

Financial summary 2020–2021

The department's service areas are:

- Policy Advice and Co-ordination, and Cabinet Support
- Strategy and Engagement
- Government Services
- Legislative Drafting and e-Publishing.

Department revenue

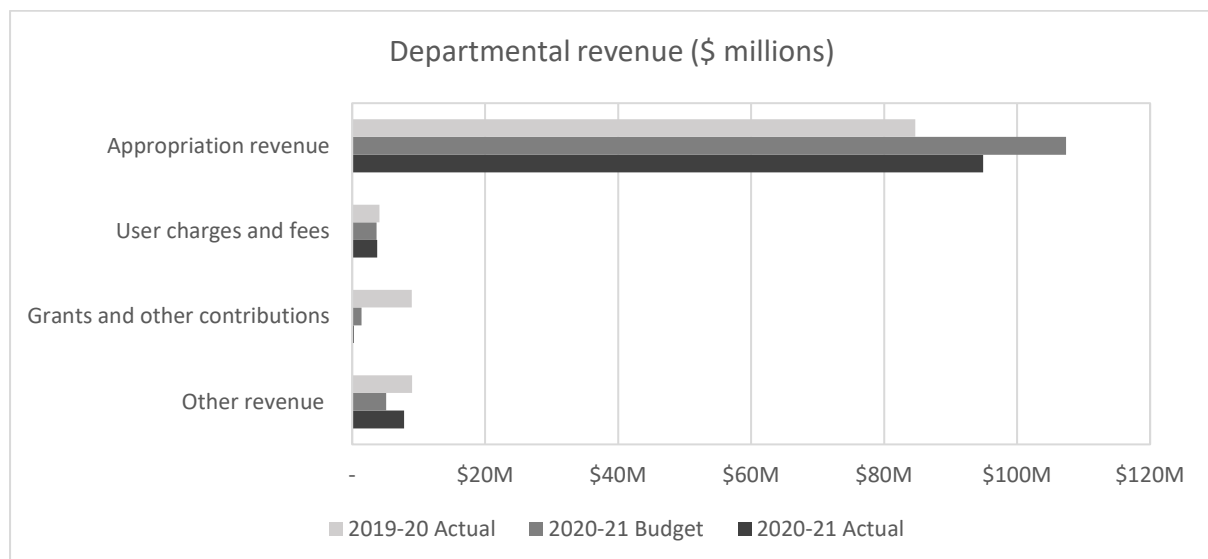
The total departmental revenue for 2020–2021 was \$106.75 million, representing no change from the previous year.

The year-on-year increase in appropriation revenue of \$10.22 million is primarily due to increased appropriation received for the COVID-19 Response and Recovery Taskforce (\$8.02 million) and the 2032 Taskforce (\$1.64 million).

This was offset by the year-on-year reduction in other revenue categories of \$10.23 million primarily due to the 2032 Taskforce (\$4.79 million), federal funding for the Queensland Anzac Centenary (\$4.12 million) and, the COVID-19 Response and Recovery Taskforce (\$1.37 million).

Appropriation funding is the department's main source of revenue and comprises 89 per cent of the department's revenue.

Figure 1 – Comparison of revenue performance from prior year.

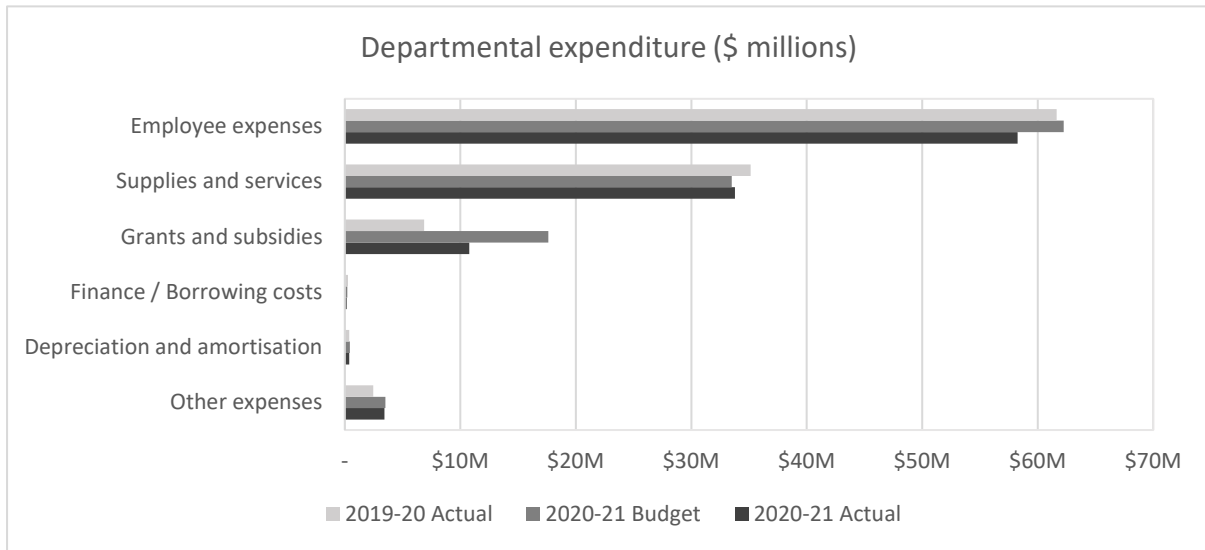


Department expenditure

Total expenditure for the year ending 30 June 2021 was \$106.75 million, representing no change from the previous year.

Year-on-year, employee expenses decreased by \$3.37 million primarily due to a reduced number of FTEs, while other expense categories increased by \$3.37 million primarily due to the COVID-19 Response and Recovery Taskforce (\$6.81 million), offset by the 2032 Taskforce (\$1.93 million). These figures are supported in Figure 2 below.

Figure 2 – Comparison of expenditure performance from prior year.



Summary of financial position

The department's total asset position was \$30.75 million at 30 June 2020, representing a decrease from the previous year of \$16.07 million.

The department recorded a decrease in cash assets and payables due to a smaller end of financial year appropriation payable. This represents lapsed funding to be returned to Queensland Treasury or deferred to 2021–2022.

The department has loan receivable assets and interest-bearing liabilities for loans provided to Screen Queensland through the Revolving Film Finance Fund (RFFF) to support film production across the state.

The department has secured a line of credit facility through Queensland Treasury Corporation, which enables the ongoing funding to be provided to Screen Queensland to provide industry funding for film productions.

Figure 3 – Comparison of asset performance from prior year.

