



Australian Government



Government of
Western
Australia



Northern Agricultural Catchments Council

Annual Report 2006-2007



NORTHERN AGRICULTURAL REGION



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Chairs Annual Report

ELIZABETH EATON

The Northern Agricultural Catchments Council (NACC) has enjoyed a very productive year. We continue to receive support from both the Australian and State Governments through the National Action Plan for Salinity and Water Quality and the Natural Heritage Trust 2 (NHT).

Many projects approved under our first Investment Plan are continuing successfully into our second Investment Plan. We have submitted our third Investment Plan and await ministerial approval.

Our projects are creating a greatly increased level of activity around Natural Resource Management (NRM) in the Northern Agricultural Region. The number of events and activities occurring in the region is now such that it is impossible to attend them all. This is good news. We have collectively raised the level of interest in NRM across the community.

Such events included the inaugural whole of region biodiversity conference, a tour of the Yarra Yarra area proposed for deep drainage and a deep drainage workshop, and tours of the strategic tree farming sites with Forests Products Commission staff. Publicising events is always a challenge for project officers. In this regard we are lucky to have Jill Wilson who is committed to ensuring NARNEWS gets to us all.

We were especially proud to have our Targeted Investment Program launched jointly by Mr Wilson Tuckey on behalf of Minister for the Environment and Water The Hon Malcolm Turnbull and The Hon Kim Chance Minister for Agriculture. Mr Tuckey spoke positively about the range of activities that fall into NRM. Mr Chance continues to provide strong support both to NRM and to NACC.

As most members will be aware, 2006/07 has seen a real change in the way the NACC operates. The reviews that have been undertaken as part of the national evaluation of regional groups, recommended that groups should be based mostly on a skills based appointment process. Within regional groups there is an uneasy balance between being a representative body and bringing the necessary skill levels to the task of governing a very complex incorporated association with the appropriate transparency and accountability in decision-making.

The NACC Management Committee put a balanced proposal to members for their consideration. It built on a series of governance workshops at Waddi Forest, New Norcia and Geraldton and was the subject of a special general meeting in June. Members unanimously supported the Management Committee proposal, which is planned to be fully implemented by the AGM, albeit that the Audit Committee was established this year. Streamlining our process has reduced our reliance on subcommittees. The Management Committee has been unwavering in its commitment to refining regional delivery of NRM.

The announcement by the Australian Government of the continuation of NRM funding under Natural Heritage Trust 3 was most welcome. The Australian Government has said it will continue in its requirement for matching funds from the State. The Directors General of the NRM agencies met as the Council of Natural Resource Agencies Chief Executives (CONRACE) formally for the first time along with regional chairs. The regional chairs appreciate the willingness to meet with CONRACE. The particular topic of importance is the future NHT3 bi-lateral agreement between the State and Australian Governments. We all look forward to a speedy and successful resolution of discussions.

NACC enjoys great commitment, professionalism and dedication from our staff. In particular I thank our CEO Alan Bradley for his stable determination to ensure NRM is implemented in our region in the best possible way. Bill Currans as our Investment and Program Coordinator has met the challenges of a very tight contracting and detailed reporting schedule in order to meet the requirements of our funding partners. These efforts are in turn founded on a very willing and able staff whose efforts are much appreciated. In all, NACC is a robust organisation and looks forward to a strong future supporting NRM in our region.

I commend this Annual Report to you.

Elizabeth Eaton
Chair



Continuing Delivery

ALAN BRADLEY

During this year, NACC has received approval from the Australian and State Government Ministers for Investment Plan II and Investment Plan III having been signed off by the Joint Steering Committee for the approval of Ministers later this year. This should see the complete indicative allocation of funding for the region approved for release to NACC.

Significant effort has been expended this year on improving our governance systems. The Management Committee has been supported in its commitment to transparency and accountability through the refinement of robust management systems, and the development of a comprehensive Policy and Procedures Manual and Risk Management Plan

Community involvement in NRM has been given a very high priority in developing NACC's business. To ensure regular engagement with stakeholders and community, NACC has established a number of advisory groups to feed information back to the Board. Currently, Biodiversity and Coastal and Marine Advisory Groups have been established and consultation on the formation of Aboriginal and Local Government groups is in process. We also rely on the input from other NRM focused groups such as the Moore Catchment Council, West Midlands NRM Group the Yarra Yarra Catchment Management Group and the Greenough Panel as well as industry groups.

Our investment programs continue to deliver and meet our vision and objectives for improving the resource condition of the assets we have in the NAR. The work in delivering on the strategy is undertaken by a team of dedicated staff and volunteers, whose impressive commitment to the work is responsible for our achievements.



“NACC has made a significant investment in several major projects in the Northern Agricultural Region”

Both Governments want to know the funding they provide makes a difference to the natural resources. As everyone knows, government included, implementing changes that will make a difference to our natural resources is a long term challenge. Regions have taken on the task of setting up the processes to monitor and evaluate such changes. We have said to government that the first changes will be to do with land practices, and it is these changes that will show up in the life of program funding. We are now being challenged to demonstrate this outcome. To do this, we will need to set up our Monitoring and Evaluation to include an assessment of the changes people are making in response to our approved programs. The required reports are a complex but essential requirement for continued funding.

NACC has made a significant investment in several major projects in the NAR. Deep drainage in the Yarra Yarra sub-region, the Targeted Investment Program and the Catchment Demonstration Initiative are all significant contributions to NRM via different processes.

In response to land holder pressures for drainage, the Yarra Yarra Catchment Regional Council (YYCRC) has been set up by the involved local governments. The YYCRC will manage the governance and maintenance functions of the drains. Many people ask questions about the impact and value of drains. NACC funded drains and the State funded Engineering Evaluative Initiative will allow in depth information on the effect of drains to be produced, including an overall water balance analysis.

As part of the development of IP II, the NACC Management Committee approved a new approach to the delivery of onground works via an incentive delivery approach. A specific Targeted Investment Program (TIP) was developed focusing on an area within the region which is potentially threatened by rising groundwater. The new TIP program, which was officially launched on the 29 June, has seen significant interest from land managers within the program area.

Further, the Catchment Demonstration Initiative has seen land managers within the West Koojan Gillingarra locality involved in significant undertakings to improve the catchment viability, with the introduction of significant areas of perennial pastures and protection of remnant vegetation. These works are showing promising signs for increased farm profitability, especially over the drought years.

There are many other projects that are being delivered in the NAR by groups such as Trees Midwest, Mingenew Irwin Group, Greening Australia and others. NACC continues to provide support to these groups in the delivery of their NRM objectives, for example river care activities on the Hutt River with Greening Australia.

Looking to the future, NACC will:

- Consolidate the significantly improved governance structures and systems; and
- Prepare the fourth investment plan via:
 - Building on the strengths of current projects including targeted incentives;
 - Refining its resource conditions/management action targets;
 - Identification of the assets within catchments; and
 - Continuing to engaging and work with the community

The resultant combination of the above should see the NAR becoming the vibrant community, in a diversified economy, with a healthy environment, that we aspire to.

Alan Bradley
Chief Executive Officer

WESTWOOD ACCOUNTANTS



**AUDITOR'S REPORT
TO
NORTHERN AGRICULTURAL CATCHMENTS COUNCIL INC.**

Directors
Shane Van Styn CPA
Andrew Ford CPA
Kevin Cassidy NTAA

Scope

I have examined the attached revised special purpose financial statements of Northern Agricultural Catchments Council for the period 1 July 2006 to 30 June 2007. The Governing Committee is responsible for the financial statements of the entity. The Committee has determined that the accounting policies used are consistent with the reporting requirements of the entity and are appropriate to meet the needs of the council. I have conducted an independent audit of the financial statements in order to express an opinion on it to the Governing Committee. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the council.

The financial statements have been prepared for distribution to the council for the purpose of fulfilling the reporting requirements of the entity's constitution as well as various funding bodies that provide funding to the Council. I disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the council of the Northern Agricultural Catchments Council Inc or relevant funding bodies or for any purpose other than for which it was prepared.

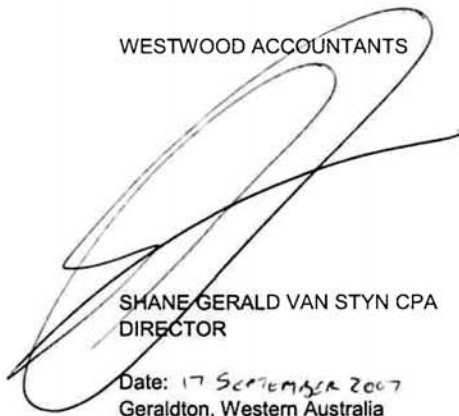
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatements. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly. These policies do not require the application of all Accounting Standards and other mandatory professional requirements in Australia.

The Audit Opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the attached financial statements present fairly, the financial position as at 30 June 2007 of the Northern Agricultural Catchments Council Inc and the results of its operations for the year then ended.

WESTWOOD ACCOUNTANTS



SHANE GERALD VAN STYN CPA
DIRECTOR

Date: 17 SEPTEMBER 2007
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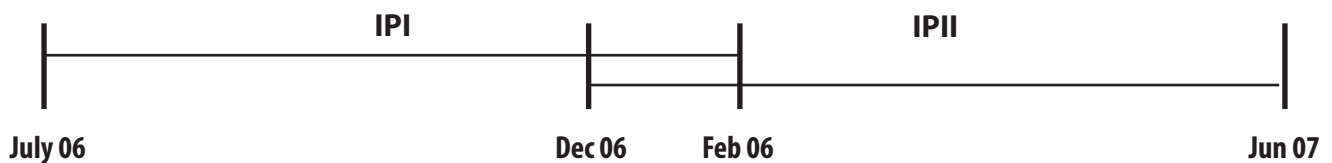
Program Organisation

NACC has 37 projects currently operating throughout the region, many of them building on successes of our first Investment Plan.

The Investment Plan II includes four programs, developed from Expressions of Interest from a very wide range of potential partners.

The table below demonstrates new program and sub-program organisation in Investment Plan II and relationships with Investment Plan I programs.

| Program IPII | Sub-program IPII | Link with Strategy and IPI Programs |
|---|--|---|
| Balancing Diversity and Productivity \$16,016,600 | Land | Biosecurity; Managing Salinity; Sustainable Agriculture Production; Understanding Our Climate; Managing Our Air; Farm Forestry; Integrated Catchment Management |
| | Water | Building Healthy Waterscapes; Using Our Water Wisely; Integrated Catchment Management |
| | Coastal and Marine | Caring for our Coasts, Sea and Islands |
| | Biodiversity | Conserving Our Terrestrial Diversity |
| Integrated Natural Resource Management \$2,705,800 | Water and Wetlands solutions to salinity | The IPII incentives program is related to all IPI programs associated with Land, Water and Biodiversity as above |
| | Production based solutions to salinity | |
| | Native plant-based solutions to salinity | |
| Community Leverage \$1,535,800 | Communication and Engagement | Delivering Natural Resource Management |
| | Sharing Aboriginal Knowledge | Sharing Aboriginal Knowledge |
| | Education and Increasing Skills | New Opportunities; Supporting Environmental Education and Knowledge |
| Resource Condition and Program Effectiveness \$1,983,300 | Monitoring, Evaluation and Reporting | Resource Assessment |



INVESTMENT PLAN 1

PROGRAM TITLE

BIOSECURITY: SECURING OUR ASSETS

PROGRAM DESCRIPTION

This program integrated the management and prevention of agricultural, aquatic, marine and environmental weeds, pests and diseases.

PROJECTS INCLUDE

- *Stop the Rot*

KEY ACHIEVEMENTS

The Program has had a significant impact on populations of Victorian Tea Tree, Patersons Curse and *Juncus acutus*. An estimated 50 % of the Victorian Tea Tree populations mapped as part of the project have been controlled. Feral pig control and rabbit baiting has occurred in a number of high priority areas. Monitoring of these areas has shown an improvement in native vegetation condition. Feral animal control is ongoing however the successes of the previous year suggest that population elimination can be achieved in the long term.

Mapping of *Phytophthora* infestations and sampling has occurred across the Region, and there has been liaison to ensure effective integration with the Cross Regional *Phytophthora* Project and the local Dieback group. The risks of *Phytophthora* disease have been quantified, and management will be ongoing.

