

2011–12

Annual Report

**Department of Environment
and Heritage Protection**

Purpose of the report

This annual report details the financial and non-financial performance of the Department of Environment and Heritage Protection (EHP) 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.ehp.qld.gov.au.

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October 2012

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26 October 2012

The Honourable Andrew Powell MP
Minister for Environment and Heritage Protection
400 George Street
Brisbane Qld 4000

Dear Minister

I am pleased to present the Annual Report 2011–2012 and financial statements for the Department of Environment and Heritage Protection.

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*
- 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.ehp.qld.gov.au>.

Yours sincerely

Andrew Chesterman
Director-General
Department of Environment and Heritage Protection

Message from the Director-General

The Department of Environment and Heritage Protection (EHP) was established by the Queensland Government in April 2012 with the primary goal of providing strong environmental management supporting sustainable economic development.

As a streamlined and focussed environmental agency, the department will meet the expectations of the community to manage and protect the health of the environment and Queensland's ecosystems, as well as the expectations of industry to streamline approval processes and reduce the regulatory burden imposed on them.

In addition to its environmental regulatory role, the department is also responsible for identifying and conserving Queensland's built heritage places.

As a subset of the previous Department of Environment and Resource Management, the establishment of EHP has led to a significant change and development in environmental and heritage regulatory and conservation activities.

I wish to acknowledge the substantial efforts made over this time by departmental employees who have worked collaboratively to continue to provide services to the community during the formation of EHP and other newly created agencies.

In the later parts of 2011–12 and throughout 2012–13, EHP will be required to achieve an ambitious service delivery and policy agenda which will include a fundamental shift in the way environmental and heritage regulatory activities will be undertaken to ensure that Queenslanders enjoy a healthy environment and a vibrant economy.

A number of these activities were outlined in the Queensland Government's First 100 Day Action Plan and subsequent Six Month Action Plan (July–December 2012).

The department is on target to meet these ongoing requirements. Notable achievements in the first three months of establishment include introducing into the Queensland Parliament, the Greentape Reduction Bill.

This Bill, which will come into effect in March 2013, is about eliminating regulatory duplication, double assessments, streamlining processes and fast-tracking low-risk, low-impact developments.

Under this legislation, it will become easier and cheaper for business and industry, especially small businesses, to obtain certain environmental approvals.

Importantly the streamlining of these bureaucratic processes will not dilute environmental protections or lower environmental standards. It simply ensures that the administration processes become simpler and more flexible.

Similarly in 2011–12 the industry waste levy was repealed. In 2012–13 the department will work alongside industry to develop new waste reform policies which will assist investment in Queensland's recycled waste industry.

By working alongside industry the department will develop new waste reform policies which will assist investment in Queensland's recycled waste industry.

With regard to ongoing wildlife protection matters, the department also commissioned an independent scientific review of the current Fraser Island dingo management strategy. The aim of the review is to improve visitor safety and maintain a sustainable wild dingo population on the island.

The department's on-the-ground environmental assistance for local community groups to establish local practical actions and real environmental improvements was another key milestone in 2011–12.

The launch of the Everyone's Environment grants program is anticipated to help hundreds of community groups to deliver projects such as tree planting, community and waterway clean ups, water quality improvements and monitoring pollutants in streams.

Over the next three years the department will coordinate annual funding rounds under this grants program which will provide real, grass roots opportunities to tackle environmental degradation throughout the state.

Other early successes achieved by the department in 2011–12 included the release of the scoping paper for the Cape York Peninsula Bioregion Management Plan, which will ensure the iconic natural areas of this region are properly protected while balanced with appropriate economic development opportunities, and the start of a new recruitment process to employ additional Indigenous rangers.

2011–12 was also the 20 year anniversary of the Queensland Heritage Act.

The management and protection of the state's important historical built environment was affirmed with the establishment of the department and its ongoing work to identify and protect the state's most important heritage places.

Looking ahead to 2012–13

In 2012–13, the department will continue to deliver on its ambitious service delivery and policy program, including the \$26.5 million koala policy which will address the known causes of population decline, especially in South East Queensland.

Funding under this program will include \$22.5 million for the acquisition and protection of new koala habitat areas in South East Queensland, \$3.2 million for research into koala disease and other preventable causes of death, injury and illness, as well as \$800,000 for supporting organisations and individuals who rescue and rehabilitate sick, injured or orphaned koalas.

Other departmental initiatives to be delivered in the coming year include the release of a new regulatory strategy; legislative changes to improve the effectiveness of flying fox damage mitigation permits; finalising a revised coal seam gas water management policy; amending the Queensland Coastal Plan; progressing the strategic assessment for the Great Barrier Reef and delivering, in partnership with the sugarcane and beef industries, a framework for a best practice management program to protect the Great Barrier Reef; implementing a new crocodile management policy; and supporting Indigenous communities following the introduction of new laws to stop cruelty in the hunting of turtles and dugongs—to name just a few.

Organisationally the department will deliver a new strategic plan and a revised organisational structure which will focus on frontline service delivery and a clear path for ongoing regulatory reform and policy review.

The department will also continue to establish new, and foster ongoing, relationships across government to ensure that our services are customer-focussed and work across all departments to achieve a seamless 'one government' approach to service delivery.

Over the coming year my personal focus will be to: establish the department as a great employer with a skilled, passionate and energised workforce; and instil a clear direction and delivery agenda for employees which will aim to position EHP as the benchmark against which other Australian environment and heritage protection agencies measure themselves.

I would like to thank the department's executive management group and employees for their professionalism in achieving the significant policy and service delivery environmental and heritage management agenda in 2011–12.

Andrew Chesterman
Director-General

Our organisation

About our department

Who we are

The Department of Environment and Heritage Protection (EHP) is responsible for managing the health of the environment to protect Queensland's unique ecosystems, including its landscapes and waterways, as well as its native plants and animals and biodiversity.

The department's key role is to act as a strong environmental regulator which supports the sustainable, long-term economic development of Queensland. The department is also responsible for identifying and conserving the state's built heritage sites.

The department considers social, economic and environmental outcomes when managing Queensland's environment and heritage to ensure they are managed sustainably now and into the future. The department's key responsibilities include:

- ensuring the diversity and integrity of Queensland's natural ecosystems are preserved and the conservation status of native species is maintained or enhanced
- developing and coordinating the policy planning and legislative frameworks to deliver the government's key policy objectives for environmental and heritage protection
- ensuring environmental risks and sustainable development are proactively managed and monitored through a modern and innovative regulatory, assessment, compliance, investigation and enforcement program
- streamlining processes and reducing red tape for business and industry to support the Queensland economy.

Following the Queensland State election, the department was established in April 2012 under the *Public Service Act 2008*, Part 2, Division 2 - and Public Service Departmental Arrangements Order (No. 1) 2012.

This report details the activities and achievements of the department during the reporting period of 1 July 2011 to 30 June 2012 and outlines the department's direction and financial position for the year. This report also includes activities conducted by the former Department of Environment and Resource Management (DERM), which may have since been decommissioned, but which are included for reporting requirements.

Our structure

In April 2012, the incoming government announced changes to the structure of portfolios and departments. As a result of these changes, the Department of Environment and Resource Management (DERM) was renamed to the Department of Environment and Heritage Protection (EHP) and a number of services provided by the former DERM were transferred to other departments.

EHP was organised into four divisions:

- **Conservation and Sustainability Services**—ensuring the diversity and integrity of Queensland's natural ecosystems are preserved and the conservation status of native species is maintained or enhanced.
- **Environmental Policy and Planning**—including developing and coordinating the policy, planning and legislative frameworks to deliver the government's key policy objectives for environmental and heritage protection.
- **Environmental Services and Regulation**—ensuring environmental risks and sustainable development are proactively managed and monitored through a modern and innovative regulatory, assessment, compliance, investigation and enforcement program.
- **Corporate Services**—delivering effective and efficient business support, and providing leadership in planning, resource allocation and management, monitoring and reporting. These services are delivered through a corporate partnership comprised of six departments.

This structure is our means of achieving our vision, purpose and delivery of our services.

Our vision

EHP will be the environment and heritage protection agency against which other Australian states benchmark themselves.

Our mission

Strong environmental management supporting sustainable economic development.

Our future direction

The department is in the process of determining its strategic objectives. Its current and future direction will contribute strongly to the achievement of the Queensland Government's objectives:

- Grow a four pillar economy (based on agriculture, tourism, resources and construction) by reducing red tape, facilitating efficient and timely environmental decisions, supporting the sustainability and productivity of the resources and agricultural industries and promoting tourism opportunities related to Queensland's natural environment and built heritage.
- Lower the cost of living for families by cutting waste through more efficient and effective environmental regulation and service delivery through use of technological and other innovations and decreasing government-imposed costs on industry and the community.
- Deliver better infrastructure and better planning by working with industry, the community and others to develop evidence-based conservation plans.
- Revitalise frontline services for families by working with other agencies to improve service delivery, placing appropriate resources on the frontline, supporting volunteers and local environment groups and providing access to more information and resources.
- Restore accountability in government by implementing the Queensland Government's commitments and aligning policies and programs with its objectives.

Our challenges

Environmental factors affecting the department include:

- population growth, particularly in urban and coastal areas
- technological change and the emergence of new resource industries
- extreme weather events and a changing and more variable climate
- an ageing workforce and competition from prospective employers for skilled employees.

Our customers

Our foremost customers are the people of Queensland.

The department seeks to work collaboratively with organisations which have a role or interest in the environment. This includes all levels of government, conservation and special interest groups, environmental authorities, regional natural resource management groups, industry and landholders.

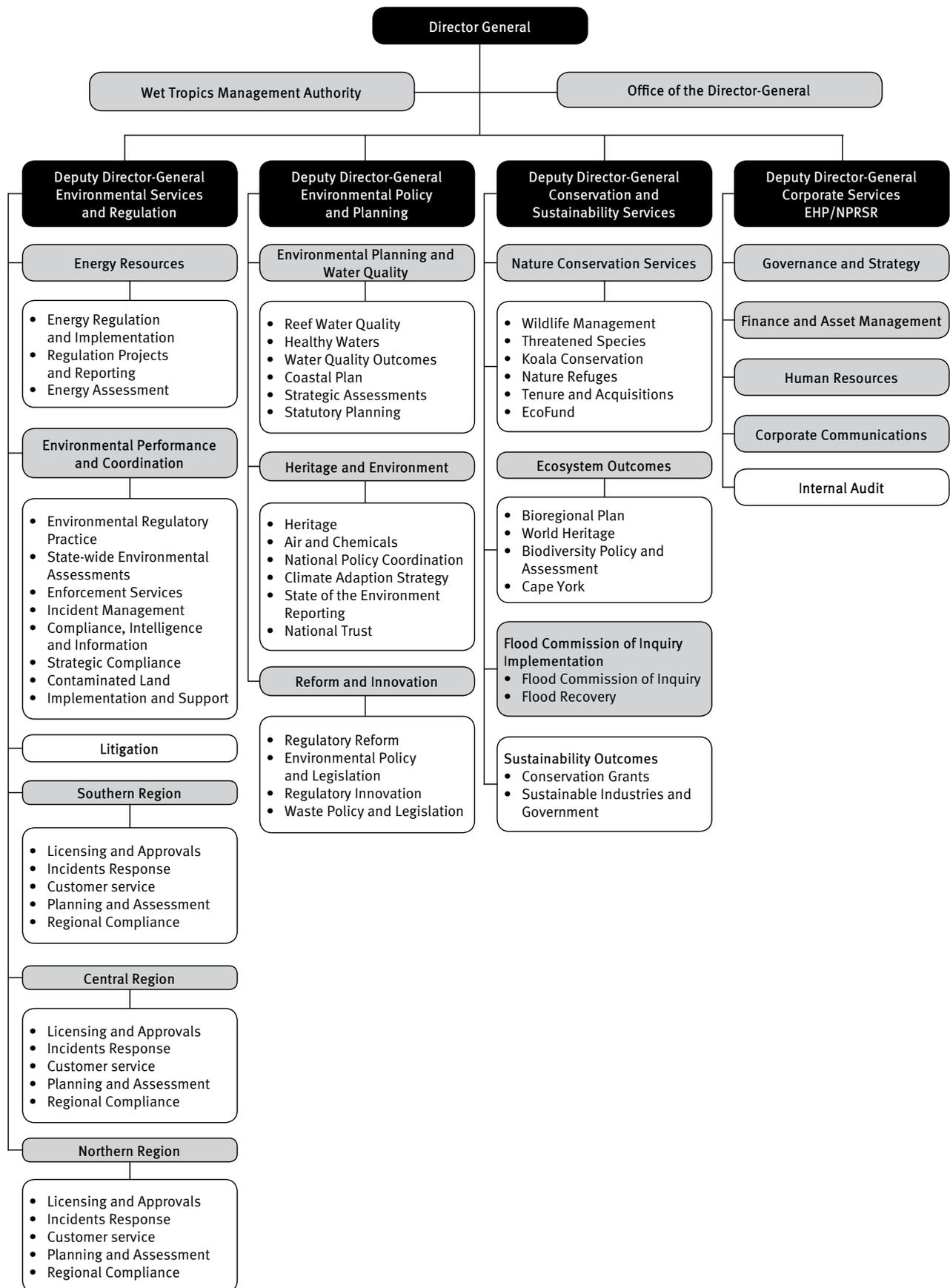
To achieve the government's vision and objectives, the department's programs, regulations and customer service involve active engagement and collaboration and are underpinned by robust scientific evidence and thorough analysis.

The department uses numerous communication channels to build and maintain its relationships with its customers and other interested parties and to receive feedback and suggestions about its activities and direction.

Managing our performance

The department's strategic and business planning identifies how its objectives are to be achieved. Regular performance reporting enables the department to monitor its progress in achieving its objectives, while ongoing risk management processes assist in evaluating and managing the uncertainties faced by the department.

Organisational structure



Executive Management Group profiles

Andrew Chesterman Director-General

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

Dean Ellwood Deputy Director-General Environmental Services and Regulation

Dean leads the department's regulatory program, ensuring that it is targeted, consistent and transparent in its facilitation of sustainable development. He ensures that relevant frameworks and service delivery mechanisms are in place to support both the implementation of legislation and policy and environmental assessments for development and resource projects across the state. Dean is also responsible for managing environmental risks through a proactive compliance and enforcement program which includes strong litigation capabilities to respond to serious breaches.

Tony Roberts Deputy Director-General Environmental Policy and Planning

Tony is responsible for developing and reforming legislation, plans and programs to support frontline environmental service delivery including waste, reef, water quality, environmental planning and built heritage. Tony is also responsible for the delivery of the government's regulatory reform agenda through re-positioning the department's legislation, policy priorities and business practices to achieve efficiency dividends and strip away greentape. He also represents the state's environmental interests at the national level.

Terry Wall Deputy Director-General Conservation and Sustainability Services

Terry is responsible for the implementation of programs to conserve and enhance the health of the state's natural environment. This includes managing the interaction between people and protected species, including the delivery of programs associated with wildlife management, koala conservation, threatened species and nature refuges. He is also responsible for the development of bioregional plans, policies and legislation for the protection of biodiversity, including world heritage areas, wild rivers and Cape York Peninsula and managing a range of eco-efficiency programs.

Danielle Anderson Deputy Director-General Corporate Services

Danielle is responsible for leading the delivery of corporate services including finance, asset management, human resources, communications and governance and strategy. Following machinery-of-government changes in April 2012, she is responsible for implementing corporate capability and governance frameworks to enable the Department of Environment and Heritage Protection and the Department of National Parks, Recreation, Sport and Racing meet their strategic objectives.

Ken Davis Executive Director Governance and Strategy

Ken reports to the Deputy Director-General, Corporate Services and is responsible for leading the delivery of corporate performance and reporting, integrity and governance frameworks and Cabinet and Parliamentary Services. Ken is also responsible for delivering Right to Information, privacy and procurement services to EHP as well as five other departments through a Corporate Partnership arrangement.

Financial overview

This summary provides an overview of the department’s financial performance for 2011–12. More detail can be found in the financial statements which are provided on CD at the back of this report.

As a result of the machinery-of-government (MoG) changes in April 2012, the Department of Environment and Heritage Protection (EHP) was established with the functions and responsibilities the previous Department of Environment and Resource Management (DERM) transferred amongst six new agencies. As a result, the EHP financial statements are required to reflect 10 months operating as DERM and two months of operating as EHP (1 May 2012 to 30 June 2012) and include the impacts of the transfers of relevant assets and liabilities to other agencies.

Following these changes, considerable effort was required to determine the necessary resourcing associated with the ongoing business operations of both EHP and each of the other agencies to which specific functions and responsibilities were transferred. In the interim, EHP continued to undertake a range of financial operations on behalf of these agencies and will continue to do so until each of the six agencies has established appropriate financial systems and processes including the necessary payroll systems. While the financial elements of this requirement are expected to be largely finalised in the first half of the new financial year, the payroll element is expected to take more time.

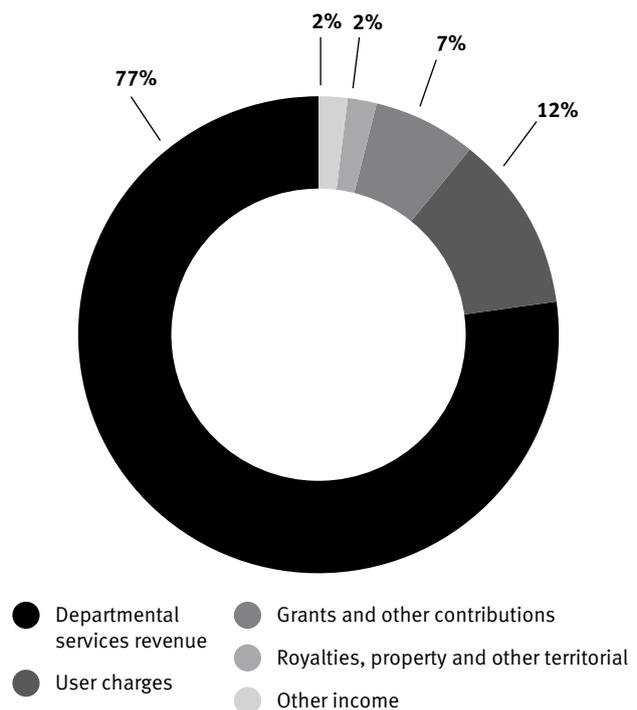
The following table summarises the financial results of controlled operations. Because of the magnitude and complexity of the MoG changes, policy decisions by the new government and a number of major savings initiatives required in both 2011–12 and 2012–13 to help restore the state’s financial position, no meaningful comparison of actual against budget figures can be made. EHP is reporting a net surplus for the year of \$25.0 million.

	2010–11	2011–12
Statement of comprehensive income	\$'000	\$'000
Total income from continuing operations	994,093	900,634
Total expenses from continuing operations	982,145	875,601
Statement of financial position		
Total assets	3,656,759	71,989
Total liabilities	72,744	7,889
Total equity	3,584,015	64,100

Income

The principal source of revenue for EHP is appropriation revenue from government of \$691.5 million which is shown as ‘departmental services revenue’. EHP also recorded \$105.9 million of user charges, fees and fines; and received grants and other contributions totalling \$66.6 million.

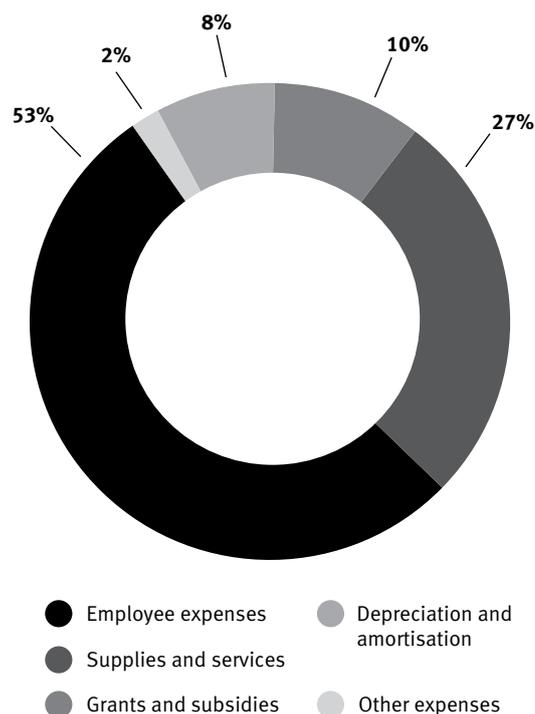
The bulk of all of the revenue received primarily results from services provided in the pre-MoG period and largely relates to functions that were transferred to other agencies. These included revenues associated with the land titles function, the issuing of camping permits in national parks and monies received in relation to State forest-based timber and quarry activities, all of which were transferred to other agencies as a result of the MoG changes. During 2011–12, action was also taken to introduce an industry-based waste disposal levy for non-household waste. The levy commenced on 1 December 2011, however, following the change of government, a decision was taken to cease the levy from 1 July 2012. For the seven-month timeframe that the levy was in place, a total of \$43.4 million was collected under the user charges, fees and fines category.



Expenses

Total expenses of \$875.6 million are less than those recorded in the previous year (\$982.1 million) largely due to the fact that the 2011–12 expenditure represents 10 months as DERM and two months as EHP compared to the full 12 months as DERM in 2010–11. Employee expenses, including wages, salaries, related taxes and superannuation contributions for 2011–12 totalled \$464.3 million during the year representing 53 per cent of total expenditure as compared to \$470.2 million, or 48 per cent, of total expenditure in 2010–11.

Expenditure relating to the other major expense types was also lower than the previous year again reflecting the nature of the new department following the MoG changes.



Financial position

The net asset position reported in the financial statements shows the net worth of the department. At 30 June 2012 this was \$64.1 million consisting mainly of cash holdings and property, plant and equipment assets. Significant net assets, in particular infrastructure and cultural and heritage assets, were transferred out of the department as a result of the MoG changes.

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.

Total income from administered operations for the year was \$461.9 million with \$73.4 million of expenditure. The bulk of the functions and activities administered by the previous DERM have been transferred to other agencies as a result of the MoG changes.

Chief Finance Officer (CFO) statement

The department is committed to efficiently, effectively and economically managing its financial performance and minimising financial liabilities and risks. The previous DERM had documented the comprehensive Financial Management Assurance Framework (FMAF) in place across the agency setting out in detail the full range of financial internal controls and the mechanisms by which these controls are tested. EHP continued to operate using the existing financial systems and processes, ensuring currency and continued

validity of the FMAF across the new agency. Testing of these controls continued to be performed on a regular basis with financial performance monitored each month by the Finance Committee and the Executive Management Group. To further help manage risks, the Audit and Risk Committee provides overall stewardship of audit activities, audit recommendations, financial reporting, the risk management processes and compliance practices.

The CFO has fulfilled 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. The Accountable Officer has been provided with a statement indicating that the financial internal controls are operating efficiently, effectively and economically. The CFO statement is based on the results of the checks performed as outlined in the department's FMAF and the work undertaken by the various boards and committees under the broader governance framework.

The process upon which the CFO Statement was based and provided to the Accountable Officer was outlined at the Audit and Risk Committee meeting which reviewed the 2011–12 annual financial statements.

Our business

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 the *Corporate governance* sections of this report.

Conservation and Sustainability Services

This division ensures the diversity and integrity of Queensland's natural ecosystems are preserved and the conservation status of native species is maintained or enhanced. This division provides the department with direct frontline services including flora and fauna licensing and permitting, expert advice and community education. The division undertakes operational policy and planning activities and leads the government's environmental response to the findings of the Queensland Floods Commission of Inquiry. The division is also responsible for biodiversity policy and assessment, as well as the Indigenous Land and Sea Ranger program; and coordinates the management of world heritage areas across the state.

Key projects and initiatives

Acquisition of land for national parks

The department protects areas critical to conserving biodiversity and stabilising threatened species trends in Australia. Protected areas are also critical to economic and social wellbeing, delivering ecosystem services that cannot be reliably valued in dollar terms.

In 2012–13 new tourism opportunities will be identified on protected areas for local residents and interstate and international visitors. This will increase the tourism potential of Queensland which is one of the four pillars identified by the Queensland Government to grow the economy.

In 2011–12 the department improved management boundaries of existing protected areas to enable better fire, pest and weed control, and conserve priority ecosystems and species and significant natural landscapes.

The department's *Service Delivery Statement 2011–12* included the service standard—*The annual increase in hectares of Land for Nature Conservation (National Parks)*. In 2011–12, the department set a target of 350,000 hectares and achieved 111,834 hectares. The variance between the 2011–12 target/estimate and 2011–12 estimated actual was due to delays that were experienced in the former Statewide Forest Transfer Program and the Cape York Peninsula Tenure Resolution Program.

The Cape York Peninsula Tenure Resolution Program converted six existing national parks to jointly managed national parks—Kutini-Payamu (Iron Range), Wuthara Island, Mitirinchi Island, Ma'alpiku Island, Piper Islands and Oyala Thumotang National Parks (Cape York Peninsula Aboriginal Land). These parks cover 434,863 hectares.

In May 2012, 75,074 hectares previously excised from the former Mungkan Kandju National Park were transferred as Aboriginal freehold land to the Oyala Thumotang Land Trust.

Through this program the Queensland Government transferred a total of 1,957,347 hectares of land to Aboriginal ownership, of which 1,253,499 hectares were protected by national parks and are jointly managed with the traditional owners. The program ensured the long-term conservation of Cape York's natural and cultural values and contributed to the Indigenous community's social and economic wellbeing.

Nature refuges

The Nature Refuges Program secured voluntary, legally-binding conservation agreements to establish protected areas over privately managed land. This created a perpetual obligation for the owners to conserve the area's significant values.

During 2011–12, 14 new nature refuges were gazetted, protecting 115,000 hectares of high value nature conservation area.

A second gazettal of nature refuges scheduled for 2011–12 was delayed and is expected to occur early in 2012–13. This planned gazettal will create 28 new nature refuges, and expand a further four existing nature refuges, which will add a further 409,231 hectares to the program.

In 2011–12 the NatureAssist implementation program was reviewed and redesigned in preparation for further funding rounds in 2012–13. This redesign built on the program's success and aimed to create more streamlined and efficient processes and implementation. This included a comprehensive review of processes, supporting documentation and assessment tools to ensure future rounds of NatureAssist are implemented as efficiently as possible.

The new implementation design focuses on targeting properties of known high conservation value (rather than an open call for participation across Queensland) and a simplified application and assessment process. This will create significant time and cost savings without compromising the program's value-for-money conservation outcomes.

The department's *Service Delivery Statement 2011–12* included the service standard—*Increase in the area (million hectares) of high conservation quality land gazetted as nature refuge*. In 2011–12 the department set a target of 466,000 hectares and gazetted 115,000 hectares, with a further 410,000 hectares to be proposed for gazettal in early 2012–13.

Indigenous involvement in Cape York

The department continued to provide employment opportunities for Indigenous rangers on Cape York Peninsula, as well as increasing traditional owner participation in land management of protected areas and the capacity for management of adjacent Aboriginal Lands.

The department's *Service Delivery Statement 2011–12* included the measure—*Indigenous involvement in Cape York protected area management*. In 2011–12 the department set a target of 30 per cent. The participation rate achieved was 32 per cent.

The percentage of employees from the former Department of Environment and Resource Management directly involved in protected area management in Cape York who identify as Indigenous people is 32 per cent. This includes all positions that are located on Cape York and work operationally in joint management on Cape York.

Bioregion Management Plan

Queensland has a number of river systems which are relatively untouched by development and have all, or almost all, of their natural values intact. Some of these river systems have been declared wild river areas.

The department's *Service Delivery Statement 2011–12* included the service standard—*Cumulative number of wild river declarations finalised*. In 2011–12 the department set a target of 12 declarations. Two declarations (for the Cooper Creek and Georgina and Diamantina river basins), were finalised during the year, bringing the total number of declarations to 12. The Cooper Creek and the Georgina and Diamantina river basins protect river systems in the Lake Eyre Basin in western and central Queensland.

In 2012–13 the department's focus is to work collaboratively with state planning agencies to develop an integrated planning framework for Cape York Peninsula.

The department will focus its efforts on options for the protection of pristine waterways to replace the wild river declarations and use of the bioregion planning approach that includes natural resource and protected area management, protection of environmental values, and identification of potential world heritage boundaries, to inform the integrated planning framework for the cape.

In June 2012 a scoping paper for the Cape York Peninsula Bioregion Management Plan was released for comment. The plan applies to additional areas of Cape York outside the current declared wild river areas and strikes a more appropriate balance between conservation and sustainable development.

The Indigenous Land and Sea Ranger program is part of an initiative to improve Indigenous participation in managing land and sea country, with most rangers traditional owners of the land on which they work. As at 30 June 2012, 40 rangers were working on country through this program.

Work has commenced to progress the employment of an additional 40 Indigenous land and sea rangers over four years, to care for Queensland's natural values through land and sea management.

Wildlife management

The department leads a statewide program to protect, conserve, and manage the sustainable use of Queensland's native wildlife, through:

- the review and development of policy and legislation
- education and community engagement
- development of partnerships
- compliance management
- operational service delivery.

In 2011–12, 317 crocodile sighting reports were received by the department, which resulted in nine crocodiles being removed from the wild.

Twenty Damage Mitigation Permit applications were received to disperse flying fox roosts. Nine were approved, two were refused, six were withdrawn and the assessment of the remaining three were yet to be finalised as at 30 June 2012.

Threatened species

The department manages, facilitates and coordinates activities which achieve the conservation, protection and preservation of threatened species in Queensland.

The department's Recovery Actions Database collects and presents species priorities and management actions required for their recovery. The database is delivered via a web interface providing all interested parties with the opportunity to upload their actions and find out about other work being done. The department also developed and collaborated on national and state recovery plans and continued a program of re-establishing viable populations in the wild for bilbies, bridled nail tail wallabies and Richmond birdwing butterflies.

The northern hairy nosed wombat project will be expanded to establish additional populations at other sites in coming years as an extension to the goal of re-establishing the wombat in its natural environment. The parent colony at Epping Forest continues to thrive and will provide the nucleus of the colonies.

In 2011–12 the colony at Richard Underwood Nature Conserve witnessed the birth of two joeys. Corporate support from Xstrata for this project continued and has been extended into the 2012–13 financial year.

Koala policy and operations

The Koala Response Strategy aims to provide baseline data on koala distribution and population in South East Queensland. This data provides valuable information on the population dynamics of koalas and practical support for the conservation management of the koala.

Components of the Koala Response Strategy that contributed to the conservation management of koalas in 2011–12 included:

- The Daisy Hill Koala Centre, a purpose-built facility to educate visitors about koalas and the threats to them.
- A team of departmental employees who conducted a range of research and analysis tasks related to koalas and their habitat.
- A team of town planning employees who provided input into and undertook State Interest checks of new or revised local planning documents (such as town planning schemes, master plans) against the provisions of the State Planning Policy to ensure consistency with that State Interest.

Koala Conservation Unit planners also undertook audit compliance by other State agencies with the community infrastructure policy. The community infrastructure policy is a whole-of-government policy that requires community infrastructure providers (such as the Department of Transport and Main Roads) to avoid, minimise and offset their impacts on koala habitat across much of South East Queensland.

In 2011–12 koala habitat surveys were undertaken across South East Queensland. The Logan City Council surveys were completed by 30 June 2012. The Gold Coast, Sunshine Coast and Brisbane City Councils are planned to be surveyed over the next three years.

The Habitat Acquisition Program complements regulatory and planning measures aimed at protecting existing bushland habitat. One property was purchased during the year, bringing the total number of properties purchased to date to eight, with a total area of 380 hectares.

Environmental recovery activities

In the summer of 2010–11, Queensland experienced a series of devastating natural disasters including severe flooding and Tropical Cyclone Yasi which resulted in all 73 Queensland local government areas being declared as disaster areas.

In response to the devastating floods and cyclones of 2010–11, the department was responsible for leading statewide environmental recovery activities throughout 2011–12. Recovery activities commenced as soon as officers could access the affected areas. Since the 2010–11 summer:

- National parks—all 162 national parks damaged by the disasters across the state were re-opened.
- Water supply schemes—all 104 water supply schemes affected by the natural disasters are now operational.
- Sewerage schemes—all 84 sewerage schemes affected by the natural disasters are now operational.
- Mines—the department approved 100 Transitional Environmental Programs (TEPs) to assist mines deal safely with floodwaters and get back into production as quickly as possible. Approximately 95 per cent of mines have returned to full production.
- Hazardous waste—a total of 2234 hazardous material items were identified and removed for waste processing from the Rocklea industrial area along Oxley Creek in Brisbane.
- Farm clean up—about 300 tonnes of irrigation tape (trickle tape) have been removed along the Dumaresq River and recycled.
- Endangered wildlife—in partnership with local volunteers and landholders the department undertook significant mitigation activities for Cyclone Yasi's impact on cassowaries. Around 100 feed stations have been installed.
- Floodplain mapping—almost 9000 maps have been produced to assist local governments identify flood zones as part of the Authority's floodplain mapping.
- Stream flow gauges—40 sites affected by the disasters are now fully restored to pre-event operational level.
- Debris removal—regional natural resource management bodies have been supported to undertake property clean up and landscape restoration and rehabilitation works across Queensland. As of 30 June 2012, 1273 properties had received assistance, with 8614 ha of floodplains cleared of debris, 879 km of streambank restored and approximately 12,478 ha of significant gullies and bank slumps repaired or stabilised.

As a result of the recent 2012 flood events, the department was required by the Queensland Reconstruction Authority (QRA) to develop and implement an environmental recovery plan. This plan principally included the development and implementation activities associated with the restoration of national parks affected by the floods.

ecoBiz

The ecoBiz program helps businesses become more profitable through achieving efficiencies in energy, water and waste.

In total, ecoBiz partners have saved more than 56,000 tonnes of greenhouse gases per year while saving an average of 18 per cent on energy use, 33 per cent on potable water, generating 38 per cent less waste going to landfill and increasing the amount of waste being recycled by an average of 41 per cent.

The department's *Service Delivery Statement 2011–12* included the service standard—*Average percentage savings in greenhouse gas emissions by ecoBiz partner companies*. In 2011–12 the department set a target of 18 per cent. This target was achieved.

The ecoBiz Cluster program teams businesses with a cluster leader to reduce business costs by improving eco-efficiency. The cluster leaders bring together groups (clusters) of 20 businesses and assist them progress through a six-month efficiency improvement process.

ClimateQ

ClimateQ was a whole-of-government strategy to be implemented from 2009–2014 to prepare communities, businesses and the environment for the impacts of a carbon price, increasing resources costs and more extreme weather events.

During the reporting period, four initiatives were finalised. They were the Clean Energy for Remote Communities initiative (in the energy sector), the Climate Ready Infrastructure initiative (planning and building sector), the Faster, Better, Safer Walking and Cycling initiative and the FreightSmart initiative (transport sector).

A further 11 initiatives were terminated with remaining initiatives subject to further review or being continued under revised reporting arrangements. The strategy will not be continued into 2012–13.

Premier's Council on Climate Change

The department provided secretariat and research services for the Premier's Council on Climate Change.

The council met in October and presented two working papers: *Adapting to climate change: natural environment and biodiversity* and *Adaptation in land use planning and human settlement: managing and allocating natural hazard risk*. It also heard the government response on the *Solar energy opportunities for Queensland's commercial and industrial sectors* working paper.

The department's *Service Delivery Statement 2011–12* included the service standard—*Measure of the Percentage of Premier's Council on Climate Change recommendations adopted by Government*. In 2011–12, the department set a target of 80 per cent. The average percentage achieved during the reporting period was 88 per cent. This council will not be continued in 2012–13.

ClimateSmart Home Service

The ClimateSmart Home Service was an in-home energy efficiency program designed to assist households to save on greenhouse gases and electricity. The service was closed on 26 April 2012.

The department's *Service Delivery Statement 2011–12* included the service standard—*Average cost to deliver the ClimateSmart Home Service on a per household basis*. In 2011–12 the department set a target of \$320. The average cost achieved was \$338.

Reducing household emissions

The department was required to meet the former government's greenhouse gas emissions reduction target. The target was to reduce household greenhouse gas emissions by one-third by 2020 through reduced electricity and fuel use and waste to landfill.

Actions which contributed to the reduction included the Queensland Gas Scheme which required retailers and other large electricity users to source at least 15 per cent of their power from gas-fired generation and programs to help households reduce their energy use and swap private car trips for public or active transport.

The department's *Service Delivery Statement 2011–12* included the service standard—*Average tonnes reduction in annual household emissions from electricity use, fuel and waste to landfill*. In 2011–12 the department set a target of 0.5 tonne. The average tonne reduction achieved was 0.85 tonne per household.

Queensland Sustainable Energy and Innovation Fund

The Queensland Sustainable Energy and Innovation Fund (QSEIF) provided grants for innovative businesses to produce technologies that reduce energy and water consumption. The department is secretariat to the Queensland Sustainable Energy Advisory Council, which recommends QSEIF projects to be funded for approval by the Minister. Four grants were awarded in 2011–12. This fund will not continue in 2012–13.

The department's *Service Delivery Statement 2011–12* included the measure—*Private to public investment ratio for projects supported by the Queensland Sustainable Energy Innovation Fund*. In 2011–12, the department set a target of 8:1. The actual ratio achieved was 9.3:1.

Outlook for 2012–13

In 2012–13 the division's focus will include the following priorities:

- Developing a crocodile management policy consistent with the Northern Territory's three-tiered approach that strikes a balance between community safety and crocodile conservation.
- Establishing the Everyone's Environment grant program for community groups with programs or projects that support and protect the natural environment.
- Investing to protect koalas through acquiring habitat for preservation, research into koala diseases and other preventable causes of death, injury and illness and koala rescue and rehabilitation services.
- Contributing to the development of a Cape York Plan in conjunction with Indigenous communities, Cape York organisations and other interest groups.
- Supporting the world heritage listing of suitable areas of Cape York in consultation with the traditional owners and other interest groups.
- Increasing the number of Indigenous rangers who will focus on the protection of pristine waterways, protected species and national park management.
- Reintroducing limited flying fox damage mitigation permits for crop protection.
- Ensuring dolphin feeding at Tin Can Bay continues in an environmentally responsible way.
- Commissioning an independent scientific review of the Fraser Island Dingo Management Strategy.
- Enforcing the law when it comes to the illegal trade in dugong and turtle meat and products and supporting Indigenous communities to expand self imposed permit and licensing systems for sustainable hunting of dugong and turtles.
- Reviewing the overarching framework for the Biodiversity Offsets Policy.
- Reviewing the *Nature Conservation Act 1992* in collaboration with the Department of National Parks, Recreation, Sport and Racing to streamline regulatory burden.
- Conducting a further round of the NatureAssist program.
- Reviewing the Marine Mammal Conservation Plan.

Environmental Policy and Planning

The Environmental Policy and Planning Division develops and coordinates the department's policy, planning and legislative frameworks for environmental and heritage protection.

Its focus is on high-level strategic policy and planning, providing context and direction to the day-to-day operating procedures that guide the work of the department's Conservation and Sustainability Services and Environmental Services and Regulation divisions.

This division also drives the delivery of the government's regulatory reform agenda through the re-positioning of the department's legislation, policy priorities and business practices to achieve efficiency dividends and strip away greentape.

The division ensures environmental policies and objectives are embedded in relevant government strategies and legislative instruments. It supports the Minister and the Director-General in representing Queensland's interests in national environment and heritage forums.

The division also leads the articulation of the department's State Interests through state planning instruments under the *Sustainable Planning Act 2009*.

Key projects and initiatives

Regulatory simplification

Greentape Reduction is the department's major regulatory simplification project and reforms the environmental approvals processes under the *Environmental Protection Act 1994*.

The amended legislation, together with administrative and business process changes, is forecast to save business \$11.7 million per year. Small businesses will be a major beneficiary of these changes making it easier and cheaper for them to start up. These reforms come into effect in March 2013.

In 2012–13, the department will continue its review of regulated activities to identify opportunities to deregulate small businesses which are not licensed in other states. Deregulation of these activities will allow small business to start up more quickly and save money on administrative expenses during operation.

The department is also pursuing further reform opportunities, with a focus on reducing the development applications that need to be referred to the department for advice or approval under the *Sustainable Planning Act 2009*. This will benefit proponents and the department by reducing development assessment timeframes.

Great Barrier Reef Water Quality Protection Plan

In 2011–12 efforts under the Reef Water Quality Protection Plan continued and by 30 June 2012 almost 98 per cent of sugarcane farmers and cattle graziers had submitted, or committed to submit, their environmental risk management plan (ERMP).

Furthermore, 323 or 65 per cent of those required to submit an annual report had done so. Seventy-two reviews carried out by reef protection officers showed reasonable levels of compliance with legislative requirements for record keeping and for fertiliser and herbicide use.

In October 2011, a \$7.6 million research and development portfolio designed to increase the evidence base that supports improvements in grazing and cane growing management practices was approved. As at 30 June 2012, more than \$1.7 million had been spent on a range of projects which will ultimately deliver economic benefits to industry and better water quality outcomes for the Great Barrier Reef.

The reef protection initiative has established a sound foundation for the 2012–13 transition to industry-led Best Management Practice systems for the sugarcane and cattle grazing industries.

Queensland Coastal Plan

The Queensland Coastal Plan commenced on 3 February 2012 and included the release of associated maps, guidelines and fact sheets as well as the declaration of a new coastal management district.

A technical working group was convened to help resolve some implementation aspects of the coastal plan. Representatives from key industry groups were involved, including the Local Government Association of Queensland and state agencies responsible for planning, building codes and disaster management.

Refresher information sessions were provided for departmental employees, local governments and the development industry between February and May 2012, with more than 700 people attending.

In 2012–13 the Queensland Coastal Plan will be revisited in partnership with industry and local governments to establish a long-term vision for the planning, management and sustainable use of land located in the state's coastal areas.

Heritage State Planning Policy

A State Planning Policy (SPP) for Heritage Management was approved as part of the 2011–12 state planning instruments program.

The aims of the SPP for heritage management include:

- A reduction in red tape by removing the referral trigger for development adjoining Queensland heritage places.
- An efficient integrated approach to managing heritage areas by recognising the state's most important heritage areas through local planning schemes rather than the Queensland heritage register.
- Less community confusion about heritage protection through the use of mechanisms like heritage overlays to clearly identify heritage places and areas.
- A more consistent approach to heritage management by requiring local governments to investigate heritage resources in their area when preparing planning schemes.

Great Barrier Reef Strategic Assessment

In 2011–12 the department commenced a strategic assessment of the Great Barrier Reef coastal zone under the *Environment Protection and Biodiversity Conservation Act 1999*.

This assessment will help identify, plan for and manage existing and emerging risks to ensure ongoing protection and management of the unique environmental values of the Great Barrier Reef World Heritage Area and adjacent coastal zone.

This will be achieved by investigating the adequacy of the existing management arrangements for the Great Barrier Reef (in conjunction with the Great Barrier Reef Marine Park Authority) and assessing current and future planned development in the World Heritage Area and the adjacent coastal zone and analysing likely direct, indirect and cumulative impacts.

The terms of reference for the assessment underwent public consultation and are expected to be finalised early in 2012–13.

Protecting Wetlands of High Ecological Significance in Great Barrier Reef Catchments

The State Planning Policy 4/11: Protecting Wetlands of High Ecological Significance in Great Barrier Reef Catchments (SPP 4/11) commenced on 25 November 2011.

This policy regulates high impact earthworks that may fill, drain or divert water from non-riverine freshwater wetlands of high ecological significance. This policy supports the management practice target outlined in the Reef Water Quality Protection Plan 2009, which states that there will be no net loss or degradation of natural wetlands by 2012.

Queensland Biodiversity Strategy

In November 2011, the department released the Queensland Biodiversity Strategy, *Building Nature's Resilience: A Biodiversity Strategy for Queensland* which articulated the state's plan for conserving marine and terrestrial biodiversity. The strategy's primary goals are to reverse the decline in biodiversity and increase the resilience of species, ecosystems and ecological processes to threats.

To achieve these goals, the strategy focuses on three priority objectives:

- building protected areas
- conserving species
- managing extent, condition and connectivity.

The strategy builds on a solid framework of existing programs, legislation and policies for conserving the state's biodiversity. This strategy will be reviewed in 2012–13 and a new strategy is expected to be released.

Waste levy

The waste levy, which required waste disposal site operators to calculate and remit a levy payment and report waste tonnage data to the state each month, was repealed. Amendments to the Waste Reduction and Recycling Regulation 2011 set a nil levy rate on all wastes. This takes effect on 1 July 2012. Further amendments to the *Waste Reduction and Recycling Act 2011* will be made in 2012–13 to remove redundant levy provisions from the Act.

Although no new liability is created from 1 July 2012, payments will be received until August 2012 for levy liabilities incurred in May and June 2012.

Waste

The department's *Service Delivery Statement 2011–12* included the service standard—*Tonnage of recyclable materials from stadia, public venues and public events diverted from the waste stream into recycling*. The 2011–12 target was 600 tonnes. This service standard was discontinued in the first quarter of the reporting period. As a result, no data was collected.

The objective of the public place recycling program was to increase the amount of recyclable material recovered from public places such as sporting stadia and other public venues including train stations and the Brisbane Entertainment Centre.

The public place recycling program was replaced by the reThink Business Waste grants program, a subsidy program aimed at helping businesses identify their waste disposal costs and establish recycling infrastructure to increase material recovery. The reThink program ceased in April 2012 as part of the Queensland Government's commitment to repeal the waste levy.

In 2012–13 the focus will be on the development of an industry-driven approach to improve waste management.

Outlook for 2012–13

In 2012–13 the division's focus will include the following priorities:

- Finalisation of the Great Barrier Reef Coastal Zone Strategic Assessment.
- Finalisation of an agreement with the Commonwealth Government for accreditation of Queensland environmental approval processes.
- Development of a series of best practice guidelines to assist heritage owners, applicants, local governments and the community with the identification and development of Queensland's heritage places and areas.
- Development and implementation of innovative solutions to reduce greentape.
- Development of a new industry-driven waste strategy.
- Development of Best Practice Management Schemes for cattle grazing and sugarcane industries in Great Barrier Reef catchment areas.
- Establishment of the Gladstone Healthy Harbour Partnership to consolidate monitoring activities which assist to protect the water quality and ecosystem health of the harbour.
- Finalisation of an integrated State Planning Policy which includes the integration of the amended Queensland Coastal Plan.

Environmental Services and Regulation

The Environmental Services and Regulation Division provides targeted, consistent and transparent regulation which facilitates sustainable development. This division regulates land, water and air pollution; underground water impacts; waste minimisation; coastal, wetland and reef protection; built heritage conservation; and the management of macropod harvesting and contaminated land. A large proportion of the division's services are delivered within regional centres.

The division's regulatory approach aims to achieve timely project approvals for the development, industrial, resource and agricultural sectors, whilst maintaining strong performance and compliance levels. This is achieved through:

- Clear communication with industry groups and regulatory applicants to raise awareness of their impacts and obligations.
- Ensuring impacts on the environment are managed collaboratively.
- Implementing greentape reductions and a proportionate enforcement presence.
- Monitoring and evaluating performance.
- Ensuring regulatory and environmental management outcomes are regularly improved.

The division contributes to the government's commitments by working to ensure a sustainable coal seam gas industry and compliance with regulations. This is achieved through project development conditions and restoration of a stable regulatory framework through merit-based outcomes.

The department is committed to better consultation with the mining industry to avoid a repeat of water management issues following major flooding and rain events.

Key projects and initiatives

Compliance

In 2011–12 the department’s compliance activities were implemented in accordance with the overarching compliance strategy. This strategy ensures that business, industry and the community have an understanding of Queensland’s environmental and heritage protection laws so they can meet their legal obligations. This strategy is supported by a strong enforcement capability and its success is demonstrated by the department’s prosecution record.

In addition to the strategy, the department’s annual compliance plan for 2011–12 informed business, industry and the community of the proactive compliance activities that would be carried out on key issues threatening the natural and cultural environment.

The department’s *Service Delivery Statement 2011–12* included the service standard—*Number of sites engaging in activities regulated under the Environmental Protection Act 1994, inspected for compliance*:

- *Level A (Basic inspections)*
- *Level B (Condition audit)*
- *Level C (Performance audit)*

The table below outlines the targets for planned compliance inspections of sites carrying out regulated activities and the number of planned compliance inspections achieved during 2011–12:

2011–12 target	2011–12 achieved
Level A—180	258
Level B—430	509
Level C—80	71

The increased number of planned inspections is attributed to increased activity within the coal seam gas and liquefied natural gas, wet season preparation and flood recovery.

Environmental authorities

Coal seam gas and mining activities require an environmental authority (EA) under the *Environmental Protection Act 1994* before any activity can begin. An EA imposes conditions to minimise or avoid potential environmental impacts. There are Level 1 and Level 2 environmental authorities issued depending on the risk of environmental harm.

Level 1 mining projects seeking an environmental authority for coal, metaliferous and/or bauxite mines must be accompanied by a site-specific environmental management plan. Applications are rigorously assessed and, if approved, have conditions imposed to prevent or minimise harm, thereby promoting sustainable development outcomes.

Level 2 mining projects, such as exploration activities or gem mining, have a lower risk of causing harm and can be authorised through a code of compliance. Applicants for a code-compliant environmental authority must certify that all their mining activities can comply with the conditions in the relevant code of environmental compliance.

The department’s *Service Delivery Statement 2011–12* included the service standard—*Percentage of environmental authorities administered under the Environmental Protection Act 1994 that are issued within statutory timeframes*.

In 2011–12 the department set a target of 100 per cent and achieved 99.5 per cent. Of 1088 environmental authority applications processed, five were decided outside statutory timeframes. The reasons for timeframes not being met included high employee turnover in regional centres and consequent inexperience which has been addressed through improved procedures.

Sustainable Planning Act

The department processes certain development applications under the *Sustainable Planning Act 2009*. The department considers these applications with a view to conserving and managing the environment and built heritage places.

During 2011–12, 2090 development applications were assessed by the department. The assessment process integrates responses on wide-ranging interests such as the protection of wetlands, management of contaminated sites, protection of coastal habitat, and protection of water quality and good quality agricultural land.

The department’s *Service Delivery Statement 2011–12* included the service standard—*Percentage of Sustainable Planning Act 2009 development applications assessed within legislative timeframes*. In 2011–12 the department set a target of 100 per cent and achieved 97.4 per cent.

Results in 2011 were below target due to the high number of applications assessed. The effectiveness of an improved framework is reflected in the increase in compliance within statutory timeframes from 95.04 per cent in the first three months of 2011–12 to 100 per cent by the end of 2011–12.

Coal seam gas

In 2011–12 the department continued to revise and amend the Coal Seam Gas (CSG) Water Management Policy and implemented systems and procedures for the assessment of underground water impact reports.

The division has made a concerted effort to ensure that information on the CSG assessment process is accessible and transparent. The amount of publicly available information has been substantially increased and includes environmental authority applications subject to public notification, finalised environmental authorities and information about hydraulic fracturing (fracking).

A new tracking system for assessment of applications was implemented to ensure there is a comprehensive record of all petroleum and gas (including CSG) applications. The system provides input to historical trend reports and assists in the identification of effective key performance indicators promoting continued streamlining of the assessment processes.

An operational review commenced to assess the administration of financial assurance, with the intent of improving consistency in decision-making, responding to emerging issues, seeking administrative efficiencies and ensuring the amount of financial assurance held is sufficient to cover rehabilitation costs.

Litigation

The department seeks to ensure voluntary compliance with its environmental legislation. Where there is non-compliance enforcement action is taken. Where there are breaches of legislation this enforcement action may include prosecution.

In 2011–12 the department's prosecution activities secured a range of penalties and more than \$2.2 million in fines and costs.

Outlook for 2012–13

In 2012–13 the division's focus will be on:

- Releasing a new regulatory strategy.
- Finalising a revised coal seam gas water management policy.
- Streamlining assessment processes with a focus on strong environmental outcomes and decreasing costs to industry.
- Assisting customers to understand their environmental impacts and obligations, and acceptable standards of environmental performance.
- Ensuring environmental approvals for industry set clear performance based outcomes rather than prescriptive targets.
- Streamlining environmental authority application processes.
- Increasing compliance and regulatory enforcement activities.
- Increasing consultation and partnership development with industry associations, peak bodies and community groups on regulatory matters.
- Using latest available science and consideration of community expectations when developing regulatory standards.
- Introducing market-based incentives and co-regulation opportunities in order to provide customers with greater flexibility to meet their environmental obligations.

Our people

The department recognises the importance of building and sustaining a flexible workforce to meet current and future service delivery needs. During 2011–12, the department implemented human resource policies, strategies and programs that enabled the attraction, development and retention of a range of highly skilled employees focussed on service delivery.

The department continued to build a culture that values and embraces health and safety, leadership and management capability, performance management, diversity and encourages work-life balance.

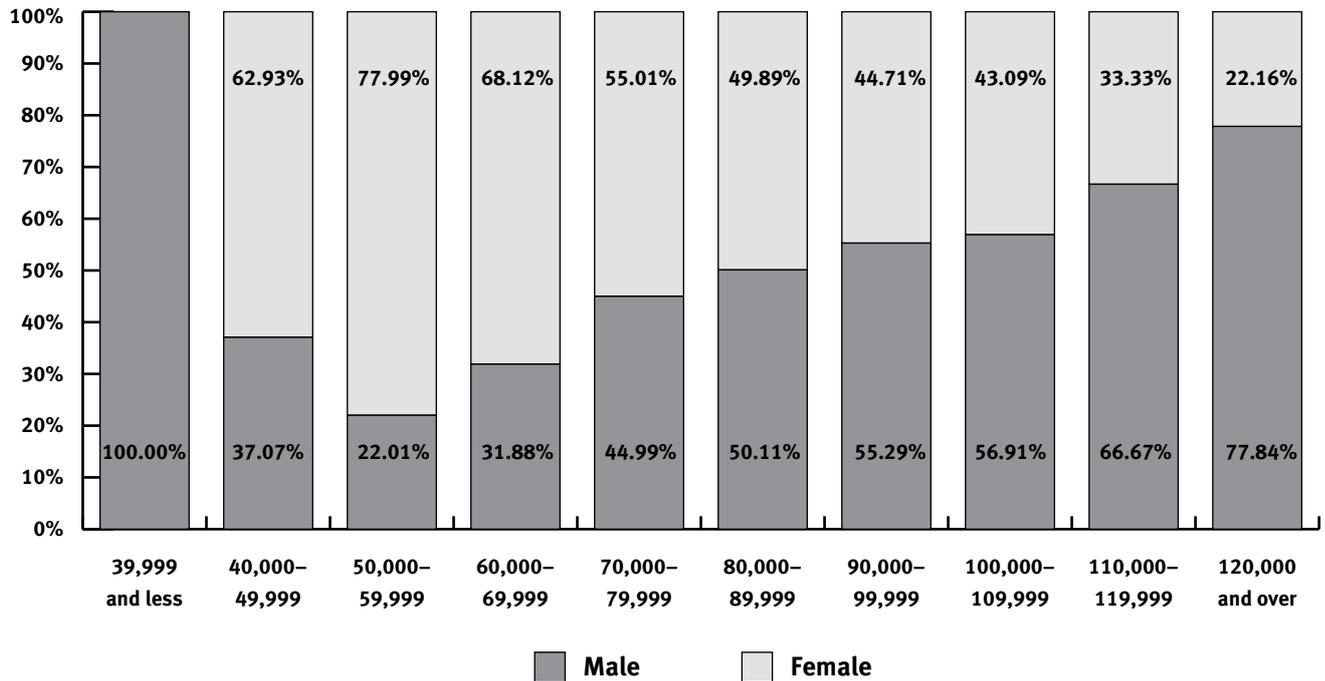
Workforce profile

Employee numbers by employment type*

Employment Type	FTE		FTE%		Total FTE	FTE%
	Female	Male	Female	Male		
Permanent	637.76	519.86	47.71%	38.89%	1157.62	86.59%
Temporary	101.10	59.15	7.56%	4.42%	160.25	11.99%
Contract	3.00	15.00	0.22%	1.12%	18.00	1.35%
Casual	0.72	0.26	0.05%	0.02%	0.98	0.07%
Total	742.58	594.27	55.55%	44.45%	1336.85	100.00%

* The figures in the above table and graph are based on full-time equivalent (FTE) staffing numbers. The full-time equivalent is calculated by the number of hours prescribed by the award/industrial instrument for the person's position. For example, a person working 21.75 hours per week in a position prescribed as 72.5 hours has an FTE of 0.6. An organisation's FTE is the sum of all FTEs.

Representation of women/men disaggregated by annual earnings



* The figures in the above table are represented as a percentage of the total full-time equivalent, the gender breakdown, with the relevant salary range.

Workforce planning, attraction and retention

During 2011–12, the workforce planning framework was reviewed to strengthen the link between business and workforce planning. Business units incorporated workforce strategies into their business plans. This enabled greater alignment with business priorities and ensured a flexible and skilled workforce able to respond to changing service delivery needs. Management teams conducted risk assessments on critical occupational groups and roles which informed the development of succession strategies.

Strategies included:

- Building internal talent pools through capability development and relieving opportunities.
- Addressing the management of an ageing workforce through the recruitment and retention of graduates in critical occupational groups.
- Implementing the Aboriginal and Torres Strait Islander Employment Plan to ensure the department’s workforce profile is reflective of the community we serve.
- Implementing the *workingsafe workingwell* strategy for safer workplaces.

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 to enable the attraction and retention of critical occupational groups in disciplines such as engineering, environmental science and hydrogeology. These strategies include a successful graduate program, Indigenous cadetships for Indigenous tertiary students and industry placements.

Employee performance management framework

The employee performance management framework enables managers and employees to clarify business priorities, set and review individual's performance and behavioural expectations, determine development needs and long-term career goals. The framework includes individual Achievement and Development Planning (A&DP) policy, process and tools and training.

A&DP agreements and performance discussions between managers and individuals were conducted during the reporting period. The A&DP assisted individuals in understanding their performance objects and alignment with business priorities.

During 2011–12, the department continued building managers' and employees' capability through the delivery of performance management training. The training developed skills in business focussed performance planning, informal and formal review discussions and processes. Twenty-eight training sessions were delivered to managers and supervisors with 70 per cent of these delivered in regional centres.

Regular performance conversations and formal reviews contributed to a performance culture including employee recognition.

The department recognised high performers through the Excellence Awards program in place under the previous corporate framework. Recognition awards also recognised meritorious service in the department and in the Queensland Public Service.

Induction

Induction processes facilitated the early engagement of new employees and prompt transition into their role within the department. All new employees completed an online Corporate Induction program which covered workplace health and safety, ethical decision making, Code of Conduct, working in government, information privacy, A&DP and record keeping.

Local induction was provided to new employees and provided them with an understanding of policies and customer service delivery expectations.

Promotion of work-life balance

The department fostered a culture of workplace flexibility through the implementation of human resource 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, information sessions and advice by the business and human resource support areas.

The department's Leave Procedure and Flexible Work Options Policy contains provisions and options to manage work and life responsibilities. Other policies include Compressed Work Hours, Accrued/Banked Time, Part-time Work, Teleworking and Purchased Leave.

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 department's Capability Framework. This included:

- 360 degree feedback services delivered to Senior Executive Service officers informing leadership development priorities.
- The eighth Emerging Leaders program was successfully concluded with 19 participants completing the 12 month program. A Leadership Alumni was established to provide opportunities for participants to continue their leadership development.
- A three-month Leading Change program was introduced to build senior leaders' capability to lead effective change initiatives across the agency.
- One Senior Executive Service officer commenced the Executive Master of Public Administration with the Australian and New Zealand School of Government.

Management programs provided a broad range of skills development in the areas of planning, finance, governance and people management and interpersonal skills.

Programs delivered included:

- Managing in Government (formerly known as Managing in DERM)—70 managers attended the seven sessions delivered across the state.
- Management Development Program—25 commenced the Diploma program which is due to be completed by November 2012.
- Public Sector Management Program—five scholarships were awarded.
- Senior employees accessed a range of external programs including the Public Sector Management Program.
- Qualification training under the Certified Agreement—61 employees enrolled.

Industrial and employee relations

The Agency Consultative Committee (ACC) is a joint union and employer committee, whose 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.
- Facilitate 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 to:

- Act as the principal consultative body for unions and management.
- Oversee the management and implementation of the initiatives in the agreement.
- Facilitate the cooperative arrangements envisaged in the agreement.

Promotion of safer and healthier workplaces

During the reporting period the department continued to implement key elements of the *workingsafe workingwell* strategy. 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 of the strategy with significant achievements made in reducing the overall time lost. A strong focus was on early returns to work in an effort to more rapidly integrate employees back into the workplace and reduce costs of employee injury and illness (work and non-work related). This contributed to the department achieving two of its three targets as required by the Queensland Government's Safety and Healthier Workplaces Strategy 2007–12.

The department continued its focus on health and wellbeing initiatives making available a range of opportunities for employee participation. These departmental initiatives included the flu vaccination program, Weight Watchers at Work, Walking Challenge, Corporate Games participation, smoking cessation and corporate health fund. There was a strong take up rate by employees for these initiatives.

Early retirement, redundancy and retrenchment

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

Eight redundancies occurred during the reporting period at a cost of \$246,309.35.

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 department sought expressions of interest from all permanent employees 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. In 2011–12, 239 employees accepted offers of voluntary separation packages at a cost of \$30,522,178.56.

Awards and recognition

The efforts and achievements of departmental employees are acknowledged through the agency's formal and informal reward and recognition framework. The department recognises that its success relies on the efforts and talent of its people and highly values their achievements. While recognising the skills and abilities of the following people, the department applauds the contribution of its entire workforce.

Public Service Medal recipient

Ecosystem Outcomes General Manager, Leslie Shirreffs, was awarded a Public Service Medal in the 2012 Australia Day Honours List.

The medal recognised Leslie's role in conserving and protecting the state's environment.

For the past 20 years, Leslie has been a dynamic and passionate leader in the public sector.

More recently, Leslie played a significant leadership role in:

- Delivering significant vegetation management reform.
- Leading the Valuation of Land Act reforms.
- Driving the One Plan process and concept to deliver on reform to property management planning.
- Leading the policy development for strategic cropping land.

2012 Australia Day Awards

A well-deserving group of employees were presented with Australia Day Achievement Medallions in recognition of the outstanding contributions they made to the work of the department.

- Elisa Nichols—for achievement in leading and supporting the delivery of the Queensland Government's environmental policy and legislative objectives.
- Marisa Paolini—for leadership within the human resource discipline and for overseeing the seamless transition of employee information to the SAP system.
- Tamara O'Shea—for strong team leadership, outstanding project management and commitment to building the skills of others in the area of waste reform.

In addition, awards were also presented to 13 employees who have transitioned out of the department following the machinery-of-government changes in April 2012.

Corporate governance

The governance structure of the department has been established to set direction and oversee performance. Information about strategic and operational performance is provided by the department's performance reporting, human resource and financial systems.

Strategic and operational direction is communicated and managed through the department's strategic plan, Service Delivery Statement (SDS), divisional business plans, key performance measures and targets and a structured risk management process.

The annual report is the key document outlining departmental performance against its legislated and business objectives. During the year, business performance reports provided details of actual business performance against SDS service standards, departmental measures and targets, risk management and specific election commitments.

Governance groups

The department's governance groups and committees oversee all major activities and areas of decision making and ensure the department has a clear direction, operates efficiently and fulfils its legislative responsibilities. These groups are:

- Executive Management Group
- Finance Committee
- Audit and Governance Committee
- Integrity Committee
- Information and Service Delivery Committee
- Workplace Health and Safety Committee.

Executive Management Group

The Executive Management Group (EMG) oversees departmental strategic direction and performance. The EMG is assisted by the Finance Committee, Audit and Governance Committee and other governance groups. The Executive Management Group's role is to:

- Provide leadership and oversight of strategic and/or critical issues and challenges facing the department.
- Ensure the effective and efficient performance of the agency in achieving strategic goals and operational objectives.
- Provide decision-making leadership for the department.
- Provide oversight of the corporate governance framework and sub-committees.
- Oversee the development, implementation and monitoring of the department's strategic plan.
- Lead policy development and establish strategic priorities.
- Ensure departmental activities align with, and focus on, strategic objectives.
- Monitor the implementation, accountability and achievement of the objectives and initiatives of the department's service standards.
- Lead an evidence-based, continuous improvement approach to the department's integrated performance management framework.
- Role-model the values and behaviours expected of all employees.
- Ensure the effective management, administration and coordination and overall direction of the department.

The group plays a strong leadership role in identifying priorities, setting directions and driving policy initiatives. It also offers high level advice and support to the Director-General, who is the department's accountable officer.

Advisory committees

The department has several governance committees which provide advice to the Director-General and the Executive Management Group.

Finance Committee

The establishment and successful operation of the Finance Committee is a key element of the department's overall governance framework. The committee fulfils this crucial role by:

- Having oversight of significant financial and budgeting strategies, frameworks and processes.
- Making recommendations on a wide range of strategic financial policy and resourcing issues.
- Promoting efficient and effective use of resources through the review of funding needs for departmental priorities.
- Coordinating the capital and operating budget allocations.
- Reviewing monthly financial reports and monitoring performance against budget.
- Reinforcing a strong financial management culture.

The Department of Environment and Heritage Protection was established following machinery-of-government changes with an effective financial date of 1 May 2012.

Prior to 1 May 2012, the Finance Committee met on eight occasions. The committee provided advice and reported on financial and budget matters to the then Board of Management. Since then the role of the Finance Committee in relation to the monitoring of the budget position and other significant related financial matters has been undertaken by the Executive Management Group.

Audit and Governance Committee

The Audit and Governance Committee was established in accordance with the Financial and Performance Management Standard 2009 (s 35) and operated from 1 July 2011 to 30 April 2012. The committee met four times during that period. The committee observed the terms of its charter having due regard to the *Audit Committee Guidelines: Improving Accountability and Performance* issued by Queensland Treasury in December 2009.

The Audit and Governance Committee supports the Director-General in discharging his responsibilities under the *Financial Accountability Act 2009*. The committee achieves this by giving independent advice to the Director-General on matters including corporate governance practices, risk management, financial reporting and internal control systems.

The committee acts as a forum for dialogue between the Director-General, senior management, Internal Audit and the Queensland Audit Office.

The functions and role of the 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 committee's major activities included:

- Approval of the 2011–12 annual internal audit plan.
- Review of the client strategy prepared by the Queensland Audit Office.
- Review of internal and external audit reports and management responses.
- Review of 2010–11 departmental annual financial statements.
- Ratification of FBT and GST compliance certificate processes.
- Review of risk management and the performance management framework and practices.

Audit and Governance Committee membership

Terry Wall (Chair)	Associate Director-General Operations and Environmental Regulator
Doug Watson	A/General Manager Governance and Strategy (left the department November 2011)
Andrea Leverington	Assistant Director-General Queensland Parks and Wildlife Service (left the department in May 2012 following machinery-of-government changes)
Joe Pappalardo	Regional Service Director Central West Region (seconded from the department November 2011)
Bob McDonald	Independent member
Danielle Anderson	Assistant Director-General Corporate Services
Debbie Best	Deputy Director-General Water and Ecosystem Outcomes (appointed February 2012 and left the department in May 2012 following machinery-of-government changes)
Chris Robson	Assistant Director-General Land and Indigenous Services (appointed February 2012 and left the department in May 2012 following machinery-of-government changes)
Ken Davis	General Manager Governance and Strategy (appointed February 2012)
Tony Roberts	Assistant Director-General Natural Resources and Environment (appointed February 2012)

Integrity Committee

Prior to machinery-of-government changes in April 2012, the Integrity Committee oversaw the direction and provided guidance on the department's integrity framework to ensure it functioned appropriately and in accordance with whole-of-government policies, principles and guidelines. It also oversaw integrity issues in general. In particular, the committee provided advice and recommendations on integrity matters to the Executive Management Group and the Assistant Director-General, Corporate Services, as necessary.

The committee ensured that the integrity framework was implemented and that the different areas of responsibility worked together effectively.

Membership of these committees was reviewed in 2012–13 as a result of the department's new business focus following the transfer of responsibilities in and out of the department as outlined in Administrative Arrangements Order (No. 4) 2012. A committee was established to deal with audit, risk and integrity issues.

The committee's inaugural meeting is scheduled for 19 July 2012 with the following membership:

Andrew Chesterman (Chair)	Director-General
Tony Roberts	Deputy Director-General Environmental Policy and Planning
Dean Ellwood	Deputy Director-General Environmental Service and Regulation
Danielle Anderson	Deputy Director-General Corporate Services
Tamara O'Shea	A/Deputy Director-General Conservation and Sustainability Services
Ken Davis	Executive Director Governance and Strategy
Afshar Monsef	Independent member
Andrew Garner	Independent member

Information and Service Delivery Committee

Prior to machinery-of-government changes, the former Department of Environment and Resource Management was a major holder and custodian of information used on a daily basis to deliver services to customers. The demand for this information led to a significant investment in the systems and infrastructure required to support this function. The Information and Service Delivery Committee provided leadership, strategic direction and oversight in the planning and delivery of the agency's portfolio of ICT-related initiatives.

The primary responsibilities of the committee included:

- Ensuring that the agency had well developed and forward-looking strategic plans for information and ICT to deliver the organisation's information services.
- Prioritising the agency's investments in information management (IM) systems and technologies.
- Overseeing the delivery of approved and funded project allocations.
- Ensuring investments in ICT-related initiatives were managed through appropriate governance processes to deliver stated outcomes and benefits.
- Influencing and participating in the development of whole-of-government directions.
- Monitoring and reporting on agency compliance with whole of IM and ICT government directions.
- Advising the Director-General and the then Board of Management on significant issues relevant to the committee's charter.

The committee met six times during the period 1 July 2011 to 30 March 2012.

workingsafe workingwell Steering Committee

The *workingsafe workingwell* Steering Committee is a sub-group of the department's Executive Management Group and ensures that the *workingsafe workingwell* strategy appropriately manages the department's workplace health and safety (WHS) obligations.

The committee's role is to:

- Provide leadership and direction to ensure the objectives of the *workingsafe workingwell* strategy are met and that it contributes to the department's strategic objectives.
- Lead the department's commitment to Zero Harm and ensure that the achievement of health, safety and wellbeing outcomes are communicated to all employees, contractors and volunteers.
- Actively promote a positive and supportive culture for safety, health and wellbeing within the department.
- Monitor compliance with legislative obligations.
- Provide feedback to Workplace Health and Safety Queensland on the department's progress against the targets in the key performance indicators as outlined in the whole-of-government Safer and Healthier Workplaces framework.
- Monitor the impact of the strategy on the department's organisational culture.
- Monitor and review the activities of the *workingsafe workingwell* Operational Committee as well as other regional and local health and safety committees that incorporate the department's WHS consultative forums.

The committee met four times during the 2011–12 financial year.

Other governance roles

In addition to governance committees and groups, the department has other established arrangements to audit its programs, reduce risks and safeguard against fraudulent activity, and ensure business continuity.

Public sector ethics

Employees were informed of the Code of Conduct for the Queensland Public Service through communiqués and through the department's intranet. The public was able to access the code through the department's website.

The department provided an online *Ethical Decision Making using the Code of Conduct* training program to employees. In addition, the Executive Management Group and senior departmental officers attended an Ethical Decision Making program delivered by the Queensland Ombudsman's Office, as well as completing the online program.

Ethical behaviour was included as a value and principle in the department's strategic plan.

A range of communication resources were developed to support and reinforce education and training, including:

- Updated intranet page about the Code of Conduct and Ethical Decision Making.
- Ethics and Code of Conduct principles and values were integrated into departmental policies and procedures.
- Human resource management policy and procedure fact sheets were developed to highlight key issues.
- Departmental human resource management policies were reviewed to ensure compliance with the new Code of Conduct.

Internal Audit

The department's Internal Audit Unit provides independent assurance and advice to the Director-General, senior management and the Audit Committee. It enhances the department's corporate governance framework 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*.

The unit reports to the Audit Committee on a quarterly basis.

The role, the operating environment and the operating parameters of the unit are established in the Internal Audit Charter which aligns with professional standards and the *Audit Committee Guidelines: Improving Accountability and Performance* issued by Queensland Treasury in December 2009.

In 2011–12 Internal Audit:

- Discharged the responsibilities established in the Internal Audit Charter by executing the annual audit plan prepared as a result of risk assessments, materiality and contractual and statutory obligations.
- Provided reports on the results of audits undertaken to the Audit and Governance Committee and the Director-General.
- Monitored and reported on the status of the implementation of audit recommendations to the Audit and Governance Committee. Management is responsible for the implementation of audit recommendations.
- Liaised with the Queensland Audit Office to ensure there was no duplication of 'audit effort'.
- Increased the project management awareness in the department by providing advice and support to the Chief Information Office.
- Supported management by providing advice on corporate governance and related issues including fraud and corruption prevention programs and risk management.
- Allocated audit resources to those areas considered to present the greatest risk and where the work of internal audit can be valuable in providing positive assurance or identifying opportunities for positive change.

- Reviewed the departmental annual financial statements prior to presenting them to the Audit and Governance Committee.
- Provided secretarial support to the former Audit and Governance Committee.

Audit activities included:

- financial, compliance and operational reviews
- information system and data integrity reviews
- special review assignments as requested by management.

These activities were undertaken having regard to the *International Standards for the Professional Practice of Internal Auditing* and the Queensland Treasury's *Audit Committee Guidelines*.

Audit employees are members of professional bodies including the Institute of Internal Auditors, CPA Australia and the Information Systems Audit and Control Association. The department continues to support the ongoing professional development of audit employees.

Of those areas of the department that were subject to audit under the Annual Internal Audit Plan as approved by the Director-General, Internal Audit is of the opinion that there are sufficient controls in place to minimise the opportunity for fraud or mismanagement.

Risk management

The department recognises risk management as a key component of effective corporate governance and essential to achieving its objectives.

The Director-General and Executive Management Group have overall responsibility for the establishment and maintenance of an effective risk management policy and processes, and identifying, managing and monitoring the department's strategic risks. Managers and employees are responsible for identifying, assessing and monitoring risks related to operational objectives and strategies.

The risk management policy and procedures of the former Department of Environment and Resource Management will continue to apply until replaced by the Department of Environment and Heritage Protection's new policy and procedures early in 2012–13.

The new Audit and Risk Committee will oversee the department's risk management framework and processes, in accordance with section 28 of the Financial and Performance Management Standard 2009.

The department's risk management priorities for 2012–13 include:

- Developing risk management policy and procedures.
- Establishing and maintaining strategic and operational risk registers.
- Integrating risk management into the department's management processes, including planning, performance management and reporting.

Business continuity management

The department has a business continuity management policy and procedure and maintains business continuity and disaster recovery plans for critical business processes and information systems.

Business continuity management is coordinated by the Executive and Administration Services unit within Corporate Services.

Business and Corporate Partnership Board

The Business and Corporate Partnership Board (the Board) is comprised of the directors-general 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.

How to contact us

To confirm that the services or products that you require are available from your local business centre, please telephone 13 QGOV (13 7468).

Business centre	Street address
Brisbane CBD	Level 3, 400 George Street, Brisbane QLD 4000
Caboolture	Level 4/33 King Street, Caboolture QLD 4510
Cairns	Level 4, Building 2, William McCormack Place, 5B Sheridan Street, Cairns QLD 4870
Emerald	99 Hospital Road, Emerald QLD 4720
Gladstone	136 Goondoon Street, Gladstone QLD 4680
Gold Coast (Robina)	Level 1 AVC Building, 14 Edgewater Crt (off Robina Town Centre Drv), Robina QLD 4226
Ipswich	Level 1 Tower Central, 114 Brisbane Street, Ipswich QLD 4305
Mackay	22-30 Wood Street, Mackay QLD 4740
Mt Isa	119 Camooweal Street, Mt Isa QLD 4825
Rockhampton	61 Yeppoon Road, Parkhurst, Rockhampton QLD 4702
Toowoomba	173 Hume Street, Toowoomba QLD 4350
Townsville	Cape Pallarenda Road, Townsville QLD 4810

Further details are available on the department's website www.ehp.qld.gov.au

You can write to the department at:

GPO Box 2454
Brisbane Q 4001

You can email the department at:

info@ehp.qld.gov.au

Search for /QldEHP on



Appendix 1

Legislation

Administered by the Department of Environment and Heritage Protection as at 30 June 2012

Alcan Queensland Pty. Limited Agreement Act 1965
(to the extent that it is relevant to environmental matters)

Cape York Peninsula Heritage Act 2007
(except to the extent administered by the Minister for Natural Resources and Mines)

Central Queensland Coal Associates Agreement Act 1968
(Sch 1 pt III—to the extent that it is relevant to environmental matters)

Central Queensland Coal Associates Agreement (Amendment) Act 1986
(to the extent that it is relevant to environmental matters)

Central Queensland Coal Associates Agreement Amendment Act 1989
(to the extent that it is relevant to environmental matters)

Central Queensland Coal Associates Agreement and Queensland Coal Trust Act 1984
(to the extent that it is relevant to environmental matters)

Century Zinc Project Act 1997 (s 9)

Coastal Protection and Management Act 1995

Commonwealth Aluminium Corporation Pty. Limited Agreement Act 1957
(to the extent that it is relevant to environmental matters)

Currumbin Bird Sanctuary Act 1976

Environmental Protection Act 1994

Gurulmundi Secure Landfill Agreement Act 1992

Lake Eyre Basin Agreement Act 2001
(to the extent that it is relevant to environmental matters)

Mineral Resources Act 1989
(to the extent that it is relevant to environmental matters)

Mount Isa Mines Limited Agreement Act 1985
(to the extent that it is relevant to environmental matters)

National Environment Protection Council (Queensland) Act 1994

National Trust of Queensland Act 1963

Nature Conservation Act 1992
(except to the extent that it is relevant to demonstrated and exhibited native animals and to the extent that it is relevant to the management of the protected area estate and forest reserves, not including nature refuges)
(Jointly administered by the Minister for National Parks, Recreation, Sport and Racing and Minister for Agriculture, Fisheries and Forestry)

Newstead House Trust Act 1939

Queensland Heritage Act 1992

Queensland Nickel Agreement Act 1970
(to the extent that it is relevant to environmental matters)

Queensland Nickel Agreement Act 1988
(to the extent that it is relevant to environmental matters)

Thiess Peabody Coal Pty. Ltd. Agreement Act 1962
(to the extent that it is relevant to environmental matters)

Thiess Peabody Mitsui Coal Pty. Ltd. Agreements Act 1965
(to the extent that it is relevant to environmental matters)

Waste Reduction and Recycling Act 2011

Water Act 2000 (Chapter 3)

Wet Tropics World Heritage Protection and Management Act 1993

Wild Rivers Act 2005

Legislation repealed

2011–12

No Acts were repealed in 2011–12

Legislation passed

2011–12

Waste Reduction and Recycling Act 2011

Water and Other Legislation Amendment Act 2011

*Sustainable Planning and Other Legislation
Amendment Act 2012*

Appendix 2

Statutory bodies

Class and name	Entity	Constituting Act	Control of funds	Annual reporting arrangements
Trusts				
Board of Trustees of Newstead House	Statutory Body	<i>Newstead House Trust Act 1939</i>	Controls own funds	Included in this report
National Trust of Queensland	Statutory Body	<i>National Trust of Queensland Act 1963</i>	Controls own funds	Annual report to parliament
Administrative bodies				
Queensland Heritage Council	Statutory Authority	<i>Queensland Heritage Act 1992</i>	No funds controlled	Included in this report
Wet Tropics Management Authority	Statutory Authority	<i>Wet Tropics World Heritage Protection and Management Act 1993</i>	Balances incorporated in agency financial statements	Annual report to parliament

Appendix 3

Boards and committees

Remuneration of boards and committees

There are 16 boards and committees in the scope of the department. Of these, the remuneration paid to members of those boards and committees are detailed below. Details of the roles, responsibilities and remuneration of these bodies are outlined below and overleaf.

Board or committee	Total remuneration
Cape York Peninsula Regional Advisory Committee	\$12,620.44
Cape York Peninsula Region Scientific and Cultural Advisory Committee	\$21,059.63
Fraser Island World Heritage Area Management Committee	\$1061.00 ¹
Fraser Island World Heritage Area Community Advisory Committee	\$7739.00 ¹
Fraser Island World Heritage Area Indigenous Advisory Committee	\$7480.00 ¹
Fraser Island World Heritage Area Scientific Advisory	\$3556.00 ¹
Indigenous Reference Groups	\$10,678.00
Gondwana Rainforests of Australia Community Advisory Committee	\$0.00 ²
Gondwana Rainforests of Australia Technical and Scientific Advisory Committee	\$0.00 ²
Premier's Council on Climate Change	\$5236.00
Queensland Heritage Council	\$49,766.00
Queensland Sustainable Energy Advisory Council	\$2460.00
Queensland Youth Environment Council	\$8616.74
Riversleigh World Heritage Area Community and Scientific Advisory Committee	\$16,434.00 ¹
Wet Tropics Community Consultative Committee	\$0.00
Wet Tropics Scientific Advisory Committee	\$0.00
Total	\$146,706.81

¹Sitting fees paid to Committee Chair only. This figure includes the total remuneration payments made to the chair and members of each committee for the reporting period (that is the total sum paid out in fees [for meetings and special assignments] and total on costs). On costs include travel, accommodation, motor vehicle allowance, any consultancy fees, airfares, hiring of motor vehicles etc. This committee is funded by the Australian Government.

² Gondwana Advisory Committees are managed jointly with New South Wales State Government. The Committee did not meet in the 2011–12 financial year. Committee meetings will resume when appointments are endorsed by the New South Wales Cabinet.

Boards and committees

Name	Key roles and functions	Key responsibilities	Total remuneration (1 July 2011– 30 June 2012)
Cape York Peninsula Regional Advisory Committee	Provide advice to the Minister for Environment and Heritage Protection.	Advise the Minister about matters relating to the declaration of: <ul style="list-style-type: none"> • areas of international conservation significance • Indigenous community use areas. Advise on other matters the Minister considers appropriate having regard to the objects of the <i>Cape York Peninsula Heritage Act 2007</i> .	\$12,620.44
Cape York Peninsula Region Scientific and Cultural Advisory Committee	Provide advice to the Minister for Environment and Heritage Protection.	Advise the Minister about matters relating to the natural and cultural values of land proposed to be: <ul style="list-style-type: none"> • an area of international conservation significance • an Indigenous community use area. Advise on other matters the Minister considers appropriate having regard to the objects of the <i>Cape York Peninsula Heritage Act 2007</i> .	\$21,059.63
Fraser Island World Heritage Area Management Committee¹	Provide advice on the effectiveness of management of the Fraser Island WHA. The Management Committee has an overarching role and integrates the advice of the other committees.	Provide input into setting priorities for the management of the Fraser Island WHA.	\$1061
Fraser Island World Heritage Area Community Advisory Committee	Provide advice on the effectiveness of management of the Fraser Island WHA. Management Committee has an overarching role and integrates the advice of the other committees.	Provide input into setting priorities for the management of the Fraser Island WHA.	\$7739
Fraser Island World Heritage Area Indigenous Advisory Committee	Provide advice on the effectiveness of management of the Fraser Island WHA. The Management Committee has an overarching role and integrates the advice of the other committees.	Provide input into setting priorities for the management of the Fraser Island WHA.	\$7480

¹ This figure includes the total remuneration payments made to the chair and members of each board or committee for the reporting period (that is the total sum paid out in fees [for meetings and special assignments] and total on-costs). On costs include travel, accommodation, motor vehicle allowance, any consultancy fees, airfares, hiring of motor vehicles etc. This committee is funded by the Australian Government.

Name	Key roles and functions	Key responsibilities	Total remuneration (1 July 2011– 30 June 2012)
Fraser Island World Heritage Area Scientific Advisory	Provide advice on the effectiveness of management of the Fraser Island WHA. The Management Committee has an overarching role and integrates the advice of the other committees.	Provide input into setting priorities for the management of the Fraser Island WHA.	\$3556
Indigenous Reference Groups (IRG) (established under s.47A of the <i>Wild Rivers Act 2005</i>)	Provide advice to the Minister about matters relating to a wild river area or a proposal to declare a wild river area Note: Due to the change in government priorities these groups will no longer be used for matters relating to wild river declarations. IRGs will be consulted on matters relating to the development of the Cape York Bioregion Management Plan	Ensure that the views of traditional owners and other Indigenous people who speak for country are formally considered. Advise the Minister on economic development aspirations and other matters of importance to the community. Act as a 'messenger' and share information with the Indigenous Communities and communicate their views back through the IRG to the government.	\$10,678
Gondwana Rainforests of Australia World Heritage Community Advisory Committee	Provide advice as to the effectiveness of the management of the World Heritage areas and feedback on the priorities for management.	Provide input into setting priorities for the management of the WHA.	\$0
Gondwana Rainforests of Australia World Heritage Technical and Scientific Advisory Committee	Provide advice as to the effectiveness of the management of the World Heritage areas and feedback on the priorities for management.	Provide input into setting priorities for the management of the WHA.	\$0
Premier's Council on Climate Change	Provide strategic high-level advice to the Queensland Government on emerging climate change issues, and propose best practice solutions to the challenges of climate change.	Provide high-level advice about priorities for Queensland Government action to reduce greenhouse gas emissions and to assist communities and industries with mitigation and adaptation measures. Suggest broad climate-change priorities to guide the allocation of revenue from the \$430 million Queensland Climate Change Fund.	No sitting fees are payable. Administrative expenditure for travel, accommodation and meeting logistical costs totalled \$5236. This council expired on 31 December 2011.

Name	Key roles and functions	Key responsibilities	Total remuneration (1 July 2011– 30 June 2012)
Queensland Heritage Council	Provide strategic advice to the Minister about matters relating to Queensland's cultural heritage.	<p>Provide strategic advice to the Minister about matters relating to Queensland's cultural heritage, including, for example, measures necessary to conserve Queensland's cultural heritage.</p> <p>Provide information to the community to encourage interest in, and understanding of, Queensland's cultural heritage.</p> <p>Advise entities about conserving Queensland's cultural heritage, including, for example, government entities and community organisations.</p> <p>Encourage the appropriate management of places of cultural heritage significance</p> <p>To perform other functions given to the council under the <i>Queensland Heritage Act 1992</i>.</p>	\$49,766
Queensland Sustainable Energy Advisory Council	<p>Evaluate and recommend projects to be funded by the Queensland Sustainable Energy Innovation Fund (QSEIF) and provide advice on sustainable energy matters, as requested by the former Minister for Environment and the former Minister for Energy and Water Utilities.</p> <p>Advice to the Minister for Energy and Water Utilities was at the cost of the former Department of Employment, Economic Development and Innovation (DEEDI).</p>	Recommend projects to be funded by the QSEIF program to the former Minister for Environment, and provide advice on sustainable energy matters as requested by the former Minister for Energy and Water Utilities. Advice to the Minister for Energy and Water Utilities was at the cost of former DEEDI.	\$2460
Queensland Youth Environment Council (QYEC)	<p>Prepare policy advice from a youth perspective on issues of environmental sustainability, for the Minister for Environment and the Minister for Education and Training.</p> <p>Inspire and engage young people to live increasingly sustainable lives through the QYEC website and attendance at events.</p>	Progress the work of the QYEC through membership meetings (two or three times annually) and the QYEC Executive meetings (monthly).	\$8616.74 This council expired on 19 May 2012.

Name	Key roles and functions	Key responsibilities	Total remuneration (1 July 2011– 30 June 2012)
Riversleigh World Heritage Area Community and Scientific Advisory Committee	Provide advice to the Australian Fossil Mammal Sites Ministerial Council, the Australian Fossil Mammal Sites Steering Committee, and the Commonwealth and Queensland Governments, on matters relating to the protection, conservation, presentation and management of the Riversleigh component of the Australian Fossil Mammal Sites (Riversleigh) World Heritage area from the view point of the community and scientists.	To facilitate, and participate in, implementation of the Riversleigh Management Strategy, including providing advice on matters concerning funding requirements, sources and priorities and the development of plans of management.	\$16,434
Wet Tropics Community Consultative Committee <i>(established under s. 40(3) of the Wet Tropics World Heritage Protection and Management Act 1993)</i>	Advise the Wet Tropics Management Authority Board on community views of the Authority's policies and programs in relation to the wet tropics area.	Provide advice to the Authority Board, identify and report on issues of community interest, and assist with community engagement activities.	No remuneration
Wet Tropics Scientific Advisory Committee <i>(established under s. 40(2) of the Wet Tropics World Heritage Area Protection and Management Act 1993)</i>	Advise the Wet Tropics Management Authority on scientific research and developments that will contribute to the protection and conservation of the wet tropics area.	Consider and provide scientific advice to the Authority Board to help ensure high standards of management and that the Authority is aware of important scientific developments relating to management of the area.	No remuneration

Appendix 4

External scrutiny

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

Flood Commission of Inquiry

The Queensland Flood Commission of Inquiry released its final report on 16 March 2012. The report included 177 recommendations covering a range of matters including land use planning, building, environment and mining, emergency management and dam management.

The Queensland Government is committed to implementing all of the Commission's recommendations and has endorsed the establishment of five implementation groups to deliver the recommendations. The Department of Environment and Heritage Protection (EHP) is the chairing agency for the Environment and Mines Implementation Group. The role of this group is to lead, coordinate and monitor the implementation of the recommendations relevant to the Queensland Government contained in chapter 13 of the final report.

The Environment and Mines Implementation Group is chaired by the Director-General of EHP and includes representatives from the departments of Natural Resources and Mines; State Development, Infrastructure and Planning; and Science, Information Technology, Innovation and the Arts. In addition, representatives of the Department of the Premier and Cabinet, and Queensland Treasury and Trade will participate in meetings of the implementation group as required.

Priority projects to be completed by the Environment and Mines Implementation Group include:

- Development of a risk assessment framework for the conduct of pre-wet season mine inspections across the state.
- Consideration of mechanisms to monitor the effects of mine discharges on marine environments and continuing to assess the impact of mine discharges from the 2010–11 floods on freshwater and marine environments.
- Assisting mine operators with their applications for amended environmental authorities to ensure that model conditions are incorporated into provisions for discharges during time of heavy rainfall and flood.
- Development of a new statutory mechanism to address discharges of water from mines during floods.
- Consideration of options for the future management of the Abandoned Mines Land Program, including audits of abandoned mine sites and a risk assessment framework for future inspections.

Implementing the recommendations of the Commission will remain a priority for EHP during 2012–13.

Details of the recommendations of the Queensland Flood Commission of Inquiry and the government's response to addressing the recommendations can be accessed from the Department of the Premier and Cabinet website at www.premiers.qld.gov.au

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
- employee perspectives based on survey results.

The CMC rated the department's Integrity Framework and complaints handling as strong and highly commendable. 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.

Report to Parliament No. 10 for 2011—Regulating waste: protecting the environment

The objective of the audit was to determine whether the former Department of Environment and Resource Management (DERM) efficiently and effectively administered and enforced the legislation aimed at mitigating the risk of harm to the environment from waste. The audit also examined whether the department's performance measures were relevant, appropriate and fairly represented performance.

Specifically, the audit aimed to answer the following questions:

- Did DERM efficiently and effectively administer permits for waste activities?
- Did DERM efficiently and effectively monitor and report compliance with development conditions and regulatory requirements?
- Did DERM efficiently and effectively manage non-compliance with development conditions and regulatory requirements?
- Did DERM ensure performance information on regulating waste was relevant, accurate and complete?

The Queensland Audit Office (QAO) tabled the report in the Legislative Assembly in November 2011. The audit found that DERM had effective policies and guidelines for assessing and processing development approvals and issuing registration certificates and the decision making process was transparent and accountable. However, there were inefficient practices causing delays in issuing development approvals and registration certificates, and in collecting annual returns and fees from operators. DERM was, at the time, unable to accurately quantify the amount of the outstanding fees for current permits. The audit recommended that the department:

1. Implements, as planned, projects to:
 - (a) Review all existing high and very high risk environmentally relevant activity development approval conditions to reflect current environmental standards.
 - (b) Formalise a methodology to develop compliance plans and monitor the implementation of compliance plan project recommendations.
2. Ensure that all annual returns from operators are reviewed in a timely manner and collects any outstanding annual fees in accordance with legislation.
3. Provide assistance and oversight to ensure a rigorous, consistent approach to regional compliance planning which adequately covers identified risks and priorities.
4. Regularly analyses and reports activity across its full suite of enforcement actions against levels of non-compliance to determine the timeliness and effectiveness of enforcement actions.
5. Review its performance measures, baseline data and external reporting to ensure these aspects of performance management represent the outcomes of regulatory activity on protecting the environment.
6. Ensure that its information systems produce data that is reliable, relevant, complete and easily accessed by all users of the systems.

Recommendations in the report were accepted and are being implemented. The department's Audit and Risk Committee monitors the implementation of any recommendations associated with these audits. The report is accessible on the QAO website www.qao.qld.gov.au.

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 employees 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 them as part of their normal roles and responsibilities.
5. Departments should review their recordkeeping activities especially over electronic financial transactions, to maintain appropriate documentation trails.
6. Departments should provide specific fraud training to employees, 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. 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 has 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 employees during 2012–13.

Appendix 5

Additional published information requirements

In addition to the information found in this annual report, the department has also produced a report on a range of administrative functions which can be found at www.ehp.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 6

Prosecution outcomes for 2011–12

The department seeks to ensure voluntary compliance with its environmental legislation by working with industry and individuals to promote sustainable behaviours. The department has a strong record of enforcement and prosecution where there are significant breaches of legislation. In 2011–12 the department secured a range of penalties and more than \$2.2 million in fines and costs. The table below highlights significant prosecutions for 2011–12.

Significant prosecutions for 2011–12

Defendant	Offence	Nature of offence	Date, place of judgment	Court order
Claifire Pty Ltd	Section 427(1) of the <i>Environmental Protection Act 1994</i> ; Section 4.3.1 of the <i>Integrated Planning Act 1997</i>	Claifire Pty Ltd operated a sewage treatment plant at the New Royal Hotel in Rubyvale without relevant permits. The offences were unlawfully carrying out an environmentally relevant activity when it was not a registered operator and without a registration certificate, and carrying out assessable development without an effective development permit.	15 July 2011, Emerald Magistrates Court	Fined \$45,000; costs \$2200; conviction recorded
William Cooper and Annette Cooper	Section 4.3.1 of the <i>Integrated Planning Act 1997</i> and the <i>Vegetation Management Act 1999</i>	The Coopers unlawfully cleared 431 hectares of vegetation.	1 August 2011, Brisbane Magistrates Court	Fined \$50,000; costs \$27,615
Salvatore Bonanno	Section 4.3.1 of the <i>Integrated Planning Act 1997</i> and the <i>Vegetation Management Act 1999</i>	Bonanno unlawfully cleared 143 hectares of vegetation.	15 August 2011, Bundaberg Magistrates Court	Fined \$75,000; costs \$10,000; conviction recorded
Anthony Strazzeri	Section 438(1) of the <i>Environmental Protection Act 1994</i>	A small earthen dam on Strazzeri's property failed, releasing its entire contents into the Verierdale Rise Conservation Area leaving a sediment trail that uprooted and smothered vegetation including a threatened species of swamp orchid. The offence was one of wilfully causing material environmental harm.	9 August 2011, Maroochydore District Court	Fined \$18,000—potential default term if unpaid within nine months—need to show cause; \$4676.75 for a weed control program; conviction recorded

Defendant	Offence	Nature of offence	Date, place of judgment	Court order
James Scholefield	Section 4.3.1 of the <i>Integrated Planning Act 1997</i> and the <i>Vegetation Management Act 1999</i>	Scholefield unlawfully cleared 41 hectares of vegetation.	11 August 2011, Dalby Magistrates Court	Fined \$50,000
Ross Prentice	Section 4.3.1 of the <i>Integrated Planning Act 1997</i> and the <i>Vegetation Management Act 1999</i>	Prentice unlawfully cleared 158 hectares of vegetation.	27 September 2011, Rockhampton Magistrates Court	Fined \$80,000; costs \$4865
Birla Mount Gordon Pty Ltd	Section 505(12) of the <i>Environmental Protection Act 1994</i>	Birla Mt Gordon Pty Ltd breached an order of the Planning and Environment Court by failing to rehabilitate a waste rock dump.	30 September 2011, Brisbane Magistrates Court	Fined \$40,000
Birla Mount Gordon Pty Ltd	Section 361(2) of the <i>Environmental Protection Act 1994</i>	Birla Mt Gordon Pty Ltd breached an Environmental Protection Order regarding water management.	30 September 2011, Brisbane Magistrates Court	Fined \$100,000; costs \$20,000—part of consultant's risk assessment report fee
Sam Scriven	Section 4.3.1 of the <i>Integrated Planning Act 1997</i> and the <i>Vegetation Management Act 1999</i>	Scriven unlawfully cleared 1819 hectares of vegetation. The matter is under appeal.	6 October 2011, Roma Magistrates Court	Fined \$118,000; costs \$23,824
Hamcor Pty Ltd	Section 505(12) of the <i>Environmental Protection Act 1994</i>	Hamcor breached Environmental Protection Orders by failing to adequately cover stockpiles of contaminated material and by failing to ensure a minimum freeboard in its dams on its Narangba site.	7 October 2011, Brisbane Magistrates Court	Fined \$65,000; costs \$50,000
Graham Stumer	Section 111(a) of the Marine Park Regulation 2006	Stumer used a mesh net exceeding the permitted size to fish in the Great Barrier Reef Coast Marine Park near Cooktown.	20 October 2011, Cairns Magistrates Court	Fined \$5500; conviction recorded
Robert Penny	Sections 427(1) and 480(1) of the <i>Environmental Protection Act 1994</i> ; Section 4.3.1 of the <i>Integrated Planning Act 1997</i>	Over a three year period Penny unlawfully stored approximately 50,000 tyres on his properties at Loganholme, Alberton, Wongawallen and Stapylton. He was charged with carrying out assessable development without a development permit, carrying out an environmentally relevant activity without a registration certificate, and providing false or misleading documents to the department.	18 November 2011, Beenleigh District Court	Fined \$85,000; 240 hours community service; costs \$2700; convictions recorded
MCG Quarries Pty Ltd	Section 23 of the <i>Aboriginal Cultural Heritage Act 2003</i>	MCG Quarries constructed a gravel track at its Moranbah Quarry disturbing approximately 30 to 35 aboriginal artefacts. The prosecution was for breaching MCG's cultural heritage duty.	24 November 2011, Moranbah Magistrates Court	Fined \$80,000; costs \$2402

Defendant	Offence	Nature of offence	Date, place of judgment	Court order
Trenton Hindman	Section 4.3.1 of the <i>Integrated Planning Act 1997</i> and the <i>Vegetation Management Act 1999</i>	Hindman unlawfully cleared approximately 1200 hectares of vegetation. The matter is under appeal.	2 December 2011, Charleville Magistrates Court	Fined \$110,000; costs \$13,770
John Holland Pty Ltd	Section 435(2) of the <i>Environmental Protection Act 1994</i>	John Holland Pty Ltd contravened a development condition of a development approval by releasing contaminants while carrying out abrasive blasting activities at Dalrymple Bay and Abbot Point.	7 December 2011, Bowen Magistrates Court	Fined \$195,000; costs \$100,000
Kevin Murphy	Section 815(1) of the <i>Water Act 2000</i>	Murphy removed 2000 cubic metres of sand from the bed of Flinders River without an allocation notice.	9 December 2011, Mackay Magistrates Court	Fined \$17,000; costs \$3430; payment of royalties of \$3180
MacLennan Pastoral Company	Section 4.3.1 of the <i>Integrated Planning Act 1997</i> and the <i>Vegetation Management Act 1999</i>	MacLennan Pastoral Company unlawfully cleared 36 hectares of vegetation.	9 December 2011, Kingaroy Magistrates Court	Fined \$10,000; costs \$5000
Gregory Bryant	Section 4.3.1 of the <i>Integrated Planning Act 1997</i> and the <i>Vegetation Management Act 1999</i>	Bryant unlawfully cleared 21 hectares of vegetation.	11 January 2012, Hervey Bay Magistrates Court	Fined \$15,000 for two offences; costs \$13,680
Christopher Dahl	Section 4.3.1 of the <i>Integrated Planning Act 1997</i> and the <i>Vegetation Management Act 1999</i>	Dahl unlawfully cleared 94 hectares of vegetation.	10 February 2012, Gladstone Magistrates Court	Fined \$83,000; costs \$9735
Keith Millard	Section 39(1) of the <i>Forestry Act 1959</i>	Millard cut and removed approximately 13 ironbark logs from Kettle State Forest without authority.	27 March 2012, Emerald Magistrates Court	Fined \$6500; costs \$850; conviction recorded
Sun Metals Pty Ltd & Sang Bum Lee	Section 320(5) of the <i>Environmental Protection Act 1994</i>	Sun Metals failed to advise the department within a reasonable time of potential environmental harm as a consequence of detecting high levels of metals in seepage.	15 February 2012, Townsville Magistrates Court	Fined \$10,000; costs \$2154
CCS Materials Pty Ltd ACN 060 029 423	Section 435(2) of the <i>Environmental Protection Act 1994</i>	CCS Materials exceeded noise levels permitted by its Development Approval to an extent constituting an environmental nuisance.	26 March 2012, Beenleigh Magistrates Court	Fined \$15,000; costs \$2000
ACN 076 289 097 (formerly Lady Annie Mines)	Section 437(2) of the <i>Environmental Protection Act 1994</i>	Lady Annie Mines was prosecuted for two unauthorised discharges of contaminated water from its mine site. The discharges affected 52 kilometres of creek. The offence was one of unlawfully causing serious environmental harm.	29 March 2012, Mt Isa Magistrates Court	Fined \$500,000; costs \$83,109

Defendant	Offence	Nature of offence	Date, place of judgment	Court order
MMG Century Mine Pty	Section 438(2) of the <i>Environmental Protection Act 1994</i>	MMG Century's Lawn Hill to Karumba pipeline ruptured releasing 300 tonnes of contaminated water over an area of 1.5 acres. The prosecution was for causing unlawful material environmental harm.	12 April 2012, Mt Isa Magistrates Court	Fined \$80,000—\$40,000 of fine to be paid to Southern Gulf Catchments Limited; costs \$4410
Allan Crawford	Section 4.3.1 of the <i>Integrated Planning Act 1997</i> and the <i>Vegetation Management Act 1999</i>	Crawford unlawfully cleared 26 hectares of vegetation.	12 April 2012, Maroochydore Magistrates Court	Fined \$23,500
Peter Hole	Sections 505(12) and 435(2) of the <i>Environmental Protection Act 1994</i>	Hole contravened a court order by failing to remove a large number of tyres from his business premises and failing to provide financial information to the department.	18 April 2012, Toowoomba Magistrates Court	N/A Six months imprisonment suspended upon entering a good behaviour bond for an operational period of two years
Tony Russell	Section 578 of the <i>Sustainable Planning Act 2009</i> and the <i>Vegetation Management Act 1999</i>	Russell unlawfully cleared 19 hectares of vegetation on Barry Burns' property.	27 April 2012, Toowoomba Magistrates Court	Fined \$5000
Barry Burns	Section 578 of the <i>Sustainable Planning Act 2009</i> and the <i>Vegetation Management Act 2009</i>	Burns unlawfully cleared 19 hectares of vegetation on his property.	10 May 2012, Kingaroy Magistrates Court	Fined \$17,500
Mary Dehar	Section 440D(1) of the <i>Environmental Protection Act 1994</i>	Dehar contested a penalty infringement notice issued by the department for throwing a cigarette butt from her car window. She was found guilty by the Court of the offence of unlawfully depositing litter at a place without a reasonable excuse.	2 May 2012, Holland Park Magistrates Court	Six months good behaviour bond on a recognisance of a \$500 fine; costs \$579.30
Moreton Bay Whale Watching Tours Pty Ltd	Section 49(b) of the <i>Marine Parks Act 2004</i>	Moreton Bay Whale Watching Tours breached its permit by providing the department with records of passenger numbers significantly less than the numbers of passengers actually taken on tours.	25 May 2012, Redcliffe Magistrates Court	Fined \$5000; costs \$4000

Appendix 7

Queensland Heritage Council

Background

2012 marks the 20th anniversary of the establishment of the *Queensland Heritage Act 1992*, the objective of which is to provide for the conservation of Queensland's cultural heritage for the benefit of the community and future generations.

The Queensland Heritage Council, which in turn is established by that Act, has as its principal functions the following:

- Provision of strategic advice to the Minister about matters relating to Queensland's cultural heritage.
- Provision of information to the community to encourage interest in, and understanding of, Queensland's cultural heritage.
- Advice to government entities and community organisations about conserving Queensland's cultural heritage.
- Encouragement of the appropriate management of places of cultural heritage significance.
- Other functions delegated to the Heritage Council by the Minister.

A key role of the Queensland Heritage Council is to decide applications to enter in or remove places from the Queensland Heritage Register and, in so doing, strive to achieve the best outcomes for the state as a whole. Close collaboration with local government and local communities is a particular priority in this endeavour.

In performing its functions, the Queensland Heritage Council must act independently, impartially and in the public interest.

Operational setting

In view of the charter set out in legislation, the Queensland Heritage Council welcomes the decision of the newly-elected government to establish Environment and Heritage Protection as a portfolio in its own right. We look forward to working with the Honourable Andrew Powell, Minister for Environment and Heritage Protection, in pursuing the agenda to conserve Queensland's historic places.

The Department of Environment and Heritage Protection supports and funds the operations of the Queensland Heritage Council. The department's Heritage Branch provides administrative and technical assistance for meetings, communications, projects, applications related to the Queensland Heritage Register and applications for development proposed by the State Government.

Strategic direction and progress in achieving statutory obligations

The Queensland Heritage Council is guided by the *Queensland Heritage Strategy: a ten-year plan*, a strategic framework for managing Queensland's heritage, which was released in 2009. The strategy sets out the following priorities to help achieve a sustainable future for the state's heritage:

- Improving the way Queenslanders understand and value their heritage.
- Embedding heritage in mainstream policy and planning.
- Strengthening Queensland's investment in managing and conserving its heritage.
- Leading and partnering with government, community and industry to conserve Queensland's heritage.
- Building the capacity of government, community and industry to conserve Queensland's heritage.

The strategy explains the importance of Queensland's heritage, outlines how heritage is managed and identifies issues of concern.

During 2011–12 the Queensland Heritage Council:

- Decided 100 per cent of applications to the Queensland Heritage Register within the statutory timeframes.
- Entered 16 State heritage places and one archaeological place in the Queensland Heritage Register, and decided not to enter four places that were nominated for entry in the Queensland Heritage Register.
- Provided five recommendations to the responsible Ministers in respect of the development of heritage places proposed by the State Government.
- Provided advice to the former Department of Environment and Resource Management and current Department of Environment and Heritage Protection regarding development of State planning instruments, complex development applications and the statewide survey of heritage places.
- Continued to contribute to a national heritage and sustainability project led by Heritage Victoria.
- Participated in the National Trust of Queensland Bendigo Bank Heritage Awards.
- Published three issues of *Time & Place*, the official newsletter of the Queensland Heritage Council.

The number of places in the Queensland Heritage Register at 30 June 2012 was 1664.

A highlight for the 2011–12 period has been the entry in the Queensland Heritage Register of Fantome Island, part of the Great Palm Island group of islands which lies off the Queensland coast some 65km north of Townsville. Fantome Island was the site of a lock hospital from 1928–1945 for Aboriginal, Torres Island and South Sea Island people suffering from sexually-transmitted infections and, from 1939 to 1973, was also the site of a Lazaret for Aboriginal, Torres Strait Island and South Sea Island people with Hansen's disease.

The application for heritage listing of Fantome Island was made by the Palm Island Aboriginal Shire Council after consultation with the local community. The move was significant because it is the first time that an Aboriginal council has made such an application. Palm Island Aboriginal Council Mayor Alf Lacey advised that he and his fellow councillors were proud to have initiated the listing.

The 20th anniversary of the Act and the establishment of the Queensland Heritage Council has been another highlight in 2012. To commemorate the milestone, the Queensland Heritage Council prepared a booklet *Living Places: our heritage our future our Queensland* which was launched by the Honourable Andrew Powell, Minister for Environment and Heritage Protection in Brisbane during Australian Heritage Week in April. *Living Places* commemorates 20 years of heritage conservation in Queensland, tracing the history of Queensland's growth from the arrival of European settlers.

Her Excellency Ms Penelope Wensley AC, Governor of Queensland, continued to demonstrate her support for the conservation of Queensland's heritage by hosting a 20th anniversary function at Government House in April 2012. Minister Powell also participated at that event.

Meetings

The Queensland Heritage Council met in Brisbane on 15 July 2011, 12 August 2011, 16 September 2011, 14 October 2011, 11 November 2011, 3 February 2012, 20 April 2012 and 8 June 2012.

The Queensland Heritage Council also met in Gympie on 2 December 2011.

Members of the Queensland Heritage Council conducted regional visits to Barcaldine 25–26 July 2011, Mackay 2–3 August 2011, Scenic Rim 31 August to 1 September 2011, and Townsville 10–11 October 2011.

The Queensland Heritage Council Communications Working Group met in Brisbane on 21 July 2011, 19 August 2011, 4 October 2011; 13 January 2012, 31 January 2012, 14 February 2012 and 13 April 2012.

A round-table to discuss development assessment criteria with leading heritage professionals was held in Brisbane on 12 October 2011, and a meeting to discuss the proposed Australian Heritage Strategy was also held in Brisbane on 25 October 2011.

The Chair attended the Heritage Chairs and Officials of Australia and New Zealand meeting in Perth 19–21 February 2012.

Queensland Heritage Council members are remunerated in accordance with the *Remuneration of Part-Time Chairs and Members of Government Boards, Committees and Statutory Authorities* as approved by the Governor-in-Council.

Membership

The Queensland Heritage Council comprises 12 members, including a Chair and Deputy Chair, appointed by the Governor-in-Council. Five members must be appointed to represent specific organisations. The remaining seven members are appointed for their knowledge, expertise and interest in heritage conservation. Terms of appointment are up to three years, and total continuous service on the Heritage Council must not exceed six years.

At 30 June 2012 membership of the Queensland Heritage Council comprised:

- Professor Peter Coaldrake AO, Chair
- Christopher Buckley, Deputy Chair
- Glenda Sheaffe (National Trust of Queensland representative)
- Barbara Hovard (local government representative)
- Howard Guille (union representative)
- Stuart Lummis (property industry representative)
- John Cotter (rural industries representative)
- Peter Marquis-Kyle
- Emily Juckes
- Andrew Barnes
- Dr Judith McKay
- Leanne O'Brien.

Two members Dr Virginia Lee and National Trust of Queensland representative, Gordon Grimwade, stepped down at the end of the 2011 calendar year. In addition, Deputy Chair, Christopher Buckley, completed his maximum term of appointment at the end of June 2012.

Professor Peter Coaldrake AO

Chair, Queensland Heritage Council

Appendix 8

Board of Trustees of Newstead House

Constitution

The Board of Trustees of Newstead House is constituted under the *Newstead House Trust Act 1939*.

Objectives, functions and powers

The Board is required to govern, manage and control Newstead House, Brisbane.

Structure and organisation

The Board operates out of Newstead House, Breakfast Creek Road, PO Box 3121, Newstead, Queensland 4006.

Membership

At 30 June 2012 membership comprised Mr John Hocknull, Chair, representing the Queensland Government, Mr Richard Morgan representing the Royal Historical Society of Queensland and Councillor Krista Adams representing Brisbane City Council.

Staff

At 30 June 2012, staff comprised Mr Chris Burgin (acting director and secretary to the Board).

Review of progress in achieving statutory obligations

The Board met formally on 27 July 2011, 1 September 2011, 12 January 2012, 8 February 2012, 18 April 2012, 16 May 2012 and 20 June 2012. Trustees receive no remuneration.

Review of operations

The new Board was appointed on 3 December 2011 and immediately commenced implementing recommendations put forward in the Newstead House Strategic Planning Report.

The first strategic recommendation to be implemented by the Board was the establishment of the Newstead House Advisory Panel (NHAP). The inaugural meeting of the NHAP, Chaired by John Hocknull, was held on 8 February 2012 and the representation of the group was:

- Cr Krista Adams and Richard Morgan – Board Members
- Brady Downes – designbylook – graphic designers and web site designers
- Dr Geoff Ginn – UQ lecturer in History as representative of Prof Clive Moore – education and research possibilities
- Mary Campbell – Director of Skills Tech Australia – trade training with prospect of highly skilled teachers supervising work being carried out by trainees
- John Tucker – Skills Tech
- Adam Penberthy – thinkfresh – advertising agency with expertise in the Gen Y sector in particular
- Stephen Deane – Brisbane Marketing
- Emily Jukes – Architect – PhD Candidate
- Carolyn Nolan – President – Royal Historical Society of Queensland
- Fiona Hackett – Human resources and recruitment
- Robert Riddel – Heritage Architect
- Rebecca Lennon – Moreton Bay College Junior Head
- Cr David McLachlan – Brisbane City Council.

The Board also received interest from other skilled professionals who are keen to provide advice and assistance to ensure the sustainable future of Newstead House.

The Chair made a visit to the Ancestral home of the first builder, Patrick Leslie, and met with the family head, Sebastian Leslie of Warthill Aberdeenshire Scotland, who expressed a keen desire to assist the Trust in their fundraising activities. A further a visit to the National Trust of Scotland proved very useful with the Chair meeting with the Head of Collection Conservation Services who was able to provide invaluable advice regarding the collections policies for Newstead going forward. The final point of note from the Chair's UK visit was that the provenance of the semi grand piano that belongs to Newstead House was verified.

A relationship has been established between the Trust and the Endeavour Foundation whereby their Grants Manager will provide pro bono assistance in preparing grant applications to the various Community Grant Funds which operate in Queensland. The Board acknowledges its appreciation of the generous contributions received from organisations like Chubb and Amalgamated Pest Control who have kindly reduced or waived fees for services provided at the House. The Board relies heavily on the generosity of organisations like these.

Discussions regarding other uses to invigorate the other asset of the Trust, Sub-Station No 3, have taken place this year. The Board has commenced investigating other possible uses of this building with the hope of generating sufficient income from this facility to enable and fund the extensive maintenance programme that is required for the sustainability and protection of the House.

The equitable access project is progressing well. Support from the employees of the Department of Environment and Heritage Protection (EHP) and the Department of Housing and Public Works (DHPW) is acknowledged in facilitating this significant project in the history of Newstead House.

Newstead House continues to be involved in a wide range of social functions for both private and corporate clients. In 2011–12, the House has been the venue for 41 wedding ceremonies.

The House has proven to be a versatile venue for events, with fashion photography shoots, historical photo workshops, baptisms, and a long list of birthday parties and other celebrations being hosted at the house this year. The highlight of the year would certainly have to be the party to celebrate the 70th anniversary of the Battle of the Coral Sea with well over 300 guests attending the House, distinguished guests included the US Secretary for Home Security, the US Ambassador and Consul General and local dignitaries including the Governor of Queensland, the Premier of Queensland and Brisbane's Lord Mayor.

Review of financial goals

The Newstead Board would like to acknowledge its appreciation of the ongoing financial and in-kind support provided by EHP.

Proposed forward operations

The Board will continue to work closely with State Government officers to see the conclusion of the Access Project at Newstead House. It is anticipated that by the end of the 2012 a lift will be installed within the shell of the former Annex of the House. Extensive work and support has been directed to this project and the Board acknowledges the assistance of the aforementioned departments and the financial support of the Friends of Newstead House, Brisbane City Council and the Commonwealth Government in achieving this goal.

Various policy and procedural aspects of the operation of Newstead House will be reviewed or established, such as a Collections Policy and Procedure, to enable the smooth operation of the House into the future.

It is anticipated that with the assistance of the State Government the Board will be able to establish a comprehensive educational program for Newstead House. A detailed project plan should be finalised and ready to implement in July/August 2012. This program will assist in introducing the House to a new generation.

The Board acknowledges the Friends of Newstead Inc. as they continue to assist the Board in the public presentation of Newstead House, as a significant element of the state's history. The efforts of this small band of committed volunteers who act as docents Monday to Thursday and Sundays and public holidays is gratefully recognised.

A new staffing model should be implemented early in the next financial year with additional support to the Friends of Newstead Inc. enabling the House to be open seven days a week thereby meeting the expectations of both Queensland residents and international and interstate visitors. Discussions will be held with members of the Newstead House Advisory Panel to enhance the volunteer activities at the House outside of that provided by the Friends of Newstead Inc.

The Board will continue to seek funding avenues to establish an ongoing maintenance program for the House. By securing a funding stream this will help address some of the key maintenance issues at the House which includes the external painting of the House, resolution to the ongoing white ant problem and gutter replacement.

John C Hocknull

Chair, Newstead House

Glossary of terms

Glossary

Term	Definition
biodiversity	Life in all its forms—different plants, animals and micro-organisms; the genes they contain and the ecosystems they form
bioregion management plan	A plan that focuses on the protection and management of natural areas
carbon footprint	A measure of the amount of carbon dioxide produced by a person, organisation or location at a given time
catchment	An area of land on which runoff from rainfall is collected and transferred to a waterway
customers	Individuals, groups or organisations with specific interest in and/or influence on the work of the department
eco-efficiency	Management philosophy that aims at minimizing ecological damage while maximizing efficiency of the firm's production processes, such as through the lesser use of energy, material, and water, more recycling, and elimination of hazardous emissions or by-products
ecosystem	A community of organisms interacting with one another and their environment
environmental recovery	Restoration and regeneration of the environment
greenhouse gas	A gas that contributes to the warming of the Earth's atmosphere by reflecting radiation from the Earth's surface (e.g. carbon dioxide)
greentape	A term used to describe environmental regulation
greentape reduction	A significant regulatory simplification project aimed to reform the environmental approvals processes under the <i>Environmental Protection Act 1994</i>
heritage	Places of cultural and natural significance that we want to keep, respect and pass on to future generations. Heritage places include buildings, structures, cemeteries, archaeological sites, gardens, urban precincts and natural and landscape features
machinery-of-government change	An administrative change that affects the overall structure and functions of government agencies

nature based tourism	Meeting the needs of present tourists and host regions while protecting and enhancing opportunities for the future. Also known as eco tourism
nature refuge	An area of land voluntarily dedicated and protected for conservation purposes while allowing compatible and sustainable land uses to continue
sustainable development	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
World heritage area	World heritage areas are examples of the world’s most outstanding natural or cultural heritage that it is agreed should be protected for all humanity. They are identified and listed under an international treaty administered by the United Nations Educational, Scientific and Cultural Organisation (UNESCO)

Acronyms

A&DP	achievement and development planning
ACC	agency consultative committee
BMP	Cape York Bioregion Management Plan
CMD	coastal management district
CSG	coal seam gas
DEEDI	Department of Employment, Economic Development and Innovation
DERM	Department of Environment and Resource Management
EA	environmental authority
EHP	Department of Environment and Heritage Protection
EMG	executive management group
ERMP	environmental risk management plan
FTE	full time equivalent
LNG	liquefied natural gas
QSEIF	Queensland Sustainable Energy and Innovation Fund
QRA	Queensland Reconstruction Authority
QYEC	Queensland Youth Environment Council
SDS	service delivery statement
SEQ	South East Queensland
SPP	state planning policy
SPRP	state planning regulatory provision
TEP	transitional environmental programs
VSP	voluntary separation program
WHA	world heritage area
WHS	workplace health and safety

Department of Environment and Heritage Protection

Financial Statements

for the financial year ended 30 June 2012

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General information

These financial statements report on the financial results for the Department of Environment and Heritage Protection for the financial year 1 July 2011 to 30 June 2012.

The Department of Environment and Heritage Protection is a Queensland Government department established under the *Public Service Act 2008*. 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 13
400 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@ehp.qld.gov.au or visit the departmental internet site <http://www.ehp.qld.gov.au/>.

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

**Department of Environment and Heritage Protection
Statement of Comprehensive Income
for the year ended 30 June 2012**

	Notes	2012 \$'000	2011 \$'000
Income from continuing operations			
Revenues			
Departmental services revenue	4	691,534	746,980
User charges, fees and fines	5	105,874	71,126
Royalties, property and other territorial revenue	6	19,601	20,682
Grants and other contributions	7	66,594	103,572
Revaluation increment	9	320	44,027
Interest revenue	10	1,074	325
Other revenue	11	15,309	7,169
Gains			
Gain on sale of property, plant and equipment	12	328	212
Total revenues from continuing operations		<u>900,634</u>	<u>994,093</u>
Expenses from continuing operations			
Employee expenses	13	464,345	470,154
Supplies and services	15	237,083	252,986
Grants and subsidies	16	91,675	97,254
Rebates	17	101	227
Depreciation and amortisation	18	66,214	72,183
Impairment losses	19	862	4,963
Revaluation decrement	21	4,145	68,011
Finance/borrowing costs	22	97	150
Other expenses	23	11,079	16,217
Total expenses from continuing operations		<u>875,601</u>	<u>982,145</u>
Operating result from continuing operations		<u>25,033</u>	<u>11,948</u>
Other comprehensive income			
Increase/(decrease) in asset revaluation surplus	37	-	(4,343)
Total other comprehensive income		-	(4,343)
Total comprehensive income		<u>25,033</u>	<u>7,605</u>

The accompanying notes form part of these statements

**Department of Environment and Heritage Protection
Statement of Comprehensive Income
for the year ended 30 June 2012**

<i>Administered on a whole-of-Government basis</i>			
	Notes	2012 \$'000	2011 \$'000
Income from continuing operations			
Revenue			
Administered appropriation revenue	4	8,641	10,196
Fees and fines	5	174,431	222,718
Royalties, property and other territorial revenue	6	74,366	83,373
Grants and other contributions	7	-	397
Land transfers inwards	8	182,347	265,173
Revaluations increments	9	-	186
Interest revenue	10	4,435	3,969
Other revenue	11	2	19
Gains			
Gain on sale of property, plant and equipment	12	17,704	9,206
Total income from continuing operations		461,926	595,237
Expenses from continuing operations			
Supplies and services	15	1,209	1,445
Grants and subsidies	16	36,669	6,443
Depreciation and amortisation	18	601	505
Land transfers outwards	20	27,221	79,918
Revaluation decrements	21	46	-
Other expenses	23	7,617	13,519
Total expenses from continuing operations		73,363	101,830
Net operating result before transfers to government		388,563	493,407
Transfers of administered item revenue to government		244,896	306,319
Operating result from continuing operations		143,667	187,088
Other comprehensive income			
Increase/(decrease) in asset revaluation surplus	37	(608,288)	1,851,418
Total other comprehensive income		(608,288)	1,851,418
Total comprehensive income		(464,621)	2,038,506

The accompanying notes form part of these statements

**Department of Environment and Heritage Protection
Statement of Financial Position
as at 30 June 2012**

	Notes	2012 \$'000	2011 \$'000
Current assets			
Cash and cash equivalents	24	30,920	85,302
Receivables	25	8,780	49,640
Inventories	26	8	2,851
Unexpended advances	27	81	509
Other assets	28	124	6,633
		<u>39,913</u>	<u>144,935</u>
Non current assets classified as held for sale	29	-	218
Total current assets		<u>39,913</u>	<u>145,153</u>
Non current assets			
Receivables	25	3,281	3,680
Property, plant and equipment	30	24,287	3,477,350
Intangible assets	31	4,508	30,576
Total non current assets		<u>32,076</u>	<u>3,511,606</u>
Total assets		<u>71,989</u>	<u>3,656,759</u>
Current liabilities			
Payables	32	3,823	28,265
Accrued employee benefits	33	3,915	13,079
Proposals and deposits	34	-	14
Other financial liabilities	35	-	577
Other liabilities	36	151	30,067
Total current liabilities		<u>7,889</u>	<u>72,002</u>
Non current liabilities			
Non current borrowings	35	-	742
Total non current liabilities		<u>-</u>	<u>742</u>
Total liabilities		<u>7,889</u>	<u>72,744</u>
Net assets		<u>64,100</u>	<u>3,584,015</u>
Equity			
Contributed equity		66,758	3,611,706
Accumulated surpluses		(2,658)	(27,691)
Asset revaluation surplus	37	-	-
Total equity		<u>64,100</u>	<u>3,584,015</u>

The accompanying notes form part of these statements

**Department of Environment and Heritage Protection
Statement of Financial Position
as at 30 June 2012**

<i>Administered on a whole-of-Government basis</i>			
	Notes	2012 \$'000	2011 \$'000
Current assets			
Cash and cash equivalents	24	4,240	39,055
Receivables	25	6,359	70,129
		10,599	109,184
Non current assets classified as held for sale	29	-	3,700
Total current assets		10,599	112,884
Non current assets			
Receivables	25	-	54,443
Property, plant and equipment	30	-	66,664,635
Total non current assets		-	66,719,078
Total assets		10,599	66,831,962
Current liabilities			
Payables	32	7,142	37,571
Proposals and deposits	34	-	30,518
Other liabilities	36	-	5,580
Total current liabilities		7,142	73,669
Total liabilities		7,142	73,669
Net assets		3,457	66,758,293
Equity			
Contributed equity		-	23,830,560
Accumulated surplus		3457	498,866
Asset revaluation surplus	37	-	42,428,868
Total equity		3,457	66,758,293

The accompanying notes form part of these statements

**Department of Environment and Heritage Protection
Statement of Changes in Equity
for the year ended 30 June 2012**

	Contributed equity		Accumulated surplus		Asset revaluation surplus (note 37)		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Balance at 1 July 2011	3,611,706	3,585,475	(27,691)	(39,639)	-	4,343	3,584,015	3,550,179
Operating results from continuing operations	-	-	25,033	11,948	-	-	25,033	11,948
Increase/(decrease) in asset revaluation surplus	-	-	-	-	-	(4,343)	-	(4,343)
Transactions with owners as owners								
Equity injections (note 4)	25,030	44,292	-	-	-	-	25,030	44,292
Equity withdrawals (note 4)	(48,711)	(48,621)	-	-	-	-	(48,711)	(48,621)
Non appropriated equity withdrawals	(1,160)	(20,727)	-	-	-	-	(1,160)	(20,727)
Net assets transferred via Machinery of Government change (note 39)	(3,551,036)	-	-	-	-	-	(3,551,036)	-
Net transfer of assets/liabilities from other government agencies	30,929	51,287	-	-	-	-	30,929	51,287
Balance at 30 June 2012	66,758	3,611,706	(2,658)	(27,691)	-	-	64,100	3,584,015

The accompanying notes form part of these statements

**Department of Environment and Heritage Protection
Statement of Changes in Equity
for the year ended 30 June 2012**

<i>Administered on a whole-of-Government basis</i>	Contributed equity		Accumulated surplus		Asset revaluation surplus (note 37)		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2011	23,830,560	23,801,073	498,866	311,778	42,428,868	40,577,449	66,758,294	64,690,300
Operating results from continuing operations	-	-	143,667	187,088	-	-	143,667	187,088
Increase/(decrease) in asset revaluation surplus	-	-	-	-	(608,288)	1,851,418	(608,288)	1,851,419
Transactions with owners as owners								
Equity injections (note 4)	3,100	72,795	-	-	-	-	3,100	72,795
Equity withdrawals (note 4)	(7,195)	-	-	-	-	-	(7,195)	-
Non appropriated equity injections	-	-	-	-	-	-	-	-
Non appropriated equity withdrawals	(54,372)	(43,229)	-	-	-	-	(54,372)	(43,229)
Net transfer of assets/liabilities from other government agencies	(3,457)	(119)	-	-	-	-	(3,457)	(119)
Net transfer to accumulated surplus from the asset revaluation surplus	-	-	41,820,580	-	(41,820,580)	-	-	-
Net assets received via machinery-of-Government (note 39)	(23,768,636)	40	(42,459,655)	-	-	-	(66,228,291)	40
Balance at 30 June 2012	-	23,830,560	3,457	498,866	-	42,428,868	3,457	66,758,294

The accompanying notes form part of these statements

**Department of Environment and Heritage Protection
Statement of Cashflow
for the year ended 30 June 2012**

	Notes	2012 \$'000	2011 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Departmental services receipts		708,166	745,116
User charges		120,369	82,038
Grants and other contributions		58,652	98,720
Royalties, property and other territorial receipts		20,382	20,164
Interest receipts		1,021	282
GST input tax credits received from Australian Taxation Office		44,089	8,699
Other		17,935	4,261
<i>Outflows:</i>			
Employee expenses		(458,835)	(470,535)
Supplies and services		(287,160)	(275,544)
Grants and subsidies		(88,660)	(92,420)
GST remitted to Australian Taxation Office		(10,627)	(2,880)
Borrowing costs		(97)	(150)
Rebates		(101)	(227)
Other		(11,886)	(81,432)
Net cash provided by (used in) operating activities	38	<u>113,247</u>	<u>36,092</u>
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		2,203	324
<i>Outflows:</i>			
Payments for property, plant and equipment and intangibles		(58,703)	(72,372)
Investments acquired		-	(1,858)
Finance leases – state land		415	(47)
Net cash (used in) investing activities		<u>(56,085)</u>	<u>(73,954)</u>
Cash flows from financing activities			
<i>Inflows:</i>			
Equity injections		25,101	44,257
<i>Outflows:</i>			
Borrowing redemptions		(630)	(577)
Equity withdrawals		(48,711)	(48,621)
Non appropriated equity withdrawals		(1,159)	(20,727)
Net cash provided by (used in) financing activities		<u>(25,399)</u>	<u>(25,668)</u>
Net increase (decrease) in cash and cash equivalents		31,763	(63,530)
Cash and cash equivalents at beginning of financial year		85,302	148,832
Cash transfer – Machinery-of-Government		(86,145)	-
Cash and cash equivalents at end of financial year	24	<u>30,920</u>	<u>85,302</u>

The accompanying notes form part of these statements

**Department of Environment and Heritage Protection
Statement of Cashflow
for the year ended 30 June 2012**

<i>Administered on a whole-of-Government basis</i>			
	Notes	2012 \$'000	2011 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Administered appropriation revenue received from Department of Treasury and Trade		8,858	12,258
Fees and fines		185,171	215,572
Grants and other contributions		-	398
Royalties, property and other territorial receipts		77,231	71,910
Interest receipts		4,435	3,627
GST input tax credits received from Australian Taxation Office		369	397
Other		(10)	2,622
<i>Outflows:</i>			
Transfers of administered item revenue to government		(246,012)	(303,349)
Grants and subsidies		(10,850)	(549)
Supplies and services		(2,077)	(2,653)
GST remitted to Australian Taxation Office		(8,071)	583
Other		(7,016)	(12,816)
Net cash (used in) operating activities	38	2,028	(12,000)
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		35,935	40,970
Finance leases redeemed – state land		8,193	5,782
<i>Outflows:</i>			
Payments for property, plant and equipment		(14,675)	(51,685)
Finance leases – state land		(4,131)	(2,449)
Net cash provided by investing activities		25,322	(7,382)
Cash flows from financing activities			
<i>Inflows:</i>			
Equity injections		3,100	72,838
<i>Outflows:</i>			
Appropriated equity withdrawals		(7,195)	-
Non appropriated equity withdrawals		(54,372)	(43,229)
Net cash provided by (used in) financing activities		(58,467)	29,609
Net increase (decrease) in cash and cash equivalents		(31,117)	10,228
Machinery-of Government cash transferred out		(3,697)	
Administered cash and cash equivalents at beginning of financial year		39,055	28,827
Administered cash and cash equivalents at end of financial year	24	4,240	39,055

The accompanying notes form part of these statements

**Department of Environment and Heritage Protection
Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2012**

	Climate Change	Environment	Land	Water	Total
	2012	2012	2012	2012	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Income from continuing operations *					
Revenue					
Departmental services revenue	20,147	353,527	191,631	126,229	691,534
User charges	874	65,834	34,614	4,551	105,874
Royalties, property and other territorial revenue	8	1,444	18,101	48	19,601
Grants and other contributions	2,128	53,819	4,270	6,377	66,594
Revaluation increment	-	320	-	-	320
Interest revenue	-	1,046	5	23	1,074
Other revenue	157	12,393	1,832	924	15,309
Gains					
Gain on sale of property, plant and equipment	-	236	38	55	328
Total income from continuing operations	23,314	488,618	250,492	138,208	900,634
Expenses from continuing operations *					
Employee expenses	13,760	240,741	130,883	78,961	464,345
Supplies and services	41,511	112,310	47,447	35,815	237,083
Grants and subsidies	2,378	55,818	2,116	31,362	91,675
Rebates	-	101	-	-	101
Depreciation and amortisation	851	54,450	6,842	4,071	66,214
Impairment Losses	-	862	-	-	862
Revaluation decrement	-	4,145	-	-	4,145
Finance/borrowing costs	97	-	-	-	97
Other expenses	104	5,027	5,214	734	11,079
Total expenses from continuing operations	58,702	472,452	192,502	150,943	875,601
Operating result from continuing operations	(35,389)	15,166	57,990	(12,736)	25,033
* Allocation of corporate services income and expenses to outputs (disclosure only):					
Income from ordinary activities	5,824	101,894	55,397	33,420	196,535
Expenses from ordinary activities	5,824	101,894	55,397	33,420	196,535

The accompanying notes form part of these statements

**Department of Environment and Heritage Protection
Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2012**

	Climate Change	Environment	Land	Water	Total
	2011	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Income from continuing operations *					
Revenue					
	20,979	358,470	219,254	148,277	746,980
User charges	1,280	22,815	41,285	5,746	71,126
Royalties, property and other territorial revenue	7	1,248	19,382	45	20,682
Grants and other contributions	2,339	81,864	5,388	13,981	103,572
Revaluation increment	187	42,164	1,120	556	44,027
Interest revenue	-	279	13	33	325
Other revenue	86	5,454	982	647	7,169
Gains					
Gain on sale of property, plant and equipment	-	162	46	4	212
Total income from continuing operations	24,878	512,456	287,470	169,289	994,093
Expenses from continuing operations *					
Employee expenses	13,495	230,459	141,036	85,164	470,154
Supplies and services	34,721	113,643	57,958	46,664	252,986
Grants and subsidies	3,175	56,817	2,819	34,443	97,254
Rebates	-	227	-	-	227
Depreciation and amortisation	846	59,394	7,651	4,292	72,183
Impairment Losses	-	4,963	-	-	4,963
Revaluation decrement	289	65,133	1,730	859	68,011
Finance/borrowing costs	150	-	-	-	150
Other expenses	192	5,799	9,815	411	16,217
Total expenses from continuing operations	52,868	536,435	221,009	171,833	982,145
Operating result from continuing operations	(27,990)	(23,979)	66,461	(2,544)	11,948

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

Income from ordinary activities	5,112	87,298	53,424	32,260	178,094
Expenses from ordinary activities	5,112	87,298	53,424	32,260	178,094

The accompanying notes form part of these statements

**Department of Environment and Heritage Protection
Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2012**

<i>Administered on a whole-of-Government basis</i>	Climate Change	Environment	Land	Water	Total
	2012	2012	2012	2012	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Income from continuing operations					
Revenue					
Administered appropriation revenue	-	1,290	7,290	61	8,641
Fees and fines	-	40,792	130,981	2,658	174,431
Royalties, property and other territorial revenue	-	777	71,955	1,634	74,366
Land transfers inwards	-	-	182,347	-	182,347
Interest revenue	-	-	4,433	2	4,435
Other revenue	-	(7)	9	-	2
Gains					
Gain on sale of property, plant and equipment	-	-	17,704	-	17,704
Total income from continuing operations	-	42,852	414,720	4,354	461,926
Expenses from continuing operations					
Supplies and services	-	-	564	645	1,209
Grants and subsidies	-	675	34,484	1,510	36,669
Depreciation and amortisation	-	-	322	279	601
Land transfers outwards	-	-	27,221	-	27,221
Revaluation decrements	-	7	39	-	46
Other expenses	-	2,764	4,804	48	7,617
Total expenses from continuing operations	-	3,445	67,436	2,482	73,363
Net operating result before transfers to government					
Transfers of administered item revenue government	-	10,736	234,160	-	244,896
Operating result from continuing operations	-	28,671	113,124	1,872	143,667

The accompanying notes form part of these statements

**Department of Environment and Heritage Protection
Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2012**

<i>Administered on a whole-of-Government basis</i>	Climate Change	Environment	Land	Water	Total
	2011 \$'000	2011 \$'000	2011 \$'000	2011 \$'000	2011 \$'000
Income					
Revenue					
Administered appropriation revenue	-	5,025	3,223	1,948	10,196
Fees and fines	-	43,688	173,995	5,036	222,718
Royalties, property and other territorial revenue	-	839	80,658	1,876	83,373
Grants and other contributions	-	-	-	397	397
Land transfers inwards	-	-	265,173	-	265,173
Revaluation increments	-	-	79	106	186
Interest revenue	-	-	3,966	3	3,969
Other revenue	-	-	-	19	19
Gains					
Gain on sale of property, plant and equipment	-	-	9,206	-	9,206
Total income from continuing operations	-	49,552	536,300	9,385	595,237
Expenses from continuing operations					
Supplies and services	-	-	216	1,229	1,445
Grants and subsidies	-	2,307	2,613	1,523	6,443
Rebates	-	-	-	-	-
Depreciation and amortisation	-	-	309	196	505
Land transfers outwards	-	-	79,918	-	79,918
Revaluation decrement	-	-	-	-	-
Other expenses	-	465	13,010	44	13,519
Total expenses from continuing operations	-	2,772	96,066	2,992	101,830
Net operating result before transfers to government	-	46,780	440,234	6,393	493,407
Transfers of administered item revenue to government	-	3,529	300,737	2,053	306,319
Operating result from continuing operations	-	43,251	139,497	4,340	187,088

The accompanying notes form part of these statements

**Department of Environment and Heritage Protection
Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2012**

	Climate Change	Environment	Land	Water	General Not Attributable	Total
	2012	2012	2012	2012	2012	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets						
Cash and cash equivalents	2,621	16,241	6,000	6,058	-	30,920
Receivables	1,285	14,126	325	(6,956)	-	8,780
Inventories	1	4	2	2	-	8
Unexpended advances	-	81	-	-	-	81
Other assets	10	68	24	23	-	124
Non current assets classified as held for sale	-	-	-	-	-	-
Total current assets	3,917	30,519	6,351	(874)	-	39,913
Non current assets						
Receivables	-	3,281	-	-	-	3,281
Property, plant and equipment	667	22,278	683	659	-	24,287
Intangibles	25	4,367	60	57	-	4,508
Total non current assets	692	29,926	742	716	-	32,076
Total assets	4,609	60,445	7,093	(158)	-	71,989
Current liabilities						
Payables	(329)	2,786	466	900	-	3,823
Accrued employee benefits	196	3,191	258	269	-	3,915
Other liabilities	12	77	32	29	-	151
Total current liabilities	(120)	6,054	757	1,198	-	7,889
Non current liabilities						
Other financial liabilities	-	-	-	-	-	-
Total non current liabilities	-	-	-	-	-	-
Total liabilities	(120)	6,054	757	1,198	-	7,889
Net assets	4,729	54,391	6,336	(1,356)	-	64,100

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

**Department of Environment and Heritage Protection
Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2012**

	Climate Change	Environment	Land	Water	General Not Attributable	Total
	2011	2011	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets						
Cash and cash equivalents	-	-	-	-	85,302	85,302
Receivables	-	-	-	-	49,640	49,640
Inventories	289	-	15	2,547	-	2,851
Unexpended advances	-	-	509	-	-	509
Other assets	(12)	3,506	1,916	1,223	-	6,633
	277	3,506	2,440	3,770	134,942	144,935
Non current assets classified as held for sale	15	116	46	41	-	218
Total current assets	292	3,622	2,486	3,811	134,942	145,153
Non current assets						
Receivables	3,281	-	399	-	-	3,680
Property, plant and equipment	18,869	3,351,900	66,934	39,647	-	3,477,350
Intangibles	189	11,986	13,048	5,353	-	30,576
Total non current assets	22,339	3,363,886	80,381	45,000	-	3,511,606
Total assets	22,631	3,367,508	82,867	48,811	134,942	3,656,759
Current liabilities						
Payables	1,012	14,957	6,940	5,356	-	28,265
Accrued employee benefits	(939)	4,918	6,929	2,171	-	13,079
Proposals and deposits	-	14	-	-	-	14
Other financial liabilities	577	-	-	-	-	577
Other liabilities	(445)	(3,029)	34,720	(1,179)	-	30,067
Total current liabilities	205	16,860	48,589	6,348	-	72,002
Non current liabilities						
Other financial liabilities	742	-	-	-	-	742
Total non current liabilities	742	-	-	-	-	742
Total liabilities	947	16,860	48,589	6,348	-	72,744
Net assets	21,684	3,350,648	34,278	42,463	134,942	3,584,015

**Department of Environment and Heritage Protection
Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2012**

<i>Administered on a whole-of-Government basis</i>						
	Climate Change	Environment	Land	Water	General Not Attributable	Total
	2012	2012	2012	2012	2012	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets						
Cash and cash equivalents	-	-	4,240	-	-	4,240
Receivables	-	7,012	(448)	(204)	-	6,359
Non current assets classified as held for sale	-	-	-	-	-	-
Total current assets	-	7,012	3,792	(204)	-	10,599
Non current assets						
Receivables	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	-
Total non current assets	-	-	-	-	-	-
Total assets	-	7,012	3,791	(204)	-	10,599
Current liabilities						
Payables	-	7,034	312	(204)	-	7,142
Proposals and deposits	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total current liabilities	-	7,034	312	(204)	-	7,142
Total liabilities	-	7,034	312	(204)	-	7,142
Net assets	-	(23)	3,480	-	-	3,457

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

**Department of Environment and Heritage Protection
Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2012**

<i>Administered on a whole-of-Government basis</i>						
	Climate Change	Environment	Land	Water	General Not Attributable	Total
	2011	2011	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets						
Cash and cash equivalents	-	-	-	-	39,055	39,055
Receivables	-	-	-	-	70,129	70,129
	-	-	-	-	109,184	109,184
Non current assets classified as held for sale	-	-	3,700	-	-	3,700
Total current assets	-	-	3,700	-	109,184	112,884
Non current assets						
Receivables	-	-	54,443	-	-	54,443
Property, plant and equipment	-	-	66,647,512	17,123	-	66,664,635
Total non current assets	-	-	66,701,955	17,123	-	66,719,078
Total assets	-	-	66,705,655	17,123	109,184	66,831,962
Current liabilities						
Payables	4	15,312	22,255	-	-	37,571
Proposals and deposits	-	-	30,518	-	-	30,518
Other liabilities	-	(14)	5,594	-	-	5,580
Total current liabilities	4	15,298	58,367	-	-	73,669
Total liabilities	4	15,298	58,367	-	-	73,669
Net assets	(4)	(15,298)	66,647,288	17,123	109,184	66,758,293

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

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

Note	Note title
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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	Lar.1 transfers inwards
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10	Interest revenue
11	Other revenue
12	Gain on sale of property, plant and equipment
13	Employee expenses
14	Key executive management personnel and remuneration
15	Supplies and services
16	Grants and subsidies
17	Rebates
18	Depreciation and amortisation
19	Impairment losses
20	Land transfers outwards
21	Revaluation decrements
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24	Cash and cash equivalents
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26	Inventories
27	Unexpended advances
28	Other current assets
29	Non current assets classified as held for sale
30	Property, plant and equipment
31	Intangibles
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37	Asset revaluation surplus by class
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39	Restructuring of administrative arrangements
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**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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1. Objectives and principal activities of the department

The Department of Environment and Heritage Protection is responsible for the management of the health of the environment to protect Queensland's unique ecosystems, including its landscapes and waterways, native plants and animals and biodiversity. The department is also responsible for identifying and conserving the State's built heritage places.

Role of the department

The department's role is to act as a strong environmental regulator which supports sustainable long-term economic development of Queensland.

The department's key activities include:

- Conservation and sustainability services, including the implementation of programs to conserve and enhance the health of the State's natural environment
- Environmental services and regulation, including the facilitation of project approvals and industry compliance
- Environmental policy and planning, including development and reform of legislation plans and programs to support front line environmental service delivery, management of Queensland's ecosystems, waste agenda and an ongoing role in climate change adaptation.

Sources of departmental funding

The department is principally funded for the services it delivers by parliamentary appropriations, with further funding sourced from grants and other contribution revenue from Commonwealth, State and local governments and external bodies to undertake designated activities.

2. Major departmental services

On 1 May 2012 by virtue of *Public Service Departmental Arrangements Notice (No. 1) 2012* and s 80(2) of the *Financial Accountability Act 2009*, the Department of Environment and Resource Management was renamed to the Department of Environment and Heritage Protection. The financial results reported for the Department of Environment and Heritage Protection as at 30 June 2012 reflect the application of funds appropriated to the former Department of Environment and Resource Management, adjusted for relevant transfers associated with the transfer of functions in specified in the Departmental Arrangements Notice above.

For 2011-12 the department conducted its business through the following service areas:

• **Climate Change**

This departmental service delivers initiatives aimed at reducing Queensland's carbon footprint and preparing Queensland for the impact of climate change. Through this service, the department provides support to the Premier's Council on Climate Change and administers the Queensland Climate Change Fund which provides funding for new climate change initiatives. This service also works with Queenslanders to reduce and reuse waste and to conserve water at home, work and in communities.

• **Environment**

The environment service covers a substantial portion of departmental business aimed at conserving our 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.

• **Land**

This service delivers policies and programs which are designed to ensure sustainable and productive use of the State's land resources, stock route management, resolution of native title issues, the sale of quarry materials and forest products from State lands, and the management of Indigenous and Queensland's cultural heritage.

It also delivers initiatives to develop and provide high quality spatial and other information requirements including mapping, land ownership (titles and registrations), valuations and land tenure functions required for effective planning and development of the State.

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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2. Major departmental services (continued)

• **Water**

The water service works to ensure safe, secure, sustainable and equitable use of water and ecosystem resources and the protection of our natural environment. This is achieved through monitoring, reporting and evaluation activities to support planning, allocation and management of the State's water.

As a result of the outward transfer of functions to other departments by virtue of *Public Service Departmental Arrangements Notice (No. 1) 2012*, some activities within these services outlined above, transferred to other departments effective 1 May 2012. The entire Land service transferred outwards effective 1 May 2012 and the results reported that are attributable to this service in this department's accounts are for the period 1 July 2011 – 30 April 2012.

Refer to note 39 for details of the assets and liabilities transferred. The outwards transfer of these services were accounted for as a decrease in contributed equity in the Statement of Changes in Equity. Expenses and revenues attributable to these functions during the period 1 July 2011- 30 April 2012 are recorded in the balances of this department (as the former Department of Environment and Resource Management). Due to complexity of the administrative restructuring between departments across the four services, the values of these services in the context of those activities transferred to the six departments during 1 July 2011 – 30 April 2012 cannot be reasonably and reliably ascertained.

3. Summary of significant accounting policies

(a) Statement of compliance

The Department of Environment and Heritage Protection 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.

(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.

Ecofund Pty Ltd is a controlled entity of the department. Its activities undertaken this year are not considered to be material and therefore are not consolidated into the values reported in these statements. Ecofund Pty Ltd is the Trustee of the Balance the Earth Trust. Refer note 42.

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

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 and the financial balances of the Wet Tropics Management Authority. The responsibility for the Great Barrier Marine Park Authority as managed by the Queensland Parks and Wildlife Service transferred to the Department of National Parks, Recreation, Sport and Racing, effective 1 May 2012 by order of *Public Service Departmental Arrangements Notice (No. 1) 2012* and s 80(2) of the *Financial Accountability Act 2009*.

(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.

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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(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 the environmental authority for petroleum and gas leases under the *Environmental Protection Act 1994*, applicants are required to provide financial security in the form of cash or bank guarantee to ensure compliance with specific requirements set by the state of petroleum and gas 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 not meet the conditions set out in the environmental authority.
- b. As a condition of other miscellaneous environment management sections of the *Environmental Protection Act 1994* and other relevant Acts, financial assurances are held in the form of cash or bank guarantee to ensure compliance with specific environmental requirements as determined.
- c. As a condition of the *Strategic Cropping Land Act 2011* financial assurances are held in the form of cash or bank guarantee to ensure protection and management of potential strategic cropping land.

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 45. Applicable audit arrangements are also shown.

(e) Departmental services revenue/administered revenue

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

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' item appropriations with the related payments being recorded as administered expenses. Approval has been obtained from the Department of Treasury and Trade to recognise specific adjustments to administered appropriation revenue. Refer to note 4.

(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 5.

During the year the *Waste Reduction and Recycling Act 2011* (WRR Act) was passed with s 70 requiring the waste levy receipts to be paid into the Waste and Environment Fund (the Fund). These receipts are to be applied for particular purposes including expenses related to administering the Fund. Section 72 of the WRR Act also requires the Fund to be kept as part of the departmental accounts with amounts received to be deposited into the department's financial institution account. These requirements are consistent with the requirements of s 7(2)(e) of the *Financial Accountability Act 2009* thus resulting in waste levy receipts being identified as controlled revenue. At 30 June 2012 the Fund had a balance of \$21.1 million. The future use of these monies is currently under review by the Department of Treasury and Trade given the abolition of the waste levy.

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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(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.

(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

Inventories held for sale include maps, publications and souvenirs and are valued at the lower of cost and net realisable value. During the financial year, a decision was made to derecognise the maps and publications held for sale as inventory due to its immateriality to the department's operations.

Up to the point of derecognition, the cost of the inventory was 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 selling pattern.

Similar valuation principles apply to the inventory not held for sale. The majority of this inventory class transferred to the Department of Natural Resources and Mines. The balance of inventory not held for sale by the department relates to macropod management.

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

(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.

(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.

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*.

**Department of Environment and Heritage Protection
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(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.

Land under roads

In Queensland, land under roads not subject to freehold or leasehold title or reserve tenure vests in the State of Queensland as per the *Land Act 1994*. The former Department of Environment and Resource Management administered the *Land Act 1994* on behalf of the State and land under roads that is not subject to freehold or leasehold title or reserve tenure. It is therefore considered an administered asset of the department. By virtue of *Administrative Arrangements Order (No. 4) 2012* this responsibility transferred to the Department of Natural Resources and Mines effective 1 May 2012.

Land under roads subject to freehold or leasehold title or reserve tenure is recorded by the entity that holds the freehold or leasehold title or trusteeship of a reserve.

Where approved by the relevant ministers, transfers of land under roads from other agencies are treated as a transaction with owners as owners and are recorded in contributed equity.

Land transfers inwards

Land is transferred from non Queensland Government entities for public use at no charge in accordance with certain planning and legislative requirements. Assets acquired at no value are recognised as revenue, using fair value, at the time of transfer. Refer note 3(g).

Land transfers outwards

Land, no longer required and transferred to non Queensland Government entities at no charge in accordance with certain planning and legislative requirements, is recognised as expenditure, using fair value, at the time of transfer. Refer note 3(g).

Library materials

Items in the department's technical library are expensed on acquisition.

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.

**Department of Environment and Heritage Protection
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(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 3 – 17 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 3 – 23 years.

(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.

**Department of Environment and Heritage Protection
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**(o) Amortisation of intangibles and depreciation of property, plant and equipment
(continued)**

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

Physical asset class	Rate %
Buildings	1.7 - 20.0
Heritage and cultural assets	0.0 - 1.0
Infrastructure	1.0 - 20.0
Plant and equipment	
Motor vehicles	5.0 - 33.3
Heavy vehicles	5.0 - 20.0
Scientific and technical equipment	3.3 - 33.3
Office equipment	6.7 - 33.3
Computer equipment	10.0 - 33.3
Leasehold improvements	5.0 - 33.3
Boats and boating equipment	6.7 - 33.3
Intangible asset class	
Internally generated software	5.9 - 33.3
Purchased software	4.3 - 33.3

(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.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer also note 3(q).

(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

**Department of Environment and Heritage Protection
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(q) Revaluations of non current physical and intangible assets (continued)

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. State Valuation Service (SVS) 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 SVS based on the agency'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.

Administered

Unallocated state land and reserves are measured at fair value and are comprehensively revalued every three to five years. Each property has an individual change factor applied which is derived from the review of market transactions. These movements are determined having regard to the review of unimproved land values undertaken for each local government area by the Chief Executive Officer.

Land under roads is valued at fair value in accordance with AASB 116 Property, Plant and Equipment using an englobo basis based on the statutory land valuations as agreed by all state Valuers-General 2009. In Queensland, under the Land Valuation Act 2010, the statutory land valuations for non rural land are determined on the basis of site value with the unimproved value continuing to be used in respect of rural land. Based on information provided by the State Valuation Service, not all properties that received a site value increased in value and the introduction of site value had minimal impact on the total rateable value of land across the State.

The value attributed to Land under Roads is calculated by multiplying the total area of land under roads within each local government area by the average statutory land value of all freehold and leasehold land within the corresponding local government area. The average statutory land value for each local government area is calculated by dividing the total value of such land by the total area of that land. This approach has been adopted as it best reflects the fact that all such properties in a local government area are serviced by the local road network.

The value applied for englobo land is inclusive of all land uses from the highest and best use development land to lower use land including golf courses, sports fields and drainage areas. This approach is consistent with the calculation of an average statutory valuation in a local government area which similarly incorporates all land use types.

Land subject to operating leases is valued at fair value.

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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(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
Borrowings – held at amortised cost

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

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise. Borrowings are classified as non current liabilities to the extent that the department has an unconditional right to defer settlement until at least 12 months after reporting date.

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 44.

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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(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.

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 the Department of Treasury and Trade. Refer to note 14 for the disclosures on key executive management personnel and remuneration.

**Department of Environment and Heritage Protection
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(v) Financing/borrowing costs

Finance costs are recognised as an expense in the period in which they are incurred. In the comparison year they included

- Interest on promissory notes
- Finance lease charges

The department transferred these financing/borrowing costs to the Departments of Science, Information Technology, Innovation and the Arts and Natural Resources and Mines effective 1 May 2012 by virtue of *Public Service Departmental Restructuring Notice (No. 1) 2012*.

(w) 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.

(x) 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.

(y) 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.

(z) Contributed equity

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

(aa) Taxation

The department is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Department of Environment and Heritage Protection. As such, GST credits receivable from/payable to the Australian Taxation Office are recognised (refer note 25).

(ab) Issuance of Financial Statements

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

(ac) Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. 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 30
- Contingencies: Note 41

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 Queensland Treasury'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.

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(ac) Accounting estimates and judgements (continued)

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

(ad) 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.

(ae) 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 44), 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 23 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 Trades's *Financial Reporting Requirements* require continuation of these disclosures. Thus AASB 101 amendment has no impact on the departments commitments note (note 40).

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 Treasury Department.

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

**Department of Environment and Heritage Protection
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(ae) New and revised accounting standards (continued)

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

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

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 44). 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 44 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 AASB9. 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.

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

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. 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". However 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 –

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

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 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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Notes to and forming part of the Financial Statements
as at 30 June 2012**

	<u>2012</u> <u>\$'000</u>	<u>2011</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	883,896	807,208
Transfers from (to) other departments		
Department of Natural Resources and Mines	(65,839)	-
Department of National Parks, Recreation, Sport and Racing	(36,675)	-
Department of Science, Information Technology, Innovation and the Arts	(15,688)	-
Department of Energy and Water Supply	(15,521)	-
Department of Agriculture, Fisheries and Forestry	(5,358)	-
Department of Aboriginal and Torres Strait Islander and Multicultural Affairs	(396)	-
Transfers from (to) other headings		
Equity	-	(8,532)
Administered	-	(29,394)
Less lapsed appropriations *	<u>(36,253)</u>	<u>(24,166)</u>
Total departmental services receipts	<u>708,166</u>	<u>745,116</u>
Plus: Closing balance of output revenue receivable	724	14,719
Plus: Closing balance of deferred appropriation payable	(2,637)	-
Less: Opening balance of output revenue receivable	(14,719)	(12,855)
Less: Opening balance of deferred appropriation payable	-	-
Departmental services revenue recognised in the Statement of Comprehensive Income	<u>691,534</u>	<u>746,980</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	(19,152)	(12,896)
Transfers from other headings		
Departmental services revenue	-	8,532
Less lapsed equity adjustment	<u>(4,458)</u>	<u>-</u>
Total equity adjustment receipts/(payments)	<u>(23,610)</u>	<u>(4,364)</u>
Plus: Closing balance of equity injection receivable	-	35
Plus: Closing balance of equity withdrawal payable	(36)	-
Less: Opening balance of equity adjustment receivable	<u>(35)</u>	<u>(4,329)</u>
Equity adjustment recognised in Contributed Equity	<u>(23,681)</u>	<u>(4,329)</u>

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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	2012 \$'000	2011 \$'000
4. Reconciliation of payments from consolidated fund (continued)		
<i>Administered on a whole-of-Government basis</i>		
Reconciliation of payments from Consolidated Fund to administered appropriation revenue recognised in the Statement of Comprehensive Income		
Budgeted administered appropriation revenue	4,619	5,386
Transfers from other headings		
Departmental services revenue	6,195	6,872
Less lapsed appropriation *	(1,956)	-
Total administered appropriation receipts	<u>8,858</u>	<u>12,258</u>
Plus: Closing balance of administered appropriation revenue receivable **	-	6,658
Less: Opening balance of administered appropriation revenue receivable	(6,658)	(8,720)
Less: Transfer of closing administered appropriation revenue receivable to Department of Natural Resources and Mines	6,441	-
Administered appropriation revenue recognised in the Statement of Comprehensive Income	<u>8,641</u>	<u>10,196</u>
* Reflects lapse of appropriation funding in excess of requirements.		
** Reflects transfer of closing balance to the Department of Natural Resources and Mines		
Reconciliation of payment from Consolidated Fund to equity adjustment recognised in Contributed Equity		
Budgeted administered equity adjustment	2,100	50,316
Transfers from other headings		
Departmental services revenue	(6,195)	22,522
Less lapsed equity adjustment	-	-
Total administered equity adjustment receipts/(payments)	<u>(4,095)</u>	<u>72,838</u>
Plus: Closing balance of equity payable	-	-
Less: Opening balance of equity payable	-	(43)
Equity adjustment recognised in Contributed Equity	<u>(4,095)</u>	<u>72,795</u>

**Department of Environment and Heritage Protection
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5. User charges, fees and fines	2012 \$'000	2011 \$'000
Services rendered	50,946	59,758
Waste levy *	42,901	-
Fees and permits	9,631	8,931
Sale of goods	2,367	2,428
Fines	29	9
	<u>105,874</u>	<u>71,126</u>

* Following the change of Government in March 2012, a decision was taken to abolish the waste levy from 1 July 2012. Refer note 3(f).

<i>Administered on a whole-of-Government basis</i>		
Fees	173,892	222,294
Fines	539	424
	<u>174,431</u>	<u>222,718</u>

6. Royalties, property and other territorial revenue

Forest products and quarries royalties	16,894	18,141
Property and territorial revenue	2,452	2,274
Joint venture royalties	255	267
	<u>19,601</u>	<u>20,682</u>

<i>Administered on a whole-of-Government basis</i>		
Land rent	71,955	80,883
Riverine quarry material royalties	2,411	2,490
	<u>74,366</u>	<u>83,373</u>

7. Grants and other contributions

Commonwealth grants *	37,303	82,212
Funding from external bodies, state and local governments *	14,267	9,519
External and industry contributions *	7,739	7,573
Goods and services received at below fair value	3,344	2,534
Capital received below fair value	3,805	1,584
Sponsorships	114	123
Donations	22	27
	<u>66,594</u>	<u>103,572</u>

* 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, \$20.336 million (2011: \$46.271 million) of all grant funding remained unspent.

<i>Administered on a whole-of-Government basis</i>		
Dam spillway grant	-	397
	<u>-</u>	<u>397</u>

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**Department of Environment and Heritage Protection
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	2012 \$'000	2011 \$'000
8. Land transfers inwards		
<i>Administered on a whole-of-Government basis</i>		
Land transfers inwards	182,347	265,173
	<u>182,347</u>	<u>265,173</u>

9. Revaluation Increments

Heritage and cultural	320	-
Infrastructure	-	44,027
	<u>320</u>	<u>44,027</u>

<i>Administered on a whole-of-Government basis</i>		
Infrastructure	-	117
Buildings	-	69
	<u>-</u>	<u>186</u>

10. Interest revenue

Interest received on fund balances	1,044	278
Other interest	30	47
	<u>1,074</u>	<u>325</u>

<i>Administered on a whole-of-Government basis</i>		
Finance lease interest	3,027	3,309
Other interest	1,408	660
	<u>4,435</u>	<u>3,969</u>

11. Other revenue

Restitution – environmental offsets	2,415	3,367
Recoveries	5,428	3,080
Insurance recoveries	632	334
Other	6,834	388
	<u>15,309</u>	<u>7,169</u>

<i>Administered on a whole-of-Government basis</i>		
Other	2	19
	<u>2</u>	<u>19</u>

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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	2012	2011
	\$'000	\$'000
12. Gain on sale of property, plant and equipment		
Gain on sale of plant and equipment	169	212
Gain on sale of buildings	159	-
	<u>328</u>	<u>212</u>

<i>Administered on a whole-of-Government basis</i>		
Gain on sale of land	17,704	9,206
	<u>17,704</u>	<u>9,206</u>

13. Employee expenses

<i>Employee benefits</i>		
Salaries and wages	362,346	393,919
Employer superannuation contributions *	43,272	46,681
Long service leave levy *	8,204	8,306
Other employee benefits	129	550
Severance payments **	28,878	-
Capitalised salary expenses	(2,209)	(2,906)
<i>Employee related expenses</i>		
Salary related taxes ***	21,015	21,435
Workers' compensation ***	2,710	2,169
	<u>464,345</u>	<u>470,154</u>

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

** Severance payments were made to 239 employees in 2012. The last severance payment to be finalised was 30 March 2012.

*** 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:

	2012	2011
<i>Number of employees:</i>	1,337	5,780

**Department of Environment and Heritage Protection
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14. 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 2011-12. These senior executives as members of the departmental Board of Management/Executive Management Group 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.

Department of Environment and Resource Management Board of Management 1 July 2011 – 30 April 2012

Position	Board of Management Incumbency	
	Contract classification and appointment authority	Date appointed to Board of Management (Termination date where relevant)
Director-General	CEO, <i>Public Service Act 2008</i>	29 August 2011 – 27 March 2012
Director-General	CEO, <i>Public Service Act 2008</i>	28 March 2012 – 30 April 2012
Acting Director-General ⁺	CEO, <i>Public Service Act 2008</i>	1 July 2011 – 25 July 2011
Acting Director-General ⁺	CEO, <i>Public Service Act 2008</i>	26 July 2011 – 26 August 2011
Associate Director-General	CEO, <i>Public Service Act 2008</i>	8 August 2011 – 30 April 2012
Acting Associate Director-General ⁺	CEO, <i>Public Service Act 2008</i>	1 July 2011 – 8 July 2011
Acting Associate Director-General ⁺	CEO, <i>Public Service Act 2008</i>	11 July 2011 – 5 August 2011
Deputy Director-General, Water and Ecosystems Outcomes	SES 4, <i>Public Service Act 2008</i>	29 August 2011 – 2 April 2012
Acting Deputy Director-General, Water and Ecosystems Outcomes	SES 4, <i>Public Service Act 2008</i>	1 July 2011 – 22 July 2011 ⁺ ; 3 April 2012 – 30 April 2012
Acting Deputy Director-General, Water and Ecosystems Outcomes ⁺	SES 4, <i>Public Service Act 2008</i>	25 July 2011 – 26 August 2011
Assistant Director-General, Land and Indigenous Services	SES 3, <i>Public Service Act 2008</i>	11 July 2011 – 22 July 2011 ⁺ ; 29 August 2011 – 30 April 2012
Acting Assistant Director-General, Land and Indigenous Services ⁺	SES 3, <i>Public Service Act 2008</i>	1 July 2011 – 8 July 2011
Acting Assistant Director-General, Land and Indigenous Services ⁺	SES 3, <i>Public Service Act 2008</i>	25 July 2011 – 26 August 2011
Assistant Director-General, Queensland Parks and Wildlife	SES 3, <i>Public Service Act 2008</i>	1 July 2011 – 30 April 2012
Assistant Director-General, Corporate Services	SES 3, <i>Public Service Act 2008</i>	1 July 2011 - 30 April 2012

+ - Consequential acting arrangements arising from the termination of the appointment of the Director-General as at 03 June 2011.

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14 Key executive management personnel and remuneration (continued)

Department of Environment and Heritage Protection Executive Management Group 1 May 2012 – 30 June 2012

Position	Executive Management Group Incumbency	
	Contract classification and appointment authority	Date appointed to Executive Management Group (End date where relevant)
Director-General	Secondment agreement by Department of Premiers and Cabinet; section 93, Public Service Act 2008	1 May 2012
Deputy Director-General, Conservation and Sustainability Services	CEO, <i>Public Service Act 2008</i>	1 May 2012 – 29 June 2012
Deputy Director-General, Environmental Policy and Planning	SES 3, <i>Public Service Act 2008</i>	1 May 2012
Deputy Director-General, Environmental Services and Regulation	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
Executive Director, Governance and Strategy	SES 2, <i>Public Service Act 2008</i>	1 May 2012

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.

For the 2011-12 financial year, 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:-

- Short term employee benefits which include:
 - 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.
 - Non monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include long service leave accrued.
- Post employment benefits include superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
- Performance bonuses are not paid under the contracts in place.

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

Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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14 Key executive management personnel and remuneration (continued)

Schedule of Remuneration made to Key Executive Management Personnel 2011-2012
1 July 2011 – 30 April 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
Director-General ** (29 August 2011 - 27 March 2012)	307	-	-	-	-	307
Director-General *** (28 March 2012 – 30 April 2012)	-	-	-	-	-	-
Acting Director-General	18	1	*	9	-	28
Acting Director-General	34	5	-	3	-	42
Associate Director-General	270	9	5	27	-	311
Acting Associate Director-General	9	6	-	1	-	16
Acting Associate Director-General	23	1	*	2	-	26
Deputy Director-General, Water and Ecosystems Outcomes	115	42	(30)	14	-	141
Acting Deputy Director-General, Water and Ecosystems Outcomes	19	3	-	3	-	25
Acting Deputy Director-General, Water and Ecosystems Outcomes	21	3	-	3	-	27
Assistant Director-General, Land and Indigenous Services	116	24	2	14	-	156
Acting Assistant Director-General, Land and Indigenous Services	9	*	*	1	-	10
Acting Assistant Director-General, Land and Indigenous Services	22	1	*	2	-	25
Assistant Director-General, Queensland Parks and Wildlife	145	31	4	17	-	197
Assistant Director-General, Corporate Services	126	52	3	16	-	197
Total Remuneration	1,234	178	(16)	112	-	1,508

* Benefits paid were less than \$1,000

** This officer was engaged via a secondment agreement which reflected a flat contractual amount only.

*** Remuneration shown in next table for period to 30 June 2012.

No prior period information on key executive management personnel remuneration has been disclosed due to the comprehensive nature of the information required for the comparatives.

**Department of Environment and Heritage Protection
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as at 30 June 2012**

14 Key executive management personnel and remuneration (continued)

Department of Environment and Heritage Protection
1 May 2012 – 30 June 2012

Position (Date resigned if applicable)	Short term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
Director-General	106	2	2	11	-	121
Deputy Director-General, Conservation and Sustainability Services (employment ceased 29 June 2012)	60	1	1	7	428	497
Deputy Director-General, Environmental Policy and Planning	33	4	*	4	-	41
Deputy Director-General, Environmental Services and Regulation	34	*	1	4	-	39
Deputy Director-General, Corporate Services	28	8	1	4	-	41
Executive Director, Governance and Strategy	17	3	*	3	-	23
Total Remuneration	278	18	5	33	428	762

**Department of Environment and Heritage Protection
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14 Key executive management personnel and remuneration (continued)

Schedule of Remuneration made to Key Executive Management Personnel 2010-2011

This schedule relates to the Board of Management Group of the Department of Environment and Resource Management.

Position (Date resigned if applicable)	Short term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Director-General (1 July 2010 - 3 June 2011)	333	62	5	38	-	438
Acting Director-General (6 June 2011 – 30 June 2011)	25	*	1	3	-	29
Associate Director-General (1 July 2010 - 3 June 2011)	305	6	5	40	-	356
Acting Associate Director-General (6 June 2011 – 17 June 2011)	8	*	*	1	-	9
Acting Associate Director-General (20 June 2011 – 30 June 2011)	8	2	*	*	-	10
Deputy Director-General, Water and Ecosystems Outcomes (1 July 2010 – 30 June 2011)	195	47	4	23	-	269
Assistant Director-General, Land and Indigenous Services (1 July 2010 - 17 June 2011)	162	45	3	20	-	230
Acting Assistant Director-General, Land and Indigenous Services (20 June 2011 – 30 June 2011)	6	1	*	1	-	8
Assistant Director-General, Regional Service Delivery (1 July 2010 – 21 January 2011)	105	28	3	10	15	161
Assistant Director-General, Queensland Parks and Wildlife (24 January 2011 – 30 June 2011)	78	17	2	10	-	107
Assistant Director-General, Corporate Services (1 July 2010 – 30 June 2011)	166	53	4	19	-	242
Total Remuneration	1,391	261	27	165	15	1,859

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

	2012	2011
	\$'000	\$'000
15. Supplies and services		
Advertising	1,597	1,198
Building fitouts	4,216	1,956
Computer expenses	15,334	18,418
Consultants and contractors	90,469	91,457
Electricity	2,215	2,841
Land development and maintenance	2,755	2,574
Materials	8,832	16,329
Minor plant and equipment	7,473	10,584
Motor vehicles	8,371	7,368
Office accommodation	4,930	7,575
Operating leases	51,652	50,082
Personnel costs	3,849	4,721
Photography expenses	3,949	2,989
Postage and freight	1,370	2,578
Printing	1,192	2,333
Rental lease and hire	460	431
Repairs and maintenance	8,434	9,554
Rural land protection	554	305
Shared service provider costs paid to the Queensland Shared Services	15,039	15,616
Service costs - other Government agencies	3,060	760
Staff and client travel	12,220	12,809
Stock consumption	1,810	1,603
Storage and archive services	1,879	304
Subscriptions and memberships	634	735
Telephone and facsimile	4,443	5,722
Testing and analytical services	1,144	4,010
Other *	(20,798)	(21,866)
	<u>237,083</u>	<u>252,986</u>

* Includes supplies and services of \$22.206 million in 2012 (2011: \$24.386 million) which has subsequently been capitalised.

<i>Administered on a whole-of-Government basis</i>		
Contractors	792	1,305
Other	560	348
Capitalised supplies and services	(143)	(208)
	<u>1,209</u>	<u>1,445</u>

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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	2012	2011
	\$'000	\$'000
16. Grants and subsidies		
Cape York Indigenous land and sea initiatives *	538	141
Caring for our country	29,985	29,140
Community service obligation payments to SEQ Water	1,149	1,037
Community service obligation payments to SunWater	11,418	6,545
Contributions to biodiversity patterns and processes	271	-
Contributions to Bureau of Meteorology	506	-
Contributions to Cape York natural resource management bodies	274	-
Contributions to Delbessie Agreement	227	455
Contributions to East Trinity project	300	143
Contribution to Fitzroy Basin Association	3,655	-
Contribution to Great Artesian Basin coordinating committee	222	-
Contribution to heritage system	233	-
Contribution to healthy headwater use efficiency (HHWUE)	5,600	8,969
Contribution to international water centre	450	-
Contribution to koala conservation	495	-
Contribution to Murray Darling basin authority	1,012	986
Contributions to Queensland Conservation Council	636	398
Contribution to Queensland water and land carers	330	318
Contribution to Queensland Sustainable Energy Innovation Fund	537	181
Contributions to waterholes and floodplains	203	-
Contribution to wild river rangers	4,068	3,635
Cultural heritage grants program	280	500
ecoBiz program *	652	107
Environmental partnership scheme	1,411	2,421
Great Barrier Reef protection package	164	1,562
Healthy waterways strategy	2,790	6,212
Moreton Bay monitoring project	550	343
Natural disaster recovery and relief arrangement (NDRRA) - river improvement trusts	1,485	1,164
Queensland climatic change project	611	638
Regional investment strategy	1,523	223
River improvement	1,292	554
Rural water use efficiency initiative	1,154	1,143
SEQ irrigation futures	1,036	1,525
SEQ urban water security research alliance	5,000	5,124
Strategic water initiative program	328	323
Vegetation management incentives program	478	1,003
Waste reform	2,009	2,890
Sponsorships of external groups	818	1,952
Scholarships	20	23
Other *	7,965	17,599
	<u>91,675</u>	<u>97,254</u>

* These grants and subsidies represent individual amounts that are less than \$200,000.

Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012

	2012 \$'000	2011 \$'000
16. Grants and subsidies (continued)		
<i>Administered on a whole-of-Government basis</i>		
Border Rivers Commission	1,100	1,100
Energy Ombudsman Queensland seed funding 2010-11	-	450
Jabalbina Yalanji Aboriginal corporation grant agreement	324	435
Queensland Water Commission	4,520	3,320
Land grants to Indigenous bodies	30,347	941
Non Commercial Assets	378	197
	<u>36,669</u>	<u>6,443</u>

17. Rebates

Renewable energy	-	217
Other rebates	101	10
	<u>101</u>	<u>227</u>

18. Depreciation and amortisation

Incurring in respect of:

Buildings	13,988	16,192
Heritage and cultural	50	48
Infrastructure	33,888	37,699
Plant and equipment	14,376	14,256
Intangibles	3,911	3,988
	<u>66,214</u>	<u>72,183</u>

Administered on a whole-of-Government basis

Incurring in respect of:

Buildings	278	281
Infrastructure	321	221
Plant and equipment	2	3
	<u>601</u>	<u>505</u>

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

	2012 \$'000	2011 \$'000
19. Impairment losses		
Buildings	-	4,963
Intangible Assets	862	-
	<u>862</u>	<u>4,963</u>

20. Land transfers outwards

<i>Administered on a whole-of-Government basis</i>		
Land transfers outwards	27,221	79,918
	<u>27,221</u>	<u>79,918</u>

21. Revaluation decrement

Land	3,977	17,008
Buildings	168	6,187
Heritage and cultural	-	44,816
	<u>4,145</u>	<u>68,011</u>

<i>Administered on a whole-of-Government basis</i>		
Buildings	46	-
	<u>46</u>	<u>-</u>

22. Finance/borrowing costs

Interest on promissory note *	97	150
	<u>97</u>	<u>150</u>

* Promissory note relates to financing for the Tweed River Sand Bypassing System, refer note 35.

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

	2012	2011
	\$'000	\$'000
23. Other expenses		
Legal fees	6,894	10,185
Insurance premiums - Queensland Government Insurance Fund *	2,578	3,207
External audit fees **	519	711
Bad and impaired debts	264	632
Bank and statutory fees	320	296
Assets written off	108	253
Insurance premiums	12	10
Losses from disposal of property, plant and equipment	27	2
Carbon emissions offsets ***	25	(167)
Special payments:		
Ex-gratia payments ****	10	1,733
Donations, gifts and awards	79	81
Commission paid	216	27
Compensation payments *****	122	(53)
Other *****	(95)	(700)
	<u>11,079</u>	<u>16,217</u>

* Certain losses of public property are insured by the Queensland Government Insurance Fund (QGIF). The claims made in respect of these losses have yet to be assessed by QGIF and the amount recoverable cannot be reliably estimated at reporting date. Upon notification by QGIF of the acceptance of the claims, revenue will be recognised for the agreed settlement amount and disclosed as 'Other revenues – Insurance recoveries'.

** Total external audit fees relating to the 2012 financial year are estimated to be \$0.543 million (2011: \$0.658 million). There are no non-audit services included in this amount.

*** The 2011 amount includes a reversal of a 2010 accrual of \$0.31 million. The expenditure intended in 2011 did not occur due to a change in approach whereby carbon offsets were generated inhouse rather than purchased.

**** The 2012 amount includes ex-gratia payments made to third parties mainly for the loss of property due to a fire hop over from departmental property. The 2011 amount includes ex-gratia payments made to third parties for lost mining royalties, lease surrenders and land title fraud of \$0.840 million, \$0.320 million and \$0.450 million respectively.

***** The 2012 amount represents compensation for Mamu Rainforest Canopy Ancillary compensation of \$0.019 million, compensation to a third party on the expiry of the lease over a protected area of the state for structural improvements made over the duration of the lease term of \$0.098 million, \$0.064 million associated with litigation and a recovery of \$(0.060) million for an overpayment of compensation. The 2011 amount includes monies totalling \$(0.075) million representing the reversal of a 2010 expenditure accrual. The accrued expenditure transaction did not occur in 2011 due to the case being awarded in favour of the department. Compensation payments expenditure also includes a payment of \$0.022 million for compensation to the Mullen Bun Goon Ltd for the use of land reserves for the Mamu Rainforest Canopy Walkway.

***** The 2012 amount includes \$(0.120) million (2011: \$(0.863) million representing inventory adjustments.

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

2012 **2011**
\$'000 **\$'000**

23. Other expenses (continued)

<i>Administered on a whole-of-Government basis</i>		
Bad and impaired debts	2,768	3,746
Commissions	1,936	3,436
Discounts on early settlement of finance leases	961	516
Special payments *	1,800	3,445
Rent remissions	69	266
Loss on sale of land	-	2,082
Other	83	28
	<u>7,617</u>	<u>13,519</u>

* The 2012 amount includes a disturbance payment of \$1.705 million (2011: \$3.148 million) made during the acquisition of a property required for a future dam site.

24. Cash and cash equivalents

Cash at bank and on hand	30,915	85,227
Imprest accounts	5	75
	<u>30,920</u>	<u>85,302</u>

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

The department has a group limit facility of \$75 million and a business card facility of \$40 million with its balance cleared monthly.

<i>Administered on a whole-of-Government basis</i>		
Cash at bank	4,240	39,055
	<u>4,240</u>	<u>39,055</u>

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

	2012	2011
	\$'000	\$'000
25. Receivables		
<i>Current</i>		
Trade debtors	(7,064)	14,631
Accruals of an operating nature	8,590	2,588
Less: Allowance for impairment	(413)	(802)
	<u>1,113</u>	<u>16,416</u>
GST receivable	3,972	5,408
GST payable	(963)	(1,610)
	<u>3,009</u>	<u>3,798</u>
Finance leases	-	146
Less: Allowance for impairment	-	(22)
	<u>-</u>	<u>124</u>
Annual leave claim receivable	2,886	7,948
Grants revenue	19	3,699
Departmental services revenue	724	14,719
Equity injection receivable	-	35
Long service leave reimbursements	697	2,149
Loans and advances	332	226
Interest revenue	-	93
Other	-	433
	<u>8,780</u>	<u>49,640</u>
<i>Non current</i>		
Investment in Ecofund Queensland Pty Ltd (refer note 3(ae))	3,281	3,281
Finance leases	-	399
	<u>3,281</u>	<u>3,680</u>
Movements in the allowance for impairment		
Balance at 1 July 2011	824	240
Amounts recovered during the period	(444)	(82)
Amounts written off during the period	(8)	(15)
Decrease in allowance recognised in operating result	701	681
Transfer as a result of machinery-of-Government	(660)	-
Balance at 30 June 2012	<u>413</u>	<u>824</u>

Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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	2012 \$'000	2011 \$'000
25. Receivables (continued)		
<i>Administered on a whole-of-Government basis</i>		
<i>Current</i>		
Trade debtors	10,222	8,171
Less: Allowance for impairment	(3,402)	(649)
	6,820	7,522
GST receivable	38	25
GST payable	(499)	(128)
	(461)	(103)
Finance leases	-	3,153
Less: Allowance for impairment	-	(90)
	-	3,063
Operating leases	-	12,214
Less: Allowance for impairment	-	(5,020)
	-	7,194
Prepayments to Queensland Treasury *	-	30,518
Valuation fees	-	13,568
Administered appropriation receivable	-	6,658
Regulatory fees receivable	-	100
Land sales	-	573
Interest revenue	-	1,036
	6,359	70,129
<i>Non current</i>		
Finance leases	-	54,443
	-	54,443
* Represents remittances to Queensland Treasury that relate to proposals and deposits on administered land sales before the transactions are legally finalised.		
Movements in the allowance for impairment		
Balance at 1 July 2011	5,759	2,060
Amounts written off during the period	-	(2)
Amounts recovered during the period	(165)	(15)
Decrease in allowance recognised in operating result	2,918	3,716
Transfer as a result of machinery-of-Government	(5,110)	-
Balance at 30 June 2012	3,402	5,759

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
26. Inventories		
<i>Current</i>		
<i>Held for resale:</i>		
Maps, publications and souvenirs	-	105
Less: Allowance for impairment	-	(90)
	<u>-</u>	<u>15</u>
<i>Not held for resale:</i>		
Casing and piping	-	1,290
Other	8	1,546
	<u>8</u>	<u>2,836</u>
	<u>8</u>	<u>2,851</u>
27. Unexpended advances		
<i>Current</i>		
Advances for land purchases	81	509
	<u>81</u>	<u>509</u>
28. Other current assets		
<i>Current</i>		
Prepayments	124	6,633
	<u>124</u>	<u>6,633</u>
29. Non current assets classified as held for sale		
<i>Current</i>		
Land	-	84
Buildings	-	134
	<u>-</u>	<u>218</u>

Assets are continually reviewed to ensure they support the service delivery objectives of the department. The assets identified as held for sale are surplus to departmental requirements in meeting these objectives.

<i>Administered on a whole-of-Government basis</i>		
<i>Current</i>		
Land	-	3,700
	<u>-</u>	<u>3,700</u>
Assets are held for sale as directed by the Queensland Government after an assessment to determine the most efficient use of the land has occurred.		

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
30. Property, plant and equipment		
<i>Non current</i>		
Land		
At valuation	14,199	538,032
	<u>14,199</u>	<u>538,032</u>
Buildings		
At valuation	1,285	505,989
Less: accumulated depreciation	(332)	(326,894)
Less: accumulated impairment	-	(4,963)
	<u>953</u>	<u>174,132</u>
Heritage and cultural		
At valuation	30	1,603,154
Less: accumulated depreciation	(3)	(1,912)
	<u>27</u>	<u>1,601,242</u>
Infrastructure		
At valuation	236	1,783,085
Less: accumulated depreciation	(124)	(724,982)
	<u>112</u>	<u>1,058,103</u>
Plant and equipment		
At cost	15,747	162,947
Less: accumulated depreciation	(6,909)	(81,273)
	<u>8,838</u>	<u>81,674</u>
Work in progress		
At cost	158	24,167
	<u>24,287</u>	<u>3,477,350</u>

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

30. Property, plant and equipment (continued)

Property, plant and equipment reconciliation

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

	Balance 1 July 2011	Acquisitions	Depreciation (note 18)	External transfers	Transfers to assets held for sale	Transfers between classes	Revaluation increments (decrements) (note 37)	Transfers through restructuring (note 39)	Disposals	Balance 30 June 2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	538,032	26,413	-	17,373	-1,750	-38,086	-3,977	-523,806	-	14,199
Buildings	174,132	58	-13,988	205	-	7,469	-168	-166,697	-58	953
Heritage and cultural	1,601,242	1	-50	14,431	-	38,067	320	-1,653,984	-	27
Infrastructure	1,058,103	-	-33,888	-	-	5,015	-	-1,029,092	-25	113
Plant and equipment	81,674	7,013	-14,376	2,427	-	6,125	-	-73,884	-142	8,837
Work in progress	24,167	16,883	-	-	-	-18,590	-	-22,302	-	158
	3,477,350	50,368	-62,302	34,436	-1,750	-	-3,825	-3,469,765	-225	24,287

The department comprehensively values its land, infrastructure and building assets using a rolling revaluation program. This ensures that the 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 the 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 the 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 \$1.532 million (2011: \$92.991 million) with a written down value of zero still being used in the provision of services.

Department of Environment and Heritage Protection
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30. Property, plant and equipment (*continued*)

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

	Balance 1 July 2010	Acquisitions	Depreciation (note 18)	External transfers	Impairment	Transfers to assets held for sale	Transfers between classes	Revaluation increments (decrements) (note 37)	Disposals	Balance 30 June 2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	742,513	28,372	-	19,089	-	-	(234,934)	(17,008)	-	538,032
Buildings	190,993	168	(16,192)	399	(4,963)	-	9,963	(6,187)	(49)	174,132
Heritage and cultural	1,410,096	355	(48)	4,771	-	-	235,227	(49,159)	-	1,601,242
Infrastructure	1,044,974	33	(37,699)	128	-	-	6,663	44,027	(23)	1,058,103
Plant and equipment	49,402	16,273	(14,256)	28,481	-	-	2,027	-	(253)	81,674
Work in progress	23,517	19,553	-	-	-	-	(18,903)	-	-	24,167
	3,461,495	64,754	(68,195)	52,868	(4,963)	-	43	(28,327)	(325)	3,477,350

Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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	2012 \$'000	2011 \$'000
30. Property, plant and equipment (continued)		
<i>Administered on a whole-of-Government basis</i>		
<i>Non current</i>		
Land		
At valuation	-	66,639,723
	-	66,639,723
Buildings		
At valuation	-	12,151
Less: accumulated depreciation	-	(3,912)
	-	8,239
Infrastructure		
At valuation	-	15,612
Less: accumulated depreciation	-	(6,757)
	-	8,855
Plant and Equipment		
At cost	-	491
Less: accumulated depreciation	-	(366)
	-	125
Work in progress	-	7,693
	-	7,693
	-	66,664,635

Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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30. Property, plant and equipment (*continued*)

Property, plant and equipment reconciliation									
Reconciliation of the carrying amounts of each class at the beginning and end of the current reporting period.									
	Balance 1 July 2011	Acquisitions	Depreciation (note 18)	External Transfers	Transfers between classes	Revaluation increments (decrements) (note 37)	Transfers through restructuring (note 39)	Disposals	Balance 30 June 2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	66,639,723	14,596	-	121,366	-	(608,186)	(66,141,146)	(26,352)	-
Buildings	8,239	282	(278)	(351)	-	(110)	(7,706)	(76)	-
Infrastructure	8,855	134	(321)	7,642	-	(37)	(16,248)	(25)	-
Plant and Equipment	125	-	(2)	-	-	(1)	(122)	-	-
Work in progress	7,693	143	-	(7,702)	-	-	-	(134)	-
	66,664,635	15,155	(601)	120,955	-	(608,334)	(66,165,222)	(26,587)	-

The department comprehensively values its land, infrastructure and building assets using a rolling revaluation program. This ensures that the 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.

Unallocated state land and reserves are measured at fair value and are comprehensively revalued every three to five years. Each property has an individual factor change applied which is derived from the review of market transactions. Responsibility for unallocated state land and reserves has transferred to the Department of Natural Resources and Mines.

Land subject to operating leases is valued at fair value.

The department has no property, plant and equipment (2011: \$1.434 million) with a written down value of zero still being used in the provision of services.

Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012

30. Property, plant and equipment (continued)

Property, plant and equipment reconciliation									
Reconciliation of the carrying amounts of each class at the beginning and end of the previous reporting period.									
	Balance 1 July 2010	Acquisitions	Depreciation (note 18)	External Transfers	Transfers to assets held for sale	Transfers between classes	Revaluation increments (decrements) (note 37)	Disposals	Balance 30 June 2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	64,590,985	48,861	-	184,196	(3,710)	-	1,851,312	(31,921)	66,639,723
Buildings	5,852	2,534	(281)	-	-	-	134	-	8,239
Infrastructure	8,918	-	(221)	-	-	-	158	-	8,855
Plant and Equipment	128	-	(3)	-	-	-	-	-	125
Work in progress	7,484	209	-	-	-	-	-	-	7,693
	64,613,367	51,604	(505)	184,196	(3,710)	-	1,851,604	(31,921)	66,664,635

Land includes land under roads as at 30 June 2011 comprised 3.44 million hectares valued at \$43.57 billion.

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

	2012 \$'000	2011 \$'000
31. Intangibles		
Internally generated software		
At cost	6,058	41,792
Less: accumulated amortisation	(2,263)	(23,358)
Less: accumulated impairment	(862)	-
	2,933	18,434
Purchased software		
At cost	5,942	11,682
Less: accumulated amortisation	(4,655)	(9,123)
	1,287	2,559
Software development in progress		
At cost	288	9,583
	4,508	30,576

The department has internal use software with an original cost of \$3.283 million (2011: \$6.014 million) and a written down value of zero still being used in the provision of services.

Intangibles reconciliation

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

	Balance 1 July 2011 \$'000	Transfers through restructuring (Note (1aa)) \$'000	Acquisitions \$'000	Amortisation \$'000	Transfers between classes \$'000	Impairment \$'000	Balance 30 June 2012 \$'000
Internally generated	18,434	(15,436)	-	(3,211)	4,008	(862)	2,933
Purchased software	2,559	(572)	-	(700)	-	-	1,287
Software development progress	9,583	(12,817)	7,530	-	(4,008)	-	288
	30,576	(28,825)	7,530	(3,911)	-	(862)	4,508

Amortisation of intangibles is included in the line item 'Depreciation and amortisation' in the Statement of Comprehensive Income.

All intangible assets have finite useful lives and are amortised on a straight line basis (note 3(o)).

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

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

	Balance 1 July 2010 \$'000	Acquisitions \$'000	Amortisation \$'000	Transfers between classes \$'000	External transfers \$'000	Disposals \$'000	Balance 30 June 2011 \$'000
Internally generated	14,256	-	(3,546)	7,724	-	-	18,434
Purchased software	1,581	-	(442)	1,420	-	-	2,559
Software development in progress	11,019	7,751	-	(9,187)	-	-	9,583
	26,856	7,751	(3,988)	(43)	-	-	30,576

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>
32. Payables		
<i>Current</i>		
Trade creditors	(485)	20,645
Grants and subsidies payable	506	1,781
Taxes payable	583	1,900
Capital items payable	-	799
Equity withdrawal payable	36	-
Other creditors	3,183	3,140
	<u>3,823</u>	<u>28,265</u>

<i>Administered on a whole-of-Government basis</i>		
<i>Current</i>		
Transfer of administered item revenue to government payable	7,112	30,940
Payables of an operating nature	22	33
Special payments payable	-	6,441
Stamp duties and zoning fees payable	-	146
Other	8	11
	<u>7,142</u>	<u>37,571</u>

33. Accrued employee benefits

<i>Current</i>		
Annual leave levy payable	3,279	11,060
Salary and wages related payable	21	(122)
Long service leave levy payable	615	2,141
	<u>3,915</u>	<u>13,079</u>

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

	2012 \$'000	2011 \$'000
34. Proposals and deposits		
<i>Current</i>		
Proposals and deposits on land sales and leases	-	14
	-	14

These monies represent funds paid by applicants in relation to prospective land dealings and are held by the department contingent upon the applicant progressing the dealing to finalisation. In the event dealings are not finalised, the department returns the defaulted monies to the original applicant.

<i>Administered on a whole-of-Government basis</i>		
<i>Current</i>		
Proposals and deposits on land sales and leases	-	30,518
	-	30,518

These monies represent funds paid by applicants in relation to prospective land dealings and are held by the department contingent upon the applicant progressing the dealing to finalisation. In the event dealings are not finalised, the department returns the defaulted monies to the original applicant.

35. Other financial liabilities

<i>Current</i>		
Promissory note	-	577
	-	577
<i>Non current</i>		
Promissory note	-	742
	-	742

The promissory note which relates to the Tweed River Sand Bypassing system is in Australian dollar denominated amounts and is recognised at face value with interest being expensed as it is accrued. No interest has been capitalised during the reporting period. Repayment dates vary over the note's term to 4 May 2013. Principal and interest repayments are made quarterly in arrears. The fair value of this note is disclosed in note 44. The responsibility for this financial liability at reporting date rests with the Department of Science, Information Technology, Innovation and the Arts.

36. Other liabilities

<i>Current</i>		
Other agencies' land purchases	-	29,675
Unearned revenue	-	171
Other	151	221
	151	30,067

<i>Administered on a whole-of-Government basis</i>		
<i>Current</i>		
Other agencies' land sales	-	5,568
Unearned revenue	-	12
	-	5,580

Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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37. Asset revaluation surplus by class

Asset revaluation surplus by class – current reporting period

	Balance 1 July 2011 \$'000	Revaluation increments (decrements) \$'000	Balance 30 June 2012 \$'000
Land	-	-	-
Buildings	-	-	-
Heritage and cultural	-	-	-
Infrastructure	-	-	-
	-	-	-

	Balance 1 July 2010 \$'000	Revaluation increments (decrements) \$'000	Balance 30 June 2011 \$'000
Land	-	-	-
Buildings	-	-	-
Heritage and cultural	4,343	(4,343)	-
Infrastructure	-	-	-
	4,343	(4,343)	-

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

Administered on a whole-of-Government basis

Asset revaluation surplus by class – current reporting period

	Balance 1 July 2011 \$'000	Revaluation increments (decrements) \$'000	Transfer to contributed equity \$'000	Balance 30 June 2012 \$'000
Land	42,428,761	(608,187)	(41,820,574)	-
Buildings	65	(65)	-	-
Infrastructure	42	(36)	(6)	-
	42,428,868	(608,288)	(41,820,580)	-

Asset revaluation surplus by class – previous reporting period

	Balance 1 July 2010 \$'000	Revaluation increments (decrements) \$'000	Balance 30 June 2011 \$'000
Land	40,577,449	1,851,312	42,428,761
Buildings	-	65	65
Infrastructure	-	42	42
	40,577,449	1,851,418	42,428,868

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

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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	2012	2011
	\$'000	\$'000
38. Reconciliation of operating result from continuing operations to net cash		
Operating result from continuing operations	25,033	11,948
Depreciation and amortisation expense	66,214	72,183
Bad and impaired debts	-	632
Assets written off	108	253
Assets previously expensed	-	-
Assets received below fair value	(3,805)	(1,584)
Impairment losses	862	4,963
Net asset revaluation decrements	3,825	23,984
Inventory impairments and losses (writeback)	-	(863)
Net (gain)/loss on disposal of property, plant and equipment	(302)	(208)
Assets provided below fair value	300	-
Change in assets and liabilities		
(Increase) decrease in departmental services revenue receivable	13,995	(1,864)
(Increase) decrease in net receivables	1,909	3,744
(Increase) decrease in long service leave reimbursement receivables	960	(25)
(Increase) decrease in annual leave claim receivable	5,446	(1,064)
(Increase) decrease in GST input tax credits receivable	1,436	367
(Increase) decrease in inventories	(13)	242
(Increase) decrease in prepayments	4,359	6,686
(Increase) decrease in grants payable	-	(657)
Increase (decrease) in Treasury appropriation payable	2,637	-
Increase (decrease) in accounts payable	(15,011)	(14,352)
Increase (decrease) in payables due to machinery-of-Government	-	-
Increase (decrease) in provision for tax	(96)	(539)
Increase (decrease) in GST payable	(647)	(302)
Increase (decrease) in accrued employee benefits	793	417
Increase (decrease) in other liabilities	5,244	(67,869)
Net cash from operating activities	113,247	36,092

Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012

	2012 \$'000	2011 \$'000
38. Reconciliation of operating result from continuing operations to net cash (continued)		
<i>Administered on a whole-of-Government basis</i>		
Operating result from continuing operations	143,667	187,088
Bad and impaired debts	-	3,746
Land grants to Indigenous bodies	-	941
Discounts on early settlement of finance leases	-	516
Depreciation expense	601	505
Revaluation decrement	46	(186)
Net (gain)/loss on sale of property, plant and equipment	(17,704)	70,712
Rent remissions	961	266
Land transfers to other entities	57,569	-
Land transfers from other entities	(182,347)	(265,174)
Change in assets and liabilities:		
(Increase) decrease in net receivables	6,817	(15,800)
(Increase) decrease in GST input tax credits receivable	(14)	217
Increase (decrease) in other payables	(4,484)	(2,332)
Increase (decrease) in other assets	-	4,659
Increase (decrease) in transfers to Government payable	(1,116)	2,971
Increase (decrease) in GST payable	371	(646)
Increase (decrease) in other liabilities	(2,339)	517
Net cash (used in) operating activities	2,028	(12,000)

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

39. Restructuring of Administrative Arrangements

Pursuant to *Public Service Departmental Arrangements Notice (No 1) 2012*, responsibility for the functions and duties of the departmental services named below were transferred out of the Department of Environment and Heritage Protection from 1 May 2012. The assets and liabilities transferred are as follows:

	Department of Agriculture, Fisheries and Forestry	Department of Aboriginal and Torres Strait Islander and Multicultural Affairs	Department of Energy and Water Supply	Department of National Parks, Recreation, Sport and Racing	Department of Natural Resources and Mines	Department of Science, Information Technology, Innovation and the Arts	Net Total
	2012 \$'000	2012 \$'000	2012 \$'000	2012 \$'000	2012 \$'000	2012 \$'000	2012 \$'000
Current assets							
Cash and cash equivalents	1,645	8	7,019	7,450	57,793	12,229	86,144
Receivables	784	12	121	2,734	14,127	1,955	19,733
Inventories	-	-	-	254	2,555	46	2,855
Other assets	1,379	1	19	138	995	46	2,578
Non current assets classified as held for sale	-	-	-	-	218	-	218
Total current assets	3,808	21	7,159	10,576	75,688	14,276	111,528
Non current assets							
Receivables	107	-	-	-	-	-	107
Property, plant and equipment	22,311	-	308	3,268,872	112,853	65,421	3,469,765
Intangible assets	911	260	288	2,986	22,610	1,770	28,825
Total non current assets	23,329	260	596	3,271,858	135,463	67,191	3,498,697
Total assets	27,137	281	7,755	3,282,434	211,151	81,467	3,610,225

Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012

39. Restructuring of Administrative Arrangements (*continued*)

	Department of Agriculture, Fisheries and Forestry	Department of Aboriginal and Torres Strait Islander and Multicultural Affairs	Department of Energy and Water Supply	Department of National Parks, Recreation, Sport and Racing	Department of Natural Resources and Mines	Department of Science, Information Technology, Innovation and the Arts	Net Total
	2012 \$'000	2012 \$'000	2012 \$'000	2012 \$'000	2012 \$'000	2012 \$'000	2012 \$'000
Current liabilities							
Payables	1,640	4	3,967	2,879	3,693	1,299	13,482
Accrued employee benefits	747	24	393	2,264	5,296	1,115	9,839
Proposals and deposits	-	-	-	19	-	-	19
Other liabilities	-	-	-	74	35,007	80	35,161
Total current liabilities	2,387	28	4,360	5,236	43,996	2,494	58,501
Non current liabilities							
Non current borrowings	-	-	-	-	-	688	688
Total non current liabilities	-	-	-	-	-	688	688
Total liabilities	2,387	28	4,360	5,236	43,996	3,182	59,189
Net assets	24,750	253	3,395	3,277,198	167,155	78,285	3,551,036

Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012

39. Restructuring of Administrative Arrangements (*continued*)

<i>Administered on a whole-of-Government basis</i>	Department of Agriculture, Fisheries and Forestry	Department of Energy and Water Supply	Department of National Parks, Recreation, Sport and Racing	Department of Natural Resources and Mines	Net Total
	2012 \$'000	2012 \$'000	2012 \$'000	2012 \$'000	2012 \$'000
Current assets					
Cash and cash equivalents	-	(259)	-	3,956	3,697
Receivables	-	-	30	70,744	70,774
Other assets	-	-	-	(67)	(67)
Non current assets classified as held for sale	-	-	-	3,194	3,194
Total current assets	-	(259)	30	77,827	77,598
Non current assets					
Receivables	-	-	-	50,125	50,125
Property, plant and equipment	4,861	15,647	-	66,144,714	66,165,222
Total non current assets	4,861	15,647	-	66,194,839	66,215,347
Total assets	4,861	15,388	30	66,272,666	66,292,945
Current liabilities					
Payables	-	-	30	28,505	28,535
Proposals and deposits	-	-	-	34,222	34,222
Other liabilities	-	-	-	1,897	1,897
Total current liabilities	-	-	30	64,624	64,654
Total liabilities	-	-	30	64,624	64,654
Net assets	4,861	15,388	-	66,208,042	66,228,291

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

	<u>2012</u> \$'000	<u>2011</u> \$'000
40. Commitments for expenditure		
(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	12,608	29,492
Later than one year and not later than five years	27,505	67,591
Later than five years	15,138	36,270
	<u>55,251</u>	<u>133,353</u>
Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed, but with inflation escalation clauses and periodic market reviews.		
Some of the operating leases contain renewal and extension options. No operating lease contains restrictions on financing or other leasing activities.		
(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	17,769	79,588
Later than one year and not later than five years	-	11,825
	<u>17,769</u>	<u>91,413</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	470	1,537
Infrastructure	-	2,674
Land	-	3,436
Plant and equipment	21	3,989
Intangibles	339	2,443
	<u>830</u>	<u>14,079</u>
Payable:		
Not later than one year	830	14,079
	<u>830</u>	<u>14,079</u>

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

	2012 \$'000	2011 \$'000
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40. Commitments for expenditure (continued)

<i>Administered on a whole-of-Government basis</i>		
Material classes of capital expenditure commitments inclusive of GST, contracted for at reporting date but not recognised in the accounts are payable as follows:		
Plant and equipment	-	78
	-	78
Payable:		
Not later than one year	-	78

41. 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 software and related maintenance, modelling tools, consultancies and related expert advice regarding environmental management strategies with liability and indemnity caps of various levels from \$0.3 million per occurrence up to \$5 million over the life of the contracts. The contracts are short term in nature and are performance milestone based.

The department has provided a guarantee to Queensland Treasury Corporation as per the *Statutory Bodies Financial Arrangements Act 1982* for the benefit of the National Trust of Queensland for a line of credit of \$0.4 million, expiring 30 September 2012.

Litigation in progress

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

	2012	2011
Anti Discrimination Court	-	1
District Court	-	1
Magistrates Court	-	1
Planning and Environment Court	1	-
Supreme Court	2	11
Jurisdiction not available – lodged with department *	1	18
	4	32

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.

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

42. Controlled entities

(a) Ecofund Queensland Pty Ltd

On 12 March 2010, the department formed the proprietary limited company Ecofund Queensland Pty Ltd and commenced trading on 1 May 2010, with the department's Director-General holding 100% of the shareholding. The company was established as part of a suite of Queensland Government climate change initiatives to help reduce Queensland's contribution to global greenhouse gas emissions.

Ecofund is an environmental and carbon service and trading company, assisting businesses and government navigate through the complexities of the carbon, energy and environmental offset markets. Ecofund's core business is advising entities on their transition to a carbon priced economy, and assisting developers to meet their environmental offset requirements as they counterbalance the impact of their developments.

Ecofund provides a diverse range of specialised products and services to simplify and assist in preparing for a carbon price and managing environmental impacts. Services include carbon farming project management and implementation and carbon forestry advice and land based offset management plans and implementation.

The department's total contribution to the company is an equity contribution of \$3.281 million which is comprised of 3,280,700 shares fully paid at \$1.00.

For the 2011-12 financial year, the company's transactions and balances are considered to be immaterial to the parent entity and as such the entity is not consolidated with the department's transactions and balances reported in these financial statements.

The Queensland Audit Office is the authorised auditor of this company. Total external audit fees relating to the 2011-12 year are estimated to be \$0.044 million (2011: \$0.055 million). No non audit services are included in this amount.

A summary of the financial transactions and balances for Ecofund Queensland Pty Ltd for the 2012 financial year as at 30 June 2012 are as follows:

Ecofund Queensland Pty Ltd	2012	2011
	\$'000	\$'000
Revenues	17,290	13,242
Expenses	17,221	13,888
Net Surplus	69	(646)
Assets	3,235	3,431
Liabilities	894	1,159
Net Assets	2,341	2,272

Further detail on the financial results of Ecofund Queensland Pty Ltd can be viewed in the entity's annual report available at ecofund.net.au.

The operating result achieved is consistent with the financial model of Ecofund Queensland Pty Ltd prepared by the Queensland Treasury Corporation prior to the company incorporation. This financial model shows that the company is expected to become profitable from 2012-13 and the department will be undertaking ongoing monitoring of Ecofund's progress in achieving the targets forecasted in this business model. This years results indicate a general alignment with the targets forecasted in this business model.

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

42. Controlled entities (continued)

(a) Ecofund Queensland Pty Ltd continued

i) Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of Ecofund Queensland Pty Ltd (Ecofund) during the year ended 30 June 2012.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Chief Executive Officer	The Chief Executive Officer is responsible for the strategic management and direction of Ecofund.	Appointment by authority of the Board of Ecofund Not subject to the Government classification scheme	Appointed 9 August 2010
Chief Financial Officer	The Chief Financial Officer is responsible for the efficient and effective administration and financial strategy of Ecofund.	Appointment by authority of the Board of Ecofund Not subject to the Government classification scheme	Appointed 20 September 2010

ii) Remuneration

Remuneration policy for the agency's key executive management personnel is set by the Board of Ecofund, within the Post Approval Monitoring Framework established for Ecofund by its shareholder, the Department of Environment and Heritage Protection (DEHP). 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 performance-related cash bonuses and other benefits including motor vehicles.

Ecofund commenced employment of key executive management personnel during the year ended 30 June 2011. Prior to the appointment of the Chief Executive Officer, and subsequently the Chief Financial Officer, the Acting Chief Executive Officer and contract Chief Executive Officer did not have authority and responsibility for planning, directing and controlling the activities of Ecofund. That authority and responsibility rested with Ecofund's Board of directors.

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

42. Controlled entities (continued)

(a) Ecofund Queensland Pty Ltd (continued)

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

- o Short term employee benefits which include:
 - Base - consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
 - Non-monetary benefits – consisting of provision of car parking together with fringe benefits tax applicable to the benefit.
- o Long term employee benefits include long service leave accrued.
- o Post employment benefits include superannuation contributions.
- o Redundancy payments are not provided for within individual contracts of employment, unless the company (or part of the company) is sold or absorbed back into a Government department. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, unless the company is sold or absorbed back into a Government department.
- o Performance bonuses may be paid or payable annually depending upon satisfaction of key criteria. Performance payments of the key executive management are capped at 15% of total fixed remuneration. The amounts payable are tied to the achievement of pre-determined organisational and individual performance targets as agreed by the Board of Ecofund. The basis and amounts of performance bonuses are detailed in xx below.

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.

1 July 2011 – 30 June 2012

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer	281	16	-	25	-	322
Chief Financial Officer	204	-	-	18	-	222
Total Remuneration	485	16	-	43	-	544

Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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42. Controlled entities (*continued*)

(a) Ecofund Queensland Pty Ltd (*continued*)

1 July 2010 – 30 June 2011

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
Chief Executive Officer	225	15	-	20	-	260
Chief Financial Officer	146	-	-	13	-	159
Total Remuneration	371	15	-	33	-	419

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

42. Controlled entities (continued)

(a) Ecofund Queensland Pty Ltd (continued)

iii) Performance payments

The basis for performance bonuses paid in the 2011-12 financial year is set out below:

Position	Date Paid	Basis for payment
Chief Executive Officer	Nil	No bonuses were paid or accrued in relation to the 2011-12 financial year. The cash performance bonus was calculated by reference to achievement of organisational and individual KPIs set in the corporate and individual performance scorecards. The bonus accrued equated to 0% as compared to the maximum 15% of total fixed remuneration payable.
Chief Financial Officer	Nil	No bonuses were paid or accrued in relation to the 2011-12 financial year. The cash performance bonus was calculated by reference to achievement of organisational and individual KPIs set in the corporate and individual performance scorecards. The bonus accrued equated to 0% as compared to the maximum 10% of total fixed remuneration payable.

The aggregate performance bonuses paid or payable to all key executive management personnel are as follows:

	2012	2011
Key Executive Management Personnel	Nil	\$54,284

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

42. Controlled entities (continued)

(b) Balance the Earth Trust

During the reporting period, Ecofund Queensland Pty Ltd was the trustee of this trust, which was established on 9 October 2009. The trust deed of the Balance the Earth Trust provides that the Trustee create a public fund to support 'environmental purposes' defined in the deed as:

- The protection and enhancement of the natural environment or of a significant part of the natural environment within Queensland;
- The dissemination of information, provision of education, or the carrying on of research, about the natural environment or of a significant part of the natural environment within Queensland.

The Australian Taxation Office has endorsed the trust for charity tax concessions with effect from its establishment date for:

Income tax exemption;
GST concessions; and
FBT rebate.

The Australian Taxation Office has also granted the trust Deductible Gift Recipient status, effective 22 March 2011.

From 22 March 2011, the trust is a registered organisation on the Register of Environmental Organisations.

The business of the trust is managed by the Trustee – Ecofund Queensland Pty Ltd.

A summary of the 2012 financial transactions and balances for The Balance the Earth Trust as at 30 June 2012 are as follows:

Balance the Earth Trust	2012	2011
	\$'000	\$'000
Revenues	330	577
Expenses	86	894
Net Surplus	244	(317)
Assets	609	424
Liabilities	4	63
Net Assets	605	361

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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43. Interest in joint ventures

During the 2012 financial year the department has had interests in 1 joint venture entity and 1 joint venture operation, and are subject to agreements made with the relevant parties. The department's interests have been limited to its rights and obligations under each of the agreements. Effective 1 May 2012, by virtue of *Administrative Arrangements Order (No. 4) 2012* and section 80(2) of the *Financial Accountability Act 2009*, the responsibility for these joint ventures transferred to the Department of Natural Resources and Mines.

Public sector mapping venture

This venture is comprised of the public sector mapping agencies of the Commonwealth, states and territories. It was established to create and facilitate access to national spatial datasets for both governmental and commercial use.

The joint venture arrangement involved the incorporation of a company, PSMA Australia Limited (PSMA), to coordinate, assemble and commercially deliver the various PSMA datasets on a national basis and to contribute to the establishment of the Australian Spatial Data Infrastructure.

The department in its capacity as Queensland representative holds an equal one-eighth share in this company, which was established on 20 June 2001. The department made no cash or in-kind contributions to the company for the 2011-12 financial year, nor was any revenue derived from its operations. Like any other value adding reseller of Queensland datasets, in 2011-12 PSMA made payments to Queensland of \$0.223M (2010-11 \$0.218M) which represented the 2010-11 distribution.

Joint mapping venture with Hema Maps Pty Ltd

This venture operation is between the department and Hema Maps Pty Ltd with each holding an equal share in the joint venture arrangement. This venture was established to produce, promote, distribute and sell maps from the Sunmap Regional Map series.

Based on the undertaking signed, proceeds from the sale of the product are to be distributed in equal shares following the reimbursement of all related external costs. As at 30 June 2012, the department received a total of \$0.032M (2010-11 \$0.049M), which is made up of production cost recovery plus revenue from sales of the product. The 2012 fourth quarter royalty was received by the Department of Natural Resources and Mines in June 2012.

44. Financial instruments

(a) Categorisation of Financial Instruments

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

Category	Note	2012	2011
		\$'000	\$'000
Financial assets			
Cash and cash equivalents	24	30,920	85,302
Receivables	25	12,061	53,320
		<u>42,981</u>	<u>138,622</u>
Financial liabilities			
Payables	32	3,823	28,265
Promissory note	35	-	1,319
		<u>3,823</u>	<u>29,584</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 policies of the 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.

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

44. Financial instruments (continued)

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

	Note	2012 \$'000	2011 \$'000
Financial assets			
Cash and cash equivalents	24	-	-
Receivables	25	-	-
		<u>-</u>	<u>-</u>

The carrying amount of receivables represents the maximum exposure to credit risk. As such, receivables is not 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 provision 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 decrease in the controlled allowance for impairment is \$0.413 million for the current period. This is a movement of \$0.411 million. Refer note 25. This decrease is due principally to the transfer of receivables as per *Public Service Departmental Arrangements Notice (No. 1) 2012* and to a return to more normal economic conditions after the preceding year's natural disasters.

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.

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

44. Financial instruments (continued)

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 (gross)	10,713	457	2	1,302	12,474
	<u>10,713</u>	<u>457</u>	<u>2</u>	<u>1,302</u>	<u>12,474</u>

2011 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	51,419	284	319	1,298	53,320
	<u>51,419</u>	<u>284</u>	<u>319</u>	<u>1,298</u>	<u>53,320</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)	10,713	457	2	1,302	12,474
Allowance for Impairment	-	-	-	(413)	(413)
Carrying Amount	<u>10,713</u>	<u>457</u>	<u>2</u>	<u>889</u>	<u>12,061</u>

2011 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)	51,419	284	319	2,122	54,144
Allowance for Impairment	-	-	-	(824)	(824)
Carrying Amount	<u>51,419</u>	<u>284</u>	<u>319</u>	<u>1,298</u>	<u>53,320</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 41.

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 Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012**

44. 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	32	3,823	-	3,823
Promissory note	35	-	-	-
Total		3,823	-	3,823

(d) Liquidity Risk (continued)

Note	2011 Payable in:			Total \$'000
	<1 Year \$'000	1-5 Years \$'000	>5 Years \$'000	
Financial liabilities				
Payables	32	28,265	-	28,265
Promissory note	35	577	742	1,319
Total		28,842	742	29,584

(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.

Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
as at 30 June 2012

44. Financial instruments (continued)

	2012 Interest rate risk				
	Carrying amount	-1%		+1%	
	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents					
- non-interest bearing	30,920	-	-	-	-
Receivables					
- non-interest bearing	12,061	-	-	-	-
- variable interest rate	-	-	-	-	-
Potential Impact	42,981	-	-	-	-

	2011 Interest rate risk				
	Carrying amount	-1%		+1%	
	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents					
- non-interest bearing	85,302	-	-	-	-
Receivables					
- non-interest bearing	52,827	-	-	-	-
- variable interest rate	493	(5)	(5)	5	5
Potential Impact	138,622	(5)	(5)	5	5

(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.

Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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44. Financial instruments (*continued*)

	2012		2011	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Financial liability				
Promissory note	-	-	1,319	1,380
Total	-	-	1,319	1,380

Administered on a whole-of-Government basis

(a) *Categorisation of Financial Instruments*

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

Category	Note	2012 \$'000	2011 \$'000
Financial assets			
Cash and cash equivalents	24	(18,075)	39,055
Receivables	25	6,359	124,572
		(11,716)	163,627
Financial liabilities			
Payables	32	7,844	37,571
		7,844	37,571

(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 the 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.

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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44. Financial instruments – Administered on a whole-of-Government basis (continued)

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		2012	2011
	Note	\$'000	\$'000
Financial assets			
Cash and cash equivalents	24	-	-
Receivables	25	-	-
		-	-

The carrying amount of receivables represents the maximum exposure to credit risk. As such, receivables is not 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 provision 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 decrease in the controlled allowance for impairment is \$3.402 million for the current period. This is a movement of \$2.357 million. This decrease is due principally to the transfer of receivables as per *Public Service Departmental Arrangements Notice (No.1) 2012*.

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

	Overdue				Total
	Less than 30 days	30-60 days	61-90 days	More than 90 days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables	3,249	738	692	1,680	6,359
	3,249	738	692	1,680	6,359

2011 Financial Assets Past Due But Not Impaired

	Overdue				Total
	Less than 30 days	30-60 days	61-90 days	More than 90 days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables	124,115	968	1,290	(1,801)	124,572
	124,115	968	1,290	(1,801)	124,572

Department of Environment and Heritage Protection
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44. Financial instruments – Administered on a whole-of-Government basis (continued)

2012 Individually Impaired Financial Assets

	Overdue				Total
	Less than 30 days	30-60 days	61-90 days	More than 90 days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables (gross)	3,249	738	692	5,082	9,761
Allowance for Impairment	-	-	-	(3,402)	(3,402)
	3,249	738	692	1,680	6,359

2011 Individually Impaired Financial Assets

	Overdue				Total
	Less than 30 days	30-60 days	61-90 days	More than 90 days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables (gross)	124,115	968	1,290	3,958	130,331
Allowance for Impairment	-	-	-	(5,759)	(5,759)
	124,115	968	1,290	(1,801)	124,572

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 41.

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.

(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
		<1 Year	1-5 Years	>5 Years	
		\$'000	\$'000	\$'000	\$'000
Financial liabilities					
Payables	32	7,844	-	-	7,844
Total		7,844	-	-	7,844

Department of Environment and Heritage Protection
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as at 30 June 2012

44. Financial instruments – Administered on a whole-of-Government basis (continued)

	Note	2011 Payable in:			Total \$'000
		<1 Year \$'000	1-5 Years \$'000	>5 Years \$'000	
Financial liabilities					
Payables	32	37,571	-	-	37,571
Total		37,571	-	-	37,571

(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 depicts the outcome to comprehensive income if interest rates would change by +/- 1% from the year end rates applicable to the department's financial assets and liabilities.

	Carrying amount	2012 Interest rate risk			
		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents					
- non-interest bearing	(18,075)	-	-	-	-
Receivables					
- non-interest bearing	6,359	-	-	-	-
- variable interest rate	-	-	-	-	-
Potential Impact	(11,716)	-	-	-	-

	Carrying amount	2011 Interest rate risk			
		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents					
- non-interest bearing	39,055	-	-	-	-
Receivables					
- non-interest bearing	54,762	-	-	-	-
- variable interest rate	69,810	-	-	-	-
Potential Impact	163,627	(363)	(363)	363	363

**Department of Environment and Heritage Protection
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44. Financial instruments – Administered on a whole-of-Government basis (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 financial liabilities 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.

45. Trust transactions and balances

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

- a. As a condition of the environmental authority for petroleum and gas leases under the *Environmental Protection Act 1994*, applicants are required to provide financial security in the form of cash or bank guarantee to ensure compliance with specific requirements set by the state of petroleum and gas 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 not meet the conditions set out in the environmental authority.
- b. As a condition of other miscellaneous environment management sections of the *Environmental Protection Act 1994* and other relevant Acts, financial assurances are held in the form of cash or bank guarantee to ensure compliance with specific environmental requirements as determined.
- c. As a condition of the *Strategic Cropping Land Act 2011* financial assurances are held in the form of cash or bank guarantee to ensure protection and management of potential strategic cropping land.

During the year and in 2010-11, the department was also responsible for the following. These responsibilities subsequently transferred to other departments effective 1 May 2012 by virtue of *Public Service Departmental Arrangements Notice (No. 1) 2012* and s80 (2) of the *Financial Accountability Act 2009*.

- a. For development applications under the *Vegetation Management Act 1999* and *Sustainable Planning Act 2009* (formerly *Integrated Planning Act 1997*), applicants may be required to provide financial security of cash or bank guarantee as a means of meeting a particular aspect of a vegetation management code. The security together with the agreement commits the developer to providing a vegetation offset within twelve months. No interest is paid by the department in respect to the cash security held. The management of these securities transferred to the Department of Natural Resources and Mines.
- b. As a condition of volumetric leases entered into under the *Land Act 1994*, the lessee is required to provide a security in the form of a bank guarantee to be retained by the department to ensure compliance with specific requirements. The security together with the lease agreement commits the lessee to perform specific repairation conditions set out in the lease. The custodial role over these securities transferred to the Department of Natural Resources and Mines.
- c. As a condition of forestry products timber sales contracts, a financial security of cash or bank guarantee must be provided to the department to ensure achievement of specific requirements. Upon receipt of the cash deposits, the department recognises interest accrued during the period the department has custody of the moneys. The amount of interest accrued each year is recognised as an expense. The management of this type of security transferred to the Department of Agriculture, Fisheries and Forestry.

**Department of Environment and Heritage Protection
Notes to and forming part of the Financial Statements
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45. Trust transactions and balances (continued)

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	2011
	\$'000	\$'000
<u>Trust collections and distributions</u>		
<i>Collections</i>		
Forestry security deposits	448	418
Environmental security deposits	13,036	7,483
Total collections	<u>13,484</u>	<u>7,901</u>
<i>Distributions</i>		
Forestry security deposits	(1,418)	(142)
Environmental security deposits	(20,420)	(330)
Vegetation management	(60)	-
Total distributions	<u>(21,898)</u>	<u>(472)</u>
Increase (decrease) in trust assets	<u>(8,414)</u>	<u>7,429</u>
 <u>Trust assets and liabilities</u>		
<i>Current assets</i>		
Cash	5,474	13,889
Total trust assets	<u>5,474</u>	<u>13,889</u>
<i>Current liabilities</i>		
Forestry security deposits	-	114
Vegetation management	-	60
Environmental security deposits	-	3
Total current liabilities	<u>-</u>	<u>177</u>
<i>Non current liabilities</i>		
Forestry security deposits	-	856
Environmental security deposits	5,474	12,856
Total non current liabilities	<u>5,474</u>	<u>13,712</u>
Total trust liabilities	<u>5,474</u>	<u>13,889</u>

At 30 June 2012, the department held bank guarantees to the value of, and in relation to, the following:

- \$519.59 million relating to petroleum and gas in accordance with the lease conditions under the *Environmental Protection Act 1994*;
- \$15.16 million relating to environmental management activities under the *Environmental Protection Act 1994* and miscellaneous Environmental Management sections of relevant acts involved; and
- \$0.092 million relating to protection and management of strategic cropping land under the *Strategic Cropping Land Act 2011*.

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 Environment and Heritage Protection

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 Environment and Heritage Protection 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 Environment and Heritage
Protection**
September 2012

Tony Roberts
Acting Director-General

**Department of Environment and Heritage
Protection**
September 2012

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Environment and Heritage Protection

Report on the Financial Report

I have audited the accompanying financial report of the Department of Environment and Heritage Protection, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Acting Director-General and Chief Financial 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

In accordance with 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 Environment and Heritage Protection for the financial year 1 July 2011 to 30 June 2012 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of the Department Environment and Heritage Protection for the year ended 30 June 2012. Where the financial report is included on the Department Environment and Heritage Protection's website the Accountable Officer is responsible for the integrity of Department Environment and Heritage Protection's website and I have not been engaged to report on the integrity of Department Environment and Heritage Protection'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.

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Auditor-General of Queensland



**The Board of Trustees of Newstead House
Financial Statements 2011-12**

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General Information

These financial statements cover The Board of Trustees of Newstead House.

The Board of Trustees of Newstead House is constituted under the *Newstead House Trust Act 1939*.

Newstead House is located at Newstead Park, Corner Breakfast Creek Road and Newstead Avenue, Newstead, Queensland, 4006.

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

For information in relation to the Board's financial statements please contact Chris Burgin on (07) 3216 1846, email newsteadhouse@gmail.com or visit the website of the Department of Environment and Heritage Protection. The financial statements for the Board can be found as an appendix to the annual report of the Department of Environment and Heritage Protection.

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

**The Board of Trustees of Newstead House
Statement of Comprehensive Income
For the year ended 30 June 2012**

	Note	2012 \$	2011 \$
Income from Continuing Operations			
Grant from State Government		330,000	120,000
Grant from Commonwealth Government		62,673	-
Admission fees		18,155	17,167
Bank Interest		9,322	1,917
Function fees		27,993	10,572
Tour fees		11,047	7,987
Donations		8,496	558
Resource Centre Hire		1,382	955
Other		595	8,625
Total Income from Continuing Operations		<u>469,663</u>	<u>167,781</u>
Expenses from Continuing Operations			
Employee expenses	2	110,200	92,870
Supplies and services	4	16,757	15,796
Building expenses	5	35,425	29,042
Depreciation		8,683	8,255
Total Expenses from Continuing Operations		<u>171,065</u>	<u>145,964</u>
Operating Result from Continuing Operations		<u>298,598</u>	<u>21,818</u>
Other Comprehensive Income			
Increase (decrease) in asset revaluation surplus	8	(189,408)	82,344
Total Other Comprehensive Income		<u>(189,408)</u>	<u>82,344</u>
Total Comprehensive Income		<u>109,190</u>	<u>104,162</u>

The accompanying notes form part of these statements.

**The Board of Trustees of Newstead House
Statement of Financial Position
As at 30 June 2012**

	Note	2012 \$	2011 \$
Current Assets			
Cash and cash equivalents	7	441,340	173,423
Prepayments		82	-
Receivables		1,040	1,274
Total Current Assets		<u>442,462</u>	<u>174,697</u>
Non Current Assets			
Property, plant and equipment	8	1,870,507	2,051,650
Total Non Current Assets		<u>1,870,507</u>	<u>2,051,650</u>
Total Assets		<u>2,312,969</u>	<u>2,226,347</u>
Current Liabilities			
Payables		10,840	7,535
Unearned revenue		10,868	36,742
Total Current Liabilities		<u>21,708</u>	<u>44,277</u>
Total Liabilities		<u>21,708</u>	<u>44,277</u>
Net Assets		<u>2,291,261</u>	<u>2,182,070</u>
Equity			
Asset revaluation surplus	9	1,836,722	2,026,130
Accumulated surplus		454,539	155,941
Total Equity		<u>2,291,261</u>	<u>2,182,070</u>

The accompanying notes form part of these statements.

**The Board of Trustees of Newstead House
Statement of Changes in Equity
For the year ended 30 June 2012**

	Accumulated Surplus		Asset Revaluation Surplus (Note 9)		Total	
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
Balance as at 1 July	155,941	134,123	2,026,130	1,943,786	2,182,071	2,077,909
Operating results from continuing operations	298,598	21,818	-	-	298,598	21,818
<i>Total Other Comprehensive Income</i>						
- Increase/(decrease) in asset revaluation surplus	-	-	(189,408)	82,344	(189,408)	82,344
Balance as at 30 June	454,539	155,941	1,836,722	2,026,130	2,291,261	2,182,071

The accompanying notes form part of these statements.

**The Board of Trustees of Newstead House
Statement of Cash Flows
For the year ended 30 June 2012**

	Note	2012 \$	2011 \$
Cash Flows from Operating Activities			
Inflows:			
Grants from Government		361,336	151,336
Admission fees		18,156	17,249
Function fees		34,003	15,430
Tour fees		11,047	7,987
Bank Interest		9,322	1,917
Resource Centre Hire		1,382	955
Donations		4,816	558
Other		595	8,625
GST input tax credits from ATO		6,997	5,462
GST collected from customers		9,146	5,453
Outflows:			
Employee expenses		(107,560)	(159,819)
Supplies and services		(15,403)	(15,763)
Building expenses		(36,016)	(28,167)
GST paid to suppliers		(16,456)	(9,478)
GST remitted to ATO		-	(2,626)
Net cash provided by (used in) operating activities	6	281,365	(881)
Cash Flows from Investing Activities			
Outflows:			
Payments for property, plant and equipment		(13,448)	(1,825)
Net cash provided by (used in) investing activities		(13,448)	(1,825)
Net increase (decrease) in cash held		267,917	(2,706)
Cash at beginning of the financial year		173,423	176,129
Cash at end of the financial year	7	441,340	173,423

The accompanying notes form part of these statements.

**The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2011-12**

Objectives and Principal Activities of the Board

The objective of the Board is to govern, manage and control Newstead House, the oldest surviving residence in Brisbane.

The Board is primarily funded for the services it delivers through grant funding from the State Government. It also provides the following on a fee for service basis:

- Admission to Newstead House;
- Tours of Newstead House; and
- Functions.

Note 1 Summary of Significant Accounting Policies

(a) Statement of Compliance

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations as well as the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2012, and other authoritative pronouncements.

Except where stated, the historical cost convention is used.

The accounting policies adopted by the Board are materially consistent with those for the previous year.

(b) The Reporting Entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Trust.

(c) Revenue

Revenue from the sale of goods/services is recognised upon the delivery of goods to customers. This involves either invoicing for related goods/services and/or the recognition of accrued revenue.

All revenue is stated net of the amount of Goods and Services Tax (GST).

User charges and fees are recognised as revenue when invoices for the related services are issued. Deposits received in advance for functions yet to take place as at 30 June 2012 are treated as unearned.

(d) Grants and Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Board obtains control over them. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

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 be purchased if they had not been donated.

Grants received in advance for works yet to take place as at 30 June 2012 are treated as unearned.

(e) Cash and Cash Equivalents

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

**The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2011-12**

Note 1 Summary of Significant Accounting Policies (continued)

(f) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery. Settlement on these amounts is required within 30 days from invoice date.

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

(g) Acquisition of Assets

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

Assets acquired at non cost or for nominal consideration are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(h) Property, Plant and Equipment

Plant and equipment are included in the accounts at cost less accumulated depreciation. The threshold for the capitalisation of plant and equipment is \$1,000.

Buildings are included in the accounts at fair value. The threshold for the capitalisation of buildings is \$10,000.

Land is included in the accounts at fair value. The threshold for the capitalisation of land is \$1.

Assets that are donated to the heritage collection are included in the accounts at a value as assessed by a registered valuer. In 2012, an independent valuation of the heritage collection was performed by Hind's Antiques Pty Ltd. The valuation of these assets is based on fair value. The threshold for recognition of assets in the heritage collection is \$1,000.

Items with a lesser value than the class capitalisation thresholds are expensed in the year of acquisition.

(i) Depreciation of Property, Plant and Equipment

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 Trust.

Depreciation is not charged on buildings due to their historical significance.

Depreciation is not charged on land as it has an unlimited useful life.

For each class of depreciable asset the following depreciation rates were used:

Class	Rate %
Plant and Equipment:	
Computer	27%
Fittings	7.5%
Fire Alarms and Detectors	5%
Telephone System	5%
Other Equipment	2.5% to 20%

**The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2011-12**

Note 1 Summary of Significant Accounting Policies (continued)

(j) Revaluations of Non-Current Physical Assets

Land, buildings and the heritage collection are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury's *Non-Current Asset Accounting Policies for the Queensland Public Sector*.

The valuation of land is based on fair value principles taking into consideration there is no open market for the land with its current zoning and use. The valuation of Newstead House and the Resource Centre is based on replacement cost as no ready market exists for similar heritage assets.

Independent valuations were performed as at 30 June 2012 by qualified valuers from G.D. Trivett & Associates of Bowen Hills for Newstead House, the Resource Centre and underlying land in accordance with the methods stated above.

Non-current physical assets measured at fair value are comprehensively revalued at least every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis where there has been a material variation in the index.

Revaluation of heritage assets is conducted annually on the basis of fair value.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation reserve 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 reserve 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, considered material to the value of their class to which they belong, are comprehensively revalued.

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

(k) Impairment of Non-Current Assets

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

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

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve 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 1(j).

The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2011-12

Note 1 Summary of Significant Accounting Policies (continued)

(l) 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.

(m) Trust Balances

The Board undertakes certain trustee transactions in relation to security deposits required when holding a function at Newstead House. This requirement was introduced in 2011-12. There were no security deposits held at reporting date.

(n) Financial Instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Board 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 and loss

Receivables - held at amortised cost

Payables - held at amortised cost

The Board does not enter transactions for speculative purposes, or for hedging. It holds no financial assets classified as at fair value through profit and loss or classified as held to maturity.

All disclosures relating to the measurement basis and financial risk management of other financial instruments held by the Board are included in Note 12.

(o) Employee Benefits

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

Wages, Salaries, Annual Leave and Sick Leave

Liabilities for wages, salaries and annual leave, are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date and include related on-costs.

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

Long Service Leave

A liability for long service leave is recognised, and is measured by the use of a shorthand method derived by the Queensland State Actuary. The result of this method does not differ materially from that which would be arrived at, should a calculation of the present value of expected future payments to be made in respect of services provided by employees up to balance date. The method used incorporates consideration of expected future wage and salary levels and workforce statistical history of employee departure and length of service.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland government employees, at rates determined by the State Actuary.

No liability is recognised for accruing superannuation benefits in these statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

**The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2011-12**

Note 1 Summary of Significant Accounting Policies (continued)

(o) Employee Benefits (continued)

Key Management Personnel and Remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to note 3 for the disclosures on key management personnel and remuneration.

(p) Taxation

The Board 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). As such, GST credits receivable from/payable to the Australian Taxation Office are recognised and accrued.

(q) Insurance

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

(r) Issuance of Financial Statements

The financial statements are authorised for issue by the Chairperson and the Director of the Board of Trustees of Newstead House at the date of signing the Management Certificate.

(s) Judgements

The Board has made no judgements that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(t) Comparatives

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

(u) New and Revised Accounting Standards

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Board has reviewed the new standards and interpretations and determined there is currently no impact or applicability for the Board.

The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2011-12

	2012	2011
	\$	\$
Note 2 Employee Expenses		
Salaries	-	22
Guide allowances	-	48
Contractor Payments	110,200	92,800
Total	110,200	92,870
Number of Employees	-	1

Also refer note 1(n) Employee Benefits for further information.

Note 3 Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Board, directly or indirectly.

Those persons having authority and responsibility for planning, directing and controlling the activities of the Board during 2011-12 were:

Director

The aggregate compensation made to key personnel is set out below.

	2012	2011
	\$	\$
Compensation Made to Key Personnel		
Short-term employee benefits	74,620	76,000
Post-employment benefits	-	-
Termination benefits	-	-
Total Compensation	74,620	76,000

Board members did not receive any payments in the 2011-12 financial year.

Note 4 Supplies and Services

Electricity	4,501	4,460
Audit Fees	4,500	4,270
Telephone	2,699	3,457
Advertising	490	839
Stationery and printing	1,216	471
Functions	-	68
Other	3,350	2,231
Total	16,757	15,796

Note 5 Building Expenses

Insurance	13,235	10,954
Security	9,910	6,439
Cleaning	3,528	3,500
Maintenance	3,022	3,226
Rates	4,130	4,141
Equitable Access Project	1,600	-
Equipment purchases	-	783
Total	35,425	29,042

**The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2011-12**

	2012	2011
	\$	\$
Note 6 Reconciliation of Operating Result to Net Cash Provided by (Used in) Operating Activities		
Operating Surplus/(Deficit)	298,598	21,818
Depreciation expense	8,683	8,255
Donated assets received	(3,500)	-
Change in assets and liabilities:		
Increase/(Decrease) in accrued employee benefits	-	(69,636)
(Increase)/Decrease in prepayments	(82)	527
(Increase)/Decrease in receivables	234	(1,622)
Increase/(Decrease) in payables	3,305	3,035
Increase/(Decrease) in unearned revenue	(25,873)	36,742
Net cash provided by (used in) operating activities	281,365	(881)

Note 7 Cash and Cash Equivalents

Imprest accounts	100	100
Cash at bank	441,240	173,323
Total	441,340	173,423

Note 8 Property, Plant and Equipment

	2012		2011	
	\$	\$	\$	\$
Land		224,000		346,000
Buildings - Heritage		1,222,000		1,155,585
Buildings - Other		131,000		225,823
Heritage collection		228,050		263,550
Plant and Equipment (at cost)	135,457		127,292	
Accumulated Depreciation	(70,000)	65,457	(66,600)	60,692
		<u>1,870,507</u>		<u>2,051,650</u>

Only those portions of land on which Newstead House and the accompanying Resource Centre are sited are recorded in the accounts of the Board of Trustees of Newstead House. The balance comprising Newstead Park is controlled by the Brisbane City Council.

Buildings and land were comprehensively revalued during the 2011-12 year using "fair value" principles. Refer Note 1(j). This revaluation resulted in a decrement of \$122,000 in land and a decrement of \$28,408 in buildings. The decrement in land mainly related to that pertaining to the Resource Centre. The revaluation of this land parcel reflects the small size of the holding and that it is deemed to have little other use than that which it is presently used for.

The assets which make up the heritage collection were comprehensively revalued in 2011-12 using "fair value" principles. This revaluation resulted in a decrement of \$39,000 due to current market conditions. Also in the 2011-12 financial year a Victorian credenza valued at \$3,500 was donated to the heritage collection.

Plant and equipment is valued at cost.

The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2011-12

Note 8 Property, Plant and Equipment (continued)

Property, Plant and Equipment Reconciliation

	Land	Buildings - Heritage	Buildings - Other	Heritage Collection	Plant and Equipment	Total
	\$	\$	\$	\$	\$	\$
Carrying amount at 1 July 2011	346,000	1,155,585	225,823	263,550	60,692	2,051,650
Acquisitions					13,447	13,447
Donated Assets				3,500		3,500
Disposals						-
Revaluation Increments/(Decrement)	(122,000)	66,415	(94,823)	(39,000)		(189,408)
Depreciation					(8,683)	(8,683)
Carrying amount at 30 June 2012	224,000	1,222,000	131,000	228,050	65,456	1,870,507

	Land	Buildings - Heritage	Buildings - Other	Heritage Collection	Plant and Equipment	Total
	\$	\$	\$	\$	\$	\$
Carrying amount at 1 July 2010	272,712	1,149,264	224,588	262,050	67,136	1,975,750
Acquisitions					1,825	1,825
Disposals					(15)	(15)
Revaluation Increments	73,288	6,321	1,235	1,500		82,344
Depreciation					(8,255)	(8,255)
Carrying amount at 30 June 2011	346,000	1,155,585	225,823	263,550	60,692	2,051,650

The Board has plant and equipment with an original cost of \$23,840 (8 assets) with a written down value of zero still being used in the provision of services.

	2012	2011
	\$	\$
Note 9		
Asset Revaluation Surplus by Class		
Balance 1 July 2011	2,026,130	1,943,786
Increments/(Decrements)		
Land	(122,000)	73,288
Buildings - Heritage	(94,823)	6,321
Buildings - Other	66,415	1,235
Heritage collection	(39,000)	1,500
Balance 30 June 2012	1,836,722	2,026,130

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

Note 10 Contingencies

There are no contingent liabilities of a significant nature as at 30 June 2012 (2011 \$2,000).

There are no contingent assets of a significant nature as at 30 June 2012 (2011 \$nil).

Note 11 Commitments for Expenditure

There were no commitments of a significant nature as at 30 June 2012 (2011 \$nil).

**The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2011-12**

Note 12 Financial Instruments

(a) Categorisation of Financial Instruments

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

Category	Note	2012 \$	2011 \$
Financial Assets			
Cash and cash equivalents	7	441,340	173,423
Receivables		1,040	1,274
Total		442,380	174,697
Financial Liabilities			
Payables		10,840	7,535
Total		10,840	7,535

(b) Financial Risk Management

The Board's activities expose it to a variety of financial risks - credit risk, liquidity risk and market risk.

The Board 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 Board 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 Board's maximum exposure to credit risk based on contractual amounts net of any allowances:

Maximum Exposure to Credit Risk			
Category	Note	2012 \$	2011 \$
Financial Assets			
Cash and cash equivalents	7	441,340	173,423
Receivables		1,040	1,274
Total		442,380	174,697

No collateral is held as security relating to financial assets held by the Board. No credit enhancements relate to the financial assets held by the Board.

The Board manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the Board 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 provision for impairment is based on past experience, current and expected changes in economic conditions and changes in client credit ratings.

**The Board of Trustees of Newstead House
Notes To and Forming Part of the Financial Statements 2011-12**

Note 12 Financial Instruments (continued)

(c) Credit Risk Exposure (continued)

There is no impairment loss for the current year (2011 - \$nil).

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

The Board has no financial assets that are past due but not impaired or impaired financial assets.

(d) Liquidity Risk

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

The Board is exposed to liquidity risk in respect of its payables.

The Board manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Board 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 Board. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the liabilities at balance date.

	2012 Payable in			Total \$
	< 1year \$	1-5 years \$	> 5 years \$	
Financial Liabilities				
Payables	10,840	-	-	10,840
Total	10,840	-	-	10,840

	2011 Payable in			Total \$
	< 1year \$	1-5 years \$	> 5 years \$	
Financial Liabilities				
Payables	7,535	-	-	7,535
Total	7,535	-	-	7,535

(d) Market Risk

The Board does not trade in foreign currency and is not materially exposed to commodity price changes.

(e) Interest Rate Sensitivity Analysis

The Board has no interest bearing financial assets.

(f) Fair Value

The Board does not recognise any financial assets or financial liabilities at fair value.

The fair value of cash, cash equivalents, receivables and payables is assumed to approximate the value of the original transaction, less any provision for impairment.

Certificate of The Board of Trustees of Newstead House

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 Board of Trustees of Newstead House for the financial year ended 30 June 2012 and of the financial position of the Board at the end of that year.

C. Burgin
Director

J. Hocknull
Chairperson

Date:

Date:

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Newstead House

Report on the Financial Report

I have audited the accompanying financial report of The Board of Trustees of Newstead House which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Director and Chairperson.

The Board's Responsibility for the Financial Report

The Board 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 Board's responsibility also includes such internal control as the Board 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. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance 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 risks of material misstatement in 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 and fair presentation of the financial report 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 and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements as 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 s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Board of Trustees of Newstead House for the financial year 1 July 2011 to 30 June 2012 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of The Board of Trustees of Newstead House for the year ended 30 June 2012. Where the financial report is included on The Board of Trustees of Newstead House's website the Board is responsible for the integrity of The Board of Trustees of Newstead House's website and I have not been engaged to report on the integrity of The Board of Trustees of Newstead House'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.



N GEORGE CPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane