

Financial statements

DEPARTMENT OF AGRICULTURE AND FISHERIES
Financial Statements
For the year ended 30 June 2021

TABLE OF CONTENTS

		Page		
Financial Statements	Statement of comprehensive income	51		
	Statement of comprehensive income by major departmental services	52		
	Statement of financial position	53		
	Statement of assets and liabilities by major departmental services	54		
	Statement of changes in equity	55		
	Statement of cash flows (including notes to the statement of cash flows)	56–57		
Notes to the Financial Statements	Section 1 About the department and this financial report	A1. Basis of financial statement preparation	58	
		A1-1 General information	58	
	Section 2 Notes about our financial performance	A1-2 Compliance with prescribed requirements	58	
		A1-3 Presentation details	58	
		A1-4 Authorisation of financial statements for issue	58	
		A1-5 Basis of measurement	58–59	
		A2. Departmental objectives	59–60	
	Section 3 Notes about our financial position	B1. Revenue	B1-1 Appropriation revenue	61
			B1-2 User charges and fees	62
			B1-3 Grants and contributions	63
B1-4 Royalties			64	
B2. Gains on disposal and re-measurement of assets			64	
		B3. Expenses	65	
B3-1 Employee expenses			65	
		B3-2 Supplies and services	66	
		B3-3 Grants and subsidies	67	
		B3-4 Depreciation and amortisation	67	
		B3-5 Finance/Borrowing costs	67	
		B3-6 Other expenses	68	
Section 3 Notes about our financial position		C1. Cash and cash equivalents	69	
		C2. Receivables	69	
	C2-1 Impairment of receivables	69–70		
	C3. Other assets	71		
	C4. Property, plant, equipment and depreciation expense	72		
	C4-1 Closing balances and reconciliation of carrying amount	72		
	C4-2 Recognition and acquisition	73		
	C4-3 Measurement using historical cost	74		
	C4-4 Measurement using fair value	74		
	C4-5 Accounting Policy - Depreciation expense	75		
	C4-6 Accounting Policy - Impairment	76		
	C5. Payables	77		
	C6. Accrued employee benefits	77		
	C7. Other liabilities	77		
C8. Right-of-use assets and lease liabilities	78			
C8-1 Leases as lessee	78–79			
C8-2 Leases as lessor	79			
C9. Equity	80			
C9-1 Contributed equity	80			
C9-2 Appropriations recognised in equity	80			
C9-3 Asset revaluation surplus by asset class	80			

DEPARTMENT OF AGRICULTURE AND FISHERIES
Financial Statements
For the year ended 30 June 2021

TABLE OF CONTENTS (continued)

		Page
Notes to the Financial Statements (continued)	D1. Fair value measurement	81
	D1-1 Accounting policies and inputs for fair values	81
	D1-2 Basis for fair values of assets and liabilities	82
	D1-3 Categorisation of assets and liabilities measured at fair value	83
	D1-4 Level 3 fair value measurement - reconciliation	83
	D2. Financial risk disclosures	84
	D2-1 Financial instrument categories	84
	D2-2 Financial risk management	84–85
	D2-3 Credit risk disclosures	85
	D2-4 Liquidity risk - contractual maturity of financial liabilities	85
	D3. Contingencies	86
	D4. Commitments	87
	D5. Events occurring after the reporting date	87
	D6. Future impact of accounting standards not yet effective	87
Section 4 Notes about risks and other accounting uncertainties		
Section 5 Notes on our performance compared to budget	E1. Budgetary reporting disclosures	88
	E1-1 Explanation of major variances - statement of comprehensive income	88
Section 6 What we look after on behalf of whole-of- Government	F1. Administered items	89
	F1-1 Schedule of administered income and expenses	89
	F1-2 Administered activities - budget to actual comparison and variance analysis	89
	F1-3 Schedule of administered assets and liabilities	90
	F1-4 Schedule of administered equity	91
	F1-5 Reconciliation of payments from consolidated fund to administered income	92
	F1-6 Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity	92
Section 7 Other information	G1. Key management personnel (KMP) disclosures	93–95
	G2. Related party transactions	96
	G3. First year application of new accounting standards or change in accounting policy	97
	G4. Taxation	97
	G5. Climate risk disclosure	97
	G6. Significant financial impacts from COVID-19	98
Certification	Management certificate	99
	Independent auditor's report	100–103

DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of comprehensive income
For the year ended 30 June 2021

		2021	2021	Actual vs	2020
		Actual	Original	Budget	Actual
	Notes	\$'000	Budget	Variance*	\$'000
			\$'000	\$'000	
Income from operations					
Appropriation revenue	B1-1	316,340	332,980	(16,640)	366,818
User charges and fees	B1-2	147,312	145,823	1,489	148,033
Grants and contributions	B1-3	41,170	40,626	544	44,856
Royalties	B1-4	45,434	36,417	9,017	33,675
Other revenue		1,470	552	918	4,140
Total revenue		551,727	556,398	(4,671)	597,522
Gains on disposal and re-measurement of assets	B2	10,849	95	10,754	1,423
Total income from operations		562,576	556,493	6,083	598,945
Expenses from operations					
Employee expenses	B3-1	229,101	231,849	(2,748)	236,809
Supplies and services	B3-2	265,406	269,717	(4,311)	275,547
Grants and subsidies	B3-3	25,033	22,623	2,410	54,421
Depreciation and amortisation	B3-4	28,603	27,849	754	26,812
Finance/borrowing costs	B3-5	2,453	2,973	(520)	2,524
Impairment losses		372	-	372	640
Other expenses	B3-6	2,347	1,482	865	2,192
Total expenses from operations		553,315	556,493	(3,178)	598,945
Operating result for the year surplus/(deficit)		9,261	-	9,261	-
Other comprehensive income					
Items that will not be reclassified to operating result:					
Increase in asset revaluation surplus	C9-3	55,760	-	55,760	687
Total comprehensive income		65,022	-	65,022	687

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

The accompanying notes form part of these statements.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of comprehensive income by major departmental services
For the year ended 30 June 2021

	Agriculture		Fisheries and Forestry		Biosecurity Queensland ⁽²⁾		Corporate Partnership ⁽²⁾		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Income from operations ⁽¹⁾										
Appropriation revenue	178,048	209,678	33,972	47,969	96,284	102,084	8,036	7,088	316,340	366,818
User charges and fees	61,550	56,039	10,435	5,179	29,457	29,958	45,870	56,858	147,312	148,033
Grants and contributions	2,437	1,118	75	253	38,623	43,452	35	33	41,170	44,856
Royalties	3,591	4,142	41,843	29,532	-	-	-	-	45,434	33,675
Other revenue	790	3,932	220	164	399	44	62	-	1,470	4,140
Total revenue	246,416	274,910	86,546	83,097	164,763	175,537	54,003	63,979	551,727	597,522
Gains on disposal and re-measurement of assets	10,585	1,188	84	52	193	183	(13)	-	10,849	1,423
Total income from operations	257,000	276,098	86,630	83,149	164,956	175,720	53,989	63,979	562,576	598,945
Expenses from operations ⁽¹⁾										
Employee expenses	99,406	103,878	39,674	41,325	65,151	66,313	24,869	25,294	229,101	236,809
Supplies and services	108,104	102,482	42,345	41,030	90,102	97,866	24,855	34,169	265,406	275,547
Grants and subsidies	21,295	51,447	1,493	552	2,207	2,382	38	40	25,033	54,421
Depreciation and amortisation	18,039	16,535	2,581	2,534	4,290	4,233	3,692	3,510	28,603	26,812
Finance/borrowing costs	820	947	16	15	1,617	1,563	-	-	2,453	2,524
Impairment losses	205	482	173	115	(6)	43	-	-	372	640
Other expenses	1,251	867	417	392	677	875	4	58	2,347	2,192
Total expenses from operations	249,120	276,638	86,698	85,962	164,038	173,274	53,459	63,071	553,314	598,945
Operating result for the year	7,880	(540)	(69)	(2,814)	919	2,446	531	908	9,261	-
Other comprehensive income										
Items that will not be reclassified to operating result:										
Increase/(decrease) in asset revaluation surplus	48,997	255	4,194	371	2,569	62	-	-	55,760	687
Total comprehensive income	56,878	(286)	4,125	(2,443)	3,487	2,508	531	908	65,022	687

⁽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.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of financial position
as at 30 June 2021

		2021	2020
		Actual	Actual
	Notes	\$'000	\$'000
Current assets			
Cash and cash equivalents	C1	62,031	41,222
Receivables	C2	19,231	21,425
Inventories		3,282	1,668
Other assets	C3	41,900	29,345
		<u>126,444</u>	<u>93,659</u>
Non-current assets classified as held for sale		460	460
Total current assets		<u>126,904</u>	<u>94,119</u>
Non-current assets			
Property, plant and equipment	C4	425,438	401,664
Right-of-use assets	C8	108,926	114,971
Intangible assets		1,934	1,618
Other assets	C3	2,487	2,156
Total non-current assets		<u>538,785</u>	<u>520,409</u>
Biological assets			
Biological assets		4,296	4,518
Total biological assets		<u>4,296</u>	<u>4,518</u>
Total assets		<u>669,986</u>	<u>619,045</u>
Current liabilities			
Payables	C5	48,971	17,616
Accrued employee benefits	C6	6,600	7,005
Lease liabilities	C8	3,251	4,091
Other liabilities	C7	30,224	32,107
Total current liabilities		<u>89,047</u>	<u>60,819</u>
Non-current liabilities			
Lease liabilities	C8	101,882	103,843
Other non-current liabilities	C7	12,352	13,772
Total non-current liabilities		<u>114,234</u>	<u>117,614</u>
Total liabilities		<u>203,280</u>	<u>178,434</u>
Net assets		<u>466,706</u>	<u>440,611</u>
Equity			
Contributed equity	C9-1	380,000	418,926
Accumulated surplus/(deficit)		472	(8,790)
Asset revaluation surplus	C9-3	86,235	30,474
Total equity		<u>466,706</u>	<u>440,611</u>

The accompanying notes form part of these statements.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of assets and liabilities by major departmental services
as at 30 June 2021

	Agriculture		Fisheries and Forestry		Biosecurity Queensland		Corporate Partnership ⁽³⁾		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current assets										
Cash and cash equivalents	27,959	18,095	10,795	6,978	18,337	12,136	4,941	4,013	62,031	41,222
Receivables ⁽¹⁾	6,505	13,507	4,230	5,838	5,173	(367)	3,323	2,447	19,231	21,425
Inventories	266	438	378	434	2,637	795	-	-	3,282	1,668
Other current assets	5,738	8,241	878	783	29,785	15,878	5,499	4,443	41,900	29,345
Non-current assets classified as held for sale	40,468	40,281	16,281	14,033	55,933	28,442	13,763	10,902	126,444	93,659
460	460	-	-	-	-	-	-	-	460	460
Total current assets	40,928	40,741	16,281	14,033	55,933	28,442	13,763	10,902	126,904	94,119
Non-current assets										
Property, plant and equipment	317,471	299,780	32,637	28,225	67,267	63,852	8,063	9,808	425,438	401,664
Right-of-use assets	42,423	51,426	851	708	65,652	62,837	-	-	108,926	114,971
Intangible assets	753	866	34	56	968	360	180	336	1,934	1,618
Other non-current assets	337	284	130	110	340	369	1,679	1,393	2,487	2,156
Total non-current assets	360,984	352,356	33,652	29,098	134,227	127,418	9,922	11,537	538,785	520,409
Biological assets										
Biological assets	3,905	4,216	-	-	391	301	-	-	4,296	4,518
Total biological assets	3,905	4,216	-	-	391	301	-	-	4,296	4,518
Total assets⁽¹⁾	405,817	397,314	49,933	43,131	190,551	156,161	23,685	22,439	669,986	619,045
Current liabilities										
Payables	21,710	13,936	7,970	1,838	14,682	683	4,608	1,160	48,971	17,616
Accrued employee benefits	2,911	3,112	1,117	1,153	1,870	2,019	701	720	6,600	7,005
Lease liabilities	1,067	1,603	80	67	2,104	2,421	-	-	3,251	4,091
Other current liabilities	25,386	29,286	1,692	254	3,147	2,567	-	-	30,224	32,107
Total current liabilities	51,074	47,936	10,859	3,312	21,804	7,691	5,309	1,880	89,047	60,819
Non-current Liabilities										
Lease liabilities	34,020	41,107	767	638	67,095	62,098	-	-	101,882	103,843
Other non-current liabilities	12,352	13,772	-	-	-	-	-	-	12,352	13,772
Total non-current liabilities	46,372	54,879	767	638	67,095	62,098	-	-	114,234	117,614
Total liabilities⁽²⁾	97,446	102,815	11,626	3,951	88,898	69,789	5,309	1,880	203,280	178,434

(1) In 2019-20, the negative balance in Biosecurity Queensland receivables is caused by appropriation adjustments at the departmental service level (\$7.3 million) that offsets other receivables (\$6.9 million). The appropriation receivable recognised at the departmental level is \$3.0 million.

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

(3) Assets and liabilities attributed to other agencies through BCP activities are shown below separately and not allocated across departmental services.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of changes in equity
For the year ended 30 June 2021

	Notes	Contributed Equity \$'000	Accumulated Surplus/(Deficit) \$'000	Asset Revaluation Surplus \$'000	TOTAL \$'000
Balance as at 1 July 2019		374,034	(8,790)	29,787	395,032
Operating result					
Operating result from continuing operations		-	-	-	-
Other comprehensive income					
- Increase in asset revaluation surplus	C9-3	-	-	687	687
Total comprehensive income for the year		-	-	687	687
Transactions with owners as owners:					
- Appropriated equity injections	C9-2	2,625	-	-	2,625
- Appropriated equity withdrawals	C9-2	(9,533)	-	-	(9,533)
- Non-appropriated equity withdrawals		(1,568)	-	-	(1,568)
- Non-appropriated equity adjustment		53,365	-	-	53,365
Net transactions with owners as owners		44,889	-	-	44,889
Balance at 30 June 2020		418,926	(8,790)	30,474	440,611
Balance as at 1 July 2020		418,926	(8,790)	30,474	440,611
Operating result					
Operating result from continuing operations		-	9,261	-	9,261
Other comprehensive income					
- Increase in asset revaluation surplus	C9-3	-	-	55,760	55,760
Total comprehensive income for the year		-	9,261	55,760	65,022
Transactions with owners as owners:					
- Appropriated equity injections	C9-2	2,943	-	-	2,943
- Appropriated equity withdrawals	C9-2	(8,946)	-	-	(8,946)
- Non-appropriated equity withdrawals ⁽¹⁾		(32,924)	-	-	(32,924)
Net transactions with owners as owners		(38,926)	-	-	(38,926)
Balance at 30 June 2021		380,000	472	86,235	466,706

⁽¹⁾ Represents the net proceeds from the sale of the cattle property "Berrigurra Station" and cash returned to the consolidated fund in Queensland Treasury.

The accompanying notes form part of these statements.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of cash flows
For the year ended 30 June 2021

	2021	2020
	Actual	Actual
Notes	\$'000	\$'000
Cash flows from operating activities		
<i>Inflows:</i>		
Service appropriation receipts	347,909	356,915
User charges and fees	133,607	152,762
Grants and other contributions	38,679	45,729
Royalties	46,403	36,697
GST input tax credits received from ATO	11,751	13,300
GST collected from customers	15,988	16,244
Other inflows	1,800	4,465
<i>Outflows:</i>		
Employee expenses	(232,085)	(239,506)
Supplies and services	(262,694)	(281,452)
Grants and subsidies	(24,760)	(54,068)
GST paid to suppliers	(27,485)	(29,492)
Finance/borrowing costs	(2,453)	(2,524)
Other outflows	(2,702)	(2,381)
Net cash provided by operating activities	43,958	16,691
	CF-1	
Cash flows from investing activities		
	CF-2	
<i>Inflows:</i>		
Sales of property, plant and equipment	33,425	1,216
Sales of biological assets	2,622	2,345
<i>Outflows:</i>		
Payments for property, plant and equipment	(14,450)	(17,182)
Payments for intangibles	(858)	(823)
Payments for biological assets	(359)	(212)
Net cash used in investing activities	20,381	(14,656)
Cash flows from financing activities		
	CF-2	
<i>Inflows:</i>		
Equity Injection	2,943	2,625
<i>Outflows:</i>		
Lease payments	(3,034)	(2,862)
Equity withdrawal	(43,438)	(9,533)
Net cash provided by financing activities	(43,529)	(9,770)
Net increase/(decrease) in cash and cash equivalents	20,809	(7,735)
Cash and cash equivalents - opening balance	41,222	48,506
Cash and cash equivalents received from administrative changes	-	451
Cash and cash equivalents - closing balance	62,031	41,222
	C1	

The accompanying notes form part of these statements.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the statement of cash flows
For the year ended 30 June 2021

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

	2021	2020
	\$'000	\$'000
Operating result surplus/(deficit)	9,261	-
Non-cash items included in operating result:		
Depreciation and amortisation expense	28,603	26,812
Gains on sale or disposal of property, plant and equipment	(8,807)	-
Loss on sale or disposal of property, plant and equipment	-	655
Impairment losses - capital works in progress	153	53
Net increment in valuation of biological assets	(2,042)	(2,131)
Assets received below fair value	(17)	-
Other	(1)	-
Change in assets and liabilities:		
(Increase)/decrease in appropriation revenue receivable	3,004	(3,004)
Increase/(decrease) in deferred appropriation payable to Consolidated Fund	28,565	(6,899)
(Increase)/decrease in trade receivables	2,554	3,356
(Increase)/decrease in GST input tax credits receivable	176	(109)
(Increase)/decrease in long service leave reimbursements receivables	(567)	116
(Increase)/decrease in annual leave reimbursements receivables	(2,588)	1,703
(Increase)/decrease in other receivables	(563)	(18)
(Increase)/decrease in contract assets	(13,563)	3,089
(Increase)/decrease in prepayments	677	(6,459)
(Increase)/decrease in inventories	(1,614)	(940)
Increase/(decrease) in payables	4,358	(2,871)
Increase/(decrease) in accrued employee benefits	(405)	(2,469)
Increase/(decrease) in contract liabilities and unearned revenue	(3,609)	5,816
Increase/(decrease) in GST payable	78	(5)
Increase/(decrease) in security deposits	306	(5)
Net cash provided by operating activities	43,958	16,691

CF-2 Changes in liabilities arising from financing activities

2021	-----Non-cash changes-----				-----Cash flows-----		Closing Balance 30 June 2021
	Opening Balance 1 July 2020	Transfers to/(from) other Qld Government entities	New Leases Acquired	Other	Cash Received	Cash Repayments	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities	107,933	-	239	(6)	-	(3,034)	105,133
Total	107,933	-	239	(6)	-	(3,034)	105,133
2020	-----Non-cash changes-----				-----Cash flows-----		Closing Balance 30 June 2020
	Opening Balance 1 July 2019	Transfers to/(from) other Qld Government entities	New Leases Acquired	Other	Cash Received	Cash Repayments	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities	110,795	-	-	-	-	(2,862)	107,933
Total	110,795	-	-	-	-	(2,862)	107,933

The accompanying notes form part of these statements.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

SECTION 1

About the department and this financial report

A1 Basis of financial statement preparation

A1-1 General information

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

The head office and principal place of business of the department is Level 34, 1 William Street, BRISBANE QLD 4000.

