



**Department of National Parks, Sport and Racing**

**Final Financial Statements**

**for the period ending 12 December 2017**

# Department of National Parks, Sport and Racing

## For the period ended 12 December 2017

### GENERAL INFORMATION

These financial statements report on the final results for the Department of National Parks, Sport and Racing for the period 1 July 2017 to 12 December 2017. As a result of the *Public Service Departmental Arrangement Notice (No. 3) 2017* made under the *Public Service Act 2008*, the department was abolished on 12 December 2017.

The Department of National Parks, Sport and Racing was a Queensland Government department established under the *Public Service Act 2008*. It was controlled by the State of Queensland which was the ultimate parent.

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

Level 34  
1 William Street  
BRISBANE QLD 4000

A description of the nature of the operations and principal activities of this department is included in the notes to these financial statements.

For information in relation to these financial statements please call (07) 3338 9361, email [directorgeneral@des.qld.gov.au](mailto:directorgeneral@des.qld.gov.au) or visit the departmental internet site <http://www.des.qld.gov.au>.

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

# Department of National Parks, Sport and Racing

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Management Certificate

**Department of National Parks, Sport and Racing**  
**Statement of Comprehensive Income**  
**for the period ended 12 December 2017**

		<b>12 Dec 17</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b>Actual</b>	<b>Original</b>	<b>Budget</b>	<b>Actual</b>
		<b>\$'000</b>	<b>Budget</b>	<b>Variance*</b>	<b>\$'000</b>
			<b>\$'000</b>	<b>\$'000</b>	
<b>Income</b>					
<i>Revenue</i>					
Appropriation revenue	2	155,328	354,265	(198,937)	279,609
User charges and fees	3	17,139	35,082	(17,943)	33,730
Grants and other contributions	4	12,456	18,264	(5,808)	28,444
Revaluation increment	13	-	-	-	11,564
Interest		143	480	(337)	337
Other revenue	5	4,627	4,001	626	7,245
<b>Total revenue</b>		<b>189,693</b>	<b>412,092</b>	<b>(222,399)</b>	<b>360,929</b>
<i>Gains</i>					
Gains on disposal / re-measurement of assets		422	-	422	127
<b>Total income</b>		<b>190,115</b>	<b>412,092</b>	<b>(221,977)</b>	<b>361,056</b>
<b>Expenses</b>					
Employee expenses	6	58,325	129,033	(70,708)	123,982
Supplies and services	7	40,060	115,289	(75,229)	97,017
Grants and subsidies	8	38,771	130,766	(91,995)	84,669
Depreciation and amortisation	13, 14	14,572	40,293	(25,721)	35,850
Revaluation decrement	13	-	-	-	43,274
Other expenses	9	954	2,361	(1,407)	2,159
Appropriation payable to Treasury	10	34,476	-	34,476	1,383
<b>Total expenses</b>		<b>187,158</b>	<b>417,742</b>	<b>(230,584)</b>	<b>388,334</b>
<b>Operating surplus (deficit) for the year</b>		<b>2,957</b>	<b>(5,650)</b>	<b>8,607</b>	<b>(27,278)</b>
<b>Other comprehensive income</b>					
Increase in asset revaluation surplus	13	-	-	-	81,513
<b>Total comprehensive income (deficit)</b>		<b>2,957</b>	<b>(5,650)</b>	<b>8,607</b>	<b>54,235</b>

\* An explanation is included at Note 21 Budgetary reporting disclosures.  
The accompanying notes form part of these statements.

**Department of National Parks, Sport and Racing**  
**Statement of Financial Position**  
**as at 12 December 2017**

		12 Dec 17	2018	2018	2017
	Notes	Actual	Original	Budget	Actual
		\$'000	Budget	Variance*	
			\$'000	\$'000	\$'000
<b>Current assets</b>					
Cash and cash equivalents	11	99,067	63,333	35,734	74,669
Receivables	12	17,262	6,457	10,805	8,038
Other current assets - prepayments		2,088	1,519	569	557
<b>Total current assets</b>		<b>118,417</b>	<b>71,309</b>	<b>47,108</b>	<b>83,264</b>
<b>Non-current assets</b>					
Property, plant and equipment	13	4,806,925	4,773,693	33,232	4,812,113
Intangibles	14	1,891	4,174	(2,283)	1,604
<b>Total non-current assets</b>		<b>4,808,816</b>	<b>4,777,867</b>	<b>30,949</b>	<b>4,813,717</b>
<b>Total assets</b>		<b>4,927,233</b>	<b>4,849,176</b>	<b>78,057</b>	<b>4,896,981</b>
<b>Current liabilities</b>					
Payables	15	50,544	21,128	29,416	20,388
Accrued employee benefits	16	2,717	4,201	(1,484)	5,203
Other current liabilities	17	16,801	16,500	301	17,121
<b>Total current liabilities</b>		<b>70,062</b>	<b>41,829</b>	<b>28,233</b>	<b>42,712</b>
<b>Total liabilities</b>		<b>70,062</b>	<b>41,829</b>	<b>28,233</b>	<b>42,712</b>
<b>Net assets</b>		<b>4,857,171</b>	<b>4,807,347</b>	<b>49,824</b>	<b>4,854,269</b>
<b>Equity</b>					
Contributed equity		5,203,373	-	5,203,373	5,203,428
Asset revaluation surplus		187,278	-	187,278	187,278
Accumulated deficit		(533,480)	-	(533,480)	(536,437)
<b>Total equity</b>		<b>4,857,171</b>	<b>-</b>	<b>4,857,171</b>	<b>4,854,269</b>

\*An explanation is included at Note 21 Budgetary reporting disclosures.  
The accompanying notes form part of these statements.

**Department of National Parks, Sport and Racing**  
**Statement of Changes in Equity**  
**for the period ended 12 December 2017**

	Accumulated surplus		Contributed equity		Asset revaluation surplus		Total	
	12 Dec 17 \$'000	2017 \$'000	12 Dec 17 \$'000	2017 \$'000	12 Dec 17 \$'000	2017 \$'000	12 Dec 17 \$'000	2017 \$'000
<b>Equity Balance at 1 July</b>	(536,437)	(509,159)	5,203,428	5,205,235	-	-	4,666,991	4,696,076
Asset revaluation surplus								
Buildings	-	-	-	-	16,521	752	16,521	752
Infrastructure	-	-	-	-	170,757	105,013	170,757	105,013
<i>Equity balance at 1 July</i>	<b>(536,437)</b>	<b>(509,159)</b>	<b>5,203,428</b>	<b>5,205,235</b>	<b>187,278</b>	<b>105,765</b>	<b>4,854,269</b>	<b>4,801,841</b>
<i>Operating Result</i>								
Operating result	2,957	(27,278)	-	-	-	-	2,957	(27,278)
<i>Other comprehensive income</i>								
Increase in asset revaluation surplus								
Buildings	-	-	-	-	-	15,769	-	15,769
Infrastructure	-	-	-	-	-	65,744	-	65,744
<i>Net increase in asset revaluation surplus</i>	-	-	-	-	-	81,513	-	81,513
<i>Transactions with owners as owners</i>								
Equity injections	-	-	10,565	15,738	-	-	10,565	15,738
Equity withdrawals	-	-	(8,305)	(29,208)	-	-	(8,305)	(29,208)
Net machinery-of-Government transfer of assets/liabilities	-	-	(2,315)	11,663	-	-	(2,315)	11,663
<i>Net transactions with owners as owners</i>	-	-	(55)	(1,807)	-	-	(55)	(1,807)
<b>Equity balance as at reporting date</b>	<b>(533,480)</b>	<b>(536,437)</b>	<b>5,203,373</b>	<b>5,203,428</b>	<b>187,278</b>	<b>187,278</b>	<b>4,857,171</b>	<b>4,854,269</b>

*The accompanying notes form part of these statements.*

**Department of National Parks, Sport and Racing**  
**Statement of Cash Flows**  
**for the period ended 12 December 2017**

	12 Dec 17	2018	2018	2017
	Actual	Original	Budget	Actual
	\$'000	Budget	Variance*	\$'000
		\$'000	\$'000	
<b>Cash flows from operating activities</b>				
<i>Inflows:</i>				
Service appropriation receipts	153,945	354,265	(200,320)	281,243
User charges and fees	16,620	35,205	(18,585)	34,799
Grants and other contributions	6,973	17,875	(10,902)	27,222
GST input tax credits from Australian Taxation Office	9,875	-	9,875	17,525
GST collected from customers	1,388	-	1,388	2,758
Interest receipts	160	480	(320)	342
Other	69	4,001	(3,932)	8,555
<i>Outflows:</i>				
Employee expenses	(62,945)	(128,791)	65,846	(123,650)
Supplies and services	(46,217)	(115,260)	69,043	(96,450)
Grants and subsidies	(34,057)	(130,766)	96,709	(74,495)
GST paid to suppliers	(8,126)	-	(8,126)	(17,978)
GST remitted to ATO	(1,391)	-	(1,391)	(2,865)
Finance and borrowing costs	-	-	-	(16)
Other	(966)	(2,323)	1,357	(2,234)
<b>Net cash provided by operating activities</b>	<b>35,328</b>	<b>34,686</b>	<b>642</b>	<b>54,756</b>
<b>Cash flows from investing activities</b>				
<i>Inflows:</i>				
Sales of property, plant and equipment	450	126	324	603
<i>Outflows:</i>				
Payments for property, plant, equipment	(13,102)	(49,530)	36,428	(28,050)
Payments for intangible assets	(538)	-	(538)	(412)
<b>Net cash used in investing activities</b>	<b>(13,190)</b>	<b>(49,404)</b>	<b>36,214</b>	<b>(27,859)</b>
<b>Cash flows from financing activities</b>				
<i>Inflows:</i>				
Equity injections	10,565	31,694	(21,129)	15,738
<i>Outflows:</i>				
Equity withdrawals	(8,305)	(24,914)	16,609	(29,208)
Non appropriated equity adjustment - Machinery-of-Government transfer	-	-	-	(317)
Borrowing redemptions - non current	-	-	-	(46)
<b>Net cash provided by (used in) financing activities</b>	<b>2,260</b>	<b>6,780</b>	<b>(4,520)</b>	<b>(13,833)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>24,398</b>	<b>(7,938)</b>	<b>32,336</b>	<b>13,064</b>
Cash and cash equivalents at beginning of financial year	74,669	71,271	3,398	61,605
<b>Cash and cash equivalents at reporting date</b>	<b>99,067</b>	<b>63,333</b>	<b>35,734</b>	<b>74,669</b>

\*An explanation is included at Note 21 Budgetary reporting disclosures  
The accompanying notes form part of these statements.

