Department of the Premier and Cabinet

2012–13 **Financial Statements**

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Queensland Government

Department of the Premier and Cabinet Financial Statements 2012-13

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These financial statements cover the Department of the Premier and Cabinet and its controlled entities.

The Department of the Premier and Cabinet is a Queensland Government Department established under the *Public Service Act 2008***.**

The department is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the department is:

100 George Street
BRISBANE QLD 4000

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

For information in relation to the department's financial report please call (07) 3224 2990, email premiers.master@premiers.qld.gov.au or visit the departmental Internet site www.premiers.qld.gov.au.

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

Department of the Premier and Cabinet
Statement of Comprehensive Income
for the year ended 30 June 2013

	Notes	* Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000
Income from Continuing Operations				
Departmental services revenue	3	83,884	224,529	224,529
User charges	4	4,873	29,231	26,039
Grants and other contributions	5	1,084	64,150	2,735
Gains	6	290	-	-
Other revenue	7	587	6,652	4,649
Total Income from Continuing Operations		**90,718**	**324,562**	**257,952**
Expenses from Continuing Operations				
Employee expenses	8	46,165	88,880	83,566
Supplies and services	10	27,609	108,169	64,000
Grants and subsidies	11	14,530	67,817	60,598
Depreciation and amortisation	12	1,281	32,791	32,510
Impairment losses	13	4	-	-
Revaluation decrement	14	-	627	627
Finance/borrowing costs	15	795	1,883	1,312
Other expenses	16	334	15,300	15,027
Total Expenses from Continuing Operations		**90,718**	**315,467**	**257,640**
Operating Result for the Year		**-**	**9,095**	**312**
Other Comprehensive Income		-	-	-
Total Comprehensive Income		**-**	**9,095**	**312**

* Refer to Note 1(b)

The accompanying notes form part of these statements.

Department of the Premier and Cabinet
Statement of Financial Position
as at 30 June 2013

	Notes	* Economic/Parent Entity (DPC Only) 2013 $'000	2012 $'000
Current Assets			
Cash and cash equivalents	17	5,220	2,100
Receivables	18	6,827	7,815
Inventories	19	140	129
Other current assets	20	782	411
Total Current Assets		**12,969**	**10,455**
Non-current Assets			
Intangible assets	21	1,768	1,944
Property, plant and equipment	22	11,662	11,964
Total Non-current Assets		**13,430**	**13,908**
Total Assets		**26,399**	**24,363**
Current Liabilities			
Payables	23	6,814	3,568
Other financial liabilities	24	1,304	1,232
Accrued employee benefits	25	1,746	1,893
Total Current Liabilities		**9,864**	**6,693**
Non-current Liabilities			
Other financial liabilities	24	11,174	12,445
Total Non-current Liabilities		**11,174**	**12,445**
Total Liabilities		**21,038**	**19,138**
Net Assets		**5,361**	**5,225**
Equity			
Contributed equity		1,776	1,640
Accumulated surplus		3,585	3,585
Total Equity		**5,361**	**5,225**

* Refer to Note 1(b)

The accompanying notes form part of these statements.

Department of the Premier and Cabinet
Statement of Changes in Equity
for the year ended 30 June 2013

	Contributed Equity		Accumulated Surpluses		Total	
	Economic Entity $'000	Parent Entity $'000	Economic Entity $'000	Parent Entity $'000	Economic Entity $'000	Parent Entity $'000
Balance as at 1 July 2011	770,343	767,914	(18,973)	(32,516)	751,370	735,398
Operating Result from Discontinuing Operations	-	-	9,095	312	9,095	312
- MoG changes - transfer of AQ, CAA as at 30 April 2012	-	(765,471)	-	35,789	-	(729,682)
- MoG changes - transfer of QGCIO, OQCS, OCGC as at 30 April 2012	(52)	(52)	-	-	(52)	(52)
- MoG changes - transfer of AQ, CAA, EQ, SQ as at 30 April 2012	(771,752)	-	13,463	-	(758,289)	-
Total Other Comprehensive Income	(771,804)	(765,523)	13,463	35,789	(758,341)	(729,734)
Transactions with Owners as Owners:						
- Appropriated equity injections (note 3)	12,700	12,700	-	-	12,700	12,700
- Appropriated equity withdrawals	(30,051)	(30,051)	-	-	(30,051)	(30,051)
- Net assets transferred (non MoG change)	20,452	16,600	-	-	20,452	16,600
Net Transactions with Owners as Owners	3,101	(751)	-	-	3,101	(751)
Balance as at 30 June 2012	**1,640**	**1,640**	**3,585**	**3,585**	**5,225**	**5,225**
Balance as at 1 July 2012	1,640	1,640	3,585	3,585	5,225	5,225
Operating Result from Continuing Operations	-	-	-	-	-	-
Transactions with Owners as Owners:						
- Appropriated equity injections (note 3)	136	136	-	-	136	136
- Appropriated equity withdrawals	-	-	-	-	-	-
Net Transactions with Owners as Owners	136	136	-	-	136	136
Balance as at 30 June 2013 *	**1,776**	**1,776**	**3,585**	**3,585**	**5,361**	**5,361**

* Refer to Note 1(b)

The accompanying notes form part of these statements.

	Notes	* Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000
Cash flows from operating activities				
Inflows:				
Departmental services receipts		82,690	225,932	225,932
User charges		4,437	26,120	26,124
Grants and other contributions		969	62,673	5,946
Interest receipts		-	1,938	405
GST input tax credits from ATO		3,027	20,730	16,717
GST collected from customers		343	2,977	2,723
Other		587	4,344	1,564
Outflows:				
Employee expenses		(45,318)	(88,187)	(84,450)
Supplies and services		(25,638)	(100,409)	(66,401)
Grants and subsidies		(14,063)	(70,960)	(60,415)
Finance/borrowing costs		(798)	(1,886)	(1,315)
Insurance premiums		(219)	(352)	(237)
GST paid to suppliers		(3,039)	(18,581)	(14,829)
GST remitted to ATO		(291)	(5,724)	(5,336)
Advances to other agencies		1,857	(661)	(661)
Marketing rights		-	(13,639)	(13,639)
Other		151	(942)	(942)
Net cash provided by (used in) operating activities	26	**4,695**	**43,374**	**31,187**
Cash flows from investing activities				
Inflows:				
Sales of property, plant and equipment		-	1	1
Receipts from investments		-	6,586	5,488
Outflows:				
Payments for property, plant and equipment		(74)	(14,464)	(14,103)
Payments for intangibles		(441)	(723)	(723)
Payments for investments		-	(6,311)	(8,733)
Cash from acquisition of new subsidiary of Screen Queensland Pty Ltd		-	3,387	-
Net cash provided by (used in) investing activities		**(515)**	**(11,525)**	**(18,071)**
Cash flows from financing activities				
Inflows:				
Equity injections		136	12,700	12,700
Borrowings		-	7,329	8,774
Outflows:				
Equity withdrawals		-	(30,051)	(30,051)
Borrowing redemptions		(1,197)	(6,407)	(6,789)
Net cash provided by (used in) financing activities		**(1,061)**	**(16,429)**	**(15,366)**
Net cash transferred resulting from MoG changes	28	-	(45,605)	(15,186)
Net increase/(decrease) in cash and cash equivalents		**3,120**	**(30,184)**	**(17,436)**
Cash and cash equivalents at beginning of financial year		2,100	32,284	19,536
Cash and cash equivalents at end of financial year	17	**5,220**	**2,100**	**2,100**

* Refer to note 1(b)

The accompanying notes form part of these statements.

Department of the Premier and Cabinet
Statement of Comprehensive Income by Major Departmental Services, CBUs and SSPs
for the year ended 30 June 2013

	Policy Advice, Coordination and Cabinet Support		Government and Executive Support		Legislative Drafting and e-Publishing		** Arts and Culture		** Queensland Government Information and Communication Technology		** Corporate Administration Agency		General Not Attributed		Inter-departmental Service Elimination		Total DPC	Total Parent
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income from Continuing Operations *																		
Departmental services revenue	34,672	39,921	38,205	69,575	11,007	12,839	-	88,688	-	13,506	-	-	-	-	-	-	83,884	224,529
User charges	68	47	2,386	2,113	149	93	-	14,903	-	275	-	8,222	2,270	2,253	-	(1,867)	4,873	26,039
Grants and other contributions	14	121	1,070	1,176	-	-	-	2,692	-	83	-	153	-	-	-	(1,490)	1,084	2,735
Other revenue	182	377	331	308	74	117	-	3,821	-	-	-	26	-	-	-	-	587	4,649
Gain	-	-	290	-	-	-	-	-	-	-	-	-	-	-	-	-	290	-
Total Income from Continuing Operations	34,936	40,466	42,282	73,172	11,230	13,049	-	110,104	-	13,864	-	8,401	2,270	2,253	-	(3,357)	90,718	257,952
Expenses from Continuing Operations																		
Employee expenses	17,430	22,974	19,442	25,124	8,137	9,373	-	14,026	-	5,070	-	5,783	1,156	1,221	-	(5)	46,165	83,566
Supplies and services	8,075	6,650	15,735	18,467	2,775	3,361	-	26,153	-	8,435	-	1,764	1,024	944	-	(1,774)	27,609	64,000
Grants and subsidies	9,071	10,413	5,459	13,408	-	-	-	37,948	-	350	-	-	-	-	-	(1,521)	14,530	60,598
Depreciation and amortisation	325	372	563	702	303	296	-	30,731	-	9	-	312	90	88	-	-	1,281	32,510
Impairment losses	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-
Revaluation decrement	-	-	-	627	-	-	-	-	-	-	-	-	-	-	-	-	-	627
Finance/borrowing costs	-	-	795	866	-	-	-	446	-	-	-	-	-	-	-	-	795	1,312
Other expenses	31	57	288	13,978	15	19	-	718	-	-	-	341	-	-	-	(86)	334	15,027
Total Expenses from Continuing Operations	34,936	40,466	42,282	73,172	11,230	13,049	-	110,022	-	13,864	-	8,200	2,270	2,253	-	(3,386)	90,718	257,640
Operating Result from Continuing Operations	-	-	-	-	-	-	-	82	-	-	-	201	-	-	-	29	-	312
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	-	-	-	82	-	-	-	201	-	-	-	29	-	312
***Allocation of income and expenses from ordinary activities to corporate services (disclosure only):**																		
Income	207	294	294	326	97	135	-	-	-	-	-	-	-	-	-	-	598	755
Expenses	4,875	6,762	7,305	7,688	2,285	3,093	-	-	-	-	-	-	2,270	2,253	-	-	16,735	19,796