PROGRAM TITLE

BUILDING HEALTHY WATERSCAPES

PROGRAM DESCRIPTION

This program will protect and restore priority waterscapes in the region.

PROJECTS INCLUDE

- *Working with Wetlands*
- *Developing capacity building for Rivercare*
- *Development of a River Action Plan for the Moore River – Mogumber to Regan's Ford*
- *Restoration, maintenance and enhancement of priority wetlands in the NAR*
- *Protecting river foreshores in the West Midlands Sub Region*
- *Protecting river foreshores in the Greenough sub region*

KEY ACHIEVEMENTS

The program has provided extensive river restoration and management as well as support to local community groups in the NAR. A community awareness and education plan has been developed to assist in raising awareness of rivercare issues in the broader community. The program has developed a contractual management agreement for landholders interested in river restoration works in priority areas, which outlines funding incentives and the appropriate technical advice for their particular restoration activities.

These contractual management agreements have greatly assisted the delivery of funding for protecting priority river foreshores. 38.6 kilometres of riverbank has been fenced and stock excluded, leading to the protection of 101 hectares of priority riparian vegetation. Two hectares of boxthorn removal has been undertaken on the Greenough River and two stabilisation sites have been developed on Minyulo Brook using riffles.

Strong networks have been developed with local NRMOs, community groups, primary schools and government departments across the NAR. Landholders have been directly engaged to identify those willing and able to undertake a range of river restoration activities. This networking has led to redefining future works programs to ensure that resources are directed to areas where positive influence will be achieved.

The program has undertaken mapping and classification of wetland areas between Jurien and Leeman and has developed digitised maps of wetlands according to wetland type. A report on wetland evaluation and threat assessment has been completed and presented to the Wetlands Steering Committee as well as being included on the Statewide Wetlands Database. Priority wetlands for targeted management have been identified and incentives for restoration and sustainable management are being developed. A Waterscapes Community Awareness and Communication Plan has been developed and wetlands management has been integrated into river management for co-delivery.

PROGRAM TITLE**CARING FOR THE COASTS, SEAS AND ISLANDS****PROGRAM DESCRIPTION**

The Caring for the Coast, Seas and Islands program aims to increase understanding, and enable integrated, ecologically-sustainable management of coastal, marine and island systems.

PROJECTS INCLUDE

- *Facilitating agreement on coastal management*
- *Creel census to determine recreational fishing catch and effort within the Abrolhos Islands area*
- *Long-term monitoring of the effects of Marine Protected Areas on reef fish assemblages at the Houtman Abrolhos Islands*
- *Implementation of waste management systems at the Abrolhos Islands Reserve*
- *Foraging ecology and ecotrophic role of the Australian sea lion in marine ecosystems*
- *Between the Inland and the Ocean – assessing and addressing threats to the coastal strip*

KEY ACHIEVEMENTS

The program has analysed and collated information regarding issues affecting the NAR coastline from Gingin to Northampton. This high value asset is threatened by indiscriminate human impact and ineffective use of management resources. Documentation has been produced regarding priority issues including identifying some of the key values, challenges and opportunities for the NAR coast as well as clarifying legislation and procedures related to the coast.

An extensive survey of catch and fishing effort for recreational and commercial fishers at the Abrolhos Island has enabled the development of baseline estimates of catch and effort, providing an important reference point for future management decisions. These results, together with biological information, will be used to assess whether the present total catch level is sustainable, and will provide the tools to identify appropriate management measures where necessary. The Program has surveyed 120 sites (~8450 m²) at the Abrolhos Islands using baited remote underwater stereo-video systems. The relative abundance and length of a broad suite of fish species were assessed from video images using highly specialised software programs. A series of brochures, DVD's and oral presentations have been developed and presented to the broader community. Each demonstrates the Abrolhos Islands unique marine environment and the role of Marine Protected Areas.

Baseline data has been gathered on Total Nitrogen, Phosphorus and Bacteria (*Clostridium* sp) levels for water samples from 22 islands both during and out of the fishing season. This information provides an indication of the changes in the water quality which may be attributed to human impacts. In trialling solutions for waste on the Islands, a total of 374m³ of waste was collected, while an estimated 168m³ of commercial waste was collected for incineration in a trial incinerator on Basile Island. A moratorium on burning plastics and other 'non-burnable' items was imposed on the communities and compliance was estimated at 90-95% by the end of the season. Six alternative toilets were installed and trialled on various islands, which were estimated to treat approximately 62,100L of effluent.

Research conducted through this program has provided the first evidence of the spatial patterns of sea habitat use by various cohorts (pups, juveniles and adult females) of sea lion on the mid-west coast. Information on the diving behaviour of this population of Australian Sea Lion has also been collected for the first time and provides important information on habitat use, interaction with commercial fishing activities and use of Jurien Bay Marine Park zones.

A brochure on the Coastal Assessment and Restoration activity was developed and distributed to lease holders of shacks at Grey and Wedge Islands, and to visitor service centres for the general public. A feature survey was conducted over Lake Thetis for design and management guidelines and draft and final concept plans for the development of Lake Thetis have been completed. In conjunction with these activities, a GIS database has been developed in collaboration with Curtin University of Technology, and two out of six coastal sectors (Lancelin to Cervantes and Cervantes to Leeman) have been mapped, with another two sectors being developed through IPII.



PROGRAM TITLE**CONSERVING TERRESTRIAL DIVERSITY****PROGRAM DESCRIPTION**

This program aims to ensure the long-term conservation of terrestrial biodiversity

PROJECTS INCLUDE

- *Woodland Watch: Community Protection and management of biodiversity assets in the NAR*
- *Conservation and management of roadside vegetation across the region*
- *Back from the Brink*
- *Bio-diverse Commercial direct seeding*

KEY ACHIEVEMENTS

The program has successfully conducted ten flora surveys across the NAR and has contributed to the discovery of 30 new species and 28 new populations of rare/ priority flora.

Since October 2005, five WWF-Australia Voluntary Management Agreements and fencing grants have been negotiated and signed by landholders in the NAR. A total area comprising of +299 hectares of priority woodland remnants have been protected and \$55,520 in incentives have been allocated to landholders through four of the five VMAs to facilitate 21.7 kilometres of stock-proof fencing.

The program has researched a number of issues contributing to the condition of the NAR coast, including roadside assessment methodologies; values and attitudes; mapping; roadside management plans; declared RF and TEC information and examples of Local Government Conservation Plans. A management team of eight people has been formed and contacts with key stakeholders have been made, in particular with NAR local government authorities, the Department of Environment and Conservation, the Roadside Conservation Committee, and the WA Local Government Association, NRMOs, community members, and positive relationships have been formed.

The program has greatly increased the knowledge of threatened flora and fauna species and Threatened Ecological Communities (TECs) of the NAR through detailed monitoring of known populations and occurrences, and surveying for new populations and occurrences. In total over 70,000 hectares of remnant vegetation have been surveyed using a combination of desktop and field based methods. These surveys have resulted in the location of many previously unrecorded populations of threatened species and ecological communities.

The Program has also supported the translocation of a number of threatened flora species, which will test the effect of a range of variables, including fencing, application of fertilisers and watering regimes and on seedling performance. Opportunistic research is also being conducted on the effects of disturbance on the Endangered *Grevillea bracteosa*. The collection of seed from threatened flora species is allowing for a range of translocations through the provision of resources for further plantings, maintenance of fencing and watering systems and frequent monitoring. Other 'on ground' recovery actions implemented include protection of threatened flora populations from grazing through the installation of fencing and cages, and also through weed control.

Research has also commenced on identifying areas with suitable habitat for a range of threatened fauna species, including the Western Ground Parrot, Dibbler and Lancelin Island Sink. The program has been successful in the implementation of a range of 'on ground' recovery actions for threatened species and ecological communities in the NAR.

Whilst increasing the security of threatened species and ecological communities in the NAR as the primary aim of this program, increasing the community's capacity to manage these species through education and support is also a major focus. The program has made a concerted effort to educate the community about the management of threatened species and communities through a range of activities and ongoing programs. A number of interpreted field visits have been conducted providing opportunities for community groups to gain hands-on information about threatened species and communities' recovery.

PROGRAM TITLE**FARM FORESTRY****PROGRAM DESCRIPTION**

The program assisted in placing large volumes of trees in areas at threat of environmental decline, and embraced the concept of integrating trees into the agricultural landscape; and will provide industry with resources that will be further processed into a variety of timber and wood products.

PROJECTS INCLUDE

- *Moore River Catchment Protection (FPC Strategic Tree Farming Program)*
- *Developing incentives to revegetate by establishing a commercially successful Oil Mallee Industry*
- *Brushwood Industry Development on Saline Land*

KEY ACHIEVEMENTS

The program was extremely successful with an oil mallee seedling subsidy; the subsidy was oversubscribed with 349,516 oil mallee seedlings ordered. Only 284,016 of these seedlings were planted due to the impact of the dry conditions of 2006 however growers have reported survival rates varying from 80% to 95%.

205 ha of trees too large or uneconomical to harvest were cut to mulch by two mulching contractors. One set back was an increase in the cost per hour of mulching set by the contractor, which meant less trees were mulched. All mulching funds were expended with the subsidy being higher than initially budgeted due to the increased cost from contractor and the dry conditions limiting the amount of money growers were able to contribute.

Modifications completed on the still and harvester have proven to be extremely successful. Trials were conducted using the modified machinery, which has led to a greater understanding of what makes good oil mallee management for harvesting biomass for oil production.

The program has also successfully planted 180 ha of broombush in the NAR for brush production. Uptake was widespread however establishment success was down as a result of the exceptionally dry season. There was a reduction in seedling uptake in some areas with the surplus of seedlings overcome through sourcing sites outside the region, in partnership with the Avon Catchment Council. Monitoring and evaluation of the NAR sites is currently being undertaken. Survival counts and regular bore monitoring at key sites has been conducted.

There has also been a focus on engaging the community and building understanding of the benefits of brushwood on land that is currently unproductive for traditional agricultural uses. Activities have been successful in establishing a new resource for the Region and have contributed to the overall development of a brushwood industry in WA.



PROGRAM TITLE**INTEGRATED CATCHMENT MANAGEMENT****PROGRAM DESCRIPTION**

The Integrated Catchment Management program will develop and promote natural resource management planning and implementation at the catchment scale.

PROJECTS INCLUDE

- *Conservation of the Gingin Brook and its environment*
- *Revegetation of natural drainage lines and protection of remnant vegetation in East Moore catchment*
- *Chapman River Upper Catchment integrated management project*
- *Yarra Yarra Catchment rehabilitation program*

KEY ACHIEVEMENTS

Progress in this program was hampered by the drought and delays in appointing contractors. However, priority areas for protection were nominated with help from the Biodiversity Program Leader. Discount fencing was negotiated and obtained from Landmark while a Draft Voluntary Management Agreement (VMA) was being discussed between WWF and Department of Environment and Conservation.

10kms of deep drainage, complimented by 10km of farmers spur (feeder) drains (thus providing a cost sharing arrangement) were successfully installed. A monitoring and data base program to scientifically record the performance of these drains was also established. Management plans for 10 other major drainage lines in the catchment were created including comprehensive governance procedures to protect drain assets.

Cost sharing arrangements requiring farmers to finance a similar distance of spur drains as the funded arterial drain, has proven to be unsatisfactory. As a result, the process has been changed with the development of a Regional Local Government. Farmers will now be encouraged to negotiate an easement with the Regional Local Government, giving that body unrestricted access to the land to build and maintain the drain. Farmers will then pay an annual connection fee to access the arterial drain and will be obliged to pay an annual service fee for the maintenance of the main drain.

PROGRAM TITLE**MANAGING SALINITY****PROGRAM DESCRIPTION**

The Managing Dryland Salinity program aims to limit rising groundwater and the spread of dryland salinity, and to productively use saline land.

