

## Our finances

This financial overview provides a summary of DAF's financial performance and position for controlled and administered activities, and comments on significant movements for the period 1 July 2018 to 30 June 2019.

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

This overview explains how to interpret DAF's financial statements (including explanatory variance notes), by providing a summary (in Table 18) of the three primary financial statements:

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

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

For a more comprehensive set of financial statements covering all aspects of the department's activities, see 'Financial statements: 30 June 2019' on page 86.

The statements include a comparison of actual financial results with the budget estimates published in the 2018–19 State Budget Papers, and provide explanations of major variances.

Table 18 Summary of DAF's financial statements (controlled funds) for the period 1 July 2018 to 30 June 2019

Statement of comprehensive income	2018–19 actual (\$m)	2018–19 budget (\$m)
Total income	528.1	481.7
Less: total expenses	528.1	481.7
<b>Operating result for 2018–19</b>	<b>--</b>	

The increase in income and expenses is largely due to additional funding during 2018–19 for national cost-sharing arrangements for pest and disease emergency responses (including the National Red Imported Fire Ant Eradication Program) and higher than expected IT project revenue through the Business and Corporate Partnership arrangements.

The operating result for 2018–19 is a balanced budget position.

Statement of cash flows	2018–19 actual (\$m)	2018–19 budget (\$m)
Balance of cash at 1 July 2018	40.8	42.9
Operating activities	30.6	18.7
Investing activities	(19.4)	(19.8)
Financing activities	(3.5)	(2.5)
<b>Net increase in cash held</b>	<b>7.7</b>	<b>(3.6)</b>
<b>Cash at 30 June 2019</b>	<b>48.5</b>	<b>39.3</b>

The increase in cash balances at the end of the financial year is largely due to the unexpended appropriation revenue to be returned to Queensland Treasury and revenue received in advance for multi-year Reef water quality science projects and contractual agreements for research and development projects.

Statement of financial position	2018–19 actual (\$m)	2018–19 budget (\$m)
Current assets (including cash balances)	100.9	81.1
Non-current assets (including property, plant and equipment)	370.6	371.4
<b>Total assets</b>	<b>471.5</b>	<b>452.5</b>
Current liabilities	61.3	40.8
Non-current liabilities	15.2	15.2
<b>Total liabilities</b>	<b>76.5</b>	<b>56.0</b>
<b>Net assets</b>	<b>395.0</b>	<b>396.5</b>
<b>Total equity at 30 June 2019</b>	<b>395.0</b>	<b>396.5</b>

The increase in current assets is mainly due to higher than expected receivables under national cost-sharing arrangements for biosecurity pest and emergency disease responses (including the National Red Imported Fire Ant Eradication Program, and programs for electric ants and four tropical weeds) and higher than expected cash for revenue received in advance for multi-year Reef water quality science projects, the unexpended appropriation revenue to be returned to Queensland Treasury and contractual agreements for research and development projects.

The decrease in non-current assets mainly represents the transfer of land from non-current assets to current for land held for sale in 2018–19.

The increase in current liabilities is largely due to increased IT contractor payables associated with Business and Corporate Partnership projects, funding received in advance for research and development projects, and an appropriation payable to the Consolidated Fund for end-of-year appropriation adjustments.

## Controlled funds

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

### Operating result

The operating result for 2018–19 is a balanced budget position.

### Income—where the dollars came from

Total operating revenues were \$528.1 million, including:

- \$316.1 million (59.9%) through funding provided as service revenue by Parliament
- \$142.1 million (26.9%) in user charges for goods and services (including national cost-sharing revenues for biosecurity pest and disease programs from other states and territories, income received for research and development projects and the provision of services to other government agencies through the Business and Corporate Partnership arrangements)
- \$36.9 million (7.0%) from grants and other contributions (including national cost-sharing revenue from the Australian Government for biosecurity pest and disease programs)
- \$31.6 million (6.0%) from other income sources (including royalty revenues on forest products removed from state land)
- \$1.4 million (0.2%) from disposal and revaluation of assets.

