Financial summary

Machinery of government changes previously outlined on page 8 of this report are the primary reasons for the material decrease of department revenue, expenditure and net asset position compared from the prior year.

Most notably the transfer of Arts Queensland (AQ) and Corporate Administration Agency (CAA) to the Department of Environment and Science resulted in the following financial reporting impacts:

- decreases to user charges and fees revenue primarily due to transferred Cultural Precinct tenant charges, car park revenue and CAA professional service fees
- decreases to supplies and services expenditure primarily due to transferred Cultural Precinct property and facility management expenditure
- decreases to Property Plant and Equipment balances and depreciation and amortisation expenditure primarily due to transferred Cultural Precinct Land and Building holdings
- decreases to grant expenditure primarily due to AQ grant programs, both of controlled and administered funding nature.

Department revenue

Total department revenue for 2017–18 was $215.78 million, a decrease of $30.01 million or 12 per cent from the prior year due to factors identified above. Aside from machinery of government impacts, underlying department revenue increased $20.20 million or 19 per cent. Key drivers of the increase include additional funding received for Screen Queensland's Production Attraction Strategy and the Events Sponsorship Fund managed by Strategy and Engagement and Anzac Centenary commemoration activities managed by Government Services.

Further context to the department revenue when compared to the prior year, is provided in Figure 1.

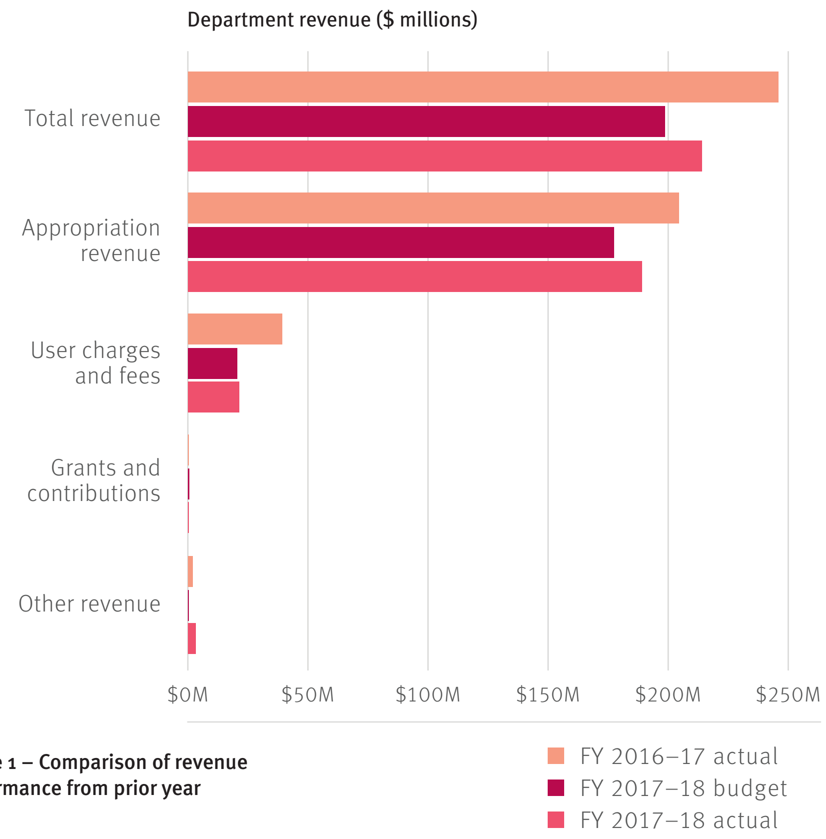

Figure 1 – Comparison of revenue performance from prior year

Department expenditure

Total expenditure for the year ending 30 June 2018 was $215.44 million, a decrease of $30.39 million or 12 per cent on the prior year. Non-inclusion of AQ expenditure associated with Southbank Cultural Precinct property and facility management has resulted in material decreases to supplies and services and depreciation and amortisation expenditure categories. To a lesser extent, decreases to employee expenditure and grants expenditure are also apparent due to the AQ and CAA machinery of government changes.

Policy Advice and Coordination, and Cabinet Support and Government Services' service areas reported decreases in revenue, primarily reflective of recognising Strategy and Engagement as a permanent department service area during the financial year. Revenue for remaining service areas remained relatively consistent with the prior year. See Figures 2 and 3.

Figure 2 – Comparison of expenditure performance from prior year

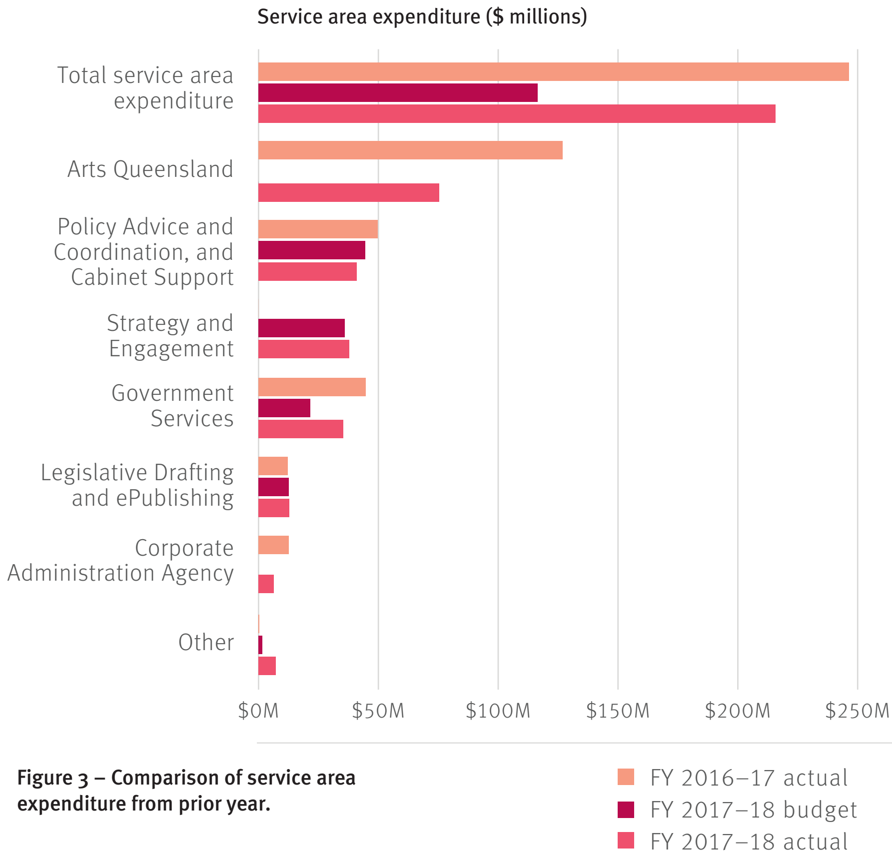

Figure 3 – Comparison of service area expenditure from prior year.

Summary of financial position

The department's total asset position was $74.52 million at 30 June 2018, a significant decrease from the prior year position of $756.84 million. The decrease primarily attributable to the transfer of AQ Property, Plant and Equipment balances (mostly represented by ownership of the Southbank Cultural Precinct) that previously overshadowed the department's total asset position.

While department non-current assets reported a significant decrease, the department's current asset position recorded a relatively significant increase to $62.87 million. This reflected an increase in cash and receivable assets due to the larger end of financial year appropriation payable as a result of the deferral of funding to 2018–19 and an increase to Revolving Film Finance Facility (RFFF) activity associated with the department's role in supporting the development of the state film industry.

The department recorded total liabilities of $69.99 million at 30 June 2018, a similar increase from the prior year to that of the current asset position. Similarly, the increase from the prior year primarily due to larger end of financial year appropriation payable and an increase to RFFF receivable balances associated with the development of the state film industry.

Administered funding

For the year ended 30 June 2018, the department's administered funding was $141.3 million, a decrease of $12.70 million or 8 per cent from the prior year.

The decrease in administered payments from the prior year is primarily attributable to machinery of government changes. Administered funding decreases associated with the transfer out of AQ and the Queensland Family and Child Commission were partly offset by the transfer in of Trade and Investment Queensland as well as additional Ministerial Offices' funding as a result of the swearing-in of the new ministry on 12 December 2017. The distribution of administered funding between entities is highlighted in Figure 4.

Chief Finance Officer Assurance

In accordance with the requirements of the *Financial Accountability Act 2009*, the Chief Finance Officer has provided the Director-General with a statement confirming the financial internal controls of the department are operating efficiently, effectively and economically in conformance with section 57 of the *Financial and Performance Management Standard 2009*.

The statement indicated no material deficiencies or breakdowns in internal controls, which would impact adversely on the department's financial governance or financial statements for the year.

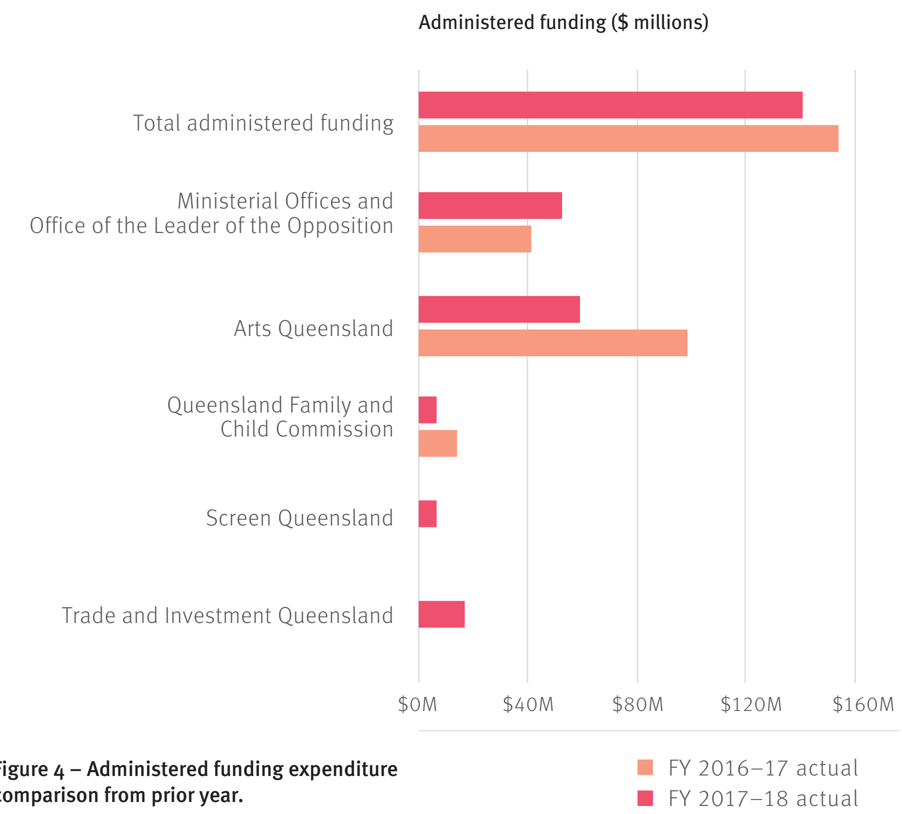

Figure 4 – Administered funding expenditure comparison from prior year.

Queensland Government

Department of the Premier and Cabinet Financial Statements

for the year ended 30 June 2018

Department of the Premier and Cabinet
Financial Statements
for the year ended 30 June 2018

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Department of the Premier and Cabinet
Statement of Comprehensive Income
for the year ended 30 June 2018

		Economic Entity		Parent Entity	
		2018	2017	2018	2017
	Notes	$'000	$'000	$'000	$'000
Income					
Appropriation revenue	B1-1	189,038	204,433	189,038	204,433
User charges and fees	B1-2	22,550	40,461	21,394	39,144
Grants and other contributions	B1-3	23,942	20,062	2,190	260
Other revenue		3,592	2,502	3,157	2,015
Total Income		**239,122**	**267,458**	**215,779**	**245,852**
Expenses					
Employee expenses	B2-1	69,102	72,963	66,871	70,859
Supplies and services	B2-2	57,204	72,723	56,151	71,730
Grants and subsidies	B2-3	59,553	71,615	39,699	56,934
Depreciation and amortisation	C3 & C4	24,857	35,300	24,854	35,296
Other expenses	B2-4	28,021	11,227	27,863	11,006
Total Expenses		**238,737**	**263,828**	**215,438**	**245,825**
Operating Result for the Year		**385**	**3,630**	**341**	**27**
Other Comprehensive Income					
Increase/(decrease) in asset revaluation surplus	C4	-	135,309	-	135,309
Total Other Comprehensive Income		**-**	**135,309**	**-**	**135,309**
Total Comprehensive Income		**385**	**138,939**	**341**	**135,336**

As a result of the Machinery of Government (MoG) changes, the following events impacted the controlled entity financial statements: Arts Queensland (AQ) and Corporate Administration Agency (CAA) were transferred out to the Department of Environment and Science on 1 January 2018 and, Queensland Government Chief Information Office (QGCIO), One-Stop Shop Strategy and Implementation Office (OSSSIO) and Digital Economy and Productivity (DE&P) were transferred into the department from the Department of Science, Information Technology and Innovation on 13 December 2017 and transferred out to the Department of Housing and Public Works on 1 March 2018. Refer note G1 for full details.