PROJECTS INCLUDE

- *White Out*
- *Control of rising groundwater and salinity in the Koojan – Gillingarra Region*
- *Yarra Yarra operations and Coordination program for catchment rehabilitation*
- *Drainage Benchmarking*
- *Salinity Rehabilitation and Extension program*
- *An understanding of the environmental benefits and risks associated with the introduction of perennial pastures (Output 2 of Grain and Graze)*
- *Integrating innovative farming systems and catchment management*
- *Rural Towns – Liquid Assets*

KEY ACHIEVEMENTS

This program has seen the completion of on-ground Hydrogeology investigations and the establishment of an Integrated Water (Catchment) Management contract.

Remnant vegetation and revegetation plans for target areas identified under Salinity Investment Framework have been created for an area of 6,000 ha in the Buntine Marchagee Natural Diversity Recovery Catchment. A contract was also established to develop a Monitoring and Evaluation plan to test the modified Focal Species Approach.

The first of three planned bird surveys has been completed and the development of a wetlands monitoring plan is underway. An intra-seasonal aquatic invertebrate survey which was planned for Winter 2006 was postponed due to the dry season.

Two hydrogeologists and a catchment planner looked at some of the worst affected areas and concluded that additional monitoring was required with piezometers. The soil profile also required logging in order to gain a better understanding of the source of the rising water. Consequently, ten piezometers were put down around the Koojan-Gillingarra region in December 2006 allowing salinity and depth readings to be undertaken by the project officer.

As part of drainage benchmarking activities, a clear methodology and questions have been developed to enable data to be gathered about drains and farmers' attitudes towards them. Target landscapes have been identified and contact made with farmers in these landscapes to establish who is interested in participating. The nature of the 2006 season made it difficult to liaise with farmers to conduct interviews and field work, however, some work has commenced and will be ongoing for several months.

The salinity rehabilitation and extension activity has enabled a team to be trained to provide on-farm salinity advice service which will be available through the continuing IP2 project. A total of 33 farm visits were conducted and 33 reports written with 5,500 hectares of saline land to be fenced and managed in a more sustainable manner as a result. Management changes varied from the establishment and grazing of saltland pastures to restricting stock access to remnant vegetation. Over 100 kilometres of fencing incentives are to be taken up by farmers. Sites have been established to monitor water usage, soil erosion and biodiversity impacts and consultants were engaged to undertake hydrological modelling.

There has continued to be a significant focus on perennial pasture establishment and this is likely to be one of the major successes of the program in the longer term as there is considerable farmer interest and good technical support available, particularly from the Evergreen Group and DAFWA, but also from the Salinity Cooperative Research Centre.

Other issues addressed include spiny rush control which is a major problem both environmentally and for livestock. It is hoped that a concerted campaign being planned for next year will make significant inroads on eradication.

The Shire of Moora formally recognised townsite salinity and water management as a significant issue by joining the Rural Towns – Liquid Assets project and contributing \$210,000 towards it. Moora Shire and the community have participated in the design and implementation of strategies to control salinity, waterlogging and flooding.

Several groundwater related activities and outputs have also been produced through this program. Some of these include gravity, seismic and gamma physical studies; groundwater modelling; groundwater monitoring bore data; installation of two new production bores and aquifer properties.

Surface water and shallow sub-surface activities have also been undertaken including deployment of water monitoring equipment and the installation of test drains around the town perimeter. Other activities undertaken include a Social Contexting Study, testing of water quality from groundwater bores, newsletter features and media articles published.



PROGRAM TITLE**RESOURCE ASSESSMENT****PROGRAM DESCRIPTION**

This program will identify issues and collect and manage natural resources data and information to support baseline knowledge, and to document changes in Resource Condition.

PROJECTS INCLUDE

- *Hidden Treasure of NACC – Identification and prioritisation of biodiversity asset values*
- *Hydrological Survey of groundwater availability – Dartmoor*
- *Hydrogeological Survey of groundwater quality in the NAR*
- *Regional Monitoring and Evaluation – Resource condition, actions, outputs*

KEY ACHIEVEMENTS

The program has completed an audit of spatial datasets relevant to the biodiversity of the NAR and developed a process to identify the highest priority biodiversity assets in the region. A botanical survey was conducted in high priority vegetation and vegetation assemblages and structures in these areas have been mapped. The program has also developed a baseline dataset for use by the Vegmachine to remotely monitor changes in vegetation cover across the NAR. Information gathered from surveys and the Northern Agricultural Region Biodiversity Conservation workshop has been disseminated to project partners including Woodland Watch.

PROGRAM TITLE**SHARING INDIGENOUS KNOWLEDGE****PROGRAM DESCRIPTION****PROJECTS INCLUDE**

- *Mogumber Community Project*
- *Yued Booja Environmental audit of Cultural-Spiritual Sites and land use practices*
- *Engagement of Yamatji People in NRM*

KEY ACHIEVEMENTS

The program has seen the formation of the Yued NRM Advisory Group, a reference group of Traditional Owners nominated by the Region 5 (Yued) Working Party. Good working relationships have been built between organisations such as South West Aboriginal Land Sea Centre, NACC, Department of Indigenous Affairs, and the sub-regional NRM groups Moore Catchment Council and West Midlands Natural Resource Group.

A site shortlist of priority Aboriginal sites was created by the Yued NRM Advisory Group and 13 of these sites were visited as part of the audit. Film footage was taken at the site visits, to be distributed throughout the NACC region.

Management plans are being created for three of the sites.

PROGRAM TITLE**SUPPORTING EDUCATION****PROGRAM DESCRIPTION**

This program improves and promotes knowledge and understanding of NRM in the region

PROJECTS INCLUDE

- *Region-wide education, extension and awareness activities*

KEY ACHIEVEMENTS

Training has been provided to Local NRMOs, NACC and project staff in areas such as Cultural Awareness, waterways management, project management, Governance and Best Practices for Corporations, enabling change, and community-based social marketing. Broader community education activities included coastal and marine project presentations, field days on technical issues and funding opportunities such as envirofunds and community water grants, newsletters, media articles, and presentations at field days.

PROGRAM TITLE**SUSTAINING AGRICULTURAL PRODUCTION****PROGRAM DESCRIPTION**

The Sustainable Agricultural Production program promotes and supports best practice agricultural production whilst protecting our natural resources.

PROJECTS INCLUDE

- *Farming to the Climate: Managing climate risk and variability in the low rainfall NAR*
- *'Healthy Farms' – a pilot project*
- *Soil Stabilisation Solutions for the Nangetty Valley*
- *Determining optimum grazing rotation to perennial pastures*

KEY ACHIEVEMENTS

An economic analysis on the benefits of using climate predictions in a farming enterprise was completed under this program. Changing rotations and fertilizer inputs according to the climate data has shown reduced risk of cash deficit and higher returns.

An evaluation of crop yield decision support tools was initiated with four Yield Prophet sites established in Morawa and Perenjori. The first of the monthly bulletins to these grower groups was published comparing the performance of the Yield Prophet and the Potential Yield Calculator (PYCAL) decision support tools. Introductory workshops were held in Morawa and Perenjori to introduce growers to these tools.

A long term demonstration site at Mullewa has been established to examine climate risk management in farming systems, focusing on the profitability of rotation choice, nitrogen fertiliser strategy and soil moisture conservation. Nine additional sites focusing on climate risk issues were planned with individual farmers but only four were established due to the dry season.

20 Mingenew – Irwin Group (MIG) farmers participated in the Environmental Management System audit and update workshops. Six new MIG farmers participated in an Introductory EMS workshop.

This program established two trial sites on different soil types in the Nangetty Valley to investigate the most appropriate methods to reduce soil erosion. Even though rainfall was well-below average during this project some preliminary conclusions were still able to be drawn about which methods were most successful in stabilising these fragile soils.

An interesting result saw seedlings surviving where water naturally pooled (this will be investigated further in year 2 of the project). Gullies that were filled are currently stable, but vegetation will need to be established here in year two.

Trial perennial grass pasture sites in Dongara and Lancelin were also established and commenced different grazing rotations. The sites have shown that perennial grass pasture can persist and produce feed in an extreme drought. This project has encouraged the Mingenew Irwin Group to set a grazing trial with the same design on annual pastures. Base line measurements of pasture density, botanical composition and ground cover were taken in Autumn 2006. Two subsequent measurement cycles of these sites were completed in Spring 2006 and Autumn 2007. The drought of 2006 has meant that stocking rates at trial sites have been lower than originally planned and stock have had to be removed from the trial paddocks for periods of time during 2006/07. The data collected so far from the perennial grass site at Lancelin is indicating that the more intensive grazing treatment (i.e. 16 paddock rotation) is resulting in the highest perennial plant density.



PROGRAM TITLE**USING WATER WISELY****PROGRAM DESCRIPTION**

This program aims to encourage equitable and efficient use of surface and groundwater by balancing social, economic and environmental requirements.

PROJECTS INCLUDE

- *Groundwater Use – Vision for the Mid-West*

KEY ACHIEVEMENTS

The Northern Perth Basin Groundwater Symposium held in October 2006 described the groundwater resources of the Basin, the current and predicted pressures on these resources and how the State manages these competing demands. Following this symposium, this program conducted over 20 workshops in communities within the Basin to relay the symposium's message and to survey participants as to how they would like to see the resources managed in the future. As a result of these workshops 12 guiding statements were developed which address the issues raised. A compiled report of this information was also developed.

This program and report has highlighted the pressing requirement for the State to invest resources into developing frameworks to ensure the sustainable management of groundwater resources in the Region. Also highlighted was the requirement for an interagency working group to be established to facilitate strategic water management and allocation in the NAR, and the requirement for appropriate consultative mechanisms to be developed and implemented in the NAR.

The program report also documents the values that traditional landowners place on the groundwater beneath their land. This program has highlighted the requirement for an appropriate and effective consultation mechanism to be developed and implemented to ensure the continued rights and responsibilities of traditional landowners are met.

INVESTMENT PLAN II

PROGRAM TITLE

TARGETED INVESTMENT PROGRAM

PROGRAM DESCRIPTION

This program will develop and implement a coordinated and targeted investment process using best available technical knowledge and financial incentives to engage land managers to achieve resource and land use change. The program will implement river management, saline land management, native vegetation and salinity/watertable management works. A coordinated incentives management system will also be developed and implemented.

PROJECTS INCLUDE

- *Develop a targeted and strategic investment system*
- *Implement on-ground salinity and river management actions*
- *Benchmark social and economic information for use in refining incentives delivery (2007/08)*

PROGRESS

Minister for Agriculture and Food, The Hon. Kim Chance and The Hon. Wilson Tuckey attended the launch of the Targeted Investment Program on Friday, 29 June with about 50 community members. Good interest was shown in the TIP, with over 50 expressions of interest received from landholders in the TIP area. Based on these applications, it appears the TIP targets for perennial pastures, farm forestry, saline lands and native vegetation management will be met if all applications are translated into management agreements.

Procedures, protocols, templates and guidelines have been developed for the delivery of TIP incentives, enabling consistency and transparency of decision making between Local NRMOs in different catchments. A NRMTO Toolbox has also been developed and distributed which contains tools that will assist them in their negotiations with land managers.

Production of an integrated system of incentives delivery has progressed, with specifications of a customised GIS tool developed. Relevant spatial layers and imagery are also being sourced. Specifications for a web-based database which contains contact details, management agreement details and reporting functions have also been developed.

Approximately 30 land managers have signed agreements to complete \$300,239 worth of saline land fencing, with a total area of 10,040 hectares involving 188.3 kms of fencing. Farm visits are still underway to negotiate further agreements with land managers.

The Department of Water, who has had responsibility for delivering Rivercare incentives, have prepared a project management plan including areas of priority streams that will be targeted for rivercare incentives. NACC is reviewing the current DoW incentives and delivery process and is in the process of finalising an arrangement for more efficient delivery of Rivercare Incentives.



PROGRAM TITLE**LAND – SOIL AND CLIMATE SYSTEMS****PROGRAM DISCIPTION**

This program aims to limit rising groundwater and the spread of dryland salinity, and increase farm productivity/profitability. Land management will involve engineering and agronomic options, fencing and revegetation, catchment-scale planning and extension activities. It promotes and supports best practice agricultural production whilst protecting our natural resources. Issues dealt with include salinity, soil condition and structure, wind and water erosion, soil biology, farming systems, and off-farm impacts. It will promote the development of commercial and agro-forestry including integration with other land-uses. Support is also provided for the integrated management and prevention of agricultural or environmental weeds, pests and diseases.

