

Department of National Parks, Sport and Racing

FINANCIAL STATEMENTS

for the period ending 30 June 2015

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
Statement of Comprehensive Income
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Income from Continuing Operations			
Appropriation revenue for services	2	270,416	257,552
User charges and fees	3	27,713	28,612
Grants and other contributions	4	22,582	37,894
Revaluation increment	13	8,202	11,147
Interest		582	544
Other revenue	5	11,313	17,253
Total revenue		340,808	353,003
Gains on disposal/remeasurement of assets		385	505
Total Income from Continuing Operations		341,193	353,508
Expenses from Continuing Operations			
Employee expenses	6,7	111,617	110,876
Supplies and services	8	86,630	78,045
Grants and subsidies	9	80,074	72,428
Depreciation and amortisation	13,14	54,253	54,191
Revaluation decrement	13	57,095	55,775
Finance/borrowing costs		7	32
Other expenses	10	6,020	4,275
Total Expenses from Continuing Operations		395,696	375,623
Operating Result from Continuing Operations		(54,503)	(22,115)
Operating Result for the Year		(54,503)	(22,115)
Total Comprehensive Income		(54,503)	(22,115)

The accompanying notes form part of these statements.

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
Statement of Financial Position
as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Current Assets			
Cash and cash equivalents	11	57,180	63,124
Receivables	12	11,222	8,786
Other Current Assets - Prepayment		1,357	1,812
Total Current Assets		69,760	73,722
Non-Current Assets			
Property, plant and equipment	13	2,730,537	2,821,570
Intangible assets	14	1,431	1,911
Total Non-Current Assets		2,731,968	2,823,481
Total Assets		2,801,728	2,897,203
Current Liabilities			
Payables	15	17,975	17,896
Interest-bearing liabilities		43	110
Accrued employee benefits	16	3,988	3,309
Other current liabilities	17	19,995	21,033
Total Current Liabilities		42,001	42,348
Non-Current Liabilities			
Interest-bearing liabilities		46	89
Total Liabilities		42,047	42,437
Net Assets		2,759,681	2,854,766
Equity			
Contributed equity		3,458,995	3,499,576
Accumulated deficit		(699,314)	(644,810)
Total Equity		2,759,681	2,854,766

The accompanying notes form part of these statements.

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING

Statement of Changes in Equity
for the year ended 30 June 2015

	Accumulated Surplus (Deficit)	Contributed Equity	Total
	\$'000	\$'000	\$'000
Balance as at 1 July 2013	(622,695)	3,540,747	2,918,052
Operating result from continuing operations	(22,115)	-	(22,115)
<i>Total Comprehensive Income for the Year</i>	(644,810)	3,540,747	2,895,937
<i>Transactions with Owners as Owners</i>			
- Appropriated equity injection (Note 2)	-	4,910	4,910
- Appropriated equity withdrawal (Note 2)	-	(53,079)	(53,079)
- Net transfer of assets from other Queensland Government entities	-	6,998	6,998
<i>Net Transactions with Owners as Owners</i>	-	(41,171)	(41,171)
Balance as at 30 June 2014	(644,810)	3,499,576	2,854,766

Balance as at 1 July 2014	(644,810)	3,499,576	2,854,766
Operating result from continuing operations	(54,503)	-	(54,503)
<i>Total Comprehensive Income for the Year</i>	(699,314)	3,499,576	2,800,263
<i>Transactions with Owners as Owners</i>			
- Appropriated equity injection (Note 2)	-	5,194	5,194
- Appropriated equity withdrawal (Note 2)	-	(46,179)	(46,179)
- Net transfer of assets from other Queensland Government entities	-	404	404
<i>Net Transactions with Owners as Owners</i>	-	(40,581)	(40,581)
Balance as at 30 June 2015	(699,314)	3,458,995	2,759,681

The accompanying notes form part of these statements.

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
Statement of Cash Flows
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Service appropriation receipts		272,229	258,433
User charges and fees		27,559	38,594
Grants and other contributions		18,657	37,821
GST input tax credits from ATO		14,776	15,582
GST collected from customers		2,572	4,706
Interest receipts		586	549
Other		11,016	19,417
<i>Outflows:</i>			
Employee expenses		(111,111)	(110,363)
Supplies and services		(88,432)	(97,445)
Grants and subsidies		(65,034)	(63,445)
Finance and borrowing costs		(7)	(32)
GST remitted to ATO		(2,608)	(4,456)
GST paid to suppliers		(14,803)	(14,775)
Other		(2,838)	(3,683)
Net cash provided by (used in) operating activities	18	62,562	80,903
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		640	1,479
<i>Outflows:</i>			
Payments for property, plant and equipment		(26,590)	(28,465)
Payments for intangible assets		(223)	(210)
Net cash provided by (used in) investing activities		(26,173)	(27,196)
Cash flows from financing activities			
<i>Inflows:</i>			
Equity injections		5,194	4,910
<i>Outflows:</i>			
Equity withdrawals		(46,179)	(53,079)
Payment relating to prior years' Machinery of Government changes		(1,237)	-
Borrowing redemptions		(110)	(639)
Net cash provided by (used in) financing activities		(42,332)	(48,808)
Net increase (decrease) in cash and cash equivalents		(5,943)	4,899
Cash and cash equivalents at beginning of financial year		63,124	58,225
Cash and cash equivalents at end of financial year	11	57,180	63,124

The accompanying notes form part of these statements.

Department of National Parks, Sport and Racing
STATEMENT OF COMPREHENSIVE INCOME BY MAJOR DEPARTMENTAL SERVICES
for the year ended 30 June 2015

	National Parks		Sport		Racing		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Income from Continuing Operations*								
Appropriation revenue for services	149,196	155,768	100,756	89,481	20,464	12,303	270,416	257,552
User charges and fees	21,521	21,867	6,130	6,686	62	59	27,713	28,612
Grants and other contributions	21,672	37,480	908	414	2	-	22,582	37,894
Revaluation increment	8,202	10,038	-	1,085	-	24	8,202	11,147
Interest	582	544	-	-	-	-	582	544
Other revenue	6,339	8,898	1,375	1,282	3,599	7,073	11,313	17,253
Total Revenue	207,512	234,595	109,169	98,948	24,127	19,459	340,808	353,002
Gains on disposal/remeasurement of assets	385	505	-	-	-	-	385	505
Total Income from Continuing Operations	207,897	235,100	109,169	98,948	24,127	19,459	341,193	353,507
Expenses from Continuing Operations*								
Employee expenses	82,546	83,659	25,318	23,915	3,753	3,302	111,617	110,876
Supplies and services	56,950	55,401	26,301	20,911	3,379	1,733	86,630	78,045
Grants and subsidies	13,819	10,449	49,254	48,534	17,001	13,445	80,074	72,428
Depreciation and amortisation	50,992	50,891	2,887	2,673	374	627	54,253	54,191
Revaluation decrement	30,436	48,107	26,182	7,668	477	-	57,095	55,775
Finance/borrowing costs	-	-	-	-	7	32	7	32
Other expenses	3,949	3,220	1,960	1,034	111	21	6,020	4,275
Total Expenses from Continuing Operations	238,692	251,727	131,902	104,735	25,102	19,160	395,696	375,622
Operating Result from Continuing Operations	(30,795)	(16,627)	(22,733)	(5,787)	(975)	299	(54,503)	(22,115)
* Allocation of income and expenses from corporate services (disclosure only):								
Income	12,179	11,473	6,496	5,922	1,624	1,110	20,299	18,505
Expenses	12,179	11,473	6,496	5,922	1,624	1,110	20,299	18,505

* Includes leasehold accommodation and related expenses of \$6.132 million (2014: \$6.002 million).

Department of National Parks, Sport and Racing
STATEMENT OF ASSETS AND LIABILITIES BY MAJOR DEPARTMENTAL SERVICES
as at 30 June 2015

	National Parks		Sport		Racing		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current Assets								
Cash and cash equivalents	54,690	61,360	1,915	1,916	575	(152)	57,180	63,124
Receivables	7,858	6,221	1,483	1,409	1,881	1,156	11,222	8,786
Prepayments	1,251	1,595	28	217	78	-	1,357	1,812
Total Current Assets	63,799	69,176	3,426	3,542	2,534	1,004	69,759	73,722
Non-Current Assets								
Property, plant and equipment	2,573,539	2,638,640	149,645	175,003	7,353	7,927	2,730,537	2,821,570
Intangible assets	1,321	1,764	110	147	-	-	1,431	1,911
Total Non-Current Assets	2,574,860	2,640,404	149,755	175,150	7,353	7,927	2,731,968	2,823,481
Total Assets	2,638,659	2,709,580	153,181	178,692	9,887	8,931	2,801,727	2,897,203
Current Liabilities								
Payables	13,637	15,472	1,970	2,274	2,368	150	17,975	17,896
Interest-bearing liabilities	-	-	-	-	43	110	43	110
Accrued employee benefits	2,969	2,531	896	669	123	109	3,988	3,309
Other current liabilities	19,434	20,432	561	601	-	-	19,995	21,033
Total Current Liabilities	36,040	38,435	3,427	3,544	2,534	369	42,001	42,348
Non-Current Liabilities								
Interest-bearing liabilities	-	-	-	-	46	89	46	89
Total Non-Current Liabilities	-	-	-	-	46	89	46	89
Total Liabilities	36,040	38,435	3,427	3,544	2,580	458	42,047	42,437

Objectives and Principal Activities of the Department

The Department of National Parks, Sport and Racing (the 'department') manages national parks and their use and enjoyment by all Queenslanders; encourages active lifestyles by providing recreational and sporting opportunities; and regulates the state's racing industry.

The department supports the Queensland Government's objectives through:

- Protecting and managing our parks, forests and the Great Barrier Reef for current and future generations.
- Supporting and encouraging active participation in physical activity.
- Ensuring the integrity of the racing industry across the state.

The department is focused on the following objectives:

- Queensland's outstanding parks and forests are protected, enjoyed and cherished now and into the future, enhancing Queenslanders' wellbeing and prosperity.
- Queenslanders lead active and healthy lifestyles through participation in physical activity.
- A Queensland racing industry operating with integrity.
- A capable and streamlined, customer-centric organisation.

The department delivers its services through three areas:

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

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

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

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

The Department of National Parks, 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 department's financial statements comply with Queensland Treasury's *Minimum Reporting Requirements* for the year ending 30 June 2015, and other authoritative pronouncements.

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

(b) The Reporting Entity

The financial statements include the value of all income, expenses, assets, liabilities and equity of the department.

(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 of 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. Administered transactions and balances are disclosed in Note 22. These transactions and balances are not significant in comparison to the department's overall financial performance or financial position.

(d) Appropriation Revenue for Services/Administered Revenue

Appropriations provided under the *Appropriation Act 2014* are recognised as revenue when received, or when approved by Queensland Treasury, as appropriation receivable at year end. Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' item appropriations. Refer to Note 2.

(e) User Charges and Fees

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

(f) Grants and 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). Reciprocal grants and contributions is progressively recognised as it is earned, according to the terms of the funding arrangements. Refer to Note 1(y) regarding contributed assets.

(g) 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 10).

(h) Cash and Cash Equivalents

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

(i) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required between 14 - 30 days from the invoice date. The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June.

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

(j) Non-Current Assets Classified as 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 probable within the next twelve months. In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, when an asset is classified as held for sale, its value is measured at the lower of the asset's carrying amount and fair value less costs to sell.

(k) Acquisition of Assets

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

Assets received free of charge from another Queensland Department are recognised at the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

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

(l) 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:

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

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.

The Department of Environment and Heritage Protection is responsible for the acquisition of land for national park estate. The land is subsequently transferred to the department via contributed equity as a transaction with owners as owners.

(m) Revaluations of Non-Current Physical and Intangible Assets

Land, buildings, infrastructure, and heritage and cultural assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement* and Queensland Treasury's *Non-Current Asset Policies (NCAPs) for the Queensland Public Sector*. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable.

In respect of the abovementioned asset classes, the cost of items acquired during the financial year has been judged by management of the department to materially represent their fair value at the end of the reporting period.

Plant and equipment is measured at cost in accordance with the Non-Current Asset Policies. The carrying amounts for plant and equipment at cost should not materially differ from their fair value. Intangible assets are measured at their historical cost, unless there is an active market, in which case they are measured at fair value.

Property, plant and equipment classes measured at fair value (refer above) are revalued on an annual basis either by appraisals undertaken by an independent professional valuer, or by the use of appropriate and relevant indices.

Revaluations using independent professional valuer appraisals are undertaken at least once every five years. However, if a class of asset experiences significant or volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal.

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

The fair values reported by the department are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs (refer to Note 1(n)).

Where assets have not been specifically appraised in the reporting period, previous valuations are materially updated via the application of relevant indices. The department ensures that the application of such indices results in a valid estimation of the asset's fair values at reporting date. The State Valuation Service (SVS) supplies the indices used for the various types of assets. Such indices are either publicly available, or are derived from market information available to SVS. SVS provides 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, comparing results to similar assets that have been valued by an independent professional valuer, and analysing the trend of changes in values over time. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided by SVS based on the department's own particular circumstances.

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 asset class.

On revaluation:

- for assets revalued using a cost valuation approach (e.g. depreciated replacement cost) – accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses. This is generally referred to as the 'gross method'; and
- for assets revalued using a market or income-based valuation approach - accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating for the revaluation. This is generally referred to as the 'net method'.

In previous years, the NCAPs mandated the gross method of revaluation for all revaluations. However, from 1 July 2014, the NCAPs now require either the gross or net method be used, according to the valuation approach adopted for individual assets (as explained above). In accordance with the above policies, this means a reported asset class may contain assets for which revaluations are accounted for using either method. While this does not impact on carrying amounts (i.e. fair values) reported, it does make a significant difference to the figures displayed for gross, accumulated depreciation and accumulated impairment losses (refer also to note 13 Property, Plant and Equipment for a comparison to figures reported for 2013-14).

Materiality concepts (according to the *Framework for the Preparation and Presentation of Financial Statements*) 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.

(n) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. These include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the department include, but are not limited to, subjective adjustments made to observable data to account for the characteristics of the departmental assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using or selling the asset in its highest and best use.

All assets and liabilities of the department for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- level 1 - represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- level 2 - represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- level 3 - represents fair value measurements that are substantially derived from unobservable inputs.

None of the department's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy.

More specific fair value information about the department's Property, Plant and Equipment is outlined in Note 13.

(o) Intangibles

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. 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 part of a disposal group held for sale.

Purchased Software

The cost of all purchased software have been capitalised and are being amortised on a straight-line basis over the period of expected benefit to the department, namely 7 to 9 years.

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 to 7 years.

(p) Amortisation and Depreciation of Intangibles and 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 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 a lease includes any option period where exercise of the option is probable.

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

Class	Rate
Buildings	1.0% - 20.0%
Infrastructure	2.0% - 20.0%
Heritage assets	0.0% - 1.0%
Plant and equipment	6.7% - 33.3%
Intangible assets	7.7% - 25.0%

(q) Impairment of Non-Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis.-Any amount by which the asset's carrying amount exceeds the recoverable amount (higher of fair value less selling costs and depreciated replacement cost) is recorded as an impairment loss.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount in which case, 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 estimated recoverable amount, to the extent that the increased carrying amount does not exceed previous years-carrying amount before any impairment losses were determined. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the impairment loss reversal is treated as a revaluation increase. Refer also Note 13.

(r) Leases

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

(s) Payables

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

(t) 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.

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, where appropriate, a shorter period) to the net carrying amount of that instrument.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the department are included in Note 21.

(u) Employee Benefits

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

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 as liabilities at the current undiscounted salary rates expected to be wholly settled within the next 12 months.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued which is expected to continue in future. Accordingly, no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual Leave

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments. 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. No provision for annual leave is recognised in the department's financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

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 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*.

Superannuation

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

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. Refer to Note 7 for the disclosures on key executive management personnel and remuneration.

(v) Financing/Borrowing Costs

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

- Interest on short-term and long-term borrowings
- Ancillary administration charges.

(w) Allocation of Revenues and Expenses from Ordinary Activities to Corporate Services

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

(x) Insurance

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

(y) Goods / Services Received Free of Charge or for Nominal Value

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

The department is a recipient of corporate services from other agencies as part of a Business and Corporate Partnership arrangement. The providers of each corporate service function receive the appropriation of funds and report full time equivalent positions within the respective agency. As a recipient, the department receives defined corporate services from the following departments:

- Department of Agriculture and Fisheries - fleet management, telecommunications and records management;
- Department of Natural Resources and Mines - accommodation services and legal services; and
- Department of Environment and Heritage Protection - financial policy, asset management, human resources, corporate communications, governance, performance management, privacy and ethics, procurement, and right to information.

The fair value of the services listed above received from multiple agencies is not recognised as a revenue nor an expense as this cannot be measured reliably due to the complexity of the arrangements. The Department of Agriculture and Fisheries also provides Information Technology services to the department on a fee for services basis.

(z) 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 or other involuntary transfers 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.

(aa) 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. GST credits receivable from, and GST payable to the Australian Taxation Office, are recognised (refer to Note 12).

(ab) Issuance of Financial Statements

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

(ac) 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. These 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.

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

- Valuation of Property, Plant and Equipment - Note 1m and Note 13
- Contingencies - Note 20
- Depreciation and Amortisation - Note 13

(ad) Other Presentation Matters

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where the 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.

(ae) New and Revised Accounting Standards

The department did not voluntarily change any of its accounting policies during 2014-15. The Australian Accounting Standard applicable for the first time as from 2014-15 that had the most significant impact on the department's financial statements is AASB 1055 *Budgetary Reporting*.

AASB 1055 *Budgetary Reporting* became effective from reporting periods beginning on or after 1 July 2014. The department has included in these financial statements a comprehensive new note 'Budget vs Actual Comparison' (Note 24). This note discloses the department's original published budgeted figures for 2014-15 compared to actual results, with explanations of major variances, in respect of the department's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows including major classes of administered income, expenses, assets and liabilities.

The department reviewed 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 assess whether those methodologies comply with AASB 13 *Fair Value Measurement*. To the extent that the methodologies did not comply, changes were made and applied to the valuations.

AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities* amends AASB 13 *Fair Value Measurement* effective from annual reporting periods beginning on or after 1 July 2016. The amendments provide relief from certain disclosures about fair values categorised as level 3 under the fair value hierarchy (refer to Note 1(n)). Accordingly, the following disclosures for level 3 fair values in note 14 will no longer be required:

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

As the amending standard was released in early July 2015, the department has not early adopted this relief in these financial statements, as per instructions from Queensland Treasury. However, the department will be early adopting this disclosure relief as from the 2015-16 reporting period (also on instructions from Queensland Treasury).

The department applies new or amended Australian Accounting Standards and Interpretations in accordance with their respective commencement dates.

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

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

	2015 \$'000	2014 \$'000
2. Reconciliation of Payments from Consolidated Fund to Appropriation Revenue for Services Recognised in Statement of Comprehensive Income		
Budgeted appropriation revenue for services	354,316	310,887
Transfers from/to other headings - variation in headings	-	(103)
Lapsed appropriation revenue for services	(82,087)	(52,351)
Total Appropriation Revenue for Services Receipts (cash)	272,229	258,433
Less: Opening balance of appropriation revenue receivable	-	(881)
Less: Closing balance of appropriation revenue payable (Note 15)	(1,813)	-
Net Appropriation Revenue	270,416	257,552
Appropriation Revenue for Services Recognised in Statement of Comprehensive Income	270,416	257,552
Reconciliation of Payments from Consolidated Fund to Equity Adjustment Recognised in Contributed Equity		
Budgeted equity adjustment appropriation	(40,211)	(39,688)
Lapsed equity adjustment	(774)	(8,481)
Equity adjustment receipts (payments)	(40,985)	(48,169)
Equity adjustment recognised in Contributed Equity	(40,985)	(48,169)
3. User Charges and Fees		
Fees and permits	20,447	18,054
Sales of services	7,083	10,418
Sales of goods	113	109
Other	70	31
Total	27,713	28,612
4. Grants and Other Contributions		
Grants [#]	19,027	33,726
Industry contributions	1,079	984
Goods/services received at below fair value	345	1,360
Revenue for Service Delivery Outsourced	2,078	1,800
Donations	54	25
Total	22,582	37,894
[#] Includes a non-reciprocal grant of \$12.496 million from the Great Barrier Reef Marine Park Authority for the Joint Management of the Great Barrier Reef Marine Park. The grant has been recognised in its entirety upon receipt of funds.		
[#] \$4.1 million was received from the Queensland Reconstruction Authority to reimburse the department for eligible natural disaster costs.		
5. Other Revenue		
Racing Science Centre recoveries*	3,409	4,158
Recoveries	3,425	3,718
Property rental	1,332	1,055
Forestry leases	1,240	2,529
Insurance recoveries	978	90
Refund of grants	299	3,328
Damages compensation	351	2,270
Other	279	105
Total	11,313	17,253

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

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

	2015 \$'000	2014 \$'000
6. Employee Expenses		
Employee Benefits		
Wages and salaries	89,209	84,925
Employer superannuation contributions	11,411	10,866
Annual leave expense	8,757	8,563
Long service leave levy	2,055	1,959
Employee expenses relating to capital works	(1,637)	(1,679)
Other employee benefits	599	329
Employee Related Expenses		
Workers' compensation premium	912	668
Payroll tax*	-	4,937
Other employee related expenses	311	309
Total	111,617	110,876

* Payroll tax is no longer charged to Queensland Government departments from 1 July 2014.

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis (reflecting *Minimum Obligatory Human Resource Information*) is:

Number of Employees:	1,364	1,286
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**DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15**

7. 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 2014-15. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Director-General *	The Director-General is responsible for the efficient, effective and economic administration of the department.	CEO 3 / Public Service Act 2008	1 November 2012
Deputy Director-General Queensland Parks and Wildlife Service	The Deputy Director-General provides vision, direction and leadership for the National Parks within the State and is responsible for the overall management of the division.	SES 4 / Public Service Act 2008	28 March 2013
Deputy Director-General Sport & Recreation Services	The Deputy Director-General provides vision, direction and leadership for sport and recreation activities including strategies and programs for encouraging active lifestyles.	SES 3 / Public Service Act 2008	28 March 2013
Executive Director Office of Racing **	The Executive Director provides strategic advice, direction, leadership, management and policy expertise to both the Government and the Queensland Racing Industry.	SES 2 / Public Service Act 2008	22 August 2014
Executive Director Office of the Director-General	The Executive Director provides strategic advice to the Director-General and provides leadership and direction of the department's service delivery.	SES 2 / Public Service Act 2008	3 December 2012
Chief Finance Officer	The Chief Finance Officer is responsible for the strategic leadership and direction over the efficient, effective and economic financial administration of the department.	SES 2 / Public Service Act 2008	21 October 2013
Assistant Director-General Corporate Services ***	The Assistant Director-General is responsible for the overall management of the Corporate Services divisions.	SES 3 / Public Service Act 2008	11 August 2014
Acting Assistant Director-General Corporate Services ***	The Acting Assistant Director-General is responsible for the overall management of the Corporate Services divisions.	SES 3 / Public Service Act 2008	1 July 2014 - 8 August 2014

* An open-merit recruitment process concluded in July 2015 and as a result a new Director-General was appointed effective 20 July 2015.

** The substantive performed the role in an acting capacity from 1 July to 21 August 2014.

*** The department is part of a Corporate and Business Partnership arrangement with the Department of Environment and Heritage Protection. Whilst the Assistant Director-General Corporate Services is a member of the departmental Executive Management Team, the position is one paid for by the Department of Environment and Heritage Protection, and therefore the remuneration is not disclosed in this note.

**DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15**

7. Key Management Personnel and Remuneration cont.

b) Remuneration Expenses

Remuneration policy for the department's key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment (including motor vehicle entitlement) for the key management personnel are specified in employment contracts. The Director-General's contract under the previous Government also provided for an At Risk Component payment.

For the 2014-15 year, remuneration packages of key management personnel (excluding the Director-General) increased by 2.2% in accordance with government policy. The following disclosures focus on the expenses incurred by the department during the respective reporting periods, that is attributable to key management positions. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

Remuneration expenses for key management personnel comprises the following components:

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

1 July 2014 - 30 June 2015

Position (date resigned if applicable)	Short Term Employee Expenses		Long Term Employee Expenses \$'000	Post Employment Expenses \$'000	Termination Benefits \$'000	Total Expenses \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits [#] \$'000				
	Director-General ^{##}	371				
Deputy Director-General Queensland Parks and Wildlife Service	224	6	4	25	-	259
Deputy Director-General Sport and Recreation Services	195	7	4	22	-	228
Executive Director Office of Racing	180	6	4	17	-	207
Executive Director Office of the Director-General	181	7	4	20	-	212
Chief Finance Officer	156	7	3	17	-	183

[#] The overall reduction in non-monetary benefits for key management personnel is due to a change in government policy (Directive No. 13/13) whereby private use of motor vehicles has been replaced with an executive vehicle allowance which is included in monetary expenses.

^{##} The mutually agreed terms for separating Directors-General considered all relevant clauses of their contract. After the end of 2014-15 but before the date of management certification of these financial statements, the payment for the Director-General's separation had been determined and will be included in KMP expenses in the 2015-16 financial statements.

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

7. Key Management Personnel and Remuneration cont.

b) Remuneration Expenses cont.

1 July 2013 - 30 June 2014

Position (date resigned if applicable)	Short Term Employee Expenses		Long Term Employee Expenses \$'000	Post Employment Expenses \$'000	Termination Benefits \$'000	Total Expenses \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000				
Director-General	356	6	7	41	-	410
Deputy Director-General Queensland Parks and Wildlife Service	163	6	4	21	0	194
Acting Deputy Director-General Queensland Parks and Wildlife Service	47	3	1	5	-	56
Deputy Director-General Sport and Recreation Services	189	3	4	20	-	216
Executive Director Office of Racing	73	3	1	9	142	228
Acting Executive Director Office of Racing	164	11	3	16	-	194
Executive Director Office of the Director-General	165	4	3	18	-	190
Chief Finance Officer (resigned Sep 2013)	30	1	1	4	-	36
Chief Finance Officer	105	1	2	11	-	119

**DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15**

7. Key Management Personnel and Remuneration cont.

c) Performance Payments

The remuneration package for the Director-General under the previous Government included a potential At Risk Component payment up to a maximum of \$39,120. Eligibility for such a performance payment in respect of 2013-14 was conditional on the achievement of objectives that are documented in that position's performance agreement.

The total remuneration package for the Director-General included a portion that is "at risk" and paid only if they met or exceeded the agreed performance standards. The performance evaluation process comprised:

- reporting on end of year achievement and self-assessment by the Director-General against their performance agreement/intended outcomes;
- a rigorous, independent and objective assessment of the Director-General's performance at the end of the financial year using, culminating in recommendations to the Premier; and
- the Premier's ultimate discretion regarding whether the Director-General was paid an At Risk Component payment and, if so, how much.

In respect of the 2013-14 performance year, the Director-General did not receive an "at risk component" payment in 2014-15 financial year.

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

	2015 \$'000	2014 \$'000
8. Supplies and Services		
Consultants and contractors	33,373	28,743
Repairs and maintenance	12,965	10,104
Operating lease rentals	12,820	12,038
Shared Service Providers	6,374	6,994
Computer services	5,416	4,608
Motor vehicle costs	4,475	4,721
Coaching and squad expenses	4,469	5,122
Supplies and consumables	4,223	5,920
Office accommodation	4,184	4,595
Travel	3,890	3,384
Utilities	3,805	3,163
Minor plant and equipment	3,679	3,389
Recreation centre catering expenses	2,242	2,434
Land maintenance	1,557	1,637
Bank fees and charges	334	387
Other	4,625	3,572
Expenses relating to capital works*	(21,799)	(22,764)
Total	86,630	78,045

* Expenses relating to capital works were reported in relevant accounts. This line item captures transfers to Assets Under Construction accounts.

9. Grants and Subsidies		
Sport and recreation grants	48,487	47,928
Racing industry grants	17,000	13,446
Capital provided below fair value*	12,494	9,223
National parks grants	1,252	1,107
Sponsorships and Scholarships	835	722
Donations and gifts given	6	2
Total	80,074	72,428

*\$12.5 million capital provided below fair value in 2014-15 relates to transfers of land to indigenous organisations (2013-14 \$8.9 million).

10. Other Expenses		
Assets written off *	2,514	212
Insurance premiums - Queensland Government Insurance Fund	1,384	1,141
Commission paid **	1,292	1,518
Insurance premiums - other	-	10
External audit fees ***	188	204
Losses from disposal of property, plant and equipment	179	803
Legal fees	162	211
Bad and impaired debts #	102	(254)
Special payments:		
Compensation claims	82	16
Ex-gratia payments###	5	57
Other	113	357
Total	6,020	4,275

* Assets written off include \$862K worth of Recreation Centre facilities retired as part of a re-development program.

** Payments include \$1.29 million (2014: \$1.3 million) paid to a third party as management commission in relation to the North Stradbroke Island National Park.

*** Total audit fees paid to the Queensland Audit Office relating to the 2014-15 financial statements are estimated to be \$190k (2014: \$204K). There are no non-audit services included in this amount.

Amount includes two material debtors, \$242K and \$43K, that were written off during the year due to bankruptcy offset by reduction of previous year's provision.

The department made ex-gratia payments to individuals for injury and vehicle costs sustained.

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

	2015 \$'000	2014 \$'000
11. Cash and Cash Equivalents		
Cash at bank *	37,670	42,287
Curtis Island Environmental Management Precinct cash at bank **	19,490	20,812
Imprest accounts	20	25
Total	57,180	63,124

* 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 Curtis Island Environmental Management Precinct bank account earns monthly interest on its balance. The total balance of the account is restricted for use within the Curtis Island Environmental Management Precinct.

12. Receivables		
Trade debtors	4,970	2,561
Less: Allowance for impairment loss #	(132)	(409)
	4,838	2,152
GST receivable	2,167	2,248
GST payable	(330)	(367)
	1,837	1,881
Annual leave reimbursements	1,754	1,984
Operating lease receivable ##	1,199	901
Long service leave reimbursements	473	585
Accrued revenue - fee for service	933	1,103
Other	189	180
	4,547	4,753
Total	11,222	8,786

Refer to Note 21 Financial Instruments (Credit Risk Exposure) for an analysis of movements in the allowance for impairment loss.

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.

13. Property, Plant and Equipment

The department comprehensively values its land, heritage and cultural, infrastructure and buildings assets using a rolling revaluation program in compliance with the provisions of Queensland Treasury's *Non Current Asset Policies for the Public Sector*.

A market based index is applied to the assets not comprehensively valued in the current financial year. However, the concept of materiality is considered when performing the revaluation program identifying those assets that comprise the material value of the class.

Land

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

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

Each year, the department employs independent valuers to assess the fair value of the top 20 land assets to ensure that any significant or volatile changes in the market are reflected in the value of the asset class. This process ensures that at least approximately 30% of the value of the land class is independently valued every year.

Due to the size of the asset base and the number of assets, it is not feasible or cost effective to have all assets assessed by independent valuers every five years. Therefore the department, under its rolling valuation program and with regard to the principles of materiality, has taken a risk-weighted approach of having only those assets valued that comprise 80% of the total value of the asset class base.

In the years an assessment is not made by an independent valuer, an index is used based on market movements. Depending on the type of land tenure the fair value may be determined using level 2 or level 3 inputs.

Buildings

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

The majority of building assets are not intended for income generation and cannot be sold, as is, in an open market as they are tied to the underlying land. The buildings exist for community benefit in the form of recreation as well as conservation requirements. Therefore it is considered that the most appropriate valuation technique is depreciated replacement cost and that these should be determined using level 3 inputs subject to the building characteristics. Due to the nature of the asset class base and the valuation technique, it is not considered that this class would be at risk to volatile or significant changes year to year. Also due to the size of the building asset class base and the number of assets, it is not feasible to have all assets assessed by an independent valuer every five years, therefore, a risk weighted approach is taken of having only those assets valued that materially represent the total value of the asset class base.