The accompanying notes form part of these statements.

Department of the Premier and Cabinet
Statement of Financial Position
as at 30 June 2018

		Economic Entity		Parent Entity	
		2018	2017	2018	2017
	Notes	$'000	$'000	$'000	$'000
Current Assets					
Cash and cash equivalents	C1	52,687	31,687	42,495	18,354
Receivables and loans receivable	C2	21,456	13,959	19,670	11,561
Other		762	1,981	707	1,906
Total Current Assets		**74,905**	**47,627**	**62,872**	**31,821**
Non-current Assets					
Receivables and loans receivable	C2	9,047	6,517	9,047	6,431
Intangible assets	C3	2,377	2,469	2,377	2,469
Property, plant and equipment	C4	266	790,643	220	790,631
Total Non-current Assets		**11,690**	**799,629**	**11,644**	**799,531**
Total Assets		**86,595**	**847,256**	**74,516**	**831,352**
Current Liabilities					
Payables	C5	38,867	14,164	42,552	14,008
Interest-bearing liabilities	C6	15,640	4,822	15,640	4,822
Accrued employee benefits	C7	2,517	3,236	2,399	3,147
Unearned revenue	C8	358	664	358	664
Total Current Liabilities		**57,382**	**22,886**	**60,949**	**22,641**
Non-current Liabilities					
Payables	C5	2,246	1,006	2,098	813
Interest-bearing liabilities	C6	6,949	5,553	6,949	5,553
Accrued employee benefits	C7	40	52	-	-
Total Non-current Liabilities		**9,235**	**6,611**	**9,047**	**6,366**
Total Liabilities		**66,617**	**29,497**	**69,996**	**29,007**
Net Assets		**19,978**	**817,759**	**4,520**	**802,345**
Equity					
Contributed equity		-	606,648	-	606,648
Accumulated surplus/(deficit)		19,978	19,163	4,520	3,749
Asset revaluation surplus		-	191,948	-	191,948
Total Equity		**19,978**	**817,759**	**4,520**	**802,345**

As a result of the Machinery of Government (MoG) changes, the following events impacted the controlled entity financial statements: Arts Queensland (AQ) and Corporate Administration Agency (CAA) were transferred out to the Department of Environment and Science on 1 January 2018 and, Queensland Government Chief Information Office (QGCIO), One-Stop Shop Strategy and Implementation Office (OSSSIO) and Digital Economy and Productivity (DE&P) were transferred into the department from Department of Science, Information Technology and Innovation on 13 December 2017 and transferred out to the Department of Housing and Public Works on 1 March 2018. Refer note G1 for full details.

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 2018

		Economic Entity		Parent Entity	
		2018	2017	2018	2017
	Notes	$'000	$'000	$'000	$'000
Contributed equity					
Balance as at 1 July		606,648	632,802	606,648	632,802
Transactions with owners as owners:					
MoG changes - transfer out - AQ*	G1	(580,060)	-	(580,060)	-
MoG changes - transfer out - CAA	G1	(4,778)	-	(4,778)	-
MoG changes - transfer in - OSSSIO	G1	5,433	-	5,433	-
MoG changes - transfer in - QGCIO	G1	87	-	87	-
MoG changes - transfer out - OSSSIO	G1	(4,925)	-	(4,925)	-
MoG changes - transfer out - QGCIO	G1	(99)	-	(99)	-
Appropriated equity injections	C9	5,428	10,183	5,428	10,183
Appropriated equity withdrawals	C9	(27,367)	(36,337)	(27,367)	(36,337)
MoG related equity adjustments		(367)	-	(367)	-
Balance as at 30 June		-	**606,648**	-	**606,648**
Accumulated Surplus					
Balance as at 1 July		19,163	15,533	3,749	3,722
Operating Result:					
MoG changes - transfer out AQ*	G1	(191,518)	-	(191,518)	-
MoG changes - AQ transfer from Asset Revaluation Surplus		191,948	-	191,948	-
Operating Result		385	3,630	341	27
Balance as at 30 June		**19,978**	**19,163**	**4,520**	**3,749**
Asset Revaluation Surplus					
Balance as at 1 July		191,948	56,639	191,948	56,639
Other Comprehensive Income:					
MoG changes - AQ ARR transfer to Accumulated Surplus		(191,948)	-	(191,948)	-
Increase/(decrease) in asset revaluation surplus	C4	-	135,309	-	135,309
Balance as at 30 June		-	**191,948**	-	**191,948**

*These amounts reconciled to the transfer out of Arts Queensland net assets as disclosed in note G1.

As a result of the Machinery of Government (MoG) changes, the following events impacted the controlled entity financial statements: Arts Queensland (AQ) and Corporate Administration Agency (CAA) were transferred out to the Department of Environment and Science on 1 January 2018 and, Queensland Government Chief Information Office (QGCIO), One-Stop Shop Strategy and Implementation Office (OSSSIO) and Digital Economy and Productivity (DE&P) were transferred into the department from the Department of Science, Information Technology and Innovation on 13 December 2017 and transferred out to the Department of Housing and Public Works on 1 March 2018. Refer note G1 for full details.

Asset revaluation surplus of Arts Queensland has not been transferred out to the Department of Environment and Science and it has been recognised as equity of the department in accordance with Queensland Treasury Financial Reporting Requirements.

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 2018

	Notes	Economic Entity 2018 $'000	Economic Entity 2017 $'000	Parent Entity 2018 $'000	Parent Entity 2017 $'000
Cash flows from operating activities					
Inflows:					
Service appropriation receipts	B1-1	182,675	203,184	182,675	203,184
User charges and fees		24,341	40,346	23,183	39,030
Grants and other contributions		23,942	20,062	2,190	260
Interest receipts		776	539	412	187
GST input tax credits from ATO		9,923	13,870	8,354	12,437
GST collected from customers		2,208	3,738	2,091	3,628
Other		896	2,238	1,913	2,037
Outflows:					
Employee expenses		(69,563)	(72,801)	(67,357)	(70,704)
Supplies and services		(54,799)	(75,994)	(55,036)	(74,977)
Grants and subsidies		(52,711)	(71,810)	(28,911)	(57,129)
Finance/borrowing costs		(411)	(187)	(409)	(187)
GST paid to suppliers		(9,924)	(14,602)	(7,533)	(13,060)
GST remitted to ATO		(2,154)	(3,818)	(2,031)	(3,703)
Other		(4,888)	(8,091)	(4,728)	(7,870)
Net cash provided by operating activities		**50,311**	**36,674**	**54,813**	**33,133**
Cash flows from investing activities					
Inflows:					
Loans and advances redeemed		1,649	1,573	273	1,260
Outflows:					
Payments for property, plant and equipment	C4	(3,504)	(13,412)	(3,467)	(13,412)
Payments for intangibles	C3	(238)	(15)	(238)	(15)
Loans and advances made		(12,463)	(7,096)	(12,485)	(5,142)
Net cash used in investing activities		**(14,556)**	**(18,950)**	**(15,917)**	**(17,309)**
Cash flows from financing activities					
Inflows:					
Equity injections		8,226	10,183	8,226	10,183
Proceeds from borrowings		12,485	5,048	12,485	5,142
Outflows:					
Equity withdrawals		(27,367)	(36,134)	(27,367)	(36,134)
Borrowing redemptions		(271)	(1,260)	(271)	(1,260)
Net cash used in financing activities		**(6,927)**	**(22,163)**	**(6,927)**	**(22,069)**
Net increase/(decrease) in cash and cash equivalents		**28,828**	**(4,439)**	**31,969**	**(6,245)**
Net cash transferred resulting from MoG changes		(7,828)		(7,828)	
Cash and cash equivalents - opening balance		31,687	36,126	18,354	24,599
Cash and cash equivalents - closing balance	C1	**52,687**	**31,687**	**42,495**	**18,354**

As a result of the Machinery of Government (MoG) changes, the following events impacted the controlled entity financial statements: Arts Queensland (AQ) and Corporate Administration Agency (CAA) were transferred out to the Department of Environment and Science on 1 January 2018 and, Queensland Government Chief Information Office (QGCIO), One-Stop Shop Strategy and Implementation Office (OSSSIO) and Digital Economy and Productivity (DE&P) were transferred into the department from the Department of Science, Information Technology and Innovation on 13 December 2017 and transferred out to the Department of Housing and Public Works on 1 March 2018. Refer note G1 for full details.

The accompanying notes form part of these statements.

Department of the Premier and Cabinet
Statement of Cash Flows
for the year ended 30 June 2018

Reconciliation of Operating Results to Net Cash from Operating Activities

	Economic Entity		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Operating surplus/(deficit)	385	3,630	341	27
Non-cash items included in operating results:				
Depreciation and amortisation expense	24,857	35,300	24,854	35,296
Loss on disposal of plant and equipment	-	16	-	16
Bad debts expense	-	17	-	17
Change in assets and liabilities				
Increase/(decrease) in deferred appropriation refundable to Consolidated Fund	16,588	5,960	16,588	5,960
Adjustment to payables and receivables due to MoG changes	1,120	-	1,120	-
(Increase)/decrease in trade debtors	1,018	(43)	2,095	(62)
(Increase)/decrease in other receivables	(2,588)	(713)	(2,579)	(773)
(Increase)/decrease in GST receivable	1,839	(735)	1,461	(622)
(Increase)/decrease in long service leave reimbursement receivable	(37)	21	(37)	21
(Increase)/decrease in annual leave reimbursement receivables	318	(175)	318	(175)
(Increase)/decrease in other current assets	1,219	(442)	1,199	(496)
Increase/(decrease) in GST payable	243	77	231	76
Increase/(decrease) in payables	6,386	(6,533)	10,276	(6,441)
Increase/(decrease) in accrued employee benefits	(731)	329	(748)	324
Increase/(decrease) in unearned revenue	(306)	(35)	(306)	(35)
Net cash from operating activities	**50,311**	**36,674**	**54,813**	**33,133**

Changes in liabilities arising from financing activities

Economic Entity 2018	$'000	$'000	$'000	$'000
	Opening Balance	Cash Received	Cash Repayments	Closing balance
Borrowings	10,375	12,485	(271)	**22,589**
Total	10,375	12,485	(271)	**22,589**

Parent Entity 2018	Opening Balance	Cash Received	Cash Repayments	Closing balance
Borrowings	10,375	12,485	(271)	**22,589**
Total	10,375	12,485	(271)	**22,589**

Details of the departments change in liability for equity withdrawals, payable/receivable is detailed in note C9.

7

Department of the Premier and Cabinet
Statement of Comprehensive Income by Major Departmental Services and Shared Service Providers
for the year ended 30 June 2018

	Policy Advice and Coordination, and Cabinet Support		Government Services		Legislative Drafting and e-Publishing		Strategy and Engagement [3]		Arts Queensland [1]		Corporate Administration Agency[1]		QGCIO and Other [2]		General Not Attributed[4] & Inter-Service/Unit Eliminations		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Income																		
Appropriation revenue	39,488	45,816	31,672	41,468	12,553	12,033	35,596	-	62,310	104,071	62	123	6,591	-	766	922	189,038	204,433
User charges and fees	111	3,179	2,079	2,398	130	96	846	-	12,123	22,248	6,269	12,354	(1)	-	(163)	(1,131)	21,394	39,144
Grants and other contributions	-	-	1,500	-	-	-	-	-	690	260	81	81	-	-	(81)	(81)	2,190	260
Other revenue	1,350	640	99	933	75	104	1,399	-	232	263	2	76	-	-	-	(1)	3,157	2,015
Total Income	**40,949**	**49,635**	**35,350**	**44,799**	**12,758**	**12,233**	**37,841**	**-**	**75,355**	**126,842**	**6,414**	**12,634**	**6,590**	**-**	**522**	**(291)**	**215,779**	**245,852**
Expenses																		
Employee expenses	21,903	23,750	8,180	15,992	7,955	8,060	12,784	-	7,343	14,720	3,828	7,478	4,116	-	762	859	66,871	70,859
Supplies and services	12,854	15,012	9,764	14,252	3,872	3,683	7,654	-	17,681	34,727	2,230	4,996	2,335	-	(240)	(940)	56,151	71,730
Grants and subsidies	2,609	9,582	8,146	5,449	30	44	4,118	-	24,790	41,862	-	-	6	-	-	(3)	39,699	56,934
Depreciation and amortisation	118	178	27	135	245	215	47	-	24,267	34,667	19	101	131	-	-	-	24,854	35,296
Other expenses	3,465	1,113	9,233	8,970	656	231	13,238	-	1,256	712	13	180	2	-	-	(200)	27,863	11,006
Total Expenses	**40,949**	**49,635**	**35,350**	**44,799**	**12,758**	**12,233**	**37,841**	**-**	**75,337**	**126,688**	**6,090**	**12,755**	**6,590**	**-**	**522**	**(284)**	**215,438**	**245,825**
Operating Result for the Year	**(0)**	**-**	**(0)**	**-**	**-**	**0**	**-**	**-**	**18**	**154**	**324**	**(121)**	**-**	**-**	**-**	**(7)**	**341**	**27**
Other Comprehensive Income																		
Increase/(decrease) asset revaluation surplus	-	-	-	-	-	-	-	-		135,309	-	-			-	-	-	135,309
Total Comprehensive Income	**(0)**	**-**	**(0)**	**-**	**-**	**0**	**-**	**-**	**18**	**135,463**	**324**	**(121)**	**-**	**-**	**-**	**(7)**	**341**	**135,336**

1. As a result of the Machinery of Government changes, AQ and CAA were transferred out to the Department of Environment and Science on 1 January 2018 (Refer to Note G1).
2. As a result of the Machinery of Government changes, QGCIO, OSSSIO and DE&P were transferred into the department from the Department of Science, Information Technology and Innovation on 13 December 2017 and transferred out to the Department of Housing and Public Works on 1 March 2018 (Refer to Note G1).
3. Major departmental services have been adjusted to incorporate the creation of Strategy and Engagement services. An outline of major departmental services is provided at note A1.
4. Includes Corporate Support Services provided to the Public Service Commission and Office of the Governor.

Department of the Premier and Cabinet
Statement of Assets and Liabilities by Major Departmental Services and shared Service Providers
as at 30 June 2018

	Policy Advice, Coordination and Cabinet Support		Government Services		Legislative Drafting and e-Publishing		Strategy and Engagement[2]		Arts Queensland[1]		Corporate Administration Agency[1]		Inter-Service/Unit Eliminations		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current Assets																
Cash and cash equivalents	1,301	3,068	36,076	10,302	(1,174)	(478)	6,292	-	-	1,524	-	3,940	-	(2)	42,495	18,354
Receivables and loans receivable	1,159	2,207	1,875	807	256	391	16,381	-	-	7,877	-	491	(1)	(212)	19,670	11,561
Other	144	194	344	282	88	139	131	-	-	9	-	1,283	-	-	707	1,906
Total Current Assets	**2,604**	**5,470**	**38,295**	**11,390**	**(830)**	**52**	**22,804**	**-**	**-**	**9,410**	**-**	**5,714**	**(1)**	**(214)**	**62,872**	**31,822**
Non-current Assets																
Receivables and loans receivable	2,098	464	-	349	-	-	6,949	-	-	5,620	-	-	-	(2)	9,047	6,431
Intangible assets	183	245	191	111	1,951	2,114	51	-	-	-	-	-	1	-	2,377	2,469
Property, plant and equipment	13	-	(0)	3	193	260	15	-	-	790,325	-	45	(1)	(2)	220	790,631
Total Non-current Assets	**2,294**	**709**	**191**	**463**	**2,145**	**2,374**	**7,014**	**-**	**-**	**795,945**	**-**	**45**	**-**	**(4)**	**11,644**	**799,531**
Total Assets	**4,898**	**6,179**	**38,486**	**11,853**	**1,314**	**2,425**	**29,819**	**-**	**-**	**805,355**	**-**	**5,759**	**(1)**	**(218)**	**74,516**	**831,353**
Current Liabilities																
Payables	2,177	2,441	34,323	9,623	471	522	5,582	-	-	1,232	-	404	-	(213)	42,552	14,008
Interest-bearing liabilities	-	-	-	-	-	-	15,640	-	-	4,822	-	-	-	-	15,640	4,822
Accrued employee benefits	947	1,142	631	862	317	343	503	-	-	534	-	265	-	1	2,399	3,147
Unearned revenue	355	12	2	12	-	5	1	-	-	-	-	635	-	-	358	664
Total Current Liabilities	**3,479**	**3,595**	**34,956**	**10,497**	**788**	**869**	**21,726**	**-**	**-**	**6,588**	**-**	**1,304**	**-**	**(212)**	**60,949**	**22,641**
Non-current Liabilities																
Payables	461	464	1,117	349	162	-	358	-	-	-	-	-	-	-	2,098	813
Interest-bearing liabilities	-	-	-	-	-	-	6,949	-	-	5,554	-	-	-	(1)	6,949	5,553
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-current Liabilities	**461**	**464**	**1,117**	**349**	**162**	**-**	**7,307**	**-**	**-**	**5,554**	**-**	**-**	**-**	**(1)**	**9,047**	**6,366**
Total Liabilities	**3,940**	**4,059**	**36,073**	**10,846**	**950**	**869**	**29,033**	**-**	**-**	**12,142**	**-**	**1,304**	**-**	**(213)**	**69,996**	**29,007**

1. As a result of the MoG, AQ and CAA were transferred out to the Department of Environment and Science on 1 January 2018 (Refer to Note G1).
2. Major departmental services have been adjusted to incorporate the creation of Strategy and Engagement services. An outline of major departmental services is provided at note A1.

A1 Objectives and Principal Activities of the Department

As the lead central agency of the Queensland public service, the Department of the Premier and Cabinet services the Premier and Cabinet, building confidence in and driving an innovative government, while providing whole of government leadership to deliver outstanding results and value for money for Queenslanders.

The department's vision is that it makes a real and tangible difference today, and our contributions will be recognised by future generations.

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

- Support the Premier to set the strategic direction of government.
- Lead the development, coordination and implementation of effective and innovative policy solutions.
- Maintain a robust system of government with disciplined Cabinet and Executive Council systems and processes.
- Lead Queensland's engagement with the Council of Australian Governments (COAG) and other whole of government interjurisdictional activities.
- Lead planning and delivery of whole of government communication.
- Provide strategic advice and coordination of the Premier's official overseas visits and functions.
- Deliver the legislative program for Queensland.

The department is committed to supporting the delivery of the Queensland Government's objectives for the community. This is achieved through collaboration across the whole of government to achieve policy outcomes that support these objectives.

The major services delivered by the department are as follows:

- Policy Advice and Coordination, and Cabinet Support: provision of detailed briefings to the Premier on social, legal, economic, environmental and performance policy, from design and development through to coordination and implementation. It also includes the management and coordination of all procedural, operational and logistical services supporting Cabinet and Cabinet Committees, including custodianship of Cabinet records from current and previous governments.
- Government Services: provision of policy and operational advice and support to the Premier in relation to constitutional, executive government and machinery-of-government matters. It also includes supporting the administration of business before Executive Council, provision of support services to Ministerial Offices and the Leader of the Opposition, and management and coordination of the Anzac Centenary commemorative program.
- Legislative Drafting and ePublishing: provision of legislative drafting services to all Queensland public sector agencies and provision of access to legislation on the Queensland legislation website.
- Strategy and Engagement Services takes a leadership role in driving innovation and whole-of-government policy, representing Queensland's best interests in intergovernmental matters, leading strategic communications, and maximising external and international engagement of the Queensland Government. The work performed by Strategy and Engagement includes a mix of unique functions comprising intergovernmental relations, strategic policy, integrated communications, protocol and events coordination. Strategy and Engagement Services were previously split across Policy Advice and Coordination and Government Services, this change reflects the permanent nature of this service within the department.
- Arts Queensland (AQ): management of investment programs that support individual artists and arts and cultural organisations; support of capital infrastructure that provides public spaces for arts production and engagement; and provision of arts and cultural policy and strategy advice to the Queensland Government. As a result of Machinery of Government changes AQ was transferred out to Department of Environment and Science effective from 1 January 2018 (Refer to Note G1).
- Corporate Administration Agency (CAA): provision of corporate services to Queensland public sector entities, principally statutory bodies. As a result of Machinery of Government changes CAA was transferred out to Department of Environment and Science effective from 1 January 2018.

Administered items

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

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

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

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

The department also controls Screen Queensland and administers funding arrangements for Trade and Investment Queensland on behalf of the State.

Queensland Family and Child Commission, Queensland Art Gallery, Queensland Museum, Queensland Performing Arts Trust and Queensland Theatre were also part of administered entities until they were transferred out as a result of recent Machinery of Government changes on 1 January 2018.

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Section B: Notes about our Financial Performance

B1 Revenue

B1-1: Appropriation Revenue

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

	Economic Entity		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Budgeted appropriation revenue	245,590	207,641	245,590	207,641
Transfer from/(to) other departments - redistribution of public business	(66,825)	-	(66,825)	-
Transfer from/(to) other headings	-	(2,330)	-	(2,330)
Lapsed departmental services appropriation	-	(2,127)	-	(2,127)
Unforeseen expenditure	3,910	-	3,910	-
Total appropriation receipts (cash)	182,675	203,184	182,675	203,184
Less: MoG transfer of appropriation cash	(1,323)	-	(1,323)	-
Plus: MoG transfer of appropriation receivable	203	-	203	-
Less: Opening balance of non-current appropriation receivable	(813)	-	(813)	-
Plus: Departmental Services - non-current receivable from the Consolidated Fund (Refer to Note C2)	2,098	813	2,098	813
Plus: Opening balance of deferred appropriation payable to Consolidated Fund (Refer to Note C5)	6,380	420	6,380	420
Less: Closing balance of deferred appropriation payable to Consolidated Fund (Refer to Note C5)	(22,968)	(6,380)	(22,968)	(6,380)
Net Appropriation Revenue	**166,252**	**198,037**	**166,252**	**198,037**
Plus: Deferred appropriation refundable to Consolidated Fund (expenses) (Refer to Note B2-4)	22,786	6,396	22,786	6,396
Appropriation Revenue recognised in the Statement of Comprehensive Income	**189,038**	**204,433**	**189,038**	**204,433**

Appropriations provided under the *Appropriation Act 2017* are recognised as revenue when received. Where an appropriation receivable or payable has been recorded in the financial statements as at 30 June, this has been approved by Queensland Treasury.

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

B1-2: User Charges and Fees

Corporate services partnership agreements	8,467	12,856	8,467	12,856
Facility services revenue	6,875	12,215	6,875	12,215
Car park revenue	4,286	8,199	4,286	8,199
Sales of goods/services	686	4,028	686	4,028
Other	2,236	3,163	1,080	1,846
Total	**22,550**	**40,461**	**21,394**	**39,144**

User charges and fees controlled by the department are recognised as revenue when the revenue has been earned and can be measured reliably with a sufficient degree of certainty.

User charges includes transactions of $13.75M (2016-17: $28.69M) with related parties.

	Economic Entity		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
B1-3: Grants and Other Contributions				
Contributions from Queensland Government departments	22,442	20,062	690	260
Commonwealth contributions	1,500	-	1,500	-
Total	**23,942**	**20,062**	**2,190**	**260**

Grants and other contributions revenue is recognised in the year in which the department obtains control or the right to receive the grant or contribution (control is generally obtained at the time of receipt or when the department has an enforceable right to receive the grant or contribution).

Contributions from Queensland Government departments are related party transactions.

B2 Expenses

	Economic Entity 2018	Economic Entity 2017	Parent Entity 2018	Parent Entity 2017
B2-1: Employee Expenses				
Employee Benefits				
Wages and salaries	53,801	56,342	51,875	54,526
Employer superannuation contributions	7,234	7,548	7,053	7,379
Annual leave levy	5,500	5,723	5,487	5,719
Long service leave levy	1,150	1,265	1,150	1,265
Termination benefits	111	206	111	206
Other employee benefits	890	995	861	953
Employee Related Expenses				
Workers' compensation premium	182	187	175	181
Other employee related expenses	234	697	159	630
Total	**69,102**	**72,963**	**66,871**	**70,859**
Number of Full-Time Equivalent (FTE) Employees	489	672	467	652

Wages and salaries are recognised based on the period where service has been received. Sick leave is non-vesting with an expense recognised when leave is taken.

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the Treasurer 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. The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole of government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Under the Queensland Government's Annual Leave Central Scheme and Long Service Leave Central Scheme, the levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and long service leave are claimed quarterly in arrears. These schemes are administered by Queensland Treasury and QSuper. Queensland Treasury is a related party. Screen Queensland does not participate in the centralised leave schemes.

Workers' compensation premiums are paid to WorkCover Queensland which is a related party.

FTE employees are calculated based on the Minimum Obligatory Human Resources Information (MOHRI) method. The reported FTEs above includes 7 FTE employees that were engaged in the provision of corporate services to other agencies in 2017-18 (70 FTE employees in 2016-17).

The department undertakes a whole of government policy futures graduate program which employed 55 graduates during 2017-18 (2016-17: 63). The graduate FTE numbers are included in the department totals stated above.

Key management personnel and remuneration disclosures are detailed in Note G2.

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B2-2: Supplies and Services	Economic Entity		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Building maintenance	10,756	20,908	10,756	20,908
Building services	16,633	19,560	16,381	19,312
Consultants and contractors	6,426	10,268	6,426	10,264
Information technology bureau services	6,868	7,213	6,696	7,061
Professional services	6,456	4,584	6,267	4,440
Advertising and communications	5,178	4,493	5,075	4,338
Outsourced corporate support	1,412	1,435	1,412	1,435
Telephone and communications support	462	824	438	800
Travel	762	767	599	646
Venue hire	180	361	180	361
Hospitality and official functions	419	353	403	335
Other	1,652	1,957	1,518	1,830
Total	**57,204**	**72,723**	**56,151**	**71,730**

For a transaction to be classified as supplies and services, the value of the goods and services received by the department must be approximately equal to the value of the consideration exchanged for those goods or services. Where this is not the substance of the arrangement, the transaction is classified as grants and subsidies in Note B2-3. Supplies and services includes transactions of $25.67M (2016-17: $22.08M) with related parties represented by other Queensland Government entities, none of which are considered material other than Department of Housing and Public Works for property rent amounting to $13.40M (2016-17: $8.28M) for the year ended 30 June 2018. Property rent is charged at market rates.

B2-3: Grants and Subsidies				
Recurrent				
Grants to private sector entities	36,794	43,643	12,994	28,962
Grants to government entities and statutory bodies	8,146	21,291	12,092	21,291
Grants to individuals	109	256	109	256
Total recurrent	**45,049**	**65,190**	**25,195**	**50,509**
Capital				
Grants to government entities and statutory bodies	12,800	4,033	12,800	4,033
Grants to private sector entities	-	-	-	-
Total capital	**12,800**	**4,033**	**12,800**	**4,033**
Subsidy payments				
Contributions	906	688	906	688
Donations and gifts made	798	1,704	798	1,704
Total subsidy payments	**1,704**	**2,392**	**1,704**	**2,392**
Total	**59,553**	**71,615**	**39,699**	**56,934**

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

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

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

Grants and subsidies includes transactions of $24.93M (2016-17: $14.40M) with other Queensland Government entities.

B2-4: Other Expenses

	Economic Entity		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Deferred appropriation refundable to Consolidated Fund	22,786	6,396	22,786	6,396
Sponsorships	3,569	2,950	3,458	2,776
Insurance premiums - QGIF	451	427	437	410
External audit fees*	134	344	101	313
Interest	411	186	411	187
Losses from disposal of property, plant and equipment	-	16	-	16
Other	670	908	670	908
Total	**28,021**	**11,227**	**27,863**	**11,006**

*Total audit fees quoted by the Queensland Audit Office (QAO) relating to the 2017/18 financial statements was $235,000 (2016-17: $443,150). This fee includes an internal allocation of $101,000 for audit services to the administered entity, Ministerial Offices and Office of the Leader of the Opposition. There are no non-audit services included in the amount.

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

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Section C: Notes about our Financial Position

C1 Cash and Cash Equivalents

	Economic Entity		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Imprest accounts	2	34	1	33
Cash at bank and on hand	52,685	31,653	42,494	18,321
Total	**52,687**	**31,687**	**42,495**	**18,354**

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 2018, as well as short-term investments redeemable within three months.

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

C2 Receivables and Loans Receivable

Current				
Trade debtors	1,944	2,962	776	2,871
Advances	-	200	-	200
Less: Allowance for impairment loss	-	(200)	-	(200)
Net Advances	**-**	**-**	**-**	**-**
GST input tax credits receivable	778	2,617	586	2,047
GST payable	(53)	(296)	(48)	(279)
Net GST receivable	**725**	**2,321**	**538**	**1,768**
Loans receivable	16,052	6,544	15,640	4,822
Annual leave reimbursements	690	1,008	690	1,008
Accrued receivable	1,817	506	1,798	474
Long service leave reimbursements	217	180	217	180
Other receivables	11	438	11	438
Total current receivables and loans receivable	**21,456**	**13,959**	**19,670**	**11,561**
Non-current				
Loans receivable	6,949	5,639	6,949	5,553
Appropriation receivable	2,098	813	2,098	813
Lease incentives	-	65	-	65
Total non-current receivables and loans receivable	**9,047**	**6,517**	**9,047**	**6,431**

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

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

Loans receivable are represented solely by the Revolving Film Finance Fund (RFFF). The RFFF provides secured loans to cash flow film and television productions and for infrastructure projects that will benefit the film and television industry. It is administered by Screen Queensland (SQ) on behalf of the Government. All funds are drawn from QTC. QTC is a related party. Applicants apply for the loan through SQ and once approved, DPC recognise a loan receivable from SQ and payable to QTC (Note C6) with interest (charged at a book rate which is equivalent to the QTC government debt pool rate) passed onto SQ. This means that all costs incurred by DPC in managing the RFFF are passed onto SQ.

Annual leave (AL) and Long service leave (LSL) reimbursements represent the amounts recoverable from the AL and LSL schemes that are claimed quarterly.

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

C3 Intangible Assets

	Economic Entity 2018 $'000	Economic Entity 2017 $'000	Parent Entity 2018 $'000	Parent Entity 2017 $'000
Software Internally Generated				
At cost	5,897	5,689	5,897	5,689
Less: Accumulated amortisation	(3,609)	(3,235)	(3,609)	(3,235)
Total Software Internally Generated	**2,288**	**2,454**	**2,288**	**2,454**
Software Work in Progress				
At cost	89	15	89	15
Total Software Work in Progress	**89**	**15**	**89**	**15**
Total	**2,377**	**2,469**	**2,377**	**2,469**

Intangible Assets Reconciliation

	Software Internally Generated 2018 $'000	Software Internally Generated 2017 $'000	Software WIP 2018 $'000	Software WIP 2017 $'000	Total 2018 $'000	Total 2017 $'000
Economic Entity						
Carrying amount at 1 July	2,454	2,755	15	182	2,469	2,937
Acquisitions	-	-	238	15	238	15
Transfers between classes	208	182	(208)	(182)	-	-
Capital expenses accrued	-	-	44	-	44	-
MoG changes - transfer in - OSSSIO	4,638	-	-	-	4,638	-
MoG changes - transfer in - QGCIO	18	-	-	-	18	-
MoG changes - transfer out- OSSSIO	(4,542)	-	-	-	(4,542)	-
MoG changes - transfer out - QGCIO	(10)	-	-	-	(10)	-
Amortisation	(478)	(483)	-	-	(478)	(483)
Carrying amount at 30 June	**2,288**	**2,454**	**89**	**15**	**2,377**	**2,469**
Parent Entity						
Carrying amount at 1 July	2,454	2,755	15	182	2,469	2,937
Acquisitions	-	-	238	15	238	15
Transfers between classes	208	182	(208)	(182)	-	-
Capital expenses accrued	-	-	44	-	44	-
MoG changes - transfer in - OSSSIO	4,638	-	-	-	4,638	
MoG changes - transfer in - QGCIO	18	-	-	-	18	
MoG changes - transfer out- OSSSIO	(4,542)	-	-	-	(4,542)	
MoG changes - transfer out - QGCIO	(10)	-	-	-	(10)	
Amortisation	(478)	(483)	-	-	(478)	(483)
Carrying amount at 30 June	**2,288**	**2,454**	**89**	**15**	**2,377**	**2,469**

C3-1: Recognition and Measurement

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

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

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C3-2: Amortisation Expense and Impairment

Amortisation Expense

Amortisation of intangibles is performed on a straight-line basis.

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

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

Key Estimate: Intangible assets are amortised on a straight-line basis between 5-33%. The estimation of useful life and resulting amortisation rates are based on a number of factors including the department's past experience, the planned replacement program and expected usage, obsolescence and fiscal capacity. Useful lives are reviewed on an annual basis.

Impairment

Intangible assets are assessed annually for impairment using a combination of external and internal impairment indicators. Intangible assets are principally assessed for impairment by reference to the actual and expected continuing use of the asset by the department.

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

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

No intangible assets were impaired at 30 June 2018.

C4 Property, Plant and Equipment

C4-1: Closing balances and reconciliation of carrying amounts	Economic Entity		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Plant and Equipment				
At cost	710	4,932	579	4,838
Less: Accumulated depreciation	(444)	(2,856)	(359)	(2,774)
Total Plant and Equipment	**266**	**2,076**	**220**	**2,064**
Land				
At fair value	-	270,600	-	270,600
Total Land	**-**	**270,600**	**-**	**270,600**
Buildings				
At fair value	-	304,500	-	304,500
Less: Accumulated depreciation	-	(116,758)	-	(116,758)
Total Buildings	**-**	**187,742**	**-**	**187,742**
Heritage and Cultural Assets				
At fair value	-	640,192	-	640,192
Less: Accumulated depreciation	-	(324,184)	-	(324,184)
Total Heritage and Cultural Assets	**-**	**316,008**	**-**	**316,008**
Capital works in progress				
At cost - Buildings	-	14,217	-	14,217
Total Capital works in progress	**-**	**14,217**	**-**	**14,217**
Total	**266**	**790,643**	**220**	**790,631**

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Property, Plant and Equipment Reconciliation

