Queensland Fire and Emergency Services Financial Statements For the year ended 30 June 2023

Queensland Fire and Emergency Services
Statement of comprehensive income
For the year ended 30 June 2023

	Notes	2023 Actual $'000	2023 Budget $'000	2023 Budget Variance * $'000	2022 Actual $'000
Income from continuing operations					
Appropriation revenue	4	202,940	150,466	52,474	338,769
User charges and fees	5	60,504	55,523	4,981	58,898
Emergency management levies	6	625,202	623,736	1,466	604,403
Grants and other contributions	7	35,869	16,002	19,867	28,740
Other revenue		9,219	2,570	6,649	4,157
Total revenue		**933,734**	**848,297**	**85,437**	**1,034,967**
Gains on disposal/remeasurement of assets	8	1,939	-	1,939	19,830
Total income from continuing operations		**935,673**	**848,297**	**87,376**	**1,054,797**
Expenses from continuing operations					
Employee expenses	9	572,823	520,410	52,413	509,307
Supplies and services	11	237,291	228,701	8,590	360,371
Grants and subsidies	12	23,043	26,746	(3,703)	23,047
Depreciation and amortisation	15-17	50,776	43,901	6,875	45,384
Impairment losses/(gains)		(116)	520	(636)	(498)
Interest on lease liability		476	78	398	119
Other expenses	13	13,779	12,332	1,447	12,319
Total expenses from continuing operations		**898,072**	**832,688**	**65,384**	**950,049**
Operating result for the year		**37,601**	**15,609**	**21,992**	**104,748**
Other comprehensive income not reclassified subsequently to operating result					
Increase/(decrease) in asset revaluation surplus	16	43,311	-	43,311	22,684
Total other comprehensive income		**43,311**	**-**	**43,311**	**22,684**
Total comprehensive income		**80,912**	**15,609**	**65,303**	**127,432**

* An explanation of major variances is included at Note 28.

The accompanying notes form part of these statements.

Queensland Fire and Emergency Services
Statement of financial position
As at 30 June 2023

	Notes	2023 Actual $'000	2023 Budget $'000	2023 Budget Variance * $'000	2022 Actual $'000
Assets					
Current assets					
Cash		150,239	72,070	78,169	112,490
Receivables	14	106,553	67,194	39,359	86,762
Inventories		6,961	8,324	(1,363)	8,065
Prepayments		6,925	6,079	846	6,069
Total current assets		**270,678**	**153,667**	**117,011**	**213,386**
Non-current assets					
Intangible assets	15	377	376	1	1,254
Property, plant and equipment	16	956,600	859,981	96,619	884,031
Right-of-use assets	17	29,530	6,482	23,048	8,951
Total non-current assets		**986,507**	**866,839**	**119,668**	**894,236**
Total assets		**1,257,185**	**1,020,506**	**236,679**	**1,107,622**
Liabilities					
Current liabilities					
Payables	18	48,174	37,471	10,703	24,985
Lease liabilities	17	3,014	1,992	1,022	2,507
Accrued employee benefits	19	39,965	17,640	22,325	19,145
Other current liabilities	20	351	2,000	(1,649)	2,117
Total current liabilities		**91,504**	**59,103**	**32,401**	**48,754**
Non-current liabilities					
Lease liabilities	17	26,800	4,820	21,980	6,675
Total non-current liabilities		**26,800**	**4,820**	**21,980**	**6,675**
Total liabilities		**118,304**	**63,923**	**54,381**	**55,429**
Net assets		**1,138,881**	**956,583**	**182,298**	**1,052,193**
Equity					
Contributed equity		839,199			833,423
Accumulated surplus		217,144			179,543
Asset revaluation surplus		82,538			39,227
Total equity		**1,138,881**			**1,052,193**

* An explanation of major variances is included at Note 28.

The accompanying notes form part of these statements.

