



Annual Report 2013–2014

Interpreter statement

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Public availability



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Letter of compliance

26 September 2014

The Honourable Dr John McVeigh MP
Minister for Agriculture, Fisheries and Forestry
Level 8 Primary Industries Building
80 Ann Street
BRISBANE QLD 4000



Queensland
Government

Department of
**Agriculture, Fisheries
and Forestry**

Dear Minister

I am pleased to present the annual report 2013–14 and financial statements for the Department of Agriculture, Fisheries and Forestry.

I certify that this annual report complies with:

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

A checklist outlining the annual report requirements can be found at page 120 of this annual report or accessed at www.daff.qld.gov.au/about-us/corporate-publications/.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. Noye'.

Jack Noye

Director-General
Department of Agriculture, Fisheries and Forestry

Director-General's overview

I am pleased to present the annual report for the Department of Agriculture, Fisheries and Forestry (DAFF). This report, to 30 June 2014, represents another year of significant change within the organisation and for the producers we support.

The agricultural, fisheries and forestry industries continue to rapidly evolve, along with the services DAFF provides. This dynamic is driven by *Queensland's agriculture strategy: a 2040 vision to double agricultural production (Queensland's agriculture strategy)*. This key strategic document outlines our vision for the future through four key pathways: securing and increasing resource availability; driving productivity growth across the supply chain; securing and increasing market access; and minimising the cost of production.

This year we have focused on 60 key actions identified in *Queensland's agriculture strategy* to help the sector build a stronger economic footprint.

The Queensland Agriculture Conference 2014 and the release of the *State of Queensland agriculture report* were two important deliverables that industry considered successful. The report fills in the gaps in baseline information that allow producers to benchmark their enterprises against industry averages, enabling them to manage their business with an eye on increasing production and profitability.

The past year has not been without challenges, but the hard work, dedication and commitment of DAFF employees has moved us closer to delivering on the long-term vision outlined in *Queensland's agriculture strategy*.

As the financial year closed, 75 per cent of Queensland remained drought declared. This situation is not expected to change significantly in the foreseeable future. DAFF is responding by working with the private sector and other government agencies to provide support for drought-affected producers and communities.

Advances in technology, communication and science have led to faster transmission of information, wider dissemination of diverse views, early warning of risks to production from weather, pests and diseases, and overuse of resources. These advances also deliver greater ability to find and connect with what is needed to meet today's challenges. In response, governments are changing when and how they intervene to achieve economic, community and individual outcomes.

DAFF is making changes across all of our portfolio areas of agriculture, fisheries, forestry and biosecurity to further sharpen our focus on responding to customers' needs.

We have developed *Our plan for the future*, a five-year road map to guide our future strategies.

Our plan for the future is structured around three themes:

- *Customers first.* Getting the basics right—we are modernising and improving our services and service delivery to better meet our customers' needs.
- *Strong and self-reliant industry.* DAFF is encouraging industry self-reliance, so that industry sets and drives its own priorities.
- *21st century agriculture.* We aim to encourage industry growth based on market and regional advantage—to concentrate on innovation and the use of existing and new technologies to integrate services across government and to commission a broad network of private, public and community service providers.

DAFF has a strong focus on building organisational capability and effectiveness to provide a platform that will deliver on *Queensland's agriculture strategy* and contribute to the government's objectives for the community, including better public services.

Jack Noye

Director-General

Department of Agriculture, Fisheries and Forestry

About DAFF

Our work spans the agriculture, fisheries and forestry industries. It includes policy, agricultural research, development and extension, and the management of biological, animal welfare and product integrity risks. The department is the government's key enabler of strategies to achieve its ambitious goal of doubling agricultural production by 2040.

We work across government to ensure planning and regulatory functions support agricultural economic growth. We partner with research and industry bodies to maximise investment and deliver services that improve productivity and profitability.

We have 1990 staff members spread across the state, including staff providing services to other agencies through the corporate partnerships arrangement. For more information on the Business and Corporate Partnerships, see page 54.

During 2013–14 we restructured the business into three services areas, which are supported by the Business and Corporate Partnership. This saw Fisheries and Forestry become a single service area, focused on the management of these natural resources for long-term sustainability.

Agri-Science Queensland and the Customer Service Centre joined the Agriculture service area to drive growth, productivity improvement, and the resilience of the industry to support the economic performance of the state. These changes better consolidate the department's focus on *Queensland's agriculture strategy*.

In 2013–14, **Agriculture** worked with industry associations, research bodies and all levels of government to:

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

Biosecurity Queensland:

- continued to improve prevention and surveillance of pests and diseases that threaten agricultural production and distribution, the environment and/or the broader community by undertaking a range of foot and mouth disease (FMD) readiness exercises
- undertook eradication and management activities for existing pests and diseases
- set and enforced regulations and standards for animal welfare and the use of agricultural chemicals.

Fisheries and Forestry:

- ensured fisheries remain sustainable and productive by monitoring, determining and controlling access and development as needed
- provided education and enforced fishing regulations to promote equitable access to fisheries resources by commercial, recreational and traditional fishers
- managed state-owned forestry assets to maximise financial returns
- supported finalisation of the Queensland Government response to the *Queensland forest and timber industry plan* to promote sustainable growth and innovation in the Queensland-based forest and timber industry.

Corporate helped achieve DAFF’s organisational objectives efficiently, equitably and transparently by providing services in financial management, information technology, communications, human resources, governance and organisational performance management. Corporate ensures that corporate services delivered by the broader Business and Corporate Partnership address DAFF’s needs.

We have revised our strategic plan for the period 2013–17 to better align with the pathways and intent of *Queensland’s agriculture strategy*. We also commenced reviewing our services and defining the contributions they make to achieve the goal of doubling agricultural production. This has led to the recasting of the department’s strategic objectives.

Our strategic direction

We focus effort on the four industry-agreed pathways essential to economic resilience and growth:

1. Resource availability—securing and increasing resource availability
2. Productivity—driving productivity growth across the supply chain
3. Markets—securing and increasing market access
4. Production costs—minimising the costs of production.

We advocate and represent industry needs to ensure they are reflected in government policy, investment decisions and services.

We partner with industry, research organisations and government to maximise resources, investment and impact.

Vision

Efficient, innovative, resilient and profitable agriculture, fisheries and forestry industries that thrive in the long term.

Purpose

To facilitate the economic resilience and growth of agriculture, fisheries and forestry industries.

Values

Customer first—we know our customers, deliver what matters to Queenslanders and show empathy in decision-making.

Ideas into action—we challenge the norm, encourage new ideas, and find new solutions, encourage and embrace new ideas, and work across boundaries.

Unleash potential—we expect greatness, lead and set clear expectations, seek, provide and act on feedback.

Be courageous—we own our actions, successes and mistakes, take calculated risks and act with transparency.

Empower people—we lead, empower and trust, play to everyone's strengths, developing ourselves and those around us.

In 2013–14 the department adopted the Queensland Public Service core values. Our 2013–17 strategic plan differs slightly to these values, as it reflects the values at interim stage.

Our contribution to government priorities

The department contributes to government objectives for the community to:

- **Grow a four-pillar economy**—*Queensland's agriculture strategy: a 2040 vision to double agricultural production* focuses on four pathways agreed with industry as essential for a strong agricultural sector. The strategy is supported by industry, workforce, and research and development plans.
- **Lower the cost of living**—our work focuses on reducing business costs through simplified and more effective regulatory processes.
- **Deliver better planning and infrastructure**—the *Queensland agricultural land audit*, a new interactive tool for local governments, and the data resource availability through open data enable stakeholders to make more informed planning decisions in relation to agricultural land. Through *Queensland's agriculture strategy* actions, the department played an active role in influencing the direction of infrastructure strategies developed for ports, electricity, water, freight and airports.
- **Revitalise frontline services**—progress on improving customer-focused services was achieved through commencing the transition of information and transactional services to a fully online environment, a review of regional services and increasing the number of frontline officers in key areas, including Biosecurity Queensland and Agri-Science Queensland.

DAFF is responsible for the delivery of 32 government commitments. As at 30 June 2014, there were 22 commitments delivered, with the remainder on track to be completed in 2014–15.

Modernising the public service

DAFF is actively engaged with the whole-of-government initiatives to modernise service delivery and build the culture and values that will help make the Queensland public service the best in Australia. This program aims for a smaller, leaner, more integrated and technology-driven public service.

DAFF has focused on:

- developing and implementing *Our plan for the future*
- aligning business priorities with *Queensland's agriculture strategy*
- putting customers first—ensuring customers are at the centre of service design and delivery, increasing the accessibility of online services, and consulting and engaging with customers in the development of major policies and legislative changes
- defining and assessing services for contestability and business improvements
- developing partnerships with universities and other services providers to deliver world-class agricultural science outcomes
- working with other government agencies to deliver more effective services to customers.

Intergovernmental agreements and plans

We supported the Minister in his roles on national forums related to agriculture, fisheries and forestry. The Council of Australian Governments (COAG) revised and reduced the number of standing councils under its authority. This saw the Standing Council on Primary Industries hold its last official meeting in December 2013. An Agricultural Ministers Forum will meet as required.

Committee of Northern Australia Agriculture Ministers

DAFF has a significant role in supporting the Committee of Northern Australia Agriculture Ministers. This committee takes up the work initiated by the Northern Australia Ministerial Forum, which operated from 2010–13. DAFF chairs and provides the secretariat for the Northern Australia Senior Leaders Group.

This committee brings together ministers responsible for agriculture from the Australian, Queensland, Western Australian and Northern Territory governments, to work collaboratively to ensure a coordinated approach to implementation of high priority actions. The overall scope includes market development, supply chain development, industry and community capacity building, planning and strategy, underpinning analysis of the resource base, research, development and education (recognising Queensland's role as a leader of the national research, development and education strategy for beef) and other priorities established by northern Australia agriculture ministers.

The northern Australia agriculture ministers convene the biannual Northern Australia Beef Roundtable to inform the ministers' work plan. The fifth Beef roundtable is planned for Darwin in November 2014 and the sixth in Yeppoon in May 2015 to coincide with Beef 2015.

North Queensland irrigated agriculture strategy

The CSIRO study released in December 2013 was completed as part of the *North Queensland irrigated agriculture strategy* (NQIAS). This collaborative initiative by the Queensland and federal governments is exploring the opportunities for, and the development of, irrigated agricultural opportunities in the Flinders and Gilbert river catchments of north-west Queensland.

The two-year study by the CSIRO funded under the strategy found that there were sufficient land and water resources in the Flinders and Gilbert river catchments to irrigate up to 50 000 hectares, potentially producing a wide range of crops. The study period crossed into the current drought conditions, highlighting that the opportunities need to be considered in the context of the extreme and variable climate conditions in this region.

Two potential dam sites were identified in the Gilbert that would allow up to 30 000 hectares to be cropped in most years—sufficient to sustain a sugar mill or cotton gin. The report found that damming the Flinders was not commercially viable. Off-stream storages filled from seasonal floodwaters were the best option and, under this approach, there is potential to crop up to 20 000 hectares in all but very dry years.

The Department of Natural Resources and Mines (DNRM) is assessing the potential to make more water available for irrigated agriculture. Drought has delayed crop trials and other works. DAFF will continue to develop on-ground activities and commercial partnerships to progress viable irrigated agricultural opportunities for the region.

Intergovernmental Agreement on Biosecurity

The *Intergovernmental Agreement on Biosecurity* outlines the priority areas where co-ordinated action across jurisdictions can minimise the impact of pests and disease on Australia's economy, environment and the community. The roles and responsibilities of the different levels of government are identified in this agreement. Six working groups are implementing priority activities, including national decision-making and investment, national biosecurity information, national surveillance and diagnostic systems, a management framework for established pests and diseases, national preparedness and response arrangements, and research development and extension.

Contractual arrangements are in place between the Australian, state and territory governments, and relevant industry groups to collectively prepare for and share the costs of responding to an emergency pest or disease incursion. These are outlined in the:

- *Emergency Animal Disease Response Agreement* (EADRA)
- *Emergency Plant Pest Response Deed* (EPPRD)
- *National Environmental Biosecurity Response Agreement* (NEBRA) for biosecurity incidents that primarily impact the environment and/or social amenity, and are for the public good.

Under the cost-sharing arrangements, Queensland received financial support for the treatment of fire ants in both South East Queensland and Yarwun, electric ants and four tropical weeds.

Other national activities that helped manage diseases and pests included:

- research and development (R&D) activities in relation to Hendra virus (HeV) infection and transmission dynamics, flying fox dispersal and Hendra virus risk were commissioned under the National Hendra Virus Research Program undertaken by the Queensland Centre for Emerging Infectious Diseases (QCIED)
- the Australian Plague Locust Commission provided resources to monitor locust populations, implement appropriate control operations, and conduct research
- the *National regulatory framework for agricultural and veterinary chemicals* provided the governance arrangements for the evaluation, registration and control of use of agricultural and veterinary chemicals under the existing partnership arrangements of the national registration scheme
- Interstate certification assurance provided a framework for valid written evidence being provided to state and territory quarantine authorities, confirming consignments of certified produce intended for movement across interstate and intrastate quarantine barriers to meet the specified quarantine requirements.

National primary industries research, development and extension framework

Research, development and extension are coordinated nationally. A national framework is in place to better use scarce resources and prevent duplication.

Strategies to implement the framework have been developed for 14 primary industry sectors and 8 cross-industry sectors.

Queensland leads the beef, sugar, and biofuels and bioenergy strategies, in partnership with the relevant industry organisations. Leadership is also delegated to Queensland for specific industry areas of sector strategies such as summer grains, tropical and subtropical horticulture, and tropical and subtropical forestry.

National drought reform

Queensland has recommitted to the *Intergovernmental agreement on national drought program reform*. This agreement formalises the commitment of all governments to support a new approach focused on better preparedness and risk management. The widespread Queensland drought conditions mean that new arrangements under the reform package are gradually being introduced from 1 July 2014, alongside existing measures.

In 2013–14, the Australian Government provided \$7m to support the Queensland Government's drought assistance package.

In 2014–15, the Australian Government is providing an additional \$6m for water infrastructure and \$5.6m for pest animal management. The Australian Government is also providing \$100m for drought concessional loans in Queensland, with these loans to be administered by QRAA.

Great Barrier Reef Intergovernmental Agreement (2009)

The *Great Barrier Reef Intergovernmental Agreement* provides a framework for the Australian and Queensland governments to work together to protect the Great Barrier Reef and the world heritage area.

Reef Plan

The *Reef Water Quality Protection Plan* (Reef Plan 2013) was endorsed by the Queensland Government in June 2013. Both the Australian and Queensland governments re-committed to funding for a further five years, at \$175m and \$200m respectively.

The report card measuring progress on the actions under the previous Reef Plan (2009) was released in June 2014. DAFF contributed to the report card through its evaluation of changes achieved through best management practice program delivery.

DAFF is working with Reef Plan 2013 partners to deliver nine actions under the plan. It leads a number of initiatives aimed at better co-ordination of extension service delivery and best management practice programs to increase uptake of improved management practices.

Murray–Darling Basin regional economic development program

Of \$15m provided over the next three years under the *Murray–Darling Basin regional economic development program* for projects to stimulate additional economic activity in areas of the Queensland Murray–Darling Basin impacted by irrigation water buy-backs, DAFF will lead the implementation of two projects. One will investigate opportunities for high-value irrigated horticulture production in the region, and the other will provide incentives for irrigators to adopt new technologies and practices that improve water-use efficiency.

Agreements relating to management of marine parks

Accreditation of aquaculture discharge adjacent to the Great Barrier Reef Marine Park (2005)

Queensland law is accredited under the *Australian Great Barrier Reef Marine Park (Aquaculture) Regulations 2000*. Based on this agreement, permission from the Great Barrier Reef Marine Park Authority is not required to operate any land-based aquaculture facility that discharges aquaculture waste to a waterway leading to the Great Barrier Reef Marine Park.

Conservation agreement for assessment of applications under the Great Sandy Regional Marine Aquaculture Plan (2011)

The conservation agreement between Queensland and Australian government ministers for the *Great Sandy Regional Marine Aquaculture Plan* (GSRMAP) means that applications for aquaculture that comply with the GSRMAP do not require a separate assessment or approval under the *Environment Protection and Biodiversity Conservation (EPBC) Act 1999*. Instead, these matters are covered through the issue and conditions of the Development Approval (under the *Sustainable Planning Act 2009*) and Resource Allocation Authority (under the *Fisheries Act 1994*), which are assessed against the GSRMAP.

Agreements relating to management of shared waters

Management arrangements are established under the Offshore Constitutional Settlement (established 1995) agreement and resulting memorandum of understanding between the Queensland, Northern Territory and Australian governments to manage shared waters.

The Queensland Fisheries Joint Authority (established 1995) manages northern finfish stocks relevant to Queensland, excluding certain species, within the Gulf of Carpentaria.

The areas of some fisheries, such as the East Coast Spanish Mackerel Fishery, extend to the outer edge of the Australian Exclusive Economic Zone (EEZ). These fisheries are managed by Queensland under an Offshore Constitutional Settlement (OCS) agreement.

The Torres Strait Protected Zone Joint Authority (established 1984) is responsible for the management of all fisheries (excluding recreational fisheries) in the Torres Strait Protected Zone (TSPZ). The TSPZ is defined in the Torres Strait treaty, which was ratified in 1985 between Australia and Papua New Guinea, and now appears as a schedule in the *Torres Strait Fisheries Act 1984*.

Report on our 2013–14 achievements

The following achievements are reported against the pathways outlined in the DAFF strategic plan for 2013–17. The report card is a sample of the highlights for 2013–14 and is not representative of all work undertaken during the period.

Table 1: Report card (2013–14)

| Pathways | 2013–14 achievements |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Resource availability | <p>Agricultural land</p> <ul style="list-style-type: none"> launched Web-Based Agricultural Land Information (WALI) which allows users to create simple customised maps for easier visualisation of the <i>2013 Queensland agricultural land audit</i> results and the <i>Agricultural values assessment</i> online tool to assist investors released 22 <i>Queensland agricultural land audit</i> data sets with over 250 data resources through Queensland Government spatial information services and open data |
| | <p>Research infrastructure</p> <ul style="list-style-type: none"> aligned the research infrastructure portfolio management to ongoing investment priorities –during 2013–14 four sites were sold for a gross market value of \$16.13m. The net proceeds from the sale of these properties will be allocated to offset the transition costs to exit properties, and towards the on-going revitalisation of other DAFF research facilities |
| | <p>Agricultural workforce</p> <ul style="list-style-type: none"> committed \$1.2m for five industry-based workforce development officers and to establish the Industry Education and Training Network to implement the <i>Queensland production horticulture workforce development plan</i> contributed \$150 000 seed funding to the University of Queensland (Gatton) for the development of a new Diploma of Agricultural Technologies course established an agricultural scholarship program to support tuition and boarding costs at the Australian Agricultural Colleges Corporation |
| | <p>Fisheries resources</p> <ul style="list-style-type: none"> moved to the agreed national protocols for the fish stock status assessment process provided web access to interrogate a wide range of fisheries information and download maps via QFish in February 2014 returned 83% of Stocked Impoundment Permit Scheme (SIPS) revenue to community groups to restock 32 impoundments across Queensland. commenced a recreational fishing survey, targeting approximately 13 000 randomly selected households across Queensland to assess recreational fishing participation rates, where and how people fish, what they catch and the type of fishing experiences they want bought back one primary licence and 34 fishing authorities under the voluntary buy-back of commercial net fishing licences in 2013–14 |

Table 1 continued

| Pathways | 2013–14 achievements |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Productivity | <p>Critical partnerships</p> <ul style="list-style-type: none"> • brought together over 240 of the state’s key decision-makers within the industry at the inaugural Queensland Agriculture Conference 2014 • re-established the Biosecurity Queensland Ministerial Advisory Committee to provide current, high-level, independent and strategic advice to the Minister on biosecurity issues that affect Queensland’s agricultural industries or the environment • worked with the Local Government Association of Queensland and local governments to progress with the development of a co-investment approach to the Land Protection Fund • brought together industry and local government to collaboratively manage established pests and diseases, including wild dogs, prickly acacia and Siam weed • consolidated our university, industry and government research alliances through shared investment and projects • consulted on the <i>Draft beef industry action plan</i> to assist the beef industry to grow • supported finalisation of the Queensland Government response to the <i>Queensland forest and timber industry plan</i> to promote sustainable growth and innovation in the Queensland-based forest and timber industry <p>RD&E</p> <ul style="list-style-type: none"> • released the <i>DAFF agricultural research development and extension plan</i> • saw the first harvest of 200 tonnes of the Queen Garnet plum, bred by DAFF. A range of new health food products is being commercialised from this super plum, which has very high levels of anthocyanins and potential health benefits • introduced 80 sheep producers to new tools to help boost future production in challenging seasonal conditions. Participants scored the workshops 9 out of 10 for satisfaction and value, with 89% indicating that they intended to make a change on their property as a result • invested \$3m over four years with the Queensland University of Technology and its industry partner to develop the AgBot (a small on-farm weed management robot) and investigate options for weed and nutrient management • invested \$3.95m with Sugar Research Australia for the provision of sugarcane RD&E to increase productivity and profitability, improve efficiency along the supply chain, maintain environmental sustainability and investigate diversification opportunities in the sugarcane industry |

Table 1 continues

Table 1 continued

| Pathways | 2013–14 achievements |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Markets | <p>Market opportunities</p> <ul style="list-style-type: none"> • released the first <i>State of Queensland agriculture report</i> which provides industry-specific data for Queensland to establish baseline information, and will assist in tracking progress towards the target of doubling production • contributed \$0.6m to research initiatives worth \$2.6m aimed at improving the efficiency of supply chains to ensure products meet the quality demanded by emerging markets • developed strong trade ties that tap into the growing Asian food markets, through joint trade missions with the Northern Territory to Indonesia, and a trade mission to Thailand and China focusing on opportunities for Queensland’s sugar, beef and horticulture industries • signed up six new mango growers to a global market initiative food partner in Guangzhou, China, to meet their outlet expansion plans • increased orders for Queensland mandarins from Thai importers and Foodland supermarket chains by 50% as a result of a promotional visit to Bangkok • showcased international opportunities to over 200 Queensland agriculture industries at the AgInvest forum in March 2014 • met construction and resource industry demand by providing 253 000 cubic metres of forest products and 5.64m cubic metres of quarry materials • refined design work and trials for the manufacture of 14 metre jointed power poles which were developed by DAFF researchers and manufactured by a major Queensland-based national supplier of poles • developed a new, high-value aquaculture product in the form of marine worms, which are a key ingredient in prawn broodstock diets <p>Product accreditation and certification</p> <ul style="list-style-type: none"> • negotiated interstate market access arrangements and waived accreditation fees to enable banana growers affected by Cyclone Ita to quickly market mature green fruit • trialled the nursery industry’s state system for accreditation and certification of businesses as a model for a new innovative system for certifying plant material with quarantine restrictions in domestic markets • completed and reported >95% of high priority laboratory results within agreed time and quality specifications • maintained market confidence through fisheries export accreditations and compliance with standards for managing native forest timbers |

Table 1 continued

| Pathways | 2013–14 achievements |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Production costs | <p>Regulatory review</p> <ul style="list-style-type: none"> passed the <i>Biosecurity Act 2014</i> to provide tailored responses to individual biosecurity threats commenced the review of fisheries management in Queensland undertaken by independent consultants and supported by a newly established Ministerial Advisory Committee to simplify and improve the management of Queensland fisheries streamlined 80% of fisheries development assessments by allowing customers to self-assess. As a result, 100% of applications for development-related approvals were processed within agreed timeframes established a ministerial advisory committee to review and improve the professional registration of veterinarians repealed the <i>Chicken Meat Industry Committee Act 1976</i> and a number of codes of practice for transportation of livestock under the <i>Animal Care and Protection Regulation 2012</i> <p>Disease and weather</p> <ul style="list-style-type: none"> supported producers managing drought conditions through education, technical advice on animal care and pasture management strategies, freight subsidies and emergency water infrastructure rebates assisted farmers impacted by Tropical Cyclone Ita with freight subsidies and facilitated access to financial support helped rebuild the tropical fruit industry, with new production practices being researched and adopted by the industry from research results from the cyclone-resilience project ‘improving the capacity of primary industries to withstand cyclonic winds’ bred a new mungbean variety in partnership with the Grains Research Development Corporation. Celera II-AU is the first variety bred specifically to address halo blight, the main foliar disease in Australia extended the government’s funding for the Queensland Cattle Industry Biosecurity Fund to provide up to \$5m (over three years) through the Bovine Johne’s Disease Assistance Scheme and doubled the cap from \$50 000 to \$100 000 for eligible producers developed a new DNA-based diagnostic assay that allows diagnostic laboratories locally and around the world to rapidly identify the <i>Actinobacillus pleuropneumoniae</i> disease in pigs <p>Pests</p> <ul style="list-style-type: none"> successfully eradicated cocoa pod borer in North Queensland after a two-year biosecurity intervention successfully responded to a new incursion of red imported fire ant at Yarwun, near Gladstone, in central Queensland surveyed more than 170 properties since the initial detection of red witchweed (<i>striga asiatica</i>) in July 2013, with four Mackay sugar cane properties affected developed the economic threshold calculator to help growers more precisely evaluate the cost–benefit of applying insecticide to prevent yield losses and damage from the pest sorghum midge commenced biological studies, spray misting trails and a major field day to increase stakeholder commitment to the War on Western Weeds (prickly acacia and bellyache bush) initiative reported on the findings of the first Feral Animal summit for more than 70 participants increased wild dog control across the state by reviewing the provision of 1080 poison to landholders, conducting CPE trials in national parks and bushland areas on the Sunshine Coast, and supported implementation of close to \$700 000 of project funding provided to 14 local councils to develop wild dog surveillance and management programs developed the <i>Feral deer management strategy 2013–18</i> to coordinate control measures and reduce the impact of feral deer commenced research into the behavioural pattern of rabbits by trapping and placing radio collars on rabbits in North Queensland, and genetic analysis to understand how rabbits colonise in an area |

Objective 1 Build sector capacity and industry resilience

Services:

- Sector-wide strategy, planning and regulatory reform
- Industry development and service delivery

Performance indicator: **Trend in value of agricultural, fisheries and forestry production**

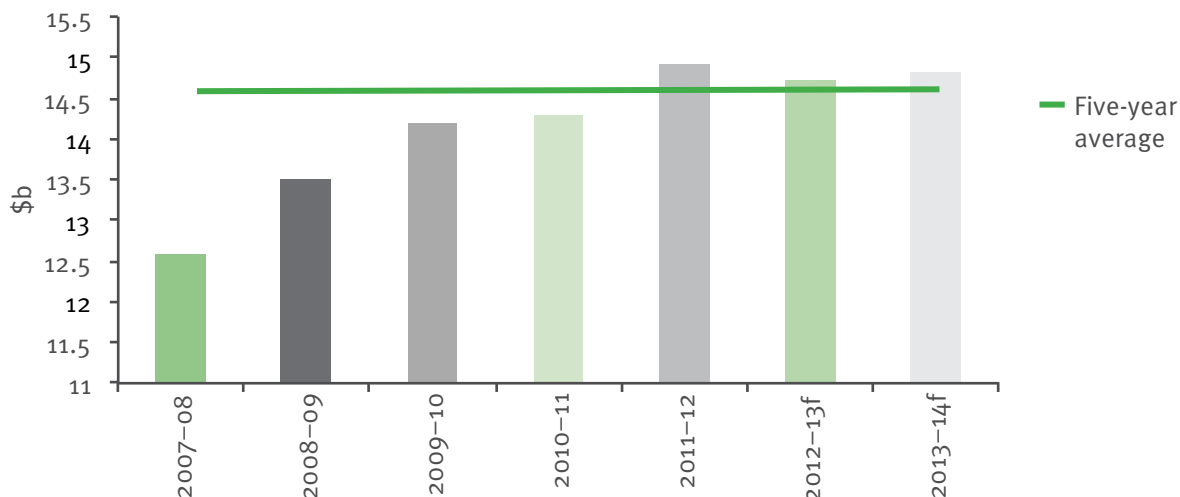


Figure 1: Gross value of production (GVP) for farm gate and first-round processing (2012–14 forecast figures only)

Source: *AgTrends Update, 2014, DAFF*

In 2013–14 the gross value of production for agriculture, fisheries and forestry in Queensland is estimated to be \$14.7b. This is 1 per cent above the five-year average.

The total estimated primary industries value at farm gate for 2013–14 is approximately \$11.6b. Even with the current dry season, this is 3 per cent above the five-year average.

For 2013–14, the value of first-stage processing (or value-added production) is forecast to be approximately \$3b, which is 1 per cent higher than the average for the past five years.

The sector is highly diversified, with the largest contributions from meat products (38%), horticulture products (28%), sugar (11%), cereal grains (6%) and cotton (5%).

The commercial and aquaculture sectors are estimated to be worth \$250m and \$101m respectively for 2013–14. Queensland produces approximately 50 per cent of Australia’s prawns, crabs and scallops, and 25 per cent of Australia’s finfish (excluding tuna and salmonoids).

The value of Queensland’s forestry sector is estimated to be \$175m in 2013–14, representing approximately 10 per cent of Australia’s production.

Extreme weather events have been a major influencer on agriculture production over the past five years.

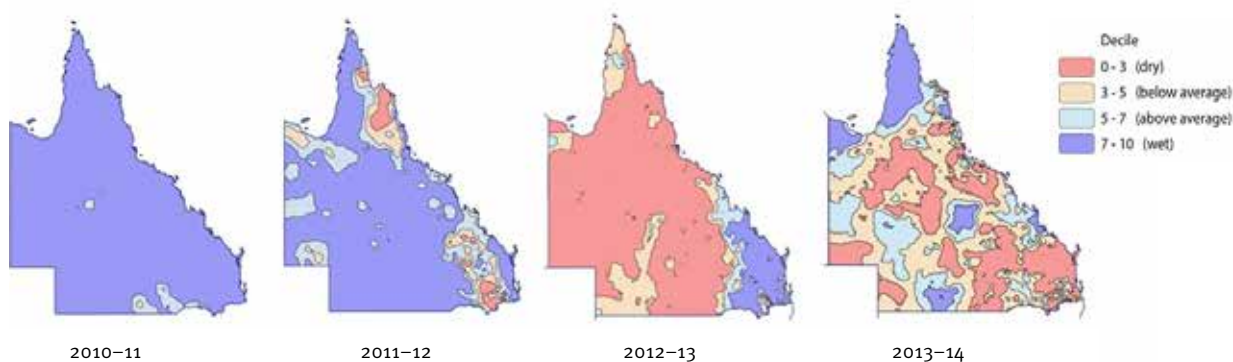


Figure 2: Rainfall patterns over Queensland for the past four summers (November–March)

Source: Department of Science, Information Technology, Innovation and the Arts

From state-wide flooding in 2010–11, the 2013–14 year saw up to 79 per cent of the land area of the state drought-declared. This is the most widespread drought ever recorded. The number of local government drought-declared areas reached 38 in April, with another four shires partially declared. There are 53 current Individually Droughted Property (IDP) declarations in a further nine local government areas.

The major industries most significantly affected by the drought since October 2013 are the winter and summer grain crops, and the beef industry. Record slaughter numbers in the beef industry across the state have helped to maintain the GVP at the October 2013 forecast levels despite falls in cattle prices. However, the net effect of the drought will be felt in GVP terms in the coming years as beef producers rebuild their breeding stock from much lower bases. Wool and milk production have also been affected by the drought.

Tropical Cyclone Ita also caused damage to agricultural production late in the year. Ita crossed the coast north of Cooktown as a Category 4 cyclone on 11 April 2014, was downgraded to a Category 1 system as it moved inland of Cairns, before tracking along the coast and eventually leaving Queensland waters near the Whitsundays on 14 April 2014.

Helping to offset the destruction caused by Tropical Cyclone Ita, the rain accompanying the cyclone assisted in relieving drought conditions and increasing production for some industries.

Direct impacts of Ita are estimated to be up to \$175m; far less than Tropical Cyclone Oswald in January 2013, which saw production and infrastructure losses for Queensland at around \$500m–\$600m.