**Department of National Parks, Sport and Racing**  
**Statement of Cash Flows**  
**for the period ended 12 December 2017**

**Note to Statement of Cash Flows**

Reconciliation of Operating Result to Net Cash Provided by Operating Activities

	<b>12 Dec 17</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating result</b>	2,957	(27,278)
Depreciation and amortisation expense	14,572	35,850
Net asset revaluation (increments) / decrements	-	31,710
Capital assets provided below fair value	-	8,788
Loss on disposal of property, plant and equipment	6	169
Gain on disposal of property, plant and equipment	(428)	(296)
<b>Change in assets and liabilities</b>		
(Increase) decrease in trade receivables	(4,554)	339
(Increase) decrease in GST input tax credits receivable	1,772	(476)
Increase (decrease) in GST payable	(26)	(84)
(Increase) decrease in appropriation receivable from Treasury	-	1,634
(Increase) decrease in annual leave claim receivable	(1,252)	(271)
(Increase) decrease in long service leave reimbursement receivable	80	129
(Increase) decrease in other receivables	(5,243)	821
(Increase) decrease in prepayments	(1,531)	(176)
Increase (decrease) in accounts payable	(3,831)	1,080
Increase (decrease) in grants payable	2,483	1,248
Increase (decrease) in treasury appropriation payable	33,093	1,383
Increase (decrease) in other payables	(16)	(14)
Increase (decrease) in accrued employee benefits	(2,487)	521
Increase (decrease) in other liabilities	(267)	(321)
<b>Net cash from operating activities</b>	<b>35,328</b>	<b>54,756</b>



**Department of National Parks, Sport and Racing**  
**Statement of Comprehensive Income by Major Departmental Services**  
**for the period ended 12 December 2017**

	National Parks		Sport		Racing		Total	
	12 Dec 17 \$'000	2017 \$'000	12 Dec 17 \$'000	2017 \$'000	12 Dec 17 \$'000	2017 \$'000	12 Dec 17 \$'000	2017 \$'000
<b>Income</b>								
Appropriation revenue	101,763	154,131	48,011	114,375	5,554	11,103	155,328	279,609
User charges and fees	13,013	25,830	4,126	7,900	-	-	17,139	33,730
Grants and other contributions	11,752	26,943	704	1,501	-	-	12,456	28,444
Revaluation increment	-	3,066	-	8,498	-	-	-	11,564
Interest	143	337	-	-	-	-	143	337
Other revenue	3,306	6,869	435	376	886	-	4,627	7,245
<i>Total revenue</i>	<i>129,977</i>	<i>217,176</i>	<i>53,276</i>	<i>132,650</i>	<i>6,440</i>	<i>11,103</i>	<i>189,693</i>	<i>360,929</i>
Gains on disposal of assets	413	160	9	(33)	-	-	422	127
<b>Total income</b>	<b>130,390</b>	<b>217,336</b>	<b>53,285</b>	<b>132,617</b>	<b>6,440</b>	<b>11,103</b>	<b>190,115</b>	<b>361,056</b>
<b>Expenses</b>								
Employee expenses	45,452	96,701	12,670	26,753	203	528	58,325	123,982
Supplies and services	28,872	68,582	11,157	28,370	31	65	40,060	97,017
Grants and subsidies	4,644	11,263	27,921	63,067	6,206	10,339	38,771	84,669
Depreciation and amortisation	12,970	32,440	1,602	3,408	-	2	14,572	35,850
Revaluation decrement	-	43,274	-	-	-	-	-	43,274
Other expenses	945	762	9	1,228	-	169	954	2,159
Appropriation payable to Queensland Treasury *	34,476	162	-	1,056	-	165	34,476	1,383
<b>Total expenses</b>	<b>127,359</b>	<b>253,184</b>	<b>53,359</b>	<b>123,882</b>	<b>6,440</b>	<b>11,268</b>	<b>187,158</b>	<b>388,334</b>
<b>Operating surplus (deficit) for the year</b>	<b>3,031</b>	<b>(35,848)</b>	<b>(74)</b>	<b>8,735</b>	<b>-</b>	<b>-</b>	<b>2,957</b>	<b>(27,278)</b>
<b>Other comprehensive income</b>								
Increase in asset revaluation surplus	-	81,513	-	-	-	-	-	81,513
<b>Total comprehensive income</b>	<b>3,031</b>	<b>45,665</b>	<b>(74)</b>	<b>8,735</b>	<b>-</b>	<b>-</b>	<b>2,957</b>	<b>54,235</b>

\* As at the date of abolishment the department had received appropriation in excess of its requirements which was treated as payable back to Queensland Treasury. This was due to a difference in the timing of expenditure against appropriation. The excess appropriation was not able to be directly attributed to a service and as such was allocated to the largest service of the department being National Parks.

**Department of National Parks, Sport and Racing**  
**Statement of Assets and Liabilities by Major Departmental Services**  
**as at 12 December 2017**

	National Parks		Sport		Racing		Total	
	12 Dec 17	2017	12 Dec 17	2017	12 Dec 17	2017	12 Dec 17	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>								
Cash and cash equivalents	88,096	65,986	11,869	8,524	(898)	159	99,067	74,669
Receivables	13,691	5,067	2,665	2,951	906	20	17,262	8,038
Other current assets - prepayments	1,741	324	345	232	2	1	2,088	557
<b>Total current assets</b>	<b>103,528</b>	<b>71,377</b>	<b>14,879</b>	<b>11,707</b>	<b>10</b>	<b>180</b>	<b>118,417</b>	<b>83,264</b>
<b>Non-current assets</b>								
Property, plant and equipment	4,647,005	4,647,100	159,920	164,997	-	16	4,806,925	4,812,113
Intangibles	1,845	1,549	46	55	-	-	1,891	1,604
<b>Total non-current assets</b>	<b>4,648,850</b>	<b>4,648,649</b>	<b>159,966</b>	<b>165,052</b>	<b>-</b>	<b>16</b>	<b>4,808,816</b>	<b>4,813,717</b>
<b>Total assets</b>	<b>4,752,378</b>	<b>4,720,026</b>	<b>174,845</b>	<b>176,759</b>	<b>10</b>	<b>196</b>	<b>4,927,233</b>	<b>4,896,981</b>
<b>Current liabilities</b>								
Payables	44,026	12,657	6,515	7,558	3	173	50,544	20,388
Accrued employee benefits	2,109	4,021	601	1,176	7	6	2,717	5,203
Other current liabilities	15,460	15,875	1,341	1,246	-	-	16,801	17,121
<b>Total current liabilities</b>	<b>61,595</b>	<b>32,553</b>	<b>8,457</b>	<b>9,980</b>	<b>10</b>	<b>179</b>	<b>70,062</b>	<b>42,712</b>
<b>Total liabilities</b>	<b>61,595</b>	<b>32,553</b>	<b>8,457</b>	<b>9,980</b>	<b>10</b>	<b>179</b>	<b>70,062</b>	<b>42,712</b>
<b>Net assets</b>	<b>4,690,783</b>	<b>4,687,473</b>	<b>166,388</b>	<b>166,779</b>	<b>-</b>	<b>17</b>	<b>4,857,171</b>	<b>4,854,269</b>

# Department of National Parks, Sport and Racing

## Notes to and forming part of the financial statements for the period ended 12 December 2017

### 1. Basis of financial statement preparation

#### 1.1 Objectives and principal activities of the department

The Department of National Parks, Sport and Racing (the 'department') protected and managed our parks, forests and the Great Barrier Reef for current and future generations; supported and encouraged active participation in physical activity to get Queenslanders up, out and active; and supported the Queensland racing industry. The department's vision was that Queenslanders are enriched and connected through healthy parks and active lifestyles.

The department was focused on the following objectives:

- Queensland's outstanding parks and forests are protected, enjoyed and cherished;
- Queenslanders lead active and healthy lifestyles, and better connect to people and places; and
- The department was a cohesive, capable and agile, customer-centric organisation delivering public value.

The department delivered its services through three areas:

- National Parks – manage our parks and forests to sustain natural and cultural values, build environmental resilience to ensure healthy species and ecosystems, and facilitate ecotourism, recreation and heritage experiences.
- Sport – support and encourage active participation in physical activity.
- Racing – administer the *Racing Act 2002* and manage programs to support a viable, prosperous racing industry in Queensland.

The department was funded for the departmental services it delivered principally by parliamentary appropriations. It also derived income from the following:

- licences, permits, approvals and resource use;
- recreation and tourism services; and
- jointly funded programs with the Commonwealth.

