

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Financial Statements**  
**For the year ended 30 June 2020**

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**Financial Statements**  
**For the year ended 30 June 2020**

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**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Statement of comprehensive income**  
**For the year ended 30 June 2020**

		2020	2020	Budget	2019
		Actual	Original	Variance*	Actual
	Notes	\$'000	Budget	\$'000	\$'000
<b>Income from operations</b>					
Appropriation revenue	B1-1	366,818	329,014	37,804	316,077
User charges and fees	B1-2	148,033	125,084	22,949	142,124
Grants and contributions	B1-3	44,856	41,406	3,450	36,879
Royalties	B1-4	33,675	29,159	4,516	30,546
Other revenue	B1-5	4,140	257	3,883	1,020
<b>Total revenue</b>		<b>597,522</b>	<b>524,920</b>	<b>72,602</b>	<b>526,646</b>
Gains on disposal and re-measurement of assets		2,181	95	2,086	1,424
<b>Total income from operations</b>		<b>599,703</b>	<b>525,015</b>	<b>74,688</b>	<b>528,070</b>
<b>Expenses from operations</b>					
Employee expenses	B2-1	237,483	225,892	11,591	214,688
Supplies and services	B2-2	274,873	238,189	36,684	248,490
Grants and subsidies	B2-3	54,421	14,949	39,472	29,012
Depreciation and amortisation	B2-4	26,812	35,433	(8,621)	19,585
Finance/borrowing costs	B2-5	2,524	8,528	(6,004)	-
Impairment losses		640	-	640	239
Other expenses	B2-6	2,950	2,024	926	16,057
<b>Total expenses from operations</b>		<b>599,703</b>	<b>525,015</b>	<b>74,688</b>	<b>528,070</b>
<b>Operating result for the year surplus/(deficit)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income</b>					
Items that will not be reclassified to operating result:					
Increase in asset revaluation surplus	C9-3	687	-	687	3,338
<b>Total comprehensive income</b>		<b>687</b>	<b>-</b>	<b>687</b>	<b>3,338</b>

\*An explanation of major variances is included at Note E1-1

The accompanying notes form part of these statements.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Statement of comprehensive income by major departmental services**  
**For the year ended 30 June 2020**

	Agriculture		Fisheries and Forestry		Biosecurity Queensland	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Income from operations</b> <sup>(1)</sup>						
Appropriation revenue	209,678	171,401	47,969	41,545	102,084	94,473
User charges and fees	56,039	56,624	5,179	8,623	29,958	30,839
Grants and contributions	1,118	1,064	253	3,629	43,452	32,153
Royalties	4,142	3,516	29,532	27,030	-	-
Other revenue	3,932	761	164	124	44	135
<b>Total revenue</b>	<b>274,910</b>	<b>233,366</b>	<b>83,097</b>	<b>80,952</b>	<b>175,537</b>	<b>157,600</b>
Gains on disposal and re-measurement of assets	1,862	1,247	57	72	262	104
<b>Total income from operations</b>	<b>276,772</b>	<b>234,613</b>	<b>83,154</b>	<b>81,024</b>	<b>175,799</b>	<b>157,704</b>
<b>Expenses from operations</b> <sup>(1)</sup>						
Employee expenses	104,250	93,530	41,499	36,772	66,441	60,776
Supplies and services	102,110	98,187	40,856	38,218	97,738	83,766
Grants and subsidies	51,447	26,515	552	166	2,382	2,295
Depreciation and amortisation	16,535	12,775	2,534	1,489	4,233	2,706
Finance/borrowing costs	947	-	15	-	1,563	-
Impairment losses	482	172	115	59	43	7
Other expenses	1,541	3,548	397	4,238	954	8,188
<b>Total expenses from operations</b>	<b>277,312</b>	<b>234,726</b>	<b>85,967</b>	<b>80,942</b>	<b>173,353</b>	<b>157,738</b>
<b>Operating result for the year</b>	<b>(540)</b>	<b>(113)</b>	<b>(2,814)</b>	<b>82</b>	<b>2,446</b>	<b>(34)</b>
<b>Other comprehensive income</b>						
Items that will not be reclassified to operating result:						
Increase/(decrease) in asset revaluation surplus	255	3,341	371	(115)	62	62
<b>Total comprehensive income</b>	<b>(286)</b>	<b>3,228</b>	<b>(2,443)</b>	<b>(33)</b>	<b>2,508</b>	<b>28</b>

<sup>(1)</sup> Corporate services income and expenses relating to DAF provided through the Business Corporate Partnership (BCP) arrangements have been allocated to respective departmental services based on employee full time equivalent (FTE) numbers.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Statement of comprehensive income by major departmental services**  
**For the year ended 30 June 2020**

	Corporate Partnership <sup>(2)</sup>		Total	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Income from operations <sup>(1)</sup></b>				
Appropriation revenue	7,088	8,657	366,818	316,077
User charges and fees	56,858	46,039	148,033	142,124
Grants and contributions	33	33	44,856	36,879
Royalties	-	-	33,675	30,546
Other revenue	-	-	4,140	1,020
<b>Total revenue</b>	<b>63,979</b>	<b>54,729</b>	<b>597,522</b>	<b>526,646</b>
Gains on disposal and re-measurement of assets	-	-	2,181	1,424
<b>Total income from operations</b>	<b>63,979</b>	<b>54,729</b>	<b>599,703</b>	<b>528,070</b>
<b>Expenses from operations <sup>(1)</sup></b>				
Employee expenses	25,294	23,610	237,483	214,688
Supplies and services	34,169	28,319	274,873	248,490
Grants and subsidies	40	36	54,421	29,012
Depreciation and amortisation	3,510	2,615	26,812	19,585
Finance/borrowing costs	-	-	2,524	-
Impairment losses	-	-	640	239
Other expenses	58	84	2,950	16,057
<b>Total expenses from operations</b>	<b>63,071</b>	<b>54,664</b>	<b>599,703</b>	<b>528,070</b>
<b>Operating result for the year</b>	<b>908</b>	<b>65</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified to operating result:				
Increase in asset revaluation surplus	-	50	687	3,338
<b>Total comprehensive income</b>	<b>908</b>	<b>115</b>	<b>687</b>	<b>3,338</b>

<sup>(1)</sup> Corporate services income and expenses relating to DAF provided through the BCP arrangements have been allocated to respective departmental services based on employee FTE numbers.

<sup>(2)</sup> Income and expenses attributed to other agencies through BCP activities are shown separately and not allocated across departmental services.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Statement of financial position**  
**as at 30 June 2020**

		2020	2020	Budget	2019
	Notes	Actual	Original	Variance*	Actual
		\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>					
Cash and cash equivalents	C1	41,222	39,202	2,020	48,506
Receivables	C2	21,425	37,407	(15,982)	42,689
Inventories		1,668	1,700	(32)	942
Other assets	C3	29,345	7,794	21,551	7,796
		93,659	86,103	7,556	99,934
Non-current assets classified as held for sale		460	-	460	1,010
<b>Total current assets</b>		<b>94,119</b>	<b>86,103</b>	<b>8,016</b>	<b>100,944</b>
<b>Non-current assets</b>					
Property, plant and equipment	C4	401,664	340,166	61,498	353,462
Right-of-use assets	C8	114,971	284,279	(169,308)	-
Intangible assets		1,618	1,577	41	1,073
Other assets	C3	2,156	10,394	(8,238)	11,719
<b>Total non-current assets</b>		<b>520,409</b>	<b>636,416</b>	<b>(116,007)</b>	<b>366,254</b>
<b>Biological assets</b>					
Biological assets		4,518	2,877	1,641	4,335
<b>Total biological assets</b>		<b>4,518</b>	<b>2,877</b>	<b>1,641</b>	<b>4,335</b>
<b>Total assets</b>		<b>619,045</b>	<b>725,396</b>	<b>(106,351)</b>	<b>471,532</b>
<b>Current liabilities</b>					
Payables	C5	17,616	14,788	(2,828)	27,136
Accrued employee benefits	C6	7,005	9,472	2,467	9,474
Lease liabilities	C8	4,091	7,064	2,973	-
Other liabilities	C7	32,107	20,501	(11,606)	24,698
<b>Total current liabilities</b>		<b>60,819</b>	<b>51,825</b>	<b>(8,994)</b>	<b>61,308</b>
<b>Non-current liabilities</b>					
Lease liabilities	C8	103,843	270,705	166,862	-
Other non-current liabilities	C7	13,772	13,771	(1)	15,192
<b>Total non-current liabilities</b>		<b>117,614</b>	<b>284,476</b>	<b>166,862</b>	<b>15,192</b>
<b>Total liabilities</b>		<b>178,434</b>	<b>336,301</b>	<b>157,867</b>	<b>76,500</b>
<b>Net assets</b>		<b>440,611</b>	<b>389,095</b>	<b>51,517</b>	<b>395,032</b>
<b>Equity</b>					
Contributed equity	C9-1	418,926	-	-	374,034
Accumulated deficit		(8,790)	-	-	(8,790)
Asset revaluation surplus	C9-3	30,474	-	-	29,787
<b>Total equity</b>		<b>440,611</b>	<b>-</b>	<b>-</b>	<b>395,032</b>

\*An explanation of major variances is included at Note E1-2

The accompanying notes form part of these statements.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Statement of assets and liabilities by major departmental services**  
**as at 30 June 2020**

	Agriculture		Fisheries and Forestry		Biosecurity Queensland	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Current assets</b>						
Cash and cash equivalents	18,095	21,234	6,978	8,077	12,136	14,300
Receivables <sup>(1)</sup>	13,507	10,178	5,838	5,490	(367)	22,133
Inventories	438	91	434	478	795	373
Other current assets	8,241	2,059	783	419	15,878	800
	40,281	33,562	14,034	14,465	28,442	37,606
Non-current assets classified as held for sale	460	1,010	-	-	-	-
<b>Total current assets</b>	<b>40,741</b>	<b>34,572</b>	<b>14,034</b>	<b>14,465</b>	<b>28,442</b>	<b>37,606</b>
<b>Non-current assets</b>						
Property, plant and equipment	299,780	246,162	28,225	28,881	63,852	68,199
Right-of-use assets	51,426	-	708	-	62,837	-
Intangible assets	866	575	56	69	360	52
Other non-current assets	284	10,117	110	103	369	182
<b>Total non-current assets</b>	<b>352,356</b>	<b>256,853</b>	<b>29,097</b>	<b>29,052</b>	<b>127,418</b>	<b>68,432</b>
<b>Biological assets</b>						
Biological assets	4,216	4,066	-	-	301	269
<b>Total biological assets</b>	<b>4,216</b>	<b>4,066</b>	<b>-</b>	<b>-</b>	<b>301</b>	<b>269</b>
<b>Total assets <sup>(2)</sup></b>	<b>397,314</b>	<b>295,491</b>	<b>43,131</b>	<b>43,517</b>	<b>156,161</b>	<b>106,309</b>
<b>Current liabilities</b>						
Payables	13,936	7,542	1,838	2,957	683	12,316
Accrued employee benefits	3,112	4,121	1,153	1,543	2,019	2,789
Lease liabilities	1,603	-	67	-	2,421	-
Other current liabilities	29,286	22,247	254	395	2,567	2,055
<b>Total current liabilities</b>	<b>47,936</b>	<b>33,910</b>	<b>3,313</b>	<b>4,897</b>	<b>7,691</b>	<b>17,161</b>
<b>Non-current Liabilities</b>						
Lease liabilities	41,107	-	638	-	62,098	-
Other non-current liabilities	13,772	15,192	-	-	-	-
<b>Total non-current liabilities</b>	<b>54,878</b>	<b>15,192</b>	<b>638</b>	<b>-</b>	<b>62,098</b>	<b>-</b>
<b>Total liabilities <sup>(2)</sup></b>	<b>102,815</b>	<b>49,101</b>	<b>3,951</b>	<b>4,897</b>	<b>69,789</b>	<b>17,161</b>

<sup>(1)</sup> The negative balance in Biosecurity Queensland receivables is caused by appropriation adjustments at the departmental service level (\$7.3 million) that offsets other receivables (\$6.9 million). The appropriation receivable recognised at the departmental level is \$3.0 million.

<sup>(2)</sup> Corporate services assets and liabilities relating to DAF provided through the BCP arrangements have been allocated to respective departmental services.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Statement of assets and liabilities by major departmental services (continued)**  
**as at 30 June 2020**

	Corporate Partnership <sup>(2)</sup>		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Current assets</b>				
Cash and cash equivalents	4,013	4,895	41,222	48,506
Receivables	2,447	4,887	21,425	42,689
Inventories	-	-	1,668	942
Other current assets	4,443	4,519	29,345	7,796
	10,902	14,302	93,659	99,934
Non-current assets classified as held for sale	-	-	460	1,010
<b>Total current assets</b>	<b>10,902</b>	<b>14,302</b>	<b>94,119</b>	<b>100,944</b>
<b>Non-current assets</b>				
Property, plant and equipment	9,808	10,219	401,664	353,462
Right-of-use assets	-	-	114,971	-
Intangible assets	336	378	1,618	1,073
Other non-current assets	1,393	1,318	2,156	11,719
<b>Total non-current assets</b>	<b>11,537</b>	<b>11,915</b>	<b>520,409</b>	<b>366,254</b>
<b>Biological assets</b>				
Biological assets	-	-	4,518	4,335
<b>Total biological assets</b>	<b>-</b>	<b>-</b>	<b>4,518</b>	<b>4,335</b>
<b>Total assets <sup>(1)</sup></b>	<b>22,439</b>	<b>26,217</b>	<b>619,045</b>	<b>471,532</b>
<b>Current liabilities</b>				
Payables	1,160	4,321	17,616	27,136
Accrued employee benefits	720	1,021	7,005	9,474
Lease liabilities	-	-	4,091	-
Other current liabilities	-	-	32,107	24,698
<b>Total current liabilities</b>	<b>1,880</b>	<b>5,342</b>	<b>60,819</b>	<b>61,308</b>
<b>Non-current liabilities</b>				
Lease liabilities	-	-	103,843	-
Other non-current liabilities	-	-	13,772	15,192
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>117,614</b>	<b>15,192</b>
<b>Total liabilities <sup>(1)</sup></b>	<b>1,880</b>	<b>5,342</b>	<b>178,434</b>	<b>76,500</b>

<sup>(1)</sup> Corporate services assets and liabilities relating to DAF provided through the BCP arrangements have been allocated to respective departmental services.

<sup>(2)</sup> Assets and liabilities attributed to other agencies through BCP activities are shown below separately and not allocated across departmental services.



