

# ANNUAL REPORT 2016–2017



CS6918 09/17

ISSN 2205 8753 (print)  
ISSN 2205 8761 (online)

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# Statement of compliance

18 September 2017

The Honourable Bill Byrne MP  
Minister for Agriculture and Fisheries and  
Minister for Rural Economic Development  
1 William Street  
Brisbane Qld 4000

Dear Minister

I am pleased to submit for presentation to Parliament the *Annual report 2016–2017* 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 127 of this annual report or accessed at [www.daf.qld.gov.au](http://www.daf.qld.gov.au).

Yours sincerely



Dr Elizabeth Woods  
Director-General  
Department of Agriculture and Fisheries

# Snapshot of the Department of Agriculture and Fisheries

|   |  |  |  |
|---|--|--|--|
| Government's objectives for the community | Creating jobs and a diverse economy            | <b>Gross value of agriculture, fisheries and forestry production—\$19.95 billion</b> | <ul style="list-style-type: none"> <li>• \$457.3 million provided for government agriculture, fisheries and forestry services</li> <li>• 466 audits improved supply chain competitiveness and access to markets</li> </ul>   |
|   |  | <b>Rural exports—\$9.76 billion</b>  | <ul style="list-style-type: none"> <li>• 2 trade missions and 19 overseas delegations promoted agricultural trade and investment opportunities</li> <li>• &gt; 12 000 plant health certificates issued to provide market access for Queensland commodities</li> </ul>            |
|   | Delivering quality frontline services          | <b>Biosecurity services</b>  | <ul style="list-style-type: none"> <li>• 95 exotic and established animal and plant pest and disease incidents effectively managed</li> <li>• 7 nationally cost-shared eradication programs led by Biosecurity Queensland</li> </ul>   |
|   |  | <b>Fisheries education and compliance services</b>                                   | <ul style="list-style-type: none"> <li>• 92% of units inspected by the Queensland Boating and Fisheries Patrol compliant with fisheries laws</li> <li>• 1384 commercial fishing boat licences and 320 commercial harvest fishery licences issued and monitored</li> </ul>        |
|   |  | <b>Public enquiries</b>  | <ul style="list-style-type: none"> <li>• 85.4% of 77 410 customer enquiries answered at the first point of contact by the Customer Service Centre</li> <li>• 7 038 773 web page views</li> <li>• 54 477 Facebook and 8878 Twitter followers</li> </ul>                           |
|   | Buiding safe, caring and connected communities | <b>Drought and disaster relief</b>   | <ul style="list-style-type: none"> <li>• 1636 affected producers receive \$7.2 million for freight subsidies and emergency water rebates under the Drought Relief Assistance Scheme</li> <li>• Agricultural recovery response activated after Tropical Cyclone Debbie</li> </ul> |
|   |  | <b>Animal welfare</b>  | <ul style="list-style-type: none"> <li>• 1379 animal welfare investigations to ensure high standards of animal welfare and support the ethical production of food products</li> <li>• 94 registration licences issued for using animals for scientific purposes</li> </ul>       |
|   |  | <b>Safe and ethical food production</b>  | <ul style="list-style-type: none"> <li>• 80 audits or investigations to ensure the safe use of chemicals in production and reduce contaminant risks</li> </ul>   |
|   | Protecting the environment                     | <b>Native forests</b>  | <ul style="list-style-type: none"> <li>• <i>Australian standard: sustainable forest management (AS4708:2013)</i> certification maintained</li> </ul>   |
|   |  | <b>Fish stocks</b>   | <ul style="list-style-type: none"> <li>• 91% of key Queensland fish stocks assessed have no sustainability concerns</li> </ul>   |
|   |  | <b>Land, water and the Great Barrier Reef</b>  | <ul style="list-style-type: none"> <li>• 68% of graziers and canegrowers in best management practice programs reported making changes</li> <li>• 5119 agricultural chemical user licences issued to ensure environmentally responsible production</li> </ul>                     |

# Message from the Director-General

I am pleased to report on the progress made in 2016–17 by the Department of Agriculture and Fisheries (DAF) in developing a strong agriculture, fisheries and forestry sector—one that supports the Queensland Government's objective to create jobs and a diverse economy. The sector is an intrinsic part of Queensland's rural economies, providing and supporting jobs in these communities.

The government's Advance Queensland strategy aims to provide jobs now and into the future by growing innovation and entrepreneurship, attracting investment and building infrastructure. A significant part of Queensland's current and future competitive advantage lies in the fact that it has a well-established and capable food and fibre sector that strives for continuous improvement through innovation and world-class research and development.

DAF's strategic objectives support the sector's continuous improvement by focusing on creating the conditions for successful agribusiness and supply chains, assisting business to respond to challenges and ensuring the sustainable management of the resources that underpin the sector's productivity while preserving their environmental and social value for all Queenslanders.

This year has seen many of the government's election commitments that we are responsible for delivered or near completion. Two very significant programs reflecting extensive research, expertise and public consultation have now positioned DAF to commence the next financial year with clear plans of action for the future.

The first of these is the *Queensland sustainable fisheries strategy 2017–2027*, which reforms fisheries management to ensure healthy fish stocks and the sustainability of the fisheries resource for the benefit of all Queenslanders. The strategy outlines 33 actions to be delivered across 10 reform areas and sets targets to be achieved by 2020 and 2027. The actions include harvest strategies for each fishery, satellite tracking on all commercial fishing boats, regionally specific fishing rules and more effective use of new technologies.

The feedback from the public on the *Green paper on fisheries management reform in Queensland: July 2016* was incorporated into the strategy. The Queensland Government has provided \$20.8 million over 3 years to support the reforms.

The fisheries reforms also contribute to a number of commitments under the *Reef 2050 long-term sustainability plan* and help deliver on the government's objective for the community to protect the Great Barrier Reef.

The second major program is the *Draft Queensland biosecurity strategy: our next five years 2017–2022*, a joint initiative of the Queensland Government, local governments and industry organisations, and owned by all. The draft strategy is a first step towards more detailed action planning about how government, industry and the community will work together to prioritise biosecurity in Queensland. It implements the first and most important recommendation of the independent *Queensland biosecurity capability review*.

The review recommended that such a strategy be developed to help build the framework for the future Queensland biosecurity system, one that promotes shared ownership and management of biosecurity risks and decision-making.

The draft strategy's six key areas of focus cover collaborative governance and leadership; raising the awareness of all Queenslanders in biosecurity; ensuring they have the skills, information and tools to act; fostering bright ideas and better ways; making better use of existing resources; and improving intelligence systems.

Animal and plant pests and diseases are a constant threat to the viability of the agriculture sector, our environment and our way of life. The recent white spot disease outbreak in prawns in South East Queensland is another reminder of how difficult it is to predict these types of risks and how essential biosecurity controls are. The impact of this outbreak on businesses and the environment was especially high. It required an extensive response involving more than 130 staff across the department (from all areas of Biosecurity Queensland, aided by their colleagues from Fisheries Queensland and Agri-Science Queensland) as well as partners from across Queensland Government and from other states and territories.

Good biosecurity and strong export assurance systems also underpin the ability of Queensland's food and fibre producers to make the most of growing export opportunities in Asia and the Indo-Pacific. These opportunities are driven by both consumer demand and free trade agreements. DAF supported the Minister's and the Premier's trade missions to Indonesia and China, which are already opening doors to grow our beef and fruit and vegetable exports.

We have been working closely with Trade and Investment Queensland and the Department of Tourism, Major Events, Small Business and the Commonwealth Games to maximise the opportunities arising from the lead-up to, and hosting of, the Gold Coast 2018 Commonwealth Games. The Games are providing unique opportunities to promote our food and fibre products—as well as our agri-science expertise—to Commonwealth nations and to foster their interest in investing here.

The past year has also seen the department focus on rural economic development. This is in response to the Minister's broadened portfolio and the need for additional support, particularly in those rural communities where a combination of prolonged drought and resource sector downturn has impacted wellbeing and the economy.

Weather, drought and climate continued as a central focus for the work of many DAF employees, whether through research and development or direct service delivery in areas such as feed requirements, land and water management, control of pests and weeds, or working across government and industry to improve predictive tools and deliver grants and support services.

DAF's workforce once again proved ready and able to assist industries and communities respond to diverse critical incidents anywhere in the state. This year's incidents included Tropical Cyclone Debbie and subsequent flooding, the Brisbane Airport fire-fighting foam spill into the Moreton Bay fishery that impacted commercial and recreational fishers, white spot disease in prawns in South East Queensland and anthrax at St George.

DAF Future Fit is our internal strategy for developing our people and reshaping our organisation. In 2016–17, we sought independent and internal views on revising our governance arrangements to emulate best contemporary practice. Our new impact and investment framework is an important tool in our accountability to ourselves, our key stakeholders and the public. Performance measures are being developed and incorporated in senior leaders' performance and development agreements, reflecting the commitment of our executive and senior leaders to raising the bar on performance.

This annual report records how well we have performed against the DAF strategic plan and service delivery statement. The new impact and investment framework will improve our understanding of the impact of our work and inform the future use of available resources.

Suggestions and feedback from employee forums across the state have led to projects that develop our people, culture, processes and systems. DAF Future Fit is the internal component that complements our externally facing strategic plan objectives. Together they create a strong foundation for a more agile, innovative and customer-responsive organisation.

Through their dedication, skill and purposeful work, DAF's employees ensured that the agriculture, fisheries and forestry sector retained a strong role in Queensland's economy. They also managed this while relocating our head office to 41 George Street, and the Minister, his office and central departmental staff to 1 William Street—the other side of the central business district.

Many more achievements are outlined in this report. I thank the Minister and his office for their support and guidance in 2016–17. Finally, it has been a pleasure to work with all the employees of DAF and I would like to thank them warmly for their professionalism and hard work.



Dr Elizabeth Woods  
Director-General  
Department of Agriculture and Fisheries



## The sector we serve

A strong agriculture, fisheries and forestry sector remains essential to meeting the Queensland Government's objective for the community of creating jobs and a diverse economy. The sector remains the backbone for jobs in many regional communities and across the food supply chain.

The 2016–17 year presented significant opportunities and continued ongoing challenges, with many Queensland farmers experiencing their fourth or more year of drought. Tropical Cyclone Debbie (March 2017) had a negative economic impact estimated at approximately \$450 million. However, following consequent rainfall and flooding, the drought-declared area of Queensland was reduced by approximately 21% (from a record 87.47% to 66.27%), as shown in Figure 1.

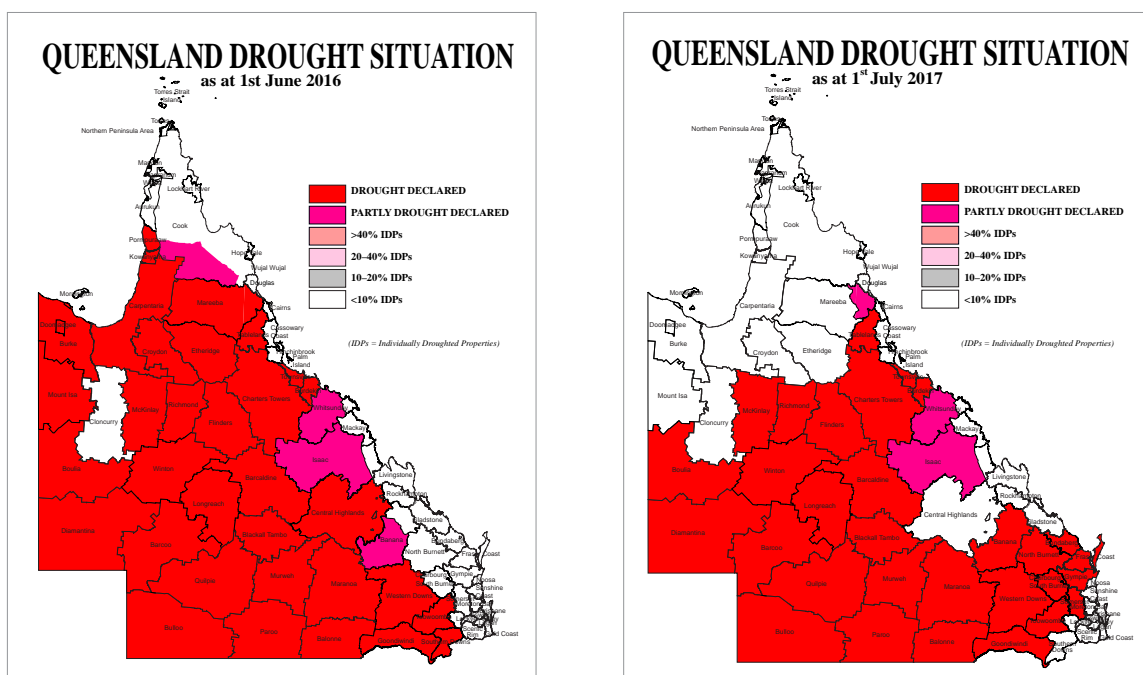


Figure 1: The Queensland drought situation at 1 June 2016 (left) and at 1 July 2017 (right)  
(Source: Department of Science, Information Technology and Innovation)

Despite these challenges, the value of production of Queensland's food and fibre industries continues to increase, demonstrating the ongoing resilience of the sector. The total value of Queensland's primary industry commodities for 2016–17 is expected to be approximately \$19.95 billion—20% greater than the average for the past 5 years (see Figure 2). The farm gate value is \$15.54 billion for primary industry commodities and \$4.41 billion for first-stage processing or value added (such as dairy processing, meat processing, sawmilling and cotton ginning).

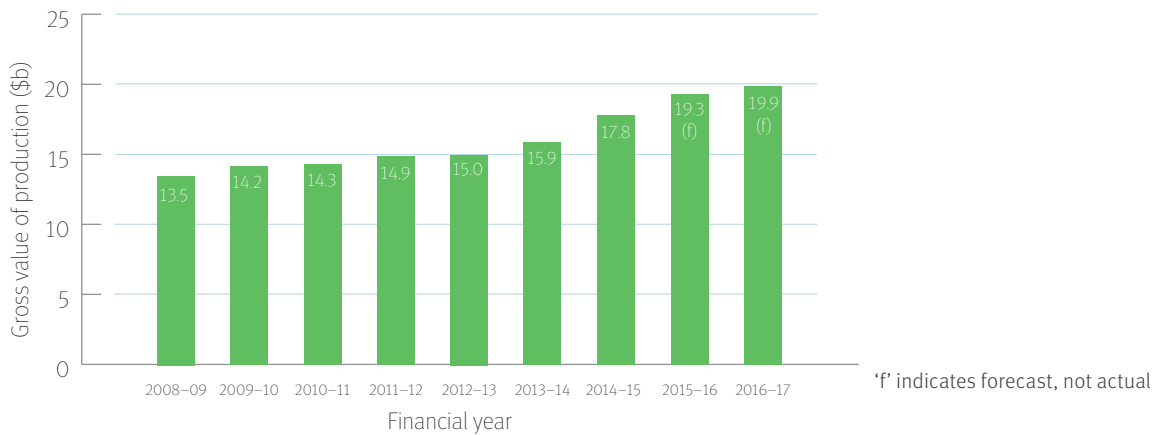


Figure 2: Performance indicator—the gross value of (\$ billion) agricultural production for farm gate and first-stage processing (source: *AgTrends* figures to April 2017, DAF)

The largest contributions in this highly diverse sector are from livestock (\$6.15 billion) and horticulture (\$4.16 billion). Other significant contributions come from other crops such as sugar and cotton (\$2.45 billion), pulses such as chickpeas (\$767 million) and cereal grains such as sorghum and wheat (\$688 billion). The gross value of production for Queensland’s fisheries for 2016–17 is forecast to be \$344 million, 21% less than the estimate for 2015–16 and 10% less than the average for the past 5 years. Commercial fisheries are expected to contribute approximately \$148 million, and aquaculture businesses \$92 million. Recreational fishing is forecast to contribute \$94 million. Forestry and logging is expected to contribute \$260 million. This is the same as the final estimate for 2015–16 and 38% higher than the average for the past 5 years. Together, the forest-growing and related first-stage processing sectors are forecast to contribute \$796 million to the Queensland economy in 2016–17.

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

Rural merchandise exports contributed approximately \$9.76 billion to the economy. Beef exports fell \$546 million to \$4.5 billion, driven by a significant decline in export volumes. Crop exports increased \$824 million to \$2.4 billion, pushed by an increase in the volume of chickpea exports. Around 95% of sugar production occurs in Queensland. The value of Australian sugar exports totalled \$2.1 billion in 2016, up from \$1.6 billion in the previous year, driven by an increase in global sugar prices.

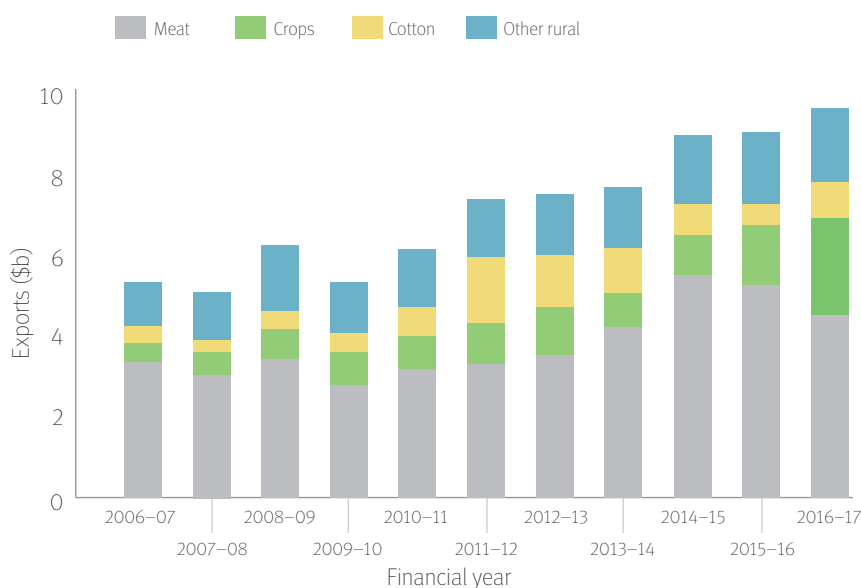


Figure 3: Queensland’s rural overseas merchandise exports, 2006–17 (source: Australian Bureau of Statistics unpublished trade data and Queensland Treasury)

## Outlook

The outlook for the agriculture, fisheries and forestry sector remains positive. Free trade agreements between Australia and Japan, China and South Korea could bring further significant benefits to Queensland producers through improved market access in our largest export markets and more investor interest in the state. They build on our proximity to growing Asian populations. Global food demand is expected to increase by up to 45% by 2025, driven by a growing middle class in Asia, while extreme weather events are expected to make food security increasingly vulnerable. Queensland has a reputation for quality produce with efficient production systems supported by strong food and environmental standards—these place us in a strong position both now and into the future.

Many rural economies are still adjusting to the contraction of resource industry investment, dealing with prolonged drought conditions and recovering from the effects of Tropical Cyclone Debbie, but the speed of recovery has generally been rapid. Further, Queensland is at the centre of Australia's beef, horticulture and sugar industries, and delivers a significant portion of Australia's cotton crop. The outlook for these commodities is promising, with growing global and Asian demand. The desire to gain productivity improvements through better resource use, skills and technology—combined with our ability to identify and protect product from pests, diseases and contamination—will also drive growth.

As a net exporter of agricultural commodities, Queensland remains well placed to meet the demand from a growing global middle class for our protein foods, niche primary products and agricultural scientific and technological expertise. According to the Australian Bureau of Agricultural and Resource Economics and Sciences, the growth outlook for Queensland's economy is 3%, on average, to 2020. The challenge is to make the most of our opportunities as well as the market positions we have established. DAF will continue to provide and support initiatives to grow and strengthen the sector and make it easier for individuals and businesses to leverage these opportunities to increase their resilience, productivity and profitability.

## Our organisation

DAF forms part of the portfolio of the Minister for Agriculture and Fisheries and Minister for Rural Economic Development. We work with the five statutory bodies as outlined in Appendix 2.

DAF's responsibilities are outlined in Administrative Arrangements Order (No. 1) 2015 of 16 February 2015. Details of the Acts we administer can be found in Appendix 4.

At DAF we work to achieve a productive and profitable agriculture, fisheries and forestry sector—promoting sustainability and innovation, and helping to realise the sector's value to the economy and the community. To do this, we effectively manage community resources, apply science to improve production and products, lead the fight on animal and plant pests and diseases, and work constructively with stakeholders for mutual benefit.

Our work makes a significant contribution to the Queensland Government's objectives for the community through our strategies and service delivery initiatives—with a dedicated focus on rural economic development (refer to our 'Snapshot' on page 2). We operate in over 90 locations across the state.

Our strategy evolves in line with changes to our operating environment, changes in government priorities and changes in community expectations of our services. Our strategic plan outlines our direction.

## Our vision

Productive and profitable agriculture, fisheries and forestry sector.

## Our purpose

Promote a sustainable and innovative agriculture, fisheries and forestry sector which adds value to the economy and community.

## Our strategic direction

Our organisational strategy supports our vision and is directed to the following key objectives:

- Create the conditions for successful agribusinesses and supply chains which encourage innovation and productivity.
- Assist people in agribusiness to respond to challenges and protect environmental values.
- Ensure the sustainable management of natural resources to underpin productivity and protect the environment.

The achievement of our objectives also depends on the effectiveness of our collaboration with other government agencies, industry and research bodies.

## Our services

Our services are delivered through three service areas:

- Agriculture—to lift the productivity of Queensland’s food and fibre business
- Biosecurity Queensland—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, and to uphold standards for animal welfare and agricultural chemical use
- Fisheries and Forestry—to ensure sustainable and productive fisheries and the responsible allocation and use of state-owned forests and related resources.

## Our leaders

### Dr Elizabeth (Beth) Woods, Director-General

As Director-General of DAF, Beth 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 Rural Extension Centre at The University of Queensland (UQ), and Professor of Agribusiness at UQ from 1997 to 2004.

Beth has served on the 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 recently completed her term as Chair of WorldFish, headquartered in Penang and part of the CGIAR network of independent research centres administered through the World Bank. Beth was appointed Director-General of DAF in January 2016.

### 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 has wide experience in rural and industry development, trade, investment attraction and agricultural policy.

Malcolm has worked with the Queensland Government for 24 years, having previously spent time working for the Northern Territory government and in Commonwealth departments. He holds qualifications in applied science, environmental technology and rural systems management, and is a Graduate of the Australian Institute of Company Directors. He is currently a member of the Safe Food Production Queensland Board.

### 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.

## Leith Brown, Deputy Director-General, Corporate

Leith was appointed Deputy Director-General, Corporate in April 2017, managing services for both DAF and the Department of Tourism, Major Events, Small Business and the Commonwealth Games. 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 has been with DAF, and its earlier iterations, since 2009, becoming the Executive Director, Finance and Asset Management and Chief Finance Officer in 2012. She is a member of the Queensland Agricultural Training Colleges Board.

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.

## Dr Wayne Hall, Executive Director, Agri-Science Queensland

Wayne leads Agri-Science Queensland—the state's primary agricultural science research, development and extension (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 and his leadership team play a critical role in ensuring the department invests in RD&E projects aligned with the government's priorities. Wayne also oversees the provision of research funding to the Queensland Alliance for Agriculture and Food Innovation (QAAFI) at UQ, other Queensland universities and Sugar Research Australia.

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

## Elton Miller, Executive Director, Rural Economic Development

As Executive Director, Rural Economic Development, Elton drives strategies to support rural economic development and rural business growth. 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. His broader responsibilities include promoting industry development outcomes across the state.

Elton commenced the role in February 2017, having previously led Strategic Policy and Planning and the former Regions and Industry Development. Elton brings over 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 a Director on the Board of QRAA, which transitions to the Queensland Rural and Industry Development Authority (QRIDA) on 1 July 2017, and has also 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.

### **Mike Richards, Acting Executive Director, Finance and Asset Management, and Chief Finance Officer**

Mike is currently the acting Chief Finance Officer for both DAF and the Department of Tourism, Major Events, Small Business and the Commonwealth Games. Mike has over 40 years experience in the Queensland public sector and has worked in a number of departments over his career, with the last 15 years in senior financial roles. He provides strategic leadership and advice on the financial management of the department, including budgeting, managing financial risk, financial policies, accounting and reporting, asset management and internal controls assurance frameworks.

Mike holds a Bachelor of Commerce (Accounting and Finance) and is a member of the Institute of Public Accountants.

# Our performance management framework

Our planning is guided by industry needs, government priorities, legislative and policy mandates, and community objectives. Inputs, activities and outputs are linked to our outcomes and objectives via our business model.

Through our strategic plan, we establish the department's direction for the next 4 years. It is reviewed annually to ensure emerging issues and government priorities are strategically addressed and to ensure that our objectives, risks and actions align. The strategic plan is supported by business plans that link activity to our objectives. Business plans specify service and individual accountabilities and required levels of performance.

Our services are the means through which we create value for our stakeholders and the community. They are defined in the Service Delivery Statement (Budget Paper 5), which also outlines the new initiatives and investment priorities for the coming year.

We regularly monitor our operational performance and the delivery of our strategy to ensure that we meet our commitments and achieve our objectives. Progress is measured quarterly and annually, through quarterly performance reports and the annual report.

## Our impact and investment framework

The 2016–17 year saw the development of our impact and investment framework. It reflects a new strategic approach to delivering responsive policy and strategy and improved service delivery. There are five functional components in the framework, as shown in Figure 4.

- **Our impact**—Focus: articulating outcomes and linking activity to goal achievement, and describes the work that is underway and the outcomes we seek to achieve, captured in impact maps
- **Our performance**—Focus: demonstrating the efficiency and effectiveness of our work
- **Our results**—Focus: evaluating our work to determine if we are achieving our planned impacts
- **Our investment**—Focus: improving investment decision-making
- **Our work**—Focus: analysis of our performance and the quality of the work we undertake and the activities we invest in, supported by snapshots and plans drawn from our Investment Information System

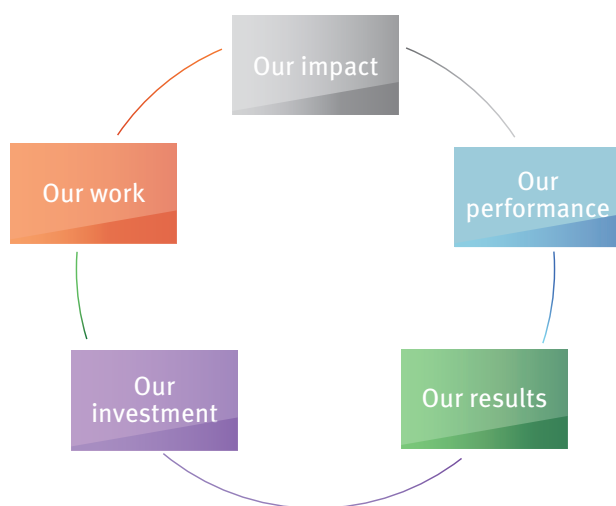


Figure 4: The basis of our impact and investment framework



In 2016–17 we defined our impact, our performance and our work. Our work has been defined through 15 impact areas.

Agriculture has seven impact areas:

- strategic policy and planning
- rural economic development
- animal science
- crop and food science
- horticulture and forestry science
- research infrastructure, strategy and business
- customer and business services.

Biosecurity Queensland has four impact areas:

- animal biosecurity and welfare
- plant biosecurity and product integrity
- invasive plants and animals
- biosecurity strategy and business.

Fisheries and Forestry has two impact areas:

- fisheries
- forestry.

Corporate has two impact areas:

- corporate (DAF only)
- information technology partners (DAF only).

Further work will continue in 2017–18 to define investment criteria and the investment methodology. This will be supported by a schedule of evaluations to confirm our impact and inform our investment choices and will be enabled by a suite of decision-support tools.

The framework provides a consistent, organisation-wide approach to:

- describing our work and the impacts we seek to achieve
- measuring and evaluating our performance
- considering where we could invest in the future.

It provides a line of sight for individuals from their day-to-day work to departmental goals, which ensures that our work makes a difference and demonstrates good value for money. It also supports continuous improvement.

The detailed report for the financial year 2016–17 against the three objectives outlined in our *Strategic plan 2016–2020* is provided in the pages that follow. Results for the strategic plan indicators and related service standards and other measures are identified. There is a comprehensive view of how we are implementing our strategy, how we create value in delivering our services and how we spent our budget.

# Objective 1: Create the conditions for successful agribusinesses and supply chains which encourage innovation and productivity

Creating conditions that lift productivity and encourage innovation positions Queensland as a place where government, industry, universities and entrepreneurs collaborate to turn ideas into investable products—helping to grow businesses and create jobs now and into the future. We work with producers, industry and all levels of government to capitalise on opportunities to improve supply chains and deliver on the benefits of free trade agreements and the Queensland Government’s Advance Queensland initiative.

Our services provide the policy and regulatory instruments and the research and development (R&D) needed to underpin the long-term productivity growth and export potential of Queensland’s agriculture, fisheries and forestry sector. Our research and biosecurity systems work to protect the integrity of food and fibre products, enabling and growing market access.

The reforms to fisheries resource management under the *Queensland sustainable fisheries strategy 2017–2027* are aimed at improving the sustainability of Queensland’s fisheries, which support thousands of Queensland jobs, improving the profitability of businesses and providing greater certainty to industry on how fisheries are managed.

## Strategic risks and opportunities

- Economic, market, consumer and environmental trends—sourcing the best available information and data to provide timely responses to merging opportunities and challenges to help our industries adapt and grow
- Better return on investment—partnering with like-minded organisations and investors and evaluating the impact of major programs and services
- Innovation—exploiting data and new technologies and empowering our people and partners to try new things
- Stakeholder and community trust—being inclusive in policy setting with a clearly understood engagement strategy

## Key performance indicators

- Market and investment opportunities facilitated by the department
- Percentage return on RD&E investment
- Regulatory frameworks continually improved

## Cross-government commitments

The following intergovernmental agreements and whole-of-government strategies influence the way we deliver these services.

### Advance Queensland

Advance Queensland is a Queensland Government initiative designed to create the knowledge-based jobs of the future, drive productivity improvements and build on Queensland’s natural advantages. DAF’s actions align with Advance Queensland priorities for developing innovative industries and businesses. DAF works closely with the *Advancing trade and investment: Queensland trade and investment strategy 2017–2022* to promote export and investment opportunities in the agriculture, fisheries and forestry sector. DAF is represented on the Advance Queensland Interdepartmental Committee.

## National RD&E framework

The National Primary Industries Research, Development and Extension Framework provides a guide for research leadership to maximise the outcomes from agri-science investment and make the best use of available expertise across the nation. Queensland leads the beef and sugar strategies, in partnership with the relevant industry organisations. Leadership is also delegated to Queensland for specific sector areas within the grains and horticulture strategies.

## Regulation of agricultural chemicals and veterinary medicines

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.

## Results and work program

| KPI Market and investment opportunities facilitated by the department |                         |                                |
|---|-------------------------|--------------------------------|
| Performance monitored by a number of DAF business measures            |                         |                                |
| Trade missions: 2   | Investment showcases: 3 | Incoming trade delegations: 19 |

| Strategy   |   |                                   |                       |
|--|---|-----------------------------------|-----------------------|
| Grow markets and investment to support the flow of trade and capital |   |                                   |                       |
| Contributing impact areas  |   |                                   |                       |
| strategic policy and planning  | rural economic development              | horticulture and forestry science | crop and food science |
| animal science   | plant biosecurity and product integrity | animal biosecurity and welfare    |                       |

Trade missions provide a valuable opportunity to build better international trade relationships and stronger partnerships with overseas trading partners, and to gain greater understanding of the needs of our markets. These missions help to promote investment opportunities, leverage free trade agreements and showcase new, niche and emerging products.

During the year, we supported our former minister’s trade mission to Indonesia and China. This focused on opportunities for selling Queensland fruit and vegetables to growing Asian markets and accessing opportunities opened by the free trade agreement with China. A highlight was Queensland’s exhibition at Asia Fruit Logistica (in Hong Kong), which is Asia’s leading trade show for the international fruit and vegetable sector and supply chains.

In March 2017, the Deputy Director-General, Agriculture attended the Australia–Japan Public and Private Sector Forum on Northern Australia Agricultural Development and signed a memorandum of cooperation on behalf of the Queensland Government with the Japanese Ministry of Agriculture, Forestry and Fisheries. This will provide new opportunities for growth and investment in Queensland’s agriculture and aquaculture industries.

### Supporting incoming trade delegations

We hosted 19 trade delegations and participated in 3 international exchanges. This included:

- hosting delegations from Hong Kong, China, Singapore and Taiwan with a focus on investment attraction in Queensland agriculture
- hosting the Farm to Feast event to profile Queensland's fruit, vegetable and nut growing regions and produce to trade delegates from China, Japan, India and Thailand
- participating in market access and trade development discussions such as the Primary Industries Technical Market Access and Trade Development Task Group, and various bilateral meetings.

### KPI Percentage return on RD&E investment

Performance monitored by a number of DAF service standards

Table 1: RD&E investment performance indicator and complementary service standards

| Indicator                                  | Measure   | Results      |              |         |         |         |
|--|---|--------------|--------------|---------|---------|---------|
|  |   | 2012–13      | 2013–14      | 2014–15 | 2015–16 | 2016–17 |
| <b>Strategic plan and service standard</b> | Percentage return on RD&E investment through royalty returns  | 4.98%        | 4%           | 4.32%   | 4.54%   | 8.12%   |
| <b>Service standard (effectiveness)</b>    | Level of funding partner satisfaction that research outcomes contribute to industry productivity growth | Not measured | Not measured | 79%     | 100%    | 100%    |

**Note:** The royalty return is well above trend largely due to accumulated chickpea royalties being received in one financial year and favourable seasonal conditions for grains and mangoes. DAF-bred strawberry varieties are also starting to take over market share from overseas varieties, increasing runner sales that generate royalties.

## Strategy

Support the discovery, application and commercialisation of new ideas and technologies

### Contributing impact areas

|   |                             |                       |
|---|-----------------------------|-----------------------|
| research infrastructure strategy and business | animal science              | crop and food science |
| horticulture and forestry science             | invasive plants and animals |                       |

### RD&E investment prioritisation

In 2016–17, Agri-science Queensland spent \$121.9 million on agricultural RD&E to build Queensland's competitive advantage. The department undertakes RD&E itself, as well as providing funding to university alliances (\$9.89 million) where they have expertise to deliver the department's RD&E priorities. Our investment in RD&E partnerships with the university sector and Sugar Research Australia included:

- \$7.54 million with UQ in QAAFI, which is a research collaboration between UQ and the Queensland Government to work together on key agricultural industry challenges
- \$0.26 million with UQ for the Centre for Future Timber Structures, providing solutions to issues inhibiting the widespread adoption of massive timber construction in medium- to high-rise construction
- \$0.1 million with QUT for research into tropical pulses to develop more productive, profitable and resilient chickpeas, mung beans and other pulses for growers and industry

- \$0.5 million with QUT as 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 the University of Southern Queensland for research in wheat and summer grain pathology, agricultural systems modelling, agricultural engineering and winter crop nematology
- \$0.36 million with the University of the Sunshine Coast in pre-harvest forestry research
- \$0.23 million with Central Queensland University to co-fund research positions in vegetable crop protection and farming systems research
- \$2.85 million with Sugar Research Australia to undertake sugarcane RD&E.

### ***The 10-year agriculture and food RD&E roadmap***

The discussion paper on the agriculture and food RD&E 10-year roadmap was developed and released for public consultation in June 2017 to better inform agricultural RD&E priorities.

The discussion paper focuses on identifying Queensland's current agriculture and food RD&E strengths, preparing the agriculture and food sector for future challenges and capitalising on opportunities for the sector. It looks at how to maximise existing and new investment in RD&E, to ensure investment aligns with emerging opportunities and adoption of RD&E outcomes and initiatives.

The consultation will inform development of the agriculture and food RD&E roadmap and action plan as an initiative under Advance Queensland. Consultation will be completed early in the new financial year.

Our industry and funding partners continue to be highly satisfied that our RD&E, and that of our partners, is contributing to industry productivity growth.

### ***Discovery and application***

Examples of our RD&E are outlined throughout this report to highlight how it addresses challenges facing agricultural, fishing and forestry producers.

### ***Return on investment***

We received approximately \$4.7 million in royalty revenue, which equated to a return on investment of 8.12%, as noted in Table 1.

Establishment of the Technology Commercialisation Fund was announced as an Advance Queensland initiative in the 2016–17 Budget. This is a pilot project to trial a new and innovative approach to commercialising intellectual property developed by DAF and our research collaborators. It is designed to unlock the inherent value of the intellectual property and increase the number of new technologies available to industry through commercialisation.