PROJECTS INCLUDE

- *Farming to the Climate: Managing climate risk and variability in the low rainfall NAR*
- *“Healthy Farms” - a pilot project*
- *Integrating innovative farming systems and catchment management*
- *Salinity Rehabilitation and Extension Program*
- *Soil Stabilisation Solutions for the Nangetty Valley*
- *White Out*

PROGRESS

In the lead up to the 2007 season there was much interest from farmers and agribusiness on the seasonal outlook and this has resulted in six seminar presentations at agribusiness update days, reaching over 300 farmers and industry personnel. As a result of the late and dry start to the 2007 season there has been a high level of demand for this program to deliver information to farmers and industry about managing climate risks. Two pilot Climate Risk Management workshops have been conducted and further workshops are planned.

The Healthy Farms initiative to provide Environmental Management Systems (EMS) information to land managers and assist in EMS implementation has made several key achievements in 2006/07 including:

- providing information to interested land managers and providing assistance in updating EMS manuals;
- presenting the project to the Farming for the Future Industry Reference Group Panel at their Grains Industry Update;
- assisting farmers to source funding for priority on-ground works via the Rivercare Project and Envirofunds;
- developed and submitted an application for the EMS Pathways to Sustainable Agriculture funding with the grains industry; and
- Meeting with Better Farm IQ auditors to discuss farm auditing process.

Salinity rehabilitation under this program is being progressed very thoroughly through on-farm visits and the provision of site specific advice which anecdotally has been very important to land managers. Contracts for 88kms of fencing to manage 3,813ha have been sent out to participating farmers.

Sites which are part of the Soil Stabilisation Solutions project have been monitored regularly to check seedling survival and the amount of erosion experienced from Summer storm events. On-ground works for 2007 have been planned and include more gully reclamation, broadscale spreading of seed from native species across earthworks, planting seedlings on yellow sand prone to wind erosion at the top of a breakaway, using a demo “aerating” machine to punch holes in the ground - making a trap for seed and water (to increase germination), and fencing off a fragile breakaway to prevent grazing.

On-ground assessment has been completed for a 24,000 ha target water management area. Sub catchment 1 (SC1) was prioritised in order to utilise funding opportunities. Draft property maps for SC1 have been completed and distributed to landholders with confirmations of these plans nearing completion. Draft property plans for the remaining five sub-catchments will continue after completion of SC1.

Ten surface water gauging stations were established in the Buntine-Marchagee catchment with piezometer monitoring occurring every six weeks. A field assessment and written summary report of Hutt River and Lagoon catchments has been completed along with Spring and Autumn bird surveys. Case study of the Buntine-Marchagee Natural Diversity Recovery Catchment ‘Landscape Design for Bird Conservation 2004’ included in a National Review: A Review of the Focal Species Approach in Australia; Knowledge for managing Australian Landscapes: Australian Government, Land and Water Australia.

PROGRAM TITLE**BALANCING DIVERSITY & PRODUCTIVITY LAND – DRAINAGE & ENGINEERING****PROGRAM DESCRIPTION**

This program aims to limit rising groundwater and the spread of dryland salinity, and increase farm productivity/profitability. Land management will involve engineering and agronomic options, fencing and revegetation, catchment-scale planning and extension activities. It promotes and supports best practice agricultural production whilst protecting our natural resources. Issues dealt with include salinity, soil condition and structure, wind and water erosion, soil biology, farming systems, and off-farm impacts. It will promote engineering management of urban salinity in Moora, Perenjori and Morawa townships, and benchmark location and effectiveness of deep drainage.

PROJECTS INCLUDE

- *Revegetation of natural drainage lines and protection of remnant vegetation in East Moore*
- *Groundwater and salinity in the Koojan – Gillingarra Region*
- *Drainage Benchmarking*
- *Rural Towns – Liquid Assets*

PROGRESS

Assessment criteria for fencing and revegetation works have been finalised utilising GIS Information and focus areas have been identified. Liaison has also taken place between this program and the Targeted Investment Program to ensure fair and equitable incentives are offered across these programs. Investigations are underway to identify the source of rising groundwater in the Koojan Gillingarra region.

Nine test wells have been installed, and results will form part of the Mid West groundwater monitoring program being conducted by hydrologist.

Interviews have been conducted with farmers to assist in drainage benchmarking. Some of the drainage benchmarking investigation results to date have not been supportive of drains as a solution to dryland salinity.

To evaluate the viability of the deep closed drain strategy, a series of six test drains have been installed around the Moora townsite perimeter. These were test pumped in June 2007 to assess the effectiveness of this dewatering option. Test pumping the two recently installed production bores in the Moora townsite has shown discharge yields of 5 litres/sec and 1.5 litres/sec from the deep and shallow production bores respectively. However the connectivity between the shallow and deeper groundwater systems appears to be low. It is uncertain therefore, whether continuous pumping of the deeper system will result in any significant drawdown of shallow watertables. Deep closed drains (up to seven metres deep), may be an alternative strategy for dewatering shallower aquifers.

Surface water runoff data download and bore monitoring of piezometers is continuing from monitoring sites in Moora, Morawa and Perenjori. Social surveys have also been completed in Perenjori and Morawa.



PROGRAM TITLE**BALANCING DIVERSITY & PRODUCTIVITY – INTRODUCING PERENNIALS****PROGRAM DESCRIPTION**

This program aims to limit rising groundwater and the spread of dryland salinity as well as increase farm productivity/profitability. Land management will involve establishment and management of deep-rooted perennial species that have both productivity and environmental/salinity benefits. Projects explore environmental benefits and management of perennial pastures, and the use of farm forestry to manage and reduce salinity.

PROJECTS INCLUDE

- *An understanding of the environmental benefits and risks associated with the perennial pastures*
- *Determining Optimum grazing rotations to perennial pastures*
- *Developing incentives to revegetate by establishing commercially successful Oil Mallee Industry*
- *Brushwood Industry Development on Saline Land*

PROGRESS

Planning and networking has been undertaken to investigate the environmental benefits and risks associated with perennial pastures. Potential has been identified for algorithms to be used to assess the scale at which perennial pastures will be capable of preventing erosion.

Determining optimum grazing rotations has been mildly affected by the dry 2006 season, however it is expected that some meaningful results and outcomes will still be achieved. Data from the trials will indicate how perennial pastures perform in drought conditions. Measurement of grass and soil cores are being analysed for NO₃ and soil carbon. Comparative samples are being taken from beneath adjoining annual pastures which will provide data on the ability of perennial grasses to reduce nitrogen in ground water and to sequester CO₂.

This program has also seen over 200,000 brush seedlings allocated and over 360,000 oil mallee seedlings have been ordered with eight growers taking up a mulching subsidy, resulting in 110,000 trees being mulched so far. Avongro has expressed an interest in duplicating the Oil Mallee system being utilised in the NAR for the Avon region. As a result of industry meetings and visits to demonstration sites, it has been concluded that the most desirable brush producing species is *Melaleuca atroviridis*. This species has been sourced for its seed so seedlings are being grown for planting in 2007. Specific geographical areas have now been targeted as a result of an appropriate brush species being selected for this activity in the program. Target plantation areas have been identified by soil type and landscape position, these target areas have been pursued to ensure the seedlings are entering the best possible environment for survival and high brush production, as well as distance to market.

PROGRAM TITLE**BALANCING DIVERSITY & PRODUCTIVITY LAND – COASTAL & MARINE****PROGRAM DESCRIPTION**

With a focus on the Houtman Abrolhos Islands, and threatened species and communities, this subprogram assesses resource condition, addresses threats to coastal and marine biodiversity and coastal lake water quality, develops key partnerships and increases stakeholder cooperation. Activities include: improvements to waste management systems; resource assessment and modelling of impacts on coastal areas; benchmarking and monitoring fish and sea lion populations; and providing coordination and support to community groups and Local Government coastal management plans and strategies.

PROJECTS INCLUDE

- Creel census to determine recreational fishing catch and effort within the Abrolhos Islands area
- Long term monitoring of the effects of Marine Protected Areas on reef fish assemblages at the Houtman Abrolhos Islands
- Implementation of waste management systems at the Abrolhos Islands Reserve
- Foraging ecology and ecotrophic role of the Australian Sea Lion in Marine Ecosystems
- Between the inland and the ocean – assessing and addressing threats to the coastal strip.

PROGRESS

The long term monitoring of Marine Protected Areas at the Abrolhos Islands has resulted in 120 sites around the islands being surveyed using baited remote underwater stereo-video systems to assess reef fish assemblages. These images are being analysed and the results obtained to date have been used to write two scientific papers.

In order to develop and implement Waste Management Systems at the Abrolhos effectively, funding was secured to employ a Waste Management Coordinator. The Waste Management Coordinator has been instrumental in trialling and implementing several key initiatives in waste management at the Abrolhos including a draft Hydrocarbon Management Plan and alternative toilet systems and incinerators. The Western Rock Lobster Council has also sourced funding from the Strategic Waste Initiative Scheme, (SWIS) for the North Island (Abrolhos) Incorporated group to include waste management infrastructure in the construction of their new vessel. This SWIS funding will support the NACC project in achieving waste management outcomes in the long term. Positive relationships have also been developed with several industry partners including Kailis Bros and the carrier boat companies. It is hoped this will improve waste management implementation outcomes throughout the remainder of the project.

Instruments used to determine the foraging behaviour of sea lions in the Jurien Bay Marine Park have been deployed and data collected during these surveys has been incorporated into the Environmental Management Strategy for the West Coast Rock Lobster Fishery. Pup count surveys have continued and dietary studies have commenced, both of which are providing some interesting results which will be included in the joint project with CSIRO on the ecosystem function of the JBMP habitat. A School curriculum programme has also been developed to highlight the value of the sea lion population and a pilot programme will be run at Jurien Bay Primary School in collaboration with DEC Marine Parks staff in term 3 of 2007.

Rehabilitation and preventative works along the coast as part of this program have included significant planning and initial site works at Lake Thetis as well as site works along the coast which include fencing of fragile fore dunes and management signage to protect these areas. Tiwest Joint Venture have also been consulted regarding the rehabilitation of an 11ha disused limestone marl pit immediately north of Lake Thetis. This portion of the Lake Thetis project is likely to be jointly managed between DEC and Tiwest over the next 2-3 years. Management efforts for this area will include weed removal, revegetation and remedial earthworks.



PROGRAM TITLE**BALANCING DIVERSITY & PRODUCTIVITY LAND – BIODIVERSITY****PROGRAM DESCRIPTION**

The Northern Agricultural Region is renowned for its plant diversity, and includes three Australian Biodiversity Hotspots. This program aims to conserve terrestrial biodiversity by: implementing protecting and managing native vegetation; implementing Recovery Plans for threatened species and communities; managing high conservation woodlands; and addressing threats to terrestrial biodiversity including weeds and pest animals. Active management of native vegetation will also contribute to the management of broader salinity issues.

PROJECTS INCLUDE

- *Woodland Watch: Community protection and management of biodiversity assets in the NAR*
- *Back from the Brink*
- *Stop the Rot*

PROGRESS

Research continued through the summer with the development of an Interim Recovery Plan for the threatened *Eucalyptus cuprea*. Disturbance trials have also been established for *Gyrostemon reticulatus* and *Grevillea bracteosa*.

Fauna works have focused on the identification of potential habitat for threatened fauna species. Approximately 174,000 ha of remnant vegetation have been surveyed by desktop, and 40,000 ha of remnant vegetation surveyed on-ground for potential habitat of the Western Ground Parrot and Dibbler. 400 survey nights have been completed with the use of hair funnels for the identification of small mammals present in potential Dibbler habitat.

Back from the Brink Activity Books have been distributed through the NAR, individual species flyers and an educational poster series are ready for print and arrangements have been made for the production of a Threatened Species and Communities Teacher Resource Pack. Capacity building activities are also being undertaken with Local Government Association's regarding the management of roadside vegetation through a series of workshops and training sessions.

The Back from the Brink project has joined forces with Birds Australia WA and the Friends of the Western Ground Parrot to carry out a survey for the Critically Endangered Western Ground Parrot (*Pezoporus wallicus flaviventris*) within its historical range in the Jurien-Badgingarra area. Cross regional surveys have also been planned for species such as the Shield-backed Trapdoor Spider and Western Spiny-tailed Skink. Other flora and fauna being monitored include Carnaby's Cockatoo and the Woma Python.

Mapping of invasive weeds has been undertaken and some impact has been made on the removal of Victorian Tea Tree. Ongoing control of other invasive weeds is being undertaken.

Flora survey species lists and site reports have been returned to landholders whose vegetation has been surveyed as part of Woodland Watch, along with Management advice and options. At least five WWF-Australia Voluntary Management Agreements and fencing grants have been negotiated and signed by landholders in the NAR. A total area comprising of +299 hectares of priority woodland remnants have been protected and \$55,520 in incentives have been allocated to landholders of four of those five VMAs to facilitate 21.7 kilometres of stock-proof fencing.

PROGRAM TITLE**BALANCING DIVERSITY & PRODUCTIVITY LAND – WATER****PROGRAM DESCRIPTION**

This program is protecting and restoring priority rivers and wetlands by increasing the extent and health of riparian and estuarine vegetation; protecting key habitats; reducing threats from nutrient enrichment, stock grazing, erosion and sedimentation; and improving knowledge of aquatic biodiversity.

PROJECTS INCLUDE

- *Conservation of the Gingin Brook and it's environment*
- *Chapman River Upper Catchment Management*

PROGRESS

A community forum has been conducted which highlighted the community's strong desire to be kept informed about the activities focused on conservation of the Gingin Brook. Landholders in the Gingin Brook area also indicated their desire to be involved in the identification of priorities for weed and feral management around the Brook.

Interviews have been conducted with State agencies including the Department of Water, Department of Environment and Conservation and Department of Agriculture and Food to discuss regulations and policies surrounding the upper Chapman River with a view to developing an Integrated Catchment Management Plan. The Draft Integrated Catchment Management Plan is nearing completion and will be presented to the Chapman Valley Shire in September 2007.

Agreements for on-ground works as a result of the Integrated Catchment Management Plan have been offered to landholders.

PROGRAM TITLE**INTEGRATED NATURAL RESOURCE MANAGEMENT – COMMUNITY LEVERAGE****PROGRAM DESCRIPTION**

This program will provide information and knowledge, skills and training, community facilitation and support to the NAR regional community and natural resource managers. It specifically focuses on engaging Local Government, to provide them with support for participation in NRM activities, and Aboriginal communities through direct consultation with both traditional owners and representatives of native title claimant working groups who have an interest in NRM or "caring for country".

PROJECTS INCLUDE

- *NAR Local Government Engagement, NRM Planning and Land management incentives*
- *Mogumber Community Project*
- *Yued Booja environmental audit of cultural-spiritual sites and land use practices*

PROGRESS

The Mogumber NRM Advisory Group has been established along with the Mogumber Technical Advisory Group and meetings of these groups have been held. A proposal has been made to Greening Australia to establish a full Aboriginal Green Corps team to work for six months at Mogumber. This proposal is a positive avenue for capacity building and provides NRM employment opportunities for Aboriginal youth in the region.

Relationships with Department of Defence (DOD) have been strengthened through collaborative discussions about the management options for two priority sites which are located on DOD Land. Consultants have been contracted by DOD and collection of scientific data for use in management plans has begun.



Yued News – Caring for Country Newsletter is widely and regularly distributed as part of the Mogumber project to Noongar people. The newsletter has been very well received by the community, aiming to increase community understanding of NRM and regularly report to Noongar people on the progress of the Mogumber Farm Project and the Yued Site Audit Project. Several Action Plans for Aboriginal sites of significance are underway and will be reviewed by the Yued NRM Advisory group early in 07/08. Several site audits for the Yamatji region have been drafted and at least one management plan is in final draft format.

Three Caring for Country Workshops have been held with positive feedback about these workshops being received, particularly with regard to the bringing together of traditional and scientific knowledge systems.

Engagement with Local Governments (LGAs) has progressed well with training designed to demonstrate NRM planning through road verge management completed ahead of time and reaching all areas in the region. A workshop was also organised with seven shires in the central area for Works Supervisors covering the role of the Roadside Conservation Committee, legislation, threats to vegetation, management of vegetation, work practices and issues they see as important. Site selection needs to go through the council process (voted on by the councillors) which has delayed the process. Twelve LGAs already have projects being developed.

Training has been provided to Local NRMOs, NACC and project staff in areas such as Geographic Information Systems (GIS), salinity management, biodiversity, project management, group and facilitation skills, rivercare, enabling change, and community-based social marketing. Broader community education activities included coastal and marine project presentations, field days on technical issues and funding opportunities, newsletters, media articles, and presentations at formal field days (Dowerin and Mingenew) and Gingin Expo.

PROGRAM TITLE

RESOURCE CONDITION & PROGRAM EFFECTIVENESS

PROGRAM DESCRIPTION

This program will establish and implement a regional monitoring and evaluation framework that will track and evaluate changes over time to resource condition and will also monitor and evaluate performance of activities, projects, programs and the regional delivery of NRM.

PROJECTS INCLUDE

- *Hidden Treasure of NACC – Identification and prioritisation of biodiversity asset values*
- *Hydrogeological survey of groundwater quality in the NAR*

PROGRESS

The Hidden Treasures activity has been focused on the documentation of key habitat, finalisation of a vegetation prioritisation system and the development of a Native Vegetation Plan for the region. These endeavours are all progressing well and have yielded significant results. Surveys resulted in the documentation of several significant species and the development of management recommendations for the region's karst features.

A Hydrogeological survey of groundwater quality activity has resulted in a series of discussions with farmers around Mingenew, Moora, Dandaragan, Walkaway and Badgingarra. Due to problems with rising water tables around Moora and Dandaragan, there has been a particularly high level of interest in the hydrogeological groundwater quality survey activities. The data gathered will be utilised in association with other NACC funded programs.

Hidden Treasures has assisted several NACC funded projects by providing data and technical expertise. Partnerships developed during the quarter have included Woodland Watch, the Yued Audit project and the East Moore Catchment project. Further productive partnerships are expected as the Hidden Treasures data is disseminated more widely.

Hidden Treasures has also developed a draft database that provides a summary of the vegetation of the Northern Agricultural Region and information about priority vegetation. This will be released publicly after the beta version has been tested.

NACC has developed a regional monitoring, evaluation and reporting plan to coordinate resource condition and activity monitoring, evaluation and reporting. Activity monitoring and reporting is well advanced, and 2007/08 will focus on social monitoring and evaluation, plus activity evaluation processes.

OTHER NACC SUPPORTED PROJECTS

REGIONAL NRM FACILITATOR FUNDING FOR NACC

The strategic Regional Facilitator is charged with supporting the delivery of NHT and NAP, communicating Australian and WA NRM policies to develop partnerships and provide an avenue for community feedback.

THE NORTHERN AGRICULTURAL REGION FLORA INFORMATION PROJECT

The project capitalises on an existing network of herbarium collections and community collectors to provide data for strategic biodiversity conservation. It will develop and harness local knowledge that adds to and accesses previously captured State knowledge of plants, including rare plant species and communities, salt tolerant or susceptible plants, species suitable for rehabilitation, weeds and potential weeds and knowledge of value to plant-based small industry and eco tourism.

CARNABY'S BLACK COCKATOO

The project will instigate cross-regional recovery actions relevant to Carnaby's Black-Cockatoo in its breeding range (specifically in region as covered by NACC, SWCC and SCRIPT) and in some parts of its non-breeding range in regions such as SCRIPT. The project will be carried out with reference to the Carnaby's Black-Cockatoo Recovery Plan.

GEOPHYSICAL INVESTIGATION OF PALEOCHANNELS IN THE YARRA YARRA CATCHMENT OF WA

The project will develop and implement a catchment plan, establish a perennial pastures demonstration site, and provide support for landholders to use perennial pastures, build fencing to improve riparian vegetation and protect revegetated saline scalds.

PERENNIAL PASTURE TRIALS IN THE MULLEWA DRYLAND AGRICULTURAL FARMING SYSTEM

The project will determine which perennial pasture species are most productive and persistent, and which soils/land forms are most suitable for perennial pastures before testing them in paddock-scale sowings as a potential salinity control measure.

BUNTINE-MARCHAGEE INTEGRATED SURFACE WATER DEMONSTRATION CATCHMENT

The project will implement an integrated Surface Water Management Plan to establish a best-practice demonstration site in the Buntine-Marchagee Catchment.

PLANNING AND IMPLEMENTATION OF ON-GROUND WORKS TO CONTROL SURFACE WATER AND EROSION IN RED GULLY CATCHMENT (AND THE ADOPTION OF BEST PRACTICE GRAZING MANAGEMENT TECHNIQUES)

The project will develop and implement a catchment plan, establish a perennial pastures demonstration site, provide support for landholders to use perennial pastures, build fencing to improve riparian vegetation and protect revegetated saline scalds.

DO PERENNIALS USE MORE WATER THAN ANNUALS?

The project will quantify perennial pasture water use and compare it with annual pastures and crops to predict (using models) the impact on salinity and groundwater, and encourage landholders to adopt perennial pasture farming systems.

EVALUATION OF AN ENCLOSED SUB-SURFACE (PERFORATED PIPE) DRAINAGE AS AN ALTERNATIVE ENGINEERING OPTION FOR MANAGING SALINE LAND

This project will investigate the viability of enclosed sub-surface drains as an alternative or complementary option to open-surface drainage. It will examine the workability and rehabilitation of saline land to determine if they are an environmentally and economically sustainable engineering option to address salinity.

LARGE SCALE TESTING OF DOWNHILL TRAMLINE FARMING AND VERY WIDE CEREAL ROWS

The project will use on-ground and extension works to test and demonstrate improved surface water management and sub-surface soil compaction using 'downhill' tramline farming, the reduced risks of yield and grain quality losses in dry seasons on shallow soils by wide-row cereal methods and the reduced risks of financial loss from herbicide use in dry seasons, by using inter-row shielded spraying.

ENGAGING THE TRADITIONAL OWNERS OF YAMATJI COUNTRY IN NRM

This project will develop an engagement strategy in an attempt to ensure Traditional Owners in the Yamatji region are consulted thoroughly through a documented process. The capacity of Traditional Owners will be increased through the implementation of NRM Advisory Groups who will receive NRM information.

COMMUNITY LANDCARE COORDINATOR (CLC) FUNDING FOR THE NORTHERN AGRICULTURAL CATCHMENTS COUNCIL - WA

The Community Landcare Coordinator provides leadership and support as well as training opportunities and improved communication to project managers of National Landcare Programme projects throughout the NAR.

LONG TERM SUSTAINABILITY OF PROFITABLE 'MEDIUM RAINFALL' FARMING SYSTEMS

This project will plan, analyse, develop and deliver workshops and information packages relevant to the long term sustainability of farm businesses faced with the increasing threat of herbicide resistant ryegrass and wild radish in the NAR.

EVALUATION OF AN ENCLOSED SUB SURFACE (PERFORATED PIPE) DRAINAGE AS AN ALTERNATIVE ENGINEERING OPTION FOR MANAGING SALINE LAND YEARS 2 & 3

This project will build on work funded in 2004-05 to investigate the viability of enclosed sub-surface drains as an alternative or complementary option to open-surface drainage. It will examine the workability and rehabilitation of saline land to determine if they are an environmentally and economically sustainable engineering option to address salinity.

AGRONOMIC PACKAGE AND BENCHMARKING FOR MILDLY AND PERIODICALLY SALINE LAND ALLOWING FOR VIABLE PASTURE AND CROPPING OPTIONS

The aim of this project is to investigate agronomic issues associated with mildly saline land, including the development of agronomic packages and investigation of issues associated with colonisation of mildly saline land by iceplant.

REDUCING EROSION UNDER HIGH STOCKING RATE GRAZING SYSTEMS

The purpose of this project is to identify profitable stocking rates that both minimise erosion and control herbicide resistance within the whole farm. This will be examined via quantifiable and anecdotal evidence.

CATCHMENT DEMONSTRATION INITIATIVE IMPLEMENTATION PLAN

This project will assist with the implementation of new and more sustainable (triple bottom line) farming systems or practices, in particular those based on the use of perennials to target rising groundwater, water logging and salinity.

GRAIN & GRAZE REGIONAL INITIATIVE: NORTHERN AGRICULTURAL REGION

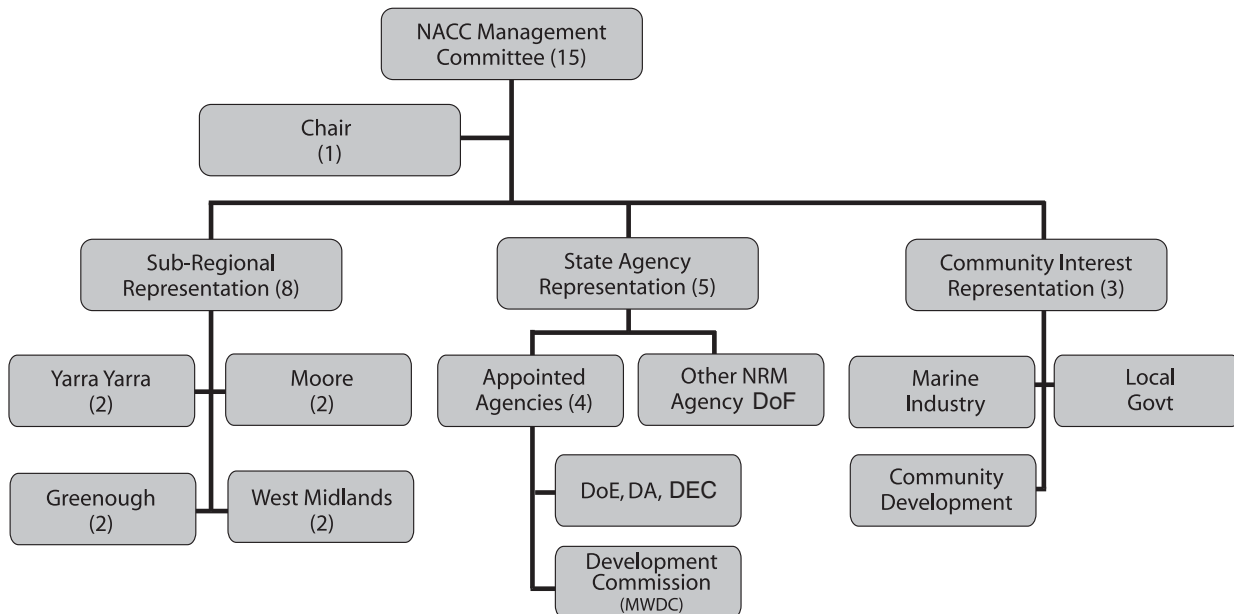
Over four years this project will:

1. Maximise farming system profitability by introducing perennial pastures into the farming system,
2. Stimulate change in NAR farming systems so that the natural resource base is significantly improved whilst at the same time increasing production.
3. Increase the capacity of producers and service industry staff to successfully incorporate perennial pastures into farming systems.
4. Engage, through communication, extension and participation activities, at least 1000 producers in NAR Grain & Graze activities between 2004-2008 with a view to change on farm / adoption of Grain & Graze practices that are 10% more profitable and in-tune with catchment aspirations occurring on at least 450 farm businesses.

For more information on any of these projects please contact the NACC office or visit the website. www.nacc.com.au

NORTHERN AGRICULTURAL CATCHMENTS COUNCIL INC. Management Committee Representation

All positions have voting power. Term of Committee is four years. Exceptions Chairman is elected every two years, at least one of the Community Interest Reps and one of the sub-regional reps to be elected every two years.



Chair is responsible for:

- Providing leadership and direction to NACC
- Address issues requiring urgent attention where NACC is unable to assemble. Actions to be presented in full at first opportunity
- Appoint employees/contractors as required
- Chair to present Executive Committee report to each full NACC Management Committee meeting.

Treasurer is responsible for:

- Timely payment of accounts
 - Oversee financial management of NACC
 - Chair to present Financial report to each full NACC Management Committee meeting
- Meeting calendar: Monthly

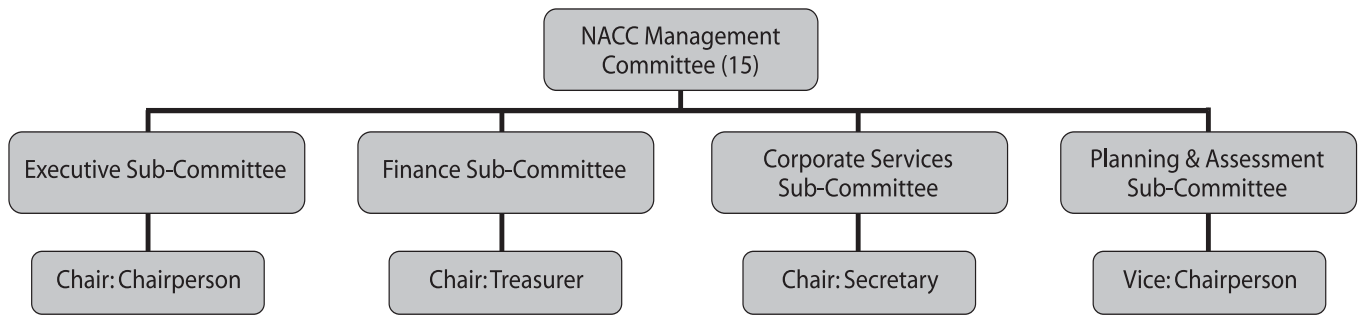
Secretary is responsible for:

- Review and present organisation options to Management Committee. (Constitution review)
- Oversee preparation of contract documents
- Oversee employment protocols. Meeting calendar: As required

Vice Chair responsible for:

- Provide assessment to project proposals presented through NACC processes
 - Chair to present Planning and Assessment committee report to each full NACC Management Committee meeting
- Meeting calendar: As required

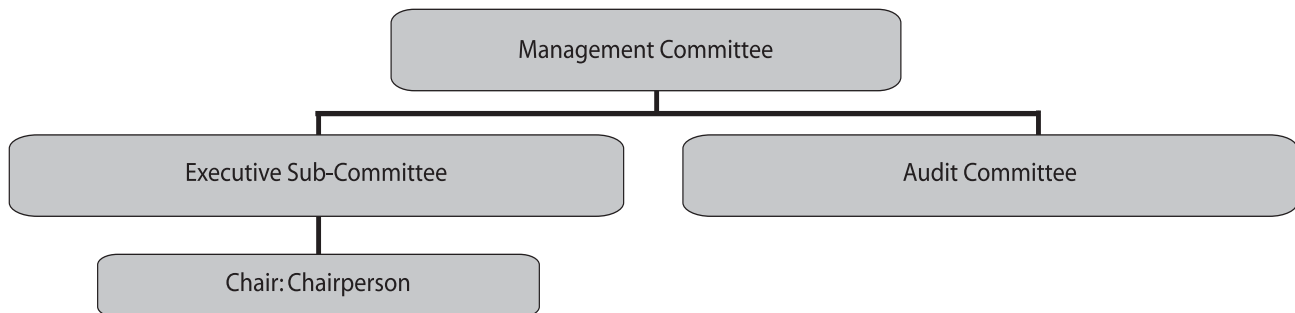
NACC Sub-Committee Structure (July 2006 – November 2006)



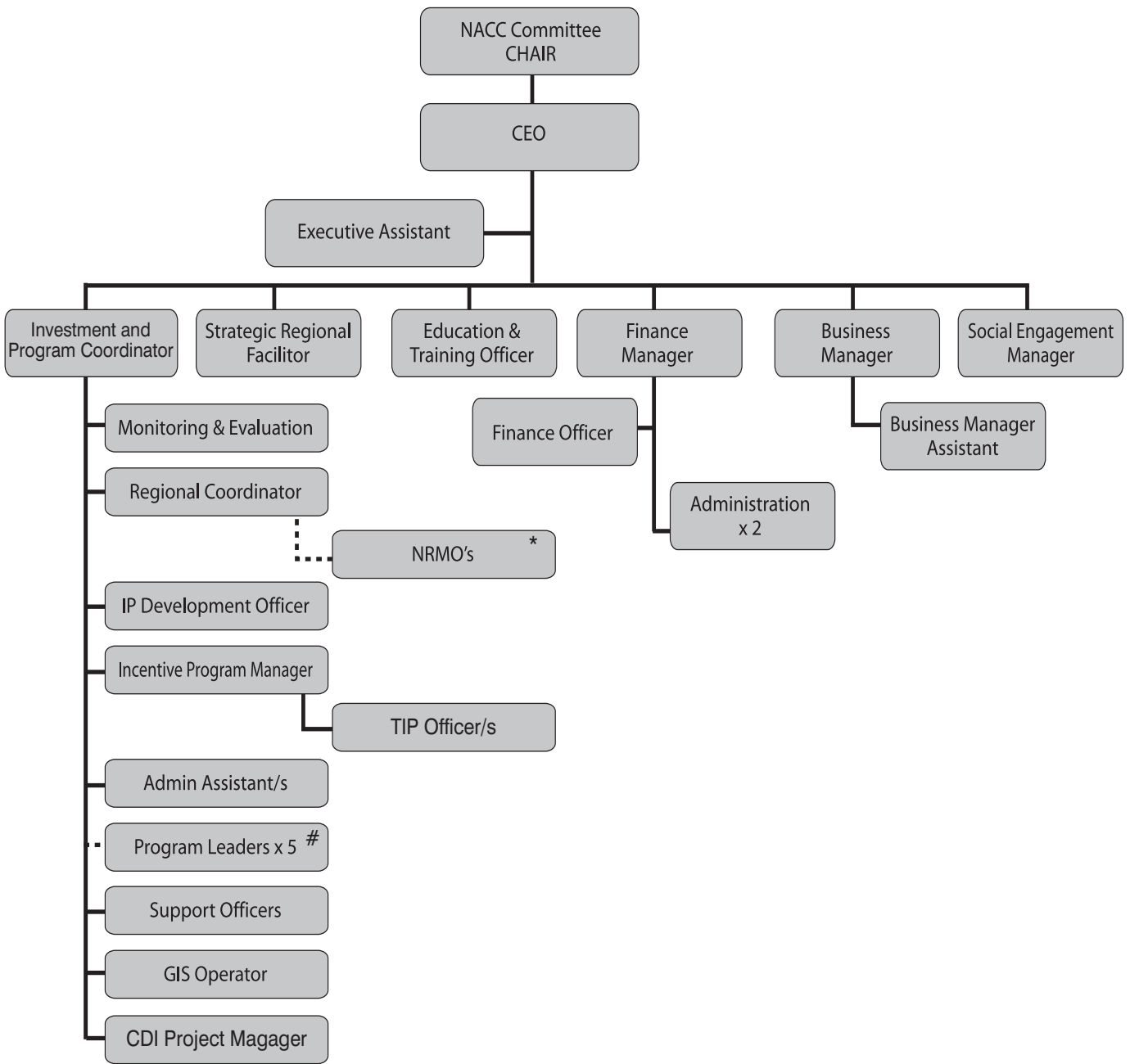
Sub-Committee composition

- Subcommittee composition should have a minimum of one agency representative and one community representative
- Sub- committee chair to have a deliberate and casting vote
- All Sub-Committee decisions to ratified, accepted or rejected by full Management Committee.

