

2014

**ANNUAL
REPORT**

2015



**Queensland
Government**

Interpreter



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Electronic versions of the annual report are available on the department's website at www.daf.qld.gov.au.

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Statement of compliance

24 September 2015

The Hon. William Byrne MP
Minister for Agriculture and Fisheries and Minister for Sport and Racing
Level 8 Primary Industries Building
80 Ann Street
BRISBANE QLD 4000

Dear Minister

I am pleased to present the 2014–15 annual report and financial statements for the Department of Agriculture and Fisheries.

I certify that this annual report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the Financial and Performance Management Standard 2009
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be found on page 130 of this annual report or accessed at www.daf.qld.gov.au.

Yours sincerely



Dr Elizabeth Woods
Acting Director-General
Department of Agriculture and Fisheries

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Our year—from the Director-General

Following the 2015 Queensland state general election, the Department of Agriculture and Fisheries (DAF) moved quickly to focus efforts on implementing the new government's direction, priorities and commitments.

We commenced the broader review of the state's biosecurity capabilities to complement the internal improvements being made in preparation for the new *Biosecurity Act 2014*. Consultations with the fisheries industry and community stakeholders were underway as part of improving our management of fisheries resources. The government's sustainable fishing policy also set a new path for fisheries management.

This report on our performance to 30 June 2015 represents another year of solid achievement by the department.

Our frontline services have been much in demand as we helped producers deal with the challenges presented by extreme weather events, including drought and cyclones. DAF continues to provide information, relief assistance and practical assistance in the aftermath of these extreme weather events.

Improving the foundations for a strong economic future through prolonged drought remains a challenge for the sector and individual producers. DAF has played, and will continue to play, a significant role in supporting efforts to help producers' better cope with climate variability.

After three years of failed wet seasons, just over 80% of the state is now drought-declared.

Rain events early in 2015 improved conditions on the southern and central east coast, and more generally in South East Queensland. However, the overall failed wet season saw drought declarations extended into the Gulf Country and the southern Gulf of Carpentaria. Applications through the Drought Relief Assistance Scheme have risen, but improved systems and processes made for more streamlined assessments and quicker access to payments.

Drought has also affected the rate of progress on the multi-jurisdictional development plans for northern Australia. It is important to adjust this strategy in order to adapt to shifting climate trends and realise untapped potential. The next step for DAF is to facilitate a regional 'one-stop' approval service for water and land resource development to support private sector initiatives in North Queensland.

In 2015, Queensland faced two cyclones—severe tropical cyclone Marcia in February and tropical cyclone Nathan just weeks later. As always, DAF rose to the challenge. Our response was quick and well received. As well as our assistance to affected producers, we also worked closely with HQPlantations Pty Ltd in Central Queensland to commence the salvage of around one million cubic metres of windblown timber during the recovery phase.

The state's biosecurity responsiveness has been well demonstrated during the year, with a number of effective detections, prompt responses and quarantines. Exotic plant diseases such as Panama disease tropical race 4, cotton verticillium wilt and cucumber green mottle mosaic virus in cucurbit crops have presented new industry challenges.

DAF continues to work closely with industry and growers to educate landholders about biosecurity practices and reduce the risk of any further spread of diseases.

Behind the scenes, plant laboratories delivered rapid diagnosis of plant pests—often in the field and with timely recommendations for their management. In 2014–15, our horticultural scientists tested about 1100 diagnostic samples from a wide variety of fruit and vegetables, cotton crops and an additional 3000 plants as part of bulk indexing to facilitate market access. Significant upgrades were completed to the diagnostic sample database that was delivered to regional centres, and new diagnostic protocols were developed that meant that 80% of clients were contacted within 72 hours of receipt of their samples.

During the course of the year, I have had the opportunity to meet with staff around the state. This experience is always enjoyable as it highlights the breadth of our activity, the talent that exists across the department and our focus on knowing our customers and delivering what matters.

DAF continues to integrate its services into whole-of-government services, which are focused on customer need. This includes one-stop shop arrangements for business regulation, development approvals, land management and pest management. New apps, hotline links to local experts and decision support tools all provide better and timely assistance to farmers.

We complement our external customer focus with internal processes and support systems that better enable our work. Two examples stand out.

Our inaugural Innovation Day was held in October 2014, when more than 100 staff from across the state gathered to discuss their ideas about achieving service innovation. Participants considered issues such as the impact of increasing technological connectivity, the workforce of the future and the evolving role of DAF in the 21st century. The responses have been fed into future planning, and corporate ‘champions’ will progress initiatives, including changes to our internal systems, web tools and intranet.

We have also continued regular conversations across the state as part of our Leaders Everywhere program. These provide informal opportunities for all staff to meet with senior executives to discuss strategic priorities, share understanding of progress and challenges in local initiatives, and collectively explore ways to improve our business.

I would like to take this opportunity to thank our staff for their dedication to, and support of, the departmental objectives, and commend them for their continued commitment to demonstrating the values of a customer-focused public service.

Jack Noye
Director-General
Department of Agriculture and Fisheries

Our department

Role

The department's purpose is to facilitate the economic resilience and growth of agriculture, fisheries and forestry industries. This is achieved by working across government—predominantly with economic and natural resource agencies—to ensure policy, planning and regulatory functions support agricultural economic growth and resource sustainability. We also partner with industry and research bodies to maximise investment and deliver services that improve productivity and profitability.

Our work spans the agriculture, fisheries and forestry sectors and their supply chains. It includes policy; agricultural research, development and extension; regulatory and compliance functions; and the management of biosecurity, animal welfare and product integrity risks.

The change of government in early 2015 saw a name change for the department. The Department of Agriculture, Fisheries and Forestry became the Department of Agriculture and Fisheries under Administrative Arrangements Order (No 1) 2015 on 16 February 2015. There were no changes to the core responsibilities of the department. Acts administered by the department can be found in Appendix 4 (p. 128). These provide the legislative framework for our functions and services.

Objectives and priorities

The strategic objectives for the department in 2014–15 were to:

- build sector capacity and industry resilience
- improve industry performance through innovation
- manage biosecurity risks
- ensure sustainable use of fisheries resources
- responsibly manage the allocation and use of state-owned forest and related resources
- modernise service delivery and strengthen capability.

The government's plans for food and fibre, and sustainable fishing have placed renewed emphasis on:

- creating lasting solutions for job creation, innovation and increased production in Queensland's agricultural sector
- building Queensland's biosecurity capacity and raising animal welfare standards
- reviewing the regulatory structure of commercial fishing.

This has challenged us to facilitate development and growth of the agriculture, fishing and forestry sectors in ways that optimise the contribution of the sectors to the economic, environmental and social outcomes for Queensland.

Values

The public service values guide the behaviour and practices expected of all DAF employees, and reflect the public sector's commitment to be responsive to the ever-changing needs of Queenslanders. As individuals and as a department, we embed the Queensland public service core values in the way we do business:



Customers first

We know our customers, deliver what matters to Queenslanders and show empathy in decision-making.



Ideas into action

We challenge the norm, encourage new ideas and find solutions, encourage and embrace new ideas, work across boundaries.



Unleash potential

We expect greatness, lead and set clear expectations, seek, provide and act on feedback.



Be courageous

We own our actions, successes and mistakes, take calculated risks, act with transparency.



Empower people

We lead, empower and trust, play to everyone's strengths, developing ourselves and those around us.

Figure 1: Queensland public service core values

Offices and research facilities

In 2014–15, the department employed approximately 2000 staff in 90 facilities across five regions to support the delivery of our services to Queenslanders.

The figure below shows our geographical dispersion. For particular details of offices, research facilities and boating and fisheries centres, see our facilities datasets on www.data.qld.gov.au.

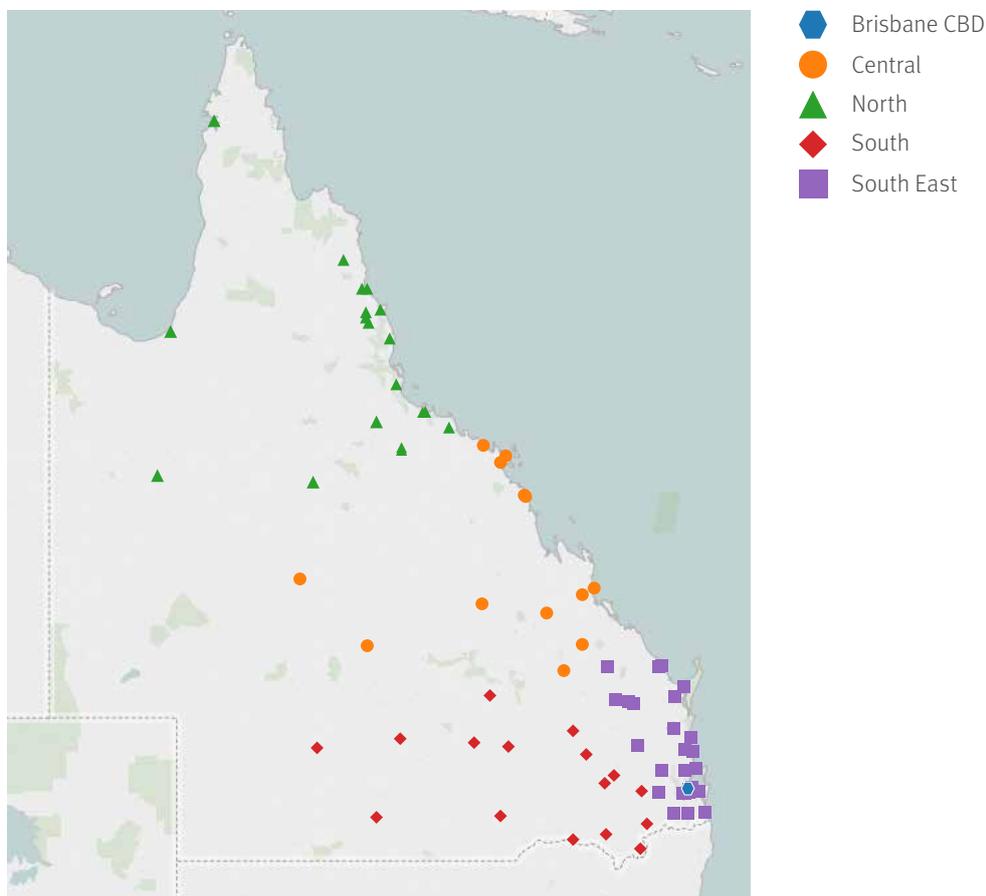


Figure 2: DAF work centres as at 30 June 2015

Our organisational structure

DAF invested \$442.7 million to deliver programs and services to the agriculture, fisheries and forestry sectors through three operational service areas.