**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Statement of changes in equity**  
**For the year ended 30 June 2020**

Notes	Contributed Equity \$'000	Accumulated (Deficit) \$'000	Asset Revaluation Surplus \$'000	TOTAL \$'000
<b>Balance as at 1 July 2018</b>	<b>377,506</b>	<b>(8,790)</b>	<b>26,449</b>	<b>395,165</b>
<b>Operating result</b>				
Operating result from continuing operations	-	-	-	-
<b>Other comprehensive income</b>				
- Increase in asset revaluation surplus	-	-	3,338	3,338
- Transfers between asset revaluation reserve and accumulated surplus	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>3,338</b>	<b>3,338</b>
<b>Transactions with owners as owners:</b>				
- Appropriated equity withdrawals	(3,503)	-	-	(3,503)
- Non-appropriated equity adjustment	31	-	-	31
<b>Net transactions with owners as owners</b>	<b>(3,472)</b>	<b>-</b>	<b>-</b>	<b>(3,472)</b>
<b>Balance at 30 June 2019</b>	<b>374,034</b>	<b>(8,790)</b>	<b>29,787</b>	<b>395,032</b>
<b>Balance as at 1 July 2019</b>	<b>374,034</b>	<b>(8,790)</b>	<b>29,787</b>	<b>395,032</b>
<b>Operating result</b>				
Operating result from continuing operations	-	-	-	-
<b>Other comprehensive income</b>				
- Increase in asset revaluation surplus	-	-	687	687
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>687</b>	<b>687</b>
<b>Transactions with owners as owners:</b>				
- Appropriated equity injections	2,625	-	-	2,625
- Appropriated equity withdrawals	(9,533)	-	-	(9,533)
- Non-appropriated equity withdrawals	(1,568)	-	-	(1,568)
- Non-appropriated equity adjustment	53,365	-	-	53,365
<b>Net transactions with owners as owners</b>	<b>44,889</b>	<b>-</b>	<b>-</b>	<b>44,889</b>
<b>Balance at 30 June 2020</b>	<b>418,926</b>	<b>(8,790)</b>	<b>30,474</b>	<b>440,611</b>

*The accompanying notes form part of these statements.*

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Statement of cash flows**  
**For the year ended 30 June 2020**

		2020	2020	Budget	2019
		Actual	Original	Variance*	Actual
	Notes	\$'000	Budget	\$'000	\$'000
<b>Cash flows from operating activities</b>					
Inflows:					
Service appropriation receipts		356,915	329,014	27,901	316,198
User charges and fees		152,762	129,914	22,848	135,093
Grants and other contributions		45,729	41,406	4,323	44,699
Royalties		36,697	29,159	7,538	30,546
GST input tax credits received from ATO		13,300	13,181	119	12,433
GST collected from customers		16,244	-	16,244	14,368
Other inflows		4,465	857	3,608	1,218
Outflows:					
Employee expenses		(239,506)	(225,661)	(13,845)	(214,373)
Supplies and services		(281,452)	(238,649)	(42,803)	(248,101)
Grants and subsidies		(54,068)	(14,949)	(39,119)	(29,012)
GST paid to suppliers		(29,492)	(13,131)	(16,361)	(26,868)
GST remitted to ATO		-	-	-	-
Finance/borrowing costs		(2,524)	(8,528)	6,004	-
Other outflows		(2,381)	(2,474)	93	(5,639)
<b>Net cash provided by operating activities</b>	CF-1	<b>16,691</b>	<b>40,139</b>	<b>(23,448)</b>	<b>30,560</b>
<b>Cash flows from investing activities</b>					
Inflows:					
Sales of property, plant and equipment		1,216	2,250	(1,034)	346
Sales of biological assets		2,345	-	2,345	(392)
Outflows:					
Payments for property, plant and equipment		(17,182)	(18,737)	1,555	(19,855)
Payments for intangibles		(823)	-	(823)	(497)
Payments for biological assets		(213)	-	(213)	1,049
<b>Net cash used in investing activities</b>	CF-2	<b>(14,656)</b>	<b>(16,487)</b>	<b>1,831</b>	<b>(19,350)</b>
<b>Cash flows from financing activities</b>					
Inflows:					
Equity Injection		2,625	6,510	(3,885)	-
Outflows:					
Lease payments		(2,862)	(6,510)	3,648	-
Equity withdrawal		(9,533)	(18,539)	9,006	(3,503)
<b>Net cash provided by financing activities</b>	CF-2	<b>(9,770)</b>	<b>(18,539)</b>	<b>8,769</b>	<b>(3,503)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(7,735)</b>	<b>5,113</b>	<b>(12,848)</b>	<b>7,708</b>
<b>Cash and cash equivalents - opening balance</b>		<b>48,506</b>	<b>34,089</b>	<b>14,417</b>	<b>40,798</b>
<b>Cash and cash equivalents received from administrative changes</b>		<b>451</b>	<b>-</b>	<b>451</b>	<b>-</b>
<b>Cash and cash equivalents - closing balance</b>	C1	<b>41,222</b>	<b>39,202</b>	<b>2,020</b>	<b>48,506</b>

\*An explanation of major variances is included at Note E1-3

The accompanying notes form part of these statements.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the statement of cash flows**  
**For the year ended 30 June 2020**

**CF-1 Reconciliation of operating result to net cash provided by operating activities**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating (deficit)	-	-
<b>Non-cash items included in operating result:</b>		
Depreciation and amortisation expense	26,812	19,585
Gains on sale or disposal of property, plant and equipment	(103)	(190)
Loss on sale or disposal of property, plant and equipment	758	774
Impairment losses	53	-
Net increment in valuation of biological assets	(2,131)	(1,234)
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in appropriation services revenue receivable	(3,004)	182
(Increase)/decrease in receivables	3,356	6,060
(Increase)/decrease in GST input tax credits receivable	(109)	66
(Increase)/decrease in long service leave reimbursements	116	57
(Increase)/decrease in annual leave reimbursements	1,703	(191)
(Increase)/decrease in other assets	(3,369)	-
(Increase)/decrease in other receivables	(18)	18
(Increase)/decrease in inventories	(940)	218
Increase/(decrease) in payables	(9,770)	10,154
Increase/(decrease) in accrued employee benefits	(2,469)	458
Increase/(decrease) in unearned revenue	5,816	(4,902)
Increase/(decrease) in GST payable	(5)	(133)
Increase/(decrease) in security deposits	(5)	(95)
<b>Net cash provided by operating activities</b>	<b>16,691</b>	<b>30,560</b>

**CF-2 Changes in liabilities arising from financing activities**

	-----Non-cash changes-----				-----Cash flows-----		Closing Balance 30 June 2020
	Opening Balance 1 July 2019	Transfers to/(from) other Qld Government entities	New Leases Acquired	Other	Cash Received	Cash Repayments	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities	110,795	-	-	-	-	(2,862)	107,933
<b>Total</b>	<b>110,795</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,862)</b>	<b>107,933</b>

**CF-3 Non-cash investing and financing activities**

Assets and liabilities received by the department from Queensland Agricultural Training Colleges (QATC) are set out in Note A3.

*The accompanying notes form part of these statements.*

**DEPARTMENT OF AGRICULTURE AND FISHERIES**

**Notes to the financial statements**

**For the year ended 30 June 2020**

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**SECTION 1**

**About the department and this financial report**

**A1 Basis of financial statement preparation**

**A1-1 General information**

The Department of Agriculture and Fisheries (DAF) is a Queensland Government department established under the *Public Service Act 2008* and controlled by the State of Queensland, which is the ultimate parent.

The head office and principal place of business of the department is Level 35, 1 William Street, BRISBANE QLD 4000.

**A1-2 Compliance with prescribed requirements**

DAF has prepared these financial statements in compliance with section 38 of the *Financial Performance Management Standard 2019*.

The financial statements comply with Queensland Treasury's (QT) Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2019.

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 applied for the first time in these financial statements are outlined in Note G3.

**A1-3 Presentation**

**Currency and rounding**

Amounts included in the financial statements are in Australian dollars and 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 2018-19 financial statements.

**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.

**A1-4 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.

**A1-5 Basis of measurement**

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

- Land, buildings and infrastructure are measured at fair value
- Inventories which are measured at the lower of cost and net realisable value
- Non-current assets held for sale are measured at fair value less costs to sell.

**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.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

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**A1 Basis of financial statement preparation (continued)**

**A1-5 Basis of measurement (continued)**

**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 of 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 the 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 an asset in an orderly disposal.

**A2 Departmental objectives**

DAF promotes a sustainable and innovative agriculture, fisheries and forestry sector, develops rural businesses and adds value to communities and the economy. The department has a strong focus on industry development with a vision for a productive and profitable agriculture, fisheries and forestry sector that operates on a sustainable basis and continues to create jobs for Queenslanders.

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 are focussed on three themes to drive this change:

- **Innovative** - work with industry to create the conditions to drive innovation, productivity and jobs
- **Responsive** - build capacity of agri-business and communities to meet sector challenges
- **Sustainable** - promote responsible use of natural resources to underpin productivity, environmental sustainability and healthy lifestyles.

**Key investment areas for 2019-20 included:**

- Develop a strategy for agri-business and food industry development to encourage employment growth and private sector investment
- Continue eradication programs for red imported fire ants, electric ants, fruit flies in the Torres Strait, varroa mite and four tropical weeds
- Continue the implementation of the Sustainable Fisheries Strategy to support fisheries reform and ongoing support for agricultural industries in reef catchments to improve reef water quality
- Support the rebuilding of rural communities and industries by providing assistance to north and western Queensland recovery operations and continuing the existing Drought Relief Assistance Scheme (DRAS) as part of the multi-agency Drought Assistance Package and Queensland Drought Reform.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

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**A2 Departmental objectives (continued)**

**Major departmental services of the department**

DAF has three main service areas. They are Agriculture, Biosecurity Queensland and Fisheries and Forestry.

***Agriculture***

This service area:

- undertakes industry analysis to ensure the policy and regulatory frameworks underpin the long term productivity growth, export potential and sustainability of Queensland's food and fibre sector
- works with producers, industry and all levels of government to capitalise on rural opportunities, improve supply chains and create long term jobs for the benefit of Queensland's food and fibre sector
- works with rural communities to identify regional economic priorities, improve the competitiveness of rural business and increase the number of jobs in rural communities
- undertakes research, development and extension and delivers services to assist producers to advance Queensland's agriculture and 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
- leads initiatives aimed at improving the delivery of services to customers
- reshape vocational education and training in the state's central west by implementing a modern, cost-effective training module, working closely with the Department of Employment, Small Business and Training.

***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, including exhibited animals
- agvet chemical use and contaminant risk
- biosecurity incident responses, such as exotic tramp ants, white spot disease in prawns, and Panama disease tropical race 4 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.

**Business Corporate Partnership (BCP) - Corporate Services**

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 FTE positions in the respective agency. The model is multi-layered for different corporate services functions.

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

- Department of Natural Resources, Mines and Energy (DNRME): Information Management, Fleet Management, Telecommunications
- Department of Environment and Science (DES): Information Management, Fleet Management, Telecommunications
- Department of State Development, Tourism and Innovation (DSDTI) (formerly known as Department of Innovation, Tourism and Industry Development (DITID)): Finance; Information Management, Fleet Management, Telecommunications.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Statement of changes in equity**  
**For the year ended 30 June 2020**

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**A3 Administrative arrangements**

**Transfers in - Controlled activities**

Details of transfer : Assets and liabilities transferred from the Queensland Agricultural Training Colleges (QATC) to DAF.

Basis of transfer : *Agriculture and Other Legislation Amendment Act 2020*, passed 6 February 2020, *The Queensland Agricultural Training Colleges Act 2005* was repealed and QATC was abolished at 29 February 2020.

Date of transfer : Effective 1 March 2020

The following amounts were transferred from QATC to DAF on 1 March 2020. In accordance with Ministerial Designation signed 27 February 2020 by the Honourable Mark Furner MP, Minister for Agricultural Industry Development and Fisheries, the transfer is designated as contributions by owners for the recipient and is to be adjusted against QATC's and DAF's Contributed Equity.

The assets and liabilities transferred as a result of this change were as follows:

	<b>\$'000</b>
<b>Current assets</b>	
Cash and cash equivalents	450
Receivables	258
Inventories	215
<b>Total current assets</b>	<u><b>923</b></u>
<b>Non-current assets</b>	
Property, plant and equipment	52,629
<b>Total non-current assets</b>	<u><b>52,629</b></u>
<b>Biological assets</b>	
Biological assets	236
<b>Total biological assets</b>	<u><b>236</b></u>
<b>Total assets</b>	<u><u><b>53,788</b></u></u>
<b>Current liabilities</b>	
Payables	244
Other liabilities	179
<b>Total current liabilities</b>	<u><b>423</b></u>
<b>Total liabilities</b>	<u><b>423</b></u>
<b>Net assets</b>	<u><u><b>53,365</b></u></u>
<b>Equity</b>	
Contributed equity	12,098
Accumulated surplus/deficit	(39,639)
Asset revaluation surplus	80,906
<b>Total equity</b>	<u><u><b>53,365</b></u></u>

The increase in net assets of \$53.4 million has been accounted for as an increase in contributed equity as disclosed in the statement of changes in equity.

**DEPARTMENT OF AGRICULTURE AND FISHERIES****Notes to the financial statements****For the year ended 30 June 2020**

<b>B1. Revenue</b>	<b>2020</b>	<b>2019</b>
<b>B1-1. Appropriation revenue</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of payments from Consolidated Fund to appropriated revenue recognised in operating result</b>		
Budgeted appropriation revenue	329,014	313,808
Treasurer's advance	1,960	-
Treasurer's transfers	25,941	-
Unforeseen expenditure	-	2,390
<b>Total appropriation receipts (cash)</b>	<b>356,915</b>	<b>316,198</b>
Less: opening balance of appropriation revenue receivable	-	(182)
Plus: closing balance of appropriation revenue receivable	3,004	-
Plus: opening balance of deferred appropriation payable to Consolidated Fund	9,747	61
Less: closing balance of deferred appropriation payable to Consolidated Fund	(2,848)	(9,747)
<b>Net appropriation revenue</b>	<b>366,818</b>	<b>306,330</b>
Plus: deferred appropriation payable to Consolidated Fund (expense)	-	9,747
<b>Appropriation revenue recognised in statement of comprehensive income</b>	<b>366,818</b>	<b>316,077</b>

**Accounting Policy - Appropriation revenue**

Appropriations provided under the *Appropriation Act 2019* and the *Appropriation (COVID-19) Act 2020* are recognised as revenue when received. Where the department has an obligation to return unspent (or unapplied) appropriation receipts to Consolidated Fund at year end (a deferred appropriation repayable to Consolidated Fund), a liability is recognised with a corresponding reduction to appropriation revenue, reflecting the net appropriation revenue position with Consolidated Fund for the reporting period. Prior to 1 July 2019, any liability at the end of the financial year for deferred appropriation repayable was debited to expense under the requirements of the superseded AASB 1004 *Contributions* (refer Note B2-6). Capital appropriations are recognised as adjustments to equity, refer to Note C9-2.



**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>B1-2. User charges and fees</b>		
Revenue from contracts with customers		
Fee for service <sup>(1)</sup>	130,840	121,730
Sale of goods	3,513	4,510
Fees and fines	6,457	8,417
Other user charges and fees		
Property rental	<u>7,224</u>	<u>7,467</u>
<b>Total</b>	<b><u>148,033</u></b>	<b><u>142,124</u></b>

<sup>(1)</sup> The variance is largely due to higher than expected ICT project revenue through the BCP arrangements (\$10.3 million) in 2019-20.

**Accounting Policy - User charges and fees**

Fee for Services

Information Technology Partners (ITP) Service Level Agreements - The department provides information technology services to DNRME, DES and DSSTI on a cost recovery basis. Under AASB 15, revenue is recognised in exchange for the services transferred to the customer. An accrual is recognised for services rendered but unbilled at each reporting date. There are no transitional adjustments at 1 July 2019 for ITP service revenue.