Economic Entity	Plant and Equipment	Capital Works in Progress	Land	Buildings	Heritage and Cultural Assets	Total
Fair Value Level[1]	-	-	Level 2	Level 3	Level 3	
	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2017	2,076	14,217	270,600	187,742	316,008	790,643
Acquisitions	60	3,444	-	-	-	3,504
MoG changes - transfer out - AQ	(1,654)	(17,661)	(270,600)	(179,640)	(299,948)	(769,503)
MoG changes - transfer out - CAA	(26)	-	-	-	-	(26)
MoG changes - transfer in - OSSSIO	794	-	-	-	-	794
MoG changes - transfer in - QGCIO	39	-	-	-	-	39
MoG changes - transfer out- OSSSIO	(769)	-	-	-	-	(769)
MoG changes - transfer out - QGCIO	(37)	-	-	-	-	(37)
Depreciation/amortisation	(217)	-	-	(8,102)	(16,060)	(24,379)
Carrying amount at 30 June 2018	**266**	**-**	**-**	**-**	**-**	**266**
Carrying amount at 1 July 2016	2,111	3,715	269,100	129,028	272,801	676,755
Acquisitions	270	13,142	-	-	-	13,412
Disposals	(16)	-	-	-	-	(16)
Transfers between asset classes	71	(2,640)	-	1,111	1,458	-
Net revaluation increments/(decrements)	-	-	1,500	66,986	66,823	135,309
Depreciation/amortisation	(360)	-	-	(9,383)	(25,074)	(34,817)
Carrying amount at 30 June 2017	**2,076**	**14,217**	**270,600**	**187,742**	**316,008**	**790,643**
Parent Entity						
Carrying amount at 1 July 2017	2,064	14,217	270,600	187,742	316,008	790,631
Acquisitions	23	3,444	-	-	-	3,467
MoG changes - transfer out - AQ	(1,654)	(17,661)	(270,600)	(179,640)	(299,948)	(769,503)
MoG changes - transfer out - CAA	(26)	-	-	-	-	(26)
MoG changes - transfer in - OSSSIO	794	-	-	-	-	794
MoG changes - transfer in - QGCIO	39	-	-	-	-	39
MoG changes - transfer out- OSSSIO	(769)	-	-	-	-	(769)
MoG changes - transfer out - QGCIO	(37)	-	-	-	-	(37)
Depreciation/amortisation	(214)	-	-	(8,102)	(16,060)	(24,376)
Carrying amount at 30 June 2018	**220**	**-**	**-**	**-**	**-**	**220**
Carrying amount at 1 July 2016	2,095	3,715	269,100	129,028	272,801	676,739
Acquisitions	270	13,142	-	-	-	13,412
Disposals	(16)	-	-	-	-	(16)
Transfers between asset classes	71	(2,640)	-	1,111	1,458	-
Net revaluation increments/(decrements)	-	-	1,500	66,986	66,823	135,309
Depreciation/amortisation	(356)	-	-	(9,383)	(25,074)	(34,813)
Carrying amount at 30 June 2017	**2,064**	**14,217**	**270,600**	**187,742**	**316,008**	**790,631**

1. Definitions of fair value levels are provided in Note C4-4.

C4-2: Recognition and Acquisition

Plant and Equipment with a cost or other value equal to, or greater than $5,000 are recognised for financial reporting purposes in the year of acquisition.

Items with a lesser value are expensed in the year of acquisition. Expenditure is only added to an asset's carrying amount if it increases the service potential or useful life to the department of the existing asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

C4-3: Measurement Using Historical Cost

Plant and equipment is measured at cost in accordance with the *Non-Current Asset Policies for the Queensland Public Sector* (NCAP) issued by Queensland Treasury. The carrying amounts for such plant and equipment is not materially different from their fair value.

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C4-4: Measurement Using Fair Value

As a result of Machinery of Government changes Arts Queensland was transferred out of the department on 1 January 2018.

Prior to transfer land, buildings, and heritage and cultural assets of Arts Queensland were measured at fair value as required under the NCAP.

Fair value was measured and disclosed in the financial statements according to the following fair value hierarchy, which is based on the data and assumptions used in the most recent specific appraisals:

Level 1	represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
Level 2	represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
Level 3	represents fair value measurements that are substantially derived from unobservable inputs.

None of the assets of the department were eligible for categorisation into level 1 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the year.

Revaluation of Property, Plant and Equipment

Buildings, and heritage and cultural buildings were comprehensively revalued at least once every five years by independent professional valuers. Land, and heritage and cultural artwork assets were comprehensively revalued annually.

When assets have not been comprehensively valued in a reporting period, their previous valuations were materially kept up-to-date via the application of relevant indices. The department ensures that the application of such indices results in a valid estimation of the assets fair values at reporting date.

No comprehensive valuation was carried out at 31 December 2017 and the valuation was based on indexation. The previous comprehensive valuation of Property, Plant and Equipment was performed in June 2017.

C4-5: Depreciation Expense and Impairment

Depreciation Expense

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

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

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

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

Key Estimate: For each class of depreciable asset the following depreciation rates are used:

Land	N/A
Buildings	1-33%
Heritage and cultural assets	
Buildings	1-33%
Artwork	N/A
Plant and equipment	5-33%

The estimation of useful life and resulting depreciation rates are based on a number of factors including the department's past experience, the planned replacement program and expected usage, wear and tear, obsolescence and fiscal capacity. Useful lives are reviewed on an annual basis.

Impairment

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

Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and its value-in-use. An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

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

No items of property, plant and equipment were impaired at 30 June 2018.

C5 Payables

	Economic Entity		Parent Entity	
	2018	2017	2018	2017
Current	**$'000**	**$'000**	**$'000**	**$'000**
Deferred appropriation refundable to Consolidated Fund	22,968	6,380	22,968	6,380
Trade creditors and accruals	5,369	6,330	5,154	6,212
Grants and subsidies payable	7,520	678	11,466	678
Appropriation equity withdrawal payable to Consolidated Fund	2,798	-	2,798	-
Other	212	776	166	738
Total Current Payables	**38,867**	**14,164**	**42,552**	**14,008**
Non-Current				
Deferred liability for operating leases	2,098	813	2,098	813
Other	148	193	-	-
Total Non-Current Payables	**2,246**	**1,006**	**2,098**	**813**

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

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

C6 Interest-Bearing Liabilities

Interest-bearing liabilities are initially recorded at fair value plus any establishment costs. Then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated cash payments and receipts through the expected life of the financial instruments.

All borrowings by the department are from QTC, with the initial loan established at a fixed interest rate (applicable rates for 2017-18 were 1.89% to 2.99%). QTC is a related party. There have been no defaults or breaches of the loan agreements during the period. Repayment dates vary from two to twenty-nine months. Principal and interest repayments were made quarterly in arrears. Where an extension of the original term is requested, the department has an option to refinance the loan as a variable rate loan. This option was adopted in 2017-18 with the applicable variable rate of 1.92%.

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

C7 Accrued Employee Benefits

Current				
Long service leave levy payable	278	389	244	389
Annual leave levy payable	1,244	1,552	1,160	1,463
Accrued salaries and wages	995	1,295	995	1,295
Total Current	**2,517**	**3,236**	**2,399**	**3,147**
Non-Current				
Accrued long service leave	40	52	-	-
Total Non-Current	**40**	**52**	**-**	**-**

The Parent Entity's financial statements do not contain a provision for annual leave or long service leave as the liability is held on a whole of government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting.* The Economic Entity includes SQ which does not participate in whole of government central leave schemes. As such, the Economic Entity reflects provisions for leave associated with SQ only.

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C8 Unearned Revenue

	Economic Entity		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current				
Unearned revenue	358	664	358	664
Total Current	**358**	**664**	**358**	**664**

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

C9 Appropriations Recognised in Equity

	Economic Entity		Parent Entity	
	2018	2017	2018	2017
C9-1	$'000	$'000	$'000	$'000
Budgeted equity adjustment appropriation	(30,293)	(15,217)	(30,293)	(15,217)
Transfer from/(to) other departments - redistribution of public business	14,515	-	14,515	-
Lapsed equity adjustment	(3,363)	(10,734)	(3,363)	(10,734)
Equity adjustment receipts (payment)	**(19,141)**	**(25,951)**	**(19,141)**	**(25,951)**
C9-2				
Plus: Opening balance of equity adjustment payable	203	-	203	-
Less: MoG transfer of equity adjustment payable	(203)	-	(203)	-
Less: Closing balance of equity adjustment payable	(2,798)	(203)	(2,798)	(203)
Equity adjustment recognised in Contributed Equity	**(21,939)**	**(26,154)**	**(21,939)**	**(26,154)**

Section D: Notes about our Risks and Other Accounting Uncertainties

D1 Financial Contingencies

Litigation in Progress

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

The State's legal representation for the Floods Class Action was centrally coordinated by the Department of the Premier and Cabinet during 2017-18 and litigation was still in progress at reporting date. The Floods Class Action relates to the damage occasioned by water released from Wivenhoe and Somerset Dams during the 2011 flood event. The trial on liability commenced in December 2017 and is expected to conclude in late 2018.

D2 Financial Commitments

The major component of the non-cancellable operating lease commitments below is the 1 William Street lease ending 19 December 2031.

	Economic Entity		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
D2-1: Non-Cancellable Operating Lease Commitments				
Not later than one year	7,291	6,036	7,019	5,828
Later than one year and not later than five years	32,346	23,768	32,131	23,456
Later than five years	46,845	65,193	46,845	65,193
Total Non-Cancellable Operating Leases	**86,482**	**94,997**	**85,995**	**94,477**
D2-2: Capital Expenditure Commitments				
Not later than one year	257	-	257	-
Total Capital Expenditure Commitments	**257**	**-**	**257**	**-**
D2-3: Future Screen Commitments				
Not later than one year	15,192	13,026	-	-
Later than one year and not later than five years	-	16,025	-	-
Total Capital Expenditure Commitments	**15,192**	**29,051**	**-**	**-**

$15.19M relates to contracts SQ has entered into with practitioners from the screen industry for the provision of grant funding for screen projects. A commitment has been recognised when a contract has been entered into by SQ. Amounts are transferred from a commitment to a liability when the terms, conditions and deliverables as per contract have been fulfilled by the industry practitioner.

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D3 Financial Risk Disclosures

D3-1: Financial Instrument Categories

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the department becomes party to the contractual provisions of the financial instrument. No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position. The department has the following categories of financial assets and financial liabilities:

		Economic Entity		Parent Entity	
		2018	2017	2018	2017
		$'000	$'000	$'000	$'000
Financial Assets	**Notes**				
Cash and cash equivalents	C1	52,687	31,687	42,495	18,354
Receivables and loans receivable	C2	30,503	20,476	28,717	17,992
Total Financial Assets		**83,190**	**52,163**	**71,212**	**36,346**
Financial Liabilities					
Payables	C5	41,113	15,170	44,650	14,821
Interest-bearing liabilities - QTC borrowings		22,589	10,375	22,589	10,375
Total Financial Liabilities		**63,702**	**25,545**	**67,239**	**25,196**

D3-2: Financial Risk Management

Financial risk management is implemented pursuant to government and departmental policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the department. The department measures risk exposure using a variety of methods as follows:

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

The department has no material liquidity or market risks. The department has credit risk exposure through the RFFF loan facility. If a default on a film assistance loan occurs there is potential for the loan to become non-recoverable to SQ.

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

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

There is minimal credit risk exposure for all other financial assets. The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of provisions for impairment.

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D3-3: Financial Assets

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

Ageing of past due but not impaired receivables are disclosed in the following table:

2018 Financial Assets Past Due but Not Impaired

	Economic Entity					Parent Entity				
	Overdue					Overdue				
	Less than 30 Days $'000	30 - 60 Days $'000	61-90 Days $'000	More than 90 Days $'000	Total $'000	Less than 30 Days $'000	30 - 60 Days $'000	61-90 Days $'000	More than 90 Days $'000	Total $'000
2018	126	1	22	3	152	126	1	21	3	151
2017	1,316	90	23	60	1,489	1,316	90	23	45	1,474

D3-4: Fair Value

All financial assets and liabilities are measured at cost. The fair value of borrowings is notified by QTC and is calculated using a weighted average rate. For the year ended 30 June 2018, the weighted average borrowing rate was 2.390% (2.54% for 2017), ranging from 2.01% to 3.09%. (1.86% to 3.09% for 2017).

	Economic Entity				Parent Entity			
	2018		2017		2018		2017	
	Carrying Amount $'000	Fair Value $'000	Carrying Amount $'000	Fair Value $'000	Carrying Amount $'000	Fair Value $'000	Carrying Amount $'000	Fair Value $'000
Financial Assets								
Loans receivable	23,001	23,001	12,183	12,183	22,589	21,612	10,375	10,434
Total	**23,001**	**23,001**	**12,183**	**12,183**	**22,589**	**21,612**	**10,375**	**10,434**
Financial Liabilities								
Interest-bearing liabilities	22,589	22,612	10,375	10,434	22,589	22,612	10,375	10,434
Total	**22,589**	**22,612**	**10,375**	**10,434**	**22,589**	**22,612**	**10,375**	**10,434**

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

D4 Events Occurring after Balance Date

There are no matters of significance to the financial statements which occurred after 30 June 2018.

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Section E: Notes about our Performance compared to Budget

E1 Budget to Actual Comparison – Statement of Comprehensive Income

	Variance Notes	Adjusted Budget* 2018 $'000	Actual 2018 $'000	Variance 2018 $'000
Income from Continuing Operations				
Appropriation revenue		177,442	189,038	11,596
User charges and fees		20,415	21,394	979
Grants and other contributions	1	453	2,190	1,737
Other revenue	2	272	3,157	2,885
Total Income from Continuing Operations		**198,582**	**215,779**	**17,197**
Expenses from Continuing Operations				
Employee expenses		65,700	66,871	1,171
Supplies and services	3	60,653	56,151	(4,502)
Grants and subsidies		42,470	39,699	(2,771)
Depreciation and amortisation		24,976	24,854	(122)
Other expenses	4	4,783	27,863	23,080
Total Expenses from Continuing Operations		**198,582**	**215,438**	**16,856**
Operating Result for the Year		**-**	**341**	**341**
Other Comprehensive Income				
Increase (decrease) in asset revaluation surplus		-	-	-
Total Other Comprehensive Income		**-**	**-**	**-**
Total Comprehensive Income		**-**	**341**	**341**

This section contains explanations of major variances between the department's actual 2017-18 financial results and the adjusted budget.

* The department was impacted by two Administrative Arrangement Amendment Orders during the financial year. Accordingly, the adjusted budget includes Arts Queensland (AQ) and Corporate Administration Agency (CAA) transactions for the period 1 July to 31 December 2017 and Queensland Government Chief Information Office (QGCIO), One Stop Shop Implementation Office (OSSSIO) and Digital Economy and Productivity (DE&P) for the period 13 December 2017 to 28 February 2018 (Refer to Note G1).

1. The increase was primarily due to unbudgeted Federal funding to support Anzac Centenary legacy projects ($1.50M).

2. The increase was primarily due to additional Policy Graduate Program placements from Queensland Government agencies occurring post budget formation ($1.07M). In addition, unbudgeted sponsorship revenue was received from Queensland Government agencies for state run events managed by the department post budget formation ($1.02M). To lesser extent the increase was also partly due to the recognition of in-kind support provided for archive storage ($0.47M) and revisions to the basis of recharge for corporate support services provided to the Public Service Commission and Office of the Governor ($0.10M). Collectively, these items represent $2.66M of the variance.

3. The decrease was primarily due to deferred expenditure (into 2018-19) for department limited life initiatives focused upon fostering Social Cohesion, raising ICE Awareness and reducing Domestic and Family Violence initiatives as well as the Anzac Centenary Program ($9.34M). These expenditure decreases were partly offset by unbudgeted legal costs in relation to State Coordination of Legal Representation for the Queensland Floods litigation ($4.01M) and the straight lining amortisation of department lease agreements in accordance with the AASB17 Accounting Standard ($1.29M). Collectively, these items represent $4.05M of the variance.

4. The increase was primarily due to unbudgeted appropriation funding payable to the Consolidated Fund in accordance with the Accounting Standard AASB1004 primarily due to projects and initiatives that were impacted by an unforeseen election, extended caretaker period and subsequent machinery of government changes that materially impacted business as usual. Funding for these projects and initiatives was subsequently deferred to 2018-19 ($22.78M).

E2 Budget to Actual Comparison – Statement of Financial Position

	Variance Notes	Adjusted Budget 2018 $'000	Actual 2018 $'000	Variance 2018 $'000
Current Assets				
Cash and cash equivalents	5	4,134	42,495	38,361
Receivables and loans receivable	6	3,456	19,670	16,214
Other	7	485	707	222
Total Current Assets		**8,075**	**62,872**	**54,797**
Non-current Assets				
Receivables and loans receivable	8	5,282	9,047	3,765
Intangible assets		2,518	2,377	(141)
Property, plant and equipment	9	6,361	220	(6,141)
Total Non-current Assets		**14,161**	**11,644**	**(2,517)**
Total Assets		**22,236**	**74,516**	**52,280**
Current Liabilities				
Payables	10	3,096	42,552	39,456
Interest-bearing liabilities	11	1,298	15,640	14,342
Accrued employee benefits	12	1,878	2,399	521
Unearned revenue	13	-	358	358
Total Current Liabilities		**6,272**	**60,949**	**54,677**
Non-current Liabilities				
Payables	8	-	2,098	2,098
Interest-bearing liabilities		5,283	6,949	1,666
Total Non-current Liabilities		**5,283**	**9,047**	**3,764**
Total Liabilities		**11,555**	**69,996**	**58,441**
Net Assets		**10,681**	**4,520**	**(6,161)**
Equity				
Total Equity	14	**10,681**	**4,520**	**(6,161)**

5. The increase was primarily due to unbudgeted appropriation funding payable to the Consolidated Fund ($22.78M), an appropriated equity withdrawal ($2.80M), unexpended ANZAC Square grants ($6.00M) and Production Attraction Strategy grants to Screen Queensland ($3.95M). Collectively, these items represent $35.72M of the variance.

6. The increase was due to unbudgeted Revolving Film Finance Facility (RFFF) loans, as well as current and non-current asset classification movements ($16.02M). These items represent $16.02M of the variance.

7. The increase was due to unbudgeted prepaid software licences and subscriptions ($0.24M).

8. Actual Non-current receivables and loans receivable, and non-current payables were higher than budget primarily due to unbudgeted straight lining amortisation of department lease agreements in accordance with the AASB17 Accounting Standard ($2.10M).

9. The decrease was primarily due to the transfer of Anzac Legacy Gallery capital work as part of machinery of government changes resulting in Arts Queensland transferring to the Department of Environment and Science ($2.82M) and deferral of residual funding ($3.37M) to 2018-19 for completion of the curatorial component of the project which occurred post formulation of the budget .

10. The increase was primarily due to amounts payable to the Consolidated Fund for 2017-18 appropriation budget ($22.97M), an appropriated equity withdrawal ($2.80M), as well as higher than anticipated balances associated with ANZAC Square grants ($6.00M)

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and Production Attraction Strategy grants to Screen Queensland ($3.95M). Collectively these items represent $35.71M of the variance.

11. The increase is due to unbudgeted Revolving Film Finance Facility (RFFF) loans, as well as current and non-current liability classification movements.

12. The increase is primarily due to amounts owed to QSuper in relation to the Central Leave Scheme ($0.32M). In addition, accrued salary and wages were higher than budget at year end ($0.18M). Collectively, these items represent $0.50M of the variance.

13. The increase is due to additional Policy Graduate Program placements.

14. The decrease is primarily due to the transfer of contributed equity relating to the Anzac Legacy Gallery as outlined in variance Note 9.

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E3 Budget to Actual Comparison – Statement of Cash Flows

	Variance Notes	Adjusted Budget* 2018 $'000	Actual 2018 $'000	Variance 2018 $'000
Cash flows from operating activities				
Inflows:				
Service appropriation receipts		178,765	182,675	3,910
User charges and fees	15	19,180	23,183	4,003
Grants and other contributions	16	453	2,190	1,737
Interest receipts	17	-	412	412
GST input tax credits from ATO	18	10,093	8,354	(1,739)
GST collected from customers	19	1,623	2,091	468
Other	20	(246)	1,913	2,159
Outflows:				
Employee expenses		(65,814)	(67,357)	1,543
Supplies and services	21	(62,520)	(55,036)	(7,484)
Grants and subsidies	22	(42,799)	(28,911)	(13,888)
Finance/borrowing costs	17	-	(409)	409
GST paid to suppliers	23	(3,410)	(7,533)	4,123
GST remitted to ATO		(2,159)	(2,031)	(128)
Other		(4,599)	(4,728)	129
Net cash provided by operating activities		**28,567**	**54,813**	**26,246**
Cash flows from investing activities				
Inflows:				
Loans and advances redeemed		271	273	2
Outflows:				
Payments for property, plant and equipment	24	(9,316)	(3,467)	(5,849)
Payments for intangibles	25	(500)	(238)	(262)
Loans and advances made	26	(14,996)	(12,485)	(2,511)
Net cash used in investing activities		**(24,541)**	**(15,917)**	**(8,624)**
Cash flows from financing activities				
Inflows:				
Equity injections		8,458	8,226	(232)
Proceeds from borrowings	26	9,721	12,485	2,764
Outflows:				
Equity withdrawals	27	(24,367)	(27,367)	3,000
Borrowing redemptions		(271)	(271)	-
Net cash used in financing activities		**(6,459)**	**(6,927)**	**468**
Net increase (decrease) in cash and cash equivalents		**(2,433)**	**31,969**	**(34,402)**
Net cash transferred resulting from MoG changes		(6,589)	(7,828)	1,239
Cash and cash equivalents at beginning of financial year		13,156	18,354	5,198
Cash and cash equivalents at end of financial year		**4,134**	**42,495**	**38,361**

* Includes AQ and CAA for the period 1 July to 31 December 2017 and QGCIO, OSSSIO and DE&P for the period 13 December 2017 to 28 February 2018 (Refer to Note G1).

15. The increase was primarily due to a high level of accrued revenue recorded in 2016-17 that resulted in increased cash inflows in 2017-18 ($2.87m) as well as an overall increase in user charges and fees across the Department ($0.98M), these items represent $3.85M of the variance.

16. The increase was primarily due to Federal funding to support the completion of Anzac Centenary legacy projects, representing $1.5M of the variance.

17. These increases were due to interest earned and paid with increased loans associated with the RFFF. This item represents the variance.

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18. The decrease was primarily due to items with claimable GST input tax credits being lower than budgeted expenditure.

19. The increase was primarily due to revenue from customers for items that attract GST being higher than budgeted revenue.

20. The increase was primarily due to additional Policy Graduate Program placements from Queensland Government agencies occurring post budget formation ($1.07M). Furthermore, additional sponsorship revenue was received from Queensland Government agencies for state run events managed by the department occurring post budget formation ($1.02M), these items represent $2.09M of the variance.

21. The decrease was primarily due to expenditure deferred into the 2018-19 financial year for limited life projects focused upon fostering Social Cohesion, raising ICE Awareness and reducing Domestic and Family Violence initiatives as well as the Anzac Centenary Program ($9.34M). These expenditure decreases were partly offset by unbudgeted legal costs in relation to State Coordination of Legal Representation for the Queensland Floods litigation ($4.01M). Further to this, a higher level of prepaid expenditure in 2016-17 relating to 2017-18 expenses caused an increased cash flow in 2016-17 and a subsequent decrease in 2017-18 ($1.2M). Collectively, these items represent $6.53M of the supplies and services expenditure variance.

22. The decrease was primarily due to the accrual at the end of the year for payments for the ANZAC grants ($7.52M) and Production Attraction Strategy payments to Screen Queensland ($3.95M), these items represent $11.47M of the variance.

23. The increase is due to unbudgeted GST payments in relation to supplier expenditure.

24. The decrease was primarily due to the transfer of Anzac Legacy Gallery capital work as part of machinery of government changes resulting in Arts Queensland transferring to the Department of Environment and Science ($6.16M) post budget formation.

25. The decrease is due to reduced expenditure on internally-generated software expenditure resulting from the deferral of information technology projects, these deferrals represent the variance of $0.26M.

26. The decrease to loans and advances made and the increase to proceeds from borrowings are due to a misalignment of budgeted cash flows for loans to Screen Queensland and borrowings from QTC through the RFFF.

27. The increase is due to the transfer of Anzac Legacy Gallery capital work as part of machinery of government changes resulting in Arts Queensland transferring to the Department of Environment and Science ($3.00M) post budget formation.