A1-2 Compliance with prescribed requirements

DAF has prepared these financial statements in compliance with section 38 of the *Financial Performance Management Standard 2019*. The financial statements comply with Queensland Treasury's (QT) Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2020.

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) 2020-21 (refer Note G3).

A1-3 Presentation

Currency and rounding

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

Comparatives

Comparative information reflects the audited 2019-20 financial statements.

Current/non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the statement of financial position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the department does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

A1-4 Authorisation of financial statements for issue

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

A1-5 Basis of measurement

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

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

Historical cost

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

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

A1 Basis of financial statement preparation (continued)

A1-5 Basis of measurement (continued)

Fair value

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

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

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

Present value

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

Net realisable value

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

A2 Departmental objectives

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

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

Our strategic objectives are focussed on five themes to drive this change:

- **Innovative and globally competitive agribusinesses** – develop and deliver a future-focused agribusiness and food strategy.
- **Prosperous economies** – support industry to intensify, diversify and expand.
- **A resilient sector** – support industry to meet its current and future workforce and skills needs.
- **Consumer and community expectations** – deliver a regulatory environment that gives consumers and communities confidence that primary production is ethical and sustainable; engage and partner to improve environmental, social and government practises.
- **Capable and connected people** – grow workforce capability in a safe, healthy and rewarding working environment; engage with and provide quality service to diverse customers and stakeholders.

The department contributes to Queensland's Economic Recovery Plan by focussing efforts on initiatives that support businesses to respond to the immediate challenges presented by COVID-19, and build more productive, diverse and resilient regional economies over the longer term. Initiatives are being delivered in consultation with key stakeholders from across the sector with a focus on a secure and skilled agricultural workforce, biosecurity and fisheries management reforms, digital transformation across the supply chain, reef water quality, agribusiness diversification and productivity, native timber industry development, and underpinning trade relationships to grow exports.

Key investment areas for 2020-21 included:

- Lift the productivity of Queensland's food and fibre businesses
- 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.
- Ensure sustainable and productive fisheries and the responsible allocation and use of state-owned forest and related resources.
- Support the rebuilding of rural communities and industries by providing assistance to north and western Queensland recovery operations and continuing the existing Drought Relief Assistance Scheme (DRAS) as part of the multi-agency Drought Assistance Package and Queensland Drought Reform.
- Support measures to help Queenslanders continue to recover from the economic impacts of COVID-19.

DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the financial statements

For the year ended 30 June 2021

A2 Departmental objectives (continued)

Major departmental services

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

Agriculture

This service area:

- supports Queensland's economic recovery in a post COVID-19 environment by delivering initiatives and programs in support of a resilient agribusiness sector, including the Seasonal Worker Programme
- delivers AgTech initiatives and programs and provides industry, and university scientists with access to the department's world-class research facilities
- promotes Queensland's agricultural products and innovations internationally to grow exports and attract investment
- supports the protection of the Great Barrier Reef, with research, development and extension on land management practices that improve Reef water quality as well as productivity
- supports recovery efforts in response to business disruptions and natural disasters, continuing drought assistance programs while this drought lasts and delivering reforms to drought programs through the Drought and Climate Adaptation Program
- works with producers, industry and all levels of government to capitalise on rural opportunities, improve supply chains and create long term jobs for the benefit of Queensland's food and fibre sector
- works with rural communities to identify regional economic priorities, improve the competitiveness of rural business and increase the number of jobs in rural communities
- undertakes industry analysis to ensure policy and regulatory frameworks underpin the long term sustainability of Queensland's food and fibre sector.

Biosecurity Queensland

Biosecurity Queensland works closely with national and local governments, industry bodies, producers and the community to maintain a strong biosecurity system. Biosecurity Queensland services area:

- continues to position Queensland as a leader in national biosecurity preparedness and enhancing Queensland's biosecurity prevention and response capability
- implements and monitors actions related to strategic plans
- works with stakeholders to facilitate the adoption of the regional stakeholder partnership and investment model to address regional biosecurity threats
- continues eradication and containment programs for invasive plants and animals, such as weeds and pest animals
- biosecurity diagnostics and other laboratory services
- meets national standards of animal welfare and ethics, including exhibited animals and contributes to national processes to develop appropriate animal welfare standards and guidelines
- agvet chemical use and contaminant risk
- biosecurity incident responses, such as exotic tramp ants, white spot disease in prawns, and Panama disease tropical race 4 in bananas.

Fisheries and Forestry

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

- managing access to and the sustainable use of Queensland fisheries resources
- providing education and enforcing fishing regulations to promote equitable access to fisheries resources by commercial, recreational and traditional fishers and obtaining, and maintaining access to export markets
- continuing to improve swimmer safety through undertaking research and trialling the application of new technologies, education and awareness programs
- responsibly managing the allocation and use of State-owned forests and related resources
- supporting the growth and development of the Queensland forest and timber industry by establishing the Native Timber Advisory Panel
- supplying State-owned forest products and quarry material on a commercial and environmentally responsible basis.

Business Corporate Partnership (BCP) - Corporate Services

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

The host agency of each corporate service function receives the appropriation of funds and reports FTE positions in the respective agency. The model is multi-layered for different corporate services functions.

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

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

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

B1. Revenue	2021	2020
B1-1. Appropriation revenue	\$'000	\$'000
Reconciliation of payments from Consolidated Fund to appropriated revenue recognised in operating result		
Budgeted appropriation revenue	333,136	329,014
Treasurer's advance	-	1,960
Treasurer's transfers	14,773	25,941
Total appropriation receipts (cash)	347,909	356,915
Less: opening balance of appropriation revenue receivable	(3,004)	-
Plus: closing balance of appropriation revenue receivable	-	3,004
Plus: opening balance of deferred appropriation payable to Consolidated Fund	2,848	9,747
Less: closing balance of deferred appropriation payable to Consolidated Fund	(31,413)	(2,848)
Net appropriation revenue	316,340	366,818
Appropriation revenue recognised in statement of comprehensive income	316,340	366,818

Accounting Policy - Appropriation revenue

Appropriations provided under the *Appropriation (2020-21) Act 2021* 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.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
B1-2. User charges and fees		
Revenue from contracts with customers		
Fee for service	125,465	130,840
Sale of goods	3,970	3,513
Licence fees and permits	10,975	7,362
Other user charges and fees		
Property rental ⁽¹⁾	6,903	6,319
Total	147,312	148,033

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

Accounting Policy - User charges and fees

Fee for Services

Information Technology Partners (ITP) Service Level Agreements - The department provides information technology services to other departments on a cost recovery basis. Under AASB 15, revenue is recognised in exchange for the services transferred to the customer. An accrual is recognised for services rendered but unbilled at each reporting date.

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. Revenue is recognised when (or as) the performance obligations are satisfied.

Sale of Goods

The sale of goods including livestock, vaccines, publications and farming produce as the delivery of the goods to the customer represents the sole performance obligation. The amount of any right of return asset or refund liability has been determined to be negligible and immaterial. The timing of revenue recognition for sale of goods involves either invoicing for related goods/services and/or the recognition of accrued revenue.

Fees, Licence and Permit Revenue

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

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

	2021 \$'000	2020 \$'000
B1-3. Grants and contributions		
Commonwealth grants ⁽¹⁾	30,913	36,365
Local government contributions	6,360	6,240
Queensland State contributions	2,277	1,330
Industry contributions	1,258	613
Goods and services received below fair value	363	308
Total	41,170	44,856

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

Accounting Policy - Grants and other contributions

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

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

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

Accounting Policy - Services received below fair value

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

Disclosure - Services received below fair value

DAF received defined services from the following agencies:

- Department of Resources: Legal Services
- DES : Privacy and Ethics; Internal Audit; Procurement; Right to Information.

The revenue and expense related to these contributions of services have not been recognised in the financial statements as these values cannot be measured reliably. Procurement services from DES previously part of the BCP arrangements were transferred on 1 April 2021 to DAF.

DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the financial statements

For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
B1-4. Royalties		
Royalties - Timber	15,892	17,899
Royalties - Quarry materials ⁽¹⁾	25,880	10,837
Royalties - Other ⁽²⁾	<u>3,661</u>	<u>4,939</u>
Total	<u>45,434</u>	<u>33,675</u>

⁽¹⁾ The increase is largely due to royalties for quarry materials relating to infrastructure and mining projects.

⁽²⁾ Other royalties relate to patents on plant breeders' rights.

Accounting Policy - Royalties

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

B2. Gains on disposal and re-measurement of assets

Net gains from disposal of property, plant and equipment ⁽¹⁾	8,807	(655)
Net increment in valuation of biological assets	<u>2,042</u>	<u>2,078</u>
Total	<u>10,849</u>	<u>1,423</u>

⁽¹⁾ The increase is mainly due to the sale of the former QATC property "Berrigurra Station" with net proceeds returned to QT as an equity withdrawal.