In 2016–17, the program focused on identifying suitable trial technologies and establishing effective and appropriate governance arrangements to ensure a successful trial. A portfolio of about 12 technologies is being transformed into a suite of business cases to take to the investor market in late 2017.

## Strategy

Continue to build Queensland's biosecurity capability to protect the economy, the environment and community from biosecurity risks

### Contributing impact areas

|   |                                |           |
|---|--------------------------------|-----------|
| biosecurity strategy and business       | animal biosecurity and welfare | fisheries |
| plant biosecurity and product integrity | invasive plants and animals    |           |

Queensland is on the front line for biosecurity in Australia, combating more biosecurity incursions each year than any other state. Recent disease and pest incursions have demonstrated the pressure our biosecurity system is under, with unparalleled challenges to our capability and capacity to respond to the increasing number, scale and scope of exotic biosecurity pests and diseases.

The Queensland Biosecurity Capability Review conducted in 2015 raised concerns about the adequacy of then existing biosecurity systems and practices. The review found that a new approach was needed to optimise Queensland's biosecurity system. In response to the findings of the review, the government allocated an additional \$10.8 million over 4 years to commence implementing the priority matters. In addition, DAF is investing \$19.4 million over the 4-year period to contribute to achieving the goals set out in the review. The new model proposed to increase stakeholder influence on the strategic direction of the biosecurity system and for all stakeholders to partner with government to help manage these increasing risks.

### ***Biosecurity strategy and action plans***

The *Draft Queensland biosecurity strategy: our next five years 2017–2022* was released for public consultation on 13 June 2017. Feedback will help determine whether the draft strategy reflects the visions of industry and the community for biosecurity.

A joint initiative of the Queensland Government, local governments and industry organisations, the strategy is a first step toward more detailed action planning to address agreed biosecurity priorities. The strategy and action plans will ensure that Queensland builds the capability needed to address the increasing prevalence of animal and plant pest and disease threats. They provide a roadmap for co-managing the biosecurity system with industry, local government bodies and all members of the community by setting the strategic goals and direction for biosecurity in Queensland from 2017 to 2022.

The strategy implements the first recommendation of the Queensland Biosecurity Capability Review. It is the outcome of the work of over 33 organisations and 100 government, stakeholder and community representatives—the capability review recommended that the document be co-developed, co-owned and a whole-of-system strategy, not a government strategy. This co-production model for setting priorities and direction is considered to be best practice in public sector administration. The six strategic themes of the strategy are shown in Figure 5.

|  |  |  |
|--|--|--|
|  |  | <b>Collaborative governance and leadership</b> —creating a partnership between government, industry and the community to improve joint decision-making about biosecurity           |
|  |  | <b>Every Queenslanders plays their part</b> —effecting change by improving community awareness of good biosecurity, using partnership and behavioural science                      |
|  |  | <b>Empowered to act</b> —ensuring Queenslanders have the right skills, information and tools, and are given the capacity to take up their role in the biosecurity system           |
|  |  | <b>Bright ideas and better ways</b> —adopting new processes, services, products and technologies for Queensland to remain at the forefront of emerging and rising trends and risks |
|  |  | <b>Valuing and building on our investments</b> —making better use of our existing resources and encouraging participation by demonstrating the value of good biosecurity           |
|  |  | <b>Better intelligence systems</b> —improving our predictive and analytic capability, and ensuring our systems are optimised for sharing information across the system             |

Figure 5: The strategic themes of the draft biosecurity strategy

In tandem with the development of the strategy and the action plan, the Biosecurity Queensland Ministerial Advisory Council will make recommendations for monitoring and reporting.

The strategy builds upon the program already established to support the changes that took effect on 1 July 2016 with the commencement of the *Biosecurity Act 2014* and the *Exhibited Animals Act 2015*. The comprehensive communication program (including awareness training and tools), which commenced in 2015–16, continued this year. In addition, industry liaison officers were placed in AgForce and the Queensland Farmers’ Federation to undertake education and raise industry stakeholder awareness about the changes.

Regional biosecurity plans are proposed to build shared responsibility and capability. Locations for these will be determined by expression of interest. These plans will outline regional priorities and responsibilities to better target and coordinate the efforts of diverse local groups working to support biosecurity outcomes.

Biosecurity information management has been improved by further development of the Biosecurity Online Resources and Information System, formerly known as the Biosecurity Information Management System. This system is a one-stop shop, housing a range of data from compliance and authorisations to maps and incident information, to speed up access to information in support of emergency responses and the implementation of the *Biosecurity Act 2014* and *Exhibited Animals Act 2015*. It is due to be completed by November 2017.

Biosecurity Queensland developed a prototype risk-based investment allocation model to help decision-makers understand where resources are best allocated to manage biosecurity risks and ensure an optimal return on investment. This prototype will be tested in 2017–18.

## KPI Regulatory frameworks continually improved

Performance monitored by a business measure (Table 2) together with a DAF service standard (Table 3)

While we have extensive responsibilities maintaining and managing portfolio legislation (see Appendix 4), our regulatory frameworks principally encompass four areas:

1. agricultural chemicals and veterinary medicines
2. animal welfare and management
3. biosecurity
4. fisheries management.

Table 2: Business measure—self-audit against six KPIs of the Australian Government Regulator Performance Framework (performance score: 1 = poor to 5 = excellent)

| Regulatory area                                 | KPI 1<br>Regulators do not unnecessarily impede the efficient operation of regulated entities  | KPI 2<br>Communication with regulated entities is clear, targeted and effective                                     | KPI 3<br>Actions undertaken by regulators are proportionate to the risk being managed | KPI 4<br>Compliance and monitoring approaches are streamlined and coordinated   | KPI 5<br>Regulators are open and transparent in their dealings with regulated entities | KPI 6<br>Regulators actively contribute to the continuous improvement of regulatory frameworks  |
|---|--|---|---|---|--|---|
| Agricultural chemicals and veterinary medicines | <b>Performance score: 4</b><br>Improvement focus in 2016–17 was driving key legislative changes to allow access to new technology (e.g. remotely piloted aircraft) | <b>Performance score: 3</b>   | <b>Performance score: 4</b>   | <b>Performance score: 4</b>   | <b>Performance score: 4</b>  | <b>Performance score: 5</b><br>Improvement focus in 2016–17 was ensuring synergies exist between regulating agencies at local and national levels |
| Animal welfare and management                   | <b>Performance score: 4</b>  | <b>Performance score: 4</b><br>Improvement focus in 2016–17 was having a comprehensive engagement with stakeholders | <b>Performance score: 4</b>   | <b>Performance score: 4</b><br>Improvement focus in 2016–17 was to collaboratively develop an approach that is consistent with existing activities to minimise local government costs | <b>Performance score: 4</b>  | <b>Performance score: 4</b>   |

(Continued)



(Table 2 continued)

| <b>Regulatory area</b>      | <b>KPI 1</b><br>Regulators do not unnecessarily impede the efficient operation of regulated entities  | <b>KPI 2</b><br>Communication with regulated entities is clear, targeted and effective | <b>KPI 3</b><br>Actions undertaken by regulators are proportionate to the risk being managed | <b>KPI 4</b><br>Compliance and monitoring approaches are streamlined and coordinated  | <b>KPI 5</b><br>Regulators are open and transparent in their dealings with regulated entities | <b>KPI 6</b><br>Regulators actively contribute to the continuous improvement of regulatory frameworks   |
|-----------------------------|---|--|--|---|---|---|
| <b>Biosecurity</b>          | <b>Performance score: 4</b><br>Improvement focus in 2016–17 was making legislative amendments necessary to correct unintended consequences from the Biosecurity Regulation 2016   | <b>Performance score: 5</b>  | <b>Performance score: 4</b>  | <b>Performance score: 3</b><br>Improvement focus in 2016–17 was rolling out the implementation of the <i>Biosecurity Act 2014</i> | <b>Performance score: 4</b>   | <b>Performance score: 4</b>   |
| <b>Fisheries management</b> | <b>Performance score: 2</b><br>Improvement focus in 2016–17 was better management responsiveness and efficiency, to be achieved through the <i>Queensland sustainable fisheries strategy 2017–2027</i> finalised in June 2017 (following a public discussion paper released in July 2016) | <b>Performance score: 4</b>  | <b>Performance score: 3</b>  | <b>Performance score: 3</b>   | <b>Performance score: 3</b>   | <b>Performance score: 3</b><br>Improvement focus in 2016–17 was better stakeholder engagement, to be achieved through the <i>Queensland sustainable fisheries strategy 2017–2027</i> finalised in June 2017 (following a public discussion paper released in July 2016) |

Source: Commonwealth of Australia, 2014 , <[www.pmc.gov.au/resource-centre/regulation/regulator-performance-framework](http://www.pmc.gov.au/resource-centre/regulation/regulator-performance-framework)>.

Table 3: Service standard—average cost to conduct regulatory policy and reform activities

| Indicator                            | Measure  | Results      |              |              |         |         |
|--------------------------------------|--|--------------|--------------|--------------|---------|---------|
|                                      |  | 2012–13      | 2013–14      | 2014–15      | 2015–16 | 2016–17 |
| <b>Service standard (efficiency)</b> | Average cost per hour to conduct regulatory policy and reform activities | Not measured | Not measured | Not measured | \$70    | \$69    |

**Note:** The average cost of employment per hour is lower than originally forecast due to flexible staffing arrangements, which have reduced the overall cost of service provision.

## Strategy

Ensure department activity/regulation provides the foundations for a strong business environment, balancing economic, environment, social and biosecurity imperatives

### Contributing impact areas

|                               |                                   |   |
|-------------------------------|-----------------------------------|---|
| strategic policy and planning | animal biosecurity and welfare    | plant biosecurity and product integrity |
| invasive plants and animals   | biosecurity strategy and business | fisheries                               |

Industry, enterprises and individuals benefit from a stable regulatory framework, as it provides certainty around legislative requirements and clarity on the obligations of individuals and businesses.

On 2 November 2016, the Queensland Government tabled in Parliament a report from the Red Tape Reduction Advisory Council. The government's response included a report from the Queensland Productivity Commission supportive of a recommendation to 'investigate and implement a regulatory performance framework to monitor and provide an innovative approach to improving the performance of regulatory agencies'. In response, we undertook a self-assessment of our regulatory performance (as reported in Table 2).

The following sections give more detail about improvements to the regulatory frameworks in our four main areas of regulatory activity during 2016–17.

### ***Agricultural chemicals and veterinary medicines***

- We contributed to the development of implementation plans that will deliver harmonised legislation under the intergovernmental agreement for a single national framework for the regulation of agricultural chemicals and veterinary medicines. The current program is due to be completed in early 2018. Key reform deliverables include national harmonisation of recordkeeping requirements and user training requirements for restricted chemical products and scheduled dangerous poisons. Future implementation will involve amendments to portfolio legislation over several years.
- We implemented reforms to the *Agricultural Chemicals Distribution Control Act 1966*, which took effect on 23 October 2016. Associated regulation changes brought the legislation up to date with the national licensing framework for people operating aircraft and the use of new remotely piloted technologies to apply agricultural chemicals.

### ***Animal welfare and management***

- We introduced registration requirements under the *Animal Management (Cats and Dogs) Act 2008*, which commenced on 26 May 2017. This registration will identify and locate dog breeders so that cruel 'puppy farms' can be closed down.
- We prescribed Dogs Queensland, Gold Coast City Council and Logan City Council as approved entities that could accredit breeders under the *Animal Management (Cats and Dogs) Regulation 2017* from 26 May 2017.
- We implemented major reforms in management of exhibited animals from 1 July 2016, when the *Exhibited Animals Act 2015* and its supporting *Exhibited Animals Regulation 2016* commenced. Transition of exhibitors from holding a wildlife licence under the *Nature Conservation Act 1992* to holding and exhibitor licence is ongoing.

## Biosecurity

- We implemented major reforms in biosecurity when the *Biosecurity Act 2014* and its supporting Biosecurity Regulation 2016 commenced on 1 July 2016, consolidating previous legislation and providing for a proportionate, risk-based approach and greater flexibility with compliance options.
- The *Farm Business Debt Mediation Act 2017* amended:
  - the *Biosecurity Act 2014* to provide for third-party biosecurity accreditation systems as an alternative to government accreditation of certifiers and government certification of animals, animal products, plants, plant products and other biosecurity risk items
  - the *Biological Control Act 1987* to provide for the declaration of viruses and subviral agents as agent and target organisms—this was necessary before the release of new strains, such as calicivirus to control rabbits.

## Fisheries management

- We implemented changes to protect the sustainability of scallop stocks, including closing existing scallop replenishment areas and implementing a winter spawning closure from 1 May to 31 October each year in East Coast Trawl Fishery waters under the Fisheries (East Coast Trawl) Management Plan 2010.
- We clarified the requirements for turtle excluder device escape holes in trawl nets under the Fisheries (East Coast Trawl) Management Plan 2010, providing greater protection for sea turtles and reducing the ecological risks that have been attributed to trawling.

## Other reforms

There were also regulatory reforms to legislation outside these four main areas of activity:

- The *Farm Business Debt Mediation Act 2017* provides a process for the efficient and equitable resolution of farm business debt matters between mortgagees and farmers. It is supported by the Farm Business Debt Mediation Regulation 2017, which provides for how mediators are chosen. Both commence on 1 July 2017.
- Amendments to the *Drugs Misuse Act 1986* enable licenced researchers and growers of industrial cannabis in Queensland to supply seed to licence holders under a national licensing system to cultivate medicinal cannabis.
- Amendments to the *Rural and Regional Adjustment Act 1994* provide for the transition from QRAA to the Queensland Rural and Industry Development Authority from 1 July 2017, with expanded functions.

## Strategy

### Optimise benefits from fisheries and state-owned forestry

#### Contributing impact areas

fisheries

forestry

Fisheries and state-owned forest products are community resources belonging to all Queenslanders. We are responsible for managing these resources in a way that optimises the benefit for Queenslanders today while ensuring that future generations will continue to benefit from the resources. The *Queensland sustainable fisheries strategy 2017–2027* (discussed in Objective 3) outlines actions in place to broaden the economic and social opportunities from charter and other recreational fishing pursuits.

We continued to meet all sales permit/contract obligations for the supply of state-owned forest products, oversaw the 99-year licence with HQPlantations and worked with industry to implement agreed programs to help develop the industry.

We met contracted supply commitments for native forest log timber, other forest products and quarry material, delivering expected financial returns while meeting environmental and community expectations.

Around 35 000 hectares of state-owned native forests are selectively harvested each year, supplying around 14% of Queensland's domestically produced log supply.

Our native forest timber sales saw around 7500 cubic metres harvested to provide timber poles for railway, bridge and electricity infrastructure.

The department's quarry material sales are the source of some 16% 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 2016–17 were about 4.02 million cubic metres.

Funding of \$2.7 million was allocated to implement a range of actions to help develop the industry—this included \$1.4 million towards industry research priorities. Actions align with the priorities of job creation, growing existing economic strengths, value adding, innovation and supporting regional and rural Queensland. Significant progress has been made in implementing the actions, including:

- supporting industry to promote the forest and timber industry to jobseekers and the broader community as a long-term career by funding the Timber and Building Materials Association *Queensland forest & timber workforce development plan 2016–2020*
- progressing an extension project to support private landholders to better manage their forests for both environmental and timber production outcomes.

## Priorities for 2017–18

- Undertake initiatives that support rural economic development, including:
  - implementing the Growing Queensland's Food Exports initiative
  - establishing the Rural Economies Centre of Excellence.
- Promote export opportunities and showcase Queensland's agricultural products by:
  - supporting government-sponsored outbound trade missions
  - holding an agricultural investment summit and leveraging promotional activities and international events associated with Beef Week 2018 and the 2018 Gold Coast Commonwealth Games.
- Drive innovation in Queensland's agricultural and food industries and attract private-sector capital into RD&E by implementing:
  - the final agriculture and food RD&E 10-year roadmap and action plan
  - the Technology Commercialisation Fund.
- Release and implement the final *Queensland biosecurity strategy: our next five years 2017–2022* and commence the action planning process.
- Develop (with industries) accredited industry-led quality assurance schemes, which will enable market access for Queensland producers under contemporary biosecurity legislation.
- Implement the forest and timber industry RD&E program in consultation with industry.
- Oversee the plantation licence held by HQPlantations Pty Ltd, as well as the related agreements.

## Objective 2: Assist people in agribusinesses to respond to challenges and protect environmental values

Droughts, floods and animal and plant pests and diseases are regular features of agricultural production, with impacts along the supply chain. Our programs and initiatives help agribusinesses prepare for and mitigate risks and maintain continuity in the face of climate variability, biosecurity threats and disruption from technological change. Proactive implementation of climate risk management practices supports recovery and rebuilding. Effective leadership of biosecurity responses and delivery of drought assistance and extension services all improve the capacity and resilience of rural businesses.

The dependency of many rural economies on agriculture led to the department placing a more specific focus on rural economic development. We work with rural communities to identify and secure funding for projects that support local economic priorities and strengthen rural communities.

### Strategic risks and opportunities

- Major climatic events and biosecurity threats—being prepared for events, managing the continuity of business and effectively sharing responsibility for risk management
- Economic, market, consumer and environmental trends—sourcing available data and information to provide timely responses to emerging opportunities and challenges to help our industries adapt and grow

### Key performance indicators

- Business improvement attributed to DAF's products and services
- Significant biosecurity response programs deliver nationally agreed outcomes

### Cross-government commitments

The following intergovernmental agreements influence the way we deliver these services.

#### Intergovernmental Agreement on National Drought Program Reform

Under this 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.

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

The Queensland Murray–Darling Basin Regional Economic Diversification Program, a part of this agreement, 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. DAF administers two projects under this program:

1. 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.
2. 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.

## Intergovernmental Agreement on Biosecurity

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. National cost-sharing arrangements are outlined in subsidiary response deeds and agreements. The Intergovernmental Agreement on Biosecurity is linked to international agreements.

## Results and work program

### KPI Business improvement attributed to DAF's products and services

Performance monitored by a DAF service standard, together with qualitative case studies of our work in innovation, growth, exports, production risks and changes in climate

Table 4: Service standard—improvements due to RD&E

| Indicator                               | Measure  | Results |         |         |         |         |
|---|--|---------|---------|---------|---------|---------|
|   |  | 2012–13 | 2013–14 | 2014–15 | 2015–16 | 2016–17 |
| <b>Service standard (effectiveness)</b> | Percentage of customers indicating that participation in an RD&E activity contributes to business improvements | 54–60%  | 54–60%  | 60–73%  | 64%     | 69%     |

**Note:** This was a new measure replacing two measures that focused on improvements adopted post-RD&E participation, which were discontinued measures in 2015–16. The earlier results are indicative of trend but not directly comparable. The prior years show the range of results achieved from the former two measures. In 2016–17, over 2000 participants completed relevant surveys. A total of 69% indicated that they would make business improvements as a result of participating in the RD&E activity. This is a 5% increase from 2015–16 and is consistent with historical trends.

## Strategy

### Support development of a modern and capable workforce to meet agribusiness labour needs

#### Contributing impact area

rural economic development

We have established the successful Queensland Agriculture Workforce Network and Rural Jobs and Skills Alliance to address labour market needs and challenges, and provide assistance with workforce development.

The industry-led Rural Jobs and Skills Alliance has developed strong links with state and federal employment and training agencies, and has established itself as the key source of labour market and training intelligence and advice to government. The initiative is a \$3.57 million investment in industry-led workforce programs between 2015 and 2018.

In 2016–17, our work continued support to the Queensland Agriculture Workforce Network, the AgForce-managed Schools to Industry Partnership Program and the Gateway Schools program to promote agribusiness training and career options.

## Strategy

### Engage and partner with agribusinesses to capitalise on opportunities for innovation, growth and export development

#### Contributing impact areas

animal science

crop and food science

horticulture and forestry science

plant biosecurity and product integrity

rural economic development

RD&E innovations in production support the growth of the Queensland agriculture and food sectors, which flow on to generate jobs in rural communities and across the supply chain. The following case studies illustrate how product innovations from DAF's breeding programs deliver benefits to producers and consumers. We engage with producers through forums, field days, workshops and printed and online resources (including social media) to foster the uptake of new varieties and improved production and land management practices, and encourage producers to join trials.

## *New horticulture varieties*

The Horticulture and Forestry Science unit's breeding programs continue to deliver new varieties to Queensland industries that improve productivity and consumer appeal. This leads to enhanced bottom-line profitability for individual businesses and overall growth of the industries. New breeding techniques such as genome sequencing and identification of genetic markers for desirable productivity and quality traits are being applied to help speed up the process of delivering improved varieties.

Increasingly, consumers are looking for new eating experiences in their fruit and vegetables. To address this growing demand, researchers are focusing on improving custard apple varieties by increasing yield potential, offering a range of fruit quality options (such red/pink and green-coloured skin, and lower seed counts) while retaining the creamy sweet flavour for which custard apples are well known. Large-scale semi-commercial testing of the elite selections will soon see commercial release of improved green-skinned varieties and the novel red-skinned varieties.

This year also saw the release of four new macadamia varieties. It has taken researchers 20 years to select and breed superior varieties that yield up to 30% more nuts than the current industry standards. All of these varieties have superior nut quality and desirable tree characteristics to ensure efficient production and harvesting. High yields and reduced production costs will enable the Australian macadamia industry, which exports over 70% of the crop, to be more competitive on the world market. These varieties are being commercially released to the industry through our commercialisation partner, Queensland Strawberry Growers Association Ltd.

Three new superior low-seeded mandarin varieties are in the final stages of assessment in large-scale blocks on commercial farms in Queensland.

These varieties have much lower seed counts than previous varieties produced in the subtropics. They also have superior flavour characteristics compared to other mandarins on the market. Both domestic and international consumers favour mandarins with good taste, no or low seed counts and easy peeling.

The berry category is the fastest growing fruit category in the world. In response to this demand, the Queensland strawberry industry continues to grow and now produces strawberries for 12 months of the year. Strawberries are also commercially grown from Bundaberg to the Granite Belt, with another small production area on the Atherton Tableland. The breeding program focuses on producing berries that have significant consumer appeal while being highly productive. The focus is also about providing varieties to extend the production season and avoid production peaks that have historically seen low returns to the growers. Two new subtropical varieties have been released to the industry this year—Scarlet Rose-ASBP and Sunglow-ASBP. New temperate varieties, suitable for production in the Granite Belt, are close to being commercially released.



Figure 6: Red-skinned custard apple variety



## *Next-generation beef producers develop ‘whole of business’ skills*

The NextGen program specifically links young beef producers (mentees) to experienced producers (mentors) who successfully manage the seasonal, financial, herd and grazing management constraints faced in the beef industry. In addition to experience gleaned from leading producers, the mentees also network with a range of industry experts in animal nutrition, grazing land management, marketing, business skills, wealth management and personal communication/development.

In 2016, the NextGen concept was developed by DAF in collaboration with the Northern and Southern Gulf natural resource management bodies and leading producers. Following an expression of interest process, 32 young producers signed up for the 12-month program. Mentees varied in age from 18 to 35 years. The participants had a broad skill base ranging from property managers, the next generation taking over the family business, jillaroos, jackaroos, overseers and corporate company employees. The group of mentees have direct links to 33 properties covering 1 446 000 hectares carrying approximately 151 000 head of cattle. The DAF \$avannaPlan-Beef\$ense delivery team supported the mentee learning programs through customised on-property services, group forums and webinars.

Part of the program output was the development of 32 action plans that enabled each mentee to identify, timetable and monitor their learning program. These action plans also allowed the delivery team to efficiently plan and deliver training through one-on-one, group or online events.

Evaluation of the learning process indicated that the most valued aspects of the program included:

- networking with others and with the \$avannaPlan-Beef\$ense team
- tailored training sessions just for the NextGen group
- assistance to find and engage with industry mentors
- one-on-one support and follow-up.

Of the survey respondents, 90% stated that they would like to remain involved with the NextGen program beyond June 2017. Improvement feedback suggested future NextGen programs should focus more fully on all aspects of running a successful beef business, with particular emphasis on personal development/communication skills, breeder/weaner management, livestock nutrition, bookkeeping skills, pasture management and property management.

As a result of the initial success of the NextGen program, a regional consortium—including the Gulf Cattleman’s Association, Northern Gulf Resource Management Group and the \$avannaPlan-Beef\$ense team—has applied for federal government Leadership in Agricultural Industries funding to continue the program until 2020.



Figure 7: NextGen group on the Central Queensland tour

DAF's network of regional officers also worked with industry sectors and rural communities to develop strategies and projects designed to stimulate economic activity and jobs in areas faced with a range of opportunities and challenges, including:

- facilitating the 'Preparing for Future challenges—where will your business be in 2025' conference for pork producers and industry partners, which had more than 150 national delegates presenting regional opportunities to grow the pork industry, including the potential use of the Brisbane West Wellcamp Airport for export
- collaborating with Avocados Australia and Horticulture Innovation Australia on the national Qualicado program, which focuses on continuous improvement of the supply chain across Australia
- continuing to support communities involved in the Murray–Darling Basin Regional Economic Diversification Program.

### *High-value crops help the Murray–Darling adapt to water constraints*

The High Value Horticulture Value Chains project is developing new export-oriented horticulture value chains in the Murray–Darling region to maximise economic return from each megalitre of available irrigation water. The Australian Government has provided \$15.055 million over 3 years, with in-kind contributions from Queensland of approximately \$4 million.

The industry development project led by DAF and Trade and Investment Queensland has seen irrigated crop producers in communities such as Inglewood and St George grow and export new crops, including sweet corn, broccoli, blueberries and garlic. They are much more water efficient than the traditional crops previously grown in these areas. The new production systems have also led to the establishment of new businesses and employment opportunities in rural communities, such as packaging and processing facilities. Over 30 businesses in the

project area are now producing new crops or using more intensive production practices due to the support of the project, and the information and experienced generated will lead to further regional diversification in the future.



Figure 8: Blueberry crops in St George for export

## Strategy

### Increase the capacity of agribusinesses to respond to production risks and adapt to changes in climate

#### Contributing impact areas

|  |                            |                                   |
|--|----------------------------|-----------------------------------|
| animal science                                 | crop and food science      | horticulture and forestry science |
| research infrastructure, strategy and business | rural economic development |                                   |

Agribusiness faces a range of risks to production, including weather and biosecurity events. In 2016–17, we worked with industry and across all levels of government to support communities and producers address these challenges by providing drought assistance and in areas such as increasing plant and animal disease resistance, development and introduction of new technologies, and creating efficiencies in production.

#### *Climate impacts*

Tropical Cyclone Debbie crossed the coast on 28 March 2017. The estimated damage across all agriculture and fisheries industries within the Whitsunday and Mackay areas was over \$300 million. Producers lost crops, stock and infrastructure in the cyclonic winds and associated flooding. Other areas significantly impacted were parts of Central Queensland (including the Clarke Creek area) and parts of South East Queensland (in particular, the Logan and Albert river region). In all, the total cost was estimated to be approximately \$450 million.

In response to this disaster, we requested activation of the joint federal–state Natural Disaster Relief and Recovery Arrangements (category B and C) to assist affected primary producers. Applications for this assistance are managed by QRAA.

We were well prepared to respond to extreme weather events such as cyclones and flooding, as we had:

- conducted successful test exercises (by departmental District Disaster Management Groups in Roma, Brisbane and Mount Isa)
- developed a Rapid Damage Assessment Tool (using the Collector for ArcGIS app to assist DAF officers in the collection and provision of damage impact information)
- evaluated the effectiveness of training programs.

We provided \$7.2 million in drought relief under the Drought Relief Assistance Scheme (DRAS), processing 1636 DRAS claims.

DRAS is the largest component of the multi-agency Drought Assistance Package. The Drought Assistance Package also provides relief for electricity charges, land rent and water licence fees, rural financial counselling and mental health support, and community and educational assistance.

DRAS comprises freight subsidies (\$4 million in 2016–17) and emergency water infrastructure rebates (\$3.2 million in 2016–17), as well as charity payments and the provision of rural financial counselling services. Table 5 provides an overview of DRAS responsiveness.

The Queensland Government is currently participating in the national review of drought policy, with the Intergovernmental Agreement on National Drought Program Reform between all state, territory and federal governments due to expire on 1 July 2018.

Since April 2013 when the drought commenced, the Queensland Government has spent over \$120 million to support farm businesses, families and communities through the Drought Assistance Package.

Table 5: DRAS performance

| Indicator                        | Measure  | Results      |         |         |         |         |
|----------------------------------|--|--------------|---------|---------|---------|---------|
|                                  |  | 2012–13      | 2013–14 | 2014–15 | 2015–16 | 2016–17 |
| Condition                        | Percentage of state drought-declared   | < 1%         | 79%     | 80.3%   | 83.9%   | 66.27%  |
| Service standard (quantity)      | Number of applications received  | 15           | 6165    | 7636    | 4294    | 1691    |
| 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 | 36%     | 90%     | 97%     | 98%     |

**Note:** 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. Due to the high number of applications received in 2013–14, claims received in the first three quarters of that financial year were not processed within the required time frame.

### Rural Assistance Package

We are committed to assisting rural producers and communities across the state that are affected by unprecedented drought conditions and high debt—some producers have been in drought for more than 4 years. The Rural Assistance Package will provide total funding of \$77.96 million over 5 years from 2015–16. Outcomes progressed in support of the Rural Assistance Package during 2016–17 included:

- the introduction of a legislated Farm Business Debt Mediation process before bank enforcement action, which commences 1 July 2017
- continued pest and weed management programs through the Feral Pest Initiative, including establishing two Wild Dog Commissioners in Western Queensland, and wild dog exclusion and cluster fencing funding of \$31.2 million over 2 years, the result of which has seen improved lambing rates produce an additional 213 000 sheep in the state flock and generate 45 full-time jobs worth approximately \$2.5 million
- the Crop Insurance Research Program, which provided research grants for farm production data collection and analysis to support the development of the crop insurance industry, with grants of \$150 000 paid
- the extension of transfer duty concessions for the intergenerational sale of the family farm to further facilitate succession planning
- amendment of the *Rural and Regional Adjustment Act 2011* and Regulations to transition QRAA to the Queensland Rural and Industry Development Authority and increase the loan limits under the Primary Industry Productivity Enhancement Scheme program
- opening applications for Financial Management and Climate Risk Mitigation research grants.

Following reallocation of government portfolios, including designation of a ministerial rural economic development portfolio, the government indicated an intention to establish a new Rural Economies Centre of Excellence. The centre will undertake integrated research and specialised programs to deliver the sustainable growth of Queensland’s rural communities. Following stakeholder consultation, a proposed Office of Rural Affairs, to be established under the Rural Assistance Package, was assessed as duplicating functions now managed at the DAF portfolio level.

### Drought and Climate Adaptation Program

The Drought and Climate Adaptation Program provides funding for RD&E services to promote drought preparedness and climate risk mitigation. The program is funded for 6 years, with \$3.5 million available each year.

The Queensland Drought Mitigation Centre (formally launched in June 2017) is the largest component of the Drought and Climate Adaptation Program, and is a partnership between DAF, the Department of Science, Information Technology and Innovation and the University of Southern Queensland. The centre works with Australia’s and the world’s best climate modellers to improve seasonal forecasts and weather reports for

agriculture in northern Australia. Examples of work include extending seasonal forecasts, research into multi-year droughts, improving our knowledge of Queensland's climate before European settlement, options for multi-peril crop insurance, regional climate change projections and workshops on managing farm businesses in our variable and changing climate.

The main extension component of the Drought and Climate Adaptation Program is the Grazing Futures project, which held 39 training, skill development and mentoring activities involving 758 producers during 2016–17. These activities involved 541 grazing businesses that managed over 790 000 cattle and over 540 000 sheep across 12.8 million hectares of Queensland's pastoral regions. Participation of over 360 agribusiness professionals multiplies the impact of these Grazing Futures project activities within their networks of landholder client groups and through the supply chain.

## Strategy

### Build capability to adjust to market disruptions driven by technological innovation

#### Contributing impact areas

|  |                               |                       |
|--|-------------------------------|-----------------------|
| research infrastructure, strategy and business | animal science                | crop and food science |
| horticulture and forestry science              | strategic policy and planning |                       |

In 2016–17, we hosted the AgFutures Conference with a total of 356 attendees. The innovation and investment theme of the conference aligned with the government's Advance Queensland strategy and developing the knowledge-based economy of the future. Attendees heard from over 30 national and international world-leading experts on agri-technology innovation and investment and the future of agriculture. Demonstrations were given on pioneering agricultural technologies, including robotics, greenhouse gas monitoring systems, drought and disease-resistant crops and new biofuel and biochemical production methods.

We provided forums to share home-grown innovations, and to provide a platform for industry champions to come together to discuss advancements, emerging trends and future investment. Once considered revolutionary, sensor and unmanned aerial technologies are rapidly being adopted in agricultural production.

#### ***Novel sensor technology to improve effluent management in the pork industry***

DAF scientists launched a prototype device, 'Susbot', at a commercial piggery. Susbot is designed to automatically relay information from the effluent sump back to the producer about in-shed production factors, including effluent solids concentrations, feed wastage and the

presence of odorous compounds. The pilot trial ran successfully, with Susbot effectively capturing and analysing samples from the site's effluent sump. Data captured by Susbot is now being analysed to explore ways to optimise the device for improved automated performance.

## *Drone imagery changing the way crop yields and plant diseases are predicted*

A proof-of-concept project on unmanned aerial vehicle (UAV) technology demonstrated the potential application of UAV multispectral imagery to map fungal disease and predict yields in vegetable crops. The Agri-Science Queensland innovation project used spatial maps based on a normalized difference vegetation index—as an indicator of crop growth and vigour—to map the presence of the fungal disease *Sclerotinia* in green beans, and to predict yield and final crop parameters in lettuce and sweet corn.

The trial showed that early season crop variability was maintained through to maturity, suggesting that early season data measurements could be used to predict final yield and crop characteristics. Automated counts of lettuce from imagery were 98% accurate relative to manual counts. Field measurements of crop parameters (plant and head diameter and final weights) were also highly correlated with harvest data. The trial generated important proof-of-concept data and provides a basis for further exploration of the use of drone technology to improve farming productivity and profitability.

DAF is working with drone technology companies, supporting farmers to trial drones, and working with other regulators to make the rules associated with their use easier. Drones can collect large amounts of information at low cost. Drone technology is being developed to improve sorghum varieties and to monitor broadacre crops in the cotton and grains industries for possible signs of disease and nutritional deficiency. We have experimented with drones to spot forest fires and evaluate their benefits in managing feral animal pests (cats, wild pigs, deer and goats) and assisting with plant biosecurity outbreaks (such as citrus canker, Panama disease tropical race 4 and tomato potato psyllid)—where one of the biggest impediments to rapid response is identifying where host crops and infestations are located and their extent. The use of mapping technology can help target responses making them more efficient and more effective.



Figure 9: Normalized difference vegetation index imagery of sweet corn (left) and size of green bean plants from each of the areas indicated (centre right)—green beans harvested from 1 metre of plants from highest yielding plot (top right) and lowest yielding plot (bottom right) sampled from the areas indicated by the arrow tips

## KPI Significant biosecurity response programs deliver nationally agreed outcomes

Performance monitored by a range of DAF service standards

Table 6: Performance indicator and complementary service standards—significant biosecurity responses

| Indicator                               | Measure  | Results      |              |              |         |         |
|---|--|--------------|--------------|--------------|---------|---------|
|   |  | 2012–13      | 2013–14      | 2014–15      | 2015–16 | 2016–17 |
| <b>Business measure (activity)</b>      | Number of significant response programs  | Not measured | Not measured | 6            | 7       | 7       |
| <b>Service standard (effectiveness)</b> | Percentage of significant response programs on track to deliver nationally agreed outcomes (on time and on budget) | 100%         | 100%         | 100%         | 100%    | 100%    |
| <b>Service standard (efficiency)</b>    | Average cost per hour to deliver biosecurity services for Queensland   | Not measured | Not measured | Not measured | \$48    | \$52.40 |

**Note:** The number of significant response programs is based on the type and nature of detections made. Due to changes in definition it is not possible to provide comparable figures before 2014–15. The increase in cost per hour to deliver biosecurity services for Queensland between 2015–16 and 2016–17 reflects the additional costs incurred to undertake response programs such as white spot disease in prawns.

## Strategy

### Lead Queensland's biosecurity preparedness and responses

#### Contributing impact areas

animal biosecurity and welfare  
invasive plants and animals

plant biosecurity and product integrity  
biosecurity strategy and business

There are recognised benefits to a coordinated and aligned approach to the management of animal and plant pests and diseases—a shared responsibility between all levels of government, industry and the community.

