Financial overview

This financial overview provides a summary of DAF's financial performance and position for controlled and administered activities, and comments on significant movements for the period 1 July 2016 to 30 June 2017.

In accordance with the *Financial Accountability Act 2009*, the Chief Finance Officer has provided the Director-General with a statement of assurance that the department's financial internal controls are operating efficiently, effectively and economically. The department actively manages its financial risks and liabilities, and is financially well positioned to meet its objectives as outlined in the strategic plan.

The following financial overview explains how to interpret DAF's financial statements (including explanatory variance notes), by providing a summary of the three primary financial statements:

1. statement of comprehensive income
2. statement of cash flows
3. statement of financial position.

The remainder of the financial overview provides more detail on the items that make up these statements and the changes that occurred during the reporting period that impacted on DAF's financial outcomes.

For a more comprehensive set of financial statements covering all aspects of the department's activities, see the 'Financial statements: 30 June 2017' section on page 74.

The statements include a comparison of actual financial results with the budget estimates published in the 2016–17 State Budget Papers, and provide explanations of major variances.

Table 19: Summary of DAF's financial statements (controlled funds) for the period 1 July 2016 to 30 June 2017

Statement of comprehensive income	2016–17 actual ($ million)	2016–17 budget ($ million)	
Total income	457.3	439.0	The operating result for 2016–17 is a deficit due to the transfer of assets that were surplus to departmental requirements to local councils for community use. After adjusting for these transactions, the result is a balanced budget position.
Less: total expenses	458.3	439.0	The increase in income and expenses is largely due to additional funding in 2016–17 for biosecurity pest and disease responses, including the white spot disease response and national cost-sharing arrangements (including the National Red Imported Fire Ant Eradication Program).
Operating result for 2016–17	**(1.0)**	—	

Statement of cash flows	2016–17 actual ($ million)	2016–17 budget ($ million)	
Balance of cash at 1 July 2016	59.3	42.8	The increase in cash balances is largely due to higher than expected funding received in advance of service delivery for R&D projects and an appropriation payable to the Consolidated Fund for end-of-year deferrals and lapsed appropriations.
Operating activities	15.5	19.2	
Investing activities	(13.5)	(14.8)	
Financing activities	(8.4)	(7.5)	
Net increase in cash held	**(6.4)**	**(3.1)**	
Cash at 30 June 2017	**52.9**	**39.7**	

(Continued)

(Table 19 continued)

Statement of financial position	2016–17 actual ($ million)	2016–17 budget ($ million)	
Current assets (including cash balances)	98.9	76.7	
Non-current assets (including property, plant and equipment	383.6	384.3	The decrease in non-current assets is mainly due to the sale of Manningham Station and the transfer of assets that were surplus to departmental requirements to local councils for community use. This was partially offset by revaluation adjustments to buildings and infrastructure to reflect increased market values.
Total assets	**482.5**	**461.0**	
Current liabilities	55.3	35.0	The increase in current liabilities is largely due to higher than expected funding received in advance of service delivery for R&D projects, and an appropriation payable to the Consolidated Fund for end-of-year deferrals and lapsed appropriations.
Non-current liabilities	18.0	18.0	
Total liabilities	**73.3**	**53.0**	
Net assets	**409.2**	**408.0**	
Contributed equity	383.3	383.8	
Retained surpluses/(deficits)	(12.0)	(11.0)	
Asset reserves	37.9	35.2	The increase in the asset reserves reflects revaluation adjustments to non-current assets in 2016–17, mainly increased building and infrastructure valuations.
Total equity at 30 June 2017	**409.2**	**408.0**	

Controlled funds

Controlled funds are those that relate directly to a department's operational objectives and fall within the control of the department.

Operating result

The operating result for 2016–17 is a balanced budget position, after adjusting for the transfer of assets that were surplus to departmental requirements to local councils for community use. These include the transfer of the Julia Creek Trucking Reserve to the McKinlay Shire Council and the transfer of the 'Around the Campfire' public artwork to the Longreach Regional Council.

Income—where the dollars came from

Total operating revenues were $457.3 million, including:

- $292.5 million (64%) through funding provided as service revenue by Parliament
- $117.6 million (25.7%) in user charges for goods and services (including national cost-sharing revenues for biosecurity pest and disease programs from other states and territories, income received for R&D projects and the provision of services to other government agencies through the Business and Corporate Partnership arrangements)
- $16.9 million (3.7%) from grants and other contributions (including national cost-sharing revenue from the Australian Government for biosecurity pest and disease programs)
- $28.5 million (6.2%) from other income sources (including royalty revenues on forest products removed from state land)
- $1.8 million (0.4%) from disposal and revaluation of assets.

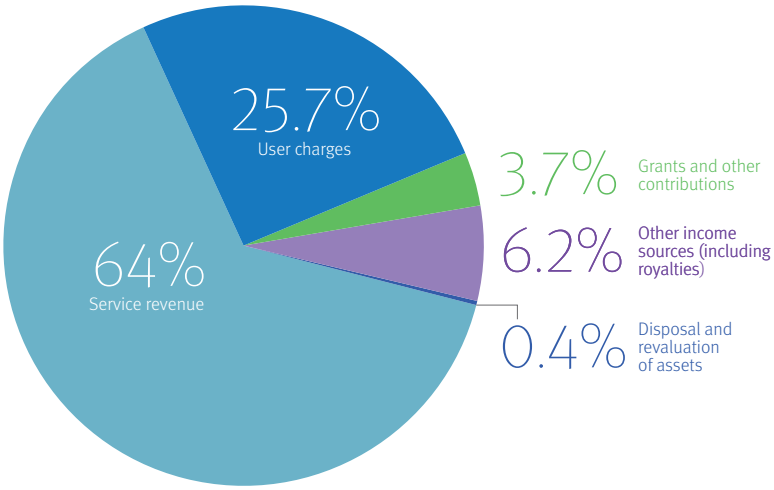

Figure 15: Operating revenues, 1 July 2016 to 30 June 2017

Expenses—where the dollars were spent

Total operating expenses were $458.3 million, including:

- $198.9 million (43.4%) in employee costs
- $211.9 million (46.2%) for supplies and services, including travel, contractors, outsourced service delivery, accommodation and other operating costs
- $16.1 million (3.5%) in grants and subsidies, including payments under the Drought Relief Assistance Scheme, an Australian Government–funded payment made in 2016–17 to the Australian Banana Growers Council associated with the Panama disease tropical race 4 response, and payments to Safe Food Queensland and the Darling Downs–Moreton Rabbit Board
- $21.1 million (4.6%) in depreciation expenses
- $10.3 million (2.3%) in other expenses, including asset write-downs and losses, sponsorships and special payments, Queensland Government insurance premiums, audit fees and other miscellaneous expenditure.

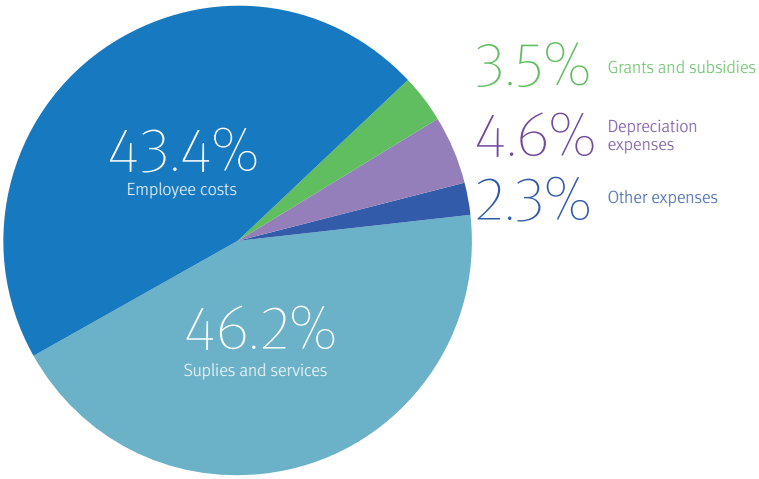

Figure 16: Operating expenses, 1 July 2016 to 30 June 2017

Figure 17 provides a breakdown of operating expenses into the three service areas of DAF:

- Agriculture ($204.1 million or 49.7%)
- Biosecurity Queensland ($141.6 million or 34.5%)
- Fisheries and Forestry ($64.7 million or 15.8%).

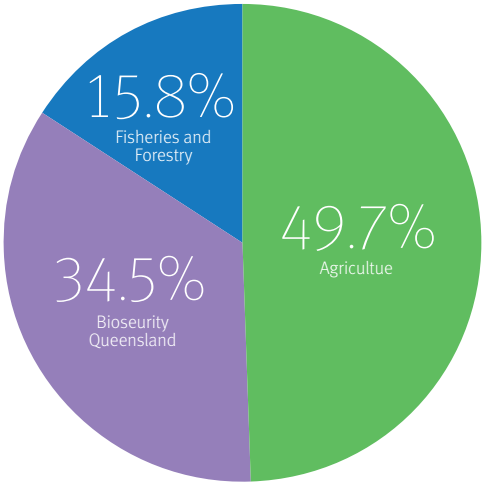

Figure 17: Operating expenses by service areas, 1 July 2016 to 30 June 2017

Expenses for corporate services relating to DAF provided through the Business and Corporate Partnership arrangements have been allocated to respective departmental services. Expenses attributed to other agencies through Business and Corporate Partnership activities are shown separately and not allocated across departmental services.

Equity—what we are worth

Equity represents net worth, which is calculated by 'what we own' (total assets of $482.5 million) less 'what we owe' (total liabilities of $73.3 million). As at 30 June 2017, DAF's equity was $409.2 million.

Assets—what we own

At 30 June 2017, DAF had total assets of $482.5 million. The department's major assets comprised cash, property, plant and equipment (mainly land, buildings, infrastructure, plant and equipment), prepayments (including lease payments) and receivables (including trade debtors).

Liabilities—what we owe

At 30 June 2017, DAF had total liabilities of $73.3 million, which comprised accrued employee expenses, payables (including trade creditors, an appropriation payable to the Consolidated Fund for end-of-year deferrals and lapsed appropriations, and the payment of employee benefits to QSuper) and unearned revenue (largely funding received in advance of service delivery for R&D projects).

Capital expenditure

Capital outlays of $15.8 million in 2016–17 were focused on developing and upgrading research facilities, and replacing plant and equipment to deliver outcomes for agriculture, biosecurity, fisheries and forestry. The department also made capital grant payments of $0.3 million to the RSPCA for facility upgrades in Cairns and Townsville.

Administered funds

Administered funds are those over which the department does not have control but is charged with administering the funds efficiently and effectively on a whole-of-government basis.

During 2016–17, DAF received administered revenue of $14.4 million comprising administered appropriation revenue from the Queensland Government and the collection of regulatory receipts (including taxes, fees and fines) on behalf of the Queensland Government.

Appropriation revenue was paid to QRAA for the administration of assistance schemes and to the Queensland Agricultural Training Colleges. Regulatory receipts are paid into the Queensland Government's consolidated revenue.

At 30 June 2017, DAF had total administered assets of $1 million. DAF manages the surplus assets that were transferred back to the government prior to the sale of Forestry Plantations Queensland to the private sector.

Outlook for 2017–18

Operating budget

DAF's operating budget for 2017–18 will be $424.7 million. The budget encourages economic development in rural and regional Queensland by supporting recovery from natural disasters, providing more frontline staff across the state, continuing biosecurity responses and enhancing trade with key export partners.

In 2017–18, the Queensland Government will continue its support for drought-affected producers through the Drought Relief Assistance Scheme and has made provision (held centrally by Queensland Treasury) for up to $20 million as part of the government's Drought Assistance Package. The government will also provide an additional $16 million investment in the Queensland Climate Risk and Drought Resilience program over 5 years, which will improve farm business capability and seasonal forecasting, and provide tools that enable producers to better manage climate risk.

There will be a continued focus on jobs, and the department has been allocated $5.2 million over 3 years for the Rural Economic Development package to deliver rural economic growth. The department will also invest an additional $20.9 million over 3 years to deliver a modern, responsive and consultative approach to fisheries management as outlined in the *Queensland sustainable fisheries strategy 2017–2027*. The investment will deliver an additional 20 frontline compliance officers, more monitoring and research, and better engagement with industry and stakeholders leading to more responsive decision-making.

Biosecurity and fighting pests will remain a top priority in 2017–18. The government has allocated up to $9 million over 2 years to continue the white spot disease response in South East Queensland, a further $2.8 million to continue control and containment measures for the Panama disease tropical race 4 response, and will provide an additional $1.3 million to drought-affected landholders to better control weeds and pest animals, including initiatives to facilitate cluster fencing for wild dogs and improve management of the Navua sedge weed.

Capital expenditure

The 2017–18 budget includes a capital expenditure program of $19.5 million. The budget includes $18.1 million in capital outlays (focused on upgrading departmental facilities and replacing plant and equipment) and a $1.3 million capital grant to the RSPCA for facility upgrades in Cairns and Townsville.

Financial statements: 30 June 2017

DEPARTMENT OF AGRICULTURE AND FISHERIES

Financial Statements

for the year ended 30 June 2017

Contents

General Information

These financial statements cover the Department of Agriculture and Fisheries (DAF).

DAF is a Queensland Government department established under the *Public Service Act 2008*.

The department is controlled by the State of Queensland, which is the ultimate parent entity.

The head office and principal place of business of the department is:

Level 35
1 William Street
BRISBANE QLD 4000

A description of the nature of the department's operations and its principal activities, are included in the notes to the financial statements.

For information in relation to the department's financial statements please call the Director, Planning on 07 3087 8569, or by email to larisa.villis@daf.qld.gov.au, or visit the department Internet site www.daf.qld.gov.au.

