



Department of the Premier and Cabinet  
Financial Statements  
for the year ended 30 June 2019

**Department of the Premier and Cabinet  
Financial Statements  
for the year ended 30 June 2019**

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Department of the Premier and Cabinet  
Statement of Comprehensive Income  
for the year ended 30 June 2019

	Notes	Economic Entity		Parent Entity	
		2019 \$'000	2018* \$'000	2019 \$'000	2018* \$'000
<b>Income</b>					
Appropriation revenue	B1-1	116,419	189,038	116,419	189,038
User charges and fees	B1-2	4,569	22,550	3,400	21,394
Grants and other contributions	B1-3	32,144	23,942	8,512	2,190
Other revenue	B1-4	6,709	3,592	7,155	3,157
<b>Total Income</b>		<b>159,841</b>	<b>239,122</b>	<b>135,486</b>	<b>215,779</b>
<b>Expenses</b>					
Employee expenses	B2-1	57,081	69,102	54,447	66,871
Supplies and services	B2-2	35,735	57,204	33,190	56,151
Grants and subsidies	B2-3	32,292	59,553	33,432	39,699
Depreciation and amortisation	C3 & C4	693	24,857	340	24,854
Other expenses	B2-4	14,185	28,021	14,077	27,863
<b>Total Expenses</b>		<b>139,986</b>	<b>238,737</b>	<b>135,486</b>	<b>215,438</b>
<b>Operating Result for the Year</b>		<b>19,855</b>	<b>385</b>	<b>-</b>	<b>341</b>
<b>Total Comprehensive Income</b>		<b>19,855</b>	<b>385</b>	<b>-</b>	<b>341</b>

The accompanying notes form part of these financial statements.

\*Refer to note G3 Machinery-of-Government Changes

Department of the Premier and Cabinet  
Statement of Financial Position  
as at 30 June 2019

	Notes	Economic Entity		Parent Entity	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Current Assets</b>					
Cash and cash equivalents	C1	52,927	52,687	19,653	42,495
Receivables and loans receivable	C2	14,185	21,456	13,979	19,670
Other		303	762	240	707
<b>Total Current Assets</b>		<b>67,415</b>	<b>74,905</b>	<b>33,872</b>	<b>62,872</b>
<b>Non-current Assets</b>					
Receivables and loans receivable	C2	11,020	9,047	11,569	9,047
Intangible assets	C3	2,630	2,377	2,630	2,377
Property, plant and equipment	C4	2,959	266	156	220
<b>Total Non-current Assets</b>		<b>16,609</b>	<b>11,690</b>	<b>14,355</b>	<b>11,644</b>
<b>Total Assets</b>		<b>84,024</b>	<b>86,595</b>	<b>48,227</b>	<b>74,516</b>
<b>Current Liabilities</b>					
Payables	C5	18,245	38,867	18,030	42,552
Interest-bearing liabilities	C6	10,772	15,640	10,772	15,640
Accrued employee benefits	C7	2,486	2,517	2,361	2,399
Unearned revenue	C8	876	358	876	358
<b>Total Current Liabilities</b>		<b>32,379</b>	<b>57,382</b>	<b>32,039</b>	<b>60,949</b>
<b>Non-current Liabilities</b>					
Payables	C5	3,428	2,246	3,322	2,098
Interest-bearing liabilities	C6	8,247	6,949	8,247	6,949
Accrued employee benefits	C7	38	40	-	-
Unearned revenue	C8	99	-	99	-
<b>Total Non-current Liabilities</b>		<b>11,812</b>	<b>9,235</b>	<b>11,668</b>	<b>9,047</b>
<b>Total Liabilities</b>		<b>44,191</b>	<b>66,617</b>	<b>43,707</b>	<b>69,996</b>
<b>Net Assets</b>		<b>39,833</b>	<b>19,978</b>	<b>4,520</b>	<b>4,520</b>
<b>Equity</b>					
Accumulated surplus/(deficit)		39,833	19,978	4,520	4,520
<b>Total Equity</b>		<b>39,833</b>	<b>19,978</b>	<b>4,520</b>	<b>4,520</b>

The accompanying notes form part of these financial statements.



Department of the Premier and Cabinet  
Statement of Changes in Equity  
for the year ended 30 June 2019

	Notes	Economic Entity		Parent Entity	
		2019	2018*	2019	2018*
		\$'000	\$'000	\$'000	\$'000
<b>Contributed equity</b>					
Balance as at 1 July		-	606,648	-	606,648
<i>Transactions with owners as owners:</i>					
MoG Changes - transfer out - AQ		-	(580,060)	-	(580,060)
MoG Changes - transfer out - CAA		-	(4,778)	-	(4,778)
MoG Changes - transfer in - OSSSIO		-	5,433	-	5,433
MoG Changes - transfer in - QGCIO		-	87	-	87
MoG Changes - transfer out - OSSSIO		-	(4,925)	-	(4,925)
MoG Changes - transfer out - QGCIO		-	(99)	-	(99)
Appropriated equity injections	C9	-	5,428	-	5,428
Appropriated equity withdrawals	C9	-	(27,367)	-	(27,367)
MoG related equity adjustments		-	(367)	-	(367)
<b>Balance as at 30 June</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated Surplus</b>					
Balance as at 1 July		19,978	19,163	4,520	3,749
MoG changes - transfer out AQ		-	(191,518)	-	(191,518)
MoG changes - AQ transfer from Asset Revaluation Surplus		-	191,948	-	191,948
Operating Result		19,855	385	-	341
<b>Balance as at 30 June</b>		<b>39,833</b>	<b>19,978</b>	<b>4,520</b>	<b>4,520</b>
<b>Asset Revaluation Surplus</b>					
Balance as at 1 July		-	191,948	-	191,948
<i>Other Comprehensive Income:</i>					
MoG changes - AQ ARR transfer to Accumulated Surplus		-	(191,948)	-	(191,948)
<b>Balance as at 30 June</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The accompanying notes form part of these financial statements.

\*Refer to note G3 Machinery-of-Government Changes.

Department of the Premier and Cabinet  
Statement of Cash Flows  
for the year ended 30 June 2019

	Notes	Economic Entity		Parent Entity	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>					
<i>Inflows:</i>					
Service appropriation receipts	B1-1	92,243	182,675	92,243	182,675
User charges and fees		5,453	24,341	4,039	23,183
Grants and other contributions		29,802	23,942	7,421	2,190
Interest receipts		632	776	409	412
GST input tax credits from ATO		8,690	9,923	4,889	8,354
GST collected from customers		1,189	2,208	1,086	2,091
Other		6,884	896	8,193	1,913
<i>Outflows:</i>					
Employee expenses		(57,355)	(69,563)	(54,601)	(67,357)
Supplies and services		(35,090)	(54,799)	(32,550)	(55,036)
Grants and subsidies		(35,924)	(52,711)	(42,210)	(28,911)
Finance/borrowing costs		-	(411)	(409)	(409)
GST paid to suppliers		(7,364)	(9,924)	(4,737)	(7,533)
GST remitted to ATO		(1,029)	(2,154)	(919)	(2,031)
Other		(2,379)	(4,888)	(2,439)	(4,728)
<b>Net cash provided by operating activities</b>		<b>5,752</b>	<b>50,311</b>	<b>(19,585)</b>	<b>54,813</b>
<b>Cash flows from investing activities</b>					
<i>Inflows:</i>					
Loans and advances redeemed		7,619	1,649	6,777	273
<i>Outflows:</i>					
Payments for property, plant and equipment		(3,103)	(3,504)	(6)	(3,467)
Payments for intangibles		(453)	(238)	(453)	(238)
Loans and advances made		(2,798)	(12,463)	(2,798)	(12,485)
<b>Net cash used in investing activities</b>		<b>1,265</b>	<b>(14,556)</b>	<b>3,520</b>	<b>(15,917)</b>
<b>Cash flows from financing activities</b>					
<i>Inflows:</i>					
Equity injections		-	8,226	-	8,226
Proceeds from borrowings		2,798	12,485	2,798	12,485
<i>Outflows:</i>					
Equity withdrawals		-	(27,367)	-	(27,367)
Borrowing redemptions		(6,777)	(271)	(6,777)	(271)
<b>Net cash provided by financing activities</b>		<b>(3,980)</b>	<b>(6,927)</b>	<b>(3,979)</b>	<b>(6,927)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,038</b>	<b>28,828</b>	<b>(20,044)</b>	<b>31,969</b>
Net cash transferred resulting from MoG changes		-	(7,828)	-	(7,828)
Lapsed equity adjustment to other agency	C9	(2,798)	-	(2,798)	-
Cash and cash equivalents - opening balance		52,687	31,687	42,495	18,354
<b>Cash and cash equivalents at end of financial year</b>	C1	<b>52,927</b>	<b>52,687</b>	<b>19,653</b>	<b>42,495</b>

The accompanying notes form part of these financial statements.

Department of the Premier and Cabinet  
Notes to the Statement of Cash Flows  
for the year ended 30 June 2019

Reconciliation of Operating Results to Net Cash Provided by Operating Activities

	Economic Entity		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Operating surplus/(deficit)	19,855	385	-	341
<b>Non-cash items included in operating results:</b>				
Depreciation and amortisation expense	693	24,857	340	24,854
Interest capitalised	409	-	-	-
<b>Change in assets and liabilities:</b>				
Increase/(decrease) in deferred appropriation refundable to Consolidated Fund	(12,004)	16,588	(12,004)	16,588
Adjustment to payables and receivables due to MoG changes	-	1,120	-	1,120
(Increase)/decrease in trade debtors	1,490	1,018	374	2,095
(Increase)/decrease in other receivables	132	(2,588)	398	(2,579)
(Increase)/decrease in GST receivable	196	1,839	227	1,461
(Increase)/decrease in long service leave reimbursement receivables	(14)	(37)	(14)	(37)
(Increase)/decrease in annual leave reimbursement receivables	(111)	318	(111)	318
(Increase)/decrease in other current assets	459	1,219	467	1,199
Increase/(decrease) in GST payable	(48)	243	(48)	231
Increase/(decrease) in payables	(5,889)	6,386	(9,793)	10,276
Increase/(decrease) in accrued employee benefits	(33)	(731)	(38)	(748)
Increase/(decrease) in unearned revenue	617	(306)	617	(306)
<b>Net cash provided by operating activities</b>	<b>5,752</b>	<b>50,311</b>	<b>(19,585)</b>	<b>54,813</b>

Changes in liabilities arising from financing activities

	\$'000	\$'000	\$'000	\$'000	\$'000
Economic Entity 2019	Opening Balance	Cash Received	Cash Repayments	Non Cash	Closing Balance
Borrowings	22,589	2,798	(6,777)	409	19,019
<b>Total</b>	<b>22,589</b>	<b>2,798</b>	<b>(6,777)</b>	<b>409</b>	<b>19,019</b>

Parent Entity 2019

Borrowings	22,589	2,798	(6,777)	409	19,019
<b>Total</b>	<b>22,589</b>	<b>2,798</b>	<b>(6,777)</b>	<b>409</b>	<b>19,019</b>

Economic Entity 2018

Borrowings	10,375	12,485	(271)	-	22,589
<b>Total</b>	<b>10,375</b>	<b>12,485</b>	<b>(271)</b>	<b>-</b>	<b>22,589</b>

Parent Entity 2018

Borrowings	10,375	12,485	(271)	-	22,589
<b>Total</b>	<b>10,375</b>	<b>12,485</b>	<b>(271)</b>	<b>-</b>	<b>22,589</b>





