

# Department of National Parks, Sport and Racing

## For the year ended 30 June 2016

### GENERAL INFORMATION

These financial statements report on the financial results for the Department of National Parks, Sport and Racing for the financial year 1 July 2015 to 30 June 2016.

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

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

Level 7  
111 George 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 9316, email [info@npsr.qld.gov.au](mailto:info@npsr.qld.gov.au) or visit the departmental internet site <http://www.npsr.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**  
**For the year ended 30 June 2016**

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**Department of National Parks, Sport and Racing**  
**Statement of Comprehensive Income**  
**for the year ended 30 June 2016**

		<b>2016</b>	<b>Restated *</b>
	<b>Notes</b>	<b>\$'000</b>	<b>2015</b>
			<b>\$'000</b>
<b>Income from continuing operations</b>			
<i>Revenue</i>			
Appropriation revenue	2	285,480	270,416
User charges and fees	3	32,119	27,713
Grants and other contributions	4	21,138	22,582
Revaluation increment	13	14,748	-
Interest		465	582
Other revenue	5	14,039	11,313
<b>Total revenue</b>		<b>367,989</b>	<b>332,606</b>
<i>Gains</i>			
Gains on disposal/remeasurement of assets		242	385
<b>Total income from continuing operations</b>		<b>368,231</b>	<b>332,991</b>
<b>Expenses from continuing operations</b>			
Employee expenses	6	118,880	111,617
Supplies and services	8	88,399	86,631
Grants and subsidies	9	72,902	80,074
Depreciation and amortisation	13, 14	35,257	33,336
Revaluation decrement	13	-	57,095
Other expenses	10	3,354	6,026
<b>Total expenses from continuing operations</b>		<b>318,792</b>	<b>374,779</b>
<b>Operating result for the year</b>		<b>49,439</b>	<b>(41,788)</b>
<b>Other comprehensive income</b>			
Increase (decrease) in asset revaluation surplus	13	29,577	(27,008)
<b>Total comprehensive income</b>		<b>79,016</b>	<b>(68,796)</b>

\*Refer to Note 13 *Property, plant and equipment*

*The accompanying notes form part of these statements.*

**Department of National Parks, Sport and Racing**  
**Statement of Financial Position**  
**as at 30 June 2016**

	Notes	2016 \$'000	Restated 2015 \$'000	Restated 1 July 2014 \$'000
<b>Current assets</b>				
Cash and cash equivalents	11	61,605	57,180	63,124
Receivables	12	10,112	11,222	8,786
Assets held for sale	13	370	-	-
Other current asset - prepayment		380	1,357	1,812
<b>Total current assets</b>		<b>72,467</b>	<b>69,760</b>	<b>73,722</b>
<b>Non-current assets</b>				
Property, plant and equipment	13	4,765,237	4,727,008	4,832,334
Intangibles	14	1,654	1,431	1,911
<b>Total non-current assets</b>		<b>4,766,891</b>	<b>4,728,439</b>	<b>4,834,245</b>
<b>Total assets</b>		<b>4,839,358</b>	<b>4,798,199</b>	<b>4,907,967</b>
<b>Current liabilities</b>				
Payables	15	15,315	17,975	17,896
Accrued employee benefits	16	4,682	3,988	3,309
Interest-bearing liabilities		46	43	110
Other current liabilities	17	17,474	19,995	21,033
<b>Total current liabilities</b>		<b>37,517</b>	<b>42,001</b>	<b>42,348</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities		-	46	89
<b>Total liabilities</b>		<b>37,517</b>	<b>42,047</b>	<b>42,437</b>
<b>Net assets</b>		<b>4,801,841</b>	<b>4,756,152</b>	<b>4,865,530</b>
<b>Equity</b>				
Contributed equity		5,205,235	5,238,562	5,279,144
Asset revaluation surplus		105,765	76,188	103,196
Accumulated surplus/deficit		(509,159)	(558,598)	(516,810)
<b>Total equity</b>		<b>4,801,841</b>	<b>4,756,152</b>	<b>4,865,530</b>

*The accompanying notes form part of these statements.*

**Department of National Parks, Sport and Racing**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2016**

	Accumulated surplus		Contributed equity		Asset revaluation surplus		Total	
	2016	Restated 2015	2016	Restated 2015	2016	Restated 2015	2016	Restated 2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July</b>	(558,598)	(644,810)	5,238,562	3,499,575	76,188	-	4,756,152	2,854,765
Net effect of changes in accounting policies / prior year adjustments		128,000		1,779,568		103,196		2,010,764
	<b>(558,598)</b>	<b>(516,810)</b>	<b>5,238,562</b>	<b>5,279,143</b>	<b>76,188</b>	<b>103,196</b>	<b>4,756,152</b>	<b>4,865,529</b>
<i>Operating Result</i>								
Operating result from continuing operations	49,439	(41,788)	-	-	-	-	49,439	(41,788)
<i>Other Comprehensive Income</i>								
Increase (decrease) in asset revaluation surplus	-	-	-	-	29,577	(27,008)	29,577	(27,008)
<i>Transactions with owners as owners</i>								
Equity injections	-	-	13,377	5,194	-	-	13,377	5,194
Equity withdrawals	-	-	(46,699)	(46,179)	-	-	(46,699)	(46,179)
Net transfer of assets/liabilities	-	-	(5)	404	-	-	(5)	404
<i>Net transactions with owners as owners</i>	-	-	(33,327)	(40,581)	-	-	(33,327)	(40,581)
<b>Equity balance at 30 June</b>	<b>(509,159)</b>	<b>(558,598)</b>	<b>5,205,235</b>	<b>5,238,562</b>	<b>105,765</b>	<b>76,188</b>	<b>4,801,841</b>	<b>4,756,152</b>

The accompanying notes form part of these statements.

**Department of National Parks, Sport and Racing**  
**Statement of Cash Flows**  
**for the year ended 30 June 2016**

	Notes	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
<i>Inflows:</i>			
Service appropriation receipts		282,033	272,229
User charges and fees		33,574	27,559
Grants and other contributions		21,270	18,657
GST input tax credits from ATO		16,319	14,776
GST collected from customers		2,660	2,572
Interest receipts		473	586
Other		13,152	11,016
<i>Outflows:</i>			
Employee expenses		(117,977)	(111,111)
Supplies and services		(86,945)	(88,432)
Grants and subsidies		(72,244)	(65,034)
Finance and borrowing costs		-	(7)
GST remitted to ATO		(2,681)	(2,608)
GST paid to suppliers		(16,869)	(14,803)
Other		(1,819)	(2,838)
<b>Net cash provided by operating activities</b>	18	<b>70,946</b>	<b>62,562</b>
<b>Cash flows from investing activities</b>			
<i>Inflows:</i>			
Sales of property, plant and equipment		395	640
<i>Outflows:</i>			
Payments for property, plant, equipment		(32,639)	(26,591)
Payments for intangible assets		(907)	(223)
<b>Net cash (used in) investing activities</b>		<b>(33,151)</b>	<b>(26,174)</b>
<b>Cash flows from financing activities</b>			
<i>Inflows:</i>			
Equity injections		13,377	5,194
<i>Outflows:</i>			
Equity withdrawals		(46,699)	(46,179)
Non appropriated equity adjustment - MOG transfer		(5)	-
Payment relating to prior years' Machinery of Government changes		-	(1,237)
Borrowing redemptions - non current		(43)	(110)
<b>Net cash (used in) financing activities</b>		<b>(33,370)</b>	<b>(42,332)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>4,425</b>	<b>(5,944)</b>
Cash and cash equivalents at beginning of financial year		57,180	63,124
<b>Cash and cash equivalents at end of financial year</b>		<b>61,605</b>	<b>57,180</b>

*The accompanying notes form part of these statements.*

**Department of National Parks, Sport and Racing**  
**Statement of Comprehensive Income by Major Departmental Services**  
**for the year ended 30 June 2016**

	National Parks		Sport		Racing		Total	
	2016 \$'000	Restated 2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	Restated 2015 \$'000
<b>Income from continuing operations</b>								
Appropriation revenue	160,418	149,196	101,070	100,756	23,992	20,464	285,480	270,416
User charges and fees	25,717	21,521	6,352	6,130	50	62	32,119	27,713
Grants and other contributions	21,121	21,672	14	908	3	2	21,138	22,582
Revaluation increment	13,362	-	1,367	-	19	-	14,748	-
Interest	465	582	-	-	-	-	465	582
Other revenue	8,510	6,339	1,541	1,375	3,988	3,599	14,039	11,313
<i>Total revenue</i>	229,593	199,310	110,344	109,169	28,052	24,127	367,989	332,606
Gains on disposal of assets	211	385	26	-	5	-	242	385
<b>Total income from continuing operations</b>	<b>229,804</b>	<b>199,695</b>	<b>110,370</b>	<b>109,169</b>	<b>28,057</b>	<b>24,127</b>	<b>368,231</b>	<b>332,991</b>
<b>Expenses from continuing operations</b>								
Employee expenses	87,212	82,546	26,470	25,318	5,198	3,753	118,880	111,617
Supplies and services	55,441	56,951	28,811	26,301	4,147	3,379	88,399	86,631
Grants and subsidies	3,381	13,819	51,253	49,254	18,268	17,001	72,902	80,074
Depreciation and amortisation	31,726	30,075	3,180	2,887	351	374	35,257	33,336
Revaluation decrement	-	30,436	-	26,182	-	477	-	57,095
Finance/borrowing costs	-	-	-	-	-	-	-	-
Other expenses	3,159	3,948	116	1,960	79	118	3,354	6,026
<b>Total expenses from continuing operations</b>	<b>180,919</b>	<b>217,775</b>	<b>109,830</b>	<b>131,902</b>	<b>28,043</b>	<b>25,102</b>	<b>318,792</b>	<b>374,779</b>
<b>Operating result for the year</b>	<b>48,885</b>	<b>(18,080)</b>	<b>540</b>	<b>(22,733)</b>	<b>14</b>	<b>(975)</b>	<b>49,439</b>	<b>(41,788)</b>
<b>Other comprehensive income</b>								
Increase in asset revaluation surplus	29,577	(27,008)	-	-	-	-	29,577	(27,008)
<b>Total comprehensive income</b>	<b>78,462</b>	<b>(45,088)</b>	<b>540</b>	<b>(22,733)</b>	<b>14</b>	<b>(975)</b>	<b>79,016</b>	<b>(68,796)</b>

**Department of National Parks, Sport and Racing**  
**Statement of Financial Position by Major Departmental Services**  
**for the year ended 30 June 2016**

	National Parks		Sport		Racing		Total	
	2016	Restated 2015	2016	2015	2016	2015	2016	Restated 2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>								
Cash and cash equivalents	58,436	54,690	1,025	1,915	2,144	575	61,605	57,180
Receivables	4,225	7,858	6,722	1,483	(835)	1,881	10,112	11,222
Assets held for sale	370	-	-	-	-	-	370	-
Other current asset - prepayment	226	1,251	35	28	119	78	380	1,357
<b>Total current assets</b>	<b>63,257</b>	<b>63,799</b>	<b>7,782</b>	<b>3,426</b>	<b>1,428</b>	<b>2,534</b>	<b>72,467</b>	<b>69,759</b>
<b>Non-current assets</b>								
Property, plant and equipment	4,601,367	4,570,010	156,658	149,645	7,212	7,353	4,765,237	4,727,008
Intangibles	1,580	1,321	74	110	-	-	1,654	1,431
<b>Total non-current assets</b>	<b>4,602,947</b>	<b>4,571,331</b>	<b>156,732</b>	<b>149,755</b>	<b>7,212</b>	<b>7,353</b>	<b>4,766,891</b>	<b>4,728,439</b>
<b>Total assets</b>	<b>4,666,204</b>	<b>4,635,130</b>	<b>164,514</b>	<b>153,181</b>	<b>8,640</b>	<b>9,887</b>	<b>4,839,358</b>	<b>4,798,198</b>
<b>Current liabilities</b>								
Payables	10,014	13,637	4,477	1,970	824	2,368	15,315	17,975
Accrued employee benefits	3,427	2,969	1,013	896	242	123	4,682	3,988
Interest-bearing liabilities	-	-	-	-	46	43	46	43
Other current liabilities	16,680	19,434	794	561	-	-	17,474	19,995
<b>Total current liabilities</b>	<b>30,121</b>	<b>36,040</b>	<b>6,284</b>	<b>3,427</b>	<b>1,112</b>	<b>2,534</b>	<b>37,517</b>	<b>42,001</b>
<b>Non-current liabilities</b>								
Interest-bearing liabilities	-	-	-	-	-	46	-	46
<b>Total liabilities</b>	<b>30,121</b>	<b>36,040</b>	<b>6,284</b>	<b>3,427</b>	<b>1,112</b>	<b>2,580</b>	<b>37,517</b>	<b>42,047</b>
<b>Net assets</b>	<b>4,636,083</b>	<b>4,599,090</b>	<b>158,230</b>	<b>149,754</b>	<b>7,528</b>	<b>7,307</b>	<b>4,801,841</b>	<b>4,756,152</b>



# Department of National Parks, Sport and Racing

## Notes to and forming part of the financial statements 2015-16

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### 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') protects and manages our parks, forests and the Great Barrier Reef for current and future generations, supports and encourages active participation in physical activity and supports the Queensland racing industry.

The department is focused on the following objectives:

- Queensland's outstanding parks and forests are protected, enjoyed and cherished now and into the future, enhancing Queenslanders' well-being and prosperity.
- Queenslanders lead active and healthy lifestyles through participation in physical activity.
- A legislative and policy framework for racing which meets the expectations of the community.
- A capable and streamlined, customer-centric organisation.

The department delivers its services through three areas:

- National Parks – managing protected areas to enable sustainable use now and in the future;
- Sport – encouraging active participation in sport and recreation; and
- Racing – ensuring the integrity of the racing industry across the state.

The department is funded for the departmental services it delivers principally by parliamentary appropriations. It also derives income from the following:

- spatial data;
- 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 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
- *Framework for the Preparation and Presentation of Financial Statements* (Framework) (in particular those that apply to not-for-profit entities)
- *Queensland Treasury's Minimum Reporting Requirements* for reporting periods beginning 1 July 2015
- *Financial Reporting Requirements for Queensland Government Agencies* (FRR)
- *Appropriation Act 2015*
- *Income Tax Assessment Act 1936*
- *Fringe Benefit Tax Assessment Act 1986*
- *A New Tax System (Goods and Services Tax) Act 1999*
- *Non-Current Asset Policies for the Queensland Public Sector* (NCAP)
- Other authoritative pronouncements, whole of Government accounting policy guidelines and relevant legislations

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

The financial statements include the value of all income, expenses, assets, liabilities and equity of the department. These accounts are reported as controlled items as they directly relate to the operational objectives of the department and arise at the discretion and direction of the department.

All other transactions that the department administers for whole of Government purposes over which the department does not have control but which is 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) 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.

Comparative information, where necessary, has been restated to be consistent with disclosures in the current reporting period. This reflects the audited 2014-15 financial statements except where the classification of certain expenses was reviewed during 2015-16, with the comparative figures being restated.

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

**d) Authorisation of Financial Statements for Issue**

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

**e) New and revised accounting standards**

**Changes in Accounting Policy**

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

**Accounting Standards Early Adopted for 2015-16**

Two Australian Accounting Standards have been early adopted for the 2015-16 year as required by Queensland Treasury. These are:

*AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049].* The amendments arising from this standard seek to improve financial reporting by providing flexibility as to the ordering of notes, the identification and location of significant accounting policies and the presentation of sub-totals, and provides clarity on aggregating line items. It also emphasises only material disclosures in the notes. The department has applied this flexibility in preparing the 2015-16 financial statements, including co-locating significant accounting policies with the related breakdowns of financial statement figures in the notes.

*AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13].* This standard amends *AASB 13 Fair Value Measurement* and provides relief to not-for-profit public sector entities from certain disclosures about property, plant and equipment that is primarily held for its current service potential rather than to generate future net cash inflows. The relief applies to assets under *AASB 116 Property, Plant and Equipment* which are measured at fair value and categorised within Level 3 of the fair value hierarchy (Note 13 *Property, plant and equipment*).

As a result, the following disclosures are no longer required for those assets. In early adopting the amendments, the following disclosures have been removed from the 2015-16 financial statements:

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

**Accounting Standards Applied for the First Time in 2015-16**

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

**f) Future Impact of Accounting Standards not yet effective**

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

*AASB 2016-2 Amendments to Australian Accounting Standards-Disclosure Initiative: Amendment to AASB 107 – Effective 1 July 2017,* this standard amends *AASB107 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.

*AASB 124 Related Party Disclosures – Effective 1 July 2016,* a revised version of AASB124 will apply to the department. This requires disclosures about the remuneration of key management personnel (KMP) and transactions with related parties. The department already discloses detailed information about remuneration of its KMP (Note 7 *Key executive management personnel and remuneration*), based on Queensland Treasury's FRR. Due to the additional guidance about KMP definition in the revised AASB124, the department will be assessing whether its responsible Minister meets this definition, and if so, no associated remuneration figures will be disclosed as it does not provide the Minister's remuneration. Comparative information will continue to be disclosed in respect of KMP remuneration.

The most significant implications of AASB 124 for the department are the required disclosures about transactions between the department and its related parties (as defined in AASB 124). For any such transactions, from 2016-17, disclosures will include the nature of the related party relationship, as well as information about those transactions' terms/conditions and amounts, any guarantees given/received, outstanding receivables/payables, commitments, and any receivables where collection has been assessed as being doubtful. In respect of related party transactions with other Queensland Government controlled entities, the information disclosed will be more high level, unless a transaction is individually significant. No comparative information is required in respect of related party transactions in the 2016-17 financial statements.

*AASB 15 Revenue from Contracts with Customers – Effective 1 January 2018,* this standard contains much more detailed requirements for the accounting for certain types of revenue from customers. Depending on the specific contractual terms, there would be a potential change to the timing of revenue from sale of the department's goods and services. The department is yet to complete its analysis of current arrangements for sale of its goods and services, but at this stage does not expect a significant impact on its present accounting practice.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements 2015-16**

**New and revised accounting standards (continued)**

*AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* – Effective January 2018 there will be a change in the requirements for the classification, measurement, impairment and disclosures associated with the department's financial assets. As the classification of financial assets at the date of initial application of this standard will depend on the facts and circumstances existing at that date, the department's conclusions will not be confirmed until closer to that time. At this stage, assuming no change in the types of transactions the department enters into, all financial assets are expected to be measured at fair value instead of those presented in Note 21 *Financial instruments*. In the case of the department's current receivables, as they are short term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Another impact of this standard relates to calculation of impairment losses. As this is not a significant financing component of the department's financial assets, the impact would be immaterial.

*AASB 16 Leases* – Effective 1 January 2019, this standard introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value. In effect, the majority of operating leases (as defined by the current *AASB 117 Leases*) will be reported in the Statement of Financial Position. The standard also allows for a 'cumulative approach' where comparative information would not be re-stated but the opening balance of accumulated surplus at the date of initial application would be adjusted for the cumulative effect of the right-of-use of asset and corresponding liability.

The department has not yet fully quantified the impact of applying this standard on the financial statements to its current operating leases, including the extent of additional disclosure required. However, as an indication, the department leases office accommodations and storage facilities predominantly with the Department of Housing and Public Works. Had this requirement been adopted as at 30 June 2016, approximately \$60 million worth of commitments would have been reported as right-of-use asset with a corresponding liability.

On the other hand, the department leases land tenure to various organisations. Lessor accounting under this standard remains largely unchanged from AASB 117, therefore, there would not be any impact to the department's operating leases to customers.

**2. Reconciliation of payments from consolidated fund**

**Reconciliation of payments from Consolidated Fund to appropriation revenue for services recognised in the Statement of Comprehensive Income**

Budgeted appropriation revenue for services	347,381	354,316
Less lapsed appropriations	(65,348)	(82,087)
Total appropriation receipts (cash)	282,033	272,229
Plus: Closing balance of appropriation revenue receivable	1,633	-
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	1,813	-
Less: Closing balance of deferred appropriation payable to Consolidated Fund	-	(1,813)
Net appropriation revenue	285,480	270,416

Appropriation revenue for services recognised in the Statement of Comprehensive Income

285,480 270,416

**Reconciliation of payments from Consolidated Fund to equity adjustment recognised in Contributed Equity**

Budgeted equity adjustment appropriation	(28,121)	(40,211)
Less lapsed equity adjustment	(5,201)	(774)
Total equity adjustment receipts/(payments)	(33,322)	(40,985)

**Equity adjustment recognised in Contributed Equity**

(33,322) (40,985)

Appropriations are recognised as revenue when received, or when approved by Queensland Treasury as appropriation receivable 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*.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements 2015-16**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>3. User charges and fees</b>		
Fees and permits	24,539	20,447
Sales of services	7,233	7,083
Sales of goods	310	113
Other	37	70
	<b>32,119</b>	<b>27,713</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.

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>4. Grants and other contributions</b>		
Grants	17,731	19,027
Revenue for service delivery outsourced	1,800	2,078
Industry contributions	1,538	1,079
Goods/services received at below fair value	38	345
Donations	31	54
	<b>21,138</b>	<b>22,582</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. 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. The Department of Agriculture and Fisheries also provides information technology services to the department on a fee for services basis.

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>5. Other revenue</b>		
Recoveries	4,426	3,425
Racing Science Centre recoveries <sup>a</sup>	3,732	3,409
Damages compensation	1,747	351
Property rental	1,548	1,332
Forestry leases	1,259	1,240
Insurance recoveries	494	978
Refund of grants	356	299
Other	477	279
	<b>14,039</b>	<b>11,313</b>

<sup>a</sup> The Racing Science Centre is an accredited facility under the *Racing Act 2002*. Operating expenses are recovered under a Service Level Agreement with Racing Queensland.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements 2015-16**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>6. Employee expenses</b>		
<i>Employee benefits</i>		
Salaries and wages	93,226	87,693
Employer superannuation contributions	11,968	11,341
Annual leave expense	9,280	8,737
Long service leave levy	2,161	2,027
Other employee benefits	615	599
<i>Employee related expenses</i>		
Workers' compensation premium	1,176	909
Other employee related expenses	454	311
	<b>118,880</b>	<b>111,617</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 employee benefits and is recognised separately as employee related expenses. 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. No provisions for annual leave and LSL are recognised in the department's financial statements as the liabilities are held on a whole-of-government basis and reported in those financial statements pursuant to *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.

**Superannuation**

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

	<b>2016</b>	<b>2015</b>
The number of employees, including both full time and part time employees, is measured on a full time equivalent basis, reflecting Minimum Obligatory Human Resource Information (MOHRI) at 30 June 2016 and 30 June 2015 years are:	<b>1,371</b>	<b>1,364</b>

**7. Key executive management personnel and remuneration**

**a) Key Management Personnel 2015-16**

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2015-16. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements 2015-16**

**7. Key executive management personnel and remuneration (continued)**

**Department of National Parks, Sport and Racing Executive Management Board 1 July 2015 – 30 June 2016**

<b>Incumbent</b>	<b>Contract classification and appointment authority</b>	<b>Date appointed</b>	<b>Date resigned or ceased</b>
<b>Director General</b>			
The Director-General directs the overall efficient, effective and economical administration of the department.			
Current	CEO 3/ Public Service Act 2008	19 August 2015	-
Former	CEO 3/ Public Service Act 2008	1 November 2012	20 July 2015
Temporary Relieving	CEO 3/ Public Service Act 2008	21 July 2015	18 August 2015
Temporary Relieving	CEO 3/ Public Service Act 2008	11 February 2016	2 May 2016
<b>Deputy Director-General Queensland Parks and Wildlife Service</b>			
The Deputy Director-General, Queensland Parks and Wildlife Service (QPWS) provides vision, direction and leadership for the National Parks within the State and is responsible for the overall management of the Queensland Parks and Wildlife Service.			
Current	SES 4 / Public Service Act 2008	28 March 2013	-
Temporary Relieving	SES 4 / Public Service Act 2008	11 February 2016	2 May 2016
<b>Deputy Director-General Sport &amp; Recreation Services</b>			
The Deputy Director-General, Sport & Recreation Services (SRS) provides vision, direction and leadership for sport and recreation activities including strategies and programs for encouraging active lifestyles.			
Current	SES 3 / Public Service Act 2008	28 March 2013	-
<b>Executive Director Office of Racing</b>			
The Executive Director, Office of Racing (OoR) provides strategic advice, direction, leadership, management and policy expertise to both the Government and the Queensland Racing Industry.			
Former	SES 2 / Public Service Act 2008	22 August 2014	7 August 2015
Temporary Relieving	S122 Contract SES 2(H) equivalent	8 August 2015	25 October 2015
Temporary Relieving (Current)	S122 Contract SES 3(L) equivalent	26 October 2015	-
<b>Executive Director Office of the Director-General</b>			
The Executive Director, Office of the Director-General (ODG) provides strategic advice to the Director-General and provides leadership and direction of the department's service delivery.			
Former	SES 2 / Public Service Act 2008	3 December 2012	11 September 2015
Temporary Relieving	S122 Contract SES 2(H) equivalent	12 September 2015	15 December 2015
Temporary Relieving	SES 2 / Public Service Act 2008	16 December 2015	15 January 2016
Temporary Relieving	S122 Contract SES 2(H) equivalent	16 January 2016	10 February 2016
Temporary Relieving	SES 2 / Public Service Act 2008	11 February 2016	2 May 2016
Temporary Relieving (Current)	S122 Contract SES 2(H) equivalent	3 May 2016	-
<b>Chief Finance Officer</b>			
The Chief Finance Officer is responsible for the strategic leadership and direction over the efficient, effective and economic financial administration of the department.			
Current	SES 2 / Public Service Act 2008	21 October 2013	-
<b>Assistant Director-General Corporate Services</b>			
The Assistant Director-General, Corporate Services (CS) is responsible for the overall management of the Corporate Services divisions. This position was re-titled as Deputy Director-General Corporate Services on 2 Dec 2015. Refer table below.			
Former	SES 3 / Public Service Act 2008	11 August 2014	1 December 2015
<b>Deputy Director-General Corporate Services</b>			
The Deputy Director-General, Corporate Services (CS) is responsible for the 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 departmental 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.			
Current	SES 3 / Public Service Act 2008	2 December 2015	-
Temporary Relieving	SES 3 / Public Service Act 2008	11 February 2016	2 May 2016

**b) Remuneration expenses**

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

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements 2015-16**

**7. Key executive management personnel and remuneration (continued)**

Remuneration expenses for key management personnel comprises the following components:

- Short term employee expenses which include:
  - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee 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 mutually agreed terms for separation of the former Director-General\* considered all relevant clauses of their contract. A separation payment of \$166,321 under their contract was made in August 2015 including a payment in consideration of an 'at risk' component of \$31,533 made in accordance with their contract of employment and the mutually agreed terms of their employment separation and not on the basis of any performance assessment process. These payments are noted in the table below under Monetary Expenses and Termination Expenses.

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

**1 July 2015 - 30 June 2016**

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	230	6	4	17		257
Director-General Former*	45	1	0	2	166	215
Director-General Acting	78	3	2	7		89
Deputy DG QPWS - Current	182	8	3	20		215
Deputy DG QPWS - Acting	57	2	1	5		66
Deputy DG SRS - Current	209	11	4	22		246
Executive Director OoR - Current	139	6	3	14		163
Executive Director OoR - Former	23	2	0	2		28
Executive Director OoR - Acting	36	2	1	3		42
Executive Director ODG - Current	29	1	1	3		34
Executive Director ODG - Former	39	3	1	4		46
Executive Director ODG - Acting	125	7	2	12		147
Chief Financial Officer	163	11	3	17		194

**1 July 2014 - 30 June 2015**

Position	Short Term Employee Expenses		Long Term Employee Expenses \$'000	Post Employment Expenses \$'000	Total Expenses \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits <sup>b</sup> \$'000			
Director-General Current	371	10	7	42	430
Deputy DG QPWS - Current	224	10	4	25	263
Deputy DG SRS - Current	195	10	4	22	231
Executive Director OoR - Current	180	10	4	17	211
Executive Director ODG - Current	181	10	4	20	215
Chief Financial Officer	156	10	3	17	186

<sup>b</sup> 2014-15 non-monetary benefits have been re-stated to show actual payments of non-monetary benefits of the key management personnel rather than the statutory calculation used previously.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements 2015-16**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>8. Supplies and services</b>		
Consultants and contractors	21,644	20,238
Operating lease rentals	12,751	12,703
Repairs and maintenance	8,293	7,480
Shared service provider expenses	5,800	6,374
Computer services	5,358	5,411
Coaching and squad expenses	4,561	4,465
Office accommodation	4,268	3,960
Travel	4,011	3,736
Motor vehicle costs	3,729	4,190
Utilities	3,529	3,766
Minor plant and equipment	2,983	3,088
Supplies and consumables	2,646	2,739
Recreation centre catering expenses	2,327	2,242
Land maintenance	1,015	1,409
Bank fees and charges	272	327
Other	5,212	4,505
	<b>88,399</b>	<b>86,631</b>
<b>9. Grants and subsidies</b>		
Sport and recreation grants	50,129	48,487
Racing industry grants	18,257	17,000
Capital provided below fair value	2,187	12,494
National parks grants	1,585	1,252
Sponsorships and scholarships	734	835
Donations and gifts given	10	6
	<b>72,902</b>	<b>80,074</b>
<b>10. Other expenses</b>		
Commission paid	1,492	1,292
Insurance premiums - Queensland Government Insurance Fund	1,271	1,384
External audit fees <sup>c</sup>	215	188
Legal fees	139	162
Loss on disposal of property, plant and equipment	106	2,693
Special payments: <sup>d</sup>		
Compensation claims	35	82
Ex-gratia payments	31	5
Insurance premiums - other	6	-
Finance/borrowing cost	4	7
Bad and impaired debts	(2)	102
Other	57	112
	<b>3,354</b>	<b>6,026</b>

<sup>c</sup> Total audit fees payable to the Queensland Audit Office relating to the 2015-16 financial statements are quoted to be \$0.215 million (2015: \$0.190 million). There are no non-audit services included in this amount.

<sup>d</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 2015-16**

	2016 \$'000	2015 \$'000
<b>11. Cash and cash equivalents</b>		
Cash at bank <sup>e</sup>	44,307	37,670
Curtis Island Environmental Management Precinct cash at bank <sup>f</sup>	17,282	19,490
Imprest accounts	16	20
	61,605	57,180

Cash assets include all cash on hand, cash at bank, deposits at call with financial institutions, and cash and cheques receipted but not banked at 30 June.

<sup>e</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>f</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.

	2016 \$'000	2015 \$'000
<b>12. Receivables</b>		
Trade debtors	1,965	4,970
Less: Allowance for impairment loss <sup>h</sup>	(89)	(132)
	1,876	4,838
GST receivable	2,717	2,167
GST payable	(309)	(330)
	2,408	1,837
Appropriation receivable from Treasury	1,634	-
Annual leave reimbursements	1,415	1,754
Operating lease receivable <sup>g</sup>	1,090	1,199
Accrued revenue - fee for service	1,044	933
Long service leave reimbursements	595	473
Other	50	189
	10,112	11,222

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 30 June.

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

The department as a State body, is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) 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.

<sup>g</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>h</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.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements 2015-16**

**12. Receivables (continued)**

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.

Impairment loss expense for the current year regarding the department's receivables is \$65K (2015: \$102K). This is a decrease of \$36K from 2014-15.

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following tables below:

Ageing of past due but not impaired – Receivables	Overdue				Total \$'000
	<30 Days \$'000	30 - 60 \$'000	61-90 \$'000	>90 Days \$'000	
2016	1,757	1,223	53	1	3,033
2015	3,756	1,388	66	19	5,229
<b>Individually impaired receivables</b>					
<b>2016</b>					
Receivable (gross)*	-	-	-	89	89
Allowance for impairment	-	-	-	(89)	(89)
2016 Carrying amount	-	-	-	-	-
<b>2015</b>					
Receivable (gross)*	3,756	1,388	66	257	5,467
Allowance for impairment	-	-	-	(132)	(132)
2015 Carrying amount	<b>3,756</b>	<b>1,388</b>	<b>66</b>	<b>125</b>	<b>5,335</b>

\*Gross receivables are those receivables that have been individually impaired, not the total gross receivables reported in the above disclosure.

	2016 \$'000	2015 \$'000
<b>Movements in allowance for impairments</b>		
Balance at 1 July	132	409
Increase in allowance recognised in operating result	65	102
Amounts no longer provided for	(34)	(14)
Amount previously provided for – paid during the year	(42)	(50)
Amounts written off during the year	(32)	(315)
<b>Balance at 30 June</b>	<b>89</b>	<b>132</b>

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements 2015-16**

**13. Property, plant and equipment**

	Land		Buildings		Infrastructure		Heritage and cultural		Plant and equipment		Assets under construction		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	Restated 2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	Restated 2015 \$'000
Gross	367,040	367,179	552,478	527,870	3,043,579	3,000,505	1,292,171	1,284,744	61,435	59,125	12,251	13,575	5,328,954	5,252,998
Less: Accumulated depreciation	-	-	(340,581)	(323,760)	(184,989)	(166,820)	(1,708)	(1,580)	(35,186)	(32,577)	-	-	(562,464)	(524,737)
Less: Accumulated impairment loss	-	-	(1,253)	(1,253)	-	-	-	-	-	-	-	-	(1,253)	(1,253)
<b>Balance at 30 June</b>	<b>367,040</b>	<b>367,179</b>	<b>210,644</b>	<b>202,857</b>	<b>2,858,590</b>	<b>2,833,685</b>	<b>1,290,463</b>	<b>1,283,164</b>	<b>26,249</b>	<b>26,548</b>	<b>12,251</b>	<b>13,575</b>	<b>4,765,237</b>	<b>4,727,008</b>
<i>Represented by movements in carrying amount:</i>														
<b>Carrying value at 1 July</b>	367,179	407,394	202,857	210,859	2,833,685	2,861,948	1,283,164	1,305,507	26,548	26,842	13,575	19,784	4,727,008	4,832,334
Acquisitions (including upgrades)	-	195	155	103	-	21	-	-	3,722	2,908	27,283	23,220	31,160	26,447
Transfers in	-	1,925	-	-	-	-	-	524	-	-	-	-	-	2,449
Revaluation increments *	6,685	-	6,769	-	28,825	-	2,045	-	-	-	-	-	44,324	-
Disposals	-	-	(1)	(1,622)	-	-	-	-	(249)	(509)	-	(818)	(250)	(2,949)
Transfers out	(1,539)	(10,810)	-	(435)	(516)	-	-	(3,261)	(5)	(24)	-	-	(2,060)	(14,530)
Revaluation decrements *	-	(32,607)	-	(5,815)	-	(27,008)	-	(18,673)	-	-	-	-	-	(84,103)
Depreciation	-	-	(15,100)	(14,283)	(14,272)	(13,336)	(103)	(93)	(5,099)	(4,920)	-	-	(34,574)	(32,632)
Assets reclassified as transferred for sale	(280)	-	(90)	-	-	-	-	-	-	-	-	-	(370)	-
Transfers between classes	(5,005)	1,082	16,054	14,050	10,868	12,060	5,357	(840)	1,332	2,251	(28,607)	(28,611)	(1)	(8)
<b>Balance at 30 June</b>	<b>367,040</b>	<b>367,179</b>	<b>210,644</b>	<b>202,857</b>	<b>2,858,590</b>	<b>2,833,685</b>	<b>1,290,463</b>	<b>1,283,164</b>	<b>26,249</b>	<b>26,548</b>	<b>12,251</b>	<b>13,575</b>	<b>4,765,237</b>	<b>4,727,008</b>

*Fair value hierarchy*

Asset Class	Level 2 \$'000		Level 3 \$'000		Total \$'000	
	2016	Restated 2015	2016	Restated 2015	2016	Restated 2015
Land	53,444	48,229	313,596	318,950	367,040	367,179
Buildings	-	-	210,644	202,857	210,644	202,857
Infrastructure	-	-	2,858,589	2,833,685	2,858,589	2,833,685
Heritage and cultural assets	-	-	1,290,463	1,283,164	1,290,463	1,283,164

\* As per the Statement of Comprehensive Income

	2016 \$'000	2015 \$'000
Revaluation increment	14,748	-
Revaluation decrement	-	(57,095)
Increase/(decrease) in asset revaluation surplus	29,577	(27,008)
	<b>44,324</b>	<b>(84,103)</b>

## Department of National Parks, Sport and Racing

### Notes to and forming part of the financial statements 2015-16

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#### 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

##### Acquisition

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use. 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 park's 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 in accordance with NCAP. The carrying amounts 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 as required by NCAP. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable.

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

The concept of *Materiality* under the Framework are considered in determining whether the difference between the carrying amount and the fair value of an asset is material (in which case revaluation is required).

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

Revaluations using independent professional valuer appraisals are undertaken at least once every five years. However, if a class of asset 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. depreciated replacement cost) where by 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 where by accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to revaluation.

#### **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 Freehold, State Forests and Timber Reserves administered under the *Forestry Act 1959* 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 restrictions. The approach reflects fair market value given the restrictive nature of 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 that the restrictive nature of National Park lands is taken into account in the current valuations with appropriate allowance 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 approximately 80% of the total value of the asset class base. In the years an assessment is not made by an independent valuer, an index is used based on market movements. Depending on the type of land tenure the fair value may be determined using level 2 or level 3 inputs.

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 80% valuation target of the total value of the asset class base.

#### **Buildings**

The majority of the value of the Building class is comprised of buildings that exist on National Park and State Forest land and Active Recreation Centres that support sport and recreation. The majority of building 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.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements 2015-16**

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

Therefore it is considered that the most appropriate valuation technique is depreciated replacement cost and that these should be determined using level 3 inputs subject to the building characteristics. Due 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, a risk weighted approach is taken of having only those assets valued that materially represent the total value.

**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 depreciated replacement cost using level 3 inputs subject to the infrastructure characteristics.

The department completed a project in 2015-16 to review the valuation methodology of road structures within the Infrastructure class of Property, Plant and Equipment. This project involved adopting the valuation methodology and framework developed by the Roads and Transport Alliance 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 Roads Alliance methodology has been extended to cover road types typically found in department's road networks. 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 *Urgent Issues Group Interpretation 1055 Accounting for Road Earthworks*. The adoption of the methodology requires a change to the comparative balances in the department's financial statements.

The result of this methodology was that roads have now been componentised for the first time 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. Previously a standard useful life of 50 years was applied to the whole asset. This componentisation has resulted in a lower level of accumulated depreciation being recorded as the majority of the asset is not being depreciated.

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.

These adjustments represent an adjustment to the Infrastructure class of Property, Plant and Equipment, depreciation, revaluation increments and accumulated surpluses. The adjustments are as follows:

Statement of Financial Position	Restated 30 June 2015 Movements \$'000	Restated 30 June 2014 Movements \$'000
Property, plant and equipment	Increase \$1,996,471	Increase \$2,010,764
Contributed equity	Increase \$1,779,568	Increase \$1,779,568
Accumulated surplus	Increase \$140,715	Increase \$128,000
Asset revaluation surplus	Increase \$76,188	Increase \$103,196
Statement of Comprehensive Income	Restated 30 June 2015 Movements \$'000	
Revaluation increment	Decrease \$8,202	
Depreciation	Decrease \$20,917	

**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.

*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	0-1%
Plant and equipment	Straight-line; progressive allocation of net/revalued amount over estimated life	6.7% - 33.3%
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. In addition, the department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements 2015-16**

**14. Intangibles**

	Software purchased		Software internally generated		Software development in progress		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Gross	1,884	1,029	3,716	3,716	337	286	5,937	5,031
Less: Accumulated amortisation	(1,015)	(1,005)	(3,268)	(2,595)	-	-	(4,283)	(3,600)
<b>Balance at 30 June</b>	<b>869</b>	<b>24</b>	<b>448</b>	<b>1,121</b>	<b>337</b>	<b>286</b>	<b>1,654</b>	<b>1,431</b>
<i>Represented by movements in carrying amount:</i>								
<b>Carrying value at 1 July</b>	<b>24</b>	<b>26</b>	<b>1,121</b>	<b>1,499</b>	<b>286</b>	<b>386</b>	<b>1,431</b>	<b>1,911</b>
Acquisitions	-	-	-	-	906	216	906	216
Disposal	-	-	-	-	-	-	-	-
Amortisation	(10)	(10)	(673)	(694)	-	-	(683)	(704)
Internal transfers	855	8	-	316	(855)	(316)	-	8
<b>Balance at 30 June</b>	<b>869</b>	<b>24</b>	<b>448</b>	<b>1,121</b>	<b>337</b>	<b>286</b>	<b>1,654</b>	<b>1,431</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 7 to 9 years for purchased software and 5 to 7 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**

	2016 \$'000	2015 \$'000
Trade creditors	13,909	11,509
Grants payable	973	2,743
Appropriation payable to Treasury	-	1,813
Taxes payable	(4)	39
Other	437	1,871
	<b>15,315</b>	<b>17,975</b>

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. 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**

	2016 \$'000	2015 \$'000
Annual leave levy payable <sup>i</sup>	2,495	2,575
Wages payable	1,663	815
Long service leave levy payable <sup>i</sup>	524	597
	<b>4,682</b>	<b>3,988</b>

<sup>i</sup> Refer to Note 6 *Employee Expenses*

**17. Other current liabilities**

	2016 \$'000	2015 \$'000
Contributions received in advance <sup>j</sup>	16,411	19,301
Unearned revenue	793	561
Other	270	132
	<b>17,474</b>	<b>19,995</b>

<sup>j</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*).

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements 2015-16**

	2016 \$'000	2015 <sup>k</sup> \$'000
<b>18. Reconciliation of operating result to net cash from operating activities</b>		
<b>Operating result from continuing operations</b>	49,439	(41,788)
Depreciation and amortisation expense	35,257	33,336
Net asset revaluation (increments) / decrements	(14,748)	57,095
Capital assets provided below fair value	2,055	12,494
Loss on disposal of property, plant and equipment	106	2,514
Gain on disposal of property, plant and equipment	(242)	(206)
<b>Change in assets and liabilities</b>		
(Increase) decrease in trade receivables	2,963	(3,170)
(Increase) decrease in GST input tax credits receivable	(551)	80
Increase (decrease) in GST payable	(21)	(37)
(Increase) decrease in appropriation receivable from Treasury	(1,634)	-
(Increase) decrease in annual leave claim receivable	339	349
(Increase) decrease in long service leave reimbursement receivables	(122)	217
(Increase) decrease in other receivables	123	(8)
(Increase) decrease in prepayments	976	455
Increase (decrease) in accounts payable	2,365	(823)
Increase (decrease) in grants payable	(1,770)	2,634
Increase (decrease) in treasury appropriation payable	(1,813)	1,813
Increase (decrease) in taxes payable	(43)	(417)
Increase (decrease) in other payables	203	(1,396)
Increase (decrease) in accrued employee benefits	694	455
Increase (decrease) in other liabilities	(2,630)	(1,035)
<b>Net cash from operating activities</b>	<b>70,946</b>	<b>62,562</b>

<sup>k</sup> Reclassified following 2015-16 classification methodology.

**19. 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>l</sup>		Capital expenditure <sup>m</sup>		Grants and subsidies		Other expenditure	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Not later than 1 year	5,530	5,911	4,791	13,695	25,546	33,319	4,886	5,959
Later than 1 year but not later than 5 years	17,913	18,458	-	348	5,477	5,478	64	993
Later than 5 years	36,170	43,491	-	-	-	-	-	-
<b>Total</b>	<b>59,613</b>	<b>67,860</b>	<b>4,791</b>	<b>14,043</b>	<b>31,023</b>	<b>38,797</b>	<b>4,950</b>	<b>6,952</b>

<sup>l</sup> Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

<sup>m</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:

	2016 \$'000	2015 \$'000
Buildings	1,965	9,724
Infrastructure	2,152	2,860
Plant and equipment	587	1,320
Intangibles	87	139
<b>Total</b>	<b>4,791</b>	<b>14,043</b>

**20. Contingencies**

As at 30 June 2016, there were four pre-court cases and two cases filed with the Magistrate Court and Supreme 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).



**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements 2015-16**

**20. Contingencies (continued)**

**Guarantees and undertakings**

During 2015-16 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:

- five cases for \$10.0 million in aggregate or as limited by a binding scheme;
- two cases for \$5.0 million in aggregate excluding personal injury, death, property damage, intellectual property and the indemnity; and
- two cases capped at three times the contract price excluding personal injury, death, property damage, intellectual property and the indemnity.

These contracts are short term in nature.

**21. 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	2016 \$'000	2015 \$'000
<b>Financial assets</b>			
Cash and cash equivalents	11	61,605	57,180
Receivables at amortised cost	12	10,112	11,222
<b>Total</b>		<b>71,717</b>	<b>68,402</b>
<b>Financial liabilities</b>			
Payables at amortised cost	15	15,315	17,975
Interest-bearing liabilities at amortised cost		46	89
<b>Total</b>		<b>15,361</b>	<b>18,064</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> ) and borrowings from Queensland Treasury Corporation for the purchase of Scientific Instruments for Racing Division, based on the Queensland Government's gazetted floating rate. 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.  The department is exposed to interest risk through its borrowings from Queensland Treasury Corporation which is currently immaterial and falls due within one year.	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.