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of Comprehensive Income
for the year ended 30 June 2017

	Notes	2017 Actual $'000	2017 Original Budget $'000	Budget Variance* $'000	2016 Actual $'000
Income from Continuing Operations					
Appropriation revenue	2	292,495	304,818	(12,323)	288,043
User charges and fees	3	117,625	100,873	16,752	123,714
Grants and other contributions	4	16,972	8,032	8,940	22,852
Royalties and land rents	5	27,611	24,691	2,920	25,623
Other revenue	6	864	366	498	1,615
Total Revenue		455,567	438,780	16,787	461,847
Gains on disposal/revaluation of assets	7	1,790	174	1,616	2,165
Total Income from Continuing Operations		**457,357**	**438,954**	**18,403**	**464,012**
Expenses from Continuing Operations					
Employee expenses	8	198,927	205,787	6,860	198,606
Supplies and services	9	211,871	177,831	(34,040)	195,685
Grants and subsidies	10	16,083	32,432	16,349	40,490
Depreciation and amortisation	11	21,141	21,477	336	21,527
Impairment losses		790	-	(790)	595
Other expenses	12	9,521	1,427	(8,094)	7,108
Total Expenses from Continuing Operations		**458,332**	**438,954**	**(19,378)**	**464,012**
Operating Result for the Year		**(975)**	-	**(975)**	**-**
Other Comprehensive Income					
Items that will not be reclassified to Operating Result:					
Increase/(decrease) in asset revaluation surplus	22	1,091	-	1,091	20,585
Total Comprehensive Income		**116**	**-**	**116**	**20,585**

The accompanying notes form part of these statements.
**An explanation of major variances is included at Note 29*

DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2017

	Agriculture		Fisheries and Forestry		Biosecurity Queensland	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Income from Continuing Operations [1]						
Appropriation revenue	143,078	166,032	30,725	29,613	107,781	86,705
User charges and fees	51,999	48,873	10,655	17,943	16,412	14,423
Grants and other contributions	343	1,116	43	37	16,556	21,699
Royalties and land rents	4,731	3,132	22,880	22,490	-	-
Other revenue	751	1,038	69	163	41	413
Total Revenue	**200,902**	**220,192**	**64,372**	**70,246**	**140,790**	**123,240**
Gains on disposal/revaluation of assets	1,580	1,806	42	77	169	283
Total Income from Continuing Operations	**202,482**	**221,997**	**64,413**	**70,322**	**140,959**	**123,522**
Expenses from Continuing Operations [1]						
Employee expenses	89,583	90,740	31,954	31,350	55,677	54,852
Supplies and services	87,124	82,413	30,559	27,903	73,715	62,094
Grants and subsidies	10,324	28,879	238	9,819	5,521	1,792
Depreciation and amortisation	13,257	13,806	1,741	1,793	2,827	2,720
Impairment losses	682	383	81	62	25	22
Other expenses	3,132	4,071	164	313	3,842	2,572
Total Expenses from Continuing Operations	**204,103**	**220,292**	**64,736**	**71,239**	**141,607**	**124,053**
Operating Result for the Year	**(1,621)**	**1,706**	**(323)**	**(917)**	**(648)**	**(531)**
Other Comprehensive Income						
Items that will not be reclassified to Operating Result:						
Increase/(decrease) in asset revaluation surplus	(116)	18,511	(222)	(339)	1,138	2,413
Total Comprehensive Income	**(1,737)**	**20,216**	**(545)**	**(1,256)**	**490**	**1,882**

	Corporate Partnership[2]		Total	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Income from Continuing Operations [1]				
Appropriation revenue	10,911	5,693	292,495	288,043
User charges and fees	38,559	42,474	117,625	123,714
Grants and other contributions	30	-	16,972	22,852
Royalties and land rents	-	-	27,611	25,623
Other revenue	4	1	864	1,615
Total Revenue	**49,503**	**48,169**	**455,567**	**461,847**
Gains on disposal/revaluation of assets	-	-	1,790	2,165
Total Income from Continuing Operations	**49,503**	**48,169**	**457,357**	**464,012**
Expenses from Continuing Operations [1]				
Employee expenses	21,713	21,664	198,927	198,606
Supplies and services	20,473	23,276	211,871	195,685
Grants and subsidies	-	-	16,083	40,490
Depreciation and amortisation	3,316	3,208	21,141	21,527
Impairment losses	1	128	790	595
Other expenses	2,383	152	9,521	7,108
Total Expenses from Continuing Operations	**47,886**	**48,428**	**458,332**	**464,012**
Operating Result for the Year	**1,618**	**(259)**	**(975)**	-
Other Comprehensive Income				
Items that will not be reclassified to Operating Result:				
Increase/(decrease) in asset revaluation surplus	291	-	1,091	20,585
Total Comprehensive Income	**1,909**	**(259)**	**116**	**20,585**

Total Comprehensive Income

[1] Corporate services income and expenses relating to DAF provided through the Business Corporate Partnership (BCP) arrangements have been allocated to respective departmental services.

[2] Income and expenses attributed to other agencies through BCP activities are shown separately and not allocated across departmental services.

Major departmental services of the department

DAF has three main areas:

Agriculture

This service area:

- undertakes industry analysis to ensure the policy and regulatory frameworks underpin the long term productivity growth and sustainability of Queensland's food and fibre sector
- works with producers, industry and all levels of government to capitalise on regional opportunities, improve supply chains and create long term jobs for the benefit of Queensland's food and fibre sector
- undertakes research, development and extension and delivers services to assist producers to bring the best quality food and fibre products to market
- provides industry and university scientists with access to the department's world-class research facilities focused on Queensland industry needs
- leads initiatives aimed at improving the delivery of services to customers.

Biosecurity Queensland

Biosecurity Queensland works closely with national and local governments, industry bodies, producers and the community to maintain a strong biosecurity system. Biosecurity Queensland's main areas of focus are:

- animal pests and diseases
- plant pests and diseases
- invasive plants and animals, such as weeds and pest animals
- biosecurity diagnostics and other laboratory services
- animal welfare and ethics
- product integrity (managing agvet chemicals and other contaminant risks)
- biosecurity incident responses, such as exotic tramp ants and Panama Tropical Race 4 (TR4) disease in bananas.

Fisheries and Forestry

Fisheries and Forestry ensures sustainable and productive fisheries and the responsible allocation and use of State-owned forests and related resources. It does this by:

- managing access to, and the sustainable use of Queensland fisheries resources
- providing education and enforcing fishing regulations to promote equitable access to fisheries resources by commercial, recreational and traditional fishers
- responsibly managing the allocation and use of State-owned forests and related resources
- supporting the growth and development of the Queensland forest and timber industry
- overseeing the Plantation Licence issued to HQPlantations Pty Ltd and related agreements.

In addition to the corporate services provided to DAF, the department also participates in the BCP arrangement whereby some agencies host a number of strategic and operational corporate services provided to a number of other recipient departments. This arrangement was developed with a focus on ensuring economies of scale, service integration, scalability and responsiveness.

The host agency of each corporate service function receives the appropriation of funds and reports Full Time Equivalent positions in the respective agency. The model is multi-layered for different corporate services functions. That is, some functions are provided to 2 agencies, and some provided to 6 agencies with any combination in between.

As the host agency, DAF provides defined services to the following agencies:

- DNPSR: Information Management; Fleet Management; Telecommunications.
- DNRM: Information Management; Fleet Management; Telecommunications; Human Resources.
- DEWS: Information Management; Fleet Management; Telecommunications; Human Resources.
- DEHP: Information Management; Fleet Management; Telecommunications.
- DTESB: Finance; Human Resources; Corporate Communications; Governance Oversight; Planning and Performance Management; Information Management; Fleet Management; Telecommunications.

Corporate Services income and expenses attributable solely to DAF are apportioned across the major departmental services while corporate services income and expenses attributable under the corporate partnership arrangements are outlined in the Statement of Comprehensive Income by Major Departmental Services.

Functions (and allocation of revenue and expenses) hosted by other agencies in the corporate partnership are disclosed in the relevant department's financial statements.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of Financial Position
as at 30 June 2017

	Notes	2017 Actual $'000	2017 Original Budget $'000	Budget Variance* $'000	2016 Actual $000
Current Assets					
Cash and cash equivalents	13	52,904	39,733	13,171	59,259
Receivables	14	38,856	30,540	8,316	25,945
Inventories		980	1,144	(164)	1,132
Other current assets	15	6,137	5,324	813	6,272
Total Current Assets		**98,877**	**76,741**	**22,136**	**92,608**
Non-Current Assets					
Receivables	14	-	15	(15)	15
Intangible assets	16	1,665	2,412	(747)	1,638
Property, plant and equipment	17	366,195	366,869	(674)	374,452
Other non-current assets	15	12,409	12,845	(436)	13,185
Total Non-Current Assets		**380,268**	**382,141**	**(1,873)**	**389,289**
Biological Assets					
Biological assets		3,395	2,144	1,251	3,050
Total Biological Assets		**3,395**	**2,144**	**1,251**	**3,050**
Total Assets		**482,540**	**461,026**	**21,514**	**484,947**
Current Liabilities					
Payables	18	17,945	11,093	(6,852)	12,969
Accrued employee benefits	19	8,263	2,975	(5,288)	7,704
Unearned revenue	20	28,628	20,933	(7,695)	27,873
Other current liabilities		462	-	(462)	2
Total Current Liabilities		**55,296**	**35,001**	**(20,295)**	**48,548**
Non-Current Liabilities					
Unearned revenue	20	18,031	18,008	(23)	19,451
Total Non-Current Liabilities		**18,031**	**18,008**	**(23)**	**19,451**
Total Liabilities		**73,327**	**53,009**	**(20,318)**	**67,999**
Net Assets		**409,213**	**408,017**	**1,196**	**416,948**
Equity					
Contributed equity		383,357	383,822	465	391,208
Accumulated surplus/deficit		(12,010)	(11,035)	975	(11,035)
Asset revaluation surplus	22	37,866	35,230	(2,636)	36,775
Total Equity		**409,213**	**408,017**	**(1,196)**	**416,948**

The accompanying notes form part of these statements.
**An explanation of major variances is included at Note 29*

DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2017

	Agriculture		Fisheries and Forestry		Biosecurity Queensland	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Current Assets						
Cash and cash equivalents	-	-	-	-	-	-
Receivables	14,467	10,718	5,244	4,919	13,417	3,572
Inventories	100	156	476	433	404	544
Other current assets	1,104	1,086	-	66	42	118
Total Current Assets	**15,671**	**11,960**	**5,720**	**5,418**	**13,864**	**4,234**
Non-Current Assets						
Receivables	-	-	-	15	-	-
Intangible assets	-	-	157	236	315	503
Property, plant and equipment	261,887	273,471	20,685	21,027	57,148	56,304
Other non-current assets	11,238	11,948	-	-	-	-
Total Non-Current Assets	**273,125**	**285,419**	**20,843**	**21,278**	**57,462**	**56,807**
Biological Assets						
Biological assets	3,083	2,785	-	-	312	265
Total Biological Assets	**3,083**	**2,785**	**-**	**-**	312	**265**
Total Assets	**291,879**	**300,163**	**26,563**	**26,696**	**71,638**	**61,306**
Current Liabilities						
Payables	5,643	1,905	668	863	4,688	5,601
Accrued employee benefits	3,340	3,193	1,125	1,000	2,083	1,921
Unearned revenue	23,818	22,772	3,094	3,200	1,715	865
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	**32,802**	**27,870**	**5,349**	**5,063**	**8,486**	**8,388**
Non-Current Liabilities						
Unearned revenue	18,031	19,451	-	-	-	-
Total Non-Current Liabilities	**18,031**	**19,451**	**-**	**-**	**-**	**-**
Total Liabilities	**50,833**	**47,321**	**5,349**	**5,063**	**8,486**	**8,388**

	General - Not Attributed[1]		Total	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current Assets				
Cash and cash equivalents	52,904	59,259	52,904	59,259
Receivables	5,727	6,736	38,856	25,945
Inventories	-	-	980	1,132
Other current assets	4,991	5,001	6,137	6,272
Total Current Assets	**63,622**	**70,996**	**98,877**	**92,608**
Non-Current Assets				
Receivables	-	-	-	15
Intangible assets	1,193	899	1,665	1,638
Property, plant and equipment	26,475	23,651	366,195	374,452
Other non-current assets	1,171	1,237	12,409	13,185
Total Non-Current Assets	**28,838**	**25,786**	**380,268**	**389,289**
Biological Assets				
Biological assets	-	-	3,395	3,050
Total Biological Assets	**-**	-	3,395	3,050
Total Assets	**92,461**	**96,781**	**482,540**	**484,947**
Current Liabilities				
Payables	6,945	4,600	17,945	12,969
Accrued employee benefits	1,714	1,591	8,263	7,704
Unearned revenue	-	1,035	28,628	27,873
Other current liabilities	-	2	462	2
Total Current Liabilities	**8,660**	**7,228**	**55,296**	**48,547**
Non-Current Liabilities				
Unearned revenue	-	-	18,031	19,451
Total Non-Current Liabilities	**-**	-	**18,031**	**19,451**
Total Liabilities	**8,660**	**7,228**	**73,327**	**67,999**

[1] Corporate services assets and liabilities relating to the provision of services to DAF and to other agencies through the BCP arrangements have been included in General - Not Attributed items.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of Changes in Equity
for the year ended 30 June 2017

	Notes	Accumulated Surplus/Deficit $'000	Asset Revaluation Surplus $'000	Contributed Equity $'000	TOTAL $'000
Balance as at 1 July 2015		(11,035)	16,190	401,259	406,415
Operating Result for the Year		-	-	-	**-**
Other Comprehensive Income					
- Increase/(Decrease) in asset revaluation surplus	22	-	20,585	-	**20,585**
Total Comprehensive Income for the Year		**-**	**20,585**	**-**	**20,585**
Transactions with Owners as Owners:					
- Appropriated equity withdrawals	21	-	-	(9,984)	**(9,984)**
- Net transfers in/(out) from other Queensland Government entities		-	-	(67)	**(67)**
Net Transactions with Owners as Owners		**-**	**-**	**(10,051)**	**(10,051)**
Balance at 30 June 2016		**(11,035)**	**36,775**	**391,208**	**416,948**
Balance as at 1 July 2016		(11,035)	36,775	391,208	**416,948**
Operating Result for the Year		(975)	**-**	**-**	**(975)**
Other Comprehensive Income					
- Increase/(Decrease) in asset revaluation surplus	22	-	1,091	-	**1,091**
Total Comprehensive Income for the Year		**(975)**	**1,091**	**-**	**116**
Transactions with Owners as Owners:					
- Appropriated equity withdrawals	21	-	-	(6,189)	**(6,189)**
- Net transfers in/(out) from other Queensland Government entities		-	-	488	**488**
- Non appropriated equity withdrawal		-	-	(2,150)	**(2,150)**
Net Transactions with Owners as Owners		**-**	**-**	**(7,851)**	**(7,851)**
Balance at 30 June 2017		**(12,010)**	**37,866**	**383,357**	**409,213**

The accompanying notes form part of these statements.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of Cash Flows
for the year ended 30 June 2017