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Section F: Notes about our Administered Activities

F1 Schedule of Administered Income, Expenses, Assets and Liabilities

F1-1: 2017-18 Financial Information

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

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F1-2: 2016-17 Financial Information

	Ministerial Offices and Office of the Leader of the Opposition	Former Governor's Pension	Queensland Family and Child Commission	Arts Queensland	Total
	$'000	$'000	$'000	$'000	$'000
Administered Revenues					
Appropriation revenue (Note F1-4)	41,100	150	13,499	98,688	153,437
Other revenue	177	-	342	-	519
Total Administered Revenues	**41,277**	**150**	**13,841**	**98,688**	**153,956**
Administered Expenses					
Employee expenses	24,744	127	-	-	24,871
Supplies and services	16,249	-	-	-	16,249
Grants and subsidies (Note: F1-3)	-	-	13,310	98,688	111,998
Depreciation and amortisation	157	-	-	-	157
Other expenses	127	-	342	-	469
Total Administered Expenses	**41,277**	**127**	**13,652**	**98,688**	**153,744**
Operating Surplus/(Deficit)	**-**	**23**	**189**	**-**	**212**
Administered Assets					
Current					
Cash and cash equivalents	6,920	120	189	-	7,229
Receivables	618	-	342	-	960
Other current assets	26	-	-	-	26
Total Current Assets	**7,564**	**120**	**531**	**-**	**8,215**
Non-current					
Receivables	994	-	-	-	994
Property, plant and equipment/Intangibles	1,304	-	-	-	1,304
Total Non-current Assets	**2,298**	**-**	**-**	**-**	**2,298**
Total Assets	**9,862**	**120**	**531**	**-**	**10,513**
Administered Liabilities					
Current					
Payables	2,003	-	342	-	2,345
Accrued employee benefits	1,347	-	-	-	1,347
Total Current Liabilities	**3,350**	**-**	**342**	**-**	**3,692**
Non-current					
Payables	994	-	-	-	994
Accrued employee benefits	688	-	-	-	688
Total Non-current Liabilities	**1,682**	**-**	**-**	**-**	**1,682**
Total Liabilities	**5,032**	**-**	**342**	**-**	**5,374**
Net Administered Assets	**4,830**	**120**	**189**	**-**	**5,139**
Total Administered Equity	**4,830**	**120**	**189**	**-**	**5,139**

	2018 $'000	2017 $'000
F1-3: Grants and subsidies were paid to the following entities		
Queensland Family and Child Commission	6,226	13,310
Trade Investment Queensland	16,604	-
Queensland Art Gallery	16,235	32,173
Queensland Museum	19,716	36,116
Queensland Performing Art Trust	4,260	7,997
Queensland Theatre	1,300	2,600
Screen Queensland - Pre MoG (through Arts Queensland)	17,352	19,802
Screen Queensland - Post MoG	4,400	-
Total Grants and subsides	**86,093**	**111,998**

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

	2018 $'000	2017 $'000
Budgeted appropriation	161,540	150,956
Transfers from/(to) other departments - redistribution of public business	(20,979)	-
Transfers from/(to) other headings		2,330
Lapsed appropriation	(4,498)	-
Total Administered Receipts	**136,063**	**153,286**
Plus: Closing balance of current departmental services revenue receivable	2,477	-
Plus: Closing balance of non-current departmental services revenue receivable	2,576	
Plus: Opening balance of unearned departmental services revenue	190	
Less: Closing balance of unearned departmental services revenue	(2,400)	(190)
Net Administered Appropriation Revenue	**138,906**	**153,096**
Plus: Deferred appropriation refundable to Consolidated Fund (expenses)	2,400	341
Appropriation Revenue recognised in the Statement of Comprehensive Income	**141,306**	**153,437**

F1-5: Significant Accounting Policy

This appropriation revenue is provided in cash via Queensland Treasury and funds activities and expenses that the department administers on behalf of the Government

Relevant significant accounting policies for Administered activities are in line with those stated under the Reporting Entity's notes to the Financial Statements (Refer to note G3)

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F2 Budget to Actual Comparison – Administered Activities

F2-1: Income and Expenses

	Variance Notes	Adjusted Budget* 2018 $'000	Actual 2018 $'000	Variance 2018 $'000
Administered Revenues				
Appropriation revenue		140,561	141,306	745
Other revenue		-	16	16
Total Administered Revenues		**140,561**	**141,322**	**761**
Administered Expenses				
Employee expenses	1	31,493	33,195	1,702
Supplies and services	2	17,065	18,835	1,770
Grants and subsidies		91,433	86,093	(5,340)
Depreciation and amortisation	3	418	355	(63)
Other expenses	4	152	3,010	2,858
Total Administered Expenses		**140,561**	**141,488**	**927**
Operating Surplus/(Deficit)		**-**	**(166)**	**(166)**

Includes AQ and Queensland Family and Child Commission for the period 1 July to 31 December 2017 and Trade and Investment Queensland for the period 1 January to 30 June 2018.

*The department was impacted by two Administrative Arrangement Amendment Orders during the financial year. Accordingly, the adjusted budget includes Arts Queensland (AQ) and Queensland Family and Child Commission (QFCC) transactions for the period 1 July to 31 December 2017 and Trade and Investment Queensland (TIQ) transactions for the period 1 January to 30 June 2018.

1. The increase was due to Ministerial Offices and Leader of the Opposition (MOPS) enterprise bargaining agreements and resources for the additional Ministerial Office.

2. The increase was due to the unbudgeted straight lining amortisation of administered lease agreements in accordance with the AASB17 Accounting Standard. The remainder of the variance is for additional Ministerial office support that occurred post budget formation.

3. The decrease was due to the disposal of Ministerial offices plant and equipment.

4. The increase primarily represents funding provided from the Consolidated Fund to Screen Queensland (SQ) to support a production proposal that did not eventually proceed. The funding was subsequently returned to the Consolidated Fund in July 2018 ($2.40M). Further to this, the transfer of QFCC administered funding to the Department of Justice and Attorney General (DJAG) as a result of MoG changes ($0.34M). These items represent $2.74m of the variance.

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F2-2: Assets and Liabilities

	Variance Notes	Adjusted Budget* 2018 $'000	Actual 2018 $'000	Variance 2018 $'000
Administered Assets				
Current				
Cash and cash equivalents	5	9,219	10,948	1,729
Receivables	6	775	3,066	2,291
Other current assets		19	23	4
Total Current Assets		**10,013**	**14,037**	**4,024**
Non-current				
Receivables	7	-	2,576	2,576
Property, plant and equipment	8	1,049	914	(135)
Total Non-current Assets		**1,049**	**3,490**	**2,441**
Total Assets		**11,062**	**17,527**	**6,465**
Administered Liabilities				
Current				
Payables	9	673	4,136	3,463
Accrued employee benefits	10	3,380	1,441	(1,939)
Total Current Liabilities		**4,053**	**5,577**	**1,524**
Non-current				
Payables	7	-	2,576	2,576
Accrued employee benefits	10	2,081	4,401	2,320
Total Non-current Liabilities		**2,081**	**6,977**	**4,896**
Total Liabilities		**6,134**	**12,554**	**6,420**
Net Administered Assets		**4,928**	**4,973**	**45**
Total Administered Equity		**4,928**	**4,973**	**45**

* Includes Trade and Investment Queensland for the period 1 January to 30 June 2018.

5. The increase was primarily due to unspent SQ funding to support a production proposal that did not eventually proceed and was subsequently returned to the Consolidated Fund in July 2018. The increase is partly offset by the transfer of QFCC administered funding to the DJAG as a result of MoG changes ($0.34M). Collectively, these items represent $2.05M of the variance.

6. The increase was primarily due to the MOPS appropriation receivable ($2.06M) and TIQ's end of financial year foreign currency revaluation ($0.25M). Collectively, these items represent $2.31M of the variance.

7. The increase was due to unbudgeted straight lining amortisation of administered lease agreements in accordance with the AASB17 Accounting Standards.

8. The decrease was due to lower MOP's plant and equipment acquisitions ($0.11M) and disposals ($0.09M) occurring post budget formation.

9. The increase was primarily due to unspent SQ funding for a production proposal that did not eventually proceed ($2.40M), TIQ's end of year foreign currency revaluation ($0.26M) and higher MOPS trade creditors, primarily related to an additional Ministerial Office ($0.37M). Collectively, these items represent $3.03M of the variance.

10. The decrease was due to the reclassification of MOPS redundancy entitlements from current to non-current liabilities.

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Section G: Other Information

G1 Machinery of Government Changes

Transfers In – Controlled Activities

Details of Transfer:	One-Stop Shop Strategy and Implementation Office (OSSSIO) transferred in from the Department of Science, Information Technology and Innovation. Digital Economy and Productivity (DE&P) transferred in from the Department of Science, Information Technology and Innovation. Queensland Government Chief Information Office (QGCIO) transferred in from the Department of Science, Information Technology and Innovation. Responsibility for the provision of corporate and executive services to One-Stop Shop Strategy and Implementation Office, Digital Economy and Productivity and Queensland Government Chief Information Office transferred in from the Department of Science, Information Technology and Innovation.
Basis of Transfer:	*Public Service Departmental Arrangements Notice (No 3.) 2017,* dated 12 December 2017
Date of Transfer:	Effective from 13 December 2017

Assets and liabilities of One-Stop Shop Strategy and Implementation Office and Queensland Government Chief Information Office were transferred into the department from the Department of Science, Information Technology and Innovation as a result of this change. Digital Economy and Productivity did not have any assets or liabilities as at 13 December 2017.

	One-Stop Shop Strategy and Implementation Office $'000	Queensland Government Chief Information Office $'000	Total $'000
Assets			
Current			
Cash	2,924	-	2,924
Receivables and loans receivable	1,293	449	1,742
Non-Current			
Property, Plant and Equipment	794	39	833
Intangibles	4,638	18	4,656
	9,649	**506**	**10,155**
Liabilities			
Current			
Payables	3,954	134	4,088
Accrued employee benefits	262	156	418
Other current liabilities	-	129	129
	4,216	**419**	**4,635**
Net assets transferred	**5,433**	**87**	**5,520**

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Transfers Out – Controlled Activities

1. Details of Transfer:	Arts Queensland (excluding Screen Queensland) transferred out to the Department of Environment and Science.
	Corporate Administration Agency transferred out to the Department of Environment and Science.
Basis of Transfer:	*Public Service Departmental Arrangements Notice (No 3.) 2017,* dated 12 December 2017
Date of Transfer:	Effective from 1 January 2018
2. Details of Transfer:	One-Stop Shop Strategy and Implementation Office, Digital Economy and Productivity, Queensland Government Chief Information Office transferred out to the Department of Housing and Public Works.
	Responsibility for the provision of corporate and executive services to One-Stop Shop Strategy and Implementation Office, Digital Economy and Productivity and Queensland Government Chief Information Office transferred out to the Department of Housing and Public Works.
Basis of Transfer:	*Public Service Departmental Arrangements Notice (No 1.) 2018,* dated 9 February 2018
Date of Transfer:	Effective from 1 March 2018

Assets and liabilities of Arts Queensland and Corporate Administration Agency were transferred from the department to the Department of Environment and Science. Assets and liabilities of One-Stop Shop Strategy and Implementation Office and Queensland Government Chief Information Office were transferred to the Department of Housing and Public Works as a result of this change. Digital Economy and Productivity did not have any assets or liabilities as at 1 March 2018.

	Arts Queensland $'000	Corporate Administration Agency $'000	One-Stop Shop Strategy and Implementation Office $'000	Queensland Government Chief Information Office $'000	Total $'000
Assets					
Current					
Cash	2,015	4,124	1,334	873	8,346
Receivables and loans receivable	13,876	1,119	114	26	15,135
Other current assets	38	-	761	(567)	232
Non-Current					
Receivables and loans receivable	10,854	-	-	-	10,854
Property, Plant and Equipment	769,503	26	769	37	770,335
Intangibles	-	-	4,542	10	4,552
	796,286	**5,269**	**7,520**	**379**	**809,454**
Liabilities					
Current					
Payables	2,995	112	1,973	25	5,105
Accrued employee benefits	517	314	622	125	1,578
Other financial liabilities	10,367	65	-	130	10,562
Non-Current					
Other financial liabilities	10,829	-	-	-	10,829
	24,708	**491**	**2,595**	**280**	**28,074**
Net assets transferred	**771,578**	**4,778**	**4,925**	**99**	**781,380**

The decrease in assets has been accounted for as a decrease in contributed equity as disclosed in the Statement of Changes in Equity.

Income and expenses of OSSSIO, QGCIO and DE&P are included in the statement of comprehensive income of the department. Budgeted appropriation revenue (controlled) of $6.591M was reallocated from the Department of Science, Information Technology and Innovation to the department as part of the machinery-of-Government changes.

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G2 Key Management Personnel (KMP)

G2-1: Details of Key Management Personnel

As from 2016-17, the department's responsible Minister is identified as part of the department's KMP, consistent with additional guidance included in the revised version of AASB 124 Related Party Disclosures. That Minister is the Premier and Minister for Trade.

The following details for non-ministerial KMP include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2017-2018 and 2016-2017. Further information on these positions can be found in the body of the Annual Report.

Position	Responsibilities
Director-General	The Director-General leads the efficient, effective and economic administration of the Department of the Premier and Cabinet.
Deputy Director-General, Policy	The Deputy Director-General, Policy leads policy advice and facilitates the development of evidence-based policy advice and coordination for the Premier and Cabinet to drive change across government. The position also provides detailed briefings to the Premier on policy, from design and development through to coordination and implementation.
Deputy Director-General, Corporate and Government Services	The Deputy Director-General, Corporate and Government Services is responsible for the daily operations of the department, and leads the operating strategy for the department to enable robust governance structures and effective and responsive corporate service delivery. The position also provides key advice to the Director-General and to the Premier on complex constitutional, legal, executive government and administration matters.
Deputy Director-General, Strategy and Engagement	The Deputy Director-General, Strategy and Engagement leads, directs and coordinates policy at a strategic level, supplies executive management support to the Director-General in developing and coordinating strategic policy across government, and is responsible for supporting intergovernmental relations between the Commonwealth and the State. Strategy and Engagement Division also leads whole of government sponsorships and communication activities, as well as manages and coordinates events including State occasions, official visits and functions.
Deputy Director-General, Arts Queensland*	The Deputy Director-General, Arts Queensland is responsible for the efficient, effective and economic administration of Arts Queensland. Arts Queensland was transferred out as a result of Machinery-of-Government changes effective from 1 January 2018.
Queensland Parliamentary Counsel	The Queensland Parliamentary Counsel leads the efficient, effective and economic administration of the Office of the Queensland Parliamentary Counsel.
Cabinet Secretary	The Cabinet Secretary provides Cabinet support for the Premier and Cabinet and Cabinet-related activities across government. The position also coordinates the operation of Cabinet and its related processes, including administration of all Cabinet information, custodianship of the Cabinet record from current and previous governments and direct logistical support for Cabinet and Governing from the Regions meetings.
Senior Executive Director, Office of the Director-General	The Senior Executive Director manages the Office of the Director-General.

*Position did not form part of the Corporate Governance Group after the date stated in the table. Accordingly no remuneration beyond this date has been included in Note G2-4 Non-Ministerial KMP Performance Remuneration Expense.

G2-2: Related Party Transactions

Transactions with people/entities related to KMP

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

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

Transactions with other Queensland Government-controlled entities

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

Note B1-2: User Charges and Fees

Note B1-3: Grants and Other Contributions

Note B2-1: Employee Expenses

Note B2-2: Supplies and Services

Note B2-3: Grants and Subsidies

Note B2-4: Other Expenses

Note C2: Receivables and Loans Receivable

Note C6: Interest-Bearing Liabilities

G2-3: KMP Remuneration Policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2017-18, which are published as part of Queensland Treasury's Report on State Finances.

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

Remuneration expenses for KMP comprise the following components:

1. Short term employee expenses which include:

- salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position;
- non-monetary benefits - consisting of provision of minor benefits together with fringe benefits tax applicable to the benefit.

2. Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.

3. Post-employment expenses include amounts expensed in respect of employer superannuation obligations.

There were nil performance payments in 2017-18 (nil in 2016-17).

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

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G2-4: Non-Ministerial KMP Performance Remuneration Expense

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

Position (Classification)	Financial Year	Employee Expenses					
		Short Term		Long Term	Post	Termin.	Total
		Monetary $'000	Non-Monetary $'000	$'000	$'000	$'000	$'000
Director-General (CEO)	2017-18	654	-	13	77	-	**744**
	2016-17	640	-	12	78	-	**730**
Deputy Director-General, Policy (CEO) (From 21 May 18 to 30 Jun 18)	2017-18	40	-	1	3	-	**44**
Deputy Director-General, Policy (CEO) (To 26 Jan 18)	2017-18	213	-	4	20	-	**237**
	2016-17	313	1	6	34	-	**354**
Deputy Director-General, Corporate and Government Services (SES4)	2017-18	260	-	5	28	-	**293**
	2016-17	258	-	5	27	-	**290**
Deputy Director-General, Strategy and Engagement (SES4)	2017-18	235	2	5	27	-	**269**
Deputy Director-General, Strategy and Engagement (SES4) (From 23 Jan 17)	2016-17	108	-	2	12	-	**122**
Deputy Director-General, Strategy and Engagement (SES4) (To 04 Nov 16)	2016-17	104	-	2	9	-	**115**
Queensland Parliamentary Counsel (CEO) (To 22 June 18)	2017-18	309	-	6	38	-	**353**
	2016-17	294	-	6	38	-	**338**
Cabinet Secretary (SES3)	2017-18	237	-	5	25	-	**267**
	2016-17	222	-	4	25	-	**251**
Executive Director, Departmental and Customer Liaison Office (SES2)	2017-18	188	-	4	19	-	**211**
Senior Executive Director, Office of the Director-General (SES2) (From 12 Dec 16)	2016-17	101	-	2	10	-	**113**
Deputy Director-General, Arts Queensland (SES4) (To 31 Dec 17)	2017-18	125	-	3	13	-	**141**
	2016-17	234	-	5	26	-	**265**
Total Remuneration	**2017-18**	**2,261**	**2**	**46**	**250**	**-**	**2,558**
	2016-17	**2,274**	**1**	**44**	**259**	**-**	**2,578**

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G3 Basis of Financial Statement Preparation

G3-1: General Information

The Department of the Premier and Cabinet is a Queensland Government Department established under the *Public Service Act 2008*. The department is controlled by the State of Queensland which is the ultimate parent. The head office and principal place of business of the department is 1 William Street, Brisbane QLD 4000. These financial statements cover the Department of the Premier and Cabinet and are authorised for issue by the Director-General and the Chief Finance Officer at the date of signing the Management Certificate. For information in relation to the department's financial report please call (07) 3003 9218, email premiers.master@premiers.qld.gov.au or visit the departmental internet site www.premiers.qld.gov.au.

G3-2: Compliance with the Prescribed Requirements

The Department of the Premier and Cabinet has prepared these financial statements:

- In compliance with section 42 of the *Financial and Performance Management Standard 2009.*
- In accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities requirements.
- In accordance with the minimum reporting requirements mentioned in the Financial Reporting Requirements for Queensland Government agencies for reporting periods beginning on or after 1 July 2017.
- On an accrual basis.

G3-3: Presentation

Amounts included in the financial statements are in Australian dollars and rounded to the nearest $1,000 or, where that amount is less than $500 to zero. Comparative information reflects the audited 2016-17 financial statements. Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the department does not have an unconditional right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as 'non-current'.

G3-4: Taxation

The department is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the department. Any GST credits receivable from, or GST payable to the ATO, are recognised in the statement of financial position, refer note C2.

G3-5: The Reporting Entity

As part of machinery-of-Government changes, AQ and CAA were transferred out of the department during 2017-18. Also, QGCIO, OSSSIO and DE&P were transferred into the department and transferred out during the year. (*Refer to Section G1: Notes about machinery-of-Government changes*).

Accordingly, the parent entity statement of comprehensive income for the year ended 30 June 2018 includes revenue and expenses of the Department of the Premier and Cabinet. The statement of financial position of the parent entity as at 30 June 2018 includes only assets, liabilities and equity of the Department of the Premier and Cabinet.

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

G3-6: Accounting Estimates and Judgements

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

Note C3-2: Intangible Assets. Amortisation expense and impairment

Note C4-4: Property, plant and equipment. Measurement using fair value and cost

Note C4-5: Property, plant and equipment. Depreciation expense and impairment

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

Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2018

G3-7: First Year Application of New Accounting Standards or Change in Accounting Policy

The department did not voluntarily change any of its accounting policies during 2017-18.

Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2017-18.

Accounting Standards Applied for the First Time

AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* requires the disclosure of information that will allow users to understand changes in liabilities arising from financing activities. Disclosure of the relevant figures are included in cash flow reconciliation section.

AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash Generating Specialised Assets for not-for-Profit Entities* simplified and clarified the impairment testing requirements under AASB 136 for non-cash generating assets held by NFP entities. This amendment has not changed any reported amounts. References to the Depreciated Replacement Costs have been replaced with Current Replacement Cost in line with these amendments.

G3-8: Future Impact of Accounting Standards Not Yet Effective

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

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

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

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

AASB 15 introduces a five-step revenue recognition model:

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

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

The department has commenced analysing the new revenue recognition requirements under these standards and the department does not currently have any revenue agreements with a material impact for the period after 1 July 2018.

The department will monitor the impact of such contracts subsequently entered into before the new standards take effect.

AASB 9 *Financial Instruments* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*

These standards will first apply to the department from its financial statements for 2018-19 with a 1 July 2018 date of transition. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the department's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The department has reviewed the impact of AASB 9 on the classification and measurement of its financial assets. The following summarises the estimated impact (or ranges of estimates) of AASB 9 will change the categorisation and valuation of the amounts reported in Note D3-2:

- There will be no change to either the classification or valuation of the cash and cash equivalent item.
- Trade receivables will be classified and measured at amortised cost, similar to the current classification of loans and receivables. The department will not be adopting the simplified approach under AASB 9 and measure lifetime expected credit losses on all trade receivables and contract assets using a provision matrix approach as a practical expedient to measure the impairment provision.
- The amount of impairment for trade receivables owing from other government agencies is insignificant and immaterial due to the low credit risk (high quality credit rating) for the State of Queensland.

- The department makes films assistance loans through its controlled entity, Screen Queensland. These loans meets the Solely Payment of Principal and Interest (SPPI) test under AASB 9 as they constitute a basic lending arrangement. As such, these loans will be measured at amortised cost. The department will assess at each reporting date for any indicators that the loans might be impaired.

- All financial liabilities listed in Note D3-1 will continue to be measured at amortised cost. The department does not expect a material change in the reported value of financial liabilities.

AASB 16 *Leases*

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

Impact for Lessees

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

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the statement of financial position under AASB 16. There will be a significant increase in assets and liabilities for agencies that lease assets. The impact on the reported assets and liabilities would be largely in proportion to the scale of the agency's leasing activities.

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

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

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. If a lessee chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application. The department intends to adopt the 'cumulative approach'.

The department has commenced the preliminary assessment of the application and transitional impact of AASB 16 *Leases.* To determine whether a contract conveys the right to control the use of an identified asset, the department has assessed the following criteria:

1. Right to obtain economic benefits
2. Right to direct the use of the identified assets
3. Substantive substitution rights

Based on the department's assessment, it is expected that the first time adoption of AASB 16 for the year ended 30 June 2020 will have a material impact on the transactions and balances recognised in the financial statements. Assuming there are no changes to the current leasing arrangement, the estimated right-of-use asset of $74.93M (DPC: $69,49M and SQ: $5.44M) and lease liability of $83.51M (DPC: $77.88M and SQ: $5.63M) will be recognised at the date of initial application. The estimated right-of-use asset and lease liability relates to office accommodation and equipment hire.

The department is currently awaiting formal guidance from Queensland Treasury as to whether the lease arrangements should be accounted for on-balance sheet under AASB 16.

The department will continue to assess the impact of any contracts subsequently entered into before the new standard take effect.

AASB 1059 *Service Concession Arrangements: Grantors*

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

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

Department of the Premier and Cabinet
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for the year ended 30 June 2018

Certificate of the Department of the Premier and Cabinet

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 42 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

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

b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of the Premier and Cabinet for the financial year ended 30 June 2018 and of the financial position of the department at the end of that year; and

c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

Dave Stewart	Justin Muller FCPA
Director-General	**Chief Finance Officer**
29 August 2018	29 August 2018

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INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of Department of the Premier and Cabinet

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

a) gives a true and fair view of the parent's and group's financial position as at 30 June 2018, and their financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statements of financial position and statement of assets and liabilities by major departmental service as at 30 June 2018, the statements of comprehensive income, statements of changes in equity, statements of cash flows and statement of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

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

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

Other information

Other information comprises the information included in the entity's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

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In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the accountable officer for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the parent's and group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accountable officer.

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- Conclude on the appropriateness of the accountable officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year endedn 30 June 2018:

a) I received all the information and explanations I required.

b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

31 August 2018

B.P. Worrall

Brendan Worrall
Auditor-General

Queensland Audit Office
Brisbane