The most notable impacts attributed to Ita were on banana and sugar cane producers, as well as some vegetable growers at Bowen. The Hope Vale banana plantation, a major initiative of that community, had only recently entered production. Ita destroyed most of the crop, with consequences for employment for most of the rest of the year. Banana production was also impacted in the Lakeland district of Cook Shire, with between 20 and 30 per cent losses, and some plantations in the Daintree and Kennedy areas also experiencing significant losses.

Around 90 per cent of cane farms in Ita’s path had some impacts, mainly through the cane being knocked over by the wind. Most of this cane subsequently stood up and, while it is expected that there will be impacts on some individual producers, the industry as a whole will not be significantly affected.

DAFF's contribution

The increasingly variable and challenging weather patterns have caused economic and community disruption. Our focus is on helping primary producers to become disaster and drought resilient by adopting effective risk-management strategies, production innovations and business practices designed to deal with these events. We also assist and support primary producers to accelerate recovery and minimise economic impact on production from these events.

Drought

In response to the widespread drought, in 2013–14 the Queensland Government announced a multi-agency drought assistance package worth more than \$31m to assist affected communities.

Drought forums were held across the state, and online and personal advice was provided to individuals about adapting farm and business practices, information on financial assistance, personal support services, and animal care and pasture management strategies.

An example of the extensive use of online technologies was demonstrated by the FutureBeef e-extension team. A dedicated drought page on the FutureBeef website (<http://futurebeef.com.au/topics/drought/>) provided 24/7 access to the latest drought information and management options. In 2013–14, the web page received almost 100 unique visits per week. FutureBeef's social media champions also helped to spread the drought-management message via Twitter, Facebook and the *FutureBeef eBulletin* (sent to nearly 3000 subscribers).



Monitoring animal welfare in drought conditions

The webinar *Decisions for drought affected producers* presented in February 2014 attracted over 260 registrations. The webinar focused on the current drought situation and decisions that producers need to be making. Attendees were also introduced to an interactive tool to help them better calculate the financial options of selling versus feeding stock. The webinar was posted on the FutureBeef website and received over 100 views in three months.

DAFF allocated over \$23m to the Drought Relief Assistance Scheme (DRAS) to cope with the rapid increase in the number of applications for freight and emergency water infrastructure assistance received. The total expenditure rose from \$0.036m in 2012–13 to \$23.951m in 2013–14.

The emergency water infrastructure rebate (EWIR) is a new scheme, under DRAS, introduced by the Queensland Government in May 2013 as part of the inter-governmental agreed drought reforms. It has been well received by producers struggling to provide water to drought-affected livestock. EWIR has subsequently been adopted by the New South Wales Government as the drought extended into that state. In February 2014 the federal government provided a top-up to the rebate of up to 25 per cent.

Table 2: Drought relief assistance

| | 2011–12 | 2012–13 | 2013–14 |
|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|-----------|
| DRAS applications received | 69 | 15 | 4706 |
| Total expenditure | \$0.479m | \$0.036m | \$23.951m |
| Percentage of applications for business assistance as a result of natural disaster or drought processed within 21 days of lodgement (90% target) | Not measured | Not measured | 44% |

DAFF aims to process 90 per cent of applications received for natural disaster or drought assistance within 21 days of lodgement. This has proved to be challenging, with the number of applications received and the additional assessment criteria of the new assistance measure. Short-term contractors were hired to assist with peak processing demand, and the application process was reviewed and simplified. As a result, 90 per cent of applications in May were processed within 21 days and 100 per cent in June. In 2014–15, DAFF has committed to upgrading its IT system to support the revised process.

Natural disasters—cyclone

DAFF supported producers impacted by the cyclone by enabling banana-growers to certify fruit from fallen trees, and providing freight subsidies and support to access Natural Disaster Relief and Recovery Arrangements (NDRAA) Category B assistance, administered by QRAA.

Fisheries production

A key election commitment was to undertake a \$9m voluntary buyback of commercial netting licences. The purpose of the scheme is to reduce the number of licences, and by doing this:

- improve recreational fishing
- improve the economic viability of commercial fishers
- reduce the impact of netting on species of conservation interest such as dugong
- minimise the community’s loss of access to local fish in stores and restaurants
- achieve positive environmental outcomes.

Two schemes have now been completed and a third will commence in the near future. The second scheme, undertaken in 2013–14, provided opportunities for an expanded range of symbols to be offered up by fishers. This buyback resulted in the purchase of 1 commercial fishing boat licence and 34 large mesh net netting symbols. Those symbols recorded in excess of 350 tonnes of catch over the past two years, indicating that this buyback has targeted active fishing licences.

Total delivery to date has removed 36 primary licences and 147 fishing symbols (including 69 large mesh netting authorities, the target of the buyback, and 78 other fishing authorities). The eligibility criteria for the third scheme are now finalised, and offers to participate in this scheme will soon be open.

Aquaculture

The *Great Sandy Regional Marine Aquaculture Plan (GSRMAP)* is the first regional marine aquaculture management plan to be developed for Queensland. The GSRMAP establishes guidelines and identifies suitable sites for sustainable, non-intensive marine aquaculture development. In 2013–14, two aquaculture investors successfully completed the allocation process following the expression of interest for 24 new aquaculture sites in the Great Sandy region, plus two previously approved marine aquaculture sites. Aquaculture operations will be able to commence on a total of eight sites after the proponents apply for the necessary approvals.

Performance indicator: Trend in export value of agricultural commodities

Queensland's agricultural producers currently service domestic markets as well as a number of international markets. Exports are worth approximately \$8.9b, which represents 60 per cent of the sector's output and 16 per cent of Queensland's overseas commodity exports. Interstate markets are worth approximately \$3.6b, or 25 per cent of the sector's output, with the remaining output sold in Queensland.

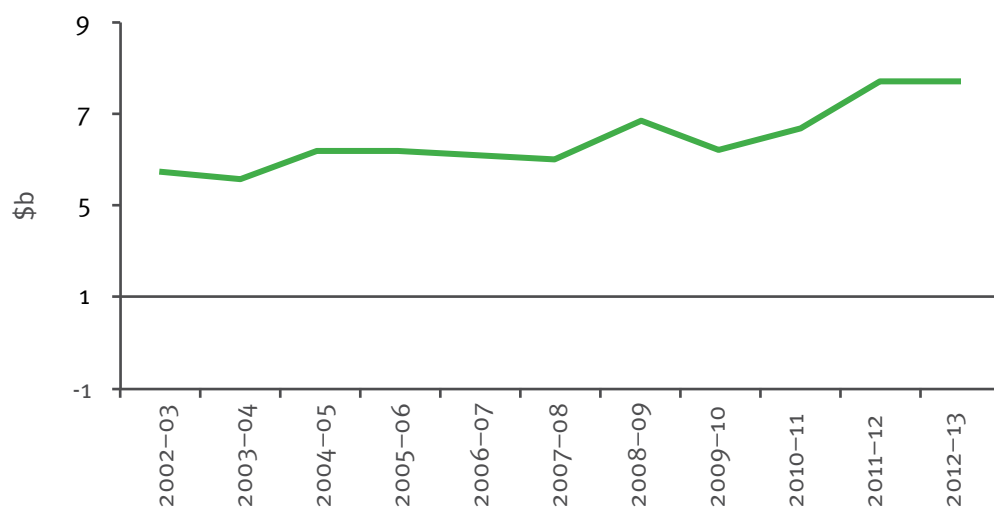


Figure 3: Value of Queensland agriculture exports

Source: DAFF

DAFF's contribution

The long-term growth prospects of our agriculture, fisheries and forestry industries depend on how well we are able to fine-tune our response to trends, such as rapidly increasing demand for higher value consumer products from Asia's growing economies, rebound from drought conditions, with improvement in the productivity and sustainability of our industries.

DAFF has worked collaboratively across government to build trade export markets by:

- developing new access and maintaining current market-access protocols
- working with Trade and Investment Queensland to improve access to international markets and helping agricultural business to internationalise
- identifying regulatory regimes critical to maintaining the integrity of Queensland products
- improving access to infrastructure, and transport and productivity across the supply chain.

The DAFF *Agricultural research, development and extension plan* prioritises research that optimises the supply chain to support growth into overseas markets. Examples of current research are described below.

Product quality

During 2013–14 DAFF researchers worked with six commercial mandarin suppliers and officers from Trade and Investment Queensland to overcome the problem of South-East Asia’s high humidity affecting the shelf life and appearance of Queensland mandarins by identifying better quality cartons and packaging techniques to protect the quality of the fruit.

The research found that a simple change from shellac-based waxes to carnauba-based coatings could overcome the off flavours mandarins develop as a result of the cool chain handling practices used when exporting to Asian markets. The use of carnauba coatings promises to significantly improve the flavour and quality, reduce weight loss and maintain the appearance of Queensland’s export mandarins.

Preliminary laboratory trials at Nambour evaluated the performance of four carton designs under simulated sea freight and tropical Asian market conditions. Trial recommendations were incorporated into a commercial sea freight trial, including these cartons.

Further, as a result of a promotional visit to Bangkok, orders for Queensland mandarins by Thai importers and Foodland supermarket chains increased by 50 per cent.

A new DAFF–Horticulture Australia Limited funded project will continue to monitor Asian consumer reactions to mandarin flavours.

Improved logistics

A \$2.6m research initiative was developed between the state government and the University of Southern Queensland to boost the region’s potential to tap into export markets. This research project has commenced analysing beef and horticultural supply chains to identify the most effective use of handling, storage, business facilities and efficiencies to maximise opportunities from the development of Wellcamp Airport, due to open later this year, and the Toowoomba bypass.

Performance indicator: Trend in agricultural land use

Table 3: Trend in Queensland Agricultural land use

| Queensland agricultural land use 2011–2013 | | | |
|--------------------------------------------|-------------------------------------|------------------------------------------------|----------------------------------------|
| Year | Land use for agriculture '000 ha | Proportion of land use for agriculture % | Change from previous 12 months % |
| 2011 | 139 835 | 81 | 8 |
| 2012 | 137 239 | 79 | –2 |
| 2013 | 129 548 | 75 | –6 |

Source: Agricultural Commodities, Australia (cat.no.7121.0)

Queensland has the highest proportion of land area in Australia dedicated to agriculture. Queensland is Australia's second largest state, covering more than 173m hectares of land. Almost 130m hectares, or 75 per cent of land in Queensland is used for agriculture.

Over the past three years, agricultural land use has been trending downwards, both nationally and in Queensland. Factors that may impact this include the pressure of an expanding resource sector, growing population, inefficient practices and increasing climate variability.

DAFF's contribution

The *Queensland agricultural land audit* (the audit) land use data captured in the table below varies slightly to the ABS collection but is more detailed, to enable analysis of a broad range of influencing factors. The table indicates the audit's assessment of current and potential land use for agricultural production.

Table 4: Current and potential land use

| Queensland land use ^(a) | Current land use | | Potential land use ^(b) | |
|-------------------------------------------------------------------------------|--------------------|-----------------------|-----------------------------------|-----------------------|
| | Area (ha) | Percentage of state % | Area (ha) | Percentage of state % |
| | Broadacre cropping | 3 547 778 | 2.06 | 10 921 561 |
| Sugar cane | 565 162 | 0.33 | 6 997 216 | 4.06 |
| Perennial horticulture | 87 829 | 0.05 | 12 827 225 | 7.45 |
| Annual horticulture | 47 166 | 0.03 | 21 848 591 | 12.68 |
| Grazing | 147 926 860 | 85.87 | 155 729 682 | 90.39 |
| Sown pastures | 16 041 166 | 9.31 | 15 627 696 | 9.07 |
| Intensive livestock | 37 856 | 0.02 | 26 930 082 | 15.63 |
| Aquaculture | 4 548 | 0.00 | 492 557 | 0.29 |
| Other land use (non-agricultural land uses, may include some forestry) | 20 060 748 | 11.64 | | |
| Total | 172 277 947 | 100.00 | | |

(a) Information contained in this table is based on Queensland Land Use Mapping Program (QLUMP) mapping from 1999, 2006 and 2009, which best represents the agricultural land-use categories used in the audit. Discrepancies that may exist between this data and other data is likely to relate to the different years in which the information was collected, base-area calculations and differences in the methodology of classifying grazing and residual native vegetation.

(b) Potential areas include where the majority of production currently occurs, as well as where production could potentially occur, except for sown pastures, for which the potential area is in addition to the current area.

Source: Queensland Agricultural Land Audit 2013, DAFF.

The audit is a key reference tool for agriculture development. It helps guide investments in the agriculture sector and informs decision-making to ensure the best use of our agricultural land in the future.

The audit highlighted that increased intensity of land use is more likely to play a role in increasing agricultural production rather than expansion in land use, especially considering that the viability of any expansion would depend on factors such as alternative land uses, and the availability of markets and other infrastructure.

In 2013–14 DAFF continued with the implementation of phase two of the audit, which provides a comprehensive overview of the status and extent of current and potential agricultural land in Queensland.

DAFF recently launched Web-based Agricultural Land Information (WALI), which allows users to create simple customised maps for easier visualisation of the audit results. The new web tool provides information on the location, land area and types of existing agriculture land, as well as new or upgradeable sites for future agricultural development.

Phase two projects delivered in 2013–14 focused on integrating the audit results into government and industry planning (including regional planning processes), investment attraction opportunities, research and development decisions, production efficiency and improvements, and the identification of areas for agricultural development.

Phase two audit projects delivered include:

- the release of a package of information for local government to assist with future statutory and non-statutory planning and industry development
- the publishing of audit information for potential investors to assist with identification of investment opportunities and due diligence assessments
- the production of an audit maintenance framework to ensure new information is included in the delivery of a report on channel irrigation schemes which outlines the implications for agricultural productivity of proposed local ownership and management arrangements

An independent evaluation of the audit will be conducted in 2014–15 to determine:

- the extent to which the audit has, or is likely to, assist stakeholders to identify land important to current and future agricultural production and the constraints to development
- the extent to which Audit information may contribute to increasing agricultural production.

An upgraded version of the spatial web-mapping tool will be delivered in 2014–15, which will include weather and disaster mapping. An analysis of socio-economic constraints will also be undertaken with the report to be released in 2014–15.

Performance indicator: Progress on the government target to reduce red tape and regulatory burden by 20% by 2018

In line with the government’s commitment to reduce red tape, the department is implementing its red-tape reduction plan. It is working towards a target of 17 per cent reduction in regulatory requirements in legislation and quasi-legislation by 2018.

Performance is slightly behind that expected to date, according to the Queensland Competition Authority’s interim update. The department shows an increase in requirements of 6.89 per cent as at 1 January 2014, meaning that DAFF’s target has risen to a 24 per cent reduction (approximately). This result is an interim update and does not show the cumulative change over the whole year.¹

¹ Interim update as of January 2014—published in April 2014. Final figures will be available on 31 October 2014.

This result is due in part to the delay in the passage of the new *Biosecurity Act*, which was passed in Parliament on 6 March 2014. The new Act reduces the number of pages of primary legislation by more than 20 per cent; in part, by simplifying, consolidating and removing some of the current permits required under existing biosecurity legislation, providing generic rather than specific biosecurity certificates, increasing the duration of authorisations to three years, and rationalising the number of different fees by over 50 per cent.

This Act does not come into effect until 2016, after the revision of its regulations.

The department is also working to reduce the red tape currently weighing down fisheries management. A Queensland Fisheries Regulatory Reform Project to remove provisions that are obsolete, impose unnecessary burden or cannot demonstrate public benefit, will continue until 2018. To date, a number of fisheries policy instruments have been reviewed, with a net reduction of around 565 requirements at June 2014, compared to the baseline at March 2012. The Queensland Fisheries Regulatory Reform Project has also identified numerous provisions considered to be duplicative, redundant or unenforceable. At this stage, it is anticipated that amendments to subordinate fisheries legislation, to remove a number of these provisions, will be made in the first half of 2015.

The complexity of these changes entails implementation over a number of years, so the significant reduction is not captured in the current report, but can be expected to be reflected gradually in future reports.

A major contributor to reducing red tape this year was the amendment of the *Animal Care and Protection Regulation 2012*. The regulation was amended in December 2013 to insert the new code of practice for transport of livestock. A number of individual codes of practice relating to the transportation of livestock were repealed.

Objective 2 Improve industry performance through innovation

Services:

- Agricultural research, development and extension (RD&E)
- Agriculture research infrastructure

Performance indicator: Level of innovation by agricultural businesses

In 2012–13, the Australian Bureau of Statistics (ABS)² estimated that 35 per cent of Australian agriculture, forestry and fishing businesses are engaged in innovation. Innovation relates to changes in goods or services, and changes in operational, organisational and managerial processes or marketing methods. This compares with 42 per cent of Australian businesses as a whole engaging in innovative activity. Queensland figures are not available in the ABS; however, the *Queensland Business Innovation Survey 2014 Report* found that 58 per cent of agriculture, forestry and fishing businesses in Queensland reported innovation activity in the three-year period preceding December 2013.

Both surveys concur that, compared with other industries, innovation in agriculture is more concentrated on acquiring machinery, equipment or technology (52% compared with the average for Australian businesses as a whole of 36%).

Internet use on farms has been expanding rapidly. In 2013, 90 per cent of Australian agricultural businesses had internet access, with 99 per cent identifying broadband as the main type of connection.

In 2012–13 fewer than 20 per cent of Agricultural businesses had an online presence, compared with 47 per cent of Australian businesses as a whole.

DAFF's contribution

During 2013–14, the Queensland Government invested close to \$59m in agriculture RD&E in Queensland. This was boosted by \$40m in external funding from Research and Development Corporations and other vital sources.

In 2013–14, our RD&E staff delivered nearly 400 structured programs and activities to help businesses build capacity, improve performance and/or access opportunities. Some 7500 business representatives participated in structured development activities. This year, 60 per cent of our research, development and extension service clients reported implementing new or improved practices, processes, systems, products and technologies after engaging with frontline activities. Improved business results after implementing new ideas, products or technologies were also reported by 60 per cent of our extension clients.

² ABS 81660: Summary of IT Use and Innovation in Australian Business, 2012–13.

Performance indicator: New varieties, products or technologies released and adopted

Table 5: New varieties, products or technologies released and adopted

| Measure | 2013–14 target | 2011–12 | 2012–13 | 2013–14 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------|---------------|---------|
| Improved varieties, cultivars and commercial parent lines developed | 60 | 18 | 19 | 60 |
| Innovative technologies delivered through revolutionary research and development | 6 | 9 | 9 | 5 |
| Improved production efficiency system, standards and tools delivered | 56 | 55 | 64 | 58 |
| Client businesses implementing new or improved practices, processes, systems, products and technologies as a result of funded innovation and capacity development activities. | 60% | 60% | 54% | 60% |
| Proportion of assisted firms reporting improved performance following funded innovation and capacity development activities | 60% | 60% | 54% | 60% |
| Percentage of cane growers and graziers who have increased best management practice knowledge and skills through participation in government funded programs | 20% | Not available | Not available | 40%* |

* Grazier survey was delayed due to widespread drought conditions. This result reflects canegrowers only.

The adoption of agricultural innovation requires a combination of economic stability and RD&E investment that must be maintained over the long term. Economic and weather conditions over the past five years have challenged producers to sustain innovative improvements. Extension is particularly important to drive the design of relevant RD&E and the adoption of new ideas, products and technologies.

The department is partnering with universities, private providers and government agencies across Australia to keep our primary industries at the forefront of advances in agricultural practice and technology. This integrated network brings together the best agricultural science expertise, with industry and agri-business to make sure new science is translated into real productivity improvements for Queensland's agricultural industry.

DAFF RD&E focuses on Queensland's areas of competitive advantage, particularly in the areas of beef production, sugarcane, tropical forest plantations, summer cereal grains, tropical aquaculture and tropical and subtropical horticulture. Some key examples are explained below.

Drought-tolerant crops

Sorghum is a staple food crop for millions of people in the semi-arid tropics. Queensland's sorghum industry supports our vital intensive livestock industries and adds about \$600m to the state's economy. Led from the Hermitage Research Facility near Warwick, this research is a joint effort with the Grains Research Development Corporation, seed companies (e.g. Pacific Seeds and Pioneer), the Australian Research Council, the Bill and Melinda Gates Foundation, the Queensland Alliance for Agriculture and Food Innovation, and the Queensland Government.

This research has seen sorghum yield increase; reduced spraying to control sorghum midge with fewer chemicals entering the environment; and advances in breeding techniques, physiology and bioinformatics. Last year, researchers sequenced the complete genomes of 44 diverse sorghum lines to further accelerate the program and provide an invaluable global resource for future sorghum research and development.

Local industry and international interest in drought-tolerant crops is high. A visit by lead scientists from Sudan, Burkina Faso and Kenya as part of our commitment to a major Bill and Melinda Gates Foundation project supported the sharing of data, technologies and genetic materials vital to global food security.

Leading innovation through tropical and sub-tropical research and development

The small tree–high productivity initiative is a significant horticulture research project aimed at boosting production from fruit and nut trees. With smaller trees easier and quicker to harvest, researchers are looking at ways to keep trees small for optimised harvesting, improve yield per hectare and lower production costs for farmers.

The small tree–high productivity research and development project, which began in 2012–13, received a boost from Horticulture Australia Ltd with \$3m in funding over the next three years. The funding is in addition to the state government’s contribution of \$800 000 over four years.

Additionally, the department appointed ten new frontline agriculture staff, three of whom will work on the small tree project. In particular, they will focus on dwarfing rootstocks, pruning techniques, tree architecture and traditional breeding, helped by the latest molecular technology.

Land management improves productivity and reef water quality

During 2013–14, DAFF supported industry-led best management practice (BMP) programs in Great Barrier Reef (GBR) catchments. These extension activities helped to improve water quality leaving farms in the GBR by increasing the adoption of land management practices that reduce the run-off of nutrients, pesticides and sediments from agricultural land.

As the key support agency, DAFF assisted cane-growers to develop and implement the Smartcane BMP project, which was launched in December 2013. A team of cane extension officers in key cane-growing districts (wet tropics, Burdekin, Mackay, the Whitsundays and Bundaberg regions) delivered programs focused on reducing nutrient and pesticide use and losses to waterways in the region.

Annual survey results for the cane industry indicate that 96 per cent of cane-grower participants in DAFF-funded programs have increased their knowledge and skills in BMP, with 40 per cent of participants reporting that they had made a change in practice as a result of the knowledge gained from DAFF extension activities.

In 2013 DAFF cane extension staff developed the dual herbicide sprayer—a relatively cheap sprayer that not only reduces the amount of residual herbicides used in cane growing, but also saves time and money.

DAFF grazing extension staff worked with AgForce and regional Natural Resource Management groups to promote grazing business participation in the Grazing BMP in the Burdekin Reef catchments. They engaged over 500 growers via trials and demonstrations, and facilitated 25 workshops and field events to assist graziers to implement the changes to their businesses. Events covered improved production system management, including nitrogen and herbicide efficiency. The Grazing BMP Partnership won the Rural Award at the 2014 Premier's Sustainability Award 2014.

Banana BMP training has also been delivered to growers and will continue over three years. The banana BMP includes ten modules that go beyond water quality practices and include topics such as biodiversity and energy efficiency.

DAFF horticulture staff, in partnership with the Australian banana industry, developed the national Banana BMP Environmental Guidelines, launched in May 2013. The guidelines have been designed to enable banana-growers to assess and manage their environmental performance through an easy to use online system, supported by a library of resource materials and a hard copy guide. Since its launch, the tool has already been used by over 20 per cent of the banana industry and is reported as delivering the easiest environmental audit ever. Uptake will increase as the rollout of the follow-on program that started in late 2013 trains more growers in its use and adoption.

E-extension

The Future Beef and macSmart websites are models for e-extension which partner with industry.

The FutureBeef Program (www.futurebeef.com.au) is a partnership between governments and the Meat and Livestock Association under the Committee of Northern Australia Agriculture Ministers. Providing over 430 pages of quality content plus 108 videos, the website is a one-stop shop for northern beef producers. In 2013–14 the website received 87 109 visits, and videos received over 8400 views. Nine beef production webinars were attended by over 1050 participants, with an additional 1553 watching the recorded presentations.

A key feature of the macSmart site (www.macsmart.com.au) is the use of short video stories to enable growers, researchers and consultants to demonstrate and share information about better farm management practices and results. Seventeen were published in 2013–14, bringing the total to 59, with several more planned for 2014–15. The latest videos cover three major areas:

- analysing the practices of managers of the top 20 growers within the Australian macadamia industry's most productive farms to assist with farm benchmarking
- investigating innovations to improve farm efficiency
- distilling important recommendations from research results.

The macSmart team activities are undertaken in collaboration with research staff, growers and other technical specialists from New South Wales and the Australian Macadamia Society.

Performance indicator: Royalty returns from departmental research and development

DAFF achieved a 4 per cent return on its R&D investment through royalty returns. This is slightly lower than last year's result of 4.98 per cent, but in line with expectations.

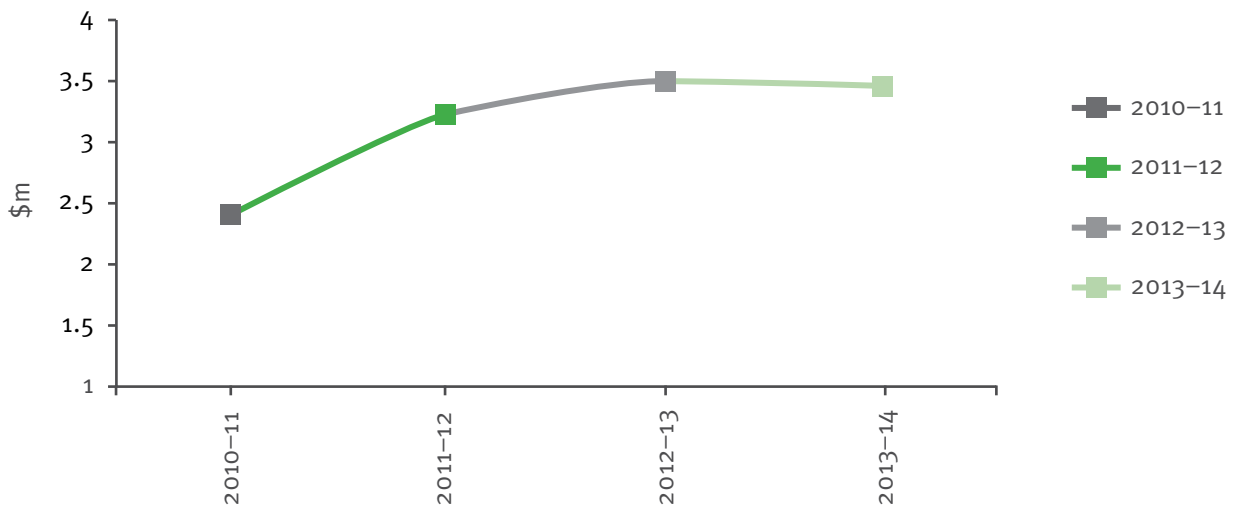


Figure 4: Intellectual property revenue graph

Source: DAFF RD&E expenditure and revenue

The review of research and investment priorities has sharpened our future investment focus as outlined in the *DAFF Research, Development and Extension Plan* released in November 2013.

Future funding for Queensland agricultural RD&E will continue to target areas providing clear benefits for industry and stimulating economic growth. Leveraging capability and capacity through effective partnerships, collaborations and outsourcing will also provide flexibility in approaches to accessing cost-effective and targeted RD&E.

Objective 3 Manage biosecurity risks

Services:

- Animal and plant health
- Pest management

Performance indicator: Risk-management systems assessed as the nation's most prepared for foot and mouth disease

As part of *Queensland's Agriculture Strategy: a 2040 vision to double agricultural production*, the Minister committed to making Queensland the most prepared state in Australia to respond to threats such as foot and mouth disease (FMD).

FMD is the single greatest threat of any disease to Australia's livestock industries, with an outbreak causing devastating financial and social impacts. Financial modelling estimates an outbreak of FMD in Queensland would cost the agriculture industry an estimated \$5.9b, with a multi-state event costing the industry up to \$52b. This includes the cost of long-term international livestock and livestock product trade restrictions.

The FMD Preparedness Project was initiated to deliver on this ministerial commitment. A budget allocation of \$2.5m was allocated over three years, with key activities for 2013–14 being:

- completion of the baseline capability and capacity report following extensive engagement with internal staff, relevant government agencies and industry sectors. The report highlights areas for improved FMD preparedness in Queensland which the FMD preparedness program will address.
- National Exercise Odysseus activities (Queensland component)—the exercise aims to enhance national and state preparedness for and implementation of a national livestock standstill in response to an outbreak of FMD. Industry and government stakeholders have been significant contributors to the five activities completed in Queensland during 2013–14.

Performance indicator: Significant biosecurity response programs deliver nationally agreed outcomes on time and on budget

Biosecurity Queensland continued to maintain 100 per cent of significant response programs on track to deliver nationally agreed outcomes (on time and on budget). In 2013–14, there were three new significant response programs:

- four tropical weeds
- red witchweed (although not yet nationally cost shared)
- confirmed detection of a new incursion of red imported fire ant (*Solenopsis invicta Burens*) at Yarwun, near Gladstone, in central Queensland.

During 2013–14, the eradication of exotic fruit flies in the Torres Straits was conducted and the eradication of cocoa pod borer in north Queensland finalised. Both programs were delivered within budget and within expected timeframes.

Biosecurity Queensland also participated in the Consultative Committee on Emergency Plant Pests that considers the course of action to be taken on potential emergency plant pests reported across the nation. Most significant to Queensland was banana freckle, which was found in the Northern Territory. Queensland supported funding for a nationally cost-shared eradication program, and provided technical and operational support to the Northern Territory response.

The National Red Imported Fire Ant Eradication Program continues to focus on containment and suppression of red imported fire ant in South East Queensland, while developing and using remote-sensing technology as the primary tool to delimit the extent of the infestation by June 2015.



Recording fire ant activity

The National Red Imported Fire Ant Eradication Program has also commenced implementation of a nationally cost-shared eradication program for a new incursion of the red imported fire ant detected at Yarwun in central Queensland in December 2013. The response plan developed for eradication of the Yarwun incursion is the first to be approved for cost-sharing under the National Environmental Biosecurity Response Agreement. The plan outlines a two and a half year eradication program with an approved indicative budget of \$3.295m. The target date for declaration of eradication of this incursion is September 2016.

The National Electric Ant Eradication Program has continued surveillance, treatment and containment activities in far north Queensland to identify, treat and clear electric ant infestations, while preventing further spread. The program currently remains on track.

During 2013–14, the Animal Biosecurity and Welfare Program managed several significant biosecurity responses within nationally agreed programs, including:

- bovine Johne's disease (BJD)—the response to the Qld 2012 major incident continued, with the number of properties under quarantine reduced from the original 170 to 32 at end of June 2014. A new major incident (Qld 2013) was commenced after detection of BJD on a commercial beef property as part of the traceforward investigations—of 82 properties investigated, 17 properties remain in quarantine at the end of June 2014. Another 16 Queensland properties are currently under quarantine due to 8 independent minor BJD incidents unrelated to the Qld 2012 and Qld 2013 incidents.
- Hendra virus incidents—three Hendra virus incidents in Gold Coast, Bundaberg and Beenleigh locations were managed during 2013–14. All incidents involved one infected horse and there was no transmission to other animals. None of the infected horses had been vaccinated.

Performance indicator: Market access maintained or opened by negotiation, certification or added surveillance

Plants

Provision of market access services has facilitated trade to all Australian markets for a wide range of products with a focus on horticultural crops. During the year, 1504 certificates of accreditation were given and 764 audits were conducted, in addition to plant health inspection activities.

Certification and accreditation provides for quarantine-sensitive products to access markets throughout the country. Specific initiatives included:

- working with the nursery industry and Victoria on a trial of an industry-operated market access scheme—Biosecure Hazard Analysis Critical Control Point (HACCP)
- negotiating new market access arrangement for capsicums, chilli and eggplants to Tasmania
- overcoming specific issues to maintain specialist glasshouse figs to South Australia and hay to New South Wales from fire ant areas.

DAFF Research completed a new market access protocol for nectarines, suited to both domestic and export trade, and data was provided to the federal government for bilateral negotiation with China and other markets.

The new methyl bromide protocol, with a treatment dose of 19g/m³ at 20°C for 5.5 hours, is efficacious against Queensland fruit fly in nectarine and delivers better quality fruit than previous treatments. It also provides an alternative to irradiation for growers and markets who do not yet accept this treatment option.

The treatment has already been discussed by the stone fruit industry and Chinese government officials, as stone fruit is now the highest priority commodity for new market access to China. The industry is hopeful that the market will be significant, as Australia produces in the Chinese off-season and plans are underway for export in the coming season, using the new protocol. High expectations are that the protocol will be approved in time.

Thailand's concern regarding fruit fly pests in avocado was the focus of cold treatment trials in Shepard avocados. The results were presented to Thai quarantine authorities at a bilateral meeting in Brisbane in September 2013. Thailand is still considering the results but it is expected a new market access protocol will be accepted.

Animals

The Animal Biosecurity and Welfare program supports export market access through key activity areas under the national Transmissible Spongiform Encephalopathy (TSE) Freedom Assurance Program. Australia is free of TSE (including mad cow disease and scrapie in sheep) and has been designated a ‘negligible risk’ status (the lowest risk) by the World Organization for Animal Health (OIE). The program activities contribute to maintaining this favourable status.

In 2013–14, Queensland delivered on its national commitments to the TSE Surveillance Program with 115 cattle and 8 sheep submitted for laboratory exclusion of TSEs. The Ruminant Feed Ban Compliance Scheme undertook with 117 inspections of renderers, manufacturers, retailers and end-users of ruminant feed.

The program also oversees the administration of the National Livestock Identification System (NLIS)—Australia’s system for the identification and tracking of livestock. Livestock traceability is an important issue for the purposes of disease control, product integrity issues and market access. The ability to undertake accurate and fast traceability of livestock is a critical factor in disease response preparedness and supports a prompt response, effectively reducing the time and scale of impact on producers, the economy and community.

Objective 4 Ensure sustainable use of fisheries resources

Services:

- Fisheries licensing, monitoring and assessment
- Fisheries compliance and education

Performance indicator: Queensland fish species assessed as being sustainably fished

Table 6: Queensland fish species assessed as being sustainably fished

| Measure | Target | 2011–12 | 2012–13 | 2013–14 |
|--------------------------------------------------------------------------------|--------|---------|---------|---------|
| Percentage of key Queensland fish stocks assessed as being sustainably fished* | 75% | 58.33% | 75.6% | NA% |

* 2013–14 result will be made available on completion of the national stock status report

To ensure sustainable fisheries resources, DAFF licensed and monitored:

- 1437 commercial fishers taking more than 20 113 tonnes of wild caught fish, prawns, crabs and scallops
- 333 harvest fisheries licence-holders in Queensland
- 126 producing aquaculture farms
- Over 700 000 recreational fishers.

Stock status assessments are conducted annually to determine the status of key fish species in Queensland. These assessments combine catch, effort and biological data to assign a stock status to each species, using a weight of evidence approach against clearly defined criteria.

The last assessment reported in 2012–13 saw 41 stocks out of 75 formally assessed. Of these, 31 were assessed as sustainably fished (of which three were identified as not fully utilised) and 9 were uncertain. There are no specific concerns for the remaining 34 stocks.

In 2013, the Queensland Government joined other jurisdictions in moving to agreed national protocols for the stock status assessment process. This has meant that this year's assessment will be made as part of the national stock status assessment and, due to the revised methodology, may not be directly comparable with the previous two years' result.

This assessment is being coordinated by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABRES) with the assistance of an experienced advisory group, including delegates from Queensland.

The advisory group agreed on all the elements of a national stock status framework, including the species to be assessed, status categories, data requirements and criteria for the assessments. Where species are harvested in more than one jurisdiction, information and data are being shared to provide a more comprehensive description of the stock status.

The national stock status assessment process will culminate in production of a report, due to be available in December 2014. This report will be used to report on the sustainability Queensland fish species, and the result made available on the department's website.

Following the release of the national stock status report in 2014, the process will be evaluated to determine the value of continuing this approach into the future.

Fisheries Queensland has developed a range of tools to monitor and manage the sustainability and impact of fisheries activities on fish stocks and the broader ecosystems. This includes:

- restocking freshwater dams from revenue raised by the Stocked Impoundment Permit Scheme
- repeating recreational fishing surveys on a regular basis to understand the impact of recreational fishing
- buying back commercial net fishing licences to reduce the pressure of commercial fishing activity
- approving development applications which have an impact on fish habitats.

Performance indicator: Queensland fisheries accredited for export

Table 7: Queensland fisheries accredited for export

| Measure | Target | 2011–12 | 2012–13 | 2013–14 |
|--------------------------------------------|--------|---------|---------|---------|
| Queensland fisheries accredited for export | 19 | 21 | 19** | 19 |

** In 2012–13 the Coral Reef Fin Fish and Deepwater Fin Fish fisheries were combined under a single accreditation and the Rocky Reef Fin Fish fishery was not reaccredited due to no export from that fishery.

Fisheries export accreditations are granted by the Australian Government Department of Sustainability, Environment, Water, Population and Communities, and are based on independent assessment of how well DAFF manages the sustainability of the nominated Queensland fisheries.

In the past year, there were no changes to the number of export approvals granted for Queensland fisheries, with 19 Queensland fisheries accredited as being sustainably managed under the *Environment Protection and Biodiversity Conservation Act 1999* (Cwlth) (EPBC Act).

In March this year DAFF commenced a wide-ranging review of fisheries management in Queensland. Steps will be taken to ensure the broader management review does not impact on the Commonwealth’s export accreditation of various Queensland’s commercial fisheries.

Performance indicator: Compliance with laws by commercial and recreational fishers

Table 8: Compliance with laws by commercial and recreational fishers

| Measure | Target | 2011–12 | 2012–13 | 2013–14 |
|----------------------------------------------------------------------|--------|---------|---------|---------|
| Percentage of units inspected that are compliant with fisheries laws | 93% | 95% | 93% | 93% |
| Number of patrol hours by Queensland Boating and Fisheries Patrol | | 49 000 | 48 779 | 47 000 |

The Queensland Boating and Fisheries Patrol (QBFP) is Fisheries’ compliance arm. Queensland has over 7000 kilometres of coastline, many thousands of kilometres of rivers and streams, and hundreds of freshwater impoundments where fishing occurs. The patrol currently has 84 authorised officers stationed throughout the state.



Checking compliance with fisheries laws

With the introduction of quota and vessel monitoring systems, there has been a trend towards shore-based compliance in recent years. Getting the balance right between shore-based compliance activity and the community's expectation that patrol officers are visible and on the water is difficult. The fisheries compliance rate for 2013–14 remains comparable to previous years at 93 per cent. To ensure that balance, QBFP's priorities are focused on:

Effective program of education and awareness to encourage voluntary compliance:

- Education and advice is available through brochures, guidebooks, signage, beach patrols, and social networking sites such as Facebook, YouTube and Twitter.
- Social media campaigns have been highly successful—over the past 6 months, 369 posts reached a total audience of over 536 000 people and generated almost 3500 comments and over 9500 likes on Facebook.

Targeting patrols to high-risk areas:

- Concentrating patrols on waterways that have a higher risk of illegal fishing activity
- Encouraging community reporting via 1800 illegal fishing and 1800 Shark Watch 24-hour hotlines and web-based group messaging service
- Investigating suspected illegal fishing activity reported by the community to the 24-hour toll-free Fishwatch hotline (1800 017 116)—655 calls were received in 2013–14 by the hotline.

Extending reach through collaboration:

- Maximising opportunities through cross-decking for patrol activities and fee-for-service arrangements with other on-water agencies such as Queensland Parks and Wildlife, Queensland Police and the Great Barrier Reef Marine Park Authority.
- The patrol's vessel replacement program continues to ensure its fleet remains both modern and efficient, with six vessels replaced during 2013–14.

Objective 5 Maximise the financial return from state-owned forests

Services:

- Commercial management of state-owned forest and related resources

Performance indicator: Financial returns from sales aligned with business forecast

Table 9: Financial returns from sales aligned with business forecast

| Measure | 2013-14 target | 2011-12 | 2012-13 | 2013-14 |
|------------------------------------------------------------------------------------------------|----------------|---------|---------|---------|
| Total of forest product sales, quantities per total forest product full-time equivalent (FTE): | | | | |
| Native forest timber (m ³ /FTE) | 2530 | 2297 | 2600 | 3000 |
| Quarry material (m ³ /FTE) | 63 220 | 64 585 | 69 340 | 66 950 |

The department manages the sale of state-owned native forest log timber, quarry materials and other forest products on a commercial basis under the *Forestry Act 1959*. Queensland's regionally based timber-processing industry sources 40 per cent of its native forest log timber requirements from forest production operations that the department oversees on state forests, timber reserves and state leasehold land. The department's quarry material sales are the source of some 16 per cent of the quarry materials used in Queensland each year and play a key role in supporting infrastructure, mining, industry and commercial development across the state.

The measure shown in Table 9 is the department's efficiency measure for this aspect of its business. The measure specifies the total of forest product sales quantities per forest product full-time equivalent (FTE). For 2013-14, the department's native forest timber sales in cubic metres per FTE and its quarry material sales per FTE were 19 per cent and 6 per cent respectively, better than target due to higher than expected timber and quarry removals, as well as effective control of staffing numbers.

In 2013-14, the department continued to meet strong industry demand for native forest log timber products such as sawlog, poles, girders and landscaping timber, selling 253 000 cubic metres of log timber up 13 per cent on the previous year. Industry demand for native forest log timber in 2014-15 is expected to remain strong, with the department expecting sales of 225 000 cubic metres.

The department sold 5.64m cubic metres of quarry materials in 2013-14, which is down 6 per cent on the previous year's record sales. Over recent years, demand for quarry materials has been buoyed by the very high levels of mining-related investment, particularly in and around the Bowen Basin.

Sales of state-owned quarry materials in 2014-15 are expected to be 4.5m cubic metres, down significantly on 2013-14. Decreased market demand is expected, as the private sector continues to reduce mining-related investment from the previously very high levels.

Performance indicator: **The Australian forestry standard (AS4708) certification maintained**

The department's forest management system for the commercial harvest and sale of native forest products is certified to the *Australian Forestry Standard AS4708-2007*. This provides the necessary foundation for Queensland's timber processing and manufacturing industries to demonstrate that their products originate from sustainably managed forests.

The department's log timber processing companies may seek timber 'chain-of-custody' certification under *Australian Standard AS4707-2006*, enabling them to label and promote their timber products as coming from certified forests, and thus tap into the growing demand for certified timber.

In November 2013, an independent surveillance audit of the department's forest management system determined that forest operations are being conducted in a manner consistent with the requirements of AS4708-2007.

The standard was updated in August 2013 and the department is implementing a transition plan to ensure that its forest management system meets the *Australian Forestry Standard AS4708-2013*. The department will seek certification to the revised standard in early 2015.

Performance indicator: **Compliance with the state forest plantation licence**

HQPlantations Pty Ltd continued its compliance with requirements of the state plantation licence during the year and worked in collaboration with the department to address a range of forest management and public access requirements.

The department oversees compliance by HQPlantations Pty Ltd with the conditions of a 99-year plantation licence held by the company over about 300 000 hectares of state plantation forests. Under licence arrangements, HQPlantations Pty Ltd owns the plantation trees but the underlying land is retained in state ownership as state forest tenure.

HQPlantations Pty Ltd uses state plantation forests to produce a sustainable harvest of around two million cubic metres of log timber per annum. This represents about 80 per cent of Queensland's domestic log timber supply, underpinning a \$3.8b forest and timber industry.

Corporate objective: strengthen capability

Performance indicator: Customer satisfaction

Table 10: Customer satisfaction

| Measure | Target % | 2011–12 % | 2012–13 % | 2013–14 % |
|-------------------------------------------------------------------------------|----------|-----------|-----------|-----------|
| Customer enquiries resolved at first point of contact (Industry standard 80%) | 80 | 83.9 | 82.60 | 82.48 |
| Grade of service (Industry standard 80% in 20 seconds) | 80 | 77.96 | 89.03 | 90.53 |
| Abandonment (Industry standard 4%) | 5 | 3.34 | 2.42 | 2.14 |

The Customer Service Centre handled 80 827 DAFF customer enquiries (phone calls, web posts and emails) in 2013–14, up by 3.61 per cent on 2012–13 (78 015 transactions). Customer enquiry volumes are impacted by biosecurity incidents, natural disasters and emergencies.

Resolution of enquiries at our first point of contact, the Customer Service Centre, consistently exceeds the industry standard of 80 per cent, with 82.48 per cent achieved for 2013–14.

While a significant proportion of our business is still supported by the phone, the department has made considerable investment in expanding our service delivery channels to embrace social media, online transactions and e-services. During 2013–14, DAFF worked with other departments to streamline client services through the One-Stop Shop. This one-window approach improves the customer experience by providing routine transactions and information online. Other initiatives during 2013–14 to improve the customer experience included the development of:

- the *Stocktake Plus App*, a grazier decision-support tool that allows the user to monitor land condition, stock numbers and rainfall
- the *Agricultural Values Assessment*, an online tool providing custom maps of agricultural land classifications, important agricultural areas and infrastructure
- the *Queensland Recreational Fishing App*, which provides up-to-date information on recreational fishing rules and regulations, as well as mapping, tide and weather information.

Our involvement in the government’s One-Stop Shop regional and rural counter service delivery pilot in the Scenic Rim and Lockyer Valley has helped inform the future delivery of integrated services across government.

DAFF appointed ten new frontline agriculture staff to ensure the state’s rural industries continue to grow and help supercharge the Queensland economy. New positions include:

- Industry Development Officers in Applethorpe and the Lockyer
- Graduates in Toowoomba and Rockhampton
- Senior Industry Development Officer in Bowen
- Agronomists in Goondiwindi and Emerald
- Technical Officer and Horticulturalist in Bundaberg
- Technical Officer in Mareeba.

This builds on the 2012–13 appointment of 15 new staff, focused mainly on biosecurity.

Performance indicators: Departmental human resource indicators compared to public sector benchmarks

Table 11: Departmental human resource indicators compared to public sector benchmarks

| Measure | Target | 2011–12 | 2012–13 | 2013–14 |
|-------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|
| Proportion of stakeholders who have a high level of satisfaction with consultative and engagement processes | 80% | 70–83% | 75–90% | 100% |
| Workforce indicators equal to or exceed the public service benchmarks | Based on service average | <p>Sick leave at end of June 2014 was 2.8%, which is below the public service average of 3%.</p> <p>85% (averaged across the department) of performance development agreements are established, regularly reviewed and assessed.</p> <p>100% of SES officers have their performance development agreements reviewed and assessed in line with the Public Service Commission timelines.</p> | | |

Performance indicators: Budget and service performance standards met

Table 12: Budget and service performance standards met

| Measure | Status |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Balanced budget | DAFF recorded a balanced budget for the 2013–14 financial year. The department’s operating result as at 30 June 2014, excluding the financial impact of net gains/losses from property and land disposals of \$1.7M, is a \$0.146 surplus. For details see page 41, Financial overview. |
| Service standards | <p>In 2013–14, 10 of the 13 standards met or exceeded targeted performance levels. 1 standard was below target due to the impact of drought and the high number of applications received for business assistance. The service standard regarding the assessment of fish stocks is expected to be available in December 2014.</p> <p>Service Standards have been highlighted throughout this report. DAFF’s suite of service standards and results for 2013–14 can be found in appendix 3.</p> |

Financial overview

This financial overview provides a summary of the Department of Agriculture, Fisheries and Forestry's (DAFF's) financial performance and position for controlled and administered activities, and comments on significant movements for the period 1 July 2013 to 30 June 2014.

2013–14 statement of assurance

In accordance with the *Financial Accountability Act 2009*, the Chief Finance Officer has provided the Director-General with a statement that the department's financial internal controls are operating efficiently, effectively and economically. The department actively manages its financial risks and liabilities. The department is financially well positioned to meet its objectives as described in the 2013–17 *Strategic plan*.

For a more comprehensive set of financial statements covering all aspects of the department's activities, see the Financial statements section of this annual report.

The remainder of the financial overview provides more detail on items that make up these statements and the changes that occurred during the reporting period, which impacted on DAFF's financial outcomes.

Summary of DAFF's financial statements (Controlled funds) for the period 1 July 2013 to 30 June 2014

| Statement of comprehensive income | 2013–14 Budget \$m | 2013–14 Actual \$m |
|--------------------------------------|--------------------------|--------------------------|
| Total income | 403.1 | 432.0 |
| Less: Total expenses | 403.1 | 433.4 |
| Operating result for the year | (0.0) | (1.4) |

The operating result for the year was largely due to an expense relating to a loss on sale of a former departmental research site.

| Statement of changes in equity | 2013–14 budget \$m | 2013–14 actual \$m |
|----------------------------------------------------|--------------------------|--------------------------|
| Balance of equity at 1 July 2014 | 434.6 | 409.4 |
| Asset revaluation surplus/ (deficit) | 14.9 | (2.1) |
| Transfers/ MoG adjustments | .. | 0.4 |
| Transactions with owners | .. | (7.6) |
| Operating result for the year | (0.4) | (1.4) |
| Total change in equity | (14.5) | (10.8) |
| Total equity at end of the reporting period | 449.1 | 398.5 |

The decrease in equity at the end of the reporting period is largely due to the return of asset sales proceeds to the consolidated fund and the indexation of assets not occurring as planned, as actual indexation was not material.

| Statement of cash flows | 2013–14 budget \$m | 2013–14 actual \$m |
|-------------------------------------------|--------------------------|--------------------------|
| Balance of cash at 1 July 2013 | (2.5) | (7.9) |
| Operating activities | 53.4 | 53.0 |
| Investing activities | (12.4) | (0.07) |
| Financing activities | (7.6) | (7.6) |
| Net increase/decrease in cash held | 33.4 | 45.3 |
| Cash at end of reporting period | 30.9 | 37.4 |

The increase in cash largely reflects sales proceeds and recovery of payroll payments made on behalf of former DEEDI agencies in the previous financial year.

| Statement of financial position | 2013–14 budget \$m | 2013–14 actual \$m |
|------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Current assets (including cash balances) | 70.0 | 94.1 |
| Non-current assets (including property, plant and equipment and biological assets) | 436.1 | 370.9 |
| Total assets | 506.1 | 465.0 |
| Current liabilities | 34.0 | 44.2 |
| Non-current liabilities | 23.0 | 22.3 |
| Total liabilities | 57.0 | 66.5 |
| Net assets | 449.1 | 398.5 |
| Contributed equity | 434.6 | 409.5 |
| Retained surpluses/(deficits) | (0.4) | (11.0) |
| Reserves | 14.9 | 0.0 |
| Total equity | 449.1 | 398.5 |

The decrease in net assets is largely due to asset sales, the indexation of assets not occurring as planned, as actual indexation was not material, asset impairments and higher than expected trade creditors at 30 June 2014.

Controlled funds

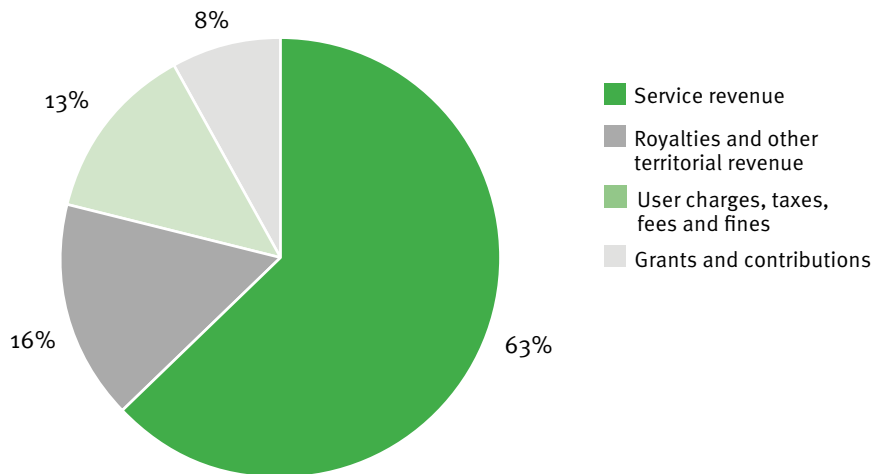
Operating result

The operating deficit was largely due to a one-off expense relating to a loss on sale of a former departmental research site.

Income—where the dollars came from

Total operating revenues were \$432.0m. DAFF operates primarily through funding provided as service revenue (\$271.3m or 63%) by Parliament. Other major revenue sources consist of user charges for goods and services (including National Cost Shared revenues for biosecurity pest and disease programs from other States and Territories and the provision of services to other government agencies through the Business and Corporate Partnership arrangements) (\$67.8m or 16%), grants and contributions (including income received for Research and Development projects from external funding bodies) (\$57.0m or 13%) and other income (including royalty revenues on forest products removed from Crown lands) (\$35.8m or 8%).

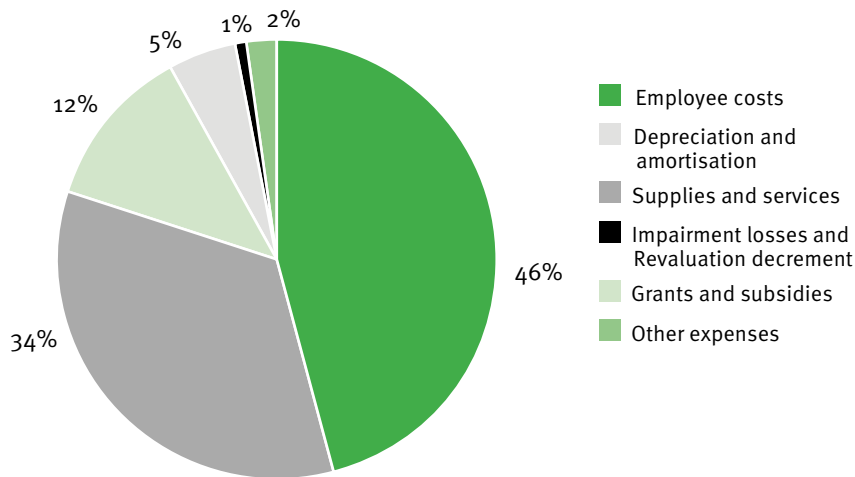
Operating revenues, 1 July 2013 to 30 June 2014



Expenses—where the dollars were spent

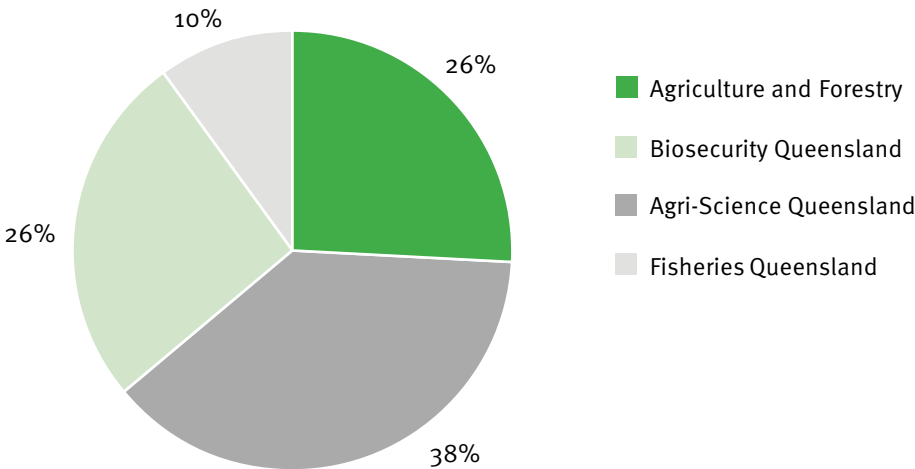
Total operating expenses were \$433.4m. The primary expenses are employee costs (\$200.3m or 46%), supplies and services (\$149.2m or 34%), grants and subsidies payments (\$52.5m or 12%), and the depreciation and amortisation of assets (\$21.3m or 5%).

Operating expenses, 1 July 2013 to 30 June 2014



The graph below provides a breakdown of operating expenses into the four core service delivery areas of the department: Agri-Science Queensland (\$150.4m or 38%), Agriculture and Forestry (\$103.1m or 26%), Biosecurity Queensland (\$99.5m or 26%) and Fisheries Queensland (\$38.7m or 10%).

Operating expenses by service areas, 1 July 2013 to 30 June 2014



Equity—what we are worth

Equity represents net worth, which is calculated by ‘what we own’ (total assets of \$465.0m) less ‘what we owe’ (total liabilities of \$66.5m). As at 30 June 2014, DAFF’s equity is \$398.5m.

Assets—what we own

At 30 June 2014, DAFF had total assets of \$465.0m. The department’s major assets comprise of cash, property, plant and equipment (mainly land, buildings, plant and equipment), prepayments (including lease payments) and receivables (including trade debtors).

Liabilities—what we owe

At 30 June 2014, DAFF had total liabilities of \$66.5m, which comprise of accrued employee expenses, payables (including trade creditors and the payment of employee benefits to QSuper) and unearned revenue.

Capital purchases

Capital expenditure of \$14.5m during 2013–14 went to developing and upgrading research facilities to deliver outcomes for agriculture, fisheries and forestry. DAFF has facilities located throughout rural and regional Queensland. These require minor works, mechanical items and plant and equipment upgrades to keep them operating effectively.

Comparison of actual financial results with budget

The 2013–14 financial statements enables the comparison of actual financial results of the controlled operations of DAFF with the budget estimates published in the 2013–14 State Budget Papers—Service Delivery Statements.

Statement of comprehensive income for the year ended 30 June 2014

| | Notes | 2013–14 Budget \$'000 | 2013–14 Actual \$'000 | Variance \$'000 |
|--------------------------------------------------------------------------|-------|-----------------------------|-----------------------------|--------------------|
| Income from continuing operations | | | | |
| Appropriation revenue for services | 1 | 257 016 | 271 296 | 14 280 |
| User charges, fees and fines | 2 | 59 668 | 67 799 | 8131 |
| Grants and other contributions | | 55 231 | 57 044 | 1813 |
| Royalties and other territorial revenue | | 30 499 | 28 966 | (1533) |
| Other revenue | 3 | 247 | 1486 | 1239 |
| Gains on disposal/remeasurement of assets | 4 | 403 | 5369 | 4966 |
| Total income from continuing operations | | 403 064 | 431 960 | 28 896 |
| Expenses from continuing operations | | | | |
| Employee expenses | 5 | 206 434 | 200 317 | 6117 |
| Supplies and services | 6 | 143 741 | 149 162 | 5421 |
| Grants and subsidies | 7 | 27 331 | 52 523 | 25 192 |
| Depreciation and amortisation | | 23 412 | 21 278 | (2134) |
| Impairment losses | | 1.5 | 1654 | 1653 |
| Revaluation decrement | | 1.5 | 1673 | 1672 |
| Other expenses | | 2143 | 6806 | 4663 |
| Total expenses from continuing operations | | 403 064 | 433 413 | 30 349 |
| Operating result from continuing operations before income tax equivalent | | | (1453) | (1453) |

Notes

1. The increase is principally due to additional funding for the Drought Relief Assistance Scheme (DRAS) which provides support to producers for freight subsidies and emergency water infrastructure rebates affected by drought conditions across the state, Pest and Disease Emergency responses and funding for the reimbursement of voluntary redundancies in 2013–14. This is partially offset by the deferral of funding to realign with anticipated cashflows for election commitments and departmental programs.
2. The increase is principally due to additional Information Technology revenues collected from other government agencies under the Business and Corporate Partnership arrangement.
3. The increase is principally due to additional revenue received for the management of Strategy Cropping Land (SCL) mitigation arrangements.
4. The increase is principally due to the gain on sale of buildings surplus to departmental requirements.
5. The decrease in expenses is due to the deferral of funding to realign election commitments and departmental programs with anticipated cashflows. This is partially offset by the payment of voluntary redundancies.
6. The increase is principally associated with the additional expense of responding to Pest and Disease emergency responses including payments made under National Cost Share arrangements, and additional expenses related to the delivery of Information technology services to other government agencies under the Business and Corporate Partnership arrangement, contracted R&D projects and SCL mitigation arrangements. This is partially offset by a reduction in expenses due to the deferral of funding to realign election commitments and departmental programs with anticipated cashflows.
7. The increase is principally due to additional expenses associated with DRAS, which provides support to producers for freight subsidies and emergency water infrastructure rebates affected by drought conditions across the state. Statement of financial position at 30 June 2014.

Statement of financial position at 30 June 2014

| | Notes | 2013–14 Budget \$'000 | 2013–14 Actual \$'000 | Variance \$'000 |
|------------------------------------------------|-------|-----------------------------|-----------------------------|--------------------|
| Current assets | | | | |
| Cash and cash equivalents | 1 | 30 865 | 37 356 | 6 491 |
| Receivables | 2 | 31 492 | 50 497 | 19 005 |
| Inventories | | 2132 | 1067 | (1065) |
| Other | | 5521 | 4383 | (1138) |
| Non-current assets classified as held for sale | | 0 | 848 | 848 |
| Total current assets | | 70 010 | 94 151 | 24 141 |
| Non-current assets | | | | |
| Receivables | | 0 | 29 | 29 |
| Intangible assets | | 3707 | 3124 | (583) |
| Property, plant and equipment | 3 | 417 572 | 352 222 | (65 350) |
| Other | | 14 776 | 14 221 | (555) |
| Total non-current assets | | 436 055 | 369 596 | (66 459) |
| Biological assets | | | | |
| Biological assets | | 0 | 1281 | 1281 |
| Total assets | | 506 065 | 465 028 | (41 037) |
| Current liabilities | | | | |
| Payables | 4 | 7886 | 15 888 | 8002 |
| Accrued employee benefits | | 7491 | 5920 | (1571) |
| Unearned revenue | 5 | 18 605 | 21 919 | 3314 |
| Other | | – | 484 | 485 |
| Total current liabilities | | 33 982 | 44 212 | 10 230 |
| Non-current liabilities | | | | |
| Other | | 22 971 | 22 290 | (681) |
| Total non-current liabilities | | 22 971 | 22 290 | (681) |
| Total Liabilities | | 56 953 | 66 502 | 9549 |
| Net assets | | 449 112 | 398 525 | (50 586) |
| Equity | | | | |
| Contributed equity | 6 | 434 597 | 409 560 | (25 037) |
| Accumulated surplus/(deficit) | 7 | (414) | (11 035) | (10 621) |
| Reserves | | | | 0 |
| Asset revaluation surplus | 8 | 14 929 | – | (14 929) |
| Total equity | | 449 112 | 398 525 | (50 587) |

Notes

- The increase is principally due to higher than expected proceeds from the sale of assets.
- The increase is predominantly associated with appropriation receivables.
- The decrease is principally due to a revised estimate for the indexation of departmental assets to reflect expected market values at 30 June 2014, asset sales and impairments.
- The increase is principally due to the payment of former DEEDI agency payrolls via DAFF systems & later recovered.
- The increase is principally due to unearned revenue on research contracts payable to third parties.
- The decrease is principally due to higher than expected asset sales, the transfer of assets to other government agencies as part of finalising the 2012 MoG changes and equity adjustments to CF.
- The increase is principally due to higher than expected proceeds from the sale of assets.
- The decrease is principally due to a revised estimate for the indexation of departmental assets to reflect expected market values as at 30 June 2014 and other adjustments to asset values.

Administered funds

During 2013–14, DAFF received administered revenues of \$12.0m comprising of administered appropriation revenues from the Queensland Government and the collection of regulatory receipts (including taxes, fees and fines) on behalf of the Queensland Government. The appropriation revenues were paid to Queensland Rural Adjustment Authority (QRAA) for the administration of Exceptional Circumstances payments and various other assistance schemes, to foster the development of a more productive and sustainable rural and regional sector in Queensland. Regulatory receipts are paid into the Queensland Government's consolidated revenue.

At 30 June 2014, DAFF had total Administered assets of \$3.8m. These assets largely represent surplus assets transferred back to the Government prior to the sale of Forestry Plantations Queensland to the private sector. The department has been developing and implementing a strategic asset disposal plan for the disposal of these assets.

Outlook for 2014–15

2014–15 operating budget

DAFF's operating budget for 2014–15 is \$408.6m. Funding in the budget will underpin the department's drive to double food production by 2040.

The budget features \$18.7m in 2014–15 for the Drought Relief Assistance Scheme. The immediate challenge faced by the sector and the department is that the majority of the state is drought-declared. This is the most widespread drought on record. The Queensland Government has responded with a multi-agency assistance package, including water and freight rebates, land rent relief, financial counselling, community and mental health support for producers and communities impacted by drought.

