

Department of National Parks, Recreation, Sport and Racing

Annual Financial Statements

for the financial year ended 30 June 2013

Department of National Parks, Recreation, Sport and Racing

Financial Statements

for the financial year ended 30 June 2013

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General information

These financial statements report on the financial results for the Department of National Parks, Recreation, Sport and Racing for the financial year 1 July 2012 to 30 June 2013. The 2012 comparative figures represent two months of transactions only following commencement of financial operations on 1 May 2012.

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

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

Level 7
111 George Street
BRISBANE QLD 4000

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

For information in relation to the departmental financial statements please call (07) 3338 9301, email info@nprsr.qld.gov.au or visit the departmental internet site <http://www.nprsr.qld.gov.au>.

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

Department of National Parks, Recreation, Sport and Racing
Statement of Comprehensive Income
for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Income from continuing operations			
Departmental services revenue	4	271,423	62,747
User charges, fees and fines	5	29,981	2,699
Property and other territorial revenue	6	2,182	533
Grants and other contributions	7	24,996	8,222
Revaluation increment	8	21,579	-
Interest revenue	9	154	-
Other revenue	10	9,483	1,400
Total revenue		359,798	75,601
Gains	11	446	35
Total income from continuing operations		360,244	75,636
Expenses from continuing operations			
Employee expenses	12	116,449	20,613
Supplies and services	14	78,343	20,733
Grants and subsidies	15	74,456	22,711
Depreciation and amortisation	16	58,436	9,523
Revaluation decrement	17	377,586	271,449
Finance/borrowing costs	18	81	-
Other expenses	19	6,426	1,769
Total expenses from continuing operations		711,777	346,798
Operating result from continuing operations		(351,533)	(271,162)
Total comprehensive income/(loss)		(351,533)	(271,162)

The accompanying notes form part of these statements

Department of National Parks, Recreation, Sport and Racing
Statement of Financial Position
as at 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Current assets			
Cash and cash equivalents	20	58,225	69,715
Receivables	21	20,936	7,499
Inventories	22	104	254
Other current assets	23	303	65
		79,568	77,533
Non-current assets classified as held for sale	24	-	1,567
Total current assets		79,568	79,100
Non-current assets			
Property, plant and equipment	25	2,893,574	3,279,769
Intangible assets	26	2,723	3,595
Total non-current assets		2,896,297	3,283,364
Total assets		2,975,865	3,362,464
Current liabilities			
Payables	27	32,113	55,408
Accrued employee benefits	28	3,146	2,263
Other financial liabilities	29	639	166
Other current liabilities	30	21,716	662
Total current liabilities		57,614	58,499
Non-current liabilities			
Other financial liabilities	29	199	1,367
Total non-current liabilities		199	1,367
Total liabilities		57,813	59,866
Net assets		2,918,052	3,302,598
Equity			
Contributed equity		3,540,747	3,573,760
Accumulated surplus/(deficit)		(622,695)	(271,162)
Total equity		2,918,052	3,302,598

The accompanying notes form part of these statements

Department of National Parks, Recreation, Sport and Racing
Statement of Changes in Equity
for the year ended 30 June 2013

	Accumulated surplus/(deficit)		Contributed equity		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Balance as at 1 July	(271,162)	-	3,573,760	-	3,302,598	-
Total comprehensive income/(loss) for the year	(351,533)	(271,162)	-	-	(351,533)	(271,162)
Transactions with owners as owners						
Equity adjustments						
Equity injections (note 4)	-	-	4,690	957	4,690	957
Appropriated equity withdrawal (note 4)	-	-	(47,679)	-	(47,679)	-
Non appropriated equity withdrawal	-	-	-	(440)	-	(440)
Equity transfers						
Correction of error (note 39)	-	-	9,976	78,988	9,976	78,988
Net transfer of assets/liabilities received/ machinery-of-Government change	-	-	-	3,494,255	-	3,494,255
Balance as at 30 June	(622,695)	(271,162)	3,540,747	3,573,760	2,918,052	3,302,598

The accompanying notes form part of these statements

Department of National Parks, Recreation, Sport and Racing
Statement of Cashflows
for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Departmental services receipts		261,965	71,324
User charges, fees and fines		27,463	7,337
Property and other territorial receipts		2,182	117
Grants and other contributions		25,318	4,358
Interest revenue		105	-
GST input tax credits from ATO		5,402	-
Other receipts		24,182	2,829
<i>Outflows:</i>			
Employee expenses		(116,204)	(18,219)
Supplies and services		(101,639)	(22,491)
Grants and subsidies		(74,088)	(25)
Finance/borrowing costs		(81)	-
GST remitted to ATO		(833)	-
Other expenses		(6,462)	(506)
Net cash provided by (used in) operating activities	31	47,310	44,724
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		697	56
<i>Outflows:</i>			
Payments for property, plant and equipment		(16,207)	(10,407)
Payments for intangible assets		(433)	-
Net cash provided by (used in) investing activities		(15,943)	(10,351)
Cash flows from financing activities			
<i>Inflows:</i>			
Equity injections		5,178	469
Other		-	58
<i>Outflows:</i>			
Equity withdrawals		(47,371)	(261)
Borrowing repayments		(664)	(197)
Net cash provided by (used in) financing activities		(42,857)	69
Net increase (decrease) in cash and cash equivalents		(11,490)	34,442
Cash transfer machinery-of-Government		-	35,273
Cash and cash equivalents at beginning of financial year		69,715	-
Cash and cash equivalents at end of financial year	20	58,225	69,715

The accompanying notes form part of these statements

Department of National Parks, Recreation, Sport and Racing
Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2013

	National Parks		Recreation and Sport		Racing		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from continuing operations *								
Departmental services revenue	159,644	62,747	104,503	-	7,276	-	271,423	62,747
User charges, fees and fines	24,516	1,773	5,381	293	84	633	29,981	2,699
Property and other territorial revenue	1,486	533	696	-	-	-	2,182	533
Grants and other contributions	13,724	6,672	1,303	1,550	9,969	-	24,996	8,222
Revaluation increment	20,977	-	575	-	27	-	21,579	-
Interest revenue	154	-	-	-	-	-	154	-
Other revenue	4,947	178	625	1,222	3,911	-	9,483	1,400
Total revenue	225,448	71,902	113,083	3,065	21,267	633	359,798	75,601
Gains	435	34	11	-	-	1	446	35
Total income from continuing operations	225,883	71,936	113,094	3,065	21,267	634	360,244	75,636
Expenses from continuing operations *								
Employee expenses	86,222	14,585	27,040	5,505	3,187	523	116,449	20,613
Supplies and services	52,848	13,108	23,682	7,452	1,813	172	78,343	20,733
Grants and subsidies	508	25	58,478	22,686	15,470	-	74,456	22,711
Depreciation and amortisation	55,036	9,052	2,789	342	611	129	58,436	9,523
Revaluation decrement	365,333	271,449	12,034	-	219	-	377,586	271,449
Finance/borrowing costs	-	-	-	-	81	-	81	-
Other expenses	5,731	1,636	530	106	165	27	6,426	1,769
Total expenses from continuing operations	565,678	309,855	124,553	36,091	21,546	852	711,777	346,798
Operating result from continuing operations	(339,795)	(237,919)	(11,459)	(33,026)	(279)	(218)	(351,533)	(271,162)

* Allocation of corporate services income and expenses to departmental services (disclosure only):

	National Parks		Recreation and Sport		Racing		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Income	1,858	1,375	583	-	69	-	2,509	1,375
Expenses	1,858	1,375	583	-	69	-	2,509	1,375

**Department of National Parks, Recreation, Sport and Racing
Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2013**

In addition to the corporate services delivered within the Department of National Parks, Recreation, Sport and Racing, the department also participates in a corporate partnership arrangement whereby certain agencies “host” a number of strategic and operational corporate services which are provided to this department as a “recipient” department. This arrangement was developed with a focus on ensuring economies of scale, service integration, scalability, and responsiveness.

The “host” agency of each corporate service function receives the appropriation of funds and reports Full Time Equivalent positions within the respective agency. The model is multi-layered for different corporate services functions. That is, some functions are provided to 2 agencies, and some provided to 6 agencies with any combination in between.

As a “recipient” agency, this department receives defined services from the following agencies:

<i>Provider Department</i>	<i>Services provided by the providing agency</i>
Department of Agriculture, Forestry and Fisheries	Fleet Management; Telecommunications and Records Management
Department of Natural Resources and Mines	Accommodation Services and Legal Services
Department of Environment and Heritage Protection	Finance and Asset Management; Human Resources; Corporate Communications; Governance Oversight; Performance Management; Privacy and Ethics; Procurement and Right to Information

Corporate Services income and expenses attributable solely to the Department of National Parks, Recreation, Sport and Racing are apportioned across the major departmental services while corporate services income and expenses attributable under the corporate partnership arrangements are outlined in the Statement of Comprehensive Income by Major Departmental Services of the respective department.

The accompanying notes form part of these statements

Department of National Parks, Recreation, Sport and Racing
Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2013

	National Parks	Recreation and Sport	Racing	General Not Attributable	Total
	2013	2013	2013	2013	2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents	-	-	-	58,225	58,225
Receivables	11,209	6,542	3,185	-	20,936
Inventories	104	-	-	-	104
Other current assets	209	77	17	-	303
	11,522	6,619	3,202	58,225	79,568
Non current assets classified as held for sale	-	-	-	-	-
Total current assets	11,522	6,619	3,202	58,225	79,568
Non-current assets					
Property, plant and equipment	2,702,247	183,005	8,322	-	2,893,574
Intangible assets	2,449	274	-	-	2,723
Total non-current assets	2,704,696	183,279	8,322	-	2,896,297
Total assets	2,716,218	189,898	11,524	58,225	2,975,865
Current liabilities					
Payables	15,316	5,065	11,732	-	32,113
Accrued employee benefits	2,237	784	125	-	3,146
Other financial liabilities	-	-	639	-	639
Other current liabilities	21,097	473	146	-	21,716
Total current liabilities	38,650	6,322	12,642	-	57,614
Non-current liabilities					
Other financial liabilities	-	-	199	-	199
Total non-current liabilities	-	-	199	-	199
Total liabilities	38,650	6,322	12,841	-	57,813
Net assets	2,677,568	183,576	(1,317)	58,225	2,918,052

The department has systems in place to allocate assets and liabilities by output however cash is not able to be attributed and thus is impacting the net position of each Service.

Department of National Parks, Recreation, Sport and Racing
Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2013

	National Parks	Recreation and Sport	Racing	General Not Attributable	Total
	2012	2012	2012	2012	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents	44,775	14,640	10,300	-	69,715
Receivables	5,898	586	1,015	-	7,499
Inventories	254	-	-	-	254
Other current assets	44	14	7	-	65
	50,971	15,240	11,322	-	77,533
Non-current assets classified as held for sale	-	1,567	-	-	1,567
Total current assets	50,971	16,807	11,322	-	79,100
Non-current assets					
Property, plant and equipment	3,077,825	193,522	8,422	-	3,279,769
Intangible assets	3,267	328	-	-	3,595
Total non-current assets	3,081,092	193,850	8,422	-	3,283,364
Total assets	3,132,062	210,657	19,745	-	3,362,464
Current liabilities					
Payables	10,534	34,896	9,977	-	55,408
Accrued employee benefits	2,221	8	34	-	2,263
Other financial liabilities	-	-	166	-	166
Other current liabilities	103	556	3	-	662
Total current liabilities	12,859	35,460	10,180	-	58,499
Non-current liabilities					
Other financial liabilities	-	-	1,367	-	1,367
Total non-current liabilities	-	-	1,367	-	1,367
Total liabilities	12,859	35,460	11,547	-	59,866
Net assets	3,119,203	175,197	8,198	-	3,302,598

The department has systems in place to allocate assets and liabilities by output

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

Note	Note title
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22	Inventories
23	Other current assets
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Department of National Parks, Recreation, Sport and Racing

Notes to and forming part of the Financial Statements 2012-13

1. Objectives and principal activities of the department

Purpose

The purpose of the department is to deliver improved access to national parks and forests, greater grassroots participation in sport and recreation and a rejuvenated racing industry across the State. It achieves this through the delivery of key services in Queensland Parks and Wildlife Service, Sport and Recreation Services and the Office of Racing.

Objectives of the department

The department's objectives are:

- To ensure national parks are well managed and available to be enjoyed by all Queenslanders;
- Increased participation of Queenslanders in sport and active recreation;
- Rejuvenation of the Queensland racing industry; and
- A capable and streamlined, customer-focused organisation.

Sources of departmental funding

The department is principally funded for the services it delivers by parliamentary appropriations, with further funding sourced from:

- a range of fees and permits relating to visitations, use and camping in the State's national parks; and use of sport and recreation facilities;
- cost recovery from the Queensland racing industry; and
- grants and other contribution revenue from Commonwealth, State and local governments and external bodies to undertake designated activities.

2. Major departmental services

The Department of National Parks, Recreation, Sport and Racing conducts its business through the following service areas:

- **National Parks** - This service is aimed at improving access to and management of, Queensland's national parks and state forests.
- **Recreation and Sport** - This service focuses on working to increase Queenslanders' participation in sport and recreation activities.
- **Racing** - The racing service provides a proactive and supportive regulatory environment for the racing industry which directly employs approximately 30,000 Queenslanders.

3. Summary of significant accounting policies

(a) Statement of compliance

The Department of National Parks, Recreation, Sport and Racing has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis, in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ending 30 June 2013 and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Department of National Parks, Recreation, Sport and Racing has applied those requirements applicable to not-for-profit entities as the department is a not-for-profit department. Except where stated, the historical cost convention is used.

(b) The reporting entity

These financial statements include the value of all incomes, expenses, assets, liabilities and equity of the department and the entities it controls, where these entities are material.

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

(b) The reporting entity (continued)

These financial statements also incorporate the financial balances of the Joint Field Management Program of the Great Barrier Reef Marine Park Authority as managed by National Parks (Queensland Parks and Wildlife Service) of this department.

During this financial year, the Deputy Premier and Minister for State Development, Infrastructure and Planning and the Minister for National Parks, Recreation, Sport and Racing agreed to the voluntary transfer, effective 1 May 2013, of the functions associated with the management of the Curtis Island Environmental Management Precinct from the Coordinator-General to this department. This non reciprocal transfer has been treated as a transaction with owners as owners, with it being recorded in contributed equity.

The major departmental services undertaken by the department are disclosed in note 2.

(c) Administered transactions and balances

The department administers, but does not control, certain resources on behalf of the Government. In doing so, it has responsibility and is accountable for administering related transactions and items, but does not have the discretion to deploy the resources for the achievement of the department's objectives.

(d) Trust transactions and balances

The department holds cash and bank guarantees on behalf of companies and individuals for the following:

As a condition of authority to establish facilities or operations under the *Nature Conservation Act 1992* or the *Marine Parks Act 2004*, applicants may be required to provide financial security in the form of cash or bank guarantee to ensure compliance with specific requirements set by the state for such activities, to prevent or minimise any environmental harm, or to rehabilitate or restore the environment. The security is held to protect the state should the lessee/occupant not meet the conditions set out in the authority.

As the department acts only in a custodial role in respect of these transactions and balances, they are not recognised in the financial statements, but are disclosed in note 38. Applicable audit arrangements are also shown.

(e) Departmental services revenue/administered revenue

Appropriations provided under the annual Appropriation Act are recognised as revenue when received. Approval has been obtained from the Department of Treasury and Trade to recognise specific adjustments to departmental services revenue. Refer to note 4.

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' item appropriations with the related payments being recorded as administered expenses. Refer to note 36.

(f) User charges, fees and fines

User charges and fees controlled by the department are recognised as revenues and are invoiced when revenue has been earned and can be measured reliably with a sufficient degree of certainty or the recognition of accrued revenue. User charges and fees are controlled by the department where they can be deployed for the achievement of departmental objectives. Refer to note 5.

Fees and fines collected, but not controlled, by the department are reported as administered revenue. Refer to note 36.

(g) Grants and other contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the department obtains control over them (control is generally obtained at the time of receipt). Where grants are received that are reciprocal in nature, revenue is progressively recognised as it is earned, according to the terms of the funding agreements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would have been purchased, had they not been donated.

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

(h) Special payments

Special payments include ex gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. In compliance with the *Financial and Performance Management Standard 2009*, the department maintains a register setting out details of all special payments greater than \$5,000. The total of all special payments (including those of \$5,000 or less) is disclosed separately within other expenses (note 19), however, descriptions of the nature of special payments are only provided for special payments greater than \$5,000.

(i) Cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash on hand, cash at bank and cash and cheques receipted but not banked at 30 June 2013 as well as deposits at call with financial institutions.

(j) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery, ie. the agreed purchase/contract price. Settlement of these amounts is required within ranged trading terms of 14 days to 30 days from invoice date depending on the service provided.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June 2013. The impairment movement is based on the events disclosed in note 35.

Other debtors generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. Other than receivables from government, settlement terms of these debtors are between 14 - 30 days net with no interest charged nor security collected.

(k) Inventories

The department's inventory holdings comprise inventory held for sale.

Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition. Net realisable value is determined on the basis of the department's normal consumption pattern.

Inventories held for sale are valued at the lower of cost and net realisable value.

Expenses associated with marketing, selling and distribution are deducted to determine net realisable value.

(l) Work in progress

Work in progress is recognised at cost. All costs relating to items of property, plant and equipment and intangible assets constructed in-house are recorded as work in progress until completion of the project using all direct costs and where reliably attributable, indirect costs. Work in progress performed under external contracts is recorded using the invoice amount supplied by the contractor.

(m) Acquisitions of assets

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

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

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

(n) Property, plant and equipment

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

Asset Class	Threshold
Land	\$ 1
Buildings and Infrastructure	\$ 10,000
Other (including heritage and cultural)	\$ 5,000

**Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13**

(n) Property, plant and equipment (*continued*)

Items with a lesser value are expensed in the year of acquisition.

Land improvements undertaken by the department are included with Buildings or Infrastructure based on the proximity of the asset to which they relate.

Research, design and appraisal studies

Preliminary appraisal costs, cost estimates and/or investigating study costs that precede management decisions on the acceptance of particular projects are expensed as incurred.

Land transfers

The Department of Environment and Heritage Protection is responsible for the acquisition of land for national park estate. Subsequent to acquisition by the Department of Environment and Heritage Protection, the land is transferred to this department and is treated as a transaction with owners as owners, with it being recorded in contributed equity. State land is transferred from the Department of Natural Resources and Mines for national park estate where it is identified the properties have conservation attributes. Any such transfers are recorded in contributed equity.

Repairs and maintenance

Expenditure incurred in normal operations to ensure that an asset realises its normal operating capacity until the conclusion of its useful life is regarded as repairs and maintenance and is expensed.

Expenditure that enhances an existing asset, significantly replaces or refurbishes an asset, or extends the asset's useful life, capacity, function and/or efficiency is capitalised into the carrying amount of the asset.

(o) Intangible assets

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

It has been determined that there is not an active market for any of the department's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

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

Internally generated software

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

Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the department, namely 5 - 7 years.

Purchased software

The purchase cost of this software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the department, namely 7 - 9 years.

(p) Non-current assets held for sale

Non-current assets held for sale consist of those assets that management has determined are available for immediate sale in their present condition, for which their sale is highly probably within the next twelve months.

These assets are measured at the lower of the asset's carrying amount and fair value less costs to sell. Such assets are no longer amortised or depreciated upon being classified as being held for sale.

(q) Revaluations of non-current physical and intangible assets

Land, buildings, infrastructure, major plant and equipment and heritage and cultural assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury and Trade's *Non-Current Asset Accounting Policies for the Queensland Public Sector*. In respect of these assets classes, the cost of items acquired during the financial year has been judged by management to materially represent their fair value at the end of the reporting period.

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

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

(q) Revaluations of non-current physical and intangible assets (continued)

Non-current physical assets measured at fair value are revalued on an annual basis by appraisals undertaken by an independent professional valuer, or internal expert, or by the use of appropriate and relevant indices. Revaluations based on independent professional valuer or internal expert appraisals are undertaken at least once every five years. However, if a class of asset experiences significant and volatile changes in fair value (i.e. where indicators suggests that the value of the class of asset may have changed by 20% or more from one reporting period to the next), it is subject to such revaluations in the reporting period, where practicable, regardless of the timing of previous such method of revaluation.

Where indices are used in the revaluation process the department ensures that the application of such indices would result in a valid estimation of the asset's fair value at reporting date. An independent valuer supplied the indices and provided assurance of their robustness, validity and appropriateness for application to the relevant assets. Indices used are also tested for reasonableness by applying the indices to a sample of assets and comparing results to similar assets that have been valued by an independent professional valuer or internal expert, and analysing the trend of changes in values over time. At year end, management assess the relevance and suitability of indices provided by the valuer based on the department's own particular circumstances.

Plant and equipment are measured at cost in accordance with Queensland Treasury and Trade's *Non-Current Asset Accounting Policies for the Queensland Public Sector*.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that class. On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Only those assets, the total values of which are material compared to the value of the class of assets to which they belong, are comprehensively revalued.

Materiality concepts under AASB 1031 are considered in determining whether the difference between the carrying amount and the fair value of an asset is material.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

(r) Amortisation of intangibles and depreciation of property, plant and equipment

Land is not depreciated as it has an unlimited useful life.

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

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the department.

Assets under construction (work in progress) are not depreciated or amortised until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes with property, plant and equipment.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the department.

Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

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

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

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

For each class of depreciable asset the following depreciation and amortisation rates are used:

Physical asset class	Rate %
Buildings	1.0 - 20.0
Heritage and cultural assets	0.0 - 1.0
Infrastructure	2.0 - 20.0
Plant and equipment	
Motor vehicles	6.7 - 20.0
Heavy vehicles	6.7 - 20.0
Scientific and technical equipment	10.0 - 20.0
Office equipment	6.7 - 20.0
Computer equipment	10.0 - 33.3
Leasehold improvements	10.0 - 16.7
Boats and boating equipment	4.2 - 33.3
Intangible asset class	
Internally generated software	14.3 - 20.0
Purchased software	11.1 - 14.3

(s) Impairment of non-current assets

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer also note 3(q).

(t) Leases

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods which they are incurred.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

(u) Payables

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

(v) Financial instruments

Recognition

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

**Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13**

(v) Financial instruments (*continued*)

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value through profit or loss
- Receivables – held at amortised cost
- Payables – held at amortised cost
- Borrowings – held at amortised cost.

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments, or receipts through the expected life of a financial instrument (or, when appropriate, a shorter period) to the net carrying amount of that instrument.

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

All other disclosures relating to the measurement and financial risk management of financial instruments held by the department are disclosed in note 35.

(w) Employee benefits

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, salaries, and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values.

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

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

Annual leave

The Queensland Government's Annual Leave Central Scheme became operational on 30 June 2008 for departments, commercialised business units and shared service providers. Under this scheme, a levy is made on the department to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

From 1 July 2009, no provision for annual leave has been recognised in the department's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Long service leave

Under the Queensland Government's long service leave scheme, a levy is made on the department to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

(w) Employee benefits (*continued*)

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The department's obligation is limited to its contribution to QSuper.

Therefore, no liability is recognised for accruing superannuation benefits in the department's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Key management personnel and remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury and Trade. Refer to note 13 for the disclosures on key executive management personnel and remuneration.

(x) Finance and borrowing costs

Finance costs are recognised as an expense in the period in which they are incurred.

Finance costs include:

- Interest on long-term borrowings;
- Ancillary administration charges.

(y) Allocation of revenues and expenses from ordinary activities to corporate services

The department discloses income and expenses attributable to corporate services in the Statement of Comprehensive Income by Major Departmental Services.

(z) Insurance

The department's non-current physical assets except road registered motor vehicles owned by the department and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. Road registered vehicles are insured through commercial insurers. In addition, the department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(aa) Services received free of charge or for nominal value

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

(ab) Contributed equity

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

(ac) Taxation

The department is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the department. As such, GST credits receivable from/payable to the Australian Taxation Office are recognised (refer note 21).

(ad) Issuance of financial statements

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

(ae) Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

(ae) Accounting estimates and judgements (continued)

Estimates and assumptions made that have a potential significant effect are outlined in the following notes to the financial statements:

Property, plant and equipment: note 25
Contingencies: note 33

The Australian government passed its *Clean Energy Act* in November 2011 which resulted in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012.

The flexible market-based price phase of the carbon pricing mechanism will commence on 1 July 2015. It will be preceded by a three-year period during which the price of permits will be fixed at \$23 per tonne or carbon dioxide equivalent in year one, \$24.15 in year two and \$25.40 in year three.

Section 4.3.4 of the Department of Treasury and Trade's report on 'Carbon Price Impacts for Queensland' dated August 2011 indicates that, for non-residential construction activities, costs may increase by between 0.7 per cent and 0.8 per cent over the period 2012-13 to 2015-16.

On this basis and other information available, the introduction of the carbon pricing mechanism is not expected to have a significant impact on the department's critical accounting estimates, assumptions and management judgements.

(af) Rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

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

As the Department of National Parks, Recreation, Sport and Racing commenced financial operations on 1 May 2012, the 2012 financial year comparatives represent two months of transactions only.

(ag) New and revised accounting standards

The department did not voluntarily change any of its accounting policies during 2012-13. Australian Accounting Standard changes applicable for the first time in 2012-13 have had a minimal effect on the department's financial statements, as explained below.

AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of items of other comprehensive income (AASB 1, AASB 5, AASB 7, AASB 101, AASB 112, AASB 120, AASB 121, AASB 132, AASB 133 & AASB 134, AASB 1039 and AASB 1049)* became effective from reporting periods beginning on or after 1 July 2012. The only impact for the department is that, in the Statement of Comprehensive Income, items within the "Other comprehensive income" section are now presented in different subsections, according to whether or not they are subsequently classifiable to the operating result. Whether subsequent reclassification is possible depends on the requirements or criteria in the accounting standard/interpretation that relates to the item concerned. The department does not have any items of other comprehensive income either in the current or prior year.

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

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

AASB 13 *Fair Value Measurement* applies from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of 'fair value', as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the department's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The potential impacts of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets and liabilities

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

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

The department has commenced reviewing its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13. Where identified, changes will be made to ensure compliance. While the department is yet to complete this review, based on the fair value methodologies presently used, no significant changes are anticipated. Therefore, at this stage, no consequential material impacts are expected for the department's property, plant and equipment as from 2013-14.

AASB 13 will require an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not "observable" outside the department, the amount of information to be disclosed will be relatively greater.

A revised version of AASB 119 *Employee Benefits* applies from reporting periods beginning on or after 1 January 2013. The revised AASB 119 is generally to be applied retrospectively. Given the department's circumstances the only implications for the department are that the revised standard clarifies the concept of "termination benefits" and the recognition criteria for liabilities for termination benefits will be different. If termination benefits meet the timeframe criterion for "short term employee benefits" they will be measured according to the AASB 119 requirements for "short term" employee benefits. Under the revised standard, the recognition and measurement of employer obligations for "other long term employee benefits" will need to be accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 includes changed criteria for accounting for employee benefits as "short term employee benefits". However as the department is a member of the Queensland Government central schemes for annual leave and long service leave, the change in criteria has no impact on the department's financial statements as the employer liability is held by the central scheme. The revised AASB 119 also includes changed requirements for the measurement of employer liabilities and assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities and assets. The department makes employer superannuation contributions only to the QSuper defined benefit plan, and the corresponding QSuper employer benefit obligation is held by the State. Therefore those changes to AASB 119 will have no impact on the department.

AASB 1053 *Application of Tiers of Australian Accounting Standards* applies as from reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements – Australian Accounting Standards (commonly referred to as "tier 1"), and Australian Accounting Standards – Reduced Disclosure Requirements (often referred to as "tier 2"). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that is currently applicable to reporting entities in Australia. The only difference between the requirements of the two tiers is that tier 2 requires fewer disclosures than tier 1.

Details of which disclosures in standards and interpretations are not required under tier 2 reporting are set out in amending standards AASB 2010-2, AASB 2011-2, AASB 2011-6 and AASB 2011-11 (which also apply from reporting periods beginning on or after 1 July 2013). However, the Department of Treasury and Trade's *Financial Reporting Requirements* effectively does not allow application of AASB 2011-6 in respect of controlled entities, associates or interests in jointly controlled entities.

Pursuant to AASB 1053, public sector entities like the department may adopt tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the tier 1 requirements.

In the case of this department, the Department of Treasury and Trade is the regulator and has advised departments that it will require adoption of tier 1 reporting by all Queensland Government departments and statutory bodies that are consolidated into whole-of-government financial statements. This policy adopted by the Department of Treasury and Trade also prohibits the early adoption of the arrangements outlined in AASB 1053 and its accompanying amending standards. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the department.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014:

- AASB 10 *Consolidated Financial Statements*;
- AASB 11 *Joint Arrangements*;
- AASB 12 *Disclosure of Interests in Other Entities*;
- AASB 127 (revised) *Separate Financial Statements*;
- AASB 128 (revised) *Investments in Associates and Joint Ventures*; and
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards* (AASB 1, 2, 3, 5, 7, 9, 2009-11 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17).

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

(ag) New and revised accounting standards (continued)

The amendment of AASB 10 *Consolidated Financial Statements* is expected to clarify how the IASB's principles about control of entities should be applied by not-for-profit entities in an Australian context. Hence the department is not yet in a position to reliably determine the future implications of these new and reviewed standards for the department's financial statements.

This redefinition will impact on the concept of control of another entity, which is the basis for determining which entities should be consolidated into an entity's financial statements. Therefore, subject to any not-for-profit modifications yet to be made to AASB 10, the department will need to re-assess the nature of its relationships with other entities, including entities that aren't currently consolidated.

AASB 11 deals with the concept of joint control, and details new principles for determining the type of joint arrangements that exists – which, in turn, dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. Subject to any not-for-profit modifications yet to be made to AASB 11, the department will need to assess the nature of any arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11. If a joint arrangement is found to exist, the department will need to follow the relevant accounting treatment specified in AASB 11 or the revised AASB 128 *Investments in Associates and Joint Ventures*, depending on the nature of the joint arrangement.

AASB 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. From that date, based on what is currently published in the Queensland Government's budgetary service delivery statements, this may mean the department will need to include in its annual financial statements the original budgetary Statements of Comprehensive Income, Financial Position, Changes in Equity and Cash flows. These budgetary statements will need to be presented consistently with the corresponding (actuals) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding budgetary financial statement.

In addition, based on what is currently published in the Queensland Government's service delivery statements, the department will need to include in these financial statements the original budgetary information for major classes of administered income and expenses, and major classes of administered assets and liabilities. This information will need to be presented consistently with the corresponding (actuals) administered information, and will be accompanied by explanations of major variances between the actual amounts and the corresponding budgetary financial information.

AASB 9 *Financial Instruments (December 2010)* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and *Interpretations 2, 5, 10, 12, 19 & 127*) will become effective from reporting periods beginning on or after 1 January 2015. The main impacts of these standards on the department are that the requirements for the classification, measurement and disclosures associated with financial assets will change. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these two conditions is that the asset must be held within a business model with the objective to hold assets in order to collect contractual cash flows. The second condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

The department has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the department's conclusions will not be confirmed until closer to the initial application. At this stage, and assuming no change in the types of transactions the department enters into, it is not expected that any of the department's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2015-16 financial statements, all the department's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in notes 1(n) and 36. The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. As the department's current receivables are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

The most significant impact of the new measurement requirements on the department is that the "held to maturity" investment described in notes 3(v), and 35 will need to be measured at fair value. In addition, that investment will no longer be classified as "held to maturity". The department is not yet able to reliably estimate what the fair value of this investment will be at the date of initial application of AASB 9. The difference between the carrying amount of this investment and its initial fair value will be recognised as an adjustment to the balance of Accumulated Surplus

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

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

on initial application of AASB9. AASB 9 allows an entity to make an irrevocable election, at the date of initial recognition, to present in "other comprehensive income" subsequent changes in the fair value of such an asset. The Department of Treasury and Trade is currently considering mandating this accounting treatment when AASB 9 becomes effective.

The department will not need to restate the comparative figures for financial instruments on adopting AASB 9 as from 2015-16. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2015-16 financial statements to explain the impact of adopting AASB 9. Assuming no changes in the types of financial instruments that the department enters into, the most significant ongoing disclosure impacts are expected to relate to investments in equity instruments measured at fair value through comprehensive income.

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

**Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13**

	2013	2012
	\$'000	\$'000
4. Reconciliation of payments from consolidated fund to departmental services revenue recognised in the statement of comprehensive income		
Budgeted departmental services appropriation	275,955	-
Transfers from/(to) other departments		
Department of Environment and Heritage Protection	-	36,675
Department of Communities, Child Safety and Disability Services	-	41,588
Department of State Development, Infrastructure and Planning	-	70
Lapsed departmental services appropriation *	(13,990)	(7,009)
Total departmental services receipts	<u>261,965</u>	<u>71,324</u>
Plus: Closing balance of output revenue receivable	881	1,211
Plus: Closing balance of deferred appropriation payable	-	(9,788)
Less: Opening balance of output revenue receivable	(1,211)	-
Less: Opening balance of deferred appropriation payable	9,788	-
	<u>9,458</u>	<u>(8,577)</u>
Departmental services revenue recognised in the statement of comprehensive income	<u>271,423</u>	<u>62,747</u>
Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	(41,670)	-
Transfers from/(to) other departments		
Department of State Development, Infrastructure and Planning	-	(199)
Transfers from/(to) other headings		
Departmental services revenue	-	668
Less lapsed equity adjustment	(831)	-
Total equity adjustment receipts/(payments)	<u>(42,501)</u>	<u>469</u>
Plus: Closing balance of equity injection receivable	-	488
Less: Opening balance of equity injection receivable	(488)	-
	<u>(488)</u>	<u>488</u>
Equity adjustment recognised in contributed equity	<u>(42,989)</u>	<u>957</u>

* Reflects lapse of appropriation funding in excess of requirements.

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

	2013	2012
	\$'000	\$'000
5. User charges, fees and fines		
Services rendered	14,127	848
Fees and permits	15,703	1,199
Sale of goods	98	649
Fines	53	3
Total	29,981	2,699

6. Property and other territorial revenue

Territorial revenue	1,354	117
Property income	828	416
Total	2,182	533

7. Grants and other contributions

Commonwealth grants *	10,136	5,581
Funding from external bodies, state and local governments *	14,140	434
External and industry contributions *	707	90
Goods and services received at below fair value	13	7
Capital received below fair value	-	2,110
Total	24,996	8,222

* Included in the 2013 figure for grants and other contributions are non reciprocal grants funded by the Commonwealth and State Government, and other external bodies for a range of grant programs. These monies have been recognised as revenue in their entirety upon receipt as the agreements do not specify sufficient conditions to qualify as reciprocal. As at 30 June 2013, \$2.201 million (2012: \$7.355 million) of all grant funding remained unspent.

8. Revaluation increment

Buildings	1,169	-
Infrastructure	20,410	-
Total	21,579	-

9. Interest revenue

Interest	154	-
Total	154	-

The interest attributed to this account is derived from the Curtis Island Environmental Management Precinct bank account which was transferred to the department on 1 May 2013.

10. Other revenue

Recoveries *	7,765	3
Insurance recoveries	364	1
Other	1,354	1,396
Total	9,483	1,400

* The variance is primarily related to the recovery of operating costs of the Racing Science Centre from industry.

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

	2013	2012
	\$'000	\$'000
11. Gains		
Gain on sale of plant and equipment	446	35
Total	446	35

12. Employee expenses

Employee benefits

Wages and salaries	93,098	17,560
Employer superannuation contributions *	10,773	1,929
Long service leave levy *	1,940	368
Capitalised salary expenses	(1,218)	(496)
Severance payments ^	5,885	-

Employee related expenses

Workers compensation*	780	199
Other employee related expenses*	5,191	1,053

Total	116,449	20,613
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* Refer to note 3(w).

^ There were 113 voluntary redundancy payments paid to employees during 2012-13.

The number of employees as at 30 June, including both full-time employees and part-time employees measured on a full-time equivalent basis is:

	2013	2012
Number of employees:	1,304	1,458

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

13. Key management personnel and remuneration

a) *Key management personnel*

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2012-13. These senior executives as members of the departmental Executive Management Team are responsible for providing leadership and oversight of strategic and/or critical issues and challenges facing the department. They ensure the effective and efficient performance of the agency in achieving strategic goals and operational objectives. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

2012-13 Key Management Personnel

Position	Executive Management Team Incumbency	
	Contract classification and appointment authority	Date appointed to Executive Management Team (date resigned)
Director-General *	CEO <i>Public Service Act 2008</i>	1 July 2012
Deputy Director-General National Parks	SES 3 <i>Public Service Act 2008</i>	1 July 2012 – 5 October 2012
Acting Deputy Director-General National Parks	SES 3 <i>Public Service Act 2008</i>	22 October 2012 – 30 November 2012
Deputy Director-General National Parks **	SES 3 <i>Public Service Act 2008</i> SES 4 <i>Public Service Act 2008</i> from 21 February 2013	3 December 2012
Deputy Director-General Recreation and Sport	SES 3 <i>Public Service Act 2008</i>	1 July 2012 – 30 November 2012
Deputy Director-General Recreation and Sport **	SES 3 <i>Public Service Act 2008</i>	3 December 2012
Deputy Director-General Corporate Services ***	SES 3 <i>Public Service Act 2008</i>	1 July 2012
Executive Director Office of Racing	SES 2 <i>Public Service Act 2008</i>	1 July 2012
Acting Executive Director Office of the Director-General	SES 2 <i>Public Service Act 2008</i>	1 July 2012 – 19 October 2012
Executive Director Office of the Director-General	SES 2 <i>Public Service Act 2008</i>	3 December 2012
Chief Financial Officer	SES 2 S122 <i>Public Service Act 2008</i>	14 January 2013

* Incumbent acted in position from 1 July 2012 until date of appointment on 1 November 2012.

** Incumbent acted in position from 3 December 2012 until date of appointment on 28 March 2013.

*** The Department of National Parks, Recreation, Sport and Racing have outsourced the provision of some of their corporate services to the Department of Environment and Heritage Protection. Whilst the Deputy Director-General Corporate Services is a member of the Executive Management Team, the position is one paid by the Department of Environment and Heritage Protection and the remuneration relevant to that position is included in the expenses of that department.

2011-12 Key Management Personnel

Position	Executive Management Team Incumbency	
	Contract classification and appointment authority	Date appointed to Executive Management Team
Acting Director-General	CEO, <i>Public Service Act 2008</i>	3 April 2012
Deputy Director-General National Parks	SES 3, <i>Public Service Act 2008</i>	1 May 2012
Deputy Director-General Corporate Services *	SES 3, <i>Public Service Act 2008</i>	1 May 2012
Acting Deputy Director-General Recreation and Sport	SES 2, <i>Public Service Act 2008</i>	1 May 2012
Executive Director Office of Racing	SES 2 <i>Public Service Act 2008</i>	1 May 2012

* The Department of National Parks, Recreation, Sport and Racing have outsourced the provision of some of their corporate services to the Department of Environment and Heritage Protection. Whilst the Deputy Director-General Corporate Services is a member of the Executive Management Team, the position is one paid by the Department of Environment and Heritage Protection and the remuneration relevant to that position is included in the expenses of that department.

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

13. Key management personnel and remuneration (*continued*)

b) Remuneration

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

For the 2012-13 year, remuneration of key management personnel increased by 2.2% in accordance with government policy.

Remuneration packages for key management personnel comprise the following components:

- Short term employee benefits which include:
 - Base – consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income
 - Non monetary benefits (where applicable) - consisting of provision of vehicle and associated benefits together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include long service leave accrued.
- Post employment benefits include superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
- Performance bonuses are not paid under the contracts in place.

Total fixed remuneration is calculated on a "total cost" basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

13. Key management personnel and remuneration (*continued*)

b) Remuneration

1 July 2012 – 30 June 2013

Position	Short term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
Director-General	361	33	8	23	-	425
Deputy Director-General National Parks	50	18	1	6	161	236
Acting Deputy Director-General National Parks	22	4	-	2	-	28
Deputy Director-General National Parks	129	16	3	7	-	155
Deputy Director-General Recreation and Sport	77	11	2	8	-	98
Deputy Director-General Recreation and Sport	125	7	2	6	-	140
Executive Director Office of Racing	171	9	3	13	-	196
Acting Executive Director Office of the Director-General	52	4	1	6	-	63
Executive Director Office of the Director-General	104	10	2	11	-	127
Chief Financial Officer	64	-	1	8	-	73

1 May 2012 – 30 June 2012

Position	Short term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
Acting Director-General	56	5	1	9	-	71
Deputy Director-General National Parks	31	3	1	4	-	39
Acting Deputy Director-General Recreation and Sport	27	5	-	3	-	35
Executive Director Office of Racing	24	1	1	3	-	29

**Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13**

	2013	2012
	\$'000	\$'000
14. Supplies and services		
Building fit outs	2,335	75
Computer expenses	4,228	647
Consultants and contractors *	20,861	8,056
Land development and maintenance	1,098	752
Materials	4,004	883
Minor plant and equipment	2,542	999
Office accommodation and related costs	6,781	1,178
Operating leases *	17,170	2,675
Personnel costs	722	172
Repairs and maintenance *	9,704	3,675
Rural land protection	593	208
Shared service provider costs *	6,772	1,127
Staff and client travel	3,071	838
Telephone and facsimile	1,703	394
Uniforms and protective clothing	706	236
Capitalised supplies and services	(13,224)	(5,580)
Other	9,277	4,397
Total	78,343	20,733

* The variance in the above accounts primarily relates to twelve months expenditure in 2013 compared to the two months expenditure in 2012.

15. Grants and subsidies

Sport and recreation grants	57,818	22,686
Racing industry grants and subsidies	15,469	-
National parks and wildlife grants	425	-
Scholarships	24	-
Sponsorships	720	25
Total	74,456	22,711

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

	2012	2012
	\$'000	\$'000
16. Depreciation and amortisation		
<i>Depreciation and amortisation were incurred in respect of:</i>		
Buildings	19,078	2,654
Infrastructure	33,628	6,137
Plant and equipment	4,928	713
Heritage and cultural	79	10
Intangible assets	723	8
Total	58,436	9,523

17. Revaluation decrement

Land	74,677	81,269
Buildings	-	4,089
Heritage and cultural	302,909	67,764
Infrastructure	-	118,327
Total	377,586	271,449

The asset revaluation reserve represents the net effect of upwards and downwards revaluations of assets to fair value. The decrement, not being a reversal of a previous revaluation increment in respect of the same class of assets, has been recognised as an expense in the Statement of Comprehensive Income.

18. Finance and borrowing costs

Interest	81	-
Total	81	-

19. Other expenses

Legal fees	424	120
External audit fees *	225	118
Bad and impaired debts	310	32
Bank and statutory fees	256	15
Assets written off	869	278
Insurance premiums	15	59
Queensland Government Insurance Fund premium	2,109	276
Losses from disposal of property, plant and equipment	30	10
<i>Special payments:</i>		
Ex-gratia payments **	584	843
Donations, gifts and awards	1	14
Commission paid ***	1,585	-
Compensation payments ****	18	4
Total	6,426	1,769

* Total audit fees paid to the Queensland Audit Office relating to the 2012-13 financial year are estimated to be \$0.225 million (2012: \$0.118 million). There are no non-audit services included in this amount.

** Payments in 2013 include \$0.382 million for the cancellation of a contract for system development and \$0.200 million to Quandamooka People in relation to land use management. The 2012 amount includes ex-gratia payments made to third parties for relocation assistance and a payment of \$0.840 million in lieu of mining royalties to the Quandamooka People.

*** The 2013 amount mainly comprises monies paid to a third party as management commission in relation to the North Stradbroke Island National Park.

**** Compensation payments expenditure represents compensation to the Mullen Bun Goon Ltd for the use of the land reserves for the Mamu Rainforest Canopy Walkway.

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

	2013	2012
	\$'000	\$'000
20. Cash and cash equivalents		
Cash at bank and on hand	58,191	69,675
Imprest accounts	34	40
Total	58,225	69,715

Departmental bank accounts grouped within the whole-of-Government set-off arrangement with the Queensland Treasury Corporation do not earn interest on surplus funds. Interest earned on the aggregate set-off arrangement balance accrues to the Consolidated Fund. The bank account controlled by the department that comprises monies related to the Curtis Island Environmental Management Precinct receives interest on its balance monthly.

Of the total balance, \$8.412 million (2012: \$3.243 million) is restricted for use by the Great Barrier Reef Marine Park Authority Joint Management Program and \$21.075 million is restricted for use for the Curtis Island Environmental Management Precinct.

21. Receivables

Current

Trade debtors	5,107	2,993
Less: Allowance for impairment	(788)	(517)
	4,319	2,476
GST receivable	3,035	-
GST payable	(98)	-
	2,937	-
Accruals of an operating nature	2,927	-
Operating leases *	887	156
Machinery-of-Government receivable **	5,892	-
Annual leave claim receivable	2,939	1,462
Grants revenue	10	198
Departmental services revenue	881	1,211
Equity injection receivable	-	488
Long service leave reimbursements	(78)	327
Loans and advances	112	93
Other	110	1,088
	13,680	5,023
Total	20,936	7,499

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

** Machinery-of-Government receivable represents receivables from other departments with which there has been administrative restructuring interaction in terms of the net recovery of expenditure incurred and revenue collected on their behalf during the transition period.

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

	2013	2012
	\$'000	\$'000
22. Inventories		
Held for resale	104	254
Total	104	254
23. Other current assets		
Prepayments	303	65
Total	303	65
24. Non current assets classified as held for sale		
Land	-	676
Buildings	-	891
Total	-	1,567
25. Property, plant and equipment		
<i>Non current</i>		
Land		
At valuation	409,234	475,253
	409,234	475,253
Buildings		
At valuation	476,299	458,920
Less: accumulated depreciation	(256,659)	(234,256)
Less: accumulated impairment	(1,253)	(1,253)
	218,387	223,411
Heritage and cultural		
At valuation	1,362,272	1,662,309
Less: accumulated depreciation	(1,344)	(1,223)
	1,360,928	1,661,086
Infrastructure		
At valuation	1,640,975	1,594,669
Less: accumulated depreciation	(768,755)	(712,747)
	872,220	881,922
Plant and equipment		
At cost	51,450	50,488
Less: accumulated depreciation	(28,867)	(26,818)
	22,583	23,670
Work in progress		
At cost	10,222	14,427
	10,222	14,427
Total	2,893,574	3,279,769

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

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

Property, plant and equipment reconciliation

Reconciliation of the carrying amounts of each class at the beginning and end of the current reporting period

	Balance 1 July 2012	Acquisitions through restructuring	Acquisitions	Depreciation (note 16)	External transfers	Transfers between classes	Revaluation increments (decrements) (notes 8, 17)	Disposals	Balance 30 June 2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	475,253	-	-	-	7,675	983	(74,677)	-	409,234
Buildings	223,411	-	27	(19,078)	-	12,863	1,169	(5)	218,387
Heritage and cultural	1,661,086	-	-	(79)	2,174	656	(302,909)	-	1,360,928
Infrastructure	881,922	-	5	(33,628)	-	3,541	20,410	(30)	872,220
Plant and equipment	23,670	-	2,827	(4,928)	(167)	1,579	-	(398)	22,583
Work in progress	14,427	-	13,964	-	-	(18,169)	-	-	10,222
	3,279,769	-	16,823	(57,713)	9,682	1,453	(356,007)	(433)	2,893,574

The department comprehensively values its land, infrastructure and building assets using a rolling revaluation program. This ensures that department's assets are comprehensively valued in accordance with Department of Treasury and Trade's *Non Current Asset Accounting Policies for the Queensland Public Sector*. An index is applied to the assets not comprehensively valued in the current financial year. The index applied is based on market value movements for the current financial year.

The valuation is at fair value in accordance with AASB 116 *Property Plant and Equipment* and Department of Treasury and Trade's *Non Current Asset Policies for the Queensland Public Sector* and is undertaken independently by State Valuation Service.

Plant and equipment is valued at cost as prescribed in Department of Treasury and Trade's *Non Current Asset Accounting Policies for the Queensland Public Sector*.

The department has property, plant and equipment with an original cost of \$32.745 million (2012: \$31.221 million) with a written down value of zero still being used in the provision of services.

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements 2012-13

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

Reconciliation of the carrying amounts of each class at the beginning and end of the previous reporting period

	Balance 1 May 2012 \$'000	Acquisitions through restructuring \$'000	Acquisitions \$'000	Depreciation (note 16) \$'000	External transfers \$'000	Transfers between classes \$'000	Revaluation increments (decrements) (notes 8, 17) \$'000	Disposals \$'000	Balance 30 June 2012 \$'000
Land	-	556,092	335	-	(20)	115	(81,269)	-	475,253
Buildings	-	225,195	(14)	(2,654)	-	5,264	(4,089)	(291)	223,411
Heritage and cultural	-	1,728,464	-	(10)	(4)	400	(67,764)	-	1,661,086
Infrastructure	-	1,002,604	-	(6,137)	-	3,782	(118,327)	-	881,922
Plant and equipment	-	18,994	2,944	(713)	2,110	357	-	(22)	23,670
Work in progress	-	17,599	6,507	-	-	(9,679)	-	-	14,427
	-	3,548,948	9,772	(9,514)	2,086	239	(271,449)	(313)	3,279,769

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2013

	2013	2012
	\$'000	\$'000
26. Intangible assets		
Internally generated software		
At cost	3,500	1,455
Less: accumulated amortisation	(997)	(511)
	<u>2,503</u>	<u>944</u>
Purchased software		
At cost	1,034	923
Less: accumulated amortisation	(990)	(911)
	<u>44</u>	<u>12</u>
Software development in progress		
At cost	176	2,639
	<u>176</u>	<u>2,639</u>
	<u>2,723</u>	<u>3,595</u>

The department has internal use software with an original cost of \$0.760 million (2012: \$1.085 million) and a written down value of zero still being used in the provision of services.

