
Less: Contribution to Department activities*	(2577)	(3000)	(2577)	(3000)
Sub total	(3136)	(2962)	(3136)	(2962)
Balance at the end of the reporting period	4788	4813	4788	4813

* Of the 'projects funded' in 2009 and in prior periods, an amount of \$503.7702 was unexpended at 30 June 2009, (2008 \$0.351m). This amount will be carried forward into the various approved project budgets for 2009-10.

Fish Conservation Trust Fund				
Balance at the beginning of the Financial Year	117	187	117	187
Add: Revenue				
Sale of goods and services	209	121	209	121
Investment income*	6	9	6	9
Sub total	215	130	215	130
Less: Projects Funded*	(317)	(200)	(317)	(200)
Sub total	(317)	(200)	(317)	(200)
Balance at the end of the reporting period	15	117	15	117

* Of the 'projects funded' in 2009 and in prior periods, an amount of \$0.207m was unexpended at 30 June 2009, (2008 \$0.0m). This amount will be carried forward into the various approved project budgets for 2009-10.

Aquaculture Trust Fund				
Balance at the beginning of the Financial Year	115	96	115	96
Add: Revenue				
Sale of goods and services	273	273	273	273
Investment income	25	20	25	20
Grants and contributions	215	215	215	215
Sub total	513	508	513	508
Less: Contribution to Department activities*	(434)	(482)	(434)	(482)
Other (Bad debts expense)	(1)	(7)	(1)	(7)
Sub total	(435)	(489)	(435)	(489)
Balance at the end of the reporting period	193	115	193	115

* Of the 'projects funded' in 2009 and in prior periods, an amount of \$0.115m was unexpended at 30 June 2009, (2008 \$0.102m). This amount will be carried forward into the various approved project budgets for 2009-10.

Notes to and forming part of the financial statements

33. FISHERIES MANAGEMENT ACT – SPECIAL FISHERIES TRUST FUNDS (cont'd)

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Charter Fishing Trust Fund				
Balance at the beginning of the Financial Year	240	201	240	201
Add: Revenue				
Sale of goods and services	187	185	187	185
Investment income	14	15	14	15
Sub total	201	200	201	200
Less: Projects Funded*	(128)	(161)	(128)	(161)
Sub total	(128)	(161)	(128)	(161)
Balance at the end of the reporting period	313	240	313	240

*Of the 'projects funded' in 2009 and in prior periods, an amount of \$0.050m was unexpended at 30 June 2009, (2008 \$0.084m). This amount will be carried forward into the various approved project budgets for 2009-10.

34. ADMINISTERED ASSETS AND LIABILITIES

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$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)	5 038	3 146	5 038	3 146
	5 038	3 146	5 038	3 146
Administered Liabilities				
Payables – Royalties	3 479	1 415	3 479	1 415
Income received in Advance, Caroon and Watermark	272 005	50 792	272 005	50 792
	275 484	52 207	275 484	52 207

35. ADMINISTERED REVENUES

	Consolidated 2009 \$000	Consolidated 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
The following monies have been collected on behalf of the Crown Entity and forwarded to NSW Treasury:				
Fees	22 740	22 952	22 740	22 952
Fines	545	786	545	786
Licences	117	123	117	123
Reimbursement of Employers Superannuation	682	576	682	576
Unclaimed monies	36	30	36	30
China Shenhua Watermark exploration licence	56 840	0	56 840	0
Payment of Long Service Leave	1 648	2 084	1 648	2 084
Royalty on Minerals	1 286 540	572 663	1 286 540	572 663
	1 369 148	599 214	1 369 148	599 214

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. 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 audit committee on a continuous basis.

(a) Financial instrument categories

Financial Assets Class:	Note	Category	Consolidated Carrying Amount 2009 \$'000	Consolidated Carrying Amount 2008 \$'000	Parent Carrying Amount 2009 \$'000	Parent Carrying Amount 2008 \$'000
Cash and cash equivalents	11	N/A	35 977	47 070	22 186	35 430
Receivables ¹	12	Loans and receivables (at amortised cost)	71 644	66 663	100 676	54 810
Financial Assets at fair value	14	At fair value through profit or loss - designated as such upon initial recognition	3 504	2 146	3 504	2 146
Other Financial Assets	18	Loans and receivables (at amortised cost)	268	21 982	0	9 196
Financial Liabilities Class:	Note	Category	Consolidated Carrying Amount 2009 \$'000	Consolidated Carrying Amount 2008 \$'000	Parent Carrying Amount 2009 \$'000	Parent Carrying Amount 2008 \$'000
Payables ²	22	Financial liabilities measured at amortised cost	44 667	56 574	15 745	26 816
Borrowings	23	Financial liabilities measured at amortised cost	189 223	192 598	21 696	23 109

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

Notes to and forming part of the financial statements

37. 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).

Parent

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 NSW

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 have a Credit Policy, which aims to mitigate the credit risk exposure to our sales customers.

Customers are assessed for creditworthiness before payment and delivery terms are offered. Forests NSW review includes external ratings, when available, company searches, and trade references. Purchase limits are established and customers are 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.

Forests NSW have established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables.

The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established in respect of losses that have been incurred but not yet identified. The collective loss allowance is based on historical data of payment statistics.

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. Collectability 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. Based on past experience, debtors that are not past due (2009: \$15 504 314; 2008: \$10 792 737) and past due (2009: \$9 593 961; 2008: \$17 682 000) 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 \$1 370 000 (2008: \$22 000) 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.

37. FINANCIAL INSTRUMENTS (cont'd)

Parent	Total	Past due but not impaired	Considered impaired
	\$'000	\$'000	\$'000
2009			
< 3 months overdue	97 413	97 413	0
3 months – 6 months overdue	834	834	0
> 6 months overdue	2 430	1 331	1 099
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
Consolidated	Total	Past due but not impaired	Considered impaired
	\$'000	\$'000	\$'000
2009			
< 3 months overdue	139 044	138 696	348
3 months – 6 months overdue	2 592	1 570	1 022
> 6 months overdue	2 430	1 330	1 099
2008			
< 3 months overdue	91 132	91 110	0
3 months – 6 months overdue	1 424	1 402	22
> 6 months overdue	1 967	1 401	566

Note – these consolidated figures are those of Forest Commission and DPI.

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 \$170.9 million (2008:\$165.2 million).

Other Facilities

The Department has access to the following banking facilities:

	2009	2008
	\$'000	\$'000
MasterCard Limit	5 000	5 000

(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 and prior 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% (2008 – 0%).

Notes to and forming part of the financial statements

37. FINANCIAL INSTRUMENTS (cont'd)

The table below summarises the maturity profile of the Department's financial liabilities, together with the interest rate exposure.

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	< 1 yr	1 – 5 yrs	> 5 yrs
			\$'000	\$'000	\$'000	\$'000		
2009								
Payables	0	15 745	0	0	15 745	15 745	0	0
Borrowings:								
Fish Loan	6.46%	15 901	15 901	0	0	2 000	8 000	5 901
Locust Loan	0%	10 500	10 500	0	0	3 500	7 000	0
		42 146	26 401	0	15 745	21 245	15 000	5 901
2008								
Payables	0	26 816	0	0	26 816	26 816	0	0
Borrowings:								
Fish Loan	6.46%	17 901	17 901	0	0	2 000	8 000	7 901
Locust Loan	0%	10 500	10 500		0	3 500	7 000	0
		55 217	28 401	0	26 816	32 316	15 000	7 901

Consolidated	Weighted Average Effective Int. Rate	Nominal Amount	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			
2009								
Payables	0%	44 667	0	0	44 667	44 667		
Borrowings:								
Fish Loan	6.45%	15 901	15 901	0	0	2 000	8 000	5 901
Locust Loan	0%	10 500	10 500	0	0	3 500	7 000	0
Forest short term		0	0	0	0	0	0	0
Forest Fixed rate	7.34%	219 764	219 764	0	0	15 529	92 286	111 949
		289 630	246 165	0	43 465	64 494	107 286	117 850
2008								
Payables	0%	56 574	0	0	56 574	56 574		
Borrowings:								
Fish Loan	6.45%	17 901	17 901	0	0	2 000	8 000	7 901
Locust Loan	0%	10 500	10 500	0	0	3 500	7 000	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
		312 667	245 407	10 689	56 571	82 471	122 000	108 196

Notes:

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities and therefore will not reconcile to the balance sheet.

37. FINANCIAL INSTRUMENTS (cont'd)**(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 2008. The analysis assumes that all other variables remain constant.

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.

Parent		-1%		1%	
	Carrying Amount	Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2009					
Financial assets					
Cash and cash equivalents	22 186	(222)	(222)	222	222
Receivables	100 676	0	0	0	0
Other Financial Assets	0	0	0	0	0
Financial Assets at fair value	3 504	0	0	0	0
Financial liabilities					
Payables	15 745	0	0	0	0
Borrowings	21 696	0	0	0	0
2008					
Financial assets					
Cash and cash equivalents	35 430	(354)	(354)	354	354
Receivables	54 810	0	0	0	0
Other Financial Assets	9 196	0	0	0	0
Financial Assets at fair value	2 146	0	0	0	0
Financial liabilities					
Payables	26 816	0	0	0	0
Borrowings	23 109	0	0	0	0

Notes to and forming part of the financial statements

37. FINANCIAL INSTRUMENTS (cont'd)

Consolidated		-1%		1%	
	Carrying Amount	Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2009					
Financial assets					
Cash and cash equivalents	35 977	(360)	(360)	360	360
Receivables	71 644	0	0	0	0
Other Financial Assets	268	0	0	0	0
Financial Assets at fair value	3 504	0	0	0	0
Financial liabilities					
Payables	44 667	0	0	0	0
Borrowings	189 223	0	0	0	0
2008					
Financial assets					
Cash and cash equivalents	47 070	(471)	(471)	471	471
Receivables	66 663	0	0	0	0
Other Financial Assets	21 982	0	0	0	0
Financial Assets at fair value	2 146	0	0	0	0
Financial liabilities					
Payables	56 574	0	0	0	0
Borrowings	192 598	107	107	(107)	(107)

Other price risk – TCorp 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.

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 1.5 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.

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).

Managed debt portfolios

NSW Treasury Corporation (T Corp) manages interest rate risk exposure 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 Forest NSW'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 \$170.9 million (2008: \$165.2 million).

The Department holds no units in Hour-Glass investment trusts.

Notes to and forming part of the financial statements

37. FINANCIAL INSTRUMENTS (cont'd)

(e) 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:-

Forests

	2009	2008
	\$	\$
Unrealised Gains/(Losses) from Derivatives	(810)	105 439

38. AFTER BALANCE DATE EVENTS

Since balance date, the Public Sector Employment and Management (Departmental Amalgamation) Order 2009 dated 27 July 2009 transferred all branches of the NSW Department of Primary Industries to the NSW Department of Industry and Investment and abolished the NSW Department of Primary Industries

End of the audited financial statements

RESPONSE TO ISSUES RAISED BY AUDITOR-GENERAL

The audit of the Department of Primary Industries' (the Department) financial report for the year ended 30 June 2009 has resulted in a qualified (modified opinion) Independent Auditor's report by the Auditor-General. The response to the significant issues raised in the audit are detailed below.

The qualification of the Department's consolidated financial report

The basis for the qualification was the tax deductibility of \$767 million of plantation establishment costs in relation to plantations established prior to 1 July 1994. This issue is currently being considered by NSW Treasury who will provide a formal position in due course. The matter is an item in the Department's controlled entity, Forests NSW which is material for the Department's consolidated results.

Change in valuation methodology to discounted cash flow valuation

Issues identified in the Department's controlled entity in the change in valuation methodology included land rentals and other arithmetic errors. The correction of these mistakes increased the biological assets by \$117 million in the Consolidated Entity.

The Department's controlled entity, Forest NSW utilised widely applied Forest Valuation Standards in recognising the cost of using land to grow its softwood plantations by including notional land rental. Forests NSW was advised by the Valuer-General on the appropriate value of the valuation inputs. However after further discussions with the Audit Office it was determined that the methodology used to value the forest should exclude land rentals.

During the development of the valuation process by Forests NSW a number of calculation errors were encountered. All, except one, were identified by Forests NSW staff and corrected during the course of the audit.

