



Department of the Premier and Cabinet Financial Statements

for the year ended 30 June 2014

Department of the Premier and Cabinet Financial Statements 2013-14

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These financial statements cover the Department of the Premier and Cabinet.

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

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

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

100 George Street
BRISBANE QLD 4000

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

For information in relation to the department's financial report please call (07) 3003 9218, email premiers.master@premiers.qld.gov.au or visit the departmental Internet site www.premiers.qld.gov.au.

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

**Department of the Premier and Cabinet
Statement of Comprehensive Income
for the year ended 30 June 2014**

	Notes	2014 \$'000	2013 \$'000
Income from Continuing Operations			
Appropriation revenue for services	3	91,095	83,884
User charges and fees	4	3,116	4,873
Grants and other contributions	5	4,521	1,084
Other revenue	7	1,282	587
Total Revenue		100,014	90,428
Gains on disposal/remeasurement of assets	6	-	290
Total Income from Continuing Operations		100,014	90,718
Expenses from Continuing Operations			
Employee expenses	8	49,570	46,165
Supplies and services	10	33,625	27,609
Grants and subsidies	11	15,147	14,530
Depreciation and amortisation	12	1,195	1,281
Impairment losses	13	1	4
Finance/borrowing costs	14	155	795
Other expenses	15	321	334
Total Expenses from Continuing Operations		100,014	90,718
Operating Result for the Year		-	-
Other Comprehensive Income		-	-
Total Comprehensive Income		-	-

The accompanying notes form part of these statements.

**Department of the Premier and Cabinet
Statement of Financial Position
as at 30 June 2014**

	Notes	2014 \$'000	2013 \$'000
Current Assets			
Cash and cash equivalents	16	4,058	5,220
Receivables	17	9,812	6,827
Inventories	18	31	140
Other current assets	19	397	782
Total Current Assets		14,298	12,969
Non-current Assets			
Intangible assets	20	2,425	1,768
Property, plant and equipment	21	1,557	11,662
Total Non-current Assets		3,982	13,430
Total Assets		18,280	26,399
Current Liabilities			
Payables	22	8,369	6,814
Interest-bearing liabilities	23	-	1,304
Accrued employee benefits	24	1,730	1,746
Total Current Liabilities		10,099	9,864
Non-current Liabilities			
Interest-bearing liabilities	23	-	11,174
Total Non-current Liabilities		-	11,174
Total Liabilities		10,099	21,038
Net Assets		8,181	5,361
Equity			
Contributed equity		4,596	1,776
Accumulated surplus/deficit		3,585	3,585
Total Equity		8,181	5,361

The accompanying notes form part of these statements.

**Department of the Premier and Cabinet
Statement of Changes in Equity
for the year ended 30 June 2014**

	Contributed Equity		Accumulated Surplus		Total	
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July	1,776	1,640	3,585	3,585	5,361	5,225
Operating Result from Continuing Operations	-	-	-	-	-	-
<i>Transactions with Owners as Owners:</i>						
- Appropriated equity injections (note 3)	1,644	136	-	-	1,644	136
- Appropriated equity withdrawals	-	-	-	-	-	-
Net assets transferred via machinery of government change (Government Airwing) (note 27b)	1,176	-	-	-	1,176	-
<i>Net Transactions with Owners as Owners</i>	2,820	136	-	-	2,820	136
Balance as at 30 June	4,596	1,776	3,585	3,585	8,181	5,361

The accompanying notes form part of these statements.

**Department of the Premier and Cabinet
Statement of Cash Flows
for the year ended 30 June 2014**

	Notes	2014 \$'000	2013 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Service appropriation receipts		92,919	82,690
User charges and fees		3,335	4,437
Grants and other contributions		1,424	969
GST input tax credits from ATO		3,937	3,027
GST collected from customers		270	343
Other		1,300	587
<i>Outflows:</i>			
Employee expenses		(49,464)	(45,318)
Supplies and services		(33,914)	(25,638)
Grants and subsidies		(13,886)	(14,063)
Finance/borrowing costs		(188)	(798)
Insurance premiums		(91)	(219)
GST paid to suppliers		(3,798)	(3,039)
GST remitted to ATO		(218)	(291)
Advances to other agencies		(100)	1,857
Other		(366)	151
Net cash provided by (used in) operating activities	25	1,160	4,695
Cash flows from investing activities			
<i>Outflows:</i>			
Payments for property, plant and equipment		(141)	(74)
Payments for intangibles		(1,325)	(441)
Net cash provided by (used in) investing activities		(1,466)	(515)
Cash flows from financing activities			
<i>Inflows:</i>			
Equity injections		1,644	136
<i>Outflows:</i>			
Borrowing redemptions		(311)	(1,197)
Net cash provided by (used in) financing activities		1,333	(1,061)
Net cash transferred resulting from MoG changes	27	(2,189)	-
Net increase/(decrease) in cash and cash equivalents		(1,162)	3,120
Cash and cash equivalents at beginning of financial year		5,220	2,100
Cash and cash equivalents at end of financial year	16	4,058	5,220

The accompanying notes form part of these statements.

**Department of the Premier and Cabinet
Statement of Comprehensive Income by Major Departmental Services, CBUs and SSPs
for the year ended 30 June 2014**

	Policy Advice, Coordination and Cabinet Support		Government Executive Support		Legislative Drafting and e-Publishing		Public Sector Renewal		General Not Attributed		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations *												
Appropriation revenue for services	32,898	34,672	40,319	38,205	12,032	11,007	4,721	-	1,125	-	91,095	83,884
User charges and fees	18	68	2,151	2,386	277	149	-	-	670	2,270	3,116	4,873
Grants and other contributions	-	14	994	1,070	-	-	3,527	-	-	-	4,521	1,084
Other revenue	505	182	667	331	67	74	43	-	-	-	1,282	587
Total Revenue	33,421	34,936	44,131	41,992	12,376	11,230	8,291	-	1,795	2,270	100,014	90,428
Gains on disposal/remeasurement of assets	-	-	-	290	-	-	-	-	-	-	-	290
Total Income from Continuing Operations	33,421	34,936	44,131	42,282	12,376	11,230	8,291	-	1,795	2,270	100,014	90,718
Expenses from Continuing Operations												
Employee expenses	17,696	17,430	18,448	19,442	8,645	8,137	4,151	-	630	1,156	49,570	46,165
Supplies and services	6,213	8,075	18,947	15,735	3,313	2,775	4,046	-	1,106	1,024	33,625	27,609
Grants and subsidies	9,010	9,071	6,034	5,459	71	-	32	-	-	-	15,147	14,530
Depreciation and amortisation	394	325	379	563	316	303	47	-	59	90	1,195	1,281
Impairment losses	1	4	-	-	-	-	-	-	-	-	1	4
Finance/borrowing costs	-	-	155	795	-	-	-	-	-	-	155	795
Other expenses	107	31	168	288	31	15	15	-	-	-	321	334
Total Expenses from Continuing Operations	33,421	34,936	44,131	42,282	12,376	11,230	8,291	-	1,795	2,270	100,014	90,718
Operating Result from Continuing Operations	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
*Allocation of income and expenses from ordinary activities to corporate services (disclosure only):												
Income	145	207	148	294	67	97	43	-	-	-	403	598
Expenses	5,297	4,875	6,140	7,305	2,488	2,285	987	-	1,795	2,270	16,707	16,735

Department of the Premier and Cabinet
Statement of Assets and Liabilities by Major Departmental Services, CBUs and SSPs
as at 30 June 2014

	Policy Advice, Coordination and Cabinet Support		Government Executive Support		Legislative Drafting and e-Publishing		Public Sector Renewal		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Current Assets										
Cash and cash equivalents	2,383	2,758	3,018	2,331	778	131	(2,121)	-	4,058	5,220
Receivables	551	1,099	5,341	5,384	433	344	3,487	-	9,812	6,827
Inventories	-	-	31	140	-	-	-	-	31	140
Other current assets	126	130	174	592	59	60	38	-	397	782
Total Current Assets	3,060	3,987	8,564	8,447	1,270	535	1,404	-	14,298	12,969
Non-current Assets										
Intangible assets	568	546	442	816	1,146	406	269	-	2,425	1,768
Property, plant and equipment	298	353	942	11,042	235	267	82	-	1,557	11,662
Total Non-current Assets	866	899	1,384	11,858	1,381	673	351	-	3,982	13,430
Total Assets	3,926	4,886	9,948	20,305	2,651	1,207	1,755	-	18,280	26,399
Current Liabilities										
Payables	1,402	2,875	5,079	3,690	503	249	1,385	-	8,369	6,814
Interest-bearing liabilities	-	-	-	1,304	-	-	-	-	-	1,304
Accrued employee benefits	603	581	695	857	287	308	145	-	1,730	1,746
Total Current Liabilities	2,005	3,456	5,774	5,851	790	557	1,530	-	10,099	9,864
Non-current Liabilities										
Interest-bearing liabilities	-	-	-	11,174	-	-	-	-	-	11,174
Total Non-current Liabilities	-	-	-	11,174	-	-	-	-	-	11,174
Total Liabilities	2,005	3,456	5,774	17,025	790	557	1,530	-	10,099	21,038

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

Department of the Premier and Cabinet
Notes to and Forming Part of the Financial Statements 2013-14

Objectives and Principal Activities of the Department

Note 1: Summary of Significant Accounting Policies

Note 2: Major Departmental Services of the Department

Note 3: Reconciliation of Payments from Consolidated Fund to Appropriation Revenue for Services Recognised in Statement of Comprehensive Income

Reconciliation of Payments from Consolidated Fund to Equity Adjustment Recognised in Contributed Equity

Note 4: User Charges and Fees

Note 5: Grants and Other Contributions

Note 6: Gains on Disposal/Remeasurement of Assets

Note 7: Other Revenue

Note 8: Employee Expenses

Note 9: Key Management Personnel and Remuneration Expenses

Note 10: Supplies and Services

Note 11: Grants and Subsidies

Note 12: Depreciation and Amortisation

Note 13: Impairment Losses

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Note 16: Cash and Cash Equivalents

Note 17: Receivables

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Note 25: Reconciliation of Operating Surplus/(Deficit) to Net Cash from Operating Activities

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Note 27: Machinery of Government Transfers

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Note 30: Events Occurring after Balance Date

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**Department of the Premier and Cabinet
Notes to and Forming Part of the Financial Statements 2013-14**

Objectives and Principal Activities of the Department

The Department of the Premier and Cabinet's key stakeholder is the Premier with the major role of the department being to support the priorities of the Premier and Cabinet.

The department is committed to supporting the delivery of the government's community objectives through providing robust, objective policy advice, coordinating Cabinet support and managing the business of government.

Priorities for the department include:

- Lead policy development and implementation
- Provide better services for customers and stakeholders
- Lead the Public Sector Renewal Program and
- Provide contemporary systems and processes.

The department's vision is to be the best lead agency in the Australian public sector, with an efficient, modern and customer-oriented public service.

The department will drive this vision through the following strategic objectives:

Objective 1: Provide the Premier and Cabinet with independent, rigorous and forward-looking policy advice

Objective 2: Lead a resilient, innovative public sector

Objective 3: Strengthen organisational capability and agility

Objective 4: Deliver a long term strategic vision for Queensland

Objective 5: Lead the revitalisation of frontline services through the renewal of the public sector.

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

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

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ending 30 June 2014 and other authoritative pronouncements.

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

(b) The Reporting Entity

The 2013-14 financial statements only include the value of all assets, liabilities, equity, revenue and expenses of the Department of the Premier and Cabinet.

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

(c) Administered Transactions and Balances

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

Administered transactions and balances are disclosed in note 32.

(d) Trust Transactions and Balances

The department undertakes certain trustee transactions on behalf of the Premier's Disaster Relief Appeal. In 2012-13 the department also facilitated the payments for the Queensland Floods Appeal 2013 on behalf of the Red Cross. Refer to note 34(b).

As the department performs only a custodial role in respect of the transactions and balances, they are not recognised in the financial statements but are disclosed in note 34. Applicable audit arrangements are also shown.

**Department of the Premier and Cabinet
Notes to and Forming Part of the Financial Statements 2013-14**

(e) Appropriation Revenue for Services/Administered Revenue

Appropriations provided under the *Appropriation Act 2013* are recognised as revenue when received. The appropriation receivable reflected in the financial statements as at 30 June 2014 has been approved by Queensland Treasury and Trade and recognised as revenue.

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

(f) User Charges and Fees

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

(g) Grants and Other Contributions - Revenue

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

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

(h) Grants and Subsidies - Expense

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

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

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

(i) Special Payments

Special payments include ex-gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. In compliance with the *Financial and Performance Management Standard 2009*, the department maintains a register setting out details of all special payments greater than \$5,000. The total of all special payments (including those of \$5,000 or less) is disclosed separately within Other Expenses (note 15). There were no special payments made by the department in the 2013-14 financial year.

(j) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June 2014 as well as deposits at call with financial institutions. It also includes investments with short periods to maturity (less than 90 days) that are readily convertible to cash at the department's option and that are subject to a low risk of changes in value.

(k) Receivables

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

The collectability of receivables is assessed periodically for impairment. All known bad debts were written-off as at 30 June 2014.

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

(l) Inventories

Inventories held for sale are valued at the lower of cost and net realisable value. The cost is assigned on a first-in-first-out basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition, except for training costs which are expensed as incurred.

Department of the Premier and Cabinet
Notes to and Forming Part of the Financial Statements 2013-14

(l) Inventories (cont'd)

Net realisable value is determined on the basis of the department's normal selling pattern. Expenses associated with marketing, selling and distribution are deducted to determine net realisable value.

Inventories held for distribution are those inventories which the department used in the maintenance of the aircrafts. These were measured at the lower of cost and net realisable value adjusted, where applicable, for any loss of service potential. These inventories were transferred to the Public Safety Business Agency effective 1 November 2013 as part of the machinery of government change. Refer to note 27(b).

(m) Acquisitions of Assets

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

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

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

(n) Property, Plant and Equipment

The department has plant and equipment classified as property, plant and equipment with a cost or other value equal to or in excess of \$5,000 threshold is recognised for financial reporting purposes in the year of acquisition.

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

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

Aircraft classified as major plant and equipment was transferred to the Public Safety Business Agency effective 1 November 2013 as part of the machinery of government change. Refer to note 27(b).

Major plant and equipment were measured at fair value in 2012-13 year in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement* and Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector*.

Plant and equipment, (that is not classified as major plant and equipment), is measured at cost in accordance with the Non-Current Asset Policies. The carrying amounts for such plant and equipment at cost should not materially differ from their fair value.

Intangible assets are measured at cost, unless there is an active market for the assets concerned (in which case they are measured at fair value).

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

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, of the revaluation surplus relating to that asset class.

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

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

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

(p) Intangibles

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

Department of the Premier and Cabinet
Notes to and Forming Part of the Financial Statements 2013-14

(p) Intangibles (cont'd)

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

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

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

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

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

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

All property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the department. Management believes this depreciation method best represents the pattern of consumption for these assets.

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

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the department.

For each class of depreciable asset the following depreciation and amortisation rates are used in 2013-14:

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

Fitout classified as Plant and equipment will be fully depreciated by January 2017 as the department will be moving to 1 William Street in 2017. As a result of this, the depreciation rate increased to 33%.

(r) Impairment of Non-current Assets

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

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

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

(s) Leases

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

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

(t) Payables

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

(u) Financial Instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

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

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

All other disclosures relating to the measurement and financial risk management of financial instruments held by the department are included in note 31.

(v) Interest-bearing Liabilities

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

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

Borrowings from Queensland Treasury Corporation were transferred to the Public Safety Business Agency effective 1 November 2013 as part of the machinery of government change. Refer to note 27(b).

(w) Employee Benefits

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

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

Wages, Salaries and Sick Leave

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

As the department expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

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

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

Annual Leave

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments, commercialised business units and shared service providers.

Department of the Premier and Cabinet
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(w) Employee Benefits (cont'd)

Under this scheme, a levy is made on the department to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

From 1 July 2008, no provision for annual leave has been recognised in the department's financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Long Service Leave

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

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

Superannuation

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

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

Key Management Personnel and Remuneration

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

(x) Financing/Borrowing Costs

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

Finance costs include:

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

No borrowing costs are capitalised into qualifying assets.

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

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

The revenue and expenditure of the department's corporate services are allocated to the department's services on the basis of employee full-time equivalent numbers. In addition to this, during the 2013-14 financial year the department provided corporate support to the Public Service Commission, Office of the Governor and Ministerial Offices, Assistant Ministers and the Office of the Leader of the Opposition and recovered costs accordingly.

(z) Insurance

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

The department had insurance to cover accident claims from nominated aircraft personnel until the Queensland Government Airwing transferred to the Public Safety Business Agency.

Department of the Premier and Cabinet
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(aa) Services Received Free of Charge or for Nominal Value

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

(ab) Contributed Equity

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

(ac) Taxation

The department is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception 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 note 17.

(ad) Issuance of Financial Statements

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

(ae) Accounting Estimates and Judgement

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

Estimates and assumptions with the most significant effect on the financial statements are outlined in the following notes:

Valuation of Property, Plant and Equipment – note 21

Contingencies – note 29

Depreciation and Amortisation – note 12

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

The Australian Government has abolished the carbon tax with effect from 1 July 2014. The withdrawal of the carbon pricing mechanism is not expected to have a significant impact on the department's critical accounting estimates, assumptions and management judgements.

(af) Rounding and Comparatives

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

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

(ag) New and Revised Accounting Standards

The department did not voluntarily change any of its accounting policies during 2013-14. The only Australian Accounting Standard changes applicable for the first time as from 2013-14 are those arising from AASB 13 *Fair Value Measurement*, as explained below.

AASB 13 *Fair Value Measurement* became effective from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements apply to all of the department's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value.

The impacts of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets and liabilities.

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

A revised version of AASB 119 *Employee Benefits* became effective for reporting periods beginning on or after 1 January 2013. As the department does not directly recognise any employee benefit liabilities (refer to note 1(w)), the only implications for the department were the revised concept of 'termination benefits' and the revised recognition criteria for termination benefit liabilities. If termination benefits meet the AASB 119 timeframe criterion for 'short-term employee benefits', they will be measured according to the AASB 119 requirements for 'short-term employee benefits'. Otherwise, termination benefits need to be measured according to the AASB 119 requirements for 'other long-term employee benefits'.

Under the revised standard, the recognition and measurement of employer obligations for 'other long-term employee benefits' are accounted for according to most of the requirements for defined benefit plans.

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

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

Pursuant to AASB 1053, public sector entities like the department may adopt Tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the Tier 1 requirements.

In the case of the department, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that its policy decision is to require adoption of Tier 1 reporting by all Queensland Government departments (including the department) and statutory bodies that are consolidated into the whole-of-government financial statements. Therefore, the release of AASB 1053 and associated amending standards has had no impact on the department.

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

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

AASB 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. The department will need to include in its 2014-15 financial statements the original budgeted figures from the Income Statement, Balance Sheet, Statement of Changes in Equity, and Cash Flow Statement as published in the 2014-15 Queensland Government's Service Delivery Statements. The budgeted figures will need to be presented consistently with the corresponding (actual) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding original budgeted figures.

In addition, the department will need to include the original budgeted information for major classes of administered income and expenses, and major classes of administered assets and liabilities. This budgeted information will need to be presented consistently with the corresponding (actual) administered information, and will be accompanied by explanations of major variances between the actual amounts and the corresponding budgeted financial information.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 127 (revised) *Separate Financial Statements*
- AASB 128 (revised) *Investments in Associates and Joint Ventures*
- AASB 2011 -7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]* and

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

- AASB 2013-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities*.

AASB 9 *Financial Instruments* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] will become effective for reporting periods beginning on or after 1 January 2017. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement and disclosures associated with the department's financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The department has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the department's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the department enters into, it is not expected that any of the department's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2017-18 financial statements, all of the department's financial assets are expected to be measured at fair value and classified accordingly (instead of the measurement classifications presently used in notes 1(u) and 31). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the department's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

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

2. Major Departmental Services of the Department

Our service areas are:

Public Sector Renewal Service

The Public Sector Renewal Service is responsible for the implementation of the Queensland Government's Renewal Program and the recommendations accepted from the Commission of Audit. The service supports the work of the Public Sector Renewal Board, which provides strategic leadership of the Renewal Program to assist departments shape their strategic direction and define and implement their renewal program.

The service provides advice on the implementation of the whole-of-government renewal plan, which incorporates the Government's response to the Commission of Audit. The service also provides advice to the Premier and Cabinet on opportunities to develop markets and encourage greater innovation in the delivery of government services. The service works closely with departments, the private sector and non-government organisations to enhance their understanding of contestability and renewal and to assist them in building capability to engage effectively in potential partnerships with government.

Policy Advice, Coordination and Cabinet Support Service

Policy Advice, Coordination and Cabinet Support Service supports the development of evidence-based policy advice and coordination for the Premier and Cabinet, as well as Cabinet-related activities to drive change across Government. The service provides detailed briefings to the Premier on policy from design and development through to coordination and implementation. It coordinates a broad range of whole-of-government activities and provides expert advice on the operation of Cabinet and its related processes, administration of all Cabinet information, custodianship of the Cabinet record from current and previous governments and direct logistical support to Ministers in Cabinet meetings including Community Cabinet meetings.