Research and Development Contract Services – The department performs research and development services under legally enforceable contracts with specific deliverables, milestones, terms and conditions and a financial acquittal processes. Revenue is recognised to match the expenditure incurred in the performance of obligations and delivery of milestones.

There are no transitional adjustments at 1 July 2019 for service revenue as the department recognises a contract asset receivable, an amount of unbilled revenue equal to the department's right to receive consideration in exchange for the services transferred to customers and also recognised a liability for unearned revenue where funding provided is unspent. Revenue is recognised using the input method, which matches the expenditure under the accounting treatment.

Sale of Goods

The sale of goods including livestock, vaccines, publications and farming produce as the delivery of the goods to the customer represents the sole performance obligation. The amount of any right of return asset or refund liability has been determined to be negligible and immaterial to record on transition. The adoption of AASB 15 *Revenue from Contracts with Customers* in 2019-20 did not change the timing of revenue recognition for sale of goods. 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 F1-1.

Fees, Licence and Permit Revenue

The sole performance obligation is the issue of the licence to the customer, and revenue is recognised when the licence is issued. The department has revenue from the issue of fees, licences and permits for agricultural, fishing and biosecurity activities. Revenue is recognised under AASB 15 when the performance obligations are fulfilled.

**DEPARTMENT OF AGRICULTURE AND FISHERIES****Notes to the financial statements****For the year ended 30 June 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>B1-3. Grants and contributions</b>		
Commonwealth grants <sup>(1)</sup>	36,365	25,862
Local government contributions	6,240	6,126
Queensland State contributions <sup>(2)</sup>	1,330	4,451
Industry contributions	613	119
Goods and services received below fair value	308	321
<b>Total</b>	<b>44,856</b>	<b>36,879</b>

<sup>(1)</sup> Relates to funding for National Red Imported Fire Ants Eradication Program (NRIFAEP) and National Cost Sharing (NCS) arrangements from the Australian Government for the Four Tropical Weeds, Electric Ants and pests and disease emergency responses.

<sup>(2)</sup> Decrease largely relates to \$3.5 million funding received from DES for Yurol/Ringtail protected area in 2018-19.

**Accounting Policy - Grants and other contributions**

Grants, contributions and donations are non-reciprocal transactions where the department does not directly give approximately equal value to the grantor.

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for the department to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied.

Otherwise, the grant is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding, except for special purpose capital grants received to construct non-financial assets to be controlled by the department. Special purpose capital grants are recognised as unearned revenue when received, and subsequently recognised progressively as revenue as the department satisfies its obligations under the grant through construction of the asset.

**Accounting Policy - Services received below fair 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.

**Disclosure - Services received below fair value**

DAF received defined services from the following agencies:

- DNRME : Legal Services
- DES : 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. Accommodation services from DNRME previously part of the BCP arrangements were transferred on 1 November 2019 to DAF.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>B1-4. Royalties</b>		
Royalties - Timber	17,899	16,952
Royalties - Quarry materials	10,837	9,978
Royalties - Other	4,939	3,617
<b>Total</b>	<b><u>33,675</u></b>	<b><u>30,546</u></b>

**Accounting Policy - Royalties**

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.

**B1-5. Other revenue**

Sale of portable and attractive items	4	3
Bad debts recovered	10	5
Insurance recoveries	213	386
Impairment loss reversal - receivables	-	177
Recoveries and reimbursements <sup>(1)</sup>	3,292	-
Sundry revenue	622	449
<b>Total</b>	<b><u>4,140</u></b>	<b><u>1,020</u></b>

<sup>(1)</sup> The amount for 2019-20 includes \$3.0 million reimbursed to DAF in January 2020 that was part of \$3.8 million advanced to QATC for separation payments in December 2019. QATC was abolished on 29 February 2020. Refer Notes A3 and B2-3.

**DEPARTMENT OF AGRICULTURE AND FISHERIES****Notes to the financial statements****For the year ended 30 June 2020****B2. Expenses**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>B2-1. Employee expenses</b>		
<u>Employee Benefits</u>		
Wages and salaries <sup>(1)</sup>	183,845	166,257
Termination benefits	1,148	601
Employer superannuation contributions	24,282	22,531
Annual leave levy	19,430	17,704
Long service leave levy	4,182	3,369
Other employee benefits	2,214	2,208
<u>Employee Related Expenses</u>		
Workers compensation premium	1,159	956
Other employee related expenses	1,224	1,062
<b>Total <sup>(2)</sup></b>	<b><u>237,483</u></b>	<b><u>214,688</u></b>

<sup>(1)</sup> Wages and salaries includes \$2.7 million of \$1,250 one-off, pro-rata payments for 2,120 full-time equivalent employees (announced in September 2019) that was paid as at 31 March 2020.

<sup>(2)</sup> The table below sets out the number of employees as at 30 June 2020, 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). The BCP employee expenses aligned to DAF are also included in the above total with the number represented by employees shown below:

	<b>2020</b>	<b>2019</b>
Number of employees:		
DAF	1,901	1,833
BCP (providing services to other departments)	223	218
<b>Total number of employees</b>	<b><u>2,124</u></b>	<b><u>2,051</u></b>

**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.

**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 is 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 specified rate following completion of the employee's service each pay period. The department's obligations are limited to those contributions paid.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**

**Notes to the financial statements**

**For the year ended 30 June 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>B2-2. Supplies and services</b>		
Contractors <sup>(1)</sup>	80,790	68,974
Collaborative research arrangements	20,221	18,100
Office accommodation <sup>(2)</sup>	22,479	24,572
Motor vehicles - QFleet	5,813	5,388
Lease rentals	277	1,007
Outsourced service delivery <sup>(3)</sup>	27,250	22,985
Materials <sup>(4)</sup>	25,226	19,997
Computer/information technology	19,027	17,223
Repairs and maintenance	12,959	12,149
Transport <sup>(5)</sup>	12,251	9,864
Service delivery costs and service level agreement charges	10,360	8,938
Building services	6,416	6,736
Telecommunications and electricity	6,326	6,726
Shared services provider fee	5,926	5,801
Travel	5,162	6,380
Portable and attractive items	2,603	3,472
Consultancy fees	743	1,166
Other	11,044	9,013
<b>Total</b>	<b><u>274,873</u></b>	<b><u>248,490</u></b>

<sup>(1)</sup> The variance is largely due to increase in ICT contractor expenses to meet the increased project demand through the BCP arrangements.

<sup>(2)</sup> Office accommodation had decreased largely due to the reclassification of the Health and Food Sciences Precinct occupancy agreement as right-of-use assets.

<sup>(3)</sup> Outsourced service delivery has increased largely due to additional payments made to the RSPCA (\$0.9 million) and the Shark Control program (\$1.2 million) in 2019-20.

<sup>(4)</sup> The variance is within the NRIFAEP due to accelerated treatment in 2019-20.

<sup>(5)</sup> Transport costs have increased primarily as a result of increased aircraft hire fees for use in aerial fire ant baiting within the NRIFAEP.

**Accounting Policy - Distinction between grants and procurement**

For a transaction to be classified as supplies and services, the value of goods and services received by the department must be of approximately equal value to the value of the consideration exchanged for those goods or services. Where this is not the substance of the arrangement, the transaction is classified as a grant in Note B2-3.

**Disclosure - Office accommodation and employee housing**

Payments for non-specialised commercial office accommodation under the Queensland Government Accommodation Office (QGAO) framework and residential accommodation properties under the Government Employee Housing (GEH) program arise from non-lease arrangements with the Department of Housing and Public Works (DHPW), who has substantive substitution rights over the assets used within these schemes. Payments are expensed as incurred and categorised within the office accommodation line item.

**Disclosure - Lease Expenses**

Lease expenses include lease rentals for short-term leases, leases of low value assets and variable lease payments. Refer to Note C8 for breakdown of lease expenses and other lease disclosures.

**DEPARTMENT OF AGRICULTURE AND FISHERIES****Notes to the financial statements****For the year ended 30 June 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>B2-3. Grants and subsidies</b>		
Subsidies <sup>(1)</sup>	40,453	18,648
Queensland and local government	6,868	6,824
Industry <sup>(2)</sup>	5,984	2,339
Charities/community groups	350	-
Goods and services provided below fair value	301	313
Capital	250	800
Individuals	133	-
Commonwealth	83	88
<b>Total</b>	<b><u>54,421</u></b>	<b><u>29,012</u></b>

<sup>(1)</sup> The increase relates to additional demand for the Drought Assistance package and On-Farm Emergency Water Infrastructure rebate scheme in 2019-20.

<sup>(2)</sup> The amount for 2019-20 includes \$3.8 million advanced to QATC for separation payments in December 2019 with \$3.0 million reimbursed in January 2020. QATC was abolished on 29 February 2020. Refer Notes A3 and B1-5.

**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 B2-6.

**B2-4. Depreciation and amortisation**

Depreciation and amortisation were incurred in respect of:

Buildings <sup>(1)</sup>	5,789	5,154
Infrastructure	469	439
Leased assets <sup>(2)</sup>	6,368	-
Plant and equipment <sup>(1)</sup>	13,909	13,571
Software purchased	261	256
Software internally generated	17	165
<b>Total <sup>(2)</sup></b>	<b><u>26,812</u></b>	<b><u>19,585</u></b>

<sup>(1)</sup> The increase is largely due to buildings and plant and equipment transferred from QATC to DAF on 1 March 2020.

<sup>(2)</sup> A new accounting standard AASB 16 *Leases* came into effect in 2019-20, refer to Notes C8 and G3-3 for further information.

**B2-5. Finance/borrowing costs**

Interest on lease liabilities <sup>(1)</sup>	<u>2,524</u>	-
	<b><u>2,524</u></b>	<b><u>-</u></b>

<sup>(1)</sup> A new accounting standard AASB 16 *Leases* came into effect in 2019-20, refer to Notes C8 and G3-3 for further information.

**Accounting Policy - Finance/borrowing costs**

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

Finance costs include amortisation of discounts or premiums relating to borrowings and provisions. No borrowing costs are capitalised into qualifying assets.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>B2-6. Other expenses</b>		
Deferred appropriation payable to Consolidated Fund - State funded <sup>(1)</sup>	-	5,995
Deferred appropriation payable to Consolidated Fund - Commonwealth funded <sup>(1)</sup>	-	3,752
External audit fees - QAO <sup>(2)</sup>	224	228
Other audit services performed	-	33
Insurance premiums - QGIF <sup>(3)</sup>	766	698
Insurance premiums - Other	156	151
Loss on disposal of property, plant and equipment	758	774
Sponsorships	80	40
Donations and gifts <sup>(4)</sup>	40	30
License fees and permits	273	202
Patent, copyright & trademark acquisition	270	454
Special payments		
Ex-gratia payments <sup>(5)</sup>	329	134
Compensation payments <sup>(6)</sup>	-	3,500
Other	52	65
<b>Total</b>	<b>2,950</b>	<b>16,057</b>

- <sup>(1)</sup> Prior to 1 July 2019, any liability at the end of the financial year for deferred appropriation repayable was debited to expense under the requirements of the superseded AASB 1004 *Contributions* (refer to Note B1-1).
- <sup>(2)</sup> Total audit fees payable to the Queensland Audit Office (QAO) relating to the 2019-20 financial year are based upon their estimated fee of \$240,000 (2019: \$235,000). There are no non-audit services included in this amount.
- <sup>(3)</sup> The department's non-current physical assets and other risks are insured through the QGIF, premiums being paid on a risk assessment basis.
- <sup>(4)</sup> 2019-20 includes \$30,000 donated to the Prince Charles Hospital Foundation for the "Taste of Ekka for The Common Good". The details of gifts and donations over \$150 are disclosed on the departments' website.
- <sup>(5)</sup> Ex-gratia payments include reimbursements to property owners for the Red Witchweed eradication program in 2019-20.
- <sup>(6)</sup> Compensation payments made to HQPlantations for the staged voluntary surrender of their plantation licence over Yurol and Ringtail State Forests for harvesting of their timber over a five-year period.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>C1. Cash and cash equivalents</b>		
Cash at bank	41,204	48,485
Imprest accounts	18	21
<b>Total</b>	<b><u>41,222</u></b>	<b><u>48,506</u></b>

**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 received but not banked at 30 June.

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

**C2. Receivables**

**Current**

Trade debtors	13,673	35,733
Less: allowance for impairment loss <sup>(1)</sup>	<u>(537)</u>	<u>(16)</u>
	13,137	35,717
GST input tax credits receivable	2,620	2,511
GST payable	<u>-</u>	<u>(5)</u>
	2,620	2,506
Appropriation revenue receivable	3,004	-
Annual leave reimbursements	1,668	3,371
Long service leave reimbursements	947	1,063
Other	<u>50</u>	<u>32</u>
	5,668	4,465
<b>Total</b>	<b><u>21,425</u></b>	<b><u>42,689</u></b>

<sup>(1)</sup> Refer to Note C2-1.

**Accounting Policy - Receivables**

Receivables are measured at amortised cost which approximates their fair value at reporting date.

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 the invoice date.

The collectability of receivables is assessed periodically with allowance being made for impairment. All known bad debts are written-off as at 30 June.

**Accounting Policy - Impairment of receivables**

The loss allowance for trade and other debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting the department's debtors, and relevant industry data form part of the department's impairment assessment.

The department's other receivables are from Queensland Government agencies and Australian Government agencies. No loss allowance is recorded for these receivables on the basis of materiality. Refer to Note D2-2 for the department's credit risk management policies.

Where the department has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. This occurs when the debt is over 365 days past due and the department has ceased enforcement activity. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

The amount of impairment losses recognised for receivables is disclosed in Note C2-1.



**DEPARTMENT OF AGRICULTURE AND FISHERIES**
**Notes to the financial statements**
**For the year ended 30 June 2020**
**C2. Receivables (continued)**
**C2-1. Impairment of receivables (continued)**
**Disclosure - credit risk exposure of receivables**

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets.

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

The department uses a provision matrix to measure the expected credit losses on trade debtors. Loss rates are calculated for customers with similar loss patterns. The department has determined that the revenue stream of sale of services will be used for measuring expected credit losses.

The calculations reflect historical observed default rates calculated using credit losses experienced on past sales transactions during the last 5 years preceding 30 June 2020. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables. For DAF a change in the unemployment rate is determined to be the most relevant forward-looking indicator for receivables. Actual credit losses over the 5 years preceding 30 June 2020 have been correlated against changes in the unemployment rate and based on those results, the historical default rates are adjusted based on expected changes to that indicator.

Set out below is the credit risk exposure on the department's trade debtors broken down by aging band.

**Impairment - Trade debtors**

Aging	2020			2019		
	Gross receivables \$'000	Loss rate %	Expected credit losses \$'000	Gross receivables \$'000	Loss rate %	Expected credit losses \$'000
Current	3,364	0.20	7	4,061	0.23	9
1 to 30 days overdue	1,255	0.37	5	108	0.42	1
31 to 60 days overdue	330	1.12	4	573	1.25	7
61 to 90 days overdue	133	2.17	3	43	2.33	1
> than 90 days overdue	444	3.07	14	564	3.40	19
<b>Total</b>	<b>5,526</b>		<b>31</b>	<b>5,349</b>		<b>37</b>

**Disclosure – Movement in allowance for trade debtors**

	2020 \$'000	2019 \$'000
Loss allowance as at 1 July	16	193
Increase/decrease in allowance recognised in operating result <sup>(1)</sup>	521	(15)
Amounts written-off during the year	-	(162)
<b>Loss allowance as at 30 June</b>	<b>537</b>	<b>16</b>

<sup>(1)</sup> Higher provisions were recognised in 2019-20 due to COVID-19.

**C3. Other Assets**
**Current**

Prepayments	10,900	7,796
Contract assets <sup>(1)</sup>	18,445	-
<b>Total</b>	<b>29,345</b>	<b>7,796</b>

**Non-Current**

Prepayments	2,156	11,719
<b>Total</b>	<b>2,156</b>	<b>11,719</b>

**Disclosure - Contract assets**

Contract assets arise from contracts with customers, and are transferred to receivables when the department's right to payment becomes unconditional, this usually occurs when the invoice is issued to the customer.

<sup>(1)</sup> The department applied AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income from Not-for-Profit Entities* in 2019-20.

This has resulted in contract assets being recognised for the first time for accrued revenue previously recognised as receivables.

This represents unbilled revenue for research and development contracts and NCS arrangements.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**C4. Property, plant and equipment**

**C4-1. Closing balances and reconciliation of carrying amount**

	Land	Buildings	Infrastructure	Plant and equipment	Capital work in progress	Total
	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000
Gross	123,623	333,145	43,173	223,525	4,649	728,116
Less: accumulated depreciation	-	(178,117)	(20,790)	(127,440)	-	(326,348)
Less: accumulated impairment losses	-	-	-	(103)	-	(103)
<b>Carrying amount at 30 June 2020</b>	<b>123,623</b>	<b>155,028</b>	<b>22,383</b>	<b>95,981</b>	<b>4,649</b>	<b>401,664</b>

*Represented by movements in carrying amount:*

Carrying amount at 1 July 2019	109,721	113,588	21,842	98,311	10,000	353,462
Acquisitions (including upgrades)	480	-	-	4,744	11,109	16,333
Transfer in from other Qld Government entities <sup>(1)</sup>	13,380	37,843	-	1,408	-	52,629
Disposals	32	(583)	-	(359)	-	(910)
Assets reclassified as held for sale	(460)	-	-	-	-	(460)
Transfers between asset classes	-	9,663	1,011	5,786	(16,460)	-
Net revaluations	470	306	-	-	-	776
Depreciation expense	-	(5,789)	(469)	(13,909)	-	(20,167)
<b>Carrying amount at 30 June 2020</b>	<b>123,623</b>	<b>155,028</b>	<b>22,383</b>	<b>95,981</b>	<b>4,649</b>	<b>401,664</b>

<sup>(1)</sup> Property, plant and equipment transferred in from QATC totals \$52.6 million as per note A3 above.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**C4. Property, plant and equipment (continued)**

**C4-1. Closing balances and reconciliation of carrying amount (continued)**

	Land	Buildings	Infrastructure	Plant and equipment	Capital works in progress	Total
	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000
Gross	109,721	259,066	42,163	217,872	10,000	<b>638,822</b>
Less: accumulated depreciation	-	(145,478)	(20,321)	(119,369)	-	<b>(285,168)</b>
Less: accumulated impairment losses	-	-	-	(192)	-	<b>(192)</b>
<b>Carrying amount as at 30 June 2019</b>	<b>109,721</b>	<b>113,588</b>	<b>21,842</b>	<b>98,311</b>	<b>10,000</b>	<b>353,462</b>

*Represented by movements in carrying amount:*

Carrying amount at 1 July 2018	107,736	117,083	21,074	100,714	4,734	<b>351,341</b>
Acquisitions (including upgrades)	-	-	-	5,172	14,683	<b>19,855</b>
Transfer in from other Qld Government entities	9	19	-	3	-	<b>31</b>
Disposals	(79)	(534)	-	(317)	-	<b>(930)</b>
Assets reclassified as held for sale	(1,010)	-	-	-	-	<b>(1,010)</b>
Transfers between asset classes	-	1,901	1,207	6,309	(9,417)	-
Net revaluations	3,065	273	-	-	-	<b>3,338</b>
Depreciation expense	-	(5,154)	(439)	(13,571)	-	<b>(19,164)</b>
<b>Carrying amount as at 30 June 2019</b>	<b>109,721</b>	<b>113,588</b>	<b>21,842</b>	<b>98,311</b>	<b>10,000</b>	<b>353,462</b>

**DEPARTMENT OF AGRICULTURE AND FISHERIES****Notes to the financial statements****For the year ended 30 June 2020****C4. Property, plant and equipment (continued)****C4-2. Recognition and acquisition****Accounting policy - Recognition***Basis of capitalisation and recognition thresholds*

Items of property, plant and equipment, with a historical cost or other value equal to or exceeding the following thresholds in the year of acquisition are reported as property, plant and equipment in the following classes:

Buildings (including land improvements)	\$10,000
Infrastructure	\$10,000
Land	\$1
Plant and equipment	\$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.

Expenditure on property, plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for the department. Subsequent expenditures are only added to an asset's carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

Assets under construction (Capital Works in Progress) is recognised at cost. All costs relating to items of property, plant and equipment 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.

Where an asset is to be demolished and a new asset constructed in its place, the carrying amount of the old asset is written off in accordance with the provision of AASB 116 and is not capitalised into the cost of the new asset.

Restricted assets are recognised as property, plant and equipment. 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 2020 is \$0.6 million (2019: \$0.6 million) including Buildings valued at \$0.1 million (2019: \$0.1 million) and plant and equipment at \$0.5 million (2019: \$0.6 million).

*Componentisation of complex assets*

Complex assets comprise separately identifiable components (or groups of components) of significant value, that require replacement at regular intervals and at different times to other components comprising the complex asset.

On initial recognition, the asset recognition thresholds outlined above apply to the complex asset as a single item. Where the complex asset qualifies for recognition, components are then separately recorded when their value is significant.

When a separately identifiable component (or group of components) of significant value is replaced, the existing component(s) is derecognised. The replacement component(s) are capitalised when it is probable that future economic benefits from the significant components will flow to the department in conjunction with other components comprising the complex asset and the cost exceeds the asset recognition thresholds specified above. Replacement components that do not meet the asset recognition thresholds for capitalisation are expensed.

Components are valued on the same basis as the asset class to which they relate. The accounting policy for depreciation of complex assets, and estimated useful lives of components, are disclosed in Note C4-5.

*Accounting policy - cost of acquisition*

Historical cost is used for the initial recording of all property, plant and equipment acquisitions. Historical cost is determined as the value given as consideration and costs incidental to the acquisition (such as architects' fees and engineering design fees), plus all other costs incurred in getting the assets ready for use.

Where assets are received free of charge from another Queensland department entity (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 other entity immediately prior to the transfer.

Assets acquired at no cost or for nominal consideration, other than from another Queensland Government entity, are recognised at their fair value at the date of acquisition.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

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**C4. Property, plant and equipment (continued)**

**C4-3. Measurement using historical cost**

**Accounting Policy**

Plant and equipment, (excluding major plant and equipment) is measured at cost in accordance with the QT's Non-Current Asset Policies (NCAP) for the Queensland Public Sector. 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.

**C4-4. Measurement using fair value**

**Accounting Policy**

Land, buildings and infrastructure assets are measured at fair value as required by QT'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 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.

Property, plant and equipment classes measured at fair value are revalued on an annual basis either by appraisals undertaken by an independent valuer or by the use of appropriate and relevant indices. For financial reporting purposes, the revaluation process is managed by the department's Financial Accounting and Policy section, who determine the specific revaluation practices and procedures. The outcomes and recommendations are reported to the Chief Finance Officer and the Audit and Risk Committee after each annual review.

Use of specific appraisals

Revaluations using independent professional valuer appraisals are undertaken at least once every five years. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal.

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 (as defined in Note D1-1). Materiality is considered in determining whether the difference between the carrying amount and the fair value of an asset is material (in which case revaluation is warranted).

Use of indices

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices. DAF ensures that the application of such indices results in valid estimation of the assets' fair values at reporting date. The State Valuation Service (SVS) supplies the indices used for the various types of assets. Such indices are either publicly available, or are derived from market information available to SVS. SVS provides assurance of their robustness, validity and appropriateness for application to the relevant assets.

Indices used are tested for reasonableness by applying the indices to a sample of assets, comparing the results to similar assets that have been valued by an independent professional valuer, and analysing the trend of changes in values over time. Through this process which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided by SVS based on the department's own particular circumstances.

Accounting for changes in fair value

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.

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. This is generally referred to as the 'gross method'.

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'.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

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**C4. Property, plant and equipment (continued)**

**C4-5. Accounting Policy Depreciation expense**

**Accounting Policy**

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.

Land is not depreciated as it has an unlimited useful life. Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the department.

Separately identifiable components of complex assets are depreciated according to the useful lives of each component, as doing so results in a material impact on the depreciation expense reported.

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.

Assets under construction (work-in-progress) are not depreciated until construction is complete and the asset is put to use or is ready for its intended use, whichever is the earlier. These assets are then reclassified to the relevant class within property, plant and equipment.

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.

**Depreciation rates**

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

<b>Asset class</b>	<b>Category</b>	<b>Life (years)</b>
Buildings	Buildings - Fabric	20-80
	Buildings - Fixtures and fittings	20-40
	Buildings - Plant and services	15-50
	Access roads	25-80
	Land improvements	20-60
Infrastructure	Wild dog barrier fence	50
Plant and equipment	Computer equipment	3-5
	Motor vehicles	5-20
	Boats and boating equipment	4-20
	Heavy plant	5-20
	Scientific equipment	8-20
	Office equipment	5-20
	Leasehold improvements	10
Other plant and equipment	3-10	

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

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**C4. Property, plant and equipment (continued)**

**C4-6. Impairment**

**Accounting Policy**

Indicators of impairment and determining recoverable amount

Property, plant and equipment including work in progress assets are assessed for indicators of impairment on an annual basis or, where the asset is measured at value, for indicators of a change in fair value/service potential since the last valuation was completed.

Where indicators of a material change in fair value or service potential since the last valuation arise, the asset is revalued at the reporting date under AASB 13 *Fair Value Measurement*. If an indicator of possible impairment exists, the department determines the asset's recoverable amount under AASB 136 *Impairment of Assets*. Recoverable amount is equal to the higher of the fair value less costs of disposal and the asset's value in use subject to the following:

- As a not-for-profit entity, certain property, plant and equipment of the department is held for the continuing use of its service capacity and not for the generation of cash flows. Such assets are typically specialised in nature. In accordance with AASB 136, where such assets are measured at fair value under AASB13, that fair value (with no adjustment for disposal costs) is effectively deemed to be the recoverable amount. As a consequence, AASB 136 does not apply to such assets unless they are measured at cost.
- For other non-specialised property, plant and equipment measured at fair value, where indicators of impairment exist, the only difference between the asset's fair value and its fair value less costs of disposal is the incremental costs attributable to the disposal of the asset. Consequently, the fair value of the asset determined under AASB 13 will materially approximate its recoverable amount where the disposal costs attributable to the asset are negligible. After the revaluation requirements of AASB 13 are first applied to these assets, applicable disposal costs are assessed and, in the circumstances where such costs are not negligible, further adjustments to the recoverable amount are made in accordance with AASB 136.

For all other remaining assets measured at cost, and assets within the entity held for the generation of cash flow recoverable amount is equal to the higher of the fair value less costs of disposal and the asset's value in use.

Value in use is equal to the present value of the future cash flows expected to be derived from the asset, or where the department no longer uses an asset and has made a formal decision to not use or replace the asset, the value in use is the present value of net disposal proceeds.

Recognising impairment losses

For assets measured at fair value, the impairment loss is treated as a revaluation decrease and offset against the asset revaluation surplus of the relevant class to the extent available. Where no asset revaluation surplus is available in respect of the class of asset, the loss is expensed in the statement of comprehensive income as a revaluation decrement.

For assets measurement at cost, an impairment loss is recognised immediately in the statement of comprehensive income.

Reversal of impairment losses

Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount must not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

For assets measured at fair value, to the extent the original decrease was expensed through the statement of comprehensive income, the reversal is recognised in income, otherwise the reversal is treated as a revaluation increase for the class of asset through the asset revaluation surplus.

For assets measured at cost, impairment losses are reversed through income.

**DEPARTMENT OF AGRICULTURE AND FISHERIES****Notes to the financial statements****For the year ended 30 June 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>C5. Payables</b>		
<b>Current</b>		
Trade creditors <sup>(1)</sup>	6,682	9,509
Deferred appropriation refundable to Consolidated Fund	2,848	9,747
Payables to Government - State	1,568	-
Accrued expenses	6,435	7,795
Other payables	84	86
<b>Total</b>	<b><u>17,616</u></b>	<b><u>27,136</u></b>

<sup>(1)</sup> Since the end of March 2020, due to COVID-19, DAF has co-ordinated with Queensland Shared Services (QSS) the release of payments to vendors from DAF's SAP finance system once the document is endorsed and approved. Payments are not held until the due date.

**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.

**C6. Accrued employee benefits**

<b>Current</b>		
Salaries and wages outstanding	691	3,805
Annual leave levy payable	5,108	4,708
Long service leave levy payable	1,206	961
<b>Total</b>	<b><u>7,005</u></b>	<b><u>9,474</u></b>

**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*.



**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
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	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>C7. Other liabilities</b>		
<b>Current</b>		
Contract liabilities	24,615	18,706
Unearned revenue	7,091	5,764
Other <sup>(1)</sup>	402	228
<b>Total</b>	<b><u>32,107</u></b>	<b><u>24,698</u></b>
<b>Non-Current</b>		
Unearned revenue	<u>13,772</u>	<u>15,192</u>
<b>Total</b>	<b><u>13,772</u></b>	<b><u>15,192</u></b>

<sup>(1)</sup> This includes security deposits and monies held in trust transferred from QATC.

**Accounting Policy - Unearned revenue**

Unearned revenue is recognised as a liability when the department has received revenue in advance of the delivery of the supply of goods and/or services. The amount recognised at the reporting date is the unspent balance of the funds received for which a contract exists.

**Disclosure - Contract liabilities**

Contract liabilities arises from contracts with customers while other unearned revenue arise from transactions that are not contracts with customers.

Contract liabilities as at 30 June 2020 includes \$24.2 million for research and development contracts.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
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**C8. Right-of-use assets and lease liabilities**

**C8-1. Leases as lessee**

**Right-of-use assets**

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance at 1 July 2019	515	120,824	121,339
Amortisation	(104)	(6,264)	(6,368)
<b>Balance 30 June 2020</b>	<b>411</b>	<b>114,560</b>	<b>114,971</b>

<b>Lease liabilities</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Lease liabilities	4,091	-
<b>Total</b>	<b>4,091</b>	<b>-</b>
<b>Non-Current</b>		
Lease liabilities	103,843	-
<b>Total</b>	<b>103,843</b>	<b>-</b>

**Accounting Policy - Leases as lessee**

The department measures right-of-use assets from concessionary leases at cost on initial recognition, and measures all right-of-use assets at cost subsequent to initial recognition.

The department has selected not to recognise right-of-use assets and lease liabilities arising from short-term leases and leases of low value assets. These lease payments are recognised as expenses on a straight-line-basis over the lease term. An asset is considered low value where it is expected to cost less than \$10,000 when new.

Where a contract contains both a lease and non-lease components such as asset maintenance services, the department allocates the contractual payment to each component on the basis of their stand-alone prices. However, for lease of plant and equipment, the department has elected not to separate lease and non-lease components and instead accounts for them as a single lease component.

When measuring the lease liability, the department uses its incremental borrowing rate as the discount rate where the interest rate implicit in the lease cannot be readily determined, which is the case for all of the department's leases. To determine the incremental borrowing rate, the department uses loan rates provided by QTC that correspond to the commencement date and term of the lease.

**Disclosures - Leases as lessee**

*(i) Details of leasing arrangements as lessee*

Health and Food Sciences Precinct	In July 2008, the department entered into a 30-year lease for the Queensland Health and Food Sciences Precinct at Coopers Plains with Queensland Health. Lease payments are fixed and subject to a 3% rent increase every year. As the future rent increases are fixed, they are captured in the right-to-use asset when increases take effect. The department subleases some floor space of the facility to non-government organisations. Refer to Note C8-2 for further details.
Research Facilities	The department has 2 leases for research facilities at the Gatton campus of the University of Queensland and a lease for a glasshouse at the University of Sunshine Coast. These leases were previously recognised as prepayments in recognition of the up-front capital contribution towards the construction of the facilities and amortised over the term of the lease. The department also leases the land and buildings for the Brian Pastures research facility and this lease expires 30 June 2020.
Fisheries Queensland - Storage facilities	The department currently leases 3 storage facilities for Queensland Boating and Fisheries Patrol and Shark Control programs activities. The lease terms range from 10 to 18 years and these leases may have renewal or extension options. The options are generally exercisable at market prices and are not included in the right-of-use asset or lease liability unless the department is reasonably certain it will renew the lease.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
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**C8-1. Leases as lessee (continued)**

**Disclosures - Leases as lessee (continued)**

(ii) Office accommodation, employee housing and motor vehicles

DHPW provides the department with access to office accommodation, employee housing and motor vehicles under government-wide frameworks. These arrangements are categorised as procurement of services rather than as leases because DHPW has substantive substitution rights over the assets. The related service expenses are included in Note B2-2.

	<b>2020</b>
	<b>\$'000</b>
(iii) Amount recognised in profit and loss	
Interest expenses on lease liabilities	2,524
Breakdown of 'Lease expenses' included in Note B2-5	
- Expenses relating to short-term leases	126
Income from subleasing included in 'Property Rental' in Note B1-2	2,046
(iv) Total cash outflow for leases	5,386

**2018-19 disclosure under AASB 117**

Operating leases commitments at 30 June 2019

. Within 1 year	23,553
. Later than 1 year but not later than 5 years	66,453
. Later than 5 years	283,251
	<u><u>373,257</u></u>

**C8-2. Leases as lessor**

**Accounting Policy - Leases as lessor**

The department recognises lease payments from operating leases as income on a straight-line basis over the lease term.

**Disclosures - Leases as lessor**

(i) Details of leasing arrangements as lessor

Sublease of Health and Foods Sciences Precinct Coopers Plains	The department subleases floor space to Commonwealth Scientific and Industrial Research Organisation (CSIRO), which is leased under a 30-year head lease agreement.
	The sublease agreements include make-good clauses that requires the lessees to restore the facilities to a satisfactory condition at the end of the lease term.

Lease income from operating leases is reported as 'Property rental' in Note B1-2. No amounts were recognised in respect of variable lease payments other than CPI-based or market rent reviews.

The department does not have any finance leases.

(ii) Maturity analysis

There are no future undiscounted lease payments receivable under the department's operating leases as they were all upfront capital contribution recognised as prepaid leases in unearned revenue.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
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**C9. Equity**

**C9-1. Contributed equity**

Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* specifies the principles for recognising contributed equity by the department. Appropriations for equity adjustments are recognised as contributed equity by the department during the reporting and comparative years. Refer Note C9-2.

**C9-2. Appropriation recognised in equity**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Budgeted equity adjustment appropriation	(12,029)	(2,503)
Transfers to other headings	5,121	(1,000)
<b>Equity adjustment recognised in contributed equity</b>	<b>(6,908)</b>	<b>(3,503)</b>

**C9-3. Asset revaluation surplus by asset class**

**Accounting Policy**

The revaluation surplus represents the net effect of upwards or downwards revaluations of assets to fair value.

	<b>Land</b>	<b>Buildings</b>	<b>Infrastructure</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance 1 July 2019	8,881	16,635	4,271	29,787
Revaluation increments	502	306	-	808
Revaluation decrements	(32)	-	-	(32)
Land held for sale valuation adjustment	(89)	-	-	(89)
<b>Balance 30 June 2020</b>	<b>9,262</b>	<b>16,941</b>	<b>4,271</b>	<b>30,474</b>

	<b>Land</b>	<b>Buildings</b>	<b>Infrastructure</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance 1 July 2018	5,816	16,362	4,271	26,449
Revaluation increments	3,065	273	-	3,338
<b>Balance 30 June 2019</b>	<b>8,881</b>	<b>16,635</b>	<b>4,271</b>	<b>29,787</b>

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

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**D1. Fair value measurement**

**D1-1. Accounting policies and inputs for fair values**

What is 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 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 valued. 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 input 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 was one transfer between fair value hierarchy levels for a land asset moved to Land Held for Sale asset during the period.

**DEPARTMENT OF AGRICULTURE AND FISHERIES****Notes to the financial statements****For the year ended 30 June 2020**

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**D1-2. Basis for fair values of assets and liabilities****Land**

Effective date of last specific appraisal: 30 June 2016 by State Valuation Service (SVS)

Valuation approach: Market-based assessment

Inputs

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.

Significant judgement was used by SVS 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.

Subsequent valuation activity: Indexed as at 30 June 2020 and an investigation and research is undertaken by SVS into each factor provided for the indices. 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 DNRME.

**Buildings**

Effective date of last specific appraisal: 30 June 2016 by SVS

Valuation approach: The current replacement cost of buildings at balance date is derived using unit prices that required significant judgements. These include 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.

Subsequent valuation activity: Indexed as at 30 June 2020 using the most appropriate method of indexation and determined by the type of asset to which the index is 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 QT'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.

**Infrastructure**

Effective date of last specific appraisal: 30 June 2016 by SVS

Valuation approach: Cost based assessment

Subsequent valuation activity: Indexed as at 30 June 2020 using indices provided by SVS. 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.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
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**D1. Fair value measurement (continued)**

**D1-3. Categorisation of assets and liabilities measured at fair value**

	Land		Buildings		Infrastructure		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Fair value level 2	62,238	48,431	48,842	45,301	-	-	111,080	93,732
Fair value level 3	61,385	61,290	106,186	68,287	22,383	21,842	189,954	151,419
<b>Carrying amount at 30 June</b>	<b>123,623</b>	<b>109,721</b>	<b>155,028</b>	<b>113,588</b>	<b>22,383</b>	<b>21,842</b>	<b>301,034</b>	<b>245,151</b>

**D1-4. Level 3 fair value measurement - reconciliation**

	Land		Buildings		Infrastructure		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Carrying amount at 1 July	61,290	59,046	68,287	71,440	21,842	21,074	151,419	151,560
Disposals	-	(79)	(501)	(641)	-	-	(501)	(720)
Transfers between classes	-	-	4,142	537	1,010	1,207	5,152	1,744
Transfers in from other QLD Govt entities <sup>(1)</sup>	-	-	37,843	-	-	-	37,843	-
Revaluation increments	555	2,323	130	213	-	-	685	2,536
Reclassification of fair value levels	(460)	-	-	-	-	-	(460)	-
Depreciation and amortisation	-	-	(3,715)	(3,262)	(469)	(439)	(4,184)	(3,701)
<b>Carrying amount at 30 June</b>	<b>61,385</b>	<b>61,290</b>	<b>106,186</b>	<b>68,287</b>	<b>22,383</b>	<b>21,842</b>	<b>189,954</b>	<b>151,419</b>

<sup>(1)</sup> Relates to buildings transferred in from QATC from 1 March 2020.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
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**D2 Financial risk disclosures**

**D2-1 Financial instrument categories**

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

Financial assets at amortised cost	Note	2020 \$'000	2019 \$'000
Cash and cash equivalents	C1	41,222	48,506
Receivables	C2	<u>21,425</u>	<u>42,689</u>
<b>Total</b>		<b><u>62,646</u></b>	<b><u>91,195</u></b>
<b>Financial liabilities at amortised cost - comprising</b>			
Payables	C5	17,616	27,136
Other liabilities	C7	402	228
Lease liabilities	C8	<u>107,933</u>	<u>-</u>
<b>Total</b>		<b><u>125,952</u></b>	<b><u>27,364</u></b>

No financial assets and financial liabilities have been offset and presented net in the statement of financial position.

**D2-2 Financial risk management**

**(a) Risk exposure**

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's activities expose it to a variety of financial risks as set out in the following table:

Risk Exposure	Definition	Exposure
Credit risk	Credit risk exposure refers to the situation where the department may incur financial loss as result of another party to a financial instrument failing to discharge their obligation.	The department is exposed to credit risk in respect of its receivables (Note C2).
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 (Note C4).
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.  <i>Interest rate risk</i> is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The department does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices.



**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
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**D2 Financial risk disclosures (continued)**

**D2-2 Financial risk management (continued)**

**(b) Risk measurement and management strategies**

<b>Risk Exposure</b>	<b>Measurement Method</b>	<b>Risk Management Strategies</b>
Credit risk	Ageing analysis	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.
Liquidity risk	Sensitivity analysis	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.
Market risk	Interest rate sensitivity analysis	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.

**D2-3 Credit risk disclosures**

**Credit risk management practices**

DAF considers financial assets that are over 30 days past due to have significantly increased in credit risk, and measures the loss allowance of such assets at lifetime expected credit losses instead of 12-month expected credit losses. The exception is trade receivable (Note C2), for which the loss allowance is always measured at lifetime expected credit losses.

The department typically considers a financial asset to be in default when it becomes 90 days past due. However, a financial asset can be in default before that point if information indicates that the department is unlikely to receive the outstanding amounts in full. The department's assessment of default does not take into account any collateral or other credit enhancements.

The department's write off policy is disclosed in Note C2-1.

**Credit risk exposure**

Credit risk exposure relating to receivables is disclosed in Note C2-1.

**DEPARTMENT OF AGRICULTURE AND FISHERIES****Notes to the financial statements****For the year ended 30 June 2020****D3. Contingencies****(a) Litigation in progress**

As at 30 June 2020, the following ongoing cases which have contingent liability were filed in the courts naming the State of Queensland through DAF:

	2020	2019
Federal Court	-	1
District Court	2	3
Magistrates Court	31	19
Queensland Civil and Administrative Tribunal (QCAT)	-	1
Queensland Industrial Relations Commission (QIRC)	1	1
Court of Appeal	1	-
Industrial Court	1	-
Supreme Court	1	-
<b>Total number of litigation in progress</b>	<b><u>37</u></b>	<b><u>25</u></b>

As at 30 June 2020, of the 37 cases in progress (2018-19: 25 cases), there were 9 cases (2018-19: 5 cases) where the State of Queensland through DAF is named as a defendant. The remaining 28 cases (2018-19: 20 cases) are matters where the State of Queensland through DAF is a complainant and proceedings have commenced.

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 five other cases that are not yet subject to court action. This may or may not result in subsequent litigation. 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 involved 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 was placed with DAF to manage on behalf of the State.

In 2018, the remediation for the fuel tank site locations was completed with the necessary environmental clearance certification. All herbicide pits are long out of use and have been covered over and where necessary signed or fenced off. In 2019, DAF was able to suspend the Herbicide Pits Environmental Permit and in 2020-21 will complete the final documentation for the surrender of the Environmental Permit to DES.

**(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 businesses regarding the supply of log timber from State-owned native forests.

- 14 sales permits, which expire 31 December 2024 for the supply of native forest hardwood sawlogs from State-owned native forests in south-east Queensland;
- 1 sales permit which expires 1 January 2034 and 1 sales permit which expires 31 December 2034, for the supply of native forest hardwood sawlogs from State-owned native forests in Western Queensland; and
- 14 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.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
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**D4. Commitments**

**(a) 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:

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Capital works in progress	1,683	816
Plant and equipment	-	54
Software	404	-
	<u>2,087</u>	<u>870</u>
Payable:		
· Not later than 1 year	<u>2,087</u>	<u>870</u>
<b>Total capital expenditure commitments</b>	<u><b>2,087</b></u>	<u><b>870</b></u>

**D5. Events occurring after reporting 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.

**D6. Future impact of accounting standards not yet effective**

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are either not applicable or have no material impact on the department.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**E1. Budgetary reporting disclosures**

This section contains explanations of major variances between the department's actual 2019-20 financial results and the original budget present to Parliament.

**E1-1. Explanation of major variances - statement of comprehensive income**

	Variance Notes	2020 Original Budget \$'000	2020 Actual \$'000	Budget Variance \$'000
<b>Income from operations</b>				
Appropriation revenue	1	329,014	366,818	37,804
User charges and fees	2	125,084	148,033	22,949
Grants and contributions		41,406	44,856	3,450
Royalties	3	29,159	33,675	4,516
Other revenue	4	257	4,140	3,883
<b>Total revenue</b>		<b>524,920</b>	<b>597,522</b>	<b>72,602</b>
Gains on disposal/revaluation of assets	5	95	2,181	2,086
<b>Total income from operations</b>		<b>525,015</b>	<b>599,703</b>	<b>74,688</b>
<b>Expenses from operations</b>				
Employee expenses	6	225,892	237,483	11,591
Supplies and services	7	238,189	274,873	36,684
Grants and subsidies	8	14,949	54,421	39,472
Depreciation and amortisation	9	35,433	26,812	(8,621)
Finance/borrowing costs	9	8,528	2,524	(6,004)
Impairment losses		-	640	640
Other expenses		2,024	2,950	926
<b>Total expenses from continuing operations</b>		<b>525,015</b>	<b>599,703</b>	<b>74,688</b>
<b>Operating result for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>