In addition DAFF's Service Renewal Strategy is well progressed and is supported by a new financial management framework. Modernising service delivery is also supported by capital purchases in 2014–15 which focus on developing and upgrading research facilities and software systems worth \$18.2m.

DAFF will provide \$15m over five years (\$10m of which is provided through a Memorandum of Agreement with the Department of Environment and Heritage's Reef Water Quality program) for the delivery of Best Management Practice programs and extension and technical services to improve uptake of management practices by producers and agricultural industries across reef catchments.

DAFF is focusing on further rounds of the buyback of fisheries symbols to reduce the pressures imposed by net fishing under the \$9m voluntary buyback of commercial net fishing scheme.

Providing \$2.5m over three years to enhance Queensland's foot and mouth disease (FMD) preparedness, focusing on Biosecurity Queensland's surveillance, prevention and response systems.

DAFF is investing a total of \$1.4m (\$0.63m in 2014–15) for a new forest and timber research and development program to drive innovation in the industry.

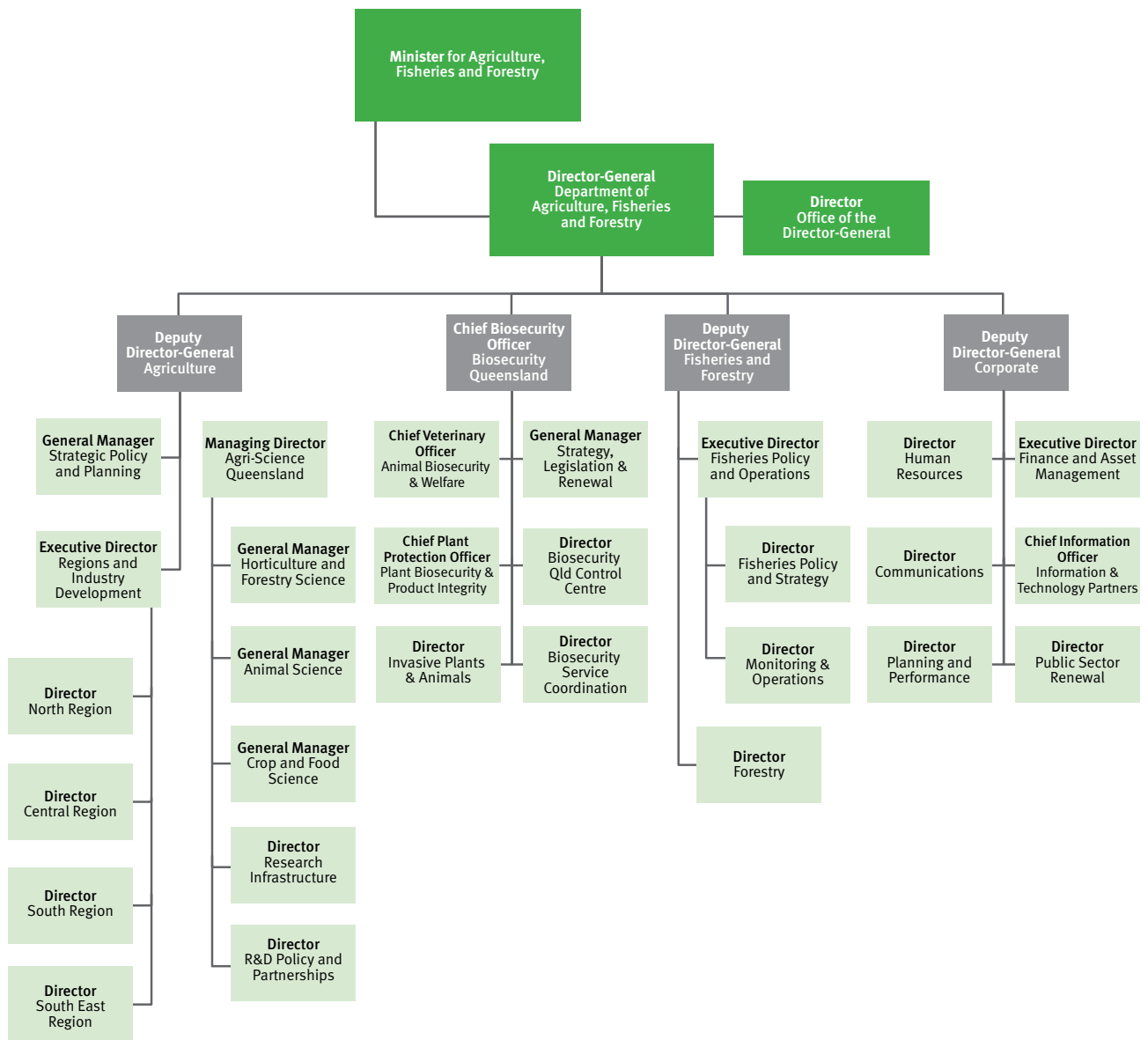
2014–15 capital expenditure

The 2014–15 budget also includes a strong capital expenditure program of \$18.2m. The department's capital program is focused on developing and upgrading research facilities to deliver outcomes for agriculture, fisheries and forestry.

Program highlights

- \$4.5m is allocated to continue upgrades of the department's research and operational facilities through the Research Facilities Development, Scientific Equipment and Minor Works Programs
- \$2.1m is provided for the development of a new Biosecurity Information Management System (BIMS) which will enhance the department's service delivery capacity and result in considerable efficiency gains
- \$1.1m is provided to continue replacement of vessels and marine equipment for fisheries' research and regulatory functions
- \$1m is allocated to provide new and replacement heavy plant and equipment including trucks, tractors and other machinery
- \$0.5m for upgrades and additional infrastructure at the Hermitage Research Facility to bring the facility to current industry standard for delivery of quality grains crop research outcomes
- \$0.5m for the upgrade and refurbishment of existing facilities to enhance service delivery and improve operational efficiencies
- \$0.35m is allocated for the enhancement of existing biosecurity laboratory facilities as part of the Agriculture Strategy range of initiatives.

Our organisation as at 30 June 2014



Strengthening capability—governance and leadership

The Director-General is responsible under the *Public Service Act 2008* (s 98) for the management, governance and operation of the department. The Board of Management advises and assists the Director-General with these responsibilities. The board is chaired by the Director-General and meets monthly.

A key focus for the board is working with senior management to ensure alignment of business plans with *Queensland's agriculture strategy*. This strengthened governance arrangement provides shared leadership and integration of business groups; it clarifies responsibility for issues that span our business.

Through its Leaders Everywhere strategy, DAFF senior leaders meet regularly with staff in head office and regional areas to discuss the department's strategic priorities and engage with staff on ideas for service improvements and innovation. Leaders Everywhere encourages staff to share leadership responsibility for customer services and accountability.

Board of Management

Role

The Board of Management's leadership and decision-making sets the strategic direction for the department so that it can meet its goals and objectives. In particular, the board's functions are to:

- establish and communicate the department's policy direction and accompanying strategic priorities through the strategic plan—including an ongoing review of performance against goals
- champion corporate governance and risk management across the department—including strategic investment, structures, internal controls and culture
- provide leadership that will further the department's purpose, policies and strategic direction
- monitor the ways in which the department delivers its services to ensure they are effective, efficient and ethical
- coordinate the overall efforts of the entire department by engendering a system of cooperation and empowerment
- provide a role model of the values and behaviours expected of all employees.

Membership during 2013–14

- Jack Noye, Director-General, Agriculture, Fisheries and Forestry
- Dr Beth Woods, Deputy Director-General, Agriculture
- Marcia Hoffmann, Deputy Director-General, Corporate
- Scott Spencer, Deputy Director-General, Fisheries and Forestry
- Dr Jim Thompson, Chief Biosecurity Officer, Biosecurity Queensland
- John Chapman, Managing Director, Agri-Science Queensland
- Malcolm Letts, Executive Director, Regions and Industry Development
- Leith Brown, Chief Finance Officer

Profiles of board members as at 30 June 2014

Jack Noye, Director-General, Agriculture, Fisheries and Forestry

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

Jack is a former army officer and graduate of the Royal Military College and the Army Command and Staff College. He has tertiary qualifications in public administration, economics and management.

Dr Beth Woods, Deputy Director-General, Agriculture

Beth completed her Doctor of Philosophy in Agricultural Economics at Oxford University. She worked with the former Department of Primary Industries as an agricultural extension officer in the dairy, cropping and potato industries, and was Professor of Agribusiness at The University of Queensland. In 2004 she took up the role of Executive Director of R&D Strategy in the former Department of Primary Industries and Fisheries. As Deputy Director-General, Agriculture, Beth leads Strategic Policy and Planning, Regions and Industry Development and Agri-science Queensland in the development of policies, research and interventions that deliver a highly efficient, innovative, productive and successful Queensland agricultural sector. She chairs the DAFF Audit and Risk Committee and is a board member of QRAA.

Marcia Hoffmann, Deputy Director-General, Corporate

Marcia joined DAFF in May 2013 as Deputy Director-General, Corporate, and works for both DAFF and the Department of Tourism, Major Events, Small Business and the Commonwealth Games. Marcia has a substantial career in public sector administration and executive management in federal, territory and state jurisdictions and, prior to DAFF, was Chief Executive, Northern Territory Department of Transport. She has specialised in leading large multidisciplinary teams, strategic direction-setting, and corporate governance, social and employment policy, major change and commercialisation initiatives, transport and service delivery reform.

Scott Spencer, Deputy Director-General, Fisheries and Forestry

Scott was appointed as Deputy Director-General, Fisheries and Forestry in September 2013, after being Managing Director for Fisheries Queensland since February 2013. He was previously Director-General of the former Department of Natural Resources and Water (2006–09) and Chair of SunWater Limited (2009–12). Scott brings more than 30 years of experience in government and beyond. He recently chaired the East Coast Net Fishery Buyback Working Group, and has held various roles related to fisheries, including Secretary for the Queensland Fish Management Authority in the 1980s.

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

Dr Jim Thompson, Chief Biosecurity Officer, Biosecurity Queensland

Jim grew up in Tamworth in north-western New South Wales, studied in Sydney and then worked in the northern New South Wales tablelands before coming to Queensland in 1992. Jim has worked in various government agencies in Queensland (in several areas, including agriculture, natural resources and mines, and the environment) and in New South Wales in research, policy and management roles. He has tertiary qualifications in science, wildlife and pest animal management, and public sector management. In his current role, Jim heads Queensland's efforts in the management of animal and plant pests and diseases, invasive species, animal welfare and chemical use.

John Chapman, Managing Director, Agri-Science Queensland

John leads Agri-Science Queensland (ASQ), the state's primary agricultural science research, development and extension service. Employing over 600 staff, this group provides or commissions research, development and extension services to support the animal, plant, forestry, aquaculture and fisheries industries in Queensland. John plays a critical role in building the state's research, development and extension capability by forging partnerships with major universities and commercial partners. He also oversees the provision of research funding to the Queensland Alliance for Agriculture and Food Innovation at The University of Queensland, to other Queensland universities and to Sugar Research Australia.

John has led the group since 2010, and holds qualification in both science and business administration. His major focus for ASQ is to lead staff in helping drive the productivity gains in tropical and subtropical agriculture that will keep Queensland farming operations profitable and double production by 2040.

Malcolm Letts, Executive Director, Regions and Industry Development

Malcolm was born and raised in the Northern Territory and has worked with the Queensland Government for 20 years. During this time, he has been instrumental in designing and delivering extension and frontline service components of major restructures in the dairy and sugar industries. Prior to the new regional arrangements, he was Executive Regional Director, South East Region, in the former Department of Employment, Economic Development and Innovation. For five years he was also responsible for the trade and investment area of the food and agribusiness industries. Malcolm has a particular interest in supply chain improvement, and in modernising extension and broader service delivery to better meet the needs of food and agribusiness companies.

Leith Brown, Chief Finance Officer

Leith is Chief Finance Officer for DAFF and the Department of Tourism, Major Events, Small Business and the Commonwealth Games. She holds a Bachelor of Business and an Executive Graduate Certificate in Business Administration and is a Certified Practising Accountant. She has extensive financial and business experience, gained from time spent in both private and public sector roles. Leith possesses high-level experience in commercial finance, organisational change management, project management, information and communications technology, strategic investment planning and activity-based costing.

DAFF governance committees

DAFF has a number of governance committees that assist the Director-General in meeting his statutory and legal obligations.

Agency Renewal Committee

The role of the Agency Renewal Committee (the committee) is to oversee the implementation of the Department of Agriculture, Fisheries and Forestry (DAFF) renewal plan. The committee ensures DAFF's renewal is coordinated, delivers benefits to customers and government, and is integrated into the strategic direction of the department.

The committee members include the Board of Management and the Minister as chair of the committee.

In 2013–14, the committee oversaw:

- specific government commitments assigned to DAFF
- the development of DAFF's renewal plans
- the implementation of DAFF renewal priorities
- a change agenda focused on an efficient and effective service delivery model and the right workforce capability and capacity.

The committee is supported by an operational renewal committee, chaired by the Deputy Director-General (Agriculture), which oversees the progress of DAFF renewal priorities.

Finance Committee

This committee was established to support the Director-General (as the accountable officer) in performing his obligations under the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and the *Financial Accountability Regulation 2009*.

Members are the Director-General; Deputy Director-General, Agriculture; Deputy Director-General, Corporate; Deputy Director General, Fisheries and Forestry; and Chief Financial Officer.

The committee provides leadership on the strategic financial direction of the department.

ICT Investment and Strategy Committee (IISC)

The IISC has been established to:

- ensure strategic alignment of ICT initiatives and set priorities based on the agency's strategic direction, business benefits and outcomes
- ensure coordination across ICT projects and programs (initiatives)
- ensure adequate resources are committed by the business to successfully implement initiatives
- ensure information management and ICT decision-making in each business area is consistent across the agency
- escalate risks and issues to the IISC and/or other relevant bodies, where appropriate
- monitor and ensure the realisation of benefits resulting from implemented initiatives
- implement relevant decisions arising from IISC deliberations
- ensure smaller initiatives are endorsed with sufficient delegation.

The committee members are the Deputy Director-General, Corporate (chair); Managing Director, Agri-Science Queensland; Chief Biosecurity Officer, Biosecurity Queensland; Director, Monitoring and Operations, Fisheries Queensland; Executive Director, Regions and Industry Development, Agriculture and Forestry; Chief Information Officer; and Chief Finance Officer.

Business and Corporate Partnerships Board

The Business and Corporate Partnership (BCP) Board includes the Directors-General of the departments of Agriculture, Fisheries and Forestry; Tourism, Major Events, Small Business and the Commonwealth Games; Natural Resources and Mines; Energy and Water Supply; Environment and Heritage Protection (EHP); and National Parks, Recreation, Sport and Racing. The Head of Corporate for each BCP hub is also represented on the BCP Board.

The board is responsible for the long-term performance, business success and timely delivery of departmental key priorities within the partnerships. The Board's role is to provide leadership and set the strategic direction of the partnership to enable it to meet its goals and objectives.

The partnership provides direct corporate services to support partnering agencies deliver government priorities. Under this model the focus is on ensuring economies of scale, service integration, consistent service delivery, scalability, flexibility and responsiveness.

The partnership operates through three corporate hubs embedded in DAFF, DNRM and EHP. Each hub delivers a set of core services (to the host and an adjunct agency) and a selection of cooperative services.

Audit and Risk Committee

This committee was established in accordance with the *Financial and Performance Management Standard 2009* (s 35). During the year the committee observed the terms of its charter and the *Audit committee guidelines: improving accountability and performance*, issued by Queensland Treasury in June 2012.

The committee is a governance committee of DAFF and is directly responsible to the Director-General. It has the authority to:

- conduct or authorise investigations into matters within its scope of responsibility
- access information, records and personnel of DAFF for that purpose
- request the attendance of any employee, including executive staff, at committee meetings
- conduct meetings with the DAFF internal auditors and external auditors, as necessary
- seek advice from external parties, as necessary.

The committee acts as a forum for dialogue between the Director-General, senior management, internal auditors and the Queensland Audit Office.

The functions and role of the committee do not diminish the statutory and regulatory duties and responsibilities of the Director-General, nor do they detract from management's responsibilities in relation to corporate governance, internal control, fraud prevention and risk management.

The committee members are the Deputy Director-General, Agriculture (chair), the Chief Biosecurity Officer, Biosecurity Queensland, and the Executive Director, Regions and Industry Development, plus three external members:

- Bob Shead, Executive Director, BDO Australia Ltd
- Sue Ryan, Deputy Director-General, Policy and Program Support, Department of Natural Resources and Mines
- Graham Carpenter, Consultant.

Remuneration is provided for participation of members external to government. The committee's external members received total remuneration of \$4800 for their role on the committee during 2013–14. Another external member is not remunerated as she is from another government department.

Strengthening capability—supporting business practices and systems

Internal audit

The Queensland Government Internal Audit Service (QGIAS) was established on 12 June 2012. The QGIAS is a business unit within the Department of Environment and Heritage Protection, and provides internal audit services to five departments in a co-sourced arrangement.

Purpose

The department's internal audit service provides independent assurance and advice to the Director-General, senior management and the Audit and Risk Committee.

In 2013–14, QGIAS focused on:

- discharging the responsibilities established in the charter by executing the internal audit program of work prepared as a result of risk assessments, materiality and contractual and statutory obligations
- providing reports on the results of internal audits to the Audit and Risk Committee and the Director-General
- monitoring and reporting on the status of implementation of internal audit and external audit recommendations (a management responsibility) to the Audit and Risk Committee
- liaising with the Queensland Audit Office to ensure there was no duplication of 'audit effort'
- supporting management by providing advice on corporate governance and related issues, including fraud and corruption prevention programs, and risk management
- allocating internal audit resources to those areas considered to present the greatest risk and where the work of internal audit can be valuable in providing positive assurance or identifying opportunities for positive change
- providing secretariat support to the Audit and Risk Committee.

Key audit activities for 2013–14

Completed the following audits under the Internal Audit Plan 2013

- Commercial Fishing Debt and Financial Management Practices
- Incident and Response Control Centres—Phase 1
- Hospitality, Gifts and Benefits

Finalised the DAFF Strategic Internal Audit Plan—January 2014 to June 2015.

Completed:

- Review of Attendance, Leave Management and HR Recordkeeping Practices
- Finance Function Health Check and Improvements to End of Month and End of Year Financial Reporting
- Recordkeeping Practices
- Internal Control Self-Assessment and CFO Assurance Framework Process Review.

Commenced:

- Incident and Response Control Centres—Phase 2
- Drought Relief Assistance Scheme Review
- Reef Water Quality Protection
- Recreational Fishing—Management of Retail Brokers
- Quarry Management and Tender Processes.

Instigated a knowledge and information sharing forum across our customer agencies.

Internal audit considers there are controls in place to minimise the opportunity of fraud or mismanagement in those areas of the department that were subject to internal audit in terms of the program of internal audits as approved by the Director-General.

External scrutiny

In a report to Parliament 2013–14 *Results of audit: internal control systems*, the Queensland Audit Office identified that a number of government departments should strengthen three key internal control mechanisms:

- Chief Finance Officer certification—improvements could be made in the design of the processes by better documenting how the process will work, consulting earlier with the Director-General, and clearly aligning and describing the significant financial reporting risks with relevant account balances and with the key internal controls being assessed
- Internal audit—a documented and approved internal audit work plan should be established, better allocation of internal audit resources and long outstanding high-risk internal audit issues should be addressed by management on a timely basis
- Audit committee oversight—at least half of the members of an audit committee should be independent.

The above recommendations have all been addressed by the department.

The QAO *Report to Parliament 10: 2013–14 Contract management: renewal and transition* identified that all public sector entities should:

- develop and implement a contract management capability framework
- develop and apply a risk/value matrix approach to define expectations for effective contract management and appropriate resource allocation to contracts
- validate value for money proposition of a contract before extending or renewing it, through assessment of contract risk, demand, supply market and supplier performance
- implement a contract management life-cycle system.

The Procurement Transformation Division's *Procurement Transformation Program* is currently underway to address the above recommendations.

The QAO *Report to Parliament 18: 2013–14 Monitoring and reporting performance audit* examined how departments measure, monitor and publicly report on their non-financial performance. QAO assessed the performance information in the Service Delivery Statements (SDS) from the 2013–14 State Budget papers. This report was tabled in Parliament on 26 June 2014 so the department will work on the implementation of the recommendations in 2014–2015.

The department has also reviewed other QAO reports issued in 2013–14, which were not targeted specifically at the department, for any beneficial recommendations which could be implemented.

Financial Management Framework

The department is developing a Financial Management Framework (FMF), which is a reference framework through which DAFF can effectively control, measure, analyse and report on the financial performance of DAFF's service delivery. It provides a structure to review compliance with legislative obligations as per the *Queensland Financial Accountability Framework*, and service delivery and fiscal repair strategies as recommended by the Queensland Commission of Audit, Queensland Audit Office compliance and control measures. It also helps identify improvement opportunities to guide DAFF's service renewal program of work.

The FMF's objectives are to:

- align expenditure with government priorities and focus on delivering value for money within available DAFF resources
- ensure efficient use of funds that allows contestability of investments and provides a structured process for allocating and re-allocating funding as priorities change
- improve performance by identifying new cost-effective alternatives to service delivery that are industry focused, value driven and benefits orientated.

The following major achievements were accomplished in 2013–14:

- implementation of an external health check to benchmark performance of the finance function
- development of the DAFF Strategic Asset Plan
- facilitation of the development of high-level service profiles for DAFF to aid planning and renewal activities
- implementation of a new budget system to provide greater functionality to better inform strategic business decision making through increased transparency of financial information
- review of the current state of financial systems and identified business improvement options
- development and implementation of the contestability assessment model to aid in the department's renewal agenda and business improvement process.

Procurement

DAFF has supported whole-of-government procurement reforms and worked closely with our Business Corporate Partnership Procurement Service to ensure that the department receives greater value for money from goods and services. The department:

- supported the smooth transition to the new whole-of-government travel booking arrangements, with staff reporting quicker turnaround times for bookings, as well as cheaper fares and booking fees
- reviewed the fleet efficiency, which has seen a reduction of the department's operational vehicle fleet from 625 as at 30 April 2012 to 537 as at 30 June 2014. A new motor vehicle leasing policy was implemented in April 2014 as part of the Business Corporate Partnership
- revised corporate card processes and delegations to improve compliance, efficiency and accountability of spend
- provided guidance contextualised to the department's business needs to improve procurement business cases, tender specifications and contract schedules.

Risk management

The focus for risk management in 2013–14 was on improving DAFF's Integrated Risk Management Framework. The Framework is a guide to help all staff understand and engage with risk management. It provides an outline of the processes for managing risk as an integral part of DAFF's overall governance, planning and performance management systems, policies, values and culture.

In January 2014 a risk maturity survey was undertaken to survey all levels of DAFF staff and ascertain their awareness and understanding of risk management, and to highlight any areas of concern. The survey, along with recommendations from the QAO resulted in development of an improvement plan

Implementation of the improvement plan commenced in 2013-14 with the:

- revision of the DAFF Integrated Risk Management Framework addressing improvement to risk appetite statement and reporting requirements as recommended by the QAO for consultation with staff and the executive
- inclusion of risk management in online staff induction training to raise awareness of risk management responsibilities
- integration of risk capabilities into the DAFF workforce plan
- revision of information captured by strategic risk register to ensure ownership and monitoring of treatments.

During 2014–15 the following action plan items will be undertaken to improve DAFF's risk management:

- the department will expand risk information, education and tools
- the WHS Risk Reference Group will work on identifying priority areas from the maturity survey and strategies for improvement
- the department will improve integration of WHS risk in business registers, and complement operational risk registers with WHS risk registers for business areas with significant uncontrolled high-risk exposures.

Integrity and public-sector ethics

All employees were required to ensure their performance and behaviour complied with the Queensland Public Service Code of Conduct. The principles and values contained in the Code of Conduct are incorporated into departmental policies, procedures and plans.

The implementation of a Fraud, Corruption and Misconduct Policy, and a Fraud Control Plan for the significant strategic risks identified by the department was a major area of focus.

The department offers code of conduct and ethical decision-making training to all employees on an annual basis and all new employees undertake training as part of their mandatory induction.

During 2013–14, 66 per cent of all department employees completed code of conduct training, which is comparable to a 70 per cent completion rate in 2012–13.

Information management, systems and recordkeeping

Research information services

Agri-science research support is provided through the research information service operated from the Ecosciences Precinct. This service provides vital support to Agri-Science Queensland and Biosecurity Queensland.

Access to information and data

The department is committed to providing the Queensland public with easier access to our information and data. We have continued to refine and migrate web information as part of the transition to the Government's One-Stop Shop, making it simpler for the community to search government information.

We have actioned recommendations from the Office of the Information Commissioner (OIC) audit of the department's website and compliance with selected legislative requirements under the *Right to Information Act 2009* and *Information Privacy Act 2009* by:

- strengthening our right to information processes and improving our disclosure reporting
- commencing a review of privacy statements to ensure that these are consistent across data collection mechanisms and are updated to reflect the online service environment and commitment to open data.

Queensland's Open Data revolution is gaining momentum. We recognise that DAFF's data information is one of our greatest constrained resources and are working to address this. Our Open Data strategy was revised twice in the past year. The first revision incorporated the portfolio's statutory bodies and, the second revision, updated our forward plans and release schedule. The *Agriculture, fisheries and forestry open data strategy* can be found on the Queensland Government publications portal at www.publications.qld.gov.au.

As at the end of June 2014, DAFF and its portfolio bodies had released 95 agriculture, fisheries and forestry data sets containing over 350 data resources on www.data.qld.gov.au. Most of our spatial data is also available through the Queensland Government Spatial Information Service, as well as the Open Data portal.

Open Data is also changing the way the department reports to the public. From 2012–13, the following reporting requirements no longer form part of the annual report and are now released through the Queensland Government’s Open Data portal:

- consultancies
- overseas travel
- Queensland Cultural Diversity Policy—formerly the Queensland Multicultural Action Plan 2011–14.

This annual report is also available on the Queensland Government publications portal at www.publications.qld.gov.au.

Information systems

During the reporting period, DAFF continued to operate, maintain and develop a range of information systems to support services, initiatives and corporate operations. Highlights included:

- a pilot of the DAFF Customer Relationship Management (CRM) system, using an off-the-shelf software solution. The CRM will improve timeliness and responsiveness of information through an efficient, shared information source
- commencement of a program of work to implement a Biosecurity Information Management System (BIMS) that will provide a toolkit, enabling the analysis of near real-time information to enhance the timeliness of decision-making. The toolkit will also include current business intelligence technologies that provide the business with the capability to analyse data from across the Biosecurity Queensland activities
- the Laboratory Information Management System (LIMS), which was upgraded to ensure ongoing supportable software and hardware. LIMS is used by DAFF for managing sample testing results, particularly within the veterinary diagnostic laboratory
- the ArcGIS geospatial information system managing geographic and spatial information, in an upgrade of CLARITY, to ensure ongoing supportable software and hardware. CLARITY is used as a corporate project and performance management business solution system
- QFish, which allows users to analyse and present Queensland commercial and recreational fisheries data through the use of interactive tables and maps
- the update of numerous software applications to ensure compatibility for Windows 7 migration
- the development of a database for providing and integrating spatial information to information systems
- the maintenance of various content management systems for internet and intranet content publishing
- the maintenance of various grant and rebate administration and management systems.

Recordkeeping

DAFF is operating a recordkeeping strategy to ensure that the department is compliant with the *Public Records Act 2002*, *Public Service Act 1996*, and *Information Standard 40—Recordkeeping*.

The Records Management unit has responsibility for providing a compliant recordkeeping framework to the department through the provision of an electronic document and records management system (eDRMS), training, support and end-to-end processing model. The department has audited the recordkeeping framework.

Retention and disposal schedules have been developed for the department and are being finalised for approval by the State Archivist. Time-expired records have been identified for disposal. 788 boxes of hardcopy files have been securely disposed of. Permanent records have been identified for a program of transfers to Queensland State Archives.

Strengthening capability—people

Workforce profile

DAFF had 1990 full-time equivalent staff at 30 June 2014; this included Business and Corporate Partnership staff providing IT and Fleet Management support to DAFF and the five other agencies in the BCP.

The permanent retention rate of the department was 92.13 per cent and the permanent separation rate was 8.29 per cent.

Workforce planning, attraction and retention

During 2013–14, we continued to implement the Public Sector Renewal Program, which involves aligning workforce skills and resources with current and future core business priorities. We have embraced workforce flexibility across the business to help us better meet fluctuating demands for services and specific skill requirements for projects.

We released a five-year strategic workforce plan, *Our workforce plan for the future*, which broadens the concept of the DAFF workforce to encompass our own staff, a network of service partners, other government staff, and industry and community capabilities. The plan outlines the skills we need to develop in our staff, and ways in which we can expand and introduce new capability by partnering with other agencies, research organisations and the private sector.

Succession strategies have been identified for critical roles. These strategies incorporated building internal talent, promoting opportunities for relieving and development, and recruiting graduates in critical occupational groups.

The department is committed to a culture that values and embraces health and safety, leadership, high performance, accountability and innovation.

Performance excellence

During 2013–14, a review of DAFF's performance management framework was undertaken to further foster and recognise performance excellence.

This framework aids supervisors and employees to make informed decisions about their business unit priorities, individual goals, behaviour expectations (aligned to the department's culture and values), and development needs.

Our strategic plan, business plans and individual performance agreements are all aligned to the government's vision for agriculture and our plan for the future. This provides a clear line of sight and expectations of performance.

All new starters complete the online induction program, which provides information about the department, conditions of employment, ethical behaviour, safety at work and information security. Personal workplace inductions conducted by managers complement the online program. Workplace induction incorporates understanding of business goals and expectations, local procedures and policies and integration into the work team.

Throughout the year the department recognised and celebrated the achievements, innovations and service excellence of staff at various events and awards. Further information about the achievements of staff may be found on the department's website.

Developing our leaders and managers

DAFF is committed to ensuring that the department has a Senior Leaders Succession Plan in place. During the year, executives and senior officers developed leadership capabilities through:

- all executives implementing a comprehensive performance agreement
- participation in the Public Service Commission (PSC) led eCAD process
- participation in PSC management development programs
- the roll-out and 100 per cent participation rate of active senior officers in the 360-degree feedback program to further develop the department's leadership team.

The department delivered a number of blended learning and development initiatives in 2013–14 for all staff focused on building management and leadership skills. These included:

- managing people—a program providing supervisors and managers with practical skills to build and motivate their teams
- change management—a program providing supervisors and staff with the tools to understand and manage change both as a team and as individuals

Also, practical tools and strategies to build resilience in managers and staff are available online.

Values

We continue to ensure that we integrate the Public Service Commission sector-wide values. These values have been widely recognised and accepted as sincere expressions of the values necessary to make DAFF an effective and satisfying place to work.

The substantial staff response rate to the Public Service Commission led 2014 Working for Queensland Survey helped to identify where we could:

- improve department-wide workforce strategies
- model valued behaviours
- make changes to organisational leadership and communication
- enhance learning and development initiatives.

Our Leaders Everywhere Program encourages all staff to demonstrate leadership from their workplace, in terms of aligning their behaviour and work to the department's culture and values.

Flexible working arrangements

We have a range of policies that promote work–life balance and adaptable working arrangements such as flexible working hours, job-sharing, part-time work and telecommuting. We also have provisions for family and cultural leave, and care facilities in the workplace.

These policies are promoted to job candidates and employees and are available online.

Simplifying industrial arrangements

The department fostered open communication and consultation with staff, stakeholders and the unions on matters that affect the workforce, such as the payroll migration. The DAFF Consultative Committee provides a forum for airing and resolving matters arising under the *State Government Departments Certified Agreement 2009* or on other issues that may impact on the workforce.

We contributed to the Queensland Industrial Relations Commission (QIRC) modernising of Queensland's public sector awards, which will help eliminate unnecessary complexity in managing our workforce. Our workforce covers diverse occupational groups from policy officers, administrators, professional and technical specialists, scientists and operational field staff under a range of awards. Detailed analysis, particularly for blue collar awards, which are the most complex, is being undertaken to ensure equitable outcomes for employees and better service provision.