Additionally, this service area is responsible for leading key priority projects including *The Queensland Plan: a 30-year vision for Queensland* and implementing the recommendations from the Carmody Report. The service also provides advice on intergovernmental issues and supports the Premier in his role as First Minister for Council of Australian Governments (COAG) and Council for the Australian Federation (CAF) meetings. The service also monitors performance and delivery of Government policy commitments.

2. Major Departmental Services of the Department (cont'd)

Government Executive Support Service

Government Executive Support Service provides policy advice to the Premier in relation to executive government and machinery of government matters, support to the administration of business before the Executive Council and provides support services to Ministerial Offices, Assistant Ministers and the Office of the Leader of the Opposition. In addition, the service manages and coordinates events including the Anzac Centenary commemoration program, State occasions, official visits and functions, assists the Australian Government with preparations for the G20 Leaders' Summit in Brisbane and associated meetings, and coordinates State legal representation before Commissions of Inquiry.

The service also leads whole-of-government sponsorships and communication activities including ongoing engagement activities related to *The Queensland Plan: a 30-year vision for Queensland*. Government Executive Support Service is also embarking on an internal renewal program, focusing on reinvigorating corporate services to increase employee engagement and improve service delivery quality and satisfaction.

Legislative Drafting and e-Publishing Service

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

Department of the Premier and Cabinet
Notes to and Forming Part of the Financial Statements 2013-14

	2014 \$'000	2013 \$'000
3. Reconciliation of Payments from Consolidated Fund to Appropriation Revenue for Services Recognised in Statement of Comprehensive Income		
Budgeted appropriation revenue for services	84,798	107,777
Transfer from/(to) other departments - redistribution of public business	2,647	(4,209)
Transfer from/(to) other headings	3,018	(579)
Lapsed departmental services appropriation	-	(20,299)
Unforeseen expenditure	2,456	-
Total appropriation revenue for services receipts	92,919	82,690
Less: Opening balance of departmental services appropriation receivable	(3,469)	(2,275)
Plus: Closing balance of departmental services appropriation receivable	1,645	3,469
Appropriation revenue for services recognised in Statement of Comprehensive Income	91,095	83,884
Reconciliation of Payments from Consolidated Fund to Equity Adjustment Recognised in Contributed Equity		
Budgeted equity adjustment appropriation	-	(443)
Transfer (from)/to other headings	1,644	579
Equity adjustment recognised in Contributed Equity	1,644	136
4. User Charges and Fees		
Corporate services partnership agreements	2,398	3,257
Government Airwing services *	70	476
Publications and library receipts	21	714
Sales of goods/services	605	388
Other	22	38
Total	3,116	4,873

* Refer to note 27(b)

Department of the Premier and Cabinet
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	2014	2013
	\$'000	\$'000
5. Grants and Other Contributions		
Contributions from Queensland Government departments	3,550	184
Commonwealth contributions	-	3
Events sponsorship	971	897
Total	4,521	1,084

6. Gains on disposal/remeasurement of assets		
Gain on revaluation of major plant and equipment	-	290
Total	-	290

7. Other Revenue		
Resources received below fair value	1,248	447
Other	34	140
Total	1,282	587

Department of the Premier and Cabinet
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	2014 \$'000	2013 \$'000
8. Employee Expenses		
Employee Benefits		
Wages and salaries	36,859	33,236
Employer superannuation contributions *	4,668	4,481
Long service leave levy *	758	720
Annual leave levy *	3,600	3,324
Fringe Benefits Tax	382	347
Employee Related Expenses		
Salary related taxes *	2,110	1,983
Professional development and study assistance	387	227
Workers' compensation premium *	94	80
Voluntary Redundancy Program **	480	1,741
Other	232	26
Total	49,570	46,165

* Refer to note 1(w).

** In 2013-14 the department participated in the Queensland Government's Voluntary Redundancy Program. The majority of the obligation was settled during the year with the full amount reimbursed by Queensland Treasury and Trade through the Consolidated Fund for permanent employees. While for temporary employees the department has incurred the full cost.

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

Number of Employees:	432	380
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In addition to the number of employees reported above, the department employed 6 full-time equivalent staff engaged in the provision of corporate services to other agencies in 2013-14.

The increase in the number of employees is primarily due to creation of taskforces which aim to provide the Premier and Cabinet with independent, rigorous and forward-looking policy advice as well as coordinate the implementation of state-wide transformation initiatives. Taskforces include the Queensland Child Protection Commission of Inquiry Implementation Taskforce, Environment Taskforce and a Strategic Monitoring Taskforce to evaluate the effectiveness of the *Vicious Lawless Association Disestablishment Act 2013* (criminal bikie laws). Transfer of Public Sector Renewal from Public Service Commission, creation of G20 events (including a cultural program) and Anzac Centenary Coordination also contributed towards the increased employee numbers.

This increase is partly offset by the transfer of the Queensland Government Airwing to the Public Safety Business Agency.

Staff classified as AO8 (or equivalent) or below are employed and remunerated in line with the *Public Service Act 2008* and *State Government Departments Certified Agreement 2009*. Staff classified as senior officers are employed and remunerated in line with the *Public Service Act 2008* and the Public Service Commission directive 14/13 *Senior Officers Employment Conditions*. Senior Executive Service staff are employed and remunerated in line with the Public Service Commission directive 12/13 *Senior Executive Service Employment Conditions*.

Department of the Premier and Cabinet
Notes to and Forming Part of the Financial Statements 2013-14

9. Key Management Personnel and Remuneration Expenses

(a) Key Management Personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2013-14. Further information on these positions can be found in the body of the Annual Report under the section Our Corporate Governance.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Director-General	The Director-General leads the efficient, effective and economic administration of the Department of the Premier and Cabinet.	CEO0, <i>Public Service Act 2008</i>	Appointed 26 March 2012
Deputy Director-General Policy	The Deputy Director-General Policy leads, directs and coordinates policy at a strategic level and supplies executive management support to the Director-General in developing and coordinating strategic policy advice across government.	s122 (CEO4), <i>Public Service Act 2008</i>	Appointed 16 September 2013. On extended leave from 19 March 2014 to 30 June 2014
Deputy Director-General Policy	The Deputy Director-General Policy leads, directs and coordinates policy at a strategic level and supplies executive management support to the Director-General in developing and coordinating strategic policy advice across government.	SES4, <i>Public Service Act 2008</i>	Seconded from DSDIP 19 March 2014
Deputy Director-General Governance	The Deputy Director-General Governance directs the provision of high level advice and services to support the constitutional, executive and administrative processes of government.	SES3H, <i>Public Service Act 2008</i>	Appointed 20 July 2006 Ceased 2 January 2014
Deputy Director-General Priority Projects	The Deputy Director-General Priority Projects leads the Queensland Plan, including the planning and facilitation of extensive community engagement and consultation processes across the state, as well as leading, directing and coordinating, at a strategic level, other key whole-of-government initiatives that will deliver improved services to the community.	s122 (CEO5), <i>Public Service Act 2008</i>	Appointed 11 February 2013 Ceased 24 November 2013
* Chief Operating Officer and Deputy Director-General Public Sector Renewal	The Chief Operating Officer and Deputy Director-General Public Sector Renewal delivers strong leadership for large scale reform across the public sector and leads the delivery of corporate and government services by the Department of the Premier and Cabinet.	s122 (CEO4), <i>Public Service Act 2008</i>	Appointed 16 September 2013 Role commenced membership of the Corporate Governance Group effective 1 October 2013

* The role of Deputy Commissioner, Public Service Renewal CEO4 transferred from Public Service Commission effective 1 October 2013 and was expanded to include the delivery of corporate and government services effective 4 December 2013.

Department of the Premier and Cabinet
Notes to and Forming Part of the Financial Statements 2013-14

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

(a) Key Management Personnel (cont'd)

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
General Manager Corporate Services	The General Manager Corporate Services is responsible for delivering contemporary, fit for purpose, high quality, value for money corporate services to customers of the Department of the Premier and Cabinet.	s122 (SES3H), <i>Public Service Act 2008</i>	Seconded from DTMR 13 January 2014. Role commenced membership of the Corporate Governance Group effective 21 January 2014 Appointed 5 May 2014
General Manager Government Services	The General Manager Government Services leads and is responsible for delivering high quality advice, services and policy options to the Premier and the Department in relation to constitutional matters, national and international protocols, events management, corporate communications and ministerial services.	s112 (SES3H), <i>Public Service Act 2008</i>	Appointed 13 January 2014 Role commenced membership of the Corporate Governance Group effective 21 January 2014
General Manager Public Sector Renewal	The General Manager Public Sector Renewal provides strategic leadership and direction to enhance stakeholder relationships across government and is responsible for driving renewal initiatives to final implementation.	s122 (SES3H) <i>Public Service Act 2008</i>	Role commenced membership of the Corporate Governance Group effective 21 January 2014 Appointed 10 March 2014
Senior Executive Director Social Policy	The Senior Executive Director Social Policy provides strategic leadership, direction, and co-ordination on social policy issues and provides executive management support to the Director-General and Deputy Director-General Policy Division in developing and coordinating strategic social policy across government.	s122 (SES4) <i>Public Service Act 2008</i>	Role commenced membership of the Corporate Governance Group effective 21 January 2014 Appointed 3 February 2014
Senior Executive Director Economic Policy	The Senior Executive Director Economic Policy provides strategic leadership, direction, and co-ordination on economic policy issues and provides executive management support to the Director-General and Deputy Director-General Policy in developing and coordinating strategic economic policy across government.	s122 (SES4) <i>Public Service Act 2008</i>	Role commenced membership of the Corporate Governance Group effective 21 January 2014 Appointed 3 February 2014
Queensland Parliamentary Counsel	The Queensland Parliamentary Counsel leads the efficient, effective and economic administration of the Office of the Queensland Parliamentary Counsel.	CEO5, <i>Legislative Standards Act 1992</i>	Appointed 25 February 2010
Commission Chief Executive	The Commission Chief Executive is responsible for the efficient, effective and economic administration of the Public Service Commission.	CEO2, <i>Public Service Act 2008</i>	Appointed 13 August 2012 Ceased 20 September 2013
Commission Chief Executive	The Commission Chief Executive is responsible for the efficient, effective and economic administration of the Public Service Commission.	CEO2, <i>Public Service Act 2008</i>	Appointed 23 September 2013

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

(b) Remuneration Expenses

Remuneration policy for the department's key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment for the key management personnel are specified in employment contracts. The contracts may provide for other benefits including a motor vehicle allowance and for the Director-General may provide for the provision of At Risk Component payments.

For the 2013-14 year, remuneration of key management personnel increased by 2.2% (effective from 1 July 2013) in accordance with government policy.

The following disclosures focus on the expenses incurred by the department during the respective reporting periods that is attributable to key management positions. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

Remuneration expenses for key management personnel comprises the following components:

- 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 the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
 - Performance payments recognised as an expense during the year.
 - Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

Department of the Premier and Cabinet
Notes to and Forming Part of the Financial Statements 2013-14

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

(b) Remuneration Expenses (cont'd)

1 July 2013 - 30 June 2014

Position	Short-Term Employee Expenses		Long-Term Employee Expenses	Post Employment Expenses	Termination Expenses	Total Expenses
	Monetary Expenses	Non-Monetary Expenses				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Director-General **	674	3	12	70	-	759
Deputy Director-General, Policy (16 September 2013 to 30 June 2014)	200	-	3	22	-	225
Deputy Director-General, Policy (19 March 2014 to 30 June 2014)	65	-	1	7	-	73
Deputy Director-General, Governance (1 July 2013 to 2 January 2014)	105	13	2	12	-	132
Deputy Director-General, Priority Projects (1 July 2013 to 24 November 2013)	120	-	4	13	-	137
Chief Operating Officer and Deputy Director-General Public Sector Renewal (1 October 2013 to 30 June 2014)	259	1	5	28	-	293
General Manager, Corporate Services (21 January 2014 to 30 June 2014)	99	-	2	8	-	109
General Manager, Government Services (21 January 2014 to 30 June 2014)	97	-	2	9	-	108
General Manager, Public Sector Renewal (10 March 2014 to 30 June 2014)	75	-	1	6	-	82
Senior Executive Director, Social Policy (3 February 2014 to 30 June 2014)	90	-	2	10	-	102
Senior Executive Director, Economic Policy (3 February 2014 to 30 June 2014)	92	-	2	10	-	104
Queensland Parliamentary Counsel	321	20	6	48	-	395
Commission Chief Executive, Public Service Commission * (1 July 2013 to 20 September 2013)	-	-	-	-	-	-
Commission Chief Executive, Public Service Commission * (23 September 2013 to 21 January 2014)	-	-	-	-	-	-
Total Remuneration	2,197	37	42	243	0	2,519

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

** The total remuneration reported for the Director-General for the 2013-14 financial year includes a performance payment made in respect of the 2012-13 financial year.

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

(b) Remuneration Expenses (cont'd)

1 July 2012 - 30 June 2013

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

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

**Department of the Premier and Cabinet
Notes to and Forming Part of the Financial Statements 2013-14**

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

(c) Performance Payments

The remuneration package for the Director-General, Department of the Premier and Cabinet includes a potential performance payment up to a maximum of \$98,973. Eligibility for such a performance payment is conditional on the achievement of objectives that are documented in that position's performance agreement.

The Director-General has part of his total remuneration package placed 'at risk' and paid only if he meets or exceeds the agreed performance standards. The performance evaluation process comprises:

- reporting on end of year achievement and self-assessment by each chief executive against their performance agreement/intended outcomes
- analysis by the Commission Chief Executive, Public Service Commission, the Under Treasurer, Queensland Treasury and Trade and the Director-General, Department of the Premier and Cabinet of relevant performance data
- a rigorous, independent and objective assessment of the Director-General's performance at the end of each financial year using, among other things, information provided from the above two steps. This performance assessment is undertaken by the Chief Executive Performance Evaluation Committee (CEPEC).
- recommendations from the CEPEC to the Premier and
- the Premier's ultimate discretion regarding whether the incumbent will be paid an At Risk Component, and if so, how much.

Note: The Commission Chief Executive, Public Service Commission, the Under Treasurer, Queensland Treasury and Trade and the Director-General, Department of the Premier and Cabinet are excluded from the assessment process in respect of their own position.

