

Queensland Fire and Emergency Services Financial Statements For the year ended 30 June 2022

Contents

Statement of comprehensive income	84
Statement of financial position.....	85
Statement of changes in equity	86
Statement of cash flows.....	87
Notes to the statement of cash flows.....	88
Notes to the financial statements.....	89
Management Certificate	108
Independent Auditor's Report	109

Queensland Fire and Emergency Services
Statement of comprehensive income
For the year ended 30 June 2022

	Notes	2022 Actual \$'000	2022 Adjusted Budget \$'000	2022 Budget Variance * \$'000	2021 Actual \$'000
Income from continuing operations					
Appropriation revenue	4	338,769	137,838	200,931	233,451
User charges and fees	5	58,880	54,095	4,785	53,711
Emergency management levies	6	604,403	604,870	(467)	580,589
Grants and other contributions	7	28,740	15,680	13,060	134,389
Other revenue		4,175	2,664	1,511	5,869
Total revenue		1,034,967	815,147	219,820	1,008,009
Gains on disposal/remeasurement of assets	8	19,830	-	19,830	1,239
Total income from continuing operations		1,054,797	815,147	239,650	1,009,248
Expenses from continuing operations					
Employee expenses	9	509,145	499,411	9,734	452,911
Supplies and services	11	360,675	207,895	152,780	420,013
Grants and subsidies	12	23,047	38,077	(15,030)	22,841
Depreciation and amortisation	15-17	45,384	43,901	1,483	36,645
Impairment losses/(gains)		(498)	520	(1,018)	157
Revaluation decrement	16	-	-	-	19,402
Interest on lease liability		119	97	22	103
Other expenses	13	12,177	12,831	(654)	12,194
Total expenses from continuing operations		950,049	802,732	147,317	964,266
Operating result for the year		104,748	12,415	92,333	44,982
Other comprehensive income not reclassified subsequently to operating result					
Increase/(decrease) in asset revaluation surplus	16	22,684	-	22,684	16,255
Total other comprehensive income		22,684	-	22,684	16,255
Total comprehensive income		127,432	12,415	115,017	61,237

* An explanation of major variances is included at Note 29.

The accompanying notes form part of these statements.

Queensland Fire and Emergency Services
Statement of financial position
As at 30 June 2022

	Notes	2022 Actual \$'000	2022 Adjusted Budget \$'000	2022 Budget Variance * \$'000	2021 Actual \$'000
Assets					
Current assets					
Cash		112,490	80,800	31,690	34,495
Receivables	14	86,762	87,841	(1,079)	85,177
Inventories		8,065	6,345	1,720	8,324
Prepayments		6,069	3,096	2,973	5,955
Total current assets		213,386	178,082	35,304	133,951
Non-current assets					
Intangible assets	15	1,254	3,510	(2,256)	2,131
Property, plant and equipment	16	884,031	848,906	35,125	731,391
Right-of-use assets	17	8,951	6,705	2,246	6,286
Total non-current assets		894,236	859,121	35,115	739,808
Total assets		1,107,622	1,037,203	70,419	873,759
Liabilities					
Current liabilities					
Payables	18	24,985	76,589	(51,604)	37,204
Lease liabilities	17	2,507	2,182	325	1,434
Accrued employee benefits	19	19,145	20,425	(1,280)	17,639
Other current liabilities	20	2,117	1,537	580	2,002
Total current liabilities		48,754	100,733	(51,979)	58,279
Non-current liabilities					
Lease liabilities	17	6,675	4,867	1,808	4,910
Total non-current liabilities		6,675	4,867	1,808	4,910
Total liabilities		55,429	105,600	(50,171)	63,189
Net assets		1,052,193	931,603	120,590	810,570
Equity					
Contributed equity		833,423			719,232
Accumulated surplus		179,543			74,795
Asset revaluation surplus		39,227			16,543
Total equity		1,052,193			810,570

* An explanation of major variances is included at Note 29.

The accompanying notes form part of these statements.

Queensland Fire and Emergency Services
Statement of changes in equity
For the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Contributed equity			
Opening balance		719,232	26,081
Transactions with owners as owners:			
Appropriated equity adjustments	4	5,394	(6,515)
Net transfers from PSBA - 1 July 2020		-	699,666
Net transfers from PSBA - 1 July 2021	3	108,797	-
Closing balance		<u>833,423</u>	<u>719,232</u>
Accumulated surplus/(deficit)			
Opening balance		74,795	29,813
Operating result		104,748	44,982
Closing balance		<u>179,543</u>	<u>74,795</u>
Asset revaluation surplus			
Opening balance		16,543	288
Increase/(decrease) in asset revaluation surplus		22,684	16,255
Closing balance *		<u>39,227</u>	<u>16,543</u>
Total equity		<u>1,052,193</u>	<u>810,570</u>

* Asset revaluation surplus is comprised of: Buildings \$38.759m (2021: \$16.531m) and Heritage and Cultural \$0.468m (2021: \$0.012m).

The accompanying notes form part of these statements.

Queensland Fire and Emergency Services
Statement of cash flows
For the year ended 30 June 2022

	2022 Actual \$'000	2022 Adjusted Budget \$'000	2022 Budget Variance * \$'000	2021 Actual \$'000
Cash flows from operating activities				
<i>Inflows:</i>				
Service appropriation receipts	356,209	137,838	218,371	215,249
User charges and fees	62,228	53,575	8,653	55,049
Emergency management levies	586,079	604,870	(18,791)	572,440
Grants and other contributions	11,671	5,580	6,091	122,689
GST input tax credits from ATO	44,606	24,572	20,034	40,352
GST collected from customers	4,017	6,545	(2,528)	7,736
Other	4,159	2,664	1,495	5,863
<i>Outflows:</i>				
Employee expenses	(510,576)	(499,411)	(11,165)	(461,553)
Supplies and services	(368,524)	(207,895)	(160,629)	(425,961)
Grants and subsidies	(23,049)	(38,077)	15,028	(22,842)
GST paid to suppliers	(43,523)	(24,572)	(18,951)	(43,040)
GST remitted to ATO	(4,017)	(6,545)	2,528	(7,736)
Other	(2,906)	(2,731)	(175)	(1,629)
Net cash provided by/(used in) operating activities	116,374	56,413	59,961	56,617
Cash flows from investing activities				
<i>Inflows:</i>				
Sales of property, plant and equipment	1,986	1,000	986	4,556
<i>Outflows:</i>				
Payments for property, plant and equipment	(50,004)	(58,702)	8,698	(63,173)
Payments for right-of-use assets	(4,893)	-	(4,893)	(1,209)
Net cash provided by/(used in) investing activities	(52,911)	(57,702)	4,791	(59,826)
Cash flows from financing activities				
<i>Inflows:</i>				
Equity injections	9,032	7,200	1,832	12,960
<i>Outflows:</i>				
Equity withdrawals	(3,638)	(3,638)	-	(19,475)
Lease payments	(2,174)	(1,198)	(976)	(1,447)
Net cash provided by/(used in) financing activities	3,220	2,364	856	(7,962)
Net increase/(decrease) in cash	66,683	1,075	65,608	(11,171)
Increase/(decrease) in cash from transfers between Government entities	11,312	11,313	(1)	17,252
Cash at beginning of financial year	34,495	68,412	(33,917)	28,414
Cash at end of financial year	112,490	80,800	31,690	34,495

* An explanation of major variances is included at Note 29.

The accompanying notes form part of these statements.

Queensland Fire and Emergency Services
Notes to the statement of cash flows
For the year ended 30 June 2022

	2022 \$'000	2021 \$'000
Reconciliation of operating result to net cash from operating activities		
Operating result	104,748	44,982
Non-cash items included in operating result:		
Depreciation and amortisation expense	45,384	36,645
Revaluation decrement	-	19,402
Donated assets received	(6,895)	(1,673)
Assets written on	(17)	(6)
Assets donated	-	6
Net losses on disposal of property, plant and equipment	100	-
Net gains on disposal of property, plant and equipment	(819)	(839)
Revaluation decrement reversal	(19,011)	-
Impairment losses	(498)	140
Lease interest expense	119	103
Change in assets and liabilities:		
(Increase)/decrease in emergency management levies	(18,324)	(8,149)
(Increase)/decrease in trade debtors	(73)	1,215
(Increase)/decrease in net GST receivable	1,083	(2,688)
(Increase)/decrease in annual leave receivables	(3,256)	(2,958)
(Increase)/decrease in long service leave receivables	(609)	80
(Increase)/decrease in departmental services revenue receivables	17,440	(17,963)
(Increase)/decrease in accrued debtors	2,538	(556)
(Increase)/decrease in other receivables	(384)	169
(Increase)/decrease in inventories	261	(1,979)
(Increase)/decrease in other current assets	(113)	(3,357)
Increase/(decrease) in payables	(7,103)	(3,541)
Increase/(decrease) in accrued employee benefits	1,503	(2,784)
Increase/(decrease) in other liabilities	300	368
Net cash from operating activities	116,374	56,617

Accounting Policy - Cash

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

The department has an overdraft facility with Queensland Treasury Corporation (QTC) with an approved limit of \$180m. This facility is utilised periodically and is available for use in the next reporting period. As at the reporting date the facility remains unutilised.

Reconciliation of liabilities arising from financing activities

Opening balance as at 1 July	6,344	6,480
New leases acquired	4,893	1,208
Non-cash changes:		
Interest	119	103
Cash flows:		
Lease liability repayments	(2,174)	(1,447)
Closing balance as at 30 June	9,182	6,344

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

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 reporting periods beginning on or after 1 July 2021.

(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 15, 16 and 17
- Revaluation of property, plant and equipment - Note 16

(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 reporting period.

(g) Future impact of accounting standards not yet effective

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

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

2 Objectives and principal activities of the department

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

QFES' purpose is to deliver contemporary and effective fire, emergency and disaster management services that meet Queensland communities' needs.

QFES delivers services in line with the priority areas of the Queensland's Economic Recovery Plan by continuing to provide fire and emergency services to Queensland communities with a focus on local risk and demand.

3 Disestablishment of the Public Safety Business Agency (PSBA)

(a) Machinery-of-Government changes

As a result of Public Service Departmental Arrangements Notice (No. 2) 2021, effective 1 July 2021, the Public Safety Business Agency (PSBA) was disestablished. As a consequence parts of Human Resource Management, Asset Management and Financial Management services within PSBA transferred to QFES with the balance transitioning to the Queensland Police Service (QPS). Information and Communication Technology (ICT) and Internal Audit functions were transferred solely to the QPS, with QPS providing ICT and internal audit services to QFES.

QFES provided funding to PSBA as part of a fee-for-service arrangement. Accordingly, the return of functions and associated funding is reflected as a reduction of payments within supplies and services rather than a transfer of appropriation funding.

The following assets and liabilities transferred at their book value from PSBA to QFES as at 1 July 2021:

Assets	\$'000
Cash	11,312
Receivables	5
Other current assets	124
Property, plant and equipment - excluding Kedron Complex assets	32,998
	<u>44,439</u>
Liabilities	
Payables	295
Interest bearing liabilities	2,722
	<u>3,017</u>
Net assets excluding Kedron Complex assets	<u>41,422</u>

(b) Transfer of Kedron Complex assets

As part of the PSBA disestablishment, QFES and Queensland Ambulance Service (QAS) entered into an agreement for joint ownership of Kedron Complex assets, comprising of one (1) land and nine (9) building assets. In accordance with the agreement the transfer of property, plant and equipment incorporates ownership of 60.45% to QFES and 39.55% to QAS (Queensland Health).

Property, plant and equipment - 60.45% of Kedron Complex assets transferred to QFES **67,375**

Net assets transferred from PSBA to QFES **108,797**

The increase in net assets of \$108.797m has been accounted for as an increase in contributed equity as disclosed in the statement of changes in equity.

As a result of these machinery-of-government changes being finalised in September 2021, an adjusted budget as published in the 2022-23 Service Delivery Statements is presented in these financial statements, as required by Queensland Treasury policy under such circumstances.

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

	2022	2021
	\$'000	\$'000
4 Appropriation revenue		
Reconciliation of payments from Consolidated Fund to appropriation revenue recognised in Statement of comprehensive income		
Original budgeted appropriation revenue	135,298	124,070
Unforeseen expenditure	220,911	91,179
Expected appropriation receipts (cash)	356,209	215,249
Plus: closing balance of appropriation receivable	523	17,963
Less: Opening balance of appropriation receivable	(17,963)	-
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	-	239
Net appropriation revenue	338,769	233,451
Appropriation revenue recognised in Statement of comprehensive income	338,769	233,451
Variance between original budgeted and actual appropriation revenue	203,471	109,381
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity		
Original budgeted equity adjustment appropriation	1,990	(6,515)
Unforeseen expenditure	3,404	-
Equity adjustment receipts	5,394	(6,515)
Equity adjustment recognised in contributed equity	5,394	(6,515)
Variance between original budgeted and actual equity adjustment appropriation	3,404	-

Accounting Policy - Appropriation revenue

Appropriations provided under the *Appropriation Act 2021* 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.

5 User charges and fees

Alarm maintenance and monitoring	23,089	22,447
Attendance charges	13,924	12,734
Building and infrastructure fire safety	18,837	15,748
Sale of goods and services	3,030	2,782
Total	58,880	53,711

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 sufficient degree of certainty. This occurs upon delivery of 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.

6 Emergency management levies

Gross emergency management levies	615,130	591,138
Less: pensioner discount	(10,727)	(10,549)
Total	604,403	580,589

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*.

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

	2022	2021
	\$'000	\$'000
7 Grants and other contributions		
Commonwealth contributions	1,963	2,878
Contributed assets *	6,943	1,673
Grants from Queensland Health **	-	81,900
Grants from other Queensland Government entities ***	4,352	34,070
Motor Accident Insurance Commission	2,785	3,244
Services received below fair value ****	10,126	10,014
Other	2,571	610
Total	28,740	134,389

* Contributed assets comprise Buildings of \$4.037m (2020-21: nil), Plant and Equipment of \$2.858m (2020-21: \$1.673m) and Portable and Attractive assets of \$0.048m (2020-21: nil).

** Grants from Queensland Health are for the recovery of COVID-19 hotel quarantine expenses. Refer note 11.

*** Grants from other Queensland Government entities include Disaster Recovery Funding Arrangements Assistance from Queensland Reconstruction Authority (QRA) of \$2.647m (2020-21: \$32.847m), sponsorships and contributions for State Emergency Services and Rural Fire Brigades of \$1.311m (2020-21: \$0.746m), HRIS integration project funding from the Department of Communities, Housing and Digital Economy of \$0.077m (2020-21: \$0.461m) and severe weather hazard assessment projects from local governments of \$0.041m (2020-21: nil), QAS contributions towards the maintenance of the Kedron Complex assets of \$0.256m (2020-21: nil) and community education road safety grant from Department of Transport and Main Roads of \$0.020m (2020-21: nil).

**** Services received below fair value represents an estimate of the Government Wireless Network (GWN) services received as managed by the Department of Communities, Housing and Digital Economy.

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.

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.

Volunteer services are only recognised where a fair value can be reliably measured and the services would have been purchased if not donated. QFES has not recognised the value of volunteer services, including the Rural Fire Service (RFS) and State Emergency Services (SES), as the fair value of their services cannot be measured reliably.

8 Gains on disposal and remeasurement of assets

Gains from disposal of property, plant and equipment	819	1,239
Revaluation decrement reversals of property, plant and equipment	19,011	-
Total	19,830	1,239

Accounting Policy - Revaluation decrement reversals

Any revaluation increment arising on the revaluation of an asset is credited to the 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.

