

2011–12

Annual Report

**Department of National Parks,
Recreation, Sport and Racing**

Purpose of the report

This annual report details the financial and non-financial performance of the Department of National Parks, Recreation, Sport and Racing (NPRSR) from 1 July 2011 to 30 June 2012. It highlights the work, achievements, activities and strategic initiatives of the department and satisfies the requirements of *Queensland's Financial Accountability Act 2009*.

Your feedback

The annual report is an important document representing communication and accountability. The department values comments and welcomes feedback from readers. To provide feedback, please complete the electronic survey available at www.nprsr.qld.gov.au.

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November 2012

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16 November 2012

The Honourable Steven Dickson MP
Minister for National Parks, Recreation, Sport and Racing
111 George Street
Brisbane Qld 4000

Dear Minister

I am pleased to present the Annual Report 2011–2012 and financial statements for the Department of National Parks, Recreation, Sport and Racing.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be accessed at www.nprsr.qld.gov.au.

Yours sincerely

Dr John Glaister
Director-General
Department of National Parks, Recreation, Sport and Racing

Message from the Director-General

The Department of National Parks, Recreation, Sport and Racing was established in April 2012 by the Queensland Government with the goal of encouraging Queenslanders to get active and healthy by embracing sport and seeking out national parks and forests for recreational pursuits.

In keeping with this primary goal the department is committed to delivering improved access to national parks and forests, encouraging greater participation in sport and recreation and a rejuvenated racing industry across the state.

National parks open for business

The department is working to deliver improved tourism opportunities and provide easier access to Queensland's national and marine parks.

In 2012-13 the department will significantly reduce red tape for tourism operators by cutting permit classes in half. It will also make it much easier for campers to book their holiday with the launch of a new online booking system.

The department is also moving quickly to increase access to national parks for recreational activities. Hikers, bikers, riders and drivers can now discover more of the state's natural wonders. An early achievement in 2011-12 was the re-opening of the Comboyuro Point and North Point to vehicles on Moreton Island.

The department's \$1.5 million Friends of Parks initiative will also improve tourism and conservation opportunities. The program is already underway at Taunton National Park, where volunteers are helping to monitor the endangered nailtail wallaby populations, as well as planting vegetation and removing weeds.

We're committed to being good neighbours

The department remains committed to the proper management of Queensland's national parks. With more than 10,000 properties sharing a common boundary with protected areas and forests it's of utmost importance that we are good neighbours.

Fire, pest and weed management actions, as part of the management plans of national parks, remain important. For instance in 2011-12 the department's Queensland Parks and Wildlife Service rangers undertook 470 planned burns across 843,500 hectares of parks and forests to reduce fuel loads. In addition, pest control operations across a number of national parks saw hundreds of feral pigs, goats, deer and cats removed.

By the end of 2011-12, 95 per cent of national parks had a management plan or management statement in place. At the end of 2012-13 this percentage will increase to ensure all national parks have a management plan or management statement.

Get in the Game, Queensland

As part of the department's objective to encourage Queenslanders to get active and healthy it will develop and implement the Get in the Game initiative in 2012-13 to herald the start of a new focus on grassroots sport and recreation, to support development and to reduce participation costs.

This three-fold initiative will:

- Provide funds to assist eligible children to join a sporting club through the payment of annual club fees of up to \$150 per child.
- Provide clubs with one-off grants for equipment, club promotion materials, training, and other activities to increase sporting and recreation club membership.
- Provide one-off funding for facility development and upgrades to improve club facilities.

Rejuvenating racing

Queensland's racing industry makes a substantial contribution to society but in recent years has faced a number of challenges, including catastrophic weather and equine influenza.

To rejuvenate the racing industry the government will establish three separate code-specific boards—thoroughbred, harness and greyhound—to allow for greater industry input. In addition an overarching Queensland All Codes Racing Industry Board will be established to handle strategic cross-industry issues such as funding and television rights.

In addition, the department has contributed \$5 million to the Queensland Thoroughbred Investment Scheme, which will have flow-on benefits for the whole industry. This scheme provides an incentive for grass roots racing, by boosting the prize money for eligible Queensland-bred horses. The department has also committed a further \$4 million to country racing over four years, that will deliver funding assistance for up to 20 extra country race meetings each year.

We are also providing a more competitive environment for local bookmakers and focusing on creating an environment to grow wagering in Queensland.

In 2012–13 a review of the Industry Infrastructure Plan will also take place to prioritise projects for the Racing Industry Capital Development Scheme.

Outlook

In 2012–13 the new strategic plan will be implemented which will assist the department to deliver significant outcomes across the national parks, recreation and sport, and racing portfolios.

In conclusion I would like to thank the department's executive management team and staff for their contributions in 2011–12 in implementing a raft of new initiatives and commitments which will help Queenslanders get active and healthy.

Dr John Glaister
Director-General

Introducing the department

Who we are

The Department of National Parks, Recreation, Sport and Racing (NPRSR) brings together the functions and responsibilities from three former agencies to deliver greater participation in sport and recreation, improved access to the natural environment and a vibrant racing community across the state.

NPRSR delivers its services through three areas:

- National Parks—delivering recreation, tourism and conservation on a whole-of-landscape scale and managing the present for an environmentally sustainable future.
- Recreation and sport—focusing on providing policy, programs and services to achieve ‘more Queenslanders participating in sport and active recreation’.
- Racing—providing a framework for the regulation of the Queensland racing industry to ensure integrity and public confidence in the industry and providing a comprehensive range of racing integrity services, including the provision of drug testing, research and other scientific services.

The amalgamation of these functions allows NPRSR to develop more opportunities for Queenslanders to participate in recreational activities and to increase their appreciation and enjoyment of the outdoors.

The department was established in April 2012 under the *Public Service Act 2008*, Part 2, Division 2 - Administrative Arrangements Order (No. 3) 2012 and Public Service Departmental Arrangements Order (No. 1) 2012.

This annual report outlines the progress the department has made in addressing the government’s objectives for the community. It also recognises the ongoing work across the department throughout 2011–12.

This report also includes activities conducted by the former Department of Environment and Resource Management, the former Department of Communities and the former Department of Employment, Economic Development and Innovation which may have since been decommissioned, but which are included for reporting requirements.

Our vision

Active and healthy Queenslanders.

Our business principles

The following business principles guide all departmental activities from day-to-day operational management to strategic business management and client service delivery:

Performance

Providing efficient and effective services and pursuing continuous improvement.

Innovation

Facilitating new and creative problem solving approaches from a whole-of-government perspective.

Diversity

We respect each other and value our diversity.

Safety

We value a safe and fair work environment.

Accountability

We are open and accountable in our operations.

Integrity

We act ethically, honestly and in the best interest of the community.

The year ahead

The department is focused on the following objectives:

- National parks are well managed and available to be enjoyed by all Queenslanders.
- Increased participation of Queenslanders in sport and recreation activities (through supporting young Queenslanders and community sporting clubs).
- A flourishing Queensland racing industry.
- A capable, streamlined customer-focused organisation.

Through delivering its services, the department supports and contributes to the following government objectives:

- Growing a four pillar economy through focusing on tourism, agriculture, resources and construction.
- Lowering the costs of living.
- Investing in better infrastructure and using better planning.
- Revitalising frontline services.
- Restoring accountability in government.

Some of the priorities identified for the department for the 2012–13 financial year include:

- Review the *Nature Conservation Act 1992*—undertaking a review of the *Nature Conservation Act 1992* to deliver the Queensland Government’s commitment to improving access to national parks.
- Red tape reduction—improve access to national parks by simplifying and reducing permit classes by 50 per cent.
- Get in the Game—commence and roll out all three Get in the Game programs to help young Queenslanders get involved in sport, and provide assistance to sporting clubs for better programs, equipment and facilities.
- Review the *Major Sports Facilities Act 2001*—undertake a review of the Major Sports Facilities Act to assess the role and function of Stadiums Queensland.
- Amend the *Racing Act 2002* to deliver the government’s commitments to rejuvenate the Queensland racing industry.
- Revitalise country racing—commence the roll out of an additional 20 country race meetings to underpin country racing as the lifeblood of racing in Queensland.

Challenges and opportunities

NPRSR faces the challenge of functioning effectively in a complex business and fiscal environment. Through the introduction of more efficient and effective practices and the reduction of red tape, the department will make the most of its human, financial and physical resources and reinvest savings into better service delivery. The department is also committed to developing commercial partnerships with the private sector.

Allowing greater access to national parks also requires balancing nature and wildlife conservation with building the ecotourism industry. NPRSR is working to significantly reform the protected areas and forests regulatory framework, and how it is implemented, to provide more opportunities for Queenslanders to appreciate the natural environment.

Greater competition for free time contributes to growing concerns from the community about declining physical fitness and recreational safety. The 2018 Commonwealth Games, to be held on the Gold Coast, provides the department with an opportunity to capitalise on the interest in sport and encourage people to act on that interest. The department will also look for opportunities to direct funding in a targeted way to encourage greater participation by individuals and groups in sport.

A number of racing venues across Queensland require redevelopment to ensure a quality racing product. The department is committed to rejuvenating Queensland racing. This will include working with the industry to prioritise and fund capital investments to redevelop key racing infrastructure and venues.

Executive Management Team

The department's Executive Management Team (EMT) ensures the effective management, administration and overall strategic direction of the department. The team plays a strong leadership role in identifying priorities, setting strategic direction and driving policy initiatives. It also offers high-level advice and support to the Director-General.

EMT met on a weekly basis during the reporting period and reviewed the department's monthly financial performance reports and quarterly human resources reports. It also considered forthcoming Cabinet business.

John Glaister

Acting Director-General

John leads the department's strategic direction and priorities to ensure they are aligned with the Queensland Government's direction. He holds primary responsibility for planning activities, resource decisions, policy initiatives and risk management. As the organisation's acting head, John leads collaboration both within the department and across government.

Andrea Leverington

Deputy Director-General, Queensland Parks and Wildlife Service

Andrea leads and manages the Queensland Parks and Wildlife Service (QPWS) which manages the state's parks and forests estate. This estate includes terrestrial reserves and state marine parks as well as the joint management of the Great Barrier Reef Marine Park with the Commonwealth Government. Andrea is responsible for protecting the natural values of the estate and working with community and industry to provide recreation and tourism opportunities in Queensland's parks and forests.

Ben Klaassen

Acting Deputy Director-General, Sport and Recreation Services

Ben's responsibilities include the development and implementation of sport and recreation funding programs, delivery of programs to develop and improve skills within the sport and recreation industry, major events, sponsorships and implementation of the department's Indigenous sport and recreation strategy.

Mike Kelly

Executive Director, Office of Racing

Mike is responsible for the Office of Racing Regulation which oversees policy development, compliance and regulation of the industry and the Racing Science Centre which provides drug control, animal welfare, scientific and other integrity-related services to the racing industry.

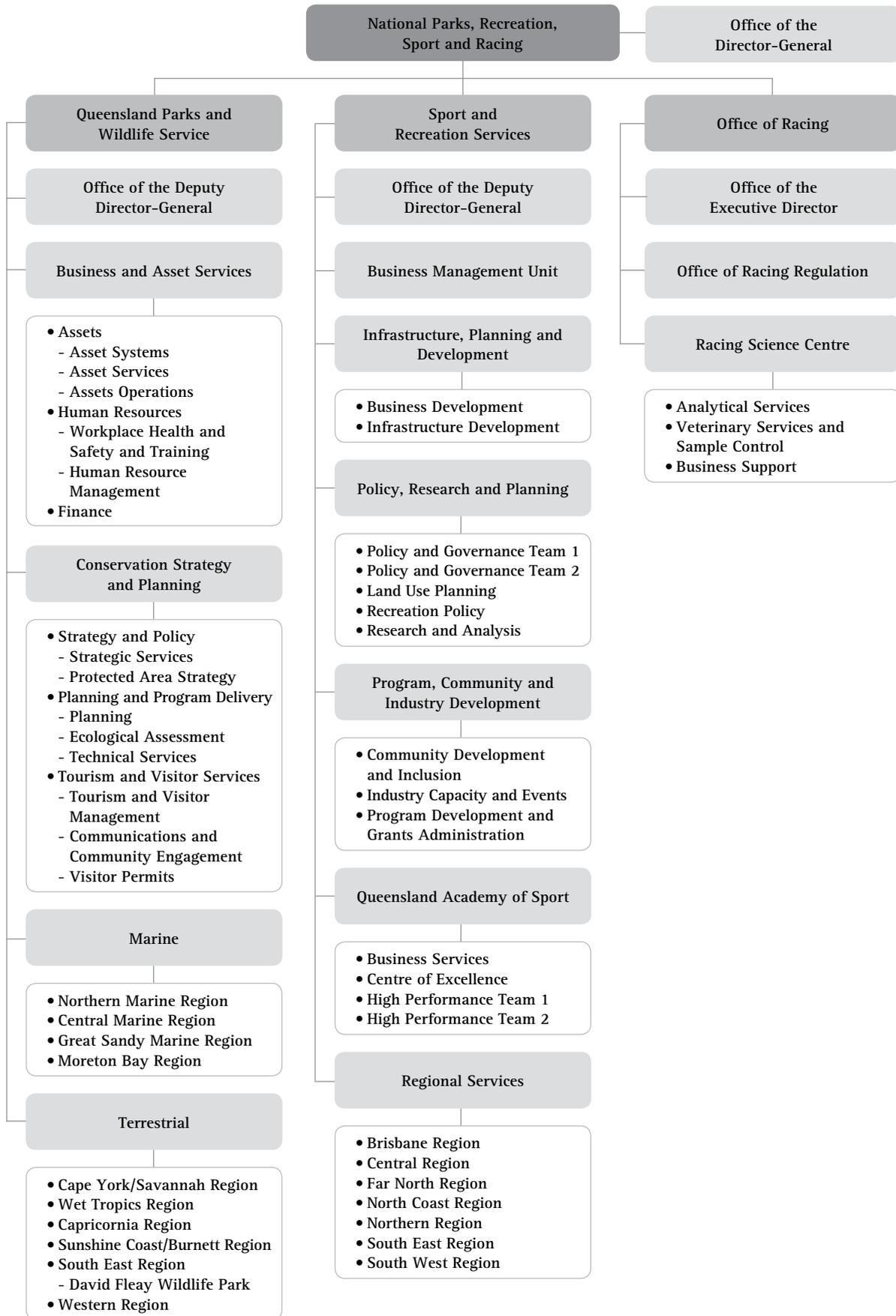
He is responsible for providing strategic advice, direction, leadership, management and policy expertise to both the government and the Queensland racing industry to ensure the highest principles of integrity and probity are maintained.

Danielle Anderson

Deputy Director-General, Corporate Services

Danielle is responsible for leading the delivery of corporate services including finance, asset management, human resources, corporate communications and governance and strategy. Danielle also leads the delivery and performance of the Queensland Government Internal Audit Service, procurement services, and Right to Information and privacy functions.

Organisational structure



Financial summary

This summary provides an overview of the department's financial performance for 2011–12. More detail can be found in the financial statements included in this report.

Following the machinery-of-government changes, NPRSR was established as a new entity from 1 May 2012 with an amalgamation of functions from three former agencies including the Department of Environment and Resource Management; the Department of Communities; and the Department of Employment, Economic Development and Innovation. As a result the NPRSR financial statements for 2011–12 only reflect two months of operations.

Following these changes, considerable effort was required to determine the necessary resourcing for the new department as well as establishing the new NPRSR general ledger and the appropriate financial processes and internal controls. Significant progress has been made in these areas with new finance systems planned to be operational in the first half of the 2012–13 financial year. The new payroll systems are expected to be in place during the next 12 to 18 months.

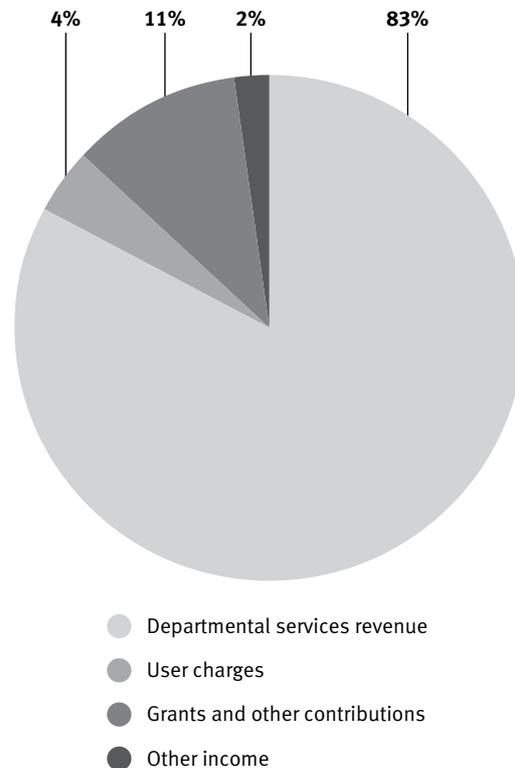
For the two-month period to 30 June 2012, NPRSR reported a net deficit of \$271.2 million. This reflects the outcome of the necessary accounting treatment of the revaluation decrement (\$271.4 million) that resulted from the revaluation of land and infrastructure assets, particularly in relation to national parks, and is outlined in more detail below. Without this adjustment, NPRSR would have achieved a small \$0.2 million operating surplus.

The following table summarises the financial results of controlled operations. Given that NPRSR was only in existence for two months and the intricacy of the machinery-of-government transfers, no meaningful comparison can be made against budget.

	2011–12 \$'000
Statement of comprehensive income	
Total income from continuing operations	75,636
Total expenses from continuing operations	346,798
Statement of financial position	
Total assets	3,283,475
Total liabilities	59,866
Total Equity	3,223,610

Income

The department's main revenue source was appropriation revenue from government of \$62.7 million which is shown as 'departmental services revenue'. NPRSR also received grants and other contributions of \$8.2 million, mainly from the Commonwealth Government, along with \$3.1 million in user charges, fees and fines from operations on national parks and in sport and recreation centres.