As at the date of management certification of these financial statements, the eligibility to a performance payment for the Director-General, Department of the Premier and Cabinet in respect of the 2013-14 financial year had not yet been confirmed. With respect to the process to determine eligibility, recommendations are yet to be made by the Chief Executive Performance Evaluation Committee to the Premier. Therefore, any performance payment approved will be reported as an expense in 2014 -15 financial year.

The basis for performance payments expensed in the 2013-14 financial year is set out below.

Position	Date Paid	Basis For Payment
Director-General	15 November 2013	Consistent with the abovementioned timeframe and process, this payment relates to the achievement of performance criteria during 2012-13. In accordance with the terms of the performance agreement for this position, it was determined that a payment of \$63,300 be awarded.

The aggregate performance payments expensed in respect of all key management personnel are as follows:

	2014	2013
Key Management Personnel	1	-

Department of the Premier and Cabinet
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	2014 \$'000	2013 \$'000
10. Supplies and Services		
Advertising and communications	5,165	2,993
Building services	7,093	7,354
Conference costs	114	-
Consultants and contractors	6,286	2,718
Outsourced corporate support	1,530	1,423
Hospitality and official functions	340	370
Information technology bureau services	4,158	3,075
Low value assets expensed	85	49
Maintenance	202	149
Motor vehicle and aircraft running costs *	1,084	2,235
Office supplies, books and statutes	387	704
Postage and freight	44	26
Professional services	5,440	4,728
Telecommunications	346	337
Travel	573	621
Venue hire	532	389
Disaster relief administration costs	-	341
Other	246	97
Total	33,625	27,609

* Refer to note 27(b)

11. Grants and Subsidies

Recurrent

Grants to charities/community groups	212	303
Grants to Commonwealth Government agencies	9,105	9,703
Grants to individuals	10	9
Grants to industries	510	215
Grants to Queensland Government recipients	383	426
Grants to statutory bodies	1,611	100
Grants to universities/tertiary education	10	213
Total recurrent	11,841	10,969

Capital

Grants to charities/community groups	-	15
Total capital	-	15

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	2014 \$'000	2013 \$'000
11. Grants and Subsidies (cont'd)		
Subsidy payments		
Contributions	514	200
Donation - Queensland Floods Appeal 2013 *	-	1,000
Donation - Typhoon Haiyan	1,000	-
Donations and gifts made	705	800
Sponsorships	1,087	1,546
Total subsidy payments	3,306	3,546
Total	15,147	14,530

* Refer to note 34(b)

12. Depreciation and Amortisation		
Depreciation and amortisation were incurred in respect of:		
Major plant and equipment *	-	147
Plant and equipment	529	516
Software internally generated	666	618
Total	1,195	1,281

* Refer to note 27(b)

13. Impairment Losses		
Plant and equipment *	1	4
Total	1	4

* Refer to note 21

14. Finance/Borrowing Costs		
Interest	155	795
Total	155	795

The department does not capitalise finance/borrowing costs.

The capitalisation rate used to determine borrowing costs is the weighted average interest rate applicable to the department's outstanding borrowings 6.05% (2013: 6.05%). Refer to note 23.

Department of the Premier and Cabinet
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	2014 \$'000	2013 \$'000
15. Other Expenses		
Bad debts	-	-
External audit fees *	100	106
Insurance premiums - QGIF	91	219
Losses from disposal of property, plant and equipment	40	-
Services provided free of charge	90	9
Total	321	334

* Total audit fees paid to the Queensland Audit Office relating to the 2013-14 financial year for the department including the Trusts specified in note 34, are estimated to be \$100,000 (2013: \$105,000). There are no non-audit services included in this amount.

16. Cash and Cash Equivalents		
Imprest accounts	1	2
Cash at bank and on hand	4,057	5,218
Total	4,058	5,220

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

17. Receivables		
Current		
Trade debtors	4,962	961
	4,962	961
GST input tax credits receivable	119	642
	119	642
Long service leave reimbursements	208	188
Annual leave reimbursements	838	862
Appropriation receivable	1,645	3,469
Other	2,040	705
Total	9,812	6,827

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	2014 \$'000	2013 \$'000
18. Inventories		
Current		
Inventories held for sale	31	39
Inventories held for distribution *	-	101
Total	31	140

* Refer to note 27(b)

19. Other Current Assets		
Current		
Security deposits	-	2
Prepayments	397	780
Total	397	782

20. Intangible Assets		
Software internally generated:		
At cost	4,015	3,950
Less: Accumulated amortisation	(2,799)	(2,239)
	1,216	1,711
Software work in progress:		
At cost	1,209	55
	1,209	55
Total	2,425	1,766

20. Intangible Assets (cont'd)

Intangibles Reconciliation

	Software Internally Generated		Software WIP		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Carrying amount at 1 July	1,711	1,616	55	328	1,766	1,944
Acquisitions	-	-	1,325	441	1,325	441
Transfers between classes	171	714	(171)	(714)	-	-
Amortisation	(666)	(619)	-	-	(666)	(619)
Carrying amount at 30 June	1,216	1,711	1,209	55	2,425	1,766

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

The department has intangible assets with an original cost of \$1,032,078 and a written down value of zero still being used in the provision of services. These assets are expected to be replaced in the 2014-15 financial year.

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	2014	2013
	\$'000	\$'000
21. Property, Plant and Equipment		
Plant and equipment:		
At cost	6,853	7,159
Less: Accumulated depreciation	(5,308)	(5,206)
	<u>1,545</u>	<u>1,953</u>
Major plant and equipment:		
At fair value	-	14,451
Less: Accumulated depreciation	-	(4,790)
	<u>-</u>	<u>9,661</u>
Capital works in progress:		
At cost	12	48
	<u>12</u>	<u>48</u>
Total	<u>1,557</u>	<u>11,662</u>

Plant and equipment

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

Major plant and equipment

The aircraft (major plant and equipment) was transferred to the Public Safety Business Agency effective 1 November 2013 as part of the machinery of government change. Refer to note 27(b)

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

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

Property, Plant and Equipment Reconciliation

	Plant and Equipment		Major Plant and Equipment		Capital Works in Progress		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Carrying amount at 1 July	1,953	2,404	9,661	9,519	48	42	11,662	11,965
Acquisitions	112	24	-	-	29	50	141	74
Disposals	(41)	-	-	-	-	-	(41)	-
Transfers between asset classes	65	44	-	-	(65)	(44)	-	-
Net revaluation increments/(decrements)	-	-	-	290	-	-	-	290
Disposals through restructures/MOG	(14)	-	(9,661)	-	-	-	(9,675)	-
Impairment losses	(1)	(3)	-	-	-	-	(1)	(3)
Depreciation/amortisation	(529)	(516)	-	(147)	-	-	(529)	(663)
Carrying amount at 30 June	1,545	1,953	-	9,661	12	48	1,557	11,662

The department has plant and equipment with an original cost of \$3,742,463 and a written down value of zero still being used in the provision of services. Regular assessment by management is conducted and a number of items are currently assessed for replacement in the 2014-15 financial year.

