Department of Agriculture and Fisheries

Financial Statements for the year ended 30 June 2023

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Department of Agriculture and Fisheries

Statement of comprehensive income

For the year ended 30 June 2023

	Notes	2023 Actual $'000	2023 Original Budget $'000	Actual vs. Budget Variance $'000	2022 Actual $'000
Income from operations					
Appropriation revenue	B1-1	342,864	364,843	(21,979)	331,784
User charges and fees	B1-2	165,905	148,949	16,956	149,508
Grants and contributions	B1-3	62,992	63,620	(628)	47,220
Royalties	B1-4	38,676	30,217	8,459	35,987
Other revenue		1,513	552	961	3,408
Total revenue		**611,950**	**608,181**	**3,769**	**567,907**
Gains on disposal and re-measurement of assets	B2	4,050	95	3,955	4,195
Total income from operations		**616,000**	**608,276**	**7,724**	**572,102**
Expenses from operations					
Employee expenses	B3-1	260,757	255,883	(4,874)	239,795
Supplies and services	B3-2	287,803	291,028	3,225	259,963
Grants and subsidies	B3-3	29,539	27,661	(1,878)	36,952
Depreciation and amortisation	B3-4	29,371	28,602	(769)	28,622
Finance costs	B3-5	2,328	2,320	(8)	2,424
Impairment losses on financial assets		813	-	(813)	726
Impairment losses on non-financial assets		-	-	-	1,351
Other expenses	B3-6	2,559	2,782	223	2,269
Total expenses from operations		**613,170**	**608,276**	**(4,894)**	**572,102**
Operating result for the year surplus/(deficit)		**2,830**	**-**	**2,830**	**-**
Other comprehensive income					
Items not reclassified to operating result:					
Increase/(decrease) in asset revaluation surplus	C9-3	48,162	-	48,162	42,004
Total comprehensive income		**50,992**	**-**	**50,992**	**42,004**

The accompanying notes form part of these financial statements.

Department of Agriculture and Fisheries

Statement of comprehensive income by major departmental services

For the year ended 30 June 2023

	Enabling Agriculture Industry Growth		Fisheries and Forestry Industry Development		Queensland Biosecurity Services		Corporate Partnership(2)		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income from operations (1)										
Appropriation revenue	191,774	190,208	57,518	55,799	86,313	78,437	7,259	7,340	342,864	331,784
User charges and fees	73,542	62,295	9,511	9,751	44,670	40,246	38,182	37,216	165,905	149,508
Grants and contributions	1,419	710	495	268	61,078	46,241	-	1	62,992	47,220
Royalties	4,955	4,443	33,721	31,544	-	-	-	-	38,676	35,987
Other revenue	706	2,784	403	353	404	268	-	3	1,513	3,408
Total revenue	**272,396**	**260,440**	**101,648**	**97,715**	**192,465**	**165,192**	**45,441**	**44,560**	**611,950**	**567,907**
Gains on disposal and re-measurement of assets	4,128	4,369	47	(368)	(125)	189	-	5	4,050	4,195
Total income from operations	**276,524**	**264,809**	**101,695**	**97,347**	**192,340**	**165,381**	**45,441**	**44,565**	**616,000**	**572,102**
Expenses from operations (1)										
Employee expenses	112,902	106,046	48,117	42,395	75,299	66,695	24,439	24,659	260,757	239,795
Supplies and services	115,691	109,869	46,388	44,845	107,049	88,185	18,675	17,064	287,803	259,963
Grants and subsidies	23,515	27,468	3,232	6,552	2,752	2,889	40	43	29,539	36,952
Depreciation and amortisation	19,618	18,726	2,714	2,628	4,761	4,518	2,278	2,750	29,371	28,622
Finance costs	857	798	18	54	1,453	1,572	-	-	2,328	2,424
Impairment losses on financial assets	799	716	-	3	14	5	-	2	813	726
Impairment losses on non-financial assets	-	1,333	-	5	-	10	-	3	-	1,351
Other expenses	1,231	1,092	675	564	653	597	-	16	2,559	2,269
Total expenses from operations	**274,613**	**266,048**	**101,144**	**97,046**	**191,981**	**164,471**	**45,432**	**44,537**	**613,170**	**572,102**
Operating result for the year surplus/(deficit)	**1,911**	**(1,239)**	**551**	**301**	**359**	**910**	**9**	**28**	**2,830**	**-**
Other comprehensive income										
Items that will not be reclassified to operating result:										
Increase/(decrease) in asset revaluation surplus	43,747	25,681	(648)	7,383	5,063	8,940	-	-	48,162	42,004
Total comprehensive income	**45,658**	**24,442**	**(97)**	**7,684**	**5,422**	**9,850**	**9**	**28**	**50,992**	**42,004**

(1) 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.

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

The accompanying notes form part of these financial statements.

Department of Agriculture and Fisheries

Statement of financial position

As at 30 June 2023

	Notes	2023 Actual $'000	2023 Original Budget $'000	Actual vs. Budget Variance $'000	2022 Actual $'000
Current assets					
Cash and cash equivalents	C1	102,872	39,997	62,875	85,965
Receivables	C2	26,926	18,652	8,274	20,581
Inventories		3,697	2,723	974	2,612
Other assets	C3	62,160	28,535	33,625	30,935
		195,655	**89,907**	**105,748**	**140,093**
Non-current assets classified as held for sale		-	-	-	6,685
Total current assets		**195,655**	**89,907**	**105,748**	**146,778**
Non-current assets					
Receivables	C2	-	2,000	(2,000)	784
Property, plant and equipment	C4	489,270	436,438	52,832	449,507
Right-of-use assets	C8	97,717	95,878	1,839	103,724
Intangible assets		1,279	1,846	(567)	1,609
Other assets	C3	1,751	2,250	(499)	1,813
Total non-current assets		**590,017**	**538,412**	**51,605**	**557,437**
Biological assets					
Biological assets		4,117	2,986	1,131	4,499
Total biological assets		**4,117**	**2,986**	**1,131**	**4,499**
Total assets		**789,789**	**631,305**	**158,484**	**708,714**
Current liabilities					
Payables	C5	92,526	15,010	(77,516)	51,450
Accrued employee benefits	C6	8,201	6,480	(1,721)	7,430
Lease liabilities	C8	3,824	3,279	(545)	3,563
Other liabilities	C7	44,857	25,601	(19,256)	31,556
Total current liabilities		**149,408**	**50,370**	**(99,038)**	**93,999**
Non-current liabilities					
Lease liabilities	C8	95,664	94,633	(1,031)	99,439
Other liabilities	C7	9,510	9,512	2	10,930
Total non-current liabilities		**105,174**	**104,145**	**(1,029)**	**110,369**
Total liabilities		**254,582**	**154,515**	**(100,067)**	**204,368**
Net assets		**535,207**	**476,790**	**58,417**	**504,346**
Equity					
Contributed equity		355,505	374,786	(19,281)	375,634
Accumulated surplus/(deficit)		3,302	471	2,831	472
Asset revaluation surplus	C9-3	176,401	101,533	74,868	128,240
Total equity		**535,207**	**476,790**	**58,417**	**504,346**

The accompanying notes form part of these financial statements.

Department of Agriculture and Fisheries

Statement of asset and liabilities by major departmental services

As at 30 June 2023

	Enabling Agriculture Industry Growth		Fisheries and Forestry Industry Development		Queensland Biosecurity Services		Corporate Partnership[2]		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Current assets	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	48,429	38,785	19,772	15,054	32,011	25,513	2,660	6,613	102,872	85,965
Receivables	10,998	7,055	2,898	3,731	10,580	6,767	2,450	3,028	26,926	20,581
Inventories	258	312	219	237	3,220	2,063	-	-	3,697	2,612
Other Assets	6,403	6,017	597	841	49,498	18,741	5,662	5,336	62,160	30,935
	66,088	**52,169**	**23,486**	**19,863**	**95,309**	**53,084**	**10,772**	**14,977**	**195,655**	**140,093**
Non-current assets classified as held for sale	-	6,685	-	-	-	-	-	-	-	6,685
Total current assets	**66,088**	**58,854**	**23,486**	**19,863**	**95,309**	**53,084**	**10,772**	**14,977**	**195,655**	**146,778**
Non-current assets										
Receivables	-	784	-	-	-	-	-	-	-	784
Property, plant and equipment	361,973	327,192	40,040	40,349	80,696	75,638	6,561	6,328	489,270	449,507
Right-of-use assets	41,247	42,194	737	790	55,733	60,740	-	-	97,717	103,724
Intangible assets	557	662	7	20	714	805	1	122	1,279	1,609
Other Assets	264	273	108	106	174	239	1,205	1,195	1,751	1,813
Total non-current assets	**404,041**	**371,105**	**40,892**	**41,265**	**137,317**	**137,422**	**7,767**	**7,645**	**590,017**	**557,437**
Biological assets										
Biological assets	3,836	3,998	-	-	281	501	-	-	4,117	4,499
Total biological assets	**3,836**	**3,998**	**-**	**-**	**281**	**501**	**-**	**-**	**4,117**	**4,499**
Total assets [1]	**473,965**	**433,957**	**64,378**	**61,128**	**232,907**	**191,007**	**18,539**	**22,622**	**789,789**	**708,714**
Current liabilities										
Payables	52,037	26,909	9,284	7,616	28,812	14,170	2,393	2,755	92,526	51,450
Accrued employee benefits	3,569	3,330	1,517	1,281	2,376	2,066	739	753	8,201	7,430
Lease liabilities	1,409	1,259	93	85	2,322	2,219	-	-	3,824	3,563
Other liabilities	32,468	22,450	4,014	3,085	8,375	6,021	-	-	44,857	31,556
Total current liabilities	**89,483**	**53,948**	**14,908**	**12,067**	**41,885**	**24,476**	**3,132**	**3,508**	**149,408**	**93,999**
Non-current liabilities										
Lease liabilities	35,410	35,222	666	711	59,588	63,506	-	-	95,664	99,439
Other liabilities	9,510	10,930	-	-	-	-	-	-	9,510	10,930
Total non-current liabilities	**44,920**	**46,152**	**666**	**711**	**59,588**	**63,506**	**-**	**-**	**105,174**	**110,369**
Total liabilities [1]	**134,403**	**100,100**	**15,574**	**12,778**	**101,473**	**87,982**	**3,132**	**3,508**	**254,582**	**204,368**

(1) Corporate services assets and liabilities relating to DAF provided through the BCP arrangements have been allocated to respective departmental services.
(2) Assets and liabilities attributed to other agencies through BCP activities are shown below separately and not allocated across departmental services.
The accompanying notes form part of these financial statements.

Department of Agriculture and Fisheries

Statement of changes in equity

For the year ended 30 June 2023

	Notes	Contributed Equity $'000	Accumulated Surplus/ (Deficit) $'000	Asset Revaluation Surplus $'000	Total $'000
Balance as at 1 July 2021		**380,000**	**472**	**86,235**	**466,706**
Operating result					
Operating result from operations		-	-	-	-
Other comprehensive income					
Increase in asset revaluation surplus	C9-3	-	-	42,004	42,004
Total comprehensive income for the year		**380,000**	**472**	**128,240**	**508,711**
Transactions with owners as owners					
Appropriated equity injections	C9-2	5,780	-	-	5,780
Appropriated equity withdrawals	C9-2	(8,930)	-	-	(8,930)
Appropriated equity adjustment (1)	C9-2	(1,216)	-	-	(1,216)
Net transactions with owners as owners		(4,366)	-	-	(4,366)
Closing balance as at 30 June 2022		**375,634**	**472**	**128,240**	**504,346**
Balance as at 1 July 2022		**375,634**	**472**	**128,240**	**504,346**
Operating result					
Operating result from operations		-	2,830	-	2,830
Other comprehensive income					
Increase in asset revaluation surplus	C9-3	-	-	48,162	48,162
Total comprehensive income for the year		**375,634**	**3,302**	**176,402**	**555,338**
Transactions with owners as owners					
Appropriated equity injections	C9-2	4,428	-	-	4,428
Appropriated equity withdrawals	C9-2	(12,951)	-	-	(12,951)
Appropriated equity adjustment (1)	C9-2	519	-	-	519
Non-appropriated equity adjustment		(12,125)	-	-	(12,125)
Net transactions with owners as owners		(20,129)	-	-	(20,129)
Closing balance as at 30 June 2023		**355,505**	**3,302**	**176,401**	**535,207**

(1) This includes a non-cash adjustment related to the fair value of a loan to industry.

The accompanying notes form part of these financial statements.