	Notes	2017 Actual $'000	2017 Original Budget $'000	Budget Variance* $'000	2016 Actual $'000
Cash flows from operating activities					
Inflows:					
Service appropriation receipts		288,045	304,818	(16,773)	300,168
User charges and fees		110,441	99,835	10,606	127,734
Grants and other contributions		10,827	8,032	2,795	21,220
Royalties and land rents		27,611	24,691	2,920	25,623
GST input tax credits received from ATO		10,039	13,181	(3,142)	8,921
GST collected from customers		12,907	-	12,907	11,782
Other inflows		1,244	966	278	1,175
Outflows:				-	
Employee expenses		(199,177)	(206,507)	7,330	(195,046)
Supplies and services		(205,569)	(178,144)	(27,425)	(199,213)
Grants and subsidies		(16,083)	(32,432)	16,349	(40,490)
GST paid to suppliers		(22,394)	(13,131)	(9,263)	(21,156)
Other outflows		(2,403)	(2,127)	(276)	(3,024)
Net cash provided by operating activities		**15,488**	**19,182**	**(3,694)**	**37,695**
Cash flows from investing activities					
Inflows:					
Sales of property, plant and equipment		3,084	1,975	1,109	218
Outflows:					
Payments for property, plant and equipment		(15,772)	(16,789)	1,017	(14,955)
Payments for intangibles		(816)	-	(816)	(135)
Net cash used in investing activities		**(13,503)**	**(14,814)**	**1,311**	**(14,872)**
Cash flows from financing activities					
Outflows:					
Equity withdrawals		(8,339)	(7,453)	(886)	(9,984)
Net cash provided by financing activities		**(8,339)**	**(7,453)**	**(886)**	**(9,984)**
Net increase (decrease) in cash and cash equivalents		(6,354)	(3,085)	(3,269)	12,839
Cash and Cash Equivalents - opening balance		59,259	42,818	16,441	46,420
Cash and Cash Equivalents - closing balance	13	**52,904**	**39,733**	**13,172**	**59,259**

**An explanation of major variances is included at Note 29*

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the Statement of Cash Flows
for the year ended 30 June 2017

Reconciliation of Operating Result to Net Cash Provided by Operating Activities

	2017	2016
	$'000	$'000
Operating surplus/(deficit)	(975)	-
Non-cash items:		
Depreciation and amortisation expense	21,141	21,527
Gains on sale or disposal of property, plant and equipment	(175)	(218)
Loss on sale or disposal of property, plant and equipment	1,542	509
Impairment losses/reversals	571	208
Donations	231	-
Stocktake write off/write on	-	(373)
Other non cash items	1	16
Change in assets and liabilities:		
(Increase)/decrease in receivables	(15,208)	6,729
(Increase)/decrease in GST input tax credits receivable	552	(431)
Increase/(decrease) in GST payable	-	(22)
(Increase)/decrease in appropriation services revenue receivable	(616)	12,125
(Increase)/decrease in annual leave reimbursements	(673)	654
(Increase)/decrease in long service leave reimbursements	(134)	482
(Increase)/decrease in other receivables	3,184	17
(Increase)/decrease in inventories	152	42
(Increase)/decrease in prepayments	911	(42)
(Increase)/decrease in biological assets	(345)	(988)
Increase/(decrease) in payables	4,879	(3,812)
Increase/(decrease) in accrued employee benefits	559	1,209
Increase/(decrease) in unearned revenue	(667)	85
Increase/(decrease) in other liabilities	558	(22)
Net cash from operating activities	**15,488**	**37,695**

Non-Cash Investing and Financing Activities
Assets and Liabilities received or donated/transferred by the department are recognised as revenues (refer Note 4) or expenses (refer Note 12) as applicable.

The accompanying notes form part of these statements.

DEPARTMENT OF AGRICULTURE AND FISHERIES

Basis of Financial Statement Preparation for the year ended 30 June 2017

Statement of compliance

DAF has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009* . These financial statements comply with Queensland Treasury's (QT's) Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2016.

DAF is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis (except for the Statement of Cash Flows which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note 1(l).

The reporting entity

The financial statements include the value of all income, expenses, assets, liabilities and equity of DAF.

Basis of measurement

Historical cost is used as the measurement basis in this financial report except for the following:

- Land, buildings, infrastructure, heritage and cultural assets and investment property which are measured at fair value.
- Provisions expected to be settled 12 or more months after reporting date which are measured at their present value; and
- Inventories which are measured at the lower of cost and net realisable value.

Historical cost

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless or whether that price is directly derived from observable inputs or estimated using another valuation technique. Fair value is determined using one of the following three approaches:

- The *market approach* uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities, such as business.
- The *cost approach* reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current/depreciated replacement cost methodology.
- The *income approach* converts multiple future cash flows amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

Where fair value is used, the fair value approach is disclosed.

Present value

Present value represents the present discounted value of he future net cash inflows that the item is expected to generate (in respect of assets) or the present discounted value of the future net cash outflows expected to settle (in respect of liabilities) in the normal course of business.

Net realisable value

Net realisable value represents the amount of cash or cash equivalents that could currently be obtained by selling as asset in an orderly disposal.

Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statements notes:

- Impairment of Trade Receivables – Note 14.
- Valuation of Property, Plant and Equipment – Note 17.
- Contingencies – Note 24.

Further, the matters covered in each of those notes necessarily involve estimation uncertainty with the potential to materially impact on the carrying amount of the department's assets and liabilities in the next reporting period.

Other presentation matters

Currency and Rounding - Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparatives - Comparative information reflects the audited 2015-16 financial statements except where restatement due to transition from SAP 4.6C to SAP ECC5 and implementation of the Whole of Government Chart of Accounts. The department has not restated any prior period errors.

Current/Non-Current Classification - Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes. Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the department does not have an unconditional right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as non-current.

Authorisation of financial statements for issue

The financial statements are authorised for issue by the Director-General and Chief Finance Officer at the date of signing the Management Certificate.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the Financial Statements for the year ended 30 June 2017

Objectives and Principal Activities of the Department

DAF works to achieve the vision of a productive and profitable agriculture, fisheries and forestry sector. The department promotes a sustainable and innovative sector, helping to realise its value to the economy and the community.

Agriculture is a high risk business, affected by rainfall, price variability and susceptibility to pest and disease threats. Biosecurity leadership and delivery of drought assistance, and extension services are crucial to improve risk preparedness and resilience. These services contribute to the Government's objectives to deliver quality frontline services and to build safe, caring and connected communities. The department's management of fisheries and forestry resources and programs for best practice land management strives to balance commercial interests with the ongoing economic, environmental and social value of the community's resources. The department's efforts and those of the sector contribute to the Government's objective to protect the environment and address water quality issues in the Great Barrier Reef catchments.

Our strategic objectives reflect this context and focus on:

- creating conditions for successful agribusinesses and supply chains which encourage innovation and productivity
- assisting people in agribusinesses to respond to challenges and protect environmental values
- ensuring the sustainable management of natural resources to underpin productivity and advocating for the protection of the environment.

Key investment areas for 2016-17 include:

- delivering drought assistance to affected producers and concurrently implementing drought preparedness programs
- strengthening Queensland's biosecurity capability to respond to animal and plant pest and disease threats and the implementation of the regulatory reforms associated with the *Biosecurity Act 2014*
- continuing to implement the Queensland Government's Sustainable Fishing Policy
- undertaking research, development and extension services
- capital investment to develop and upgrade existing research facilities to deliver outcomes for agriculture, biosecurity, fisheries and forestry

1. Summary of significant accounting policies

(a) Allocation of Revenues and Expenses from Ordinary Activities to Corporate Services

The department discloses revenues and expenses attributable to corporate services provided to DAF through the BCP arrangements in the Statement of Comprehensive Income by Major Departmental Services. The income and expenses of the department's corporate services are allocated to the department's services on the basis of employee full time equivalent numbers.

(b) Assets Under Construction (Capital Works in Progress)

Work in progress is recognised at cost. All costs relating to items of property, plant and equipment and intangible assets constructed in-house are recorded as work in progress until completion of the project using all direct and indirect costs, where the latter are reliably attributable. Work in progress performed under external contracts is recorded using the invoice amount supplied by the contractor.

(c) Biological Assets

Under *AASB 141 Agriculture* such assets are defined as living animals and plants. They are distinguished from other assets by the fact that they have the natural capacity to grow and/or procreate. These include livestock, which are accounted for in the department's accounts. The department measures biological assets at the end of each reporting period at the assets fair value less costs to sell. Fair Value is the amount that could be expected to be received from the disposal of an asset in an active and liquid market.

Under the provision of the *Forestry Act 1959*, the department is required to oversee the harvesting of log timber from certain State-owned native forests, which are not controlled by the department. Under the guidelines of *AASB 141 Agriculture* the department considers that it does not meet the criteria of managing an agricultural activity, which would have required the valuation of available log timber as biological assets. Consequently, the value of native forest products has not been recognised in the Statement of Financial Position. This assessment will be reviewed should circumstances change.

(d) Contributed Equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-Government changes are adjusted to Contributed Equity in accordance with Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

(e) Financing/Borrowing costs

Finance costs are recognised as an expense in the period in which they are incurred.

Finance costs include:

- Finance lease charges;
- Ancillary administration charges.

No borrowing costs are capitalised into qualifying assets.

(f) Insurance

The department's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF), premiums being paid on a risk assessment basis. In addition, the department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

1. Summary of significant accounting policies (continued)

(g) Inventories

Inventories held for sale are valued at the lower of cost and net realisable value, except for sundry crops and saleable vaccine, which are measured at the lower of fair value less estimated point of sale costs and net realisable value.

Cost is assigned on the first-in-first-out method. These costs include expenditure incurred in acquiring the inventories and bringing them to their existing condition.

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

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

Inventories not held for sale can include materials and stores to be consumed in the operations of the department and items held for distribution for no or nominal consideration.

(h) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

Where a non-current physical asset is acquired by means of a finance lease, the asset is recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The lease liability is recognised at the same amount.

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

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

(i) Non-current Assets Classified as Held for Sale

Non-current assets held for sale consist of those assets that management has determined are available for immediate sale in their present condition, for which their sale is highly probable within the next twelve months.

In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* , when an asset is classified as held for sale, its value is measured at the lower of the asset's carrying amount and fair value less costs to sell. Any restatement of the asset's value to fair value less costs to sell (in compliance with AASB 5) is a non-recurring valuation. Such assets are no longer amortised or depreciated upon being classified as held for sale.

(j) Services Received Free of Charge or for Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

DAF received defined services from the following agencies:

- DNRM (Accommodation Services; Legal Services; Customer Solution Services)
- DEHP (Privacy and Ethics; Internal Audit; Procurement; Right to Information)

The revenue and expense related to these contributions of services have not been recognised in the financial statements as these values cannot be measured reliably.

(k) Taxation

The department is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the department. GST credits receivable from, and GST payable to the Australian Taxation Office are recognised (refer to Note 14).

(l) First year application of new accounting standards, early adoption of accounting standards or change in accounting policy

Changes in Accounting Policy

In 2016-17, the department discontinued a separate disclosure of trust transactions and balances . The forestry security deposits that formed part of these trust transactions are now disclosed under Other Current Liabilities with the cash held disclosed in Cash and Cash Equivalents in Note13. The reason for change in accounting policy is that these security deposits are held under credit arrangements with customers and under the control of the department should a default occur. The amount is not considered material to Cash or Other Liabilities.

Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2016-17.

Accounting Standards Applied for the First Time

The only Australian Accounting Standard that became effective for the first time in 2016-17 is AASB 124 *Related Party Disclosures* . This standard requires note disclosures about relationships between a parent entity and its controlled entities, key management personnel (KMP) remuneration expenses and other related party transactions, and does not impact on financial statement line items. As Queensland Treasury already required disclosure of KMP remuneration expenses, AASB 124 itself had minimal impact on the department's KMP disclosures compared to 2015-16 (refer to Note 26(c)). However, the standard has resulted in the department's responsible Minister being identified as part of the department's KMP as from 2016-17. Material related party transactions for 2016-17 are disclosed in Note 27(a) . No comparative information about related party transactions is required in respect of 2015-16. The relationship between the department and other Queensland Government - controlled entities is outlined in Note 27(b).

1. Summary of significant accounting policies (continued)

(m) Future impact of accounting standards not yet effective

At the date of authorisation of the financial report, the potential impacts of new or amended Australian Accounting Standards with future commencement dates has not yet been determined and are as set out below.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107

From 2017-18, this standard will require additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of a reconciliation in the notes to Statement of Cash Flows.

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

These standards will first apply to the department from its financial statements for 2019-20. Potential future impacts identifiable at the date of this reports are as follows:

• Grants received to construct non-financial assets controlled by the department will be recognised as a liability, and subsequently recognised progressively as revenue as the department satisfies its performance obligations under the grant. At present, such grants are recognised as revenue up front.

• Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. The department is yet to evaluate the existing grant arrangements with various Local Government bodies and Australian Government's Department of Agriculture and Water Resources as to whether revenue from those grants could be deferred under the new requirements.

• Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. The department receives several grants for which there are no sufficiently specific performance obligations - these grants are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

• Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change of the timing of revenue from sales of the department's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the department has received cash but has not met it's associated performance obligations (such amounts would be reported as a liability in the meantime).

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

These standards will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement and disclosures associated with the department's financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the department's conclusions will not be confirmed until closer to that time. In the case of the department's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

Another potential impact of AASB 9 relates to calculating impairment losses for the department's receivables. Assuming no substantial change in the nature of the department's receivables, the impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, the department will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

AASB 16 Leases

This standard will become effective for reporting beginning on or after 1 January 2019. Lessees will be required to recognise a right-of-use asset (representing the right to use the underlying leased asset) and a liability (representing the obligation to make future lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value. The majority of operating leases will be reported in the Statement of Financial Position, potentially resulting in a significant increase in assets and liabilities.

The right-of-use asset will be initially recognised at cost, plus any lease payments made to the lessor at or before commencement date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Expenses for operating lease payments will no longer be reflected in the Statement of Comprehensive Income. Instead, these payments will be apportioned between a reduction in the lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. If a lessee chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application. The Department will await further guidance from Queensland Treasury on the transitional accounting method to be applied.