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

	2022 \$'000	2021 \$'000
9 Employee expenses		
Employee benefits		
Wages and salaries - General	337,778	302,571
Wages and salaries - Overtime	36,469	27,271
Annual leave levy	43,193	40,756
Employer superannuation contributions	45,202	40,859
Long service leave levy	9,540	8,134
Employee related expenses		
Training expenses	2,658	1,990
Workers' compensation premiums	18,974	19,727
Other employee related expenses	15,331	11,603
Total	509,145	452,911

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:

Full-Time equivalent employees (number)	3,672	3,409
--	-------	-------

The increase in FTE's is a result of the Government's election commitment to recruit additional paid firefighter positions to strengthen Queensland's frontline emergency response for fire and emergency services, and as a result of FTE transferred to QFES following the disestablishment of the PSBA.

Accounting Policy - Employee expenses

Wages, salaries and sick leave

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.

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.

The department pays premiums to WorkCover Queensland in respect of its obligations for current and former employees and volunteers in firefighting roles for latent onset diseases in accordance with the *Workers' Compensation and Rehabilitation and Other Legislation Amendment Act 2015*.

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

10 Key management personnel disclosures

(a) Details of Key management personnel (KMP)

The department's responsible Minister 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 for Police and Corrective Services and Minister for Fire and Emergency Services.

The other non-Ministerial KMP personnel include those positions that form the Board of Management and 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 and effective functioning of Fire and Rescue Service (FRS), Rural Fire Service (RFS) and State Emergency Service (SES), and emergency management and disaster mitigation programs and services throughout Queensland. The Commissioner represents the department at local, community, state, national and international forums.
Deputy Commissioner - Readiness and Response Services	Providing strategic leadership and coordination of regional disaster management functions and regional operations for the FRS, RFS and SES across the state's seven regions.
Deputy Commissioner - Capability and State Services (renamed March 2022)	Providing overall strategic leadership and coordination for the development and maintenance of state capability, strategy and policy for the service streams of QFES. The Deputy Commissioner has oversight of disaster and emergency management including the Queensland Emergency Risk Management Framework, operational response and emergency management planning before and after disasters, volunteerism, and strengthening community partnerships to build safe, healthy, confident and connected communities across Queensland.
Deputy Commissioner - Strategy and Corporate Services	Leading the department's strategic framework and vision, driving performance and providing the tools and systems for frontline service delivery across QFES. The division includes the Finance, Procurement and Levy; Strategy and Assurance; Asset Services; Information and Technology; and QFES People Directorates, and works closely with the public safety agencies including the Office of the Inspector General Emergency Management (IGEM) and Queensland Police Service (QPS).

An independent external member is appointed to the QFES Board of Management. The independent external member received \$18,150 in remuneration (2020-21: \$18,150).

(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. No KMP remuneration packages provide for performance or bonus payments.

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

10 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 applicable fringe benefits tax.
- 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.
- Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

(c) Remuneration Expenses

1 July 2021 – 30 June 2022

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$'000	\$'000				
Commissioner	462	-	10	53	-	525
Deputy Commissioner - Readiness and Response Services	160	14	4	19	-	197
	93	7	2	11	-	113
Deputy Commissioner - Capability and State Services * (Acting 07/03/2022 - 30/06/2022)	105	7	2	8	-	122
Deputy Commissioner - Emergency Management, Volunteerism & Community Resilience *	154	14	4	18	-	190
A/Deputy Commissioner - Strategy & Corporate Services	263	-	6	29	-	298

* Deputy Commissioner - Emergency Management, Volunteerism & Community Resilience was renamed to Deputy Commissioner - Capability and State Services in March 2022.

1 July 2020 – 30 June 2021

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$'000	\$'000				
Commissioner	428	-	10	53	-	491
Deputy Commissioner - Readiness and Response Services	254	25	6	31	-	316
Deputy Commissioner - Emergency Management, Volunteerism & Community Resilience	259	24	6	31	-	320
A/Deputy Commissioner - Strategy & Corporate Services	256	-	6	30	-	292
Chief Operating Officer (COO) (PSBA) - Effective 15/04/2020 the COO ceased to be a member of the QFES BOM	Remuneration is reported by the Public Safety Business Agency (PSBA).					

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

There were no related party transactions associated with the department's KMP during 2021-22 (2020-21: nil).

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

	2022 \$'000	2021 \$'000
11 Supplies and services		
Aircraft related costs	8,039	19,186
Communications	22,903	33,822
Computer expenses	9,441	8,333
Contractors and professional services	13,102	12,883
COVID-19 State hotel quarantine costs *	179,181	179,547
Emergency management levy administration fees	7,089	6,966
Lease expenses	5,134	4,786
Marketing expenses	2,919	2,430
Minor equipment purchases	13,943	11,977
Motor vehicle expenses	19,393	16,695
Property expenses	6,459	4,845
PSBA - operating expense **	-	77,917
QPS - operating expense ***	32,255	-
Repairs and maintenance	13,517	12,416
Travel and accommodation	8,027	9,116
Other	19,273	19,093
Total	360,675	420,013

* Includes all costs associated with COVID-19 hotel quarantine provided by the State through the State Disaster Coordination Centre (SDCC). These costs have been reimbursed by Queensland Health (costs incurred to November 2020) or via appropriation revenue (costs incurred from December 2020). Effective 1 April 2022, responsibility for hotel quarantine arrangements transferred to the Quarantine Management Taskforce, Department of State Development, Infrastructure, Local Government and Planning (DSDILGP).

** PSBA was disestablished effective 1 July 2021. Refer to Note 3.

*** QPS operating expense represents the financial contribution made to QPS for the provision of information and communication services and internal audit services.

Accounting policy - Lease expenses

Lease expenses include lease rentals for short-term leases, leases of low value assets and variable lease payments. Refer to Note 17 for breakdown of lease expenses and other lease disclosures.

12 Grants and subsidies

Air sea rescue, coast guard and life saving organisations	11,756	11,397
Local governments	3,799	3,966
PSBA-capital grant	-	2,849
QPS-capital grant *	2,969	-
State Emergency Services	1,343	1,323
Volunteer rural fire brigades	1,250	1,693
Other	1,930	1,613
Total	23,047	22,841

* Following the disestablishment of PSBA, capital grant funding is now provided to QPS to deliver information and communication technology.

13 Other expenses

Audit fees *	369	279
Insurance premiums-QGIF	1,332	1,092
Insurance premiums-other	24	86
Loss on disposal of property, plant and equipment	100	400
Services received below fair value **	10,126	10,014
Special payments ***	142	131
Other	84	192
Total	12,177	12,194

* Total audit fees quoted by Queensland Audit Office for the 2021-22 financial statements are \$305,000 (2020-21: \$301,000). The current year figure includes prior year expenses totalling \$149,339.

** Services received below fair value represents an estimate of the Government Wireless Network (GWN) services received as managed by the Department of Communities, Housing and Digital Economy.

*** Special payments in 2021-22 include:

- Ex-gratia payments made to operational staff for expenses not covered by WorkCover Queensland which includes payments to 14 staff of amounts over \$5,000 (2021: two (2) staff with payments over \$5,000);
- Reimbursement of costs relating to memorial for SES volunteer.

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

13 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.

Volunteer services are only recognised where a fair value can be reliably measured and the services would have been purchased if not donated. QFES has not recognised the value of volunteer services, including the RFS and SES, as the fair value of their services cannot be measured reliably.

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.

14 Receivables

	2022	2021
	\$'000	\$'000
Emergency management levies	61,022	42,698
Trade debtors	6,704	7,127
Less: Allowance for impairment loss	(201)	(697)
	<u>67,525</u>	<u>49,128</u>
GST receivable	3,167	4,340
GST payable	(87)	(177)
	<u>3,080</u>	<u>4,163</u>
Accrued debtors	266	2,805
Annual leave reimbursements	12,442	9,187
Departmental services revenue receivable *	523	17,963
Long service leave reimbursements	2,076	1,467
Other	850	464
	<u>16,157</u>	<u>31,886</u>
Total	<u>86,762</u>	<u>85,177</u>

* In 2020-21 the Departmental services revenue receivable is mainly due to year-end recovery of costs from the centrally held contingency fund for COVID-19 health response expenses incurred by QFES on behalf of the State of Queensland. These costs include quarantine accommodation and logistics.

Accounting Policy - Receivables

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*.

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.

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.

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

14 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 seven (7) years preceding 30 June 2022. 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 Government Indexation Rate (GIR) 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.

15 Intangible assets

	Software purchased	Software internally generated	Software work in progress	Total
	2022 \$'000	2022 \$'000	2022 \$'000	2022 \$'000
Gross value	317	24,846	-	25,163
Less: Accumulated amortisation	(317)	(23,592)	-	(23,909)
	<u>-</u>	<u>1,254</u>	<u>-</u>	<u>1,254</u>
Reconciliation				
Opening balance	-	2,131	-	2,131
Amortisation	-	(877)	-	(877)
Closing balance	<u>-</u>	<u>1,254</u>	<u>-</u>	<u>1,254</u>
	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000
Gross value	317	25,301	-	25,618
Less: Accumulated amortisation	(317)	(23,170)	-	(23,487)
	<u>-</u>	<u>2,131</u>	<u>-</u>	<u>2,131</u>
Reconciliation				
Opening balance	-	2,474	534	3,008
Transfers from/(to) - PSBA 1 July 2020	3	25	-	28
Transfers between asset classes	-	534	(534)	-
Amortisation	(3)	(902)	-	(905)
Closing balance	<u>-</u>	<u>2,131</u>	<u>-</u>	<u>2,131</u>

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. Historical cost, which is determined as the value provided as consideration plus costs incidental to the acquisition and costs incurred in getting the asset ready for use, is used for the initial recording of these assets. 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

Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the agency.

For each class of intangible asset the following amortisation rates are used:

Class	Amortisation rate (%)
Software - Purchased	20% to 25%
Software - Internally generated	10% to 15.9%

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.