Early retirement, redundancy and retrenchment

During the period, 54 employees received redundancy packages at a cost of \$3.527m. Employees who did not accept an offer of a redundancy were offered case management for a set period of time, where reasonable attempts were made to find alternative placements. At the conclusion of this period, and where it is deemed that continued attempts of ongoing placement were no longer appropriate, employees yet to be placed were terminated and paid a retrenchment package. During the period, two employees received retrenchment packages at a cost of \$46 252.

These redundancy packages enabled the department to move resources, as well as strengthen new skills, capability and capacity, to meet emerging regional and business needs.

Financial statements

DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY

Financial Statements

for the year ended 30 June 2014

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General Information

These financial statements cover the Department of Agriculture, Fisheries and Forestry (DAFF).

DAFF is a Queensland Government department established under the *Public Service Act 2008*.

The department is controlled by the State of Queensland, which is the ultimate parent entity.

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

Level 8
80 Ann Street
BRISBANE QLD 4000

A description of the nature of the department's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the department's financial statements please call the Director, Planning and Performance (part of the Business Corporate Partnership) for DAFF on 07 3087 8569, email larisa.villis@daff.qld.gov.au, or visit the departmental Internet site www.daff.qld.gov.au.

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

**Statement of Comprehensive Income
for the year ended 30 June 2014**

| | Notes | 2014 \$'000 | 2013 \$'000 |
|--------------------------------------------------|-------|----------------|----------------|
| Income from Continuing Operations | | | |
| Appropriation revenue for services | 2 | 271,296 | 273,519 |
| User charges, fees and fines | 3 | 67,799 | 70,134 |
| Grants and other contributions | 4 | 57,044 | 63,215 |
| Royalties and other territorial revenue | 5 | 28,966 | 27,055 |
| Other revenue | 6 | 1,486 | 2,096 |
| Total Revenue | | 426,592 | 436,020 |
| Gains on disposal/remeasurement of assets | 7 | 5,369 | 2,323 |
| Total Income from Continuing Operations | | 431,960 | 438,343 |
| Expenses from Continuing Operations | | | |
| Employee expenses | 8 | 200,317 | 242,039 |
| Supplies and services | 10 | 149,162 | 141,626 |
| Grants and subsidies | 11 | 52,523 | 24,262 |
| Depreciation and amortisation | 12 | 21,278 | 22,450 |
| Impairment losses | 13 | 1,654 | 5,260 |
| Revaluation decrement | 14 | 1,673 | - |
| Other expenses | 15 | 6,806 | 11,839 |
| Total Expenses from Continuing Operations | | 433,413 | 447,476 |
| Operating Result for the year | | (1,453) | (9,133) |
| Other Comprehensive Income | | | |
| Increase/(decrease) in asset revaluation surplus | 28 | (2,144) | (740) |
| Total Other Comprehensive Income | | (2,144) | (740) |
| Total Comprehensive Income | | (3,597) | (9,873) |

The accompanying notes form part of these statements.

**Statement of Financial Position
as at 30 June 2014**

| | Notes | 2014 \$'000 | 2013 \$'000 |
|------------------------------------------------|-------|-----------------------|-----------------------|
| Current Assets | | | |
| Cash and cash equivalents | 16 | 37,356 | (7,934) |
| Receivables | 17 | 50,497 | 82,872 |
| Inventories | 18 | 1,067 | 1,101 |
| Other | 19 | 4,383 | 4,179 |
| | | <u>93,303</u> | <u>80,218</u> |
| Non-current assets classified as held for sale | 20 | 848 | 848 |
| Total Current Assets | | <u>94,151</u> | <u>81,066</u> |
| Non-Current Assets | | | |
| Receivables | 17 | 29 | 47 |
| Intangible assets | 21 | 3,124 | 2,820 |
| Property, plant and equipment | 22 | 352,222 | 378,024 |
| Other | 19 | 14,221 | 14,511 |
| Total Non-Current Assets | | <u>369,596</u> | <u>395,402</u> |
| Biological Assets | | | |
| Biological assets | 23 | 1,281 | 1,967 |
| Total Biological Assets | | <u>1,281</u> | <u>1,967</u> |
| Total Assets | | <u>465,028</u> | <u>478,435</u> |
| Current Liabilities | | | |
| Payables | 24 | 15,888 | 17,484 |
| Accrued employee benefits | 25 | 5,920 | 4,955 |
| Unearned revenue | 26 | 21,919 | 24,328 |
| Other | 27 | 484 | 293 |
| Total Current Liabilities | | <u>44,212</u> | <u>47,060</u> |
| Non-Current Liabilities | | | |
| Unearned revenue | 26 | 22,290 | 21,994 |
| Total Non-Current Liabilities | | <u>22,290</u> | <u>21,994</u> |
| Total Liabilities | | <u>66,502</u> | <u>69,054</u> |
| Net Assets | | <u>398,525</u> | <u>409,381</u> |
| Equity | | | |
| Contributed Equity | | 409,560 | 416,780 |
| Accumulated surplus/(deficit) | | (11,035) | (9,543) |
| Asset revaluation surplus | 28 | - | 2,144 |
| Total Equity | | <u>398,525</u> | <u>409,381</u> |

The accompanying notes form part of these statements.

**Statement of Changes in Equity
for the year ended 30 June 2014**

| | | Accumulated Surplus/ (Deficit) | Asset Revaluation Surplus | Contributed Equity | TOTAL |
|--------------------------------------------------------------------|--------|--------------------------------------|---------------------------------|-----------------------|----------------|
| Notes | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance as at 1 July 2012 | | (327) | 2,884 | 445,807 | 448,364 |
| Opening Balance Adjustment | | (83) | - | (2,137) | (2,220) |
| Operating result from continuing operations | | (9,133) | - | - | (9,133) |
| Other Comprehensive Income | | | | | |
| - Increase/(Decrease) in asset revaluation surplus | 28 | - | (740) | - | (740) |
| Total Comprehensive Income for the year | | (9,133) | (740) | - | (9,873) |
| Transactions with Owners as Owners: | | | | | |
| - Appropriated equity withdrawals | 2 | - | - | (16,872) | (16,872) |
| - Net transfers in/(out) from other Queensland Government entities | | - | - | (10,018) | (10,018) |
| Net Transactions with Owners as Owners | | - | - | (26,890) | (26,890) |
| Balance as at 30 June 2013 | | (9,543) | 2,144 | 416,780 | 409,381 |
| Balance as at 1 July 2013 | | (9,543) | 2,144 | 416,780 | 409,381 |
| Opening Balance Adjustment | | (40) | - | (10) | (50) |
| Operating result from continuing operations | | (1,453) | - | - | (1,453) |
| Other Comprehensive Income | | | | | |
| - Increase/(Decrease) in asset revaluation surplus | 28 | - | (2,144) | - | (2,144) |
| Total Comprehensive Income for the year | | (1,453) | (2,144) | - | (3,597) |
| Transactions with Owners as Owners: | | | | | |
| - Appropriated equity withdrawals | 2 | - | - | (7,625) | (7,625) |
| - Net transfers in/(out) from other Queensland Government entities | | - | - | 415 | 415 |
| Net Transactions with Owners as Owners | | - | - | (7,210) | (7,210) |
| Balance as at 30 June 2014 | | (11,035) | - | 409,560 | 398,525 |

The accompanying notes form part of these statements.

Statement of Cash Flows
for the year ended 30 June 2014

| | Notes | 2014 \$'000 | 2013 \$'000 |
|----------------------------------------------------------------|-------|----------------|-----------------|
| Cash flows from operating activities | | | |
| <i>Inflows:</i> | | | |
| Service appropriation receipts | | 261,083 | 273,051 |
| User charges | | 107,295 | 41,475 |
| Grants and other contributions | | 58,754 | 62,167 |
| Royalties and other territorial receipts | | 29,296 | 27,055 |
| GST input tax credits received from Australian Taxation Office | | 5,615 | 9,136 |
| GST collected from customers | | 13,674 | 12,361 |
| Other inflows | | 1,477 | 29,059 |
| <i>Outflows:</i> | | | |
| Employee expenses | | (198,826) | (242,450) |
| Supplies and services | | (150,238) | (146,098) |
| Grants and subsidies | | (52,898) | (24,262) |
| GST paid to suppliers | | (18,805) | (18,208) |
| GST remitted to Australian Taxation Office | | (1,182) | (1,506) |
| Other outflows | | (2,262) | (8,355) |
| Net cash provided by (used in) operating activities | 29 | 52,983 | 13,425 |
| Cash flows from investing activities | | | |
| <i>Inflows:</i> | | | |
| Sales of property, plant and equipment | | 14,182 | 18,864 |
| <i>Outflows:</i> | | | |
| Payments for property, plant and equipment | | (13,347) | (17,448) |
| Payments for intangibles | | (903) | - |
| Net cash provided by (used in) investing activities | | (68) | 1,416 |
| Cash flows from financing activities | | | |
| <i>Outflows:</i> | | | |
| Equity withdrawals | 2 | (7,625) | (16,872) |
| Net cash provided by (used in) financing activities | | (7,625) | (16,872) |
| Net increase/(decrease) in cash and cash equivalents | | 45,290 | (2,031) |
| Cash and cash equivalents at beginning of financial year | | (7,934) | (5,903) |
| Cash and cash equivalents at end of financial year | 16 | 37,356 | (7,934) |

For non-cash financing and investing activities refer Note 30.

The accompanying notes form part of these statements.

**Statement of Comprehensive Income by Major Departmental Services⁽¹⁾
for the year ended 30 June 2014**

| | Agriculture and Forestry | | Agri-Science Queensland | | Fisheries Queensland | |
|----------------------------------------------------------|--------------------------|----------------|-------------------------|----------------|----------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Income from Continuing Operations⁽²⁾ | | | | | | |
| Appropriation revenue for services | 69,351 | 49,420 | 94,384 | 102,298 | 29,426 | 33,923 |
| User charges, fees and fines | 1,717 | 3,492 | 8,985 | 9,188 | 8,864 | 8,738 |
| Grants and other contributions | 6,026 | 7,521 | 35,190 | 35,453 | - | 1,060 |
| Royalties and other territorial revenue | 25,225 | 23,291 | 3,741 | 3,764 | - | - |
| Other revenue | 194 | 395 | 897 | 631 | 124 | 164 |
| Total Revenue | 102,513 | 84,119 | 143,196 | 151,334 | 38,413 | 43,885 |
| Gains on disposal/remeasurement of assets | 321 | 80 | 4,806 | 2,150 | 126 | 77 |
| Total Income from Continuing Operations | 102,834 | 84,199 | 148,002 | 153,484 | 38,540 | 43,962 |
| Expenses from Continuing Operations⁽²⁾ | | | | | | |
| Employee expenses | 37,025 | 46,589 | 67,405 | 77,735 | 20,358 | 27,466 |
| Supplies and services | 28,570 | 24,693 | 49,968 | 49,264 | 14,107 | 13,870 |
| Grants and subsidies | 34,931 | 6,534 | 12,935 | 11,582 | 2,750 | 3,169 |
| Depreciation and amortisation | 2,102 | 2,552 | 11,990 | 12,205 | 1,301 | 1,411 |
| Impairment losses | 39 | 385 | 1,571 | 2,112 | 75 | 242 |
| Revaluation decrements | - | - | 1,673 | - | - | - |
| Other expenses | 456 | 1,256 | 4,808 | 2,025 | 140 | 206 |
| Total Expenses from Continuing Operations | 103,124 | 82,009 | 150,350 | 154,923 | 38,731 | 46,364 |
| Operating Result for the year | (290) | 2,190 | (2,348) | (1,439) | (192) | (2,402) |
| Increase/(decrease) in asset revaluation surplus | - | (11) | (2,144) | - | - | - |
| Total Comprehensive Income | (290) | 2,179 | (4,492) | (1,439) | (192) | (2,402) |

*** Allocation of income and expenses to corporate services (disclosure only):**

| | | | | | | |
|----------|--------|--------|--------|--------|-------|-------|
| Income | 11,457 | 13,111 | 23,664 | 27,077 | 7,281 | 8,331 |
| Expenses | 11,774 | 13,539 | 24,319 | 27,961 | 7,483 | 8,602 |

⁽¹⁾ Refer to Note 1(ae) for a description of major departmental services.

⁽²⁾ Corporate services income and expenses relating to DAFF through the Corporate Partnership arrangements have been allocated to respective departmental services.

⁽³⁾ Income and expenses attributed to other agencies through Corporate Partnership activities are shown separately and not allocated across departmental services.

In addition to the corporate services provided to DAFF, the department also participates in a corporate partnership 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 Full Time Equivalent positions in the respective agency. The model is multi-layered for different corporate services functions. That is, some functions are provided to 2 agencies, and some provided to 6 agencies with any combination in between.

As the host agency, DAFF provides defined services to the following agencies:

- Department of National Parks, Recreation, Sport and Racing (Information Management; Fleet Management; Telecommunications).
- Department of Natural Resources and Mines (Information Management; Fleet Management; Telecommunications; Finance Systems; Human Resources).
- Department of Energy and Water Supply (Information Management; Fleet Management; Telecommunications; Finance Systems; Human Resources).
- Department of Environment and Heritage Protection (Information Management; Fleet Management; Telecommunications).
- Department of Tourism, Major Events, Small Business and the Commonwealth Games (Finance; Human Resources; Corporate Communications; Governance Oversight; Planning and Performance Management; Information Management; Fleet Management; Telecommunications).

Corporate Services income and expenses attributable solely to DAFF are apportioned across the major departmental services while corporate services income and expenses attributable under the corporate partnership arrangements are outlined in the Statement of Comprehensive Income by Major Departmental Services.

Functions (and allocation of revenue and expenses) hosted by other agencies in the corporate partnership are disclosed in the relevant department's financial statements.

**Statement of Comprehensive Income by Major Departmental Services⁽¹⁾
for the year ended 30 June 2014**

| | Biosecurity Queensland | | Corporate Partnership ⁽³⁾ | | Total | |
|----------------------------------------------------------|------------------------|-----------------|--------------------------------------|----------------|----------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Income from Continuing Operations⁽²⁾ | | | | | | |
| Appropriation revenue for services | 68,948 | 73,354 | 9,188 | 14,525 | 271,296 | 273,519 |
| User charges, fees and fines | 13,798 | 14,283 | 34,435 | 34,433 | 67,799 | 70,134 |
| Grants and other contributions | 15,828 | 19,183 | - | - | 57,044 | 63,215 |
| Royalties and other territorial revenue | - | - | - | - | 28,966 | 27,055 |
| Other revenue | 235 | 896 | 37 | 9 | 1,486 | 2,096 |
| Total Revenue | 98,808 | 107,716 | 43,660 | 48,967 | 426,592 | 436,020 |
| Gains on disposal/remeasurement of assets | 116 | 16 | - | - | 5,369 | 2,323 |
| Total Income from Continuing Operations | 98,924 | 107,732 | 43,660 | 48,967 | 431,960 | 438,343 |
| Expenses from Continuing Operations⁽²⁾ | | | | | | |
| Employee expenses | 54,008 | 67,197 | 21,521 | 23,052 | 200,317 | 242,039 |
| Supplies and services | 39,452 | 34,725 | 17,065 | 19,073 | 149,162 | 141,626 |
| Grants and subsidies | 1,906 | 2,976 | - | - | 52,523 | 24,262 |
| Depreciation and amortisation | 2,772 | 3,085 | 3,114 | 3,198 | 21,278 | 22,450 |
| Impairment losses | (20) | 2,521 | (11) | 1 | 1,654 | 5,260 |
| Revaluation decrements | - | - | - | - | 1,673 | - |
| Other expenses | 1,349 | 8,287 | 53 | 66 | 6,806 | 11,839 |
| Total Expenses from Continuing Operations | 99,466 | 118,791 | 41,742 | 45,390 | 433,413 | 447,476 |
| Operating Result for the year | (542) | (11,059) | 1,918 | 3,577 | (1,453) | (9,133) |
| Increase/(decrease) in asset revaluation | - | - | - | (729) | (2,144) | (740) |
| Total Comprehensive Income | (542) | (11,059) | 1,918 | 2,848 | (3,597) | (9,873) |

*** Allocation of income and expenses to corporate services (disclosure only):**

| | | | | | | |
|----------|--------|--------|---|---|--------|--------|
| Income | 20,416 | 23,361 | - | - | 62,818 | 71,880 |
| Expenses | 20,981 | 24,123 | - | - | 64,556 | 74,225 |

⁽¹⁾ Refer to Note 1(ae) for a description of major departmental services.

⁽²⁾ Corporate services income and expenses relating to DAFF through the Corporate Partnership arrangements have been allocated to respective departmental services.

⁽³⁾ Income and expenses attributed to other agencies through Corporate Partnership activities are shown separately and not allocated across departmental services.

In addition to the corporate services provided to DAFF, the department also participates in a corporate partnership 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 Full Time Equivalent positions in the respective agency. The model is multi-layered for different corporate services functions. That is, some functions are provided to 2 agencies, and some provided to 6 agencies with any combination in between.

As the host agency, DAFF provides defined services to the following agencies:

- Department of National Parks, Recreation, Sport and Racing (Information Management; Fleet Management; Telecommunications).
- Department of Natural Resources and Mines (Information Management; Fleet Management; Telecommunications; Finance Systems; Human Resources).
- Department of Energy and Water Supply (Information Management; Fleet Management; Telecommunications; Finance Systems; Human Resources).
- Department of Environment and Heritage Protection (Information Management; Fleet Management; Telecommunications).
- Department of Tourism, Major Events, Small Business and the Commonwealth Games (Finance; Human Resources; Corporate Communications; Governance Oversight; Planning and Performance Management; Information Management; Fleet Management; Telecommunications).

Corporate Services income and expenses attributable solely to DAFF are apportioned across the major departmental services while corporate services income and expenses attributable under the corporate partnership arrangements are outlined in the Statement of Comprehensive Income by Major Departmental Services.

Functions (and allocation of revenue and expenses) hosted by other agencies in the corporate partnership are disclosed in the relevant department's financial statements.

Statement of Assets and Liabilities by Major Departmental Services⁽¹⁾
as at 30 June 2014

| | Agriculture and Forestry | | Agri-Science Queensland | | Fisheries Queensland | |
|------------------------------------------------|--------------------------|---------------|-------------------------|----------------|----------------------|---------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Current Assets | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - |
| Receivables | 12,417 | 25,823 | 7,807 | 11,347 | 1,587 | 2,219 |
| Inventories | 39 | 125 | 80 | 101 | 461 | 370 |
| Other assets | - | 1 | 990 | 907 | 7 | 4 |
| | <u>12,457</u> | <u>25,949</u> | <u>8,877</u> | <u>12,354</u> | <u>2,056</u> | <u>2,594</u> |
| Non-current assets classified as held for sale | - | - | - | - | - | - |
| Total Current Assets | 12,457 | 25,949 | 8,877 | 12,354 | 2,056 | 2,594 |
| Non-Current Assets | | | | | | |
| Receivables | 29 | 47 | - | - | - | - |
| Intangible assets | - | - | - | - | 708 | 945 |
| Property, plant and equipment | 42,261 | 48,909 | 228,374 | 239,950 | 14,308 | 15,187 |
| Other assets | - | - | 13,449 | 14,134 | - | - |
| Total Non-Current Assets | 42,290 | 48,956 | 241,823 | 254,084 | 15,016 | 16,132 |
| Biological Assets | | | | | | |
| Biological assets | 110 | 103 | 953 | 1,638 | - | - |
| Total Biological Assets | 110 | 103 | 953 | 1,638 | - | - |
| Total Assets | 54,857 | 75,008 | 251,654 | 268,076 | 17,072 | 18,726 |
| Current Liabilities | | | | | | |
| Payables | 2,179 | 2,497 | 2,015 | 1,594 | 414 | 586 |
| Accrued employee benefits | 1,009 | 473 | 1,753 | 1,788 | 513 | 529 |
| Unearned revenue | 1,374 | 2,313 | 17,402 | 17,554 | 1,764 | 1,970 |
| Other liabilities | 81 | 81 | 7 | - | - | - |
| Total Current Liabilities | 4,643 | 5,364 | 21,177 | 20,936 | 2,691 | 3,086 |
| Non-Current Liabilities | | | | | | |
| Unearned revenue | - | - | 22,290 | 21,994 | - | - |
| Total Non-Current Liabilities | - | - | 22,290 | 21,994 | - | - |
| Total Liabilities | 4,643 | 5,364 | 43,467 | 42,930 | 2,691 | 3,086 |

⁽¹⁾ Refer to Note 1(ae) for a description of major departmental services.

**Statement of Assets and Liabilities by Major Departmental Services⁽¹⁾
as at 30 June 2014**

| | Biosecurity Queensland | | Unallocated (2) | | Total | |
|------------------------------------------------|------------------------|----------------|-----------------|----------------|----------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Current Assets | | | | | | |
| Cash and cash equivalents | - | - | 37,356 | (7,934) | 37,356 | (7,934) |
| Receivables | 4,234 | 4,374 | 24,451 | 39,109 | 50,497 | 82,872 |
| Inventories | 487 | 505 | - | - | 1,067 | 1,101 |
| Other assets | 47 | 76 | 3,338 | 3,192 | 4,383 | 4,179 |
| | 4,768 | 4,955 | 65,145 | 34,367 | 93,303 | 80,218 |
| Non current assets classified as held for sale | - | - | 848 | 848 | 848 | 848 |
| Total Current Assets | 4,768 | 4,955 | 65,993 | 35,215 | 94,151 | 81,066 |
| Non-Current Assets | | | | | | |
| Receivables | - | - | - | - | 29 | 47 |
| Intangible assets | 881 | 1,069 | 1,535 | 806 | 3,124 | 2,820 |
| Property, plant and equipment | 51,811 | 52,776 | 15,468 | 21,202 | 352,222 | 378,024 |
| Other assets | - | - | 772 | 377 | 14,221 | 14,511 |
| Total Non-Current Assets | 52,692 | 53,845 | 17,774 | 22,385 | 369,596 | 395,402 |
| Biological Assets | | | | | | |
| Biological assets | 218 | 226 | - | - | 1,281 | 1,967 |
| Total Biological Assets | 218 | 226 | - | - | 1,281 | 1,967 |
| Total Assets | 57,678 | 59,026 | 83,767 | 57,600 | 465,028 | 478,435 |
| Current Liabilities | | | | | | |
| Payables | 1,415 | 2,760 | 9,864 | 10,047 | 15,888 | 17,484 |
| Accrued employee benefits | 1,321 | 1,144 | 1,324 | 1,021 | 5,920 | 4,955 |
| Unearned revenue | 1,380 | 2,085 | - | 406 | 21,919 | 24,328 |
| Other liabilities | - | - | 397 | 211 | 484 | 293 |
| Total Current Liabilities | 4,116 | 5,989 | 11,585 | 11,685 | 44,212 | 47,060 |
| Non-Current Liabilities | | | | | | |
| Unearned revenue | - | - | - | - | 22,290 | 21,994 |
| Total Non-Current Liabilities | - | - | - | - | 22,290 | 21,994 |
| Total Liabilities | 4,116 | 5,989 | 11,585 | 11,685 | 66,502 | 69,054 |

(1) Refer to Note 1(ae) for a description of major departmental services.

(2) Corporate services assets and liabilities relating to the provision of services to DAFF and to other agencies through the Corporate Partnership arrangements have been included in Unallocated items.

| Note | Note Title |
|------|-----------------------------------------------------------------------------------|
| 1 | Objectives and principal activities of the department |
| 2 | Summary of significant accounting policies |
| 3 | Reconciliation of payments from consolidated fund |
| 3 | User charges, fees and fines |
| 4 | Grants and other contributions |
| 5 | Royalties and other territorial revenue |
| 6 | Other revenue |
| 7 | Gains on disposal/remeasurement of assets |
| 8 | Employee expenses |
| 9 | Key management personnel and remuneration |
| 10 | Supplies and services |
| 11 | Grants and subsidies |
| 12 | Depreciation and amortisation |
| 13 | Impairment losses |
| 14 | Revaluation decrements |
| 15 | Other expenses |
| 16 | Cash and cash equivalents |
| 17 | Receivables |
| 18 | Inventories |
| 19 | Other assets |
| 20 | Non-current assets classified as held for sale |
| 21 | Intangible assets |
| 22 | Property, plant and equipment |
| 23 | Biological assets |
| 24 | Payables |
| 25 | Accrued employee benefits |
| 26 | Unearned revenue |
| 27 | Other liabilities |
| 28 | Asset revaluation surplus |
| 29 | Reconciliation of operating surplus/deficit to net cash from operating activities |
| 30 | Non-cash financing and investing activities |
| 31 | Commitments for expenditure |
| 32 | Contingencies |
| 33 | Events occurring after balance date |
| 34 | Financial instruments |
| 35 | Schedule of administered Items |
| 36 | Trust transactions and balances |

Objectives and Principal Activities of the Department

DAFF works to develop efficient, innovative, resilient and profitable agriculture, fisheries and forestry industries that thrive for the long-term. The department leads the Government's objective to double the value of Queensland's agriculture, fisheries and forestry production by 2040. *The Queensland's Agriculture Strategy* outlines the actions that will be taken in partnership with industry and other government agencies.

The department aligns its services objectives and investment with four priority pathways:

- resource availability - securing and increasing resource availability.
- productivity - driving productivity across the supply chain.
- markets - securing and increasing market access.
- production costs - minimising the costs of production.

The department will drive action across government and partner with industry and research bodies to make the most of available resources, promote innovation, attract investment and streamline regulations. This helps create the business conditions essential to economic growth.

DAFF actively manages risk factors that may impact on its strategic direction and services including:

- maintaining the confidence of co-investors and partners in our strategic direction.
- frequent high impact weather and biosecurity events that disrupt business continuity for both ourselves and our industries.
- increasing expectations for better access to integrated services that support agricultural economic development and improve outcomes for customers.

The department is funded for the departmental services it delivers principally by parliamentary appropriations. It also provides the following on a fee for service basis:

- Contract research;
- Seminars, conferences and training courses; and
- Advisory and consultancy services.

1. Summary of significant accounting policies

(a) Statement of Compliance

DAFF has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury and Trade's (QTT) Minimum Financial Reporting Requirements for the year ending 30 June 2014, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, DAFF has applied those requirements applicable to not-for-profit entities, as DAFF is a not-for-profit government department. Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The financial statements include the value of all income, expenses, assets, liabilities and equity of the department. The major departmental services undertaken by the department are disclosed in paragraph 1(ae).

(c) Administered Transactions and Balances

The department administers, but does not control, certain resources on behalf of the Government. In doing so, it has responsibility and is accountable for administering related transactions and items, but does not have the discretion to deploy the resources for the achievement of the department's objectives.

Administered transactions are disclosed in Note 35. These transactions and balances are not significant in comparison to the department's overall financial performance/financial position.

(d) Trust Transactions and Balances

The department holds cash and bank guarantees on behalf of companies and individuals for forestry activities.

As the department acts only in a custodial role in respect of these transactions and balances, they are not recognised in the financial statements, but are disclosed in Note 36. Applicable audit arrangements are also shown.

(e) Appropriation revenue for Services/Administered Revenue

Appropriations provided under the *Appropriation Act 2013* are recognised as revenue when received or when departmental services receivable is recognised after approval from QTT.

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' item appropriations.

(f) User Charges, Fees and Fines

User charges and fees controlled by the department are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services and/or the recognition of accrued revenue. User charges and fees are controlled by the department where they can be deployed for the achievement of departmental objectives.

Fees and fines collected, but not controlled, by the department are reported as administered revenue. Refer Note 35.

(g) Grants and Other Contributions - Revenue

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the department obtains control over them (control is generally obtained at the time of receipt). Where grants are received that are reciprocal in nature, revenue is progressively recognised as it is earned, according to the terms of the funding arrangements.

(g) Grants and Other Contributions - Revenue (cont'd)

Contributed assets are recognised at their fair value. The accounting treatment for contributions of services is explained in Note 1 (ag).

(h) Grants and Subsidies - Expenses

A non reciprocal grant is a payment or contribution made to an organisation or person which is not to be repaid or reciprocated, but which must be spent by the recipient for a specific purpose. Accordingly, non reciprocated grant payments are expensed when payment is made. Where the grant payment is reciprocal in nature, an asset (prepayment) is recognised when payment is made. This prepayment is expensed as the grant recipient satisfies the performance obligation under the funding agreement.

A subsidy payment is a payment or contribution made to an organisation or person which is not repaid or reciprocated. Gifts and donations are disclosed in Note 15 - Other Expenses.

(i) Special Payments

Special payments include ex gratia expenditure and other expenditure that the department is not contractually or legally obliged to make to other parties. In compliance with the *Financial and Performance Management Standard 2009*, the department maintains a register setting out details of all special payments greater than \$5,000. The total of all special payments (including those of \$5,000 or less) is disclosed separately within Other Expenses (Note 15). However, descriptions of the nature of special payments are only provided for special payments greater than \$5,000.

(j) 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 as well as deposits at call with financial institutions.

(k) Receivables

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 14–30 days from invoice date, except trade debtors associated with research and development projects, where a 90 day term applies.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June. Increases in the allowance for impairment are based on loss events as disclosed in Note 34(c).

Other debtors generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. Terms are set based on the operations of the particular entities, no interest is charged and no security is obtained.

(l) Inventories

Inventories held for sale are valued at the lower of cost and net realisable value, except for sundry crops and saleable vaccine, which are measured at the lower of fair value less estimated point of sale costs and net realisable value.

Cost is assigned on the first-in-first-out method. These costs include expenditure incurred in acquiring the inventories and bringing them to their existing condition. The carrying amounts of inventories are disclosed in Note 18.

Net realisable value is determined on the basis of the department's normal selling pattern.

Expenses associated with marketing, selling and distribution are deducted to determine net realisable value.

Inventories not held for sale can include materials and stores to be consumed in the operations of the department and items held for distribution for no or nominal consideration.

(m) Biological Assets

Under *AASB 141 Agriculture* such assets are defined as living animals and plants. They are distinguished from other assets by the fact that they have the natural capacity to grow and/or procreate. These include livestock, which are accounted for in the department's accounts. The department measures biological assets at the end of each reporting period at the assets fair value less costs to sell. Fair Value is the amount that could be expected to be received from the disposal of an asset in an active and liquid market. Refer to Note 23.

Under the provision of *Forestry Act 1959*, the department is required to oversee the harvesting of log timber from certain State-owned native forests, which are not controlled by the department. Under the guidelines of *AASB 141 Agriculture* the department considers that it does not meet the criteria of managing an agricultural activity, which would have required the valuation of available log timber as biological assets. Consequently, the value of native forest products has not been recognised in the Statement of Financial Position. This assessment will be reviewed should circumstances change.

(n) Non-current Assets Classified as Held for Sale

Non-current assets held for sale consist of those assets that management has determined are available for immediate sale in their present condition, for which their sale is highly probable within the next twelve months.

In accordance with *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*, when an asset is classified as held for sale, its value is measured at the lower of the asset's carrying amount and fair value less costs to sell. Any restatement of the asset's value to fair value less costs to sell (in compliance with *AASB 5*) is a nonrecurring valuation. Such assets are no longer amortised or depreciated upon being classified as held for sale.

(o) Assets Under Construction (Capital Works in Progress)

Work in progress is recognised at cost. All costs relating to items of property, plant and equipment and intangible assets 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.

(p) Acquisitions of Assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Where assets are received free of charge from another Queensland department (whether as a result of a MoG change or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are recognised at their fair value at the date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(q) Property, Plant and Equipment

Items of property, plant and equipment, with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition.

| | |
|---------------------------|----------|
| Buildings | \$10,000 |
| Infrastructure | \$10,000 |
| Land | \$1 |
| Capital Works in Progress | N/A |
| Plant and equipment | \$5,000 |
| Heritage and Cultural | \$5,000 |

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

Under the provision of *Forestry Act 1959*, the department also oversees the extraction of quarry materials from certain State-owned native forests, which are not controlled by the department. Under the guidelines of *AASB 116 Property, Plant and Equipment* the department considers that the quarries and all materials contained within them satisfy the definition of Land. However due to the impracticalities associated with valuing this land and quarry materials prior to extraction, the department has not recognised a value for quarry materials in the Statement of Financial Position. This assessment will be reviewed should circumstances change.