	2017 $'000	2016 $'000
2. Reconciliation of payments from consolidated fund to appropriation revenue recognised in statement of comprehensive income		
Budgeted appropriation revenue	304,818	312,340
Lapsed appropriation revenue	(16,773)	(12,053)
Treasurer's transfers	-	(119)
Total appropriation receipts (cash)	**288,045**	**300,168**
Less: Opening balance of appropriation revenue receivable	-	(12,125)
Plus: Closing balance of appropriation revenue receivable	616	-
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	3,834	-
Less: Closing balance of deferred appropriation payable to Consolidated Fund	(4,806)	(3,834)
Net appropriation revenue	**287,689**	**284,209**
Plus: Deferred appropriation payable to Consolidated Fund (expense) (1)	4,806	3,834
Appropriation revenue recognised in statement of comprehensive income	**292,495**	**288,043**

Accounting Policy - Appropriation Revenue

Appropriations provided under the Appropriation Act 2016 are recognised as revenue when received or when appropriation revenue receivable is recognised after approval from Queensland Treasury.

(1) The increase in Appropriation revenue and Other expenses (Note 12) in 2015-16 reflects a reclassification of the deferred appropriation payable to Consolidated Fund.

3. User Charges and Fees		
Fee for service(1)	99,184	108,355
Sale of goods	3,332	3,351
Fees and fines	8,443	7,758
Property rental	6,666	4,250
Total User Charges and Fees	**117,625**	**123,714**

(1) The decrease is mainly due to the cessation of Net Free Fishing zones revenue in 2015-16 which was for $10 million.

Accounting Policy - User Charges and Fees

User charges and fees controlled by the department are recognised when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services and/or the recognition of accrued revenue. User charges and fees are controlled by the department where they can be deployed for the achievement of departmental objectives.

User charges and fees collected, but not controlled, by the department are reported as administered revenue. Refer Note 30.

4. Grants and Other Contributions		
Commonwealth grants (1)	10,494	15,535
State grants	-	754
Local government contributions	5,876	5,742
State contributions	210	250
Industry contributions	110	354
Goods and services received below fair value	282	217
Total Grants and other contributions	**16,972**	**22,852**

(1) This decrease largely relates to variations and timing of funding arrangements with the Commonwealth funding for Fire Ants Eradication Program and Varroa Mite Eradication Program.

Accounting Policy - Grants and other contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the department obtains control over them (control is generally obtained at the time of receipt). Where grants are received that are reciprocal in nature, revenue is progressively recognised as it is earned, according to the terms of the funding arrangements.

Contributed assets are recognised at their fair value. The accounting treatment for contributed equity is explained in Note 1 (d).

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

5. Royalties and Land Rents		
Royalties and land rents	27,611	25,623
Total Royalties and Land Rents	**27,611**	**25,623**

Accounting Policy - Royalties and other territorial revenue

The department under the provisions of the *Forestry Act 1959* has issued sales permits regarding the supply of forest products (including native forest log timber and quarry material) from lands relevant to the *Forestry Act 1959.* The department recognises the revenue for forest products based on the returns provided by the permit holders.

	2017 $'000	2016 $'000
6. Other Revenue		
Sale of portable and attractive items	9	4
Bad debts recovered	8	15
Insurance recoveries [1]	65	989
Impairment loss reversal - receivables	218	-
Sundry revenue	563	607
Total Other Revenue	**864**	**1,615**

[1] The Brisbane storm in 2014-15 caused damage to DAF's properties resulting in compensation being received in the 2015-16 financial year.

7. Gains on disposal/revaluation of assets		
Net gains on disposal of property, plant and equipment	175	218
Net increment in valuation of biological assets	1,616	1,947
Total Gains on disposal/revaluation of assets	**1,790**	**2,165**

8. Employee Expenses		
Employee Benefits		
Wages and salaries	154,398	154,434
Termination benefits	204	321
Employer superannuation contributions	20,693	20,466
Annual leave levy	16,024	15,859
Long service leave levy	3,238	3,151
Other employee benefits	1,828	1,820
Employee Related Expenses[1]		
Workers compensation premium	1,263	1,262
Other employee related expenses	1,277	1,293
Total Employee Expenses [2]	**198,927**	**198,606**

Due to transition from SAP4.6C to SAPECC5 and implementation of the Whole of Government Chart of Accounts some accounts have been realigned between employee expenses and supplies and services. The 2016 comparative figures have been recast to realign to the current mapping of accounts.

[1] Cost of workers' compensation insurance is a cost of the employer, and is not counted in employees' total remuneration package. They are not employee benefits, but rather employee related expenses.

[2] The number of employees at 30 June 2017, including both full-time and part-time employees, measured on a full-time basis as provided to the Public Service Commission (PSC) and utilised in the preparation of the Minimum Obligatory Human Resource Information (MOHRI) is:

	2017	2016
Number of employees	1,968	2,019

BCP employee expenses aligned to DAF and providing services to other departments are included in the above figure. The number of full time and part time employees measured on a full time equivalent basis providing services to other departments at balance date is set out below.

	2017	2016
Number of employees:		
Department of Agriculture and Fisheries	1,759	1,804
Business and Corporate Partnership Agreement (providing services to other departments)	209	215
Total number of employees	**1,968**	**2,019**

Accounting Policy - Employee expenses

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits.

Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

As the department expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

8. Employee Expenses (continued)

Long Service Leave and Annual Leave

Under the Queensland Government's Long Service Leave Scheme (LSL) and Annual Leave Central Scheme (ALCS), levies are payable by the department to cover the cost of employees' long service leave and annual leave (including leave loading and on-costs). Hence, no provision for long service leave and annual leave will be recognised in the department's financial statements. Instead, the provision for these schemes are reported on a whole of government basis pursuant to *AASB 1049 Whole of Government and General Government Sector Financial Reporting* .

These levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave and annual leave are claimed from the scheme quarterly in arrears.

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment.

Defined Contribution Plans - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant Enterprise Bargaining Agreement or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Defined Benefit Plan - The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The amounts of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the department at the specific rate following completion of the employee's service each pay period. The department's obligations are limited to those contributions paid.

	2017 $'000	2016 $'000
9. Supplies and services		
Consultants and contractors	65,877	57,851
Operating lease rentals	28,063	28,108
Building Services	6,941	6,323
Repairs and maintenance	9,384	8,842
Transport	4,937	4,879
Travel	6,051	5,888
Computer/information technology	15,679	16,093
Telecommunications and electricity	7,005	6,265
Shared services provider fee	5,726	6,180
Materials	16,660	11,842
Portable and attractive items	2,252	2,810
Service delivery costs and service level agreement charges	9,338	12,864
Bank fees and charges	20	38
Outsourced service delivery	27,297	23,358
Other	6,642	4,343
Total Supplies and Services[1]	**211,871**	**195,685**

(1) The increase across supplies and services is mainly due to the emergency response to the White Spot Disease in prawns.

10. Grants and Subsidies		
Queensland and local government [1]	3,557	13,053
Industry	4,848	1,773
Universities	-	210
Individuals	-	130
Charities/community groups	100	-
Subsidies [2]	7,160	20,740
Commonwealth	88	85
Capital [3]	329	4,500
Total Grants and Subsidies	**16,083**	**40,490**

(1) The decrease is due to the cessation of Net Free Fishing zones grants in 2015-16 which was for $10 million.

(2) The decrease mainly reflects the reduced expenditure for the Drought Assistance Scheme due to improved climatic conditions across the State and the reduced demand for freight subsidies and emergency water infrastructure.

(3) In 2015-16, $4.5 million capital grant was made to Grains and Cropping R&D Trust for purchase of a new research property and in 2016-17, $0.329 million grant was made to RSPCA.

Accounting Policy - Grants and Subsidies

A non-reciprocal grant is a payment or contribution made to an organisation or person which is not to be repaid or reciprocated, but which must be spent by the recipient for a specific purpose. Accordingly, non reciprocated grant payments are expensed when payment is made. Where the grant payment is reciprocal in nature, an asset (prepayment) is recognised when payment is made. This prepayment is expensed as the grant recipient satisfies the performance obligation under the funding agreement.

A subsidy payment is a payment or contribution made to an organisation or person which is not repaid or reciprocated. Gifts and donations are disclosed in Note 12 - Other expenses.

	2017 $'000	2016 $'000
11. Depreciation and amortisation		
Depreciation and amortisation were incurred in respect of:		
Buildings	5,040	6,118
Infrastructure	379	312
Plant and equipment	14,933	13,964
Software purchased	483	416
Software internally generated	305	718
Total Depreciation and amortisation	**21,141**	**21,527**

Accounting Policy - Depreciation and amortisation

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

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the department.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the department.

Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is probable.

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

All intangible assets of the department have finite useful lives and are amortised on a straight-line basis.

For each class of depreciable asset, the following depreciation and amortisation rates are used:

Asset class	Category	Rate %
Buildings	Buildings and improvements	1.25–5%
	Access roads	1.25–4%
	Land improvements	1.67–5%
Infrastructure	Wild dog barrier fence	2%
Plant and equipment	Computer equipment	12.5–33.33%
	Motor vehicles	5–20%
	Boats and boating equipment	5–25%
	Heavy plant	5–20%
	Scientific equipment	5–12.5%
	Office equipment	5–20%
	Leasehold improvements	10%
	Other plant and equipment	12.5%
Intangible assets	Software purchased	20-25%
	Software internally generated	10%

12. Other expenses

	2017 $'000	2016 $'000
Deferred appropriation payable to Consolidated Fund [1]	4,806	3,834
External audit fees - QAO [2]	257	139
Other audit services performed - Ernst & Young	33	-
Insurance premiums - Queensland Government Insurance Fund	707	725
Insurance premiums - general	128	205
Loss on disposal of property, plant and equipment	1,542	509
Losses - Public Property	1	-
Sponsorships	282	50
Special Payments [3]	702	787
Donations and gifts	233	104
License fees and permits	252	317
Interest	4	1
Patent, Copyright & Trademark Acquisition	293	436
Royalties Paid	146	-
Other	134	-
Total Other Expenses	**9,521**	**7,108**

(1) The increase in Other expenses and Appropriation revenue (Note 2) in 2015-16 reflects a reclassification of the deferred appropriation payable to Consolidated Fund.

(2) Total audit fees paid to the Queensland Audit Office relating to the 2016-17 financial year are based upon their estimated fee of $230,000 (2016: $230,000). There are no non-audit services included in this amount.

(3) Special payments include 10 payments totalling $106,792 for Red Witchweed and 7 payments totalling $594,147 in relation to White spot disease outbreak.

Accounting Policy - Other expenses

Special payments include ex gratia expenditure and other expenditure that the department is not contractually or legally obliged to make to other parties. In compliance with the *Financial and Performance Management Standard 2009* , the department maintains a register setting out details of all special payments greater than $5,000.

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

13. Cash and cash equivalents

Cash at bank	52,875	59,225
Imprest accounts	30	34
Total Cash and Cash Equivalents	**52,904**	**59,259**

Accounting Policy - Cash and cash equivalents

For the purposes of the Statement of financial position and the Statement of cash flows, cash assets include all cash and cheques receipted but not banked at 30 June.

Departmental bank accounts grouped within the whole-of-Government set-off arrangement with the Queensland Treasury Corporation and do not earn interest on surplus funds. Interest earned on the aggregate set-off arrangement balance accrues to the Consolidated Fund.

	2017 $'000	2016 $'000
14. Receivables		
Current		
Trade debtors[1]	33,051	21,248
Less: allowance for impairment loss[2]	(210)	(389)
	32,842	20,858
GST input tax credits receivable	1,451	2,002
GST payable	-	-
	1,451	2,002
Appropriation revenue receivable	616	-
Annual leave reimbursements	2,997	2,323
Long service leave reimbursements	863	729
Other	88	32
	4,563	3,085
Total Current Receivables	**38,856**	**25,945**
Non-Current		
Finance lease debtors	-	15
Total Non-Current Receivables	**-**	**15**

(1) The increase is due to amounts relating to National Cost Sharing arrangements and Research and Development contracts.

(2) Refer to Note 25 Financial Instruments (Credit Risk Exposure) for an analysis of movements in the allowance for impairment loss.

Accounting Policy - Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is generally required within 30 days from invoice date, except for trade debtors associated with research and development projects, where a 90 day term applies and sale of produce where terms may vary depending on industry practice.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 April. Increases in the allowance for impairment are based on loss events as disclosed in Note 25(c).

Other debtors generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. Terms are set based on the operations of the particular entities, no interest is charged and no security is obtained.

15. Other assets		
Current		
Prepayments	6,137	6,272
Total Other Current Assets	**6,137**	**6,272**
Non-Current		
Prepayments	12,409	13,185
Total Other Assets	**18,545**	**19,457**

	2017 $'000	2016 $'000
16. Intangible assets		
Software Purchased: At Cost		
Gross	2,324	1,634
Less: Accumulated amortisation	(1,168)	(811)
Total Software Purchased	**1,156**	**823**
Software Internally Generated: At Cost		
Gross	5,883	6,418
Less: Accumulated amortisation	(5,373)	(5,604)
Total Software Internally Generated	**510**	**815**
Total Intangible Assets	**1,665**	**1,638**

Intangibles Reconciliation

	Software Purchased		Software Internally Generated		Software Work In Progress		Total	
	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000	2017 $'000	2016 $'000
Carrying amount at 1 July	823	1,105	815	1,751	-	-	1,638	2,856
Acquisitions	816	135	-	-	-	-	816	135
Retirement	-	-	-	(219)	-	-	-	(219)
Amortisation	(483)	(416)	(305)	(718)	-	-	(788)	(1,134)
Carrying amount at 30 June	**1,155**	**823**	**510**	**815**	**-**	**-**	**1,665**	**1,638**

Accounting Policy - Intangibles
Intangible assets with a cost or other value equal to or greater than $100,000 are recognised in the financial statements, items with a lesser value are expensed. Each intangible asset, less any anticipated residual value is amortised over its estimated useful life to the department. The residual value is zero for all of the department's intangible assets.

Intangible assets are measured at their historical cost, unless there is an active market for the assets concerned (in which case they are measured at their fair value).

There is no active market for any of the department's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

Purchased software
The purchase cost of this software has been capitalised and is being amortised on a straight-line basis over the period of expected benefit to the department.

Internally generated software

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the department.

17. Property, plant and equipment	2017 $'000	2016 $'000
Land		
Gross	122,935	126,928
Less: accumulated impairment losses	(2,587)	(2,820)
Total Land	**120,348**	**124,108**
Buildings		
Gross	272,374	265,081
Less: accumulated depreciation	(141,167)	(136,773)
Less: accumulated impairment losses	(10,650)	(9,368)
Total Buildings	**120,557**	**118,940**
Heritage and Cultural Assets		
At fair value [1]	-	252
Total Heritage and Cultural Assets	**-**	**252**
Infrastructure		
Gross	39,832	37,457
Less: accumulated depreciation	(19,467)	(18,340)
Total Infrastructure	**20,364**	**19,117**

[1] Decrease due to the donation of 'Around the Campfire' statues to the Longreach Regional Council.