Queensland Fire and Emergency Services
Statement of changes in equity
For the year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Contributed equity			
Opening balance		833,423	719,232
Transactions with owners as owners:			
Appropriated equity adjustments	4	7,472	5,394
Net transfers to the QPS - 1 May 2023	3	(1,696)	-
Net transfers from the PSBA - 1 July 2021	3	-	108,797
Closing balance		**839,199**	**833,423**
Accumulated surplus/(deficit)			
Opening balance		179,543	74,795
Operating result		37,601	104,748
Closing balance		**217,144**	**179,543**
Asset revaluation surplus			
Opening balance		39,227	16,543
Increase/(decrease) in asset revaluation surplus		43,311	22,684
Closing balance *		**82,538**	**39,227**
Total equity		**1,138,881**	**1,052,193**

* Asset revaluation surplus is comprised of: Land $24.776m (2021-22: $nil), Buildings $57.240m (2021-22: $38.759m) and Heritage and cultural $0.522m (2021-22: $0.468m).

The accompanying notes form part of these statements.

Queensland Fire and Emergency Services
Statement of cash flows
For the year ended 30 June 2023

	2023 Actual $'000	2023 Budget $'000	2023 Budget Variance * $'000	2022 Actual $'000
Cash flows from operating activities				
Inflows:				
Service appropriation receipts	166,658	150,466	16,192	356,209
User charges and fees	59,636	55,003	4,633	62,228
Emergency management levies	648,562	623,736	24,826	586,079
Grants and other contributions	20,714	5,786	14,928	11,671
GST input tax credits from ATO	30,675	24,572	6,103	44,606
GST collected from customers	5,095	6,545	(1,450)	4,017
Other	4,268	2,570	1,698	4,159
Outflows:				
Employee expenses	(557,207)	(520,410)	(36,797)	(510,576)
Supplies and services	(218,165)	(228,701)	10,536	(368,524)
Grants and subsidies	(23,043)	(26,746)	3,703	(23,049)
GST paid to suppliers	(31,176)	(24,572)	(6,604)	(43,523)
GST remitted to ATO	(5,095)	(6,545)	1,450	(4,017)
Other	(1,931)	(2,116)	185	(2,906)
Net cash provided by/(used in) operating activities	**98,991**	**59,588**	**39,403**	**116,374**
Cash flows from investing activities				
Inflows:				
Sales of property, plant and equipment	8,322	500	7,822	1,986
Outflows:				
Payments for property, plant and equipment	(72,533)	(67,460)	(5,073)	(54,897)
Net cash provided by/(used in) investing activities	**(64,211)**	**(66,960)**	**2,749**	**(52,911)**
Cash flows from financing activities				
Inflows:				
Equity injections	9,181	6,434	2,747	9,032
Outflows:				
Equity withdrawals	(3,138)	(3,138)	-	(3,638)
Lease payments	(3,074)	(1,231)	(1,843)	(2,174)
Net cash provided by/(used in) financing activities	**2,969**	**2,065**	**904**	**3,220**
Net increase/(decrease) in cash	37,749	(5,307)	43,056	66,683
Increase/(decrease) in cash from transfers between Government entities	-	-	-	11,312
Cash at beginning of financial year	112,490	77,377	35,113	34,495
Cash at end of financial year	**150,239**	**72,070**	**78,169**	**112,490**

* An explanation of major variances is included at Note 28.

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.

The accompanying notes form part of these statements.

Reconciliation of operating result to net cash from operating activities

	2023 $'000	2022 $'000
Operating result	37,601	104,748
Non-cash items included in operating result:		
Depreciation and amortisation expense	50,776	45,384
Contributed assets received	(4,843)	(6,895)
Assets written on	(1,935)	(17)
Net losses on disposal of property, plant and equipment	509	100
Net gains on disposal of property, plant and equipment	(1,549)	(819)
Revaluation decrement reversal	(390)	(19,011)
Impairment losses	(116)	(498)
Lease interest expense	476	119
Change in assets and liabilities:		
(Increase)/decrease in emergency management levies	22,643	(18,324)
(Increase)/decrease in trade debtors	1,095	(73)
(Increase)/decrease in net GST receivable	(501)	1,083
(Increase)/decrease in annual leave receivables	(4,692)	(3,256)
(Increase)/decrease in long service leave receivables	(150)	(609)
(Increase)/decrease in appropriation revenue receivable	(36,282)	17,440
(Increase)/decrease in accrued debtors	(342)	2,538
(Increase)/decrease in other receivables	(134)	(384)
(Increase)/decrease in inventories	1,103	261
(Increase)/decrease in other current assets	(856)	(113)
Increase/(decrease) in payables	17,521	(7,103)
Increase/(decrease) in accrued employee benefits	20,822	1,503
Increase/(decrease) in other liabilities	(1,765)	300
Net cash from operating activities	**98,991**	**116,374**

Reconciliation of liabilities arising from financing activities

	2023 $'000	2022 $'000
Opening balance as at 1 July	9,182	6,344
New leases acquired	23,231	4,893
Non-cash changes:		
Interest	476	119
Cash flows:		
Lease liability repayments	(3,074)	(2,174)
Closing balance as at 30 June	**29,815**	**9,182**

1 Basis of financial statement preparation

(a) General information

Queensland Fire and Emergency Services is a Queensland Government public sector department under the *Public Sector Act 2022*.

Queensland Fire and Emergency Services (QFES) 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 2022.

(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

AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*, which is applicable from 1 January 2024 has been assessed as having no material impact to the department due to its alignment with existing departmental policies.

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

2 Principal activities of the department

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.

3 Machinery-of-Government changes

Following the announcement made on 26 October 2022 by the Queensland Government in response to the outcomes of an independent review of Queensland Fire and Emergency Services titled "Good Jobs and Better Fire and Emergency Services to Support Queensland's Great Lifestyle", the following reform implementation was recommended:

- the establishment of a dedicated fire services department
- transitioning the SES and Marine Rescue Queensland (MRQ) to the QPS and Queensland's disaster management functions to the QPS and Queensland Reconstruction Authority (QRA).

A Reform Implementation Taskforce has been established and is coordinating the implementation of the reforms over a two-year period.

The Marine Rescue Implementation Program responsible for establishing the new MRQ entity transferred from QFES to the QPS effective 1 May 2023. Accordingly, work-in-progress assets to the value of $1.696m transferred from QFES to the QPS as at 1 May 2023. 2022-23 appropriation of $2.339m also transferred to the QPS.

The transfer of remaining services will occur in 2023-24 with a date of transfer yet to be confirmed.

<u>2021-22 Machinery-of-Government changes</u>

Net assets of $108.797m were transferred to the department on 1 July 2021 as a result of the Public Safety Business Agency (PSBA) disestablishment and was accounted for as an increase in contributed equity as disclosed in the statement of changes in equity.

4 Appropriation revenue

	2023 $'000	2022 $'000
Reconciliation of payments from Consolidated Fund to appropriation revenue recognised in Statement of comprehensive income		
Original budgeted appropriation revenue	150,466	135,298
Unforeseen expenditure	16,192	220,911
Total appropriation receipts (cash)	**166,658**	**356,209**
Less: Opening balance of appropriation revenue receivable	(523)	(17,963)
Plus: closing balance of appropriation receivable	36,805	523
Net appropriation revenue	**202,940**	**338,769**
Appropriation revenue recognised in Statement of comprehensive income	**202,940**	**338,769**
Variance between original budgeted and actual appropriation revenue	**52,474**	**203,471**
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity		
Original budgeted equity adjustment appropriation	3,296	1,990
Unforeseen expenditure	2,747	3,404
Expected equity adjustment receipts	6,043	5,394
Plus: Closing balance of equity adjustment receivable	1,429	-
Equity adjustment recognised in contributed equity	**7,472**	**5,394**
Variance between original budgeted and actual equity adjustment appropriation	**4,176**	**3,404**

<u>Accounting Policy - Appropriation revenue</u>

Appropriations provided under the *Appropriation Act 2022* are recognised as revenue when received or receivable. Where appropriation revenue has been approved but not yet received, it is recorded as appropriation revenue receivable at the end of the reporting period.

