

Service Delivery Statements

# Department of Agriculture and Fisheries

# **2016-17 Queensland Budget Papers**

- 1. Budget Speech**
- 2. Budget Strategy and Outlook**
- 3. Capital Statement**
- 4. Budget Measures**
- 5. Service Delivery Statements**

**Appropriation Bills**

**Budget Highlights**

The Budget Papers are available online at

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**Service Delivery Statements**

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# Department of Agriculture and Fisheries

## Summary of portfolio

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36	QRAA (to be replaced with the new Queensland Rural and Industry Development Authority)

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# Portfolio overview

## Ministerial and portfolio responsibilities

The table below represents the agencies and services which are the responsibility of the Minister for Agriculture and Fisheries:

<p style="text-align: center;"><b>Minister for Agriculture and Fisheries</b></p> <p style="text-align: center;">The Honourable Leanne Donaldson MP</p>
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<p style="text-align: center;"><b>Department of Agriculture and Fisheries</b></p> <p style="text-align: center;">Director General: Elizabeth Woods</p>
<p><b>Service area 1:</b> Agriculture</p>
<p><b>Service area 2:</b> Biosecurity Queensland</p>
<p><b>Service area 3:</b> Fisheries and Forestry</p>

The Minister for Agriculture and Fisheries is also responsible for:

<p style="text-align: center;"><b>Queensland Agricultural Training Colleges</b></p> <p style="text-align: center;">Chief Executive Officer: Mark Tobin</p> <p><b>Objective:</b> The Queensland Agricultural Training Colleges support improved economic prosperity and sustainability of rural and related industries and communities by improving the knowledge and skills of its existing and future workforce.</p>
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<p style="text-align: center;"><b>QRAA (to be replaced with the new Queensland Rural and Industry Development Authority)</b></p> <p style="text-align: center;">Chief Executive Officer: Cameron MacMillan</p> <p><b>Objective:</b> QRAA administers timely financial assistance aimed at improving the productivity and sustainability of regional and rural communities.</p>
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Additional information about these agencies can be sourced from:

[www.daf.qld.gov.au](http://www.daf.qld.gov.au)

[www.qatc.edu.au](http://www.qatc.edu.au)

[www.graa.qld.gov.au](http://www.graa.qld.gov.au)

# Departmental overview

A strong agriculture, fisheries and forestry sector remains essential to meeting the Queensland Government's objective to create jobs and a diverse economy. As a net exporter of agricultural commodities, Queensland remains well placed to meet the demand from a growing global middle class for our protein foods, niche primary products and agricultural scientific and technological expertise. The sector remains the backbone for jobs in many regional communities and across the food supply chain.

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

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

Our strategic objectives reflect this context and focus on:

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

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

Key investment areas for 2016-17 include:

- delivering drought assistance to affected producers and concurrently implementing drought preparedness programs
- strengthening Queensland's biosecurity capability to respond to animal and plant pest and disease threats and the implementation of the regulatory reforms associated with the *Biosecurity Act 2014*
- continuing to implement the Queensland Government's Sustainable Fishing Policy
- undertaking research, development and extension services
- capital investment of \$16.8 million to develop and upgrade existing research facilities to deliver outcomes for agriculture, biosecurity, fisheries and forestry
- Key partnerships are also supported by capital grants of:
  - an additional \$1 million to the Grains Research Development Corporation to enable the department and its partners to undertake research and development in line with national research and development frameworks in the grains and cropping sectors
  - \$3 million over two years to the RSPCA for infrastructure improvements in Townsville and Cairns to support its responsibilities under the *Animal Care and Protection Act 2001*.

The department worked with Queensland Treasury to develop a Government response to the Rural Debt and Drought Taskforce Chairman's report. The Chair, Mr Robbie Katter MP, Member for Mt Isa, presented the report to the Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships, and Minister for Sport on 9 May 2016.

We are also committed to delivering on our strategic objectives by continuing to improve the way we do business including:

- building better relationships and gaining greater understanding of the communities we serve, through our Customer Engagement Strategy
- reflecting contemporary governance practices and improving the basis for decisions on where to utilise our resources for the best outcomes
- building our people capabilities through a Digital Workforce strategy
- continuing to nurture a culture where the diversity of ideas, collaboration and responding quickly to changed conditions enables high performance and better customer outcomes.

# Service performance

## Performance statement

### Agriculture

#### Service area objective

To lift the productivity of Queensland's food and fibre businesses.

#### Service area description

This service area:

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

#### Services

- Strategic policy and planning
- Regions and industry development
- Agri-Science Queensland

#### 2016-17 service area highlights

- Allocate further funding for drought assistance including the Drought Relief Assistance Scheme, rural financial counselling services, and other drought relief measures; and establish a Queensland Climate Risk and Drought Resilience program to improve farm business capacity, seasonal forecasting and decision support tools to better manage climate risk.
- Implement the Rural Assistance Package aimed at reducing financial stress and improving financial sustainability to assist the sector service debt. The package leverages existing Queensland and Australian government policies and sets out a fiscally responsible and measured response to the issue of rural debt. Key elements include:
  - establishing an Office of Rural Affairs
  - introducing new legislation to improve farm debt mediation
  - further pest and weed management programs
  - grants to support farm financial management, climate risk mitigation, succession planning and undertaking of multi-peril insurance assessment.
- Advance Queensland's agricultural innovation through the implementation of the ten year Agriculture and Food Research Development and Extension Blueprint.
- Provide further funding to develop new and innovative ways of commercialising the department's intellectual property.
- Continue to support agricultural industries in reef catchments to improve Great Barrier Reef water quality by:
  - co-ordinating on-ground support services, including extension capacity building, and specialised extension services such as economic analysis to support the industry-led, best management practice programs
  - validating improved management practices against specific criteria
  - monitoring the adoption of these practices by producers

- funding innovation for new technologies such as developing a spray rig for precision application of herbicides.
- In conjunction with industry, support the Minister to undertake outbound trade missions showcasing Queensland's agricultural products and expertise and areas for investment in agriculture and the food and fibre supply chain.
- Progress initiatives of the Rural Jobs and Skills Alliance under the collaborative agreements established with industry bodies.
- Develop a Customer Engagement Strategy that will transform the way the department engages with its customers.

Department of Agriculture and Fisheries	Notes	2015-16 Target/Est.	2015-16 Est. Actual	2016-17 Target/Est.
<b>Service area: Agriculture</b>				
<b>Service: Strategic policy and planning</b>				
<b>Service standards</b> <i>Effectiveness measures</i> Proportion of stakeholders who have a high level of satisfaction with Agriculture policy and planning, consultation and engagement processes	1	70%	70%	70%
Percentage of customers whose application for business assistance as a result of natural disaster or drought is processed within 21 days		90%	94%	90%
<i>Efficiency measure</i> Average cost per hour to conduct regulatory policy and reform activities		\$75	\$72	\$75
<b>Service: Regions and industry development</b>				
<b>Service standards</b> <i>Effectiveness measure</i> Percentage of primary producers in reef catchments who adopt best management practices after participation in the department's extension programs	2	30%	30%	40%
<i>Efficiency measure</i> Average cost of regional agricultural advocacy activities	3	\$5,000	\$1,500	\$1,200
<b>Service: Agri-Science Queensland</b>				
<b>Service standards</b> <i>Effectiveness measures</i> Percentage of customers indicating that participation in a research development and extension activity contributes to business improvements		75%	75%	75%
Level of funding partner satisfaction that research outcomes contribute to industry productivity growth		80%	80%	80%
<i>Efficiency measure</i> Percentage return on research development and extension investment through royalty returns	4	4%	4%	3.5%

Notes:

1. This standard measures overall satisfaction. Data is obtained from an annual survey of key industry stakeholders. The reported result aggregates stakeholder responses on three aspects of satisfaction with engagement on agricultural policy and planning matters to provide an overall satisfaction rating.
2. The increase in the target for this measure from 30% in 2015-16 to 40% in 2016-17 is due to the effective delivery of the department's extension programs leading to progressively higher levels of adoption of best management practices.
3. This was a new measure for 2015-16 and the initial target was an estimate. A more accurate picture has become apparent during 2015-16. The target for 2016-17 has been revised down based on the 2015-16 Estimated Actual.
4. The decrease in the target from 4% in 2015-16 to 3.5% in 2016-17 is due to prolonged drought which is impacting producers' ability to purchase new cultivars, breed stock and innovations. In addition, over the last two years the department has transferred greater responsibility to industry for the management of breeding and development of new varieties and cultivars which is impacting royalty returns.



## Biosecurity Queensland

### Service area objective

To mitigate the risks and impacts of animal and plant pests and diseases and weeds to the economy, the environment, social amenity and human health. This service area also upholds standards for animal welfare and agricultural chemical use.

### Service area description

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

- animal pests and diseases
- plant pests and diseases
- invasive plants and animals, such as weeds and pest animals
- biosecurity diagnostics and other laboratory services
- animal welfare and ethics, including exhibited animals
- agvet chemical use and contaminant risk
- biosecurity incident responses, such as exotic tramp ants and Panama disease tropical race 4 in bananas.

### 2016-17 service area highlights

- Invest an additional \$10.8 million over four years to improve the capability of Queensland's biosecurity system to:
  - implement a stakeholder awareness/engagement program, and commencement of the *Biosecurity Act 2014* (including development of biosecurity programs, policies, standard operating procedures and fact sheets) and the *Exhibited Animals Act 2015*
  - develop a five year future directions Biosecurity strategy and action plan that outlines roles and responsibilities of all key stakeholders within the biosecurity system. The strategy and action plan will be oversighted by a joint government/industry governance committee
  - undertake a regional pilot with local government and natural resource management groups to develop a plan that outlines regional priorities and responsibilities to better target and coordinate the efforts of diverse groups working to support biosecurity and to leverage funding
  - enhance biosecurity incident preparedness and response capability
  - implement an investment framework to provide for greater consistency and transparency in internal resource allocations
  - boost marine pest preparedness and prevention and enhance diagnostic services
  - improve biosecurity information management with the ongoing development of the Biosecurity Information Management System.
- Invest \$7.3 million for the ongoing management of Panama disease tropical race 4 in bananas.
- Continue nationally significant biosecurity eradication responses including Red Witchweed, Four Tropical Weeds and Exotic Fruit Fly in the Torres Strait. The national cost sharing arrangement for continuing the Red Imported Fire Ant Program for 2016-17 was agreed after the finalisation of the 2016-17 Budget estimates. Additional funding of approximately \$14.5 million is expected in 2016-17. This funding is not reflected in the department's 2016-17 Budget.
- Increase funding to \$500,000 per annum for the RSPCA to ensure adequate regulatory compliance by animal owners in Queensland under the *Animal Care and Protection Act 2001*. With the introduction of new legislation around dog breeders and puppy farms in Queensland, there will be additional compliance and enforcement activities to be undertaken by RSPCA and funded by the department.
- Jointly with the Australian Government, the department is providing additional funding for the better control of weeds and pest animals in drought affected areas:
  - to regional communities in central and south western Queensland to assist landholders to construct cluster fencing to help keep out wild dogs
  - for aerial baiting in the Southern Downs and Goondiwindi Regional Council areas
  - to work with the Rural Jobs and Skills Alliance and training sector to make available accredited training in Vertebrate Pest Management. The cost to landholders will be subsidised.

Department of Agriculture and Fisheries	Notes	2015-16 Target/Est.	2015-16 Est. Actual	2016-17 Target/Est.
<b>Service area: Biosecurity Queensland</b>				
<b>Service standards</b>				
<i>Effectiveness measure</i> Percentage of significant response programs on track to deliver nationally agreed outcomes (on time and on budget)		100%	100%	100%
<i>Efficiency measure</i> Average cost per hour to deliver biosecurity services for Queensland	1	\$60	\$52	\$52

Note:

1. Reforms to the Biosecurity Queensland business model have resulted in lower costs to deliver biosecurity services and the 2016-17 Target/Estimate has been adjusted accordingly.

## Fisheries and Forestry

### Service area objective

To ensure sustainable and productive fisheries and the responsible allocation and use of State-owned forests and related resources.

### Service area description

Fisheries and Forestry does this by:

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

### Services

- Fisheries
- Forestry

### 2016-17 service area highlights

The department will continue to progress the Government's Sustainable Fishing Policy including processes to:

- develop a fisheries resource allocation policy based on maximising economic value
- reform regulatory arrangements governing Queensland fisheries across all sectors
- review the regulatory structure of commercial fishing to ensure the sustainability of Queensland's fisheries
- release a discussion paper on the Charter Fishing Action Plan
- engage with both recreational and commercial fishing organisations to investigate how a commercial net-free fishing area can be best instituted in Moreton Bay to obtain the maximum gain from the fisheries resource in Moreton Bay for the benefit of the region.

Other key initiatives and services include:

- commencing implementation of initiatives outlined in the Queensland Aquaculture Policy Statement
- continuing to implement a range of actions identified in the joint industry/government Queensland Forest and Timber Industry Plan developed in 2012
- implementing the forest and timber industry research, development and extension program in consultation with industry
- continuing to fulfil the State's contracted supply commitments for native forest log timber, other forest products and quarry material.

Department of Agriculture and Fisheries	Notes	2015-16 Target/Est.	2015-16 Est. Actual	2016-17 Target/Est.
<b>Service area: Fisheries and Forestry</b>				
<b>Service: Fisheries</b>				
<b>Service standards</b> <i>Effectiveness measures</i> Percentage of key Queensland fish stocks assessed that are considered to have no sustainability concerns	1	85%	93%	85%

Department of Agriculture and Fisheries	Notes	2015-16 Target/Est.	2015-16 Est. Actual	2016-17 Target/Est.
Percentage of units inspected that are compliant with fisheries laws	2	93%	92%	93%
Percentage of applications for development related approvals processed within agreed timeframes and within budget	3	100%	100%	100%
<i>Efficiency measures</i>				
Average cost of inspections		\$480	\$480	\$480
Average number of inspections per full-time equivalent (FTE)	4	298	298	298
<b>Service: Forestry</b>				
<b>Service standards</b>				
<i>Effectiveness measure</i>				
Percentage of findings from the previous third party audit confirmed as satisfactorily addressed in order to maintain certification to the Australian Standard for Sustainable Forest Management AS4708:2013.	5	100%	100%	100%
<i>Efficiency measures</i>				
Total of forest product sales quantities per total Forest Product FTE:				
(a) Native forest timber (m <sup>3</sup> /FTE)		2,670	2,790	2,450
(b) Quarry material (m <sup>3</sup> /FTE)	6	46,670	47,200	40,800

Notes:

1. This measure determines the status of key Queensland fish stocks using nationally consistent methodology. Stock Status categories align with the national process. Although the service standard continues to measure the sustainability of fish stocks using the national methodology, it is not directly comparable to results prior to 2014, which were based upon state-specific assessment criteria. Under the nationally-consistent system for stock status, an assessment of all Queensland species of importance is completed over 24 months, rather than 12 months. This means a different group of species is assessed each year as well as a re-assessment of any species of concern. For this reason, the *Service Delivery Statement* target may vary over a two year cycle. Queensland will publish assessment results each year. In December 2015, the department determined the stock status of 43 fish stock and of these three stocks were identified as having sustainability concerns. Therefore the percentage of key Queensland fish stocks considered to have no sustainability concerns is 93 per cent.
2. This service standard measures the effectiveness of the department's recreational and commercial fishing education and compliance/enforcement services.
3. This measure reflects the department's effectiveness in managing development approvals. This activity is considered to be within budget if no additional FTEs are required in order to process the applications within the agreed timeframes.
4. The Queensland Boating and Fisheries Patrol conduct both fisheries inspections for the department and boating safety inspections on behalf of other agencies such as the Department of Transport and Main Roads and other compliance services, including marine park compliance. It should be noted that this is an average cost. Actual costs are highly variable due to the nature of inspections, in particular, time spent which could vary from 10 minutes to three hours. The 2016-17 Target/Estimate is currently the same as the 2015-16 Target/Estimate as there is not yet enough data to accurately estimate likely performance.
5. This measure demonstrates the department's effectiveness in addressing third party audit recommendations in order to maintain certification of the department's forest management system for native forest timber production on State-owned forests to the Australian Standard for Sustainable Forest Management AS4708:2013.
6. These measures enable the department to assess the efficiency of its forest product sales operations. The 2016-17 Target/Estimate for quarry material is some 14 per cent lower than the 2015-16 Target/Estimate. This reflects expected reduced sales of state-owned quarry material during 2016-17 as a result of lower industry demand, as well as higher estimated forest product FTEs in 2016-17 compared with the 2015-16 Estimated Actual.

## Administered items

Administered activities are those undertaken by departments on behalf of the Government.

The Department of Agriculture and Fisheries administers funds on behalf of the State for the following activities:

- QRAA: the department provides funding to QRAA for the administration of exceptional circumstances and various other assistance schemes to foster the development of a more productive and sustainable rural and regional sector in Queensland. The QRAA will be replaced by the new Queensland Rural and Industry Development Authority.
- Forestry Assets: Holds surplus assets that were transferred back to the Government prior to the sale of Forestry Plantations Queensland to the private sector. The department has been developing and implementing an asset management plan for these assets.

Financial statements and variance explanations in relation to administered items appear in the departmental financial statements.

# Departmental budget summary

The table below shows the total resources available in 2016-17 from all sources and summarises how resources will be applied by service area and by controlled and administered classifications.

Department of Agriculture and Fisheries	2015-16 Budget \$'000	2015-16 Est. Actual \$'000	2016-17 Budget \$'000
<b>CONTROLLED</b>			
<b>Income</b>			
Appropriation revenue <sup>1</sup>			
Deferred from previous year/s	33,600	33,600	36,901
Balance of service appropriation	278,740	254,443	267,917
Other revenue	125,646	161,654	134,136
<b>Total income</b>	<b>437,986</b>	<b>449,697</b>	<b>438,954</b>
<b>Expenses</b>			
Agriculture	222,460	214,346	216,252
Biosecurity Queensland	108,255	122,082	111,145
Fisheries and Forestry	65,154	68,810	67,215
Corporate Partnership	42,117	44,459	44,342
<b>Total expenses</b>	<b>437,986</b>	<b>449,697</b>	<b>438,954</b>
<b>Operating surplus/deficit</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net assets</b>	<b>402,011</b>	<b>405,950</b>	<b>408,017</b>
<b>ADMINISTERED</b>			
<b>Revenue</b>			
Commonwealth revenue	..	..	..
Appropriation revenue	11,305	11,424	13,227
Other administered revenue	1,740	1,740	1,763
<b>Total revenue</b>	<b>13,045</b>	<b>13,164</b>	<b>14,990</b>
<b>Expenses</b>			
Transfers to government	1,740	1,740	1,763
Administered expenses	11,305	11,424	13,227
<b>Total expenses</b>	<b>13,045</b>	<b>13,164</b>	<b>14,990</b>
<b>Net assets</b>	<b>3,421</b>	<b>3,312</b>	<b>3,259</b>

Note:

1. Appropriation revenue includes State and Commonwealth funding.

## Service area sources of revenue<sup>1</sup>

Sources of revenue 2016-17 Budget					
Department of Agriculture and Fisheries	Total cost \$'000	State contribution \$'000	User charges and fees \$'000	C'wealth revenue \$'000	Other revenue \$'000
Agriculture	216,252	167,793	46,422	-	2,037
Biosecurity Queensland <sup>2</sup>	111,145	89,174	7,417	8,462	6,092
Fisheries and Forestry	67,215	33,041	11,049	-	23,125
Corporate Partnership <sup>3</sup>	44,342	8,357	35,985	-	-
<b>Total</b>	<b>438,954</b>	<b>298,365</b>	<b>100,873</b>	<b>8,462</b>	<b>31,254</b>

Notes:

1. Explanations of variances are provided in the financial statements.
2. Appropriation revenue provided by the Australian Government is included under Commonwealth revenue.
3. Corporate services provided to other agencies through Corporate Partnership arrangements mainly related to information technology services.

## Budget measures summary

This table shows a summary of budget measures relating to the department since the 2015-16 State Budget. Further details are contained in *Budget Paper 4*.

Department of Agriculture and Fisheries	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
<b>Revenue measures</b>					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
<b>Expense measures</b>					
Administered	..	2,500	2,551	2,603	1,655
Departmental <sup>1</sup>	23,936	40,265	13,367	9,547	4,506
<b>Capital measures</b>					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..

Note:

- Figures reconcile with *Budget Paper 4*, including the whole-of-government expense measures 'Brisbane CBD government office agency rental impacts' and 'Reprioritisation allocations'.



## Departmental capital program

The department's total capital program for 2016-17 is \$19.3 million. Capital outlays are \$16.8 million for 2016-17 and are focused on developing and upgrading existing research facilities to deliver outcomes for agriculture, biosecurity, fisheries and forestry. The department has facilities located throughout rural and regional Queensland. These require continual minor works, mechanical items and plant and equipment upgrades to keep them operating efficiently and effectively. The program also includes capital grant payments of \$1.5 million to the RSPCA for facility upgrades and \$1 million for the purchase of a research property with the Grains Research and Development Corporation (GRDC).

### Program highlights

- \$4.4 million is allocated to continue upgrades of the department's research and operational facilities through the Research Facilities Development, Scientific Equipment and Minor Works Programs.
- \$2.3 million is provided for the upgrade and refurbishment of existing facilities at Toowoomba, which will enhance service delivery and improve operational efficiencies.
- \$1.8 million is allocated to provide new and replacement heavy plant and equipment including trucks, tractors, irrigators, all-terrain vehicles and other machinery.
- \$1.5 million is to be provided as a capital grant to the RSPCA for facility upgrades in Cairns and Townsville.
- \$1 million in a capital funding contribution for the purchase of a research property in partnership with the GRDC to contribute to the national research and development frameworks in the grain and cropping sector.
- \$800,000 is provided to continue replacement of vessels and marine equipment for fisheries' research and regulatory functions.
- \$700,000 is allocated for upgrades and additional infrastructure at the Hermitage Research Facility to bring the facility to current industry standard for delivery of quality grains crop research outcomes.

## Capital budget

Department of Agriculture and Fisheries	Notes	2015-16 Budget \$'000	2015-16 Est. Actual \$'000	2016-17 Budget \$'000
<b>Capital purchases<sup>1</sup></b>				
Total land, buildings and infrastructure	2	8,650	6,235	6,187
Total plant and equipment	3	9,356	9,171	9,352
Total other capital	4	1,250	5,450	3,750
<b>Total capital purchases</b>		<b>19,256</b>	<b>20,856</b>	<b>19,289</b>

Notes:

1. For more detail on the agency's capital acquisitions please refer to *Budget Paper 3*.
2. The 2016-17 Budget includes expenditure for the upgrade and refurbishment of existing facilities including the Hermitage Research Facility and Toowoomba facilities.
3. The 2016-17 Budget includes expenditure for new and replacement vessels, scientific, computer, and heavy plant and equipment.
4. The 2015-16 Estimated Actual and 2016-17 Budget include capital funding contributions for the purchase of a research property in partnership with the GRDC. The 2016-17 Budget also includes a capital grant to the RSPCA for facility upgrades in Cairns and Townsville.

# Staffing<sup>1</sup>

Department of Agriculture and Fisheries	Notes	2015-16 Budget	2015-16 Est. Actual	2016-17 Budget
Agriculture	2, 3	927	927	935
Biosecurity Queensland	2, 3	561	561	580
Fisheries and Forestry	2	320	320	320
<b>Subtotal</b>		<b>1,808</b>	<b>1,808</b>	<b>1,835</b>
Corporate Partnership servicing other departments	4, 5	222	222	222
<b>TOTAL</b>		<b>2,030</b>	<b>2,030</b>	<b>2,057</b>

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs providing internal corporate services have been allocated to relevant service areas.
3. Additional FTEs relate to funding for new initiatives in Agriculture and Biosecurity Queensland.
4. Corporate FTEs employed by the department as part of the corporate partnership arrangements provide services to the following departments: Natural Resources and Mines (DNRM), Energy and Water Supply, National Parks, Recreation, Sport and Racing, Environment and Heritage Protection (DEHP), Tourism, Major Events, Small Business and the Commonwealth Games.
5. Under the corporate partnership arrangements, the department also receives services from DNRM and DEHP.

# Budgeted financial statements

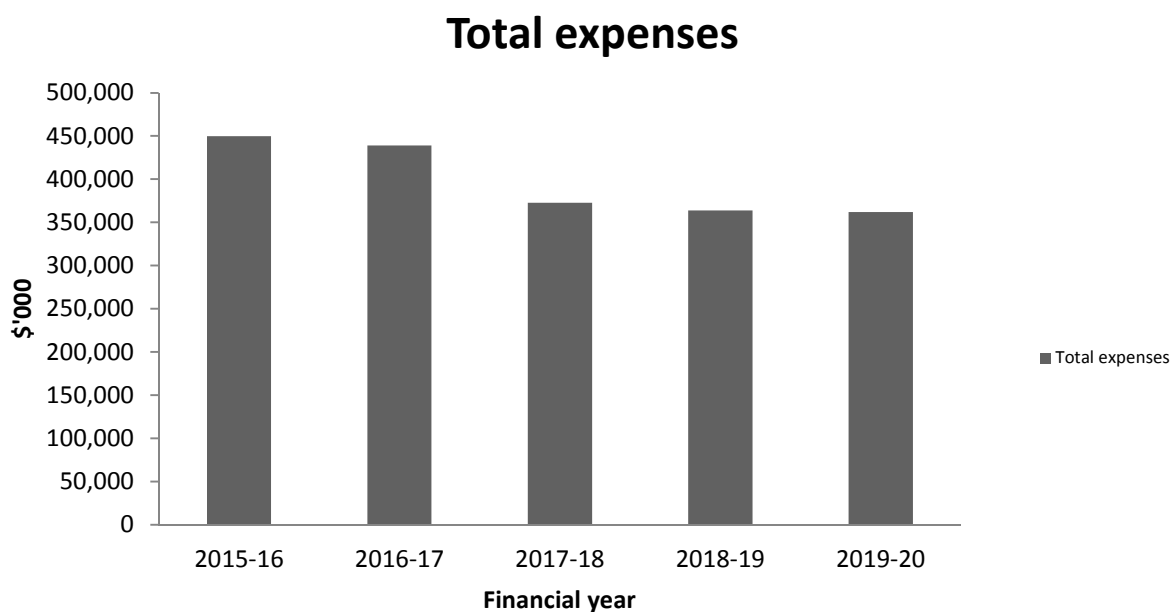
## Analysis of budgeted financial statements

An analysis of the department's financial position, as reflected in the department's financial statements, is provided below.

### Departmental income statement

Total expenses are estimated to be \$439 million in 2016-17, which is a decrease of \$10.7 million from the 2015-16 Estimated Actual. The decrease is largely due to the cessation of current funding agreements for the National Cost Sharing (NCS) program for the National Red Imported Fire Ant Eradication Program (NRIFAEP). Funding arrangements for this program were agreed post the finalisation of the 2016-17 Budget estimates, with additional funding of approximately \$14.5 million expected in 2016-17. This funding is not reflected in the department's 2016-17 Budget. This is partially offset by additional expenses for the Technology Commercialisation Fund, the implementation of the Biosecurity Capability Review and expenses associated with pest and weed management programs (including the Rural Assistance Package initiatives). The decrease in expenses beyond 2016-17 can be attributed to the drought relief arrangements, the panama tropical race 4 response and current funding arrangements for NCS programs which are yet to be finalised.

**Chart: Total departmental expenses across the Forward Estimates period**



### Departmental balance sheet

The department's major assets are in property, plant and equipment (\$366.9 million 2016-17) with the department having facilities located throughout rural and regional Queensland. In 2016-17, the department will invest \$16.8 million in capital outlays through its capital expenditure program in upgrading its existing facilities and purchasing new and replacement plant and equipment, which will enhance the department's service delivery capacity and result in efficiency gains. Over the forward estimates period, the department will continue to review and rationalise assets, and maximise service delivery outcomes and efficiencies by revitalising its facilities.

# Controlled income statement

Department of Agriculture and Fisheries	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
<b>INCOME</b>				
Appropriation revenue	1,8,15	312,340	288,043	304,818
Taxes		..	..	..
User charges and fees	2,9,16	93,373	115,671	100,873
Royalties and land rents		23,511	24,907	24,691
Grants and other contributions	3,17	8,023	20,207	8,032
Interest		..	..	..
Other revenue		465	695	366
Gains on sale/revaluation of assets		274	174	174
<b>Total income</b>		<b>437,986</b>	<b>449,697</b>	<b>438,954</b>
<b>EXPENSES</b>				
Employee expenses	4,10,18	193,383	197,928	205,787
Supplies and services	5,11,19	183,801	185,244	177,831
Grants and subsidies	6,12,20	38,104	42,243	32,432
Depreciation and amortisation	7,13	20,398	21,695	21,477
Finance/borrowing costs		..	..	..
Other expenses	14,21	2,297	2,587	1,427
Losses on sale/revaluation of assets		3	..	..
<b>Total expenses</b>		<b>437,986</b>	<b>449,697</b>	<b>438,954</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>

# Controlled balance sheet

Department of Agriculture and Fisheries	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	22,29	40,833	42,818	39,733
Receivables		29,068	29,968	30,540
Other financial assets		..	..	..
Inventories		1,239	1,144	1,144
Other		4,413	5,624	5,324
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>75,553</b>	<b>79,554</b>	<b>76,741</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		29	15	15
Other financial assets		..	..	..
Property, plant and equipment	26,30	363,050	363,949	366,869
Intangibles		3,258	2,525	2,412
Other		14,603	15,436	14,989
<b>Total non-current assets</b>		<b>380,940</b>	<b>381,925</b>	<b>384,285</b>
<b>TOTAL ASSETS</b>		<b>456,493</b>	<b>461,479</b>	<b>461,026</b>
<b>CURRENT LIABILITIES</b>				
Payables		9,632	11,643	11,093
Accrued employee benefits		4,275	3,695	2,975
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other	23	19,425	21,633	20,933
<b>Total current liabilities</b>		<b>33,332</b>	<b>36,971</b>	<b>35,001</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other	24,27	21,150	18,558	18,008
<b>Total non-current liabilities</b>		<b>21,150</b>	<b>18,558</b>	<b>18,008</b>
<b>TOTAL LIABILITIES</b>		<b>54,482</b>	<b>55,529</b>	<b>53,009</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>402,011</b>	<b>405,950</b>	<b>408,017</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	25,28,31	<b>402,011</b>	<b>405,950</b>	<b>408,017</b>

# Controlled cash flow statement

Department of Agriculture and Fisheries	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Appropriation receipts	32,43,49	312,340	300,168	304,818
User charges and fees	33,44,50	92,312	108,963	99,835
Royalties and land rent receipts		23,511	24,907	24,691
Grants and other contributions	34,51	8,023	20,207	8,032
Interest received		..	..	..
Taxes		..	..	..
Other		14,246	14,476	14,147
<b>Outflows:</b>				
Employee costs	35,45,52	(193,533)	(200,728)	(206,507)
Supplies and services	36,46,53	(197,545)	(206,726)	(191,275)
Grants and subsidies	37,47,54	(38,104)	(43,630)	(32,432)
Borrowing costs		..	..	..
Other	38,55	(2,897)	4,413	(2,127)
<b>Net cash provided by or used in operating activities</b>		<b>18,353</b>	<b>22,050</b>	<b>19,182</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non-financial assets	39,56	2,403	688	1,975
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for non-financial assets	40,48	(19,256)	(16,356)	(16,789)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>(16,853)</b>	<b>(15,668)</b>	<b>(14,814)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	41,57	(7,324)	(9,984)	(7,453)
<b>Net cash provided by or used in financing activities</b>		<b>(7,324)</b>	<b>(9,984)</b>	<b>(7,453)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(5,824)</b>	<b>(3,602)</b>	<b>(3,085)</b>
<b>Cash at the beginning of financial year</b>		<b>46,657</b>	<b>46,420</b>	<b>42,818</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>	<b>42,58</b>	<b>40,833</b>	<b>42,818</b>	<b>39,733</b>

# Administered income statement

Department of Agriculture and Fisheries	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
<b>INCOME</b>				
Appropriation revenue	59,60	11,305	11,424	13,227
Taxes		..	..	..
User charges and fees		1,740	1,740	1,763
Royalties and land rents		..	..	..
Grants and other contributions		..	..	..
Interest		..	..	..
Other revenue		..	..	..
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>13,045</b>	<b>13,164</b>	<b>14,990</b>
<b>EXPENSES</b>				
Employee expenses		..	..	..
Supplies and services		..	..	..
Grants and subsidies	59,60	11,148	11,267	13,070
Depreciation and amortisation		157	157	157
Finance/borrowing costs		..	..	..
Other expenses		..	..	..
Losses on sale/revaluation of assets		..	..	..
Transfers of Administered Revenue to Government		1,740	1,740	1,763
<b>Total expenses</b>		<b>13,045</b>	<b>13,164</b>	<b>14,990</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>

# Administered balance sheet

Department of Agriculture and Fisheries	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets		67	31	31
Receivables		40	38	38
Other financial assets		..	..	..
Inventories		..	..	..
Other		..	..	..
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>107</b>	<b>69</b>	<b>69</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	61	3,358	3,275	3,222
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		<b>3,358</b>	<b>3,275</b>	<b>3,222</b>
<b>TOTAL ASSETS</b>		<b>3,465</b>	<b>3,344</b>	<b>3,291</b>
<b>CURRENT LIABILITIES</b>				
Payables		..	..	..
Transfers to Government payable		44	32	32
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total current liabilities</b>		<b>44</b>	<b>32</b>	<b>32</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>TOTAL LIABILITIES</b>		<b>44</b>	<b>32</b>	<b>32</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>3,421</b>	<b>3,312</b>	<b>3,259</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>		<b>3,421</b>	<b>3,312</b>	<b>3,259</b>



# Administered cash flow statement

Department of Agriculture and Fisheries	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Appropriation receipts	62,63	11,305	11,424	13,227
User charges and fees		1,740	1,870	1,763
Royalties and land rent receipts		..	..	..
Grants and other contributions		..	..	..
Interest received		..	..	..
Taxes		..	..	..
Other		..	..	..
<b>Outflows:</b>				
Employee costs		..	..	..
Supplies and services		..	..	..
Grants and subsidies	62,63	(11,148)	(11,288)	(13,070)
Borrowing costs		..	..	..
Other		..	..	..
Transfers to Government		(1,740)	(1,719)	(1,763)
<b>Net cash provided by or used in operating activities</b>		<b>157</b>	<b>287</b>	<b>157</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non-financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for non-financial assets		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		(157)	(157)	(157)
<b>Net cash provided by or used in financing activities</b>		<b>(157)</b>	<b>(157)</b>	<b>(157)</b>
<b>Net increase/(decrease) in cash held</b>		<b>..</b>	<b>130</b>	<b>..</b>
<b>Cash at the beginning of financial year</b>		<b>67</b>	<b>(99)</b>	<b>31</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>67</b>	<b>31</b>	<b>31</b>

# Explanation of variances in the financial statements

## Income statement

### Major variations between 2015-16 Budget and 2015-16 Estimated Actual include:

1. The decrease is largely due to a deferral of funding from 2015-16 to realign the budget with anticipated cashflows for departmental programs and election commitments including drought relief arrangements and panama tropical race 4 (Panama TR4). This is partially offset by additional funding received in 2015-16 for pest and weed management programs and funding for the purchase of a grains research property in partnership with Grains Research and Development Corporation (GRDC).
2. The increase is largely due to additional funding for the net-free fishing zones initiative and additional revenue for National Cost Sharing (NCS) arrangements including the National Red Imported Fire Ants Eradication Program (NRIFAEP) and the National Red Witchweed Eradication Program (NRWEP), which were finalised during 2015-16.
3. The increase is largely due to additional funding from the Australian Government for NCS arrangements (including the NRIFAEP and the NRWEP), which were finalised during 2015-16.
4. The increase reflects the one-off 'Section 831 payment' of \$1,300 for all employees covered by the replacement 2015 Core Agreement and increases for enterprise bargaining agreements (EBA).
5. The increase is mainly due to additional expenses for pest and weed management programs and increased expenses for pest and disease emergency responses. This is partly offset by a reduction in expenses associated with the deferral of funding from 2015-16 to 2016-17 to realign the budget with anticipated cashflows for various departmental programs and election commitments.
6. The increase is due to a capital grant for the purchase of a grains research property in partnership with GRDC and grants associated with the net-free fishing zone initiative which were not included in the 2015-16 published budget. This is partially offset by a reduction in demand for freight subsidies and water infrastructure rebates under the drought relief arrangements.
7. The increase reflects the indexation of assets to reflect expected market values.

### Major variations between 2015-16 Budget and 2016-17 Budget include:

8. The decrease is largely due to a reduction in demand for freight subsidies and water infrastructure rebates under the drought relief arrangements and a decrease in funding for departmental programs and a planned distribution of funding for election commitments (including Panama TR4). This is partly offset by additional funding for the development of the Technology Commercialisation Fund (TCF), EBA, pest and weed management programs (including Rural Assistance Package (RAP) initiatives) and implementation of the recommendations from the biosecurity capability review.
9. The increase is largely related to additional Information Technology revenues collected from other Government agencies under the Business and Corporate Partnership (BCP) arrangement and increased revenue for environmental offset conditions imposed on fisheries development approvals for the rehabilitation of marine habitats.
10. The increase is associated with additional full time equivalents (FTEs) required to deliver the 2016-17 budget initiatives (including the implementation of the biosecurity capability review) and increases for EBA increments.
11. The decrease is largely due to reduced expenses associated with the deferral of funding for departmental programs and the timing of expenditure in relation to the delivery of election commitments. This is partially offset by additional expenses associated with pest and weed management programs (including RAP initiatives), the development of the TCF and the delivery of Information Technology services to other Government agencies under the BCP arrangement.
12. The decrease is mainly due to decreased expenses for drought relief arrangements due to a reduction in demand for fodder freight subsidies and water infrastructure rebates. This is partially offset by capital grant payments to the RSPCA for facility upgrades in Cairns and Townsville and to GRDC for the purchase of a grains research property.
13. The increase reflects the indexation of assets to reflect expected market values.
14. The decrease is mainly due to the one-off assistance that was provided in 2015-16 to businesses impacted by Panama TR4.

**Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:**

15. The increase is mainly due to additional funding for the development of the TCF, the drought preparedness program, pest and weed management programs (including RAP initiatives), capital grant payments to the RSPCA and the implementation of the recommendations from the biosecurity capability review. The increase is also attributed to greater funding for EBA. This is partly offset by decreased funding for the purchase of a grains research property in partnership with GRDC.
16. The decrease is largely due to the completion of funding for the net-free fishing zones initiative and decreased revenue for NCS arrangements for the NRIFAEP for 2016-17. These arrangements were agreed with NCS partners post the finalisation of the budget and are not reflected in the department's budget for 2016-17. This is partly offset by the increased revenue for environmental offset conditions imposed on fisheries development approvals for the rehabilitation of Marine Habitats.
17. The decrease is largely due to decreased revenue for NCS arrangements for the NRIFAEP for 2016-17. These arrangements were agreed with NCS partners post the finalisation of the budget and are not reflected in the department's budget for 2016-17.
18. The increase is associated with additional FTEs required to deliver the 2016-17 budget initiatives (including the implementation of the biosecurity capability review) and increases for EBA increments.
19. The decrease is mainly due to expenses associated with NRIFAEP which have not been reflected in the 2016-17 Budget. This is partly offset by additional expenses associated with the development of the TCF, the drought preparedness program and pest and weed management programs (including RAP initiatives).
20. The decrease is mainly due to the completion of the net-free fishing zone initiative in 2015-16 and capital contributions for the purchase of a grains property in partnership with GRDC. This is partially offset by capital grant payments to the RSPCA to upgrade facilities in Townsville and Cairns.
21. The decrease is mainly due to the one-off assistance that was provided in 2015-16 to businesses impacted by Panama TR4.

## Balance sheet

**Major variations between 2015-16 Budget and 2015-16 Estimated Actual include:**

22. The increase is mainly due to higher than expected funding received in advance of service delivery for contract Research and Development (R&D) projects, and the timing of capital purchases and projects. This is partly offset by a capital funding contribution to purchase a grains research property in partnership with GRDC.
23. The increase is mainly due to higher than expected funding received in advance for R&D projects.
24. The decrease reflects the amortisation of fit out at the Ecosciences and Health and Food Sciences Precincts.
25. The increase includes a revised estimate for the indexation of assets to reflect expected market values. This is partly offset by a funding adjustment to purchase a grains research property in partnership with GRDC.

**Major variations between 2015-16 Budget and 2016-17 Budget include:**

26. The increase is largely due to capital purchases and projects, and the indexation of assets to reflect expected market values. This is partly offset by asset impairments and sales.
27. The decrease reflects the amortisation of fit out at the Ecosciences and Health and Food Sciences Precincts.
28. The increase includes the indexation of assets to reflect expected market values. This is partly offset by asset impairments and sales, and funding adjustments for the purchase of a grains research property in partnership with GRDC.

**Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:**

29. The decrease largely relates to the capital contribution for the purchase of a grains property in partnership with GRDC, and capital purchases and projects.
30. The increase includes the indexation of assets to reflect expected market values, and capital purchases and projects. This is partly offset by asset impairments and sales.
31. The increase includes the indexation of assets to reflect expected market values. This is partly offset by funding adjustments to purchase a grains research property in partnership with GRDC, asset impairments and sales.

# Cash flow statement

## Major variations between 2015-16 Budget and 2015-16 Estimated Actual include:

32. The decrease is largely due to a deferral of funding from 2015-16 to realign the budget with anticipated cashflows for departmental programs and election commitments including drought relief arrangements and Panama TR4. This is partially offset by additional funding received in 2015-16 for pest and weed management programs, funding for the purchase of a grains research property in partnership with GRDC and an end of year receivable from 2014-15.
33. The increase is largely due to additional funding for the net-free fishing zones initiative and additional revenue for NCS arrangements including NRIFAEP and the NRWEP, which were finalised during 2015-16.
34. The increase is largely due to additional funding from the Australian Government for NCS arrangements (including the NRIFAEP and the NRWEP), which were finalised during 2015-16.
35. The increase reflects the one-off 'Section 831 payment' of \$1,300 for all employees covered by the replacement 2015 Core Agreement and increases for EBA.
36. The increase is mainly due to additional expenses for pest and weed management programs and increased expenses for pest and disease emergency responses. This is partly offset by a reduction in expenses associated with the deferral of funding from 2015-16 to 2016-17 to realign the budget with anticipated cashflows for various programs and election commitments. The estimates also include additional goods and services tax (GST) transactions with the Australian Taxation Office (ATO).
37. The increase is due to a capital grant for the purchase of a grains research property in partnership with GRDC and grants associated with the net-free fishing zone initiative, which were not included in the 2015-16 published Budget. This is partially offset by a decrease in Drought Relief Assistance Scheme payments due to a reduction in demand for fodder freight subsidies and water infrastructure rebates.
38. The 2015-16 Estimated Actual includes an expected movement in operating payables due to higher than expected R&D projects and biosecurity NCS agreements.
39. The decrease is mainly due to a delay in the timing of a disposal as a result of current climatic conditions.
40. The decrease is largely due to the delay in the timing of capital purchases and projects.
41. The increase is mainly due to funding adjustments for the purchase of a grains research property in partnership with GRDC. This is partly offset by a decrease in equity adjustments due to a delay in the timing of a disposal as a result of current climatic conditions.
42. The increase is mainly due to higher than expected funding for R&D projects, and a delay in the timing of capital purchases and projects. This is partly offset by a capital funding contribution for the purchase a grains research property in partnership with GRDC.

## Major variations between 2015-16 Budget and 2016-17 Budget include:

43. The decrease is largely due to a reduction in demand for freight subsidies and water infrastructure rebates under the drought relief arrangements and a decrease in funding for departmental programs and a planned distribution of funding for election commitments (including Panama TR4) . This is partly offset by additional funding for the development of the TCF, EBA, pest and weed management programs (including RAP initiatives) and implementation of the recommendations from the biosecurity capability review.
44. The increase is largely related to additional Information Technology revenues collected from other Government agencies under the BCP arrangement and increased revenue for environmental offset conditions imposed on fisheries development approvals for the rehabilitation of marine habitats.
45. The increase is associated with additional FTEs required to deliver the 2016-17 budget initiatives (including the implementation of the biosecurity capability review) and increases for EBA increments.
46. The decrease is largely due to reduced expenses associated with the deferral of funding for departmental programs and the timing of expenditure in relation to the delivery of election commitments. This is partially offset by additional expenses associated with pest and weed management programs (including RAP initiatives), the development of the TCF and the delivery of Information Technology services to other Government agencies under the BCP arrangement.
47. The decrease is mainly due to decreased expenses for drought relief arrangements due to a reduction in demand for fodder freight subsidies and water infrastructure rebates. This is partially offset by capital grant payments to the RSPCA for facility upgrades in Cairns and Townsville and to GRDC for the purchase of a grains research property.

48. The 2015-16 Budget includes capital works projects that have now been completed (including the enhancement of existing biosecurity laboratory facilities at the Health and Food Sciences Precinct).

**Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:**

49. The increase is mainly due to additional funding for the development of the TCF, the drought preparedness program, pest and weed management programs (including RAP initiatives), capital grant payments to the RSPCA and the implementation of the recommendations from the Biosecurity Capability Review. The increase is also attributed to greater funding for EBA increments. This is partly offset by a capital contribution for the purchase of a grains property in partnership with GRDC.
50. The decrease is largely due to the completion of funding for the net-free fishing zones initiative and decreased revenue for NCS arrangements for the NRIFAEP for 2016-17. These arrangements were agreed with NCS partners post the finalisation of the budget and are not reflected in the department's budget for 2016-17. This is partly offset by the increased revenue for environmental offset conditions imposed on fisheries development approvals for the rehabilitation of marine habitats.
51. The decrease is largely due to decreased revenue for NCS arrangements for the NRIFAEP for 2016-17. These arrangements were agreed with NCS partners post the finalisation of the budget and are not reflected in the department's budget for 2016-17.
52. The increase is associated with additional FTEs required to deliver the 2016-17 budget initiatives (including the implementation of the biosecurity capability review), and increases for EBA increments.
53. The decrease is mainly due to expenses associated with NRIFAEP, which have not been reflected in the 2016-17 Budget. This is partly offset by additional expenses associated with the development of the TCF, the drought preparedness program and pest and weed management programs. The estimates also include additional GST transactions with the ATO.
54. The decrease is mainly due to the completion of the net-free fishing zone initiative in 2015-16 and a reduction in capital contributions for the purchase of a grains research property in partnership with GRDC. This is partially offset by capital grant payments to the RSPCA to upgrade facilities in Townsville and Cairns.
55. The 2015-16 Estimated Actual includes an expected movement in operating payables due to higher than expected R&D projects and biosecurity NCS agreements.
56. The increase is mainly due to a delay in the timing of a disposal as a result of current climatic conditions.
57. The decrease is largely due to funding adjustments to purchase a grains research property in partnership with GRDC.
58. The decrease is largely due to capital contributions for the purchase of a grains research property in partnership with GRDC, and capital purchases and projects.

## **Administered income statement**

**Major variations between 2015-16 Budget and 2016-17 Budget include:**

59. The increase is largely due to additional funding to QRAA/Queensland Rural and Industry Development Authority (QRIDA) for Rural Assistance Package initiatives and EBA increments. This is partly offset by a planned reduction in transition funding for the Queensland Agricultural Training Colleges (QATC).

**Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:**

60. The increase is largely due to additional funding to QRAA/QRIDA for Rural Assistance Package initiatives and EBA increments. This is partly offset by a planned reduction in transition funding for the QATC.

## **Administered balance sheet**

**Major variations between 2015-16 Budget and 2016-17 Budget include:**

61. The decrease reflects the sale of former Forestry Plantations Queensland surplus assets. This is offset by the indexation of assets to reflect expected market values.

## **Administered cash flow statement**

### **Major variations between 2015-16 Budget and 2016-17 Budget include:**

62. The increase is largely due to additional funding to QRAA/QRIDA for Rural Assistance Package initiatives and EBA increments. This is partly offset by a planned reduction in transition funding for the QATC.

### **Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:**

63. The increase is largely due to additional funding to QRAA/QRIDA for Rural Assistance Package initiatives and EBA increments. This is partly offset by a planned reduction in transition funding for the QATC.

# Statutory bodies

## Queensland Agricultural Training Colleges

### Overview

Queensland Agricultural Training Colleges (QATC) comprises the vocational training divisions of the Longreach Pastoral College, Emerald Agricultural College and Rural Training Queensland (RTQ). Established as a statutory body in July 2014, a governing board provides overall strategic direction supported by local boards that provide advice to guide operations at the residential colleges.

QATC's vision is to be the leading provider and facilitator of industry relevant education and training. QATC's training activities are delivered in two modes: residential training delivered at Longreach and Emerald, and industry training delivered at various locations throughout Queensland. QATC directly contributes to the Government's objectives for the community for creating jobs and a diverse economy by achieving better education and training outcomes and increasing workforce participation. The strategic objectives of QATC are to:

- ensure its training products are relevant, produce industry standard graduates and enable its students to have an experience that matches their needs and expectations
- ensure that business practices are focused on the financial viability of the business
- have mutually productive partnerships that enhance the reputation of both organisations
- attract, develop and retain highly engaged and diversely qualified professional staff.

QATC's core product offering includes residential based training programs at Longreach and Emerald that provide students with full farm scale practical experience complimented by RTQ that utilises an industry based model in face to face and online training. QATC's suite of products includes a unique program with nine Northern Beef Pastoral Companies that use the colleges as a base for recruiting entry level positions.

Drought conditions have continued to impact QATC, particularly at Longreach Pastoral College. Increased operating costs are a result of the College needing to maintain the necessary resources for student training. Whilst financial performance of QATC has stabilised over recent years, significant improvement is required to ensure sustainability over time. The focus for the organisation for 2016-17 is to improve the relevance of its product to its client base and develop a coordinated and cohesive approach to business development to grow its revenue base.

### Service summary

In 2015-16 QATC continued to successfully deliver vocational education training (VET) products to the agricultural sector. Measures of student satisfaction and student training to employment outcomes remain high. QATC partnered with Central Queensland University to develop and launch a new Bachelor of Agriculture program. The program includes an embedded Diploma in Agriculture with a focus on practical training and is delivered by instructors of the Emerald Agricultural College. A student cohort of 44 commenced this program in March 2016 across three delivery locations.

Growth in the Pathways to Agricultural Careers and Agriculture (PACE) program has been achieved following its reintroduction in 2015. RTQ has successfully partnered with a number of community based organisations across the State and has been awarded funding approval for the delivery of various training programs under the Skilling Queenslanders for Work initiative. QATC has continued to work with high schools with a focus on agriculture and this has seen an increase in training outcomes under the VET in Schools program.

The increasing exposure of Queensland's agricultural sector to global competition will continue to place increasing pressure on producers to adopt more sophisticated management approaches. This will lead to demand for an increasingly skilled workforce. In 2016-17 QATC will continue to refine and expand its product range to respond to this demand. Target areas will include growing enrolments into the Degree and PACE programs. QATC will also focus on delivery of farm management skill set training in areas such as chemical and pest management, marketing, contract management and risk management. Increased training in production horticulture, conservation and land management qualifications will also be targeted alongside QATC's more traditional focus areas of livestock and cropping.

The development of an integrated value chain approach to the management of QATC's cattle enterprise will be pursued in 2016-17. This provides both an increased financial return on its valuable production assets and improvements for student training on modern cattle enterprise management approaches.

# Service performance

## Performance statement

### Queensland Agricultural Training Colleges (QATC)

#### Service area objective

To improve the economic prosperity and sustainability of rural and related industries and communities by improving the knowledge and skills of its existing and future workforce.

#### Service area description

QATC assists industries to implement their workforce development plans and address the skilled workforce needs of a modern and progressive agriculture sector. QATC delivers industry endorsed training for primary production and regional communities. Training activities are delivered in two modes: residential training delivered at Longreach and Emerald, and industry training delivered at various locations throughout Queensland.

Queensland Agricultural Training Colleges	Notes	2015-16 Target/Est.	2015-16 Est. Actual	2016-17 Target/Est.
<b>Service area: Queensland Agricultural Training Colleges</b>				
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Level of stakeholder satisfaction with VET training services and products:				
Quality Indicator Learners Survey		85%	85%	85%
Quality Indicator Employer Survey	1	75%	75%	75%
Percentage of successfully completed competencies compared with all modules assessed		90%	90%	90%
Percentage of completed competencies delivered at or above Certificate IV level	2	27.2%	21%	27.2%
Percentage of students employed or in further study 6 months after completing their training National Centre for Vocational Education Research (NCVER) Survey		90%	90%	90%
<i>Efficiency measures</i>				
Competency per instructional staff (full-time equivalents)		524	487	524
Average cost per competency successfully completed	3	\$1,300	\$1,502	\$1,300

#### Notes:

1. This measure is a standard measure across VET and based on survey questions designed by the NCVER that report on a range of satisfaction measures with the course, teaching and employment experience.
2. This variance results from actual demand being less than the forecasted demand for QATC higher level course offerings in 2015-16. Improvement is expected in subsequent financial years as enrolments grow into programs such as the Bachelor of Agriculture with its embedded Diploma component and the farm business management skill set (Certificate IV and above competencies).
3. This variance results from forecast training competency completions being below budgeted expectations. Some adjustment to instructor resource levels has been made although this adjustment has not been sufficient to achieve this target. To some extent additional instructional resources have been necessary to support the development of the Bachelor of Agriculture in partnership with Central Queensland University. The financial returns of this program are expected to be realised over subsequent financial years.



# Staffing<sup>1</sup>

Queensland Agricultural Training Colleges	Notes	2015-16 Budget	2015-16 Est. Actual	2016-17 Budget
Queensland Agricultural Training Colleges		121.4	114	117

Note:

1. Full-time equivalents (FTEs) as at 30 June.

# Income statement

Queensland Agricultural Training Colleges	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
<b>INCOME</b>				
Taxes		..	..	..
User charges and fees	1,4,8	8,694	5,672	7,007
Grants and other contributions	5,9	9,351	9,351	8,522
Interest		430	430	441
Other revenue		385	385	395
Gains on sale/revaluation of assets	6,10	2,773	2,773	3,242
<b>Total income</b>		<b>21,633</b>	<b>18,611</b>	<b>19,607</b>
<b>EXPENSES</b>				
Employee expenses	2,11	11,722	11,047	11,622
Supplies and services	3,7,12	10,105	7,671	8,170
Grants and subsidies		..	..	..
Depreciation and amortisation		1,181	1,281	1,304
Finance/borrowing costs		..	..	..
Other expenses		54	54	55
Losses on sale/revaluation of assets		115	115	115
<b>Total expenses</b>		<b>23,177</b>	<b>20,168</b>	<b>21,266</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(1,544)</b>	<b>(1,557)</b>	<b>(1,659)</b>

# Balance sheet

Queensland Agricultural Training Colleges	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	13,19,27	14,365	15,153	13,595
Receivables	14,20	2,310	1,732	1,725
Other financial assets		..	..	..
Inventories		238	377	377
Other		306	217	217
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>17,219</b>	<b>17,479</b>	<b>15,914</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		39	39	39
Other financial assets		93	128	128
Property, plant and equipment	15,21,28	82,036	76,245	77,571
Intangibles		..	..	..
Other	22,29	3,521	3,409	4,019
<b>Total non-current assets</b>		<b>85,689</b>	<b>79,821</b>	<b>81,757</b>
<b>TOTAL ASSETS</b>		<b>102,908</b>	<b>97,300</b>	<b>97,671</b>
<b>CURRENT LIABILITIES</b>				
Payables		1,588	1,494	1,494
Accrued employee benefits	16,23	2,335	1,835	1,820
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other	17,24	455	1,224	1,224
<b>Total current liabilities</b>		<b>4,378</b>	<b>4,553</b>	<b>4,538</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits	25	388	530	735
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>388</b>	<b>530</b>	<b>735</b>
<b>TOTAL LIABILITIES</b>		<b>4,766</b>	<b>5,083</b>	<b>5,273</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>98,142</b>	<b>92,217</b>	<b>92,398</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	18,26	<b>98,142</b>	<b>92,217</b>	<b>92,398</b>

# Cash flow statement

Queensland Agricultural Training Colleges	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges and fees	30,34,38	8,687	5,665	7,000
Grants and other contributions	35,39	9,351	9,351	8,522
Interest received		430	430	441
Taxes		..	..	..
Other		3,151	3,151	3,201
<b>Outflows:</b>				
Employee costs	31,40	(11,444)	(10,872)	(11,432)
Supplies and services	32,36,41	(10,105)	(7,671)	(8,170)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		(609)	(609)	(530)
<b>Net cash provided by or used in operating activities</b>		<b>(539)</b>	<b>(555)</b>	<b>(768)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non-financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for non-financial assets	37,42	(3,400)	(3,400)	(2,630)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>(3,400)</b>	<b>(3,400)</b>	<b>(2,630)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections	33,43	1,840	..	1,840
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by or used in financing activities</b>		<b>1,840</b>	<b>..</b>	<b>1,840</b>
<b>Net increase/(decrease) in cash held</b>		<b>(2,099)</b>	<b>(3,955)</b>	<b>(1,558)</b>
<b>Cash at the beginning of financial year</b>		<b>16,464</b>	<b>19,108</b>	<b>15,153</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>14,365</b>	<b>15,153</b>	<b>13,595</b>

# Explanation of variances in the financial statements

## Income statement

### Major variations between 2015-16 Budget and 2015-16 Estimated Actual include:

1. Decrease is a result lower than anticipated take up of course and residential services offerings.
2. Decrease is a result of reduced staffing levels in response to lower than anticipated take up of course offerings.
3. Decrease is a result of reduced expenses in response to lower than anticipated take up of course offerings and reduced cost of maintaining livestock.

### Major variations between 2015-16 Budget and 2016-17 Budget include:

4. Decrease reflects anticipated take up of course and product offerings in 2016-17.
5. Decrease reflects the change in the transitional grant arrangements for 2016-17.
6. Increase is as a result of an improvement in the estimated market price of Queensland Agricultural Training Colleges (QATC) livestock and crop biological assets. This is due to impacts of the drought on the supply of cattle and strong domestic and international demand for beef that is expected to continue. Improved management practice will enable QATC to take advantage of these economic conditions.
7. Decrease is a result of reduced expenses in response to lower than anticipated take up of course offerings. Destocking as a result of drought conditions resulted in reduced expenditure on supplemental feeding.

### Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:

8. Increase is a result of the expected improvement in take up of course offerings and products in 2016-17.
9. Decrease reflects the change in the transitional grant arrangements approved for 2016-17.
10. Increase is a result of the improvement in estimated market price of QATC's livestock and crop biological assets.
11. Increase is a result of the additional staffing levels required to deliver the planned training programs for 2016-17.
12. Increase is a result of the additional expenses associated with the expected improvement in take up of course offerings and products in 2016-17.

## Balance sheet

### Major variations between 2015-16 Budget and 2015-16 Estimated Actual include:

13. Increase due to de-stocking undertaken in response to drought conditions at Longreach and the increase in market price realised for cattle.
14. Decrease results from lower than anticipated take up of course offerings.
15. Decrease is a result of a full plant and equipment revaluation that was completed after the preparation of the 2015- 16 Budget.
16. Decrease is a result of the reduction in use of casual staffing arrangements made in response to lower than anticipated take up of course offerings. A change in staffing mix also resulted in a change in the allocation of current to non-current liabilities.
17. Increase results from a change in other current liabilities made after the completion of the preparation of the 2015- 2016 Budget.
18. Decrease is contributed to the delayed sale of Manningham Station due to poor market conditions and a full plant and equipment revaluation that was completed after the preparation of the 2015-16 original budget.

### Major variations between 2015-16 Budget and 2016-17 Budget include:

19. Decrease results from utilisation of cash assets to fund normal operations.
20. Decrease results from lower than anticipated take up of course offerings.
21. Decrease is a result of a full plant and equipment revaluation that was completed after the preparation of the 2015- 16 Budget.
22. Increase is a result of the improvement in market valuation of QATC's livestock assets.

23. Decrease is a result of the reduction in use of casual staffing arrangements made in response to lower than anticipated take up of course offerings. A change in staffing mix also resulted in a change in the allocation of current to non-current liabilities.
24. Increase results from a change in other current liabilities made after the completion of the preparation of the 2015- 2016 Budget.
25. Increase is a result of a change in staffing mix that resulted in a change in the allocation of current to non-current liabilities.
26. Decrease is attributed to the delayed sale of Manningham Station due to poor market conditions and a full plant and equipment revaluation that was completed after the preparation of the 2015-16 Budget.

**Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:**

27. Decrease results from utilisation of cash assets to fund normal operations.
28. Increase results from the capital improvements planned for 2016-17.
29. Increase is a result of the improvement in market valuation of QATC's livestock assets.

## Cash flow statement

**Major variations between 2015-16 Budget and 2015-16 Estimated Actual include:**

30. Decrease is a result lower than anticipated take-up of course and residential services offerings.
31. Decrease is a result of the reduction in use of casual staffing arrangements made in response to lower than anticipated take up of course offerings.
32. Decrease is a result of reduced expenses in response to lower than anticipated take up of course offerings and reduced cost of maintaining livestock.
33. Decrease is a result of the delayed sale of Manningham Station due to poor market conditions.

**Major variations between 2015-16 Budget and 2016-17 Budget include:**

34. Decrease reflects anticipated take up of course and product offerings in 2016-17.
35. Decrease reflects the change in the transitional grant arrangements approved during 2015-16.
36. Decrease is a result of reduced expenses in response to lower than anticipated take up of course offerings and reduced cost of maintaining livestock.
37. Decrease is due to the completion of the capital works programs at Longreach Pastoral College and Emerald Agricultural College.

**Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:**

38. Increase is a result of the expected take up of course offerings and products in 2016-17.
39. Decrease reflects the change in the transitional grant arrangements approved during 2015-16.
40. Increase is a result of the enterprise bargaining agreement set to take affect in August 2016.
41. Increase is a result of the expected take up of course offerings and products in 2016-17.
42. Decrease is due to the completion of the capital works programs at Longreach Pastoral College and Emerald Agricultural College.
43. Increase is a result of the delayed sale of Manningham Station due to poor market conditions from 2015-16 to 2016-17.

# QRAA (to be replaced by the new Queensland Rural and Industry Development Authority)

## Overview

QRAA is a specialist administrator of government financial assistance programs including loans, grants, rebates and subsidies. QRAA's core responsibility is to administer the Queensland Government's Primary Industry Productivity Enhancement Scheme (PIPES) and when required, support the delivery of Natural Disaster Relief and Recovery Arrangement assistance for primary producers, small businesses and non-profit organisations (jointly funded by the Queensland and Australian Governments).

QRAA's vision is to be the preferred provider of financial assistance programs across government through its strategic goals of business sustainability, service excellence and business capability. Our goals contribute to the Queensland Government's objectives for the community by creating jobs and a diverse economy and building safe, caring and connected communities. QRAA demonstrates this by:

- providing assistance to primary producers, small businesses and other elements of the State's economy
- fostering the development of a more productive and sustainable rural and regional sector in Queensland.

The *Rural and Regional Adjustment Act 1994* (Qld) enables QRAA to deliver additional programs and services to local, state and territory governments throughout Australia and for the Australian Government. The key factor that impacts on QRAA's ability to achieve its strategic direction of increasing business viability and securing new business is that QRAA is reliant on the policy initiatives of local, state and territory governments throughout Australia and the Australian Government program owners.

QRAA remains well positioned and responsive to emerging government priorities including initiatives arising from the Agricultural Competitiveness White Paper and the Rural Debt and Drought Taskforce.

The Rural Debt and Drought Taskforce Chairman's Report 'Addressing debt and drought problems in rural Queensland' was handed to the Honourable Curtis Pitt, MP, Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships and Minister for Sport, by the Taskforce Chair Mr Robbie Katter MP, Member for Mt Isa, on Monday 9 May 2016. In response, QRAA will be replaced with the Queensland Rural and Industry Development Authority (QRIDA). With an expanded Board charter and a comprehensive evaluation of loan products and facilities offered, the new entity will better support and improve the financial sustainability of the rural sector and PIPES loans and lending facilities to make them more accessible and relevant to Queensland's farming families.

## Service summary

QRAA's capability and business sustainability was enhanced in 2015-16 by securing new fee-for-service business opportunities including:

- consultancy services to support the Department of Natural Resources and Mines (DNRM) establish a rigorous assessment framework for the administration of High-Value Agriculture Clearing applications submitted under the *Vegetation Management Act 1999* (Qld)
- review of applicant business plans to determine economic viability of High-Value Agriculture Clearing applications submitted to DNRM for assessment under the *Vegetation Management Act 1999* (Qld)
- administration of the following schemes that support commercial fishers to transition their business following the introduction of Net Free Zones:
  - Particular Commercial Fishing Boat Licences Surrender Scheme (voluntary buy-back) in Central and Far North Queensland
  - Commercial Fisher Licences for Prohibition on possession or use of Particular Nets Scheme
  - Additional Payments to Particular Holders of Commercial Fisher Licences Scheme
- delivery of the Australian Government's 2015-16 Drought Recovery Concessional Loans Schemes to help Queensland Farm Businesses recover from and prepare for future drought
- administration of the Australian Government funded Drought Recovery Concessional Loans Scheme to support Queensland producers to undertake replanting or restocking activities once conditions improve

- loan assessment and maintenance services to support the Northern Territory government deliver the Australian Government funded Drought Concessional Loans Scheme for 2015-16.

During 2016-17, the new QRIDA will continue to provide a broad, flexible and cost effective range of administrative services to assist government agencies deliver financial programs to the highest standards.

## Service performance

### Performance statement

#### QRAA/QRIDA

#### Service area objective

To administer timely financial assistance aimed at improving the productivity and sustainability of regional and rural communities.

#### Service area description

QRAA is a specialist administrator of government financial assistance programs including loans, grants, rebates and subsidies. QRAA's core responsibility is to administer the Queensland Government's Primary Industry Productivity Enhancement Scheme and when required, support the delivery of Natural Disaster Relief and Recovery Arrangement assistance.

QRAA/QRIDA	Notes	2015-16 Target/Est.	2015-16 Est. Actual	2016-17 Target/Est.
<b>Service area: QRAA/QRIDA</b>				
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Maintain total loan arrears within target levels	1	<1.5%	0.46%	<1.5%
Percentage of applications processed within agreed service delivery timeframes and within budget	2, 3	85%	96.9%	85%
Overall client satisfaction with QRAA's services	4	80%	87%	n/a
<i>Efficiency measures</i>				
Average number of loans managed per full-time equivalent (FTE)	5, 6	55	50.1	55

Notes:

1. Arrears for 2015-16 are below the Target/Estimate of 1.5 per cent, due to the absence of any natural disasters, which has allowed QRAA account holders to remain largely within arrangements. A natural disaster event could see the arrears increase towards the 1.5 per cent Target/Estimate in a short period of time.
2. This activity is considered to be within budget if no additional FTEs are required in order to process the applications within the agreed timeframes.
3. Due to the absence of natural disaster events, QRAA have processed a higher than expected percentage of applications within agreed service delivery timelines. Should a major disaster occur in 2016-17 the percentage could drop quite substantially.
4. Overall measure of satisfaction in QRAA services includes ratings from clients (primary producers, small business owners and non-profit organisations) who have been both approved assistance or declined assistance in the past. This is a biennial survey of clients, and as such, will not be performed in 2016-17.
5. This measure includes all the loans managed by QRAA and the number of FTE permanent staff in Program Delivery Services as at 30 June 2016.
6. Due to the timing of the closure of existing loan programs, such as for Tropical Cyclone Larry, the volume of loans is currently reduced. The take up in new programs and the prevailing weather conditions all impact on the result.



# Staffing<sup>1</sup>

QRAA/QRIDA	Notes	2015-16 Budget	2015-16 Est. Actual	2016-17 Budget
QRAA/QRIDA	2	80	79	92

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. 2016-17 Budget reflects an increase of staff for the delivery of the new Farm Debt Mediation program, proposed new grants program and expanded Primary Industry Productivity Enhancement Scheme.

# Income statement

QRAA	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
<b>INCOME</b>				
Taxes		..	..	..
User charges and fees	1,8,17	1,353	1,718	2,307
Grants and other contributions	9,18	28,485	28,305	12,170
Interest	2,10,19	49,538	44,182	35,469
Other revenue		..	12	12
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>79,376</b>	<b>74,217</b>	<b>49,958</b>
<b>EXPENSES</b>				
Employee expenses	3,11,20	10,051	9,469	11,746
Supplies and services	4,12,21	5,636	3,154	7,380
Grants and subsidies	13,22	18,694	18,837	1,000
Depreciation and amortisation	5,14,23	471	824	339
Finance/borrowing costs	6,15,24	41,208	37,054	25,886
Other expenses		..	..	..
Losses on sale/revaluation of assets	7,16,25	257	1,290	2,134
<b>Total expenses</b>		<b>76,317</b>	<b>70,628</b>	<b>48,485</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>3,059</b>	<b>3,589</b>	<b>1,473</b>

# Balance sheet

QRAA	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	26,35,42	135,507	113,053	87,817
Receivables	27,36,43	76,782	67,674	71,030
Other financial assets		..	..	..
Inventories		..	..	..
Other		109	102	102
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>212,398</b>	<b>180,829</b>	<b>158,949</b>
<b>NON-CURRENT ASSETS</b>				
Receivables	28,37,44	476,143	440,495	448,961
Other financial assets		..	..	..
Property, plant and equipment		381	358	369
Intangibles	29,45	2,836	2	2,919
Other		350	350	350
<b>Total non-current assets</b>		<b>479,710</b>	<b>441,205</b>	<b>452,599</b>
<b>TOTAL ASSETS</b>		<b>692,108</b>	<b>622,034</b>	<b>611,548</b>
<b>CURRENT LIABILITIES</b>				
Payables	30,38	200	376	376
Accrued employee benefits		2,329	2,446	2,446
Interest bearing liabilities and derivatives	31,46	20,314	29,832	20,452
Provisions		..	..	..
Other	32,39,47	3,348	7,562	5,255
<b>Total current liabilities</b>		<b>26,191</b>	<b>40,216</b>	<b>28,529</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	72	72
Accrued employee benefits		146	140	140
Interest bearing liabilities and derivatives	33,40	355,131	255,173	254,901
Provisions		219	219	219
Other		..	..	..
<b>Total non-current liabilities</b>		<b>355,496</b>	<b>255,604</b>	<b>255,332</b>
<b>TOTAL LIABILITIES</b>		<b>381,687</b>	<b>295,820</b>	<b>283,861</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>310,421</b>	<b>326,214</b>	<b>327,687</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	34,41	<b>310,421</b>	<b>326,214</b>	<b>327,687</b>

# Cash flow statement

QRAA	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges and fees	48,67	..	3,187	..
Grants and other contributions	58,68	28,485	28,305	12,170
Interest received	49,59	31,740	23,709	23,176
Taxes		..	..	..
Other		..	12	12
<b>Outflows:</b>				
Employee costs	50,60,69	(10,051)	(9,471)	(11,746)
Supplies and services	51,61,70	(5,636)	(3,225)	(7,380)
Grants and subsidies	62,71	(18,694)	(18,837)	(1,000)
Borrowing costs	52,63,72	(11,965)	(6,118)	(6,995)
Other		..	..	..
<b>Net cash provided by or used in operating activities</b>		<b>13,879</b>	<b>17,562</b>	<b>8,237</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non-financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed	53,64,73	71,462	59,807	63,496
<b>Outflows:</b>				
Payments for non-financial assets	54,74	(3,307)	(277)	(3,267)
Payments for investments		..	..	..
Loans and advances made	55,65,75	(123,000)	(137,919)	(79,000)
<b>Net cash provided by or used in investing activities</b>		<b>(54,845)</b>	<b>(78,389)</b>	<b>(18,771)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings	56,66,76	61,000	56,028	6,000
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions	57,77	(25,842)	(109,239)	(20,702)
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by or used in financing activities</b>		<b>35,158</b>	<b>(53,211)</b>	<b>(14,702)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(5,808)</b>	<b>(114,038)</b>	<b>(25,236)</b>
<b>Cash at the beginning of financial year</b>		<b>141,315</b>	<b>227,091</b>	<b>113,053</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>135,507</b>	<b>113,053</b>	<b>87,817</b>

# Explanation of variances in the financial statements

## Income statement

### Major variations between 2015-16 Budget and 2015-16 Estimated Actual include:

1. The increase is largely due to the fact that the fees for service associated with QRAA's administration of the 2015-16 Australian Government Concessional Loans Schemes were not approved when the 2015-16 Budget was finalised.
2. The decrease in interest received is largely due to the fact that lower than anticipated loans were issued for the 2014-15 Australian Government Concessional Loans Schemes.
3. The decrease is due to employee costs on the Compass project (formally known as the Loans and Grants Administration System Project) that have not occurred as the implementation of the Compass project has been rescheduled to 2016-17.
4. The decrease is due to the implementation of the Compass project that has been rescheduled to 2016-17.
5. The increase relates to a higher than budgeted amortisation cost due to the revision of the estimated useful economic life of computer software.
6. The decrease is largely due to the opening borrowings balance as at 1 July 2015 for the Australian Government Concessional Loans Schemes being lower than budgeted.
7. The increase is mainly due to higher bad debt write-offs than expected.

### Major variations between 2015-16 Budget and 2016-17 Budget include:

8. The increase is largely due to fee for service revenues associated with QRAA's revenue target for 2016-17.
9. The decrease is due to the fact that no Natural Disaster Relief and Recovery Arrangements (NDRRA) grants have been budgeted for 2016-17. This is because no major natural disaster events have been declared in 2015-16.
10. The decrease in interest received is attributable to: the opening loans balance as at 1 July 2015 for the Australian Government Concessional Loans Schemes being lower than budgeted; reduced fair value adjustments on new borrowings, as there are no new borrowings assumed for the Australian Government Concessional Loans Schemes in 2016-17; and lower interest earned on reduced cash deposits.
11. The increase relates to the introduction of the Farm Debt Mediation Program and extension of the Primary Industry Productivity Enhancement Scheme (PIPES) Loans Program.
12. The increase relates to: the implementation of an Electronic Documents Records Management System; and renewal of Information Communication and Technology infrastructure in 2016-17.
13. The decrease is due to the fact that no NDRRA grants have been budgeted for 2016-17. This is because no major natural disaster events have occurred in 2015-16.
14. The decrease is largely due to a planned implementation of computer software that has not occurred in 2015-16 as the implementation of the Compass project has been rescheduled to 2016-17.
15. The decrease is due to: the opening borrowings balance as at 1 July 2015 for the Australian Government Concessional Loans Schemes being lower than budgeted; and reduced initial fair value adjustments on new lending, as the budget assumes no 2016-17 iterations of the Australian Government Concessional Loans Schemes.
16. The increase is mainly due to an increase in the provision for doubtful debts in proportion to a growing loan portfolio.

### Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:

17. The increase is largely due to fee for service revenues associated with QRAA's revenue target for 2016-17.
18. The decrease is due to the fact that no NDRRA grants have been budgeted for 2016-17. This is because no major disasters have occurred in 2015-16.
19. The decrease is due to reduced fair value adjustments on new borrowings, as there are no new borrowings assumed for the Australian Government Concessional Loans Schemes in 2016-17; and lower interest earned on reduced cash deposits.
20. The increase relates to the introduction of the Farm Debt Mediation Program and extension of the PIPES Loans Program from 2016-17 under the Rural Assistance Package, plus the implementation of the Compass project in 2016-17.