(r) Revaluations of Non-Current Physical Assets

Land, buildings, infrastructure and heritage and cultural assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB13 *Fair Value Measurement* and *QTT's Non-Current Asset Policies for the Queensland Public Sector (NCAP)*. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable. In respect of these asset classes, the cost of items acquired during the financial year has been judged by the management of DAFF to materially represent their fair value at the end of the reporting period.

Plant and equipment is measured at cost in accordance with the Non-Current Asset Policies. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

Non-current physical assets measured at fair value are revalued on an annual basis by appraisals undertaken by an independent professional valuer or internal expert, or by the use of appropriate and relevant indices. Revaluations based on an independent professional valuer or internal expert appraisals are undertaken at least once every five years. However, if a class of asset experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class of asset may have changed by 20% or more from one reporting period to the next), it is subject to such revaluations in the reporting period, where practicable, regardless of the timing of previous such method of revaluation.

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 (refer to Note 1(s)).

Where indices are used in the revaluation process the department ensures that the application of such indices would result in a valid estimation of the asset's fair value at reporting date. State Valuation Service (SVS) supplied the indices and provided assurance of their robustness, validity and appropriateness for application to the relevant assets. Indices used are also tested for reasonableness by applying the indices to a sample of assets and comparing results to similar assets that have been valued by an independent professional valuer or internal expert, and analysing the trend of changes in values over time. At year end, management assess the relevance and suitability of indices provided by SVS based on the department's own particular circumstances.

Early in the reporting period, the department reviewed all fair value methodologies in light of the new principles in AASB 13. Some minor adjustments were made to methodologies to take into account the more exit-oriented approach to fair value under AASB 13, as well as the availability of more observable data for certain assets (e.g. land and buildings). Such adjustments – in themselves – did not result in a material impact on the values for the affected Property Plant and Equipment classes.

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.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Materiality concepts under AASB 1031 are considered in determining whether the difference between the carrying amount and the fair value of an asset is material.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

(s) **Fair Value Measurement**

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 assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for 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.

All assets and liabilities of the department for which fair value is measured or disclosed in the financial statements are categorised 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. As 2013-14 is the first year of application of AASB 13 by DAFF, there were no transfers of assets between fair value hierarchy levels during the period. More specific fair value information about the department's Property, Plant and Equipment is outlined in Note 22.

(t) **Intangibles**

Intangible assets with a cost or other value equal to or greater than \$100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset, less any anticipated residual value is amortised over its estimated useful life to the department. The residual value is zero for all of the department's intangible assets.

It has been determined that there is not an active market for any of the department's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Purchased software

The purchase cost of this software has been capitalised and is being amortised on a straight-line basis over the period of expected benefit to the department.

Internally generated software

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the department.

(u) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment

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

All intangible assets of the department have finite useful lives and are amortised on a straight-line basis.

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.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

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.

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.

Plant and equipment subject to a finance lease is amortised on a straight line basis over the term of the lease, or where it is likely that the department will obtain ownership of the asset, the expected useful life of the asset to the department.

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

| Asset class | Category | Rate % |
|------------------------------|-------------------------------|------------|
| Buildings | Buildings and improvements | 1.25–6.67% |
| | Access roads | 1.25–4% |
| | Land improvements | 1.25–6.67% |
| Infrastructure | Wild dog barrier fence | 2.7% |
| Plant and equipment | Computer equipment | 20–25% |
| | Motor vehicles | 5–10% |
| | Boats and boating equipment | 5–25% |
| | Heavy plant | 5–20% |
| | Scientific equipment | 5–12.5% |
| | Office equipment | 5–20% |
| | Leasehold improvements | 10% |
| | Other plant and equipment | 5–20% |
| Heritage and Cultural Assets | Artwork | 0% |
| Intangible assets | Software purchased | 25% |
| | Software internally generated | 25% |

(v) Impairment of Non-Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the department determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

In situations where an initial impairment loss is subsequently reversed, the carrying amount of the asset is adjusted to its estimated recoverable amount. However, this adjustment cannot exceed what would have been the carrying amount of the asset had no impairment loss been recognised in prior years. A reversal of an impairment loss is usually recognised as income, except if the asset has been revalued, in which case the adjustment is treated as a revaluation increase. Refer Note 1(r).

(w) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

(w) Leases (cont'd)

Where a non-current physical asset is acquired by means of a finance lease, the asset is recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The lease liability is recognised at the same amount.

Lease payments are allocated between the principal component of the lease liability and the interest expense.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

(x) Other Financial Assets

All investments in unlisted equity securities that do not have a quoted price in an active market are carried at cost.

Dividend revenue is recognised when received.

Other financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. Any impairment loss identified is recognised in the statement of comprehensive income.

(y) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/ contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 7, 14, or 30 day terms.

Administered creditors are due 30 business days from the date of invoice.

(z) Financial Instruments

Recognition

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.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value through profit and loss.
- Receivables – held at amortised cost.
- Payables – held at amortised cost.
- Shares in unlisted entities – held at cost.

The department does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the department holds no financial assets classified at fair value through profit or loss.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the department are included in Note 34.

(aa) Employee Benefits

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

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are 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.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

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.

Annual leave

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments, commercialised business units and shared service providers. Under this scheme, a levy is made on the department to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

No provision for annual 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*.

(aa) Employee benefits (cont'd)

Long service leave

Under the Queensland Government's Long Service Leave Scheme, a levy is made on the department to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the department's financial statements, the liability being 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*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The department's obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. 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*.

Key Management Personnel and Remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by QTT. Refer to Note 9 for the disclosures on key executive management personnel and remuneration.

(ab) Provisions

Provisions are recorded when the department has a present obligation, either legal or constructive, as a result of a past event. They are recognised at the amount expected at the reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate. The amounts recognised as provisions in relation to the dismantling and removal of assets and the restoration of land on which the assets have been located, have been included in the cost of the assets.

(ac) Financing/Borrowing costs

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

Finance costs include:

- Interest on bank overdrafts and short-term and long-term borrowings;
- Finance lease charges;
- Amortisation of discounts or premiums relating to borrowings; and
- Ancillary administration charges.

No borrowing costs are capitalised into qualifying assets.

(ad) Allocation of Revenues and Expenses from Ordinary Activities to Corporate Services

The department discloses revenues and expenses attributable to corporate services provided to DAFF through the Corporate Partnership arrangements in the Statement of Comprehensive Income by Major Departmental Services. The income and expenses of the department's corporate services are allocated to the department's services on the basis of employee full time equivalent numbers.

(ae) Major Departmental Services of the Department

DAFF has four service areas:

Agriculture and Forestry

The objective of this service area is to work with industry associations and all levels of government to provide operating conditions and services that enable businesses to develop the workforce, skills and practices needed to improve productivity; manage risks and build resilience; and maintain supplies of state-owned forest products and quarry materials to relevant industries.

Agri-Science Queensland

The objective of this service area is to undertake research, development and extension to lift the productivity of Queensland's agricultural businesses, with the aim of doubling the value of production by 2040.

Biosecurity Queensland

The objective of this service area is to lead the Government's efforts to prevent, respond to and recover from pests and diseases that threaten agriculture; maintain access to markets; protect animal welfare; and reduce the risk of contamination from agricultural chemicals.

Fisheries Queensland

The objective of this service area is to maximise the value of fisheries resources for all Queenslanders by managing these resources to ensure their sustainable use and equitable allocation. This is vital to facilitating the growth of profitable commercial fishing and aquaculture industries, maximising the recreational fishing experience and the economic and social benefits it delivers, respecting traditional and customary fishing, and protecting fish habitats.

(af) Insurance

The department's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF), premiums being paid on a risk assessment basis. In addition, the department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(ag) Services Received Free of Charge or for Nominal 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.

(ah) Contributed Equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities, as a result of Machinery-of-Government changes, are adjusted to Contributed Equity in accordance with Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

(ai) 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 17).

(aj) Issuance of Financial Statements

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

(ak) Accounting Estimates and Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statements notes:

- Impairment of Trade Receivables – Note 17.
- Valuation of Property, plant and equipment – Note 22.
- Contingencies – Note 32.

The Australian government passed its *Clean Energy Act* in November 2011 which resulted in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012.

However, from 1 July 2014, the government plans to abolish the carbon tax. The withdrawal of the carbon pricing mechanism is not expected to have a significant impact on DAFF's critical accounting estimates, assumptions and management judgements.

(al) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been 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.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

Sub-totals and totals may not add due to rounding, but the overall discrepancy is no greater than two.

(am) New and Revised Accounting Standards

The department did not voluntarily change any of its accounting policies during 2013–14. Australian Accounting Standard changes applicable for the first time for 2013–14 have had minimal effect on DAFF's financial statements as explained below.

AASB 13 *Fair Value Measurement* applies from reporting periods beginning on or after 1 January 2013. AASB 13 sets out the definition of "fair value", as well as principles to be applied when determining the fair value of assets and liabilities. The requirements applied to all of the department's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The impacts of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets and liabilities.

DAFF reviewed its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to assess whether those methodologies comply with AASB 13. To the extent that the previous methodologies were not in compliance with AASB 13, valuation methodologies were revised accordingly to be in line with AASB 13. The revised valuation methodologies have not resulted in material differences from the previous methodologies.

AASB 13 has required an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. For those fair value measurements of assets or liabilities that substantially are based on data that is not 'observable' (i.e. accessible outside the department), the amount of information disclosed has significantly increased. Note 1(s) explains some of the principles underpinning the additional fair value information disclosed. Most of this additional information is set out in Note 22 Property, Plant and Equipment.

A revised version of AASB 119 *Employee Benefits* applies from reporting periods beginning on or after 1 January 2013. The revised AASB 119 was to be applied retrospectively. Given the department's circumstances, the only implications for the department were that the revised standard clarifies the concept of 'termination benefits', and the revised recognition criteria for termination benefits liabilities. Where the termination benefits met the timeframe criterion for 'short-term employee benefits', they would be measured according to the AASB 119 requirements for 'short-term employee benefits'. Otherwise, termination benefits would be measured according to the AASB 119 requirements for 'other long-term employee benefits'. Under the revised standard, the recognition and measurement of employer obligations for 'other long-term employee benefits' would be accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 includes changed criteria for accounting for employee benefits as 'short-term employee benefits'. However, as the department is a member of the Queensland Government central schemes for annual leave and long service leave, this change in criteria has no impact on the department's financial statements, as the employer liability is held by the central scheme. The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. The department makes employer superannuation contributions only to the QSuper defined benefit plan, and the corresponding QSuper employer benefit obligation is held by the State. Therefore, those changes to AASB 119 have no impact on the department.

AASB 1053 Application of Tiers of Australian Accounting Standards applies as from reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two Tiers of reporting requirements – Australian Accounting Standards (commonly referred to as "Tier 1"), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as "Tier 2"). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the Tier 1 and Tier 2 requirements is that Tier 2 requires fewer disclosures than Tier 1.

Pursuant to AASB 1053, public sector entities like the department may adopt Tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the Tier 1 requirements. In the case of DAFF, QTT is the regulator. QTT has advised that its policy decision is to require adoption of Tier 1 reporting by all Queensland Government departments (including DAFF) and statutory bodies that are consolidated into the whole-of-government financial statements. Therefore, the release of AASB 1053 and associated amending standards have no impact on the department.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Department's activities, or have no material impact on the Department.

The department is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from QTT. Consequently, the department has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The department applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below.

AASB 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. The department will need to include in its 2014-15 financial statements the original budgeted figures from the Comprehensive Income Statement, Statement of Financial Position, Statement of Changes in Equity, and Cash Flow Statement as published in the 2014-15 Queensland Government's Service Delivery Statements. The budgeted figures will need to be presented consistently with the corresponding (actuals) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding original budgeted figures.

In addition, based on what is currently published in the Queensland Government's Service Delivery Statements, the department will need to include in these financial statements the original budgeted information for major classes of administered income and expenses, and major classes of administered assets and liabilities. This budgeted information will need to be presented consistently with the corresponding (actuals) administered information, and will be accompanied by explanations of major variances between the actual amounts and the corresponding budgeted financial information.

**Notes to and forming part of the financial statements
for the year ended 30 June 2014**

(am) New and Revised Accounting Standards (cont'd)

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014 –

- AASB 10 Consolidated Financial Statements ;
- AASB 11 Joint Arrangements ;
- AASB 12 Disclosure of Interests in Other Entities ;
- AASB 127 (revised) Separate Financial Statements ;
- AASB 128 (revised) Investments in Associates and Joint Ventures ;
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] ; and
- AASB 2013-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities.

AASB 10 redefines and clarifies the concept of control of another entity, and is the basis for determining which entities should be consolidated into an entity's financial statements. Based on existing circumstances, DAFF will not have any control over any additional entities.

AASB 11 deals with the concept of joint control, and sets out new principles for determining the type of joint arrangement that exists – which, in turn dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. Joint arrangements will be distinguished into two new categories - joint operation and joint venture. DAFF has assessed its arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11. Based on present arrangements, no joint arrangements exist. If a joint arrangement does exist in future, DAFF will need to follow the relevant accounting treatment specified in either AASB 11 or the revised AASB 128, depending on the nature of the joint arrangement.

The revised AASB 128 will set out the accounting treatment for both associates and joint ventures. Whereby, it will mandate the equity method of accounting for investments in joint ventures and associates, and deal with the application of equity accounting in a wider range of situations.

AASB 9 *Financial Instruments* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] will become effective from reporting periods beginning on or after 1 January 2017. The main impacts of these standards on DAFF are that they will change the requirements for the classification, measurement and disclosures associated with the department's financial assets. Under the new requirements, financial assets will be simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

DAFF has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the department's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the department enters into, it is not expected that any of the department's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2017-18 financial statements, all of the department's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in Notes 1 (z) and 34). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the department's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

The department will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2017-2018. However, changed disclosure requirements will apply from that time. A number of one-off disclosure will be required in 2017-2018 financial statements to explain the impact of adapting AASB 9.

AASB 2013-3 Amendments to AASB 136 - *Recoverable Amount Disclosures for Non-Financial Assets* applies from reporting periods beginning on or after 1 January 2014. This standard amended the disclosure requirements in AASB 136 by harmonising the disclosure requirements for fair value less costs of disposal and the discount rate used when present value techniques are used to measure the recoverable amount of impaired assets.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the department's activities, or have no material impact on the department.

Notes to and forming part of the financial statements
for the year ended 30 June 2014

| | 2014 \$'000 | 2013 \$'000 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------|
| 2. Reconciliation of payments from consolidated fund | | |
| Reconciliation of payments from consolidated fund to appropriation revenue for services recognised in statement of comprehensive income | | |
| Budgeted appropriation revenue for services | 257,016 | 287,774 |
| Lapsed appropriation revenue for services | - | (13,669) |
| Transfers from/(to) other headings | 465 | (1,054) |
| Unforeseen Expenditure | 3,602 | - |
| Total Appropriation Revenue for Services Receipts | 261,083 | 273,051 |
| Plus: Net movement of departmental services revenue receivable | (1,924) | (1,456) |
| Plus: closing balance of appropriation revenue receivable | 12,137 | 1,924 |
| Appropriation Revenue for Services Revenue Recognised in Statement of Comprehensive Income | 271,296 | 273,519 |
| Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity | | |
| Budgeted equity adjustment appropriation | (7,625) | (12,325) |
| Lapsed equity adjustment appropriation | - | (4,547) |
| Equity Adjustment Recognised in Contributed Equity | (7,625) | (16,872) |
| 3. User Charges, Fees and Fines | | |
| Fee for service | 52,953 | 55,220 |
| Sale of goods | 3,946 | 5,169 |
| Fees and fines | 7,552 | 7,099 |
| Property rental ⁽¹⁾ | 3,348 | 2,646 |
| Total User Charges, Fees and Fines | 67,799 | 70,134 |
| ⁽¹⁾ Reclassification of Property income from Other Revenue to User Charges in accordance with QTT Financial Reporting Requirements for 2013-14. | | |
| 4. Grants and Other Contributions | | |
| <i>Grants:</i> | | |
| Commonwealth | 13,591 | 14,825 |
| State | 924 | 4,342 |
| <i>Contributions:</i> | | |
| Commonwealth | 9,335 | 8,671 |
| Industry | 32,980 | 32,518 |
| Goods and services received below fair value | 215 | 2,859 |
| Total Grants and Other Contributions | 57,044 | 63,215 |
| 5. Royalties and Other Territorial Revenue | | |
| Royalties and other territorial revenue | 28,966 | 27,055 |
| Total Royalties and Other Territorial Revenue | 28,966 | 27,055 |

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.

**Notes to and forming part of the financial statements
for the year ended 30 June 2014**

| | 2014 | 2013 |
|--------------------------------------------------------------------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| 6. Other Revenue | | |
| Interest income ⁽¹⁾ | 2 | 766 |
| Sale of portable and attractive items | 62 | 39 |
| Bad debts recovered | 5 | 5 |
| Insurance recoveries | 1,076 | 679 |
| Sundry revenue | 340 | 607 |
| Total Other Revenue | 1,486 | 2,096 |
| ⁽¹⁾ 2012-13 Interest income relates to interest on non-current receivables (Note 17). | | |
| 7. Gains on disposal/remeasurement of assets | | |
| Gain on sale of property, plant and equipment | 4,935 | 2,289 |
| Net increment in valuation of biological assets | 434 | 34 |
| Total Gains on sale/revaluation of assets | 5,369 | 2,323 |
| 8. Employee Expenses | | |
| Employee Benefits | | |
| Wages and salaries | 146,185 | 162,747 |
| Termination benefits | 3,830 | 25,472 |
| Employer superannuation contributions ⁽¹⁾ | 19,527 | 21,540 |
| Annual leave levy ⁽¹⁾ | 15,215 | 16,212 |
| Long service leave levy ⁽¹⁾ | 3,401 | 3,765 |
| Other employee benefits | 1,701 | 1,286 |
| Employee Related Expenses | | |
| Workers compensation premium ⁽²⁾ | 1,872 | 1,413 |
| Payroll tax ⁽²⁾ | 8,586 | 9,604 |
| Total Employee Expenses | 200,317 | 242,039 |

The number of employees at 30 June 2014, including both full-time and part-time employees, measured on a full-time basis (reflecting Minimum Obligatory Human Resource Information (MOHRI) is:

| | 2014 | 2013 |
|------------------------------------|-------------|-------------|
| Number of employees ⁽³⁾ | 1,991 | 2,138 |

⁽¹⁾ Refer to Note 1(aa).

⁽²⁾ Cost of workers' compensation insurance and payroll tax are a consequence of employing employees, but are not counted in employees' total remuneration package. They are not employee benefits, but rather employee related expenses.

⁽³⁾ Corporate Partnership employee expenses aligned to DAFF and providing services to other departments are included in the above figure. The number of full time and part time employees measured on a full time equivalent basis providing services to other departments at balance date is set out below.

| | 2014 | 2013 |
|---------------------------------------------------------------------------|--------------|--------------|
| Number of employees: | | |
| Department of Agriculture, Fisheries and Forestry | 1,752 | 1,922 |
| Corporate Partnership Agreement (providing services to other departments) | 239 | 216 |
| Total number of employees | 1,991 | 2,138 |

9. Key Management Personnel and Remuneration

a) Key Management Personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2013-14. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

| Position | Responsibilities | Current incumbents | |
|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| | | Contract classification and appointment authority | Date appointed to position |
| Director-General | The Director General is responsible for the efficient, effective and economic administration of the department overseeing Agriculture and Forestry, Agri-Science Queensland, Biosecurity Queensland and Fisheries Queensland. | CEO / s92 <i>Public Service Act 2008</i> | 3 April 2012 |
| Deputy Director-General, Corporate | The Deputy Director-General is responsible for the efficient, effective and economic administration of the Human Resource, ICT, Strategy, Performance, Business Services, Finance, Media, Communications and Corporate Partnership functions of the department. | SES3 / s110 <i>Public Service Act 2008</i> (from 24 March 2014) SES3 / s122 <i>Public Service Act 2008</i> (22 May 2013 to 23 March 2014) | 22 May 2013 |
| Deputy Director-General, Agriculture Queensland | The Deputy Director-General is responsible for the efficient, effective and economic administration of Queensland Agriculture, Food, Forestry and Regional Services and functions of the department. | SES4 / s110 <i>Public Service Act 2008</i> | 4 June 2012 |
| Executive Director, Regions and Industry Development | The Executive Director is responsible for the efficient, effective and economic administration of the Regional Services functions and services, industry policy and service delivery reform of the department. | SES3 / s110 <i>Public Service Act 2008</i> | 17 October 2011 |
| Executive Director, Finance and Asset Management (Chief Finance Officer) | The Executive Director, Finance (Chief Finance Officer) is responsible for the efficient, effective and economic administration of financial operations and functions for the department. | SES2 / s110 <i>Public Service Act 2008</i> | 23 April 2012 |
| 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. | SES4 / s112 <i>Public Service Act 2008</i> | 12 October 2012 |
| Managing Director, Agri-Science Queensland | The Managing Director is responsible for the efficient, effective and economic administration of Queensland's Agricultural Science services and functions of the department. | SES3 / s110 <i>Public Service Act 2008</i> | 31 October 2011 |
| 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. | SES3/ s110 <i>Public Service Act 2008</i> (from 21 October 2013) SES3 / s122 <i>Public Service Act 2008</i> (13 February 2013 to 20 October 2013) | 13 February 2013 |

b) Remuneration

Remuneration policy for the department's key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment for the key management personnel are specified in employment contracts. The contracts may provide for other benefits including a motor vehicle allowance and, for chief executive officers (CEOs), may provide for the provision of At Risk Component payments.

For the 2013-14 year, remuneration of key management personnel increased by 2.2% in accordance with Government policy.

The following disclosures focus on the expenses incurred by the department during the respective reporting periods, that is attributable to key management positions. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

Remuneration expenses for key management personnel comprises the following components:

- Short term employee benefits which include:
 - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied the specified position.
 - performance payments recognised as an expense during the year
 - 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 are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

Notes to and forming part of the financial statements
for the year ended 30 June 2014

b) Remuneration (cont'd)
1 July 2013– 30 June 2014

| Position | Short Term Employee Expenses | | Long Term Employee Expenses | Post Employment Expenses | Termination Benefits | Total Expenses |
|-----------------------------------------------------------------------------------------|------------------------------|----------------------------------|-----------------------------|--------------------------|----------------------|----------------|
| | Monetary Expenses \$ '000 | Non-Monetary Benefits \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Director-General ⁽¹⁾ | 340 | 1 | 7 | 38 | N/A | 387 |
| Deputy Director-General, Corporate ⁽²⁾ | 219 | - | 4 | 24 | N/A | 247 |
| Deputy Director-General, Agriculture (including Agri-Science Queensland) | 237 | - | 5 | 27 | N/A | 269 |
| Executive Director, Regions and Industry Development | 205 | - | 4 | 21 | N/A | 230 |
| Executive Director, Finance and Asset Management (Chief Finance Officer) ⁽²⁾ | 166 | 26 | 3 | 20 | N/A | 215 |
| Chief Biosecurity Officer, Biosecurity Queensland | 212 | 23 | 4 | 20 | N/A | 259 |
| Managing Director, Agri-Science Queensland | 215 | - | 4 | 23 | N/A | 242 |
| Deputy Director General Fisheries and Forestry Queensland | 219 | - | 4 | 23 | N/A | 246 |
| Total | 1,814 | 50 | 37 | 196 | N/A | 2,097 |

⁽¹⁾ The short term employee benefits in 2013-14 included the 2012-13 At Risk Component which was paid in the pay period ending 15th November 2013.

⁽²⁾ These positions are shared with the Department of Tourism, Major Events, Small Business and the Commonwealth Games and are fully funded by the Department of Agriculture, Fisheries and Forestry to 30 June 2014 as per the Corporate Partnership arrangement.

Notes to and forming part of the financial statements
for the year ended 30 June 2014

b) Remuneration (cont'd)
1 July 2012 – 30 June 2013*

| Position | Short Term Employee Expenses | | Long Term Employee Expenses | Post Employment Expenses | Termination Benefits | Total Expenses |
|------------------------------------------------------------------------------|------------------------------|-------------------------------|-----------------------------|--------------------------|----------------------|----------------|
| | Monetary Expenses \$ '000 | Non-Monetary Benefits \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Director-General | 323 | 21 | 7 | 40 | N/A | 391 |
| Deputy Director-General, Corporate ⁽¹⁾ | 146 | 16 | 4 | 16 | N/A | 182 |
| Deputy Director-General, Corporate ⁽¹⁾ | 24 | - | 1 | 2 | N/A | 27 |
| Deputy Director-General, Agriculture, Fisheries and Forestry | 210 | 19 | 4 | 25 | N/A | 258 |
| Acting Deputy Director-General, Corporate Business Operations ⁽¹⁾ | 11 | - | - | 1 | N/A | 12 |
| Executive Director, Industry and Planning Services | 190 | - | 3 | 21 | N/A | 214 |
| Executive Director, Finance (Chief Finance Officer) ⁽¹⁾ | 158 | 18 | 3 | 18 | N/A | 197 |
| Managing Director, Biosecurity Queensland to 30 November 2012 | 83 | 13 | - | 10 | 153 | 259 |
| Acting Managing Director, Biosecurity Queensland | 131 | 16 | 3 | 14 | N/A | 164 |
| Managing Director, Agri-Science Queensland | 197 | - | 4 | 21 | N/A | 222 |
| Managing Director, Fisheries Queensland to 12 February 2013 | 110 | 19 | 3 | 12 | N/A | 144 |
| Managing Director, Fisheries Queensland from 13 February 2013 | 77 | - | 2 | 8 | N/A | 87 |
| Total | 1,660 | 122 | 34 | 188 | 153 | 2,157 |

⁽¹⁾ These positions are shared with the Department of Tourism, Major Events, Small Business and the Commonwealth Games and are fully funded by the Department of Agriculture, Fisheries and Forestry to 30 June 2013 as per the Corporate Partnership arrangement.

* The Financial Reporting Requirements for 2013-14 required the disclosure of the key executive remuneration to be based on expenses disclosed in the Statement of Comprehensive Income. As a result, the 2012-13 monetary expenses for the key executive remuneration has been reinstated for comparative purposes.

c) Performance payments

The remuneration package for the Director-General includes a potential performance up to a maximum of \$54,788. Eligibility for such a performance payment is conditional on the achievement of objectives that are documented in that position's performance agreement.

Public service CEOs have part of their total remuneration package placed "at risk" and paid only if they meet or exceed the agreed performance standards. The chief executive performance evaluation process comprises:

- reporting on end of year achievement and self-assessment by each chief executive against their performance agreement/intended outcomes;
- analysis by the Commission Chief Executive (Public Service Commission), the Under Treasurer (Queensland Treasury and Trade) and the Director-General (Department of the Premier and Cabinet) of relevant performance data;
- a rigorous, independent and objective assessment of CEOs performance at the end of each financial year using, amongst other things, information provided from above two steps. This performance assessment is undertaken by a Chief Executive Performance Evaluation Committee (CEPEC);
- recommendations from the CEPEC to the Premier; and
- the Premier's ultimate discretion regarding whether the incumbent will be paid a performance payment and, if so, how much.

As at the date of management certification of these financial statements, the eligibility to a performance payment for the Director General in respect of the 2013-14 financial year had not yet been confirmed. With respect to the process to determine eligibility, for chief executive officers, recommendations are yet to be made by the Chief Executive Performance Evaluation Committee to the Premier. Therefore, any performance payment approved will be reported as an expense within 2014-15.

The basis for performance payments expensed in the 2013-14 financial year is set out below:

| Position | Date Paid | Basis for Payment |
|------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Director-General | Pay Period Ended 15th of November 2013 | Consistent with the abovementioned timeframe and process, this payment relates to the achievement of performance criteria during 2012-13. In accordance with the terms of the performance agreement for this position, it was determined that a payment of \$14,562 be awarded. |

The department did not recognise any performance payments as an expense during 2012-13 as it was the first year of the performance payment arrangement and hence no comparative information is available.

**Notes to and forming part of the financial statements
for the year ended 30 June 2014**

| | \$'000 | \$'000 |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| 10. Supplies and Services | | |
| Consultants and contractors | 38,144 | 30,399 |
| Operating lease rentals | 28,068 | 27,695 |
| Building Services | 7,409 | 6,365 |
| Repairs and maintenance | 6,965 | 7,503 |
| Transport | 6,976 | 6,459 |
| Travel | 5,195 | 4,142 |
| Computer/information technology | 15,781 | 18,611 |
| Telecommunications and electricity | 6,414 | 6,894 |
| Shared services provider fee | 8,226 | 8,495 |
| Materials | 6,635 | 7,623 |
| Portable and attractive items | 572 | 722 |
| Service delivery costs and service level agreement charges | 11,465 | 9,556 |
| Bank fees and charges | 40 | 51 |
| Other | 7,272 | 7,108 |
| Total Supplies and Services | 149,162 | 141,626 |
| 11. Grants and Subsidies | | |
| <i>Grants:</i> | | |
| Queensland and local government | 4,767 | 6,494 |
| Industry ⁽¹⁾ | 7,248 | 9,060 |
| Universities ⁽¹⁾ | 8,936 | 7,994 |
| Charities/community groups | 1,177 | 468 |
| Subsidies ⁽²⁾ | 30,330 | 128 |
| Commonwealth | 65 | 118 |
| Total Grants and Subsidies | 52,523 | 24,262 |
| ⁽¹⁾ These include payments to collaborating organisations for research and development projects. | | |
| ⁽²⁾ Total subsidies for 2013-14 related to drought assistance payments to individuals and businesses during the financial year. | | |
| 12. Depreciation and Amortisation | | |
| Depreciation and amortisation were incurred in respect of: | | |
| Buildings | 5,652 | 6,373 |
| Infrastructure | 229 | 214 |
| Plant and equipment | 14,799 | 15,309 |
| Software purchased | 71 | 27 |
| Software internally generated | 527 | 527 |
| Total Depreciation and Amortisation | 21,278 | 22,450 |
| 13. Impairment Losses | | |
| Land | 1,432 | - |
| Buildings | - | 3,328 |
| Plant and equipment | - | 1,863 |
| Trade receivables | 222 | 69 |
| Total Impairment Losses | 1,654 | 5,260 |

**Notes to and forming part of the financial statements
for the year ended 30 June 2014**

| | 2014 \$'000 | 2013 \$'000 |
|-------------------------------------|----------------|----------------|
| 14. Revaluation Decrements | | |
| Land ⁽¹⁾ | 1,673 | - |
| Total Revaluation Decrements | <u>1,673</u> | <u>-</u> |

⁽¹⁾ The decrement was due to the correction of prior year revaluation error of Swans Lagoon which has been recognised as an expense in the Statement of Comprehensive Income.

15. Other Expenses

| | | |
|---------------------------------------------------------------------------------|--------------|---------------|
| External audit fees ⁽¹⁾ | 223 | 189 |
| Insurance premiums - Queensland Government Insurance Fund | 643 | 749 |
| Insurance premiums - general ⁽²⁾ | 168 | 142 |
| Loss on disposal of property, plant and equipment and intangibles | 3,863 | 7,369 |
| Loss on disposal of property, plant and equipment and intangibles - Capital WIP | 526 | 2,512 |
| Sponsorships | 144 | 57 |
| Special Payments | - | 1 |
| Donations and gifts ⁽³⁾ | 4 | 114 |
| License fees and permits | 308 | 146 |
| Interest | 7 | 13 |
| Patent, Copyright & Trademark Acquisition | 299 | 203 |
| Royalties Paid | 484 | 327 |
| Other | 139 | 17 |
| Total Other Expenses | <u>6,806</u> | <u>11,839</u> |

⁽¹⁾ Total external audit fees for the year ended 30 June 2014 is estimated at \$0.240 million and \$0.240 million in 2012-13. There are no non-audit services included in this amount.

⁽²⁾ There were no instances where DAFF required the Under Treasurer's approval for insurance contracts.

⁽³⁾ The Department donated \$100,000 to the Far North Queensland Bushfire Appeal in 2012-13.