As at 30 June 2015, DAF was organised as outlined in Figure 3 below.

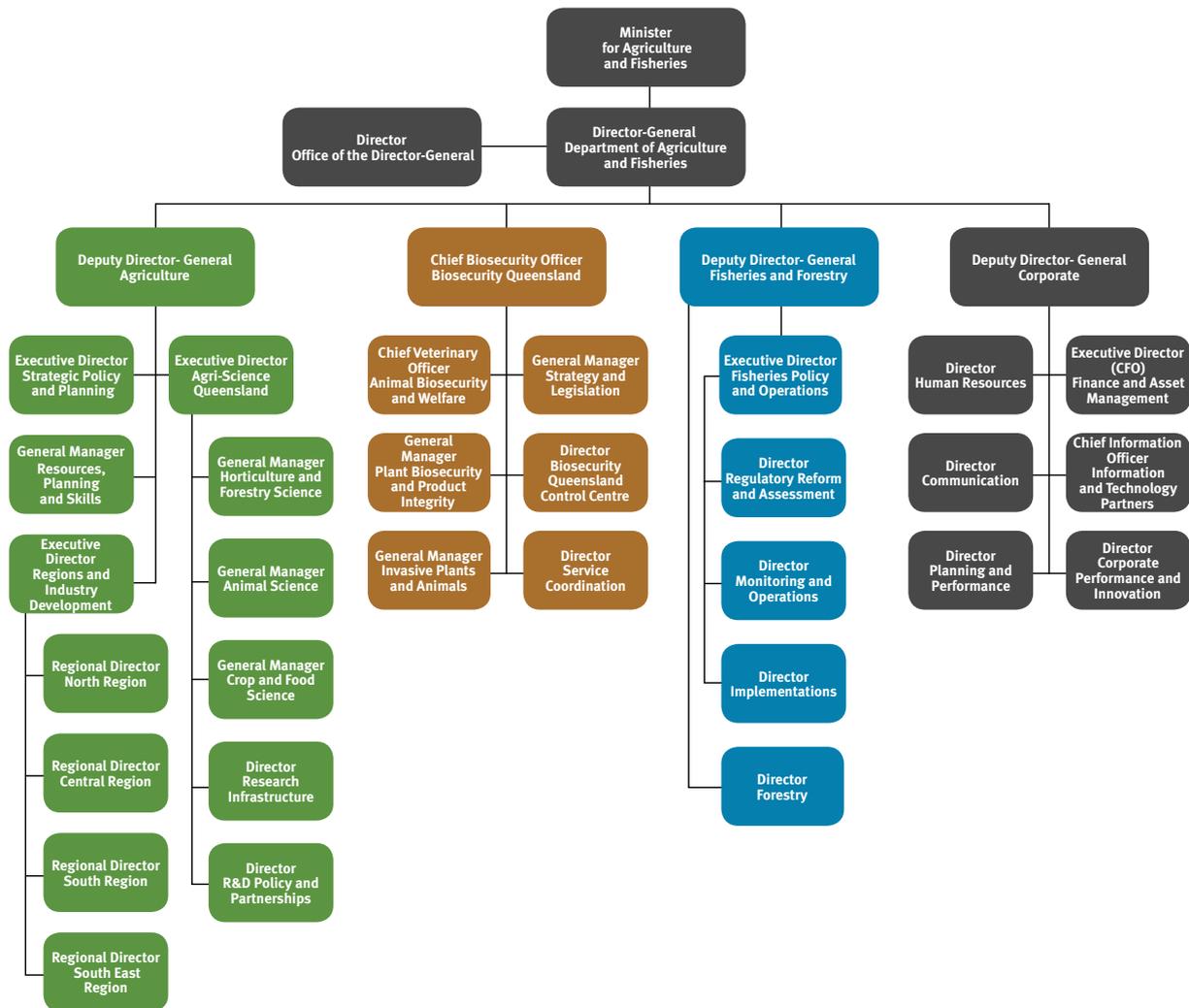


Figure 3: DAF organisational structure as at 30 June 2015

Service areas

Agriculture

The service objective is to lift the productivity of Queensland's food and fibre businesses. Service staff work with agribusinesses, industry associations, research bodies and all levels of government to:

- secure the future of the agricultural industry through policy development, planning and enabling industry to capitalise on regional opportunities
- undertake research and deliver services that enable businesses to build capacity, improve productivity, manage risks and increase resilience.

Biosecurity Queensland

The service objective is to mitigate the risks and impacts of pests and diseases of animals and plants, and weeds on the economy, the environment, social amenity and human health. This service area also upholds standards for animal welfare and agricultural chemical use.

Fisheries and Forestry

The service objective is to support sustainable, long-term management of four of Queensland's natural resources to enable the economic growth of the fisheries and forestry industries. We do this by:

- ensuring (1) fisheries and (2) fish habitats are sustainably managed through science, regulation and education, creating the basis for profitable businesses and enjoyable recreational fishing experiences
- maximising financial returns to the state from the sale of (3) forest products and (4) quarry materials within environmental and community expectations.

Corporate

Corporate delivers essential support and coordination services. It also provides corporate services to other agencies through a corporate partnership arrangement.

The department hosts Hub A of the Business and Corporate Partnership, which provides corporate support to the three DAF service areas.

Board of Management

Jack Noye, Director-General

Jack Noye has led DAF since early 2012. He supports the Minister for Agriculture and Fisheries to deliver the government's priorities and strategic interventions that grow and sustainably develop the agriculture, fisheries and forestry sectors. Jack provides leadership for stakeholder engagement, policy development, regulatory reform and service delivery—ensuring a whole-of-government approach to meet the needs of the agriculture, fisheries and forestry sectors. He chairs the Board of Management.

Prior to DAF, he held executive roles in policy, management, service delivery and inter-government relations in the federal and state public sectors in central and line agencies. Jack was previously Director-General of the former Department of Local Government and Planning, and Associate Director-General of the Department of Transport and Main Roads. He has also spent time in the private sector. He has tertiary qualifications in public administration, economics and management.

Dr Beth Woods, Deputy Director-General, Agriculture

As Deputy Director-General, Agriculture, Beth leads the Strategic Policy and Planning, Regions and Industry Development and Agri-Science Queensland business units in the development of policies, research and interventions that deliver a highly efficient, innovative, productive and successful Queensland agricultural sector. She chairs the DAF Audit and Risk Committee and is a board member of the Queensland Rural Adjustment Authority (QRAA).

Beth completed her Doctor of Philosophy in Agricultural Economics at Oxford University. She worked with the former Department of Primary Industries as an agricultural extension officer in the dairy, cropping and potato industries, and was Professor of Agribusiness at The University of Queensland. She is currently the chair of trustees of WorldFish.

Dr Jim Thompson, Chief Biosecurity Officer, Biosecurity Queensland

Since 2011, Jim has led the state's efforts in the management of animal and plant pests and diseases, invasive species, animal welfare and agricultural chemical use. He is the Queensland Government representative on the National Biosecurity Committee and chairs a number of national committees and boards, including the Intergovernmental Agreement on Biosecurity Taskforce.

Jim worked in the New South Wales Department of Agriculture in the northern tablelands before coming to Queensland in 1992. He has worked in various government agencies in Queensland (in several areas, including agriculture, natural resources and mines, and the environment) and in New South Wales in research, policy and management roles. Jim has tertiary qualifications in science (animal management and conservation) and public sector management.

Jim has a strong commitment to deliver effective, customer-focused biosecurity services for Queensland.

Scott Spencer, Deputy Director-General, Fisheries and Forestry

Scott was appointed as Deputy Director-General, Fisheries and Forestry, in September 2013, after being Managing Director for Fisheries Queensland since February 2013. He chaired the East Coast Net Fishery Buyback Working Group and has held various roles related to fisheries, including Secretary for the Queensland Fish Management Authority in the 1980s.

His previous government roles include Director-General of the former Department of Natural Resources and Water (2006–09) and Chair of SunWater Limited (2009–12). Scott brings more than 30 years of experience in government and beyond.

Scott grew up in Brisbane and joined the state's public service in 1978. He holds qualifications in economics.

Marcia Hoffmann, Deputy Director-General, Corporate

Marcia joined DAF in May 2013 as Deputy Director-General, Corporate, and works to ensure internal support systems enable DAF and the Department of Tourism, Major Events, Small Business and the Commonwealth Games to deliver their objectives and commitments to customers. She chairs the ICT Investment and Strategy Committee.

Marcia has had a substantial career in public sector administration and executive management in federal, territory and state jurisdictions and, prior to DAF, was Chief Executive, Northern Territory Department of Transport. She has specialised in leading large multidisciplinary teams, strategic direction-setting and corporate governance, social and employment policy, major change and commercialisation initiatives, transport and service delivery reform.

John Chapman, Executive Director, Agri-Science Queensland

John leads Agri-Science Queensland—the state’s primary agricultural science research, development and extension (RD&E) service. Employing over 600 staff, this group provides or commissions RD&E services to support the animal, plant, forestry, aquaculture and fisheries industries in Queensland.

John plays a critical role in building the state’s RD&E capability by forging partnerships with major universities and commercial partners. He also oversees the provision of research funding to the Queensland Alliance for Agriculture and Food Innovation at The University of Queensland, to other Queensland universities and to Sugar Research Australia.

John’s focus is to ensure that the department’s research and development is aimed at productivity improvement and consequent profitability with environmentally sustainable principles for Queensland’s food and fibre industries.

John has led the group since 2010 and holds qualifications in both science and business administration.

Malcolm Letts, Executive Director, Regions and Industry Development

As Executive Director, Regions and Industry Development, Malcolm plays a key role connecting industry and facilitating service delivery to capitalise on regional opportunities. He works across all levels of government and with industry and research bodies to help lift productivity and secure the future of industry.

Malcolm has extensive experience in regional and industry development, having been instrumental in designing and delivering extension and frontline service components of major restructures in the dairy and sugar industries. He was Executive Regional Director, South East Region, in the former Department of Employment, Economic Development and Innovation. For five years he was also responsible for the trade and investment area of the food and agribusiness industries.

Malcolm has worked with the Queensland Government for more than 20 years. He has a particular interest in supply chain improvement, and in modernising extension and broader service delivery to better meet the needs of food and agribusiness companies.

Leith Brown, Executive Director, Finance and Asset Management, and Chief Finance Officer

Leith has held the role of Executive Director, Finance and Asset Management, and Chief Finance Officer for DAF and the Department of Tourism, Major Events, Small Business and the Commonwealth Games since 2012. Her extensive experience, gained from senior leadership roles in both the private and public sectors, includes financial management, corporate governance, organisational change management, project management, information systems development and implementation, strategic investment planning and activity-based costing.

Leith holds a Bachelor of Business, an Executive Graduate Certificate in Business Administration, is a Graduate of the Australian Institute of Company Directors and is a Fellow Certified Practising Accountant.

Our performance management framework

Our work is guided by industry needs, government priorities, legislative and policy mandate, and community objectives. DAF's 2014–15 annual report provides context for the public and Parliament about how the department's strategic objectives and investment in DAF services (as outlined in the 2014–15 DAF service delivery statements) contribute to the government's objectives for the community and priority areas.

Table 1: DAF's alignment with government objectives for the community

Government objectives for the community	DAF objective	DAF service area
Creating jobs and a diverse economy: <ul style="list-style-type: none"> stimulating economic growth and innovation 	<ul style="list-style-type: none"> Build sector capacity and industry resilience Improve industry performance through innovation Ensure sustainable use of fisheries resources Responsibly manage the allocation and use of state-owned forest and related resources 	<ul style="list-style-type: none"> Agriculture Fisheries and Forestry: <ul style="list-style-type: none"> fisheries licensing, monitoring and assessment commercial management of state-owned forest and related resources
Delivering quality frontline services: <ul style="list-style-type: none"> providing responsive and integrated government services 	<ul style="list-style-type: none"> Manage biosecurity risks Build sector capacity and industry resilience Improve industry performance through innovation Responsibly manage the allocation and use of state-owned forest and related resources 	<ul style="list-style-type: none"> Biosecurity Queensland Agriculture: <ul style="list-style-type: none"> regional agribusiness services RD&E Fisheries and Forestry: <ul style="list-style-type: none"> fisheries compliance and education services
Protecting the environment: <ul style="list-style-type: none"> protecting the Great Barrier Reef ensuring the sustainable management of natural resources 	<ul style="list-style-type: none"> Build sector capacity and resilience Ensure sustainable use of fisheries resources Responsibly manage the allocation and use of state-owned forest and related resources Manage biosecurity risks 	<ul style="list-style-type: none"> Agriculture Fisheries and Forestry Biosecurity Queensland
Building safe, caring and connected communities: <ul style="list-style-type: none"> ensuring safer and inclusive communities building regions 	<ul style="list-style-type: none"> Manage biosecurity risks Build sector capacity and industry resilience 	<ul style="list-style-type: none"> Biosecurity Queensland Agriculture: <ul style="list-style-type: none"> regional agribusiness services
Integrity, accountability and consultation	<ul style="list-style-type: none"> Modernise service delivery and build organisational capability 	All service areas

Queensland Government's objectives for the community

With the change of government in February 2015, the department focused its efforts on implementing the incoming government's objectives for the community.

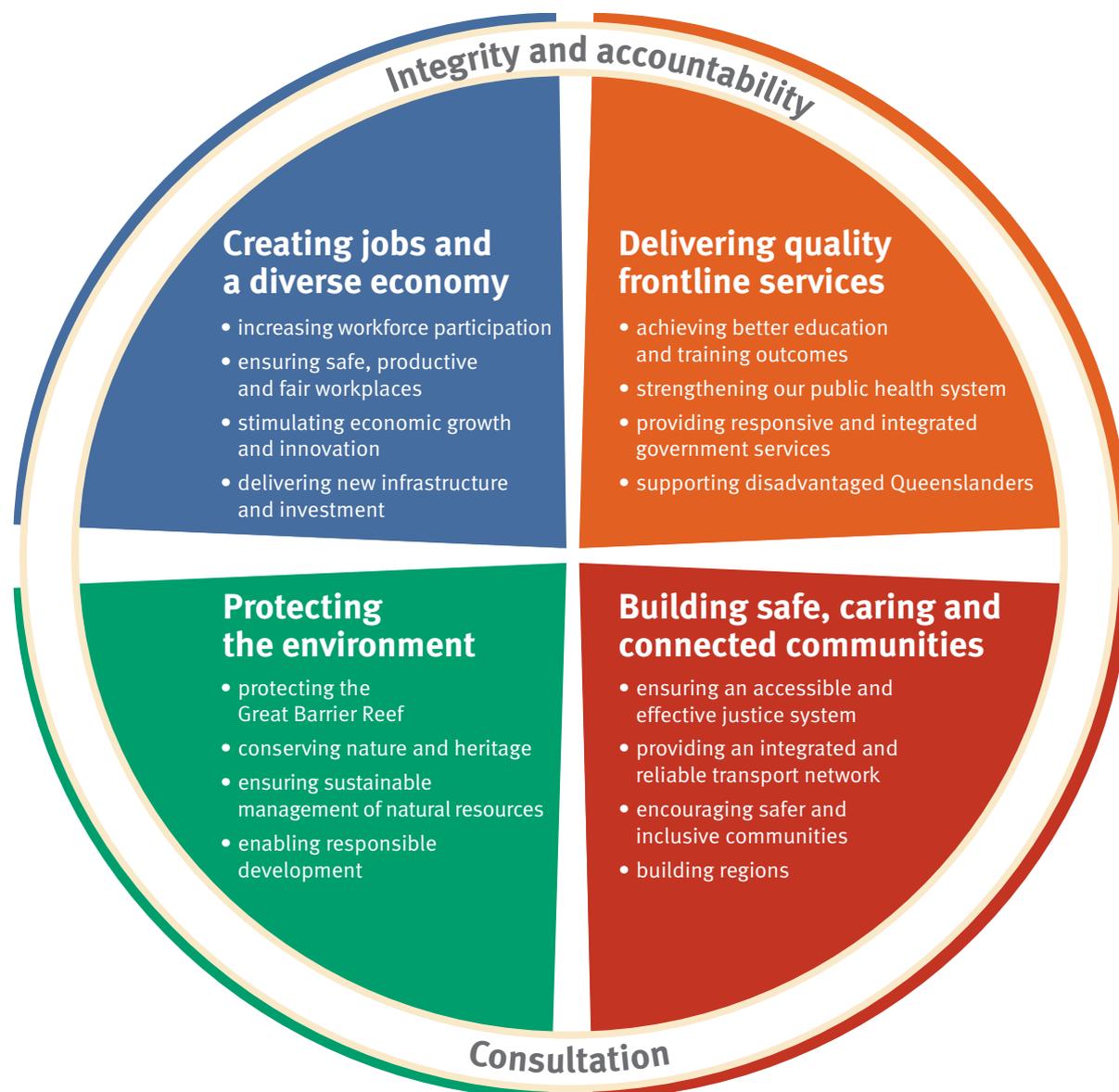
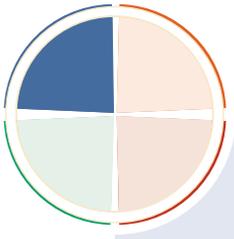


Figure 4: The Queensland Government's objectives for the community

Performance snapshot



Creating jobs and a diverse economy

The state's agriculture, fishing and forestry industries are vital to economic growth and continue to grow export revenue.

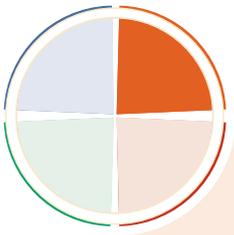
In 2014–15, agriculture and food:

- generated approximately \$15 billion in gross value of production
- employed over 300 000 Queensland workers, either directly or indirectly
- accounted for 19% (or \$8.973 billion) of the state's merchandise exports.

DAF programs and services play an important role in facilitating economic resilience and growth.

During 2014–15, the department:

- organised 6 trade missions and hosted 9 overseas delegations to promote agricultural trade and investment
- invested approximately \$63 million in agricultural RD&E.

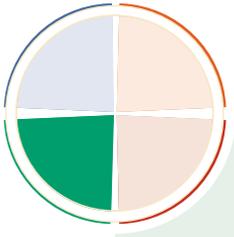


Delivering quality frontline services

DAF frontline staff ensure producers and the community have the information, connections and tools they need to improve business outcomes and meet obligations.

During 2014–15:

- 5 nationally cost-shared eradication programs for national biosecurity responses were led by DAF, and we are negotiating another 3 eradication programs
- 8535 participants were involved in RD&E activities
- 93% of units inspected by the Queensland Boating and Fisheries Patrol were compliant with fisheries laws
- 78 166 customer enquiries were handled through the Customer Service Centre, resolving 80% at the first point of contact.

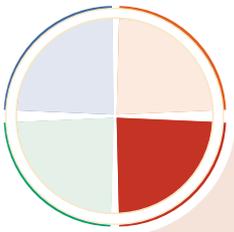


Protecting the environment

DAF works with natural resource agencies and producers, fishers and log timber sawmillers and processors to ensure the ongoing economic, environmental and social value of agricultural, fisheries and state-owned forest resources. We also help the community manage invasive pests and weeds that degrade the environment and impact on social amenity.

During 2014–15:

- 74% of graziers and canegrowers who participated in best practice management programs reported making changes because of increased knowledge and skills gained
- 94% of key Queensland fish stocks assessed in 2014 were considered to have no sustainability concerns (note this value will change from year to year because stock assessments are based on a 24-month cycle)
- DAF's native forest timber production practices were recertified under *Australian standard: sustainable forest management (AS4708:2013)*
- 3965 agricultural chemical users licences were issued to support environmentally responsible production
- over 100 biosecurity incidents were triggered by exotic and established pest and diseases of animals and plants, and invasive plants and animals were effectively managed
- 93 wildlife exhibit licences were renewed or issued to wildlife demonstrators or exhibitors to ensure effective management of animal pests and diseases.



Building safe, caring and connected communities

Biosecurity Queensland and DAF regional services ensure that Queensland is prepared to deal with biosecurity threats and the effects of drought and natural disasters on agriculture.

During 2014–15, the department:

- undertook 126 audits or investigations to ensure the safe use of chemicals in production
- undertook 638 animal welfare investigations to support the ethical production of food products
- issued 10 108 plant health certificates to make supply chains more competitive and support market access
- renewed or created 412 business accreditations to support supply chain competitiveness and better access to markets
- activated 2 agricultural recovery responses and 1 forestry recovery response after cyclone destruction in northern and central Queensland
- provided \$35.071 million for freight subsidies and emergency water rebates under the Drought Relief Assistance Scheme (provided to almost 6000 affected producers).

Our financial performance summary

This financial overview provides a summary of the DAF financial performance and position for controlled and administered activities, and comments on significant movements for the period 1 July 2014 to 30 June 2015.

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 DAF strategic plan.

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

1. statement of comprehensive income
2. statement of changes in equity
3. statement of cash flows
4. statement of financial position.

The remainder of the financial overview 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 'Our finances' (p. 72).

The statements include a comparison of DAF's actual financial results with the budget estimates published in the 2014–15 State Budget papers, and provide explanations of major variances.

Table 2: Summary of DAF's financial statements (controlled funds) for the period 1 July 2014 to 30 June 2015

Statement of comprehensive income	2014–15 budget \$ million	2014–15 actual \$ million
Total income	408.6	442.7
Less total expenses	408.6	442.7
Operating result for 2014–15

The operating result for 2014–15 is a break-even result, which is in line with expected budget outcomes.

The increase in income and expenses is largely due to additional funding in 2014–15 for biosecurity national cost-sharing arrangements and higher than expected funding for research and development projects.

Statement of changes in equity	2014–15 budget \$ million	2014–15 actual \$ million
Balance of equity at 1 July 2014	405.8	398.5
Asset revaluation surplus	5.6	16.2
Transactions with Queensland Treasury/other agencies	(8.8)	(8.3)
Operating result for the year
Total change in equity	(3.2)	(7.9)
Total equity at 30 June 2015	402.6	406.4

The increase largely reflects higher than expected asset valuations at 30 June 2015.

Statement of cash flows	2014–15 budget \$ million	2014–15 actual \$ million
Balance of cash at 1 July 2014	33.9	37.4
Operating activities	22.7	27.7
Investing activities	(17.6)	(12.0)
Financing activities	(4.6)	(6.7)
Net increase in cash held	0.5	9.0
Cash at 30 June 2015	34.3	46.4

The increase in cash balances is largely due to higher than expected funding received in advance of service delivery for research and development projects in 2014–15, due to additional project approvals and the proceeds from asset sales.

Statement of financial position	2014–15 budget \$ million	2014–15 actual \$ million
Current assets (including cash balances)	69.7	98.7
Non-current assets (including property, plant and equipment)	387.7	378.9
Total assets	457.4	477.6
Current liabilities	32.8	50.3
Non-current liabilities	22.0	20.9
Total liabilities	54.8	71.2
Net assets	402.6	406.4
Contributed equity	405.8	401.3
Retained surpluses/(deficits)	(11.1)	(11.0)
Asset reserves	7.9	16.1
Total equity at 30 June 2015	402.6	406.4

The increase in current assets is largely due to funding received in advance of service delivery for research and development projects, receivables in relation to end-of-year appropriation revenue and national cost-sharing arrangements, and the proceeds from asset sales.

The increase in current liabilities is mainly due to higher than expected funding received in advance of service delivery for research and development projects.

The increase largely reflects higher than expected asset valuations at 30 June 2015.

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 2014–15 is a break-even result, which is in line with expected budget outcomes.

Income—where the dollars came from

Total operating revenue was \$442.7 million, including:

- \$289.5 million (65%) through funding provided as service revenue by Parliament
- \$68.9 million (16%) in user charges for goods and services (including national cost-shared revenue for biosecurity pest and disease programs, and the provision of services to other government agencies through the Business and Corporate Partnership arrangements)

- \$54.9 million (12%) from grants and contributions (including income received for research and development projects from external funding bodies)
- \$26.8 million (6%) from other income sources (including royalty revenue on forest products removed from state lands).

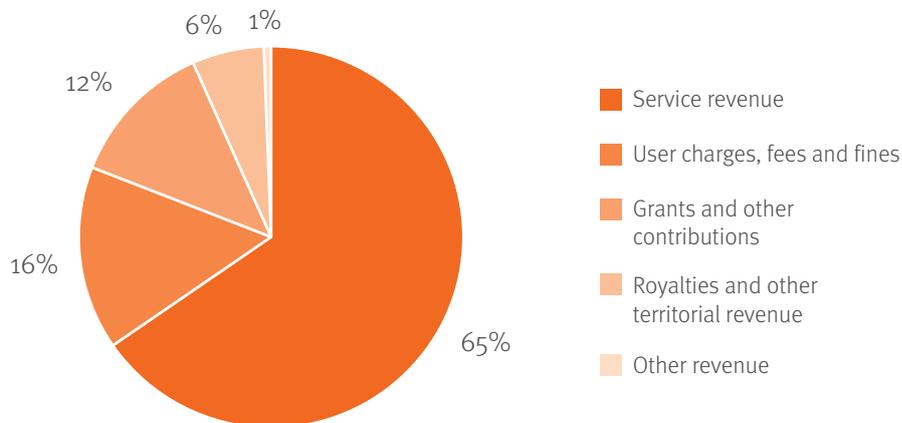


Figure 5: Operating revenue, 1 July 2014 to 30 June 2015

Expenses—where the dollars were spent

Total operating expenses were \$442.7 million, including:

- \$187.4 million (42%) in employee costs
- \$182.7 million (41%) for supplies and services
- \$49.6 million (11%) in grants and subsidies payments
- \$20 million (5%) in depreciation expenses.