During the year, Biosecurity Queensland led seven programs under national cost-sharing agreements:

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

Contractual arrangements with the federal, state and territory governments and relevant industry groups provide for cost-sharing and defined accountabilities when responding to emergency pest and disease events. These arrangements enable coordinated responses across jurisdictional boundaries and are outlined in the Emergency Animal Disease Response Agreement, the Emergency Plant Pest Response Deed and the National Environmental Biosecurity Response Agreement. During the year, the Queensland Government received funding to support its significant response programs in accordance with these agreements. The Queensland Government also met its obligations to cost-share funding for national responses being managed by other states and territories, including red imported fire ants (New South Wales), browsing ants (Northern Territory), banana freckle (Northern Territory), giant pine scale (Victoria, South Australia) and Khapra beetle (South Australia).

### *Continuation of the Red Imported Fire Ant Program*

Since 2001, more than \$353 million has been invested in Queensland on behalf of the federal, state and territory governments to eradicate red imported fire ants. To date, the ants have been successfully eradicated at Gladstone and separate infestations around the Port of Brisbane, but the biosecurity zone remains in place in and around Brisbane.

An independent review of the program, undertaken in 2015–16, found that eradication of fire ants in South East Queensland is still possible but there is a small window of opportunity left to achieve this. If no further action was taken, the cost to the community would be up to \$35 billion over the next 30 years. Biosecurity Queensland developed a detailed draft 10-year eradication plan, and is negotiating with the other jurisdictions to secure a 10-year funding commitment for the program from 2017–18 to 2026–27.

Biosecurity Queensland also delivered non-national cost-shared responses for:

- Panama disease tropical race 4—invested \$5.8 million in measures to prevent the spread of the disease in bananas, including research and surveillance across the entire northern banana production zone to determine the extent of the outbreak and the *Banana best management practices: on-farm biosecurity manual* launched in May 2017
- electric ants—invested \$1.291 million in the eradication program
- the anthrax incident in the St George district
- cucumber green mottle mosaic virus—to help reduce impacts to the approximately \$150 million melon and cucurbit industry in the Bundaberg region
- white spot disease in prawns—the largest response to an aquatic disease in Australia’s history affecting the \$92 million aquaculture industry
- Asian green mussels—a detection south of Weipa
- Hendra virus—a single incident of Hendra virus infection in the Gold Coast Hinterland in May 2017.



## *Response to white spot disease in prawns*

The response to the outbreak of white spot disease in commercial prawn farms in South East Queensland has been the largest response to an aquatic disease in Queensland's history.

White spot disease was first detected in a prawn farm on the Logan River in late 2016 and, over time, spread to six neighbouring premises. Upon detection of the exotic disease, Biosecurity Queensland responded quickly to protect this valuable industry, including:

- destruction of all prawn stock on the seven affected premises on the Logan River using over 6.8 million litres of chlorine
- application of legislative tools under the *Biosecurity Act 2014* to restrict the movement of uncooked crustaceans
- testing of over 50 000 samples comprising 24 000 crustaceans from the affected prawn farms and over 23 000 crustaceans from the wild as part of a comprehensive surveillance program.

An extensive engagement and communication program was implemented to keep the industry and community informed. Information packs were emailed and posted to 3300 commercial prawn, crab and worm licensees in Queensland, 332 aquaculture operators, 30 seafood wholesalers and processors, 16 seafood industry associations and 41 local councils. This was supported by weekly updates to 1730 e-subscribers, radio and television advertising, 100 boat ramp signs, jetty and foreshore engagement events, a social media campaign and patrols by the Queensland Boating and Fisheries Patrol. The formation of a White Spot Industry Communication Working Group, comprising members from key commercial and recreational representative industry groups, was crucial to maintaining public awareness of restrictions.

DAF is delivering an eradication program on behalf of industry, overseen by a national expert committee. Surveillance testing of prawns in the wild has been extensive, including within Moreton Bay and along the entire east coast of Queensland. Ongoing protection requires industry to plan for the future and adopt minimum biosecurity standards on all farms in Queensland. This will involve infrastructure upgrades, restructuring of farms and a heightened awareness for future scenario planning. This will be a difficult transition for the prawn farming industry, but with it we will see increased long-term confidence for investment and a platform for future growth.

To further enhance Queensland's biosecurity prevention and response, the department:

- delivered biosecurity workshops to producers of targeted industries, including free-range egg production
- established the Queensland Marine Pest Governance Group and worked with port authorities, the commercial and marine industry, ship maintenance and cleaning sectors, conservation interests and the boating community to improve Queensland's marine pest biosecurity
- formed the Biosecurity Emergency Response Group, which was a recommendation of the Biosecurity Capability Review—the group comprises trained DAF staff who will provide the first wave of frontline support in emergency biosecurity incursions
- supported a simplified and stronger cattle tick management framework with the introduction of a new tick line and more flexible options for crossing the line
- provided input into the government response to the parliamentary Agriculture and Environment Committee inquiry into *Hendra virus EquiVac® vaccine and its use by veterinary surgeons in Queensland*
- commenced or maintained surveillance programs for pests and diseases, such as tomato potato psyllid, to maintain access to domestic and international markets for Queensland producers
- participated in local and district disaster management group exercises.

## Priorities for 2017–18

- Progress initiatives of the Rural Jobs and Skills Alliance under the collaborative agreements established with industry bodies.
- Continue drought relief arrangements and invest in the Queensland Drought and Climate Adaptation Program to improve farm business capacity, seasonal forecasting and decision support tools to better manage climate risk.
- Develop an updated model for drought support consistent with the National Drought Policy Review that encourages farmers to improve self-reliance and resilience to climate variability.
- Continue to implement the Rural Assistance Package, aimed at reducing financial stress and improving the financial sustainability of rural communities.
- Continue national and other significant biosecurity responses and eradication programs, including red imported fire ants, electric ants, Panama disease tropical race 4, cucumber green mottle mosaic virus, red witchweed, four tropical weeds and exotic fruit fly in the Torres Strait, Hendra virus, anthrax and white spot disease in prawns.
- Boost Queensland's marine pest preparedness and prevention, and enhance plant diagnostic services.
- Continue assistance to better control weeds and pest animals affecting regional communities, including cluster fencing to control wild dogs and improved management of Navua sedge weed.

## Objective 3: Ensure the sustainable management of natural resources to underpin productivity and protect the environment

Ensuring the balanced use of natural resources provides immediate and ongoing economic, social, environmental and cultural benefits. We support the sustainable and productive use of the fundamental natural resources of land, water, fish and forests. DAF advocates for the safeguarding of agricultural land and water, provides economic support and decision-making tools for agricultural producers, and supports the continuation of critical programs, including pest and weed management and best management practice programs to protect the Great Barrier Reef. We also have responsibilities in regulating access to fisheries resources and allocating native forest resources.

To this end, we maintain specific accreditations to ensure the viability of management practices, including certification of forest management practices under internationally recognised standards. Our engagement with industry and the community ensures more responsive decision-making, and drives equitable access to these resources to ensure they remain available to future generations.

We also have a role in community education and safety through our shark control and boating and fishing awareness programs.

### Strategic risks and opportunities

- Environmental trends—sourcing the best available information and data to provide timely responses to emerging opportunities and challenges to help our industries adapt and grow
- Major climatic events and biosecurity threats—being prepared for events, and managing the continuity of business and effectively sharing responsibility for risk management
- Better return on investment—partnering with like-minded organisations and investors and evaluating the impact of major programs and services
- Innovation—exploiting data and new technologies, and empowering our people and partners to try new things

### Key performance indicators

- DAF's effectiveness in influencing planning and development
- Adoption levels of best management practice in Reef catchments
- Status of key Australian fish stocks
- Accreditation of our fishery and forest management systems

### Cross-government commitments

The following intergovernmental agreements influence the way we deliver these services.

#### Reef 2050 Plan

The *Reef 2050 long-term sustainability plan* (Reef 2050 Plan) provides the framework for the actions of the Australian and Queensland governments to protect and manage the Great Barrier Reef. DAF continues to contribute to 31 of the 139 actions in the Reef 2050 Plan. DAF's actions aim to improve Reef water quality and implement ecologically sustainable fisheries policy.

## Accreditation of aquaculture discharge adjacent to the Great Barrier Reef Marine Park

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.

## Great Barrier Reef Marine Park Authority Intergovernmental Agreement

Schedule E of this agreement 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.

## Conservation agreement for assessment of applications under the *Great Sandy regional marine aquaculture plan*

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 (currently under the *Sustainable Planning Act 2009*, which will be replaced by the *Planning Act 2016* commencing 3 July 2017) 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.

## Results and work program

### KPI DAF's effectiveness in influencing planning and development

Performance monitored by a range of DAF service standards

Table 7: DAF's effectiveness in influencing planning and development

| Indicator                               | Measure  | Results |              |              |              |         |
|---|--|---------|--------------|--------------|--------------|---------|
|   |  | 2012–13 | 2013–14      | 2014–15      | 2015–16      | 2016–17 |
| <b>Service standard (effectiveness)</b> | Proportion of stakeholders who have a high level of satisfaction with agriculture policy and planning, and consultation and engagement processes | 75%     | Not measured | Not measured | Not measured | 70%     |

**Note:** The survey has only occurred periodically over the last 5 years. In 2015–16 the intention was to introduce regular surveys, but that year the survey only received very limited returns. Therefore, a valid response was not obtained. In 2016–17, the survey was sent to 141 recipients with a total of 28 responses received. Based on the results of the survey, a result of 70% has been reported but it should be noted that this result has low statistical validity. This measure also assesses consultative processes related to policy and regulatory changes under Objective 1.

Table 8: Regional agricultural advocacy

| Indicator                            | Measure   | Results      |              |              |         |         |
|--------------------------------------|---|--------------|--------------|--------------|---------|---------|
|                                      |   | 2012–13      | 2013–14      | 2014–15      | 2015–16 | 2016–17 |
| <b>Service standard (efficiency)</b> | Average cost of regional agricultural advocacy activities | Not measured | Not measured | Not measured | \$839   | \$754   |

**Note:** This measure was set close to the achievement for 2015–16, with a conservative margin as contingency allowing for annual variation. The average cost of regional agricultural advocacy activities is trending near \$800 per activity, which is consistent with the 2015–16 result.

Table 9: Percentage of applications for development-related approvals progressed within agreed time frames

| Indicator                               | Measure   | Results |         |         |         |         |
|---|---|---------|---------|---------|---------|---------|
|   |   | 2012–13 | 2013–14 | 2014–15 | 2015–16 | 2016–17 |
| <b>Service standard (effectiveness)</b> | Percentage of applications for development-related approvals progressed within agreed time frames | n/a     | 100%    | 100%    | 100%    | 100%    |

## Strategy

### Advocate for agriculturally important land, energy and water

#### Contributing impact areas

|                               |                            |
|-------------------------------|----------------------------|
| strategic policy and planning | rural economic development |
| fisheries                     | forestry                   |

Land that is suitable for a wide range of current and potential crops with minor or no limitations to production makes up just 2.5% of Queensland. We advocated for agriculturally important land and resources needed to sustain agricultural production by:

- contributing \$125 000 to AgForce's Landholder Education Program, which provides landholders with information and support to negotiate mutually beneficial land access agreements with resource companies
- providing advice on over 40 environmental impact statements and associated development assessment referrals
- completing assessment of an application to undertake resource activities in priority agricultural areas under the *Regional Planning Interests Act 2014*
- finalising and executing agreements totalling \$1.18 million from the Strategic Cropping Land Mitigation Fund.

Our network of regional officers ensures that the interests of agriculture are considered in statutory planning processes, water allocation and energy policy, including those processes administered by other state and federal government agencies. The Department of Natural Resources and Mines has responsibility for policy, planning and management of the state's water resources. The Department of Energy and Water Supply is the lead agency for Queensland water infrastructure and related water charging. It is also the agency responsible for energy policy and regulations. We engage with these departments on key energy and water policy issues, including the *Queensland bulk water opportunities statement* and the Lower Burdekin Groundwater Strategy project. Irrigators have been supported through amendments to Queensland's *Water Act 2000*, which are expected to encourage increased agricultural production while ensuring ecologically sustainable development.

We also work closely with the State Assessment and Referral Agency to ensure developments that may have an impact on marine habitats are assessed. We provide advice and assess applications and plans in a timely manner to ensure infrastructure does not negatively impact on fish habitats. As part of the new *Planning Act 2016*, the department has successfully transitioned to new arrangements that commence on 3 July 2017.

## Strategy

### Leverage changes in water and land use to develop new agricultural and aquaculture opportunities

#### Contributing impact areas

|                               |                               |                                   |
|-------------------------------|-------------------------------|-----------------------------------|
| strategic policy and planning | regional economic development | fisheries                         |
| animal science                | crop and food science         | horticulture and forestry science |

We established a one-stop service to facilitate private sector initiatives in developing appropriate water and land resources in North Queensland on a sustainable basis. It is specifically designed for proponents of small to medium-sized agricultural developments.

The service comprises an information web portal and a client management interface, and was developed using input from the northern agribusiness community. Potential developers and project proponents have access to advice and support tailored to agricultural and associated supply chain projects. The service complements existing systems and processes, including those of the State Assessment and Referral Agency. A paired client management service gives direct access to our Regional Directors for help with the approvals processes necessary for agricultural expansion, diversification and development.

In relation to the federal government's *Our north, our future: white paper on developing northern Australia*, we have:

- worked with industry to develop eight proposals for first-round funding of the Cooperative Research Centre for Developing Northern Australia, which provides for collaborative research to address challenges that have constrained agricultural and broader development in the north
- partnered with the Department of Natural Resources and Mines to optimise the benefits from water releases in the Flinders and Gilbert rivers
- progressed the Gulf Rivers Agricultural Development Zone, engaging with development proponents in the Gilbert River and Laura to enable trial sites to support the development of sustainable agriculture systems for a variety of crops
- commenced development of a framework for assessing plant biosecurity risks and evaluating plant pest and disease pathways in northern Australia, in conjunction with the Department of Agriculture and Water Resources, to inform surveillance priorities for northern Australia, build industry biosecurity capacity and protection, and enhance biosecurity education and awareness
- engaged with Indigenous proponents in northern Cape York, and other parties, to establish successful native forest timber harvesting and processing businesses in the region, which will generate positive regional employment and training opportunities, particularly for local Aboriginal peoples and Torres Strait Islanders.

### ***Implementation of the Queensland aquaculture policy statement***

The *Queensland aquaculture policy statement*, released in April 2016, provides a framework for the future development and growth of a sustainable, diverse and innovative aquaculture industry in Queensland. The framework is supported by the government's response to the Queensland Competition Authority's (now the Queensland Productivity Commission) *Aquaculture regulation in Queensland* report released on 22 April 2016. The response supported a number of the recommendations detailed in the report, including the identification of 450 hectares of terrestrial aquaculture development areas suitable for aquaculture operations.

The Aquaculture Advisory Committee was established in 2016–17 to oversee implementation of the government-supported recommendations. We have conducted a geographic information systems desktop assessment to identify potential aquaculture development areas, and developed options for streamlining approval processes.

Targeted consultation with local government, industry and relevant government agencies will commence in the second half of 2017 regarding the initial mapping of aquaculture development areas and to help refine the proposed areas.

## KPI Adoption levels of best management practice in Reef catchments

Performance monitored by a DAF service standard

Table 10: Service delivery standard—best management practice

| Indicator                               | Measure  | Results |         |         |         |         |
|---|--|---------|---------|---------|---------|---------|
|   |  | 2012–13 | 2013–14 | 2014–15 | 2015–16 | 2016–17 |
| <b>Service standard (effectiveness)</b> | Percentage of primary producers in Reef catchments who adopt best management practices after participation in DAF extension programs | n/a     | 20%     | 74%     | 58%     | 68%     |

**Note:** In 2013–14, this result related to canegrowers only. A graziers survey was delayed due to priorities related to drought activities. 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 and 2015–16 are not strictly comparable.

In 2016–17, poor seasonal conditions over the past 2–3 years were expected to constrain adoption levels in the grazing sector, but this did not occur. There was a marked increase in the adoption rate in the sugarcane sector in 2016–17. It is likely that more explicit targeting of extension effort (both spatially and in terms of specific management practices) resulted in better than expected adoption results in both the sugarcane and grazing sectors.

## Strategy

### Moderate the impact of agriculture, pests and weeds on the environment and the Great Barrier Reef

#### Contributing impact areas

|   |                             |                               |
|---|-----------------------------|-------------------------------|
| rural economic development              | crop and food science       | animal science                |
| plant biosecurity and product integrity | invasive plants and animals | strategic policy and planning |

### *Protecting the Great Barrier Reef*

We committed \$3.5 million in funding and leveraged a further \$13.4 million from Great Barrier Reef funding programs to lead and support actions of the *Reef water quality protection plan 2013*, and to continue to deliver a number of key milestones for the Reef 2050 Plan. During 2016–17, we:

- responded to the recommendations of the Great Barrier Reef Water Quality Taskforce, leading the implementation of recommendations on enhanced extension and education
- delivered on-ground practice change, improved agribusiness profitability and improved the health of the Great Barrier Reef through best management practice (BMP) programs.
- evaluated the effectiveness of the Australian and Queensland government investment in improving management practices in Reef catchments, information fundamental to the development of the annual Reef report cards, which track progress towards the Reef 2050 Plan’s management practice and water quality targets
- received the Premier’s Award for Excellence for the Burdekin Nitrogen Trials to prove the value of an industry nutrient management standard



- worked in collaboration with the Department of Environment and Heritage Protection and Department of Science Innovation and Technology through the Reef Pesticide Working Group to identify actions that help improve the use of pesticides in Reef catchments (DAF is the agency responsible for the *Chemical Usage (Agricultural and Veterinary) Control Act 1988*)
- released and commenced implementation of the *Queensland sustainable fisheries strategy 2017–2027*, which will deliver on two actions under the Reef 2050 Plan.

We continue to support our partner agency, the Department of Environment and Heritage Protection, in contributing to the whole-of-government response to the Great Barrier Reef Water Science Taskforce final report (May 2016) on how the Queensland Government’s ambitious Reef water quality targets (reduce nitrogen run-off by up to 80% and sediment run-off by up to 50%) may be achieved and identifying the priority areas for investing an additional \$90 million of new funding over 4 years.

### ***BMP programs***

The industry-led, voluntary BMP programs operate in Reef catchments to help producers reduce nutrient and sediment load onto the Reef, and provide an accreditation process to demonstrate producers’ success.

The grazing program has been delivered in the priority Reef catchments of the Burdekin, Fitzroy, Burnett and Mary river catchments—the major catchments flowing to the Reef—and has been expanded beyond Reef catchments into South East Queensland and drought-affected shires in northern and western Queensland.

The industry-led program allows graziers to benchmark their current business practices and stewardship performance, and anonymously compare their results with the rest of the industry. A total of 560 businesses managing just over 10.2 million hectares participated in the program in 2016–17. In 2016–17, 42 businesses were accredited and three renewed their accreditation. An independent survey (undertaken from March to May 2017) of 58 producers participating in the statewide Grazing BMP program found that 90% had considered changes in their management practices and 74% had commenced or completed changes.

In order to minimise the impact of sugarcane production on the Great Barrier Reef, we undertake RD&E activities in collaboration with CANEGROWERS (the industry peak body) and the broader cane industry to support the implementation of the Smartcane BMP program and modern farming practices.

During the year, we investigated the viability of reducing nitrogen applications of traditional application fertiliser products and assessing enhanced efficiency fertiliser formulations in 30 replicated experiments across all Reef catchments. We explored the potential of unmanned aerial vehicles for identifying and mapping weed pressure, and undertook pest and weed management training across the Reef regions in association with Sugar Research Australia. We also investigated an innovative new press wheel designed to seal fertiliser and pesticides into the ground to reduce losses in run-off water. The financial and environmental benefits of Smartcane BMP practices were validated through case studies of BMP accredited growers.

### Protecting the environment—control of weeds and pest animals

Invasive weeds and pest animals have significant impacts on the environment and agricultural production through their capacity to diminish the effective use of land and other resources. We have made significant contributions to limit their adverse impact now and into the future. To manage the impact of agriculture, pests and weeds on the environment, we:

- continued the ‘War on Western Weeds’—a 5-year project (2013–2018) managed by Biosecurity Queensland with collaboration from Southern Gulf NRM and Desert Channels Queensland to provide innovative local weed management solutions and additional biological control agents (for prickly acacia in particular)
- assessed the effectiveness and cost of keeping property boundaries free from prickly acacia bushes to avoid the spread by cattle onto neighbouring properties
- obtained \$306 550 from the Australian Government’s Department of Agriculture and Water Resources for a ‘War on Northern Invasive Weeds’ project, to run from May 2016 until December 2017 as a complement to the ‘War on Western Weeds’—expanding a range of initiatives, including refinement of new herbicide delivery systems, innovation field days and community-based social marketing to improve the uptake of new technology
- administered \$5.6 million of federal government funding through 20 regional projects to help landholders in drought-declared areas manage the impacts of pest animals—just over 65% of the funding was used for control of wild dogs, approximately 30% used for feral pigs and the remainder for rabbit and feral deer control
- managed feral pest initiatives, including research into methods to control feral cats, and over \$13.1 million in funding to help producers build wild dog exclusion fencing and manage wild dog populations
- continued to develop biocontrol agents for weed species such as parthenium and giant rat’s tail grass
- undertook detection and removal of prohibited weed and pest animal species.

#### KPI Status of key Australian fish stocks

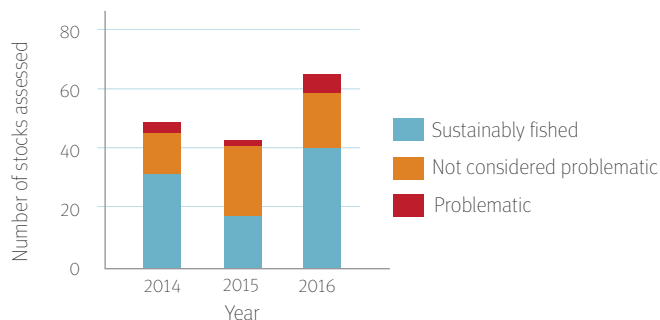
Performance monitored by a DAF service standard

#### KPI Accreditation of our fishery and forest management systems

Performance monitored by a business measure

Table 11: Sustainability of Queensland fish stocks

| Indicator  | Measure  | Results                                |         |         |         |         |
|--|--|--|---------|---------|---------|---------|
|  |  | 2012–13                                | 2013–14 | 2014–15 | 2015–16 | 2016–17 |
| <b>Service standard (effectiveness)</b>  | Percentage of key Queensland fish stocks assessed as having no sustainability concerns | Measured under a different methodology |         | 94%     | 93%     | 91%     |
| <b>Note:</b> In 2014–15, the methodology for assessing fish stock status was altered to align with a nationally consistent approach. Early methodologies report similar findings on status outcomes. |  |  |         |         |         |         |



**Note:** The *Queensland sustainable fisheries strategy 2017–2027* sets the government’s reform agenda for the next 10 years. It sets targets to be achieved by 2020 and 2027, including a target to have no overfished stock by 2027. The 2016 assessment will be used as baseline for determining the impact of the strategy in future years. This chart indicates current status and what has been achieved so far.

Figure 10: Assessment of fish stock summary

Queensland reports annually on the status of fish stocks. The monitoring and evaluation process constantly evolves to ensure adequacy and reliability of data collection and assessment techniques.

The national status of Australian fish stocks reports are 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 status of Australian fish stocks assessment was completed and published in December 2016.

Every other year, we conduct stock status assessments on any important Queensland fish stocks that are not included in the national process. This ensures that 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.

The 2016 stock status process identified sustainability concerns for six Queensland fish stocks and the following actions are being undertaken:

1. snapper—east coast stock classified as ‘overfished’ in 2009; quantitative stock assessment is currently underway and is due for release by the end of 2017
2. pearl perch—east coast stock classified as ‘transitional depleting’ in 2015; a quantitative stock assessment was completed and publicly released in May 2017
3. king threadfin—Gulf of Carpentaria stock classified as ‘transitional depleting’ in 2015; additional biological monitoring commenced in late 2015, with quantitative stock assessment planned for 2018
4. saucer scallop—stocks classified as overfished in 2016; urgent management measures were implemented in 2017 and additional monitoring commenced, with a more detailed assessment planned for 2018
5. mangrove jack—Gulf of Carpentaria stock classified as ‘overfished’ in 2016; new management arrangements including species-specific quotas and independent validation of catch implemented, with monitoring for signs of recovery
6. barramundi—southern Gulf of Carpentaria stock classified as ‘transitional depleting’ in 2016; a quantitative stock assessment was undertaken and will be publicly released by the end of 2017.

All species with sustainability concerns will be reassessed as part of the 2017 stock status process, with results due to be released in December 2017.

Table 12: Accreditation of our fishery management systems

| Indicator                               | Measure                                    | Results |         |         |         |         |
|---|--|---------|---------|---------|---------|---------|
|   |  | 2012–13 | 2013–14 | 2014–15 | 2015–16 | 2016–17 |
| <b>Business measure (effectiveness)</b> | Queensland fisheries accredited for export | 19      | 19      | 19      | 19      | 19      |

**Note:** 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 deepwater finfish fisheries were combined. Accreditation to export is granted by the Australian Government’s Department of the Environment and Energy under the *Environment Protection and Biodiversity Conservation Act 1999* (Cwlth).

## Strategy

### Implement the sustainable fishing policy

#### Contributing impact area

fisheries

Significant stakeholder and community consultation was undertaken in 2016 to continue to progress the policy direction of the Queensland Government’s sustainable fishing policy. The *Green paper on fisheries management reform in Queensland* was released for public consultation from July to October 2016 to seek the views of everyone in the community about their expectations of fisheries management—where we are now, where we wanted to be and how we were going to get there. The government received more than 11 800 submissions and the overwhelming message was that all stakeholders wanted reform in the way we manage fisheries.

### *Sustainable fisheries strategy 2017–2027*

Feedback on the green paper helped shape the *Queensland sustainable fisheries strategy 2017–2027*, which was released on 9 June 2017, paving the way for Queensland to have a world-class fisheries management system. The strategy outlines 33 actions to be delivered across 10 reform areas and set targets to be achieved by 2020 and 2027.

The Queensland Government will invest \$20.833 million over 3 years to support the reforms. This funding will deliver more compliance (including an additional 20 compliance officers and vessel tracking on all boats), more monitoring and research, better engagement and more responsive decision-making.

Some of the actions in the strategy include initiatives like harvest strategies for all fisheries, satellite tracking on all commercial fishing boats, regionally specific fishing rules and using new technologies more effectively.

The reforms address a number of election commitments and actions under the Reef 2050 Plan, highlighting the government’s commitment to the Great Barrier Reef.

A Sustainable Fisheries Expert Panel is to be established to provide independent advice to the Minister on best practice fisheries management, while fishery-specific working groups will provide operational advice and assist with the development of harvest strategies. The panel and working groups will commence operations in August and September 2017.

The *Queensland sustainable fisheries strategy 2017–2027* delivers on the government’s election commitments to review the regulatory structure of commercial fishing and develop a fisheries resource allocation policy based on maximising economic value.

The strategy is the biggest fisheries reform in Queensland’s history. These reforms will ensure healthy fish stocks that will support thousands of Queensland jobs.

A number of other government commitments have also been delivered. The outcome of establishing net-free zones in Cairns, Mackay and the Capricorn Coast shows that the satisfaction of recreational fishers with their fishing experience, including the size and number of fish caught, increased by 25% from November 2015 to November 2016. During the period 8 August 2016 to 19 September 2016, a second round of the commercial fishing licence surrender scheme was conducted, resulting in the purchase of an additional 19 commercial fishing licences at a cost of \$2.614 million. Investigation of options for a net-free zone in Moreton Bay resulted in a proposal that regionally specific rules could be implemented, consistent with the *Queensland sustainable fisheries strategy 2017–2027*. A working group will be established in 2018 to progress this proposal.

A discussion paper on a charter fishing action plan was released on 27 June 2017 for public consultation. The vision and actions set out in the discussion paper aim to help grow a world-class charter fishing industry in Queensland. Currently there are 339 charter licences issued to enable charter fishing businesses to operate in Queensland’s tidal waters. Feedback on the discussion paper will inform the final plan, to be considered later in 2017.

## Strategy

### Balance economic fisheries resource use with environmental and social values

#### Contributing impact areas

fisheries

animal science

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

- wild capture commercial fisheries, in which 1384 commercial fishing boat licence holders may operate in a variety of fisheries (including trawl, net, crab, line and lobster fisheries)
- harvest fisheries, in which 320 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:

- continued to support the Stocked Impoundment Permit Scheme, providing recreational fishing opportunities in areas where they would otherwise be lacking, supporting regional communities and related jobs—there are currently 68 active stocking groups that release more than 3 million juvenile fish or fingerlings annually into 150 waterways across Queensland
- expanded the annual grants process, allowing stocking groups to apply for grants not limited to stocking fish and to enhance the recreational fishing experience at Stocked Impoundment Permit Scheme impoundments, including restoring and improving fish habitats, undertaking promotional activities for recreational fishing, improving facilities and undertaking monitoring and research.

## TrackMapper—providing high-resolution spatial data on the Queensland trawl fishery

Queensland has the largest trawl fleet in Australia, producing 7000–8000 tonnes of wild-caught prawns, bugs, crabs, squid and cuttlefish annually and valued at approximately \$80 million–\$90 million.

TrackerMapper software allows fishery managers and scientists to examine fishery data at high spatial resolution. Under the Agri-Science Queensland Innovation Opportunity project, DAF scientists identified the need to update the software originally developed in 2007. As a result, DAF staff collaborated with the Department of Science, Information Technology and Innovation to develop an update. The new version is a faster, more user-friendly, web-based application that can be accessed simultaneously by multiple users.

Marrying data on catch with vessel location, it allows examination of the distribution of catches, fishing effort and catch rates at a spatial resolution

that is 10–50 times higher than the previous method based on 30-minute logbook grids.

TrackMapper is limited to the Queensland trawl fishery, much of which is located within the Great Barrier Reef Marine Park, where its use also assists with the conservation of this World Heritage site. As more commercial fishing sectors adopt vessel monitoring system technology (i.e. reef line fishery, crab fishery, etc.), there is potential to expand its application.

Figure 11 provides a comparison of the spatial distribution of catch in the eastern king prawn fishery in South East Queensland for 2011–2015. The figure on the top is based on the 30-minute (i.e. 0.5 degree) logbook grids, which have been commonly used in the past. The figure on the bottom is derived by TrackMapper and reveals much finer spatial resolution of the catch data based on 0.01 degree (~1.1 kilometres). The dotted line is the 100 metre depth contour.)

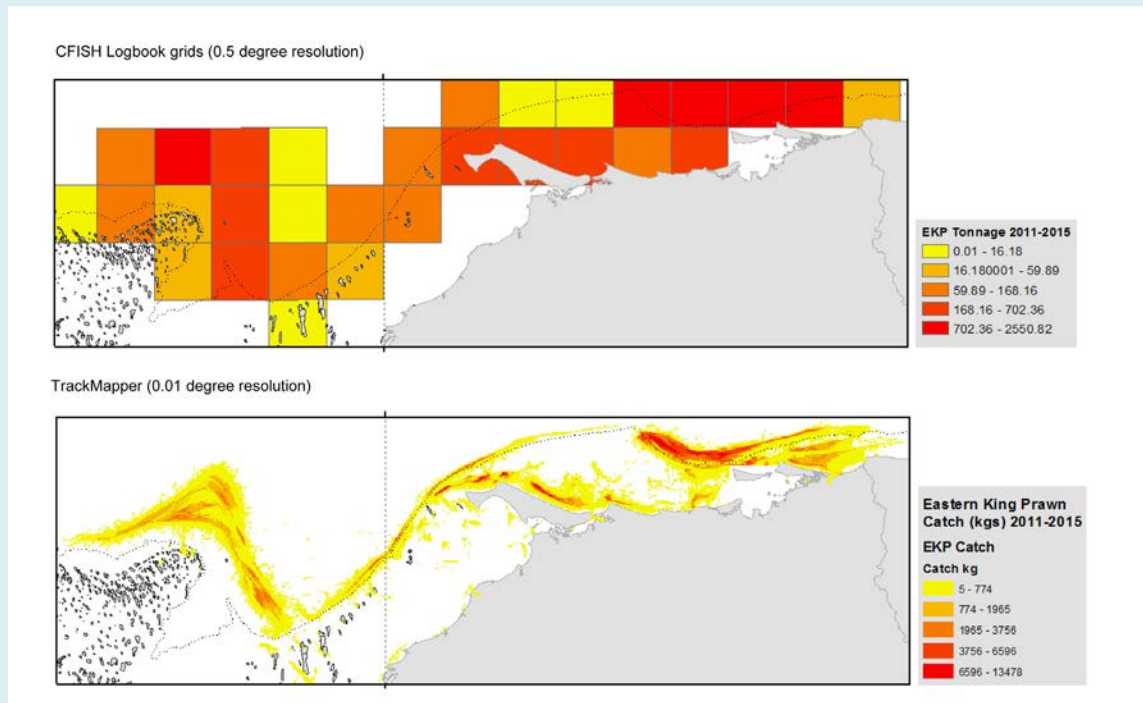


Figure 11: Updated TrackMapper software provides a better picture of Queensland trawl fishery's data

## Queensland Boating and Fisheries Patrol

The Queensland Boating and Fisheries Patrol (QBFP) plays a critical role in protecting our fish stocks from illegal activities that can lead to overexploitation. It monitors boating and fishing activities and investigates alleged illegal activity along 7000 kilometres of coastline and hundreds of freshwater rivers and impoundments. In 2016–17, \$15.6 million was invested in the state’s fisheries and maritime safety compliance programs, including the Shark Control Program. QBFP currently has 89 authorised officers stationed across the state. These officers achieved over 52 000 patrol hours in the last year.

Compliance with fisheries laws has remained consistently high over the last 5 years. The effectiveness and efficiency of the compliance service is measured by the following DAF service standards.

Table 13: Service standards for QBFP

| Indicator                               | Measure  | Results      |              |              |         |         |
|---|--|--------------|--------------|--------------|---------|---------|
|   |  | 2012–13      | 2013–14      | 2014–15      | 2015–16 | 2016–17 |
| <b>Service standard (effectiveness)</b> | Fisheries inspections that are compliant with fisheries laws | 93%          | Not measured | 93%          | 92%     | 92%     |
| <b>Service standard (efficiency)</b>    | Fisheries inspections that are compliant with fisheries laws | Not measured | Not measured | Not measured | \$456   | \$487   |
| <b>Service standard (efficiency)</b>    | Average number of inspections per full-time equivalent (FTE) | Not measured | Not measured | Not measured | 295     | 286     |

**Note:** The average number of inspections shows a decrease in 2016–17 due to the adoption of a more intensive, targeted, intelligence-driven patrol compliance model.

QBFP educational activities ensure that industry forums, community groups and schools are aware and understand Queensland’s fishing and boating regulations. Knowledge of fishing rules and size and possession limits is supported by the free Qld Fishing app (which has been downloaded over 45 886 times since its launch in August 2014), our website and the annually printed *Queensland recreational boating and fishing guide*. The Fisheries Queensland Facebook page has also been hugely successful and has over 30 000 followers. The community is able to help identify suspected illegal fishing activity through the successful 24-hour, toll-free Fishwatch Hotline (1800 017 116), with over 1700 fisheries-related calls received in 2016–17.

Specific targeting of non-compliance by QBFP has moved towards more intelligence-based compliance, which may see changes in compliance targets and rates due to increased precision in detecting non-compliance. Efficiency is driven by better targeting and ‘cross decking’ or joint patrols with compliance partners. In 2016–17, QBFP officers were involved in 295 joint patrols, including joint enforcement operations with partner agencies (Queensland Police and Maritime Safety Queensland) and other organisations.

A total of 30 305 inspections were undertaken, detecting a total of 2625 offences and issuing 1453 caution notices and 1012 fisheries infringement notices. Fisheries infringement notice fines exceeded \$515 000 and 49 court prosecutions resulted in fines in excess of \$250 000.

As outlined in the *Queensland sustainable fisheries strategy 2017–2027*, fisheries compliance resources have been boosted with an additional 20 frontline QBFP officers in Queensland to help protect our fish stocks. Vessel tracking units are to be installed on all commercial fishing vessels by 2020, with a priority to install units on net, line and crab vessels by 2018. The future use of this technology will help modernise fisheries management in Queensland, leading to more evidence-based and responsive decision-making to protect our fish stocks and the Great Barrier Reef.

## Shark Control Program

Queensland's Shark Control Program protects 85 beaches at 10 centres along Queensland's east coast, from the Gold Coast to Cairns. It provides a safer swimming and surfing environment at popular beaches in Queensland.

