

Our finances

**DPI&F financial statements
for the year ended
30 June 2008**

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Income statement for the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Income			
Revenue			
Output revenue	4	264,206	268,329
User charges, taxes, fees and fines	5	71,461	41,871
Grants and other contributions	6	49,304	50,565
Royalties and other territorial revenue	7	1,523	1,333
Other revenue	8	3,485	3,521
Gains			
Gain on sale of property, plant and equipment	9	272	346
Market value increment/decrement of investments	9	(3)	9
Gain on sale of investments	9	2	-
Net increment in valuation of biological assets	9	377	229
Total income		390,627	366,203
Expenses			
Employee expenses	10	216,216	207,356
Supplies and services	11	129,715	113,853
Depreciation and amortisation	12	14,190	12,268
Impairment losses	13	245	1,072
Grants and subsidies	14	28,788	29,575
Other expenses	15	2,904	2,066
Total expenses		392,058	366,190
Operating surplus/(deficit)		(1,431)	13

The accompanying notes form part of these financial statements.

Balance sheet as at 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Current assets			
Cash assets	16	35,527	34,560
Receivables	17	24,216	23,770
Inventories	19	1,900	1,801
Prepayments	20	2,471	616
		<u>64,114</u>	<u>60,747</u>
Non-current assets classified as held for sale	21	-	7,000
Total current assets		<u>64,114</u>	<u>67,747</u>
Non-current assets			
Other financial assets	18	143	158
Inventories	19	-	11
Prepayments	20	9,547	3,778
Property, plant and equipment	22	436,163	417,213
Intangible assets	23	3,546	3,939
Total non-current assets		<u>449,399</u>	<u>425,099</u>
Biological assets			
Livestock	25	2,175	2,211
Total biological assets		<u>2,175</u>	<u>2,211</u>
Total assets		<u>515,688</u>	<u>495,057</u>
Current liabilities			
Payables	26	30,971	18,284
Accrued employee benefits	27	5,281	24,641
Other current liabilities	28	24,352	24,936
Total current liabilities		<u>60,604</u>	<u>67,861</u>
Non-current liabilities			
Other non-current liabilities	29	84	-
Total non-current liabilities		<u>84</u>	<u>-</u>
Total liabilities		<u>60,688</u>	<u>67,861</u>
Net assets		<u>455,000</u>	<u>427,196</u>
Equity			
Contributed equity		104,927	95,365
Retained surpluses		142,454	142,853
Reserves:			
Asset revaluation reserve	30	206,335	187,321
Biological assets unrealised revenue reserve		1,284	1,657
Total equity		<u>455,000</u>	<u>427,196</u>

The accompanying notes form part of these financial statements.



Statement of changes in equity for the year ended 30 June 2008

	Notes	Retained surpluses		Asset revaluation reserves		Contributed equity	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance 1 July		142,853	142,903	188,978	178,709	95,365	55,050
Operating surplus/(deficit)		(1,431)	13	-	-	-	-
Non-owner changes in equity:							
Increase/(decrease) in asset revaluation reserve		-	-	19,731	10,208	-	-
Adjustment to biological assets unrealised revenue reserve		373	(61)	(373)	61	-	-
Transfer between reserves		659	-	(659)	-	-	-
Correction of error		-	(2)	(58)	-	-	-
Transactions with owners as owners:							
Equity injections	4	-	-	-	-	10,712	5,125
Equity withdrawals	4	-	-	-	-	(7,189)	(65)
Net assets assumed (MoG change)		-	-	-	-	-	35,015
Net assets transferred (MoG change)		-	-	-	-	-	81
Net leave assets/liabilities transferred to/(from) other departments		-	-	-	-	6,039	159
Balance 30 June		142,454	142,853	207,619	188,978	104,927	95,365

The accompanying notes form part of these financial statements.

Cash flow statement for the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Cash flows from operating activities			
<i>Inflows</i>			
Output receipts		262,059	270,332
User charges		73,722	41,416
Grants and other contributions		44,646	49,769
Dividends		2	17
Interest receipts		-	3
GST input tax credits from Australian Taxation Office (ATO)		6,120	5,760
GST collected on sales		8,972	8,029
Other		8,363	221
<i>Outflows</i>			
Employee expenses		(216,006)	(208,836)
Supplies and services		(134,474)	(101,252)
Grants and subsidies		(28,788)	(29,575)
GST remitted to ATO		(231)	(119)
GST paid to suppliers		(15,232)	(14,308)
Other		(5,313)	(12,508)
Net cash provided by operating activities	31	3,840	8,949
Cash flows from investing activities			
<i>Inflows</i>			
Proceeds from sale of property, plant and equipment		11,810	479
Investments redeemed		16	-
Loans and advances redeemed		6	16
<i>Outflows</i>			
Payments for property, plant and equipment		(17,911)	(14,819)
Payments for intangibles		(317)	(416)
Net cash used in investing activities		(6,396)	(14,740)
Cash flows from financing activities			
<i>Inflows</i>			
Equity injections		10,712	6,966
<i>Outflows</i>			
Equity withdrawals		(7,189)	(117)
Net cash provided by (used in) financing activities		3,523	6,849
Cash transfers from restructure		-	-
Net increase (decrease) in cash held		967	1,058
Cash at the beginning of the financial year		34,560	33,502
Cash at the end of financial year	16	35,527	34,560
Non-cash financing and investing activities	32		

The accompanying notes form part of these financial statements.



Income statement by outputs—controlled for the year ended 30 June 2008

	Industry Development		Fisheries		Biosecurity		Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Income*								
Revenue								
Output revenue	159,870	175,142	36,579	33,732	67,757	59,455	264,206	268,329
User charges, taxes, fees and fines	14,112	13,070	8,925	7,590	48,424	21,211	71,461	41,871
Grants and other contributions	37,440	42,517	803	822	11,061	7,226	49,304	50,565
Royalties and other territorial revenue	1,523	1,333	–	–	–	–	1,523	1,333
Other revenue	3,110	3,235	65	68	310	218	3,485	3,521
Gains								
Gain on sale of property, plant and equipment	122	250	147	94	3	2	272	346
Market value increment of investments	(3)	9	–	–	–	–	(3)	9
Gain on sale of investments	2	–	–	–	–	–	2	–
Net increment in valuation of biological assets	236	230	–	–	141	(1)	377	229
Total income	216,412	235,786	46,519	42,306	127,696	88,111	390,627	366,203
Expenses*								
Employee expenses	127,115	132,278	27,126	26,600	61,975	48,478	216,216	207,356
Supplies and services	59,229	71,450	15,889	12,173	54,597	30,230	129,715	113,853
Depreciation and amortisation	10,948	9,789	1,650	1,483	1,592	996	14,190	12,268
Grants and subsidies	18,025	20,368	2,223	1,712	8,540	7,495	28,788	29,575
Impairment losses	175	41	59	8	11	1,023	245	1,072
Other expenses	2,180	1,117	99	128	625	821	2,904	2,066
Total expenses	217,672	235,043	47,046	42,104	127,340	89,043	392,058	366,190
Operating surplus/(deficit)	(1,260)	743	(527)	202	356	(932)	(1,431)	13
*Allocation of income and expenses from ordinary activities to corporate services (disclosure only)								
Income from ordinary activities	28,812	38,625	6,507	6,754	18,498	16,817	53,817	62,196
Expenses from ordinary activities	28,140	37,923	6,354	6,615	18,241	16,595	52,735	61,133

The accompanying notes form part of these financial statements.



1 Objectives of the department

The Department of Primary Industries and Fisheries (DPI&F) delivers against the Queensland Government's priorities of "Growing a diverse economy and creating jobs" and "Protecting the environment for a sustainable future". DPI&F's vision is "Profitable primary industries in Queensland". To achieve this vision, DPI&F has adopted a mission to "Maximise the economic potential of Queensland's primary industries on a sustainable basis".

DPI&F provides policy leadership, smart science and professional, technical, trade and business development services to enhance the industry capacity to respond to challenges and to improve Queensland's competitive advantage in global agribusiness by:

- Enhancing biosecurity
- Accelerating take-up of technology to support innovation and productivity improvements
- Expanding market access
- Building industry capacity to respond effectively to changing climatic, demographic and market conditions
- Improving the access and interactivity of the department's information and services

DPI&F continues to assist industry to take advantage of emerging opportunities by:

- Developing strengths—increasing competitiveness in the global market place
- Expanding horizons—facilitating industry innovation and the adoption of leading-edge technologies in order to revolutionise product development and business practices
- Protecting capacity—improving industry capacity to manage major risks, secure and grow market access and ensure sustainable availability of resources including water
- Improving the way the department does business—strengthening internal and external business relationships and investing strategically in the best people, equipment, and capital resources

The department is predominantly funded for the outputs it delivers by parliamentary appropriations. In response to the opportunities and challenges facing primary industries, DPI&F, in its role as an economic development agency, continues to focus on a vision of profitable primary industries for Queensland through our three key outputs: industry development, biosecurity and fisheries.

The nature of the operations and principle activities of these key outputs are described in Note 3.

2 Summary of significant accounting policies

2.1 Basis of accounting

The financial statements have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AEIFRS).

This financial report is a general purpose financial report that complies with AAS 29 *Financial Reporting by Government Departments*, the Treasurer's *Financial Reporting Requirements for the year ended 30 June 2008*, and other authoritative pronouncements.

Except where otherwise stated, the financial report has been prepared using the historical cost convention.

2.2 The reporting entity

DPI&F is a Queensland Government department established under the *Public Service Act 1996*. The department is controlled by the State of Queensland which is the ultimate parent. The head office of the department is 80 Ann Street, Brisbane, Queensland.

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the department and the entities that it controls, where these entities are material. The department did not have any controlled entities for the year ending 30 June 2008. The outputs undertaken by the department are disclosed in Note 3.

Except where otherwise stated, the department employed consistent accounting policies in the preparation and presentation of these financial statements.

2.3 Transactions and balances administered on a whole-of-government basis

The department administers, but does not control, certain resources on behalf of Government. In doing so, it is responsible and is accountable for administering related transactions and items, but does not have the discretion to deploy the resources for the achievement of this department's objectives. Administered transactions and balances are disclosed separately in Note 35. These transactions and balances are not significant in comparison to the department's overall financial performance/financial position.



2 Summary of significant accounting policies (continued)

2.4 Trust and agency transactions and balances

The department undertakes certain trustee transactions and balances, representing security, tender and other deposits, and other agency collections, in a trust or fiduciary capacity. As the department acts only in a custodial role for these transactions and balances, they are not recognised in the financial statements, but are identified and disclosed in Notes 36 and 41 respectively. Applicable audit arrangements are also shown.

2.5 Output revenue/administered revenue

Appropriation payments to the department under the *Annual Appropriation Act* are recognised as revenue when received or, with Treasury's approval, recognised as a receivable or unearned revenue.

Amounts appropriated to the department for transfer to other entities, in accordance with legislation or other requirements, are reported as administered item appropriation.

2.6 User charges, taxes, fees and fines

User charges and fees controlled by the department are recognised as revenue when invoices for the related services are issued. The department controls these revenues where they can be deployed for the achievement of our objectives.

Taxes, fees and fines collected but not controlled by the department, are reported as administered revenue and disclosed in Note 35.

2.7 Grants and other contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the department obtains control over them.

Where reciprocal contributions were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, they are reported as unearned revenue. (Refer Notes 28 and 29.)

Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements. Contributed assets are recognised at their fair value. Contributed services are recognised only when a fair value can be reliably determined, and the services would be purchased if they had not been donated.

2.8 Cash assets

For the purpose of the Balance Sheet and the Cash Flow Statement, cash assets include cash on hand, comprising petty cash, postage and change imprest balances, cash at bank, cash and cheques receipted but not banked at 30 June, and similar financial assets, which are readily convertible to cash, and are used in the day-to-day cash management function of the department.

2.9 Receivables

Trade debtors are recognised at the nominal amount due at the time of sale or service delivery. Settlement on these amounts is required within thirty (30) days from invoice date, except trade debtors associated with research and development projects where a ninety (90) day term applies.

The collectability of receivables is assessed periodically, with provision being made for impairment. All known bad debts were written-off at 30 June. Increases in the provision for impairment are based on loss events as disclosed in Note 17.

Other debtors generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. Terms usually range from seven (7) days to thirty one (31) days. No interest is charged and no security is obtained.

2.10 Other financial assets

Other financial assets are brought to account at fair value. Dividend revenue is recognised when received. The department does not enter into transactions for speculative purposes, nor for hedging.



2 Summary of significant accounting policies (continued)

2.11 Inventories

Inventories held for sale are valued at the lower of cost and net realisable value, except for sundry crops, saleable semen and saleable vaccine, which are valued at net realisable value. Net realisable value is determined on the basis of the department’s normal selling patterns. Expenses associated with marketing, selling and distribution are deducted, to determine net realisable value.

DPI&F assigns costs of inventories based on the first-in-first-out (FIFO) method. These costs include expenditure incurred in acquiring the inventories and bringing them to their existing condition, where applicable. The carrying amounts of inventories are disclosed in Note 19.

2.12 Biological assets

Under AASB 141 *Agriculture* such assets are defined as living animals and plants. They are distinguished from other assets by the fact that they have the natural capacity to grow and/or procreate. These include livestock, which are accounted for in DPI&F accounts. The department adopted net market value (NMV) for the valuation of livestock. NMV is the amount that could be expected to be received from the disposal of an asset in an active and liquid market, after deducting the costs expected to be incurred in realising the proceeds of such a disposal.

2.13 Reserving policy for unrealised revenue

A reserve account has been established to recognise the change in NMV for livestock, where amounts of unrealised revenue are brought to account through the Income Statement.

DPI&F revalues its biological assets annually, and recognised the change in as revenue or expense in the Income Statement, in accordance with the treatment required by AASB 141. Unrealised revenue is transferred to the biological assets unrealised revenue reserve until the revenue is realised (through sales) and becomes available for distribution. The reserve is adjusted annually for the net movement in unrealised revenue and the realisation of prior period’s revenue through current year sales.

2.14 Non-current assets classified as held for sale

Non-current assets held for sale, consist of those assets, which management has determined are available for immediate sale in their present condition, and their sale is highly probable within the next twelve (12) months. The value of these assets is measured at the lower of the asset’s carrying amount and its fair value, less costs to sell. These assets are not depreciated.

2.15 Acquisition of assets

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

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

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

2.16 Property, plant and equipment

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

Land	\$1
Buildings	\$10,000
Infrastructure	\$10,000
Plant and equipment	\$5,000

Land improvements undertaken by the department are included with Buildings. Items with a lesser value are expensed in the year of acquisition.

The department has elected, effective 1 July 2008, not to recognise land under roads acquired on or before 30 June 2008. The department does not control any land that satisfies recognition as land under roads.



2 Summary of significant accounting policies (continued)

2.17 Revaluation of non-current physical assets

Land, buildings, infrastructure and heritage and cultural assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. All other non-current assets, principally plant and equipment and intangibles, are measured at cost.

Where intangible assets have an active market, they are measured at fair value otherwise they are measured at cost.

Plant and equipment is measured at cost. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

Non-current physical assets measured at fair value are comprehensively revalued at least once every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis where there has been a material variation in the index.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation reserve (ARR) 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, on the revaluation reserve relating to that class.

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

Only those assets, the total value of which is material, compared to the value of the class of assets to which they belong, are comprehensively revalued. Separately identified components of assets are measured on the same basis as the assets to which they relate.

2.18 Intangible assets

Intangible assets with a cost or other value equal to or greater than \$100,000 are recognised in the financial statements. Items with a lesser value are expensed in the year of acquisition.

Each intangible asset is amortised over its estimated useful life to the department, less any anticipated residual value. However, the residual value is zero for all the department's intangible assets.

Purchased software

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

Internally generated assets

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

Costs associated with the development of specific computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the department. It has been determined that there is not an active market for any of the department's intangible assets. As such, these assets are recognised and carried at cost less accumulated amortisation and accumulated impairment loss.

2.19 Amortisation and depreciation of intangibles, property, plant and equipment

Land is not depreciated as it has an unlimited useful life. Property, plant and equipment is depreciated on a straight-line basis to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the department.

Assets under construction (work-in-progress) are not depreciated or amortised until they reach service delivery capacity and are ready for use.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly. Major spares of value equal or greater than the asset recognition thresholds, purchased specifically for a particular asset are capitalised and depreciated on the same basis as the asset to which they relate.

Asset enhancement expenditure that meets the asset recognition threshold and increases the originally assessed capacity or service potential of an asset is capitalised. The new depreciable or amortisable amount is depreciated or amortised over the remaining useful life of the asset to the department.

The depreciable amount of improvements to or on a leasehold property is allocated progressively over the estimated useful lives of the improvements, or the unexpired period of the lease, whichever is shorter. The unexpired period of leases includes any option period where the exercise of the option is probable.

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

Items comprising the department's technical library are expensed on acquisition.



2 Summary of significant accounting policies (continued)

2.19 Amortisation and depreciation of intangibles, property, plant and equipment (continued)

For each class of depreciable or amortisable departmental assets, the following average estimated useful lives were applied:

Asset class	Asset sub class	Average estimated useful life in years
Buildings and land improvements	Buildings and land improvements	28
Infrastructure	Access roads	33
Plant and equipment	Computer equipment	4
	Motor vehicles	7
	Scientific equipment	12
	Boats and boating equipment	6
	Other equipment	10
Intangible assets	Leasehold improvements	12
	Software purchased	4
	Software internally generated	7

2.20 Impairment of non-current assets

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.21 Leases

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

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

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred. Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

Finance and non-cancellable operating lease commitments (GST inclusive) are disclosed in Note 33.

2.22 Payables

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



2 Summary of significant accounting policies (continued)

2.23 Financial instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents—held at fair value through the profit and loss
- Receivables—held at amortised cost
- Payables—held at amortised cost

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

All disclosures relating to the measurement basis and financial risk management of other financial instruments held by the department are included in Note 37.

2.24 Employee benefits

Wages, salaries, recreation leave and sick leave

Wages and salaries unpaid at reporting date are recognised in the Balance Sheet at the remuneration rates expected to apply at the time of settlement. Payroll tax and worker's compensation insurance are a consequence of employing employees, but are not counted in an employees total remuneration package. They are not employee benefits and are recognised separately as employee related expenses. Employer superannuation contributions and long service leave levies are regarded as employee benefits.

An Annual Leave Central Scheme (ALCS) has been established at 30 June 2008 for departments, commercialised business units and shared service providers. Member agencies have transferred their annual leave liabilities as at 30 June 2008 to the scheme. The current portion of agencies annual leave is shown as a sundry payable to Crown and the non-current portion is shown as a non-appropriated equity adjustment.

The annual leave liability will be held on a whole of government basis and disclosed in the Report on State Finances.

Under the ALCS, member agencies must contribute a levy equal to their accrued quarterly annual leave cost, including leave loading and on-costs. Amounts paid to employees for annual leave are claimed back from the scheme.

Prior history indicates that on average, sick leave taken each reporting period is less than entitlement accrued. This is expected to recur in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Long service leave

Under the Queensland Government's long service leave scheme, the department is levied to cover this cost. Levies are expensed in the period in which they are paid or payable. Amounts paid to employees for long service leave are claimed from the scheme as and when this leave is taken.

No provision for long service leave is recognised in the financial statements, the liability being held on a whole-of-Government basis and reported in the financial report pursuant to AAS 31 *Financial Reporting by Governments*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the State Actuary, and is expensed in the period in which they are incurred. The department's obligation is limited to its contribution to QSuper.

No liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis, and reported in the financial report prepared pursuant to AAS 31 *Financial Reporting by Governments*.

Executive remuneration

The executive remuneration disclosures in the Employee benefits expense, (refer Note 10), in the financial statements include

- the aggregate remuneration of all senior executive officers, including the Chief Executive Officer, whose remuneration for the financial year is \$100,000 or more; and
- the number of senior executives whose total remuneration for the financial year falls within each successive \$20,000 band, commencing at \$100,000.

2 Summary of significant accounting policies (continued)

2.24 Employee benefits (continued)

The remuneration disclosed is all remuneration paid or payable, directly or indirectly, from the entity, or any related party, in connection with the management of the affairs of the entity or any of its subsidiaries, whether as an executive or otherwise. For this purpose, remuneration includes:

- wages and salaries
- accrued leave, (that is, the increase/decrease in the amount of annual and long service leave owed to an executive, inclusive of any increase in the value of leave balances as a result of salary rate increases or the like)
- performance pay paid, or due and payable, in relation to the financial year, provided that a liability exists, (namely where a determination has been made prior to the financial statements being signed), and can be reliably measured, even though the payment may not have been made during the financial year
- accrued superannuation, (being the value of all employer superannuation contributions during the financial year, both paid and payable, as at 30 June)
- car parking benefits and the cost of motor vehicles, such as lease payments, fuel costs, registration/insurance, and repairs/maintenance incurred by the department during the financial year, both paid and payable, as at 30 June, net of any amounts subsequently reimbursed by the executives
- housing, (being the market value of the rent or rental subsidy, where rent is part-paid by the executive during the financial year, both paid and payable, as at 30 June)
- allowances, (which are included in remuneration agreements of executives, such as airfares, or other travel costs paid to/for executives, whose homes are situated in a location other than the location they work in); and
- fringe benefits tax included in remuneration agreements.

The disclosure applies to all senior executives appointed by Governor in Council and classified as SES1 and above, with remuneration above \$100,000 in the financial year. 'Remuneration' means any money, consideration or benefit, but excludes amounts:

- paid to an executive by an entity or its subsidiary, where the person worked during the financial year, wholly or mainly outside Australia, during the time the person was so employed; or
- of payment or reimbursement of out-of-pocket expenses incurred for the benefit of the entity, or any of its subsidiaries.

In addition, separate disclosure of separation and redundancy/termination benefit payments is also included.

2.25 Taxation

The department is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the Australian Taxation Office (ATO) are recognised and accrued.

2.26 Insurance

The department's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF). Insurance premiums are being paid to QGIF on a risk assessment basis. The department also pays insurance premiums to WorkCover Queensland for its obligations for employee compensations.

In addition, in certain research activity circumstances, where insurance of such activities is required by legislation, or where an agreement for provision of such specific services exists, insurance premiums are paid to specific insurance providers. A prior approval is requested from and granted by the Queensland Treasurer in accordance with his *Guidelines on Risk Management and Insurance*.

2.27 Services received free of charge or for nominal value

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

2.28 Allocation of revenue and expenses from ordinary activities to corporate services

The department discloses revenue and expenses attributable to corporate services in the Income Statement by outputs. Revenue and expenses are allocated to outputs on a cost recovery basis.



2 Summary of significant accounting policies (continued)

2.29 Interests in joint ventures

DPI&F does not hold an interest in joint ventures.

2.30 Contributed equity

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

2.31 Issuance of financial statements

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

2.32 Judgement and assumptions

The department has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

2.33 Rounding

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest one thousand dollars (\$1,000) or, where that amount is five hundred dollars (\$500) or less, to zero, unless disclosure of full amount is specifically required. Sub-total and totals may not add due to rounding, but overall discrepancy is no greater than two.

2.34 Comparative information

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

2.35 New and revised accounting standards

No accounting standards and interpretations issued or amended and applicable for the first time in the 2007-08 financial year have an effect on the department. Also, the department has not voluntarily changed any of its accounting policies.

The department is not permitted to early adopt a new accounting standard ahead of the specified commencement date unless approval is obtained from the Queensland Treasury. Consequently, the department has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The department will apply these standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, a number of new or amended Australian accounting standards with future commencement dates will have an impact on the department. Details of such impacts are set out below. AASB 1004 *Contributions* will affect the department as from 2008-09. One implication arising from this revised standard will be that to the extent that no cash consideration is provided / received, transfers of accrued employee benefits between the department and other Queensland government agencies will need to be recognised as either income or expense on the department's income statement, instead of being adjusted directly against contributed equity (refer to the statement of changes in equity). The only other significant implication arising from the revised AASB 1004 *Contributions* is that substantially more detail will need to be disclosed in respect of the department's appropriations, e.g. break-downs between recurrent, capital or other major appropriations comparisons between original amounts of such appropriations and total amounts appropriated, explanations of the nature and probable financial effect of any relevant non-compliance with externally imposed requirements.



2 Summary of significant accounting policies (continued)

2.35 New and revised accounting standards (continued)

AASB1050 *Administered Items* has been released and will impact on the department as from 2008-09. This standard does not involve any measurement or recognition changes. The additional disclosure arising from this standard will require details of the broad categories of recipients of transfer payments and the amounts (classified as administrative expenses) transferred to such recipients.

The new accounting standard AASB 1052 *Disaggregated Disclosures* will also impact the department as from 2008-09. The most significant impact of this standard on the department is that it will require disclosure of the amounts of controlled assets and liabilities attributable to each government output.

AASB 101 *Presentation of Financial Statements* has been revised and will not impact on the department until 2009-10. This revised standard does not have measurement or recognition implications. Instead there will be significant changes to presentation of the department's overall financial performance and position, particularly the content of the Statement of Changes in Equity and preparation of a new Statement of Comprehensive Income (which will include certain items currently disclosed in the Statement of Changes in Equity, in line with the definition of comprehensive income in the revised AASB 101). For example, the increase in the asset revaluation reserve would not be included in the Statement of Changes in Equity.

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

2.36 Correction of accounting error

In the 2007-08 Financial Statements, the application of AASB 1004 – *Contributions* was reviewed for all the components of the Unearned Revenue balance that is currently disclosed as Other Liabilities in the Balance Sheet with an adjusted balance of \$24.352 million. Two previous components of this balance, namely the Land Protection Fund and Veterinary Surgeons Board of Queensland were determined to be non-reciprocal in nature and therefore regarded as revenue in accordance with the accounting standard. The impact of this correction in accounting error was a reduction in the 2007-08 Other current liabilities balance and an increase in Revenue of \$1.546 million. The comparative figures for the 2006-07 financial year were not changed due to the immaterial effect of that adjustment.

3 Outputs of the department

DPI&F delivers its products and services through three departmental outputs that provide policy leadership and service delivery for Queensland primary industries. DPI&F works in collaboration with other government agencies, particularly in the areas of business development, export promotion, and sustainable use of natural resources for productive purposes.

3.1 Industry development output

The Industry Development output is DPI&F largest output and contributes to the government priority of “Growing a diverse economy and creating jobs” at all stages of the value chain for primary industries. This output encompasses the majority of DPI&F’s research and development, technology extension, and trade, industry and business development activities. The focus is on using smart science to develop new technologies and practices for industry and then working with industries to help adopt these technologies and build skills within food and agribusiness enterprises.

Products and services delivered by this output are:

- industry and regional development
- trade and business assistance
- new technologies, systems and practices
- information, skills, and business capacity development



3. Outputs of the department (continued)

3.2 Biosecurity output

Delivered through Biosecurity Queensland, this output contributes to the government priorities of “Growing a diverse economy and creating jobs” and “Protecting the environment for a sustainable future”. This output strengthens the primary industries sector’s access to global markets by ensuring Queensland’s reputation for safe, clean and environmentally sustainable production is maintained.

This is achieved by building the state’s capacity to manage the risks posed by, and impact of, pests, diseases and invasive species. This output also supports the safe and effective use of agricultural and veterinary chemicals and the appropriate care and keeping of animals as well as managing the impact of invasive species on the environment.

Products and services delivered by this output are:

- surveillance for, and prevention of, pests and diseases, and the management of agricultural and veterinary chemicals and contaminants
- control of and response to incidents involving pests, diseases, agricultural and veterinary chemicals and contaminants
- animal welfare and keeping

3.3 Fisheries output

The Fisheries output contributes to the government priorities of “Growing a diverse economy and creating jobs” and “Protecting the environment for a sustainable future”. Through this output, DPI&F implements management arrangements for profitable and sustainable commercial fisheries and their value chains, and manages the state’s recreational fisheries for future generations.

With a focus on meeting the government’s objectives to manage Queensland’s wild and aquaculture fisheries resources and fish habitats, this output also delivers a range of other programs, including managing the government’s Shark Control Program, providing boating safety compliance services on behalf of Queensland Transport and undertaking research, assessment and monitoring.

Products and services delivered by this output are:

- Managing fisheries resources and fish habitats
- Compliance, enforcement and regulatory activities
- Community programs



	2008 \$'000	2007 \$'000
4 Reconciliation of payments from consolidated fund to output revenue recognised in the income statement		
Budgeted output appropriation	248,306	227,813
Unforeseen expenditure	10,038	36,141
Transfers from/to other departments	-	6,378
Transfers from/to other headings	3,715	-
Total output receipts	262,059	270,332
Less: opening balance of output revenue receivable	(358)	(2,361)
Plus: closing balance of output revenue receivable	2,505	358
Output revenue recognised in the income statement	264,206	268,329
Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	14,369	11,821
Unforeseen expenditure	-	-
Transfer from/to other departments	-	(65)
Transfer from/to other headings	(10,846)	(4,856)
Lapsed equity adjustment appropriation	-	-
Opening balance equity injection receivable	-	(1,840)
Closing balance of equity injection receivable	-	-
Equity adjustment recognised in contributed equity	3,523	5,060
5 User charges, taxes, fees and fines		
Fee for service (1)	57,939	28,997
Contract services—Forestry Plantations Queensland (2)	774	1,256
Sale of goods	7,200	6,781
Taxes, fees and fines	5,548	4,837
Total user charges, taxes, fees and fines	71,461	41,871

(1) Amount for 2007-08 includes \$26.198 million in cost sharing payments from the Commonwealth and State governments for the Equine Influenza Eradication Program.

(2) Contract services relate to information and communication technology services.



	2008 \$'000	2007 \$'000
6 Grants and other contributions		
Grants (1)	6,826	15,847
Industry contributions (2)	40,298	33,781
Goods and services received below fair value (3)	2,180	937
Total grants and other contributions*	49,304	50,565

*Refer to Note 14 for disclosure of amount paid to recipients of grants and subsidies.

(1) Included in grants from the Commonwealth Government is \$3.378 million (\$3.390 million in 2006-07) to fund specific activities chiefly of the Australian Centre for International Agriculture Research (ACIAR) projects and State funds of \$0.929 million (\$4.742 million in 2006-07).

(2) Included in industry contributions is revenue from the Grains Research and Development Corporation (\$5.738 million) and Horticulture Australia Limited (\$5.060 million).

(3) 2007-08 amount includes property with a fair value of \$1.080 million.

7 Royalties and other territorial revenue

Royalties	1,523	1,333
Total royalties and other territorial revenue	1,523	1,333

8 Other revenue

Interest	-	3
Rental income	935	962
Other	2,550	2,556
Total other revenue	3,485	3,521

9 Gains

Gain on sale of property, plant and equipment

Plant and equipment	272	346
Total gain on sale of property, plant and equipment	272	346

Net increment in valuation of biological assets

Livestock	377	229
Total net increment in valuation of biological assets	377	229

Market value increment/(decrement) of investments

Investments	(3)	9
Total market value increment/(decrement) of investments	(3)	9

Gain on sale of investments

Investments	2	-
Total gain on sale of investments	2	-



	2008 \$'000	2007 \$'000
10 Employee expenses		
Employee benefits		
Wages and salaries	180,172	173,589
Employer superannuation contributions*	20,985	19,305
Long service leave levy*	3,138	2,907
Other employee benefits	1,447	1,684
Employee related expenses		
Workers' compensation premium*	1,024	1,041
Payroll tax*	9,450	8,830
Total employee expenses	216,216	207,356

*Costs of workers' compensation insurance and payroll tax are a consequence of employing employees, but are not counted in employees' total remuneration package. They are not employee benefits, but rather employee related expenses. Employer superannuation contributions and the long service leave levy are regarded as employee benefits.

The number of employees including both full-time employees and part-time employees measured on a full time equivalent basis is:

	2008 No.	2007 No.
Number of employees:	2,779	2,775

Executive remuneration

The number of senior executives who received or were due to receive total remuneration of \$100,000 or more:

	2008 No.	2007 No.
\$100,000 to \$119,999	1	-
\$120,000 to \$139,999	-	2
\$140,000 to \$159,999	4	4
\$160,000 to \$179,999	5	7
\$180,000 to \$199,999	4	4
\$200,000 to \$219,999	2	1
\$220,000 to \$239,999	1	1
\$260,000 to \$279,999	1	-
\$300,000 to \$319,999	1	-
\$340,000 to \$359,999	-	1
Total	19	20

	2008 \$'000	2007 \$'000
The total remuneration of executives shown above**	3,507	3,584

**The amount calculated as executive remuneration in these financial statements includes performance pay paid or payable in relation to the financial year, the direct remuneration received, as well as items not directly received by senior executives, such as the movement in leave accruals and fringe benefits tax paid on motor vehicles. This amount will therefore differ from advertised executive remuneration packages which do not include the latter items.

	2008 \$'000	2007 \$'000
The total separation and redundancy/termination benefit payments during the year to executives shown above.	Nil	Nil



	2008 \$'000	2007 \$'000
11 Supplies and services		
Consultants and contractors (1)	25,591	13,768
Operating leases	18,300	15,679
Motor vehicle expenses	5,833	5,600
Materials	10,407	8,147
Travel (1)	9,553	8,336
Repairs and maintenance	6,581	7,418
Electricity and telephone	6,844	5,897
Computer expenses	7,189	4,829
Primary production costs	2,590	2,801
Legal expenses	1,184	493
Service delivery costs (1)	17,197	16,411
Building and site services	3,450	3,604
Portable and attractive items	1,277	955
Freight, postage & printing	2,797	2,300
Hire of plant and equipment (2)	693	8,576
Other	10,229	9,039
Total supplies and services	129,715	113,853

(1) Expenditure for 2007–08 includes costs for Equine Influenza Eradication Program.

(2) Expenditure for 2006–07 includes costs for Operation Farm Clear (Cyclone Larry).

12 Depreciation and amortisation

Depreciation and amortisation were incurred in respect of:		
Buildings and land improvements	6,514	5,663
Infrastructure	790	155
Plant and equipment	6,267	5,827
Software Purchased	127	143
Software Internally Generated	492	480
Total depreciation and amortisation expenses (1)	14,190	12,268

(1) Amount includes additional depreciation resulting from assets transferred as part machinery-of-government changes in 2006–07, including the Wild Dog Barrier Fence.

13 Impairment losses

Intangible assets (1)	31	1,090
Bad and impaired debts	214	(18)
	245	1,072

(1) Impairment losses relates to internally generated software.



	2008 \$'000	2007 \$'000
14 Grants and subsidies		
Animal welfare organisations	199	284
Australian Centre for International Agricultural Research projects	1,456	1,880
Blueprint for the Bush—Pest Offensive	2,393	2,223
BSES Limited	4,000	3,800
Cooperative Research Centres (CRC)	411	497
Drought Relief Freight Subsidy	10,504	12,545
Farm and rural financial counsellors' subsidies	250	225
Farmbis TII	752	680
Fish stocking associations and societies	764	692
Fisheries Research & Development Corporation	475	505
Toadbusters—Cane Toad Research	200	400
Murray Darling Basin Commission	326	339
National Livestock Identification System (NLIS)	2,207	1,642
Private Forestry Development Committees	450	450
Queensland Government Departments	488	75
Safe Food Production Queensland (SFPQ)	1,900	1,900
Sunfish Queensland Inc.	187	153
SugarCane Smut Emergency Response	7	553
Tuberculosis Freedom Assistance Program (TFAP)	–	318
Darling Downs Moreton Rabbit Board	1,040	–
Other	779	414
Total grants and subsidies	28,788	29,575

15 Other expenses		
External audit fees (1)	172	188
Licence fees and permits	181	191
Loss on sale or disposal of property, plant and equipment	143	235
Sponsorships	307	413
Donations non-current physical assets (2)	1,118	–
Donations and gifts	24	21
Insurance premiums—QGIF	446	405
Insurance premiums—other	100	116
Losses:		
Public money	–	–
Public property (3)	7	2
Special payments:		
Extra-contractual (4)	102	21
Other	304	474
Total other expenses	2,904	2,066

(1) Total external audit fees relating to the 2007–2008 financial year for DPI&F were estimated to be \$0.172million excluding GST (2006–2007 \$0.188million). There are no non-audit services included in this amount.

(2) The 2007–2008 amount includes \$1.118 million relating to donation of Croxdale Research Station to the Murweh Shire Council as part of the Blueprint for the Bush initiative.

(3) Certain losses of public property are insured by the Queensland Government Insurance Fund (QGIF). Upon notification by QGIF of the acceptance of the claims, revenue will be recognised for the agreed settlement amount and disclosed as 'Other revenues'.

(4) The 2007–2008 amount includes a payment of \$0.094 million for the care of horses held at Morgan Park in August 2007 during the Equine Influenza Eradication Program.



	2008 \$'000	2007 \$'000
16 Cash assets		
Cash on hand	70	75
Cash at bank (1)	35,457	34,485
Total cash assets	35,527	34,560

(1) In September 2008 DPI&F will pay \$15.058 million to Queensland Treasury under the Annual Leave Central Scheme (ALCS).

17 Receivables

Current

Output revenue receivable from Treasury	2,505	358
	2,505	358
Trade debtors	10,709	12,603
Less: provision for impairment	(510)	(329)
	10,199	12,274
Loans and advances	46	51
	46	51
GST receivable	2,230	2,095
GST payable	(638)	(875)
Net GST receivable	1,592	1,220
Other debtors (1) (2)	9,874	9,867
	9,874	9,867
Total current receivables	24,216	23,770

(1) 2006–2007 balance includes receivables relating to restructuring of administrative arrangements for Biosecurity Queensland of \$4.304 million.

(2) 2007–2008 balance includes receivables relating to the Equine Influenza Eradication Program cost sharing arrangement of \$4.802 million.

Movements in the allowance of provision for impairment

Balance at beginning of the year	329	3,414
Amounts written off during the year	(34)	(39)
Amounts recovered during the year	(1)	(3,179)
Increase/decrease in allowance recognised in Income Statement	216	133
Balance at the end of the year	510	329

18 Other financial assets

Non-current

Shares and units (1)—at fair value	143	158
Total	143	158

(1) Financial assets comprise equity in primary producers' cooperatives.



	2008 \$'000	2007 \$'000
19 Inventories		
Current inventories		
<i>Inventory held for sale:</i>		
Finished goods	807	618
<i>Inventory not held for sale:</i>		
Raw materials and stores	1,093	1,183
Total current inventories	1,900	1,801
Non-current inventories		
<i>Inventory held for sale:</i>		
Finished goods	-	11
Total non-current inventories	-	11
Aggregate carrying amount of inventories		
Current	1,900	1,801
Non-current	-	11
Total—Inventories	1,900	1,812

20 Prepayments

Current

Prepayments (1)	2,471	616
Total current prepayments	2,471	616

Non-current

Prepayments (1)	9,547	3,778
Total non-current prepayments	9,547	3,778

Total prepayments

12,018	4,394
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(1) Amount includes payment for the Centre for Advanced Animal Science (CAAS).

21 Non-current assets classified as held for sale

Land (1)	-	7,000
	-	7,000

(1) Relates to surplus land. The sale settled in the first half of the 2007-08 financial year. Independent valuation of land is at market value.

22 Property, plant and equipment

22.1 Land (1) (2)

At cost	1,387	-
At management valuation*	200,742	182,917
Less: accumulated impairment losses	-	-
Total land	202,129	182,917

(1) Refer Note 2.17

(2) Only land controlled by the department has been brought to account.



22 Property, plant and equipment (continued)

	2008 \$'000	2007 \$'000
22.2 Buildings		
At cost	9,980	1,714
At management valuation*	306,123	309,697
Less: accumulated depreciation	(143,245)	(140,957)
Less: accumulated impairment losses	-	-
Total buildings	172,858	170,454
22.3 Infrastructure		
At cost	287	28,297
At management valuation*	37,388	7,240
Less: accumulated depreciation	(20,118)	(17,223)
Less: accumulated impairment losses	-	-
Total infrastructure	17,557	18,314
22.4 Plant and equipment		
At cost	89,916	86,259
Less: accumulated depreciation	(51,275)	(48,081)
Less: accumulated impairment losses	-	-
Total plant and equipment	38,641	38,178
22.5 Capital works in progress		
At cost	4,978	7,350
Total property, plant and equipment	436,163	417,213
Property, plant and equipment		
At cost	106,548	123,620
At management valuation*	544,253	499,854
Less: accumulated depreciation and amortisation	(214,638)	(206,261)
Less: accumulated impairment losses	-	-
Total property, plant and equipment	436,163	417,213

*Management performed an interim revaluation of assets measured at fair value during 2007–08 using relevant indices.

22.6 Valuation of property, plant and equipment

Property, plant and equipment have been valued in accordance with AASB 116 Property, plant and equipment and Queensland Treasury's Non-Current Asset Accounting Policies for the Queensland Public Sector.

22.6.1 Land, buildings and infrastructure

Land, buildings and infrastructure were comprehensively revalued as at 30 June 2006 by the Australian Valuation Office (AVO) using 'fair value' methodology. The valuation of land and buildings is based on current market values. For infrastructure assets, the basis of valuation is depreciated current replacement cost.

To maintain the value of assets in current terms, an interim revaluation of assets measured at fair value, using relevant indices, was performed during 2007–08.

22.6.2 Plant and equipment

Plant and equipment is valued at cost in accordance with Queensland Treasury's Non-Current Asset Accounting Policies for the Queensland Public Sector.

22 Property, plant and equipment (continued)

22.7 Property, plant and equipment movement reconciliation

	Land		Buildings		Infrastructure	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Carrying amount at 1 July 2007	182,917	177,403	170,454	155,452	18,314	3,731
Acquisitions	2,467	-	47	2	-	-
Acquisitions through restructure	-	10,712	18	9,258	-	14,227
Disposals	-	-	(66)	(3)	-	-
Assets reclassified as held for sale	(590)	(7,000)	(3,848)	-	-	-
Donations	(742)	-	(373)	-	(4)	-
Capitalisation of assets expensed in prior periods	-	-	31	-	-	-
Transfers between classes	-	-	11,190	3,359	301	309
External transfers	-	(155)	-	-	-	-
Revaluation increments	18,919	16,857	7,129	8,658	852	202
Revaluation decrements	(842)	(14,900)	(5,210)	(609)	(1,116)	-
Depreciation/amortisation	-	-	(6,514)	(5,663)	(790)	(155)
Carrying amount at 30 June 2008	202,129	182,917	172,858	170,454	17,557	18,314

	Plant and equipment		Capital works in progress		Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Carrying amount at 1 July 2007	38,178	35,651	7,350	3,264	417,213	375,501
Acquisitions	5,177	6,022	10,938	8,922	18,629	14,946
Acquisitions through restructure	-	1,308	-	74	18	35,579
Disposals	(273)	(215)	-	-	(339)	(218)
Assets reclassified as held for sale	-	-	-	-	(4,438)	(7,000)
Donations	-	-	-	-	(1,119)	-
Capitalisation of assets expensed in prior periods	7	9	-	-	38	9
Transfers between classes	1,819	1,242	(13,310)	(4,910)	-	-
External transfers	-	(12)	-	-	-	(167)
Revaluation increments	-	-	-	-	26,900	25,717
Revaluation decrements	-	-	-	-	(7,168)	(15,509)
Depreciation/amortisation	(6,267)	(5,827)	-	-	(13,571)	(11,645)
Carrying amount at 30 June 2008	38,641	38,178	4,978	7,350	436,163	417,213

22.8 Fully depreciated assets

The strategic management of fully depreciated assets has been addressed in the department's Asset Strategic Plan 2007-2012.

Heavy plant, motor vehicles, computer equipment, office equipment, scientific equipment and other plant and equipment gross cost account for approximately seventy-two per cent (2006-2007 seventy-six per cent) of the gross cost of the fully depreciated assets still in use. Disposals and replacement of these items will be addressed during the period of the Asset Strategic Plan 2007-2012.

Significant asset classes	2008 \$'000	2007 \$'000
Buildings	4,676	4,311
Plant and equipment	15,639	15,901
Software internally generated	1,023	707
Total significant asset classes	21,338	20,919



	2008 \$'000	2007 \$'000
23 Intangible assets		
23.1 Software internally generated		
At cost	4,624	4,624
Accumulated amortisation	(2,773)	(2,280)
	<u>1,851</u>	<u>2,344</u>
Software purchased		
At cost	573	573
Accumulated amortisation	(443)	(316)
	<u>130</u>	<u>257</u>
Total	<u><u>1,981</u></u>	<u><u>2,601</u></u>
23.2 Software internally generated works in progress		
At cost (1)	1,565	1,338
Total intangible assets—net book value	<u><u>3,546</u></u>	<u><u>3,939</u></u>

(1) The carrying amount is net of impairment losses.

23.3 Intangibles reconciliation

	Software purchased	Software internally generated	Works in progress
	2008 \$'000	2008 \$'000	2008 \$'000
Carrying amount at 1 July 2007	257	2,344	1,338
Acquisitions	-	-	257
Impairment losses recognised in operating surplus/(deficit)	-	-	(31)
Transfers between classes	-	-	-
Amortisation	(127)	(493)	-
Carrying amount at 30 June 2008	<u><u>130</u></u>	<u><u>1,851</u></u>	<u><u>1,564</u></u>

Amortisation of intangibles is included in the line item 'Depreciation and amortisation' in the income statement.

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

(Refer Note 2.19)

Research and development expensed during the period is nil.

24 Restricted assets

The Department has included a number of assets in the accounts, which are classified as restricted assets. These are assets, the uses of which are wholly or partially restricted by legislation or other externally imposed requirements. These include:

	2008 \$'000	2007 \$'000
24.1 Current restricted assets		
Cash at bank	11,659	11,177
Receivables	8,200	10,887
Total current restricted assets	19,859	22,064
(These funds are restricted for use in specified research areas.)		
24.2 Property, plant and equipment		
At cost	4,375	4,524
At management valuation	388	438
Accumulated depreciation	(3,446)	(3,318)
Total property, plant and equipment	1,317	1,644
(The control over these assets is restricted. The assets may only be used for specific purposes of the projects funded by the external funding bodies.)		
Total restricted assets	21,176	23,708

25 Biological assets

	2008 \$'000	2007 \$'000
Livestock	2,175	2,211
Total biological assets	2,175	2,211

26 Payables

Current		
Trade creditors	10,130	8,462
Fringe benefits tax payable	615	290
Accrued telephone expenses	459	478
Accrued audit fees	60	148
Accrued payroll tax	720	-
Corporate card	1,931	1,340
Other (1) (2)	17,056	7,566
Total payables	30,971	18,284

(1) Amount for 2006–2007 includes \$5.935 million as a result of restructuring administrative arrangements.

(2) Amount for 2007–2008 includes an amount of \$15.058 million payable to the Crown under the Annual Leave Central Scheme (ALCS) for the current portion of annual leave liabilities. (Refer to Note 2.24)

27 Accrued employee benefits

Accrued salaries and wages	3,721	2,927
Accrued annual leave (1)	-	20,617
Accrued long service leave levy	786	717
Accrued superannuation payable	493	380
Accrued employee benefits—other	281	-
Total accrued employee benefits	5,281	24,641

(1) An Annual Leave Central Scheme (ALCS) has been established at 30 June 2008. Annual leave liabilities have been transferred to the scheme as at 30 June 2008.



	2008 \$'000	2007 \$'000
28 Other current liabilities		
Unearned revenue (1)	24,347	24,922
Unclaimed monies	5	14
Total other current liabilities	24,352	24,936

(1) Unearned revenue represents funds provided by external funding bodies, where goods or services have not been provided as at reporting date. The amount for 2006–07 includes \$1.133 million related to the Land Protection Fund and \$0.315 million for the Veterinary Surgeons Board of Queensland (refer to Note 2.36).

	2008 \$'000	2007 \$'000
29 Non-current liabilities		
Unearned revenue	84	-
Total non-current liabilities	84	-

30 Asset revaluation reserve by class

	Land 2008 \$'000	Buildings and land improvements 2008 \$'000	Plant and Equipment 2008 \$'000	Infrastructure 2008 \$'000	Total 2008 \$'000
Balance 1 July 2007	139,133	45,726	581	1,881	187,321
Revaluation increments	18,919	7,129	-	856	26,904
Revaluation decrements	(1,390)	(5,384)	-	(1,116)	(7,890)
Impairment losses through equity	-	-	-	-	-
Impairment reversals through equity	-	-	-	-	-
Total asset revaluation reserve	156,662	47,471	581	1,621	206,335



	2008 \$'000	2007 \$'000
31 Reconciliation of net operating result to net cash provided by operating activities		
Net surplus/(deficit)	(1,431)	13
<i>Non-cash items:</i>		
Depreciation and amortisation	14,190	12,268
Biological assets unrealised (revenue)/expense	(377)	(229)
Loss on sale or disposal of property, plant and equipment	143	1,326
Impairment loss	31	-
Gain on sale or disposal of property, plant and equipment	(272)	(346)
Assets donated expensed	1,118	-
Donated assets received	(1,080)	-
Gain on sale of investments	(2)	-
Other non-cash items	422	(215)
Loss of public property	-	2
Liabilities assumed/transferred	6,021	(254)
Change in assets and liabilities		
(Increase)/decrease in receivables	2,067	(3,331)
(Increase)/decrease in output revenue receivable	(2,147)	(2,003)
(Increase)/decrease in inventories	(88)	17
(Increase)/decrease in biological assets	413	893
(Increase)/decrease in prepayments	(7,624)	(3,128)
Increase/(decrease) in payables	12,688	5,794
Increase/(decrease) in accrued employee benefits	(19,361)	(1,030)
Increase/(decrease) in other liabilities	(500)	(191)
(Increase)/decrease in GST input tax credits receivable	(134)	(153)
Increase/(decrease) in GST payable	(237)	(484)
	<u>5,271</u>	<u>8,936</u>
Net cash provided by operating activities	<u>3,840</u>	<u>8,949</u>

32 Non-cash financing and investing activities

Assets and liabilities received or transferred by the department and recognised as revenues and expenses are set out in Notes 6, 11 and 15.



	2008 \$'000	2007 \$'000
33 Commitments for expenditure		
33.1 Non-cancellable operating lease commitments		
<i>Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:</i>		
Not later than one year	9,389	12,751
Later than one year and not later than five years	6,712	3,489
Later than five years	1,534	1,579
Total commitment non-cancellable operating leases	17,635	17,819

The Department has a total of eighteen (18) non-cancellable operating leases relating to land, buildings and laboratories. Included in these leases is \$2.1 million for the Centre for Advanced Animal Science (CAAS). Also included as non-cancellable operating leases are motor vehicles leased through Q-Fleet.

33.2 Expenditure commitments

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

Buildings	7,241	5,112
Plant and equipment	1,312	905
Intangibles	18	-
Supplies and services	5,852	3,823
Other	18	307
Total (GST inclusive)	14,441	10,147
Not later than one year	13,486	9,192
Later than one year and not later than five years	955	955
Later than five years	-	-
Total (GST inclusive)	14,441	10,147

33.3 Grants and subsidies commitments

Commitments in relation to grants and subsidies are inclusive of anticipated GST, and are payable as follows:

BSES Limited (1)	4,180	4,180
Blueprint for the Bush—Pest Offensive	5,686	8,829
Private Forestry Development Committees	495	495
Farm Financial Counsellor Grants	275	275
National Livestock Identification System	2,118	2,606
Australian Centre for International Agricultural Research projects	2,903	1,230
Murray Darling Basin Commission	241	241
FarmBis Targeted Industry Initiatives	217	1,070
Other	556	1,453
Total (GST inclusive)	16,671	20,379

Commitments in relation to grants and subsidies at the reporting date are payable as follows:

Not later than one year	13,782	16,672
Later than one year and not later than five years	2,888	3,707
Later than five years	-	-
Total (GST inclusive)	16,670	20,379

(1) Pursuant to a Cabinet decision made in December 1991, the Department provides funding to the Bureau of Sugar Experiment Stations to the amount of \$4.18 million per annum. The figure above represents 2008–09 funding for this item, inclusive of GST.



34 Contingencies

34.1 Litigation in progress

The jurisdiction of all contingent liability matters as at 30 June 2008 is as follows:

	2008 No. of cases	2007 No. of cases
Supreme Court	2	4
District Court	2	2
Magistrates Court	1	1
Federal Court	-	1
Planning and Environment Court	14	7
Other	9	7
Total	28	22

The Department's legal advisors and management believe it would be misleading to estimate the final amounts payable, if any, in respect of the litigation filed in the courts.

No provision has been made to settle any claims at 30 June 2008.

The Department has insurance cover with the QGIF. The costs associated with any successful claims against DPI&F may, depending on the circumstances, be met by the insurer, subject to a \$10,000 excess per claim.

34.2 Workers' compensation claims

Common law matters (ie claims by employees for personal injuries allegedly suffered during the course of their employment) which are handled by Workcover Queensland as the Department's insurer since 1 July 1995, are not included in the assessment as these matters do not represent a contingent liability for the department. Workcover Queensland will meet any damages and costs required to be paid in accordance with the policy of insurance.

34.3 Native title claims over departmental land

At 30 June 2008 Native Title Claims have been made on a total of 92 departmental land properties, covering a total area of 309,075 hectares situated across Queensland. The land has a carrying value of \$156.630 million.

At reporting date it is not possible to make an estimate of any probable outcome of these claims, or any financial effect.

34.4 Financial guarantees and undertakings

The Department has not provided any financial guarantees and undertakings during the reporting period.



	2008 \$'000	2007 \$'000
35 Administered transactions and balances		
Administered revenues		
Administered item appropriation	29,683	17,116
User charges, taxes, fees and fines	902	1,034
Other	372	-
Total administered revenues	30,957	18,150
Administered expenses		
Grants and subsidies	30,055	17,116
Total administered expenses before transfer of administered revenue to Government	30,055	17,116
Net surplus before transfers to Government	902	1,034
Transfers to Government	902	1,034
Net surplus/(deficit)	-	-
Administered current assets		
Cash	103	415
Receivables	1,036	61
Total administered current assets	1,139	476
Administered non-current assets		
Receivables	72,220	64,220
Total administered non-current assets	72,220	64,220
Total administered assets	73,359	64,696
Administered current liabilities		
Payables	1,073	410
Total administered current liabilities	1,073	410
Total administered liabilities	1,073	410
Net administered assets	72,286	64,286
Administered equity		
Contributed equity	72,220	64,220
Retained surplus	66	66
Total administered equity	72,286	64,286



	2008 \$'000	2007 \$'000
35 Administered transactions and balances (continued)		
Cash flows from operating activities		
<i>Inflows:</i>		
Administered item receipts	28,720	17,107
User charges, taxes, fees and fines	891	1,026
Grants and other contributions	372	-
<i>Outflows:</i>		
Grants and other contributions	(29,124)	(21,075)
Transfers to Government	(1,172)	(799)
Net cash provided by (used in) operating activities	(313)	(3,741)
Cash flows from investing activities		
<i>Outflows:</i>		
Loans and advances made	(8,000)	(8,000)
Net cash used in investing activities	(8,000)	(8,000)
Cash flows from financing activities		
<i>Inflows:</i>		
Equity injections	8,000	8,000
Net cash provided by financing activities	8,000	8,000
Net increase/(decrease) in cash held	(313)	(3,741)
Cash at the beginning of the financial year	415	4,156
Cash at the end of the financial year	102	415
Reconciliation of payments from consolidated fund to administered revenue recognised in the income statement		
Budgeted appropriation	21,589	8,356
Transfers from/to other headings	7,131	4,856
Unforeseen expenditure	-	3,895
Administered revenue recognised in the income statement	28,720	17,107
Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	8,000	8,000
Equity adjustment recognised in contributed equity	8,000	8,000



35 Administered transactions and balances (continued)

Administered outputs

	Biosecurity		Industry Development		Fisheries		Delivery		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered revenues										
Administered item revenue	-	-	29,683	17,116	-	-	-	-	29,683	17,116
User charges, taxes, fees and fines	514	628	-	-	1	5	387	401	902	1,034
Other	372	-	-	-	-	-	-	-	372	-
Total administered revenues	886	628	29,683	17,116	1	5	387	401	30,957	18,150
Administered expenses										
Grants and subsidies	372	-	29,683	17,116	-	-	-	-	30,055	17,116
Total administered expenses	372	-	29,683	17,116	-	-	-	-	30,055	17,116
Net surplus before transfers to government	514	628	-	-	1	5	387	401	902	1,034
Transfers to government	514	628	-	-	1	5	387	401	902	1,034
Net surplus/(deficit)	-	-	-	-	-	-	-	-	-	-

36 Trust transactions and balances (1)

The department performs a custodial role in respect of security deposits, seized fishing catches and secretarial duties. These transactions and balances are neither controlled nor administered by the department and, accordingly, are not recognised separately in the financial statements. They are however, disclosed in this note for the information of users.