DEPARTMENT OF AGRICULTURE AND FISHERIES**Notes to the financial statements****For the year ended 30 June 2021****B3. Expenses**

	2021	2020
	\$'000	\$'000
B3-1. Employee expenses		
<u>Employee Benefits</u>		
Wages and salaries ⁽¹⁾	178,166	183,845
Termination benefits	561	1,148
Employer superannuation contributions	24,285	24,282
Annual leave levy	19,070	19,430
Long service leave levy	4,119	4,182
Other employee benefits	1,394	2,214
<u>Employee Related Expenses</u>		
Workers compensation premium	1,066	1,159
Other employee related expenses ⁽²⁾	439	550
Total ⁽³⁾	229,101	236,809

⁽¹⁾ In 2019-20, wages and salaries includes \$2.7 million of \$1,250 one-off, pro-rata payments for 2,120 full-time equivalent employees (announced in September 2019) that was paid as at 31 March 2020.

⁽²⁾ In 2019-20, Government Employee Housing was disclosed as other employee related expenses. Treasury Financial Reporting Requirements for 2020-21 stipulate this should be disclosed as other supplies and services. 2019-20 has been recast to reflect the change for comparative purposes.

⁽³⁾ The table below sets out the number of employees as at 30 June 2021, including both full-time and part-time employees, measured on a full-time basis as provided to the Public Service Commission (PSC) and utilised in the preparation of the Minimum Obligatory Human Resource Information (MOHRI). The BCP employee expenses aligned to DAF are also included in the above total with the number represented by employees shown below:

	2021	2020
Number of employees:		
DAF	1,776	1,901
BCP (providing services to other departments)	202	223
Total number of employees	1,978	2,124

Accounting Policy - Employee expenses

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

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

Wages, salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the statement of financial position at the current salary rates.

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

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

Long service leave and annual leave

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

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

Superannuation

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

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

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

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.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
B3-2. Supplies and services		
Contractors	68,080	79,386
Collaborative research arrangements	23,679	20,221
Accommodation and lease rentals	22,268	22,479
Motor vehicles - QFleet	5,745	5,813
Outsourced service delivery	25,604	27,250
Inventory and consumables	22,032	23,971
Computer/information technology	19,466	19,027
Repairs and maintenance	11,383	12,959
Transport	10,510	12,251
Service delivery costs and service level agreement charges	16,282	10,360
Building services	7,576	6,416
Telecommunications and electricity	5,944	6,326
Shared services provider fee	5,535	5,926
Travel	3,396	5,162
Portable and attractive items	2,430	2,603
Consultancy fees	509	743
Legal Costs	1,388	1,547
Other ⁽¹⁾	13,578	13,107
Total	265,406	275,547

⁽¹⁾ In 2019-20, Government Employee Housing was disclosed as other employee related expenses. Treasury Financial Reporting Requirements for 2020-21 stipulate this should be disclosed as other supplies and services. 2019-20 has been recast to reflect the change for comparative purposes.

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 arise from non-lease arrangements with the Department of Energy and Public Works (DEPW), who has substantive substitution rights over the assets used within this scheme. Payments are expensed as incurred and categorised within the office accommodation and lease rentals line item.

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

Payments for 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 this scheme. Payments are expensed as incurred and categorised within Other Supplies and Services based on materiality.

DEPARTMENT OF AGRICULTURE AND FISHERIES**Notes to the financial statements****For the year ended 30 June 2021**

	2021	2020
	\$'000	\$'000
B3-3. Grants and subsidies		
Subsidies ⁽¹⁾	14,715	40,453
Queensland and local government	7,106	6,868
Industry ⁽²⁾	2,035	5,984
Charities/community groups ⁽³⁾	700	350
Goods and services provided below fair value	325	301
Other ⁽⁴⁾	152	466
Total	25,033	54,421

⁽¹⁾ The decrease relates to reduced demand for the Drought Assistance package and On-Farm Emergency Water Infrastructure rebate scheme in 2020-21.

⁽²⁾ The amount for 2019-20 includes \$3.8 million advanced to the former Queensland Agricultural Training Colleges (QATC) for separation payments in December 2019 with \$3.0 million reimbursed in January 2020. The former QATC was abolished on 29 February 2020.

⁽³⁾ Grants to charities/community groups relate to funding provided to Surf Life Saving Queensland.

⁽⁴⁾ Other includes Capital, Commonwealth and grants to Individuals.

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.

B3-4. Depreciation and amortisation

Depreciation and amortisation were incurred in respect of:

Buildings ⁽¹⁾	7,097	5,789
Infrastructure	481	469
Leased assets ⁽²⁾	6,278	6,368
Plant and equipment	14,205	13,909
Software purchased	425	261
Software internally generated	116	17
Total	28,603	26,812

⁽¹⁾ The increase is largely due to the full year of depreciation on buildings transferred from the former QATC to DAF on 1 March 2020.

⁽²⁾ Refer to Note C8 for further information.

B3-5. Finance/borrowing costs

Interest on lease liabilities	2,453	2,524
	2,453	2,524

Accounting Policy - Finance/borrowing costs

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

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

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
B3-6. Other expenses		
External audit fees - QAO ⁽¹⁾	390	224
Insurance premiums - QGIF ⁽²⁾	830	766
Insurance premiums - Other	139	156
Sponsorships ⁽³⁾	265	80
Donations and gifts ⁽⁴⁾	15	40
License fees and permits	260	273
Patent, copyright & trademark acquisition	173	270
Special payments ⁽⁵⁾		
Ex-gratia payments	143	329
Compensation payments	1	-
Other	132	52
Total	<u>2,347</u>	<u>2,192</u>

⁽¹⁾ Total audit fees payable to the Queensland Audit Office (QAO) relating to the 2020-21 financial year are based upon their estimated fee of \$240,000 (2020: \$240,000). There are no non-audit services included in this amount. 2021 includes costs for 2020 invoiced in 2021. 2021 also includes a payment of \$149,950 for the prior year which was not accrued for in the prior year.

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

⁽³⁾ In 2020-21 sponsorships include Beef Week Australia 2021.

⁽⁴⁾ 2019-20 includes \$30,000 donated to the Prince Charles Hospital Foundation for the "Taste of Ekka for The Common Good". The details of gifts and donations over \$150 are disclosed on the departments' website.

⁽⁵⁾ Special payments during 2020-21 include the following:

- There were 8 ex-gratia payments over \$5,000 in relation to the Red Witchweed Eradication Program (9 payments in 2019-20).
- There were no compensation payments over \$5,000 made in 2020-21.

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.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
C1. Cash and cash equivalents		
Cash at bank	62,025	41,204
Imprest accounts	6	18
Total	62,031	41,222

Accounting Policy - Cash and cash equivalents

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

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

C2. Receivables

Current

Trade debtors	11,119	13,673
Less: allowance for impairment loss ⁽¹⁾	(636)	(537)
	<u>10,483</u>	<u>13,137</u>
GST input tax credits receivable	2,444	2,620
GST payable	(78)	-
	<u>2,366</u>	<u>2,620</u>
Appropriation revenue receivable	-	3,004
Annual leave reimbursements	4,256	1,668
Long service leave reimbursements	1,513	947
Other	612	50
	<u>6,382</u>	<u>5,668</u>
Total	19,231	21,425

⁽¹⁾ Refer to Note C2-1.

Accounting Policy - Receivables

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

Trade debtors are recognised at the amounts due at the time of sale or service delivery (i.e. the agreed purchase/contract price).

Settlement of these amounts is generally required within 30 days from the invoice date.

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

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

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

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

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

C2. Receivables (continued)

C2-1. Impairment of receivables (continued)

Disclosure - credit risk exposure of receivables

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

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

The department uses a provision matrix to measure the expected credit losses on trade debtors. Loss rates are calculated for customers with similar loss patterns. The department has determined that 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 7 years preceding 30 June 2021. 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 7 years preceding 30 June 2021 have been correlated against changes in the unemployment rate and based on those results, the historical default rates are adjusted based on expected changes to that indicator.

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

Impairment - Trade debtors

Aging	2021			2020		
	Gross receivables \$'000	Loss rate %	Expected credit losses \$'000	Gross receivables \$'000	Loss rate %	Expected credit losses \$'000
Current	5,853	0.18	11	3,364	0.20	7
1 to 30 days overdue	948	0.34	3	1,255	0.37	5
31 to 60 days overdue	52	1.07	1	330	1.12	4
61 to 90 days overdue	25	2.18	1	133	2.17	3
> than 90 days overdue	780	3.18	25	444	3.07	14
Total	7,658		40	5,526		31

Disclosure – Movement in loss allowance for trade debtors

	2021 \$'000	2020 \$'000
Loss allowance as at 1 July	537	16
Increase/decrease in loss allowance recognised in operating result ⁽¹⁾	100	521
Loss allowance as at 30 June	637	537

⁽¹⁾ Higher loss allowances were recognised in 2019-20 due to COVID-19 and potential contractual disputes.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
C3. Other Assets		
Current		
Prepayments	9,891	10,900
Contract assets - Research and Development Contracts	3,661	4,064
Contract assets - National Cost Sharing ⁽¹⁾	<u>28,347</u>	<u>14,381</u>
Total	<u>41,900</u>	<u>29,345</u>
Non-Current		
Prepayments	<u>2,487</u>	<u>2,156</u>
Total	<u>2,487</u>	<u>2,156</u>

⁽¹⁾ The increase in Contract assets relating to National Cost Sharing arrangements is mainly due to the National Red Imported Fire Ant Eradication Program's (NRIFAEP) accelerated treatment in 2020-21.