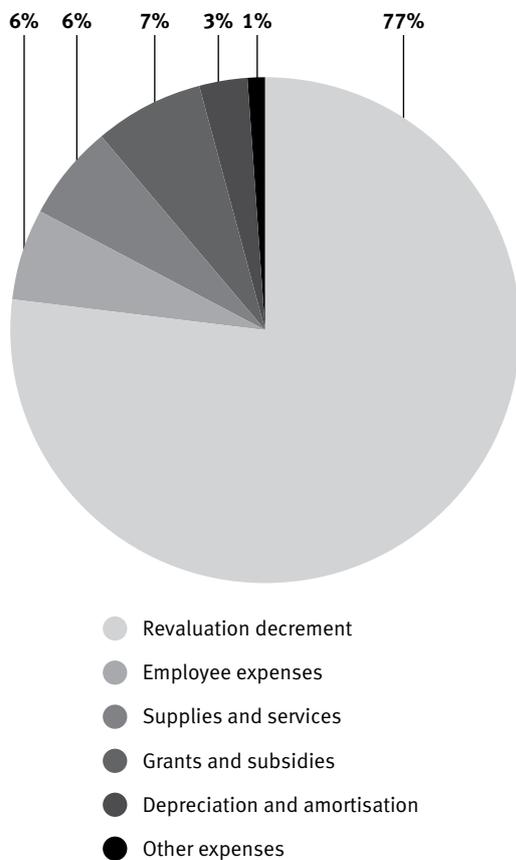
Expenses

As a result of the machinery-of-government changes, assets belonging to the three former agencies were transferred to NPRSR from 1 May 2012. In accordance with the Queensland Treasury issued Accounting Policy Guideline 9 *Accounting for Contributions by Owners*, equity balances, including asset revaluation surpluses, were not transferred to the department. As a result, a revaluation decrement of \$271.4 million associated with the annual revaluation of assets including land, heritage and infrastructure assets was reported as an expense in the period and is the reason for the reported deficit of \$271.2 million.

Other major expenses relating to departmental activities included employee expenses (\$20.6 million), supplies and services for day-to-day operations (\$20.7 million), grants and subsidy payments (\$22.7 million) primarily associated with sport and recreation services and depreciation of \$9.5 million.

Expenses by category for the period ended 30 June 2012

The following chart shows the impact of the revaluation decrement on the normal trading expenses reported.



Chief Finance Officer (CFO) statement

The new department is committed to establishing an efficient, effective and economical internal financial control framework for managing its financial performance and minimising financial liabilities and risks. Following the establishment of NPRSR, the financial operations for each of the portfolio areas continued to be performed by the respective former agencies based on the processes and internal financial controls as they existed in those agencies. Assurances about the performance of the internal financial controls in each of the respective agencies have been provided by the respective CFOs of those agencies and form the basis of the CFO statement provided to the accountable officer.

This has enabled the CFO to fulfil all the responsibilities as required by the *Financial Accountability Act 2009* and in conformance with section 57 of the Financial and Performance Management Standard 2009. Based on the assurances provided by the respective CFOs, the accountable officer has been provided with a statement indicating that the financial internal controls are operating efficiently, effectively and economically.

A copy of the CFO Statement was provided to, and discussed at, the NPRSR Audit and Governance Committee meeting which reviewed the 2011–12 annual financial statements.

Financial position

The net asset position reported in the financial statements shows the net worth of the department. At 30 June 2012 this was \$3.2 billion consisting mainly of property, plant and equipment assets including \$1.6 billion of heritage and cultural assets principally relating to the national parks land estate and \$0.89 billion of infrastructure assets relating to both sport and recreation centre facilities and facilities constructed on the national parks land estate.

Administered activities

Administered activities are those that the department does not control, but is charged with the responsibility of administering on a whole-of-government basis.

Administered activities represented a very minor component of NPRSR activities with total income from administered operations for the year of \$0.63 million with \$0.76 million of expenditure including a revaluation decrement of \$0.28 million.

Our performance

The department's services are delivered through three operational divisions. Details of their activities and performance are outlined in this section.

Information about some of the department's Corporate Services functions can be found in the *Our people* and *Managing our department* sections of this report.

National Parks

Queensland Parks and Wildlife Service

The department's Queensland Parks and Wildlife Service (QPWS) delivers recreation, tourism and conservation services for Queensland's parks and forests estate.

QPWS' focus is the management of state-owned terrestrial and marine protected areas and the forests estate. In addition to the conservation of natural and cultural resources, QPWS also provides access to safe recreational and tourism opportunities, supporting nature-based business development and community partnerships.

Management responsibilities for QPWS include a public estate of more than 12 million hectares of land including national park and forest tenures, as well as reserves, trusteeships and freehold land. It is responsible for managing Queensland's marine parks which have a total area of approximately 72,000 square kilometres, and also has primary responsibility for the day-to-day management of the Great Barrier Reef Marine Park (345,000 square kilometres).

Responsibilities also include the management of World Heritage properties that are located on the QPWS estate, including Fraser Island, Gondwana Rainforests of Australia, part of the Wet Tropics, the Australian Fossil Mammal Site Riversleigh Section and the national park islands within the Great Barrier Reef World Heritage Area.

Protected area management plans

Management plans are statutory documents that provide clear management direction and priority actions for QPWS managed areas. Management plans for protected areas are reviewed every 10 years.

As at 30 June 2012, 83 protected area management plans covering 99 protected areas had been approved by the Governor-in-Council. During 2011-12, draft management plans for 16 protected areas were publicly advertised and notification of the intent to prepare management plans for a further 46 protected areas were released for public comment.

Management statements are another important management tool providing guidance to park management. Significant progress was made in 2011-12 in management planning with 235 national parks that previously did not have a formal management plan, now having a management statement.

As at 30 June 2012, 95 per cent of national parks had a management plan or management statement enabling improved management for pest, fire and weeds and enhanced tourism and visitor opportunities.

Legislative amendments are also being explored to support improved planning efficiencies. A management plan register can be found on the department's website www.npsr.qld.gov.au

Capital works in national parks

At 30 June 2012, 210 QPWS capital works projects were underway.

In 2011–12, QPWS completed capital works expenditure totalling \$17.86 million. These projects included visitor facilities and management facilities on parks and improved permit booking systems.

Significant visitor facility projects included the car park at Joseph Banks Conservation Park; upgrading waste treatment systems at Waddy Point on Fraser Island; replacing the ablutions block at Freshwater campground in Cooloola; replacing day visitor amenities at Bunya Mountains National Park; replacing the mangrove boardwalk at Tallebudgera Creek Conservation Park; replacing the group activity centre facilities at Danbulla and upgrading various access bridges for the Wet Tropics Great Walk. The total cost of these projects was \$5.08 million.

Significant management facility projects included the office, work base and visitor facilities at Boodjamulla National Park; replacement of the Cardwell office; relocation of the workshop at Dandabah in the Bunya Mountains National Park; upgrade of infrastructure at the New Laura base in Lakefield National Park; upgrade of the management and visitor facilities at the Diamantina homestead on Diamantina National Park. The total cost of these projects was \$7.14 million.

Due to the extreme weather activities experienced in Queensland during 2010–12, some projects due for completion during 2011–12 were delayed and will roll over to 2012–13.

Disaster recovery

During the reporting period QPWS undertook disaster-related activities on 200 park and forest reserves.

QPWS provided frontline service staff to repair damaged park infrastructure and roads that were closed as a result of flooding and vegetation damage. In addition, QPWS staff provided assistance to local disaster management groups and district disaster management groups including:

- Ensuring the safety of parks and forest visitors by issuing warnings of extreme conditions, closing areas where necessary and coordinating evacuations with the Queensland Police Service.
- Providing advice on the management of parks and forests and expert knowledge of these areas to responding disaster coordination agencies.

Fire management

The department recognises the role of fire in the landscape and strives to continuously improve the effectiveness and efficiency of its fire management program in order to remain a socially responsible and ecologically sound land manager.

The key objectives in managing fire on the parks and forests estate is the protection of human life followed by protecting infrastructure and environmental values and the maintenance of biodiversity across ecosystems and landscapes.

QPWS utilises a comprehensive Fire Management System that provides the framework for fire management on QPWS parks and forests and sets standards for the preparation and operational aspects of planned burns and wildfire response.

In 2011–12, 6.7 per cent of the total QPWS-managed estate was subjected to planned burning under the Fire Management System. The planned burn performance measure used by QPWS details the area of planned burns as a percentage of the total QPWS-managed estate and is a widely used measure nationally to track fire management activity.

Pest management

The Strategic Pest Management Program provides opportunities and capacity for QPWS to participate in enhanced pest management programs through cooperative projects with neighbouring landholders, other agencies and local governments in accordance with the QPWS Good Neighbour Policy.

The objectives of the program include identifying and prioritising threatening processes caused by pest plants and animals on the protected areas and forest estates in Queensland and allocating annual funding for enhanced strategic pest management tasks based on identified priorities.

In 2011–12, approximately \$4.5 million was invested to manage pests on the estate managed by QPWS, with the program allocation of \$1.375 million being spent on 88 projects.

Indigenous involvement in Cape York Protected Area Management

Cape York Savanna Region met the commitment for Indigenous Ranger Employment for Protected Area Management. The percentage of QPWS staff, who identify as Indigenous people, and are directly involved in protected area management in Cape York is 32 per cent. This includes all positions that are located on Cape York and those which work operationally in joint management on Cape York.

North Stradbroke Island

QPWS and the Quandamooka people established joint management arrangements for the protected area of North Stradbroke Island, which comprises 50 per cent of the island, equating to more than 13,000 hectares. In 2011–12 QPWS declared the Minjerribah Recreation Area and appointed a management unit of six island-based rangers, with a temporary base, to service the new park.

QPWS is also responsible for implementing arrangements with the Quandamooka people which includes joint management of protected areas in accordance with the contractual Indigenous Management Agreement and establishing a commercial partnership for the management of beach camping and four-wheel driving for the Minjerribah Recreation Area.

While the implementation of the joint management partnership with the Quandamooka people will be ongoing, the commercial arrangements for the management of the Minjerribah Recreation Area are due to be delivered in early 2012–13.

Healthy Parks Healthy People

Healthy Parks Healthy People emphasises the link between mental and physical health and people's contact with nature. Well-managed protected areas can act as a nature-based preventative health solution for the treatment of heart disease, mental illness, diabetes and stress. Nature also provides direct health benefits from environmental services such as clean water, fresh food and clean air.

In 2011–12, the department investigated lessons learned from programs that reconnect people with the environment like that of the Parks Victoria Healthy Parks Healthy People program.

Measuring our performance

The service standards in the following table are recorded in the former *Department of Environment and Resource Management's Service Delivery Statement 2011–12* and are used by the department and the Queensland Government to gauge performance in some aspects of our business. They show the results from 1 July 2011 to 30 June 2012.

Service delivery statement service standards and other measures	Notes	2011–12 Target/Estimate	2011–12 Actual
Service standards			
Delivery of infrastructure projects on Queensland Parks and Wildlife Services managed estates, as measured by the Capital Works Activity Index.	1	90%	71.5%
Other measures			
Implement the Queensland Parks and Wildlife Service (QPWS) Strategic Pest Management Program, measured as a percentage of projects delivered annually.		90%	95%
Implementation of Queensland Parks and Wildlife Service (QPWS) fire management system, measured by planned burns implemented as a percentage of the QPWS managed estate.		5%	6.7%
Indigenous involvement in Cape York protected area management.		30%	32%
Percentage of <i>Sustainable Planning Act 2009</i> development applications assessed within legislative timeframes.	2	100%	99.2%

Notes:

1. The impact of extreme weather events in Queensland resulted in delays in accessing construction sites; diversion of rangers to undertake significant repairs of damaged infrastructure; and a shortage of contractors to undertake capital works at some locations. As a result the capital works activity index for the period was 71.5 per cent, with several projects to be carried over for completion in 2012–13.
2. The majority of this performance measure was transferred from the former Department of Environment and Resource Management to the Department of Environment and Heritage Protection following machinery-of-government changes. The performance measure only relates to the legislative mechanism detailed in the Sustainable Planning Regulation 2009 that is administered by the Department of National Parks, Recreation, Sport and Recreation.

Recreation and Sport

The department's Sport and Recreation Services focuses on providing policy, programs and services to get 'more Queenslanders participating in sport and active recreation'. This is achieved by working collaboratively with government, the sport and recreation industry and the community by focusing on four key areas: participation and pathways; places and spaces; industry capacity; and high performance.

Sport and Recreation Services also supports the sport and recreation industry across the state through funded non-government organisations (79 state-level organisations and two industry peak bodies), funded local sport, recreation and community organisations and local councils, and direct service delivery through six active recreation centres, central program areas and service centres across seven regions.

In addition, the division provides advice to the Minister on the administration of statutory authorities, matters of sport and recreation including associated legislation being managed by other agencies, such as Events Queensland, Stadiums Queensland, Motor Racing in Queensland, and the 2018 Gold Coast Commonwealth Games.

Greater opportunities to participate

Improve outcomes in sport and active recreation

Sport and Recreation Services worked collaboratively with the Committee of Australian Sport and Recreation Officials (CASRO) and the CASRO Research Group (CRG) to progress the National Sport and Active Recreation Policy Framework work plan and specifically identify future data and research needs.

The Queensland Academy of Sport continued to work within the National Institute System Intergovernmental Agreement (NISIA). The academy is planning to hold a National Elite Sports Council (NESC) discussion on its progress in November 2012 which is in line with annual performance reviews of National Sporting Organisations (NSO).

Active recreation centres

The department's active recreation centres—located at Currimundi, Lake Tinaroo, Leslie Dam, Magnetic Island, Tallebudgera and Yeppoon—provided recreation and sporting programs and activities, accommodation, and catering for schools, sport and recreation organisations and community groups.

In 2011–12, a total of 299,106 hours of structured physical activity was delivered at the centres, one per cent less than in 2010–11. There was also a total of 130,939 bed nights recorded at the centres. School groups accounted for 69.7 per cent of recorded bed nights and sport and recreation groups accounted for a further 12.2 per cent of bed nights.

Active Inclusion Funding Program

This program funded activities that encouraged greater participation in sport and active recreation through education and training, participation and volunteer development projects, focusing on individuals and groups facing barriers to participation within the community. The program also supported projects—as a joint Australian, state and territory government initiative under the National Partnership Agreement on Preventative Health—that encourage healthy eating behaviours and physical activity participation of children and young people considered to be of greatest disadvantage in Queensland.

In 2011–12, \$5.332 million was approved for 650 projects that supported participation in sport and active recreation by the targeted population groups within the community, or supported local club initiatives, or encouraged healthy eating and physical activity by children and young people.

Young Athlete Assistance Program

The Young Athlete Assistance Program provides \$200 for young athletes and officials to participate in state, state school, national, national school and international championships. Applications are open all year and in 2011–12 the department provided \$673,400 to support 3367 young athletes.

Indigenous programs

In 2011–12, the department continued its commitment to Indigenous programs including:

- A three-year package to enable the Queensland Police Citizens Youth Welfare Association (QPCYWA) to deliver this program using the \$2.1 million provided at the end of the 2010–11 financial year.
- \$1.9 million (as part of a four-year package) to expand the QPCYWA Community Activities Program Through Education initiative (known as CAPE) to Aurukun, Kowanyama, Northern Peninsula Area and Woorabinda.
- Support Tagai State College to employ Sport and Recreation Officers in the Torres Strait (two full-time and seven part-time) by providing \$380,000 a year as part of a three-year package which began in 2009.

Community programs and education and training

The suite of community programs and initiatives delivered by Sport and Recreation Services are key strategies for building the capacity of the sporting industry and increasing participation.

Initiatives which were free to participants included:

- Building Active Community Workshops—more than 155 three-hour education workshops on key industry topics were delivered by industry leaders to 3713 community sport volunteers, such as coaches, officials, committee members, administrators and other volunteers.
- Sports Locker Rooms—two short sports forums, which covered a range of topical industry subjects, were presented by high profile industry professionals. Simultaneously streamed live, they were accessed by 898 community sport volunteers.
- Get Active Queensland Accreditation Program—provided 23 events, involving more than 175 individual sport coaching, officiating and first aid accreditation courses to 2925 people including teachers, school sport volunteers, tertiary and senior secondary school students.
- Deadly Sports Program—18 event days were held, delivering more than 150 short sports clinics to 12,984 primary school students. The program primarily targeted Indigenous students.
- Super Sports Sign-On Day—two events were held in 2011–12. Sport and recreation clubs had the opportunity to host a display featuring information on the club to interested families. The August 2011 event was held in 16 locations and attracted 317 sport and recreation organisations with an estimated 6695 attendees. The February 2012 event was held in 13 locations and attracted 387 clubs and with an estimated 12,000 attendees.
- Children and Young People Resources—more than 52,300 resource manuals were issued, including Move Baby Move, Active Alphabet, Let's Get Moving and the Daily Physical Activity Guide, and physical activity workshops for teachers and foster carers, to assist with the delivery of physical activity.

Positive or it's pointless

The 'Positive or its pointless' campaign aimed to reduce poor and unacceptable player, spectator and parent behaviour in order to make sport safe for all children.

To support clubs with promoting 'Positive or its pointless' messages, Sport and Recreation Services provided access to free resources and online training opportunities. An equipment funding program provided one-off funding to assist sporting clubs, which developed a Positive Behaviour Plan, to purchase sporting equipment relevant to their club over a 12-month period. Under the funding program, the department provided \$821,365 to support 478 applications to implement Positive Behaviour Plans.

Increased industry capacity

Local sport and recreation coordinators

This program provided funding towards the employment costs of 178 local sport and recreation coordinators who provide organisational support and development, and consultancy and advice on matters such as partnerships and building community links, governance and management, education and training, fundraising and promotional activities.

In 2011–12, \$10.37 million was approved, bringing the total commitment for this program to \$27 million over three years.

State Sport and Recreation Organisation Development Program

This program provided funding to state sport and active recreation organisations and industry service organisations to support their organisational development, build their capacity and support the delivery of services.

In 2011–12, the department provided funding to 79 organisations to the value of \$9.1 million.

Sponsorship

Sponsorships were provided to support initiatives and events which aligned with Sport and Recreation Services' organisational priorities.

In 2011–12 Sport and Recreation Services partnered with more than 30 organisations, including the Gold Coast Suns, North Queensland Cowboys, Logan Thunder, Queensland Firebirds and Cairns Taipans to encourage growth in their respective sports.

Support was also provided to events such as the Bridge to Brisbane, Queensland Murri Carnival and Centenary Rotary Clubs Fun Run to promote the message of being active and healthy and to encourage increased and ongoing participation.

Elite sport

Queensland Academy of Sport

The Queensland Academy of Sport (QAS) was established in 1991 to assist talented athletes and coaches to achieve excellence in their chosen sport and to nurture their personal and professional development.

In 2011–12, the QAS supported more than 600 of Queensland's elite athletes either directly through squad programs, or indirectly through state sporting organisations.

Sixty-eight QAS athletes were selected in 2011–12 for the Australian Olympic Team to compete at the 2012 London Olympic Games. Strong representation by QAS athletes is also expected for the Paralympic Team to compete in London later in 2012.

Sport business and event industry

Supported bids for major sporting events

Sport and Recreation Services led the Queensland Government's involvement in the planning for the 2015 Asian Football Cup. This included representing Queensland in the development of key documentation such as the cross-jurisdictional funding agreement. As a result of machinery-of-government changes, these functions transitioned to the Department of Tourism, Major Events, Small Business and the Commonwealth Games.

Sport and Recreation Services was also represented on the Commonwealth Games Co-ordination Committee Meeting, actively supported the Queensland Government's considerations for the 2015 Cricket World Cup, and contributed to other significant sporting event bids.

Improved spaces and infrastructure

Sport and Recreation Infrastructure program

This program provided opportunities to increase participation and supported the development of new or improved sport and recreation facilities across Queensland, including encouraging access to school-based facilities for community use.

In 2011–12, a total of \$22.8 million was approved to support 139 organisations deliver a wide range of projects across Queensland communities, including sports field upgrades, installation of lighting to sports fields, the development of skate parks and construction of walking tracks.

During 2011–12 the lighting upgrade at Cazalys Stadium at Cairns was completed. The Queensland Government provided \$2 million in funding to AFL Cairns for the lighting upgrade, part of a two-stage redevelopment aimed at facilitating greater use of Cazalys Stadium and attracting more sporting and entertainment events.

Sport and Recreation Disaster Recovery Program

This program provided funding to assist with the replacement of equipment and repair or restore infrastructure for organisations that were located in declared areas under the Natural Disaster Relief and Recovery Arrangements (NDRRA).

The program was released on 15 February 2012 to support sport and recreation organisations in NDRRA areas with their recovery from flooding, storm damage and heavy rain which occurred between February and March 2012. In 2011–12, funding of \$2.14 million was approved to 110 organisations.

Off-road motor cycling/trail bikes

Sport and Recreation Services coordinated the Queensland Government's actions within the Off-road Motorcycling Management Strategy which was prepared in response to the Crime and Misconduct Commission's report *Sound Advice: a review of the effectiveness of police powers in reducing excessive noise from off-road motorbikes*.

The Queensland Moto Park (Wyaralong) opened in December 2011, catering to a range of off-road motorcycling activities. Funding of \$1.2 million over 2010–11 and 2011–12 was provided towards the facility's development, which was co-funded in conjunction with the Council of Mayors SEQ and a consortium led by Motorcycling Queensland.

Sports houses

The department's sports houses provided sport and recreation organisations with office accommodation and meeting rooms close to central business districts to assist with the development of their sport and recreation activities in Queensland.

In 2011–12, sports houses directly assisted 35 organisations by providing office accommodation to regional and state sporting organisations.

Capital works

The Sport and Recreation Services 2011–12 capital works program provided priority upgrades and developments to the department's sport and recreation venues to enhance participation opportunities and address workplace health and safety requirements.

Measuring our performance

The service standards in the following table are recorded in the former *Department of Communities' Service Delivery Statement 2011–12* and are used by the department and the Queensland Government to gauge performance in some aspects of our business. They show the results from 1 July 2011 to 30 June 2012.

Service delivery statement service standards and performance measures	Notes	2011–12 Target/Estimate	2011–12 Actual
Service standards	1		
Percentage of athletes selected for national teams from the Queensland Academy of Sport		25%	27%
Average service cost of coaching provided to each Queensland Academy of Sport athlete	2	\$12,162	\$5983
Participant satisfaction with the department's sport and recreation programs		90%	96%
Other measures	1		
Total investment in sport and active recreation in Queensland for:	3, 4		
• Infrastructure		\$65.8 million	\$57.8 million
• Participation and development programs		\$44.8 million	\$38.4 million
Number of volunteers accessing education and training opportunities	5	4800	7523

Notes:

1. This service area has been renamed from Sport and Recreation Services and was transferred from the (former) Department of Communities following machinery-of-government changes, along with the related service standards and other measures.
2. The lower than anticipated average service cost of coaching provided to each Queensland Academy of Sport athlete is a result of higher than expected level of athletes on scholarships leading up to qualifying for the Olympic Games. 2011–12 target/estimate was based on a small sample. The 2012–13 target/estimate has been updated to reflect forecast program participants.
3. The variance between the 2011–12 target/estimate and the 2011–12 estimated actual is mainly due to delays in capital works projects. In addition, the Northern Outlook Centre construction was completed, and this asset was transferred to the Department of Justice and Attorney-General following machinery-of-government changes. The variance between the 2011–12 target/estimate and the 2011–12 target/estimate is due to savings as part of the government's commitment to reduce waste and improve efficiency and the completion of infrastructure projects such as the Sleeman Aquatic Centre, Regional Tennis Queensland Program, and the Northern Outlook Centre.
4. The variance between the 2011–12 target/estimate and the 2011–12 target/estimate is mainly due to the variance in funding commitments of the discontinued Sport and Recreation Active Inclusion Program, and the forecast expenditure for the Get In the Game initiative.
5. The increase from 2011–12 target/estimate to 2011–12 estimated actual is a result of an increase in attendance at education, training and accreditation programs, as well as the inclusion of the Get Active Queensland Accreditation Program to the collection data set.

Racing

The Office of Racing consists of two functional units—the Office of Racing Regulation and the Racing Science Centre.

The Office of Racing Regulation administers the *Racing Act 2002*, which provides a framework for the regulation of the Queensland racing industry to ensure integrity and public confidence in the industry. The *Racing Act* places significant emphasis on the role of government in relation to matters affecting the probity and integrity of racing, and the need to protect the public interest.

The Racing Science Centre is an accredited facility providing a comprehensive range of racing integrity services, including the provision of drug testing, research and other scientific services.

Office of Racing Regulation

The Office of Racing Regulation provides a framework for the regulation of the Queensland racing industry, leading to improved integrity and public confidence that the industry is being operated in an accountable and responsible manner. This is achieved through:

- Implementing and monitoring a regulatory and policy framework to sustain a commercially responsive and contemporary Queensland racing industry.
- Collaborating and assisting the racing industry adhere to regulation under the *Racing Act 2002*.
- Assessing and reporting on applications for control bodies and accredited facilities.
- Auditing, assessing and reporting on compliance with the *Racing Act 2002*.
- Researching, analysing and advising on international, national and state developments and trends in racing, wagering and related industries.

Racing Science Centre

The Racing Science Centre is an accredited facility under the *Racing Act 2002* and provides a comprehensive suite of independent analytical and scientific services as well as professional and integrity services to the Queensland racing industry. It is responsible for the testing and detection of prohibited, code and therapeutic substances in licensed racing animals. It is funded by the racing industry under a service level agreement with the racing control body.

The Racing Science Centre is a quality assured accredited facility, certified to AS/NZS ISO 9001:2008 and National Association of Testing Authorities (NATA) 17025. It is an authorised racing laboratory under the Rules of Racing. The Racing Science Centre successfully participates in international quality assurance and proficiency programs designed to support laboratory best practice standards in racing chemistry laboratories. The Racing Science Centre is the lead laboratory responsible for coordination of both the Asian Quality Assured Program positive and negative programs.

During 2011–12, the Racing Science Centre analysed 16,199 drug samples collected from racing animals across all three codes. The Racing Science Centre also has an in-house research and development program focused on analytical method development and enhancement of drug detection capabilities. This capacity is essential to provide contemporary drug control services to the Queensland racing industry.

The Racing Science Centre works collaboratively with key scientific reference bodies such as the National Equine Integrity and Welfare Advisory Group and Australian and New Zealand Official Racing Analysts. The Racing Science Centre also participates in research projects to study the pharmacokinetics of medications of interest to the racing industry. These collaborations are important for the regulation of prohibited substances at both a state and national level.

Racing Animal Welfare and Integrity Board

The Racing Animal Welfare and Integrity Board monitors, advises and makes recommendations to the chief executive about matters related to the welfare of licensed animals and drug control in the Queensland racing industry. This includes reviewing control body policies relating to the welfare of licensed animals and monitoring drug control services provided to the industry. It is also responsible for the development and publication of The Collection Procedures which specify the process for taking and dealing with samples from licensed animals. The Racing Animal Welfare Integrity Board consists of four members who were appointed pursuant to section 116 of the *Racing Act*. The members were selected based on their qualifications or technical skills in either veterinary science, analytical chemistry, law or biological science.

During 2011–12 the Racing Animal Welfare Integrity Board:

- Conducted seven meetings and two racetrack visits to view sample collection facilities and procedures.
- Reviewed The Collection Procedures. The review aimed to identify possible non-compliance issues in the sample collection process and included feedback from both the control body and accredited facility. A new version of the procedures, Version 4, was approved and included revisions aimed to facilitate compliance with the collection process, whilst maintaining the integrity of the samples.
- Continued monitoring of domestic and international developments in the areas of animal welfare, drug control, biosecurity and racing regulation.
- Continued monitoring of the performance and functions of the integrity officer under the provisions of the *Racing Act 2002*.
- Continued monitoring of the quality and range of services for drug control relating to licensed animals in Queensland; and associated services that accredited facilities and secondary facilities provide.

Rejuvenating Queensland racing

Since 1 July 2010, the Queensland racing industry has been represented by one control body, Racing Queensland Limited. The government announced a commitment to re-establish separate code-specific control boards for each racing code—thoroughbred, harness and greyhound racing, along with a Queensland All Codes Racing Industry Board. The Queensland All Codes Racing Industry Board will be the strategic overarching board for racing in Queensland and will be the control body for the three codes of racing. In addition to its control body functions, it will be responsible for cross-industry issues such as industry funding and infrastructure needs. Each of the code-specific control boards will be responsible for assisting the Queensland All Codes Racing Industry Board and ensuring direct feedback on industry operations from participants in the industry is provided.

The government also announced a commitment to transfer appropriate integrity functions to government and remove restrictions on bookmakers to make them more competitive with bookmakers in other states.

Government funding for racing

The government made a commitment to make available \$110 million to improve infrastructure at racing venues throughout Queensland by redirecting 50 per cent of wagering tax into the Racing Industry Capital Development Scheme until 2014–15.

In 2012–13 the Racing Industry Infrastructure Plan will be reviewed to address the current state of infrastructure and ensure funding is delivered to areas that will meet future industry requirements. The government's investment in racing infrastructure will provide the industry with quality facilities to deliver a first-class product which is vitally important for the future growth of the industry. An example of these projects is the proposed upgrade to the Gold Coast Turf Club, which will see a significant upgrade to the racing surface ensuring quality racing year-round.

In addition to the investment into infrastructure, the government will also provide \$1 million per year over four years from 2012–13 for country racing and \$5 million over two years from 2012–13 towards the Queensland Thoroughbred Investment Scheme, which supports the state's thoroughbred breeding industry.

Measuring our performance

The measures in the following table are recorded in the former *Department of Employment, Economic Development and Innovation's Service Delivery Statement 2011–12* and are used by the department and the Queensland Government to gauge performance in some aspects of our business. They show the results from 1 July 2011 to 30 June 2012.

Service delivery statement or other measures	Notes	2011–12 Target/Estimate	2011–12 Actual
Proportion of racing audit, probity and inspection activities completed in accordance with annual program targets		90%	100%
Proportion of racing investigations completed within timeframes established in service delivery standards		95%	98%

Our people

The department recognises the importance of building and sustaining an agile and flexible workforce to meet current and future service delivery needs.

It continues to build a culture that values and embraces health and safety, leadership and management capability, performance management, diversity and encouraging work-life balance.

In 2011–12 the human resource (HR) policies, strategies and programs of the former Department of Environment and Resource Management (Queensland Parks and Wildlife Service), Department of Communities (Sport and Recreation Services) and Department of Employment, Economic Development and Innovation (Office of Racing) continued to apply.

A key focus of the 2012–13 financial year will be to prepare new policies and programs for the department that will enable the attraction, development and retention of a range of highly skilled employees focused on service delivery.

Workforce profile

As at 30 June 2012 the department employed 1457.65 full-time equivalent (FTE) employees of which approximately 85 per cent were permanent employees.

The following tables show a summary of the department's workforce profile (excluding staff on leave without pay and board members) as at 30 June 2012.

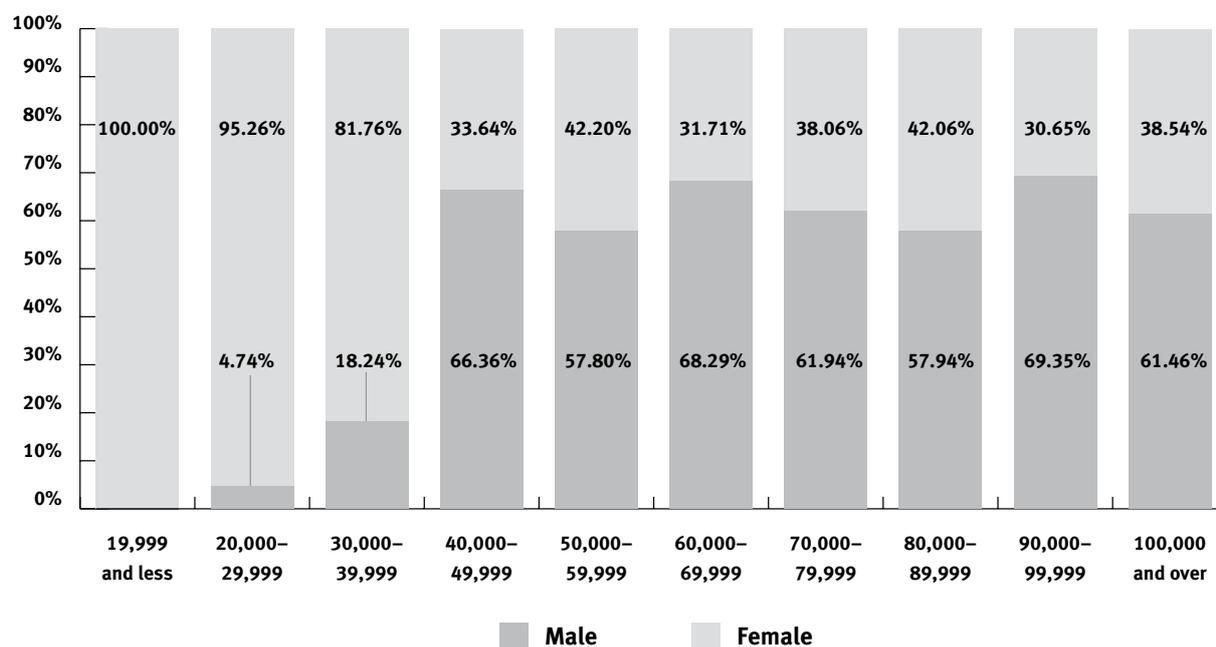
Total employee numbers by occupation

Occupational stream	Female	Male	Total
Administration	313.08	227.25	540.33
Operational	152.85	574.96	727.81
Professional	64.12	57.75	121.87
Technical	4.40	15.00	19.40
QAS coach	0.00	16.00	16.00
SES	2.00	4.00	6.00
SO	11.30	12.94	24.24
S122	0.00	2.00	2.00
Total	547.75	909.90	1457.65

Employee numbers by employment type

Employment type	FTE		FTE %		Total FTE	FTE %
	Female	Male	Female	Male		
Permanent	460.73	787.07	36.92	63.08	1247.80	85.60
Temporary	78.44	106.91	42.32	57.68	185.35	12.72
Contract	2.00	5.00	28.57	71.43	7.00	0.48
Casual	6.58	10.92	37.59	62.41	17.50	1.20
Total	547.75	909.90	37.58	62.42	1457.65	100.00

Annual earnings (FTE) by gender



Due to the complexity of machinery-of-government changes which came into effect on 1 May 2012, annual separation and retention rates for 2011–12 are unable to be calculated and may misrepresent actual long-term agency trends.

Workforce planning, attraction and retention

During 2011–12, a Strategic Workforce Framework was introduced to align the workforce objectives with the department's strategic plan and provide an authoritative reference for all workforce initiatives.

The framework correlated workforce challenges and enablers with strategies and plans and was used as a resource to facilitate workforce planning processes in the service areas. Strategies and plans included:

- Strategic Workforce Plan
- Learning and Organisational Development Strategy
- Health, Safety and Wellbeing Management Framework
- Employee Relations Strategy
- Aboriginal and Torres Strait Islander Cultural Capability Framework
- Project 2800 Strategy and Implementation Plan.

Selection panel member training was delivered across the state and provided selection panels with updated and contemporary recruitment and selection policy and practices. Inaugural training sessions for employees were delivered to increase their competitiveness for internal job opportunities.

The department continued to deliver employment programs that enable the attraction and retention of critical occupational groups. These strategies included graduate placements, cadetships for Indigenous tertiary students, Education to Employment (E2E) traineeships and industry placements.

Employee performance management framework

The department's employee performance management framework follows the Public Service Commission's outline and includes induction, probation, performance development, career planning and talent management, reward and recognition, unsatisfactory performance and discipline elements.

The framework enables managers and employees to clarify business priorities, set and review employees' performance and behavioural expectations, determine development needs and long-term career goals. The framework includes individual achievement and capability policy, processes and tools and training.

Induction

To welcome and inform new employees, the department offers both local and corporate induction programs, through face-to-face sessions and an online program. Induction programs provide information that helps new employees become more productive and valued members of the department. Induction involves learning about:

- the department and the employee's business unit
- terms of employment
- job requirements
- workplace health and safety
- ethical decision making and Code of Conduct
- working in government
- information privacy
- achievement and development planning.

Achievement and development planning

Achievement and development planning is mandatory for all permanent employees and all temporary employees who are engaged for six months or more.

Agreements and performance discussions between managers and individuals are conducted to assist individuals in understanding their performance objectives and alignment to business priorities.

Plans include a list of accountabilities and measures of success. Plans are also designed to support individuals to identify development needs and career and competency development planning. Reviews of individual plans provide formal and informal feedback on achievement against deliverables, key activities and success indicators.

Learning and organisational development

Learning and organisational development policies drive the focus of effort toward leadership, organisational culture, capability development and workforce sustainability.

A wide range of skills and training programs are available to staff to ensure clients receive the best services possible. In 2011–12, skills and training programs delivered included:

- community recovery training
- skills training in areas such as community consultation, investigation, financial management, and project and program management.

During 2011–12, the department continued building managers' and employees' capability through the delivery of the following training:

- performance management
- managing with confidence
- online achievement and capability planning.

Leadership and management development

The department continued to invest in building current and future leaders and managers by providing a suite of leadership and management development opportunities aligned with the capability framework including:

- 360-degree feedback services delivered to Senior Executive Service officers informing leadership development priorities.
- Emerging Leaders program. A leadership Alumni was established to provide opportunities for participants to continue their leadership development.
- Leading Change program to build senior leaders' capability to lead effective change initiatives across the department.

Supporting women's career development

Management programs provided a broad range of skill development in planning, finance, governance and people management and interpersonal skills. Programs delivered included:

- Public Sector Management Program
- Management Development Program
- Managing in Government
- Qualification training under the Certified Agreement (Recognition of Prior Learning Program).

The department is committed to increasing the representation of women throughout the organisation. Women comprise 37.6 per cent of the department's total workforce with 46.6 per cent of Senior Officer positions and 28.6 percent of Senior Executive Service positions held by women.

Representation of women in NPRSR

	Leave without pay	Paid/Active FTEs	Total
Female	44.30	547.75	592.05
Male	19.04	909.90	928.94
Total	63.34	1457.65	1520.99

The department promoted women's participation in a range of professional development activities, including:

- Women's Development Program—three women participated in the program.
- Emerging Leaders Program—women represented 52 per cent of participants in the program.
- Managing in Government Program—women represented 67 per cent of the participants.
- Aboriginal and Torres Strait Islander Education to Employment Program—66 per cent of the participants were women.

To commemorate International Women's Day on 8 March 2012, the department held celebrations across the state with a flagship event in Brisbane. The Brisbane function comprised a panel of women from across all levels and disciplines in the agency discussing women and leadership. The event launched a suite of women's initiatives such as Coaching for Senior Women, a professional development bursary for women and renewed a commitment to the Women's Development Program.

Reward and recognition

The work of staff was recognised through a number of awards programs. These programs recognised staff for their valuable contribution and commitment over the past 12 months to client focus, collaboration, diversity and innovation. In addition, to acknowledge meritorious service and the ongoing commitment of individual employees to the department and the Queensland Government, service recognition certificates were presented to employees who reached significant employment milestones, such as 20, 30 and 40 years of service.

Promotion of work-life balance

The department fostered a culture of workplace flexibility through the implementation of HR policies and practices supporting flexible working arrangements. These policies were promoted to job candidates and internal employees through the department's intranet, management development programs, HR information sessions and the provision of advice by the business management and HR support areas.

These policies contain provisions and options that enable the management of work and life responsibilities including flexible work hours, compressed hours arrangements, part-time work, telecommuting, purchased leave and breastfeeding at work.

Industrial and employee relations

The Agency Consultative Committee (ACC) is a joint union/employer committee. Its functions include:

- The implementation of the agreed training agenda in the agency.
- Proposals to vary the Classification and Remuneration System (including progression arrangements).
- Dispute resolution.
- Facilitation of the effective management of industrial issues including consultation.
- Review of the use of temporary and casual employment.
- Agency implementation of other aspects of the certified agreement.
- Salary packaging.

The ACC was established to facilitate workplace consultation and communication on issues identified in the Certified Agreement, in particular:

- As the principal consultative body for unions and management.
- To oversee the management and implementation of the initiatives in the agreement.
- To facilitate the cooperative arrangements envisaged in the agreement.

The ACC worked cooperatively with Together Queensland, the industrial union of employees, and the Australian Workers' Union, to successfully meet the required obligations under the core State Government Departments' Certified Agreement (EB6) which has a nominal expiry date of 31 July 2012.

In 2011–12, in partnership with Together Queensland and the Australia Workers' Union a range of department-specific initiatives were progressed including enhanced employment conditions, workload management reviews and workforce strategy and planning activities.

Union/management consultative arrangements for the department are regularly reviewed to ensure arrangements continue to support meaningful consultation between unions and management at a local, regional and departmental level.

The Northern Regional Forum continued to meet during the reporting period. This forum was established specifically for Queensland Parks and Wildlife Service (QPWS) rangers and managers to deal with regional issues.

Promotion of safer and healthier workplaces

The department continued to implement key elements of the Workplace Health and Safety Framework.

The implementation of the Safer and Healthier Workplaces Strategy 2007–2012 was supported by:

- Implementing a service delivery model with eight core safety, wellbeing and injury management functions which align to the performance criteria of the strategy.
- Establishing safety, wellbeing and injury management teams in each region, focusing on frontline services.
- Reviewing health, safety and wellbeing policies and procedures to ensure best practices are an integral part of conducting the department's business.

Workplace Health and Safety (WHS) governance was the main focus of this implementation with significant review and reform of policy, procedure and systems occurring in areas such as risk management, incident management, field operations and WHS audit and assessments.

Injury and illness management continued to be a high priority area with a focus on early returns-to-work in an effort to reduce costs of employee injury and illness (work and non-work related).

The department continued to focus on health and wellbeing initiatives making available a range of opportunities for employee participation. These whole-of-department initiatives included:

- Free influenza vaccination program.
- Healthy lifestyle lunchbox sessions.
- Participation in the Queensland Corporate Games, Bridge to Brisbane Fun Run and Bike Week.
- Education sessions on mental health and wellbeing, including training in mental health first aid.
- Weight Watchers at work programs for staff.
- Implementation of smoke-free work environments in departmental workplaces and a Quit Smoking program for staff.

The department is committed to a zero tolerance approach to workplace bullying and harassment. All employee complaints are treated seriously and handled in accordance with departmental policy and procedure. Where employee complaints of bullying and harassment raise a suspicion of official misconduct they are referred to the Crime and Misconduct Commission.

Early retirement, redundancy and retrenchment

No early retirement packages, redundancy or retrenchment packages were paid to employees during the reporting period.

Voluntary Separation Program

A Voluntary Separation Program (VSP) was introduced as part of the Mid-Year Fiscal and Economic Review in January 2011. This program was one of a number of measures designed to deliver additional savings and reprioritise spending. The program was targeted primarily at non-frontline areas, as a service reprioritisation strategy to ensure continued growth in frontline areas. The former departments sought expressions of interest from all permanent staff in non-frontline roles. Offers were made to eligible employees based on their position as well as the date they commenced as a permanent employee with the department. No VSPs were paid to employees during the reporting period.

Managing our business

The department has established corporate governance systems to direct, manage and control the organisation's business. These systems ensure that the delivery of departmental services is undertaken in an efficient, effective and sustainable way. The department is committed to achieving high levels of accountability, transparency and rigour in all its processes. It achieves this by:

- Having appropriate decision-making bodies in place.
- Managing performance and minimising risks.
- Enhancing public confidence through building relationships with clients.
- Meeting ethical and regulatory obligations.

Corporate governance principles are based on the *Public Sector Ethics Act 1994* and the Financial and Performance Management Standard 2009. These are integrity, diligence, economy and efficiency and accountability.

The department obtains information about its operational and financial performance through its performance management framework, governance structure and financial systems.

The performance management framework includes the strategic plan, annual report, service delivery statement, key business performance measures and targets and also a structured risk-assessment process.

Governance committees

These committees are the core of the department's governance arrangements and oversee all major activities and areas of decision making.

Executive Management Team

The Executive Management Team (EMT) is responsible for the overall management, administration and strategic direction of the department. It advises and supports the Director-General and assists him to meet his statutory responsibilities under the *Financial Accountability Act 2009*. EMT uses financial reports, business performance and human resources management reports for this purpose. It is assisted by:

- Finance Committee
- Audit and Risk Committee
- Workplace Health and Safety Committee.

Finance Committee

The Finance Committee was established in April 2012, following machinery-of-government changes.

The committee acts as an advisory sub-committee of the Executive Management Team providing input and advice on the department's financial resources and making recommendations to EMT on a range of financial management and reform issues.

The committee's role is to:

- Monitor and initiate appropriate action in relation to the nature and amount of funding available for future programs.
- Maintain a strong financial management culture within the department through the continuing development of communication, training, and information and reporting strategies for staff at all levels of the department.
- Ensure the department's financial resources are focused towards the achievement of its priority business objectives.
- Increase the understanding within the department of the nexus between operational and financial performance through enhanced management reporting.

The committee achieves this through:

- An EMT-approved internal Budget Allocation Model.
- Review and recommendation, for EMT approval, of internal budget allocations in accordance with the approved Budget Allocation Model.
- Monitoring the departmental budget position and making appropriate amendments to budget allocations as required throughout the year.
- Identification of budget and other financial reforms required for effective financial management within the department.

Audit and Risk Committee

The Audit and Risk Committee was established in April 2012, following machinery-of-government changes, to meet the requirements of the Financial and Performance Management Standard 2009 (s. 35). It will commence operation from July 2012 and will meet at least four times in the 2012–13 financial year. The committee will observe the terms of its charter having due regard to the *Audit Committee Guidelines: Improving Accountability and Performance* issued by Queensland Treasury in June 2012.

The Audit and Risk Committee will support the Director-General in discharging his responsibilities under the *Financial Accountability Act 2009*. It will give independent advice to the Director-General on matters including corporate governance practices, risk management, financial reporting and internal control systems.

The Audit and Risk Committee will act as a forum for dialogue between the Director-General, senior management, Internal Audit and the Queensland Audit Office.

The functions and role of the Audit and Risk Committee do not diminish the statutory and regulatory duties and responsibilities of the Director-General, nor do they detract from management's responsibilities in relation to corporate governance, internal control, fraud prevention and risk management.

The Director-General will chair the Audit and Risk Committee and membership will consist of the following members:

John Glaister (Chair)	Acting Director-General National Parks, Recreation, Sport and Racing
Bob McDonald (external member)	Senior Director Assurance and Risk Advisory Services, Queensland Health
Aaron Broughton	Senior Director Office of the Director- General, National Parks, Recreation, Sport and Racing
Andrea Leverington	Deputy Director-General (National Parks) National Parks, Recreation, Sport and Racing
Ben Klaassen	Acting Deputy Director-General (Sport and Recreation), National Parks, Recreation, Sport and Racing
Mike Kelly	Executive Director (Racing) National Parks, Recreation, Sport and Racing

Workplace Health and Safety Committee

The Workplace Health and Safety Committee was established in April 2012, following machinery-of-government changes. It will commence operation from 1 July 2012 and will meet a minimum of four times during the 2012–13 financial year to discuss and resolve the workplace health and safety issues and interests of the department. The committee will also set strategic objectives and provide leadership and direction for the department's workplace health and safety program.

The inaugural meeting is scheduled for August 2012.

Strategic planning and performance management

Strategic Plan 2012–16

The strategic plan sets the department's direction for the next four years and guides the prioritisation of its resources. Through achieving corporate objectives the department contributes to the Queensland Government's objectives for the community.

The strategic plan will be reviewed annually to assess progress against the specified objectives and identify whether any changes in the external environment require any adjustments to the plan.

Managing our performance

The department's strategic objectives and performance indicators are delivered through its service areas—National Parks, Recreation and Sport, and Racing. Supporting the strategic plan, business planning identifies the department's service priorities each year. Regular performance reporting enables the department to monitor its progress in achieving its objectives, while ongoing processes are in place for evaluating and managing current and future risks faced by the department.

Managing our risk

Risk management is an essential tool in corporate governance and an integral part of the department's performance management processes. Whilst all staff are expected to manage risks related to their work—the Director-General supported by the Executive Management Team—has primary responsibility for ensuring that those risks which may affect the department achieving its objectives and strategies are identified, assessed, treated and monitored.

The risk management policies and procedures of the former Department of Environment and Resource Management (Queensland Parks and Wildlife Service), Department of Communities (Sport and Recreation Services) and Department of Employment, Economic Development and Innovation (Office of Racing) will remain in force until they are replaced by policies and procedures for the new department.

The Audit and Risk Committee monitors and advises on the department's risk management system in accordance with section 28 of the Financial and Performance Management Standard 2009.

The 2012–13 risk management priorities include:

- Identifying strategic and operational risks.
- Developing a departmental risk management policy and related procedures.
- Integrating risk management with organisational planning and performance reporting.

Building client relationships

To achieve its vision and objectives, the department actively engages and collaborates with its clients.

The department works collaboratively with other organisations that have a role or interest in the department's responsibilities. This includes the Commonwealth Government, other state governments, Queensland Government agencies, local governments, environmental authorities, sport and recreation bodies, racing entities, industry, conservation and special interest groups, landholders and the general community. The department uses numerous communication channels to build and maintain its relationships with clients and other interested parties, and to receive feedback and suggestions about its activities and direction.

Meeting ethical and regulatory obligations

The department has internal accountability mechanisms in place to ensure it operates effectively and transparently. The department has established systems and processes to audit its programs, reduce risks and safeguard against fraudulent activity and ensure business continuity.

Ethical behaviour

During the reporting period the Queensland Public Service Code of Conduct was made available to all employees on the department's intranet and to the public on the department's website. The code has been integrated into a range of departmental systems, planning processes and practices, as well as training options.

Since July 2011, Code of Conduct and ethical decision-making training has been available for Sport and Recreation and Racing service area employees and National Parks staff are scheduled to undertake the training from July 2012.

National Parks service area—the code and ethical principles were integrated into the department's policies and procedures and a range of resources were developed to support and reinforce ethical behaviour. Managers and staff undertook a range of workshops on supporting ethical behaviour in the workplace.

Recreation and Sport service area—the strategic plan identified integrity as a core organisational value and human resource policies and procedures focused on enhancing the capability and integrity of staff.

Racing service area—good governance, accountability, and integrity measures were incorporated into business planning templates and performance and capability plan templates were enhanced to include ethical behaviour. A policy and procedure on how the code needs to be applied was made available to staff. Online tools and resources, as well as support networks, helped managers meet their ethical responsibilities and build staff awareness. Tailored ethics training was delivered to Senior Executive Service officers.

A key focus in 2012–13 will be the development of an integrated approach within the department by incorporating ethical principles into planning, systems, policies, procedures and performance measures.

Internal audit

Following machinery-of-government changes, a Corporate Partnership Agreement was developed to support a collaborative approach for the delivery of corporate services across six departments, namely Agriculture, Fisheries and Forestry; Tourism, Major Events, Small Business and the Commonwealth Games; Natural Resources and Mines; Energy and Water Supply; Environment and Heritage Protection; and National Parks, Recreation, Sport and Racing. The Queensland Government Internal Audit Service (QGIAS) was formed following endorsement by the six directors-general. The appointment of a Head of Internal Audit (HIA) was approved by the Queensland Treasurer in June 2012 with a condition that a formal review of the shared HIA arrangement be undertaken no later than 31 March 2013, to assess whether QGIAS is operating efficiently, effectively and economically.

QGIAS will provide independent assurance and advice to the Director-General, senior management and the Audit and Risk Committee. It will enhance the department's corporate governance environment through an objective, systematic approach to evaluating the effectiveness and efficiency of corporate governance processes, internal controls, risk assessment and management practices. This is in keeping with the role and responsibilities detailed in the *Financial Accountability Act 2009*.

In 2012–13, QGIAS will report to the Audit and Risk Committee on a quarterly basis.

The role, the operating environment and the operating parameters of the QGIAS will be established in the Internal Audit Charter having due regard to the professional standards and the *Audit Committee Guidelines: Improving Accountability and Performance* issued by Queensland Treasury in June 2012.

The internal audit activities will be undertaken having regard to the International Standards for the Professional Practice of Internal Auditing and the Queensland Treasury's *Audit Committee Guidelines: Improving Accountability and Performance* issued by Queensland Treasury in June 2012.

The QGIAS function is independent of management and external auditors.

Business continuity management

Business continuity management is the proactive approach whereby the department provides the essential processes and resources to ensure that critical business objectives continue to be met following any disruption to business operations.

The business continuity management process identifies the critical business processes and information systems which cannot be interrupted or made unavailable for a period of time without exposing the department or business unit to a significant level of risk.

As at 30 June 2012 the department was developing a business continuity plan to accommodate its diverse portfolio.

Red tape reduction

The department is committed to reducing red tape and working with business and industry, while maintaining high governance standards. During the reporting period, the department successfully:

- Streamlined the assessment of scientific research permissions by distributing a new combined Assessment Report to Delegate, replacing several disparate forms and processes.
- Undertook a review of Commercial Activity Permits within the Queensland Parks and Wildlife Service. The review aimed to identify permit types which can be consolidated, and/or moved to lower-level permit arrangements, made geographic or scale exemptions. A report of Commercial Activity Permits was completed to assist legislative review.

In addition, the department is:

- Investigating a simplified alternative to Group Activity Permits for medium to large groups on protected areas (e.g. schools, large camping parties and recreational user groups) to cut unnecessary paperwork for applicants and reduce processing time for staff.
- Modifying internal processes to simplify approval for educational tours, excursions and camping visits to national parks and recreation areas conducted by more than 350 schools per year.
- Recommending a series of regulatory amendments to invoice requirements for Commercial Activity Permits and Agreements. This will result in improved efficiencies and financial management for commercial tour operators and for the department.
- Identifying possible changes to legislation to enable single Commercial Activity Agreements to be issued for major commercial tourism organisations that require permits to access protected areas, state forest, recreation areas and marine parks. This will significantly reduce the red tape burden on tour operators.

Streamlining acquittal processes for not-for-profit sport and recreation organisations for grants equal to or less than \$10,000. The amended processes will apply to current and future sport and recreation programs and will reduce the administrative burden on organisations which are largely run by volunteers.

Exploring options for grant recipients to report project outcomes online. This would reduce the time and resources involved for organisations to meet their reporting requirements.

It is anticipated that these simplified processes will be in place by mid to late-2012. Reducing the red tape will not only reduce the burden on clients but will also reduce administrative processing time for staff, meaning they can focus more effectively on frontline service delivery.

Business and Corporate Partnership Board

The Business and Corporate Partnership Board (the Board) is comprised of the directors-general of the departments of Agriculture, Fisheries and Forestry; Tourism, Major Events, Small Business and the Commonwealth Games; Natural Resources and Mines; Energy and Water Supply; Environment and Heritage Protection; and National Parks, Recreation, Sport and Racing; as well as a representative from the Public Service Commission and three Heads of Corporate.

The Board is collectively responsible for the long-term performance, business success and timely delivery of departmental key priorities within the Business and Corporate Partnership (the Partnership). Its role is to provide leadership and set the strategic direction of the Partnership to enable it to meet its goals and objectives.

The Partnership delivers direct corporate services and business programs to support and reshape partnering agencies to deliver on government priorities. Under this model the focus is on ensuring economies of scale, service integration, consistent service delivery, scalability, flexibility and responsiveness.

The Partnership operates through three Corporate Hubs embedded in the departments of Agriculture, Fisheries and Forestry; Natural Resources and Mines; and Environment and Heritage Protection. Each Hub is managed by a Head of Corporate who is responsible for delivering a set of core (to the host and one adjunct agency) services and a selection of cooperative (to all six partnering agencies) services.

Contact us

You can contact the Department of National Parks, Recreation, Sport and Racing at:

Head office

111 George Street
Brisbane Qld 4000

Post

PO Box 15187
City East Q 4002

Website

www.nprsr.qld.gov.au

Regional offices

NPRSR has a network of regional offices and business centres located throughout Queensland. To confirm that the services or products that you require are available from your local business centre, please telephone 13 QGOV (13 74 68).

Queensland Parks and Wildlife Services

Queensland Parks and Wildlife Service (QPWS) delivers recreation, tourism and conservation services for the Queensland Government's parks and forest estate.

For general parks or wildlife enquiries, Connect with Nature activity bookings and camp site bookings, phone 13 QGOV (13 74 68) or visit the website.

Sport and Recreation Services

Sport and Recreation Services focuses on providing policy, programs and services to achieve 'more Queenslanders participating in sport and active recreation'. Information about the services provided, can be found on the website.

Office of Racing

The Office of Racing provides a framework for the regulation of the Queensland racing industry, leading to improved integrity and public confidence that the industry is being operated in an accountable and responsible manner. Details about services provided can be found on the website.

Appendix 1

Legislation

Administered by the Department of National Parks, Recreation, Sport and Racing

- *Brisbane Forest Park Act 1977*
- *Eagle Farm Racecourse Act 1998*
- *Fisheries Act 1994*
(as it relates to fish habitat areas)
- *Forestry Act 1959*
(jointly administered with the Minister for Agriculture, Fisheries and Forestry)
- *Major Sports Facilities Act 2001*
- *Marine Parks Act 2004*
- *Mt. Gravatt Showgrounds Act 1988*
- *Nature Conservation Act 1992*
(to the extent that it is relevant to the management of the protected area estate and forest reserves, excluding nature refuges)
(jointly administered with the Minister for Agriculture, Fisheries and Forestry and Minister for Environment and Heritage Protection)
- *North Stradbroke Island Protection and Sustainability Act 2011*
(except to the extent relevant to matters administered by the Minister for Natural Resources and Mines)
- *Racing Act 2002*
- *Racing Venues Development Act 1982*
- *Recreation Areas Management Act 2006*
- *Sports Anti-Doping Act 2003*

Acts repealed in 2011–12

No Acts were repealed in 2011–12.

Legislation passed in 2011–12

- *Major Sports Facilities Amendment Act 2011.*

Appendix 2

Government boards, committees and statutory authorities

Statutory authorities

Class and name	Entity	Constituting Act	Control of funds	Annual reporting arrangements
Mt Gravatt Showgrounds Trust	Statutory body	<i>Mt. Gravatt Showgrounds Act 1988</i>	Controls own funds	Annual report to Parliament
Trustees of Parklands Gold Coast	Statutory body	<i>Racing Venues Development Act 1982</i>	Controls own funds	Annual report to Parliament
Stadiums Queensland	Statutory body	<i>Major Sports Facilities Act 2001</i>	Controls own funds	Annual report to Parliament

Boards and committees

Name of board/committee	Roles, functions, responsibilities and achievements	Total remuneration and on-costs
Cape York Peninsula Regional Protected Area Management Committee	Provides advice to the minister about matters relating to protected areas in the Cape York Peninsula region. Meets and operates as a forum to address in particular Indigenous employment, management planning and resourcing for management of protected areas in the Cape York Peninsula region.	\$0
Field Management Operations Group	Provides a key decision making forum for operational matters in the Great Barrier Reef Marine Park and World Heritage Area.	\$0 No fees payable.
Field Management Strategy Group	Provides a key decision making forum for strategic governance in the Great Barrier Reef Marine Park, Great Barrier Reef Coast Marine Park (State), island national parks and world heritage area.	\$0 No fees payable.
Northern Tourism Industry Forum	Provides advice to the minister on the management of tourism activities on the department's estate in the northern region, through the Statewide Tourism Industry Forum. Also provides ongoing communication between the tourism industry and relevant stakeholders.	\$0 No fees payable.

Name of board/committee	Roles, functions, responsibilities and achievements	Total remuneration and on-costs
Statewide Tourism Industry Forum	Facilitates communication between the Queensland Parks and Wildlife Service and the tourism industry relating to statewide issues affecting tourism management in protected areas, forests and marine parks. Examines and provides resolution to strategic or statewide issues in protected areas, forests and marine parks.	\$5830 No sitting fees payable.
Waanyi Ministerial Advisory Committee	Provides advice to the minister on the management of Boodjamulla (Lawn Hill) National Park, including the protection and preservation of cultural values.	\$49.50
Whitsunday Tourism Industry Forum	Provides advice to the minister through the statewide Tourism Industry Forum. Facilitates ongoing communication between the tourism industry and relevant stakeholders.	\$0 No fees payable.
Wooroonooran Indigenous Working Group and Steering Committee (comprises four traditional owner groups)	Provides advice to the Queensland Parks and Wildlife Service on the Wooroonooran National Park Management Plan in the Wet Tropics region and also oversees the development of the management plan.	\$0 No fees payable.
Yalanji ILUA Implementation Operational Committee	Ensures that proposals in the Indigenous Land Use Agreements (ILUAs) are implemented. The committee is now part of the Yalanji ILUA Steering Committee.	\$0 No fees payable.
Yalanji ILUA Steering Committee	Oversees the implementation of the proposals in the Indigenous Land Use Agreements (ILUAs) negotiated during mediation of the Eastern Yalanji Native Title.	\$0 No fees payable.
Queensland Academy of Sport Board	Responsible for developing policy and overseeing the overall direction of the Queensland Academy of Sport. In 2011–12, the board continued to oversee the strategic direction of the academy in the lead up to the 2012 Olympic Games.	\$27,782
Suncorp Stadium Management Advisory Committee	Reports to the commercial operator of Suncorp Stadium. It was established as a requirement of the development approval for the redevelopment of Suncorp Stadium and is required for stakeholder and community relations. In 2011–12, the committee provided advice to the stadium operator to assist in managing the impact of events on the local area.	\$0 No remuneration.
Toowoomba Sports Ground Advisory Committee	Established in 2010–11 to provide advice and input to the operation and future activities of the Toowoomba Sports Ground.	\$0 No remuneration.

Name of board/committee	Roles, functions, responsibilities and achievements	Total remuneration and on-costs
Racing Animal Welfare and Integrity Board (Advisory)	<p>Established under the <i>Racing Act 2002</i> and provides advice on a range of matters relating to regulating activities associated with drug control and animal welfare in the racing industry.</p> <p>Also responsible for publishing collection procedures that outline the process for taking and dealing with samples for analysis from licensed racing animals.</p> <p>Monitors, advises and proposes recommendations to the department about:</p> <ul style="list-style-type: none"> • policies of each control body about the welfare of licensed animals and other matters affecting integrity • performance and functions and exercise of powers by integrity officers • quality and range of services for drug control and associated services • other matters referred by the chief executive. 	\$5039

Appendix 3

External scrutiny

This section provides information about significant external audits and review undertaken during the 2011–12 financial year.

Building Integrity Program

The Crime and Misconduct Commission (CMC) provided its draft Integrity Profile Report on 28 June 2012 for the Building Integrity Program. The CMC's evaluation of the department examined:

- integrity related policies and procedures (Integrity Framework)
- complaints handling processes
- staff perspectives based on survey results.

The CMC noted the department's strong Integrity Framework and complaints handling ratings. The department will implement recommended actions to further improve its processes. The CMC intends to prepare a summary report on the outcomes of the Whole of Public Sector Building Integrity Program for general publication.

Auditor-General of Queensland Report 5: 2012 Results of audits: Internal control systems.

The Report to Parliament summarised results from the interim phase of the 2011–12 financial audits.

The report contained the results of audits in relation to the effectiveness of financial and fraud controls.

Recommendations from the report included:

1. All public sector entities should document their internal financial control framework and systemically assess its effectiveness.
2. Departments should establish fraud control plans targeted to their specific fraud risks.
3. Departments should establish guidance for staff as to what procurement methods should be employed for the different types of expenditure processed, following a risk assessment that includes consideration of fraud risk and the cost-effectiveness of control.
4. Departments should regularly review their financial delegations with a view to limiting them to only those employees who require it as part of their normal roles and responsibilities.
5. Departments should review their record keeping activities especially over electronic financial transactions, to maintain appropriate documentation trails.
6. Departments should provide specific fraud training to staff, customised to their particular fraud risks.
7. Departments should establish detailed analytical review or data mining procedures as a fraud detection countermeasure function of either internal audit or their finance function.

The report was tabled in the Legislative Assembly on 28 June 2012. The department will implement the recommendations outlined in this report which is available on the Queensland Audit Office website www.qao.qld.gov.au.

Strengthening internal controls

In early 2012, a whole-of government program commenced to strengthen the internal controls of all departments and, in doing so, strengthen the position of the Queensland Government against fraudulent activity.

As part of this program, a number of measures to strengthen internal controls in procurement, finance and recruitment were identified across government and prioritised for immediate, medium and long-term action. All departments were asked to review their internal systems and processes and reports on the implementation of these measures have been provided to the Department of the Premier and Cabinet.

The department has taken steps to enhance its internal control processes through a review of vendors, payment methods and financial delegations and have contributed to a whole-of-government training initiative to promote awareness of the need for strong internal controls within the business. This awareness training will be made available to all staff during 2012-13.

Appendix 4

Additional published information requirements

In addition to the information found in this annual report, the department has produced a report on a range of administrative functions that can be found at www.nprsr.qld.gov.au.

Topics found in this additional report are:

- Information systems and recordkeeping
- Consultancies
- Overseas travel
- Carbon emissions
- Waste management and recycling
- Initiatives for women
- *Carers (Recognition) Act 2008*
- Right to information
- Aboriginal and Torres Strait Islander matters (The Queensland Government Reconciliation Action Plan 2009–2012)
- Queensland Multicultural Policy—Queensland Multicultural Action Plan 2011–12.

These topics were provided in previous years' annual reports but are being reported separately for the 2011–12 financial year.

Appendix 5

Report on administration of *Marine Parks Act 2004*

The *Marine Parks Act 2004* provides for the conservation of Queensland's marine environment by implementing a comprehensive range of management strategies including the declaration of marine parks and the establishment of zones, designated areas and highly protected areas within the parks. These management arrangements are formalised through the gazettal of zoning plans and the development of management plans.

Public authorities and other interested groups, including Aboriginal and Torres Strait Islander communities, are encouraged to assist in managing marine parks and to further the public's appreciation, understanding and enjoyment of the marine environment.

The *Marine Parks Act 2004* aims to achieve a coordinated and integrated approach with other environment conservation legislation, and recognises the cultural, economic, environmental and social relationships between marine parks and their adjacent lands and waters.

Australia's international responsibilities and intergovernmental agreements are important considerations in park management. Marine parks extend across areas adjacent to the Queensland coast which are under the control of both the Commonwealth and state governments. Both governments have agreed that as far as practicable, in conserving marine parks, state legislation will be in line with the relevant Commonwealth legislation.

Marine parks are multiple-use areas providing for a range of activities and visitor opportunities and the zoning plans prescribed under the Act specify the types of uses and management measures.

Three marine parks have been declared under the Act with corresponding zoning plans established—Great Barrier Reef Coast Marine Park, Great Sandy Marine Park and the Moreton Bay Marine Park.

The plans and regulations that support this legislation are:

- Marine Parks (Declaration) Regulation 2006
- Marine Parks (Great Barrier Reef Coast) Zoning Plan 2004
- Marine Parks (Great Sandy) Zoning Plan 2006
- Marine Parks (Moreton Bay) Zoning Plan 2008
- Marine Parks Regulation 2006.

Amendments

Marine Parks Act 2004

No amendments were made to the *Marine Parks Act 2004* in 2011–12.

Marine Parks Regulation 2006

Three amendments were made to the Marine Parks Regulation 2006 in 2011–12.

The first amendment, made by the Environment and Resource Management Legislation Amendment Regulation (No. 1) 2011, updated regulatory fees for conducting a commercial whale watching program.

The second amendment, made by the Marine Parks Amendment Regulation (No. 1) 2011:

- Extended the circumstances for which accreditation may be given to management arrangements and authorisation process.
- Amended the decision-making criteria for marine park permissions in line with the review of the *Great Barrier Reef Marine Park Act 1975*.

The third amendment, made by the National Parks, Recreation, Sport and Racing Legislation Amendment Regulation (No. 1) 2012, updated regulatory fees for conducting a commercial whale watching program.

The Marine Parks (Declaration) Regulation 2006

No amendments were made to the Parks (Declaration) Regulation 2006 in 2011–12.

The Marine Parks (Great Barrier Reef Coast) Zoning Plan 2004, Marine Parks (Great Sandy) Zoning Plan 2006 and Marine Parks (Moreton Bay) Zoning Plan 2008 were all amended by the Marine Parks (Zoning Plans) Amendment Zoning Plan (No. 1) 2011. The amendments clarified what is considered to be a bait net and specified the type of fish species that cannot be taken by commercial bait netters in marine park conservation park zones.

Funding

The Queensland Government contributed \$8.24 million to the field management program (FMP) for the Great Barrier Reef (GBR) in 2011–12.

After receipt and allocation of Commonwealth funding, the department's combined recurrent and capital budget allocation in 2011–12 was \$14.23 million for the GBR FMP. Only a portion of this total is spent on state marine parks. The FMP operates across the federal GBR marine park, the state GBR coast marine park, island national parks and federal islands.

An annual budget of \$2.047 million (operating) was allocated to administer the Marine Parks Act in the Moreton Bay Marine Park. This included \$1.164 million towards the creation of six artificial reefs in the marine park

Management plans

Sections 29–33 of the Marine Parks Act outline the processes for developing marine park management plans. The minister must give public notice and invite submissions on the plans.

Marine parks sit adjacent to a number of national parks with both these areas sharing similar management issues. To enable improved management parts of the marine park have been included within the management planning process for national park resulting in a joint Marine Parks Act and *Nature Conservation Act 1992* management plan.

Approved management plans with a marine park component are detailed in Table C. These areas have also been referenced in the report on the administration of the *Nature Conservation Act 1992*.

Permissions

The *Marine Parks Act 2004* provides for activities to be undertaken on marine parks by permission (permits and agreements) for varying periods. The Marine Parks Regulation 2006 outlines the administrative matters relating to the grant, amendment, suspension, cancellation, surrender and replacement of relevant authorities (permits, licences and written permissions) and the requirements applying to carrying out activities under a relevant authority provided for by the Act.

A summary of permissions granted, suspended or cancelled, and applications refused in 2011–12 and related information is given in Tables A and B.

Offences and enforcement

In 2011–12, 69 marine park penalty infringement notices were issued.

There were two prosecutions, with a total of four charges, conducted under the Marine Park Regulation 2006 in 2011–12.

Information supporting the report on the administration of the *Marine Parks Act 2004* in 2011–12

Table A—(Marine Parks Act 2004); State Only ¹ permissions (permits and agreements) granted, refused, and suspended or cancelled in the year to 30 June 2012.							
Category	Permits current as at 30/6/12	Applications received	Applications refused	Permits issued	Permits suspended, revoked or cancelled	Internal review	External review
Tourist program	174	30	2	61		1	1
Educational program	23	5		7			
Research	84	17		38	1		
Harvest fishery	13	6		6			
Whale watching	2	2		2		2	
Transfer service	16			15			
Operate an aircraft	2			1			
Mooring							
Media activity							
Operate a facility	10	2	2	1			
Dredging	1						
Spoil disposal							
Coastal works (minor) processed by QPWS ² .	33	10		8			
Coastal works (major) processed by Dept of Environment and Heritage Protection	16			16			
Aquatic event		20		20			
Filming/ photography	1	17		6			
Collecting (commercial and recreational)	3			2			
Aquaculture	4			1			
Vessel charter	16			4			
Other	20	18		28	2		
Commercial activity agreement	21	8		6		2	
Total	439	135	4	222	3	5	1

Notes:

1. State Only Marine Parks Act permissions relate to the Great Barrier Reef Coast Marine Park, Great Sandy Marine Park and Moreton Bay Marine Park.
2. State Only Marine Parks Act permissions for major coastal works were administered by Department of Environment and Heritage Protection—Environmental Services for 2011–12.

Additional information:

1. Tourist programs include: scuba diving, fishing, vessel cruising/roving, vessel charter, snorkelling, sea plane tours.
2. Educational program (collecting)—school activities e.g. intertidal flora and fauna.
3. Harvest fisheries—commercial fishing, not ‘collecting’.
4. Whale watching—includes two permits for Moreton Bay Marine Park. There are also 17 Commercial Activity Agreements for Great Sandy Marine Park.
5. Transfer service (regular public transport only)—barges, ferries, aircraft (timetable).
6. Operate an aircraft—one-off activities, not sea plane tours, not regular transfer services.
7. Operate a facility e.g. tourist pontoon.
8. Marine park works:
 - (a) Minor: dredging, construct/repair pontoon, construct/repair rock wall, construct artificial reef, dispose of spoil.
 - (b) Major: port facilities, harbour developments, pipelines, reclamation, remove mangroves.
9. Aquatic event—‘organised’ events e.g. boat race, triathlon.
10. Filming/photography—commercial filming/photography, TV commercials, advertising, major film/documentary/series productions.
11. Collecting—commercial collecting of marine flora and fauna, e.g. bloodworms, aquarium fish, sea stars, beach worms.
12. Other e.g. aquatic event, barge services (freight).

Information supporting the report on the administration of the *Marine Parks Act 2004* in 2011–12

Table B—(Marine Parks Act 2004); State–Commonwealth Joint Marine Park permissions (permits and agreements) granted, refused, and suspended or cancelled in the year to 30 June 2012.

Category	Permits current ² as at 30/6/12	Applications received	Applications refused	Permits issued	Permits suspended, revoked or cancelled	Internal review	External review
Tourist program	823	194	3	146	107		
Harvest fishery	21	35		23			
Mooring	273	122		111			
Educational program	40	28		17			
Research	217	21	1	12	4		
Operate a facility	302	13		11	2		
Minor works processed by QPWS (dredging, spoil disposal, other works) ³	8	4		4			
Major works	3	2		3			
Barge landing operation	21	15					
Aquatic event							
Filming/ photography							
Vessel notification approval	725	155	3	119			
Other	154	78	2	55	11		
Total	2587	667	9	501	124	0	0

Notes:

1. 'Joint' Marine Parks Act permissions relate to the Great Barrier Reef Marine Park where permissions are issued jointly by the State (QPWS) and GBRMPA.
2. Where permits are issued with multiple purposes/categories they have been counted in each category.
3. 'Joint' Marine Park Works permissions (dredging, spoil, other) in the Great Barrier Reef were administered by QPWS for 2011–12.

Additional Information:

1. Tourist programs include: scuba diving, fishing, vessel cruising / roving, vessel charter, snorkelling, sea plane tours.
2. Harvest fisheries—commercial fishing, not 'collecting' bloodworms, aquarium fish, sea stars, beach worms.
3. Educational program (collecting)—school activities e.g. intertidal flora and fauna.
4. Operate a facility e.g. tourist pontoon.
5. Aquatic event—'organised' events e.g. boat race, triathlon.
6. Filming/photography—commercial filming/photography, TV commercials, advertising, major film/documentary/series productions.

Table C—Management plans that include Marine Park (*approved 2011–12)

Approved management plans

Byfield Area and adjoining Great Barrier Reef Coast Marine Park Management Plan.

Cape Hillsborough, Pioneer Peaks, Mount Ossa, Mount Martin and Reliance Creek national parks and adjoining State Waters Management Plan.

Fitzroy Island National Park and Marine Management Area Management Plan.

Green Island Recreation Area, incorporating Green Island National Park, part of Cairns Marine Park (State) and part of the GBRMP (Commonwealth) and Green Island National Park management plans.

Holbourne Island National Park and adjoining State Waters Management Plan.*

Three Islands Group National Park and adjoining tidal lands within GBR Coast Marine Park Management Plan.*

Glossary of terms

Glossary

Term	Definition
clients	Individuals, groups or organisations with specific interest in and/or influence on the work of the department
Machinery-of-government change	An administrative change that affects the overall structure and functions of government agencies
Management plans	Statutory documents that provide an important source of clear management direction and priority actions for QPWS-managed areas
Management statement	A management tool providing guidance to park management.
Park and forest estate	Includes national parks and other state-owned reserves (excluding nature refuges) gazetted (or proposed for gazettal) under the <i>Nature Conservation Act 1992</i> as well as State Forests and Timber Reserves gazetted under the <i>Forestry Act 1959</i> .
The Collection Procedures	Outline of the process for persons who are responsible for taking and dealing with things for analysis as required under section 143(3) and (4) of the <i>Racing Act 2002</i> . This may include, but is not limited to, blood, faecal material, hair, saliva, sweat, tissue, urine and vomit.

Acronyms

AS/NZS	Australian Standard/New Zealand Standard
CASRO	Committee of Australian Sport and Recreation Officials
CRG	CASRO Research Group
GBRMPPA	Great Barrier Reef Marine Park Authority
NATA	National Association of Testing Authorities
NESC	National Elite Sports Council
NDRRA	Natural Disaster Relief and Recovery Arrangements
NISA	National Institute System Intergovernmental Agreement
NSO	National Sporting Organisations
QAS	Queensland Academy of Sport
QPCYCA	Queensland Police Citizens Youth Welfare Association
QPWS	Queensland Parks and Wildlife Service
SEQ	South East Queensland

Department of National Parks, Recreation, Sport and Racing

Financial Statements

for the financial reporting period ended 30 June
2012

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General information

These financial statements report on the financial results for the Department of National Parks, Recreation, Sport and Racing for the financial year 1 May 2012 to 30 June 2012.

This Queensland Government department was established under the *Public Service Act 2008* as a result of *Public Service Departmental Arrangements Notice (No. 1) 2012* dated 3 April 2012. It is controlled by the State of Queensland which is the ultimate parent.

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

Level 9
111 George Street
Brisbane Qld 4000

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

For information in relation to these financial statements please call (07) 3247 4497, email info@nprsr.qld.gov.au or visit the departmental internet site <http://www.nprsr.qld.gov.au/>.

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

**Department of National Parks, Recreation, Sport and Racing
Statement of Comprehensive Income
for the period ended 30 June 2012**

	Notes	<u>2012 \$'000</u>
Income from continuing operations		
Revenues		
Departmental services revenue	4	62,747
User charges, fees and fines	5	3,115
Royalties, property and other territorial revenue	6	117
Grants and other contributions	7	8,222
Other revenue	8	1,400
Gains		
Gain on sale of property, plant and equipment	9	35
Total revenues from continuing operations		<u>75,636</u>
Expenses from continuing operations		
Employee expenses	10	20,613
Supplies and services	12	20,733
Grants and subsidies	13	22,711
Depreciation and amortisation	14	9,523
Revaluation decrement	15	271,449
Other expenses	16	1,769
Total expenses from continuing operations		<u>346,798</u>
Operating result from continuing operations		<u>(271,162)</u>
Other comprehensive income		
Increase/(decrease) in asset revaluation surplus	29	-
Total other comprehensive income		-
Total comprehensive income		<u>(271,162)</u>

The accompanying notes form part of these statements

Department of National Parks, Recreation, Sport and Racing
Statement of Financial Position
as at 30 June 2012

	Notes	<u>2012</u> \$'000
Current assets		
Cash and cash equivalents	17	69,715
Receivables	18	7,499
Inventories	19	254
Other assets	20	<u>65</u>
		77,533
Non current assets classified as held for sale	21	<u>1,567</u>
Total current assets		<u>79,100</u>
Non current assets		
Property, plant and equipment	22	3,200,780
Intangible assets	23	<u>3,595</u>
Total non current assets		<u>3,204,375</u>
Total assets		<u>3,283,475</u>
Current liabilities		
Payables	24	55,408
Accrued employee benefits	25	2,263
Proposals and deposits	26	20
Other financial liabilities	27	166
Other liabilities	28	<u>642</u>
Total current liabilities		<u>58,499</u>
Non current liabilities		
Other financial liabilities	27	<u>1,367</u>
Total non current liabilities		<u>1,367</u>
Total liabilities		<u>59,866</u>
Net assets		<u>3,223,610</u>
Equity		
Contributed equity		3,494,772
Accumulated surpluses		(271,162)
Asset revaluation surplus	29	<u>-</u>
Total equity		<u>3,223,610</u>

The accompanying notes form part of these statements

**Department of National Parks, Recreation, Sport and Racing
Statement of Changes in Equity
for the period ended 30 June 2012**

	Contributed equity	Retained surplus	Asset revaluation reserve (note 29)	Total
	2012	2012	2012	2012
	\$'000	\$'000	\$'000	\$'000
Balance at 1 May 2012	-	-	-	-
Operating results from continuing operations		(271,162)	-	(271,162)
Transactions with owners as owners				
Equity injections (note 4)	957	-	-	957
Non appropriated equity withdrawal	(440)	-	-	(440)
Net transfer of assets/liabilities received via machinery-of-Government change (note 31)	3,494,255	-	-	3,494,255
Balance at 30 June 2012	3,494,772	(271,162)	-	3,223,610

The accompanying notes form part of these statements

**Department of National Parks, Recreation, Sport and Racing
Statement of Cashflows
for the period ended 30 June 2012**

	Notes	<u>2012 \$'000</u>
Cash flows from operating activities		
<i>Inflows:</i>		
Departmental services receipts		71,324
User charges		7,337
Grants and other contributions		4,358
Royalties, property and other territorial receipts		117
Other		2,829
<i>Outflows:</i>		
Employee expenses		(18,219)
Supplies and services		(22,491)
Grants and subsidies		(25)
Other		(506)
Net cash provided by (used in) operating activities	30	<u>44,724</u>
Cash flows from investing activities		
<i>Inflows:</i>		
Sales of property, plant and equipment		56
<i>Outflows:</i>		
Payments for property, plant and equipment and intangibles		<u>(10,407)</u>
Net cash (used in) investing activities		<u>(10,351)</u>
Cash flows from financing activities		
<i>Inflows:</i>		
Equity injections		469
Other inflows		58
<i>Outflows:</i>		
Borrowing redemptions		(197)
Equity withdrawals		(261)
Net cash provided by (used in) financing activities		<u>69</u>
Net increase (decrease) in cash and cash equivalents		34,442
Cash transfer machinery-of-Government	31	<u>35,273</u>
Cash and cash equivalents at end of reporting period	17	<u>69,715</u>

The accompanying notes form part of these statements

Department of National Parks, Recreation, Sport and Racing
Statement of Comprehensive Income by Major Departmental Services
for the period ended 30 June 2012

	Environment	Sport and Recreation Services	Science Agriculture Food and Regional Services	Total
	2012	2012	2012	2012
	\$'000	\$'000	\$'000	\$'000
Income from continuing operations *				
Revenue				
Departmental services revenue	62,747	-	-	62,747
User charges	2,188	293	633	3,115
Royalties, property and other territorial revenue	117	-	-	117
Grants and other contributions	6,672	1,550	-	8,222
Other revenue	178	1,222	-	1,400
Gains				
Gain on sale of property, plant and equipment	34	-	1	35
Total income from continuing operations	71,936	3,065	634	75,636
Expenses from continuing operations *				
Employee expenses	14,585	5,505	523	20,613
Supplies and services	13,108	7,452	172	20,733
Grants and subsidies	25	22,686	-	22,711
Depreciation and amortisation	9,052	342	129	9,523
Revaluation decrement	271,449	-	-	271,449
Other expenses	1,636	106	27	1,769
Total expenses from continuing operations	309,855	36,091	852	346,798
Operating result from continuing operations	(237,919)	(33,026)	(218)	(271,162)

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

Income from ordinary activities	1,375	-	-	1,375
Expenses from ordinary activities	1,375	-	-	1,375

The accompanying notes form part of these statements

**Department of National Parks, Recreation, Sport and Racing
Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2012**

	Environment	Sport and Recreation	Science Agriculture Food and Regional Services	General Not Attributable	Total
	2012	2012	2012	2012	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents	44,775	14,640	10,300	-	69,715
Receivables	5,898	586	1,015	-	7,499
Inventories	254	-	-	-	254
Other assets	44	14	7	-	65
Non current assets classified as held for sale	-	1,567	-	-	1,567
Total current assets	50,971	16,807	11,322	-	79,100
Non current assets					
Property, plant and equipment	2,998,836	193,522	8,422	-	3,200,780
Intangibles	3,267	328	-	-	3,595
Total non current assets	3,002,102	193,850	8,422	-	3,204,375
Total assets	3,053,073	210,657	19,745	-	3,283,476
Current liabilities					
Payables	10,534	34,896	9,977	-	55,408
Accrued employee benefits	2,221	8	34	-	2,263
Proposals and deposits	20	-	-	-	20
Other financial liabilities	-	-	166	-	166
Other liabilities	83	556	3	-	642
Total current liabilities	12,859	35,460	10,180	-	58,499
Non current liabilities					
Other financial liabilities	-	-	1,367	-	1,367
Total non current liabilities	-	-	1,367	-	1,367
Total liabilities	12,859	35,460	11,547	-	59,866
Net assets	3,040,214	175,197	8,198	-	3,223,610

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

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2012

Note	Note title
1	Objectives and principal activities of the department
2	Major departmental services
3	Summary of significant accounting policies
4	Reconciliation of payments from consolidated fund
5	User charges, fees and fines
6	Royalties, property and other territorial revenue
7	Grants and other contributions
8	Other revenue
9	Gain on sale of property, plant and equipment
10	Employee expenses
11	Key executive management personnel and remuneration
12	Supplies and services
13	Grants and subsidies
14	Depreciation and amortisation
15	Revaluation decrements
16	Other expenses
17	Cash and cash equivalents
18	Receivables
19	Inventories
20	Other current assets
21	Non current assets classified as held for sale
22	Property, plant and equipment
23	Intangibles
24	Payables
25	Accrued employee benefits
26	Proposals and deposits
27	Other financial liabilities
28	Other liabilities
29	Asset revaluation surplus
30	Reconciliation of net operating result from continuing operations to net cash
31	Restructuring of administrative arrangements
32	Commitments for expenditure
33	Contingencies
34	Financial instruments
35	Schedule of Administered Items
36	Reconciliation of Payments from Consolidated Fund to Administered Revenue
37	Trust transactions and balances

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2012

1. Objectives and principal activities of the department

Public Service Departmental Arrangements Notice (No. 1) 2012 dated 3 April 2012 authorised the establishment of the Department of National Parks, Recreation, Sport and Racing. In conjunction with section 80(2) of the *Financial Accountability Act 2009*, this department was created on 1 May 2012 as a result of the transfer of responsibilities from the Departments of Environment and Heritage Protection, Communities, Child Safety and Disability Services and State Development, Infrastructure and Planning.

Purpose

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

Objectives of the department

The department's objectives are:

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

Sources of departmental funding

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

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

2. Major departmental services

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

• **Environment**

The environment service is aimed at conserving the State's natural environment. It includes the activities of the Queensland Parks and Wildlife Service and a wide range of services aimed at protecting Queensland's biodiversity, its natural environment and resources and preventing or controlling pollution and achieving resource recovery. This service was previously conducted by the Department of Environment and Heritage Protection and by virtue of *Public Service Departmental Arrangements Notice (No. 1) 2012* and s80(2) of the *Financial Accountability Act 2009* transferred into this department effective 1 May 2012.

• **Sport and Recreation Services**

This service was an inwards transfer from the Department of Communities, Child Safety and Disability Services effective 1 May 2012 by virtue of *Public Service Departmental Arrangements Notice (No. 1) 2012* and s80(2) of the *Financial Accountability Act 2009*. This service focuses on the provision of a range of activities to encourage Queenslanders to lead active and healthy lifestyles. These activities encourage participation in community sport and recreation activities, through to achievement at elite levels.

• **Science, Agriculture, Food and Regional Services**

Science, Agriculture, Food and Regional Services transferred to this department effective 1 May 2012 as a result of *Public Service Departmental Arrangements Notice (No. 1) 2012* and s80(2) of the *Financial Accountability Act 2009*. This service provides a proactive and supportive regulatory environment for the racing industry.

Refer to note 32 for the details of assets and liabilities transferred in within these services. The net of the inwards transfer of the assets and liabilities has been accounted for as an increase in contributed equity as disclosed in the Statement of Changes in Equity. The expenses and revenues attributable to these activities of the services Environment and Science Agriculture and Regional Services for the period 1 July 2011 to 30 April 2012 are reflected in the transactions and balances of the Departments of Environment and Heritage Protection and State Development, Infrastructure and Planning. Due to the complexities of the administrative restructuring the values of these services in the context of those parts transferred in to this department cannot be reasonably and reliably ascertained for the period 1 July 2011 to 30 April 2012. The expenses and revenues attributable to the activities of

**Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2012**

2. Major departmental services (continued)

Sport and Recreation Services for the period 1 July 2011- 30 April 2012 are reflected in the transactions and balances in the Department of Communities and Child Safety and Disability Services. Total revenues for that period are \$104.801 million. Total expenses for that period are \$104.801 million.

3. Summary of significant accounting policies

(a) Statement of compliance

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

These general purpose financial statements have been prepared on an accrual basis, in accordance with Australian Accounting Standards and Interpretations. In addition, these financial statements comply with the Department of Treasury and Trade's Minimum Reporting Requirements for the period ending 30 June 2012 and other authoritative pronouncements.

Being a not for profit entity, the department has applied the requirements of Australian Accounting Standards and interpretations applicable to not-for-profit entities.

Except where stated, the historical cost convention is used.

Public Service Departmental Arrangements Notice (No. 1) 2012 dated 3 April 2012 authorised the establishment of the Department of National Parks, Recreation, Sport and Racing. In conjunction with section 80(2) of the *Financial Accountability Act 2009*, this department was created on 1 May 2012 as a result of the transfer of responsibilities from the Departments of Environment and Heritage Protection, Communities, Child Safety and Disability Services and State Development, Infrastructure and Planning.

(b) The reporting entity

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

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

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

(c) Administered transactions and balances

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

(d) Trust and agency transactions and balances

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

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

As the department acts only in a custodial role in respect of these transactions and balances, they are not recognised in the financial statements, but are disclosed in note 37. Applicable audit arrangements are also shown.

**Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2012**

(e) Departmental services revenue/administered revenue

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

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' item appropriations with the related payments being recorded as administered expenses. Approval has been obtained from the Department of Treasury and Trade to recognise specific adjustments to administered appropriation revenue. Refer to note 36.

(f) User charges, fees and fines

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

Fees and fines collected, but not controlled, by the department are reported as administered revenue. Refer to note 35.

(g) Grants and other contributions

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

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

(h) Cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash on hand, cash at bank and cash and cheques received but not banked at 30 June 2012, as well as deposits at call with financial institutions.

At balance date, the value of cash reported as being attributable to the department was held physically in bank accounts of the Departments of Environment and Heritage Protection, Communities, Child Safety and Disability Services and State Development and Infrastructure Planning, as a result of the transitional arrangements associated with the machinery-of-Government changes. These monies will be transferred into the bank account of the department in 2012-13.

(i) Receivables

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

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June 2012.

Other debtors generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. Other than receivables from government, settlement terms of these debtors are between 14 - 30 days net.

(j) Inventories

The department holds inventory not held for resale, used for own consumption purposes. Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition.

Net realisable value is determined on the basis of the department's normal consumption pattern.

(k) Work in progress

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

**Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2012**

(l) Acquisitions of assets

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

(n) Acquisitions of assets (continued)

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

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

(m) Property, plant and equipment

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

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

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

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

Research, design and appraisal studies

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

Repairs and maintenance

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

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

(n) Intangibles

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

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

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

Internally generated software

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

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

Purchased software

The purchase cost of this software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the department, namely 5 – 9 years.

**Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2012**

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

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

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

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

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

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

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

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

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

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

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

Physical asset class	Rate %
Buildings	1.0 - 20.0
Heritage and cultural assets	0.0 - 1.0
Infrastructure	2.0 - 20.0
Plant and equipment	
Motor vehicles	5.0 - 33.3
Heavy vehicles	5.0 - 33.3
Scientific and technical equipment	10.0 - 33.3
Office equipment	6.7 - 20.0
Computer equipment	20.0 - 33.3
Leasehold improvements	10.0 - 16.7
Boats and boating equipment	6.7 - 33.3
Intangible asset class	
Internally generated software	20.0
Purchased software	11.1 - 20.0

(p) Impairment of non current assets

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

Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2012

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

(p) Impairment of non current assets (continued)

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

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

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

(q) Revaluations of non current physical and intangible assets

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

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

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

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

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

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

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

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

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

When part of the former Department of Environment and Resource Management, the Queensland Parks and Wildlife Service adopted a comprehensive revaluation program largely based on geographical regions with the

**Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2012**

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

intent of valuing all material assets by June 2012. This comprehensive revaluation program included land, buildings, heritage and cultural, and infrastructure assets. It is further supplemented by an annual comprehensive revaluation of the top 20 assets by value, for both the land and the heritage and cultural asset classes.

To implement this process, the State Valuation Service had been contracted to undertake the comprehensive valuations for those identified material assets and to provide valuation indices for the period where no comprehensive valuation is performed. To enable completion of the comprehensive revaluation program by June 2012, the South East and South West regions were comprehensively revalued in 2010-11 with Central West and North regions completed in 2011-12.

The results of the 2011-12 valuation were recognised in June 2012.

The revaluation methodology for individual asset classes for Queensland Parks and Wildlife Service is as follows

Land and Heritage and Cultural Assets (including National Parks)

Each year the top 20 land assets in both classes are comprehensively valued resulting in over 34% of the value of these classes being valued. The completion over three years of the entire comprehensive revaluation program resulted in over 84% of the value of the classes being valued by June 2011-12.

The valuation process performed by the State Valuation Service included physical inspections and reference to market transactions for local land sales. For those parcels not comprehensively revalued, the State Valuation Service provided an index for each land parcel based on recent transactions for local land sales. These indices are then reviewed for reasonableness by the department.

Land subject to operating leases is valued at fair value.

Heritage and cultural assets, excluding land gazetted under the *Nature Conservation Act 1992*, are not subject to comprehensive revaluations on the basis that these assets could not be replaced. An index, as provided by the State Valuation Service, is applied to these assets on an annual basis.

Buildings

The completion of the revaluation program in 2011-12 resulted in 72% of the value of this asset class being valued over the preceding three years.

The comprehensive valuation process performed by the State Valuation Service included physical inspections and the identification of the current condition of the asset and its expected remaining useful life. For those buildings not comprehensively revalued, the State Valuation Service provided an index which was then applied to those buildings.

For those non-residential buildings not comprehensively revalued, the State Valuation Service provided the department with an index for each type of building. The State Valuation Service provided this index based on information supplied from the Queensland Government's Office of Economic and Statistical Research which the State Valuation Service then benchmark against other indices for appropriateness.

For residential dwellings, the State Valuation Service used Cordells Housing Index Price which measures the rate of change of construction costs, specifically within the residential market. The indices are based on a comprehensive collection of labour, material, plant hire and subcontract costs covering all major trade categories within the residential sector.

Infrastructure

The comprehensive revaluation program resulted in approximately 86% of the value of infrastructure assets being valued by 30 June 2012 over the three preceding three years.

The comprehensive valuation process performed by the State Valuation Service included physical inspections and identifying the current condition of the asset and its expected remaining useful life.

**Department of National Parks, Recreation, Sport and Racing
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(q) Revaluations of non current physical and intangible assets (continued)

For those infrastructure assets not comprehensively valued, the State Valuation Service provided the department with an index for each type of asset. The State Valuation Service provided this index based on information supplied from the Queensland Government's Office of Economic and Statistical Research which the State Valuation Service then benchmark against other indices for appropriateness.

Sport and Recreation Services recognised the majority of the 2011-12 revaluations whilst in the former Department of Communities, Child Safety and Disability Services with only minor revaluations recognised in June 2012.

An index was applied for land, buildings and infrastructure assets of the Office of Racing and those of Sport and Recreation Services for 2011-12.

(r) Leases

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

Where a non current physical asset is acquired by means of a finance lease, the asset is recognised at an amount equal to the present value of the minimum lease payments. The lease liability is recognised at the same amount.

Lease payments are allocated between the principal component of the lease liability and the interest expense.

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

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

(s) Payables

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

(t) Financial instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:
Cash and cash equivalents – held at fair value through profit or loss
Receivables – held at amortised cost
Payables – held at amortised cost

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

All other disclosures relating to the measurement and financial risk management of financial instruments held by the department are disclosed in note 34.

(u) Employee benefits

Annual leave levies, long service leave levies and employer superannuation contributions are regarded as employee benefits.

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

**Department of National Parks, Recreation, Sport and Racing
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(u) Employee benefits (continued)

Wages, salaries, and sick leave

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

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

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

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

Annual leave

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

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

Long service leave

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

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

Superannuation

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

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

Key executive management personnel and remuneration

Key executive management personnel and remuneration disclosures are made in accordance with the section 5 of the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury and Trade. Refer to note 11 for the disclosures on key executive management personnel and remuneration.

(v) Allocation of corporate services revenue and expenses to outputs

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

(w) Insurance

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

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

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

(y) Contributed equity

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

(z) Taxation

The department is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Department of National Parks, Recreation, Sport and Racing. As such, GST credits receivable from/payable to the Australian Taxation Office are recognised (refer note 18).

(aa) Issuance of Financial Statements

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

(ab) Accounting estimates and judgements

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

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

Property, plant and equipment: Note 22
Contingencies: Note 33

The Australian government passed its Clean Energy Act in November 2011 with a start date of 1 July 2012. The legislation will result in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012.

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

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

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

(ac) Rounding and comparatives

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

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

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(ad) New and revised accounting standards

Current impacts

The department did not voluntarily change any of its accounting policies during 2012 reporting period. Australian accounting standard changes applicable for the first time in 2011-12 have had a minimal effect on the department's financial statements, as explained below.

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13)* became effective from reporting periods beginning on or after 1 January 2011. Given the department's existing financial instruments, there was only a minor impact on the department's financial instrument note (note 34), in relation to disclosures about credit risk. This amendment means that this note need not disclose the amounts that best represent the maximum exposure to credit risk where the carrying amount of the instruments already reflects it. As this was the case with the department's receivables as at 30 June 2012, receivables are not included in the credit risk disclosure in this year's financial statements.

As the department held no collateral or other credit enhancements in respect of its financial instruments, and did not renegotiate the terms of any financial assets, during the reporting periods presented in these financial statements, there were no other impacts on the department's financial instruments note arising from the amendments to AASB 7 *Financial Instruments: Disclosures*.

AASB 1054 *Australian Additional Disclosures* became effective from reporting periods beginning on or after 1 July 2011 and had minimal impact on the department's disclosures. One of the footnotes to note 16 Other Expenses, regarding audit fees, has been slightly amended to identify the department's auditor and clarify the nature of the work performed by the auditor.

AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project (AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113)* also became effective from reporting periods beginning on or after 1 July 2011. Whilst this amending standard removes the need for the disclosure of commitments as per AASB 101 *Presentation of Financial Statements*, the Department of Treasury and Trade's *Financial Reporting Requirements* require continuation of these disclosures. Thus AASB 101 amendment has no impact on the department's commitments note (note 32).

Future impacts

At the date of authorisation of the financial report, the only significant impacts of new or amended Australian accounting standards with future commencement dates are outlined below. The department is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Department of Treasury and Trade.

Consequently, the department has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The department will apply these standards and interpretations in accordance with their respective commencement dates.

AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049)* applies as from reporting periods beginning on or after 1 July 2012. The only impact for the department will be that, in the Statement of Comprehensive Income, items within the "Other Comprehensive Income" section will need to be presented in different sub-sections, according to whether or not they are subsequently re-classifiable to the operating result. Whether subsequent re-classification is possible depends on the requirements or criteria in the accounting standard/interpretation that relates to the item concerned.

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

The department has commenced reviewing its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13. Where identified, changes will be made to ensure

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(ad) New and revised accounting standards (continued)

compliance. While the department is yet to complete this review, based on the fair value methodologies presently used, no significant changes are anticipated. Therefore, at this stage, no consequential material impacts are expected for the department's property, plant and equipment as from 2013-14.

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

AASB 9 *Financial Instruments (December 2010)* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127) will become effective from reporting periods beginning on or after 1 January 2013. The main impacts of these standards on the department are that the requirements for the classification, measurement and disclosures associated with financial assets will change. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these two conditions is that the asset must be held within a business model with the objective to hold assets in order to collect contractual cash flows. The second condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

The department has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the department's conclusions will not be confirmed until closer to the initial application. At this stage, and assuming no change in the types of transactions the department enters into, it is not expected that any of the department's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2013-14 financial statements, all the department's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in notes 1(t) and 34). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. As the department's current receivables are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

The most significant impact of the new measurement requirements on the department is that the "held to maturity" investment described in notes 1(t) and 34 will need to be measured at fair value. In addition, that investment will no longer be classified as "held to maturity". The department is not yet able to reliably estimate what the fair value of this investment will be at the date of initial application of AASB 9. The difference between the carrying amount of this investment and its initial fair value will be recognised as an adjustment to the balance of Accumulated Surplus on initial application of AASB 9. In respect of this change, the 2013-14 financial statements will need to disclose a comparison between the previous measurement classification and carrying amount as at 30 June 2013 and the new classification and fair value amounts as at 1 July 2013. AASB 9 allows an entity to make an irrevocable election, at the date of initial recognition, to present in "other comprehensive income" subsequent changes in the fair value of such an asset. The Department of Treasury and Trade is currently considering mandating this accounting treatment when AASB 9 becomes effective.

Changed disclosure requirements will apply once AASB 9 becomes effective. A number of one-off disclosures will be required in the 2013-14 financial statements to explain the impact of adopting AASB 9. Assuming no changes in the types of financial instruments that the department enters into, the most significant ongoing disclosure impacts are expected to relate to investments in equity instruments measured at fair value through comprehensive income.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2013:

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

These standards cannot be applied by not-for-profit entities prior to their effective date, as the AASB is presently considering modifying them for application by not-for-profit entities in an Australian context. Any such modifications are likely to clarify how the IASB's principles should be applied by not-for-profit entities.

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(ad) New and revised accounting standards (continued)

Hence, the department is not yet in a position to reliably determine the future implications of these new and revised standards for the department's financial statements.

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

AASB 11 deals with the concept of joint control, and details new principles for determining the type of joint arrangements that exists – which, in turn, dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. Subject to any not-for-profit modifications yet to be made to AASB 11, the department will need to assess the nature of any arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11.

AASB 12 contains a wide range of new disclosure requirements in respect of interests in other entities, whether those entities are controlled entities, associates, joint arrangements, or structured entities that are not consolidated. The volume and nature of disclosures that the department will be required to make as from its 2013-14 financial statements will depend on the department's eventual assessment of the implications of the new and revised standards listed above, particularly AASB 10, AASB 11 and AASB 128.

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

The revised AASB 119 includes changed criteria for accounting for employee benefits as "short-term employee benefits". Because the department is a member of the Queensland Government central scheme for annual leave and long service leave, this change in criterion has no impact on the department's financial statements, as the employer liability is held by the central scheme. The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. The department only contributes to the QSuper defined benefit plan, and the corresponding QSuper employer benefit obligation is held by the State. Again, those changes to AASB 119 will not impact on the department.

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

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

Pursuant to AASB 1053, public sector entities like the department may adopt tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the tier 1 requirements. In the case of this department, the Department of Treasury and Trade is the regulator and has advised departments that it will require adoption of tier 1 reporting by all Queensland Government departments and statutory bodies that are consolidated into whole-of-government financial statements. This policy adopted by the Department of Treasury and Trade also prohibits the early adoption of

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

the arrangements outlined in AASB 1053 and its accompanying amending standards. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the department.

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

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	<u>2012</u> <u>\$'000</u>
4. Reconciliation of payments from consolidated fund	
Reconciliation of payments from Consolidated Fund to departmental services revenue recognised in the Statement of Comprehensive Income	
Budgeted departmental services appropriation	-
Transfers from (to) other departments	
Department of Environment and Heritage Protection	36,675
Department of Communities, Child Safety and Disability Services	41,588
Department of State Development, Infrastructure and Planning	70
Less lapsed appropriations *	<u>(7,009)</u>
Total departmental services receipts	<u>71,324</u>
Plus: Closing balance of output revenue receivable	-
Plus: Closing balance of lapsed output revenue receivable	1,211
Less: Opening balance of lapsed output revenue receivable	-
Less: Return of unspent output revenue	<u>9,788</u>
Departmental services revenue recognised in the Statement of Comprehensive Income	<u><u>62,747</u></u>

* Reflects lapse of appropriation funding in excess of requirements.

Reconciliation of payments from Consolidated Fund to equity adjustment recognised in Contributed Equity	
Budgeted equity adjustment appropriation	-
Transfers from (to) other departments	
Department of State Development, Infrastructure and Planning	(199)
Transfers from other headings	
Departmental services revenue	<u>668</u>
Total equity adjustment receipts/(payments)	<u>469</u>
Closing balance of equity injection receivable	<u>488</u>
Equity adjustment recognised in Contributed Equity	<u><u>957</u></u>

**Department of National Parks, Recreation, Sport and Racing
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5. User charges, fees and fines	2012 \$'000
Services rendered	848
Fees and permits	1,199
Rental Income	416
Sale of goods	649
Fines	3
	<u>3,115</u>
 6. Royalties, property and other territorial revenue	
Property and territorial revenue	117
	<u>117</u>
 7. Grants and other contributions	
Commonwealth grants *	5,581
Funding from external bodies, state and local governments	434
External and industry contributions *	90
Goods and services received at below fair value	7
Capital received below fair value	2,110
	<u>8,222</u>
<p>* Included in the 2012 figure for grants and other contributions are non reciprocal grants funded by the Commonwealth and State Government, and other external bodies for a range of grant programs. These monies have been recognised as revenue in their entirety upon receipt as the agreements do not specify sufficient conditions to qualify as reciprocal. As at 30 June 2012, \$7,355 million of all grant funding remained unspent.</p>	
 8. Other revenue	
Recoveries	3
Insurance recoveries	1
Other	1,396
	<u>1,400</u>
 9. Gain on sale of property, plant and equipment	
Gain on sale of plant and equipment	35
	<u>35</u>

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	2012 \$'000
10. Employee expenses	
<i>Employee benefits</i>	
Salaries and wages	17,560
Employer superannuation contributions *	1,929
Long service leave levy *	368
Capitalised salary expenses	(496)
<i>Employee related expenses</i>	
Salary related taxes **	1,053
Workers' compensation **	199
	20,613

* Employer superannuation contributions, and the long service leave levy are regarded as employee benefits.

** Costs of workers' compensation insurance and payroll tax are a consequence of employing employees, but are not counted in employees' total remuneration package. They are not employee benefits, but rather employee related expenses.

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

<i>Number of employees:</i>	2012
	1458

11. Key executive management personnel and remuneration

a) Key Executive Management Personnel

The details below identify those positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2012 reporting period. These senior executives as members of the departmental Executive Management Team are responsible for providing leadership and oversight of strategic and/or critical issues and challenges facing the department. They ensure the effective and efficient performance of the agency in achieving strategic goals and operational objectives.

Further information on these positions may be found in the body of the Annual Report under the section relating to Executive Management.

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

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

b) Remuneration

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

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11. Key executive management personnel and remuneration (continued)

b) Remuneration (continued)

For the 2012 reporting period, the remuneration of key executive management personnel increased by 2.5% in accordance with government policy.

Remuneration packages for key executive management personnel comprise the following components:-

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

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

Schedule of Remuneration made to Key Executive Management Personnel 2011-2012

Position	Short term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
Acting Director-General (1 May 2012 – 30 June 2012)	56	5	1	9	-	71
Deputy Director-General National Parks (1 May 2012 – 30 June 2012)	31	3	1	4	-	39
Acting Deputy Director-General Recreation and Sport (1 May 2012 – 30 June 2012)	27	5	-	3	-	35
Executive Director Office of Racing (1 May 2012 – 30 June 2012)	24	1	1	3	-	29
Total Remuneration	138	14	3	19	-	174

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12. Supplies and services

Administration costs	549
Advertising	20
Building fitouts	75
Computer expenses	647
Consultants and contractors	8,056
Electricity	87
Land development and maintenance	752
Marketing and public relations	58
Materials	883
Minor plant and equipment	999
Motor vehicles	2,104
Office accommodation	1,091
Operating leases	571
Personnel costs	172
Postage and freight	66
Printing	181
Rates to local governments	75
Rental lease and hire	56
Repairs and maintenance	3,675
Rural land protection	208
Shared service provider costs paid to the Queensland Shared Services	1,127
Staff and client travel	838
Storage and archive services	11
Subscriptions and memberships	35
Telephone and facsimile	394
Uniforms and protective clothing	236
Other *	<u>(2,233)</u>
	<u><u>20,733</u></u>

* Includes supplies and services of \$5.580 million in 2012 which has subsequently been capitalised.

Department of National Parks, Recreation, Sport and Racing
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	2012
	\$'000
13. Grants and subsidies	
Sport and recreation service bodies	22,686
Sponsorships of external groups	25
	<u>22,711</u>
14. Depreciation and amortisation	
<i>Incurred in respect of:</i>	
Buildings	2,654
Infrastructure	6,137
Plant and equipment	713
Heritage and cultural	10
Intangibles – Purchased software	8
	<u>9,523</u>
15. Revaluation decrement	
Land	81,269
Buildings	4,089
Heritage and cultural	67,764
Infrastructure	118,327
	<u>271,449</u>
16. Other expenses	
Legal fees	120
External audit fees *	118
Bad and impaired debts	32
Bank and statutory fees	15
Assets written off	278
Insurance premiums	335
Losses from disposal of property, plant and equipment	10
Special payments:	
Ex-gratia payments **	843
Donations, gifts and awards	14
Compensation payments ***	4
	<u>1,769</u>

* Total audit fees paid to the Queensland Audit Office relating to 2011-12 financial statements are estimated to be \$0.118. There are no non-audit services included in this amount.

** The 2012 amount includes ex-gratia payments made to third parties for relocation assistance and a payment of \$0.840 million in lieu of mining royalties to the Quandamooka People.

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

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2012
\$'000

17. Cash and cash equivalents

Cash at bank and on hand	59,375
Imprest accounts	10,340
	69,715

Departmental bank accounts grouped within the whole-of-Government set-off arrangement with the Queensland Treasury Corporation do not earn interest on surplus funds. Interest earned on the aggregate set-off arrangement balance accrues to the Consolidated Fund.