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	2014 \$'000	2013 \$'000
22. Payables		
Trade creditors and accruals	7,978	6,201
Other	391	613
Total	8,369	6,814

23. Interest-bearing liabilities		
Current		
Queensland Treasury Corporation borrowings	-	1,304
Total current	-	1,304
Non-current		
Queensland Treasury Corporation borrowings	-	11,174
Total non-current	-	11,174
Total	-	12,478

Queensland Treasury Corporation borrowings were transferred to the Public Safety Business Agency effective 1 November 2013 as part of the machinery of government change. Refer note 27(b).

No assets have been pledged as security for the borrowings.

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

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

24. Accrued Employee Benefits

Current		
Long service leave levy payable	218	237
Annual leave levy payable	1,266	1,118
Accrued salaries and wages	51	51
Accrued redundancy payments *	195	340
Total	1,730	1,746

*Refer to note 8.

	2014 \$'000	2013 \$'000
25. Reconciliation of Operating Surplus/(Deficit) to Net Cash from Operating Activities		
Operating surplus/(deficit)	-	-
Non-cash items:		
Depreciation and amortisation expense	1,195	1,281
Loss on sale of plant and equipment	40	-
Impairment losses	1	4
Revaluation increment	-	(290)
Change in assets and liabilities:		
(Increase)/decrease in departmental services revenue receivable	1,824	(1,194)
(Increase)/decrease in trade debtors	(4,001)	812
(Increase)/decrease in other receivables	(1,335)	1,085
(Increase)/decrease in GST receivable	523	(185)
(Increase)/decrease in long service leave reimbursement receivable	(20)	153
(Increase)/decrease in annual leave reimbursement receivables	24	316
(Increase)/decrease in inventories	8	(11)
(Increase)/decrease in other current assets	219	(372)
Increase/(decrease) in payables	2,731	3,246
Increase/(decrease) in accrued employee benefits	(16)	(147)
Increase/(decrease) in other current liabilities	(33)	(3)
Net cash from operating activities	1,160	4,695

26. Non-Cash Financing and Investing Activities

Assets and liabilities received or transferred by the department as a result of non-reciprocal transfers are recognised in note 7 Other Revenue and note 21 Property, Plant and Equipment.

Assets and liabilities received or transferred by the department as a result of machinery of government changes are set out in note 27.

27. Machinery of Government Transfers

(a) Transfer of Public Sector Renewal

As a result of the Public Service Departmental Arrangements Notice (No.7) 2013, dated 1 November 2013 with financial effect from 1 October 2013, the responsibilities for Public Sector Renewal (PSR) were transferred into the department.

No assets or liabilities were transferred.

(b) Transfer of Government Airwing to Public Safety Business Agency

As a result of the Public Service Departmental Arrangements Notice (No.8) 2013, dated 8 November 2013 with financial effect from 1 November 2013, the Government Airwing was transferred to the Public Safety Business Agency.

27. Machinery of Government Transfers (cont'd)

The following assets and liabilities were transferred to the Public Safety Business Agency. The department transferred \$1,013,000 cash and the balance of \$1,176,249 was accounted for as an equity adjustment.

Assets and Liabilities Transferred

	2014	2013
	\$'000	\$'000
<i>Assets</i>		
Major Plant and Equipment	9,661	-
Plant and Equipment	14	-
Inventory	101	-
Prepayments	169	-
<i>Liabilities</i>		
Queensland Treasury Corporation borrowings	(12,134)	-
Total	(2,189)	

28. Commitments for Expenditure

(a) Non-Cancellable Operating Lease

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

· Not later than one year	168	57
· Later than one year and not later than five years	-	229
· Later than five years	-	555
Total	168	841

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

(b) Capital Expenditure Commitments

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

· Not later than one year	1,472	5
Total	1,472	5

(c) Expenditure Commitments

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

· Not later than one year	7,379	3,597
· Later than one year and not later than five years	252	62
· Later than five years	-	27
Total	7,631	3,686

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	2014	2013
	\$'000	\$'000

28. Commitments for Expenditure (cont'd)

(d) Grants and Subsidies Commitments

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

· Not later than one year	2,340	977
· Later than one year and not later than five years	1,460	1,819
Total	3,800	2,796

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

Grants to Charities/Community Groups	1,641	-
Grants to Non Queensland Government departments	849	926
Grants to Queensland Government recipients	480	600
Grants to industries	440	550
Sponsorship	328	687
Donations	62	-
Grants to universities/tertiary education	-	33
Total	3,800	2,796

29. Contingencies

(a) Litigation in progress

As at 30 June 2014, the following cases were filed in the courts naming various State Queensland respondents acting through the Department of the Premier and Cabinet as defendant.

	2014	2013
	Number of cases	Number of cases
Supreme Court	2	-
	2	Nil

It is not possible to make a reliable estimate of the final amount payable, if any, in respect of the litigation before the courts at this time.

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

(b) Financial Guarantees

A guarantee was provided in February 2007 for the Gold Coast Fishermen's Cooperative in respect of a loan of \$253,500 to that entity from the Queensland Rural Adjustment Authority (QRAA). The department provided an undertaking to make full repayment of the loan should there be any balance outstanding following the eventual sale of the pontoons or upon expiration of the loan. The department opted not to extend this guarantee upon its expiration on 19 October 2013.

As financial guarantee contracts are measured in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, the details of the guarantees have been disclosed in this note, in addition to note 31 Financial Instruments for full transparency purposes.

30. Events Occurring after Balance Date

As at the date of management certification of these financial statements, the eligibility to a performance payment for the Director-General, Department of the Premier and Cabinet for 2013-14 year had not yet been confirmed. With response to the process to determine eligibility, recommendations are yet to be made by the Evaluation Committee, therefore any performance payment will be reported as an expense in the 2014-15 financial year.

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

31. Financial Instruments

(a) Categorisation of Financial Instruments

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

	Note	2014 \$'000	2013 \$'000
Financial Assets			
Cash and cash equivalents	16	4,058	5,220
Receivables	17	9,812	6,827
Total		13,870	12,047
Financial Liabilities			
Financial liabilities measured at amortised costs:			
Payables	22	8,369	6,814
Other financial liabilities	23	-	12,478
Guarantees	29	-	254
Total		8,369	19,546

(b) Financial Risk Management

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

Financial risk management is implemented pursuant to Government and departmental policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the department.

All financial risks are managed by Financial Services under the policies approved by the accountable officer of the Department of the Premier and Cabinet. The department provides written principles for overall risk management, as well as policies covering specific areas.

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

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

31. Financial Instruments (cont'd)

(c) Credit Risk Exposure

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

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

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

Maximum Exposure to Credit Risk

Category	Note	2014 \$'000	2013 \$'000
Financial Liabilities			
Guarantees	29	-	254
Total		-	254

Financial Assets

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

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

The department manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the department invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

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

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

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

31. Financial Instruments (cont'd)

(c) Credit Risk Exposure (cont'd)

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

2014 Financial Assets Past Due But Not Impaired					
	Overdue				Total \$'000
	Less than 30 Days \$'000	30 - 60 Days \$'000	61-90 Days \$'000	More than 90 Days \$'000	
	Financial Assets				
Receivables	1	-	-	-	1
Total	1	-	-	-	1

2013 Financial Assets Past Due But Not Impaired

	Overdue				Total \$'000
	Less than 30 Days \$'000	30 - 60 Days \$'000	61-90 Days \$'000	More than 90 Days \$'000	
	Financial Assets				
Receivables	184	16	-	27	227
Total	184	16	-	27	227

There were no individually impaired financial assets as at 30 June 2014 or as at 30 June 2013 for the department.