#### 1.2 Summary of significant accounting policies

##### a) Statement of compliance

The Department of National Parks, Sport and Racing, a not-for-profit entity, has prepared these final financial statements in compliance with the following:

- *Financial Accountability Act 2009*;
- *Financial and Performance Management Standard 2009* (in particular Section 42 Preparation of annual financial statements of departments);
- Australian Accounting Standards and Interpretations;
- *Financial Reporting Requirements for Queensland Government Agencies (FRR)*; and
- *Non-Current Asset Policies for the Queensland Public Sector (NCAP)*.
- *Public Service Act 2008*

These general purpose financial statements have been prepared on an accrual basis. Except where stated, the historical cost convention is used.

##### b) The reporting entity

These accounts are reported as controlled items as they directly relate to the operational objectives of the department and arose at the discretion and direction of the former department.

All other transactions that the department administered for whole-of-Government purposes over which the department did not have control but which was charged with administering these efficiently and effectively, are disclosed as administered items. These transactions are not material in the context of the department's overall financial performance or position and therefore reported as a note to the financial statements (Note 22 *Schedule of administered items*).

##### c) Machinery-of-Government

These financial statements are the final financial report for the Department of National Parks, Sport and Racing for the period 1 July 2017 to 12 December 2017. Pursuant to the *Public Service Departmental Arrangement Notice (No. 3) 2017* made under the *Public Service Act 2008*, the department was abolished on 12 December 2017. As a result of the machinery-of-Government (MOG) changes the department is no longer considered a going concern. While it is not a going concern, these statements have been prepared consistent with the going concern basis, as the transferred functions and services are expected to continue to operate as normal into the foreseeable future within different entities. The functions and services transferred were:

- National Parks was transferred to the newly named Department of Environment and Science (DES)
- Sport and Recreation was transferred to the Department of Housing and Public Works (DHPW)
- Racing was transferred to the newly named Department of Local Government, Racing and Multicultural Affairs (DLGRM)

These financial statements include the values of income, expenses, assets, liabilities and equity, reported in these statements at their carrying amounts immediately prior to the MOG changes taking effect. The values of the assets, liabilities, commitments and contingencies reported were transferred and recognised by the recipient departments.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements for the period ended 12 December 2017**

**1.2 Summary of significant accounting policies (continued)**

The values of assets and liabilities of the department as at the abolishment date that were transferred to the receiving departments are:

	National Parks \$'000	Sport \$'000	Racing \$'000	Total \$'000
<b>Current assets</b>				
Cash and cash equivalents	88,096	11,869	(898)	99,067
Receivables	13,691	2,665	906	17,262
Other current assets - prepayments	1,741	345	2	2,088
<b>Total current assets</b>	<b>103,528</b>	<b>14,879</b>	<b>10</b>	<b>118,417</b>
<b>Non-current assets</b>				
Property, plant and equipment	4,647,005	159,920	-	4,806,925
Intangibles	1,845	46	-	1,891
<b>Total non-current assets</b>	<b>4,648,850</b>	<b>159,966</b>	<b>-</b>	<b>4,808,816</b>
<b>Total assets</b>	<b>4,752,378</b>	<b>174,845</b>	<b>10</b>	<b>4,927,233</b>
<b>Current liabilities</b>				
Payables	44,026	6,515	3	50,544
Accrued employee benefits	2,109	601	7	2,717
Other current liabilities	15,460	1,341	-	16,801
<b>Total current liabilities</b>	<b>61,595</b>	<b>8,457</b>	<b>10</b>	<b>70,062</b>
<b>Total liabilities</b>	<b>61,595</b>	<b>8,457</b>	<b>10</b>	<b>70,062</b>
<b>Net assets</b>	<b>4,690,783</b>	<b>166,388</b>	<b>-</b>	<b>4,857,171</b>

**d) Presentation matters**

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.

These statements cover the reporting period 1 July 2017 to 12 December 2017.

The comparatives reflect the audited information shown in the 2016-17 financial statements and cover the period from 1 July 2016 to 30 June 2017. Where necessary and material, this has been restated to be consistent with disclosures in the current reporting period.

Assets and liabilities are classified as 'current' or 'non-current' in the Statement of Financial Position and associated notes. Current accounts are those that are expected to be realised or settled within 12 months after the reporting date, or where the department does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

**e) Authorisation of financial statements for Issue**

These financial statements are authorised for issue by the officers designated by the Treasurer.

**f) Application of accounting standards**

**Changes in accounting policy**

The department did not voluntarily change any of its accounting policies during the reporting period.

**Accounting Standards applied for the first time in 2017-18**

The only Australian Accounting Standard that became effective for the first time in 2017-18 is AASB 2016-2 *Amendments to Australian Accounting Standards-Disclosure Initiative: Amendment to AASB 107* – this standard amends *AASB 107 Statement of Cash Flows*. As this requires additional information on financing activities, the impact would only be on Contributed Equity received/paid from/to Queensland Treasury.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements for the period ended 12 December 2017**

	12 Dec 17 \$'000	2017 \$'000
<b>2. Reconciliation of payments from consolidated fund</b>		
<b>Reconciliation of payments from Consolidated Fund to appropriation revenue for services recognised in the Statement of Comprehensive Income</b>		
Budgeted appropriation revenue for services	354,265	343,549
Lapsed appropriations	-	(29,631)
Transfers from/to other departments	(200,320)	-
Transfers from/to other headings	-	(32,675)
Total appropriation receipts (cash)	153,945	281,243
Less: Opening balance of appropriation revenue receivable	-	(1,634)
Plus: Closing balance of appropriation revenue receivable	-	-
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	1,383	-
Less: Closing balance of deferred appropriation payable to Consolidated Fund	(34,476)	(1,383)
Net appropriation revenue	120,852	278,226
Plus: Deferred appropriation payable to Consolidated Fund (expense) *	34,476	1,383
Appropriation revenue for services recognised in the Statement of Comprehensive Income	<b>155,328</b>	<b>279,609</b>
<b>Reconciliation of payments from Consolidated Fund to equity adjustment recognised in Contributed Equity</b>		
Budgeted equity adjustment appropriation	6,780	(32,256)
Transfers from/to other headings	(4,520)	18,786
Total equity adjustment receipts (payments)	2,260	(13,470)
<b>Equity adjustment recognised in Contributed Equity</b>	<b>2,260</b>	<b>(13,470)</b>

\* Appropriations are recognised as revenue when received, any excess as payable (refer to Note 10 *Appropriation payable to Queensland Treasury*), or when approved by Queensland Treasury as appropriation receivable/payable at year end. Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' item appropriations. Refer to Note 22 *Schedule of administered items*.

	12 Dec 17 \$'000	2017 \$'000
<b>3. User charges and fees</b>		
Fees and permits	12,136	24,045
Sale of goods and services	5,003	9,685
	<b>17,139</b>	<b>33,730</b>

User charges and fees are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services received and/or the recognition of accrued revenue.

	12 Dec 17 \$'000	2017 \$'000
<b>4. Grants and other contributions</b>		
Grants	8,833	21,165
Revenue for service delivery outsourced by other agencies	1,800	5,800
Industry contributions	1,808	1,242
Donations and goods/services received below fair value	15	237
	<b>12,456</b>	<b>28,444</b>

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). Reciprocal grants and contributions are progressively recognised as they are earned, according to the terms of the funding arrangements.

**Goods / services received free of charge or for nominal value**

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

**Department of National Parks, Sport and Racing**

**Notes to and forming part of the financial statements for the period ended 12 December 2017**

	12 Dec 17	2017
	\$'000	\$'000
<b>5. Other revenue</b>		
Recoveries	1,827	3,397
Damages compensation	336	1,359
Insurance recoveries	165	1,026
Forestry leases	901	964
Refund of grants	455	235
Other	943	264
	<b>4,627</b>	<b>7,245</b>

	12 Dec 17	2017
	\$'000	\$'000
<b>6. Employee expenses</b>		
<i>Employee benefits</i>		
Salaries and wages	44,449	94,748
Employer superannuation contributions	5,723	12,295
Annual leave expense	4,881	9,706
Long service leave levy	960	1,993
Other employee benefits	226	862
<i>Employee related expenses</i>		
Workers' compensation premium	933	1,650
Other employee related expenses	1,153	2,728
	<b>58,325</b>	<b>123,982</b>

**Employee benefits**

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. It is not an employee benefit and is recognised separately as an employee related expense. The department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

**Wages, salaries and sick leave**

Wages and salaries due but unpaid at reporting date are recognised as liabilities at the current undiscounted salary rates expected to be wholly settled within the next 12 months. Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued which is expected to continue in future. Accordingly, no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

**Annual leave and long service leave**

Under the Queensland Government's Annual Leave Central (ALCS) and Long Service Leave (LSL) Schemes, levies are made on the department to cover the cost of employees' annual leave (including leave loading and on-costs) and LSL. The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and LSL are claimed from the schemes quarterly in arrears.

**Superannuation**

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The department's obligation is limited to its contribution to QSuper. The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

	<u>12 Dec 2017</u>	<u>2017</u>
The number of employees, including both full time and part time employees, measured on a full time equivalent basis at 12 December 2017 and 30 June 2017 years are:	<b>1,424</b>	<b>1,408</b>

Key management personnel and remuneration disclosures are detailed in Note 23 *Related party disclosures*.