Disclosure - Contract assets

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

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

C4. Property, plant, equipment and depreciation expense

C4-1. Closing balances and reconciliation of carrying amount

	Land		Buildings		Infrastructure		Plant and equipment		Capital work in progress		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Gross	138,393	123,623	378,192	333,145	58,801	43,173	220,702	223,525	3,329	4,649	799,418	728,116
Less: accumulated depreciation	-	-	(205,217)	(178,117)	(35,815)	(20,790)	(132,939)	(127,440)	-	-	(373,971)	(326,348)
Less: accumulated impairment losses	-	-	-	-	-	-	(9)	(103)	-	-	(9)	(103)
Carrying amount at 30 June 2021	138,393	123,623	172,976	155,028	22,986	22,383	87,754	95,981	3,329	4,649	425,438	401,664
<i>Represented by movements in carrying amount:</i>												
Carrying amount at 1 July 2020	123,623	109,721	155,028	113,588	22,383	21,842	95,981	98,311	4,649	10,000	401,664	353,462
Acquisitions (including upgrades)	17	480	-	-	-	-	1,803	4,744	12,716	11,109	14,536	16,333
Transfer in from other Qld Government entities ⁽¹⁾	-	13,380	-	37,843	-	-	-	1,408	-	-	-	52,629
Transfer out to other Qld Government entities	-	-	(93)	-	-	-	-	-	-	-	(93)	-
Disposals	-	32	(794)	(583)	-	-	(417)	(359)	-	-	(1,211)	(910)
Assets reclassified as held for sale ⁽²⁾	(22,476)	(460)	(960)	-	-	-	-	-	-	-	(23,436)	(460)
Transfers between asset classes	-	-	8,143	9,663	1,301	1,011	4,592	5,786	(14,036)	(16,460)	-	-
Net revaluation increments/(decrements) in revaluation surplus	37,228	470	18,749	306	(217)	-	-	-	-	-	55,760	776
Depreciation expense	-	-	(7,097)	(5,789)	(481)	(469)	(14,205)	(13,909)	-	-	(21,783)	(20,167)
Carrying amount at 30 June 2021	138,393	123,623	172,976	155,028	22,986	22,383	87,754	95,981	3,329	4,649	425,438	401,664

⁽¹⁾ In 2019-20, Property, plant and equipment transferred in from the former QATC totals \$52.6 million.

⁽²⁾ During 2020-21 the cattle property called "Berrigurra Station" was reclassified out of Land and Buildings into assets held for sale. Following a public auction of the property in May 2021, the property was disposed of in June 2021.

DEPARTMENT OF AGRICULTURE AND FISHERIES**Notes to the financial statements****For the year ended 30 June 2021****C4. Property, plant, equipment and depreciation expense (continued)****C4-2. Recognition and acquisition****Accounting policy - Recognition***Basis of capitalisation and recognition thresholds*

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

Buildings (including land improvements)	\$10,000
Infrastructure	\$10,000
Land	\$1
Plant and equipment	\$5,000

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

Land improvements undertaken by the department are included with buildings or infrastructure based on the proximity of the asset to which they relate.

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

Assets under construction (Capital Works in Progress) is recognised at cost. All costs relating to items of property, plant and equipment constructed in-house are recorded as work in progress until completion of the project using all direct and indirect costs, where the latter are reliably attributable.

Work in progress performed under external contracts is recorded using the invoice amount supplied by the contractor.

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

Restricted assets are recognised as property, plant and equipment. These are assets, the uses of which are wholly or partly restricted by legislation or other externally imposed requirements. The total value of restricted assets for 30 June 2021 is \$0.5 million (2020: \$0.6 million) and is mainly plant and equipment.

Componentisation of assets

Some assets can 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 of components, they are then separately recorded when their value is significant.

When a separately identifiable component (or group of components) of significant value is replaced, the existing component(s) are derecognised. The replacement component(s) are capitalised when it is probable that future economic benefits from the significant components will flow to the department in conjunction with other components comprising the asset and the cost exceeds the asset recognition thresholds specified above.

Replacement components that do not meet the asset recognition thresholds for capitalisation are expensed.

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

Accounting policy - cost of acquisition

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

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

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

DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the financial statements

For the year ended 30 June 2021

C4. Property, plant, equipment and depreciation expense (continued)

C4-3. Measurement using historical cost

Accounting Policy

Plant and equipment is measured at cost in accordance with the QT's Non-Current Asset Policies (NCAP) for the Queensland Public Sector. The carrying amounts for such plant and equipment at cost is not materially different from their fair value. The department does not classify any plant and equipment as major plant and equipment.

C4-4. Measurement using fair value

Accounting Policy

Land, buildings and infrastructure assets are measured at fair value as required by QT's NCAP for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses where applicable.

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

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

Use of specific appraisals

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

The fair values reported by the department are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs (as defined in Note D1-1).

Use of indices

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

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

Accounting for changes in fair value

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

For assets revalued using a cost valuation approach (e.g. current replacement cost) - accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount. This is generally referred to as the 'gross method'.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

C4. Property, plant, equipment and depreciation expense (continued)

C4-5. Accounting Policy Depreciation expense

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

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

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

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

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

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

Depreciation rates

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

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

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

C4. Property, plant, equipment and depreciation expense (continued)

C4-6. Impairment

Accounting Policy

Indicators of impairment and determining recoverable amount

Property, plant and equipment including work in progress assets are assessed for indicators of impairment on an annual basis or, where the asset is measured at 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 since the last valuation arise, the asset is revalued at the reporting date under AASB 13 *Fair Value Measurement*. If an indicator of possible impairment exists, the department determines the asset's recoverable amount under AASB 136 *Impairment of Assets*.

Recoverable amount is equal to the higher of the fair value less costs of disposal and the asset's value in use subject to the following:

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

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

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

Recognising impairment losses

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

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

Reversal of impairment losses

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

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

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

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
C5. Payables		
Current		
Trade creditors	10,352	6,651
Deferred appropriation refundable to Consolidated Fund	31,413	2,848
Payables to Government - State	-	1,568
Accrued expenses	6,698	6,435
Other payables	508	115
Total	48,971	17,616

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

Current		
Salaries and wages outstanding	49	691
Annual leave levy payable	5,385	5,108
Long service leave levy payable	1,166	1,206
Total	6,600	7,005

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

Current		
Contract liabilities	26,788	24,615
Unearned revenue - Leases	2,728	7,091
Other	708	402
Total	30,224	32,107
Non-Current		
Unearned revenue - Leases	12,352	13,772
Total	12,352	13,772

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.

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.

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 2021 includes \$24.9 million (2020: \$24.2 million) for research and development contracts, \$1.3M for Fee for Service Contracts and \$0.6M for National Cost Sharing.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

C8. Right-of-use assets and lease liabilities

C8-1. Leases as lessee

Right-of-use assets

	Land		Building		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Opening balance at 1 July	411	515	114,560	120,824	114,971	121,339
Additions	-	-	239	-	239	-
Amortisation	(28)	(104)	(6,250)	(6,264)	(6,278)	(6,368)
Other Adjustments	(3)	-	(3)	-	(6)	-
Balance as at 30 June	380	411	108,546	114,560	108,926	114,971

	2021 \$'000	2020 \$'000
Lease liabilities		
Current		
Lease liabilities	3,251	4,091
Total	3,251	4,091
Non-Current		
Lease liabilities	101,882	103,843
Total	101,882	103,843

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.

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

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

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

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

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

C8. Right-of-use assets and lease liabilities (continued)

C8-1. Leases as lessee (continued)

Disclosures - Leases as lessee

(i) Details of leasing arrangements as lessee

Health and Food Sciences Precinct	In July 2008, the department entered into a 30-year lease for the Queensland Health and Food Sciences Precinct at Coopers Plains with Queensland Health. Lease payments are fixed and subject to a 3% rent increase every year. As the future rent increases are fixed, they are captured in the right-to-use asset when increases take effect. The department subleases some floor space of the facility to the Commonwealth Scientific and Industrial Research Organisation (CSIRO). Refer to Note C8-2 for further details.
Research Facilities	The department has 2 leases for research facilities at the Gatton campus of the University of Queensland and a lease for a glasshouse at the University of Sunshine Coast. These leases were previously recognised as prepayments in recognition of the up-front capital contribution towards the construction of the facilities and amortised over the term of the lease.
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 10 to 17 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.

(ii) 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.

	2021	2020
	\$'000	\$'000
<i>(iii) Amount recognised in profit and loss</i>		
Interest expenses on lease liabilities	2,453	2,524
Breakdown of 'Lease expenses' included in Note B3-2		
- Expenses relating to short-term/low value asset leases	754	649
Income from subleasing included in 'Property Rental' in Note B1-2	304	304
<i>(iv) Total cash outflow for leases</i>	5,486	5,386

C8-2. Leases as lessor

Accounting Policy - Leases as lessor

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

Disclosures - Leases as lessor

(i) Details of leasing arrangements as lessor

Sublease of Health and Foods Sciences Precinct Coopers Plains	The department subleases floor space to 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.
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Lease income from operating leases is reported as 'Property rental' in Note B1-2. No amounts were recognised in respect of variable lease payments other than CPI-based or market rent reviews.

The department does not have any finance leases.