**Explanation of major variances:**

- The increase is largely due to additional funding (\$37.0 million) released in 2019-20 from the funds held centrally by government for the continuation of the Drought Assistance Package of which \$32.9 million was allocated to grants and subsidies and \$4.1 million to supplies and services. There was also a realignment of existing Queensland Government funding (\$8.7 million) for the ten-year NRIFAEP from 2021-22 to 2026-27 to accelerate treatments in 2019-20. This is partially offset by the Eco-Sciences Precinct (ESP) lease asset funding adjustment (\$4.7 million) and the deferral of funding from 2019-20 to the outer years to realign the budget with anticipated cash flows for various departmental programs.
- The variance is largely due to higher than expected ICT project revenue through the BCP arrangements (\$20.9 million).
- Higher than expected demand for the sale of timber and quarry materials in 2019-20.
- The increase is mainly due to a reimbursement from QATC of \$3.0 million to partially offset a contribution paid by DAF to assist with separation payments.
- Higher than expected cattle prices in March and June quarter has led to an increase in livestock valuation.
- The variance is largely due to a once off payment related to enterprise bargaining negotiations, an increase in pay rates as a result of the State Wage Case and a reduction in recreation and long service leave taken due to COVID-19 restrictions which is centrally funded.
- The variance is largely due to an increase in ICT contractor expenses to meet increased project demand through the BCP arrangements (\$21.9 million) and increased expenses relating to the NRIFAEP due to accelerated treatment program in 2019-20. Also contributing to the increase is the office accommodation costs for ESP that were originally removed from the budget for the implementation of the new leasing accounting standard, effective from 1 July 2019. Post budget preparation it was subsequently agreed in 2019-20 to exclude ESP from the new leasing standard. This has resulted in adjustments to increase office accommodation costs (\$9.3 million) when compared to the budget for 2019-20.
- The increase is largely due to expenses for the additional demand for Drought Assistance Package (\$32.9 million) where the 2019-20 allocation was held centrally by QT and drawn down in arrears based on actual expenditure. Also contributing to the increase is a funding contribution towards QATC separations costs (\$3.8 million) and natural disaster related expenses (\$1.4 million).
- The decrease is largely related to the depreciation and finance costs recognised under the new leasing accounting standard, effective 1 July 2019. Post budget preparation it was subsequently agreed in 2019-20 to exclude ESP from the new leasing standard. This has resulted in adjustment to depreciation (\$8.6 million) and finance costs (\$5.4 million) when compared to the budget for 2019-20.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
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**E1-2. Explanation of major variances - statement of financial position**

	Variance Notes	2020 Original Budget \$'000	2020 Actual \$'000	Budget Variance \$'000
<b>Current assets</b>				
Cash and cash equivalents		39,202	41,222	2,020
Receivables	10	37,407	21,425	(15,982)
Inventories		1,700	1,668	(32)
Other assets	11	7,794	29,345	21,551
		<u>86,103</u>	<u>93,659</u>	<u>7,556</u>
Non-current assets classified as held for sale		-	460	460
<b>Total current assets</b>		<b><u>86,103</u></b>	<b><u>94,119</u></b>	<b><u>8,016</u></b>
<b>Non-current assets</b>				
Property, plant and equipment	12	340,166	401,664	61,498
Right-of-use assets	13	284,279	114,971	(169,308)
Intangible assets		1,577	1,618	41
Other assets		10,394	2,156	(8,238)
<b>Total non-current assets</b>		<b><u>636,416</u></b>	<b><u>520,409</u></b>	<b><u>(116,007)</u></b>
<b>Biological assets</b>				
Biological assets	14	2,877	4,518	1,641
<b>Total biological assets</b>		<b><u>2,877</u></b>	<b><u>4,518</u></b>	<b><u>1,641</u></b>
<b>Total assets</b>		<b><u>725,396</u></b>	<b><u>619,045</u></b>	<b><u>(106,351)</u></b>
<b>Current liabilities</b>				
Payables	15	14,788	17,616	2,828
Accrued employee benefits	16	9,472	7,005	(2,467)
Lease liabilities	13	7,064	4,091	(2,973)
Other liabilities	17	20,501	32,107	11,606
<b>Total current liabilities</b>		<b><u>51,825</u></b>	<b><u>60,819</u></b>	<b><u>8,994</u></b>
<b>Non-current liabilities</b>				
Lease liabilities	13	270,705	103,843	(166,862)
Other non-current liabilities	17	13,771	13,772	(1)
<b>Total non-current liabilities</b>		<b><u>284,476</u></b>	<b><u>117,614</u></b>	<b><u>(166,862)</u></b>
<b>Total liabilities</b>		<b><u>336,301</u></b>	<b><u>178,434</u></b>	<b><u>(157,868)</u></b>
<b>Net assets</b>		<b><u>389,095</u></b>	<b><u>440,611</u></b>	<b><u>51,517</u></b>

**Explanation of major variances:**

- Decrease in balances is mainly attributed to the reclassification of research and development contracts and NCS arrangements accrued revenues (\$18.4 million) that have been classified as other current assets - contract assets under the new accounting standards.
- Higher than expected balance is mainly attributed to the reclassification of research and development contracts and NCS arrangements accrued revenues (\$18.4 million) as contract assets under the new accounting standards. Also contributing to the increase is the value of prepayments predominantly associated with the instalment payment (\$2.0 million) to University Queensland (UQ) for Queensland Alliance for Agriculture and Food Innovation (QAAFI) expenses for July - September 2020 that was prepaid in June 2020 and three days salary and wages prepayment (\$2.1 million) for the last pay period at the end of the month.
- The variance is mainly due to the transfer to DAF of the former QATC's assets (\$52.6 million) on 1 March 2020.
- The variance mainly relates to the leased assets and liabilities recognised under the new leasing accounting standard, effective from 1 July 2019. Post budget preparations it was subsequently agreed in 2019-20 to exclude ESP from the new standard and treat as office accommodation. This has resulted in adjustments to reduce assets and liabilities of \$180.9 million to the budget for 2019-20.
- Higher than expected cattle prices at the end of 2018-19 and during 2019-20 has led to an increase in livestock valuation.
- The closing balance of payables are higher than expected due to unexpended appropriation revenue to be returned to Consolidated Fund.
- The last pay period at the end of June included three days salary and wages for 2020-21, which was recognised in prepayments.
- The closing balance of unearned revenue is higher than expected mainly due to revenue received in advance for contractual agreements for Research and Development projects (\$5.2 million), the Reef Water Quality Science projects from DES (\$1.6 million) and unexpended disaster relief funding received from the North West Queensland Beef Recovery Package (\$2.9 million).

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
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**E1-3. Explanation of major variances - statement of cash flows**

	Variance Notes	2020 Original Budget \$'000	2020 Actual \$'000	Budget Variance \$'000
<b>Cash flows from operating activities</b>				
Inflows:				
Service appropriation receipts	18	329,014	356,915	27,901
User charges and fees	19	129,914	152,762	22,848
Grants and other contributions		41,406	45,729	4,323
Royalties	20	29,159	36,697	7,538
GST input tax credits received from ATO		13,181	13,300	119
GST collected from customers		-	16,244	16,244
Other inflows	21	857	4,465	3,608
Outflows:				
Employee expenses	22	(225,661)	(239,506)	(13,845)
Supplies and services	23	(238,649)	(281,452)	(42,803)
Grants and subsidies	24	(14,949)	(54,068)	(39,119)
GST paid to suppliers		(13,131)	(29,492)	(16,361)
GST remitted to ATO		-	-	-
Borrowing costs	25	(8,528)	(2,524)	6,004
Other outflows		(2,474)	(2,381)	93
Net cash provided operating activities		<b>40,139</b>	<b>16,691</b>	<b>(23,448)</b>
<b>Cash flows from investing activities</b>				
Inflows:				
Sales of property, plant and equipment		2,250	1,216	(1,034)
Sales of biological assets		-	2,345	2,345
Outflows:				
Payments for property, plant and equipment	26	(18,737)	(17,182)	1,555
Payments for intangibles		-	(823)	(823)
Payments for biological assets		-	(213)	(213)
Net cash used in investing activities		<b>(16,487)</b>	<b>(14,656)</b>	<b>1,831</b>
<b>Cash flows from financing activities</b>				
Inflows:				
Equity injections	25	6,510	2,625	(3,885)
Outflows:				
Finance lease payments	25	(6,510)	(2,862)	3,648
Equity withdrawals	25	(18,539)	(9,533)	9,006
Net cash provided by financing activities		<b>(18,539)</b>	<b>(9,770)</b>	<b>8,769</b>
Net increase/(decrease) in cash and cash equivalents		5,113	(7,735)	(12,848)
<b>Cash and cash equivalents - opening balance</b>		<b>34,089</b>	<b>48,506</b>	<b>14,417</b>
<b>Cash and cash equivalents received from administrative changes</b>		<b>-</b>	<b>451</b>	<b>451</b>
<b>Cash and cash equivalents - closing balance</b>	C1	<b>39,202</b>	<b>41,222</b>	<b>2,020</b>

**Explanation of major variances:**

18. The increase is largely due to additional funding released in 2019-20 from the funds held centrally by government for the continuation of the Drought Assistance Package and a realignment of existing Queensland Government funding for the ten-year NRIFAEP from 2021-22 to 2026-27 to accelerate treatments in 2019-20. This is partially offset by the ESP lease asset funding adjustment and the deferral of funding from 2019-20 to the outer years to realign the budget with anticipated cash flows for various departmental programs.
19. The variance is largely due to higher than expected ICT project revenue through BCP arrangements.
20. Higher than expected demand for the sale of timber and quarry materials in 2019-20.
21. The increase is mainly due to a reimbursement from QATC for a partial contribution to separation payments.
22. The variance is largely due to a once off payment related to enterprise bargaining negotiations, an increase in pay rates as a result of the State Wage Case and a reduction in recreation and long service leave taken due to COVID-19 restrictions which is centrally funded.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
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**E1-3. Explanation of major variances - statement of cash flows (continued)**

**Explanation of major variances (continued):**

23. The variance is largely due to an increase in ICT contractor expenses to meet increased project demand through the BCP arrangements and increased expenses relating to the NRIFAEP due to accelerated treatment program in 2019-20. Also contributing to the increase is the office accommodation costs for ESP that were originally removed from the budget for the implementation of the new leasing accounting standards, effective from 1 July 2019. Post budget preparation it was subsequently agreed in 2019-20 to exclude ESP from the new leasing standard. This has resulted in adjustments to increase office accommodation costs when compared to the budget for 2019-20.
24. The increase is largely due to expenses for the additional demand for Drought Assistance Package where the 2019-20 allocation was held centrally by QT and drawn down in arrears based on actual expenditure. Also contributing to the increase is a funding contribution towards QATC separations costs and natural disaster related expenses.
25. The decrease is largely related to the depreciation and finance costs recognised under the new leasing accounting standard, effective 1 July 2019. Post budget preparation it was subsequently agreed in 2019-20 to exclude ESP from the new leasing standard. This has resulted in adjustment to depreciation and finance costs when compared to the budget for 2019-20.
26. The variance is largely due to budgeted items initially identified as capital expenditure for the Toowoomba Facilities Upgrade Project-Stage 1 not meeting the asset recognition criteria and subsequently transferred to operating expenses.

**DEPARTMENT OF AGRICULTURE AND FISHERIES****Notes to the financial statements****For the year ended 30 June 2020****F1. Administered Items**

The department administers, but does not control, certain activities on behalf of the Government. In doing so, it has responsibility for administering those activities (and related transactions and balances) efficiently and effectively, but does not have the discretion to deploy the resources for the achievement of the department's own objectives.

The department administers funds on behalf of the State, including the following activities:

- Queensland Rural and Industry Development Authority (QRIDA): the department provides funding to QRIDA for the administration of government financial assistance schemes to foster the development of a more productive and sustainable rural and regional sector in Queensland;
- Forestry Assets: the department holds surplus assets that were transferred back to the Government prior to the sale of Forestry Plantations Queensland to the private sector and the department has been implementing an asset management plan for these assets;
- Queensland Racing Integrity Commission (QRIC): the department provides a funding contribution for QRIC to oversee the integrity and welfare standards of racing animals and participants in Queensland. The department also receives a contribution from Racing Queensland towards QRIC's activities.

Accounting policies applicable to administered items are consistent with the equivalent policies for controlled items, unless stated otherwise.

**F1-1. Schedule of administered income and expenses**

		2020	2020		2019
	Variance	Actual	Original	Budget	Actual
	Notes	\$'000	Budget	Variance	\$'000
		\$'000	\$'000	\$'000	\$'000
<b>Administered income</b>					
Appropriation revenue	1	108,320	235,613	(127,293)	92,080
User charges and fees		1,726	1,848	(122)	1,807
Grants and other contributions		16,048	16,048	-	15,597
Other revenue		1,303	1,099	204	9,930
<b>Total administered income</b>		<b>127,398</b>	<b>254,608</b>	<b>(127,211)</b>	<b>119,415</b>
<b>Administered expenses</b>					
Grants to Queensland Rural and Industry Development Authority (QRIDA)	2	72,914	198,743	(125,829)	63,486
Grants to Queensland Racing Integrity Commission (QRIC)		28,251	28,601	(350)	27,060
Supplies and services	3	171	8,250	(8,079)	223
Loss on disposal		4	-	4	91
Other expenses	3	6,964	-	6,964	57
Depreciation and amortisation		20	19	1	20
Decrements on revaluation		-	-	-	-
Transfers of administered appropriation to Government		-	-	-	1,235
Transfers of administered income to Government <sup>(1)</sup>		19,074	18,995	79	27,332
<b>Total administered expenses</b>		<b>127,398</b>	<b>254,608</b>	<b>(127,211)</b>	<b>119,504</b>
<b>Operating (deficit)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(89)</b>

<sup>(1)</sup> The department periodically transfers to Queensland Government the amount of all cash collected in respect of administered revenue itemised under "administered income" (excluding appropriation revenue).



**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
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**F1-2. Schedule of administered assets and liabilities**

	Variance Notes	2020 Actual \$'000	2020 Original Budget \$'000	Budget Variance \$'000	2019 Actual \$'000
<b>Administered assets</b>					
<i>Current</i>					
Cash	4	53,481	11	53,470	16,294
Receivables	5	5,633	286	5,347	7,095
<b>Total current assets</b>		<b>59,114</b>	<b>297</b>	<b>58,817</b>	<b>23,389</b>
<i>Non-current</i>					
Property, plant and equipment		737	759	(22)	757
<b>Total non-current assets</b>		<b>737</b>	<b>759</b>	<b>(22)</b>	<b>757</b>
<b>Total assets</b>		<b>59,851</b>	<b>1,056</b>	<b>58,795</b>	<b>24,146</b>
<b>Administered liabilities</b>					
<i>Current</i>					
Administered income refundable to Government	6	2,716	-	2,716	1,235
Grants payable		150	-	150	-
Payables to Government		271	278	(7)	22,069
Other payables	7	5,957	-	5,957	66
<b>Total current liabilities</b>		<b>9,094</b>	<b>278</b>	<b>8,816</b>	<b>23,370</b>
<b>Net administered assets/liabilities</b>		<b>50,756</b>	<b>778</b>	<b>49,979</b>	<b>775</b>

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
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**F1-3. Schedule of administered equity**

	Variance Notes	Contributed Equity \$'000	Accumulated (Deficit) \$'000	Asset Revaluation Surplus \$'000	TOTAL \$'000
<b>Balance as at 1 July 2018</b>		<b>3,754</b>	<b>(2,846)</b>	<b>23</b>	<b>931</b>
<b>Operating result</b>					
Operating result from continuing operations		-	-	-	-
<b>Other comprehensive income</b>					
- Increase in asset revaluation surplus		-	-	18	18
- Transfers between asset revaluation reserve and accumulated surplus		-	(89)	-	(89)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(89)</b>	<b>18</b>	<b>(71)</b>
<b>Transactions with owners as owners:</b>					
- Appropriated equity injections		2,683	-	-	2,683
- Appropriated equity withdrawals		(84)	-	-	(84)
- Non-appropriated equity adjustment		(2,683)	-	-	(2,683)
<b>Net transactions with owners as owners</b>		<b>(84)</b>	<b>-</b>	<b>-</b>	<b>(84)</b>
<b>Balance at 30 June 2019</b>		<b>3,670</b>	<b>(2,935)</b>	<b>41</b>	<b>775</b>
<b>Balance as at 1 July 2019</b>		<b>3,670</b>	<b>(2,935)</b>	<b>41</b>	<b>775</b>
<b>Operating result</b>					
Operating result from continuing operations			-	-	-
<b>Transactions with owners as owners:</b>					
- Appropriated equity injections	8	1,002,702	-	-	1,002,702
- Appropriated equity withdrawals		(19)	-	-	(19)
- Non-appropriated equity withdrawals	8	(952,702)	-	-	(952,702)
<b>Net transactions with owners as owners</b>		<b>49,981</b>	<b>-</b>	<b>-</b>	<b>49,981</b>
<b>Balance at 30 June 2020</b>		<b>53,651</b>	<b>(2,935)</b>	<b>41</b>	<b>50,756</b>