Department of the Premier and Cabinet  
Statement of Assets and Liabilities by Major Departmental Services and Shared Service Providers  
as at 30 June 2019

	Policy Advice, Coordination and Cabinet Support		Government Services		Legislative Drafting and e-Publishing		Strategy and Engagement		Inter-Service/Unit		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Current Assets</b>												
Cash and cash equivalents	2,712	1,301	15,067	36,076	(1,374)	(1,174)	3,248	6,292	-	-	19,653	42,495
Receivables and loans receivable	514	1,159	1,826	1,875	290	256	11,349	16,381	-	(1)	13,979	19,670
Other	57	144	153	344	30	88	0	131	-	-	240	707
<b>Total Current Assets</b>	<b>3,283</b>	<b>2,604</b>	<b>17,046</b>	<b>38,295</b>	<b>(1,054)</b>	<b>(830)</b>	<b>14,597</b>	<b>22,804</b>	<b>-</b>	<b>(1)</b>	<b>33,872</b>	<b>62,872</b>
<b>Non-current Assets</b>												
Receivables and loans receivable	653	2,098	1,327	-	244	-	9,345	6,949	-	-	11,569	9,047
Intangible assets	245	183	166	191	2,081	1,951	138	51	-	1	2,630	2,377
Property, plant and equipment	28	13	(35)	-	135	193	28	15	-	(1)	156	220
<b>Total Non-current Assets</b>	<b>926</b>	<b>2,294</b>	<b>1,458</b>	<b>191</b>	<b>2,460</b>	<b>2,145</b>	<b>9,511</b>	<b>7,014</b>	<b>-</b>	<b>-</b>	<b>14,355</b>	<b>11,644</b>
<b>Total Assets</b>	<b>4,209</b>	<b>4,898</b>	<b>18,504</b>	<b>38,486</b>	<b>1,406</b>	<b>1,314</b>	<b>24,108</b>	<b>29,819</b>	<b>-</b>	<b>(1)</b>	<b>48,227</b>	<b>74,516</b>
<b>Current Liabilities</b>												
Payables	782	2,177	14,826	34,323	511	471	1,911	5,582	-	-	18,030	42,552
Interest-bearing liabilities	-	-	-	-	-	-	10,772	15,640	-	-	10,772	15,640
Accrued employee benefits	910	947	544	631	322	317	585	503	-	-	2,361	2,398
Unearned revenue	876	355	-	2	-	-	-	1	-	-	876	358
<b>Total Current Liabilities</b>	<b>2,568</b>	<b>3,479</b>	<b>15,370</b>	<b>34,956</b>	<b>833</b>	<b>788</b>	<b>13,268</b>	<b>21,726</b>	<b>-</b>	<b>-</b>	<b>32,039</b>	<b>60,949</b>
<b>Non-current Liabilities</b>												
Payables	653	461	1,327	1,117	243	162	1,099	358	-	-	3,322	2,098
Interest-bearing liabilities	-	-	-	-	-	-	8,247	6,949	-	-	8,247	6,949
Unearned revenue	99	-	-	-	-	-	-	-	-	-	99	-
<b>Total Non-current Liabilities</b>	<b>752</b>	<b>461</b>	<b>1,327</b>	<b>1,117</b>	<b>243</b>	<b>162</b>	<b>9,346</b>	<b>7,307</b>	<b>-</b>	<b>-</b>	<b>11,668</b>	<b>9,047</b>
<b>Total Liabilities</b>	<b>3,320</b>	<b>3,940</b>	<b>16,697</b>	<b>36,073</b>	<b>1,076</b>	<b>950</b>	<b>22,614</b>	<b>29,033</b>	<b>-</b>	<b>-</b>	<b>43,707</b>	<b>69,995</b>

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2019**

**A1: Objectives and Principal Activities of the Department**

Department of the Premier and Cabinet (DPC) is responsive, effective and accountable in serving the Premier and Cabinet and the people of Queensland.

The department's vision is making a positive difference for Queenslanders, now and in the future.

To achieve this vision, the department's strategic objectives are to:

- lead public policy across government, ensuring effective outcomes for Queenslanders
- ensure the delivery of a strong system of government
- inform the strategic direction of government
- maintain a high-performing and responsive workforce

Through our work, DPC leads active collaboration across the Queensland Government to deliver on the Government's objectives for the community to:

- create jobs in a strong economy
- give all our children a great start
- keep Queenslanders healthy
- keep communities safe
- protect the Great Barrier Reef
- be a responsive government

The department works collaboratively across government in a coordination role and contributes directly to policy initiatives to ensure the attainment of these objectives.

The major services delivered by the department are as follows:

- Policy Advice and Coordination, and Cabinet Support provides comprehensive, coordinated policy advice to the Premier, Cabinet and Minister Assisting the Premier, from design and development through to implementation and review. It also provides policy leadership across government and advances government policy priorities. This service also provides support for the operation of Cabinet and its related processes, including the administration of all Cabinet information, and supports the Government's accountability to the Parliament. The service area plays a vital role in ensuring the Government functions efficiently and effectively. It does this by supporting the Government to chart its strategic direction, progress its priorities, achieve its objectives for the community, and deliver its election commitments. The service area also responds to challenging and newly-emerging circumstances with state-wide impact and broader national interests. It consults and collaborates with other departments, all levels of government, non-government organisations, the private sector and other key stakeholders.
- Strategy and Engagement takes a leadership role in driving innovative and whole-of-government policy, representing Queensland's best interests in intergovernmental matters, leading strategic communications, and maximising external and international engagement for the Queensland Government.
- Government Services provides policy and operational advice and support to the Premier in relation to executive government and machinery-of-government matters, supports the administration of business before Executive Council, and provides support services to Ministerial Offices and the Office of the Leader of the Opposition. In addition, it manages and coordinates the Anzac Centenary commemoration program.
- Legislative Drafting and ePublishing (LDeP), through the Office of the Queensland Parliamentary Counsel (OQPC), provides drafting and e-publishing services for Queensland legislation. This service supports the Queensland Government and democracy by drafting and e-publishing legislation of the highest quality for Queensland. The service enables the Government to implement its legislative reform agenda. LDeP 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.

**Administered items**

Administered activities are those undertaken by departments on behalf of the government.

The Department of the Premier and Cabinet administers funds on behalf of the State which includes Ministerial Offices and the Office of the Leader of the Opposition.

The key clients are Ministers, Assistant Ministers, the Leader of the Opposition and their respective staff. The services provided are:

- support for Ministers to assist in undertaking their responsibilities as Ministers of the State
- management of advisory, secretarial and administrative staff and associated resources for all Ministerial offices
- maintenance of procedures to ensure the financial accountability of these offices is in accordance with the Queensland Ministerial Handbook
- corporate support for the Office of the Leader of the Opposition

The accounting, purchasing, information technology, telecommunications, asset management and personnel requirements for these administered areas are supplied by Ministerial Services within the Government Services area of the department.

The department also administers funding for Trade and Investment Queensland and Screen Queensland Pty Ltd (SQ).

Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2019

**Section B: Notes about our Financial Performance**

**B1: Revenue**

**B1-1: Appropriation Revenue**

Reconciliation of Payments from Consolidated Fund to Appropriation Revenue for Services Recognised in Statement of Comprehensive Income.

	Economic Entity		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Budgeted appropriation revenue	107,006	245,590	107,006	245,590
Transfer from/(to) other departments - redistribution of public business	-	(66,825)	-	(66,825)
Lapsed departmental services appropriation	(14,763)	-	(14,763)	-
Unforeseen expenditure	-	3,910	-	3,910
<b>Total appropriation receipts (Cash)</b>	<b>92,243</b>	<b>182,675</b>	<b>92,243</b>	<b>182,675</b>
Less: MoG transfer of appropriation cash	-	(1,323)	-	(1,323)
Plus: MoG transfer of appropriation receivable	-	203	-	203
Less: Opening balance of non-current appropriation receivable	(2,098)	(813)	(2,098)	(813)
Plus: Departmental Services - non-current receivable from the Consolidated Fund (Refer to Note C2)	3,322	2,098	3,322	2,098
Plus: Opening balance of deferred appropriation payable to Consolidated Fund (Refer to Note C5)	22,968	6,380	22,968	6,380
Less: Closing balance of deferred appropriation payable to Consolidated Fund (Refer to Note C5)	(10,964)	(22,968)	(10,964)	(22,968)
<b>Net Appropriation Revenue</b>	<b>105,471</b>	<b>166,252</b>	<b>105,471</b>	<b>166,252</b>
Plus: Deferred appropriation refundable to Consolidated Fund (expenses) (Refer to Note B2-4)	10,948	22,786	10,948	22,786
<b>Appropriation Revenue recognised in the Statement of Comprehensive Income</b>	<b>116,419</b>	<b>189,038</b>	<b>116,419</b>	<b>189,038</b>

Appropriations provided under the *Appropriation Act 2018* are recognised as revenue when received. A deferred appropriation payable representing the unspent appropriation has been recorded in the financial statements as at 30 June 2019. This has been approved by Queensland Treasury.

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' item appropriations (Refer to Section F: Notes about Administered Activities).

**B1-2: User Charges and Fees**

Corporate services partnership agreements	2,827	8,467	2,827	8,467
Facility services revenue	-	6,875	-	6,875
Car park revenue	-	4,286	-	4,286
Sales of goods/services	570	686	570	686
Other	1,172	2,236	3	1,080
<b>Total</b>	<b>4,569</b>	<b>22,550</b>	<b>3,400</b>	<b>21,394</b>

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

User charges includes transactions of \$0.76M (2017-18: \$13.75M) with related parties represented by other Queensland Government entities, none of which are considered individually material and primarily represent the recovery of corporate costs provided by the department.



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B1-3: Grants and Other Contributions	Economic Entity		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Contributions from Queensland Government departments	23,632	22,442	-	690
Commonwealth contributions	8,512	1,500	8,512	1,500
<b>Total</b>	<b>32,144</b>	<b>23,942</b>	<b>8,512</b>	<b>2,190</b>

The department's grants and other contributions revenue is recognised in the year in which the control or the right to receive the grant or contribution is obtained. Control is generally obtained at the time of receipt or when the department has an enforceable right to receive the grant or contribution.

A number of the controlled entity's programs are supported by grants received from the federal, state and local governments. These grants are recognised by the entity as reciprocal or non-reciprocal based on conditions contained in the grant agreements. Grants received with specific conditions (reciprocal) will determine the timing and amount of revenue recognised. Revenue from a non-reciprocal grant that is not subject to specific conditions is recognised at the time the entity obtains control of the funds, economic benefits are probable and the amount can be measured reliably.

Contributions from Queensland Government departments are related party transactions.

**B1-4: Other Revenue**

Graduate Program	3,347	1,066	3,347	1,066
Interest Receipts	804	730	409	245
Sponsorships	1,108	1,019	1,108	1,019
Goods/Services Received Below Fair Value	776	473	776	473
Other	674	304	1,515	354
<b>Total</b>	<b>6,709</b>	<b>3,592</b>	<b>7,155</b>	<b>3,157</b>

**B2: Expenses**

**B2-1: Employee Expenses**

**Employee Benefits**

Wages and salaries	44,659	53,801	42,439	51,875
Employer superannuation contributions	5,753	7,234	5,547	7,053
Annual leave levy	4,402	5,500	4,395	5,487
Long service leave levy	877	1,150	877	1,150
Termination benefits	14	111	14	111
Other employee benefits	955	890	862	861

**Employee Related Expenses**

Workers' compensation premium	69	182	62	175
Other employee related expenses	352	234	251	159
<b>Total</b>	<b>57,081</b>	<b>69,102</b>	<b>54,447</b>	<b>66,871</b>

Number of Full Time Equivalent (FTE) Employees	470	489	445	467
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Wages and salaries are recognised based on the period where service has been received. Sick leave is non-vesting, an expense is recognised as it is taken.

