Dear Ministers,

I am pleased to present to you the PIRSA annual report for the year ended 30 June 2003. The report has been prepared under section 66 of the *Public Sector Management Act 1995* and is in accordance with the Act’s accompanying regulations as well as the financial reporting requirements of the *Public Finance and Audit Act 1987*.

Jim Hallion  
Chief Executive  
Primary Industries and Resources South Australia  
30 September 2003
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Chief Executive’s overview

The composition of Primary Industries and Resources South Australia (PIRSA) was refined during the year and included a merger of Energy SA with Mineral Resources and Petroleum Groups to form the new Minerals and Energy Division. The improved structure has heightened the agency’s focus on wealth generation, initiating and driving projects that deliver long-term sustainable economic benefits for all South Australians.

PIRSA’s business includes:
- conducting leading-edge research
- fostering sustainable management and development
- facilitating global competitiveness and innovative solutions
- building partnerships between industry, the community and government.

In recent years, a number of key themes have emerged that have resulted in the agency reviewing, assessing and developing new capabilities to better manage potential risk.

Of particular focus is our ability to identify, manage and eradicate biosecurity risks.

Foot-and-mouth disease and mad cow disease are possibly the best known and potentially the most devastating risks, but there are many others that threaten South Australia’s livestock, crops, fish and marine and fresh water environments.

The South Australian Government recognises the risks and recent State Budgets have highlighted the importance of developing risk management strategies in the state and during the past year PIRSA has continued to work with other state and federal agencies to plan and test national response mechanisms.

A simulated foot-and-mouth outbreak, Operation Minotaur held in September 2002, tested PIRSA’s capabilities and response mechanisms and those of our interstate and national counterparts.

It is critical that we respond quickly to any potential threat and that we have systems and processes in place to manage such events. It was this preparedness that assisted PIRSA in managing the state-based response to the discovery of Wheat Streak Mosaic Virus.

PIRSA continues to lead the management of the invasive weed Caulerpa taxifolia in West Lakes and has been instrumental in adding to global research regarding this insidious pest and developing an eradication strategy.

The government is committed to the rapid take up of the National Livestock Identification Scheme. Initially, South Australia’s cattle and dairy producers and their respective industry processors will be required to implement the whole-of-life electronic identification system. The scheme will provide security for overseas and domestic consumers seeking safety and integrity of meat products.

Biosecurity preparedness has led to efforts to improve the traceability of food products from paddock to plate.

Product integrity from paddock to plate has also led to an increased focus on food safety. Specialist groups across PIRSA, together with industry partners and other government agencies, are working to make food safer, particularly at the production level.

South Australia’s food sector has enormous potential. The State Food plan target of achieving $15 billion in exports by 2010 is ahead of schedule with the expectation that the goal will be achieved. Regional food groups are also taking up the challenge to enhance the state’s food, wine and tourism sectors, looking for innovative ways to add value to food.

Sustainability of land-based, marine and fresh water primary industries is critical. In the agency’s research, project management and policy development, the focus on sustainability is significant,
reflected by and supported with a range of policy and legislation that has been updated in the past year.

PIRSA also has a high level of involvement in the national debates and discussions regarding water, water quality and River Murray flows, together with dryland salinity, revegetation and rehabilitation.

A consistent supply of quality water is a critical factor in the future development of a range of primary industries. To that end, the South Australian Research and Development Institute (SARDI) this year joined the Cooperative Research Centre for Irrigation Futures which will begin operations in July 2004. The centre will aim to help irrigators further improve irrigation efficiency and increase their profitability by reducing water inputs to their business.

SARDI has continued to expand its business both in its research and commercial portfolios increasing its overall receipts by 10 per cent. This growth resulted from increased funds from the national competitive research grant arena, as well as increased receipts from commercialisation of its services and products.

SARDI is at the forefront of number of grain research programs, including the National Oat Breeding Program and the Wheat Breeding Program, through the commercial company Australian Grain Technologies Pty Ltd.

SARDI was a significant contributor to a large number of infrastructure and capacity building initiatives including the Agricultural Node of the Australian Genomics Research Facility, and Cooperative Research Centres for Plant Based Solutions for Salinity, Poultry and Molecular Plant Breeding.

SARDI provided the technical advice required to address biosecurity threats to South Australia in the form of locusts and marine algae.

SARDI continued to provide science policy advice and support through its participation in the Premier’s Science and Research Council, leadership of the council’s working groups on marine innovation and the state’s sustainability research strengths, and the inter-agency working group preparing a draft state government policy on intellectual property management and commercialisation.

Petroleum and Mineral Resources also have huge potential for generating wealth and to underpin the state’s economic growth. Not only will it be important to attract new investors to explore the state and develop mineral, petroleum and energy developments, but it will be equally important to ensure that community perceptions about the industry reflect current industry practice.

2002 proved to be a defining year in terms of South Australia’s ability to capture an increased percentage of mineral exploration expenditure. Australian Bureau of Statistics figures show that some $36 million was spent on mineral exploration in South Australia during calendar year 2002, a 21 per cent increase on the previous year. The state accounted for 5.4 per cent of total Australian exploration expenditure, compared with 4.9 per cent the previous year.

Relationships with indigenous land owners continued to strengthen during the year, reflected by the continued success in achieving positive native title outcomes, paving the way for petroleum exploration in the highly prospective Cooper Basin.

The focus on sustainable and renewable energy was significantly enhanced during the year with public endorsement by the Premier of the North Terrace Power Station. Energy SA was instrumental in this innovative project which involved the installation of solar panels on the roof of the SA Museum in the heart of Adelaide.

Rural Solutions SA is increasingly providing a multi-agency service capability for the South Australian Government, with substantial services provided for environment and transport portfolios this year, particularly related to natural resource management and environmental management.

Industry interest in environmental management is being encouraged by market and environmental requirements. Growing awareness is being reflected in a range of commercial services now being provided by Rural Solutions SA, particularly in the wine and livestock industries. In addition,
developments in seafood and aquaculture industries have created demand for new services in these sectors.

Significant progress has been made in community capacity development. Effective programs have been undertaken with indigenous communities by Rural Solutions SA built around culturally-sensitive future visioning, strategic planning, enterprise development and technical training.

Seed Services Australia was amalgamated with Rural Solutions SA late in the year, providing the opportunity for further development of seed testing and certification services for the Australian seed industry and the provision of agronomic and analytical services that will add further value.

PIRSA’s role as an agency responsible for economic development will continue to change, reflecting industry directions and in line with the many challenges ahead.

PIRSA will aim to increase the wealth that can be generated by our stakeholders within a sustainability framework; increased profitability should not be at the cost of increased soil or water degradation. Adoption of environmental management practices offers the most practical way of achieving these objectives at the farm level. Our efforts must also be focused on achieving outcomes that develop new efficiencies or new opportunities and reduce existing environmental impacts.

PIRSA will continue to play an important role in the investigation of geothermal technology which, if successful, could potentially provide many years of ‘green’ energy, by turning heat from deep underground into electricity.

The Cooperative Research Centre for Irrigation Futures is a long-term project that aims to provide irrigators with practical technologies that will help them use less water and improve productivity.

These are just two exciting projects within a diverse portfolio and this report highlights many more.

I would also like to acknowledge PIRSA staff. Their commitment to the agency and their relationships with stakeholders at all levels set PIRSA apart from other organisations.

Jim Hallion
Chief Executive
Primary Industries and Resources South Australia
Highlights

PIRSA highlights for 2002–03 are provided below.

Food South Australia

- Exceptional growth during 2002–03 in South Australia’s food revenue has placed the food industry above the required growth level to reach the State Food Plan target of $15 billion by 2010.
- Dozens of projects have been developed and outcomes delivered in year two of the State Food Program.
- The Food Export Centre was officially opened providing a single point of contact for South Australian food companies and international buyers.
- Regional food groups have been established across the state and a joint project is underway with the South Australian Tourism Commission to enhance the state’s food, wine and tourism sectors.
- The South Australian ScoreCard model has been chosen for adoption on a national level to measure and monitor the food industry’s progress.

Agriculture, Food and Fisheries

- The South Australian Dairy Industry Strategic Plan for 2010 was implemented; the South Australian Pork Industry Strategic Plan for 2010 was completed and an implementation team established.
- Market accessibility for the oyster industry has been enhanced as a result of a food safety certification program.
- An industry-led review of bovine Johnne’s disease control in South Australia was completed and includes a formula to enhance risk-based control.
- PIRSA participated in a national foot-and-mouth disease simulation exercise; South Australia was found to have an excellent level of technical ability and commitment.
- An Emergency Management Committee response to the exotic seaweed Caulerpa taxifolia was coordinated and an eradication program finalised.
- A Marine Scalefish Industry Fund was established to put in place initiatives that will help make the industry sustainable and profitable into the future.
- The Northern Zone Rock Lobster Fishery management review was implemented; assessments of sustainable fishing for abalone and rock lobster fisheries were submitted to Environment Australia and are waiting formal approval.
- A green paper was produced for review of the Fisheries Act 1982.

SARDI

- Technical support was provided for the eradication of Caulerpa taxifolia; studies on sustainability and fish passage in the River Murray were undertaken; and novel methodologies for environmental assessment of aquaculture were developed and performance assessments of the Great Australian Bight Marine Park undertaken.
- A new Australian Centre for Plant Functional Genomics will be established following a successful bid by the South Australian Government and the University of Adelaide.
- Three new cherry cultivars were launched for commercial development.
- A South Australian – Victorian joint proposal in Sustainable Grazing of Saline Lands was supported.
- New projects were commenced in the areas of dryland salinity repair and prevention, pasture cultivar development, rhizobiology research and annual pasture pathology.
- Food safety risk-based assessments for seafood and meats were conducted to inform policy development, underpin market access and/or identify where food safety controls are appropriate and cost-effective; and new methods to demonstrate industry compliance with national food standards were established.
- SARDI joined the Cooperative Research Centre for Irrigation Futures.
Minerals and Energy

- Mineral exploration expenditure by the private sector increased 21 per cent rise for calendar year 2003.
- The release of PIRSA’s newly enhanced online geoscientific information system places the agency at the forefront of online services.
- Development of the first indigenous land use agreement for mineral exploration was finalised with the Antakarinja native title claimants.
- Stage 1 Diversion of Dawesley Creek water past the Brukunga Mine site was completed making a major contribution towards restoring aquatic ecosystems.
- Geological research under the TEISA exploration initiative defined the Harris Greenstone Belt of the Gawler Craton with significant nickel and gold prospectivity.
- Exploration initiative TEISA 2020 was implemented.
- Conjunctive native title access agreements were signed enabling grant of 16 additional petroleum exploration licences in the Cooper Basin; the state leads the nation both in the number and pace of achieving such agreements.
- Construction of the SEAGas pipeline is on schedule, with the doubling of pipeline capacity to bring Victorian gas to South Australian markets to be in place in first quarter of 2004.
- Statements of environmental objectives have been established with effect for all licensed petroleum field activities.
- Geothermal exploration commenced in the state in 2002 and has potential to harness a huge emissions free source of energy.
- The South Australian Government Energy Use Annual Report 2001–02 was released.
- The inaugural Government Energy Action Week, Energy Friends Program and a specialist Air Conditioner Advisory Service for the residential sector were launched.
- Minimum four-star equivalent energy performance was introduced for all new residential development; Save Water and Power shows were delivered and a national program to train electrical appliance retailers on energy star rating labels commenced.
- The Office of the Technical Regulator provided technical advice with regard to gas full retail competition.

Rural Solutions SA

- Rural Solutions SA provided extensive regional community development programs throughout South Australia, including future visioning with indigenous communities and community model development with Rangelands communities.
- A contract was signed with a Japanese consortium to deliver and manage a 10 000 hectare farm forestry operation.
- The market potential for a range of organically grown products was analysed.
- An internationally recognised food safety program (HACCP) was delivered to 1100 registered wine grape growers across Australia.
- The Irrigated Crop Management team continued to be recognised for its excellent work and contributions to the River Murray, this year winning the Riverlink 2003 Award.
- Rural Solutions SA was engaged in an innovative program with farmer groups exploring opportunities in processing grain to flour, flour premixes and frozen dough products to access premium niche markets.
- ‘Your Soil Potential’ was delivered to farmer groups across the state to improve understanding of subsoil factors limiting crop production and options for better paddock management.
- Highly successful workshops were provided to help producers manage sheep, cattle and pigs during the extended drought conditions, as part of the Premier’s Drought Assistance package.
- Seed Services Australia was granted membership of the Association of Official Seed Certifying Agencies in the United States, providing greater market opportunities for South Australian grown and certified seed.
- Support was provided to facilitate the Natural Resource Management Reform process.
- The extent of additional capacity of the major wine growing areas was assessed for the Premier’s Wine Council.
• Rural Solutions SA arranged the planting of 10,000 tubestocks and 33 kilometres of direct seeding for the Passenger Transport Board to neutralise carbon emissions of the South Australian public transport fleet.

• Waste water treatment processes were developed for wineries, an interactive CD manual was developed for nutrient rich waste spreading on agricultural land, and environmentally sustainable development of intensive livestock production systems was undertaken.

• Mapping of salinity areas in South Australia continued for the Department of Water, Land and Biodiversity Conservation along with the development of high-quality salinity related catchment management plans.

• A number of new and innovative information products were developed for industry including FertiPlan™ and Ready Rations™.

**Agency support**

• A review of PIRSA’s light vehicle fleet resulted in the development of policy, procedure and framework documents, to assist in maximising the effectiveness and efficiency of the fleet.

• Four regionally based food ScoreCards were developed for Food South Australia to monitor progress.

• The Complete Human Resources Information System (CHRIS) was implemented in the agency to improve human resource management.

• An Information Management and Technology Strategic Plan was developed to establish a strategic vision for PIRSA’s requirements.

• The PIRSA website was upgraded to reflect customer feedback.

• Risk profiles were developed using the PIRRISK framework to better manage identified risks to the agency.
The year ahead

Food South Australia
- Oversee the implementation of year three of the State Food Program and provide executive support to the Premier’s Food Council and the Issues Group.
- Determine strategic sector development opportunities in partnership with industry.
- Understand and influence Australia’s position in international trade negotiations.
- Create a framework for product integrity.
- Build alliances with the education and training community for skills formation and workforce development.
- Extend the South Australian ScoreCard to include triple bottom line (economic, social and environmental) reporting.
- Leverage South Australia’s science and research capabilities.
- Advise on food industry infrastructure priorities.

Agriculture, Food and Fisheries
- Enact primary industry food safety legislation to provide assurance of food safety in South Australia.
- Launch the rapid uptake of the National Livestock Identification Scheme to identify and trace cattle.
- Finalise management plans for the Marine Scalefish Fishery, and Lakes and Coorong Fishery; complete the restructure of the Murray River Fishery; complete assessments for pilchards, blue crabs and marine scalefish.
- Draft and implement a new Fisheries Act.
- Commence a three-year Innovative Solutions for Aquaculture Planning and Management program, that will underpin a growing and ecologically sustainable aquaculture industry in South Australia.
- Work alongside South Australia’s horticulture industries to develop production and documentation systems; improve verification processes for ensuring that imports of commercial horticultural produce meet South Australia’s entry requirements.
- Together with the Department of Human Services improve management of food safety within the poultry meat sector.
- Complete the self-help capacity building model for industry and rural communities groups.
- Together with the Department of Water Land and Biodiversity Conservation, finalise a framework for capacity development to achieve natural resource management outcomes.

SARDI
- Develop substantial new capabilities in post-harvest and value-adding technologies, fish health and environmental modelling to support a range of government initiatives in support of the sustainable development of the fisheries and aquaculture industries.
- Increase rationalisation of the cereal and pulse breeding programs within Australia and clarify and consolidate SARDI’s role in these programs. Supporting biotechnologies of these breeding programs will also be consolidated into centres of excellence for both ongoing research and cost-efficient delivery of services.
- Establish the Cold Chain Centre with other South Australian agencies and partners for the support of South Australian industries in the handling of perishable foods on domestic and international markets.
- Build and focus SARDI’s Livestock Systems capability, with improved research management systems, a commitment to delivering outcomes, strong industry partnerships, and enhanced support for new initiatives in animal biotechnology, food safety and advanced animal production systems.
- Commercially release new lucerne (Super 10), medic (cavalier and scimitar) and sub-clover cultivars developed by SARDI and partners.
• Use SARDI food safety research outputs to assist industries meet public health and market access obligations being developed by Food Standards Australia and New Zealand, and the World Health Organisation – Food and Agriculture Organisation, respectively.
• Build SARDI’s capacity in sustainable irrigation research and boost its resources in the Adelaide and Loxton offices.

Minerals and Energy
• Undertake a desktop risk assessment of all mining operations and complete the Abandoned Mine Sites database.
• Further enhance PIRSA’s online geoscientific information system, including operation of the tenement management service.
• Hold a Gawler Craton field trip and workshop.
• Publish two geological maps, and a CD for the central Gawler Craton gold province; complete a dimension stone technical information library.
• Finalise a mineral exploration indigenous land use agreement with the Arabunna peoples.
• Begin geological mapping within the Pitjantjatjara Lands and develop positive community relationships as a framework for future mineral exploration.
• Complete the review of the funding process for rehabilitation of extractive mines.
• Instigate and facilitate negotiations to conclude access agreements for exploration areas outside the Cooper Basin, where access agreements are a necessary prerequisite to the grant of tenements; the Officer Basin has highest priority for 2003.
• Meet the challenge of an increase from one to ten operators in the Cooper Basin. Educate industry to drive towards exemplary compliance with provisions of the Petroleum Act 2000.
• Drive and coordinate development of the State Energy Plan.
• Collaborate with other states and territories and the Commonwealth in establishing a National Offshore Petroleum Safety Authority.
• Deliver a progressive reduction in energy use across government in accordance with the Energy Efficiency Action Plan.
• Implement the energy efficiency program for low-income households.
• Increase the number of installations of grid-connected and stand-alone renewable energy systems and the number of solar hot water systems installed.
• Continue assisting energy projects that promote innovation in energy efficiency, and related sustainable and renewable energy technologies and practices.
• Implement the government’s responses to the Electricity Demand Side Measures Task Force.

Rural Solutions SA
• Grow significantly towards five-year strategic objectives that include broader whole-of-government service provision and commercial services for industry and community customers.
• Build Rural Solutions SA capacity and expand economic, environmental and social services within wine, mining, forestry, and food sectors, particularly food safety and environmental management services.
• Continue services for regional communities and expand services for indigenous communities.
• Contribute effectively to the Natural Resource Management Reform process.
• Provide effective regional representation and regional intelligence to support government policy considerations.
• Develop clearly identified products and services that add value for customers.
• Improve customer relationship management and project management.
• Further develop alliances with other businesses and government agencies.
• Establish and enhance the collaboration model with PIRSA and the Department of Water, Land and Biodiversity Conservation.
• Enhance customer satisfaction with processes, data analysis, learning and improvement.
• Establish an innovation program to stimulate beneficial changes.
Agency support

• Continue the implementation of security measures to PIRSA sites.
• Produce an online learning tool to enhance staff understanding of the issues that surround procurement policies and processes.
• Streamline PIRSA’s strategic planning process.
• Undertake structural adjustment research for the primary industries sector to assist in identifying opportunities for enhanced economic development.
• Develop a strategy to improve performance management in the agency and a new human resource strategy plan.
• Continue to upgrade the PIRSA website and develop more eBusiness applications.
• Develop a governance framework for direction setting and decision making for all PIRSA staff.
PIRSA’s role

Organisation
The composition of PIRSA was refined during the year and included the merger of Energy SA with Mineral Resources and Petroleum Groups to form the new Minerals and Energy Division. The improved structure has heightened the agency’s focus and will be further enhanced next year with the planned realignment of business groups with more contiguous allocations.

Strategic context
VISION
- South Australia’s resources managed in a sustainable manner
- our people enthusiastic
- the future exciting.

BUSINESS
Optimising return on the state’s natural assets by:
- fostering sustainable management and development of the food, fibre, minerals and energy sectors
- facilitating global competitiveness and innovative solutions
- building partnerships between industry, the community and government
- providing information and knowledge to help people make the right decisions for themselves
- regulating to preserve the benefits for future generations.

VALUES
PIRSA is an organisation that values people, commitment, integrity, empowerment and accountability, innovation, collaboration, customer service and achievement; these values drive the culture and style of the agency.

OUTCOMES
PIRSA will deliver these outcomes for South Australia:
1. growth and development of innovative and internationally competitive primary, resource and energy based industries in South Australia
2. ecologically sustainable development of the primary industries, resources and energy sectors
3. restored and enhanced productive landscapes and ecosystems
4. prosperous and self-reliant regional communities that confidently respond to change
5. PIRSA is a respected, credible and successful organisation.

STRATEGIC PRIORITIES
To realise outcomes 1–4, PIRSA will deliver programs and services with emphasis on the following strategic priorities:
- Industry development — provide support for industry and regional development that focuses on global market opportunities.
- Innovation industry — promote and facilitate new and value-adding industry that builds on the states’ knowledge, infrastructure and innovation capability.
- Risks and biological contaminant threats — successfully manage risks including, biological and contaminant threats, to the environment, production efficiencies and market access.
- Integrated policy framework, regulation and compliance — create through consultation, effective policy and regulatory frameworks to enhance industry and community confidence.
- Ecologically sustainable development — enhance the capacity of community and industry to integrate, achieve and report against environmentally sustainable development principles.
- Remedial actions — harness community and government resources to rehabilitate degraded systems and sites.
- Building community capacity — build capacity, leadership and global awareness in industry, and rural and indigenous communities.
• **Partnerships** — negotiate effective partnerships with industry, rural and indigenous communities, Commonwealth Government and local government for regional and industry development.
• **Access to information and services** — improve industry and regional access to information that supports better business decisions.

To realise outcome 5 PIRSA emphasises the following strategic priorities that describe the kind of organisation that it strives to be:

• **PIRSA is a great place to work** — we attract, develop and support our people; we provide a positive work culture.
• **We manage results** — we manage our resources well; we provide leadership; our business processes are effective and efficient.
• **We grow and harness our knowledge** — our knowledge is a key business asset.
• **We build collaborative relationships with others** — our success depends on building and maintaining our relationships with clients, stakeholders and the community.

**OBJECTIVES**

PIRSA’s strategic plan is not prescriptive regarding corporate goals and objectives because of the very diverse nature of the agency’s operations and responsibilities, and the difficulty of stating high-level objectives that have any meaning for any single PIRSA group. Instead it seeks to provide everyone with a clear statement of priorities that are important to the South Australian Government, PIRSA’s Chief Executive and Executive, and the many staff and stakeholders who have been consulted during the planning.

The plan acknowledges that groups are in the best position to identify meaningful, practical objectives that will take PIRSA forward and towards delivering its outcomes. The PIRSA plan signals the agency’s priorities in both what is to be achieved and how those results are to be achieved. The latter describes the style and character of the organisation and the working relationships with stakeholders it wants to maintain or develop.

There is a continuing emphasis on industry development in response to global market signals and opportunities, and the ongoing needs to ensure that the state’s resources are not adversely impacted by those industries (acknowledging that mining and energy industries are extracting for community benefit, non-renewable resources). The scope of the plan continues coverage of simpler, integrated policy development, community development, response to emergencies, research and development and service delivery in its many forms.

PIRSA’s Strategic Analysis and Prioritisation Program is assisting the agency to understand how its current mix of programs align with its strategic directions and contribute to state economic development.

**LINKS TO GOVERNMENT OBJECTIVES**

PIRSA’s strategic and operational planning processes ensure that the agency’s outcomes and outputs align with government objectives. Whole-of-government ministerial outcomes define PIRSA’s strategic plan and in turn group strategic plans. Group strategic plans reflect the PIRSA strategic priorities and these define the programs and corresponding projects or services planned and executed by PIRSA groups.

PIRSA collaborates extensively with other government agencies as projects are increasingly cross-government (for example Food South Australia).
Practising sustainability

PIRSA’s strategic focus combines financial, social and environmental aspects. Together these comprise what is called a ‘triple bottom line’ performance approach, which is internationally recognised as a method of demonstrating sustainability.

PIRSA’s approach to sustainability applies equally to its industry development focus as well as to its internal performance. In this way PIRSA seeks to ‘practice what it preaches.’

Over the past year PIRSA has developed and refined a comprehensive series of measures covering our financial performance, environmental impact and social wellbeing. From these indicators the agency will soon have a clearer understanding of its ‘footprint’ along with directions PIRSA can collectively take to demonstrate a more ecologically sustainable approach.

PIRSA’s approach to sustainability is evidenced throughout its operations from its commitment to staff training and development support for volunteerism, support for charity groups, environmentally conscious purchasing practices to ways it reduces, reuses and recycles its waste. In particular:

• consideration is being given to identifying ‘preferred’ suppliers with certified sustainable practices as part of the procurement process
• business activities are reviewed to identify opportunities to minimise waste
• coordination of FISHWATCH volunteers to raise public awareness on various marine issues
• the PC donation program which transfers surplus PCs to community groups.

At the heart of PIRSA’s approach is the broad involvement of staff in a range of sustainable practices. In this way, PIRSA recognises how important behavioural change and issue awareness are to its commitment to demonstrating continuous improvement.

For example, staff have implemented and are committed to waste minimisation programs through recycling initiatives such as engaging a community group to collect discarded newspapers and a contractor, with a 100 per cent no landfill policy, to collect empty toner cartridges for recycling purposes.

SIGNIFICANT ENERGY MANAGEMENT ACHIEVEMENTS

In response to the Government Energy Efficiency Action Plan, PIRSA has developed a comprehensive implementation plan aimed at reducing its energy consumption by 15 per cent by 2010. Achievements to date include:

• Collection of energy consumption data for 2002–03 to be used as a measure in monitoring performance against targets.
• Implementation of the Energy Management Communication Strategy aimed at improving staff awareness and behaviour on energy related issues. As part of the strategy, launch packs were distributed to PIRSA sites containing site consumption data, promotional materials and a letter of endorsement from the Chief Executive.
• Introduction of the PIRSA energy newsletter Watts the Buzz?
• Realignment of the Energy Management Steering Group to establish a more operational focus on energy saving measures for PIRSA.
• Capital investment in energy saving lighting devices at 101 Grenfell Street.
• Presentation of energy management seminars to PIRSA staff at metropolitan and regional sites.
• Implementation of recommendations from the vehicle fleet review to realise opportunities for fuel usage efficiencies.

PIRSA’s performance against annual energy use targets is shown in Table 1.
Table 1 PIRSA’s energy use

<table>
<thead>
<tr>
<th>Energy consumption in buildings (leased/owned)</th>
<th>Expenditure ($)</th>
<th>Energy use (gigajoule)</th>
<th>Greenhouse gas emissions (tonnes of carbon dioxide)</th>
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</thead>
<tbody>
<tr>
<td>2000–01 (base year)*</td>
<td>1 558 985</td>
<td>76 372</td>
<td>15 092</td>
</tr>
<tr>
<td>2001–02**</td>
<td>1 630 108</td>
<td>70 537</td>
<td>15 062</td>
</tr>
<tr>
<td>Portfolio target (2010)</td>
<td>—</td>
<td>64 916</td>
<td>—</td>
</tr>
</tbody>
</table>

* Base year figures have been adjusted to reflect the transfer of the Sustainable Resources Group to Department of Water, Land and Biodiversity Conservation (DWLBC) in May 2002.
** Energy consumption for the Sustainable Resources Group in 2002–03 is included in DWLBC’s annual report.
*** The portfolio target meets the government’s undertaking of a 15 per cent reduction in energy use in government buildings before 2010.

Expenditure on energy consumption in 2002–03 has increased from the 2000–01 base year primarily due to a change in electricity tariffs following entry into National Electricity Market. All PIRSA sites consuming more than 160 megawatt hours of electricity per annum were transferred to a Whole-of-Government Retail Electricity Contract on 1 July 2001, which provided an overall increase in electricity tariffs in the order of 16 per cent. As these sites account for around 70 per cent of PIRSA’s total electricity consumption, total expenditure has increased although actual energy consumption has reduced.

Although energy consumption decreased by approximately 8 per cent, the greenhouse gas emissions reduced only marginally due to an increase in the carbon dioxide emissions coefficient of the electricity supply system. In the base year, the carbon dioxide emissions coefficient was 1.1096 kg CO₂ per kilowatt hour, however this increased to 1.1860 kg in 2002–03, representing an increase of almost 7 per cent. The emissions coefficient is dependent upon a number of factors, most importantly, the mix of primary fuels used to generate electricity that is supplied in South Australia. Decisions about the mix of fuels are made as a function of the National Electricity Market and are therefore beyond the control of the PIRSA portfolio.

SARDI energy savings

Under SARDI, the Plant Research Centre at Waite was designed from the outset to include built-in energy saving features such as the co-generation set, hot water storage and recycling, air conditioning economy modes (making maximum use of outside air), ice making and recycling of ice melt, a comprehensive building management system for fine control of major plant, and time schedule control of work area lighting in the centre’s under-plaza. Since that time many additional changes to lighting, air conditioning and building management control technology have been implemented for energy saving purposes.

In line with government policy SARDI has incorporated energy efficiency into its criteria for assessing proposals for new or updated machinery and equipment, and this means that such equipment demonstrating energy consumption efficiencies will be awarded weighted points for these features in the tender analysis process.

As part of the contract award to AGL for supply of electricity across the whole of government, AGL were required to carry out energy consumption surveys at SARDI sites using significant quantities of electricity. While these studies were preliminary in nature with a wide band of accuracy, the reports emanating from the surveys carried out at the Plant Research Centre and the SA Aquatic Sciences Centre identified further opportunities for energy savings which will act as catalysts for study and possible implementation.

Mineral Resources — environmental management

The Mineral Resources Group has published the South Australian mineral explorers guide and the Land access procedures manual. The explorers guide is a comprehensive CD that includes an overview of mineral exploration opportunities, the geological framework of the entire state, reviews of all the major commodity occurrences, and an outline of the relevant legislation and regulations applying to resource development in South Australia, including those designed to protect the environment. The access manual includes detailed environmental management, landholder liaison and Aboriginal heritage guidelines, procedures and checklists, and clearly defines the obligations and responsibilities of Minerals and Energy staff while they undertake field activities.
Rural Solutions SA vehicle fleet

Rural Solutions SA adopted a revised vehicle policy in May 2002 that established tighter guidelines for the replacement of vehicles and stipulated replacement of petrol vehicles with LPG wherever possible. It was acknowledged that this approach would not be feasible across all areas of the state due to limited access to refuelling.

Implementation of this policy throughout 2002–03 has resulted in a reduction in the overall size of the fleet by 9 vehicles (7 per cent) and a significant increase in the proportion of LPG vehicles (now 31 per cent; Table 2, Fig. 1).

Further improvements in the fleet mix are expected in 2003–04 as existing vehicles are replaced.

Table 2 Rural Solutions SA Vehicle Fleet comparison – June 2002 to June 2003

<table>
<thead>
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<th>Fuel Type</th>
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</tr>
<tr>
<td>Diesel</td>
<td>11</td>
<td>9</td>
<td>+2</td>
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<tr>
<td>Totals</td>
<td>121</td>
<td>130</td>
<td>-9</td>
</tr>
</tbody>
</table>

Figure 1 Fuel types used by Rural Solutions SA vehicle fleet, June 2002 and 2003
Performance review

In this year’s annual report, performance is reviewed against PIRSA’s strategic priorities for key business groups, excepting Food South Australia which is reviewed against year two of the four key initiatives of the State Food Plan and Program 2001–2004.

FOOD SOUTH AUSTRALIA

The South Australian Government and the state’s food industry are on a journey together — the destination being an industry that is internationally competitive and produces premium, innovative products. It began in 1997 with the launch of the State Food Plan that signposts industry’s development priorities. The State Food Program is government’s commitment and is delivered from across agencies. The goal of the State Food Plan and Program is to grow the value of the food industry to $15 billion by 2010.

The Premier’s Food Council, which is the driving force behind the growth and development of South Australia’s food industry, is a high-level partnership between government and the food industry. The work of the council is done through four working committees.

The second year of the multi-agency State Food Program 2001–2004, overseen by Food South Australia, has been delivered and growth in South Australia’s food revenue in recent years has placed the food industry above the required growth level to reach the food target of $15 billion by 2010 (Fig. 2).

Figure 2 Agricultural–food revenue growth target and performance to date, 1996–97 to 2003–04

State Food Program 2001–2004

During year two of the State Food Program emphasis has been placed on the following four initiatives.

INITIATIVE 1 — DEMONSTRATION PROJECTS IN VALUE ADDING TO COMMODITY PRODUCTS

Objective: Increase value adding and productive capital investment in strategic sectors.

To date, 18 projects have been developed under this initiative involving meat, dairy, field crops, seafood, horticulture (native foods) and seafood sectors. These initiatives are principally managed by PIRSA. Some of the highlights include: Superior Quality, Branded, High Value Pork Export Market;
Cheese and Speciality Dairy Products; and the Upper North Frozen Bakery Products — Flinders Rangers Premium Grain.

INITIATIVE 2 — BUILDING REGIONAL CAPACITY AND CAPABILITIES

Objective: Enhance regional capabilities to produce and deliver products to market specifications by developing efficient chains and collaborative mechanisms.

There are currently 12 projects underway in this initiative which are managed by Food South Australia, PIRSA, the Department for Business Manufacturing and Trade, and Transport SA. Highlights include development of supply/demand chain for yellow tail kingfish in the United Kingdom and the European Union; facilitating innovation in supply and production of branded export beef and lamb; development of a supply/demand chain for olives and related products; a beef Meat Standards Australia program and brand development; value adding to native food; innovative value adding to apples and a food export logistics training program.

INITIATIVE 3 — GLOBAL COMPETITIVENESS AND INNOVATION

Objective: Facilitate development of and investment in innovative products and packaging.

This initiative, which is managed by the Department for Business Manufacturing and Trade, has two key elements. One involves working directly with companies to facilitate their access to Commonwealth and other funding assistance. The other involves working directly with clients in new product development activities. It currently has four main projects: Development of Native Food Based Products for Export; Evaluation of Development of Specialist Nutriceutical Product; Utilisation of Pig Waste and Improved Systems for Processing; and Development of Value Added Seafood.

INITIATIVE 4 — NEW EXPORT DEVELOPMENT

Objective: Facilitate development of internationally competitive export marketing systems and growing South Australian exports.

This initiative, managed by Food South Australia and the Department for Business Manufacturing and Trade, currently has four programs with associated projects:

1. International Demand Chain Program — aims to fast track the penetration of Australian food and beverage products into targeted export markets such as Singapore, Taiwan and Dubai.
3. In-Country Representatives in New Markets — Food Adelaide has developed a successful model that provides effective commercial representation for its member companies in Japan and Taiwan. This representation has continued into 2002–03 and has successfully led to the development of new export sales for many participating companies.
4. Developing Export Capabilities — current projects include Value Added Diary Development, Market Awareness Missions, Native Food Industry Development, and Evaluation of Expansion Opportunities (meat) Stage 1.

THE FOOD EXPORT CENTRE

The Food Export Centre was officially opened by Premier Mike Rann in September 2002. It is a partnership between industry and government providing a single point of contact for South Australian food companies and international buyers. The centre co-locates and integrates the export services of Food South Australia, Food Adelaide, Flavour SA and the National Food Industry Strategy.

REGIONAL FOOD GROUPS

Regional food groups have been identified as fundamental building blocks for the state’s food industry. Food South Australia is working with industry and regional development boards to develop a program to establish and grow these groups in regions across South Australia. At present regional food groups or local industry food networks have been established in the Barossa Valley, Adelaide Hills, Limestone Coast, Fleurieu Peninsula, the Riverland, the Murray Lands, Clare Valley and Kangaroo Island. In addition, the Eyre Peninsula, Southern Flinders Ranges, Yorke Peninsula and Adelaide Plains are working with their regional development boards to develop regional food groups.
Two state-wide workshops to facilitate the development of these groups have been run by Food South Australia. Also, a joint project was initiated with the South Australian Tourism Commission to develop a collaborative effort between the food, wine and tourism sectors, enabling them to leverage each other’s common objectives at both state and regional levels.

**THE FOOD CENTRE**

The Food Centre proposal has been presented as the ‘next generation’ of partnership between the state government and the food industry. The objectives of The Food Centre would be to deliver market development services in conjunction with industry and facilitate the development of innovative food products, processes and capabilities of food businesses and business alliances. The Food Centre would also eliminate current duplication of services between government agencies and the private sector. The proposal has the in-principle support of government and industry.

**PREMIER’S FOOD AWARDS**

The Premier’s Food Awards, held in November, recognise and celebrate the achievements of individuals and companies who have demonstrated a commitment to excellence. Categories included: Achievement in Horticulture, Meat, Field Crops, Dairy and Seafood. Leadership awards were given to companies demonstrating leadership through innovation, new export development, training and development, and a young achiever was recognised for their contribution to the industry. A new award was introduced for leadership through innovative services to the food industry. All finalists and award winners demonstrated a commitment to delivering quality products to customers’ specifications.

**TARGETS FOR 2003–04**

- Provide executive support to the Premier’s Food Council and the Issues Group.
- Oversee the implementation of year three of the State Food Program.
- Determine strategic sector development opportunities in partnership with industry.
- Create a framework for product integrity.
- Build alliances with the education and training community for skills formation and workforce development.
- Understand and influence Australia’s position in international trade negotiations.
- Leverage South Australia’s science and research capabilities.
- Advise on food industry infrastructure priorities.

**Food Industry ScoreCard**

The Food Industry ScoreCard is the key tool used by the South Australian Government and industry to provide up-to-date information to measure the performance of South Australia’s agrifood industry and track performance against the 2010 food target of $15 billion. The data analysed by the ScoreCard provides industry with critical benchmark information to identify opportunities and make comparative assessments of success.

The South Australian ScoreCard has been extended over the last two years to include 14 regions. These regional ScoreCards are completed each year at a desktop level, with more detailed field research occurring with several regions each year. Detailed ScoreCards were completed for Kangaroo Island, Riverland, Murraylands and Port Pirie regions during the 2001–02 period.

The ScoreCard team has also initiated a project of developing a framework for triple bottom line reporting of the food industry. This extension to the existing ScoreCard will cover environmental and social dimensions of the food industry, including externalities and sustainable use of natural resources — water, land, air quality, packaging in regard to waste management, other environmental systems (e.g. ISO 14001); employment, skills development, wage levels and application of quality.

The South Australian ScoreCard system has also been chosen by the National Food Industry Strategy as a model for the national and other state food programs to measure and monitor the progress of their food industries. The ScoreCard team is consulting with all states in order to establish a uniform ScoreCard system throughout the country.
TARGETS FOR 2003-04

- Deliver the 2002–03 Food Industry ScoreCard.
- Complete detailed regional ScoreCards for Northern, Mid North and South East regions.
- Develop a framework to include environmental and social indicators in the ScoreCards reporting system.
- Assist the National Food Industry Strategy and interested states in developing their own food ScoreCards.

AGRICULTURE, FOOD AND FISHERIES

The Agriculture, Food and Fisheries Division incorporates the major PIRSA groups providing services to the agricultural, fisheries and aquaculture sectors. These groups work in partnership with industries to enhance biosecurity measures including the creation of innovative development and resource protection strategies; protection of the plant and animal resources from pest and disease threats; enhancement of the knowledge, skills and confidence of industries enabling them to compete in the global market place; and providing support for the adoption of new technology to maintain competitiveness.

The programs provide government resources and services protecting the production resources and supporting development of agriculture in South Australia. The division has responsibility for delivering industry development projects; regulatory and technical services; policy advice to the government and Minister for Agriculture, Food and Fisheries; and developing legislation to support agricultural industries.

Agriculture, Food and Fisheries establishes strategy, policy and funding for significant government initiatives for the rural sector in Horticulture, Plant Health, Field Crops, Livestock, Animal Health, Rural Chemicals, Meat Hygiene and Emergency Management Coordination.

Services are mostly provided by Rural Solutions SA, another division of PIRSA.

The Fisheries Group is responsible for providing policy, management, monitoring and advice services to government, industry and the community to maintain and develop the state’s wild aquatic resources for the benefit of current and future generations. The group achieves this through four key functions: development of management arrangements for wild aquatic resources in consultation with stakeholders including marine pest control and habitat protection; development of appropriate legislation to reflect these management arrangements; education of stakeholders and the general community about wild aquatic resource management issues; and monitoring and promoting community compliance with legislation and regulations.

The Fisheries Group is strongly supported by SARDI Aquatic Sciences, in particular through its mandatory annual stock assessments of fisheries to guide the sustainable development of the state’s fisheries resources.

The Aquaculture Group is responsible for ensuring the sustainable development of the state’s aquaculture industry, and has a statutory and regulatory responsibility for the management of aquaculture practised in South Australia. The group achieves this through its major functions — policy and resource management including policy and regulation, environmental monitoring, licensing, leasing, tenure allocation and compliance; and industry support including information services, fish health and shellfish quality assurance.

During 2002–03 many of the policy functions within Agriculture, Food and Fisheries Division were consolidated into a new group, the Strategic Policy unit, and a manager appointed. The unit monitors risks to South Australia’s primary industries, and develops policies and strategies to guide government. The policy areas currently being targeted are:

- genetically modified organisms in primary industries
- agriculture water use and quality
- ecologically sustainable development and environmental management systems
- food safety and product integrity.
The Strategic Policy unit will contribute to the strategic directions of the Agriculture, Food and Fisheries Division, and to PIRSA programs aiming to underpin the sustainability and success of the primary industry sector. They will also actively influence other relevant policies developed at national and state government levels.

**Strategic priority 1 — INDUSTRY DEVELOPMENT — Provide support for industry and regional development that focuses on global market opportunities**

**FIELD CROPS**

*Field crops training and resource development*

Enhanced communication of research outcomes to the farming community has been achieved through a partnership program between SARDI researchers and Rural Solutions consultants. Joint initiatives include collaboration in the development and launch of the *Success with lucerne* manual; delivery of pasture training to industry; identification of precision agriculture projects; and development of a Financial Risk Management training workshop with the SARDI Climate Risk Management team.

*Food and feed processing*

An innovative program has explored new business opportunities with farmer groups, involving processing grain to flour, flour premixes and frozen dough products to gain access to premium niche domestic or export markets. Participating farmers have gained new skills and acquired an intimate understanding of the post farm-gate-value chain of the industry.

*Wheat breeding*

The Premiers Drought Assistance Package has provided additional funding to the new South Australian wheat breeding company, Australian Grain Technologies, to fast track the development of drought tolerant crops suitable for the South Australian environment.

**LIVESTOCK**

*Dairy*

With deregulation of the Australian dairy industry, opportunities exist for expansion. Southeastern Australia is the preferred region due to lower costs of production. The Dairy Industry Development Board has worked with industry and government to develop an expansion plan for South Australia from 700 to 1500 million litres of milk by 2010 with processing capacity increasing three fold, doubling employment to 6500 people and with a ten-fold increase in exports to $570 million. Government and industry initiatives have been developed to begin to address the strategies developed in the plan.

*Pork*

South Australia’s pork industry is in an expansion phase due to export market opportunities and the commissioning of two export pig abattoirs. PIRSA together with the Meat Industry Development Board, Department for Business Manufacturing and Trade and industry has developed a strategic plan for the further expansion of the industry. An industry–government group has been established to oversight the implementation of the plan.

*Beef*

Improved communication networks have been established to promote increased productivity in the beef industry following the establishment of a Beef Development Team of key producers and industry players. PIRSA has been a key facilitator in this development.

*Merino wool*

The ‘look @ wool’ project has been developed together with Australian Wool Innovations to assist producer groups increase productivity and profitability by adopting new technology and learning from each other.
SA Lamb
SA Lamb, jointly managed by industry and PIRSA, is continuing to meet state industry targets. Average carcase weight has continued to climb, allowing more lambs to reach weights required for export. More lambs are now being sold over-the-hook, enabling producers to receive feedback on their products.

Demonstration projects
Projects are being developed in livestock industries to support innovative approaches to value adding and market chain development as part of the Food South Australia program.

HORTICULTURE
Export demand chains
Market research, development of new products and facilitation of export opportunities is a high priority for sustainable development of South Australia’s horticulture industries.

Highlights in 2002–03 include the release of ‘2FRUIT’ a novel fresh fruit snack that has added value to the apple industry, and an olive oil demand-chain project that is providing coordination between growers, processors, exporters, regional development boards and government.

The Adelaide Hills ‘Cherry Trail’ for direct marketing by growers has been developed and will be run by the industry in future years following the initial success of this initiative in 2003.

The regular publication *What’s hot in SA horticulture* has been renamed *Tomorrow’s food* and continues to showcase developments, products and industry news to the horticulture and food export industries.

Organic produce
An investigation of the market potential for organic wine has commenced. Furthermore, a scoping study of other organic products will identify further opportunities for development of organic foods.

Native food industry
The Native Food Industry program has input from a number of groups within government and indigenous communities. PIRSA provides a secretariat service to the steering committee and is leading the identification and development of specific native food products.

Regional industry funding
A McLaren Vale Industry Fund was established under the *Primary Industry Funding Schemes Act 1998* to provide wine grape growers and wine makers in the McLaren Vale wine region with the resources they need to put in place to fund initiatives that will help make grape growing and winemaking sustainable and profitable into the future. This fund complements funds already in place for the Riverland and Langhorne Creek wine regions.

Cross cultural training in horticulture
Support to non-English speaking growers in workshops and translation of training materials continues through programs at the Virginia Horticulture Centre with a major six-sector training program for greenhouse growers being launched. Key Rural Solutions SA and SARDI staff are involved with delivery alongside TAFE and private enterprise trainers.

Quality wine grapes
A publication detailing quality standards for wine grapes was launched. This book is assisting growers to use standard sampling and testing procedures to ensure consistency in the quality of fruit.

FISHERIES
Seafood Industry Development Board
The Seafood Industry Development Board directly advises the Minister for Agriculture, Food and Fisheries, and also initiates, sponsors or conducts a range of strategic projects concerned with seafood industry development. The board oversaw the successful completion of several industry...
development projects including the value adding to commercial returns of under-utilised finfish species project, which led to a second stage to establish an industry-based marketing body.

Projects initiated during 2002–03 to support industry development included the Seafood Workboot educational publication, which has been short-listed for an Australian Award for Excellence in Educational Publishing, an Aquaculture Market Assessment, and the development of Seafood Supply Chains. Working with the Centre for Innovation Business and Manufacturing, the board engaged industry in an export and product development program to determine impediments to industry development and was represented at the European Seafood Exposition.

AQUACULTURE
Tuna and oysters have maintained a strong position as the state’s largest aquaculture sectors, with tuna farming recording a 12 per cent increase in direct and indirect economic benefits ($51 million) and employment rising from 1615 to 1840. The oyster industry recorded a 146 per cent increase in direct and indirect economic benefits ($38 million), with employment growth from 307 to 549.

Other sectors including abalone, marine finfish, mussels, barramundi, yabbies and marron have all recorded growth in terms of economic benefits and employment.

A 20-hectare leasehold area off Port Lincoln is to be used to enable Aboriginal groups to gain experience and training in shellfish aquaculture development. An aquaculture demonstration farm will be established on the lease site, and after the initial period it is expected that the Aboriginal community will have a trading record and the expertise to move to a fully commercial operation, either at that site or by purchasing other leases.

Three value-adding projects were completed for marine finfish, abalone and shellfish, and have identified a number of market development opportunities for these sectors.

TARGETS FOR 2003–04
• Further implement the Dairy Industry Development Board’s strategic plan.
• Assist in the implementation of strategies to achieve the necessary growth for efficient and profitable operation of the state’s two world-class pig-processing plants.
• Market development of organic foods.
• Continue to focus on demand-chain facilitation and training for the horticulture industry, especially for the olive industry.
• Evaluate new native food products for value-adding opportunities.
• Undertake research on environmental issues and diseases, in order to support future policy and planning initiatives.
• Improve farm technologies and find engineering solutions that can be applied to new farming activities.
• Ensure overall yield from the aquaculture industry is as high as possible whilst being sustainable.
• Support involvement of indigenous people in commercial aquaculture.
• Investigate opportunities of aquaculture development using saline water from salt interception schemes.

Strategic priority 3 — RISKS AND BIOLOGICAL CONTAMINANT THREATS — Successfully manage risks including, biological and contaminant threats, to the environment, production efficiencies and market access

FIELD CROPS
Anthracnose management
The South Australian Government legislated to extend the Lupin Anthracnose Quarantine Zone from lower Eyre Peninsula to cover the whole of Eyre Peninsula after detection of anthracnose-infected lupins outside of the quarantine zone.
In expanding the quarantine zone the state government has improved domestic market access arrangements for Eyre Peninsula lupins. Controlled movement of untested lupin grain was permitted to specified stockfeed processors in South Australia and grain that had been tested had broader market access within the state.

The 2002 drought resulted in high market-demand for lupins in the eastern states. Access to these markets for South Australian lupins has been on the basis of an anthracnose seed test or the grain being devitalised. Controlled movement of untested lupin grain to a limited number of approved stockfeed processors in Victoria has been permitted. PIRSA is continuing a grower education program encouraging adoption of measures required to manage the disease.

**Grain quality**
A joint industry and government committee is ensuring heavy metal standards for cereals continue to be met in risk areas following the lowering of international and domestic maximum levels for lead in cereals. Research trials in 2002 have enabled an understanding of the pathways of lead contamination and showed that aerial deposition of lead was the main pathway for grain contamination, with only limited root uptake of lead from soil. A cereal variety trial showed notable differences in contamination levels between different cereal species and varieties.

**Wheat Streak Mosaic Virus**
A Wheat Streak Mosaic Virus Task Force has been established to advise government on: the extent and impact of the virus on cereal crop production; protocols for South Australian cereal breeding and other agronomic programs; priorities for future research; South Australia’s contribution to a national virus survey and its oversight; and to advise on a grower communication strategy.

**Improved management of frost risk**
The economic impact of the 2002 drought in the Mallee and other areas was exacerbated by severe frost in the 2000 and 2001 seasons. The Premiers Drought Assistance Package has provided funding of $50 000 for the development and extension of a frost risk management tool kit to assist farmers in future years.

**Bacterial wilt of lucerne**
A survey undertaken by SARDI Field Crops Pathology unit, to update the area freedom status of lucerne seed producing areas in South Australia, detected bacterial wilt in the South East during field inspection.

A joint government and industry workshop recommended discontinuation of area freedom phyto-sanitary declarations and replacement by declarations that establish Pest Free Place of Production status based on the disease status of individual paddocks. These requirements meet International Plant Protection Convention and Australian Quarantine Inspection Service requirements.

A protocol has been developed for a separate phyto-sanitary spring time inspection for bacterial wilt of lucerne. Whilst phyto-sanitary inspections will be voluntary they will be essential for those intending to export seed to Europe, Tunisia and Uruguay. Western Australia will allow entry of South Australian certified lucerne seed on the basis of a pathology seed test or paddock phyto-sanitary inspection.

**ANIMAL HEALTH**

**Ovine Johne’s disease**
The primary strategy for control of ovine Johne’s disease (OJD) on Kangaroo Island has shifted, from facilitated disease eradication through voluntary de-stocking, to management through vaccination. All infected flocks on Kangaroo Island have either de-stocked or are vaccinating. In addition, there has been high uptake of vaccination in flocks that have been identified as high risk.

Abattoir monitoring and other surveillance continues to demonstrate a low prevalence of OJD elsewhere in South Australia, with sporadic (four) detections of apparently recent infection and little subsequent spread. The response by producers to these mainland detections is usually voluntary de-stocking with industry-funded assistance; vaccination has not been implemented in any mainland flock.
With the failure of the national industry to agree to fund assistance to directly affected producers, the National OJD Program, due to expire in June 2004, is likely to drive a producer-managed, risk-based trading approach to OJD control in preference to regulatory measures. This is not consistent with the current South Australian industry preference for regulatory control.

**Bovine Johne’s disease**

The outcome of a review into the South Australian Bovine Johne’s Disease (BJD) Program has recommended the development and implementation of an innovative quality management approach to control of BJD in the dairy industry, to improve on-farm productivity, trade access and product quality (to be called ‘Dairy ManaJD’). It is proposed to retain regulatory management of BJD in those cattle herds that do not voluntarily elect to enter Dairy ManaJD.

This development will support the proposed doubling of the South Australian dairy industry, facilitate control of disease in the dairy industry to the extent that it may affect productivity, and concurrently protect the low-prevalence beef industry and its trade access. Implementation is scheduled for January 2004.

**Emergency animal disease preparedness**

The level of preparedness was tested both nationally and at state level by Exercise Minotaur, a foot-and-mouth disease simulation exercise, held in September 2002. South Australia was found to have an excellent level of technical ability and commitment and a good level of coordination across government. It was recognised that technical resources were limited and that private veterinarians and out-of-state support would be needed to manage an outbreak of any size or duration.