16. Cash and Cash Equivalents

| | | |
|----------------------------------------|---------------|----------------|
| Cash at bank ⁽¹⁾ | 37,311 | (7,983) |
| Imprest accounts | 45 | 49 |
| Total Cash and Cash Equivalents | <u>37,356</u> | <u>(7,934)</u> |

⁽¹⁾ In 2012-13, Cash at bank was overdrawn due to transitional banking arrangements relating to 2012 MoG changes occurring through the department's bank account. Interim banking overdraft arrangements were initially put in place for the multiple departments operating out of the DAFF bank account for the period 1 May 2012 to 30 June 2013. On 27 September 2012, the Acting Under Treasurer approved an ongoing overdraft facility for DAFF on the bank account of \$110 million. There is no overdraft interest charged on this facility.

In 2013-14, the Cash at bank consisted of DAFF operation fund only.

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

17. Receivables

Current

| | | |
|----------------------------------------------|---------------|---------------|
| Trade debtors ⁽¹⁾ | 26,508 | 53,763 |
| Less: allowance for impairment loss | (438) | (327) |
| | <u>26,069</u> | <u>53,436</u> |
| Loans and advances receivable ⁽²⁾ | 6,735 | 14,551 |
| GST input tax credits receivable | 1,629 | 3,368 |
| GST payable | (455) | (1,837) |
| | <u>1,174</u> | <u>1,531</u> |
| Departmental services revenue receivable | 12,137 | 1,924 |
| Annual leave levy reimbursements | 3,537 | 4,226 |
| Long service leave levy reimbursements | 766 | 2,611 |
| Finance lease debtors | 3 | 103 |
| Other | 76 | 4,490 |
| Total Current Receivables | <u>50,497</u> | <u>82,872</u> |

Non-Current

| | | |
|--------------------------------------|-----------|-----------|
| Finance lease debtors | 29 | 47 |
| Total Non-Current Receivables | <u>29</u> | <u>47</u> |

⁽¹⁾ This includes amounts owing from other Government departments due to MoG changes and majority of the MoG receivable has now been collected.

⁽²⁾ These amounts represent outstanding settlements from the sale of land in 2010-11.

Notes to and forming part of the financial statements
for the year ended 30 June 2014

| | 2014 \$'000 | 2013 \$'000 |
|--------------------------------------------------------------------------------------------|----------------|----------------|
| 18. Inventories | | |
| <i>Inventory held for sale:</i> | | |
| Finished goods | 97 | 314 |
| <i>Inventory not held for sale:</i> | | |
| Raw materials and stores | 970 | 787 |
| Total Inventories | <u>1,067</u> | <u>1,101</u> |
| 19. Other Assets | | |
| Current | | |
| Prepayments | 4,383 | 4,179 |
| Total Other Current Assets | <u>4,383</u> | <u>4,179</u> |
| Non-Current | | |
| Prepayments | 14,221 | 14,511 |
| Total Other Non-Current Assets | <u>14,221</u> | <u>14,511</u> |
| 20. Non-Current Assets Classified as Held for Sale | | |
| Land | 848 | 848 |
| Total Non-Current Assets Classified as Held for Sale | <u>848</u> | <u>848</u> |
| ⁽¹⁾ The contract for land held for sale is expected to settle in early 2014-15. | | |
| 21. Intangible Assets | | |
| Software Purchased | | |
| At Cost | 1,468 | 777 |
| Less: Accumulated amortisation | (831) | (763) |
| Total Software Purchased | <u>637</u> | <u>14</u> |
| Software Internally Generated | | |
| At cost | 6,973 | 7,204 |
| Less: Accumulated amortisation | (4,694) | (4,398) |
| Total Software Internally Generated | <u>2,279</u> | <u>2,806</u> |
| Software Work in Progress | | |
| At cost | 208 | - |
| Total Software Work in Progress | <u>208</u> | <u>-</u> |
| Total Intangible Assets | <u>3,124</u> | <u>2,820</u> |
| Intangibles Reconciliation | | |

| | Software Purchased | | Software Internally Generated | | Software Work In Progress | | Total | |
|-----------------------------------------------|--------------------|----------------|-------------------------------|----------------|---------------------------|----------------|----------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Carrying amount at 1 July | 14 | 111 | 2,806 | 3,456 | - | - | 2,820 | 3,567 |
| Acquisitions | 694 | - | - | - | 208 | - | 903 | - |
| Disposals | - | (69) | - | - | - | - | - | (69) |
| Transfer out to other Qld Government entities | - | - | - | (123) | - | - | - | (123) |
| Amortisation | (71) | (28) | (527) | (527) | - | - | (598) | (555) |
| Carrying amount at 30 June 2014 | <u>637</u> | <u>14</u> | <u>2,279</u> | <u>2,806</u> | <u>208</u> | <u>-</u> | <u>3,124</u> | <u>2,820</u> |

Notes to and forming part of the financial statements
for the year ended 30 June 2014

| | 2014 \$'000 | 2013 \$'000 |
|--------------------------------------------|----------------|----------------|
| 22. Property, plant and equipment | | |
| Non-Current | | |
| Land | | |
| At fair value | 106,142 | 118,971 |
| Less: accumulated impairment losses | (1,432) | - |
| Total Land | 104,710 | 118,971 |
| Buildings | | |
| At fair value | 231,001 | 235,914 |
| Less: accumulated depreciation | (114,301) | (117,289) |
| Less: accumulated impairment losses | (3,823) | (4,911) |
| Total Buildings | 112,877 | 113,714 |
| Infrastructure | | |
| At fair value | 34,686 | 34,404 |
| Less: accumulated depreciation | (20,171) | (19,942) |
| Total Infrastructure | 14,515 | 14,462 |
| Plant and Equipment | | |
| At cost | 218,817 | 217,228 |
| Less: accumulated depreciation | (98,121) | (89,637) |
| Less: accumulated impairment | (1,852) | (1,863) |
| Total Plant and Equipment | 118,845 | 125,728 |
| Capital Work in Progress | | |
| At cost | 1,124 | 4,999 |
| Total Capital Work in Progress | 1,124 | 4,999 |
| Heritage and Cultural Assets | | |
| At fair value | 150 | 150 |
| Total Heritage and Cultural Assets | 150 | 150 |
| Total Property, Plant and Equipment | 352,222 | 378,024 |

Land

State Valuation Services (SVS) provides an individual factor change per property derived from the review of market transactions (Observable Market Data). These market movements are determined having regard to the review of land values undertaken for each local government area issued by the Valuer-General Department of Natural Resources and Mines. SVS undertakes investigation and research into each factor provided for the interim land asset Indexation.

All Local Government property market movements are reviewed annually by market surveys to determine any material changes in values. For local government areas where the Valuer-General has issued land values, an index will be provided. Ongoing market investigations undertaken by SVS assists in providing an accurate assessment of the prevailing market conditions and detail the specific market movement are applicable to each property. As market value movements remained at a low level and due to materiality considerations allowable by QTT, the department's land was not indexed in 2013-14. The department's land was last comprehensively revalued in 2010-11 prior to the formation of this department under the MoG arrangements and is scheduled for the next comprehensive valuation in 2015-16.

A revaluation error relates to a prior year for Swans Lagoon Research Station. \$2.144 million of this amount was posted to the Asset Revaluation Reserve which became fully expended as a result, and the remaining \$1.673 million was posted to revaluation decrement.

Buildings

State Valuation Services (SVS) provided the valuation for Buildings and improvements which are indexed using the most appropriate method of indexation and determined by the type of asset to which the index is applied. Improvements such as specialised Government assets were indexed with a Building Price Index (BPI) which is based on recent tenders for typical specialised buildings (Observable Market Data) and is the most appropriate index to apply for specialised government assets. General non-residential construction was indexed using the QTT OESR Implicit Price Deflator as the recommended and is the most appropriate index to use for these particular assets. Residential assets were indexed by the Cordell Housing Price Index which is specific to Queensland house price movements (Observable Market Data) and is the most appropriate index to use for residential housing specific to Queensland properties. As market value movements remained at a low level and due to materiality considerations allowable by QTT, the department's Buildings and Improvements were not indexed in 2013-14. The department's Buildings and Improvements were last comprehensively revalued in 2010-11 prior to the formation of this department under the MoG arrangements and are scheduled for the next comprehensive valuation in 2015-16.

Certain Buildings valued at \$0.161 million are restricted by contractual obligations preventing their sale.

22. Property, plant and equipment (cont'd)

Infrastructure

State Valuation Services (SVS) provided the valuation for Infrastructure which is indexed using the most appropriate method of indexation and determined by the type of asset to which the index is applied. Improvements such as specialised Government assets were indexed with a Building Price Index (BPI) which is based on recent tenders for typical specialised buildings (Observable Market Data) and is the most appropriate index to apply for specialised government assets. As market value movements remained at a low level and due to materiality considerations allowable by QTT, the department's Infrastructure were not indexed in 2013-14. The department's Infrastructure were last comprehensively revalued in 2010-11 prior to the formation of this department under the MoG arrangements and are scheduled for the next comprehensive valuation in 2015-16.

Plant and Equipment

The department has plant and equipment with an original cost of \$24.171 million (2013: \$26.954 million) that has been written down to a nil value and are still being used in the provision of services. Included in the original cost of \$24.171 million are assets written down to residual cost of \$1.185 million. These assets will be replaced in accordance with business planning processes.

Certain Plant and Equipment assets valued at \$0.571 million are restricted by contractual obligations preventing their sale.

Work in Progress

The department is carrying the capital works in progress as per the QTT policies.

Heritage and Cultural Assets

State Valuation Services (SVS) provided the valuation for Heritage and Cultural assets which are indexed using the most appropriate method of indexation and determined by the type of asset to which the index is applied. As market value movements remained at a low level and due to materiality considerations allowable by QTT, the department's Heritage and Cultural assets were not indexed in 2013-14. The department's Heritage and Cultural assets were last comprehensively revalued in 2010-11 prior to the formation of this department under the MoG arrangements and are scheduled for the next comprehensive valuation in 2015-16.

| Fully impaired/depreciated assets still in use | 2014 | 2013 |
|--------------------------------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Buildings | 11,978 | 16,801 |
| Plant and equipment | 24,171 | 26,954 |
| Total significant asset classes of fully depreciated assets | 36,149 | 43,755 |

The buildings with an original cost of \$11.978 million (2013: \$16.801 million) included is \$3.444 million (2013: \$4.697 million) of impairment. The department has plant and equipment with a gross cost of \$24.171 million (2013: \$26.954 million), fully depreciated with no residual value.

Fully impaired/depreciated assets not in use

The department has buildings with an original cost of \$8.781 million (2013: \$11.419 million) which are presently not being used in the provision of services, that are fully depreciated.

The department has included a number of assets in the accounts which are classified as restricted assets. 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 2014 is \$0.732 million (2013: \$0.770 million).

Notes to and forming part of the financial statements
for the year ended 30 June 2014

22. Property, plant and equipment (cont'd)

Property, Plant and Equipment Reconciliation

| | Land | Buildings | Infrastructure | Plant and Equipment | Capital Works in Progress | Heritage and Cultural | Total |
|-----------------------------------------------------------|----------------|----------------|----------------|---------------------|---------------------------|-----------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at 1 July 2012 | 143,079 | 124,876 | 14,054 | 136,725 | 5,137 | - | 423,871 |
| Transfer in from other Qld Government entities | - | - | - | 245 | - | - | 245 |
| Acquisitions (including upgrades) | - | 8 | - | 11,083 | 7,827 | - | 18,918 |
| Disposals | (17,574) | (5,078) | - | (1,385) | (2,356) | - | (26,393) |
| Transfer out to other Qld Government entities | (5,164) | - | - | (4,777) | (4) | - | (9,945) |
| Transfers between asset classes | 218 | 3,607 | 621 | 1,009 | (5,605) | 150 | - |
| Assets reclassified as held for sale | (848) | - | - | - | - | - | (848) |
| Impairment losses recognised in operating surplus/deficit | - | (3,327) | - | (1,863) | - | - | (5,190) |
| Net revaluation increments/(decrements) | (740) | - | - | - | - | - | (740) |
| Depreciation | - | (6,373) | (213) | (15,309) | - | - | (21,895) |
| Carrying amount at 30 June 2013 | 118,971 | 113,714 | 14,462 | 125,728 | 4,999 | 150 | 378,024 |

| | Land | Buildings | Infrastructure | Plant and Equipment | Capital Works in Progress | Heritage and Cultural | Total |
|----------------------------------------------------------------------------|----------------|----------------|----------------|---------------------|---------------------------|-----------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at 1 July 2013 | 118,971 | 113,714 | 14,462 | 125,728 | 4,999 | 150 | 378,024 |
| Acquisitions (including upgrades) | - | 48 | - | 8,084 | 5,215 | - | 13,347 |
| Transfer in from other Qld Government entities | 468 | 99 | - | 4 | - | - | 571 |
| Disposals ⁽¹⁾ | (9,479) | (2,456) | - | (1,174) | (527) | - | (13,636) |
| Transfer out to other Qld Government entities | - | - | - | (156) | - | - | (156) |
| Transfers between asset classes | - | 7,122 | 282 | 1,159 | (8,563) | - | - |
| Net revaluation increments/(decrements) ⁽²⁾ | (3,818) | - | - | - | - | - | (3,818) |
| Impairment losses recognised in operating surplus/(deficit) ⁽³⁾ | (1,432) | - | - | - | - | - | (1,432) |
| Depreciation | - | (5,652) | (229) | (14,799) | - | - | (20,680) |
| Carrying amount at 30 June 2014 | 104,710 | 112,877 | 14,515 | 118,845 | 1,124 | 150 | 352,222 |

⁽¹⁾ A review of capital works in progress for the Wild Dog Barrier Fence identified balances of \$0.527 million that were determined to be operating expenses.

⁽²⁾ Relates to a revaluation error from a prior year for Swans Lagoon. \$2.144 million of this amount was posted to the Asset Revaluation Reserve which became fully expended as a result, and the remaining \$1.673 million was posted to revaluation decrement.

⁽³⁾ The impairment adjustments represents a decrease in market value on the land to match the valuation at Swans Lagoon.

Notes to and forming part of the financial statements
for the year ended 30 June 2014

22. Property, plant and equipment (cont'd)

Categorisation of fair values recognised as at 30 June 2014

| | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|-----------------------|-------------------|-------------------|-----------------|
| Land | 55,955 | 48,756 | 104,710 |
| Buildings | 60,084 | 52,791 | 112,875 |
| Infrastructure | - | 14,515 | 14,516 |
| Heritage and Cultural | - | 150 | 150 |
| Total | 116,039 | 116,212 | 232,251 |

Level 3 fair value reconciliation (refer to note 1(s))

| | Land \$'000 | Buildings \$'000 | Infrastructure \$'000 | Heritage and Cultural \$'000 | Total \$'000 |
|---------------------------------------------------------|----------------|---------------------|--------------------------|---------------------------------|-----------------|
| Carrying amount at 1 July 2013 | 54,005 | 54,081 | 14,462 | 150 | 122,698 |
| Acquisitions (including upgrades) | - | 103 | - | - | 103 |
| Disposals | - | (146) | - | - | (146) |
| Transfer from WIP | - | 1,230 | - | - | 1,230 |
| Transfers between classes | - | - | 282 | - | 282 |
| Gains/(losses) recognised in operating result | | | | | |
| Impairment losses | (1,432) | - | - | - | (1,432) |
| Gains/(losses) recognised in other comprehensive income | | | | | |
| Net revaluation increments/(decrements) | (3,818) | - | - | - | (3,818) |
| Depreciation | - | (2,476) | (229) | - | (2,705) |
| Carrying amount at 30 June 2014 | 48,756 | 52,791 | 14,515 | 150 | 116,212 |

Level 3 significant valuation inputs and relationship to fair value

| Description | Fair value at 30 June 2014 \$'000 | Significant unobservable inputs | Possible alternative amounts for significant inputs | Sensitivity of fair value change to alternative inputs |
|-----------------------|--------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Land | 48,756 | Valuer's judgement and allowance for restrictions recognised by the market | +/- 0%-10% | Increase in the unobservable inputs allowances would decrease the fair value. Decrease in the unobservable inputs allowances would increase the fair value. |
| Building | 52,791 | Valuer's judgement including condition assessment | +/- 0%-10% | Improved condition would increase the fair value. Reduced condition would decrease the fair value. |
| Infrastructure | 14,515 | Condition rating/remaining useful life | +/- 0%-10% | Improved condition would increase the fair value. Reduced condition would decrease the fair value. |
| Heritage and Cultural | 150 | Valuer's judgement including condition assessment | +/- 0%-10% | Improved condition would increase the fair value. Reduced condition would decrease the fair value. |
| Total | 116,212 | | | |

Assets where current use is not the highest and best use

The department's assets are valued at highest and best use.

Notes to and forming part of the financial statements
for the year ended 30 June 2014

| | 2014 \$'000 | 2013 \$'000 | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|-------------------------------------|----------------|
| 23. Biological assets | | | | |
| Livestock | | | | |
| Opening Carrying Amount | 1,967 | 2,123 | | |
| Increase from purchases/acquisitions | 207 | 386 | | |
| Decrease from disposals/sales | (1,328) | (576) | | |
| Gain/(loss) from changes in fair value | 434 | 34 | | |
| Closing Carrying Amount | 1,281 | 1,967 | | |
| <p>The valuation technique is based on the market price of livestock of a similar age, weight, breed and genetic makeup. The estimated Net Market Value (Fair Value) would increase (decrease) if more (less) livestock were classified as breeders.</p> | | | | |
| <p>Indicative Physical Quantities of Biological Assets and Net Valuation Increment Recognised as Revenue</p> | | | | |
| | Number 2014 | Number 2013 | Net change in NMV 2014 \$'000 | 2013 \$'000 |
| Livestock | 4,460 | 4,941 | 434 | 34 |
| Total Indicative Physical Quantities of Biological Assets and Net Change in Net Market Value | 4,460 | 4,941 | 434 | 34 |
| | | | 2014 \$'000 | 2013 \$'000 |
| 24. Payables | | | | |
| Current | | | | |
| Trade creditors | | | 10,450 | 12,368 |
| Taxes, fees and fines payable | | | 767 | 851 |
| Accrued expenses | | | 4,672 | 4,265 |
| Total Current Payables | | | 15,888 | 17,484 |
| 25. Accrued Employee Benefits | | | | |
| Current | | | | |
| Salaries and wages outstanding | | | 627 | 45 |
| Employer superannuation contribution payable | | | 65 | 6 |
| Annual leave levy payable | | | 4,373 | 3,970 |
| Long service leave levy payable | | | 854 | 934 |
| Total Current Accrued Employee Benefits | | | 5,920 | 4,955 |
| 26. Unearned Revenue | | | | |
| Current | | | | |
| Unearned revenue | | | 21,919 | 24,328 |
| Non-Current | | | | |
| Unearned revenue | | | 22,290 | 21,994 |
| Total Unearned Revenue | | | 44,209 | 46,322 |
| 27. Other Liabilities | | | | |
| Current | | | | |
| Prepaid royalties | | | 79 | 79 |
| Royalties payable | | | 349 | 211 |
| Other liabilities | | | 56 | 3 |
| Total Current Other Liabilities | | | 484 | 293 |
| 28. Asset Revaluation Surplus | | | | |
| Land | | | | |
| Opening Balance | | | 2,144 | 2,884 |
| Revaluation decrements | | | (2,144) | (740) |
| Closing Balance | | | - | 2,144 |

Notes to and forming part of the financial statements
for the year ended 30 June 2014

| 29. Reconciliation of Operating Surplus/Deficit to Net Cash from Operating Activities | 2014 \$'000 | 2013 \$'000 |
|---------------------------------------------------------------------------------------|----------------|----------------|
| Operating surplus/(deficit) | (1,453) | (9,133) |
| Non-cash items: | | |
| Depreciation and amortisation expense | 21,278 | 22,450 |
| Biological assets unrealised (revenue)/expense | (434) | (34) |
| Loss on sale or disposal of property, plant and equipment and intangibles | 4,389 | 9,881 |
| Impairment losses | 1,654 | 5,260 |
| Gains on sale or disposal of property, plant and equipment | (4,935) | (2,289) |
| Asset revaluation decrements | 1,673 | - |
| Assets received below fair value | - | (2,859) |
| Stocktake write off/write on | 111 | (761) |
| Non cash item | 51 | - |
| Change in assets and liabilities: | | |
| (Increase)/decrease in receivables | 39,713 | 372 |
| (Increase)/decrease in appropriation services revenue receivable | (10,213) | 2,032 |
| (Increase)/decrease in long service leave receivables | 1,846 | 282 |
| (Increase)/decrease in annual leave receivables | 689 | 785 |
| (Increase)/decrease in inventories | 34 | 1,114 |
| (Increase)/decrease in other assets | 86 | (704) |
| (Increase)/decrease in biological assets | 686 | 227 |
| Increase/(decrease) in payables | (1,596) | (10,165) |
| Increase/(decrease) in accrued employee benefits | 965 | (2,205) |
| Increase/(decrease) in other liabilities | 192 | 221 |
| Increase/(decrease) in unearned revenue | (2,112) | (2,834) |
| (Increase)/decrease in GST input tax credits receivable | 1,740 | 21,497 |
| Increase/(decrease) in GST payable | (1,382) | (19,714) |
| Net cash from operating activities | 52,983 | 13,425 |

30. Non-Cash Financing and Investing Activities

Assets and liabilities received or donated/transferred by the department and recognised as revenues and expenses, are set out in Notes 4 and 15 respectively.

31. Commitments for Expenditure

(a) Non-Cancellable Operating Leases ⁽¹⁾

Commitments under operating leases at the reporting date are inclusive of anticipated GST and are payable as follows:

| | 2014 \$'000 | 2013 \$'000 |
|----------------------------------------------------------|----------------|----------------|
| · Not later than 1 year ⁽²⁾ | 25,592 | 33,894 |
| · Later than 1 year and not later than 5 years | 66,620 | 57,799 |
| · Later than 5 years | 192,598 | 209,249 |
| Total non-cancellable operating lease commitments | 284,810 | 300,942 |

The department has non-cancellable operating leases predominately relating to land, building, laboratories, office accommodation, storage facilities and motor vehicles. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. No renewal or purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.

⁽¹⁾ Commitments for non cancellable operating leases increased in 2013-14 due to the correction of the lease term commitment for Eco Sciences Precinct and Qfleet leases.

⁽²⁾ For 2012-13, the commitment not later than one year has reduced by \$9.823 million as it should have been showed under other expense commitments in Note31 (d)

(b) Capital Expenditure Commitments

Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at the reporting date but not recognised in the accounts are payable as follows:

| | 2014 \$'000 | 2013 \$'000 |
|------------------------------------------------|----------------|----------------|
| Buildings | 14 | 27 |
| Plant and equipment | 1,138 | 627 |
| Intangibles | - | 55 |
| Other | 454 | 237 |
| | 1,606 | 946 |
| · Not later than 1 year | 1,606 | 918 |
| · Later than 1 year and not later than 5 years | - | 28 |
| Total capital expenditure commitments | 1,606 | 946 |

**Notes to and forming part of the financial statements
for the year ended 30 June 2014**

31. Commitments for Expenditure (cont'd)

(c) Grants and Subsidies Commitments

Grants and subsidies commitments inclusive of anticipated GST, committed to be provided at the reporting date, but not recognised in the accounts are payable as follows:

Payable:

| | 2014 | 2013 |
|-----------------------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| · Not later than 1 year | 19,322 | 19,421 |
| · Later than 1 year and not later than 5 years | 26,496 | 33,874 |
| Total grants and subsidies expenditure commitments | 45,818 | 53,295 |

(d) Other Expenditure Commitments

Other expenditure commitments inclusive of anticipated GST, committed to provide at reporting date but not recognised in the accounts are payable as follows:

Payable:

| | 2014 | 2013 |
|-----------------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| · Not later than one year ⁽¹⁾ | 23,171 | 12,736 |
| · Later than one year and not later than five years | 7,018 | 12,586 |
| · Later than five years | 1,222 | 6,893 |
| Total other expenditure commitments | 31,411 | 32,215 |

⁽¹⁾For 2012-13, the commitment not later than one year has increased by \$9.823 million as it was shown under Non cancellable operating leases in Note31 (a)

32. Contingencies

(a) Litigation in progress

As at 30 June 2014, the following cases were filed in the courts naming the State of Queensland through DAFF or DAFF, as defendant:

| | 2014 | 2013 |
|-----------------------------------------------|-------------|-------------|
| Supreme Court | 2 | 4 |
| District Court | 3 | 1 |
| Magistrates Court | 1 | - |
| Queensland Industrial Relations Commission | 1 | 1 |
| Total number of litigation in progress | 7 | 6 |

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 one other case that is not yet subject to court action. This may or may not result in subsequent litigation. Depending on the outcome of the litigation process, indemnity for the department may be sought in respect of some of the above matters through the Queensland Government Insurance Fund.

(b) Contaminated land sites

On 30 June 2010, the Queensland Government sold the rights to manage and harvest Queensland's timber plantations to a private company - Forestry Plantations Queensland Pty Ltd (FPQ), now known as HQ Plantations Pty Ltd (HQP). The plantations are located on State Forest land and are managed through a 99-year licence issued under the *Forestry Act 1959*. The government administers the Plantation Licence and various Deeds of Agreement, including a Land Contamination Indemnity Deed. The assets are a part of the Administered Statements.

Under the Land Contamination Indemnity Deed, the State and the former FPQ agreed to jointly assess all plantation land to determine contamination issues. The process was undertaken during the 2010-12 financial years. For sites assessed as contamination risks, an appropriate landcare strategy is being developed. Any costs associated with remediation to contamination attributable to the period up to 30 June 2010 will be borne by the State and any costs associated with remediation of contamination attributable post 30 June 2010 will be borne by HQP. The amount and attribution of these costs, if any, of related liability will not be quantifiable until the site assessment has been completed.

The State has also provided an indemnity to HQP for costs incurred in defending third party claims for personal injury or death arising from contaminated land or the fuel depots in the licenced area for a period of 5 years from 1 July 2010, with payments capped to a range of \$1 million to a maximum of \$5 million.

(c) Long-Term Sales Permits

The department, under the provisions of the *Forestry Act 1959* has issued the following long-term sales permits to various sawmilling business regarding the supply of log timber from State-owned native forests.

- 16 sales permits, which expire 31 December 2024, for the supply of native forest hardwood sawlogs from State-owned native forests in south-east Queensland;
- 2 sales permits, which expire 31 December 2025, for the supply of native forest hardwood sawlogs from State-owned native forests in western Queensland; and
- 15 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.

**Notes to and forming part of the financial statements
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33. Events Occurring after Balance Date

On 1 July 2014, as part of the Government Employee Housing Centralisation Project, the department will transfer 7 of Government Employee properties to the Department of Housing and Public Works (HPW). The final market rents have been agreed and leasing agreements are in place for the transferred properties that DAFF continue to occupy to ensure a smooth transition to HPW. The transfer is at arm's length basis and the value of these properties at 30 June 2014 is \$1.983 million.

34. Financial Instruments

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

(a) Categorisation of Financial Instruments

| Category | Note | 2014 | 2013 |
|------------------------------------|------|---------------|---------------|
| | | \$'000 | \$'000 |
| Financial Assets | | | |
| Cash and cash equivalents | 16 | 37,356 | (7,934) |
| Receivables | 17 | 50,526 | 82,919 |
| Total Financial Assets | | 87,882 | 74,985 |
| Financial Liabilities | | | |
| Payables | 24 | 15,888 | 17,484 |
| Total Financial Liabilities | | 15,888 | 17,484 |

(b) Financial Risk Management

The department's activities expose it to a variety of financial risks – credit risk, liquidity risk and market risk.

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 measures risk exposure using a variety of methods as follows:

| Risk exposure | Measurement method |
|----------------|------------------------------------|
| Credit risk | Ageing analysis |
| Liquidity risk | Sensitivity analysis |
| Market risk | Interest rate sensitivity analysis |

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

The carrying amount of receivables disclosed in Note 17 represents the maximum exposure to credit risk.

Financial Assets

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

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.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

The allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor is overdue in paying a debt to the department, according to the due date in the contract. Economic changes impacting the department's debtors, and relevant industry date, also form part of the department's documented risk analysis.

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If DAFF determines that an amount owing by such a debtor does become uncollectible (after appropriate range of debtor recovery actions), that amount is recognised as a Bad Debt expense and written-off directly against Receivables. In other cases where a debt becomes uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as a Bad Debt expense and written off directly against Receivables.

No financial assets have had their terms renegotiated to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

Notes to and forming part of the financial statements
for the year ended 30 June 2014

34. Financial Instruments (cont'd)

(c) Credit Risk Exposure

Ageing of invoices raised including those impaired financial assets are disclosed in the following tables:

2014 Financial Assets Past Due But Not Impaired

| | Ageing | | | Total overdue |
|--------------|----------------------|--------------|----------------------|---------------|
| | Less than 30 days | 30 - 60 days | More than 60 days | |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Receivables | 14,741 | 563 | 5,440 | 20,744 |
| Total | 14,741 | 563 | 5,440 | 20,744 |

2013 Financial Assets Past Due But Not Impaired

| | Ageing | | | Total overdue |
|--------------|----------------------|--------------|----------------------|---------------|
| | Less than 30 days | 30 - 60 days | More than 60 days | |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Receivables | 27,906 | (398) | 10,393 | 37,901 |
| Total | 27,906 | (398) | 10,393 | 37,901 |

2014 Individually Impaired Financial Assets

| | Ageing | | | Total overdue |
|--------------------------|----------------------|--------------|----------------------|---------------|
| | Less than 30 days | 30 - 60 days | More than 60 days | |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Receivables | - | - | 438 | 438 |
| Allowance for impairment | - | - | (438) | (438) |
| Carrying Amount | - | - | - | - |

2013 Individually Impaired Financial Assets

| | Ageing | | | Total overdue |
|--------------------------|----------------------|--------------|----------------------|---------------|
| | Less than 30 days | 30 - 60 days | More than 60 days | |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Receivables | - | - | 296 | 296 |
| Allowance for impairment | - | - | (296) | (296) |
| Carrying Amount | - | - | - | - |

| | 2014 | 2013 |
|---------------------------------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Movements in Allowance for Impairment | | |
| Opening Balance | (327) | (297) |
| (Increase)/decrease in allowance recognised in profit or loss | (111) | (30) |
| Closing Balance | (438) | (327) |

**Notes to and forming part of the financial statements
for the year ended 30 June 2014**

34. Financial Instruments (cont'd)

(d) 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 only.

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.

The following table sets out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date.

| | Note | 2014 payable in | | | Total \$'000 |
|--------------|------|--------------------|-----------------------|---------------------|-----------------|
| | | < 1 year \$'000 | 1 - 5 years \$'000 | > 5 years \$'000 | |
| Payables | 24 | 15,888 | - | - | 15,888 |
| Total | | 15,888 | - | - | 15,888 |

| | Note | 2013 payable in | | | Total \$'000 |
|--------------|------|--------------------|-----------------------|---------------------|-----------------|
| | | < 1 year \$'000 | 1 - 5 years \$'000 | > 5 years \$'000 | |
| Payables | 24 | 17,484 | - | - | 17,484 |
| Total | | 17,484 | - | - | 17,484 |

(e) Market Risk

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.

(f) Interest Rate Sensitivity Analysis

Financial Assets Departmental funds are not held in interest bearing accounts so the department is not exposed to interest rate risk. The department does not have any borrowings.