Department of Agriculture and Fisheries
Statement of cash flows
For the year ended 30 June 2023

	Notes	2023 Actual $'000	2023 Original Budget $'000	Actual vs. Budget Variance $'000	2022 Actual $'000
Cash flows from operating activities					
Inflows:					
Service appropriation receipts		366,451	364,843	1,608	332,949
User charges and fees		165,519	148,122	17,397	152,667
Grants and other contributions		33,230	62,620	(29,390)	50,196
Royalties		38,978	30,217	8,761	39,603
GST input tax credits received from ATO		16,738	13,181	3,557	12,257
GST collected from customers		17,697	-	17,697	14,990
Other inflows		2,160	1,752	408	3,830
Outflows:					
Employee benefits		(259,031)	(255,175)	(3,856)	(238,685)
Supplies and services		(282,541)	(291,882)	9,341	(259,605)
Grants and subsidies		(29,173)	(27,661)	(1,512)	(35,392)
GST paid to suppliers		(32,198)	(13,131)	(19,067)	(27,601)
Finance costs		(2,328)	(2,320)	(8)	(2,424)
Other outflows		(2,977)	(3,232)	255	(2,272)
Net cash provided/(used) by operating activities	CF-1	**32,525**	**27,334**	**5,191**	**40,513**
Cash flows from investing activities					
Inflows:					
Sales of property, plant and equipment		13,041	525	12,516	2,314
Sales of biological assets		2,363	-	2,363	3,081
Outflows:					
Payments for property, plant and equipment		(17,901)	(21,976)	4,075	(13,107)
Payments for intangibles		(85)	-	(85)	(190)
Payments for biological assets		(524)	-	(524)	(212)
Loans and advances made [(1)]		-	-	-	(2,000)
Net cash provided/(used) in investing activities		**(3,106)**	**(21,451)**	**18,345**	**(10,114)**
Cash flows from financing activities					
Inflows:					
Equity injection		4,428	6,666	(2,238)	5,780
Outflows:					
Lease payments	CF-2	(3,988)	(3,741)	(247)	(3,315)
Equity withdrawal		(12,951)	(8,730)	(4,221)	(8,930)
Net cash provided/(used) by financing activities		**(12,511)**	**(5,805)**	**(6,706)**	**(6,465)**
Net increase/(decrease) in cash and cash equivalents		**16,908**	**78**	**16,830**	**23,934**
Cash and cash equivalents - opening balance		85,965	39,919	46,046	62,031
Cash and cash equivalents - closing balance	C1	**102,872**	**39,997**	**62,875**	**85,965**

(1) Represents a cash payment for a loan to industry.

Department of Agriculture and Fisheries
Cash flow reconciliation
For the year ended 30 June 2023

CF-1. Cash flow reconciliation

Reconciliation of operating result to net cash provided by operating activities	**2023 $'000**	**2022 $'000**
Operating result surplus/(deficit)	2,830	-
Non-cash items included in operating result:		
Depreciation expense - property, plant and equipment	22,555	21,664
Depreciation expense - right-of-use assets	6,478	6,443
Amortisation expense - intangibles	338	515
Net gains on sale or disposal of property, plant and equipment	(2,594)	(487)
Impairment losses - property, plant and equipment	-	1,351
Impairment losses - trade receivables	29	726
Impairment losses - loans and advances	784	-
Impairment reversals trade receivables	-	(636)
Net (increment)/decrement in valuation of biological assets	(1,456)	(3,072)
Grant expense - concessional loan discount	-	1,216
Other	1	(25)
Change in assets and liabilities		
(Decrease)/increase in deferred appropriation payable to Consolidated Fund	23,587	1,165
(Increase)/decrease in trade receivables	(8,399)	(1,230)
(Increase)/decrease in GST input tax credits receivable	2,058	(319)
(Increase)/decrease in long service leave reimbursements receivables	61	(6)
(Increase)/decrease in annual leave reimbursements receivables	64	(352)
(Increase)/decrease in other receivables	(277)	450
(Increase)/decrease in contract assets	(32,159)	10,725
(Increase)/decrease in prepayments	996	913
(Increase)/decrease in inventories	(1,085)	670
Increase/(decrease) in payables	5,883	98
Increase/(decrease) in accrued employee benefits	771	830
Increase/(decrease) in contract liabilities and unearned revenue	12,011	260
Increase/(decrease) in GST payable	179	(35)
Increase/(decrease) in security deposits	(130)	(351)
Net cash provided by/(used in) operating activities	**32,525**	**40,513**

CF-2. Changes in liabilities from financing activities

	Opening Balance		**New Leases Acquired**		**Other**		**Cash Repayments**		**Closing Balance**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Lease liabilities	103,002	105,133	-	1,209	52	(25)	(3,566)	(3,315)	99,488	**103,002**
Total	**103,002**	**105,133**	**-**	**1,209**	**52**	**(25)**	**(3,566)**	**(3,315)**	**99,488**	**103,002**

Section A: About the department and this financial report

A1 General information

The Department of Agriculture and Fisheries ("DAF - the department") is a Queensland Government department established under the *Public Sector Act 2022* (formerly the *Public Service Act 2008*) and its registered trading name is the Department of Agriculture and Fisheries.

The Department of Agriculture and Fisheries is controlled by the State of Queensland, which is the ultimate parent entity.

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

Level 34

1 William Street

Brisbane

Queensland 4000

For information in relation to the department's financial statements, email DAFCSFAM.Corro@daf.qld.gov.au or visit the Department of Agriculture and Fisheries website at https://www.daf.qld.gov.au

A2 Basis of financial statements preparation

A2-1 Compliance with prescribed requirements

DAF has prepared these financial statements in compliance with section 38 of *the Financial and 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 2022.

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.

There are no new accounting standards applicable to DAF for the Financial Year (FY) 2022-23 (refer Note G3).

A2-2 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 2021-22 financial statements. The department has re-aligned prior period balances to reflect mapping changes across and within account categories, where applicable.

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.

A2-3 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.

A2 Basis of financial statement preparation (continued)

A2-4 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; and
- Loan receivables are measured at fair value.

Historical cost

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

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless 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 a 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 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 be obtained by selling an asset in an orderly disposal.

A3 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's vision is for Queensland to be a world-leading provider of high-value food and fibre and to create a legacy of sustainable and inclusive prosperity.

The department's purpose is to create value for Queensland by connecting industries, the community and government to grow the economy and safeguard the natural environment.

The department's strategic objectives (as set out in the *Strategic Plan 2021-25*) are focussed on five themes to drive this change:

- **Innovative and globally competitive agribusinesses** accessing improved practises, data and new technologies to enhance the productivity, profitability and sustainability of food and fibre value chains.
- **Prosperous economies** providing business and employment opportunities across regions, diversified markets, and value-added products and services.
- **A resilient sector** with secure production, and value chains that can deal with natural disasters, climate change, biosecurity risks and other emerging challenges.
- Food and fibre production, animal welfare and management, and our natural environment meet consumer and community expectations **for ethics, sustainability and safety.**
- **Trusted, capable and connected people** who are high-performing, safe, healthy, and supported to deliver services and achieve their potential within the department and the community.

Major departmental services

DAF's main service areas are: Enabling Agriculture Industry Growth (previously 'Agriculture'), Queensland Biosecurity Services (previously 'Biosecurity Queensland'), and Fisheries and Forestry Industry Development (previously 'Fisheries and Forestry'). These were renamed in the *2022-23 Service Delivery Statements*.

Enabling Agriculture Industry Growth

This service area delivers:

- Agri-business and Policy
- Rural Economic Development
- Agri-Science Queensland.

The service area's objective is to deliver innovative research, policy and support services that enable agribusinesses to grow.

Queensland Biosecurity Services

The Queensland Biosecurity Services area's objective is to mitigate the risks and impacts of animal and plant pests and diseases and weeds to 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 Industry Development

The service area's objective is to position Queensland as a world leader in sustainable, high-value fisheries and fishing experiences and ensure that the strategic management of State-owned timber and quarry resources meets community and government expectations and enables industry to invest.

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 strategic and operational corporate services provided to other recipient departments. This arrangement focuses on ensuring economies of scale, service integration and responsiveness. The host agency of each corporate service function receives the appropriation of funds and reports FTE positions in the respective agency.

As the host agency, DAF provided defined services, such as Information Technology and Fleet Management to other BCP agencies (as disclosed in Note G2 – Related Party Transactions).

Section B: Notes about our financial performance

B1 Revenue

	2023 $'000	2022 $'000
B1-1. Appropriation revenue		
Reconciliation of payments from Consolidated Fund to appropriated revenue recognised in operating result		
Original budgeted appropriation	**364,843**	**323,634**
Unforeseen expenditure	1,608	2,225
Treasurer's transfers	-	7,090
Total appropriation receipts (cash)	**366,451**	**332,949**
Plus: opening balance of deferred appropriation payable to Consolidated Fund	32,578	31,413
Less: closing balance of deferred appropriation payable to Consolidated Fund	(56,165)	(32,578)
Net appropriation revenue	**342,864**	**331,784**
Appropriation revenue recognised in statement of comprehensive income	**342,864**	**331,784**

Accounting Policy - Appropriation revenue

Appropriations provided under the *Appropriation Act 2022* 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. Capital appropriations are recognised as adjustments to equity, refer to Note C9-2.

	2023 $'000	2022 $'000
B1-2. User charges and fees		
Revenue from contracts with customers		
Fee for service	141,845	125,775
Sale of goods	4,854	4,681
Fees, licences and permits	10,818	10,901
Other user charges and fees		
Property rental (1)	8,388	8,151
Total	**165,905**	**149,508**

(1) Property rental includes rent received from state and commonwealth agencies, universities and government employee housing.

Accounting Policy - User charges and fees

Fee for Service

Information Technology Partners (ITP) Service Level Agreements - The department provides ITP services to other departments on a cost recovery basis. Under AASB 15 *Revenue from Contracts with Customers*, revenue is recognised as the services are rendered and a contract asset representing the department's right to consideration for services delivered but not yet billed.

Research and Development Contract Services – The department performs research and development services under legally enforceable contracts with specific performance obligations (promise to transfer a good or a service in the form of research results and reports), determined transaction price and a financial acquittal process. Under AASB 15, revenue is recognised when (or as) the performance obligations are satisfied.

Sale of Goods

The sale of goods includes livestock, vaccines, publications and farming produce. Customers obtain control of the goods upon delivery, which is the sole performance obligation under AASB 15. Based on the department's past experience, the amount of refunds for returned goods is not expected to be material, so the full selling price is recognised as revenue.

Revenue is recognised when the invoice is issued and/or the department's right to consideration for goods delivered but not yet billed.

Fees, Licences and Permits

The department collects fees, licences and permits for agricultural, fishing and biosecurity activities. The sole performance obligation is issuing the licence to the customer. The department applies AASB 15's revenue recognition requirements to all licence fees when the licence is issued.

B1 Revenue (continued)

B1-3. Grants and contributions

	2023 $'000	2022 $'000
Revenue from contracts with customers		
Commonwealth grants (1)	52,329	37,451
Other grants and contributions		
Local government contributions	6,804	6,481
Queensland State contributions	1,906	857
Commonwealth contributions	283	168
Industry contributions	1,271	1,850
Goods and services received below fair value	399	413
Total	**62,992**	**47,220**

(1) Includes 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.

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. Initially, revenue is 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. Special purpose capital grants received to construct non-financial assets, to be controlled by the department, 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:

- Department of Resources (Resources): Legal Service
- Department of Environment and Science (DES): Privacy and Ethics; 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.

B1-4. Royalties

	2023 $'000	2022 $'000
Royalties - Timber	18,274	16,860
Royalties - Quarry materials	15,373	14,633
Royalties - Other (1)	5,029	4,494
Total	**38,676**	**35,987**

(1) Other royalties relate to patents on vaccines and plant breeders' rights.

Accounting Policy - Royalties

The department under the provisions of the *Forestry Act 1959* issues sales permits regarding the supply of forest products, including native forest log timber and quarry material. The department recognises the revenue for forest products based on the returns provided by the permit holders.

B2 Gains on disposal and re-measurement of assets

	2023 $'000	2022 $'000
Net gains/(losses) from disposal of property, plant and equipment (1)	2,594	487
Net increment in valuation of biological assets	1,456	3,072
Impairment reversals - trade receivables	-	636
Total	**4,050**	**4,195**

(1) The increase in 2022-23 is mainly due to the sale of the former Queensland Agricultural Training Colleges (QATC) property at Longreach.

B3 Expenses

	2023 $'000	2022 $'000
B3-1. Employee expenses		
Employee benefits		
Wages and salaries	201,169	184,942
Termination benefits	612	655
Employer super contributions	27,774	25,179
Annual leave levy	21,606	20,464
Long service leave levy	5,175	4,520
Other employee benefits	558	528
Employee related expenses		
Workers' compensation premium	953	1,148
Other employee related expenses	2,910	2,359
Total	**260,757**	**239,795**

The table below sets out the number of employees as at 30 June 2023, including both full-time and part-time employees, measured on a full-time basis as provided to the Public Sector 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:

	2023	2022
Number of employees:		
DAF	1,886	1,870
BCP (providing services to other departments)	215	215
Total number of employees	**2,101**	**2,085**

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 and these 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 (LSLS) 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 provisions 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 defined benefit plan (the former QSuper defined benefit categories now administered by the Government Division of the Australian Retirement Trust) 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 are 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.