From 1 July 2016 to 30 June 2017, the program removed 476 potentially dangerous sharks, including 9 great whites, 188 tiger sharks, 80 bull sharks and 117 whaler sharks. DAF is continuing to monitor the progress of alternative shark deterrent technology trials being conducted in New South Wales. Current evidence indicates that traditional capture methods remain the most effective measures to reduce the risk of shark attack.

Shark control nets were removed from the Great Barrier Reef Marine Park in February 2017 to reduce the impact on the World Heritage-listed marine park. This decision complemented the long-standing position of the Great Barrier Reef Marine Park Authority that nets should be replaced with drumlines where possible, to reduce bycatch of non-target species without compromising swimmer safety.

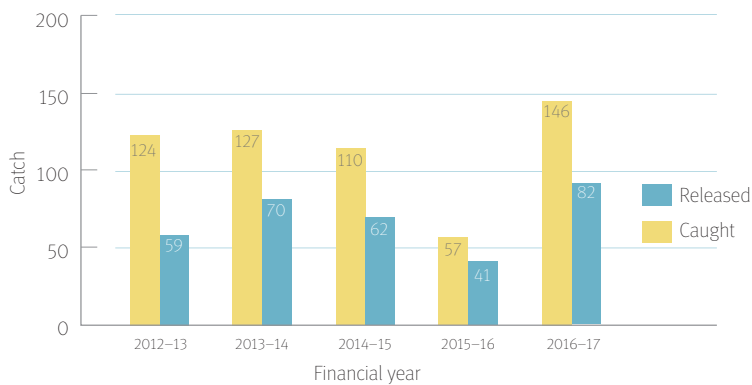


Figure 12: Non-target species catch by the Shark Control Program (source: DAF open data and 2016–17 Shark Control Program statistics)

## KPI Accreditation of our forestry management systems

Performance monitored by a DAF service standard

Table 14: Service standard—accreditation of our forestry management systems

| Indicator                               | Measure  | Results      |              |              |         |         |
|---|--|--------------|--------------|--------------|---------|---------|
|   |  | 2012-13      | 2013-14      | 2014-15      | 2015-16 | 2016-17 |
| <b>Service standard (effectiveness)</b> | 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 | 100%    | 100%    |



Table 15: Service standard—forest product sales

| Indicator                     | Measure  | Results |         |         |         |         |
|-------------------------------|--|---------|---------|---------|---------|---------|
|                               |  | 2012–13 | 2013–14 | 2014–15 | 2015–16 | 2016–17 |
| Service standard (efficiency) | Total of forest product sales, quantities per total forest product full-time equivalent (FTE): |         |         |         |         |         |
|                               | • native forest timber (m <sup>3</sup> /FTE)   | 2 600   | 3 000   | 3 210   | 2 665   | 2 747   |
|                               | • quarry material (m <sup>3</sup> /FTE)  | 69 340  | 66 950  | 49 790  | 41 935  | 42 167  |

**Note:** The measures illustrate the efficiency of management and administration of state-owned forest and related resources. The results reflect DAF’s success in meeting industry demand for both log timber and quarry material, combined with the effective management of staffing levels.

## Strategy

### Balance economic fisheries resource use with environmental and social values

#### Contributing impact areas

forestry

horticulture and forestry science

#### **Forestry management system**

DAF’s forest certification ensures that state-owned forests continue to deliver a range of benefits to the community—including conservation, recreational opportunities and protection of cultural heritage, as well as the production of timber and other forest products.

Our forest management system is independently audited and certified as compliant with the requirements of the internationally recognised *Australian standard: sustainable forest management (AS4708:2013)*. Certification allows our customers to be certified under an associated chain-of-custody program, permitting them to promote, market and sell their timber products as being sourced from sustainably managed native forests.

The most recent independent surveillance audit of our forest management system, conducted in June 2017, confirmed that DAF had responded to the findings of the July 2016 audit, and that the system continues to meet the requirements of the Australian standard (AS4708:2013). A comprehensive, independent recertification audit of our forest management system is scheduled for late 2017.

Although sales of state-owned forest products are continuing at relatively high levels, demand for quarry material is lower due to reduced mining and infrastructure investment. Despite the recent withdrawal of a major purchaser from the hardwood pole market, industry demand for state-owned log timber remains strong.

## Priorities for 2017–18

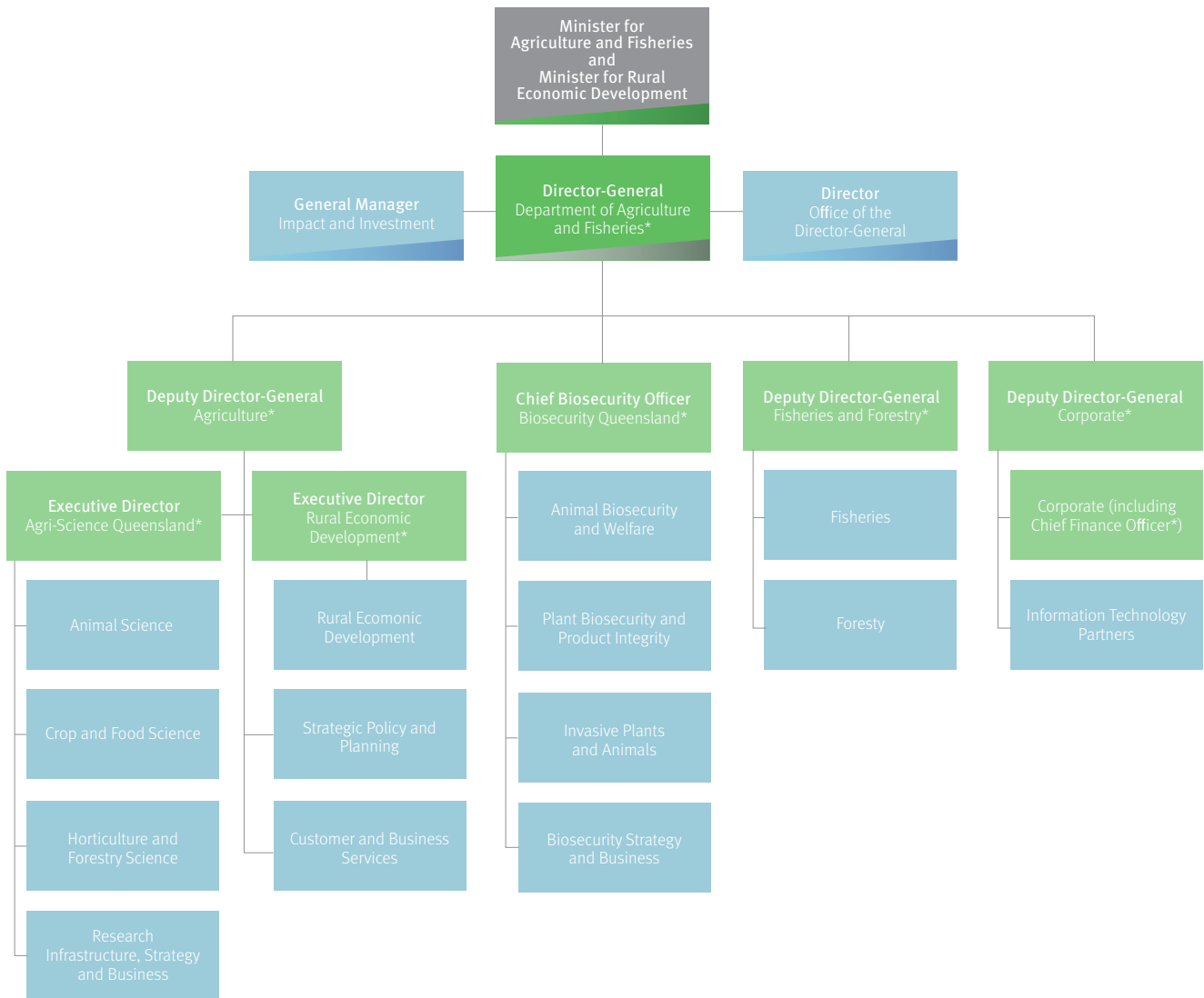
- Provide evidence-based policy advice on issues affecting primary industries such as energy, water, communication and transport.
- Partner with government and industry to realise opportunities in northern Australia for the intensification and diversification of agricultural production, including the Cooperative Research Centre for Developing Northern Australia.
- Implement the one-stop service for developing water and land resources in North Queensland.
- Continue to improve the practices of producers and agricultural industries impacting on the Great Barrier Reef.
- Identify areas where aquaculture development can be planned for, impacts on the environment minimised and approval processes streamlined.
- Implement the *Queensland sustainable fisheries strategy 2017–2027* and finalise a charter fishing action plan to identify ways to help grow a world-class charter fishing industry.
- Continue to fulfil and effectively manage the state's contracted supply commitments for native forest log timber, other forest products and quarry material.

# DAF—an organisation fit for the future

## Our organisational structure

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

Services and their impacts align to these four areas.



\*Board of Management member

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

Figure 13: DAF organisational structure reflecting areas of responsibility as at 30 June 2017

## Corporate governance

The accountable officer for DAF is the Director-General, who has responsibility under the *Public Service Act 2008* (s. 98) for the governance and operation of the department. She is supported by the Board of Management, which comprises the department's executives. Profiles of the Director-General and the Board of Management are on pages 9–11.

The Director-General is committed to developing best practice contemporary corporate governance arrangements that set strategic direction, ensure compliance with statutory requirements, monitor the quality and performance of departmental services and develop and manage the workforce. This year saw exciting initiatives completed and new ones commenced that will help make our governance framework future-fit.

In consultation with staff, the DAF Governance Compass was developed for use by all employees to help them align their work to the strategic direction of the department and government objectives. The compass outlines expectations of accountability for performance, decisions and behaviour. A reference tool maps key legislation, government and corporate policies to the eight elements of this new governance framework:

1. direction—shared understanding of purpose and priorities
2. alignment—systems, processes and culture to support strong leadership, a clear line of sight and empowered, accountable employees
3. expectations—clear standards for professional and ethical conduct to ensure openness and integrity
4. people—strategies to motivate and promote personal growth and development, including fair, open and equitable treatment of employees
5. responsibilities—clear and transparent decisions and actions through legislative compliance, and the management of information, finances and performance
6. outcomes—quality customer-focused services from efficient and effective use of resources and strategic partnerships, and monitoring and reporting on outcomes
7. improvement—enhanced organisational results and efficiency through capability building, review and evaluation
8. risk smart—maximised opportunity and minimised uncertainty through proactive risk management.

## Ethical behaviour and values

Ethical behaviour is the cornerstone of effective corporate governance. Providing ethical leadership is an important ongoing activity within DAF. This requires leading by example and providing a culture built on commitment to integrity, openness and honesty. All employees are expected to adhere to the Queensland public service values and code of conduct. Everyone, including those new to the department, undertakes mandatory training regarding the code of conduct and ethical decision-making.

A new training module regarding fraud awareness and corruption prevention was released to support DAF's zero-tolerance for this type of behaviour. This year, 87% of employees completed this suite of training. Our prevention activities over the past 12 months focused on enhancing the department's culture of reporting and dealing with issues at an early stage.

The Queensland public service values are core to a future-fit DAF. By encouraging employees to emulate these behavioural standards, the department can be confident it will be trusted by the public and be a satisfying place for employees to work.



Figure 14: Queensland public service values

## Organisational performance and capability

In 2015–16, development of a new strategic impact and investment framework started improving the ability of the department and employees to demonstrate the impact of their work and its alignment with DAF's strategic direction. This year saw 15 impact areas defined and the majority of the framework rolled out.

The new framework links investment in activities and services to expected future impact, and links this impact to DAF's longer term objectives. The impact and investment framework is supported by measures to monitor and evaluate performance and outcomes. It is an important tool in our accountability to ourselves, our key stakeholders and the public. Performance measures are incorporated and reported in senior leaders' performance and development agreements. The first DAF impact report is targeted for release later this year.

The capability development approach used—learning by doing—has so far involved over 300 staff participating in workshops to define our work, its impact and performance measures. This approach and the framework are pivotal to improving DAF's skills and ability to invest for impact and resource efficiencies.

On 12 June 2017, DAF commenced the whole-of-government Capability Blueprint process. It is the fourth department to undertake this analysis. This is a 12-week self-assessment process of the department's maturity against three themes—leadership, strategy and delivery. The assessment is based upon the Capability Review framework used in the United Kingdom, New Zealand and Australian public services. The findings will be used to further strengthen our corporate governance and leadership.

## Governance committees

An independent review of DAF's committee structure was undertaken during late 2016 through to early 2017 to identify alternative public sector committee models that demonstrated best contemporary practices in governance. Following internal consultation on the recommendations, a revised committee structure and responsibilities were agreed by the Board of Management and an implementation plan developed. The new DAF governance committees will commence on 1 July 2017.

As at 30 June 2017, DAF had four governance committees that provided advice, recommendations and assurances to the Director-General and the Board of Management on their specific areas of operation.

Table 16: DAF governance committee structure at 30 June 2017

| Committee name                                   | Chair and key responsibilities   |
|--|--|
| <b>Audit and Risk Management Committee</b>       | <p><b>Chair:</b> Graham Carpenter (independent member)</p> <p>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.</p> <p>Provides independent advice and assurance to the Director-General in meeting her obligations under the <i>Financial Accountability Act 2009</i>. Further details on external membership outlined below.</p> |
| <b>Finance Committee</b>                         | <p><b>Chair:</b> Director-General</p> <p>Provides advice and assurance that there is a clear line of sight on all significant investment decisions.</p>  |
| <b>ICT Investment and Strategy Committee</b>     | <p><b>Chair:</b> Deputy Director-General, Corporate</p> <p>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.</p> <p>Monitors significant ICT projects' risk.</p>  |
| <b>Work Health and Safety Steering Committee</b> | <p><b>Chair:</b> Director-General</p> <p>Ensures statutory and organisational requirements for the management of workplace health and safety (WHS) matters are met.</p> <p>Considers strategic WHS issues across the department.</p> <p>Ensures the appropriate development and implementation of WHS processes, policies and procedures to safeguard a work environment free from harm.</p>   |

### ***Audit and Risk Management Committee***

The Audit and Risk Management Committee is the only governance committee that has an independent chair and representatives. Independent members that are external to the public service are entitled to be remunerated for their time. The committee assists the Director-General to 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 committee convened five times during 2016–17. The Internal Audit Service provided secretariat support to the committee. Key matters considered by committee members included the review and revision of the committee charter, review of 56 internal audit recommendations and closure of 18 recommendations. Committee members were also provided with recommendations arising from Queensland Audit Office reports to Parliament that relate to the department. During 2016–17, three recommendations were actioned and closed. Refer to the 'Accountability and risk management' section (page 61) for the internal and external audits of the department's operations.

Table 17: Audit and Risk Management Committee membership (as appointed by the Director-General) between 1 July 2016 and 30 June 2017

| Name             | Position  | Committee role           | Number of meetings | Number of meetings attended | Remuneration paid |
|------------------|---|--------------------------|--------------------|-----------------------------|-------------------|
| Graham Carpenter | Consultant  | Chair<br>External member | 5                  | 5                           | \$12 000          |
| Sue Ryan         | Consultant  | External member          | 5                  | 4                           | \$2 400           |
| Virendra Dua     | Consultant  | External member          | 5                  | 5                           | \$8 780           |
| Dr Jim Thompson  | Chief Biosecurity Officer, Biosecurity Queensland | Internal member          | 5                  | 4                           | —                 |
| Dr Wayne Hall    | Executive Director, Agri-Science Queensland       | Internal member          | 5                  | 5                           | —                 |

As an independent external member and chair of the committee, Graham Carpenter was entitled to be paid \$2400 per meeting (excluding GST) to a maximum of \$12 000 per calendar year (excluding GST). As external members, Sue Ryan was entitled to be paid \$600 per meeting (excluding GST) to a maximum of \$3000 per calendar year (excluding GST), and Virendra Dua was entitled to be paid \$1756 per meeting (excluding GST) to a maximum of \$8780 per calendar year (excluding GST). These fees were payable to the committee members for their services to prepare for, and attend, up to five meetings per annum.

## Business and Corporate Partnership

DAF hosts one of the three corporate services hubs within a Business and Corporate Partnership across six departments, and delivers services primarily to DAF and the Department of Tourism, Major Events, Small Business and the Commonwealth Games. ICT and fleet management services are provided to all six agencies in the Business and Corporate Partnership. DAF also receives services such as legal, procurement, right to information and accommodation from other hubs.

A Business and Corporate Partnership Board is responsible for the long-term performance, business success and timely delivery of departmental key priorities within the partnership. It also provides leadership and sets the strategic direction of the partnership to enable it to meet its goals and objectives.

The membership of the board comprises the:

- Director-General, DAF
- Director-General, Department of Tourism, Major Events, Small Business and the Commonwealth Games
- Director-General, Department of Natural Resources and Mines
- Director-General, Department of Energy and Water Supply
- Director-General, Department of Environment and Heritage Protection
- Director-General, Department of National Parks, Sport and Racing
- Head of Corporate for each Business and Corporate Partnership hub.

# Accountability and risk management

## Internal audit

Internal audits provide independent, objective assurance of the department's risk management, control and governance processes. DAF internal auditing is undertaken by Internal Audit Services (IAS), a business unit within the Department of Environment and Heritage Protection. IAS provides 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 responsibilities of IAS are established in the 2016–17 internal audit charter (which has due regard to the professional standards) and the *Audit committee guidelines: improving accountability and performance* issued by Queensland Treasury (June 2012).

In 2016–17, IAS provided independent assurance and advice to the Director-General, senior management and the Audit and Risk Management Committee on:

- results of internal audits and assurance reviews undertaken
- status of implementation of internal audit and external audit recommendations to the Audit and Risk Management Committee (management is responsible for implementation of audit recommendations)
- liaison with the Queensland Audit Office to ensure there was no duplication of audit effort
- corporate governance and related issues, including fraud and corruption prevention programs and risk management
- the departmental annual financial statements and Chief Finance Officer statements prior to them being presented to the Audit and Risk Management Committee.

IAS completed the following reviews under the DAF 2016–2017 strategic internal audit plan:

- Critical Project Review—R&D Project Management System
- Management of Quarrying Activities
- Review of the Drought Relief Assistance Scheme—Phase 4
- Customer and Business Services Review
- Fraud and Risk Management—Validation Review
- Risk Management Maturity Review
- Internal Controls over Travel Review.

The following reviews under the DAF 2016–2017 strategic internal audit plan were commenced but are not yet complete:

- Strategic Asset Management—ICT Assets
- Contract Management—Critical Servicer Contracts
- Biosecurity Industry Monitoring and Compliance Framework
- Biosecurity Regulatory Decision Making
- Core Financial Process—Data Analytics
- Fisheries Enforcement Standard Operating Procedure Compliance Review
- Health and Safety Management System
- Director-General Unallocated Reserve Review
- Fire Ant Response Acquittal.



## External scrutiny

The Queensland Audit Office (QAO) undertakes financial and performance audits within the public sector. In 2016–17, the following QAO reports and external reviews required action by DAF:

- The QAO report 1 to Parliament, *Strategic procurement—report 1: 2016–17*, examined whether good quality data was available and whether state government departments were achieving and enabling value for money procurement outcomes through effective strategic procurement. It also examined whether there were sufficient measures in place to develop the necessary procurement capability in the staff who work in this field.

The department has taken a number of actions to implement the recommendations, including actively working with the Office of the Chief Advisor—Procurement to ensure an agency procurement plan is developed and relevant stakeholders are consulted during the process. Current priority has been delivering the Office of the Chief Advisor—Procurement operating model based on a six-point action plan.

- The QAO report 12 to Parliament, *Biosecurity Queensland’s management of agricultural pests and diseases—report 12: 2016–17*, examined whether DAF, through Biosecurity Queensland, was achieving its agricultural pest and disease management outcomes. QAO specifically audited the Panama program, wild dog management and state-funded surveillance activities, and focused on how well DAF measured and reported on the efficiency and effectiveness of its detection, response and management initiatives and activities. The following recommendations were made:
  - the department to continue to develop an appropriate number of specific, measurable, achievable, relevant and timed key performance indicators for each of Biosecurity Queensland’s key activities or initiatives
  - Biosecurity Queensland to determine roles and responsibilities, key performance indicators and which entity is best placed to monitor strategies and evaluate them at appropriate intervals when participating in disease management strategies with other entities
  - the department to monitor and report on the input costs over time for each of Biosecurity Queensland’s key outputs, activities or initiatives to identify further efficiency improvements.

The Director-General responded to the QAO report in March 2017, indicating that action was underway to implement the recommendations. To guide future strategic investment, an evaluation of the Panama TR4 Program is to be undertaken during the 2017–18 financial year.

- The QAO report 16 to Parliament, *Government advertising—report 16: 2016–17*, examined the economy of government purchasing of advertising, the effectiveness of a selection of advertising campaigns and the application of governance frameworks. General recommendations for all departments included:
  - strengthening the evaluation of communication activities by preparing formal reports post-campaigns summarising results, cost-effectiveness of advertising mediums and insights into how results inform future campaigns
  - ensuring that campaign materials submitted to the Government Advertising and Communication Committee have been certified by the relevant authority (Director-General or equivalent) as compliant with the *Queensland Government advertising code of conduct*, and that evidence of this certification is included in submissions.

The Department of the Premier and Cabinet, in their response to the report, indicated that many agencies had noted a formal evaluation reporting process was in place and will continue this practice. They indicated that guidance and best practice materials will be developed and shared across government. The department also noted that many agencies reported that Director-General approval was already part of the internal process and that this recommendation is therefore complete for all agencies.

- The QAO report 17 to Parliament, *Organisational structure and accountability—report 17: 2016–17*, assessed whether the structure within Queensland Government departments supported the achievement of individual agency strategic objectives as well as government priorities, and whether there was a clear accountability for delivering these objectives.

The recommendations for all government departments included:

- enhancing strategic planning approaches
- establishing clear alignment between accountability and strategic objectives
- reviewing delegations of authority in relation to organisational structure
- calculating and reviewing staff structures and workforce profiles to ensure that departments allocate employees efficiently and effectively to deliver strategic objectives.

The Department of the Premier and Cabinet and the Public Service Commission will work with departments to implement the report's recommendations.

In addition to the QAO reports, the following independent reviews of the department are applicable for 2016–17.

- In 2015–16, a review of the Drought Relief Assistance Scheme (DRAS) was undertaken by the parliamentary Agriculture and Environment Committee. The committee examined the design and delivery of DRAS, as well as whether there were any opportunities for improvement. DRAS funding is administered by DAF and also includes the Emergency Water Infrastructure Rebate.

The final report to Parliament, *Review of the Drought Relief Assistance Scheme* (no. 29, 55th Parliament), was released in January 2017. The Queensland Government response supported all recommendations and DAF will:

- develop an updated model for drought support that is consistent with the National Drought Policy—the model will be developed in parallel with the review of the Intergovernmental Agreement for National Drought Program Reform, prior to its expiry on 30 June 2018
- review the payment caps and transport subsidies for DRAS (subject to the scheme being retained after 2018).

As per the recommendations, the Queensland Government also agreed that drought preparedness programs will be expanded in conjunction with any proposed changes to DRAS. The government introduced the Drought and Climate Adaptation Program in the 2016–17 Budget and is investing \$3.5 million a year over 6 years to deliver the program's key drought preparedness measures. The program is being implemented in advance of any possible changes to in-drought assistance programs, such as DRAS, and will continue even if there are no such changes.

The Minister for Agriculture and Fisheries and Minister for Rural Economic Development implemented the final recommendation by writing to the Honourable Barnaby Joyce MP, Deputy Prime Minister and Minister for Agriculture and Water Resources, and the Honourable Steven Ciobo MP, Minister for Trade, Tourism and Investment to seek assistance in developing markets for macropod products.

- On 21 June 2017, the parliamentary Agriculture and Environment Committee tabled the report *Barrier fences in Queensland* (no. 35, 55th Parliament). The committee recommended that:
  - the wild dog barrier fence and the rabbit fence continue to be actively maintained as major components of Queensland's control strategies for wild dogs and rabbits
  - the organisation responsible for the rabbit fence develop a strategy for statewide control of rabbit populations, with an approach similar to the *Wild dog management strategy 2011–16*
  - the government review the management structure of the Darling Downs–Moreton Rabbit Board and its capacity to meet the objectives of the organisation
  - DAF considers the merits and a cost–benefit analysis of the proposal to extend the wild dog barrier fence northwards from the Windorah area to within the area of the Longreach Regional Council

- the government maintain the Feral Pest Initiative Committee, including its capacity to consider how cluster fencing fits into the broader dog management scheme, and whether there is any merit in repositioning or extending barrier fencing
- DAF includes the New South Wales Border Fence Maintenance Board in any future consultation regarding wild dog control strategy and barrier fence construction.

All recommendations involve the department either directly or indirectly—recommendations 1, 2 and 3 also have implications for the Darling Downs–Moreton Rabbit Board. The department is preparing a response to be tabled in Parliament.

- The Queensland Ombudsman conducted a follow-up audit of the DAF complaints management system to evaluate DAF's implementation of the accepted recommendations from the audit conducted in 2013–14. The audit found that DAF had implemented all accepted recommendations.
- The Crime and Corruption Commission conducted an audit of Queensland public sector responses to corrupt conduct incidents in recruitment and selection activities. The commission issued its public audit report in June 2017. The commission recommended that agencies improve policies and procedures that direct staff to manage and declare conflicts of interest associated with recruitment processes; particularly, that a disclosure of a conflict of interest and how it was managed should be recorded in the relevant selection report to enable an authorised officer to make a fair and transparent decision. The department is currently in the process of implementing the key recommendation outlined in the audit report.

## Risk management

All employees in DAF are responsible for managing uncertainty around achieving departmental and individual goals. DAF's risk management practices are integrated into all our business activities. In response to an internal audit of DAF's risk management maturity and the Audit and Risk Management Committee's survey feedback, more effort was directed at strengthening the visibility of the department's risk appetite and the monitoring of controls and treatment actions.

DAF's risk management function facilitates the process to maintain and review the enterprise risk profile and ensure that risks are being escalated to the attention of Board of Management when required. Each business area reviews and maintains their own risk register. The enterprise risk profile presents a consolidated view of risk across the organisation. Risk rating changes and emerging risks and opportunities inform the risk watchlist.

Business continuity and emergency response plans, the internal audit program, the fraud, corruption and misconduct control plan and the work health and safety management system are important components of the risk management framework.

Key risk management activities undertaken during 2016–17 included:

- updating the Board of Management on emergent risks and quarterly reviews and reports on treatment progress and control effectiveness against the enterprise risk profile
- reviewing and incorporating risk management responsibilities and capabilities into key role descriptions and performance management and capability development processes
- completing and testing business continuity plans for all critical business and support functions in conjunction with the Business Continuity Management Reference Group
- participating in the whole-of government cyber security exercise to test and improve ICT and business preparedness for, response to and recovery from these types of threats.

# Information management

## Information systems

Information systems are central to manage and leverage information that enable us to make sound decisions and improve services. Many of DAF's information systems are ageing and there is a plan in place to upgrade and replace critical assets as resources allow. During 2016–17, major developments to improve services and work more efficiently included:

- implementing the Dog Breeder Registration application—anyone who breeds a dog must register to obtain a supply number within 28 days of the litter being born
- continuing to work with the Biosecurity Online Resources and Information System project, formerly known as the Biosecurity Information Management System—this system will support ongoing developments of new sites as well as supporting sites already released to production, which include business-as-usual sites, emergency response sites and mobility functionality (data capture of information on iPads and iPhones)
- implementing the Project and Reporting Information System as a prototype to evaluate the business requirements necessary to manage the portfolio of research, development and evaluation projects—a business case has now been developed to enable investment in a long-term solution
- implementing phase 1 (financial and asset reporting) of the Common Reporting Platform Project—the Common Reporting Platform is replacing legacy reporting systems and introducing more advanced and innovative business intelligence and reporting tools
- maintaining various content management systems for internet and intranet content publishing, and various grant and rebate systems
- continuing modifications to the Drought and Disaster Assistance Management system to improve usability and reporting capability
- ongoing support for the DAF *Digital workplace strategy*, with the rollout of new mobile computing options and electronic time sheeting—a digital workplace will better enable knowledge sharing, collaboration and productivity
- progressing the upgrade of the current version of SAP to ECC6 (financial management software)
- renewing the Fisheries Queensland server infrastructure
- upgrading the biosecurity sciences laboratory information management system database.

## Moving recordkeeping practices into the digital age

DAF continues to operate a recordkeeping strategy to ensure that the department is compliant with the *Public Records Act 2002*, *Public Service Act 2008*, *Information standard 40—recordkeeping* and *Information standard 31—retention and disposal of public records*. Policies are in place for recordkeeping, email management, retention and disposal of records, managing information on shared network drives, information security and digitisation disposal.

All employees are encouraged to maximise the use of digital records in business processes. A 'paper lite' approach and a targeted electronic document and records management system (eDOCS) training program were introduced to support the departmental move to new locations in the Brisbane central business district. Digital delivery has been introduced for the scanning and delivery of hard copy records to departmental staff. This has increased the efficiency of delivery and protects the physical integrity of the records.

New integration technology has been introduced to allow harvesting of documents into the corporate recordkeeping system from other user interfaces. The Records Management Unit is appraising new business systems to provide recordkeeping requirements for compliance, and recordkeeping considerations continue to be addressed in the decommissioning of business systems. Approved retention and disposal schedules, and documented processes for records disposal are in place across the department. Time-expired records have been identified for disposal and 846 boxes of hard copy files have been securely disposed of. Permanent records have been identified and 920 boxes of hard copy records have been transferred to Queensland State Archives.

## Releasing information

The department recognises that many Queenslanders want easy access to our information. The Queensland government's website and its many portals provide ready access to information, services and data. In accordance with the *Right to Information Act 2009*, categories of public information that the department makes available are listed on the DAF website at [www.daf.qld.gov.au](http://www.daf.qld.gov.au).

There are a range of specific public reporting requirements that are now released online through the open data portal ([www.data.qld.gov.au](http://www.data.qld.gov.au)) instead of being included in the annual report. These include:

- consultancies
- overseas travel
- the *Queensland language services policy*.

The reporting requirement for government bodies is available on the department's website at [www.daf.qld.gov.au](http://www.daf.qld.gov.au).

We are also committed to increasing the release of data that we collect for re-use and repurposing to provide new resources and services for the community. In 2016–17, DAF continued its commitment to open data by encouraging all business areas to de-identify and release data and to improve the user experience through greater quality control in the refresh of our existing datasets.

As a result of the maturity assessment we completed in 2015–16, we developed an action plan this year that set our targets for improving data across the department. A copy of our refreshed open data strategy for 2017 is available on the Queensland Government publications website at [publications.qld.gov.au](http://publications.qld.gov.au).

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

## People management

### Profile

Table 18: DAF workforce at a glance, at 30 June 2017

| 1969 full-time equivalent staff |                  | 2055 people        |                  |                       |
|---------------------------------|------------------|--------------------|------------------|-----------------------|
| 31%                             | 14%              | 7%                 | 13%              | 35%                   |
| Central office                  | North Queensland | Central Queensland | South Queensland | South East Queensland |

The Queensland public sector quarterly workforce profile for June 2017, based on the Minimum Obligatory Human Resource Information data, shows that DAF had 1969 full-time equivalent (FTE) staff and a permanent separation rate of 3.35%.

The FTE total included Business and Corporate Partnership staff providing ICT and fleet management support to DAF and five other agencies.

Despite limited employee turnover, DAF is committed to a diverse workforce to improve our service delivery performance. We partnered with both federal and local government authorities to provide traineeships to local Aboriginal peoples and Torres Strait Islanders within the Northern Peninsula Area, which will help build Queensland's biosecurity capability in this high-risk region. Currently, 0.63% of DAF employees identify as Aboriginal peoples and Torres Strait Islanders, 7.63% are from a non-English speaking background and 4.72% identify as having a disability. DAF's workforce is 39% female.

## A workforce for now and the future

During 2016–17, DAF continued to align workforce skills and resources to core business priorities. Our workforce agility initiatives enable our business areas to meet fluctuating demands for services and specific skill requirements for programs of work across the state.

Significant industrial relations reform in Queensland occurred in March 2017, with the commencement of the *Industrial Relations Act 2016*. The department undertook an extensive education program for all staff, along with a revision of relevant policies and procedures to ensure our continued compliance and promotion of employee's entitlements.

The education program challenged managers to give greater consideration to flexible working arrangements. As technology improves the ways in which staff can work and removes the constraints of where staff can work, DAF policies on adaptable working arrangements such as flexible working hours, job-sharing, part-time work and telecommuting were promoted. These are effective tools for managers to support work–life balance, retain and attract high quality staff and promote innovation. The department also has provisions for family and cultural leave. These policies are promoted to job candidates and employees, and are available online.

DAF's Consultative Committee continues to hold meetings 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*.

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. The workforce plan is complemented by the *Inclusion and diversity strategy*, with action plans designed to address gender equity, Aboriginal and Torres Strait Islander, employment, cultural and linguistic diversity, and LGBTIQ+ (lesbian, gay, bisexual, transgender, intersex, queer or other orientations or identities) support. The *Inclusion and diversity strategy* is published online to encourage applications from members of these groups.

With limited staff turnover, DAF's focus is primarily on building staff capability and refreshing staff skills. Strategic workforce plan initiatives develop our internal talent, promote opportunities for relieving and development, and recruit graduates in critical occupational groups. The Greater Graduate Program and Policy Futures Graduate Program bring new ideas into our department by tapping into new skills and new demographics.

One of the strategic priorities to make DAF future-fit has been a focus on culture and capability. 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.

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

## Building performance excellence

Improving the ability of senior leaders to monitor performance of programs and employees saw all senior leaders participate in DAF's impact and investment framework process. Executives and senior leaders were given the opportunity to develop and improve their leadership skills by:

- implementing comprehensive performance agreements that reflect effectiveness and efficiency measures for their area of responsibility
- participating in the Public Service Commission–led Executive Capability Assessment and Development process (including Executive Capability Assessment and Development Refresh)
- actively participating in Public Service Commission masterclasses and seminars

- participating in an online 360° feedback process based on the Queensland public service 'Program Manager' capabilities, as well as a Perceived Leadership Potential survey to identify relevant development opportunities and facilitate active succession planning.

DAF continued its work on succession plans for senior leaders in 2016–17. The broader DAF Performance Management Framework programs help supervisors and employees make informed decisions about 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 2016–17 for all staff, which focused on building management and leadership skills. These included:

- Confident People Management—a program for high-performing team leaders that includes a pre-course online 360° feedback process based on the Queensland public service 'Team Leader' capabilities to identify capability gaps and to increase their focus on relevant learning and development opportunities within the program and afterwards
- Managing Performance workshops—for Team Leaders and Program Managers
- 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 through face-to-face and online programs.

Throughout the year, the department recognised and celebrated the achievements, innovation and service excellence of staff at various events and awards. The department actively participates in whole-of-government award programs such as the:

- Public Service Medal
- Prime Minister's Award for Excellence.

The department also offers a range of reward and recognition programs, including:

- our incentives program
- the DAF Achievement Awards
- the Australia Day Achievement Awards.

In addition to other progression arrangements within the department, DAF reintroduced the Professional Officer and Technical Officers Progression Scheme in March 2017, to be conducted annually in recognition of outstanding professional performance of eligible professional and technical employees.

## Safe and healthy people and workplace

Maintaining and improving the safety and health of DAF's diverse workforce and workplaces is central to being able to effectively deliver our services. In 2016–17, we continued to work on creating a proactive culture in the department through our strategic health, safety and wellbeing program.

Work health and safety (WHS) network groups meet regularly to discuss and resolve strategic and operational WHS issues in the department. Specific working groups were convened to focus on key WHS risks such as quad bikes, asbestos, hazardous chemicals and risk registers. A comprehensive WHS incident database enables quarterly performance reporting and benchmarking of performance to ensure continual improvement towards best practice.

The key initiatives of the health, safety and wellbeing program during 2016–17 included:

- 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
- resilience sessions, which provided employees with practical techniques to help manage the impacts of stress in their personal and professional lives
- ‘Mind Your Health’ and ‘LIFE!style’ projects, which were developed and launched to generate awareness and information to help support a healthy and resilient workforce
- an annual health and safety week to raise awareness and promote a positive health and safety culture
- training sessions to build capacity around health and safety management, obligations and bullying and harassment
- the influenza vaccination program
- maintaining ‘Silver Recognition’ in the Queensland Government’s Healthier, Happier Workplaces initiative—the department is in the process of progressing to ‘Gold Recognition’.