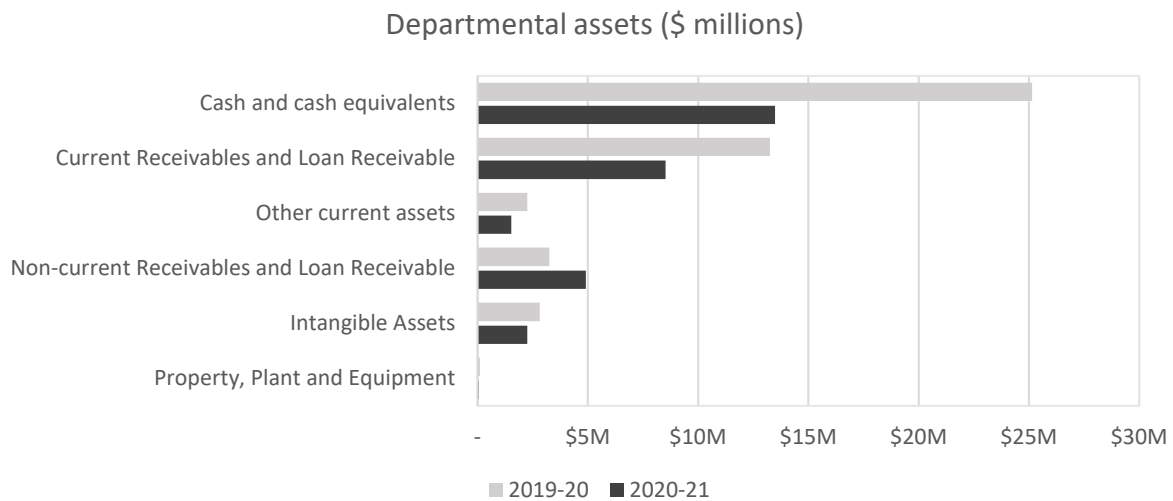
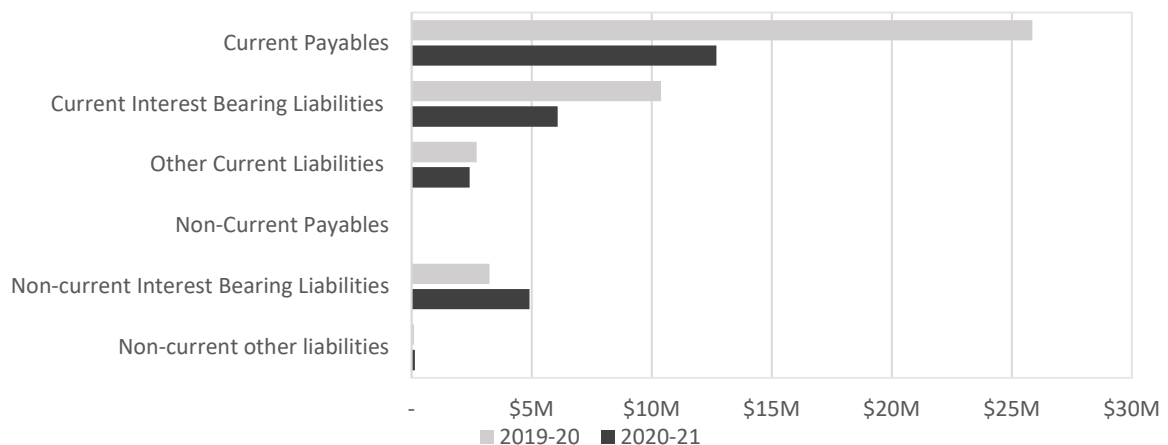


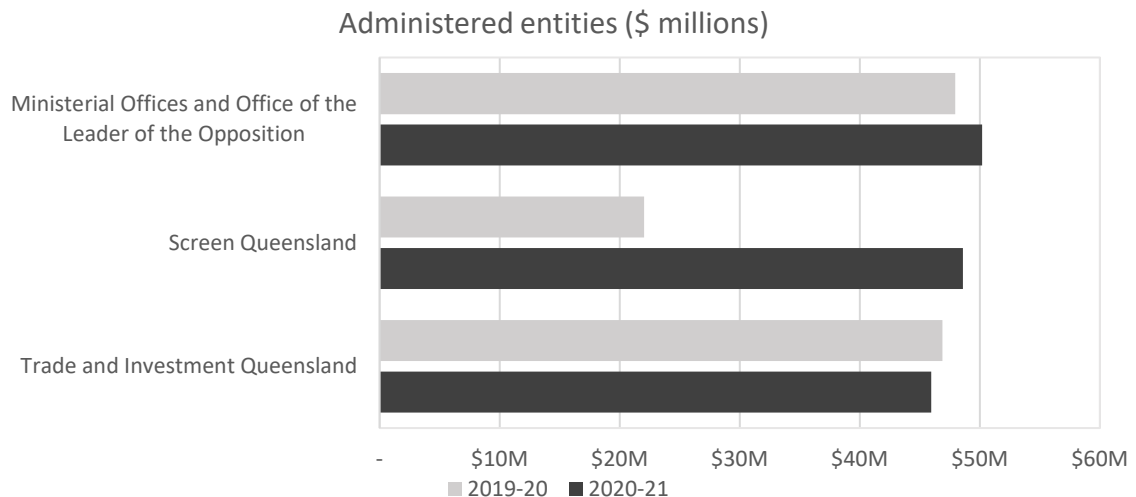
Figure 4 – Comparison of liability performance from prior year.



Administered funding

For the year ended 30 June 2020, the department's administered funding was \$144.70 million, an increase of \$27.84 million (24 per cent) from the previous year. This is primarily attributable to increased grants provided to Screen Queensland (\$26.55 million).

Figure 5 – Comparison of administered funding from prior year.



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, as required by section 54 of the *Financial and Performance Management Standard 2019*, the financial internal controls of the department are operating efficiently, effectively, and economically.

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



Queensland
Government

Department of the Premier and Cabinet
Financial Statements
for the year ended 30 June 2021

Department of the Premier and Cabinet

Financial Statements for the year ended 30 June 2021

Table of Contents	Page No.
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows (including Notes to the Statement of Cash Flows)	6
Statements by Major Departmental Services	8
Notes to the Financial Statements	
A1: Objectives and Principal Activities of the Department	10
Section B: Notes about our Financial Performance	
B1: Revenue	11
B2: Expenses	13
Section C: Notes about our Financial Position	
C1: Cash and Cash Equivalents	17
C2: Receivables and Loans Receivable	17
C3: Other Current Assets	18
C4: Intangible Assets	18
C5: Plant and Equipment	20
C6: Payables	22
C7: Interest-Bearing Liabilities	22
C8: Accrued Employee Benefits	23
C9: Other Liabilities	24
C10: Right-of-Use Assets and Lease Liabilities – Lease as Lessee	24
D1: Financial Contingencies	26
D2: Financial Commitments	26
D3: Financial Risk Disclosures	26
D4: Events Occurring After Balance Date	28
Section E: Notes about Performance Compared to Budget	
E1: Budget to Actual Comparison – Statement of Comprehensive Income	29
Section F: Notes about our Administered Activities	
F1: Schedule of Administered Income, Expenses, Assets and Liabilities	31
F2: Budget to Actual Comparison - Administered Activities	34
Section G: Other information	
G1: Key Management Personnel (KMP)	35
G2: Basis of Financial Statement Preparation	38
G3: Machinery-of-Government Changes	40
G4: Trust Transactions and Balances	40
Certification	
Management Certificate	41
Independent Auditor's Report	42

**Department of the Premier and Cabinet
Statement of Comprehensive Income
for the year ended 30 June 2021**

	Notes	Economic Entity		Parent Entity	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Income					
Appropriation revenue	B1-1	94,905	84,676	94,905	84,676
User charges and fees	B1-2	4,662	5,206	3,784	4,090
Grants and other contributions	B1-3	48,849	30,992	267	8,957
Other revenue	B1-4	9,862	9,684	7,797	9,027
Total Income		158,278	130,558	106,753	106,750
Expenses					
Employee expenses	B2-1	61,262	64,548	58,260	61,629
Supplies and services	B2-2	35,155	36,634	33,769	35,142
Grants and subsidies	B2-3	23,635	27,976	10,776	6,866
Finance/borrowing costs	B2-4	198	303	145	276
Depreciation and amortisation	B2-5	2,829	2,748	370	384
Other expenses	B2-6	3,490	2,502	3,433	2,453
Total Expenses		126,569	134,711	106,753	106,750
Operating Result for the Year		31,709	(4,153)	-	-
Total Comprehensive Income		31,709	(4,153)	-	-

The accompanying notes form part of these financial statements.