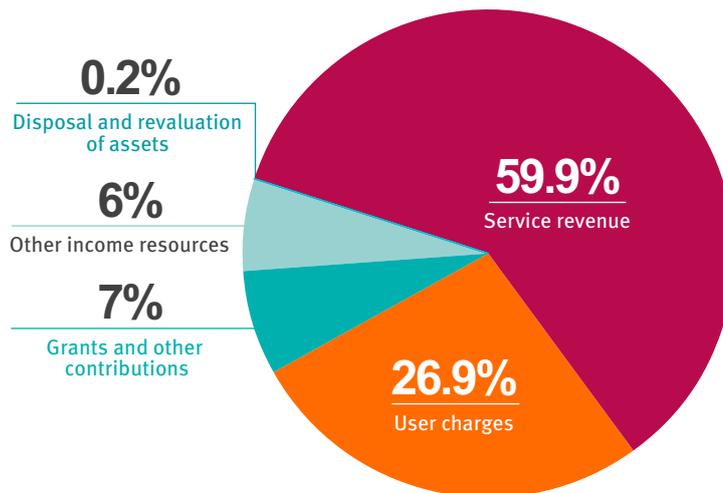


Figure 12 Operating revenues, 1 July 2018 to 30 June 2019

## Expenses—where the dollars were spent

Total operating expenses were \$528.1 million, including:

- \$214.7 million (40.7%) in employee costs
- \$248.5 million (47.0%) for supplies and services including contractors for national cost-sharing biosecurity pest and disease programs, research and development projects, the provision of services through Business and Corporate Partnership arrangements, outsourced service delivery arrangements, accommodation, travel and other operating costs
- \$29.0 million (5.5%) in grants and subsidies mainly including payments under the Drought Relief Assistance Scheme, an Australian Government–funded payment to the Australian Banana Growers' Council associated with the Panama disease tropical race 4 response, payments to Safe Food Queensland and the Darling Downs – Moreton Rabbit Board
- \$19.6 million (3.7%) in depreciation expenses
- \$16.3 million (3.1%) in other expenses, mainly including asset write-downs, special payments, Queensland Government insurance premiums, audit fees and other miscellaneous expenditure.

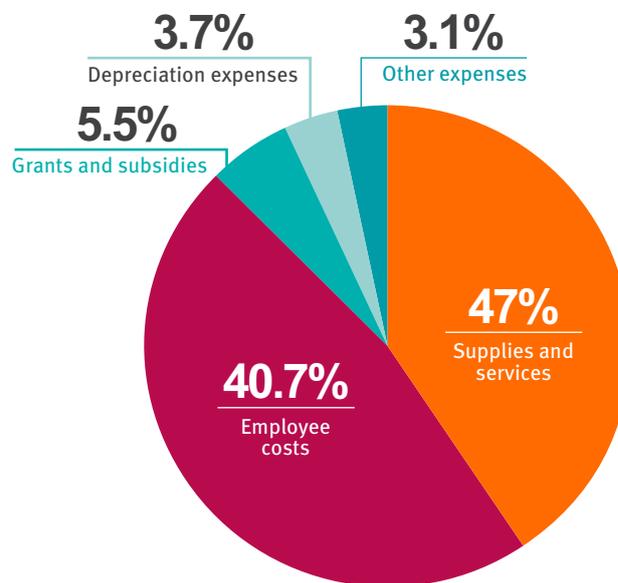
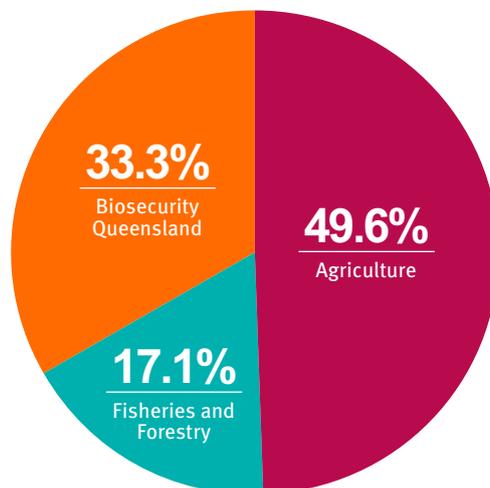


Figure 13 Operating expenses, 1 July 2018 to 30 June 2019

Figure 14 provides a breakdown of operating expenses into the three core service delivery areas of DAF:

- Agriculture (\$234.7 million or 49.6%)
- Biosecurity Queensland (\$157.7 million or 33.3%)
- Fisheries and Forestry (\$81.0 million or 17.1%).



**Figure 14** Operating expenses by service areas, 1 July 2018 to 30 June 2019

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

### Equity—what we are worth

Equity represents net worth, which is calculated by ‘what we own’ (total assets of \$471.5 million) less ‘what we owe’ (total liabilities of \$76.5 million). At 30 June 2019, DAF’s equity was \$395 million.

### Assets—what we own

At 30 June 2019, DAF had total assets of \$471.5 million. The department’s major assets are cash, property, plant and equipment (mainly land, buildings, infrastructure, plant and equipment), prepayments (including lease payments) and receivables (including trade debtors).

### Liabilities—what we owe

At 30 June 2019, DAF had total liabilities of \$76.5 million, which include accrued employee expenses, payables (including trade creditors), an appropriation payable to the Consolidated Fund for end-of-year appropriation adjustments, and revenues received in advance of service delivery (largely funding received in advance of service delivery for research and development projects).

### Capital expenditure

Capital outlays of \$20.6 million in 2018–19 were focused on developing and upgrading research facilities, and replacing plant and equipment to deliver outcomes for agriculture, biosecurity, fisheries and forestry. During 2018–19, the department also made capital grant payments of \$0.5 million for improving the Queensland Country Women’s Association heritage halls and \$0.3 million to assist Paws and Claws animal welfare organisation on the purchase of land for relocation of its current animal shelter facilities.

## Administered funds

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

During 2018–19, DAF received administered revenue of \$119.4 million comprising administered appropriation revenue from Queensland Government, Racing Queensland's contribution to the Queensland Racing Integrity Commission (QRIC) via administered funds and the collection of regulatory receipts (including taxes, fees and fines) on behalf of Queensland Government.

Appropriation revenue was paid to QRIDA for the administration of assistance schemes, to QATC and to QRIC. Regulatory receipts and Racing Queensland's contribution were paid into Queensland Government's consolidated revenue.

At 30 June 2019, DAF had net administered assets of \$0.8 million. DAF manages the surplus assets that were transferred back to the government prior to the sale of Forestry Plantations Queensland to the private sector.

## Outlook for 2019–20

### Operating budget

DAF's operating budget for 2019–20 is \$525 million. DAF's budget 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. DAF promotes a sustainable and innovative agriculture, fisheries and forestry sector, develops rural businesses and adds value to communities and the economy.

Queensland Government is continuing its support for drought-affected producers as part of the multi-agency Drought Assistance Package and the Queensland Drought Program Review, with up to \$74.6 million (held centrally) available over the next 4 years.

The implementation of the *Queensland sustainable fisheries strategy 2017–2027* will continue in 2019–20 with increased funding of \$10.6 million over 2 years to ensure that fisheries resources are managed in a sustainable and responsible manner that recognises the interests of all Queenslanders.

Improving swimmer safety on Queensland's beaches is a priority, with additional funding of \$17.1 million provided over 4 years (\$4.2 million in 2019–20). This funding will be used to continue the Shark Control Program, undertake research on and trial the application of new technologies (such as drones) in swimmer risk mitigation, and roll out education and awareness programs across Queensland.

Biosecurity and fighting pests remains a top priority for 2019–20, with increased funding of \$12.1 million over 5 years provided to control and contain Panama disease tropical race 4. DAF will continue to progress the Queensland Biosecurity Capability Implementation Program, and biosecurity control and eradication programs, including those for red imported fire ants, electric ants, exotic fruit flies in the Torres Strait and four tropical weeds.

### Capital expenditure

The 2019–20 budget includes a capital expenditure program of \$19.7 million. This includes \$18.8 million in capital outlays focused on upgrading departmental facilities and replacing plant and equipment, and \$0.9 million in capital grants.