	2017 $'000	2016 $'000
17. Property, plant and equipment (continued)		
Plant and Equipment: At cost		
Gross	211,086	215,861
Less: accumulated depreciation	(107,679)	(104,749)
Less: accumulated impairment	(238)	(2,069)
Total Plant and Equipment	**103,169**	**109,042**
Capital Work in Progress: At cost		
At cost	1,756	2,993
Total Capital Work in Progress	**1,756**	**2,993**
Total Property, Plant and Equipment	**366,195**	**374,452**

Property, Plant and Equipment Reconciliation

	Land 2017 $'000	Buildings 2017 $'000	Infrastructure 2017 $'000	Plant and Equipment 2017 $'000	Capital Works in Progress 2017 $'000	Heritage & Cultural 2017 $'000	Total 2017 $'000
Carrying amount at 1 July 2016	124,108	118,940	19,117	109,042	2,993	252	374,452
Acquisitions (including upgrades)	29	16	-	4,683	10,358	-	15,086
Transfer in from other Qld Government entities	238	239	-	2	-	-	479
Disposals	(1,029)	(398)	-	(565)	-	-	(1,992)
Donations	-	-	-	-	-	(225)	(225)
Assets reclassified as held for sale	(1,180)	(1,109)		(11)			(2,300)
Transfers between asset classes	611	5,173	843	4,995	(11,595)	(27)	-
Net Revaluation increments/(decrements) in asset revaluation surplus	(868)	4,464	783	-	-	-	4,379
Impairment losses recognised in the asset revaluation surplus	(1,793)	(2,214)	-	-	-	-	(4,007)
Impairment losses recognised in operating surplus/(deficit)	-	-	-	(43)	-	-	(43)
Impairment losses reversed in asset revaluation surplus	233	486	-	-	-	-	719
Depreciation	-	(5,040)	(379)	(14,933)	-	-	(20,352)
Carrying amount at 30 June 2017	**120,348**	**120,557**	**20,364**	**103,169**	**1,756**	**-**	**366,195**

	Land 2016 $'000	Buildings 2016 $'000	Infrastructure 2016 $'000	Plant and Equipment 2016 $'000	Capital Works in Progress 2016 $'000	Heritage & Cultural 2016 $'000	Total 2016 $'000
Carrying amount at 1 July 2015	108,705	120,869	15,647	114,421	384	150	360,176
Acquisitions (including upgrades)	-	15	-	6,351	8,678	-	15,044
Transfer in from other Qld Government entities	-	37	-	-	-	-	37
Disposals	(95)	(505)	-	(365)	-	-	(965)
Transfer out to other Qld Government entities	-	(10)	-	-	-	-	(10)
Transfer out to other non Qld Government entities	-	(131)	-	-	-	-	(131)
Transfers between asset classes	-	2,211	1,053	2,806	(6,068)	-	-
Net Revaluation increments/(decrements) in asset revaluation surplus [1]	16,463	5,904	2,730	-	-	102	25,199
Impairment losses recognised in the asset revaluation surplus	(898)	(3,716)	-	-	-	-	(4,614)
Impairment losses recognised in operating surplus/(deficit)	(68)	359	-	(208)	-	-	83
Impairment losses recognised in asset revaluation surplus	-	27	-	-	-	-	27
Depreciation	-	(6,118)	(312)	(13,964)	-	-	(20,394)
Carrying amount at 30 June 2016	**124,108**	**118,940**	**19,117**	**109,042**	**2,993**	**252**	**374,452**

[1] This is due to increases in the asset revaluations as a result of DAF's comprehensive exercise during 2015-16

17. Property, plant and equipment (continued)

Accounting Policy - Property, plant and equipment

Recognition thresholds for property, plant and equipment
Items of property, plant and equipment, with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition.

Buildings	$10,000
Infrastructure	$10,000
Land	$1
Capital Works in Progress	N/A
Plant and equipment	$5,000
Heritage and Cultural	$5,000

Items with a lesser value are expensed in the year of acquisition.

Land improvements undertaken by the department are included with buildings or infrastructure based on the proximity of the asset to which they relate. Items comprising the department's technical library are expensed on acquisition.

Under the provision of *Forestry Act 1959*, the department also oversees the extraction of quarry materials from certain State-owned native forests, which are not controlled by the department. Under the guidelines of *AASB 116 Property, Plant and Equipment* the department considers that the quarries and all materials contained within them satisfy the definition of Land. However due to the impracticalities associated with valuing this land and quarry materials prior to extraction, the department has not recognised a value for quarry materials in the Statement of Financial Position. This assessment will be reviewed should circumstances change.

Acquisition of Assets
Historic cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Where assets are received free of charge from another Queensland department (whether as a result of a machinery-of-Government change or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are recognised at their fair value at the date of acquisition in accordance with AASB 116 *Property, Plant and Equipment.*

Measurement of property plant and equipment using fair value
Land, buildings, infrastructure and heritage and cultural assets are measured at fair value as required by Queensland Treasury's Non-Current Asset Policies (NCAP) for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses where applicable.

The cost of items acquired during the financial year has been judged by management of DAF to materially represent their fair value at the end of the reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions(i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being values. Observable inputs used by the department include, but are not limited to, published sales data for land and general office buildings

Unobservable inputs are data assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the department include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the department's assets/liabilities, internal records of recent construction costs (and /or estimates of such costs), assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

Fair Value Measurement Hierarchy

Details of individual assets and liabilities measured under each category of fair value are set out in the following table.

The Department does not recognise any financial assets or financial liabilities at fair value.

All assets and liabilities of the department for which fair value is measured or disclosed in the financial statements are categories within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

Level 1	represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
Level 2	represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
Level 3	represents fair value measurements that are substantially derived from unobservable inputs

None of the department's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy.

There were no transfers of assets between fair value hierarchy levels during the period.

17. Property, plant and equipment (continued)

Categorisation of assets measured at fair value

	Level 1		Level 2		Level 3		Total Carrying Amount	
	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Land	-	-	48,427	52,318	71,921	71,789	120,348	124,108
Buildings	-	-	39,362	38,971	81,195	79,969	120,557	118,940
Infrastructure	-	-	-	-	20,364	19,117	20,364	19,117
Total	-	-	**87,790**	**91,290**	**173,480**	**170,875**	**261,270**	**262,165**

Measurement of property plant and equipment using cost

Plant and equipment, (that is not classified as major plant and equipment) is measured at cost in accordance with the NCAP. The carrying amounts for such plant and equipment at cost is not materially different from their fair value.

The department does not classify any Plant and Equipment as Major Plant and Equipment.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Revaluation of property plant and equipment measured at fair value

Land, buildings, infrastructure and heritage and cultural assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment,* AASB13 *Fair Value Measurement* and Queensland Treasury's NCAP for the Queensland Public Sector . These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable (refer also to an explanation later in this note regarding the impact of different methods of accounting for accumulated depreciation and accumulated impairment losses in conjunction with revaluations).

In respect of these asset classes, the cost of items acquired during the financial year has been judged by the management of DAF to materially represent their fair value at the end of the reporting period.

Plant and equipment is measured at cost in accordance with the NCAP. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Non-current physical assets measured at fair value are revalued on an annual basis by appraisals undertaken by an independent professional valuer or internal expert, or by the use of appropriate and relevant indices. Revaluations based on an independent professional valuer or internal expert appraisals are undertaken at least once every five years. However, if a class of asset experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class of asset may have changed by 20% or more from one reporting period to the next), the department will arrange for the fair values concerned to be reviewed and revised accordingly.

The fair values reported by the department are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs.

Where indices have been used, they have been supplied by State Valuation Service (SVS) who provide assurance of their robustness, validity and appropriateness for application to the relevant assets. Indices used are also tested for reasonableness by applying the indices to a sample of assets and comparing results to similar assets that have been valued by an independent professional valuer or internal expert, and analysing the trend of changes in values over time. At year end, management assess the relevance and suitability of indices provided by SVS based on the department's own particular circumstances.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

On revaluation:

- for assets revalued using a cost valuation approach (e.g. current replacement cost) - accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses. This is generally referred to as the 'gross method'; and
- for assets revalued using a market or income-based valuation approach - accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating for the revaluation. This is generally referred to as the 'net method'.

In previous years, NCAP mandated the gross method of revaluation for all revaluations. However, from 1 July 2014, the NCAP now require either the gross or net method be used, according to the valuation approach adopted for individual assets (as explained above). This means a reported asset class may contain assets for which revaluations are accounted for using either method. Currently, DAF do not have any assets revalued under the net method.

17. Property, plant and equipment (continued)

Impairment of non-current assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the department determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's net selling price (fair value less costs to sell) and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. However, this increased carrying amount must not exceed the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is usually recognised as income, except if the asset has been revalued, in which case the adjustment is treated as a revaluation increase.

When an asset is revalued using either a market or income valuation approach, any accumulated impairment losses at that date should be eliminated against the gross amount of the asset prior to restating for the revaluation.

Valuation of property plant and equipment including key estimates and judgements

Land

SVS provides an individual factor change per property derived from the review of market transactions (Observable Market Data). These market movements are determined having regard to the review of land values undertaken for each local government area issued by the Valuer-General Department of Natural Resources and Mines. SVS undertakes investigation and research into each factor provided for the interim land asset indexation.

All Local Government property market movements are reviewed annually by market surveys to determine any material changes in values. For local government areas where the Valuer-General has issued land values, an index will be provided. Ongoing market investigations undertaken by SVS assists in providing an accurate assessment of the prevailing market conditions and detail the specific market movement that are applicable to each property. The department's land was comprehensively revalued as at 30 June 2016 and indexed as at 30 June 2017.

Buildings

SVS provided the valuation for Buildings and improvements which are indexed using the most appropriate method of indexation and determined by the type of asset to which the index is be applied. Improvements such as specialised Government assets were indexed with a Building Price Index (BPI) which is based on recent tenders for typical specialised buildings (Observable Market Data) and is the most appropriate index to apply for specialised government assets. General non-residential construction was indexed using the Queensland Treasury's OESR Implicit Price Deflator as the recommended and is the most appropriate index to use for these particular assets. Residential assets were indexed by the Cordell Housing Price Index which is specific to Queensland house price movements (Observable Market Data) and is the most appropriate index to use for residential housing specific to Queensland properties. The department's Buildings and Improvements were comprehensively revalued as at 30 June 2016 and indexed as at 30 June 2017.

Infrastructure

SVS provided the valuation for Infrastructure which is indexed using the most appropriate method of indexation and determined by the type of asset to which the index is be applied. Improvements such as specialised Government assets were indexed with a Building Price Index (BPI) which is based on recent tenders for typical specialised buildings (Observable Market Data) and is the most appropriate index to apply for specialised government assets. The department's infrastructure was comprehensively revalued as at 30 June 2016 and indexed as at 30 June 2017.

Work in Progress

The department is carrying the capital works in progress as per the Queensland Treasury's policies.

Heritage and Cultural Assets

The department's Heritage and Cultural assets were comprehensively revalued as at 30 June 2016. In line with Treasury's Non-Current Accounting Policies, they were not indexed for the period ending 30 June 2017 on the basis of being immaterial and are no longer being reported as a separate asset class. This is due to the immateriality of the balance of this class after the retirement of the statues at the front of 80 Ann Street Brisbane after the building was vacated by the department's staff.

Restricted Assets

The department has included a number of assets in the accounts, which are classified as restricted assets. These are assets, the uses of which are wholly or partly restricted by legislation or other externally imposed requirements. The total value of restricted assets for 30 June 2017 is $0.777 million (2016: $0.622 million).

Certain Plant and Equipment assets valued at $0.685 million (2016: $0.505 million) and certain Building assets valued at $0.092 million (2016: $0.117 million) are restricted by contractual obligations preventing their sale.

	2017 $'000	2016 $'000
18. Payables		
Current		
Trade creditors	6,117	3,581
Deferred appropriation refundable to Consolidated Fund	4,806	3,834
Taxes, fees and fines payable	76	72
Accrued expenses	6,745	5,376
Prepaid royalties	-	2
Royalties payable	201	105
Total Current Payables	**17,945**	**12,969**

Accounting Policy - Payables

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

Administered creditors are due 30 business days from the date of invoice.

19. Accrued employee benefits		
Current		
Salaries and wages outstanding	3,353	2,744
Annual leave levy payable	4,018	4,085
Long service leave levy payable	885	851
Severance payments payable	7	24
Total Current Accrued Employee Benefits	**8,263**	**7,704**

Accounting Policy - Accrued employee benefits

No provision for annual leave or long service leave is recognised in the department's financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

20. Unearned revenue		
Current		
Unearned revenue[1]	28,628	27,873
Non-Current		
Unearned revenue - rental revenue	18,031	19,451
Total Unearned Revenue	**46,659**	**47,323**

[1] This includes unearned revenue for research and development contracts and rental revenue.

21. Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	(5,613)	(5,484)
Lapsed equity adjustment	(576)	(4,500)
Equity adjustment recognised in contributed equity	**(6,189)**	**(9,984)**

22. Asset revaluation surplus by class

	Land	Buildings	Infrastructure	Heritage & Cultural	Total
	$'000	$'000	$'000	$'000	$'000
Balance 1 July 2016	19,525	13,660	3,488	102	**36,775**
Revaluation surplus	(2,428)	2,736	783	-	**1,091**
Balance 30 June 2017	17,097	16,396	4,271	102	**37,866**

	Land	Buildings	Infrastructure	Heritage & Cultural	Total
	$'000	$'000	$'000	$'000	$'000
Balance 1 July 2015	3,960	11,472	758	-	**16,190**
Revaluation surplus	15,565	2,188	2,730	102	**20,585**
Balance 30 June 2016	19,525	13,660	3,488	102	**36,775**

23. Commitments for Expenditure

	2017 $'000	2016 $'000
(a) Non-Cancellable Operating Leases		
Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are payable as follows:		
. Not later than 1 year[1]	30,273	26,424
. Later than 1 year and not later than 5 years[1]	103,518	72,618
. Later than 5 years[2]	395,270	405,934
Total non-cancellable operating lease commitments	**529,061**	**504,976**

(1) This increase is mainly due to new accommodation leases for 1 William Street and 41 George Street after the expiration of the Primary Industries Building lease in May 2016. These commitments have been included in the funding requirements for the department.