As a result of the department’s successful WHS program, DAF continues to see positive results and favourable financial outcomes in our WorkCover Queensland premium. Throughout recent financial years, our premium has decreased significantly. These beneficial results continued in 2016–17, with statutory claim costs reduced by \$127 984 when compared to the previous financial year. As at 30 June 2017, the department’s average monthly payments for each WorkCover industry classification were all tracking well under the industry average for each comparable industry classification, demonstrating the effectiveness of the department’s injury management and prevention strategy.

### Early retirement, redundancy and retrenchment

During the 2016–17 period, one employee received a redundancy package at a cost of \$134 997.

No early retirement packages were paid during this period.



## Financial overview

This financial overview provides a summary of DAF's financial performance and position for controlled and administered activities, and comments on significant movements for the period 1 July 2016 to 30 June 2017.

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 the items that make up these statements and the changes that occurred during the reporting period that impacted on DAF's financial outcomes.

For a more comprehensive set of financial statements covering all aspects of the department's activities, see the 'Financial statements: 30 June 2017' section on page 74.

The statements include a comparison of actual financial results with the budget estimates published in the 2016–17 State Budget Papers, and provide explanations of major variances.

Table 19: Summary of DAF's financial statements (controlled funds) for the period 1 July 2016 to 30 June 2017

| Statement of comprehensive income   | 2016–17 actual (\$ million) | 2016–17 budget (\$ million) |   |
|-------------------------------------|-----------------------------|-----------------------------|---|
| Total income                        | 457.3                       | 439.0                       | The operating result for 2016–17 is a deficit due to the transfer of assets that were surplus to departmental requirements to local councils for community use. After adjusting for these transactions, the result is a balanced budget position.<br><br>The increase in income and expenses is largely due to additional funding in 2016–17 for biosecurity pest and disease responses, including the white spot disease response and national cost-sharing arrangements (including the National Red Imported Fire Ant Eradication Program). |
| Less: total expenses                | 458.3                       | 439.0                       |   |
| <b>Operating result for 2016–17</b> | <b>(1.0)</b>                | —                           |   |
| Statement of cash flows             | 2016–17 actual (\$ million) | 2016–17 budget (\$ million) |   |
| Balance of cash at 1 July 2016      | 59.3                        | 42.8                        | The increase in cash balances is largely due to higher than expected funding received in advance of service delivery for R&D projects and an appropriation payable to the Consolidated Fund for end-of-year deferrals and lapsed appropriations.  |
| Operating activities                | 15.5                        | 19.2                        |   |
| Investing activities                | (13.5)                      | (14.8)                      |   |
| Financing activities                | (8.4)                       | (7.5)                       |   |
| <b>Net increase in cash held</b>    | <b>(6.4)</b>                | <b>(3.1)</b>                |   |
| <b>Cash at 30 June 2017</b>         | <b>52.9</b>                 | <b>39.7</b>                 |   |

(Continued)

(Table 19 continued)

| Statement of financial position                              | 2016–17<br>actual<br>(\$ million) | 2016–17<br>budget<br>(\$ million) |  |
|--|-----------------------------------|-----------------------------------|--|
| Current assets (including cash balances)                     | 98.9                              | 76.7                              |  |
| Non-current assets (including property, plant and equipment) | 383.6                             | 384.3                             | The decrease in non-current assets is mainly due to the sale of Manningham Station and the transfer of assets that were surplus to departmental requirements to local councils for community use. This was partially offset by revaluation adjustments to buildings and infrastructure to reflect increased market values. |
| <b>Total assets</b>  | <b>482.5</b>                      | <b>461.0</b>                      |  |
| Current liabilities  | 55.3                              | 35.0                              | The increase in current liabilities is largely due to higher than expected funding received in advance of service delivery for R&D projects, and an appropriation payable to the Consolidated Fund for end-of-year deferrals and lapsed appropriations.  |
| Non-current liabilities                                      | 18.0                              | 18.0                              |  |
| <b>Total liabilities</b>                                     | <b>73.3</b>                       | <b>53.0</b>                       |  |
| <b>Net assets</b>  | <b>409.2</b>                      | <b>408.0</b>                      |  |
| Contributed equity   | 383.3                             | 383.8                             |  |
| Retained surpluses/(deficits)                                | (12.0)                            | (11.0)                            |  |
| Asset reserves   | 37.9                              | 35.2                              | The increase in the asset reserves reflects revaluation adjustments to non-current assets in 2016–17, mainly increased building and infrastructure valuations.   |
| <b>Total equity at 30 June 2017</b>                          | <b>409.2</b>                      | <b>408.0</b>                      |  |

## Controlled funds

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

## Operating result

The operating result for 2016–17 is a balanced budget position, after adjusting for the transfer of assets that were surplus to departmental requirements to local councils for community use. These include the transfer of the Julia Creek Trucking Reserve to the McKinlay Shire Council and the transfer of the 'Around the Campfire' public artwork to the Longreach Regional Council.

### *Income—where the dollars came from*

Total operating revenues were \$457.3 million, including:

- \$292.5 million (64%) through funding provided as service revenue by Parliament
- \$117.6 million (25.7%) in user charges for goods and services (including national cost-sharing revenues 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)
- \$16.9 million (3.7%) from grants and other contributions (including national cost-sharing revenue from the Australian Government for biosecurity pest and disease programs)
- \$28.5 million (6.2%) from other income sources (including royalty revenues on forest products removed from state land)
- \$1.8 million (0.4%) from disposal and revaluation of assets.

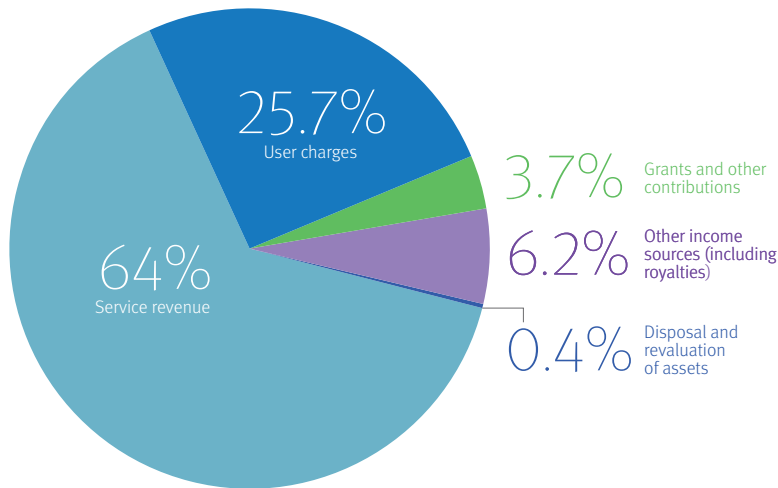


Figure 15: Operating revenues, 1 July 2016 to 30 June 2017

### ***Expenses—where the dollars were spent***

Total operating expenses were \$458.3 million, including:

- \$198.9 million (43.4%) in employee costs
- \$211.9 million (46.2%) for supplies and services, including travel, contractors, outsourced service delivery, accommodation and other operating costs
- \$16.1 million (3.5%) in grants and subsidies, including payments under the Drought Relief Assistance Scheme, an Australian Government-funded payment made in 2016–17 to the Australian Banana Growers Council associated with the Panama disease tropical race 4 response, and payments to Safe Food Queensland and the Darling Downs–Moreton Rabbit Board
- \$21.1 million (4.6%) in depreciation expenses
- \$10.3 million (2.3%) in other expenses, including asset write-downs and losses, sponsorships and special payments, Queensland Government insurance premiums, audit fees and other miscellaneous expenditure.

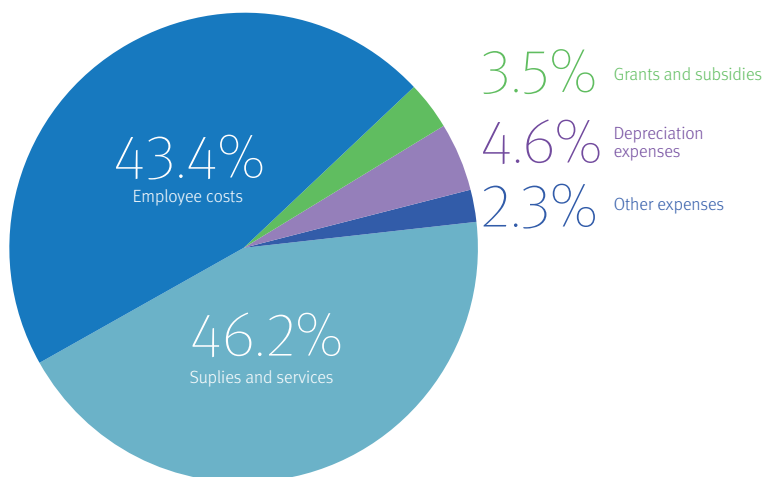


Figure 16: Operating expenses, 1 July 2016 to 30 June 2017

Figure 17 provides a breakdown of operating expenses into the three service areas of DAF:

- Agriculture (\$204.1 million or 49.7%)
- Biosecurity Queensland (\$141.6 million or 34.5%)
- Fisheries and Forestry (\$64.7 million or 15.8%).

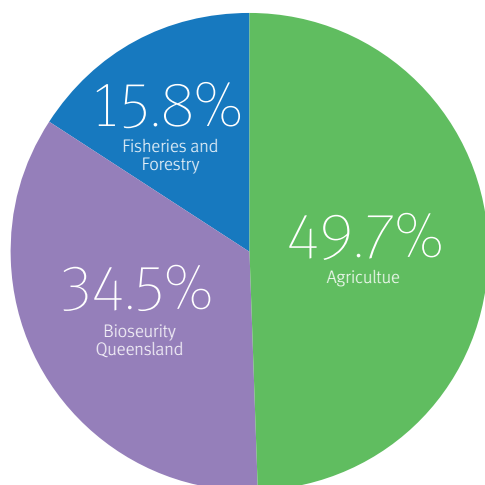


Figure 17: Operating expenses by service areas, 1 July 2016 to 30 June 2017

Expenses for corporate services 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 \$482.5 million) less ‘what we owe’ (total liabilities of \$73.3 million). As at 30 June 2017, DAF’s equity was \$409.2 million.

### ***Assets—what we own***

At 30 June 2017, DAF had total assets of \$482.5 million. The department’s major assets comprised cash, property, plant and equipment (mainly land, buildings, infrastructure, plant and equipment), prepayments (including lease payments) and receivables (including trade debtors).

### ***Liabilities—what we owe***

At 30 June 2017, DAF had total liabilities of \$73.3 million, which comprised accrued employee expenses, payables (including trade creditors, an appropriation payable to the Consolidated Fund for end-of-year deferrals and lapsed appropriations, 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 \$15.8 million in 2016–17 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 \$0.3 million to the RSPCA for facility upgrades in Cairns and Townsville.

## 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 2016–17, DAF received administered revenue of \$14.4 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 2017, DAF had total administered assets of \$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 2017–18

### Operating budget

DAF's operating budget for 2017–18 will be \$424.7 million. The budget encourages economic development in rural and regional Queensland by supporting recovery from natural disasters, providing more frontline staff across the state, continuing biosecurity responses and enhancing trade with key export partners.

In 2017–18, the Queensland Government will continue its support for drought-affected producers through the Drought Relief Assistance Scheme and has made provision (held centrally by Queensland Treasury) for up to \$20 million as part of the government's Drought Assistance Package. The government will also provide an additional \$16 million investment in the Queensland Climate Risk and Drought Resilience program over 5 years, which will improve farm business capability and seasonal forecasting, and provide tools that enable producers to better manage climate risk.

There will be a continued focus on jobs, and the department has been allocated \$5.2 million over 3 years for the Rural Economic Development package to deliver rural economic growth. The department will also invest an additional \$20.9 million over 3 years to deliver a modern, responsive and consultative approach to fisheries management as outlined in the *Queensland sustainable fisheries strategy 2017–2027*. The investment will deliver an additional 20 frontline compliance officers, more monitoring and research, and better engagement with industry and stakeholders leading to more responsive decision-making.

Biosecurity and fighting pests will remain a top priority in 2017–18. The government has allocated up to \$9 million over 2 years to continue the white spot disease response in South East Queensland, a further \$2.8 million to continue control and containment measures for the Panama disease tropical race 4 response, and will provide an additional \$1.3 million to drought-affected landholders to better control weeds and pest animals, including initiatives to facilitate cluster fencing for wild dogs and improve management of the Navua sedge weed.

### Capital expenditure

The 2017–18 budget includes a capital expenditure program of \$19.5 million. The budget includes \$18.1 million in capital outlays (focused on upgrading departmental facilities and replacing plant and equipment) and a \$1.3 million capital grant to the RSPCA for facility upgrades in Cairns and Townsville.

# Financial statements: 30 June 2017

## DEPARTMENT OF AGRICULTURE AND FISHERIES

### Financial Statements

#### for the year ended 30 June 2017

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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 35  
1 William 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 on 07 3087 8569, or by email to [larisa.villis@daf.qld.gov.au](mailto:larisa.villis@daf.qld.gov.au), or visit the department Internet site [www.daf.qld.gov.au](http://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 2017**

|   |       | 2017           | 2017               |                     | 2016           |
|---|-------|----------------|--------------------|---------------------|----------------|
|   |       | Actual         | Original<br>Budget | Budget<br>Variance* | Actual         |
|   | Notes | \$'000         | \$'000             | \$'000              | \$'000         |
| <b>Income from Continuing Operations</b>                        |       |                |                    |                     |                |
| Appropriation revenue   | 2     | 292,495        | 304,818            | (12,323)            | 288,043        |
| User charges and fees   | 3     | 117,625        | 100,873            | 16,752              | 123,714        |
| Grants and other contributions                                  | 4     | 16,972         | 8,032              | 8,940               | 22,852         |
| Royalties and land rents  | 5     | 27,611         | 24,691             | 2,920               | 25,623         |
| Other revenue   | 6     | 864            | 366                | 498                 | 1,615          |
| <b>Total Revenue</b>  |       | <b>455,567</b> | <b>438,780</b>     | <b>16,787</b>       | <b>461,847</b> |
| Gains on disposal/revaluation of assets                         | 7     | 1,790          | 174                | 1,616               | 2,165          |
| <b>Total Income from Continuing Operations</b>                  |       | <b>457,357</b> | <b>438,954</b>     | <b>18,403</b>       | <b>464,012</b> |
| <b>Expenses from Continuing Operations</b>                      |       |                |                    |                     |                |
| Employee expenses   | 8     | 198,927        | 205,787            | 6,860               | 198,606        |
| Supplies and services   | 9     | 211,871        | 177,831            | (34,040)            | 195,685        |
| Grants and subsidies  | 10    | 16,083         | 32,432             | 16,349              | 40,490         |
| Depreciation and amortisation                                   | 11    | 21,141         | 21,477             | 336                 | 21,527         |
| Impairment losses   |       | 790            | -                  | (790)               | 595            |
| Other expenses  | 12    | 9,521          | 1,427              | (8,094)             | 7,108          |
| <b>Total Expenses from Continuing Operations</b>                |       | <b>458,332</b> | <b>438,954</b>     | <b>(19,378)</b>     | <b>464,012</b> |
| <b>Operating Result for the Year</b>                            |       | <b>(975)</b>   | <b>-</b>           | <b>(975)</b>        | <b>-</b>       |
| <b>Other Comprehensive Income</b>                               |       |                |                    |                     |                |
| <u>Items that will not be reclassified to Operating Result:</u> |       |                |                    |                     |                |
| Increase/(decrease) in asset revaluation surplus                | 22    | 1,091          | -                  | 1,091               | 20,585         |
| <b>Total Comprehensive Income</b>                               |       | <b>116</b>     | <b>-</b>           | <b>116</b>          | <b>20,585</b>  |

The accompanying notes form part of these statements.

\*An explanation of major variances is included at Note 29

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Statement of Comprehensive Income by Major Departmental Services**  
**for the year ended 30 June 2017**

|   | Agriculture    |                | Fisheries and Forestry |                | Biosecurity Queensland |                |
|---|----------------|----------------|------------------------|----------------|------------------------|----------------|
|   | 2017           | 2016           | 2017                   | 2016           | 2017                   | 2016           |
|   | \$'000         | \$'000         | \$'000                 | \$'000         | \$'000                 | \$'000         |
| <b>Income from Continuing Operations <sup>(1)</sup></b>         |                |                |                        |                |                        |                |
| Appropriation revenue   | 143,078        | 166,032        | 30,725                 | 29,613         | 107,781                | 86,705         |
| User charges and fees   | 51,999         | 48,873         | 10,655                 | 17,943         | 16,412                 | 14,423         |
| Grants and other contributions                                  | 343            | 1,116          | 43                     | 37             | 16,556                 | 21,699         |
| Royalties and land rents  | 4,731          | 3,132          | 22,880                 | 22,490         | -                      | -              |
| Other revenue   | 751            | 1,038          | 69                     | 163            | 41                     | 413            |
| <b>Total Revenue</b>  | <b>200,902</b> | <b>220,192</b> | <b>64,372</b>          | <b>70,246</b>  | <b>140,790</b>         | <b>123,240</b> |
| Gains on disposal/revaluation of assets                         | 1,580          | 1,806          | 42                     | 77             | 169                    | 283            |
| <b>Total Income from Continuing Operations</b>                  | <b>202,482</b> | <b>221,997</b> | <b>64,413</b>          | <b>70,322</b>  | <b>140,959</b>         | <b>123,522</b> |
| <b>Expenses from Continuing Operations <sup>(1)</sup></b>       |                |                |                        |                |                        |                |
| Employee expenses   | 89,583         | 90,740         | 31,954                 | 31,350         | 55,677                 | 54,852         |
| Supplies and services   | 87,124         | 82,413         | 30,559                 | 27,903         | 73,715                 | 62,094         |
| Grants and subsidies  | 10,324         | 28,879         | 238                    | 9,819          | 5,521                  | 1,792          |
| Depreciation and amortisation                                   | 13,257         | 13,806         | 1,741                  | 1,793          | 2,827                  | 2,720          |
| Impairment losses   | 682            | 383            | 81                     | 62             | 25                     | 22             |
| Other expenses  | 3,132          | 4,071          | 164                    | 313            | 3,842                  | 2,572          |
| <b>Total Expenses from Continuing Operations</b>                | <b>204,103</b> | <b>220,292</b> | <b>64,736</b>          | <b>71,239</b>  | <b>141,607</b>         | <b>124,053</b> |
| <b>Operating Result for the Year</b>                            | <b>(1,621)</b> | <b>1,706</b>   | <b>(323)</b>           | <b>(917)</b>   | <b>(648)</b>           | <b>(531)</b>   |
| <b>Other Comprehensive Income</b>                               |                |                |                        |                |                        |                |
| <u>Items that will not be reclassified to Operating Result:</u> |                |                |                        |                |                        |                |
| Increase/(decrease) in asset revaluation surplus                | (116)          | 18,511         | (222)                  | (339)          | 1,138                  | 2,413          |
| <b>Total Comprehensive Income</b>                               | <b>(1,737)</b> | <b>20,216</b>  | <b>(545)</b>           | <b>(1,256)</b> | <b>490</b>             | <b>1,882</b>   |

|   | Corporate Partnership <sup>(2)</sup> |               | Total          |                |
|---|--------------------------------------|---------------|----------------|----------------|
|   | 2017                                 | 2016          | 2017           | 2016           |
|   | \$'000                               | \$'000        | \$'000         | \$'000         |
| <b>Income from Continuing Operations <sup>(1)</sup></b>         |                                      |               |                |                |
| Appropriation revenue   | 10,911                               | 5,693         | 292,495        | 288,043        |
| User charges and fees   | 38,559                               | 42,474        | 117,625        | 123,714        |
| Grants and other contributions                                  | 30                                   | -             | 16,972         | 22,852         |
| Royalties and land rents  | -                                    | -             | 27,611         | 25,623         |
| Other revenue   | 4                                    | 1             | 864            | 1,615          |
| <b>Total Revenue</b>  | <b>49,503</b>                        | <b>48,169</b> | <b>455,567</b> | <b>461,847</b> |
| Gains on disposal/revaluation of assets                         | -                                    | -             | 1,790          | 2,165          |
| <b>Total Income from Continuing Operations</b>                  | <b>49,503</b>                        | <b>48,169</b> | <b>457,357</b> | <b>464,012</b> |
| <b>Expenses from Continuing Operations <sup>(1)</sup></b>       |                                      |               |                |                |
| Employee expenses   | 21,713                               | 21,664        | 198,927        | 198,606        |
| Supplies and services   | 20,473                               | 23,276        | 211,871        | 195,685        |
| Grants and subsidies  | -                                    | -             | 16,083         | 40,490         |
| Depreciation and amortisation                                   | 3,316                                | 3,208         | 21,141         | 21,527         |
| Impairment losses   | 1                                    | 128           | 790            | 595            |
| Other expenses  | 2,383                                | 152           | 9,521          | 7,108          |
| <b>Total Expenses from Continuing Operations</b>                | <b>47,886</b>                        | <b>48,428</b> | <b>458,332</b> | <b>464,012</b> |
| <b>Operating Result for the Year</b>                            | <b>1,618</b>                         | <b>(259)</b>  | <b>(975)</b>   | <b>-</b>       |
| <b>Other Comprehensive Income</b>                               |                                      |               |                |                |
| <u>Items that will not be reclassified to Operating Result:</u> |                                      |               |                |                |
| Increase/(decrease) in asset revaluation surplus                | 291                                  | -             | 1,091          | 20,585         |
| <b>Total Comprehensive Income</b>                               | <b>1,909</b>                         | <b>(259)</b>  | <b>116</b>     | <b>20,585</b>  |

**Total Comprehensive Income**

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

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



**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Statement of Comprehensive Income by Major Departmental Services (continued)**  
**for the year ended 30 June 2017**

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**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
- leads initiatives aimed at improving the delivery of services to customers.

***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 (TR4) disease 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.

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; Human Resources.
- DEWS: Information Management; Fleet Management; Telecommunications; 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 2017**

|                                      |       | 2017           | 2017            |                  | 2016           |
|--------------------------------------|-------|----------------|-----------------|------------------|----------------|
|                                      | Notes | Actual         | Original Budget | Budget Variance* | Actual         |
|                                      |       | \$'000         | \$'000          | \$'000           | \$'000         |
| <b>Current Assets</b>                |       |                |                 |                  |                |
| Cash and cash equivalents            | 13    | 52,904         | 39,733          | 13,171           | 59,259         |
| Receivables                          | 14    | 38,856         | 30,540          | 8,316            | 25,945         |
| Inventories                          |       | 980            | 1,144           | (164)            | 1,132          |
| Other current assets                 | 15    | 6,137          | 5,324           | 813              | 6,272          |
| <b>Total Current Assets</b>          |       | <b>98,877</b>  | <b>76,741</b>   | <b>22,136</b>    | <b>92,608</b>  |
| <b>Non-Current Assets</b>            |       |                |                 |                  |                |
| Receivables                          | 14    | -              | 15              | (15)             | 15             |
| Intangible assets                    | 16    | 1,665          | 2,412           | (747)            | 1,638          |
| Property, plant and equipment        | 17    | 366,195        | 366,869         | (674)            | 374,452        |
| Other non-current assets             | 15    | 12,409         | 12,845          | (436)            | 13,185         |
| <b>Total Non-Current Assets</b>      |       | <b>380,268</b> | <b>382,141</b>  | <b>(1,873)</b>   | <b>389,289</b> |
| <b>Biological Assets</b>             |       |                |                 |                  |                |
| Biological assets                    |       | 3,395          | 2,144           | 1,251            | 3,050          |
| <b>Total Biological Assets</b>       |       | <b>3,395</b>   | <b>2,144</b>    | <b>1,251</b>     | <b>3,050</b>   |
| <b>Total Assets</b>                  |       | <b>482,540</b> | <b>461,026</b>  | <b>21,514</b>    | <b>484,947</b> |
| <b>Current Liabilities</b>           |       |                |                 |                  |                |
| Payables                             | 18    | 17,945         | 11,093          | (6,852)          | 12,969         |
| Accrued employee benefits            | 19    | 8,263          | 2,975           | (5,288)          | 7,704          |
| Unearned revenue                     | 20    | 28,628         | 20,933          | (7,695)          | 27,873         |
| Other current liabilities            |       | 462            | -               | (462)            | 2              |
| <b>Total Current Liabilities</b>     |       | <b>55,296</b>  | <b>35,001</b>   | <b>(20,295)</b>  | <b>48,548</b>  |
| <b>Non-Current Liabilities</b>       |       |                |                 |                  |                |
| Unearned revenue                     | 20    | 18,031         | 18,008          | (23)             | 19,451         |
| <b>Total Non-Current Liabilities</b> |       | <b>18,031</b>  | <b>18,008</b>   | <b>(23)</b>      | <b>19,451</b>  |
| <b>Total Liabilities</b>             |       | <b>73,327</b>  | <b>53,009</b>   | <b>(20,318)</b>  | <b>67,999</b>  |
| <b>Net Assets</b>                    |       | <b>409,213</b> | <b>408,017</b>  | <b>1,196</b>     | <b>416,948</b> |
| <b>Equity</b>                        |       |                |                 |                  |                |
| Contributed equity                   |       | 383,357        | 383,822         | 465              | 391,208        |
| Accumulated surplus/deficit          |       | (12,010)       | (11,035)        | 975              | (11,035)       |
| Asset revaluation surplus            | 22    | 37,866         | 35,230          | (2,636)          | 36,775         |
| <b>Total Equity</b>                  |       | <b>409,213</b> | <b>408,017</b>  | <b>(1,196)</b>   | <b>416,948</b> |

The accompanying notes form part of these statements.

\*An explanation of major variances is included at Note 29

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Statement of Assets and Liabilities by Major Departmental Services**  
**as at 30 June 2017**

|                                      | Agriculture    |                | Fisheries and Forestry |                | Biosecurity Queensland |                |
|--------------------------------------|----------------|----------------|------------------------|----------------|------------------------|----------------|
|                                      | 2017<br>\$'000 | 2016<br>\$'000 | 2017<br>\$'000         | 2016<br>\$'000 | 2017<br>\$'000         | 2016<br>\$'000 |
| <b>Current Assets</b>                |                |                |                        |                |                        |                |
| Cash and cash equivalents            | -              | -              | -                      | -              | -                      | -              |
| Receivables                          | 14,467         | 10,718         | 5,244                  | 4,919          | 13,417                 | 3,572          |
| Inventories                          | 100            | 156            | 476                    | 433            | 404                    | 544            |
| Other current assets                 | 1,104          | 1,086          | -                      | 66             | 42                     | 118            |
| <b>Total Current Assets</b>          | <b>15,671</b>  | <b>11,960</b>  | <b>5,720</b>           | <b>5,418</b>   | <b>13,864</b>          | <b>4,234</b>   |
| <b>Non-Current Assets</b>            |                |                |                        |                |                        |                |
| Receivables                          | -              | -              | -                      | 15             | -                      | -              |
| Intangible assets                    | -              | -              | 157                    | 236            | 315                    | 503            |
| Property, plant and equipment        | 261,887        | 273,471        | 20,685                 | 21,027         | 57,148                 | 56,304         |
| Other non-current assets             | 11,238         | 11,948         | -                      | -              | -                      | -              |
| <b>Total Non-Current Assets</b>      | <b>273,125</b> | <b>285,419</b> | <b>20,843</b>          | <b>21,278</b>  | <b>57,462</b>          | <b>56,807</b>  |
| <b>Biological Assets</b>             |                |                |                        |                |                        |                |
| Biological assets                    | 3,083          | 2,785          | -                      | -              | 312                    | 265            |
| <b>Total Biological Assets</b>       | <b>3,083</b>   | <b>2,785</b>   | <b>-</b>               | <b>-</b>       | <b>312</b>             | <b>265</b>     |
| <b>Total Assets</b>                  | <b>291,879</b> | <b>300,163</b> | <b>26,563</b>          | <b>26,696</b>  | <b>71,638</b>          | <b>61,306</b>  |
| <b>Current Liabilities</b>           |                |                |                        |                |                        |                |
| Payables                             | 5,643          | 1,905          | 668                    | 863            | 4,688                  | 5,601          |
| Accrued employee benefits            | 3,340          | 3,193          | 1,125                  | 1,000          | 2,083                  | 1,921          |
| Unearned revenue                     | 23,818         | 22,772         | 3,094                  | 3,200          | 1,715                  | 865            |
| Other current liabilities            | -              | -              | -                      | -              | -                      | -              |
| <b>Total Current Liabilities</b>     | <b>32,802</b>  | <b>27,870</b>  | <b>5,349</b>           | <b>5,063</b>   | <b>8,486</b>           | <b>8,388</b>   |
| <b>Non-Current Liabilities</b>       |                |                |                        |                |                        |                |
| Unearned revenue                     | 18,031         | 19,451         | -                      | -              | -                      | -              |
| <b>Total Non-Current Liabilities</b> | <b>18,031</b>  | <b>19,451</b>  | <b>-</b>               | <b>-</b>       | <b>-</b>               | <b>-</b>       |
| <b>Total Liabilities</b>             | <b>50,833</b>  | <b>47,321</b>  | <b>5,349</b>           | <b>5,063</b>   | <b>8,486</b>           | <b>8,388</b>   |

|                                      | General - Not Attributed <sup>(1)</sup> |                | Total          |                |
|--------------------------------------|---|----------------|----------------|----------------|
|                                      | 2017<br>\$'000                          | 2016<br>\$'000 | 2017<br>\$'000 | 2016<br>\$'000 |
| <b>Current Assets</b>                |   |                |                |                |
| Cash and cash equivalents            | 52,904                                  | 59,259         | 52,904         | 59,259         |
| Receivables                          | 5,727                                   | 6,736          | 38,856         | 25,945         |
| Inventories                          | -                                       | -              | 980            | 1,132          |
| Other current assets                 | 4,991                                   | 5,001          | 6,137          | 6,272          |
| <b>Total Current Assets</b>          | <b>63,622</b>                           | <b>70,996</b>  | <b>98,877</b>  | <b>92,608</b>  |
| <b>Non-Current Assets</b>            |   |                |                |                |
| Receivables                          | -                                       | -              | -              | 15             |
| Intangible assets                    | 1,193                                   | 899            | 1,665          | 1,638          |
| Property, plant and equipment        | 26,475                                  | 23,651         | 366,195        | 374,452        |
| Other non-current assets             | 1,171                                   | 1,237          | 12,409         | 13,185         |
| <b>Total Non-Current Assets</b>      | <b>28,838</b>                           | <b>25,786</b>  | <b>380,268</b> | <b>389,289</b> |
| <b>Biological Assets</b>             |   |                |                |                |
| Biological assets                    | -                                       | -              | 3,395          | 3,050          |
| <b>Total Biological Assets</b>       | <b>-</b>                                | <b>-</b>       | <b>3,395</b>   | <b>3,050</b>   |
| <b>Total Assets</b>                  | <b>92,461</b>                           | <b>96,781</b>  | <b>482,540</b> | <b>484,947</b> |
| <b>Current Liabilities</b>           |   |                |                |                |
| Payables                             | 6,945                                   | 4,600          | 17,945         | 12,969         |
| Accrued employee benefits            | 1,714                                   | 1,591          | 8,263          | 7,704          |
| Unearned revenue                     | -                                       | 1,035          | 28,628         | 27,873         |
| Other current liabilities            | -                                       | 2              | 462            | 2              |
| <b>Total Current Liabilities</b>     | <b>8,660</b>                            | <b>7,228</b>   | <b>55,296</b>  | <b>48,547</b>  |
| <b>Non-Current Liabilities</b>       |   |                |                |                |
| Unearned revenue                     | -                                       | -              | 18,031         | 19,451         |
| <b>Total Non-Current Liabilities</b> | <b>-</b>                                | <b>-</b>       | <b>18,031</b>  | <b>19,451</b>  |
| <b>Total Liabilities</b>             | <b>8,660</b>                            | <b>7,228</b>   | <b>73,327</b>  | <b>67,999</b>  |

<sup>(1)</sup> 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 General - Not Attributed items.

DEPARTMENT OF AGRICULTURE AND FISHERIES  
Statement of Changes in Equity  
for the year ended 30 June 2017

|  | Notes | Accumulated<br>Surplus/Deficit<br>\$'000 | Asset<br>Revaluation<br>Surplus<br>\$'000 | Contributed<br>Equity<br>\$'000 | TOTAL<br>\$'000 |
|--|-------|--|---|---------------------------------|-----------------|
| <b>Balance as at 1 July 2015</b>                   |       | (11,035)                                 | 16,190                                    | 401,259                         | 406,415         |
| Operating Result for the Year                      |       | -  | -   | -                               | -               |
| <b>Other Comprehensive Income</b>                  |       |  |   |                                 |                 |
| - Increase/(Decrease) in asset revaluation surplus | 22    | -  | 20,585                                    | -                               | 20,585          |
| <b>Total Comprehensive Income for the Year</b>     |       | -  | 20,585                                    | -                               | 20,585          |
| <b>Transactions with Owners as Owners:</b>         |       |  |   |                                 |                 |
| - Appropriated equity withdrawals                  | 21    | -  | -   | (9,984)                         | (9,984)         |
| Net transfers in/(out) from other Queensland       |       |  |   |                                 |                 |
| - Government entities                              |       | -  | -   | (67)                            | (67)            |
| <b>Net Transactions with Owners as Owners</b>      |       | -  | -   | (10,051)                        | (10,051)        |
| <b>Balance at 30 June 2016</b>                     |       | <b>(11,035)</b>                          | <b>36,775</b>                             | <b>391,208</b>                  | <b>416,948</b>  |
| <b>Balance as at 1 July 2016</b>                   |       | (11,035)                                 | 36,775                                    | 391,208                         | 416,948         |
| Operating Result for the Year                      |       | (975)                                    | -   | -                               | (975)           |
| <b>Other Comprehensive Income</b>                  |       |  |   |                                 |                 |
| - Increase/(Decrease) in asset revaluation surplus | 22    | -  | 1,091                                     | -                               | 1,091           |
| <b>Total Comprehensive Income for the Year</b>     |       | <b>(975)</b>                             | <b>1,091</b>                              | <b>-</b>                        | <b>116</b>      |
| <b>Transactions with Owners as Owners:</b>         |       |  |   |                                 |                 |
| - Appropriated equity withdrawals                  | 21    | -  | -   | (6,189)                         | (6,189)         |
| Net transfers in/(out) from other Queensland       |       |  |   |                                 |                 |
| - Government entities                              |       | -  | -   | 488                             | 488             |
| - Non appropriated equity withdrawal               |       | -  | -   | (2,150)                         | (2,150)         |
| <b>Net Transactions with Owners as Owners</b>      |       | -  | -   | (7,851)                         | (7,851)         |
| <b>Balance at 30 June 2017</b>                     |       | <b>(12,010)</b>                          | <b>37,866</b>                             | <b>383,357</b>                  | <b>409,213</b>  |

The accompanying notes form part of these statements.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Statement of Cash Flows**  
**for the year ended 30 June 2017**

|   |       | 2017            | 2017            |                  | 2016            |
|---|-------|-----------------|-----------------|------------------|-----------------|
|   | Notes | Actual          | Original Budget | Budget Variance* | Actual          |
|   |       | \$'000          | \$'000          | \$'000           | \$'000          |
| <b>Cash flows from operating activities</b>                 |       |                 |                 |                  |                 |
| <i>Inflows:</i>   |       |                 |                 |                  |                 |
| Service appropriation receipts                              |       | 288,045         | 304,818         | (16,773)         | 300,168         |
| User charges and fees                                       |       | 110,441         | 99,835          | 10,606           | 127,734         |
| Grants and other contributions                              |       | 10,827          | 8,032           | 2,795            | 21,220          |
| Royalties and land rents                                    |       | 27,611          | 24,691          | 2,920            | 25,623          |
| GST input tax credits received from ATO                     |       | 10,039          | 13,181          | (3,142)          | 8,921           |
| GST collected from customers                                |       | 12,907          | -               | 12,907           | 11,782          |
| Other inflows   |       | 1,244           | 966             | 278              | 1,175           |
| <i>Outflows:</i>  |       |                 |                 |                  |                 |
| Employee expenses   |       | (199,177)       | (206,507)       | 7,330            | (195,046)       |
| Supplies and services                                       |       | (205,569)       | (178,144)       | (27,425)         | (199,213)       |
| Grants and subsidies  |       | (16,083)        | (32,432)        | 16,349           | (40,490)        |
| GST paid to suppliers                                       |       | (22,394)        | (13,131)        | (9,263)          | (21,156)        |
| Other outflows  |       | (2,403)         | (2,127)         | (276)            | (3,024)         |
| <b>Net cash provided by operating activities</b>            |       | <b>15,488</b>   | <b>19,182</b>   | <b>(3,694)</b>   | <b>37,695</b>   |
| <b>Cash flows from investing activities</b>                 |       |                 |                 |                  |                 |
| <i>Inflows:</i>   |       |                 |                 |                  |                 |
| Sales of property, plant and equipment                      |       | 3,084           | 1,975           | 1,109            | 218             |
| <i>Outflows:</i>  |       |                 |                 |                  |                 |
| Payments for property, plant and equipment                  |       | (15,772)        | (16,789)        | 1,017            | (14,955)        |
| Payments for intangibles                                    |       | (816)           | -               | (816)            | (135)           |
| <b>Net cash used in investing activities</b>                |       | <b>(13,503)</b> | <b>(14,814)</b> | <b>1,311</b>     | <b>(14,872)</b> |
| <b>Cash flows from financing activities</b>                 |       |                 |                 |                  |                 |
| <i>Outflows:</i>  |       |                 |                 |                  |                 |
| Equity withdrawals  |       | (8,339)         | (7,453)         | (886)            | (9,984)         |
| <b>Net cash provided by financing activities</b>            |       | <b>(8,339)</b>  | <b>(7,453)</b>  | <b>(886)</b>     | <b>(9,984)</b>  |
| <b>Net increase (decrease) in cash and cash equivalents</b> |       | <b>(6,354)</b>  | <b>(3,085)</b>  | <b>(3,269)</b>   | <b>12,839</b>   |
| <b>Cash and Cash Equivalents - opening balance</b>          |       | <b>59,259</b>   | <b>42,818</b>   | <b>16,441</b>    | <b>46,420</b>   |
| <b>Cash and Cash Equivalents - closing balance</b>          | 13    | <b>52,904</b>   | <b>39,733</b>   | <b>13,172</b>    | <b>59,259</b>   |

\*An explanation of major variances is included at Note 29

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the Statement of Cash Flows**  
**for the year ended 30 June 2017**

**Reconciliation of Operating Result to Net Cash Provided by Operating Activities**

|  | <b>2017</b>   | <b>2016</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| Operating surplus/(deficit)                                      | (975)         | -             |
| <b>Non-cash items:</b>   |               |               |
| Depreciation and amortisation expense                            | 21,141        | 21,527        |
| Gains on sale or disposal of property, plant and equipment       | (175)         | (218)         |
| Loss on sale or disposal of property, plant and equipment        | 1,542         | 509           |
| Impairment losses/reversals                                      | 571           | 208           |
| Donations  | 231           | -             |
| Stocktake write off/write on                                     | -             | (373)         |
| Other non cash items   | 1             | 16            |
| <b>Change in assets and liabilities:</b>                         |               |               |
| (Increase)/decrease in receivables                               | (15,208)      | 6,729         |
| (Increase)/decrease in GST input tax credits receivable          | 552           | (431)         |
| Increase/(decrease) in GST payable                               | -             | (22)          |
| (Increase)/decrease in appropriation services revenue receivable | (616)         | 12,125        |
| (Increase)/decrease in annual leave reimbursements               | (673)         | 654           |
| (Increase)/decrease in long service leave reimbursements         | (134)         | 482           |
| (Increase)/decrease in other receivables                         | 3,184         | 17            |
| (Increase)/decrease in inventories                               | 152           | 42            |
| (Increase)/decrease in prepayments                               | 911           | (42)          |
| (Increase)/decrease in biological assets                         | (345)         | (988)         |
| Increase/(decrease) in payables                                  | 4,879         | (3,812)       |
| Increase/(decrease) in accrued employee benefits                 | 559           | 1,209         |
| Increase/(decrease) in unearned revenue                          | (667)         | 85            |
| Increase/(decrease) in other liabilities                         | 558           | (22)          |
| <b>Net cash from operating activities</b>                        | <b>15,488</b> | <b>37,695</b> |

**Non-Cash Investing and Financing Activities**

Assets and Liabilities received or donated/transferred by the department are recognised as revenues (refer Note 4) or expenses (refer Note 12) as applicable.

*The accompanying notes form part of these statements.*

## DEPARTMENT OF AGRICULTURE AND FISHERIES

### Basis of Financial Statement Preparation for the year ended 30 June 2017

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#### 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 2016.

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

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note 1(l).

#### The reporting entity

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

#### Basis of measurement

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

- Land, buildings, infrastructure, heritage and cultural assets and investment property which are measured at fair value.
- Provisions expected to be settled 12 or more months after reporting date which are measured at their present value; and
- Inventories which are measured at the lower of cost and net realisable value.

#### Historical cost

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

#### Fair value

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

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

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

#### Present value

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

#### Net realisable value

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

#### 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 full amount is specifically required.

*Comparatives* - Comparative information reflects the audited 2015-16 financial statements except where restatement due to transition from SAP 4.6C to SAP ECC5 and implementation of the Whole of Government Chart of Accounts. The department has not restated any prior period errors.

*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 2017**

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| <b>Note</b> | <b>Note Title</b>  |
|-------------|--|
|             | 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 land rents   |
| 6           | Other revenue  |
| 7           | Gains on disposal/revaluation 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   |
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**Objectives and Principal Activities of the Department**

DAF works to achieve the vision of a productive and profitable agriculture, fisheries and forestry sector. The department promotes a sustainable and innovative sector, helping to realise its value to the economy and the community.

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

Our strategic objectives reflect this context and focus on:

- creating conditions for successful agribusinesses and supply chains which encourage innovation and productivity
- assisting people in agribusinesses to respond to challenges and protect environmental values
- ensuring the sustainable management of natural resources to underpin productivity and advocating for the protection of the environment.

Key investment areas for 2016-17 include:

- delivering drought assistance to affected producers and concurrently implementing drought preparedness programs
- strengthening Queensland's biosecurity capability to respond to animal and plant pest and disease threats and the implementation of the regulatory reforms associated with the *Biosecurity Act 2014*
- continuing to implement the Queensland Government's Sustainable Fishing Policy
- undertaking research, development and extension services
- capital investment to develop and upgrade existing research facilities to deliver outcomes for agriculture, biosecurity, fisheries and forestry

**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 the *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 (continued)****(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**Changes in Accounting Policy

In 2016-17, the department discontinued a separate disclosure of trust transactions and balances. The forestry security deposits that formed part of these trust transactions are now disclosed under Other Current Liabilities with the cash held disclosed in Cash and Cash Equivalents in Note 13. The reason for change in accounting policy is that these security deposits are held under credit arrangements with customers and under the control of the department should a default occur. The amount is not considered material to Cash or Other Liabilities.

Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2016-17.

Accounting Standards Applied for the First Time

The only Australian Accounting Standard that became effective for the first time in 2016-17 is AASB 124 *Related Party Disclosures*. This standard requires note disclosures about relationships between a parent entity and its controlled entities, key management personnel (KMP) remuneration expenses and other related party transactions, and does not impact on financial statement line items. As Queensland Treasury already required disclosure of KMP remuneration expenses, AASB 124 itself had minimal impact on the department's KMP disclosures compared to 2015-16 (refer to Note 26(c)). However, the standard has resulted in the department's responsible Minister being identified as part of the department's KMP as from 2016-17. Material related party transactions for 2016-17 are disclosed in Note 27(a). No comparative information about related party transactions is required in respect of 2015-16. The relationship between the department and other Queensland Government - controlled entities is outlined in Note 27(b).

1. Summary of significant accounting policies (continued)

(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 Australian Accounting Standards with future commencement dates has not yet been determined and are as set out below.

**AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107**

From 2017-18, this standard will require additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of a reconciliation in the notes to Statement of Cash Flows.

**AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers**

These standards will first apply to the department from its financial statements for 2019-20. Potential future impacts identifiable at the date of this reports are as follows:

- Grants received to construct non-financial assets controlled by the department will be recognised as a liability, and subsequently recognised progressively as revenue as the department satisfies its performance obligations under the grant. At present, such grants are recognised as revenue up front.
- Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. The department is yet to evaluate the existing grant arrangements with various Local Government bodies and Australian Government's Department of Agriculture and Water Resources as to whether revenue from those grants could be deferred under the new requirements.
- Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. The department receives several grants for which there are no sufficiently specific performance obligations - these grants are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.
- Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change of 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 performance obligations (such amounts would be reported as a liability in the meantime).

**AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)**

These standards 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. 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.

**AASB 16 Leases**

This standard will become effective for reporting beginning on or after 1 January 2019. Lessees will be required to recognise a right-of-use asset (representing the right to use the underlying leased asset) and a liability (representing the obligation to make future lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value. The majority of operating leases will be reported in the Statement of Financial Position, potentially resulting in a significant increase in assets and liabilities.

The right-of-use asset will be initially recognised at cost, plus any lease payments made to the lessor at or before commencement date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Expenses for operating lease payments will no longer be reflected in the Statement of Comprehensive Income. Instead, these payments will be apportioned between a reduction in the lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. If a lessee chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application. The Department will await further guidance from Queensland Treasury on the transitional accounting method to be applied.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the Financial Statements for the year ended 30 June 2017**

|  | 2017<br>\$'000 | 2016<br>\$'000 |
|--|----------------|----------------|
| <b>2. Reconciliation of payments from consolidated fund to appropriation revenue recognised in statement of comprehensive income</b> |                |                |
| Budgeted appropriation revenue   | 304,818        | 312,340        |
| Lapsed appropriation revenue   | (16,773)       | (12,053)       |
| Treasurer's transfers  | -              | (119)          |
| <b>Total appropriation receipts (cash)</b>   | <b>288,045</b> | <b>300,168</b> |
| Less: Opening balance of appropriation revenue receivable  | -              | (12,125)       |
| Plus: Closing balance of appropriation revenue receivable  | 616            | -              |
| Plus: Opening balance of deferred appropriation payable to Consolidated Fund   | 3,834          | -              |
| Less: Closing balance of deferred appropriation payable to Consolidated Fund   | (4,806)        | (3,834)        |
| <b>Net appropriation revenue</b>   | <b>287,689</b> | <b>284,209</b> |
| Plus: Deferred appropriation payable to Consolidated Fund (expense) <sup>(1)</sup>   | 4,806          | 3,834          |
| <b>Appropriation revenue recognised in statement of comprehensive income</b>   | <b>292,495</b> | <b>288,043</b> |

**Accounting Policy - Appropriation Revenue**

Appropriations provided under the Appropriation Act 2016 are recognised as revenue when received or when appropriation revenue receivable is recognised after approval from Queensland Treasury.

<sup>(1)</sup> The increase in Appropriation revenue and Other expenses (Note 12) in 2015-16 reflects a reclassification of the deferred appropriation payable to Consolidated Fund.

**3. User Charges and Fees**

|                                    |                |                |
|------------------------------------|----------------|----------------|
| Fee for service <sup>(1)</sup>     | 99,184         | 108,355        |
| Sale of goods                      | 3,332          | 3,351          |
| Fees and fines                     | 8,443          | 7,758          |
| Property rental                    | 6,666          | 4,250          |
| <b>Total User Charges and Fees</b> | <b>117,625</b> | <b>123,714</b> |

<sup>(1)</sup> The decrease is mainly due to the cessation of Net Free Fishing zones revenue in 2015-16 which was for \$10 million.

**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 30.

**4. Grants and Other Contributions**

|  |               |               |
|--|---------------|---------------|
| Commonwealth grants <sup>(1)</sup>           | 10,494        | 15,535        |
| State grants                                 | -             | 754           |
| Local government contributions               | 5,876         | 5,742         |
| State contributions                          | 210           | 250           |
| Industry contributions                       | 110           | 354           |
| Goods and services received below fair value | 282           | 217           |
| <b>Total Grants and other contributions</b>  | <b>16,972</b> | <b>22,852</b> |

<sup>(1)</sup> This decrease largely relates to variations and timing of funding arrangements with the Commonwealth funding for Fire Ants Eradication Program and Varroa Mite Eradication Program.

**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 Land Rents**

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| Royalties and land rents              | 27,611        | 25,623        |
| <b>Total Royalties and Land Rents</b> | <b>27,611</b> | <b>25,623</b> |

**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.

DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the Financial Statements for the year ended 30 June 2017

|  | 2017       | 2016         |
|--|------------|--------------|
|  | \$'000     | \$'000       |
| <b>6. Other Revenue</b>                |            |              |
| Sale of portable and attractive items  | 9          | 4            |
| Bad debts recovered                    | 8          | 15           |
| Insurance recoveries <sup>(1)</sup>    | 65         | 989          |
| Impairment loss reversal - receivables | 218        | -            |
| Sundry revenue                         | 563        | 607          |
| <b>Total Other Revenue</b>             | <b>864</b> | <b>1,615</b> |

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

**7. Gains on disposal/revaluation of assets**

|  |              |              |
|--|--------------|--------------|
| Net gains on disposal of property, plant and equipment | 175          | 218          |
| Net increment in valuation of biological assets        | 1,616        | 1,947        |
| <b>Total Gains on disposal/revaluation of assets</b>   | <b>1,790</b> | <b>2,165</b> |

**8. Employee Expenses**

|  |                |                |
|--|----------------|----------------|
| <u>Employee Benefits</u>                       |                |                |
| Wages and salaries                             | 154,398        | 154,434        |
| Termination benefits                           | 204            | 321            |
| Employer superannuation contributions          | 20,693         | 20,466         |
| Annual leave levy                              | 16,024         | 15,859         |
| Long service leave levy                        | 3,238          | 3,151          |
| Other employee benefits                        | 1,828          | 1,820          |
| <u>Employee Related Expenses<sup>(1)</sup></u> |                |                |
| Workers compensation premium                   | 1,263          | 1,262          |
| Other employee related expenses                | 1,277          | 1,293          |
| <b>Total Employee Expenses<sup>(2)</sup></b>   | <b>198,927</b> | <b>198,606</b> |

Due to transition from SAP4.6C to SAPECC5 and implementation of the Whole of Government Chart of Accounts some accounts have been realigned between employee expenses and supplies and services. The 2016 comparative figures have been recast to realign to the current mapping of accounts.

<sup>(1)</sup> Cost of workers' compensation insurance is a cost of the employer, and is not counted in employees' total remuneration package. They are not employee benefits, but rather employee related expenses.

<sup>(2)</sup> The number of employees at 30 June 2017, 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:

|                     | 2017  | 2016  |
|---------------------|-------|-------|
| Number of employees | 1,968 | 2,019 |

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.

|  | 2017         | 2016         |
|--|--------------|--------------|
| Number of employees:   |              |              |
| Department of Agriculture and Fisheries  | 1,759        | 1,804        |
| Business and Corporate Partnership Agreement (providing services to other departments) | 209          | 215          |
| <b>Total number of employees</b>   | <b>1,968</b> | <b>2,019</b> |

**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.

## DEPARTMENT OF AGRICULTURE AND FISHERIES

### Notes to the Financial Statements for the year ended 30 June 2017

#### 8. Employee Expenses (continued)

##### 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

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

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

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

|  | 2017<br>\$'000 | 2016<br>\$'000 |
|--|----------------|----------------|
| <b>9. Supplies and services</b>                            |                |                |
| Consultants and contractors                                | 65,877         | 57,851         |
| Operating lease rentals                                    | 28,063         | 28,108         |
| Building Services  | 6,941          | 6,323          |
| Repairs and maintenance                                    | 9,384          | 8,842          |
| Transport  | 4,937          | 4,879          |
| Travel   | 6,051          | 5,888          |
| Computer/information technology                            | 15,679         | 16,093         |
| Telecommunications and electricity                         | 7,005          | 6,265          |
| Shared services provider fee                               | 5,726          | 6,180          |
| Materials  | 16,660         | 11,842         |
| Portable and attractive items                              | 2,252          | 2,810          |
| Service delivery costs and service level agreement charges | 9,338          | 12,864         |
| Bank fees and charges                                      | 20             | 38             |
| Outsourced service delivery                                | 27,297         | 23,358         |
| Other  | 6,642          | 4,343          |
| <b>Total Supplies and Services<sup>(1)</sup></b>           | <b>211,871</b> | <b>195,685</b> |

(1) The increase across supplies and services is mainly due to the emergency response to the White Spot Disease in prawns.

#### 10. Grants and Subsidies

|  |               |               |
|--|---------------|---------------|
| Queensland and local government <sup>(1)</sup> | 3,557         | 13,053        |
| Industry                                       | 4,848         | 1,773         |
| Universities                                   | -             | 210           |
| Individuals                                    | -             | 130           |
| Charities/community groups                     | 100           | -             |
| Subsidies <sup>(2)</sup>                       | 7,160         | 20,740        |
| Commonwealth                                   | 88            | 85            |
| Capital <sup>(3)</sup>                         | 329           | 4,500         |
| <b>Total Grants and Subsidies</b>              | <b>16,083</b> | <b>40,490</b> |

(1) The decrease is due to the cessation of Net Free Fishing zones grants in 2015-16 which was for \$10 million.

(2) The decrease mainly reflects the reduced expenditure for the Drought Assistance Scheme due to improved climatic conditions across the State and the reduced demand for freight subsidies and emergency water infrastructure.

(3) In 2015-16, \$4.5 million capital grant was made to Grains and Cropping R&D Trust for purchase of a new research property and in 2016-17, \$0.329 million grant was made to RSPCA.

##### 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.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the Financial Statements for the year ended 30 June 2017**

|  | 2017          | 2016          |
|--|---------------|---------------|
|  | \$'000        | \$'000        |
| <b>11. Depreciation and amortisation</b>                   |               |               |
| Depreciation and amortisation were incurred in respect of: |               |               |
| Buildings  | 5,040         | 6,118         |
| Infrastructure   | 379           | 312           |
| Plant and equipment  | 14,933        | 13,964        |
| Software purchased   | 483           | 416           |
| Software internally generated                              | 305           | 718           |
| <b>Total Depreciation and amortisation</b>                 | <b>21,141</b> | <b>21,527</b> |

**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 asset to which they relate.

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:

| <b>Asset class</b>  | <b>Category</b>               | <b>Rate %</b> |
|---------------------|-------------------------------|---------------|
| Buildings           | Buildings and improvements    | 1.25–5%       |
|                     | Access roads                  | 1.25–4%       |
|                     | Land improvements             | 1.67–5%       |
| Infrastructure      | Wild dog barrier fence        | 2%            |
| Plant and equipment | Computer equipment            | 12.5–33.33%   |
|                     | 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        | 10%           |
|                     | Other plant and equipment     | 12.5%         |
| Intangible assets   | Software purchased            | 20-25%        |
|                     | Software internally generated | 10%           |

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the Financial Statements for the year ended 30 June 2017**

|  | <b>2017</b>   | <b>2016</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| <b>12. Other expenses</b>  |               |               |
| Deferred appropriation payable to Consolidated Fund <sup>(1)</sup> | 4,806         | 3,834         |
| External audit fees - QAO <sup>(2)</sup>                           | 257           | 139           |
| Other audit services performed - Ernst & Young                     | 33            | -             |
| Insurance premiums - Queensland Government Insurance Fund          | 707           | 725           |
| Insurance premiums - general                                       | 128           | 205           |
| Loss on disposal of property, plant and equipment                  | 1,542         | 509           |
| Losses - Public Property   | 1             | -             |
| Sponsorships   | 282           | 50            |
| Special Payments <sup>(3)</sup>                                    | 702           | 787           |
| Donations and gifts  | 233           | 104           |
| License fees and permits   | 252           | 317           |
| Interest   | 4             | 1             |
| Patent, Copyright & Trademark Acquisition                          | 293           | 436           |
| Royalties Paid   | 146           | -             |
| Other  | 134           | -             |
| <b>Total Other Expenses</b>  | <b>9,521</b>  | <b>7,108</b>  |

<sup>(1)</sup> The increase in Other expenses and Appropriation revenue (Note 2) in 2015-16 reflects a reclassification of the deferred appropriation payable to Consolidated Fund.

<sup>(2)</sup> Total audit fees paid to the Queensland Audit Office relating to the 2016-17 financial year are based upon their estimated fee of \$230,000 (2016: \$230,000). There are no non-audit services included in this amount.

<sup>(3)</sup> Special payments include 10 payments totalling \$106,792 for Red Witchweed and 7 payments totalling \$594,147 in relation to White spot disease outbreak.

**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.

**13. Cash and cash equivalents**

|  |               |               |
|--|---------------|---------------|
| Cash at bank                           | 52,875        | 59,225        |
| Imprest accounts                       | 30            | 34            |
| <b>Total Cash and Cash Equivalents</b> | <b>52,904</b> | <b>59,259</b> |

**Accounting Policy - Cash and cash equivalents**

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

Departmental bank accounts 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.



DEPARTMENT OF AGRICULTURE AND FISHERIES  
Notes to the Financial Statements for the year ended 30 June 2017

|   | 2017<br>\$'000       | 2016<br>\$'000       |
|---|----------------------|----------------------|
| <b>14. Receivables</b>  |                      |                      |
| <i>Current</i>  |                      |                      |
| Trade debtors <sup>(1)</sup>  | 33,051               | 21,248               |
| Less: allowance for impairment loss <sup>(2)</sup>  | (210)                | (389)                |
|   | <u>32,842</u>        | <u>20,858</u>        |
| GST input tax credits receivable  | 1,451                | 2,002                |
| GST payable   | -                    | -                    |
|   | <u>1,451</u>         | <u>2,002</u>         |
| Appropriation revenue receivable  | 616                  | -                    |
| Annual leave reimbursements   | 2,997                | 2,323                |
| Long service leave reimbursements   | 863                  | 729                  |
| Other   | 88                   | 32                   |
|   | <u>4,563</u>         | <u>3,085</u>         |
| <b>Total Current Receivables</b>  | <b><u>38,856</u></b> | <b><u>25,945</u></b> |
| <i>Non-Current</i>  |                      |                      |
| Finance lease debtors   | -                    | 15                   |
| <b>Total Non-Current Receivables</b>  | <b><u>-</u></b>      | <b><u>15</u></b>     |
| <p>(1) The increase is due to amounts relating to National Cost Sharing arrangements and Research and Development contracts.</p> <p>(2) Refer to Note 25 Financial Instruments (Credit Risk Exposure) for an analysis of movements in the allowance for impairment loss.</p>  |                      |                      |
| <b>Accounting Policy - Receivables</b>  |                      |                      |
| 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 for trade debtors associated with research and development projects, where a 90 day term applies and sale of produce where terms may vary depending on industry practice. |                      |                      |
| The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 April. 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.   |                      |                      |
| <b>15. Other assets</b>   |                      |                      |
| <i>Current</i>  |                      |                      |
| Prepayments   | 6,137                | 6,272                |
| <b>Total Other Current Assets</b>   | <b><u>6,137</u></b>  | <b><u>6,272</u></b>  |
| <i>Non-Current</i>  |                      |                      |
| Prepayments   | 12,409               | 13,185               |
| <b>Total Other Assets</b>   | <b><u>18,545</u></b> | <b><u>19,457</u></b> |

DEPARTMENT OF AGRICULTURE AND FISHERIES  
Notes to the Financial Statements for the year ended 30 June 2017

|   | 2017<br>\$'000 | 2016<br>\$'000 |
|---|----------------|----------------|
| <b>16. Intangible assets</b>                  |                |                |
| <b>Software Purchased: At Cost</b>            |                |                |
| Gross   | 2,324          | 1,634          |
| Less: Accumulated amortisation                | (1,168)        | (811)          |
| <b>Total Software Purchased</b>               | <b>1,156</b>   | <b>823</b>     |
| <b>Software Internally Generated: At Cost</b> |                |                |
| Gross   | 5,883          | 6,418          |
| Less: Accumulated amortisation                | (5,373)        | (5,604)        |
| <b>Total Software Internally Generated</b>    | <b>510</b>     | <b>815</b>     |
| <b>Total Intangible Assets</b>                | <b>1,665</b>   | <b>1,638</b>   |

**Intangibles Reconciliation**

|                                   | Software Purchased |                | Software Internally Generated |                | Software Work In Progress |                | Total          |                |
|-----------------------------------|--------------------|----------------|-------------------------------|----------------|---------------------------|----------------|----------------|----------------|
|                                   | 2017<br>\$'000     | 2016<br>\$'000 | 2017<br>\$'000                | 2016<br>\$'000 | 2017<br>\$'000            | 2016<br>\$'000 | 2017<br>\$'000 | 2016<br>\$'000 |
| Carrying amount at 1 July         | 823                | 1,105          | 815                           | 1,751          | -                         | -              | 1,638          | 2,856          |
| Acquisitions                      | 816                | 135            | -                             | -              | -                         | -              | 816            | 135            |
| Retirement                        | -                  | -              | -                             | (219)          | -                         | -              | -              | (219)          |
| Amortisation                      | (483)              | (416)          | (305)                         | (718)          | -                         | -              | (788)          | (1,134)        |
| <b>Carrying amount at 30 June</b> | <b>1,155</b>       | <b>823</b>     | <b>510</b>                    | <b>815</b>     | -                         | -              | <b>1,665</b>   | <b>1,638</b>   |

**Accounting Policy - Intangibles**

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

Intangible assets are measured at their historical cost, unless there is an active market for the assets concerned (in which case they are measured at their fair value).

There is no active market for any of the department's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

**Purchased software**

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

**Internally generated software**

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

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

|   | 2017<br>\$'000 | 2016<br>\$'000 |
|---|----------------|----------------|
| <b>17. Property, plant and equipment</b>  |                |                |
| <b>Land</b>                               |                |                |
| Gross                                     | 122,935        | 126,928        |
| Less: accumulated impairment losses       | (2,587)        | (2,820)        |
| <b>Total Land</b>                         | <b>120,348</b> | <b>124,108</b> |
| <b>Buildings</b>                          |                |                |
| Gross                                     | 272,374        | 265,081        |
| Less: accumulated depreciation            | (141,167)      | (136,773)      |
| Less: accumulated impairment losses       | (10,650)       | (9,368)        |
| <b>Total Buildings</b>                    | <b>120,557</b> | <b>118,940</b> |
| <b>Heritage and Cultural Assets</b>       |                |                |
| At fair value <sup>(1)</sup>              | -              | 252            |
| <b>Total Heritage and Cultural Assets</b> | <b>-</b>       | <b>252</b>     |
| <b>Infrastructure</b>                     |                |                |
| Gross                                     | 39,832         | 37,457         |
| Less: accumulated depreciation            | (19,467)       | (18,340)       |
| <b>Total Infrastructure</b>               | <b>20,364</b>  | <b>19,117</b>  |

<sup>(1)</sup> Decrease due to the donation of 'Around the Campfire' statues to the Longreach Regional Council.

DEPARTMENT OF AGRICULTURE AND FISHERIES  
Notes to the Financial Statements for the year ended 30 June 2017

|  | 2017<br>\$'000 | 2016<br>\$'000 |
|--|----------------|----------------|
| <b>17. Property, plant and equipment (continued)</b> |                |                |
| <b>Plant and Equipment: At cost</b>                  |                |                |
| Gross  | 211,086        | 215,861        |
| Less: accumulated depreciation                       | (107,679)      | (104,749)      |
| Less: accumulated impairment                         | (238)          | (2,069)        |
| <b>Total Plant and Equipment</b>                     | <b>103,169</b> | <b>109,042</b> |
| <b>Capital Work in Progress: At cost</b>             |                |                |
| At cost  | 1,756          | 2,993          |
| <b>Total Capital Work in Progress</b>                | <b>1,756</b>   | <b>2,993</b>   |
| <b>Total Property, Plant and Equipment</b>           | <b>366,195</b> | <b>374,452</b> |

**Property, Plant and Equipment Reconciliation**

|  | Land<br>2017<br>\$'000 | Buildings<br>2017<br>\$'000 | Infrastructure<br>2017<br>\$'000 | Plant and<br>Equipment<br>2017<br>\$'000 | Capital Works<br>in Progress<br>2017<br>\$'000 | Heritage<br>& Cultural<br>2017<br>\$'000 | Total<br>2017<br>\$'000 |
|--|------------------------|-----------------------------|----------------------------------|--|--|--|-------------------------|
| Carrying amount at 1 July 2016   | 124,108                | 118,940                     | 19,117                           | 109,042                                  | 2,993  | 252                                      | 374,452                 |
| Acquisitions (including upgrades)  | 29                     | 16                          | -                                | 4,683                                    | 10,358   | -  | 15,086                  |
| Transfer in from other Qld<br>Government entities                          | 238                    | 239                         | -                                | 2  | -  | -  | 479                     |
| Disposals  | (1,029)                | (398)                       | -                                | (565)                                    | -  | -  | (1,992)                 |
| Donations  | -                      | -                           | -                                | -  | -  | (225)                                    | (225)                   |
| Assets reclassified as held for sale                                       | (1,180)                | (1,109)                     | -                                | (11)                                     | -  | -  | (2,300)                 |
| Transfers between asset classes  | 611                    | 5,173                       | 843                              | 4,995                                    | (11,595)                                       | (27)                                     | -                       |
| Net Revaluation<br>increments/(decrements) in asset<br>revaluation surplus | (868)                  | 4,464                       | 783                              | -  | -  | -  | 4,379                   |
| Impairment losses recognised in the<br>asset revaluation surplus           | (1,793)                | (2,214)                     | -                                | -  | -  | -  | (4,007)                 |
| Impairment losses recognised in<br>operating surplus/(deficit)             | -                      | -                           | -                                | (43)                                     | -  | -  | (43)                    |
| Impairment losses reversed in<br>asset revaluation surplus                 | 233                    | 486                         | -                                | -  | -  | -  | 719                     |
| Depreciation   | -                      | (5,040)                     | (379)                            | (14,933)                                 | -  | -  | (20,352)                |
| <b>Carrying amount at 30 June 2017</b>                                     | <b>120,348</b>         | <b>120,557</b>              | <b>20,364</b>                    | <b>103,169</b>                           | <b>1,756</b>                                   | <b>-</b>                                 | <b>366,195</b>          |

|   | Land<br>2016<br>\$'000 | Buildings<br>2016<br>\$'000 | Infrastructure<br>2016<br>\$'000 | Plant and<br>Equipment<br>2016<br>\$'000 | Capital Works<br>in Progress<br>2016<br>\$'000 | Heritage<br>& Cultural<br>2016<br>\$'000 | Total<br>2016<br>\$'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<br>Government entities   | -                      | 37                          | -                                | -  | -  | -  | 37                      |
| Disposals   | (95)                   | (505)                       | -                                | (365)                                    | -  | -  | (965)                   |
| Transfer out to other Qld Government<br>entities  | -                      | (10)                        | -                                | -  | -  | -  | (10)                    |
| Transfer out to other non Qld<br>Government entities                                      | -                      | (131)                       | -                                | -  | -  | -  | (131)                   |
| Transfers between asset classes   | -                      | 2,211                       | 1,053                            | 2,806                                    | (6,068)  | -  | -                       |
| Net Revaluation<br>increments/(decrements) in asset<br>revaluation surplus <sup>(1)</sup> | 16,463                 | 5,904                       | 2,730                            | -  | -  | 102                                      | 25,199                  |
| Impairment losses recognised in the<br>asset revaluation surplus                          | (898)                  | (3,716)                     | -                                | -  | -  | -  | (4,614)                 |
| Impairment losses recognised in<br>operating surplus/(deficit)                            | (68)                   | 359                         | -                                | (208)                                    | -  | -  | 83                      |
| Impairment losses recognised in<br>asset revaluation surplus                              | -                      | 27                          | -                                | -  | -  | -  | 27                      |
| Depreciation  | -                      | (6,118)                     | (312)                            | (13,964)                                 | -  | -  | (20,394)                |
| <b>Carrying amount at 30 June 2016</b>  | <b>124,108</b>         | <b>118,940</b>              | <b>19,117</b>                    | <b>109,042</b>                           | <b>2,993</b>                                   | <b>252</b>                               | <b>374,452</b>          |

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

17. Property, plant and equipment (continued)

**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

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

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

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

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

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

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

Fair Value Measurement Hierarchy

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

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

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

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

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

There were no transfers of assets between fair value hierarchy levels during the period.

DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the Financial Statements for the year ended 30 June 2017

17. Property, plant and equipment (continued)

Categorisation of assets measured at fair value

|                | Level 1 |        | Level 2       |               | Level 3        |                | Total Carrying Amount |                |
|----------------|---------|--------|---------------|---------------|----------------|----------------|-----------------------|----------------|
|                | 2017    | 2016   | 2017          | 2016          | 2017           | 2016           | 2017                  | 2016           |
|                | \$'000  | \$'000 | \$'000        | \$'000        | \$'000         | \$'000         | \$'000                | \$'000         |
| Land           | -       | -      | 48,427        | 52,318        | 71,921         | 71,789         | 120,348               | 124,108        |
| Buildings      | -       | -      | 39,362        | 38,971        | 81,195         | 79,969         | 120,557               | 118,940        |
| Infrastructure | -       | -      | -             | -             | 20,364         | 19,117         | 20,364                | 19,117         |
| <b>Total</b>   | -       | -      | <b>87,790</b> | <b>91,290</b> | <b>173,480</b> | <b>170,875</b> | <b>261,270</b>        | <b>262,165</b> |

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 NCAP. 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 NCAP for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and 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 NCAP. 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.

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. current 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, 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.

**17. Property, plant and equipment (continued)**

**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 net selling price (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 must not exceed the carrying amount that would have been determined had no impairment loss been recognised. 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 should be 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*

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 comprehensively revalued as at 30 June 2016 and indexed as at 30 June 2017.

*Buildings*

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 comprehensively revalued as at 30 June 2016 and indexed as at 30 June 2017.

*Infrastructure*

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 comprehensively revalued as at 30 June 2016 and indexed as at 30 June 2017.

*Work in Progress*

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

*Heritage and Cultural Assets*

The department's Heritage and Cultural assets were comprehensively revalued as at 30 June 2016. In line with Treasury's Non-Current Accounting Policies, they were not indexed for the period ending 30 June 2017 on the basis of being immaterial and are no longer being reported as a separate asset class. This is due to the immateriality of the balance of this class after the retirement of the statues at the front of 80 Ann Street Brisbane after the building was vacated by the department's staff.

*Restricted Assets*

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 2017 is \$0.777 million (2016: \$0.622 million).

Certain Plant and Equipment assets valued at \$0.685 million (2016: \$0.505 million) and certain Building assets valued at \$0.092 million (2016: \$0.117 million) are restricted by contractual obligations preventing their sale.

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Notes to the Financial Statements for the year ended 30 June 2017

|  | 2017<br>\$'000 | 2016<br>\$'000 |
|--|----------------|----------------|
| <b>18. Payables</b>                                    |                |                |
| <b>Current</b>   |                |                |
| Trade creditors  | 6,117          | 3,581          |
| Deferred appropriation refundable to Consolidated Fund | 4,806          | 3,834          |
| Taxes, fees and fines payable                          | 76             | 72             |
| Accrued expenses                                       | 6,745          | 5,376          |
| Prepaid royalties                                      | -              | 2              |
| Royalties payable                                      | 201            | 105            |
| <b>Total Current Payables</b>                          | <u>17,945</u>  | <u>12,969</u>  |

**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                 | 3,353        | 2,744        |
| Annual leave levy payable                      | 4,018        | 4,085        |
| Long service leave levy payable                | 885          | 851          |
| Severance payments payable                     | 7            | 24           |
| <b>Total Current Accrued Employee Benefits</b> | <u>8,263</u> | <u>7,704</u> |

**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*.

**20. Unearned revenue**

**Current**

|                                 |        |        |
|---------------------------------|--------|--------|
| Unearned revenue <sup>(1)</sup> | 28,628 | 27,873 |
|---------------------------------|--------|--------|

**Non-Current**

|                                   |               |               |
|-----------------------------------|---------------|---------------|
| Unearned revenue - rental revenue | 18,031        | 19,451        |
| <b>Total Unearned Revenue</b>     | <u>46,659</u> | <u>47,323</u> |

<sup>(1)</sup> This includes unearned revenue for research and development contracts and rental revenue.