(ii) Maturity analysis

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

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021
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. Appropriations recognised in equity	2021	2020
	\$'000	\$'000
Budgeted equity adjustment appropriation	(6,203)	(12,029)
Transfers to other headings	200	5,121
Equity adjustment recognised in contributed equity	(6,003)	(6,908)

C9-3. Asset revaluation surplus by asset class
Accounting Policy

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

	Land	Buildings	Infrastructure	Total
	\$'000	\$'000	\$'000	\$'000
Balance 1 July 2020	9,262	16,941	4,271	30,474
Revaluation increments	37,228	18,749	-	55,977
Revaluation decrements	-	-	(217)	(217)
Balance 30 June 2021	46,490	35,690	4,054	86,235

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

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

D1. Fair value measurement

D1-1. Accounting policies and inputs for fair values

What is fair value?

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

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

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

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

Fair value measurement hierarchy

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

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

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

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

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

Transfers between fair value hierarchy levels - Land

Departmental land values were determined using level 2 and/or level 3 inputs.

Where there was no sufficient market evidence and significant adjustments were necessary to available sales data, the land valuation was categorised as level 3 within the fair value hierarchy (land valued at \$678,000 was moved out of level 2 and into level 3 as a result of 2020-21 valuations program). In instances where the valuers were able to obtain active market data and there was sufficient record of sales available in surrounding locality, land was categorised as level 2 (land valued at \$2.4 million was moved out of level 3 and into level 2 as a result of 2020-21 valuations program).

Transfers between fair value hierarchy levels – Buildings

The fair value measurement and movement of buildings out of level 2 and into level 3 (\$48.8 million) is related to current year assessment based on these buildings' characteristics and availability of market information. Where the buildings were assessed as either residential or general-purpose commercial buildings, a valuation using market approach with references to publicly available data sales was applied. A number of department's buildings, such as glass houses and laboratories, were previously classified as level 2, however there is no active market for these types of assets. Valuations of specific-purpose buildings that have limited uses, are done using a cost approach resulting in valuation categorised within level 3 of the fair value hierarchy.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

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)

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 financial 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 make taking into account the restrictions on use.

Buildings

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

Valuation approach: Current replacement cost

Inputs The valuation of buildings has been undertaken by physical inspection, with the value of the building adjusted for current published quantity surveyor construction rates taking into account the various standard components of buildings where appropriate. A locality factor is also applied to the construction rates to reflect the local differences in costs such as fuel process and labour costs.

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

Infrastructure

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

Valuation approach: Current replacement cost - due to no active market for the Wild Dog Barrier Fence (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.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

D1. Fair value measurement (continued)

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

	Land		Buildings		Infrastructure		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Fair value level 2	67,980	62,238	-	48,842	-	-	67,980	111,080
Fair value level 3	70,413	61,385	172,976	106,186	22,986	22,383	266,375	189,954
Carrying amount at 30 June	138,393	123,623	172,976	155,028	22,986	22,383	334,355	301,034

D1-4. Level 3 fair value measurement - reconciliation

	Land		Buildings		Infrastructure		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Carrying amount at 1 July	61,385	61,290	106,186	68,287	22,383	21,842	189,954	151,419
Transfers into level 3 from level 2	678	-	48,842	-	-	-	49,520	-
Transfers out of level 3 to level 2	(2,360)	(460)	-	-	-	-	(2,360)	(460)
Acquisitions (including upgrades)	17	-	-	-	-	-	17	-
Disposals	-	-	(794)	(501)	-	-	(794)	(501)
Transfers between asset classes	-	-	8,143	4,142	1,301	1,010	9,444	5,152
Transfers in from other QLD Govt entities ⁽¹⁾	-	-	-	37,843	-	-	-	37,843
Transfers out to other QLD Govt entities	-	-	(93)	-	-	-	(93)	-
Assets reclassified as held for sale	-	-	(960)	-	-	-	(960)	-
Net revaluation increments/(decrements) recognised in other comprehensive income	10,693	555	18,749	130	(217)	-	29,225	685
Depreciation	-	-	(7,097)	(3,715)	(481)	(469)	(7,578)	(4,184)
Carrying amount at 30 June	70,413	61,385	172,976	106,186	22,986	22,383	266,375	189,954

⁽¹⁾ Relates to buildings transferred in from the former QATC from 1 March 2020.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

D2 Financial risk disclosures

D2-1 Financial instrument categories

Financial assets and financial liabilities are recognised in the statement of financial position when the department becomes party to the contractual provisions of the financial instrument. The department has the following categories of financial assets and financial liabilities:

Financial assets at amortised cost	Note	2021 \$'000	2020 \$'000
Cash and cash equivalents	C1	62,031	41,222
Receivables	C2	19,231	21,425
Total		81,263	62,646
Financial liabilities at amortised cost - comprising			
Payables	C5	48,971	17,616
Other liabilities	C7	708	402
Lease liabilities	C8	105,133	107,933
Total		154,812	125,952

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

D2-2 Financial risk management

(a) Risk exposure

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

All financial risk is managed by the Finance and Asset Management Division under policies approved by the department. The department provides written principles for overall risk management, as well as policies covering specific areas.

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

Risk Exposure	Definition	Exposure
Credit risk	Credit risk exposure refers to the situation where the department may incur financial loss as result of another party to a financial instrument failing to discharge their obligation.	The department is exposed to credit risk in respect of its receivables (Note C2).
Liquidity risk	Liquidity risk refers to the situation where the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The department is exposed to liquidity risk in respect of its payables (Note 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. <i>Interest rate risk</i> is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The department does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

D2 Financial risk disclosures (continued)

D2-2 Financial risk management (continued)

(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.

D2-3 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.

Financial Liabilities	2021 Contractual Maturity				2020 Contractual Maturity			
	Total \$'000	< 1 Year \$'000	1 - 5 Years \$'000	> 5 Years \$'000	Total \$'000	< 1 Year \$'000	1 - 5 Years \$'000	> 5 Years \$'000
Payables	48,971	48,971	-	-	17,616	17,616	-	-
Other liabilities	708	708	-	-	402	402	-	-
Lease liabilities	130,670	5,636	24,258	100,776	135,906	5,458	23,450	106,998
Total	180,349	55,315	24,258	100,776	153,924	23,476	23,450	106,998

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

D3. Contingencies

(a) Litigation in progress

As at 30 June 2021, the following ongoing cases which have contingent liability were filed in the courts naming the State of Queensland through DAF:

	2021	2020
Federal Court	1	-
District Court	3	2
Magistrates Court	23	31
Queensland Industrial Relations Commission (QIRC)	-	1
Court of Appeal	1	1
Industrial Court	-	1
Supreme Court	1	1
Total number of litigation matters in progress	29	37

As at 30 June 2021, of the 29 cases in progress (2019-20: 37 cases), there were 10 cases (2019-20: 9 cases) where the State of Queensland through DAF, or an officer of DAF, is named as a defendant or respondent. The remaining 19 cases (2019-20: 28 cases) are matters where the State of Queensland through DAF is a complainant or appellant, and proceedings have commenced.

There are 3 contingent liabilities at the reporting date. These relate to Workers Compensation, Supreme Court and Appeal Court proceedings, and Queensland Industrial Relations Commission matter. The value of these contingent liabilities is estimated to be approximately \$492,000.

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 other cases that are not yet subject to court action. This may or may not result in subsequent litigation. Indemnity for the department may be sought in respect of some of the above matters through the Queensland Government Insurance Fund (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 sawmilling businesses regarding the supply of log timber from State-owned native forests.

- 14 sales permits, which expire 31 December 2024 for the supply of native forest hardwood sawlogs from State-owned native forests in south-east Queensland;
- 1 sales permit which expires 1 January 2034 and 1 sales permit which expires 31 December 2034, for the supply of native forest hardwood sawlogs from State-owned native forests in Western Queensland; and
- 14 sales permits, which expire 31 December 2037, for the supply of native forest cypress sawlogs from State-owned native forests in Southern Queensland.

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

(c) Contaminated Land sites

There is no outstanding rehabilitation work in relation to the former Forestry Plantations Queensland (FPQ) assets (storage tanks and herbicide disposal pits). As such, the department does not have any contingent liabilities associated with FPQ sites.

The department is currently in the process of obtaining administrative approval, from DES, to have the sites removed from the Contaminated Land Register.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

D4. Commitments

(a) Capital expenditure commitments

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

	2021	2020
	\$'000	\$'000
Capital works in progress	2,835	1,683
Plant and equipment	445	-
Software	-	404
	<u>3,280</u>	<u>2,087</u>
Payable:		
· Not later than 1 year	<u>3,280</u>	<u>2,087</u>
Total capital expenditure commitments ⁽¹⁾	<u><u>3,280</u></u>	<u><u>2,087</u></u>

⁽¹⁾ These amounts are GST exclusive as at 30 June 2021.

D5. Events occurring after reporting date

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

D6. Future impact of accounting standards not yet effective

At the date of authorisation of the financial report, there were no impacts of new or amended Australian Accounting Standards. All other Australian Accounting Standards and interpretations with future effective dates are not applicable to the department at the reporting date.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

E1. Budgetary reporting disclosures

This section contains explanations of major variances between the department's actual 2020-21 financial results and the original budget presented to Parliament. As the 2020-21 SDS does not include a budgeted statement of financial position or budgeted statement of cash flows, no disclosure of budget to actual variances is required by AASB 1055 *Budgetary Reporting* for these financial statements.