**Transmissible spongiform encephalopathy surveillance**

The single case of mad cow disease in Canada in May 2003 and the resulting damage to their livestock industry has highlighted the importance of maintaining Australia’s status as free of transmissible spongiform encephalopathies. Under the National Transmissible Spongiform Encephalopathy Surveillance Program, South Australia is required to test a number of adult cattle and sheep with symptoms of nervous disease or ill thrift. No evidence of mad cow disease or scrapie has been found anywhere in Australia.

**National livestock and flock identification**

Permanent electronic tags have been gradually introduced for cattle under the National Livestock Identification Scheme. Currently, about 15 per cent of the South Australian cattle herd is permanently identified with approved devices. All export abattoirs and the major domestic abattoirs and saleyards now have the ability to record these devices.

With the assistance of a State Budget allocation in May 2003, PIRSA (working closely with an industry-led Implementation Committee) has commenced the introduction of mandatory National Livestock Identification Scheme and National Food Industry Strategy in order to comply with a national target of 1 July 2004 for cattle and 1 July 2005 for sheep.

**Animal disease passive surveillance**

An animal disease passive surveillance incentive scheme, introduced in January 2000, has seen a dramatic increase in laboratory diagnostic and routine submissions, providing credible data to ensure early detection of emerging animal health problems and support market access for our livestock products. The scheme is working well with more than 2000 submissions received in the year to June 2003. The increased submission rate continues to be promoted by extension activities with private veterinarians, industry and producers.

**Enhanced animal disease surveillance**

A newly created program in 2002–03, has recruited three veterinarians, four animal health consultants and one administrative assistant. The Enhanced Disease Surveillance unit has been involved in a wide range of activities, such as, providing extension to promote the importance of early detection and accurate diagnosis of animal health problems that have included holding producer meetings, attending field days, developing promotional materials and investigating disease outbreaks. They have also
carried out audits on 29 cattle and 44 pig properties to ensure that producers are complying with the ruminant feed and swill feeding bans.

Pig brands have been strictly monitored with a number of noncompliance issues revealed including illegal, unregistered and illegible brands. Pig branding is part of the system for livestock identification and it is critical to ensure the ability to trace stock in emergency disease outbreaks.

Local government environmental health officers from around the state have been contacted to gain their support, intelligence and assistance in areas such as swill feeding, targeting and surveillance of potential swill feeding sources and preventing access of livestock to rubbish dumps. The few cattle imported from Europe and Canada resident in South Australia have been placed under lifetime quarantine or been destroyed, with samples being collected to exclude the possibility of bovine spongiform encephalopathy or ‘mad cow disease’. There have been no cases identified.

Poultry health
A survey conducted in late 2002 indicated that many poultry flocks in South Australia had been exposed to non-pathogenic Newcastle Disease. Following the series of outbreaks of Newcastle Disease in New South Wales and Victoria it was decided nationally that all poultry flocks should vaccinate against this disease. PIRSA Animal Health staff are managing the vaccination process.

Tuberculosis surveillance
The National Granuloma Submission Program is designed to maintain the country’s tuberculosis-free status by ensuring detection at abattoir level. No cases were identified in South Australia in the last year.

MEAT HYGIENE AND FOOD SAFETY
PIRSA’s approach to managing food safety has been underpinned by a quality management system certified to the ISO 9001:1994 Standard since 1998. This certification was successfully transferred from the Meat Hygiene Program to PIRSA’s new Food Safety Program following a successful audit to the new ISO 9001:2000 Standard in February 2003.

Meat hygiene
Features of PIRSA’s continual reviews of meat industry standards were microbiological baseline studies conducted for both poultry and game meat sectors. The studies, carried out to verify industry performance, identified continued high operating standards as well as opportunities for improvement. The two final reports cover over 1200 samples, and the findings reflect positively on South Australian industries and PIRSA risk mitigation and regulatory arrangements.

Food safety — other commodities
Food safety issues in other commodity areas have been appraised resulting in a review of industry food safety arrangements in seed sprouts, fresh-cut salads and vegetables, and un-pasteurised fruit juices. Programs are currently being developed with the objective of mitigating these risk areas.

As a result of the recommendations of the ‘Sumner Report’, PIRSA Animal Health, Food Safety and SARDI are working collaboratively with the Department of Human Services to identify pathways of contamination and opportunities for improvement in terms of managing food safety along the agri-food continuum within the poultry meat sector. High levels of *Campylobacter* and *Salmonella* are associated with poultry, and any improvements in risk management and pathogen control/reduction will directly benefit public health and the poultry sector.

Pooraka Food-Care Project
South Australia’s world-class reputation for producing quality fruit and vegetables was confirmed in the 2001–02 Pooraka Food-Care Report released jointly by Adelaide Produce Markets and the state government.

Results in this fourth annual report maintain the region’s reputation for safe, wholesome food despite continuing horticultural pest pressures from western flower thrips, white fly, and fruit fly incursions.
PLANT HEALTH

Fruit fly
PIRSA’s fruit fly monitoring continues to confirm the freedom of the state from fruit fly and assists with maintaining domestic and overseas markets. It provides an early warning system for further introduction of fruit flies, and brought to a halt South Australia’s near record-breaking fruit fly free season on the last day of April 2003 when six Queensland fruit flies were detected in permanent traps in Plympton Park. Following on from the successful fruit fly eradication campaigns of 2002, the Plant Health Operations team swung into action, the next day distributing leaflets to the 9576 properties in the 1.5 kilometre quarantine zone, advising householders they were in an eradication area, explaining the program and instructing them not to remove fruit from their property unless it is cooked or preserved. An internal audit of the eradication process acknowledged that the technical response was effective.

The 2003–2004 Tri-State Fruit Fly Community Awareness Program campaign has been designed to increase community awareness of the importance of the Fruit Fly Exclusion Zone that protects the major horticultural areas in the Murrumbidgee Irrigation Area, Sunraysia, the Goulburn Valley and the Riverland. The new theme ‘No fruit – no fine’ is a simple and concrete way of stating exactly what is required of the travelling public — not to travel into the zone with fruit and fruiting vegetables, or run the risk of being fined for noncompliance.

The introduction and use of sterile Mediterranean fruit flies over the past two seasons has avoided the environmental impact of PIRSA’s fruit fly eradication activities that previously involved the extensive use of chemicals.

QUARANTINE

The State Quarantine Inspection Service (SQIS) is an integral part of Plant Health Operations within PIRSA. The SQIS is responsible for implementing and monitoring plant biosecurity management arrangements and outcomes include the protection of state resources and the facilitation of market access and interstate trade. The role of the SQIS function has continued to evolve in recent years to a point where over 3000 plant health certificates were issued in 2002–03, and over 260 compliance arrangements, based on quality assurance approaches, have been entered into with industry.

Due to the growth in plant quarantine and the increasing demands for service from stakeholders, it was considered timely that a review be undertaken of the SQIS function with the aim of assessing the current activities and the future opportunities for improvement within the function. The review was completed in June 2003.

Roadblocks
The four state roadblocks continue to service the state’s boundaries minimising the possible entry of host material into the state posing a pest and disease risk. Around 49 000 vehicles were identified during the year as carrying host fruit and produce into the roadblock sites. The combined total of fruit confiscated totalled 74 799 kilograms.

Fruit disposal bins
The fruit disposal bins located around the state continue to be an effective means of collecting host material posing a pest and disease risk. Around 5000 kilograms of fruit were collected from the quarantine bins in the 2002–03 year.

RURAL CHEMICALS

Chemical trespass
PIRSA’s ‘whole-of-government’ role as the initial contact point for people reporting chemical trespass events is functioning well, with a comparable number of events being reported each year, some directly, some through other agencies and local government. In the last year, viticulture was the principal land use against which chemical trespass events were alleged, while rural living was the main land use of the people reporting events. As the majority of chemical trespass events were related to ‘new’ land uses coexisting, PIRSA placed emphasis on encouraging neighbours to communicate about rural chemical use.
Herbs and spices provided some novel contaminant issues that were investigated. For other South Australian produce, however, the low violation rate of 1.4 per cent matched the best results from interstate and international surveys and reflect the continued commitment of the state’s horticultural industries to maintaining high standards of food safety and quality. In particular, the fruit industries achieved a near-perfect report apart from a single trace of one chemical not registered for use on that crop.

**National residue survey**

South Australia has again recorded an extremely low violation rate — just two from the very large number of samples tested — of rural chemical or heavy metal residues in livestock, aquaculture and plant produce monitored under national residue survey programs. This further enhances the state’s reputation for producing ‘clean, green’ produce for local and export customers.

**FISHERIES**

*Caulerpa taxifolia*

The Port River – Barker Inlet system and all coastal waters in the vicinity of West Lakes have been surveyed to determine the extent of distribution of the introduced invasive seaweed, *Caulerpa taxifolia*. The rapid growth rate of this seaweed enables it to out-compete and devastate native fisheries habitat. From a range of eradication options, the pumping of water from the River Torrens into West Lakes to temporarily convert the system to a freshwater lake was selected as being the most effective and having the least impact on the marine environment.

Contractors using manual suction, smothering and dredging, are eradicating *Caulerpa taxifolia* from the Port River. More than 400 tonnes of the seaweed and sediment have already been removed and disposed of as landfill. PIRSA Fisheries has undertaken to broadly publicise aquatic activity restrictions and management options as they develop.

A comprehensive community education campaign was designed and implemented to inform the community of the progress of the eradication program.

*White shark*

A White Shark Response Plan was developed to coordinate government and associated organisation’s responses to incidents involving the protected white shark.

**AQUACULTURE**

PIRSA’s role in managing the health of South Australia’s aquatic animals is especially critical in light of the rapidly growing aquaculture industry. The capacity of the Aquatic Animal Health unit has enabled a range of initiatives to be undertaken to protect the interests of government, industry and the community and are discussed below.

*Management*

An aquatic animal health policy and translocation procedures were developed, research undertaken into interactions between wild and cultured marine animals, and a review of notifiable diseases carried out.

*Surveillance*

Surveillance activities included an oyster health survey and primary surveillance programs linked to PIRSA Aquaculture’s new Observer Program. Pilchards and fish in pens were sampled for Viral Haemorrhagic Septicaemia Virus — a virus known to affect pilchards in the northern hemisphere which could have the potential to significantly harm the state’s valuable tuna industry.

*Disease response*

Environmental safety data for medicines were generated, an emergency response manual prepared, and PIRSA’s capability to perform timely disease evaluations and training programs for South Australian veterinarians interested in aquaculture was improved.

In addition, the South Australian Shellfish Quality Assurance Program continued to facilitate the safe production of shellfish, thereby protecting consumers and providing a competitive trade advantage.
Investigations continued into the export requirements of quality assured product to the European Union and the United States.

EMERGENCY MANAGEMENT COORDINATION

Under the state disaster arrangements in South Australia, PIRSA is the agency that manages the Agriculture and Animal Services Functional Service. This includes all animal health, plant health, aquaculture and fisheries emergencies. PIRSA is striving to strengthen and maintain the high-level ability to respond quickly and effectively to incidents by creating awareness among all staff of the agency’s roles and responsibilities in the event of an emergency. Response plans are up to date (all response plans are updated on an annual basis) and provide staff with a blueprint of appropriate response and recovery activities to be undertaken in emergency situations. In order for staff who are nominated in emergency positions to understand and practice their roles, training and exercise sessions are regularly run around the state.

TARGETS FOR 2003–04

- Undertake further microbiological analysis within the smallgoods sector. Critically evaluate the relative effectiveness of company food safety programs in controlling *L. monocytogenes* in smallgoods operations by reviewing micro data.
- Establish effective indicators of Good Manufacturing Practice within the poultry and game sectors; continue to review microbiological status of each sector of the meat industry.
- Implement further food safety mitigation strategies for high-risk processes/commodities within the primary industry sector.
- Trial random roadblocks as part of enhanced plant quarantine arrangements; implement compliance arrangements for importers of horticultural produce; develop an action plan to implement the recommendations of the review of the State Quarantine Inspection Service.
- Implement an eradication program for *Caulerpa taxifolia* in West Lakes. Continue monitoring of current and adjacent areas of *Caulerpa taxifolia* infestation to detect future outbreaks.
- Review intra-state and inter-state translocation requirements to simplify the process, decrease costs and improve availability of certification for South Australian aquaculturalists; train local veterinarians in South Australia in the requirements of health certification, simple aquatic animal disease recognition and treatment techniques.
- Classify new shellfish growing areas to meet South Australian Shellfish Quality Assurance program standards.
- Develop and implement a simulated emergency response exercise; develop cell lines for virus detection; maintain PIRSA’s emphasis on emergency response capability in animal, plant and marine related incidents through further development of planning documents and training of staff.

Strategic priority 4 — INTEGRATED POLICY FRAMEWORK, REGULATION AND COMPLIANCE — Create through consultation, effective policy and regulatory frameworks to enhance industry and community confidence

REVIEWS OF LEGISLATION

**Barley Marketing Act**

An independent review panel conducted a review of the *Barley Marketing Act 1993* under the National Competition Policy during 2002–03, and their final report has been provided to government.

**Seeds Act**

The *Seeds Act 1979* was repealed on 25 July 2002.

**Veterinary Practice Bill**

The Veterinary Practice Bill was passed by the Legislative Council in March 2003 and will be introduced to the House of Assembly in July 2003. It replaces the *Veterinary Surgeons Act 1985*. 
Agriculture and Veterinary Products (Control of Use) Act
The Agriculture and Veterinary Products (Control of Use) Act 2002 and its Regulations passed through both Houses of Parliament in 2002–03; proclamation and activation is expected in late 2003. They are first major changes to this regulation since 1955 and support the South Australian community’s desire for skilled, knowledgeable and responsible behaviour in the necessary use of rural chemicals to control rural pests and diseases.

Primary industry food safety
The Food Safety Policy unit progressed the development of proposed primary industries food safety legislation to replace the Meat Hygiene Act 1994 and the Dairy Industry Act 1992. The new legislation is capable of including other primary industries, will build on the co-regulatory principles embedded in existing primary industry food safety legislation and complements the Food Act 2001.

In October 2002 a discussion paper was publicly released for consultation. The submissions supported the proposed legislation. In March 2003 Cabinet approved the development of a consultation draft bill which was received by PIRSA in May 2003.

Cabinet approved the National Competition Policy review of the Meat Hygiene Act and the recommended amendments to the Act, in May 2003, subject to establishing a memorandum of understanding between the Department of Human Services, the Local Government Association and PIRSA.

Dried Fruit Act and Citrus Industry Act
National Competition Policy reviews highlighted various industry sectors where reform was needed. Consultation with, and restructure of the industries has resulted in the repeal of the Dried Fruit Act 1993. Modifications to the Citrus Industry Act 1991 has enabled competition policy guidelines to be met and for an industry-led restructure to occur over the next two years.

Fisheries Act
The existing Fisheries Act 1982 was amended to provide for complementary management arrangements and compliance operations across the South Australian – Victorian border. Other regulation amendments included the following:

- Scheme of Management (Abalone Fisheries) Regulations 1991 — to define different zones within the fisheries.
- Fisheries (General) Regulations 2000 — to change the allowable dimensions of a crab net when undertaking commercial fishing for blue crabs.
- Scheme of Management (Marine Scalefish Fishery) Regulations 2000 — to allow the Director of Fisheries to allocate additional quota units in the pilchard fishery during a season.
- Amendments to various regulations to set commercial fishery licence fees for 2003–04.

A review of the Fisheries Act was initiated in July 2002. A broadly representative steering committee was established to provide strategic leadership and vision, to contribute contextual knowledge and to generally reflect the diversity of opinion on how the state’s living marine and freshwater resources should be managed. Dr J Radcliffe AM is the Chair of the Steering Committee.

Five Reference Panels (Community and Conservation; Indigenous; Commercial; Recreational; Government) were also established and contributed significantly to the content of a green paper, which was released in November 2002. An extensive program of public consultation followed its release. A total of 156 responses were received and are being considered in the drafting of a Bill to amend or replace the current Act.

The National Competition Policy Review of the Fisheries Act was completed. Recommendations for change are being progressed in conjunction with the full review of the Act.
REGULATORY POLICY FRAMEWORKS

MEAT HYGIENE AND FOOD SAFETY

Food safety
The national food safety policy framework recognises the relevance of food safety to the primary industry portfolio and provides for direct input into the Australia New Zealand Food Regulation Ministerial Council and the Food Regulation Standing Committee by the Minister for Agriculture, Food and Fisheries, and PIRSA. The nationally coordinated approach to food regulation includes the development of all domestic food standards covering the entire food supply chain, including primary production and processing standards, for which PIRSA continues to make significant contributions, in particular, through its direct involvement in the development of Primary Production and Processing Standards.

PIRSA has also collaborated with the Department of Human Services to pro-actively manage a number of specific food safety risks identified by the independent Risk Profile Study undertaken by PIRSA in 2002. Areas cover seafood (rudderfish), seed sprouts, fresh-cut vegetables, soft spreadable sausages, and poultry processing standards. As a result of these arrangements PIRSA has also implemented agreed processes with Human Services for addressing issues with primary industries that represent significant non-conformance with requirements of the Food Act.

Under PIRSA’s food safety initiative, and as a result of a specific request by industry, a food safety certification program for the oyster industry was implemented in December 2003. Over 60 harvesters, growers and wholesalers are registered in the program, which features a government brand and contracted auditing.

NATIONAL ANIMAL HEALTH

Advice continued to be provided to a wide range of national programs through Animal Health Australia, the Primary Industries Standing Committee and its subcommittees and working parties, and the Australian Department of Agriculture, Fisheries and Forestry. This related to issues such as emergency animal disease preparedness, ovine and bovine Johne’s diseases, veterinary education, animal welfare, and animal disease surveillance.

South Australia contributed strongly to the national Review of Rural Veterinary Services, which was commissioned by the Australian Ministers for Agriculture and Education in late 2001. The review report was completed in January 2003 and is currently under consideration by the Primary Industries Standing Committee and its Animal Health Committee.

FISHERIES

Recreational fishing
The Recreational fishing guide was re-printed during 2002–03. A total of 40 000 copies were distributed to recreational fishers across the state.

The government policy on recreational access to rock lobster pots allows recreational fishers to make an application for recreational rock lobster pot registration from 1 August each year. During 2002–03 approximately 6560 registrations were processed resulting in the issue of 11 565 pot licenses.

River Fishery
A major change to the River Fishery was implemented following a government initiative to restructure the commercial sector. A prohibition on the use of gill nets in the River Murray was successfully implemented after being disallowed in the Upper House and challenged in the Supreme Court. Ex gratia payments were offered to the 30 licence holders in the fishery to either exit the fishery or remain in a non-native fishery after 30 June 2003. Eleven fishers made application for the ex gratia payments, with two fishers to continue in the non-native fishery.

Review of Northern Zone Rock Lobster Fishery
In response to concerns over the poor biological and economic performance of the of Northern Zone Rock Lobster Fishery over recent years, a comprehensive review of management has been undertaken. A revised management framework based on individual transferable quotas has been accepted by the fishery and will be implemented prior to the commencement of the next fishing
season on 1 November 2003. The review was underpinned by strong industry involvement and has received widespread industry support.

**Marine Scalefish Fishery**

The commercial marine scalefish industry has developed a proposed five-year fishery strategic plan, which has the in principle support of PIRSA Fisheries Policy. The plan provides a number of industry-supported initiatives that will assist in providing some adjustment in the fishery, certainty of management and security of access. It was initiated following industry dissatisfaction with the government-led review of the fishery in 1998–2000.

**Southern Zone Rock Lobster Fishery dockside monitoring**

During 2000 the Southern Zone Rock Lobster Fishery Management Committee, through an initiative of the commercial sector, implemented a project of independently monitoring the catch of fishers landing at docks to assist in accurate weighing and recording of catch. A contractor has been engaged to manage dockside monitors over the past three seasons. The project will be tendered for a further two seasons.

The committee initiated a trial at Beachport involving electronic weigh scales where fishers used electronic identification key cards to weigh and record their catch. An expansion of the trial involving development of a business case is planned for 2004.

**Gulf St Vincent Prawn Fishery**

A buy back scheme implemented in the Gulf St Vincent Prawn Fishery in 1987, as part of a restructure program, has been completed with the last licence holders accepting the government offer to settle.

**Commercial fishery licence fees and cost recovery**

A cost recovery framework, involving substantial consultation between PIRSA Fisheries, program providers and fisheries management committees, has been in place in over the past decade. The commercial fishery license holders provided $8.47 million through licence fees during 2002–03 as their attributed cost of managing sustainable fisheries in the state, of which $3.44 is for research, $2.48 for compliance, and $0.53 for policy and management. In 2003–04, $10.5 million will be collected through licence fees.

Cost-recovery principles and the costing model were reviewed during the year. A Cost Recovery Steering Committee has been established to guide implementation of revised principles and a costing model within Fisheries during 2003–04.

**AQUACULTURE**

The *Aquaculture Act 2001* is now recognised nationally as the benchmark for other aquaculture legislation, providing confidence and certainty for all stakeholders.

Aquaculture policies have been established to guide the development of the aquaculture industry and are implemented under provisions of the *Aquaculture Act*; they include:

- Environmental Management Policy
- Ecologically Sustainable Development Policy
- Aquatic Animal Health Policy
- Licensing and Leasing Policy
- Tenure Allocation Policy
- Shellfish Quality Assurance Policy
- Cost Recovery Policy.

Recently completed scientific investigations form the basis of decisions on the viability and environmental compatibility of aquaculture in a number of areas throughout the state. In addition, the investigations will support the broader aquaculture zone policies that are required for the marine based aquaculture industry to grow in an orderly and sustainable manner.
PLANNING AND DEVELOPMENT

Development planning and land use
A significant priority for Agriculture, Food and Fisheries is that the South Australian Planning System delivers strategies, policies and decisions that:

• support access to key resources for primary industry and resource development
• create local conditions conducive to new industry development
• create local conditions which minimise land-use conflict
• promote sustainability and responsible environmental use.

This year Agriculture, Food and Fisheries assisted in development of policies to guide land-use development in rural areas and contributed to the revision of the Planning Strategy for Metropolitan Adelaide and the Inner Region. Agriculture, Food and Fisheries coordinated the provision of advice to planning authorities on issues associated with development proposals which had the potential to impact on matters affecting primary industry interests.

FOOD SAFETY POLICY

National Primary Production and Processing Standards
PIRSA continued to support the development of the National Primary Production and Processing Standards.

PIRSA is represented on the Seafood Standards Development Committee and has contributed significantly to the development of the National Seafood Standard. PIRSA has assisted the South Australian seafood industry throughout the development process by facilitating meetings, providing regular updates and supporting industry submissions.

PIRSA together with Department of Human Services provided impetus for development of a National Chicken Meat Standard by 2004.

Food Safety Incident Response
The Food Safety Policy unit facilitated two workshops with key government stakeholders to discuss responses to food safety incidents. The workshops gained endorsement from attendees to develop a joint Department of Human Services – PIRSA food safety incident response plan. In May 2003 PIRSA developed a supporting incident response plan.

Australia New Zealand Food Regulation Ministerial Council
The Food Safety Policy unit supported South Australian input to the Ministerial Council and its supporting committees and working groups in development of national policy in areas such as country of origin labelling, establishing maximum residue limits, Health Claims for Food, and Management of Food Safety in Australia.

COMPLIANCE SERVICES

FISHERIES
The Fisheries Group provides compliance services to the community and fishing industry to ensure: protection of the aquatic habitat resource; resource-sharing arrangements are complied with; and production by both commercial and recreational fishers is within prescribed limits to meet sustainability objectives. Activities include monitoring of commercial catches and quotas (including the processing sector) recreational daily bag and boat limits, compliance with fish size limits, restrictions on the use of gear by recreational and commercial fishers, and compliance by all resource users with restrictions on access to marine protected areas and aquatic reserves.

Regular monitoring during the year was conducted in the commercial and recreational sectors. During that time, 567 offences were recorded from approximately 15 761 compliance checks. Offences resulted in the issuing of 248 expiation notices and 246 cautions and the initiation of 73 prosecution briefs. This represents a 47 per cent increase in offences detected when compared with 2001–02. This increase can be linked to the fact that 2002–03 is the first full year of benefit from the placement of an additional 17 fisheries officers who completed their training in late 2001.
There were 25 prosecutions heard and completed during the year, of which 20 resulted in either a finding or plea of guilty.

The Fisheries Group undertook compliance-monitoring functions under authority of the *Fisheries Management Act 1991* (Cwlth) through a service contract arrangement with the Australian Fisheries Management Authority. Similarly, marine safety checks were conducted by the Fisheries Group under authority of the *Harbours and Navigation Act 1993*, through a service agreement with Transport SA and compliance services for Aquaculture SA were provided under a similar agreement.

Ongoing funding of $1 million per annum was secured from government in June 2003, for 17 Fisheries Officers positions initially recruited in 2001.

**Risk assessment**

Fisheries staff and Fishery Management Committees updated the risk assessments and risk profiles prepared for each of the major fisheries in 2001–02 to ensure appropriate focus for compliance operations and to continue to provide transparency in relation to fisheries management and service provision. Ongoing annual reviews of risk profiles will enable key stakeholders to provide input to compliance planning including recreational sector issues.

The Fisheries Group continued to monitor and address risks identified in its organisational risk assessment and associated response plan, as part of the overall Agriculture, Food and Fisheries Division risk management plan and PIRSA’s PIRRISK program.

**FOOD SAFETY COMPLIANCE SERVICES**

South Australia is one of only two states where contracted inspection/audit providers carry out primary surveillance of accredited meat processing facilities. All businesses within each sector were regularly audited or inspected with over 900 audits undertaken in 2002–03. These involved 350 vehicle assessments and inspections of 100 field harvesters and vehicle trays, and 35 field chillers. Industry has recognised that these arrangements add considerable value to the audit process through improved reporting systems, on-site training, and the broadening of operators’ perspectives of business processes and systems.

Incentive schemes introduced to improve industry performance led to positive trends in all sectors of the meat industry. Results indicate that the number of businesses seeking and achieving excellence in meat production continues to increase whilst conversely the number of poor performers continues to drop.

As part of PIRSA’s continual improvement philosophy, the provision of audit through contracted arrangements is being reviewed in early 2003–04, with a view to reducing regulatory duplication and identifying arrangements both suitable and flexible enough to cater for the current regulatory and industry food safety environment.

In collaboration with the Department of Human Services, PIRSA has used a predictive microbiology methodology to verify manufacturing processes for fermented meat products for compliance with the specific requirements of the Food Standards Code. The application of this technology has led to enhanced levels of awareness and compliance by industry.

**FIELD CROPS**

The review of the Barley Marketing Act has recommended a series of changes that retain the benefits of Australian Barley Board’s single desk, but also allows for greater accountability and transparency. The report provides an opportunity for arrangements to change and be reformed in a way that offers growers the benefits provided through the single export desk while increasing the diversity of options by opening the door to potential new players in the marketplace

**TARGETS FOR 2003–04**

- Continue to make substantial contributions to national animal health, food safety and animal welfare policy through participation in national committees and working groups.
• Following the passage of the Veterinary Practice Bill through the House of Assembly; draft new Regulations after consultation with stakeholders.
• Implement recommended amendments of the National Competition Policy review of the Meat Hygiene Act; review contracted inspection/audit arrangements.
• Review the South Australian Plant Quarantine Standard.
• Complete the process for the industry-led restructure of the Citrus Board.
• Finalise the review of the Fisheries Act and amend/replace the current Act.
• Conduct a full review of fisheries licensing and monitoring system requirements; continue development of an acquisition plan for a new offshore fisheries patrol vessel; implement vessel monitoring system technology to assist in the provision of compliance services; continue development of a secure intelligence database to underpin compliance operational planning; develop cross-jurisdictional compliance operations plans; develop software for a new prosecution system.
• Continue to work with the fishing industry and the community to ensure the uptake of the White Shark Response Plan.
• Finalise restructure arrangements for the River Fishery; finalise management plans for the Marine Scalefish Fishery and the Lakes and Coorong Fishery; review the management plans for the prawn fisheries; implement revised management arrangements for the Northern Zone Rock Lobster Fishery including a quota management system.
• Continue to develop environmentally sustainable development reporting requirements to Environment Australia for selected export fisheries.
• Map Designated Primary Industry Areas for the Inner Region as part of the Planning Strategy for Metropolitan Adelaide and the Inner Region; conduct a national audit of peri-urban agriculture; revise the Rural Planning Bulletin.
• Introduce a draft consultation Bill on Primary Industry Food Safety legislation and develop supporting Regulations.

**Strategic priority 5 — ECOLOGICALLY SUSTAINABLE DEVELOPMENT — Enhance the capacity of community and industry to integrate, achieve and report against environmentally sustainable development principles**

**LIVESTOCK**

*Use of nutrient-rich wastes*

An across-government project led by PIRSA on use of nutrient-rich wastes has been completed and an electronic manual for the spreading of wastes on agricultural land has been developed.

**HORTICULTURE**

*Horticulture sustainability*

A major goal of achieving 85 per cent water-use efficiency by irrigators in the Riverland is close to realisation as a direct result of a combination of training and industry-led rehabilitation of irrigation schemes which has moved common practices closer to industry best practice.

*Environmental management systems*

Development of material for environmental management systems workshops in horticulture industries has commenced, with grower groups ready to participate in pilot workshops. The Apple and Pear Growers Association have secured Commonwealth funding for a program in the Mount Lofty Ranges.
FISHERIES

National ecologically sustainable development framework

The Fisheries Group contributed to the development of a national framework for ecologically sustainable development through the Natural Resource Management Standing Committee. This framework will be used as the basis for ecologically sustainable development reporting in South Australia. SARDI Aquatic Sciences prepared stock assessment reports on all major fisheries and these reports indicate that the fisheries are being exploited within sustainable harvest levels. Similar to the previous two years, the snapper fishery experienced seasonal closures in August and November to reduce fishing effort and catch of this important species.

Assessments of sustainable fishing under the Environment Protection and Biodiversity Conservation Act 1999 (Cwlth) for the rock lobster and abalone fisheries were submitted to Environment Australia and are waiting formal approval from the federal Minister for the Environment. Other management plans are being reviewed to include the national ecologically sustainable development guidelines for sustainable fishing.

AQUACULTURE

The Aquaculture Act 2001 has as its primary objective ‘to promote ecologically sustainable development of marine and inland aquaculture’. The statutory policies developed under the Act support licence conditions and regulations that translate the policies into actions by industry and government. All current aquaculture licence holders have been required to provide the results of either site specific or regional environmental monitoring programs to PIRSA Aquaculture.

PIRSA Aquaculture now stipulates minimum procedures necessary for submission of environmental monitoring program reports. The purpose of these procedures is to ensure a level of consistency both between and within the various aquaculture sectors in the state.

PIRSA Aquaculture and the Fisheries Research and Development Corporation have joined forces to undertake research that will underpin the future sustainable development of aquaculture in South Australia.

The three-year, $2 million program titled ‘Innovative solutions for aquaculture planning and management’ is currently underway and will be critical to the future development of the industry in South Australia, and could have applications nationally. The projects have the support of industry and will be coordinated by PIRSA Aquaculture with scientific input from SARDI and other specialist institutions. The research program has five key components:

- an environmental baseline study of existing aquaculture areas
- a framework to support consistent decision making for aquaculture management
- fish health relationships and population interactions between farmed and wild fish
- scientific information to determine appropriate levels of aquaculture activity within a given area
- strategies to manage interactions between aquaculture and marine animals.

TARGETS FOR 2003–04

- Achieve widespread adoption of environmental management practices by horticulture industries.
- Complete Environment Australia assessments for sustainable fishing for other fisheries (blue crab, prawn, pilchards and cockles) by December 2003.
- Implement outcomes of the ‘Innovative solutions for aquaculture management’ research program.
- Define environmental management criteria and use as basis for aquaculture approvals and subsequent management; based on risk level, develop appropriate monitoring methodology and timeframes for each sector; develop biogeographical survey and monitoring requirements commensurate with the appropriate risk level for each sector; identify community/stakeholder attitudes towards, and knowledge and beliefs about aquaculture; conduct regional environmental studies to demonstrate long-term sustainability of aquaculture regions.
Strategic priority 7 — BUILDING COMMUNITY CAPACITY — Build capacity, leadership and global awareness in industry, and rural and indigenous communities

FIELD CROPS

Community capacity building
Training of field crop growers has improved understanding of subsoil factors limiting crop production and led to enhanced knowledge on strategies to better manage soil and crop production. The Your Soils Potential program was delivered to 20 grower groups across the state, with more than 230 participating growers.

Sustainable farming in the Mallee
The Premiers Drought Assistance Package has provided additional funding to the Murray Mallee Sustainable Farming project to increase the adoption of sustainable cropping systems to better manage seasonal and environmental risk. The funds will support the existing project funded by PIRSA, the Grains Research and Development Corporation and the Natural Heritage Trust until December 2005.

LIVESTOCK

Rangelands initiatives
The Supporting Sustainable Industries in the Rangelands project, which includes the Central North East Farm Assistance program, has assisted pastoralists to develop long-term economically and ecologically sustainable enterprises to ensure viable pastoral communities. A new project to build on the success of the Supporting Sustainable Industries in the Rangelands is being developed with Outback SA community.

RURAL COMMUNITIES AND EDUCATION

FarmBis
A further 7500 farmers, fishers and land managers have taken up training opportunities through the FarmBis program bringing the total to more than 27,000 participants accessing more than $9.1 million in training support grants. South Australia has the nations highest uptake for population.

Leadership
The fifth SA Rural Leadership Program was conducted with 21 participants from primary industries or rural areas. The program develops leadership skills which may be used in primary industries and community development.

Drought
Drought conditions across much of Australia had a severe effect on areas of the Murray Mallee and plains, Upper and Mid North agricultural areas, eastern Eyre Peninsula and the Rangelands. The South Australian Government provided $5 million to a program of support to drought-affected farmers that had both short and long-term assistance measures. Applications for Exceptional Circumstances were successful in the Central and Far Northeast. The Commonwealth refused two applications for the southern Mallee.

Processes for capacity building
In partnership with the University of South Australia, PIRSA has implemented a project to support industry and community groups in identifying their capability to achieve their goals and in developing the appropriate capacity building mechanisms. The pilot will develop a self-help model for industry and community groups.

Regional rural development
The Central North East Farm Assistance Program was extended by a further six months to enable increased uptake of the business planning, farm productivity and infrastructure grants, and implementation of the research and development components of the project. The drought delayed the ability of some farmers and graziers to take up the opportunities of the program. More than 120
farmers and graziers have now developed business plans which are used to access productivity improvement grants of up to $15,000.

HORTICULTURE

Building Regions with Horticulture
Building Regions with Horticulture is a regionally based industry initiative developed in conjunction with the Horticulture Industry Development Board. Assistance was provided to communities in eight horticulture regions of the state to identify new enterprise opportunities and access to resources to develop them. More than 50 businesses have been assisted to date and over $200,000 of project funding accessed.

FISHERIES

Volunteers
Fisheries Compliance support trained regional FISHCARE volunteers throughout the state. The program continued to expand with approximately 85 volunteers active with regional teams delivering information and material about fisheries management and relevant legislative measures direct to recreational fishers. During the year, FISHCARE Volunteers contributed approximately 8200 hours and spoke to more than 15,500 recreational fishers.

FISHWATCH

The successful FISHWATCH program entered its seventh year with close to 2000 calls received from members of the community contacting the line to find out about fishing rules or to report an offence. During the year the FISHWATCH service was upgraded to provide callers with 24-hour access to a live information service, providing information relating to the regulations that apply to fishing in South Australia. The service also enabled more than 7500 commercial fishers to meet their reporting obligations on a 24 hour/7 day per week basis.

Recreational fishing
The Fisheries Group continued to provide support to the South Australian Recreational Fishing Advisory Council ($100,000) and nine regional recreational fishing committees across the state ($25,000). The Advisory Council is prescribed under the Fisheries Act as the peak recreational body and has membership to the seven Fishery Management Committees. The recreational committees provide a greater opportunity for the community to be involved in fisheries management and the development of recreational fishing.

TARGETS FOR 2003–04

- Hold a further Rural Leadership Program training course.
- Increase the participation of minority groups in FarmBis training through its final year.
- Continue to implement the ongoing components of the South Australian Drought Assistance program; evaluate and wind up the Central North East Farm Assistance program.
- Seek continued funding and methods of providing ongoing assistance to horticultural industries.
- Complete the pilot self-help capacity building model for industry and community groups to achieve their goals.
- Develop an information recording and reporting system for social capability of rural communities.
- Create a framework for capacity development to achieve natural resource management outcomes with the Department of Water Land and Biodiversity Conservation.
Strategic priority 8 — PARTNERSHIPS — Negotiate effective partnerships with industry, rural and indigenous communities, Commonwealth Government and local government for regional and industry development.

LIVESTOCK
Livestock industry development boards
Three livestock industry development boards advise the Minister for Agriculture, Food and Fisheries on the strategic directions of, and government investment in, the livestock industries in South Australia.

The Wool and Fibre Industry Development Board is leading the development of a strategic plan for the future of the sheep industry given the current situation in the wool and sheep meat industries.

The Meat Industry Development Board initiated the annual Meat Industry Awards for Excellence and has continued to support it. The board is supporting development of strategic plans across a range of industries with attention in the last year focused on the pork and egg industries.

The Dairy Industry Development Board has commenced the implementation of a plan with the target to increase milk production to 1.5 billion litres per year by 2010. This will enable processing capacity to treble, employment to double to 6500 people and open up new export opportunities for high-value export products such as specialty cheeses and dairy food ingredients.

FIELD CROPS
Grains Industry Reference Group
The establishment of a Grains Industry Reference Group has provided a forum for a collaborative industry approach to resolve grains industry issues between government and industry stakeholders.

RURAL COMMUNITIES AND EDUCATION
Advisory Board of Agriculture
PIRSA, through its support of the Advisory Board of Agriculture and the Agricultural Bureau, assisted the implementation of the board’s strategic plan that focuses on strengthening the board network and its benefits to farmers and government. The board is investigating structural and communication mechanisms to improve its output. It has fostered young farmer recognition with the Lois Harris and Peter Olsen fellowships.

HORTICULTURE
Native food industry
The native food industry includes a number of groups within government and indigenous communities. PIRSA provides a secretariat service to the steering committee and is leading the identification and development of specific native food products.

Agricultural research and advisory committees
Greater industry involvement in program development has been achieved through the establishment of agricultural research and advisory committees in the vegetable and potato industries. Equivalent committees will be established in other industries where appropriate. The model allows for issues to be raised and prioritised by all levels in an industry sector, from grower to retailer. Solutions to deal with the issues are developed in partnerships between government and industry.

FISHERIES
Fishery management committees
The seven fishery management committees continued to operate in 2002–03. A new chairperson was appointed to the Blue Crab Fishery Management Committee. These committees are very effective in providing quality advice to the Director, Fisheries Policy, and Minister for Agriculture, Food and Fisheries on the sustainable management of their specific fisheries. The Minister approved the establishment of a new Pilchard Fishery Management Committee to commence in July 2003.
TARGETS FOR 2003–04

- Hold a conference on balancing environmental and community expectations in the future viability of farming.
- Implement structural arrangements to foster achievement under the Advisory Board of Agriculture’s strategic plan.
- Establish additional agricultural research and advisory committees.

Strategic priority 9 — ACCESS TO INFORMATION AND SERVICES — Improve industry and regional access to information that supports better business decisions

FIELD CROPS
A range of information products provides the field crops industry with reliable, accurate and unbiased information source. The products include monthly crop and pasture seasonal reports, crop area and production estimates; the annual crop harvest report distributed to some 2500 growers across the state; upgrades on the PIRSA web with field crops information; and production of plant protection crop spray charts.

RURAL CHEMICALS
‘inFINDer’, the rural chemical database product developed and marketed by PIRSA continues to attract new users, predominantly among the retailing chains for rural chemicals. Ongoing developments of the package are designed to meet the expressed needs of customers.

MEAT HYGIENE AND FOOD SAFETY
Meat and Livestock Australia and PIRSA continued to co-sponsor training sessions for the meat industry and government to enhance awareness, compliance and South Australia’s skill base. Examples include workshops that provide a better appreciation of the science and processes behind manufacturing smallgoods and the validation of a safe process; and workshops to provide knowledge on validation criteria and process control, and requirements for approving smallgoods manufacturers arrangements under the new Australian Standard for processing meat.

Poultry and game meat microbiological baseline surveys have been arranged for early November 2003. The data will provide a basis for determining industry performance in terms of product hygiene and process control. This work forms part of the recommended actions from the external consultancy that reviewed the effectiveness of South Australia’s Meat Hygiene Program. Early results indicate excellent process control, well ahead of a 2002 New South Wales benchmarking study. Qualitative analysis undertaken for salmonella is near completion. An industry–government workshop to review the outcomes and determine appropriate action is planned for 5 December 2003.

HORTICULTURE
PIRSA provides services to South Australia’s agricultural industries and rural communities via a network of over 25 offices in regional locations. Staff at these regional centres handle a broad range of inquiries for technical information and publications.

The Roseworthy Information Centre is the main hub for assembly, distribution and marketing of information products through PIRSA’s regional offices and a network of agencies at chemical reseller premises. It currently lists approximately 1200 different publications in its catalogue. In addition, PIRSA is a major contributor to the national Prime Notes CD, which lists over 4800 publications.

Both the CropWatch mildew early warning service to Riverland grape growers and the state-wide mildew warnings, issued in cooperation with the Bureau of Meteorology, continued.

FISHERIES
The PIRSA Fisheries website continued to be maintained as a source of information, accessible 24 hours per day 7 days per week. Access and useability were upgraded during the year.
The *Southern Fisheries* magazine continued to provide a forum to inform fishers of the need to manage the state’s fish stocks and the role of government and the community in that management. Four publications were produced in 2002–03.

**AQUACULTURE**

In conjunction with the South Australian Aquaculture Council a number of projects have been progressed as part of the State Aquaculture Action Plan.

A series of industry awareness workshops were conducted to outline responsibilities of the new Aquaculture Act, particularly where licence conditions or operating standards had changed. A public register was established providing information on licence applications and other relevant information pertaining to the operation of the Act.

New arrangements were put in place with Rural Solutions SA for the delivery of industry development services to the state’s aquaculture sectors.

**FOOD SAFETY POLICY**

During 2002 PIRSA developed several mediums for communication with food safety stakeholders.

The Primary Industry Food Safety Steering Committee met on three occasions during the year. The seafood and horticulture industries initiated industry specific food safety reference groups, chaired and supported by PIRSA. These groups have been critical in promoting relevant food safety issues to their members and industry stakeholders, and providing input in development of food safety legislation.

PIRSA produces a monthly newsletter and has established a website to provide primary industry food safety information. Both initiatives have been well supported by food safety stakeholders and industry.

**TARGETS FOR 2003–04**

- Establish new domestic or export markets for value-added processed grain products where farmers retain ownership along the post farm-gate value-adding chain.
- Report (via the task force) on the impact of the Wheat Streak Mosaic Virus in South Australian crop production, protocols for South Australian cereal breeding and other agronomic programs and priorities for future research.
- Continue to make substantial contributions to national food safety policy through participation in the Food Regulation Standing Committee, Development and Implementation Subcommittee and Technical Advisory Group forum.
- Hold industry workshops/consultancies aimed at reforming food safety in the smallgoods sector, focusing on (i) implementing the outcomes of the national risk assessment on *Listeria monocytogenes* in smallgoods companies HACCP (Hazard Analysis Critical Control Point) plans, and (ii) using the industry guidelines for the safe manufacture of smallgoods to validate and verify process control in smallgoods manufacture.
- Continue to provide consultancies to the food sector to facilitate the uptake of HACCP plans and quality assurance, particularly in relation to post-harvest seafood, retail butchers, new businesses in the meat industry and the transport sector, sprout production and fresh-cut horticulture products.
- Place further information on PIRSA’s website and increase the profile on the Roseworthy Information Centre.
- Devise suitable product specification and tracking systems to meet market demands; assist producers and processors to meet relevant standards, e.g. food safety and environmental management systems.
- Provide a best-practice model for aquaculture licence and lease applications.
Strategic priority 11 — WE MANAGE FOR RESULTS — we manage our resources well; we provide leadership; our business processes are effective and efficient

FISHERIES
Continual improvement
Commitment by Fisheries Group to continual improvement has been maintained with a number of process review teams involved in projects such as implementation of a more effective system for processing Section 59 exemption applications; improvement to business practices including legislative tools, licensing processes and cost recovery program; mapping key strategic processes as part of an Agriculture Food and Fisheries quality assurance initiative; and commencement of a pilot to identify key records and improve records management.

STRATEGIC AND BUSINESS SERVICES
Review of support services
The human resources, finance and strategic support services provided to the Agriculture, Food and Fisheries Division, and the business and support services provided to the Executive Director and local senior managers were reviewed in 2002–03. Changes to the existing structure are recommended to enhance capacity by building on the strengths of staff, and fostering focused teamwork.

Business tool implementation
Rollout of MentorLINK, the business management tool for Agriculture, Food and Fisheries, has been improved by providing a facilitator to assist managers and staff to plan their projects for the 2003–04 year. Close collaboration with the system owner has led to system enhancements such as the revision of the risk management module to reflect the terminology of the Australian Standard AS4360, and to enable captured data to be downloaded into PIRSA’s risk management system.

A quality management module that is being used to underpin the development of the Agriculture, Food and Fisheries quality management system was developed and implemented.

Quality management
Key strategic processes have been identified for all Agriculture, Food and Fisheries business groups as the division progresses the development of its quality management system. The system is built from a management model derived from the Australian business excellence framework. An internal gap audit identified the current status of system development and provided the basis for processes to address identified opportunities for improvement.

TARGETS FOR 2003–04
• Maintain the continuous improvement program for aquaculture regulatory management practices and improve industry–government interaction.
• Adopt the new Aquaculture Leasing and Licensing Policy.
• Through an external audit verify the status of the quality management system for Agriculture, Food and Fisheries.
• Further develop and enhance the Agriculture, Food and Fisheries integrated business management system.
• Implement the recommended structural changes to Agriculture, Food and Fisheries support services.

SARDI
The South Australian Research and Development Institute (SARDI) is the South Australian Government’s principal resource for primary industries and related research and development, and is a primary source of advice on state science and research policy. It was established to provide a better focus and direction for the state’s research capacity; to ensure that research outcomes are relevant and available to industry; ensure that research and its management operate within commercial and
industry standards; and increase South Australia’s national research and development profile and influence.

SARDI operates in five strategic research areas — Aquatic Sciences, Crops, Horticulture, Livestock Systems and Sustainable Systems. The operational research units are supported and complemented by Business Services and Communications units. Research and development services are provided to agribusiness, commercial enterprise, manufacturing and processing industries, natural resource conservation agencies, primary industries (agriculture, fishing and aquaculture), rural industry development corporations and State Government agencies.

PERFORMANCE MEASURE HIGHLIGHTS
SARDI completed 60 projects in 2002–03 and 230 projects were commenced or are ongoing. All projects and services met agreed criteria (milestones) and contributed to the defined project outcomes and scope. Projects reached milestones agreed in the project proposals or were renegotiated with clients.

Strategic priority 1 — INDUSTRY DEVELOPMENT — we provide support for industry and regional development that focuses on global market opportunities.

AQUATIC SCIENCES
Stock assessments were conducted across all fisheries in South Australia including rock lobster, abalone, prawns, marine scalefish and inland waters. These assessments provided technical information to support the sustainable management of the fisheries.

Research by the aquaculture program contributed to the ongoing growth and development of the industry in South Australia. Work by SARDI in collaboration with the Cooperative Research Centre for Sustainable Finfish Aquaculture (Aquafin CRC) was central to many new developments in the tuna aquaculture industry, contributing substantially to the ongoing growth in this sector.

Researchers in the environment and ecology program took a leading role in bringing together technical information to support the development of aquaculture management plans for coastal waters in South Australia.

Food Safety Research Program
A risk-based assessment of mud cockles harvested from the section bank in the Port River determined that while chemical hazards levels are below allowable food safety levels there is potential for increases arising from environmental disturbances. The survey was conducted by the Food Safety Research Program in collaboration with the South Australian Shellfish Quality Assurance Program. PIRSA is consulting with the fishers and other agencies (including the Environmental Protection Authority, Department for Environment and Heritage and Department of Human Services) in relation to fishery management and the potential impact of developments in this area.

A risk-based assessment of prawns harvested and processed on-boat in the Spencer Gulf was conducted to develop and field test a program that other industries can model to validate existing food safety arrangements. The Spencer Gulf and West Coast Prawn Fishermen’s Association aim to use the results of the project to review quality assurance programs for green and cooked prawns. Results will also be used to assess compliance with the Australian Food Standards Code and, in conjunction with shelf life evaluations, be used in support of product quality claims.

HORTICULTURE
Three new cherry cultivars, Dame Nancy, Sir Douglas and Sir Hans, were formally launched at Hahndorf in the garden of Sir Hans Heysen’s home in December by the Minister for Agriculture, Food and Fisheries. These new cultivars offer improved performance characteristics in relation to fruit size, rain cracking resistance and colour that will be of benefit to the expanding cherry industry in Australia. Commercialisation of the three new varieties will be undertaken by the Australian Nurseryman’s Fruit Improvement Company. At Loxton, more than 1000 new apricot breeding lines were evaluated during the last drying season and a number of promising new lines were identified. Trees of some of the best
lines from the last two seasons were propagated and distributed to growers under non-propagation agreements for further evaluation.

Throughout February 2003 the Postharvest group was involved in a Horticulture Australia Ltd project to supply ‘ready to eat’ peaches and nectarines into five Woolworths stores around Adelaide. Feedback from the supermarkets and their customers was very positive and the program is likely to be continued on a larger scale during the 2003–04 season with testing across a wider range of stores. Consumers directly benefit from this research and development as postharvest handling procedures are developed that will provide them with a superior eating quality product.

LIVESTOCK SYSTEMS

Dairy
The Dairy SA funded hoof hardener project was completed. The outcomes are that urine has a softening effect on the horn of the heel in dairy cows, and this probably explains why cows develop soft feet when made to stand at high stocking densities in wet pugged conditions. The feet can be hardened with a formalin footbath, but formalin is now being discouraged because it is carcinogenic. This project established that glutaraldehyde is equally effective as a hoof hardener.

A scientific review on the effect of preslaughter feeding systems and time off feed on the carriage of enteric pathogens by cattle was prepared for Meat and Livestock Australia.

Meat and wool
The final report titled ‘Estimation of phenotypic and genetic parameters from Merino selection lines (with special emphasis on growth, carcase and meat quality traits)’ was completed and submitted to Meat and Livestock Australia.

A protocol for testing sheep lice for resistance to insect growth regulators was developed to address concerns about reports of apparent loss of effectiveness of this class of lousicides.

A South Australian–Victorian proposal for Sustainable Grazing on Saline Lands was accepted by the Cooperative Research Centre for Plant-based Solutions for Dryland Salinity and a contract between Land and Water Australia (on behalf of Australian Wool Innovations Ltd) and the cooperative research centre was signed. The project has the overall aim of significantly enhancing the productivity and sustainability of puccinellia-based pastures through the development of improved grazing management, nutrient strategies and pasture species options. The focus is in the Upper South East in the Mount Charles region (near Keith), but as part of a wider national program will have relevance to saline areas in the other southern states.

Biochemistry
The fourth and final investigation of the health and mineral needs of dairy cows in the Lower Murray Irrigation Area was completed. This work, with funding from the National Heritage Trust, is part of a collaborative program involving scientists from SARDI, CSIRO and Flinders University to investigate the reduction of nutrient load to the River Murray.

Field investigations of the usefulness of milk B12 levels as an indicator of the B12 status of dairy cows was completed. The work was supported by the South Australian Cattle Advisory Group and Dairy SA.

Pigs and poultry
The Australian Pork Ltd funded ‘Reducing airborne pollutant concentrations in pig sheds’ project was completed by the Housing and Environment research team.

An air quality improvement trial was also completed with Ingham Enterprise to fine-tune oil spraying in broiler facilities and promote it as a viable dust reduction strategy. This trial was part of the Rural Industries Research and Development Corporation (RIRDC) funded project ‘Reduction of dust emission from poultry sheds’.

The poultry nutrition research team completed a contract research project on laying hens for Kemin Australia Pty Ltd, a contract broiler growth study for Elanco Animal Health, and a chicken-challenge experiment in conjunction with the University of Adelaide.
They also completed two bacterial challenge studies for Elanco Animal Health, New South Wales, and layer experiments to support the RIRDC project on enrichment of eggs with iron in conjunction with the University of Adelaide. In addition, two apparent metabolisable energy experiments were conducted as part of the Grains Research and Development Corporation Premium Grains for Livestock Program, the apparent metabolisable energy values for faba beans were evaluated for Baiada Poultry Pty Ltd (NSW), and broiler breeder diets were evaluated for Inghams Enterprises Pty Ltd (NSW).