Financial Liabilities

The guarantee given by the department met the definition of a financial guarantee contract as per AASB 139 *Financial Instruments: Recognition and Measurement* and as such the maximum exposure to the department is disclosed on the previous page. Details of the guarantee can be found in note 29(b).

Management of the department assess on an annual basis the fair value of the financial guarantees as at reporting date. It has been determined that fair value is nil at 30 June 2014 as the financial guarantee for the Gold Coast Fishermen's Cooperative expired on 19th October 2013. As such, the fair value of the guarantee has not been recognised in the Statement of Financial Position.

(d) Liquidity Risk

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

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

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

31. Financial Instruments (cont'd)

(d) Liquidity Risk (cont'd)

	Note	2014 Payable in			Total \$'000
		< 1 year \$'000	1-5 years \$'000	> 5 year \$'000	
Financial Liabilities					
Payables	22	8,369	-	-	8,369
Total		8,369	-	-	8,369

	Note	2013 Payable in			Total \$'000
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000	
Financial Liabilities					
Payables	22	6,814	-	-	6,814
Financial Liabilities	23	1,995	12,290	-	14,285
Total		8,809	12,290	-	21,099

(e) Market Risk

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

(f) Interest Rate Sensitivity Analysis

The department did not have any financial liabilities as at 30 June 2014. Therefore no sensitivity analysis has been conducted.

The department does not earn interest on cash deposited in interest bearing accounts. Therefore no financial assets were subject to interest rate sensitivity as at 30 June 2014 or as at 30 June 2013. Refer to note 31(e).

(g) Fair Value

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

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

The fair value of borrowings is notified by Queensland Treasury Corporation. It is calculated using discounted cash flow analysis and the effective interest rate (refer to note 23) and is disclosed below.

The loan was related to Government Airwing that was transferred to the Public Safety Business Agency effective 1 November 2013 as part of the machinery of government change. Refer to note 27(b).

	2014		2013	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Financial Liabilities				
QTC Borrowings	-	-	12,478	13,253
Total	-	-	12,478	13,253

32. Schedule of Administered Items

	Ministerial Offices, Assistant Ministers and Office of the Leader of the Opposition		Former Governor's Pension		Total Administered	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Administered Revenues						
Appropriation revenue	39,983	39,283	150	145	40,133	39,428
Other revenue	65	-	-	-	65	-
Gain on disposal of assets	19	399	-	-	19	399
Total Administered Revenues	40,067	39,682	150	145	40,217	39,827
Administered Expenses						
Employee expenses	26,042	26,536	116	117	26,158	26,653
Supplies and services	13,051	12,651	-	-	13,051	12,651
Depreciation and amortisation	231	248	-	-	231	248
Other expenses	205	247	-	-	205	247
Total Administered Expenses	39,529	39,682	116	117	39,645	39,799
Operating Surplus/ (Deficit)	538	-	34	28	572	28
Administered Assets						
Current						
Cash and cash equivalents	8,961	6,223	51	17	9,012	6,240
Receivables	523	2,659	-	-	523	2,659
Other current assets	35	46	-	-	35	46
Total Current Assets	9,519	8,928	51	17	9,570	8,945
Non-current						
Property, plant and equipment	776	817	-	-	776	817
Total Non-current Assets	776	817	-	-	776	817
Total Assets	10,295	9,745	51	17	10,346	9,762

32. Schedule of Administered Items (cont'd)

	Ministerial Offices, Assistant Ministers and Office of the Leader of the Opposition		Former Governor's Pension		Total Administered	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Administered Liabilities						
Current						
Payables	636	675	-	-	636	675
Accrued employee benefits	872	797	-	-	872	797
Total Current Liabilities	1,508	1,472	-	-	1,508	1,472
Non-current						
Accrued employee benefits	3,949	3,973	-	-	3,949	3,973
Total Non-current Liabilities	3,949	3,973	-	-	3,949	3,973
Total Liabilities	5,457	5,445	-	-	5,457	5,445
Net Administered Assets	4,838	4,300	51	17	4,889	4,317
Administered Equity						
Contributed equity	2,982	2,982	-	-	2,982	2,982
Retained Surplus	1,856	1,318	51	17	1,907	1,335
Total Administered Equity	4,838	4,300	51	17	4,889	4,317

The department will be managing funds for the Queensland Families and Children Commission (administered) effective from 1 July 2014.

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	2014 \$'000	2013 \$'000
33. Reconciliation of Payments from Consolidated Fund to Administered Revenue		
Budgeted appropriation	45,423	46,676
Transfers from/(to) other headings	(3,018)	-
Lapsed appropriation		(6,946)
Total administered receipts	42,405	39,730
Plus: Closing balance of departmental services revenue receivable	-	2,272
Less: Opening balance of departmental services revenue receivable	(2,272)	(2,574)
Administered revenue recognised above	40,133	39,428

34. Trust Transactions and Balances

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

The Queensland Auditor-General performed the audit of the department's trust transactions for 2013-14.

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

(a) Premier's Disaster Relief Appeal Fund

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

No donations were collected and no distributions were made in 2013-14.

The revenue of \$3,000 includes interest received for the year and refund of fraudulent claims made under 2010-2011 Queensland Floods and Cyclone Yasi Disaster Relief Fund.

The PDRA prepared general purpose financial statements for 2013-14 and 2012-13. Please refer to these statements for more detailed financial information.

A summary of the financial statements is shown below.

	2014 \$'000	2013 \$'000
Revenue	3	162
Expenses	-	208
Net Surplus	3	(46)
Assets	4	1
Liabilities	-	-
Net Assets	4	1

34. Trust Transactions and Balances (cont'd)

(b) Queensland Floods Appeal 2013

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

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

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

	2014 \$'000	2013 \$'000
Receipts		
Funds transferred from Red Cross	-	10,865
Interest	-	4
Total	-	10,869
Payments		
Payments made to victims on behalf of Red Cross	-	10,869
Total	-	10,869
Balance at 30 June	-	-

Certificate of the Department of the Premier and Cabinet

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

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of the Premier and Cabinet for the financial year ended 30 June 2014 and of the financial position of the department at the end of that year;
- c) these assertions are based on an appropriate system of internal controls being effective, in all material respects, with respect to financial reporting throughout the reporting period; and
- d) management is aware of some weaknesses relating to risk management, however in all material respects the true and fair view of the financial statements is not affected.

Jon Grayson
Director-General

20 August 2014

Dee Mundell CPA
Chief Finance Officer

20 August 2014

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of Department of the Premier and Cabinet

Report on the Financial Report

I have audited the accompanying financial report of Department of the Premier and Cabinet, which comprises the statement of financial position and statement of assets and liabilities by major departmental services, CBUs and SSPs as at 30 June 2014, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services, CBUs and SSPs for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Director-General and Chief Finance Officer of the Department.

The Accountable Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and

- (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Department of Premier and Cabinet for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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

A M GREAVES FCA FCPA
Auditor-General of Queensland

Queensland Audit Office
Brisbane