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2013

26. Intangible assets (*continued*)

Intangible assets reconciliation

Reconciliation of the carrying amounts of each class at the beginning and end of the current reporting period

	Balance 1 July 2012	Acquisition through restructuring	Acquisition through internal development	Amortisation (note 16)	Transfers between classes	Disposals	Balance 30 June 2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	944	-	-	(646)	2,205	-	2,503
Purchased software	12	-	-	(77)	109	-	44
Software development in progress	2,639	-	478	-	(2,206)	(735)	176
	3,595	-	478	(723)	108	(735)	2,723

Reconciliation of the carrying amounts of each class at the beginning and end of the previous reporting period

	Balance 1 May 2012	Acquisition through restructuring	Acquisition through internal development	Amortisation (note 16)	Transfers between classes	Disposals	Balance 30 June 2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	-	325	-	(8)	627	-	944
Purchased software	-	12	-	-	-	-	12
Software development in progress	-	2,985	281	-	(627)	-	2,639
	-	3,322	281	(8)	-	-	3,595

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2013

	2013	2012
	\$'000	\$'000
27. Payables		
<i>Current</i>		
Trade creditors	19,978	43,509
Taxes payable	684	317
Treasury appropriation payable	-	9,788
Machinery-of-Government payable *	8,642	68
Other creditors	2,809	1,726
Total	32,113	55,408

* Machinery-of-Government payable represents payables to other departments with which there has been administrative restructuring interaction in terms of the reimbursement of expenditure incurred by them on this department's behalf during the transition period.

28. Accrued employee benefits

<i>Current</i>		
Annual leave levy payable	2,295	1,880
Salary and wages related payable	38	3
Long service leave levy payable	813	380
Total	3,146	2,263

29. Other financial liabilities

<i>Current</i>		
Queensland Treasury Corporation borrowings*	639	166
Total	639	166
<i>Non current</i>		
Queensland Treasury Corporation borrowings *	199	1,367
Total	199	1,367

* The variances above are due to no restatement of the liability balances occurring at period end 2011-12.

Interest rates on borrowings range from 4.9% to 7.1%.

30. Other current liabilities

Contributions received in advance – Curtis Island Environmental Management Precinct	20,921	-
Contract retention monies	82	80
Unearned revenue	655	562
Other *	58	20
Total	21,716	662

* Includes proposals and deposits previously reported as a separate note in 2012.

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2013

	2013	2012
	\$'000	\$'000
31. Reconciliation of operating result from continuing operations to net cash		
Operating result from continuing operations	(351,533)	(271,162)
Depreciation and amortisation expense	58,436	9,523
Assets written off	869	278
Assets received below fair value	-	(2,110)
Net asset revaluation decrements	356,007	271,449
Net (gain)/loss on disposal of property, plant and equipment	(416)	(27)
Change in assets and liabilities		
(Increase) decrease in departmental services revenue receivable	330	(1,211)
(Increase) decrease in net receivables	(9,747)	(3,625)
(Increase) decrease in long service leave reimbursement receivables	405	1,526
(Increase) decrease in annual leave claim receivable	(1,108)	(926)
(Increase) decrease in GST input tax credits receivable	(3,102)	-
(Increase) decrease in prepayments	(238)	96
(Increase) decrease in inventories	150	-
Increase (decrease) in accounts payable	(15,323)	31,376
Increase (decrease) in provision for tax	372	27
Increase (decrease) in GST payable	98	-
Increase (decrease) in accrued employee benefits	882	(272)
Increase (decrease) in other liabilities	21,016	(6)
Increase (decrease) in treasury appropriation payable	(9,788)	9,788
Net cash from operating activities	47,310	44,724

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2013

	2013 \$'000	2012 \$'000
32. Commitments for expenditure		
(a) Non-cancellable operating lease		
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:		
Not later than one year	1,938	4,738
Later than one year and not later than five years	5,831	5,584
Later than five years	2,672	6,532
Total	10,441	16,854
(b) Other expenditure commitments		
Other expenditure committed at the end of the period but not recognised in the accounts are as follows:		
Payable:		
Not later than one year	6,372	44,801
Later than one year and not later than five years	139	1,018
Total	6,511	45,819
(c) Capital expenditure commitments		
Material classes of capital expenditure commitments inclusive of GST, contracted for at reporting date but not recognised in the accounts are payable as follows:		
Buildings	530	774
Infrastructure	2,294	1,828
Plant and equipment	4,349	1,533
Intangible assets	53	1,098
Total	7,226	5,233
Payable:		
Not later than one year	7,214	5,233
Later than one year and not later than five years	12	-
Total	7,226	5,233
(d) Grant commitments		
Grant commitments inclusive of anticipated GST, committed to provide at reporting date, but not recognised in the accounts are payable as follows:		
Payable:		
Not later than one year	22,408	-
Later than one year and not later than five years	12,876	-
Total	35,284	-

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2013

33. Contingencies

Guarantees and undertakings

During 2012-13 the department was party to several indemnity capped procurement arrangements. These contracts are primarily the suppliers of information technology licensing, scientific equipment maintenance, catering, consultancy services and habitat protection providers, with liability and indemnity caps of various levels of \$0.018 million up to \$10.0 million over the life of the contracts. The contracts are short term in nature and are performance milestone based.

Litigation in progress

At 30 June 2013, the following claims against the department were filed in the courts or lodged with the department:

	2013	2012
Anti Discrimination Court	-	-
Supreme Court	2	3
District Court	-	1
Court of Appeal	1	-
Industrial Relations Court	1	-
Jurisdiction not available – lodged with department *	3	3
	7	7

At reporting date it is not possible to estimate any probable outcome of these claims, or any potential financial effect. Depending on the outcome of the litigation process, indemnity for the department may be sought in respect of some of the above matters through the Queensland Government Insurance Fund.

* The department has received notification of claims which are not yet subject to court action. These cases may or may not result in subsequent litigation.

Compensation for infrastructure on expired leases over the protected area estate

Currently the department issues leases or permits which allow activity such as grazing, tourist resorts etc to occur on parks and forestry estates it administers. On expiry of the lease or permit, the department may be required to pay compensation to the lessees for structural improvements made to the leased properties over the duration of these leases.

The amount of this liability is not quantifiable as the extent of the improvements to be valued will not be known until the expiration of the relevant leases or permits. Leases will progressively expire until the year 2045.

34. Events occurring after balance date

It is anticipated that the revocation of the appointments of the trustees of Parklands Gold Coast will occur effective 30 September 2013. On revocation of these appointments land currently controlled by the Trustees will transfer to the Department of National Parks, Recreation, Sport and Racing. It is intended that this land will then subsequently transfer to Economic Development Queensland, Department of State Development, Infrastructure and Planning.

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2013

35. Financial instruments

a. Categorisation of Financial Instruments

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

Category	Note	2013 \$'000	2012 \$'000
Financial assets			
Cash and cash equivalents	20	58,225	69,715
Receivables	21	20,936	7,499
		79,161	77,214
Financial liabilities			
Payables	27	32,113	55,408
Other financial liabilities – QTC borrowing	29	838	1,533
		32,951	56,941

b. Financial Risk Management

The department's activities expose it to a variety of financial risks – interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Queensland Government and the department's policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the department.

All financial risk is managed under approved departmental financial management policies. The department utilises written principles for overall risk management, as well as policies covering specific areas.

The department measures risk exposure using a variety of methods as follows:

Risk Exposure	Measurement Method
Credit risk	Ageing analysis, earnings at risk
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

c. Credit Risk Exposure

Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

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

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

The department manages credit risk through the use of the credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the department invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

The method for calculating any allowance for impairment is based on past experience, current and expected changes in economic conditions and changes in client credit ratings. The main factors affecting the current calculation for provisions are disclosed below as loss events. These economic and geographic changes form part of the department's documented risk analysis assessment in conjunction with historic experience and associated industry data.

The recognised impairment for the current year regarding the department's receivables is \$0.788 million (2012: \$0.517 million) for the current period.

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2013

35. Financial instruments (*continued*)

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

2013 Financial Assets Past Due But Not Impaired

	Less than 30 days \$'000	Overdue		More than 90 days \$'000	Total \$'000
		30-60 days \$'000	61-90 days \$'000		
Receivables	19,792	401	137	1,394	21,724
Carrying Amount	19,792	401	137	1,394	21,724

2012 Financial Assets Past Due But Not Impaired

	Less than 30 days \$'000	Overdue		More than 90 days \$'000	Total \$'000
		30-60 days \$'000	61-90 days \$'000		
Receivables	7,195	10	294	517	8,016
Carrying Amount	7,195	10	294	517	8,016

2013 Individually Impaired Financial Assets

	Less than 30 days \$'000	Overdue		More than 90 days \$'000	Total \$'000
		30-60 days \$'000	61-90 days \$'000		
Receivables (gross)	19,792	401	137	1,394	21,724
Allowance for impairment	-	-	-	(788)	(788)
Carrying amount	19,792	401	137	606	20,936

2012 Individually Impaired Financial Assets

	Less than 30 days \$'000	Overdue		More than 90 days \$'000	Total \$'000
		30-60 days \$'000	61-90 days \$'000		
Receivables (gross)	7,195	10	294	517	8,016
Allowance for impairment	-	-	-	(517)	(517)
Carrying amount	7,195	10	294	-	7,499

Movements in allowance for impairment

	2013 \$'000	2012 \$'000
Balance at 1 July	517	-
Increase/(decrease) in allowance recognised in operating results	310	33
Transfer of Machinery-of-Government	-	485
Amounts written-off during year	(39)	-
Amounts recovered during year	-	(1)
Balance at 30 June	788	517

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2013

35. Financial instruments (continued)

d. Liquidity Risk

Liquidity risk refers to the situation where the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The department is exposed to liquidity risk through its trading in the normal course of business and borrowings from promissory notes.

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

The following table sets out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date.

		2013 Payable in:			
Note	<1 Year	1-5 Years	>5 Years	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities					
Payables	27	32,113	-	-	32,113
QTC borrowing	29	639	199	-	838
Total		32,752	199	-	32,951

		2012 Payable in:			
Note	<1 Year	1-5 Years	>5 Years	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities					
Payables	27	55,408	-	-	55,408
QTC borrowing	29	166	1,367	-	1,533
Total		55,574	1,367	-	56,941

e. Market Risk

The department does not trade in foreign currency and is not materially exposed to commodity price changes. The department is exposed to interest rate risk through its borrowings from Queensland Treasury Corporation and cash deposited in interest bearing accounts. The department does not undertake any hedging in relation to interest risk and manages its risk as per its liquidity risk management strategy articulated in the department's Financial Management Practice Manual.

Department of National Parks, Recreation, Sport and Racing
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as at 30 June 2013

35. Financial instruments (*continued*)

f. Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis depicts the outcome on net income if interest rates would change by +/- 1% from the year end rates applicable to the department's financial assets and liabilities.

	2013 Interest rate risk				
	Carrying amount	-1%		+1%	
	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents					
- interest bearing	21,075	(211)	(211)	211	211
- non-interest bearing	37,150	-	-	-	-
Receivables					
- non-interest bearing	20,936	-	-	-	-
Financial liabilities					
- QTC borrowings	(838)	8	8	(8)	(8)
Potential Impact		(203)	(203)	203	203

	2012 Interest rate risk				
	Carrying amount	-1%		+1%	
	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents					
- interest bearing	-	-	-	-	-
- non-interest bearing	69,715	-	-	-	-
Receivables					
- non-interest bearing	7,499	-	-	-	-
Financial liabilities					
- QTC borrowings	-	-	-	-	-
Potential Impact		-	-	-	-

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
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35. Financial instruments (continued)

g. Fair Value

The fair value of borrowings is notified by the Queensland Treasury Corporation. It is calculated using discounted cashflow analysis and the effective interest rate (refer note 29) and is disclosed below:

	Carrying Amount		Fair Value	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Financial liability				
QTC borrowings	838	1,533	819	1,611
Total	838	1,533	819	1,611

Department of National Parks, Recreation, Sport and Racing
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36. Schedule of administered items

	2013	2012
	\$'000	\$'000
Administered Revenue		
Administered appropriation revenue	20,818	481
Fees and fines	298	144
Total	21,116	625
Administered Expenses		
Revaluation decrement	-	277
Other expenses	21,019	481
Total	21,019	758
Administered Assets		
<i>Current</i>		
Cash	470	718
Receivables	24	30
Total	494	748
<i>Non current</i>		
Land	6,173	6,173
Total	6,173	6,173
Administered Liabilities		
<i>Current</i>		
Payables	458	511
Total	458	511
Transfers of administered item revenue to government	201	135

37. Reconciliation of payments from consolidated fund to administered revenue

Budgeted administered appropriation revenue	21,481	-
Transfers from (to) other departments		
Department of Communities, Child Safety and Disability Services	-	2,697
Transfers from other headings		
Departmental services revenue	-	(668)
Less lapsed appropriation *	(663)	(1,548)
Total administered appropriation receipts	20,818	481
Administered revenue recognised in note 36	20,818	481

* Reflects lapse of appropriation funding in excess of requirements.

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2013

38. Trust transactions and balances

During the year this department managed bank guarantees on behalf of companies and individuals for the following:

- As a condition of authority to establish facilities or operations under the *Nature Conservation Act 1992* or the *Marine Parks Act 2004*, applicants may be required to provide financial security in the form of cash or bank guarantee to ensure compliance with specific requirements set by the state for such activities, to prevent or minimise any environmental harm, or to rehabilitate or restore the environment. The security is held to protect the state should the lessee/occupant not meet the conditions set out in the authority.

The department was transferred these responsibilities from the Department of Environment and Heritage Protection effective 1 May 2012 by *Public Service Departmental Arrangements Notice (No. 1) 2012* and s80 (2) of the *Financial Accountability Act 2009*.

As the department performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements but are disclosed in the notes for the information of users.

<u>Trust collections and distributions</u>	2013	2012
	\$'000	\$'000
<i>Collections</i>		
Environmental security deposits	-	8
Total collections	-	8
<i>Distributions</i>		
Environmental security deposits	-	(8)
Total distributions	-	(8)

At 30 June 2013, the department held bank guarantees to the value of \$0.311 million (2012: \$0.145 million) in accordance with provisions under the *Nature Conservation Act 1992* and *Marine Parks Act 2004*.

This represents the maximum value the department is potentially entitled to if agreed conditions are not fulfilled.

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
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39. Correction of error

Prior to the 2012 machinery-of-Government restructuring, the former Department of Environment and Resource Management, as government land lead agent, commenced a land validation project. This project involved the validation of title for departmental land holdings and confirmation that exiting properties were recorded on departmental land and asset registers.

At 1 May 2012, when the departmental restructuring took effect, the project was not complete and this department carried the project on to its completion in respect of its own land holdings and records.

Properties were identified that were not the responsibility of the department but had been accounted for on the records of the departmental land registers. Additionally properties were identified as requiring write-on as a result of the department assuming responsibility for them at some point in the past.

These adjustments represent net increases in the Controlled Land class of Property, Plant and Equipment in the prior period of \$4.5 million and in the Cultural and Heritage class of \$74.48 million. This has facilitated an increase in Contributed Equity for prior period of \$78.988 million.

Refer to note 25 and the Statement of Financial Position.

Management Certificate

Department of National Parks, Recreation, Sport and Racing

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

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of National Parks, Recreation, Sport and Racing for the financial year ended 30 June 2013 and of the financial position of the department at the end of that year.

Stuart Cowper BBus (Accy); FCPA
Chief Financial Officer
Department of National Parks, Recreation, Sport and Racing
29 August 2013

John Glaister B.Sc (Hons); MSc; PhD; MBA; PhD; MAICD
Director-General
Department of National Parks, Recreation, Sport and Racing
29 August 2013

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Report

I have audited the accompanying financial report of Department of National Parks, Recreation, Sport and Racing, which comprises the statement of financial position and statement of assets and liabilities by major departmental services, CBUs and SSPs as at 30 June 2013, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services, CBUs and SSPs for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Chief Financial Officer and the Director-General

The Accountable Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Department of National Parks, Recreation, Sport and Racing for the financial year 1 July 2013 to 30 June 2013 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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

A M GREAVES FCA
Auditor-General of Queensland Brisbane

Queensland Audit Office