Workers' compensation premiums

The department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not employee benefits and is recognised separately as employee related expenses.

Key management personnel and remuneration disclosures are detailed in Note G1.

B3 Expenses (continued)

	2023 $'000	2022 $'000
B3-2. Supplies and services		
Contractors [1]	73,248	64,966
Collaborative research arrangements	28,242	22,757
Accommodation and lease rentals	13,187	19,218
Motor vehicles - QFleet	6,127	5,929
Outsourced service delivery	28,804	27,884
Inventory and consumables	26,364	19,372
Computer/information technology	22,648	21,247
Repairs and maintenance	11,384	11,405
Transport	15,167	11,684
Service delivery costs and service level agreement charges	14,812	14,073
Building services	6,395	5,936
Telecommunications and electricity	7,142	7,399
Shared services provider fee	6,150	6,096
Travel	7,254	3,805
Marketing and public relations [2]	2,957	1,695
Portable and attractive items	2,836	3,211
Consultancy fees	558	415
Legal Costs	1,334	1,317
Other	13,194	11,554
Total	**287,803**	**259,963**

(1) The increase in contractors by $8.3 million is mainly due to the increase in treatment and surveillance activities for NRIFAEP.

(2) The increase in marketing and public relations by $1.3 million is mainly due to media campaigns to raise awareness in the community on how to prevent the spread of fire ants.

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 B3-3.

Disclosure - Accommodation and lease rentals

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 Energy and Public Works (DEPW), who has substantive substitution rights over the assets used within these schemes. Payments are expensed as incurred and categorised within the office accommodation and lease rentals line item.

Lease expenses include lease rentals for short-term leases, leases of low value assets and variable lease payments and are aligned to their respective line items above. Refer to Note C8 for breakdown of lease rentals and other lease disclosures.

	2023 $'000	2022 $'000
B3-3. Grants and subsidies		
Subsidies [1]	1,231	12,581
Queensland and local government [2]	13,554	16,735
Industry [3]	10,800	2,025
Charities/community groups [4]	2,985	2,047
Goods and services provided below fair value	366	344
Concessional loan discount [5]	-	1,216
Other	603	2,004
Total	**29,539**	**36,952**

(1) The decrease relates to reduced demand for the Drought Assistance Package and On-Farm Emergency Water Infrastructure Rebate Scheme in 2022-23.

(2) The decrease is mainly due to the 2021-22 funding provided to local government bodies for fishing infrastructure grants.

(3) The increase is mainly due to payments made to industry to support the Mossman Mill operations.

(4) In 2022-23, $2.0 million in funding was provided to Surf Life Saving Queensland for the SharkSmart drone trial and capital grants of $500,000 to the Queensland Country Women's Association and $455,000 to the Young Animal Protection Society to upgrade facilities.

(5) In 2021-22, DAF provided a $2 million loan with the value discounted by $1.2 million which was recognised as a grant expense.

Accounting Policy - Grants and subsidies

A 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, grant payments are expensed when payment is made. For procurement payments, where the terms of a procurement (exchange transaction) have been satisfied during the reporting period, but the full amount has not yet been disbursed, an expense and a liability in respect of the present obligation are recognised.

Departmental grants can be in the nature of contributions, subsidies, incentives, donations (disclosed in Note B3-6) or other funding arrangements.

B3 Expenses (continued)

B3-4. Depreciation and amortisation

Depreciation and amortisation were incurred in respect of:

	2023 $'000	2022 $'000
Property plant and equipment		
Buildings	9,304	7,840
Infrastructure	509	461
Plant and equipment	12,742	13,363
Total depreciation - property plant and equipment	**22,555**	**21,664**
Right-of-use assets		
Leased assets	6,478	6,443
Total depreciation - right-of-use assets	**6,478**	**6,443**
Intangibles		
Software purchased	97	267
Software internally generated	241	248
Total amortisation - intangibles	**338**	**515**
Total	**29,371**	**28,622**

B3-5. Finance costs

	2023 $'000	2022 $'000
Interest on lease liabilities	2,328	2,424
Total	**2,328**	**2,424**

Accounting Policy - Finance 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.

B3-6. Other expenses

	2023 $'000	2022 $'000
External audit fees - QAO (1)	252	245
Insurance premiums - QGIF (2)	931	874
Insurance premiums - Other	217	199
Sponsorships (3)	433	256
Donations and gifts	28	19
License and registration fees	277	246
Patents, copyright & trademarks	137	149
Special payments (4)		
Ex-gratia payments	181	124
Compensation payments	10	40
Other	93	117
Total	**2,559**	**2,269**

(1) Total audit fees payable to the Queensland Audit Office (QAO) relating to the 2022-23 financial year are $251,500 (2021-22: $245,250).

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

(3) The increase mainly relates to the sponsorship of Agricultural and Fisheries activities and events.

(4) Special payments during 2022-23 include the following:
- 7 ex-gratia payments over $5,000 in relation to the Red Witchweed Eradication Program (7 payments in 2021-22).
- 3 ex-gratia payments over $5,000 in relation to grants and subsidies applications (nil payments in 2021-22).
- 1 compensation payment over $5,000 made in 2022-23 (1 compensation payment in 2021-22) related to a legal matter.

Accounting Policy - Special payments

Special payments represent ex-gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties.

Section C: Notes about our financial position

C1 Cash and cash equivalents

	2023 $'000	2022 $'000
Cash at bank	102,869	85,962
Imprest accounts	3	3
Total	**102,872**	**85,965**

Accounting Policy - Cash and cash equivalents

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

Departmental bank accounts are 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

	2023 $'000	2022 $'000
Current		
Trade debtors	20,064	11,665
Less: allowance for impairment loss (1)	(62)	(93)
	20,002	**11,572**
GST input tax credits receivable	705	2,763
GST payable	(222)	(43)
	483	**2,720**
Annual leave reimbursements	4,544	4,608
Long service leave reimbursements	1,458	1,519
Other	439	162
	6,441	**6,289**
Total current receivables	**26,926**	**20,581**
Non-current		
Loans and advances receivable - fair value through profit and loss (2)	784	784
Less: allowance for impairment loss (2)	(784)	-
	-	**784**
Total non-current receivables	**-**	**784**
Total	**26,926**	**21,365**

(1) Refer to Note C2-1.

(2) In 2021-22, DAF provided a $2 million loan to industry with the value discounted by $1.216 million which was recognised as a grant expense. In 2022-23, an assessment of the loan determined that the balance outstanding is fully impaired. The loss on impairment is disclosed in the Statement of Comprehensive Income in the balance of the line “Impairment losses on financial assets”.

C2 Receivables (continued)

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 will be written-off as at 30 June.

Where loans and advances are provided at a concessional rate below market interest rates, they are considered to have a fair value less than the actual amount lent. Any additional amount lent above the fair value is initially recognised as a grant expense.

Disclosure - Receivables

The closing balance of receivables arising from contracts with customers as at 30 June 2023 is $18.7 million (2022: $10.8 million) and other receivables as at 30 June 2023 is $8.3 million (2022: $10.6 million).

C2-1. Impairment of receivables

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 and relevant industry data form part of the department's impairment assessment.

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 a debt is over 365 days past due and the department has ceased any enforcement activity. If the amount of debt written-off exceeds the loss allowance, the excess is recognised as an impairment loss.

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 all revenue streams 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 6 years preceding 30 June 2023.

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 6 years preceding 30 June 2023 will be correlated against changes in the unemployment rate and based on those results, the historical default rates will be adjusted based on expected changes to that indicator. Adjustments will be made as at 30 June 2023.

C2 Receivables (continued)

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

Impairment group - non-government receivables credit risk exposure

	2023			2022		
Ageing	**Gross receivables $'000**	**Loss rate %**	**Expected credit losses $'000**	**Gross receivables $'000**	**Loss rate %**	**Expected credit losses $'000**
Current	5,859	0.46%	27	3,923	0.47%	18
1 to 30 days overdue	307	1.02%	3	1,075	1.03%	11
31 to 60 days overdue	26	3.74%	1	222	3.76%	8
61 to 90 days overdue	53	8.31%	4	19	8.42%	2
> than 90 days overdue	161	12.94%	21	414	13.20%	55
Total	**6,406**		**56**	**5,653**		**94**

	2023 $'000	2022 $'000
Disclosure - Movement in loss allowance for trade debtors		
Loss allowance as at 1 July	93	637
Impairment loss reversals during the year	-	(637)
Increase/decrease in loss allowance recognised in operating result	(31)	93
Loss allowance - closing balance	**62**	**93**

C3 Other Assets

	2023 $'000	2022 $'000
Current		
Prepayments	8,718	9,652
Contract assets - research and development contracts	5,006	4,370
Contract assets - national cost sharing(1)	48,436	16,913
Total	**62,160**	**30,935**
Non-Current		
Prepayments	1,751	1,813
Total	**1,751**	**1,813**

(1) Significant changes in contract assets balances during the year:
Contract assets – national cost sharing increased by $31.5 million to recognise work performed by the department that will be invoiced for recovery from the other states and commonwealth and includes $28.6 million to be recovered from the commonwealth for the NRIFEAP.

Accounting Policy - Other 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.

Accrued revenues that do not arise from contracts with customers are reported as part of Other receivables.

Department of Agriculture and Fisheries

Notes to the financial statements

For the year ended 30 June 2023

C4 Property, plant and equipment

	Land		Buildings		Infrastructure		Plant and Equipment		Capital work in progress		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross	160,822	153,787	481,180	406,485	68,998	63,242	223,698	219,968	4,030	3,818	938,728	847,300
Less: accumulated depreciation	-	-	(264,098)	(222,409)	(40,513)	(38,006)	(144,847)	(137,293)	-	-	(449,458)	(397,708)
Less: accumulated impairment losses	-	-	-	-	-	-	-	(85)	-	-	-	(85)
Total	**160,822**	**153,787**	**217,082**	**184,076**	**28,485**	**25,236**	**78,851**	**82,590**	**4,030**	**3,818**	**489,270**	**449,507**
Carrying amount at 1 July	153,787	138,393	184,076	172,976	25,236	22,986	82,590	87,754	3,818	3,329	449,507	425,438
Acquisitions (including upgrades)	-	-	-		-	-	4,014	9,922	13,887	3,185	17,901	13,107
Disposals	-	-	(278)	(156)	-	-	(213)	(1,647)		-	(491)	(1,803)
Assets reclassified as held for sale (1)	(3,557)	(6,511)	217	(989)	-	-	-	-	-	-	(3,340)	(7,500)
Transfers between asset classes	-	-	7,153	1,683	1,405	1,013	5,117	-	(13,675)	(2,696)	-	-
Net revaluation increments/(decrements) in asset revaluation surplus	10,592	21,911	35,218	19,600	2,352	1,698	-	-	-	-	48,162	43,209
Impairment losses recognised in operating surplus/(deficit)	-	-	-	-	-	-	85	(76)	-	-	85	(76)
Impairment losses recognised through equity	-	(6)	-	(1,198)	-	-	-	-	-	-	-	(1,205)
Depreciation expense	-	-	(9,304)	(7,840)	(508)	(461)	(12,742)	(13,363)	-	-	(22,554)	(21,664)
Carrying amount - closing balance	**160,822**	**153,787**	**217,082**	**184,076**	**28,485**	**25,236**	**78,851**	**82,590**	**4,030**	**3,818**	**489,270**	**449,507**

(1) During 2021-22, the former Queensland Agricultural Training Colleges (QATC) property at Longreach, Land and Buildings, were reclassified into assets held for sale class and were subsequently sold in 2022-23.

C4 Property, plant and equipment (continued)

Accounting Policies – Property, plant and equipment (PPE)

Recognition

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. 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.

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 *Property, Plant and Equipment*.

Restricted assets are recognised as PPE. 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 2023 is $0.4 million (2022: $0.4 million) and is mainly plant and equipment.

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 asset.

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

When a separately identifiable component (or group of components) of significant value is replaced, the existing component(s) is derecognised. The replacement component(s) is 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 department’s complex assets are its special purpose research facilities, laboratories and glasshouses.

Cost of acquisition

Historical cost is used for the initial recording of all PPE 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.

C4 Property, plant and equipment (continued)

Accounting Policies – Property, plant and equipment (PPE) (continued)

Measurement using fair value

Land and buildings are measured at fair value, which are reviewed each year to ensure they are materially correct. Land and buildings are comprehensively revalued once every five years, or whenever volatility is detected, with values adjusted for indexation in the interim years. Fair value measurement of a non-current asset is determined by taking into account its highest and best use (the highest value regardless of current use). All assets of the department for which fair value is measured in line with the fair value hierarchy, take into account observable and unobservable inputs.