** Refer to note 1(b)

Department of the Premier and Cabinet
Statement of Assets and Liabilities by Major Departmental Services, CBUs and SSPs
as at 30 June 2013

	Policy Advice, Coordination and Cabinet Support		Government and Executive Support		Legislative Drafting and e-Publishing		Total DPC	Total Parent
	2013	2012	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current Assets								
Cash and cash equivalents	2,758	1,302	2,331	735	131	63	5,220	2,100
Receivables	1,099	770	5,384	6,757	344	288	6,827	7,815
Inventories	-	-	140	129	-	-	140	129
Other current assets	130	52	592	335	60	24	782	411
Total Current Assets	**3,987**	**2,124**	**8,447**	**7,956**	**535**	**375**	**12,969**	**10,455**
Non-current Assets								
Intangible assets	546	691	816	760	406	493	1,768	1,944
Property, plant and equipment	353	425	11,042	11,211	267	328	11,662	11,964
Total Non-current Assets	**899**	**1,116**	**11,858**	**11,971**	**673**	**821**	**13,430**	**13,908**
Total Assets	**4,886**	**3,240**	**20,305**	**19,927**	**1,207**	**1,196**	**26,399**	**24,363**
Current Liabilities								
Payables	2,875	1,215	3,690	2,062	249	291	6,814	3,568
Other financial liabilities	-	-	1,304	1,232	-	-	1,304	1,232
Accrued employee benefits	581	550	857	1,105	308	238	1,746	1,893
Total Current Liabilities	**3,456**	**1,765**	**5,851**	**4,399**	**557**	**529**	**9,864**	**6,693**
Non-current Liabilities								
Other financial liabilities	-	-	11,174	12,445	-	-	11,174	12,445
Total Non-current Liabilities	-	-	**11,174**	**12,445**	-	-	**11,174**	**12,445**
Total Liabilities	**3,456**	**1,765**	**17,025**	**16,844**	**557**	**529**	**21,038**	**19,138**

Please note the department has systems in place to allocate assets and liabilities by departmental service.

Objectives and Principal Activities of the Department

The department's vision is to lead the best public sector in Australia: efficient, modern and service-oriented, and to deliver excellence in Queensland legislation.

The following strategic objectives support this vision:

- Develop a long term strategic vision for Queensland.
- Provide the Premier and Cabinet with independent, rigorous and forward-looking policy advice.
- Lead a resilient, innovative public sector.
- Develop organisational capability and agility.
- Draft and provide access to Queensland legislation of the highest standard.
- Provide access to Queensland legislation of the highest standard.

The department collaborates with public sector agencies, other governments and stakeholders to assist the Premier and Cabinet to make informed decisions on matters that potentially impact on Queensland and its people.

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

The Department of the Premier and Cabinet has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ending 30 June 2013, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Department of the Premier and Cabinet has applied those requirements applicable to not-for-profit entities, as the Department of the Premier and Cabinet is a not-for-profit department. Except where stated the historical cost convention is used.

(b) The Reporting Entity

The 2012-13 financial statements only include the value of all assets, liabilities, equity, revenue and expenses of the Department of the Premier and Cabinet.

During 2011-12 as a result of the machinery of government changes, Arts Queensland (AQ), Corporate Administration Agency (CAA), Screen Queensland Pty Ltd (SQ) and Events Queensland Pty Ltd (EQ) were transferred out of the department effective 1 May 2012. As a result of this change, the consolidated statement of comprehensive income for the year ended 30 June 2012 included revenue and expenses of the Department of Premier and Cabinet and the entities it controlled during the year, where these entities were material. The statement of financial position as at 30 June 2012 includes only assets, liabilities and equity of the Department of Premier and Cabinet.

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

(c) Administered Transactions and Balances

The department administers, but does not control, certain resources on behalf of the Government. In doing so, it has responsibility and is accountable for administering related transactions and items, but does not have the discretion to deploy the resources for the achievement of the department's objectives.

Administered transactions and balances are disclosed in note 33.

(d) Trust Transactions and Balances

The department undertakes certain trustee transactions on behalf of the Premier's Disaster Relief Appeal Fund and the Cyclone Larry Disaster Relief Fund (wound up on 25 January 2013). The department also facilitated the payments for the Queensland Floods Appeal 2013 on behalf of the Red Cross. Refer to note 35 (d).

As the department performs only a custodial role in respect of the transactions and balances, they are not recognised in the financial statements but are disclosed in note 35. Applicable audit arrangements are also shown.

(e) Departmental Services Revenue/Administered Revenue

Appropriations provided under the *Appropriation Act 2012* are recognised as revenue when received. The appropriation receivable reflected in the financial statements as at 30 June 2013 has been approved by Queensland Treasury and Trade and recognised as revenue.

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' item appropriations.

(f) User Charges

User charges and fees controlled by the department are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services and/or the recognition of accrued revenue. User charges and fees are controlled by the department where they can be deployed for the achievement of departmental objectives.

Fees and contributions revenues collected, but not controlled, by the department are reported as administered revenue. Refer note 33.

(g) Grants and Other Contributions - Revenue

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the department obtains control over them. Where grants are received that are reciprocal in nature, revenue is recognised as various performance obligations under the funding agreement are fulfilled.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(h) Grants and Subsidies - Expense

A non-reciprocal grant is a payment or contribution made to an organisation or person which is not to be repaid or reciprocated, but which must be spent by the recipient for a specific purpose. Accordingly, non-reciprocal grant payments are expensed when the payment is made.

Where the grant payment is reciprocal in nature, an asset (prepayment) is recognised when the payment is made. This prepayment is expensed as the grant recipient satisfies the performance obligations under the funding agreement.

A subsidy payment is a payment or contribution made to an organisation or person which is not repaid or reciprocated. Gifts and donations made are included in subsidy payments.

(i) Special Payments

Special payments include ex-gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. In compliance with the *Financial and Performance Management Standard 2009,* the department maintains a register setting out details of all special payments greater than $5,000. The total of all special payments (including those of $5,000 or less) is disclosed separately within Other Expenses (note 16). There were no special payments made by the department in the 2012-13 financial year.

(j) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June 2013 as well as deposits at call with financial institutions. It also includes investments with short periods to maturity (less than 90 days) that are readily convertible to cash at the department’s option and that are subject to a low risk of changes in value.

(k) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from the invoice date.

The collectability of receivables is assessed periodically for impairment. All known bad debts were written-off as at 30 June 2013.

Other receivables generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. No interest is charged and no security is obtained.

(l) Inventories

Inventories held for sale are valued at the lower of cost and net realisable value.

Cost of inventories for sale is assigned on a first-in-first-out basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition, except for training costs which are expensed as incurred.

Net realisable value is determined on the basis of the department’s normal selling pattern.

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

Inventories held for distribution are those inventories which the department uses in the maintenance of the aircraft. These are measured at the lower of cost and net realisable value adjusted, where applicable, for any loss of service potential.

(m) Acquisitions of Assets

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

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

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment.*

(n) Property, Plant and Equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Plant and Equipment	$5,000
Major Plant and Equipment	$5,000

Items with a lesser value are expensed in the year of acquisition.

(o) Revaluations of Non-Current Physical and Intangible Assets

Major plant and equipment are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector.* The cost of items acquired during the financial year has been judged by management of the Department of the Premier and Cabinet to materially represent their fair value at the end of the reporting period.

Where intangible assets have an active market, they are measured at fair value, otherwise they are measured at cost.

Plant and equipment, other than major plant and equipment, is measured at cost in accordance with Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector.*

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

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, of the revaluation surplus relating to that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Materiality concepts under AASB 1031 are considered in determining whether the difference between the carrying amount and the fair value of an asset is material.

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

(p) Intangibles

Intangible assets with a cost or other value of $100,000 or greater are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the department. The residual value is zero for all the department's intangible assets.

It has been determined that there is no active market for any of the department's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

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

Expenditure on research activities relating to internally generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the department, namely three to five years.

(q) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment

All intangible assets of the department have finite useful lives and are amortised on a straight-line basis.

All 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. Management believes this depreciation method best represents the pattern of consumption for these assets.

Assets under construction (work in progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes 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.

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

For each class of depreciable asset the following depreciation and amortisation rates are used in 2012-13:

	Depreciation Rate
Major plant and equipment:	
Aircraft	10%
Plant and equipment:	
Computer hardware	10-33%
Office equipment	10-20%
Other equipment/furniture	10-20%
Office fitout	10%
	Amortisation Rate
Intangibles:	
Software internally generated	20-33%

In 2011-12 the depreciation rate for building was 1.5-10 percent. Refer to notes 1(b) and 12.

(r) Impairment of Non-current Assets

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer note 1(o).

(s) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits. The department does not have any finance leases.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

(t) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at an agreed purchase/ contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(u) Financial Instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the department becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value through profit or loss
- Receivables – held at amortised cost
- Payables – held at amortised cost and
- Borrowings – held at amortised cost.

The department does not enter transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the department holds no financial assets classified at fair value through profit or loss.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the department are included in note 32.

(v) Other Financial Liabilities

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

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

(w) Employee Benefits

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, Salaries and Sick Leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

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

Annual Leave

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments, commercialised business units and shared service providers. Under this scheme, a levy is made on the department to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

From 1 July 2008, no provision for annual leave has been 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*.

(w) Employee Benefits (cont'd)

Long Service Leave

Under the Queensland Government's Long Service Leave Scheme, a levy is made on the department to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the Treasurer and Minister for Trade on advice from the State Actuary. Contributions are expensed in the period in which they are paid or payable. The department's obligation is limited to its contribution to QSuper.

Therefore, no liability is recognised for accruing superannuation benefits in the department's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

Key Management Personnel and Remuneration

Key management personnel and remuneration disclosures are made in accordance with the section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury and Trade. Refer to note 9 for the disclosures on key management personnel and remuneration.

(x) Financing/Borrowing Costs

Finance costs are recognised as an expense in the period in which they are incurred.

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings
- finance lease charges
- amortisation of discounts or premiums relating to borrowings and
- ancillary administration charges.

No borrowing costs are capitalised into qualifying assets.

(y) Allocation of Revenues and Expenses from Ordinary Activities to Corporate Services

The department discloses revenues and expenses attributable to corporate services in the Statement of Comprehensive Income by Major Departmental Services, CBUs and SSPs.

The revenues and expenses of the department's corporate services are allocated to the department's services on the basis of employee full-time equivalent numbers. In addition to this, during the 2012-13 financial year the department provided corporate support to the Public Service Commission, Queensland Treasury and Trade, the Department of State Development, Infrastructure and Planning, Office of the Governor, the Health Quality and Complaints Commission, the Department of Tourism, Major Events, Small Business and Commonwealth Games and Queensland Treasury Corporation and recovers costs accordingly.

(z) Insurance

The department's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF), premiums being paid on a risk assessment basis including public liability. In addition, the department pays premiums to WorkCover Queensland in respect of obligations for employee compensation. This is recognised as an employee related expense. Refer note 8.

The department has insurance to cover accident claims from nominated aircraft personnel.

(aa) Services Received Free of Charge or for Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

(ab) Contributed Equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery of government changes are adjusted to Contributed Equity in accordance with Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated. Where the balance of contributed equity is insufficient to absorb the adjustment, the remainder of the adjustment is made to accumulated surplus.

(ac) Taxation

The department is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the department. Any GST credits receivable from, or GST payable to the ATO, are recognised in note 18.

(ad) Issuance of Financial Statements

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

(ae) Accounting Estimates and Judgement

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

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

Valuation of Property, Plant and Equipment – note 22
Contingencies – note 30

The Australian government passed its *Clean Energy Act 2011* in November 2011 which resulted in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012.

Under the legislation as it presently operates, the flexible market-based price phase of the carbon pricing mechanism will commence on 1 July 2015. It is preceded by a three-year period during which the price of permits will be fixed at $23 per tonne of carbon dioxide equivalent in year one, $24.15 in year two and $25.40 in year three. However, the Commonwealth Government has recently announced a plan to bring forward the start of Australia's emissions trading scheme to 1 July 2014, ending the fixed price period one year early. The *Clean Energy Act 2011* and related legislation must be amended to implement the Government's decision to move to emissions trading on 1 July 2014.

Section 4.3.4 of Queensland Treasury and Trade's report on *Carbon Price Impacts for Queensland* dated August 2011 indicates that, for non-residential construction activities, costs may increase by between 0.7 per cent and 0.8 per cent over the period 2012-13 to 2015-16.

On this basis and other information available, the introduction of the carbon pricing mechanism is not expected to have a significant impact on the department's critical accounting estimates, assumptions and management judgements.

(af) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required.

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

(ag) New and Revised Accounting Standards

The department did not voluntarily change any of its accounting policies during 2012-13. Australian Accounting Standard changes applicable for the first time for 2012-13 have had minimal effect on the department's financial statements, as explained below.

AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]* became effective from reporting periods beginning on or after 1 July 2012. The only impact for the department is that, in the Statement of Comprehensive Income, items within the 'Other Comprehensive Income' section are now presented in different subsections, according to whether or not they are subsequently classifiable to the operating result. Whether subsequent reclassification is possible depends on the requirements or criteria in the accounting standard/interpretation that relates to the item concerned.

The department is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury and Trade. Consequently, the department has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The department applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below.

AASB 13 *Fair Value Measurement* applies from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the department's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The potential impacts of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets and liabilities.

(ag) New and Revised Accounting Standards (cont'd)

The department has commenced reviewing its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13. To the extent that the methodologies do not comply, changes will be necessary. While the department is yet to complete this review, no substantial changes are anticipated, based on the fair value methodologies presently used. Therefore, at this stage, no consequential material impacts are expected for the department's property, plant and equipment from 2013-14.

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

A revised version of AASB 119 *Employee Benefits* applies from reporting periods beginning on or after 1 January 2013. The revised AASB 119 is generally to be applied retrospectively. Given the department's circumstances, the only implications for the department are that the revised standard clarifies the concept of 'termination benefits', and the recognition criteria for liabilities for termination benefits will be different. If termination benefits meet the timeframe criterion for 'short-term employee benefits', they will be measured according to the AASB 119 requirements for 'short-term employee benefits'. Otherwise, termination benefits will need to be measured according to the AASB 119 requirements for 'other long-term employee benefits'. Under the revised standard, the recognition and measurement of employer obligations for 'other long-term employee benefits' will need to be accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 includes changed criteria for accounting for employee benefits as 'short-term employee benefits'. However, as the department is a member of the Queensland Government central schemes for annual leave and long service leave, this change in criteria has no impact on the department's financial statements as the employer liability is held by the central scheme. The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. The department makes employer superannuation contributions only to the QSuper defined benefit plan, and the corresponding QSuper employer benefit obligation is held by the State. Therefore, those changes to AASB 119 will have no impact on the department.

AASB 1053 *Application of Tiers of Australian Accounting Standards* applies from reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two Tiers of reporting requirements – Australian Accounting Standards (commonly referred to as 'Tier 1'), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as 'Tier 2'). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the Tier 1 and Tier 2 requirements is that Tier 2 requires fewer disclosures than Tier 1.

Details of which disclosures in standards and interpretations are not required under Tier 2 reporting are set out in amending standards AASB 2010-2, AASB 2011-2, AASB 2011-6, AASB 2011-11, AASB 2012-1, AASB 2012-7 and AASB 2012-11 (which also apply from reporting periods beginning on or after 1 July 2013). However, Queensland Treasury and Trade's Financial Reporting Requirements effectively do not allow application of AASB 2011-6 in respect of controlled entities, associates or interests in jointly controlled entities.

Pursuant to AASB 1053, public sector entities like the department may adopt Tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the Tier 1 requirements. In the case of the department, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that its policy decision is to require adoption of Tier 1 reporting by all Queensland Government departments (including the department) and statutory bodies that are consolidated into the whole-of-Government financial statements. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the department.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014 –
- AASB 10 *Consolidated Financial Statements* ;
- AASB 11 *Joint Arrangements* ;
- AASB 12 *Disclosure of Interests in Other Entities* ;
- AASB 127 (revised) *Separate Financial Statements* ;
- AASB 128 (revised) *Investments in Associates and Joint Ventures* ; and
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]* .

AASB 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. From that date, based on what is currently published in the Queensland Government's Budgetary Service Delivery Statements, this means the department will be required to include in financial statements the original budgeted statements for the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Statement of Cash Flows. These budgeted statements will be presented consistently with the corresponding (actuals) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding budgeted financial statement.

In addition, based on what is currently published in the Queensland Government's Service Delivery Statements, the department will need to include in these financial statements the original budgeted information for major classes of administered income and expenses, and major classes of administered assets and liabilities. This budgeted information will need to be presented consistently with the corresponding (actuals) administered information, and will be accompanied by explanations of major variances between the actual amounts and the corresponding budgeted financial information.

(ag) New and Revised Accounting Standards (cont'd)

AASB 9 *Financial Instruments* (December 2010) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]* become effective from reporting periods beginning on or after 1 January 2015. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement and disclosures associated with the department's financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The department has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the department's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the department enters into, it is not expected that any of the department's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2015-16 financial statements, all of the department's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in notes 1(u) and 32).

The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the department's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the department's activities, or have no material impact on the department.

2. Major Departmental Services of the Department

Our service areas are:

Government and Executive Support Service

Government and Executive Support Service provides policy advice to the Premier in relation to executive government and machinery of government matters, support to the administration of business before the Executive Council, support services to Ministerial Offices, Assistant Ministers and the Opposition, and fixed-wing air services to meet the transport needs of the Premier, Governor and Ministers and emergency and other aviation needs of the community and the Government. In addition, the service is involved in the management and coordination of events including the Anzac Centenary Commemoration, State occasions, official visits and functions and whole-of-Government communication activities; preparations for the G20 Leaders' Summit in Brisbane and associated meetings in 2014 and coordination of State legal representation before various Commissions of Inquiry.

Policy Advice, Coordination and Cabinet Support Service

Policy Advice, Coordination and Cabinet Support Service provides policy advice and coordination for the Premier and Cabinet and supports Cabinet and Cabinet-related activities. The service provides detailed briefings to the Premier on policy from design and development through to coordination and implementation. Additionally, the service is responsible for leading key priority projects including *The Queensland Plan: a 30-year vision for Queensland* and the Open Data project.

The service provides advice on intergovernmental issues and supports the Premier in his role as First Minister for Council of Australian Governments (COAG) and Council for the Australian Federation (CAF) meetings. The service also monitors performance and delivery of whole-of-Government policy commitments. Through this service, the Premier receives detailed briefs on all matters before Cabinet and Cabinet subcommittees. It coordinates a broad range of whole-of-Government activities and provides expert advice on the operation of Cabinet and its related processes, administration of all Cabinet information, custodianship of the Cabinet record from current and previous governments and direct logistical support to Ministers in Cabinet meetings including Community Cabinet meetings.

Legislative Drafting and e-Publishing

The Office of the Queensland Parliamentary Counsel (OQPC) provides the drafting and e-publishing service for Queensland legislation. The service exists to support government and democracy by drafting and e-publishing legislation of the highest quality for Queensland. This service enables the government to implement its legislative reform agenda. OQPC makes a special contribution by advising on the application of fundamental legislative principles to ensure that legislation has sufficient regard to the rights and liberties of individuals and the institution of Parliament.

	Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000
3. Reconciliation of Payments from Consolidated Fund to Departmental Services Revenue Recognised in Statement of Comprehensive Income			
Budgeted departmental services appropriation	107,777	234,773	234,773
Transfer from/(to) other departments - redistribution of public business	(4,209)	(7,624)	(7,624)
Transfer from/(to) other headings	(579)	(1,217)	(1,217)
Lapsed departmental services appropriation	(20,299)	-	-
Unforeseen expenditure	-	-	-
Total departmental services receipts	82,690	225,932	225,932
Less: Opening balance of departmental services appropriation receivable	(2,275)	(3,678)	(3,678)
Plus: Closing balance of departmental services appropriation receivable	3,469	2,275	2,275
Departmental services revenue recognised in Statement of Comprehensive Income	**83,884**	**224,529**	**224,529**
Reconciliation of Payments from Consolidated Fund to Equity Adjustment Recognised in Contributed Equity			
Budgeted equity adjustment appropriation	(443)	(28,200)	(28,200)
Transfer (from)/to other departments	-	9,869	9,869
Transfer (from)/to other headings	579	980	980
Equity adjustment recognised in Contributed Equity	**136**	**(17,351)**	**(17,351)**

	Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000
4. User Charges			
Corporate services partnership agreements	3,257	9,427	9,427
Government Air Wing services	476	327	327
Publications and library receipts	714	818	818
Functions and events revenue	27	3,344	164
Sales of services	42	90	77
Car park revenue	-	5,439	5,439
Facility services revenue	-	8,163	8,163
Property rental and venue hire	-	1,118	1,118
Other	357	505	506
Total	**4,873**	**29,231**	**26,039**
5. Grants and Other Contributions			
Contributions from Queensland Government departments	184	61,632	1,561
Commonwealth contributions	3	34	34
Contributions from other state governments	-	83	83
Events sponsorship	897	2,401	1,057
Total	**1,084**	**64,150**	**2,735**
6. Gains			
Gain on revaluation of major plant and equipment	290	-	-
Total	**290**	-	-

The gain on revaluation of major plant & equipment represents an increment, as it is a reversal of a previous revaluation decrement (2012 $0.627M decrement) in respect of the aircraft. It has been recognised as revenue in the Statement of Comprehensive Income. Refer notes 14 and 22 .

	Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000
7. Other Revenue			
Interest	-	2,024	405
QGIF claim recoveries	-	2,713	2,713
Resources received below fair value	447	678	678
Contributions from other Government departments	-	40	40
Other	140	1,197	813
Total	**587**	**6,652**	**4,649**

8. Employee Expenses

	Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000
Employee Benefits			
Wages and salaries	33,236	63,155	58,556
Employer superannuation contributions *	4,481	8,353	7,888
Long service leave *	720	1,293	1,334
Annual leave *	3,324	6,020	6,003
Fringe Benefits Tax	347	610	604
Employee Related Expenses			
Salary related taxes *	1,983	3,936	3,709
Professional development and study assistance	227	601	574
Workers' compensation premium *	80	119	105
Voluntary Redundancy Program **	1,741	-	-
Voluntary Separation Program ***	-	3,550	3,550
Other	26	1,243	1,243
Total	**46,165**	**88,880**	**83,566**

* Refer to note 1(w).

** In 2012-13 the department participated in the Queensland Government's Voluntary Redundancy Program. The majority of the obligation was settled in 2012-13 with the full amount reimbursed by Queensland Treasury and Trade through the Consolidated Fund for permanent employees. While for temporary employees the department has incurred the full cost.

*** In 2011-12 the department participated in the Queensland Government's Voluntary Separation Program (VSP). The obligation was settled in 2011-12 with the full amount reimbursed by Queensland Treasury and Trade through the Consolidated Fund.

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

Number of Employees as at 30 June:	380	399	399

In addition to the number of employees reported above, the department employed 11 full-time equivalent staff engaged in the provision of corporate services to other agencies in 2012-13.

As a result of the machinery of government changes during 2011-12, the number of employees as at 30 June reported above includes the Department of the Premier and Cabinet only.

The reduction in the number of employees is primarily due to efficiency measures implemented by the department following the change of Government in April 2012. This reduction has been partly offset by increases in employees associated with temporary special projects such as The Queensland Plan, planning for the 2014 G20 Leaders' Summit, Queensland's Anzac Centenary Commemoration, State legal representation at various Commissions of Inquiry and the My Queensland Community Newsletter.

9. Key Management Personnel and Remuneration

(a) Key Management Personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2012-13. Further information on these positions can be found in the body of the Annual Report under the section DPC Governance.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Director-General	The Director-General leads the efficient, effective and economic administration of the Department of the Premier and Cabinet.	CEO1A, *Public Service Act 2008*	Appointed 26 March 2012
Deputy Director-General Policy	The Deputy Director-General, Policy, leads directs and coordinates policy at a strategic level and supplies executive management support to the Director-General in developing and coordinating strategic policy advice across government.	s122 (CEO4), *Public Service Act 2008*	Appointed 26 March 2012; Seconded 4 February 2013
Deputy Director-General Priority Projects	The Deputy Director-General, Priority Projects, leads the Queensland Plan, including the planning and facilitation of extensive community engagement and consultation processes across the state, as well as leads, directs and coordinates, at a strategic level, other key whole-of-government initiatives that will deliver improved services to the community.	s122 (CEO5), *Public Service Act 2008*	Appointed 11 February 2013
Deputy Director-General Governance	The Deputy Director-General, Governance, directs the provision of high level advice and services to support the constitutional, executive and administrative processes of government.	SES3, *Public Service Act 2008*	Appointed 20 July 2006
Queensland Parliamentary Counsel	The Queensland Parliamentary Counsel leads the efficient, effective and economic administration of the Office of the Queensland Parliamentary Counsel.	CEO5, *Legislative Standards Act 1992*	Appointed 25 February 2010
Executive Director Office of the Director-General	The Executive Director is a key strategic advisor to the Director-General on issues and challenges with state-wide impact and leads a team of professionals working in a high-pressure environment in support of the Director-General by anticipating and resolving emerging and sensitive issues.	SES2, *Public Service Act 2008*	Appointed 28 June 2010 Ceased employment 21 September 2012
Commission Chief Executive Public Service Commission	The Commission Chief Executive is responsible for the efficient, effective and economic administration of the Public Service Commission.	CEO2, *Public Service Act 2008*	Appointed 13 August 2012 Commenced membership of the Corporate Governance Group effective 31 October 2012

9. Key Management Personnel and Remuneration (cont'd)

(b) Remuneration

Remuneration policy for the department's key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment for the key management personnel are specified in employment contracts. The contracts provide for the provision of benefits such as superannuation contributions and motor vehicles.

For the 2012-13 year, remuneration of key management personnel increased by 2.2% in accordance with government policy.

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

- Short-term employee benefits which include:
  - Base – consisting of base salary, allowances and leave entitlements expensed for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
  - Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long-term employee benefits include long service leave accrued.
- Post-employment benefits include amounts expensed in respect of employer superannuation obligations.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
- Performance payments (refer note 9(c)).

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

9. Key Management Personnel and Remuneration (cont'd)

1 July 2012 - 30 June 2013

Position	Short-term Employee Benefits		Long-term Employee Benefits	Post-employment Benefits	Termination Benefits	Total Remuneration
	Base $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Director-General	591	-	11	85	-	687
Deputy Director-General, Policy (1 July 2012 to 4 February 2013)	212	-	4	18	-	234
Deputy Director-General, Priority Projects (11 February 2013 to 30 June 2013)	109	2	2	10	-	123
Deputy Director-General, Governance	193	24	4	23	-	244
Queensland Parliamentary Counsel	269	31	5	41	-	346
Executive Director, Office of the Director-General (1 July 2012 to 21 September 2012)	58	-	1	4	3	66
Commission Chief Executive, Public Service Commission *	-	-	-	-	-	-
Total Remuneration	**1,432**	**57**	**27**	**181**	**3**	**1,700**

* The Public Service Commission funds 100 percent of the remuneration costs for this position.

9. Key Management Personnel and Remuneration (cont'd)

1 July 2011 - 30 June 2012

Position	Short-term Employee Benefits		Long-term Employee Benefits	Post-employment Benefits	Termination Benefits	Total Remuneration
	Base $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Director-General (26 March 2012 to 30 June 2012)	163	-	3	21	-	187
* Director-General (2 July 2011 to 4 May 2012)	411	24	8	48	525	1,016
* Associate Director-General (2 July 2011 to 18 May 2012)	285	3	6	34	367	695
Deputy Director-General, Policy (26 March 2012 to 30 June 2012)	96	-	2	8	-	106
Deputy Director-General, Governance (2 July 2011 to 30 June 2012)	162	20	4	23	-	209
Deputy Director-General, Arts Queensland (2 July 2011 to 31 January 2012)	126	15	3	15	48	207
Deputy Director-General, Arts Queensland (2 February 2012 to 30 April 2012)	72	-	1	7	-	80
Queensland Parliamentary Counsel (2 July 2011 to 30 June 2012)	257	29	5	39	-	330
Cabinet Secretary (2 July 2011 to 18 May 2012)	186	-	4	20	-	210
Executive Director, Office of the Director-General (2 July 2011 to 30 June 2012)	163	-	3	17	-	183
Total Remuneration	**1,921**	**91**	**39**	**232**	**940**	**3,223**

* Termination benefits represent all payments made on early termination of the contracts.

9. Key Management Personnel and Remuneration (cont'd)

(c) Performance Payments

The 2012-13 remuneration package for the Director-General, Department of the Premier and Cabinet includes a potential performance payment up to a maximum of 15% of that position's total fixed remuneration, which equates to approximately $94,950. Eligibility for such a performance payment is conditional on the achievement of objectives that are documented in the Director-General's 2012-13 Performance Agreement.

Eligibility to the performance payment is determined based on an end-of-year performance assessment which considers the evidence of performance outcomes achieved across the four perspectives of the Balanced Scorecard. An Evaluation Committee including the Chair of the Public Service Commission, Under Treasurer and Public Service Commission's Chief Executive and an external panel member Ranbury Consulting will meet to make recommendations regarding the release and payment of any At Risk Components.

No key management contracts allowed for the payment of performance payments in the 2011-12 financial year.

	Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000
10. Supplies and Services			
Advertising and communications	2,993	2,879	2,745
Building services	7,354	19,243	18,449
Building maintenance	-	11,412	11,412
Consultants and contractors	2,718	7,929	7,035
Corporate services	1,423	1,681	1,681
Hospitality and official functions	370	709	494
Information technology bureau services	3,075	10,891	10,691
Low value assets expensed	49	434	311
Maintenance	149	330	326
Motor vehicle and aircraft running costs	2,235	2,318	2,302
Office supplies, books and statutes	704	1,584	1,479
Postage and freight	26	201	154
Professional services	4,728	3,573	3,105
Queensland Events Pty Ltd/Screen Queensland Pty Ltd – event costs	-	40,577	-
Telecommunications	337	1,192	1,065
Travel	621	1,422	1,017
Witnesses costs	-	4	4
Other	827	1,790	1,730
Total	**27,609**	**108,169**	**64,000**
11. Grants and Subsidies			
Recurrent			
Grants to charities/community groups	303	16,869	16,869
Grants to Commonwealth Government agencies	9,703	9,282	9,282
Grants to individuals	9	2,168	1,984
Grants to industries	215	14,848	8,068
Grants to local authorities	-	2,942	2,942
Grants to Queensland Government recipients	426	7,159	7,144
Grants to statutory bodies	100	4,600	4,600
Grants to universities/tertiary education	213	2,446	2,206
Total recurrent	**10,969**	**60,314**	**53,095**

11. Grants and Subsidies (cont'd)

	Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000
Capital			
Grants to charities/community groups	15	1,550	1,550
Grants to local authorities	-	2,068	2,068
Grants to Queensland Government recipients	-	35	35
Total capital	**15**	**3,653**	**3,653**
Subsidy payments			
Contributions	200	37	37
Donation Premier's Disaster Relief Appeal	-	2,000	2,000
Queensland Floods Appeal 2013 *	1,000	-	-
Donations and gifts made	800	635	635
Sponsorships	1,546	1,178	1,178
Total subsidy payments	**3,546**	**3,850**	**3,850**
Total	**14,530**	**67,817**	**60,598**

* Refer to note 35(d).

12. Depreciation and Amortisation

Depreciation and amortisation were incurred in respect of:			
Buildings	-	30,674	30,674
Major plant and equipment	147	308	308
Plant and equipment	516	1,197	916
Software internally generated	618	612	612
Total	**1,281**	**32,791**	**32,510**

The decrease for depreciation expense during 2012-13 relates to the machinery of government changes as disclosed in notes 1(b).

13. Impairment Losses

Plant and equipment (note 22)	4	-	-
Total	**4**	**-**	**-**

14. Revaluation Decrement

Major plant and equipment (aircraft)	-	627	627
Total	**-**	**627**	**627**

In 2012-13, the two aircraft were revalued resulting in an increment as shown in note 6.

	Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000

15. Finance/Borrowing Costs

Interest	795	1,883	1,312
Total	**795**	**1,883**	**1,312**

The department does not capitalise finance/borrowing costs.

The capitalisation rate used to determine borrowing costs is the weighted average interest rate applicable to the department's outstanding borrowings 6.05% (2012: 6.05%).

16. Other Expenses

Bad debts	-	1	1
External audit fees *	106	340	270
Insurance premiums - QGIF	219	594	572
Insurance premiums - Other	-	380	265
Losses from disposal of property, plant and equipment	-	257	256
Services provided free of charge	9	-	-
Ex-gratia payments **	-	20	20
Marketing rights	-	13,639	13,639
Other	-	69	4
Total	**334**	**15,300**	**15,027**

* Total audit fees paid to the Queensland Audit Office relating to the 2012-13 financial year for the department including the Trusts specified in note 35, are estimated to be $205,000 (2012 actual parent entity: $431,865, 2012 actual DPC: $234,865). There are no non-audit services included in this amount.

** Refer to note 1(i).

	Economic/Parent Entity (DPC Only)	
	2013	2012
	$'000	$'000
17. Cash and Cash Equivalents		
Imprest accounts	2	2
Cash at bank and on hand	5,218	2,098
Total	**5,220**	**2,100**

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

	2013 $'000	2012 $'000
18. Receivables		
Current		
Trade debtors	961	1,773
	961	1,773
GST receivable	642	457
	642	457
Long service leave reimbursements	188	341
Annual leave reimbursements	862	1,178
Appropriation receivable	3,469	2,275
Other	705	1,791
Total	**6,827**	**7,815**

	Economic/Parent Entity (DPC Only)	
	2013	2012
	$'000	$'000
19. Inventories		
Current		
Inventories held for sale	39	33
Inventories held for distribution	101	96
Total	**140**	**129**
20. Other Current Assets		
Current		
Security deposits	2	61
Prepayments	780	350
Total	**782**	**411**
21. Intangible Assets		
Software internally generated:		
At cost	3,950	3,235
Less: Accumulated amortisation	(2,237)	(1,620)
	1,713	1,615
Software work in progress:		
At cost	55	329
	55	329
Total	**1,768**	**1,944**

21. Intangible Assets (cont'd)

Intangibles Reconciliation

	Software Internally Generated			Software WIP			Total		
	Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000	Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000	Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000
Carrying amount at 1 July	1,615	1,735	1,735	329	442	442	1,944	2,177	2,177
MoG changes - transfer AQ & CAA closing balance at 30 April 2012	-	-	(324)	-	-	-	-	-	(324)
MoG changes - transfer AQ, CAA, SQ & EQ closing balance at 30 April 2012	-	(324)	-	-	-	-	-	(324)	-
Acquisitions	-	-	-	441	703	703	441	703	703
Transfers between classes	715	816	816	(715)	(816)	(816)	-	-	-
Amortisation	(618)	(612)	(612)	-	-	-	(618)	(612)	(612)
Carrying amount at 30 June	**1,713**	**1,615**	**1,615**	**55**	**329**	**329**	**1,768**	**1,944**	**1,944**

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

The department has an intangible asset with an original cost of $490,725.25 and a written down value of zero still being used in the provision of services. This asset is expected to be replaced in the 2013-14 financial year.

	Economic/Parent Entity (DPC Only)	
	2013	2012
	$'000	$'000
22. Property, Plant and Equipment		
Plant and equipment:		
At cost	7,159	7,441
Less: Accumulated depreciation	(5,206)	(5,037)
	1,953	2,404
Major plant and equipment:		
At Fair Valuation	14,451	14,047
Less: Accumulated depreciation	(4,790)	(4,529)
	9,661	9,519
Capital works in progress:		
At cost	48	42
	48	42
Total	**11,662**	**11,965**

Plant and equipment

Plant and equipment is valued at cost in accordance with Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector*.

Major plant and equipment

At 30 June 2013, an independent valuation of the aircraft (major plant and equipment) was performed by JD Dodds, Plant and Machinery Valuers using 'fair value' principles. The valuation was determined using current market values. These values reflect prices to purchase similar equipment in a similar condition at that date.

22. Property, Plant and Equipment (cont'd)

Property, Plant and Equipment Reconciliation

	Plant and Equipment			Major Plant and Equipment			Land		
	Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000	Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000	Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000
Carrying amount at 1 July	2,404	3,295	3,094	9,519	10,454	10,454	-	177,475	177,475
MoG changes - transfer AQ & CAA closing balance at 30 April 2012	-	-	(713)	-	-	-	-	-	(194,075)
MoG changes - transfer AQ, CAA, SQ & EQ closing balance at 30 April 2012	-	(1,495)	-	-	-	-	-	(194,075)	-
Acquisitions	24	1,023	662	-	-	-	-	-	-
Disposals	-	(303)	(264)	-	-	-	-	-	-
Acquisitions through restructuring (MoG changes)	-	35	35	-	-	-	-	-	-
Disposals through restructuring (MoG changes)	-	(52)	(52)	-	-	-	-	-	-
Net asset transferred from the former Department of Public Works (non MoG changes)	-	-	-	-	-	-	-	16,600	16,600
Acquisition through restructuring (non MoG changes)	-	540	-	-	-	-	-	-	-
Transfers between classes	44	542	542	-	-	-	-	-	-
Revaluation decrement	-	-	-	-	(627)	(627)	-	-	-
Revaluation increment	-	-	-	290	-	-	-	-	-
Impairment losses recognised in operating surplus/(deficit)	(3)	-	-	-	-	-	-	-	-
Impairment losses reversed in operating surplus/(deficit)	-	16	16	-	-	-	-	-	-
Depreciation/amortisation	(516)	(1,197)	(916)	(147)	(308)	(308)	-	-	-
Carrying amount at 30 June	**1,953**	**2,404**	**2,404**	**9,661**	**9,519**	**9,519**	**-**	**-**	**-**

The department has plant and equipment with an original cost of $3,704,959 and a written down value of zero still being used in the provision of services. Regular assessment by management is conducted and a number of items are currently assessed for replacement over the next twelve months.

22. Property, Plant and Equipment (cont'd)

Property, Plant and Equipment Reconciliation (cont'd)

	Buildings			Heritage and Cultural			Capital Works in Progress			Total		
	Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000	Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000	Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000	Economic/ Parent Entity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000
Carrying amount at 1 July	-	531,241	531,241	-	85	85	42	8,809	8,809	11,964	731,359	731,158
MoG changes - transfer AQ & CAA closing balance at 30 April 2012	-	-	(500,567)	-	-	(98)	-	-	(21,610)	-	-	(717,063)
MoG changes - transfer AQ, CAA, SQ & EQ closing balance at 30 April 2012	-	(500,567)	-	-	(98)	-	-	(21,610)	-	-	(717,845)	-
Acquisitions	-	-	-	-	13	13	50	13,385	13,385	74	14,420	14,059
Disposals	-	-	-	-	-	-	-	-	-	-	(303)	(264)
Acquisitions through restructuring (MoG changes)	-	-	-	-	-	-	-	-	-	-	35	35
Disposals through restructuring (MoG changes)	-	-	-	-	-	-	-	-	-	-	(52)	(52)
Net asset transferred from Department of Housing and Public Works (non MoG changes)	-	-	-	-	-	-	-	-	-	-	16,600	16,600
Acquisition through restructuring (non MoG changes)	-	-	-	-	-	-	-	-	-	-	540	-
Transfers between classes	-	-	-	-	-	-	(44)	(542)	(542)	-	-	-
Reverse over capitalised asset	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement	-	-	-	-	-	-	-	-	-	-	(627)	(627)
Revaluation increment	-	-	-	-	-	-	-	-	-	290	-	-
Impairment losses recognised in operating surplus/(deficit)	-	-	-	-	-	-	-	-	-	(3)	16	16
Depreciation/amortisation	-	(30,674)	(30,674)	-	-	-	-	-	-	(663)	(32,179)	(31,898)
Carrying amount at 30 June	-	-	-	-	-	-	48	42	42	11,662	11,964	11,964

	Economic/Parent Entity (DPC Only)	
	2013	2012
	$'000	$'000
23. Payables		
Trade creditors and accruals	6,201	2,759
Other	613	809
Total	**6,814**	**3,568**
24. Other Financial Liabilities		
Current		
Queensland Treasury Corporation borrowings	1,304	1,232
Total current	**1,304**	**1,232**
Non-current		
Queensland Treasury Corporation borrowings	11,174	12,445
Total non-current	**11,174**	**12,445**
Total	**12,478**	**13,677**

No assets have been pledged as security for the borrowings.

All borrowings are in $AUD denominated amounts and no interest has been capitalised during the current or comparative reporting period.

There have been no defaults or breaches of the loan agreements during the financial year. Principal and interest repayments are made quarterly in arrears. The applicable fixed interest rates for the loans are 5.71% and 6.22%.

The fair value of the department's borrowings at 30 June 2013, as notified by Queensland Treasury Corporation, was $13.253M (2012 $14.573M). This represents the value of the debt if the department had repaid it in full at balance date. Refer note 32(f).

As it is the intention of the department to hold its borrowings for their full term, no fair value adjustment is made to the carrying amount of the borrowings.

	2013 $'000	2012 $'000
25. Accrued Employee Benefits		
Current		
Long service leave levy payable	237	281
Annual leave levy payable	1,118	1,553
Accrued salaries and wages	51	59
Accrued redunancy payments *	340	-
Total	**1,746**	**1,893**

* Refer to note 8.

	Economic/ ParentEntity (DPC Only) 2013 $'000	Economic Entity 2012 $'000	Parent Entity 2012 $'000
26. Reconciliation of Operating Surplus/(Deficit) to Net Cash from Operating Activities			
Operating surplus/(deficit)	-	9,095	312
Non-cash items:			
Depreciation and amortisation expense	1,281	32,790	32,509
Loss on sale of plant and equipment	-	257	256
Impairment losses	4	(17)	(17)
Revaluation decrement	-	627	627
Revaluation increment	(290)	-	-
Bad debts expense	-	1	1
Change in assets and liabilities:			
(Increase)/decrease in departmental services revenue receivable	(1,194)	1,403	1,403
(Increase)/decrease in trade debtors	812	(181)	815
(Increase)/decrease in other receivables	1,085	(753)	(753)
(Increase)/decrease in GST receivable	(185)	792	1,252
(Increase)/decrease in LSL reimbursement receivable	153	29	29
(Increase)/decrease in annual leave reimbursement receivables	316	(360)	(360)
(Increase)/decrease in inventories	(11)	(2)	(2)
(Increase)/decrease in other current assets	(372)	1,491	1,342
Increase/(decrease) in GST payable	-	(1,734)	(1,744)
Increase/(decrease) in payables	3,246	1,342	(3,903)
Increase/(decrease) in provisions	-	4	-
Increase/(decrease) in accrued employee benefits	(147)	169	(17)
Increase/(decrease) in other current liabilities	(3)	(1,579)	(563)
Net cash from operating activities	**4,695**	**43,374**	**31,187**

27. Non-Cash Financing and Investing Activities

Assets and liabilities received or transferred by the department as a result of non-reciprocal transfers are recognised in note 7 Other Revenue and note 22 Property, Plant and Equipment.

Assets and liabilities received or transferred by the department as a result of machinery of government transfers are set out in note 28.

28. Machinery of Government Transfers

(a) Transfer of the Office of Public Sector Renewal

As a result of the *Public Service Departmental Arrangements Notice (No. 2) 2013,* dated 4 February 2013 with financial effect from 1 February 2013, the responsibility for the Office of Public Sector Renewal (OPSR) was transferred to the Public Service Commission.

Assets of OPSR transferred were minimal and would not materially affect the reported financial position and operating result of the department. No liabilities were transferred.

(b) Transfer of Public Service Commission's Financial Services and Human Resources functions

As a result of the *Public Service Departmental Arrangements Notice (No. 3) 2013,* dated 24 April 2013 with financial effect from 1 April 2013, the Financial Services and Human Resources functions of the Public Service Commission were transferred to the department.

No assets and liabilities were transferred.

	Economic/Parent Entity (DPC Only)	
	2013	2012
	$'000	$'000
29. Commitments for Expenditure		
(a) Non-Cancellable Operating Lease		
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:		
· Not later than one year	57	57
· Later than one year and not later than five years	229	229
· Later than five years	555	613
Total	841	899

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

(b) Capital Expenditure Commitments

Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

	2013 $'000	2012 $'000
· Not later than one year	5	273
Total	5	273

(c) Expenditure Commitments

Material classes of expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

	2013 $'000	2012 $'000
· Not later than one year	3,597	3,929
· Later than one year and not later than five years	62	548
· Later than five years	27	30
Total	3,686	4,507

	Economic/Parent Entity (DPC Only)	
	2013	2012
	$'000	$'000

29. Commitments for Expenditure (cont'd)

(d) Grants and Subsidies Commitments

Approval has been given to various grantees in accordance with formal agreements to pay the following grants and subsidies inclusive of GST provided certain criteria are met:

	2013 $'000	2012 $'000
· Not later than one year	977	1,993
· Later than one year and not later than five years	1,819	241
Total	**2,796**	**2,234**

The above commitments for grants and subsidies expenditure are allocated to the following categories:

	2013 $'000	2012 $'000
Grants to industries	550	429
Grants to charities/community groups	-	751
Grants to Queensland Government recipients	600	198
Grants to Non Queensland Government departments	926	170
Grants to universities/tertiary education	33	204
Grants to statutory bodies	-	110
Sponsorship	687	372
Total	**2,796**	**2,234**

30. Contingencies

(a) Litigation in progress

As at 30 June 2013, no cases were filed in the courts naming various State Queensland respondents acting through the Department of the Premier and Cabinet as defendant.

Effective 1 July 2001, the department joined the Queensland Government Insurance Fund (QGIF). Under the QGIF, the department would be able to claim back, less a $10,000 deductible, the amount paid to successful litigants. This includes any cases that existed as at 1 July 2001 and cases that have arisen since that date.

(b) Financial Guarantees

A guarantee was provided in February 2007 for the Gold Coast Fishermen's Cooperative in respect of a loan of $253,500 to that entity from the Queensland Rural Adjustment Authority (QRAA). The department provided an undertaking to make full repayment of the loan should there be any balance outstanding following the eventual sale of the pontoons or upon expiration of the loan. The guarantee expires on 19 October 2013.

As financial guarantee contracts are measured in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, the details of the guarantees have been disclosed in this note, in addition to note 32 Financial Instruments for full transparency purposes.

31. Events Occurring after Balance Date

As at the date of management certification of these financial statements, the eligibility to a performance payment for the Director-General, Department of the Premier and Cabinet had not yet been confirmed. With response to the process to determine eligibility, recommendations are yet to be made by the Evaluation Committee, therefore any performance payment will be reported as an expense in the 2013-14 financial year. Refer to note 9(c).

There were no other material events subsequent to the reporting date but prior to the signing date of these accounts of which management was aware.

32. Financial Instruments

(a) Categorisation of Financial Instruments

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

	Note	2013 $'000	2012 $'000
Financial Assets			
Cash and cash equivalents	17	5,220	2,100
Receivables	18	6,827	7,815
Total		**12,047**	**9,915**
Financial Liabilities			
Financial liabilities measured at amortised costs:			
Payables	23	6,814	3,568
Other financial liabilities	24	12,478	13,677
Guarantees	30	254	254
Total		**19,546**	**17,499**

(b) Financial Risk Management

The Department of the Premier and Cabinet's activities expose it to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and departmental policy. 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 risks are managed by Financial Services under policies approved by the department. The department provides written principles for overall risk management, as well as policies covering specific areas.

The department measures risk exposure using a variety of methods as follows -

Risk Exposure	Measurement method
Credit risk	Ageing analysis, earnings at risk
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

32. Financial Instruments (cont'd)

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets.

The following table represents the department's maximum exposure to credit risk based on contractual amounts net of any allowances:

Maximum Exposure to Credit Risk

		Economic Entity/Parent Entity (DPC Only)	
		2013	2012
Category	Note	$'000	$'000
Financial Liabilities			
Guarantees	30	254	254
Total		**254**	**254**

Financial Assets

The carrying amount of receivables represents the maximum exposure to credit risk. As such, receivables are not included in the above disclosure.

No collateral is held as security and no credit enhancements relate to financial assets, other than loans and advances.

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.

No financial assets or financial liabilities have been offset and presented net in the Statement of Financial Position.

The allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor is overdue in paying a debt to the department, according to the due date (normally terms of 30 days). Economic changes impacting the department's debtors, and relevant industry data, also form part of the department's documented risk analysis.

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If the department determines that an amount owing by such a debtor does become uncollectible (after appropriate range of debt recovery actions), that amount is recognised as a Bad Debt expense and written-off directly against Receivables. In other cases where a debt becomes uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as a Bad Debt expense and written off directly against Receivables.

32. Financial Instruments (cont'd)

(c) Credit Risk Exposure (cont'd)

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

2013 Financial Assets Past Due But Not Impaired

	Economic Entity/Parent Entity (DPC Only) Overdue				
	Less than 30 Days $'000	30 - 60 Days $'000	61-90 Days $'000	More than 90 Days $'000	Total $'000
Financial Assets					
Receivables	184	16	-	27	227
Total	**184**	**16**	**-**	**27**	**227**

2012 Financial Assets Past Due But Not Impaired

	Economic Entity/Parent Entity (DPC Only) Overdue				
	Less than 30 Days $'000	30 - 60 Days $'000	61-90 Days $'000	More than 90 Days $'000	Total $'000
Financial Assets					
Receivables	15	-	5	3	23
Total	**15**	**-**	**5**	**3**	**23**

There were no individually impaired financial assets as at 30 June 2013 for the department or as at 30 June 2012 for the Economic and Parent Entities.

Financial Liabilities

The guarantee given by the department meets the definition of a financial guarantee contract as per AASB 139 *Financial Instruments: Recognition and Measurement* and as such the maximum exposure to the department is disclosed on the previous page. Details of the guarantee can be found in note 30.

Management of the department assess on an annual basis the fair value of the financial guarantee as at reporting date. It has been determined that fair value is nil at 30 June 2013 due to the remote possibility of default by the Gold Coast Fishermen's Cooperative. As such, the fair value of the guarantee has not been recognised in the Statement of Financial Position.

32. Financial Instruments (cont'd)

(d) Liquidity Risk

Liquidity risk refers to the situation where the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The department is exposed to liquidity risk in respect of its payables and borrowings from Queensland Treasury Corporation.

The department manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the department has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows in these tables differs from the amounts included in the Statement of Financial Position that are based on discounted cash flows.

		Economic Entity/Parent Entity (DPC Only) 2013 Payable in			Total
		< 1 year	1-5 years	> 5 year	
	Note	$'000	$'000	$'000	$'000
Financial Liabilities					
Payables	23	6,814	-	-	6,814
Financial Liabilities	24	1,995	12,290	-	14,285
Total		**8,809**	**12,290**	**-**	**21,099**

		Economic Entity/Parent Entity (DPC Only) 2012 Payable in			Total
		< 1 year	1-5 years	> 5 year	
	Note	$'000	$'000	$'000	$'000
Financial Liabilities					
Payables	23	3,568	-	-	3,568
Financial Liabilities	24	1,995	14,285	-	16,280
Total		**5,563**	**14,285**	**-**	**19,848**

(e) Market Risk

The department does not trade in foreign currency and is not materially exposed to commodity price changes. The department is not exposed to interest rate risk from either borrowings from Queensland Treasury Corporation or cash deposited in interest bearing accounts. The department does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy articulated in the department's Financial Management Practice Manual.

(f) Interest Rate Sensitivity Analysis

The department's financial liabilities are held at fixed rates, therefore no sensitivity analysis is required.

The department does not earn interest on cash deposited in interest bearing accounts. Therefore no financial assets were subject to interest rate sensitivity as at 30 June 2013 or as at 30 June 12. Refer to note 32(e).

32. Financial Instruments (cont'd)

(g) Fair Value

Apart from cash and cash equivalents, the department does not recognise any financial assets or financial liabilities at fair value in the Statement of Financial Position.

