

# Queensland Fire and Emergency Services

## Financial Statements

### For the year ended 30 June 2021

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**Queensland Fire and Emergency Services**  
**Statement of comprehensive income**  
**For the year ended 30 June 2021**

	Notes	2021 Actual \$'000	2021 Original Budget \$'000	2021 Budget Variance* \$'000	2020 Actual \$'000
<b>Income from continuing operations</b>					
Appropriation revenue	4	233,451	124,309	109,142	136,493
User charges and fees	5	53,711	52,298	1,413	55,463
Emergency management levies	6	580,589	581,326	(737)	562,483
Grants and other contributions	7	134,389	98,184	36,205	52,688
Other revenue		5,869	2,354	3,515	3,229
<b>Total revenue</b>		<b>1,008,009</b>	<b>858,471</b>	<b>149,538</b>	<b>810,356</b>
Gains on disposal/remeasurement of assets		1,239	-	1,239	1
<b>Total income from continuing operations</b>		<b>1,009,248</b>	<b>858,471</b>	<b>150,777</b>	<b>810,357</b>
<b>Expenses from continuing operations</b>					
Employee expenses	8	452,941	467,936	(14,995)	459,942
Supplies and services	10	420,013	244,389	175,624	320,440
Grants and subsidies	11	22,841	38,625	(15,784)	18,551
Depreciation and amortisation	14-16	36,645	37,509	(864)	7,009
Impairment losses / (gains)		157	520	(363)	(77)
Revaluation decrement	15	19,402	-	19,402	-
Interest on lease liability		103	116	(13)	116
Other expenses	12	12,164	11,642	522	12,372
<b>Total expenses from continuing operations</b>		<b>964,266</b>	<b>800,737</b>	<b>163,529</b>	<b>818,353</b>
<b>Operating result for the year</b>		<b>44,982</b>	<b>57,734</b>	<b>(12,752)</b>	<b>(7,996)</b>
<b>Other comprehensive income not reclassified subsequently to operating result</b>					
Increase/(decrease) in asset revaluation surplus	15	16,255	-	16,255	-
<b>Total other comprehensive income</b>		<b>16,255</b>	<b>-</b>	<b>16,255</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>61,237</b>	<b>57,734</b>	<b>3,503</b>	<b>(7,996)</b>

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

The accompanying notes form part of these statements.

**Queensland Fire and Emergency Services**  
**Statement of financial position**  
**As at 30 June 2021**

	Notes	2021 Actual \$'000	2020 Actual \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash		34,495	28,414
Receivables	13	85,177	54,479
Inventories		8,324	6,345
Prepayments		5,955	2,598
<b>Total current assets</b>		<b>133,951</b>	<b>91,836</b>
<b>Non-current assets</b>			
Intangible assets *	14	2,131	3,008
Property, plant and equipment *	15	731,391	18,328
Right-of-use assets	16	6,286	6,510
<b>Total non-current assets</b>		<b>739,808</b>	<b>27,846</b>
<b>Total assets</b>		<b>873,759</b>	<b>119,682</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	17	37,204	34,965
Lease liabilities	16	1,434	1,586
Accrued employee benefits	18	17,639	20,423
Other current liabilities	19	2,002	1,632
<b>Total current liabilities</b>		<b>58,279</b>	<b>58,606</b>
<b>Non-current liabilities</b>			
Lease liabilities	16	4,910	4,894
<b>Total non-current liabilities</b>		<b>4,910</b>	<b>4,894</b>
<b>Total liabilities</b>		<b>63,189</b>	<b>63,500</b>
<b>Net assets</b>		<b>810,570</b>	<b>56,182</b>
<b>Equity</b>			
Contributed equity		719,232	26,081
Accumulated surplus		74,795	29,813
Asset revaluation surplus		16,543	288
<b>Total equity</b>		<b>810,570</b>	<b>56,182</b>

\* On 1 July 2020, the Public Safety Business Agency (PSBA) transferred assets to Queensland Fire and Emergency Services (QFES) as a result of a shift in assets accounting management and policy. Refer to Note 3 for further details.