(2) This includes accommodation leases at Eco Sciences Precinct and Health and Food Sciences Precinct and these commitments have been included in the funding requirements for the department. For 2016, these commitments have been restated to include GST input tax credits.

The department has non-cancellable operating leases predominately relating to land, building, laboratories, office accommodation, storage facilities and motor vehicles. Lease payments are generally fixed and reported at present value, but with inflation escalation clauses on which contingent rentals are determined. No renewal or purchase options exist in relation to operating leases and operating leases do not contain restrictions on financing or other leasing activities.

(b) Capital Expenditure Commitments

Material classes of capital expenditure commitments (inclusive of non-recoverable GST input tax credits) contracted for at the reporting date but not recognised in the accounts are payable as follows:

Buildings	-	669
Plant and equipment	1,174	492
Other	-	536
	1,174	**1,698**
Payable:		
. Not later than 1 year	1,174	1,698
Total capital expenditure commitments	**1,174**	**1,698**

(c) Grants and Subsidies Commitments

Grants and subsidies commitments (inclusive of non-recoverable GST input tax credits), committed to be provided at the reporting date, but not recognised in the accounts are payable as follows:

Payable:		
. Not later than 1 year	8,444	32,432
. Later than 1 year and not later than 5 years	18,041	28,800
Total grants and subsidies expenditure commitments	**26,485**	**61,232**

(d) Other Expenditure Commitments

Other expenditure commitments (inclusive of non-recoverable GST input tax credits), committed to provide at reporting date but not recognised in the accounts are payable as follows:

Payable:		
. Not later than one year	23,305	22,887
. Later than one year and not later than five years	5,025	4,609
. Later than five years	3,902	2,198
Total other expenditure commitments	**32,232**	**29,694**

24. Contingencies

(a) Litigation in progress

As at 30 June 2017, the following cases were filed in the courts naming the State of Queensland through DAF or DAF, as defendant:

	2017	2016
Supreme Court	1	2
District Court	2	-
Magistrates Court	6	12
Planning and Environment Court	1	-
Queensland Civil and Administrative Tribunal (QCAT)	1	4
Queensland Industrial Relations Commission (QIRC)	-	1
Anti-Discrimination Commission Queensland (ADCQ)	1	1
Total number of litigation in progress	**12**	**20**

It is not possible to make a reliable estimate of the final amount payable, if any, in respect of the litigation before the courts at this time. The department has also received notification of one other case that is not yet subject to court action. This may or may not result in subsequent litigation. Depending on the outcome of the litigation process, indemnity for the department may be sought in respect of some of the above matters through the Queensland Government Insurance Fund.

(b) Contaminated land sites

Assets of the former Forestry Plantations Queensland (FPQ) were transferred to HQPlantations Pty Ltd (HQPlantations) or the State respectively in 2010. This included the transfer of potentially contaminated land and assets to the State including: underground (fuel) storage tanks, above-ground (fuel) storage tanks and herbicide disposal pits. Responsibility for the potentially contaminated land assets now rest with DAF. In 2011, an independent state-wide review of around 3,000 sites with possible contamination prioritised 99 sites for further investigation. An internal review in 2014 further reduced this to 77 sites requiring action.

DAF has a contaminated lands asset plan, which identified 23 abandoned fuel tanks and 55 herbicide pits for further assessment and remediation if needed. The 23 abandoned fuel tanks were located on 12 sites across Queensland (ex FPQ plantations) and were excavated and removed in the period May – July 2016 with any contaminated soils stockpiled for further remediation. The cost to remove the 23 tanks was $270,000.

Contaminated soil at six sites was stockpiled for remediation by an environmental consultant prior to retesting of the stockpile soil in April 2017. At the time of writing a full report from the environment consultant including requirements for any further remediation is still pending. The remediation of the stockpiles will complete the DAF abandoned fuel tanks project and minimise any future environmental risks or liabilities to the State.

Of the 55 former herbicide pits located at various sites across Queensland (ex FPQ plantations) DAF will progress the long term resolution of the herbicide pits in 2017-18.

(c) Long-Term Sales Permits

The department, under the provisions of the *Forestry Act 1959,* has issued the following long-term sales permits to various sawmilling business regarding the supply of log timber from State-owned native forests.

- 15 sales permits, which expire 31 December 2024, and 1 sales permit, which expires 31 December 2019, for the supply of native forest hardwood sawlogs from State-owned native forests in south-east Queensland;
- 2 sales permits, which expire 31 December 2032, for the supply of native forest hardwood sawlogs from State-owned native forests in western Queensland; and
- 13 sales permits, which expire 31 December 2037, for the supply of native forest cypress sawlogs from State-owned native forests in southern Queensland.

These sales permits provide for the payment of compensation by the department to the holder to the extent that the specified quantity of log timber is not harvested from the particular State-owned forests. At this stage the department does not foresee the need to pay compensation in relation to any of these long-term sales permits.

25. Financial Instruments

(a) Categorisation of Financial Instruments

The department has the following categories of financial assets and financial liabilities:

Category	Note	2017 $'000	2016 $'000
Financial Assets			
Cash and cash equivalents	13	52,904	59,259
Receivables	14	38,856	25,960
Total Financial Assets		**91,760**	**85,219**
Financial Liabilities			
Payables	18	17,945	12,969
Total Financial Liabilities		**17,945**	**12,969**

(b) Financial Risk Management

The department's activities expose it to a variety of financial risks – credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Queensland Government and departmental policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the department.

All financial risk is managed by the Finance and Asset Management Division under policies approved by the department. The department provides written principles for overall risk management, as well as policies covering specific areas. The department measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method
Credit risk	Ageing analysis
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

Financial Assets

The carrying amount of receivables disclosed in Note 14 represents the maximum exposure to credit risk.

Collateral is held as security for Forestry receivables however no credit enhancements relate to financial assets held by the department.

The department manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the department invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

The allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor is overdue in paying a debt to the department, according to the due date in the contract. Economic changes impacting the department's debtors, and relevant industry date, also form part of the department's documented risk analysis.

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If DAF determines that an amount owing by such a debtor does become uncollectible (after appropriate range of debtor recovery actions), that amount is recognised as a Bad Debt expense and written-off directly against Receivables. In other cases where a debt becomes uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as a Bad Debt expense and written off directly against Receivables.

Ageing of invoices raised including those impaired financial assets are disclosed in the following tables:

2017 Financial Assets Past Due But Not Impaired

	Ageing				
	Less than 30 days $'000	30 to 60 days $'000	60 to 90 days $'000	Greater than 90 days $'000	Total overdue $'000
Receivables	16,371	585	1,333	583	18,872
Total	16,371	585	1,333	583	18,872

25. Financial Instruments (continued)

(c) Credit Risk Exposure (continued)

2016 Financial Assets Past Due But Not Impaired

	Ageing				
	Less than 30 days	30 to 60 days	60 to 90 days	Greater than 90 days	Total overdue
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Receivables	13,150	1,095	535	905	15,685
Total	13,150	1,095	535	905	15,685

2017 Individually Impaired Financial Assets

	Ageing				
	Less than 30 days	30 to 60 days	60 to 90 days	Greater than 90 days	Total overdue
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Receivables	-	-	-	210	210
Allowance for impairment	-	-	-	(210)	(210)
Carrying Amount	-	-	-	-	-

2016 Individually Impaired Financial Assets

	Ageing				
	Less than 30 days	30 to 60 days	60 to 90 days	Greater than 90 days	Total overdue
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Receivables	-	-	-	389	389
Allowance for impairment	-	-	-	(389)	(389)
Carrying Amount	-	-	-	-	-

	2017	**2016**
Movements in Allowance for Impairment	**$'000**	**$'000**
Opening Balance	(389)	(55)
(Increase)/decrease in allowance recognised in profit or loss	179	(334)
Closing Balance	**(210)**	**(389)**

(d) Liquidity Risk

Liquidity risk refers to the situation where the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The department is exposed to liquidity risk in respect of its payables only.

The department manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the department has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The liquidity risk of financial liabilities held by the department are disclosed in Note 18. The department only has financial liabilities no more than 12 months and hence the liquidity risk is based on the undiscounted cash flows relating to the liabilities at reporting date.

(e) Market Risk

DAF does not trade in foreign currency. The department does not undertake any hedging in relation to interest risk and manages its risk as per the department's liquidity risk management strategy articulated in the department's Financial Management Practice Manual.

(f) Interest Rate Sensitivity Analysis

Departmental funds are not held in interest bearing accounts so the department is not exposed to interest rate risk. The department does not have any borrowings.

(g) Fair Value

DAF does not recognise any financial assets or financial liabilities at fair value. The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

Accounting Policy - Financial instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the department becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents.
- Receivables – held at amortised cost.
- Payables – held at amortised cost.

The department does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the department holds no financial assets classified at fair value through the Statement of Comprehensive Income .

26. Key management personnel (KMP) disclosures

a) Details of key management personnel

As from 2016-17, the department's responsible Minister is identified as part of the department's KMP, consistent with additional guidance included in AASB 124 Related Party Disclosures. That Minister is the Minister for Agriculture and Fisheries.

The following details for non-Ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2016-17 and 2015-16. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Position Responsibility
Director-General	The Director-General is responsible for the efficient, effective and economic administration of the department overseeing Agriculture, Fisheries and Forestry and Biosecurity Queensland.
Deputy Director-General, Corporate	The Deputy Director-General is responsible for the efficient, effective and economic administration of the Human Resource, ICT, Strategy, Performance, Business Services, Finance, Media, Communications and Corporate Partnership functions of the department.
Deputy Director-General, Agriculture Queensland	The Deputy Director-General is responsible for the efficient, effective and economic administration of Queensland Agriculture and Fisheries, Food, Forestry and Regional Services and functions of the department.
Deputy Director-General, Fisheries and Forestry	The Deputy Director-General is responsible for the efficient, effective and economic administration of Queensland Fisheries and Forestry activities and responsibilities.
Chief Biosecurity Officer, Biosecurity Queensland	The Chief Biosecurity Officer is responsible for the efficient, effective and economic administration of Queensland's Biosecurity functions and responsibilities of the department.
Chief Finance Officer & Executive Director, Finance and Asset Management	The Chief Finance Officer & Executive Director is responsible for the efficient, effective and economic administration of financial operations and functions for the department.
Executive Director, Rural Economic Development	The Executive Director is responsible for the efficient, effective and economic administration of the Regional Services functions and services, industry policy and service delivery reform of the department.
Executive Director, Agri-Science Queensland	The Executive Director is responsible for the efficient, effective and economic administration of Queensland's Agricultural Science services and functions of the department.

b) KMP remuneration policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members Remuneration Handbook. The department does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlement being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government Consolidated Financial Statements as from 2016-17, which are published as part of Queensland Treasury's Report on State Finances.

Remuneration policy for the department's other KMP is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. Individual remuneration and other terms of employment (including motor vehicle entitlements and performance payments if applicable) are specified in employment contracts.

Remuneration expenses for those KMP comprise the following components:

- Short term employee expenses, including:
  - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee was a key management person.
  - non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service entitlements) payable on termination of employments or acceptance of an offer of termination of employment.

26. Key management personnel (KMP) disclosures (continued)

c) Remuneration Expenses

The following disclosure focus on the expenses incurred by the department attributable to non-Ministerial KMP during respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the Statement of Comprehensive Income.

1 July 2016 – 30 June 2017

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Total Expenses[1]
	Monetary Benefits $ '000	Non-Monetary Benefits $ '000	$ '000	$ '000	$ '000
Director-General	308	-	6	33	**347**
Deputy Director-General, Corporate [2] (Acting) 1/7/2016 - 30/6/2017	229	-	4	21	**255**
Deputy Director-General, Agriculture Queensland	240	-	5	26	**271**
Deputy Director-General, Fisheries and Forestry	236	-	5	25	**266**
Chief Biosecurity Officer	243	-	5	26	**274**
Chief Finance Officer & Executive Director [2] (Acting) 1/7/2016 - 30/6/2017	226	-	4	20	**250**
Executive Director, Rural Economic Development	227	-	4	23	**255**
Executive Director, Agri-Science Queensland	219	-	4	24	**246**
Total	**1,928**	**-**	**37**	**199**	**2,164**

[1] The key management personnel and remuneration expenses above for 2016-17 do not include any termination benefits.

[2] These positions are shared with the DTESB and are fully funded by DAF to 30 June 2017 as per the BCP arrangement.

26. Key management personnel (KMP) disclosures (continued)

c) Remuneration Expenses continued

1 July 2015 – 30 June 2016

	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Total Expenses[1]
	Monetary Benefits $ '000	Non-Monetary Benefits $ '000	$ '000	$ '000	$ '000
Director-General	368	-	7	54	**429**
Deputy Director-General, Corporate[2] (to 8/4/2016)	163	-	3	18	**184**
Deputy Director-General, Corporate[2] (Acting) 13/5/2016 - 30/6/2016	77	-	1	7	**85**
Deputy Director-General, Agriculture Queensland	254	-	5	25	**284**
Deputy Director-General, Fisheries and Forestry Queensland	234	-	4	25	**263**
Chief Biosecurity Officer	244	-	5	25	**274**
Chief Finance Officer & Executive Director [2] (to 12/5/2016)	146	-	3	16	**165**
Chief Finance Officer & Executive Director [2] (Acting) 14/9/2015 - 6/11/2015 and 13/5/2016 - 30/6/2016	75	-	-	2	**77**
Executive Director, Regions and Industry Development 1/7/2015 - 31/12/2015	83	-	1	8	**92**
Executive Director, Regions and Industry Development (Acting) 27/1/2016 - 30/6/2016	126	-	3	12	**140**
Executive Director, Agri-Science Queensland	212	-	4	21	**237**
Executive Director, Agri-Science Queensland (Acting) 2/11/15 - 20/1/2016	25	-	1	4	**30**
Total	**2,007**	**-**	**37**	**217**	**2,260**

[1] The key management personnel and remuneration expenses above for 2015-16 do not include any termination benefits.

[2] These positions are shared with the DTESB and were fully funded by DAF to 30 June 2016 as per the BCP arrangement.

d) Performance payments

No KMP remuneration packages provide for performance or bonus payments.

27. Related Party Transactions

a) Transactions with people/entities related to KMP

A review has been undertaken for the 2016-17 financial year, to 30 June 2017, of the department's KMP related party transactions (RPT) disclosures and no transactions have been identified between the department and it's KMPs' related parties.

b) Transactions with other Queensland Government-controlled entities

The department's primary ongoing sources of funding from Government for its services are appropriation revenue (Note 2) and equity injections (Note 21), both of which are provided in cash via Queensland Treasury.