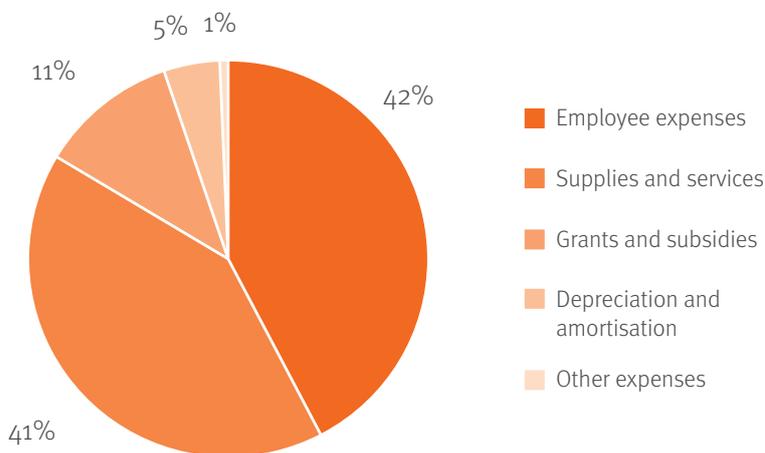


Figure 6: Operating expenses, 1 July 2014 to 30 June 2015

The graph below provides a breakdown of operating expenses into the department's three core service delivery areas:

- Agriculture (\$231.6 million or 58%)
- Biosecurity Queensland (\$105.9 million or 26%)
- Fisheries and Forestry (\$62.2 million or 16%).

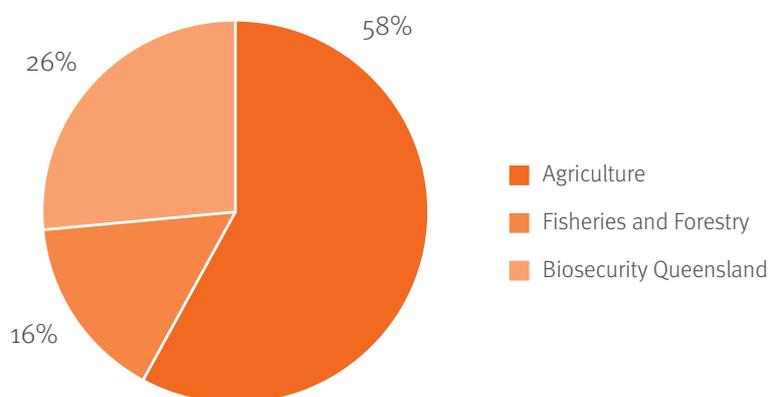


Figure 7: Operating expenses by service areas, 1 July 2014 to 30 June 2015

Corporate services expenses relating to DAF 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 \$477.6 million) less 'what we owe' (total liabilities of \$71.2 million). As at 30 June 2015, DAF's equity is \$406.4 million.

Assets—what we own

At 30 June 2015, DAF had total assets of \$477.6 million. The department's major assets comprise of cash, property, plant and equipment (mainly land, buildings, plant and equipment), prepayments (including lease payments) and receivables (including trade debtors).

Liabilities—what we owe

At 30 June 2015, DAF had total liabilities of \$71.2 million, which comprise of accrued employee expenses, payables (including trade creditors and the payment of employee benefits to QSuper) and unearned revenue.

Capital expenditure

Capital expenditure of \$13.8 million in 2014–15 was focused on developing and upgrading research facilities and software systems to deliver outcomes for agriculture, biosecurity, fisheries and forestry. DAF has facilities located throughout rural and regional Queensland. These require a significant level of minor works, mechanical items and plant and equipment upgrades to keep them operating effectively.

Administered funds

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

During 2014–15, DAF received administered revenue of \$13.7 million, comprising administered appropriation revenue from the Queensland Government and the collection of regulatory receipts (including taxes, fees and fines) on behalf of the Queensland Government. The appropriation revenue was paid to QRAA for the administration of exceptional circumstances payments and various other assistance schemes, to foster the development of a more productive and sustainable rural and regional sector in Queensland. Regulatory receipts are paid into the Queensland Government's consolidated revenue.

At 30 June 2015, DAF had total administered assets of \$3.3 million. DAF holds surplus forestry assets that were retained by the government when Forestry Plantations Queensland was sold to the private sector. The department has been developing and implementing an asset management plan for these assets.

Outlook for 2015–16

Operating budget

DAF's operating budget for 2015–16 is \$438 million. Funding in the budget will underpin expenses associated with the Queensland food and fibre election commitment, including exploring the establishment of a rural job agency in conjunction with industry, and initiatives to control wild dogs and feral cats.

The budget features the response program for the tropical race 4 strain of Panama disease and the deferral of funding from 2014–15 to 2015–16 to realign the budget with anticipated expenditure for departmental programs. This is partially offset by the cessation of expenses for the voluntary net fishing buyback program of commercial fishing licences.

Capital expenditure

The 2015–16 budget also includes a capital expenditure program of \$19.3 million. The department's major assets are in property, plant and equipment (\$360.2 million at 30 June 2015), with facilities located throughout rural and regional Queensland.

Program highlights include:

- \$4.3 million allocated to continue upgrades of DAF's research and operational facilities through the Research Facilities Development, Scientific Equipment and Minor Works programs
- \$2.8 million for the upgrade and refurbishment of existing facilities to enhance service delivery and improve operational efficiencies
- \$1.7 million allocated to provide new and replacement heavy plant and equipment, including trucks, tractors, irrigators, all-terrain vehicles and other machinery
- \$1.3 million for upgrades and additional infrastructure at the Hermitage Research Facility to bring the facility in line with current industry standards for delivery of quality grains crop research outcomes
- \$1.1 million allocated for the enhancement of existing biosecurity laboratory facilities
- \$800 000 provided to continue replacement of vessels and marine equipment for fisheries research and regulatory functions
- \$650 000 allocated to construct a new main dam to increase drought preparedness at the Spyglass Beef Research Facility.