*The accompanying notes form part of these statements.*

**Queensland Fire and Emergency Services**  
**Statement of changes in equity**  
**For the year ended 30 June 2021**

	Notes	2021 \$'000	2020 \$'000
<b>Contributed equity</b>			
Opening balance		26,081	36,522
Transactions with owners as owners:			
Appropriated equity adjustments	4	(6,515)	(10,441)
Net transfers from PSBA - 1 July 2020	3	699,666	-
Closing balance		<u>719,232</u>	<u>26,081</u>
<b>Accumulated surplus/(deficit)</b>			
Opening balance		29,813	37,809
Operating result		44,982	(7,996)
Closing balance		<u>74,795</u>	<u>29,813</u>
<b>Asset revaluation surplus</b>			
Opening balance		288	288
Increase/(decrease) in asset revaluation surplus		16,255	-
Closing balance *		<u>16,543</u>	<u>288</u>
<b>Total equity</b>		<u>810,570</u>	<u>56,182</u>

\* Asset revaluation surplus is comprised of: Land \$nil (2020: \$0.069m), Buildings \$16.531m (2020: \$0.210m) and Heritage and Cultural \$0.012m (2020: \$0.009m).

*The accompanying notes form part of these statements.*



**Queensland Fire and Emergency Services**  
**Statement of cash flows**  
**For the year ended 30 June 2021**

	<b>2021</b>	<b>2020</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
<i>Inflows:</i>		
Service appropriation receipts	215,249	134,718
User charges and fees	55,049	57,281
Emergency management levies	572,440	554,525
Grants and other contributions	122,689	42,236
GST input tax credits from ATO	40,352	24,262
GST collected from customers	7,736	6,545
Other	5,863	2,747
<i>Outflows:</i>		
Employee expenses	(461,553)	(457,417)
Supplies and services	(425,961)	(311,955)
Grants and subsidies	(22,842)	(18,551)
GST paid to suppliers	(43,040)	(24,571)
GST remitted to ATO	(7,736)	(6,545)
Other	(1,629)	(3,882)
<b>Net cash provided by/(used in) operating activities</b>	<b>56,617</b>	<b>(607)</b>
<b>Cash flows from investing activities</b>		
<i>Inflows:</i>		
Sales of property, plant and equipment	4,556	-
<i>Outflows:</i>		
Payments for property, plant and equipment	(63,173)	(4,078)
Payments for intangibles	-	(534)
Payments for right-of-use assets	(1,209)	-
<b>Net cash provided by/(used in) investing activities</b>	<b>(59,826)</b>	<b>(4,612)</b>
<b>Cash flows from financing activities</b>		
<i>Inflows:</i>		
Equity injections	12,960	250
<i>Outflows:</i>		
Equity withdrawals	(19,475)	(10,691)
Lease payments	(1,447)	(1,422)
<b>Net cash provided by/(used in) financing activities</b>	<b>(7,962)</b>	<b>(11,863)</b>
Net increase/(decrease) in cash	(11,171)	(17,082)
Increase/(decrease) in cash from transfers between Government entities	17,252	-
Cash at beginning of financial year	28,414	45,496
<b>Cash at end of financial year</b>	<b>34,495</b>	<b>28,414</b>

**Queensland Fire and Emergency Services**  
**Notes to the statement of cash flows**  
**For the year ended 30 June 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of operating result to net cash from operating activities</b>		
Operating result	44,982	(7,996)
<b>Non-cash items included in operating result:</b>		
Depreciation and amortisation expense	36,645	7,009
Revaluation decrement	19,402	-
Donated assets received	(1,673)	(506)
Assets written on	(6)	(481)
Assets donated	6	-
Net (gains)/losses on disposal of property, plant and equipment	(839)	432
Impairment losses	140	-
Lease interest expense	103	116
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in emergency management levies	(8,149)	(7,959)
(Increase)/decrease in trade debtors	1,215	(353)
(Increase)/decrease in net GST receivable	(2,688)	(309)
(Increase)/decrease in annual leave receivables	(2,958)	3,598
(Increase)/decrease in long service leave receivables	80	87
(Increase)/decrease in departmental services revenue receivables	(17,963)	-
(Increase)/decrease in accrued debtors	(556)	1,021
(Increase)/decrease in other receivables	169	140
(Increase)/decrease in inventories	(1,979)	(776)
(Increase)/decrease in other current assets	(3,357)	(191)
Increase/(decrease) in payables	(3,541)	6,943
Increase/(decrease) in accrued employee benefits	(2,784)	(432)
Increase/(decrease) in other liabilities	368	(950)
<b>Net cash from operating activities</b>	<b>56,617</b>	<b>(607)</b>
<b>Accounting Policy - Cash</b>		
Cash assets include cash on hand, and all cash and cheques receipted but not banked as at 30 June.		
On 16 March 2015, an overdraft facility with Queensland Treasury Corporation (QTC) was approved with a limit of \$110m. This facility is utilised periodically and is available for use in the next reporting period.		
<b>Reconciliation of liabilities arising from financing activities</b>		
Opening balance as at 1 July	6,480	7,706
New leases acquired	1,208	80
<b>Non-cash changes:</b>		
Interest	103	116
<b>Cash flows:</b>		
Lease liability repayments	(1,447)	(1,422)
<b>Closing balance as at 30 June</b>	<b>6,344</b>	<b>6,480</b>

**Queensland Fire and Emergency Services**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

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**1 Basis of financial statement preparation**

**(a) General information**

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

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

**(b) Statement of compliance**

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

These financial statements are general purpose financial statements and are prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the year beginning on 1 July 2020 and other authoritative pronouncements.

**(c) Taxation**

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

**(d) Basis of measurement**

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

**(e) Accounting estimates and judgements**

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

Estimates and assumptions that have a potential effect on the financial statements are outlined in the following financial statement notes:

- Depreciation and Amortisation - Note 14, 15 and 16
- Revaluation of property, plant and equipment - Note 15

**(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 2021**

**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 help Queensland communities prevent, prepare for, respond to and recover from the impact of fire and emergency events, including natural and human-induced disasters. QFES' vision is a connected and capable Queensland in the face of emergencies and disasters.

QFES delivers services in line with the key focus 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 Transfers between Government departments**

The PSBA transferred operational assets to QFES on 1 July 2020 as a result of a shift in assets accounting management and policy which will impact the reporting of operational assets under AASB 116 - *Property, plant and equipment* from this date. The transfer was endorsed by the Treasurer on 13 June 2020.

Effective from 1 July 2020, the assets and liabilities transferred as a result of this change were as follows:

<b>Assets</b>	<b>\$'000</b>
Cash	17,252
Intangibles	28
Property, plant and equipment	690,194
	<u><b>707,474</b></u>
<b>Liabilities</b>	
Payables	7,808
	<u><b>7,808</b></u>
<b>Net assets</b>	<u><u><b>699,666</b></u></u>



**Queensland Fire and Emergency Services**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

	2021 \$'000	2020 \$'000
<b>4 Appropriation revenue</b>		
<b>Reconciliation of payments from Consolidated Fund to appropriation revenue recognised in Statement of comprehensive income</b>		
Budgeted appropriation revenue	124,070	106,546
Unforeseen expenditure	91,179	28,172
<b>Total appropriation receipts (cash)</b>	<b>215,249</b>	<b>134,718</b>
Plus: closing balance of appropriation receivable	17,963	-
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	239	2,014
Less: Closing balance of deferred appropriation payable to Consolidated Fund	-	(239)
<b>Net appropriation revenue</b>	<b>233,451</b>	<b>136,493</b>
<b>Appropriation revenue recognised in Statement of comprehensive income</b>	<b>233,451</b>	<b>136,493</b>
Variance between original budgeted and actual appropriation revenue	<b>109,381</b>	<b>29,947</b>
<b>Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity</b>		
Budgeted equity adjustment appropriation	(6,515)	(10,441)
Equity adjustment receipts	(6,515)	(10,441)
<b>Equity adjustment recognised in contributed equity</b>	<b>(6,515)</b>	<b>(10,441)</b>

**Accounting Policy - Appropriation revenue**

Appropriations provided under the *Appropriation (2020-2021) Act 2020* 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	22,447	21,705
Attendance charges	12,734	11,553
Building and infrastructure fire safety	15,748	16,742
Sale of goods and services	2,782	5,463
<b>Total</b>	<b>53,711</b>	<b>55,463</b>

**Accounting Policy - User charges and fees**

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

**6 Emergency management levies**

Gross emergency management levies	591,138	572,666
Less: pensioner discount	(10,549)	(10,183)
<b>Total</b>	<b>580,589</b>	<b>562,483</b>

**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 2021**

	2021 \$'000	2020 \$'000
<b>7 Grants and other contributions</b>		
Commonwealth contributions	2,878	3,242
Contributed assets	1,673	643
Grants from Queensland Health *	81,900	-
Grants from other Queensland Government entities **	34,070	35,447
Motor Accident Insurance Commission	3,244	2,758
Services received below fair value ***	10,014	9,946
Other	610	652
<b>Total</b>	<b>134,389</b>	<b>52,688</b>

\* Grants from Queensland Health are for the recovery of COVID-19 hotel quarantine expenses. Refer note 10.

\*\* Grants from other Queensland government entities include Disaster Recovery Funding Arrangements Assistance from Queensland Reconstruction Authority (QRA) of \$32.847m (2019-20: \$34.090m), sponsorships and contributions for State Emergency Services and Rural Fire Brigades of \$0.746m (2019-20: \$1.030m), contribution from the Department of Communities, Housing and Digital Economy for the HRIS integration project of \$0.461m (2019-20: nil) and Volunteer Compensation payments from QRA of \$0.016m (2019-20: \$0.326m).

\*\*\* 2020-21 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 Employee expenses**

**Employee benefits**

Wages and salaries - General *	303,441	305,168
Wages and salaries - Overtime	27,271	35,728
Annual leave levy	39,916	36,607
Employer superannuation contributions	40,859	39,780
Long service leave levy	8,134	8,535

**Employee related expenses**

Training expenses	1,990	3,648
Workers' compensation premiums	19,727	18,217
Other employee related expenses	11,603	12,259
<b>Total</b>	<b>452,941</b>	<b>459,942</b>

\* Wages and salaries in 2020 included \$3.698m of \$1,250 one-off, pro-rata payments for 2,958 full-time equivalent employees (announced by the State Government in September 2019).

**Queensland Fire and Emergency Services**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**8 Employee expenses (continued)**

The number of employees as at 30 June (based upon the fortnight ending 2 July 2021), including both full-time employees and part-time employees, measured on a full-time equivalent basis, reflecting Minimum Obligatory Human Resource Information (MOHRI), is:

	2021	2020
<b>Full-Time equivalent employees (number)</b>	3,409	3,358

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.

**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 former employees, including permanent firefighters and part-time auxiliary firefighters, for cover 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 2021**

**9 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 FRS, RFS and SES, and emergency management and disaster mitigation programs and services throughout Queensland. The Commissioner represents QFES at local, community, state, national and international forums.
Deputy Commissioner - Readiness and Response Services	Leadership and management of the FRS, RFS and SES across QFES's Regions. This service primarily provides the response to emergencies, and includes specialist services such as Community Infrastructure, Research and Scientific, and Specialist and Technical Response.
Deputy Commissioner - Emergency Management, Volunteerism and Community Resilience	Leading and managing the prevention and community preparedness, and recovery functions for QFES. The role has oversight of the Queensland Emergency Risk Management Framework (QERMF), emergency management planning for before and after disasters, volunteerism, and strengthening community partnerships to build safe, healthy, confident and connected communities across Queensland.
Deputy Commissioner - Strategy and Corporate Services	Leading the department's strategic framework and vision, driving performance and integrated capability across QFES. The Division includes Strategic Services, Executive, Ministerial and Corporate Services, and QFES People Directorates and works closely with the public safety agencies.
Chief Operating Officer (PSBA)	The Chief Operating Officer, Public Safety Business Agency, supports the Board to perform its functions. The Chief Operating Officer is responsible for the day-to-day operations of the PSBA and for leading that agency to deliver high quality, sustainable corporate services in alignment with the priorities and policies of the state government. Effective 15 April 2021 the COO ceased to be a member of the QFES BOM.

There was one independent external member appointed to the QFES Board of Management. The independent external member received \$18,150 in remuneration (2019-20: \$12,430).

**(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 2021**

**9 Key Management Personnel disclosures (continued)**

**(b) Remuneration policies (continued)**

Remuneration expenses for KMP comprise the following components:

- Short term employee expenses include:
  - salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee was a key management person;
  - non-monetary benefits - may include provision of a motor vehicle and fringe benefits tax applicable to the benefit.
- Long term employee benefits include amounts expensed in respect of long service leave entitlements earned.
- Post employment benefits include amounts expensed in respect of employer superannuation obligations.
- 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 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	\$'000	\$'000	\$'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 (PSBA)	Remuneration is reported by the Public Safety Business Agency (PSBA).					

**1 July 2019 – 30 June 2020**

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

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

There were no material related party transactions associated with the department's KMP during 2020-21 (2019-20:nil).



**Queensland Fire and Emergency Services**  
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	2021 \$'000	2020 \$'000
<b>10 Supplies and services</b>		
Aircraft related costs	19,186	32,076
Cleaning and laundering	1,808	2,598
Communications	33,822	33,933
Computer expenses	8,333	7,463
Contractors	8,889	14,840
COVID-19 State hotel quarantine costs *	179,547	25,016
Emergency management levy administration fees	6,966	6,921
Lease expenses	4,786	4,899
Marketing expenses	2,430	2,835
Minor equipment purchases	11,977	11,219
Motor vehicle expenses	16,695	20,439
Property expenses	4,845	6,590
PSBA - operating expense **	81,911	106,162
Repairs and maintenance	12,416	13,562
Travel and accommodation	9,116	10,896
Other	17,286	20,992
<b>Total</b>	<b>420,013</b>	<b>320,440</b>

\* 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).

\*\* PSBA Operating expense represents the financial contribution made to the PSBA to support the provision of corporate services by the PSBA to the department. This contribution provides for information and communication services, financial services, procurement services, fleet, property and facilities management, Queensland government air services, human resource services and other corporate services. The operating expense also includes a contribution for depreciation of property, plant and equipment (2019-20 only) and amortisation of intangible assets owned by PSBA but used by QFES to deliver fire and rescue and emergency management programs and services throughout Queensland.

**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 16 for breakdown of lease expenses and other lease disclosures.

**11 Grants and subsidies**

Air sea rescue, coast guard and life saving organisations	11,397	10,396
Local governments	3,966	3,295
PSBA-capital grant *	2,849	1,057
State Emergency Services	1,323	1,351
Volunteer rural fire brigades	1,693	493
Other	1,613	1,959
<b>Total</b>	<b>22,841</b>	<b>18,551</b>

\* Capital grant paid to PSBA in 2020-21 represents funding to deliver information and communication technology.

**12 Other expenses**

Audit fees *	279	234
Insurance premiums-QGIF	1,092	1,013
Insurance premiums-other	86	53
Loss on disposal of non-current assets	400	432
Services received below fair value **	10,014	9,946
Special payments ***	101	399
Other	192	295
<b>Total</b>	<b>12,164</b>	<b>12,372</b>

\* Total audit fees quoted by Queensland Audit Office for the 2020-21 financial statements are \$301,000 (2019-20: \$231,000).

\*\* 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 2020-21 include:

- Ex-gratia payments made to Rural Fire Service volunteers under Category D of the Queensland Disaster Recovery Funding Arrangements
- Reimbursement of medical expenses not covered by Workcover for a RFS volunteer
- Refund of EML levies to two companies.

**Queensland Fire and Emergency Services**  
**Notes to the financial statements**  
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**12 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.

	2021 \$'000	2020 \$'000
<b>13 Receivables</b>		
Emergency management levies	42,698	34,549
Trade debtors	7,127	8,355
Less: Allowance for impairment loss	(697)	(557)
	<u>49,128</u>	<u>42,347</u>
GST receivable	4,340	3,341
GST payable	(177)	(1,866)
	<u>4,163</u>	<u>1,475</u>
Accrued debtors	2,805	2,248
Annual leave reimbursements	9,187	6,228
Departmental services revenue receivable *	17,963	-
Long service leave reimbursements	1,467	1,547
Other	464	634
	<u>31,886</u>	<u>10,657</u>
<b>Total</b>	<u><b>85,177</b></u>	<u><b>54,479</b></u>

\* The 2021 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, quarantine logistics and border control activities for the period 7 May to 30 June 2021 and are claimable on an acquittal basis.

**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**  
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**13 Receivables (continued)**

**Disclosure - Credit risk exposure of receivables**

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

The department uses a provision matrix to measure the expected credit losses on trade and other debtors. Loss rates are calculated for groupings of customers with similar loss patterns. The department has determined only one material grouping for measuring expected losses. The calculations reflect historical observed default rates calculated using credit losses experienced on past sales transaction during the last 5 years preceding 30 June 2021. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables. For QFES, a change in the CPI rate is determined to be the most relevant forward-looking indicator for receivables. The historical default rates are adjusted based on expected changes to that indicator.

**14 Intangible assets**

	Software purchased	Software internally generated	Software work in progress	Total
	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>
<b>Reconciliation</b>				
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>
	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000
Gross value	-	23,989	534	24,523
Less: Accumulated amortisation	-	(21,515)	-	(21,515)
	<u>-</u>	<u>2,474</u>	<u>534</u>	<u>3,008</u>
<b>Reconciliation</b>				
Opening balance	-	4,159	907	5,066
Acquisitions	-	-	534	534
Transfers between asset classes	-	907	(907)	-
Amortisation	-	(2,592)	-	(2,592)
Closing balance	<u>-</u>	<u>2,474</u>	<u>534</u>	<u>3,008</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	8.3% to 25%
Software - Internally generated	7.7% to 33.3%

**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**  
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**15 Property, plant and equipment**

	Land	Buildings	Heritage and cultural	Plant and equipment	Work in progress	Total
	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'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)
	<b>156,247</b>	<b>299,391</b>	<b>190</b>	<b>234,498</b>	<b>41,065</b>	<b>731,391</b>
<b>Reconciliation</b>						
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	<b>156,247</b>	<b>299,391</b>	<b>190</b>	<b>234,498</b>	<b>41,065</b>	<b>731,391</b>
	<b>2020 \$'000</b>	<b>2020 \$'000</b>	<b>2020 \$'000</b>	<b>2020 \$'000</b>	<b>2020 \$'000</b>	<b>2020 \$'000</b>
Gross value	521	4,961	21	41,247	195	46,945
Less: Accumulated depreciation	-	(4,367)	-	(24,250)	-	(28,617)
	<b>521</b>	<b>594</b>	<b>21</b>	<b>16,997</b>	<b>195</b>	<b>18,328</b>
<b>Reconciliation</b>						
Opening balance	521	454	21	15,233	607	16,836
Acquisitions	-	23	-	3,877	533	4,433
Donations received	-	110	-	533	-	643
Donations made	-	-	-	-	-	-
Transfers between asset classes	-	23	-	922	(945)	-
Disposals	-	-	-	(436)	-	(436)
Impairment losses recognised in operating result	-	-	-	(4)	-	(4)
Depreciation	-	(16)	-	(3,128)	-	(3,144)
Closing balance	<b>521</b>	<b>594</b>	<b>21</b>	<b>16,997</b>	<b>195</b>	<b>18,328</b>

**Accounting Policy - Ownership and acquisitions of assets**

Whilst section 7 of the *Public Safety Business Agency Act 2014* requires the PSBA to hold and maintain infrastructure, fleet and communication technology assets for the public safety entities, on 1 July 2020 the Public Safety Business Agency (PSBA) transferred assets to QFES as a result of a shift in assets accounting management and policy. These assets are now recognised and reported in the financial statements of QFES and not the PSBA. Refer to Note 3 for further details.

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.



## **15 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 2021. The fair value as at 30 June 2021 is materially the same as the valuation completed as at 31 March 2021.

#### **Land**

During 2020-21 independent revaluations were performed for land in the QFES Brisbane and South-East 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 2020-21 independent revaluations were performed for buildings in the QFES Brisbane and South-East 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 2021.



**Queensland Fire and Emergency Services**  
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**15 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	
	2021	2020	2021	2020	2021	2020
Land	154,226	521	-	-	154,226	521
Buildings	20,013	76	279,851	518	299,864	594
Heritage and cultural	-	-	190	21	190	21

**Level 3 fair value reconciliation**

	Buildings		Heritage and cultural		Total Level 3 assets	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Carrying amount as at 1 July	518	376	21	21	539	397
Acquisitions	18	23	-	-	18	23
MOG In	241,826	-	176	-	242,002	-
WIP Transfers	34,368	23	-	-	34,368	23
Donations	-	110	-	-	-	110
Disposals	(88)	-	-	-	(88)	-
Net revaluation increment recognised in other comprehensive income	14,170	-	2	-	14,172	-
Depreciation	(10,961)	(14)	(9)	-	(10,970)	(14)
Carrying amount as at 30 June	<u>279,851</u>	<u>518</u>	<u>190</u>	<u>21</u>	<u>280,041</u>	<u>539</u>

**Queensland Fire and Emergency Services**  
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**15 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	0.4% to 1%
Plant and equipment	1% to 33.3%

**16 Right-of-use assets and lease liabilities**

**Right-of-use assets**

	Land 2021 \$'000	Buildings 2021 \$'000	Total 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)
<b>Closing balance</b>	<u>11</u>	<u>6,275</u>	<u>6,286</u>

	2020 \$'000	2020 \$'000	2020 \$'000
Gross Value	-	7,786	7,786
Less: Accumulated depreciation	-	(1,276)	(1,276)
	<u>-</u>	<u>6,510</u>	<u>6,510</u>

**Reconciliation**

Opening balance	-	7,706	7,706
Acquisitions	-	80	80
Depreciation	-	(1,276)	(1,276)
<b>Closing balance</b>	<u>-</u>	<u>6,510</u>	<u>6,510</u>

**Lease liabilities**

**Current**

Lease liabilities	1,434	1,586
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**Non-Current**

Lease liabilities	4,910	4,894
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**Total**

<u>6,344</u>	<u>6,480</u>
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**Accounting Policy - Recognition of Right-of-use assets**

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

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

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

**Accounting Policy - 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.



**Queensland Fire and Emergency Services**  
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**16 Right-of-use assets and lease liabilities (continued)**

**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.

	2021 \$'000	2020 \$'000
<i>(iii) Amounts recognised in profit or loss</i>		
Interest expense on lease liabilities	103	116
Breakdown of 'Lease expenses' included in Note 10		
- Expenses relating to short-term leases	382	2,040
- Expenses relating to leases of low value assets	27	31
- Expenses relating to office accommodation and employee housing provided by DEPW	4,377	2,827
<i>(iv) Total cash outflow for leases</i>	<b>4,786</b>	<b>4,899</b>

**17 Payables**

Accrued creditors	24,956	14,009
Trade creditors	11,991	20,690
Tax liabilities	136	138
Other	121	129
<b>Total</b>	<b>37,204</b>	<b>34,965</b>

**Accounting Policy - Payables**

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

**18 Accrued employee benefits**

Annual leave levy payable	10,825	9,495
Long service leave levy payable	2,247	2,087
Salaries and wages outstanding	1,859	6,589
Other	2,708	2,252
<b>Total</b>	<b>17,639</b>	<b>20,423</b>

**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*.

**Queensland Fire and Emergency Services**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

	Note	2021 \$'000	2020 \$'000
<b>19 Other current liabilities</b>			
Deferred appropriation payable to Consolidated Fund		-	239
Unearned revenue		1,946	1,309
Other		56	84
<b>Total</b>		<b>2,002</b>	<b>1,632</b>

**20 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 3 and the Statement of changes in equity.

Services below fair value transactions with other departments are disclosed in Note 7 and Note 12.

Operating expense include fair value transactions with other departments disclosed in Note 10.

**21 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**

Buildings		24,529	-
Plant and equipment		9,056	550
Intangibles		176	-
<b>Total</b>		<b>33,761</b>	<b>550</b>
Not later than one year		31,532	550
Later than one year and not later than five years		2,229	-
<b>Total</b>		<b>33,761</b>	<b>550</b>

On 1 July 2020, the PSBA transferred assets to the Queensland Police Service (QPS) and Queensland Fire and Emergency Services (QFES) as a result of a shift in assets accounting management and policy. Refer to Note 3 for further details.

**22 Financial instruments**

**Financial instruments categories**

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

**Financial assets**

Cash		34,495	28,414
Financial assets measured at amortised cost:			
Receivables	13	85,177	54,479
<b>Total financial assets</b>		<b>119,672</b>	<b>82,893</b>

**Financial liabilities**

Financial liabilities measured at amortised cost:			
Payables	17	37,204	34,965
Lease Liabilities	16	6,344	6,480
<b>Total financial liabilities at amortised cost</b>		<b>43,548</b>	<b>41,445</b>

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 2021**

**22 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 13).
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 17).
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.

**(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 13).

**(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	2021 Payable in			
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000
Payables	17	37,204	-	-	37,204
Lease liability	16	1,434	3,962	948	6,344
Total		38,638	3,962	948	43,548

  

Financial liabilities	Note	2020 Payable in			
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000
Payables	17	34,965	-	-	34,965
Lease liability	16	1,586	4,894	-	6,480
Total		36,551	4,894	-	41,445

**Queensland Fire and Emergency Services**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

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**23 Administered items**

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

Total administered receipts from fines for transfer to Queensland government was \$0.061m (2020: \$0.069m).

**24 Trust transactions and balances**

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

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

Donations received for payment to brigades totalled \$0.499m (2020: \$3.566m).

Total cash at bank at reporting date was \$1.799m (2020: \$2.882m) with total donations payable to brigades \$1.799m (2020: \$2.882m).

**Accounting Policy - Trust transactions and balances**

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

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

**25 Events occurring after balance date**

As a result of Public Service Departmental Arrangements Notice (No. 2) 2021, effective 1 July 2021, the Public Safety Business Agency (PSBA) was disestablished and as a consequence a share of the Human Resources, Finance, Procurement, Assets, Fleet, Property and Facilities Management functions were transferred to QFES and the Queensland Police Service (QPS). Information and Communication Technology (ICT) and Internal Audit functions were transferred solely to QPS, with QPS to provide ICT and internal audit services to QFES.

Effective 1 July 2021 167 FTE from finance, procurement, HR and asset management functions transferred to QFES from PSBA. This will increase employee expenses by approximately \$19.533m and supplies and services expenses by \$13.901m, with a corresponding reduction in the PSBA – operating expense amount as per note 10.

The PSBA will transfer an estimated \$108.9m net assets, including \$100.5m in plant and equipment and work in progress to QFES on 1 July 2021. The associated Machinery of Government documents have not yet been finalised and signed at the time of the authorisation of these financial statements.

**26 Significant financial impacts from COVID-19 pandemic**

During the 2020-21 financial year \$179.547m (2019-20: \$25.016m) has been recognised by the department in response to COVID-19 relating to quarantine expenses (refer to Note 10).

**27 Budgetary reporting disclosures**

**Explanation of major variances - Statement of comprehensive income**

*Appropriation Revenue:* Additional funding over budget was received for COVID-19 quarantine accommodation costs (\$108.409m), COVID-19 quarantine logistics support and border control (\$4.583m), supplementary aerial firefighting costs for the 2019-20 bushfire season (\$3.448m), additional firefighter positions (\$3.834m). This is partially offset by funding returned to the Consolidated Fund associated with new programs which commenced in 2020-21 which experienced recruitment and delivery delays (\$11.628m).

*Grants and Contributions:* Exceeded budgeted revenue due to recoveries from Queensland Health for COVID-19 related hotel quarantine accommodation (\$15.664m), Disaster Recovery Funding Arrangements (DRFA) revenues associated with current and prior year severe bushfire and weather events (\$16.600m), contributed assets (\$1.673m), additional contributions from the National Aerial Firefighting Centre (NAFC) (\$1.451m), sponsorships and contributions for State Emergency Services and Rural Fire Brigades (\$0.371m), and contribution from Department of Communities, Housing and Public Works towards the HRIS integration project (\$0.461m).

*Other revenue:* Exceeded budgeted revenue mainly due to interstate disaster event deployment recoveries (\$2.136m).

*Employee expenses:* Variance is mainly due to the commencing timing of funding for the 'better support for firefighters' (\$3.550), recruitment delays for bushfire mitigation (\$2.537m), predictive services and strategic capability enhancement capabilities (\$1.489m), land use planning (\$0.569m), and intelligence capability for bushfire and disaster events enhancement program (\$0.247m). Also contributing to the variance was lower than expected auxiliary wages (\$3.621m), delayed rollout of uniform and personal protective equipment (\$3.269m) and reduced training expenses (\$3.632m) due to the impacts of COVID-19, and lower salary and wage related expenses (\$0.973m) recruitment restrictions. These underspends are partially offset by additional overtime expenditure associated with bushfire and severe weather deployments and COVID-19 border control logistics (\$4.674m).



**27 Budgetary reporting disclosures (continued)**

*Supplies and services:* Variance is mainly due to COVID-19 hotel quarantine accommodation costs (\$138.511m), COVID-19 response including quarantine logistics and border control (\$1.380m), expenditure associated with bushfire and severe weather deployments (\$16.577m), and expenditure for State Radio Upgrade (\$5.804 million), SES onboarding to the Government Wireless Network (\$2.110 million) and Field Mobility (\$2.520 million) projects. Additionally, QFES was required to provide additional contributions towards the national Emergency Alert project (\$9.493 million).

*Grants and subsidies:* Variance is predominantly due to lower than expected funding provided to the Public Safety Business Agency, with funding redirected to QFES managed projects (supplies and services).

*Revaluation decrement:* Variance is due to a revaluation decrement for land assets (\$19.402m).



**Queensland Fire and Emergency Services**  
**Management Certificate for the year ended 30 June 2021**

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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 2021 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



S. Lowth  
B Commerce  
FCPA

Chief Finance Officer

27 August 2021

27 August 2021

## 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 2021, 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 2021, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 (\$299.391 million) and depreciation expense (\$11.512 million)**

Refer to note 15 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"> <li>Gross replacement cost, less</li> <li>Accumulated depreciation</li> </ul> <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"> <li>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.</li> <li>buildings not specifically appraised in the current year, indexing unit rates for increases in input costs.</li> </ul> <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"> <li><b>Assessing management's controls over the valuation process.</b></li> <li>Assessing the appropriateness of the process used for measuring gross replacement cost with reference to common industry practices.</li> <li>For unit rates: <ul style="list-style-type: none"> <li>Assessing the competence, capability and objectivity of the experts used by QFES to develop the unit rate models.</li> <li>Obtaining an understanding of the methodology used and assessing its appropriateness with reference to common industry practices.</li> <li>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"> <li>modern substitute (including locality factors and on costs)</li> <li>adjustment for excess quality or obsolescence.</li> </ul> </li> <li>For buildings revalued through indexation, recalculating the index with reference to the current <b>year's specific appraisal.</b></li> </ul> </li> <li><b>Reviewing management and the expert's assessment</b> and application of asset componentisation and the consequential impact on depreciation expense.</li> <li>Evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> <li><b>Reviewing management's annual assessment of</b> useful lives.</li> <li>Assessing whether assets still in use have reached or exceeded their useful life.</li> </ul> </li> <li>Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.</li> </ul>



### **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 2021:

- 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.



John Welsh  
as delegate of the Auditor-General

31 August 2021  
Queensland Audit Office  
Brisbane