The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

The fair value of borrowings is notified by Queensland Treasury Corporation. It is calculated using discounted cash flow analysis and the effective interest rate (refer note 24) and is disclosed below:

	Economic Entity/Parent Entity (DPC Only)			
	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$'000	$'000	$'000	$'000
Financial Liabilities				
QTC Borrowings	12,478	13,253	13,677	14,573
Total	**12,478**	**13,253**	**13,677**	**14,573**

33. Schedule of Administered Items

	Ministerial Offices, Assistant Ministers and the Opposition		Former Governor's Pension		General not attributed		Total Administered	
	2013	2012	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Administered Revenues								
Administered item appropriation	39,283	40,983	145	139	-	2,380,724	39,428	2,421,846
Grants and Contributions	-	-	-	-	-	30,000	-	30,000
Other revenue	399	209	-	-	-	168	399	377
Total	**39,682**	**41,192**	**145**	**139**	**-**	**2,410,892**	**39,827**	**2,452,223**
Administered Expenses								
Employee expenses	26,536	27,048	117	143	-	-	26,653	27,191
Supplies and services	12,651	13,839	-	-	-	-	12,651	13,839
Grants and subsidies *	-	-	-	-	-	2,410,724	-	2,410,724
Depreciation and amortisation	248	187	-	-	-	-	248	187
Other expenses	247	118	-	-	-	168	247	286
Total	**39,682**	**41,192**	**117**	**143**	**-**	**2,410,892**	**39,799**	**2,452,227**
Total Administered Operating Result before Transfers to Government	**-**	**-**	**28**	**(4)**	**-**	**-**	**28**	**(4)**
Transfers of administered revenues to government	-	-	-	-	-	-	-	
Total	**-**	**-**	**28**	**(4)**	**-**	**-**	**28**	**(4)**
Administered Assets								
Current								
Cash and cash equivalents	6,223	128	17	(11)	-	-	6,240	117
Receivables	2,659	6,958	-	-	-	-	2,659	6,958
Other current assets	46	51	-	-	-	-	46	51
Total Administered Current Assets	**8,928**	**7,137**	**17**	**(11)**	**-**	**-**	**8,945**	**7,126**
Non-current								
Property, plant and equipment	817	1,155	-	-	-	-	817	1,155
Total Administered Non-current Assets	**817**	**1,155**	**-**	**-**	**-**	**-**	**817**	**1,155**
Total Administered Assets	**9,745**	**8,292**	**17**	**(11)**	**-**	**-**	**9,762**	**8,281**

33. Schedule of Administered Items (cont'd)

	Ministerial Offices, Assistant Ministers and the Opposition		Former Governor's Pension		General not attributed		Total Administered	
	2013	2012	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Administered Liabilities								
Current								
Payables	675	879	-	-	-	-	675	879
Accrued employee benefits	797	886	-	-	-	-	797	886
Total Administered Current Liabilities	**1,472**	**1,765**	**-**	**-**	**-**	**-**	**1,472**	**1,765**
Non-current								
Accrued employee benefits	3,973	2,226	-	-	-	-	3,973	2,226
Total Administered Non-current Liabilities	**3,973**	**2,226**	**-**	**-**	**-**	**-**	**3,973**	**2,226**
Total Administered Liabilities	**5,445**	**3,991**	**-**	**-**	**-**	**-**	**5,445**	**3,991**
Net Administered Assets	**4,300**	**4,301**	**17**	**(11)**	**-**	**-**	**4,317**	**4,290**
Administered Equity								
Contributed equity	2,982	2,982	-	-	-	-	2,982	2,982
Retained Surplus	1,318	1,319	17	(11)	-	-	1,335	1,308
Total Administered Equity	**4,300**	**4,301**	**17**	**(11)**	**-**	**-**	**4,317**	**4,290**
*** Administered Grants and Subsidies**								
South Bank Corporation	-	-	-	-	-	10,025	-	10,025
Events Queensland Pty Ltd	-	-	-	-	-	35,790	-	35,790
Queensland Art Gallery	-	-	-	-	-	25,160	-	25,160
Queensland Museum	-	-	-	-	-	16,138	-	16,138
State Library of Queensland	-	-	-	-	-	40,285	-	40,285
Queensland Performing Arts Trust	-	-	-	-	-	6,206	-	6,206
Queensland Theatre Company	-	-	-	-	-	1,950	-	1,950
Screen Queensland Pty Ltd	-	-	-	-	-	7,336	-	7,336
Queensland Reconstruction Authority	-	-	-	-	-	2,267,834	-	2,267,834
Total Grants and Subsidies	**-**	**-**	**-**	**-**	**-**	**2,410,724**	**-**	**2,410,724**

	2013 $'000	2012 $'000
34. Reconciliation of Payments from Consolidated Fund to Administered Revenue		
Budgeted appropriation	46,676	450,123
Transfers from/(to) other departments	-	(36,823)
Transfers from/(to) other headings	-	237
Lapsed appropriation	(6,946)	-
Unforeseen expenditure	-	2,066,935
Total administered receipts	**39,730**	**2,480,472**
Plus: Closing balance of departmental services revenue receivable	2,272	2,574
Less: Opening balance of departmental services revenue receivable	(2,574)	(61,200)
Administered revenue recognised above	**39,428**	**2,421,846**

35. Trust Transactions and Balances

As the department performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements, but are disclosed here for information purposes.

The Queensland Auditor-General performed the audit of the department's trust transactions for 2012-13.

All management and administration costs incurred by the following Trusts are met by the department.

(a) Premier's Disaster Relief Appeal Fund

The Premier's Disaster Relief Appeal (PDRA) was initially launched in response to the flooding in Northern, Central and Western Queensland in February 2000. The principal purpose of this Appeal is to relieve the suffering and distress in Queensland, other Australian States or Territories and developing countries in the South Pacific by providing money, property or benefits. It has remained in operation in order to facilitate a timely response should future public appeals be required.

No donations were collected and no distributions were made in 2012-13.

The PDRA prepared general purpose financial statements for 2011-12 and 2012-13. Please refer to these statements for more detailed financial information.

A summary of the financial statements is shown below.

	2013 $'000	2012 $'000
Revenue	162	14,614
Expenses	208	122,147
Net Surplus	**(46)**	**(107,533)**
Assets	1	47
Liabilities	-	-
Net Assets	**1**	**47**

35. Trust Transactions and Balances (cont'd)

(b) The 2010/2011 Queensland Floods and Cyclone Yasi Disaster Relief Fund

On 19 January 2011, the 2010/2011 Queensland Floods Disaster Relief Fund was established. This trust was established as the distribution vehicle for the donations collected by the PDRA for the flood victims.

On 3 February 2011 the appeal was extended to include victims of Tropical Cyclone Yasi and the Trust was renamed 2010/2011 Queensland Floods and Cyclone Yasi Disaster Relief Fund (QFY).

On 31 October 2011, the Trustees resolved to wind-up the fund and transfer the remaining assets to the Premier's Disaster Relief Appeal Fund being a fund with similar objectives and a deductible gift recipient.

QFY prepared general purpose financial statements for the 2011-12 year for period 1 July 2011 to 31 October 2011. Refer to these statements for more detailed financial information.

	2012 $'000
Revenue	113,397
Expenses	118,214
Net Surplus	**(4,817)**
Assets	-
Liabilities	-
Net Assets	**-**

(c) Cyclone Larry Disaster Relief Fund

The Premier launched the Cyclone Larry Disaster Relief Appeal on 20 March 2006. Donations to this Appeal were initially collected in the Premier's Disaster Relief Appeal Fund. Subsequently, the Cyclone Larry Disaster Relief Fund was created to facilitate the disbursement of proceeds to those in need.

The Fund was created on 1 August 2006 following a change in Commonwealth tax legislation to provide greater capacity for rebuilding community assets.

The principal purpose and activity of the Fund is to provide relief (including by way of assistance to re-establish communities) to people who are in distress as a result of Tropical Cyclone Larry. The Fund was wound up on 25 January 2013.

On 14 January 2013 the Trustees resolved to wind up The Cyclone Larry Disaster Relief Fund. Surplus funds were transferred to the Premier's Disaster Relief Appeal in accordance with the Trustees resolution, being a fund with similar objects and being a fund to which tax deductible gifts can be made.

A summary of the financial statements is shown on the following page.

35. Trust Transactions and Balances (cont'd)

(c) Cyclone Larry Disaster Relief Fund (cont'd)

	2013 $'000	2012 $'000
Revenues		
Refund of grants and subsidies	2	-
Donations	-	4
Interest	4	7
Total	**6**	**11**
Expenses		
Grants and individuals	-	6
Grants to Premiers Disaster Relief Appeal	14	-
Total	**14**	**6**
Assets		
Cash	-	8
Total	**-**	**8**

(d) Queensland Floods Appeal 2013

On the 28 January 2013 the Premier launched the Queensland Floods Appeal 2013, a Queensland Government/Red Cross partnership to help Queenslanders affected by floods over the Australia Day long weekend.

As part of the Memorandum of Understanding signed on 14 February 2013, the department acted as a paying agent for the Red Cross in distributing payments to the victims. To facilitate this process the department opened a separate bank account through which the donations collected by the Red Cross were channelled.

A summary of the transactions in this account is shown below.

	2013 $'000
Receipts	
Funds transferred from Red Cross	10,865
Interest	4
Total	**10,869**
Payments	
Payments made to victims on behalf of Red Cross	10,869
Total	**10,869**
Balance at 30 June 2013	-

Certificate of the Department of the Premier and Cabinet

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of the Premier and Cabinet for the financial year ended 30 June 2013 and of the financial position of the department at the end of that year.

Jon Grayson
Director-General

19 August 2013

Dee Mundell CPA
Chief Finance Officer

19 August 2013

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of the Premier and Cabinet

Report on the Financial Report

I have audited the accompanying financial report of the Department of the Premier and Cabinet, which comprises the statement of financial position and statement of assets and liabilities by major departmental services, CBUs and SSPs as at 30 June 2013, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services, CBUs and SSPs for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Director-General and Chief Finance Officer of the Department and the consolidated entity comprising the Department and the entities it controlled from time to time during the previous financial reporting period.

Accountable Officer's Responsibility for the Financial Report

The Accountable Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Accountable Officer's responsibility also includes such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

(a) I have received all the information and explanations which I have required; and

(b) in my opinion –

  (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and

  (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Department of the Premier and Cabinet for the financial year 1 July 2012 to 30 June 2013 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

A M GREAVES FCA FCPA
Auditor-General of Queensland

Queensland Audit Office
Brisbane