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.

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. Independent professional valuers, Jacobs and AssetVal, supply the indices used for the various types of assets. Such indices are either publicly available, or are derived from market information available to the professional valuers. The professional valuers provide 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 the professional valuers 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'.

Depreciation expense

Depreciation (representing a consumption of an asset over time) is calculated on a straight-line basis. Annual depreciation is based on the cost or the fair value of the asset, less its estimated residual value, and the department’s assessments of remaining useful life of individual assets.

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

Straight line depreciation method is used as that is consistent with the even consumption of service potential of department’s assets over their useful life.

Separately identifiable components of assets are depreciated according to the useful lives of each component.

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

Assets under construction (work-in-progress) are not depreciated until they are ready for use.

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.

C4 Property, plant and equipment (continued)

Accounting Policies - Property, plant and equipment (PPE) (continued)

Useful lives of assets (in years)

For each class of depreciable asset, the following useful lives are applied:

Buildings - Fabric 20-80

Buildings - Fixtures and fittings 10-45

Buildings - Plant and services 10-55

Land improvements 10-70

Access roads 15-50

Computer equipment 3-10

Office equipment 5-25

Motor vehicles 5-22

Boats and boating equipment 4-20

Heavy plant 5-30

Infrastructure wild dog barrier fence 50

Leasehold improvements 4-20

Scientific equipment 8-30

Other plant and equipment 3-20

Impairment

All property, plant and equipment assets are assessed for indicators of impairment on an annual basis or, where the asset is measured at fair 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 are present, the asset is revalued at the reporting date under AASB *13 Fair Value Measurement*. If an indicator or impairment exists, the department determines the asset's recoverable amount (higher of value in use and fair value less costs of disposal) under AASB 136 *Impairment of Assets*. Any amounts by which the asset's carrying amount exceeds the recoverable amount are considered an impairment loss.

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 the statement of comprehensive income.

C5 Payables

	2023 $'000	2022 $'000
Current		
Trade creditors	16,416	9,406
Deferred appropriation refundable to Consolidated Fund	56,165	32,578
Accrued expenses	7,027	7,756
Equity withdrawal payable (1)	12,822	1,216
Other payables	96	494
Total	**92,526**	**51,450**

(1) The increase in 2022-23 is mainly due to the net proceeds from the sale of the former QATC property at Longreach to be returned to QT.

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, 20 or 30 day terms.

C6 Accrued employee benefits

	2023 $'000	2022 $'000
Current		
Salaries and wages outstanding	338	13
Annual leave levy payable	6,324	5,949
Long service leave levy payable	1,539	1,468
Total	**8,201**	**7,430**

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.*

C7 Other liabilities

	2023 $'000	2022 $'000
Current		
Contract liabilities	43,028	29,762
Unearned revenue (incl. Leases)	1,601	1,436
Other	228	358
Total	**44,857**	**31,556**
Non-Current		
Unearned revenue (incl. Leases)	9,510	10,930
Total	**9,510**	**10,930**

Accounting Policy - Contract liabilities

Contract liabilities arise from contracts with customers and they represent a performance obligation that is:

- enforceable - the funds are required to be refunded if the terms are breached, and
- sufficiently specific - the obligation to provide goods/services is distinct and the price for them can be determined.

C7 Other liabilities (continued)

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.

Accounting Policy - Other liabilities

For leases, unearned revenue is recognised as a liability when the department has received payments in advance, which are then amortised over the lease term.

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 2023 includes Research and Development contracts of $33.4 million (2021-22: $23.5 million), National Cost Sharing contracts of $5.1 million (2021-22: $3.3 million) and other contracts of $4.5 million (2021-22: $3.0 million).

C8 Right-of-use assets and liabilities

	Land		Buildings		Plant and Equipment		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Right-of-use assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening balance at 1 July	1,406	380	102,318	108,546	-	-	103,724	108,926
Additions	-	1,209	-	-	421	-	421	1,209
Amortisation	(115)	(192)	(6,259)	(6,251)	(105)	-	(6,478)	(6,443)
Other Adjustments	21	9	30	23	-	-	51	32
Balance as at 30 June	**1,312**	**1,406**	**96,089**	**102,318**	**316**	**-**	**97,718**	**103,724**

	2023	2022
	$'000	**$'000**
Lease liabilities		
Current		
Lease liabilities	3,824	3,563
Total	**3,824**	**3,563**
Non-Current		
Lease liabilities	95,664	99,439
Total	**95,664**	**99,439**

Accounting Policy - Leases as lessee

Right-of-use assets

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

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

Right-of-use assets are subsequently depreciated over the lease term and be subject to impairment testing on an annual basis.

The carrying amount of right-of-use assets are adjusted for any remeasurement of the lease liability in the financial year following a change in discount rate, a reduction in lease payments payable, changes in variable lease payments that depend upon variable indexes/rates of a change in lease term.

C8 Right of use assets and liabilities (continued)

Accounting Policy - Leases as lessee (continued)

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 elected not to recognise right-of-use assets and lease liabilities arising from short-term leases and leases of low value assets.

The 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.

Lease liabilities

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

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 the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

Research Facilities and equipment

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 in recognition of the up-front capital contribution towards the construction of the facilities and are amortised over the term of the lease. The department also leases the Brian Pastures research facility for beef-cattle research and development with some cropping and horticulture capacity. The department also leases 2 pieces of robotic farm equipment that are used in a collaborative research project that were leased through up-front payments.

Fisheries Queensland - Storage facilities

The department currently leases 4 facilities for Queensland Boating and Fisheries Patrol and Shark Control programs activities. The lease terms range from 8 to 15 years and these leases have renewal or extension options. The options are 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.

Office accommodation, employee housing and motor vehicles

DEPW 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 DEPW has substantive substitution rights over the assets. The related service expenses are included in Note B3-2.

C8 Right of use assets and liabilities (continued)

Disclosures - Leases as lessee (continued)

	2023 $'000	2022 $'000
Amounts recognised in profit and loss		
Interest expenses on lease liabilities	2,328	2,424
Breakdown of 'Lease expenses' included in Note B3-2		
- Expenses relating to short-term/low value asset leases	728	760
Income from subleasing included in 'Property Rental' in Note B1-2	304	306
Total cash outflow for leases	6,316	5,739

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 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

The following table sets out a maturity analysis of future undiscounted lease payments receivable under the department's operating leases.

	2023 $'000	2022 $'000
Less than 1 year	972	862
1 to 2 years	336	773
2 to 3 years	118	137
3 to 4 years	119	118
4 to 5 years	119	119
More than 5 years	874	993
Total	**2,538**	**3,002**

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

	2023 $'000	2022 $'000
Budgeted equity adjustment appropriation	(2,064)	(818)
Transfer to other headings	-	(2,332)
Lapsed equity adjustment	(6,459)	-
Equity adjustment receipts (payments)	**(8,523)**	**(3,150)**
Plus: Opening balance of equity adjustment payable	1,216	-
Less: Closing balance of equity adjustment payable	(697)	(1,216)
Equity adjustment recognised in contributed equity	**(8,004)**	**(4,366)**

C9-3 Asset revaluation surplus by asset class

	Land $'000	Buildings $'000	Infrastructure $'000	Total $'000
Balance as at 1 July 2021	46,490	35,690	4,054	86,235
Revaluation increments	21,911	19,600	1,698	43,209
Revaluation decrements	(6)	(1,198)	-	(1,205)
Balance as at 30 June 2022	**68,395**	**54,092**	**5,752**	**128,240**
Balance as at 1 July 2022	68,395	54,092	5,752	128,240
Revaluation increments	10,592	35,435	2,352	48,379
Revaluation decrements	-	(217)	-	(217)
Balance at 30 June 2023	**78,987**	**89,310**	**8,104**	**176,401**

Section D: Notes about risks and other accounting uncertainties

D1 Fair value measurement

D1-1 Accounting policies and inputs for fair values

Accounting policies and inputs for fair values

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

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

<u>Fair value measurement hierarchy</u>

Details of individual assets and liabilities measured under each category of fair value are set out in note D1-3.

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.

<u>Transfers between fair value hierarchy levels</u>

In 2022-23, land assets with total net book value of $0.245 million (2021-22: $0.916 million) were transferred out of level 3 into level 2. Land assets with total net book value of $21.796 million were transferred out of level 2 into level 3. These land and building assets were revalued by an independent valuer using quoted market prices for identical assets within the locality in preparation for them to be transferred to assets held for sale.

There were no transfers of infrastructure or building assets between fair value hierarchy levels during the year.

The department comprehensively values its land, building and infrastructure assets using a rolling revaluation program which ensures all material assets are valued by independent professional valuers at least once every five years. 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.

D1 Fair value measurement (continued)

D1-2 Basis for fair values of assets and liabilities

Land

Effective date of last specific appraisal:

- 30 June 2021 by State Valuation Service (SVS)
- 30 June 2022 Indexation applied only
- 30 June 2023 by AssetVal

Valuation approach: Market-based assessment

Inputs

The valuation of land has been undertaken by physical inspection and comparison of land to publicly available data on recent sales of similar land in the area, taking into account the highest and best use that is physically possible, legally permissible and financially feasible. These observable inputs reflect the assumptions that market participants would use when pricing the assets. Adjustments were made to the sales data to take into account the location, size, street/road frontage and access, and any significant restrictions for each individual land parcel. 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 apply taking into account the restrictions on use.

Subsequent valuation activity

AssetVal recommended relevant indices ranging from 0% to 20% to update the land fair values effective 30 June 2023, which were assessed by management to be reasonable. AssetVal tested the reasonableness of the indices by applying the indices to a sample of assets and comparing results to similar assets that have been specifically appraised.

Buildings

Effective date of last specific appraisal:

- 30 June 2022 by Jacobs Group (Australia) Pty Ltd (Jacobs)
- 30 June 2023 by Jacobs

Valuation approach: Current replacement cost

Inputs

Jacobs performed specific appraisals on 21% (2022: 19%) of the total building assets effective 30 June 2023.

The valuation of buildings has been undertaken by physical inspection, with the value of the building adjusted for modern-day equivalent construction rates taking into account the various standard components of the buildings where appropriate.

Physical inspections assessed the condition of the assets to determine the appropriate depreciation rates based on the remaining useful lives.

Subsequent valuation activity

Fair values were updated using indexation on the remaining 79% (2022: 81%) of the building assets effective 30 June 2023. Jacobs recommended relevant indices ranging from 8% to 10.50% based on the location of the properties to account for cost increases in construction rates in regional areas.

Infrastructure

Effective date of last specific appraisal: 30 June 2021 by SVS

Valuation approach: Current replacement cost - due to no active market for the WDBF.

Inputs

The current replacement cost of the fence has been calculated based on a rate per kilometre using the costs of materials, plant and labour sourced from recent construction activity. The total useful life and remaining life have been assessed based on a physical inspection of sections of the WDBF to assess the condition, and management has also factored in the capital replacement program and maintenance program in the assessment.

Subsequent valuation activity

The fair value of the fence was assessed by Jacobs and updated using indexation effective 30 June 2023. The indexation rate of 9.0% was applied to the WDBF asset. This rate was provided by Jacobs to reflect the market conditions in the area the asset is based.

D1 Fair value measurement (continued)

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

	Land		Buildings		Infrastructure		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Fair value level 2	50,779	69,764	44	-	-	-	50,823	69,764
Fair value level 3	110,043	84,022	217,038	184,077	28,485	25,236	355,566	293,335
Carrying amount at 30 June	**160,822**	**153,787**	**217,082**	**184,077**	**28,485**	**25,236**	**406,389**	**363,099**

D1-4 Level 3 fair value measurement - reconciliation

	Land		Buildings		Infrastructure		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July	**84,022**	**70,413**	**184,077**	**172,976**	**25,236**	**22,986**	**293,335**	**266,375**
Transfers from level 2 to level 3	21,796	-	-	-	-	-	21,796	-
Transfers from level 3 to level 2	(245)	(916)	-	(19,610)	-	-	(245)	(20,526)
Disposals [(1)]	-	-	(278)	(156)	-	-	(278)	(156)
Transfers between asset classes	-	-	7,113	1,683	1,405	1,013	8,518	2,697
Net revaluations in other comprehensive income	4,470	14,532	35,430	38,221	2,352	1,698	42,252	54,451
Impairment loss through equity	-	(6)	-	(1,198)	-	-	-	(1,205)
Depreciation	-	-	(9,303)	(7,840)	(509)	(461)	(9,812)	(8,301)
Carrying amount at 30 June	**110,043**	**84,022**	**217,038**	**184,077**	**28,485**	**25,236**	**355,566**	**293,335**

(1) This excludes held for sale assets.