**Department of National Parks, Sport and Racing**

**Notes to and forming part of the financial statements for the period ended 12 December 2017**

	12 Dec 17 \$'000	2017 \$'000
<b>7. Supplies and services</b>		
Consultants and contractors	11,497	27,766
Operating lease rentals	5,799	12,964
Repairs and maintenance	3,138	8,974
Computer services	2,976	5,694
Shared service provider expenses	2,162	5,320
Travel	2,659	4,935
Coaching and squad expenses	530	4,601
Office accommodation	1,966	3,964
Utilities	1,521	3,716
Motor vehicle costs	1,903	3,695
Supplies and consumables	1,151	3,575
Minor plant and equipment	1,274	3,292
Recreation centre catering expenses	1,227	2,451
Commission paid	667	1,679
Land maintenance	271	1,042
Other	1,319	3,349
	<b>40,060</b>	<b>97,017</b>

	12 Dec 17 \$'000	2017 \$'000
<b>8. Grants and subsidies</b>		
Sport and recreation grants	27,659	62,008
Racing industry grants	6,206	10,339
Capital provided below fair value	6	8,788
National parks grants	4,605	2,436
Sponsorships and scholarships	295	1,098
	<b>38,771</b>	<b>84,669</b>

	12 Dec 17 \$'000	2017 \$'000
<b>9. Other expenses</b>		
Insurance premiums - Queensland Government Insurance Fund	543	1,243
Bad and impairment debts	51	482
External audit fees <sup>a</sup>	118	228
Special payments: <sup>b</sup>		
Compensation claims	116	52
Ex-gratia payments	3	10
Other	123	144
	<b>954</b>	<b>2,159</b>

<sup>a</sup> Total audit fees payable to the Queensland Audit Office for the reporting period are quoted to be \$185,000 (2017: \$212,500). There are no non-audit services included in this amount.

<sup>b</sup> Special payments include ex gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. The department maintains a register setting out details of all special payments greater than \$5,000.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements for the period ended 12 December 2017**

	12 Dec 17 \$'000	2017 \$'000
<b>10. Appropriation payable to Queensland Treasury</b>		
Appropriation payable to Queensland Treasury	34,476	1,383
	<b>34,476</b>	<b>1,383</b>

As at the date of abolishment the department received appropriation in excess of its requirements. The department was unable to allocate the excess appropriation to a service and as such was allocated to the largest service of the department being National Parks. Refer to Note 2 *Reconciliation of payments from consolidated fund.*

	12 Dec 17 \$'000	2017 \$'000
<b>11. Cash and cash equivalents</b>		
Cash at bank <sup>c</sup>	83,709	58,909
Curtis Island Environmental Management Precinct cash at bank <sup>d</sup>	15,345	15,746
Imprest accounts	13	14
	<b>99,067</b>	<b>74,669</b>

Cash assets include all cash on hand, cash at bank, deposits at call with financial institutions, and cash and cheques received but not banked at reporting date.

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

<sup>d</sup> The Curtis Island Environmental Management Precinct bank account earns monthly interest on its balance. The total balance of the account is restricted for use within the Curtis Island Environmental Management Precinct.

	12 Dec 17 \$'000	2017 \$'000
<b>12. Receivables</b>		
Trade debtors	6,656	2,052
Less: Allowance for impairment loss <sup>e</sup>	(565)	(516)
	6,091	1,536
GST receivable	1,421	3,193
GST payable	(199)	(225)
	1,222	2,968
Annual leave reimbursements	2,938	1,686
Operating lease receivable <sup>f</sup>	1,068	986
Long service leave reimbursements	387	466
Accrued revenue - fee for service	5,523	61
Other	33	335
	<b>17,262</b>	<b>8,038</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 required between 7 - 30 days from the invoice date. The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at reporting date.

The department as a State body, is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). These are the only two taxes accounted for by the department. GST credits receivable from, and GST payable to the Australian Taxation Office are recognised.

Other receivables generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. Terms are a maximum of 30 days, no interest is charged and no security is obtained.

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 debtor / group of debtors. If the department determines that an amount owing by such a debtor does become uncollectible (after appropriate range of debt 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.



**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements for the period ended 12 December 2017**

**12. Receivables (continued)**

**Ageing of past due but not impaired – Receivables**

	12 Dec 17	2017
	\$'000	\$'000
<b>Overdue</b>		
Less than 30 days	1,171	421
30 to 60 days	211	74
60 to 90 days	19	4
Greater than 90 days	99	397
<b>Total Overdue</b>	<b>1,500</b>	<b>896</b>

**Individually impaired receivables**

At reporting date \$536K (2017: \$470K) were greater than 90 days and fully impaired.

	12 Dec 17			2017		
	Gross receivables <sup>g</sup>	Allowance for impairment	Carrying amount	Gross receivables <sup>j</sup>	Allowance for impairment	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Overdue</b>						
Less than 30 days	3	(3)	-	23	(23)	-
30 to 60 days	15	(15)	-	19	(19)	-
60 to 90 days	11	(11)	-	4	(4)	-
Greater than 90 days	536	(536)	-	470	(470)	-
<b>Total Overdue</b>	<b>565</b>	<b>(565)</b>	<b>-</b>	<b>516</b>	<b>(516)</b>	<b>-</b>

**Movements in allowance for impairments – Impaired Receivables**

	12 Dec 17	2017
	\$'000	\$'000
Balance at 1 July	516	89
Increase in allowance recognised in operating result	97	486
Amounts no longer provided for	-	(14)
Amount previously provided for - paid during the period	(46)	(15)
Amounts written off during the period	(2)	(30)
Balance as at reporting date	<b>565</b>	<b>516</b>

<sup>g</sup> 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 (maximum terms of 30 days). Economic changes impacting the department's debtors, and relevant industry data, also form part of the department's documented risk analysis (Note 20 *Financial instruments*).

<sup>f</sup> The department issues operating leases, both term and perpetual, including permits and licences, as conditional contracts under the provision of the *Land Act 1994*. Rent is determined as a percentage of unimproved capital value, dependent on the purpose and category of the allocated asset.

<sup>9</sup> Gross receivables are those receivables that have been individually impaired, not the total gross receivables reported in the above disclosure.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements for the period ended 12 December 2017**

**13. Property, plant and equipment**

	Land		Buildings		Infrastructure		Heritage and cultural		Plant and equipment		Assets under construction		Total	
	12 Dec 17 \$'000	2017 \$'000	12 Dec 17 \$'000	2017 \$'000	12 Dec 17 \$'000	2017 \$'000	12 Dec 17 \$'000	2017 \$'000	12 Dec 17 \$'000	2017 \$'000	12 Dec 17 \$'000	2017 \$'000	12 Dec 17 \$'000	2017 \$'000
Gross	385,295	383,977	544,300	550,742	3,086,003	3,085,678	1,250,400	1,248,799	59,956	60,108	31,421	25,248	5,357,375	5,354,552
Less: Accumulated depreciation	-	-	(334,347)	(332,683)	(178,813)	(172,888)	(1,861)	(1,813)	(34,176)	(33,802)	-	-	(549,197)	(541,186)
Less: Accumulated impairment loss	-	-	(1,253)	(1,253)	-	-	-	-	-	-	-	-	(1,253)	(1,253)
<b>Balance at reporting date</b>	<b>385,295</b>	<b>383,977</b>	<b>208,700</b>	<b>216,806</b>	<b>2,907,190</b>	<b>2,912,790</b>	<b>1,248,539</b>	<b>1,246,986</b>	<b>25,780</b>	<b>26,306</b>	<b>31,421</b>	<b>25,248</b>	<b>4,806,925</b>	<b>4,812,113</b>
<i>Represented by movements in carrying amount:</i>														
<b>Carrying value at 1 July</b>	383,977	367,040	216,806	210,644	2,912,790	2,858,590	1,246,986	1,290,463	26,306	26,249	25,248	12,251	4,812,113	4,765,237
Acquisitions (including upgrades)	-	616	25	161	-	-	-	-	1,083	5,458	10,385	23,194	11,493	29,429
Transfers in from other government agencies	1,500	18,013	-	1,300	-	1	1,500	-	-	138	-	-	3,000	19,452
Revaluation increments	-	11,564	-	15,769	-	65,744	-	-	-	-	-	-	-	93,077
Disposals	-	-	-	-	-	-	-	-	(34)	(96)	-	-	(34)	(96)
Transfers out to:														
Other government agencies	(182)	(4,488)	(5,133)	(1,437)	-	-	-	(332)	-	(1,279)	-	-	(5,315)	(7,536)
External entities	-	(8,788)	-	-	-	-	-	-	-	-	-	-	-	(8,788)
Revaluation decrements	-	-	-	-	-	-	-	(43,274)	-	-	-	-	-	(43,274)
Depreciation	-	-	(6,059)	(16,167)	(5,977)	(14,447)	(49)	(105)	(2,236)	(4,669)	-	-	(14,321)	(35,388)
Transfers between classes	-	20	3,061	6,536	377	2,902	102	234	661	505	(4,212)	(10,197)	(11)	-
<b>Balance at reporting date</b>	<b>385,295</b>	<b>383,977</b>	<b>208,700</b>	<b>216,806</b>	<b>2,907,190</b>	<b>2,912,790</b>	<b>1,248,539</b>	<b>1,246,986</b>	<b>25,780</b>	<b>26,306</b>	<b>31,421</b>	<b>25,248</b>	<b>4,806,925</b>	<b>4,812,113</b>

*Fair value hierarchy*

Asset Class	Level 2 \$'000		Level 3 \$'000		Total \$'000	
	12 Dec 17	2017	12 Dec 17	2017	12 Dec 17	2017
Land	63,224	62,649	322,071	321,329	385,295	383,977
Buildings	-	-	208,700	216,806	208,700	216,806
Infrastructure	-	-	2,907,190	2,912,790	2,907,190	2,912,790
Heritage and cultural assets	-	-	1,248,539	1,246,986	1,248,539	1,246,986

## Department of National Parks, Sport and Racing

### Notes to and forming part of the financial statements for the period ended 12 December 2017

#### 13. Property, plant and equipment (continued)

##### Recognition thresholds

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, otherwise expensed:

Buildings	\$10,000
Infrastructure	\$10,000
Land	\$ 1
Plant and equipment	\$ 5,000
Other (including Heritage & cultural)	\$ 5,000

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

Complex assets comprise separately identifiable components (or groups of components) of significant value, that require replacement at regular intervals and at different times to other components comprising the complex asset.

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

##### Acquisition

Cost is used for the initial recording of all non-current physical and intangible (Note 14 *Intangibles*) 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. Training costs are expensed as incurred.

Assets received free of charge from another Queensland Department are recognised at 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 date of acquisition. The Department of Environment and Heritage Protection is responsible for the acquisition of land for national parks' estate. The land is subsequently transferred to the department via contributed equity as a transaction with owners as owners.

Land improvements undertaken by the department are included with buildings or infrastructure based on the proximity of the asset to which they relate. Separately identified components of assets are measured on the same basis as the assets to which they relate.

Assets under construction are recognised as assets in their relevant classes when they reach service delivery capacity, i.e. when construction is complete and the asset is first put to use or installed ready for use in accordance with its intended application.

##### Measurement using cost

Plant and equipment is measured at cost. The carrying amount for this class of assets does not materially differ from their fair value.

##### Measurement using fair value

Land, buildings, infrastructure and heritage and cultural assets are measured at fair value. 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.

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. This measurement also takes into account a market participant's ability to generate economic benefits by the asset's best use or highest sale.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. These 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 account for the characteristics of the departmental assets/liabilities, 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.

All assets and liabilities of the department, other than financial assets and liabilities (Note 20 *Financial instruments*) for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- level 1 - represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities (none of the department's assets/liabilities are eligible for categorisation into this level);
- 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.

##### Revaluation

Land, buildings, infrastructure and heritage and cultural assets are revalued on an annual basis either by appraisals undertaken by an independent professional valuer, or by the use of appropriate and relevant indices. The cost of these assets acquired

### **13. Property, plant and equipment (continued)**

during the year has been judged by management to materially represent their fair value at the end of the reporting period.

Revaluations using independent professional valuer appraisals are undertaken at least once every five years. However, if a class of assets experiences significant or volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal. The fair values reported by the department are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs. Refer to *Measurement using fair value* above.

Where assets have not been specifically appraised in the reporting period, previous valuations of material assets are updated via the application of relevant indices, in particular, those supplied by the State Valuation Services (SVS). SVS provides assurance of their robustness, validity and appropriateness for application to the relevant assets. Annually, the department assesses and confirms the relevance and suitability of these indices by testing for reasonableness, e.g. comparing with results to similar assets that have been valued by an independent professional valuer and analysing changes in trends.

A revaluation increment 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:

- 'Gross method' is used for assets revalued using a cost valuation approach (e.g. current replacement cost) whereby accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses.
- 'Net method' is used for assets revalued using a market or income-based valuation approach whereby accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to revaluation.

Due to the department being abolished, the department has not completed for the period ending 12 December 2017 the rolling programs referred to later in this note for land, cultural and heritage, buildings and infrastructure assets. However, to ensure that property, plant and equipment was recorded at fair value; land, cultural and heritage, buildings and non-roads infrastructure were appraised based on advice from SVS identifying that no material valuation movements had occurred since 30 June 2017. Advice was also received from the roads valuation technical expert that identified that there had not been material movements in the input costs used for the valuation of roads (infrastructure).

#### **Land and cultural and heritage**

The land class has a number of different land tenures, containing different levels of restrictions, which impact the valuation methodology for the class. This class is comprised of land that is categorised as State Forests and Timber Reserves administered under the *Forestry Act 1959* and Freehold and Reserves administered under the *Land Act 1994*.

The cultural and heritage class is comprised of land that is administered under the *Nature Conservation Act 1992* as well as building and infrastructure assets that are classified as cultural or heritage assets. The non-land heritage and cultural assets are not considered material as they represent less than 1% of the total value of the heritage and cultural class. The department has a number of different land tenures of cultural significance and with different levels of restrictions that impact the valuation methodology for this class.

The principal market for the land class is land of similar topography and location which are observable, being readily available and reliable market data. For land that has restrictions, this market data is adjusted by the valuer to reflect the nature of the restrictions to derive the fair market value given the restricted nature of the relevant land.

The principal market for the cultural and heritage land assets is land of similar topography and location which are observable, being readily available and reliable market data. This market data is adjusted by the valuer to reflect the nature of restrictions. The approach reflects fair market value given the restrictive nature of national park lands is taken into account in the current valuations. Departmental assets are valued at fair value, taking into account sales of properties and the value of similar properties in the same location. Property sales are taken back to a bare (unimproved) land value, taking into account the value of any improvements on the properties. This leaves the value attributed to the land parcel only, reflecting restrictions of vegetation and conservation requirements representing a restricted assessment consistent with unimproved value.

Due to the size of the asset base and the number of assets, it is not feasible or cost effective to have all land and cultural and heritage assets assessed by independent valuers every five years. Therefore the department, under its rolling valuation program and with regard to the principles of materiality, has taken a risk-weighted approach of having only those assets valued that comprise greater than approximately 95% of the total value of the asset class base. In the years an assessment is not made by an independent valuer, an index from SVS is used based on market movements for material assets. Depending on the type of land tenure the fair value may be determined using level 2 or level 3 inputs.

As part of the rolling program, each year the department employs independent valuers to assess the fair value of the top 20 land assets and top 20 cultural and heritage assets to ensure that any significant or volatile changes in the market are reflected in the value of the asset class. This process ensures that at least approximately 30% of the value of the land class and cultural and heritage class is independently valued every year. The valuation of these top 20 land assets and top 20 cultural and heritage assets contributes to the 95% of the total asset class being valued over the last five years.

#### **Buildings**

The majority of the value of the Building class is comprised of buildings that exist on national park and state forest land and Queensland Recreation Centres that support sport and recreation. These assets are not intended for income generation and cannot be sold, as is, in an open market as they are tied to the underlying land. The buildings exist for community benefit in the form of recreation as well as conservation requirements. Therefore it is considered that the most appropriate valuation technique is current replacement cost and that these should be determined using level 3 inputs subject to the building characteristics. Due

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

to the nature of the asset class base and the valuation technique, it is not considered that this class would be at risk to volatile or significant changes year to year. Also due to the size of the building asset class base and the number of assets, it is not feasible to have all assets assessed by an independent valuer every five years, therefore, the department has implemented a rolling five-year comprehensive valuation program and a risk weighted approach is taken of having only those assets comprehensively valued that materially represent 80% of the written-down value of the asset base. Where a comprehensive valuation has not occurred in the financial year an appropriate index has been provided by SVS which is reviewed by management for reasonableness before application.

**Infrastructure**

The majority of the value of the Infrastructure class is comprised of roads and tracks which exist on National Park and State Forest land.

The infrastructure assets are not intended for income generation but are intended for community benefit in the form of recreation as well as conservation requirements. These could not be sold, as is, in an open market as they are tied to the underlying land. Therefore, the most appropriate valuation technique is current replacement cost using level 3 inputs subject to the infrastructure characteristics.

For road structures, the department has adopted the valuation methodology and framework developed by the Roads and Transport Alliance (RTA) as part of the Roads Alliance Valuation Project. The Roads Alliance Project methodology is based on the models developed by the Department of Transport and Main Roads (TMR) which is updated annually. The methodology includes the componentisation of roads allowing separate useful lives to be set for each component, with an indefinite life being applied to the most material part of the road asset being earthworks.

The valuation methodology is a resource-based assessment using a series of road stereotypes that identify road types, terrain, climate, and soil type. These road stereotypes are then priced by a commercial estimating firm for raw materials, cost of construction processes and other construction inputs using current market rates. These unit rates, including underlying assumptions and specific details contained in the stereotypes, are ratified annually by TMR and a local government panel consisting of a cross-section of experts in conjunction with the commercial estimating firm.

The methodology is in accordance with Australian Accounting Standards as well as the Australian Accounting Standards Board's Interpretation 1055 *Accounting for Road Earthworks*.

Key inputs and assumptions used in the valuation of the road infrastructure have been applied as per the following:

- Unit Costs - Provided by the RTA tailored for certain unique stereotypes of the department;
- Terrain, soil type and environment – Data is provided by independent third parties;
- Road Widths – The department has sampled widths for each road stereotype and applied the weighted average of the data collected across the respective stereotypes for consistency except for high value roads that require specific width requirements;
- Condition assessments – As only high value depreciable assets are impacted by road conditions, the department has focused its rolling fieldwork data collection on these stereotypes with most of the roads now being reviewed. Where data has yet to be collected, data collected from other roads within the stereotype has been applied;
- Length and stereotype – This data is recorded from the department's spatial dataset which is reviewed as part of a five-year rolling program. It is assumed that a market participant would replace length and stereotype on a 'like for like' basis; and
- In determining the value attributable to the infrastructure class of assets consideration was given around the future economic benefit of certain roads. In that sense particular roads were excluded from the total value attributed to this class that would not be replaced or are not the responsibility of the department.

**Impairment**

All material non-current physical 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. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and current replacement cost. Where the carrying amount of the asset exceeds the recoverable amount, the impairment loss is accounted for as follows:

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

**Depreciation**

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. Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the department. Separately identifiable components of complex assets are depreciated according to the useful lives of each component, as doing so results in a material impact on the depreciation expense reported.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements for the period ended 12 December 2017**

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

*Depreciation methodology and rates used:*

Asset Class	Methodology	Rate
Land	Not depreciated as it has an unlimited useful life	0%
Building	Straight-line; progressive allocation of net/revalued amount over estimated life	1.0% - 20.0%
Infrastructure	Straight-line; progressive allocation of net/revalued amount over estimated life	0% - 20.0%
Heritage and cultural	Straight-line; progressive allocation of net/revalued amount over estimated life	0 - 6.7%
Plant and equipment	Straight-line; progressive allocation of net/revalued amount over estimated life	4.0% - 50.0%
Assets under construction	Not depreciated until capitalised	0%

**Insurance**

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

**14. Intangibles**

	Software purchased		Software internally generated		Software development in progress		Total	
	12 Dec 17	2017	12 Dec 17	2017	12 Dec 17	2017	12 Dec 17	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	5,472	5,148	4,862	4,862	593	380	10,927	10,390
Less: Accumulated amortisation	(4,244)	(4,123)	(4,792)	(4,663)	-	-	(9,036)	(8,786)
<b>Balance at reporting date</b>	<b>1,228</b>	<b>1,025</b>	<b>70</b>	<b>199</b>	<b>593</b>	<b>380</b>	<b>1,891</b>	<b>1,604</b>
<i>Represented by movements in carrying amount:</i>								
<b>Carrying value at 1 July</b>	1,025	869	199	448	380	337	1,604	1,654
Acquisitions	-	-	-	-	538	393	538	393
Amortisation	(122)	(194)	(129)	(268)	-	-	(251)	(462)
External transfers	-	-	-	19	-	-	-	19
Internal transfers	325	350	-	-	(325)	(350)	-	-
<b>Balance at reporting date</b>	<b>1,228</b>	<b>1,025</b>	<b>70</b>	<b>199</b>	<b>593</b>	<b>380</b>	<b>1,891</b>	<b>1,604</b>

Intangible assets with a cost or other value equal to or greater than \$100,000 are recognised in the financial statements, otherwise, expensed. These are amortised over its estimated useful life with zero residual values and on a straight-line basis over 5 - 13 years for purchased software and 5 - 9 years for internally generated computer software. Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred. There is not an active market for any of the department's intangible assets. As such, these are measured at their historical costs and therefore carried at cost less accumulated amortisation.

**15. Payables**

	12 Dec 17	2017
	\$'000	\$'000
Trade creditors	10,811	15,014
Grants payable	4,704	2,221
Appropriation payable to Queensland Treasury	34,476	1,383
Other	553	1,770
	<b>50,544</b>	<b>20,388</b>

Trade Creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase or contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30-day terms.

**16. Accrued employee benefits**

	12 Dec 17	2017
	\$'000	\$'000
Annual leave levy payable <sup>h</sup>	2,233	2,552
Wages payable	4	2,091
Long service leave levy payable <sup>h</sup>	480	560
	<b>2,717</b>	<b>5,203</b>

<sup>h</sup> Refer to Note 6 *Employee expenses*

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements for the period ended 12 December 2017**

	12 Dec 17	2017
	\$'000	\$'000
<b>17. Other current liabilities</b>		
<i>Current</i>		
Contributions received in advance <sup>i</sup>	15,236	15,621
Unearned revenue	1,341	1,246
Other	224	254
	<b>16,801</b>	<b>17,121</b>

<sup>i</sup> The contribution received in advance represents a deposit of funds for the management of the Curtis Island Environment Precinct (Note 11 *Cash and cash equivalents*). Revenue is recognised progressively as and when funds have been spent.

**18. Commitments for expenditure**

Commitments at reporting date are inclusive of non-recoverable GST input tax credits and are payable as follows:

	Non-cancellable operating leases <sup>j</sup>		Capital expenditure <sup>k</sup>		Grants and subsidies		Other expenditure	
	12 Dec 17	2017	12 Dec 17	2017	12 Dec 17	2017	12 Dec 17	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	6,292	6,334	6,292	6,315	67,185	54,228	13,395	6,166
Later than 1 year but not later than 5 years	10,656	12,209	11,114	7,154	52,128	30,761	171	73
Later than 5 years	13,110	14,178	-	-	-	-	-	-
<b>Total</b>	<b>30,058</b>	<b>32,721</b>	<b>17,406</b>	<b>13,469</b>	<b>119,313</b>	<b>84,989</b>	<b>13,566</b>	<b>6,239</b>

<sup>j</sup> Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed but include inflation escalation clauses on which contingent rentals are determined. Refer to Note 1.2 (c) *Machinery-of-Government* in relation to MOG changes.

<sup>k</sup> Material classes of capital expenditure commitments inclusive of non-recoverable GST input tax credits, contracted for at reporting date but not recognised in the accounts are payable as follows:

	12 Dec 17	2017
	\$'000	\$'000
Buildings	8,782	8,351
Infrastructure	1,536	3,617
Plant and equipment	6,507	1,307
Intangibles	579	194
Other (including Heritage and Cultural)	2	-
<b>Total</b>	<b>17,406</b>	<b>13,469</b>

**19. Contingencies**

As at 12 December 2017, there were five pre-court cases and a case with the District Court, naming the State of Queensland acting through the Department of National Parks, Sport and Racing as defendant. As these matters are covered by the Queensland Government Insurance Fund policy, the department's contingent liability is capped at \$60,000 (being \$10,000 each in respect of the six current matters).

**Guarantees and undertakings**

During the reporting period the department has been a party to several indemnity capped procurement arrangements. These contracts were with suppliers for the provision of services. Suppliers' liability and indemnity caps include:

- one case of limited liability in aggregate equivalent to insurable amount; and
- one case capped at 1.5 times the contract price excluding personal injury, death, property damage, intellectual property breach or indemnity.

These contracts are short term in nature.

The department, as the beneficiary, is also holding a bank guarantee for \$300,000 as security for 12 months from the completion and delivery of a long range patrol vessel by the supplier.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements for the period ended 12 December 2017**

**20. Financial instruments**

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

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

Category	Note	12 Dec 17 \$'000	2017 \$'000
<b>Financial assets</b>			
Cash and cash equivalents	11	99,067	74,669
Receivables at amortised cost	12	17,262	8,038
Total		<b>116,329</b>	<b>82,707</b>
<b>Financial liabilities</b>			
Payables at amortised cost	15	50,544	20,388
Total		<b>50,544</b>	<b>20,388</b>

**Risk exposure, measurement and strategies**

All financial risk is managed by the Office of the Chief Finance Officer in compliance with Government and departmental policies. These policies focus on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance of the department. The following table sets out a variety of financial risks the department is exposed to:

Risk Exposure	Definition	Exposure	Measurement Method	Risk Management Strategies
Credit risk	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 department's maximum exposure to credit risk is the carrying amount of the receivables (Note 12 <i>Receivables</i> ).	Ageing analysis	The department's credit management strategy aims to reduce the exposure to credit default by monitoring all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.
Liquidity risk	Liquidity risk refers to the situation where the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The department is exposed to liquidity risk in respect of its payables (Note 15 <i>Payables</i> ). All financial liabilities will fall due within one year or less.	Sensitivity analysis	The department's liquidity management strategy aims to reduce the exposure to this risk by ensuring that sufficient funds are available to meet employee and supplier obligations as they fall due. Minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.	The department does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices.	Interest rate sensitivity analysis	The department does not enter into hedging arrangement in relation to interest risk. It manages its risk as per the liquidity risk strategy and in line with the department's Risk Management Policy.

**21. Budgetary reporting disclosures**

AASB1055 *Budgetary Reporting* seeks to explain the major variances between actual financial results for the reporting period and the original budget included in the 2017-18 *Service Delivery Statement* (SDS), presented to Parliament. As the department has been abolished (Refer Note 1.2 (c) *Machinery-of-Government*), the original SDS budgeted figures are presented on the face of these statements.

**a) Explanation of major variances – Statement of Comprehensive Income**

**Appropriation revenue:** The actual revenue is \$155 million which is lower compared to budget due to the department being abolished partially through the financial year along with a number of grant deferrals including \$11 million for the Racing Infrastructure Fund, \$7.4 million for the Get in the Game initiatives and \$1.8 million in the sport maintenance program.

**Grants and other contributions:** The variance of \$5.8 million relates to the department being abolished partially through the financial year along with revenue being received prior to the MOG for funding of programs that will occur post MOG including Raine Island Recovery program and Wet Tropics Management Area. Additionally new funding was received for programs not identified as part of the State budget including Queensland Government for Tourism Recovery Project.



**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements for the period ended 12 December 2017**

**21. Budgetary reporting disclosures (continued)**

Employee expenses: Variance of \$70.1 million relates to the department being abolished partially through the financial year.

Supplies and services: Variance of \$75 million relates to the department being abolished partially through the financial year with programs of work planned for completion towards the end of the financial year including ex HMAS Tobruk, Revitalising National Parks and Cape York Protected Area Joint Management programs.

Grants and subsidies. Variance of \$92 million relates to the department being abolished partially through the financial year along with the deferrals for a number of programs including \$11 million for the Racing Infrastructure Fund relating to delays in the completion of projects, \$7.4 million for the Get in the Game initiatives which are dependent on third party claims and \$1.8 million in the sport maintenance program.

Depreciation and amortisation: Variance of \$25.7 million relates to the department being abolished partially through the financial year along with the extension of useful lives for a number of building assets as a result of the 2016-17 revaluation program.

Other Expenditure: Variance of \$32.1 million relates to appropriation received ahead of planned expenditure which is required to be returned to Queensland Treasury.

**b) Explanation of major variances – Statement of Financial Position**

Cash and cash equivalents: The increase in cash is primarily due to the timing of appropriation received ahead of planned expenditure along with the timing difference in recognising revenue and expenditure with various externally funded programs.

Property, plant and equipment: Increase of \$33 million mainly reflects the finalisation of the 2016-17 revaluation program after the budget had been finalised.

Intangibles: The decrease of \$2.3 million is predominantly due to the scheduled work on software systems that were not yet carried out this financial period due to timing of the program.

**c) Explanation of major variances – Statement of Cash Flows**

GST input tax credits from ATO: The cash effect of GST input tax credits was not included in the original budget.

GST paid to suppliers: The cash effect of GST paid to suppliers was not included in the original budget.

Equity Withdrawals and Equity Injections: Variances relate to the department being abolished partially through the financial year.

Explanations of variances in Service appropriation receipts, User charges and fees, Grants and contributions, Employee expenses, Supplies and services and Grants and subsidies are noted in Note 21 (a) *Explanation of major variances – Statement of Comprehensive Income* above.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements for the period ended 12 December 2017**

**22. Schedule of administered items**

	12 Dec 17	2018	2018	2017
	Actual	Original	Budget	Actual
	\$'000	Budget	Variance	\$'000
	\$'000	\$'000	\$'000	\$'000
<b>Administered revenue</b>				
Appropriation revenue	31,688	31,819	(131)	64,290
User charges and fees	132	256	(124)	227
Grants and contributions	-	-	-	30,000
<b>Total administered revenue</b>	<b>31,820</b>	<b>32,075</b>	<b>(255)</b>	<b>94,517</b>
<b>Administered expenses</b>				
Grants and subsidies	31,688	31,819	(131)	64,290
Transfers of administered item revenue to government	132	256	(124)	30,227
<b>Total administered expenses</b>	<b>31,820</b>	<b>32,075</b>	<b>(255)</b>	<b>94,517</b>
<b>Operating surplus (deficit) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Administered assets</b>				
<i>Current</i>				
Cash	231	4	227	40
Receivables	7	-	7	2
<b>Total current assets</b>	<b>238</b>	<b>4</b>	<b>234</b>	<b>42</b>
<b>Total assets</b>	<b>238</b>	<b>4</b>	<b>234</b>	<b>42</b>
<b>Administered liabilities</b>				
<i>Current</i>				
Payables	53	-	53	-
Appropriation payable	131	-	131	-
Transfers to government payable	54	4	50	42
<b>Total administered liabilities</b>	<b>238</b>	<b>4</b>	<b>234</b>	<b>42</b>
<b>Net administered assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	12 Dec 17	2017
	\$'000	\$'000
<b>Reconciliation of payments from Consolidated Fund to administered revenue</b>		
Budgeted equity adjusted appropriation	31,819	67,606
Transfers from/to other departments	-	(17,205)
Transfers from/to other headings	(131)	13,889
<b>Total appropriation revenue for services receipts</b>	<b>31,688</b>	<b>64,290</b>
Administered revenue recognised above	<b>31,688</b>	<b>64,290</b>

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.

**23. Related party disclosures**

The following disclosures as required under AASB 124 *Related Party Disclosures* ensure that the department's financial statements contain the disclosures necessary to draw attention to the possibility that the financial position and operating results may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements for the period ended 12 December 2017**

**23. Related party disclosures (continued)**

**a) Key management personnel (KMP) - Ministers**

The department reported to the following Ministers, separately or jointly as appropriate to the nature of the Ministers' portfolio. They are jointly accountable to Parliament for the actions of the department.

- Minister for Housing and Public Works and Minister for Sport
- Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs
- Minister for Environment and Heritage Protection and Minister for National Parks and the Great Barrier Reef

The Ministers are considered members of the KMP of the department as they have the authority and responsibility for planning, directing and controlling the activities of the department. Although each has responsibility only to the extent of their respective portfolios, they are ultimately responsible for the performance of the department and are legally and politically accountable to the Parliament for the administration of the department.

No associated remuneration figures will be disclosed for the Ministers as the department does not provide remunerations to them.

**b) Non-Ministerial key management personnel**

The following details for non-Ministerial KMP include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during the reporting period. Further information on these positions can be found in the body of the Annual Report under the section 'Our management team'.

<b>Position</b>	<b>Position Responsibility</b>
Director-General	Overall efficient, effective and economical administration of the department.
Deputy Director-General Queensland Parks and Wildlife Service	Strategic direction, leadership and vision for the National Parks within the State and is responsible for the overall management of the Queensland Parks and Wildlife Service.
Deputy Director-General Sport and Recreation Services	Strategic direction, leadership and vision for sport and recreation activities including strategies and programs for encouraging active lifestyles.
Deputy Director-General Strategic Policy and Racing Industry Governance	Strategic advice, direction, leadership and champions innovation across the department's three portfolio areas, including national parks and protected area management, sport and recreation development, and racing industry governance.
Chief Finance Officer	Strategic leadership and direction over the efficient, effective and economic financial administration of the department.
Deputy Director-General Corporate Services	Overall management of the Corporate Services divisions. The department is part of a Corporate and Business Partnership arrangement with the Department of Environment and Heritage Protection. Whilst the Deputy Director-General Corporate Services is a member of the department's Executive Management Board, the position is one paid for by the Department of Environment and Heritage Protection, and therefore the remuneration is not disclosed in this note.

The KMP have disclosed, if any:

- all entities they control or jointly control;
- all definite close family members including entities they control or jointly control; and
- all potential close family members including entities they control or jointly control.

The KMP have no significant outstanding balances, transactions and arrangements with these related parties at any time during the period they occupied the positions as members of the executive board.

**c) Non-Ministerial key management personnel remuneration expenses**

Remuneration policy for the department's non-Ministerial KMP is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment (including motor vehicle entitlement) for the KMP are specified in employment contracts.

Remuneration expenses for non-Ministerial KMP comprises the following components:

- Short term employee expenses which include:
  - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied the specified position;
  - performance payments recognised as an expense during the year; and
  - non-monetary benefits consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

The former Director-General did not receive an 'at risk' component or like payments during the current reporting cycle and was not eligible for one under their contract of employment.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements for the period ended 12 December 2017**

**23. Related party disclosures (continued)**

**1 July 2017 - 12 December 2017**

Position	Short Term Employee Expenses		Long Term Employee Expenses \$'000	Post Employment Expenses \$'000	Termination Expenses \$'000	Total Expenses \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000				
Director-General - Current	133	10	3	17		163
Deputy DG QPWS - Current	117	6	2	11		136
Deputy DG SRS - Current	38	3	1	4		46
Deputy DG SRS - Acting (from 01/09 to 12/10/2017)	22	1	0	2		25
Deputy DG SRS - Acting (from 26/06 to 31/08/2017)	34	2	1	3		40
Deputy DG Strategic Policy and Racing Industry Governance - Current	103	5	2	11		121
Deputy DG Strategic Policy and Racing Industry Governance - Acting (from 20/11/2017)	16	1	0	1		18
Chief Financial Officer - Current	85	6	2	9		102

**1 July 2016 - 30 June 2017**

Position	Short Term Employee Expenses		Long Term Employee Expenses \$'000	Post Employment Expenses \$'000	Termination Expenses \$'000	Total Expenses \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000				
Director-General Current	289	10	6	37		342
Deputy DG QPWS - Current	241	11	5	27		284
Deputy DG SRS - Former (to 23/06/2017)	184	10	3	18		215
Deputy DG SRS - Acting (from 24/05/2017)	15	2	0	2		19
Deputy DG Strategic Policy and Racing Industry Governance - Current (from 21/10/2016)	128	8	2	14		152
Deputy DG Strategic Policy and Racing Industry Governance - Former (to 20/10/2016)	65	2	2	9		78
Deputy DG Strategic Policy and Racing Industry Governance - Acting (23/05 to 19/06/2017)	18	0	0	2		20
Executive Director ODG - Former (to 13/04/2017)	141	10	2	14	166	333
Chief Financial Officer - Current (from 2/5/2017)	42	1	1	3		47
Chief Financial Officer - Former (to 9/1/2017)	86	6	2	9		103
Chief Financial Officer - Acting (3/1 to 1/5/2017)	59	4	1	5		69

**d) Government-related entities**

A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government. The department is controlled by the Queensland Government and therefore all other departments, Government-owned corporations and almost all statutory bodies within the Queensland Government are government-related parties to the department.

*Controlled*

During the period 1 July to 12 December 2017, the department had significant transactions with the following government-related entities:

- Queensland Government through Queensland Treasury – the department received \$158 million in net appropriation, equity injections and withdrawals for application to the services the department provides.
- Department of Natural Resources and Mines – the department received \$3 million worth of land to further enhance park estate and to allow for Queensland Park and Wildlife Service management activities. This transfer was recognised as 'contributions by owners'.
- Department of Tourism, Major Events, Small Business and the Commonwealth Games – the department received \$3 million from this agency to support tourism recovery after Tropical Cyclone Debbie damage in the Whitsundays.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements for the period ended 12 December 2017**

**23. Related party disclosures (continued)**

- Department of Agriculture and Fisheries – has paid the department \$1.8 million funding support covered by a Memorandum of Understanding to assist with undertaking the department’s custodial responsibilities on state forests and timber reserves under the *Forestry Act 1959*.
- The department is a recipient of corporate services from other agencies as part of a Business and Corporate Partnership arrangement. The providers of each corporate service function receive the appropriation of funds and report full time equivalent positions within the respective agency. As a recipient, the department receives defined corporate services from the following departments:
  - Department of Agriculture and Fisheries - fleet management, telecommunications and records management;
  - Department of Natural Resources and Mines - accommodation services and legal services; and
  - Department of Environment and Heritage Protection - financial policy, asset management, human resources, corporate communications, governance, performance management, privacy and ethics, procurement and right to information.