NACC Sub-Committee Structure (November 2006 – June 2007)



Northern Agricultural Catchments Council Staff Structure



*** NRMO's**

- 2x West Midlands
- 2x Yarra Yarra
- 2x Greenough
- 2x Moore

Program Leaders

- Biodiversity
- Aboriginal
- Sustainable Agriculture
- Water
- Coastal and Marine

NACC Management Committee

| Member Name | Membership category |
|-------------------|--|
| Elizabeth Eaton | Chair |
| Geoff Erickson | Community Development Community Representative |
| Chris King | Yarra Yarra Sub-Regional Representative |
| Peter Syme | Yarra Yarra Sub-Regional Representative |
| Gary Dring | West Midlands Sub-Regional Representative |
| John Longman | West Midlands Sub-Regional Representative |
| Yvonne Marsden | Greenough Sub-Regional Representative |
| Tony Brooker | Greenough Sub-Regional Representative |
| Cynthia McMorran | Moore Sub-Regional Representative |
| Will Easton | Moore Sub-Regional Representative |
| Paul Findlater | Department of Agriculture: Agency Representative |
| Anthony Desmond | Department of Conservation and Land Management: Agency Representative |
| Priscilla Clayton | Midwest Development Commission: Agency Representative |
| Hamid Mohsenzadeh | Department of Water: Agency Representative |



Elizabeth Eaton



Chris King



Gary Dring



Geoff Erickson



Tony Brooker



Yvonne Marsden



Paul Findlater

Anthony
DesmondHamid
Mohsenzadeh

John Longman



Peter Syme



Priscilla Clayton

Cynthia
McMorran

Will Easton

Committee Members' Attendance

| NAME | Committee Representative | AGM (1) | Number Council meetings attended (12) | Number Council meetings attended by proxy | Period on Committee 06-07 |
|---------------|--|---------|---------------------------------------|---|---|
| Eaton E | Chair | 1 | 11 | 0 | July 06- June 07 |
| Findlater P | Agency Representative - Dept of Agriculture | 1 | 9 | 2 | July 06- June 07 |
| Desmond A | Agency Representative - CALM | 0 | 4 | 2 | July 06- June 07 |
| Shepherd R | Agency Representative - Dept of Environment | 0 | 1 | 0 | July 06- August 06 |
| Clayton P | Agency Representative - Midwest Development Commission | 0 | 4 | 2 | Dec 06- June 07 LOA July 06-Nov 06 |
| Mohsenzadeh H | Agency Representative - Department of Water | 0 | 6 | 0 | Dec 06- June 07 |
| Wells F | Agency Representative - Department of Fisheries | 1 | 1 | 0 | July 06- Jan 07 |
| Longman J | Sub Regional Rep - West Midlands | 1 | 11 | 1 | July 06- June 07 |
| Dring G | Sub Regional Rep - West Midlands (Secretary) | 1 | 11 | 0 | July 06- June 07 |
| Syme P | Sub Regional Rep - Yarra Yarra | 0 | 4 | 0 | July 06- June 07 |
| C King | Sub Regional Rep - Yarra Yarra (Vice Chair) | 0 | 12 | 0 | July 06- June 07 |
| Marsden Y | Sub Regional Rep - Greenough (Treasurer) | 1 | 11 | 1 | July 06- June 07 |
| Brooker T | Sub Regional Rep - Greenough | 1 | 9 | 2 | July 06- June 07 |
| Tucker C | Community Representative - Coastal & Marine | 0 | 2 | 0 | July 06- Sept 06 |
| Braid J | Community Representative - Land & Biodiversity Resources | 0 | 1 | 0 | July 06- Aug 06 LOA Sept 06-Oct 06 |
| Barron K | Community Representative - Indigenous | 0 | 0 | 0 | July 06 - Feb 07 |
| Easton W | Sub Regional Rep – Moore | 1 | 11 | 0 | July 06- June 07 |
| McMorran C | Sub Regional Re – Moore | 1 | 12 | 0 | July 06- June 07 |
| Erickson G | Community Representative – Community Development | 1 | 12 | 0 | July 06- June 07 |

Committee Members Remuneration Table

| Name | Total Meetings & Workshops attended 06-07 | Sitting & Stipend Payments | Expenses Payments | Total \$'s Paid |
|--------------|---|----------------------------|-------------------|--------------------|
| Eaton E | 46 | \$ 22,470.00 | \$500.00 | \$22,970.00 |
| Braid J | 2 | \$ 440.00 | \$ 0.00 | \$ 440.00 |
| Brooker T | 20 | \$ 4,480.00 | \$475.00 | \$ 4,955.00 |
| Dring G | 15 | \$ 3,160.00 | \$475.00 | \$ 3,635.00 |
| Easton W | 17 | \$ 3,960.00 | \$475.00 | \$ 4,435.00 |
| Erickson G | 26 | \$ 6,160.00 | \$500.00 | \$ 6,660.00 |
| King C | 17 | \$ 4,810.00 | \$475.00 | \$ 5,285.00 |
| Longman J | 13 | \$ 3,080.00 | \$475.00 | \$ 3,555.00 |
| Marsden Y | 29 | \$ 6,190.00 | \$475.00 | \$ 6,665.00 |
| McMorran C | 25 | \$ 5,510.00 | \$475.00 | \$ 5,985.00 |
| Tucker C | 2 | \$ 1,100.00 | \$ 0.00 | \$ 1,100.00 |
| Syme P | 4 | \$ 880.00 | \$125.00 | \$ 1,005.00 |
| TOTAL | 216 | \$ 62,240.00 | \$4,450.00 | \$66,690.00 |

| | | |
|----------------------------------|--------------|-------------|
| Senior NACC staff | | |
| Chief Executive Officers | Alan Bradley | \$95,116.00 |
| Investment & Program Coordinator | Bill Currans | \$89,728.00 |

**WESTWOOD
ACCOUNTANTS**

Directors
Shane Van Styn CPA
Andrew Ford CPA
Kevin Cassidy NTAA

DISCLAIMER

**TO THE MEMBERS OF
NORTHERN AGRICULTURAL CATCHMENTS COUNCIL INC.**

The additional financial data presented on the following is in accordance with the books and records of the entity, which have been subjected to the auditing procedures applied in our statutory audit for the period, ended 30 June 2007. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, I do not express an opinion on such financial data and I give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Northern Agricultural Catchments Council Inc.), in respect of such data, including any errors or omissions therein however caused.

WESTWOOD ACCOUNTANTS



SHANE GERALD VAN STYN CPA
DIRECTOR
Date: 17 SEPTEMBER 2007
Geraldton, Western Australia

128 Chapman Road Geraldton PO Box 41 Geraldton WA 6531
T 08 9964 1941 F 08 9964 1788 E admin@westwood.com.au
ABN 87 252 720 464

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**FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007****STATEMENT BY RESPONSIBLE EMPLOYEE**

The attached financial report of the Northern Agricultural Catchments Council being the audited financial report and supporting notes and other information for the financial year ended 30 June 2007 are in my opinion properly drawn up to present fairly the position of the Northern Agricultural Catchments Council at 30 June 2007 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards (except to the extent that these have been varied in the statement of Accounting Policies required by Australian Accounting Standard AAS6 "Accounting Policies" and the accompanying notes to the annual report).

Signed on the^{19th}.....day of^{Sept}.....2007



Alan Bradley
Chief Executive Officer

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30TH JUNE 2007

| | NOTE | 2006/7 \$ | 2005/6 \$ |
|---------------------------------|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash assets | | 6,234,476 | 2,873,503 |
| Receivables | 3 | <u>596,600</u> | <u>163,990</u> |
| TOTAL CURRENT ASSETS | | 6,831,076 | 3,037,493 |
| NON CURRENT ASSETS | | | |
| Property plant and equipment | 4 | 48,464 | 49,770 |
| Furniture and fixtures | 4 | <u>19,625</u> | <u>13,945</u> |
| TOTAL NON CURRENT ASSETS | | 68,089 | 63,715 |
| TOTAL ASSETS | | <u>6,899,165</u> | <u>3,101,208</u> |
| CURRENT LIABILITIES | | | |
| Payables | 5 | 22,274 | 33,351 |
| Provisions | 6 | 100,711 | 101,570 |
| Unexpended grants | 7 | 6,625,114 | 2,818,400 |
| TOTAL LIABILITIES | | <u>6,748,099</u> | <u>2,953,321</u> |
| NET ASSETS | | <u>151,066</u> | <u>147,887</u> |
| EQUITY | | | |
| Retained Surplus | | 151,066 | 147,887 |
| TOTAL EQUITY | | <u>151,066</u> | <u>147,887</u> |

OPERATING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2007

| | NOTE | 2006/7 \$ | 2005/6 \$ |
|------------------------------|------|---------------------|------------------------|
| OPERATING REVENUES | | | |
| Operating Income | 2 | <u>12,321,929</u> | <u>7,517,739</u> |
| | | 12,321,929 | 7,517,739 |
| OPERATING EXPENSES | | | |
| Operating expenses | | <u>12,318,749</u> | <u>7,569,566</u> |
| | 2 | 12,318,749 | 7,569,566 |
| NET SURPLUS (DEFICIT) | | <u><u>3,180</u></u> | <u><u>(51,827)</u></u> |

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2007

| | NOTE | 2006/7 \$ | 2005/6 \$ |
|----------------------------|------|----------------|----------------|
| RETAINED SURPLUS | | | |
| Balance as at July 2006 | | 147,886 | 199,713 |
| Net Surplus (Deficit) | | 3,180 | (51,827) |
| Balance as at 30 June 2007 | | <u>151,066</u> | <u>147,886</u> |
| TOTAL EQUITY | | <u>151,066</u> | <u>147,886</u> |

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards, other mandatory professional reporting requirements. The report has also been prepared on the accrual basis under the convention of historical cost accounting.

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

(b) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables are stated inclusive of applicable GST.

(c) Fixed Assets

Property, plant & equipment and other non current assets are brought to account at cost or at independent or management valuation less, where applicable, any accumulated depreciation, amortisation or impairment losses.

(d) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation rates are:

| | |
|--------------------|-----|
| Office Equipment | 20% |
| Computer Equipment | 40% |

(e) Impairment

In accordance with Australian Accounting Standards the NACC's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB136 "Impairment of Assets" and appropriate adjustments are made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(f) Investments

All investments are valued at cost and interest on those investments is recognised when accrued.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT [CONT]

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries and Annual Leave

The provision for employees' benefits to wages, salaries and annual leave represents the amount that the municipality has a present obligation to pay resulting from employees services to balance date. The provision has been calculated at nominal amounts based on remuneration rates that NACC expects to pay and includes related on-costs.

(ii) Long Service Leave

The provision for employees' benefits for long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees' service to balance date.

(h) Interest Rate Risk

NACC's exposure to interest rate risk, which is risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates, is considered negligible for all financial instruments other than borrowings.

(i) 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 balance sheet and notes to the financial statement. NACC does not have material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by NACC.

(j) Fair Value

The fair value of assets and liabilities approximate their carrying values. No Financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds fair value have not been written down as NACC intends to hold these assets to maturity.

The aggregate fair value and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the accounts

(k) Rounding Off Figures

All figures shown in this financial report are rounded to the nearest dollar.

(l) Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

DETAILED INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2007

| | 2006/7 | 2005/6 |
|------------------------------|--------------------|--------------------|
| Income | \$ | \$ |
| Unexpended grants b/f | 2,818,400 | 1,074,765 |
| Project Grants | 14,626,931 | 8,777,055 |
| Interest Income | 249,654 | 483,649 |
| Map Sales | 537 | 601 |
| Insurance recoveries | 2,662 | 71 |
| Unspent Grant funds | 1,112,386 | - |
| Grants receivable | 136,472 | - |
| Unexpended Grants c/f | <u>(6,625,114)</u> | <u>(2,818,400)</u> |
| Total Income | 12,321,929 | 7,517,739 |
| Expenses | | |
| Accommodation Expenses | 35,164 | 17,354 |
| Advertising | 17,229 | 5,677 |
| Audit Fees | 27,050 | 26,500 |
| Bank Fees | 395 | 489 |
| Book purchase | 2,612 | - |
| Catering | 25,900 | 20,146 |
| Cleaning | 3,750 | 2,413 |
| Communications | 2,495 | - |
| Computer Sundries | 1,193 | 556 |
| Consultants Fees | 165,130 | 128,444 |
| Depreciation | 52,211 | 21,011 |
| Electricity | 1,492 | 973 |
| Freight | 569 | 1,427 |
| Housing assistance | 8,421 | - |
| Insurance | 24,119 | 1,664 |
| Interest Expense | 126 | 298,172 |
| Internet Expense | 4,279 | 1,730 |
| Loss on disposal of plant | 839 | - |
| Meetings | 3,262 | - |
| Merchandise | 8,680 | 386 |
| Miscellaneous Expenses | 2,843 | 77 |
| Mobile phone | 5,052 | - |
| Sitting Fees | - | 1,420 |
| NACC Chairman Sitting Fees | 22,470 | 32,955 |
| NACC Council Meeting Fees | 39,550 | 40,920 |
| NACC Council Travel Expense | 31,198 | 24,577 |
| NACC Council Expenses | 6,538 | 4,953 |
| NACC Meeting Expenses | - | 100 |
| Office equipment | 11,172 | - |
| Office Rent | 37,849 | 23,355 |
| Office Support | 2,878 | 5,334 |
| Petty Cash | 696 | 599 |
| Postage | 6,515 | 3,107 |
| Printing Costs | 30,768 | 24,565 |
| Project invoices written off | 59,091 | - |
| Resources | 3,943 | - |

DETAILED INCOME AND EXPENDITURE STATEMENT [CONT]

FOR THE YEAR ENDED 30TH JUNE 2007

| | 2006/7 | 2005/6 |
|--------------------------------|---------------------|------------------------|
| | \$ | \$ |
| Repairs & Maintenance | 5,302 | 1,089 |
| Seminar/Display Held Exp | 7,023 | 5,061 |
| Seminar Attended Expenses | 180 | 4,195 |
| Sitting fees | 4,287 | - |
| Staff Uniforms | 3,144 | 1,962 |
| Stationary/Office Exp | 19,331 | 8,857 |
| Subscriptions | 563 | 318 |
| Technical Data Support | 1,870 | 979 |
| Telephone | 16,087 | 9,418 |
| Training Costs | 50,481 | 7,175 |
| Council Travel Costs | - | 1,273 |
| Staff Travel Costs | 36,236 | 21,183 |
| Venue Hire | 2,288 | 1,610 |
| Unspent project funds | 114,003 | - |
| Web Site Expenses | 2,210 | 3,420 |
| Mobile Phone | - | 2,875 |
| Employer Expenses | - | 14,646 |
| Wages & Salaries | 893,378 | 465,934 |
| Superannuation | 80,879 | 41,499 |
| Employee leave entitlements | 5,563 | 38,848 |
| Fringe Benefits tax | 9,260 | - |
| Workers Compensation | - | 3,823 |
| Motor Vehicle Allowance | 18,686 | 17,110 |
| Total Motor Vehicle Expense | 82,688 | 21,501 |
| Project Payments | 7,524,619 | 5,895,204 |
| Project Management Expenses | 2,795,196 | 312,680 |
| Total Expenses | <u>12,318,749</u> | <u>7,569,566</u> |
| Net Surplus / (Deficit) | <u><u>3,180</u></u> | <u><u>(51,827)</u></u> |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007**

| | 2006/7 | 2005/6 |
|--|----------------------|----------------------|
| | \$ | \$ |
| 2. NET CURRENT ASSETS | | |
| Composition of Net Current Asset Position | | |
| CURRENT ASSETS | | |
| Cash | 6,234,476 | 2,873,503 |
| Receivables | 596,600 | 163,990 |
| | <u>6,831,076</u> | <u>3,037,493</u> |
| LESS: CURRENT LIABILITIES | | |
| Payables and Provisions | 122,985 | 134,921 |
| Unexpended Grants | 6,625,114 | 2,818,400 |
| | <u>6,748,099</u> | <u>2,953,322</u> |
| NET CURRENT ASSET POSITION | 82,977 | 84,171 |
| SURPLUS C/FWD | <u><u>82,977</u></u> | <u><u>84,171</u></u> |
| 3. RECEIVABLES | | |
| Debtors | 460,128 | 163,990 |
| Over expended grants receivable | 136,472 | - |
| | <u>596,600</u> | <u>163,990</u> |

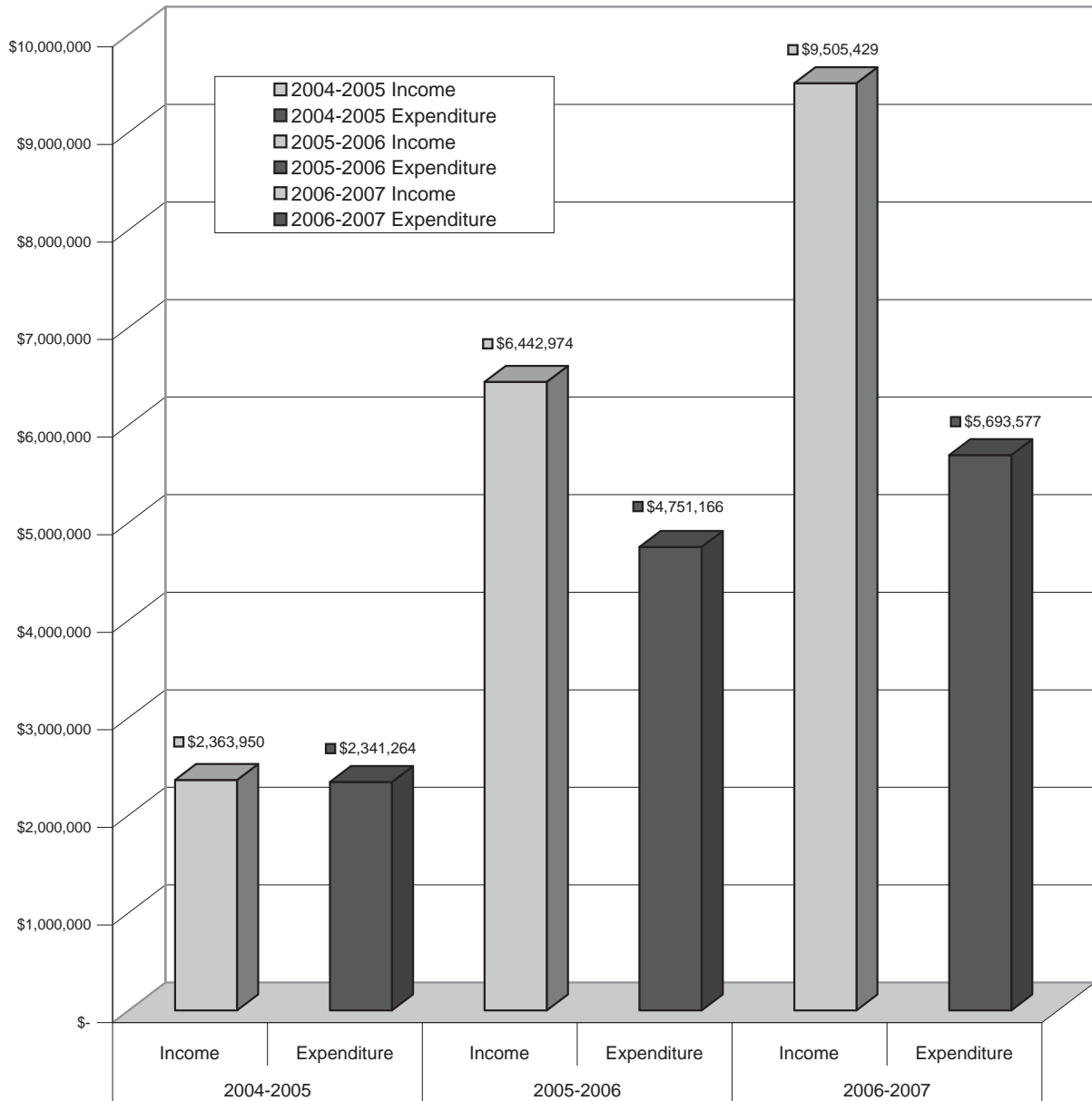
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2007

| | 2006/7 | 2005/6 |
|--------------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| 4. NON CURRENT ASSETS | | |
| Property, plant and equipment | | |
| Plant and equipment | 126,475 | 82,514 |
| Less: Accumulated depreciation | <u>(78,011)</u> | <u>(32,744)</u> |
| | 48,464 | 49,770 |
| | | |
| Furniture and fixtures | 26,333 | 16,817 |
| Less: Accumulated depreciation | <u>(6,708)</u> | <u>(2,872)</u> |
| | 19,625 | 13,945 |
| | | |
| TOTAL NON CURRENT ASSETS | <u><u>68,089</u></u> | <u><u>63,715</u></u> |
| | | |
| 5. PAYABLES | | |
| Trade creditors | 22,486 | 11,657 |
| GST | (47,351) | (11,501) |
| PAYG | 21,318 | 19,254 |
| Superannuation | 24,905 | 15,267 |
| Other | 917 | (1,325) |
| | <u>22,274</u> | <u>33,351</u> |
| | | |
| 6. PROVISIONS | | |
| Provision for employee entitlements | 83,911 | 78,348 |
| Provision for fringe benefits tax | - | 1,522 |
| Provision for audit fees | <u>16,800</u> | <u>21,700</u> |
| | <u><u>100,711</u></u> | <u><u>101,570</u></u> |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007**

| | 2006/7 | 2005/6 |
|--|------------------|------------------|
| | \$ | \$ |
| 7. UNEXPEDNED GRANTS | | |
| 023010 Foundation Funding | - | 33,146 |
| 023121 Towards Sustainable Water | - | 5,634 |
| 023232 Northern Local Level Fac Co. | - | 37,844 |
| 033010 Regional NRM Facilitator | - | 26,689 |
| 033047 Farm Forestry | - | 33,310 |
| 033048 NARFIP | 53,160 | 91,018 |
| 033081 Gillingara/West Koojan CDI | - | 5,127 |
| 033089 Biodiversity Hotspots | - | 2,211 |
| 033108 Wetlands Assessment | 7,914 | 102,080 |
| 033142 Carnarby's Black Cockatoo | - | 2,151 |
| 043047 Paleochannels | - | - |
| 043048 Perennial Pasture Trials | 11,191 | 10,795 |
| 043049 Buntine-Marchage Surface Water | - | 22,002 |
| 043050 Surface Water and Erosion | 54,732 | - |
| 043051 Perennials or Annuals | 3,740 | 482 |
| 043052 Sub Surface Drainage | - | 548 |
| 043053 Downhill Tramline Farming | 2,564 | 1,852 |
| 043081 Coastal Works | - | 286 |
| 043093 Core Fund for Regional Admin | 16,330 | - |
| 04N1-01 Biosecurity | 1,854 | 32,402 |
| 04N1-02 Coast Seas and Islands | 91,676 | - |
| 04N1-03 Terrestrial Diversity | 218,436 | 219,581 |
| 04N1-04 Forestry | 369 | 27,230 |
| 04N1-05 Healthy Landscapes | 595,426 | 286,538 |
| 04N1-06 Integrated Catchment Management | 197,301 | 78,695 |
| 04N1-07 Managing Salinity | 425,206 | 214,767 |
| 04N1-08 Resource Assessment | 334,856 | 355,708 |
| 04N1-09 Indigenous Knowledge | 244,850 | 290,136 |
| 04N1-10 Support Education | - | 45,106 |
| 04N1-11 Sustaining Agricultural Production | 55,740 | 137,295 |
| 04N1-12 Using Water Wisely | 65,008 | 62,700 |
| 051 IP2 Management funds | 487,329 | - |
| 051 NRMO | 1,215,603 | - |
| 53001 Traditional Owners | 25,396 | 34,501 |
| 53018 Community Landcare Coordinator | - | 7,951 |
| 53051 Perennials Extension | - | 3,272 |
| 53064 Long Term Sustainability | 41,745 | 36 |
| 53065 YY Drainage | 14,642 | 14,607 |
| 53070 Benchmarking Saline Land | 635 | 14,847 |
| 53076 Reducing Erosion | 32,344 | 54,004 |
| 53086 CDI Implementation | 362,107 | 188,627 |
| 05N1-13 TIP | 424,853 | - |
| 05N1-14 Soil and Climate | 118,465 | - |
| 05N1-15 Drainage | 70,973 | - |
| 05N1-16 Intro Perennials | 109,529 | - |
| 05N1-17 C & M | 263,541 | - |
| 05N1-19 Water | 515,911 | - |
| 05N1-20 Comm Leverage | 54,646 | - |
| 05N1-21 Resource Condition | 352,347 | - |
| NOR1 Grain and Graze | 154,695 | 340,533 |
| NRMO | - | 34,690 |
| | <u>6,625,114</u> | <u>2,818,400</u> |

INCOME & EXPENDITURE JULY 2004 - JUNE 2007







Northern Agricultural Catchments Council

PO Box 95 Perenjori 6620

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