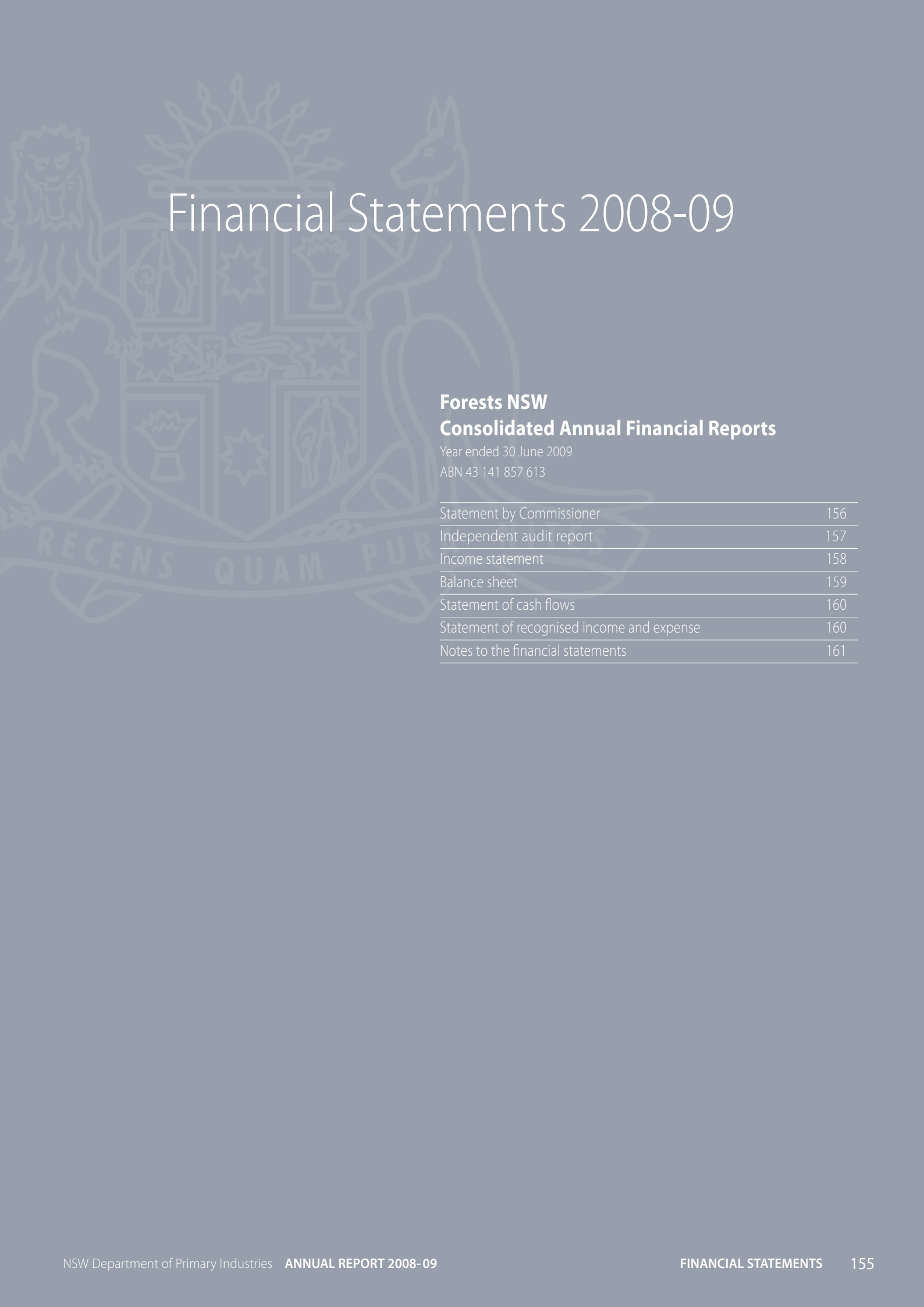
Provision of documentation on whether there are impairment indicators for Forests NSW land assets

In 2008-09 the global financial crisis required most agencies, including the Department to consider impairment of land. The auditors assisted, the Department to obtain documentation from its valuer to show that impairment of land had been adequately considered during the year.

The Department has advised the Audit Office that the issue of carrying value of land will be further addressed during the 2010 financial year.

Inconsistencies in the financial statements provided to the Audit Office

While it is acknowledged that some work papers did not agree to the financial statements, the Department's controlled entity worked diligently to resolve complex accounting issues raised during the course of the audit, some of which were only resolved just prior to the signing of the accounts.



Financial Statements 2008-09

Forests NSW

Consolidated Annual Financial Reports

Year ended 30 June 2009

ABN 43 141 857 613

Statement by Commissioner	156
Independent audit report	157
Income statement	158
Balance sheet	159
Statement of cash flows	160
Statement of recognised income and expense	160
Notes to the financial statements	161

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 financial position of the economic entity and statutory corporation of the Forestry Commission of New South Wales (trading as Forests NSW) as at 30 June 2009 and the results of their 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

Commissioner for the Forestry Commission of New South Wales

Dated this 27th day of October, 2009



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Forestry Commission of New South Wales (Trading as Forests NSW) and Controlled Entity

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 2009, the income statements, statements of recognised income and expense 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 regarding as to the tax deductibility of plantation establishment costs incurred prior to 1 July 1994 for 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 2009, and of their financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41 B 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 (e) under the heading Income Tax (National Tax Equivalent Regime) the Commission discloses \$797 million for the establishment of plantation forests as a deduction in calculating its deferred tax liability. To date, there has been no formal resolution of this matter and I have been unable to obtain all the information required to form an opinion on the \$767 million as an allowable taxation deduction. I have been unable to carry out audit work to quantify the possible adjustments to the financial report that might have been necessary had this limitation not existed.

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 Commission'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 Commission'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
27 October 2009
SYDNEY

INCOME STATEMENT

For the year ended 30 June 2009

	Notes	Economic Entity 2009 \$ '000	Economic Entity 2008 \$ '000	Statutory Corporation 2009 \$ '000	Statutory Corporation 2008 \$ '000
Forest sales revenue	6(a)	262 893	252 848	262 893	252 848
Other revenue	6(b)	9 557	24 499	9 557	24 499
Grants revenue	6(c)	13 809	16 448	13 809	16 448
Expenses from operations	7	(203 018)	(185 902)	(203 018)	(185 902)
Depreciation and amortisation expense	13	(10 128)	(10 477)	(10 128)	(10 477)
Employee & related		(28 085)	(24 970)	-	-
Personnel services	26	(106 613)	(54 136)	(141 629)	(83 525)
Financing costs	8	(12 166)	(11 219)	(12 166)	(11 219)
Results from operating activities before net fair value adjustment, asset revaluations and impairment of assets		(73 751)	7 091	(80 682)	2 672
Change in fair value less estimated point of sale costs	14	45 020	26 764	45 020	26 764
Impairment of non-current assets	13	(17 942)	-	(17 942)	-
Profit/(Loss) before income tax		(46 673)	33 855	(53 604)	29 436
Income tax (expense)/credit	9	2 402	(10 880)	2 402	(10 880)
Net profit/(loss) for the year		(44 271)	22 975	(51 202)	18 556

The above Income Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

For the year ended 30 June 2009

	Notes	Economic Entity 2009 \$ '000	Economic Entity 2008 \$ '000	Statutory Corporation 2009 \$ '000	Statutory Corporation 2008 \$ '000
Current Assets					
Cash and cash equivalents	10	13 791	11 640	13 791	11 640
Trade and other receivables	11	44 001	42 438	44 001	42 438
Inventories	12	9 970	8 161	9 970	8 161
Biological assets	14	49 613	43 500	49 613	43 500
Other assets	26	-	11 295	-	11 295
Current tax assets		268	1 491	268	1 491
Total Current Assets		117 643	118 525	117 643	118 525
Non-Current Assets					
Property, plant and equipment	13	1 125 085	1 183 882	1 125 085	1 183 882
Biological assets	14	620 387	581 500	620 387	581 500
Investment assets	15	8 750	7 916	8 750	7 916
Total Non-Current Assets		1 754 222	1 773 298	1 754 222	1 773 298
TOTAL ASSETS		1 871 865	1 891 823	1 871 865	1 891 823
Current Liabilities					
Trade and other payables	18	51 425	49 631	51 425	49 631
Interest-bearing loans and borrowings	19	5 628	10 562	5 628	10 562
Dividend paid/provided for	20	-	1 000	-	1 000
Provisions	21	18 254	12 467	4 998	770
Other Liabilities	26	47 530	-	47 530	-
Total Current Liabilities		122 837	73 660	109 581	61 963
Non-Current Liabilities					
Interest-bearing loans and borrowings	19	159 581	158 927	159 581	158 927
Provisions	21	4 290	3 580	4 130	3 460
Deferred income tax liability	16	249 672	265 408	249 672	265 408
Amount due to related entities	26	27 263	24 949	40 679	36 766
Total Non-Current Liabilities		440 806	452 864	454 062	464 561
TOTAL LIABILITIES		563 643	526 524	563 643	526 524
NET ASSETS		1 308 222	1 365 299	1 308 222	1 365 299
Equity					
Contributed Equity	22	421 706	421 706	421 706	421 706
Asset revaluation reserve	22	673 508	700 746	673 508	700 746
Retained profits	22	213 008	242 847	213 008	242 847
TOTAL EQUITY		1 308 222	1 365 299	1 308 222	1 365 299

The above Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2009

	Notes	Economic Entity 2009 \$ '000	Economic Entity 2008 \$ '000	Statutory Corporation 2009 \$ '000	Statutory Corporation 2008 \$ '000
Cash flows from operating activities					
Cash receipts from customers		306 480	289 262	306 480	289 262
Cash paid to suppliers and employees		(287 460)	(254 528)	(287 460)	(254 528)
Interest received	6	1 086	1 165	1 086	1 165
Interest paid		(10 176)	(10 019)	(10 176)	(10 019)
Income taxes paid		1 223	(4 599)	1 223	(4 599)
Net Cash from (used in) operating Activities		11 153	21 281	11 153	21 281
Cash flows from investing activities					
Acquisition of property, plant and equipment		(8 230)	(12 638)	(8 230)	(12 638)
Proceeds from sale of property, plant & equipment		4 508	3 635	4 508	3 635
Net cash from (used in) investing activities		(3 722)	(9 003)	(3 722)	(9 003)
Cash flows from financing activities					
Proceeds from borrowings		654	38 467	654	38 467
Repayment of borrowings		(4 934)	(28 720)	(4 934)	(28 720)
Dividends paid	20	(1 000)	(16 000)	(1 000)	(16 000)
Net cash from (used in) financing activities		(5 280)	(6 253)	(5 280)	(6 253)
Net increase in cash and cash equivalents		2 151	6 025	2 151	6 025
Cash and cash equivalents at 1 July 2008		11 640	5 615	11 640	5 615
Cash and cash equivalents at 30 June 2009	10	13 791	11 640	13 791	11 640

The above cash flow statement should be read in conjunction with the accompanying notes.

STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 30 June, 2009

	Notes	Economic Entity 2009 \$ '000	Economic Entity 2008 \$ '000	Statutory Corporation 2009 \$ '000	Statutory Corporation 2008 \$ '000
Realised gain on disposal of other fixed assets		11 199	5 564	11 199	5 564
Defined benefit plan actuarial gains (losses)		(6 931)	(4 419)	-	-
Income tax on income and expense recognised directly in equity	16	11 714	1 703	11 714	1 703
Income and expense recognised direct in equity		15 982	2 848	22 913	7 267
Profit/(loss) for the year		(44 271)	22 975	(51 202)	18 556
Total recognised income and expense for the year	22	(28 289)	25 823	(28 289)	25 823

Attributable to:

Equity holders		(28 289)	25 823	(28 289)	25 823
Impact of prior period adjustment on retained earnings	22		(570 172)		(570 172)

The above recognised income and expense statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

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 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 17 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) Statement of Compliance

This general purpose financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

The financial report of Forests NSW for the year ended 30 June 2009 has been authorised for issue by the Commissioner of Forests NSW, Richard Sheldrake, on 27 October 2009.

(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, NSW Treasury Circulars, and 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.

(c) Significant Accounting Judgements, Estimates and Assumptions

In the application of accounting standards, management is required to make judgements, estimates and assumptions about the 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 factors that are believed to be reasonable under the circumstance, the results of which form the basis to make the judgements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both.

(d) Basis of Consolidation

(i) Subsidiary

Subsidiary's are entities controlled by Forests NSW. Control exists when Forests NSW has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiary's are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiary's have been changed where necessary to align them with the policies adopted by Forests NSW.

(ii) Joint ventures

Forests NSW is involved in softwood and hardwood plantation joint ventures.

The joint venture arrangements exist in two forms. One form is for plantations established on privately owned land with Forests NSW providing the management expertise and financing the majority of other inputs. The second is where plantations are established in state forests with Forests NSW providing varying amounts of management and other inputs as set out in respective agreements. The agreements provide for the eventual harvest to be shared between the joint venturers in proportion to the discounted value of inputs calculated over the life of the ventures.

In valuing joint venture plantations the same basic method has been used as that in place for wholly owned forests (see Note 2 (h) (iii)) to recognise Forests NSW's share of the joint venture except that expenditure and revenue attributable to joint venture partners are excluded.

(iii) Transactions eliminated on consolidation

Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(e) Income Tax (National Tax Equivalents Regime)

As of 1 July 2001, Forests NSW was subject to the National Tax Equivalents Regime (NTER) which requires PTE's 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 was 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 year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Tax for the current year/prior year is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

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 net 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. Refer to Note 16)

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 plantation establishment 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 approval from NSW Treasury to bring these plantation costs into the TER and the NTER working group allowing these costs to be grandfathered into the NTER.

The correctness of the net deferred tax liability recognised for the biological assets is therefore subject to:

i) confirmation that these deductions are available under TER and NTER 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 year(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been 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 entity 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 year 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 years.

Current and deferred tax for the year

Movements in current and deferred tax are recognised as an expense or income in the income statement, except when they relate 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.

(f) Trade and Other Receivables

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.

(g) Inventories and Work in Progress

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.

(h) Property, Plant and Equipment

(i) Recognition and Measurement

Items of Property, Plant and Equipment are measured at fair value less accumulated depreciation and accumulated impairment losses.

Fair value equates to cost adjusted for any revaluation adjustments. Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and any costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the cost of that equipment. Borrowing costs related to the acquisition, construction or production of qualifying assets are recognised in profit or loss as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the regular servicing and maintenance of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation on Property, Plant and Equipment is recognised in profit or loss at rates which provide for the original cost or valuation to be written down over the expected useful life of the asset. Leased assets are depreciated over the shorter of the lease term and the useful lives unless it is reasonably certain that the Group will obtain ownership by the end of

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

the lease term. Land is not depreciated. Depreciation commences when assets are ready for use even if standby assets.

The estimated useful lives for the current and comparative periods are as follows:

Type of asset	Depreciation method	Useful life
Property (other than land)	Straight line	10-50 years
Plant and equipment	Straight line	3-50 years
Roads and bridges		
- earthworks	Straight line	100 years
- paving (gravel)	Straight line	30 years
- paving (bitumen)	Straight line	50 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(i) Non-Current Asset Valuations

Fixed Assets are reviewed and assessed periodically at each reporting cycle to assess fair value and impairment.

(i) Property, Plant & Equipment

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 by performing the valuation in accordance with NSW Treasury Policy Paper TPP07-01: Valuation of Non-Current Assets at Fair Value.

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 every five years 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 every five years 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, Motor Vehicles and Mobile Plant were revalued at 30 June 2009 by management. The carrying value as at 30 June 2009 approximates to the fair value.

(ii) Biological Assets

Biological assets are measured at fair value less estimated point-of-sale costs, with any change therein recognised in profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets.

Forests NSW manage available 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 forest areas. As a result, all costs incurred in managing, maintaining and developing the timber resources are expensed as incurred on the basis that all relevant costs are incurred in maintaining a constant forest resource.

Plantation Timber Valuation

The value of the softwood and hardwood plantations has been assessed using a discounted cash flow model which estimates the present value of the net cash flows arising from the liquidation of the current crop of trees within the context of sustained yield management.

The flows of logs available from the regional plantation forest estates are estimated using an industry-standard forest estate modelling system which simulates growth, harvesting and replanting of forests over an extended time period. Timber yield estimates are made by the application of growth and yield models to forest inventory measurements and the aggregate wood flow from the regional forests is constrained by the requirement to fill contracts to supply logs to existing customers.

The total standing volume of trees expected at the dates of harvest is converted to an assortment of log products by the application of models which simulate the manufacture of saleable log products. The estimates of future log product yields are tempered by past experience of actual yields in similar crops.

Average stumpage prices for the log products are estimated from recent actual sales of these products and are applied to the forecast log product volumes to estimate future gross revenues from the sale of logs. Constant real prices are assumed. The costs of accessing the crop in order to harvest it, including the costs of new roading infrastructure and the costs of planning and managing the harvest, are deducted from the gross revenue to estimate the net harvest revenue from the current crop.

Ancillary income earned from activities such as the leasing of land for grazing and other occupancy rights is added to the net harvest revenue.

The direct and indirect costs required to bring the crop to maturity and protect it from injurious agencies, are deducted to estimate the net cash flow from the trees.

The annual net cash flows are converted to a present value by the application of Forests NSW weighted average cost of capital (10.02% on a real, pre-tax basis) and summed to estimate the present value of the trees. Only those cash flows associated with the standing crop at valuation date are included in the present value estimate.

Native Forest Timber

The value of the Native Forest timber resource is estimated using a discounted cash flow model which assumes that the forests are managed for the production of logs in perpetuity.

Forests NSW manages the native forest using environmentally and economically sustainable yield principles. A fundamental objective is to maintain both forests and industry in perpetuity by ensuring that the volume harvested approximates the annual forest growth on the harvestable forest area over successive harvest cycles.

The gross area of the native forests from which the log supply is drawn is reduced by the extent by which logging is excluded in certain areas. In the north and south coast regions an additional "net harvest modifier" is then applied to reflect the impact of other logging exclusions prescribed by

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

licences that are not area specific. A further "strike rate reduction factor" is used to reduce the harvest area to account for the effect of excluding areas with significant floral and faunal values.

The cash flow analysis is underpinned by projections of future wood volume flows over a 100 year period for each of the major native forest estates. The wood flows are determined using the FRAMES (Forest Resource Area Management Evaluation System) toolkit initialised with most recent resource inventory information. The inventory 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.

After adjusting the volume projections for the area modifiers, "calibration factors" are then applied to the volumes of log products available from each regional resource. These calibration factors reflect the differences between the visual features recorded for standing trees (as recorded in the inventory) and those found when trees are felled and logs are manufactured, when internal defects become visible. This enables the impact of internal defects in the timber to be incorporated into the estimates of future log product volume availability.

The volume flows are converted to cash flows by the application of regional stumpage prices achieved in recent sales of logs from these forests. Constant real prices are assumed in perpetuity. Ancillary income earned from activities such as leasing of land for grazing and other occupancy rights is added to the total stumpage income from the sale of logs.

The cost of securing the stumpage income flow is estimated from current operating costs, unadjusted for any increase in operational efficiency which might occur in the future.

The net cash flows are discounted using Forests NSW's weighted average cost of capital (10.02% on a real, pre-tax basis) and summed to estimate present value of the perpetual cash flow.

(iii) Impairment of other tangible assets.

At each reporting date, Forests NSW reviews the carrying amounts of its tangible 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.

(j) 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 2009, unsold carbon credit certificates are accounted for as inventory at lower of cost or net realisable value.

(k) 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.

(l) 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.

(m) Other Financial Assets

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.

(n) Interest-bearing Loans and Borrowings

Interest-bearing loans and borrowings are measured at amortised cost, using the effective interest rate method. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

(p) Financial Instruments

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.

(q) 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.

(r) 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
- (iii) government guarantee fees

(s) Provisions

Provisions are recognised when past events 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) Leased 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 lower of fair value of the leased assets or 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

The dividend is calculated according with TPP 02-3 Financial Distribution Policy for Government Businesses. The dividend payable of \$0 (2008: \$1,000,000) is calculated based on profit / loss adjusted for certain non-cash items.

(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 the significant risks and rewards of ownership transfer to the buyer.

(ii) Forest management services

Revenue from forest management services is typically received in advance, with the amount received representing the net present value and as agreed within individual contractual arrangements .Revenue from forest management services is then recognised over the period of the contractual term unless it is refunded.

(iii) Rental Income

Revenue from investment properties is recognised on a straight line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

(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

Salaries & Wages

Liability for salaries & wages 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.

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 30 June 2009. In addition separate insurance cover is held with private insurance companies for excess total incident and total claims costs.

From 17 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 30 June 2009.

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 so no provision is necessary at 30 June.

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 17).

(y) Investment Assets

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 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, the economic entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period.

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 AASBs 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 THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

3. CHANGES IN ACCOUNTING POLICY AND CORRECTION OF ERRORS

(i) Changes in accounting policies – Biological assets valuation

The measurement basis Forests NSW uses for biological assets is fair value. For native forest crops and softwood plantations, a net market value approach was used to determine their fair values. The net market value approach is based upon standing volumes at current prices less the direct costs of disposing the timber. For hardwood plantations, the fair value was determined to be the historical cost.

With effect from 1 July 2006, the fair value of native forest crops, softwood plantations and hardwood plantations has been determined using a discounted cash flow approach. The principal assumptions associated with this method can be found in Note 2 (h)(iii). This method of valuation was chosen as it more likely reflects usual market practice and provides a more accurate view of the value of the assets in terms of future revenue generation. The financial impact of the change in accounting policy at parent and consolidated levels is set out below in note 3 (vi).

(ii) Changes in accounting policies – Superannuation actuarial gains and losses

According with NSW Treasury policy, Forests NSW has changed its policy on the recognition of superannuation actuarial gains and losses. Such actuarial gains and losses are now recognised outside of profit or loss in the 'statement of recognised income and expense'. Previously, actuarial gains and losses were recognised through profit or loss. Both options are permissible under AASB 119 Employee Benefits.

The change in policy has been adopted on the basis that recognition outside profit or loss provides reliable and more relevant information as it better reflects the nature of actuarial gains and losses. This is because actuarial gains/losses are re-measurements, based on assumptions that do not necessarily reflect the ultimate cost of providing superannuation.

Recognition outside profit or loss also harmonises better with the Government Finance Statistics / GAAP comprehensive income presentation for the whole of government and general government sector, required under AASB 1049 Whole of Government and General Government Sector Financial Reporting. A comprehensive income presentation will also be available at the entity level from 2009-10 under AASB 101 *Presentation of Financial Statements*. The financial impact of the change in accounting policy at parent and consolidated levels is set out below in note 3 (vi).

(iii) Changes in accounting policies – Capitalisation of planted forest operational costs

Forests NSW previously capitalised direct costs of plantation establishment and development and indirect costs attributable to the plantation establishment and management, including, fire prevention and suppression, road maintenance, forest management and planning, research, and administration and management.

Forests NSW management have assessed that Forests NSW manage available 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 forest areas. As a result, it has been determined, that with effect from 1 July 2007, all costs incurred in managing, maintaining and developing the timber resources are to be expensed as incurred on the basis that all relevant costs are incurred in maintaining a constant forest resource.

The financial impact of the change in accounting policy at parent and consolidated levels is set out below in note 3 (vi).

(iv) Changes in accounting policies – Capitalisation of borrowing costs

Forests NSW previously capitalised interest relating to loans used for the purposes of developing biological assets.

Forests NSW management have assessed that Forests NSW manage available 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 forest areas. As a result, it has been determined, that with effect from 1 July 2007, all borrowing costs incurred in relation to the development of biological assets are to be expensed as incurred on the basis that the costs are incurred in maintaining a constant forest resource. The financial impact of the change in accounting policy at parent and consolidated levels is set out below in note 3 (vi).

(v) Correction of error – Roading expenses

Forests NSW contribute funds to local councils throughout the state for the purposes of building and maintaining the road networks which Forests NSW use extensively to conduct its operations.

In prior reporting periods, this expenditure was incorrectly capitalised as Forests NSW does not actually own the assets to which the expenditure relates. The capitalisation of this expenditure has been reversed and subsequently expensed in the year in which the expenditure occurred. The financial impact of the correction of error at parent and consolidated levels is set out below in note 3 (vi).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

(vi) Restatement of accounts

	Notes	Economic Entity			Statutory Corporation		
		Original 2008 \$'000	Movement \$'000	Restated 2008 \$'000	Original 2008 \$'000	Movement \$'000	Restated 2008 \$'000
Income Statement (extract)							
Expenses from Operations	3 (iii, v)	(160 901)	(25 001)	(185 902)	(160 901)	(25 001)	(185 902)
Employee and Related	3 (ii)	(29 389)	4 419	(24 970)	-	-	
Financing Costs	3 (iv)	(1 200)	(10 019)	(11 219)	(1 200)	(10 019)	(11 219)
Change in fair value less estimated point of sale costs	3 (i)	79 959	(53 195)	26 764	79 959	(53 195)	26 764
Profit/(loss) before income tax		117 651	(83 796)	33 855	117 651	(88 215)	29 436
Income Tax (Expense) / Credit	3 (i, iii, v)	(37 279)	26 399	(10 880)	(37 279)	26 399	(10 880)
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR		80 372	(57 397)	22 975	80 372	(61 816)	18 556
Balance Sheet (extract)							
Current Assets							
Inventories		8 389	(228)	8 161	8 389	(228)	8 161
Biological Assets	3 (i)	-	43 500	43 500	-	43 500	43 500
Total Current Assets		75 253	43 272	118 525	75 253	43 272	118 525
Non-Current Assets							
Property, Plant and Equipment	3 (v)	1 196 810	(12 928)	1 183 882	1 196 810	(12 928)	1 183 882
Biological Assets	3 (i)	1 515 310	(933 810)	581 500	1 515 310	(933 810)	581 500
Total Non-Current Assets		2 720 036	(946 738)	1 773 298	2 720 036	(946 738)	1 773 298
TOTAL ASSETS		2 795 289	(903 466)	1 891 823	2 795 289	(903 466)	1 891 823
Non-Current Liabilities							
Deferred Income Tax Liability	3 (i, iii, v)	536 532	(271 124)	265 408	536 532	(271 124)	265 408
Total Non-Current Liabilities		723 988	(271 124)	452 864	723 988	(271 124)	452 864
TOTAL LIABILITIES		797 648	(271 124)	526 524	797 648	(271 124)	526 524
NET ASSETS		1 997 641	(632 342)	1 365 299	1 997 641	(632 342)	1 365 299
Equity							
Asset Revaluation Reserve	3 (v)	701 252	(506)	700 746	701 252	(506)	700 746
Retained Profits	3 (i, iii, iv, v)	874 683	(631 836)	242 847	874 683	(631 836)	242 847
TOTAL EQUITY		1 997 641	(632 342)	1 365 299	1 997 641	(632 342)	1 365 299

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

4. FINANCIAL RISK MANAGEMENT

Forests NSW have exposure to the following risks from their use of financial instruments:

- Credit Risk;
- Liquidity Risk;
- Market Risk.

This note presents information about Forests NSW's exposure to each of the above risks, their 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 appropriate risk limits and controls and to monitor risks and adherence to limits. Compliance with policies is reviewed by the internal auditors on a continuous basis.

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 as 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 allowance for doubtful debts.

Forests NSW has a Credit Policy, which aims to mitigate the credit risk exposure to our sales customers. Customers are assessed for creditworthiness before payment and delivery terms are offered. Forests NSW review includes external ratings, when available, company searches, and trade references. Purchase limits are established and customers are required to lodge suitable security for the estimated maximum credit exposure to its sales. The policy requires stringent credit assessment of customers before the granting of any unsecured credit.

Forests NSW has established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established in respect of losses that have been incurred but not yet identified. The collective loss allowance is based on historical data of payment statistics.