**Department of National Parks, Sport and Racing**  
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	2016 \$'000	2015 \$'000
<b>22. Schedule of administered items</b>		
<b>Administered revenue</b>		
Appropriation revenue	73,275	26,715
User charges and fees	218	162
Grants and contributions	-	37,500
Other revenue	4	-
<b>Total administered revenue</b>	<b>73,496</b>	<b>64,377</b>
<b>Administered expenses</b>		
Grants and subsidies	73,276	26,711
Transfers of administered item revenue to government	224	37,662
Other expenses	(4)	4
<b>Total administered expenses</b>	<b>73,496</b>	<b>64,377</b>
<b>Operating surplus/(deficit)</b>	<b>-</b>	<b>-</b>
<b>Administered assets</b>		
<i>Current</i>		
Cash	4	12
Receivables	-	4
<b>Total current assets</b>	<b>4</b>	<b>17</b>
<b>Administered liabilities</b>		
<i>Current</i>		
Payables	-	-
Transfers to government payable	4	17
<b>Total administered liabilities</b>	<b>4</b>	<b>17</b>
<b>Net administered assets</b>	<b>-</b>	<b>-</b>

	2016 \$'000	2015 \$'000
<b>Reconciliation of payments from Consolidated Fund to administered revenue</b>		
Budgeted equity adjusted appropriation	41,754	26,811
Lapsed administered appropriation	-	(100)
Transfers from/to other departments	-	4
Unforseen expenditure	31,521	0
<b>Total appropriation revenue for services receipts</b>	<b>73,275</b>	<b>26,715</b>
Administered revenue recognised above	<b>73,275</b>	<b>26,715</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.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements 2015-16**

**23. Budget vs actual comparison**

**Statement of Comprehensive Income**

	<b>Note 23</b>	<b>Original</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
	<b>Variance</b>	<b>Budget</b>	<b>2016</b>	<b>2016</b>	<b>% of</b>
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>Budget</b>
<b>Income from continuing operations</b>					
<i>Revenue</i>					
Appropriation revenue for services	1	347,381	285,480	(61,901)	(18%)
User charges and fees	2	29,560	32,119	2,559	9%
Grants and other contributions	3	18,491	21,138	2,647	14%
Revaluation increment	4	-	14,748	14,748	-
Interest		520	465	(55)	(11%)
Other revenue	5	11,626	14,039	2,413	21%
<b>Total revenue</b>		<b>407,578</b>	<b>367,989</b>	<b>(39,589)</b>	<b>(10%)</b>
<i>Gains</i>					
Gain on sale of property, plant and equipment		-	242	242	-
<b>Total income from continuing operations</b>		<b>407,578</b>	<b>368,231</b>	<b>(39,347)</b>	<b>(10%)</b>
<b>Expenses from continuing operations</b>					
Employee expenses		117,317	118,880	1,563	1%
Supplies and services	6	95,225	88,399	(6,826)	(7%)
Grants and subsidies	7	127,344	72,902	(54,442)	(43%)
Depreciation and amortisation	8	60,586	35,257	(25,329)	(42%)
Revaluation decrement		8	-	(8)	(100%)
Finance/borrowing costs		56	-	(56)	(100%)
Other expenses		3,782	3,354	(428)	(11%)
<b>Total expenses from continuing operations</b>		<b>404,318</b>	<b>318,792</b>	<b>(85,526)</b>	<b>(21%)</b>
<b>Operating result for the year</b>		<b>3,260</b>	<b>49,439</b>	<b>46,179</b>	<b>1417%</b>
<b>Other comprehensive income</b>					
Increase in asset revaluation surplus	4	-	29,577	29,577	-
<b>Total comprehensive income</b>		<b>3,260</b>	<b>79,016</b>	<b>75,756</b>	<b>2324%</b>

**Explanation of major variances**

- Appropriation revenue for services is \$61.9 million less than budget. This is primarily driven by carryovers of funding for the Get in the Game program and other sport grants programs (\$31.8 million) and Racing Infrastructure program grant delays (\$21.9 million) pending the racing infrastructure strategic assessment outcome. The decrease is also due to delays in the North Stradbroke Island program (\$2.5 million), the Cape York Peninsula Protected Area Joint Management program (\$2.5 million) and the Indigenous Rangers program (\$1.5 million). This is partly offset by additional funding of \$4.3 million approved in the Mid-Year Fiscal and Economic Review for the Government response to the Queensland Greyhound Racing Industry Commission of Inquiry.
- Higher user charges and fees of \$2.6 million is mainly due to additional visitation in national parks leading to increased camping and vehicle permit revenue.
- The increase in grants and other contributions of \$2.6 million is mainly attributable to an increased drawdown for the Curtis Island Environmental Management Precinct of \$1.7 million and \$1.3 million for Raine Island Recovery.
- The \$14.7 million revaluation increment is an outcome of the annual asset revaluation exercise in 2015-16 and relates to land, buildings and cultural heritage assets with the \$29.6 million increment relating to infrastructure assets.
- The increase in other revenue of \$2.4 million is predominantly due to funding from Department of Agriculture and Fisheries for the management of State Forests.
- Lower supplies and services of \$6.8 million is mainly due to delays in expenditure associated with the Cape York Peninsula Joint Management program (\$2.2 million), Parks and Forest Management program (\$1.5 million), Parks Enhanced Maintenance program (\$0.5 million), Fire Initiative program (\$0.6 million) and North Stradbroke Island program (\$2.1 million).
- Lower grants and subsidies of \$54.4 million is mainly due to the timing of expenditure in relation to various sport grant programs of \$32.1 million including approximately \$27.5 million for the Get in the Game program, Racing Infrastructure Capital Development Scheme of \$11.4 million and Racing Infrastructure Fund of \$11.4 million following program delays pending the finalisation of the strategic assessment.
- The department implemented a new road infrastructure valuation methodology in 2015-16 that resulted in a change to the calculation of depreciation for these assets. Refer to Note 13 *Property, plant and equipment*.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements 2015-16**

**23. Budget vs actual comparison (continued)**

**Statement of Financial Position**

	<b>Note 23</b>	<b>Original</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
	<b>Variance</b>	<b>Budget</b>	<b>2016</b>	<b>2016</b>	<b>% of</b>
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>Budget</b>
<b>Current assets</b>					
Cash and cash equivalents	9	57,796	61,605	3,809	7%
Receivables		6,250	10,112	3,862	62%
Assets held for sale		-	370	370	-
Other current asset - prepayment		1,762	380	(1,382)	(78%)
<b>Total current assets</b>		<b>65,808</b>	<b>72,467</b>	<b>6,659</b>	<b>10%</b>
<b>Non-current assets</b>					
<b>Other financial assets</b>					
Property, plant and equipment	10	2,764,550	4,765,237	2,000,687	72%
Intangibles	11	3,501	1,654	(1,847)	(53%)
<b>Total non-current assets</b>		<b>2,768,051</b>	<b>4,766,891</b>	<b>1,998,840</b>	<b>72%</b>
<b>Total assets</b>		<b>2,833,859</b>	<b>4,839,358</b>	<b>2,005,499</b>	<b>71%</b>
<b>Current liabilities</b>					
Payables		22,521	15,315	(7,206)	(32%)
Accrued employee benefits		3,309	4,682	1,373	41%
Interest-bearing liabilities		46	46	-	-
Other current liabilities	12	20,767	17,474	(3,293)	(16%)
<b>Total liabilities</b>		<b>46,643</b>	<b>37,517</b>	<b>(9,126)</b>	<b>(20%)</b>
<b>Net assets / Total equity</b>		<b>2,787,216</b>	<b>4,801,841</b>	<b>2,014,625</b>	<b>72%</b>

**Explanation of major variances**

9. The increase in cash and cash equivalents of \$3.8 million is mainly driven by the timing of revenue and expenditure associated with various externally funded programs.
10. Property, plant and equipment is \$2.0 billion higher than budget as a result of the new road infrastructure valuation methodology implemented in 2015-16. Refer to Note 13 *Property, plant and equipment*.
11. The decrease in intangibles of \$1.8 million is due to the rescheduling of enhancement work on software systems and 2014-15 write-down of software assets, recorded after budget finalisation.
12. The decrease in other current liabilities is due to escalation of infrastructure development on Curtis Island and therefore a higher drawdown on the unearned revenue balance.