	2008 \$'000	2007 \$'000
Trust assets and liabilities		
Current assets		
Monies held in trust (2)	519	548
Total current assets	519	548
Total assets	519	548
Current liabilities		
Trust balances payable	519	548
Total current liabilities	519	548
Total liabilities	519	548

(1) The Queensland Auditor-General performed the audit of the department's systems which record trust transactions for 2007-2008.

(2) Includes \$0.500 million being a deposit for the sale of property. The property is not held for sale as at reporting date.



37 Financial instruments

37.1 Categorisation of Financial Instruments

The department has categorised the financial assets and financial liabilities held as:

Financial Assets	Category
Cash	
Receivables	Receivables (at nominal value)
Shares	Shares designated as at fair value through the Income Statement

Financial Liabilities

Payables Financial liability not at fair value through the Income statement (at nominal value)

On 22 November 2007, Queensland Treasury approved an overdraft facility for the Department to operate its controlled bank account with an overdraft limit of \$10 million, given the high demands to fund emergency responses such as fire ants and equine influenza.

The facility remained fully undrawn at 30 June 2008 and is available for use in the next reporting period.

There is no overdraft interest charged for this facility.

Category	Note	2008 \$'000	2007 \$'000
Financial assets			
Cash	16	35,527	34,560
Receivables	17	24,216	23,770
Shares	18	143	158
Total		59,886	58,488
Financial liabilities			
Payables	26	30,971	18,284
Total		30,971	18,284

37.2 Credit risk exposure

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

There are no amounts offset as per AASB 132. The recognised impairment loss is \$0.245 million for the current year. This is a decrease of \$0.827 million from 2007 which was resulted from a number of loss events. See Note 17 for movement in the allowance for provision of impairment.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

The department manages credit risk through the use of the credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the department invests in secure assets, and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on a regular basis. The method for calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit ratings. The main factors affecting the current calculation for provisions are disclosed above as loss events. These economic changes form part of the department's documented risk analysis assessment in conjunction with historic experience and associated industry data.

The following table represents the department's maximum exposure to credit risk based on contractual amounts net of any allowances as per AASB 139:

Maximum exposure to credit risk	2008 \$'000	2007 \$'000
Financial assets		
Cash	35,527	34,560
Receivables	24,216	23,770
Shares	143	158
Total	59,886	58,488



37 Financial instruments (continued)

Past due or impaired

No collateral is held as security relating to the financial assets held by the department. No credit enhancements relate to the financial assets held by the department.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated. Ageing of past due or impaired financial instruments are disclosed in the Credit, Liquidity and Interest Risk table at the end of this note.

37.3 Liquidity risk

The department is exposed to liquidity risk through its trading in the normal course of business.

The department manages liquidity risk through the use of the liquidity management strategy. This strategy aims to reduce the exposure to liquidity by ensuring the department has sufficient funds available to meet employee and supplier obligations at all times. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The contract maturity analysis is disclosed in the Credit, Liquidity and Interest Risk table at the end of this note.

37.4 Market risk

The department does not trade in foreign currency and is not materially exposed to commodity price changes. The department does not undertake any hedging in relation to interest risk.

Interest Rate Risk

The department does not have any exposure to interest rate risk as all financial instruments are non-interest bearing.

37.5 Fair value

The fair value of financial assets and liabilities is determined as follows:

- The fair value of financial assets and liabilities, cash and cash equivalents, and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts.
- The fair value of other monetary financial assets (shares) is based on market prices where a market exists.
- The department has not offset any assets and liabilities.
- The carrying amounts of all financial asset and all financial liabilities are representative of their fair value.

37 Financial instruments (continued)

37.6 Tables

The following table sets out the credit, liquidity and interest risks of financial instruments held by the department.

2008

Credit, liquidity and interest risk tables
Maturity Date:

	<1 month \$'000	1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	>5 years \$'000	Carrying amount \$'000	Weighted average rate: %
Financial assets							
Non-interest bearing	55,604	3,804	–	336	143	59,887	NA
Total	55,604	3,804	–	336	143	59,887	–
Financial liabilities							
Non-interest bearing	29,568	1,396	4	3	–	30,971	NA
Total	29,568	1,396	4	3	–	30,971	–

2007

Credit, liquidity and interest risk tables
Maturity Date:

	<1 month \$'000	1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	>5 years \$'000	Carrying amount \$'000	Weighted average rate: %
Financial assets							
Non-interest bearing	53,259	4,693	378	–	158	58,488	NA
Total	53,259	4,693	378	–	158	58,488	–
Financial liabilities							
Non-interest bearing	16,189	2,092	2	1	–	18,284	NA
Total	16,189	2,092	2	1	–	18,284	–

38 Indicative physical quantities of biological assets and net valuation increment recognised as revenue

	Number	Net change in NMV	Number	Net change in NMV
	2008 \$'000	2008 \$'000	2007 \$'000	2007 \$'000
Livestock	9	377	13	229
Total	9	377	13	229



39 Interest in joint ventures

DPI&F does not hold an interest in joint ventures.

40 Controlled entities

The Veterinary Surgeons Board of Queensland is a part of the department and all transactions and balances are included in the departmental balances. The revenue for the year amounted to \$0.321 million (\$0.315 million in 2006–2007), and the expenses for the year amounted to \$0.317 million (\$0.257 million in 2006–2007).

41 Agency transactions

The department acts as an agent in the collection and distribution of charges and levies for various public sector agencies and others. Fees of \$0.080 million (\$0.083 million in 2006–2007) received by the department for providing services are recognised in user charges.

	2008 \$'000	2007 \$'000
Balance at beginning of financial year	10	6
Employee deduction collections (1)	17,922	13,553
Employee deduction distributions (1)	17,928	13,549
Balance at end of financial year	<u>4</u>	<u>10</u>

(1) Where employees have authorised the department to make deductions from their wages and salaries for on-payment to third parties

these transactions are treated as agency transactions.



Department of Primary Industries and Fisheries

Certificate of the Department of Primary Industries and Fisheries


These general purpose financial statements have been prepared pursuant to section 40(1) of the *Financial Administration and Audit Act 1977* (the Act), and other prescribed requirements.

In accordance with Section 40(3) of the Act we certify that in our opinion:

- (i) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (ii) 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 Primary Industries and Fisheries for the financial year ended 30 June 2008 and of the financial position of the department at the end of that year.


Mike Richards
General Manager (Acting)
Finance and Asset Management

27 August 2008


Robert Setter
Director-General (Acting)

27 August 2008



INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Primary Industries and Fisheries

Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of the Department of Primary Industries and Fisheries for the financial year ended 30 June 2008 included on the Department of Primary Industries and Fisheries web site. The Accountable Officer is responsible for the integrity of the Department of Primary Industries and Fisheries web site. We have not been engaged to report on the integrity of the Department of Primary Industries and Fisheries web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Department of Primary Industries and Fisheries, to confirm the information included in the audited financial report presented on this web site.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of the Department of Primary Industries and Fisheries, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity, cash flow statement and income statement by outputs for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the certificates given by the Accountable Officer and officer responsible for the financial administration of the Department of Primary Industries and Fisheries for the year ended 30 June 2008.

The Accountable Officer's Responsibility for the Financial Report

The Accountable Officer is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration and Audit Act 1977* and the *Financial Management Standard 1997*, including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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*. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance 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 risks of material misstatement in 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 and fair



presentation of the financial report 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 and the reasonableness of accounting estimates made by the Accountable Officer, as well as evaluating the overall presentation of the financial report and any mandatory financial reporting requirements as 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 *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed 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.

Auditor's Opinion

In accordance with s.40 of the *Financial Administration and Audit Act 1977* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Department of Primary Industries and Fisheries for the financial year 1 July 2007 to 30 June 2008 and of the financial position as at the end of that year

M T BOOTH FCPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane



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