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

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**F1-4. Administered activities - budget to actual comparison and variance analysis**

1. The decrease is largely due to a deferral of funds (\$133.1 million) from 2019-20 to 2020-21 for QRIDA to administer the Federal Government Restocking, Replanting and On-Farm infrastructure grants program due to lower demand than originally anticipated resulting from the ongoing adverse environmental conditions. It is offset by additional funding (\$5.8 million) approved in June 2020 for Queensland Government COVID-19 Jobs Support Loans Scheme operational costs.
2. The decrease is largely due to a deferral of funds (\$126.0 million) from 2019-20 to 2020-21 for QRIDA to administer the Federal Government Restocking, Replanting and On-Farm infrastructure grants program due to lower demand than originally anticipated resulting from the ongoing adverse environmental conditions.
3. The decrease is largely due to a deferral of funds (\$6.9 million) from 2019-20 to 2020-21 for QRIDA to administer the Federal Government Restocking, Replanting and On-Farm infrastructure grants program operational cost due to lower demand than originally anticipated resulting from the ongoing adverse environmental conditions. It is offset by additional funding (\$5.8 million) approved in June 2020 for Queensland Government COVID-19 Jobs Support Loan Scheme operational costs.
4. The increase is largely due to equity funding (\$50.0 million) that has not yet been paid to QRIDA that relates to additional funding approved in June 2020 for the Queensland Government COVID-19 Jobs Support Loan Scheme.
5. The increase is largely due to additional funding of \$5.8M approved in June 2020 by QT for Queensland Government COVID-19 Jobs Support Loan Scheme operational costs.
6. The increase represents the Administered Appropriation refundable relating to the Commonwealth adjustment for the deferral of QRIDA's administration costs relating to the Federal Government Restocking, Replanting and On-Farm Infrastructure grants program.
7. The increase is largely due to operational costs (\$5.8 million) payable to QRIDA for the Queensland Government COVID-19 Jobs Support Loan Scheme.
8. The increase in appropriated equity injections and non-appropriated equity withdrawals relates to funding provided to QRIDA in relation to the Queensland Government COVID-19 Jobs Support Loan Scheme.

**DEPARTMENT OF AGRICULTURE AND FISHERIES****Notes to the financial statements****For the year ended 30 June 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>F1-5. Reconciliation of payments from consolidated fund to administered income</b>		
Budgeted appropriation receipts	235,613	40,370
Treasurer's transfers	(31,062)	1,000
Lapsed appropriation	(20)	-
Unforeseen expenditure <sup>(1)</sup>	-	50,455
Appropriation adjustment	(100,000)	(1,475)
<b>Total administered receipts</b>	<b>104,531</b>	<b>90,350</b>
Add: closing balance of appropriation revenue receivable	5,270	-
Add: opening balance of deferred appropriation payable to Consolidated Fund	1,235	1,730
Less: closing balance of deferred appropriation payable to Consolidated Fund	(2,716)	(1,235)
<b>Net appropriation revenue</b>	<b>108,320</b>	<b>90,845</b>
Plus deferred appropriation payable to Consolidated Fund (expense)	-	1,235
<b>Appropriation revenue recognised in statement of comprehensive income</b>	<b>108,320</b>	<b>92,080</b>
<sup>(1)</sup> The amount for 2018-19 relates to funding from the Commonwealth government for North and Far North Queensland Monsoon.		
<b>F1-6. Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity</b>		
Budgeted equity adjustment appropriation	2,583	2,104
Treasurer's advance	900,000	-
Appropriation adjustment	100,000	1,475
<b>Equity adjustment receipts (payments)</b>	<b>1,002,583</b>	<b>3,579</b>
Less: opening balance of equity adjustment receivable	-	(980)
Plus: closing balance of appropriation receivable	100	-
<b>Net appropriation equity</b>	<b>1,002,683</b>	<b>2,599</b>

**DEPARTMENT OF AGRICULTURE AND FISHERIES**

**Notes to the financial statements**

**For the year ended 30 June 2020**

**G1. Key management personnel (KMP) disclosures**

**Details of key management personnel**

The department's responsible Minister is identified as part of the department's KMP, consistent with additional guidance included in the revised version of AASB 124 *Related Party Disclosures*. That Minister is the Minister for Agricultural Industry Development 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 2019-20 and 2018-19. 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, Digital Engagement 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.

**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 which are published as part of QT'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, allowance and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position; and
  - 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.

**DEPARTMENT OF AGRICULTURE AND FISHERIES****Notes to the financial statements****For the year ended 30 June 2020****G1. Key management personnel (KMP) disclosures (continued)****Remuneration Expenses**

The following disclosure focuses 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 2019 – 30 June 2020**

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Total Expenses <sup>(1)</sup>
	Monetary Benefits \$ '000	Non-Monetary Benefits \$ '000	\$ '000	\$ '000	\$ '000
Director-General	370	-	8	25	403
Deputy Director-General, Agriculture Queensland	248	-	6	27	281
Chief Biosecurity Officer	263	-	6	28	297
Deputy Director-General, Corporate	240	-	5	24	269
Deputy Director-General, Fisheries and Forestry	237	-	5	24	266
<b>Total</b>	<b>1,358</b>	<b>-</b>	<b>30</b>	<b>128</b>	<b>1,516</b>

<sup>(1)</sup> The key management personnel and remuneration expenses above for the year ended 30 June 2020 does not include any termination benefits.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**G1. Key management personnel (KMP) disclosures (continued)**

**Remuneration Expenses (continued)**

**1 July 2018 – 30 June 2019**

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Total Expenses <sup>(1)</sup>
	Monetary Benefits \$ '000	Non-Monetary Benefits \$ '000	\$ '000	\$ '000	\$ '000
Director-General	324	-	7	37	368
Director-General (Acting) 30/8/2018 - 15/9/2018 and 5/5/2019 - 2/6/2019	27	-	1	3	31
Deputy Director-General, Corporate 20/5/2019 - 30/6/2019	10	-	-	2	12
Deputy Director-General, Corporate (Acting) 1/7/2018 - 10/5/2019	192	-	4	21	217
Deputy Director-General, Agriculture Queensland 20/5/2019 - 30/6/2019	21	-	-	2	23
Deputy Director-General, Agriculture Queensland (Acting) 1/7/2018 - 17/5/2019	229	-	4	20	254
Deputy Director-General, Fisheries and Forestry	198	-	4	21	222
Deputy Director-General, Fisheries and Forestry (Acting) 22/10/2018 - 31/12/2018 and 6/5/2019 - 28/5/2019	64	-	1	6	71
Chief Biosecurity Officer 1/1/2019 - 30/6/2019	118	-	2	13	133
Chief Biosecurity Officer (Acting) 1/7/2018 - 31/12/2018 and 25/3/2019 - 2/6/2019	173	-	3	18	194
<b>Total</b>	<b>1,355</b>	<b>-</b>	<b>26</b>	<b>144</b>	<b>1,525</b>

<sup>(1)</sup> The key management personnel and remuneration expenses above for the year ended 30 June 2019 does not include any termination benefits.

**Performance payments**

No KMP remuneration packages provide for performance or bonus payments.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**

**Notes to the financial statements**

**For the year ended 30 June 2020**

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**G2. Related party transactions**

**Transactions with people/entities related to KMP**

A review has been undertaken for the 2019-20 financial year, to 30 June 2020, of the department's KMP related party transactions (RPT) disclosures and no transactions have been identified between the department and its KMPs' related parties.

**Transactions with other Queensland Government-controlled entities**

The department's primary ongoing sources of funding from Government for its services are appropriation revenue (Note B1-1) and equity injections (Note C9-2), both of which are provided in cash via QT.

The department received defined services from the following agencies:

- DNRME: Legal Services
- DES: Privacy and Ethics, Internal Audit, Procurement, Right to Information.

As the host agency, DAF provided defined services to the following agencies for the period 1 July 2019 to 30 June 2020:

- DNRME: Information Management, Fleet Management, Telecommunications
- DES: Information Management, Fleet Management, Telecommunications
- DSDTI: Finance, Information Management, Fleet Management, Telecommunications.

User charges and fees (Note B1-2) includes the fee for service revenue received from the above agencies for information management services and this represents approximately 36% of the total user charges and fees.

Office accommodation and QFleet costs disclosed in supplies and services (Note B2-2) includes office accommodation across the State with DHPW and motor vehicle lease arrangements provided by QFleet.

QBuild within DHPW are the provider of building repair and maintenance disclosed within Note B2-2 under repairs and maintenance.



**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**G3. First year application of new accounting standards or change in accounting policy**

**Accounting standards applied for the first time**

Three new accounting standards with material impact were applied for the first time in 2019-20:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 16 *Leases*

The effect of adopting these new standards are detailed in notes G3-1 to G3-3. No other accounting standards or interpretations that apply to the department for the first time in 2019-20 have any material impact on the financial statements.

**Accounting standards early adopted**

No Australian Accounting Standards have been early adopted for 2019-20.

**G3-1. AASB 15 Revenue from Contracts with Customers**

The department applied AASB 15 *Revenue from Contracts with Customers* for the first time in 2019-20. The nature and effect of changes resulting from the adoption of AASB 15 are described below:

**1. New revenue recognition model**

AASB 15 establishes a new five-step model for determining how much and when revenue from contracts with customers is recognised. The five-step model and significant judgements at each step are detailed below.

Step 1 - Identify the contract with the customer	Grant funding that the department receives may contain a contract with a customer and thus fall within the scope of AASB 15. This is the case where the funding agreement requires the department to transfer goods or services to third parties on behalf of the grantor, it is enforceable, and it contains sufficiently specific performance obligations.
Step 2 - Identify the performance obligations in the contract	This step involves firstly identifying all the activities the department is required to perform under the contract, and determining which activities transfer goods or services to the customer.  Where there are multiple goods or services transferred, the department must assess whether each good or service is a distinct performance obligation or should be combined with other goods or services to form a single performance obligation.  To be within the scope of AASB 15, the performance obligations must be 'sufficiently specific', such that the department is able to measure how far along it is in meeting the performance obligations.
Step 3 - Determine the transaction price	When the consideration in the contract includes a variable amount, the department needs to estimate the variable consideration to which it is entitled and only recognise revenue to the extent that it is highly probable a significant reversal of the revenue will not occur.  This includes sales with a right of return, where the amount expected to be refunded is estimated and recognised as a refund liability instead of revenue.
Step 4 - Allocate the transaction price to the performance obligations	When there is more than one performance obligation in a contract, the transaction price must be allocated to each performance obligation, and generally this needs to be done on a relative stand-alone selling price basis.
Step 5 - Recognise revenue when or as the department satisfies performance obligations	Revenue is recognised when the department transfers control or the goods or services to the customer. A key judgement is whether a performance obligation is satisfied over time or at a point in time. Where it is satisfied over time, the department must develop a method for measuring progress towards satisfying the obligation.

**2. Other changes arising from AASB 15**

AASB 15 applies to revenue from issuing of licences and permits for agricultural, fishing and biosecurity activities. The department has elected to apply the revenue recognition requirements in AASB 15 to all licences, including short-term and low value licences.

AASB 15 also specifies the accounting treatment for incremental costs of obtaining a contract and costs directly related to fulfilling a contract.

The standard requires contract assets (accrued revenue) and contract liabilities (unearned revenue) to be shown separately and requires contract assets to be distinguished from receivables.

There are extensive new disclosures, which have been included in Notes B1-2 and B1-3.

**DEPARTMENT OF AGRICULTURE AND FISHERIES****Notes to the financial statements****For the year ended 30 June 2020****G3. First year application of new accounting standards or change in accounting policy (continued)****G3-1. AASB 15 Revenue from Contracts with Customers (continued)****3. Transitional impact**

Transitional policies adopted are as follows:

- The department applied the modified retrospective transition method and has not restated comparative information for 2018-19, which continue to be reported under AASB 118 *Revenue*, AASB 111 *Construction Contracts*, and related interpretations.
- The department elected to apply the standard retrospectively to all contracts, including completed contracts, at 1 July 2019. Completed contracts include contracts where the department had recognised all of the revenue in prior periods under AASB 1004 *Contributions*.
- The department applied a practical expedient to reflect, on transition, the aggregate effect of all contract modification that occurred before 1 July 2019.

*User charges and fees*

To align with new terminology in AASB 15, accrued revenue and unearned revenue arising from contracts with customers have been renamed as contract assets and contract liabilities respectively. They are separately disclosed in Note C3 and C7.

*Grants and contributions*

NCS arrangements - The department has cost sharing arrangements with the Commonwealth's Department of Agriculture and Water Resources (DAWR) and other States and Territories that relate to funding of activity based services for the eradication and control of pests and diseases, including the NRIFAEP, Red Witchweed Program and Four Tropical Weeds Program. These arrangements have been identified as having sufficiently specific performance obligations under enforceable agreements. Under AASB 15, revenue is recognised progressively over time and a contract asset (representing the department's right to consideration in exchange for the services transferred to the customer) recognised for services rendered but unbilled at each reporting date. Timing of payments can also result in unearned revenue for unperformed services at the reporting date.

*Royalties*

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. The department expects no change to revenue recognition as the delivery of the goods to the customer represents the sole performance obligation.

*Licence and Permit Revenue*

The department has revenue from the issue of licences and permits for agricultural, fishing and biosecurity activities. In accordance with QT's proposed policy directive following amendments to AASB 15 (arising from AASB 2018-4 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Public Sector Licensors), the revenue is recognised under AASB 15 when the performance obligations are fulfilled. As the sole performance obligation is the issue of the licence to the customer, revenue is recognised when the licence is issued. As this has the same accounting consequence to the current accounting of recognising revenue on receipt of the licence fee, no change is expected to revenue recognition for licence revenue. The department has assessed that any refund liability under AASB 15 will not be material.

*Sale of Services*

Information Technology Partners (ITP) –Service Level Agreements - The department provides information technology services to DNRME, DES and DITID on a cost recovery basis. Under AASB 15, revenue is recognised in exchange for the services transferred to the customer. An accrual is recognised for services rendered but unbilled at each reporting date. There were no transitional adjustments at 1 July 2019 for ITP service revenue.

Research and Development Contract Services – The department performs research and development services under legally enforceable contracts with specific deliverables, milestones, terms and conditions and a financial acquittal processes. Revenue is recognised to match the expenditure incurred in the performance of obligations and delivery of milestones.