Six digestibility trials were completed by the Pig Nutrition group as part of the feed grains program. Within these trials, 10 grains including wheat, barley, sorghum and rice were processed with the extruder and the digestible energy content of these samples was assessed using cannulated pigs.

A deer nutrition project, ‘Energy and protein requirements of fallow deer under a Mediterranean environment’, was also completed. The final report was delivered to the RIRDC in June 2002.

Analysis of a number of samples was undertaken for clients including the Department of Fisheries WA, Feedworks and Danisco Animal Nutrition. The Nutrition Research Laboratory standardised the Near Infra-red system to offer a commercial service to Adisseo Asia Pacific. Within this service, the Pig and Poultry Production Institute Nutrition Research Laboratory will scan 600–700 samples annually for Adisseo Asia Pacific.

Changes to the Australian Meat Standard to permit post-mortem inspection of carcases by visual inspection only, shown to be equivalent to routine palpation and incision, were negotiated by Australian Pork Ltd with assistance from the Food Safety Research and D Hamilton (seconded from the Australian Quarantine Inspection Service (AQIS)). AQIS has adopted this option in export abattoirs, increasing chain speed and dressing efficiency.

**Food safety**

A national food safety risk profile project was led by the Food Safety Research Program for Meat and Livestock Australia. Food safety research and development priorities were defined across the supply-chain (on-farm, abattoir, further processing, public health) for the red meat industries. The outputs are being used to assist SAFEMEAT develop its food safety research and development plan as well as providing a technical resource for the development of an on-farm food safety certification scheme for the red meat industries that meets international market access requirements.

**SUSTAINABLE SYSTEMS**

**Pastures**

New industry funded projects were commenced in the areas of dryland salinity repair and prevention, pasture cultivar development ( lucerne, annual medics and alternative legumes), rhizobiology research and annual pasture pathology. National leadership was provided in the areas of lucerne breeding, the development and evaluation of annual pasture legumes, and the field-testing of a wide array of plants for salinity control.

New lucerne germplasm, adapted to environmental stresses such as acidity, waterlogging, salinity and grazing, was identified and will form the basis of new cultivars that will improve the sustainability and profitability of pasture and crop production in areas where lucerne is currently not well adapted, but where a perennial pasture plant is urgently required.

New rhizobium, adapted to and forming an effective symbiosis with a range of pasture species in acid soils, was identified and will support pasture based industries and the rhizobium manufacturers once they are commercialised.

**Sustainable farming systems**

A major program to investigate the impact of subsoil constraints to crop production in South Australia and western Victoria, and the merits of improving subsoil conditions was finalised. It is a five-year $7 million program being led by the Department of Primary Industries (Vic.) in collaboration with three farmer groups, the University of Adelaide and the Grains Research and Development Corporation.

An ongoing project investigating tillage techniques to overcome compaction in cropping soils continues to demonstrate exciting productivity increases in a range of environments. This project has
attracted interest across this state and into Western Australia and Victoria and has now expanded to
undertake studies in a wide range of environments typical of the cropping zones of South Australia
and western Victoria. The extent and severity of compaction on Yorke Peninsula and the impact of
controlled traffic systems on soil physical condition is being surveyed in collaboration with the southern
Yorke Peninsula Alkaline Soils Group.

A range of studies continued in 2002–03 to investigate the most effective and efficient methods for
improving the nutrition of broadacre crops. These included nitrogen management techniques to
improve the quality and quantity of wheat; discovery of potassium deficiency within the wheat–sheep
zone of South Australia (the first confirmed record of a response by wheat to potassium fertiliser
outside the high rainfall districts of SA); and the potential of fluid phosphorus fertilisers to improve crop
productivity in the upper north and southern Yorke Peninsula regions.

TARGETS FOR 2003–04

• Continue to investigate the likely extent and severity of potassium deficiency for crop production in
the medium rainfall zone of South Australia; and continue to research the role of fluid fertilisers as
a source of phosphorus, nitrogen and trace elements for both cereal and break crops in the upper
north and southern Yorke Peninsula and Kangaroo Island regions.

• Release at least two new apricot varieties.

• Continue development of new pasture cultivars for seed production in South Australia and
nationally, and their sale on national and international markets.

Strategic priority 2 — INNOVATION INDUSTRY — we promote and
facilitate new and value-adding industry that builds on the States’
knowledge, infrastructure and innovation capability

AQUATIC SCIENCES

Researchers in Aquatic Sciences worked to adapt existing SARDI platform technologies for assessing
soil pathogens for use in environmental monitoring in marine systems. The development of methods
utilising quantitative deoxyribonucleic acid (DNA) assays to assess the environmental performance of
finfish farming represents a world first and has broad potential for application to a range of other
environmental monitoring applications.

An evaluation of the use of manufactured diets as compared to live feeds was successfully completed
as part of the Aquafin Cooperative Research Centre snapper project. A total of 9000 fingerlings were
produced for sale to commercial growers, and 20 000 mulloway fingerlings were reared for use in the
SARDI research project assessing the utility of inland saline groundwater to support the development
of new aquaculture industries.

Ongoing work in the development of spermatozoa cryopreservation techniques in farmed abalone
resulted in nine successful spawnings, which allowed SARDI to experimentally assess equilibration in
cryoprotectants, cooling rates and sperm/egg ratios. The greatest success to date has been 95 per
cent fertilisation for sperm stored in liquid nitrogen for 12 hours.

The development of new pelleted feeds for tuna continued, with current work aimed at developing a
shelf stable diet. Pellets are being manufactured using the SARDI extruder.

CROPS

The University of Adelaide – SARDI Barley Breeding Program makes significant contributions to the
grains industry through research into agronomic and malting quality aspects of barley, and the
development of new barley varieties. This has included the development of a new version of the
successful malting variety Sloop. The new variety, Sloop SA, provides an agronomic advantage to
South Australian farmers, and also builds on the successful export marketing of the original variety.

SARDI and University of Adelaide barley research teams at the Waite Research Precinct are also
world leaders in analysing the complex genetic control of malting quality. This research has resulted in
new techniques to develop elite malting quality barley varieties that will ensure access to premium
export markets by the Australian grains industry.
The bid by the State Government and the University of Adelaide to establish a new Australian Centre for Plant Functional Genomics was successful and the new building to accommodate the initiative has commenced at the Waite Research Precinct. The centre represents a large investment by the Grains Research and Development Corporation, and State and Commonwealth Governments in research and development activity that contributes to the continued growth and success of the grains industry. The large scale of the centre will see it become an international focal point for wheat and barley research, and it will aim to overcome key environmental stresses, including drought, frost and salinity.

The Malting Barley Quality Improvement Program of which SARDI is a member released three new malting barley lines from the University of Adelaide’s Waite program and the Victorian program. Dhow has very high levels of malt extract which will benefit the Australian domestic malting and brewing industries. Sloop SA is a cereal cyst nematode (CCN) resistant Sloop backcross variety with similar malting profile to Sloop in almost all aspects, except an average of 0.3% lower malt extract. It will be binned with Sloop. Sloop Vic is mid to late season maturing, closely related to the variety Sloop, resistant to CCN and offers a malting alternative to CCN resistant feed varieties.

A new milling quality oat, Possum, suitable for the medium and high rainfall locations across southern Australia where CCN and stem nematode are not major problems, has been commercialised and will be released in 2003, providing significant benefits over alternative oat varieties. Key attributes include higher milling yield than other major varieties, significant improvements in grain yield in some key regional zones, improved rust resistance over competitive varieties and improved standing ability.

SARDI canola selections performed well in interstate trials in 2002. Both Triazine tolerant (TT) selections topped the early TT trials with one selected to be promoted into the final stage trials (S4 trials) around Australia. In addition, conventional canola selections were ranked in the top five for yield in early selection trials and have also been promoted into S4 trials around Australia.

A new wheat variety, Pugsley, was released by Australian Grain Technologies Ltd (AGT) of which SARDI is a partner. Pugsley was derived from Frame and Trident and has very high yields like Stylett and Krichauff, combined with boron tolerance and generally good rust resistance.

HORTICULTURE
A new histological technique capable of differentiating rain crack susceptible cherry varieties from cracking tolerant varieties was developed by SARDI in collaboration with CSIRO. This benefits the cherry breeding project which must otherwise rely on rainfall occurring throughout every cherry season to gauge susceptibility–tolerance–resistance to cracking of a range of selections. The study also implicated plasmodesmata in the fruit and their functional state in a particular cherry variety as the underlying cause of cherry fruit cracking.

Contractual agreements were finalised with Bolly Products for the production of the SARDI Fan developed at Loxton Centre, which provides improved coverage at reduced operational energy requirements in vineyard spray applications. An exclusive licensing agreement was signed with Croplands Equipment for the marketing and distribution of the fan. As part of the deal with Croplands, a series of research and development agreements were also finalised to fund the continued development and testing of the fan in other horticultural applications and for technical support and training.

Foliar applications of molybdenum have been shown to significantly improve berry set in Merlot grapes where environmental and production conditions can naturally lead to the poor development of some berries on bunches with significant reductions in yield. Continuation of this project has been funded under a Grape and Wine Research and Development Corporation research and development grant for the next three years to develop precise industry information on application rates and timing.

LIVESTOCK SYSTEMS
Development of a technique designed to measure levels of genetic material in biological samples (qPCR) was facilitated with funding from the Sheep and Beef Cooperative Research Centres, and has become a primary tool in establishment of gene expression profiles and to establish levels of material derived from organisms in samples. The utility of the technique is enhanced by the rapidity of analysis, the small amounts of material required and that quantitative information is provided.
SUSTAINABLE SYSTEMS

Sustainable farming systems

A new program to investigate the feasibility of sourcing feedstock for biodiesel production from brassica crops in the low-rainfall agricultural areas of the state began in 2003 in collaboration with Australian Renewable Fuels Ltd, the Office for Economic Development, SARDI Field Crops, the Department of Primary Industries (Victoria) and PIRSA. A successful outcome from these investigations will mean a new, renewable fuel industry for South Australia and a new crop for low-rainfall farming areas.

Investigations into the feasibility of growing summer crops in the dryland cropping zones of southern Australia commenced. Farming systems built on a mix of summer and winter crops have the potential to improve risk management for the industry by providing new opportunities to control weeds, to break disease and pest cycles, to minimise exposure to extreme and damaging weather conditions, and to reduce the threat of dryland salinity.

The value of new crop geometries on the risks of growing pulses is being estimated in collaboration with the Southern Yorke Peninsula Alkaline Soils Group. Wide row spacings with no till and shielded sprayers are being tested for their impact on productivity, reliability and weed ecology.

TARGETS FOR 2003–04

- Achieve possible changes to barley breeding on a national basis; finalise industry reviews of pulse breeding and the National Field Crop Evaluation and Agronomy Program; consolidate the National Oat Breeding Program, incorporating Western Australia for the first time; and conduct a major review of low-rainfall farming systems research and extension.
- Expand the summer cropping project into a wide range of South Australian environments with support from local farming groups and industry.
- Continue to build the program on biodiesel production and act as the key link between the renewable fuels industry, the agricultural industries, and the research and development sector.
- Introduce, assess and evaluate a wide array of new plants in areas significant to the fight against salinity and, where possible, develop new industries based on plant extracts.
- Undertake multidisciplinary research to improve the environment of urban and peri-urban Adelaide through involvement in the new University of Adelaide Research Centre, the ‘Centre for Urban Habitats’.

Strategic priority 3 — RISKS AND BIOLOGICAL CONTAMINANT THREATS — we successfully manage risks including, biological and contaminant threats, to the environment, production efficiencies and market access

AQUATIC SCIENCES

SARDI took a lead role in the delivery of research programs to support efforts to eradicate the invasive alga Caulerpa taxifolia. A range of potential eradication strategies were offered and a comprehensive review undertaken of work elsewhere in relation to the control of this pest species.

SARDI also conducted work on the distribution of the invasive European fanworm (Sabella spallanzanii) and undertook field programs to evaluate the potential for other invasive species to impact on the health of coastal ecosystems.

CROPS

SARDI is now represented on the Southern Region Steering Group for the Grains Biosecurity Plan managed by Plant Health Australia. The group is over-sighting a process to develop individual crop industry threat summary tables and instigate pest risk assessments for priority pests.

The parasite release program for conical snails progressed well with about 1800 insects released since the beginning of spring in 2002. The parasitic fly was recovered at least one kilometre from the initial release point at one site in Yorke Peninsula providing the first evidence that this species is starting to spread reasonable distances from release points.
A sterile release program for a Medfly outbreak in the Salisbury area was completed; the routine trapping grid throughout this area did not yield any Medfly catches during November or December confirming eradication was achieved. An aerial release experiment for sterile fruit flies in the Salisbury area was coordinated in mid to late October in conjunction with the PIRSA Plant Health Operations Unit. The results suggest that this is a feasible treatment for future suburban outbreaks of fruit flies is certainly technically feasible.

Resurveying for fire ants commenced in spring in high-risk areas (ports, nurseries, transport depots, etc) as part of a national program to ensure that all states, other than Queensland, are still free of fire ants. There has been no evidence of invasion in South Australia.

A survey of lucerne strands in South Australia and Victoria was undertaken as part of a Rural Industries Research and Development Corporation project to update area freedom status for lucerne seed production areas. New protocols are being developed which refine area freedom to ‘place of production’ and include a phytosanitary inspection to detect bacterial wilt in individual paddocks in October–November each year. SARDI will provide diagnostic support to this process on an ongoing basis.

The Root Disease Testing Service processed similar numbers of commercial and research samples for soilborne root diseases as previous years. In general, root disease levels were lower than previous years, but there were instances of significant carryover of take-all and cereal cyst nematode through drought-affected crops.

The first batch of almond bud-wood (originating from material undergoing post entry quarantine (PEQ)) was grafted onto 140 rootstocks at SARDI’s quarantine unit. This provides the Almond Growers Association with the capacity to multiply imported germplasm prior to the material clearing PEQ, reducing the time required to get field trials underway.

A ‘compliance agreement’ between the Australian Quarantine Inspection Service and SARDI was drafted, and will be ratified shortly. This document provides the legal framework under which current and future PEQ activities will operate at the Waite Research Precinct. The agreement is the first of its kind, and will be used as a model for all PEQ facilities in Australia.

HORTICULTURE

Hot water treatment of vine cuttings is widely used in the Australian viticulture industry to assist in controlling the spread of soil borne diseases. Good results were obtained in a Grape and Wine Research and Development Corporation (GWRDC) funded Hot Water Treatment project showing correlation between changing vine respiration rates and probable change in dormancy state for two grape varieties. Research into techniques to measure the dormancy levels in vines through the determination of changed respiratory state was successfully concluded during 2002. Studies with cherries also demonstrated the respiration measurement technique developed in this project may be adaptable for species other than vines. Broad application for all deciduous plants could be possible with further development.

Citrus exports for the 2002 season were again increased over the previous year despite the average smaller navel orange size. Major increases have occurred in export on other citrus types, particularly easy-peelers to the United States. SARDI scientists have continued to play an active role in the support of these initiatives through assistance with market access and disinfestation activities.

TARGETS FOR 2003–04

- Participate in the Weed Risk Assessment strategy to help ensure plants with high weediness potential are not introduced in South Australia while other new plants important in the search for improved sustainability and enhanced production continue to be introduced and evaluated.
- Participate in research to test the chemical properties of a wide range of potential new pasture plants to safeguard against the development of plants with anti-nutritional factors.
**Strategic priority 5 — ECOLOGICALLY SUSTAINABLE DEVELOPMENT — we enhance the capacity of community and industry to integrate, achieve and report against environmentally sustainable development principles**

**AQUATIC SCIENCES**

Work undertaken by Aquatic Sciences focuses on a range of issues relating to the sustainability of South Australia fisheries and aquaculture industries. Stock assessment programs are designed to assess the status of fishery stocks and provide key information to support the management arrangements developed by PIRSA Fisheries. Similarly much of the research in the Aquaculture Program provides information about the environmental performance of aquaculture industries as a basis for informing management and regulatory arrangements. Examples of these programs are given below.

An assessment of the success of fishways as tools to improve the ecological health of the River Murray was undertaken in collaboration with the Department of Natural Resources and Environment, Victoria, and New South Wales Fisheries.

SARDI was contracted to undertake a 12-month study of the Great Australian Bight Marine Park that involved measuring the diversity and abundance of a range of underwater species including fish, corals, sponges and other marine animals. This project is nearing completion, and will position SARDI as a key research provider for management of the park.

Assessment of the spawning biomass of pilchards confirmed that the stock is continuing to recover from the 1998 mortality event and that current fishing levels are sustainable. Egg densities remain high in both southern Spencer Gulf, where the fishery is centred, and the eastern Great Australian Bight, where fishing effort is low. The report was used as the basis for increasing the total allowable catch for 2003 to a record level of 36000 tonnes.

A comprehensive review of the South Australian abalone fishery is being conducted to identify why it has sustained production when most other abalone fisheries around the world have not.

**HORTICULTURE**

With the water restrictions in place for River Murray irrigators for at least the 2003–04 production season there is a demand for information and practical advice on water use efficiency, improved irrigation systems and salinity. Projects in the Riverland, Barossa and Langhorne Creek areas are continuing to provide important information on these issues and clearly define the benefits of techniques like partial rootzone drying and sub-surface irrigation. It is anticipated that much of the information learnt from this work in vineyards can be adopted in other perennial horticultural crops. Flowing from some of this work is also an improved understanding and the identification of further research and development needs to study the long-term sustainability of our land management practices under current horticultural production systems.

**SUSTAINABLE SYSTEMS**

SARDI joined the Cooperative Research Centre for Irrigation Futures. There are 15 core partners with a focus on sustainable irrigation practices, a vital research area for South Australia highlighted by water restrictions caused by drought in the Murray Darling Basin. As part of the State Government’s River Murray Improvement Program, SARDI will build its own capacity in sustainable irrigation research and boost its resources in the Adelaide and Loxton offices.

**Sustainable farming systems**

Investigations into the impacts of the dairy industry on nutrient and salt loads in the lower Murray River are well underway in collaboration with the Lower Murray Irrigation Action Group. Outcomes will be incorporated into community management plans, into best practice packages for the dairy industry and will supply information for developing more efficient water usage. Funding support is from the Dairy Research and Development Corporation.
TARGETS FOR 2003–04

- Research sustainable grazing systems for saline lands to extend more sustainable farming practices that reduce groundwater recharge whilst still providing for economically viable livestock enterprises.
- Participate in extension programs such as the training of agronomists in the benefits of perennial plants, e.g. lucerne, to facilitate the drive for more perennials in the Australian landscape and the move away from continuous cropping which has led to salinity problems across Australia.

Strategic priority 7 — BUILDING COMMUNITY CAPACITY — we build capacity, leadership and global awareness in industry, and rural and indigenous communities

HORTICULTURE
The Postharvest group undertook a supply chain temperature-monitoring project and cold chain handling appraisal project for Transport SA, which was completed by September 2002. Technical inputs on company specific and generic handling manuals were made by SARDI for the pilot Australian Quality Logistics (AQL1) project. This is part of SARDI’s on-going involvement with the South Australian Freight Council and their role in facilitating the improvement of freight systems and exports from South Australia. In addition, SARDI continued to support this group with the production and publication of a wide range of perishable products handling information.

SUSTAINABLE SYSTEMS
Pastures
Involvement in producer networks, particularly in the regional evaluation of innovative pasture options, is building community capacity to adopt more sustainable farming practices and raise awareness of issues associated with dryland salinity.

TARGETS FOR 2003–04

- Continue to lead a research project developing improved lucerne for China and Australia as well as pasture development in the neighbouring countries of Laos and Bhutan. Through associated activities raise awareness and identify export opportunities for Australian seed and hay producers.

Strategic priority 8 — PARTNERSHIPS — we negotiate effective partnerships with industry, rural and indigenous communities, Commonwealth Government and local government for regional and industry development

AQUATIC SCIENCES
Aquatic Sciences continued to source increased levels of funding from partners in the fishing and aquaculture industries, the Fisheries Research and Development Corporation, PIRSA and other government agencies (including the Department for Environment and Heritage), as well as through commercial arrangements.

Staff visited a number of marine research institutions in China during a visit sponsored by the Chinese Academy of Sciences and Dalian Fisheries University. A memorandum of understanding was signed with the Institute of Oceanology (Chinese Academy of Sciences) in Qingdao to provide for staff exchanges. This agreement builds on a similar arrangement with Dalian Fisheries University that has already seen four Masters of Science students work at SARDI over the last two years. Genetic studies will be a key focus including development of molecular technologies and systems for use in marker directed selection of broodstock for developing aquaculture industries.

A final report was completed on SARDI’s work in Vietnam on a project entitled ‘Integrated aquaculture in the highland region of Vinh Phuc Province, North Vietnam’. In addition, a workshop was held in Vietnam to disseminate the research and development results from this project to local researchers, extension personnel and farmers.
CROPS
SARDI initiated talks to join the Western Australian Department of Agriculture’s Oat Breeding program under the umbrella of the National Oat Breeding Program managed by SARDI. This initiative was successfully completed and the Oat Breeding Program has now been restructured to combine the new trust into Western Australia together with the joint management of both the hay and grain components as a single program.

Negotiations were finalised with the Western Australian Department of Agriculture for the creation of a new low-rainfall pea breeding program to service the low-rainfall regions of southern Australia. In the meantime, the Grains Research and Development Corporation instigated a new strategic review of the pulse industry to be completed in late 2003.

Negotiations are being finalised for a southern Australian feed and food barley breeding joint venture based at the Waite Research Precinct with the University of Adelaide, the Grains Research and Development Corporation and the South Australian Grains Industry Trust Fund. A commercial company is also being sought.

Involvement in barley breeding at the Waite Research Precinct is currently being renegotiated with the Malting Barley Quality Improvement Program for another five-year term commencing on 1 July 2003. This program is a partnership between the University of Adelaide, SARDI, the Department of Primary Industries in Victoria, the Grains Research and Development Corporation, Australian Barley Board Grain Ltd and the major malting and brewing companies in southern Australia.

HORTICULTURE
Ongoing liaison for cooperation in the development and implementation of training modules on cold chain handling logistics was undertaken with a Singaporean company, Warehouse Logistics Net Asia, with the assistance of Transport SA and the Freight Councils of South Australia. Three of the directors from Warehouse Logistics visited South Australia and SARDI in August 2002, which resulted in signatures to a letter of intent on cooperation. SARDI’s Chief Scientist Horticulture visited Singapore in late September to evaluate the local situation and explored additional opportunities for cooperation and the expansion of SARDI’s role beyond the scope of the proposed cooperation. A formal agreement on participation in the development, delivery and technical support for a series cold chain logistics training modules is currently being negotiated. A meeting of state agency organisations was held in March 2003 to commence the development of a Cold Chain Centre of Excellence in South Australia linked to the above initiative.

Both Barossa and Riverland Winegrape Technical Groups were formed in the last year with SARDI representation on both groups. SARDI staff have been involved in short technical presentations and discussions of research and development priorities and projects to be managed by these groups.

Loxton Centre has strengthened its ties with the Biological Services Company at Loxton by providing land for the development of additional glasshouse facilities for this company on the Loxton Centre. These facilities will produce parasitic wasps for the biological control of white fly in vegetable glasshouses.

SARDI continued to develop a working relationship with the Ian Wark Institute to provide technical inputs to development of nanotechnology systems that could potentially benefit South Australian rural and fishing industries.

LIVESTOCK SYSTEMS
SARDI continued development of initiatives and collaborative programs with the University of Adelaide through the Livestock Systems Alliance.

Collaboration was undertaken with students in the School of Industrial Design at the University of South Australia towards design of a ‘louse trap’ for detecting lice.
SUSTAINABLE SYSTEMS

Pastures
As lead agency for several national and one international pasture research projects SARDI is an important broker of research investment involving state and Commonwealth agencies, rural industry research corporations and commercial seed companies. These projects span annual and perennial pasture germplasm and cultivar development activities.

Sustainable Farming Systems
The Sustainable Farming Systems unit is involved in a national program to develop a decision support system for the management of fertilisers in intensive and extensive pasture systems. This program involves six state departments of agriculture, the national fertiliser industry association, four fertiliser companies, the Dairy Research and Development Corporation and private consultants.

TARGETS FOR 2003–04
- Establish a Cold Chain Centre of Excellence with a significant participation by SARDI.

Strategic priority 9 — ACCESS TO INFORMATION AND SERVICES — we improve industry and regional access to information that supports better business decisions

AQUATIC SCIENCES
Staff from both the Environment and Aquaculture programs participated in the Aquafest conference and the first annual conference of the Cooperative Research Centre for Sustainable Finfish Aquaculture (Aquafin CRC) in Hobart. Seven SARDI staff presented papers during these events, which broadly covered research on tuna nutrition and environmental sustainability.

SARDI’s Chief Scientist, Aquatic Sciences, attended meetings of the Prime Minister’s Science, Engineering and Innovation Council advisory committee on marine biodiversity, the Australian Fisheries Management Forum Research sub-committee, the Aquaculture Advisory Committee, the South Australian Fishing Research Advisory Board (Environment Member), the Marine Managers Forum and the Caulerpa taxifolia eradication taskforce.

CROPS
The 2002 Eyre Peninsula Farming Systems Project research summary was printed and distributed to all farmers on Eyre Peninsula and to advisers and researchers. Minnipa Agriculture Centre staff attended and presented at Grains Research and Development Corporation updates in Cleve and Ceduna, the Minnipa Agricultural Centre Herbi-diagnostic days, the Hart and Cleve Field Days, and a ‘Farmer’s Camp’ at Wellington. In addition, 22 farmer meetings were held and the outcomes reviewed to develop the new work program for the Eyre Peninsula Farming Systems Program in 2003.

New crop variety brochures funded by the South Australian Grains Industry Trust were compiled and covered Kukri wheat, Sloop SA, Torrens and Dhow barley, Possum oats, Jindalee lupins, Credit, Treat and Tickit triticale. In addition, the 2003 SA Crop Variety sowing guide was compiled, funded by the Grains Industry Trust and distributed to 8000 growers state wide by AusBulk.

The SA Field Crop Evaluation Program post harvest report 2002–2003 was developed and made available to agribusiness, consultants and scientific collaborators. Publication of other results were included in the PIRSA crop harvest report 2002–03 (3000 copies to farmers state wide), Minnipa Research results booklet and the Southern Yorke Peninsula Alkaline Soils Group Research Handbook.

Presentations were made by staff and displays were set up at various research field days including Minlaton, Hart, Mintaro and Minnipa and other farmer bureau meetings, as well as major speaker roles at the Grains Research and Development Corporation Cropping Systems Update, Crop Science Society Meetings, farmer Agricultural Bureau meetings and agribusiness consultant meetings. A Crop Improvement on Eyre Peninsula display was set up at the Eyre Peninsula Machinery Field Days at Cleve.
SARDI entomologists presented information at a series of pulse workshops at Balaklava, Crystal Brook and Maitland in late July 2002. They also gave presentations at Agricultural Bureau meetings, Grains Research and Development Corporation Updates at Cleve, Ceduna, Kadina, Murray Bridge, Adelaide and Kingston, and gave a 12-lecture course on Pest Control in Environmental Health at Flinders University.

Entomology staff attended the annual commissioners’ meeting of the Australian Plague Locust Commission, a field day at Robe, a National Workshop on Canola Pest and Diseases, the Annual Scientific Conference at the Australian Entomological Society, a field day at the Southern Yorke Peninsula Alkaline Soils Group, a Grains Research and Development Corporation Investment Plan meeting, a Citrus Integrated Pest Management Workshop and the Lentil Focus Conference. They also met with the South Australian Grains Industry Trust, and attended the Snail Advisory Committee meeting.

The Diamondback Moth team hosted an annual national project meeting in Adelaide in August 2002. The team and their collaborators produced a National Integrated Pest Management Brassica Newsletter, which was circulated to all growers and consultants in the country.

SARDI cereals staff attended a Rural Industries Research and Development Corporation Fodder Workshop, the Grains Research and Development Corporation Premium Grain for Livestock Meeting, a Rural Industries Research and Development Corporation Meeting and the Australian Fodder Industry Association Annual Meeting. Other conferences and workshops attended were the Australasian Plant Breeding Conference, the National Oat Workers Meeting and a tour in Western Australia to summarise the SARDI Oat Breeding Program’s activities for 2002 and inspect oat plots from Mount Barker to Williams.

SARDI pathology staff attended an International Conference on Precision Agriculture in Minnesota and a national workshop in Sydney. SARDI is the only group worldwide integrating root disease information into precision agriculture and has the potential to be a leader in this area.

Pathology staff assisted with the organisation of the 3rd Australasian Soilborne Diseases Symposium and concurrent Nematology Workshop (scheduled for February 2004). Posters and papers were presented at the International Congress of Plant Pathology in Christchurch and the Australian Plant Pathology Symposium in Adelaide.

Quarantine staff attended the South Australian Plant Health Meeting, the Post Entry Plant Industry Consultative Committee Meeting, and a meeting between the Victorian Department of Natural Resources and Environment (Horsham) and SARDI on the issue of managing post entry quarantine relationships more effectively. Agreement was reached on a new system for importing, processing, and integrating Grains Research and Development Corporation funded pulse imports.

HORTICULTURE

SARDI’s Chief Scientist Horticulture attended three meetings of the National Horticulture Research Providers Network throughout the year. This group continues to provide an effective communication environment and allow for inputs to a broad range of important strategic issues related to horticulture industries in Australia. The Chief Scientist also presented a paper on “Optimising post harvest technology to ensure delivery of high-quality produce to the consumer” at the Lloyds Daily Commercial News Cold Chain 2002 Conference. He also attended the Victorian Department of Primary Industries Horticulture Program Leaders meeting to discuss potential collaborative activities.

A handling protocol for the sea freight shipment of cherries to export markets was developed by SARDI (based on its cherry research and development projects) with inputs from key industry packers and exporters. The protocol will be monitored during the coming cherry season to allow for further adjustments in the following year.

SARDI is represented on a newly established state public health nutrition network established to promote the greater consumption of fruits and vegetables as part of a healthy diet and lifestyle.
LIVESTOCK SYSTEMS
SARDI’s Chief Scientist and several staff from the Livestock Systems group attended the International Embryo Transfer Society meeting in New Zealand. A one-week intensive Reproductive Technologies course was also presented to University of Adelaide students, and discussions with major funding agencies were held about livestock research and development programs.

Dairy
Staff attended and presented at the Australian Society of Animal Production, a workshop at Flaxley on the management of pasture under irrigation, and at the Sharefarmers of the Year Award Meeting, on ‘Benefits and penalties of over-sowing’. Staff from Flaxley also attended dairy farmer discussion group meetings at Mount Jagged, Mount Compass and Mount Gambier, and a variety of planning meetings initiated by the Dairy Research and Development Corporation.

Findings from the gross margin analyses for the different stocking densities in the Flaxley Farmlets Trial were released.

Staff at Flaxley assisted Meat and Livestock Australia in preparing Meat Safety Hazard Analysis Sheets and the Elsevier publishing company in preparing an Encyclopaedia of Meat Science.

The Flaxley Innovation Day was held in March 2003. There were two invited presentations from dairy farmers in Victoria. The first was on a new 1000 cow indoor unit, and the second on a robotic milking system. There were also eight concurrent sessions including work conducted at Flaxley, Roseworthy, the Murray Swamps and the South East dairying region.

Meat and wool
The Selection Demonstration Flock Field Day was held at the Turretfield Research Centre with approximately 200 sheep breeders, classifiers, sheep breeding consultants, other industry representatives, lecturers and students in attendance. Sheep were on display from the selection flocks at Turretfield and the fine wool flock was on display at Roseworthy. A newsletter containing proceedings of the day, and a report of the year’s activities and results was mailed to approximately 700 people Australia wide.

Staff attended and presented at the Elders ‘Fibre to Fabric’ wool producer field days and the Wool Industry Science and Technology Conference, and provided an update of research at a seminar on ‘Exotic sheep and fibres’ convened for the Federation of Australian Wool Organisations. Staff also attended the Wool Industry Science and Technology Conference, a workshop to further develop the national protocols for the Sustainable Grazing on Saline Lands project, a Salinity Cooperative Research Centre update meeting, and the inaugural Wool Industry Science and Technology Conference.

The whole salinity team, including staff from the pastures group, took part in a display at the South East Field Days at Lucindale in March. These field days attracted a record crowd of more than 26000 people over the two days, resulting in a good level of interest in SARDI’s ‘Salt on Your Farm’ display.

Beef
The ‘Best Practice Dairy Beef’ manual was revised ready for re-publication and the reformatting of Southern Crossbreeding data was commenced.

Meetings were held to look at the delivery of cattle breeding and management courses in conjunction with the University of Adelaide and PIRSA Rural Solutions. SARDI staff attended the Australian Society of Animal Production biennial conference and the Southern Australian Beef Research Committee meeting.

Staff presented at the Lucindale Field Days to promote Struan as part of the Cooperative Research Centre for beef quality.

The technograzing system at Struan continued to attract attention at the Grassland Society Annual General Meeting conducted at Struan.
Biochemistry
Staff attended industry-funded workshops to define national research priorities in sheep nutrition – parasite interaction, integrated parasite control, modelling and deficiencies in ecological data, and genetic resistance in sheep to internal parasites. Presentations were made in the Animal Health and Nutrition program at the inaugural Wool Industry Science and Technology Conference. Other meetings attended included the Southern Australian Beef Research Council and the South Australian Beef Development Team meeting.

Reproduction
SARDI staff attended and presented at the International Embryo Transfer Society meeting in Auckland, the Asian Society of Animal Biotechnology, the South African Semen and Embryo Congress, the Canadian and American Embryo Transfer Associations and presented to the Dairy Industry Development Board on recent developments in reproductive technologies.

Pigs and Poultry
The participation of 70 plus delegates representing all major sectors of the pig industry and seven high-quality international speakers were secured for the ‘Precision pig farming practices’ workshop.

Staff from the Pigs and Poultry unit attended the Xth International Congress of Asian–Australasian Association of Animal Production in India, an Australian Pork Limited meeting, an international conference ‘Perspectives in pig science’ in the United Kingdom, an Odour Workshop, the 7th World’s Poultry Science Association (WPSA) Asia-Pacific Federation Conference, the 5th Australasian Dietary Fibre Workshop in New Zealand, the Australia Poultry Symposium, and the Grains Research and Development Corporation Premium Grains for Livestock Program.

The first national ‘Precision livestock farming (poultry)’ and the second national ‘Precision livestock farming (pig)’ workshops were held in November 2002, both organised by SARDI, Australian Pork Limited and the National Centre for Engineering in Agriculture.

A poultry vaccination training manual for the egg program of the Rural Industries Research and Development Corporation was completed. Industry reported that ‘the manual should prove to be a very useful and practical tool for the industry to improve consistency in vaccination standards in Australia and worldwide, and reduce losses from disease’.

Sustainable Systems
Pastures
All staff were involved with field days and paddock inspections across the state including Hart Field Day, Southern Yorke Peninsula Alkaline Soils Group annual field day, Lower Murray Swamps Action Group seminar and workshop, and Birchip Cropping Group Expo.

A number of staff were invited to present papers at national and international conferences.

SARDI was the principal organiser of the 13th Australian Nitrogen Fixation Conference at Glenelg in September 2002. This event attracted 65 scientists from across Australia and overseas, and included a visit to the Waite Research Precinct where a variety of Pasture group sites were visited.

The SARDI Pasture group launched a successful series of pasture information sheets. These will be enhanced in 2003–04 with the release of sheets on lucerne cultivars.

Sustainable Farming Systems
Staff from the Sustainable Farming Systems unit are in strong demand by industry and community groups for presentation of the latest developments in broadacre farming systems and intensive pasture production for the dairy industry. Many written and oral presentations were made throughout the year, including at international conferences in England, New Zealand, Thailand and South Australia. They also presented at field days in South Australia, Victoria and Western Australia, and through a wide range of written and electronic media (both in formal scientific literature and popular media).
Strategic priority 13 — WE BUILD COLLABORATIVE RELATIONSHIPS WITH OTHERS — our success depends on building and maintaining our relationships with clients, stakeholders and the community

AQUATIC SCIENCES

Aquatic Sciences has maintained or established a wide range of research partnerships including working with other agencies to improve the understanding of coastal marine resources, taking a lead role in the Aquafin Cooperative Research Centre, establishing linkages with international partners (particularly the Chinese Academy of Sciences) to access additional research expertise, and leading South Australian programs funded by the Fisheries Research and Development Corporation.

SARDI was a co-investigator, with the Australian National University and the National Oceans Office, in the AUSCAN investigation of the Murray Canyons south of Kangaroo Island, on the French research vessel, *Marion Defresnaye*, where SARDI staff undertook the role of collecting biological and oceanographic samples.

CROPS

SARDI staff visited the International Maize and Wheat Improvement Centre in Turkey for planning of the wheat program in the second-round Cooperative Research Centre Molecular Plant Breeding. SARDI’s role will focus more on germplasm development and early generation breeding in collaboration with the Improvement Centre.

Two Chinese scientists (Mr Yan and Dr Guo) visited SARDI for eight weeks as part of a Grains Research and Development Corporation funded project on *Pyrenophora seminiperda*. The project was funded until March 2003 and resulted in a report to the Chinese government.

SARDI demonstrated that three bacteria isolated from disease suppressive soils reduces Rhizoctonia, take-all and Fusarium crown rot in glasshouse bioassays, when the three bacteria were inoculated onto wheat together. This observation will form the basis of a new collaborative project (TRINOC) with the Shandong Academy of Agricultural Sciences, SARDI, and CSIRO Land and Water, and is funded by the Grains Research and Development Corporation Soil Biology Initiative.

Staff from the Entomology unit visited Western Australian Citrus Packing sheds and spoke with industry representatives and packers on postharvest issues in Western Australia in October 2002. Staff also travelled to Perth to extend the results of the Virginia Integrated Pest Management project to Western Australian Vietnamese vegetable growers. They were well received and the Western Australian growers have requested that some ongoing links be established with the local project.

HORTICULTURE

SARDI has continued an active participation in Riverlink with the program leaders for the tree crops and sustainable systems areas coming from SARDI staff. This organisation continues to provide important linkages and liaison with the other research agencies, with staff and facilities based in the Riverland–Sunraysia regions.

Staff from the Horticultural group attended the International Plant Pathology Conference in New Zealand; several new international project initiatives will be established from networking at the conference.

LIVESTOCK SYSTEMS

The appointment of a new Chief Scientist in the Livestock Systems group aided collaborative efforts in consolidation of biomolecular programs in support of wool and meat production, and the strategic development of the South Australian Livestock research and development platform.

Two scientists from the European Union visited Flaxley to discuss the causes and control of contamination of beef carcasses with spinal cord and brain material. The interest is in avoiding contamination with bovine spongiform encephalopathy prions. A SARDI staff member was invited to attend a workshop in Spain which will focus on this topic.
The *Dairy Beef: Best Practice Manual* was converted to CD format for Meat and Livestock Australia and for inclusion on the web. This attracted the attention of a Chinese company wishing to put cattle onto a 30000-hectare property in Shandong Province and may lead to joint projects.

SARDI staff visited the China Agricultural University, Beijing, to provide technical instruction and to consolidate the future relationship between the university and SARDI. The first shipment of ovine embryos to the university was completed.

Professor C Wathes (Silsoe Research Institute, United Kingdom) visited the Pig and Poultry Production Institute during 2002 working on collaborative research projects with SARDI staff.

Ms J Pandi from the National Agricultural Research Institute, Papua New Guinea, undertook three weeks of intensive training in the design and conduct of apparent metabolisable energy experiments as part of the Australian Centre for International Agricultural Research project titled ‘Poultry feeding systems in Papua New Guinea’. In addition, SARDI supplied custom-built cages and staff oversaw the commencement of the first bioassay at the Labu research centre in Papua New Guinea.

The Housing and Environmental group successfully completed a contract research project for the Hong Kong based CK Life Sciences company. The objective of the experiment was to assess the effect of a microbiological product on the odour emission rates of aerobic ponds.

**SUSTAINABLE SYSTEMS**

**Pastures**

SARDI staff led a major plant germplasm collection mission to eastern Kazakhstan in 2002 involving scientists from South Australia, Tasmania, Russia, China and Kazakhstan. The mountains, grasslands and deserts visited yielded a very diverse array of plant species that will be included in future evaluation and breeding programs undertaken by the Pasture group. Unlike Mediterranean areas, more commonly visited for collections, the forage plants of eastern Kazakhstan are predominantly perennial. Current research directions are targeting the development of perennial plants to alleviate the spread and severity of dryland salinity in Australia.

The Australian Centre for International Agricultural Research project ‘Lucerne adapted to adverse environments in China and Australia’ achieved a milestone with SARDI scientists and Chinese collaborators visiting and reviewing project field trials in Inner Mongolia, Gansu, Shandong and Beijing Provinces as well as an associated project site in the highlands of Laos. Lucerne is looking very promising at these sites and the international lucerne research collaboration is progressing well. Germplasm, ideas, results and new screening techniques are being developed and shared by the partner countries for the benefit of all.

**Sustainable Farming Systems**

Collaborations have been developed with more than 10 farmer-led improvement groups within South Australia and Victoria and ongoing projects are in place with all these groups. SARDI provides research and development expertise and infrastructure to these groups, and the groups supply SARDI with topical priorities for investigation and dynamic pathways for research outcomes to be conveyed to, and adopted by their communities.

The Sustainable Farming Systems unit is also contracting to a research team at Flinders University who are developing *Streptomyces* seed dressings for the control of cereal root diseases. Flinders University has expertise in microbial culturing and bio-assaying. SARDI undertakes field trials on their behalf and collectively SARDI and Flinders University measure the value of microbial inoculants to control major cereal root diseases under commercial conditions in a range of cropping environments.

**TARGETS FOR 2003–04**

- Improve networking with the University of Adelaide and commercial service providers (e.g. Wesfarmers, Serve Ag).
- Lead cooperative research centre and other industry-funded research projects in pasture plant evaluation, germplasm introduction and seed multiplication, pasture plant breeding, rhizobiology and pathology.
MINERALS AND ENERGY

Mineral Resources
The Mineral Resources Group is a key group for facilitating mineral exploration and development, and is focused on increasing the prosperity of South Australians by ensuring responsible development of South Australia’s mineral resources within a sustainable framework. It provides geoscientific and specialist services as part of a process to acquire and update geological, geophysical and engineering data. The group is also responsible for industry regulation, legislative development and review, policy development and provision of advice.

Strategic priority 1—INDUSTRY DEVELOPMENT — provide support for industry and regional development that focuses on global market opportunities
TEISA 2020
The key aims of the TEISA 2020 targeted exploration initiative program implemented in July 2002 are to:
- address significant knowledge gaps in key areas
- promote new and/or credible under-utilised exploration technology
- promote key prospective areas
- improve access and delivery of geoscientific information
- produce outputs likely to be taken up by clients.

TEISA 2020 projects are reported on as part of the projects discussed below.

GEOSCIENTIFIC INFORMATION MANAGEMENT
State spatial information data package
A new state-wide spatial information (GIS) package with over 60 layers provided for interrogation has been completed, providing mineral explorers with the best available data and improving the chances of mineral discoveries in South Australia. It is available in both ArcView and MapInfo formats and includes newly compiled geochemical, drillhole and depth to basement data, improved resolution imagery and is provided on DVD.

Company exploration report scanning (TEISA 2020)
The company exploration report scanning project involves digital capture of all appropriate company technical data into a suitable format for fast and efficient retrieval by mineral industry clients, as well as ensuring secure archival storage and backup. The data are accessible online via the South Australian Resources Information Geoserver (SARIG). Upon completion of this project in 2006 there will be approximately two million items for search and download. This project will enable swift research for mineral explorers and is hoped to fast-track the uptake of exploration licences. At the 30 June 2003, 354,062 pages of reports, maps and figures were available.

State reprocessed geophysical products.
A new suite of reprocessed high-resolution state-wide geophysical products were completed and made available during the 2002–03. These include new prospect scale:
- total magnetic intensity image
- Bouguer gravity image
- depth to magnetic basement
- first vertical derivative
- first vertical derivative with pseudo drape
- uranium, potassium, thorium ternary image.
Compilation of the state tectonic map has commenced with the collation of updated data sets. The map is approximately 90% complete and a target date of November 2003 has been set for its release. This product will be available in a digital format through state spatial information data sets and as a hardcopy product.

**MUSGRAVE BLOCK**

The Musgrave Block holds great mineral potential and is under explored as there was no mineral exploration (apart from precious stones prospecting) between 1981 and 1998. PIRSA has been negotiating with traditional owners and the Anangu Pitjantjatjara (AP) Land Council to begin a new phase of mineral exploration in this highly prospective area of South Australia.

The MANN bedrock drilling program within the Pitjantjatjara Lands, the first carried out by PIRSA in more than 30 years, was completed in early 2003. Drilling followed two years of negotiation with traditional owners and the AP Land Council and 46 holes were drilled (2282 metres of reverse circulation and 304 metres of diamond core). This reconnaissance drilling was designed to obtain samples of fresh bedrock across the areas that PIRSA had previously flown detailed airborne magnetics and radiometrics as part of the TEISA program. The program demonstrated for the first time the nickel potential of the Giles Complex rocks in South Australia and further enhanced the mineral prospectivity of the area.

The Australian Geological Convention Musgrave field trip, held in July 2002, attracted 24 participants of whom 14 were from the mineral exploration industry. The field trip was a major success and was the result of the trust built with the AP and Central Land Councils.

A report completed on the basement geology within the Pitjantjatjara Lands, which uses geophysical data collected during SAEI and TEISA exploration initiative surveys, will assist mining companies in mineral deposit modelling and targeting of prospective horizons in an area of complex geology. In addition, an extensive atlas of geoscientific images was prepared by PIRSA for mineral explorers to highlight the data held within the spatial information database.

**CURNAMONA PROVINCE**

*Broken Hill Exploration Initiative*

The Broken Hill Exploration Initiative (BHEI) has been enhanced with the development of a strategic plan and the commencement of a collaborative research program involving PIRSA, universities throughout Australia, New South Wales Department of Mineral Resources and Geoscience Australia with an aim to increase mineral exploration in the southern Curnamona Province.

*Willyama architecture and mineral potential*

Geological mapping targeting key areas of mineral prospective rocks in the Olary and Broken Hill Geological Domains, continued in the Mingary, Billeroo, Walparuta and Morialpa areas. Mapping was completed in the Radium Hill North area. A study of metamorphic grade indicators across the southern Curnamona Province was completed. CSIRO has almost finished processing ASTER remote sensing data to assist geological mapping in the region.

A short geological mapping program was completed in the Nackara Arc – Oodlawirra area as a training and process mapping exercise for PIRSA geologists and to investigate the mineral potential of the area.

Several talks and posters on aspects of Curnamona Province geology and mineralisation were presented at the 16th Australian Geological Convention held in Adelaide in July 2003.

*Curnamona tectonic history*

In collaboration with the New South Wales Department of Mineral Resources and Geoscience Australia, a new program of radiometric age determination is underway to further develop understanding of tectonic and mineralising history. Three PIRSA supported ARC collaborative projects, Magma, Metamorphism and Mineralisation (Adelaide University), Early Tectonic Evolution (Monash University) and Fluid Processes (Adelaide University) have commenced. PIRSA is also sponsoring a study by the University of Iowa of possible extensions of Broken Hill mineralisation
environments into South Australia. An Olary field workshop was held to boost PIRSA and South Australian mineral explorers understanding of the geology of the Curnamona Province.

**Sedimentary cover and regolith studies**
Understanding of the geology of the Murray Basin, an area that has potential for palaeochannel and mineral sands deposits, was improved following geological interpretation based on 2001–02 drilling results. A report and *MESA Journal* articles were published. An investigation of palaeochannels in the Callabonna Sub-basin is underway and regolith and basement mapping is continuing in several areas of the Willyama Inliers.

**Pine Creek kimberlite (TEISA)**
The final project report on the Pine Creek kimberlite was completed and includes information on dispersion of indicator minerals to assist diamond explorers in South Australia.

**Proterozoic sedimentary copper**
The Australian Mineral Industries Research Association collaborative three-year Proterozoic Sedimentary Copper project, aimed at developing better exploration models, is nearing completion.

**URBAN AND REGIONAL GEOLOGY**
An Urban and Regional Geology program team was established during the year to address geology and mineral resource aspects of planning and tenement matters, and provide mineral commodity, deposit and mineral potential information to the community.

Comments were provided on numerous tenement applications and planning proposals. Technical information on dimension (building) stones in South Australia is being compiled for use as web information and possibly as part of a physical stone library for potential consumers. The second edition of the *Dimension stone in South Australia* CD was produced and has been used to promote dimension stone to the building industry.

**GAWLER CRATON Conference**
A two-day conference on the Gawler Craton was hosted in December, focusing on collaborative research between PIRSA, Geoscience Australia and the South Australian mineral industry. There were 135 registrants including several from major gold producing companies not currently active in South Australia. A drill core display included samples from the copper and gold prospect at Prominent Hill, the Challenger gold deposit, and a range of other mineralising systems on the Gawler Craton.

**Harris Greenstone Belt (TEISA 2020)**
TEISA geological research defined the Harris Greenstone Belt of the Gawler Craton as having significant nickel and gold prospectivity, and resulted in the number of exploration licences for nickel increasing to 25 in 2002. The final report will be completed at the end of 2003 and includes results from two drilling programs aimed at defining the stratigraphy within the belt and testing the potential for nickel and gold mineralisation, and effective methods of exploring through cover with emphasis on the regolith and palaeochannel systems. A preliminary spatial information database has been produced and is being updated with the latest geophysical and remote sensing images, a new solid geology interpretation and results of sub-projects on the mineral potential, landscape evolution and tectonic framework.

**Solid geology of the Gawler Craton**
A solid geology interpretation for the Gawler Craton from TEISA airborne geophysical data, completed in collaboration with Geoscience Australia, provides complete coverage for the first time and incorporates new data from the Stuart Shelf, Moonta–Wallaroo, Mount Woods Inlier and the Coober Pedy Ridge.

**Central Gawler Craton gold province**
A new project to on the newly defined central Gawler Craton gold province commenced and is aims to characterise the known gold occurrences within the province and determine if they are part of one
large mineralising system. Concurrent research will take place on the regolith to determine the most effective method of exploring through cover. Collaborators on the project are Geoscience Australia, the Collaborative Research Centre for Landscape Environments and Mineral Exploration, and the University of Adelaide.

**LINCOLN map and explanatory notes**

The LINCOLN 1:250 000 scale geological map and accompanying explanatory notes have been published and provide information on mineral distribution in the area to aid explorers. The map was launched by the Minister for Minerals and Energy in Port Lincoln in September.

**MINERAL RESOURCE DEVELOPMENT**

**State Resources Plan**

The State Resources Plan, a government initiative implemented in response to the Resources Task Force, has been in place for three years. It aims to at least double the real value and output of the mining and minerals processing sectors to the state’s economy by the year 2020, directly generating economic activity, employment and infrastructure development. The priority objectives are to:

- Improve access to land for resource developments.
- Stimulate vibrant resource exploration and investment through the provision of geoscientific information, advice and expertise.
- Ensure a supportive, responsive government through the development of an effective, efficient legislative and policy framework.
- Ensure effective planning for infrastructure development.

**Minerals industry performance**

The Minerals Industry ScoreCard has been developed by PIRSA to undertake detailed comparative assessments of South Australia’s minerals industry performance; from exploration licence, to construction, production and onto refinement processing. The ScoreCard analyses over 25 mineral commodities, showing volumes, prices and values along the chain from exploration to capital expenditure, production, royalties, processing and overseas exports. It measures the government expenditure on pre-competitive geoscience data (primarily TEISA 2020 and PIRSA Geological Survey programs) and also looks at associated indicators of economic performance such as employment and capital investment.

South Australia’s mining and petroleum enterprises directly employ approximately 4000 people. In addition, associated service sectors as well as the related metal manufacturing sectors involved in further mineral refining employ another 5000 people. The total value of mineral exports in 2001–02 is expected to be just over $1 billion, private new mining capital expenditure (new buildings and machinery) will reach $270 million and company exploration expenditure is estimated to have reached $30 million. Royalty payments to the state for 2001–02 will be over $33 million. In addition to the direct contribution of the mining industry to South Australia’s economy, indirect contribution, particularly from the metals and other manufacturing sectors are significant, with refining and beneficiation valued at around $965 million.

**Beverley Mine**

Beverley uranium mine completed its first year of operation during which time Heathgate Resources were involved in the independent Bachmann Review of the South Australian uranium industry. During 2002 Heathgate Resources paid its first royalties to the state and Aboriginal communities, and commenced the first major exploration program in the area for almost 30 years, with the objective of increasing the size of the known reserves.