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

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

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**B2-1: Employee Expenses (cont'd)**

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

The superannuation expense for the controlled entity reflects payments incurred in relation to employees' terms and conditions of employment. The controlled entity contributes to several superannuation funds. Contributions are charged to expense as they are incurred.

Under the Queensland Government's Annual Leave Central Scheme and Long Service Leave Central Scheme, the levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and long service leave are claimed quarterly in arrears. These schemes are administered by Queensland Treasury which is a related party.

The controlled entity does not participate in the centralised leave schemes. For employees of the controlled entity annual leave and long service leave are recognised in accordance to AASB 119 *Employee Benefits* with liability split between current and non-current components.

The department pays premiums to WorkCover Queensland (which is a related party) in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not employee benefits and is recognised separately as employee related expenses.

FTE employees are calculated based on the Minimum Obligatory Human Resources Information (MOHRI) method. The reported FTEs above includes 6 FTE employees that were engaged in the provision of corporate services to other agencies in 2018-19 (7 FTE employees in 2017-18).

The department undertakes a whole of government policy futures graduate program which employed 55 graduates during 2018-19 (2017-18: 60). The graduate FTE numbers are included in the department totals stated.

Key management personnel and remuneration disclosures are detailed in Note G1.

**B2-2: Supplies and Services**

	Economic Entity		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Building services	12,177	16,633	10,597	16,381
Professional services	4,643	6,456	4,542	6,267
Consultants and contractors	4,958	6,426	4,958	6,426
Advertising and communications	4,593	5,178	4,463	5,075
Information technology bureau services	4,701	6,868	4,519	6,696
Outsourced corporate support	1,329	1,412	1,329	1,412
Hospitality and official functions	415	419	398	403
Travel	539	762	420	599
Venue hire	234	180	234	180
Telephone and communications support	247	462	221	438
Building maintenance	-	10,756	-	10,756
Other	1,899	1,652	1,509	1,518
<b>Total</b>	<b>35,735</b>	<b>57,204</b>	<b>33,190</b>	<b>56,151</b>

For a transaction to be classified as supplies and services, the value of the goods and services received by the department must be approximately equal to the value of the consideration exchanged for those goods or services. Where this is not the substance of the arrangement, the transactions are classified as grants and subsidies in Note B2-3.

Supplies and services include transactions of \$17.44M (2017-18: \$25.67M) with related parties represented by other Queensland Government entities, none of which are considered material other than Department of Housing and Public Works for property rent amounting to \$10.58M (2017-18: \$13.40M) for the year ended 30 June 2019. Property rent is charged at market rates.

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B2-3: Grants and Subsidies	Economic Entity		Parent Entity	
	2019	2018	2019	2018
<b>Recurrent</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Grants to private sector entities	21,721	36,794	22,861	12,994
Grants to government entities and not-for-profit entities	6,495	8,146	6,495	12,092
Grants to individuals	-	109	-	109
<b>Total recurrent</b>	<b>28,216</b>	<b>45,049</b>	<b>29,356</b>	<b>25,195</b>
<b>Capital</b>				
Grants to government entities and not-for-profit entities	800	12,800	800	12,800
<b>Total capital</b>	<b>800</b>	<b>12,800</b>	<b>800</b>	<b>12,800</b>
<b>Subsidy payments</b>				
Contributions	2,018	906	2,018	906
Donations and gifts made	1,258	798	1,258	798
<b>Total subsidy payments</b>	<b>3,276</b>	<b>1,704</b>	<b>3,276</b>	<b>1,704</b>
<b>Total</b>	<b>32,292</b>	<b>59,553</b>	<b>33,432</b>	<b>39,699</b>

Grants occur when a payment or contribution is made to an organisation or person in return for performance of a certain objective in compliance with certain terms and conditions, and which does not directly give approximately equal value in return to the department.

A subsidy payment is a payment or contribution made to an organisation or person which is in essence, a form of financial assistance to reduce all or part of the costs of a recipient in meeting its own objectives.

Grants and subsidies are recognised when the obligation for a transfer of resources arises according to the terms of the funding agreement.

Grants and subsidies includes transactions of \$5.13M (2017-18: \$1.12M) with related parties represented by other Queensland Government entities, none of which are considered material other than the Board of the Queensland Museum of \$3.77M (2017-18: nil).

**B2-4: Other Expenses**

Deferred appropriation payable to Consolidated Fund	10,948	22,786	10,948	22,786
Sponsorships	2,639	3,569	2,578	3,458
Insurance premiums - QGIF	42	451	28	437
External audit fees*	124	134	90	101
Borrowing Costs	409	411	409	411
Other	22	670	23	670
<b>Total</b>	<b>14,185</b>	<b>28,021</b>	<b>14,077</b>	<b>27,863</b>

\*Total audit fees quoted by the Queensland Audit Office (QAO) relating to the 2018-19 financial statements was \$214,000 (2017-18: \$235,000). This fee includes an internal allocation of \$90,000 for audit services to the administered entity, Ministerial Offices and Office of the Leader of the Opposition. There are no non-audit services included in the amount.

The Queensland Government Insurance Fund (QGIF) is an internal Queensland Treasury managed fund to oversee the State Government's self-insurance scheme. Queensland Treasury is a related party.

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**Section C: Notes about our Financial Position**

C1: Cash and Cash Equivalents	Economic Entity		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Imprest accounts	2	2	1	1
Cash at bank and on hand	52,925	52,685	19,652	42,494
<b>Total</b>	<b>52,927</b>	<b>52,687</b>	<b>19,653</b>	<b>42,495</b>

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June 2019.

All departmental bank accounts are grouped within the whole of government set-off arrangement with the Queensland Treasury Corporation (QTC) and as such, do not earn interest on surplus funds. Interest earned on the aggregate set-off arrangement balances accrues to the Consolidated Fund.

The majority of cash funds of the controlled entity are held with QTC.

**C2: Receivables and Loans Receivable**

**Current**

Trade debtors	454	1,944	402	776
GST input tax credits receivable	584	778	360	586
GST payable	(5)	(53)	-	(48)
<b>Net GST receivable</b>	<b>579</b>	<b>725</b>	<b>360</b>	<b>538</b>
Loans receivable	10,422	16,052	10,772	15,640
Annual leave reimbursements	801	690	801	690
Accrued receivable	1,386	1,817	1,386	1,798
Long service leave reimbursements	231	217	231	217
Other receivables	312	11	27	11
<b>Total current receivables and loans receivable</b>	<b>14,185</b>	<b>21,456</b>	<b>13,979</b>	<b>19,670</b>

**Non-current**

Loans receivable	7,698	6,949	8,247	6,949
Appropriation receivable	3,322	2,098	3,322	2,098
<b>Total non-current receivables and loans receivable</b>	<b>11,020</b>	<b>9,047</b>	<b>11,569</b>	<b>9,047</b>

All current receivables and loans receivable plus any transaction costs relating to loans receivable are recognised at cost.

Settlement of trade debtors is generally required within 30 days from the invoice date.

Loans receivable are represented solely by the Revolving Film Finance Fund (RFFF). The RFFF provides secured loans to cash flow film and television productions and for infrastructure projects that will benefit the film and television industry. It is administered by SQ on behalf of the Government. All funds are drawn from QTC which is a related party. Applicants apply for the loan through SQ and once approved, the department recognises a loan receivable from SQ and payable to QTC (Note C6) with interest (determined by applying the simple interest method of calculating interest charge) passed onto SQ. This means that all costs incurred by the department in managing the RFFF are passed onto SQ.

Annual Leave (AL) and Long Service Leave (LSL) reimbursements represent the amounts recoverable from the whole-of-government AL and LSL schemes that are claimed quarterly.

Non-current appropriation receivable relates to a future amount owed to the department from the Consolidated Fund to offset the non-current payable recognised for the straight-lining of department lease agreements (Refer Note C5).



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C3: Intangible Assets	Economic Entity		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<b>Software Internally Generated</b>				
At cost	6,366	5,897	6,366	5,897
Less: Accumulated amortisation	(3,880)	(3,609)	(3,880)	(3,609)
<b>Carrying amount at 30 June</b>	<b>2,486</b>	<b>2,288</b>	<b>2,486</b>	<b>2,288</b>
<b>Software Work in Progress</b>				
At cost	144	89	144	89
<b>Carrying amount at 30 June</b>	<b>144</b>	<b>89</b>	<b>144</b>	<b>89</b>
<b>Total</b>	<b>2,630</b>	<b>2,377</b>	<b>2,630</b>	<b>2,377</b>

Intangible Assets Reconciliation	Software Internally Generated		Software WIP		Total	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Economic Entity</b>						
Carrying amount at 1 July	2,288	2,454	89	15	2,377	2,469
Acquisitions	-	-	525	238	525	238
Transfers between classes	469	208	(469)	(208)	-	-
Capital expenses accrued	-	-	-	44	-	44
MoG changes - transfer in - OSSSIO	-	4,638	-	-	-	4,638
MoG changes - transfer in - QGCIO	-	18	-	-	-	18
MoG changes - transfer out- OSSSIO	-	(4,542)	-	-	-	(4,542)
MoG changes - transfer out - QGCIO	-	(10)	-	-	-	(10)
Amortisation	(271)	(478)	-	-	(271)	(478)
<b>Carrying amount at 30 June</b>	<b>2,486</b>	<b>2,288</b>	<b>144</b>	<b>89</b>	<b>2,631</b>	<b>2,377</b>

Intangible Assets Reconciliation	Software Internally Generated		Software WIP		Total	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Parent Entity</b>						
Carrying amount at 1 July	2,288	2,454	89	15	2,377	2,469
Acquisitions	-	-	525	238	525	238
Transfers between classes	469	208	(469)	(208)	-	-
Capital expenses accrued	-	-	-	44	-	44
MoG changes - transfer in - OSSSIO	-	4,638	-	-	-	4,638
MoG changes - transfer in - QGCIO	-	18	-	-	-	18
MoG changes - transfer out- OSSSIO	-	(4,542)	-	-	-	(4,542)
MoG changes - transfer out - QGCIO	-	(10)	-	-	-	(10)
Amortisation	(271)	(478)	-	-	(271)	(478)
<b>Carrying amount at 30 June</b>	<b>2,486</b>	<b>2,288</b>	<b>144</b>	<b>89</b>	<b>2,631</b>	<b>2,377</b>

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**C3: Intangibles Assets (cont'd)**

**C3-1: Recognition and Measurement**

Intangible assets with a historical cost or other value equal to, or greater than \$100,000 are recognised in the financial statements. Items with a lesser value are expensed. Any preliminary research, planning phase costs, administration and training costs are expensed in the period in which it is incurred.

There is no active market for any of the department's intangible assets. As such, intangible assets are recognised and carried at historical cost less accumulated amortisation and accumulated impairment losses.

**C3-2: Amortisation Expense and Impairment**

**Amortisation Expense**

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

**Key Judgement:** Straight-line amortisation is used reflecting the progressive, even consumption of future economic benefits over the assets useful life to the department and consolidated entity.

The residual value of intangible assets has been determined to be zero reflecting the estimated amount to be received on disposal at the end of their useful life.

**Key Estimate:** Intangible assets are amortised on a straight-line basis between 5-15% (economic entity). The estimation of useful life and resulting amortisation rates are based on a number of factors including the department's past experience, the planned replacement program and expected usage, obsolescence and fiscal capacity. Useful lives are reviewed on an annual basis.

**Impairment**

Intangible assets are assessed annually for impairment using a combination of external and internal impairment indicators.

Intangible assets are principally assessed for impairment by reference to the actual and expected continuing use of the asset by the department.

Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and its value-in-use. An impairment loss is recognised immediately in the Statement of Comprehensive Income.

**Key Judgement:** If an indicator of possible impairment exists, management determine the asset's recoverable amount.

No intangible assets were impaired at 30 June 2019.

**C4: Property, Plant and Equipment**

	Economic Entity		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
At cost property, plant and equipment	3,773	710	532	579
Less: Accumulated depreciation	(814)	(444)	(376)	(359)
<b>Carrying amount at 30 June</b>	<b>2,959</b>	<b>266</b>	<b>156</b>	<b>220</b>

**C4-1: Property, Plant and Equipment Reconciliation**

	Economic Entity		Parent Entity	
	Plant and Equipment	Total	Plant and Equipment	Total
	\$'000	\$'000	\$'000	\$'000
Closing balances and reconciliation of carrying amount				
Carrying amount at 1 July 2018	266	266	220	220
Acquisitions	3,116	3,116	6	6
Disposals	(1)	(1)	(1)	(1)
Depreciation	(422)	(422)	(69)	(69)
<b>Carrying amount at 30 June 2019</b>	<b>2,959</b>	<b>2,959</b>	<b>156</b>	<b>156</b>

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C4: Property, Plant and Equipment (cont'd)

C4-1: Property, Plant and Equipment Reconciliation

Economic Entity	Plant and Equipment	Capital Works in Progress	Land	Buildings	Heritage and Cultural Assets	Total
Fair Value Level	-	-	Level 2	Level 3	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2017	2,076	14,217	270,600	187,742	316,008	790,643
Acquisitions	60	3,444	-	-	-	3,504
MoG changes - transfer out - AQ	(1,654)	(17,661)	(270,600)	(179,640)	(299,948)	(769,503)
MoG changes - transfer out - CAA	(26)	-	-	-	-	(26)
MoG changes - transfer in - OSSSIO	794	-	-	-	-	794
MoG changes - transfer in - QGCIO	39	-	-	-	-	39
MoG changes - transfer out - OSSSIO	(769)	-	-	-	-	(769)
MoG changes - transfer out - QGCIO	(37)	-	-	-	-	(37)
Depreciation/amortisation	(217)	-	-	(8,102)	(16,060)	(24,379)
<b>Carrying amount at 30 June 2018</b>	<b>266</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>266</b>

Parent Entity	Plant and Equipment	Capital Works in Progress	Land	Buildings	Heritage and Cultural Assets	Total
Fair Value Level	-	-	Level 2	Level 3	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2017	2,064	14,217	270,600	187,742	316,008	790,631
Acquisitions	23	3,444	-	-	-	3,467
MoG changes - transfer out - AQ	(1,654)	(17,661)	(270,600)	(179,640)	(299,948)	(769,503)
MoG changes - transfer out - CAA	(26)	-	-	-	-	(26)
MoG changes - transfer in - OSSSIO	794	-	-	-	-	794
MoG changes - transfer in - QGCIO	39	-	-	-	-	39
MoG changes - transfer out - OSSSIO	(769)	-	-	-	-	(769)
MoG changes - transfer out - QGCIO	(37)	-	-	-	-	(37)
Depreciation/amortisation	(214)	-	-	(8,102)	(16,060)	(24,376)
<b>Carrying amount at 30 June 2018</b>	<b>220</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>220</b>



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**C4: Property, Plant and Equipment (cont'd)**

**C4-2: Recognition and Measurement**

Items of property, plant and equipment (PPE) with a historical cost or other value equal to or exceeding \$5,000 threshold in the year of acquisition are reported as property, plant and equipment.

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

PPE is measured at historical cost in accordance with Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. The carrying amounts for such PPE is not materially different from their fair value as the department does not hold significant levels of PPE.

**C4-3: Depreciation Expense and Impairment**

**Depreciation Expense**

Depreciation of 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 any estimated residual value, progressively over its estimated useful life to the department. 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.

**Key Judgement:** Straight-line depreciation is used reflecting the progressive, even consumption of future economic benefits over their useful life to the department and consolidated entity.

For depreciable assets, residual value is determined to be zero reflecting the estimated amount to be received on disposal at the end of their useful life.

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. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

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

**Key Estimate:** Property, plant and equipment is depreciated on a straight-line basis between 10-25% (economic entity). The estimation of useful life and resulting depreciation rates are based on a number of factors including the department's past experience, the planned replacement program and expected usage, wear and tear, obsolescence and fiscal capacity. Useful lives are reviewed on an annual basis.

**Impairment**

Property, plant and equipment is assessed annually for impairment using a combination of external and internal impairment indicators.

Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and its value-in-use. Value in use is equal to the present value of the future cash flows expected to be derived from the asset, or where the department no longer uses an asset and has made a formal decision not to reuse or replace the asset, the value in use is the present value of net disposal proceeds.

An impairment loss is recognised 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.

**Key Judgement:** Impairment assessment is performed and if an indicator of possible impairment exists, management determine the asset's recoverable amount.

No items of property, plant and equipment were impaired at 30 June 2019.

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**C5: Payables**

	Economic Entity		Parent Entity	
	2019	2018	2019	2018
<b>Current</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Deferred appropriation payable to Consolidated Fund	10,964	22,968	10,964	22,968
Trade creditors and accruals	4,192	5,369	4,054	5,154
Grants and subsidies payable	2,688	7,520	2,688	11,466
Appropriation equity withdrawal payable to Consolidated Fund	-	2,798	-	2,798
Other	401	212	324	166
<b>Total Current Payables</b>	<b>18,245</b>	<b>38,867</b>	<b>18,030</b>	<b>42,552</b>
<b>Non-Current</b>				
Deferred liability for operating leases	3,322	2,098	3,322	2,098
Other	106	148	-	-
<b>Total Non-Current Payables</b>	<b>3,428</b>	<b>2,246</b>	<b>3,322</b>	<b>2,098</b>

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the purchase contract price, net of applicable trade and other discounts. Amounts owing are unsecured.

Deferred liability for operating leases relates to a future amount owed by the department to the Department of Housing and Public Works for the straight-lining of department lease agreements (Refer note C2).

**C6: Interest-Bearing Liabilities**

Interest-bearing liabilities are initially recorded 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 cash payments and receipts through the expected life of the financial instruments.

QTC borrowings disclosed in the statements are on behalf of SQ for the Revolving Film Finance Fund (RFFF) facility (refer to note C2). QTC is a related party. These borrowings are established initially at a fixed interest rate. The applicable rates for 2018-19 were 1.70% to 2.99% (2017-18: 1.89% to 2.99%). There have been no defaults or breaches of the loan agreements during the period.

Repayment dates vary from one to seventeen months (2017-18: two to twenty-nine months). The maturity profile is disclosed in note D3. Principal and interest repayments were made quarterly in arrears. Where an extension of the original term is requested, the department has an option to refinance the loan as a variable rate loan. This option was adopted in 2018-19 with the applicable variable rate of 1.90% (2017-18: 1.92%).

Borrowings are split between current and non-current liabilities using the principles set out under the basis of financial statement preparation section of this financial report.

The fair value of interest-bearing liabilities and borrowing rates are set out in Note D3-4. Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise.

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**C6: Interest-Bearing Liabilities (cont'd)**

Disclosures about Sensitivity to Interest Rate Movements

The following interest rate sensitivity analysis depicts the outcome on net income if interest rates would change by +/-1% from the year end rates as applied to the department's variable rate borrowings from QTC.

Financial Liability	Carrying amount \$'000	2019 Interest Rate Risk			
		-1%		+1%	
		Operating Result \$'000	Equity \$'000	Operating Result \$'000	Equity \$'000
QTC Borrowings*	9,057	(91)	(91)	91	91
Potential impact on		(91)	(91)	91	91

\*Total borrowings from QTC for 2018-19 is \$19.019M (loans with fixed interest rate \$9.962M and loans with variable rate \$9.057M. Refer note D3-1). The impact of these interest rate movements are mitigated through loan receivable agreements made between the department and SQ (Note D3-4).

There was no material impact of interest rate movement on the department's profit and equity for 2017-18.

**C7: Accrued Employee Benefits**

	Economic Entity		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Current</b>				
Long service leave levy payable	264	278	243	244
Annual leave payable	1,238	1,244	1,134	1,160
Accrued salaries and wages	984	995	984	995
<b>Total Current</b>	<b>2,486</b>	<b>2,517</b>	<b>2,361</b>	<b>2,399</b>
<b>Non-Current</b>				
Accrued long service leave	38	40	-	-
<b>Total Non-Current</b>	<b>38</b>	<b>40</b>	<b>-</b>	<b>-</b>

The Parent Entity's financial statements do not contain a provision for annual leave or long service leave 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*. The Economic Entity includes SQ which does not participate in whole of government central leave schemes. As such, the Economic Entity reflects provisions for leave associated with SQ only.

**C8: Unearned Revenue**

	Economic Entity		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Current</b>				
Graduate program	876	358	876	358
<b>Total Current</b>	<b>876</b>	<b>358</b>	<b>876</b>	<b>358</b>
<b>Non-Current</b>				
Graduate program	99	-	99	-
<b>Total Non-Current</b>	<b>99</b>	<b>-</b>	<b>99</b>	<b>-</b>

The liability for unearned revenue represents advance payments the department has received in the current year for the whole-of-government policy graduates' program for graduates recruited under a two year program (2018-2020). Revenue from the program is recognised when it has been earned and can be measured reliably with a sufficient degree of certainty. As at 30 June 2019, the remaining costs associated with the program cannot be measured reliably with a sufficient degree of certainty and therefore the revenue has not been fully recognised.

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**C9: Appropriations Recognised in Equity**

Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* specifies the principles for recognising the department's contributed equity. The following items are recognised as contributed equity by the department during the reporting and comparative years.

	Economic Entity		Parent Entity	
	2019	2018	2019	2018
C9-1	\$'000	\$'000	\$'000	\$'000
Budgeted equity adjustment appropriation	-	(30,293)	-	(30,293)
Transfer from/(to) other departments (redistribution of public business)	-	14,515	-	14,515
Lapsed equity adjustment	(2,798)	(3,363)	(2,798)	(3,363)
<b>Equity adjustment receipts (payment)</b>	<b>(2,798)</b>	<b>(19,141)</b>	<b>(2,798)</b>	<b>(19,141)</b>
C9-2				
Plus: Opening balance of equity adjustment payable	2,798	203	2,798	203
Less: MoG transfer of equity adjustment payable	-	(203)	-	(203)
Less: Closing balance of equity adjustment payable		(2,798)		(2,798)
<b>Equity adjustment recognised in Contributed Equity</b>	<b>-</b>	<b>(21,939)</b>	<b>-</b>	<b>(21,939)</b>



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**Section D: Notes about Risk and Other Accounting Uncertainties**

**D1: Financial Contingencies**

**Litigation in Progress**

Effective 1 July 2001, the Department of the Premier and Cabinet 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.

The State's legal representation for the Floods Class Action was centrally coordinated by the Department of the Premier and Cabinet during 2018-19 and litigation was still in progress as at the reporting date. The Floods Class Action relates to the damage occasioned by water released from Wivenhoe and Somerset Dams during the 2011 flood event. The trial on liability (only) commenced in December 2017, continued throughout 2018 and concluded in April 2019. The Court has reserved its decision on liability and the decision is anticipated by the end of 2019.

**D2: Financial Commitments**

The major component of the non-cancellable operating lease commitments below is the 1 William Street sub lease arrangement with the Department of Housing and Public Works (DHPW) ending 19 December 2031.

With the introduction of AASB 16, effective 1 July 2019, the department will no longer be required to disclose non-cancellable operating lease arrangement with DHPW for commercial office accommodation through Government Accommodation Office (QGAO) (refer note G2-10).

There will be no material impact on the controlled entity disclosure for non-cancellable operating lease arrangements.

	Economic Entity		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<b>D2-1: Non-Cancellable Operating Lease Commitments</b>				
Not later than one year	9,533	7,291	7,643	7,019
Later than one year and not later than five years	43,805	32,346	38,217	32,131
Later than five years	44,592	46,845	44,592	46,845
<b>Total Non-Cancellable Operating Leases</b>	<b>97,930</b>	<b>86,482</b>	<b>90,452</b>	<b>85,995</b>
<b>D2-2: Capital Expenditure Commitments</b>				
Not later than one year	12	257	12	257
<b>Total Capital Expenditure Commitments</b>	<b>12</b>	<b>257</b>	<b>12</b>	<b>257</b>
<b>D2-3: Future Screen Commitments*</b>				
Not later than one year	23,539	15,192	-	-
Later than one year and not later than five years	1,478	-	-	-
<b>Total Capital Expenditure Commitments</b>	<b>25,017</b>	<b>15,192</b>	<b>-</b>	<b>-</b>

\*The controlled entity enters into contracts with practitioners from the screen industry for the provision of grant funding. A commitment has been recognised when a contract has been entered into by the entity. Amounts are transferred from a commitment to a liability when the terms, conditions and deliverables as per the contract have been fulfilled by the industry practitioner.

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**D3: Financial Risk Disclosures**

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. No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position. The department has the following categories of financial assets and financial liabilities:

**D3-1: Financial Instrument Categories**

	Note	Economic Entity		Parent Entity	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Financial Assets</b>					
Cash and cash equivalents	C1	52,927	52,687	19,653	42,495
Receivables and loans receivable at amortised cost	C2	25,205	30,503	25,548	28,717
<b>Total Financial Assets</b>		<b>78,132</b>	<b>83,190</b>	<b>45,201</b>	<b>71,212</b>
<b>Financial Liabilities</b>					
Payables	C5	21,673	41,113	21,352	44,650
Interest bearing liabilities - QTC borrowings		19,019	22,589	19,019	22,589
<b>Total Financial Liabilities at amortised cost</b>		<b>40,692</b>	<b>63,702</b>	<b>40,371</b>	<b>67,239</b>

**D3-2: Financial Risk Management**

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.

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

**Credit Risk**

The department has credit risk exposure through the RFFF loan facility. If a default on a film assistance loan occurs there is potential for the loan to become non-recoverable to SQ.

This credit risk is mitigated through the use of a credit management strategy. The strategy involves the SQ board approving all new loan arrangements after a comprehensive application process and an ongoing monitoring process. All loan arrangements are initially on a secured, fixed term, interest bearing basis (refer C6).

The security is a fixed and floating charge over the assets of the borrower held by SQ.

There is minimal credit risk exposure for all other financial assets. 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 inclusive of provisions for impairment.

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D3: Financial Risk Disclosures (cont'd)

D3-2: Financial Risk Management

Liquidity Risk

Liquidity risk is the risk that the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

The department is exposed to liquidity risk in respect of its payables and borrowings from QTC. The borrowings are based on the Queensland Government's gazetted floating rate.

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.

Liquidity Risk – Contractual Maturity of Financial Liabilities

The following tables set out the liquidity risk of financial liabilities held by the consolidated entity and the department. They represent the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the statement of financial position that are based on discounted cash flows.

Economic Entity	2019 Contractual Maturity				2018 Contractual Maturity			
	Total	< 1 Year	1-5 Years	> 5 Years	Total	< 1 Year	1-5 Years	> 5 Years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	4,192	4,192	-	-	5,369	5,369	-	-
QTC borrowings	19,327	10,800	8,526	-	23,680	11,130	7,342	5,208
<b>Total</b>	<b>23,519</b>	<b>14,992</b>	<b>8,526</b>	<b>-</b>	<b>29,049</b>	<b>16,499</b>	<b>7,342</b>	<b>5,208</b>

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

The department does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices.

The department is exposed to interest rate risk through its borrowings from QTC (Note C6).

D3-3: Financial Assets

The collectability of receivables is assessed periodically with provision being made where receivables are impaired. No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts. Settlement of trade debtors is generally required within 30 days from the invoice date and any debts not paid within this settlement period are treated as overdue debts.

The department has not adopted the simplified approach under AASB 9 and measures lifetime expected credit losses on all trade receivables and contract assets using a provision matrix approach as a practical expedient to measure the impairment provision.

The department has assessed each debtor individually for impairment (refer G2-9). No debtors were impaired for 2018-19.

Financial Assets Past Due but Not Impaired

Financial Assets	Economic Entity Overdue					Parent Entity Overdue				
	Less than 30 Days	30 - 60 Days	61-90 Days	More than 90 Days	Total	Less than 30 Days	30 - 60 Days	61-90 Days	More than 90 Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019	-	-	-	3	3	-	-	-	3	3
2018	126	1	22	3	152	126	1	21	3	151



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D3: Financial Risk Disclosures (cont'd)

D3-4: Fair Value

All financial assets and liabilities are measured at cost. The fair value of borrowings is notified by QTC and is calculated using a weighted average rate. For the year ended 30 June 2019, the weighted average borrowing rate was 2.15% (2.39% for 2018), ranging from 1.59% to 3.09%. (2.01% to 3.09% for 2018).

	Economic Entity				Parent Entity			
	2019		2018		2019		2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>								
Loans receivable	18,120	18,120	23,001	23,001	19,019	19,148	22,589	21,612
<b>Total</b>	<b>18,120</b>	<b>18,120</b>	<b>23,001</b>	<b>23,001</b>	<b>19,019</b>	<b>19,148</b>	<b>22,589</b>	<b>21,612</b>
<b>Financial Liabilities</b>								
Interest-bearing liabilities	19,019	19,148	22,589	22,612	19,019	19,148	22,589	22,612
<b>Total</b>	<b>19,019</b>	<b>19,148</b>	<b>22,589</b>	<b>22,612</b>	<b>19,019</b>	<b>19,148</b>	<b>22,589</b>	<b>22,612</b>

Refer to note C2 with respect to existing loan arrangements between the department and controlled entity. Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

During the year the controlled entity changed its accounting policy with respect to loans and receivables. The measure was changed from fair value to amortised cost. This change did not have a material impact on the financial statements.

D4: Events Occurring after Balance Date

There are no matters of significance to the financial statements which occurred after 30 June 2019.

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**Section E: Notes about our Performance compared to Budget**

**E1: Budget to Actual Comparison – Statement of Comprehensive Income**

		Budget	Actual	Variance
	Variance	2019	2019	2019
	Notes	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>				
Appropriation revenue	1	107,172	116,419	9,247
User charges and fees		3,271	3,400	129
Grants and other contributions	2	1,436	8,512	7,076
Other revenue	3	4,491	7,155	2,664
<b>Total Income from Continuing Operations</b>		<b>116,370</b>	<b>135,486</b>	<b>19,116</b>
<b>Expenses from Continuing Operations</b>				
Employee expenses		55,321	54,447	(874)
Supplies and services		33,141	33,190	49
Grants and subsidies	4	22,167	33,432	11,265
Depreciation and amortisation		548	340	(208)
Other expenses	5	5,193	14,077	8,884
<b>Total Expenses from Continuing Operations</b>		<b>116,370</b>	<b>135,486</b>	<b>19,116</b>
<b>Total Comprehensive Income</b>		<b>-</b>	<b>-</b>	<b>-</b>

1. The variance is primarily due to deferrals from prior year for limited life projects (\$4.588M), additional funding provided through the Mid-Year Economic Fiscal Review (\$5.705M) for Screen Queensland and deferral from the prior financial year (\$6.054M), the Criminal Justice Reform Framework (\$1.966M), Safer Communities Grants Program (\$2.0M), reimbursement for the State's flood litigation (\$3.078M) and straight lining amortisation of departmental leasing arrangements (\$1.224M), offset by transfers to other departments for the Social Cohesion program (\$2.932M) and the State's response to the drought and the strawberry tampering incident (\$2.0M), and deferrals into future years for limited life projects (\$5.347M), Premier's Outback Events program (\$0.955M) along with the Events sponsorship fund (\$4.174M). Collectively, these items represent \$9.207M of the variance.
2. The variance is primarily due to the receipt of unbudgeted Federal grant funding to support the completion of Anzac Centenary legacy projects. This represents \$7.164M of the variance.
3. The variance is primarily due to the higher than anticipated sponsorship received for community events (\$1.108M), the return of a Production Attraction Strategy Grant (\$1.250M), the receipt of archiving services free of charge (\$0.776M), unbudgeted temporary accommodation charges (\$0.212M), offset by lower than budgeted revenue from the Policy Futures Graduate Program (\$0.693M). Collectively, these amounts represent \$2.653M of the variance.
4. The variance is primarily due to additional funding provided for the Production Attraction Strategy post budget through the Mid-Year Fiscal Economic Review (\$5.705M) and end of financial year deferral (\$6.054M) and is offset by lower grants provided under the Veterans Memorial Grant Program (\$0.400M). This represents \$11.359M of the variance.
5. The increase is primarily due to unbudgeted appropriation funding payable (\$10.948M) to the Consolidated Fund in accordance with the Accounting Standard AASB1004, primarily due to projects and initiatives that were impacted by unforeseen delays in development. This was offset by timing of sponsorship commitments for the Event Sponsorship Fund (\$2.151M) and savings in sponsorships administered by the Anzac Centenary Co-ordination Program (\$0.148M) which ceased as at 30 June 2019. This represents \$8.649M of the variance.

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E2: Budget to Actual Comparison – Statement of Financial Position

	Variance	Budget	Actual	Variance
	Notes	2019	2019	2019
		\$'000	\$'000	\$'000
<b>Current Assets</b>				
Cash and cash equivalents	6	3,893	19,653	15,760
Receivables and loans receivable	7	5,932	13,979	8,047
Other		588	240	(348)
<b>Total Current Assets</b>		<b>10,413</b>	<b>33,872</b>	<b>23,459</b>
<b>Non-current Assets</b>				
Receivables and loans receivable	8	20,777	11,569	(9,208)
Intangible assets	9	2,394	2,630	236
Property, plant and equipment	10	2,917	156	(2,761)
<b>Total Non-current Assets</b>		<b>26,088</b>	<b>14,355</b>	<b>(11,733)</b>
<b>Total Assets</b>		<b>36,501</b>	<b>48,227</b>	<b>11,726</b>
<b>Current Liabilities</b>				
Payables	11	3,606	18,030	14,424
Interest-bearing liabilities	7	1,715	10,772	9,057
Accrued employee benefits		2,243	2,361	118
Unearned Revenue		29	876	847
<b>Total Current Liabilities</b>		<b>7,593</b>	<b>32,039</b>	<b>24,446</b>
<b>Non-current Liabilities</b>				
Payables	12	813	3,322	2,509
Interest-bearing liabilities	8	20,777	8,247	(12,530)
Unearned Revenue		-	99	99
<b>Total Non-current Liabilities</b>		<b>21,590</b>	<b>11,668</b>	<b>(9,922)</b>
<b>Total Liabilities</b>		<b>29,183</b>	<b>43,707</b>	<b>14,524</b>
<b>Net Assets</b>		<b>7,318</b>	<b>4,520</b>	<b>(2,798)</b>
<b>Equity</b>				
Accumulated surplus/deficit		7,318	4,520	(2,798)
<b>Total Equity</b>		<b>7,318</b>	<b>4,520</b>	<b>(2,798)</b>

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**E2: Budget to Actual Comparison – Statement of Financial Position (cont'd)**

6. The increase is primarily due to the receipt of grant funding from the Federal Government (\$6.074M) and appropriation received but not spent and classified as repayable to the Consolidated Fund (\$10.948M). Collectively this represents \$17.022M of the variance.
7. The increase is due to the extension of a Revolving Film Finance Fund production loans (\$9.056M) now due for repayment in 2019-20.
8. The decrease is primarily due to the re-classification of Revolving Film Finance Fund loans due for repayment in 2019-20.
9. The increase is primarily due to the ongoing investment in IT systems including work in progress as at 30 June of \$0.144M.
10. The decrease is primarily due to the transfer of completed Anzac Legacy Projects to Arts Queensland (\$2.798M).
11. The increase is primarily due to recognising amounts payable to the Consolidated Fund for 2018-19 appropriation budget for end of year deferral (\$10.948M), straight line amortisation of department lease agreements (\$1.224M) and increased grants and subsidies payable (\$2.508M) primarily associated with Anzac Square projects. Collectively this represents \$14.68M of the variance.
12. The increase is due to the effect of accounting for departmental lease agreements in accordance with Financial Reporting Requirements and Australian Accounting Standards.

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E3: Budget to Actual Comparison – Statement of Cash Flows

	Variance	Budget 2019	Actual 2019	Variance
	Notes	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
<i>Inflows:</i>				
Service appropriation receipts	13	107,006	92,243	(14,763)
User charges and fees	14	3,343	4,039	696
Grants and other contributions	15	1,436	7,421	5,985
Interest receipts		-	409	409
GST input tax credits from ATO		3,207	4,889	1,682
GST collected from customers		-	1,086	1,086
Other	16	4,091	8,193	4,102
<i>Outflows:</i>				
Employee expenses		(55,442)	(54,601)	841
Supplies and services		(36,056)	(32,550)	3,506
Grants and subsidies	17	(22,337)	(42,210)	(19,873)
Finance/borrowing costs		-	(409)	(409)
GST paid to suppliers		(3,207)	(4,737)	(1,530)
GST remitted to ATO		(72)	(919)	(847)
Other	18	(1,586)	(2,439)	(853)
<b>Net cash provided by operating activities</b>		<b>383</b>	<b>(19,585)</b>	<b>(19,968)</b>
<b>Cash flows from investing activities</b>				
<i>Inflows:</i>				
Loans and advances redeemed	19	15,789	6,777	(9,012)
<i>Outflows:</i>				
Payments for property, plant and equipment		-	(6)	(6)
Payments for intangibles		(597)	(453)	144
Loans and advances made	19	(15,000)	(2,798)	12,202
<b>Net cash used in investing activities</b>		<b>192</b>	<b>3,520</b>	<b>3,328</b>
<b>Cash flows from financing activities</b>				
<i>Inflows:</i>				
Proceeds from borrowings	19	15,000	2,798	(12,202)
<i>Outflows:</i>				
Borrowing redemptions	19	(15,789)	(6,777)	9,012
<b>Net cash provided by financing activities</b>		<b>(789)</b>	<b>(3,979)</b>	<b>(3,190)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(214)</b>	<b>(20,044)</b>	<b>(19,830)</b>
Cash and cash equivalents at beginning of financial year		4,107	42,495	38,388
Equity adjustment to other agency		-	(2,798)	(2,798)
<b>Cash and cash equivalents at end of financial year</b>		<b>3,893</b>	<b>19,653</b>	<b>15,760</b>

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**E3: Budget to Actual Comparison – Statement of Cash Flows (cont'd)**

13. The variance is primarily due to deferral of multiple limited life initiatives (\$14.3M), reallocation of Anzac Centenary Commemoration Program (\$6.93M), lapsing of Commission of Inquiry legal funding (\$1.855M), transfer of funding to other agencies to assist with Drought Initiatives and Social Cohesion (\$6.485M), offset by additional funding for Screen Queensland, Safer Communities Grant Program, Flood Litigation cost recovery and Criminal Justice Reforms (\$15.451M).
14. The increase is primarily due to a higher level of accrued revenue recorded in 2017-18 that resulted in increased cash inflows in 2018-19 (\$0.617M) as well as an increase in user charges for the Department.
15. This variance is primarily due to receipt of the full amount of the Commonwealth Grant funding which was not part of the budget estimate due to the funding agreement not being executed at the time of the budget.
16. This increase is primarily due to higher than budgeted sponsorship received along with additional receipts from the Policy Graduate Program placements.
17. The variance is due to additional funding provided for the Production Attraction Strategy through the Mid-year Fiscal Economic Review and paid this year, offset by lower grants provided through the Veterans Memorial Grant Program.
18. The increase is primarily associated with higher than budgeted sponsorship outgoings for 2018-19.
19. The decrease in cash received for loans is due to the extension of a Revolving Film Finance Fund production loans (\$9.056M) now due for repayment in 2019-20 and lower than anticipated loan drawdowns (\$12.2M) during 2018-19.



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**Section F: Notes about our Administered Activities**

The department administers, but does not control, certain activities on behalf of the government. In doing so, it has responsibility for administering those activities (and related transactions and balances) efficiently and effectively, but does not have the discretion to deploy those resources for the achievement of the department's own objectives.

**F1: Schedule of Administered Income, Expenses, Assets and Liabilities**

**F1-1: 2018-19 Financial Information**

	Ministerial Offices and Office of the Leader of the Opposition	Former Governor's Pension	Trade and Investment Queensland	Screen Queensland	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered Revenues</b>					
Appropriation revenue (Note F1-4)	49,574	150	40,585	23,631	113,940
Other revenue	42	-	-	-	42
<b>Total Administered Revenues</b>	<b>49,616</b>	<b>150</b>	<b>40,585</b>	<b>23,631</b>	<b>113,982</b>
<b>Administered Expenses</b>					
Employee expenses	30,334	129	-	-	30,463
Supplies and services	18,963	-	-	-	18,963
Grants and subsidies (Note F1-3)	-	-	40,585	23,631	64,216
Depreciation and amortisation	225	-	-	-	225
Other expenses	94	-	-	-	94
<b>Total Administered Expenses</b>	<b>49,616</b>	<b>129</b>	<b>40,585</b>	<b>23,631</b>	<b>113,961</b>
<b>Operating Surplus/(Deficit)</b>	<b>(0)</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>21</b>
<b>Administered Assets</b>					
<b>Current</b>					
Cash and cash equivalents	10,456	164	-	-	10,620
Receivables	482	-	-	-	482
Other current assets	20	-	-	-	20
<b>Total Current Assets</b>	<b>10,958</b>	<b>164</b>	<b>-</b>	<b>-</b>	<b>11,122</b>
<b>Non-current</b>					
Receivables	4,012	-	-	-	4,012
Property, plant and equipment/intangibles	722	-	-	-	722
<b>Total Non-current Assets</b>	<b>4,734</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,734</b>
<b>Total Assets</b>	<b>15,692</b>	<b>164</b>	<b>-</b>	<b>-</b>	<b>15,856</b>
<b>Administered Liabilities</b>					
<b>Current</b>					
Payables	524	-	-	-	524
Accrued employee benefits	1,466	-	-	-	1,466
<b>Total Current Liabilities</b>	<b>1,990</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,990</b>
<b>Non-current</b>					
Payables	4,012	-	-	-	4,012
Accrued employee benefits	4,862	-	-	-	4,862
<b>Total Non-current Liabilities</b>	<b>8,874</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,874</b>
<b>Total Liabilities</b>	<b>10,864</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,864</b>
<b>Net Administered Assets</b>	<b>4,828</b>	<b>164</b>	<b>-</b>	<b>-</b>	<b>4,992</b>
<b>Total Administered Equity</b>	<b>4,828</b>	<b>164</b>	<b>-</b>	<b>-</b>	<b>4,992</b>



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F1-2: 2017-18 Financial Information

	Ministerial Offices and Office of the Leader of the Opposition	Former Governor's Pension	Queensland Family and Child Commission	Arts Queensland	Trade and Investment Queensland	Screen Queensland	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered Revenues</b>							
Appropriation revenue (Note F1-4)	52,510	150	6,379	58,863	16,604	6,800	141,306
Other revenue	16	-	-	-	-	-	16
<b>Total Administered Revenues</b>	<b>52,526</b>	<b>150</b>	<b>6,379</b>	<b>58,863</b>	<b>16,604</b>	<b>6,800</b>	<b>141,322</b>
<b>Administered Expenses</b>							
Employee expenses	33,068	127	-	-	-	-	33,195
Supplies and services	18,835	-	-	-	-	-	18,835
Grants and subsidies (Note F1-3)	-	-	6,226	58,863	16,604	4,400	86,093
Depreciation and amortisation	355	-	-	-	-	-	355
Other expenses	268	-	342	-	-	2,400	3,010
<b>Total Administered Expenses</b>	<b>52,526</b>	<b>127</b>	<b>6,568</b>	<b>58,863</b>	<b>16,604</b>	<b>6,800</b>	<b>141,488</b>
<b>Operating Surplus/(Deficit)</b>	<b>-</b>	<b>23</b>	<b>(189)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(166)</b>
<b>Administered Assets</b>							
<b>Current</b>							
Cash and cash equivalents	8,558	143	(153)	-	-	2,400	10,948
Receivables	2,654	-	153	-	259	-	3,066
Other current assets	23	-	-	-	-	-	23
<b>Total Current Assets</b>	<b>11,235</b>	<b>143</b>	<b>-</b>	<b>-</b>	<b>259</b>	<b>2,400</b>	<b>14,037</b>
<b>Non-current</b>							
Receivables	2,576	-	-	-	-	-	2,576
Property, plant and equipment/Intangibles	914	-	-	-	-	-	914
<b>Total Non-current Assets</b>	<b>3,490</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,490</b>
<b>Total Assets</b>	<b>14,725</b>	<b>143</b>	<b>-</b>	<b>-</b>	<b>259</b>	<b>2,400</b>	<b>17,527</b>
<b>Administered Liabilities</b>							
<b>Current</b>							
Payables	1,477	-	-	-	259	2,400	4,136
Accrued employee benefits	1,441	-	-	-	-	-	1,441
<b>Total Current Liabilities</b>	<b>2,918</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>259</b>	<b>2,400</b>	<b>5,577</b>
<b>Non-current</b>							
Payables	2,576	-	-	-	-	-	2,576
Accrued employee benefits	4,401	-	-	-	-	-	4,401
<b>Total Non-current Liabilities</b>	<b>6,977</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,977</b>
<b>Total Liabilities</b>	<b>9,895</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>259</b>	<b>2,400</b>	<b>12,554</b>
<b>Net Administered Assets</b>	<b>4,830</b>	<b>143</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,973</b>
<b>Total Administered Equity</b>	<b>4,830</b>	<b>143</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,973</b>

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<b>F1-3: Grants and subsidies were paid to the following entities:</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Queensland Family and Child Commission	-	6,226
Trade Investment Queensland	40,585	16,604
Queensland Art Gallery	-	16,235
Queensland Museum	-	19,716
Queensland Performing Art Trust	-	4,260
Queensland Theatre	-	1,300
Screen Queensland - Pre MoG (through Arts Queensland)	-	17,352
Screen Queensland - Post MoG	23,631	4,400
<b>Total Grants and subsidies</b>	<b>64,216</b>	<b>86,093</b>

**F1-4: Reconciliation of Payments from Consolidated Fund to Administered Revenue**

Budgeted appropriation	123,127	161,540
Transfers from/(to) other departments - redistribution of public business	-	(20,979)
Lapsed appropriation	(10,345)	(4,498)
<b>Total Administered Receipts</b>	<b>112,782</b>	<b>136,063</b>
Less: Opening balance of current appropriation receivable	(2,477)	-
Plus: Closing balance of departmental services revenue receivable		2,477
Less: Opening balance of non-current appropriation receivable	(2,576)	-
Plus: Closing balance of non-current appropriation receivable	4,012	2,576
Plus: Opening balance of deferred appropriation payable	2,400	190
Less: Closing balance of deferred appropriation payable	(201)	(2,400)
<b>Net Administered Appropriation Revenue</b>	<b>113,940</b>	<b>138,906</b>
Plus: Deferred appropriation refundable to Consolidated Fund (expenses)	-	2,400
<b>Appropriation Revenue recognised in the Statement of Comprehensive Income</b>	<b>113,940</b>	<b>141,306</b>

**F1-5: Significant Accounting Policy**

These transactions and balances are not significant in comparison to the department's overall financial performance/financial position.

Relevant significant accounting policies for Administered activities are in line with those stated under the Reporting Entity's notes to the Financial Statements (Refer to note G2).

Queensland Ministerial Handbook ensures the financial accountability of Ministerial Offices and the Leader of Opposition (note A1).

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F2: Budget to Actual Comparison – Administered Activities

F2-1: Income and Expenses	Variance Notes	Budget	Actual	Variance
		2019	2019	2019
		\$'000	\$'000	\$'000
<b>Administered Revenues</b>				
Appropriation revenue		123,127	113,940	(9,187)
Other revenue		-	42	42
<b>Total Administered Revenues</b>		<b>123,127</b>	<b>113,982</b>	<b>(9,187)</b>
<b>Administered Expenses</b>				
Employee expenses	1	33,612	30,463	(3,149)
Supplies and services		18,759	18,963	204
Grants and subsidies		70,167	64,216	(5,951)
Depreciation and amortisation		424	225	(199)
Other expenses		165	94	(71)
<b>Total Administered Expenses</b>		<b>123,127</b>	<b>113,961</b>	<b>(9,166)</b>
<b>Operating Surplus/(Deficit)</b>		<b>-</b>	<b>21</b>	<b>(21)</b>

1. A decrease in actual employee related expenses due to short term vacancies in Ministerial and Leader of the Opposition Offices.

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F2: Budget to Actual Comparison – Administered Activities (cont'd)

F2-2: Assets and Liabilities	Variance Notes	Budget	Actual	Variance
		2019	2019	2019
		\$'000	\$'000	\$'000
<b>Administered Assets</b>				
<b>Current</b>				
Cash and cash equivalents	2	8,612	10,620	2,008
Receivables	3	1,141	482	(659)
Other current assets		26	20	(6)
<b>Total Current Assets</b>		<b>9,779</b>	<b>11,122</b>	<b>1,343</b>
<b>Non-current</b>				
Receivables	3	-	4,012	4,012
Property, plant and equipment/Intangibles		1,064	722	(342)
<b>Total Non-current Assets</b>		<b>1,064</b>	<b>4,734</b>	<b>3,670</b>
<b>Total Assets</b>		<b>10,843</b>	<b>15,856</b>	<b>5,013</b>
<b>Administered Liabilities</b>				
<b>Current</b>				
Payables	4	1,600	524	(1,076)
Accrued employee benefits	5	2,422	1,466	(956)
<b>Total Current Liabilities</b>		<b>4,022</b>	<b>1,990</b>	<b>(2,032)</b>
<b>Non-current</b>				
Payables	4	994	4,012	3,018
Accrued employee benefits	5	687	4,862	4,175
<b>Total Non-current Liabilities</b>		<b>1,681</b>	<b>8,874</b>	<b>7,193</b>
<b>Total Liabilities</b>		<b>5,703</b>	<b>10,864</b>	<b>5,161</b>
<b>Net Administered Assets</b>		<b>5,140</b>	<b>4,992</b>	<b>(148)</b>
<b>Total Administered Equity</b>		<b>5,140</b>	<b>4,992</b>	<b>(148)</b>

2. An increase in cash primarily due to receipt of funds for asset upgrades deferred to 2019-20 and future years.
3. The increase is due to the straight-line accounting policy for lease arrangements in accordance with Financial Reporting Requirements and Australian Accounting Standards.
4. Lower payables due to improved creditor management of year end trade creditors.
5. Reclassification of provisions for severance payments to non-current liabilities and recognising future severance obligations.

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**Section G: Other Information**

**G1: Key Management Personnel (KMP)**

**G1-1: Details of Key Management Personnel**

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

The following details for non-ministerial KMP include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2018-2019 and 2017-2018. Further information on these positions can be found in the body of the Annual Report.

Position	Responsibilities
Director-General	The Director-General leads the efficient, effective and economic administration of the Department of the Premier and Cabinet.
Deputy Director-General, Policy	The Deputy Director-General, Policy leads and facilitates policy advice and the development of evidence-based policy and whole-of-government coordination to drive change and deliver outcomes across government. The position also provides detailed briefings to the Director-General and Premier on complex policy matters, from design and development through to implementation.
Deputy Director-General, Corporate and Government Services	The Deputy Director-General, Corporate and Government Services is responsible for the daily operations of the department, and leads the operating strategy for the department to enable robust governance structures and effective and responsive corporate service delivery. The position also provides key advice to the Director-General and to the Premier on complex constitutional, legal, executive government and public administration matters.
Deputy Director-General, Strategy and Engagement	The Deputy Director-General, Strategy and Engagement leads, directs and coordinates policy at a strategic level, supplies executive management support to the Director-General in developing and coordinating strategic policy across government, and is responsible for leading intergovernmental relations between the Commonwealth and the State. Strategy and Engagement Division also leads whole of government sponsorships and communication activities, as well as manages and coordinates events including State occasions, official visits and functions; and supports enhanced regional stakeholder engagement through the Regional Office initiative.
Queensland Parliamentary Counsel	The Queensland Parliamentary Counsel leads the efficient, effective and economic administration of the Office of the Queensland Parliamentary Counsel.
Cabinet Secretary	The Cabinet Secretary provides support to the Premier and Cabinet, including managing and coordinating all procedural and operational services for Cabinet and its related functions. The position is the custodian of the Cabinet record and provides logistical support for Cabinet related elements of the Governing from the Regions program. The position also oversees the Queensland Government Performance Management Framework, monitoring and reporting on the Government's priorities and commitments.
Executive Director, Departmental and Customer Liaison Officer	The Executive Director manages the Office of the Director-General.
Deputy Director-General, Arts Queensland*	The Deputy Director-General, Arts Queensland is responsible for the efficient, effective and economic administration of Arts Queensland. Arts Queensland was transferred out as a result of Machinery-of-Government changes effective from 1 January 2018.

\*Position did not form part of the Corporate Governance Group after the date stated in the table. Accordingly no remuneration beyond this date has been included in Note G1-4 Non-Ministerial KMP Performance Remuneration Expense.

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**G1-2: Related Party Transactions**

**Transactions with people/entities related to KMP**

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. These transactions have not been separately disclosed in this note.

Transactions with related parties of the entity have occurred within normal customer or supplier relationships on terms and conditions no more favourable than those which it is reasonable to expect the entity would have entered into on an arm's-length basis. No KMP related party transactions were entered into during the financial year.

**Transactions with other Queensland Government-controlled entities**

The department's primary ongoing sources of funding from Government for its services are appropriation revenue (Note B1-1) and equity injections (Note C9), both of which are provided in cash via Queensland Treasury.

The entity transacts with other Queensland Government controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions. Where transactions with other Queensland Government controlled entities are considered individually significant or material, these have been disclosed as related party transactions in the relevant notes as follows:

Note B1-2: User Charges and Fees  
Note B2-2: Supplies and Services  
Note B2-3: Grants and Subsidies  
Note C2: Receivables and Loans Receivable  
Note C6: Interest-Bearing Liabilities

**G1-3: KMP Remuneration Policies**

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

Remuneration for the department's other KMP is set by the Queensland Public Service Commission as provided under *the Public Service Act 2008*. Individual remuneration and other terms of employment (including motor vehicle entitlements and performance payments if applicable) are specified in employment contracts.

Remuneration expenses for KMP comprise the following components:

1. Short term employee expenses which include:
  - salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position;
  - non-monetary benefits - consisting of provision of minor benefits together with fringe benefits tax applicable to the benefit.
2. Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.
3. Post-employment expenses include amounts expensed in respect of employer superannuation obligations.

There were nil termination benefits in 2018-19 (nil in 2017-18).

The remuneration package for the Director-General or other KMP does not provide for any performance or bonus payments.



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G1-4: Non-Ministerial KMP Performance Remuneration Expense

Disclosures provided focus on the net expenses incurred by the department attributable to non-Ministerial KMP during the respective reporting periods. The amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

Position (Classification)	Employee Expenses							Total
	Financial Year	Short Term		Long Term		Post	Total	
		Monetary Expenses \$'000	Non-Monetary Benefits \$'000	Monetary Expenses \$'000	Non-Monetary Benefits \$'000			
Acting Director-General (CEO) (from 13 Feb 2019 to 30 June 2019)	2018-19	226	3	4	27	260		
Director-General (CEO) (To 12 March 2019)	2018-19	397	7	9	57	470		
	2017-18	654	11	13	77	755		
Deputy Director-General, Policy (CEO)	2018-19	361	11	7	30	409		
	2017-18	40	-	1	3	44		
Deputy Director-General, Policy (CEO) (To 26 Jan 2018)	2017-18	213	-	4	20	237		
Deputy Director-General, Corporate and Government Services (SES4)	2018-19	244	11	5	29	289		
	2017-18	260	11	5	28	304		
Deputy Director-General, Strategy and Engagement (SES4)	2018-19	256	11	5	27	299		
	2017-18	235	13	5	27	280		
Queensland Parliamentary Counsel (CEO) (13 October 2018 to 30 June 2019)	2018-19	226	8	5	27	266		
Acting Queensland Parliamentary Counsel (CEO) (16 July 2018 to 21 September 2018)	2018-19	68	2	1	5	76		
Queensland Parliamentary Counsel (CEO) (To 22 June 2018)	2017-18	309	11	6	38	364		
Cabinet Secretary (SES3)	2018-19	234	11	5	20	270		
	2017-18	237	11	5	25	278		
Executive Director, Departmental and Customer Liaison Office (SES2)	2018-19	189	11	4	21	225		
	2017-18	188	11	4	19	222		
Deputy Director-General, Arts Queensland (SES4) (To 31 Dec 2017) (G1-1)	2017-18	125	-	3	13	141		
<b>Total Remuneration</b>	<b>2018-19</b>	<b>2,201</b>	<b>75</b>	<b>45</b>	<b>243</b>	<b>2,564</b>		
	<b>2017-18</b>	<b>2,261</b>	<b>68</b>	<b>46</b>	<b>250</b>	<b>2,624</b>		

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**G2: Basis of Financial Statement Preparation**

**G2-1: General Information**

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 1 William Street, Brisbane QLD 4000. These financial statements cover the Department of the Premier and Cabinet and its controlled entity and are authorised for issue by the Director-General and the Chief Finance Officer at the date of signing the Management Certificate. For information in relation to the department's financial report please call (07) 3003 9218, email [premiers.master@premiers.qld.gov.au](mailto:premiers.master@premiers.qld.gov.au) or visit the departmental internet site [www.premiers.qld.gov.au](http://www.premiers.qld.gov.au).

**G2-2: Compliance with the Prescribed Requirements**

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*
- In accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities requirements
- In accordance with the minimum reporting requirements mentioned in the Financial Reporting Requirements for Queensland Government agencies for reporting periods beginning on or after 1 July 2018
- On an accrual basis (except for the statement of cash flows which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities

**G2-3: Presentation**

Amounts included in the financial statements are in Australian dollars and rounded to the nearest \$1,000 or, where that amount is less than \$500 to zero.

Comparative information reflects the audited 2017-18 financial statements.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the department does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as 'non-current'.

**G2-4: 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 of 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 the statement of financial position, refer note C2.

The department (excluding controlled entity) is exempted from Queensland payroll tax. This exemption applies to Queensland Government Departments (excluding commercialised business units) effective from 1 July 2014. The controlled entity is not exempt from Queensland payroll tax.

**G2-5: The Reporting Entity**

The consolidated financial statements include all income, expenses, assets, liabilities and equity of the 'economic entity' comprising the department and the entity it controls. All transactions and balances internal to the economic entity have been eliminated in full.

The Parent Entity financial statements include all income, expenses, assets, liabilities and equity of the department only.

**G2-6: Controlled Entities**

Screen Queensland Pty Ltd (SQ) is a controlled entity of the department and forms part of the economic entity. SQ was incorporated in the State of Queensland and is limited by shares held beneficially by the State of Queensland. Its principal activities during the course of the year were the facilitation of the development, promotion and enhancement of the film production industry, and film culture and presentation of film and film-related events in Queensland. The share capital of SQ consists of one fully paid share to the value of \$10 and is held by the department on behalf of the State of Queensland.

The auditor for the department and its controlled entity is the Auditor-General of Queensland.

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**G2-6: Controlled Entities (cont'd)**

The controlled entity is a reporting entity in its own right and the audited financial statements is included in their annual report. A summary of the audited financial information is as follows:

	2019	2018
	\$'000	\$'000
Total income	47,377	27,744
Total expenses	<u>27,462</u>	<u>27,700</u>
<b>Total comprehensive income</b>	<b><u>19,915</u></b>	<b><u>44</u></b>
Total assets	54,815	38,598
Total liabilities	<u>19,503</u>	<u>23,201</u>
<b>Net assets</b>	<b><u>35,312</u></b>	<b><u>15,397</u></b>

**G2-7: Accounting Estimates and Judgement**

Reference should be made to the respective notes for more information on critical judgements, estimates and assumptions about the estimated uncertainty and the potential this could have to materially impact on the carrying amount of the department's assets and liabilities in the next reporting period. These are as follows:

Note C3: Intangible Assets. Amortisation expense and impairment

Note C4: Property, plant and equipment. Depreciation expense and impairment

The value of goods and services received free or below fair value have been reflected in the department's financial results if the value of the goods and services can be reliably determined and the goods and services would have been purchased if not donated.

**G2-8: Basis of Measurement**

Historical cost is used as the measurement basis in this financial statements.

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

**G2-9: First Year Application of New Accounting Standards or Change in Accounting Policy**

The department and its controlled entity did not voluntarily change any of its accounting policies during 2018-19.

**Accounting Standards Early Adopted**

No Australian Accounting Standards have been early adopted for 2018-19.

**Accounting Standards Applied for the First Time**

AASB 9 *Financial Instruments* became applicable for the first time in 2018-19.

AASB 9 addresses recognition, classification, and measurement and de-recognition of financial assets and financial liabilities, impairment of financial assets, hybrid contracts, and hedging.

The following summarises the impact of AASB 9 on the department and its controlled entity:

- There is no change in either the classification or valuation of the cash and cash equivalent item.
- Trade receivables continues to be classified and measured at amortised cost.
- The department and controlled entity have not adopted the simplified approach under AASB 9 and measure lifetime expected credit losses on all trade receivables and contract assets using a provision matrix approach as a practical expedient to measure the impairment provision.
- The department's assessment has identified that a significant percentage of the debtors are from other government agencies. Due to the high credit rating and low level of credit risk exposure of government agencies, the department has assessed each debtor individually for impairment (note C2).
- The department makes film assistance loans through its controlled entity, Screen Queensland. These loans meet the Solely Payment of Principal and Interest (SPPI) test under AASB 9 as they constitute a basic lending arrangement. These loans are therefore measured at amortised cost. No loans were impaired at 30 June 2019.
- All financial liabilities listed in Note D3-1 are measured at amortised cost.

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**G2-10: Future Impact of Accounting Standards Not Yet Effective**

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are set out below:

**AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers**

These standards will first apply to the department for its financial statements from 2019-20.

The objective of AASB 1058 is to establish principles for not-for-profit entities that apply to transactions where the consideration to acquire an asset is significantly less than fair value, principally to enable a not-for-profit entity to further its objectives and the receipt of volunteer services. Additionally, the objective of AASB 15 is to establish the principles that an entity should apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

AASB 15 introduces a five-step revenue recognition model:

1. Identify the contract;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognise revenue progressively as individual performance.

The model specifies that revenue should be recognised when an entity transfers control of goods/services to a customer, at the amount to which the entity expects to be entitled.

The department and its controlled entity have analysed the new revenue recognition requirements under these standards and do not have any revenue agreements with a material impact for the period after 1 July 2019.

The department and its controlled entity will monitor the impact of such contracts subsequently entered into.

**AASB 16 Leases**

This standard will first apply to the department for its financial statements from 2019-20. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Impact for Lessees

Unlike AASB 117 *Leases*, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the statement of financial position under AASB 16.

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

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. In accordance with Queensland Treasury's policy, the department will apply the 'cumulative approach', and will not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application.

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**G2-10: First Year Application of New Accounting Standards or Change in Accounting Policy (cont'd)**

Outcome of review as lessee

The department and its controlled entity have completed its review of the impact of adoption of AASB 16 on the statement of financial position and statement of comprehensive income and have identified the following impacts which are outlined below:

- During the 2018-19 financial year, the Department held operating leases under AASB 117 from DHPW for non-specialised, commercial office accommodation through QGAO. The department has been advised by Queensland Treasury and DHPW that, effective 1 July 2019, amendments to the framework agreements that govern QGAO and GEH will result in the above arrangements being exempt from lease accounting under AASB 16. This is due to DHPW having substantive substitution rights over the non-specialised, commercial office accommodation and residential premises assets used within these arrangements. From 2019-20 onwards, costs for these services will continue to be expensed as supplies and services expense when incurred.
- The associated office equipment is also exempted from balance sheet recognition under AASB 16 as substantive substitution rights are met.
- External supplier lease arrangements and other internal-to-government leases are not covered by the exemptions.

Assuming there are no changes to the current leasing arrangement, the estimated right-of-use asset of \$5.735M (DPC nil, SQ \$5.735M) and lease liability of \$5.878M (DPC nil, SQ \$5.878M) will be recognised at the date of initial application.

The department and its controlled entity will continue to assess the impact of any contracts subsequently entered into before the new standard takes effect.

**AASB 1059 Service Concession Arrangements: Grantors**

The department and its controlled entity does not currently have any arrangements that would fall within the scope of AASB 1059.

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

**G3: Machinery-of-Government Changes**

There were no Machinery-of-Government (MoG) changes effecting the department during 2018-19.

In 2017-18 there were MoG changes effective from 1 January 2018, Arts Queensland (AQ) and Corporate Administration Agency (CAA) were transferred to the Department of Environment and Science. These transfers had a financial impact on the department's 2017-18 financial statements. On 13 December 2017, Queensland Government Chief Information Office (QGCIO), One-Stop Shop Strategy and Implementation Office (OSSSIO) and Digital Economy and Productivity (DE&P) were transferred into the department from the Department of Science, Information Technology and Innovation and subsequently were transferred out to the Department of Housing and Public Works on 1 March 2018. These transfers had an impact on the 2017-18 financial statements.

The assets and liabilities that were transferred in and out are summarised below:

Transferred In	One-Stop Shop Strategy and Implementation Office	Queensland Government Chief Information Office	Total	
	\$'000	\$'000	\$'000	
Assets	9,649	506	10,155	
Liabilities	4,216	419	4,635	
<b>Net Assets Transferred</b>	<b>5,433</b>	<b>87</b>	<b>5,520</b>	

Transferred Out	Arts Queensland	Corporate Administration Agency	One-Stop Shop Strategy and Implementation Office	Queensland Government Chief Information Office	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Assets	796,286	5,269	7,520	379	809,454
Liabilities	24,708	491	2,595	280	28,074
<b>Net Assets Transferred</b>	<b>771,578</b>	<b>4,778</b>	<b>4,925</b>	<b>99</b>	<b>781,380</b>

The full effect of these MoG changes were disclosed in the 2017-18 financial statements with these changes reflected in the comparative disclosure in the 2018-19 financial statements.



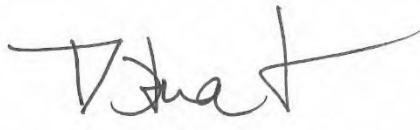
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**Certificate of the Department of the Premier and Cabinet**

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 42 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 financial 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 2019 and of the financial position of the department at the end of that year.

The Director-General, as the Accountable Officer of the Department, acknowledges responsibility under s.8 and s.15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Dave Stewart  
Director-General

22 August 2019



Michael Phillips  
A/Chief Finance Officer

22 August 2019

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of the Department of the Premier and Cabinet (the parent) and its controlled entity (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the parent's and group's financial position as at 30 June 2019, and their financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statements of financial position and statements of assets and liabilities by major departmental service as at 30 June 2019, the statements of comprehensive income, statements of changes in equity, statements of cash flows and statements of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

#### Basis for opinion

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

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

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

#### Key audit matters

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

#### Responsibilities of the accountable officer for the financial report

The accountable officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the accountable officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial report**

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

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

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

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

**Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

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



Brendan Worrall  
Auditor-General

22 August 2019

Queensland Audit Office  
Brisbane