An explanation of major variances to budget is included in Note E1.

**Department of the Premier and Cabinet
Statement of Financial Position
as at 30 June 2021**

	Notes	Economic Entity		Parent Entity	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Current Assets					
Cash and cash equivalents	C1	51,620	55,000	13,491	25,138
Receivables and loans receivable	C2	29,325	14,023	8,524	13,249
Other current assets	C3	1,594	2,325	1,533	2,256
Total Current Assets		82,539	71,348	23,548	40,643
Non-current Assets					
Receivables and loans receivable	C2	4,900	3,232	4,909	3,247
Intangible assets	C4	2,250	2,823	2,250	2,823
Plant and equipment	C5	3,312	2,276	42	107
Right-of-use-assets	C10	4,409	5,989	-	-
Total Non-current Assets		14,871	14,320	7,201	6,177
Total Assets		97,410	85,668	30,749	46,820
Current Liabilities					
Payables	C6	12,034	27,251	12,693	25,858
Interest-bearing liabilities	C7	6,084	10,384	6,084	10,384
Accrued employee benefits	C8	2,011	2,171	1,801	1,969
Other liabilities	C9	620	780	612	741
Lease liabilities	C10	1,734	1,718	-	-
Total Current Liabilities		22,483	42,304	21,190	38,952
Non-current Liabilities					
Interest-bearing liabilities	C7	4,909	3,247	4,909	3,247
Accrued employee benefits	C8	30	53	-	-
Other liabilities	C9	130	124	130	101
Lease liabilities	C10	2,612	4,403	-	-
Total Non-current Liabilities		7,681	7,827	5,039	3,348
Total Liabilities		30,164	50,131	26,229	42,300
Net Assets		67,246	35,537	4,520	4,520
Equity					
Accumulated surplus/(deficit)		67,246	35,537	4,520	4,520
Total Equity		67,246	35,537	4,520	4,520

The accompanying notes form part of these financial statements.

**Department of the Premier and Cabinet
Statement of Changes in Equity
for the year ended 30 June 2021**

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Accumulated Surplus				
Balance as at 1 July	35,537	39,833	4,520	4,520
Operating Result	31,709	(4,153)	-	-
Adjustment for initial application of AASB 16 <i>Leases</i>	-	(143)	-	-
Balance as at 30 June	67,246	35,537	4,520	4,520

The accompanying notes form part of these financial statements.

**Department of the Premier and Cabinet
Statement of Cash Flows
for the year ended 30 June 2021**

	Notes	Economic Entity		Parent Entity	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
<i>Inflows:</i>					
Service appropriation receipts	B1-1	78,335	93,330	78,335	93,330
User charges and fees		6,688	5,617	3,729	4,116
Grants and other contributions		27,214	32,774	762	9,555
Interest receipts		324	783	145	276
GST input tax credits from ATO		6,774	4,937	4,277	3,799
GST collected from customers		448	218	274	142
Other		6,036	2,955	6,112	2,955
<i>Outflows:</i>					
Employee expenses		(60,320)	(62,034)	(57,146)	(59,161)
Supplies and services		(33,545)	(35,638)	(32,092)	(34,041)
Grants and subsidies		(21,397)	(28,573)	(8,649)	(7,573)
Finance/borrowing costs		(145)	-	(145)	(276)
GST paid to suppliers		(5,827)	(6,589)	(4,010)	(4,159)
GST remitted to ATO		(379)	(300)	(209)	(221)
Other		(2,929)	(2,693)	(2,928)	(2,693)
Net cash provided by operating activities		1,277	4,787	(11,545)	6,049
Cash flows from investing activities					
<i>Inflows:</i>					
Loans and advances redeemed		2,945	10,707	3,691	11,094
<i>Outflows:</i>					
Payments for plant and equipment		(2,043)	(113)	-	(8)
Payments for intangibles		(102)	(556)	(102)	(556)
Loans and advances made		(909)	(5,430)	(909)	(5,430)
Net cash used in investing activities		(108)	4,608	2,681	5,100
Cash flows from financing activities					
<i>Inflows:</i>					
Proceeds from borrowings		909	5,430	909	5,430
<i>Outflows:</i>					
Borrowing redemptions		(3,691)	(11,094)	(3,691)	(11,094)
Repayment of Lease Liabilities		(1,766)	(1,658)	-	-
Net cash provided by financing activities		(4,549)	(7,322)	(2,783)	(5,664)
Net increase/(decrease) in cash and cash equivalents		(3,380)	2,073	(11,647)	5,485
Cash and cash equivalents - opening balance		55,000	52,927	25,138	19,653
Cash and cash equivalents at end of financial year	C1	51,620	55,000	13,491	25,138

The accompanying notes form part of these financial statements.

Department of the Premier and Cabinet
Notes to the Statement of Cash Flows
for the year ended 30 June 2021

Reconciliation of Operating Result to Net Cash Provided by Operating Activities

	Notes	Economic Entity		Parent Entity	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Operating surplus/(deficit)		31,709	(4,153)	-	-
Non-cash items included in operating results:					
Depreciation and amortisation expense	B2-5	2,829	2,748	370	384
Interest capitalised to borrowings	B2-4	145	276	-	-
Services received below fair value		-	(18)	-	(18)
Other non cash items		(62)	27	-	-
Work in progress write-off		358	-	358	-
Change in assets and liabilities:					
Increase/(decrease) in deferred appropriation refundable to Consolidated Fund		(16,570)	8,654	(16,570)	8,654
(Increase)/decrease in trade debtors		(19,119)	(1,359)	857	(1,358)
(Increase)/decrease in other receivables		(9)	1,671	(20)	1,409
(Increase)/decrease in GST receivable		770	(1,470)	133	(218)
(Increase)/decrease in long service leave reimbursement receivables		(18)	102	(18)	102
(Increase)/decrease in annual leave reimbursement receivables		(527)	407	(527)	407
(Increase)/decrease in other current assets		512	(1,047)	512	(1,047)
(Increase)/decrease in prepayments/others		219	(976)	211	(969)
Increase/(decrease) in GST payable		41	(4)	-	-
Increase/(decrease) in payables		1,337	300	3,417	(772)
Increase/(decrease) in accrued employee benefits		(183)	(300)	(168)	(392)
Increase/(decrease) in contract liabilities		(154)	(71)	(100)	(133)
Net cash provided by operating activities		1,277	4,787	(11,545)	6,049

Changes in liabilities arising from financing activities

	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Economic Entity 2021	Opening Balance	New Lease Acquired	Cash Received	Cash Repayments	Other Non Cash	Closing Balance
Lease Liabilities	6,121	-	-	(1,767)	(9)	4,346
Borrowings	13,631	-	909	(3,691)	145	10,993

Parent Entity 2021

Borrowings	13,631		909	(3,691)	145	10,993
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Economic Entity 2020

Lease Liabilities	5,878	1,965	-	(1,658)	(64)	6,121
Borrowings	19,019	-	5,430	(11,094)	276	13,631

Parent Entity 2020

Borrowings	19,019	-	5,430	(11,094)	276	13,631
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Department of the Premier and Cabinet
Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2021

	Policy Advice, Coordination and Cabinet Support		Strategy and Engagement Service		Government Services		Legislative Drafting and e-Publishing		Inter-departmental services eliminations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income												
Appropriation revenue	29,203	32,784	20,731	23,068	32,306	15,670	11,899	12,388	766	766	94,905	84,676
User charges and fees	326	421	645	606	1,831	2,087	58	7	924	969	3,784	4,090
Grants and other contributions	-	112	60	278	207	8,524	-	43	-	-	267	8,957
Other revenue	5,219	4,999	670	520	1,707	3,358	201	150	-	-	7,797	9,027
Total Income	34,748	38,316	22,106	24,472	36,051	29,639	12,158	12,588	1,690	1,735	106,753	106,750
Expenses												
Employee expenses	26,262	27,280	12,424	13,755	10,317	11,291	8,491	8,537	766	766	58,260	61,629
Supplies and services	7,904	10,152	6,274	7,498	15,320	12,723	3,347	3,799	924	970	33,769	35,142
Grants and subsidies	134	457	378	862	10,251	5,543	13	4	-	-	10,776	6,866
Depreciation and amortisation	96	108	33	31	16	13	225	232	-	-	370	384
Finance/borrowing costs	145	276	-	-	-	-	-	-	-	-	145	276
Other expenses	207	43	2,997	2,326	147	67	82	17	-	-	3,433	2,453
Total Expenses	34,748	38,316	22,106	24,472	36,051	29,639	12,158	12,588	1,690	1,735	106,753	106,750
Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-

Department of the Premier and Cabinet
Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2021

	Policy Advice, Coordination and Cabinet Support		Strategy and Engagement Service		Government Services		Legislative Drafting and e-Publishing		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets										
Cash and cash equivalents	380	2,082	1,117	1,632	10,094	22,999	1,900	(1,575)	13,491	25,138
Receivables and loans receivable	7,216	11,496	395	334	746	1,296	167	123	8,524	13,249
Other current assets	764	561	155	4	442	1,406	172	285	1,533	2,256
Total Current Assets	8,360	14,139	1,667	1,970	11,282	25,701	2,239	(1,167)	23,548	40,643
Non-current Assets										
Receivables and loans receivable	4,909	3,247	-	-	-	-	-	-	4,909	3,247
Intangible assets	220	356	61	170	105	217	1,864	2,080	2,250	2,823
Plant and equipment	-	-	14	35	-	-	28	72	42	107
Total Non-current Assets	5,129	3,603	75	205	105	217	1,892	2,152	7,201	6,177
Total Assets	13,489	17,742	1,742	2,175	11,387	25,918	4,131	985	30,749	46,820
Current Liabilities										
Payables	763	827	1,226	721	10,470	24,110	234	200	12,693	25,858
Interest-bearing liabilities	6,084	10,384	-	-	-	-	-	-	6,084	10,384
Accrued employee benefits	578	822	302	416	719	478	202	253	1,801	1,969
Other Liabilities	612	741	-	-	-	-	-	-	612	741
Total Current Liabilities	8,037	12,774	1,528	1,137	11,189	24,588	436	453	21,190	38,952
Non-current Liabilities										
Interest-bearing liabilities	4,909	3,247	-	-	-	-	-	-	4,909	3,247
Other Liabilities	130	101	-	-	-	-	-	-	130	101
Total Non-current Liabilities	5,039	3,348	-	-	-	-	-	-	5,039	3,348
Total Liabilities	13,076	16,122	1,528	1,137	11,189	24,588	436	453	26,229	42,300

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

A1: Objectives and Principal Activities of the Department

The Department of the Premier and Cabinet (DPC) is responsive, effective and accountable in serving the Premier and Cabinet and the people of Queensland. The department's vision is 'succeeding together to achieve a better life for all Queenslanders'.

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

- Innovative, effective policy: lead the policy development process across government, ensuring effective outcomes for Queenslanders.
- Strategic advantage for Queensland: inform the strategic direction of government.
- Strong, accountable government: ensure the delivery of a strong system of government.
- A high-performing workforce: maintain a high-performing and responsive workforce.

Through our strategic objectives, DPC contributes to the Government's objectives for the community which are built around Unite and Recover - Queensland's Economic Recovery Plan. The objectives for the community are: Safeguarding our health; Making it for Queensland; Investing in skills; Supporting jobs; Building Queensland; Backing our frontline services; Backing small business; Growing our regions; and Protecting our environment.

The major services delivered by the department are as follows:

- **Policy Advice and Coordination, and Cabinet Support service** – leads the public sector to achieve strong policy outcomes for the Government and provide advice and support to the Premier and Cabinet.
- **Strategy and Engagement** – informs the strategic direction of Government and leads the Government's externally-focused activities. This is achieved through targeted communications, research and engagement with the community, businesses and stakeholders locally and internationally.
- **Government Services** – provides high-level constitutional, legal and public administration support to the Premier and Cabinet, as well as supporting Ministerial Offices and the Office of the Leader of the Opposition. It also provides a central point of contact for veterans' matters and coordinates the delivery of the Government's commitments to support veterans.
- **Legislative Drafting and e-Publishing (LDeP)** – drafts and provides access to Queensland legislation of the highest standard.

Administered items

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

DPC administers funds on behalf of the State which includes Ministerial Offices and the Office of the Leader of the Opposition.

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

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

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

DPC also administers funding for Trade and Investment Queensland (TIQ) and Screen Queensland Pty Ltd (SQ). Financial statements and variance explanations in relation to administered items appear in the notes to Departmental Financial Statements. Further information can be obtained by referring to the Public Reports of office expenses tabled twice-yearly in Parliament.

Section B: Notes about our Financial Performance

B1: Revenue

B1-1: Appropriation Revenue

Reconciliation of payments from Consolidated Fund to appropriated revenue recognised in operating result.

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Budgeted appropriation revenue	87,757	108,273	87,757	108,273
Lapsed departmental services appropriation	(9,422)	(14,943)	(9,422)	(14,943)
Total appropriation receipts (Cash)	78,335	93,330	78,335	93,330
Less: Opening balance of non-current appropriation receivable	-	(3,322)	-	(3,322)
Plus: Effect of adoption of new accounting standards	-	3,322	-	3,322
Plus: Opening balance of deferred appropriation payable to Consolidated Fund (Refer to Note C6)	19,618	10,964	19,618	10,964
Less: Closing balance of deferred appropriation payable to Consolidated Fund (Refer to Note C6)	(3,048)	(19,618)	(3,048)	(19,618)
Appropriation Revenue recognised in the Statement of Comprehensive Income	94,905	84,676	94,905	84,676

Appropriations provided under the *Appropriation (2020-2021) Act 2021* are recognised as revenue when received. Where the department has an obligation to return unspent (or unapplied) appropriation receipts to Consolidated Fund at year end (a deferred appropriation repayable to Consolidated Fund), a liability is recognised with a corresponding reduction to appropriation revenue, reflecting the net appropriation revenue position with Consolidated Fund for the reporting period.

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 our Administered Activities).

B1-2: User Charges and Fees

Corporate services partnership agreements	3,273	3,529	3,273	3,527
Sales of goods/services	511	496	511	496
Other	878	1,181	-	67
Total	4,662	5,206	3,784	4,090

User charges and fees controlled by the department are recognised as revenue when the department and its controlled entity transfers control over a good or service to the customer and as each performance obligation is satisfied. This usually occurs upon the delivery of the goods or completion of the requested services to the customer at which time the invoice is raised.

Accrued user charges are recognised if the revenue has been earned but not yet invoiced.

User charges includes transactions of \$0.852M (2019-20: \$0.78M) with related parties represented by other Queensland Government entities, none of which are considered individually material and primarily represent the recovery of corporate costs provided by the department.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

B1-3: Grants and Other Contributions

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Contributions from Queensland Government departments	48,699	26,874	117	4,839
Commonwealth contributions	150	4,118	150	4,118
Total	48,849	30,992	267	8,957

Contributions revenue arise from non-exchange transactions where the department does not directly give approximately equal value to the grantor.

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for the department to transfer goods or services, the transaction is accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligation is satisfied.

Otherwise, the grant is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding, except for special purpose capital grants received to construct non-financial assets to be controlled by the department. At 30 June 2021, the department and the controlled entity have not received any special purpose capital grants.

Contributions from Queensland Government departments are related party transactions.

B1-4: Other Revenue

Graduate Program ⁽¹⁾	4,555	4,388	4,555	4,388
Interest Receipts	418	760	145	276
Sponsorships	327	229	402	228
Goods/Services Received Below Fair Value ⁽²⁾	2,296	3,990	2,296	3,990
Other	2,266	317	399	145
Total	9,862	9,684	7,797	9,027

⁽¹⁾ The department receives payment for the whole-of-government policy graduates' program for graduates recruited under a two year program. Revenue from the program is recognised when control has been transferred (when graduates are made available to participating agencies) and as each performance obligation is satisfied.

⁽²⁾ The department recognises goods/services received below fair value only if the services would have been purchased if they had not been donated and their value can be measured reliably. Where this is the case, an equal amount is recognised as revenue with a corresponding expense.

In 2019-20 the Queensland Government established the 2032 Taskforce to prepare a detailed study and determine the overarching value proposition of hosting the Olympic and Paralympic Games in 2032 (the 2032 Games). Following the completion of the Value Proposition Assessment the Queensland Government announced it would pursue hosting the 2032 Games with support from all levels of Government. After a period of being placed on hold due to the COVID-19 pandemic, the Queensland Government progressed the Brisbane 2032 candidature in conjunction with Games partners and the International Olympic Committee's (IOC) Future Host Commission. The Brisbane 2032 Candidature was submitted to the IOC in May 2021 with the full IOC subsequently voting to award the 2032 Games to Brisbane, Queensland on 21 July 2021. The department received in-kind contribution of \$0.695M (2019-20: \$1.865M) towards the 2032 Taskforce from other Queensland Government Agencies. Refer to note B2-1.

The department also received in-kind contribution from other Queensland Government Agencies of \$0.562M (2019-20: \$1.241M) towards the COVID-19 Taskforce. This Taskforce has been charged with coordinating the whole-of-government response to the COVID-19 situation in Queensland. Refer to note B2-1.

The department also received in-kind contributions from other Queensland Government Agencies of \$0.288M (2019-20: \$0.126M) towards the Public Sector Reform Office. The Public Sector Reform Office was established to implement public sector reforms, including overseeing the Government's response to the Bridgman Review.

In-kind contributions provided toward the 2032 Taskforce, COVID-19 Response and Recovery Taskforce and Public Sector Reform Office predominantly relates to the operations, salaries and wages met by other government agencies.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

B2: Expenses

B2-1 Employee Expenses	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Employee Benefits				
Wages and salaries	47,318	48,465	44,680	46,043
Employer superannuation contributions	6,008	6,017	5,766	5,780
Annual leave levy	4,414	4,725	4,424	4,637
Long service leave levy	1,084	1,062	1,084	1,062
Termination benefits	95	67	95	67
Other employee benefits	569	623	550	577
Employee Related Expenses				
Workers' compensation premium	46	58	37	51
Other employee related expenses	219	459	115	340
Goods and services received below fair value ⁽²⁾	1,509	3,072	1,509	3,072
Total	61,262	64,548	58,260	61,629
Number of Employees				
Paid Full Time Equivalent (FTE) Employees ⁽¹⁾	430	482	405	457
Employee's services received below fair value ⁽²⁾	12	42	12	42
Total Employees	442	524	417	499

⁽¹⁾ This data is based upon the fortnight ending 2 July 2021.

⁽²⁾ This relates to officers working in the department from other Queensland Government agencies who continue to be paid by their home agency payroll system (refer to note B1-4).

Wages and salaries are recognised based on the period where service has been received. Sick leave is non-vesting, and the expense is recognised as it is taken.

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

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

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

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

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

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

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

The department undertakes a whole of government policy futures graduate program which employed 46 graduates as at 30 June (2019-20: 61). The graduate FTE numbers are included in the department totals stated.

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

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Building services ⁽¹⁾	9,961	9,633	9,962	9,638
Professional services	2,326	1,227	2,222	1,068
Consultants and contractors	2,104	7,879	2,104	7,879
Advertising and communications	12,071	6,658	11,962	6,523
Information technology bureau services	4,242	4,844	4,044	4,669
Outsourced corporate support	1,433	1,401	1,433	1,402
Hospitality and official functions	261	350	249	329
Travel	293	504	271	401
Venue hire	158	203	158	203
Telephone and communications support	272	289	242	263
Lease expenses	369	360	-	-
Other	1,665	3,286	1,122	2,767
Total	35,155	36,634	33,769	35,142

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

Lease expenses include lease rentals for short-term leases, leases of low value assets and variable lease payments. Refer to Note C10 for the breakdown of lease expenses and other lease disclosures.

⁽¹⁾ Payments for non-specialised commercial office accommodation under the Queensland Government Accommodation Office (QGAO) framework and residential accommodation properties under the Government Employee Housing (GEH) program arise from non-lease arrangements with the Department of Energy and Public Works, who has substantive substitution rights over the assets used within these schemes. Payments are expensed as incurred and categorised within office accommodation and employee housing line items.

Supplies and services for the economic entity include transactions of \$14.518M (2019-20: \$13.33M) with related parties represented by other Queensland Government entities. Included in this amount is \$9.881M (2019-20: \$9.47M) for property rent at market rate charged by the Department of Energy and Public Works for the year ended 30 June 2021.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

B2-3: Grants and Subsidies	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Recurrent				
Grants to private sector entities	14,128	22,272	270	1,164
Grants to government entities and not-for-profit entities	1,482	1,616	1,482	1,616
Total recurrent	15,610	23,888	1,752	2,780
Capital				
Grants to government entities and not-for-profit entities	-	1,080	-	1,079
Total capital	-	1,080	-	1,079
Subsidy payments				
Contributions	5,310	2,296	6,309	2,295
Donations and gifts made	2,715	712	2,715	712
Total subsidy payments	8,025	3,008	9,024	3,007
Total	23,635	27,976	10,776	6,866

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 for the economic entity include transactions of \$5.976M (2019-20: \$2.67M) with related parties represented by other Queensland Government entities.

B2-4 Finance/Borrowing Costs

Interest on borrowings	145	276	145	276
Interest on lease liabilities	53	27	-	-
Total	198	303	145	276

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

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

B2-5 Depreciation and Amortisation

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Depreciation and amortisation	1,310	1,123	370	384
Depreciation - Right-of-use asset	1,519	1,625	-	-
	2,829	2,748	370	384

B2-6 Other Expenses

Sponsorships	2,958	2,347	2,958	2,347
External audit fees ⁽¹⁾	127	127	92	92
Insurance premiums - QGIF	38	28	23	13
Other ⁽²⁾	367	-	360	1
Total	3,490	2,502	3,433	2,453

⁽¹⁾ Total audit fees quoted by the Queensland Audit Office (QAO) relating to the 2020-21 financial statements was \$219,000 (2019-20: \$219,000). This fee includes an internal allocation of \$92,000 (2019-20: \$92,000) 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.

⁽²⁾ The \$0.358M relates to the write-off of the Joiners, Leavers and Movers (JLM) legacy system. Refer to note C4 Intangible Assets.

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.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

Section C: Notes about our Financial Position

C1: Cash and Cash Equivalents

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Imprest accounts	1	1	1	1
Cash at bank and on hand	51,619	54,999	13,490	25,137
Total	51,620	55,000	13,491	25,138

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June 2021.

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

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

C2: Receivables and Loans Receivable

Current

Trade debtors	20,929	1,811	903	1,760
GST input tax credits receivable	1,283	2,053	445	578
GST payable	(42)	(1)	-	-
Net GST receivable	1,241	2,052	445	578
Loans receivable	6,052	9,611	6,084	10,384
Annual leave reimbursements	921	394	921	394
Long service leave reimbursements	147	129	147	129
Other receivables	35	26	24	4
Total current receivables and loans receivable	29,325	14,023	8,524	13,249

Non-current

Loans receivable	4,900	3,232	4,909	3,247
Total non-current receivables and loans receivable	4,900	3,232	4,909	3,247

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 for the department and 14 days from the invoice date for the controlled entity.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

C2: Receivables and Loans Receivable (cont'd)

Loan receivables are represented solely by the Revolving Film Finance Fund (RFFF). The RFFF provides secured loans to cash flow film and television productions and for infrastructure projects that will benefit the film and television industry. It is administered by SQ on behalf of the Government. All funds are drawn from QTC which is a related party. Applicants apply for the loan through SQ and once approved, the department recognises a loan receivable from SQ and payable to QTC (Note C7) with interest (determined by applying the simple interest method of calculating interest charge) passed onto SQ. This means that all costs incurred by the department in managing the RFFF are passed onto SQ.

The loans between SQ and the production companies have fixed periods and are subject to an interest rate of 50% of the 90 day Bank Bill Swap Rate.

Annual Leave (AL) and Long Service Leave (LSL) reimbursements represent the amounts recoverable from the whole-of-government AL and LSL schemes that are claimed quarterly in arrears (refer Note B2-1).

C3: Other Current Assets

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Prepayments and Other	1,059	1,278	998	1,209
Contract assets	535	1,047	535	1,047
Total Other current assets	1,594	2,325	1,533	2,256

Contract assets arise from contracts with customers and are transferred to receivables when the department and its controlled entity right to payment becomes unconditional, this usually occurs when the invoice is issued to the customer.

Accrued revenue that does not arise from contracts with customers are reported as part of Prepayments and Other.

C4: Intangible Assets

Software Internally Generated

At cost	5,655	5,915	5,655	5,915
Less: Accumulated amortisation	(3,482)	(3,519)	(3,482)	(3,519)
Carrying amount at 30 June	2,173	2,396	2,173	2,396

Software Work in Progress

At cost	77	427	77	427
Carrying amount at 30 June	77	427	77	427

Total

	2,250	2,823	2,250	2,823
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**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

C4: Intangible Assets (cont'd)

Intangible Assets Reconciliation	Software Internally Generated		Software WIP		Total	
	2021	2020	2021	2020	2021	2020
Economic Entity	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	2,396	2,486	427	144	2,823	2,631
Acquisitions	-	225	102	283	102	507
Transfers between classes	94	-	(94)	-	-	-
Write-off	-	-	(358)	-	(358)	-
Amortisation	(317)	(315)	-	-	(317)	(315)
Carrying amount at 30 June	2,173	2,396	77	427	2,250	2,823

Intangible Assets Reconciliation	Software Internally Generated		Software WIP		Total	
	2021	2020	2021	2020	2021	2020
Parent Entity	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	2,396	2,486	427	144	2,823	2,631
Acquisitions	-	225	102	283	102	507
Transfers between classes	94	-	(94)	-	-	-
Write-off ⁽¹⁾	-	-	(358)	-	(358)	-
Amortisation	(317)	(315)	-	-	(317)	(315)
Carrying amount at 30 June	2,173	2,396	77	427	2,250	2,823

⁽¹⁾ The \$0.358M relates to the write-off of the Joiners, Leavers and Movers (JLM) legacy system. Refer to note B2-6 Other Expenses.

C4-1: Recognition and Measurement

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

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

C4-2: Amortisation Expense and Impairment

Amortisation Expense

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

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

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

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

Impairment

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

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

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 2021.

C5: Plant and Equipment

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
At cost plant and equipment	5,900	3,869	512	524
Less: Accumulated depreciation	(2,588)	(1,593)	(470)	(417)
Carrying amount at 30 June	3,312	2,276	42	107

C5-1: Plant and Equipment Reconciliation

	Economic Entity		Parent Entity	
	Plant and Equipment	Total	Plant and Equipment	Total
	\$'000	\$'000	\$'000	\$'000
Closing balances and reconciliation of carrying amount				
Carrying amount at 1 July 2020	2,276	2,276	107	107
Acquisitions	2,043	2,043	-	-
Disposals	-	-	-	-
Prior year reversal	(12)	(12)	(12)	(12)
Depreciation	(994)	(994)	(53)	(53)
Carrying amount at 30 June 2021	3,312	3,312	42	42
Carrying amount at 1 July 2019	2,959	2,959	156	156
Acquisitions	124	124	20	20
Depreciation	(807)	(807)	(69)	(69)
Carrying amount at 30 June 2020	2,276	2,276	107	107

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

C5: Plant and Equipment (cont'd)

C5-2: Recognition and Measurement

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

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

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

C5-3: Depreciation Expense and Impairment

Depreciation Expense

Plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less any estimated residual value, progressively over its estimated useful life to the department. Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within plant and equipment.

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

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

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the department. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

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

Key Estimate: Plant and equipment is depreciated on a straight-line basis between 10-47% (economic entity). The estimation of useful life and resulting depreciation rates are based on a number of factors including the department's past experience, the planned replacement program and expected usage, wear and tear, obsolescence and fiscal capacity. Useful lives are reviewed on an annual basis.

Impairment

Plant and equipment is assessed annually for impairment using a combination of external and internal impairment indicators.

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. The department and the controlled entity assets are not carried at revalued amounts.

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

No items of plant and equipment were impaired at 30 June 2021.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

C6: Payables

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current				
Deferred appropriation payable to Consolidated Fund	3,048	19,618	3,048	19,618
Trade creditors and accruals	8,146	5,304	9,063	4,001
Grants and subsidies payable	354	1,994	354	1,994
Other	486	335	228	245
Total Current Payables	12,034	27,251	12,693	25,858

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 and are recognised as a current liability. The amounts are normally paid within 30 days of recognition of the liability.