**Olympic Dam Mine**

The rebuild of the solvent extraction portion of the Olympic Dam plant is due for completion shortly. Plans for the expansion of the mine, possibly to an open-cut operation, were released in October 2002. The government has announced the establishment of a task force to facilitate the expansion.
Challenger Mine

Challenger commenced gold production during the first half of October 2002 at an operating cash cost of approximately $278 per ounce. Head grades are expected to average 5.9 grams per tonne. The $17.8 million project is expected to recover 105 000 ounces of gold during its initial 20-month Stage I operating period as an open cut mine, before making the transition to underground operations.

Construction and development of the mining complex was completed during 2002 and includes a processing plant, laboratory, power station, borefield and other services, as well as a mine village and airstrip. The project has provided 75 permanent on-site jobs.

In September 2002 Dominion commenced a major drilling program at the Challenger deposit designed to provide detailed information for the underground feasibility study and further data on the long-term potential of the deposit.

Leigh Creek Mine

Coal production at the Leigh Creek Mine continued at a rate above 3 million tonnes per year with around 15 million bank cubic metres of overburden being removed. Plans are being developed to lift coal output to around 3.8 million tonnes to fuel the Playford power station currently being refurbished.

TARGETS FOR 2003–04

- Complete the MANN area drilling report.
- Begin geological mapping within the Pitjantjatjara Lands to provide a framework for future mineral exploration.
- Commence a desktop study on the mineral prospectivity of the Musgrave Block.
- Complete a new Curnamona Province spatial information data package, solid geology/tectonic interpretation, Billeroo North and Mingary South basement mapping, Radium Hill North regolith mapping, reports on metamorphism, Mingary basic rocks and Olary field guide.
- Implement the strategic plan developed for the Broken Hill Exploration Initiative to encourage mineral exploration in the region.
- Complete a metallogenic model, tectonic framework and a spatial information CD with detailed information on tectonic, metallogenesis and landscape evolution for the Central Gawler Gold Province to encourage gold exploration.
- Publish MAITLAND (October 2003) and KINGSCOTE (April 2004) 1:250 000 scale geological maps.
- Complete a dimension stone technical information library to stimulate the market for South Australian building stone and to encourage exploration for further deposits.
- Complete company report scanning and publish the resultant database.
- Complete the state 1:2 million scale tectonic map.
- Facilitate access to regions with various access restrictions, focusing on the Woomera Prohibited Area and national parks and reserves.
- Revise and update the South Australian mineral explorers guide and include a flowchart of government approval processes.
- Identify strategic prospective zones and undertake prospectivity assessment of key regions.

Strategic priority 2 — INNOVATION INDUSTRY — promote and facilitate new and value-adding industry that builds on the States’ knowledge, infrastructure and innovation capability

SAMAG magnesium metal project

Magnesium International Ltd now intends to build its magnesium treatment plant, located near Port Pirie, in two stages, in order to reduce the initial capital requirements. The first stage will have a nameplate capacity of 41 000 tonnes of magnesium per year, and the second will bring the total capacity to 84 000 tonnes per year.
The company has concluded an agreement with CSIRO to produce magnesium sheet metal using twin roll casting technology developed by CSIRO. Production will start with a pilot plant and progress to a full-scale production plant as soon as specified production milestones are met. In an effort to enhance the project economics, the company is also evaluating the suitability of alternative magnesite deposits at Collaby Hill, nearer to the Port Pirie plant site.

**Honeymoon uranium project**
Southern Cross Resources Australia Pty Ltd has gained all necessary approvals to develop the Honeymoon uranium mine using in situ leach technology. Plans to develop the project are subject to securing senior project financing before proceeding to the construction of a commercial plant. The company is concentrating on delineating further uranium resources, to enhance the financial appeal of the project. Production is planned to commence twelve months after financial commitment is secured.

With a mine life of up to 30 years, the project will provide direct employment for around 80 people and jobs in service and supply industries for at least 120 more. It will realise monetary and other benefits for native title claimants, generate around $45 million per year in export revenue, and make substantial contributions to government revenues.

**Mindarie heavy mineral sands project**
Southern Titanium have submitted applications for eight mineral leases over heavy mineral sand strandline deposits. It is expected that leases with detailed conditions will be offered in July 2003. These proposed leases contain reserves sufficient for eight years of production, providing the necessary tenure certainty for financing. The total mineable reserve is now 2.75 million tonnes of heavy mineral, contained within 69 million tonnes of ore at 3.99 per cent.

**South Australian Steel and Energy project**
The South Australian Steel and Energy project is a joint venture between Aulron Energy (90 per cent) and Ausmelt with plans to ultimately produce 2.5 million tonnes of pigiron per year, utilising iron ore and coal resources located south of Coober Pedy. Following a business case review Aulron announced it is seeking a strategic funding partner to progress the project to a full-scale commercial operation.

A newly formed subsidiary of Ausmelt, AusIron Development Corporation Pty Ltd, became the sole vehicle for development, marketing and commercialisation of the AusIron technology, and has gained ownership of the demonstration plant at Whyalla.

**TARGETS FOR 2003-04**
- Mindarie heavy minerals project: achieve all required government approvals.
- SAMAG magnesium metal project: complete negotiation of project financing.
- Honeymoon project: reach financial closure for development.

**Strategic priority 3 — RISKS AND BIOLOGICAL CONTAMINANT THREATS — successfully manage risks including, biological and contaminant threats, to the environment, production efficiencies and market access**

**Brukunga Mine site**
Stage 1 Diversion of Dawesley Creek water past the mine site was completed on 13 June. Procurement of the process design and construction of a supplementary acid-water treatment plant, to further reduce heavy-metal pollution in Dawesley Creek to achieve water quality suitable for livestock watering and irrigation use, was also completed.

Successful vegetation of the tailings storage facility at Brukunga resulted in a 60 per cent decrease in the volume of acid seepage, which improved environmental conditions and reduced treatment requirements.
**Abandoned mine sites database**

Editing of the Mine Summaries Database and digitising of associated mine location plans is about 70 per cent completed. This data will be merged and loaded into PIRSA’s minerals deposit database (MINDEP) by October 2003, providing the first comprehensive database of mines and quarries in South Australia. MINDEP was redesigned to enable it to be the point of entry for information on abandoned mines and related hazard data in South Australia with links to other databases containing relevant data.

Field reporting forms and criteria were developed to assess the safety and environmental impact of abandoned mines. The methodology for risk assessment was tested on abandoned mines in the Leigh Creek area and Moonta–Wallaroo district. The data will be used to provide a priority listing for risk mitigating projects on mine sites on crown land.

**TARGET FOR 2003-04**

- Continue to progress the Brukunga Mine site rehabilitation — monitor water quality improvements gained from construction of the Diversion Drain, develop a process design for construction of additional treatment capacity and construct a new plant.
- Complete the abandoned mine sites database.

**Strategic priority 4 — INTEGRATED POLICY FRAMEWORK, REGULATION AND COMPLIANCE — create through consultation, effective policy and regulatory frameworks to enhance industry and community confidence**

**LICENSING SERVICES**

A total of 127 mineral exploration licence applications were received and processed, with 131 licences granted. Sixty-nine licences expired, 15 were fully surrendered and 9 partially surrendered. A total of 254 exploration licence renewals were assessed for regulatory compliance and approved with appropriate terms, work programs and expenditure commitments. A total of 123 applications for exploration work approvals were received, assessed and approved.

At June 30 2003, 163 licence holders held 412 exploration licences with 269 678 square kilometres or 27 per cent of the state under licence. Exploration expenditure by companies operating on exploration licences for calendar year 2002 was $35.8 million, a 21 per cent increase on 2001; indicating a substantial increase in mineral exploration activity in the state.

A total of 131 mining tenements were granted or registered and 110 renewal applications were received. These tenements include mineral claims, mineral leases, extractive minerals leases, retention leases and miscellaneous purposes licences. There has been a slight increase in the issue of mineral claims as a result of the Mindarie Mineral Sands project. Six native title mining agreements were registered, and 16 notices commencing native title negotiations in respect of 31 mining tenements were lodged.

**COMPLIANCE SERVICES**

Mining operations were inspected for compliance at regular intervals and prior to renewal, transfer, expiry or cancellation. During the year 23 mining and rehabilitation programs were approved. Of the 838 operating mine and quarry sites inspected, 94 per cent complied with approved conditions and rehabilitation requirements; 68 per cent of the 50 which did not comply have now been rectified. Ninety-two per cent of the 8418 precious stone tenement (opal fields) sites inspected complied; 83 per cent of the 649 which did not comply have now been rectified. Targeted inspections of exploration activities were carried out to ensure adherence to standards specified in guidelines and licence and work-approval conditions. Eighty-four per cent of mineral exploration sites inspected were in compliance with approval conditions and rehabilitation requirements; 67 per cent of noncompliance cases requiring corrective action were resolved. Statutory technical (geoscientific data) reports for 400 exploration licences were registered and reviewed to ensure compliance with licence conditions and reporting guidelines.
LEGISLATION DEVELOPMENT AND REVIEW SERVICES

Reviews of legislation

The National Competition Policy reviews of the *Mining Act 1971*, *Opal Mining Act 1995* and *Mines and Works Inspection Act 1920*, together with the Regulations under each of these Acts, has been completed. One amendment to the Opal Mining Act will be required, and the reform of other legislation will be conducted during the broader policy review of the mining legislation being conducted.

Amended legislation

The Mining Act is being reviewed (excluding Part 9B dealing with native title). An issues paper will be prepared for circulation to all stakeholders by the end of 2003. At this time, the review will concentrate on the number and type of mining tenements available, environmental provisions, better public consultation, enhanced transparency and greater accountability.

The *Mining (Miscellaneous) Amendment Act 2003* came into operation on 12 June. This made amendments to the Mining Act in relation to exploration licences, in particular reduced sizes and increases in expenditure commitments in subsequent years of the licence term. The Act also provides for the introduction of mapping datum GDA94, an inclusion into Part 9B to allow the Minister for Mineral Resources Development to grant a tenement where the applicant has a registered indigenous land use agreement under the Commonwealth's *Native Title Act 1993*, and other minor administrative amendments. The Act also repealed the sunset clauses under both Part 9B of the Mining Act and Part 7 of the Opal Mining Act, thereby ensuring that those alternative 'right to negotiate' native title schemes remain in force. In all, it is anticipated that the amendments will encourage more mineral exploration activity in South Australia.

State and Commonwealth inquiries, reviews and planning

Minerals and Energy continued to provide advice and submissions to a wide range of Government reviews, including the Bachman Review (see below), the Senate Inquiry into Environmental Regulation of Uranium Mining’, Hills Face Zone Review, and compilation of the South Australian Government submission to the Commonwealth Inquiry into Resource Exploration Impediments.

Mining titles

Minerals and Energy has commenced an internal review of all aspects of mineral royalty determination and collection, including methodology used to assess value of minerals, royalty rates, auditing of production returns, collection of royalty under Indentures or Crown Agreements, and issues arising from the Review of the Extractive Areas Rehabilitation Fund.

A new integrated; web-enabled Tenement Management System has been developed to replace the existing suite of tenement databases and will greatly improve data accuracy, availability, and analysis and reporting, as well as provide for future electronic business processes including online payment of mining fees and royalty.

The Bachmann review of uranium mine incident reporting procedures

Greater transparency in reporting procedures for the South Australian uranium industry has been achieved through the implementation of the criteria and procedures for recording and reporting incidents at uranium mines. The Review of Reporting Procedures for the SA Uranium Mining Industry was completed in August by independent reviewer H Bachmann. The government has implemented all measures recommended by the review, as follows:

- The government has directed that uranium mines comply with strict new incident reporting requirements, including the requirement for a mine incident register. In the event that a reportable incident occurs, mines have been required to promptly inform all South Australian regulatory agencies using a standard incident reporting form.
- The confidentiality clauses of relevant Acts of parliament have been modified, allowing the appropriate release of information about incidents to the public. New arrangements are in place to ensure that the public is notified of reportable incidents.
- Protocols are being developed to ensure that, when a significant incident occurs, a lead Minister is identified. Arrangements have also been put in place to keep Commonwealth agencies suitably informed.
Golden Grove Extractive Mineral Zone

To improve land use decisions in the Golden Grove Extractive Mineral Zone a strategic review of extractive resources in the metropolitan area was completed. A policy on land use was developed which has resulted in changes to the zone.

TARGETS FOR 2003–04

- Review the tenement award process and publish updated guidelines for the submission of mining tenement applications.
- Implement the new Tenement Management System.
- Undertake a desktop risk assessment of all mining operations to determine a schedule of inspections and mining plan reviews.
- Develop guidelines for preparation and assessment of mining plans.
- Commence stakeholder consultation regarding the increase in the mineral royalty rate from 1.5–2.5 per cent to a new range of 2.5–3.5 per cent.

Strategic priority 5 — ECOLOGICALLY SUSTAINABLE DEVELOPMENT — enhance the capacity of community and industry to integrate, achieve and report against environmentally sustainable development principles

The Mineral Resources Group has published the *South Australian mineral explorers guide* and the *Land access procedures manual*. The explorers guide is a comprehensive CD that includes an overview of mineral exploration opportunities, the geological framework of the entire state, reviews of all the major commodity occurrences and an outline of the relevant legislation and regulations applying to resource development in South Australia. The land access manual includes detailed environmental management, landholder liaison and Aboriginal heritage guidelines, procedures and checklists, and clearly defines the obligations and responsibilities of Minerals and Energy staff while they undertake field activities.

Strategic priority 6 — REMEDIAL ACTIONS — harness community and government resources to rehabilitate degraded systems and sites

*Extractive Areas Rehabilitation Fund*

The Extractive Areas Rehabilitation Fund provides funding to rehabilitate land disturbed by mining for extractive minerals, to implement measures designed to prevent or limit damage or impairment of the environment, and to research measures to reduce environmental damage or impairment resulting from mining operations. Twenty-seven projects totalling $361,344 were approved during the year, the largest approval being $43,582 for the final rehabilitation of land disturbed for the extraction of sand from a tenement at Kangaroo Flats, returning the highly disturbed site back to its original pre-mining land use of grazing and cropping. Updates on the fund are provided in PIRSA’s *MESA Journal*.

On 1 April 2003, the Minister announced a temporary suspension of the Extractive Areas Rehabilitation Fund, and launched a discussion paper outlining a process to engage stakeholders in developing suitable funding arrangements for the rehabilitation of extractive mineral leases.

*Clean fill for quarry rehabilitation*

The use of clean and intermediate fill as part of quarry rehabilitation was accepted by Cabinet late 2002 with discussions on its implementation currently underway with the Environmental Protection Authority. A mechanism for the approved acceptance of these materials on extractive mining sites needs to be in place prior to 2005. Currently there is a strong demand for this material at a number of waste depots for closure management purposes.

TARGETS FOR 2003–04

- Continue to support current projects for the progressive and final rehabilitation of extractive mineral leases and private mines.
• Complete the review of the funding process for rehabilitation of extractive mines and make recommendations.
• Continue inter-agency collaboration to develop appropriate policy and procedures to incorporate clean fill as part of the mining and rehabilitation plans for extractive tenements and mining operation plans for private mines.

Strategic priority 8 — PARTNERSHIPS — negotiate effective partnerships with industry, rural and indigenous communities, Commonwealth Government and local government for regional and industry development

Pitjantjatjara Lands mining initiative
Funding for a Pitjantjatjara–Yankunytjatjara mining liaison officer based on the Pitjantjatjara Lands has proven to be of great assistance in promoting understanding of the mining industry throughout the area.

The Aboriginal Youth Geoscience Traineeship program has been established to educate Anangu Pitjantjatjara youth on mineral exploration processes with the aim to secure employment within the mineral exploration industry. Two secondary students commenced in 2003, the first year of the program.

Indigenous land use agreements
Development of the first indigenous land use agreement (ILUA) for mineral exploration was finalised with the Antakarinja native title claimants, who have a claim covering some 77 000 square kilometres in the north west of the state. The parties involved in the development of this agreement (effectively the template for future mining land use agreements) were the Antakarinja Management Committee, the Aboriginal Legal Rights Movement, the South Australian Chamber of Mines and Energy and the state government (PIRSA Minerals and Energy; Native Title Unit, Department of the Attorney General; Department of Aboriginal Affairs and Reconciliation). A formal signing of the agreement is planned for 2003–04.

TARGETS FOR 2003–04
• Assist Anangu Pitjantjatjara anthropologists with the development of the Aboriginal Heritage Sites database.
• Promote mineral exploration within the Pitjantjatjara Lands through the AP Mining Liaison Officer and Mining Open Day.
• Host a mines tour for the AP Executive to show the impacts of mining, employment opportunities and other financial benefits to indigenous communities.
• Hold a Mining Open Day within the AP Lands to promote the potential benefits of mining to indigenous communities and establish a working relationship between local traditional owners and mining company representatives.
• Finalise a mineral exploration indigenous land use agreement with the Arabunna peoples.

Strategic priority 9 — ACCESS TO INFORMATION AND SERVICES — improve industry and regional access to information that supports better business decisions

Geoscientific information online
A considerable upgrade of PIRSA’s online geoscientific information — South Australian Resources Information Geoserver (SARIG II) — was released in August 2002 and exhibited at a number of national and international minerals, petroleum and spatial information conferences. It has gained recognition as a state-of-the-art online data facility and attracted a large number of new users. Benchmarked against competitor interstate government sites, SARIG II is now the leading online facility of its type.
The many enhancements include a fast licence application facility, ability to print maps at any scale, 1:100 000 scale accuracy digital geology, online bibliographic search and document download facility (SAMREF), integration of SA_GEODATA's drillhole module, petroleum data domain, depth to crystalline basement drillhole spatial information layer, depth to magnetic basement contours spatial information layer and a high volume data delivery system.

Promotion

A major objective of the Mineral Resources Group is the effective promotion of the state’s mineral prospectivity and competitive advantage. Promotional exhibits were presented at the Mining 2002 conference (Brisbane), Australian Society of Exploration Geophysicist 2003 conference (Adelaide), Prospectors and Developers Association of Canada 2003 Convention and Trade Show, and the South Australian Resources and Energy Investment Conference 2003 (Adelaide).

Major publications released during the year included the LINCOLN geological map and explanatory notes, the South Australian minerals explorers guide, Minerals and petroleum South Australia 2003 and four volumes of the MESA Journal. Other promotional activities included preparation of Minerals and Energy executive presentations, advertising (print and online), and editorial in key industry and research publications and through the online MiningNews.

The restructured Minerals channel of the PIRSA website <www.minerals.pir.sa.gov.au> has significantly improved data access, indicated by a 100 per cent increase in web hits to 64 000 per annum. A cross-agency upgrade to the PIRSA website in July 2003 will provide a new look and feel, improved navigation and greater customer focus. New features to date include the MESA Journal online, links to online data services, and updated information sheets. The introduction of the Mineral Resource’s quarterly eNewsletter Pick and Shovel has been developed to improve the flow of information to clients and stakeholders and has proved popular with subscribers, numbers doubling following the release of Issue 1.

Over 100 student and teacher workshops have been conducted by PIRSA in both urban and rural schools. In excess of 130 mineral kits produced by PIRSA have been distributed to date and will improve community awareness of minerals and their value to the state.

This year saw the creation of the Mineral Resource Group intranet site. It provides material specific to the group (e.g. occupational health, safety and injury management; field information; group initiatives; contact information) as well as links to relevant information on the PIRSA intranet site and the internet.

TARGETS FOR 2003–04

- Complete the integration of the Mineral Resources, Petroleum and Energy intranet sites into a single Minerals and Energy site.
- Exhibit and promote the state’s mineral resources at four key national and international industry conferences.
- Undertake a national road-show for SARIG II, the online geoscientific information system, exhibiting and demonstrating the application in all major mining centres in Australia.
- Produce a seismology DVD teaching aid to foster a better understanding of geoscience in the community.
- Undertake the Mineral Resources Group biennial customer survey as part of the ongoing program to improve community awareness of the mineral industry.
- Produce volumes 30–33 of the MESA Journal.

Strategic priority 11 — WE MANAGE FOR RESULTS — we manage our resources well; we provide leadership; our business processes are effective and efficient

A new Mineral Resources Group strategic plan was developed and a marketing plan implemented.

The Mineral Resources Group commenced process mapping and a continuous improvement process in late 2002, where a number of key processes were identified and mapped.
A whole of Minerals and Energy Division performance development system has been initiated, and as part of the process, position descriptions are being defined for all staff within the Mineral Resources Group.

A new work group is being formed to facilitate improved document and records management across Minerals and Energy Division.

**TARGETS FOR 2003–04**

- Increase staff awareness and implement strategies of the group strategic plan to achieve planned outputs.
- Continue mapping processes throughout Mineral Resources Group to improve efficiency and risk management.
- Complete a division wide performance development system including updated position descriptions for all staff.
- Increase staff awareness and improved documentation of processes and procedures in relation to records management.

**Strategic priority 13 — WE BUILD COLLABORATIVE RELATIONSHIPS WITH OTHERS — our success depends on building and maintaining our relationships with clients, stakeholders and the community**

PIRSA is one of eight organisations in a Cooperative Research Centre for Landscape Environments and Mineral Exploration established for seven years from June 2001. Collaborative projects underway on the central Gawler Craton and Curnamona district aim to make breakthroughs in mineral exploration in areas where highly prospective bedrock is masked by sediment and weathered rock. Geophysical techniques being investigated also have application for mapping salinity in the landscape for input to management decisions to combat the spread of dryland salinity. The work is a collaborative effort with the federal Bureau of Rural Sciences, and activities in South Australia are managed through the Department of Water, Land and Biodiversity Conservation.

PIRSA is also involved in a collaborative project to track earth movement in South Australia by taking GPS (geographical positioning system) readings from a series of concrete ground markers bolted to bedrock. Other contributors are Geoscience Australia, the South Australian Department of Administrative and Information Services, the Australian National University and the New Zealand Institute of Geological and Nuclear Sciences. Information from this project will be combined with data from previous earthquakes in the area to improve our assessment of the risk of earthquakes in Adelaide and other parts of South Australia.

Minerals and Energy provides executive and administrative support for a wide range of community and special interest groups, including:

- Ministerial Council for Mineral and Petroleum Resources
- Chief Government Geologist Conference
- Indigenous Issues Subcommittee
- Resources Industry Development Board
- Yumberra Ministerial Advisory Committee
- Olympic Dam Environment Consultative Committee
- Beverley Environment Consultative Committee
- Radiation Protection Committee
- Cross Agency Environment Issues Committee (Minerals and Energy, Environment Protection Agency, Department for Environment and Heritage)
- Brukunga Minesite Remediation Board
- Mintabie Consultative Committee
- Far West Consultative Forum
- Aboriginal Heritage Forum
TARGETS FOR 2003-04

- Strengthen and expand ties with industry, community and government organisations.
- Increase the level of funded, collaborative research in key areas for mineral exploration.
- Promote the effective outcomes of the Cooperative Research Centre for Landscape Environments and Mineral Exploration collaborative arrangements and encourage uptake of new techniques and ideas.
- Complete the review of the Yumbarra Ministerial Advisory Committee.

Petroleum

The Petroleum Group leads the facilitation of petroleum activities in the state. Since 1964 the total petroleum industry investment in South Australia in today’s dollars is $13 billion, concentrated largely in the Cooper and Otway Basins. The Petroleum Group’s mission is to efficiently realise South Australia’s petroleum and geothermal potential with the community’s support. The targeted outcomes are a well-regulated and well-respected resource industry that generates royalty income, community wealth and jobs through ecologically and economically sustainable development.

Figure 3, forecast exploration drilling in the state based on petroleum exploration licence and licence application work programs, illustrates the impact of new entrant explorers to the Cooper Basin — building from 2002. Work programs for new licences in the Cooper will take exploration drilling to record highs. The schedule excludes both field extension and development activities within the Santos operated production licences and appraisal/development wells to follow-up success in the new exploration areas. Exploration, development and production activity in South Australia will be sustained at quite high levels for years to come.

Figure 3  Forecast petroleum exploration drilling in the state based on PEL and PELA work programs.
Strategic priority 1—INDUSTRY DEVELOPMENT—provide support for industry and regional development that focuses on global market opportunities

Native title

Establishing the right of access for exploration in relation to the Native Title Act 1993 (Cwlth) is a necessary prerequisite for the grant of onshore petroleum exploration licences in relevant areas of South Australia. The Act requires that access agreements be concluded between registered native title claimants and those wanting access to explore for and produce natural resources. Two processes are currently recognised as acceptable pursuant to the Act. These are indigenous land use agreements and the right-to-negotiate process leading to access agreements.

Following on from the access agreements in 2001 providing for the grant of petroleum exploration licences relative to the Cooper 98 Blocks (CO98), the right-to-negotiate processes for 16 additional Cooper Basin licence applications relative to Cooper 99 (CO99) and Cooper 2000 (CO2000) Blocks were concluded during 2002–03. All CO99 and CO2000 licences were granted during 2002–03, facilitating an expected additional exploration investment of around $200 million for the initial five-year term of these licences.

The right-to-negotiate process was also commenced during the year in respect to one petroleum exploration licence application in the Officer Basin (PELA 139) in an area abutting Pitjantjatjara and Maralinga Lands.

As a result of commercial discoveries in two CO98 areas to date, production payments to the native title parties have commenced.

Licensing

Tenement status for 2002–03 is summarised in Table 3. Petroleum exploration licences were granted in respect to the 16 Cooper Basin Blocks offered in 1999 and 2000. Two petroleum exploration licences in the Otway Basin were granted and two exploration permits in the Bight Basin were offered in the first half of 2003, following release of areas for competitive tender in 2002.

Six of the eight offshore South Australian application areas (preliminary survey licence) form part of the re-release of the 2002 Australian Release of Offshore Petroleum Exploration Areas; bids close in September 2003.

Table 3 Tenement status, 2002–03

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<th>OFFSHORE</th>
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<td>Total applications under consideration (year end)</td>
<td>38a</td>
<td>5</td>
<td>—</td>
</tr>
<tr>
<td>Licences/permits granted</td>
<td>18</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>Renewals granted</td>
<td>—</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>Variations approved</td>
<td>6</td>
<td>—</td>
<td>3</td>
</tr>
<tr>
<td>Suspensions</td>
<td>3</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Licences expired</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Licences surrendered</td>
<td>1</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Licences cancelled</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Applications refused</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total licences current (year end)</td>
<td>40b</td>
<td>194</td>
<td>14</td>
</tr>
</tbody>
</table>

a Includes 14 applications for coal seam methane and two for geothermal energy.
b Includes three exploration licences for geothermal energy.
Pipelines
A pipeline licence (PL 15) was granted to construct a pipeline from the South Australian — Queensland border to the Kerna Field in the Cooper Basin.

Proposals to construct two separate pipelines to bring gas from the Otway and Gippsland Basins into South Australia were sensibly rationalised when the SEAGas and TXU consortiums agreed to join in the building of a single (SEAGas pipeline) facility from Iona (in Victoria) to Adelaide. There were three variations to the SEAGas pipeline from Torrens Island to the South Australian — Victorian border (PL 13) to allow changes to the configuration to accommodate additional capacity following the signing of an agreement with TXU. Construction is on schedule, with the doubling of pipeline capacity to bring gas to South Australian markets to be in place in first quarter of 2004.

Pipeline Licence 2 (PL 2) for the 659 kilometre liquids pipeline, which runs from Moomba to Port Bonython has been renewed effective from 26 November 2002, and will now expire on 25 November 2023.

TEISA research projects
The initial four-year petroleum TEISA exploration initiative program aimed to address knowledge gaps in key petroleum basins. During the year, results from these projects were compiled into comprehensive CD data packages and disseminated to industry at workshops and conferences. These projects included a study of Triassic seals; a study of Warburton and lower Cooper Basin regional seals; Cooper Basin thermal history and burial modelling; Officer, Stansbury and Arrowie Basins structural studies; compilation of Cooper Basin isolith maps; and preparation of a Warburton Basin Atlas CD data package.

Promotion of petroleum exploration opportunities
Effective national and international marketing of the state’s petroleum rights is essential to ensure that the state obtains maximum value for these rights. In 2002–03, the promotional focus was aimed at the Cooper and Otway Basins as well as the prospectivity of the state in general. The Otway Basin OT2002 acreage release was promoted widely and applications were received for the two blocks. Petroleum Group also contributed to the promotion of offshore South Australian release areas in the Bight and Otway Basins in conjunction with the Commonwealth.

The second edition of The petroleum geology of South Australia, vol. 1: Otway Basin was completed and work continued on volume 5, Great Australian Bight. In October South Australian petroleum potential was promoted for the first time at the PESA Western Australian Basins Symposium, held in Perth. In March acreage was promoted at the annual APPEA Conference and a presentation made to explorers at the PESA Farm-in seminar. One overseas visit was made to attend the AAPG Convention in Salt Lake City in May, followed by a promotional visit to Houston. Meetings were held and presentations made to current explorers in South Australia and potential explorers.

A number of new publications and CD information packages were produced and distributed to industry and academia at these events, including the OT2002 acreage release CD, Warburton Atlas, SA Thin Section Database, TEISA CD, 2003 petroleum services directory and the 15th edition of Petroleum exploration and development in South Australia.

There have been major upgrades to the petroleum channel of the PIRSA website, with development and implementation of the online Petroleum Services Directory Database and an online products and publications database. The Petroleum Group, together with Mineral Resources Group, upgraded SARIG, PIRSA’s online geoscientific information, with key petroleum spatial information data sets now available online. Further improvements will flow from the overall review and upgrade of the entire PIRSA website in July 2003.

A land access and promotional policy for the Officer Basin was developed in light of the nine exploration licence applications currently covering 98,772 square kilometres of the region. Approval was given for the formal commencement of negotiations for access agreements with applicable Aboriginal landowners (Anangu Pitjantjahra and Maralinga Tjarutja) and where applicable, the registered native title claimants.
TARGETS FOR 2003–04

- Foster perceptions that South Australia is a favoured investment destination for petroleum exploration.
- Facilitate good faith negotiations to resolve native title access agreements in order of priority based on prospectivity and perceived benefit to people of South Australia.
- Grant additional petroleum exploration licences.
- Facilitate the grant of additional petroleum production licences.
- Attract competitive work program bids for vacant acreage in the onshore Cooper and Otway Basins and in the offshore Bight and Otway Basins.
- Conduct research applied to addressing industry knowledge gaps in key South Australian basins, including progressive publication of *The petroleum geology of South Australia* series.
- Promote the results of research projects to the petroleum industry and academia.

Strategic priority 2 — INNOVATION INDUSTRY — promote and facilitate new and value-adding industry that builds on the States’ knowledge, infrastructure and innovation capability

Geothermal exploration commenced in the state in 2002. This represents the confluence of new technologies (enabling safe and reliable well operations at very high temperatures) and South Australia’s comparative advantage of having the hottest non-volcanic terrain in the world in the Nappamerrri Trough of the Cooper Basin. Acknowledging the engineering and commercial hurdles, the hot dry rock pilot exploitation project started in the Cooper Basin in 2002 has potential to harness a huge emissions free source of energy.

A total of 14 applications are pending for exploration licences to explore for coal bed methane or in situ gasification of coal. Most of these are over coal deposits that have existing *Mining Act 1971* leases. Amendments to both the Mining and Petroleum Acts are required before these licences can be effectively granted, to ensure that pre-existing rights to coal are preserved. There are currently three geothermal exploration licences and two applications for geothermal exploration licences.

Key centres for excellence in Adelaide have become linchpins for educating petroleum industry professionals. The recent merger of the National Centre for Petroleum Geology and Geophysics with the School of Petroleum Engineering to form the Australian School for Petroleum at the University of Adelaide will sustain the relevance and increase the importance of the University of Adelaide for a vibrant petroleum industry in Australia. It is worth noting that industry has contributed tens of millions to enable the creation of these world-class training grounds in Adelaide. The new Australian School of Petroleum has already established an international reputation that is both training residents and attracting world experts to visit Adelaide. The Petroleum Group provides the funds for the State Chair for Petrophysics and Reservoir Properties (currently held by Dr Richard Hillis). The Director Petroleum is a member of the National Centre’s Board, and will be invited to join the Board of the Australian School of Petroleum.

TARGETS FOR 2003–04

- Progress towards granting exploration licences for the exploration of coal seam methane resources.
- Facilitate the exploration and appraisal of the geothermal resources of the state.
- Facilitate growth in the national and international stature of the Australian School of Petroleum at the University of Adelaide as a world-class incubator for innovative petroleum industry professionals.

Strategic priority 3 — RISKS AND BIOLOGICAL CONTAMINANT THREATS — successfully manage risks including, biological and contaminant threats, to the environment, production efficiencies and market access

The environmental risks associated with petroleum industry activities are required to be assessed and managed within a broad meaning of environment, including natural, social and economic aspects. The
objective-based Petroleum Act 2000 has a number of requirements that ensure that industry provides a demonstration of its management of such risks, e.g. statements of environmental objectives. The latter have been formulated as a basis for efficient co-regulation of activities pursuant to multiple Acts.

**TARGETS FOR 2003–04**

- Ensure that statements of environmental objectives and associated environmental impact research reports are lodged and assessed in a timely manner.
- Facilitate the development of a one-stop shop approach to co-regulation of activities under various Acts (e.g. Petroleum Act, Environment Protection and Biodiversity Conservation Act 1999, Water Resources Act 1997).

**Strategic priority 4 — INTEGRATED POLICY FRAMEWORK, REGULATION AND COMPLIANCE — create through consultation, effective policy and regulatory frameworks to enhance industry and community confidence**

**Royalties**

Royalty receipts from Cooper and Otway Basin petroleum and natural gas and carbon dioxide production were $51.9 million, an increase of 6 per cent from 2001–02. The increase in the main reflects the strong commodity prices during the year and also reflects two new royalty payers in the Cooper Basin resulting from commercial discoveries in new licence areas.

**Annual compliance reports**

Licensees are required to report annually to PIRSA on their performance against the approved statements of environmental objectives relevant to their activities. The Petroleum Group plans and undertakes its compliance reviews and assessments on the basis of these reports.

Thirty-three company annual reports were submitted and assessed in 2002–03, and have been posted on the Petroleum Group’s website-based environmental register <www.pir.sa.gov.au>.

**Fitness-for-purpose assessments**

The Petroleum Group finalised its integrity assessment of Santos’ first fitness-for-purpose assessment report on its Moomba Plant and facilities, submitted on the 28 November 2001. This report, with those submitted by other licensees and the status of their assessment are available for public review and scrutiny on the environmental register.

**Quarterly compliance meetings**

Each quarter the Petroleum Group meets with production and transmission pipeline licence operators to discuss and review the compliance of their operations with the Petroleum Act and relevant statements of environmental objectives. All operators are satisfying the requirements of the Act.

**Reportable and serious incidents**

Incidents defined as reportable and serious in the Petroleum Act and statements of environmental objectives are reported to PIRSA detailing cause, remedial and preventative actions and measures. A total of 83 incidents were reported to PIRSA of which one was serious. The final report on this is publicly available on the environmental register.

Reportable incidents are required to be reported quarterly. PIRSA reviews the incidents and the proposed remedial and corrective actions for preventing their recurrence. In addition, PIRSA’s review seeks to identify any trends of particular types of incidents so as to investigate the adequacy of the operator’s incident management systems and processes. All reportable incidents are included in the licensee annual compliance reports that are publicly available on the environmental register.

PIRSA was satisfied that no incident of noncompliance justified prosecution. The response by the licensees to the incidents ensured rehabilitation and future management of the causes of the incident. In response to a cluster of flowline and trunkline corrosion incidents, PIRSA has requested a demonstration from Santos of the effectiveness of its pipeline design, construction and operation management system. Santos have subsequently implemented a program of work to address and
remedy all detected noncompliances with AS 2885. Additionally, the Petroleum Group initiated an independent review of all high-risk pipelines in South Australia with respect to compliance with AS 2885. The review was carried out between March and May with the final reports and findings to be presented to the respective licensees in early July 2003.

**Compliance policy**

An administrative policy for enforcement of the Petroleum Act has been revised and will be the subject of stakeholder consultation later in 2003.

**Commonwealth working groups**

The Petroleum Group is regularly invited to participate on various Commonwealth working groups. These included working on the steering committee for the review and advise for the establishment of a Commonwealth Offshore Safety Agency, and on the associated legislation and technical working groups. PIRSA is a contributor to the national Petroleum Data Consultative Group in setting technical standards for data submission, storage and retrieval. Contribution was also made to the Ministerial Council for Minerals and Petroleum Resources Petroleum Industry Vision workshop.

**TARGETS FOR 2003–04**

- Facilitate the timely and correct payment of royalties.
- Review annual compliance reports for integrity in a timely manner.
- Monitor implementation of action items identified by Petroleum Group in its review of Santos’ fitness-for-purpose report.
- Enforce and monitor implementation by Santos, Epic Energy and Origin Energy of independent third party report recommendations into compliance with AS 2885 pipelines — gas and liquid petroleum.
- Educate industry to improve compliance with provisions of the Petroleum Act.
- Identify amendments to the Petroleum Act to address a number of issues discovered during its implementation.
- Identify and assist in the drafting of amendments to improve the Petroleum (Submerged Lands) Act 1982 with the aim of ‘harmonisation’ of legislation for petroleum activities in all offshore waters e.g. submerged lands under both state and Commonwealth legislation.
- Undertake amendments to the Cooper Basin (Ratification) Act 1975.
- Conclude targeted stakeholder consultation in relation to an enhanced administrative policy for compliance enforcement.
- Effectively administer exploration activity under all relevant legislation.
- Collaborate with other states and territories and the Commonwealth in establishing a National Offshore Petroleum Safety Authority.
- Drive and coordinate development of the State Energy Plan.

**Strategic priority 5 — ECOLOGICALLY SUSTAINABLE DEVELOPMENT — enhance the capacity of community and industry to integrate, achieve and report against environmentally sustainable development principles**

A research study of impacts of seismic operations on fauna was followed up with further field data acquisition on ants in the Cooper Basin to clarify the length of time that temporary impacts from seismic lines can be measured. Earlier studies indicated that impacts are more visual than ecological. The aim is to ensure that seismic operations are undertaken in an ecologically sustainable manner, and that the principles of ecologically sustainable development are achieved.

**TARGETS FOR 2003–04**

- Ensure that statements of environmental objectives provide the required degree of assurance to the community.
- Complete the follow-up study of ants as bio-indicators for ecologic recovery, post-seismic and drilling.
Strategic priority 6 — REMEDIAL ACTIONS — harness community and government resources to rehabilitate degraded systems and sites

Remedial actions for petroleum related impacts are the responsibility of petroleum licensees. There have been no cases identified in the year which necessitated the government undertaking remedial works for past petroleum activities. A working group nears completion of an investigation of options for remediation of legacy Cooper Basin seismic lines where earlier practices have left visible scars on the landscape.

TARGETS FOR 2003-04

• Assess that companies have carried out required remedial work.
• Finalise agreement on options for remediation of legacy Cooper Basin seismic lines and implement recommendations.

Strategic priority 7 — BUILDING COMMUNITY CAPACITY — build capacity, leadership and global awareness in industry, and rural and indigenous communities

All notices of environmental incidents that are reportable pursuant to the Petroleum Act are posted on the Petroleum channel of PIRSA’s website as soon as practical after receipt, demonstrating there is ‘nothing to hide’ in respect of petroleum activities.

Activities in licences granted pursuant to the Petroleum Act are required to follow processes to protect Aboriginal heritage before and during field operations. Compliance is co-regulated by PIRSA and the Department for Environment and Heritage.

Coongie Lakes

Cabinet has approved a management proposal developed in relation to future petroleum management options for the Coongie Lakes Control Zone. When implemented, this option will provide for the creation of a new national park that excludes petroleum, minerals and pastoral access as well as gazetting an area for competitive petroleum exploration and development. There is also a substantial area set aside allowing pastoral access but no petroleum or mineral access. Actions are being taken on legislative and administrative mechanisms to implement the approved option.

TARGETS FOR 2003–04

• Finalise the management arrangements for allowable petroleum activities in surrounds to the Coongie Lakes area.
• Sustain a policy of transparency in relation to regulation and industry operations. Implement a ‘nothing to hide’ administrative policy by pro-actively posting all reports of serious incidents on PIRSA’s website as soon as practicable after submission.

Strategic priority 8 — PARTNERSHIPS — negotiate effective partnerships with industry, rural and indigenous communities, Commonwealth Government and local government for regional and industry development

Environmental Protection Agency

The Petroleum Group initiated a review of the existing memorandum of understanding with the Environmental Protection Authority. A final draft of the memorandum is being finalised with the authority, and development of an administrative arrangement implementing the requirements of the memorandum has commenced.

Department for Environment and Heritage

A draft administrative arrangement has been developed in conjunction with the Department for Environment and Heritage, to document how licences and activity approvals in parks and reserves will be managed.
Department of Water, Land and Biodiversity Conservation

The Department of Water, Land and Biodiversity Conservation prescribed the underground water resources of the Far North region on 28 January 2003. This includes the major petroleum producing fields of the Cooper Basin region. A licence will be required by all petroleum producers to take water for industrial use and to co-produce water with petroleum. The Petroleum Group is working closely with department and the Arid Areas Catchment Water Management Board to ensure that petroleum will continue to be produced without restriction, but also ensuring that wastewater management practices by the petroleum industry remain best practice.

Industry and academic collaboration

The Petroleum Group has continued the strong links with the National Centre for Petroleum Geology and Geophysics at the University of Adelaide. The National Centre and School of Petroleum Engineering merged in June 2003 and now form the Australian School of Petroleum. Ongoing funding is being provided for the State Chair in Petroleum Reservoir Properties and Petrophysics. Two postgraduate projects were sponsored in 2002–03. Support continues for a PhD research project to evaluate fault seal in the Otway Basin, and for an Honours project in 2003 on greenhouse gas sequestration. Hydrocarbon migration in the Cooper and Eromanga Basins is also being researched in collaboration with the University of Cologne and the University of Adelaide.

Dr P Boult has developed considerable research links with international fault seal specialists and experts in exploring for submarine slope systems (analogues for the deepwater Otway Basin).

TARGETS FOR 2003–04

- Finalise administrative agreements with the Environmental Protection Agency and Department of Water, Land and Biodiversity Conservation.
- Ensure continued government support for the State Chair in Petroleum Reservoir Properties and Petrophysics and the Australian School of Petroleum at the University of Adelaide.

Strategic priority 9 — ACCESS TO INFORMATION AND SERVICES — improve industry and regional access to information that supports better business decisions

TEISA data capture

A new phase of the TEISA Data Capture and Archiving project was initiated in January 2003, following on from the previous successful archiving programs. This TEISA program, involved digital capture (primarily scanning) of petroleum well log paper prints into a suitable format for fast and efficient retrieval by industry as well as ensuring secure archival storage and backup of these unique data sets. To date all 7400 well log paper prints have been scanned, of which 85 per cent have been verified and 35 per cent have been sentenced to State Archives.

Data provision

Twenty-one copies of the Petroleum Exploration and Production System (PEPS®) database were sold to industry customers this year, up from ten in the previous year. Four additional copies were supplied free of charge to government, academic and research institutions.

Over 80 requests for archived geophysical data sets were processed during the year and forwarded to explorers, 85 per cent of which were sent within targeted timeframes.

Santos provided the Petroleum Group with its complete database for the South Australian sector of the Cooper Basin containing all tied workstation loaded seismic data, check shot survey data and well data. Availability of this value-added data set to the new entrant explorers will assist them with both the resolution of mis-ties between different vintage seismic surveys as well as with the creation of synthetic seismograms to establish correlations between key stratigraphic horizons and mapping of seismic horizons. The data will be made available August 2003 on the understanding that Santos will not be held responsible for the data, that is, caveat emptor.
**South Australian petroleum industry services directory**

An innovative online service directory database now provides current information on locally based upstream petroleum exploration and development consultants and service companies live from the Petroleum channel of the PIRSA website. The database was further improved and new companies added in 2002–03.

**TARGETS FOR 2003–04**

- Continue to promote exploration opportunities to reach both domestic and overseas investors.
- Continue to improve industry access to geological and geophysical data, petroleum regulatory information and tenement details through electronic means.
- Verify all well log prints and sentence to State Archives.
- Undertake a customer survey to gain industry feedback on how Petroleum Group is performing.

**Energy**

Energy SA and the Office of the Technical Regulator facilitate the coordinated development and implementation of policies, legislative frameworks and regulatory responsibilities for the competitive, sustainable, safe and reliable supply and use of energy for the benefit of the South Australian community. This is achieved through five key programs — Energy Policy; Sustainable Renewable Energy Policy and Programs; Regulation (through the Office of the Technical Regulator); the Remote Areas Energy Supply Scheme; and the National Gas Pipelines Access Regime. Note: various energy policy responsibilities were transferred to the Department of Treasury and Finance in late 2002, and these have been indicated throughout this document. The statutory powers and functions of the Technical Regulator under the *Electricity Act 1996*, the *Gas Act 1997* and the *Electrical Products Act 2000* falls to the person appointed as the Technical Regulator under the above Acts. The person currently holding the statutory office of Technical Regulator also holds a Public Sector Management Act appointment as General Manager, Energy Regulation, Minerals and Energy Division.

PIRSA provides a one-stop shop for government’s activities in conventional, sustainable and renewable energy and energy regulation. Energy SA also hosts the Natural Gas Authority of South Australia and provides secretariats for the State Energy Research Advisory Committee and National Gas Pipelines Advisory Committee. The Energy Advisory Centre is part of the group.

**Strategic priority 1 — INDUSTRY DEVELOPMENT — provide support for industry and regional development that focuses on global market opportunities**

**Natural Gas Authority of South Australia**

Contractual requirements of the Natural Gas Authority of South Australia were carried out as stipulated under six gas sales agreements to which the Natural Gas Authority is a party. In 2002–03 the Natural Gas Authority purchased nearly 90 petajoules of gas at a cost of over $230 million for its customers, Terra Gas trader and Origin Energy.

The Natural Gas Authority provides an important link in the state’s gas supply chain and facilitates dialogue between the producers, retailers and the pipeline operators.

**TARGETS FOR 2003–04**

- Continue to meet the contractual obligations of the Natural Gas Authority of South Australia.
- Continue to improve and update systems and procedures to achieve a better efficiency in performing all functions that the Natural Gas Authority carries out.
- Successfully conclude the South West Queensland gas sales contract at the end of 2003 calendar year.
Strategic priority 2 — INNOVATION INDUSTRY — promote and facilitate new and value-adding industry that builds on the states’ knowledge, infrastructure and innovation capability

State Energy Research Advisory Committee

The State Energy Research Advisory Committee reports to the Minister for Energy. The committee determines the merit of proposals for energy related projects and recommends energy research, development and commercialisation projects suitable for government funding. The committee advises on amounts that could be allocated to selected projects. In 2002–03, 44 applications were received for funding totalling $1,152,700. From these 13 projects were selected and awarded a total of $295,327. There are two projects involving renewable energy, eight projects related to energy efficiency, one regional energy audit, one energy efficiency promotion project, and one alternative transport fuel project. The grants were made up as 12 energy research grants and one Sustainable Energy Scholarship, which will be funded over three years. The committee reviewed its procedures to refine project definition during the application process.

A project was commissioned to identify factors inhibiting the growth of the renewable energy industry in South Australia and is scheduled for completion in August 2003. An assessment of the potential for the production of energy from rural and regional waste in South Australia has indicated that there is a significant potential and the outcomes are being used in developing a policy response.

Strategic priority 3 — RISKS AND BIOLOGICAL CONTAMINANT THREATS — successfully manage risks including, biological and contaminant threats, to the environment, production efficiencies and market access

Emergency Management

During 2002/03 Energy SA was responsible for managing the security of gas, petroleum and electricity supplies during periods of significant interruptions to their supply. The main objective is to ensure that emergency and essential services continue to have access to fuel and energy during time of shortage. After satisfying this requirement, remaining stocks or supplies are made available to the public in an equitable manner.

In the event of a major state disaster, Energy SA are responsible for providing expert advice on energy supply and related infrastructure to the State Disaster Organisation via the Engineering Functional Service Group and assisting with the manning of the State Emergency Operation Centre during major emergencies. Minerals & Energy Division performs this role with the assistance of all Divisional staff including staff from the Office of the Technical Regulator

Gas Emergency Procedures were applied during the January long weekend as a result of Moomba gas production plant operational problems during a planned maintenance program. The interruption to supply resulted in the need for Ministerial Directions in respect of curtailment of the quality of the gas allowed into the state’s distribution system. The incident management prevented electricity supply interruption at a time when, due to extreme temperatures, the system was under considerable stress. Other small incidents with the potential to result in supply interruptions were managed jointly by the government and industry without the need for government intervention.

A consultative review of Gas Emergency Procedures was commenced and is expected to deliver an improved approach to the gas emergency management and gas restrictions process.

Development of an inter-jurisdictional agreement to share emergency gas supplies between the states has yet to be finalised. It is proposed to continue work on a national memorandum of understanding under the Ministerial Council on Energy Senior Officials Committee.

The closure of Port Stanvac refinery in June 2003 and the shift to importing all transport fuels has been closely monitored. Initial indications are that security of supply has not been adversely affected. Whether the wharf and product tankage at Port Stanvac continues to operate will be a significant factor.
Working was carried out with the National Oil Supplies Emergency Committee to integrate state and federal contingency plans in the event of a national emergency related to petroleum supplies. South Australia participated in a national simulation exercise run during June 2003. The exercise tested decision-making processes and communication mechanisms between governments and industry, and the proposed retail rationing model under the national plan.

Under the National Electricity Market arrangements there is a need to establish procedures that can be enacted in the event that there is a major interruption or dislocation of the states electricity infrastructure. Energy SA have been determined to be the lead agency in preparing this response.

One staff member participated on the Steering Committee on Critical Infrastructure set up to review the state’s critical infrastructure and report to the Premier.

Two officers have undergone training through Emergency Management Australia in the areas of Emergency Management, Emergency Control Centre Management and Risk Management. Also one staff member was part of the taskforce set up to develop the *Critical infrastructure emergency risk management and assurance handbook* for use by industry to apply the Australian Risk Management Standard (AS 4360) to critical infrastructure.

**TARGETS FOR 2003–04**

- Continue to monitor security of supply for gas, electricity and transport fuels, and implement procedures to manage available supplies following any interruptions.
- Continue to improve and update systems and procedures to achieve a better efficiency in performing all energy emergency response functions (gas, electricity and petroleum products).

**Strategic priority 4 — INTEGRATED POLICY FRAMEWORK, REGULATION AND COMPLIANCE** — create through consultation, effective policy and regulatory frameworks to enhance industry and community confidence

**Policy, advice and support services**

Contributions to national programs was made through representation on a range of committees including the Energy Markets Group and Gas Policy Forum (these responsibilities were transferred to the Department of Treasury and Finance in late 2002), National Greenhouse Energy Group and its working groups, National Gas Pipelines Advisory Committee, National Steering Group for Green Power, Centre for the Analysis and Dissemination of Demonstrated Energy Technologies National Team, Electricity Regulators Advisory Committee, Gas Technical Regulators Forum, and a range of Australian Standards gas and electricity committees. Contributions were also made to the newly established Ministerial Council on Energy through the Energy Efficiency and Greenhouse Working Group, the Strategic Energy Supply and Security Working Group, the Energy Market Development Working Group, National Oil Supplies Emergency Committee, the Downstream Petroleum Working Group and the National Framework for Energy Efficiency Steering Committee. Financial management of the Energy Efficiency and Greenhouse Working Group Central Fund continued.

An Electricity Demand Side Management Task Force was established in October to define measures to assist in reducing electrical demands, particularly during summer peak periods, and to lessen the impact of electricity costs on industry, business and the environment.

**Mutual recognition agreements**

Comments were provided on matters arising under the *Trans-Tasman Mutual Recognition Act 1997* (Cwlth). The Commonwealth are reviewing the existing arrangements particularly where exemptions are in place. Energy SA contributed to a national program on safety and technical standards for gas and electricity appliances affected by the Act.

**Other consultations**

Comments were provided through the Department of Premier and Cabinet, to the Productivity Commission for its review of the *Mutual Recognition Act 1992* (Cwlth) and the Trans Tasman Mutual Recognition Act, to which the Australian states and territories, and the Australian states and territories and New Zealand, respectively are parties. The review provides (subject to exemptions) that goods
that may lawfully be sold in one jurisdiction may be sold in another jurisdiction without the necessity for
compliance with further requirements imposed by or under the law of that jurisdiction. It also provides
for mobility across jurisdictional boundaries for persons carrying on certain occupations.

Issues remain to be resolved in some areas including requirements concerning safety and energy
efficiency of electrical products and gas appliances.

**National Gas Pipelines Advisory Committee**

Energy SA was represented at all meetings of the National Gas Pipelines Advisory Committee, prior to
the transfer of responsibility for jurisdictional representation to the Department of Treasury and
Finance in late 2002. The Advisory Committee has statutory responsibility for considering and
recommending changes to the National Third Party Access Code for Natural Gas Pipeline Systems to
ministers. The Fourth Amending Agreement, which changed the code, came into operation in
February, and the Sixth and Seventh Amending Agreements came into operation in April. Changes to
Schedule 1 of the *Gas Pipelines Access (South Australia) Act 1997* that required the approval of the
South Australian Parliament came into operation at the same time as the changes to the Fourth
Amending Agreement. The Advisory Committee uses the Code Registrar's web page to provide
greater access to information about its recommendations.