21. The increase relates to: the Compass project that is expected to be implemented in 2016-17; the implementation of Electronic Documents Records System; and renewal of information communication technology infrastructure in 2016-17.
22. The decrease is due to the fact that no NDRRA grants have been budgeted for 2016-17. This is because no major natural disaster events have been declared in 2015-16.
23. The decrease is largely due to a planned implementation of computer software that has not occurred in 2015-16 as the implementation of the Compass project has been rescheduled to 2016-17.
24. The decrease is due to reduced initial fair value adjustments on new borrowings to fund the Australian Government Concessional Loans Schemes.
25. The increase is mainly due to an increase in the provision for doubtful debts in proportion to a growing loan portfolio.

## Balance sheet

### Major variations between 2015-16 Budget and 2015-16 Estimated Actual include:

26. The decrease is mainly due to lower than anticipated loan repayments from clients and the Compass project having been rescheduled to 2016-17.
27. The decrease in the loan portfolio is mainly due to the fact that fewer applications were received than anticipated on concessional loan programs in 2014-15. As a result, the opening loan portfolio was lower than budget for 2015-16.
28. The decrease in the loan portfolio is mainly due to the fact that fewer applications were received than anticipated on concessional loan programs in 2014-15. As a result, the opening loan portfolio was lower than budget for 2015-16.
29. The decrease is due to the implementation of Compass project being rescheduled to 2016-17.
30. The increase is due to the increased interest payables on cash at bank for the Australian Government Concessional Loans Schemes.
31. The increase is due to a higher than budgeted NDRRA borrowings to be repaid in June 2016.
32. The increase is largely due to the fact that the fees for service associated with QRAA's administration of the 2015-16 Australian Government Concessional Loans Schemes were not approved when the 2015-16 Budget was finalised.
33. The decrease of borrowings is largely due to the opening borrowings balance as at 1 July 2015 for the Australian Government Concessional Loans Schemes being lower than budgeted.
34. The increase is due to the higher than budgeted opening balance as at 1 July 2015.

### Major variations between 2015-16 Budget and 2016-17 Budget include:

35. The decrease is largely due to new lending for the Primary Industry Productivity Enhancement Scheme in 2016-17.
36. The decrease in the loan portfolio is mainly due to the fact that fewer applications were received than anticipated on concessional loan programs in 2014-15. As a result, the opening loan portfolio was lower than budget for 2015-16.
37. The decrease in the loan portfolio is mainly due to the fact that fewer applications were received than anticipated on concessional loan programs in 2014-15. As a result, the opening loan portfolio was lower than budget for 2015-16.
38. The increase is due to the increased interest payables on cash at bank for the Australian Government Concessional Loans Schemes.
39. The increase is largely due to the fact that the fees for service associated with QRAA's administration of the 2015-16 Australian Government Concessional Loans Schemes were not approved when the 2015-16 Budget was finalised.
40. The decrease of borrowings is largely due to the opening borrowings balance as at 1 July 2015 for the Australian Government Concessional Loans Schemes being lower than budgeted.
41. The increase is due to the higher than budgeted opening balance as at 1 July 2015.

**Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:**

42. The decrease is mainly due to the new lending in 2016-17 for the PIPES Loans Program, and the scheduled implementation of the Compass project in 2016-17.
43. The increase is due to the fact that repayments for the growing portfolio of loans for PIPES are expected to increase in 2016-17.
44. The increase is due to the fact that repayments for the growing portfolio of loans for PIPES are expected to increase in 2016-17.
45. The decrease is due to the implementation of Compass project being rescheduled to 2016-17.
46. The decrease is due to the reducing repayment obligations for a reducing portfolio of NDRRA borrowings.
47. The decrease is due to the annual unwinding of deferred revenue.

## Cash flow statement

**Major variations between 2015-16 Budget and 2015-16 Estimated Actual include:**

48. The increase is largely due to the fact that the fees for service associated with QRAA's administration of the 2015-16 Australian Government Concessional Loans Schemes were not approved when the 2015-16 Budget was finalised.
49. The decrease of interest received is largely due to the lower than anticipated loans were issued for 2014-15 Australian Government Concessional Loans Schemes.
50. The decrease is due to employee costs on the Compass project that has not occurred as the implementation of the project has been rescheduled to 2016-17.
51. The decrease is due to the implementation of the Compass project being rescheduled to 2016-17.
52. The decrease is largely due to lower than anticipated borrowings.
53. The decrease is due to lower than budgeted principal repayments by clients for NDRRA Loans and 2014-15 Australian Government Concessional Loans Schemes.
54. The decrease is due to the implementation of the Compass project being rescheduled to 2016-17.
55. The increase is due to the fact that the 2015-16 Australian Government Concessional Loans Schemes were not approved when the 2015-16 Budget was finalised.
56. the decrease is due to lower than expected new borrowings for NDRRA loans.
57. The increase of borrowing redemptions is largely due to the higher than budgeted repayments of uncommitted funds for 2014-15 Australian Government Concessional Loans Schemes.

**Major variations between 2015-16 Budget and 2016-17 Budget include:**

58. The decrease is due to the fact that no NDRRA grants have been budgeted for 2016-17. This is because no major natural disaster events have been declared in 2015-16.
59. The decrease in interest received is attributable to the opening loans balance as at 1 July 2015 for the Australian Government Concessional Loans Schemes being lower than budgeted; and lower interest earned on lower cash deposits.
60. The increase relates to the introduction of the Farm Debt Mediation Program and extension of the PIPES Loans Program from 2016-17 under the Rural Assistance Package.
61. The increase relates to: the implementation of an Electronic Documents Records System; and renewal of Information Communication and Technology infrastructure in 2016-17.
62. The decrease is due to the fact that no NDRRA grants have been budgeted for 2016-17. This is because no major natural disasters have been declared in 2015-16.
63. The decrease is largely due to the opening borrowings balance as at 1 July 2015 for the Australian Government Concessional Loans Schemes being lower than budgeted.
64. The decrease is due to lower than budgeted principal repayments by clients for NDRRA Loans and 2014-15 Australian Government Concessional Loans Schemes.
65. The decrease is due to the fact that the Budget assumes no 2016-17 iterations of the Australian Government Concessional Loans Schemes.

66. The decrease is due to the fact that the budget assumes no 2016-17 iterations of the Australian Government Concessional Loans Schemes.

**Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:**

67. The decrease is due to no new Fee for Service Programs having been approved for 2016-17.
68. The decrease is due to the fact that no NDRRA grants have been budgeted for 2016-17. This is because no major natural disaster events have been declared in 2015-16.
69. The increase relates to the introduction of the Farm Debt Mediation Program and extension of PIPES Loans Program from 2016-17 under the Rural Assistance Package, plus the implementation of the Compass project in 2016-17.
70. The increase relates to: the Compass project that is expected to be implemented in 2016-17, the implementation of an Electronic Documents Records System and renewal of Information Communication and Technology infrastructure in 2016-17.
71. The decrease is due to the fact that no NDRRA grants have been budgeted for 2016-17. This is because no major natural disasters have occurred in 2015-16.
72. The increase is largely due to the impact of a full year of interest charges on borrowings for that were taken out mid way through 2015-16 for the Australian Government Concessional Loans Schemes.
73. The increase is due to the increased principal repayments on a growing portfolio of PIPES loans.
74. The increase relates to Compass project that is expected to be implemented in 2016-17.
75. The decrease is due to the fact that the Budget assumes no 2016-17 iterations of the Australian Government Concessional Loans Schemes.
76. The decrease is due to the fact that the Budget assumes no 2016-17 iterations of the Australian Government Concessional Loans Schemes.
77. The decrease is due to: the fact that the Budget assumes no 2016-17 iterations of the Australian Government Concessional Loans Schemes; and lower borrowing redemptions in relation to NDRRA.



# Glossary of terms

<b>Accrual accounting</b>	Recognition of economic events and other financial transactions involving revenue, expenses, assets, liabilities and equity as they occur and reporting in financial statements in the period to which they relate, rather than when a flow of cash occurs.
<b>Administered items</b>	Assets, liabilities, revenues and expenses an entity administers, without discretion, on behalf of the Government.
<b>Agency/entity</b>	Used generically to refer to the various organisational units within Government that deliver services or otherwise service Government objectives. The term can include departments, commercialised business units, statutory bodies or other organisations established by Executive decision.
<b>Appropriation</b>	Funds issued by the Treasurer, under Parliamentary authority, to agencies during a financial year for: <ul style="list-style-type: none"> <li>• delivery of agreed services</li> <li>• administered items</li> <li>• adjustment of the Government's equity in agencies, including acquiring of capital.</li> </ul>
<b>Balance sheet</b>	A financial statement that reports the assets, liabilities and equity of an entity as at a particular date.
<b>Capital</b>	A term used to refer to an entity's stock of assets and the capital grants it makes to other agencies. Assets include property, plant and equipment, intangible items and inventories that an entity owns/controls and uses in the delivery of services.
<b>Cash Flow Statement</b>	A financial statement reporting the cash inflows and outflows for an entity's operating, investing and financing activities in a particular period.
<b>Controlled Items</b>	Assets, liabilities, revenues and expenses that are controlled by departments. These relate directly to the departmental operational objectives and arise at the discretion and direction of that department.
<b>Depreciation</b>	The periodic allocation of the cost of physical assets, representing the amount of the asset consumed during a specified time.
<b>Equity</b>	Equity is the residual interest in the assets of the entity after deduction of its liabilities. It usually comprises the entity's accumulated surpluses/losses, capital injections and any reserves.
<b>Equity injection</b>	An increase in the investment of the Government in a public sector agency.
<b>Financial statements</b>	Collective description of the Income Statement, the Balance Sheet and the Cash Flow Statement for an entity's controlled and administered activities.

<b>Income statement</b>	A financial statement highlighting the accounting surplus or deficit of an entity. It provides an indication of whether the entity has sufficient revenue to meet expenses in the current year, including non-cash costs such as depreciation.
<b>Outcomes</b>	Whole-of-government outcomes are intended to cover all dimensions of community wellbeing. They express the current needs and future aspirations of communities, within a social, economic and environment context.
<b>Own-source revenue</b>	Revenue that is generated by an agency, generally through the sale of goods and services, but it may also include some Commonwealth funding.
<b>Priorities</b>	Key policy areas that will be the focus of Government activity.
<b>Services</b>	The actions or activities (including policy development) of an agency which contribute to the achievement of the agency's objectives.
<b>Service area</b>	Related services grouped into a high level service area for communicating the broad types of services delivered by an agency.
<b>Service standard</b>	Define a level of performance that is expected to be achieved appropriate for the service area or service. Service standards are measures of efficiency or effectiveness.

For a more detailed Glossary of Terms, please refer to the Reader's Guide available on the Budget website at [www.budget.qld.gov.au](http://www.budget.qld.gov.au)