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's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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's 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.

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 10 and 19. 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 – 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. Forests 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 (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 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. 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 THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

5. SEGMENT REPORTING

	2009					2008				
	Hardwood Plantations \$'000	Softwood Plantations \$'000	Native Forests \$'000	Other \$'000	Total \$'000	Hardwood Plantations \$'000	Softwood Plantations \$'000	Native Forests \$'000	Other \$'000	Total \$'000
Revenue										
External Segment Revenue	6 424	164 725	91 744	-	262 893	5 984	160 592	86 265	-	252 841
Unallocated Revenue	-	-	-	23 366	23 366	-	-	-	40 954	40 954
Total Revenue	6 424	164 725	91 744	23 366	286 259	5 984	160 592	86 265	40 954	293 795
Expenses										
Harvesting and Haulage Costs	239	71 913	51 052	-	123 204	200	65 435	47 402	-	113 037
Depreciation	2	2 846	1 311	-	4 159	4	2 900	1 327	-	4 231
Personnel Services	1 685	12 466	21 661	-	35 812	914	8 464	19 849	-	29 227
Change in fair value of biological assets	-	(45 020)	-	-	(45 020)	-	(26 764)	-	-	(26 764)
Impairment of non-current assets	-	-	-	17 942	17 942	-	-	-	-	-
	1 926	42 205	74 024	17 942	136 097	1 118	50 035	68 578	-	119 731
Segment Result	4 498	122 520	17 720	5 424	150 162	4 866	110 557	17 687	40 954	174 064
Unallocated expenses	-	-	-	196 835	196 835	-	-	-	140 209	140 209
Net Profit/(loss) before income tax	4 498	122 520	17 720	(191 411)	(46 673)	4 866	110 557	17 687	(99 255)	33 855
Income Tax Expense/(credit)	-	-	-	(2 402)	(2 402)	-	-	-	10 880	10 880
Net Profit/(loss) after income tax	4 498	122 520	17 720	(189 009)	(44 271)	4 866	110 557	17 687	(110 135)	22 975
Assets										
Segment Assets	63 699	1 160 722	537 657	-	1 762 078	64 378	1 173 097	543 389	-	1 780 864
Unallocated Assets	-	-	-	109 787	109 787	-	-	-	110 959	110 959
Total Assets	63 699	1 160 722	537 657	109 787	1 871 865	64 378	1 173 097	543 389	110 959	1 891 823
Liabilities										
Segment Liabilities	45	17 387	4 902	-	22 334	42	16 242	4 579	-	20 863
Unallocated Liabilities	-	-	-	541 309	541 309	-	-	-	505 661	505 661
Total Liabilities	45	17 387	4 902	541 309	563 643	42	16 242	4 579	505 661	526 524

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

6. REVENUE

	Economic Entity 2009 \$'000	Economic Entity 2008 \$'000	Statutory Corporation 2009 \$'000	Statutory Corporation 2008 \$'000
Revenue				
a) Forest Sales Revenue				
Royalties from sale of timber and related products	138 290	138 837	138 290	138 837
Contract Harvest and Haulage	124 603	114 011	124 603	114 011
Total Forest Sales Revenue	262 893	252 848	262 893	252 848
b) Other Revenue				
Other Services Rendered	23 250	24 024	23 250	24 024
Rental Income from Investment Properties	120	88	120	88
Other rental	2 188	2 857	2 188	2 857
Gain/(Loss) on disposal of Non-Current Assets	(17 087)	(3 635)	(17 087)	(3 635)
Interest Received	1 086	1 165	1 086	1 165
Total Other Revenue	9 557	24 499	9 557	24 499
c) Grants revenue				
Community service obligations	9 557	9 557	9 557	9 557
Other state government grants	4 252	6 891	4 252	6 891
Total Grants Revenue	13 809	16 448	13 809	16 448
Total Revenue	286 259	293 795	286 259	293 795

Community Services and Government Grants

Forests NSW Community Service and Government Grants totalled \$13 809 000 (2008: \$16 448 000). Grants included capital and revenue components, which are detailed in the following notes:

(i) Community Service Obligations

The State Government contributed \$9 557 000 (2008: \$9 557 000) towards the cost of providing Community Services. This contribution was included in the accounts as revenue. In 2008-09, 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 \$8 572 000 (2008: \$9 849 000). These costs are included in operating expenditure.

(ii) Other Government Grants

The State Government also paid Forests NSW \$4 252 000 (2008: \$6 891 000) for the performance of specific services including tasks associated with the Interim Assessment Process and related Comprehensive Resource Assessments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

7. EXPENSES FROM OPERATIONS

	Economic Entity 2009 \$ '000	Economic Entity 2008 \$ '000	Statutory Corporation 2009 \$ '000	Statutory Corporation 2008 \$ '000
Operating Expenses				
Contract harvest and haulage	123 203	113 038	123 203	113 038
Contractors	20 084	15 357	20 084	15 357
Fees	9 976	9 108	9 976	9 108
Materials	20 019	19 281	20 019	19 281
Occupancy costs	1 961	2 094	1 961	2 094
Other	10 356	764	10 356	764
Plantation establishment costs	13 610	22 266	13 610	22 266
Travel and accommodation	2 313	2 493	2 313	2 493
Telephone and communication costs	1 496	1 501	1 496	1 501
Total Operating Expenses	203 018	185 902	203 018	185 902

8. FINANCING COSTS

	Economic Entity 2009 \$ '000	Economic Entity 2008 \$ '000	Statutory Corporation 2009 \$ '000	Statutory Corporation 2008 \$ '000
Interest Expense	(10 311)	(10 019)	(10 311)	(10 019)
Government Guarantee Fee	(1 855)	(1 200)	(1 855)	(1 200)
Financing Costs	(12 166)	(11 219)	(12 166)	(11 219)

9. INCOME TAX EXPENSE

	Economic Entity 2009 \$ '000	Economic Entity 2008 \$ '000	Statutory Corporation 2009 \$ '000	Statutory Corporation 2008 \$ '000
Current Tax Expense / (Credit)				
Current Period	1 619	1 492	1 619	1 492
Deferred Tax Expense / (Credit)				
Origination and reversal of temporary differences	(4 021)	9 388	(4 021)	9 388
Total Income Tax Expense / (Credit)	(2 402)	10 880	(2 402)	10 880
Numerical reconciliation between tax expense and pre-tax accounting profit				
Pre-Tax Accounting Profit / (Loss)	(46 673)	33 855	(53 604)	29 436
Income tax using the statutory rate of 30%	(14 002)	35 295	(14 002)	35 295
Excess of accounting depreciation over tax depreciation	538	204	538	204
Non-deductible expenses	17 227	1 519	17 227	1 519
Loss on discontinued assets	7 540	1 411	7 540	1 411
Net movements in provisions	2 957	(576)	2 957	(576)
Unearned revenue	859	(2 688)	859	(2 688)
Change in net market value of biological assets	(13 500)	(23 987)	(13 500)	(23 987)
Capital expenditures on plantation establishment	-	(6 680)	-	(6 680)
Capitalised finance costs	-	(3 006)	-	(3 006)
Change in unrecognised temporary differences	(4 021)	9 388	(4 021)	9 388
Total Income Tax Expense / (Credit)	(2 402)	10 880	(2 402)	10 880

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

10. CASH AND CASH EQUIVALENTS

	Economic Entity 2009 \$'000	Economic Entity 2008 \$'000	Statutory Corporation 2009 \$'000	Statutory Corporation 2008 \$'000
a) Reconciliation of Cash and Cash Equivalents				
Cash at bank	11 026	10 151	11 026	10 151
Cash on hand	38	46	38	46
NSW Treasury Corporation Hour Glass Cash Facility	31	43	31	43
Restricted security deposits	749	749	749	749
Investment	1 947	651	1 947	651
Balances as per cash flow statement	13 791	11 640	13 791	11 640

Investments at Call

The NSW Treasury Corporation Hour Glass cash facility has been subject to floating interest rates between 5.22% and 6.82% (2008: 5.83% and 6.87%)

b) Reconciliation of net profit after tax to net cash flows from operations				
Net Profit/(loss) after income tax	(44 271)	22 975	(51 202)	18 556
Add/(less) non cash items:				
Depreciation	10 128	10 477	10 128	10 477
(Profit)/loss on disposal of non-current assets	(4 508)	3 635	(4 508)	3 635
(Increment)/Decrement in fair value of biological assets	(45 020)	(26 764)	(45 020)	(26 764)
Income tax expense	(15 736)	10 880	(15 736)	10 880
Other non-cash items	107 337	(944)	121 315	3 475
	7 930	20 259	14 977	20 259
Change in operating assets and liabilities:				
Movement in receivables	(56 088)	(7 120)	(56 088)	(7 120)
Movement in inventories	(2 404)	(218)	(2 404)	(218)
Movement in creditors	1 667	5 704	1 667	5 704
Movement in provisions	58 825	7 255	51 778	7 255
Movement in income tax	1 223	(4 599)	1 223	(4 599)
	3 223	1 022	(3 824)	1 022
Net cash provided by operating activities	11 153	21 281	11 153	21 281

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

11. TRADE AND OTHER RECEIVABLES

	Economic Entity 2009 \$'000	Economic Entity 2008 \$'000	Statutory Corporation 2009 \$'000	Statutory Corporation 2008 \$'000
Trade Receivables	43 389	40 128	43 389	40 128
Allowance for impairment loss	(1 370)	(22)	(1 370)	(22)
	42 019	40 106	42 019	40 106
Other Debtors	94	436	94	436
Prepayments	1 888	1 896	1 888	1 896
Total Receivables	44 001	42 438	44 001	42 438

During the year bad debts amounting to \$0 (2008:\$2 287 000) were written off

At 30 June, the ageing analysis of trade receivables is as follows:

	Economic Entity 2009 \$'000	Economic Entity 2008 \$'000	Statutory Corporation 2009 \$'000	Statutory Corporation 2008 \$'000
0-30 Days	25 442	27 112	25 442	27 112
31-60 Days (Past due but not impaired)	15 588	11 728	15 588	11 728
31-60 Days (Considered impaired)	9	-	9	-
61-90 Days (Past due but not impaired)	253	1 215	253	1 215
61-90 Days (Considered impaired)	339	-	339	-
> 90 Days (Past due but not impaired)	736	51	736	51
> 90 Days (Considered impaired)	1 022	22	1 022	22
Total	43 389	40 128	43 389	40 128

12. INVENTORIES

	Economic Entity 2009 \$'000	Economic Entity 2008 \$'000	Statutory Corporation 2009 \$'000	Statutory Corporation 2008 \$'000
Materials and Parts - at cost	6 405	4 867	6 405	4 867
Work in progress and finished goods	3 565	3 294	3 565	3 294
Total Inventories	9 970	8 161	9 970	8 161

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

13. PROPERTY, PLANT AND EQUIPMENT

Economic Entity	Crown Land \$'000	Freehold Land \$'000	Buildings \$'000	Roads and Bridges \$'000	Plant and Equipment \$'000	PPE WIP \$'000	Total \$'000
Fair value at 1 July 2007	1 027 747	1 946	27 280	106 065	36 352	4 413	1 203 803
Accumulated depreciation and impairment	-	-	-	(3 852)	(4 990)	-	(8 842)
Net carrying amount at 1 July 2007	1 027 747	1 946	27 280	102 213	31 362	4 413	1 194 961
Additions	-	-	-	-	-	10 242	10 242
Transfers from WIP	-	-	1 285	2 321	6 316	(9 922)	-
Asset Dedications	203	-	-	-	-	-	203
Disposals	(652)	-	-	-	(5 215)	(348)	(6 215)
Asset Revocation	(4 832)	-	-	-	-	-	(4 832)
Depreciation Expense	-	-	(1 353)	(3 945)	(5 179)	-	(10 477)
Net carrying amount at 30 June 2008	1 022 466	1 946	27 212	100 589	27 284	4 385	1 183 882
Fair value at 1 July 2008	1 022 466	1 946	28 565	108 386	34 914	4 385	1 200 662
Accumulated depreciation and impairment	-	-	(1 353)	(7 797)	(7 630)	-	(16 780)
Net carrying amount at 1 July 2008	1 022 466	1 946	27 212	100 589	27 284	4 385	1 183 882
Additions	-	-	-	-	-	8 230	8 230
Transfers from WIP	-	-	1 144	4 375	3 451	(8 970)	-
Transfer to Investment Property	-	-	(80)	-	-	-	(80)
Asset Dedications	235	-	-	-	-	-	235
Asset Revocation	(1 492)	-	-	-	-	-	(1 492)
Disposals	(945)	(120)	(1 416)	(15 231)	(2 138)	-	(19 850)
Depreciation Expense	-	-	(1 433)	(4 072)	(4 623)	-	(10 128)
Impairment loss recognised in P&L	-	-	(4 748)	(8 722)	(4 472)	-	(17 942)
Impairment recognised in ARR	-	-	(7 419)	(10 697)	346	-	(17 770)
Net carrying amount at 30 June 2009	1 020 264	1 826	13 260	66 242	19 848	3 645	1 125 085

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

13. PROPERTY, PLANT AND EQUIPMENT CONT.

Statutory Corporation	Crown Land \$'000	Freehold Land \$'000	Buildings \$'000	Roads and Bridges \$'000	Plant and Equipment \$'000	PPE WIP \$'000	Total \$'000
Fair value at 1 July 2007	1 027 747	1 946	27 280	106 065	36 352	4 413	1 203 803
Accumulated depreciation and impairment	-	-	-	(3 852)	(4 990)	-	(8 842)
Net carrying amount at 1 July 2007	1 027 747	1 946	27 280	102 213	31 362	4 413	1 194 961
Additions	-	-	-	-	-	10 242	10 242
Transfers from WIP	-	-	1 285	2 321	6 316	(9 922)	-
Asset Dedications	203	-	-	-	-	-	203
Disposals	(652)	-	-	-	(5 215)	(348)	(6 215)
Asset Revocation	(4 832)	-	-	-	-	-	(4 832)
Depreciation Expense	-	-	(1 353)	(3 945)	(5 179)	-	(10 477)
Net carrying amount at 30 June 2008	1 022 466	1 946	27 212	100 589	27 284	4 385	1 183 882
Fair value at 1 July 2008	1 022 466	1 946	28 565	108 386	34 914	4 385	1 200 662
Accumulated depreciation and impairment	-	-	(1 353)	(7 797)	(7 630)	-	(16 780)
Net carrying amount at 1 July 2008	1 022 466	1 946	27 212	100 589	27 284	4 385	1 183 882
Additions	-	-	-	-	-	8 230	8 230
Transfers from WIP	-	-	1 144	4 375	3 451	(8 970)	-
Transfer to Investment Property	-	-	(80)	-	-	-	(80)
Asset Dedications	235	-	-	-	-	-	235
Asset Revocation	(1 492)	-	-	-	-	-	(1 492)
Disposals	(945)	(120)	(1 416)	(15 231)	(2 138)	-	(19 850)
Depreciation Expense	-	-	(1 433)	(4 072)	(4 623)	-	(10 128)
Impairment loss recognised in P&L	-	-	(4 748)	(8 722)	(4 472)	-	(17 942)
Impairment recognised in ARR	-	-	(7 419)	(10 697)	346	-	(17 770)
Net carrying amount at 30 June 2009	1 020 264	1 826	13 260	66 242	19 848	3 645	1 125 085

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

14. BIOLOGICAL ASSETS

	Economic Entity 2009 \$'000	Economic Entity 2008 \$'000	Statutory Corporation 2009 \$'000	Statutory Corporation 2008 \$'000
Current				
Biological assets at fair value	49 613	43 500	49 613	43 500
Non-Current				
Biological assets at fair value	620 387	581 500	620 387	581 500
Total	670 000	625 000	670 000	625 000

Economic Entity	Hardwood Plantations \$'000	Softwood Plantations \$'000	Native Forests \$'000	Total \$'000
Balance at 1 July 2007	-	599 000	-	599 000
Additions	-	-	-	-
Reallocations	-	(764)	-	(764)
Change in fair value less estimated point of sale costs	-	26 764	-	26 764
Balance at 30 June 2008	-	625 000	-	625 000
Balance at 1 July 2008	-	625 000	-	625 000
Additions	-	-	-	-
Reallocations	-	(20)	-	(20)
Change in fair value less estimated point of sale costs	-	45 020	-	45 020
Balance at 30 June 2009	-	670 000	-	670 000

Statutory Corporation	Hardwood Plantations \$'000	Softwood Plantations \$'000	Native Forests \$'000	Total \$'000
Balance at 1 July 2007	-	599 000	-	599 000
Additions	-	-	-	-
Reallocations	-	(764)	-	(764)
Change in fair value less estimated point of sale costs	-	26 764	-	26 764
Balance at 30 June 2008	-	625 000	-	625 000
Balance at 1 July 2008	-	625 000	-	625 000
Additions	-	-	-	-
Reallocations	-	(20)	-	(20)
Change in fair value less estimated point of sale costs	-	45 020	-	45 020
Balance at 30 June 2009	-	670 000	-	670 000

15. INVESTMENT ASSETS

	Economic Entity 2009 \$'000	Economic Entity 2008 \$'000	Statutory Corporation 2009 \$'000	Statutory Corporation 2008 \$'000
Investment assets at the beginning of the reporting period	7 916	9 039	7 916	9 039
Additions/(Disposals) during the year	834	(1 123)	834	(1 123)
Investment assets at the end of the reporting period	8 750	7 916	8 750	7 916

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

16. TAX ASSETS AND LIABILITIES

Economic Entity	Assets 2009 \$'000	2008 \$'000	Liabilities 2009 \$'000	2008 \$'000	Net 2009 \$'000	2008 \$'000
Property, plant and equipment	-	-	298 113	324 372	298 113	324 372
Biological Assets	(239 008)	(239 008)	201 000	187 500	(38 008)	(51 508)
Provisions	(3 571)	(1 452)	-	-	(3 571)	(1 452)
Revenue in Advance	(6 862)	(6 004)	-	-	(6 862)	(6 004)
Net deferred tax (assets) liabilities	(249 441)	(246 464)	499 113	511 872	249 672	265 408

Statutory Corporation	Assets 2009 \$'000	2008 \$'000	Liabilities 2009 \$'000	2008 \$'000	Net 2009 \$'000	2008 \$'000
Property, plant and equipment	-	-	298 113	324 372	298 113	324 372
Biological Assets	(239 008)	(239 008)	201 000	187 500	(38 008)	(51 508)
Provisions	(3 571)	(1 452)	-	-	(3 571)	(1 452)
Revenue in Advance	(6 862)	(6 004)	-	-	(6 862)	(6 004)
Net deferred tax (assets) liabilities	(249 441)	(246 464)	499 113	511 872	249 672	265 408

Economic Entity	Balance 1 July 2007	Recognised in profit & loss	Recognised in equity	Balance 30 June 2008	Recognised in profit & loss	Recognised in equity	Balance 30 June 2009
Property, plant and equipment	327 646	(1 571)	(1 703)	324 372	(14 545)	(11 714)	298 113
Biological assets	(59 308)	7 800	-	(51 508)	13 500	-	(38 008)
Provisions	(1 948)	496	-	(1 452)	(2 119)	-	(3 571)
Revenue in advance	(8 666)	2 662	-	(6 004)	(858)	-	(6 862)
	257 724	9 387	(1 703)	265 408	(4 022)	(11 714)	249 672

Statutory Corporation	Balance 1 July 2007	Recognised in profit & loss	Recognised in equity	Balance 30 June 2008	Recognised in profit & loss	Recognised in equity	Balance 30 June 2009
Property, plant and equipment	327 646	(1 571)	(1 703)	324 372	(14 545)	(11 714)	298 113
Biological assets	(59 308)	7 800	-	(51 508)	13 500	-	(38 008)
Provisions	(1 948)	496	-	(1 452)	(2 119)	-	(3 571)
Revenue in advance	(8 666)	2 662	-	(6 004)	(858)	-	(6 862)
	257 724	9 387	(1 703)	265 408	(4 022)	(11 714)	249 672

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

17. EMPLOYEE DEFINED BENEFITS

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)
- 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

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Present value of partly funded defined benefit obligation at beginning of the year	37 425 521	3 812 045	0	41 237 566
Current service cost	763 631	192 841	0	956 472
Interest cost	2 350 667	234 490	0	2 585 157
Contributions by Fund participants	560 138	0	0	560 138
Actuarial (gains)/losses	(940 370)	215 226	0	(725 144)
Benefits paid	(3 294 722)	(402 156)	0	(3 696 878)
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 obligation at end of the year	36 864 865	4 052 446	0	40 917 311

Reconciliation of the fair value of Fund assets

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Fair value of Fund assets at beginning of the year	39 042 574	4 277 975	0	43 320 548
Expected return on Fund assets	3 091 288	337 758	0	3 429 046
Actuarial gains/(losses)	(6 907 088)	(749 368)	0	(7 656 455)
Employer contributions	1 089 371	222 740	0	1 312 111
Contributions by Fund participants	560 138	0	0	560 138
Benefits paid	(3 294 722)	(402 156)	0	(3 696 878)
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	33 581 561	3 686 949	0	37 268 510

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Reconciliation of the assets and liabilities recognised in the balance sheet

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Present value of partly funded defined benefit obligation at end of year	36 864 865	4 052 446	0	40 917 311
Fair value of Fund assets at end of year	(33 581 561)	(3 686 949)	0	(37 268 510)
Subtotal	3 283 304	365 497	0	3 648 801
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	3 283 304	365 497	0	3 648 801

Expense recognised in income statement

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Components Recognised in Income Statement				
Current service cost	763 631	192 841	0	956 472
Interest cost	2 350 667	234 490	0	2 585 157
Expected return on Fund assets (net of expenses)	(3 091 288)	(337 758)	0	(3 429 046)
Actuarial losses/(gains) recognised in year	0	0	0	0
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	23 010	89 573	0	112 583

Amounts recognised in the statement of recognised income and expense

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Actuarial (gains)/losses	5 966 718	964 593	0	6 931 311
Adjustment for limit on net asset	0	0	0	0

Cumulative amount recognised in the statement of recognised income and expense

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Actuarial (gains)/losses	9 843 637	1 600 959	6 398 313	17 842 909
Adjustment for limit on net asset	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Fund assets

The percentage invested in each asset class at the balance sheet date:

	30-Jun-09
Australian equities	32.1%
Overseas equities	26.0%
Australian fixed interest securities	6.2%
Overseas fixed interest securities	4.7%
Property	10.0%
Cash	8.0%
Other	13.0%

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 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

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Actual return on Fund assets	(3 776 295)	(411 610)	0	(4 187 905)

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-09
Salary increase rate (excluding promotional increases)	3.5% pa
Rate of CPI Increase	2.5% pa
Expected rate of return on assets	8.13%
Discount rate	5.59%

c) Demographic Assumptions

The demographic assumptions at 30 June 2009 are those that will be used in the 2009 triennial actuarial valuation. The triennial review report will be available from the NSW Treasury website, after it is tabled in Parliament in December 2009.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Historical information

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Present value of defined benefit obligation	36 864 865	4 052 446	0	40 917 311
Fair value of Fund assets	(33 581 561)	(3 686 949)	0	(37 268 510)
(Surplus)/Deficit in Fund	3 283 304	365 497	0	3 648 801
Experience adjustments – Fund liabilities	(940 370)	215 226	0	(725 144)
Experience adjustments – Fund assets	6 907 088	749 368	0	7 656 455

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
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

	SASS Financial Year to 30 June 2007 A\$	SANCS Financial Year to 30 June 2007 A\$	SSS Financial Year to 30 June 2007 A\$	TOTAL Financial Year to 30 June 2007 A\$
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)

	SASS Financial Year to 30 June 2006 A\$	SANCS Financial Year to 30 June 2006 A\$	SSS Financial Year to 30 June 2006 A\$	TOTAL Financial Year to 30 June 2006 A\$
Present value of defined benefit obligation	35 192 664	3 357 132	0	38 549 796
Fair value of Fund assets	(38 132 139)	(3 923 711)	0	(42 055 850)
(Surplus)/Deficit in Fund	(2 939 475)	(566 579)	0	(3 506 054)
Experience adjustments – Fund liabilities	181 759	(55 200)	0	126 559
Experience adjustments – Fund assets	(1 073 855)	(82 045)	0	(1 155 900)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Expected contributions

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Expected employer contributions to be paid in the next reporting period	1 064 262	222 638	0	1 286 900

Funding Arrangements for Employer Contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2009 financial position of the Fund calculated in accordance with AAS 25:

	SASS 30-June-09 A\$	SANCS 30-June-09 A\$	SSS 30-June-09 A\$	TOTAL 30-June-09 A\$
Accrued benefits	33 916 504	3 706 542	0	37 623 046
Net market value of Fund assets	(33 581 561)	(3 686 949)	0	(37 268 510)
Net (surplus)/deficit	334 943	19 593	0	354 536

(b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
1.90	2.50	0.00

(c) Funding method

The method used to determine the employer contribution recommendations in the 2006 triennial actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

(d) Economic assumptions

The economic assumptions adopted for the 2009 actuarial review of the Fund are:

Weighted-Average Assumptions	
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

Nature of Asset/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 THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

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)

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

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
Present value of partly funded defined benefit obligation 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	(1 644 820)
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 obligation at end of the year	37 425 521	3 812 045	0	41 237 566

Reconciliation of the fair value of Fund assets

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
Fair value of Fund assets at beginning of the year	43 038 415	4 588 782	0	47 627 197
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	1 330 645
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	39 042 574	4 277 975	0	43 320 548

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Reconciliation of the assets and liabilities recognised in the balance sheet

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
Present value of partly funded defined benefit obligation 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	(43 320 548)
Subtotal	(1 617 053)	(465 930)	0	(2 082 982)
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	(2 082 982)

Expense recognised in income statement

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
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	0	0	0	0
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	(7 172)	68 855	0	61 683

Amounts recognised in the statement of recognised income and expense

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
Actuarial (gains)/losses	3 793 213	626 179	0	4 419 392
Adjustment for limit on net asset	0	0	0	0

Cumulative amount recognised in the statement of recognised income and expense

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
Actuarial (gains)/losses	3 876 919	636 366	6 398 313	10 911 598
Adjustment for limit on net asset	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Fund assets

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 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

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
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

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

c) Demographic Assumptions

The demographic assumptions at 30 June 2008 are those used in the 2006 triennial actuarial valuation. A selection of the most financially significant assumptions is shown below:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

(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.

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	-	1 400	-	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	-	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.

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)

(iii) SSS Commutation - the proportion of SSS members assumed to commute their pension to a lump sum in any one year.

Age Later of commencement or age 55	Proportion of pension commuted	
	Retirement .15	Breakdown .20
	Widow	Widower
55	.2500	.2500
65	.5380	.5800
75	.4825	.5160
85	.3928	.3728

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

(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 pensioners

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

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
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

Expected contributions

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
Expected employer contributions to be paid in the next reporting period	0	0	0	0

Funding Arrangements for Employer Contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2008 financial position of the Fund calculated in accordance with AAS 25:

	SASS 30-June-08 A\$	SANCS 30-June-08 A\$	SSS 30-June-08 A\$	TOTAL 30-June-08 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	(43 320 548)
Net (surplus)/deficit	(1 708 565)	(451 042)	0	(2 159 606)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

(b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
0.00	0.00	0.00

(c) Funding method

The method used to determine the employer contribution recommendations in the 2006 triennial actuarial review was the *Aggregate Funding method*. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

(d) Economic assumptions

The economic assumptions adopted for the 2008 actuarial review of the Fund are:

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	7.0% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

Nature of Asset/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.

18. TRADE AND OTHER PAYABLES

	Economic Entity 2009 \$ '000	Economic Entity 2008 \$ '000	Statutory Corporation 2009 \$ '000	Statutory Corporation 2008 \$ '000
Trade Creditors	28 548	29 616	28 548	29 616
Receipts in Advance	22 877	20 015	22 877	20 015
Total	51 425	49 631	51 425	49 631

19. LOANS AND BORROWINGS

	Economic Entity 2009 \$ '000	Economic Entity 2008 \$ '000	Statutory Corporation 2009 \$ '000	Statutory Corporation 2008 \$ '000
Current				
NSW Treasury Corporation Loans	5 628	10 562	5 628	10 562
Non-Current				
NSW Treasury Corporation Loans	159 581	158 927	159 581	158 927
Total	165 209	169 489	165 209	169 489

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

20. DIVIDENDS PAID/PROVIDED FOR

	Economic Entity 2009 \$ '000	Economic Entity 2008 \$ '000	Statutory Corporation 2009 \$ '000	Statutory Corporation 2008 \$ '000
Provision for dividend at beginning of year	(1 000)	(16 000)	(1 000)	(16 000)
Dividend paid	1 000	16 000	1 000	16 000
Dividend provided	-	(1 000)	-	(1 000)
Provision for dividend at end of year	-	(1 000)	-	(1 000)

21. PROVISIONS

	Notes	Economic Entity 2009 \$ '000	Economic Entity 2008 \$ '000	Statutory Corporation 2009 \$ '000	Statutory Corporation 2008 \$ '000
Current					
Employee Benefits	26 (iv)	13 256	11 697	-	-
Onerous contracts		4 108	-	4 108	-
Workers Compensation		890	770	890	770
Total Current		18 254	12 467	4 998	770
Non Current					
Employee Benefits	26 (iv)	160	120	-	-
Workers Compensation		4 130	3 460	4 130	3 460
Total Non-Current		4 290	3 580	4 130	3 460
Total Provisions		22 544	16 047	9 128	4 230

22. CAPITAL AND RESERVES

Economic Entity	Contributed Equity \$ '000	Asset Revaluation Reserve \$ '000	Retained Profits \$ '000	Total Equity \$ '000
Balance as at 1 July 2007	421 706	704 872	794 527	1 921 105
Adjustment on change in accounting policy	-	(506)	(570 172)	(570 678)
Restated equity at 1 July 2007	421 706	704 366	224 355	1 350 427
Total recognised income and expense	-	-	25 823	25 823
Asset Disposals	-	(3 620)	-	(3 620)
Transactions with owners in their capacity as owners (a)	-	-	(6 331)	(6 331)
Dividend provided for or paid	-	-	(1 000)	(1 000)
Balance as at 30 June 2008	421 706	700 746	242 847	1 365 299
Balance as at 1 July 2008	421 706	700 746	242 847	1 365 299
Total recognised income and expense	-	-	(28 289)	(28 289)
Asset Disposals	-	(13 782)	-	(13 782)
Impairments/Revaluations	-	(12 412)	-	(12 412)
Transactions with owners in their capacity as owners (a)	-	(1 044)	(1 550)	(2 594)
Dividend provided for or paid	-	-	-	-
Balance as at 30 June 2009	421 706	673 508	213 008	1 308 222

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Statutory Corporation	Contributed Equity \$ '000	Reserves \$ '000	Retained Profits \$ '000	Total Equity \$ '000
Balance as at 1 July 2007	421 706	704 872	794 527	1 921 105
Adjustment on change in accounting policy	-	(506)	(570 172)	(570 678)
Restated equity at 1 July 2007	421 706	704 366	224 355	1 350 427
Total recognised income and expense	-	-	25 823	25 823
Movements in fixed assets	-	(3 620)	-	(3 620)
Transactions with owners in their capacity as owners (a)	-	-	(6 331)	(6 331)
Dividend provided for or paid	-	-	(1 000)	(1 000)
Balance as at 30 June 2008	421 706	700 746	242 847	1 365 299
Balance as at 1 July 2008	421 706	700 746	242 847	1 365 299
Total recognised income and expense	-	-	(28 289)	(28 289)
Asset Disposals	-	(13 782)	-	(13 782)
Impairments/Revaluations	-	(12 412)	-	(12 412)
Transactions with owners in their capacity as owners (a)	-	(1 044)	(1 550)	(2 594)
Dividend provided for or paid	-	-	-	-
Balance as at 30 June 2009	421 706	673 508	213 008	1 308 222

(a) In 2008-09, 7,358.50 hectares (2007-08: 12 364.13 ha) were revoked and transferred to NPWS and other NSW related government agencies

23. Financial Instruments

(i) Quantitative Disclosures

	2009	2008
(i) Unrealised Gains/(Losses) from Derivatives	(\$ 810)	\$ 105,439

(ii) Contractual Maturity Analysis

2008

Category	< 1 year	1 to 5 years	> 5 years	Cash Flows	Market Value
Short Term Borrowings	(10 688 628)	-	-	(10 688 628)	(10 610 322)
Fixed Rate Borrowings	(9 711 446)	(107 000 366)	(100 294 971)	(217 006 783)	(155 383 394)
	(20 400 074)	(107 000 366)	(100 294 971)	(227 695 411)	(165 993 716)

2009

Category	< 1 year	1 to 5 years	> 5 years	Cash Flows	Market Value
Short Term Borrowings	-	-	-	-	-
Fixed Rate Borrowings	(15 529 179)	(92 286 416)	(111 948 936)	(219 764 531)	(170 933 549)
	(15 529 179)	(92 286 416)	(111 948 936)	(219 764 531)	(170 933 549)

(iii) Sensitivity Analysis

Interest Rate Risk

	2009	2008
Approximate increase (decrease) in fair value of financial liabilities assuming one percentage point decrease (increase) in interest rates	\$ 6 800 000	\$ 6 400 000

Hour-Glass Investment Facilities

	Change in Unit Price	2009 \$	2008 \$
Hour-Glass Cash Facility	+/- 1%	+/- 309	+/- 430

**NB: All financial instruments are held in the statutory corporation, therefore, the above tables reflect the position of both the Statutory Corporation and the Economic Entity

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

(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 28 - Contingent Liabilities. As explained in the note, the claims cannot be quantified in terms of the likely impact on the carrying value of the Forests NSW asset.

(b) On Balance Sheet

Economic Entity - 2009	1 Year or Less \$'000	1 to 5 Years \$'000	More than 5 Years \$'000	Non Interest Bearing \$'000	Total \$'000
Financial Assets					
Cash and Cash Equivalents	13 791	-	-	-	13 791
Trade and other receivables	-	-	-	42 113	42 113
Prepayments	-	-	-	1 888	1 888
Total Financial Assets	13 791	-	-	44 001	57 792
Financial Liabilities					
Interest bearing loans and borrowings	5 628	64 988	94 593	-	165 209
Trade and other payables	-	-	-	51 425	51 425
Total Financial Liabilities	5 628	64 988	94 593	51 425	216 634
Net Financial Liabilities	8 163	(64 988)	(94 593)	(7 424)	(158 842)

The carrying values of financial instruments are equal to the fair value except for loans and borrowings where the fair value is \$170 933 548

Economic Entity - 2008	1 Year or Less \$'000	1 to 5 Years \$'000	More than 5 Years \$'000	Non Interest Bearing \$'000	Total \$'000
Financial Assets					
Cash and Cash Equivalents	11 640	-	-	-	11 640
Trade and other receivables	-	-	-	40 542	40 542
Prepayments	-	-	-	1 896	1 896
Total Financial Assets	11 640	-	-	42 438	54 078
Financial Liabilities					
Interest bearing loans and borrowings	10 562	77 335	81 592	-	169 489
Trade and other payables	-	-	-	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 are equal to the fair value except for loans and borrowings where the fair value is \$165 182 546

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Statutory Corporation - 2009	1 Year or Less \$'000	1 to 5 Years \$'000	More than 5 Years \$'000	Non Interest Bearing \$'000	Total \$'000
Financial Assets					
Cash and Cash Equivalents	13 791	-	-	-	13 791
Trade and other receivables	-	-	-	42 113	42 113
Prepayments	-	-	-	1 888	1 888
Total Financial Assets	13 791	-	-	44 001	57 792
Financial Liabilities	-	-	-	-	-
Interest bearing loans and borrowings	5 628	64 988	94 593	-	165 209
Trade and other payables	-	-	-	51 425	51 425
Total Financial Liabilities	5 628	64 988	94 593	51 425	216 634
Net Financial Liabilities	8 163	(64 988)	(94 593)	(7 424)	(158 842)

The carrying values of financial instruments are equal to the fair value except for loans and borrowings where the fair value is \$170 933 548

Statutory Corporation - 2008	1 Year or Less \$'000	1 to 5 Years \$'000	More than 5 Years \$'000	Non Interest Bearing \$'000	Total \$'000
Financial Assets					
Cash and Cash Equivalents	11 640	-	-	-	11 640
Trade and other receivables	-	-	-	40 542	40 542
Prepayments	-	-	-	1 896	1 896
Total Financial Assets	11 640	-	-	42 438	54 078
Financial Liabilities	-	-	-	-	-
Interest bearing loans and borrowings	10 562	77 335	81 592	-	169 489
Trade and other payables	-	-	-	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 are equal to the fair value except for loans and borrowings where the fair value is \$165 182 546

(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 Forests NSW'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 \$170.9 million (2008:\$165.2 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 1.5 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 the above facility is required to act in the best interest of the unit holders and to administer the trust in accordance with the trust deed. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

24. OPERATING LEASES

At balance date Forests NSW had operating lease/rental agreements totalling \$925 000 (2008: \$2 003 000). These agreements relate to occupancy of offices throughout the State. Forests NSW had no other material lease and hire purchase agreements.

	Economic Entity 2009 \$ '000	Economic Entity 2008 \$ '000	Statutory Corporation 2009 \$ '000	Statutory Corporation 2008 \$ '000
Not later than one year	504	662	504	662
Later than 1 year and not later than five years	421	1 020	421	1 020
Later than 5 years	-	321	-	321
Total (including GST)	925	2 003	925	2 003

25. COMMITMENTS

At balance date Forests NSW has the following commitments:

	2009 \$ '000	2008 \$ '000
Capital		
Establishment of Biological Assets	203	4 048
Others	4 908	8 763
	5 111	12 811
Operating	6 393	263
Total Commitments (a)	11 504	13 074

(a) All commitments are expected to be expended in the next financial year and include input tax credits of \$742 000 (2008: \$1 170 000)

****NB:** All commitments are those of the Statutory Corporation, therefore, the above table reflects the position of both the Statutory Corporation and the Economic Entity

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

26. RELATED PARTIES

The Public Sector Employment & Management (Department of Primary Industries) Order 2004, made on 23 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 - Supply of Personnel Services

	Economic Entity 2009 \$ '000	Economic Entity 2008 \$ '000	Statutory Corporation 2009 \$ '000	Statutory Corporation 2008 \$ '000
Department of Primary Industries	106 613	54 136	106 613	54 136
Forestry Commission Division	-	-	35 016	29 389
Total	106 613	54 136	141 629	83 525

(ii) Balance Sheet - Current assets

Notes	Economic Entity 2009 \$ '000	Economic Entity 2008 \$ '000	Statutory Corporation 2009 \$ '000	Statutory Corporation 2008 \$ '000
Department of Primary Industries	-	9 212	-	9 212
Forestry Commission Division	-	-	-	2 083
Prepaid Superannuation Assets* 17	-	2 083	-	-
Total	-	11 295	-	11 295

* On consolidation, the economic entity has a prepaid superannuation asset.

(iii) Balance Sheet - Current Liabilities

Notes	Economic Entity 2009 \$ '000	Economic Entity 2008 \$ '000	Statutory Corporation 2009 \$ '000	Statutory Corporation 2008 \$ '000
Department of Primary Industries	(43 881)	-	(43 881)	-
Forestry Commission Division	-	-	(3 649)	-
Superannuation Liability** 17	(3 649)	-	-	-
Total	(47 530)	-	(47 530)	-

** On consolidation, the economic entity has a net superannuation liability.

(iv) Balance Sheet - Non Current Liabilities

Notes	Economic Entity 2009 \$ '000	Economic Entity 2008 \$ '000	Statutory Corporation 2009 \$ '000	Statutory Corporation 2008 \$ '000
Department of Primary Industries	(27 263)	(24 949)	(27 263)	(24 949)
Forestry Commission Division	-	-	(13 416)	(11 817)
Total	(27 263)	(24 949)	(40 679)	(36 766)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Key Management Personnel:

- i) Richard Sheldrake Commissioner for Forests NSW
- ii) Nick Roberts Chief Executive Officer

	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 2009 Total Compensation	319	-	-	-	-	319
30 June 2008 Total Compensation	309	-	-	-	-	309

The Commissioner for Forests NSW does not receive 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 2009, Forests NSW has not raised any provision for doubtful debts relating to amounts owed by key management personnel (2008 nil).

27. AUDITORS' REMUNERATION

	Economic Entity 2009 \$'000	Economic Entity 2008 \$'000	Statutory Corporation 2009 \$'000	Statutory Corporation 2008 \$'000
Audit Office of NSW - Audit of financial statements	431	370	431	370

28. CONTINGENT LIABILITIES

During the 2008-2009 year, 195 hectares (2007-2008, 289 hectares) of operational timber reserves were subject to claims under the Native Title Act. The impact of these claims cannot be quantified at this time.

As at balance sheet date, Forests NSW has potential public liability insurance claims limited to \$321 963 (2008 \$190 000), being the net excess on its current public insurance liability policy at the date of the relevant claims.

Forest NSW may need to rehabilitate derelict mines which lie on its land. The amount of this contingent liability cannot be measured reliably at this time.

Forests NSW may have onerous contracts in relation to wood supply agreements for native forest timber. The quantum of this amount is not able to be determined as the wood supply agreements allow for movements in price and volume.

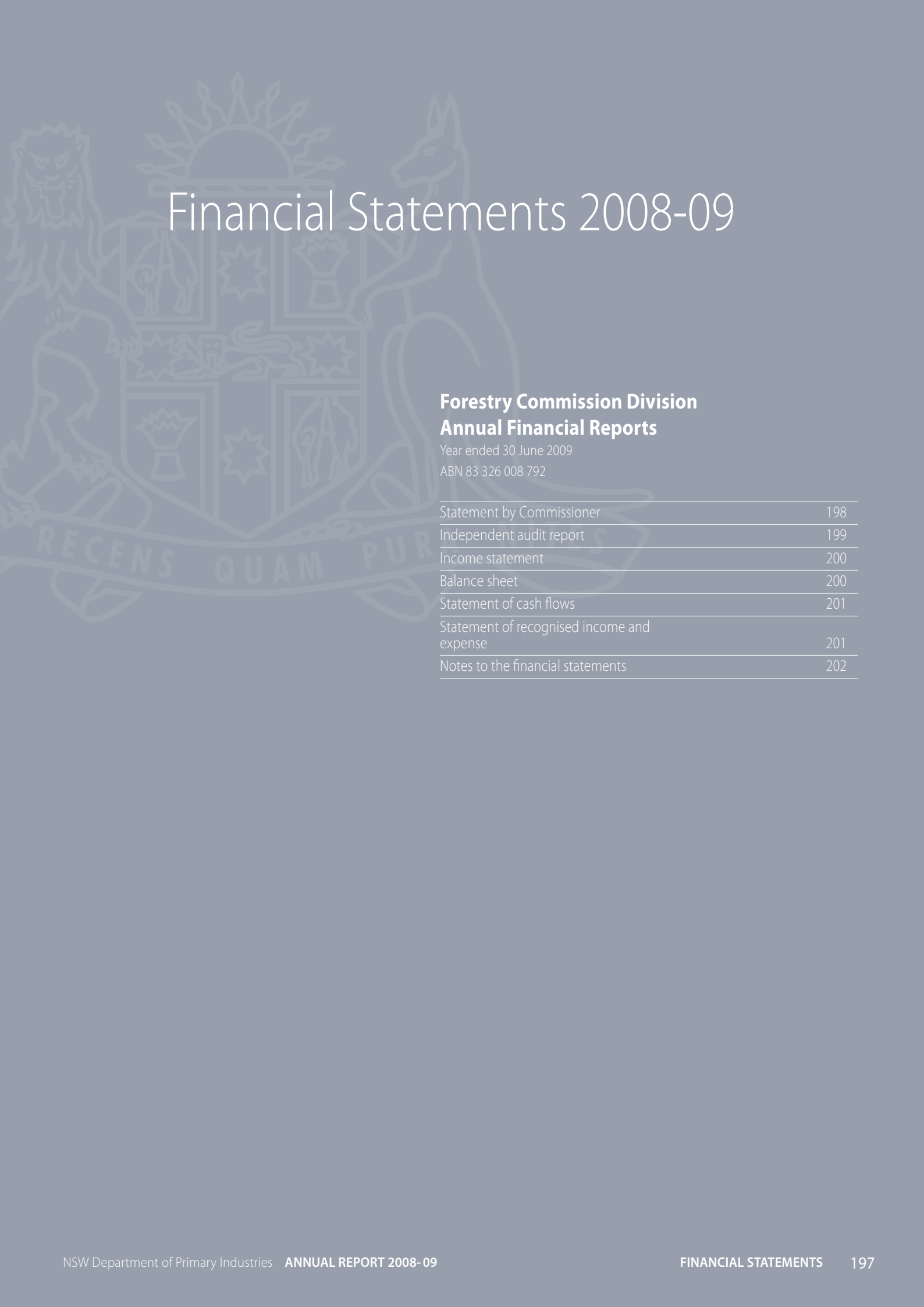
29. CONSULTANTS

Forests NSW engaged consultants to undertake activities, which require specialist or independent skills. In 2009 the total cost for consultants was \$1 614 231 (2008: \$212 946).

30. SUBSEQUENT EVENTS

On 11 June 2009 the Premier announced the creation of 13 new "super" departments. The announcement foreshadowed that the NSW DPI, including Forests NSW, will become part of the new Department of Industry and Investment. Effective from 27 July 2009 Forests NSW is a division of Industry and Investment NSW. This has no effect on the operation of Forests NSW as public trading enterprise.

END OF AUDITED FINANCIAL STATEMENTS



Financial Statements 2008-09

Forestry Commission Division Annual Financial Reports

Year ended 30 June 2009

ABN 83 326 008 792

Statement by Commissioner	198
Independent audit report	199
Income statement	200
Balance sheet	200
Statement of cash flows	201
Statement of recognised income and expense	201
Notes to the financial statements	202

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 financial position of the Forestry Commission Division as at 30 June 2009.

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

Commissioner for the Forestry Commission of New South Wales

Dated this 27th day of October, 2009



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 2009, the income statement, statement of recognised income and expense 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 fairly, in all material respects, the financial position of the Division as at 30 June 2009, and its financial performance 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.

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 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. 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 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 effectiveness 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 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 Barnes

Director, Financial Audit Services
27 October 2009
SYDNEY

INCOME STATEMENT

For the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Personnel Services	6	35 016	29 389
Total Revenue		35 016	29 389
Less Expenses from continuing operations			
Wages		19 971	18 743
Superannuation		1 004	288
Annual and long service leave		4 745	4 209
Payroll tax		1 263	1 257
Workers compensation		1 082	435
Fringe Benefits Tax		20	38
Total expenses		28 085	24 970
Net profit/(loss) for the year		6 931	4 419

The above Income Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

For the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Current Assets			
Receivables		17 065	11 817
Other assets	4	-	2 083
Total Current Assets		17 065	13 900
TOTAL ASSETS		17 065	13 900
Current Liabilities			
Provisions	5	13 256	11 697
Amount due to related entities	6	-	2 083
Net Superannuation Liability	4	3 649	-
Total Current Liabilities		16 905	13 780
Non-Current Liabilities			
Provisions	5	160	120
Total Non-Current Liabilities		160	120
TOTAL LIABILITIES		17 065	13 900
NET ASSETS		-	-
Equity			
Retained profits		-	-
TOTAL EQUITY		-	-

The above Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Cash flows from operating activities			
Cash receipts from customers		-	-
Cash paid to suppliers and employees		-	-
Interest received		-	-
Interest paid		-	-
Income taxes paid		-	-
Net Cash from (used in) operating Activities		-	-
Cash flows from investing activities			
Acquisition of property, plant and equipment		-	-
Plantations and acquisitions of non-current biological assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Net cash from (used in) investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Dividends paid		-	-
Payment of finance lease liabilities		-	-
Net cash from (used in) financing activities		-	-
Net increase (decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 July 2008		-	-
Cash and cash equivalents at 30 June 2009		-	-

The above cash flow statement should be read in conjunction with the accompanying notes.

STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Defined benefit plan actuarial gains (losses)	4	(6 931)	(4 419)
Income and expense recognised direct in equity		(6 931)	(4 419)
Profit for the year		6 931	4 419
Total recognised income and expense for the year		-	-
Attributable to:			
Equity holders		-	-

The above statement of recognised income and expense should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

1. CORPORATE INFORMATION

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 17 March 2006.

Forestry Commission Division commenced operation on 17 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 30 June 2007 with offsetting receivable from Forestry Commission of NSW.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

This general purpose financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

The financial report for the year ended 30 June 2009 has been authorised for issue by the Commissioner of Forests NSW, Richard Sheldrake, on 27 October 2009.

(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, and the Public Finance and Audit (General) Regulation 2005 and specific directions issued by the Treasurer.

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.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

In the application of accounting standards, management is required to make judgements, estimates and assumptions about the 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 factors that are believed to be reasonable under the circumstance, the results of which form the basis to make the judgements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both.

(d) Revenue recognition

Revenue is recognised 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.

(e) Trade and Other 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.

(f) Trade and Other 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.

(g) Employee Benefits 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 June 2009. 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

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.

(h) 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.

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 AAS' 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.

3. CHANGES IN ACCOUNTING POLICY AND CORRECTION OF ERRORS

Changes in accounting policies – Superannuation actuarial gains and losses

According with NSW Treasury policy, Forests NSW has changed its policy on the recognition of superannuation actuarial gains and losses. Such actuarial gains and losses are now recognised outside of profit or loss in the 'statement of recognised income and expense'. Previously, actuarial gains and losses were recognised through profit or loss. Both options are permissible under AASB 119 *Employee Benefits*.

The change in policy has been adopted on the basis that recognition outside profit or loss provides reliable and more relevant information as it better reflects the nature of actuarial gains and losses. This is because actuarial gains/losses are re-measurements, based on assumptions that do not necessarily reflect the ultimate cost of providing superannuation.

Recognition outside profit or loss also harmonises better with the Government Finance Statistics / GAAP comprehensive income presentation for the whole of government and general government sector, required under AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. A comprehensive income presentation will also be available at the entity level from 2009-10 under AASB 101 *Presentation of Financial Statements*.

The change in accounting policy increases 2009 'Net profit/(loss) for the year' from \$0 to \$6.9m (2008: from \$0 to \$4.4m), by excluding from profit the superannuation actuarial loss line item (2009: \$6.9m, 2008: \$4.4m). The superannuation actuarial gains and losses are now recognised in the 'statement of recognised income and expense' rather than the 'income statement'.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

4. EMPLOYEE DEFINED BENEFITS

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)

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

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Present value of partly funded defined benefit obligation at beginning of the year	37 425 521	3 812 045	0	41 237 566
Current service cost	763 631	192 841	0	956 472
Interest cost	2 350 667	234 490	0	2 585 157
Contributions by Fund participants	560 138	0	0	560 138
Actuarial (gains)/losses	(940 370)	215 226	0	(725 144)
Benefits paid	(3 294 722)	(402 156)	0	(3 696 878)
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 obligation at end of the year	36 864 865	4 052 446	0	40 917 311

Reconciliation of the fair value of Fund assets

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Fair value of Fund assets at beginning of the year	39 042 574	4 277 975	0	43 320 548
Expected return on Fund assets	3 091 288	337 758	0	3 429 046
Actuarial gains/(losses)	(6 907 088)	(749 368)	0	(7 656 455)
Employer contributions	1 089 371	222 740	0	1 312 111
Contributions by Fund participants	560 138	0	0	560 138
Benefits paid	(3 294 722)	(402 156)	0	(3 696 878)
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	33 581 561	3 686 949	0	37 268 510

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Reconciliation of the assets and liabilities recognised in the balance sheet

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Present value of partly funded defined benefit obligation at end of year	36 864 865	4 052 446	0	40 917 311
Fair value of Fund assets at end of year	(33 581 561)	(3 686 949)	0	(37 268 510)
Subtotal	3 283 304	365 497	0	3 648 801
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	3 283 304	365 497	0	3 648 801

Expense recognised in income statement

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Components Recognised in Income Statement				
Current service cost	763 631	192 841	0	956 472
Interest cost	2 350 667	234 490	0	2 585 157
Expected return on Fund assets (net of expenses)	(3 091 288)	(337 758)	0	(3 429 046)
Actuarial losses/(gains) recognised in year	0	0	0	0
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	23 010	89 573	0	112 583

Amounts recognised in the statement of recognised income and expense

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Actuarial (gains)/losses	5 966 718	964 593	0	6 931 311
Adjustment for limit on net asset	0	0	0	0

Cumulative amount recognised in the statement of recognised income and expense

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Actuarial (gains)/losses	9 843 637	1 600 959	6 398 313	17 842 909
Adjustment for limit on net asset	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Fund assets

The percentage invested in each asset class at the balance sheet date:

	30-Jun-09
Australian equities	32.1%
Overseas equities	26.0%
Australian fixed interest securities	6.2%
Overseas fixed interest securities	4.7%
Property	10.0%
Cash	8.0%
Other	13.0%

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 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

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Actual return on Fund assets	(3 776 295)	(411 610)	0	(4 187 905)

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-09
Salary increase rate (excluding promotional increases)	3.5% pa
Rate of CPI Increase	2.5% pa
Expected rate of return on assets	8.13%
Discount rate	5.59%

c) Demographic Assumptions

The demographic assumptions at 30 June 2009 are those that will be used in the 2009 triennial actuarial valuation. The triennial review report will be available from the NSW Treasury website, after it is tabled in Parliament in December 2009.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Historical information

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Present value of defined benefit obligation	36 864 865	4 052 446	0	40 917 311
Fair value of Fund assets	(33 581 561)	(3 686 949)	0	(37 268 510)
(Surplus)/Deficit in Fund	3 283 304	365 497	0	3 648 801
Experience adjustments – Fund liabilities	(940 370)	215 226	0	(725 144)
Experience adjustments – Fund assets	6 907 088	749 368	0	7 656 455

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
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

	SASS Financial Year to 30 June 2007 A\$	SANCS Financial Year to 30 June 2007 A\$	SSS Financial Year to 30 June 2007 A\$	TOTAL Financial Year to 30 June 2007 A\$
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)

	SASS Financial Year to 30 June 2006 A\$	SANCS Financial Year to 30 June 2006 A\$	SSS Financial Year to 30 June 2006 A\$	TOTAL Financial Year to 30 June 2006 A\$
Present value of defined benefit obligation	35 192 664	3 357 132	0	38 549 796
Fair value of Fund assets	(38 132 139)	(3 923 711)	0	(42 055 850)
(Surplus)/Deficit in Fund	(2 939 475)	(566 579)	0	(3 506 054)
Experience adjustments – Fund liabilities	181 759	(55 200)	0	126 559
Experience adjustments – Fund assets	(1 073 855)	(82 045)	0	(1 155 900)

Expected contributions

	SASS Financial Year to 30 June 2009 A\$	SANCS Financial Year to 30 June 2009 A\$	SSS Financial Year to 30 June 2009 A\$	TOTAL Financial Year to 30 June 2009 A\$
Expected employer contributions to be paid in the next reporting period	1 064 262	222 638	0	1 286 900

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Funding Arrangements for Employer Contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2009 financial position of the Fund calculated in accordance with AAS 25:

	SASS 30-June-09 A\$	SANCS 30-June-09 A\$	SSS 30-June-09 A\$	TOTAL 30-June-09 A\$
Accrued benefits	33 916 504	3 706 542	0	37 623 046
Net market value of Fund assets	(33 581 561)	(3 686 949)	0	(37 268 510)
Net (surplus)/deficit	334 943	19 593	0	354 536

(b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
1.90	2.50	0.00

(c) Funding method

The method used to determine the employer contribution recommendations in the 2006 triennial actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

(d) Economic assumptions

The economic assumptions adopted for the 2009 actuarial review of the Fund are:

Weighted-Average Assumptions	
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

Nature of Asset/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.

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)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Reconciliation of the present value of the defined benefit obligation

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
Present value of partly funded defined benefit obligation 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	(1 644 820)
Benefits paid	(3 385 269)	(247 270)	0	(3 632 539)
Past service cost	0	0	0	0
Curtailements	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 obligation at end of the year	37 425 521	3 812 045	0	41 237 566

Reconciliation of the fair value of Fund assets

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
Fair value of Fund assets at beginning of the year	43 038 415	4 588 782	0	47 627 197
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	1 330 645
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	39 042 574	4 277 975	0	43 320 548

Reconciliation of the assets and liabilities recognised in the balance sheet

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
Present value of partly funded defined benefit obligation 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	(43 320 548)
Subtotal	(1 617 053)	(465 930)	0	(2 082 982)
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	(2 082 982)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Expense recognised in income statement

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
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	0	0	0	0
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	(7 172)	68 855	0	61 683

Amounts recognised in the statement of recognised income and expense

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
Actuarial (gains)/losses	3 793 213	626 179	0	4 419 392
Adjustment for limit on net asset	0	0	0	0

Cumulative amount recognised in the statement of recognised income and expense

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
Actuarial (gains)/losses	3 876 919	636 366	6 398 313	10 911 598
Adjustment for limit on net asset	0	0	0	0

Fund assets

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Expected rate of return on assets

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

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
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

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

c) Demographic Assumptions

The demographic assumptions at 30 June 2008 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.

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	-	1 400	-	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	-	1 500	-	150	0.00

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

(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.

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)

(iii) SSS Commutation - the proportion of SSS members assumed to commute their pension to a lump sum in any one year.

Age Later of commencement or age 55	Proportion of pension commuted	
	Retirement .15	Breakdown .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 pensioners

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Historical information

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
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

Expected contributions

	SASS Financial Year to 30 June 2008 A\$	SANCS Financial Year to 30 June 2008 A\$	SSS Financial Year to 30 June 2008 A\$	TOTAL Financial Year to 30 June 2008 A\$
Expected employer contributions to be paid in the next reporting period	0	0	0	0

Funding Arrangements for Employer Contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2008 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS 30-June-08 A\$	SANCS 30-June-08 A\$	SSS 30-June-08 A\$	TOTAL 30-June-08 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	(43 320 548)
Net (surplus)/deficit	(1 708 565)	(451 042)	0	(2 159 606)

(b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
0.00	0.00	0.00

(c) Funding method

The method used to determine the employer contribution recommendations in the 2006 triennial actuarial review was the *Aggregate Funding method*. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

(d) Economic assumptions

The economic assumptions adopted for the 2008 actuarial review of the Fund are:

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	7.0% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Nature of Asset/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.

5. PROVISIONS

	2009 \$'000	2008 \$'000
Current Liabilities		
Accrued Wages	875	896
Payroll Tax	215	303
Leave Entitlements	11 535	10 481
FBT	13	17
Redundancy	618	-
Total Current Liabilities	13 256	11 697
Non-Current Liabilities		
Leave Entitlements	160	120
Total Non-Current Liabilities	160	120
Total Provisions	13 416	11 817

All personnel administration costs and related audit fees are met by the parent entity, Forests NSW.

6. RELATED PARTY TRANSACTIONS

(i) Income statement - Supply of Personnel Services

	2009 \$'000	2008 \$'000
Supply of Personnel Services to Forestry Commission of NSW	35 016	29 389
Total	35 016	29 389

(ii) Balance Sheet - Current assets

	2009 \$'000	2008 \$'000
Forestry Commission of NSW for defined benefits superannuation	3 649	-
Forestry Commission of NSW for employee entitlements	13 416	11 817
Total	17 065	11 817

(iii) Balance Sheet - Current liabilities

	2009 \$'000	2008 \$'000
Forestry Commission of NSW for defined benefits superannuation	-	2 083
Total	-	2 083

7. SUBSEQUENT EVENTS

On 11 June 2009 the Premier announced the creation of 13 new 'super' departments. The announcement foreshadowed that the NSW DPI, including Forests NSW, will become part of the new Department of Industry and Investment NSW. Effective from 27 July 2009 Forests NSW is a division of Industry & Investment NSW. This has no effect on the operation of Forests NSW as a public trading enterprise.

END OF AUDITED FINANCIAL STATEMENTS

INDEX

A					
Aboriginal employment	68	fisheries compliance	24	mineral	
acts administered	62	Fisheries, Compliance and		exploration investment	29
addresses (offices),	ibc	Regional Relations Division	22	production	29
advisory bodies and committees	61	division performance	27	promotion	30
agriculture compliance	25	future directions	26	royalties	29
agriculture education	17	major outcomes	23	Mineral Resources Division	28
Agriculture, Biosecurity and Mine		significant issues	26	division performance	33
Safety Division	15	fisheries trust fund	78	future directions	33
division performance	21	footrot	42	major outcomes	29
future directions	20	forest		significant issues	32
major outcomes	16	asset protection	36	N	
significant issues	20	commercial performance	35	National Livestock Identification	
animal welfare	20	native forest management	37	System (NLIS)	18
annual report costs	82	recreation	36	natural resource management	
artificial reefs	24	safety	36	NSW DPI	
aquatic habitat	23	Forests NSW	34	alignment with NSW State Plan	9
assets	52, 76	division performance	38	our key result areas	8
B		future directions	37	our organisation	5
BeefSpecs	40	major outcomes	35	our results	1
C		significant issues	37	our role	7
capital works	76	freedom of Information	88	our services	14
clean coal technology	33	funding for non-government		our structure	6
climate change	41	organisations	77	our values and behaviours	5
code of conduct	59	G		our vision	5
commercial fishing	24	greenhouse gas	17, 32, 41	O	
communication	49	H		occupational health and safety	65
consultants	74	hawkesbury nepean river		organisational structure	6
corporate governance	49	catchment	16	overseas travel	69
Corporate Services Division	51	heritage management	76	P	
future directions	53	human resources, see staffing		payment of accounts	74
major outcomes	52	I		performance measures, see nsw dpi	
significant issues	53	ICT (information and		results	
credit card certification	74	communications technology)	52	plantation assessment	16
customer service	87	insurance	64	policy	48
D		invasive species	18	primex	23
Director-General		K		principal officers	59
letters to the Audit Office		key result areas	1, 8	printing costs, see annual report	
letter to the Minister	ifc	L		privacy management	92
statement of performance	55	land disposal	75	PROfarm	17
year in review	1	land use planning	31	promotion and communication	92
disability program	68	legislative review	47	prosecutions	20, 24
disclosure of controlled entities	77	legal change		R	
E		Acts, administered	62	recovery and threat abatement	
electronic services delivery	52	changes in Acts and legislation	62	plans	85
Elizabeth Macarthur Agricultural		significant judicial decisions	63	recreational fishing	24
Institute	12	M		research and development	83
employee services	52	major assets	76	risk management	64
energy management	85	market access	40	rural women's network	48
environmental management	30	mine		S	
equal employment opportunity	66	development	29	safety legislation	19, 31
ethnic affairs priority statement	86	education	32	safety operations	31
evaluation and improvement	64	environment	30	safety performance	19
executive performance	55	legislation		Science and Research Division	39
F		rehabilitation	30	division performance	45
feral animal control	36	safety	18, 31	future directions	44
financial overview	12	subsidence	31	major outcomes	40
financial statements	95	titles	29	significant issues	44
				scientific recognition	43
				schools education	48
				security deposits	30
				shark conservation	23, 42
				Sheep management	40
				significant statutory bodies	60
				soil carbon	41
				socio-economic analyses	47
				staff awards	4
				staff statistics	65
				stakeholder engagement	49
				Strategy, Policy and	
				Communications Division	46
				future directions	50
				major outcomes	47
				significant issues	49
				T	
				timber sales	35
				threatened species	25
				V	
				values	5
				vertebrate pests	43
				vision	5
				volunteer program	87
				W	
				waste reduction and recycling	85
				water management	47
				website	ibc
				women's employment	68
				workers' compensation	64

Contacts

Head Office

Monday – Friday 8.30 am-4.30 pm
Telephone +61 2 6391 3100
Facsimile +61 2 6391 3336
Postal Address Locked Bag 21, Orange NSW 2800
Street Address 161 Kite Street, Orange NSW 2800

Sydney Office

Monday – Friday 8.30 am-4.30 pm
Telephone +61 2 8289 3999
Facsimile +61 2 9286 3208
Postal Address PO Box K220, Haymarket NSW 1240
Street Address Level 6, 201 Elizabeth Street, Sydney NSW 2000

Minerals

Monday – Friday 8.30 am-4.30 pm
Telephone +61 2 4931 6666, or 1300 736 122 (Australia Only)
Facsimile +61 2 4931 6790
Postal Address PO Box 344, Hunter Region Mail Centre 2310
Street Address 516 High Street, Maitland NSW 2320
Email webcoord@minerals.nsw.gov.au

Agriculture

Monday – Friday 8.30 am-4.30 pm
Telephone +61 2 6391 3100
Facsimile +61 2 6391 3336
Postal Address Locked Bag 21, Orange NSW 2800
Street Address 161 Kite Street, Orange NSW 2800
Email nsw.agriculture@dpi.nsw.gov.au

Fisheries

Monday – Friday 8.30 am-4.30 pm
Telephone +61 2 9527 8411, or 1300 550 474 (Australia only)
Facsimile +61 2 9527 8576
Postal Address PO Box 21, Cronulla NSW 2230
Street Address 202 Nicholson Parade, Cronulla NSW 2230
Email information-advisory@fisheries.nsw.gov.au

Forests

Monday – Friday 8.30 am-4.30 pm
Telephone +61 2 9980 4100
Facsimile +61 2 9884 1310
Postal Address PO Box 100, Beecroft NSW 2119
Street Address 121-131 Oratava Avenue West Pennant Hills NSW 2125
Email cumberland@sf.nsw.gov.au

We wish to thank all the staff of NSW DPI for their contribution to this Annual Report.

Annual Report Working Group:
Michael Beer, Sarah Campbell,
Ann Denlow, Sylvia Goodacre,
Philip King (Project Manager),
David Alonso Love, Brad McCartney,
Kevin Pont (Designer), John Pursey.

NSW Department of Primary Industries
has made an electronic copy of the
Annual Report available on its website,
www.dpi.nsw.gov.au

Printed by Graphic Services,
Bathurst, NSW 2795
Australia



NSW DEPARTMENT OF
PRIMARY INDUSTRIES