**South Australian Gas Review Board**

The South Australian Gas Review Board is the South Australian appeals body established under
section 42 of the *Gas Pipelines Access (South Australia) Act*. Its function is to hear appeals against
decisions by ministers in areas such as coverage of pipelines by the code and decisions by regulators
in areas such as ring-fencing of activities, approval of associate contracts and decisions covering
access arrangements.

The Board has not yet been required to meet.

A new member of the Panel of Legal Practitioners of the Board was appointed in August. Legislation
to transfer the functions of the Board to the Administrative and Disciplinary Division of the District
Court was passed by parliament, and is due to come into operation on 1 July 2003.

**Gas pipelines access**

An arbitration under the *Gas Pipelines Access Act 1995* to settle an access dispute over limited
capacity in the Moomba to Adelaide Pipeline owned by Epic Energy was triggered by an application to
the regulator under the Act in April 2001. A number of South Australian retailers and power generators
are seeking firm capacity in the Moomba to Adelaide Pipeline at levels that exceed current capacity. A
conciliation process continued throughout 2002–03.

**South Australian Independent Pricing and Access Regulator**

The South Australian Independent Pricing and Access Regulator (SAIPAR) performs the role of
regulator for the South Australian natural gas distribution systems. SAIPAR (apart from the regulator)
was staffed by seconded Energy SA personnel during the year.

The further final decision which approved Envestra Ltd's access arrangement for the South Australian
Natural Gas Distribution System was issued in April 2003. Envestra was required to submit a revised
access arrangement that incorporates (or substantially incorporates) the amendments specified by
SAIPAR in its final decision, which was issued in December 2001.

Envestra finally submitted its revised access arrangement in December 2002, and made minor
revisions in April 2003.

Since the final decision was issued in December 2001, Envestra and other parties had raised issues
that were not raised before the decision was formulated, and new issues concerning matters
considered in the decision.

Foremost among these were insurance costs which had risen substantially since the terrorist attacks
of 11 September 2001. SAIPAR allowed certain additional costs for insurance but certain provisions of
the terms and conditions were amended to reflect the additional costs allowed.
A mechanism for the recovery of costs related to the introduction of full retail contestability was incorporated in the access arrangement.

It was also suggested by major industrial users that the cost allocation methodology used by SAIPAR attributed too high a proportion of costs to major users. Following re-examination, SAIPAR concluded that a change was not warranted.

In June 2003 SAIPAR also approved an increase in reference tariffs for 2003–04 in accordance with the provisions of the access arrangement.

Legislation to transfer the functions of SAIPAR to the Essential Services Commission of South Australia was passed by the South Australian Parliament and is due to come into operation on 1 July 2003.

The SAIPAR annual report for 2001–02 was completed and tabled in parliament.

**Code Registrar**

The Code Registrar continued to perform its functions on behalf of all Australian jurisdictions in accordance with the requirements of the Gas Pipelines Access (South Australia) Act. These included maintaining the code as amended and in force following the Fourth, Sixth and Seventh Amending Agreements, which were gazetted and in operation on 6 February, 24 April and 17 April respectively. The Agreements were also notified in the national press as required by the Act. Advice on the code was provided including to regulators and jurisdictions. The delegate for the Code Registrar attended all meetings of the National Gas Pipelines Advisory Committee during the year. The Code Registrar’s annual report for 2001–02 was completed and tabled in parliament as required by the Act.

Internet access to the Public Register was maintained by the Code Registrar on behalf of all Australian jurisdictions (in accordance with the requirements of the code) and enables inquirers to search the Public Register and download or order documents concerning access to natural gas pipelines within Australia.

**Compliance**

Annual reports of the Office of the Technical Regulator were tabled in parliament as required by the Gas Act and the Electricity Act. The reports revealed that the industry was operating in a satisfactory manner.

An increased number of educational seminars were held for contractors and workers and two safety newsletters posted to all licensed contractors and workers highlighting work practices necessary to attain a high level of safety and compliance with the law.

Technical audits and special investigations of electrical workers and gasfitters were carried out to ensure compliance with the relevant safety standards and legislation. There has been an increase in the electrical auditing activities of the Technical Regulator, with the number of audits increasing from 1228 to 1503 and the number of special investigations increasing from 661 to 1187. Similarly the number of gas audits has increased from 821 to 904, with special investigations increasing from 221 to 250. These investigations resulted in the issue of 80 expiation notices, in addition four prosecutions were commenced, three convictions finalised and one prosecution pending under the legislation.

The Electrical Products Act and Regulations have been operating well; the addition of minimum energy performance standards has resulted in a significant improvement in the energy performance of a number of common household appliance such a refrigerators. The Act and Regulations establish safety and technical requirements for electrical appliances sold in South Australia. These requirements are supported by similar legislation in the other Australian jurisdictions.

Appliances were assessed in accordance with the Electrical Products Act. Certificates were given for 276 proclaimed articles, 25 non-proclaimed articles, 170 energy labels and 175 minimum energy performance approvals. There were 38 product recalls initiated in South Australia and 45 special investigations. The Technical Regulator is able to prohibit the sale or use of electrical products that are, or are likely to become unsafe in use, and to require traders to recall such products and render them safe or refund the purchase price.
Safety and technical management plans have been established for the supply and distribution sectors of the industry and these plans have been audited for compliance against the requirements of the legislation. The audits have identified areas for improvement which have resulted in the improvements being addressed in updated management plans.

Gas full retail contestability

Energy SA chaired the South Australian Gas Full Retail Contestability Steering Committee until the transfer of responsibility for the implementation of full retail contestability to the Department of Treasury and Finance in late 2002. Systems are being developed to ensure that consumers can transfer between gas retailers and that retailers participate in the market in a fair and competitive manner.

As part of gas reform, the Office of the Technical Regulator assisted the Department of Treasury and Finance with full retail contestability issues and in the preparation for transfer of gas licensing to the Essential Services Commission, as well as assisted with legislative changes to the Gas Act to enable this to happen.

The Gas Act 1997 has been amended to facilitate the introduction of retail choice for small gas consumers, and to make the consumer protection regime more relevant for a multi-retailer environment. To be proclaimed July 1 2003.

Clean fuel

The Environment Protection Agency was supported by Energy SA in the introduction in March of new fuel quality requirements to protect and maintain Adelaide’s air quality. This air quality policy is operational until new federal fuel quality legislation comes into effect between 2002 and 2006.

TARGETS FOR 2003–04

- Amend the Gas Pipelines Access (South Australia) Act to implement any changes agreed by relevant jurisdictional ministers.
- Implement energy market reform in the gas market that will lead to increased consumer choice by enabling customers to transfer between gas retailers; and
- requiring retailers to participate in the market in a fair and competitive manner.

Strategic priority 5 — ECOLOGICALLY SUSTAINABLE DEVELOPMENT — enhance the capacity of community and industry to integrate, achieve and report against environmentally sustainable development principles

Sustainable rebate programs

The Photovoltaic Rebate Program and the Renewable Remote Power Generation Program are two South Australian Government’s Solar Hot Water Rebate Scheme commenced on 1 July 2001 and aims to increase the use of renewable energy and reduce the amount of greenhouse gas emissions produced in the residential sector through water heating. During 2002–03 over 2300 solar hot water systems were installed, totalling over $1.6 million in rebates and resulting in a reduction of approximately 6900 tonnes of carbon dioxide per annum. Given the overwhelming response to the program in March 2003, the state government put an additional $2.6 million over 18 months into the program

The Remote Areas Rebate Program commenced in September 2002 and aims to provide rebates to augment electricity generation using diesel fuel and to reduce the associated amounts of greenhouse gas emissions produced in the remote areas. A total of 2750 compact fluorescent globes were sold (two per household for $5) and 10 installations of insulation occurred through these programs. Estimated greenhouse savings are approximately 1200 tonnes of carbon dioxide per annum.

Commonwealth programs administered for the state by Energy SA. The programs aim to encourage greater utilisation of renewable energy in South Australia.
The Photovoltaic Rebate Program provides rebates for grid-connected or stand-alone systems on residential and community buildings. From January 2000 to May 2003 over 560 solar systems were installed in South Australia totalling $3.8 million in rebates and amounting to 1489 megawatt-hours of renewable electricity generated per annum. Of these, 23 systems were installed by community groups.

The Renewable Remote Power Generation Program provides rebates to replace or augment diesel generators with renewable generation technology. The program commenced in March 2001 and has paid around $4.9 million in rebates towards the installation of 225 systems. These total 365 peak kilowatts of photovoltaic capacity and 51.5 peak kilowatts in wind generators. The Parachilna power station has been re-built with two diesel driven generator sets with 21 kilowatts of photovoltaic panels and an 111 kilowatt-hours battery bank as part of this program.

Environmentally sustainable development

Energy SA worked in association with Planning SA in the introduction of mandatory energy efficiency legislation. Minimum four-star equivalent energy performance was introduced for all new residential development in South Australia in January. Greenhouse savings from this initiative are predicted to be 270 000 tonnes of carbon dioxide over the 10 years 2003–12.

Prior to this introduction, Energy SA jointly developed and held training and awareness programs for the introduction of then planned four-star energy efficiency rating for residential construction. Since the adoption of the National Building Code of Australia’s requirements, Energy SA has provided technical advice to local government and the housing industry on the new legislation.

Architectural awards

For the tenth year Energy SA sponsored the Royal Australian Institute of Architects Sustainable Architecture Awards (formerly Ecologically Sustainable Awards) and provided a juror for the awards panel. Working closely with the South Australian Chapter of the Royal Australian Institute of Architects allows the state government to:

- Champion the economic and environmental advantages of energy efficient and ecologically sustainable design principles.
- Strengthen the responsible and sustainable use of the energy agenda.
- Tangibly address the reduction of greenhouse gas emissions.
- Promote winning designs to the public and industry as examples of current best practice.

Government energy management

In January 2003 the 2001–02 Government Annual Energy Use Report was publicly released containing a status report on government’s progress towards meeting the 15 per cent energy use reduction target. Other significant achievements included:

- Implementation of a whole-of-government procedure to ensure agency compliance with the minimum energy efficiency requirements for government building projects described under the Energy Efficiency Action Plan.
- Staging of two workshops for government staff, along with an industry briefing on Energy Efficiency Action Plan requirements on construction and refurbishment of buildings.
- Commissioning of the web-based EDGAR energy use reporting system for government agencies in South Australia in conjunction with the Commonwealth Government.
- Production of 35 energy audits for government agencies by the Advisory Service.
- Successful completion of Government Energy Action Week 2002, launched by the Premier and including the unveiling of the South Australian Museum North Terrace Power Station initiative.
- Establishment of several collaborative projects for resource development with interstate energy agencies through the national Government Energy Managers Group.

Green Power

South Australia is a member of the National Green Power Accreditation Program that has achieved over 77 539 Green Power customers across Australia. Five electricity retailers offer Green Power products to customers in South Australia. At 31 March there were 512 domestic AGL customers and eight commercial customers serviced purchasing Green Power. In 2003 a new Green Power product
called Green Events was launched where Green Power can be purchased by organisers of meetings, conferences, workshops and other events.

TARGETS FOR 2003–04

- Achieve a progressive reduction in energy use across government in accordance with the Energy Efficiency Action Plan and the 15 per cent reduction target before 2010.
- Increase the number of installations of grid-connected and stand-alone renewable energy systems in South Australia through the delivery of renewable power generation rebates to the community.
- Implement an information sharing network between energy managers in both the government and business sectors.
- Increase South Australian uptake of Green Power products.

Strategic priority 8 — PARTNERSHIPS — negotiate effective partnerships with industry, rural and indigenous communities, Commonwealth Government and local government for regional and industry development

Remote area energy supply

The Remote Area Energy Supply Scheme continued to subsidise 13 existing remote area power stations. Three are owned and operated by local government or private participants; the rest are government owned and operated. Electrical power was supplied from the nine government-owned power stations which operated at high levels of reliability and availability.

The tariff for the Remote Area Energy Supply was adjusted in light of AGL grid tariff increases. The remote area tariff is tied to the grid prices so that small to medium domestic customers pay grid prices plus approximately 10 per cent.

Private ventures—initiatives

Several private wind farm and biomass proposals are being facilitated in conjunction with the Department for Business, Manufacturing and Trade. An inter-agency team has been set up to assist the large number of project developers. Energy SA has also assisted a number of developers with applications to the Australian Greenhouse Office for funding to improve the financial viability of projects.

Cities for Climate ProtectionTM support

In 2001–02, Energy SA and the Australian Greenhouse Office jointly funded a full-time project officer to provide technical advisory services and coordination assistance to South Australian Councils participating in the Cities for Climate ProtectionTM Program. The Commonwealth funding for the project officer position ceased in February 2002 and was not re-instituted, however Energy SA continued to fund this role on a part-time basis over 2002–03. At June 2003 there were 17 South Australian councils participating in the national Cities for Climate ProtectionTM program, representing 72 per cent of the state’s population.

The aim of the support program is to facilitate networking between councils and to provide information, technical advice and assistance to councils implementing energy management initiatives to reduce greenhouse gas emissions. During the year, over 75 requests were received and addressed, six network meetings were coordinated, and a forum and workshop on energy performance contracting was convened. In addition, assistance was provided on a number of community energy projects implemented by councils, including the Save Water and Power show, and the City of Campbelltown’s Cool Communities Project.

The Save Water and Power shows, delivered across nine local councils in November 2002, were highly acclaimed. A theatre group acted out energy management and water saving advice through a series of sketches.
Energy Friends


Energy Friends is a partnership program of the South Australian Government in which community organisations receive training and practical resources to allow their members to undertake grass roots energy action in their local community. In 2002–03, partnerships were established with:

- Conservation Council of South Australia
- St Vincent de Paul Society
- Northern Adelaide region (five community based projects)
- Department for Business, Manufacturing and Trade; Department for Environment and Heritage and the Conservation Council of South Australia (Riverland Energy Friends)
- Nine metropolitan Adelaide councils (save water and power audits)
- Seventeen South Australian councils (self-audit kits in libraries)

Business partnerships

Energy SA organised and sponsored a series of two-day training courses on Effective Energy Management – Building Services, presented by Energetics Pty Ltd. Two energy management presentations were made at Business SA seminars covering changes to the electricity market. A total of 42 energy audits and advisory services were provided to commercial, industrial, small business and local government organisations. Sponsorship and support was provided for an Energy Audit Training and Accreditation course conducted in South Australia by the Australian Institute of Refrigeration, Air Conditioning and Heating.

Energy efficiency program

Cabinet approved $2.05 million funding for an energy efficiency program, in partnership with community-based welfare agencies, for low-income households.

TARGETS FOR 2003–04

- Continue to assist the District Council of Coober Pedy to re-establish its power station and refurbish its electrical distribution system.
- Increase the number of businesses adopting sound energy management practices in South Australia.
- Continue assisting energy projects that promote innovation in energy efficiency, and related sustainable and renewable energy technologies and practices.
- Continue to promote sustainable energy practices by working with government agencies, industry and the community to implement priority energy efficiency programs.
- Commence delivery of home energy audits to low-income households through the energy efficiency program for low-income households.
- Continue to deliver Energy Friends programs through partnerships with community-based organisations.

Strategic priority 9 — ACCESS TO INFORMATION AND SERVICES — improve industry and regional access to information that supports better business decisions

Information products and marketing

The Office of the Technical Regulator again conducted a public awareness campaign to promote energy safety issues applicable to the season, the latest being the winter safety promotion. The benefits and the proper use of electrical safety switches were also promoted. In addition, the Technical Regulator has developed a website that contains a range of energy safety information and provides a safety advice line for people who are concerned about the standard of their electrical or gas installation.
Energy advisory services
Staff handled 8084 direct community interactions from visitors to the two advisory centres, phone calls, emails and faxes. This year’s interactions resulted in ten-year total residential energy bill savings and greenhouse gas reductions of around $6.5 million and approximately 57 716 tonnes of carbon dioxide respectively. There were over 102 000 visits to the Energy SA and Sustainable Energy websites and 70 400 brochure and fact sheets distributed. Energy SA participated in eight community Homebuyer Seminar presentations, with approximately 2200 people attending.

Further enhancements were made to the Energy SA website, highlighting key topic areas for user access and the promotion of topical and newsworthy energy industry issues. Five new brochures and fact sheets were developed and distributed — Energy efficient housing, Insulation, Easy ways to save energy, The cost of heating water and Heating….Cooling.

Energy SA continued to strengthen its links with the community and was a key sponsor of Sunrace 2002 (a solar energy and electric vehicle sustainable technology sports event) and the Investigator Science and Technology Centre’s Megawatt Exhibition (on the science of electricity generation and safe use). These encourage the ongoing education and academic pursuit of technological opportunities and solutions.

Communication programs
Energy SA began ‘rolling out’ the national Reach for the Stars program in South Australia which focuses on the benefits of choosing energy efficient household appliances. The aims are to (1) reduce domestic appliance energy costs and greenhouse gas emissions, and (2) increase the promotion and sale of high-efficiency energy appliances.

The first core element of the program was completed during October and November. This involved the training of managers and staff from 63 retail appliance stores in the understanding of the Energy Rating label that is affixed to all single phase air conditioners, refrigerators, freezers, washing machines, dishwashers and clothes dryers. The training covered how to calculate annual dollar running costs and greenhouse gas emissions. Training kits, workbooks, brochures and point-of-sale material were distributed and clarified. A press communication program was then developed and implemented (January–March) in the metropolitan and regional areas to raise community awareness of, and education on, the labels and the benefits of choosing appliances with high star ratings.

A recently completed national survey of consumers found that Adelaide respondents had the highest incidence of stating that the Reach for the Stars materials were effective (70 per cent compared to 57 per cent of Melbourne respondents).

Energy SA, in partnership with Lutheran Community Care, the SA Housing Trust, AGL, St Vincent de Paul and Pride’s film school have produced a video titled Switch on to electricity savings. This video has mainly been developed to assist low income families identify the key energy uses in the home and significant ways to reduce their electricity consumption. The video was officially launched at the South Australian Museum on 5 February by the Museum’s director, and copies of the video will be widely distributed by the project partners.

During November and December a new Energy SA specialist air conditioning service was promoted, through metropolitan and regional South Australian press, to the residential and small business sectors. This enhancement to the advisory services focuses on the proactive provision of specialist community energy efficiency information and advice on the selection and operation of summer cooling appliances. This information and advice was, and continues to be, provided through our normal phone, Energy SA website and literature services. A new community brochure Take the heat out of home cooling was widely distributed.

Energy planning
Energy scenario planning to 2020 indicated the critical importance of environmental pricing of electricity, through, for example, emissions trading, to facilitate the establishment of renewable energy generators. Energy conservation provides considerable opportunity to lower average demand, with rising prices from environmental pricing acting as further encouragement. Barriers to renewable
energy uptake with the existing regulatory framework were analysed and options recommended to overcome them. Related papers have been placed on the Energy SA website.

**TARGETS FOR 2003-04**

- Enhance community sustainable supply side energies and demand side management understanding, motivation and action to directly increase renewable energy supply and reduce energy use and greenhouse emissions.
- Reduce energy use and greenhouse gas emissions in households, business and industry.
- Increase the number and significant type of sustainable supply side energies and demand side management practices per household or business.
- Increase the amount of homes and businesses that ‘employ’ appropriate aggregated supply side energies and demand side management practices.

**RURAL SOLUTIONS SA**

Rural Solutions SA is the government and commercial delivery arm of PIRSA. The Department of Water, Land and Biodiversity Conservation is also a key stakeholder, extensively utilising the services of Rural Solutions SA to deliver its programs and achieve its goals.

In fulfilling its purpose ‘to add value to food and fibre industries, natural resource management and rural communities’, Rural Solutions SA delivers a broad but highly tailored range of innovative services: from environmental management programs to help satisfy export market and water management needs through to economic analysis; from education programs in pest management and crop yields through to long-term strategic farm planning.

Customers include leading wine and food companies; government agencies in forestry, water, land management, transport and trade; and regional community groups.

Rural Solutions SA employs more than 200 full-time rural based consultants who operate from approximately 27 locations across South Australia. This extensive regional network is a major asset in the delivery of both large state-wide programs and more localised regional projects.

Changes to the range of Rural Solutions SA’s services occurred during the year as a result of internal restructures within PIRSA. The Animal Health team was transferred to the Agriculture, Food and Fisheries Division from the beginning of the financial year. Rural Solutions SA assumed responsibility for Seed Services Australia from 1 April 2003. This move was supported by industry as a means of leveraging marketing expertise from within Rural Solutions SA particularly as Seed Services Australia seeks to grow its business outside its traditional South Australian customer base.

Rural Solutions SA has a critical role within PIRSA. The following extract of achievements from the year demonstrates its contribution to the achievement of PIRSA’s strategic priorities.

**Strategic priority 1— INDUSTRY DEVELOPMENT — we provide support for industry and regional development that focuses on global market opportunities.**

Rural Solutions SA supported the development of a broad range of industries in 2002–03, not only within South Australia but also across the whole of Australia.

**Forestry development**

After a number of years of negotiations and planning, a Japanese consortium has contracted Rural Solutions SA to deliver and manage a farm forestry operation in South Australia through Adelaide Blue Gums Ltd. A total of 10 000 hectares of blue gum forests will be grown across the southern Mount Lofty Ranges and an office established at Victor Harbor to accommodate two members of the company and Rural Solutions SA staff managing the project. In the long term, the project will provide significant employment and economic opportunities for the state.
Livestock industry development

Rural Solutions SA provided executive support to an independent consulting group to develop the South Australian Pork Industry Plan — 2010. A nine-member implementation group was subsequently formed to assist the pork industry to realise its projected 25 per cent growth in farm-gate production.

Commercial consultancy services and training workshops involving the pork and prime lamb industries were conducted in Tasmania, Western Australia, Victoria and New South Wales.


Teaching programs were jointly developed for The University of Adelaide agricultural science students, utilising funding provided by the South Australian pig industry.

Natural Heritage Trust funding was utilised to deliver a project designed to raise landholder awareness in how improved grazing management of native grassland (covering an area of approximately 600 000 square kilometres within South Australia) could increase productivity while also improving biodiversity.

Horticultural industry development

Rural Solutions SA continued to assist the olive industry to develop critical mass and economies of scale to be competitive in the global market.

The CropWatch SA service in the Riverland continued to provide critical and timely advice and information to horticultural industries to encourage efficiency and environmentally safety.

Project management skills were provided to support the Premier’s Wine Council; a multi-agency group investigated the resource capability of the major wine producing areas within South Australia to assess the extent of additional capability.

Two new state-of-the-art pieces of equipment were purchased — an automated total nitrogen/protein analyser and an inductively-coupled plasma optical emission spectrometer. These instruments have greatly increased the range of analyses that can be performed, and reduced the turnaround times for results.

Seafood industry

Rural Solutions SA has become involved in development and extension services for the seafood industry. It has also contributed policy advice and some early development work for the aquaculture industry.

TARGETS FOR 2003-04

- Develop products and expand services to the wine, mining, forestry and food industries.
- Grow commercial business with industry customers.

Strategic priority 2 — INNOVATION INDUSTRY — we promote and facilitate new and value-adding industry that builds on the States’ knowledge, infrastructure and innovation capability

Rural Solutions SA has encouraged innovation both through supporting and facilitating innovation within industry and the community, and through embracing innovative approaches to the delivery of its own products and services.

Industry innovation

The market potential for a range of organically grown products was analysed.

Interaction with the wine industry has raised awareness of an increasing need for an independent analytical service for red wine grape colour testing. Rural Solutions SA is currently testing the
established analytical methods at its Loxton based laboratory with a view to offering this test for the next vintage season.

**Community innovation**

A revised Property Management Planning program was facilitated throughout South Australia to encourage a range of innovative enterprise developments and add to diversity for rural landholders. Innovations have included adopting tourism, moving away from traditional farming approaches and the application of sustainable primary production practices.

The innovation capabilities in the pastoral areas of South Australia have been further increased through a major Commonwealth–state program called ‘Support sustainable industry in the Rangelands’. Rural Solutions SA has had a major role in the delivery of this project.

**Rural Solutions SA innovation**

Rural Solutions SA has been assessing the effectiveness of innovative approaches to service provision to indigenous communities. The resulting relationships have created opportunities to investigate a range of possible economic developments in communities in native foods and other primary industries.

**TARGETS FOR 2003-04**

- Develop clearly identified products and services which add value for customers.
- Establish an innovation program to stimulate beneficial changes.

**Strategic priority 3 — RISKS AND BIOLOGICAL CONTAMINANT THREATS — we successfully manage risks including, biological and contaminant threats, to the environment, production efficiencies and market access**

A number of Rural Solutions SA projects directly address management of risks to the environment and products.

**Environmental risks**

Rural Solutions SA has undertaken a key coordination role, to ensure a process is in place to provide an integrated response to adverse events that can impact significantly on rural communities. This program aims to establish skilled operators in regional communities that can respond quickly to events such as bushfire. This involves cooperation from key local groups such as police, State Emergency Services and the Country Fire Service.

Furthermore, Rural Solutions SA has worked with rural communities and industries to prepare applications for exceptional circumstances assistance in response to drought and frost problems.

The Airports Corporation engaged Rural Solutions SA to develop a management plan for control of foxes at Adelaide Airport and Transport SA has contracted Rural Solutions SA to project manage the control of weeds which have invaded a property.

Support was again provided for delivery of the annual program to assess and map the occurrence of broomrape in the Murray Mallee region.

**Risks to production and market access**

An internationally recognised food safety program (HACCP) was delivered to 1100 registered wine grape growers Australia wide. This process is also an essential component for growers implementing environmental management systems.

Another food safety program, ‘Olive-care’, has been delivered throughout South Australia and southern Victoria.

In August 2002 Seed Services Australia, (a subsidiary of Rural Solutions SA) was granted Category II international affiliate membership with the Association of Official Seed Certifying Agencies in the
United States. Certification under the associations label provides greater market access opportunities in North and South America for South Australian grown and certified seed.

**Overseas contribution**

Rural Solutions SA participated in delivery of Rural Technology Extension practices in the northern region of India utilising skills in engaging farming communities at a practical level in a culturally sensitive manner. The program aimed to achieve production increases through developing strategies to manage herbicide resistance build up in cereal crops.

**TARGETS FOR 2003-04**

- Expand food safety and market access services in wine and food industries.

**Strategic priority 4 — INTEGRATED POLICY FRAMEWORK, REGULATION AND COMPLIANCE — we create through consultation, effective policy and regulatory frameworks to enhance industry and community confidence**

Rural Solutions SA staff have been closely involved in development of policy frameworks through a number of mechanisms.

**Contribution to Natural Resource Management Reform process**

Support has been provided to the Natural Resource Management Reform process through consultants’ involvement in the Natural Resource Management transition team, providing direct input and regional intelligence.

Rural Solutions SA staff have represented PIRSA and the Department of Water, Land and Biodiversity Conservation on regional integrated natural resource management boards and committees, and have provided support for the development and introduction of a Natural Resources Management Act for South Australia. Rural Solutions SA consultants’ expertise and knowledge in natural resource management, capacity building and regional communities has been valuable in supporting the government’s commitment to creating a more coordinated and effective framework for delivery of natural resource management in the state.

Regional agency representation has been provided to the Kangaroo Island, Eyre Peninsula, Northern Yorke Agricultural Districts, South East and Murray Darling Integrated Natural Resource Management groups.

**Regional intelligence reporting**

Rural Solutions SA's network of regionally based staff across the state provides timely, relevant and quality information to government. Selected consultants represent the Chief Executive of PIRSA at thirteen regional locations, providing a valuable interface with rural communities and contributions to regional facilitation groups and their relationship with the Senior Management Council. Land management, revegetation, field crops and livestock consultants also provide regular and specific reports to PIRSA and Department of Water, Land and Biodiversity Conservation on land condition, erosion events and other issues of significance affecting regions and the state. During 2002–03 particular information and advice was sought on drought conditions, and programs and strategies which could be employed to counter the effects of drought on the land and on primary producers.

**Industry policy, regulation and compliance**

Rural Solutions SA has worked with producer groups and the RSPCA to manage animal welfare issues in the pork industry. This work has been extended to the trialling and adoption of an animal welfare auditing system.

Consultants represented PIRSA on the board of the South Australian Pig Boar Testing Centre and at executive meetings of the South Australian Farmers Federation Pork Committee. Livestock consultants also provided technical input and executive support to the SA Lamb Development Team and the SA Beef Development Team, both of which are government boards supported by PIRSA.
On behalf of the ChemCert Australia (SA) Board, Rural Solutions SA managed the ChemCert SA Secretariat and performed the daily operations associated with this nationally-accredited farm chemical user training program.

Recent legislative changes in South Australia provided the incentive for a record number of clients to complete ChemCert training in 2002–03. Close to 20 000 people have now received ChemCert accreditation in South Australia.

Aside from adapting chemical user training to various agricultural enterprises (including vertebrate pest control), federal government funding was obtained to update and improve training resources for growers from Vietnamese backgrounds, primarily concentrated on the Northern Adelaide Plains near Virginia.

Seed Services Australia has played a significant role in the establishment of standards and protocols for the new National Export Standards Authority for the Australian Seeds Authority.

A five-year management plan for South Australian abalone fisheries was developed in conjunction with PIRSA Fisheries. In addition, submissions to Environment Australia against the *Environment Protection and Biodiversity Act 1999* have been prepared to ensure the ongoing export performance of abalone, seagrass, specimen shell, giant crab and prawn fisheries.

**TARGETS FOR 2003-04**

- Contribute effectively to the Natural Resource Management Reform process.
- Provide effective regional representation.

**Strategic priority 5 — ECOLOGICALLY SUSTAINABLE DEVELOPMENT — we enhance the capacity of community and industry to integrate, achieve and report against environmentally sustainable development principles**

Ecologically sustainable development continues to be a core value for Rural Solutions SA in the delivery of programs and projects for customers.

**Land and water management**

Land-use planning continues to be an area of demand for Rural Solutions SA services, as pressures for land-use change continue, especially in peri-urban areas.

Soil boards were supported to facilitate a rapid changing in organisational structures and processes resulting from the State Natural Resource Management Reform processes.

Land condition monitoring has been important during the year due to the drought conditions across most regions in South Australia.

Irrigation benchmarking and volumetric conversion work were undertaken in the South East in preparation for improved water use efficiencies in the region.

Working with the Passenger Transport Board, Rural Solutions SA has arranged for strategic planting of 10 000 tubestocks along the South Eastern Freeway and direct seeding of 33 kilometres of the highway near Tailem Bend to neutralise the carbon emissions of the South Australian public transport fleet. It takes around 40 trees to remove the yearly emissions of one car so the ultimate aim of this two-year project is to plant 650 000 trees.

Contributions were made to a major National Action Plan funded project for the Department of Water, Land and Biodiversity Conservation to develop a new and extended range of revegetation and vegetation enhancement options in the Upper South East. Current state-of-research knowledge was utilised to develop a new Upper South East Revegetation and Vegetation Enhancement Strategy. The project and associated reports provided new opportunities for sustainable production and will accelerate achievement of biodiversity conservation and natural resource management objectives.
necessary to achieve the outputs of the Upper South East Dryland Salinity and Flood Management Plan.

Waste treatment
A technique to treat waste water from wineries using native vegetation to clean and filter the water was developed and implemented with Mountadam Winery. This concept is now being promoted and adopted by other wineries.

On behalf of PIRSA, the Environment Protection Authority and the Department of Water, Land and Biodiversity Conservation, Rural Solutions SA has produced an interactive CD manual, *Spreading nutrient rich wastes on agricultural land*, including a spreadsheet model for calculating sustainable spreading rates.

Commercial consultancy services continued to be provided for private livestock production enterprises to enable the environmentally sustainable development of dairy feedpads, beef feedlots, sheep feedlots and freestall dairy effluent management systems.

Rural Solutions SA has also applied an environmentally sustainable development focus to programs in the Rangelands, seafood industries and indigenous communities. These activities highlight the triple bottom line (economic, social and environmental) approach to programs by Rural Solutions SA.

**TARGETS FOR 2003-04**

- Develop opportunities to apply ecologically sustainable development principles within market sectors including wine, mining, forestry and food.
- Develop products and services related to environmental management systems.
- Improve water-use efficiency through adoption of more effective irrigation practices

**Strategic priority 6 — REMEDIAL ACTIONS — we harness community and government resources to rehabilitate degraded systems and sites**

Rural Solutions SA is heavily committed to a range of programs aimed at rehabilitating degraded sites.

**Revegetation**

Delivery of revegetation consultancies increased significantly this year with the development of revegetation planting guides and planning for revegetation to offset carbon emissions for the Passenger Transport Board.

Revegetation incentive schemes were managed for the South East Natural Resource Consultative Committee to assist in meeting vegetation targets for the Upper South East Drainage Scheme.

**Land and water remediation**

Rehabilitation work along Dawesley Creek was undertaken throughout the year in association with the Brukunga mine rehabilitation. Work will continue in the next financial year.

Striking a New Regional Water Balance (referred to as Salt to Success) was a major program to address the revegetation component of the Upper South East Dryland Salinity Flood Management Plan. The program aimed to dramatically increase on-ground activity (13 000 hectares target) by providing financial assistance for on-ground works to both groups and individual landholders. The overall target included revegetating 7140 hectares and protecting 10 380 hectares of remnant vegetation.

Mapping of salinity areas in South Australia continued in 2002–03, along with the development of high quality salinity-related ‘catchment management plans’. Services such as this, together with education and training, are essential to the success of the National Action Plan within South Australia.

Rural Solutions SA project managed field verification and interpretation of data from the State Airborne Geophysical Survey on behalf of the Department of Water, Land and Biodiversity Conservation. Most of the mapping and data collection has been completed within the wider national context of the
National Action Plan. Further mapping and data collection will continue into next financial year and the analysed results will be supplied to regional Natural Resource Management groups for new iterations of their plans and investment strategies.

**TARGETS FOR 2003-04**

- Undertake revegetation of transport corridors.
- Undertake rehabilitation of regional catchment areas.

**Strategic priority 7 — BUILDING COMMUNITY CAPACITY — we build capacity, leadership and global awareness in industry, and rural and indigenous communities**

As a regionally based business, a major focus for Rural Solutions SA is to build the capacity of local communities to manage current issues and develop plans for an economic, social, and environmentally sustainable future.

*Capacity building in the food and feed market chain*

Rural Solutions SA was engaged in an innovative program exploring new business opportunities with farmer groups, involving processing grain to flour, flour premixes and frozen dough products to gain access to premium niche domestic or export markets. Farmers have gained many new skills and acquired a greater understanding of the post farm-gate value chain business side of their industry.

Rural Solutions SA also conducted Your Soils Potential, a project supported by FarmBis funding to build the capacity of grower groups to understand the subsoil factors limiting crop production and assess options to better manage their paddocks. Over 20 grower groups participated across the state, involving over 230 individual growers. It is likely that this program will expand in 2004.

Six new and existing grower groups were involved in an Upper North Farming Systems project in which they identified their personal and business goals, and implemented programs to achieve these goals. The program was initially supported by the Central North East Farming Assistance Program and PIRSA, and is now supported by the Grains Research and Development Corporation for the next three years.

Working through the Premier’s Drought Assistance package, Rural Solutions SA provided a focused advisory service to producers managing their sheep, cattle and pigs during the extended drought of 2002–03. Workshops were conducted in partnership with the South Australian Farmers Federation, private consultants, Advisory Board of Agriculture, Regional Health Services and industry bodies. Over 1300 copies of the book *Feeding sheep* were sold and a new computer program, *Ready rations*, was launched to help producers calculate drought rations.

As part of a new industry group formed to encourage higher numbers of school leavers into the pork industry, Rural Solutions SA developed and launched an innovative in-schools program. Industry sponsorship funding was also obtained to facilitate the construction of pig eco-shelters at the Waikerie and Clare High Schools.

*Community capacity building*

Rural Solutions SA has been extremely active in a range of programs that support the building of rural communities, including future visioning with indigenous communities throughout South Australia, community model development with Rangelands communities, strategic planning and management education and training with farmer groups using FarmBis support, Landcare on-ground activities and facilitation of community groups involved in the Natural Resource Management Reform program.

User-friendly tools have been developed for irrigators, designed to empower them to take control of their resources and achieve more efficient management. These tools are focused on water-use efficiency and were designed to apply to the Murray Darling Basin and the Mount Lofty Ranges.

The Irrigated Crop Management team within Rural Solutions SA continues to be recognised for its excellent work and contributions to the River Murray, this year winning the Riverlink 2003 Award.
Audits of capability and capacity of primary producers throughout South Australia were undertaken to provide information for the planning of future programs.

The need to provide training that is aligned with Australian National Training Competencies has been recognised by Rural Solutions SA. Where-ever possible, training programs incorporate these national competencies so that completion of a Rural Solutions SA training course can contribute to a recognised qualification. An example is ChemCert training: Rural Solutions SA provides the training (as a Registered Training Organisation) and undertakes assessment and certification allowing primary producers access to restricted chemicals.

**Overseas communities**

Rural Solutions SA was successful in obtaining overseas government and international funding to assist communities in Bhutan to develop an export focused pome fruit industry. The consultancy involved advice ranging from where to establish orchards, through selecting the best varieties for the prevailing conditions, to marketing the end products.

**TARGETS FOR 2003-04**

- Continue programs to support the building of rural communities.
- Grow community development services for indigenous communities.
- Seek opportunities to build industry capacity through market-chain enhancement.
- Facilitate changes in Natural Resource Management organisations.

**Strategic priority 8 — PARTNERSHIPS — we negotiate effective partnerships with industry, rural and indigenous communities, Commonwealth Government and local government for regional and industry development**

Partnerships with a variety of organisations are critical to the ongoing success of Rural Solutions SA programs and projects.

**Industry partnerships**

The pork industry will be promoted to the general public through the Pigs and People displays and sessions at the 2003 Royal Adelaide Show through a partnership with the Royal Agricultural and Horticultural Society of South Australia, using funding from the latter and Australian Pork Ltd.

Rural Solutions SA consultants represented PIRSA on a number of industry boards and committees, including the South Australian Pig Boar Testing Centre Management Board, Pig and Poultry Production Institute Board, South Australian Farmers Federation Pork Executive, TAFE Certificate III (Pigs) On-Farm Training Scheme and the Australian Pork Ltd Porksafe Program.

Rural Solutions SA formed alliances with the Advisory Board of Agriculture and the South Australian Farmers Federation to provide workshops and advisory services throughout the state under the Drought Service Level Agreement with PIRSA Agriculture, Food and Fisheries.

**Partnerships for community development**

A range of partnerships have been maintained and developed with organisations focused on community development, including the University of South Australia, Department of Water Land and Biodiversity Conservation, and the interim Integrated Natural Resource Management groups.

As a regional entity, Rural Solutions SA is also involved in the collaborative partnership that has supported and assisted the concept of Outback SA and has increased its efforts to engage in a partnership approach to working with indigenous communities across the state.

**TARGETS FOR 2003-04**

- Further develop alliances with other businesses and government agencies.
Strategic priority 9 — ACCESS TO INFORMATION AND SERVICES — we improve industry and regional access to information that supports better business decisions

Rural Solutions SA has continued to act as an important information broker for government, improving outcomes for both industry and the community.

Improved industry information

A number of new and innovative information products were developed for industry. FertiPlan™ offers an easy-to-use, robust science-based support tool for determining the lowest cost fertiliser rates properties. The program is derived from fertiliser research in southeastern Australia. Built in South Australia with sponsorship of the Value Added Wheat Collaborative Research Centre, the program has been extensively tested and technically evaluated by industry and Rural Solutions SA consultants.

Ready Rations™ has been developed to take the guess-work out of formulating sheep and beef cattle feeding plans. Designed to be used in times of paddock feed shortage, Ready Rations quickly and easily guides the user through setting up a supplementary or fully hand fed feeding program. Ready Rations caters for the normal summer–autumn feed gap in temperate zone pastures or the extreme circumstances of drought.

A 60-page book and software on Batch farrowing and production was authored by Rural Solutions SA on behalf of Australian Pork Ltd for use Australia wide. The benchmark environmental publication Guidelines for establishment and operation of cattle feedlots in South Australia was updated.

A large amount of effort has been put into providing innovative and relevant technical information to livestock producers and industry participants in South Australia and interstate. A large number of Pig AI courses have been held in South Australia, Victoria, Western Australia and New South Wales. The Drought project saw a number of workshops and high usage of media outlets to present quality technology transfer to enhance the business success of produces facing crisis. Livestock consultants have also developed national programs for Meat and Livestock Australia’s EDGE Network program, conducting training workshops in South Australia, Victoria, Western Australia and New South Wales.

Rural Solutions SA also maintained the pork industry communication network on behalf of PIRSA, including the quarterly publication of Pig Industry News, monthly faxstream Pig and Poultry Production Institute update, and the facilitation of regional industry discussion groups.

A large range of information products were produced for the field crops industry throughout Australia, providing reliable, accurate and unbiased information. The products included monthly crop and pasture reports and crop estimates (which provide valuable, independent information to government and industry), the annual crop harvest report (which is distributed to some 2500 growers across the state), four plant protection crop spray charts (a source of unbiased information for industry and farmers), Ute Guides (which are marketed nationally to farmers and industry), and TOPACTIVE workshop resource kits (which provide a national training resource to grower groups).

A range of publications and web-based material was also produced to support production and marketing of horticultural produce. For example, a Quality winegrape manual was developed to assist growers in producing products to market specification.

Information for communities

Rural Solutions SA’s state-wide network of public offices is the first point of contact between the community and PIRSA. Front line reception staff continued to respond to incoming inquiries delivering a range of information products and services or redirecting inquirers to the most appropriate source of information.

Rural Solutions Technical Experts continued to provide a reference point for primary producers in the state on behalf of PIRSA. This broad range of expertise responds to inquiries to ensure the appropriate information or support can be efficiently accessed for the caller.
Catchment plans

Catchment planning for salinity management is an activity undertaken by Rural Solutions SA as part of implementing the South Australian State Dryland Salinity Strategy. Throughout the year, several catchment plans have been produced, recommending actions for effective environmental management. Plans completed included:

- Minlaton Ramsay Plan for the Yorke Peninsula Soil Board
- Eleanor/Lake Ada and the Dudley Peninsula Salinity Management Plans on Kangaroo Island
- North and South Para Catchment Plans and the Southern Fleurieu Peninsula Plan in the Mount Lofty Ranges
- Dutton River, Byrne Bay and Eastern Cleve Hills Plans for groups on Eyre Peninsula.

Strategic priority 10 — PIRSA IS A GREAT PLACE TO WORK — we attract, develop and support our people

Occupational health and safety and injury management

About 85 per cent of consultants in Rural Solutions SA are regionally based and driving has been identified as the highest risk operational procedure. Initiatives introduced to mitigate the risk include mandatory defensive driving courses for all new employees required to drive in their role and refresher courses for existing employees. Additionally, safety measures have been built into the Rural Solutions SA vehicle policy — all new fleet vehicles are now white and fitted with anti-lock braking system, dual airbags, cruise control, fire extinguishers and first aid kits.

Training

Key strategic group training initiatives funded this year included customer relationship management, project management, Reframing the Future (Vocational Education and Training Framework), innovation, commercialisation, facilitation, community capacity building and recognition of current competencies for qualifications in the nationally accredited Business Services Training Package.

Strategic priority 11 — WE MANAGE FOR RESULTS — we manage our resources well; we provide leadership; our business processes are effective and efficient

Rural Solutions SA utilises the Australian Business Excellence model for strategic planning and monitoring its business. This model represents a systematic approach to management and has been the catalyst for a number of improvements implemented throughout the year.

Increased accountability

Over the last year, the Rural Solutions SA Board has demanded higher levels of accountability for business results. Meeting frequency has increased along with more timely and comprehensive reporting on all aspects of the business.

A Balanced Score Card approach has been adopted for monitoring operational areas. Some of the critical aspects measured on a monthly basis are customer satisfaction, staff satisfaction, resource utilisation, Business Plan implementation, opportunities available, data input/accuracy, as well as several financial aspects. Important team and marketing strategies are also tracked against our annual Strategic/Business Planning schedule.

Business processes and systems

Rural Solutions SA has continued to improve business reporting through the utilisation of data collected from timesheets to monitor chargeable time and improve project management. This also promotes more accurate pricing of jobs and projects. This process will be improved further in 2003–04 by the use of standard costing in projects.

Customer surveys

A survey of our top 31 customers was undertaken by a third-party organisation to evaluate the relationship between Rural Solutions SA and its key customers. These customers (17 government, 11
private, 3 other) were overall satisfied with the service provided by Rural Solutions SA. This was generally consistent between government and private sector customers. The survey provided valuable information about particular aspects of service that are well received and opportunities for improvement.

TARGETS FOR 2003-04

- Implement an improved project management system and strengthen the project team focus.
- Enhance customer satisfaction with processes, data analysis, learning and improvement.
- Improve pricing policies.

Strategic priority 12 — WE GROW AND HARNESS OUR KNOWLEDGE — our knowledge is a key business asset

Rural Solutions SA has focused effort to improve its use of knowledge though strategic recruitment of graduates and key technical personnel, targeted training and development opportunities, improved project management processes and improved sharing of information.

A multi-disciplinary project team of consultants has researched and established best practice in respect to project management. The outcome of this research is the establishment of a standard quality assurance process for project management; from initial engagement with the customer, establishing risk; documentation of customer needs, outcomes and milestones; monitoring and control; through to managing customer deliverables, analysis and finally, internal debrief.

Rural Solutions SA has continued to be a heavy user of PIRSA Knowledge Communities software supporting greater sharing of information and knowledge.

Strategic priority 13 — WE BUILD COLLABORATIVE RELATIONSHIPS WITH OTHERS — our success depends on building and maintaining our relationships with clients, stakeholders and the community

Rural Solutions SA shares an industry and community service focus with a number of other government and non-government organisations. Collaborative relationships improve efficiency of services delivery as well as the quality of outcomes.

Collaboration within PIRSA

Rural Solutions SA works closely with the Agriculture, Food and Fisheries Division to define programs that address government outcomes in the most efficient manner.

Strong linkages have also been developed between SARDI researchers and Rural Solutions SA consultants to develop joint initiatives aimed at better extending research outcomes to the farming community. A number of initiatives have been progressed, including collaboration in the development and launch of the *Success with lucerne* manual; development of a joint strategic plan for pastures in South Australia; delivery of a pasture training day to industry; utilisation of the Rural Solutions SA regional network; investigation of opportunities for precision agriculture projects; and collaboration with the SARDI Climate Risk Management team in the development of a Financial Risk Management workshop.

Collaboration within the Department of Water, Land and Biodiversity Conservation

PIRSA has developed a sound collaborative relationship with the Department of Water, Land and Biodiversity Conservation that allows Rural Solutions SA to continue to deliver services on behalf of that agency. A memorandum of understanding has been negotiated to formalise the agreed principles.

Other collaborative relationships

An alliance with the Land Services Group (Department for Administrative and Information Services) has continued to strengthen through the increased use of their services by the Rural Solutions SA Dryland Salinity Team. Land Services senior staff participated in Rural Solutions SA team development activities.
A CSIRO alliance has led to further work for Rural Solutions SA, in particular a sub-contract on a Lower Murray Irrigation project that will continue into next financial year.

The conversion of a private commercial property to a national park is currently underway in the eastern part of Hindmarsh Island and Lucerne Island adjacent to the River Murray mouth. The property lies within the Coorong and Lower Lakes Ramsar site and contains breeding and feeding habitat for 27 bird species listed under JAMBA and Chamba International Agreements. Working collaboratively with the National Parks and Wildlife Service, Rural Solutions SA developed a property redesign for Wyndgate, integrating the planning with the Murray Darling Commission, neighbouring property owners and the community. This 10-year program for landscape change will facilitate a planning to increase biodiversity, support tourism needs and enhance protected wetlands.

TARGETS FOR 2003–04

- Establish and enhance the collaboration model with the Department of Water, Land and Biodiversity Conservation.

AGENCY SUPPORT

The agency’s corporate support functions are provided by PIRSA Corporate Group. These functions cover information management, finance and business services, risk management and audit, human resources, corporate strategy and policy, communications and marketing, and legal services which are provided through an outposted arrangement with the Crown Solicitor’s Office.

Strategic priority 7 — BUILDING COMMUNITY CAPACITY — build capacity, leadership and global awareness in industry, and rural and indigenous communities

RURAL FINANCE AND DEVELOPMENT

FarmBis

FarmBis is a Commonwealth and state funded program which commenced in July 2001, providing financial support to assist primary producers improve their business management skills. The program budget is $16 million through to 30 June 2004.

Grants for individuals and groups totalling $3 million were approved and committed during the year. (see also Agriculture, Food and Fisheries, and Rural Solutions SA)

Strategic priority 8 — PARTNERSHIPS — negotiate effective partnerships with industry, rural and indigenous communities, Commonwealth Government and local government for regional and industry development

RURAL FINANCE AND DEVELOPMENT

Many of the following programs are also discussed under Agriculture, Food and Fisheries, and Rural Solutions SA.

Riverland Rural Partnership Program

The Riverland Rural Partnership Program is a $5 million jointly funded state and Commonwealth program, launched in September 1998 initially for three years but then extended to 31 December 2002. The program includes a range of projects focused on improved management practices, greater productivity and resource efficiency, improved quality of products and enhanced export opportunities.

Twenty-three grants totalling $32 000 for business planning, 28 grants totalling $140 000 for re-development, 19 grants totalling $180 000 for quality assurance, and 41 grants totalling $703 000 for export enhancement were approved and committed during the year.
Central North East Farm Assistance
The $4 million Central North East Farm Assistance program, funded by Commonwealth and state governments, was launched in September 2000 to provide financial support for producers in the Central North East region of South Australia. The projects focus on improved business planning, improved profitability and sustainability, new enterprise evaluation and research and development.

Seventy-five grants totalling $145 000 for business planning, 29 grants totalling $290 000 for productivity improvement, 30 grants totalling $150 000 for infrastructure improvement and 6 grants for research and development totalling $78 000 were approved and committed during the year.

State Drought Assistance package
As part of the $5 million State Drought Assistance package announced by the Premier in October 2002, $1.65 million was allocated for business support and community activities, targeted principally toward the Pastoral and Mallee regions of the state.

A total of 142 grants collectively worth $1 406 000 for business support, 6 grants totalling $5000 for domestic water cartage and 21 grants totalling $77 000 for community activities were approved and committed during the year.

Exceptional circumstances
Interest Rate Subsidy support was approved in February 2003 for pastoralists located in the Central North East and Far North East pastoral regions of the state. Funded by state and Commonwealth governments, pastoralists may lodge applications until the closing date of February 2005.

Nineteen interest subsidies totalling $256 000 were approved and committed during the year.

Rural industry adjustment and development
The Rural Industry Adjustment and Development Act 1985 authorises the Minister for Agriculture, Food and Fisheries to make loans and grants to assist on-farm development and adjustment towards lifting productivity, and to fund projects for the benefit of farmers and the farming industry as a whole. During the year, six grants totalling $0.6 million were approved and committed. Financial statements for the fund managed under the Act are included in Appendix 8.

Loans to cooperatives
PIRSA is responsible for the provision of loans to cooperatives in South Australia engaged in the primary industries sector. During the year one loan totalling $800 000 was approved.

Rural financial counselling
A total of $282 000 of funding was approved by PIRSA during the year to assist fund the ongoing operations of 12 Rural Financial Counselling Services (14 counsellors) and the State Association with the principal aim of providing financial counselling and information to primary producers. An additional $300 000 was approved under the State Drought Assistance package to engage three drought financial counsellors for the next 12 months.

Kangaroo Island ovine Johne’s disease fencing assistance
The fencing assistance is a state funded scheme which commenced in July 2001. Support was made available in recognition that the maintenance of boundary fencing in good condition is an essential requirement in preventing the spread of ovine Johne’s disease on Kangaroo Island. Six grants totalling $10 000 were approved and committed.

Strategic priority 9 — ACCESS TO INFORMATION AND SERVICES — improve industry and regional access to information that supports better business decisions
CUSTOMER SERVICES
PIRSA’s earthquake monitoring equipment is now housed and displayed at the Minerals and Petroleum Customer Service Centre and generates significant interest with visitors. The centre further
enhanced its role as a whole-of-agency centralised reception and general inquiry service with the addition of FISHWATCH SA material to its extensive range of publications.

With most of PIRSA’s geoscientific data now available in digital formats over 80 per cent of customers request data to be provided on CD rather than hardcopy.