(g) Fair Value

DAFF does not recognise any financial assets or financial liabilities at fair value. The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

Notes to and forming part of the financial statements
for the year ended 30 June 2014

35. Schedule of Administered Items

(a) Categorisation of Administered Items

| | Revenue Collection | | QRAA | | Forestry Assets | |
|----------------------------------------------------------------------------------|--------------------|----------------|----------------|----------------|-----------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Administered Revenue | | | | | | |
| Administered item appropriation | - | - | 9,036 | 9,083 | 167 | 192 |
| User charges, fees and fines | 1,740 | 1,553 | - | - | - | - |
| Other revenue | - | - | - | - | 38 | 36 |
| Total | 1,740 | 1,553 | 9,036 | 9,083 | 205 | 228 |
| Administered Expenses | | | | | | |
| Grants to Queensland Rural Adjustment Authority | - | - | 9,036 | 9,083 | - | - |
| Grants to Australian Agricultural College Corporation | - | - | - | - | - | - |
| Grants to James Cook University | - | - | - | - | - | - |
| Depreciation and Amortisation | - | - | - | - | 167 | 192 |
| Decrement revaluation of land | - | - | - | - | - | 65 |
| Loss on disposal | - | - | - | - | 528 | - |
| Other expenses | - | - | - | - | 3 | - |
| Total | - | - | 9,036 | 9,083 | 698 | 257 |
| Total Administered Operating Result before Transfers to Government | 1,740 | 1,553 | - | - | (493) | (29) |
| Transfers of administered revenue to Government | 1,740 | 1,553 | - | - | 38 | 36 |
| Operating Result from Continuing Operations after Transfers to Government | - | - | - | - | (531) | (65) |
| Administered Assets | | | | | | |
| Current | | | | | | |
| Cash and cash equivalents | (88) | 422 | - | - | 1 | (16) |
| Receivables | 664 | 113 | - | - | 37 | 36 |
| Total | 576 | 535 | - | - | 37 | 20 |
| Non-Current | | | | | | |
| Property, Plant and Equipment | - | - | - | - | 3,212 | 4,591 |
| Total | - | - | - | - | 3,212 | 4,591 |
| Total Assets | 576 | 535 | - | - | 3,250 | 4,611 |
| Administered Liabilities | | | | | | |
| Current | | | | | | |
| Payables | 511 | 470 | - | - | 40 | 20 |
| Total | 511 | 470 | - | - | 40 | 20 |
| Net Assets | 65 | 65 | - | - | 3,210 | 4,591 |
| Administered Equity | | | | | | |
| Contributed Equity | 65 | 65 | - | - | 3,812 | 4,663 |
| Accumulated Surplus/Deficit | - | - | - | - | (628) | (97) |
| Asset Revaluation Surplus | - | - | - | - | 25 | 25 |
| Total | 65 | 65 | - | - | 3,210 | 4,591 |

Notes to and forming part of the financial statements
for the year ended 30 June 2014

35. Schedule of Administered Items

(a) Categorisation of Administered Items (cont'd)

| | General - Not Attributed | | Total | |
|----------------------------------------------------------------------------------|--------------------------|----------------|----------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Administered Revenue | | | | |
| Administered item appropriation | 1,017 | 1,038 | 10,220 | 10,313 |
| User charges, fees and fines | - | - | 1,740 | 1,553 |
| Other revenue | - | - | 38 | 36 |
| Total | 1,017 | 1,038 | 11,998 | 11,902 |
| Administered Expenses | | | | |
| Grants to Queensland Rural Adjustment Authority | - | - | 9,036 | 9,083 |
| Grants to Australian Agricultural College Corporation | 1,017 | 1,038 | 1,017 | 1,038 |
| Grants to James Cook University | - | 216 | - | 216 |
| Depreciation and Amortisation | - | - | 167 | 192 |
| Decrement revaluation of land | - | - | - | 65 |
| Loss on disposal | - | - | 528 | - |
| Other expense | - | - | 3 | - |
| Total | 1,017 | 1,254 | 10,751 | 10,594 |
| Total Administered Operating Result before Transfers to Government | - | (216) | 1,247 | 1,308 |
| Transfers of administered revenue to Government | - | - | 1,778 | 1,589 |
| Operating Result from Continuing Operations after Transfers to Government | - | (216) | (531) | (281) |
| Administered Assets | | | | |
| Current | | | | |
| Cash and cash equivalents | - | - | (88) | 406 |
| Receivables | - | - | 701 | 149 |
| Total | - | - | 614 | 555 |
| Non-Current | | | | |
| Property, Plant and Equipment | - | - | 3,212 | 4,591 |
| Total | - | - | 3,212 | 4,591 |
| Total Assets | - | - | 3,826 | 5,146 |
| Administered Liabilities | | | | |
| Current | | | | |
| Payables | - | - | 551 | 490 |
| Total | - | - | 551 | 490 |
| Net Assets | - | - | 3,275 | 4,656 |
| Administered Equity | | | | |
| Total Contributed Equity | 216 | 216 | 4,093 | 4,944 |
| Accumulated Surplus/Deficit | (216) | (216) | (844) | (313) |
| Asset Revaluation Surplus | - | - | 25 | 25 |
| Total | - | - | 3,275 | 4,656 |

2014
\$'000

2013
\$'000

(b) Reconciliation of Payments from Consolidated Fund to Administered Revenue

| | | |
|-------------------------------------------------------------------------------|---------------|---------------|
| Budgeted departmental services appropriation | 9,330 | 9,083 |
| Equity Adjustment | - | 192 |
| Transfers (to)/from other departments | 848 | - |
| Transfers (to)/from other headings | (465) | 1,054 |
| Total Administered Item Receipts | 9,713 | 10,329 |
| Less: opening balance of administered item receivable | - | (16) |
| Plus: closing balance of administered item receivable | 507 | - |
| Total Administered Items | 10,220 | 10,313 |
| This is represented by: | | |
| Administered item revenue recognised in the statement of comprehensive income | 10,220 | 10,313 |
| Total | 10,220 | 10,313 |

Notes to and forming part of the financial statements
for the year ended 30 June 2014

35. Schedule of Administered Items

(b) Reconciliation of Payments from Consolidated Fund to Administered Revenue (cont'd)

| | 2014 \$'000 | 2013 \$'000 |
|---------------------------------------------------------------------------------------------------------|----------------|----------------|
| (a) Categorisation of Administered Items (cont'd) | | |
| Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity | | |
| Transfers from/(to) other headings | (848) | - |
| Total equity adjustment receipts (payments) | (848) | - |
| Plus: closing balance of equity adjustment payable | (2) | - |
| Equity adjustment recognised in contributed equity | (850) | - |

36. Trust Transactions and Balances

As the department performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements but are disclosed in these notes for the information of users.

| | 2014 \$'000 | 2013 \$'000 |
|--------------------------------------------|----------------|----------------|
| Trust Collections and Distributions | | |
| Collections | | |
| Forestry security deposits | 71 | - |
| Other distributions | 22 | 17 |
| Total Collections | 93 | 17 |
| Distributions | | |
| Forestry security deposits | 328 | 25 |
| Other | 21 | - |
| Total Distributions | 349 | 25 |
| Increase (Decrease) in Trust Assets | (257) | (8) |
| Trust Assets and Liabilities | | |
| Current Assets | | |
| Cash | 616 | 887 |
| Total Current Assets | 616 | 887 |
| Current Liabilities | | |
| Forestry security deposits | 549 | 819 |
| Other trust balances payable | 68 | 68 |
| Total Current Liabilities | 617 | 887 |
| Total Trust Liabilities | 617 | 887 |

The Auditor-General of Queensland performs an audit of the department's trust transactions.


Certificate of the Department of Agriculture, Fisheries and Forestry

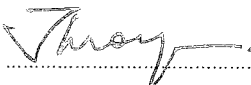
These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 42 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act we certify 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, Fisheries and Forestry for the financial year ended 30 June 2014 and of the financial position of the department at the end of that year; and
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

Leith Brown B.Bus., CPA
Chief Finance Officer
Executive Director

Jack Noye
Director-General


.....
Date 27/8/14


.....
Date 27/8/14.

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Agriculture, Fisheries and Forestry

Report on the Financial Report

I have audited the accompanying financial report of Department of Agriculture, Fisheries and Forestry, which comprises the statement of financial position and statement of assets and liabilities by major departmental services as at 30 June 2014, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Director-General and the Chief Finance Officer.

The Accountable Officer's Responsibility 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 prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Accountable Officer's responsibility also includes such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Accountable Officer, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.


Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

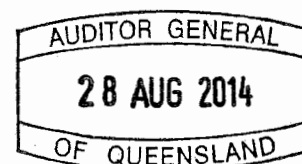
- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Department of Agriculture, Fisheries and Forestry for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



A M GREAVES FCA FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane

Appendix 1 Related entities

| Name | Type of entity | Legislation under which established | Annual reporting arrangement |
|----------------------------------------------|---------------------|-------------------------------------------------------------------|------------------------------------|
| Australian Agricultural College Corporation* | Corporation sole | <i>Agricultural College Act 2005</i> | Annual report tabled in Parliament |
| Chicken Meat Industry Committee** | Instrumentality | <i>Chicken Meat Industry Committee Act 1976</i> | Annual report tabled in Parliament |
| Darling Downs—Moreton Rabbit Board | Statutory body | <i>Land Protection (Pest and Stock Route Management) Act 2002</i> | Annual report tabled in Parliament |
| QRAA | Statutory authority | <i>Rural and Regional Adjustment Act 1994</i> | Annual report tabled in Parliament |
| Safe Food Queensland | Statutory body | <i>Food Production (Safety) Act 2000</i> | Annual report tabled in Parliament |

* Renamed Queensland Agricultural Training Colleges under the *Queensland Agriculture Training Colleges Act 2005* as at 1 July 2014

** Abolished on 19 June 2014

Appendix 2 Board and committees

| Name (and type) of board or committee | Functions and responsibilities | Achievements for 2013–14 | Remuneration costs |
|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Agriculture, Fisheries and Forestry Skills Industry Advisory Group (advisory) | Advise industry and government on workforce development strategies to meet the priorities of the Queensland primary industries and fisheries sectors | This committee met on four occasions during 2013–14. Key achievements include preparing and planning the blueprint for agriculture education in Queensland | Nil |
| Animal Ethics Committee (regulatory) | Provide approvals for animal use and monitor activities that use animals for scientific purposes | The committee met on 23 occasions and considered 124 applications to use animals for research or teaching, considered 247 annual reports, 119 project completions, 124 amendments and inspected and reported on 19 facilities | \$21 191.94 |
| Animal Welfare Advisory Committee (advisory) | Provide the minister with advice on animal welfare matters | The committee met twice in 2013. Members met with the minister and were advised of issues for consideration. Consideration was given to the issues of efficiency of current dog-trapping devices for wild dog control and suitability of current drought management and euthanasia protocols for drought-affected animals. A report on both of these issues was returned to the Minister on 1 May 2014. | \$ 1 661 |

Table continues

| Name (and type) of board or committee | Functions and responsibilities | Achievements for 2013–14 | Remuneration costs |
|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| Bee Industry Consultative Committee (advisory/consultative) | Provide a forum for discussion among relevant Queensland Government departments, other applicable organisations and the apiary industry on strategic issues affecting the future of the bee industry | Two meetings were held (6 November 2013 and 7 May 2014). Achievements include improved data collection and validation process to determine the total value of honey production, pollination services and first-stage honey processing in Queensland; progression of arrangements for the continuation of beekeeping in the protected area estate; and the facilitation of biosecurity information between beekeepers and DAFF. | Nil |
| Biosecurity Queensland Ministerial Advisory Council (advisory) | Provide independent strategic advice on Queensland's biosecurity | The council met twice in 2013–14. It is currently in the process of providing advice to the minister in relation to the renewed biosecurity strategy for Queensland. | Members were entitled to \$4328 in remuneration |
| Biosecurity Queensland Ministerial Advisory Committee—Invasive Plants and Animals Subcommittee (advisory) | Provide current, high-level independent and strategic advice to the Biosecurity Queensland Ministerial Advisory Council on a broad range of invasive plant and animal issues (e.g. weeds, pest animals, including pest fish and invasive invertebrates, and marine pests) referred to it by the council and the department | The committee continued its review of the Queensland Weed and Pest Animal Strategies and received updates on the DAFF–Local Government co-investment model and the Queensland component of the federal government drought package for feral animal management. In addition, IPAC considered the feral pig problem in Queensland and the new 1080 system. | Nil |
| Cattle Tick Management Queensland (a sub-committee at BQMAC) | Provides advice to the minister on aspects of cattle tick control and management in Queensland | The committee met twice during 2013–14 providing input into development of strategies for future management of cattle ticks under the new <i>Biosecurity Act 2014</i> . | Nil |

| Name (and type) of board or committee | Functions and responsibilities | Achievements for 2013–14 | Remuneration costs |
|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| East Coast Netting Buyback Stakeholder Working Group | Provides the mechanism for industry consultation on the implementation of a \$9m targeted voluntary buyback program of commercial fishing licences (N1 and N2). The buyback targets large mesh and gill nets with a special focus on important recreational fishing locations and areas of high conservation value. | <p>The stakeholder working group met in January 2014 to discuss the outcome of the second scheme and plan the third scheme eligibility criteria.</p> <p>The working group presented a suggested way forward for the third scheme to the minister, which enabled rules to be finalised for the last stage of the buyout (to commence 25 August 2014).</p> | Nil |
| Forest and Timber Industry Research Development and Extension (RD&E) Advisory Committee | Provide Queensland industry input to investment decisions about forest and timber industry RD&E | <p>Three meetings were held in 2013–14.</p> <p>Provided input to, and oversight of, a consultation process aimed at developing a <i>Forest and Timber RD&E Investment Plan</i></p> | Travel costs for one interstate member only |
| Horticulture Industry Development Advisory Group | Facilitate the ongoing growth and prosperity of the Queensland horticulture industry | <p>The Horticulture Industry Development Group met four times, including with the minister to:</p> <ul style="list-style-type: none"> • monitor key issues for industry development • discuss working group activities, and • provide feedback on policy and program initiatives | <p>Transport and accommodation costs</p> <p>Approximately \$20 000</p> |

Table continues

| Name (and type) of board or committee | Functions and responsibilities | Achievements for 2013–14 | Remuneration costs |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Joint Operations Committee (advisory) | Coordinate a state-wide, inter-agency co-operative framework for planned government maritime regulatory compliance agency operations through: <ul style="list-style-type: none"> • the maintenance of effective arrangements for sharing appropriate operational intelligence and information between all relevant agencies relating to planned operations and events • the identification of opportunities for mutual support and effective utilisation of resources and personnel during planned operations; and • embracing opportunities for the sharing of resources and personnel during planned operations | The committee commenced operations in October 2013 and has met on four occasions. The committee through DAFF commenced development of an electronic compliance planning tool to facilitate better patrol coordination. Significant increase in the coordination of marine services, the level of joint maritime operations and information sharing. | Nil |
| Line Fishery Working group | Investigate with commercial fishers the benefits of a resource sharing allocation with the recreational and charter sector to promote economic viability of line fishers in Queensland | Developed and provided advice to DAFF on a harvest strategy for quota setting for coral trout. New quota decision rules for coral trout were adopted following targeted consultation in March and April 2014. The chief executive of DAFF declared a revised quota from 1 July. The decision rules bring in line quota setting with best practice management. | Nil |
| Ministerial Agricultural Land Audit Overseeing Committee (consultative) | Provide advice about the agricultural land audit regarding methodology, approach, information sources, reporting style and communication, and draft reports | The committee oversaw the preparation of phase 2 products from the <i>Queensland agricultural land audit</i> | Nil |

| Name (and type) of board or committee | Functions and responsibilities | Achievements for 2013–14 | Remuneration costs |
|------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Queensland Forest and Timber Industry Plan Implementation Committee (arose from the Forest and Timber Industry Plan Working Group) | Oversee implementation of the <i>Queensland Forest and Timber Industry Plan</i> | <p>The government response to the <i>Queensland Forest and Timber Industry Plan</i> was released in December 2013.</p> <p>The implementation committee has met once to identify priority actions within the Industry Plan</p> | Nil |
| Queensland National Livestock, Identification System Advisory Committee | Provides advice to the minister on aspects of livestock identification and traceability | <p>The committee met three times in the year.</p> <p>The committee provided policy input and advice to the Qld position on a wide range of matters, including cattle, sheep and goats, pigs and lama identification, national vendor declarations, changes to legislation, device and tag accreditation, and property identification codes and device-based statuses</p> | \$3 000 |
| Queensland Wild Dog Committee (advisory) | Provide advice to the minister on issues affecting wild dog management across Queensland | The committee considered a number of issues, including baiting the wild dog barrier fence, the use of exclusion fencing in wild dog management, incentives for wild dog control, increasing accessibility to 1080 baits and enforcing wild dog control. | \$25 565.28 |

Table continues

| Name (and type) of board or committee | Functions and responsibilities | Achievements for 2013–14 | Remuneration costs |
|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Veterinary Surgeons Board of Queensland (regulatory/registration) | Exercise and discharge the powers, authorities, duties and functions conferred by the <i>Veterinary Surgeons Act 1936</i> , including registration of veterinary surgeons and veterinary specialists and administration of the disciplinary provisions; act in the public interest on consumer protection and animal welfare in the delivery of veterinary services | The introduction of the National Recognition of Veterinary Registration (NRVR) registrations in 2013–14 saw a reduction in the number of registrants. The number of Queensland veterinary surgeons fell to 2754 and veterinary specialists to 84. The board: met 10 times to consider 52 complaint cases (20 progressed to professional misconduct proceedings and 2 were referred to the Queensland Civil and Administrative Tribunal); determined suitability of premises for use as veterinary premises; and resolved issues relating to policy, governance and legislative matters. | \$24 000 |

Appendix 3 Departmental statements 2013–14

| Service standards | Notes | 2013-14 target/ estimate | 2013-14 estimated actual | 2013-14 actual |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|--------------------------|--------------------------|----------------|
| Service area: Agriculture and Forestry | | | | |
| Percentage of graziers and cane growers who have increased best management practice knowledge and skills through participation in government funded programs | 1,2 | 20% | 20% | 40% |
| Total of Forest Product sales quantities per total Forest Product Full Time Equivalent (FTE): | | | | |
| • Native forest timber (m ³ /FTE) | 3 | 2530 | 2530 | 3000 |
| • Quarry material (m ³ /FTE) | 4 | 63 220 | 63 900 | 66 950 |
| Percentage of applications for business assistance as a result of natural disaster or drought processes within 21 days of lodgement | 5 | 90% | 90% | 44% |
| Service area: Fisheries | | | | |
| Percentage of key Queensland fish stocks assessed as being sustainably fished | 6 | 75% | 75% | N/A |
| Percentage of applications for development related approvals processed within agreed timeframes | | 100% | 100% | 100% |
| Service area: Biosecurity | | | | |
| Percentage of significant response programs on track to deliver nationally agreed outcomes (on time and on budget) | | 100% | 100% | 100% |
| Percentage of high priority laboratory resulted completed, verified and made available within agreed time and quality specifications | | 95% | 100% | 95% |
| Average cost per transaction to deliver Biosecurity registration, certification and licensing services | | \$20.90 | \$20.52 | \$19.69 |
| Service Area: Agri-Science Queensland | | | | |
| Client businesses implementing new or improved practices, processes, systems, products and technologies as a result of funded innovation and capacity development activities | | 60% | 60% | 60% |
| Proportion of assisted firms reporting improved performance following funded innovation and capacity development activities | | 60% | 60% | 60% |
| Major co-funding partners' satisfaction that departmental research outcomes contribute to industry productivity growth | 7 | 60% | 60% | 79% |
| Percentage return on R&D investment through royalty returns | | 4% | 4% | 4% |
| Rate of return on R&D investment above the national average | 8 | 0.4 points | 0.4 points | N/A |

Notes

1. This result comprises sugar-cane farmers only as the annual grazing surveys have been delayed due to drought conditions and the priority placed on provision of drought assistance.
2. The survey of sugar-cane farmers reported a very high level of satisfaction with the content and relevance of DAFF extension activities aligned to BMP programs. As a result more sugar-cane farmers than anticipated made practice changes, exceeding the target for 2013–14.
3. The 2013–14 actual was 19% better than target due to higher than expected timber removals and effective control of staffing numbers.
4. The 2013–14 actual was 6% better than target due to higher than expected quarry material removals and effective control of staffing numbers.
5. Due to the high number of applications received, claims received in the first three quarters of the financial year 2013–14 were not processed within the required timeframe. Although, more staff have been appointed and trained and this improved processing times in the last quarter this standard remained substantially below target.
6. The 2013–14 actual is not available due to the Queensland Government joining other jurisdictions in moving to agreed national protocols for the stock status assessment process. This has meant that this year's assessment will be made as part of the national stock status assessment. This result is expected to be available December 2014.
7. In 2013–14 this measure of satisfaction was established as a new measure, with 60% identified as a benchmark rate. The actual satisfaction rate of 79% reflects the first actual survey result, rather than an estimate.
8. As data relating to the national rate of return on R&D investment is not available on an ongoing basis to enable benchmarking, this measure has been discontinued.

Appendix 4 Legislation administered by DAFF

The public business of the State of Queensland is divided among its ministers. Each ministerial portfolio carries particular responsibilities, including the administration of relevant legislation. As at 30 June 2014, DAFF administers the following legislation for the Minister for Agriculture, Fisheries and Forestry.

DAFF was established under Administrative Arrangements Order No. 3 2012 on 3 April 2012.

| Legislation | Note |
|--------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Agricultural Chemicals Distribution Control Act 1966</i> | |
| <i>Agricultural College Act 2005</i> | Legislative amendment renamed the Act <i>Queensland Agricultural Training Colleges Act 2005</i> effective 1 July 2014 |
| <i>Agricultural Standards Act 1994</i> | |
| <i>Agricultural and Veterinary Chemicals (Queensland) Act 1994</i> | |
| <i>Animal Care and Protection Act 2001</i> | |
| <i>Animal Management (Cats and Dogs) Act 2008</i> | |
| <i>Apiaries Act 1982</i> | |
| <i>Biological Control Act 1987</i> | |
| <i>Biosecurity Act 2014</i> | Yet to commence |
| <i>Brands Act 1915</i> | |
| <i>Chemical Usage (Agricultural and Veterinary) Control Act 1988</i> | |
| <i>Chicken Meat Industry Committee Act 1976</i> | Repealed 19th June 2014 |
| <i>Diseases in Timber Act 1975</i> | |
| <i>Drugs Misuse Act 1986 (Part 5B)</i> | |
| <i>Exotic Diseases in Animals Act 1981</i> | |
| <i>Fisheries Act 1994</i> | Except for fish habitat areas, which are administered by the Minister for National Parks, Recreation, Sport and Racing |
| <i>Forestry Act 1959</i> | Jointly administered with the Minister for National Parks, Recreation, Sport and Racing |
| <i>Land Protection (Pest and Stock Route Management) Act 2002</i> | Except to the extent that it is relevant to stock route management (jointly administered with the Minister for Natural Resources and Mines) |
| <i>Nature Conservation Act 1992</i> | To the extent that it is relevant to demonstrated and exhibited native animals (jointly administered with the Minister for National Parks, Recreation, Sport and Racing and the Minister for Environment and Heritage Protection) |
| <i>Plant Protection Act 1989</i> | |
| <i>Rural and Regional Adjustment Act 1994</i> | |
| <i>Stock Act 1915</i> | |
| <i>Strategic Cropping Land Act 2011</i> (Chapter 5 excluding sections 139(1), 143 and 144) | Jointly administered with the Minister for Natural Resources and Mines |
| <i>Sugar Industry Act 1999</i> | |
| <i>Torres Strait Fisheries Act 1984</i> | |
| <i>Veterinary Surgeons Act 1936</i> | |

Appendix 5 Compliance checklist

| Summary of requirement | Basis for requirement | Annual report page reference |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Letter of compliance | <ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister | ARRs—section 8 1 |
| Accessibility | <ul style="list-style-type: none"> Table of contents Glossary Public availability Interpreter service statement Copyright notice Information Licensing | ARR—section 10.1 iii 122 ARR—section 10.2 inside front cover <i>Queensland Government Language Services Policy</i> inside front cover ARR—section 10.3 <i>Copyright Act 1968</i> inside front cover ARR—section 10.4 <i>QGEA—Information Licensing</i> inside front cover ARR—section 10.5 |
| General information | <ul style="list-style-type: none"> Introductory Information Agency role and main functions Operating environment Machinery of government changes | ARR—section 11.1 2–3 ARR—section 11.2 4–5, 119, 125 ARR—section 11.3 4–5 ARR—section 11.4 n/a |
| Non-financial performance | <ul style="list-style-type: none"> Government’s objectives for the community Other whole-of-government plans / specific initiatives Agency objectives and performance indicators Agency service areas, and service standards | ARR—section 12.1 7 ARR—section 12.2 8–11 ARR—section 12.3 12–38 ARR—section 12.4 4–5, 117–118 |
| Financial performance | <ul style="list-style-type: none"> Summary of financial performance | ARRs—section 13.1 41–48 |

| Summary of requirement | | Basis for requirement | Annual report page reference |
|-----------------------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------|
| Governance— management and structure | • Organisational structure | ARRs—section 14.1 | 49 |
| | • Executive management | ARRs—section 14.2 | 50–52 |
| | • Related entities | ARRs—section 14.3 | 110 |
| | • Government bodies | ARRs—section 14.4 | 111–116 |
| | • Public Sector Ethics Act 1994 | <i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) | 60 |
| | | ARRs—section 14.5 | |
| Governance—risk management and accountability | • Risk management | ARRs—section 15.1 | 59 |
| | • External scrutiny | ARRs—section 15.2 | 57–58 |
| | • Audit committee | ARRs—section 15.3 | 54–55 |
| | • Internal audit | ARRs—section 15.4 | 56–57 |
| | • Public Sector Renewal | ARRs—section 15.5 | 7 |
| | • Information systems and recordkeeping | ARRs—section 15.6 | 60–61 |
| Governance— human resources | • Workforce planning, attraction and retention, and performance | ARRs—section 16.1 | 62 |
| | • Early retirement, redundancy and retrenchment | Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> | 64 |
| | | ARRs—section 16.2 | |
| Open Data | • Open Data | ARRs—section 17 | 60 |
| Financial statements | • Certification of financial statements | FAA—section 62 | 107 |
| | | FPMS—sections 42, 43 and 50 | |
| | | ARRs—section 18.1 | |
| | • Independent Auditors Report | FAA—section 62 | 108–109 |
| | | FPMS—section 50 | |
| | | ARRs—section 18.2 | |
| • Remuneration disclosures | <i>Financial Reporting Requirements for Queensland Government Agencies</i> | 87–89 | |
| | ARRs—section 18.3 | | |

FAA *Financial Accountability Act 2009*. FPMS *Financial and Performance Management Standard 2009*
ARRs *Annual report requirements for Queensland Government agencies*

Glossary

| | |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| anthocyanin | a blue, violet, or red flavonoid pigment found in plants |
| aquaculture | the rearing of aquatic animals or the cultivation of aquatic plants for food |
| banana freckle | a fungal disease which causes large and small spots on leaves and fruit of bananas. Severe infection results in yellowing of the leaf, which withers and dies. The disease may also cause blemishes on fruit |
| biodiversity | The variety within and between all species of plants, animals and micro-organisms and the ecosystems within which they live and interact |
| bioenergy | energy from any fuel that is derived from biomass (living or recently living organisms or their metabolic-by-products, e.g. cow manure) |
| bioinformatics | the science of collecting and analysing complex biological data such as genetic codes |
| bovine Johne's disease | a serious disease of cattle, sheep, goats, alpacas, llamas, camels and deer that produces chronic diarrhoea or ill thrift leading to emaciation and eventually death |
| broadacre cropping | the growing of plants and/or the production of bulk plant materials (such as cereal grains, oil seeds or pulses) for commercial purposes where plants live for less than 2 years, are dependent on cultivation of the soil, and usually require some nutrient, weed and moisture control |
| carnauba | a wax made from the leaves of the Brazilian fan palm |
| celera II-AU | a new variety of mungbean that can tolerate halo blight |
| chain-of-custody | tracks a wood or forest product from its origin in a certified forest through to its end use by the consumer |
| cocoa pod borer | a mosquito-sized moth, a harmful pest to cocoa and rambutan fruit |
| canid pest ejector (CPE trials) | a spring ejector that releases a jet of fluorescent dye to mark wild dogs when they trigger the device |
| diagnostic assay | a test conducted to aid in the diagnosis or detection of disease |
| euthanasia | the practice of intentionally ending a life in order to relieve pain and suffering |
| foot and mouth disease | a highly contagious viral infection that affects cloven-hoofed animals (animals with hooves divided into two parts, such as cattle, sheep, pigs, goats, deer and buffalo); it does not currently occur in Australia |
| forest product | any material derived from a forest for commercial use (e.g. lumber, paper, forage for livestock) |
| genome | the genetic material or an organism |
| grazing | the use of land for the production of animals that are fed on native or introduced pastures or plants |
| gross state product (GSP) | a measurement of the economic output of the state |
| gross value of production (GVP) | the value of final goods and services produced in a given period |
| halo blight | a bacterial disease that attacks foliage and pods of beans |
| Hendra virus | a zoonotic disease (one that can transfer from animals to people, e.g. flying fox to horse, horse to human) that can cause disease in horses but only rarely in humans; in horses, it can cause an acute onset of clinical signs and rapid progression to death associated with either respiratory and/or neurological signs |

| | |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| methyl bromide | a fumigant used in the control of pests and diseases |
| National Vendor Declarations | a cattle industry marketing initiative to help producers document the history of chemical use and treatment of animals offered for sale |
| open data | the public release of government data for open use. The open data portal is a collection of agency owned datasets that allows the public to find, access and reuse raw data from the Queensland Government |
| plantation forestry | the establishment and management of plantations of trees (native or exotic species) for commercial production of timber |
| prickly acacia | a small tree that is native to the Indian subcontinent and was promoted for use as a fodder crop and shade tree in Queensland in the early 1900s but is environmentally and economically damaging and is now a declared Class 2 plant in Queensland |
| property identification codes | an assigned code issued by Biosecurity Queensland to identify properties that hold livestock |
| pulses | annual crops yielding 1–12 seeds of various sizes, shapes and colours within a pod (e.g. kidney beans, lentils, navy beans, dry peas); also called grain legumes |
| red imported fire ants | small red ants originally from South America that inflict a painful, fiery sting and could severely damage the environment, our outdoor lifestyle, and the agriculture and tourism industries |
| red witchweed | a parasitic weed that grows attached to the roots of a ‘host plant’. The weed robs its host of water and nutrients, suppressing its growth. Hosts include commercially important grasses and summer cereals. |
| remote sensing technology | The use of satellites, airborne sensors and ground based platforms to map and monitor Queensland’s landscape |
| shellac waxes | A resin secreted by the female lac bug |
| sorghum midge | A mosquito-like orange fly that attacks grain sorghum and prevents seed development |
| sown pasture | grazing pasture sown with at least 50% non-native pasture species (perennial or non-perennial) |
| transmissible spongiform encephalopathy | A group of progressive neurological disorders that are transmissible and affect a number of animal species and people |
| yellow crazy ants | an introduced species of ant widely regarded as environmental pests; a declared species in Queensland and one of the world’s worst invasive species |

Abbreviations

| | |
|-----------------|-----------------------------------------------------------------------|
| ABRES | Australian Bureau of Agricultural and Resource Economics and Sciences |
| ABS | Australian Bureau of Statistics |
| ASQ | Agri-Science Queensland |
| BIMS | Biosecurity Information Management System |
| BMP | Best Management Practice |
| COAG | Council of Australian Governments |
| CRM | Customer Relationship Management |
| CSIRO | Commonwealth Scientific Industrial Research Organisation |
| DAFF | Department of Agriculture, Fisheries and Forestry |
| DNRM | Department of Natural Resources and Mines |
| DRAS | Drought Relief Assistance Scheme |
| EADRA | Emergency Animal Disease Response Agreement |
| EEZ | Australian Exclusive Economic Zone |
| EHP | Environment and Heritage Protection |
| EPBC | Environment Protection and Biodiversity Conservation |
| EPPRD | Emergency Plant Pest Response Deed |
| EWIR | Emergency Water Infrastructure Rebate |
| FMD | Foot and Mouth Disease |
| FMF | Financial Management Framework |
| GSRMAP | Great Sandy Regional Marine Aquaculture Plan |
| GVP | Gross Value of Production |
| HACCP | Hazard Analysis Critical Control Point |
| HeV | Hendra Virus |
| IISC | ICT Investment and Strategy Committee |
| LIMS | Laboratory Information Management System |
| NDRRA | National Disaster Relief and Recovery Arrangements |
| NEBRA | National Environmental Biosecurity Response Agreement |
| OCS | Offshore Constitutional Settlement |
| QAO | Queensland Audit Office |
| QBPF | Queensland Boating and Fishing Patrol |
| QCIED | Queensland Centre for Emerging Infectious Diseases |
| QGIAS | Queensland Government Internal Audit Service |
| R&D | Research and Development |
| RD&E | Research, Development and Extension |
| SIPS | Stocked Impoundment Permit Scheme |
| TSE | Transmissible Spongiform Encephalopathy |
| TSPZ | Torres Strait Protection Zone |
| WALI | Web Based Agricultural Land Information |
| WHS | Work Health and Safety |

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