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

	Variance Notes	2021 Actual \$'000	2021 Original Budget \$'000	Actual vs Budget Variance \$'000
Income from operations				
Appropriation revenue	1	316,340	332,980	(16,640)
User charges and fees		147,312	145,823	1,489
Grants and contributions		41,170	40,626	544
Royalties	2	45,434	36,417	9,017
Other revenue	3	1,470	552	918
Total revenue		551,727	556,398	(4,671)
Gains on disposal/revaluation of assets	4	10,849	95	10,754
Total income from operations		562,576	556,493	6,083
Expenses from operations				
Employee expenses	5	229,101	231,849	(2,748)
Supplies and services	6	265,406	269,717	(4,311)
Grants and subsidies	7	25,033	22,623	2,410
Depreciation and amortisation		28,603	27,849	754
Finance/borrowing costs		2,453	2,973	(520)
Impairment losses		372	-	372
Other expenses	8	2,347	1,482	865
Total expenses from continuing operations		553,315	556,493	(3,178)
Operating result for the year	9	9,261	-	9,261

Explanation of major variances:

- The decrease in Appropriation revenue is largely due to the deferral of appropriation funding from 2020-21 to 2021-22 (\$32 million) to fund a number of departmental priorities and to realign the budget with anticipated cash flows for various limited life departmental programs. This is partly offset by funding (\$10.6 million) released in 2020-21 from the funds held centrally by government for the continuation of the Drought Assistance Package, coupled with funding provided in 2020-21 to finalise long-term decisions on the future of assets formerly held by QATC (\$3.3 million) and funding provided to meet Queensland's obligations within the National Biosecurity System (\$2.4 million).
- The Royalties increase is driven by a one-off uplift in royalties revenue in 2020-21 generated from the quarry material removal relating to infrastructure and mining related projects and high demand for material from local governments. There was also an uplift in forestry royalties revenue from higher than expected volumes of high-pole products being available for removal as well as hardwood timber permittees harvesting their full allocations.
- The increase in Other revenue is mainly driven by recoveries from the Queensland Government Insurance Fund associated with repairs to Leslie Research facility and the Redlands glasshouse (\$0.94 million).
- The increase in Gain on disposal/revaluation of assets for 2020-21 includes the one-off gain on sale of the former Queensland Agricultural Training Colleges cattle property 'Berrigurra Station' (\$9.62 million) and an increase in the livestock valuation due to higher than expected cattle prices throughout 2020-21.
- The decrease in Employee expenses largely represents lower than budgeted costs within R&D funded projects and savings generated due to vacancy management.
- The decrease in Supplies and services is driven by delays in project costs for R&D funded projects, coupled with realignment of expenditure (to out years) across various departmental state funded programs. Also contributing to the under expenditure were savings generated within accommodation, and QSS charges.
- The increase in Grants and subsidies is largely due to expenses incurred for the continuation of the Drought Assistance Package where the 2020-21 allocation was held centrally by Queensland Treasury and drawn down in arrears based on actual expenditure.
- The increase in Other expenses is due to inventory write-offs, sponsorships, special payments and prior year audit fees.
- The 2020-21 actual operating result reflects the net gain on sale of the former Queensland Agricultural Training Colleges cattle property 'Berrigurra Station'.

DEPARTMENT OF AGRICULTURE AND FISHERIES**Notes to the financial statements****For the year ended 30 June 2021****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	2021 Actual \$'000	2021 Original Budget \$'000	Actual vs Budget Variance \$'000	2020 Actual \$'000
Administered income					
Appropriation revenue	1	61,854	235,144	(173,290)	108,320
User charges and fees		1,588	1,666	(78)	1,726
Grants and other contributions		16,514	16,048	466	16,048
Other revenue		1,748	1,355	393	1,303
Total administered income		81,704	254,213	(172,509)	127,398
Administered expenses					
Grants to Queensland Rural and Industry Development Authority (QRIDA)	1	29,920	192,727	(162,807)	72,914
Grants to Queensland Racing Integrity Commission (QRIC)		28,840	29,140	(300)	28,251
Supplies and services		105	810	(705)	171
Loss on disposal		-	-	-	4
QRIDA administration expenses	2	2,969	12,448	(9,479)	6,964
Depreciation and amortisation		20	19	1	20
Decrements on revaluation	3	217	-	217	-
Transfers of administered income to Government ⁽¹⁾		19,850	19,069	781	19,074
Total administered expenses		81,921	254,213	(172,292)	127,398
Operating result for the year surplus/(deficit)	3	(217)	-	(217)	-
Other comprehensive income					
Items that will not be reclassified to operating result:					
Increase in asset revaluation surplus		51	-	51	-
Total comprehensive income		(166)	-	(166)	-

⁽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).

F1-2. Administered activities - budget to actual comparison and variance analysis

1. The decrease in Appropriation revenue is largely due to the funding adjustment for QRIDA to administer the Federal Government Restocking, Replanting and On-farm infrastructure grants program due to slower than originally anticipated demand with the Australian Government re-allocating part of this funding to other programs which will benefit the area in North Queensland impacted by the Monsoon Trough flooding event.
2. The decrease in QRIDA administration expenses is largely due to the funding adjustment for QRIDA to administer the Federal Government Restocking, Replanting and On-Farm infrastructure grants program due to slower than originally anticipated demand with the Australian Government re-allocating part of this funding to other programs which will benefit the area in North Queensland impacted by the Monsoon Trough flooding event.
3. A comprehensive asset revaluation of administered land and buildings was performed in 2021. The revaluation increment for land resulted in \$74,000 disclosed in Other comprehensive income. Building revaluations resulted in a decrement of \$250,000. Out of that, \$23,000 was accounted for against the asset revaluation reserve, which was fully exhausted. The remaining \$217,000 is recognised as an expense and represents the deficit for 2020-21 year.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

F1-3. Schedule of administered assets and liabilities

		2021	2020
		Actual	Actual
	Notes	\$'000	\$'000
Administered assets			
<i>Current</i>			
Cash	1	2,580	53,481
Receivables	2	232	5,633
Total current assets		2,812	59,114
<i>Non-current</i>			
Property, plant and equipment		552	737
Total non-current assets		552	737
Total assets		3,364	59,851
Administered liabilities			
<i>Current</i>			
Administered income refundable to Government		2,452	2,716
Grants payable		-	150
Payables to Government		258	271
Other payables	3	83	5,957
Total current liabilities		2,793	9,094
Net administered assets/liabilities		571	50,756

1. The decrease in cash is mainly due to the payment of \$50 million to QRIDA as the final component of \$1 billion in funding received by the department 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.
2. The decrease in receivables is largely driven by \$5.3 million in appropriation received for the funding of QRIDA administration expenses.
3. The decrease in payables is largely due to the payment of \$5.8 million to QRIDA for administration expenses.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

F1-4. Schedule of administered equity

	Variance Notes	Contributed Equity \$'000	Accumulated (Deficit) \$'000	Asset Revaluation Surplus \$'000	TOTAL \$'000
Balance as at 1 July 2019		3,670	(2,935)	41	775
Operating result					
Operating result from continuing operations		-	-	-	-
Transactions with owners as owners:					
- Appropriated equity injections	1	1,002,702	-	-	1,002,702
- Appropriated equity withdrawals		(19)	-	-	(19)
- Non-appropriated equity adjustment	1	(952,702)	-	-	(952,702)
Net transactions with owners as owners		49,981	-	-	49,981
Balance at 30 June 2020		53,651	(2,935)	41	50,756
Balance as at 1 July 2020		53,651	(2,935)	41	50,756
Operating result					
Operating result from continuing operations		-	(217)	-	(217)
Other comprehensive income					
- Increase/(decrease) in asset revaluation surplus		-	-	51	51
- Transfers between asset revaluation reserve and accumulated surplus		-	-	-	-
Total comprehensive income for the year		-	(217)	51	(166)
Transactions with owners as owners:					
- Appropriated equity injections		524	-	-	524
- Appropriated equity withdrawals		(19)	-	-	(19)
- Non-appropriated equity withdrawals	1	(82,297)	-	-	(82,297)
- Non appropriated equity adjustment	1	31,773	-	-	31,773
Net transactions with owners as owners		(50,019)	-	-	(50,019)
Balance at 30 June 2021		3,632	(3,153)	92	571

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. QRIDA has returned \$31.8 million of loan repayments to DAF in 2020-21 that the department then repaid to Queensland Treasury.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
F1-5. Reconciliation of payments from consolidated fund to administered income		
Budgeted appropriation receipts	237,698	235,613
Treasurer's transfers	(14,973)	(31,062)
Lapsed appropriation	(155,865)	(20)
Appropriation adjustment	-	(100,000)
Total administered receipts	66,860	104,531
Less: Opening balance of appropriation revenue receivable	(5,270)	-
Add: closing balance of appropriation revenue receivable	-	5,270
Add: opening balance of deferred appropriation payable to Consolidated Fund	2,716	1,235
Less: closing balance of deferred appropriation payable to Consolidated Fund	(2,452)	(2,716)
Net appropriation revenue	61,854	108,320
Plus deferred appropriation payable to Consolidated Fund (expense)	-	-
Appropriation revenue recognised in statement of comprehensive income	61,854	108,320
F1-6. Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	605	2,583
Treasurer's advance	-	900,000
Appropriation adjustment	-	100,000
Equity adjustment receipts (payments)	605	1,002,583
Less: opening balance of equity adjustment receivable	(100)	-
Plus: closing balance of appropriation receivable	-	100
Net appropriation equity	505	1,002,683

DEPARTMENT OF AGRICULTURE AND FISHERIES**Notes to the financial statements****For the year ended 30 June 2021****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.