RECORDS MANAGEMENT

A project was established mid 2002 to improve record keeping practices across PIRSA. Initial funding was received in late 2002 and efforts, to date, have focused on developing tools that will facilitate effective record keeping, minimise unnecessary duplication of electronic records and improve access to information. Project outcomes for 2002–03 were development of a Records Management Policy and Procedural Framework, a Business Activity Classification Scheme and a Change Management Strategy; enhanced implementation of tracking capabilities; and formulation of a strategy to significantly reduce the duplication of documents and disk capacity requirements.

SPATIAL INFORMATION

 Provision of spatial consulting services to PIRSA groups and other government agencies continued. Two major projects were data collection for the Department of the Premier and Cabinet’s Port Bonython planning and infrastructure review, and preparation of a Murnpeowie atlas for a potential radio telescope site for the Department of Business, Manufacturing and Trade.

A major review of GIS (geographical information systems) software tools was conducted resulting in a flexible licence pool designed to meet the needs of PIRSA users combined with a cost-effective maintenance agreement.

STRATEGIC INFORMATION MANAGEMENT AND TECHNOLOGY

Strategic plan

An Information Management and Technology Strategic Plan 2003 – 2005 was completed to establish a strategic vision for PIRSA. Internal stakeholders were consulted to determine business requirements for the future use of information management and associated technology; a key theme was providing electronic access to information and services. Initial projects in the areas of technology refresh, business systems and eBusiness initiatives have commenced.

eBusiness

PIRSA has continued to consolidate its eBusiness environment establishing common processes and supporting policies to maximise the value of its investment. Availability was increased and site security reviewed.

PIRSA website

Based on client feedback the PIRSA website is being upgraded to focus around industry functions and improved search and navigation features. Stage 1 of the project will be released in July 2003.

Online projects

A number of online projects were carried out and included improving access to information on PIRSA’s intranet and enhancement of PIRSA’s geoscientific information system (SARIG) to incorporate new data layers and provide a search engine for the drillhole database.

Infrastructure

PIRSA continued to maintain a reliable and effective network. The PC desktop fleet was upgraded to Windows 2000, and mobile technologies to improve data access and collection by field staff were investigated.

PUBLISHING SERVICES

A major review of Publishing Services was undertaken and produced as a business plan designed to take the branch forward to 2005. The two cornerstones identified were a greater focus on fulfilling client requirements, and a restructure of the branch to assist in client focus and provide enhanced
career opportunities for staff. The business plan and new staff classifications were approved in February 2003.

Publishing Services continued to prepare a wide range of products including interactive CDs, brochures, booklets, journals, technical reports, poster displays, audio-visual presentations and intranet material to support PIRSA groups. The branch also contributed to process improvement reviews with Petroleum and Mineral Resources Groups, and the findings will be applied to interactions with all clients.

COMMUNICATIONS AND MARKETING
The increasing focus on biosecurity issues has ensured preparedness at every level of the agency including Communications and Marketing.

A communication strategy for the management of a foot-and-mouth disease outbreak was put to the test in Operation Minotaur in September 2002.

Communications management of the invasive seaweed, *Caulerpa taxifolia*, continued ahead of plans for a major eradication program during the second half of 2003. Other major incursions requiring communications management included fruit fly, Wheat Streak Mosaic Virus and ovine Johne’s disease.

The project management of the Rural Youth Reunion Rally was an important success story as this major event celebrated 50 years of Rural Youth in South Australia and was named Community Event of the Year by the Clare and Gilbert Valley’s Council.

Another event, Taste SA, was a key feature at the 2002 Royal Adelaide Show and aimed to educate the community about the size, significance and value of the state’s food industry.

Celebration was the theme of SARDI’s tenth anniversary. Held in October, the event and a special brochure acknowledged the contribution of current and former staff to SARDI’s decade of achievement.

Together with the South Australian Farmers Federation and the South Australian Chamber of Mines and Energy, PIRSA has developed a series of career forums. With agency sponsorship the forums will be held in key locations around the state to promote careers in primary industries and resources to predominantly year 10 students.

Other major initiatives included a communications campaign for the introduction of electricity full retail contestability, and participation in key regional field days, the Agricultural and Environmental Careers Fair, and National Science Week.

The ongoing management of PIRSA’s flagship publication, *Open Gate*, continues to provide the agency with an important promotional vehicle. Inserted into the *Stock Journal* each quarter, it is used to promote PIRSA business groups and their people, products, programs and services to a key audience.

TARGETS FOR 2003–04

- Continue to improve information technology infrastructure to support PIRSA business groups including the incorporation of mobile computing services.
- Implement key initiatives from the Information Management and Technology Strategic Plan including improvements to the PIRSA website in response to customer requirements, and development of more eBusiness applications.
- Implement the Records Management Policy and Procedural Framework, and the Business Activity Classification Scheme; procure and evaluate a suitable electronic document and records management system.
- Commence compilation of a publishing policy that could be extended to the whole of PIRSA.
Strategic priority 10 — PIRSA IS A GREAT PLACE TO WORK — we attract, develop, value and support our people; we provide a positive work culture

Major activities are reported in the eight key result areas of the Commissioner for Public Employment Strategic Human Resource Management Framework.

A PLANNED WORKFORCE AND MONITORING AND REPORTING

PIRSA quarterly workforce report

PIRSA Executive discuss human resource workforce planning issues every quarter based on the information and analysis provided by the Corporate Human Resources Group. The report details and analyses delegate decisions in relation to classification and remuneration, workforce demographics, workforce issues and trends to support the development and evaluation of the agency’s human resource strategy.

The aim of the PIRSA Workforce Report is to:

- Provide the Executive with data and information, together with supporting commentary and analysis that assists in their understanding of the ‘big picture’ human resource issues.
- Provide relevant and timely information to Executive on human resource issues, trends and potential risk areas for PIRSA’s workforce now and in the future.
- Evaluate the implementation of human resource policy initiatives through regular reporting and analysis of human resource performance data.
- Support improved corporate governance through publishing of delegate decisions and the identification of issues and problems in the use of delegated authorities.
- Provide a comparison of performance against key indicators across PIRSA business groups and with the public sector.
- Share information and learning’s from experiences within PIRSA, that is a précis of the outcomes of industrial cases and individual grievances that are relevant to other areas of the business.
- Provide a basis for improved understanding and discussion of issues amongst human resource practitioners and PIRSA Managers.

Labour hire

A major procurement process was implemented for labour hire services to ensure an adequate supply of labour to support incident response and seasonal peaks in labour usage for field and general support. Detailed negotiations had commenced at June 30 with the two successful firms and a roll out of the new contract is planned for July–August 2003.

Succession planning

Analysis of workforce data has indicated a major issue of succession planning in PIRSA. Initial work has begun on identifying key risks and strategies for planned replacement of key capabilities over the next five years. To support this work, research has been undertaken on the strength of the labour market, issues and concerns with contract staff. Results will be presented to Executive in September 2003.

A paper was presented at a national conference on succession planning in Canberra.

Staff survey

PIRSA staff have participated in two surveys distributed by the Office for the Commissioner for Public Employment during the year. The human resource information up-date was designed to collect employee information in three key areas: diversity, employment history and education. The Workforce Perspective Survey 2003 gave employees the opportunity to give their perspective on the people management systems and practices operating in the agency and how well they are working for staff.

RESPONSIVE AND SAFE EMPLOYMENT CONDITIONS

Employee Assistance Program

The new Employee Assistance Program, introduced in November, extends the potential scope and field of usage to include individual self referral and use by managers to provide specialist support and
assistance dealing with conflict and other employee issues that require specialist interventions and support.

Flexible work practices
Increased use of flexible working arrangements is evident with increases in uptake of purchased leave, working from home and compressed hours.

QUALITY STAFFING
Introduction days
The agency has continued to run its Introduction Day for all new employees. It provides employees with an understanding of the various functional activities of the agency’s business units, and the role PIRSA plays in delivering government policy and services to assist industry development. Information is provided on conditions of employment, code of conduct, ethical behaviour, and occupational health, safety and welfare.

Recruitment and selection workshops
A new approach to recruitment and selection has been implemented in PIRSA, built around ‘results’ and ‘capabilities’ position descriptions and demonstrated individual capabilities. The new system uses the capabilities dictionary developed by PIRSA and has been supported by an updated position classification and remuneration policy.

Two-day training and development workshops continued to be delivered during the year to support implementation of this approach across PIRSA. The program fosters improved selection processes, including a review of equal employment opportunity and merit principles. Merit and equity forms an integral part of the Recruitment and Selection Workshop and the merit and equity principles are outlined on the Human Resource’s intranet site.

A total of 25 programs have been delivered since July 2001, catering to 320 participants, predominantly at the middle management classification levels. Participant evaluation has highlighted that capabilities-based approach provides a systematic and clear process that can bring more objectivity and accountability into recruitment and selection.

A formal evaluation of the capabilities-based recruitment and selection was undertaken in 2002–03. Based on the findings, the Executive endorsed the use of the capabilities-based approach as the standard for all recruitment processes in PIRSA by June 2004. The key findings of the evaluation were:

- Capabilities-based approach to recruitment and selection is a rigorous and transparent process that has the confidence of those who have applied it.
- The approach, when applied well, gives panels greater confidence in the quality of appointments than other processes used previously.
- High-quality outcomes from the application of capabilities-based recruitment and selection processes are contingent upon a high-calibre position description and a proficient and well-prepared selection panel.
- Implementation to-date has been effective, well-planned and well-supported by resourcing to introduce the change process.

MANAGED PERFORMANCE
All PIRSA groups continue to make progress towards the implementation of performance management and development systems. An audit of business group approaches to performance management and development has occurred, to identify future development needs. Forty-two per cent of employees had individual performance development plans when last surveyed.

To support implementation of developing and managing performance across the organisation, an interactive online learning package has been developed and is currently being trialled.

PIRSA business groups are increasingly using the ‘results’ and the ‘capabilities’ of position descriptions for recruitment and selection. This framework is being introduced as the basis for performance management and development processes and will underpin implementing an
organisational approach to performance management and development over the next three years. Training and coaching in developing position descriptions, capabilities-based recruitment and selection processes, and developing performance has continued to be a high priority.

**PLANNED HUMAN RESOURCE DEVELOPMENT**

To continue to address outcome 5 of PIRSA’s strategic plan (PIRSA is a respected, credible and successful organisation) and the strategic priorities of ‘developing people’ and ‘providing leadership’, four leadership and management development opportunities were offered during the year. These were:

- Leadership for the Future Program (PIRSA)
- The Art of Managing Program — ‘Human resource delegations’ module (PIRSA)
- LeadershipSA Program (Office for the Commissioner for Public Employment)
- Women in Leadership Program (PIRSA)

Leadership for the Future was developed and implemented to strengthen participants’ confidence and capacity to be leaders and managers in the twenty-first century. Thirteen staff undertook the course and an additional 48 participated in its modules on ‘Building effective relationships’ and ‘Political nous’.

The Art of Managing Program is being created in recognition of the need to develop and improve management capability within a public sector context. Forty-five senior and middle managers participated in the first module, ‘Human resource delegations’.

A total of 33 women attended the Women in Leadership program. In addition, 59 employees commenced an accredited training package during the year.

The percentage of training expenditure relative to total employee remuneration costs was 2.79 per cent (an increase of 0.26 per cent since 2001–02). The percentage of leadership and management expenditure relative to total employee remuneration costs was 1.4 per cent (an increase of 0.22 per cent since 2001–02).

PIRSA has participated in the Grants to Portfolios Program to coordinate training and assessment based on units of competency from the Public Services Training Package.

PIRSA Human Resource practitioners participated in the Office for the Commissioner for Public Employment initiative, Building Human Resource Capability Program.

A strategic approach to human resource development was furthered by a leadership and management development strategy, developed by Human Resources and endorsed by PIRSA Executive during the year. The opportunities outlined above will continue to be offered in PIRSA in 2003–04.

PIRSA’s development plan and qualifications, and training expenditure are summarised in Tables 4 and 5.

| Table 4 Development plan and qualifications (Public Sector Management Act 1995 employees) |
|-----------------------------------------------|-----------------------------------------------|
| Percentage of employees with a documented individual development plan which was either implemented or revised during the last 12 months | Number of employees enrolled or completed a qualification (or a unit from a qualification) from an accredited training package |
| Total 42 42 50 42 60 | 93 30 59 30 |

Note: breakdown into executive, senior manager, middle manager and first line supervisor categories is not available.

1 The total remuneration was $78 940 000 (including salaries, wages and on-costs), and total training and development costs were $2 200 039.

2 The total remuneration was $78 940 000 (including salaries, wages and on-costs) and total leadership and management costs were $1 105 039.
Table 5  Training expenditure (Public Sector Management Act employees)

<table>
<thead>
<tr>
<th>Percentage of training expenditure relative to total remuneration costs</th>
<th>Percentage of training expenditure spent on leadership and management training relative to total remuneration costs</th>
</tr>
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<tbody>
<tr>
<td>-------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Total</td>
<td>1.57</td>
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</tbody>
</table>

Note: breakdown into executive, senior manager, middle manager and first line supervisor categories is not available.

a Benchmark of 2 per cent determined by Senior Management Council

PROTECTION OF MERIT AND EQUITY

DISABILITY ACTION PLAN

PIRSA has formed a Promoting Independence Working Party to review, further develop and implement PIRSA’s Disability Action Plan. People with a disability are well represented on this working party which aims to ensure that PIRSA is inclusive and accessible to people with a disability.

Merit and equity is maintained in recruitment and selection processes, as outlined above under ‘Quality staffing’.

CONTINUOUS IMPROVEMENT

A planned approach to the review of human resource policies has been implemented, with Conditions of Employment and Redeployment completed to date.

The review of the Human Resource intranet has commenced to ensure better access and use by PIRSA employees. The successful introduction of the human resources knowledge community on the site has improved information and knowledge sharing within the PIRSA human resources community and alleviated some of the access issues for regional-based practitioners.

Human resource practitioner forums were reviewed to ensure better targeted development opportunities for human resource practitioners and information sharing and consultation.

HUMAN RESOURCE INFORMATION SYSTEM

Implementation of the Complete Human Resource Information System (CHRIS) continued with the introduction of the ‘Training and development’ module and the Manager and Employee Kiosk. ‘Employee self service’ development will continue over the next year with the introduction of workflow (online) capability for leave, and training and development.

Workforce statistics — Public Sector Management Act employees and Other employees — are summarised in Appendix 2.

LEAVE MANAGEMENT

During 2002–03 the average sick leave days (including carers leave) taken for each full-time equivalent employee was 5.5 days (Table 6).

Table 6  Sick, family carer and special leave with pay summary

<table>
<thead>
<tr>
<th>Leave</th>
<th>Average number of days per full-time equivalent employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sick</td>
<td>4.20</td>
</tr>
<tr>
<td>Family carer</td>
<td>0.17</td>
</tr>
<tr>
<td>Subtotal</td>
<td>4.37</td>
</tr>
<tr>
<td>Special leave with pay for individual needs and responsibilities</td>
<td>n/a</td>
</tr>
</tbody>
</table>

n/a Not available.

a As outlined in the Public Sector Management Act Determination 6, Leave, p. 55.
WORKFORCE DIVERSITY

Indigenous employees

Indigenous employee statistics are summarised in Table 7. Note that this figure is likely to underrepresent the true level of Aboriginal and/or Torres Strait Islander employment as this information is currently not recorded in the human resources information system, but will be updated when the results of the Office for the Commissioner for Public Employment’s Human Resources Information Update are released to agencies.

Table 7 Indigenous employees

<table>
<thead>
<tr>
<th>Total employees</th>
<th>Indigenous employees</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives</td>
<td>26</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Senior managers</td>
<td>167</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Middle managers</td>
<td>391</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>First line supervisors</td>
<td>420</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Others</td>
<td>366</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1370</strong></td>
<td><strong>1</strong></td>
<td><strong>0</strong></td>
<td><strong>1</strong></td>
</tr>
</tbody>
</table>

a Senior managers includes all ASO7 and ASO 8 and equivalent, irrespective of any supervisory role.
b Middle managers includes all ASO 5 and ASO6 and equivalent, irrespective of any supervisory role.
c First line supervisors includes ASO3 and ASO4 and equivalent irrespective of any supervisory role.

Disability

Disability information is not available until the results of the Human Resources Information Update are released to agencies.

Cultural and linguistic diversity

Cultural and linguistic diversity information is not available until the results of the Human Resources Information Update are released to agencies.

Voluntary flexible working arrangements

Voluntary flexible working arrangements are summarised in Table 8.

Table 8 Voluntary flexible working arrangements

<table>
<thead>
<tr>
<th>Type of arrangement</th>
<th>Total employees</th>
<th>Number of employees using a voluntary flexible working arrangement</th>
<th>Male</th>
<th>Female</th>
<th>Executive</th>
<th>Non-executive</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Male</td>
<td>Female</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchased leave</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flexitime</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compressed weeks</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part-time and job share</td>
<td>0</td>
<td>0</td>
<td>26</td>
<td>97</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working from home</td>
<td>25</td>
<td>1</td>
<td>38</td>
<td>106</td>
<td>25</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
<td><strong>1</strong></td>
<td><strong>38</strong></td>
<td><strong>106</strong></td>
<td><strong>25</strong></td>
<td><strong>1</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a This information is not available until the results of the Human Resources Information Update are released to agencies.

Age profile

Age profile statistics are summarised in Table 9.
Table 9  Age profile statistics

<table>
<thead>
<tr>
<th>Age group (years)</th>
<th>Number of employees (persons)</th>
<th>Percentage of all agency employees</th>
<th>Percentage of South Australian workforcea</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
</tr>
<tr>
<td>15–19</td>
<td>6</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>20–24</td>
<td>44</td>
<td>47</td>
<td>91</td>
</tr>
<tr>
<td>25–29</td>
<td>71</td>
<td>84</td>
<td>155</td>
</tr>
<tr>
<td>30–34</td>
<td>82</td>
<td>85</td>
<td>167</td>
</tr>
<tr>
<td>35–39</td>
<td>86</td>
<td>69</td>
<td>155</td>
</tr>
<tr>
<td>40–44</td>
<td>123</td>
<td>73</td>
<td>196</td>
</tr>
<tr>
<td>45–49</td>
<td>154</td>
<td>83</td>
<td>237</td>
</tr>
<tr>
<td>50–54</td>
<td>163</td>
<td>42</td>
<td>205</td>
</tr>
<tr>
<td>55–59</td>
<td>80</td>
<td>21</td>
<td>101</td>
</tr>
<tr>
<td>60–64</td>
<td>25</td>
<td>12</td>
<td>37</td>
</tr>
<tr>
<td>65+</td>
<td>10</td>
<td>2</td>
<td>12</td>
</tr>
</tbody>
</table>


Equal employment opportunity programs

Equal employment opportunity programs are summarised in Table 10.

Table 10  Persons employed through equal employment opportunity programs 2002–03

<table>
<thead>
<tr>
<th>Employment program</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth Training Scheme / Trainee Employment Register</td>
<td>7</td>
</tr>
<tr>
<td>Aboriginal employment</td>
<td>—</td>
</tr>
<tr>
<td>Disability employment</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7</strong></td>
</tr>
</tbody>
</table>

OCCUPATIONAL HEALTH, SAFETY AND INJURY MANAGEMENT

Occupational health, safety and injury management statistics are summarised in Appendix 3.

The 2002–03 period has seen some significant reviews and improvements made to the PIRSAFE Program. PIRSAFE standards were developed and 18 new PIRSAFE procedures released, providing for better structure, continuity and organisation of occupational health, safety and injury management across PIRSA.

Below is a summary of the major new initiatives arising from the review of the PIRSAFE program in PIRSA.

PIRSAFE standards

It was identified that the current PIRSAFE program needing revising and updating to better incorporate injury management and better structure and define occupational health, safety and injury management within the agency. Seven standards were created:

- Leadership
- Hazard Management
- Capabilities
- Injury Management
- Managing Contractors, Labour Hire and Others
- Crises and Emergency Management
- Quality Systems and Improvement

The focus of these standards is to heighten the awareness of occupational health, safety and injury management issues and to raise the standard of workplace morale and a safety-related culture across PIRSA. They were built on critical areas associated to the agency’s business and as such are in line with PIRSA’s business outcomes. In addition, new PIRSAFE Procedures and PIRSAFE Internal Audit program were developed from these standards.
PIRSA policy and procedures

A range of PIRSAFE Procedures have been developed and were endorsed by PIRSA Executive. They are:

- PIRSA OHSW Policy
- Roles and Responsibilities
- Hazard Management
- Incident Reporting
- Consultation
- Energy Isolation
- Emergency Response
- Induction
- First Aid
- Training
- Fatigue Management
- Hazardous Substances Management
- Manual Handling
- Health and Wellbeing
- Workplace Inspections
- Plant and Equipment
- Electrical Equipment
- OHSW Planning

The need for a set of agency procedures was identified in the last WorkCover Audit where it was noted that PIRSA had no agency-wide benchmarks from which to direct its internal audit program. The procedures provide for more continuity across PIRSA business groups, set a minimum standard for occupational health, safety and injury management in a range of areas, and guide the new internal audit program.

PIRSA internal audit

A new internal audit program incorporated within the newly revised PIRSAFE program has also been established. The audit is broken down into two key areas: strategic and functional. A focus on culture, outcomes and performance of systems, rather than solely on process, is a key aspect of the new internal audit program. WorkCover has been consulted throughout the development of the program to ensure alignment with their standards. Consultation with PIRSA business groups is continuing and it is expected that the new internal audit program will be progressively rolled out in 2004.

PIRSA intranet

The PIRSAFE intranet has been reviewed and updated. All PIRSAFE related information has been stored on the intranet under major occupational health, safety and injury management categories, and relevant hyperlinks have been included.

PIRSA training management system

The Complete Human Resource Information System is being utilised to record and report on any and all occupational health, safety and injury management related training in PIRSA.

A review of the PIRSAFE ½ training program has been initiated and internal delivery is being explored. Also, critical training in roles and responsibilities for managers is to be included in PIRSA’s The Art of Managing Program being rolled out by Human Resources.

Mandatory training requirements are being identified for PIRSA staff. A training subcommittee has been established (from the PIRSA OHSW Consultative Forum) to further explore occupational health, safety and injury management training requirements within PIRSA.

Fatigue management

A campaign to target fatigue management issues will be initiated in 2003–04. A sub-group of the PIRSA OHSW Consultative Forum has been established to manage the campaign and a new PIRSAFE Procedure developed to provide guidance.

PIRSA OHSW Consultative Forum

A terms of reference for the PIRSA OHSW Consultative Forum has been established. This clarifies the role and operation of the forum along with information on membership and meeting times and dates.

The OHSW Consultative Forum is run quarterly and as such met four times during the year.
**OTHER MATTERS**

*Disability action plans*

On 22 November 2000 the Minister for Disability Services launched Promoting Independence — Disability Action Plans for South Australia. This document provides a framework for the development by agencies of disability action plans as a key strategy, and in meeting the requirements of the Commonwealth *Disability Discrimination Act 1992* and the South Australian *Equal Opportunity Act 1984*.

Agencies are required to report on their progress against the five outcome areas outlined in the document. Outcomes and PIRSA’s progress are discussed below:

1. Portfolios and their agencies ensure accessibility to their services to people with disabilities.
   - A Legislative Building Compliance Audit commenced in March 2003 to address issues of access for people with disabilities.
   - PIRSA actively promotes and supports the Disability Recruitment Service and has commenced discussions to develop a new disability employment initiative.
   - A new wheelchair assessable shower and toilet has been installed in PIRSA’s facilities at 25 Grenfell Street, Adelaide.

2. Portfolios and their agencies ensure information about their services and programs is inclusive of people with disabilities.
   - The PIRSA website has been audited for compliance with the Disability Discrimination Act.
   - PIRSA’s publicity and communication processes are designed to be user friendly to people with disabilities.

3. Portfolios and their agencies deliver advice or services to people with disabilities with awareness and understanding of issues affecting people with disabilities.
   - Some awareness training has commenced with the Human Resources consultants throughout the agency. PIRSA now has a Promoting Independence Working Party with representation from people with disabilities. This working party will focus on reviewing the disability action plan and, in particular, develop an awareness training strategy.

4. Portfolios and their agencies provide opportunities for consultation with people with disabilities in decision making processes regarding service delivery and in the implementation of complaints and grievance mechanisms.
   - PIRSA’s Promoting Independence Working Party will further develop strategies to assist with the inclusion of people with disabilities in agency-wide decision making and review PIRSA’s complaints and grievance process.

5. Each portfolio chief executive will ensure that their portfolio has met the requirements of the Disability Discrimination Act and the Equal Opportunity Act.
   - The Promoting Independence Working Party is reviewing PIRSA’s Disability Action Plan. All human resource policies and guidelines are inclusive of people with disabilities.

**TARGETS FOR 2003–04**

- Develop a strategy to improve performance management in the agency.
- Develop a new human resource strategy plan for the agency.
- Develop a governance framework for direction setting and decision making for all PIRSA staff.

**Strategic priority 11 — WE MANAGE FOR RESULTS — We manage our resources well; we provide leadership; our business processes are effective and efficient**

**BUDGET STRATEGY**

The Budget Strategy unit provided support to the agency’s annual budget cycle. This includes assisting business units to develop new proposals, preparing Cabinet submissions for the Budget Strategy Cabinet Meeting, papers for the Budget Policy forums, Budget Bilateral papers and preparation of the agency’s Portfolio Statements released with the Budget.

Other activities undertaken during the year include the provision of new financial statements for various industry funds (e.g. the Riverland Wine Industry Fund), the annual financial statements for the agency, financial assessments (e.g. business cases and board papers) and the development of
changes required to internal management reports to reflect the government’s new net
lending/borrowing requirements.

BUSINESS IMPROVEMENT

The focus for the Business Improvement unit is to value-add, identify and facilitate improvement
projects for the business units in the Finance and Business Services Branch. A framework for driving
continuous improvement change has been identified and adopted. This framework is supported by the
use of recognised quality tools and will be strengthened by the introduction of templates and
documented processes currently under development.

Key projects included development of the Finance and Business Services Graduate Development
Program, evaluation of the implementation of the Financial Management Framework, project support
for an eBusiness application, facilitation of business plans and development of performance measures
for business units.

BUSINESS SERVICES

In early 2003 a three-year action plan was developed to ensure that PIRSA is well positioned to
strategically manage its property and facilities resources in line with present and emerging service
delivery requirements.

A communication plan has been implemented to raise staff awareness on energy management and
included site visits to regional offices. Energy consumption data for 2002–03 was collected and
compared to the baseline data of 2000–01 (see ‘Practising sustainability’).

A Security Review Team has been established within PIRSA to address security issues within the
agency. The team is currently establishing policy documents and assessing the capital works required
to provide a safe and secure environment for PIRSA staff. Security works have commenced at Port
Augusta, Murray Bridge, Lenswood and Loxton, with works recently completed at the West Beach site.

A review of PIRSA’s light vehicle fleet has resulted in the development of policy, procedure and
framework documents to assist in maximising the effectiveness and efficiency of the fleet. Reporting
has become a more effective tool and provides a greater deal of accuracy in terms of vehicle
allocation and costs.

The development of a new acquisition plan and recommendation templates, together with the
implementation of a strategy to raise staff awareness about the importance of good procurement
practice, has assisted in providing a more efficient and effective procurement process within PIRSA.

Purchasing and contracting within PIRSA has received greater risk management and accountability
through the establishment of a contracts database.

FINANCE SERVICES

Taxation compliance

In October fringe benefits tax awareness and education training was provided for PIRSA staff across
the state to improve tax compliance and minimise tax liability for PIRSA.

Banking services

In February, in accordance with a new whole-of-government contract for provision of banking and
related services, PIRSA implemented new arrangements with Westpac Banking Corporation for
transaction banking services, and ANZ Banking Group for merchant facility and purchase card
services.

Financial systems

Process improvements were implemented which enable accounts receivable information from
subsidiary systems to be automatically loaded electronically into the corporate accounts receivable
system. The accounts receivable customer interface has been improved through a facility that
provides customers with the choice of receiving their invoices and statements via fax, email or post.
Development and testing of an application enabling PIRSA customers to conduct electronic transactions over the internet continued and will be implemented during 2003–04.

Developments continued to expand the use of accrual information in the general ledger at the agency level. A project in collaboration with the Budget Strategy unit was established to review and establish accounting policies and better systems to improve the availability of accrual information in the financial systems.

A business case to replace the current web-based financial reporting system with a superior system was approved. A user reference group was established to evaluate software and user requirements. The new system will provide the ability for finance managers throughout PIRSA to run non-standard financial reports and for financial data to include other modules of the financial system (accounts payable, accounts receivable and assets). Software has been purchased and a project team has commenced developing the implementation plan.

CORPORATE STRATEGY AND POLICY

Corporate Strategy and Policy Branch operates five program areas to enhance the efficiency and effectiveness of PIRSA as an economic development agency.

The Strategic Analysis and Prioritisation Program is assisting PIRSA to understand how its current mix of programs align with its strategic directions and contribute to state economic development. It also provides tools and methodologies to help managers identify and determine the impact on the state of possible alternative patterns of investment. The Monash Model is used to show managers the impacts of alternative programs on gross state product and on job creation.

The Food Industry ScoreCard monitors progress made by all sectors of the South Australian food industry in achieving the target of a $15 billion industry by 2010. Four regionally based food ScoreCards were developed. The ScoreCard also helps managers identify opportunities to enhance economic development, and provides them with accountability measures.

A major thrust has been to scope the potential benefits of structural adjustment of the resource base in South Australian primary industries to assist PIRSA in identifying opportunities for enhanced economic development.

Developing a triple bottom line ScoreCard to better inform stakeholders of the South Australian food industry is in its preliminary stages. This is critical in adding to the state’s competitiveness in domestic and overseas markets, where product and process integrity can be used to maintain or gain new markets.

The National Resources Economics Program provides PIRSA with technical economics capabilities to apply to natural resources or environmental analysis.

RISK MANAGEMENT AND AUDIT

The Risk Management and Audit function is structured to provide a strategic approach to risk management, and is being integrated within the agency’s quality management and strategic planning framework. Operational responsibility for identifying and managing risks resides with the business groups.

Risk management approach

PIRSA adopts a risk management framework and reporting system to ensure that whole-of-agency risks and opportunities are identified, analysed and appropriate management strategies implemented. This risk management approach assists PIRSA mitigate the potential risks and maximise the opportunities in achieving its strategic and operational objectives. The deployment of this approach is through the PIRRISK risk management system.

The key focus of PIRRISK is to assist management and staff to make informed decisions, encourage knowledge sharing and develop a formal risk management plan. This enables groups to understand the risks and opportunities PIRSA faces in an environment of constant change. Agriculture, Food and Fisheries, Minerals and Energy, SARDI and PIRSA Corporate have conducted workshops to develop
'risk profiles' using this approach. Rural Solutions SA and Food South Australia have commenced deployment of the approach.

**PIRSA Risk and Audit Committee**

The PIRSA Risk and Audit Committee was established in April 2001 and members include PIRSA senior managers, an independent committee member and representatives from the Auditor General’s Department in an observer role. The committee’s charter has been developed, accepted by the committee and approved by the Chief Executive and is to assist the PIRSA Executive in fulfilling its governance responsibilities in relation to the management of PIRSA.

The PIRSA Risk and Audit Committee met on four occasions during the year.

**TARGETS FOR 2003–04**

- Continue the implementation of security measures to PIRSA sites and ensure that a safe work environment is provided to all staff.
- Facilitate the central business district accommodation masterplan to realign business groups with more contiguous allocations including the physical integration of Energy SA staff in the Minerals and Energy Division.
- Produce an online interactive learning tool to enhance staff understanding of the issues that surround procurement policies and processes.
- Implement the framework for driving continuous improvement change in Finance and Business Services.
- Develop a balanced ScoreCard for Finance and Business Services.
- Implement electronic functions for streamlining customers to PIRSA financial systems debtor payment processes.
- Implement an improved web-based financial reporting system.
- Streamline PIRSA’s strategic planning process.
- Undertake structural adjustment research for the primary industries sector to assist in identifying opportunities for enhanced economic development.

**Strategic priority 12 — WE GROW AND HARNESS OUR KNOWLEDGE — our knowledge is a key business asset**

**INFORMATION MANAGEMENT**

The sharing of information and knowledge is seen an essential part of daily activities, improving PIRSA and the quality of services provided. This was emphasised through the Internet Improvement Project and development of an Information Management and Technology Strategic Plan (see Strategic priority 9). Provision of electronic collaboration facilities to assist PIRSA in providing a knowledge sharing environment with its customers was an important theme when developing the plan and a project was commenced to scope the extent of a collaborative environment.

**TARGET FOR 2003–04**

- Investigate and implement electronic collaboration facilities between PIRSA and its customers.

**FINANCIAL PERFORMANCE**

**Financial overview**

Tables 11 to 13 and Figures 4 to 6 provide summaries of the statement of financial performance, the statement of financial position and the statement of cash flows that compare the budget for 2002–03 with the results for 2002–03 and the results for 2001–02. The detailed financial statements reflecting the actual results for 2002–03 are presented in Appendix 8.
Table 11 and Figure 4  Summary statement of financial performance

<table>
<thead>
<tr>
<th></th>
<th>Budget 2002–03 $'000</th>
<th>Actual 2002–03 $'000</th>
<th>Actual 2001–02 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary expense</td>
<td>151 518</td>
<td>179 622</td>
<td>201 636</td>
</tr>
<tr>
<td>Ordinary revenues</td>
<td>51 206</td>
<td>76 541</td>
<td>85 091</td>
</tr>
<tr>
<td><strong>Net cost of services</strong></td>
<td><strong>100 312</strong></td>
<td><strong>103 081</strong></td>
<td><strong>116 545</strong></td>
</tr>
<tr>
<td>Revenues from government</td>
<td>108 530</td>
<td>111 299</td>
<td>115 564</td>
</tr>
<tr>
<td>Increase (decrease) in net assets resulting from ordinary activities before restructuring</td>
<td>8 218</td>
<td>8 218</td>
<td>(981)</td>
</tr>
<tr>
<td>Net expenditure from restructuring</td>
<td>—</td>
<td>8 505</td>
<td>2 353</td>
</tr>
<tr>
<td>Increase (decrease) in net assets resulting from ordinary activities after restructuring</td>
<td>8 218</td>
<td>(287)</td>
<td>(3 334)</td>
</tr>
</tbody>
</table>

Table 11 shows PIRSA’S financial performance from ordinary activities prior to the impact of expenditure on restructuring on the budget. The restructure expenditure of $8.5 million during the year mainly consisted of the transfer of Sustainable Resources functions to the Department of Water, Land and Biodiversity Conservation ($8.65 million expenditure), transfer of the Office of Regional Affairs to the Department for Business, Manufacturing and Trade on 1 October 2002 ($0.07 million revenue), along with the transfer of the energy policy functions of Energy SA to the Department of Treasury and Finance on 2 December 2002 ($0.08 million revenue).

Both ordinary expenditure and ordinary revenue were significantly higher than budget during 2002–03.

Ordinary expenses were $28.1 million higher than budget due to higher expenditure on programs including Information Services Programs ($7.5 million), State Resource Regulation Services ($10.6 million) and Facilitation Services ($8.5 million). Revenues were $25.3 million above budget in order to support the higher expenditure on programs.

During 2002–03 PIRSA secured higher levels of contributions from industry to conduct research projects ($21.9 million was received in 2002–03). This had the effect of increasing both revenues and expenditures. Higher levels of industry contributions were received from Research and Development Corporations and Co-operative Research Centres (e.g. Grains Research and Development Corporation, Horticulture Research and Development Corporation and Fisheries Research and Development Corporation grants).

When making comparisons between 2002–03 and 2001–02, please note that functions previously performed by the former Sustainable Resources Group of this agency were transferred to the Department of Water, Land and Biodiversity Conservation on 1 May 2002. As a result, 2001–02 figures reflect operations of these functions for the ten months to 30 April 2002.

Table 12 and Figure 5  Summary statement of financial position

<table>
<thead>
<tr>
<th></th>
<th>Budget 2002–03 $'000</th>
<th>Actual 2002–03 $'000</th>
<th>Actual 2001–02 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>84 299</td>
<td>75 670</td>
<td>76 346</td>
</tr>
<tr>
<td>Non current assets</td>
<td>105 167</td>
<td>125 948</td>
<td>107 667</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>189 466</strong></td>
<td><strong>201 618</strong></td>
<td><strong>184 013</strong></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>14 890</td>
<td>14 861</td>
<td>13 070</td>
</tr>
<tr>
<td>Non current liabilities</td>
<td>29 386</td>
<td>31 539</td>
<td>33 971</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>44 276</strong></td>
<td><strong>46 400</strong></td>
<td><strong>47 041</strong></td>
</tr>
<tr>
<td>Net assets</td>
<td>145 190</td>
<td>155 218</td>
<td>136 972</td>
</tr>
</tbody>
</table>
Current assets were $8.6 million lower than budgeted due to lower receivables in respect of both trade receivables ($7 million) and the goods and services tax ($8.5 million). A higher than budgeted cash balance, $7.6 million, partially offset the lower receivables.

Non current assets were $20.8 million higher than budget due to increases in the fair value of property, land, plant and equipment as a result of an independent valuation by Valcorp Australia Pty Ltd at 30 June 2003. A revaluation increment was recorded for land ($7.7 million) and for core trays ($8.8 million). Other new non current assets include an equity investment in a new research start-up company, Australian Grain Technologies Pty Ltd ($1.625 million). The agency holds a non-controlling 25 per cent interest in the company.

Total liabilities are $2.1 million above budget due to a payables increase of $2.2 million and an employee benefits increase of $0.5 million, offset by a decrease in borrowings of $0.6 million.

Table 13 and Figure 6  Summary statement of cash flows

<table>
<thead>
<tr>
<th></th>
<th>Budget 2002-03</th>
<th>Actual 2002-03</th>
<th>Actual 2001-02</th>
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<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
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<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments</td>
<td>(143)</td>
<td>(188)</td>
<td>(215)</td>
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<tr>
<td>Receipts</td>
<td>114</td>
<td>209</td>
<td>975</td>
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<tr>
<td>Net cash flows from Govt</td>
<td>108 530</td>
<td>99 529</td>
<td>87 763</td>
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<tr>
<td>Net cash provided by operating activities</td>
<td>16 624</td>
<td>22 619</td>
<td>(12 648)</td>
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<tr>
<td>Cash flows from investing and financing activities</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Payments</td>
<td>(9 373)</td>
<td>(8 374)</td>
<td>(7 765)</td>
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<tr>
<td>Receipts</td>
<td>5 274</td>
<td>6 496</td>
<td>7 190</td>
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<tr>
<td>Repayment of Borrowings</td>
<td>(4 017)</td>
<td>(4 606)</td>
<td>(5 129)</td>
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<td>Net cash used in investing and borrowing activities</td>
<td>(8 116)</td>
<td>(6 484)</td>
<td>(2 704)</td>
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<tr>
<td>Net increase/(decrease) in cash held</td>
<td>8 508</td>
<td>16 135</td>
<td>(15 352)</td>
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<tr>
<td>Cash at 1 July</td>
<td>48 349</td>
<td>48 349</td>
<td>63 701</td>
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<tr>
<td>Cash at 30 June</td>
<td>56 857</td>
<td>64 484</td>
<td>48 349</td>
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Operating activities in the statement of cash flows are consistent with the results shown on the statement of financial performance except that the amounts vary in relation to accrual adjustments for both revenues and expenses. In addition, receipts and payments in respect of the goods and services tax are included in the actual results on a gross basis but on a net basis in the budget.

Payments for investing activities were lower than budgeted mainly due to timing delays in expenditure on Brukunga Mine rehabilitation, upgrade of facilities at Coober Pedy, and remedial work on the pipelines at the South Australia Aquatic Sciences Centre at West Beach.

Property, plant and equipment assets

PIRSA owns and manages property, plant and equipment assets valued at $110 million, which mainly consist of a number of large research centres across the state. PIRSA has an ongoing need for investment in building, equipment and information technology to produce its agreed service delivery outcomes. Figure 7 illustrates that the agency’s largest investment is in property assets at 77 per cent.

In 2002–03 the total value of property, plant and equipment increased by 20.8 per cent from $91 million in 2002–01. This increase was mainly due to the independent revaluation of assets by Valcorp Australia Pty Ltd at 30 June 2003 which resulted in an increment of $7.7 million in land and $8.8 million in core trays. Additions for the 2002–03 year totalled $5.8 million.
Major projects

BIOSECURITY

The Biosecurity Fund provides financial support in the event of outbreaks of fruit fly, plague locusts and other biological threats which come within the responsibility of PIRSA. As a result, PIRSA has a core role in responding to a wide-range of incidents resulting from pest and disease incursions which threaten production systems and market access. The cost of implementing biosecurity incident response activities is minimal compared to the potential financial losses that could be incurred by the State’s plant and animal industries in the event of unchecked biosecurity outbreaks.

In recent years there has been a marked increase in the severity and frequency of incidents, particularly with respect to fruit fly, ovine Johne’s disease, branched broomrape, grasshoppers–locust plagues, and the invasive waterweed, Caulerpa taxifolia.

Expenditure relating to biosecurity incidents during 2002–03 was less than in 2001–02, and was due principally to a reduction in fruit fly outbreaks compared to the previous year as well as the responsibility of branched broomrape being transferred to the Department of Water, Land, Biodiversity and Conservation.

Notwithstanding this, there have been major expenditures during 2002–03 including state ovine Johne's disease, fruit fly, and C. taxifolia. Of particular note was the response associated with the detection of C. taxifolia in the Port River and West Lakes. Expenditure during the year related largely to eradication response in the Port River and scientific investigations and monitoring associated with the West Lakes detections. This work will continue in 2003–04.

Table 14 shows a comparison in biosecurity expenditures over the last four financial years.

Table 14  Biosecurity expenditure

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<td></td>
<td>$'000</td>
<td>$'000</td>
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<td>Fruit fly</td>
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<td>3 039</td>
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<td>Ovine Johne's disease</td>
<td>765</td>
<td>2 603</td>
<td>2 987</td>
<td>2 142</td>
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<tr>
<td>Branched broomrape</td>
<td>669</td>
<td>1 236</td>
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<td>Grasshopper–locust</td>
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<td>6 627</td>
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<td>Caulerpa taxifolia</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1 090</td>
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<td>622</td>
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<td></td>
<td>5 296</td>
<td>13 881</td>
<td>8 788</td>
<td>5 720</td>
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**FARMBIS II**

The Farm Business Improvement Program, FarmBis II, commenced on 1 July 2001 and is a jointly funded program between the Commonwealth and state governments. The aim of the program is to increase profitability, competitiveness and sustainability of farm business enterprises through farmer participation in business management training. During 2002–03 the program incurred expenditure of $4.6 million in grants and administration costs.

**TEISA 2020 (TARGETED EXPLORATION INITIATIVE SOUTH AUSTRALIA)**

During 2002–03 expenditure of $1.14 million was incurred as part of the targeted exploration initiative program, TEISA 2020, which has provided new, low cost pre-competitive exploration data to accelerate the discovery of new mineral, petroleum and groundwater resources throughout South Australia. TEISA 2020 continued and expanded the approach adopted by its precursors, the TEISA four-year initiative 1998–2002 and the South Australian Exploration Initiative in 1992–96. The geoscientific data accumulated during these government sponsored initiatives is now influencing exploration activity in South Australia as indicated by an increase in exploration expenditure to $36.9 million for calendar year 2002. This represents a 15 per cent increase on the previous year and for the same period 176 new exploration licences were issued; the largest number issued since the 1996 gold boom. Based on Australian Bureau of Statistics figures for calendar year 2002, South Australia accounted for 5.4 per cent of the total Australian exploration expenditure, compared with 4.9 per cent in 2001.

**Account payment performance**

Treasurer’s Instruction 11 (*Public Finance and Audit Act 1987*) requires all undisputed accounts to be paid within 30 days of the date of the invoice or claim unless there is a discount or a written agreement between the agency and the creditor. As indicated in Table 15, PIRSA paid 83 per cent of all invoices in 2002–03 on time. This compares with 80 per cent of all invoices paid on time in 2001–02.

The agency is monitoring performance on a monthly basis and targeting areas with a high level of invoices paid over 30 days through increased awareness and education of the requirements of Treasurer’s Instruction 11.

**Table 15 Account payment performance**

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<th>Particulars</th>
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<td>Paid within 30 days or less from the due date</td>
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<td>45 976</td>
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<tr>
<td>Paid more than 30 days from the due date</td>
<td>2 121</td>
<td>7233</td>
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</table>

**Contracting out arrangements**

In 2002–03, PIRSA did not enter into any contractual arrangements that exceeded $4 million and which continued beyond one year involving the private sector or the delivery of public services or provision of public infrastructure for a major or significant strategic initiative.
Appendixes

**APPENDIX 1 PIRSA MINISTERIAL RESPONSIBILITIES**

**Legislation**

The principal legislation for which PIRSA has administrative responsibility for through the Minister for Agriculture, Food and Fisheries, Minister for Mineral Resources Development, Minister for Energy and Minister for Science and Information Economy is listed below. Many of these Acts are supported by Regulations, Notices and Indentures or Directions in some instances.

**AGRICULTURE, FOOD AND FISHERIES**

**AGRICULTURE**

- Agricultural and Veterinary Chemicals (South Australia) Act 1994
- Agricultural Chemicals Act 1955
- Barley Marketing Act 1993
- Biological Control Act 1986
- Branding of Pigs Act 1964
- Brands Act 1933
- Citrus Industry Act 1991
- Dairy Industry Act 1992
- Deer Keepers Act 1987
- Fruit and Plant Protection Act 1992
- Impounding Act 1920
- Livestock Act 1997
- Meat Hygiene Act 1994
- Noxious Insects Act 1934
- Phylloxera and Grape Industry Act 1995
- Poultry Meat Industry Act 1969
- Primary Industry Funding Schemes Act 1998
- South Australian Meat Corporation Act 1936
- South Australian Meat Corporation (Sale of Assets) Act 1996
- Stock Foods Act 1941
- Stock Medicines Act 1939
- Swine Compensation Act 1936
- Veterinary Surgeons Act 1985
- Wheat Marketing Act 1989
- Wine Grapes Industry Act 1991

**FISHERIES**

- Fisheries (Gulf St. Vincent Prawn Fishery Rationalisation) Act 1987
- Fisheries (Southern Zone Rock Lobster Fishery Rationalisation) Act 1987
- Fisheries Act 1982

**AQUACULTURE**

- Aquaculture Act 2001

**MINERALS AND ENERGY**

**MINERAL RESOURCES**

- Broken Hill Proprietary Company’s Indenture Act 1937
- Broken Hill Proprietary Company’s Steel Works Indenture Act 1958
- Mines and Works Inspection Act 1920
- Mining Act 1971
- Offshore Minerals Act 2000
- Opal Mining Act 1995
- Roxby Downs (Indenture Ratification) Act 1982
PETROLEUM

Cooper Basin (Ratification) Act 1975
Petroleum Act 2000
Petroleum (Submerged Lands) Act 1982
Santos Limited (Regulation of Shareholdings) Act 1989

ENERGY

Gas Pipelines Access (South Australia) Act 1997
Natural Gas (Interim Supply) Act 1985
Natural Gas Pipelines Access Act 1995
Petroleum Products Subsidy Act 1965
Stony Point (Liquids Project) Ratification Act 1981

Office of the Technical Regulator

Electricity Act 1996 (parts of this Act are administered by the Treasurer)
Electrical Products Act 2000
Gas Act 1997

Natural Gas Authority of South Australia
Natural Gas Authority Act 1967

PIRSA CORPORATE

Primary Producers Emergency Assistance Act 1967
Rural Industry Adjustment and Development Act 1985

OTHER ACTS

In addition, PIRSA has limited administrative functions under the following Acts that are committed to other ministers.

Electricity Act 1996
Fisheries Act 1995 (Vic.)
Fisheries Management Act 1994 (NSW)
Fisheries Management Act 1991 (Cwlth)
Fish Resources Management Act 1994 (WA)
Harbours and Navigation Act 1993
Historic Shipwrecks Act 1976 (Cwlth)
Historic Shipwrecks Act 1981
National Parks and Wildlife Act 1972
Petroleum Products Regulation Act 1995
Petroleum (Submerged Lands) Act 1967 (Cwlth)

Legislative changes

Legislative changes are summarised below and discussed in detail under ‘Performance review, strategic priority 4’.

ACTS REPEALED

The Seeds Act 1979 and Dried Fruits Act 1993 were repealed.

NEW OR AMENDED LEGISLATION

The Veterinary Practice Bill was passed by the Legislative Council in March 2003. The Agriculture and Veterinary Products (Control of Use) Act 2002 and its Regulations were passed and proclamation and activation is expected in late 2003.

The Fisheries Act was amended, in particular to provide for complementary management arrangements and compliance operations across the South Australian – Victorian border.
REVIEWS OF LEGISLATION
PIRSA continued to review many of the Acts, particularly with respect to National Competition Policy (NCP) principles. NCP reviews were completed for the Barley Marketing Act, Meat Hygiene Act, Fisheries Act, Mining Act, Opal Mining Act and Mines and Works Inspection Act.

Administered items
PIRSA administers but does not control the following funds on behalf of the Commonwealth Government, the Minister for Agriculture, Food and Fisheries, Minister for Mineral Resources Development, Minister for Energy and Minister for Science and Information Economy. These funds are not recorded in the agency's operating statement or statement of financial position as the agency does not have any discretion to deploy the resources for achievement of its own objectives.

BIO INNOVATION SA
Bio Innovation SA is a government initiative to attract investment and biotechnology companies to South Australia to build on the world-class research and development already being undertaken by the three universities and government agencies such as SARDI. PIRSA provides human resources, financial and business services, and information management support.

OFFICE OF REGIONAL DEVELOPMENT
The Office of Regional Aff airs (formerly the Office of Regional Development) came into effect in October 2002 and is a business unit of the Department for Business, Manufacturing and Trade. PIRSA provided human resource, financial and business services, and information management support to the Office of Regional Development. These services ceased on 1 October 2002, although some dial-in information management service still occurs.

OTHER
- Aquaculture Lease Rehabilitation Fund
- Barley Industry Levy
- Cattle Industry Fund
- Dairy Industry Fund
- Deerkeeper's Compensation Fund
- Egg Industry Deregulation Fund
- Energy Management Task Force
- External Funds (Seed Levies; Anthracnose Compensation Fund)
- Extractive Areas Rehabilitation Fund
- Fisheries Research and Development Fund
- Gulf St Vincent Prawn Fishery Levy
- Ministers' salaries and allowances
- Natural Disaster Relief Fund
- Natural Gas Authority of South Australia
- Natural Heritage Trust Fund
- SA Water — pricing subsidy for water and wastewater to country regions
- SAMCOR Funds administration
- Sheep Industry Fund (new)
- Soil Conservation and Landcare Fund
- Swine Compensation Fund
- Wheat Industry Levy

Authorities
STATUTORY
Statutory authorities associated with primary industries and resources and regional development and within the ministers' areas of responsibility are listed below. PIRSA provides relevant advice and assistance to these. Asterisks indicate those bodies (agencies) which have their own staff and other resources.
- Apiary Advisory Group*
- Australian Barley Board*
- Board of Examiners for Mine Managers
- Cattle Advisory Group
- Citrus Board of South Australia*
- Dairy Authority of South Australia*
- Deer Advisory Group
- Deer Compensation Fund Advisory Committee (to be decommissioned following repeal of the supporting legislation)
- Dried Fruits Board*
- fishery management committees (Abalone; Blue Crab; Inland Waters; Marine Scalefish; Northern Zone Rock Lobster; Southern Zone Rock Lobster; Spencer Gulf, West Coast and Gulf St Vincent Prawn)
- Goat Advisory Group
- Meat Hygiene Advisory Council
- Phylloxera and Grape Industry Board*
- Pig Advisory Group
- Sheep Advisory Group
- Swine Compensation Fund Advisory Committee (to be decommissioned following repeal of the supporting legislation)
- Veterinary Surgeons Board*

**OTHER**

There are many non-statutory authorities on which PIRSA is represented. Significant ones are discussed under ‘Performance review’ (e.g. Premier’s Food Council, industry development boards and the Advisory Board of Agriculture).
## APPENDIX 2 WORKFORCE STATISTICS

### Public Sector Management Act employees

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<tr>
<th>STREAM</th>
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**Note:** The table presents the distribution of employees across different streams, with columns indicating gender and total numbers. The streams listed include Government Services Award, Marine Research Vessel ‘INGERIN’ Award, Civil Construction & Maintenance Award, Government Stores Award, Metal Trades Award, and Other categories. The data shows the number of employees in each category, with rows summing up to the total employees in each stream and the overall total.
### APPENDIX 3 OCCUPATIONAL HEALTH, SAFETY AND INJURY MANAGEMENT STATISTICS

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<td><strong>Item 1: Occupational health and safety legislative requirements</strong></td>
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<td>Number of notifiable occurrences pursuant to Occupational Health,</td>
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<tr>
<td>Safety and Welfare Regulations 1995, Division 6.6</td>
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<tr>
<td>Number of notifiable injuries pursuant to Occupational Health, Safety</td>
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<tr>
<td>and Welfare Regulations 1995, Division 6.6</td>
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<td>Number of notices served pursuant to Occupational Health, Safety and</td>
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<td>Welfare Act 1986, ss. 35, 39 and 40</td>
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#### Item 2: Injury management legislative requirements

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<tr>
<td>Total number of employees who participated in the rehabilitation program</td>
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<td>11</td>
<td>25</td>
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<tr>
<td>Total number of employees rehabilitated and reassigned to alternative duties</td>
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<td>Total number of employees rehabilitated back to their original work</td>
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#### Item 3: WorkCover Action Limits

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<td>Number of open claims as at 30 June</td>
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<td>58</td>
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<td>Percentage of workers compensation expenditure over gross annual remuneration</td>
<td>0.79%</td>
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#### Item 4: Number of Injuries

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<td>Number of fatalities (F), lost time injuries (LTI), medical</td>
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<td>treatment only (MTO)</td>
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<tr>
<td>(F)</td>
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<tr>
<td>(MTO)</td>
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<td>(LTI)</td>
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<td>Total number of whole working days lost</td>
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#### Item 5: Cost of workers compensation

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<td>Cost of new claims for financial year</td>
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<td>$135 243</td>
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<td>Cost of all claims excluding lump sum payments</td>
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<td>Amount paid for lump sum payments</td>
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<td>s. 42</td>
<td>$163 300</td>
<td>$161 160</td>
<td>$151 000</td>
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<td>(ss. 42, 43 and 44)</td>
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<td>$95 853</td>
<td>$182 006</td>
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<td>s. 44</td>
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<td>Total amount recovered from external sources (s. 54)</td>
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<td>Budget allocation for workers compensation</td>
<td>$362 490</td>
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#### Item 6: Trends

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<td>Injury frequency rate for new lost-time injury/disease for each</td>
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<td>million hours worked</td>
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<tr>
<td>Most frequent cause (mechanism) of injury</td>
<td>Muscular stress while lifting, carrying or putting down objects</td>
<td>Muscular stress while handling objects</td>
<td>Fall, trips &amp; slips</td>
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<td>Most expensive cause (mechanism) of injury</td>
<td>Muscular stress while lifting, carrying or putting down objects</td>
<td>Muscular stress while lifting, carrying or putting down objects</td>
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#### Item 7: Meeting the organisation’s strategic targets

(Targets and results from the organisation’s action plan are entered here) Refer to narrative under ‘Performance review’
APPENDIX 4 CONSULTANCIES

In 2002–03, 34 consultancies were engaged by PIRSA for a total expenditure of $640 253.