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:

		2023	2022
Financial assets	**Notes**	**$'000**	**$'000**
Cash and cash equivalents	C1	102,872	85,965
Receivables at amortised cost	C2	26,926	20,581
Loans and advances receivable - fair value through profit and loss	C2	-	784
Total		**129,798**	**107,330**
Financial liabilities at amortised cost - comprising			
Payables	C5	92,526	51,450
Other liabilities	C7	228	358
Lease liabilities	C8	99,488	103,002
Total		**192,242**	**154,810**

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

Department of Agriculture and Fisheries

Notes to the financial statements

For the year ended 30 June 2023

D2 Financial risk disclosures (continued)

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 risks are managed by the Finance and Asset Management Unit under policies approved by the department. The department provides written principles for overall risk management, as well as policies covering specific areas.

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 C5).
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. Interest rate risk 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.

(b) Risk measurement and management strategies

Risk Exposure	Measurement Method	Risk Management Strategies
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 Financial risk disclosures (continued)

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.

D2-4 Liquidity risk – contractual maturity of financial liabilities

The following tables sets out the liquidity risk of financial liabilities held by the department. They represent the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the statement of financial position that are based on discounted cash flows.

	2023	Contractual Maturity			2022	Contractual Maturity		
	Total	< 1 Year	1 - 5 Years	> 5 Years	Total	< 1 Year	1 - 5 Years	> 5 Years
Financial Liabilities	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Payables	92,526	92,526	-	-	51,450	51,450	-	-
Other liabilities	228	228	-	-	358	358	-	-
Lease liabilities	120,444	6,068	26,110	88,266	126,301	5,909	25,336	95,056
Total	**213,198**	**98,822**	**26,110**	**88,266**	**178,109**	**57,717**	**25,336**	**95,056**

D3 Contingencies

(a) Litigation in progress

As at 30 June 2023, the following ongoing cases, which have a contingent liability were filed in the courts naming the State of Queensland through DAF:

	2023	2022
District Court	-	1
Magistrates Court	21	17
Queensland Industrial Relations Commission (QIRC)	2	2
Supreme Court	3	3
Total number of litigation matters in progress	**26**	**23**

As at 30 June 2023, of the 26 cases in progress (2021-22: 23 cases), there were 3 cases (2021-22: 7 cases) where the State of Queensland through DAF, or an officer of DAF, is named as a defendant or respondent. The remaining 23 cases (2021-22: 16 cases) are matters where the State of Queensland through DAF is a complainant or appellant, and proceedings have commenced.

D3 Contingencies (continues)

(a) Litigation in progress (continued)

There are 26 contingent liabilities at the reporting date (2021-22: 23 contingent liabilities). These relate to Supreme Court proceedings, Magistrates Court proceedings and two matters in the Queensland Industrial Relations Commission. The value of these contingent liabilities is estimated to be approximately $215,000 (2021-22: $9.5 million).

For the remainder of the matters, 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 6 (six) other cases that are not yet subject to court action. These cases may or may not result in subsequent litigation. Indemnity for the department has been sought in respect of some of these matters through the QGIF. The maximum exposure of the department under policies held with QGIF is $10,000 for each insurable event.

(b) Long-term sales permits

The department, under the provisions of the *Forestry Act 1959*, has issued the following long-term sales permits to various saw milling 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 areas where the State owns the forest products. At this stage the department does not foresee the need to pay compensation in relation to any of these long-term sales permits.

D4 Commitments

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:

	2023 $'000	2022 $'000
Buildings - Not later than 1 year	1,806	2,137
Plant and equipment - Not later than 1 year	912	844
Infrastructure - Not later than 1 year	682	-
Intangibles - Not later than 1 year	378	-
Total capital expenditure commitments (1)	**3,778**	**2,981**

(1) These amounts are GST exclusive.

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

Australian accounting standards and interpretations with future effective dates are either not applicable to the department's activities or have no material impact on the department at the reporting date.

Section E: Notes on our performance compared to budget

E1 Budgetary reporting disclosures

This section contains explanations of major variances between the department's actual 2022-23 financial results and the original budget presented to Parliament.

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

	Variance Notes	2023 Actual $'000	2023 Original Budget $'000	Actual vs. Budget Variance $'000
Income from operations				
Appropriation revenue	1	342,864	364,843	(21,979)
User charges and fees	2	165,905	148,949	16,956
Grants and contributions		62,992	63,620	(628)
Royalties	3	38,676	30,217	8,459
Other revenue	4	1,513	552	961
Total revenue		**611,950**	**608,181**	**3,769**
Gains on disposal and re-measurement of assets	5	4,050	95	3,955
Total income from operations		**616,000**	**608,276**	**7,724**
Expenses from operations				
Employee expenses		260,757	255,883	(4,874)
Supplies and services		287,803	291,028	3,225
Grants and subsidies	6	29,539	27,661	(1,878)
Depreciation and amortisation		29,371	28,602	(769)
Finance costs		2,328	2,320	(8)
Impairment losses		813	-	(813)
Other expenses	7	2,559	2,782	223
Total expenses from operations		**613,170**	**608,276**	**(4,894)**
Operating result for the year surplus/(deficit)		2,830	-	2,830

1) The decrease in Appropriation revenue primarily relates to funding for various departmental projects which have been deferred to the outer years ($56.93 million). This is partly offset by additional funding received during 2022-23 for Biosecurity response and preparedness ($18.03 million), operational assistance for the Mossman Mill ($5.9 million), Drought Assistance initiatives ($3.15 million), depreciation ($2.92 million), Pacific Labour Scheme and Seasonal Workers Program ($1.84 million), Recreational Use Fees ($1.69 million), Shark Control Program ($0.53 million) and superannuation top up to reflect the changes to government superannuation policy ($0.54 million).
2) The increase in User charges and fees is largely due to an increase in revenue for Research and Development projects ($11.91 million). Also contributing to the increase is higher than expected ICT project revenue through the BCP arrangements ($1.87 million), coupled with increased national cost share revenue from other states and territories for the Electric Ant Eradication program ($1.43 million).
3) The increase in Royalties is largely due to higher than expected sale of quarry materials ($5.36 million), royalties' revenue for agricultural commercialised research and development ($1.2 million) and an increase in the sale of forest timber products ($1.79 million).
4) The increase in Other revenue is mainly due to QGIF cost recoveries for Oxley Creek Common and disaster claims.
5) The increase in Gains on disposal and re-measurement of assets is mainly due to the sale of the former QATC Longreach facility ($2.83 million) and an increase in the livestock valuations resulting from higher than expected cattle prices ($1.46 million).
6) The increase in Grants and subsides is largely due to expenses for operations assistance for the Mossman Mill ($5.9 million), coupled with the additional demand for the Drought Assistance Package ($1.18 million) where the 2022-23 allocations were held centrally by Queensland Treasury and drawn down in arrears based on actual expenditure.

E1 Budgetary reporting disclosures (continued)

E1-1 Explanation of major variances - statement of comprehensive income (continued)

This is partly offset by funding deferred to 2023-24 for various departmental programs - including a timing adjustment for the capital grant for the former QATC site at Emerald ($4.0 million) and the Farm Management Grants Scheme administered by QRIDA ($0.95 million).

7) The decrease in Other expenses is due to lower than anticipated expenditure associated with delays in projects.

E1-2 Explanation of major variances - statement of financial position

	Variance Notes	2023 Actual $'000	2023 Original Budget $'000	Actual vs. Budget Variance $'000
Current assets				
Cash and cash equivalents	1	102,872	39,997	62,875
Receivables	2	26,926	18,652	8,274
Inventories	3	3,697	2,723	974
Other assets	4	62,160	28,535	33,625
Total current assets		**195,655**	**89,907**	**105,748**
Non-current assets				
Receivables		-	2,000	(2,000)
Property, plant and equipment	5	489,270	436,438	52,832
Right-of-use assets		97,717	95,878	1,839
Intangible assets		1,279	1,846	(567)
Other assets		1,751	2,250	(499)
Total non-current assets		**590,017**	**538,412**	**51,605**
Biological assets				
Biological assets	6	4,117	2,986	1,131
Total biological assets		**4,117**	**2,986**	**1,131**
Total assets		**789,789**	**631,305**	**158,484**
Current liabilities				
Payables	7	92,526	15,010	(77,516)
Accrued employee benefits	8	8,201	6,480	(1,721)
Lease liabilities		3,824	3,279	(545)
Other liabilities	9	44,857	25,601	(19,256)
Total current liabilities		**149,408**	**50,370**	**(99,038)**
Non-current liabilities				
Lease liabilities		95,664	94,633	(1,031)
Other liabilities		9,510	9,512	2
Total non-current liabilities		**105,174**	**104,145**	**(1,029)**
Total liabilities		**254,582**	**154,515**	**(100,067)**
Net assets		**535,207**	**476,790**	**58,417**

E1 Budgetary reporting disclosures (continued)

E1-2 Explanation of major variances - statement of financial position (continued)

1) The increase in Cash and cash equivalents is largely due to unexpended appropriation funds at year end ($58.87 million) related to the appropriation payable to Queensland Treasury, which was either deferred to 2023-24 or lapsed, coupled with the net proceeds on sale of the former QATC Longreach facility ($12.12 million), which is to be returned to the Consolidated fund in 2023-24.
2) The increase in Receivables largely reflects the increased debtor balance from government customers including DES and Resources for ITP services in 2022-23 ($2.61 million), NCS partners for their 2022-23 contributions to NRIFAEP ($3.44 million) and Electric Ants ($2.27 million).
3) The increase in Inventories is largely due to higher than budgeted bulk purchases of bait for the NRIFAEP ($1.24 million) resulting from increased activity.
4) The increase in Other assets is mainly due to a higher than expected contributions receivable under NCS arrangements for NRIFAEP in line with increased activity (increase in amount receivable of $28.6 million from 2022-23) and the Four Tropical Weeds Eradication Program ($2.8 million).
5) The increase in Property, plant and equipment is predominantly due to the revaluation increment of buildings ($35.44 million) and infrastructure assets ($2.35 million) resulting from the 2nd year of the 5-year rolling revaluation program, which reflects the increase in price of construction materials and labour. Increases related to land value ($10.59 million) are reflective of the continuous upward movement in the property market.
6) The increase in Biological assets is due to higher than expected livestock valuations as a result of higher-than-expected cattle prices.
7) The increase in Payables is largely due to the unexpended appropriation funds at year end ($58.87 million) related to the appropriation payable to Queensland Treasury, which was either deferred to 2023-24 or lapsed, the net proceeds for the sale of Longreach ($12.12 million), which is to be returned to the Consolidated fund, combined with higher than expected end of year expense accruals including the payment to QRIDA for the Rural Economic Development Grants Scheme ($3.14 million) and outstanding milestone payments with Sugar Research Australis ($1.42 million).
8) The increase in Accrued employee benefits is due to higher than expected payables to Queensland Treasury for central leave schemes ($0.45 million) and an increase to superannuation payable to reflect the changes to government superannuation policy ($0.31 million), coupled with realignment of prior year balance to reflect EB increases ($0.86 million).
9) The increase of Other liabilities is higher than expected mainly due to revenue received in advance for contractual agreements for Research and Development projects and projects aligned to Reef Water Quality outcomes ($11.35 million), unexpended contributions received under NCS arrangements for NRIFAEP from other states and territories ($4.65 million), and revenue received in advance for disaster relief funding arrangements (DRFA) ($1.17 million).