The following details for non-Ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2020-21 and 2019-20. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Position Responsibility
Director-General	The Director-General is responsible for the efficient, effective and economic administration of the department overseeing Agriculture, Fisheries and Forestry, Biosecurity Queensland and Corporate.
Deputy Director-General, Corporate	The Deputy Director-General is responsible for the efficient, effective and economic administration of the Human Resources, ICT, Strategy, Performance, Business Services, Finance, Media, Communications, Digital Engagement and Corporate Partnership functions of the department.
Deputy Director-General, Agriculture Queensland	The Deputy Director-General is responsible for the efficient, effective and economic administration of Queensland Agriculture, research and initiatives that lift the productivity of Queensland's food and fibre businesses, and regional services.
Deputy Director-General, Fisheries and Forestry	The Deputy Director-General is responsible for the efficient, effective and economic administration of Queensland Fisheries and Forestry activities and responsibilities.
Chief Biosecurity Officer, Biosecurity Queensland	The Chief Biosecurity Officer is responsible for the efficient, effective and economic administration of Queensland's Biosecurity functions and responsibilities of the department.

KMP remuneration policies

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

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

Remuneration expenses for those KMP comprise the following components:

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

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

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

Remuneration Expenses

The following disclosure focuses on the expenses incurred by the department attributable to non-Ministerial KMP during respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the statement of comprehensive income.

1 July 2020 – 30 June 2021

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Total Expenses
	Monetary Benefits \$ '000	Non-Monetary Benefits \$ '000	\$ '000	\$ '000	\$ '000
Director-General (former) to 31/03/2021	232	-	6	19	256
Director-General, appointment effective 1 April 2021	177	-	4	22	203
Deputy Director-General, Agriculture Queensland	241	-	6	27	275
Chief Biosecurity Officer	254	-	6	29	289
Deputy Director-General, Corporate	220	-	5	24	250
Deputy Director-General, Fisheries and Forestry	235	-	6	26	267
Total	1,358	-	32	148	1,538

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

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

Remuneration Expenses (continued)

1 July 2019 – 30 June 2020

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

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

Performance payments

No KMP remuneration packages provide for performance or bonus payments.

DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the financial statements

For the year ended 30 June 2021

G2. Related party transactions

Transactions with people/entities related to KMP

A review has been undertaken for the 2020-21 financial year, to 30 June 2021, of the department's KMP related party transactions (RPT) disclosures and no transactions have been identified between the department and its KMPs' related parties.

Transactions with other Queensland Government-controlled entities

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

The department received defined services from the following agencies:

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

Procurement services from DES previously part of the BCP arrangements were transferred on 1 April 2021 to DAF.

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

- Department of Resources formerly (DNRME): Information Management, Fleet Management, Telecommunications
- DES: Information Management, Fleet Management, Telecommunications
- DTIS: Information Management, Fleet Management, Telecommunications.

User charges and fees (Note B1-2) includes the fee for service revenue received from the above agencies for information management services and this represents approximately 31% of the total user charges and fees.

Office accommodation and QFleet costs disclosed in supplies and services (Note B3-2) includes office accommodation across the State with DEPW 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 Communities, Housing and Digital Economy (DCHDE) 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.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

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

Accounting standards applied for the first time

One new accounting standard was applied for the first time in 2020-21:

- AASB 1059 *Service Concession Arrangements: Grantors*

The effect of adopting this new standard is not applicable to DAF as it has not entered into any service concession arrangements.

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2020-21.

G4. Taxation

The department is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the department.

GST credits receivable from, and GST payable to the Australian Taxation Office are recognised (refer to Note C2).

G5. Climate risk disclosure

Climate risk assessment

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

Current year impacts

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 2020-21 non-current assets revaluations program, State Valuation Service (SVS) has considered the risk of climate change on the land values for DAF at 30 June 2021.

SVS considered the impact not to be material and the land values at 30 June 2021 were not affected. The sales values used in this valuation program would reflect any effect of climate change that a market participant would consider at this time, so no adjustment to the adopted land values at 30 June 2021 was 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

SVS 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 SVS had consideration of the risk of climate change, flooding and bushfires. Whilst the 2020-21 revaluation period was affected by the climate change, it is considered that the impact of it was not material and did not affect the land values at 30 June 2021.

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 asset is reflected in the total lives adopted. Currently the effect from the climate is immaterial, however, it is a consideration in the materials used for the replacement costs, which is reflected in the revaluation process.

Future year impacts

The department will incorporate the above issues as part of an ongoing assessment of asset useful lives and fair value of assets.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the financial statements
For the year ended 30 June 2021

G6. Significant financial impacts from COVID-19

The following significant transactions were recognised by DAF during the 2020-21 financial year in response to the COVID-19 pandemic:

	2021	2020
	\$'000	\$'000
OPERATING STATEMENT		
<u>Significant expense items arising from COVID-19</u>		
Assistance to RSPCA, zoos and mobile animal exhibitors ⁽¹⁾	182	966
Business counselling and advice costs incurred	725	550
Market Diversification and Resilience Grants	422	359
Promotional campaign #EatQLD to eat local, stay healthy and support jobs	10	187
Digital transformation in Agribusiness	966	-
Reinvigorated Agricultural Trade Relationships	250	-
Agribusinesses Diversification Assistance	509	-
Jobs Support Loan Facility - Small Business Advisory Service	54	295
Enhancing local government biosecurity capacity	47	-
Sheep meat processing industry Investment strategy	250	-
Support for agricultural development in the North West	64	-
Agricultural seasonal labour ⁽²⁾	567	-
Recreational fishing grants	248	-
Non-labour costs for personal protective equipment, cleaning, etc. ⁽¹⁾	306	160
	4,600	2,517
<u>Significant revenue items arising from COVID-19</u>		
Additional revenue recognised to fund COVID-19 initiatives	3,762	1,391
	3,762	1,391

⁽¹⁾ No additional funding for these items was received in 2020-21.

⁽²⁾ Existing DAF funding of \$350,000 was used in 2020-21 with the remaining \$217,000 being new funding received from Queensland Treasury. In addition, there was in-kind support provided by DAF personnel.

Other significant impacts arising from COVID-19

The department provided rent relief of \$220,000 to small business tenancies in 2020-21 (2019-20: \$171,000). This amount is not reflected in the revenue/expense items above.

Administered activities arising from COVID-19

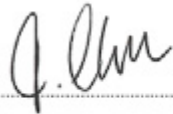
In 2019-20 the Department received \$1 billion in funding for the Queensland Government COVID-19 Jobs Loans Scheme administered by QRIDA to support Queensland businesses and non-profit organisations financially affected by COVID-19 to retain employees and maintain their operations. As at 30 June 2021, the full \$1 billion had been paid to QRIDA with \$950 million in 2019-20 and \$50 million in early 2020-21. QRIDA has returned \$31.8 million of loan repayments to DAF in 2020-21 that the Department then repaid to Queensland Treasury.

DEPARTMENT OF AGRICULTURE AND FISHERIES
Management Certificate
For the year ended 30 June 2021

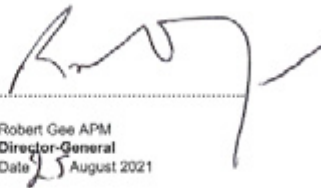
These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 38 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of Agriculture and Fisheries for the year ended 30 June 2021 and of the financial position of the department at the end of that year; and

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



Justine Clark BCom CPA GAICD
Chief Finance Officer
Date 25 August 2021



Robert Gee APM
Director-General
Date 25 August 2021



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 2021, 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 2021, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

Valuation of land with restricted uses (\$70.41 million)

Refer to note D1-3 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>The department's land assets were measured at fair value using the market approach which involves physical inspection and reference to publicly available data on recent sales of similar land in nearby localities.</p> <p>The department's reserve land (restricted for use) comprises 50.88 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.</p> <p>The department engaged a registered valuer to derive fair values for this land at 30 June 2021.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing the competence, capability and objectivity of the experts used to develop the models • obtaining an understanding of the methodology used with reference to common industry practices. <p>For a sample of land parcels, evaluating the reasonableness of:</p> <ul style="list-style-type: none"> • 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.

Buildings valuation (\$172.98 million) and depreciation expense (\$7.10 million)

Refer to note C4-1 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>The department's buildings were measured at fair value at balance date using the current replacement cost method that comprises:</p> <ul style="list-style-type: none"> • gross replacement cost, less • accumulated depreciation. <p>The department derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> – estimating the current cost for a modern substitute (including locality factors and oncosts), expressed as a rate per unit (e.g. \$/square metre) – 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. • estimating adjustments required for permanent excess capacity in existing buildings. 	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing the appropriateness of the building components used for measuring gross replacement cost with reference to the department's asset management plans, the unit costs of its recent projects, and common industry practices. • for unit rates: <ul style="list-style-type: none"> – assessing the competence, capability and objectivity of the experts used by the entity to develop the models – obtaining an understanding of the methodology used, and assessing its appropriateness 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: <ul style="list-style-type: none"> ▪ modern substitute (including locality factors and oncosts) ▪ adjustment for excess quality or obsolescence. • evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> – reviewing management's annual assessment of useful lives

Key audit matter	How my audit addressed the key audit matter
<p>The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of assets.</p> <p>The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</p>	<ul style="list-style-type: none"> - ensuring that no component still in use has reached or exceeded its useful life - reviewing formal asset management plans, and enquiring of management about whether these plans remain current - reviewing for assets with an inconsistent relationship between condition and remaining useful life. <ul style="list-style-type: none"> • where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.

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 expressing an opinion on the effectiveness of the department's internal controls, but allows me to express an opinion on compliance with prescribed requirements.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the department.
- Conclude on the appropriateness of the department's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the department to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 2021:

- I received all the information and explanations I required.
- 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.



Carolyn Dougherty
as delegate of the Auditor-General

27 August 2021

Queensland Audit Office
Brisbane