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<td>A total of 20 consultancies were engaged.</td>
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<td>Subtotal $74 956</td>
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<td><strong>Consultancy fees between $10 000 and $50 000</strong></td>
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<td>Cawthorn Institute</td>
<td>Developed a National Biotoxin Strategy.</td>
<td>$44 135</td>
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<tr>
<td>Hames Sharley (SA) Pty Ltd</td>
<td>Undertook research to engage stakeholders on the draft compliance policy for the Petroleum Act 2000.</td>
<td>$41 250</td>
</tr>
<tr>
<td>Hames Sharley (SA) Pty Ltd</td>
<td>Surveyed stakeholders re the SeaGas Pipeline.</td>
<td>$31 876</td>
</tr>
<tr>
<td>Haddow Pipeline Operational Services</td>
<td>Assessed petroleum pipelines in areas of public concern.</td>
<td>$27 000</td>
</tr>
<tr>
<td>GPA Engineering</td>
<td>Provided advice on the adequacy of the sequence of major petroleum pipelines in the state.</td>
<td>$22 727</td>
</tr>
<tr>
<td>Rankin Consultancies Pty Ltd</td>
<td>Prepared a report on the structure of the Officer Basin</td>
<td>$18 000</td>
</tr>
<tr>
<td>H R Bachman</td>
<td>Reviewed reporting arrangements for uranium mining in South Australia.</td>
<td>$17 615</td>
</tr>
<tr>
<td>David McKinna Pty Ltd</td>
<td>Developed a supply fulfilment model for regional food groups.</td>
<td>$13 487</td>
</tr>
<tr>
<td>Valcorp Australia Pty Ltd</td>
<td>Undertook a valuation of PIRSA owned land and buildings and core library samples for the 2002–03 financial statements.</td>
<td>$13 250</td>
</tr>
<tr>
<td>Hudson Howells Asia Pacific Consulting</td>
<td>Evaluated live transport technology for abalone.</td>
<td>$13 000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td>$242 340</td>
</tr>
<tr>
<td><strong>Consultancy fees over $50 000</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Allen Consulting Group</td>
<td>Provided program management and expert economic advice to the National Gas Pipelines Advisory Committee.</td>
<td>$94 527</td>
</tr>
<tr>
<td>TCG</td>
<td>Provided specialised research and development commercialisation services.</td>
<td>$84 037</td>
</tr>
<tr>
<td>Allens Arthur Robinson &amp; Hedderwicks</td>
<td>Provided expert legal advice on the National Gas Access Code to the National Gas Pipelines Advisory Committee.</td>
<td>$73 306</td>
</tr>
<tr>
<td>Hudson Howells Asia Pacific Consulting</td>
<td>Contributed to the Building Regions through Agriculture project.</td>
<td>$71 087</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td>$322 957</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$640 253</td>
</tr>
</tbody>
</table>
## APPENDIX 5 OVERSEAS TRAVEL

Overseas travel by PIRSA employees for the period 1 July 2002 to 30 June 2003 is summarised below. In 2002–03, 42 overseas visits were made by PIRSA employees, for a total agency cost of $226 100.

PIRSA’s financial support for overseas visits varied from full payment (salary plus on-costs, fares, necessary living expenses, registration fees etc.) to nil. In the latter instance there are generally two categories. All costs, including salary, are either externally funded or the monies are recouped through charging consultancy fees.

<table>
<thead>
<tr>
<th>EMPLOYEES</th>
<th>DESTINATION</th>
<th>PURPOSE</th>
<th>AGENCY COSTa, b</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOOD</td>
<td>SOUTH AUSTRALIA</td>
<td>Signed a memorandum of understanding for provision of account management services between Cold Storage and Food Adelaide.</td>
<td>$3 030</td>
</tr>
<tr>
<td>1</td>
<td>Singapore</td>
<td>Subtotal</td>
<td>$3 030</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$3 030</strong></td>
</tr>
<tr>
<td>AGRICULTURAL, FOOD AND FIBRE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic Policy</td>
<td>USA, Canada</td>
<td>Attended a conference on ecolabelling; discussed the Canadian Architecture for Agricultural Policy in the 21st Century; investigated the growing of genetically modified canola in Canada.</td>
<td>$12 500</td>
</tr>
<tr>
<td>1</td>
<td>New Zealand, Singapore</td>
<td>As part of an Australian Rural Leadership Scholarship studied key economic and agricultural issues in New Zealand and Singapore and practiced industry representation abroad.</td>
<td>$2 240</td>
</tr>
<tr>
<td>Livestock</td>
<td>1 Spain</td>
<td>Represented the Australian Wool Industry at the World Congress of Rural Women.</td>
<td>$2 500</td>
</tr>
<tr>
<td>Plant Health</td>
<td>Japan</td>
<td>Represented the South Australian Government at meetings with Japanese quarantine officials regarding fruit fly area freedom for the Riverland region.</td>
<td>$4 920</td>
</tr>
<tr>
<td>Rural Affairs</td>
<td>Spain, France, UK</td>
<td>Participated in the National Delegation for the Third World Congress for Rural Women.</td>
<td>$8 360</td>
</tr>
<tr>
<td>Fisheries</td>
<td>1 Japan</td>
<td>Attended the Set Net Fishing Summit</td>
<td>$1 300</td>
</tr>
<tr>
<td>RURAL SOLUTIONS SA</td>
<td>Thailand</td>
<td>Undertook Stage 3 of a project to provide high-level practical training in temperate fruit production systems to the Bhutanese horticultural industry.</td>
<td>Nil</td>
</tr>
<tr>
<td>SOUTH AUSTRALIAN RESEARCH AND DEVELOPMENT INSTITUTE (SARDI)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aquatic Sciences</td>
<td>USA</td>
<td>Attended a practical short course in Aquaculture Feed Preparation, Nutrition and Feed Management organised by the Food Protein Research and Development Centre Texas.</td>
<td>$12 330</td>
</tr>
<tr>
<td>2</td>
<td>China</td>
<td>Attended the celebration of the Dalian Fisheries University's 50th anniversary; presented a keynote speech at the Fisheries Sciences and Technology Symposium and seminars on South Australian aquatic research and development capabilities; investigated the establishment of potential formal linkages and joint research projects; visited selected finfish, shellfish and seaweed farms.</td>
<td>$11 710</td>
</tr>
</tbody>
</table>

---

*a Includes salary component.

*b Some overseas travel incurs no agency cost (see notes at start of table).
<table>
<thead>
<tr>
<th>EMPLOYEES</th>
<th>DESTINATION</th>
<th>PURPOSE</th>
<th>AGENCY COSTa, b</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Vietnam and Singapore</td>
<td>Conducted a training program for Vietnamese extension officers in aquaculture technique; investigated the possibility of providing SARDI consultancy services in marine hatchery–aquaculture development; evaluated progress of a contract regarding establishment of an aquaculture research and development facility on St Johns Island.</td>
<td>$7 500</td>
</tr>
<tr>
<td>1</td>
<td>India</td>
<td>Provided specialist training at workshops relating to the India Australia Training and Capacity Building Project: Coral Reef Conservation and Management Sub-project.</td>
<td>Nil</td>
</tr>
<tr>
<td>1</td>
<td>Norway, USA</td>
<td>Acted as an examiner for a fisheries PhD doctoral candidate at the University of Bergen; attended the 2003 World Conference on Natural Resource Modelling, Beaufort.</td>
<td>$1 330</td>
</tr>
<tr>
<td>Crops</td>
<td>1 USA, Canada</td>
<td>Researched the development of a high-pressure injection system for placement of fluid fertilisers to depths of up to 0.4 metres in the soil for improved cereal crop production.</td>
<td>Nil</td>
</tr>
<tr>
<td></td>
<td>1 USA</td>
<td>Attended the International Conference on Precision Agriculture; met with researcher investigating the spatial distribution of the soil-borne disease Rhizoctonia.</td>
<td>$1 250</td>
</tr>
<tr>
<td></td>
<td>1 Mexico</td>
<td>Planned a new project with the International Wheat and Maize Improvement Centre and inspected their disease nurseries.</td>
<td>$2 000</td>
</tr>
<tr>
<td></td>
<td>2 Canada, USA</td>
<td>Contributed to a training program for Canadian farmers; presented a paper at the Fluid Fertiliser Forum, Arizona; visited North Dakota University Research Stations and a factory which manufactures suspension fertilisers and equipment.</td>
<td>$6 230</td>
</tr>
<tr>
<td></td>
<td>1 Brazil</td>
<td>Presented a paper at the XXIII Meeting of the Brazilian Commission of Research in Oats; met with professors and graduates at the University Federal of Rio Grande do Sul; visited the National Centre of Wheat and Oat Research.</td>
<td>$1 530</td>
</tr>
<tr>
<td></td>
<td>1 Turkey</td>
<td>Assisted in the running of a Masterclass on cereal root diseases; investigated screening work on root diseases.</td>
<td>$5 300</td>
</tr>
<tr>
<td>Horticulture</td>
<td>1 USA, Germany</td>
<td>Presented a paper at the Triennial European Association for Potato Research, Hamburg; attended the American Phytopathological Society Annual Meeting, Wisconsin, to investigate the latest developments in diagnosis and control of potato diseases.</td>
<td>$5 130</td>
</tr>
<tr>
<td></td>
<td>1 South Africa</td>
<td>Presented a paper at the First Southern Hemisphere Potato Workshop and attended the pre-workshop study tour.</td>
<td>$3 800</td>
</tr>
<tr>
<td></td>
<td>1 Singapore</td>
<td>Met with organisations that have a common interest to SARDI in both the Cold Chain Institute and freight logistics development areas.</td>
<td>$3 660</td>
</tr>
<tr>
<td></td>
<td>2 USA</td>
<td>Presented three papers at the 4th International Workshop on Grapevine Downy and Powdery Mildew; reviewed vineyard disease and pest management practices, use of electronics in communicating management information, and progress in investigating epidemiology of Australian Grapevine Yellows; worked on the Cornell–SARDI cooperative research project on grapevine downy mildew; presented an invited lecture on epidemiology of Australian Grapevine Yellows.</td>
<td>$8 630</td>
</tr>
<tr>
<td></td>
<td>1 USA, Canada</td>
<td>Presented several papers and participated in a number of grower workshops under a travel grant by Cornell University.</td>
<td>$2 110</td>
</tr>
<tr>
<td></td>
<td>1 Denmark, Italy</td>
<td>Presented two papers at a course and conference; promoted the SARDI fan sprayer; presented work on distance based and Unit Canopy Row calibration and the new Australian pesticide label format.</td>
<td>$600</td>
</tr>
<tr>
<td>Livestock Systems</td>
<td>2 USA</td>
<td>Presented a paper at the 38th North American Alfalfa Improvement Conference; visited researchers at the University of California and the United States Department of Agriculture Salinity Laboratory.</td>
<td>Nil</td>
</tr>
<tr>
<td></td>
<td>2 Kazakhstan; UK, Netherlands, United Arab Emirates</td>
<td>Collected seeds of a wide range of pasture plants as part of an international plant germplasm collection mission.</td>
<td>$10 900</td>
</tr>
<tr>
<td></td>
<td>1 Spain</td>
<td>Attended an international conference on dioxin and organochlorine chemical residues where new pending international standards were discussed.</td>
<td>$7 840</td>
</tr>
<tr>
<td></td>
<td>1 Thailand</td>
<td>Presented a paper at the 17th World Congress of Soil Science in Bangkok; attended the 1st meeting of International Actions for the Sustainable Use of Soils as an invited committee member.</td>
<td>$3 200</td>
</tr>
<tr>
<td>EMPLOYEES</td>
<td>DESTINATION</td>
<td>PURPOSE</td>
<td>AGENCY COSTa, b</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------</td>
<td>---------</td>
<td>----------------</td>
</tr>
<tr>
<td>1</td>
<td>UK</td>
<td>Delivered a keynote review paper at the Perspectives in Pig Science conference; visited key research establishments to discuss new or ongoing collaborative links/programs.</td>
<td>$5 120</td>
</tr>
<tr>
<td>2</td>
<td>China, Laos</td>
<td>Inspected field sites in China and Laos to review the progress of the ‘Lucerne adapted to adverse environments in China and Australia’ Australian Centre for International Agricultural Research program.</td>
<td>$2 620</td>
</tr>
<tr>
<td>1</td>
<td>India</td>
<td>Attended the International Congress of Asian–Australasian Association of Animal Production Societies and chaired a symposium session on less developed species of deer.</td>
<td>$1 760</td>
</tr>
<tr>
<td>1</td>
<td>China</td>
<td>Promoted association between China Agricultural University and SARDI by assessing embryo culture and transfer facilities and equipment, tutoring staff and students, and giving lectures to laboratory staff and animal technicians in animal biotechnology.</td>
<td>$2 160</td>
</tr>
<tr>
<td>1</td>
<td>UK</td>
<td>Visited Silsoe Research Institute for collaborative research discussions; attended the Nottingham Feed Conference; continued development of two educational and extension multimedia products with the University of Nottingham.</td>
<td>$5 760</td>
</tr>
<tr>
<td>1</td>
<td>Spain</td>
<td>Contributed to the European Union workshop on transmissible spongiform encephalopathies and slaughter methods.</td>
<td>$600</td>
</tr>
<tr>
<td>1</td>
<td>Denmark, Germany, UK, Austria, Hungary</td>
<td>Participated in the Gaseous and Odour Emissions from Animal Production Facilities Conference in Denmark, 1st European Conference on Precision Livestock Farming in Germany and 5th European Scientific Association Conference in Hungary; attended a pre-conference meeting of the International Commission of Agricultural Engineering Section II; visited Danish, Hungarian and German research groups to discuss collaborative and educational opportunities; visited the Pessl Company in Austria to discuss potential commercial development of a mobile air quality monitoring instrumentation.</td>
<td>Nil</td>
</tr>
<tr>
<td>1</td>
<td>USA, Canada, UK</td>
<td>Attended a World Pork Expo in Iowa; presented at pig producer conferences in Winnipeg and Saskatoon; attended a Canadian Society of Animal Science conference in Saskatoon and delivered an invited review; visited the Silsoe Research Institute in Manchester.</td>
<td>$5 520</td>
</tr>
<tr>
<td>1</td>
<td>USA, Canada</td>
<td>Attended the 10th Annual Conference of the Biotechnology Industry Organisation in Washington DC as part of the SA Bioinnovation delegation; visited the agricultural biotechnology incubator cluster in Canada.</td>
<td>$4 300</td>
</tr>
</tbody>
</table>

**Subtotal** $122 890

**MINERALS AND ENERGY**

**Mineral Resources**

<table>
<thead>
<tr>
<th>EMPLOYEES</th>
<th>DESTINATION</th>
<th>PURPOSE</th>
<th>AGENCY COSTa, b</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Canada, USA</td>
<td>Undertook a seven-month technical exchange program with the Canadian Geological Survey, gaining insight into many aspects of licensing and regulation of mining projects, particularly uranium; promoted South Australian expertise in mining administration and regulation, and geological research to government and company representatives; participated in a uranium research program, co-authoring two technical papers and a poster presentation; visited ISL uranium plants and regulators in the United States.</td>
<td>$29 630</td>
</tr>
<tr>
<td>1</td>
<td>South Africa, Netherlands, USA, Canada</td>
<td>Studied the application of hyperspectral data in mineral exploration by major companies, government agencies and tertiary institutions as part of a Churchill Fellowship Scholarship.</td>
<td>$11 120</td>
</tr>
</tbody>
</table>

**Petroleum**

<table>
<thead>
<tr>
<th>EMPLOYEES</th>
<th>DESTINATION</th>
<th>PURPOSE</th>
<th>AGENCY COSTa, b</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>UK, Ireland, USA</td>
<td>Promoted South Australian petroleum exploration opportunities at the American Association of Petroleum Geologists Convention; attended a course on coal seam methane, a British Geological Society meeting on Submarine Slope Systems and a British Geological Society field trip in Ireland; liaised with researchers at Leeds and Newcastle Universities.</td>
<td>$14 000</td>
</tr>
<tr>
<td>1</td>
<td>USA</td>
<td>Promoted South Australian petroleum exploration opportunities at the American Association of Petroleum Geologists (AAPG) Convention and to targeted exploration and service companies in Houston; participated in AAPG committee meetings.</td>
<td>$13 610</td>
</tr>
</tbody>
</table>

Subtotal $68 360

**TOTAL** $226 100
APPENDIX 6 FREEDOM OF INFORMATION

Information statement
The following information is published pursuant to the Freedom of Information Act 1991, Section 9.

FREEDOM OF INFORMATION
The Freedom of Information Act gives all South Australians a legally enforceable right of access to documents held by the government, making the business of government open and accountable to all. It does not provide right of access to documents in the possession of the private sector.

Under the Act, there are provisions to allow South Australians to apply to have documents relating to themselves corrected if they are incomplete, incorrect, misleading or out of date.

While freedom of information aims to provide access to the maximum amount of information possible, provisions exist that protect legitimate agency, public and private interests.

AGENCY’S STRUCTURE AND FUNCTIONS
These are set out elsewhere in this annual report (see ‘PIRSA’s role’).

WAYS IN WHICH THE FUNCTIONS OF THE AGENCY AFFECT MEMBERS OF THE PUBLIC
The agency has a major indirect effect on the general public by creating jobs and wealth through advice, encouragement and regulation of various primary industries and resources. The groups of the agency providing those services are listed below and their roles are described elsewhere in this annual report (see ‘Performance review’).

• Food South Australia
• Agriculture, Food and Fisheries
• SA Research and Development Institute
• Minerals and Energy
• Rural Solutions SA
• Corporate

ARRANGEMENTS THAT ENABLE THE PUBLIC TO PARTICIPATE IN THE FORMULATION OF THE AGENCY’S POLICIES
Officers from the agency are members of many committees (described elsewhere in this report, see ‘Performance review’ and ‘Ministerial responsibilities’) to which the public and/or industry have access.

THE AGENCY’S POLICY DOCUMENTS
Legislation directly administered by the agency (see ‘Ministerial responsibilities’), will provide a guide to the agency’s activities and the ways in which they impact on the public.

The agency’s policy documents can be broadly defined into the following areas:
• financial
• human resources
• occupational, health safety and welfare
• work-related policies
• information technology
• procurement
• risk management.

The following documents are also held within the agency:
• corporate files containing correspondence, memoranda, minutes etc. on all aspects of the agency’s operations
• procedures and guidelines prescribing the way various activities are to be performed
• personnel files relating to PIRSA employees
• accounting and financial records relating to the running of the agency
• contracts.

DOCUMENTS THAT ARE AVAILABLE FOR PURCHASE FROM THE AGENCY
The following documents are made available for purchase from the agency, by contacting Customer Services, Ground Floor, 101 Grenfell Street, Adelaide:
• publications
• scientific papers
• technical reports
• conference and seminar proceedings
• books and theses
• extension and technical publications
• popular articles
• research reports.

DOCUMENTS THAT ARE AVAILABLE FROM THE AGENCY FREE OF CHARGE
The following documents are made available free of charge from the agency and are available by contacting the individual groups or Customer Services:
• brochures
• pamphlets
• posters
• information packs
• policy documents
• administrative instructions
• internet
• downloadable education resources
• community group presentations
• media releases
• *PrimeTime*, PIRSA’s quarterly newsletter.

ACCESSING DOCUMENTS
As a general rule, the nearest office of the agency (as listed in the Adelaide and various country White Pages and PIRSA’s website) can assist with document acquisition. Note that privacy principles and freedom of information legislation applies to documents concerning third parties.

MAKING A FREEDOM OF INFORMATION APPLICATION
Application forms relating to the amendment of personal records or to request information under the Freedom of Information Act can be obtained by contacting the Freedom of Information Coordinator on the address as listed below, or by contacting State Records via phone (08) 8343 6800 or internet <http://www.archives.sa.gov.au/services/public/freeinfo_index.html>.

An application lodged under the Freedom of Information Act costs $22.30 to the agency and processing charges may also be required. In certain cases, a reduction of fees and charges may apply.

POINT OF CONTACT
All freedom of information inquiries and requests should be addressed to:
Freedom of Information Coordinator
Primary Industries and Resources South Australia
GPO Box 1671
ADELAIDE SA 5001
### APPENDIX 7 CONTACTS

Primary Industries and Resources South Australia  
Level 17, Grenfell Centre  
25 Grenfell St, Adelaide  
GPO Box 1671, Adelaide SA 5001  
Phone (08) 8226 0222  
Fax (08) 8226 0476  

PIRSA has around 50 offices distributed across the state and Adelaide metropolitan area. These are listed on PIRSA’s website and in the Adelaide and various country White Pages.

<table>
<thead>
<tr>
<th>Inquiry</th>
<th>Contact</th>
<th>Phone, fax and location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minister for Agriculture, Food and Fisheries, Minister for Mineral Resources Development</td>
<td>Paul Holloway MLC</td>
<td>phone (08) 8226 0322, fax (08) 8226 0316, Level 17, Grenfell Centre, 25 Grenfell Street, Adelaide</td>
</tr>
<tr>
<td>Minister for Energy</td>
<td>Patrick Conlon MP</td>
<td>phone (08) 8226 1210, fax (08) 8226 0844, Level 12, SGIC Building, 211 Victoria Square, Adelaide</td>
</tr>
<tr>
<td>Minister for Science and Information Economy</td>
<td>Jane Lomax-Smith MP</td>
<td>phone (08) 8226 8520, fax (08) 8226 8563, Level 11, 50 Grenfell Street, Adelaide</td>
</tr>
<tr>
<td>Chief Executive</td>
<td>Jim Hallion</td>
<td>phone (08) 8226 0168, fax (08) 8226 0320, Level 17, Grenfell Centre, 25 Grenfell Street, Adelaide</td>
</tr>
<tr>
<td>Food South Australia</td>
<td>Susan Nelle</td>
<td>phone (08) 8226 0585, fax (08) 8226 0188, Level 16, Grenfell Centre, 25 Grenfell Street, Adelaide</td>
</tr>
<tr>
<td>Agriculture, Food and Fisheries</td>
<td>Barry Windle</td>
<td>phone (08) 8226 0310, fax (08) 8463 3363, Level 9, 101 Grenfell Street, Adelaide</td>
</tr>
<tr>
<td>South Australian Research and Development Institute (SARDI)</td>
<td>Rob Lewis</td>
<td>phone (08) 8303 9401, fax (08) 8303 9403, Plant Research Centre, Gate 2B, Hartley Grove, Urrbrae</td>
</tr>
<tr>
<td>Minerals and Energy</td>
<td>David Blight</td>
<td>phone (08) 8463 4153, fax (08) 8463 4155, Level 7, 101 Grenfell Street, Adelaide</td>
</tr>
<tr>
<td>Rural Solutions SA</td>
<td>Locky McLaren</td>
<td>phone (08) 8226 0285, fax (08) 8463 3336, Level 16, Grenfell Centre, 25 Grenfell Street, Adelaide</td>
</tr>
<tr>
<td>PIRSA Corporate</td>
<td>Geoff Knight</td>
<td>phone (08) 8226 3368, fax (08) 8226 0299, Level 17, Grenfell Centre, 25 Grenfell Street, Adelaide</td>
</tr>
<tr>
<td>Communications and Marketing</td>
<td>Kay Matthias</td>
<td>phone (08) 8226 0338, fax (08) 8226 0027, Level 17, Grenfell Centre, 25 Grenfell Street, Adelaide</td>
</tr>
</tbody>
</table>
### APPENDIX 8 FINANCIAL STATEMENTS

Primary Industries and Resources South Australia

Statement of Financial Performance for the year ended 30 June 2003

<table>
<thead>
<tr>
<th>Note</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
</tr>
<tr>
<td></td>
<td>2002</td>
</tr>
<tr>
<td></td>
<td>$'000</td>
</tr>
</tbody>
</table>

#### EXPENSES FROM ORDINARY ACTIVITIES:

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee costs</td>
<td>82 252</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>63 452</td>
</tr>
<tr>
<td>Grants</td>
<td>19 336</td>
</tr>
<tr>
<td>Interest</td>
<td>870</td>
</tr>
<tr>
<td>Doubtful debts expense</td>
<td>(244)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>5 977</td>
</tr>
<tr>
<td>Other</td>
<td>7 979</td>
</tr>
</tbody>
</table>

Total expenses: 179 622

#### REVENUES FROM ORDINARY ACTIVITIES:

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002</td>
</tr>
<tr>
<td></td>
<td>$'000</td>
</tr>
<tr>
<td></td>
<td>$'000</td>
</tr>
</tbody>
</table>

User charges, fees and rentals: 29 702

Advances and grants: 30 124

Interest: 4 086

Sales of goods: 4 001

Other: 8 628

Total revenues: 76 541

#### NET COST OF SERVICES FROM ORDINARY ACTIVITIES

103 081

#### REVENUES FROM GOVERNMENT:

Pursuant to Appropriation Act 2002: 111 299

#### SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES BEFORE RESTRUCTURING

8 218

#### NET EXPENDITURE FROM RESTRUCTURING

(8 505)

#### DECREASE IN NET ASSETS RESULTING FROM ORDINARY ACTIVITIES AFTER RESTRUCTURING

(287)

#### INCREASE IN ASSET REVALUATION RESERVE

18 533

#### TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH THE STATE GOVERNMENT AS OWNER

18 246
### Statement of Financial Position as at 30 June 2003

<table>
<thead>
<tr>
<th>Note</th>
<th>2003 $’000</th>
<th>2002 $’000</th>
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Commitments | 26 |
Contingent Assets and Liabilities | 27 |
## Statement of Cash Flows for the year ended 30 June 2003

<table>
<thead>
<tr>
<th>Note</th>
<th>2003 Inflows (Outflows) $’000</th>
<th>2002 Inflows (Outflows) $’000</th>
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<td>Outflows</td>
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<tr>
<td>33(c)</td>
<td>22 619</td>
<td>(12 648)</td>
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</table>

### CASH FLOWS FROM OPERATING ACTIVITIES:

- Payments to suppliers and employees: (141 860) (169 019)
- Grants paid: (19 336) (23 663)
- Restructuring payments: (8 772) (1 268)
- Interest paid on loans: (971) (1 320)
- Other: (7 429) (3 147)
- GST payments on purchases: (9 841) (17 558)
- Appropriations from Government: 111 299 115 564
- Receipts from customers: 37 193 19 130
- Grants received: 30 124 32 706
- Interest on loans to the rural sector: 1 393 2 148
- Interest on cash balances: 2 690 2 886
- Sales: 4 001 5 930
- Other: 5 717 15 091
- GST receipts on sales: 6 048 2 228
- GST receipts from taxation authority: 12 363 7 644

**Net Cash provided by (used in) Operating Activities**

### CASH FLOWS FROM INVESTING ACTIVITIES:

- Purchase of property, plant and equipment: (5 758) (4 077)
- Loans advanced to the rural sector: (1 609) (291)
- Investments: (610) -
- Payment of lease liability: (397) (397)
- Loans repaid by the rural sector: 5 633 6 858
- Proceeds from sale of property, plant and equipment: 63 239

**Net Cash (used in) provided by Investing Activities**

(2 678) 2 332

### CASH FLOWS FROM FINANCING ACTIVITIES:

- Borrowings from Treasury: 800 93
- Principal repaid to Treasury/SAFA: (4 606) (5 129)

**Net Cash used in Financing Activities**

(3 806) (5 036)

### NET INCREASE (DECREASE) IN CASH HELD

16 135 (15 352)

**CASH AT 1 JULY**

48 349 63 701

**CASH AT 30 JUNE**

64 484 48 349
### Program Schedule of Departmental Expenses and Revenues for the year ended 30 June 2003

<table>
<thead>
<tr>
<th></th>
<th>Information Services</th>
<th>State Resource Regulation Services</th>
<th>Coordination and Advice</th>
<th>Facilitation Services</th>
<th>Information Services (Energy)</th>
<th>State Resource Regulation Services (Energy)</th>
<th>Coordination And Advice (Energy)</th>
<th>Facilitation Services (Energy)</th>
<th>Total</th>
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<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
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<td>314</td>
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<td>66</td>
<td>3 516</td>
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<td>Coordination and Advice</td>
<td>Facilitation Services</td>
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<td>227</td>
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<td>13 462</td>
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<tr>
<td>Pursuant to Appropriation Act 2002</td>
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<td>1 111</td>
<td>7 553</td>
<td>115 564</td>
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<td>(451)</td>
<td>(212)</td>
<td>1 258</td>
<td>(13)</td>
<td>(11)</td>
<td>(17)</td>
<td>(111)</td>
<td>(981)</td>
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## Schedule of Administered Revenues and Expenses for the year ended 30 June 2003

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### Schedule of Administered Assets and Liabilities as at 30 June 2003

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#### ADMINISTERED ASSETS:

**Current Assets:**
- Receivables: 2 — 11 — 5 42 — — — — — — 310 — 45 36 451
- Cash: 909 245 2 904 20 1 333 3 044 22 88 145 57 99 355 402 1 510 (146) — 1 049 12 036

**Total Assets**: 911 245 2 915 20 1 338 3 086 22 88 145 57 99 355 402 1 820 (146) 45 1 085 12 487

#### ADMINISTERED LIABILITIES:

**Current Liabilities:**
- Creditors and accruals: 9 — 5 — 2 5 2 2 5 2 39 — — 196 — — 12 279

**Total Current Liabilities**: 9 — 5 — 2 5 2 2 5 2 39 — — 196 — — 12 279

**Non-Current Liabilities:**
- Borrowings: — — 97 — — — — — — — — — — — — — — 97
- Provisions: 2 437 — — 97 — — — — — — — — — — — — 2 437

**Total Non-Current Liabilities**: 2 437 — — 97 — — — — — — — — — — — — 2 534

**Total Liabilities**: 2 446 — 5 97 2 5 2 2 5 2 39 — — 196 — — 12 2 813

#### NET ASSETS:
- (1 535) 245 2 910 (77) 1 336 3 081 20 86 140 55 60 355 402 1 624 (146) 45 1 073 9 674
### Schedule of Administered Revenues and Expenses for the year ended 30 June 2002

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<td>23</td>
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<td>(448)</td>
<td>3 950</td>
<td>78</td>
<td>(28)</td>
<td>5</td>
<td>(96)</td>
<td>(201)</td>
<td>(5 762)</td>
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## Schedule of Administered Assets and Liabilities as at 30 June 2002

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<td>Cash</td>
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<td>1 416</td>
<td>66</td>
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<td>2 588</td>
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<tr>
<td>Total Assets</td>
<td>522</td>
<td>987</td>
<td>2 990</td>
<td>156</td>
<td>1 177</td>
<td>1 416</td>
<td>66</td>
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<td>1 177</td>
<td>1 416</td>
<td>66</td>
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</tbody>
</table>
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. DEPARTMENT PURPOSE AND FUNDING

The Department of Primary Industries and Resources (the Department) is a key government agency focused on sustainable economic development.

The Department delivers specialist services and advice with the potential to increase the prosperity of South Australians, to improve their quality of life and to ensure the sustainable development of the State’s resource base for future generations. The Department delivers these services through locations across South Australia.

The Department’s business is to optimise the return on South Australia’s natural assets by:

- fostering the sustainable development of new and existing industries across the food, fibre, minerals and energy sectors;
- facilitating global competitiveness and innovative solutions;
- building partnerships between industry, the community and government;
- providing information and knowledge to help people make the right decisions for themselves; and
- regulating to preserve resources for future generations.

The principal sources of funds for the Department’s programs consists of monies appropriated by Parliament, research grants from Industry Research Corporations, licence receipts, Commonwealth grants and trading operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements represent the operations of the Department of Primary Industries and Resources for the year 1 July 2002 to 30 June 2003.

This financial report is a general purpose financial report.

The accounts have been prepared in accordance with applicable Australian Accounting Standards, Statements of Accounting Concepts, Urgent Issues Group Abstracts and Treasurer’s Instructions promulgated under the provisions of the Public Finance and Audit Act 1987.

The accounts have been prepared on the accrual basis of accounting. Except for certain assets which are at fair value, the accounts have been prepared in accordance with the historical cost convention.

(b) The Reporting Entity

All funds through which the Department controls resources to carry on its functions have been included in these financial statements.

In the process of reporting on the Department as a single unit, all internal transactions have been eliminated in full.

Administered Resources. The Department administers, but does not control, certain resources on behalf of the South Australian Government, the Commonwealth Government, private sector organisations and other State Government Departments. The Department is accountable for the transactions involving those administered resources, but does not have the discretion to deploy the resources for achievement of the Department’s objectives. The Department acts only on behalf of the aforementioned bodies. The accrual basis of accounting has been used in accounting for administered resources.

Transactions and balances relating to these administered resources are not recognised as departmental revenues, expenses, assets or liabilities but are disclosed in the schedules of administered revenue, expenses, assets and liabilities.
**Trust Funds.** The Department has received monies in a trustee capacity for trusts as set out in Note 30. As the Department performs only a custodial role in respect of these monies, and because the monies cannot be used for achievement of the Department’s objectives, they are not brought to account in the financial statements, but are shown in Note 30.

**Transfer of functions.** The Office of Regional Affairs was transferred to the Department for Business, Manufacturing and Trade on 1 October 2002. These statements include the expenditure, revenue and cash flows of the Office of Regional Affairs for the period 1 July 2002 to 30 September 2002. The amounts of assets and liabilities transferred on 1 October 2002 are set out in Note 15.

The energy policy function of Energy SA was transferred to the Department of Treasury and Finance on 2 December 2002. These statements include the expenditure, revenue and cash flows of the functions that were transferred for the period 1 July 2002 to 1 December 2002. The amounts of assets and liabilities transferred on 2 December 2002 are set out in Note 15.

(c) **User Charges, Fees and Rentals**
User charges, fees and rentals controlled by the Department are recognised as revenues. User charges, fees and rentals are controlled by the Department where they can be deployed for achievement of departmental objectives.

User charges, fees and rentals collected by the Department but not controlled by it are not recognised as revenues, but are reported as administered revenues in the Schedule of Administered Revenues and Expenses.

(d) **Appropriations, Grants and Other Contributions**
All appropriations, grants and other contributions are recognised as revenues when the Department obtains control over the assets, this would normally be upon receipt.

Amounts appropriated to the Department for transfer to eligible beneficiaries in accordance with legislation or other authoritative requirements are not controlled by the Department and therefore not recognised as revenues, but are reported as administered revenues in the Schedule of Administered Revenues and Expenses. Similarly, the amounts transferred, are not recognised as expenses, but are reported as administered expenses in the Schedule of Administered Revenues and Expenses.

(e) **Royalties**
The Department receives royalties, levied on minerals and petroleum production, on behalf of the State Government. The royalties received are deposited into the Consolidated Account. Royalties have been classified as an administered item as the Department has no control over these monies and is unable to use the monies to achieve its own objectives. Amounts received and paid into Consolidated Account are disclosed in the Schedule of Administered Revenues and Expenses. These amounts were previously disclosed separately in the notes. The 2001-02 Schedule of Administered Revenues and Expenses has been amended to include royalties for comparative purposes.

(f) **Non-Current Assets**
Items of property, plant and equipment are recorded in the Statement of Financial Position as detailed below unless otherwise indicated:

(i) **Land and buildings.** In accordance with Accounting Policy Statements issued by the Department of Treasury and Finance, the Department has applied Australian Accounting Standard AASB 1041 ‘Revaluation of Non-Current Assets’ and the requirements of Accounting Policy Statement APS 3 ‘Revaluation of Non-Current Assets’ and APS 6 ‘Land and Improvements’.

Land and buildings have been independently valued by Valcorp Australia Pty Ltd as at 30 June 2003, on the basis of fair value as defined in AASB 1041. Buildings include 'infrastructure' which represents roads, fencing, signage etc. Updated valuations are obtained every three years. The next valuation process is due to occur during 2005-06 and any variations to values will be reflected in the financial statements for the financial year ending 30 June 2006.
(ii) Plant and Equipment and Core Trays. In accordance with Accounting Policy Statement APS 3 ‘Revaluation of Non-Current Assets’ issued by the Department of Treasury and Finance, plant and equipment with an acquisition cost in excess of $1 million, and with more than three years useful life, are valued at fair value by an independent valuer. At 30 June 2003 Core Trays were the only items that exceeded $1 million and these were independently valued by Valcorp Australia Pty Ltd as at 30 June 2003 on the basis of fair value as defined in AASB 1041. All other plant and equipment are recorded at cost less accumulated depreciation.

Updated valuations are obtained every three years. The next valuation process is due to occur in 2005-06 and any variations to values will be reflected in the financial statements for the financial year ending 30 June 2006.

Generally, items of plant and equipment costing $2 000 and greater are capitalised and amounts less than $2 000 are expensed in the period incurred.

(iii) Depreciation. All buildings, plant and equipment having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. The estimated useful lives of buildings and items of plant and equipment valued in excess of $1 million are reassessed every three years by an independent valuer as part of the valuation process described in (i) and (ii) above.

Depreciation is provided on a straight line basis. The major depreciation periods are:

<table>
<thead>
<tr>
<th>Years</th>
<th>Buildings</th>
<th>Plant and equipment</th>
<th>Infrastructure</th>
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</thead>
<tbody>
<tr>
<td>Years</td>
<td>20–70</td>
<td>3–20</td>
<td>30</td>
</tr>
</tbody>
</table>

(iv) Leasehold Improvements. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(v) Lease Incentives under Non-Cancellable Operating Leases. On 1 August 1998, the Department, through the Department for Administrative and Information Services, entered into a 10 year non-cancellable operating lease over part of a property located at 101 Grenfell Street, Adelaide.

The fit-out costs for this leased property were met by the lessor. In accordance with Urgent Issues Group Abstract 3 ‘Lessee Accounting for Lease Incentives under a Non-Cancellable Operating Lease’, this fit-out has been treated as a lease incentive giving rise to both an asset and a liability being the cost of the fit-out. The asset is amortised over the period of the lease and the liability is reduced through lease payments over the term of the lease.

(g) Employee Entitlements

(i) Salaries and Wages. A liability for unpaid salaries and wages is recognised, and is measured at current pay rates. Expenses consequential to employment but which are not employee entitlements, for example payroll tax and superannuation on-costs, have been recognised as non-employee entitlement liabilities where the entitlement to which they relate has been recognised as a liability.

(ii) Annual Leave. A liability for annual leave is recognised, and is measured as the amount unpaid at the reporting date at estimated future pay rates in respect of employees’ services up to that date. Expenses consequential to employment but which are not employee entitlements, for example payroll tax and superannuation on-costs, have been recognised as non-employee entitlement liabilities where the entitlement to which they relate has been recognised as a liability.

(iii) Long Service Leave. A liability for long service leave is recognised, and is measured as the current value of payments to be made in respect of employees with seven or more years service up to the reporting date (previously eight or more years service). The change from eight to seven years service resulted in an increase in this liability in 2002-03. This base provides a reasonable approximation of the present value of the estimated future cash outflows to be made for these entitlements. Expenses consequential to employment but which are not employee entitlements, for
example payroll tax and superannuation on-costs, have been recognised as non-employee entitlement liabilities where the entitlement to which they relate has been recognised as a liability.

(iv) Superannuation. The Department does not record a liability for the value of superannuation payments to be made to employees at preservation age, this liability is recorded by the SA Superannuation Board. The Department records a liability for any outstanding employer superannuation contributions payable to the SA Superannuation Board. The Department also recognises a non-employee entitlement liability for the superannuation on-cost on long service leave, annual leave and accrued salaries and wages.

During the year the Department paid $8 million to the Department of Treasury and Finance towards the accruing government liability for superannuation in respect of its employees.

(v) Workers Compensation. The workers compensation liability is an actuarial estimate of the outstanding liability at 30 June 2003 provided by a consulting actuary engaged through the Government Occupational Health and Injury Management Branch of the Department of the Premier and Cabinet. This actuarial estimate provides for the estimated cost of ongoing payments to employees as required under current legislation.

(h) Inventory
Inventories (other than self generating assets such as livestock and produce) are measured at the lower of cost and net realisable value on an item by item basis, as illustrated in Note 18. Where the net market value of an inventory item is less than cost, provision is made for the anticipated loss on realisation.

The Department controlled several types of assets at the reporting date that meet the definition of self-generating and regenerating assets as defined by AASB 1035 ‘Self-Generating and Regenerating Assets’. Livestock has been brought to account at net market value in the Statement of Financial Position. Crops, orchards and vineyards are grown primarily for research purposes but also have a commercial element and have been valued at net market value.

(i) Provisions for Doubtful Debts
Trade debts greater than 90 days in arrears at balance date are assessed each year and provision is made for any doubtful accounts.

In addition, a general doubtful debt provision amounting to 5 percent of the balance of the outstanding loan portfolio is provided for each year. This level was determined in 1997-98 by the Rural Finance and Development Steering Committee and it is reviewed each year. Reviews of individual loan balances are also undertaken and specific provisions are created where appropriate.

(j) Goods and Services Tax (GST)
The Department is required to comply with the requirements of the Goods and Services Tax (GST) legislation; A New Tax System (Goods and Services Tax) Act 1999.

Revenues, expenses and assets are recognised net of the amount of GST, except that receivables and payables are stated inclusive of GST and the amount of GST incurred that is not recoverable from the taxation authority is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

(k) General Reserve
The General Reserve for Rural Finance and Development was previously established to cover unforeseen losses which may arise from the RIADF loan portfolio. The Rural Finance and Development Steering Committee reviewed the need to recognize the reserve in 2002-03 and decided that the reserve continue to be recognised subject to annual review by the Committee.

(l) Committed Grants Reserve
The Committed Grants Reserve for Rural Finance and Development was established to provide for grant commitments which as at 30 June 2003 were committed but not advanced.
Comparative figures
Where additional disclosures are made in the current financial year, the prior year figures have been restated for comparative purposes.

3. PROGRAMS OF THE DEPARTMENT
(a) General
The Program Schedule provides details of expenses and revenues applicable to the programs of the Department. This replaces the previous presentation of output classes. Expenses and revenues for 2001-02 have been provided on a program basis for comparative purposes. Information about the Department's programs is set out in the Program Summary. The major change from the program presentation is the separation of Energy SA and is consistent with Ministerial responsibilities and the portfolio structure.

(b) Program Summary
Program 1 – Information Services. The focus for this class of service delivery is on services for generation, synthesis and dissemination of information and technology.

Program 2 – State Resource Regulation Services. The focus is on services that are required to regulate the use of and protect the State’s natural and productive resources. These services are the responsibility of the Department through either legislative responsibilities or Cabinet policy.

Program 3 – Coordination and Advice. The focus is on coordination of whole-of-government initiatives or services as well as policy advice and development for and on behalf of the Minister.

Program 4 – Facilitation Services. This program class includes facilitation services that establish strategic alliances and strategies in the areas of wealth, health, welfare, safety, sustainability or self-reliance of industries, enterprises or communities.

Program 5 – Information Services (Energy). The focus for this class of service delivery is on services for generation, synthesis and dissemination of information and technology for the Energy division of the Department.

Program 6 – State Resource Regulation Services (Energy). The focus is on services that are required to regulate the use of and protect the State’s natural and productive resources. These services are the responsibility of the Department through either legislative responsibilities or Cabinet policy for the Energy division of the Department.

Program 7 – Coordination and Advice (Energy). The focus is on coordination of whole-of-government initiatives or services as well as policy advice and development for and on behalf of the Minister for the Energy division of the Department.

Program 8 – Facilitation Services (Energy). This program class includes facilitation services that establish strategic alliances and strategies in the areas of wealth, health, welfare, safety, sustainability or self-reliance of industries, enterprises or communities for the Energy division of the Department.

4. EMPLOYEE COSTS

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
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<tbody>
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<td>Salaries and wages</td>
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<td>69 081</td>
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<tr>
<td>Superannuation</td>
<td>7 522</td>
<td>7 081</td>
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<tr>
<td>Payroll tax</td>
<td>4 550</td>
<td>4 365</td>
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<tr>
<td>Annual and long service leave expenses(^b)</td>
<td>3 512</td>
<td>289</td>
</tr>
<tr>
<td></td>
<td>82 252</td>
<td>80 816</td>
</tr>
</tbody>
</table>

\(^a\) 2002-03 figures include costs of $605 000 ($1.3 million) for adverse events. Supply and service costs associated with these activities are disclosed in Note 5.

\(^b\) Annual leave and long service leave expenses only include changes in the provision assessed at balance date. In service and lump sum payments are classified as salary expenses.
5. **SUPPLIES AND SERVICES**

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<thead>
<tr>
<th>Category</th>
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</thead>
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<td>Operational and administrative costs</td>
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<td>Professional services</td>
<td>13,135</td>
<td>18,686</td>
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<tr>
<td>Utility and property costs</td>
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<td>12,423</td>
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<tr>
<td>Travel</td>
<td>7,692</td>
<td>8,288</td>
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<tr>
<td>Computing costs</td>
<td>4,735</td>
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<tr>
<td>Adverse events(^a)</td>
<td>4,767</td>
<td>6,535</td>
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<tr>
<td>Vehicle and equipment operating costs</td>
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<tr>
<td>Telephone calls and rental</td>
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<td>2,282</td>
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<tr>
<td>Staff training and development</td>
<td>1,764</td>
<td>1,790</td>
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<tr>
<td>Loxton Irrigation Scheme(^b)</td>
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<td>6,798</td>
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<td>Upper South-East Dryland Salinity and Flood Management(^b)</td>
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<td>4,030</td>
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<tr>
<td>Workers compensation expense(^c)</td>
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<tr>
<td>Other</td>
<td>169</td>
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<tr>
<td><strong>Total</strong></td>
<td>63,452</td>
<td>86,651</td>
</tr>
</tbody>
</table>

\(^a\) Expenditure on ad-hoc emergencies that affect the agricultural and fisheries sectors (e.g., fruit fly and red imported fire ants). Employee costs associated with adverse events are disclosed in Note 4.

\(^b\) These programs were transferred to the Department of Water, Land and Biodiversity Conservation on 1 May 2002.

\(^c\) The reduction in the Workers compensation liability (refer Note 24) has resulted in the credit balance of $808,000 at 30 June 2003.

6. **GRANTS PAID**

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<tr>
<td>FarmBis</td>
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<tr>
<td>Riverland Rural Partnership Program</td>
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<td>962</td>
</tr>
<tr>
<td>River Fishery Structural Adjustment</td>
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</tr>
<tr>
<td>Central North East Farm Assistance Program</td>
<td>648</td>
<td>435</td>
</tr>
<tr>
<td>Drought Relief Assistance Scheme</td>
<td>468</td>
<td>—</td>
</tr>
<tr>
<td>Project funding</td>
<td>243</td>
<td>192</td>
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<tr>
<td>Rural counsellors</td>
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<tr>
<td>Branched Broomrape</td>
<td>56</td>
<td>66</td>
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<tr>
<td>Kangaroo Island Ovine Johne’s Disease</td>
<td>42</td>
<td>58</td>
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<tr>
<td>Eyre Peninsula Regional Strategy</td>
<td>24</td>
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<tr>
<td>North Adelaide Plains</td>
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<td>—</td>
</tr>
<tr>
<td>Indigenous Land Corporation</td>
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<td>—</td>
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<tr>
<td>South East Confined Aquifer Rehabilitation Scheme</td>
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<td>101</td>
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<tr>
<td>Property management planning</td>
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<tr>
<td><strong>Total</strong></td>
<td>7,024</td>
<td>7,115</td>
</tr>
</tbody>
</table>

| **Other State and Local Government Agencies:**                 |        |        |
| Roxby Downs Council                                           | 600    | 490    |
| University of Adelaide                                        | 45     | 642    |
| Animal and Plant Control Commission\(^a\)                     | —      | 3,482  |
| Dog Fence Board\(^a\)                                        | —      | 374    |
| State Aboriginal Affairs                                      | —      | 200    |
| Other                                                         | 207    | 326    |
| **Total**                                                     | 852    | 5,514  |

| **Private Sector:**                                           |        |        |
| Remote Areas Energy Scheme                                    | 3,729  | 3,912  |
| Collaborative programs                                       | 2,329  | 1,650  |
| Solar Hot Water System Rebates                                | 1,596  | 636    |
| SA Food and Beverage Exporters Association                   | 300    | 600    |
| Virginia Horticulture Centre                                  | 65     | 157    |
| Mount Lofty Ranges Catchment Program\(^a\)                    | —      | 1,331  |
| Soil Conservation Board\(^a\)                                 | —      | 433    |
| Other                                                         | 3,441  | 2,315  |
| **Total Grants Paid**                                         | 11,460 | 11,034 |

\(^a\) These programs were transferred to the Department of Water, Land and Biodiversity Conservation on 1 May 2002.
7. **PROVISION FOR DOUBTFUL DEBTS**

Movements in the provision for doubtful debts (refer Note 2 (i)) during the period were:

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July</strong></td>
<td>2 759</td>
<td>2 380</td>
</tr>
<tr>
<td><strong>Less: Write-offs</strong></td>
<td>1 217</td>
<td>—</td>
</tr>
<tr>
<td><strong>Add: Amount provided</strong></td>
<td>(244)</td>
<td>379</td>
</tr>
<tr>
<td><strong>Balance at 30 June</strong></td>
<td>1 298</td>
<td>2 759</td>
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</table>

8. **DEPRECIATION AND AMORTISATION EXPENSES**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
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</thead>
<tbody>
<tr>
<td><strong>Depreciation:</strong></td>
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<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>2 008</td>
<td>1 629</td>
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<tr>
<td>Plant and equipment</td>
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<td>3 570</td>
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<tr>
<td>Core trays</td>
<td>59</td>
<td>59</td>
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<tr>
<td><strong>Total Depreciation</strong></td>
<td>5 564</td>
<td>5 258</td>
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<tr>
<td><strong>Amortisation:</strong></td>
<td></td>
<td></td>
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<tr>
<td>Leasehold improvements</td>
<td>397</td>
<td>397</td>
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<tr>
<td>Amdel loan</td>
<td>16</td>
<td>16</td>
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<tr>
<td><strong>Total Amortisation</strong></td>
<td>413</td>
<td>413</td>
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<tr>
<td><strong>Total Depreciation and Amortisation Expenses</strong></td>
<td>5 977</td>
<td>5 671</td>
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</table>

9. **OTHER EXPENSES**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions to external bodies*</td>
<td>4 070</td>
<td>2 594</td>
</tr>
<tr>
<td>Written down value of disposed assets</td>
<td>585</td>
<td>314</td>
</tr>
<tr>
<td>Guarantee fees</td>
<td>41</td>
<td>24</td>
</tr>
<tr>
<td>Other</td>
<td>3 283</td>
<td>316</td>
</tr>
<tr>
<td><strong>Total Other Expenses</strong></td>
<td>7 979</td>
<td>3 248</td>
</tr>
</tbody>
</table>

* Contributions to external bodies include $2.5 million ($1.4 million) for adverse events (eg red imported fire ants, Australian plague locusts and Newcastle disease).

10. **USER CHARGES, FEES AND RENTALS**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fishing licences*</td>
<td>9 556</td>
<td>8 828</td>
</tr>
<tr>
<td>Mining and petroleum application fees</td>
<td>456</td>
<td>472</td>
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<tr>
<td>Pastoral rents</td>
<td>674</td>
<td>612</td>
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<tr>
<td>Gas and electricity licence fees</td>
<td>2 829</td>
<td>2 637</td>
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<tr>
<td>Remote Areas Energy Scheme electricity sales</td>
<td>1 002</td>
<td>1 022</td>
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<tr>
<td>Mining and petroleum rentals</td>
<td>4 970</td>
<td>3 781</td>
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<tr>
<td>Consultancy and service</td>
<td>8 247</td>
<td>9 329</td>
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<tr>
<td>Other licences</td>
<td>362</td>
<td>323</td>
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<tr>
<td>Seed analysis and certification</td>
<td>969</td>
<td>864</td>
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<tr>
<td>Inspection and registration</td>
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<td>467</td>
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<td>Other</td>
<td>179</td>
<td>338</td>
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<tr>
<td><strong>Total User Charges, Fees and Rentals</strong></td>
<td>29 702</td>
<td>28 673</td>
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* Represents allocation of licence fees from the Fisheries Research and Development Fund.
11. ADVANCES AND GRANTS

The Department received contributions from various funding sources as detailed below, expressly for the purpose of undertaking specific projects.

<table>
<thead>
<tr>
<th>Grants Received</th>
<th>Expenditure</th>
<th>Unexpended Grants</th>
<th>Grants Received</th>
<th>Expenditure</th>
<th>Unexpended Grants</th>
</tr>
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<tbody>
<tr>
<td>2003</td>
<td>2002</td>
<td></td>
<td>2003</td>
<td>2002</td>
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<tr>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
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<tr>
<td>Commonwealth Grants</td>
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<td></td>
<td>Commonwealth Grants</td>
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<td>FarmBis</td>
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<td>1 959</td>
<td>2 981</td>
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<tr>
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<td>733</td>
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<td>609</td>
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<td>285</td>
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<td>247</td>
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<tr>
<td>National Action Plan for Salinity and Water Quality (1)</td>
<td>245</td>
<td>243</td>
<td>2</td>
<td>1 698</td>
<td>13</td>
</tr>
<tr>
<td>Exceptional Circumstances/Drought Assistance</td>
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<td>170</td>
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<td>—</td>
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<td>961</td>
<td>961</td>
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<td>Cooper Basin Native Title Agreement</td>
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<td>Revegetation Strategy</td>
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<td>Food SA</td>
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<td>National Action Plan for Salinity and Water Quality (1)</td>
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<td>Ovine Johne’s Disease</td>
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<td></td>
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<tr>
<td>Grains RDC</td>
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<td>6 213</td>
<td>511</td>
<td>4 951</td>
<td>4 951</td>
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<td>Sheep Industry Contributions</td>
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<td>1 346</td>
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<td>Horticultural RDC</td>
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<td>1 765</td>
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<td>2 242</td>
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<tr>
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<td>616</td>
<td>564</td>
<td>564</td>
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<td>40</td>
<td>578</td>
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<tr>
<td>Aquafin CRC</td>
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<td>542</td>
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<td>682</td>
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<td>Pig RDC</td>
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<td>411</td>
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<td>299</td>
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<td>Rural Industries RDC</td>
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<td>317</td>
<td>135</td>
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<td>International Wool Secretariat</td>
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<td>CRC for Viticulture</td>
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<td>239</td>
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<td>Co-operative RDC</td>
<td>316</td>
<td>316</td>
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<td>CRC for Value Added Wheat</td>
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<td>150</td>
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<td>Grape and Wine RDC</td>
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<td>586</td>
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<td>Meat RDC</td>
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<td>190</td>
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<td>65</td>
<td>65</td>
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<td>CRC for Aquaculture</td>
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<td>CRC for Beef</td>
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<td>4 848</td>
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<td>19 946</td>
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<td>27 832</td>
<td>2 292</td>
<td>32 706</td>
<td>25 330</td>
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</table>

(1) Primary responsibility for these grants was transferred to the Department of Water, Land and Biodiversity Conservation on 1 May 2002.
12. **INTEREST REVENUE**

<table>
<thead>
<tr>
<th></th>
<th>2003 $'000</th>
<th>2002 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits lodged with Treasury</td>
<td>2 693</td>
<td>2 734</td>
</tr>
<tr>
<td>Loans to the rural sector</td>
<td>1 393</td>
<td>1 939</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4 086</strong></td>
<td><strong>4 673</strong></td>
</tr>
</tbody>
</table>

13. **SALES OF GOODS**

<table>
<thead>
<tr>
<th></th>
<th>2003 $'000</th>
<th>2002 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk</td>
<td>933</td>
<td>867</td>
</tr>
<tr>
<td>Livestock</td>
<td>784</td>
<td>1 012</td>
</tr>
<tr>
<td>Publications, books, maps and compact discs</td>
<td>637</td>
<td>628</td>
</tr>
<tr>
<td>Cereals</td>
<td>625</td>
<td>753</td>
</tr>
<tr>
<td>Wool and skins</td>
<td>359</td>
<td>325</td>
</tr>
<tr>
<td>Fruit and vegetables</td>
<td>248</td>
<td>175</td>
</tr>
<tr>
<td>Plants</td>
<td>8</td>
<td>858</td>
</tr>
<tr>
<td>Other</td>
<td>407</td>
<td>959</td>
</tr>
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<td><strong>Total</strong></td>
<td><strong>4 001</strong></td>
<td><strong>5 577</strong></td>
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14. **OTHER REVENUE**

<table>
<thead>
<tr>
<th></th>
<th>2003 $'000</th>
<th>2002 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursements of salaries and project costs</td>
<td>2 671</td>
<td>3 371</td>
</tr>
<tr>
<td>Recognition of property, plant and equipment previously expensed</td>
<td>1 660</td>
<td>—</td>
</tr>
<tr>
<td>Revenue in-kind</td>
<td>1 183</td>
<td>—</td>
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<tr>
<td>Seed royalties</td>
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<td>477</td>
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<tr>
<td>Government Employment Scheme recoups</td>
<td>198</td>
<td>174</td>
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<tr>
<td>Proceeds from disposal of assets</td>
<td>63</td>
<td>239</td>
</tr>
<tr>
<td>Net receivable owing from Department of Water Land and Biodiversity Conservation*</td>
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<td>2 932</td>
</tr>
<tr>
<td>Loxton Irrigation external contributions*</td>
<td>—</td>
<td>2 060</td>
</tr>
<tr>
<td>Contribution from the Department for Water Resources*</td>
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<tr>
<td>South-Eastern Water Conservation Drainage Board levies*</td>
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</tr>
<tr>
<td>Other</td>
<td>2 266</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>8 628</strong></td>
<td><strong>13 462</strong></td>
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</tbody>
</table>

* Relates to functions transferred to the Department of Water, Land and Biodiversity Conservation on 1 May 2002.

15. **RESTRUCTURING OF ADMINISTRATIVE ARRANGEMENTS**

The net revenues relating to the restructuring of administrative arrangements recognised in the Statement of Financial Performance are shown below. The assets and liabilities of the Office of Regional Affairs were transferred to the Department for Business, Manufacturing and Trade (DBMT) on 1 October 2002 and the energy policy functions of Energy SA were transferred to the Department of Treasury and Finance (DTF) on 2 December 2002. In addition, cash held by the Department relating to functions transferred to the Department of Water, Land and Biodiversity Conservation (DWLBC) on 1 May 2002 was transferred on the 1 July 2002. Plant and equipment assets are stated at net book value.

<table>
<thead>
<tr>
<th></th>
<th>Transferred to DWLBC 1-7-02 $'000</th>
<th>Transferred to DBMT 1-10-02 $'000</th>
<th>Transferred to DTF 2-12-02 $'000</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>8 650</td>
<td>122</td>
<td>—</td>
<td>8 772</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>—</td>
<td>38</td>
<td>4</td>
<td>42</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8 650</td>
<td>160</td>
<td>4</td>
<td>8 814</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>—</td>
<td>25</td>
<td>10</td>
<td>35</td>
</tr>
<tr>
<td>Employee entitlements</td>
<td>—</td>
<td>200</td>
<td>74</td>
<td>274</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>—</td>
<td>225</td>
<td>84</td>
<td>309</td>
</tr>
<tr>
<td><strong>NET REVENUE (EXPENDITURE)</strong></td>
<td>(8 650)</td>
<td>65</td>
<td>80</td>
<td>(8 505)</td>
</tr>
</tbody>
</table>
16. **RECEIVABLES**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade accounts receivable</td>
<td>4 011</td>
<td>11 502</td>
</tr>
<tr>
<td>Less: Provision for doubtful debts</td>
<td>500</td>
<td>558</td>
</tr>
<tr>
<td>GST receivable</td>
<td>1 733</td>
<td>10 944</td>
</tr>
<tr>
<td>Accrued interest on loans and deposits</td>
<td>806</td>
<td>803</td>
</tr>
<tr>
<td><strong>Total Receivables</strong></td>
<td>6 050</td>
<td>22 052</td>
</tr>
</tbody>
</table>

17. **LOANS**

(i) Rural Sector – Rural Finance and Development:

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July</td>
<td>21 196</td>
<td>27 763</td>
</tr>
<tr>
<td>Advances during the year</td>
<td>1 609</td>
<td>291</td>
</tr>
<tr>
<td>Interest capitalised</td>
<td>1 547</td>
<td>2 148</td>
</tr>
<tr>
<td><strong>Total Advances</strong></td>
<td>3 156</td>
<td>2 439</td>
</tr>
<tr>
<td>Less: Principal repayments</td>
<td>24 352</td>
<td>30 202</td>
</tr>
<tr>
<td>Principal written off</td>
<td>7 180</td>
<td>9 006</td>
</tr>
<tr>
<td><strong>Balance 30 June</strong></td>
<td>15 954</td>
<td>21 196</td>
</tr>
</tbody>
</table>

Other Loans:

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance 1 July</td>
<td>48</td>
<td>64</td>
</tr>
<tr>
<td>Advances during the year</td>
<td>168</td>
<td>—</td>
</tr>
<tr>
<td><strong>Less: Amortisation of loan</strong></td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td><strong>Balance 30 June</strong></td>
<td>200</td>
<td>48</td>
</tr>
</tbody>
</table>

(ii) Balance of Loans Classification:

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>1 464</td>
<td>2 441</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>14 690</td>
<td>18 803</td>
</tr>
<tr>
<td><strong>Less: Provision for doubtful debts</strong></td>
<td>797</td>
<td>2 201</td>
</tr>
<tr>
<td><strong>Total Loan Balance 30 June</strong></td>
<td>16 154</td>
<td>21 244</td>
</tr>
</tbody>
</table>

18. **INVENTORYES**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livestock (at net realisable value)</td>
<td>2 184</td>
<td>2 215</td>
</tr>
<tr>
<td>Publications and maps (at net realisable value)</td>
<td>540</td>
<td>556</td>
</tr>
<tr>
<td>Publications and other finished goods (at cost)</td>
<td>440</td>
<td>363</td>
</tr>
<tr>
<td>Plants and related items (at cost)</td>
<td>22</td>
<td>—</td>
</tr>
<tr>
<td>Other (at cost)</td>
<td>346</td>
<td>356</td>
</tr>
<tr>
<td><strong>Total Inventories</strong></td>
<td>3 532</td>
<td>3 490</td>
</tr>
</tbody>
</table>

19. **OTHER ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workers compensation recoveries</td>
<td>17</td>
<td>14</td>
</tr>
<tr>
<td>Prepayments</td>
<td>123</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total Current</strong></td>
<td>140</td>
<td>14</td>
</tr>
<tr>
<td>Non-Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workers compensation recoveries</td>
<td>55</td>
<td>53</td>
</tr>
</tbody>
</table>
20. **INVESTMENTS**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in shares</td>
<td>$1 625</td>
<td>—</td>
</tr>
</tbody>
</table>

During the year the Department purchased 1 624 680 $1 ordinary shares in Australian Grain Technologies (AGT) Pty Ltd. The purchase consideration for these shares consisted of a mixture of cash, plant and equipment, and intellectual property rights transferred to AGT. The Department’s shareholding in AGT does not give it a controlling interest in AGT. The Department’s shareholding has been recognised at cost.

21. **PROPERTY, PLANT AND EQUIPMENT**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land at independent valuation (30 June 1999)</td>
<td>—</td>
<td>9 675</td>
</tr>
<tr>
<td>Land at independent valuation (30 June 2003)</td>
<td>17 481</td>
<td>—</td>
</tr>
<tr>
<td>Land at independent valuation (30 June 2003)</td>
<td>17 481</td>
<td>9 675</td>
</tr>
<tr>
<td>Buildings:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings at independent valuation (30 June 1999)</td>
<td>—</td>
<td>91 683</td>
</tr>
<tr>
<td>Buildings at independent valuation (30 June 2003)</td>
<td>69 374</td>
<td>—</td>
</tr>
<tr>
<td>Buildings at cost</td>
<td>—</td>
<td>1 968</td>
</tr>
<tr>
<td>Buildings at cost</td>
<td>69 374</td>
<td>93 651</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>3 359</td>
<td>30 592</td>
</tr>
<tr>
<td>Total Property, Plant and Equipment</td>
<td>66 015</td>
<td>63 059</td>
</tr>
<tr>
<td>Leasehold Improvements:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>3 971</td>
<td>3 971</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>—</td>
<td>2 416</td>
</tr>
<tr>
<td>Core Trays:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Trays at independent valuation (30 June 1999)</td>
<td>—</td>
<td>3 322</td>
</tr>
<tr>
<td>Core Trays at independent valuation (30 June 2003)</td>
<td>10 763</td>
<td>—</td>
</tr>
<tr>
<td>Core Trays at independent valuation (30 June 2003)</td>
<td>10 763</td>
<td>3 322</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>—</td>
<td>1 295</td>
</tr>
<tr>
<td>Total Property, Plant and Equipment</td>
<td>10 763</td>
<td>2 027</td>
</tr>
<tr>
<td>Plant and Equipment:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and equipment at cost</td>
<td>45 532</td>
<td>42 746</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>31 435</td>
<td>28 911</td>
</tr>
<tr>
<td>Total Property, Plant and Equipment</td>
<td>14 097</td>
<td>13 835</td>
</tr>
<tr>
<td>Total Property, Plant and Equipment</td>
<td>110 375</td>
<td>91 012</td>
</tr>
</tbody>
</table>
### Gross Carrying Amount

<table>
<thead>
<tr>
<th></th>
<th>Land $'000</th>
<th>Buildings $'000</th>
<th>Leasehold Improvements $'000</th>
<th>Core Trays $'000</th>
<th>Plant and Equipment $'000</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 30 June 2002</td>
<td>9 675</td>
<td>93 651</td>
<td>3 971</td>
<td>3 322</td>
<td>42 746</td>
<td>153 365</td>
</tr>
<tr>
<td>Additions</td>
<td>—</td>
<td>1 940</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1 940</td>
</tr>
<tr>
<td>Previously unidentified assets</td>
<td>82</td>
<td>1 438</td>
<td>—</td>
<td>—</td>
<td>543</td>
<td>2 063</td>
</tr>
<tr>
<td>Disposals</td>
<td>—</td>
<td>(177)</td>
<td>—</td>
<td>—</td>
<td>(1 484)</td>
<td>(1 661)</td>
</tr>
<tr>
<td>Restructure transfers</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(91)</td>
<td>(91)</td>
</tr>
<tr>
<td>Revaluation increment</td>
<td>7 724</td>
<td>2 014</td>
<td>—</td>
<td>8 795</td>
<td>—</td>
<td>18 533</td>
</tr>
<tr>
<td>Write-back on revaluation</td>
<td>— (29 492)</td>
<td>— (1 354)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(30 846)</td>
</tr>
<tr>
<td>Balance at 30 June 2003</td>
<td>17 481</td>
<td>69 374</td>
<td>3 971</td>
<td>10 763</td>
<td>45 532</td>
<td>147 121</td>
</tr>
</tbody>
</table>

### Accumulated Depreciation and Amortisation

<table>
<thead>
<tr>
<th></th>
<th>Land $'000</th>
<th>Buildings $'000</th>
<th>Leasehold Improvements $'000</th>
<th>Core Trays $'000</th>
<th>Plant and Equipment $'000</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 30 June 2002</td>
<td>—</td>
<td>30 592</td>
<td>1 555</td>
<td>1 295</td>
<td>28 911</td>
<td>62 353</td>
</tr>
<tr>
<td>Previously unidentified assets</td>
<td>—</td>
<td>403</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>403</td>
</tr>
<tr>
<td>Disposals</td>
<td>—</td>
<td>(152)</td>
<td>—</td>
<td>—</td>
<td>(924)</td>
<td>(1 076)</td>
</tr>
<tr>
<td>Restructure transfers</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(49)</td>
<td>(49)</td>
</tr>
<tr>
<td>Depreciation/amortisation expense</td>
<td>—</td>
<td>2 008</td>
<td>397</td>
<td>59</td>
<td>3 497</td>
<td>5 961</td>
</tr>
<tr>
<td>Write-back on revaluation</td>
<td>— (29 492)</td>
<td>— (1 354)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(30 846)</td>
</tr>
<tr>
<td>Balance at 30 June 2003</td>
<td>—</td>
<td>3 359</td>
<td>1 952</td>
<td>—</td>
<td>31 435</td>
<td>36 746</td>
</tr>
</tbody>
</table>

### Net Book Value

<table>
<thead>
<tr>
<th></th>
<th>Land $'000</th>
<th>Buildings $'000</th>
<th>Leasehold Improvements $'000</th>
<th>Core Trays $'000</th>
<th>Plant and Equipment $'000</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 30 June 2002</td>
<td>9 675</td>
<td>63 059</td>
<td>2 416</td>
<td>1 734</td>
<td>14 128</td>
<td>91 012</td>
</tr>
<tr>
<td>As at 30 June 2003</td>
<td>17 481</td>
<td>66 015</td>
<td>2 019</td>
<td>10 763</td>
<td>14 097</td>
<td>110 375</td>
</tr>
</tbody>
</table>

### 22. PAYABLES

<table>
<thead>
<tr>
<th></th>
<th>2003 $'000</th>
<th>2002 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors and accruals</td>
<td>6 178</td>
<td>4 514</td>
</tr>
<tr>
<td>Employee on-costs</td>
<td>1 879</td>
<td>1 441</td>
</tr>
<tr>
<td>Accrued interest on borrowings</td>
<td>252</td>
<td>353</td>
</tr>
<tr>
<td>Commonwealth excise funding</td>
<td>15</td>
<td>50</td>
</tr>
<tr>
<td>Non-Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee on-costs</td>
<td>1 726</td>
<td>1 552</td>
</tr>
</tbody>
</table>

### 23. BORROWINGS

#### (i) Borrowings consist of:

- Indebtedness to SA Government Financing Authority | 10 427 | 13 931 |
- Indebtedness to Department of Treasury and Finance | 1 851 | 2 139 |
- Indebtedness to Department for Business, Manufacturing and Trade | 66 | 80 |

Total 12 344 | 16 150 |

#### (ii) Balance of Borrowings Outstanding Classifications:

<table>
<thead>
<tr>
<th></th>
<th>2003 $'000</th>
<th>2002 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>602</td>
<td>1 629</td>
</tr>
<tr>
<td>Non-Current</td>
<td>11 742</td>
<td>14 521</td>
</tr>
</tbody>
</table>

Total 12 344 | 16 150 |
24. **EMPLOYEE BENEFITS**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued Salaries and Wages</td>
<td>266</td>
<td>—</td>
</tr>
<tr>
<td>Annual leave</td>
<td>4 683</td>
<td>3 985</td>
</tr>
<tr>
<td>Long Service Leave</td>
<td>603</td>
<td>568</td>
</tr>
<tr>
<td>Workers Compensation</td>
<td>383</td>
<td>530</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>5 935</td>
<td>5 083</td>
</tr>
<tr>
<td><strong>Non-Current:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Service Leave</td>
<td>15 029</td>
<td>13 798</td>
</tr>
<tr>
<td>Workers Compensation</td>
<td>1 023</td>
<td>1 684</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>16 052</td>
<td>15 482</td>
</tr>
</tbody>
</table>

25. **EQUITY**

Equity represents the residual interest in the Department's net assets. The South Australian Government holds the equity interest in the Department on behalf of the community.

<table>
<thead>
<tr>
<th></th>
<th>Accumulated Surplus</th>
<th>Asset Revaluation Reserve</th>
<th>Committed Grants Reserve</th>
<th>General Reserve</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Balance at 1 July</td>
<td>120 922</td>
<td>1 753</td>
<td>12 297</td>
<td>2 000</td>
<td>136 972</td>
</tr>
<tr>
<td>Surplus from ordinary activities</td>
<td>8 218</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>8 218</td>
</tr>
<tr>
<td>Net expenditure from restructuring</td>
<td>(8 505)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(8 505)</td>
</tr>
<tr>
<td>Revaluation increment</td>
<td>—</td>
<td>18 533</td>
<td>—</td>
<td>—</td>
<td>18 533</td>
</tr>
<tr>
<td>Transfers to (from) reserves</td>
<td>1 090</td>
<td>—</td>
<td>(1 090)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Balance at 30 June</strong></td>
<td>121 725</td>
<td>20 286</td>
<td>11 207</td>
<td>2000</td>
<td>155 218</td>
</tr>
</tbody>
</table>

26. **COMMITMENTS FOR EXPENDITURE**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitments under non-cancellable operating leases at the reporting date are payable as follows:</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Not later than one year</td>
<td>4 273</td>
<td>3 766</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>12 427</td>
<td>13 152</td>
</tr>
<tr>
<td>Later than five years</td>
<td>524</td>
<td>2 466</td>
</tr>
<tr>
<td><strong>Total Commitments for Expenditure</strong></td>
<td>17 224</td>
<td>19 384</td>
</tr>
</tbody>
</table>

Operating lease commitments are not recognised in the financial report as liabilities.

Operating leases relate to property, which are non-cancellable, with rental payable monthly in advance. Contingent rental provisions within the lease agreements allow for the review of lease payments every two years. Any changes in lease payments would be based on market rates. Options exist to renew the leases at the end of their terms.

27. **CONTINGENT ASSETS AND LIABILITIES**

(a) **Contingent Assets**

The Department owns intangible assets consisting of intellectual property. These include core samples provided by the mineral and petroleum industries, which are stored by the Department, and research developed in house or in conjunction with industry. These assets are not recognised in the financial statements due to difficulties in determining reliable fair values.

(b) **Contingent Liabilities**

The nature of activities that the Department is involved in can create potential exposure to environmental, fisheries and petroleum matters, which the Department may be required to remedy in the future. The Department has some potential outstanding litigation in a number of these areas, specifically resulting from interpretation of fishing licences, past mining practices, petroleum exploration and animal health matters. These matters include:

(i) **Minerals and Energy.** Certain matters associated with contaminants such as contaminated land and hazardous materials have been identified and are managed in accordance with recognised
standards. This includes the environmental liabilities of past mining practices where there is no longer an active licence. For new activities, it is a lease condition that rehabilitation be undertaken by the leaseholder before a lease is surrendered. The Department’s responsibility is to ensure that a lease is not surrendered before appropriate rehabilitation has occurred, thus minimising the likelihood of future environmental risks to Government. Work is progressing to determine any liabilities that may be associated with this role. At this time, the financial impact cannot be reliably estimated.

(ii) Fisheries. As at 30 June 2003, there was a judgement pending on a Full Court Appeal in relation to damages claimed for financial loss in the operation and ownership of fishing licences. The potential liability cannot be reliably assessed at this time.

28. TARGETED VOLUNTARY SEPARATION PACKAGES (TVSPs)
In accordance with Government policy to reduce the public sector workforce, 11 employees of the Department were paid TVSPs during the period.

These payments were met by the Department and as at 30 June 2003 all except one have been recovered from the Department of the Premier and Cabinet.

As at 30 June 2003 payments amounted to $819,000 of which $728,000 has been recovered. In addition to this $408,000 was paid in accrued annual leave and long service leave entitlements to those employees who received a TVSP.

29. CONSULTANTS COSTS
During the reporting period the Department incurred expenses of $640,000 ($1.1 million) on consultants. The cost of consultants does not include GST.

30. TRUST FUNDS
The Trust Funds of the Department are:

Pleuro Pneumonia Fund. This Fund consists of monies belonging to all State Governments and the Federal Government. The Fund is controlled by the Standing Committee of Agriculture and all expenditure is subject to the approval of the Chairman. Funds are to be used principally for publication of the history of the Pleuro Pneumonia Eradication Campaign and are held in a Section 21 Deposit Account.

Extractive Areas Rehabilitation Fund. This Fund is credited with amounts by way of royalty on extractive minerals and is used for the rehabilitation of land disturbed by mining operations. The funds collected are used to limit damage to any aspect of the environment by such mining operations in addition to the promotion of research into methods of mining engineering and practice by which environmental damage might be reduced.

Aggregate details of the transactions and balances relating to these Trust Funds for the year ended 30 June are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Pleuro Pneumonia Fund</th>
<th>Extractive Areas Rehabilitation Fund</th>
<th>2003 Total</th>
<th>2002 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations:</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Receipts</td>
<td>3</td>
<td>1 051</td>
<td>1 054</td>
<td>1 035</td>
</tr>
<tr>
<td>Less: Expenditure</td>
<td></td>
<td>828</td>
<td>834</td>
<td>1 181</td>
</tr>
<tr>
<td>Net receipts (expenditure)</td>
<td>(3)</td>
<td>223</td>
<td>220</td>
<td>(146)</td>
</tr>
<tr>
<td>Funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance of funds 1 July</td>
<td>71</td>
<td>3 791</td>
<td>3 862</td>
<td>4 008</td>
</tr>
<tr>
<td>Add: Net receipts (expenditure)</td>
<td>(3)</td>
<td>223</td>
<td>220</td>
<td>(146)</td>
</tr>
<tr>
<td>Fund balance at 30 June</td>
<td>68</td>
<td>4 014</td>
<td>4 082</td>
<td>3 862</td>
</tr>
<tr>
<td>Less: Commitments</td>
<td></td>
<td>1 223</td>
<td>1 223</td>
<td>1 955</td>
</tr>
<tr>
<td>Balance of Funds Available</td>
<td>68</td>
<td>2 791</td>
<td>2 859</td>
<td>1 907</td>
</tr>
</tbody>
</table>
As the Department performs only a custodial role in respect of these monies and because the monies cannot be used for the achievement of the Department’s objectives, they are not brought to account in the financial statements, but are shown here for information purposes.

31. EMPLOYEE REMUNERATION PACKAGES

The number of employees whose total remuneration package was $100 000 or more in relation to the reporting period was as follows:

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100 000 – $109 999</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>$110 000 – $119 999</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>$120 000 – $129 999</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>$130 000 – $139 999</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>$140 000 – $149 999</td>
<td>1</td>
<td>—</td>
</tr>
<tr>
<td>$150 000 – $159 999</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>$160 000 – $169 999</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>$170 000 – $179 999</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>$180 000 – $189 999</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>$220 000 – $229 999</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>$250 000 – $259 999</td>
<td>1</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>23</td>
</tr>
</tbody>
</table>

Note – These figures do not take into consideration payments of separation packages or payments for accrued annual leave and long service leave on departure from the Department.

Total remuneration received by the above employees was $4.1 million ($3.3 million).

32. AUDIT FEES

These accounts include $194 000 ($219 000) paid or payable to the Auditor-General’s Department during the period.

33. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Definition of Cash

For the purposes of the Statement of Cash Flows, cash includes cash deposits which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis.

The Department’s appropriation from the Department of Treasury and Finance included an accrual component of $423 000. As at 30 June 2003 this appropriation had not been expended. In accordance with a directive from the Department of Treasury and Finance this accrual appropriation has been classified as a deposit at call.

(b) Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>64 061</td>
<td>46 191</td>
</tr>
<tr>
<td>Deposits at call</td>
<td>423</td>
<td>2 158</td>
</tr>
<tr>
<td></td>
<td>64 484</td>
<td>48 349</td>
</tr>
</tbody>
</table>
Reconciliation of Net Cost of Services from Ordinary Activities to Net Cash provided by (used in) Operating Activities

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Net cost of services from ordinary activities</td>
<td>(103 081)</td>
<td>(116 545)</td>
</tr>
<tr>
<td>Appropriation from Government</td>
<td>111 299</td>
<td>115 564</td>
</tr>
<tr>
<td>Restructuring payments</td>
<td>(8 772)</td>
<td>(108)</td>
</tr>
<tr>
<td>Proceeds from disposal of property, plant and equipment</td>
<td>(63)</td>
<td>(239)</td>
</tr>
<tr>
<td>Non-cash items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>5 977</td>
<td>5 671</td>
</tr>
<tr>
<td>Written down value of disposed property, plant and equipment</td>
<td>585</td>
<td>314</td>
</tr>
<tr>
<td>Revenue in kind</td>
<td>(1 183)</td>
<td>—</td>
</tr>
<tr>
<td>Doubtful debts expense</td>
<td>(244)</td>
<td>379</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>—</td>
<td>(517)</td>
</tr>
<tr>
<td>SAFA Capital loss</td>
<td>—</td>
<td>24</td>
</tr>
<tr>
<td>Changes in assets and liabilities (net of restructure transfers):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in receivables</td>
<td>16 060</td>
<td>(14 983)</td>
</tr>
<tr>
<td>(Increase) decrease in inventories</td>
<td>(42)</td>
<td>426</td>
</tr>
<tr>
<td>(Increase) decrease in other assets</td>
<td>(128)</td>
<td>(5)</td>
</tr>
<tr>
<td>Increase (decrease) in payables</td>
<td>2 175</td>
<td>(1 605)</td>
</tr>
<tr>
<td>Increase (decrease) in employee benefits</td>
<td>1 696</td>
<td>(1 280)</td>
</tr>
<tr>
<td>Net Cash provided by (used in) Operating Activities</td>
<td>22 619</td>
<td>(12 648)</td>
</tr>
</tbody>
</table>

34. FINANCIAL INSTRUMENTS

(a) Credit Risk

The Department’s maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position.

(b) Interest Rate Risk

The Department’s exposure to interest rate risk, which is the risk that a financial instrument’s value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on those financial assets and financial liabilities, is as follows:

<table>
<thead>
<tr>
<th>Weighted Average Interest Rate Percent</th>
<th>Fixed Interest maturing in</th>
<th>Non-Interest Bearing Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Floating Interest $'000</td>
<td>1 year or less $'000</td>
</tr>
<tr>
<td>Financial Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>4.60</td>
<td>64 464</td>
</tr>
<tr>
<td>Receivables</td>
<td>4.60</td>
<td>806</td>
</tr>
<tr>
<td>Investments</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Loans to Rural Sector</td>
<td>7.21</td>
<td>—</td>
</tr>
<tr>
<td>Loans Other</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>—</td>
<td>65 270</td>
</tr>
<tr>
<td>Financial Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings RF&amp;D</td>
<td>5.62</td>
<td>—</td>
</tr>
<tr>
<td>Payables</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

(c) Net Fair Value

The carrying amounts of financial assets and liabilities at the reporting date all approximate their net fair values.
DISCLOSURE STATEMENT AND AUTHORISATION

In our opinion:

(a) the attached financial statements and notes of the Department of Primary Industries and Resources for the year ended 30 June 2003 present fairly, in accordance with Statements of Accounting Concepts, applicable Accounting Standards, Urgent Issues Group Consensus Views and the Public Finance and Audit Act, 1987, the financial position of the entity as at the reporting date and the result of its operations and its cash flows for the year then ended.

(b) the internal controls over financial reporting have been effective throughout the reporting period.

Barry Windle
ACTING CHIEF EXECUTIVE

Steve Archer
DIRECTOR, FINANCE AND BUSINESS SERVICES

Steve Diamond
MANAGER, BUDGET STRATEGY

September 2003
INDEPENDENT AUDIT REPORT

TO THE ACTING CHIEF EXECUTIVE
DEPARTMENT OF PRIMARY INDUSTRIES AND RESOURCES

SCOPE

As required by section 31 of the Public Finance and Audit Act 1987, I have audited the financial report of the Department of Primary Industries and Resources for the financial year ended 30 June 2003. The financial report comprises:

- A Statement of Financial Performance;
- A Statement of Financial Position;
- A Statement of Cash Flows;
- A Program Schedule of Departmental Expenses and revenues;
- A Schedule of Administered Revenues and Expenses;
- A Schedule of Administered Assets and Liabilities;
- Notes to and forming part of the Financial Statements;
- Certificate by the Acting Chief Executive, Director, Finance and Business Services and the Manager, Budget Strategy.

The Acting Chief Executive, Director, Finance and Business Services and the Manager, Budget Strategy are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the Acting Chief Executive.

The audit has been conducted in accordance with the requirements of the Public Finance and Audit Act 1987 and Australian Auditing and Assurance Standards to provide reasonable assurance that the financial report is free of material misstatement.

Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Treasurer’s Instructions promulgated under the provisions of the Public Finance and Audit Act 1987, Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with my understanding of the Department of Primary Industries and Resources’ financial position, its financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In my opinion the financial report presents fairly in accordance with the Treasurer’s Instructions promulgated under the provisions of the Public Finance and Audit Act 1987, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Department of Primary Industries and Resources as at 30 June 2003, its financial performance and its cash flows for the year then ended.

23 September 2003

K I MacPHerson
AUDITOR-GENERAL
Rural Industry Adjustment and Development Fund
Statement of Financial Performance for the year ended 30 June 2003

<table>
<thead>
<tr>
<th>Note</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

### EXPENSES FROM ORDINARY ACTIVITIES:

- Grants
  - 3 1 160 1 676
- Doubtful debts expense
  - 4 31 387
- Interest on borrowings
  - 1 1
- Administration
  - 5 83 75
- Other
  - 6 5 —

**Total Expenses**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

### REVENUES FROM ORDINARY ACTIVITIES:

- Interest on loans and deposits with Treasurer
  - 7,8 850 834
- Other
  - — 503

**Total Revenues**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

### NET COST OF SERVICES

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

### NET DEFICIT FROM ORDINARY ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

Statement of Financial Position as at 30 June 2003

<table>
<thead>
<tr>
<th>Note</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

### CURRENT ASSETS:

- Cash
  - 13 930 14 598
- Loans
  - 8 347 234
- Receivables
  - 9 206 207

**Total Current Assets**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

### NON-CURRENT ASSETS:

- Loans
  - 8 2 207 2 086

**Total Non-Current Assets**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

**Total Assets**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

### CURRENT LIABILITIES

- Borrowings
  - 10 12 10
- Payables
  - 6 5 —
- Employee benefits and related costs
  - 11 3 2

**Total Current Liabilities**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

### NON-CURRENT LIABILITIES

- Borrowings
  - 10 54 68
- Employee benefits and related costs
  - 11 12 11

**Total Non-Current Liabilities**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

**Total Liabilities**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

### NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

**TOTAL EQUITY**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>
**Statement of Cash Flows for the year ended 30 June 2003**

<table>
<thead>
<tr>
<th>Inflows (Outflows)</th>
<th>Inflows (Outflows)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>2002</td>
</tr>
<tr>
<td>$’000</td>
<td>$’000</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM OPERATING ACTIVITIES:**

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on loans to Rural Sector</td>
<td>188</td>
<td>219</td>
</tr>
<tr>
<td>Interest on deposits lodged with Treasurer</td>
<td>663</td>
<td>647</td>
</tr>
<tr>
<td>Grants</td>
<td>(1 160)</td>
<td>(1 676)</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>(81)</td>
<td>(82)</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Other revenue</td>
<td>—</td>
<td>503</td>
</tr>
<tr>
<td><strong>Net Cash used in Operating Activities</strong></td>
<td>14</td>
<td>(391)</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans advanced to the Rural Sector</td>
<td>(800)</td>
<td>(85)</td>
</tr>
<tr>
<td>Loans repaid by the Rural Sector</td>
<td>535</td>
<td>415</td>
</tr>
<tr>
<td><strong>Net Cash (used in)/provided by Investing Activities</strong></td>
<td>(265)</td>
<td>330</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal repaid to the Department for Business, Manufacturing and Trade</td>
<td>(12)</td>
<td>(12)</td>
</tr>
<tr>
<td><strong>Net Cash used in Financing Activities</strong></td>
<td>(12)</td>
<td>(12)</td>
</tr>
</tbody>
</table>

**NET DECREASE IN CASH HELD**

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH AT 1 JULY</td>
<td>14 598</td>
<td>14 670</td>
</tr>
<tr>
<td>CASH AT 30 JUNE</td>
<td>13 930</td>
<td>14 598</td>
</tr>
</tbody>
</table>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

1. **ESTABLISHMENT OF THE FUND AND PURPOSE**

The Rural Industry Adjustment and Development Fund (RIADF) is established under the *Rural Industry Adjustment and Development Act, 1985*. The primary purpose of the Fund is to provide loans and grants, at Ministerial discretion, to develop a farm, make adjustments to farming methods or to undertake a project or research for the benefit of farmers.

2. **STATEMENT OF ACCOUNTING POLICIES**

   **(a) Basis of Accounting**

   The financial statements are prepared in accordance with Statement of Accounting Concepts, applicable Australian Accounting Standards, and with Urgent Issues Group Consensus Views and Treasurer’s Instructions issued pursuant to the *Public Finance and Audit Act, 1987*. The statements have been prepared in accordance with the historical cost convention using the accrual method of accounting.

   **(b) Employee Benefits and Related Costs**

   Employees of the Department of Primary Industries and Resources (the Department) administer the operations of the RIADF through the Rural Finance and Development unit.

   It was determined as a result of a study undertaken in 2001-02, that 8 percent of these employees’ time was spent in administering the RIADF. Accordingly, 8 percent of the total Rural Finance and Development unit Employee benefits and related costs, as calculated by the Department, have been recognised in the financial statements. The basis of accounting for these liabilities by the Department is described below.

   **(i) Salaries and Wages and Annual Leave.** Liabilities for salaries and wages and annual leave are recognised, and are measured as the amount unpaid at the reporting date at the current pay rates in respect of employees’ services up to that date. Expenses consequential to employment but which are not employee entitlements, for example payroll tax and superannuation on-costs, have been recognised as non-employee entitlement liabilities where the entitlement to which they relate has been recognised as a liability.
(ii) **Long Service Leave.** A liability for long service leave is recognised, and is measured as the current value of payments to be made in respect of employees with seven or more years service up to the reporting date (previously eight or more years service). This base provides a reasonable approximation of the present value of the estimated future cash outflows to be made for these entitlements. Expenses consequential to employment but which are not employee entitlements, for example payroll tax and superannuation on-costs, have been recognised as non-employee entitlement liabilities where the entitlement to which they relate has been recognised as a liability.

(iii) **Superannuation.** A liability for the value of superannuation payments to be made to employees at preservation age is not recognised, as the liability is the responsibility of the SA Superannuation Board. The Department records a liability for any outstanding employer superannuation contributions payable to the SA Superannuation Board. A non-employee entitlement liability for the superannuation on-cost on long service leave, annual leave and accrued salaries and wages is recognised.

(iv) **Workers Compensation.** The workers compensation liability is an actuarial estimate of the outstanding liability at 30 June 2003 provided by a consulting actuary engaged through the Government Occupational Health and Injury Management Branch of the Department of the Premier and Cabinet. This actuarial estimate provides for the estimated cost of ongoing payments to employees as required under current legislation.

(c) **Provision for Doubtful Debts**
A provision is raised for any doubtful debts on a review of all outstanding amounts at year end. A general provision is calculated at 5 percent of the total loans to the rural sector. In addition any specific doubtful debts are assessed each year and a provision created if appropriate.

(d) **Recognition of Revenue**
Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised when it is earned.

(e) **Financial Instruments**
**Financial Assets.** Cash comprises cash on hand and deposits at call with the Westpac Banking Corporation. Interest revenues are recognised as they accrue.

Receivables are reported as amounts due, less the provision for doubtful debts.

**Financial Liabilities.** Payables are recognised for goods and services that have been supplied but have not been paid as at 30 June 2003. Payables are recorded at cost and are normally settled within 30 days.
3. **PROJECT FUNDING COMPRISSES PAYMENTS FOR THE FOLLOWING ACTIVITIES:**

<table>
<thead>
<tr>
<th>Activity</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Industries Marketing and Development</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>Livestock Markets</td>
<td>200</td>
<td>—</td>
</tr>
<tr>
<td>Industry Development Board for Value Chain Analysis</td>
<td>97</td>
<td>160</td>
</tr>
<tr>
<td>Industry Development Board for Horticulture Building Regions</td>
<td>71</td>
<td>126</td>
</tr>
<tr>
<td>Industry Development Board for Field Crops Grains Eye Opener</td>
<td>65</td>
<td>30</td>
</tr>
<tr>
<td>Industry Development Board for Lamb</td>
<td>60</td>
<td>80</td>
</tr>
<tr>
<td>Primary Industries - Kangaroo Island</td>
<td>49</td>
<td>18</td>
</tr>
<tr>
<td>Industry Development Board for Horticulture</td>
<td>38</td>
<td>22</td>
</tr>
<tr>
<td>Measuring Sustainability and Structural Adjustment</td>
<td>21</td>
<td>—</td>
</tr>
<tr>
<td>Structural Adjustment Project</td>
<td>16</td>
<td>—</td>
</tr>
<tr>
<td>Inland Aquaculture Association of SA</td>
<td>15</td>
<td>—</td>
</tr>
<tr>
<td>Industry Development Board for Seafood</td>
<td>14</td>
<td>48</td>
</tr>
<tr>
<td>SA Wine and Brandy Industry Association</td>
<td>14</td>
<td>—</td>
</tr>
<tr>
<td>Industry Development Board for Sustainable Industries Rangelands</td>
<td>—</td>
<td>129</td>
</tr>
<tr>
<td>Industry Development Board for Better Beef SA Project</td>
<td>—</td>
<td>119</td>
</tr>
<tr>
<td>Kangaroo Island Ovine Jones Disease Fencing Assistance Grant Scheme</td>
<td>—</td>
<td>100</td>
</tr>
<tr>
<td>Industry Development Board for Olive Industry</td>
<td>—</td>
<td>90</td>
</tr>
<tr>
<td>Industry Development Board for Dairy</td>
<td>—</td>
<td>60</td>
</tr>
<tr>
<td>Industry Development Board for SA Marine Finfish Farmers Assoc.</td>
<td>—</td>
<td>51</td>
</tr>
<tr>
<td>Industry Development Board for Clean Seas Aquaculture</td>
<td>—</td>
<td>50</td>
</tr>
<tr>
<td>Industry Development Board for Field Crops: Barley Strategy</td>
<td>—</td>
<td>35</td>
</tr>
<tr>
<td>Lochert Bros</td>
<td>—</td>
<td>25</td>
</tr>
<tr>
<td>Northern Agricultural District Rural Plan</td>
<td>—</td>
<td>23</td>
</tr>
<tr>
<td>SA Meat Alliance</td>
<td>—</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1 160</strong></td>
<td><strong>1 676</strong></td>
</tr>
</tbody>
</table>

4. **PROVISION FOR DOUBTFUL DEBTS**

 Movements in the provision for doubtful debts during the year were:

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance 1 July 2002</td>
<td>1 321</td>
<td>934</td>
</tr>
<tr>
<td>Less: Specific provision written off in 2002-03</td>
<td>1 217</td>
<td>—</td>
</tr>
<tr>
<td>Add: Amount provided in 2002-03</td>
<td>31</td>
<td>387</td>
</tr>
<tr>
<td><strong>Balance 30 June 2003</strong></td>
<td><strong>135</strong></td>
<td><strong>1 321</strong></td>
</tr>
</tbody>
</table>

5. **ADMINISTRATION**

Employees of the Department of Primary Industries and Resources (the Department) administer the operations of the RIADF through the Rural Finance and Development unit.

It was determined as a result of a study undertaken in 2001-02, that 8 percent of these employees time was spent on administering the RIADF. Accordingly, 8 percent of the total Rural Finance and Development unit administration expenses, as calculated by the Department, have been recognised in the financial statements.

6. **OTHER EXPENSES**

Other Expenses represent audit fees payable to the Auditor-General’s Department for auditing the 2002/03 financial statements.

7. **INTEREST REVENUE**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received on loans to Rural Sector</td>
<td>172</td>
<td>193</td>
</tr>
<tr>
<td>Interest received on deposits lodged with the Treasurer</td>
<td>678</td>
<td>641</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>850</strong></td>
<td><strong>834</strong></td>
</tr>
</tbody>
</table>
8. **LOANS TO THE RURAL SECTOR**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance 1 July</td>
<td>$3 641</td>
<td>$3 971</td>
</tr>
<tr>
<td>Add: Advances during the year</td>
<td>$800</td>
<td>$85</td>
</tr>
<tr>
<td>Interest Capitalised</td>
<td>$188</td>
<td>$219</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$4 629</td>
<td>$4 275</td>
</tr>
<tr>
<td>Less: Principal Repayments</td>
<td>$723</td>
<td>$634</td>
</tr>
<tr>
<td>Specific provision write off</td>
<td>$1 217</td>
<td>—</td>
</tr>
<tr>
<td><strong>Gross Loans to Rural Sector</strong></td>
<td>$2 689</td>
<td>$3 641</td>
</tr>
<tr>
<td>Less: Provision for Doubtful Debts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specific</td>
<td>—</td>
<td>$1 200</td>
</tr>
<tr>
<td>General</td>
<td>$135</td>
<td>$121</td>
</tr>
<tr>
<td><strong>Net Loans to Rural Sector</strong></td>
<td>$2 554</td>
<td>$2 320</td>
</tr>
</tbody>
</table>

**Current Loans**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add: Provision for Doubtful Debts</td>
<td>$18</td>
<td>$133</td>
</tr>
<tr>
<td><strong>Net Current Loans</strong></td>
<td>$347</td>
<td>$234</td>
</tr>
</tbody>
</table>

**Non-Current Loans**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add: Provision for Doubtful Debts</td>
<td>$117</td>
<td>$188</td>
</tr>
<tr>
<td><strong>Net Non-Current Loans</strong></td>
<td>$2 207</td>
<td>$2 086</td>
</tr>
</tbody>
</table>

9. **RECEIVABLES**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued interest on loans to Rural Sector</td>
<td>$152</td>
<td>$168</td>
</tr>
<tr>
<td>Accrued interest on deposits with Treasurer</td>
<td>$54</td>
<td>$39</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$206</td>
<td>$207</td>
</tr>
</tbody>
</table>

10. **BORROWINGS**

 Represents borrowings from the Department for Business, Manufacturing and Trade.

11. **EMPLOYEE BENEFITS AND RELATED COSTS**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual leave</td>
<td>$2</td>
<td>$2</td>
</tr>
<tr>
<td>Long service leave</td>
<td>$1</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$3</td>
<td>$2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>NON-CURRENT:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long service leave</td>
<td>$12</td>
<td>$11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$12</td>
<td>$11</td>
</tr>
</tbody>
</table>

12. **COMMITTED GRANTS RESERVE**

 The Committed Grants Reserve was established to provide for grant commitments which as at 30 June 2003 had not been advanced. During 2002-03 an amount of $776 000 was transferred from the Committed Grants Reserve to Accumulated Surplus.

13. **EQUITY**

<table>
<thead>
<tr>
<th></th>
<th>Accumulated Surplus</th>
<th>Committed Grants Reserve</th>
<th>General Reserve</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Balance at 1 July</td>
<td>$9 266</td>
<td>$5 768</td>
<td>$2 000</td>
<td>$17 034</td>
</tr>
<tr>
<td>Net deficit from ordinary activities</td>
<td>(430)</td>
<td>—</td>
<td>—</td>
<td>(430)</td>
</tr>
<tr>
<td>Transfer to/from reserves</td>
<td>$776</td>
<td>(776)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Balance at 30 June</strong></td>
<td>$9 612</td>
<td>$4 992</td>
<td>$2 000</td>
<td>$16 604</td>
</tr>
</tbody>
</table>
14. RECONCILIATION OF NET COST OF SERVICES TO NET CASH USED IN OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cost of Services</td>
<td>(430k)</td>
<td>(802k)</td>
</tr>
<tr>
<td>Doubtful Debts Expense</td>
<td>31</td>
<td>387</td>
</tr>
<tr>
<td>Change in Assets and Liabilities</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Decrease (Increase) in Receivables</td>
<td>1</td>
<td>32</td>
</tr>
<tr>
<td>Increase (Decrease) in Payables</td>
<td>5</td>
<td>—</td>
</tr>
<tr>
<td>Increase (Decrease) in Employee benefits and related costs</td>
<td>2</td>
<td>(7)</td>
</tr>
<tr>
<td><strong>Net Cash used in Operating Activities</strong></td>
<td>(391k)</td>
<td>(390k)</td>
</tr>
</tbody>
</table>

15. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

(a) Credit Risk
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position.

(b) Interest Rate Risk
The Rural Industry Adjustment and Development Fund’s exposure to interest rate risk, which is the risk that a financial instrument’s value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on those financial assets and financial liabilities, is as follows:

<table>
<thead>
<tr>
<th>Weighted Average Interest Rate Percent</th>
<th>Fixed Interest maturing in</th>
<th>Non-Interest Bearing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Floating Interest $'000</td>
<td>1 year or less $'000</td>
<td>More than 5 years $'000</td>
</tr>
<tr>
<td>Financial Assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>4.60</td>
<td>13 930</td>
<td>—</td>
</tr>
<tr>
<td>Receivables:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on deposits</td>
<td>4.60</td>
<td>54</td>
<td>—</td>
</tr>
<tr>
<td>Interest on loans</td>
<td>7.02</td>
<td>152</td>
<td>—</td>
</tr>
<tr>
<td>Loans to Rural Sector</td>
<td>7.02</td>
<td>—</td>
<td>6 1 974</td>
</tr>
<tr>
<td>Total</td>
<td>14 136</td>
<td>6</td>
<td>1 974</td>
</tr>
<tr>
<td>Financial Liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings RF&amp;D</td>
<td>6.50</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Payables</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

(c) Net Fair Value
The carrying amounts of financial assets and liabilities at the reporting date all approximate their net fair values.
DISCLOSURE STATEMENT AND AUTHORISATION

In our opinion:

(a) the attached financial statement and notes of the Rural Industry and Adjustment Development Fund for the year ended 30 June 2003 present fairly, in accordance with Statements of Accounting Concepts, applicable Accounting Standards, Urgent Issues Group Consensus Views and the Public Finance and Audit Act, 1987, the financial position of the entity as at the reporting date and the result of its operations and its cash flows for the year then ended.

(b) the internal controls over financial reporting have been effective throughout the reporting period.

Barry Windle
ACTING CHIEF EXECUTIVE

Steve Archer
DIRECTOR, FINANCE AND BUSINESS SERVICES

Steve Diamond
MANAGER, BUDGET STRATEGY UNIT

September 2003
INDEPENDENT AUDIT REPORT

TO THE ACTING CHIEF EXECUTIVE
DEPARTMENT OF PRIMARY INDUSTRIES AND RESOURCES

SCOPE

As required by section 31 of the Public Finance and Audit Act 1987, and section 14 of the Rural Industry Adjustment and Development Act 1985, I have audited the financial report of the Rural Industry Adjustment and Development Fund for the financial year ended 30 June 2003. The financial report comprises:

- A Statement of Financial Performance;
- A Statement of Financial Position;
- A Statement of Cash Flows;
- Notes to and forming part of the Financial Statements;
- Certificate by the Acting Chief Executive, the Director, Finance and Business Services and the Manager, Budget Strategy of the Department of Primary Industries and Resources.

The Acting Chief Executive, the Director, Finance and Business Services and the Manager, Budget Strategy of the Department of Primary Industries and Resources are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the Acting Chief Executive.

The audit has been conducted in accordance with the requirements of the Public Finance and Audit Act 1987 and Australian Auditing and Assurance Standards to provide reasonable assurance that the financial report is free of material misstatement.

Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987, Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with my understanding of the Rural Industry Adjustment and Development Fund's financial position, its financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In my opinion the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Rural Industry Adjustment and Development Fund as at 30 June 2003, its financial performance and its cash flows for the year then ended.

25 September 2003

K I MacPHerson
AUDITOR-GENERAL