Queensland Fire and Emergency Services Financial Statements 2019-20 For the year ended 30 June 2020

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Queensland Fire and Emergency Services
Statement of comprehensive income
For the year ended 30 June 2020

	Notes	2020 Actual $'000	2020 Original Budget $'000	2020 Budget Variance* $'000	2019 Actual $'000
Income from continuing operations					
Appropriation revenue	3	136,493	106,546	29,947	106,395
User charges and fees	4	55,463	54,576	887	56,724
Emergency management levies	5	562,483	559,286	3,197	540,855
Grants and other contributions	6	52,688	27,342	25,346	20,538
Other revenue		3,229	2,673	556	3,224
Total revenue		**810,356**	**750,423**	**59,933**	**727,736**
Gains on disposal/remeasurement of assets		1	-	1	16
Total income from continuing operations		**810,357**	**750,423**	**59,934**	**727,752**
Expenses from continuing operations					
Employee expenses	7	459,942	421,884	38,058	414,918
Supplies and services	9	320,440	279,490	40,950	264,379
Grants and subsidies	10	18,551	20,400	(1,849)	26,588
Depreciation and amortisation	13-15	7,009	6,059	950	5,243
Impairment losses / (gains)		(77)	-	(77)	(315)
Interest on lease liability		116	58	58	-
Other expenses	11	12,372	11,841	531	13,745
Total expenses from continuing operations		**818,353**	**739,732**	**78,621**	**724,558**
Operating result for the year		**(7,996)**	**10,691**	**(18,687)**	**3,194**
Other comprehensive income not reclassified subsequently to operating result					
Increase/(decrease) in asset revaluation surplus		-	-	-	19
Total other comprehensive income		**-**	**-**	**-**	**19**
Total comprehensive income		**(7,996)**	**10,691**	**(18,687)**	**3,213**

* An explanation of major variances is included at Note 27.

The accompanying notes form part of these statements.

Queensland Fire and Emergency Services
Statement of financial position
As at 30 June 2020

	Notes	2020 Actual $'000	2020 Original Budget $'000	2020 Budget Variance* $'000	2019 Actual $'000
Assets					
Current assets					
Cash		28,414	40,404	(11,990)	45,496
Receivables	12	54,479	50,541	3,938	50,704
Inventories		6,345	5,226	1,119	5,569
Prepayments		2,598	975	1,623	2,407
Total current assets		**91,836**	**97,146**	**(5,309)**	**104,176**
Non-current assets					
Intangible assets	13	3,008	5,358	(2,350)	5,066
Property, plant and equipment	14	18,328	23,973	(5,645)	16,836
Right-of-use assets	15	6,510		6,510	-
Total non-current assets		**27,846**	**29,331**	**(1,486)**	**21,902**
Total assets		**119,682**	**126,477**	**(6,795)**	**126,078**
Liabilities					
Current liabilities					
Payables	16	34,965	43,810	(8,845)	28,022
Lease liabilities	15	1,586	743	843	-
Accrued employee benefits	17	20,423	14,791	5,632	20,855
Other current liabilities	18	1,631	965	666	2,581
Total current liabilities		**58,606**	**60,309**	**(1,703)**	**51,458**
Non-current liabilities					
Lease liabilities	15	4,894	2,970	1,924	-
Total non-current liabilities		**4,894**	**2,970**	**1,924**	**-**
Total liabilities		**63,499**	**63,279**	**221**	**51,458**
Net assets		**56,182**	**63,198**	**(7,016)**	**74,620**
Equity					
Contributed equity		26,081			36,522
Accumulated surplus		29,813			37,810
Asset revaluation surplus		288			288
Total equity		**56,183**			**74,620**

* An explanation of major variances is included at Note 27.

The accompanying notes form part of these statements.

Queensland Fire and Emergency Services
Statement of changes in equity
For the year ended 30 June 2020

	2020 $'000	2019 $'000
Contributed equity		
Opening balance	36,522	36,272
Transactions with owners as owners:		
Net transfers from/(to) other departments - non current assets	(10,441)	250
Closing balance	**26,081**	**36,522**
Accumulated surplus/(deficit)		
Opening balance	37,810	34,616
Operating result	(7,996)	3,194
Closing balance	**29,814**	**37,810**
Asset revaluation surplus		
Opening balance	288	269
Increase/(decrease) in asset revaluation surplus	-	19
Closing balance	**288**	**288**
Total equity	**56,183**	**74,620**

Queensland Fire and Emergency Services
Statement of cash flows
For the year ended 30 June 2020

	2020 Actual $'000	2020 Original Budget $'000	2020 Budget Variance* $'000	2019 Actual $'000
Cash flows from operating activities				
Inflows:				
Service appropriation receipts	134,718	106,546	28,172	104,089
User charges and fees	57,281	57,372	(91)	57,987
Emergency management levies	554,525	559,286	(4,761)	540,277
Grants and other contributions	42,236	17,439	24,797	10,363
GST input tax credits from ATO	24,262	-	24,262	16,486
GST collected from customers	6,545	-	6,545	3,803
Other	2,747	16,781	(14,034)	3,224
Outflows:				
Employee expenses	(457,417)	(421,884)	(35,533)	(409,270)
Supplies and services	(311,955)	(293,598)	(18,357)	(283,857)
Grants and subsidies	(18,551)	(20,400)	1,849	(26,588)
Finance/borrowing costs	-	(58)	58	-
GST paid to suppliers	(24,571)	-	(24,571)	(16,294)
GST remitted to ATO	(6,545)	-	(6,545)	(3,803)
Other	(3,882)	(4,734)	852	(2,202)
Net cash provided by/(used in) operating activities	**(607)**	**16,750**	**(17,357)**	**(5,785)**
Cash flows from investing activities				
Inflows:				
Sales of property, plant and equipment	-	-	-	1,524
Outflows:				
Payments for property, plant and equipment	(4,078)	(5,450)	1,372	(4,004)
Payments for intangibles	(534)	-	(534)	(10)
Net cash provided by/(used in) investing activities	**(4,612)**	**(5,450)**	**838**	**(2,490)**
Cash flows from financing activities				
Inflows:				
Equity injections	250	(10,441)	10,691	250
Outflows:				
Equity withdrawals	(10,691)	(8,460)	(2,231)	-
Lease payments	(1,422)	(743)	(679)	-
Net cash provided by/(used in) financing activities	**(11,863)**	**(19,644)**	**7,781**	**250**
Net increase/(decrease) in cash	(17,082)	(8,344)	(8,738)	(8,025)
Cash at beginning of financial year	45,496	48,748	(3,252)	53,521
Cash at end of financial year	**28,414**	**40,404**	**(11,990)**	**45,496**

* An explanation of major variances is included at Note 27.

	2020 $'000	2019 $'000
Reconciliation of operating result to net cash from operating activities		
Operating result	(7,996)	3,194
Non-cash items included in operating result:		
Depreciation and amortisation expense	7,009	5,243
Donated assets received	(506)	
Assets written on	(481)	-
Net (gains)/losses on disposal of property, plant and equipment	432	146
Lease interest expense	116	
Change in assets and liabilities:		
(Increase)/decrease in emergency management levies	(7,959)	(576)
(Increase)/decrease in trade debtors	(353)	1,128
(Increase)/decrease in net GST receivable	(309)	192
(Increase)/decrease in annual leave receivables	3,598	(246)
(Increase)/decrease in long service leave receivables	87	(180)
(Increase)/decrease in accrued debtors	1,021	(68)
(Increase)/decrease in other receivables	140	(408)
(Increase)/decrease in inventories	(776)	(344)
(Increase)/decrease in other current assets	(191)	(1,432)
Increase/(decrease) in payables	6,943	(16,144)
Increase/(decrease) in accrued employee benefits	(432)	6,063
Increase/(decrease) in other liabilities	(950)	(2,353)
Net cash from operating activities	**(607)**	**(5,785)**

Accounting Policy - Cash

Cash assets include cash on hand, and all cash and cheques receipted but not banked as at 30 June.

On 16 March 2015, an overdraft facility with Queensland Treasury Corporation (QTC) was approved with a limit of $110m. This facility is utilised periodically and is available for use in the next reporting period.

	2020 $'000	2019 $'000
Reconciliation of liabilities arising from financing activities		
Opening balance as at 1 July*	7,706	-
New leases acquired	80	-
Non-cash changes:		
Interest	116	-
Cash flows:		
Lease liability repayments	(1,422)	-
Closing balance as at 30 June	**6,480**	**-**

* The opening balance on 1 July 2019 represents the initial recognition of the lease liability in accordance with AASB 16, where no restatement of prior year balances is required.

1 Basis of financial statement preparation

(a) General information

The Queensland Fire and Emergency Services is a Queensland Government public sector department established on 1 November 2013 under the *Public Service Act 2008*.

The Queensland Fire and Emergency Services is a not-for-profit entity and has no controlled entities.

(b) Statement of compliance

The department has prepared these financial statements in compliance with section 38 of the *Financial and Performance Management Standard 2019*.

These financial statements are general purpose financial statements and are prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the year beginning on 1 July 2019 and other authoritative pronouncements.

(c) Taxation

The department is a State body as defined under the *Income Tax Assessment Act 1936 (Cwth)* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

(d) Basis of measurement

The historical cost convention is used unless fair value is stated as the measurement basis.

(e) Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities. 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 that have a potential effect on the financial statements are outlined in the following financial statement notes:

- Depreciation and Amortisation - Note 13, 14 and Note 15
- Services received below fair value - Note 6 and Note 11.

(f) Presentation matters

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is less than $500, to zero, unless disclosure of the full amount is specifically required. Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

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

1 Basis of financial statement preparation (continued)

(g) Future impact of accounting standards not yet effective

The department did not voluntarily change any of its accounting policies during 2019-20. As at the date of authorisation of the financial report, the expected impacts of the following accounting standards and interpretations issued but with future effective dates are set out below:

AASB 1058 Income of Not-for-Profit Entities, effective 2021-22 for 'peppercorn leases'

The transition date for AASB 1058 is 1 July 2019. The standard contains detailed requirements for the accounting for certain types of revenue from customers.

AASB 1058 amends AASB 16 Leases so that the right-of-use assets arising from 'peppercorn leases' are measured at fair value (instead of cost under AASB 16 paragraphs 23-24). This applies to all leases with significantly below-market terms and conditions principally to enable the lessee entity to further its objectives. However this has been amended by AASB 2018-8 which provides a temporary option for Not-for-profit lessees to not initially fair value a right-of-use asset arising from leases that have significantly below market terms when AASB 1058 and AASB 16 become effective from 1 January 2019. The option relief is expected to remain in place until further guidance has been developed to assist Not-for-profit entities in fair valuing such right-of-use assets and the financial reporting requirements for private sector and Not-for-profit entities have been finalised. The department has elected to apply this temporary option, resulting in 'peppercorn leases' being measured at cost with no change to the current financial reporting identified.

Other Standards and Interpretations

All other Australian accounting standards and interpretations with future effective dates are either not applicable to the department or have no material impact.

(h) Accounting standards applied for the first time

AASB 1058 Income of Not-for-profit Entities and AASB 15 Revenue for Contracts with Customers

The department applied AASB 1058 and AASB 15 for the first time in 2019-20. The standards contain detailed requirements for the accounting for certain types of income of not-for-profit entities and revenue from customers.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and will continue to be recognised as revenue as soon as the monies are received by the department. Grants received whereby specific performance obligations exist under a contract will be initially recognised as a liability, and subsequently recognised progressively as revenue as the department satisfies its performance obligations under the grant.

The department has reviewed the impact and grants have continued to be recognised as revenue when received (refer to Note 6).

AASB 16 Leases

The department applied AASB 16 Leases for the first time in 2019-20. Under this standard, lessees are required to recognise a right-of-use asset representing the rights to use the underlying leased asset and a liability representing the obligation to make lease payments for all non-cancellable leases with a term of more than 12 months, unless the underlying asset is of low value. The department applied the modified retrospective transition method and comparative information for 2018-19 has not been restated and continues to be reported under AASB 117.

Where a contract contains both a lease and non-lease components such as asset maintenance services, the department allocates the contractual payments to each component on the basis of their stand-alone prices. However, for leases of plant and equipment, the department has elected not to separate lease and non-lease components and instead accounts for them as a single lease component.

When measuring the lease liability, the department uses its incremental borrowing rate as the discount rate where the interest rate implicit in the lease cannot be readily determined, which is the case for all of the department's leases. To determine the incremental borrowing rate, the department uses loan rates provided by Queensland Treasury Corporation (QTC) that correspond to the commencement date and term of the lease.

Operating leases held with the Department of Housing and Public Works (DHPW) for commercial office accommodation and motor vehicles provided under DHPW's QFleet program are exempt from lease accounting under AASB 16. This is due to DHPW holding substantive substitution rights over the assets used within these arrangements. Costs for these services have continued to be expensed as supplies and services when incurred.

1 Basis of financial statement preparation (continued)

(h) Accounting standards applied for the first time (continued)

AASB 16 Leases (continued)

Reconciliation of operating lease commitments at 30 June 2019 to lease liabilities at 1 July 2019

	$'000
Total undiscounted operating lease commitments at 30 June 2019 (Note 15)	21,777
- less internal-to-government arrangements that are no longer leases	(14,538)
Total undiscounted operating lease commitments at 30 June 2019 for AASB 16 leases	7,239
- discounted AASB 16 leases using the incremental borrowing rate at 1 July 2019 (1.64%)	(444)
- add adjustments due to reassessments of lease terms	482
- add other adjustments	429
Lease liabilities at 1 July 2019	7,706

2 Objectives and principal activities of the department

Queensland Fire and Emergency Services (QFES) is the primary provider of fire and rescue and emergency management programs and services throughout Queensland. QFES encompasses the Fire and Rescue Service (FRS), disaster management services, the Rural Fire Service (RFS), the State Emergency Service (SES) and also supports other volunteer groups that provide emergency responses to Queenslanders.

QFES protects persons, property and the environment through the provision of effective prevention, preparedness, response and recovery activities across a range of fire and emergency events including natural and human induced disasters.

QFES 2023' outcomes, as outlined in the 2019-2023 strategic plan are:

- local service delivery models designed to support the services required in each community
- working together with QFES partners in a seamless way
- embed a culture that values evidence and intelligence-informed decision-making
- intelligence created is available to the organisation, QFES partners and the community where and when it is needed
- services delivered informed by local risk, vulnerability and relevance, factoring in lifecycle value and environmental impacts into strategic investment decisions aligning business decisions to organisational strategy and budget and understanding the related implications
- a learning organisation that proactively uses knowledge to continually challenge the way the organisation works, sharing knowledge about the triggers and rationale for adjustments to plans or behaviour with the community, QFES partners and the organisation.

QFES contributes to the Queensland Government's priorities for the community to be a responsive government and keep communities safe.

QFES contributes to the Protect the Great Barrier Reef Advancing Queensland Priority.

3 Appropriation revenue

	2020 $'000	2019 $'000
Reconciliation of payments from Consolidated Fund to appropriation revenue recognised in Statement of comprehensive income		
Budgeted appropriation revenue	106,546	97,709
Unforeseen expenditure	28,172	4,366
Total appropriation receipts (cash)	**134,718**	**102,075**
Less: opening balance of appropriation revenue receivable	-	-
Plus: opening balance of deferred appropriation payable to Consolidated Fund	2,014	4,320
Less: closing balance of deferred appropriation payable to Consolidated Fund	(239)	(2,014)
Net appropriation revenue	**136,493**	**104,381**
Plus: deferred appropriation payable to Consolidated Fund (expense)	-	2,014
Appropriation revenue recognised in Statement of comprehensive income	**136,493**	**106,395**
Variance between original budgeted and actual appropriation revenue	**29,947**	**8,686**
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	(10,441)	250
Equity adjustment receipts	(10,441)	250
Equity adjustment recognised in contributed equity	**(10,441)**	**250**

Accounting Policy - Appropriation revenue

Appropriations provided under the *Appropriations Act 2019* are recognised as revenue when received or receivable. Where appropriation revenue has been approved but not yet received, it is recorded as departmental services revenue receivable at the end of the reporting period.

4 User charges and fees

	2020 $'000	2019 $'000
Alarm maintenance and monitoring	21,705	21,667
Attendance charges	11,553	12,335
Building and infrastructure fire safety	16,742	16,561
Sale of goods and services	5,463	6,161
Total	**55,463**	**56,724**

Accounting Policy - User charges and fees

User charges and fees are recognised as revenues when the related services are provided and can be measured reliably with a sufficient degree of certainty. This occurs upon delivery of the goods to the customer or completion of the requested services at which time the invoice is raised. Accrued revenue is recognised if the revenue has been earned but not yet invoiced.

5 Emergency management levies

	2020 $'000	2019 $'000
Gross emergency management levies	572,666	550,755
Less: pensioner discount	(10,183)	(9,900)
Total	**562,483**	**540,855**

Accounting Policy - Emergency management levies

Emergency management levies are recognised at the amounts due as advised by each local government authority in their annual returns in accordance with the *Fire and Emergency Services Act 1990.*

6 Grants and other contributions

	2020 $'000	2019 $'000
Commonwealth contributions	3,242	1,568
Grants from Queensland Government departments *	35,447	5,609
Motor Accident Insurance Commission	2,758	2,631
Services received below fair value **	10,589	10,267
Other	652	463
Total	**52,688**	**20,538**

* Grants from Queensland government departments includes Disaster Recovery Funding Arrangements Assistance of $34.090m (2018-19: $4.671m), Volunteer Compensation payments of $0.326m (2018-19: nil) and sponsorships and contributions for State Emergency Services and Rural Fire Brigades of $1.639m (2018-19: nil)

** 2019-20 services received below fair value represents an estimate of the Government Wireless Network (GWN) services received as managed by the Department of Housing and Public Works.

6 Grants and other contributions (continued)

Accounting Policy - Grants and other contributions

Grants, contributions and donations are non-reciprocal transactions where the department does not directly give approximately equal value to the grantor.

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for the department to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under AASB15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied.

Otherwise, the grant is accounted for under AASB 1058 *Income of Not-for-profit Entities*, whereby revenue is recognised upon receipt of the grant funding, except for special purpose capital grants received to construct non-financial assets to be controlled by the department. Special purpose capital grants are recognised as unearned revenue when received, and subsequently recognised progressively as revenue as the department satisfies its obligations under the grant through construction of the asset.

Accounting Policy - Services received free of charge below fair value 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 value can be measured reliably. Where this is the case, an equal amount is recognised as a revenue and an expense in the Statement of comprehensive income.

7 Employee expenses

	2020 $'000	2019 $'000
Employee benefits		
Wages and salaries - General *	305,168	276,604
Wages and salaries - Overtime	35,728	33,550
Employer superannuation contributions	39,780	37,175
Long service leave levy	8,535	7,276
Annual leave levy	36,607	38,095
Employee related expenses		
Workers' compensation premiums	18,217	12,681
Fringe benefits tax expense	494	522
Training expenses	3,648	4,809
Other employee related expenses **	11,765	4,206
Total	**459,942**	**414,918**

* Wages and salaries include $3.698m of $1,250 one-off, pro-rata payments for 2,958 full-time equivalent employees (announced by the state government in September 2019).

** Other employee related expenses have increased due to additional requirements for personal protective equipment in 2019-20.

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

	2020	2019
Full-Time equivalent employees (number)	3,358	3,338

Accounting Policy - Employee 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 of the reporting date, the liabilities are recognised at their undiscounted values.

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

Annual leave and long service leave

The department is a member of the Queensland Government's Annual Leave and Long Service Leave Central Schemes. A levy is payable to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and long service leave are claimed from the scheme quarterly in arrears.

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment.

Defined contribution plans - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

7 Employee expenses (continued)

Accounting Policy - Employee expenses (continued)

Defined benefit plan - The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the department at the specified rate following completion of the employee's service each pay period. The department's obligations are limited to those contributions paid.

Workers compensation premiums

The department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, but is not included in an employee's total remuneration package.

8 Key Management Personnel disclosures

(a) Details of Key management personnel (KMP)

The department's responsible Minister Fire and Emergency Services is identified as part of the department's KMP, consistent with additional guidance included in the revised version of AASB 124 *Related Party Disclosures*. The Minister is the Minister Fire and Emergency Services.

The other non-Ministerial KMP personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the department. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Position Responsibility
Commissioner	Leading and managing the efficient functions of FRS, RFS and SES, and emergency management and disaster mitigation programs and services throughout Queensland. The Commissioner is the rotational Chair of the PSBA Board of Management and represents QFES at local, community, state, national and international forums.
Deputy Commissioner - Readiness and Response Services	Leadership and management of FRS operations for the seven QFES Regions. This service primarily provides the response to emergencies and includes Specialist Response and Planning. The Deputy Commissioner is also the President of the Australasian Road Rescue Organisation which is the peak body in Australasia for the development and exchange of information, knowledge and skills in road rescue.
Deputy Commissioner - Emergency Management, Volunteerism and Community Resilience	Leading and managing the prevention and community preparedness, and recovery functions for QFES. The role has oversight of the Queensland Emergency Risk Management Framework (QERMF), emergency management planning for before and after disasters, volunteerism, and strengthening community partnerships to build safe, healthy, confident and connected communities across Queensland. The Deputy Commissioner is a member on the National Aerial Firefighting Centre Board of Directors and represents QFES on a number of state and national bodies.
Deputy Commissioner - Strategy and Corporate Services	Leading the department's strategic framework and vision, driving performance and integrated capability across QFES. The Division includes Strategy, systems, Standards and Performance; Executive, Ministerial and Corporate Services; and Human Capital Management Directorates and works closely with the public safety agencies. The Deputy Commissioner and Chief Strategy Officer represents QFES on a number of major committees and boards including the BNHCRC, the Government Wireless Network Governance Board and the Public Safety Portfolio Audit and Risk Committee.
Chief Operating Officer (PSBA)	The Chief Operating Officer, Public Safety Business Agency, supports the Board to perform its functions. The Chief Operating Officer is responsible for the day-to-day operations of the PSBA and for leading that agency to deliver high quality, sustainable corporate services in alignment with the priorities and policies of the state government. The Chief Operating Officer represents the department on a number of major committees and boards including the Directors-General ICT Council and the Government Shared Services Customer Board.

For 2019-20 the independent external member received $12,430 in remuneration (2018-19: $3,300) . There were no other on-costs.

(b) Remuneration policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The department does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch with the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers are disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

Remuneration policy for the department's other KMP 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 KMP are specified in employment contracts.

8 Key Management Personnel disclosures (continued)

(b) Remuneration policies (continued)

Remuneration expenses for KMP comprise the following components:

- Short term employee expenses include:
  - salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee was a key management person;
  - non-monetary benefits - may include provision of a motor vehicle and fringe benefits tax applicable to the benefit.
- Long term employee benefits include amounts expensed in respect of long service leave entitlements earned.
- Post employment benefits include amounts expensed in respect of employer superannuation obligations.
- No KMP remuneration packages provide for performance or bonus payments.

(c) Remuneration Expenses

1 July 2019 – 30 June 2020

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Commissioner (Appointed 02/12/2019)	240	-	6	28	-	**274**
A/Commissioner (06/06/2019 - 01/12/2019)	136	-	3	17	-	**156**
Deputy Commissioner - Readiness and Response Services	234	-	6	30	-	**270**
Deputy Commissioner - Emergency Management, Volunteerism & Community Resilience (01/02/2020 - current)	119	-	3	17	-	**139**
Deputy Commissioner - Emergency Management, Volunteerism & Community Resilience (Acting 06/08/2019 - 01/02/2020)	102	21	2	14	-	**139**
Deputy Commissioner - Strategy & Corporate Services (Acting 08/07/2019 - current)	250	-	6	23	-	**279**
Chief Operating Officer (PSBA)	Remuneration is reported by the Public Safety Business Agency (PSBA).					

8 Key Management Personnel disclosures (continued)

(c) Remuneration Expenses (continued)

1 July 2018 – 30 June 2019

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Commissioner	357	-	7	73	-	**437**
Deputy Commissioner - Readiness and Response Services	250	-	5	51	-	**306**
Deputy Commissioner - Emergency Management, Volunteerism & Community Resilience	251	1	5	50	-	**307**
Deputy Commissioner - Strategy & Corporate Services	270	-	5	50	-	**325**
Chief Operating Officer (PSBA)	Remuneration is reported by the Public Safety Business Agency (PSBA).					

(d) Related party transactions with people/entities related to KMP

There were no material related party transactions associated with the department's KMP during 2019-20 (2018-19:nil).

9 Supplies and services

	2020 $'000	2019 $'000
Aircraft related costs	32,076	14,410
Cleaning and laundering	2,598	1,653
Communications	33,933	27,770
Computer expenses	7,463	6,769
Contractors	14,840	15,136
Emergency management levy administration fees	6,921	6,846
Marketing expenses	2,835	2,207
Minor equipment purchases	11,219	9,383
Motor vehicle expenses	20,439	19,917
Lease expenses	4,899	5,738
Employee Housing	114	169
Property expenses	6,590	4,680
Public Safety Business Agency (PSBA) - operating expense *	106,162	106,566
Repairs and maintenance	13,562	11,378
Rural fire brigade operating costs	202	3,566
Travel and accommodation **	35,912	11,391
Other	20,676	16,800
Total	**320,440**	**264,379**

* Operating expense represents the financial contribution made to the PSBA to support the provision of corporate services by the PSBA to the department. This contribution provides for information and communication services, financial services, procurement services, fleet, property and facilities management, Queensland government air services, human resource services and other corporate services. The operating expense also includes a contribution for depreciation and amortisation of property, plant and equipment and intangible assets owned by PSBA but used by QFES to deliver fire and rescue and emergency management programs and services throughout Queensland. Refer also to Note 14.

** Travel and accommodation expenses include $25.016M (2019: nil) relating to quarantine expenses incurred during the COVID-19 pandemic. These costs are anticipated to be reimbursed to the department in 2020-21.

Lease expenses

Lease expenses include lease rentals for short-term leases, leases of low value assets and variable lease payments. Refer to Note 16 for breakdown of lease expenses and other lease disclosures.

10 Grants and subsidies

	2020 $'000	2019 $'000
Air sea rescue, coast guard and life saving organisations	10,396	9,146
Local authorities	3,295	2,709
Public Safety Business Agency (PSBA)-capital grant *	1,057	9,638
State emergency services	1,351	3,114
Volunteer rural fire brigades	90	591
Other	2,362	1,390
Total	**18,551**	**26,588**

* Capital grant paid to PSBA represents funding to deliver the capital program including new, replacement and upgraded facilities, vehicles and information and communication technology.

11 Other expenses

	2020 $'000	2019 $'000
Audit fees *	234	256
Insurance premiums-QGIF	1,013	936
Insurance premiums-other	53	12
Loss on disposal of non-current assets	432	162
Services received below fair value **	9,946	10,175
Special payments ***	399	81
Deferred appropriation payable to Consolidated Funds	-	2,014
Other	295	109
Total	**12,372**	**13,745**

* Total audit fees quoted by Queensland Audit Office for the 2019-20 financial statements are $231,000 (2018-19: $225,000).

** 2019-20 services received below fair value represents an estimate of the Government Wireless Network (GWN) services received as managed by the Department of Housing and Public Works.

*** Special payments in 2019-20 relate ex-gratia payments made to Rural Fire Service volunteers under Category D of the Queensland Disaster Recovery Funding Arrangements.

11 Other Expenses (continued)

Accounting Policy - Services received free of charge below fair value 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 value can be measured reliably. Where this is the case, an equal amount is recognised as a revenue and an expense in the Statement of comprehensive income.

Accounting Policy - Insurance

The majority of the department's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF), with premiums being paid on a risk assessment basis.

For litigation purposes, under the QGIF policy, the department is able to claim back, less a $10,000 deductible, the amount paid to successful litigants.

The department has no contingent liabilities which would have a material impact on the information disclosed in the 2019-20 financial statements.

12 Receivables

	2020 $'000	2019 $'000
Emergency management levies	34,549	26,591
Trade debtors	8,355	8,080
Less: Allowance for impairment loss	(557)	(635)
	42,347	34,036
GST receivable	3,341	1,741
GST payable	(1,866)	(575)
	1,475	1,166
Accrued debtors	2,248	3,269
Annual leave reimbursements	6,228	9,826
Departmental services revenue receivable	-	-
Long service leave reimbursements	1,547	1,634
Other	634	773
	10,657	15,502
Total	**54,479**	**50,704**

Accounting Policy - Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery, that is, the agreed purchase or contract price. The department's standard settlement terms is 30 days from the invoice date.

Emergency management levies are recognised at the amounts due as advised by each local government authority in their annual returns in accordance with the *Fire and Emergency Services Act 1990*.

Other receivables generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. Settlement terms depend on the nature of the receivable. No interest is charged (other than for overdue emergency management levies) and no security is obtained.

Accounting Policy - Impairment of receivables

The loss allowance for trade and other debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information, including forecast economic changes expected to impact the department's debtors, along with relevant industry and statistical data where applicable.

No loss allowance is recorded for receivables from Queensland Government agencies or Australian Government agencies on the basis of materiality.

Where the department has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivables against the loss allowance. This occurs after the appropriate range of debt recovery actions. Where the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

The amount of impairment losses recognised for receivables is disclosed in the Statement of comprehensive income.

12 Receivables (continued)

Disclosure - Credit risk exposure of receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets. No collateral is held as security and there are no credit enhancements relating to the department's receivables.

The department uses a provision matrix to measure the expected credit losses on trade and other debtors. Loss rates are calculated for groupings of customers with similar loss patterns. The department has determined only one material grouping for measuring expected losses. The calculations reflect historical observed default rates calculated using credit losses experienced on past sales transaction during the last 5 years preceding 30 June 2020. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables. For QFES, a change in the CPI rate is determined to be the most relevant forward-looking indicator for receivables. The historical default rates are adjusted based on expected changes to that indicator.

13 Intangible assets

	Software internally generated	Software work in progress	Total
	2020	**2020**	**2020**
	$'000	**$'000**	**$'000**
Gross value	23,989	534	24,523
Less: Accumulated amortisation	(21,515)	-	(21,515)
	2,474	**534**	**3,008**
Reconciliation			
Opening balance	4,159	907	5,066
Acquisitions	-	534	534
Transfers between asset classes	907	(907)	-
Amortisation	(2,592)	-	(2,592)
Closing balance	**2,474**	**534**	**3,008**

	2019	**2019**	**2019**
	$'000	**$'000**	**$'000**
Gross value	23,081	907	23,988
Less: Accumulated amortisation	(18,922)	-	(18,922)
	4,159	**907**	**5,066**
Reconciliation			
Opening balance	6,487	917	7,404
Acquisitions	-	(10)	(10)
Amortisation	(2,328)	-	(2,328)
Closing balance	**4,159**	**907**	**5,066**

Accounting Policy - Recognition thresholds for intangible assets

Intangible assets with a cost or other value equal to or in excess of $100,000 are capitalised for financial reporting purposes in the year of acquisition. Items purchased or acquired for a lesser value are expensed in the year of acquisition. Any training costs are expensed as incurred.

Accounting Policy - Amortisation of intangible assets

All intangible assets are amortised on a straight line basis over the asset's estimated useful life against a 10% amortisation rate.

Accounting Policy - Impairment of intangible assets

All 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.

14 Property, plant and equipment

	Land	Buildings	Heritage and cultural	Plant and equipment	Work in progress	Total
	2020 $'000	2020 $'000	2020 $'000	2020 $'000	2020 $'000	2020 $'000
Gross value	521	4,961	21	41,247	195	46,945
Less: Accumulated depreciation	-	(4,367)	-	(24,250)	-	(28,617)
	521	594	21	16,997	195	18,328
Reconciliation						
Opening balance	521	454	21	15,233	607	16,836
Acquisitions	-	23	-	3,877	533	4,433
Donations received	-	110	-	533	-	643
Transfers between asset classes	-	23	-	922	(945)	-
Disposals	-	-	-	(436)	-	(436)
Impairment losses recognised in operating result	-	-	-	(4)	-	(4)
Depreciation	-	(16)	-	(3,128)	-	(3,144)
Closing balance	521	594	21	16,997	195	18,328
	2019 $'000	2019 $'000	2019 $'000	2019 $'000	2019 $'000	2019 $'000
Gross value	521	4,805	21	36,997	607	42,951
Less: Accumulated depreciation	-	(4,351)	-	(21,764)	-	(26,115)
	521	454	21	15,233	607	16,836
Reconciliation						
Opening balance	514	455	-	16,119	289	17,377
Acquisitions	-	-	-	2,106	318	2,424
Donations received	-	-	-	92	-	92
Donations made	-	-	-	(4)	-	(4)
Transfers from/(to) other agencies	-	-	21	-	-	21
Disposals	-	-	-	(178)	-	(178)
Net revaluations increments/(decrements)	7	12	-	-	-	19
Depreciation	-	(13)	-	(2,902)	-	(2,915)
Closing balance	521	454	21	15,233	607	16,836

Accounting Policy - Ownership and acquisitions of assets

Section 7 of the *Public Safety Business Agency Act 2014* requires the PSBA to hold and maintain infrastructure, fleet and communication technology assets for public safety entities. As a result, land, buildings, fleet and the majority of information and communication technology non-current assets utilised by QFES to deliver fire and rescue and emergency management programs and services throughout Queensland are recognised and reported in the financial statements of the PSBA.

The Net Book Value (NBV) of property, plant and equipment and intangible assets (disclosed under Note 13) reported by PSBA but utilised by QFES are as follows:

Class	NBV ($'000)
Land	176,738
Buildings	256,653
Heritage and cultural assets	176
Plant and equipment	198,633
Work in progress	57,757
Software - Internally generated	25
Software - purchased	3

The balances disclosed above will transfer to the department as at 1 July 2020 - Refer to Note 25 for further details.

Historical cost is used for the initial recording of all intangibles and property, plant and equipment acquisitions. Historical cost is determined as the value provided as consideration plus costs incidental to the acquisition and costs incurred in getting the asset ready for use.

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

14 Property, plant and equipment (continued)

Accounting Policy - Recognition thresholds for property, plant and equipment

Basis of capitalisation and recognition thresholds

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:

Land	$1
Buildings	$10,000
Plant and equipment	$5,000

Items purchased or acquired for a lesser value are expensed in the year of acquisition.

Accounting Policy - Measurement of property, plant and equipment using fair value

Land, buildings and heritage and cultural assets are measured at fair value as required by Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable.

The cost of items acquired during the financial year has been judged by management of the department to materially represent their fair value at the end of the reporting period.

Accounting Policy - Measurement of property, plant and equipment using cost

Plant and equipment is measured at cost in accordance with AASB 116 *Property, Plant and Equipment*. The carrying amount for such plant and equipment at cost has been assessed as not materially different from their fair value.

Accounting Policy - Revaluations of property, plant and equipment measured and fair value

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

Revaluations for land, buildings and heritage and cultural assets using an independent professional valuer are undertaken on a rolling basis over a four year period. However, if a particular asset class experiences significant or volatile changes in fair value, that class is subject to specific appraisals in the current reporting period, where practicable, regardless of the timing of the last specific appraisal.

The fair values reported are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs.

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices. The department ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date. Australis Asset Advisory Group (AAAG) supply the indices used for the land, buildings and heritage and cultural assets. Such indices are either publicly available, or are derived from market information available. AAAG provides assurance of their robustness, validity and appropriateness for application to the relevant assets. Indices used are also tested for reasonableness by applying the indices to a sample of assets, comparing the results to similar assets that have been valued by an independent professional valuer or internal expert, and analysing the trend of the changes in values over time. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided by AAAG based on the department's own particular circumstances.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

Revaluation methodology

All revaluations were performed by AAAG as at 31 March 2020. The fair value as at 30 June 2020 is materially the same as the valuation completed as at 31 March 2020.

Land

Independent revaluations were performed for land in the QFES Central region as at 30 June 2020, as part of the four year rolling program, by AAAG.

Land not subject to market specific appraisal were revalued using indices supplied by the AAAG based on individual factor changes for each property as derived from a review of market transactions and having regard to the review of land values undertaken for local government locations.

14 Property, plant and equipment (continued)

Revaluation methodology (continued)

Buildings and Heritage and cultural assets

Independent revaluations were performed for buildings in the QFES Central region as at 30 June 2020, as part of the four year rolling program, by AAAG.

Buildings and Heritage and cultural assets not subject to market specific appraisal were revalued using the most appropriate method of indexation, determined by the type of asset, as provided by the AAAG. AAAG calculates indices by a weighted matrix based on various sources for both a cost approach and market approach. The indices data for the built asset classes are based on construction movement as well as other factors intrinsic to the construction process. These indices were determined to be the most appropriate when considering the department's asset types and were accepted and applied by management on the basis they resulted in a materially accurate representation of the fair value of buildings as at 30 June 2020.

Accounting Policy - Fair value measurement

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

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

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

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

Fair Value Measurement Hierarchy

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

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

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

Categorisation of fair values recognised as at 30 June:

	Level 2 $'000		Level 3 $'000		Total $'000	
	2020	2019	2020	2019	2020	2019
Land	521	521	-	-	521	521
Buildings	76	78	518	376	594	454
Heritage and cultural	-	-	21	21	21	21

Accounting Policy - Depreciation of property, plant and equipment

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

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

Assets under construction (work-in-progress) are not depreciated until construction is complete and the asset is put to use or is ready for its intended use, whichever is earlier. These assets are then reclassified to the relevant class within property, plant and equipment.

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.

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

Class	Rate (%)
Buildings	1% to 10%
Plant and equipment	1% to 33.3%

15 Right-of-use assets and lease liabilities

	2020 $'000	2019 $'000
Right-of-use assets - Buildings		
Gross Value	7,786	-
Less: Accumulated amortisation	(1,276)	-
	6,510	-
Reconciliation		
Opening balance	7,706	-
Acquisitions	80	-
Amortisation	(1,276)	-
Closing balance	6,510	-
Lease liabilities		
Current		
Lease liabilities	1,586	-
Non-Current		
Lease liabilities	4,894	-
Total	6,480	-

A new accounting standard AASB 16 *Leases* came into effect in 2019-20, resulting in changes to the department's accounting for leases for which it is lessee. No restatement of prior year balances is required. The transitional impacts of the new standard are disclosed in Note 1(h).

Accounting Policy - Recognition of Right-of-use assets

Right-of-use assets with a lease term greater than 12 months and with a value equal to or in excess of $10,000 are capitalised. Items for a short term period less than 12 months or for a lesser value are expensed.

The right-of-use asset will initially be recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee.

Right-of-use assets are recognised and carried at their cost less accumulated depreciation and any accumulated impairment losses, adjusted for any re-measurement of the lease liability in certain circumstances.

Accounting Policy - Amortisation of right-of-use assets

The lessee shall amortise the right-of-use asset from the commencement date to the end of the lease term.

Accounting Policy - Impairment of right-of-use assets

All right-of-use assets are assessed for indicators of impairment. 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.

Accounting Policy -Lease liability

Lease liabilities are initially recognised at the present value of lease payments over the lease term that are not yet paid. Lease payments include fixed payments, variable lease payments that depend on an index or rate, option payment (if reasonably certain) and expected residual value guarantees. The present value of lease payments are discounted using the Queensland Treasury Corporation (QTC) fixed rate applicable to the term of the lease. Subsequently, the lease liabilities are increased by the interest charged and reduced by the amount of lease payments.

Disclosures - Leases as lessee

(i) Details of leasing arrangements as lessee

Category / class of lease arrangement	Description of arrangement
Buildings	The department routinely enters into leases for buildings and office accommodation. Some of these leases are short-term leases or leases of low value assets. Lease terms for buildings and office space that are recognised on balance sheet can range from 3 to 25 years. A number of leases have renewal or extension options. The options are generally exercisable at market prices and are not included in the right-of-use asset or lease liability unless the department is reasonably certain it will renew the lease.

(ii) Office accommodation, employee housing and motor vehicles

The department of Housing and Public Works (DHPW) provides the agency with access to office accommodation, employee housing and motor vehicles under government-wide frameworks. These arrangements are categorised as procurement of services rather than as leases because DHPW has substantive substitution rights over the assets. The related services expenses are included in Note 9.

15 Right-of-use assets and lease liabilities (continued)

	2020 $'000	2019 $'000
(iii) Amounts recognised in profit or loss		
Interest expense on lease liabilities	**116**	-
Breakdown of 'Lease expenses' included in Note 9		
- Expenses relating to short-term leases	2,040	-
- Expenses relating to leases of low value assets	31	-
- Expenses relating to office accommodation and employee housing provided by DHPW	2,827	-
(iv) Total cash outflow for leases	**4,899**	-
2018-19 disclosures under AASB 117		
Operating lease commitments at 30 June 2019		
- Within 1 year		5,844
- Later than 1 year but not later than 5 years		14,907
- Later than 5 years		1,026
Lease liabilities at 1 July 2019		**21,777**

16 Payables

	2020 $'000	2019 $'000
Trade creditors	34,699	24,453
Accrued creditors	-	1,500
Tax liabilities	138	160
Other	129	1,909
Total	**34,966**	**28,022**

Accounting Policy - Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms. From 25 March 2020, all payment terms for trade creditors were set to immediate.

17 Accrued employee benefits

	2020 $'000	2019 $'000
Annual leave levy payable	9,495	10,784
Long service leave levy payable	2,087	1,794
Salaries and wages outstanding	6,589	7,579
Other	2,252	698
Total	**20,423**	**20,855**

Accounting Policy - Employee benefits

No provision for annual leave or long service leave is recognised in the department's financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.

18 Other current liabilities

	2020 $'000	2019 $'000
Unearned revenue	1,309	456
Deferred appropriation payable to Treasury	239	2,014
Other	83	111
Total	**1,631**	**2,581**

19 Related party transactions with other Queensland Government-controlled entities

The department's primary ongoing sources of funding from Government for its services are appropriation revenue and equity injections, both which are provided in cash via Queensland Treasury. Refer Note 3 and the Statement of changes in equity.

Services below fair value transactions with other departments are disclosed in Note 6 and Note 11.

20 Commitments

(a) Capital expenditure commitments

Capital expenditure commitments inclusive of non-recoverable GST input tax credits at the reporting date are payable as follows:

	Note	2020 $'000	2019 $'000
Class of asset			
Plant and equipment		550	270
Total		550	270
Not later than one year		550	270
Total		550	270

(b) Other expense commitments

Other operating expense commitments inclusive of non-recoverable GST input tax credits at reporting date are payable:

	2020 $'000	2019 $'000
Not later than one year	27,591	18,302
Later than one year and not later than five years	117	-
Total	27,708	18,302

21 Financial instruments

Financial instruments categories

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

	Note	2020 $'000	2019 $'000
Financial assets			
Cash		28,414	45,496
Financial assets measured at amortised cost:			
Receivables	12	54,479	50,704
Total financial assets		82,893	96,200
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	16	34,965	28,022
Lease Liabilities		6,480	-
Total financial liabilities at amortised cost		41,445	28,022

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

Accounting Policy - 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.

(a) Financial risk management

Financial risk management is implemented pursuant to Government and departmental policies. 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 policies approved by the department.

The department activities expose it to a variety of financial risks as set out in the following table:

Risk exposure	Definition	Exposure
Credit risk	Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The department is exposed to credit risk in respect of its receivables (Note 12).
Liquidity risk	Liquidity risk refers to the situation where the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The department is exposed to liquidity risk in respect of its payables (Note 16).
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The department does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices.

21 Financial instruments (continued)

(b) Risk Measurement and Management Strategies

Risk exposure	Measurement Method	Risk Management Strategies
Credit risk	Ageing analysis, earnings at risk	The department 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 department invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.
Liquidity risk	Sensitivity analysis	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.

(c) Credit risk

Certain contractual obligations expose the department to credit risk in excess of the carrying amount of any asset or liability recognised from entering the transaction.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provision for impairment (refer Note 12).

(d) Liquidity risk

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.

Financial liabilities	Note	2020 Payable in			
		<1 year $'000	1-5 years $'000	>5 years $'000	Total $'000
Payables	16	34,965	-	-	**34,965**
Lease liability	15	1,586	4,894	-	**6,480**
Total		**36,551**	**4,894**	**-**	**41,445**

Financial liabilities	Note	2019 Payable in			
		<1 year $'000	1-5 years $'000	>5 years $'000	Total $'000
Payables	16	28,022	-	-	**28,022**

22 Contingencies

In 2019-20, QFES commenced a review of the calculations for dual role superannuation contributions for prior periods due to the complex nature of these arrangements. QFES is assessing for any impacts for payments and for reporting under the Superannuation Guarantee amnesty enacted by the *Treasury Laws Amendment (Recovering Unpaid Superannuation) Act 2019 (Cwth)*. QFES also commenced a review of payroll codes and workers compensation payments.

23 Administered items

The department manages the collection of fines imposed in relation to breaches of the fire safety legislation on behalf of the Queensland government.

Total administered receipts from fines for transfer to Queensland government was $0.069m (2019: $0.051m).

24 Trust transactions and balances

Queensland Fire and Emergency Services can appoint four of the seven trustees and provides administrative support to manage transactions and balances for the Queensland Volunteer Rural Fire Brigades Donations Fund. The Fund was formed on 1 January 2013 for the charitable purpose of supporting the volunteer based emergency service activities of the rural fire brigades.

Mazars (QLD) Pty Ltd are the auditors for the Queensland Volunteer Rural Fire Brigades Donations Fund.

Donations received for payment to brigades totalled $3.566m (2019: $0.100m).

Total cash at bank at reporting date was $2.882m (2019: $0.001m) with total donations payable to brigades $2.882m (2019: $0.001m).

Accounting Policy - Trust transactions and balances

The department undertakes certain trustee transactions and maintains related balances on behalf of various parties and also performs certain agency transactions.

As the department acts only in a custodial role in respect of these transactions and balances, they are not recognised in the department's financial statements.

25 Events occurring after balance date

PSBA will transfer $690m in land and buildings, plant and equipment and intangible assets to QFES on 1 July 2020 as a result of a shift in assets accounting management and policy which will impact the reporting of operational assets under AASB 116 – Property, Plant & Equipment from this date. This transfer was endorsed by the Queensland Treasurer on 13 June 2020. Capital commitments totalling $27.5m will also be transferred over from PSBA to QFES as at 1 July 2020.

There were no other events occurring after balance date that management considers would have a material impact on the information disclosed in these financial statements.

26 Significant financial impacts from COVID-19 pandemic

During the 2019-20 financial year $25.016m has been recognised by the department in response to COVID-19 relating to quarantine expenses (refer to Note 9).

27 Budgetary reporting disclosures

Explanation of major variances - Statement of comprehensive income

Appropriation Revenue: Additional funding over budget was received for QFES' public safety regional radio networks digital readiness and ensuring compliance with the requirements of the Australian Communications and Media Authority (ACMA) ($19.593m), additional supplementation received for enterprise bargaining arrangements ($9.066m), and deferral of 2018-19 funding to 2019-20 for the State Emergency Services communications on-boarding to the government wireless network ($1.874m).

Grants and Contributions: Exceeded budgeted revenue due to the receipt of Disaster Recovery Funding Arrangements (DRFA) revenues associated with current and prior year severe bushfire and weather events ($21.275m), additional contributions from the National Aerial Firefighting Centre (NAFC) ($1.897m), commonwealth grants in support of international urban search and rescue capability ($0.401m), sponsorships and contributions for State Emergency Services and Rural Fire Brigades ($1.639m), and receipt of Natural Disaster Resilience Program (NDRP) funds ($0.154m).

Employee expenses: Variance is due to additional overtime expenditure ($15.034m) mainly associated with bushfire and severe weather deployments and COVID-19, increased costs associated with enterprise bargaining arrangements ($9.066m), additional presumptive legislation Workcover premiums ($5.536m), additional staff uniforms and personal protective equipment ($2.905m), additional auxiliary wages associated with severe bushfires events ($2.211m), and other increased wages and allowances impacted by bushfire, severe weather events and COVID-19.

Supplies and services: Additional expenditure was incurred for QFES' public safety regional radio networks digital readiness and to ensure compliance with the requirements of the ACMA ($13.786m), expenditure associated with bushfire and severe weather deployments ($36.566m), partly offset by various program underspends impacted by COVID-19.

Explanation of major variances - Statement of financial position

Cash: Lower than budget due to the timing of payables and significant expenditure due to bushfire and severe weather events, impacted by the additional COVID-19 expenses.

Intangible assets: Balance is below budget due to lower than anticipated expenditure on operational information systems in 2019-20, with funding to be deferred to 2020-21.

Property, plant and equipment: Balance is below budget due to delays with operational equipment acquisitions in 2019-20 and capital acquisitions that are scheduled for completion in 2020-21.

Right-of-use assets: Variance is due to the implementation of AASB 16 in 2019-20 for leases being classified as right-of-use assets.

Payables: Balance is lower than budget with the timing of payables impacted by COVID-19, with payments prioritised in support of Government policy to expedite vendor payments during COVID-19.

Explanation of major variances - Statement of cash flows

Cash: Lower than budget due to the timing of payables and significant expenditure due to bushfire, severe weather events and additional expenditure incurred as a result of COVID-19 requirements.

Queensland Fire and Emergency Services
Management Certificate for the year ended 30 June 2020

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 38 of the *Financial and Performance Management Standard 2019* 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;

(b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Queensland Fire and Emergency Services for the year ending 30 June 2020 and of the financial position of the department at the end of that year; and

The Commissioner, as the accountable officer of Queensland Fire and Emergency, acknowledges responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respect, of an appropriate and effective system of internal controls and risk management process with respect to financial reporting throughout the reporting period.

G. Leach
MBA, MEmergMgt, MIFireE, GAICD

Accountable Officer
Commissioner

27th August 2020

W. Brummer
B.Bus (Acctg), Grad Cert Prof Acctg MIPA, GAICD

Chief Finance Officer

27 August 2020

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INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Queensland Fire and Emergency Services

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Queensland Fire and Emergency Services.

In my opinion, the financial report:

a) gives a true and fair view of the department's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Report*** section of my report.

I am independent of the department in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Key audit matters

I have determined that there are no key audit matters to communicate in our report.

Responsibilities of the department 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 the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Accountable Officer is also responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the department or to otherwise cease operations.

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Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the department's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the department.
- Conclude on the appropriateness of the department's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the department to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year 30 June 2020:

a) I received all the information and explanations I required.

b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

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Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the Financial Accountability Act 2009, any other Act and the *Financial and Performance Management Standard 2019*. The applicable requirements include those for keeping financial records that correctly record and explain the department's transactions and account balances to enable the preparation of a true and fair financial report.

JWelsh

28 August 2020

John Welsh
as delegate of the Auditor-General

Queensland Audit Office
Brisbane