There were no transitional adjustments at 1 July 2019 for service revenue as the department expects recognises, a contract asset receivable, an amount of unbilled revenue equal to the department's right to receive consideration in exchange for the services transferred to customers and also recognised a liability for unearned revenue where funding provided is unspent. Revenue is recognised using the input method, which matches the expenditure under the current accounting treatment.

*Sale of Goods*

There was no change to revenue recognition from the sale of goods including livestock, vaccines, publications and farming produce as the delivery of the goods to the customer represents the sole performance obligation. The amount of any right of return asset or refund liability has been determined to be negligible and immaterial to record on transition.

The net impact on adoption of AASB 15 on equity is nil with only changes occurring within the asset and liabilities categories.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**G3. First year application of new accounting standards or change in accounting policy (continued)**

**G3-2. AASB 1058 Income of Not-for-Profit Entities**

The department applied AASB 1058 *Income of Not-for-Profit Entities* for the first time in 2019-20. The nature and effect of changes resulting from the adoption of AASB 1058 are described below.

**1. New revenue recognition model**

AASB 1058 applies to transactions where the department acquires an asset for significantly less than fair value principally to enable the department to further its objective, and to the receipt of volunteer services.

The department's revenue line item recognised under this standard from 1 July 2019 include appropriation revenue, royalties and land rents, taxes, most grants and other contribution, and some other revenue.

*General revenue recognition framework*

The revenue recognition framework for in scope transactions, other than specific-purpose capital grants, is as follows.

1. Recognise the asset - e.g. cash, receivables, PP&E, a right-of-use-asset or an intangible asset.
2. Recognise related amounts - e.g. contributed equity, a financial liability, a lease liability, a contract liability or a provision (grants and donations in many cases can have nil related amounts).
3. Recognise the difference as income upfront.

The initial recognition and measurement of receivables arising from statutory requirements (such as taxes and stamp duty) falls under AASB 9 *Financial Instruments*, therefore AASB 9 governs the timing and amount of revenue recognised under AASB 1058 for such statutory income.

**2. Transitional impact**

Transitional policies adopted are as follows:

- The department applied the modified retrospective transition method and has not restated comparative information for 2018-19. They continue to be reported under relevant standards applicable in 2018-19, such as AASB 1004.
- The department elected to apply the standard retrospectively to all contracts, including completed contracts, at 1 July 2019. Completed contracts are contracts where the department had recognised all of the revenue in prior periods under AASB 1004.

Revenue recognition for the department's appropriations, taxes, royalties, and most grants and contributions will not change under AASB 1058, as compared to AASB 1004. Revenue will continue to be recognised when the department gains control of the asset (e.g. cash or receivable) in most instances.

NCS arrangements will fall within the scope of AASB 15 *Revenue from Contracts with Customers*, and the transitional impacts are disclosed in Note G3-1 above.

<b>Balance Sheet as at 30 June 2020</b>	<b>As reported \$'000</b>	<b>AASB 15 changes \$'000</b>	<b>AASB 1058 changes \$'000</b>	<b>Previous standards \$'000</b>
<b>Assets</b>				
Receivables				
Trade debtors	13,673	17,987	458	32,119
Other current assets	29,345	(17,987)	(458)	10,900
<b>Liabilities</b>				
Other current liabilities				
Contract liabilities	24,615	(24,268)	(347)	-
Unearned revenue	7,091	24,268	347	31,705

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

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**G3. First year application of new accounting standards or change in accounting policy (continued)**

**G3-3. AASB 16 Leases**

The department applied AASB 16 *Leases* for the first time in 2019-20. The department applied the modified retrospective transition method and has not restated comparative information for 2018-19, which continue to be reported under AASB 117 *Leases* and related interpretations.

The nature and effect of changes resulting from the adoption of AASB 16 are described below.

**1. Definition of a lease**

AASB 16 introduced new guidance on the definition of a lease.

For leases and lease-like arrangements existing at 30 June 2019, the department elected to apply the practical expedient to grandfather the previous assessments made under AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease* about whether those contracts contained leases. However, arrangements were reassessed under AASB 16 where no formal assessment had been completed in the past or where lease arrangements were modified on 1 July 2019.

Amendments to former operating leases for office accommodation and employee housing

In 2018-19, the department held operating leases under AASB 117 from DHPW for non-specialised commercial office accommodation through QGAO and residential accommodation through the GEH program.

Effective 1 July 2019, the framework agreements that govern QGAO and GEH were amended with the result that these arrangements would not meet the definition of a lease under AASB 16 and therefore are exempt from lease accounting.

From 2019-20 onward, the cost for these services are expensed as supplies and services expenses when incurred. The new accounting treatment is due to a change in the contractual arrangements rather than a change in accounting policy.

**2. Changes to lessee accounting**

Previously, the department classified its leases as operating or finance leases based on whether the lease transferred significantly all the risks and rewards incidental to ownership of the asset to the lessee.

This distinction between operating and finance leases no longer exist for lessee accounting under AASB 16. From 1 July 2019, all leases, other than short-term leases and leases of low value assets, are now recognised on balance sheet as lease liabilities and right-of-use assets.

Lease liabilities

Lease liabilities are initially recognised at the present value of lease payments over the lease term that are not yet paid. The lease term includes any extension or renewal options that the department is reasonably certain to exercise. The future lease payments included in the calculation of the lease liability comprise of the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the department under residual value guarantees
- the exercise price of a purchase option that the department is reasonably certain to exercise
- payments for termination penalties, if the lease term reflects the early termination.

The discount rate used is the interest rate implicit in the lease, or the department's incremental borrowing rate if the implicit rate cannot be readily determined.

Subsequently, the lease liabilities are increased by the interest charge and reduced by the amount of lease payments. Lease liabilities are also remeasured in certain situations such as a change in variable lease payments that depend on an index or rate (e.g. a market rent review), or a change in the lease term.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

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**G3. First year application of new accounting standards or change in accounting policy (continued)**

**G3-3. AASB 16 Leases**

**2. Changes to lessee accounting (continued)**

Right-of-use assets

Right-of-use assets are initially recognised at cost comprising of the following:

- the amount of the initial measurement of the lease liability
- lease payments made at or before the commencement date, less any lease incentive received
- initial direct costs incurred, and
- the initial estimate of restoration costs

Right-of-use assets will subsequently give rise to a depreciation expense and be subject to impairment.

Right-of-use assets differ in substance from leased assets previously recognised under finance leases in that the asset represents the intangible right-to-use the underlying asset rather than the underlying asset itself.

**3. Changes to lessor accounting**

Lessor accounting remains largely unchanged under AASB 16. Leases are still classified as either operating or finance leases. However, the classification of subleases now reference the right-of-use asset arising from the head lease, instead of the underlying asset.

**4. Transitional impact**

Former operating leases as lessee

- The majority of the department's former operating leases, other than the exempt QGAO and GEH arrangements, are now recognised on-balance sheet as right-of-use assets and lease liabilities.
- On transition, lease liabilities were measured at the present value of the remaining lease payments discounted at the department's incremental borrowing rate at 1 July 2019.
- The department's weighted average incremental borrowing rate on 1 July 2019 was between 1.46% and 2.31% based on the remaining term of the lease.
- The right-of-use assets were measured at either:
  - a) their carrying amount as if AASB 16 had always been applied since lease commencement, discounted using the department's incremental borrowing rate at 1 July 2019;
  - b) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment.
- New right-of-use assets were tested for impairment on transition and none were found to be impaired.
- On transition, the department used practical expedients to:
  - not recognise right-of-use assets and lease liabilities for leases that end within 12 months of the date of initial application and leases of low value assets;
  - exclude initial direct costs from the measurement of right-of-use assets; and
  - use hindsight when determining the lease term.

The following table summarises the on-transition adjustments to assets and liability balances at 1 July 2019 in relation to former operating leases.

	<b>\$'000</b>
Right-of-use assets - Land	515
Right-of-use assets - Buildings	120,824
Prepayments	(10,544)
Lease liabilities	110,795

Leases as lessor

- No transitional adjustments were required for leases in which the department is lessor.

**DEPARTMENT OF AGRICULTURE AND FISHERIES****Notes to the financial statements****For the year ended 30 June 2020****G3. First year application of new accounting standards or change in accounting policy (continued)****G3-3. AASB 16 Leases (continued)****5. Reconciliation of operating lease commitments at 30 June 2019 to the lease liabilities at 1 July 2019**

	<b>\$'000</b>
Total undiscounted operating lease commitments at 30 June 2019	373,257
- discounted based on QTC fixed rate for term of commitment	<u>(78,374)</u>
<b>Present value of operating lease commitments</b>	<b>294,883</b>
- less internal-to-government arrangements that are no longer leases (accommodation)	(184,512)
- add other adjustments	424
<b>Lease liabilities at 1 July 2019</b>	<b><u>110,795</u></b>

**G4. 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 C2).

**G5. Climate Risk Disclosure**Climate Risk Assessment

The department addresses the financial impacts of climate related risks by identifying and monitoring the accounting judgements and estimates that will potentially be affected, including asset useful lives, fair value of assets, provisions or contingent liabilities and changes to future expenses and revenue.

Current Year Impacts

No adjustments to the carrying value of recorded assets or other adjustments to the amounts recorded in the financial statements were recognised during the financial year.

Future Year Impacts

The department will be performing a comprehensive revaluation of land, buildings and infrastructure in 2020-21 and will incorporate a climate risk assessment into the review of asset useful lives and fair value of assets.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

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**G6. Significant financial impacts from COVID-19**

The following significant transactions were recognised by DAF during the 2019-20 financial year in response to the COVID-19 pandemic:

**\$'000**

**OPERATING STATEMENT**

Significant expense items arising from COVID-19

Assistance to RSPCA, zoos and mobile animal exhibitors <sup>(1)</sup>	966
Business counselling and advice costs incurred	550
Fisheries Market Diversification and Resilience Grants	359
Promotional campaign #EatQLD to eat local, stay healthy and support jobs	187
Non-labour costs for personal protective equipment, cleaning, etc. <sup>(1)</sup>	160
	<b>2,222</b>

Significant revenue items arising from COVID-19

Additional revenue recognised to fund COVID-19 initiatives	1,096
	<b>1,096</b>

<sup>(1)</sup> No additional funding for these items was received in 2019-20.

Other significant impacts arising from COVID-19

Assistance to fishing industries was provided with the waiver of \$687,000 in fees for the commercial fishing boat licence fee, tropical rock lobster quota fees and reef line quota fees and the department received \$660,000 in appropriation funding to support the initiative. The department also provided rent relief of \$171,000 to small business tenancies from 1 April 2020 to 30 June 2020.

These amounts are not reflected in the revenue/expense items above.

Administered activities arising from COVID-19

The Department received \$1 billion in funding for the Queensland Government COVID-19 Jobs Loans Scheme administered by QRIDA to support Queensland businesses and non-profit organisations financially affected by COVID-19 to retain employees and maintain their operations. As at 30 June 2020, \$950 million had been transferred to QRIDA, with the remaining \$50 million transferred in 2020-21.

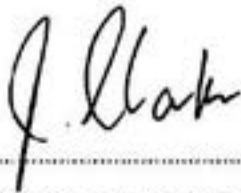
**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Management Certificate**  
**For the year ended 30 June 2020**

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These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 38 of the *Financial and Performance Management Standard 2019* 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 year ended 30 June 2020 and of the financial position of the department at the end of that year; and

The Director-General, as the Accountable Officer of the Department, acknowledges responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



.....  
Justine Clark BCom CPA CMA GAICD  
Chief Finance Officer  
Date 27 August 2020



.....  
Dr. Elizabeth Woods  
Director-General  
Date 27 August 2020





## 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 2020, 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 2019 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 2020, 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. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



### Valuation of Land \$123.62 million

Refer to note C4-1 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>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.</p> <p>The Department engaged a registered valuer to undertake a specific appraisal of all land holdings at 30 June 2016.</p> <p>Significant judgement was used in arriving at suitable discount rates for the restrictions on reserve land.</p> <p>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.</p> <p>The Department has subsequently performed annual indexations of these valuations. Significant judgement was required in determining the appropriate index.</p>	<p>My procedures for the valuation of land included, but were not limited to:</p> <p>In 2015-16:</p> <ul style="list-style-type: none"> <li>• Assessing the competence, capability and objectivity of the experts used to develop the valuations.</li> <li>• Obtaining an understanding of the valuer's methodology used with reference to common industry practices.</li> </ul> <p>For the periods subsequent to the specific appraisal performed as at 30 June 2016:</p> <ul style="list-style-type: none"> <li>• Assessing the competence, capability and objectivity of the expert used by the Department to provide the index.</li> <li>• Evaluating the reasonableness of the index used against other publicly available information about movements in values for unrestricted land that is otherwise similar.</li> <li>• On a sample basis, testing the accuracy of the application of indices to the valuation of land assets.</li> <li>• Assessing the index movement against movement in relevant local government areas based on the market movement report for any significant variances.</li> <li>• Where the index for a parcel of land was material, evaluating the index for reasonableness against appropriate supporting documentation.</li> </ul>



**Buildings valuation \$155.03 million and depreciation expense \$5.79 million**

Refer to note C4-1 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>The Department’s buildings were measured at fair value at balance date using the current replacement cost method that comprises:</p> <ul style="list-style-type: none"> <li>• Gross replacement cost, less</li> <li>• Accumulated depreciation.</li> </ul> <p>The buildings were specifically appraised as at 30 June 2016 and indexed in subsequent years.</p> <p>The Department derived the gross replacement cost of its buildings at balance date using unit pricing model that involved significant judgements for:</p> <ul style="list-style-type: none"> <li>• identifying the components of buildings with separately identifiable replacement costs (known as unit rate categories)</li> <li>• developing a unit rate for each of these components, including: <ul style="list-style-type: none"> <li>– 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</li> <li>– Indexing unit rates in subsequent increases in input costs.</li> </ul> </li> </ul> <p>The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of assets.</p> <p>The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</p>	<p>My procedures included, but were not limited to:</p> <p>In 2015-16:</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the valuation process and unit rate categories used for measuring gross replacement cost with reference to the department’s total asset management plans, the unit costs of the department’s recent projects, and common industry practices.</li> <li>• Assessing the competence, capability and objectivity of the expert used by the Department to provide the index.</li> </ul> <p>For the periods subsequent to the specific appraisal performed as at 30 June 2016:</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the building components used for measuring gross replacement cost with reference to the department’s asset management plans and common industry practices.</li> <li>• Evaluating whether unit rates were current at balance date by: <ul style="list-style-type: none"> <li>– Evaluating the reasonableness of the index used against publicly available information about movements in unit rates for buildings that is otherwise similar</li> <li>– Recalculating the index provided by the independent valuers.</li> </ul> </li> <li>• Evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> <li>– Reviewing management’s annual assessment of useful lives.</li> <li>– Assessing whether building components still in use have reached or exceeded their useful life.</li> <li>– Reviewing formal asset management plans and confirming the currency of these plans with management.</li> </ul> </li> <li>• Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.</li> </ul>



## **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 2019 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.

### **Statement**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year 30 June 2020:

- 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.

### **Prescribed requirements scope**

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the department's transactions and account balances to enable the preparation of a true and fair financial report.

A handwritten signature in black ink, appearing to read "Melissa Fletcher", is written over a faint, light-colored signature line.

28 August 2020

Melissa Fletcher  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane