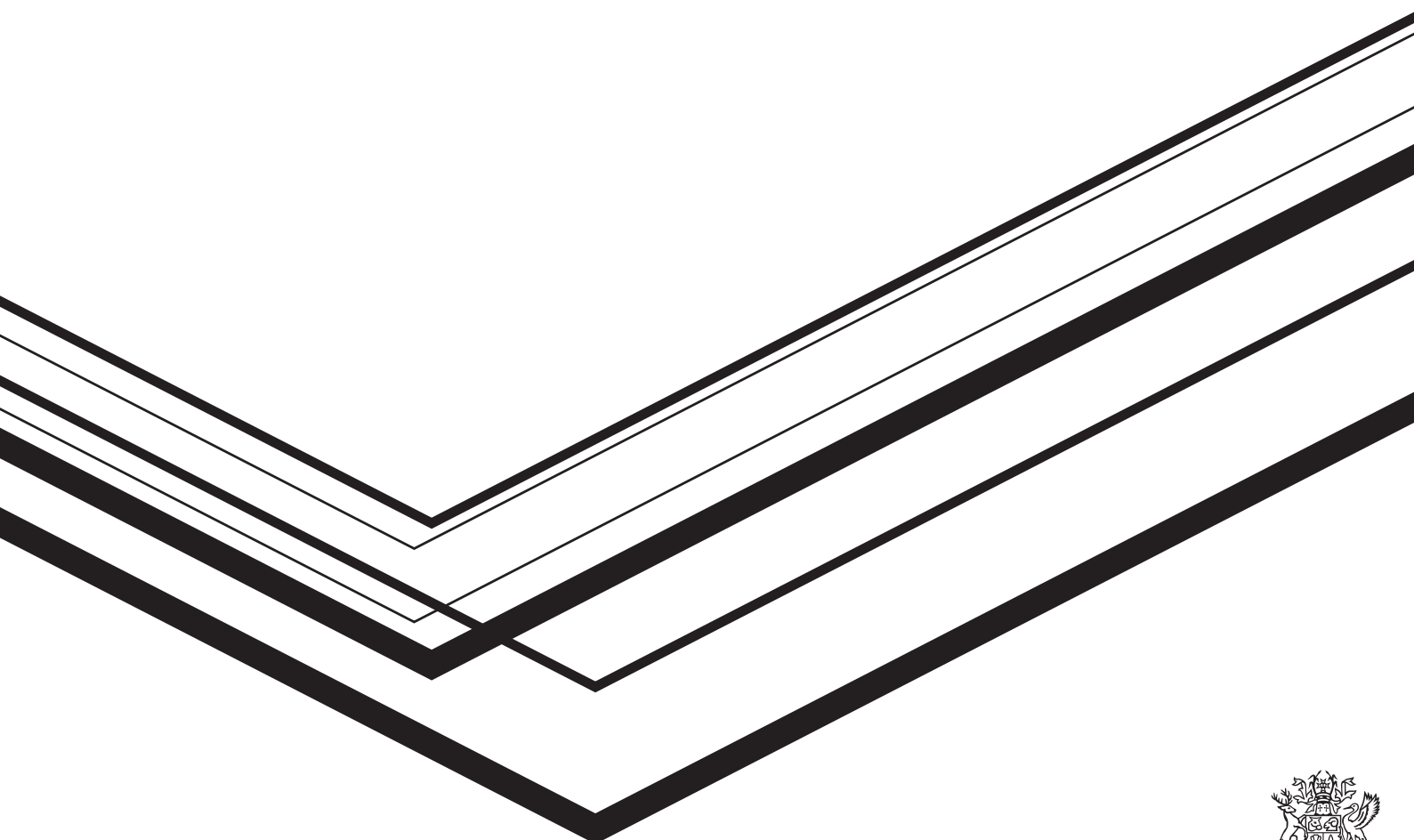


Service Delivery Statements

# **Department of Agriculture and Fisheries**



# **2015-16 Queensland Budget Papers**

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

## **Appropriation Bills**

## **Jobs Now, Jobs for the Future - Queensland Government employment plan**

## **Budget Highlights**

The suite of Budget Papers is similar to that published in 2014-15.

The Budget Papers are available online at [www.budget.qld.gov.au](http://www.budget.qld.gov.au)

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## **Service Delivery Statements**

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## Department of Agriculture and Fisheries

### Summary of portfolio

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# Portfolio overview

## Ministerial and portfolio responsibilities

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

### Minister for Agriculture and Fisheries and Minister for Sport and Racing

The Honourable William Byrne MP

### Department of Agriculture and Fisheries

Director-General: Jack Noye

**Service area 1:** Agriculture

**Service area 2:** Biosecurity Queensland

**Service area 3:** Fisheries and Forestry

### Queensland Agricultural Training Colleges

Principal Executive Officer: Brent Kinnane

**Objective:** The Queensland Agricultural Training Colleges (QATC) support the sustainability of agricultural, rural and related industries and communities by improving the knowledge and skills of the existing and future workforce

### QRAA

Chief Executive Officer: Colin Holden

**Objective:** QRAA's strategic intent is to achieve self-sufficiency through financial leadership, service delivery excellence, business growth and capability. QRAA is a specialist administrator of government financial assistance programs including loans, grants, rebates and subsidies

Additional information can be sourced from:

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

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

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

# Departmental overview

The Department of Agriculture and Fisheries (DAF) supports the vision of prosperous and productive agriculture, fisheries and forestry sectors. We have a lead role in facilitating the growth and sustainable development of the agriculture, fisheries and forestry sectors and optimise their contribution to economic, environmental and social outcomes for Queensland.

Our objectives outlined in the strategic plan are to:

- connect industry to opportunities - enabling producers and businesses to grow their markets, secure investment, lift productivity and better manage economic and climatic adversity
- manage biosecurity risks - to protect agricultural resources, human health, social amenity and the environment and maintain the State's reputation for quality, disease-free products
- optimise the value of fisheries and forestry resources - to provide for their ongoing economic, environmental and social value
- provide customer responsive services.

Partnering with industry, government agencies and research bodies is critical to take full advantage of and manage the significant opportunities and challenges presented by the environment in which we operate. Current conditions remain challenging with over 80 per cent of the State drought affected, effects of other extreme weather events and outbreaks of exotic diseases which have impacted levels of production through damaged crops and infrastructure.

Recent rains have improved conditions on the southern and central east coast, and more generally in South East Queensland. However, the wet season has generally failed in North Queensland and drought declarations have extended into the Gulf Country and the southern Cape of Carpentaria.

The government has committed to continuing existing drought relief arrangements until 2018. It has also committed to develop measures to assist producers improve climate risk management and preparedness strategies. To support producers and communities impacted by drought, the Queensland Government has funded a multi-agency assistance package. The package includes freight subsidies; emergency water infrastructure rebates; land rent relief; wild dog, feral cat and weed control; rural financial counselling; assistance for children's educational costs; and community and mental health support.

The Queensland whole-of-government approach to this drought is expected to cost around \$45 million in 2014-15. Accounting for the changes in drought declarations, expenses for drought assistance across agencies is expected to rise to over \$46 million in 2015-16 with the inclusion of the election commitment to enhance wild dog and feral cat control, which target drought declared areas.

Long term prospects for the agriculture, fisheries and forestry sectors remain positive, due to the ongoing demand growth for food and fibre and a gradually improving global economy. To ensure the sectors can take advantage of these opportunities and the Queensland community benefits, our investment priorities directly contribute to the Queensland Government's objectives to:

- Create jobs and a diverse economy from increased value of primary and value added production and export earnings. Key initiatives include:
  - a 10 year blueprint for research, development and extension to drive productivity and innovation and enhance scientific collaboration
  - promoting Queensland food and fibre products and expertise through trade missions and international exchanges
  - establishing a fisheries allocation policy and revised regulatory commercial fishing arrangements to better recognise the economic value of commercial, charter and recreational fishing.
- Protect the environment by ensuring the sustainable use of agriculture, fisheries and forestry resources and managing impacts on production and environment caused by animal and plant diseases and pests.
- Build safe, caring and connected communities by:
  - developing regions through new and strengthened agricultural zones
  - having a strong biosecurity capability
  - ensuring food safety by managing agricultural and veterinary chemical use and food contaminants
  - promoting high standards of animal welfare.
- Deliver quality front line services by increasing involvement of customers and stakeholders in developing, evaluating and enhancing programs, services and legislation. We will also expand service delivery partnerships and digital service delivery.

# Service performance

## Service approach

The department has three service areas that deliver its objectives and priorities:

- Agriculture
- Biosecurity Queensland
- Fisheries and Forestry

The Agriculture service area delivers on the department's objective to connect industry to opportunities that help to lift the productivity of Queensland's food and fibre businesses.

The Biosecurity Queensland service area aims to mitigate the risks and impacts of pests and diseases of animals and plants, and weeds. This supports the department's objective of managing biosecurity risks to the economy, the environment, social amenity and human health. This service area also upholds standards for animal welfare and agricultural chemical use.

The Fisheries and Forestry service area aims to ensure sustainable and productive fisheries and the responsible allocation and use of State owned forests and related resources to optimise the economic, environment and social value of these resources for Queensland.

All service areas contribute to ensuring the provision of responsive customer services.

## Performance statement

### Agriculture

#### Service area objective

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

#### Service area description

This service area:

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

### Services

- Strategic Policy and Planning
- Regions and Industry Development
- Agri-Science Queensland

## 2015-16 service area highlights

- Continue existing drought relief arrangements and work with industry to commence development of a new suite of measures that will assist producers to improve their climate risk management and preparedness strategies
- Commence development of a ten year research, development and extension blueprint for agriculture and food
- Support the development of the northern regional economy by providing a 'one-stop' service that supports private sector water and land resource development initiatives
- In conjunction with industry, support the Minister to undertake outbound trade missions that promote existing food and fibre products and showcase new, niche and emerging products and investment opportunities
- Better meet industry workforce needs by:
  - supporting Queensland Agricultural Training Colleges and local universities to deliver skill-based training in the agricultural sector
  - exploring the establishment of a Rural Job Agency in conjunction with industry.
- Allocate \$3.2 million for the continued delivery of Best Management Practice programs and extension and technical services that improve the uptake of management practices by producers and agricultural industries impacting on the Great Barrier Reef.

Department of Agriculture and Fisheries	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
<b>Service area: Agriculture</b>				
<b>Service: Strategic Policy and Planning</b>				
<b>Service standards</b> <i>Effectiveness measures</i> Proportion of stakeholders who have a high level of satisfaction with Agriculture policy and planning, consultation and engagement processes	1	New measure	New measure	70%
Percentage of customers whose application for business assistance as a result of natural disaster or drought is processed within 21 days	2	90%	94%	90%
<i>Efficiency measure</i> Average cost per hour to conduct regulatory policy and reform activities	3	New measure	New measure	\$75
<b>Service: Regions and Industry Development</b>				
<b>Service standards</b> <i>Effectiveness measure</i> Percentage of primary producers in reef catchments who adopt best management practices after participation in DAF extension programs	4	New measure	New measure	30%
<i>Efficiency measure</i> Average cost of regional agricultural advocacy activities	5	New measure	New measure	\$5,000
<b>Service: Agri-Science Queensland</b>				

Department of Agriculture and Fisheries	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Percentage of customers indicating that participation in a research development and extension activity contributes to business improvements	6	New measure	New measure	75%
Level of funding partner satisfaction that research outcomes contribute to industry productivity growth	7	60%	79%	80%
<i>Efficiency measure</i>				
Percentage return on research development and extension investment through royalty returns		4%	4%	4%

Notes:

1. This is a new service standard introduced to assess the overall satisfaction of key stakeholders who were provided with opportunity to participate and contribute to development of policy and planning activities.
2. This standard has been reworded as it was previously represented as a timeliness measure. The reworded measure focuses on the effectiveness of DAF in ensuring approval processes meet customer expectations. The methodology has not changed.
3. The department has an extensive program of work in its five year Regulatory Reform Plan. This is a new service standard that assesses the cost efficiency of reviewing DAF's regulatory policy and reform activities. This measure uses staff costs (Full Time Equivalent (FTEs)) to enable efficiency trends in service delivery to be tracked over consecutive years.
4. This new service standard replaces the discontinued measure 'percentage of graziers and cane growers who have increased knowledge and skills through participation in best management practice programs'. The new service standard is broader in scope and will allow data to be collected in relation to primary producers other than graziers and cane growers (e.g. horticulture producers).
5. This is a new service standard that shows the average cost of delivering activities in regional areas (total cost of delivering eligible activities divided by count of eligible activities) that promote, support and advocate for the interests of agriculture. Costs include salary costs plus other direct costs (e.g. venue hire, travel allowances) associated with delivering the activities.
6. This is a new measure that replaces the discontinued measures 'client businesses implementing new or improved practices, processes, systems, products and technologies as a result of funded innovation and capacity development activities' and 'proportion of assisted firms reporting improved performance following funded innovation and capacity development activities'.
7. The 2014-15 Target/Est. was based on previous survey results. In 2014-15 work was undertaken to better link the survey questions with funding partners' satisfaction with the achievement of stated research outcomes and the effect the research outcomes had on productivity. As a result 2014-15 recorded a higher degree of satisfaction which accounts for the increase from the 2014-15 Target/Est. to the 2014-15 Est. Actual.



## Biosecurity Queensland

### Service area objective

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

### Service area description

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

- animal pests and diseases
- plant pests and diseases
- invasive plants and animals, such as weeds and pest animals
- biosecurity diagnostics and other laboratory services
- animal welfare and ethics
- product integrity (managing agvet chemicals and other contaminant risks)
- biosecurity incident responses, such as exotic tramp ants and Panama Tropical Race 4 disease (TR4) in bananas.

### 2015-16 service area highlights

- Commence the *Biosecurity Act 2014* with responsibility for the management and mitigation of biosecurity risks shared with those who create or increase risks.
- Lead a review of Queensland's biosecurity capability.
- Provide a further \$4.7 million for the ongoing development of the Biosecurity Information Management System.
- Direct a further \$1.3 million to the Queensland Biosecurity Preparedness Program for enhanced incident response.
- Manage nationally significant biosecurity eradication responses including Panama Tropical Race 4 disease, Red Imported Fire Ant, Electric Ant, four Tropical Weeds, Red Witchweed and Cucumber Green Mottle Mosaic virus.
- Raise animal welfare standards by establishing a Ministerial Animal Welfare Advisory Board.
- Implement a Protecting Puppies initiative to better protect dogs used for breeding.
- Provide an additional \$5 million over three years to leverage additional investment by local governments and industry for new initiatives to control wild dogs and feral cats.

Department of Agriculture and Fisheries	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
<b>Service area: Biosecurity Queensland</b>				
<b>Service standards</b>				
<i>Effectiveness measure</i> Percentage of significant response programs on track to deliver nationally agreed outcomes (on time and on budget)	1	100%	100%	100%
<i>Efficiency measure</i> Average cost per hour to deliver biosecurity services for Queensland	2	New measure	New measure	\$60

Notes:

1. The obligation to deliver biosecurity services in accordance with national agreements remains constant from year to year; however, the level of activity and agreed funding may vary substantially.
2. This new service standard uses staff costs (FTEs) to enable efficiency trends in service delivery to be tracked over consecutive years.

## Fisheries and Forestry

### Service area objective

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

### Service area description

Fisheries and Forestry do this by:

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

### Services

- Fisheries
- Forestry

### 2015-16 service area highlights

- Implement the provisions of the “Sustainable Fishing” policy document, including the following:
  - establish three net-free fishing zones in north and central Queensland
  - develop a Charter Fishing Action plan
  - review the regulatory arrangements for fisheries management, taking into consideration the 2014 independent review of fisheries management
  - develop allocation and harvest strategy policies to ensure appropriate regulatory arrangements for commercial fishing
  - improve consultation mechanisms for fisheries stakeholders.
- Review and update the Queensland Government’s response to the joint industry/government Queensland Forest and Industry Plan developed in 2012.
- Implement the forest and timber industry research, development and extension program in consultation with industry.
- Continue to fulfil the State’s contracted supply commitments for native forest log timber, other forest products and quarry material.

Department of Agriculture and Fisheries	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
<b>Service area: Fisheries and Forestry</b>				
<b>Service: Fisheries</b>				
<b>Service standards</b> <i>Effectiveness measures</i> Percentage of key Queensland fish stocks assessed that are considered to have no sustainability concerns	1	New measure	New measure	85%
Percentage of units inspected that are compliant with fisheries laws	2	93%	93%	93%

Department of Agriculture and Fisheries	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
Percentage of applications for development related approvals processed within agreed timeframes and within budget	3	100%	100%	100%
<i>Efficiency measures</i>				
Average cost of inspections	4	New measure	New measure	\$480
Average number of inspections per FTE	4	New measure	New measure	298
<b>Service: Forestry</b>				
<b>Service standards</b>				
<i>Effectiveness measure</i>				
Percentage of findings from the previous third party audit confirmed as satisfactorily addressed in order to maintain certification to the Australian Standard for Sustainable Forest Management AS4708:2013.	5	New measure	New measure	100%
<i>Efficiency measure</i>				
Total of forest product sales quantities per total Forest Product Full Time Equivalent (FTE):				
(a) Native forest timber (m³/FTE)		2,650	3,110	2,670
(b) Quarry material (m³/FTE)	6	52,940	54,150	46,670

Notes:

1. This new service standard replaces the discontinued measure 'percentage of key Queensland stock being assessed as being sustainability fished.' The new measure determines the status of key Australian fish stocks using nationally consistent methodology. Changes to stock assessment categories have been made to align with the national process. Therefore although the service standard continues to measure the sustainability of fish stocks, assessment using the national methodology is not directly comparable to results of previous years which were based upon state specific assessment and criteria. Under the new nationally-consistent system for stock status assessment, an assessment of all Queensland species of importance will be completed over 24 months, rather than 12 months. This means a different group of species will be assessed each year as well as a re-assessment of any species of concern. For this reason, the SDS target may vary over a two year cycle. The nationally consistent assessment completed December 2014 (year one of the new system) indicated 65% of key Queensland fish stocks were assessed as sustainable and 29% were undefined but not considered problematic. Of the 49 stocks formally assessed, three (6%) were considered to be problematic in terms of their sustainability. Findings are similar to the previous state assessment.
2. This service standard measures the effectiveness of DAF's recreational and commercial fishing education and compliance/enforcement services.
3. This measure has been amended to better reflect the department's effectiveness in managing development approvals. This activity is considered to be within budget if no additional FTEs are required in order to process the applications within the agreed timeframes.
4. These are new measures which enable the department to assess the efficiency of its inspection activities. The Queensland Boating and Fisheries Patrol conduct both fisheries inspections for DAF and boating safety inspections on behalf of other agencies such as the Department of Transport and Main Roads.
5. This is a new measure that demonstrates DAF's effectiveness in addressing third party audit recommendations in order to maintain certification of DAF's forest management system for native forest timber production on State-owned forests to the Australian Standard for Sustainable Forest Management AS4708:2013.
6. The increase from the 2014-15 Target/Est. to the 2014-15 Est. Actual is a result of DAF Forest Products' higher than expected Year to Date (YTD) log timber sales underpinned by strong market demand for timber products.

## Administered items

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

The Department of Agriculture and Fisheries administers funds on behalf of the State, which include:

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

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

## Discontinued measures

Performance measures included in the 2014-15 Service Delivery Statements that have been discontinued or replaced are reported in the following table with estimated actual results. For those measures which are being discontinued from the Service Delivery Statement because they do not demonstrate the effectiveness or efficiency of services, please refer to the Notes below for further information about where these measures will continue to be reported.

Department of Agriculture and Fisheries	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
<b>Service area: Agriculture</b>				
Percentage of graziers and cane growers who have increased knowledge and skills through participation in best management practice programs	1	20%	20%	Discontinued measure
Client businesses implementing new or improved practices, processes, systems, products and technologies as a result of funded innovation and capacity development activities	2	60%	60%	Discontinued measure
Proportion of assisted firms reporting improved performance following funded innovation and capacity development activities	3	60%	60%	Discontinued measure
<b>Service area: Biosecurity Queensland</b>				
Percentage of high priority laboratory results completed, verified and made available within agreed time and quality specifications	4	95%	96%	Discontinued measure
Average cost per transaction to deliver Biosecurity registration, certification and licensing services	4	\$20.50	\$23.24	Discontinued measure
<b>Service area: Fisheries and Forestry</b>				
Percentage of key Queensland fish stocks assessed as being sustainably fished	5	75%	N/A	Discontinued measure

### Notes:

1. This measure has been discontinued as it does not adequately capture the data collected in cane and grazing surveys of best management practice change as a result of DAF extension.
2. This measure has been discontinued as the data is reported in the amended 2015-16 measure "Percentage of customers indicating that participation in research, development and extension activity contributes to business improvements".
3. This measure has been discontinued as it duplicates information reported in the measure "Percentage of customers indicating that participation in research, development and extension activity contributes to business improvements".
4. This measure represents a small portion of the total budget for the service area and is not representative of the effectiveness or efficiency of the business group to deliver the service.
5. This measure has been discontinued and replaced with a new service standard for 2015-16, 'percentage of key Queensland fish stocks assessed that are considered to have no sustainability concerns' This is due to the adoption of a new system for assessing fish stocks sustainability using a nationally consistent methodology. It is not possible to calculate the 2014-15 Est. Actual as the measure methodology has been adjusted to reflect the new measure and is not directly comparable to the discontinued measure.

# Departmental budget summary

The table below shows the total resources available in 2015-16 from all sources and summarises how resources will be applied by service area and by controlled and administered classifications.

Department of Agriculture and Fisheries	2014-15 Budget \$'000	2014-15 Est. Actual \$'000	2015-16 Budget \$'000
<b>CONTROLLED</b>			
<b>Income</b>			
Appropriation revenue <sup>1</sup>			
Deferred from previous year/s	18,083	32,975	33,600
Balance of service appropriation	269,816	247,350	278,740
Other revenue	120,680	146,199	125,646
<b>Total income</b>	<b>408,579</b>	<b>426,524</b>	<b>437,986</b>
<b>Expenses</b>			
Agriculture	214,750	223,663	222,460
Biosecurity Queensland	85,528	99,837	108,255
Fisheries and Forestry	66,327	60,834	65,154
Corporate Partnership	41,974	42,190	42,117
<b>Total expenses</b>	<b>408,579</b>	<b>426,524</b>	<b>437,986</b>
<b>Operating surplus/deficit</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net assets</b>	<b>402,601</b>	<b>399,815</b>	<b>402,011</b>
<b>ADMINISTERED</b>			
<b>Revenue</b>			
Commonwealth revenue	..	..	..
Appropriation revenue	9,395	11,868	11,305
Other administered revenue	1,831	1,676	1,740
<b>Total revenue</b>	<b>11,226</b>	<b>13,544</b>	<b>13,045</b>
<b>Expenses</b>			
Transfers to government	1,831	1,676	1,740
Administered expenses	9,395	11,868	11,305
<b>Total expenses</b>	<b>11,226</b>	<b>13,544</b>	<b>13,045</b>
<b>Net assets</b>	<b>4,280</b>	<b>3,348</b>	<b>3,421</b>

Note:

1. Includes State and Commonwealth funding.

## Service area sources of revenue

Sources of revenue 2015-16 Budget <sup>3</sup>					
Service area	Total cost \$'000	State contribution \$'000	User charges and fees \$'000	C'wealth revenue \$'000	Other revenue \$'000
Agriculture	222,460	172,520	46,601	..	3,339
Biosecurity Queensland <sup>1</sup>	108,255	91,369	6,444	4,084	6,358
Fisheries and Forestry	65,154	35,707	7,955	..	21,492
Corporate Partnership <sup>2</sup>	42,117	9,744	32,373	..	..
<b>Total</b>	<b>437,986</b>	<b>309,340</b>	<b>93,373</b>	<b>4,084</b>	<b>31,189</b>

Notes:

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

## Budget measures summary

This table shows a summary of budget measures relating to the department since the 2014-15 State Budget. Further details are contained in *Budget Paper 4*.

Department of Agriculture and Fisheries	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
<b>Revenue measures</b>					
Up to and including 2014-15 MYR					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
2015-16 Budget					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
<b>Total revenue measures</b>					
<b>Administered</b>	..	..	..	..	..
<b>Departmental</b>	..	..	..	..	..
<b>Expense measures</b>					
Up to and including 2014-15 MYR					
Administered	2,500	1,700	900	..	..
Departmental	22,252	1,012	1,000	..	..
2015-16 Budget					
Administered	..	..	..	..	..
Departmental	..	40,323	4,081	1,697	(2,453)
<b>Total expense measures</b>					
<b>Administered</b>	<b>2,500</b>	<b>1,700</b>	<b>900</b>	<b>..</b>	<b>..</b>
<b>Departmental</b>	<b>22,252</b>	<b>41,335</b>	<b>5,081</b>	<b>1,697</b>	<b>(2,453)</b>
<b>Capital measures</b>					
Up to and including 2014-15 MYR					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
2015-16 Budget					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
<b>Total capital measures</b>					
<b>Administered</b>	..	..	..	..	..
<b>Departmental</b>	..	..	..	..	..



## Departmental capital program

Capital expenditure for 2015-16 is \$19.3 million. DAF's capital program is focused on developing and upgrading research facilities to deliver outcomes for agriculture, biosecurity, fisheries and forestry.

DAF has facilities located throughout rural and regional Queensland. These require minor works, mechanical items and plant and equipment upgrades to keep them operating efficiently and effectively. The department will also be upgrading its existing facilities and software systems to support improvements in biosecurity operating protocols, which will enhance service delivery and result in considerable efficiency gains.

### Program highlights

- \$4.3 million is allocated to continue upgrades of DAF's research and operational facilities through the Research Facilities Development, Scientific Equipment and Minor Works Programs
- \$2.8 million is provided for the upgrade and refurbishment of existing facilities to enhance service delivery and improve operational efficiencies
- \$1.7 million is allocated to provide new and replacement heavy plant and equipment including trucks, tractors, irrigators, all-terrain vehicles and other machinery
- \$1.3 million for upgrades and additional infrastructure at the Hermitage Research Facility to bring the facility to current industry standard for delivery of quality grains crop research outcomes
- \$1.1 million is allocated for the enhancement of existing biosecurity laboratory facilities
- \$800,000 is provided to continue replacement of vessels and marine equipment for fisheries' research and regulatory functions
- \$650,000 is allocated to construct a new main dam to increase drought preparedness at the Spyglass Beef Research Facility.

## Capital budget

Department of Agriculture and Fisheries	Notes	2014-15 Budget \$'000	2014-15 Est. Actual \$'000	2015-16 Budget \$'000
<b>Capital purchases<sup>1</sup></b>				
Total land, buildings and infrastructure	2	3,100	3,800	8,650
Total plant and equipment	3	11,826	9,734	9,356
Total other capital	4	3,301	1,250	1,250
<b>Total capital purchases</b>		<b>18,227</b>	<b>14,784</b>	<b>19,256</b>

Notes:

1. For more detail on the agency's capital acquisitions please refer to Budget Paper 3.
2. The 2015-16 Budget includes funding for the upgrade of the Hermitage Research Facility, a new dam for Spyglass Beef Research Facility, the enhancement of existing biosecurity laboratory facilities, and other site upgrades and refurbishments.
3. The 2015-16 Budget includes funding for new and replacement vessels, scientific, computer and heavy plant and equipment.
4. The 2014-15 Published Budget included funding for the development of software for the Biosecurity Information Management System (BIMS). Due to the nature of the expenditure, a majority of the costs for the software development component of BIMS cannot be capitalised as expected. Most of the original capital funding allocation has been realigned to the operating budget.

# Staffing<sup>1</sup>

Service areas	Notes	2014-15 Budget	2014-15 Est. Actual	2015-16 Budget
Agriculture	2,4	1,001	1,001	927
Biosecurity Queensland	3,4	621	621	561
Fisheries and Forestry	4	326	326	320
<b>Subtotal</b>		1,948	1,948	1,808
Corporate Partnership servicing other departments	5,6	220	220	222
<b>TOTAL</b>	7	<b>2,168</b>	<b>2,168</b>	<b>2,030</b>

## Notes:

1. Full-time equivalent (FTE) positions as at 30 June.
2. Agriculture FTE reduction includes 24 positions transferring to USQ (Transfer of Business).
3. Reduction in Biosecurity Queensland FTEs between the 2015-16 Budget and 2014-15 Estimated Actual is due largely to funding arrangements for National Cost Sharing having yet to be finalised.
4. Corporate FTEs providing internal corporate services have been allocated to relevant service areas.
5. Corporate FTEs employed by the department as part of the corporate partnership arrangements provide services to Natural Resources and Mines, Energy and Water Supply, National Parks, Recreation, Sport and Racing, Environment and Heritage Protection, Tourism, Major Events, Small Business and the Commonwealth Games.
6. Under the corporate partnership arrangements, the department also receives services from Natural Resources and Mines and Environment and Heritage Protection.
7. FTEs for the 2014-15 Budget and Estimated Actual were nominal thresholds for the department's budget management purposes. The actual number of occupied positions during this period was less. Following extensive reviews, the 2015-16 staffing budget has now been recalibrated to better reflect the department's requirements. The budgeted FTE resources will be supported by short term labour hire capacity as required, providing the department with greater flexibility to meet surge, seasonal and emergency response demands across the state.

# Budgeted financial statements

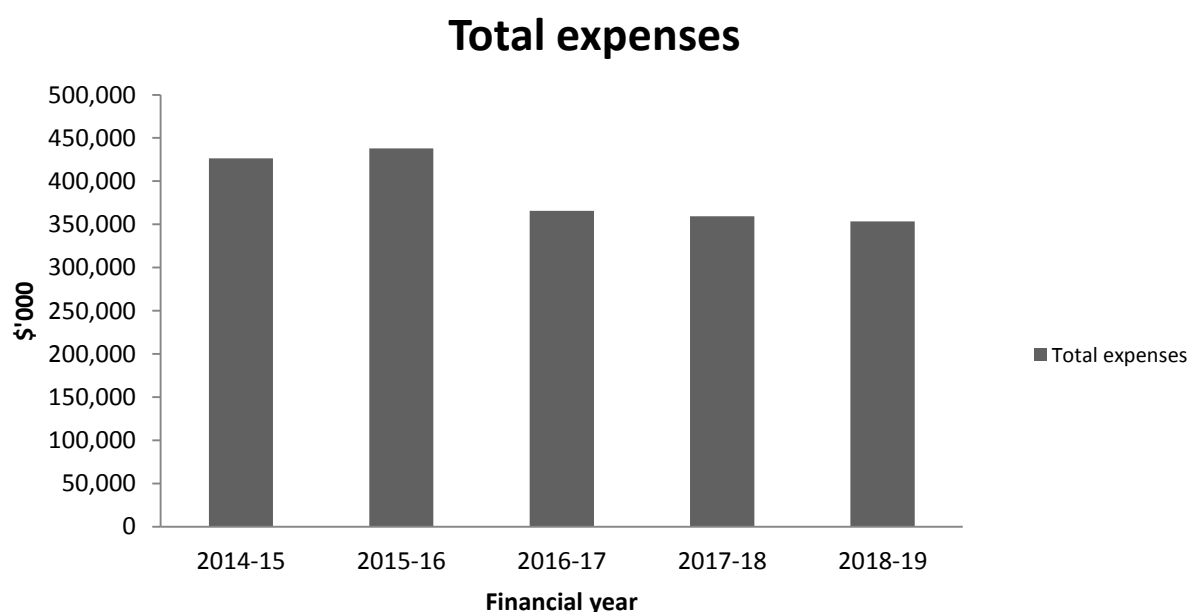
## Analysis of budgeted financial statements

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

### Departmental income statement

Total expenses are estimated to be \$438 million in 2015-16, which is an increase of \$11.5 million from the 2014-15 Estimated actual. The increase is largely due to additional expenses associated the Queensland Food and Fibre election commitment including exploring the establishment of a Rural Job Agency in conjunction with industry and initiatives to control wild dogs and feral cats. Additional expenses are also attributed to the response program for the Tropical Race 4 strain of Panama disease and the deferral of funding from 2014-15 to 2015-16 to realign the budget with anticipated expenditure for departmental programs. This is partially offset by the cessation of expenses for the voluntary net fishing buy back program of commercial fishing licences. The decrease in expenses beyond 2015-16 can be attributed to DRAS, and current funding arrangements for National Cost Sharing (NCS) programs, including the National Red Imported Fire Ant Eradication Program (NRIFAEP). National Cost Sharing Programs are yet to be finalised for 2015-16 and beyond. Funding arrangements for the continued Panama TR4 response beyond 2015-16 are yet to be finalised.

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



### Departmental balance sheet

The department's major assets are in property, plant and equipment (\$363.1 million in 2015-16) with the department having facilities located throughout rural and regional Queensland. In 2015-16, DAF will invest \$19.3 million in capital assets through its capital program upgrading its facilities, purchasing new and replacement plant and equipment, and developing new business support software systems, which will enhance the department's service delivery capacity and result in efficiency gains. Over the forward estimates period, DAF will continue to review and rationalise assets, and maximise service delivery outcomes and efficiencies by revitalising its facilities.

# Controlled income statement

Department of Agriculture and Fisheries	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>INCOME</b>				
Appropriation revenue	1,7,15	287,899	280,325	312,340
Taxes		..	..	..
User charges and fees	2,8,16	56,264	63,777	93,373
Royalties and land rents		23,587	22,988	23,511
Grants and other contributions	3,9,17	40,114	58,274	8,023
Interest		..	..	..
Other revenue		265	853	465
Gains on sale/revaluation of assets		450	307	274
<b>Total income</b>		<b>408,579</b>	<b>426,524</b>	<b>437,986</b>
<b>EXPENSES</b>				
Employee expenses	10,18	203,897	203,079	193,383
Supplies and services	4,11,19	140,761	154,759	183,801
Grants and subsidies	5,12,20	40,391	46,573	38,104
Depreciation and amortisation	6,13	21,563	20,398	20,398
Finance/borrowing costs		..	..	..
Other expenses	14,21	1,964	1,712	2,297
Losses on sale/revaluation of assets		3	3	3
<b>Total expenses</b>		<b>408,579</b>	<b>426,524</b>	<b>437,986</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>

# Controlled balance sheet

Department of Agriculture and Fisheries	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	22,26,30	34,360	46,657	40,833
Receivables		29,376	28,496	29,068
Other financial assets		..	..	..
Inventories		1,450	1,269	1,239
Other		4,479	4,383	4,413
Non financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>69,665</b>	<b>80,805</b>	<b>75,553</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		47	29	29
Other financial assets		..	..	..
Property, plant and equipment	23,27,31	366,924	357,092	363,050
Intangibles	24,28	5,811	3,191	3,258
Other		14,942	15,050	14,603
<b>Total non-current assets</b>		<b>387,724</b>	<b>375,362</b>	<b>380,940</b>
<b>TOTAL ASSETS</b>		<b>457,389</b>	<b>456,167</b>	<b>456,493</b>
<b>CURRENT LIABILITIES</b>				
Payables		9,470	10,082	9,632
Accrued employee benefits		4,961	4,425	4,275
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other	25,29,32	18,387	20,425	19,425
<b>Total current liabilities</b>		<b>32,818</b>	<b>34,932</b>	<b>33,332</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		21,970	21,420	21,150
<b>Total non-current liabilities</b>		<b>21,970</b>	<b>21,420</b>	<b>21,150</b>
<b>TOTAL LIABILITIES</b>		<b>54,788</b>	<b>56,352</b>	<b>54,482</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>402,601</b>	<b>399,815</b>	<b>402,011</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>		<b>402,601</b>	<b>399,815</b>	<b>402,011</b>

# Controlled cash flow statement

Department of Agriculture and Fisheries	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Appropriation receipts	42,53	287,899	289,462	312,340
User charges and fees	33,43,54	58,237	69,571	92,312
Royalties and land rent receipts		23,587	22,988	23,511
Grants and other contributions	34,44,55	40,114	58,243	8,023
Interest received		..	..	..
Taxes		..	..	..
Other	35,45	14,046	14,634	14,246
<b>Outflows:</b>				
Employee costs	46,56	(204,022)	(203,573)	(193,533)
Supplies and services	36,47,57	(154,837)	(174,393)	(197,545)
Grants and subsidies	37,48,58	(40,391)	(46,573)	(38,104)
Borrowing costs		..	..	..
Other	49,59	(1,964)	(1,712)	(2,897)
<b>Net cash provided by or used in operating activities</b>		<b>22,669</b>	<b>28,647</b>	<b>18,353</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non financial assets	38,50	672	2,102	2,403
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for non financial assets	39,60	(18,227)	(14,784)	(19,256)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>(17,555)</b>	<b>(12,682)</b>	<b>(16,853)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	40,51,61	(4,625)	(6,664)	(7,324)
<b>Net cash provided by or used in financing activities</b>		<b>(4,625)</b>	<b>(6,664)</b>	<b>(7,324)</b>
<b>Net increase/(decrease) in cash held</b>		<b>489</b>	<b>9,301</b>	<b>(5,824)</b>
<b>Cash at the beginning of financial year</b>		<b>33,871</b>	<b>37,356</b>	<b>46,657</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>	<b>41,52,62</b>	<b>34,360</b>	<b>46,657</b>	<b>40,833</b>

# Administered income statement

Department of Agriculture and Fisheries	Notes	2014-15 Budget* \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>INCOME</b>				
Appropriation revenue	63,66	9,395	11,868	11,305
Taxes		..	..	..
User charges and fees	64	1,831	1,676	1,740
Royalties and land rents		..	..	..
Grants and other contributions		..	..	..
Interest		..	..	..
Other revenue		..	..	..
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>11,226</b>	<b>13,544</b>	<b>13,045</b>
<b>EXPENSES</b>				
Employee expenses		..	..	..
Supplies and services		..	..	..
Grants and subsidies	65,67	9,203	11,711	11,148
Depreciation and amortisation		192	157	157
Finance/borrowing costs		..	..	..
Other expenses		..	..	..
Losses on sale/revaluation of assets		..	..	..
Transfers of Administered Revenue to Government		1,831	1,676	1,740
<b>Total expenses</b>		<b>11,226</b>	<b>13,544</b>	<b>13,045</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>

\*Technical adjustments have been made in this statement to reallocate amounts between categories and facilitate consistency across agencies.

# Administered balance sheet

Department of Agriculture and Fisheries	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets		75	67	67
Receivables		38	40	40
Other financial assets		..	..	..
Inventories		..	..	..
Other		..	..	..
Non financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>113</b>	<b>107</b>	<b>107</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	68,70	4,215	3,285	3,358
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		<b>4,215</b>	<b>3,285</b>	<b>3,358</b>
<b>TOTAL ASSETS</b>		<b>4,328</b>	<b>3,392</b>	<b>3,465</b>
<b>CURRENT LIABILITIES</b>				
Payables		..	..	..
Transfers to Government payable		48	44	44
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total current liabilities</b>		<b>48</b>	<b>44</b>	<b>44</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>TOTAL LIABILITIES</b>		<b>48</b>	<b>44</b>	<b>44</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>4,280</b>	<b>3,348</b>	<b>3,421</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	69,71	<b>4,280</b>	<b>3,348</b>	<b>3,421</b>



# Administered cash flow statement

Department of Agriculture and Fisheries	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Appropriation receipts	72,74	9,395	12,375	11,305
User charges and fees		1,831	1,831	1,740
Royalties and land rent receipts		..	..	..
Grants and other contributions		..	..	..
Interest received		..	..	..
Taxes		..	..	..
Other		..	..	..
<b>Outflows:</b>				
Employee costs		..	..	..
Supplies and services		..	..	..
Grants and subsidies	73,75	(9,203)	(12,216)	(11,148)
Borrowing costs		..	..	..
Other		..	..	..
Transfers to Government		(1,831)	(1,676)	(1,740)
<b>Net cash provided by or used in operating activities</b>		<b>192</b>	<b>314</b>	<b>157</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for non financial assets		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		(192)	(159)	(157)
<b>Net cash provided by or used in financing activities</b>		<b>(192)</b>	<b>(159)</b>	<b>(157)</b>
<b>Net increase/(decrease) in cash held</b>		<b>..</b>	<b>155</b>	<b>..</b>
<b>Cash at the beginning of financial year</b>		<b>75</b>	<b>(88)</b>	<b>67</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>75</b>	<b>67</b>	<b>67</b>

# Explanation of variances in the financial statements

## Income statement

### Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

1. The decrease is largely due to a deferral of funding from 2014-15 to realign the budget with anticipated cashflows for departmental programs. This is partially offset by additional funding for the Drought Relief Assistance Scheme (DRAS), which provides support to producers for freight subsidies and emergency water infrastructure rebates affected by drought conditions across the state.
2. The increase is mainly due to additional revenue for National Cost Sharing (NCS) arrangements including the National Red Imported Fire Ants Eradication Program (NRIFAEP) which were finalised in 2014-15.
3. The increase is largely due to additional funding from the Australian Government for NCS arrangements (including NRIFAEP, Electric Ants and Four Tropical Weeds) and increased funding for contracted Research and Development (R&D) projects from external funding bodies.
4. The increase is principally due to additional expenses for pest and disease emergency responses during 2014-15 and increased expenses for R&D projects. This is partially offset by a reduction in expenses due to the deferral of funding from 2014-15 to 2015-16 to realign with anticipated expenditure.
5. The increase is mainly due to increased expenses in relation to DRAS payments.
6. The decrease is mainly due to the timing of plant and equipment purchases and capital works projects in 2014-15.

### Major variations between 2014-15 Budget and 2015-16 Budget include:

7. The increase is principally associated with additional funding for the Queensland Food and Fibre election commitment including funding to explore the establishment of a Rural Job Agency (RJA) in conjunction with industry and initiatives to control wild dogs and feral cats. Additional funding is also provided to respond to the detection of the tropical race 4 strain of Panama disease (Panama TR4). The increase also reflects increased funding for Enterprise Bargaining Agreements (EBA) and the Biosecurity Information Management System (BIMS) and the deferral of funding to 2015-16 to realign the budget with anticipated cashflows for programs. This is partially offset by the cessation of funding for the voluntary net fishing buyback program for commercial fishing licences.
8. The increase is mainly due to a reclassification of R&D project funding from grants and contributions to user charges and fees. The 2014-15 Budget and Estimated Actual have not been recast to reflect this change.
9. The decrease is mainly due to a reclassification of R&D project funding from grants and contributions to user charges and fees. The 2014-15 Budget and Estimated Actual have not been recast to reflect this change. This is partially offset by additional funding from the Queensland Reconstruction Authority (QRA) for an Agriculture Recovery Package (ARP) which provides disaster recovery assistance and support after Tropical Cyclone Marcia.
10. The decrease is mainly due to the transition of services to a contracted workforce for surge and seasonal work and biosecurity emergency responses. This is partially offset by an increase associated with EBA.
11. The increase is mainly due to additional expenses for the Queensland Food and Fibre election commitment to explore the establishment of a RJA in conjunction with industry and initiatives to control wild dogs and feral cats, the Panama TR4 response, BIMS, the transition of a contracted workforce, and the deferral of funding into 2015-16 to realign with anticipated expenditure.
12. The decrease is largely due to the cessation of the voluntary net fishing buyback program for commercial fishing licences. This is partially offset by additional expenses for ARP and DRAS.
13. The decrease is mainly due to the timing of plant and equipment purchases and capital works projects.
14. The increase is mainly due to assistance being provided in 2015-16 to businesses impacted by Panama TR4.

### Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

15. The increase is mainly due to additional funding for the Queensland Food and Fibre election commitment including funding to explore the establishment of a RJA in conjunction with industry and initiatives to control wild dogs and feral cats. Additional funding is also provided to respond to the detection of Panama TR4. The increase is also attributed to increased funding for EBA and the deferral of funding into 2015-16. This is partially offset by a cessation of funding for the voluntary net fishing buyback program for commercial fishing licences.

16. The increase is mainly due to a reclassification of R&D project funding from grants and contributions to user charges and fees. This is partially offset by a completion in funding arrangements for NCS arrangements (including NRIFAEP). Funding arrangements for NCS programs are yet to be finalised for 2015-16.
17. The decrease is due to the reclassification of R&D project funding from grants and contributions to user charges and fees and the completion of funding arrangements for NCS arrangements (including NRIFAEP). Funding arrangements for NCS programs are yet to be finalised for 2015-16. This is partially offset by additional grants from QRA for an ARP.
18. The decrease is mainly due to the transition of services to a contracted workforce for surge and seasonal work and biosecurity emergency responses. This is partially offset by an increase associated with EBA.
19. The increase is mainly due to additional expenses for the Queensland Food and Fibre election commitment to explore the establishment of a RJA in conjunction with industry and initiatives to control wild dogs and feral cats, the Panama TR4 response and the deferral of funding into 2015-16 to align with expenditure.
20. The decrease is largely due to the cessation of the voluntary net fishing buyback program for commercial fishing licences. This is partially offset by additional expenses for ARP.
21. The increase is mainly due to assistance being provided in 2015-16 to businesses impacted by Panama TR4.

## Balance sheet

### Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

22. The increase is mainly due to higher than expected funding received in advance of service delivery for contract R&D projects and the proceeds from asset sales.
23. The decrease is largely due to asset sales, transfers and impairments, and the timing of plant and equipment purchases and capital works projects. This is partly offset by a revised estimate for the indexation of assets to reflect expected market values at 30 June 2015.
24. The decrease is largely due to the majority of the expenditure for BIMS not being capitalised as expected.
25. The increase is mainly due to higher than expected funding received in advance for contract R&D projects.

### Major variations between 2014-15 Budget and 2015-16 Budget include:

26. The increase is mainly due to expected additional funding for contract R&D projects and asset sale proceeds. This is partially offset by new and existing capital works projects, and the transfer of expected asset sale proceeds to the Queensland Agricultural Training Colleges (QATC).
27. The decrease is largely due to asset sales, transfers and impairments. This is partly offset by new and existing capital works projects, and indexation of assets to reflect expected market values at 30 June 2016.
28. The decrease is largely due to the majority of costs for BIMS not being capitalised as expected.
29. The increase is mainly due to higher than expected funding received in advance for R&D projects.

### Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

30. The decrease is largely due to the transfer of expected asset sale proceeds to QATC, and new and existing capital works projects.
31. The increase includes the indexation of assets to reflect expected market values at 30 June 2016.
32. The decrease includes an expected reduction in funding received in advance for R&D projects.

## Cash flow statement

### Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

33. The increase is mainly due to additional revenue for NCS arrangements including NRIFAEP which were finalised in 2014-15.
34. The increase is largely due to additional funding from the Australian Government for NCS arrangements (including NRIFAEP, Electric Ants and Four Tropical Weeds) and increased funding for contracted R&D projects from external funding bodies.
35. The increase is largely due to additional Goods and Services Taxation (GST) transactions with the Australian Taxation Office.

36. The increase is principally due to additional expenses for pest and disease emergency responses during 2014-15 and increased expenses for R&D projects. This is partially offset by a reduction in expenses due to the deferral of funding from 2014-15 to 2015-16 to align with expenditure.
37. The increase is mainly due to increased expenses in relation to DRAS payments.
38. The increase is mainly due to higher than expected proceeds from the sale of assets.
39. The decrease is largely due to funding adjustments for BIMS and the timing of plant and equipment acquisitions and capital works projects.
40. The increase is largely due to funding adjustments for BIMS.
41. The increase is mainly due to higher than expected funding received in advance for contract R&D projects and the proceeds from asset sales.

**Major variations between 2014-15 Budget and 2015-16 Budget include:**

42. The increase is principally associated with additional funding for the Queensland Food and Fibre election commitment including funding to explore the establishment of a RJA in conjunction with industry and initiatives to control wild dogs and feral cats. Additional funding is also provided to respond to the detection of Panama TR4. The increase also reflects increased funding for EBA and the BIMS and the deferral of funding to 2015-16 to realign the budget with anticipated cashflows for programs. This is partially offset by the cessation of funding for the voluntary net fishing buyback program for commercial fishing licences.
43. The increase is mainly due to a reclassification of contract R&D project funding from grants and contributions to user charges and fees. The 2014-15 Budget and Estimated Actual have not been recast to reflect this change.
44. The decrease is mainly due to a reclassification of R&D project funding from grants and contributions to user charges and fees. The 2014-15 Budget and Estimated Actual have not been recast to reflect this change. This is partially offset by additional funding from the QRA for an ARP which provides disaster recovery assistance and support after Tropical Cyclone Marcia.
45. The increase is largely due to additional GST transactions with the Australian Taxation Office.
46. The decrease is mainly due to the transition of services to a contracted workforce for surge and seasonal work and biosecurity emergency responses. This is partially offset by an increase associated with EBA.
47. The increase is mainly due to additional expenses for the Queensland Food and Fibre election commitment to explore the establishment of a RJA in conjunction with industry and initiatives to control wild dogs and feral cats, the Panama TR4 response, BIMS, and the deferral of funding into 2015-16 to align with expenditure.
48. The decrease is largely due to the cessation of the voluntary net fishing buyback program for commercial fishing licences. This is partially offset by additional expenses for ARP and DRAS.
49. The increase is mainly due to assistance being provided in 2015-16 to businesses impacted by Panama TR4.
50. The increase includes expected asset sale proceeds that are to be transferred to QATC .
51. The increase is largely due to the transfer of expected asset sale proceeds to QATC and funding adjustments for BIMS.
52. The increase is mainly due to expected additional funding for contract R&D projects and asset sale proceeds. This is partially offset by new and existing capital works projects, and the transfer of expected asset sale proceeds to QATC.

**Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:**

53. The increase is mainly due to additional funding for the Queensland Food and Fibre election commitment including funding to explore the establishment of a RJA in conjunction with industry and initiatives to control wild dogs and feral cats and the Panama TR4 response. The increase is also attributed to greater funding for EBA and the deferral of funding into 2015-16 to align with expenditure. This is partially offset by a cessation of funding for the voluntary net fishing buyback program for commercial fishing licences.
54. The increase is mainly due to a reclassification of contract R&D project funding from grants and contributions to user charges and fees. This is partially offset by a completion in funding arrangements for NCS arrangements (including NRIFAEP). Funding arrangements for NCS programs are yet to be finalised for 2015-16.
55. The decrease is due to the reclassification of contract R&D project funding from grants and contributions to user charges and fees and the completion of funding arrangements for NCS arrangements (including NRIFAEP). Funding arrangements for NCS programs are yet to be finalised for 2015-16. This is partially offset by additional grants from QRA for an ARP.

56. The decrease is mainly due to the transition of services to a contracted workforce for surge and seasonal work and biosecurity emergency responses. This is partially offset by an increase associated with EBA.
57. The increase is mainly due to additional expenses for the Queensland Food and Fibre election commitment including funding to explore the establishment of a RJA in conjunction with industry and to implement initiatives to control wild dogs and feral cats, the Panama TR4 response and the deferral of funding into 2015-16 to align with expenditure.
58. The decrease is largely due to the cessation of the voluntary net fishing buyback program for commercial fishing licences. This is partially offset by additional expenses for ARP.
59. The increase is mainly due to assistance being provided in 2015-16 to businesses impacted by Panama TR4.
60. The 2015-16 Budget includes funding for new and existing capital works projects.
61. The increase includes the transfer of expected asset sale proceeds to QATC.
62. The decrease is largely due to the transfer of expected asset sale proceeds to QATC and new and existing capital works projects.

## Administered income statement

### Major variations between 2014-15 Budget\* and 2014-15 Estimated Actual include:

63. The increase reflects the additional funding provided towards supporting service delivery for the Queensland Agricultural Training Colleges (QATC).
64. The decrease reflects a reduction in environmental regulatory licence fees.
65. The increase reflects the additional payments towards supporting service delivery for QATC.

### Major variations between 2014-15 Budget\* and 2015-16 Budget include:

66. The increase reflects the additional funding towards supporting service delivery for QATC.
67. The increase is mainly due to the additional payments towards supporting service delivery for QATC.

## Administered balance sheet

### Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

68. The decrease reflects the sale of former Forestry Plantations Queensland (FPQ) assets. This is partially offset by the transfer of assets to another agency, and a loss on asset sales. The 2014-15 Estimated Actual includes a revised estimate for expected market values at 30 June 2015.
69. The decrease reflects the sale of former FPQ assets. This is partially offset by the transfer of assets to another agency, and a loss on asset sales. The 2014-15 Estimated Actual includes a revised estimate for expected market values at 30 June 2015.

### Major variations between 2014-15 Budget and 2015-16 Budget include:

70. The decrease is largely due to the sale of former FPQ assets. This is offset by indexation of assets to reflect expected market values at 30 June 2016.
71. The decrease is largely due to the sale of former FPQ assets. This is offset by indexation of assets to reflect expected market values at 30 June 2016.

## Administered cash flow statement

### Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

72. The increase reflects the additional funding provided towards supporting service delivery for QATC.
73. The increase reflects the additional funding provided towards supporting service delivery for QATC.

### Major variations between 2014-15 Budget and 2015-16 Budget include:

74. The increase reflects the additional funding provided towards supporting service delivery for QATC.
75. The increase reflects the additional funding provided towards supporting service delivery for QATC.

# Statutory body

## Queensland Agricultural Training Colleges

### Overview

Queensland Agricultural Training Colleges (QATC) comprises the vocational training divisions of the Longreach Pastoral College, Emerald Agricultural College and Rural Training Queensland. QATC commenced on 1 July 2014 when legislative arrangements established the new statutory body. A governing board provides overall strategic direction supported by local boards that determine operational directions at the residential colleges.

QATC delivers industry endorsed training for primary producers and regional communities. Training activities are delivered in two modes: residential training delivered at Longreach and Emerald, and industry training delivered at various locations throughout Queensland. QATC directly contributes to the government's objectives for the community of achieving better education and training outcomes and increasing workforce participation. The strategic objectives of QATC are to:

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

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

A key issue impacting on QATC is the uptake of residential programs at the colleges in Emerald and Longreach. Farm scale production programs are high cost products that require ongoing support to maintain competitiveness in the vocational, education and training market. Severe drought conditions at Longreach have significantly increased the operational costs of the College as it maintains the necessary training resources.

### Service performance

QATC has continued to successfully deliver vocational education and training products specifically to the agricultural sector recording high levels of student satisfaction and employment outcomes. During 2014-15 the QATC Board has overseen the development of a strategic plan to drive business performance. Implementation of supporting plans (such as marketing, capital works, education and training products, production and drought response) and bedding in new organisational structure arrangements have been major focus areas.

From a training perspective, new flagship two year programs were launched at both residential colleges during 2014-15 following extensive industry consultation. Strategic partnerships have been developed with important industry stakeholders such as the Northern Pastoral Group and high schools that have a focus on agricultural training. Higher educational pathways are in place with the University of New England and are under development with Central Queensland University. A number of initiatives are being pursued in the international agricultural training market place.

Several major challenges remain facing the organisation. These include the now full contestability of the vocational education and training (VET) market; the drought affecting the agricultural industry and resulting impact on student numbers and operating costs; and changes to the payment of government grants and subsidies.

Cost control has been a significant area of attention for the organisation over recent years that has delivered improved financial results. Financial sustainability now necessitates a reduction to QATC's reliance on the VET Purchaser's Grant and transitional funding arrangements. The budget for 2015-16 and forward financial planning forecast the required revenue growth trajectory to see QATC reach sustainability including an increase in student enrolments at the residential colleges and increases in online training delivery.

# Service performance

## Performance statement

### Queensland Agricultural Training Colleges

#### Service area objective

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

#### Service area description

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

Queensland Agricultural Training Colleges	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
<b>Service area: Queensland Agricultural Training Colleges</b>				
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Level of stakeholder satisfaction with VET training services and products				
Quality Indicator (QI) Learners Survey		85%	83.4%	85%
Quality Indicator (QI) Employer Survey		75%	76.3%	75%
Percentage of successfully completed competencies compared with all modules assessed	1	90%	85%	90%
Percentage of completed competencies delivered at or above Certificate IV level	2	13%	22.4%	27.2%
Percentage of students employed or in further study 6 months after completing their training (NCVER Survey)		90%	91%	90%
<i>Efficiency measures</i>				
Competency per instructional staff FTE	3	New Measure	New Measure	524
Average cost per competency successfully completed	4	\$1,739	\$1,704	\$1,300

#### Notes:

1. Variance relates to the number of students who withdrew or were not deemed competent was higher than originally expected. Result may increase as final results are entered for residential colleges in June 2015.
2. Higher enrolment numbers, particularly in the Certificate IV in Veterinary Nursing program, have contributed to the positive variance in this measure for 2014-15 and is expected to continue in 2015-16.
3. New measure has been developed to replace the discontinued measure of Annual Hours Curriculum per instructional staff full time equivalent (FTE).
4. Targeted increases in training sales across various delivery locations, expansion of online product offering and other cost reduction measures are forecast to improve the average cost per competency delivered.

## Staffing<sup>1</sup>

Queensland Agricultural Training Colleges	Notes	2014-15 Budget	2014-15 Est. Actual	2015-16 Budget
Queensland Agricultural Training Colleges	1	120	118.8	121.4

Note:

1. FTEs as at 30 June.



## Discontinued measures

Performance measures included in the 2014-15 Service Delivery Statements that have been discontinued or replaced are reported in the following table with estimated actual results. For those measures which are being discontinued from the Service Delivery Statement because they do not demonstrate the effectiveness or efficiency of services, please refer to the Notes below for further information about where these measures will continue to be reported.

Queensland Agricultural Training Colleges	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
<b>Service area: Queensland Agricultural Training Colleges</b>				
Unit Cost per Annual Hours Curriculum (AHC)	1	\$39	\$31	Discontinued measure
Annual Hours Curriculum per Instructional staff FTE	2	15,000	20,254	Discontinued measure

Notes:

1. Efficiency is now more appropriately measured by average cost per competency successfully completed due to the change in payment method by the Department of Education and Training.
2. Efficiency is now more appropriately measured by competency per instructional staff FTE due to the change in payment method by the Department of Education and Training.

# Income statement

Queensland Agricultural Training Colleges	Notes	2014-15 Budget* \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>INCOME</b>				
Taxes		..	..	..
User charges and fees	1,4,7	6,795	7,275	8,694
Grants and other contributions	2,5,8	10,491	9,752	9,351
Interest		450	623	430
Other revenue		17	281	385
Gains on sale/revaluation of assets	3,9	2,547	2,175	2,773
<b>Total income</b>		<b>20,300</b>	<b>20,106</b>	<b>21,633</b>
<b>EXPENSES</b>				
Employee expenses		11,630	11,390	11,722
Supplies and services	6,10	8,941	9,137	10,105
Grants and subsidies		..	..	..
Depreciation and amortisation		1,162	1,174	1,181
Finance/borrowing costs		..	..	..
Other expenses		146	54	54
Losses on sale/revaluation of assets		128	62	115
<b>Total expenses</b>		<b>22,007</b>	<b>21,817</b>	<b>23,177</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(1,707)</b>	<b>(1,711)</b>	<b>(1,544)</b>

\*Technical adjustments have been made in this statement to reallocate amounts between categories and facilitate consistency across agencies.

# Balance sheet

Queensland Agricultural Training Colleges	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	11,17,22	1,363	16,464	14,365
Receivables		1,267	2,317	2,310
Other financial assets	12,18	12,078	..	..
Inventories		238	238	238
Other		303	306	306
Non financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>15,249</b>	<b>19,325</b>	<b>17,219</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		39	39	39
Other financial assets		81	93	93
Property, plant and equipment	13,23	82,353	79,817	82,036
Intangibles		..	..	..
Other	14,19,24	6,181	3,060	3,521
<b>Total non-current assets</b>		<b>88,654</b>	<b>83,009</b>	<b>85,689</b>
<b>TOTAL ASSETS</b>		<b>103,903</b>	<b>102,334</b>	<b>102,908</b>
<b>CURRENT LIABILITIES</b>				
Payables		1,511	1,588	1,588
Accrued employee benefits		2,216	2,057	2,335
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		229	455	455
<b>Total current liabilities</b>		<b>3,956</b>	<b>4,100</b>	<b>4,378</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits	15,20	1,180	388	388
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>1,180</b>	<b>388</b>	<b>388</b>
<b>TOTAL LIABILITIES</b>		<b>5,136</b>	<b>4,488</b>	<b>4,766</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>98,767</b>	<b>97,846</b>	<b>98,142</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	16,21	<b>98,767</b>	<b>97,846</b>	<b>98,142</b>

# Cash flow statement

Queensland Agricultural Training Colleges	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges and fees	29,36	6,994	6,689	8,687
Grants and other contributions	25,30	10,491	9,752	9,351
Interest received		450	623	430
Taxes		..	..	..
Other	26,31	2,291	3,445	3,151
<b>Outflows:</b>				
Employee costs		(11,144)	(11,139)	(11,444)
Supplies and services	27,32,37	(8,753)	(9,438)	(10,105)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		(288)	(259)	(609)
<b>Net cash provided by or used in operating activities</b>		<b>41</b>	<b>(327)</b>	<b>(539)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non financial assets		..	221	..
Investments redeemed	33,38	3,000	3,175	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for non financial assets		(3,380)	(3,378)	(3,400)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>(380)</b>	<b>18</b>	<b>(3,400)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections	34,39	..	..	1,840
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by or used in financing activities</b>		<b>..</b>	<b>..</b>	<b>1,840</b>
<b>Net increase/(decrease) in cash held</b>		<b>(339)</b>	<b>(309)</b>	<b>(2,099)</b>
<b>Cash at the beginning of financial year</b>	<b>28,35</b>	<b>1,702</b>	<b>16,773</b>	<b>16,464</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>1,363</b>	<b>16,464</b>	<b>14,365</b>

# Explanation of variances in the financial statements

## Income statement

### Major variations between 2014-15 Budget\* and 2014-15 Estimated Actual include:

1. Positive variance reflects the expected increase in training and accommodation revenues above the budget forecast that have arisen from the introduction of new and re-developed training products. New products included an intensive animal welfare training program delivered at Longreach and Emerald in conjunction with the University of New England for thirty beef industry professionals from Indonesia. The Pathways to Agricultural Careers and Education Program allows students to complete years 11 and 12 whilst simultaneously working towards a vocational qualification in agriculture and was successfully re-introduced following funding approval by the Department of Education and Training (DET).
2. Decrease reflects the change in the Vocational Education and Training (VET) Purchasers Grant from DET and the transitional grant arrangements finalised after the preparation of the 2014-15 original budget.
3. Decrease relates to the sale of livestock, prior to natural increase, in response to drought conditions at Longreach.

### Major variations between 2014-15 Budget\* and 2015-16 Budget include:

4. Positive variance reflects the expected increase in training and accommodation revenues resulting from the re-development of existing and introduction of new training products. January 2016 is expected to see higher enrolments into the second intake of the new flagship two year programs at the residential colleges. Strategic alliances with industry stakeholders and higher education pathways offerings are also expected to provide increased student numbers. A number of initiatives are also being pursued in the international agricultural training market place.
5. Decrease reflects the change in the VET Purchasers Grant from DET and the transitional grant arrangements approved during 2014-15.
6. Increase in other supplies and services associated with costs of the continuing drought at Longreach for items such as supplemental feeding, costs associated with the increased cropping program at Emerald Agricultural College and costs associated with the forecast increase in training delivery.

### Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

7. Positive variance reflects the expected increase in training and accommodation revenues resulting from the re-development of existing and introduction of new training products. January 2016 is expected to see higher enrolments into the second intake of the new flagship two year programs at the residential colleges. Strategic alliances with industry stakeholders and higher education pathways offerings are also expected to provide increased student numbers. A number of initiatives are also being pursued in the international agricultural training market place.
8. Decrease reflects the change in the VET Purchasers Grant from DET and the transitional grant arrangements approved during 2014-15.
9. Increase results from the larger cropping program to be undertaken at Emerald Agricultural College during 2015-16 and from increase in market value of livestock.
10. Increase in other supplies and services associated with costs of the continuing drought at Longreach for such items as supplemental feeding, costs associated with the increased cropping program at Emerald Agricultural College and costs associated with the forecast increase in training delivery.

## Balance sheet

### Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

11. Increase reflects the change in the classification of surplus cash investment from other financial assets to cash and from the sale of livestock in response to drought conditions at Longreach.
12. Decrease reflects the change in the type of investment of surplus funds from term deposits to assets held in cash.
13. Decrease reflects the transfer of Manningham Station to the Department of Agriculture and Fisheries (DAF) for its subsequent disposal.
14. Decrease reflects the disposal of livestock from Longreach due to drought conditions.

15. The decrease reflects an adjustment to the amount accrued for non-current employee benefits.
16. Decrease in equity reflects asset impairments and the transfer of Manningham Station to DAF for its subsequent disposal.

**Major variations between 2014-15 Budget and 2015-16 Budget include:**

17. Increase reflects the change in the classification of surplus cash investment from other financial assets to cash and from the sale of livestock in response to drought conditions at Longreach.
18. Decrease reflects the change of investment type of surplus funds from other financial assets to cash.
19. Decrease reflects the disposal of livestock from Longreach due to drought conditions.
20. The original budget for non-current accrued employee benefits was set incorrectly and has subsequently been adjusted.
21. Decrease in equity results from the net effect of the forecast operating deficit for 2015-16, the sale of livestock assets during 2014-15 and adjustments to employee leave entitlements.

**Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:**

22. Decrease results from utilisation of cash assets to fund normal operations and capital works expenditure during 2015-16 partly offset by the expected receipt of the proceeds from the sale of Manningham Station from DAF.
23. Increase reflects the result of capital expenditures during 2015-16.
24. Increase results from the forecast increase in market value of livestock assets.

## Cash flow statement

**Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:**

25. Decrease reflects the change in the VET Purchasers Grant from DET and the transitional grant arrangements finalised after the preparation of the 2014-15 original budget.
26. Increase results from additional livestock sales in response to the drought conditions at Longreach and improved results of the cropping program at Emerald.
27. Increase in other supplies and services associated with costs of the drought for items such as supplemental feeding and non-current operating costs associated with the sewerage treatment system at Emerald.
28. Increase reflects the change in the type of investment of surplus funds from other financial assets to cash.

**Major variations between 2014-15 Budget and 2015-16 Budget include:**

29. Positive variance reflects the expected increase in training and accommodation revenues resulting from the re-development of existing and introduction of new training products. January 2016 is expected to see higher enrolments into the second intake of the new flagship two year programs at the residential colleges. Strategic alliances with industry stakeholders and higher education pathways offerings are also expected to provide increased student numbers. A number of initiatives are also being pursued in the international agricultural training market place.
30. Decrease reflects the change in the VET Purchasers Grant from DET and the transitional grant arrangements approved during 2014-15.
31. Increase results from larger cropping program planned at Emerald Agricultural College for 2015-16 and increase in market value of livestock.
32. Increase in other supplies and services associated with costs of the continuing drought at Longreach for such items as supplemental feeding, costs associated with the increased cropping program at Emerald Agricultural College and with forecast increase in training delivery.
33. Decrease results from term deposits being fully redeemed during 2014-15 and transferred to investments held in cash.
34. Increase results from the expected receipt of proceeds from the sale of Manningham Station from DAF.
35. Increase reflects the change in the type of investment of surplus funds from other financial assets to cash.

**Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:**

36. Positive variance reflects the expected increase in training and accommodation revenues resulting from the re-development of existing and introduction of new training products. January 2016 is expected to see higher enrolments into the second intake of the new flagship two year programs at the residential colleges. Strategic alliances with industry stakeholders and higher education pathways offerings are also expected to provide increased student numbers. A number of initiatives are also being pursued in the international agricultural training market place.
37. Increase in other supplies and services associated with costs of the continuing drought at Longreach for such items as supplemental feeding, costs associated with the increased cropping program at Emerald Agricultural College and costs associated with the forecast increase in training delivery.
38. Decrease results from term deposits being fully redeemed during 2014-15 and transferred to investments held in cash.
39. Increase results from the expected receipt of proceeds from the sale of Manningham Station from DAF.

# Statutory body

## QRAA

### Overview

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

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

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

QRAA ensures integrity, accountability and consultation in our administration of timely financial assistance aimed at improving the productivity and sustainability of regional and rural communities.

The *Rural and Regional Adjustment Act 1994* enable QRAA to deliver additional programs and services to local, state and territory governments throughout Australia and for the Australian Government.

### Service performance

Performance highlights for the 2014-15 year to 30 April 2015 include:

- approved 636 applications totalling more than \$125.2 million in financial assistance across all programs. Of these, 356 grants were approved for \$7.3 million, and 280 loans were approved for almost \$118 million. This compares to approvals of 5,600 applications totalling \$182.9 million in the same period of 2013-14, of which over 5200 grants were approved for \$61.7 million and almost 350 loans were approved for over \$121 million. The major difference between the 2013-14 and 2014-15 financial years is due to the large number of grants approved as a result of natural disaster events, particularly Tropical Cyclone Oswald
- over \$42 million in First Start and Sustainability Loans approved to more than 135 applicants under the Queensland Government's Primary Industry Productivity Enhancement Scheme. This compares with \$74 million in the last financial year with 209 approvals
- QRAA approved over \$1.8 million in NDRRA assistance to more than 200 primary producers, business owners and non-profit organisations. This compares with over 5,200 applications and approvals of \$77 million in the same period of 2013-14 associated with providing assistance in relation to Tropical Cyclone Oswald.

QRAA's capability and business sustainability has been enhanced by securing five new fee-for-service business opportunities including:

- establishment of the Natural Disaster Relief Essential Working Capital Scheme
- administration of the Queensland East Coast Commercial Net Fishing Reduction Scheme (No 3)
- administration of the bovine Johne's Disease Assistance Scheme - short term assistance
- delivery of the Australian Government Drought Concessional Loans Scheme in the Northern Territory
- delivery of the Australian Government Drought Recovery Concessional Loans Scheme (Queensland).

During 2015-16, QRAA will continue to provide a broad, flexible and cost effective range of administrative services to assist government agencies deliver financial programs to the highest standards. QRAA is also expecting to continue to deliver the Australian Government Drought Concessional and Drought Recovery Concessional Loans Schemes (Queensland) and will play an active role in the delivery of new loan and grant programs including programs associated with the Government's commitment to introduce net free zones in Queensland's commercial fisheries.



# Service performance

## Performance statement

### QRAA

#### Service area objective

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

#### Service area description

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

QRAA	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
<b>Service area: QRAA</b>				
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Maintain total loan arrears within target levels		<3%	0.70%	<1.5%
Percentage of applications processed within agreed service delivery timeframes and within budget	1	85%	97.5%	85%
Overall client satisfaction with QRAA's services	2	New measure	New measure	80%
<i>Efficiency measures</i>				
Average number of loans managed per FTE	3	New measure	New measure	55

Notes:

1. This standard has been reworded as it was previously represented as a timeliness measure. The methodology has not changed. This activity is considered to be within budget if no additional full time equivalents (FTEs) are required in order to process the applications within the agreed timeframes.
2. Overall measure of satisfaction in QRAA services includes ratings from clients (primary producers and small businesses) who have been both approved assistance in the past and declined assistance.
3. This measure includes all the loans managed by QRAA and the number of FTE permanent staff in Program Service delivery as at 30 June 2015.

# Staffing<sup>1</sup>

QRAA	Notes	2014-15 Budget	2014-15 Est. Actual	2015-16 Budget
QRAA	2	84	88	80

Notes:

1. FTEs as at 30 June.
2. 2015-16 Budget reflects a forecast of the total number of FTEs based on the projected business need for the financial year. The figure takes into consideration the current Natural Disaster Relief and Recovery Arrangements programs and the corresponding increase in FTEs during quarter three and quarter four of 2014-15.

## Discontinued measures

Performance measures included in the 2014-15 Service Delivery Statements that have been discontinued or replaced are reported in the following table with estimated actual results. For those measures which are being discontinued from the Service Delivery Statement because they do not demonstrate the effectiveness or efficiency of services, please refer to the Notes below for further information about where these measures will continue to be reported.

QRAA	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
<b>Service area: QRAA</b>				
Percentage growth of the Productivity Loan portfolio to achieve self sufficiency	1	7%	4.3%	Discontinued measure

Note:

1. This measure is to be discontinued as the growth of QRAA's loan portfolio has reached the budget amount of the fund.

# Income statement

QRAA	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>INCOME</b>				
Taxes		..	..	..
User charges and fees	1,11,19	2,263	3,492	1,353
Grants and other contributions	2,12,20	16,910	15,271	28,485
Interest	3,13,21	44,942	53,280	49,538
Other revenue	4,22	5	2,200	..
Gains on sale/revaluation of assets	5,23	..	97	..
<b>Total income</b>		<b>64,120</b>	<b>74,340</b>	<b>79,376</b>
<b>EXPENSES</b>				
Employee expenses	6,14,24	8,985	9,459	10,051
Supplies and services	15,25	2,936	2,835	5,636
Grants and subsidies	7,16,26	7,688	6,060	18,694
Depreciation and amortisation	8,27	361	1,163	471
Finance/borrowing costs	9,17,28	20,836	43,809	41,208
Other expenses		..	..	..
Losses on sale/revaluation of assets	10,18,29	158	1,827	257
<b>Total expenses</b>		<b>40,964</b>	<b>65,153</b>	<b>76,317</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>23,156</b>	<b>9,187</b>	<b>3,059</b>

# Balance sheet

QRAA	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	30,39,46	56,458	141,315	135,507
Receivables	31,40,47	49,593	74,634	76,782
Other financial assets		..	..	..
Inventories		..	..	..
Other		37	109	109
Non financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>106,088</b>	<b>216,058</b>	<b>212,398</b>
<b>NON-CURRENT ASSETS</b>				
Receivables	32,48	473,705	436,903	476,143
Other financial assets		..	..	..
Property, plant and equipment		705	381	381
Intangibles	33,41,49	3,618	..	2,836
Other		..	350	350
<b>Total non-current assets</b>		<b>478,028</b>	<b>437,634</b>	<b>479,710</b>
<b>TOTAL ASSETS</b>		<b>584,116</b>	<b>653,692</b>	<b>692,108</b>
<b>CURRENT LIABILITIES</b>				
Payables		323	200	200
Accrued employee benefits	34,42	1,902	2,329	2,329
Interest bearing liabilities and derivatives	35,43,50	28,549	25,961	20,314
Provisions		..	..	..
Other	36,44	1,559	4,701	3,348
<b>Total current liabilities</b>		<b>32,333</b>	<b>33,191</b>	<b>26,191</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		195	146	146
Interest bearing liabilities and derivatives	37,45,51	219,412	312,774	355,131
Provisions		219	219	219
Other		..	..	..
<b>Total non-current liabilities</b>		<b>219,826</b>	<b>313,139</b>	<b>355,496</b>
<b>TOTAL LIABILITIES</b>		<b>252,159</b>	<b>346,330</b>	<b>381,687</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>331,957</b>	<b>307,362</b>	<b>310,421</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	38	<b>331,957</b>	<b>307,362</b>	<b>310,421</b>

# Cash flow statement

QRAA	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges and fees	52,64,76	2,110	4,911	..
Grants and other contributions	53,65,77	16,910	15,271	28,485
Interest received	54,66,78	25,143	29,091	31,740
Taxes		..	..	..
Other	55,79	5	2,200	..
<b>Outflows:</b>				
Employee costs	56,67,80	(8,985)	(9,459)	(10,051)
Supplies and services	68,81	(2,911)	(2,835)	(5,636)
Grants and subsidies	57,69,82	(7,688)	(6,060)	(18,694)
Borrowing costs	58,70,83	(7,064)	(9,773)	(11,965)
Other		..	..	..
<b>Net cash provided by or used in operating activities</b>		<b>17,520</b>	<b>23,346</b>	<b>13,879</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non financial assets		103	153	..
Investments redeemed		..	..	..
Loans and advances redeemed	59,71,84	65,671	52,104	71,462
<b>Outflows:</b>				
Payments for non financial assets	60,72,85	(2,009)	(350)	(3,307)
Payments for investments		..	..	..
Loans and advances made	61,73,86	(133,461)	(189,416)	(123,000)
<b>Net cash provided by or used in investing activities</b>		<b>(69,696)</b>	<b>(137,509)</b>	<b>(54,845)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings	62,74,87	51,000	116,631	61,000
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions	63,75,88	(29,353)	(27,399)	(25,842)
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by or used in financing activities</b>		<b>21,647</b>	<b>89,232</b>	<b>35,158</b>
<b>Net increase/(decrease) in cash held</b>		<b>(30,529)</b>	<b>(24,931)</b>	<b>(5,808)</b>
<b>Cash at the beginning of financial year</b>		<b>86,987</b>	<b>166,246</b>	<b>141,315</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>56,458</b>	<b>141,315</b>	<b>135,507</b>

# Explanation of variances in the financial statements

## Income statement

### Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

1. The increase is due to fee for service revenues associated with QRAA's administration of the Drought Concessional Loan Schemes for Queensland and Northern Territory and Drought Recovery Concessional Loans for Queensland.
2. The decrease is due to less top up funds for the Queensland Cattle Industry Biosecurity Fund being required as compared to the budget. This was a result of fewer applications received than anticipated.
3. The increase is due to a larger loan portfolio and higher interest rates on cash deposits.
4. The increase is due to a one-off reimbursement of expenses incurred in previous years.
5. The increase is due to the disposal of motor vehicles.
6. The increase is due to additional temporary staff recruited to administer Special Disaster Assistance, Farm Finance Concessional Loan Schemes, Drought Concessional Loan Schemes and the Drought Recovery Concessional Loan Scheme.
7. The decrease is due to grants paid under Bovine Johne's Disease Assistance Schemes being lower than budget. This was a result of fewer applications received than anticipated.
8. The increase is due to intangible assets having a shorter amortisation period than anticipated.
9. The increase is due to higher than the anticipated borrowings.
10. The increase relates to higher bad debts write-off than expected.

### Major variations between 2014-15 Budget and 2015-16 Budget include:

11. The decrease relates to completion of Farm Finance Concessional Loan Schemes for Queensland and Northern Territory and Drought Concessional Loan Schemes for Queensland and Northern Territory.
12. The increase is due to the reimbursement of grants paid to recipients related to the Tropical Cyclone Marcia 2015 Schemes.
13. The increase is due to interest earned on a larger than anticipated loan portfolio balance.
14. The increase is due to the delays in the implementation of a software project.
15. The increase is due to the delays in the implementation of a software project.
16. The increase is due to the reimbursement of grants paid to recipients related to the Tropical Cyclone Marcia 2015 Schemes.
17. The increase is due to the increase in borrowings.
18. The increase relates to an increase in the provision for doubtful debts in proportion to a growing loan book.

### Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

19. The decrease is due to the completion of the Farm Finance Concessional Loan Schemes, the Drought Concessional Loan Schemes and the Drought Recovery Concessional Loan Schemes.
20. The increase is due to the reimbursement of grants paid to recipients related to the Tropical Cyclone Marcia 2015 Schemes.
21. The decrease is due to an anticipated reduction in the amortisation of initial fair value adjustments for receivables and an anticipated reduction in the fair value of concessions on borrowings received.
22. The decrease is due to a one-off reimbursement of expenses incurred in previous years.
23. The decrease is due to the disposal of motor vehicles.
24. The increase is due to the delays in the implementation of a software project.
25. The increase is due to the delays in the implementation of a software project.
26. The increase is due to the reimbursement of grants paid to recipients related to the Tropical Cyclone Marcia 2015 Schemes.
27. The increase is due to intangible assets having a shorter amortisation period than anticipated.

28. The decrease is due to an anticipated reduction in the fair value of concessions on loans advanced.
29. The decrease relates to the incremental provision for doubtful debts as a result of a growing loan book.

## Balance sheet

### Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

30. The increase is due to funding received for the Farm Finance Concessional Loan Schemes, Drought Concessional Loan Schemes and Drought Recovery Concessional Loan Schemes borrowings from the Australian and Northern Territory Governments.
31. The increase is due to the introduction of Drought Concessional Loan Schemes and Drought Recovery Concessional Loan Schemes.
32. The decrease is due to the netting of unamortised initial fair value adjustments on the loan book balance.
33. The decrease is due to the delays in the implementation of a software project.
34. The increase is due to additional temporary staff recruited to administer the Special Disaster Assistance Schemes, Farm Finance Concessional Loan Schemes and Drought Concessional Loan Schemes.
35. The decrease is due to the timing of repayments to Queensland Treasury in relation to Natural Disaster Relief and Recovery Arrangements Schemes.
36. The increase is due to the deferred revenue in relation to fees for service for Farm Finance Concessional Loan Schemes and Drought Concessional Loan Schemes.
37. The increase is due to additional funds borrowed to fund the Drought Concessional Loan Schemes and Drought Recovery Concessional Loan Schemes.
38. The movement of accumulated surplus/accumulated deficit has been explained in income statement.

### Major variations between 2014-15 Budget and 2015-16 Budget include:

39. The increase is due to fewer applications received than anticipated on concessional loan programs for which the Australian Government has lent money to QRAA.
40. The increase in the client loan portfolio balance is due to an increase in Farm Finance Concessional Loans and Drought Concessional loans.
41. The decrease is due to software amortisation.
42. The increase is due to an increased number of staff recruited to administer Farm Finance Concessional Loan Schemes, Drought Concessional Loan Schemes and an increasing number of staff reaching the entitlement threshold for long service leave.
43. The decrease is due to the repayments to the Queensland Treasury in relation to moneys borrowed under the Natural Disaster Relief and Recovery Assistance Schemes.
44. The increase is due to the unearned revenue in relation to fees for the administration of the Farm Finance Concessional Loan Schemes and Drought Concessional Loan Schemes.
45. The increase is due to additional funds borrowed to fund the Farm Finance Concessional Loan Schemes and Drought Concessional Loan Schemes.

### Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

46. The decrease reflects a higher Natural Disaster Relief and Recovery Arrangements borrowing redemption and growth in the loan portfolio.
47. The increase is due to an increase in Drought Concessional Loans and Drought Recovery Concessional Loans.
48. The increase is due to an increase in Drought Concessional Loans and Drought Recovery Concessional Loans.
49. The increase is due to the completion of a projected software implementation project.
50. The decrease is due to the repayments to Queensland Government for Natural Disaster Relief and Recovery Arrangements Schemes.
51. The increase is due to additional funds borrowed to fund the Farm Finance Concessional Loan Schemes and Drought Concessional Loan schemes.



# Cash flow statement

## Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

52. The increase is due to fees for service received for the administration of Drought Concessional Loans and Drought Recovery Concessional Loans.
53. The decrease is due to less top up funds for the Queensland Cattle Industry Biosecurity Fund being required. This was a result of fewer applications received.
54. The increase is due to interest charged on higher than the anticipated loan portfolio and higher interest earned on term deposits.
55. The increase is due to a one-off reimbursement of expenses incurred in previous years.
56. The increase in employee expenses is due to additional temporary staff recruited to administer Special Disaster Assistance, Farm Finance Concessional Loan Schemes, Drought Concessional Loan Schemes and Drought Recovery Concessional Loan Schemes.
57. The decrease relates to completion of the Queensland Cattle Industry Biosecurity Fund.
58. The increase is due to higher than the anticipated borrowings.
59. The decrease in client loan repayment is due to loans under the Exceptional Disaster Assistance scheme having a two year interest and repayment free period.
60. The decrease is due to the delays in the initiation of a software project.
61. The increase is due to higher than expected demand for Farm Finance Concessional Loans, Drought Concessional Loans and Drought Recovery Concessional Loans.
62. The increase is due to funds borrowed to fund Drought Concessional Loan Schemes and Drought Recovery Concessional Schemes.
63. The decrease is due to a smaller Natural Disaster Relief and Recovery Arrangements borrowing redemption than anticipated.

## Major variations between 2014-15 Budget and 2015-16 Budget include:

64. The decrease is due to fees paid in advance for the administration of Farm Finance Concessional Loans, Drought Concessional Loans and Drought Recovery Concessional Loans.
65. The increase is due to the reimbursement of grants paid to recipients related to the Tropical Cyclone Marcia 2015 Schemes.
66. The increase is due to interest earned on the Drought Concessional Loan Scheme, which was introduced after the budget was approved.
67. The increase is due to the timing of project-related expenses falling in a different financial year as a result of delays in the initiation of a software project.
68. The increase is due to the timing of project-related expenses falling in a different financial year as a result of delays in the initiation of a software project.
69. The increase is due to the reimbursement of grants paid to recipients related to the Tropical Cyclone Marcia 2015 Schemes.
70. The increase is due to funds borrowed to fund Farm Finance Concessional Loan Schemes, Drought Concessional Loan Schemes and Drought Recovery Concessional Schemes.
71. The increase is due to the expected high client loan repayments for Primary Industry Productivity Enhancement Scheme and Natural Disaster Relief and Recovery Arrangements .
72. The increase is due to the timing of project-related expenses falling in a different financial year as a result of delays in the initiation of a software project.
73. The decrease is due to the end of the application period for the Farm Finance Concessional Loans Scheme.
74. The increase is due to funds borrowed to fund the Farm Finance Concessional Loan Schemes, Drought Concessional Loan Schemes and Drought Recovery Concessional Schemes.
75. The decrease is due to a smaller Natural Disaster Relief and Recovery Arrangements borrowing redemption than anticipated.

**Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:**

76. The decrease is due to advanced receipts for the administration of Farm Finance Concessional Loans, Drought Concessional Loans and Drought Recovery Concessional Loans.
77. The increase is due to the reimbursement of grants paid to recipients related to the Tropical Cyclone Marcia 2015 Schemes.
78. The increase is due to interest earned on Drought Concessional Loan Scheme, which was introduced after the budget was approved.
79. The decrease is due to a one-off reimbursement of expenses incurred in previous years.
80. The increase is due to delays in the initiation of a software project.
81. The increase is due to delays in the initiation of a software project.
82. The increase is due to the reimbursement of grants paid to recipients related to the Tropical Cyclone Marcia 2015 Schemes.
83. The increase is due to interest expense associated with the Farm Finance Concessional Loan Scheme, Drought Concessional Loan Scheme and Drought Recovery Concessional Loan Scheme.
84. The increase is due to the expected high client loan repayments for Primary Industry Productivity Enhancement Scheme and Natural Disaster Relief and Recovery Arrangements .
85. The increase is due to the delays in the implementation of a software project.
86. The decrease is due to the end of the application periods for the Farm Finance Concessional Loans, Drought Recovery Concessional Loans and Drought Concessional Loan Schemes.
87. The decrease is due to the end of the application periods for Farm Finance Concessional, Drought Concessional and Drought Recovery Concessional Loans.
88. The decrease is due to the timing and size of various liabilities to the Commonwealth and State Governments.

# Glossary of terms

<b>Accrual accounting</b>	Recognition of economic events and other financial transactions involving revenue, expenses, assets, liabilities and equity as they occur and reporting in financial statements in the period to which they relate, rather than when a flow of cash occurs.
<b>Administered items</b>	Assets, liabilities, revenues and expenses an entity administers, without discretion, on behalf of the Government.
<b>Agency/entity</b>	Used generically to refer to the various organisational units within Government that deliver services or otherwise service Government objectives. The term can include departments, commercialised business units, statutory bodies or other organisations established by Executive decision.
<b>Appropriation</b>	Funds issued by the Treasurer, under Parliamentary authority, to agencies during a financial year for: delivery of agreed services administered items adjustment of the Government's equity in agencies, including acquiring of capital.
<b>Balance sheet</b>	A financial statement that reports the assets, liabilities and equity of an entity as at a particular date.
<b>Capital</b>	A term used to refer to an entity's stock of assets and the capital grants it makes to other agencies. Assets include property, plant and equipment, intangible items and inventories that an entity owns/controls and uses in the delivery of services.
<b>Cash Flow Statement</b>	A financial statement reporting the cash inflows and outflows for an entity's operating, investing and financing activities in a particular period.
<b>Controlled Items</b>	Assets, liabilities, revenues and expenses that are controlled by departments. These relate directly to the departmental operational objectives and arise at the discretion and direction of that department.
<b>Depreciation</b>	The periodic allocation of the cost of physical assets, representing the amount of the asset consumed during a specified time.
<b>Equity</b>	Equity is the residual interest in the assets of the entity after deduction of its liabilities. It usually comprises the entity's accumulated surpluses/losses, capital injections and any reserves.
<b>Equity injection</b>	An increase in the investment of the Government in a public sector agency.

<b>Financial statements</b>	Collective description of the Income Statement, the Balance Sheet and the Cash Flow Statement for an entity's controlled and administered activities.
<b>Income statement</b>	A financial statement highlighting the accounting surplus or deficit of an entity. It provides an indication of whether the entity has sufficient revenue to meet expenses in the current year, including non-cash costs such as depreciation.
<b>Machinery-of-government</b>	The redistribution of the public business of one government agency to another government agency. Also referred to as MoG.
<b>Outcomes</b>	Whole-of-government outcomes are intended to cover all dimensions of community wellbeing. They express the current needs and future aspirations of communities, within a social, economic and environment context.
<b>Own-source revenue</b>	Revenue that is generated by an agency, generally through the sale of goods and services, but it may also include some Commonwealth funding.
<b>Priorities</b>	Key policy areas that will be the focus of Government activity.
<b>Services</b>	The actions or activities (including policy development) of an agency which contribute to the achievement of the agency's objectives.

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