5 User charges and fees

	2023 $'000	2022 $'000
Alarm maintenance and monitoring	23,976	23,089
Attendance charges	14,295	13,924
Building and infrastructure fire safety	20,155	18,837
Sale of goods and services	2,078	3,048
Total	**60,504**	**58,898**

<u>Accounting Policy - User charges and fees</u>

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

	2023 $'000	2022 $'000
Gross emergency management levies	636,186	615,130
Less: pensioner discount	(10,984)	(10,727)
Total	**625,202**	**604,403**

Accounting Policy - Emergency management levies

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

7 Grants and other contributions

	2023 $'000	2022 $'000
Commonwealth contributions	2,298	1,963
Contributed assets *	4,843	6,943
Grants from other Queensland Government entities **	13,178	4,352
Motor Accident Insurance Commission	2,482	2,785
Services received below fair value ***	10,499	10,126
Other	2,569	2,571
Total	**35,869**	**28,740**

* Contributed assets comprise Land of $2.076m (2021-22: $nil), Buildings of $2.134m (2021-22: $4.037m) and Plant and equipment of $0.633m (2021-22: $2.906m).

** Grants from other Queensland Government entities include:

- Disaster Recovery Funding Arrangements assistance from QRA of $11.452m (2021-22: $2.647m)
- Sponsorships and contributions for SES and RFS of $1.179m (2021-22: $1.311m)
- Sector Adaptation Plan funding from Department of Environment and Science (DES) of $0.547m (2021-22: $nil)

*** Services received below fair value represents an estimate of the Government Wireless Network (GWN) services received as managed by the Department of Transport and Main Roads (TMR).

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 RFS and SES, as the fair value of their services cannot be measured reliably.

8 Gains on disposal and remeasurement of assets

	2023 $'000	2022 $'000
Gains from disposal of property, plant and equipment	1,549	819
Revaluation decrement reversals of property, plant and equipment	390	19,011
Total	**1,939**	**19,830**

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.

9 Employee expenses

	2023 $'000	2022 $'000
Employee benefits		
Wages and salaries - General	354,870	326,195
Wages and salaries - Overtime	38,981	36,469
Annual leave levy	62,872	54,776
Employer superannuation contributions	59,036	45,202
Long service leave levy	10,848	9,540
Employee related expenses		
Training expenses	5,154	2,658
Workers' compensation premiums	20,910	18,974
Other employee related expenses	20,152	15,493
Total	**572,823**	**509,307**

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:

	2023	2022
Full-Time equivalent employees (number)	3,825	3,672

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 Enterprise Bargain Agreement (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 staff, 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*.

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 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	Providing overall strategic leadership and coordination for the development and maintenance of state capability, strategy and policy for the RFS and SES 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 position has responsibility for corporate functions including Finance, Procurement and Levy; Strategy; Assurance; Asset Services; Information and Technology; and QFES People Directorates, and Internal Audit.
Deputy Commissioner - Fire and Rescue Service (new position from 27/02/2023)	Providing overall strategic leadership and co-ordination for the development and maintenance of state capability, strategy and policy for the FRS. The capabilities are wide-ranging including building compliance, international deployment of Urban Search and Rescue (USAR) teams, state-wide aircraft capabilities, chemical emergency management and fire communications. The Deputy Commissioner is also responsible for the reform implementation project.

An independent external member is appointed to the QFES Board of Management. The independent external member received $6,900 in remuneration (2021-22: $16,500).

(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 Sector Commission as provided for under the *Public Sector Act 2022*. 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.

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 2022 – 30 June 2023

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	505	-	11	55	-	**571**
Deputy Commissioner - Readiness and Response Services	264	26	7	33	-	**330**
A/Deputy Commissioner - Capability and State Services	245	-	6	24	-	**275**
	60	5	2	6	-	**73**
A/Deputy Commissioner - Strategy and Corporate Services	265	-	7	30	-	**302**
A/Deputy Commissioner - Fire and Rescue Service (from 27/02/2023)	121	6	2	9	-	**138**

1 July 2021 – 30 June 2022

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	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 and Community Resilience *	154	14	4	18	-	**190**
A/Deputy Commissioner - Strategy and Corporate Services	263	-	6	29	-	**298**

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

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

There were no related party transactions associated with the department's KMP during 2022-23 (2021-22: nil).

11 Supplies and services

	2023 $'000	2022 $'000
Advertising expenses	5,373	2,919
Aircraft related costs	13,779	8,039
Communications	25,302	22,903
Computer expenses	11,142	9,441
Contractors and professional services	25,287	13,102
COVID-19 State hotel quarantine costs *	-	179,181
Emergency management levy administration fees	7,173	7,089
Lease expenses	5,865	5,134
Minor equipment purchases	15,382	13,943
Motor vehicle expenses	23,134	19,393
Property expenses	7,993	6,459
QPS - operating expense **	42,102	32,255
Repairs and maintenance	19,836	13,376
Travel and accommodation	12,311	8,027
Other	22,612	19,110
Total	**237,291**	**360,371**

* Includes all costs associated with COVID-19 hotel quarantine provided by the State through the State Disaster Coordination Centre (SDCC). 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).

** QPS operating expense represents the financial contribution made to the 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

	2023 $'000	2022 $'000
Air sea rescue, coast guard and life saving organisations	13,338	11,756
Local governments	3,404	3,799
QPS - capital grant	852	2,969
Rural fire brigades	717	1,250
State emergency service groups	2,321	1,343
Other	2,411	1,930
Total	**23,043**	**23,047**

13 Other expenses

	2023 $'000	2022 $'000
Audit fees *	233	369
Insurance premiums - QGIF	1,457	1,332
Loss on disposal of property, plant and equipment	509	100
Services received below fair value **	10,499	10,126
Special payments ***	130	142
Other	951	250
Total	**13,779**	**12,319**

* Total audit fees quoted by Queensland Audit Office for the financial statements are $312,500 (2021-22: $305,000). The current year figure includes prior year expenses totalling $99,848.

** Services received below fair value represents an estimate of the Government Wireless Network (GWN) services received as managed by TMR.

*** Special payments in 2022-23 include:

- Ex-gratia payments made to operational staff for expenses not covered by WorkCover Queensland which includes payments to eleven (11) staff of amounts over $5,000 (2021-22: fourteen (14) staff with payments over $5,000);
- Early retirement of a staff member.

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 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

	2023 $'000	2022 $'000
Emergency management levies	38,379	61,022
Trade debtors	5,492	6,704
Less: Allowance for impairment loss	(84)	(201)
	43,787	67,525
GST receivable	3,581	3,167
GST payable	-	(87)
	3,581	3,080
Accrued debtors	609	266
Annual leave reimbursements	17,134	12,442
Appropriation revenue receivable	38,234	523
Long service leave reimbursements	2,226	2,076
Other	982	850
	59,185	16,157
Total	**106,553**	**86,762**

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 are 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 on receivables 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.

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 transactions during the last eight (8) years preceding 30 June 2023. 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. 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	Total
	2023	2023	2023
	$'000	$'000	$'000
Gross value	317	24,846	25,163
Less: Accumulated amortisation	(317)	(24,469)	(24,786)
	-	377	377
Reconciliation			
Opening balance	-	1,254	1,254
Amortisation	-	(877)	(877)
Closing balance	-	377	377

	2022	2022	2022
	$'000	$'000	$'000
Gross value	317	24,846	25,163
Less: Accumulated amortisation	(317)	(23,592)	(23,909)
	-	1,254	1,254
Reconciliation			
Opening balance	-	2,131	2,131
Amortisation	-	(877)	(877)
Closing balance	-	1,254	1,254

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 16.7%

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.

16 Property, plant and equipment

	Land	Buildings	Heritage and cultural	Plant and equipment	Work in progress	Total
	2023 $'000	**2023 $'000**	**2023 $'000**	**2023 $'000**	**2023 $'000**	**2023 $'000**
Gross value	232,810	704,668	2,224	532,702	54,038	1,526,442
Less: Accumulated depreciation	-	(270,829)	(1,588)	(297,425)	-	(569,842)
	232,810	**433,839**	**636**	**235,277**	**54,038**	**956,600**
Reconciliation						
Opening balance	205,343	398,668	630	236,753	42,637	884,031
Acquisitions	292	866	-	6,894	70,262	78,314
Assets written on	-	1,935	-	-	-	1,935
Contributed assets	2,076	2,134	-	633	-	4,843
Transfers from/(to) other agencies	-	-	-	-	(1,696)	(1,696)
Transfers between asset classes	4,205	36,756	-	16,204	(57,165)	-
Disposals	(4,272)	(2,628)	-	(381)	-	(7,281)
Net revaluation increments/(decrements) in revaluation surplus	24,776	18,481	54	-	-	43,311
Revaluation decrement reversal recognised in operating surplus/(deficit)	390	-	-	-	-	390
Depreciation	-	(22,373)	(48)	(24,826)	-	(47,247)
Closing balance	**232,810**	**433,839**	**636**	**235,277**	**54,038**	**956,600**

	Land	Buildings	Heritage and cultural	Plant and equipment	Work in progress	Total
	2022 $'000	**2022 $'000**	**2022 $'000**	**2022 $'000**	**2022 $'000**	**2022 $'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	-	2,947	44,469	49,884
Assets written on	-	-	-	17	-	17
Contributed assets	-	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**

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.

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 2023. The fair value as at 30 June 2023 is materially the same as the valuation completed as at 31 March 2023.

Land

During 2022-23 independent revaluations were performed for land in the QFES Far Northern and Northern 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 2022-23 independent revaluations were performed for buildings in the QFES Far Northern and Northen 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 2023.

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	
	2023	2022	2023	2022	2023	2022
Land	232,810	205,343	-	-	232,810	205,343
Buildings	1,359	17,873	432,479	380,795	433,838	398,668
Heritage and cultural	-	-	636	630	636	630

Level 3 fair value reconciliation

	Buildings		Heritage and cultural		Total Level 3 assets	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Carrying amount as at 1 July	380,795	279,851	630	190	381,425	280,041
Acquisitions	867	38	-	-	867	38
Assets written on	1,935	-	-	-	1,935	-
Contributed assets	2,134	4,037	-	-	2,134	4,037
Transfers to/(from) level 3	17,101	-	-	-	17,101	-
Transfers from/(to) - PSBA 1 July 2021	-	65,819	-	-	-	65,819
Transfers between asset classes	36,093	26,145	-	-	36,093	26,145
Disposals	(2,628)	(70)	-	-	(2,628)	(70)
Net revaluation increments/(decrements) in revaluation surplus	18,487	22,776	54	457	18,541	23,233
Depreciation	(22,305)	(17,801)	(48)	(17)	(22,353)	(17,818)
Carrying amount as at 30 June	**432,479**	**380,795**	**636**	**630**	**433,115**	**381,425**

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 25%
Heritage and cultural	1%
Plant and equipment	1% to 50%

17 Right-of-use assets and lease liabilities

Right-of-use assets

	Land 2023 $'000	Buildings 2023 $'000	Total 2023 $'000
Gross Value	209	36,599	36,808
Less: Accumulated depreciation	(27)	(7,251)	(7,278)
	182	**29,348**	**29,530**
Reconciliation			
Opening balance	-	8,951	8,951
Acquisitions	209	23,022	23,231
Depreciation	(27)	(2,625)	(2,652)
Closing balance	**182**	**29,348**	**29,530**

	2022 $'000	2022 $'000	2022 $'000
Gross Value	23	13,864	13,887
Less: Accumulated depreciation	(23)	(4,913)	(4,936)
	(0)	**8,951**	**8,951**
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	**-**	**8,951**	**8,951**

Lease liabilities	2023 $'000	2022 $'000
Current		
Lease liabilities	3,014	2,507
Non-Current		
Lease liabilities	26,800	6,675
Total	**29,814**	**9,182**

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.

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 is 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
Land	The department has a 5-year lease with two further extension options of 5 years each, for land from Logan City Council for the Jimboomba Fire and Rescue Station.
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 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.

	2023 $'000	2022 $'000
(iii) Amounts recognised in profit or loss		
Interest expense on lease liabilities	476	119
Breakdown of 'Lease expenses' included in Note 11		
- Expenses relating to short-term leases	984	209
- Expenses relating to leases of low value assets	28	22
- Expenses relating to office accommodation and employee housing provided by DEPW	4,853	4,903
(iv) Total cash outflow for leases	5,865	5,134

18 Payables

	2023 $'000	2022 $'000
Accrued creditors	29,763	20,870
Trade creditors	18,277	4,063
Other	134	52
Total	**48,174**	**24,985**

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

	2023 $'000	2022 $'000
Annual leave levy payable	18,529	14,335
Long service leave levy payable	3,185	2,807
Salaries and wages outstanding	17,679	1,573
Other	572	430
Total	**39,965**	**19,145**

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	2023 $'000	2022 $'000
20 Other current liabilities			
Unearned revenue		351	2,090
Other		-	27
Total		**351**	**2,117**

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 of which are provided in cash via the 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.

22 Commitments

Capital expenditure commitments

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

		2023 $'000	2022 $'000
Class of asset			
Land		-	39
Buildings		11,915	6,921
Plant and equipment		49,042	75,501
Total		**60,957**	**82,461**
Not later than one year		53,945	43,837
Later than one year and not later than five years		7,012	38,624
Total		**60,957**	**82,461**

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 RFS and FRS appliances.

23 Financial instruments

Financial instruments categories

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

	Note	2023 $'000	2022 $'000
Financial assets			
Cash		150,239	112,490
Financial assets measured at amortised cost:			
Receivables	14	106,553	86,762
Total financial assets		**256,792**	**199,252**
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	18	48,174	24,985
Lease Liabilities	17	29,814	9,182
Total financial liabilities at amortised cost		**77,988**	**34,167**

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.

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	2023 Payable in			
		<1 year $'000	1-5 years $'000	>5 years $'000	Total $'000
Payables	18	48,174	-	-	**48,174**
Lease liability	17	3,014	4,982	21,818	**29,814**
Total		**51,188**	**4,982**	**21,818**	**77,988**

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**

24 Contingencies

Litigation in progress

As at 30 June 2023, there were eleven (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 (refer to Note 13).

Native title claims over departmental land

As at 30 June 2023, there are three (3) native title claims relating to Rural Fire Service 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.

Per-fluoroalkyl and poly-fluoroalkyl substances (PFAS)

The department works with state authorities to ensure historical use of PFAS is appropriately managed. This includes testing of a number of QFES sites throughout Queensland, however, it is not practicable to measure the financial effect including any land remediation costs.

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 the Consolidated Fund was $0.112m (2022: $0.112m).

26 Trust transactions and balances

QFES 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.

	2023 $'000	2022 $'000
Opening balance as at 1 July	747	1,799
Donations received during the year	209	308
Donations paid during the year	(423)	(1,360)
Closing balance as at 30 June	**533**	**747**

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

Details of Machinery-of-Government changes occurring after balance date are referred to in Note 3.

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.

28 Budgetary reporting disclosures

Explanation of major variances - Statement of comprehensive income

Appropriation Revenue: Exceeded budget due to additional funding received for the onboarding of additional firefighters associated with the '357 firefighter' government election commitment ($23.315m), additional funding for the State Emergency Service ($7.000m), Rural Fire Service ($0.200m), and Marine Rescue ($0.661m), public sector wages policy and enterprise bargaining outcomes ($14.505m), Defined Benefit Superannuation No Disadvantage Policy Payments ($1.019m), increase to superannuation entitlements ($7.920m), increase to Commonwealth contributions associated with the provision of fire services ($0.669m), increase in the statutory contribution associated with the Emergency Management Levy due to an increased Government Indexation Rate (GIR) ($1.518m), partly offset by deferral and return of funds for various projects due to labour market challenges and supply chain issues ($4.333m).

Grants and other contributions: Exceeded budgeted revenue mainly due to contributed assets primarily associated with Rural Fire Brigades ($4.843m), sponsorships and contributions primarily for the State Emergency Service ($1.987m), a contribution from the National Emergency Management Agency towards the Disaster Risk Information Portal ($0.395m), and Disaster Recovery Funding Arrangements (DRFA) reimbursements for disaster events ($11.452m).

28 Budgetary reporting disclosures (continued)

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

Employee expenses: Exceeded budget mainly due to the onboarding of additional firefighters associated with the '357 firefighter' government election commitment ($22.438m), additional overtime expenditure ($11.038m) associated with bushfire and severe weather deployments and staff absences, public sector wages policy and enterprise bargaining related increases ($14.505m), increases to superannuation entitlements ($7.920m), partly offset by staff vacancies resulting from labour market challenges.

Supplies and services: Exceeded budget mainly due to expenditure associated with bushfire and severe weather deployments ($8.048m) and increased supplies and services costs with the onboarding of additional firefighters associated with the '357 firefighter' government election commitment ($5.380m). This is partly offset by project and program underspends impacted by ongoing labour market constraints impacting on procurement activities and supply chain issues.

Grants and subsidies: The variance is predominantly due to lower than expected funding provided to the Queensland Police Service for information and communication technology programs and projects, with a greater portion of projects undertaken directly by QFES rather than outsourcing to the Queensland Police Service Frontline Digital Division.

Depreciation and amortisation: Exceeded budget mainly due to the accelerated depreciation of building assets following changes to the planned asset replacement program.

Increase/(decrease) in asset revaluation surplus: Exceeded budget due to an increase in land, buildings, and heritage and cultural asset values 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 program and projects delays associated with the ongoing global supply chain challenges, and limited availability within the professional services labour market.

Receivables: Exceeded budget mainly related to the timing of receipt of appropriation revenues, with appropriation receivable recognised mainly for the onboarding of additional firefighters associated with the '357 firefighter' government election commitment ($23.315m) and public sector wages policy and enterprise bargaining increases ($6.874m).

Property, plant and equipment: The increase in value of property, plant and equipment is due to an increase to asset values associated with asset revaluation outcomes, as well as increased investment in capital works programs with accelerated strategic land acquisitions.

Right-of-use assets: The increase in 2023 is due to a new lease negotiated for twenty years for the northern region headquarters.

Payables: Exceeded budget due to the revised timing of payments to trade creditors and recognition of services received but not yet invoiced.

Accrued employee benefits: Accruals for both the Cost of Living Allowance (COLA) and additional superannuation entitlements, have resulted in increased accrued benefits in 2022-23, with payment of these amounts scheduled to be paid to employees in 2023-24.

Explanation of major variances - Statement of cash flows

Service appropriation receipts: Exceeded budget mainly due to additional funding received for the State Emergency Service, Rural Fire Service, and Marine Rescue, and funding for public sector wages policy and enterprise bargaining outcomes.

Emergency management levies: The higher than expected levies is due to the timing of remittance of funds collected by Local Government, with a large portion of 2021-22 related payments occurring in 2022-23.

Employee expenses: The higher than expected employee expenses is mainly due to the onboarding of additional firefighters associated with the '357 firefighter' government election commitment, additional overtime expenditure associated with bushfire and severe weather deployments and staff absences, and public sector wages policy and enterprise bargaining related increases.

Payments for property, plant and equipment: Exceeded budget due to increased investment in capital works programs with accelerated strategic land acquisitions.

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

Queensland Fire and Emergency Services

Management Certificate for the year ended 30 June 2023

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 2023 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

24 August 2023

S. Lowth
B Commerce
FCPA

Chief Finance Officer

23 August 2023

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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 2023, 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 2023, 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 material accounting policy 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.

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Specialised building valuation ($433.839 million) and depreciation expense ($22.373 million)

Refer to note 16 in the financial report.

Key audit matter	How my audit addressed the key audit matter
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: • Gross replacement cost, less • Accumulated depreciation. 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. QFES derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for: • 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. 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.	My procedures included, but were not limited to: • 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: – 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: ▪ 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: – 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.

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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 forming an opinion on the effectiveness of the department's internal controls, but allows me to form an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of material accounting policy information 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.

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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 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 2023:

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.

M. Claydon

24 August 2023

Michael Claydon
as delegate of the Auditor-General

Queensland Audit Office
Brisbane