Of the total balance \$3.243 million is restricted for use by the Great Barrier Reef Marine Park Authority.

18. Receivables

Current

Trade debtors	2,993
Less: Allowance for impairment	(517)
	2,476
GST receivable	-
GST payable	-
Operating leases *	156
Annual leave claim receivable	1,462
Grants revenue	198
Departmental services revenue	1,211
Equity injection receivable	488
Long service leave reimbursements	327
Loans and advances	93
Other	1,088
	7,499

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

Movements in the allowance for impairment

Balance at 1 May 2012	-
Transfer from machinery-of-Government	485
Amounts recovered during the period	(1)
Amounts written off during the period	-
Decrease in allowance recognised in operating result	33
Balance at 30 June 2012	517

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	2012
	\$'000
19. Inventories	
Held for resale	254
	<u>254</u>
20. Other current assets	
Prepayments	65
	<u>65</u>
21. Non current assets classified as held for sale	
Land	676
Buildings	891
	<u>1,567</u>
22. Property, plant and equipment	
<i>Non current</i>	
Land	
At valuation	470,744
	470,744
Buildings	
At valuation	458,920
Less: accumulated depreciation	(234,256)
Less: accumulated impairment	(1,253)
	<u>223,411</u>
Heritage and cultural	
At valuation	1,587,829
Less: accumulated depreciation	(1,223)
	<u>1,586,606</u>
Infrastructure	
At valuation	1,594,669
Less: accumulated depreciation	(712,747)
	<u>881,922</u>
Plant and equipment	
At cost	50,488
Less: accumulated depreciation	(26,818)
	<u>23,670</u>
Work in progress	
At cost	14,427
	<u>3,200,780</u>

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22. Property, plant and equipment (continued)

	Balance 1 May 2012	Acquisitions through restructuring (note 31)	Acquisitions	Depreciation (note 14)	External transfers	Transfers between classes	Revaluation increments (decrements) (note 15)	Disposals	Balance 30 June 2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	-	551,583	335	-	(20)	115	(81,269)	-	470,744
Buildings	-	225,195	(14)	(2,654)	-	5,264	(4,089)	(291)	223,411
Heritage and cultural	-	1,653,984	-	(10)	(4)	400	(67,764)	-	1,586,606
Infrastructure	-	1,002,604	-	(6,137)	-	3,782	(118,327)	-	881,922
Plant and equipment	-	18,994	2,944	(713)	2,110	357	-	(22)	23,670
Work in progress	-	17,599	6,507	-	-	(9,679)	-	-	14,427
	-	3,469,959	9,772	(9,514)	2,086	239	(271,449)	(313)	3,200,780

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

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

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

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

Department of National Parks, Recreation, Sport and Racing
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	<u>2012</u> <u>\$'000</u>
23. Intangibles	
Internally generated software	
At cost	1,455
Less: accumulated amortisation	<u>(511)</u>
	944
Purchased software	
At cost	923
Less: accumulated amortisation	<u>(911)</u>
	12
Software development in progress	
At cost	<u>2,639</u>
	<u>3,595</u>

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

	Balance 1 May 2012	Acquisition through restructuring (note 31)	Acquisition through internal development	Amortisation (note 14)	Transfers between classes	Balance 30 June 2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	-	325	-	(8)	627	944
Purchased software	-	12	-	-	-	12
Software development in progress	-	2,985	281	-	(627)	2,639
	<u>-</u>	<u>3,322</u>	<u>281</u>	<u>(8)</u>	<u>-</u>	<u>3,595</u>

24. Payables

<i>Current</i>	
Trade creditors	43,509
Taxes payable	317
Treasury appropriation payable	9,788
Other creditors	<u>1,794</u>
	<u>55,408</u>

25. Accrued employee benefits

<i>Current</i>	
Annual leave levy payable	1,880
Salary and wages related payable	3
Long service leave levy payable	<u>380</u>
	<u>2,263</u>

Department of National Parks, Recreation, Sport and Racing
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	2012 \$'000
26. Proposals and deposits	
Other	20
	<u>20</u>
27. Other financial liabilities	
<i>Current</i>	
Borrowings	166
	<u>166</u>
<i>Non current</i>	
Borrowings	1,367
	<u>1,367</u>
28. Other liabilities	
Contract retention monies	80
Unearned revenue	562
	<u>642</u>

29. Asset revaluation surplus by class

Asset revaluation surplus by class – current reporting period

	Balance 1 May 2012 \$'000	Revaluation increments (decrements) \$'000	Balance 30 June 2012 \$'000
Land	-	-	-
Buildings	-	-	-
Heritage and cultural	-	-	-
Infrastructure	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

The asset revaluation surplus represents the net effect of upward and downward revaluations of assets to fair value.

Department of National Parks, Recreation, Sport and Racing
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	<u>2012</u> <u>\$'000</u>
30. Reconciliation of operating result from continuing operations to net cash	
Operating result from continuing operations	(271,162)
Depreciation and amortisation expense	9,523
Bad and impaired debts	-
Assets written off	278
Assets received below fair value	(2,110)
Net asset revaluation decrements	271,449
Net (gain)/loss on disposal of property, plant and equipment	(27)
Change in assets and liabilities	
(Increase) decrease in departmental services revenue receivable	(1,211)
(Increase) decrease in net receivables	(3,625)
(Increase) decrease in long service leave reimbursement receivables	1,526
(Increase) decrease in annual leave claim receivable	(926)
(Increase) decrease in prepayments	96
Increase (decrease) in accounts payable	31,376
Increase (decrease) in provision for tax	27
Increase (decrease) in accrued employee benefits	(272)
Increase (decrease) in other liabilities	(6)
Increase (decrease) in treasury appropriation payable	9,788
Net cash from operating activities	<u><u>44,724</u></u>

Department of National Parks, Recreation, Sport and Racing
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31. Restructuring of Administrative Arrangements

Public Service Departmental Arrangements Notice (No. 1) 2012 dated 3 April 2012 authorised the establishment of the Department of National Parks, Recreation, Sport and Racing. In conjunction with section 80(2) of the *Financial Accountability Act 2009*, this department was created on 1 May 2012 as a result of the transfer of responsibilities from the Departments of Environment and Heritage Protection, Communities, Child Safety and Disability Services and State Development, Infrastructure and Planning. The assets and liabilities transferred are as follows:

	Department of Environment and Heritage Protection	Department of State Development, Infrastructure and Planning	Department of Communities, Child Safety and Disability Services	Net Total
	2012 \$'000	2012 \$'000	2012 \$'000	2012 \$'000
Current assets				
Cash and cash equivalents	7,450	10,792	17,031	35,273
Receivables	2,734	1,438	4,355	8,527
Inventories	254	-	-	254
Other assets	138	10	(14)	134
	<u>10,576</u>	<u>12,240</u>	<u>21,372</u>	<u>44,188</u>
Non current assets classified as held for sale	-	-	-	-
Total current assets	<u>10,576</u>	<u>12,240</u>	<u>21,372</u>	<u>44,188</u>
Non current assets				
Receivables	-	-	-	-
Property, plant and equipment	3,268,872	8,553	192,534	3,469,959
Intangible assets	2,986	-	336	3,322
Total non current assets	<u>3,271,858</u>	<u>8,553</u>	<u>192,870</u>	<u>3,473,281</u>
Total assets	<u>3,282,434</u>	<u>20,793</u>	<u>214,242</u>	<u>3,517,469</u>
Current liabilities				
Payables	2,878	9,917	3,748	16,543
Accrued employee benefits	2,264	240	1,751	4,255
Proposals and deposits	19	-	-	19
Other financial liabilities	-	363	-	363
Other liabilities	74	91	532	697
Total current liabilities	<u>5,235</u>	<u>10,611</u>	<u>6,031</u>	<u>21,878</u>
Non current liabilities				
Non current borrowings	-	1,337	-	1,337
Total non current liabilities	<u>-</u>	<u>1,337</u>	<u>-</u>	<u>1,337</u>
Total liabilities	<u>5,235</u>	<u>11,948</u>	<u>6,031</u>	<u>23,215</u>
Net assets	<u>3,277,199</u>	<u>8,845</u>	<u>208,211</u>	<u>3,494,255</u>

Department of National Parks, Recreation, Sport and Racing
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31. Restructuring of Administrative Arrangements (*Administered*)

<i>Administered on a whole-of-Government basis</i>	Department of Environment and Heritage Protection	Department of State Development, Infrastructure and Planning	Department of Communities, Child Safety and Disability Services	Net Total 2012 \$'000
	2012 \$'000	2012 \$'000	2012 \$'000	2012 \$'000
Current assets				
Cash and cash equivalents	-	-	235	235
Receivables	30	-	-	30
	30	-	235	265
Non current assets classified as held for sale	-	-	-	-
Total current assets	30	-	235	265
Non current assets				
Receivables	-	-	-	-
Property, plant and equipment	-	6,450	-	6,450
Total non current assets	-	6,450	-	6,450
Total assets	30	6,450	235	6,715
Current liabilities				
Payables	30	-	-	30
Proposals and deposits	-	-	-	-
Other liabilities	-	-	-	-
Total current liabilities	30	-	-	30
Total liabilities	30	-	-	30
Net assets	-	6,450	235	6,685

**Department of National Parks, Recreation, Sport and Racing
Notes to and forming part of the Financial Statements
as at 30 June 2012**

	<u>2012</u> <u>\$'000</u>
32. Commitments	
(a) Non-cancellable operating lease commitments	
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:	
Not later than one year	4,738
Later than one year and not later than five years	5,584
Later than five years	<u>6,532</u>
	<u>16,854</u>
(b) Other expenditure commitments	
Other expenditure committed at the end of the period but not recognised in the accounts are as follows:	
Not later than one year	44,801
Later than one year and not later than five years	1,018
Later than five years	-
	<u>45,819</u>
(c) Capital expenditure commitments	
Material classes of capital expenditure commitments inclusive of GST, contracted for at reporting date but not recognised in the accounts are payable as follows:	
Buildings	774
Infrastructure	1,828
Plant and equipment	1,533
Intangibles	<u>1,098</u>
	<u>5,233</u>
Payable:	
Not later than one year	<u>5,233</u>
	<u>5,233</u>

Department of National Parks, Recreation, Sport and Racing
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33. Contingencies

Contingent liabilities

Guarantees and undertakings

During 2011-12 the department has been party to numerous indemnity capped procurement arrangements. These contracts are primarily with suppliers of marine vessel design and artificial reef materials and installation with liability and indemnity caps of \$0.12 million up to \$25 million over the life of the contracts. The contracts are short term in nature and are project milestone based.

Litigation in progress

At 30 June 2012, the following claims against the department were filed in the courts or lodged with the department:

	<u>2012</u>
Anti Discrimination Court	-
Supreme Court	3
District Court	1
Magistrates Court	-
Jurisdiction not available – lodged with department *	3
	<u>7</u>

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

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

Compensation for infrastructure on expired leases over the protected area estate

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

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

Department of National Parks, Recreation, Sport and Racing
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34. Financial instruments

a. Categorisation of Financial Instruments

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

Category	Note	2012 \$'000
Financial assets		
Cash and cash equivalents	17	69,715
Receivables	18	7,499
		<u>77,214</u>
Financial liabilities		
Payables	24	55,408
Borrowings	27	1,533
		<u>56,941</u>

b. Financial Risk Management

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

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

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

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

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

c. Credit Risk Exposure

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

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment. The following table represents the department's maximum exposure to credit risk based on contractual amounts net of any allowances:

Maximum exposure to credit risk

Category	Note	2012 \$'000
Financial assets		
Cash and cash equivalents	17	-
Receivables	18	-
		<u>-</u>

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34. Financial instruments (continued)

The carrying amount of receivables represents the maximum exposure to credit risk. As such, receivables is not included in the above disclosure.

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

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

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

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

The recognised impairment is \$0.517 million for the current period.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired and are stated at the carrying amounts as indicated.

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

2012 Financial Assets Past Due But Not Impaired

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

2012 Individually Impaired Financial Assets

	Less than 30 days \$'000	Overdue		More than 90 days \$'000	Total \$'000
		30-60 days \$'000	61-90 days \$'000		
Receivables (gross)	7,195	10	294	517	8,016
Allowance for Impairment	-	-	-	(517)	(517)
Carrying Amount	<u>7,195</u>	<u>10</u>	<u>294</u>	<u>-</u>	<u>7,499</u>

Financial Liabilities

The guarantee given by the department meets the definition of a financial guarantee contract as per AASB 139 and as such the maximum exposure to the department is disclosed above. Details of the guarantee can be found in Note 33.

The department assesses on an annual basis, in conjunction with independent professional advice from experts in this field, the fair value of the financial guarantee as at 30 June.

Department of National Parks, Recreation, Sport and Racing
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34. Financial instruments (continued)

d. Liquidity Risk

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

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

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

The following table sets out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the Statement of Financial Position that are based on discounted cash flows.

Note	2012 Payable in:			Total \$'000
	<1 Year \$'000	1-5 Years \$'000	>5 Years \$'000	
Financial liabilities				
Payables	24	55,408	-	55,408
Borrowings	27	166	1,367	1,533
Total		55,574	1,367	56,941

e. Market Risk

The department does not trade in foreign currency and is not materially exposed to commodity price changes. The department is exposed to interest rate risk through its finance leases. The department does not undertake any hedging in relation to interest risk and manages its risk as per its liquidity risk management strategy.

f. Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis depicts the outcome to the comprehensive income if interest rates would change by +/- 1% from the year end rates applicable to the department's financial assets and liabilities. The interest rate payable on the Promissory Note is fixed for the term of the borrowing and is not subject to interest rate sensitivity.

Carrying amount	2012 Interest rate risk			
	-1%	+1%		
\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets				
Cash and cash equivalents				
- non-interest bearing	69,715	-	-	-
Receivables				
- non-interest bearing - variable interest rate	7,499	-	-	-
Potential Impact	77,214	-	-	-

**Department of National Parks, Recreation, Sport and Racing
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34. Financial instruments (continued)

g. Fair Value

The fair value of financial assets and liabilities must be estimated for recognition and measurement and for note disclosure purposes.

The fair value of cash and non-interest bearing monetary financial assets and payables approximate their carrying amounts as reported in the Statement of Financial Position.

The fair value of other monetary financial assets and financial liabilities is based on market prices where a market exists, or is determined by discounting expected future cash flows by the current interest rate for financial assets and liabilities with similar risk profiles.

The fair value of trade receivables and payables are assumed to approximate their nominal value less estimated credit adjustments. The carrying amounts of all financial assets are representative of their fair value.

	2012	
	Carrying Amount \$'000	Fair Value \$'000
Financial liability		
Borrowings	1,533	1,611
Total	1,533	1,611

Department of National Parks, Recreation, Sport and Racing
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35. Schedule of Administered items

	2012
	\$'000
Administered Revenue	
Administered appropriation revenue	481
Fees and fines	144
Total	<u>625</u>
Administered Expenses	
Revaluation decrement	277
Other expenses	481
Total	<u>758</u>
Administered Assets	
<i>Current</i>	
Cash	718
Receivables	30
Total	<u>748</u>
<i>Non current</i>	
Land	6,173
Total	<u>6,173</u>
Administered Liabilities	
<i>Current</i>	
Payables	511
Total	<u>511</u>
Transfers of administered item revenue to government	<u>135</u>

36. Reconciliation of payments from Consolidated Fund to Administered Revenue

Budgeted administered appropriation revenue	-
Transfers from (to) other departments	
Department of Communities, Child Safety and Disability Services	2,697
Transfers from other headings	
Departmental services revenue	(668)
Less lapsed appropriation *	<u>(1,548)</u>
Total administered appropriation receipts	<u>481</u>
Plus: Closing balance of administered appropriation revenue receivable	-
Less: Opening balance of administered revenue receivable	-
Administered revenue recognised in Note 35	<u>481</u>

* Reflects lapse of appropriation funding in excess of requirements.

Department of National Parks, Recreation, Sport and Racing
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37. Trust transactions and balances

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

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

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

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

	2012
	\$'000
<u>Trust collections and distributions</u>	
<i>Collections</i>	
Environmental security deposits	8
Total collections	<u>8</u>
<i>Distributions</i>	
Environmental security deposits	(8)
Total distributions	<u>(8)</u>
Increase (decrease) in trust assets	<u><u>-</u></u>
<u>Trust assets and liabilities</u>	
<i>Current assets</i>	
Cash	-
Total trust assets	<u><u>-</u></u>
<i>Current liabilities</i>	
Environmental security deposits	-
Total current liabilities	<u><u>-</u></u>
<i>Non current liabilities</i>	
Environmental security deposits	-
Total non current liabilities	<u><u>-</u></u>
Total trust liabilities	<u><u>-</u></u>

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

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

The Queensland Audit Office has incorporated a sample of trust transactions within the audit undertaken for the period.

Management Certificate

Department of National Parks, Recreation, Sport and Racing

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

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of National Parks, Recreation, Sport and Racing for the financial year ended 30 June 2012 and of the financial position of the department at the end of that year.

Peter Philipson B.Econ CPA
Executive Director, Finance and Asset Management
Chief Finance Officer
Department of National Parks, Recreation, Sport and Racing

John Glaister B.Sc Hons), MSc, PhD, MBA, PhD, MAICD
Acting Director-General
Department of National Parks, Recreation, Sport and Racing

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Report

I have audited the accompanying financial report of the Department of National Parks, Recreation, Sport and Racing, which comprises the statement of financial position and statement of assets and liabilities by major departmental services as at 30 June 2012, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services for the period 1 May 2012 to 30 June 2012, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Acting Director-General and Chief Finance Officer.

The Accountable Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

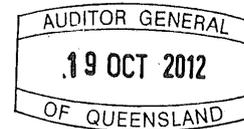
In accordance with s40 of *the Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Department of National Parks, Recreation, Sport and Racing for the financial period 1 May 2012 to 30 June 2012 and of the financial position as at 30 June 2012.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of the Department of National Parks, Recreation, Sport and Racing for the period 1 May 2012 to 30 June 2012. Where the financial report is included on the website of the Department of National Parks, Recreation, Sport and Racing's the Accountable Officer is responsible for the integrity of Department Environment and Resource Management's website and I have not been engaged to report on the integrity of Department of National Parks, Recreation, Sport and Racing's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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



A M GREAVES FCA FCPA
Auditor-General of Queensland

Queensland Audit Office
Brisbane