E1 Budgetary reporting disclosures (continued)

E1-3 Explanation of major variances - statement of cash flows

	Variance Notes	2023 Actual $'000	2023 Original Budget $'000	Actual vs. Budget Variance $'000
Cash flows from operating activities				
Inflows:				
Service appropriation receipts		366,451	364,843	1,608
User charges and fees	1	165,519	148,122	17,397
Grants and other contributions	2	33,230	62,620	(29,390)
Royalties	3	38,978	30,217	8,761
GST input tax credits received from ATO		16,738	13,181	3,557
GST collected from customers		17,697	-	17,697
Other inflows	4	2,160	1,752	408
Outflows:				
Employee benefits		(259,031)	(255,175)	(3,856)
Supplies and services		(282,541)	(291,882)	9,341
Grants and subsidies	5	(29,173)	(27,661)	(1,512)
GST paid to suppliers		(32,198)	(13,131)	(19,067)
Finance costs		(2,328)	(2,320)	(8)
Other outflows		(2,977)	(3,232)	255
Net cash provided/(used) by operating activities		**32,525**	**27,334**	**5,191**
Cash flows from investing activities				
Inflows:				
Sales of property, plant and equipment	6	13,041	525	12,516
Sales of biological assets	7	2,363	-	2,363
Outflows:				
Payments for property, plant and equipment		(17,901)	(21,976)	4,075
Payments for intangibles		(85)	-	(85)
Payments for biological assets		(524)	-	(524)
Net cash provided/(used) in investing activities		**(3,106)**	**(21,451)**	**18,345**
Cash flows from financing activities				
Inflows:				
Equity injection		4,428	6,666	(2,238)
Outflows:				
Lease payments		(3,988)	(3,741)	(247)
Equity withdrawal		(12,951)	(8,730)	(4,221)
Net cash provided/(used) by financing activities		**(12,511)**	**(5,805)**	**(6,706)**
Net increase/(decrease) in cash and cash equivalents		**16,908**	**78**	**16,830**
Cash and cash equivalents - opening balance		85,965	39,919	46,046
Cash and cash equivalents - closing balance		**102,872**	**39,997**	**62,875**

E1 Budgetary reporting disclosures (continued)

E2-1 Explanation of major variances - statement of cash flows (continued)

1) The increase in User charges and fees is largely due to an increase in revenue for Research and Development projects ($11.91 million), including additional co-investment contributions to the Horticultural Market Access Research Partnership project ($4.87 million)). Also contributing to the increase is higher than expected ICT project revenue through the BCP arrangements ($1.87 million), coupled with increased national cost share revenue from other states and territories for the Electric Ant Eradication program ($1.43 million).
2) The decrease in Grants and other contributions represents a timing difference for the NCS arrangements for NRIFAEP, which is expected to be received in 2023-24 ($28.60 million).
3) The increase in Royalties is largely due to increased royalties' revenue for agricultural commercialised research and development ($1.24 million), increase in the sale of forest products ($1.79 million) and higher than expected sale of quarry materials ($5.36 million)
4) The increase in Other inflows mainly relates to QGIF cost recoveries for Oxley Creek Common and disaster works at various locations.
5) The increase in Grants and subsides is largely due to expenses for operations assistance for the Mossman Mill ($5.9 million), coupled with the additional demand for the Drought Assistance Package ($1.18 million) where the 2022-23 allocations were both held centrally by Queensland Treasury and drawn down in arrears based on actual expenditure. This is partly offset by funding deferred to 2023-24 for various departmental programs including a timing adjustment for the ex QATC site at Emerald ($4.0 million) and the Farm Management Grants Scheme administered by QRIDA ($0.94 million).
6) The increase in Sales of property, plant and equipment is mainly due to the sale of the former ex QATC Longreach facility ($12.40 million).
7) The increase in Sales of biological assets is largely due to higher than expected cattle prices ($1.46 million).

Section F: What we look after on behalf of whole-of-Government

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

	Variance Notes	2023 Actual $'000	2023 Original Budget $'000	Actual vs. Budget Variance $'000	2022 Actual $'000
Administered income					
Appropriation revenue	1	61,074	178,909	(117,835)	55,366
User charges and fees	2	1,983	1,754	229	1,683
Grants and contributions		18,517	18,517	-	18,004
Other revenue		1,745	1,406	339	1,797
Total administered income		**83,319**	**200,586**	**(117,267)**	**76,850**
Administered expenses					
Grants to QRIDA	3	28,327	138,800	110,473	22,784
Grants to QRIC		32,096	32,287	191	30,949
Supplies and services	4	-	1,500	1,500	872
QRIDA administration expenses	5	618	6,300	5,682	740
Depreciation and amortisation - Forestry Assets		33	22	(11)	21
Decrements on revaluation - Forestry Assets		11	-	(11)	-
Transfers of administered income to Government [(1)]		22,245	21,677	(568)	21,484
Total administered expenses		**83,330**	**200,586**	**117,256**	**76,850**
Operating result for the year surplus/(deficit)		**(11)**	**-**	**(11)**	**-**
Other comprehensive income					
Items that will not be reclassified to operating result:					
Increase in asset revaluation surplus - Forestry Assets		(325)	-	-	243
Total comprehensive income		**(336)**	**-**	**(11)**	**243**

(1) 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).

F1 Administered items (continued)

F1-1 Schedule of administered income and expenses (continued)

1) The decrease in administered Appropriation revenue is largely due to a timing adjustment for the Australian Government North Queensland Restocking, Replanting and On-Farm Infrastructure Grants Program ($116.17 million).
2) The increase in User charges and fees is largely related to fee indexation for the management of brands and earmarks in Queensland.
3) The decrease in QRIDA grant expenses is due to a timing adjustment for the Australian Government North Queensland Restocking, Replanting and On-Farm Infrastructure Grants Program ($110.49 million).
4) The decrease in Supplies and services is largely related to a realignment for the Jimna Fire Tower Restoration and Repair project from 2022-23 to 2023-24.
5) The decrease in QRIDA administration expenses is due to a realignment for the Australian Government North Queensland Restocking, Replanting and On-Farm Infrastructure Grants Program ($5.50 million).

F1-2 Schedule of administered assets and liabilities

	Variance Notes	2023 Actual $'000	2023 Original Budget $'000	Actual vs. Budget Variance $'000	2022 Actual $'000
Administered assets					
Current					
Cash	1	517	10	507	136
Receivables		531	277	254	436
Total current assets		**1,048**	**287**	**761**	**572**
Non-current					
Property, plant and equipment - Forestry assets		404	541	(137)	773
Total non-current assets		**404**	**541**	**(137)**	**773**
Total assets		**1,452**	**828**	**624**	**1,345**
Administered liabilities					
Current					
Administered income refundable to Government	2	437	-	(437)	58
Payables to Government	3	570	266	(304)	191
Other payables		22	-	(22)	304
Total current liabilities		**1,029**	**266**	**(763)**	**553**
Net administered assets/liabilities		**423**	**562**	**(139)**	**792**

1) The increase in Cash largely reflects unexpended administered appropriation funds at year end ($0.44 million) related to the administered income refundable to Government, which was deferred to 2023-24.
2) The increase in Administered income refundable to Government relates to deferrals of QRIDA administration fees associated with the Australian Government North Queensland Restocking, Replanting and On-Farm Infrastructure Grants Program and the Jimna Fire Tower Restoration and Repair project.
3) The increase in Payables to Government largely represents a timing difference for the collection of QRIC fees and charges at the end of the financial year ($0.44 million).

F1 Administered items (continued)

F1-3 Schedule of administered equity

	Variance Notes	Contributed Equity $'000	Accumulated Surplus/ (Deficit) $'000	Asset Revaluation Surplus $'000	Total $'000
Balance as at 1 July 2021		**3,632**	**(3,153)**	**92**	**571**
Other comprehensive income					
Increase/(decrease) in asset revaluation surplus		-	-	243	243
Total comprehensive income for the year		**-**	**-**	**243**	**243**
Transactions with owners as owners:					
Appropriated equity injections		624	-	-	624
Appropriated equity withdrawals		(22)	-	-	(22)
Non-appropriated equity withdrawals	1	(117,136)	-	-	(117,136)
Non appropriated equity adjustment	1	116,512	-	-	116,512
Net transactions with owners as owners		**(22)**	**-**	**-**	**(22)**
Balance as at 30 June 2022		**3,610**	**(3,153)**	**335**	**792**
Balance as at 1 July 2022		**3,610**	**(3,153)**	**335**	**792**
Operating result					
Operating result		-	(11)	-	(11)
Other comprehensive income					
Increase/(decrease) in asset revaluation surplus		-	-	(325)	(325)
Total comprehensive income for the year		**-**	**(11)**	**(325)**	**(336)**
Transactions with owners as owners:					
Appropriated equity injections		524	-	-	524
Appropriated equity withdrawals		(33)	-	-	(33)
Non-appropriated equity withdrawals	1	(89,403)	-	-	(89,403)
Non appropriated equity adjustment	1	88,879	-	-	88,879
Net transactions with owners as owners		**(33)**	**-**	**-**	**(33)**
Balance as at 30 June 2023		**3,577**	**(3,164)**	**10**	**423**

1. In 2019-20 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 2021, the full $1 billion had been paid to QRIDA with $950 million in 2019-20 and $50 million in early 2020-21. In 2022-23, QRIDA has returned $88.9 million (2021-22: $116.5 million) of loan repayments to DAF that the department then repaid to Queensland Treasury.

F1 Administered items (continued)

F1-4 Reconciliation of payments from consolidated fund to administered income

	2023 $'000	2022 $'000
Budgeted appropriation	178,909	57,827
Treasurer's transfers	-	(4,758)
Lapsed appropriation [(1)]	(117,467)	-
Appropriation adjustment	11	(97)
Total administered receipts	**61,453**	**52,972**
Add: opening balance of deferred appropriation payable to Consolidated Fund	58	2,452
Less: closing balance of deferred appropriation payable to Consolidated Fund	(437)	(58)
Administered income recognised in Note F1-1	**61,074**	**55,366**

1) This is mainly due to a timing adjustment for the Australian Government North Queensland Restocking, Replanting and On-Farm Infrastructure Grants Program.

F1-5 Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity

	2023 $'000	2022 $'000
Budgeted equity adjustment appropriation	502	505
Appropriation adjustment	(11)	97
Equity adjustment receipts (payments)	**491**	**602**
Net appropriation equity	**491**	**602**

Section G: Other information

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 and Minister for Rural Communities.

Key management personnel include those positions that had direct or indirect authority and responsibility for planning, directing and controlling activities of the department during 2022-23 and 2021-22. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

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 are disclosed in the Queensland General Government Consolidated Financial Statements which are published as part of Queensland Treasury's Report on State Finances.

Remuneration policy for the department's other KMP is set by the Queensland Public Sector Commission as provided for under the *Public Sector Act 2022*. 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:

<u>Short term employee expenses, including</u>:

- 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 the provision of a parking space together with fringe benefits tax applicable to the benefit.

<u>Long term employee expenses</u> include amounts expensed in respect of long service leave entitlements earned.

<u>Post-employment expenses</u> include amounts expensed in respect of employer superannuation obligations.

<u>Termination benefits</u> include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

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.

Performance payments

No KMP remuneration packages provide for performance or bonus payments.

KMP remuneration expenses 1 July 2022 - 30 June 2023

Position	Position responsibility	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Total Expenses
		Monetary Benefits $'000	Non-Monetary Benefits [1] $'000	$'000	$'000	$'000
Director-General (former) to 18/05/2023	The Director-General is responsible for the efficient, effective and economic administration of the department overseeing Agriculture, Fisheries and Forestry, Biosecurity Queensland and Corporate services.	336	10	9	41	396
Director-General, appointment effective 18/05/2023		57	1	1	7	66
Deputy Director-General, Corporate (former) to 26/05/2023	The Deputy Director-General, Corporate is responsible for the delivery of a broad range of corporate services to enable the department to deliver against its strategic objectives. These include Finance and Asset Management, Communications and Engagement, Digital Enterprise and Portfolio Management, Human Resources and Internal Audit and Risk.	211	-	5	24	240
Deputy Director-General, Agriculture Queensland	The Deputy Director- General is responsible for the efficient, effective and economic administration of Queensland Agriculture, research and initiatives that lift the productivity of Queensland's food and fibre businesses, and regional services.	262	11	7	29	309
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, and sustainable use and allocation of the state natural resources.	265	11	7	30	313
Deputy Director-General and Chief Biosecurity Officer, Biosecurity Queensland (former) to 10/04/2023	The Deputy Director-General and Chief Biosecurity Officer is responsible for the efficient, effective and economic administration of Queensland's Biosecurity functions and responsibilities of the department to prevent, respond and recover from biosecurity threats.	229	9	6	27	271
Deputy Director-General and Chief Biosecurity Officer, Biosecurity Queensland, appointment effective 11/04/2023		63	2	1	7	73
Total		**1,423**	**44**	**36**	**165**	**1,668**

1) Non-monetary benefits include car park and associated benefits.

KMP remuneration expenses 1 July 2021 - 30 June 2022

Position	Position responsibility	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Total Expenses
		Monetary Benefits $'000	Non-Monetary Benefits (1) $'000	$'000	$'000	$'000
Director-General	The Director-General is responsible for the efficient, effective and economic administration of the department overseeing Agriculture, Fisheries and Forestry, Biosecurity Queensland and Corporate services.	375	11	9	44	439
Deputy Director-General, Corporate	The Deputy Director-General, Corporate is responsible for the delivery of a broad range of corporate services to enable the department to deliver against its strategic objectives. These include Finance and Asset Management, Communications and Engagement, Digital Enterprise and Portfolio Management, Human Resources and Internal Audit and Risk.	227	-	6	25	258
Deputy Director-General, Agriculture Queensland	The Deputy Director- General is responsible for the efficient, effective and economic administration of Queensland Agriculture, research and initiatives that lift the productivity of Queensland’s food and fibre businesses, and regional services.	258	11	6	28	303
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, and sustainable use and allocation of the state natural resources.	242	11	6	27	286
Deputy Director-General and Chief Biosecurity Officer, Biosecurity Queensland	The Deputy Director-General and Chief Biosecurity Officer is responsible for the efficient, effective and economic administration of Queensland's Biosecurity functions and responsibilities of the department to prevent, respond and recover from biosecurity threats.	258	11	6	29	304
Total		**1,360**	**44**	**33**	**153**	**1,590**

1) Non-monetary benefits include car park and associated benefits.

G2 Related party transactions

Transactions with people/entities related to KMP

A review has been undertaken for the 2022-23 financial year of the department's KMP related party transactions 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.

During the 2022-23 financial year, the department received defined services from the following agencies:

- Department of Resources: Legal Services
- DES: Privacy and Ethics and Right to Information.

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

- Department of Tourism Innovation and Sport (DTIS): Information Technology and Fleet Management.
- Department of Resources: Information Technology and Fleet Management.
- DES: Information Technology and Fleet Management.
- Department of Regional Development, Manufacturing and Water (DRDMW): Information Technology and Fleet Management.

User charges and fees (Note B1-2) includes the fee for service revenue received from the above agencies and other government entities for information management services, and this represents approximately 22% (2021-22: 25%) of the total user charges and fees.

Office accommodation and QFleet costs disclosed in supplies and services (Note B3-2) include office accommodation arrangements with DEPW across the state and motor vehicle lease arrangements provided by QFleet.

QBuild within DEPW are the main provider of building repair and maintenance disclosed within supplies and services (Note B3-2) under repairs and maintenance.

Queensland Shared Services (QSS) and CITEC within the Department of Transport and Main Roads (effective 18 May 2023) are the shared services provider disclosed in supplies and services (Note (B3-2). They provide support for the finance, procurement, human resources, telecommunications and information technology services functions of the department.

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

Accounting standards applied for the first time

There are no new accounting standards or interpretations that apply to the department for the first time in 2022-23.

Accounting standards early adopted

No new Australian Accounting Standards have been early adopted for 2022-23.

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

a) 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.

b) Current year impacts

Climate Change

Climate change is a long-term change in the average weather patterns, such as temperature and rainfall, that have come to define local, regional and global climates. In some areas, sophisticated models are available to simulate the effect of climate change including rising sea levels.

As part of the 2022-23 non-current assets revaluations program, Jacobs – qualified quantity surveyors and AssetVal have considered the risk of climate change on the non-current values for DAF at 30 June 2023.

Land

AssetVal considered the impact of obvious and immediate risks including flooding and bushfires and have taken the impacts into account when providing the land values at 30 June 2023. The sales evidence used in this valuation program reflects any effect of climate change that a market participant would consider at this time, so no adjustments to the adopted land values at 30 June 2023 were required.

Bushfires

Whilst fires have previously impacted large areas of the state, it was concluded there is no ongoing effect on the value of the land, with the values provided supported by the market evidence. The sales evidence used in most cases was obtained from the area near the subject property and reflected comparable land features not limited to location, area, topography, flooding and bushfires. Market evidence used in the valuation process reflected current market conditions and physical features of the land, with property markets overall improving since the recent bushfires.

Flood Prone Land

AssetVal used sales evidence reflecting the physical characteristics of the land. Where historically sites have been affected by flooding, comparable market evidence was considered with similar constraints to reflect these limitations.

Summary Climate Change, Bushfire and Flood Prone Land

For the purposes of properties' valuations AssetVal had consideration of the risk of climate change, flooding and bushfires. AssetVal undertook searches and made enquiries to identify the impact pf past events to subject properties and sales evidence in order to take these into account for the 2022-23 revaluation period.

Buildings and Infrastructure

Asset vulnerability to climate change is partially defined by exposure; that is, the extent to which the location experiences the disruptor. Coastal locations are usually highly exposed to sea-level rise, whereas inland locations are not. Changes in average and extreme temperatures, precipitation and the other climate elements vary according to global and regional scale climate systems as well as geography. Exposure to climate change impacts can therefore vary on a local scale.

As part of the 2022-23 rolling valuation program for buildings and infrastructure, the rapid climate change exposure assessment was used for DAF's facilities across South-east Queensland.

Rapidly available spatial data were collected to describe likely climate change impacts on DAF's assets. The following climate hazards were considered:

- Heatwaves and extreme temperatures
- Riverine flooding
- Sea level rise and storm tide
- Bushfire
- Extreme wind
- Annual rainfall / humidity.

Each of the sites comprehensively valued in 2022-23 were assessed against climate exposure hazards ranked between 0 (lowest score) to 6 (highest score) against each of the climate hazards categories.

G5 Climate risk disclosure (continued)

b) Current year impacts (continued)

Of the high-score hazards (scores 5 and above), there was no material impact to the 2022-23 comprehensively valued assets.

Useful Life of Building Assets

Climate change will not affect the remaining useful lives currently, however the materials used, and construction technology of the modern equivalent assets are reflected in the total lives adopted.

c) Future year impacts

Climate change impacts on DAF’s assets will be continually monitored through the rolling non-current assets valuation program. Any future impacts of climate risk will be assessed and taken into account where relevant.

Under the Queensland Climate Action Plan (QCAP) the department has adopted the Monitoring, Evaluation, Reporting and Improvement (MERI) framework, whereby there is a requirement to report annually (commencing 31 July 2023) to DES on climate risk management. The primary purpose of the MERI Framework is to enable the tracking and reporting of climate action progress across Queensland.

Certification

Management certificate

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 financial year ended 30 June 2023 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 and 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 GAICD	Dr Chris Sarra PhD
Chief Finance Officer	**Director-General**
Date: 23 August 2023	Date: 28 August 2023

Queensland
Audit Office
Better public services

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of Department of Agriculture and Fisheries

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of 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 2023, 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 2023, 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 material accounting policy information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 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.

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Valuation of land with restricted uses ($63.47 million)

Refer to note C4 and D1 in the financial report.

<table>
<tr><th>Key audit matter</th><th>How my audit addressed the key audit matter</th></tr>
<tr><td>The department’s land assets were measured at fair value using the market approach which involved reference to publicly available data on recent sales of similar land in nearby localities and subsequent indexation of these valuations as at 30 June 2023.

The department’s reserve land (restricted for use) comprises 39.46 per cent of the department’s land holdings. Sales of land with these restrictions are rare. The fair value measurements for this type of land involved significant judgement due to limited availability of recent sales data for land with similar restrictions on use.

Significant judgement was also required to determine the appropriate index.</td><td>My procedures included, but were not limited to:
assessing the adequacy of management’s review of the valuation process and results
assessing the competence, capability and objectivity of management’s independent expert used to develop the indexation rates
obtaining an understanding of the valuation methodology used with reference to common industry practice
evaluating the reasonableness of the following for a sample of land parcels:
market values before restrictions, through comparison with recent sales of similar land
adjustments for restrictions, by reviewing the basis for calculating the discount, and assessing the reasonableness and reliability of the basis applied
assessing the reasonableness of the indexation rates applied, with reference to external information and factors</td></tr>
</table>

Queensland Audit Office

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Buildings valuation ($217.08 million) and depreciation expense ($9.30 million)

Refer to note C4 and D1 in the financial report.

<table>
<tr><th>Key audit matter</th><th>How my audit addressed the key audit matter</th></tr>
<tr><td>The department's buildings were measured at fair value at balance date using the current replacement cost method that comprises:
• gross replacement cost, less
• accumulated depreciation.
The department derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for:
• identifying the components of buildings with separately identifiable replacement costs (known as unit rate categories)
• developing a unit rate for each of these components, including:
  o estimating the current cost for a modern substitute (including locality factors and oncosts), expressed as a rate per unit (e.g. $/square metre)
  o identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so estimating the adjustment to the unit rate required to reflect this difference
• indexing unit rates for any subsequent increases in input costs.
The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of assets.
The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</td><td>My procedures included, but were not limited to:
• assessing the adequacy of management's review of the valuation process and results
• assessing the competence, capability and objectivity of the experts used by the department to develop the models
• obtaining an understanding of the methodology used, and assessing its appropriateness with reference to common industry practices
• assessing the appropriateness of the building components used for measuring gross replacement cost with reference to common industry practices
• on a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit rate of the:
  o modern substitute (including locality factors and oncosts)
  o adjustment for excess quality or obsolescence
• evaluating the relevance and appropriateness of the indices used by comparing to other relevant external indices
• evaluating useful life estimates for reasonableness by:
  o reviewing management's annual assessment of useful lives
  o ensuring that no component still in use has reached or exceeded its useful life
  o reviewing for assets with an inconsistent relationship between condition and remaining useful life
• where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.</td></tr>
</table>

Queensland Audit Office
Better public services

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. This is not done for the purpose of forming an opinion on the effectiveness of the department's internal controls, but allows me to form an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of material accounting policy information 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.

Queensland Audit Office

Better public services

- 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.

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2023:

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

b) I consider that, 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.

29 August 2023

Jacqueline Thornley
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Appendixes

Appendix 1: Performance statements

Table A1 Performance statements (2022–23)

Service standards	Notes	2022–23 Target/est.	2022–23 Actual
SERVICE AREA: ENABLING AGRICULTURE INDUSTRY GROWTH			
Service: Agri-business and Policy			
Effectiveness measure			
Percentage of primary producers adopting drought and climate resilient practices as a result of DAF support	1, 2	20%	28%
Efficiency measures			
Average cost per hour to conduct regulatory policy and reform activities		$82	$84
Service: Rural Economic Development			
Effectiveness measure			
Proportion of stakeholders who considered that Rural Economic Development services positively influence their operations	1	70%	70.3%
Efficiency measure			
Average cost of regional agricultural advocacy activities	3	$450	$338
Service: Agri-Science Queensland			
Effectiveness measures			
Assessed impact of completed agricultural research, development and extension projects and/or programs (benefit cost ratio)	4	>4.0	7.23
Level of funding partner satisfaction that research outcomes contribute to industry productivity growth	5	90%	80%
Efficiency measure			
Percentage return on research, development and extension investment through royalty returns	6	5%	7.98%

Table A1 cont. Performance statements (2022–23)

Service standards	Notes	2022–23 Target/est.	2022–23 Actual
SERVICE AREA: QUEENSLAND BIOSECURITY SERVICES			
Effectiveness measures			
Proportion of significant biosecurity responses that deliver the planned outcomes to safeguard economic loss		95%	100%
Level of satisfaction with biosecurity partnership performance		>3.0	3.17
Efficiency measures			
Cost of significant biosecurity responses per agricultural production unit	7	≥1:450	1:1145
Cost of core biosecurity services per agricultural production unit	8	≥1:250	1:314
SERVICE AREA: FISHERIES AND FORESTRY INDUSTRY DEVELOPMENT			
Service: Fisheries			
Effectiveness measures			
Percentage of key Queensland fish stocks assessed that are considered to have no sustainability concerns		85%	93%
Percentage of units inspected that are compliant with fisheries laws		90%	87%
Efficiency measure			
Average cost of inspections	9	$850	$808
Average number of inspections per full-time equivalent		220	209

Service: Forestry			
Effectiveness measure			
Percentage of findings from the previous third-party audit confirmed as satisfactorily addressed in order to maintain certification to the Australian Standard for Sustainable Forest Management (AS4708:2013)		100%	100%
Efficiency measure			
Average expense necessary to authorise the removal of a cubic metre of forest product:			
a) native forest timber (expenses/m^3)	10	$38.15	$50.19
b) quarry material (expenses/m^3)		$0.52	$0.53

Table A1 cont. Performance statements (2022–23)

Notes

1. New measure introduced in 2022–23.
2. The variance between the 2022–23 target/estimate and the 2022–23 actual reflects further uptake, adoption and participation in the Drought and Climate Adaptation Program (DCAP) programs in 2022–23, particularly in DCAP Farm Business Resilience Program projects. More primary producers were successfully engaged in developing and adopting farm business planning outcomes than were anticipated for the year.
3. The variance between the 2022–23 target/estimate and the 2022–23 actual is due to an increase in advocacy activity associated with statewide involvement in Rural Economic Development Grants and Rural Agricultural Development Grants.
4. The 2022–23 target/estimate was set based on experience of research related benefit cost ratios both within and external to DAF and the average benefit cost ratio over the past 5 years. Each year, 6 new research, development and extension projects/programs are chosen at random. The variance between the 2022–23 target/estimate and the 2022–23 actual is due to 6 randomly chosen projects/programs delivering improved benefits relative to costs, greater than in the past.
5. The 2022–23 actual is lower than the 2022–23 target/estimate. There was a lower survey response rate compared to previous years (down 29%), which means that the overall result is more heavily influenced by individual responses. The survey measures funding partner satisfaction with the quality, relevance and timeliness of processes used by Agri-Science Queensland and outcomes delivered by individual projects.
6. The variance between the 2022–23 target/estimate and the 2022–23 actual is due to an increased market share of the department-bred strawberry, mango and mandarin varieties, good seasonal growing conditions for sorghum and increased royalties relating to livestock vaccines.
7. This measure is calculated and expressed as a ratio of the 5-year average of the GVP over the expenditure on the significant incident. The 2022–23 actual is based on the available GVP for 5 years from 2017–18 to 2021–22. These are the latest official figures, which show an increasing trend. The ratio of cost of managing biosecurity incidents to the value of production protected was impacted by the decrease in Queensland's contribution to funding the National Red Imported Fire Ant Eradication Program due to investment being brought forward in previous years.
8. The 2022–23 actual is based on the available GVP for 5 years from 2017–18 to 2021–22. These are the latest official figures, which show an increasing trend.
9. The variance between the 2022–23 target/estimate and 2022–23 actual reported in the Department of Agriculture and Fisheries Service Delivery Statement 2023–24 is due to an increase in the number of inspections conducted by authorised Queensland Boating and Fisheries Patrol (QBFP) officers for the period. In the 2022–23 period, an additional 14 authorised officers were onboarded and trained, resulting in an improved 2022–23 actual. The average cost is influenced by fixed cost salaries, which are payable regardless of operating restrictions.
10. The variance between the 2022–23 target/estimate and 2022–23 actual is a result of increased costs associated with the delivery of the forestry business.

Appendix 2: Related entities

The entities in Table A2, together with the department, form the ministerial portfolio for the Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities.

The entities in Table A3 are administered for the Minister for Education, Minister for Industrial Relations and Minister for Racing.

Table A2 Related entities

Name	Type of entity	Functions	Legislation under which the entity was established	Annual reporting arrangement
Darling Downs – Moreton Rabbit Board	Statutory body	Take reasonable steps to ensure the board's operational area is kept free from rabbits	*Biosecurity Act 2014*	Annual report tabled in parliament
Queensland Rural and Industry Development Authority	Statutory body	Administer approved financial assistance schemes that foster a more productive and sustainable rural and regional sector in Queensland	*Rural and Regional Adjustment Act 1994*	Annual report tabled in parliament
Safe Food Production Queensland	Statutory body	Regulate, under food safety schemes, the production of primary produce to ensure it is safe for human and animal consumption	*Food Production (Safety) Act 2000*	Annual report tabled in parliament
Veterinary Surgeons Board of Queensland	Statutory body	Registration of veterinary surgeons, provisions in response to misconduct, and the control of veterinary science practice	*Veterinary Surgeons Act 1936*	The transactions of the entity are included in the department's financial statements

Table A3 Additional entities administered

Name	Type of entity	Functions	Legislation under which the entity was established	Annual reporting arrangement
Queensland Racing Appeals Panel	Statutory authority	Hears and decides applications for review of racing decisions of a steward and any other function given to the panel under the Act.	*Racing Integrity Act 2016*	Annual performance report to the Minister tabled in parliament The transactions of the entity are included in the department's financial statements
Queensland Racing Integrity Commission	Statutory body	Oversees the integrity and welfare standards of racing animals and participants in Queensland	*Racing Integrity Act 2016*	Annual report tabled in parliament

Appendix 3: Compliance checklist

Table A4 Compliance checklist 2022–23

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	• A letter of compliance from the accountable officer or statutory body to the relevant minister/s	ARRs—section 7	1
Accessibility	• Table of contents • Glossary	ARRs—section 9.1	I-II (for TOC) 133 (for Glossary)
	• Public availability	ARRs—section 9.2	Inside front cover
	• Interpreter service statement	*Queensland Government language services policy* ARRs—section 9.3	Inside front cover
	• Copyright notice	*Copyright Act 1968* ARRs—section 9.4	Inside front cover
	• Information licensing	*Queensland Government enterprise architecture—information licensing* ARRs—section 9.5	Inside front cover
General information	• Introductory information	ARRs—section 10	2–5, 12–13
Non-financial performance	• Government's objectives for the community and whole-of-government plans/specific initiatives	ARRs—section 11.1	15–19
	• Agency objectives and performance indicators	ARRs—section 11.2	20–37
	• Agency service areas and service standards	ARRs—section 11.3	7, 124–127
Financial performance	• Summary of financial performance	ARRs—section 12.1	42–48
Governance—management and structure	• Organisational structure	ARRs—section 13.1	49
	• Executive management	ARRs—section 13.2	50–52
	• Government bodies (statutory bodies and other entities)	ARRs—section 13.3	14, 128
	• Public sector ethics	*Public Sector Ethics Act 1994* ARRs—section 13.4	55
	• Human rights	*Human Rights Act 2019* ARRs—section 13.5	56
	• Queensland public service values	ARRs—section 13.6	6

Table A4 cont. Compliance checklist 2022–23

Summary of requirement		**Basis for requirement**	**Annual report reference**
Governance—risk management and accountability	• Risk management	ARRs—section 14.1	57–58
	• Audit committee	ARRs—section 14.2	58–59
	• Internal audit	ARRs—section 14.3	60
	• External scrutiny	ARRs—section 14.4	60
	• Information systems and recordkeeping	ARRs—section 14.5	60–62
	• Information security attestation	ARRs—section 14.6	58
Governance—human resources	• Strategic workforce planning and performance	ARRs—section 15.1	63–67
	• Early retirement, redundancy and retrenchment	*Directive no. 04/18: Early retirement, redundancy and retrenchment* ARRs—section 15.2	67
Open data	• Statement advising publication of information	ARRs—section 16	Inside front cover
	• Consultancies	ARRs—section 31.1	data.qld.gov.au
	• Overseas travel	ARRs—section 31.2	data.qld.gov.au
	• Queensland language services policy	ARRs—section 31.3	data.qld.gov.au
Financial statements	• Certification of financial statements	FAA—section 62 FPMS—sections 38, 39 and 46 ARRs—section 17.1	118
	• Independent auditor's report	FAA—section 62 FPMS—section 46 ARRs—section 17.2	119–123

FAA—*Financial Accountability Act 2009*

FPMS—Financial and Performance Management Standard 2019

ARRs—Annual report requirements for Queensland Government agencies

Acronyms and abbreviations

AASB	Australian Accounting Standards Board
ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
ABS	Australian Bureau of Statistics
ADA	aquaculture development area
AFMF	Australian Fisheries Management Forum
AgTech	agricultural technology
APM	Australian Police Medal
ARC	Audit and Risk Committee
ARRs	Annual report requirements for Queensland Government agencies
ASQ	Agri-Science Queensland
ATO	Australian Taxation Office
AWTG	Animal Welfare Task Group
BCM	business continuity management
BCP	Business and Corporate Partnership
CPI	consumer price index
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAF	Department of Agriculture and Fisheries
DCAP	Drought and Climate Adaptation Program
DEPW	Department of Energy and Public Works
DES	Department of Environment and Science
DRAS	Drought Relief Assistance Scheme
DTIS	Department of Tourism, Innovation and Sport
eDRMS	electronic document and records management system
ERA	environmentally relevant activities
FAA	*Financial Accountability Act 2009*
FBRP	Farm Business Resilience Program
FBT	fringe benefits tax
FIFA	Federation Internationale de Football Association
FPMS	Financial and Performance Management Standard 2019
FTE	full-time equivalent
GBR	Great Barrier Reef
GDP	gross domestic product
GST	goods and services tax
GVP	gross value of production

Acronyms and abbreviations cont.

ICT	information and communication technology
IGAB	Intergovernmental Agreement on Biosecurity
ISMS	Information Security Management System
ISO	International Organization for Standardization
ITP	Information and Technology Partners
KMP	key management personnel
KPI	key performance indicator
MOHRI	Minimum Obligatory Human Resource Information
NAIDOC	National Aborigines and Islanders Day Observance Committee
NCS	national cost sharing
NRIFAEP	National Red Imported Fire Ants Eradication Program
PALM	Pacific Australia Labour Mobility
Panama disease TR4	Panama disease Tropical Race 4
PPE	Property, plant and equipment
QAO	Queensland Audit Office
QATC	Queensland Agricultural Training Colleges
QBFP	Queensland Boating and Fisheries Patrol
QGIF	Queensland Government Insurance Fund
QLD	Queensland
QRIC	Queensland Racing Integrity Commission
QRIDA	Queensland Rural and Industry Development Authority
QSA	Queensland State Archives
QT	Queensland Treasury
QTC	Queensland Treasury Corporation
RAD	Rural Agricultural Development
RD&E	research, development and extension
RIFA	red imported fire ants
RSPCA	Royal Society for the Prevention of Cruelty to Animals
SVS	State Valuation Service
WDBF	wild dog barrier fence
WHS	work health and safety; also workplace health and safety
WIRFN	Women in Recreational Fishing Network Queensland
WISA	Women in Seafood Australasia

Glossary

Administrative Arrangements Order	a document that specifies the subject matter and legislation dealt with by particular government departments
African swine fever	an infectious viral disease (currently not in Australia) of domestic and feral pigs that can result in a very high mortality rate in infected pigs and significantly impact pig production; it does not affect people or other animals and there is no available vaccine or treatment
aquaculture	the rearing of aquatic animals or cultivation of aquatic plants for food
banana freckle	a ‘wet spore’ organism that causes characteristic 'sandpapery feeling' spots on banana leaves and fruit. Plant health, productivity, and fruit quality and appearance can be affected. The fungus can move short distances by water droplet splash and wind-driven rain and is spread over larger distances by people moving infected fruit, leaves and suckers used for planting
COVID-19	the coronavirus that originated in China in 2019 and was declared a global pandemic
fall armyworm	*Spodoptera frugiperda*, a destructive pest initially detected in the Torres Strait in January 2020 before spreading to numerous Queensland sites (including Bamaga, Croydon, South Johnstone, Tolga, Lakeland, Mareeba, the Burdekin, Bowen, Richmond, Clermont, Emerald, Mackay, Biloela, Bundaberg, Dysart and Longreach); their larvae have been reported to feed on more than 350 plant species, and impact economically important cultivated grasses such as maize, rice, sorghum, sugarcane and wheat, as well as fruit, vegetable and cotton crops
foot-and-mouth disease	a highly contagious animal viral disease that affects all cloven-hoofed animals (those with a divided hoof), including cattle, sheep, goats, camelids (alpacas, llamas and camels), deer and pigs. It does not affect horses or zebras. There is no threat to human health from the disease of affected meat. The virus is carried by live animals and in meat and dairy products, as well as in soil, bones, untreated hides, vehicles and equipment used with these animals. It can also be carried on people’s clothing and footwear and survive in frozen, chilled and freeze-dried foods
forest product	any state-owned material derived from a forest (e.g. timber, seeds, foliage)
fruit flies	small flies that lay their eggs in developing fruit, causing serious damage to, and restricting market access for, a wide range of fruit and vegetable crops; some species are present in Australia (e.g. Queensland fruit fly) and some are exotic to the country (e.g. oriental fruit fly)
gross value of production (GVP)	the value of final goods and services produced in a given period
Japanese encephalitis	a viral zoonotic disease spread by mosquitoes. The virus can cause reproductive losses and encephalitis in pigs and horses. In rare cases, Japanese encephalitis can cause disease in people. People and horses are considered 'dead end' hosts. Once infected, they do not play a role in transmitting the virus. Pigs and some species of wild birds are amplifying hosts
lumpy skin disease	an acute to chronic, highly infectious, generalised skin disease of cattle and water buffalo. The disease is caused by a poxvirus and is believed to be mechanically transmitted mostly by a range of arthropods, including biting insects and ticks. The virus does not affect humans. Economic losses due to the virus would include stock losses and reduced production, including reduced milk yield, loss of animal body condition and rejection or reduced value of the hide
open data	data in its rawest form, made available free of charge
Open Data portal	a collection of agency-owned datasets that allows the public to find, access and re-use raw data from the Queensland Government
Panama disease Tropical Race 4 (TR4)	a destructive fungal disease of banana plants (of which there are four strains) that invades the vascular tissue (xylem) through the roots, causing discolouration and wilting; TR4 varies from other strains in that onset is generally quicker and the disease is generally more aggressive
red imported fire ants (RIFA)	small, coppery brown ants (species name *Solenopsis invicta*), originally from South America, that inflict a painful, fiery sting and could severely damage the environment, Queensland’s outdoor lifestyle and the agriculture and tourism industries
tropical weeds	five weed species that are native to tropical America but have been introduced into North Queensland and are now targeted for eradication—Limnocharis (*Limnocharis flava*), miconia (*Miconia calvescens*, *M. nervosa*, *M. racemosa*) and mikania vine (*Mikania micrantha*)
varroa mite	either of the two mites *Varroa destructor* or *V. jacobsoni*, which are external parasites of bees; *V. jacobsoni* was detected in Townsville in 2016 and is the focus of a nationally cost-shared eradication program