The department received defined services from the following agencies:

- DNRM: Accommodation Services; Legal Services; Customer Solution Services
- DEHP: Privacy and Ethics; Internal Audit; Procurement; Right to Information

As the host agency, DAF provides defined services to the following agencies:

- DNPSR: Information Management; Fleet Management; Telecommunications.
- DNRM: Information Management; Fleet Management; Telecommunications; Human Resources.
- DEWS: Information Management; Fleet Management; Telecommunications; Human Resources.
- DEHP: Information Management; Fleet Management; Telecommunications.
- DTESB: Finance; Human Resources; Corporate Communications; Governance Oversight; Planning and Performance Management; Information Management; Fleet Management; Telecommunications.

User Charges and Fees (Note 3) includes the fee for service revenue received from the above agencies for information management services and this represents approximately 33% of the total User Charges and Fees.

Operating lease rentals disclosed in (Note 9) includes: property lease rentals across the state with the Department of Public Works and Housing and accommodation at the Health Food Sciences Precinct Coopers Plains with Queensland Health; and motor vehicle lease arrangements are provided by Qfleet.

Building and Asset Services within the Department of Public Works and Housing are the provider of building repair and maintenance disclosed within (Note 9) under Repairs and maintenance.

28. Events occurring after balance date

There are no events subsequent to balance date, which would have material effect on the information provided in the department's controlled or administered financial statements.

29. Budget vs Actual Comparison

A budget vs actual comparison, and explanations of major variances, has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

Statement of Comprehensive Income

	Variance Notes	Original Budget 2017 $'000	Actual 2017 $'000	Variance 2017 $'000	Variance % of Budget *
Income from Continuing Operations					
Appropriation revenue	1	304,818	292,495	(12,323)	(4)
User charges and fees	2	100,873	117,625	16,752	17
Grants and other contributions	3	8,032	16,972	8,940	111
Royalties and land rents	4	24,691	27,611	2,920	12
Other revenue	5	366	864	498	136
Total Revenue		438,780	455,567	16,787	4
Gains on disposal/revaluation of assets	6	174	1,790	1,616	929
Total income from operations		**438,954**	**457,357**	**18,403**	**4**
Expenses from Continuing Operations					
Employee expenses	7	205,787	198,927	6,860	3
Supplies and services	8	177,831	211,871	(34,040)	(19)
Grants and subsidies	9	32,432	16,083	16,349	50
Depreciation and amortisation		21,477	21,141	336	2
Impairment losses	10	-	790	(790)	-
Other expenses	11	1,427	9,521	(8,094)	(567)
Total Expenses from Continuing Operations		**438,954**	**458,332**	**(19,378)**	**(4)**
Operating Result for the Year		**-**	**(975)**	**(975)**	**-**

Explanation of major variances:

1. The decrease is mainly due to the lapsed funding in 2016-17 for the drought relief assistance scheme due to improved climatic conditions and lower than expected demand for freight subsidies and emergency water infrastructure. Also contributing to the decrease is the deferral of funding from 2016-17 to 2017-18 for various departmental programs including Panama Tropical Race 4 (TR4), wild dog control initiatives, the Technology Commercialisation Fund, the biosecurity capability review and capital grant payments to the RSPCA, and Grains Research and Development Corporation (GRDC), to match funding with anticipated cash flows. Funding that was deferred to 2016-17 from 2015-16 was also decreased due to higher than expected end of year adjustments in 2015-16. This is partly offset by additional Commonwealth appropriation funding relating to the Panama TR4 management program, the Managing Established Pest Animals and Weeds initiative and additional supplementation for the containment of White Spot Disease in prawns, the National Red Imported Fire Ants Eradication Program (NRIFAEP) in South-East Queensland, the continuation of the National Electric Ants program, and the incidental definition phase of the Varroa Mite Eradication Program.
2. User charges are higher than the original budget at June 2017 due to additional revenue for National Cost Sharing (NCS) from other States and Territories for the NRIFAEP and the Varroa Mite Eradication program following finalisation of funding arrangements after the 2016-17 State Budget was delivered.
3. The increase is largely due to additional revenue from the Australian Government for programs delivered under NCS arrangements (including NRIFAEP and the Varroa Mite Eradication program), which were not finalised until after the 2016-17 State Budget was delivered.
4. The increase is due to higher than expected seed and legume royalties.
5. The increase is largely related to additional revenue received for Skills Queensland projects, registration fees for trade stands at the 2016 Agritech Conference and a refund from Trade Investment Queensland for a prior year expense.
6. The increase is related to livestock valuations due to higher than expected cattle prices, as a result of more favourable conditions.
7. The variance is largely due to vacant budgeted positions across the department with the use of contractors in place of employees for seasonal work, short term demand and biosecurity pest and disease emergency responses.
8. Supplies and services expenses are higher than the Original Budget at June 2017 due to additional expenses for the emergency response to the White Spot Disease in prawns, the continuation of the National Electric Ants program and for programs delivered under NCS following finalisation of the funding arrangements after the 2016-17 State Budget was delivered (including NRIFAEP and the Varroa Mite Eradication program). The variance can also be attributed to the increased use of short term hire labour hire contractors, which has provided the department with greater flexibility to meet surge, seasonal and emergency response demands across the State. This is partially offset by a reduction in expenses associated with the deferral of funding from 2016-17 to realign the budget with anticipated cash flows for various departmental programs and election commitments.
9. The decrease mainly reflects the reduced expenditure for the Drought Assistance Scheme, due to improved climatic conditions across the State and the reduced demand for freight subsidies and emergency water infrastructure. Also contributing to the decrease is the realignment of capital grant payments to the RSPCA and GRDC to outyears to match with anticipated milestone payments.
10. The increased expense relates to the recognition of doubtful and bad debts that the department has deemed unrecoverable, and an adjustment to residual values for heavy plant and machinery.
11. The increased expense relates to deferred appropriation payable to consolidated fund, ex gratia payments for the Red Witchweed and White Spot Disease programs, and sponsorship payments to Beef Australia for Beef 2018. Also contributing to the variance is the loss on sale of property, plant and equipment, which was surplus to service delivery requirements including the transfer of the Julia Creek Trucking Reserve to the McKinlay Shire Council, the sale of Manningham Station at Longreach and the transfer of the 'Around the Campfire' statues to the Longreach Regional Council.

29. Budget vs Actual Comparison (continued)

Statement of Financial Position

	Variance Notes	Original Budget 2017 $'000	Actual 2017 $'000	Budget Variance $'000	Variance % of Budget*
Current Assets					
Cash and cash equivalents	12	39,733	52,904	13,171	33
Receivables	13	30,540	38,856	8,316	27
Inventories		1,144	980	(164)	(14)
Other current assets		5,324	6,137	813	15
Total Current Assets		**76,741**	**98,877**	**22,136**	**29**
Non-Current Assets					
Receivables		15	-	(15)	(100)
Intangible assets	14	2,412	1,665	(747)	(31)
Property, plant and equipment	15	366,869	366,195	(674)	-
Other non-current assets		12,845	12,409	(436)	(3)
Total Non-Current Assets		**382,141**	**380,268**	**(1,873)**	**-**
Biological Assets					
Biological assets	16	2,144	3,395	1,251	58
Total Biological Assets		**2,144**	**3,395**	**1,251**	**58**
Total Assets		**461,026**	**482,540**	**21,514**	**5**
Current Liabilities					
Payables	17	11,093	17,945	(6,852)	(62)
Accrued employee benefits	18	2,975	8,263	(5,288)	(178)
Unearned revenue	19	20,933	28,628	(7,695)	(37)
Other current liabilities	20	-	462	(462)	-
Total Current Liabilities		**35,001**	**55,296**	**(20,295)**	**(58)**
Non-Current Liabilities					
Unearned revenue		18,008	18,031	(23)	-
Total Non-Current Liabilities		**18,008**	**18,031**	**(23)**	**-**
Total Liabilities		**53,009**	**73,327**	**(20,318)**	**(38)**
Net Assets		**408,017**	**409,213**	**(1,196)**	**-**
Equity					
Contributed equity	21	383,822	383,357	(465)	-
Accumulated surplus/(deficit)	22	(11,035)	(12,010)	(975)	9
Asset revaluation reserve		35,230	37,866	2,636	7
Total Equity		**408,017**	**409,213**	**(1,196)**	**-**

Explanation of major variances:

12. The increase is largely due to the higher than expected funding received from external Research and Development funding bodies under contractual arrangements and funding received in advance from the Great Barrier Reef Marine Park Authority for their contribution to support the Sustainable Fisheries Strategy. Also included in the cash balance is unexpended appropriation funds at year end of $4M that is due to be returned to Qld Treasury and either deferred to 2017-18 or lapsed.

13. The increase is largely due to higher than expected receivables under NCS arrangements for the NRIFAEP in South-East Queensland with the Commonwealth.

14. The decrease is largely due to lower than anticipated software acquisitions during 2016-17.

15. The decrease is largely due to sales, transfers and impairment of assets, and the timing of plant and equipment purchases and capital works projects.

16. The increase is related to livestock valuations due to higher than expected cattle prices, as a result of more favourable conditions.

17. The variance largely reflects the end of year appropriation payable to Queensland Treasury for the unexpended funding received on various limited life projects including the containment of White Spot Disease that has either been sought as a deferral to 2017-18 or will be lapsed.

18. The variance is due to higher than anticipated accrued employee benefits at year end.

19. The increase reflects higher than expected unearned revenue for contractual agreements for Research and Development projects and the funding received in advance from the Great Barrier Reef Marine Park Authority for their contribution to support the Sustainable Fishing Strategy.

20. The increase reflects the security deposits held as cash cover of accounts for Forestry customers that do not hold bank guarantees.

21. The variance reflects the operating deficit in 2016-17 as a result from the loss on transfer of the Julia Creek Trucking Reserve to the McKinlay Shire Council and the transfer of the 'Around the Campfire' statues to the Longreach Regional Council for community use.

22. The increase is due to asset revaluation adjustments for buildings and infrastructure, offset by the impairment of the Joondoburrri Conference Centre, which has been classified as surplus to service delivery requirements.

29. Budget vs Actual Comparison (continued)

Statement of Cash Flows

	Variance Notes	Original Budget 2017 $'000	Actual 2017 $'000	Budget Variance 2017 $'000	Variance % of Budget*
Cash flows from operating activities					
Inflows:					
Service appropriation receipts	23	304,818	288,045	(16,773)	(6)
User charges and fees	24	99,835	110,441	10,606	11
Grants and other contributions	25	8,032	10,827	2,795	35
Royalties and land rents	26	24,691	27,611	2,920	12
GST input tax credits received from ATO		13,181	10,039	(3,142)	(24)
GST collected from customers		-	12,907	12,907	-
Other inflows		966	1,244	278	29
Outflows:					
Employee expenses	27	(206,507)	(199,177)	7,330	(4)
Supplies and services	28	(178,144)	(205,569)	(27,425)	15
Grants and subsidies	29	(32,432)	(16,083)	16,349	(50)
GST paid to suppliers		(13,131)	(22,394)	(9,263)	71
Other outflows		(2,127)	(2,403)	(276)	13
Net cash provided operating activities		**19,182**	**15,488**	**(3,694)**	**(19)**
Cash flows from investing activities					
Inflows:					
Sales of property, plant and equipment	30	1,975	3,084	1,109	56
Outflows:					
Payments for property, plant and equipment	31	(16,789)	(15,772)	1,017	(6)
Payments for intangibles		-	(816)	(816)	-
Net cash used in investing activities		**(14,814)**	**(13,503)**	**1,311**	**(9)**
Cash flows from financing activities					
Outflows:					
Equity withdrawals	32	(7,453)	(8,339)	(886)	12
Net cash provided by financing activities		**(7,453)**	**(8,339)**	**(886)**	**12**
Net increase/(decrease) in Cash and Cash Equivalents		(3,085)	(6,354)	(3,269)	106
Cash and Cash Equivalents - opening balance		42,818	59,259	16,441	38
Cash and Cash Equivalents - closing balance	33	**39,733**	**52,904**	**13,171**	**33**

Explanation of major variances:

23. The decrease is mainly due to the lapsed funding in 2016-17 for the drought relief assistance scheme due to improved climatic conditions and lower than expected demand for freight subsidies and emergency water infrastructure. Also contributing to the decrease is the deferral of funding from 2016-17 to 2017-18 for various departmental programs including Panama Tropical Race 4 (TR4), wild dog control initiatives, the Technology Commercialisation Fund, the biosecurity capability review and capital grant payments to the RSPCA, and Grains Research and Development Corporation (GRDC), to match funding with anticipated cash flows. Funding that was deferred to 2016-17 from 2015-16 was also decreased due to higher than expected end of year adjustments in 2015-16. This is partly offset by additional Commonwealth appropriation funding relating to the Panama TR4 management program, the Managing Established Pest Animals and Weeds initiative and additional supplementation for the containment of White Spot Disease in prawns, the National Red Imported Fire Ants Eradication Program (NRIFAEP) in South-East Queensland, the continuation of the National Electric Ants program, and the incidental definition phase of the Varroa Mite Eradication Program.

24. User charges are higher than the original budget at June 2017 due to additional revenue for National Cost Sharing (NCS) from other States and Territories for the NRIFAEP and the Varroa Mite Eradication program following finalisation of funding arrangements after the 2016-17 State Budget was delivered.

25. The increase is largely due to additional revenue from the Australian Government for programs delivered under NCS arrangements (including NRIFAEP and the Varroa Mite Eradication program), which were not finalised until after the 2016-17 State Budget was delivered.

26. The increase is due to higher than expected seed and legume royalties.

27. The variance is largely due to vacant budgeted positions across the department with the use of contractors in place of employees for seasonal work, short term demand and biosecurity pest and disease emergency responses.

28. Supplies and services expenses are higher than the Original Budget at June 2017 due to additional expenses for the emergency response to the White Spot Disease in prawns, the continuation of the National Electric Ants program and for programs delivered under NCS following finalisation of the funding arrangements after the 2016-17 State Budget was delivered (including NRIFAEP and the Varroa Mite Eradication program). The variance can also be attributed to the increased use of short term hire labour hire contractors, which has provided the department with greater flexibility to meet surge, seasonal and emergency response demands across the State. This is partially offset by a reduction in expenses associated with the deferral of funding from 2016-17 to realign the budget with anticipated cash flows for various departmental programs and election commitments.

