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Department of Agriculture and Fisheries



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Call:

13 25 23 (Queensland callers only)

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Monday, Tuesday, Wednesday and Friday: 8 am to 5 pm

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Post:

Department of Agriculture and Fisheries

GPO Box 46

Brisbane Qld 4001

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Statement of compliance

23 September 2016

The Honourable Leanne Donaldson MP
Minister for Agriculture and Fisheries
Level 8, Primary Industries Building
80 Ann Street
BRISBANE QLD 4000

Dear Minister

I am pleased to submit for presentation to Parliament the *Annual report 2015–2016* and financial statements for the Department of Agriculture and Fisheries.

I certify that this annual report complies with:

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

A checklist outlining the annual reporting requirements can be found on page 124 of this annual report or accessed at www.daf.qld.gov.au.



Dr Elizabeth Woods
Director-General
Department of Agriculture and Fisheries

Year in review

July–September quarter 2015

JULY	<p>Fostered a new partnership with China Agricultural University</p> <p>A 12-day Austrade Australia–China dairy tour investigated opportunities for dairy skills and technology transfer, and gathered intelligence on China’s dairy industry. The Department of Agriculture and Fisheries (DAF) worked with university partners to represent Queensland’s research and development (R&D) capabilities in the Australian Dairy Farm Management Technology Association proposal for engagement with China Agricultural University.</p>
AUGUST	<p>Republished boating and fishing rules</p> <p>The latest edition of the <i>Queensland recreational boating and fisheries guide</i> was released in hard copy and online. The guide is a comprehensive booklet of the most up-to-date information on boating and fishing rules and regulations to help recreational fishers and boaties do the right thing.</p>
	<p>Boosted awareness of agriculture and biosecurity</p> <p>The Royal National Agricultural and Industrial Association of Queensland show, fondly known as ‘the Ekka’, promoted Queensland agricultural produce in the DAF ‘From Farm to Feast’ display, as well as the new products and agri-science technologies we have developed. The high level of interest in the red imported fire ant display supports the program to defeat this pest, which depends on the vigilance of all members of the community.</p>
SEPTEMBER	<p>Trained new Queensland Boating and Fisheries Patrol officers</p> <p>The Queensland Boating and Fisheries Patrol (QBFP) officially welcomed eight new authorised officers after they successfully completed nine months of training. The training included investigation procedures; legislation; practical, technical and communication skills; and workplace health and safety. The new QBFP officers will be stationed throughout the state in the Gold Coast, Pinkenba, Yeppoon, Mackay, Townsville and Cairns QBFP districts.</p>
	<p>Halted the spread of red imported fire ants in South East Queensland</p> <p>A nine-month aggressive fire ant baiting program targeting high-risk areas commenced in South East Queensland as part of a return to eradication in 2015–16. The treatment was undertaken on a total of 84 500 hectares (many areas received up to three rounds of treatment) to halt further spread south into the Gold Coast and west into farming areas in the Lockyer Valley and new housing development sites.</p>

October–December quarter 2015

OCTOBER	<p>Moved the Panama tropical race 4 response from emergency to managed response</p> <p>After 180 days in emergency response phase, the Queensland Government’s response to the Panama disease tropical race 4 incursion transitioned to a managed response phase.</p>
	<p>Gained efficiencies in forestry management</p> <p>Portable handheld devices were progressively introduced, increasing efficiency in forestry field duties. Field officers are now gaining easy access to GIS maps and data, reducing the need for paper records.</p>
NOVEMBER	<p>Implemented net-free zones</p> <p>Fisheries Queensland implemented net-free zones in Cairns, Mackay and Rockhampton in line with the government’s election commitment to help grow recreational fishing. The implementation included the development of \$10 million over 2 years in assistance and adjustment schemes for the commercial fishing industry.</p>
	<p>Determined seafood shelf life with a new app</p> <p>The crop and food sciences team, along with the Sydney Fish Market, developed the Seafood Quality Index application. The app allows seafood buyers, distributors and chefs to complete a simple checklist that determines the remaining shelf life of product—increasing knowledge of storing and preparing seafood to optimum standards.</p>
DECEMBER	<p>Made history</p> <p>On 2 December 2015, the Honourable Leanne Donaldson MP was appointed as the first woman minister to head the agriculture and fisheries portfolio. Subsequently on 4 January 2016, Dr Elizabeth Woods commenced duty as the first female Director-General for agriculture and fisheries. This portfolio, in its various forms, is Queensland’s oldest government body. Subsequently on 4 January 2016, Dr Elizabeth Woods commenced duty as the first female Director-General for Agriculture and Fisheries.</p>
	<p>Inspected Cairns properties to eradicate electric ants</p> <p>The electric ant eradication team took a record number of bookings for yard inspections at the Friends of the Botanic Gardens annual plant sale day in Cairns. Property inspections are a key aspect of the eradication program, helping to locate electric ant infestations on private property.</p>

January–March quarter 2016

<p style="text-align: center;">JANUARY</p>	<p>Tasted sweet success with sweet corn</p> <p>The biofortified SuperGold sweet corn, which is high in the health-related antioxidant zeaxanthin, took first prize in the agriculture section at the Shell Innovation Awards. Scientific research shows a link between consumption of foods containing zeaxanthin and the slowing of progressive eye diseases such as age-related macular degeneration, the leading form of blindness in Australia. SuperGold was developed in partnership with the Queensland Alliance for Agriculture and Food</p>
<p style="text-align: center;">FEBRUARY</p>	<p>Changed laws to protect dogs and puppies</p> <p>The <i>Animal Management (Cats and Dogs) Act 2008</i> was amended to introduce a compulsory registration scheme for dog breeders, and the <i>Animal Care and Protection Act 2001</i> was amended to outlaw live baiting of greyhounds to prevent the exploitation of dogs.</p>
<p style="text-align: center;">MARCH</p>	<p>Commenced staff training to implement the <i>Biosecurity Act 2014</i></p> <p>Staff received training in guiding specific industry groups through the legislation changes and new procedures. The <i>Biosecurity Act 2014</i> commences on 1 July 2016.</p> <hr/> <p>Eradicated new red imported fire ant population at Brisbane Airport</p> <p>A new fire ant infestation near Brisbane Airport was confirmed, contained and eradicated. Genetic testing indicated the ants originated from the southern United States and were not related to any other fire ant populations found across Queensland.</p>

April–June quarter 2016

APRIL	Advanced Queensland agriculture The Advance Queensland Summit provided DAF with the opportunity to target over 700 business leaders and investors interested in Queensland agriculture and agri-technology. Gourmet samples available included Kalei apples, Queen Garnet Plum Nectar and Notnuts Smooth Butter. The capabilities of our unmanned aerial surveillance vehicles and fire and odour detection dogs were also displayed.
	Saved four fishers over the Anzac Day long weekend QBFP pulled four fishers from Pumicestone Passage waters after their vessel sank.
MAY	Celebrated the Tick Fever Centre historic 50-year milestone The Tick Fever Centre at Wacol turned 50. The centre produces tick fever vaccine to protect livestock from the devastation of tick fever, for sale to producers across Australia.
JUNE	Opened the Chinese market for Australian stone fruit Horticulture researchers delivered a pest treatment breakthrough for Australian stone fruit previously blocked by quarantine barriers in countries such as China, which are concerned about pests such as the Queensland fruit fly. The new low-dose methyl bromide fumigation application means that stone fruit now meet the quarantine requirement for trade in these countries without compromising the fruit's quality. Testing on other produce aims to broaden the horticulture trade market for Australian producers.

A message from the Director-General

On behalf of DAF, I am proud to share with you our 2015–16 annual report.

I would like to firstly acknowledge the contribution to the department of my predecessor Jack Noye, who led the agency until 31 December 2015 and was at the helm for 4 years through a period of substantial change.

In 2015–16, DAF implemented a number of department-wide initiatives to ensure our service delivery remains relevant to our customers; supports the advancement of the agriculture, fisheries and forestry sectors; and makes better use of new and innovative technologies. DAF's senior leaders have been delivering on this clear set of priorities for the 2016 calendar year to position the department for the future, and we are also drawing on the innovative capacity of DAF staff across the state.

During the year, the final report of the Queensland Biosecurity Capability Review was released, along with the government's interim response. We end the year well prepared for the commencement of the *Biosecurity Act 2014* on 1 July 2016. The new Act changes the way Biosecurity Queensland will operate on a day-to-day basis, and introduces shared responsibility for managing biosecurity risks. Together with the response to the capability review, biosecurity will be strengthened and service delivery transformed.

We delivered the government's commitment to introduce three net-free fishing zones for Central and North Queensland following extensive consultation. The government's Sustainable Fishing Policy also committed to looking at the arrangements for managing our fisheries resources. The department will release a green paper on fisheries management reform for consultation early in 2016–17.

We continued to connect industry to export market opportunity by promoting Queensland agriculture products, expertise and opportunities for investment; supporting trade missions in growing Asian markets; and hosting international delegations.

We are delivering on the government's commitment to foster new agricultural opportunities in North Queensland, with the piloting of a one-stop service in Mareeba to assist private sector initiatives through streamlined access to water and land development approval processes. We continue to implement a range of actions under the joint industry–government *Queensland forest and timber industry plan*, including establishing an industry-led research, development and extension (RD&E) framework and the initiation of eight aligned research projects.

Drought continues to impact much of Queensland, with 83.9 per cent of the state drought-declared. Led by DAF, the government has supported farm businesses, families and communities through the multi-agency Drought Assistance Package with more than \$120 million to date. DAF also provided secretariat support for the Rural Debt and Drought Taskforce, and worked with Queensland Treasury to develop the government's response to the taskforce chairman's report. In the coming year, the multi-agency Rural Assistance Package will provide further assistance with additional funds for pest and weed management, climate risk mitigation grants and farm debt mediation legislation.

We welcomed a new Minister, the Honourable Leanne Donaldson MP, to the portfolio in December 2015. We have supported the Minister in meeting a range of key stakeholders and customers who have provided valuable insights into the opportunities ahead to strengthen the sector.

I commend DAF staff for the depth of their knowledge of industry sectors and related policy and technology, their commitment to the agency and dedication to support the advancement of agricultural, fisheries and forestry industries. I thank the DAF leadership team for their support, especially as I have transitioned into my new role.

A handwritten signature in black ink that reads "Elizabeth Woods". The signature is written in a cursive, flowing style.

Dr Elizabeth Woods
Director-General
Department of Agriculture and Fisheries

Service performance

DAF's 2015–16 annual report describes the department's performance for the financial year 1 July 2015 to 30 June 2016 against the four objectives outlined in the DAF *Strategic plan 2015–19*. A more detailed report can be found in the 'Objective' sections starting on page 25.

Table 1: Major achievements for 2015–16

Connect industry to opportunity	Manage biosecurity risk
<p>Grow markets and investment</p> <ul style="list-style-type: none"> ✓ Organised 2 trade missions and hosted 11 overseas delegations and 1 international exchange to promote agricultural trade and investment <p>Drive innovation and productivity through research, development and innovation</p> <ul style="list-style-type: none"> ✓ Invested approximately \$75 million in agricultural RD&E, boosted by an additional \$47 million of external funding ✓ 64% of the 2100 survey respondents reported improving business as a result of participating in the RD&E activity <p>Improve sustainability of agriculture</p> <ul style="list-style-type: none"> ✓ Provided \$21.3 million in drought relief through the Drought Relief Assistance Scheme ✓ Delivered key milestones from the <i>Reef 2050 long-term sustainability plan</i> <p>Support a modern and capable workforce</p> <ul style="list-style-type: none"> ✓ Established the Rural Skills and Jobs Alliance in conjunction with industry ✓ Funded and developed the Queensland Agriculture Workforce Network to aid producers gain access to workers and explore alternative approaches when labour shortages occur ✓ Continued the Schools to Industry Partnership Program to promote agriculture and supply chain career opportunities 	<p>Improve biosecurity service delivery flexibility and adaptability</p> <ul style="list-style-type: none"> ✓ Established preliminary jurisdictional benchmarks <p>Expand shared responsibility and partnerships</p> <ul style="list-style-type: none"> ✓ Completed the Good Neighbour Program case study as part of the War on Western Weeds project—a partnership with the Flinders Shire Council, Southern Gulf Catchments Ltd and participating landholders <p>Strengthen outcome-based regulation</p> <ul style="list-style-type: none"> ✓ Secured the passage of streamlined regulations to support the commencement of the <i>Biosecurity Act 2014</i> ✓ Amended the <i>Animal Management (Cats and Dogs) Act 2008</i> and <i>Animal Care and Protection Act 2001</i> to protect dogs and puppies <p>Improve biosecurity information management</p> <ul style="list-style-type: none"> ✓ Released spatial components of the Biosecurity Information Management System, with the core business system ready to go live on 1 July 2016 <p>Continue to build emergency preparedness</p> <ul style="list-style-type: none"> ✓ Prepared the government's response to the Queensland Biosecurity Capability Review, which will be supported by an additional \$10.8 million to build biosecurity capability starting in 2016–17 ✓ Delivered 100% of 7 significant biosecurity response programs in accord with nationally agreed outcomes (on time and on budget) <p>Enhance product value</p> <ul style="list-style-type: none"> ✓ Maintained and facilitated new trade and market access arrangements ✓ Conducted 48 audits or investigations to ensure safe use of chemicals in production ✓ Investigated 1226 complaints to ensure high standards of animal welfare ✓ Issued 11 023 plant health certificates and 560 business accreditations to support supply chain competitiveness and market access

Optimise the value of fisheries and forestry resources

Implement the government's Sustainable Fishing Policy

- ✓ Established 3 net-free zones in Central and North Queensland, bought back 27 licences and agreed to a further buyback for 2016–17

Balance resource use and sustainability needs

- ✓ Issued and monitored 1406 commercial fishing boat and 327 harvest fisheries new or renewed licences
- ✓ Finalised 42 court prosecutions and issued 1051 fishing infringement notices, with fines totalling over \$0.5 million
- ✓ Assessed 46 fish stocks in 2015, with 93% found to have no sustainability concerns
- ✓ Removed some 647 potentially dangerous sharks from 85 controlled beaches

Responsible management of state-owned forest and related resources

- ✓ Maintained *Australian standard: sustainable forest management (AS4708–2013)* certification
- ✓ Sold 251 700 cubic metres of native forest log timber and 3.96 million cubic metres of quarry materials to support infrastructure, mining and commercial development across the state
- ✓ Implemented the Queensland forest and timber industry RD&E program in consultation with industry as an action item under the *Queensland forest and timber industry plan*
- ✓

Provide customer-responsive services

Improve service design and delivery systems

- ✓ Discontinued 54 unnecessary fees with the introduction of the Biosecurity Regulation 2016
- ✓ Introduced a single licensing scheme under a single Act, streamlining the regulatory requirements to exhibit animals
- ✓ 263 people participated in the online foot-and-mouth disease awareness course
- ✓ Appointed Australia Post as an agent for stocked impoundment permits, enabling fishers to use over 588 outlets and online and phone services to buy freshwater fishing licences
- ✓ Undertook 323 joint patrols with Queensland Police, Maritime Safety Queensland and the Department of National Parks, Sport and Racing to promote efficiency and ensure fishing and boating safety compliance
- ✓ Handled 74 030 customer enquiries through the Customer Service Centre, resolving 84.8% at the first point of contact
- ✓ Increased Facebook likes by 69% to 36 564 and Twitter followers by 28% to 7282

Build business agility

- ✓ All 19 executive leaders participated in the sector-wide Executive Capability Assessment and Development feedback program
- ✓ 24 senior leaders and 78 emerging leaders participated in the CERNO online 360° feedback process
- ✓ Established 6 strategic priority projects to strengthen the department's contemporary governance and digital operating ability
- ✓ 139 open datasets provided public access to data collected or used by the department
- ✓ Upgraded the financial system, improving internal controls and streamlining business and payment processes for customers

Financial performance

This financial overview provides a summary of the DAF financial performance and position for controlled and administered activities, and comments on significant movements for the period 1 July 2015 to 30 June 2016.

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

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

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

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

For a more comprehensive set of financial statements covering all aspects of the department's activities, see the 'Our finances' section on page 78.

The statements include a comparison of actual financial results with the budget estimates published in the 2015–16 State Budget papers, and provide explanations of major variances.

**Table 2: Summary of DAF's financial statements
(controlled funds) for the period 1 July 2015 to 30 June 2016**

Statement of comprehensive income	2015-16 actual (\$ million)	2015-16 budget (\$ million)
Total income	460.2	438.0
Less: total expenses	460.2	438.0
Operating result for 2015-16

The operating result for 2015-16 is a break-even result, which is in line with expected budget outcomes.

The increase in income and expenses is largely due to additional funding in 2015-16 for biosecurity national cost-sharing arrangements (including the National Red Imported Fire Ant Eradication Program).

Statement of cash flows	2015-16 actual (\$ million)	2015-16 budget (\$ million)
Balance of cash at 1 July 2015	46.4	46.7
Operating activities	37.7	18.3
Investing activities	(14.8)	(16.9)
Financing activities	(10.0)	(7.3)
Net increase in cash held	12.9	(5.8)
Cash at 30 June 2016	59.3	40.8

The increase in cash balance is largely due to higher than expected funding received in advance of service delivery for R&D projects and fish habitat environmental remediation activities, and payments made in advance by the Australian Government for pest and disease management programs.

Statement of financial position	2015-16 actual (\$ million)	2015-16 budget (\$ million)
Current assets (including cash balances)	92.6	75.6
Non-current assets (including property, plant and equipment)	392.3	380.9
Total assets	484.9	456.5
Current liabilities	48.5	33.3
Non-current liabilities	19.5	19.4
Total liabilities	68.0	54.5
Net assets	416.9	406.4
Contributed equity	391.2	401.3
Retained surpluses/(deficits)	(11.0)	(11.0)
Asset reserves	36.8	16.1
Total equity at 30 June 2016	417.0	406.4

The increase in non-current assets reflects revaluation adjustments as a result of a comprehensive asset revaluation exercise in 2015-16.

The increase in current liabilities is largely due to higher than expected funding received in advance of service delivery for R&D projects and fish habitat environmental remediation activities.

The increase in the asset reserves reflects revaluation adjustments to non-current assets as a result of a comprehensive asset revaluation exercise in 2015-16.

Controlled funds

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

Operating result

The operating result for 2015–16 is a break-even result, which is in line with expected budget outcomes.

Income—where the dollars came from

Total operating revenue was \$460.2 million, including:

- \$284.2 million (61.7%) through funding provided as service revenue by Parliament
- \$123.7 million (26.9%) in user charges for goods and services (including national cost-sharing revenue for biosecurity pest and disease programs from other states and territories, income received for R&D projects and the provision of services to other government agencies through the Business and Corporate Partnership arrangements)
- \$22.9 million (5%) from grants and contributions (including national cost-sharing revenue for biosecurity pest and disease programs)
- \$27.2 million (5.9%) from other income sources (including royalty revenue on forest products removed from state land)
- \$2.2 million (0.5%) from disposal/remeasurement of assets.

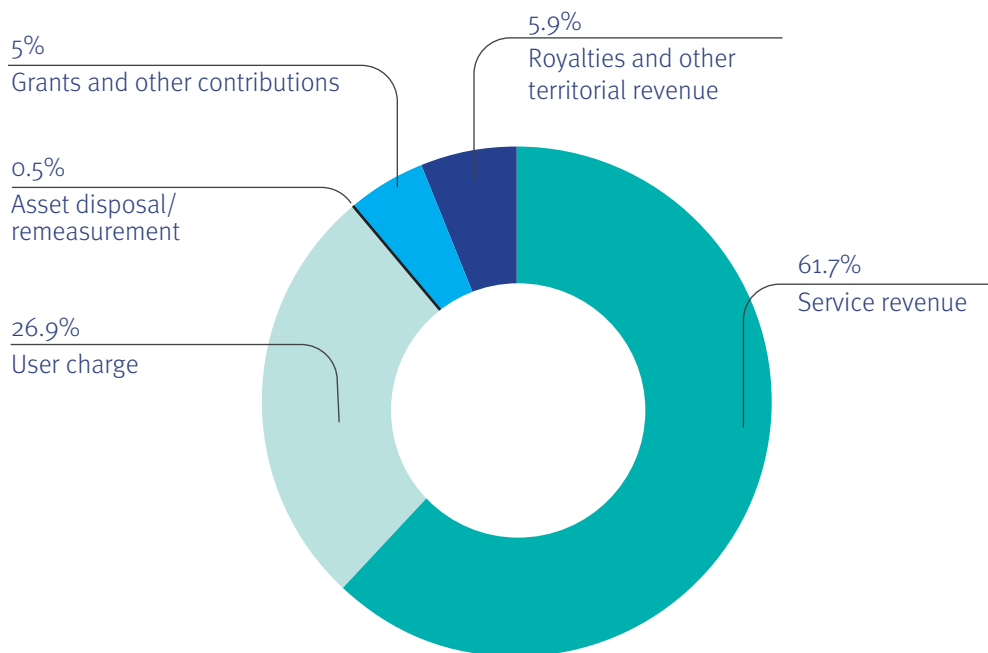


Figure 1: Operating revenue, 1 July 2015 to 30 June 2016

Expenses—where the dollars were spent

Total operating expenses were \$460.2 million, including:

- \$197.4 million (43%) in employee costs
- \$196.9 million (43%) for supplies and services
- \$40.5 million (9%) in grants and subsidies payments
- \$21.5 million (4%) in depreciation expenses
- \$3.9 million (1%) in other expenses.

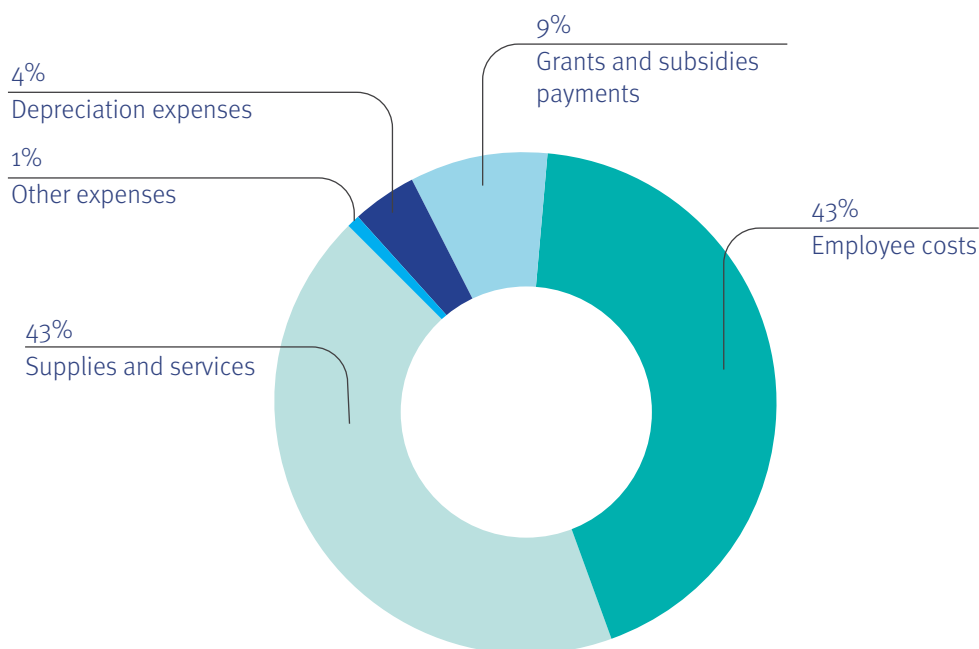


Figure 2: Operating expenses, 1 July 2015 to 30 June 2016

The graph overleaf provides a breakdown of operating expenses into the three core service delivery areas of DAF:

1. Agriculture (\$217.9 million or 53%)
2. Biosecurity Queensland (\$122.6 million or 30%)
3. Fisheries and Forestry (\$71.3 million or 17%)

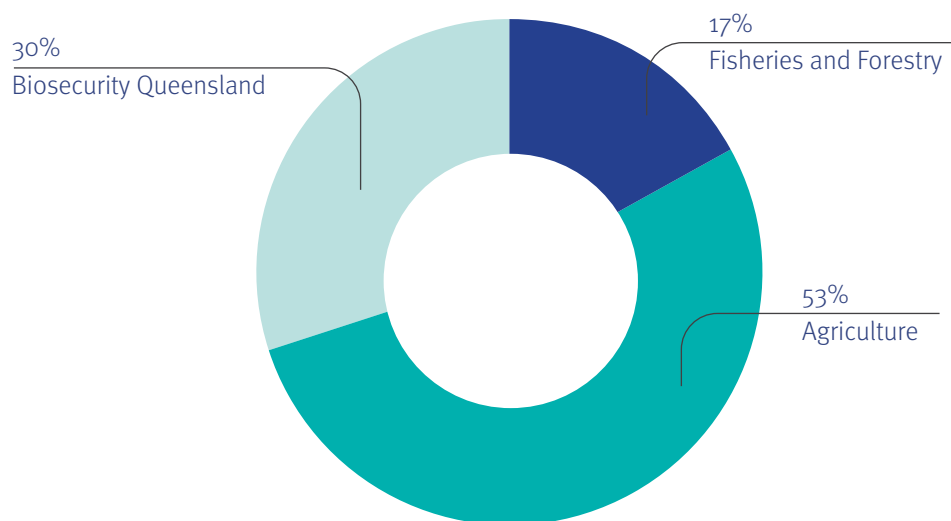


Figure 3: Operating expenses by service areas, 1 July 2015 to 30 June 2016

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

Equity—what we are worth

Equity represents net worth, which is calculated by ‘what we own’ (total assets of \$484.9 million) less ‘what we owe’ (total liabilities of \$68 million). As at 30 June 2016, DAF’s equity was \$417 million.

Assets—what we own

At 30 June 2016, DAF had total assets of \$484.9 million. The department’s major assets comprised 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 2016, DAF had total liabilities of \$68 million, which comprised of accrued employee expenses, payables (including trade creditors and the payment of employee benefits to QSuper) and unearned revenue (largely funding received in advance of service delivery for R&D projects).

Capital expenditure

Capital outlays of \$15.4 million in 2015–16 were focused on developing and upgrading research facilities, and replacing plant and equipment to deliver outcomes for agriculture, biosecurity, fisheries and forestry. The department also made capital grant payments of \$4.5 million for the purchase of a grains research property in partnership with the Grain Research Development Corporation (GRDC).

Administered funds

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

During 2015–16, DAF received administered revenue of \$13.3 million, comprising administered appropriation revenue from the Queensland Government and the collection of regulatory receipts (including taxes, fees and fines) on behalf of the Queensland Government.

Appropriation revenue was paid to QRAA for the administration of assistance schemes and to the Queensland Agricultural Training Colleges. Regulatory receipts are paid into the Queensland Government's consolidated revenue.

At 30 June 2016, DAF had total administered assets of \$3.1 million. DAF manages the surplus assets that were transferred back to the government prior to the sale of Forestry Plantations Queensland to the private sector.

Outlook for 2016–17

Operating budget

DAF's operating budget for 2016–17 is \$439 million. The funding will be directed to boosting our biosecurity capacity, protecting the banana industry and supporting the rural sector in its fourth consecutive year of severe drought.

In 2016–17, the Queensland Government is continuing its support of drought-affected producers through the Drought Relief Assistance Scheme, rural financial counselling services and other drought relief measures totalling \$28.2 million for both assistance and better preparedness for drought. There will also be a Queensland Climate Risk and Drought Resilience program to improve farm business capacity and seasonal forecasting, and provide decision support tools to better manage climate risk.

There is a particular focus on biosecurity, with \$10.8 million over 4 years to begin implementing the recommendations of the Queensland Biosecurity Capability Review. DAF's response to the threat of Panama disease continues in 2016–17, with \$7.3 million funding for ongoing management.

Capital expenditure

The 2016–17 budget includes a capital expenditure program of \$19.3 million. The budget includes \$16.8 million in capital outlays, focused on upgrading departmental facilities and replacing plant and equipment, and \$2.5 million in capital grants for the purchase of a research property in partnership with the GRDC, and for RSPCA facility upgrades in Cairns and Townsville.

Agriculture, fisheries and forestry sector performance

Agriculture faced another difficult year. Over 83.9 per cent of the state remained drought-declared. This represents a marginal (2 per cent) improvement over a peak last year. Despite this, rural merchandise exports contributed to the state's positive export figures in 2015–16.

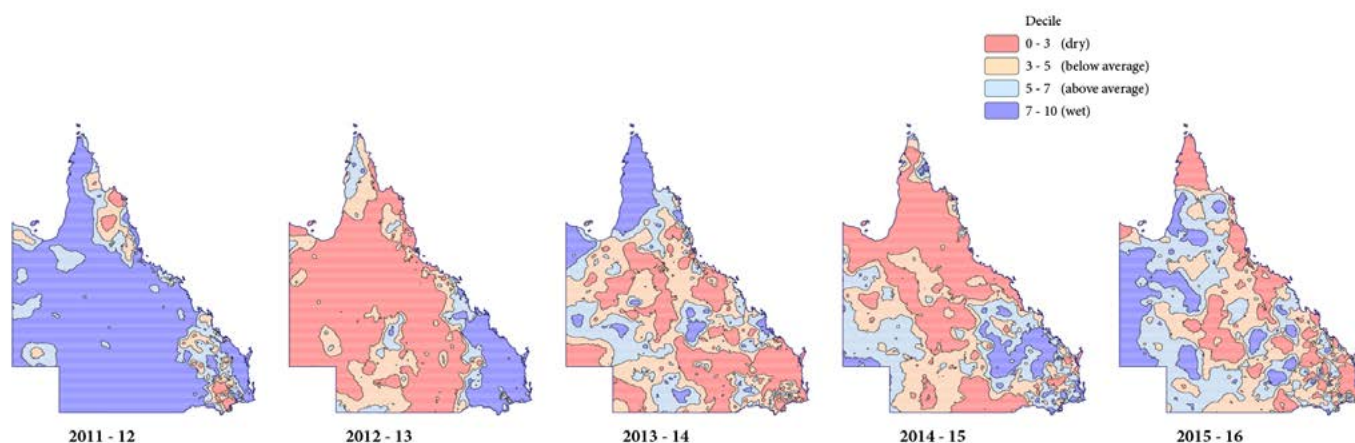


Figure 4: Rainfall patterns for the past five summers, November to March
(source: Department of Science, Information Technology, Innovation and the Arts)

Rural merchandise exports contributed \$9.16 billion (excluding sugar) to the economy. In the 2015 calendar year, Australian sugar exports were worth \$1.6 billion. Approximately 95 per cent of sugar production occurs in Queensland. Driven by a decline in the quantity of beef exports, meat exports fell \$271 million to \$5.31 billion in 2015–16. High beef prices and drought conditions encouraged producers to increase their slaughter rates in 2015, leading to a decline in cattle numbers. Future capacity is likely to be affected by the lower herd numbers.