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

|   |                |                |
|---|----------------|----------------|
| Budgeted equity adjustment appropriation                  | (5,613)        | (5,484)        |
| Lapsed equity adjustment                                  | (576)          | (4,500)        |
| <b>Equity adjustment recognised in contributed equity</b> | <u>(6,189)</u> | <u>(9,984)</u> |

DEPARTMENT OF AGRICULTURE AND FISHERIES  
Notes to the Financial Statements for the year ended 30 June 2017

22. Asset revaluation surplus by class

|                             | Land          | Buildings     | Infrastructure | Heritage<br>& Cultural | Total         |
|-----------------------------|---------------|---------------|----------------|------------------------|---------------|
|                             | \$'000        | \$'000        | \$'000         | \$'000                 | \$'000        |
| Balance 1 July 2016         | 19,525        | 13,660        | 3,488          | 102                    | 36,775        |
| Revaluation surplus         | (2,428)       | 2,736         | 783            | -                      | 1,091         |
| <b>Balance 30 June 2017</b> | <b>17,097</b> | <b>16,396</b> | <b>4,271</b>   | <b>102</b>             | <b>37,866</b> |
|                             | Land          | Buildings     | Infrastructure | Heritage<br>& Cultural | Total         |
|                             | \$'000        | \$'000        | \$'000         | \$'000                 | \$'000        |
| Balance 1 July 2015         | 3,960         | 11,472        | 758            | -                      | 16,190        |
| Revaluation surplus         | 15,565        | 2,188         | 2,730          | 102                    | 20,585        |
| <b>Balance 30 June 2016</b> | <b>19,525</b> | <b>13,660</b> | <b>3,488</b>   | <b>102</b>             | <b>36,775</b> |

|  | 2017   | 2016   |
|--|--------|--------|
|  | \$'000 | \$'000 |

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 <sup>(1)</sup>                        | 30,273         | 26,424         |
| · Later than 1 year and not later than 5 years <sup>(1)</sup> | 103,518        | 72,618         |
| · Later than 5 years <sup>(2)</sup>                           | 395,270        | 405,934        |
| <b>Total non-cancellable operating lease commitments</b>      | <b>529,061</b> | <b>504,976</b> |

<sup>(1)</sup> This increase is mainly due to new accommodation leases for 1 William Street and 41 George Street after the expiration of the Primary Industries Building lease in May 2016. These commitments have been included in the funding requirements for the department.

<sup>(2)</sup> This includes accommodation leases at Eco Sciences Precinct and Health and Food Sciences Precinct and these commitments have been included in the funding requirements for the department. For 2016, these commitments have been restated to include GST input tax credits.

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                          | 1,174        | 492          |
| Other  | -            | 536          |
|  | <b>1,174</b> | <b>1,698</b> |
| Payable:                                     |              |              |
| · Not later than 1 year                      | 1,174        | 1,698        |
| <b>Total capital expenditure commitments</b> | <b>1,174</b> | <b>1,698</b> |

(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                                   | 8,444         | 32,432        |
| · Later than 1 year and not later than 5 years            | 18,041        | 28,800        |
| <b>Total grants and subsidies expenditure commitments</b> | <b>26,485</b> | <b>61,232</b> |

(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                           | 23,305        | 22,887        |
| · Later than one year and not later than five years | 5,025         | 4,609         |
| · Later than five years                             | 3,902         | 2,198         |
| <b>Total other expenditure commitments</b>          | <b>32,232</b> | <b>29,694</b> |



## 24. Contingencies

### (a) Litigation in progress

As at 30 June 2017, the following cases were filed in the courts naming the State of Queensland through DAF or DAF, as defendant:

|   | 2017      | 2016      |
|---|-----------|-----------|
| Supreme Court                                       | 1         | 2         |
| District Court                                      | 2         | -         |
| Magistrates Court                                   | 6         | 12        |
| Planning and Environment Court                      | 1         | -         |
| Queensland Civil and Administrative Tribunal (QCAT) | 1         | 4         |
| Queensland Industrial Relations Commission (QIRC)   | -         | 1         |
| Anti-Discrimination Commission Queensland (ADCQ)    | 1         | 1         |
| <b>Total number of litigation in progress</b>       | <b>12</b> | <b>20</b> |

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. The 23 abandoned fuel tanks were located on 12 sites across Queensland (ex FPQ plantations) and were excavated and removed in the period May – July 2016 with any contaminated soils stockpiled for further remediation. The cost to remove the 23 tanks was \$270,000.

Contaminated soil at six sites was stockpiled for remediation by an environmental consultant prior to retesting of the stockpile soil in April 2017. At the time of writing a full report from the environment consultant including requirements for any further remediation is still pending. 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 2017-18.

### (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.

- 15 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 2032, for the supply of native forest hardwood sawlogs from State-owned native forests in western Queensland; and
- 13 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.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the Financial Statements for the year ended 30 June 2017**

**25. Financial Instruments**

**(a) Categorisation of Financial Instruments**

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

| <b>Category</b>                    | <b>Note</b> | <b>2017<br/>\$'000</b> | <b>2016<br/>\$'000</b> |
|------------------------------------|-------------|------------------------|------------------------|
| <b>Financial Assets</b>            |             |                        |                        |
| Cash and cash equivalents          | 13          | 52,904                 | 59,259                 |
| Receivables                        | 14          | 38,856                 | 25,960                 |
| <b>Total Financial Assets</b>      |             | <b>91,760</b>          | <b>85,219</b>          |
| <b>Financial Liabilities</b>       |             |                        |                        |
| Payables                           | 18          | 17,945                 | 12,969                 |
| <b>Total Financial Liabilities</b> |             | <b>17,945</b>          | <b>12,969</b>          |

**(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:

| <b>Risk exposure</b> | <b>Measurement method</b>          |
|----------------------|------------------------------------|
| 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:

**2017 Financial Assets Past Due But Not Impaired**

|              | <b>Ageing</b>                  |                         |                         |                                   | <b>Total overdue</b> |
|--------------|--------------------------------|-------------------------|-------------------------|-----------------------------------|----------------------|
|              | Less than<br>30 days<br>\$'000 | 30 to 60 days<br>\$'000 | 60 to 90 days<br>\$'000 | Greater than<br>90 days<br>\$'000 |                      |
| Receivables  | 16,371                         | 585                     | 1,333                   | 583                               | 18,872               |
| <b>Total</b> | <b>16,371</b>                  | <b>585</b>              | <b>1,333</b>            | <b>583</b>                        | <b>18,872</b>        |

DEPARTMENT OF AGRICULTURE AND FISHERIES  
Notes to the Financial Statements for the year ended 30 June 2017

25. Financial Instruments (continued)

(c) Credit Risk Exposure (continued)

2016 Financial Assets Past Due But Not Impaired

|              | Ageing            |               |               |                      | Total overdue |
|--------------|-------------------|---------------|---------------|----------------------|---------------|
|              | Less than 30 days | 30 to 60 days | 60 to 90 days | Greater than 90 days |               |
|              | \$'000            | \$'000        | \$'000        | \$'000               | \$'000        |
| Receivables  | 13,150            | 1,095         | 535           | 905                  | 15,685        |
| <b>Total</b> | <b>13,150</b>     | <b>1,095</b>  | <b>535</b>    | <b>905</b>           | <b>15,685</b> |

2017 Individually Impaired Financial Assets

|                          | Ageing            |               |               |                      | Total overdue |
|--------------------------|-------------------|---------------|---------------|----------------------|---------------|
|                          | Less than 30 days | 30 to 60 days | 60 to 90 days | Greater than 90 days |               |
|                          | \$'000            | \$'000        | \$'000        | \$'000               | \$'000        |
| Receivables              | -                 | -             | -             | 210                  | 210           |
| Allowance for impairment | -                 | -             | -             | (210)                | (210)         |
| <b>Carrying Amount</b>   | <b>-</b>          | <b>-</b>      | <b>-</b>      | <b>-</b>             | <b>-</b>      |

2016 Individually Impaired Financial Assets

|                          | Ageing            |               |               |                      | Total overdue |
|--------------------------|-------------------|---------------|---------------|----------------------|---------------|
|                          | Less than 30 days | 30 to 60 days | 60 to 90 days | Greater than 90 days |               |
|                          | \$'000            | \$'000        | \$'000        | \$'000               | \$'000        |
| Receivables              | -                 | -             | -             | 389                  | 389           |
| Allowance for impairment | -                 | -             | -             | (389)                | (389)         |
| <b>Carrying Amount</b>   | <b>-</b>          | <b>-</b>      | <b>-</b>      | <b>-</b>             | <b>-</b>      |

|   | 2017         | 2016         |
|---|--------------|--------------|
|   | \$'000       | \$'000       |
| <b>Movements in Allowance for Impairment</b>                  |              |              |
| Opening Balance   | (389)        | (55)         |
| (Increase)/decrease in allowance recognised in profit or loss | 179          | (334)        |
| <b>Closing Balance</b>  | <b>(210)</b> | <b>(389)</b> |

(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

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 the Statement of Comprehensive Income.

## DEPARTMENT OF AGRICULTURE AND FISHERIES

### Notes to the Financial Statements for the year ended 30 June 2017

#### 26. Key management personnel (KMP) disclosures

##### a) Details of key management personnel

As from 2016-17, the department's responsible Minister is identified as part of the department's KMP, consistent with additional guidance included in AASB 124 Related Party Disclosures. That Minister is the Minister for Agriculture and Fisheries.

The following details for non-Ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2016-17 and 2015-16. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

| Position   | Position Responsibility   |
|--|---|
| Director-General   | The Director-General is responsible for the efficient, effective and economic administration of the department overseeing Agriculture, Fisheries and Forestry and Biosecurity Queensland.   |
| 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. |
| 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.  |
| Deputy Director-General, Fisheries and Forestry                          | The Deputy Director-General is responsible for the efficient, effective and economic administration of Queensland Fisheries and Forestry activities and responsibilities.   |
| Chief Biosecurity Officer, Biosecurity Queensland                        | The Chief Biosecurity Officer is responsible for the efficient, effective and economic administration of Queensland's Biosecurity functions and responsibilities of the department.   |
| 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.  |
| Executive Director, Rural Economic 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.  |
| 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.   |

##### b) KMP remuneration policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members Remuneration Handbook. The department does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlement being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government Consolidated Financial Statements as from 2016-17, which are published as part of Queensland Treasury's Report on State Finances.

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

Remuneration expenses for those KMP comprise the following components:

- Short term employee expenses, including:
  - salaries, 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 include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service entitlements) payable on termination of employments or acceptance of an offer of termination of employment.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the Financial Statements for the year ended 30 June 2017**

**26. Key management personnel (KMP) disclosures (continued)**

**c) Remuneration Expenses**

The following disclosure focus on the expenses incurred by the department attributable to non-Ministerial KMP during respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the Statement of Comprehensive Income.

**1 July 2016 – 30 June 2017**

| Position   | Short Term Employee Expenses |                                  | Long Term Employee Expenses | Post Employment Expenses | Total Expenses <sup>(1)</sup> |
|--|------------------------------|----------------------------------|-----------------------------|--------------------------|-------------------------------|
|  | Monetary Benefits<br>\$ '000 | Non-Monetary Benefits<br>\$ '000 | \$ '000                     | \$ '000                  | \$ '000                       |
| Director-General   | 308                          | -                                | 6                           | 33                       | 347                           |
| Deputy Director-General, Corporate <sup>(2)</sup><br>(Acting) 1/7/2016 - 30/6/2017         | 229                          | -                                | 4                           | 21                       | 255                           |
| Deputy Director-General, Agriculture Queensland  | 240                          | -                                | 5                           | 26                       | 271                           |
| Deputy Director-General, Fisheries and Forestry  | 236                          | -                                | 5                           | 25                       | 266                           |
| Chief Biosecurity Officer  | 243                          | -                                | 5                           | 26                       | 274                           |
| Chief Finance Officer & Executive Director <sup>(2)</sup><br>(Acting) 1/7/2016 - 30/6/2017 | 226                          | -                                | 4                           | 20                       | 250                           |
| Executive Director, Rural Economic Development   | 227                          | -                                | 4                           | 23                       | 255                           |
| Executive Director, Agri-Science Queensland  | 219                          | -                                | 4                           | 24                       | 246                           |
| <b>Total</b>   | <b>1,928</b>                 | <b>-</b>                         | <b>37</b>                   | <b>199</b>               | <b>2,164</b>                  |

<sup>(1)</sup> The key management personnel and remuneration expenses above for 2016-17 do not include any termination benefits.

<sup>(2)</sup> These positions are shared with the DTESB and are fully funded by DAF to 30 June 2017 as per the BCP arrangement.

DEPARTMENT OF AGRICULTURE AND FISHERIES  
Notes to the Financial Statements for the year ended 30 June 2017

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

c) Remuneration Expenses continued

1 July 2015 – 30 June 2016

|  | Short Term Employee Expenses |                               | Long Term Employee Expenses | Post Employment Expenses | Total Expenses <sup>(1)</sup> |
|--|------------------------------|-------------------------------|-----------------------------|--------------------------|-------------------------------|
|  | Monetary Benefits \$ '000    | Non-Monetary Benefits \$ '000 | \$ '000                     | \$ '000                  | \$ '000                       |
| Director-General   | 368                          | -                             | 7                           | 54                       | 429                           |
| Deputy Director-General, Corporate <sup>(2)</sup> (to 8/4/2016)  | 163                          | -                             | 3                           | 18                       | 184                           |
| Deputy Director-General, Corporate <sup>(2)</sup> (Acting) 13/5/2016 - 30/6/2016                                   | 77                           | -                             | 1                           | 7                        | 85                            |
| Deputy Director-General, Agriculture Queensland  | 254                          | -                             | 5                           | 25                       | 284                           |
| Deputy Director-General, Fisheries and Forestry Queensland   | 234                          | -                             | 4                           | 25                       | 263                           |
| Chief Biosecurity Officer  | 244                          | -                             | 5                           | 25                       | 274                           |
| Chief Finance Officer & Executive Director <sup>(2)</sup> (to 12/5/2016)   | 146                          | -                             | 3                           | 16                       | 165                           |
| Chief Finance Officer & Executive Director <sup>(2)</sup> (Acting) 14/9/2015 - 6/11/2015 and 13/5/2016 - 30/6/2016 | 75                           | -                             | -                           | 2                        | 77                            |
| Executive Director, Regions and Industry Development 1/7/2015 - 31/12/2015   | 83                           | -                             | 1                           | 8                        | 92                            |
| Executive Director, Regions and Industry Development (Acting) 27/1/2016 - 30/6/2016                                | 126                          | -                             | 3                           | 12                       | 140                           |
| Executive Director, Agri-Science Queensland  | 212                          | -                             | 4                           | 21                       | 237                           |
| Executive Director, Agri-Science Queensland (Acting) 2/11/15 - 20/1/2016   | 25                           | -                             | 1                           | 4                        | 30                            |
| <b>Total</b>   | <b>2,007</b>                 | <b>-</b>                      | <b>37</b>                   | <b>217</b>               | <b>2,260</b>                  |

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

<sup>(2)</sup> These positions are shared with the DTESB and were fully funded by DAF to 30 June 2016 as per the BCP arrangement.

d) Performance payments

No KMP remuneration packages provide for performance or bonus payments.

**27. Related Party Transactions**

**a) Transactions with people/entities related to KMP**

A review has been undertaken for the 2016-17 financial year, to 30 June 2017, of the department's KMP related party transactions (RPT) disclosures and no transactions have been identified between the department and its KMPs' related parties.

**b) Transactions with other Queensland Government-controlled entities**

The department's primary ongoing sources of funding from Government for its services are appropriation revenue (Note 2) and equity injections (Note 21), both of which are provided in cash via Queensland Treasury.

The department 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

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

- DNPSR: Information Management; Fleet Management; Telecommunications.
- DNRM: Information Management; Fleet Management; Telecommunications; Human Resources.
- DEWS: Information Management; Fleet Management; Telecommunications; 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.

User Charges and Fees (Note 3) includes the fee for service revenue received from the above agencies for information management services and this represents approximately 33% of the total User Charges and Fees.

Operating lease rentals disclosed in (Note 9) includes: property lease rentals across the state with the Department of Public Works and Housing and accommodation at the Health Food Sciences Precinct Coopers Plains with Queensland Health; and motor vehicle lease arrangements are provided by Qfleet.

Building and Asset Services within the Department of Public Works and Housing are the provider of building repair and maintenance disclosed within (Note 9) under Repairs and maintenance.

**28. 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 2017

29. Budget vs Actual Comparison

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<br>Notes | Original<br>Budget<br>2017<br>\$'000 | Actual<br>2017<br>\$'000 | Variance<br>2017<br>\$'000 | Variance % of<br>Budget * |
|--|-------------------|--------------------------------------|--------------------------|----------------------------|---------------------------|
| <b>Income from Continuing Operations</b>         |                   |                                      |                          |                            |                           |
| Appropriation revenue                            | 1                 | 304,818                              | 292,495                  | (12,323)                   | (4)                       |
| User charges and fees                            | 2                 | 100,873                              | 117,625                  | 16,752                     | 17                        |
| Grants and other contributions                   | 3                 | 8,032                                | 16,972                   | 8,940                      | 111                       |
| Royalties and land rents                         | 4                 | 24,691                               | 27,611                   | 2,920                      | 12                        |
| Other revenue                                    | 5                 | 366                                  | 864                      | 498                        | 136                       |
| <b>Total Revenue</b>                             |                   | <b>438,780</b>                       | <b>455,567</b>           | <b>16,787</b>              | <b>4</b>                  |
| Gains on disposal/revaluation of assets          | 6                 | 174                                  | 1,790                    | 1,616                      | 929                       |
| <b>Total income from operations</b>              |                   | <b>438,954</b>                       | <b>457,357</b>           | <b>18,403</b>              | <b>4</b>                  |
| <b>Expenses from Continuing Operations</b>       |                   |                                      |                          |                            |                           |
| Employee expenses                                | 7                 | 205,787                              | 198,927                  | 6,860                      | 3                         |
| Supplies and services                            | 8                 | 177,831                              | 211,871                  | (34,040)                   | (19)                      |
| Grants and subsidies                             | 9                 | 32,432                               | 16,083                   | 16,349                     | 50                        |
| Depreciation and amortisation                    |                   | 21,477                               | 21,141                   | 336                        | 2                         |
| Impairment losses                                | 10                | -                                    | 790                      | (790)                      | -                         |
| Other expenses                                   | 11                | 1,427                                | 9,521                    | (8,094)                    | (567)                     |
| <b>Total Expenses from Continuing Operations</b> |                   | <b>438,954</b>                       | <b>458,332</b>           | <b>(19,378)</b>            | <b>(4)</b>                |
| <b>Operating Result for the Year</b>             |                   | <b>-</b>                             | <b>(975)</b>             | <b>(975)</b>               | <b>-</b>                  |

Explanation of major variances:

- The decrease is mainly due to the lapsed funding in 2016-17 for the drought relief assistance scheme due to improved climatic conditions and lower than expected demand for freight subsidies and emergency water infrastructure. Also contributing to the decrease is the deferral of funding from 2016-17 to 2017-18 for various departmental programs including Panama Tropical Race 4 (TR4), wild dog control initiatives, the Technology Commercialisation Fund, the biosecurity capability review and capital grant payments to the RSPCA, and Grains Research and Development Corporation (GRDC), to match funding with anticipated cash flows. Funding that was deferred to 2016-17 from 2015-16 was also decreased due to higher than expected end of year adjustments in 2015-16. This is partly offset by additional Commonwealth appropriation funding relating to the Panama TR4 management program, the Managing Established Pest Animals and Weeds initiative and additional supplementation for the containment of White Spot Disease in prawns, the National Red Imported Fire Ants Eradication Program (NRIFAEP) in South-East Queensland, the continuation of the National Electric Ants program, and the incidental definition phase of the Varroa Mite Eradication Program.
- User charges are higher than the original budget at June 2017 due to additional revenue for National Cost Sharing (NCS) from other States and Territories for the NRIFAEP and the Varroa Mite Eradication program following finalisation of funding arrangements after the 2016-17 State Budget was delivered.
- The increase is largely due to additional revenue from the Australian Government for programs delivered under NCS arrangements (including NRIFAEP and the Varroa Mite Eradication program), which were not finalised until after the 2016-17 State Budget was delivered.
- The increase is due to higher than expected seed and legume royalties.
- The increase is largely related to additional revenue received for Skills Queensland projects, registration fees for trade stands at the 2016 Agritech Conference and a refund from Trade Investment Queensland for a prior year expense.
- The increase is related to livestock valuations due to higher than expected cattle prices, as a result of more favourable conditions.
- The variance is largely due to vacant budgeted positions across the department with the use of contractors in place of employees for seasonal work, short term demand and biosecurity pest and disease emergency responses.
- Supplies and services expenses are higher than the Original Budget at June 2017 due to additional expenses for the emergency response to the White Spot Disease in prawns, the continuation of the National Electric Ants program and for programs delivered under NCS following finalisation of the funding arrangements after the 2016-17 State Budget was delivered (including NRIFAEP and the Varroa Mite Eradication program). 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. This is partially offset by a reduction in expenses associated with the deferral of funding from 2016-17 to realign the budget with anticipated cash flows for various departmental programs and election commitments.
- The decrease mainly reflects the reduced expenditure for the Drought Assistance Scheme, due to improved climatic conditions across the State and the reduced demand for freight subsidies and emergency water infrastructure. Also contributing to the decrease is the realignment of capital grant payments to the RSPCA and GRDC to outyears to match with anticipated milestone payments.
- The increased expense relates to the recognition of doubtful and bad debts that the department has deemed unrecoverable, and an adjustment to residual values for heavy plant and machinery.
- The increased expense relates to deferred appropriation payable to consolidated fund, ex gratia payments for the Red Witchweed and White Spot Disease programs, and sponsorship payments to Beef Australia for Beef 2018. Also contributing to the variance is the loss on sale of property, plant and equipment, which was surplus to service delivery requirements including the transfer of the Julia Creek Trucking Reserve to the McKinlay Shire Council, the sale of Manningham Station at Longreach and the transfer of the 'Around the Campfire' statues to the Longreach Regional Council.



DEPARTMENT OF AGRICULTURE AND FISHERIES  
Notes to the Financial Statements for the year ended 30 June 2017

29. Budget vs Actual Comparison (continued)

| Statement of Financial Position      |                   |                                      |                          |                              |                          |
|--------------------------------------|-------------------|--------------------------------------|--------------------------|------------------------------|--------------------------|
|                                      |                   | Original<br>Budget<br>2017<br>\$'000 | Actual<br>2017<br>\$'000 | Budget<br>Variance<br>\$'000 | Variance % of<br>Budget* |
|                                      | Variance<br>Notes |                                      |                          |                              |                          |
| <b>Current Assets</b>                |                   |                                      |                          |                              |                          |
| Cash and cash equivalents            | 12                | 39,733                               | 52,904                   | 13,171                       | 33                       |
| Receivables                          | 13                | 30,540                               | 38,856                   | 8,316                        | 27                       |
| Inventories                          |                   | 1,144                                | 980                      | (164)                        | (14)                     |
| Other current assets                 |                   | 5,324                                | 6,137                    | 813                          | 15                       |
| <b>Total Current Assets</b>          |                   | <b>76,741</b>                        | <b>98,877</b>            | <b>22,136</b>                | <b>29</b>                |
| <b>Non-Current Assets</b>            |                   |                                      |                          |                              |                          |
| Receivables                          |                   | 15                                   | -                        | (15)                         | (100)                    |
| Intangible assets                    | 14                | 2,412                                | 1,665                    | (747)                        | (31)                     |
| Property, plant and equipment        | 15                | 366,869                              | 366,195                  | (674)                        | -                        |
| Other non-current assets             |                   | 12,845                               | 12,409                   | (436)                        | (3)                      |
| <b>Total Non-Current Assets</b>      |                   | <b>382,141</b>                       | <b>380,268</b>           | <b>(1,873)</b>               | <b>-</b>                 |
| <b>Biological Assets</b>             |                   |                                      |                          |                              |                          |
| Biological assets                    | 16                | 2,144                                | 3,395                    | 1,251                        | 58                       |
| <b>Total Biological Assets</b>       |                   | <b>2,144</b>                         | <b>3,395</b>             | <b>1,251</b>                 | <b>58</b>                |
| <b>Total Assets</b>                  |                   | <b>461,026</b>                       | <b>482,540</b>           | <b>21,514</b>                | <b>5</b>                 |
| <b>Current Liabilities</b>           |                   |                                      |                          |                              |                          |
| Payables                             | 17                | 11,093                               | 17,945                   | (6,852)                      | (62)                     |
| Accrued employee benefits            | 18                | 2,975                                | 8,263                    | (5,288)                      | (178)                    |
| Unearned revenue                     | 19                | 20,933                               | 28,628                   | (7,695)                      | (37)                     |
| Other current liabilities            | 20                | -                                    | 462                      | (462)                        | -                        |
| <b>Total Current Liabilities</b>     |                   | <b>35,001</b>                        | <b>55,296</b>            | <b>(20,295)</b>              | <b>(58)</b>              |
| <b>Non-Current Liabilities</b>       |                   |                                      |                          |                              |                          |
| Unearned revenue                     |                   | 18,008                               | 18,031                   | (23)                         | -                        |
| <b>Total Non-Current Liabilities</b> |                   | <b>18,008</b>                        | <b>18,031</b>            | <b>(23)</b>                  | <b>-</b>                 |
| <b>Total Liabilities</b>             |                   | <b>53,009</b>                        | <b>73,327</b>            | <b>(20,318)</b>              | <b>(38)</b>              |
| <b>Net Assets</b>                    |                   | <b>408,017</b>                       | <b>409,213</b>           | <b>(1,196)</b>               | <b>-</b>                 |
| <b>Equity</b>                        |                   |                                      |                          |                              |                          |
| Contributed equity                   | 21                | 383,822                              | 383,357                  | (465)                        | -                        |
| Accumulated surplus/(deficit)        | 22                | (11,035)                             | (12,010)                 | (975)                        | 9                        |
| Asset revaluation reserve            |                   | 35,230                               | 37,866                   | 2,636                        | 7                        |
| <b>Total Equity</b>                  |                   | <b>408,017</b>                       | <b>409,213</b>           | <b>(1,196)</b>               | <b>-</b>                 |

**Explanation of major variances:**

12. The increase is largely due to the higher than expected funding received from external Research and Development funding bodies under contractual arrangements and funding received in advance from the Great Barrier Reef Marine Park Authority for their contribution to support the Sustainable Fisheries Strategy. Also included in the cash balance is unexpended appropriation funds at year end of \$4M that is due to be returned to Qld Treasury and either deferred to 2017-18 or lapsed.
13. The increase is largely due to higher than expected receivables under NCS arrangements for the NRIFAEP in South-East Queensland with the Commonwealth.
14. The decrease is largely due to lower than anticipated software acquisitions during 2016-17.
15. The decrease is largely due to sales, transfers and impairment of assets, and the timing of plant and equipment purchases and capital works projects.
16. The increase is related to livestock valuations due to higher than expected cattle prices, as a result of more favourable conditions.
17. The variance largely reflects the end of year appropriation payable to Queensland Treasury for the unexpended funding received on various limited life projects including the containment of White Spot Disease that has either been sought as a deferral to 2017-18 or will be lapsed.
18. The variance is due to higher than anticipated accrued employee benefits at year end.
19. The increase reflects higher than expected unearned revenue for contractual agreements for Research and Development projects and the funding received in advance from the Great Barrier Reef Marine Park Authority for their contribution to support the Sustainable Fishing Strategy.
20. The increase reflects the security deposits held as cash cover of accounts for Forestry customers that do not hold bank guarantees.
21. The variance reflects the operating deficit in 2016-17 as a result from the loss on transfer of the Julia Creek Trucking Reserve to the McKinlay Shire Council and the transfer of the 'Around the Campfire' statues to the Longreach Regional Council for community use.
22. The increase is due to asset revaluation adjustments for buildings and infrastructure, offset by the impairment of the Joondoburri Conference Centre, which has been classified as surplus to service delivery requirements.

DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the Financial Statements for the year ended 30 June 2017

29. Budget vs Actual Comparison (continued)

Statement of Cash Flows

|   | Variance<br>Notes | Original<br>Budget<br>2017<br>\$'000 | Actual<br>2017<br>\$'000 | Budget<br>Variance<br>2017<br>\$'000 | Variance % of<br>Budget* |
|---|-------------------|--------------------------------------|--------------------------|--------------------------------------|--------------------------|
| <b>Cash flows from operating activities</b>             |                   |                                      |                          |                                      |                          |
| <i>Inflows:</i>   |                   |                                      |                          |                                      |                          |
| Service appropriation receipts                          | 23                | 304,818                              | 288,045                  | (16,773)                             | (6)                      |
| User charges and fees                                   | 24                | 99,835                               | 110,441                  | 10,606                               | 11                       |
| Grants and other contributions                          | 25                | 8,032                                | 10,827                   | 2,795                                | 35                       |
| Royalties and land rents                                | 26                | 24,691                               | 27,611                   | 2,920                                | 12                       |
| GST input tax credits received from ATO                 |                   | 13,181                               | 10,039                   | (3,142)                              | (24)                     |
| GST collected from customers                            |                   | -                                    | 12,907                   | 12,907                               | -                        |
| Other inflows   |                   | 966                                  | 1,244                    | 278                                  | 29                       |
| <i>Outflows:</i>  |                   |                                      |                          |                                      |                          |
| Employee expenses                                       | 27                | (206,507)                            | (199,177)                | 7,330                                | (4)                      |
| Supplies and services                                   | 28                | (178,144)                            | (205,569)                | (27,425)                             | 15                       |
| Grants and subsidies                                    | 29                | (32,432)                             | (16,083)                 | 16,349                               | (50)                     |
| GST paid to suppliers                                   |                   | (13,131)                             | (22,394)                 | (9,263)                              | 71                       |
| Other outflows  |                   | (2,127)                              | (2,403)                  | (276)                                | 13                       |
| <b>Net cash provided operating activities</b>           |                   | <b>19,182</b>                        | <b>15,488</b>            | <b>(3,694)</b>                       | <b>(19)</b>              |
| <b>Cash flows from investing activities</b>             |                   |                                      |                          |                                      |                          |
| <i>Inflows:</i>   |                   |                                      |                          |                                      |                          |
| Sales of property, plant and equipment                  | 30                | 1,975                                | 3,084                    | 1,109                                | 56                       |
| <i>Outflows:</i>  |                   |                                      |                          |                                      |                          |
| Payments for property, plant and equipment              | 31                | (16,789)                             | (15,772)                 | 1,017                                | (6)                      |
| Payments for intangibles                                |                   | -                                    | (816)                    | (816)                                | -                        |
| <b>Net cash used in investing activities</b>            |                   | <b>(14,814)</b>                      | <b>(13,503)</b>          | <b>1,311</b>                         | <b>(9)</b>               |
| <b>Cash flows from financing activities</b>             |                   |                                      |                          |                                      |                          |
| <i>Outflows:</i>  |                   |                                      |                          |                                      |                          |
| Equity withdrawals                                      | 32                | (7,453)                              | (8,339)                  | (886)                                | 12                       |
| <b>Net cash provided by financing activities</b>        |                   | <b>(7,453)</b>                       | <b>(8,339)</b>           | <b>(886)</b>                         | <b>12</b>                |
| Net increase/(decrease) in Cash and Cash<br>Equivalents |                   | (3,085)                              | (6,354)                  | (3,269)                              | 106                      |
| <b>Cash and Cash Equivalents - opening balance</b>      |                   | <b>42,818</b>                        | <b>59,259</b>            | <b>16,441</b>                        | <b>38</b>                |
| <b>Cash and Cash Equivalents - closing balance</b>      | 33                | <b>39,733</b>                        | <b>52,904</b>            | <b>13,171</b>                        | <b>33</b>                |

Explanation of major variances:

- The decrease is mainly due to the lapsed funding in 2016-17 for the drought relief assistance scheme due to improved climatic conditions and lower than expected demand for freight subsidies and emergency water infrastructure. Also contributing to the decrease is the deferral of funding from 2016-17 to 2017-18 for various departmental programs including Panama Tropical Race 4 (TR4), wild dog control initiatives, the Technology Commercialisation Fund, the biosecurity capability review and capital grant payments to the RSPCA, and Grains Research and Development Corporation (GRDC), to match funding with anticipated cash flows. Funding that was deferred to 2016-17 from 2015-16 was also decreased due to higher than expected end of year adjustments in 2015-16. This is partly offset by additional Commonwealth appropriation funding relating to the Panama TR4 management program, the Managing Established Pest Animals and Weeds initiative and additional supplementation for the containment of White Spot Disease in prawns, the National Red Imported Fire Ants Eradication Program (NRIFAEP) in South-East Queensland, the continuation of the National Electric Ants program, and the incidental definition phase of the Varroa Mite Eradication Program.
- User charges are higher than the original budget at June 2017 due to additional revenue for National Cost Sharing (NCS) from other States and Territories for the NRIFAEP and the Varroa Mite Eradication program following finalisation of funding arrangements after the 2016-17 State Budget was delivered.
- The increase is largely due to additional revenue from the Australian Government for programs delivered under NCS arrangements (including NRIFAEP and the Varroa Mite Eradication program), which were not finalised until after the 2016-17 State Budget was delivered.
- The increase is due to higher than expected seed and legume royalties.
- The variance is largely due to vacant budgeted positions across the department with the use of contractors in place of employees for seasonal work, short term demand and biosecurity pest and disease emergency responses.
- Supplies and services expenses are higher than the Original Budget at June 2017 due to additional expenses for the emergency response to the White Spot Disease in prawns, the continuation of the National Electric Ants program and for programs delivered under NCS following finalisation of the funding arrangements after the 2016-17 State Budget was delivered (including NRIFAEP and the Varroa Mite Eradication program). 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. This is partially offset by a reduction in expenses associated with the deferral of funding from 2016-17 to realign the budget with anticipated cash flows for various departmental programs and election commitments.

**DEPARTMENT OF AGRICULTURE AND FISHERIES**  
**Notes to the Financial Statements for the year ended 30 June 2017**

**29. Budget vs Actual Comparison (continued)**

**Explanation of major variances (continued):**

29. The decrease mainly reflects the reduced expenditure for the Drought Assistance Scheme (DRAS), due to improved climatic conditions across the State and the reduced demand for freight subsidies and emergency water infrastructure. Also contributing to the decrease is the realignment of capital grant payments to the RSPCA and GRDC to outyears to match with anticipated milestone payments.
30. The variance largely represents the higher than expected sale proceeds for the sale of Manningham Station at Longreach.
31. The decrease is largely due to the delay in the timing of capital purchases and projects.
32. The actual includes a non-appropriated equity adjustment for the transfer of proceeds on sale of the Manningham Station to QATC. This is partially offset by the realignment from 2016-17 to 2018-19 for the capital grant payment to GRDC for the purchase of a research grains property.
33. The increase is largely due to the unexpended funding received from external Research and Development funding bodies under contractual arrangements and funding received in advance from the Great Barrier Reef Marine Park Authority for their contribution to support the Sustainable Fisheries Strategy. Also included in the cash balance is unexpended appropriation funds at year end of \$4M that is due to be returned to Qld Treasury and either deferred to 2017-18 or lapsed.