29. Budget vs Actual Comparison (continued)

Explanation of major variances (continued):

29. The decrease mainly reflects the reduced expenditure for the Drought Assistance Scheme (DRAS), due to improved climatic conditions across the State and the reduced demand for freight subsidies and emergency water infrastructure. Also contributing to the decrease is the realignment of capital grant payments to the RSPCA and GRDC to outyears to match with anticipated milestone payments.

30. The variance largely represents the higher than expected sale proceeds for the sale of Manningham Station at Longreach.

31. The decrease is largely due to the delay in the timing of capital purchases and projects.

32. The actual includes a non-appropriated equity adjustment for the transfer of proceeds on sale of the Manningham Station to QATC. This is partially offset by the realignment from 2016-17 to 2018-19 for the capital grant payment to GRDC for the purchase of a research grains property.

33. The increase is largely due to the unexpended funding received from external Research and Development funding bodies under contractual arrangements and funding received in advance from the Great Barrier Reef Marine Park Authority for their contribution to support the Sustainable Fisheries Strategy. Also included in the cash balance is unexpended appropriation funds at year end of $4M that is due to be returned to Qld Treasury and either deferred to 2017-18 or lapsed.

30. Schedule of Administered Items

	Revenue Collection		QRAA		Forestry Assets	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Administered Income						
Appropriation revenue	-	-	11,470	9,567	19	150
User charges and fees	1,962	1,777	-	-	-	-
Other revenue	-	19	-	-	39	42
Total Administered Income	**1,962**	**1,796**	**11,470**	**9,567**	**58**	**192**
Administered Expenses						
Grants to Queensland Rural Adjustment Authority (QRAA)	-	-	11,470	9,567	-	-
Grants to Queensland Agricultural Technical College (QATC)	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	19	150
Decrement revaluation of land	-	-	-	-	-	89
Loss on disposal/revaluation of assets	-	-	-	-	309	-
Impairment losses	1	-	-	-	1,366	-
Other expenses	-	19	-	-	-	-
Government	1,961	1,777	-	-	39	42
Total Administered Expenses	**1,962**	**1,796**	**11,470**	**9,567**	**1,733**	**281**
Operating Surplus/ (Deficit)	**-**	**-**	**-**	**-**	**(1,675)**	**(89)**
Administered Assets						
Current						
Cash	(101)	(41)	-	-	(46)	(34)
Receivables	161	110	-	-	39	5
Other current assets	18	-	-	-	-	-
Total Current Assets	**78**	**69**	**-**	**-**	**(8)**	**(29)**
Non-Current						
Property, Plant and Equipment	-	-	-	-	961	3,056
Total Non Current Assets	**-**	**-**	**-**	**-**	**961**	**3,056**
Administered Liabilities						
Current						
Payables to Government	11	-	-	-	39	-
Payables	2	3	-	-	-	-
Other current liabilities	-	-	-	-	-	7
Total Current Liabilities	**13**	**3**	**-**	**-**	**39**	**7**
Net Administered Assets/Liabilities	**76**	**65**	**-**	**-**	**915**	**3,020**
Administered Equity						
Contributed Equity						
Opening balance	65	65	-	-	3,507	3,507
Appropriated equity withdrawal	-	-	-	-	(12)	-
Non appropriated equity withdrawal	-	-	-	-	(136)	-
Total contributed equity	65	65	-	-	3,359	3,507
Accumulated surplus/(deficit)	-	-	-	-	(2,467)	(792)
Asset Revaluation Reserve	-	-	-	-	23	305
Total Administered Equity	65	**65**	**-**	**-**	**915**	**3,020**

30. Schedule of Administered Items (continued)

	General - Not Attributed		Total	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Administered Income				
Appropriation revenue	900	1,700	12,389	11,417
User charges and fees	-	-	1,962	1,777
Other revenue	-	-	39	61
Total Administered Income	**900**	**1,700**	**14,389**	**13,255**
Administered Expenses				
Grants to Queensland Rural Adjustment Authority (QRAA)	-	-	11,470	9,567
Grants to Queensland Agricultural Technical College (QATC)	900	1,700	900	1,700
Depreciation and amortisation	-	-	19	150
Decrement revaluation of land	-	-	-	89
Loss on disposal/revaluation of assets	-	-	309	-
Impairment losses	-	-	1,367	-
Other expenses	-	-	-	19
Transfers of Administered Income to Government	-	-	2,000	1,819
Total Administered Expenses	**900**	**1,700**	**16,065**	**13,344**
Operating Surplus/(Deficit)	**-**	**-**	**(1,675)**	**(89)**
Administered Assets				
Current				
Cash	-	-	(147)	(75)
Receivables	-	-	199	115
Other current assets	-	-	18	-
Total Current Assets	**-**	**-**	**70**	**40**
Non-Current				
Property, Plant and Equipment	-	-	961	3,056
Total Non Current Assets	**-**	**-**	**961**	**3,056**
Administered Liabilities				
Current				
Payables to Government	-	-	49	-
Payables	-	-	2	3
Other current liabilities	-	-	-	7
Total current Liabilities	**-**	**-**	**51**	**10**
Net Administered Assets/Liabilities	**-**	**-**	**980**	**3,085**
Administered Equity				
Contributed Equity				
Opening balance	348	349	3,920	3,921
Appropriated equity withdrawal	-	-	(12)	-
Non appropriated equity withdrawal	-	-	(136)	-
Total contributed equity	348	349	3,772	3,921
Accumulated surplus/(deficit)	(348)	(349)	(2,815)	(1,141)
Asset Revaluation Reserve	-	-	23	305
Total Administered Equity	**-**	**-**	**980**	**3,085**

Accounting Policy - Schedule of administered items

The department administers, but does not control, certain resources on behalf of the Government. In doing so, it has responsibility and is accountable for administering related transactions and items, but does not have the discretion to deploy the resources for the achievement of the department's objectives.

These transactions and balances are not significant in comparison to the department's overall financial performance/financial position.

31. Reconciliation of payments from consolidated fund to administered income

Budgeted appropriation	13,070	11,148
Equity Adjustment	19	157
Lapsed administered appropriation	(700)	-
Treasurer's advances	-	119
Total administered receipts	**12,389**	**11,424**
Add: Opening balance of deferred appropriation payable to Consolidated Fund	(7)	-
Less: Closing balance of deferred appropriation payable to Consolidated Fund	7	(7)
Total Administered Items	**12,389**	**11,417**

Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity

Budgeted equity adjustment appropriation	(157)	(157)
Equity adjustment	145	-
Equity adjustment(to reverse deferred appropriation)	(7)	-
Equity adjustment receipts (payments)	**(19)**	**(157)**
Plus: opening balance of equity adjustment payable	7	-
Equity adjustment recognised in contributed equity	**(12)**	**(157)**

32. Administered Activities Budget vs Actual Comparison

	Variance Notes	Original Budget 2017 $'000	Actual 2017 $'000	Budget Variance 2017 $'000	Variance % of Budget
Administered Income					
Appropriation revenue	34	13,227	12,389	(838)	(6)
User charges and fees		1,763	1,962	199	11
Other revenue		-	39	(39)	-
Total Administered Income		**14,990**	**14,389**	**(601)**	**(4)**
Administered Expenses					
Grants to Queensland Rural Adjustment Authority (QRAA)	35	12,170	11,470	700	6
Grants to Queensland Agricultural Technical College (QATC)		900	900	-	-
Depreciation and amortisation	36	157	19	138	88
Loss on disposal/revaluation of assets	37	-	309	(309)	-
Impairment losses	38	-	1,367	(1,367)	-
Transfers of Administered Income to Government		1,763	2,000	(237)	(13)
Total Administered Expenses		**14,990**	**16,065**	**(1,075)**	**(7)**
Operating Surplus/(Deficit)		**-**	**(1,675)**	**1,675**	**-**
Administered Assets					
Current					
Cash		31	(147)	(178)	(574)
Receivables		38	199	161	425
Other current assets		-	18	18	-
Total Current Assets		**69**	**70**	**1**	**2**
Non-Current					
Property, Plant and Equipment	39	3,222	961	(2,261)	(70)
Total Non-Current Assets		**3,222**	**961**	**(2,261)**	**(70)**
Administered Liabilities					
Current					
Payables to Government		32	49	(17)	(54)
Payables		-	2	(2)	-
Other Current Liabilities		-	-	-	-
Total Current Liabilities		**32**	**51**	**(19)**	**-**
Net Administered Assets/Liabilities		**3,259**	**980**	**(2,279)**	**(70)**
Administered Equity					
Contributed Equity					
Opening balance		3,632	3,920	(288)	(8)
Appropriated equity withdrawal		-	(12)	12	-
Non appropriated equity withdrawal		-	(136)	136	-
Total contributed equity		3,632	3,772	(140)	(8)
Accumulated surplus/(deficit)	40	(910)	(2,815)	1,905	(209)
Asset Revaluation Reserve		537	23	514	96
Total		**3,259**	**980**	**(2,279)**	**(70)**

Explanation of major variances:

34. The decrease largely represents the deferral of funding from 2016-17 to 2017-18 to realign the budget with anticipated cash flows for funding to QRAA for rural pest initiatives.
35. Refer to Variance Note 33.
36. The decrease is due to the impairment of the Beerburrum Nursery and the sale of land and buildings at Yarraman, which are surplus to service delivery requirements.
37. The decrease is due to the loss on disposal of assets at Beerburrum Nursery and the sale of land and buildings at Yarraman, which were surplus to service delivery requirements.
38. The decrease is due to the impairment of the Beerburrum Nursery, which is surplus to service delivery requirements.
39. Refer to Variance Note 35.
40. The variance represents the operating deficit in 2016-17 resulting from the impairment of the Beerburrum Nursery and the loss on sale of land and buildings at Yarraman, which is surplus to service delivery requirements.

Certificate of the Department of Agriculture and Fisheries

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 42 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act we certify that in our opinion:

a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of Agriculture and Fisheries for the financial year ended 30 June 2017 and of the financial position of the department at the end of that year; and

c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

Mike Richards B.Com., MIPA
Chief Finance Officer
Executive Director

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Date 25 August 2017

Dr. Elizabeth Woods
Director-General

Elizabeth Woods.

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Date 25 August 2017

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Agriculture and Fisheries

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Department of Agriculture and Fisheries.

In my opinion, the financial report:

a) gives a true and fair view of the department's financial position as at 30 June 2017, and its financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and Australian Accounting Standards.

The financial report comprises the statement of financial position and statement of assets and liabilities by major departmental service as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the department in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of the audit of the financial report as whole, and in forming the auditor's opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of Land $120.348 million

Refer to note 17 in the financial report.

Key audit matter	How my audit addressed the key audit matter
The Department of Agriculture and Fisheries' Land was measured at fair value using the market approach which involves physical inspection and reference to publicly available data on recent sales of similar land in nearby localities.	My procedures for the valuation of Land included, but were not limited to: In the prior year: • Assessing the competence, capability and objectivity of the experts used to develop the models.

Key audit matter	How my audit addressed the key audit matter
Approximately 60 per cent of the Department's land holdings are identified as reserve land with restricted for use as rural or other purposes under the *Land Act 1994*. Sales of land with these restrictions are rare. The Department engaged a registered valuer to comprehensively revalue all land holdings at 30 June 2016. Significant judgement was used in arriving at suitable discount rates for the restrictions on reserve land. The fair value of reserve land was derived by discounting the market value of similar land that had no restrictions, and then estimating the discount a willing market participant would make taking into account the restrictions on use. The Department has subsequently performed annual indexations of these valuations. Significant judgement was required in determining the appropriate index.	• Obtaining an understanding of the methodology used with reference to common industry practices. • For a sample of land parcels, evaluating the reasonableness of any adjustments applied due to the restrictions on use. For the period subsequent to this revaluation: • Evaluating the reasonableness of the index used against other publicly available information about movements in values for unrestricted land that is otherwise similar. On a sample basis, testing the accuracy of the application of indices to the valuation of land assets.

Buildings valuation ($120.557 million) and depreciation expense ($5.040 million)

Refer to note 17 in the financial report

Key audit matter	How my audit addressed the key audit matter

The Department of Agriculture and Fisheries' specialised buildings were measured at fair value at balance date using current replacement cost method that comprises:
• Gross replacement cost, less
• Accumulated depreciation.
 	
The Department's Buildings were comprehensively revalued as at 30 June 2016 and indexed as at 30 June 2017.
The Department derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for:
• identifying the components of buildings with separately identifiable replacement costs (known as unit rate categories)
• developing a unit rate for each of these components, including:
  o estimating the current cost for a modern substitute (including locality factors and oncosts), expressed as a rate per unit (e.g. $/square metre)
  o identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so estimating the adjustment to the unit rate required to reflect this difference.
• indexing unit rates for subsequent increases in input costs
• forecasting the remaining useful lives of assets.
	My procedures for the valuation of Buildings included, but were not limited to:
	
	In the previous year:
	• Assessing the adequacy of the management's review of the valuation process.
	• Obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness using common industry practices.
	• Assessing the competence, capability and objectivity of the experts used by the department.
	• On a sample basis, evaluating the relevance, completeness, and accuracy of source data used to derive unit costs including:
	  o Modern substitute
	  o Adjustment for excess quality or obsolescence.
	In the current year:
	• Evaluating the reasonableness of the indices used against other publicly available information about movements in values for replacement costs of similar assets.
	• Assessing the reasonableness of residual value estimates by comparing them to the proceeds earned from recent sales of similar assets.
	• Evaluating useful life estimates for reasonableness by:
	  o Reviewing management's annual assessment of useful lives.
	  o At an aggregated level, reviewing for consistency between renewal budgets and the gross replacement cost of assets due to expire during the renewal budget period.

Key audit matter	How my audit addressed the key audit matter
The measurement of accumulated depreciation involved significant judgements for: • estimating residual values • forecasting the remaining useful lives of assets.	○ Reviewing formal asset management plans, and enquiring of management about whether these plans remain current. ○ Reviewing for assets with an inconsistent relationship between condition and remaining useful life.

Responsibilities of the department for the financial report

The Accountable Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and Australian Accounting Standards, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Accountable Officer is also responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the department or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the department.
- Conclude on the appropriateness of the department's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the department to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Officer, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2017

a) I received all the information and explanations I required.

b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

QUEENSLAND
31 AUG 2017
AUDIT OFFICE

Nick George
as delegate of the Auditor-General

Queensland Audit Office
Brisbane