The fair value of the services listed above received from multiple agencies is not recognised as a revenue nor an expense as this cannot be measured reliably due to the complexity of the arrangements. During the reporting period, the Department of Agriculture and Fisheries also provided information technology services to the department on a fee for services basis amounting to \$2 million.

- Department of Housing and Public Works and its commercialised business units – the department paid \$11 million to these organisations in relation to leases to various office accommodations throughout Queensland including building and maintenance cost provided by Building and Asset Services, and leases to passenger vehicles with QFleet.
- Queensland All Codes Racing Industry Board trading as Racing Queensland (RQ) - the department paid \$5.9 million net in grant funding predominantly relating to Country Racing Support and Training Track Subsidy schemes.
- The department is a member of the Queensland Government’s Annual Leave and Long Service Leave Central Schemes administered by Queensland Treasury through the Government Superannuation Office and held on a whole-of-Government basis and reported in those financial statements. Total annual leave paid to the Scheme during the year was \$5 million and \$1 million associated to long service leave levy. As part of the scheme, all annual leave and long service leave taken are reimbursed by Queensland Treasury. The total amount received during the period was \$5 million and \$1 million, respectively.
- Department of Education and Training – the department transferred \$5.3 million of land and buildings associated to Lake Tinaroo Active Recreation Centre, for the purpose of outdoor education programs which support the delivery of the Australian National Curriculum General Capabilities and Health and Physical Education outcomes. This transfer was recognised as ‘contributions by owners’.
- Stadiums Queensland – the department paid \$2.8 million to assist with the repayment of the loan with Queensland Treasury Corporation for the redevelopment of the Gold Coast Stadium.
- Queensland Shared Services, a business area of the former Department of Science, Information Technology and Innovation – the department paid \$2.2 million for services rendered relating to finance, procurement, human resources management, telecommunications and mail support services.

*Administered*

- Queensland Government through Queensland Treasury – the department received \$32 million appropriation funding for payment to various statutory bodies.
- Stadiums Queensland – the department paid \$32 million of grants to this agency of which \$10 million as annual capital grant; and \$22 million as grant for the Stadium’s operational funding requirement including payment for land tax.

**Certificate of the Department of National Parks, Sport and Racing**

These final general purpose financial statements have been prepared pursuant to Section 62 (1) and Section 80 (3) of the *Financial Accountability Act 2009* (the Act), section 47 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;
- b) the 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 National Parks, Sport and Racing for the financial period 1 July 2017 to 12 December 2017 and of the financial position of the department at the end of that period; 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.

Brad Lang, BBus (Acc), BA, CPA  
**Former Chief Finance Officer**

Ben Klaassen, B Comm, FCPA  
**Designate of the former Director-General**

Date 3 April 2018

Date 3 April 2018

## INDEPENDENT AUDITOR'S REPORT

To the former Accountable Officer of the former Department of National Parks, Sport and Racing

### Report on the audit of the final financial report

#### Opinion

I have audited the accompanying final financial report of the former Department of National Parks, Sport and Racing.

In my opinion, the final financial report:

- a) gives a true and fair view of the former department's financial position as at 12 December 2017, and its financial performance and cash flows for the final period then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The final financial report comprises the statement of financial position and statement of assets and liabilities by major departmental services as at 12 December 2017, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services for the final period 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 former 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 final 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.

#### Emphasis of Matter – Abolition of the Department of National Parks, Sport and Racing

I draw attention to Note 1.2(c) of the final financial report, which discloses that the former department was abolished on 12 December 2017 under Public Service Departmental Arrangement Notice (No. 3) 2017. Ongoing responsibility for functions of the former department, and its assets and liabilities, were transferred to the Department of Environment and Science, the Department of Housing and Public Works, and the Department of Local Government, Racing and Multicultural Affairs. As a result, the former department transferred its assets and liabilities at their carrying values on the abolition date as reported in Note 1.2(c), and the final financial report was prepared on a basis consistent with the going concern basis. My opinion is not modified in respect of this matter.

## Key audit matters

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

### **Road infrastructure asset valuation using current replacement cost (\$2 907 million)**

Refer to Note 13 in the financial report

Key audit matter	How our audit addressed the key audit matter
<p>Road infrastructure assets is material to the Statement of Financial Position of the former Department of National Parks, Sport and Racing (DNPSR) and is valued on a current replacement cost basis. Current replacement cost is calculated using a valuation model developed by the Roads and Transport Alliance as part of the Roads Alliance Valuation Project.</p> <p>Current replacement cost comprises:</p> <ul style="list-style-type: none"> <li>▪ gross replacement cost less</li> <li>▪ accumulated depreciation.</li> </ul> <p>DNPSR derived the gross replacement cost of road infrastructure assets at balance date using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> <li>▪ identifying the significant parts of the road infrastructure assets that have different replacement costs per unit</li> <li>▪ the factors used to categorise road stereotypes (such as lengths, widths, road conditions, region, terrain and soil types)</li> <li>▪ estimating the total useful life of each significant part of each infrastructure asset.</li> </ul> <p>The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>▪ In the prior year: <ul style="list-style-type: none"> <li>- assessing management's processes and internal controls over road infrastructure assets, policies on reviewing useful lives and depreciation methodology</li> <li>- obtaining an understanding of the road infrastructure assets valuation methodology and challenging its appropriateness</li> <li>- assessing management's evaluation of unit rates provided by the Roads Alliance Valuation Project (third party provider)</li> <li>- assessing the adequacy of management's review of the valuation process</li> <li>- assessing the results of management's regional visits where confirmation and/or changes in key inputs were noted</li> <li>- assessing the valuation outcomes against management's regional fieldwork and desktop work</li> <li>- testing road infrastructure assets on a sample basis to assess the completeness and accuracy of the fixed asset register</li> <li>- testing road infrastructure assets application of unit rates in the valuation calculation on a sample basis.</li> </ul> </li> <li>▪ In the current period: <ul style="list-style-type: none"> <li>- assessing management's processes and internal controls over road infrastructure assets, policies on reviewing useful lives and depreciation methodology</li> <li>- obtaining an understanding of the road infrastructure assets valuation methodology and challenging its appropriateness</li> <li>- assessing the adequacy of management's review of the valuation process</li> <li>- evaluating the reasonableness of management's assessment that the movement in unit cost rates provided by the Roads Alliance Valuation Project (third party provider) between 30 June 2017 to 12 December 2017 was not material.</li> </ul> </li> <li>▪ Assessing the reasonableness of infrastructure assets useful lives by: <ul style="list-style-type: none"> <li>- reviewing management's assessment of useful lives</li> </ul> </li> </ul>



Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>- reviewing for evidence of infrastructure disposals that could indicate a remaining useful life less than what is recorded</li> <li>- reviewing for evidence of infrastructure assets continuing to be used for longer than their recorded useful lives</li> <li>- considering whether the department's roads infrastructure asset plans are consistent with useful lives assigned to infrastructure assets.</li> </ul>

### **Heritage and Cultural Assets (\$1 249 million)**

Refer to Note 13 in the financial report

Key audit matter	How our audit addressed the key audit matter
<p>Heritage and Cultural Assets is primarily comprised of land administered under the <i>Nature Conservation Act 1992</i> and is material to the Statement of Financial Position of the former Department of National Parks, Sport and Racing (DNPSR).</p> <p>The land was valued by an independent valuation expert under DNPSR's 5-year rolling program as well as valuing the top 20 land parcels every year, which covers 30 per cent of the asset class.</p> <p>The fair value of Heritage and Cultural Assets was derived after considering the value of similar properties in the same location and then adjusting the market value to reflect restrictions on the land.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>▪ assessing the adequacy of management's review of the valuation process</li> <li>▪ assessing the competence, capability and objectivity of the valuation specialist</li> <li>▪ obtaining an understanding of the land valuation methodology and appropriateness using common industry practices</li> <li>▪ assessing management's evaluation of the specific appraisal valuation results provided by the independent valuation specialist</li> <li>▪ testing land sales on a sample basis to independently confirm the market price used by independent valuation service</li> <li>▪ evaluating the reasonableness of any adjustments applied to the fair value due to the restrictions on use</li> <li>▪ evaluating the reasonableness of management's assessment that the movement in land values provided by the independent valuation specialist between 30 June 2017 to 12 December 2017 was not material.</li> </ul>

### **Responsibilities of the former Accountable Officer for the final financial report**

The former Accountable Officer was responsible for the preparation of the final 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 former Accountable Officer determined was necessary to enable the preparation of the final financial report that is free from material misstatement, whether due to fraud or error.

The former Accountable Officer was also responsible for assessing the former 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.

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

My objectives are to obtain reasonable assurance about whether the final 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 final 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 final 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 former department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the former department.
- Conclude on the appropriateness of the former 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 former 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 final financial report or, if such disclosures are inadequate, to modify my opinion.
- Evaluate the overall presentation, structure and content of the final financial report, including the disclosures, and whether the final financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

## Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the final period ended 12 December 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.

John Welsh  
as delegate of the Auditor-General



Queensland Audit Office  
Brisbane