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements 2015-16**

**23. Budget vs actual comparison (continued)**

**Statement of Cash Flows**

	<b>Note 23</b>	<b>Original</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
	<b>Variance</b>	<b>Budget</b>	<b>2016</b>	<b>2016</b>	<b>% of</b>
	<b>Notes</b>	<b>2016</b>	<b>\$'000</b>	<b>\$'000</b>	<b>Budget</b>
<b>Cash flows from total comprehensive income</b>					
<i>Inflows:</i>					
Service appropriation receipts	13	347,381	282,033	(65,348)	(19%)
User charges and fees	14	29,710	33,574	3,864	13%
Grants and other contributions	15	18,241	21,270	3,029	17%
Interest receipts		520	473	(47)	(9%)
Other		11,626	32,131	20,505	176%
<i>Outflows:</i>					
Employee expenses		(117,317)	(117,977)	(660)	1%
Supplies and services	16	(94,175)	(86,945)	7,230	(8%)
Grants and subsidies	17	(127,344)	(72,244)	55,100	(43%)
Finance and borrowing costs		(56)	-	56	(100%)
Other		(3,746)	(21,369)	(17,623)	470%
<b>Net cash provided by (used in) operating activities</b>		<b>64,840</b>	<b>70,946</b>	<b>6,106</b>	<b>9%</b>
<b>Cash flows from investing activities</b>					
<i>Inflows:</i>					
Sales of property, plant and equipment		118	395	277	235%
<i>Outflows:</i>					
Payments for property, plant, equipment	18	(38,586)	(33,546)	5,040	(13%)
<b>Net cash (used in) investing activities</b>		<b>(38,468)</b>	<b>(33,151)</b>	<b>5,317</b>	<b>(14%)</b>
<b>Cash flows from financing activities</b>					
<i>Inflows:</i>					
Equity injections	19	17,114	13,377	(3,737)	(22%)
<i>Outflows:</i>					
Equity withdrawals		(45,235)	(46,704)	(1,469)	3%
Borrowing redemptions - Non Current		(43)	(43)	-	-
<b>Net cash provided by (used in) financing activities</b>		<b>(28,164)</b>	<b>(33,370)</b>	<b>(5,206)</b>	<b>18%</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(1,792)</b>	<b>4,425</b>	<b>6,217</b>	<b>(347%)</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>59,588</b>	<b>57,180</b>	<b>(2,408)</b>	<b>(4%)</b>
<b>Cash and cash equivalents at end of financial year</b>		<b>57,796</b>	<b>61,605</b>	<b>3,809</b>	<b>7%</b>

**Explanation of major variances**

- Service appropriation receipts are \$65.3 million less than budget. This is primarily driven by carryover of funding for the Get in the Game program and other sport grants programs (\$31.8 million) and racing infrastructure program grant delays (\$21.9 million) pending the racing infrastructure strategic assessment outcome. The decrease is also due to delays in the North Stradbroke Island program (\$2.5 million), the Cape York Peninsula Protected Area Joint Management program (\$2.5 million) and the Indigenous Rangers program (\$1.5 million). This is partly offset by additional funding of \$4.3 million approved in the Mid Year Fiscal and Economic Review for the Government response to the Queensland Greyhound Racing Industry Commission of Inquiry.
- Higher user charges and fees of \$3.9 million is mainly due to additional visitation in national parks leading to increased camping and vehicle permit revenue. The variance is also due to part of the collection of 30 June 2015 receivables in July, 2015-16 financial year.
- The increase in grants and other contributions of \$3.029 million is mainly attributable to an increased drawdown for the Curtis Island Environmental Management Precinct \$1.7 million and \$1.3 million due to the transfer of responsibilities for Raine Island Recovery to the department.
- The decrease in supplies and services of \$7.2 million is mainly due to delays in expenditure on the Cape York Peninsula Joint Management program (\$2.2 million), Parks and Forest Management program (\$1.5 million), Parks Enhanced Maintenance program (\$0.5 million), and North Stradbroke Island program (\$2.1 million).

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements 2015-16**

**23. Budget vs actual comparison (continued)**

17. The decrease in grants and subsidies of \$55.1 million is mainly due to the timing of expenditure in relation to various sport grant programs of \$32.1 million including approximately \$27.5 million for the Get in the Game program, Racing Infrastructure Capital Development Scheme of \$10.5 million and Racing Infrastructure Fund of \$11.4 million following program delays pending the finalisation of the strategic assessment.
18. The \$6 million decrease in payments for property, plant and equipment is due to deferral of expenditure into 2016-17 primarily relating to the Parks and Forest Management and Cape York Peninsula Joint Management programs.
19. The decrease in equity injection of \$3.7 million is mainly due to deferral of capital works funding from 2015-16 into 2016-17 for the completion of projects already commenced.

**Administered Items**

	<b>Note 24 Variance Notes</b>	<b>Original Budget 2016 \$'000</b>	<b>Actual 2016 \$'000</b>	<b>Variance \$'000</b>	<b>Variance % of Budget</b>
<b>Administered revenue</b>					
Appropriation revenue	20	41,754	73,275	31,521	75%
User charges and fees		187	218	31	17%
Other revenue		-	4	4	-
<b>Total administered revenue</b>		<b>41,941</b>	<b>73,496</b>	<b>31,556</b>	<b>75%</b>
<b>Administered expenses</b>					
Grants and subsidies	21	41,754	73,276	31,522	75%
Transfers of administered item revenue to government		187	224	37	20%
Other expenses		-	(4)	(4)	-
<b>Total administered expenses</b>		<b>41,941</b>	<b>73,496</b>	<b>31,556</b>	<b>75%</b>
<b>Operating surplus/(deficit)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Administered assets</b>					
<i>Current</i>					
Cash		12	4	(8)	(67%)
Receivables		8	-	(8)	(100%)
<b>Total current assets</b>		<b>20</b>	<b>4</b>	<b>(16)</b>	<b>(70%)</b>
<b>Administered liabilities</b>					
<i>Current</i>					
Payables		5	-	(5)	(100%)
Transfers to government payable		15	4	(11)	(72%)
<b>Total administered liabilities</b>		<b>20</b>	<b>4</b>	<b>(16)</b>	<b>(79%)</b>
<b>Net administered assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Explanation of major variances**

20. Increased appropriation of \$31.5 million is related to emergency funding received from Treasury to fund the payment made to Racing Queensland to fund the operational deficit of the entity.
21. The \$31.5 million increase in Grants and Subsidies is related to emergency funding received from Treasury to fund the payment made to Racing Queensland to fund the operational deficit of the entity.

**24. Events occurring after the reporting date**

Pursuant to *Public Service Departmental Arrangements Notice (No.2) 2016* Part 5, that part of the Department of National Parks, Sport and Racing known as the Office of Racing will be amalgamated and declared to be part of the Queensland Racing Integrity Commission effective 1 July 2016. The commission was established under the *Racing Integrity Act 2016* which commenced on 1 May 2016. The approximate values of assets and liabilities that will be transferred to the commission are set out below:

	<b>\$'000</b>
Cash	(127)
Other current assets	124
Receivables	1,159
Non-current assets	7,204
Payables	(597)
Accrued employee benefits	(242)
<b>Net transfer</b>	<b>7,521</b>

**Department of National Parks, Sport and Racing**  
**Notes to and forming part of the financial statements 2015-16**

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

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 42 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1) (b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- 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 year ended 30 June 2016 and of the financial position of the department at the end of that year: and
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Duncan Anson FCPA; B.Bus (Acc)  
**Chief Finance Officer**



Tamara O'Shea  
**Director-General**

Date **7** September 2016

Date **07** September 2016

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Report

I have audited the accompanying financial report of Department of National Parks, Sport and Racing, which comprises the statement of financial position and statement of assets and liabilities by major departmental services as at 30 June 2016, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificates given by the Director-General and Chief Finance Officer.

#### *The Accountable Officer's Responsibility for the Financial Report*

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

#### *Auditor's Responsibility*

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

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

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



### *Independence*

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

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


### *Opinion*

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

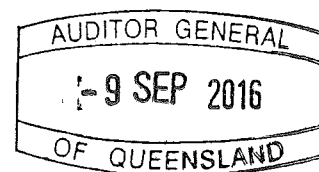
- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Department of National Parks, Sport and Racing for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

### **Other Matters - Electronic Presentation of the Audited Financial Report**

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



A D CLOSE FCPA  
Auditor-General of Queensland (acting)



Queensland Audit Office  
Brisbane