**30. Schedule of Administered Items**

|  | Revenue Collection |                | QRAA           |                | Forestry Assets |                |
|--|--------------------|----------------|----------------|----------------|-----------------|----------------|
|  | 2017<br>\$'000     | 2016<br>\$'000 | 2017<br>\$'000 | 2016<br>\$'000 | 2017<br>\$'000  | 2016<br>\$'000 |
| <b>Administered Income</b>                                 |                    |                |                |                |                 |                |
| Appropriation revenue                                      | -                  | -              | 11,470         | 9,567          | 19              | 150            |
| User charges and fees                                      | 1,962              | 1,777          | -              | -              | -               | -              |
| Other revenue  | -                  | 19             | -              | -              | 39              | 42             |
| <b>Total Administered Income</b>                           | <b>1,962</b>       | <b>1,796</b>   | <b>11,470</b>  | <b>9,567</b>   | <b>58</b>       | <b>192</b>     |
| <b>Administered Expenses</b>                               |                    |                |                |                |                 |                |
| Grants to Queensland Rural Adjustment Authority (QRAA)     | -                  | -              | 11,470         | 9,567          | -               | -              |
| Grants to Queensland Agricultural Technical College (QATC) | -                  | -              | -              | -              | -               | -              |
| Depreciation and amortisation                              | -                  | -              | -              | -              | 19              | 150            |
| Decrement revaluation of land                              | -                  | -              | -              | -              | -               | 89             |
| Loss on disposal/revaluation of assets                     | -                  | -              | -              | -              | 309             | -              |
| Impairment losses  | 1                  | -              | -              | -              | 1,366           | -              |
| Other expenses   | -                  | 19             | -              | -              | -               | -              |
| Government   | 1,961              | 1,777          | -              | -              | 39              | 42             |
| <b>Total Administered Expenses</b>                         | <b>1,962</b>       | <b>1,796</b>   | <b>11,470</b>  | <b>9,567</b>   | <b>1,733</b>    | <b>281</b>     |
| <b>Operating Surplus/ (Deficit)</b>                        | <b>-</b>           | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>(1,675)</b>  | <b>(89)</b>    |
| <b>Administered Assets</b>                                 |                    |                |                |                |                 |                |
| <i>Current</i>   |                    |                |                |                |                 |                |
| Cash   | (101)              | (41)           | -              | -              | (46)            | (34)           |
| Receivables  | 161                | 110            | -              | -              | 39              | 5              |
| Other current assets                                       | 18                 | -              | -              | -              | -               | -              |
| <b>Total Current Assets</b>                                | <b>78</b>          | <b>69</b>      | <b>-</b>       | <b>-</b>       | <b>(8)</b>      | <b>(29)</b>    |
| <i>Non-Current</i>   |                    |                |                |                |                 |                |
| Property, Plant and Equipment                              | -                  | -              | -              | -              | 961             | 3,056          |
| <b>Total Non Current Assets</b>                            | <b>-</b>           | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>961</b>      | <b>3,056</b>   |
| <b>Administered Liabilities</b>                            |                    |                |                |                |                 |                |
| <i>Current</i>   |                    |                |                |                |                 |                |
| Payables to Government                                     | 11                 | -              | -              | -              | 39              | -              |
| Payables   | 2                  | 3              | -              | -              | -               | -              |
| Other current liabilities                                  | -                  | -              | -              | -              | -               | 7              |
| <b>Total Current Liabilities</b>                           | <b>13</b>          | <b>3</b>       | <b>-</b>       | <b>-</b>       | <b>39</b>       | <b>7</b>       |
| <b>Net Administered Assets/Liabilities</b>                 | <b>76</b>          | <b>65</b>      | <b>-</b>       | <b>-</b>       | <b>915</b>      | <b>3,020</b>   |
| <b>Administered Equity</b>                                 |                    |                |                |                |                 |                |
| <i>Contributed Equity</i>                                  |                    |                |                |                |                 |                |
| Opening balance  | 65                 | 65             | -              | -              | 3,507           | 3,507          |
| Appropriated equity withdrawal                             | -                  | -              | -              | -              | (12)            | -              |
| Non appropriated equity withdrawal                         | -                  | -              | -              | -              | (136)           | -              |
| <b>Total contributed equity</b>                            | <b>65</b>          | <b>65</b>      | <b>-</b>       | <b>-</b>       | <b>3,359</b>    | <b>3,507</b>   |
| Accumulated surplus/(deficit)                              | -                  | -              | -              | -              | (2,467)         | (792)          |
| Asset Revaluation Reserve                                  | -                  | -              | -              | -              | 23              | 305            |
| <b>Total Administered Equity</b>                           | <b>65</b>          | <b>65</b>      | <b>-</b>       | <b>-</b>       | <b>915</b>      | <b>3,020</b>   |

DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the Financial Statements for the year ended 30 June 2017

30. Schedule of Administered Items (continued)

|  | General - Not Attributed |                | Total          |                |
|--|--------------------------|----------------|----------------|----------------|
|  | 2017<br>\$'000           | 2016<br>\$'000 | 2017<br>\$'000 | 2016<br>\$'000 |
| <b>Administered Income</b>                                 |                          |                |                |                |
| Appropriation revenue                                      | 900                      | 1,700          | 12,389         | 11,417         |
| User charges and fees                                      | -                        | -              | 1,962          | 1,777          |
| Other revenue  | -                        | -              | 39             | 61             |
| <b>Total Administered Income</b>                           | <b>900</b>               | <b>1,700</b>   | <b>14,389</b>  | <b>13,255</b>  |
| <b>Administered Expenses</b>                               |                          |                |                |                |
| Grants to Queensland Rural Adjustment Authority (QRAA)     | -                        | -              | 11,470         | 9,567          |
| Grants to Queensland Agricultural Technical College (QATC) | 900                      | 1,700          | 900            | 1,700          |
| Depreciation and amortisation                              | -                        | -              | 19             | 150            |
| Decrement revaluation of land                              | -                        | -              | -              | 89             |
| Loss on disposal/revaluation of assets                     | -                        | -              | 309            | -              |
| Impairment losses  | -                        | -              | 1,367          | -              |
| Other expenses   | -                        | -              | -              | 19             |
| Transfers of Administered Income to Government             | -                        | -              | 2,000          | 1,819          |
| <b>Total Administered Expenses</b>                         | <b>900</b>               | <b>1,700</b>   | <b>16,065</b>  | <b>13,344</b>  |
| <b>Operating Surplus/(Deficit)</b>                         | <b>-</b>                 | <b>-</b>       | <b>(1,675)</b> | <b>(89)</b>    |
| <b>Administered Assets</b>                                 |                          |                |                |                |
| <i>Current</i>   |                          |                |                |                |
| Cash   | -                        | -              | (147)          | (75)           |
| Receivables  | -                        | -              | 199            | 115            |
| Other current assets                                       | -                        | -              | 18             | -              |
| <b>Total Current Assets</b>                                | <b>-</b>                 | <b>-</b>       | <b>70</b>      | <b>40</b>      |
| <i>Non-Current</i>   |                          |                |                |                |
| Property, Plant and Equipment                              | -                        | -              | 961            | 3,056          |
| <b>Total Non Current Assets</b>                            | <b>-</b>                 | <b>-</b>       | <b>961</b>     | <b>3,056</b>   |
| <b>Administered Liabilities</b>                            |                          |                |                |                |
| <i>Current</i>   |                          |                |                |                |
| Payables to Government                                     | -                        | -              | 49             | -              |
| Payables   | -                        | -              | 2              | 3              |
| Other current liabilities                                  | -                        | -              | -              | 7              |
| <b>Total current Liabilities</b>                           | <b>-</b>                 | <b>-</b>       | <b>51</b>      | <b>10</b>      |
| <b>Net Administered Assets/Liabilities</b>                 | <b>-</b>                 | <b>-</b>       | <b>980</b>     | <b>3,085</b>   |
| <b>Administered Equity</b>                                 |                          |                |                |                |
| Contributed Equity   |                          |                |                |                |
| Opening balance  | 348                      | 349            | 3,920          | 3,921          |
| Appropriated equity withdrawal                             | -                        | -              | (12)           | -              |
| Non appropriated equity withdrawal                         | -                        | -              | (136)          | -              |
| <b>Total contributed equity</b>                            | <b>348</b>               | <b>349</b>     | <b>3,772</b>   | <b>3,921</b>   |
| Accumulated surplus/(deficit)                              | (348)                    | (349)          | (2,815)        | (1,141)        |
| Asset Revaluation Reserve                                  | -                        | -              | 23             | 305            |
| <b>Total Administered Equity</b>                           | <b>-</b>                 | <b>-</b>       | <b>980</b>     | <b>3,085</b>   |

**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.

**31. Reconciliation of payments from consolidated fund to administered income**

|  |               |               |
|--|---------------|---------------|
| Budgeted appropriation   | 13,070        | 11,148        |
| Equity Adjustment  | 19            | 157           |
| Lapsed administered appropriation  | (700)         | -             |
| Treasurer's advances   | -             | 119           |
| <b>Total administered receipts</b>   | <b>12,389</b> | <b>11,424</b> |
| Add: Opening balance of deferred appropriation payable to Consolidated Fund  | (7)           | -             |
| Less: Closing balance of deferred appropriation payable to Consolidated Fund | 7             | (7)           |
| <b>Total Administered Items</b>  | <b>12,389</b> | <b>11,417</b> |

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

|   |             |              |
|---|-------------|--------------|
| Budgeted equity adjustment appropriation                  | (157)       | (157)        |
| Equity adjustment   | 145         | -            |
| Equity adjustment( to reverse deferred appropriation)     | (7)         | -            |
| <b>Equity adjustment receipts (payments)</b>              | <b>(19)</b> | <b>(157)</b> |
| Plus: opening balance of equity adjustment payable        | 7           | -            |
| <b>Equity adjustment recognised in contributed equity</b> | <b>(12)</b> | <b>(157)</b> |

DEPARTMENT OF AGRICULTURE AND FISHERIES

Notes to the Financial Statements for the year ended 30 June 2017

32. Administered Activities Budget vs Actual Comparison

|  | Variance<br>Notes | Original<br>Budget<br>2017<br>\$'000 | Actual<br>2017<br>\$'000 | Budget<br>Variance<br>2017<br>\$'000 | Variance % of<br>Budget |
|--|-------------------|--------------------------------------|--------------------------|--------------------------------------|-------------------------|
| <b>Administered Income</b>                                 |                   |                                      |                          |                                      |                         |
| Appropriation revenue                                      | 34                | 13,227                               | 12,389                   | (838)                                | (6)                     |
| User charges and fees                                      |                   | 1,763                                | 1,962                    | 199                                  | 11                      |
| Other revenue  |                   | -                                    | 39                       | (39)                                 | -                       |
| <b>Total Administered Income</b>                           |                   | <b>14,990</b>                        | <b>14,389</b>            | <b>(601)</b>                         | <b>(4)</b>              |
| <b>Administered Expenses</b>                               |                   |                                      |                          |                                      |                         |
| Grants to Queensland Rural Adjustment Authority (QRAA)     | 35                | 12,170                               | 11,470                   | 700                                  | 6                       |
| Grants to Queensland Agricultural Technical College (QATC) |                   | 900                                  | 900                      | -                                    | -                       |
| Depreciation and amortisation                              | 36                | 157                                  | 19                       | 138                                  | 88                      |
| Loss on disposal/revaluation of assets                     | 37                | -                                    | 309                      | (309)                                | -                       |
| Impairment losses  | 38                | -                                    | 1,367                    | (1,367)                              | -                       |
| Transfers of Administered Income to Government             |                   | 1,763                                | 2,000                    | (237)                                | (13)                    |
| <b>Total Administered Expenses</b>                         |                   | <b>14,990</b>                        | <b>16,065</b>            | <b>(1,075)</b>                       | <b>(7)</b>              |
| <b>Operating Surplus/(Deficit)</b>                         |                   | <b>-</b>                             | <b>(1,675)</b>           | <b>1,675</b>                         | <b>-</b>                |
| <b>Administered Assets</b>                                 |                   |                                      |                          |                                      |                         |
| <i>Current</i>   |                   |                                      |                          |                                      |                         |
| Cash   |                   | 31                                   | (147)                    | (178)                                | (574)                   |
| Receivables  |                   | 38                                   | 199                      | 161                                  | 425                     |
| Other current assets                                       |                   | -                                    | 18                       | 18                                   | -                       |
| <b>Total Current Assets</b>                                |                   | <b>69</b>                            | <b>70</b>                | <b>1</b>                             | <b>2</b>                |
| <i>Non-Current</i>   |                   |                                      |                          |                                      |                         |
| Property, Plant and Equipment                              | 39                | 3,222                                | 961                      | (2,261)                              | (70)                    |
| <b>Total Non-Current Assets</b>                            |                   | <b>3,222</b>                         | <b>961</b>               | <b>(2,261)</b>                       | <b>(70)</b>             |
| <b>Administered Liabilities</b>                            |                   |                                      |                          |                                      |                         |
| <i>Current</i>   |                   |                                      |                          |                                      |                         |
| Payables to Government                                     |                   | 32                                   | 49                       | (17)                                 | (54)                    |
| Payables   |                   | -                                    | 2                        | (2)                                  | -                       |
| Other Current Liabilities                                  |                   | -                                    | -                        | -                                    | -                       |
| <b>Total Current Liabilities</b>                           |                   | <b>32</b>                            | <b>51</b>                | <b>(19)</b>                          | <b>-</b>                |
| <b>Net Administered Assets/Liabilities</b>                 |                   | <b>3,259</b>                         | <b>980</b>               | <b>(2,279)</b>                       | <b>(70)</b>             |
| <b>Administered Equity</b>                                 |                   |                                      |                          |                                      |                         |
| <i>Contributed Equity</i>                                  |                   |                                      |                          |                                      |                         |
| Opening balance  |                   | 3,632                                | 3,920                    | (288)                                | (8)                     |
| Appropriated equity withdrawal                             |                   | -                                    | (12)                     | 12                                   | -                       |
| Non appropriated equity withdrawal                         |                   | -                                    | (136)                    | 136                                  | -                       |
| <b>Total contributed equity</b>                            |                   | <b>3,632</b>                         | <b>3,772</b>             | <b>(140)</b>                         | <b>(8)</b>              |
| Accumulated surplus/(deficit)                              | 40                | (910)                                | (2,815)                  | 1,905                                | (209)                   |
| Asset Revaluation Reserve                                  |                   | 537                                  | 23                       | 514                                  | 96                      |
| <b>Total</b>   |                   | <b>3,259</b>                         | <b>980</b>               | <b>(2,279)</b>                       | <b>(70)</b>             |

**Explanation of major variances:**

34. The decrease largely represents the deferral of funding from 2016-17 to 2017-18 to realign the budget with anticipated cash flows for funding to QRAA for rural pest initiatives.
35. Refer to Variance Note 33.
36. The decrease is due to the impairment of the Beerburum Nursery and the sale of land and buildings at Yarraman, which are surplus to service delivery requirements.
37. The decrease is due to the loss on disposal of assets at Beerburum Nursery and the sale of land and buildings at Yarraman, which were surplus to service delivery requirements.
38. The decrease is due to the impairment of the Beerburum Nursery, which is surplus to service delivery requirements.
39. Refer to Variance Note 35.
40. The variance represents the operating deficit in 2016-17 resulting from the impairment of the Beerburum Nursery and the loss on sale of land and buildings at Yarraman, which is surplus to service delivery requirements.

**Certificate of the Department of Agriculture and Fisheries**

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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:

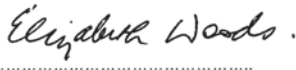
- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of Agriculture and Fisheries for the financial year ended 30 June 2017 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  
Executive Director



.....  
Date 25 August 2017

Dr. Elizabeth Woods  
Director-General



.....  
Date 25 August 2017

## INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Agriculture and Fisheries

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of the Department of Agriculture and Fisheries.

In my opinion, the financial report:

- a) gives a true and fair view of the department's financial position as at 30 June 2017, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and Australian Accounting Standards.

The financial report comprises the statement of financial position and statement of assets and liabilities by major departmental service as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the department in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

#### Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of the audit of the financial report as whole, and in forming the auditor's opinion thereon, and I do not provide a separate opinion on these matters.

#### Valuation of Land \$120.348 million

Refer to note 17 in the financial report.

| Key audit matter   | How my audit addressed the key audit matter  |
|--|--|
| The Department of Agriculture and Fisheries' Land was measured at fair value using the market approach which involves physical inspection and reference to publicly available data on recent sales of similar land in nearby localities. | My procedures for the valuation of Land included, but were not limited to:<br>In the prior year: <ul style="list-style-type: none"><li>• Assessing the competence, capability and objectivity of the experts used to develop the models.</li></ul> |

| Key audit matter  | How my audit addressed the key audit matter   |
|---|---|
| <p>Approximately 60 per cent of the Department's land holdings are identified as reserve land with restricted for use as rural or other purposes under the <i>Land Act 1994</i>. Sales of land with these restrictions are rare.</p> <p>The Department engaged a registered valuer to comprehensively revalue all land holdings at 30 June 2016.</p> <p>Significant judgement was used in arriving at suitable discount rates for the restrictions on reserve land.</p> <p>The fair value of reserve land was derived by discounting the market value of similar land that had no restrictions, and then estimating the discount a willing market participant would make taking into account the restrictions on use.</p> <p>The Department has subsequently performed annual indexations of these valuations. Significant judgement was required in determining the appropriate index.</p> | <ul style="list-style-type: none"> <li>• Obtaining an understanding of the methodology used with reference to common industry practices.</li> <li>• For a sample of land parcels, evaluating the reasonableness of any adjustments applied due to the restrictions on use.</li> </ul> <p>For the period subsequent to this revaluation:</p> <ul style="list-style-type: none"> <li>• Evaluating the reasonableness of the index used against other publicly available information about movements in values for unrestricted land that is otherwise similar.</li> </ul> <p>On a sample basis, testing the accuracy of the application of indices to the valuation of land assets.</p> |

### Buildings valuation (\$120.557 million) and depreciation expense (\$5.040 million)

Refer to note 17 in the financial report

| Key audit matter  | How my audit addressed the key audit matter   |
|---|---|
| <p>The Department of Agriculture and Fisheries' specialised buildings were measured at fair value at balance date using current replacement cost method that comprises:</p> <ul style="list-style-type: none"> <li>• Gross replacement cost, less</li> <li>• Accumulated depreciation.</li> </ul> <p>The Department's Buildings were comprehensively revalued as at 30 June 2016 and indexed as at 30 June 2017.</p> <p>The Department derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> <li>• identifying the components of buildings with separately identifiable replacement costs (known as unit rate categories)</li> <li>• developing a unit rate for each of these components, including: <ul style="list-style-type: none"> <li>○ estimating the current cost for a modern substitute (including locality factors and oncosts), expressed as a rate per unit (e.g. \$/square metre)</li> <li>○ identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so estimating the adjustment to the unit rate required to reflect this difference.</li> </ul> </li> <li>• indexing unit rates for subsequent increases in input costs</li> <li>• forecasting the remaining useful lives of assets.</li> </ul> | <p>My procedures for the valuation of Buildings included, but were not limited to:</p> <p>In the previous year:</p> <ul style="list-style-type: none"> <li>• Assessing the adequacy of the management's review of the valuation process.</li> <li>• Obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness using common industry practices.</li> <li>• Assessing the competence, capability and objectivity of the experts used by the department.</li> <li>• On a sample basis, evaluating the relevance, completeness, and accuracy of source data used to derive unit costs including: <ul style="list-style-type: none"> <li>○ Modern substitute</li> <li>○ Adjustment for excess quality or obsolescence.</li> </ul> </li> </ul> <p>In the current year:</p> <ul style="list-style-type: none"> <li>• Evaluating the reasonableness of the indices used against other publicly available information about movements in values for replacement costs of similar assets.</li> <li>• Assessing the reasonableness of residual value estimates by comparing them to the proceeds earned from recent sales of similar assets.</li> <li>• Evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> <li>○ Reviewing management's annual assessment of useful lives.</li> <li>○ At an aggregated level, reviewing for consistency between renewal budgets and the gross replacement cost of assets due to expire during the renewal budget period.</li> </ul> </li> </ul> |



| Key audit matter  | How my audit addressed the key audit matter   |
|---|---|
| <p>The measurement of accumulated depreciation involved significant judgements for:</p> <ul style="list-style-type: none"> <li>• estimating residual values</li> <li>• forecasting the remaining useful lives of assets.</li> </ul> | <ul style="list-style-type: none"> <li>○ Reviewing formal asset management plans, and enquiring of management about whether these plans remain current.</li> <li>○ Reviewing for assets with an inconsistent relationship between condition and remaining useful life.</li> </ul> |

### Responsibilities of the department for the financial report

The Accountable Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and Australian Accounting Standards, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Accountable Officer is also responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the department or to otherwise cease operations.

### Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the department.
- Conclude on the appropriateness of the department's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the department to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2017

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



Nick George  
as delegate of the Auditor-General



Queensland Audit Office  
Brisbane

# 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 to 2016–17 |
| Overseas travel                            | 2012–13 to 2016–17 |
| <i>Queensland language services policy</i> | 2014–15 to 2016–17 |
| Government entities                        | 2014–15            |

Government entities/bodies in 2015–16 and 2016–17 are published on the departmental website at [www.daf.qld.gov.au](http://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 and Minister for Rural Economic Development.

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 <i>Biosecurity Act 2014</i> ) | Annual report tabled in Parliament   |
| QRAA <sup>1</sup>                         | Statutory body      | Administer approved financial assistance schemes  | <i>Rural and Regional Adjustment Act 1994</i>  | Annual report tabled in Parliament   |
| Safe Food Production Queensland           | Statutory body      | Regulate the production and processing of food products   | <i>Food Production (Safety) Act 2000</i>   | Annual report tabled in Parliament   |
| Veterinary Surgeons Board of Queensland   | Statutory authority | Registration of veterinary surgeons, provisions in response to misconduct, 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 |

<sup>1</sup> QRAA will transition to the Queensland Rural and Industry Development Authority from 1 July 2017.

## Appendix 3: Performance statements

Table A3: Performance statements (2016–17)

|  | Notes | 2016–17 target/ estimate | 2016–17 estimated actual | 2016–17 actual |
|--|-------|--------------------------|--------------------------|----------------|
| <b>Service area: Agriculture</b>   |       |                          |                          |                |
| <b>Service: Strategic policy and planning</b>  |       |                          |                          |                |
| <b>Service standards</b>   |       |                          |                          |                |
| <b>Effectiveness measures</b>  |       |                          |                          |                |
| Proportion of stakeholders who have a high level of satisfaction with agriculture policy and planning, consultation and engagement processes | 1     | 70%                      | 70%                      | 70%            |
| Percentage of customers whose application for business assistance as a result of natural disaster or drought is processed within 21 days     |       | 90%                      | 95%                      | 98%            |
| <b>Efficiency measure</b>  |       |                          |                          |                |
| Average cost per hour to conduct regulatory policy and reform activities   | 2     | \$75                     | \$66                     | \$69           |
| <b>Service: Regions and industry development</b>   |       |                          |                          |                |
| <b>Service standards</b>   |       |                          |                          |                |
| <b>Effectiveness measure</b>   |       |                          |                          |                |
| Percentage of primary producers in Reef catchments who adopt best management practices after participation in DAF extension programs         | 3     | 40%                      | 40%                      | 68%            |
| <b>Efficiency measure</b>  |       |                          |                          |                |
| Average cost of regional agricultural advocacy activities  | 4     | \$1 200                  | \$800                    | \$754          |
| <b>Service: Agri-Science Queensland</b>  |       |                          |                          |                |
| <b>Service standards</b>   |       |                          |                          |                |
| <b>Effectiveness measures</b>  |       |                          |                          |                |
| Percentage of customers indicating that participation in a research, development and extension activity contributes to business improvements | 5     | 75%                      | 75%                      | 69%            |
| Level of funding partner satisfaction that research outcomes contribute to industry productivity growth                                      | 6     | 80%                      | 80%                      | 100%           |
| <b>Efficiency measure</b>  |       |                          |                          |                |
| Percentage return on research, development and extension investment through royalty returns  | 7     | 3.5%                     | 7%                       | 8.12%          |

(Continued)

(Table A3 continued)

|  | Notes | 2016–17 target/estimate | 2016–17 estimated actual | 2016–17 actual |
|--|-------|-------------------------|--------------------------|----------------|
| <b>Service area: Biosecurity Queensland</b>  |       |                         |                          |                |
| <b>Service standards</b>   |       |                         |                          |                |
| <b>Effectiveness measure</b>   |       |                         |                          |                |
| Percentage of significant response programs on track to deliver nationally agreed outcomes (on time and on budget)   |       | 100%                    | 100%                     | 100%           |
| <b>Efficiency measure</b>  |       |                         |                          |                |
| Average cost per hour to deliver biosecurity services for Queensland   | 8     | \$52                    | \$51.50                  | \$52.40        |
| <b>Service area: Fisheries and Forestry</b>  |       |                         |                          |                |
| <b>Service: Fisheries</b>  |       |                         |                          |                |
| <b>Service standards</b>   |       |                         |                          |                |
| <b>Effectiveness measures</b>  |       |                         |                          |                |
| Percentage of key Queensland fish stocks assessed that are considered to have no sustainability concerns   | 9     | 85%                     | 91%                      | 91%            |
| Percentage of units inspected that are compliant with fisheries laws   |       | 93%                     | 92%                      | 92%            |
| Percentage of applications for development-related approvals processed within agreed time frames and within budget   |       | 100%                    | 100%                     | 100%           |
| <b>Efficiency measures</b>   |       |                         |                          |                |
| Average cost of inspections  |       | \$480                   | \$480                    | \$487          |
| Average number of inspections per full-time equivalent (FTE)   | 10    | 298                     | 250                      | 286            |
| <b>Service: Forestry</b>   |       |                         |                          |                |
| <b>Service standards</b>   |       |                         |                          |                |
| <b>Effectiveness measure</b>   |       |                         |                          |                |
| 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%           |
| <b>Efficiency measures</b>   |       |                         |                          |                |
| Total of forest product sales quantities per total forest product full-time equivalent (FTE):  |       |                         |                          |                |
| (a) native forest timber (m <sup>3</sup> /FTE)   |       | 2 450                   | 2 450                    | 2 747          |
| (b) quarry material (m <sup>3</sup> /FTE)  | 11    | 40 800                  | 40 800                   | 42 167         |

(Continued)

(Table A3 continued)

**Notes:**

1. The survey was sent to 141 recipients with a total of 28 responses received. Therefore, the result has low statistical validity. The result aggregates stakeholder responses on three aspects of satisfaction with engagement on agricultural policy and planning matters to provide an overall satisfaction rating.
2. The average cost of employment per hour is lower than originally forecast due to flexible staffing arrangements, which have reduced the overall cost of service provision.
3. Poor seasonal conditions over the past 2–3 years were expected to constrain adoption levels in the grazing sector, but this did not occur. There was a marked increase in the adoption rate in the sugarcane sector in 2016–17. It is likely that more explicit targeting of extension effort (both spatially and in terms of specific management practices) has resulted in better than expected adoption results in both the sugarcane and grazing sectors. 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.
4. This measure was set close to the achievement for 2015–16, with a conservative margin as contingency to allow for annual variation in activities. The average cost of regional agricultural advocacy activities is trending near \$800 per activity, which is consistent with the 2015–16 result. 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 nature of the advocacy, such as formal planning and development application processes, may require written submissions and the gathering of supporting evidence, which can impact the results.
5. Over 2000 participants completed the survey. A total of 69% indicated that they would make business improvements as a result of participating in the RD&E activity. This is a 5% increase from 2015–16 and is consistent with historical trends.
6. Of respondents, 100% rated their overall satisfaction as > 3 on a scale of 1–5 when averaged across 9 questions relating to different aspects of DAF's performance, with an overall average score of 4.3 (1 = very dissatisfied, 3 = neutral, 5 = very satisfied).
7. The royalty return is well above the forecasted 3.5%, largely due to 5 years' worth of chickpea royalties being received in one financial year and favourable seasonal conditions for grains and mangoes. DAF-bred strawberry varieties are starting to take over market share from overseas varieties, increasing runner sales that generate the royalties, which further contributed to a stronger than estimated actual result.
8. An increase in cost per hour to deliver biosecurity services for Queensland reflects an increase in overtime and higher duties as a result of the white spot disease response and program.
9. This measure determines the status of key Queensland fish stocks using a nationally consistent methodology. Stock status categories align with the national process. There were 65 stocks assessed in total, including status of Australian fish stocks reports and Queensland-only species. Six stocks have concerns—scallops, barramundi (southern Gulf of Carpentaria), pearl perch, mangrove jack (Gulf of Carpentaria), king threadfin (Gulf of Carpentaria) and snapper. Snapper for the eastern coast of Australia is reported as undefined in status of Australian fish stocks reports, but is considered overfished in Queensland.
10. The average number of inspections shows a decrease due to the adoption of a more intensive, targeted, intelligence-driven patrol compliance model.
11. These measures enable the department to assess the efficiency of its forest product sales operations. Native forest timber (m<sup>3</sup>/FTE) efficiency performance is 10% above target for the year due to slightly increased demand for native forest timber and unplanned FTE vacancies throughout the year.

## 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 2017, DAF administered the following legislation for the Minister for Agriculture and Fisheries and Minister for Rural Economic Development.

Table A4: Legislation administered by DAF (2016–17)

| Legislation  | Notes  |
|--|--|
| <i>Agricultural and Veterinary Chemicals (Queensland) Act 1994</i>   |  |
| <i>Agricultural Chemicals Distribution Control Act 1966</i>          |  |
| <i>Animal Care and Protection Act 2001</i>                           |  |
| <i>Animal Management (Cats and Dogs) Act 2008</i>                    |  |
| <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>Drugs Misuse Act 1986 (part 5B)</i>                               |  |
| <i>Exhibited Animals Act 2015</i>                                    |  |
| <i>Farm Business Debt Mediation Act 2017</i>                         | <i>Farm Business Debt Mediation Act 2017</i> received assent on 30 March 2017 to commence on 1 July 2017   |
| <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>   | Jointly administered with the Minister for Environment and Heritage Protection and Minister for National Parks and the Great Barrier Reef  |
| <i>Nature Conservation Act 1992</i>                                  | 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) |
| <i>Queensland Agricultural Training Colleges Act 2005</i>            |  |
| <i>Regional Planning Interests Act 2014 (part 4, division 2)</i>     |  |
| <i>Rural and Regional Adjustment Act 1994</i>                        |  |
| <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 (2016–17)

| Summary of requirement                     |  | Basis for requirement  | Annual report page reference |
|--|--|--|------------------------------|
| <b>Letter of compliance</b>                | <ul style="list-style-type: none"> <li>A letter of compliance from the accountable officer or statutory body to the relevant minister</li> </ul> | ARRs—section 7   | 1                            |
| <b>Accessibility</b>                       | <ul style="list-style-type: none"> <li>Table of contents</li> <li>Glossary</li> </ul>  | ARRs—section 9.1   | ii–iii<br>128                |
|  | <ul style="list-style-type: none"> <li>Public availability</li> </ul>  | ARRs—section 9.2   | i                            |
|  | <ul style="list-style-type: none"> <li>Interpreter service statement</li> </ul>  | <i>Queensland language services policy</i><br>ARRs—section 9.3                                 | i                            |
|  | <ul style="list-style-type: none"> <li>Copyright notice</li> </ul>   | <i>Copyright Act 1968</i><br>ARRs—section 9.4  | i                            |
|  | <ul style="list-style-type: none"> <li>Information licensing</li> </ul>  | <i>Queensland Government enterprise architecture—information licensing</i><br>ARRs—section 9.5 | i                            |
| <b>General information</b>                 | <ul style="list-style-type: none"> <li>Introductory information</li> </ul>   | ARRs—section 10.1  | 2–4                          |
|  | <ul style="list-style-type: none"> <li>Agency role and main functions</li> </ul>   | ARRs—section 10.2  | 8–9                          |
|  | <ul style="list-style-type: none"> <li>Operating environment</li> </ul>  | ARRs—section 10.3  | 5–7                          |
| <b>Non-financial performance</b>           | <ul style="list-style-type: none"> <li>Government’s objectives for the community</li> </ul>  | ARRs—section 11.1  | 2, 8                         |
|  | <ul style="list-style-type: none"> <li>Other whole-of-government plans/specific initiatives</li> </ul>   | ARRs—section 11.2  | Cross-government commitments |
|  | <ul style="list-style-type: none"> <li>Agency objectives and performance indicators</li> </ul>   | ARRs—section 11.3  | 14–54                        |
|  | <ul style="list-style-type: none"> <li>Agency service areas and service standards</li> </ul>   | ARRs—section 11.4  | 121–123                      |
| <b>Financial performance</b>               | <ul style="list-style-type: none"> <li>Summary of financial performance</li> </ul>   | ARRs—section 12.1  | 69–73                        |
| <b>Governance—management and structure</b> | <ul style="list-style-type: none"> <li>Organisational structure</li> </ul>   | ARRs—section 13.1  | 55                           |
|  | <ul style="list-style-type: none"> <li>Executive management</li> </ul>   | ARRs—section 13.2  | 9–11                         |
|  | <ul style="list-style-type: none"> <li>Government bodies (statutory bodies and related entities)</li> </ul>                                      | ARRs—section 13.3  | 120                          |
|  | <ul style="list-style-type: none"> <li><i>Public Sector Ethics Act 1994</i></li> </ul>   | <i>Public Sector Ethics Act 1994</i><br>ARRs—section 13.4                                      | 56                           |
|  | <ul style="list-style-type: none"> <li>Queensland public service values</li> </ul>   | ARRs—section 13.5  | 4, 57                        |

(Continued)

(Table A3 continued)

| Summary of requirement                        |   | Basis for requirement  | Annual report page reference |
|---|---|--|------------------------------|
| Governance—risk management and accountability | • Risk management                               | ARRs—section 14.1  | 63                           |
|   | • Audit committee                               | ARRs—section 14.2  | 57–59                        |
|   | • Internal audit                                | ARRs—section 14.3  | 60                           |
|   | • External scrutiny                             | ARRs—section 14.4  | 61–63                        |
|   | • Information systems and recordkeeping         | ARRs—section 14.5  | 64–65                        |
| Governance—human resources                    | • Workforce planning and performance            | ARRs—section 15.1  | 65–68                        |
|   | • Early retirement, redundancy and retrenchment | <i>Directive no.11/12: early retirement, redundancy and retrenchment</i><br><i>Directive no.16/16: early retirement, redundancy and retrenchment (from 20 May 2016)</i><br>ARRs—section 15.2 | 68                           |
| Open data                                     | • Statement advising publication of information | ARRs—section 16  | 119                          |
|   | • Consultancies                                 | ARRs—section 33.1  | 119                          |
|   | • Overseas travel                               | ARRs—section 33.2  | 119                          |
|   | • <i>Queensland language services policy</i>    | ARRs—section 33.3  | 119                          |
| Financial statements                          | • Certification of financial statements         | FAA—section 62<br>FPMS—sections 42, 43 and 50<br>ARRs—section 17.1   | 114                          |
|   | • Independent auditor's report                  | FAA—section 62<br>FPMS—section 50<br>ARRs—section 17.2   | 115–118                      |

ARRs—Annual report requirements for Queensland Government agencies

FAA—Financial Accountability Act 2009

FPMS—Financial and Performance Management Standard 2009

## Acronyms and abbreviations

|                |   |
|----------------|---|
| ARM            | agricultural risk management  |
| ARRs           | <i>Annual report requirements for Queensland Government agencies</i>                      |
| ASBP           | Australian Strawberry Breeding Program  |
| BMP            | best management practice  |
| CGIAR          | Consultative Group on International Agricultural Research                                 |
| CSIRO          | Commonwealth Scientific Industrial Research Organisation                                  |
| DAF            | Department of Agriculture and Fisheries   |
| DRAS           | Drought Relief Assistance Scheme  |
| FAA            | <i>Financial Accountability Act 2009</i>  |
| FPMS           | Financial and Performance Management Standard 2009  |
| FTE            | full-time equivalent  |
| IAS            | Internal Audit Services   |
| ICT            | information and communications technology   |
| KPI            | key performance indicator   |
| LGBTIQ+        | lesbian, gay, bisexual, transgender, intersex, queer, or other orientations or identities |
| QAAFI          | Queensland Alliance for Agriculture and Food Innovation                                   |
| QAO            | Queensland Audit Office   |
| QBFP           | Queensland Boating and Fisheries Patrol   |
| QRIDA          | Queensland Rural and Industry Development Authority                                       |
| QUT            | Queensland University of Technology   |
| Reef 2050 Plan | <i>Reef 2050 long-term sustainability plan</i>  |
| R&D            | research and development  |
| RD&E           | research, development and extension   |
| RSPCA          | Royal Society for the Prevention of Cruelty to Animals                                    |
| UAV            | unmanned aerial vehicle   |
| UQ             | The University of Queensland  |
| WHS            | work health and safety  |

## Glossary

|  |   |
|--|---|
| <b>Administrative Arrangements Order</b> | a document that specifies the subject matter and legislation dealt with by particular government departments  |
| <b>aquaculture</b>                       | the rearing of aquatic animals or the cultivation of aquatic plants for food  |
| <b>chain-of-custody program</b>          | 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   |
| <b>forest product</b>                    | any material derived from a forest for commercial use (e.g. log timber, other timber, seed, foliage, wildflowers)   |
| <b>giant rat's tail grass</b>            | aggressive native African long upright grass that forms large tussocks that can reduce pasture productivity and significantly degrade natural areas   |
| <b>grazing</b>                           | the use of land for the production of animals that are fed on native or introduced pastures or plants   |
| <b>gross value of production</b>         | the value of final goods and services produced in a given period  |
| <b>mung bean</b>                         | a summer pulse crop grown across Queensland—it is green-seeded with pods borne toward the top of the plant  |
| <b>open data</b>                         | data in its rawest form, made available free of charge  |
| <b>open data portal</b>                  | a collection of agency-owned datasets that allows the public to find, access and re-use raw data from the Queensland Government   |
| <b>Panama disease tropical race 4</b>    | a destructive fungal disease of banana plants (of which there are four strains) that invades the vascular tissue (xylem) through the roots causing discolouration and wilting—tropical race 4 varies from other strains in that onset is generally quicker and the disease is generally more aggressive |
| <b>plantation forestry</b>               | the establishment and management of plantations of trees (native or exotic species) for commercial production of timber   |
| <b>prickly acacia</b>                    | 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   |
| <b>pulses</b>                            | 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   |
| <b>red imported fire ants</b>            | 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  |
| <b>red witchweed</b>                     | a parasitic weed that grows attached to the roots of a 'host plant' (hosts includes commercially important grasses and summer cereals)—the weed robs its host of water and nutrients, suppressing its growth  |
| <b>white spot disease</b>                | a highly contagious disease of prawns and other crustaceans, but presents no risk to humans   |