The value of crop exports rose 53 per cent to reach \$1.56 billion in 2015–16. Much of the growth was driven by demand for chickpeas.

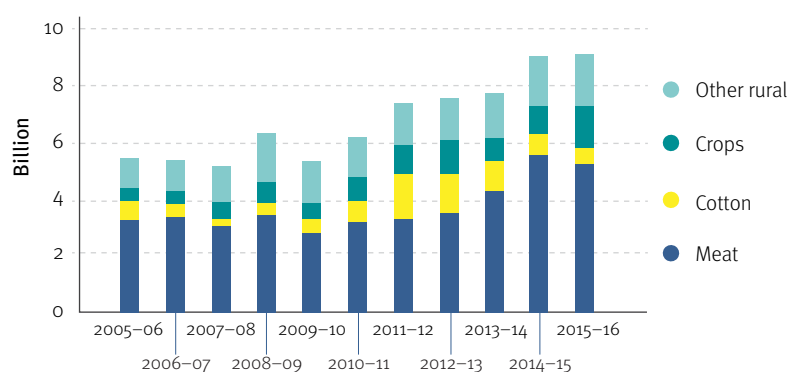


Figure 5: Queensland's rural overseas merchandise exports, 2005–16 (source: Australian Bureau of Statistics unpublished trade data and Queensland Treasury)

The estimated gross value of production of Queensland's primary industry commodities (combined gross value of production and first-stage processing) for 2015–16 was \$17.32 billion. This is 16 per cent greater than the average for the past 5 years.



'f' indicates forecast, not actual

Figure 6: Gross value of production for farm gate and first-round processing
(source: *AgTrends update: April 2016, DAF*)

The total value of Queensland's primary industry commodities is made up of the value of farm gate (including fisheries and forestry) and first-round processing. The gross value of production (farm gate) is estimated as \$13.74 billion. The value of first-round processing (or value-added production) for 2015–16 is estimated to be \$3.58 billion.

The sector is highly diversified, with the largest contributions from livestock (\$5.82 billion) and horticulture (\$4.1 billion), as well as economic contributions from other crops such as sugar and cotton (\$2.2 billion), and cereal grains such as sorghum and wheat (\$1.02 billion). Commercial fisheries are expected to contribute approximately \$170 million, aquaculture business \$111 million and recreational fishing \$94 million. Forestry and logging is expected to contribute \$211 million.

A range of external factors—such as exchange rates, commodity prices and weather conditions—can affect the actual value achieved.

Our department

At DAF, we create opportunities and manage risks to enable sustainable food and fibre production. We do this by effectively managing community resources, applying science to improve production and products, leading the fight on animal and plant pests and diseases, and working constructively with stakeholders for mutual benefit. Our work makes a difference to the economy, the environment, agri- and food industries, rural communities and Queenslanders. We operate in 92 locations across Queensland.

Our vision

Productive and prosperous agriculture, fishing and forestry sectors.

Our purpose

To facilitate the growth and sustainable development of the agriculture, fishing and forestry sectors, and optimise their contribution to economic, environmental and social outcomes for Queensland.

Our services

- Agriculture
- Biosecurity Queensland
- Fisheries and Forestry

The department's policies, programs and services align with the Queensland Government's *Interim response to the Queensland plan*.

The interim response supports the government's objectives for the community and identifies the priorities and key initiatives that will contribute towards implementing the vision of Queenslanders. The department's work contributes to each of the government's objectives for the community.

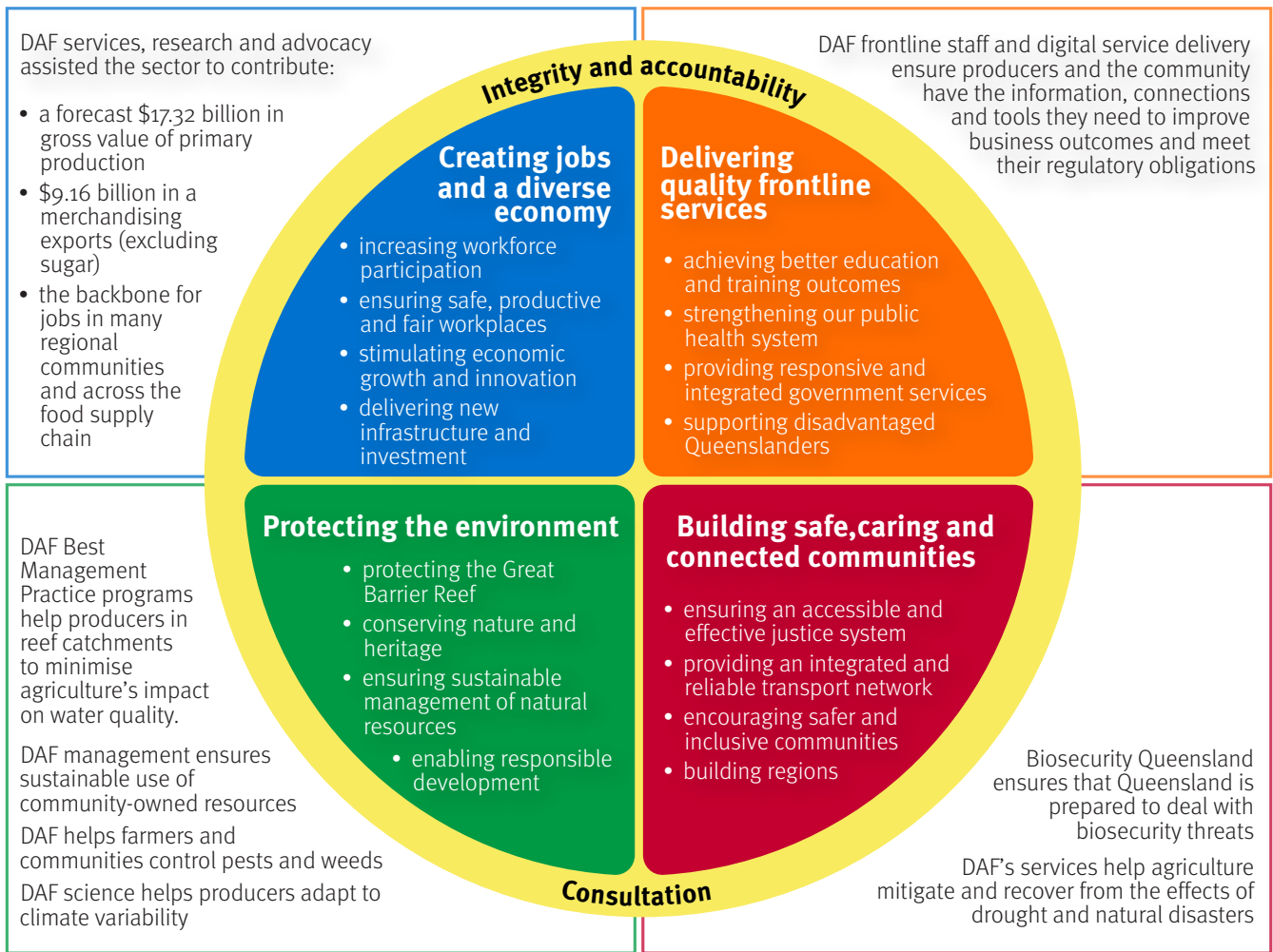


Figure 7: The Queensland Government's objectives for the community and DAF's contributions

Our leaders

Board of management

Dr Beth Woods, Director-General

Beth is the Director-General of DAF, where she leads development initiatives to deliver an innovative, productive and sustainable agriculture, fisheries and forestry sector. She brings extensive experience gained in roles as the Deputy Director-General of Agriculture and of Science in the former Department of Employment, Economic Development and Innovation. She was the foundation Director of The University of Queensland's (UQ) Rural Extension Centre, and Professor of Agribusiness at UQ from 1997 to 2004.

Beth has served on the Commonwealth Scientific and Industrial Organisation (CSIRO) Board, the Gatton College Council and the Rural Adjustment Scheme Advisory Council. She has chaired the Rural Industries Research and Development Corporation, the Australian Centre for International Agricultural Research, the National Drought Policy Review and the International Rice Research Institute. She was a member of the Australian Rural Research and Development Council (2011–12) and a member of the World Bank's Agricultural Pull Mechanism expert panel. She is currently Chair of WorldFish, headquartered in Penang, and part of the CGIAR network of independent research centres administered through the World Bank.

Malcolm Letts, Deputy Director-General, Agriculture

Appointed as Deputy Director-General, Agriculture, in January 2016, Malcolm leads the development of policies, research and interventions that deliver an efficient, innovative, productive and successful agricultural sector.

Malcolm brings with him extensive experience in regional and industry development, having been instrumental in designing and delivering extension and frontline service components of major restructures in the dairy and sugar industries.

Malcolm holds qualifications in applied science in environmental technology and rural systems management. Most recently, he was Executive Director, Regions and Industry Development with DAF.

Malcolm has worked with the Queensland Government for 23 years. He is particularly interested in supply chain improvement and modernising extension and broader service delivery to better meet the needs of food and agribusiness companies.

Scott Spencer, Deputy Director-General, Fisheries and Forestry

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

His previous government roles include Director-General of the former Department of Natural Resources and Water (2006–09) and Chair of SunWater Limited (2009–12). Scott grew up in Brisbane and joined the state's public service in 1978. Scott brings more than 30 years of experience in government and beyond. He holds qualifications in economics.

Dr Jim Thompson, Chief Biosecurity Officer, Biosecurity Queensland

Jim, as Chief Biosecurity Officer, has led the state's efforts in the management of animal and plant pests and diseases, invasive species, animal welfare and agricultural chemical use since 2012. He is the Queensland Government representative on the National Biosecurity Committee and chairs a number of state and national biosecurity committees, including the Intergovernmental Agreement on Biosecurity Taskforce. He has worked in various Queensland Government agencies (including agriculture, natural resources and mines, and environment) and in New South Wales in research, policy and management roles. Jim has tertiary qualifications in science (wildlife and pest animal management) and public sector management.

Jim recognises that Queensland remains the frontline state for biosecurity and must continue to reshape its business to meet changing demands. Central to this is a strong commitment to deliver effective, customer-focused biosecurity services for Queensland.

Marcia Hoffmann, Deputy Director-General, Corporate

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

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

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

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

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

Wayne Hall, Executive Director, Agri-Science Queensland

Wayne leads Agri-Science Queensland—the state's primary agricultural science RD&E service. Employing around 600 staff, this group provides or commissions RD&E services to support the animal, plant, forestry, aquaculture and fisheries industries in Queensland.

Wayne plays a critical role in building the state's RD&E capability by forging partnerships with major universities and commercial partners. He also oversees the provision of research funding to the QAAFI at UQ, other Queensland universities and Sugar Research Australia.

Wayne was appointed the Executive Director in December 2015 and brings with him a wealth of experience in RD&E management and animal industries, and a new perspective to Agri-Science Queensland that will help shape the future of RD&E in DAF.

Wayne holds qualifications in veterinary science, systems modelling and business administration.

Elton Miller, Executive Director, Regions and Industry Development

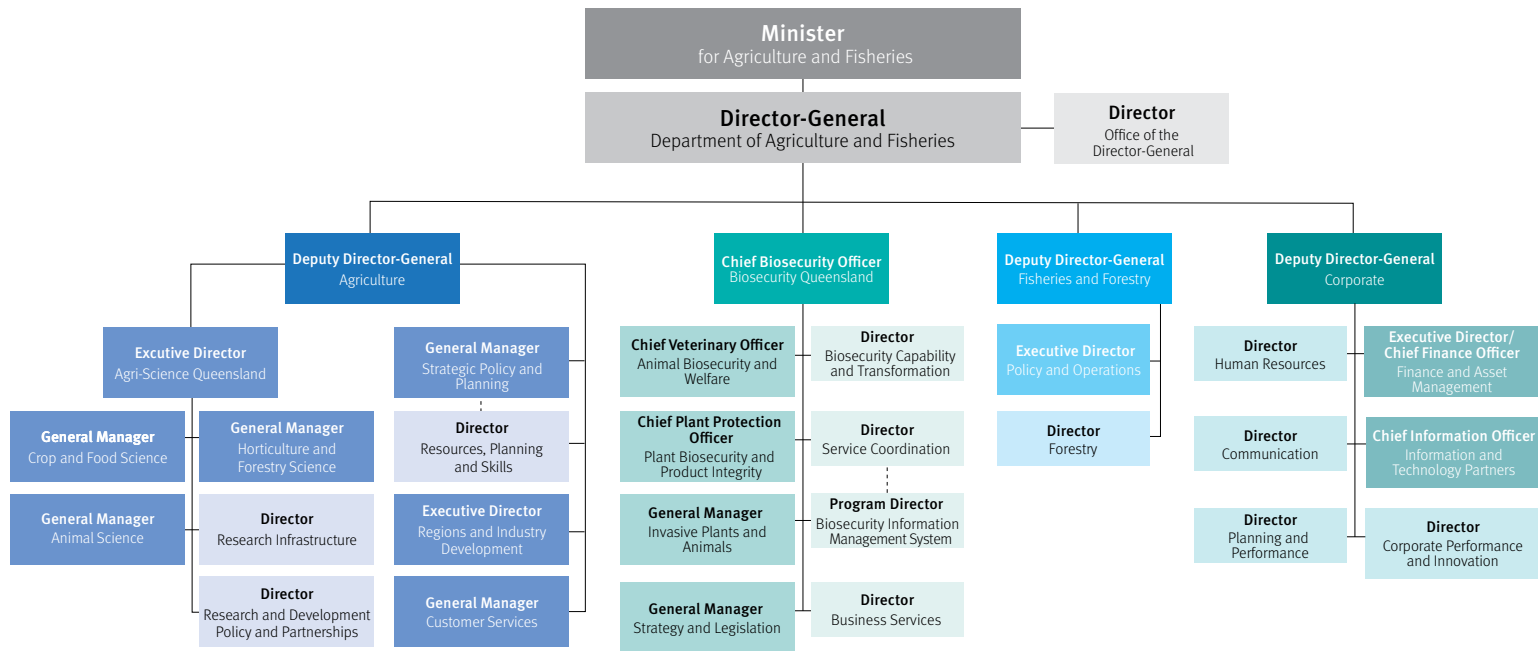
As Executive Director, Regions and Industry Development, Elton plays a key role in driving industry development outcomes across the state. He works with industry and across all levels of government to capitalise on regional opportunities and deliver statewide programs, such as the Drought Relief Assistance Scheme.

Elton commenced the role in January 2016, after having previously led Strategic Policy and Planning for the previous few years. Elton brings 25 years of public sector experience, at both the state and federal level, across a range of economic research and policy development roles, originally coming from a farming background. He has been with the department since 2005.

He is currently a Director on the Board of QRAA, after also having served as a Director on the Board of Safe Food Production Queensland (2010–16) and the Queensland Agricultural Training Colleges (2014–15). Elton has a Bachelor of Agricultural Economics with first class honours from the University of New England.

Our organisational structure

The DAF organisational structure is made up of four business areas—Agriculture, Biosecurity Queensland, Fisheries and Forestry, and Corporate Services. Each area, apart from Biosecurity Queensland, is led by a Deputy Director-General. Biosecurity Queensland is led by the Chief Biosecurity Officer.



Note: The department hosts Hub A of the Business and Corporate Partnership, which provides corporate support to the three DAF service areas. It also provides corporate services to other agencies through a corporate partnership arrangement.

Figure 8: DAF organisational structure as at 30 June 2016

Our strategic planning and performance management framework

Our planning is guided by industry needs, government priorities, legislative and policy mandates, and community objectives. Our strategic plan establishes the department's direction for the next 4 years. It is reviewed annually to ensure emerging issues and government priorities are strategically addressed. Budget paper 5, the Service Delivery Statements, outlines the new initiatives and investment priorities for the coming year. Progress is measured quarterly and annually, through quarterly performance reports and the annual report.

The following sections provide a more detailed report of our performance against the four objectives outlined in the DAF *Strategic plan 2015–19*. It provides an outline of services, context and challenges for the year, and the key performance indicators (KPIs) according to the strategic plan. The outlook and priorities for 2016–17 are also outlined.

Each strategic objective presents achievements against the priorities identified in the 2015–16 Service Delivery Statements. Results for related service standards and other measures are identified through the report. In addition, any associated intergovernmental agreements are identified and briefly reported on.

Objective 1: Connect industry to opportunity

In partnership with industry, government and research bodies, the DAF Agriculture service area helps the sector and farm businesses lift productivity and profitability. The service area focuses on creating an environment that enables producers and agribusinesses to sustain and grow their businesses, and supports related RD&E. Assessment of the returns from investing in agricultural RD&E reliably demonstrates that for every \$1 invested, returns of up to \$10 can be expected over the course of 25 years.

DAF's programs and initiatives alleviate the impact of prolonged drought and its effect on production management practices and rising rural debt. Our staff worked across government to ensure Queensland producers realise the expected benefits from free trade agreements negotiated with Korea, Japan and China over the last 24 months by:

- showcasing Queensland's food and fibre products and agri-technology advances overseas and in Australia
- promoting investment opportunities in Queensland agriculture and aquaculture
- improving the security of agricultural land, water and labour.

Outlook

Long-term prospects for the agriculture, fisheries and forestry sectors remain positive due to ongoing demand growth for food and fibre. A review of market opportunities for Queensland agribusiness arising from free trade agreements with China, Japan and South Korea commissioned by DAF and Trade and Investment Queensland will help producers target markets. The Deloitte Access Economics report is expected to be released in August 2016.

In response to climate variability and the ongoing impact of severe drought in certain Queensland regions, many affected Queensland farmers have proactively implemented climate risk management practices—including use of farm business and climate risk decision support tools—to better position themselves for recovery and rebuilding.

The implementation of the Rural Assistance Package is a key priority for the coming year. The package is the government's response to the Rural Debt and Drought Taskforce chairman's report presented in May 2016.

Queensland's RD&E capability and capacity continues to grow through partnerships with industry and universities. Threats from exotic plant and animal diseases and increasing demand for quality produce highlight the need for agricultural RD&E expertise.

The impact of the federal election on decisions relating to northern Australia and agricultural competitiveness agendas is yet to be made clear.

Key performance indicators

- KPI: Market and investment opportunities facilitated by the department
- KPI: Business improvement and sector productivity attributed to research, development and extension products and services
- KPI: Producers adopting improved land management and production practices

Priorities for 2016–17

Our priorities for 2016–17 are to:

- continue drought assistance, including the Drought Relief Assistance Scheme, rural financial counselling services and other drought relief measures
- establish a Queensland drought mitigation centre to improve farm business capacity, seasonal forecasting and decision support tools to better manage climate risk
- implement the Rural Assistance Package, aimed at reducing financial stress and improving financial sustainability, to assist the sector service debt, including the establishment of the Office of Rural Affairs
- advance Queensland's agricultural innovation through the implementation of a 10-year agriculture and food RD&E blueprint
- develop new and innovative ways of commercialising the department's intellectual property
- work with the Australian Government to develop the Northern Australia Cooperative Research Centre, which will identify opportunities for agricultural development and expansion
- continue to improve the practices of producers and agricultural industries impacting on the Great Barrier Reef
- advocate for agriculturally important land, energy and water and the sector's key role in regional economies and employment.

Delivering on our 2015–16 priorities

Grow markets and investment

Our commitment

We said we would grow markets and investment by supporting outbound trade missions to promote existing food and fibre products, and showcase new, niche and emerging products and investment opportunities.

KPI Market and investment opportunities facilitated by the department

What we delivered

We enabled access to new domestic and international trade opportunities.

Targeted trade and investment missions are important as they provide invaluable opportunities to build profitable relationships with overseas trading partners, leverage free trade agreements and bring new investment to the state. DAF supported two ministerial trade missions—one to Indonesia in August 2015 that focused on live cattle exports, and one to China and Japan in late September/early October 2015 that focused on Queensland food produce and products. Although three ministerial trade missions were targeted for 2015–16, the Premier undertook additional trade missions that drove broader promotion of Queensland's attractiveness for investment, innovation and exports. The Premier's trade missions were also used as an opportunity to promote Queensland's agriculture, food and fibre industry.

DAF hosted 11 delegations and participated in 1 international exchange to promote Queensland food and fibre products, expertise and opportunities for investment. These included:

- meeting with the Japanese Ministry for Agriculture Fisheries and Forestry to foster integrated supply chains for Queensland produce going into Asian markets
- leading 10 producers and other industry representatives to Gulfood 2016—the world’s largest food and hospitality show that generated 105 significant trade enquiries
- exhibiting at the Northern Beef Producers Expo (approximately 500 attendees) to showcase services including the Grazing Best Management Practice (BMP) program, FutureBeef extension services and current R&D activities
- delegations with Indonesia, Vietnam and Japan to attract investment in dairy cattle, horticulture, aquaculture, probiotics and food processing—delegates also fostered trade relations between Northern Australia beef exporters and the South-East Asian market
- participated in the Advance Queensland Innovation and Investment Summit and Start Up Festival, which attracted more than 700 registrations for the summit and 500 for the festival.

Develop a 10-year RD&E blueprint

Our commitment

We said we would develop a 10-year RD&E blueprint for agriculture and food.

What we delivered

We progressed the development of a blueprint.

A blueprint for agriculture and food RD&E is needed to enhance scientific collaboration within the state, ensure investment is aligned with emerging opportunities and seek new and innovative ways to attract new funds. We have been preparing a discussion paper for release in the second half of 2016. Consultation will occur with industry groups, research providers and the public.

Drive innovation and productivity

Our commitment

We said we would drive innovation and productivity by:

- developing and delivering innovative technologies and practices for farm business and industry
- improving the uptake of innovative technology and practices through the delivery of extension and technical services
- partnering with industry and research bodies to build RD&E capability across Queensland.

KPI Business improvement and sector productivity attributed to research, development and extension products and services

What we delivered

We developed innovative technologies and practices that provided new products, improved supply chain efficiency and access to markets.

The department invests in RD&E to support the productivity and prosperity of the Queensland agriculture and food sectors, and to support the development of the science skills needed to generate regional jobs. The following case studies illustrate the broad range of RD&E activities undertaken by DAF in 2015–16.

Seeing is believing—using YouTube to promote cotton industry best practice

Online video is increasingly being utilised to share ideas and concepts. Studies indicate that while people remember only a small proportion of what they hear and read, they retain about 80 per cent of what they see and do.

The Cotton Production Best Practice Documentaries project, jointly funded by DAF and the Cotton Research and Development Corporation, has adopted this approach to its information production—filming and producing over 60 videos across a wide range of genres and cotton-related topics.

The project's videos utilise a variety of production techniques and include microscopy, time lapse and aerial footage to provide new and unique visual perspectives. They also include transcripts appropriate for use in subtitling, to aid accessibility and search engine optimisation.

Industry support for this project initiative has been excellent, with 36 people from 17 government and private organisations, consultancy firms and farms contributing their time and covering topics from planting a crop to making irrigation decisions utilising the latest equipment and remote-sensing data.

The videos are hosted on the CottonInfo YouTube channel (www.youtube.com/user/CottonInfoAust), which has received more than 15 000 views since its creation in late 2013. Viewer engagement with the channel is growing exponentially as the number of videos increases. Overall feedback has been very positive, with high viewer retention and reports of cotton businesses utilising some of the videos within their staff induction programs.

Queensland innovation transforms mung beans into 'money beans'

Australia's mung bean industry is celebrating the International Year of Pulses with a record crop, near record prices and a new locally produced food product. Most mung beans are grown in Queensland and exported to premium overseas markets for sprouting and processing. A local company has recently started making a new nut-free alternative to peanut butter from mung beans.

The rise and rise of mung beans as a profitable summer pulse crop follows innovation in breeding and research by DAF and our research partners. Mung beans have been transformed from 'mongrel beans' to 'money beans'. DAF mung bean breeding efforts have continued to improve yields, grain quality and crop resilience in the face of drought and disease. Double-digit yield gains from successive DAF-bred varieties have supported extraordinary industry growth, with production rising from 35 000 tonnes in 2003 to more than 130 000 tonnes in 2016.

Local university partnerships are further supercharging our mung bean industry. QAAFI is researching more productive and resilient

management options. Revolutionary genetic tools and technologies are being developed and tested in partnership with the Queensland University of Technology (QUT). The University of Southern Queensland (USQ) is using expertise in bacterial pathogens to better address challenges from key diseases such as halo blight. Queensland scientists are also a vital part of a new international network to further improve breeding and research outcomes for our pulse industry and our growers.

Industry partner, GRDC, estimated that every dollar invested in the mung bean breeding program alone returned \$18 of benefits to industry.

Our world-class efforts in mung bean breeding and research provide the key to consistently delivering industry's bold target of 170 000 tonnes annually. This will ensure Queensland remains the preferred supplier of premium, quality-assured mung beans in competitive domestic and international markets.

Harvey—robotic harvesting of capsicums

DAF is investing \$3 million over 3 years into research at QUT to fast track the development of agricultural robots. As part of this program, the QUT team has developed a new agricultural robot—nicknamed ‘Harvey’—to harvest capsicums (sweet peppers). In November 2015, the team conducted the first trials with Harvey on a DAF-led protected cropping trial in Giru, North Queensland. Tasked with identifying and picking red capsicums, Harvey performed significantly better than has been reported for other harvesting robots under development.

Despite significant efforts by the worldwide horticultural research industry, progress in creating robots to harvest fruit or vegetables has been modest to date. As of late 2014, the best published robotic harvest success rate was only 6 per cent in testing scenarios similar to those used for Harvey, and up to 30 per cent when the crop was modified and leaves were removed.

Harvey achieved a fruit detachment success rate of 90 per cent with unmodified crops (i.e. with no leaves removed or fruit moved before

harvesting). The research team is continuing to fine-tune Harvey’s performance and believes only minor modifications will be required to increase the speed of harvesting and enhance robustness.

Harvey’s robotic arm has a camera and a unique cutting tool attached to it. Using data from the camera, the robot creates a 3D model of each fruit and its surroundings, and plans and controls the robotic arm and cutting tool to locate and detach the fruit. The combination of state-of-the-art robotic-vision software and novel crop-manipulation tools enables the successful harvesting of the crop and promises significant benefits for horticulture growers.

QUT is now in discussions with partners both in Australia and overseas to commercialise Harvey. In the future, the researchers plan to investigate how automated harvesting technologies can be used for other crops, such as mangoes, strawberries and avocados.

Cobia—a new high-value fish product from Queensland

In 8 years, DAF’s cobia R&D team has helped take cobia from a wild fish with recognised aquaculture potential to a new award-winning seafood served in high-end Australian restaurants and Qantas business class.

Cobia is a fast-growing, saltwater finfish reaching a harvest weight of about 5–7 kilograms in 1 year of culture. It has a firm, flaked, sweet flesh with a high fat content—perfect for both sashimi and cooking.

During development of the production system to bring cobia to market, a number of challenges were overcome—including optimum breeding techniques, diet formulation for various growth stages, stocking densities, harvest strategies, transport and packaging systems, food preparation and consumer taste testing, and marketing and promotion. DAF worked with USQ, feed manufacturer, Ridley Aquafeeds, and industry partner, Pacific Reef

Fisheries, from the earliest stages to make sure the research was focused on solving practical production issues and applying them in the production environment.

DAF’s food technology team based at Coopers Plains was instrumental in developing packaging systems to maximise the freshness of the product in the market. The team used consumer taste panel assessments to evaluate consumer acceptance and preference for cobia against Atlantic salmon, yellowtail kingfish and barramundi. Pacific Reef Fisheries also worked with leading chefs on preparation methods to develop top recipes for cobia for use in high-end restaurants.

Queensland is now producing 100 tonnes per year of high quality farmed fresh fish. It has overtaken wild-caught cobia (40 tonnes per year) and is competing successfully with 200 tonnes of imported product (mostly produced in sea cage production systems).

We work collaboratively with industry, universities, private sector consultants, natural resource management groups and rural R&D corporations to deliver enhanced research outcomes for Queensland industries. In 2015–16, DAF invested \$75 million in agricultural RD&E in order to build Queensland’s competitive advantage. Our investment in RD&E partnerships with the university sector and Sugar Research Australia included:

- \$7.16 million with UQ in QAAFI—a research collaboration between UQ and the Queensland Government to work together on key agricultural industry challenges
- \$0.2 million with UQ Civil Engineering—to co-fund a new Centre for Future Timber Structures, providing solutions to issues inhibiting the widespread adoption of massive timber construction in medium-rise to high-rise construction
- \$0.9 million with QUT—research into tropical pulses to develop more productive, profitable and resilient chickpeas, mung beans and other pulses for growers and industry
- \$0.4 million with QUT—support for the Australian Centre for Robotic Vision, which is helping the agricultural sector use robots and autonomous systems to make farms of the future more productive, profitable, sustainable and safe
- \$0.9 million with USQ—for research areas in wheat and summer grain pathology, agricultural systems modelling, agricultural engineering and winter crop nematology
- \$0.36 million with University of the Sunshine Coast—for pre-harvest forestry research
- \$0.22 million with Central Queensland University—to co-fund three research positions in vegetable crop protection and farming systems research
- \$3.1 million with Sugar Research Australia—to undertake sugarcane RD&E.

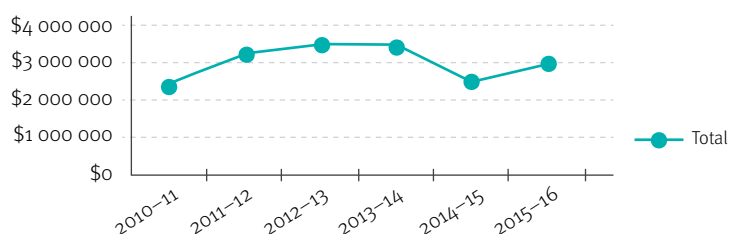


Figure 9: Intellectual property revenue graph—royalty returns from departmental R&D
(source: DAF RD&E expenditure and revenue)

In 2015–16, the department received approximately \$3.1 million in royalty revenue, which equated to a return on investment of 4.54 per cent. The 2015–16 percentage return is higher than expected due to calypso mango royalties rebounding from increased production and good mango sales for the year; and sweet corn royalty improved from increased international sales.

Table 3 shows that our industry and government funding partners are completely satisfied that the RD&E our department and partners are delivering is contributing to productivity growth in agricultural industries. The business outcomes for the customers who have participated remain consistent with historical levels, but is lower than 2014–15. The ongoing drought may be a contributory factor in reducing or delaying business returns.

Table 3: Service standards—improvements due to RD&E

Service/indicator	Measure	Results					Variation/commentary
		2011–12	2012–13	2013–14	2014–15	2015–16	
Service standard Effectiveness	Level of funding partner satisfaction that research outcomes contribute to industry productivity growth	Not measured	Not measured	Not measured	79%	100%	The strong 2015–16 result is partly due to a new, more specific question of satisfaction in the DAF External Funders Survey.
Service standard Effectiveness	Percentage of customers indicating that participation in an RD&E activity contributes to business improvements	60%	54–60%	54–60%	60–73%	64%	This is a new measure replacing two discontinued measures. The results are indicative of trend but not directly comparable. The prior years show the range of results achieved from the former two measures.
Service standard Efficiency	Percentage return on RD&E investment through royalty returns	Not measured	4.98%	4%	4.32%	4.54%	The 2015–16 percentage return is higher than expected due to calypso mango and sweet corn royalties.

Protecting the Great Barrier Reef

Our commitment

We said we would continue the delivery of BMP programs to improve the practices of producers and agricultural industries impacting on the Great Barrier Reef.

KPI Producers adopting improved land management and production practices

What we delivered

We delivered BMP programs, improved agricultural technology and monitored, assessed and evaluated progress against our obligations in the *Reef 2050 long-term sustainability plan* goals and the Great Barrier Reef Water Science Taskforce recommendations.

Approximately 60 regional officers either fully or partly contribute to the 42 full-time equivalent (FTE) staff (supporting research, extension, economic and monitoring services to the sugarcane, horticulture, grains and grazing BMP programs being delivered in Great Barrier Reef catchments. These programs are deliverables under the *Reef water quality protection plan 2013* and aim to promote sustainable use of natural resources by agribusinesses, while also improving business management decisions to improve profitability and resilience through climate extremes.

Table 4: Service delivery standard—best management practice

Service/ indicator	Measure	Results					Variation/ commentary
		2011–12	2012–13	2013–14	2014–15	2015–16	
Service standard Effectiveness	Percentage of primary producers in reef catchments who adopt best management practices after participation in DAF extension programs	NA	NA	20% ¹	74% ²	58%	The actual result exceeds the 2015–16 target, indicating a positive trend in the uptake of practice change adoption. This measure is influenced by a number of factors, such as a producer's financial situation, seasonal conditions, markets and personal situation, which may impact their ability to adopt practice change. These factors are outside DAF's influence.

1. In 2013–14, this result relates to canegrowers only. Graziers' survey was delayed due to priorities related to drought activities.
2. In 2015–16, this measure was broadened in scope and reworded from 'graziers and canegrowers' to 'primary producers'. This allowed for data to be collected in relation to primary producers other than graziers and canegrowers (e.g. horticulture producers). For this reason, the data for the years 2014–15 to 2015–16 are not strictly comparable.

Grazing BMP

As uptake of Grazing BMP increases, it is expected that the levels of sediment running into the Great Barrier Reef will reduce and grazing business performance and resilience will improve. The program is delivered through a partnership between multiple organisations that includes AgForce, the Fitzroy Basin Association, DAF, the Department of Environment and Heritage Protection (EHP), and natural resource management groups. The program has been implemented in the Burdekin, Fitzroy, Burnett and Mary river catchments—the major catchments flowing to the Reef.

A key aspect of the program is the ability of graziers to compare their own business decisions and land management performance to anonymous data from the wider industry. This enables them to develop action plans to improve their outcomes. In the 2015–16 financial year, 3001 Grazing BMP modules were completed, with 39 producers becoming accredited. The total number of businesses participating in Grazing BMP reached 569 in this financial year, covering a land area of 7 034 831 hectares.

Since 2010, over 1300 graziers managing almost 20 million hectares have participated in Grazing BMP. A cost–benefit analysis of DAF extension support to the grazing industry in the Burdekin region between 2011 and 2014 indicated a net present value benefit of approximately \$6.7 million. This is between a threefold and fourfold benefit for industry for every dollar spent. This net industry benefit is in addition to the public benefits of reduced sediment flow into the Great Barrier Reef.

Sugarcane industry support

DAF conducts R&D, agronomic and economic activities for the sugarcane industry, and provides specialised support to the Smartcane BMP program led by CANEGROWERS (the industry peak body). DAF's focus is on farming practices and systems to improve environmental outcomes and business profitability and resilience. This work is carried out in partnership with a variety of organisations, including natural resource management groups, district cane industry groups and Sugar Research Australia, which receives an investment of \$0.88 million from DAF for Great Barrier Reef-related research.

DAF sugarcane extension staff have developed a dual herbicide sprayer, designed to improve the efficiency of herbicide application on sugarcane crops and reduce the loss of residual herbicides to waterways and the Great Barrier Reef. DAF is now working with Sugar Research Australia to promote this new equipment in association with integrated weed management workshops delivered as part of the Smartcane BMP program.

DAF's agricultural economists have conducted cost-benefit analyses on the practices promoted through the Smartcane BMP program. These analyses reveal that an accredited grower could increase profitability upon implementing industry best management practices on-farm.

Monitoring and evaluation

Departmental officers are responsible for monitoring and evaluating the improvements in land management being made by producers in Great Barrier Reef catchments. This information supports the Paddock to Reef monitoring and evaluation program, which has been able to attribute improvements in Great Barrier Reef water quality to improved agricultural land management practices.

Great Barrier Reef intergovernmental agreement

The *Reef 2050 long-term sustainability plan* (Reef 2050 plan) provides the related framework under the agreement for protecting and managing the widely recognised value of the Great Barrier Reef. DAF continues to contribute to 31 of the 139 actions in the Reef 2050 plan. The *Reef water quality protection plan 2013* (Reef water quality plan) is a key action of the Reef 2050 plan.

In 2015-16, DAF committed \$3.5 million in funding and leveraged a further \$3.3 million from Great Barrier Reef funding programs to lead and support actions of the Reef water quality plan, and continue to deliver a number of key milestones for the Reef 2050 plan.

A key deliverable under the Reef 2050 plan was the establishment of three net-free fishing zones, which occurred on 1 November 2015.

The Great Barrier Reef Water Science Taskforce handed down its final report in May 2016 on how the Queensland Government's ambitious Reef water quality targets (reduce nitrogen run-off by up to 80 per cent and sediment run-off by up to 50 per cent) may be achieved and the priority areas for investing an additional \$90 million of new funding over 4 years. DAF is involved in extensive consultation with our partner agency EHP, contributing to the whole-of-government response to the taskforce recommendations for the work to be carried out in Great Barrier Reef catchments.

Improve sustainability of agriculture

Our commitment

We said we would improve sustainability of agriculture by:

- continuing existing drought relief arrangements
- working with industry to develop a suite of new measures that will assist producers to improve their climate risk management and preparedness strategies
- providing a 'one-stop' service that supports private sector water and land resource development initiatives to help develop the northern regional economy
- meeting commitments in our intergovernmental agreements.

What we delivered

We provided \$21.3 million in drought relief, piloted new measures to assist producers manage climate risks and promoted development of the northern regional economy.

Drought assistance

Since the drought commenced in April 2013, the Queensland Government has spent over \$120 million to support farm businesses, families and communities through the Drought Assistance Package. This multi-agency assistance package was valued at \$42.3 million for 2015–16. The package included:

- drought relief assistance
- electricity charges, land rent and water licence fee relief
- rural financial counselling
- mental health support and community and educational assistance.

The Drought Relief Assistance Scheme (DRAS) administered by DAF is the largest component of the Drought Assistance Package. DRAS comprises freight subsidies, emergency water infrastructure rebates, charity payments and the provision of rural financial counselling services.

Table 5: DRAS performance

Service/ indicator	Measure	Results					Variation/ commentary
		2011–12	2012–13	2013–14	2014–15	2015–16	
Condition	Percentage of state drought-declared	–	> 40%	79%	80.3%	83.9%	During the year, up to 86% of the state was drought-declared. Following rain late in the financial year, a number of shires had their drought status removed, leaving a total of 83.9% of the state drought-declared at the end of the financial year.
Service standard Quantity	Number of applications received	69	15	6165	7636	4294	Assistance is available annually and the amount of assistance rises if the producer has a drought management plan in the third and subsequent year of drought.
Service standard Effectiveness	Percentage of customers whose application for business assistance as a result of natural disaster or drought is processed within 21 days	Not measured	Not measured	36% ¹	90%	97%	

1. Due to the high number of applications received in 2013–14, claims received in the first three quarters of the financial year were not processed within the required time frame. In response to the number of applications, additional staff were engaged and trained, and this improved processing times to the required standard.

Progressed drought reform as part of intergovernmental agreement

In May 2013, the Intergovernmental Agreement on National Drought Program Reform was signed by the federal, state and territory governments. Under the intergovernmental agreement, the states and territories are required to deliver farm business training, coordinated and collaborative social services, and tools and technologies to inform farm decision-making with the aim to increase producer drought preparedness. The range of measures introduced during this drought as part of the Drought Assistance Package supports some of the objectives of the intergovernmental agreement.

In 2015–16, an initial allocation of \$425 000 was provided for drought reform. From this allocation, \$100 000 was spent on the Northern Beef Mentoring program and pilot programs for Grazing BMP, which are aimed at improving financial literacy and drought preparedness. The remaining funds were deferred and are now incorporated into the \$3.5 million allocated for delivery of the 2016–17 drought reform and climate risk priorities.

Development of the northern Australian economy

New agricultural industries in northern Australia are being fostered in anticipation of proposed Australian Government investment in infrastructure and the development of water resources. DAF's involvement included:

- piloting a one-stop service in Mareeba to assist private sector initiatives with land and water development and approval processes—an evaluation of existing Queensland Government approval systems and services for land and water allocation will inform development and implementation of a permanent one-stop shop service
- advising the federal government on identification of priority water infrastructure developments as part of the \$500 million fund to support water development under the Mitchell River feasibility studies
- working in partnership with CSIRO, private agronomic services and large-scale property owners to establish in-field trials of crops and farming systems to test the sustainability and profitable diversification of intensified cropping in the Gulf and lower Cape York regions—producers from the Flinders, Gilbert and Mitchell river catchments have also been engaged in building technical capacity and undertake field research into irrigated and rain-fed systems
- supporting four inbound investment missions from Japan, India, Brazil and China; the Indigenous Opportunities Investing Together forum; and a local investment forum in Julia Creek to focus on development opportunities in North Queensland.

Committee of Northern Australia Agriculture Ministers

DAF plays a lead role in supporting the Committee of Northern Australia Agriculture Ministers, as well as chairing and providing the secretariat for the Northern Australia Senior Leaders Group that reports to the committee. The committee comprises the agriculture ministers from the Australian, Queensland, Western Australian and Northern Territory governments. It takes a coordinated approach to priority northern Australian agriculture matters, addressing a range of issues—from supply chain development to R&D.

The Northern Australia Beef Industry Roundtable is convened by the committee to inform the industry's work plan. The last plan was developed following the Northern Agriculture Ministers' 6th Northern Beef Industry Roundtable at Yeppoon on 5 May 2015. Key priorities in the plan include industry–government collaboration; production of ethical, clean and safe beef; a unified approach to marketing; and maintaining Australia's high standards of biosecurity, including more streamlined regulation. The work plan is currently being reviewed and will be updated following the next roundtable, which will be held in Western Australia in October 2016.

Intergovernmental Agreement on Implementing Water Reform in the Murray–Darling Basin

The Queensland Murray–Darling Basin Regional Economic Diversification Program, now in its third year, is designed to stimulate economic activity and jobs in areas affected by reductions in irrigation water allocations that have occurred as part of the Basin Plan 2012. This program is part of the Intergovernmental Agreement on Implementing Water Reform in the Murray–Darling Basin.

DAF administers two projects under this program:

- The High Value Horticulture Value Chains project is developing new export-oriented horticulture value chains in the region to maximise economic return from each megalitre of available irrigation water. The Australian Government has provided \$2.67 million, with in-kind contributions from Queensland of approximately \$2.03 million.
- The Improved Economic Productivity from Irrigated Agriculture project works with existing irrigators, mainly in the cotton and grains industries, to demonstrate and evaluate new irrigation practices and technologies, and implement an irrigation benchmarking program so irrigators can measure the efficiency of their irrigation systems. The Australian Government provided \$2.21 million, with around \$1.24 million in-kind contributions from Queensland.

Support a modern and capable workforce

Our commitment

We said we would support a modern and capable workforce by:

- establishing the Rural Jobs and Skills Alliance
- working with vocational and tertiary education providers to deliver skills-based training.

What we delivered

We established the Rural Jobs and Skills Alliance and the Queensland Agriculture Workforce Network, and improved skills and labour.

The Rural Jobs and Skills Alliance was established in conjunction with industry to ensure there is a collaborative approach to identifying where businesses have difficulties in recruiting appropriately skilled workers and seasonal labour. Comprehensive data on Queensland's agricultural workforce was gathered and is used to provide advice to government, industry and service providers on meeting labour and training needs.

Following consultation with industry peak bodies, the alliance supported the establishment of the Queensland Agriculture Workforce Network. Established in January 2016, the network will operate for 2 years and assist producers to better understand ways to access workers and explore alternative approaches when labour shortages occur. The network comprises six experienced employment officers based with regional agricultural bodies across the state. The employment officers are available to assist any primary producer or group of producers in Queensland.

DAF's involvement in education and training activities is part of a strategy to increase enrolments in agricultural courses to meet increasing industry demand for graduates. Our work has included:

- establishing new partnership arrangements (memorandum of understanding) between the Agriculture Training Colleges of Longreach and Emerald with local universities to deliver skills-based training for the agriculture sector
- continuing the AgForce-managed Schools to Industry Partnership Program on the recommendation of the Rural Jobs and Skills Alliance—the program promotes opportunities in agriculture and the supply chain to Queensland school students and provides direct links for schools with local industry opportunities

- managing the Agribusiness Gateway Schools program (part of the Queensland Government's multi-sector Gateways to Industry Schools Program)—there are currently 38 schools in the program split across 5 regions, and DAF provides guidance and financial support to these schools to complete action plans that include agribusiness in their curriculum (such as science, technology, business, English and mathematics), highlight the broad range of opportunities in the real world of food and fibre production, and support successful transition into further education, training or employment in the agribusiness sector.

Objective 2: Manage biosecurity risk

Establishing and maintaining market access for our products is essential for export growth and the future prosperity of our agricultural, fisheries and forestry industries. Discerning markets and the community demand not only pest-free products, but ethically produced ones.

Biosecurity Queensland works to mitigate the risks and impacts of animal and plant pests and diseases and weeds to the economy, the environment, social amenity and human health. This service area also upholds standards for animal welfare and agricultural chemical use. This involves effective preparedness for and prevention of biosecurity risks, as well as effective responses to and ongoing management of biosecurity incidents. Queensland's inherent vulnerability to biosecurity incursions results from a number of unavoidable factors, including the state's largely tropical climate, geography and proximity to our neighbours in the Asia–Pacific region. As a result, Queensland is a frontline state for biosecurity in Australia, combating the most biosecurity incursions each year.

Over the last 2 years, Biosecurity Queensland has been preparing staff, stakeholders and the community for the commencement of the *Biosecurity Act 2014* on 1 July 2016.

Outlook

The Queensland Biosecurity Capability Review confirmed that Queensland is facing more biosecurity threats more often. The increased movement of products and people around the world; climate, land use and environmental change; and free-trade arrangements play a contributing role to heighten risk. The capability review report released in April 2016 recommended action in four key areas:

1. addressing immediate capability gaps in Biosecurity Queensland
2. developing a best practice Queensland biosecurity system, in which industry, the community and all levels of government accept their proportionate share of risk management responsibilities
3. deciding on levels of investment for specific pests and diseases based on risk, rate of return and distribution of public and private benefits
4. building Biosecurity Queensland as Australia's leading biosecurity agency.

Key performance indicators

- KPI: Significant biosecurity response programs deliver nationally agreed outcomes
- KPI: Minimum standards for normal biosecurity commitments demonstrated

Priorities for 2016–17

Our priorities for 2016–17 are to:

- implement recommendations from the Queensland Biosecurity Capability Review, including development of a 5-year strategy and action plan, a regional shared responsibility pilot program, an investment framework and better information management
- deliver ongoing awareness, training and tools to support the implementation of the *Biosecurity Act 2014* and the *Exhibited Animals Act 2015*

- boost marine pest preparedness and prevention, and enhance diagnostic services
- continue management of Panama disease tropical race 4 in bananas
- continue nationally significant biosecurity eradication responses, including red imported fire ants, red witchweed, four tropical weeds and exotic fruit fly in the Torres Strait
- implement better control of weeds and pest animals in drought-affected areas.

Delivering on our 2015–16 priorities

Implement and modernise legislative arrangements

Our commitment

We said we would implement the *Biosecurity Act 2014* and modernise legislative arrangements for veterinary surgeons, exhibited animals and agricultural and veterinary chemicals.

What we delivered

We prepared for the commencement of two new Acts on 1 July 2016 and modernised regulations.

The *Biosecurity Act 2014* and the Biosecurity Regulation 2016 deliver a consistent, modern, risk-based approach to biosecurity. The Regulation prescribes ways in which an individual's general biosecurity obligation can be met to prevent or minimise a biosecurity risk. It also includes measures to prevent or control the spread of biosecurity matter, sets maximum acceptable levels of contaminants in carriers and sets fees based on a cost recovery approach. Key actions designed to reduce costs to industry while enhancing risk management included:

- discontinuing 54 unnecessary fees, reducing the number of fees from 87 to 33
- providing a 66 per cent subsidy for livestock entity registration
- committing to review plant health and animal health inspection fees during 2016–17
- introducing additional regulatory tools, such as an enhanced livestock entity registration to enable rapid tracing of animal movements in an emergency
- simplifying and strengthening the cattle tick management framework by removing the confusing control zone and aligning the tick line with double-fenced boundaries in some areas
- engaging affected stakeholders through industry meetings, events and tailored information and training
- developing new forms, procedures, guidelines, systems and updated web pages to ensure readiness to meet client needs.

Some regulatory activities of the Veterinary Surgeon Board were also reviewed.

The exhibited animal industry is a major contributor to Queensland tourism. Industry consultation on the regulatory impact of the *Exhibited Animals Act 2015* occurred as part of an extensive stakeholder engagement program.

The Act:

- streamlines and simplifies the regulation of exhibitors, which previously operated under four separate Acts and six licensing schemes
- ensures that risks to animal welfare, public safety and biosecurity are adequately addressed
- enables the exhibition of some exotic species already allowed in other Australian states or territories
- addresses the inequity of previous fees, with fees to be based on the scale and complexity of an operation, the cost of providing a licensing service for the industry and the resources required to authorise and monitor exhibitors.

An intergovernmental agreement for a single national regulatory framework for regulation of agricultural chemicals and veterinary medicines was signed by the Queensland Government in 2013. DAF is represented on the national working groups developing implementation plans for the framework, which is expected to be finalised in 2017.

Strengthen and develop government partnerships and frameworks

Our commitment

We said we would strengthen and develop new state and local government partnerships and frameworks to support shared decision-making and service delivery.

What we delivered

We formed and strengthened state and local government partnerships and shared responsibility frameworks.

To support shared responsibility for pest and disease management, our achievements included:

- providing \$7 million to support the community with regionally agreed weed and pest animal management on-ground activities through the joint Queensland and federal government-funded Queensland Feral Pest Initiative
- training more than 400 local government officers to implement *Biosecurity Act 2014* responsibilities, including risk-based decision-making
- completing a pilot Good Neighbour Program case study with the Flinders Shire Council, South Gulf Natural Resource Management Group and landholders to measure the cost of removing prickly acacia along fence boundaries
- delivering more than 35 weed and pest animal research projects jointly with local government
- forming a research partnership with CSIRO and other government agencies in a \$12 million national project to find effective biological controls for weeds such as giant rat's tail grass, mother of millions, cabomba and prickly acacia
- moving Johne's disease management from regulatory control to biosecurity measures managed at the individual farm level

- delivering the foot-and-mouth disease awareness campaign, scheduled to conclude in August 2016, to protect our valuable cloven foot livestock—spreading the shared responsibility message for prevention and preparedness to producers, veterinarians, food outlets and supply chain partners
- developing an agreed regulatory framework for banana biosecurity with the industry, under which each party contributes to achieving biosecurity outcomes.

Biosecurity Preparedness Program (foot-and-mouth disease)

Australia's favourable foot-and-mouth disease-free status supports Queensland's access to valuable export markets for many livestock products. Even a small outbreak in Queensland will cost more than \$5 billion in lost revenue over 10 years.

The Queensland Government sponsored a 3-year program to enhance preparedness for foot-and-mouth disease in Queensland to protect our valuable livestock industries.

In 2015–16, Biosecurity Queensland introduced a campaign to increase the awareness of the impacts of an outbreak and promote early detection of the disease should it occur in Queensland.

The campaign consisted of advertising, media and social media promotion supported by direct mail of information packs to livestock industry stakeholders. Free online eLearning courses are now available on the DAF website to increase the livestock community's understanding of the disease and raise awareness of prevention and early detection measures.

Queensland is better prepared for foot-and-mouth disease through a dedicated program of activities, including:

- enhanced arrangements to implement and manage a livestock standstill—a critical tool in the management of foot-and-mouth disease to stop the movement of livestock and the virus
- surveillance plans during response and proof-of-freedom phases to allow Queensland's primary industries to return to business as usual in the shortest possible time
- an emergency vaccination strategy for Queensland
- planning for the management of mass animal destruction and disposal.

While the program concluded on 30 June 2016, biosecurity preparedness remains an integral part of the ongoing business activities of Biosecurity Queensland.

Finalise the review of Queensland's biosecurity capability

Our commitment

We said we would finalise the review of Queensland's biosecurity capability.

What we delivered

We released the Queensland Biosecurity Capability Review and allocated further funding to build Queensland's biosecurity capability.

The Queensland Biosecurity Capability Review was a key election commitment for the Queensland Government, with a view to restoring the state's biosecurity response capability to world's best practice. The final report was delivered by the independent panel on 25 September 2015 and publicly released on 11 April 2016, along with the government's interim response.

The final report included 32 recommended actions to set the biosecurity system on a sustainable course for the future. The department has developed a targeted implementation program to deliver on the core outcomes of the report. This is being supported by the government's additional investment of \$10.8 million over 4 years to:

- develop a biosecurity strategy and action plan outlining the roles and responsibilities of all key stakeholders within the biosecurity system
- improve biosecurity incident preparedness and response capability
- boost laboratory capacity with improved detection of plant pests and diseases
- develop an investment framework providing for greater consistency and transparency in internal resource allocations
- undertake a regional pilot program to manage biosecurity threats on a local level
- improve management of threats posed by marine pests and diseases through partnering
- invest in Biosecurity Queensland's workforce to meet tomorrow's biosecurity threats.

The department will undertake a consultation program with stakeholders, including detailed discussions on programs and funding challenges presented in the report.

Continue development of biosecurity systems and practices

Our commitment

We said we would continue the development of better bio. security information management systems and practices.

What we delivered

We continued to develop the Biosecurity Information Management System.

The Biosecurity Information Management System project commenced in May 2014. The system aims to speed up access to information needed to support emergency responses and the implementation of the *Biosecurity Act 2014* and *Exhibited Animals Act 2015*. The main spatial component of the system went live for operational use in late 2015. The first stage of the core business systems release was ready to go live to coincide with the introduction of the two new Acts.

Manage nationally significant eradication responses

Our commitment

We said we would manage nationally significant biosecurity eradication responses, including obligations under national cost-sharing arrangements.

KPI Significant biosecurity response programs deliver nationally agreed outcomes

What we delivered

We achieved 100 per cent agreed outcomes for significant biosecurity response programs.

Biosecurity Queensland is currently delivering seven programs under national cost-sharing arrangements:

1. National Red Imported Fire Ant Eradication Program (South East Queensland)
2. National Red Imported Fire Ant Eradication Program (Yarwun)
3. National Red Imported Fire Ant Eradication Program (Brisbane Airport)
4. National Electric Ant Eradication Program
5. National Four Tropical Weeds Eradication Program
6. National Red Witchweed Eradication Program
7. Exotic Fruit Flies in Torres Strait Eradication Program.

Biosecurity Queensland is also delivering significant responses to Panama disease tropical race 4 in North Queensland and cucumber green mottle mosaic virus outside national cost-sharing arrangements.

Table 6: Significant biosecurity responses

Service/indicator	Measure	Target			Variation/commentary
			2014–15	2015–16	
Service standard Effectiveness	Number of significant response programs		6	7	Agreed cost-sharing responses vary as they are subject to review and negotiation.
Service standard Effectiveness	Percentage of significant response programs on track to deliver nationally agreed outcomes (on time and on budget)	100%	100%	100%	
Service standard Efficiency	Average cost per hour to deliver biosecurity services for Queensland	\$60	Not measured	\$48	Reforms to the Biosecurity Queensland business model have resulted in lower costs to deliver biosecurity services—the target for 2016–17 has been adjusted accordingly.

Impacts from biosecurity incursions go beyond the industry involved, with significant flow-on effects to the rest of the economy, the environment and social amenity. During 2015–16, Biosecurity Queensland demonstrated its capacity to meet all service requirements by effectively responding to 43 new incidents:

- 2 related to animal biosecurity (both closed)
- 29 related to plant biosecurity (20 closed, 9 ongoing)
- 12 related to invasive animals (8 closed, 4 ongoing).

Contractual arrangements are in place between the federal, 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, the Emergency Plant Pest Response Deed and the National Environmental Biosecurity Response Agreement.

Under these agreements, the Queensland Government received funding for its significant response programs. Also, in accordance with these agreements, the Queensland Government provided its commitment to cost-sharing of funding for national responses being managed by other states and territories, including red imported fire ants (New South Wales), banana freckle (Northern Territory), avian influenza (New South Wales) and giant pine scale (Victoria and South Australia).

Raise animal welfare standards

Our commitment

We said we would establish a ministerial animal welfare advisory board and a protecting puppies initiative to raise animal welfare standards.

What we delivered

We established the new Animal Welfare Advisory Board and laws to protect puppies.

DAF improved legislation and strengthened standards to meet community expectations, protect the reputation of Queensland's animal industries and ensure the welfare of animals in Queensland. Our initiatives included:

- establishing the new Animal Welfare Advisory Board, comprising technical, community and industry representatives to advise the Minister on animal welfare matters—the Minister appointed members to the board on 9 June 2016
- amending the *Animal Management (Cats and Dogs) Act 2008* with the passage of the *Animal Management (Protecting Puppies) and Other Legislation Act 2016*—all dog breeders must register, include a breeder identification number on dog microchips and display breeder identification at point of sale and supply of all puppies sold after commencement of the Act
- increasing funding to our key animal welfare partner, the RSPCA, to undertake additional compliance and enforcement activities and improve the organisation's infrastructure in North Queensland
- investigating 1226 animal welfare complaints received by the department.

Benchmark service delivery

Our commitment

We said we would implement a risk-based strategy for biosecurity resources and benchmark service delivery.

KPI Minimum standards for normal biosecurity commitments demonstrated

What we delivered

We participated in a national benchmarking pilot.

The jurisdictional reviews for the National Biosecurity Committee pilot, using a peer review process of normal commitments under the National Environmental Biosecurity Response Agreement, was conducted in New South Wales in November 2015 and Victoria in February 2016. Queensland will be peer reviewed in October 2016. A report detailing learnings and observations will be presented to the committee by November 2016.

The Intergovernmental Agreement on Biosecurity establishes nationally agreed approaches to mitigate risks across the biosecurity continuum and identifies national priorities for action. The agreement helps the federal, state and territory governments avoid unnecessary duplication of biosecurity activities, improve the efficiency of resource use and clarify their respective roles and responsibilities. The agreement is linked to international agreements.

A formal review of the agreement is currently underway, and due for completion in early 2017. Led by an expert panel, the review will also consider the capacity of Australia's national biosecurity system. A discussion paper has been released to inform the final review report. DAF has met with the review panel and also responded to the discussion paper to ensure that the agreement moves forward in a manner that is consistent with the findings of the Queensland Biosecurity Capability Review report

Objective 3: Optimise the value of fisheries and forestry resources

The Fisheries and Forestry service area ensures sustainable and productive fisheries and the responsible allocation and use of state-owned forests and related resources.

The effective management of fisheries supports a balance between the economic, social and environmental value of the resource. Queensland has over 7000 kilometres of coastline, many thousands of kilometres of rivers and streams, and hundreds of freshwater impoundments in which fishing occurs. In addition, a number of commercial fisheries are managed by the Australian Government operating in Queensland and a number of fisheries are managed under joint authority arrangements, including fisheries in the Torres Strait and some fish species in the Gulf of Carpentaria.

The department's forestry group administers the allocation and sale of state-owned native forest log timber, quarry material and other forest products on a commercial basis under the *Forestry Act 1959*. The group oversees the 99-year plantation licence held by HQPlantations Pty Ltd, which enables the company to manage, harvest and regrow plantation timber on some 300 000 hectares of Queensland's state plantation forests.

This group also supports the development of Queensland's forest and timber industry, which has an annual turnover of \$3.2 billion and includes the growing, processing, timber product manufacturing and pulp and paper sectors.

Outlook

In 2016–17, we will continue to engage with stakeholders as we work our way through the fisheries reform program to develop fisheries management policy settings and frameworks.

Short- to medium-term demand for state-owned native forest log timber and quarry material is expected to remain relatively constant, with marginal falls expected as the private sector continues to reduce its mining-related activities and infrastructure investment from the high levels experienced in recent years.

Key performance indicators

- KPI: Sustainability of Queensland fish stocks
- KPI: Level of compliance with fisheries laws
- KPI: Financial returns from forestry resources in state-owned forests and other lands
- KPI: Recognised accreditation of fishery and forestry certifications

Priorities for 2016–17

Our priorities for 2016–17 are to:

- continue to progress the government's Sustainable Fishing Policy, including processes to
 - develop a fisheries resource allocation policy based on maximising economic value
 - reform regulatory arrangements governing Queensland fisheries across all sectors
 - review the regulatory structure of commercial fishing to ensure the sustainability of Queensland's fisheries

- release a discussion paper on a charter fishing action plan
- engage with both recreational and commercial fishing organisations to investigate how a commercial net-free fishing area can be best instituted in Moreton Bay to obtain the maximum gain from the fisheries resource for the benefit of the region
- commence implementation of initiatives outlined in the *Queensland aquaculture policy statement*
- continue to implement a range of actions identified in the joint industry–government *Queensland forest and timber industry plan*
- implement the forest and timber industry RD&E program in consultation with industry
- continue to fulfil the state’s contracted supply commitments for native forest log timber, other forest products and quarry material
- oversee the plantation licence held by HQPlantations Pty Ltd on behalf of the Queensland Government.