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

16 Property, plant and equipment

	Land	Buildings	Heritage and cultural	Plant and equipment	Work in progress	Total
	2022	2022	2022	2022	2022	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value	205,343	647,159	2,035	524,740	42,637	1,421,914
Less: Accumulated depreciation	-	(248,491)	(1,405)	(287,987)	-	(537,883)
	205,343	398,668	630	236,753	42,637	884,031
Reconciliation						
Opening balance	156,247	299,391	190	234,498	41,065	731,391
Acquisitions	2,340	128	-	2,964	44,469	49,901
Donations received	-	4,037	-	2,858	-	6,895
Transfers from/(to) - PSBA 1 July 2021	26,961	65,890	-	4,315	520	97,686
Transfers between asset classes	1,865	26,144	-	15,408	(43,417)	-
Disposals	(1,081)	(70)	-	(107)	-	(1,258)
Net revaluation increments/(decrements) in revaluation surplus	-	22,227	457	-	-	22,684
Revaluation decrement reversal recognised in operating surplus/(deficit)	19,011	-	-	-	-	19,011
Depreciation	-	(19,079)	(17)	(23,183)	-	(42,279)
Closing balance	205,343	398,668	630	236,753	42,637	884,031
	2021	2021	2021	2021	2021	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value	156,247	512,469	2,245	508,546	41,065	1,220,572
Less: Accumulated depreciation	-	(213,078)	(2,055)	(274,048)	-	(489,181)
	156,247	299,391	190	234,498	41,065	731,391
Reconciliation						
Opening balance	521	594	21	16,997	195	18,328
Acquisitions	1,500	18	-	3,327	57,529	62,374
Donations received	30	-	-	1,643	-	1,673
Donations made	-	-	-	(6)	-	(6)
Transfers from/(to) - PSBA 1 July 2020	176,738	256,653	176	198,870	57,757	690,194
Transfers between asset classes	207	37,404	-	36,805	(74,416)	-
Disposals	(3,278)	(88)	-	(351)	-	(3,717)
Net revaluation increments/(decrements) in operating surplus/(deficit)	(19,402)	-	-	-	-	(19,402)
Net revaluation increments/(decrements) in revaluation surplus	(69)	16,322	2	-	-	16,255
Depreciation	-	(11,512)	(9)	(22,787)	-	(34,308)
Closing balance	156,247	299,391	190	234,498	41,065	731,391

Accounting Policy - Ownership and acquisitions of assets

Historical cost is used for the initial recording of all 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.

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
Heritage and cultural	\$5,000
Plant and equipment	\$5,000

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

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

16 Property, plant and equipment (continued)

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 an independent professional valuer 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, 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 2022. The fair value as at 30 June 2022 is materially the same as the valuation completed as at 31 March 2022.

Land

During 2021-22 independent revaluations were performed for land in the QFES North Coast and South West Regions, 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.

Buildings and Heritage and cultural assets

During 2021-22 independent revaluations were performed for buildings in the QFES North Coast and South West Regions, 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 2022.

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

16 Property, plant and equipment (continued)

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	
	2022	2021	2022	2021	2022	2021
Land	205,343	154,226	-	-	205,343	154,226
Buildings	17,873	20,013	380,795	279,851	398,668	299,864
Heritage and cultural	-	-	630	190	630	190

Level 3 fair value reconciliation

	Buildings		Heritage and cultural		Total Level 3 assets	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Carrying amount as at 1 July	279,851	518	190	21	280,041	539
Acquisitions	38	18	-	-	38	18
MOG In	65,819	241,826	-	176	65,819	242,002
Transfers between asset classes	26,145	34,368	-	-	26,145	34,368
Donations	4,037	-	-	-	4,037	-
Disposals	(70)	(88)	-	-	(70)	(88)
Net revaluation increment recognised in other comprehensive income	22,776	14,170	457	2	23,233	14,172
Depreciation	(17,801)	(10,961)	(17)	(9)	(17,818)	(10,970)
Carrying amount as at 30 June	380,795	279,851	630	190	381,425	280,041

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

16 Property, plant and equipment (continued)

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%
Heritage and cultural	1%
Plant and equipment	1% to 33.3%

17 Right-of-use assets and lease liabilities

Right-of-use assets

	Land 2022 \$'000	Buildings 2022 \$'000	Total 2022 \$'000
Gross Value	23	13,864	13,887
Less: Accumulated depreciation	(23)	(4,913)	(4,936)
	<u>-</u>	<u>8,951</u>	<u>8,951</u>
Reconciliation			
Opening balance	11	6,275	6,286
Acquisitions	-	2,206	2,206
Transfers from/(to) - PSBA 1 July 2021	-	2,687	2,687
Depreciation	(11)	(2,217)	(2,228)
Closing balance	<u>-</u>	<u>8,951</u>	<u>8,951</u>
	2021 \$'000	2021 \$'000	2021 \$'000
Gross Value	23	8,971	8,994
Less: Accumulated depreciation	(12)	(2,696)	(2,708)
	<u>11</u>	<u>6,275</u>	<u>6,286</u>
Reconciliation			
Opening balance	-	6,510	6,510
Acquisitions	23	1,185	1,208
Depreciation	(12)	(1,420)	(1,432)
Closing balance	<u>11</u>	<u>6,275</u>	<u>6,286</u>
Lease liabilities		2022 \$'000	2021 \$'000
Current			
Lease liabilities		2,507	1,434
Non-Current			
Lease liabilities		6,675	4,910
Total		<u>9,182</u>	<u>6,344</u>

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.

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

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

Accounting Policy - Depreciation of right-of-use assets

Right-of-use assets are depreciated on a straight line basis from the commencement date of the lease 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 Energy and Public Works (DEPW) 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 DEPW has substantive substitution rights over the assets. The related services expenses are included in Note 11.

(iii) *Amounts recognised in profit or loss*

	2022 \$'000	2021 \$'000
Interest expense on lease liabilities	119	103
Breakdown of 'Lease expenses' included in Note 11		
- Expenses relating to short-term leases	209	382
- Expenses relating to leases of low value assets	22	27
- Expenses relating to office accommodation and employee housing provided by DEPW	4,903	4,377
(iv) <i>Total cash outflow for leases</i>	5,134	4,786

18 Payables

Accrued creditors	19,982	25,092
Trade creditors	4,951	11,991
Other	52	121
Total	24,985	37,204

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.

19 Accrued employee benefits

Annual leave levy payable	14,335	10,825
Long service leave levy payable	2,807	2,247
Salaries and wages outstanding	1,573	1,859
Other	430	2,708
Total	19,145	17,639

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

19 Accrued employee benefits (continued)

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*.

	Note	2022 \$'000	2021 \$'000
20 Other current liabilities			
Unearned revenue		2,090	1,946
Other		27	56
Total		2,117	2,002

21 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 Consolidated Fund. Refer Note 4 and the Statement of changes in equity.

Services below fair value transactions with other departments are disclosed in Note 7 and Note 13.

Operating expense include fair value transactions with other departments disclosed in Note 11.

Services previously provided by PSBA prior to its disestablishment on 30 June 2021 that are now provided by QPS are disclosed in Note 3.

22 Commitments

Capital expenditure commitments

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

Class of asset

Land		39	-
Buildings		6,921	24,529
Plant and equipment		75,501	9,056
Intangibles		-	176
Total		82,461	33,761
Not later than one year		43,837	31,532
Later than one year and not later than five years		38,624	2,229
Total		82,461	33,761

Capital commitments reflect the implementation of a multi-year approach to fleet procurement enabling QFES to plan for, and the market to respond to, challenging lead times. Accordingly, QFES has awarded significant contracts for both Rural Fire Service and Fire and Rescue appliances for the next two financial years.

23 Financial instruments

Financial instruments categories

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

Financial assets

Cash		112,490	34,495
Financial assets measured at amortised cost:			
Receivables	14	86,762	85,177
Total financial assets		199,252	119,672

Financial liabilities

Financial liabilities measured at amortised cost:			
Payables	18	24,985	37,204
Lease Liabilities	17	9,182	6,344
Total financial liabilities at amortised cost		34,167	43,548

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.

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

23 Financial instruments (continued)

(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 14).
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 18).
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. The department is not exposed to material interest rate risk.

(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 14).

(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	2022 Payable in			
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000
Payables	18	24,985	-	-	24,985
Lease liability	17	2,507	5,472	1,203	9,182
Total		27,492	5,472	1,203	34,167

Financial liabilities	Note	2021 Payable in			
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000
Payables	18	37,204	-	-	37,204
Lease liability	17	1,434	3,962	948	6,344
Total		38,638	3,962	948	43,548

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

24 Contingencies

Litigation in progress

As at 30 June 2022, there were 11 litigation matters in progress which may result in a financial settlement. It is not possible to make a reliable estimate of the final amount payable, if any, in respect of the litigation at this time. However, in all cases the QFES liability is limited to the QGIF excess amount of \$10,000 per successful litigant claim as QFES can claim back, less the excess, the amount paid to successful litigants (refer to Note 13).

Native title claims over departmental land

As at 30 June 2022, there are two native title claims relating to Rural Fire Brigade (RFB) sites. Negotiations are currently underway to determine the impact of these claims on the sites. At reporting date it is not possible to make an estimate of any probable outcome of these claims, or any financial effects.

25 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 \$0.112m (2021: \$0.061m).

26 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 \$0.308m (2021: \$0.499m).

Total cash at bank at reporting date was \$0.747m (2021: \$1.799m) with total donations payable to brigades \$0.747m (2021: \$1.799m).

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.

27 Events occurring after balance date

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

28 Significant financial impacts from the COVID-19 pandemic

During the 2021-22 financial year \$179.181m (2020-21: \$179.547m) has been recognised by the department in response to COVID-19 relating to quarantine expenses (refer to Note 11).

29 Budgetary reporting disclosures

As required by Queensland Treasury policy, an adjusted budget is presented when departments are impacted by machinery-of-government changes and the original budget figures in the previous Service Delivery Statement no longer serve as a useful basis to compare to the department's actual results. Accordingly, the QFES 2021-22 budget has been adjusted for the impact of the disestablishment of the Public Safety Business Agency. The budget figures used in this comparison represent the Adjusted Budget figures for the financial year, as published in the 2022-23 Service Delivery Statement tabled in Parliament.

Explanation of major variances - Statement of comprehensive income

Appropriation Revenue: Additional funding over budget was received for COVID-19 quarantine accommodation costs, quarantine logistics support and border control (\$193.898m), additional firefighter positions (\$14.101m), and Defined Benefit Superannuation No Disadvantage Policy Payments (\$1.195m). This is partially offset by funding returned to the Consolidated Fund associated with programs commencing in 2020-21 which experienced recruitment and delivery delays (\$7.363m), and a reduction in the statutory contribution associated with the Emergency Management Levy due to a reduced Government Indexation Rate (GIR) and property growth (\$0.900m).

Queensland Fire and Emergency Services
Notes to the financial statements
For the year ended 30 June 2022

29 Budgetary reporting disclosures (continued)

Explanation of major variances - Statement of comprehensive income (continued)

Grants and Contributions: Exceeded budgeted revenue due to contributed assets primarily associated with Rural Fire Brigades (\$6.943m), Disaster Recovery Funding Arrangements (DRFA) revenues associated with prior year severe bushfire and weather events (\$2.647m), sponsorships and contributions for State Emergency Services (\$1.461m) and Rural Fire Service (\$0.869m), contribution from Department of Home Affairs ACT towards a joint emergency management training exercise (\$0.400m), contribution from the Australian Institute for Disaster Resilience towards the Australian Warning System Public Education Campaign (\$0.484m), and Queensland Ambulance Service contribution for Kedron Complex asset maintenance (\$0.256m).

Gains on disposal/remeasurement of assets: Exceeded budget due to the reversal of prior year land asset revaluation decrement (\$19.011m) and gains from disposal of property, plant and equipment (\$0.819m).

Employee expenses: Exceeded budget mainly due to additional overtime expenditure associated with bushfire and severe weather deployments and staff absences compounded by COVID-19 and border closures (\$15.969m), partly offset by staff vacancies resulting from labour market challenges (\$6.235 million).

Supplies and services: Exceeded budget mainly due to COVID-19 response including hotel quarantine accommodation, logistics and border control (\$179.181m), and expenditure associated with bushfire and severe weather deployments (\$4.245m). This is partially offset by QFES project underspends due to recruitment and delivery delays (\$7.363m), delayed delivery of information and communication technology programs and projects delivered by the Queensland Police Service on behalf of QFES, and savings required to be achieved to fund growing demand to replace ageing assets within the QFES capital program.

Grants and subsidies: Variance is predominantly due to lower than expected funding provided to the Queensland Police Service for information and communication technology programs and projects, with funding redirected to QFES managed projects (supplies and services).

Increase/(decrease) in asset revaluation surplus: The increase in asset revaluation surplus is due to favourable asset revaluation outcomes on buildings and heritage and cultural assets following the asset revaluations undertaken during the year.

Explanation of major variances - Statement of financial position

Cash: The higher than expected cash position is due to significant program and projects delays associated with the ongoing global supply chain challenges, workforce impacts associated with the COVID-10 pandemic, and limited availability within the professional services labour market.

Property, plant and equipment: The increase in property, plant and equipment is due to favourable asset revaluation outcomes following the asset revaluations undertaken during the year.

Payables: The balance is lower than budgeted due to the cessation of QFES managed hotel quarantine arrangements which had significantly increased the payables balance, and ongoing emphasis on timely payment of invoices in support of the Government policy to expedite vendor payments during the COVID-19 pandemic.

Explanation of major variances - Statement of cash flows

User charges and fees: The higher than expected user charges and fees is mainly associated with additional building and infrastructure fire safety fee and unwanted alarm attendance revenues in 2021-22, and the timing of payments by customers.

Payments for property, plant and equipment: The payments are lower than expected associated with ongoing global supply chain challenges which have significantly impacted the fire and rescue and rural fire fleet programs in 2021-22.

Cash: The higher than expected cash position is due to significant program and projects delays associated with the ongoing global supply chain challenges, workforce impacts associated with the COVID-10 pandemic, and limited availability within the professional services labour market.

**Queensland Fire and Emergency Services
Management Certificate for the year ended 30 June 2022**

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 2022 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 Services, 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

26 August 2022



S. Lowth
B Commerce
FCPA

Chief Finance Officer

25 August 2022

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of Queensland Fire and Emergency Services

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of 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 2022, 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 2022, the statement of comprehensive income, statement of changes in equity, 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 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 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

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Specialised building valuation (\$398.67 million) and depreciation expense (\$19.08 million)

Refer to note 16 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>Except in rare circumstances where a market price in an active market exists, Queensland Fire and Emergency Services (QFES) derives the fair value of its buildings using the current replacement cost method that comprises:</p> <ul style="list-style-type: none"> • Gross replacement cost, less • Accumulated depreciation. <p>QFES values its buildings each year through a combination of specific appraisals for selected regions on a rolling basis, with the remainder of buildings revalued by applying relevant indices in the years between specific appraisals.</p> <p>QFES derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> • identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so, estimating the adjustment to the unit rate required to reflect this difference. • buildings not specifically appraised in the current year, indexing unit rates for increases in input costs. <p>The measurement of accumulated depreciation involves significant judgements for estimating the remaining useful lives of assets. The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Assessing management’s controls over the valuation process. • Assessing the appropriateness of the process used for measuring gross replacement cost with reference to common industry practices. • For unit rates: <ul style="list-style-type: none"> – Assessing the competence, capability and objectivity of the experts used by QFES to develop the unit rate models. – Obtaining an understanding of the methodology used and assessing its appropriateness with reference to common industry practices. – For building specific appraisals in the current year, evaluating on a sample basis the relevance, completeness and accuracy of source data used to derive the unit rate of the: <ul style="list-style-type: none"> ▪ modern substitute (including locality factors and on costs) ▪ adjustment for excess quality or obsolescence. – For buildings revalued through indexation, recalculating the index with reference to the current year’s specific appraisal. • Reviewing management and the expert’s assessment and application of asset componentisation and the consequential impact on depreciation expense. • Evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> – Reviewing management’s annual assessment of useful lives. – Assessing whether assets still in use have reached or exceeded their useful life. • Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.

Other information

Other information comprises financial and non-financial information (other than the audited financial report) included in the annual report for the year ended 30 June 2022.

The Accountable Officer is responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

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.

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.

From the matters communicated with the Accountable Officer, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

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.



Michael Claydon
as delegate of the Auditor-General

26 August 2022

Queensland Audit Office
Brisbane