Infrastructure

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

The infrastructure assets are not intended for income generation but are intended for community benefit in the form of recreation as well as conservation requirements. These could not be sold, as is, in an open market as they are tied to the underlying land. Therefore, the most appropriate valuation technique is depreciated replacement cost using level 3 inputs subject to the infrastructure characteristics. Due to the nature, size of and number of assets within the infrastructure asset class base, it is not considered that this class would be at risk to volatile or significant changes year to year and would not be feasible to have all of these assessed by an independent valuer every five years. Therefore, a risk-weighted approach is taken of having only those that materially represent the total value of the asset class base be assessed.

Heritage and Cultural Assets

This class is comprised of land that is administered under the *Nature Conservation Act 1992* as well as building and infrastructure assets that are classified as cultural or heritage assets.

The non-land heritage and cultural assets are not considered material as they represent less than 1% of the total value of the heritage and cultural class.

The department has a number of different land tenures of cultural significance and with different levels of restrictions that impact the valuation methodology for this class. The principal market is land of similar topography and location which are observable, being readily available and reliable market data. This market data is adjusted by the valuer to reflect the nature of restrictions.

The approach reflects fair market value given that the restrictive nature of National Park lands is taken into account in the current valuations with appropriate allowance departmental assets are valued at Fair Value, taking into account sales of properties and the value of similar properties in the same location. Property sales are taken back to a bare (unimproved) land value, taking into account the value of any improvements on the properties. This leaves the value attributed to the land parcel only, reflecting restrictions of vegetation and conservation requirements representing a restricted assessment consistent with unimproved value.

Each year, the department has independent valuers' value the top 20 land assets (value). This approach is performed to ensure that any significant or volatile changes in the market are reflected in the value of the asset class and ensures that at least approximately 30% of the value of the class is independently valued every year. In addition to this process a rolling valuation program is performed by the department. Due to the size of the asset class base and the number of assets, it is not feasible or cost effective to have all assets assessed by independent valuers every five years. Therefore the department has taken a risk-weighted approach of having only those assets valued that materially comprise 80% of the total value of the asset class base. In the years an assessment is not made by an independent valuer, an index is used based on market movements. Heritage and cultural values are determined using level 3 inputs.

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

13. Property, Plant and Equipment cont.

Property, Plant and Equipment Reconciliation 2014-15

	Land	Buildings	Infrastructure	Heritage and Cultural	Plant and Equipment	Work in Progress	Total
	Fair Value \$'000	Fair Value \$'000	Fair Value \$'000	Fair Value \$'000	Cost \$'000	Cost \$'000	\$'000
Carrying amount at 1 July	407,394	210,859	851,184	1,305,507	26,842	19,784	2,821,570
Acquisitions (including upgrades)	195	103	21	-	2,908	23,220	26,447
Transfers in	1,925	-	-	524	-	-	2,449
Disposals	-	(1,622)	-	-	(509)	(818)	(2,949)
Transfers out	(10,810)	(435)	-	(3,261)	(24)	-	(14,530)
Transfers between classes	1,082	14,050	12,060	(840)	2,251	(28,611)	(8)
Revaluation increments	-	-	8,202	-	-	-	8,202
Revaluation decrements	(32,607)	(5,815)	-	(18,673)	-	-	(57,095)
Depreciation	-	(14,283)	(34,253)	(93)	(4,920)	-	(53,549)
Carrying amount at 30 June	367,179	202,857	837,214	1,283,164	26,548	13,575	2,730,537
Gross	367,179	527,870	1,690,809	1,284,744	59,125	13,575	3,943,302
Less: Accumulated Depreciation	-	(323,760)	(853,595)	(1,580)	(32,577)	-	(1,211,512)
Less: Accumulated Impairment Loss	-	(1,253)	-	-	-	-	(1,253)
Total	367,179	202,857	837,214	1,283,164	26,548	13,575	2,730,537

The department has property, plant and equipment with an original cost of \$27.7 million (2014: \$32.3 million) and a written down value of zero still being used in the provision of services.

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

13. Property, Plant and Equipment cont.

Property, Plant and Equipment Reconciliation 2013-14

	Land	Buildings	Infrastructure	Heritage and Cultural	Plant and Equipment	Work in Progress	Total
	Fair Value \$'000	Fair Value \$'000	Fair Value \$'000	Fair Value \$'000	Cost \$'000	Cost \$'000	\$'000
Carrying amount at 1 July	409,234	218,387	872,220	1,360,928	22,583	10,222	2,893,574
Acquisitions (including upgrades)	250	6	11	-	2,966	24,100	27,333
Transfers in	7,777	500	-	347	1,230	134	9,988
Disposals	(682)	(976)	(47)	(7)	(177)	-	(1,889)
Transfers out	(252)	(190)	(40)	(8,866)	(209)	-	(9,557)
Transfers between classes	-	4,797	4,668	27	5,180	(14,672)	-
Revaluation Increments	-	2,710	8,436	-	-	-	11,147
Revaluation Decrements	(8,933)	-	-	(46,842)	-	-	(55,775)
Depreciation	-	(14,375)	(34,064)	(80)	(4,731)	-	(53,250)
Carrying amount at 30 June	407,394	210,859	851,184	1,305,507	26,842	19,784	2,821,570
Gross	407,394	486,439	1,662,077	1,306,919	58,161	19,784	3,940,774
Less: Accumulated Depreciation	-	(274,327)	(810,893)	(1,412)	(31,319)	-	(1,117,951)
Less: Accumulated Impairment Loss	-	(1,253)	-	-	-	-	(1,253)
Total	407,394	210,859	851,184	1,305,507	26,842	19,784	2,821,570

	Level 2 \$'000		Level 3 \$'000		Total \$'000	
	2015	2014	2015	2014	2015	2014
Land	48,229	87,998	318,950	319,396	367,179	407,394
Buildings	-	-	202,857	210,859	202,857	210,859
Infrastructure	-	-	837,214	851,184	837,214	851,184
Heritage and Cultural Assets	-	-	1,283,164	1,305,507	1,283,164	1,305,507

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

13. Property, Plant and Equipment cont.

	Land \$'000	Buildings \$'000	Infrastructure \$'000	Heritage and Cultural \$'000	Total \$'000
Carrying amount at 1 July 2014	319,396	210,859	851,184	1,305,507	2,686,946
Acquisitions (including upgrades)	-	103	21	-	124
Transfers out of level 2 into level 3	10,979	-	-	-	10,979
Transfers in	1,910	-	-	524	2,434
Disposals	-	(1,622)	-	-	(1,622)
Transfers out	(910)	(435)	-	(3,261)	(4,606)
Transfers between classes	10,264	14,050	12,060	(840)	35,534
Net revaluation increments/(decrements)	(22,689)	(5,815)	8,202	(18,673)	(38,975)
Depreciation	-	(14,283)	(34,253)	(93)	(48,629)
Carrying amount at 30 June 2015	318,950	202,857	837,214	1,283,164	2,642,185

Level 3 Significant Valuation Inputs and Relationship to Fair Value

Description	Fair value at 30 June 2015 \$'000	Type and amount for significant level 3 inputs	Possible alternative amounts for significant level 3 inputs	Impact of alternative amounts for significant level 3 inputs
Land	318,950	Allowance for restrictions on the land	+/- 0%-10%	Increase in restrictions would decrease the fair value. Decrease in restrictions would increase the fair value.
Buildings	202,857	Condition assessment	+/- 0%-10%	A negative condition assessment would reduce the fair value. A positive condition assessment would increase the fair value.
Infrastructure	837,214	Condition assessment	+/- 0%-10%	A negative condition assessment would reduce the fair value. A positive condition assessment would increase the fair value.
Heritage and cultural assets	1,283,164	Allowance for restrictions on the land	+/- 0%-10%	Increase in restrictions would decrease the fair value. Decrease in restrictions would increase the fair value.

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

13. Property, Plant and Equipment cont.

	Land \$'000	Buildings \$'000	Infrastructure \$'000	Heritage & Cultural \$'000	Total \$'000
Carrying amount at 1 July 2013	323,770	218,387	872,220	1,360,928	2,775,305
Acquisitions (including upgrades)	-	6	11	-	17
Transfers in	1,691	500	-	347	2,538
Disposals	(6)	(976)	(47)	(7)	(1,036)
Transfers out	-	(190)	(40)	(8,866)	(9,096)
Transfers between classes	-	4,797	4,668	27	9,492
Net revaluation increments/(decrements)	(6,059)	2,710	8,436	(46,842)	(41,755)
Depreciation	-	(14,375)	(34,064)	(80)	(48,519)
Carrying amount at 30 June 2014	319,396	210,859	851,184	1,305,507	2,686,946

Level 3 Significant Valuation Inputs and Relationship to Fair Value

Description	Fair value at 30 June 2014 \$'000	Type and amount for significant level 3 inputs	Possible alternative amounts for significant level 3 inputs	Impact of alternative amounts for significant level 3 inputs
Land	319,396	Allowance for restrictions on the land	+/- 0%-10%	Increase in restrictions would decrease the fair value. Decrease in restrictions would increase the fair value.
Buildings	210,859	Condition assessment	+/- 0%-10%	A negative condition assessment would reduce the fair value. A positive condition assessment would increase the fair value.
Infrastructure	851,184	Condition assessment	+/- 0%-10%	A negative condition assessment would reduce the fair value. A positive condition assessment would increase the fair value.
Heritage and cultural assets	1,305,507	Allowance for restrictions on the land	+/- 0%-10%	Increase in restrictions would decrease the fair value. Decrease in restrictions would increase the fair value.

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

14. Intangible Assets

	Software Purchased		Software Internally Generated		Software WIP		Total	
	<u>\$'000</u>		<u>\$'000</u>		<u>\$'000</u>		<u>\$'000</u>	
	2015	2014	2015	2014	2015	2014	2015	2014
Carrying amount at 1 July	26	44	1,499	2,503	386	176	1,911	2,723
Acquisitions	-	-	-	-	216	210	216	210
Internal Transfers	8	-	316	-	(316)	-	8	-
Disposals	-	(10)	-	(71)	-	-	-	(81)
Amortisation	(10)	(8)	(694)	(933)	-	-	(704)	(941)
Carrying amount at 30 June	24	26	1,121	1,499	286	386	1,431	1,911
Gross	1,029	1,021	3,716	3,400	286	386	5,031	4,807
Less accumulated amortisation	(1,005)	(995)	(2,595)	(1,901)	-	-	(3,600)	(2,896)
Carrying amount at 30 June	24	26	1,121	1,499	286	386	1,431	1,911

The department has internal use software with an original cost of \$760K (2014:\$760K) and a written down value of zero still being used in the provision of services.

15. Payables

Current

Trade creditors	11,509	14,444
Grants payable	2,743	109
Appropriation Payable to Treasury	1,813	-
Taxes payable	39	456
Machinery-of-Government payable	-	2,491
Other	1,871	396
Total	17,975	17,896

16. Accrued Employee Benefits

Annual leave levy payable	2,575	2,456
Wages outstanding	815	361
Long service leave levy payable	597	492
Total	3,988	3,309

17. Other Liabilities

Current

Contributions received in advance *	19,301	20,251
Unearned revenue	561	601
Other	132	181
Total	19,995	21,033

* The contributions received in advance represent a deposit of funds for the management of the Curtis Island Environmental Management Precinct.

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

	2015 \$'000	2014 \$'000
18. Reconciliation of Operating Surplus to Net Cash from Operating Activities		
Operating surplus/(deficit)	(54,503)	(22,115)
Add back non-cash items		
Depreciation and amortisation expense	54,253	54,192
Net revaluation decrement	48,893	44,628
Capital assets provided below fair value	12,494	9,223
Assets written off	2,514	212
Net loss on sale of property, plant and equipment	-	232
Net gain on sale of property, plant and equipment	(206)	-
Change in assets and liabilities:		
(Increase)/decrease in appropriation revenue for services receivable	-	881
(Increase)/decrease in trade receivables	(3,170)	2,546
Increase/(decrease) in treasury appropriation payable	1,813	-
Increase/(decrease) in other liabilities	(995)	(1,264)
Increase/(decrease) in accrued employee benefits	455	163
(Increase)/decrease in prepayments	455	(1,509)
(Increase)/decrease in annual leave claim receivable	349	955
(Increase)/decrease in LSL reimbursement receivables	217	(663)
(Increase)/decrease in GST input tax credits receivable	80	787
Increase/(decrease) in unearned revenue	(40)	(58)
Increase/(decrease) in GST payable	(37)	269
Increase/(decrease) in accounts payable	(2)	(15,434)
(Increase)/decrease in other receivables	(8)	7,754
(Increase)/decrease in inventories	-	104
Net cash from operating activities	62,562	80,903

19. Commitments for Expenditure

Commitments at reporting date are inclusive of anticipated GST and are payable as follows:

	Non-Cancellable Operating Leases ¹	Capital Expenditure Commitments ²	Grants and Subsidies Commitments	Other Expenditure Commitments
2015				
Not later than one year	5,911	13,695	33,319	5,959
One year and not later than five years	18,458	348	5,478	993
Later than five years	43,491	-	-	-
Total	67,860	14,043	38,797	6,952
2014				
Not later than one year	5,955	5,125	18,615	3,138
One year and not later than five years	17,296	6	22,407	241
Later than five years	47,082	-	-	-
Total	70,333	5,131	41,022	3,379

¹ Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

² Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

	2015 \$'000	2014 \$'000
Buildings	9,724	2,475
Infrastructure	2,860	2,293
Plant and equipment	1,320	310
Intangibles	139	53
Total	14,043	5,131

20. Contingencies

As at 30 June 2015, there were two cases (2014: 3 cases) filed with the Supreme Court naming the State of Queensland acting through the Department of National Parks, Sport and Racing as defendant:

It is not possible to make a reliable estimate of the final amount payable, if any, in respect of the litigation before the courts at this time. The department has also received notification of two other cases (2014: 7) that are not yet subject to court action. These cases may or may not result in subsequent litigation.

Effective 1 May 2012, the Department of National Parks, Sport and Racing joined the Queensland Government Insurance Fund (QGIF). Under the QGIF, the department would be able to claim back, less a deductible, the amount paid to successful litigants. This includes any cases that existed as at 1 May 2012 and cases that have arisen since that date.

21. Financial Instruments

(a) Categorisation of Financial Instruments

Financial assets and liabilities of the department has been categorised as follows:

Category	Note	2015 \$'000	2014 \$'000
Financial Assets			
Cash and cash equivalents	12	57,180	63,124
Receivables	13	11,222	8,786
Total		68,402	71,911
Financial Liabilities			
Payables	16	17,975	17,896
Interest-bearing liabilities	17	89	199
Total		18,064	18,095

(b) Financial Risk Management

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

All financial risk is managed by the Office of the Chief Finance Officer in compliance with Government and departmental policies. These policies focus on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance of the department.

(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 department's maximum exposure to credit risk is the carrying amount of the receivables.

Financial Assets

The carrying amount of receivables represents the maximum exposure to credit risk. The department's credit management 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.

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

The allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor is overdue in paying a debt to the department, according to the due date (maximum terms of 30 days). If the debt becomes uncollectible (after appropriate range of debt recovery actions), this amount or the amount that exceeds the allowance for impairment of that debt, is recognised as a bad debt expense and written-off directly against receivables, otherwise, no allowance for impairment is made in respect of that debt.

Impairment loss expense for the current year regarding the department's receivables is \$101K (2014: \$136K). This is a decrease of \$124k from 2014 and is mainly due to two material debtors that were written off during the financial year.

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

	Overdue				Total
	<30 Days	30 - 60	61 - 90	>90 Days	
	\$'000	\$'000	\$'000	\$'000	
Financial assets past due but not impaired					
Receivables					
2015	3,756	1,388	66	19	5,230
2014	459	46	51	588	1,144

Individually Impaired Financial Assets

	<30 Days	30 - 60	61 - 90	>90 Days	Total
2015					
Receivables (gross)*	3,756	1,388	66	257	5,468
Allowance for impairment	-	-	-	(132)	(132)
2015 Carrying amount	3,756	1,388	66	125	5,335

2014					
Receivables (gross)*	459	46	51	588	1,144
Allowance for impairment	-	(6)	(9)	(394)	(409)
2014 Carrying amount	459	40	42	194	735

* Gross receivables are those receivables that have been individually impaired, not the total gross receivables in Note 12.

Movements in Allowance for Impairment

	2015	2014
	\$'000	\$'000
Balance at 1 July	409	788
Increase/(decrease) in allowance recognised in operating result	101	136
Amounts no longer provided for	(14)	(259)
Amount previously provided for - paid during the year	(50)	(171)
Amounts written off during the year	(315)	(85)
Balance at 30 June	<u>132</u>	<u>409</u>

(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 in respect of its payables and borrowings from the Queensland Treasury Corporation for the purchase of scientific equipment.

The department's liquidity management 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.

21. Financial Instruments cont.

2015 Financial Liabilities Payable in							
Note	<1 year \$'000		1 - 5 years \$'000		Total \$'000		
	2015	2014	2015	2014	2015	2014	
Payables	16	17,975	17,896	-	-	17,975	17,896
QTC borrowing	17	43	110	46	89	89	199
Total		18,018	18,006	46	46	18,064	18,095

(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 cash deposited in interest bearing accounts. The department does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy articulated in the department's Financial Management Practice Manual.

(f) Interest Rate Sensitivity Analysis

An interest rate sensitivity analysis depicts the impact on net income if interest rates change by +/- 1% from the year end rates applicable to the department's financial assets and liabilities. With all other variables held constant, the department would have a surplus and equity increase/(decrease) of \$195k (2014: \$208k). This is mainly attributable to the department's exposure to variable interest rates on its bank account.

(g) Fair Value

The department does not recognise any financial assets or financial liabilities at fair value. The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

The fair value of borrowings is notified by the Queensland Treasury Corporation. It is calculated using discounted cash flow analysis and the effective interest rate (refer to Note 17). For 2014-15 QTC Borrowings with a carrying amount of \$89K (2014: \$199K) has a fair value of \$92K (2014: \$204K).

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

	2015 \$'000	2014 \$'000
22. Schedule of Administered Items		
Administered Revenues		
Appropriation revenue	26,715	26,790
User charges and fees	162	187
Grants and contributions	37,500	-
Other revenues	-	19
Total Administered Revenues	64,377	26,996
Administered Expenses		
Grants and subsidies	26,711	26,524
Capital provided below fair value	-	6,173
Transfers of Administered Revenue to Government	37,662	187
Other expenses	4	160
Total Administered Expenses	64,377	33,044
Operating Surplus/(Deficit)	-	(6,048)
Administered Assets		
<i>Current</i>		
Cash	12	289
Receivables	4	8
Total Current Assets	17	297
Administered Liabilities		
<i>Current</i>		
Payables	-	282
Transfers to Government Payable	17	15
Total Current Liabilities	17	297
Net Administered Assets	-	-
Administered Equity		
Contributed equity	6,518	6,518
Accumulated Surplus/Deficit	(6,518)	(6,518)
Total Administered Equity	-	-
23. Reconciliation of Payments from Consolidated Fund to Administered Revenue		
Budgeted appropriation	26,811	26,766
Lapsed administered appropriation	(100)	-
Transfers from/to other headings - variation in headings	-	103
Transfers from/to other departments	4	(79)
Total administered receipts	26,715	26,790
Administered revenue recognised in Note 22	26,715	26,790

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

24. Budget vs Actual Comparison

	Note 24 Variance Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
Statement of Comprehensive Income					
Income from Continuing Operations					
Appropriation revenue for services	1	354,316	270,416	(83,900)	(24%)
User charges and fees		31,005	27,713	(3,292)	(11%)
Grants and other contributions		21,488	22,582	1,094	5%
Revaluation increment	2	-	8,202	8,202	100%
Interest		520	582	62	12%
Other revenue		11,649	11,313	(336)	(3%)
Total revenue		418,978	340,808	(78,170)	(19%)
Gains on disposal/remeasurement of assets		-	385	385	-
Total Income from Continuing Operations		418,978	341,193	(77,785)	(19%)
Expenses from Continuing Operations					
Employee expenses		111,322	111,617	295	-
Supplies and services	3	98,278	86,630	(11,648)	(12%)
Grants and subsidies	4	147,021	80,074	(66,947)	(46%)
Depreciation and amortisation	5	60,313	54,253	(6,060)	(10%)
Revaluation decrement	6	80	57,095	57,015	71,268%
Finance/borrowing costs		67	7	(60)	(90%)
Other expenses	7	2,968	6,020	3,052	103%
Total Expenses from Continuing Operations		420,049	395,696	(24,353)	(6%)
Operating Result from Continuing Operations		(1,071)	(54,503)	(53,432)	(4,989%)
Operating Result for the Year		(1,071)	(54,503)	(53,432)	(4,989%)
Total Comprehensive Income (Loss)		(1,071)	(54,503)	(53,432)	(4,989%)

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

24. Budget vs Actual Comparison cont.

	Note 24 Variance Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
Statement of Financial Position					
Current Assets					
Cash and cash equivalents		59,344	57,180	(2,164)	4%
Receivables	8	6,555	11,222	4,667	71%
Other current assets		207	1,357	1,150	556%
Total Current Assets		66,106	69,760	3,654	6%
Non-Current Assets					
Property, plant and equipment		2,900,326	2,730,537	(169,789)	(6%)
Intangible assets	9	3,827	1,431	(2,396)	(63%)
Total Non-Current Assets		2,904,153	2,731,968	(172,185)	(6%)
Total Assets		2,970,259	2,801,728	(168,531)	(6%)
Current Liabilities					
Payables	10	39,713	17,975	(21,738)	(55%)
Interest-bearing liabilities		199	43	(156)	(78%)
Accrued employee benefits		2,596	3,988	1,392	54%
Other current liabilities	11	1,551	19,995	18,444	1189%
Total Current Liabilities		44,059	42,001	(2,058)	(5%)
Non-Current Liabilities					
Interest-bearing liabilities		-	46	46	-
Other non-current liabilities	11	17,235	-	(17,235)	(100%)
Total Non-Current Liabilities		17,235	46	(17,189)	(100%)
Total Liabilities		61,294	42,047	(19,247)	(31%)
Net Assets		2,908,965	2,759,681	(149,284)	(5%)
Equity					
Contributed equity		3,460,037	3,458,995	(1,042)	-
Accumulated surplus/(deficit)		(606,283)	(699,314)	(93,031)	15%
Asset revaluation surplus		55,211	-	(55,211)	(100%)
Total Equity		2,908,965	2,759,681	(149,284)	(5%)

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

24. Budget vs Actual Comparison cont.

	Note 24 Variance Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
Statement of Cash Flows					
Cash flows from operating activities					
<i>Inflows:</i>					
Service appropriation receipts	12	354,316	272,229	(82,087)	(23%)
User charges and fees		30,428	27,559	(2,869)	(9%)
Grants and other contributions	13	21,488	18,657	(2,831)	(13%)
GST input tax credits from ATO		-	14,776	14,776	100%
GST collected from customers			2,572	2,572	100%
Interest receipts		520	586	66	13%
Other		11,649	11,016	(633)	(5%)
<i>Outflows:</i>					
Employee expenses		(111,172)	(111,111)	61	-
Supplies and services	14	(97,278)	(88,432)	8,846	(9%)
Grants and subsidies	15	(147,021)	(65,034)	81,987	(56%)
Finance and borrowing costs		(67)	(7)	60	(90%)
GST remitted to ATO		-	(2,608)	(2,608)	(100%)
GST paid to suppliers		-	(14,803)	(14,803)	(100%)
Other		(4,330)	(2,838)	1,492	(34%)
Net cash provided by (used in) operating activities		58,533	62,562	4,029	7%
Cash flows from investing activities					
<i>Inflows:</i>					
Sales of property, plant and equipment		873	640	(233)	(27%)
<i>Outflows:</i>					
Payments for property, plant and equipment	16	(29,468)	(26,590)	2,878	(10%)
Payments for intangible assets			(223)	(223)	(100%)
Net cash provided by (used in) investing activities		(28,595)	(26,173)	2,422	-
Cash flows from financing activities					
<i>Inflows:</i>					
Equity injections		5,968	5,194	(774)	(13%)
<i>Outflows:</i>					
Equity withdrawals		(46,179)	(46,179)	-	-
Prior year adjustment relating to Mog balances		-	(1,237)	(1,237)	(100%)
Borrowing redemptions		(80)	(110)	(30)	38%
Net cash provided by (used in) financing activities		(40,291)	(42,332)	(2,041)	5%
Net increase (decrease) in cash and cash equivalents		(10,353)	(5,943)	4,410	(43%)
Cash and cash equivalents at beginning of financial year		69,697	63,124	(6,573)	(9%)
Cash and cash equivalents at end of financial year		59,344	57,181	(2,163)	(4%)

DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2014-15

24. Budget vs Actual Comparison cont.

	Note 24 Variance Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
Administered Items					
Administered Revenues					
Appropriation revenue		26,811	26,715	96	-
User charges and fees		199	162	37	19%
Other revenues	17	-	37,500	(37,500)	(100%)
Total Administered Revenues		27,010	64,377	(37,367)	(138%)
Administered Expenses					
Grants and subsidies		26,811	26,711	100	0%
Transfers of Administered Revenue to Government	17	199	37,662	(37,463)	(18,826%)
Other expenses		-	4	(4)	(100%)
Total Administered Expenses		27,010	64,377	(37,467)	(139%)
Operating Surplus/(Deficit)		-	-	-	-
Administered Assets					
<i>Current</i>					
Cash		475	12	463	97%
Receivables		123	4	119	96%
Total Current Assets		598	17	581	97%
<i>Non-Current</i>					
Land	18	6,173	-	6,173	100%
Total Non-Current Assets		6,173	-	6,173	100%
Total Assets		6,771	17	6,754	100%
Administered Liabilities					
<i>Current</i>					
Payables		293	-	293	100%
Transfers to Government Payable		63	17	46	73%
Other		139	-	139	100%
Total Current Liabilities		495	17	478	97%
Net Administered Assets		6,276	-	6,276	100%
Administered Equity					
Contributed equity		6,745	6,518	227	3%
Accumulated Surplus/Deficit		(469)	(6,518)	6,049	(1,290%)
Total Administered Equity		6,276	-	6,276	100%

24. Budget vs Actual Comparison cont.

Explanation of Major Variances

Statement of Comprehensive Income

1. Appropriation Revenue for services is \$84 million lower than the budgeted figure predominantly due to the \$58 million Racing infrastructure grants deferral caused by project delays and the introduction of the new Racing Infrastructure Fund following the new wagering agreement, net deferrals related to the Gets Programs \$24 million due to program delays and Indigenous Joint Management programs deferrals due to complexity and sensitivity of joint management programs at North Stradbroke Island of \$2.5 million and Cape York Peninsula Protected Area of \$1.7 million. This is partly offset by 2013-14 carryover funds of \$5.0 million related to Cape York Protected Heritage Areas and Enhanced Maintenance in Parks programs.
2. An increase of \$8.2 million was recorded in infrastructure assets following the 2014-15 asset revaluation process. Revaluation movements are difficult to predict and the department does not set a budget for this item.
3. Supplies and services are less than budget by \$11.6 million due to a number of program deferrals. Deferrals included the Nest to Ocean program of \$3.7 million due to Commonwealth funding re-profiling that impacted the timing of grants issued and Indigenous Joint Management programs deferrals of \$1.5 million due to complexity and sensitivity of joint management programs at North Stradbroke Island and Cape York Peninsula Protected Area.
4. Grants and subsidies were \$66.9 million lower than budget predominantly due to Racing infrastructure grants deferrals of \$58 million caused by project delays and the introduction of the new Racing Infrastructure Fund following the new wagering agreement and net deferrals related to Sport and Recreation grant programs of \$20.4 million. This is partly offset by land transferred to Indigenous bodies as part of the Cape York Peninsula Aboriginal Land management provisions of \$12.5 million and the re-profiling of Nest to Ocean program expenditure from supplies and services of \$2.2 million.
5. A portion of the depreciation and amortisation budget exists as a contingency for land transfers, asset write-off and impairment expenses.
6. The revaluation decrement is comprised of Land (\$33 million), Heritage and Cultural assets (\$19 million) and Buildings (\$6 million) assets. Revaluation movements are difficult to predict and the department does not set a budget for this item.
7. The variance in other expenses of \$3 million relates to assets written-off during 2014-15.

Statement of Financial Position

8. The variance in receivables of \$5 million is related to timing of cash inflows with GST, operating lease and annual leave receivables existing at 30 June 2015.
9. The reduction in intangibles of \$2.4 million is due to the write-down of software assets in Queensland Parks and Wildlife Service and delayed system development during 2014-15.
10. The variance in payables is due to improved payment practices and timing of large payments primarily within grant programs.
11. The movements in current and non-current other liabilities relate to reclassification of the Curtis Island Contribution and Maintenance Deed unearned revenue to current liabilities. Upon review of the Curtis Island EMP agreement it was decided to reflect the entire 'unearned revenue' held in this area as a current liability, rather than reflect a portion as non-current as previously expected.

Statement of Cash Flows

12. Cash inflows related to appropriation revenue for services is \$82 million lower than budget predominantly due to the \$58 million Racing infrastructure grants deferral caused by project delays and the introduction of the new Racing Infrastructure Fund following the new wagering agreement and deferrals into future years for a number of programs including Gets Programs of \$24 million due to program delays and Indigenous Joint Management programs deferrals due to complexity and sensitivity of joint management programs at North Stradbroke Island of \$2.5 million and Cape York Peninsula Protected Area of \$1.7 million. This is partly offset by 2013-14 carryover funds of \$5.0 million related to Cape York Protected Heritage Areas and Enhanced Maintenance in Parks programs.
13. Lower receipts from grants and other contributions of \$3 million is mainly due to the re-profiling of funding arrangement with the Australian Government for the Nest to Ocean program of \$1.5 million.
14. 'Payments related to Supplies and Services have decreased by \$9 million, mainly due to deferrals within Nest to Ocean of \$3.7 million related to delays in the issuance of grants following the renegotiation of timing of Commonwealth funding, parks enhanced maintenance of \$1.7 million, North Stradbroke Island and Cape York Peninsula Protected Area Joint Management delays due to complexity and sensitivity associated with joint management. Nest to Ocean program costs were also realigned from supplies and services to grants and subsidies of \$2.2 million.
15. Grants and subsidies were \$82 million lower than Budget predominantly due to Racing infrastructure grants deferral of \$58 million caused by project delays and the introduction of the new Racing Infrastructure Fund following the new wagering agreement and net deferrals related to Sport and Recreation grant programs of \$20.4 million. This is partly offset by the re-profiling of Nest to Ocean program expenditure from supplies and services of \$2.2 million.
16. Payments for property, plant and equipment are \$2.9 million lower due to deferrals for the Sunshine Coast Recreation Centre redevelopment.

Administered Items

17. Increased revenue and transfer of administered funds to government related to the exclusive 30-year retail wagering licence entered into with the Tatts Group (now UBET) in December 2014. The \$150 million exclusivity fee is to be received in four tranches of \$37.5 million over a nine year period. \$97 million of these funds will be directed into a new Racing Infrastructure Fund which is to fund racing infrastructure developments.
18. The original budget reflects land holdings at Cronulla Park, Logan City, administered by the department, which was approved for transfer to Racing Queensland after the 2014-15 Budget.

CERTIFICATE OF THE DEPARTMENT OF NATIONAL PARKS, SPORT AND RACING

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), s.43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

(a) the prescribed requirements for the establishing and keeping the accounts have been complied with in all material respects;

(b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of National Parks, Sport and Racing for the financial year ended 30 June 2015 and of the financial position of the department at the end of that year: and

(c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

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

Tamara O'Shea
Director-General

Date

Date