Delivering on our 2015–16 priorities

Implement the government’s Sustainable Fishing Policy

Our commitment

We said we would implement fisheries-related elements of the government’s Sustainable Fishing Policy by:

- developing a fisheries resource allocation policy based on maximising economic value
- developing a charter fishing action plan
- establishing three net-free fishing zones in North and Central Queensland
- reviewing the regulatory structure of commercial fishing, including consideration of the Queensland Competition Authority review of aquaculture regulations, to ensure the sustainability of Queensland’s fisheries
- improving consultation mechanisms for fisheries stakeholders.

What we delivered

We continued to implement the government’s Sustainable Fishing Policy.

Progressed a fisheries resource allocation policy

A green paper on fisheries management reform was approved by government and is expected to be released for public comment in the first quarter of 2016–17. The green paper, among other matters, considers resource allocation options, improved consultation mechanisms for fisheries stakeholders and a strategic approach to harvest management that will guide future

reforms to the regulatory structure of commercial fishing. The reform principles are likely to draw considerable public interest and comment. A program of consultation with stakeholders and the general public is planned.

Developed and consulted on a charter fishing discussion paper

Consultation occurred with charter operators, resulting in a draft discussion paper that is now being considered by government.

Established net-free zones

Three net-free zones were created in Central and North Queensland in November 2015. The net-free zone licence buyback scheme supporting the implementation closed on 2 December 2015, which saw QRAA purchase 27 licences. A second buyback scheme will be made available to licence holders in 2016–17. Monitoring of compliance with the zones continues. Local recreational fishers already report better catches and this should only continue to improve over subsequent seasons. An independent monitoring program is in place to determine the extent of any changes.

Consideration of a net-free zone for Moreton Bay is progressing and will likely draw significant public interest.

Establishing net-free zones

A key project in 2015–16 for Fisheries Queensland was to implement the government's election commitment to establish three net-free zones—one in Cairns, one near Mackay and one along the Capricorn Coast east of Rockhampton, including the Fitzroy River.

The commitment was made to reduce commercial net fishing to allow greater access to fish stocks for recreational fishers and boost the economic opportunities based on recreational fishing to be realised.

The task was to complete implementation during 2015. Fisheries Queensland set clear and unambiguous targets, ensured they were completed and built in mechanisms that allowed for modification as the process evolved to allow for changes to both government and stakeholder positions over the year.

The key tasks included:

- confirming clear expectations from the government and Minister about the intent of the election commitment, including timing
- planning the delivery

- engaging in public consultation
- designing a \$10 million industry support and adjustment program
- obtaining government approvals at various stages of the process
- developing new fisheries and QRAA regulations (in cooperation with QRAA)
- providing evidence and support to parliamentary processes
- assisting fishers and QRAA with the rollout of assistance schemes and claims for compensation under the *Fisheries Act 1994*.

Fisheries Queensland staff completed the project on time and on budget. The planned approach taken ensured that all stakeholders were involved, relationships were maintained that otherwise may have been strained and the Minister's and government's expectations were met. Fisheries Queensland was recognised in the DAF November 2015 achievement awards, winning the excellence in performance category.

Released the *Queensland aquaculture policy statement*

The *Queensland aquaculture policy statement* was released on 22 April 2016. This policy responds to the Queensland Competition Authority's (now the Queensland Productivity Commission) *Aquaculture regulation in Queensland* report. The statement articulates the government's vision, initiatives and support for land-based and marine non-intensive aquaculture development in Queensland. It provides a framework for the future development and growth of a sustainable, diverse and innovative Queensland aquaculture industry. All the report recommendations were considered by government and the policy supported the following recommendations:

- creating terrestrial aquaculture development areas, including the identification of 450 hectares suitable for aquaculture operations within 2 years
- developing assessment codes that contain the regulatory conditions for aquaculture for each aquaculture development area
- providing certainty about the future price and availability of environmental offsets
- investigating the potential for marine aquaculture development areas.

Balance resource use and sustainability

Our commitment

We said we would balance resource use and sustainability needs by:

- authorising the use of natural resources
- monitoring and assessing fisheries resources
- maintaining trade and access through the accreditation of commercial fisheries
- undertaking education and compliance activities
- adopting new technologies that lead to more cost-effective catch reporting and compliance outcomes
- minimising unintended impacts of fishing and developments
- managing marine waters according to intergovernmental agreements
- continuing the shark control program.

KPI Sustainability of Queensland fish stocks

KPI Recognised accreditation of fisheries

What we delivered

We ensured sustainability of fisheries resources through authorising use, education, compliance and ongoing assessments.

Authorised the use of natural resources

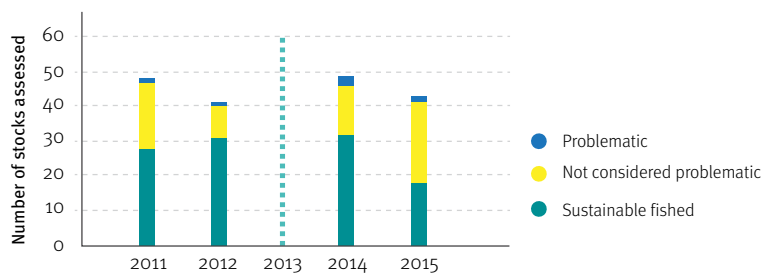
To ensure sustainable fisheries resources, DAF managed access to and monitored:

- wild capture commercial fisheries, in which 1406 commercial fishing boat licence holders may operate in a variety of fisheries (including trawl, net, crab, line and lobster fisheries)
- harvest fisheries, in which 327 licence holders may operate in a variety of fisheries (including aquarium, bait, shell, sea cucumber and trochus).

To support freshwater recreational fishing, fishing-related business and tourism opportunities in Queensland's regional communities we:

- added an additional 31 freshwater dams covered by the Stocked Impoundment Permit Scheme (SIPS), bringing the total to 63 impoundments
- continued to return a significant proportion of the revenue raised from SIPS to 32 stocking groups to raise and release juvenile fish and fingerlings into these waterways.

Monitored and assessed fisheries resources



Note: The figure broadly charts the results of fish stock assessment over time. Results from 2014 and following years are not directly comparable to prior years' results due to changes in assessment methodology.

Differences in the data:

- sustainably fished prior to 2014 included a category termed not fully utilised
- not considered problematic, includes the former stock status of 'uncertain'
- considered problematic prior to 2014, was defined as overfished but is now much broader and captures stocks where stocks are recovering, depleting or environmentally limited.

Figure 10: Assessment of fish stock summary

The department routinely monitors and evaluates key fish stocks. The monitoring and evaluation process constantly evolves to ensure adequacy and reliability of data collection and assessment techniques.

In 2013, the Queensland Government joined other states in moving to agreed national protocols for conducting stock status assessments. The national protocols are now referred to as the Status of Key Australian Fish Stocks program. The program is coordinated by the Fisheries Research and Development Corporation with guidance from an experienced national advisory group, including a delegate from Queensland. The assessments are conducted and published every 2 years. The last process was completed at the end of 2014 and the 2016 assessments are expected to conclude in December.

Every other year, DAF conducts stock status assessments on any important Queensland fish stocks that are not included in the national process. This ensures the status of all key Queensland fish stocks are assessed against nationally agreed criteria at least once in every 2-year period. Stock status assessments combine catch, effort and biological data to assign a status to each fish stock, using a weight-of-evidence approach against clearly defined criteria. In Queensland, the majority of fish stocks are classified as 'sustainable' or 'undefined'. Undefined means that there is insufficient information to confidently assign a status, but no immediate sustainability concerns are evident.

Table 7: Sustainability of Queensland fish stocks

Service/ indicator	Measure	Results		
		Targets	2014–15	2015–16
Service standard Effectiveness	Percentage of key Queensland fish stocks assessed as having no sustainability concerns	85%	94%	93%

Currently there are sustainability concerns over three Queensland fish stocks—snapper, pearl perch and the Gulf of Carpentaria king threadfin. Snapper was first classified as 'overfished' in 2009, while pearl perch and the Gulf of Carpentaria king threadfin stocks were classified as 'transitional depleting' in 2015. Further scientific assessments and monitoring activities have commenced for pearl perch and threadfin.

Maintained trade and access through the accreditation of commercial fisheries

There has been no change in fisheries export accreditations since 2012–13, when the department withdrew the rocky reef finfish fishery from the accreditation process as there had been no export from that fishery. In the same year, the coral reef and deep-water finfish fisheries were combined. The result is based on an independent assessment of how well DAF manages the sustainability of the nominated Queensland fisheries (i.e. those that commercial fishers are interested in exporting). Accreditation to export is granted by the Australian Government's Department of the Environment and Energy.

Table 8: Queensland fisheries accredited for export

Service/ indicator	Measure	Results				
		2011–12	2012–13	2013–14	2014–15	2015–16
Service standard Effectiveness	Queensland fisheries accredited for export	21	19	19	19	19

Maintained a high level of compliance with fisheries laws through education and compliance activities

Our 88 authorised QBFP patrol officers undertook over 45 000 hours of patrols to maintain compliance with fisheries and boating safety laws. QBFP resources are allocated through a formal assessment of compliance risks to target high-risk illegal fishing activity and maintain high visibility in areas of public concern. The community is active in reporting suspected illegal

fishing activity through the Fishwatch online form on the DAF Fisheries Queensland Facebook page, which has 22 000 followers.

Enforcement is supported through joint operations with QBFP's long-time partner, Maritime Safety Queensland, and other agencies such as the Queensland Water Police and Department of National Parks, Sport and Racing. QBFP also undertakes educational activities to inform industry forums, community groups and schools of fishing and boating regulations.

Raising awareness of fishing rules and size and possession limits is supported by the free Qld Fishing app (which has been downloaded over 21 000 times since its launch in August 2014), DAF's website and the annually printed *Queensland recreational boating and fishing guide*.

Compliance with fisheries laws has remained consistently high over the last 5 years, with rates of 95 per cent in 2011–12, 93 per cent in the each of the last 3 years and 92 per cent this year. Maintaining the highest levels of compliance with fisheries regulations ensures the sustainability of fisheries resources and provides fair and equitable access for all users.

Table 9: Service standards for QBFP

Service/indicator	Measure	Target	Result 2015–16
Service standard Effectiveness	Fisheries inspections that are compliant with fisheries laws	93%	92%
Service standard Effectiveness	Average cost of inspections	\$480	\$456
Service standard Effectiveness	Average number of inspections per FTE	298	295

Extended the use of eLogs

We conducted on-water trials of eLogs for logbook returns for the east coast line fishery. eLogs are now available in all Queensland line fisheries. Development work progressed to enable eLog submission for the stout whiting fishery.

Minimised the unintended impact of developments

DAF has a statutory and supporting role to provide advice or assess applications or plans to ensure infrastructure developments do not negatively impact fisheries habitats. Advice is provided to a range of stakeholders, including:

- the Department of Infrastructure, Local Government and Planning and the State Assessment and Referral Agency for development applications
- the Office of the Coordinator-General for applications for significant development/major projects subject to environmental impact statements
- Economic Development Queensland for priority development areas
- EHP and/or applicants (*Environmental Offsets Act 2014*) for tidal works and allocation of quarry material from tidal areas

- the Department of Natural Resources and Mines for certain tenure in or adjacent to tidal lands and for ‘most appropriate’ land-use planning
- Maritime Safety Queensland for buoy mooring applications.

Table 10: Developmental approvals

Service/ indicator	Measure	Results			
		2012–13	2013–14	2014–15	2015–16
Service standard Effectiveness	Percentage of applications for development-related approvals processed within agreed timeframes and within budget	Not measured	100%	100%	100%

Maintained the Shark Control Program

Queensland’s Shark Control Program was introduced in 1962 following two fatal shark attacks. The program protects 85 beaches at 10 centres along Queensland’s east coast, from the Gold Coast to Cairns.

The Shark Control Program has strong support from local governments, the Queensland Surf Lifesaving Association and business and tourist agencies, as it is seen to provide a safer swimming and surfing environment at popular beaches in Queensland. In 2015–16, the program removed 647 potentially dangerous sharks, including 8 great whites, 258 tiger sharks, 106 bull sharks and 275 other whaler sharks. The removal of such potentially dangerous large shark species is important in reducing the risk of shark attacks.

A mix of nets and drum lines is used, which are designed to catch sharks over 2 metres long that may pose a threat to people engaged in water activities in the immediate vicinity of popular beaches. Given the limited area of operation, the program is unlikely to impact upon the sustainability of shark populations in Queensland waters. To reduce the risk of entanglement and capture of non-target species, such as whales and dolphins, the program:

- fitted new-generation acoustic alarms to nets (net pingers), which appear effective in reducing incidental capture
- trialled a new data logging buoy at the Gold Coast with positive results—this prototype buoy is designed to monitor the operation of pingers at the net and transmit a text message if a malfunction is detected
- was supported by a network of volunteer whale observers along Gold Coast and Sunshine Coast beaches, and a toll free number (1800 806 891) for reporting trapped animals.

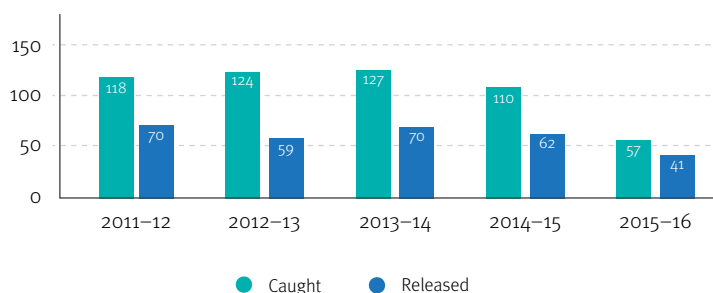


Figure 11: Non-target species catch by the Shark Control Program
(source: DAF open data and 2015–16 Shark Control Program statistics)

Intergovernmental agreements for managing marine waters

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

Queensland law is accredited under the federal 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* means that applications for aquaculture that comply with the plan do not require a separate assessment or approval under the *Environment Protection and Biodiversity Conservation Act 1999*. Instead, matters under the Act 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 under the plan.

Shared waters

Management arrangements for commercial fisheries are established under the Offshore Constitutional Settlement 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 in 1995) manages some northern finfish stocks within offshore waters in the Gulf of Carpentaria.

The Torres Strait Protected Zone Joint Authority (established in 1984) manages all commercial fisheries in the Torres Strait Protected zone.

There are no joint authorities operating in the Queensland East Coast.

Great Barrier Reef Marine Park Authority Intergovernmental Agreement— Schedule E

This schedule recognises Australia’s international responsibilities for the Great Barrier Reef World Heritage Area under the World Heritage Convention, Offshore Constitutional Settlement arrangements, the intergovernmental agreement, associated Australian and Queensland government legislative provisions and the role of the Ministerial Forum to ensure both governments apply the guiding principles established in the intergovernmental agreement to fishing and collection of fisheries resources in the Great Barrier Reef World Heritage Area.

Fulfil the state’s forestry supply commitments

Our commitment

We said we would fulfil the state’s contracted supply commitments for native forest log timber, other forest products and quarry material.

KPI Financial returns from forestry resources in state-owned forests and other lands

KPI Recognised forest certifications

What we delivered

We delivered expected financial returns while meeting environmental and community expectations.

Around 30 000 hectares of state-owned native forests are selectively harvested each year, supplying around 14 per cent of Queensland’s domestically produced log supply. Native forest log timber sales for 2015–16 were about 251 700 cubic metres, approximately 4.9 per cent above the pro rata target.

The department’s quarry material sales are the source of some 16 per cent of the quarry material used in Queensland each year, and these sales play a key role in supporting infrastructure, mining, industry and commercial development across the state. Quarry material sales for 2015–16 were about 3.96 million cubic metres, approximately 5.7 per cent below the pro rata target.

Table 11: Service standard—forest product sales

Service/indicator	Measure	Results				
		2011–12	2012–13	2013–14	2014–15	2015–16
Service standard Efficiency	Total of forest product sales, quantities per total forest product FTE:	2 297	2 600	3 000	3 210	2 665
	– native forest timber (m ³ /FTE)					
	– quarry material (m ³ /FTE)	64 585	69 340	66 950	49 790	41 935
Service standard Effectiveness	Percentage of findings from previous third party audit confirmed as satisfactorily addressed in order to maintain certification to the <i>Australian standard: sustainable forest management (AS4708:2013)</i>	Not measured	Not measured	Not measured	Not measured	100%

The measures shown assess the efficiency of management and administration of state-owned forest and related resources. Although sales of state-owned forest products are continuing at relatively high levels, demand for quarry material is significantly lower due to reduced mining and infrastructure investment, while demand for state-owned log timber has tapered as hardwood sawmills in particular sourced a larger proportion of their log timber requirements from privately owned native forests.

The department's continued *Australian standard: sustainable forest management (AS4708:2013)* certification provides the necessary basis for sawmillers and other timber processors to obtain chain-of-custody certification, allowing them to label and promote their timber products as being sourced from responsibly managed forests.

DAF's forest certification ensures that state-owned forests continue to deliver a balanced range of custodial and commercial benefits and uses to the community—including conservation, recreation and cultural heritage, as well as the production of timber and other forest products. The audit report from a scheduled independent surveillance audit of DAF's Forest Management System undertaken in November 2015 confirmed that the findings of a recertification audit undertaken in early 2015 had been satisfactorily addressed.

Our role also includes overseeing compliance with the conditions of the licence held by HQPlantations Pty Ltd. HQPlantations Pty Ltd collaborated effectively with the department on plantation licence requirements during 2015–16.

Review the government's response to the forest and timber industry plan, and implement the industry RD&E program

Our commitment

We said we would:

- review and update the Queensland Government's response to the joint industry–government *Queensland forest and timber industry plan* developed in 2012
- implement the forest and timber industry RD&E program in consultation with industry.

What we delivered

We actioned the *Queensland forest and timber industry plan*:

- We continued to implement a range of actions under the plan, including
 - establishing an industry-led RD&E framework and initiating eight aligned research projects
 - introducing new measures to facilitate and manage plantation developments, including the recently completed voluntary *Timber plantation operations code of practice for Queensland*
 - supporting industry to achieve environmental certification of their wood products by providing grants to help businesses develop systems and complete auditing needed for certification
 - publishing an overview of the industry that includes reliable statistics about the industry's contribution to the Queensland economy.
- A private native forestry extension service project, aimed at increasing awareness and investment in private native forestry opportunities, has been initiated by advertising an invitation to offer by prospective service providers.

Streamlined electronic hardwood sawlog sales and inventory management

In April 2016, Parkside Building Supplies Pty Ltd, the department's largest timber processing customer, introduced a sawlog barcoding system for state-owned native forest hardwood sawlogs, which it purchased from the department. The department's Forest Products unit worked closely with Parkside to refine and trial the new system, which is an adaptation to South East Queensland conditions of a similar system already used by Parkside for state-owned sawlogs in the western hardwoods region.

Under the system, Parkside measures and electronically records relevant descriptive information about individual sawlogs harvested from state-owned native forests and affixes a barcoded identifying number to each sawlog. This barcode remains on the sawlog for

tracking until it is processed at one of Parkside's three sawmills, which are located at Theodore, Wandoan and Wondai. Relevant data from the system is periodically electronically uploaded to the department's sales management system.

The barcoding system enables Parkside to manage its sawlog processing operations more efficiently through real-time control of its sawlog inventory across its network of sawmills, and to monitor their respective processing rates, sawn timber production and recovery rates. It also streamlines electronic data entry for both Parkside and the department.

Objective 4: Provide customer responsive services

The near universal use of technology in personal and professional life requires DAF to adapt our service delivery, business processes and systems to ensure the community can better access quality and professional services as and when they need them. While a significant proportion of our business is supported by personal interaction with technical experts, phone enquiries and support services, we have made considerable investment in expanding our service delivery channels and updating supporting systems.

DAF focuses on renewing our organisational capability and systems to better meet current service demands, while also looking to develop capabilities to operate more effectively as a contemporary and increasingly digitally enabled business. 'Our organisational capability' section on page 65 provides greater detail about the development of our people, governance structures, financial and business systems, and public accountabilities.

Outlook

Whole-of-government initiatives will continue to drive change and unify the sector to make it easier for individuals and businesses to find and use services, participate in policy and service development, and access open data held by the department. DAF will look to leverage these initiatives for the benefit of our customers and stakeholders.

While maintaining DAF's unique identity as a strong advocate for the agriculture, fisheries and forestry sector, we will work as one government, embodying the public service values to deliver the right outcomes for Queenslanders.

Key performance indicators

- KPI: Integration with the one-stop shop services
- KPI: Customer, stakeholder and partner trust and confidence
- KPI: Reduction of red tape and regulatory burdens
- KPI: Improved staff and partner capabilities
- KPI: Service costs, service standards and benchmarks met

Priorities for 2016–17

Our priorities for 2016–17 are to:

- build better relationships and gain greater understanding of the communities we serve through the DAF *Strategic engagement strategy* and the proposed customer experience strategy
- reflect contemporary governance practices and improve the basis for decisions on how to utilise our resources to achieve the best outcomes
- build our people capabilities through a digital workforce strategy
- continue to nurture a culture where the diversity of ideas, collaboration and responding quickly to changed conditions enables high performance and better customer outcomes.

Delivering on our 2015–16 priorities

Provide services through one-stop shops

Our commitment

We said we would provide services through one-stop shops.

KPI Integration with one-stop shop services

What we delivered

We delivered and increased one-stop shop services.

DAF worked with the whole-of-government one-stop shop service to help define the strategic direction of the initiative for the next 3 years. A new whole-of-government approach, supported by Parliament, will see Queensland Government services rebranded under 'me.qld' and a greater emphasis placed on putting the customer at the heart of service design.

DAF assisted with a content review of the business and industry portal—the Queensland Government's one-stop shop for business—reviewing thousands of web pages to ensure that content owned by DAF was up to date so that customers continue to have access to accurate information.

DAF has adopted the core one-stop shop concepts to design services. As services change or are newly offered, information and forms are made available online to improve the customer experience.

Other one-stop services included:

- participating in the one-stop shop service whole-of-government pilot based in Beaudesert
- piloting a one-stop service to assist private sector initiatives through the North Queensland water and land development approval processes
- delivering and improving the FutureBeef services and website (the one-stop shop for northern beef information)—the website received 102 087 visits in 2015–16.

Improve consultation

Our commitment

We said we would improve consultation with stakeholders and the community, and co-design of policy and service developments.

KPI Customer, stakeholder and partner trust and confidence

KPI Reduction of red tape and regulatory burdens

What we delivered

We streamlined regulations, assessed stakeholder and customer satisfaction, and developed strategies to improve engagement.

DAF measures stakeholder satisfaction for key agriculture services, as the Agricultural service area regularly engages with the sector's peak bodies and co-funders through annual surveys.

The Agriculture service area also coordinates the department's regulatory reform agenda. The hourly costs of this activity are monitored to ensure DAF maintains efficiency in this important and fluctuating program of work. Our major focus for streamlining regulatory burdens in 2015–16 focused on the regulations and supporting processes for business and individuals to meet their obligations under the *Biosecurity Act 2014* and the *Exhibited Animals Act 2015*.

Table 12: Stakeholder and customer satisfaction

Service/indicator	Measure	Target	Results 2015–16	Variation/commentary
Service standard Effectiveness	Proportion of stakeholders who have a high level of satisfaction with Agriculture policy and planning, consultation and engagement processes	70%	Not available	The 2015–16 stakeholder survey only received a very limited number of returns; therefore, a valid response was not obtained and the measure is not able to be reported. Survey timing did not permit subsequent follow-up within the reporting period. In 2016–17, emphasis will be placed on improving the survey process and response rates, including consideration of the timing of the survey and additional correspondence to stakeholders raising awareness of the importance of the survey for business improvement.
Service standard Effectiveness	Level of funding partner satisfaction that research outcomes contribute to industry productivity growth	80%	100%	As Agri-Science Queensland receives almost 40% of its funding from external sources, it is important that the research service is delivering the desired industry productivity benefits. The strong 2015–16 result is partly due to a new, more specific question of satisfaction in the DAF External Funders Survey.
Service standard Efficiency	Average cost per hour to conduct regulatory policy and reform activities	\$75	\$70	
Service standard Quality	Customer service measures: <ul style="list-style-type: none"> – number of DAF enquiries – first call resolution rate – grade of service – abandonment 	No target > 80% 80% < 5%	74 030 84.8% 93.0% 1.9%	The Customer Service Centre's level of service remains above industry standards.

Stakeholder engagement strategy

The DAF *Strategic engagement strategy* has been developed to guide engagement between the department and our key stakeholders. The strategy aims to ensure our stakeholders have greater clarity around the purpose of their engagement with DAF.

Stakeholder engagement in DAF has been classified into two broad groups:

- ongoing engagement that takes place over an extended period of time
- issue-specific engagement conducted over a discrete period of time to elicit a point of view on a particular issue or proposal.

Stakeholders vary in their impact, significance, interest, longevity and relevance in relation to the department's engagement objectives. A spectrum of engagement levels adapted from the International Association for Public Participation was used to define the level of engagement being undertaken for any specific purpose. This spectrum identifies five levels of engagement—inform, consult, involve, collaborate and empower. Nine key steps for engagement have been suggested to help staff prepare, implement and review their activities.

The strategy will be piloted and evaluated with engagement processes for the R&D blueprint and fisheries green paper.

Open DAF data

Our commitment

We said we would open DAF data to support community accountability and transparency.

What we delivered

We opened more data and assessed our open data maturity.

DAF continued to improve the data available through the Queensland's Government's open data portal (www.data.qld.gov.au) and QSpatial (Queensland Spatial Catalogue). As at 30 June 2016, DAF and our portfolio bodies had released 139 agriculture, fisheries and forestry datasets on the open data portal. Many of these datasets are supported by multiple resource files. All existing released datasets and resources were refreshed according to the specified review time frames.

We progressed our commitments in our revised *Open data strategy 2015*:

- We undertook an open data maturity assessment based on the Open Data Maturity Model to improve open data capability. An action plan is under development to help prioritise areas of improvement, including additional support to address the challenge around releasing research data.
- We used the annual stocktake of information assets to promote open data to data custodians and managers, and to target additional data for assessment and release. This stocktake was also used to document the alignment of published datasets with their asset holding.
- We published data catalogues of released and identified datasets in open data. We also commenced the practice of publishing code lists and other explanations to improve the understanding of our data by potential re-users.

We also provide the eResearch Archive, which is a public digital archive of scientific and research output (publications and datasets) by our staff. This research output is freely available to internet users across the world. It is maintained by our Research Information Service operating at the Ecosciences Precinct.

Develop partnerships

Our commitment

We said we would develop existing and new partnerships to achieve innovations in service delivery for the benefit of Queenslanders.

KPI Improved partner capabilities

What we delivered

We consolidated existing partnerships to achieve more effective and efficient outcomes, and found a new partner to improve customer experience.

DAF has long worked with partners to help deliver better outcomes. Our key existing partnerships include:

- university research partnerships that enable DAF and university scientists to work collaboratively to deliver enhanced research outcomes for Queensland food and fibre industries
- R&D corporation partnerships (e.g. The Australian Centre for International Agricultural Research, Horticulture Innovation Australia, GRDC and Meat and Livestock Australia) that enable DAF to co-invest in R&D to deliver agricultural outcomes for industry and the community
- local government authorities and natural resource management groups that work with us to ensure positive biosecurity and land management outcomes
- 'cross decking' or joint patrols with our compliance partners (Queensland Police, Maritime Safety Queensland and the Department of National Parks, Sport and Racing) to achieve efficiencies across compliance programs.

As part of delivering reforms to the management of SIPS, DAF developed a new customer service partnership with Australia Post to make it easier for freshwater recreational fishers to get SIPS permits. This new partnership means that customers can now purchase their permits at any of the 578 Australia Post outlets in Queensland and 10 outlets in northern New South Wales.

Build organisational capability

Our commitment

We said we would build organisational capability.

KPI Improved staff capabilities

KPI Service costs, service standards and benchmarks met

What we delivered

A detailed report on key organisational capabilities follows in the next section. DAF monitors and reviews progress on the following indicators.

Table 13: Corporate indicators of organisational capability

Service/ indicator	Measure	Results		Variation/commentary
		2014–15	2015–16	
Workforce capability	Working for Queensland Survey indicators: <ul style="list-style-type: none"> – agency engagement – job engagement and satisfaction – intention to leave 	56% 80% 65%	56% 70–80% 66%	This is a whole-of-government survey conducted by the Public Service Commission. Survey questions in 2015–16 were changed. While the intent of the measures remain the same, the results across the 2 years are not directly comparable. In 2015–16, the former job engagement and satisfaction measure was captured across two indices, with results falling in the range reported.
Workforce capability	Percentage of employees with active performance and development agreements (PDAs): <ul style="list-style-type: none"> – SES officer PDAs assessed in line with Public Service Commission time lines – employee PDAs established, regularly reviewed and assessed 	100% 85% (averaged across the department)	100% 49% (averaged across the department)	The PDA process involves an ongoing review cycle. The year saw changes to the way the PDA process is developed and recorded, including electronic lodgement, which may impact on the reported level of activity.
Financial capability	Balanced budget For details of the 2015–16 budget, see p. 78	A balanced operating budget for 2014–15 was recorded as at 30 June 2015	A balanced operating budget for 2015–16 was recorded as at 30 June 2016	The measure reflects the budget outcome as recorded in the department's operating statement. Note: In 2014–15, the break-even result excluded an increase in the asset revaluation reserve.
Service standards Effectiveness and efficiency	Service standards were within or exceeded planned performance targets For details on the service standards, see Appendix 3, p. 120	13 of the 14 standards met or exceeded target	15 of the 18 standards met or exceeded target	In 2014–15, one measure was unable to be reported due to change of methodology. In 2015–16, two standards were 10 per cent below target (RD&E adoption rate and quarry materials). One measure was not able to be reported due to data validity issues. See Appendix 3 for full details on all measures.

Our organisational capability

Governance

Queensland Government departments are established through an Administrative Arrangements Order. It outlines ministerial portfolios and sets out the responsibilities and the Acts administered. Our Minister's agriculture and fisheries portfolio also has a number of statutory bodies, which are detailed in Appendix 2.

DAF was established under Administrative Arrangements Order (No 1) 2015 on 16 February 2015. The legislation administered by the Minister and this department is outlined in Appendix 4.

The Director-General has responsibility under the *Public Service Act 2008* (s. 98) for the management, governance and operation of the department. She is supported by the board of management. Profiles of the Director-General and her leadership team can be found on page 20.

A key priority for the new Director-General and the board of management has been to bring greater attention to the connectivity needed across our corporate and business governance, particularly as we push towards more digitally enabled, flexible workplaces and project teams. A suite of strategic initiatives has commenced. These are aimed at reinforcing sound governance and providing for contemporary structures and practices that support:

- successful execution of our strategic directions and delivery of objectives
- the way in which the department is organised, directed and managed
- high ethical standards and integrity
- more open and informed engagement with stakeholders and the community
- planning, investment review and reporting
- risk-taking and performance.

DAF had four committees to provide advice and assurance on specific areas to the Director-General and board of management.

Governance committees

Director-General

- Overall responsibility under the *Public Service Act 2008* (s. 98) for the management, governance and operation of the department

Board of management

Chair: Director-General

- Advises the Director-General on strategic issues, investment decisions and significant organisational and operational matters
- Provides leadership on organisational purpose, strategic direction and organisational culture

Audit and Risk Management Committee

Chair: Graham Carpenter (external member)

- Reviews, monitors and recommends improvements to the department's governance arrangements, risk management, internal control processes, financial reporting processes and processes for monitoring compliance with legislation and government policy
- Provides advice and assurance to the Director-General in meeting her obligations under the *Financial Accountability Act 2009*

Finance Committee

Chair: Director-General

- Provides advice and assurance that there is a clear line of sight on all significant investment decisions (this committee meets quarterly or as required)

Workplace Health and Safety Steering Committee

Chair: Director-General

- Ensures statutory and organisational requirements for the management of workplace health and safety (WHS) matters are met
- Considers strategic WHS issues across the department
- Ensures the appropriate development and implementation of WHS processes, policies and procedures to safeguard a work environment free from harm

ICT Investment and Strategy Committee

Chair: Deputy Director-General, Corporate

- Provides assurance to the Director-General and the board of management that information and communications technology (ICT) management, operations and expenditure deliver the outcomes sought within budget and time lines
- Monitors significant ICT projects' risk

Business and Corporate Partnership Board

Secretariat 2015–16: Office of Deputy Director-General, Corporate

- Responsible for the long-term performance, business success and timely delivery of departmental key priorities within the partnership
- Provides leadership and sets the strategic direction of the partnership to enable it to meet its goals and objectives

Membership: Directors-General of DAF; Department of Tourism, Major Events, Small Business and the Commonwealth Games; Department of Natural Resources and Mines; Department of Energy and Water Supply; EHP; Department of National Parks, Sport and Racing; and the head of Corporate for each Business and Corporate Partnership hub

Figure 12: Our governance committee structure at 30 June 2016

Public sector ethics

DAF supports new employees to learn about their new organisation and departmental culture through an online induction module, which includes information about employee responsibilities under the *Code of conduct for the Queensland public service*.

All employees are required to complete code of conduct and ethical decision-making training on a regular basis throughout their employment. Departmental policies, procedures and plans incorporate the principles and values contained in the code of conduct. This year, 92 per cent of all employees completed the code of conduct training.

These mandatory courses ensure that all staff are aware of expected workplace behaviours and that their performance and behaviour complies with the code of conduct. Any breach of the code of conduct is treated seriously and the department ensures that breaches are managed in accordance with best practice.

Our prevention activities over the past 12 months focused on use of information and resources; identifying, declaring and managing conflicts of interests; receiving and giving gifts/benefits; and managers and supervisors obligations regarding the management of staff.

Accountability, integrity and risk management

The Audit and Risk Management Committee (ARC) helps the Director-General improve the organisation's accountability and performance in accordance with its charter and with due regard to the Queensland Treasury *Audit committee guidelines: improving accountability and performance* (June 2012).

The role of the committee is to provide independent assurance and assistance to the Director-General regarding:

- the agency's integrity framework
- the department's external accountability responsibilities as prescribed in the relevant legislation and standards
- risk, control and compliance frameworks.

Meetings, membership and remuneration

The ARC convened five times during 2015–16. The Queensland Government Internal Audit Service (QGIAS) provided secretariat support to the committee during 2015–16.

Table 14: Between 1 July 2015 and 30 June 2016, the ARC had the following membership composition (as appointed by the Director-General)

Name	Position	Committee role	Number of meetings	Number of meetings attended	Remuneration paid
Graham Carpenter	Consultant	Chair (external member)	5	5	\$10 200
Sue Ryan	Deputy Director-General, Policy and Program Support, Department of Natural Resources and Mines	External member	5	5	NA
Sharee Bartlett	Partner, BDO Risk Advisory	External member	5	4	\$2 400
Dr Jim Thompson	Chief Biosecurity Officer, Biosecurity Queensland	Internal member	5	5	NA
Maria Mohr	Executive Director, Policy and Operations, Fisheries Queensland	Internal member	5	5	NA

As external members of the ARC, Graham Carpenter is entitled to be paid \$2400 per meeting (excluding GST) to a maximum of \$12 000 per calendar year (excluding GST) and Sharee Bartlett is entitled to be paid \$200 per hour (excluding GST) to a maximum of \$3000 per calendar year (excluding GST) for their services to prepare for, and attend, up to five meetings per annum.

Although an external member, as an officer from another government department, Sue Ryan is not remunerated for her work on the committee.

Performance and achievements

The ARC provided governance oversight and advice to the Director-General in relation to all aspects of its charter responsibilities.

Key achievements, and enablers to this, were the review and revision of the ARC charter and, in turn, review and revision to the ARC committee composition to achieve optimum balance in effectiveness and efficiency. The committee reviewed 82 recommendations and closed 76 recommendations during 2015–16.

Committee members were also provided with recommendations arising from Queensland Audit Office (QAO) reports to Parliament that relate to the department. During 2015–16, two recommendations were actioned and closed.

Internal audit

QGIAS is a business unit within EHP providing internal audit services to DAF and four other Queensland Government agencies as part of a co-sourced corporate services arrangement with the Business and Corporate Partnership.

The role, operating environment and operating parameters of QGIAS are established in the 2015 internal audit charter (which has due regard to professional standards) and the *Audit committee guidelines: improving accountability and performance* issued by Queensland Treasury (June 2012).

QGIAS provides independent assurance and advice to the Director-General, senior management and the ARC. In 2015–16, QGIAS:

- discharged the responsibilities established in the 2015 internal audit charter by executing the internal audit program of work prepared as a result of risk assessments, materiality and contractual and statutory obligations
- provided reports on results of internal audits and assurance reviews undertaken to the ARC and the Director-General
- monitored and reported on the status of implementation of internal audit and external audit recommendations to the ARC (management is responsible for implementation of audit recommendations)
- liaised with QAO to ensure there was no duplication of audit effort
- supported management by providing advice and information on corporate governance and related issues, including fraud and corruption prevention programs and risk management
- reviewed the departmental annual financial statements and Chief Financial Officer statements prior to them being presented to the ARC
- developed the DAF 2016–17 Strategic Internal Audit Plan, which was approved by the Director-General after endorsement from the DAF board of management and ARC.

Key audit activities

QGIAS completed the following reviews under the DAF 2015–16 Strategic Internal Audit Plan:

- Biosecurity Regime Effectiveness—Animal Welfare
- Drought Relief Assistance Scheme—Phase 3
- Facilities and Accommodation Management—Phase 2
- Regional Office Review
- Fisheries Queensland Impact Assessment Management Practices
- ASQ RD&E Financial Acquittal Reporting Review
- Strategic Asset Management Review
- Project Assurance Services for the Finance Systems Futures Project Outsourcing Arrangements for the Management of Retail Brokers

- Mapping of Biosecurity Recommendations
- Strategic Cropping Land Mitigation Fund.

QGIAS commenced the following reviews under the DAF 2015–16 Strategic Internal Audit Plan:

- *Biosecurity Act 2014* Preparedness Program.

External scrutiny

QAO undertakes financial and performance audits within the public sector. Other significant external reviews are also outlined in this section. In 2015–16, the following QAO reports and external reviews required action by DAF:

- The QAO report to Parliament, *Results of audit: internal control systems 2014–15—report 1: 2015–16*, evaluated systems of financial control with specific emphasis on the effectiveness of internal financial management reporting, as well as disaster recovery planning in relation to computer systems after disruptive events such as floods and power outages. All recommendations have been implemented by the department.
- The QAO report to Parliament, *Agricultural science research, development and extension programs and projects—report 3: 2015–16*, examined how well the department invests in and manages agricultural science RD&E projects and programs in order to meet our strategic objectives. The audit listed five recommendations focusing on strategies and business system improvements. The department is implementing recommendations by updating project management guidelines to complement the development of new project management tools. Guidelines will be updated and training packages rolled out as the project management system evolves.
- The QAO report to Parliament, *Cloud computing—report 13: 2015–16*, examined how well departments are adopting the Queensland cloud computing strategy in modernising their ICT assets and services to deliver business value while managing risks. DAF assessed the recommendations made by QAO for all departments and, during 2015–16, commenced work to improve cloud computing strategies.
- The Queensland Biosecurity Capability Review was undertaken in response to the serious erosion of Biosecurity Queensland’s capacity to respond to disease and pest outbreaks. The review’s final report was delivered by the independent panel on 25 September 2015 to the department and publicly released on 11 April 2016. There are 32 actions recommended in the report (see ‘Objective 2: Manage biosecurity risk’, p. 39).
- An independent review of diagnostic systems related to testing for Panama disease tropical race 4 was completed on 14 August 2015. The review identified
 - there was no evidence of human error or poor laboratory practice contributing to the incorrect test result
 - the risk-based decision to quarantine the property was sound and consistent with previous protocols

- a number of recommendations to further enhance laboratory practices and quality assurance, including changes to organisational structure, management information systems and documentation.

The recommendations have been considered, along with wider recommendations, as part of a holistic review of Queensland's biosecurity capabilities. The department ceased using the Dita PCR test as a diagnostic tool and continues to use other options, such as the vegetative compatibility group test, to confirm the disease.

- The Agriculture Minister's Forum commissioned an Independent Review Panel in June 2015 to ascertain whether it was possible to eradicate red imported fire ants at an acceptable cost–benefit ratio. An independent assessment of the program in South East Queensland completed recently found that it is in the national interest and technically feasible to eradicate fire ants, provided the program is adequately funded. The forum considered the Independent Review Panel's final report in May 2016 and approved funding for the program for the 2016–17 financial year on 20 May 2016. A national decision on the long-term future of the South East Queensland program is pending the forum's consideration. If there was no eradication program, the environmental, economic and social impacts have been estimated to be up to \$45 billion in South East Queensland. This would be higher if fire ants were to spread to other parts of Australia.
- The Queensland Government announced the establishment of a Rural Debt and Drought Taskforce on 19 October 2015 to determine the extent of the debt crisis and impacts of drought in Queensland's agricultural sector. The taskforce held hearings across Queensland in 14 locations and received over 100 submissions. The report was presented to the Queensland Treasurer on 9 May 2016. In response, DAF worked with Queensland Treasury to develop the Rural Assistance Package worth \$36.044 million over 5 years. DAF commenced consultation on the implementation of its initiatives in the Rural Assistance Package.
- The Parliamentary Agriculture and Environment Committee conducted a review of DRAS in 2015–16, including consideration of submissions and public hearings. The department attended a public hearing in March 2016. The committee's report on its DRAS review is expected in early 2016–17.

Risk management

The main focus for DAF risk management this financial year was to further embed awareness of the enterprise's risk profile and to strengthen alignment with the strategic plan and business plans. The profile—together with updates to the DAF board of management on emergent risks, treatment progress and control effectiveness—allows the board to assess risk exposure and to make informed decisions on where change in priorities or refocus is needed.

During 2015–16, a series of specialised risk assessments were undertaken in the areas of:

- organisation-wide fraud, corruption and misconduct risks, and the QAO-developed self-assessment of the department's fraud, corruption and misconduct controls to update the Fraud, Corruption and Misconduct Control Plan and improve targeting of staff awareness campaigns
- legislation compliance, including a comprehensive analysis of controls for compliance with corporate type legislation.

DAF's business continuity management system was also developed, including:

- developing a policy statement and manual to be used in conjunction with the *Disaster management manual*
- establishing the Business Continuity Reference Group to coordinate business continuity activities across the department
- identifying DAF's critical business functions
- developing templates for business continuity plans and business impact assessments
- reviewing and updating intranet guidance.

Information management

Information systems

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

- modernising the Authorised Implanter Number System utilising a Microsoft SharePoint platform and SmartForms to allow better public access and streamline the process for issuing authorised implanter numbers
- investigating innovative mobile technology platforms for the Fire Ant Management System and implementing significant processing and reporting enhancements to strengthen the Biosecurity Queensland Control Centre's capacity to provide timely and accurate information to help management and operational staff with eradication activities
- migrating DAF's Vessel Monitoring System to part of a system shared by other Australian fisheries agencies, creating the potential for expansion if additional fisheries are required to use the Vessel Monitoring System—the migration will reduce the costs to DAF and enable the testing and use of new technology more quickly, and a mirrored database has been established in a secure virtual private network to monitor the trawl quota measured as fishing days
- progressing the Finance Modernisation project to replace the existing version of SAP Finance to SAP ECC5 in July 2016
- replacing legacy reporting systems with the Common Reporting Platform Project and more advanced and innovative business intelligence and reporting tools—the project is currently implementing an alternate financial and asset reporting solution in alignment with the SAP ECC5 upgrade and is scheduled for release in August 2016
- implementing a toolkit to assist management of substantial project portfolios through the Project Management System Business Solutions Project—this will rationalise and consolidate systems and tools currently used to manage projects across the department
- maintaining various content management systems for internet and intranet content publishing
- maintaining various grant and rebate administration and management systems
- continuing modifications to the Drought and Disaster Assistance Management system to improve its usability and reporting capability

- implementing the DAF Digital Workplace Strategy to improve knowledge sharing, collaboration and productivity
- implementing Microsoft Office Professional 2013 for DAF staff—the entire Office 2013 suite provides Microsoft Outlook, Word, Excel, Access, PowerPoint, Publisher and OneNote, as well as Project and Visio (additional licensing required).

Recordkeeping

The department operates a recordkeeping strategy to ensure that it is compliant with the *Public Records Act 2002*, *Public Service Act 1996*, and *Information standard 40—recordkeeping*. Policies are in place for recordkeeping, email management, retention and disposal of records, managing information on shared network drives and information security.

The Recordkeeping Digital Transition Program supports and facilitates the move from a paper to digital recordkeeping paradigm—Born Digital, Stay Digital. A new digitisation disposal policy has been approved and is being implemented to support the new digital recordkeeping paradigm.

Records Management has responsibility for providing a compliant recordkeeping framework to the department. Increasing numbers of records are being received, captured and managed electronically. Recordkeeping considerations are being formally addressed in both the development and decommissioning of business systems.

Comprehensive retention and disposal schedules for the department have been approved by the State Archivist. Time-expired records have been identified for disposal and 1426 boxes of hardcopy files have been securely disposed of. Permanent records have been identified and 1071 boxes of hardcopy records have been transferred to Queensland State Archives.

Workforce profile

The *Queensland public sector quarterly workforce profile* for June 2016 based on the Minimum Obligatory Human Resource Information data, shows that DAF had 2020.49 FTE staff and a permanent separation rate of 4.55 per cent. The FTE total included Business and Corporate Partnership staff providing ICT and fleet management support to DAF and five other agencies.

Workforce planning and performance

During 2015–16, DAF continued to align workforce skills and resources to core business priorities. Our workforce flexibility initiatives enable our business areas to meet fluctuating demands for services and specific skill requirements for programs of work across the state.

DAF's strategic workforce plan strives to build the department's capability and capacity with an inclusive and diverse workforce. The plan is reviewed every 5 years.

With limited staff turnover, we focus on staff capability and refreshing staff skills. Strategic workforce plan initiatives build on our internal talent, promote opportunities for relieving and development, and recruit graduates in critical occupational groups. The Greater Graduate Program brings innovation and initiative into our department by tapping into new skills, new demographics and the emerging workforce.

A key development has been the initiation of the Culture and Capability strategic priority project. Initiatives under this priority include a program for succession planning to address our workforce challenges, and a digital workplace change strategy to reshape the way staff work and maximise the opportunities presented by new and disruptive technologies.

DAF remains committed to building on our workforce and performance through diversity. Currently 0.47 per cent of staff identify as Aboriginal and Torres Strait Islander people, 7.42 per cent as coming from a non-English speaking background and 4.96 per cent as having a disability.

The department continues to profile health and safety, leadership, high performance, accountability and innovation as our organisation's workforce planning priorities.

Performance excellence

All employees are provided with clear expectations of their performance and contribution as an individual and as part of a team in the department. Our strategic plan, business plans and individual performance agreements are all aligned to the government's vision for agriculture and our strategic organisational priorities.

We ensure every new employee is welcomed and inducted into the department through 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, innovation 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 at www.daf.qld.gov.au.

Developing our leaders and managers

DAF is committed to ensuring 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
- executive participation in the Public Service Commission–led Executive Capability Assessment and Development (ECAD) process (including ECAD Refresh)
- participation in Public Service Commission management development programs
- the roll-out and 100 per cent participation rate of senior officers and team leaders in the 360-degree feedback program to further develop the department's leadership team
- team leader participation in the Public Service Commission–led Leadership Capability Assessment and Development process.

DAF's Performance Management Framework Program continues to enable our 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.

The department delivered a number of blended learning and development initiatives in 2015–16 for all staff that 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.

Practical tools and strategies to build resilience for managers and staff are also available online.

Values

We continue to embed the Queensland public service sector-wide values into DAF's culture. These values have been widely recognised and accepted as sincere expressions of the values necessary for an effective and satisfying place to work.



Customers first

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



Ideas into action

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



Unleash potential

We expect greatness, lead and set clear expectations, and 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, and play to everyone's strengths, developing ourselves and those around us.

Figure 13: Queensland public service core values

The substantial staff response rate to the Public Service Commission–led 2016 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
- celebrate our department's collaboration at a work-group and managerial level.

Flexible working arrangements

As technology improves the way we work, we continue to profile our 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

Over the last 18 months, DAF has participated in the modernising of Queensland’s industrial awards that apply to state and local government employees. This process has been led by the Queensland Industrial Relations Commission.

DAF’s Consultative Committee meetings are held every quarter to facilitate meaningful consultation between management and unions on industrial issues, workforce strategy and organisational change, and the implementation and monitoring of relevant provisions of the State Government Entities Certified Agreement 2015.

Early retirement, redundancy and retrenchment

During the 2015–16 period, one employee received a redundancy package at a cost of \$87 649. During this same period, five employees received retrenchment packages at a total cost of \$112 234.

No early retirement packages were paid during this period.

A safe and healthy workplace

The department continues to build on its proactive health and safety culture through its strategic health, safety and wellbeing program.

Key initiatives delivered during 2015–16 included:

- online incident reporting, attention to prevention reviews, a comprehensive incident database and quarterly performance reports to benchmark performance and ensure best practice and continual improvement
- delivery of health checks, with results used to inform priority risk areas and evidence-based campaigns
- regular meetings of WHS network groups that continue to show leadership and commitment to ensuring a proactive health and safety culture
- annual WHS inspections to maintain a sound risk management environment
- an annual health and safety week to promote the values of a positive health and safety culture, including a series of videos from each service area highlighting integration of health and safety into everyday operations, and leadership awards recognising excellence and innovation
- a pilot influenza vaccination program that utilised local community pharmacies to ensure greater reach for staff in regional and remote Queensland

- maintaining 'Silver Recognition' in the Queensland Government's Healthier, Happier Workplaces initiative—the department is in the process of progressing to Gold Recognition
- a Domestic and Family Violence Program to promote a respectful workplace culture and provide support to those whose lives are affected by domestic and family violence.

The department's WHS program has led to positive trends and financial outcomes in the department's WorkCover premium. Over the last two financial years to 2015–16, DAF's WorkCover premium has decreased by more than \$0.7 million, demonstrating the effectiveness of the department's injury management and prevention strategy. This downward movement is expected to continue in 2016–17, as a comparison with industry shows that DAF's average number of paid days and average monthly payments were all significantly under the industry average for each WorkCover industry classification.

Our finances

DEPARTMENT OF AGRICULTURE AND FISHERIES

Financial Statements

for the year ended 30 June 2016

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General Information

These financial statements cover the Department of Agriculture and Fisheries (DAF).

DAF 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.

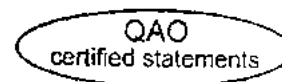
The head office and principal place of business of the department is:

Level 8
80 Ann Street
BRISBANE QLD 4000

A description of the nature of the department's operations and its principal activities, are 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 and Corporate Partnership) for DAF on 07 3087 8569, email larisa.villis@daf.qld.gov.au, or visit the department Internet site www.daf.qld.gov.au.

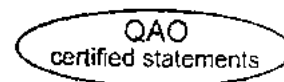
Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.



DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of Comprehensive Income
for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Income from Operations			
Appropriation revenue	2	284,209	289,450
User charges and fees	3	123,714	68,893
Grants and other contributions	4	22,852	54,893
Royalties and other territorial revenue	5	25,623	26,798
Other revenue	6	1,615	760
Total Revenue		458,013	440,795
Gains on disposal/remeasurement of assets	7	2,165	1,936
Total Income from Operations		460,178	442,730
Expenses from Operations			
Employee expenses	8	197,414	187,423
Supplies and services	9	196,877	182,667
Grants and subsidies	10	40,490	49,609
Depreciation and amortisation	11	21,527	20,040
Impairment losses		595	112
Other expenses	12	3,273	2,879
Total Expenses from Operations		460,178	442,730
Operating Result for the year		-	-
Other Comprehensive Income			
<u>Items that will not be reclassified subsequently to Operating Result:</u>			
Increase/(decrease) in asset revaluation surplus	22	20,585	16,190
Total Comprehensive Income		20,585	16,190

The accompanying notes form part of these statements.



DEPARTMENT OF AGRICULTURE AND FISHERIES

**Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2016**

	Agriculture		Fisheries and Forestry		Biosecurity Queensland	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income from Operations ⁽¹⁾						
Appropriation revenue	163,461	176,017	29,556	29,421	85,086	75,632
User charges and fees	48,873	12,252	17,943	8,263	14,423	12,772
Grants and other contributions	1,116	38,007	37	35	21,699	16,850
Royalties and other territorial revenue	3,132	2,493	22,490	24,305	-	-
Other revenue	1,038	552	163	47	413	182
Total Revenue	217,621	229,321	70,189	62,071	121,621	105,435
Gains on disposal/remeasurement of assets	1,806	1,747	77	87	283	102
Total Income from Operations	219,426	231,068	70,265	62,158	121,903	105,538
Expenses from Operations ⁽¹⁾						
Employee expenses	90,740	86,963	31,350	29,338	54,852	50,617
Supplies and services	82,413	86,860	27,903	25,885	62,094	50,041
Grants and subsidies	28,879	42,672	9,819	5,114	1,792	1,823
Depreciation and amortisation	13,806	13,193	1,793	1,632	2,720	2,666
Impairment losses	383	142	62	7	22	1
Other expenses	1,712	1,766	328	256	1,082	727
Total Expenses from Operations	217,933	231,596	71,255	62,231	122,562	105,876
Operating Result for the year	1,494	(528)	(989)	(73)	(659)	(338)
Increase/(decrease) in asset revaluation surplus	18,511	9,931	(339)	3,056	2,413	3,203
Total Comprehensive Income	20,004	9,403	(1,328)	2,983	1,754	2,865

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

Income	34,714	32,254	11,938	10,655	21,031	20,660
Expenses	35,230	32,782	12,116	10,829	21,344	20,998

⁽¹⁾ Corporate services income and expenses relating to DAF through the Business and Corporate Partnership (BCP) arrangements have been allocated to respective departmental services.

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

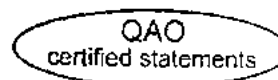
The host agency of each corporate service function receives the appropriation of funds and reports Full Time Equivalent positions in the respective agency. The model is multi-layered for different corporate services functions. That is, some functions are provided to 2 agencies, and some provided to 6 agencies with any combination in between.

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

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

Corporate Services income and expenses attributable solely to DAF 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.



DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2016

	Corporate Partnership ⁽²⁾		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income from Operations ⁽¹⁾				
Appropriation revenue	6,106	8,380	284,209	289,451
User charges and fees	42,474	35,607	123,714	68,893
Grants and other contributions	-	1	22,852	54,893
Royalties and other territorial revenue	-	-	25,623	26,798
Other revenue	1	(22)	1,615	760
Total Revenue	48,582	43,966	458,013	440,795
Gains on disposal/remeasurement of assets	-	-	2,165	1,936
Total Income from Operations	48,582	43,966	460,178	442,730
Expenses from Operations ⁽¹⁾				
Employee expenses	20,472	20,505	197,414	187,423
Supplies and services	24,468	19,880	196,877	182,667
Grants and subsidies	-	-	40,490	49,609
Depreciation and amortisation	3,208	2,550	21,527	20,040
Impairment losses	128	(38)	595	112
Revaluation decrements	-	-	-	-
Other expenses	152	130	3,273	2,879
Total Expenses from Operations	48,428	43,027	460,178	442,730
Operating Result for the year	154	940	-	-
Increase/(decrease) in asset revaluation surplus	-	-	20,585	16,190
Total Comprehensive Income	154	940	20,585	16,190

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

Income	-	-	67,683	63,568
Expenses	-	-	68,691	64,609

(1) Corporate services income and expenses relating to DAF through the BCP arrangements have been allocated to respective departmental services.

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

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

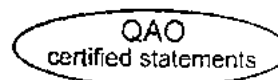
The host agency of each corporate service function receives the appropriation of funds and reports Full Time Equivalent positions in the respective agency. The model is multi-layered for different corporate services functions. That is, some functions are provided to 2 agencies, and some provided to 6 agencies with any combination in between.

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

- DNPSR: Information Management; Fleet Management; Telecommunications.
- DNRM: Information Management; Fleet Management; Telecommunications; Finance Systems; Human Resources.
- DEWS: Information Management; Fleet Management; Telecommunications; Finance Systems; Human Resources.
- DEHP: Information Management; Fleet Management; Telecommunications.
- DTESB: Finance; Human Resources; Corporate Communications; Governance Oversight; Planning and Performance Management; Information Management; Fleet Management; Telecommunications.

Corporate Services income and expenses attributable solely to DAF 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.

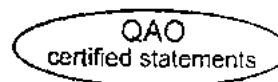
Functions (and allocation of revenue and expenses) hosted by other agencies in the corporate partnership are disclosed in the relevant department's financial statements.



DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of Financial Position
as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Current Assets			
Cash and cash equivalents	13	59,259	46,420
Receivables	14	25,945	45,499
Inventories		1,132	1,174
Other current assets	15	6,272	5,594
Total Current Assets		92,608	98,688
Non-Current Assets			
Receivables	14	15	15
Intangible assets	16	1,638	2,856
Property, plant and equipment	17	374,452	360,176
Other non-current assets	15	13,185	13,821
Total Non-Current Assets		389,289	376,868
Biological Assets			
Biological assets		3,050	2,062
Total Biological Assets		3,050	2,062
Total Assets		484,947	477,617
Current Liabilities			
Payables	18	9,135	13,595
Accrued employee benefits	19	7,704	6,495
Unearned revenue	20	31,707	30,144
Other current liabilities		2	40
Total Current Liabilities		48,548	50,274
Non-Current Liabilities			
Unearned revenue	20	19,451	20,928
Total Non-Current Liabilities		19,451	20,928
Total Liabilities		67,999	71,203
Net Assets		416,948	406,415
Equity			
Contributed equity		391,208	401,259
Accumulated surplus/deficit		(11,035)	(11,035)
Asset revaluation surplus	22	36,775	16,190
Total Equity		416,948	406,415

The accompanying notes form part of these statements.

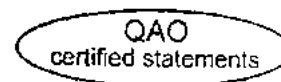


DEPARTMENT OF AGRICULTURE AND FISHERIES

Statement of Assets and Liabilities by Major Departmental Services

as at 30 June 2016

	Agriculture		Fisheries and Forestry		Biosecurity Queensland	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current Assets						
Cash and cash equivalents	-	-	-	-	-	-
Receivables	10,718	10,419	4,919	6,101	3,572	13,267
Inventories	156	196	433	429	544	550
Other current assets	1,086	1,051	66	47	118	91
Total Current Assets	11,960	11,666	5,418	6,576	4,234	13,908
Non-Current Assets						
Receivables	-	-	15	15	-	-
Intangible assets	-	-	236	472	503	692
Property, plant and equipment	273,471	267,290	21,027	22,490	56,304	54,660
Other non-current assets	11,948	12,774	-	-	-	-
Total Non-Current Assets	285,419	280,064	21,278	22,977	56,807	55,352
Biological Assets						
Biological assets	2,785	1,833	-	-	265	229
Total Biological Assets	2,785	1,833	-	-	265	229
Total Assets	300,163	293,563	26,696	29,553	61,306	69,489
Current Liabilities						
Payables	1,905	3,762	863	1,936	1,767	1,538
Accrued employee benefits	3,193	2,728	1,000	850	1,921	1,617
Unearned revenue	22,772	25,495	3,200	3,326	4,699	1,324
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	27,870	31,985	5,063	6,112	8,388	4,478
Non-Current Liabilities						
Unearned revenue	19,451	20,928	-	-	-	-
Total Non-Current Liabilities	19,451	20,928	-	-	-	-
Total Liabilities	47,321	52,913	5,063	6,112	8,388	4,478



DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2016

	Unallocated ⁽¹⁾		Total	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current Assets				
Cash and cash equivalents	59,259	46,420	59,259	46,420
Receivables	6,736	15,712	25,945	45,499
Inventories	-	-	1,132	1,174
Other current assets	5,001	4,405	6,272	5,594
Total Current Assets	70,996	66,537	92,608	98,688
Non-Current Assets				
Receivables	-	-	15	15
Intangible assets	899	1,691	1,638	2,856
Property, plant and equipment	23,651	15,736	374,452	360,176
Other non-current assets	1,237	1,047	13,185	13,821
Total Non-Current Assets	25,786	18,475	389,289	376,868
Biological Assets				
Biological assets	-	-	3,050	2,062
Total Biological Assets	-	-	3,050	2,062
Total Assets	96,781	85,012	484,947	477,617
Current Liabilities				
Payables	4,600	6,360	9,135	13,595
Accrued employee benefits	1,591	1,300	7,704	6,495
Unearned revenue	1,035	-	31,707	30,144
Other current liabilities	2	40	2	40
Total Current Liabilities	7,228	7,699	48,548	50,274
Non-Current Liabilities				
Unearned revenue	-	-	19,451	20,928
Total Non-Current Liabilities	-	-	19,451	20,928
Total Liabilities	7,228	7,699	67,999	71,203

⁽¹⁾ Corporate services assets and liabilities relating to the provision of services to DAF and to other agencies through the BCP arrangements have been included in Unallocated items.

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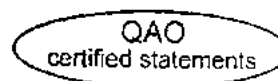


DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of Changes in Equity
for the year ended 30 June 2016

		Accumulated Surplus/ Deficit	Asset Revaluation Surplus	Contributed Equity	TOTAL
	Notes	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2014		(11,035)	-	409,560	398,525
Operating result for the year		-	-	-	-
<i>Other Comprehensive Income</i>					
- Increase/(Decrease) in asset revaluation surplus	22	-	16,190	-	16,190
<i>Total Comprehensive Income for the year</i>		-	16,190	-	16,190
<i>Transactions with Owners as Owners:</i>					
- Appropriated equity withdrawals	21	-	-	(6,664)	(6,664)
Net transfers in/(out) from other Queensland					
- Government entities		-	-	(1,638)	(1,638)
<i>Net Transactions with Owners as Owners</i>		-	-	(8,302)	(8,302)
Balance as at 30 June 2015		(11,035)	16,190	401,259	406,415
Balance as at 1 July 2015		(11,035)	16,190	401,259	406,415
Operating result for the year		-	-	-	-
<i>Other Comprehensive Income</i>					
- Increase/(Decrease) in asset revaluation surplus	22	-	20,585	-	20,585
<i>Total Comprehensive Income for the year</i>		-	20,585	-	20,585
<i>Transactions with Owners as Owners:</i>					
- Appropriated equity withdrawals ⁽¹⁾	21	-	-	(9,984)	(9,984)
Net transfers in/(out) from other Queensland					
- Government entities		-	-	(67)	(67)
<i>Net Transactions with Owners as Owners</i>		-	-	(10,051)	(10,051)
Balance as at 30 June 2016		(11,035)	36,775	391,208	416,948

⁽¹⁾ The increase relates to the purchase of a grains research property in partnership with Grains Research & Development Corporation (GRDC).

The accompanying notes form part of these statements.



DEPARTMENT OF AGRICULTURE AND FISHERIES
Statement of Cash Flows
for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Inflows:			
Service appropriation receipts		300,168	289,462
User charges and fees		127,734	71,848
Grants and other contributions		21,220	62,316
Royalties and other territorial receipts		25,623	26,798
GST input tax credits received from Australian Taxation Office		8,921	6,503
GST collected from customers		11,782	13,112
Other inflows		1,175	726
Outflows:			
Employee expenses		(195,046)	(187,420)
Supplies and services		(199,213)	(183,792)
Grants and subsidies		(40,490)	(49,609)
GST paid to suppliers		(21,156)	(19,896)
Other outflows		(3,024)	(2,364)
Net cash provided by (used in) operating activities		37,695	27,683
Cash flows from investing activities			
Inflows:			
Sales of property, plant and equipment		218	1,498
Outflows:			
Payments for property, plant and equipment		(14,955)	(12,774)
Payments for intangibles		(135)	(679)
Net cash provided by (used in) investing activities		(14,872)	(11,955)
Cash flows from financing activities			
Outflows:			
Equity withdrawals	21	(9,984)	(6,664)
Net cash provided by (used in) financing activities		(9,984)	(6,664)
Net increase (decrease) in cash and cash equivalents		12,839	9,064
Cash and cash equivalents at beginning of financial year		46,420	37,356
Cash and cash equivalents at end of financial year	13	59,259	46,420
Reconciliation of operating result to net cash from operating activities			
Operating surplus/(deficit)		-	-
Non-cash items:			
Depreciation and amortisation expense		21,527	20,040
Net losses on sale or disposal of property, plant and equipment and intangibles		292	513
Impairment losses - plant & equipment / intangibles		208	208
Impairment Loss Reversal		-	(38)
Stocktake write off/write on		(373)	-
Non cash items		16	(1,152)
Change in assets and liabilities:			
(Increase)/decrease in receivables		9,242	(790)
(Increase)/decrease in loans and advances receivables		(2,513)	6,024
(Increase)/decrease in other receivables		17	28
(Increase)/decrease in appropriation services revenue receivable		12,125	12
(Increase)/decrease in long service leave receivables		482	(445)
(Increase)/decrease in annual leave receivables		654	560
(Increase)/decrease in inventories		42	(107)
(Increase)/decrease in other assets		(42)	(886)
(Increase)/decrease in biological assets		(988)	(781)
Increase/(decrease) in payables		(3,812)	(2,386)
Increase/(decrease) in accrued employee benefits		1,209	576
Increase/(decrease) in other liabilities		(22)	(276)
Increase/(decrease) in unearned revenue		85	6,863
(Increase)/decrease in GST input tax credits receivable		(431)	138
Increase/(decrease) in GST payable		(22)	(419)
Net cash from operating activities		37,695	27,683

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The accompanying notes form part of these statements.



DEPARTMENT OF AGRICULTURE AND FISHERIES

Basis of Financial Statement Preparation for the year ended 30 June 2016

Statement of compliance

DAF has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*. These financial statements comply with Queensland Treasury's (QT's) Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2015.

DAF is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis (except for the Statement of Cash Flow which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note 11.

The reporting entity

The financial statements include the value of all income, expenses, assets, liabilities and equity of DAF.

Major Departmental Services of the Department

DAF has three main areas:

Agriculture

This service area:

- undertakes industry analysis to ensure the policy and regulatory frameworks underpin the long term productivity growth and sustainability of Queensland's food and fibre sector
- works with producers, industry and all levels of government to capitalise on regional opportunities, improve supply chains and create long term jobs for the benefit of Queensland's food and fibre sector
- undertakes research, development and extension and delivers services to assist producers to bring the best quality food and fibre products to market
- provides industry and university scientists with access to the department's world-class research facilities focused on Queensland industry needs.

Biosecurity Queensland

Biosecurity Queensland works closely with national and local governments, industry bodies, producers and the community to maintain a strong biosecurity system. Biosecurity Queensland's main areas of focus are:

- animal pests and diseases
- plant pests and diseases
- invasive plants and animals, such as weeds and pest animals
- biosecurity diagnostics and other laboratory services
- animal welfare and ethics
- product integrity (managing agvet chemicals and other contaminant risks)
- biosecurity incident responses, such as exotic tramp ants and Panama Tropical Race 4 disease (TR4) in bananas.

Fisheries and Forestry

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

- managing access to, and the sustainable use of Queensland fisheries resources
- providing education and enforcing fishing regulations to promote equitable access to fisheries resources by commercial, recreational and traditional fishers
- responsibly managing the allocation and use of State-owned forests and related resources
- supporting the growth and development of the Queensland forest and timber industry
- overseeing the Plantation Licence issued to HQPlantations Pty Ltd and related agreements.

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 14.
- Valuation of Property, plant and equipment – Note 17.
- Contingencies – Note 24.

Further, the matters covered in each of those notes necessarily involve estimation uncertainty with the potential to materially impact on the carrying amount of the department's assets and liabilities in the next reporting period.

Other presentation matters

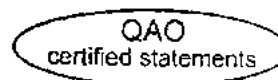
Currency and Rounding - Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the exact amount is specifically required.

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

Current/Non-Current Classification - Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes. Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the department does not have an unconditional right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as non-current.

Authorisation of financial statements for issue

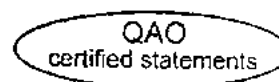
The financial statements are authorised for issue by the Director-General and Chief Finance Officer at the date of signing the Management Certificate.



DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the Financial Statements for the year ended 30 June 2016

Note	Note Title
	Objectives and principal activities of the department
1	Summary of significant accounting policies
2	Reconciliation of payments from consolidated fund to appropriation revenue recognised in statement of comprehensive income
3	User charges and fees
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	Supplies and services
10	Grants and subsidies
11	Depreciation and amortisation
12	Other expenses
13	Cash and cash equivalents
14	Receivables
15	Other assets
16	Intangible assets
17	Property, plant and equipment
18	Payables
19	Accrued employee benefits
20	Unearned revenue
21	Appropriations recognised in equity
22	Asset revaluation surplus by class
23	Commitments for expenditure
24	Contingencies
25	Financial instruments
26	Key management personnel and remuneration expenses
27	Events occurring after balance date
28	Budget vs Actual Comparison
29	Schedule of administered Items
30	Reconciliation of payments from consolidated fund to administered income
31	Administered Activities Budget vs Actual Comparison
32	Trust transactions and balances



Objectives and Principal Activities of the Department

DAF supports the vision of prosperous and productive agriculture, fisheries and forestry sectors. We have a lead role in facilitating the growth and sustainable development of the agriculture, fisheries and forestry sectors and optimise their contribution to economic, environmental and social outcomes for Queensland.

Our objectives outlined in the strategic plan are to:

- connect industry to opportunities - enabling producers and businesses to grow their markets, secure investment, lift productivity and better manage economic and climatic adversity
- manage biosecurity risks - to protect agricultural resources, human health, social amenity and the environment and manage the State's reputation for quality disease-free products
- optimise the value of fisheries and forestry resources - to provide for their ongoing economic, environmental and social value
- provide customer responsive services.

Partnering with industry, government agencies and research bodies is critical to taking full advantage of and managing the significant opportunities and challenges presented by the environment in which we operate. Current conditions remain challenging with over 80 per cent of the State drought affected, effects of other extreme weather events and outbreaks of exotic diseases which have impacted levels of production through damaged crops and infrastructure.

The government has committed to continuing existing drought relief arrangements until 2018. It has also committed to develop measures to assist producers improve climate risk management and preparedness strategies. To support producers and communities impacted by the drought, the Queensland government has funded a multi-agency funded package. The package includes freight subsidies, emergency water infrastructure rebates, land rent relief, wild dog, feral cat and weed control, rural financial counselling, assistance for children's educational costs, as well as community and mental health support.

Long term prospects for the agriculture, fisheries and forestry sectors remain positive, due to the ongoing demand growth for food and fibre and a gradually improving global economy. To ensure the sectors can take advantage of these opportunities and the Queensland community benefits, our investment priorities directly contribute to the Queensland Government's objectives to:

- create jobs and a diverse economy from increased value of primary and value added production and export earnings.
- protect the environment by ensuring the sustainable use of agriculture, fisheries and forestry resources and managing impacts on production and environment caused by animal and plant diseases and pests.
- deliver quality front line services by increasing involvement of customers and stakeholders in developing, evaluating and enhancing programs, services and legislation. We will also expand service delivery partnerships and digital service delivery.

1. Summary of significant accounting policies

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

The department discloses revenues and expenses attributable to corporate services provided to DAF through the BCP 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.

(b) 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.

(c) 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.

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.

(d) 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.

(e) Financing/Borrowing costs

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

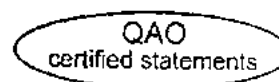
Finance costs include:

- Finance lease charges;
- Ancillary administration charges.

No borrowing costs are capitalised into qualifying assets.

(f) 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.



1. Summary of significant accounting policies (cont'd)**(g) 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.

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.

(h) 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.

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.

(i) 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 non-recurring valuation. Such assets are no longer amortised or depreciated upon being classified as held for sale.

(j) 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.

DAF received defined services from the following agencies:

- DNRM (Accommodation Services; Legal Services; Customer Solution Services)
- DEHP (Privacy and Ethics; Internal Audit; Procurement; Right to Information)

The revenue and expense related to these contributions of services have not been recognised in the financial statements as these values cannot be measured reliably.

(k) 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 14).

(l) First year application of new accounting standards, early adoption of accounting standards or change in accounting policy

The department did not voluntarily change any of its accounting policies during 2015-16.

Two Australian Accounting Standard (AAS) have been early adopted for the 2015-16 year as required by QT. These are:

AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]*

The amendments arising from this standard seek to improve financial reporting by providing flexibility as to the ordering of notes, the identification and location of significant accounting policies and the presentation of sub-totals, and provides clarity on aggregating line items. It also emphasises only including material disclosures in the notes. The department has applied this flexibility in preparing the 2015-16 financial statements, including co-locating significant accounting policies with the related breakdowns of financial statement figures in the notes.

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1. Summary of significant accounting policies (cont'd)

(l) First year application of new accounting standards, early adoption of accounting standards or change in accounting policy (cont'd)

AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]

This standard amends AASB 13 Fair Value Measurement and provides relief to not-for-profit public sector entities from certain disclosures about property, plant and equipment that is primarily held for its current service potential rather than to generate future net cash inflows. The relief applies to assets under AASB 116 Property, Plant and Equipment which are measured at fair value and categorised within Level 3 of the fair value hierarchy (refer to Note 16). As a result, the following disclosures are no longer required for those assets. In early adopting the amendments, the following disclosures have been removed from the 2015-16 financial statements:

- disaggregation of certain gains/losses on assets reflected in the operating result;
- quantitative information about the significant unobservable inputs used in the fair value measurement; and
- description of the sensitivity of the fair value measurement to changes in the unobservable inputs.

No new Australian Accounting Standards effective for the first time in 2015-16 had any material impact on this financial report.

The department did not voluntarily change any of its accounting policies during 2015-16. The Australian Accounting Standard applicable for the first time as from 2014-15 that had the most significant impact on the department's financial statements is AASB 1055 *Budgetary Reporting*.

(m) Future impact of accounting standards not yet effective

At the date of authorisation of the financial report, the potential impacts of new or amended AAS's with future commencement dates has not yet been determined and are as set out below.

- AASB 124 *Related Party Disclosure* requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities on or after 1 July 2016. The department already discloses information about the remuneration expenses for key management personnel (refer to Note 26) in compliance with requirements from Queensland Treasury. Therefore, the most significant implications of AASB 124 for the department's financial statements will be the disclosures to be made about transactions with related parties, including transactions with key management personnel or close members of their families.

The department already discloses detailed information about remuneration of its KMP, based on *Queensland Treasury's Financial Reporting Requirements for Queensland Government Agencies*. Due to the additional guidance about the KMP definition in the revised AASB 124, the department will disclose its responsible Minister(s) as part of its KMP from 2016-17. The department does not provide remuneration to Ministers, so figures for Ministerial remuneration will not be disclosed by the department. Comparative information will continue to be disclosed in respect of KMP remuneration.

- AASB 15 *Revenue from Contracts with Customers* will become effective from reporting periods beginning on or after 1 January 2018. This standard contains much more detailed requirements for the accounting for certain types of revenue from customers. Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of the department's goods and services, such that some revenue may need to be deferred to a later reporting period to the extent that the department has received cash but has not met its associated obligations (such amounts would be reported as a liability (unearned revenue) in the meantime). The department does not expect a significant impact on its present accounting practices.

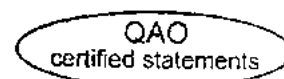
- AASB 9 *Financial Instruments* will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement and disclosures associated with the department's financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. 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, all of the department's financial assets are expected to be required to be measured at fair value (instead of the measurement classifications presently used in Note 25. 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.

Another potential impact of AASB 9 relates to calculating impairment losses for the department's receivables. Assuming no substantial change in the nature of the department's receivables, the impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, the department will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

At this stage, the department is not expecting any significant impact from the adoption of the AASB 9 as the department has minimal trade receivables outside of other government departments nor does the department have any "held to maturity investment".

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 Queensland Treasury. Consequently, the department has not applied any AAS's and Interpretations that have been issued but are not yet effective. The department applies standards and interpretations in accordance with their respective commencement dates.

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



DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the Financial Statements for the year ended 30 June 2016

	2016 \$'000	2015 \$'000
2. Reconciliation of payments from consolidated fund to appropriation revenue recognised in statement of comprehensive income		
Budgeted appropriation revenue	312,340	287,899
Transfers from/to other headings	-	1,563
Lapsed appropriation revenue	(12,053)	-
Treasurer's transfers	(119)	-
Total Appropriation Receipts (cash)	300,168	289,462
Less: opening balance of appropriation revenue receivable	(12,125)	(12,137)
Plus: Closing balance of appropriation revenue receivable	-	12,125
Less: Closing balance of deferred appropriation payable to Consolidated Fund	(3,834)	-
Net Appropriation Revenue	284,209	289,450
Appropriation Revenue recognised in Statement of Comprehensive Income	284,209	289,450

Accounting Policy - Appropriation Revenue

Appropriations provided under the Appropriation Act 2015 are recognised as revenue when received or when appropriation revenue receivable is recognised after approval from Queensland Treasury.

3. User Charges and Fees

Fee for service ⁽¹⁾	108,355	54,676
Sale of goods	3,351	3,261
Fees and fines	7,758	7,493
Property rental	4,250	3,463
Total User Charges, Fees and Fines	123,714	68,893

⁽¹⁾ This increase is due to the change in recognition for Research & Development and Service Level Agreement revenues (including net-free fishing zones and biosecurity cost sharing agreements), which was previously included within Grants and Other Contributions.

Accounting Policy - User Charges and Fees

User charges and fees controlled by the department are recognised 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.

User charges and fees collected, but not controlled, by the department are reported as administered revenue. Refer Note 29.

4. Grants and Other Contributions

Commonwealth grants	15,535	14,223
State grants	754	97
Commonwealth contributions	-	10,157
State contributions	250	-
Industry contributions ⁽¹⁾	6,096	30,139
Goods and services received below fair value	217	276
Total Grants and other contributions	22,852	54,893

⁽¹⁾ This decrease is due to the change in recognition for Industry contributions, now recognised as Research & Development revenues, within User Charges and Fees.

Accounting Policy - Grants and other contributions

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.

Contributed assets are recognised at their fair value. The accounting treatment for contributed equity is explained in Note 1 (d).

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.

5. Royalties and Other Territorial Revenue

Royalties and other territorial revenue	25,623	26,798
Total Royalties and Other Territorial Revenue	25,623	26,798

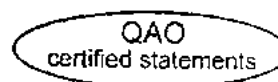
Accounting Policy - Royalties and other territorial revenue

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.

6. Other Revenue

Sale of portable and attractive items	4	30
Bad debts recovered	15	7
Insurance recoveries ⁽¹⁾	989	65
Sundry revenue	607	658
Total Other Revenue	1,615	760

⁽¹⁾ The Brisbane storm in 2014-15 caused significant damage to DAF's properties resulting in insurance compensation being received in the 2015-16 financial year.



DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the Financial Statements for the year ended 30 June 2016

	2016 \$'000	2015 \$'000
7. Gains on disposal/remeasurement of assets		
Net gains on disposal of property, plant and equipment	218	250
Impairment reversal	-	38
Net increment in valuation of biological assets	1,947	1,649
Total Gains on sale/revaluation of assets	2,165	1,936
8. Employee Expenses		
Employee Benefits		
Wages and salaries	154,434	145,892
Termination benefits	321	229
Employer superannuation contributions	20,466	19,487
Annual leave levy	15,859	15,254
Long service leave levy	3,151	3,179
Other employee benefits	1,922	1,647
Employee Related Expenses		
Workers compensation premium ⁽¹⁾	1,262	1,752
Payroll tax	-	(17)
Total Employee Expenses ⁽²⁾	197,414	187,423

The number of employees at 30 June 2016, including both full-time and part-time employees, measured on a full-time basis as provided to the Public Service Commission (PSC) and utilised in the preparation of the Minimum Obligatory Human Resource Information (MOHRI) is:

	2016	2015
Number of employees ⁽²⁾	2,019	1,999

⁽¹⁾ Cost of workers' compensation insurance is a consequence of employing employees, and is not counted in employees' total remuneration package. They are not employee benefits, but rather employee related expenses.

⁽²⁾ BCP employee expenses aligned to DAF 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.

	2016	2015
Number of employees:		
Department of Agriculture and Fisheries	1,804	1,759
Business and Corporate Partnership Agreement (providing services to other departments)	215	240
Total number of employees	2,019	1,999

Accounting Policy - Employee expenses

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

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

Wages, salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

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

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

Long Service Leave and Annual Leave

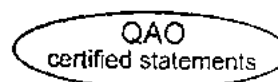
Under the Queensland Government's Long Service Leave Scheme (LSL) and Annual Leave Central Scheme (ALCS), levies are payable by the department to cover the cost of employees' long service leave and annual leave (including leave loading and on-costs). Hence, no provision for long service leave and annual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

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

Superannuation

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*.



DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the Financial Statements for the year ended 30 June 2016

	2016 \$'000	2015 \$'000
9. Supplies and services		
Consultants and contractors	58,550	48,875
Operating lease rentals	28,139	28,180
Building Services	6,319	6,160
Repairs and maintenance	7,749	7,662
Transport	6,082	7,503
Travel	5,836	5,545
Computer/information technology	16,093	15,158
Telecommunications and electricity	6,265	6,346
Shared services provider fee	6,180	6,578
Materials	9,706	8,281
Portable and attractive items	2,810	3,112
Service delivery costs and service level agreement charges	12,864	12,958
Bank fees and charges	38	38
Outsourced service delivery	23,358	18,855
Other	6,888	7,415
Total Supplies and Services	196,877	182,667
10. Grants and Subsidies		
Queensland and local government	13,053	10,918
Industry	1,126	2,967
Universities	210	57
Individuals	130	241
Subsidies ⁽¹⁾	21,387	35,350
Commonwealth	85	76
Capital ⁽²⁾	4,500	-
Total Grants and Subsidies	40,490	49,609

⁽¹⁾ These relate to drought assistance payments to individuals and businesses.

⁽²⁾ This relates to the purchase of a grains research property in partnership with GRDC.

Accounting Policy - Grants and Subsidies

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 12 - Other expenses.

11. Depreciation and amortisation

Depreciation and amortisation were incurred in respect of:

Buildings	6,118	5,474
Infrastructure	312	245
Plant and equipment	13,964	13,585
Software purchased	416	209
Software internally generated	718	527
Total Depreciation and Amortisation	21,527	20,040

Accounting Policy - Depreciation and amortisation

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

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.

Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the assets to which they relate.

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DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the Financial Statements for the year ended 30 June 2016

11. Depreciation and amortisation (cont'd)

Accounting Policy - Depreciation and amortisation (cont'd)

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.

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

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%
Plant and equipment	Computer equipment	20–25%
	Motor vehicles	5–20%
	Boats and boating equipment	5–25%
	Heavy plant	5–20%
	Scientific equipment	5–12.5%
	Office equipment	5–20%
	Leasehold improvements	2.5–10%
	Other plant and equipment	5–20%
Heritage and Cultural Assets	Artwork	0%
Intangible assets	Software purchased	25%
	Software internally generated	25%

	2016 \$'000	2015 \$'000
12. Other expenses		
External audit fees ⁽¹⁾	139	227
Insurance premiums - Queensland Government Insurance Fund	725	730
Insurance premiums - general	205	157
Loss on disposal of property, plant and equipment and intangibles	509	763
Sponsorships	50	135
Special Payments ⁽²⁾	787	241
Donations and gifts	104	29
License fees and permits	317	227
Interest	1	5
Patent, Copyright & Trademark Acquisition	436	348
Royalties Paid	-	15
Other	-	1
Total Other Expenses	3,273	2,879

⁽¹⁾ Total audit fees paid to the Queensland Audit Office relating to the 2015-16 Financial Year are based upon their estimated fee of \$230,000. There are no non-audit services included in this amount.

⁽²⁾ Special payments include 14 payments totalling \$75,738 in relation to the West Indian Drywood Termites (WIDT) containment program, 17 payments totalling \$98,526 for Red Witchweed payments, and 4 payments totalling \$531,817 in relation to Panama - Tropical Race 4 banana disease outbreak, and payments totalling \$27,471 to 23 former staff relating to the Section 831 one-off \$1,300 payments. Also there were 3 ex-gratia payments totalling \$52,466 in relation to the Net Free Zone within the Sustainable Fishing Policy program.

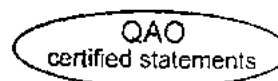
Accounting Policy - Other expenses

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

Special payments during 2015-16 below \$5,000 include the following:

- As part of the settlement offer to finalise negotiations for the State Government Entities Certified Agreement 2015, an undertaking was made that a Section 831 one-off payment of \$1,300 (or pro-rata) would be extended to those employees who resigned, retired or otherwise moved to other employment arrangements after 1 April 2016, but before the agreement was certified on 1 June 2016.



DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the Financial Statements for the year ended 30 June 2016

	2016	2015
	\$'000	\$'000
13. Cash and cash equivalents		
Cash at bank	59,225	46,381
Imprest accounts	34	39
Total Cash and Cash Equivalents	59,259	46,420

Accounting Policy - Cash and cash equivalents

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

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

14. Receivables

Current

Trade debtors	18,008	26,915
Less: allowance for impairment loss ⁽¹⁾	(389)	(55)
	17,618	26,860
Loans and advances receivable	3,241	728
GST input tax credits receivable	2,002	1,572
GST payable	-	(22)
	2,002	1,550
Appropriation revenue receivable	-	12,125
Annual leave levy reimbursements	2,323	2,978
Long service leave levy reimbursements	729	1,211
Other	31	48
	3,084	16,361
Total Current Receivables	25,945	45,499

Non-Current

Finance lease debtors	15	15
Total Non-Current Receivables	15	15

⁽¹⁾ Refer to Note 25 Financial Instruments (Credit Risk Exposure) for an analysis of movements in the allowance for impairment loss.

Accounting Policy - 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 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 25(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.

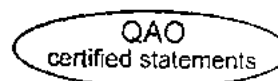
15. Other assets

Current

Prepayments	6,272	5,594
Total Other Current Assets	6,272	5,594

Non-Current

Prepayments	13,185	13,821
Total Other Assets	19,456	19,415



DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the Financial Statements for the year ended 30 June 2016

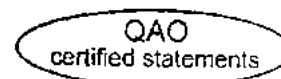
	2016 \$'000	2015 \$'000
17. Property, plant and equipment (cont'd)		
Plant and Equipment: At cost		
Gross	215,861	217,404
Less: accumulated depreciation	(104,749)	(101,121)
Less: accumulated impairment	(2,069)	(1,861)
Total Plant and Equipment	109,042	114,422
Capital Work in Progress: At cost		
At cost	2,993	384
Total Capital Work in Progress	2,993	384
Total Property, Plant and Equipment	374,452	360,176
Property, Plant and Equipment Reconciliation		

	Land 2016 \$'000	Buildings 2016 \$'000	Infrastructure 2016 \$'000	Plant and Equipment 2016 \$'000	Capital Works in Progress 2016 \$'000	Heritage & Cultural 2016 \$'000	Total 2016 \$'000
Carrying amount at 1 July 2015	108,705	120,869	15,647	114,421	384	150	360,176
Acquisitions (including upgrades)	-	15	-	6,351	8,678	-	15,044
Transfer in from other Qld Government entities	-	37	-	-	-	-	37
Disposals	(95)	(505)	-	(365)	-	-	(965)
Transfer out to other Qld Government entities	-	(10)	-	-	-	-	(10)
Transfers out to non Qld Government Entities	-	(131)	-	-	-	-	(131)
Transfers between asset classes	-	2,211	1,053	2,806	(6,068)	-	-
Revaluation increments ⁽¹⁾	16,463	5,904	2,730	-	-	102	25,199
Impairment losses recognised in the Asset Revaluation Surplus	(898)	(3,716)	-	-	-	-	(4,614)
Impairment losses recognised in operating result	(68)	359	-	(208)	-	-	83
Impairment losses reversed in equity	-	27	-	-	-	-	27
Depreciation	-	(6,118)	(312)	(13,964)	-	-	(20,394)
Carrying amount at 30 June 2016	124,108	118,940	19,117	109,042	2,993	252	374,452

⁽¹⁾ This is due to increases in the asset revaluations as a result of DAF's comprehensive revaluation exercise during 2015-16.

	Land 2015 \$'000	Buildings 2015 \$'000	Infrastructure 2015 \$'000	Plant and Equipment 2015 \$'000	Capital Works in Progress 2015 \$'000	Heritage & Cultural 2015 \$'000	Total 2015 \$'000
Carrying amount at 1 July 2014	104,710	112,877	14,515	118,845	1,124	150	352,222
Acquisitions (including upgrades)	-	13	-	8,203	4,570	-	12,786
Transfer in from other Qld Government entities	1,991	2,258	-	11	-	-	4,260
Disposals	(554)	(83)	-	(530)	-	-	(1,167)
Transfer out to other Qld Government entities	(1,076)	(1,033)	-	(54)	-	-	(2,163)
Transfers between asset classes	97	3,054	619	1,541	(5,311)	-	-
Revaluation increments	3,960	11,472	758	-	-	-	16,190
Impairment losses recognised in equity	(423)	(2,220)	-	(10)	-	-	(2,653)
Impairment on retirement	-	6	-	-	-	-	6
Depreciation	-	(5,474)	(245)	(13,585)	-	-	(19,304)
Carrying amount at 30 June 2015	108,705	120,869	15,647	114,421	384	150	360,176

Where required, impairment losses and reversals of impairment losses are shown as separate line items in the Statement of Comprehensive Income.



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

Accounting Policy - Property, plant and equipment

Recognition thresholds for 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.

Land improvements undertaken by the department are included with buildings or infrastructure based on the proximity of the asset to which they relate. Items comprising the department's technical library are expensed on 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.

Acquisition 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 machinery-of-Government 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*.

Measurement of property plant and equipment using fair value

Land, buildings, infrastructure, major plant and equipment and heritage and cultural assets are measured at fair value as required by Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses where applicable.

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

Measurement of property plant and equipment using cost

Plant and equipment, (that is not classified as major plant and equipment) is measured at cost in accordance with the Non-Current Asset Policies. The carrying amounts for such plant and equipment at cost is not materially different from their fair value.

The department does not classify any Plant and Equipment as Major Plant and Equipment.

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

Revaluation of property plant and equipment measured at fair value

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 Queensland Treasury'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 (refer also to an explanation later in this note regarding the impact of different methods of accounting for accumulated depreciation and accumulated impairment losses in conjunction with revaluations).

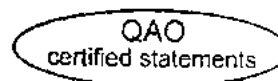
In respect of these asset classes, the cost of items acquired during the financial year has been judged by the management of DAF to materially represent their fair value at the end of the reporting period.

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.

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

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), the department will arrange for the fair values concerned to be reviewed and revised accordingly.

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.



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

Accounting Policy - Property, plant and equipment (cont'd)

Where indices have been used, they have been supplied by State Valuation Service (SVS) who provide 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.

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.

On revaluation:

- for assets revalued using a cost valuation approach (e.g. depreciated replacement cost) - accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses. This is generally referred to as the 'gross method'; and
- for assets revalued using a market or income-based valuation approach - accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating for the revaluation. This is generally referred to as the 'net method'.

In previous years, QT's NCAP mandated the gross method of revaluation for all revaluations. However, from 1 July 2014, the NCAP now require either the gross or net method be used, according to the valuation approach adopted for individual assets (as explained above). This means a reported asset class may contain assets for which revaluations are accounted for using either method. Currently, DAF do not have any assets revalued under the net method.

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.

Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. However, this increased carrying amount cannot exceed the carrying amount that would have been determined 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.

When an asset is revalued using either a market or income valuation approach, any accumulated impairment losses at that date are eliminated against the gross amount of the asset prior to restating for the revaluation.

Valuation of property plant and equipment including key estimates and judgements

Land

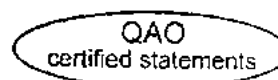
State Valuation Services (SVS) provides an individual factor change per property derived from the review of market transactions (Observable Market Data). These market movements are determined having regard to the review of land values undertaken for each local government area issued by the Valuer-General 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 that are applicable to each property. The department's land was indexed in 2014-15. The department's land was comprehensively revalued as at 31 March 2016 and indexed at 30 June 2016.

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 Queensland Treasury's 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. The department's Buildings and Improvements were indexed in 2014-15. The department's Buildings and Improvements were comprehensively revalued as at 31 March 2016 and indexed at 30 June 2016.

Certain Buildings valued at \$0.117 million (2015: \$0.149 million) are restricted by contractual obligations preventing their sale.



DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the Financial Statements for the year ended 30 June 2016

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

Accounting Policy - 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. The department's Infrastructure was indexed in 2014-15. The department's infrastructure was comprehensively revalued in 2015-16.

Plant and Equipment

The department has plant and equipment with an original cost of \$14.955 million (2015: \$23.053 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 \$14.955 million (2015: \$23.053 million) are assets written down to residual cost of \$0.818 million (2015: \$1.151 million). These assets will be replaced in accordance with business planning processes.

Certain Plant and Equipment assets valued at \$0.505 million (2015: \$0.538 million) are restricted by contractual obligations preventing their sale.

Work in Progress

The department is carrying the capital works in progress as per the QT's policies.

Heritage and Cultural Assets

Due to materiality considerations allowable by QT, the department's Heritage and Cultural assets were not indexed in 2014-15. The department's Heritage and Cultural assets were comprehensively revalued in 2015-16.

Fully impaired/depreciated assets still in use

	2016	2015
	\$'000	\$'000
Buildings	5,043	15,980
Plant and equipment	14,955	23,053
Total significant asset classes of fully depreciated assets	19,998	39,033

The buildings with an original cost of \$5.043 million (2015: \$15.980 million) included is \$0.376 million (2015: \$5.658 million) of impairment.

The department has plant and equipment with a gross cost of \$14.955 million (2015: \$23.053 million), fully depreciated with no residual value.

Fully impaired/depreciated assets not in use

The department has buildings with an original cost of \$5.797 million (2015: \$8.307 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 2016 is \$0.622 million (2015: \$0.687 million).

18. Payables

Current

Trade creditors	3,581	7,305
Taxes, fees and fines payable	72	68
Accrued expenses	5,376	6,129
Prepaid royalties	2	3
Royalties payable	105	90
Total Current Payables	9,135	13,595

Accounting Policy - Payables

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

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

19. Accrued employee benefits

Current

Salaries and wages outstanding	2,744	1,348
Annual leave levy payable	4,085	4,306
Long service leave levy payable	851	841
Eligible terminations	24	-
Total Current Accrued Employee Benefits	7,704	6,495

Accounting Policy - Accrued employee benefits

No provision for annual leave or long service leave is recognised in the department's financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

QAO
certified statements

DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the Financial Statements for the year ended 30 June 2016

	2016 \$'000	2015 \$'000
20. Unearned revenue		
Current		
Unearned revenue ⁽¹⁾	31,707	30,144
Non-Current		
Unearned revenue - rental revenue	19,451	20,928
Total Unearned Revenue	<u>51,157</u>	<u>51,072</u>

⁽¹⁾ This includes Appropriation refundable to Queensland Treasury of \$3.834 million.

21. Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity

Budgeted equity adjustment appropriation	(5,484)	(4,625)
Transfers from/to other headings	-	(2,039)
Lapsed equity adjustment ⁽¹⁾	(4,500)	-
Equity Adjustment Recognised in Contributed Equity	<u>(9,984)</u>	<u>(6,664)</u>

⁽¹⁾ This relates to the purchase of a grains research property in partnership with GRDC.

22. Asset revaluation surplus by class

	Land \$'000	Buildings \$'000	Infrastructure \$'000	Heritage \$'000	Total \$'000
Balance 1 July 2015	3,960	11,472	758	-	16,190
Revaluation surplus	15,565	2,188	2,730	102	20,585
Balance 30 June 2016	<u>19,525</u>	<u>13,660</u>	<u>3,488</u>	<u>102</u>	<u>36,775</u>
	Land \$'000	Buildings \$'000	Infrastructure \$'000	Heritage \$'000	Total \$'000
Balance 1 July 2014	-	-	-	-	-
Revaluation surplus	3,960	11,472	758	-	16,190
Balance 30 June 2015	<u>3,960</u>	<u>11,472</u>	<u>758</u>	<u>-</u>	<u>16,190</u>

23. Commitments for Expenditure

(a) Non-Cancellable Operating Leases

Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are payable as follows:

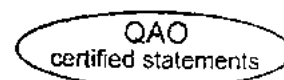
· Not later than 1 year	25,165	26,169
· Later than 1 year and not later than 5 years	67,174	69,777
· Later than 5 years	369,320	384,247
Total non-cancellable operating lease commitments	<u>461,659</u>	<u>480,193</u>

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 and reported at present value, but with inflation escalation clauses on which contingent rentals are determined. No renewal or purchase options exist in relation to operating leases and operating leases do not contain restrictions on financing or other leasing activities.

(b) Capital Expenditure Commitments

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

Buildings	669	-
Plant and equipment	492	1,284
Other	536	57
	<u>1,698</u>	<u>1,341</u>
Payable:		
· Not later than 1 year	1,698	1,341
Total capital expenditure commitments	<u>1,698</u>	<u>1,341</u>



DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the Financial Statements for the year ended 30 June 2016

	2016	2015
	\$'000	\$'000
23. Commitments for Expenditure (cont'd)		
(c) Grants and Subsidies Commitments		
Grants and subsidies commitments (inclusive of non-recoverable GST input tax credits), committed to be provided at the reporting date, but not recognised in the accounts are payable as follows:		
Payable:		
· Not later than 1 year	32,432	37,716
· Later than 1 year and not later than 5 years	28,800	19,882
Total grants and subsidies expenditure commitments	61,231	57,598

(d) Other Expenditure Commitments

Other expenditure commitments (inclusive of non-recoverable GST input tax credits), committed to provide at reporting date but not recognised in the accounts are payable as follows:

Payable:		
· Not later than one year	22,887	24,438
· Later than one year and not later than five years	4,609	4,589
· Later than five years	2,198	469
Total other expenditure commitments	29,694	29,496

The 2014-15 comparatives for all commitments have been re-cast to reflect a change in the application of GST recognition as per QT's Financial Reporting Requirements. Previously the GST inclusive amount was shown, now only the non-recoverable GST input tax credits are included.

24. Contingencies

(a) Litigation in progress

As at 30 June 2016, the following cases were filed in the courts naming the State of Queensland through DAF or DAF, as defendant:

	2016	2015
Court of Appeal	-	1
Federal Court	-	1
Supreme Court	2	1
District Court	-	1
Magistrates Court	12	9
Queensland Civil and Administrative Tribunal (QCAT)	4	1
Queensland Industrial Relations Commission (QIRC)	1	1
Anti-Discrimination Commission Queensland (ADCQ)	1	-
Total number of litigation in progress	20	15

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

Assets of the former Forestry Plantations Queensland (FPQ) were transferred to HQPlantations Pty Ltd (HQPlantations) or the State respectively in 2010. This included the transfer of potentially contaminated land and assets to the State including: underground (fuel) storage tanks, above-ground (fuel) storage tanks and herbicide disposal pits. Responsibility for the potentially contaminated land assets now rest with DAF. In 2011, an independent state-wide review of around 3,000 sites with possible contamination prioritised 99 sites for further investigation. An internal review in 2014 further reduced this to 77 sites requiring action.

DAF has a contaminated lands asset plan, which identified 23 abandoned fuel tanks and 55 herbicide pits for further assessment and remediation if needed.

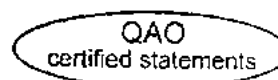
Of the 23 abandoned fuel tanks, 22 had been disposed by 30 June 2016 and the last fuel tank was excavated and disposed in July 2016. The fuel tanks were located on 12 sites across Queensland (ex FPQ plantations) and the cost to remove the 23 tanks was \$270,000. Of the 12 sites, four sites did not have contaminated soil while eight were contaminated and still have on site a stockpile of contaminated soils that an environmental consultant is working to remediate. There is provision for additional costs of up to \$30,000 to remediate the eight stockpiles containing contaminated soils. The remediation of the stockpiles will complete the DAF abandoned fuel tanks project and minimise any future environmental risks or liabilities to the State.

Of the 55 former herbicide pits located at various sites across Queensland (ex FPQ plantations) DAF will progress the long term resolution of the herbicide pits in 2016-17. DAF does not intend to seek additional funding for this work.

(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.

- 14 sales permits, which expire 31 December 2024, and 1 sales permit, which expires 31 December 2019, for the supply of native forest hardwood sawlogs from State-owned native forests in south-east Queensland;
- 2 sales permits, which expire 31 December 2031, for the supply of native forest hardwood sawlogs from State-owned native forests in western Queensland; and



24. Contingencies (cont'd)

(c) Long-Term Sales Permits (cont'd)

- 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.

25. Financial Instruments

(a) Categorisation of Financial Instruments

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

Category	Note	2016 \$'000	2015 \$'000
Financial Assets			
Cash and cash equivalents	13	59,259	46,420
Receivables	14	25,960	45,514
Total Financial Assets		85,219	91,934
Financial Liabilities			
Payables	18	9,135	13,595
Total Financial Liabilities		9,135	13,595

(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.

Financial Assets

The carrying amount of receivables disclosed in Note 14 represents the maximum exposure to credit risk.

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.

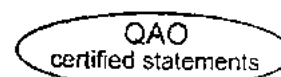
The allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor is overdue in paying a debt to the department, according to the due date in the contract. Economic changes impacting the department's debtors, and relevant industry date, also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

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

2016 Financial Assets Past Due But Not Impaired

	Ageing			
	Less than 30 days \$'000	30 - 60 days \$'000	More than 60 days \$'000	Total overdue \$'000
Receivables	13,150	1,095	1,440	15,685
Total	13,150	1,095	1,440	15,685



DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the Financial Statements for the year ended 30 June 2016

25. Financial Instruments (cont'd)

(c) Credit Risk Exposure (cont'd)

2015 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	24,701	936	184	25,822
Total	24,701	936	184	25,822

2016 Individually Impaired Financial Assets

	Ageing			Total overdue
	Less than 30 days	30 - 60 days	More than 60 days	
	\$'000	\$'000	\$'000	\$'000
Receivables	-	-	389	389
Allowance for impairment	-	-	(389)	(389)
Carrying Amount	-	-	-	-

2015 Individually Impaired Financial Assets

	Ageing			Total overdue
	Less than 30 days	30 - 60 days	More than 60 days	
	\$'000	\$'000	\$'000	\$'000
Receivables	-	-	55	55
Allowance for impairment	-	-	(55)	(55)
Carrying Amount	-	-	-	-

Movements in Allowance for Impairment

	2016	2015
	\$'000	\$'000
Opening Balance	(55)	(438)
(Increase)/decrease in allowance recognised in profit or loss	(334)	383
Closing Balance	(389)	(55)

(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 liquidity risk of financial liabilities held by the department are disclosed in Note 18. The department only has financial liabilities no more than 12 months and hence the liquidity risk is based on the undiscounted cash flows relating to the liabilities at reporting date.

(e) Market Risk

DAF does not trade in foreign currency. The department does not undertake any hedging in relation to interest risk and manages its risk as per the department's liquidity risk management strategy articulated in the department's Financial Management Practice Manual.

(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

DAF 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.

Accounting Policy - Financial Instruments

Recognition

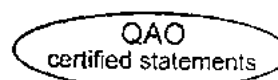
Financial assets and financial liabilities are recognised in the Statement of Financial Position when the department becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents.
- Receivables – held at amortised cost.
- Payables – held at amortised 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.



DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the Financial Statements for the year ended 30 June 2016

26. 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 2015-16. All cumulative temporary relieving in excess of two weeks has been disclosed. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Director-General

The Director-General is responsible for the efficient, effective and economic administration of the department overseeing Agriculture, Fisheries and Forestry and Biosecurity Queensland.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Current	CEO / s92 Public Service Act 2008	1 January 2016	Current
Former	CEO / s92 Public Service Act 2008	3 April 2012	31 December 2015
Temporary Relieving	CEO / s94 Public Service Act 2008	27 August 2015	30 September 2015

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.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Current	SES3 / s110 Public Service Act 2008	22 May 2013	8 April 2016
Temporary Relieving	SES3 / s112 Public Service Act 2008	13 May 2016	Current
Temporary Relieving	SES3 / s112 Public Service Act 2008	11 April 2016	12 May 2016
Temporary Relieving	SES3 / s112 Public Service Act 2008	21 September 2015	28 October 2015

Deputy Director-General, Agriculture Queensland

The Deputy Director-General is responsible for the efficient, effective and economic administration of Queensland Agriculture and Fisheries, Food, Forestry and Regional Services and functions of the department.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Current	SES4 / s110 Public Service Act 2008	1 January 2016	Current
Former	SES4 / s110 Public Service Act 2008	4 June 2012	31 December 2015
Temporary Relieving	SES4 / s112 Public Service Act 2008	27 August 2015	16 October 2015

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.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Current	SES3 / s110 Public Service Act 2008	13 February 2013	Current

Chief Biosecurity Officer, Biosecurity Queensland

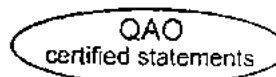
The Chief Biosecurity Officer is responsible for the efficient, effective and economic administration of Queensland's Biosecurity functions and responsibilities of the department.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Current	SES4 / s110 Public Service Act 2008	12 October 2012	Current

Chief Finance Officer & Executive Director, Finance and Asset Management

The Chief Finance Officer & Executive Director is responsible for the efficient, effective and economic administration of financial operations and functions for the department.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Current	SES2 / s110 Public Service Act 2008	23 April 2012	12 May 2016
Temporary Relieving	SES2 / s112 Public Service Act 2008	13 May 2016	Current
Temporary Relieving	SES2 / s112 Public Service Act 2008	14 September 2015	6 November 2015



DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the Financial Statements for the year ended 30 June 2016

26. Key Management Personnel and Remuneration (cont'd)

a) Key Management Personnel (cont'd)

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.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Current	SES3 / s110 <i>Public Service Act 2008</i>	20 May 2016	Current
Temporary Relieving	SES3 / s112 <i>Public Service Act 2008</i>	27 January 2016	19 May 2016
Former	SES3 / s110 <i>Public Service Act 2008</i>	17 October 2011	31 December 2015
Temporary Relieving	SES3 / s112 <i>Public Service Act 2008</i>	27 August 2015	16 October 2015

Executive Director, Agri-Science Queensland

The Executive Director is responsible for the efficient, effective and economic administration of Queensland's Agricultural Science services and functions of the department.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Current	SES3 / s110 <i>Public Service Act 2008</i>	2 December 2015	Current
Temporary Relieving	SES3 / s112 <i>Public Service Act 2008</i>	6 January 2016	20 January 2016
Temporary Relieving	SES3 / s112 <i>Public Service Act 2008</i>	2 November 2015	1 December 2015
Former	SES3 / s122 <i>Public Service Act 2008</i>	31 October 2011	30 October 2015

b) Remuneration

Remuneration policy for the department's key management personnel is set by the PSC as provided for under the *Public Service Act 2008*. Individual remuneration and other terms of employment (including motor vehicle entitlements) are specified in employment contracts.

For the 2015–16 year, remuneration of key management personnel increased by 2.5% 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:

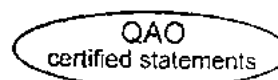
- Short term employee expenses which include:
 - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee was a key management person.
 - non-monetary benefits - consisting of provision of vehicle together with fringe benefits 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.

1 July 2015 – 30 June 2016

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Total Expenses ⁽¹⁾
	Monetary Benefits \$ '000	Non-Monetary Benefits \$ '000	\$ '000	\$ '000	\$ '000
Director-General	368	-	7	54	429
Deputy Director-General, Corporate ⁽²⁾	240	-	4	25	269
Deputy Director-General, Agriculture Queensland	254	-	5	25	284
Deputy Director-General, Fisheries and Forestry	234	-	4	25	263
Chief Biosecurity Officer	244	-	5	25	274
Chief Finance Officer & Executive Director ⁽²⁾	221	-	3	18	242
Executive Director, Regions and Industry Development	209	-	4	20	232
Executive Director, Agri-Science Queensland	237	-	5	25	267
Total	2,007	-	37	217	2,260

⁽¹⁾ The key management personnel and remuneration expenses above for 2015-16 do not include any termination benefits.

⁽²⁾ These positions are shared with the DTESB and are funded by DAF to 30 June 2016 as per the BCP arrangement.



DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the Financial Statements for the year ended 30 June 2016

26. Key management personnel and remuneration (cont'd)

b) Remuneration (cont'd)

1 July 2014 – 30 June 2015

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Total Expenses ⁽¹⁾
	Monetary Benefits \$ '000	Non-Monetary Benefits \$ '000	\$ '000	\$ '000	\$ '000
Director-General ⁽²⁾	380	-	7	41	428
Deputy Director-General, Corporate ⁽³⁾	210	-	4	24	239
Deputy Director-General, Agriculture (including Agri-Science Queensland)	240	-	5	27	271
Deputy Director-General, Fisheries and Forestry	231	-	4	24	259
Chief Biosecurity Officer, Biosecurity Queensland	212	-	4	25	241
Chief Finance Officer & Executive Director ⁽³⁾	177	13	4	20	214
Executive Director, Regions and Industry Development	192	-	3	22	216
Managing Director, Agri-Science Queensland	218	-	4	24	247
Total	1,860	13	35	207	2,115

⁽¹⁾ The key management personnel and remuneration expenses above for 2014-15 do not include any termination benefits.

⁽²⁾ The short term employee benefits in 2014-15 included the 2013-14 At Risk Component, which was paid in the pay period ending 31 October 2014.

⁽³⁾ These positions are shared with the DTESB and are fully funded by DAF to 30 June 2015 as per the BCP arrangement.

c) Performance payments

The basis for performance payments expensed in the 2015-16 financial year is set out below:

Position	Basis for Entitlement and Assessment	Date Paid	Amount
Current Director-General	The remuneration package for the current Director-General does not provide for any performance or bonus payments.	N/A	N/A

The basis for performance payments expensed in the 2014-15 financial year is set out below:

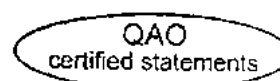
Position	Basis for Payment	Date Paid	Amount
Director-General	The remuneration package for the former Director-General provided for performance payments (also known as an "At Risk" Component) to be made conditional on the achievement of objectives that were documented in that position's performance agreement. The basis for payment was subject to a rigorous and independent assessment of those performance objectives and agreed KPIs being achieved, culminating in recommendations to the Premier. The Premier retained ultimate discretion as to whether payment of the "at risk" component was paid, including the amount payable. The former Director-General became entitled to receive a performance payment in respect of the 2013-14 year following authorisation by the former Premier.	Pay Period Ended 31 October 2014	\$10,350

Accounting Policy - Key Management Personnel and Remuneration

Key management personnel and remuneration disclosures are made in accordance with part 3C of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury.

27. Events occurring after balance date

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



DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the Financial Statements for the year ended 30 June 2016

28. Budget vs Actual Comparison

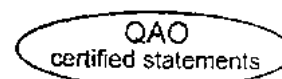
NB. A budget vs actual comparison, and explanations of major variances, has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

Statement of Comprehensive Income

	Variance Notes	Original Budget 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000	Variance % of Budget
Income from operations					
Appropriation revenue	1	312,340	284,209	(28,131)	(9)
User charges and fees	2	93,373	123,714	30,341	32
Grants and other contributions	3	8,023	22,852	14,829	185
Royalties and other territorial revenue	4	23,511	25,623	2,112	9
Other revenue	5	465	1,615	1,150	247
Total Revenue		437,712	458,013	20,300	5
Gains on disposal/remeasurement of assets	6	274	2,165	1,891	690
Total Income from operations		437,986	460,178	22,191	5
Expenses from operations					
Employee expenses	7	193,383	197,414	(4,031)	(2)
Supplies and services	8	183,801	196,877	(13,076)	(7)
Grants and subsidies	9	38,104	40,490	(2,386)	(6)
Depreciation and amortisation	10	20,398	21,527	(1,129)	(6)
Impairment losses	11	3	595	(592)	(19,734)
Other expenses	12	2,297	3,273	(976)	(43)
Total Expenses from operations		437,986	460,178	(22,191)	(5)
Operating Result for the year		-	-	-	-
Other Comprehensive Income					
Items that will not be reclassified subsequently to Operating Result:					
Increase/(decrease) in asset revaluation surplus	13	19,040	20,585	1,545	8
Total Other Comprehensive Income		19,040	20,585	1,545	8
Total Comprehensive Income		19,040	20,585	1,545	8

Explanation of major variances:

- The decrease is mainly due to the deferral of funding from 2015-16 to 2016-17 for various departmental programs including Drought Relief Assistance Scheme (DRAS), Panama Tropical Race 4 (TR4), Queensland Forestry and Timber Industry Plan, Biosecurity Information Management System (BIMS) and Sugar Research Australia (SRA) to match funding with anticipated cashflows. Funding that was deferred to 2015-16 from 2014-15 was also decreased due to higher than expected end of year adjustments in 2014-15. This is partly offset by additional Commonwealth appropriation funding from the Managing Weed and Pest in Drought Queensland initiative and the funding to purchase a grains research property in partnership with GRDC.
- The increase is largely due to additional revenue for National Cost Sharing (NCS) arrangements from other States and Territories (including the National Red Imported Fire Ant Eradication Program (NRIFAEP), Red Witchweed and Four Tropical Weeds), and additional revenue from DEHP for the net-free fishing zones initiative which were not finalised until after the 2015-16 State Budget was delivered. In addition, increased revenue received by Information and Technology Partners (ITP) relating to discretionary services provided higher than expected revenue through the BCP.
- The increase is largely due to additional revenue from the Australian Government for programs delivered under NCS arrangements (including NRIFAEP, Red Witchweed and Four Tropical Weeds), which were not finalised until after the 2015-16 State Budget was delivered. Additional funding was also received in June from the Australian Government for weed and pest management programs.
- The increase is due higher than expected sales of hardwood and cypress timber materials and higher than expected royalties within Agri-Science Queensland for Rhinogard and haemolytica vaccines, mandarins, queen garnet plums and mangoes.
- The increase is due to revenue received from QGIF relating to insurance claims at various sites following the Brisbane Storms in 2015.
- Higher than expected cattle prices due to more favourable conditions has led to an increase in the livestock valuation.
- Employee expenses exceed the original budget mainly due to the one-off \$1,300 salary payment that was paid to core public servants and the Enterprise Bargaining increase from the original allocation of 2.2% from December 2015 to 2.5% backdated to September 2015.
- Supplies and services expenses are higher than the original budget due to additional expenses for programs delivered under NCS following finalisation of the funding arrangements after the 2015-16 State Budget was delivered, (including NRIFAEP, Red Witchweed and Four Tropical Weeds). There is also increased expenses associated with contracted projects undertaken by ITP through the BCP. The variance can also be attributed to the increased use of short term hire labour hire contractors, which has provided the department with greater flexibility to meet surge, seasonal and emergency response demands across the state.
- The increase relates to a capital grant for the purchase of a grains property in partnership with GRDC and grants associated with the net-free fishing zone initiative which were not included in the 2015-16 budget. This is partially offset by lower than expected expenses associated with the DRAS due to a reduction in demand for fodder freight subsidies and water infrastructure rebates.
- The increased expense mainly reflects the adjustments to asset valuations as a result of DAF's full comprehensive revaluation exercise during 2015-16.
- The increased expense relates to the recognition of doubtful and bad debts, and an impairment for Information Technology (IT) related assets.
- The increased expense reflects higher than expected costs relating to patents and loss of sale of property, plant and equipment.
- The increase in asset revaluations largely reflects the adjustments to asset valuations as a result of DAF's full comprehensive revaluation exercise during 2015-16.



DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the Financial Statements for the year ended 30 June 2016

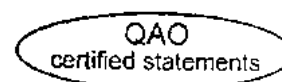
28. Budget vs Actual Comparison (cont'd)

Statement of Financial Position

	Variance	Original Budget	Actual	Variance	Variance % of Budget
	Notes	2016	2016	2016	
		\$'000	\$'000	\$'000	
Current Assets					
Cash and cash equivalents	14	40,833	59,259	18,426	45
Receivables	15	29,068	25,945	(3,123)	(11)
Inventories		1,239	1,132	(107)	(9)
Other current assets	16	4,413	6,272	1,859	42
		<u>75,553</u>	<u>92,608</u>	<u>17,055</u>	<u>23</u>
Total Current Assets		75,553	92,608	17,055	23
Non-Current Assets					
Receivables		29	15	(14)	(48)
Intangible assets	17	3,258	1,638	(1,620)	(50)
Property, plant and equipment	18	363,050	374,452	11,402	3
Other non-current assets		12,779	13,185	406	3
		<u>379,116</u>	<u>389,289</u>	<u>10,173</u>	<u>3</u>
Total Non-Current Assets		379,116	389,289	10,173	3
Biological Assets					
Biological assets	19	1,824	3,050	1,226	67
		<u>1,824</u>	<u>3,050</u>	<u>1,226</u>	<u>67</u>
Total Biological Assets		1,824	3,050	1,226	67
Total Assets		456,493	484,947	28,454	6
Current Liabilities					
Payables		9,632	9,135	497	5
Accrued employee benefits	20	4,275	7,704	(3,429)	(80)
Unearned revenue	21	19,425	31,707	(12,282)	(63)
Other current liabilities		-	2	(2)	-
		<u>33,332</u>	<u>48,548</u>	<u>(15,216)</u>	<u>(46)</u>
Total Current Liabilities		33,332	48,548	(15,216)	(46)
Non-Current Liabilities					
Unearned revenue	22	21,150	19,451	1,699	8
		<u>21,150</u>	<u>19,451</u>	<u>1,699</u>	<u>8</u>
Total Non-Current Liabilities		21,150	19,451	1,699	8
Total Liabilities		54,482	67,999	(13,517)	(25)
Net Assets		402,011	416,948	(14,937)	(4)
Equity					
Contributed Equity		394,006	391,208	(2,798)	(1)
Accumulated surplus/(deficit)		(11,035)	(11,035)	-	-
Asset revaluation surplus	23	19,040	36,775	17,735	93
		<u>402,011</u>	<u>416,948</u>	<u>(14,937)</u>	<u>(4)</u>

Explanation of major variances:

14. The increase is largely due unexpended funding received from external Research and Development funding bodies under contractual arrangements and funding received for fish habitat environmental offsets for remediation works that has not yet commenced. An additional \$3 million was also received in late June from the Australian Government for weed and pest management programs and funds of \$2.1 million for DRAS were unspent at year end. Both of these have been recognised as a payable to Queensland Treasury in June 2016. Also contributing to the variance is the lower than expected receivables balance largely relating to the payment of invoices from the Australian Government earlier than expected.
15. The decrease is largely due to the payment of NCS invoices by the Australian Government earlier than the payment terms.
16. The increase is largely due to higher than expected prepayments for software maintenance agreements.
17. The decrease is mainly due to lower than expected purchases of new software and internally generated software during 2015-16.
18. The increase in asset revaluations largely reflects the adjustments to asset valuations as a result of DAF's full comprehensive revaluation exercise during 2015-16.
19. Higher than expected cattle prices due to more favourable conditions has led to an increase in the livestock valuation.
20. The increase relates to the timing of payments for accrued employee benefits for salaries and wages on-costs at the end of the financial year.
21. The increase reflects higher than expected unearned revenue for contractual agreements for Research and Development projects, funding from the Gladstone Port Authority for fish habitat remediation works that have not commenced, NCS revenue not yet expended and a payable to Queensland Treasury for the unexpended DRAS funds and the Australian Government funding for weed and pest management programs.
22. The decrease represents the recognition of revenue for the building fit-out from CSIRO for EcoSciences and Health Food Sciences Precincts.
23. The increase in asset revaluations largely reflects the adjustments to asset valuations to reflect market values at 30 June 2016.



DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the Financial Statements for the year ended 30 June 2016

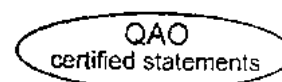
28. Budget vs Actual Comparison (cont'd)

Statement of Cash Flows

	Variance Notes	Original Budget 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000	Variance % of Budget
Cash flows from operating activities					
<i>Inflows:</i>					
Service appropriation receipts	24	312,340	300,168	(12,172)	(4)
User charges and fees	25	92,312	127,734	35,422	38
Grants and other contributions	26	8,023	21,220	13,197	164
Royalties and other territorial receipts	27	23,511	25,623	2,112	9
GST input tax credits received from Australian Taxation Office		13,181	8,921	(4,260)	(32)
GST collected from customers		-	11,782	11,782	-
Other inflows		1,065	1,175	110	10
<i>Outflows:</i>					
Employee expenses	28	(193,533)	(195,046)	(1,513)	1
Supplies and services	29	(184,414)	(199,213)	(14,799)	8
Grants and subsidies	30	(38,104)	(40,490)	(2,386)	6
GST paid to suppliers		(13,131)	(21,156)	(8,025)	61
Other outflows		(2,897)	(3,024)	(127)	4
Net cash provided by (used in) operating activities		18,353	37,695	19,342	105
Cash flows from investing activities					
<i>Inflows:</i>					
Sales of property, plant and equipment	31	2,403	218	(2,185)	(91)
<i>Outflows:</i>					
Payments for property, plant and equipment	32	(19,256)	(14,955)	4,301	(22)
Net cash provided by (used in) investing activities		(16,853)	(14,872)	1,981	(12)
Cash flows from financing activities					
<i>Outflows:</i>					
Equity withdrawals	33	(7,324)	(9,984)	(2,660)	36
Net cash provided by (used in) financing activities		(7,324)	(9,984)	(2,660)	36
Net increase/(decrease) in cash and cash equivalents		(5,824)	12,839	18,663	(320)
Cash and cash equivalents at beginning of financial year		46,657	46,420	(237)	(1)
Cash and cash equivalents at end of financial year	14	40,833	59,259	18,426	45

Explanation of major variances:

24. The decrease is mainly due to the deferral of funding from 2015-16 to 2016-17 for various departmental programs including DRAS, Panama TR4, Queensland Forestry and Timber Industry Plan, BIMS and SRA to match funding with anticipated cashflows. This is partly offset by additional Commonwealth appropriation funding from the Managing Weed and Pest in Drought Queensland initiative and the funding to purchase a grains research property in partnership with GRDC.
25. The increase is largely due to additional revenue for NCS arrangements from other States and Territories (including NRIFAEP, Red Witchweed and Four Tropical Weeds), and additional revenue from DEHP for the net-free fishing zones initiative which were not finalised until after the 2015-16 State Budget was delivered. In addition, increased revenue received by ITP relating to discretionary services provided higher than expected revenue through the BCP.
26. The increase is largely due to additional revenue from the Australian Government for programs delivered under NCS arrangements (including NRIFAEP, Red Witchweed and Four Tropical Weeds), which were not finalised until after the 2015-16 State Budget was delivered. Additional funding was also received in June from the Australian Government for weed and pest management programs.
27. The increase is due higher than expected sales of hardwood and cypress timber materials and higher than expected royalties within Agri-Science Queensland for Rhinogard and haemolytica vaccines, mandarins, queen garnet plums and mangoes.
28. Employee expenses exceed the original budget mainly due to the one-off \$1,300 salary payment that was paid in June to core public servants and the additional Enterprise Bargaining increase from the original allocation of 2.2% from December 2015 to 2.5% backdated to September 2015.



DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the Financial Statements for the year ended 30 June 2016

28. Budget vs Actual Comparison (cont'd)

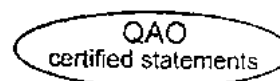
Statement of Cash Flows (cont'd)

Explanation of major variances:

29. Supplies and services expenses are expected to be higher than the original budget at June 2016 due to additional expenses for programs delivered under NCS following finalisation of the funding arrangements after the 2015-16 State Budget was delivered, (including NRIFAEP, Red Witchweed and Four Tropical Weeds). There is also increased expenses associated with contracted projects undertaken by ITP through the BCP. The variance can also be attributed to the increased use of short term hire labour hire contractors, which has provided the department with greater flexibility to meet surge, seasonal and emergency response demands across the state.
30. The increase relates to a capital grant for the purchase of a grains property in partnership with GRDC and grants associated with the net-free fishing zone initiative which were not included in the 2015-16 budget. This is partially offset by lower than expected expenses associated with the DRAS due to a reduction in demand for fodder freight subsidies and water infrastructure rebates.
31. The decrease is mainly due to a delay in the timing of an asset sale as a result of current climatic conditions.
32. The decrease is largely due to the timing of capital purchases and projects.
33. This increase is mainly due to funding adjustments for the purchase of a grains research property in partnership with GRDC during 2015-16. This is partly offset by a decrease in equity adjustments due to a delay in the timing of an asset sale as a result of current climatic conditions.

29. Schedule of Administered Items

	Revenue Collection		QRAA		Forestry Assets	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Administered Income						
Appropriation revenue	-	-	9,567	9,211	150	157
User charges and fees	1,777	1,671	-	-	-	-
Other revenue	19	-	-	-	42	193
Total Administered Income	1,796	1,671	9,567	9,211	192	350
Administered Expenses						
Grants to Queensland Rural Adjustment Authority (QRAA)	-	-	9,567	9,211	-	-
Depreciation and Amortisation	-	-	-	-	150	158
Decrement revaluation of land	-	-	-	-	89	38
Other expenses	19	-	-	-	-	182
Transfers of Administered Income to Government	1,777	1,671	-	-	42	38
Total Administered Expenses	1,796	1,671	9,567	9,211	281	416
Operating (Deficit)	-	-	-	-	(89)	(66)
Administered Assets						
Current						
Cash and cash equivalents	(41)	(52)	-	-	(34)	(47)
Receivables	110	128	-	-	5	39
Total	69	76	-	-	(29)	(8)
Non-Current						
Property, Plant and Equipment	-	-	-	-	3,056	3,204
Total	-	-	-	-	3,056	3,204
Total Assets	69	76	-	-	3,027	3,195
Administered Liabilities						
Current						
Payables	3	11	-	-	-	21
Other current liabilities	-	-	-	-	7	-
Total	3	11	-	-	7	21
Net Assets	65	65	-	-	3,020	3,174
Administered Equity						
Contributed Equity						
Appropriated	65	65	-	-	3,507	3,664
Total Contributed Equity	65	65	-	-	3,507	3,664
Accumulated Deficit	-	-	-	-	(792)	(693)
Asset Revaluation Surplus	-	-	-	-	305	204
Total	65	65	-	-	3,020	3,174



DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the Financial Statements for the year ended 30 June 2016

29. Schedule of Administered Items (cont'd)

	General - Not Attributed		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Administered Income				
Appropriation revenue	1,700	2,500	11,417	11,868
User charges and fees	-	-	1,777	1,671
Other revenue	-	-	61	193
Total Administered Income	1,700	2,500	13,255	13,733
Administered Expenses				
Grants to QRAA	-	-	9,567	9,211
Grants to Australian Agricultural College Corporation	1,700	2,500	1,700	2,500
Depreciation and Amortisation	-	-	150	158
Decrement revaluation of land	-	-	89	38
Other expenses	-	-	19	182
Transfers of Administered Income to Government	-	-	1,819	1,709
Total Administered Expenses	1,700	2,500	13,344	13,799
Operating Surplus/(Deficit)	-	-	(89)	(66)
Administered Assets				
<i>Current</i>				
Cash and cash equivalents	-	-	(75)	(99)
Receivables	-	-	115	167
Total	-	-	40	68
<i>Non-Current</i>				
Property, Plant and Equipment	-	-	3,056	3,204
Total	-	-	3,056	3,204
Total Assets	-	-	3,096	3,272
Administered Liabilities				
<i>Current</i>				
Payables	-	-	3	32
Other current liabilities	-	-	7	-
Total	-	-	10	32
Net Assets	-	-	3,085	3,240
Administered Equity				
Contributed Equity				
Appropriated	349	216	3,921	3,946
Total Contributed Equity	349	216	3,921	3,946
Accumulated Deficit	(349)	(216)	(1,141)	(909)
Asset Revaluation Surplus	-	-	305	204
Total	-	-	3,085	3,240

Accounting Policy - Schedule of administered items

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.

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

30. Reconciliation of payments from consolidated fund to administered income

Budgeted appropriation	11,148	9,203
Equity Adjustment	157	159
Transfers from/to other headings	-	476
Unforeseen expenditure	-	2,537
Treasurer's transfers	119	-
Total administered receipts	11,424	12,375
Less: Opening balance of administered revenue receivable	-	(507)
Less: Closing balance of deferred appropriation refundable to Consolidated Fund (payable)	(7)	-
Total Administered Items	11,417	11,868
This is represented by:		
Administered item revenue recognised in the statement of comprehensive income	11,417	11,868
Total	11,417	11,868

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DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the Financial Statements for the year ended 30 June 2016

30. Reconciliation of payments from consolidated fund to administered income (cont'd)

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

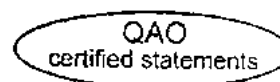
Budgeted equity adjustment appropriation			(157)	(159)
Total equity adjustment receipts (payments)			(157)	(159)
Plus: opening balance of equity adjustment payable			-	2
Equity adjustment recognised in contributed equity			(157)	(157)

31. Administered Activities Budget vs Actual Comparison

	Variance	Original Budget	Actual	Variance	Variance % of Budget
	Notes	2016	2016	2016	
		\$'000	\$'000	\$'000	
Administered Income					
Appropriation revenue	34	11,305	11,417	112	1
User charges and fees		1,740	1,777	37	2
Other revenue		-	61	(61)	-
Total Administered Income		13,045	13,255	210	2
Administered Expenses					
Grants and subsidies					
Grants to QRAA	35	9,448	9,567	(119)	(1)
Grants to Australian Agricultural College Corporation		1,700	1,700	-	-
Depreciation and Amortisation		157	150	7	4
Decrement revaluation of land	36	-	89	(89)	0
Other expenses		-	19	(19)	-
Transfers of Administered Income to Government		1,740	1,819	(79)	(5)
Total Administered Expenses		13,045	13,344	(299)	(2)
Operating Surplus/(Deficit)		-	(89)	89	-
Administered Assets					
<i>Current</i>					
Cash and cash equivalents		67	(75)	(142)	(212)
Receivables		40	115	75	186
Total		107	40	(67)	(63)
<i>Non-Current</i>					
Property, Plant and Equipment	37	3,358	3,056	(302)	(9)
Total		3,358	3,056	(302)	(9)
Total Assets		3,465	3,096	(369)	(11)
Administered Liabilities					
<i>Current</i>					
Payables		44	3	41	92
Other Current Liabilities		-	7	(7)	0
Total		44	10	34	92
Net Assets		3,421	3,085	(336)	(10)
Administered Equity					
<i>Contributed Equity</i>					
Appropriated		3,780	3,921	(141)	(4)
Total Contributed Equity		3,780	3,921	(141)	(4)
Accumulated Surplus/Deficit		(844)	(1,141)	297	(35)
Asset Revaluation Surplus	38	485	305	180	37
Total		3,421	3,085	(336)	(10)

Explanation of major variances:

34. The increase is due to additional supplementation for QRAA for enterprise bargaining agreements.
35. Refer to Variance Note 34.
36. The increase to expense reflects a devaluation of land as a result of DAF's full comprehensive revaluations as at 31 March 2016.
37. The decrease in property, plant and equipment reflects the posting of DAF's full comprehensive revaluations as at 31 March 2016.
38. Refer to Variance Note 37.



DEPARTMENT OF AGRICULTURE AND FISHERIES
Notes to the Financial Statements for the year ended 30 June 2016

	2016 \$'000	2015 \$'000
32. Trust transactions and balances		
Trust Collections and Distributions		
Collections		
Forestry security deposits	17	121
Other distributions	102	41
Total Collections	<u>119</u>	<u>162</u>
Distributions		
Forestry security deposits	70	86
Other	41	68
Total Distributions	<u>111</u>	<u>155</u>
Increase (Decrease) in Trust Assets	<u>8</u>	<u>7</u>
Trust Assets and Liabilities		
Current Assets		
Cash	632	624
Total Current Assets	<u>632</u>	<u>624</u>
Current Liabilities		
Forestry security deposits	530	583
Other trust balances payable	102	41
Total Current Liabilities	<u>632</u>	<u>624</u>
Total Trust Liabilities	<u>632</u>	<u>624</u>
Accounting Policy - Trust transactions and balances		

The department acts as trustee for and manages a number of trusts on behalf of companies and individuals for forestry activities. 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.

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

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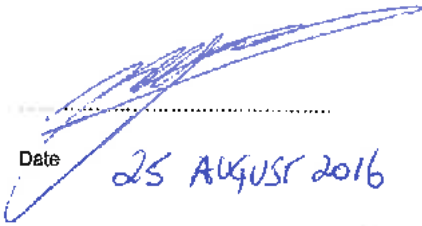
Certificate of the Department of Agriculture and Fisheries

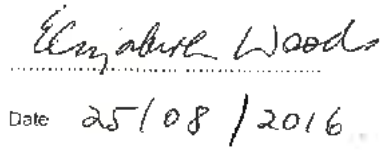
These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 42 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act we certify 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 and Fisheries for the financial year ended 30 June 2016 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.

Mike Richards B.Com., MIPA
Chief Finance Officer (Acting)
Executive Director

Dr. Elizabeth Woods
Director-General


Date 25 AUGUST 2016


Date 25/08/2016



INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Agriculture and Fisheries

Report on the Financial Report

I have audited the accompanying financial report of the Department of Agriculture and Fisheries, which comprises the statement of financial position and statement of assets and liabilities by major departmental services, as at 30 June 2016, 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 Acting 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*:

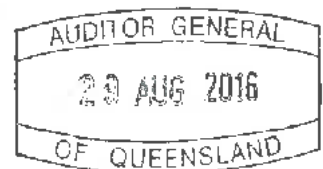
- (a) I have received all the information and explanations which I have required
- (b) in my opinion:
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Department of Agriculture and Fisheries for the financial year 1 July 2015 to 30 June 2016 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

Our essential disclosures

Appendix 1: Online reporting

To support accountability and transparency across government, a number of reporting requirements are now released online through the open data portal in lieu of inclusion in the annual report.

Table A1: Annual reporting requirements available through the Queensland Government open data portal

Reporting requirement	Available series
Consultancies	2012–13, 2013–14, 2014–15, 2015–16
Overseas travel	2012–13, 2013–14, 2014–15, 2015–16
<i>Queensland language services policy</i>	2014–15, 2015–16
Government entities	2014–15

Government entities/bodies in 2015–16 are published on the departmental website at www.daf.qld.gov.au.

Appendix 2: Related entities

These entities, together with the department, form the ministerial portfolio for the Minister for Agriculture and Fisheries (2015–16).

Table A2: Related entities

Name	Type of entity	Functions	Legislation under which the entity was established	Annual reporting arrangement
Queensland Agricultural Training Colleges	Statutory body	Provide high quality agricultural and rural vocational education and training	<i>Queensland Agricultural Training Colleges Act 2005</i>	Annual report tabled in Parliament
Darling Downs–Moreton Rabbit Board	Statutory body	Take reasonable steps to ensure the board's operational area is kept free from rabbits	<i>Land Protection (Pest and Stock Route Management) Act 2002</i> (will continue under the new <i>Biosecurity Act 2014</i>)	Annual report tabled in Parliament
QRAA ¹	Statutory body	Administering approved financial assistance schemes	<i>Rural and Regional Adjustment Act 1994</i>	Annual report tabled in Parliament
Safe Food Production Queensland	Statutory body	Food safety relating to the production of primary produce	<i>Food Production (Safety) Act 2000</i>	Annual report tabled in Parliament
Veterinary Surgeons Board of Queensland	Statutory authority	Registration of veterinary surgeons and the control of veterinary science practice	<i>Veterinary Surgeons Act 1936</i>	The transactions of the entity are included in the department's financial statements

1. QRAA will be replaced with the Queensland Rural and Industry Development Authority. With an expanded board charter and a comprehensive evaluation of loan products and facilities offered, the new entity will better support and improve the financial sustainability of the rural sector and Primary Industry Productivity Scheme.

Appendix 3: Performance statements

Table A3: Performance statements (2015–16)

Service standard	Notes	2015–16 target/estimate	2015–16 estimated actual	2015–16 actual
Service area: Agriculture				
Service: Strategic policy and planning				
Proportion of stakeholders who have a high level of satisfaction with Agriculture policy and planning, consultation and engagement processes	1	70%	70%	Not available
Percentage of customers whose application for business assistance as a result of natural disaster or drought is processed within 21 days		90%	94%	97%
Average cost per hour to conduct regulatory policy and reform activities		\$75	\$72	\$70
Service: Regions and industry development				
Percentage of primary producers in reef catchments who adopt best management practices after participation in DAF extension programs	2	30%	30%	58%
Average cost of regional agricultural advocacy activities	3	\$5 000	\$1 500	\$839
Service: Agri-Science Queensland				
Percentage of customers indicating that participation in a research development and extension activity contributes to business improvements	4	75%	75%	64%
Level of funding partner satisfaction that research outcomes contribute to industry productivity growth	5	80%	80%	100%
Percentage return on research development and extension investment through royalty returns	6	4%	4%	4.54%
Service area: Biosecurity Queensland				
Percentage of significant response programs on track to deliver nationally agreed outcomes (on time and on budget)		100%	100%	100%
Average cost per hour to deliver biosecurity services for Queensland	7	\$60	\$52	\$48
Service area: Fisheries and Forestry				
Service: Fisheries				
Percentage of key Queensland fish stocks assessed that are considered to have no sustainability concerns	8	85%	93%	93%
Percentage of units inspected that are compliant with fisheries laws		93%	92%	92%

Service standard	Notes	2015–16 target/ estimate	2015–16 estimated actual	2015–16 actual
Service area: Fisheries and Forestry				
Service: Fisheries				
Percentage of applications for development-related approvals processed within agreed time frames and within budget		100%	100%	100%
Average cost of inspections		\$480	\$480	\$456
Average number of inspections per FTE		298	298	295
Service: Forestry				
Percentage of findings from the previous third party audit confirmed as satisfactorily addressed in order to maintain certification to the <i>Australian standard: sustainable forest management (AS4708:2013)</i>		100%	100%	100%
Total of forest product sales quantities per total forest product Full Time Equivalent (FTE):				
(a) native forest timber (m ³ /FTE)		2 670	2 790	2 665
(b) quarry material (m ³ /FTE)	9	46 670	47 200	41 935

Notes:

1. The result aggregates stakeholder responses on three aspects of satisfaction with engagement on agricultural policy and planning matters to provide an overall satisfaction rating. The 2015–16 stakeholder survey only received a very limited number of returns, therefore a valid response was not obtained and the measure is not able to be reported. Survey timing did not permit subsequent follow-up within the reporting period. In 2016–17, emphasis will be placed on improving the survey process and response rates, including consideration of the timing of the survey and additional correspondence to stakeholders raising awareness of the importance of the survey for business improvement.
2. This measure is influenced by a number of factors, such as a producer's financial situation, seasonal conditions, markets and personal situation, which may impact their ability to adopt practice change. These are outside DAF's influence and may positively or negatively impact on target achievement. The actual result exceeds the 2015–16 target and estimated actual, indicating that more producers engaged in DAF activities in both the cane and grazing industries than anticipated have adopted practice change.
3. This was a new measure for 2015–16 and the initial target was an estimate based on limited prior data collection on advocacy activities. Advocacy activities include three broad groups—formal representation of the sector and the department's interests in formal planning and development approval processes, support for the Minister's regional activities including community cabinet, and representation at key consultative and stakeholder forums and meetings. The initial target reflected the previously dominant focus on advocacy in formal planning and development application processes, which often require written submissions and the gathering of supporting evidence. The 2015–16 year was characterised by a higher number of representations at key consultation and other forums, and support for the new Minister's stakeholder engagements. These advocacy activities were generally less time intensive, which reduced the overall cost for service delivery.
4. Over 2100 participants completed the survey. While the result for 2015–16 is down on the result from 2014–15, this is consistent with historical trends.
5. The strong 2015–16 result is partly due to a new, more specific question of satisfaction in the DAF External Funders Survey.
6. The 2015–16 percentage return on investment is higher than expected due to Calypso mango royalties bouncing back due to increased production and good mango sales, and an increase in sweet corn royalties due to increased international sales.
7. Reforms to the Biosecurity Queensland business model have resulted in lower costs to deliver biosecurity services.
8. This measure determines the status of key Queensland fish stocks using a nationally consistent methodology. Stock status categories align with the national process. Although the service standard continues to measure the sustainability of fish stocks using the national methodology, it is not directly comparable to results prior to 2014, which were based upon state-specific assessment criteria. Under the nationally consistent system for stock status, an assessment of all Queensland species of importance is completed over 24 months, rather than 12 months. This means a different group of species is assessed each year as well as a re-assessment of any species of concern. For this reason, the Service Delivery Statements target may vary over a 2-year cycle. Queensland will publish assessment results each year. In December 2015, DAF determined the stock status of 43 fish stock and of these, 3 stocks were identified as having sustainability concerns. Therefore, the percentage of key Queensland fish stocks considered to have no sustainability concerns is 93 per cent.
9. These measures enable the department to assess the efficiency of its forest product sales operations. Quarry material (m³/FTE) efficiency performance is 10 per cent below target for the year due to reduced demand for quarry materials.

Appendix 4: Administered legislation

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 2016, DAF administered the following legislation for the Minister for Agriculture and Fisheries.

Table A4: Legislation administered by DAF (2015–16)

Legislation	Note
<i>Agricultural and Veterinary Chemicals (Queensland) Act 1994</i>	
<i>Agricultural Chemicals Distribution Control Act 1966</i>	
<i>Agricultural Standards Act 1994</i>	<i>Agricultural Standards Act 1994</i> will be repealed on commencement of the <i>Biosecurity Act 2014</i> on 1 July 2016
<i>Animal Care and Protection Act 2001</i>	
<i>Animal Management (Cats and Dogs) Act 2008</i>	
<i>Apiaries Act 1982</i>	<i>Apiaries Act 1982</i> will be repealed on commencement of the <i>Biosecurity Act 2014</i> on 1 July 2016
<i>Biological Control Act 1987</i>	
<i>Biosecurity Act 2014</i>	<i>Biosecurity Act 2014</i> received assent on 13 March 2014 to commence on 1 July 2016
<i>Brands Act 1915</i>	
<i>Chemical Usage (Agricultural and Veterinary) Control Act 1988</i>	
<i>Diseases in Timber Act 1975</i>	<i>Diseases in Timber Act 1975</i> will be repealed on commencement of the <i>Biosecurity Act 2014</i> on 1 July 2016
<i>Drugs Misuse Act 1986 (part 5B)</i>	
<i>Exhibited Animals Act 2015</i>	<i>Exhibited Animals Act 2015</i> received assent on 11 June 2015 and will commence on 1 July 2016
<i>Exotic Diseases in Animals Act 1981</i>	<i>Exotic Diseases in Animals Act 1981</i> will be repealed on commencement of the <i>Biosecurity Act 2014</i> on 1 July 2016
<i>Fisheries Act 1994</i>	Except for fish habitat areas, which are administered by the Minister for Environment and Heritage Protection and Minister for National Parks and the Great Barrier Reef
<i>Food Production (Safety) Act 2000</i>	
<i>Forestry Act 1959</i>	Except for fish habitat areas, which are administered by the Minister for Environment and Heritage Protection and Minister for National Parks and the Great Barrier Reef

Legislation	Note
<i>Land Protection (Pest and Stock Route Management) Act 2002</i>	<p>Except to the extent that it is relevant to stock route management (jointly administered with the Minister for State Development and Minister for Natural Resources and Mines)</p> <p>Relevant parts of the <i>Land Protection (Pest and Stock Route Management) Act 2002</i> will be repealed on commencement of the <i>Biosecurity Act 2014</i> on 1 July 2016</p>
<i>Nature Conservation Act 1992</i>	<p>To the extent that it is relevant to demonstrated and exhibited native animals (jointly administered by the Minister for Environment and Heritage Protection and Minister for National Parks and the Great Barrier Reef)</p> <p>Relevant parts of the <i>Nature Conservation Act 1992</i> will be repealed when the <i>Exhibited Animals Act 2015</i> commences. However, DAF will continue to administer certain provisions until licences issued under those provisions expire and are replaced by licences under the <i>Exhibited Animals Act 2015</i>.</p>
<i>Plant Protection Act 1989</i>	<i>Plant Protection Act 1989</i> will be repealed on commencement of the <i>Biosecurity Act 2014</i> on 1 July 2016
<i>Queensland Agricultural Training Colleges Act 2005</i>	
<i>Regional Planning Interests Act 2014 (part 4, division 2)</i>	<i>Regional Planning Interests Act 2014</i> (part 4, division 2) became the responsibility of the Minister for Agriculture and Fisheries on 8 December 2015 by Administrative Arrangements Order (No. 3) 2015
<i>Rural and Regional Adjustment Act 1994</i>	
<i>Stock Act 1915</i>	<i>Stock Act 1915</i> will be repealed on commencement of the <i>Biosecurity Act 2014</i> on 1 July 2016
<i>Sugar Industry Act 1999</i>	
<i>Torres Strait Fisheries Act 1984</i>	
<i>Veterinary Surgeons Act 1936</i>	

Appendix 5: Compliance checklist

Table A5: Compliance checklist (2015–16)

	Summary of requirement	Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant minister/s	ARRs— section 8	1
Accessibility	Table of contents	ARRs—section 10.1	iii–iv
	Glossary		
	Public availability	ARRs—section 10.2	ii
	Interpreter service statement	<i>Queensland language services policy</i> ARRs—section 10.3	ii
	Copyright notice	<i>Copyright Act 1968</i> ARRs—section 10.4	ii
	Information licensing	<i>Queensland Government enterprise architecture— information licensing</i> ARRs—section 10.5	ii
General information	Introductory information	ARRs—section 11.1	6–7
	Agency role and main functions	ARRs—section 11.2	18, 65, 122–123
	Operating environment	ARRs—section 11.3	Outlook sections
Non-financial performance	Government’s objectives for the community	ARRs—section 12.1	19
	Other whole-of-government plans/specific initiatives	ARRs—section 12.2	33, 35, 36, 45, 46, 55
	Agency objectives and performance indicators	ARRs—section 12.3	8–9, 25–64
	Agency service areas and service standards	ARRs—section 12.4	120–121
Financial performance	Summary of financial performance	ARRs—section 13.1	10–12
Governance— management and structure	Organisational structure	ARRs—section 14.1	23
	Executive management	ARRs—section 14.2	21–22
	Government bodies (statutory bodies and related entities)	ARRs—section 14.3	119
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> (section 23 and schedule) ARRs—section 14.4	67
	Queensland public service values	ARRs—section 14.5	75

	Summary of requirement	Basis for requirement	Annual report reference
Governance—risk management and accountability	Risk management	ARRs—section 15.1	71–72
	Audit committee	ARRs—section 15.2	66–68
	Internal audit	ARRs—section 15.3	69–70
	External scrutiny	ARRs—section 15.4	70–71
	Information systems and recordkeeping	ARRs—section 15.5	72–73
Governance—human resources	Workforce planning and performance	ARRs—section 16.1	73–75
	Early retirement, redundancy and retrenchment	<i>Directive no.11/12: early retirement, redundancy and retrenchment</i> ARRs—section 16.2	76
Open data	Consultancies	ARRs—section 17 ARRs—section 34.1	118
	Overseas travel	ARRs—section 17 ARRs—section 34.2	118
	<i>Queensland language services policy</i>	ARRs—section 17 ARRs—section 34.4	118
Financial statements	Certification of financial statements	FAA—section 62 FPMS—sections 42, 43 and 50 ARRs—section 18.1	115
	Independent auditor’s report	FAA—section 62 FPMS—section 50 ARRs—section 18.2	116–117

Notes:

FAA—*Financial Accountability Act 2009*

FPMS—*Financial and Performance Management Standard 2009*

ARRs—*Annual report requirements for Queensland Government agencies*

Acronyms

ARC	Audit and Risk Management Committee
ARRs	<i>Annual report requirements for Queensland Government agencies</i>
BMP	Best Management Practice programs
CSIRO	Commonwealth Scientific Industrial Research Organisation
DAF	Department of Agriculture and Fisheries
DRAS	Drought Relief Assistance Scheme
ECAD	Executive Capability Assessment and Development
EHP	Department of Environment and Heritage Protection
FAA	<i>Financial Accountability Act 2009</i>
FPMS	Financial and Performance Management Standard 2009
FTE	full-time equivalent
GIS	geographical information systems
GRDC	Grains Research and Development Corporation
ICT	information and communications technology
KPI	key performance indicator
PDA	performance and development agreement
QAAFI	Queensland Alliance for Agriculture and Food Innovation
QAO	Queensland Audit Office
QBFP	Queensland Boating and Fisheries Patrol
QGIAS	Queensland Government Internal Audit Service
QUT	Queensland University of Technology
R&D	research and development
RD&E	research, development and extension
SIPS	Stocked Impoundment Permit Scheme
UQ	University of Queensland
USQ	University of Southern Queensland
WHS	workplace health and safety

Glossary

Administrative Arrangements Order	a document that specifies the subject matter and the legislation dealt with by particular government departments
aquaculture	the rearing of aquatic animals or the cultivation of aquatic plants for food
antioxidant	a substance that inhibits oxidation, especially one used to counteract the deterioration of stored food products
banana freckle	a fungal disease that 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
biofortified	the process of improving the nutritional quality of food crops through agronomic practices, conventional plant breeding or modern biotechnology
cabomba	Native North and South American fully submerged aquatic plant; it is an aggressive weed that displaces native plants and animals, affects water quality and impedes recreational water users
chain-of-custody	an inventory control system that tracks log timber from its origin in certified forest and through its processing and manufacturing in the supply chain, providing assurance to the consumer that the timber product is from a responsibly managed source
cobia	a pelagic fish species of the genus <i>Rachycentron</i> that occurs in tropical and subtropical seas of the world, including coastal and continental shelf waters of Queensland; also called black kingfish
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. log timber, other timber, seed, foliage, wildflowers)
giant rat's tail grass	aggressive native African long upright grass that forms large tussocks that can reduce pasture productivity and significantly degrade natural areas
grazing	the use of land for the production of animals that are fed on native or introduced pastures or plants
gross value of production	the value of final goods and services produced in a given period
halo blight	a seed-borne bacterial disease caused by <i>Pseudomonas savastanoi</i> <i>pv.</i> <i>phaseolicola</i> ; symptoms typically develop under cool, humid conditions following rain, most notably in spring mung bean crops
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
mother of millions	an invasive plant, native to Madagascar, that is poisonous to stock and infests grasslands and woodlands
mung bean	a summer pulse crop grown across Queensland; it is green-seeded with pods borne toward the top of the plant
open data	data in its rawest form, made available free of charge
open data portal	collection of agency-owned datasets that allows the public to find, access and re-use raw data from the Queensland Government

Panama disease tropical race 4	Panama disease is a destructive fungal disease of banana plants of which there are four strains; it invades the vascular tissue (xylem) through the roots causing discolouration and wilting; tropical race 4 varies from other strains in that onset is generally quicker and the disease is generally more aggressive
plantation forestry	the establishment and management of plantations of trees (native or exotic species) for commercial production of timber
prickly acacia	a weed of national significance that transforms natural grasslands into thorny scrub and woodlands, interfering with the movement of stock and access to water, and can cause soil degradation by contributing to erosion
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 imagery	the use of satellites, airborne sensors and ground-based platforms to map and monitor Queensland's landscape
zeaxanthin	a common pigment that gives many plants, fruits and vegetables their characteristic yellow colour