C7: Interest-Bearing Liabilities

Current				
Queensland Treasury Corporation borrowings	6,084	10,384	6,084	10,384
Total Current	6,084	10,384	6,084	10,384
Non-Current				
Queensland Treasury Corporation borrowings	4,909	3,247	4,909	3,247
Total Non-Current	4,909	3,247	4,909	3,247

QTC borrowings disclosed in the statements are on behalf of SQ for the Revolving Film Finance Fund (RFFF) facility (refer to note C2). QTC is a related party. These borrowings are established initially at a fixed interest rate. The applicable rates for 2020-21 were 0.190% to 2.080% (2019-20: 0.37% to 2.99%). There have been no defaults or breaches of the loan agreements during the period.

Repayment dates vary from one to forty months (2019-20: one to twenty-three months). The maturity profile is disclosed in note D3. Principal and interest repayments were made quarterly in arrears. Where an extension of the original term is requested, the department has an option to refinance the loan as a variable rate loan. This option was adopted in 2020-21. Refer to the Disclosures about Sensitivity to Interest Rate Movements table.

All QTC loans plus any borrowing costs are recognised at cost. The borrowing costs are added to the carrying amount of the loans to the extent they are not settled in the period in which they arise.

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

The fair value of interest-bearing liabilities and weighted average borrowing rates are set out in Note D3-4.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

C7: Interest-Bearing Liabilities (cont'd)

Disclosures about Sensitivity to Interest Rate Movements

The following interest rate sensitivity analysis depicts the outcome on net income if interest rates would change by +/-1% from the year end rates as applied to the department's variable rate borrowings from QTC for 2020-21.

Financial Year	Financial Liability	Carrying amount \$'000	Interest Rate Risk			
			-1%		+1%	
			Operating Result \$'000	Equity \$'000	Operating Result \$'000	Equity \$'000
2021	QTC Borrowings	6,797	(68)	(68)	68	68
	Potential impact on		(68)	(68)	68	68

The borrowings from QTC with variable rate is \$6.797M for 2020-21 (2019-20: Nil). The impact of these interest rate movements are mitigated through loan receivable agreements made between the department and SQ.

C8: Accrued Employee Benefits

	Economic Entity		Parent Entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current				
Long service leave levy payable	323	329	269	293
Annual leave payable	1,283	1,393	1,127	1,227
Accrued salaries and wages	405	449	405	449
Total Current	2,011	2,171	1,801	1,969
Non-Current				
Accrued long service leave	30	53	-	-
Total Non-Current	30	53	-	-

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.

Accrued salary and wages represent due but unpaid wages and salaries. They are recognised at current salary rates as it is expected these liabilities will be settled within 12 months of year end.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

C9: Other Liabilities	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current				
Contract Liabilities	620	780	612	741
Total Current	620	780	612	741
Non-Current				
Contract Liabilities	130	124	130	101
Total Non-Current	130	124	130	101

Contract liabilities at 30 June 2021 represents advance payments the department has received from participating departments for the whole-of-government policy graduates' program. The program recruit's graduates under a two-year program. Revenue will be recognised over the two years as performance obligations are satisfied.

C10: Right-of-Use Assets and Lease Liabilities - Leases as Lessee

	Economic Entity	
	2021	2020
	\$'000	\$'000
Office Accommodations		
Right-of-use assets		
Opening balance at 1 July	5,989	5,735
Additions	-	1,965
Disposals/ derecognition	(61)	(86)
Depreciation charge	(1,519)	(1,625)
Closing balance at 30 June	4,409	5,989
Lease liabilities		
Current	1,734	1,718
Non-current	2,612	4,403
Total	4,346	6,121

Right-of-use assets

Right-of-use assets are initially recognised at cost comprising the following:

- the amount of the initial measurement of the lease liability
- lease payments made at or before the commencement date, less any lease incentives received, and
- initial direct costs incurred.

Right-of-use assets are subsequently depreciated over the lease term and are subject to impairment testing on an annual basis.

The carrying amount of right-of-use assets are adjusted for any remeasurement of the lease liability in the financial year following a change in discount rate, a reduction in lease payments payable, changes in variable lease payments that depend upon variable indexes/rates of a change in lease term.

The department has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases and leases of low value assets. The lease payments are recognised as expenses on a straight-line basis over the lease term. An asset is considered low value where it is expected to cost less than \$10,000 when new.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

C10: Right-of-Use Assets and Lease Liabilities - Leases as Lessee (cont'd)

Lease liabilities

Lease liabilities are initially recognised at the present value of lease payments over the lease term that are not yet paid. The lease term includes any extension or renewal options that the department is reasonably certain to exercise. The future lease payments included in the calculation of the lease liability comprise the following:

- fixed payments, less any lease incentives receivable
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the department under residual value guarantees
- the exercise price of a purchase option that the department is reasonably certain to exercise
- payments for termination penalties, if the lease term reflects the early termination

When measuring the lease liability, the controlled entity uses its incremental borrowing rate as the discount rate where the interest rate implicit in the lease cannot be readily determined, which is the case for all of the controlled entity leases. To determine the incremental borrowing rate, the controlled entity uses loan rates provided by Queensland Treasury Corporation that correspond to the commencement date and term of the lease.

Subsequent to initial recognition, the lease liabilities are increased by the interest charge and reduced by the amount of lease payments. Lease liabilities are also remeasured in certain situations such as a change in variable lease payments that depend on an index or rate (e.g. a market rent review), or a change in the lease term.

Disclosures – Leases as lessee

(i) Details of leasing arrangements as lessee

The controlled entity enters into lease arrangements for the following office accommodations:

Leasing Arrangements	Details of Leasing Arrangements as Lessee
Level 2, 130 Commercial Road, Teneriffe	6 year lease, commencing 1 February 2020 to 31 January 2026. There are 2 x 3 year options in the agreement. Monthly lease payments are fixed with a 3.5 percent annual rent review.
Screen Queensland Studios, 45 Gosport Street, Hemmant	5 year lease commencing 11 July 2018 to 10 July 2023. There are 2 x 3 year options in the agreement. Monthly lease payments are fixed with a 3 percent annual rent review.

(ii) Office accommodation and motor vehicles

The Department of Energy and Public Works (DEPW) provides the department with access to office accommodation and motor vehicles under government-wide frameworks. These arrangements are categorised as procurement of services rather than as leases because DEPW has substantive substitution rights over the assets. The related service expenses are included in note B2-2.

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
<i>(iii) Amounts recognised in profit or loss</i>	\$'000	\$'000	\$'000	\$'000
Interest expense on lease liabilities	53	27		
Breakdown of 'Lease expenses' included in Note B2-2				
-Expenses relating to short-term leases		-		
Income from subleasing included in Note B1-4		-		4
<i>(iv) Total cash outflow for leases</i>	1,767	1,658		

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

Section D: Notes about Risk and Other Accounting Uncertainties

D1: Financial Contingencies

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.

There are no litigation matters that may result in a future contingent liability for the department.

D2: Financial Commitments

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
D2-1: Capital Expenditure Commitments				
Not later than one year	-	116	-	116
Total Capital Expenditure Commitments	-	116	-	116
D2-2: Future Screen Commitments ⁽¹⁾				
Not later than one year	4,764	11,051	-	-
Later than one year and not later than five years	16,660	8,400	-	-
Total Future Screen Commitments	21,424	19,451	-	-

⁽¹⁾ The controlled entity enters into contracts with practitioners from the screen industry for the provision of grant funding. A commitment has been recognised when a contract has been entered into by the entity. Amounts are transferred from a commitment to a liability when the terms, conditions and deliverables as per the contract have been fulfilled by the industry practitioner.

D3: Financial Risk Disclosures

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

D3-1: Financial Instrument Categories

Financial Assets

Cash and cash equivalents	C1	51,620	55,000	13,491	25,138
Receivables and loans receivable at amortised cost	C2	34,225	17,255	13,433	16,496
Total Financial Assets		85,845	72,255	26,924	41,634

Financial Liabilities

Payables	C6	12,034	27,251	12,693	25,858
Interest bearing liabilities - QTC borrowings	C7	10,993	13,631	10,993	13,631
Lease Liabilities	C10	4,346	6,121	-	-
Total Financial Liabilities at amortised cost		27,373	47,003	23,686	39,489

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

D3-2: Financial Risk Management

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

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

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

Credit Risk

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

This credit risk is mitigated through the use of a credit management strategy. The strategy involves the SQ board approving all new loan arrangements after a comprehensive application process and an ongoing monitoring process. All loan arrangements are initially on a secured, fixed term, interest bearing basis (refer C7).

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

The controlled entity has individually assessed each loan for impairment. No loans were impaired for 2019-20 and 2020-21.

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.

Liquidity Risk

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

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

The department manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the department has sufficient funds available to meet employee and supplier obligations as they fall due.

This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

Liquidity Risk – Contractual Maturity of Financial Liabilities

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

Economic Entity	2021 Contractual Maturity				2020 Contractual Maturity			
	Total	< 1 Year	1-5 Years	> 5 Years	Total	< 1 Year	1-5 Years	> 5 Years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	8,146	8,146	-	-	5,304	5,304	-	-
QTC borrowings	11,055	6,108	4,948	-	13,776	10,468	3,308	-
Lease liabilities	4,346	1,734	2,612	-	6,424	1,772	4,433	219
Total	23,548	15,988	7,560	-	25,504	17,544	7,741	219

Market Risk

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

The department does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices. The department is exposed to interest rate risk through its borrowings from QTC (Note C7).

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

D3: Financial Risk Disclosures (cont'd)

D3-3: Financial Assets

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

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

The department has assessed each debtor individually for impairment. No debtors were impaired for 2020-21 (2019-20: nil).

D3-4: Fair Value Disclosures

	Economic Entity				Parent Entity			
	2021		2020		2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets								
Loans receivable	10,952	10,952	12,843	12,843	10,993	11,010	13,631	13,729
Total	10,952	10,952	12,843	12,843	10,993	11,010	13,631	13,729
Financial Liabilities								
Interest-bearing liabilities	10,993	13,729	13,631	13,729	10,993	13,729	13,631	13,729
Total	10,993	13,729	13,631	13,729	10,993	13,729	13,631	13,729

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 2021, the weighted average borrowing rate was 0.594% (2019-20: 2.09%), ranging from 0.305% to 1.205%. (2019-20: 0.49% to 3.09%).

Loan receivables 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.

Refer to note C2 with respect to existing loan arrangements between the department and the controlled entity.

D4: Events Occurring after Balance Date

There are no matters of significance to the financial statements which occurred after 30 June 2021.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

Section E: Notes about our Performance compared to Budget

This section contains explanations of major variances between the department's actual 2020-21 financial results and the budget presented to Parliament.

No budgeted Statement of Financial Position or Statement of Cash Flows were presented to Parliament for the 2020-21 financial year. Only the budgeted Statement of Comprehensive Income was presented to Parliament. Consequently, no disclosure of the budget to actual variances are required for the Statement of Financial Position and Statement of Cash Flows.

E1: Budget to Actual Comparison – Statement of Comprehensive Income

		Budget	Actual	Variance
	Variance	2021	2021	2021
	Notes	\$'000	\$'000	\$'000
Income from Continuing Operations				
Appropriation revenue	1	107,375	94,905	(12,470)
User charges and fees		3,647	3,784	137
Grants and other contributions	2	1,399	267	(1,132)
Other revenue	3	5,093	7,797	2,704
Total Income from Continuing Operations		117,514	106,753	(10,761)
Expenses from Continuing Operations				
Employee expenses	4	62,257	58,260	(3,997)
Supplies and services		33,501	33,769	268
Grants and subsidies	5	17,610	10,776	(6,834)
Depreciation and amortisation		436	370	(66)
Finance/Borrowing Costs		211	145	(66)
Other expenses		3,499	3,433	(66)
Total Expenses from Continuing Operations		117,514	106,753	(10,761)
Total Comprehensive Income		-	-	-

Section E: Notes about our Performance compared to Budget

E1: Budget to Actual Comparison – Statement of Comprehensive Income (cont'd)

Variance Notes

1. The variance is primarily due to:
 - lower Director-General's Reserve funding required for 2020-21 commitments (\$6.677M), with funding deferred to 2021-22 to meet emerging priorities;
 - savings achieved from staffing vacancies during the year (\$5.030M) and other expenditure (\$1.949M);
 - the deferral of funding for the Office for Veterans to 2021-22 for expenditure on the Anzac Square Undercroft Galleries (\$1.427M);
 - funding returned to the consolidated fund after completion of works on the Bushfire Royal Commission (\$1.200M); and
 - reprofiling of funding across the forward estimates for Queensland's Strategy for Veterans election commitments (\$0.750M), Alcohol Fuelled Violence (\$0.500M) the Events Sponsorship Fund (\$0.459M) and Domestic and Family Violence programs of work (\$0.363M).

This is offset by additional expenditure for contributions provided to Department of Tourism, Innovation and Sport (DTIS) for expenses incurred on the 2032 Olympic Games Candidature Bid (\$2.789M), and expenditure on the COVID-19 Response and Recovery Taskforce (\$3.206M) and Flood Litigation Commission of Enquiry (\$1.362M).

2. The variance is primarily due to alignment of budget assumptions to Grants and other contributions category, with actual revenue recognised as other revenue categories due to the nature of the transactions (\$1.199M).
3. The variance is primarily due to:
 - alignment of budget assumptions of Grants and other contributions category, with actual revenue recognised against Other revenue category due to the nature of the transactions (\$1.153M);
 - sale of surplus work devices during 2020-21 (\$0.260M); and
 - staffing resources received in-kind from other state government agencies relating to the 2032 Taskforce (\$0.695M), COVID-19 Response and Recovery Taskforce (\$0.526M) and the Public Sector Reform Office (\$0.288M).

This is offset by less revenue received for a reduced cohort size for the 2021 Policy Futures Graduate Program (\$0.230M).

4. The variance is primarily due to staffing vacancies during the year (\$5.030M) and a reduced cohort size for the 2021 Policy Futures Graduate Program (\$0.309M).

This is offset by staffing resources received in-kind from other state government agencies relating to the 2032 Taskforce (\$0.695M), COVID-19 Response and Recovery Taskforce (\$0.526M) and the Public Sector Reform Office (\$0.288M).

5. The variance is primarily due to:
 - lower Director-General's Reserve funding required for 2020-21 commitments (\$6.677M), with funding deferred to 2021-22 to meet emergent priorities;
 - the deferral of funding for the Office for Veterans to 2021-22 for expenditure on the Anzac Square Undercroft Galleries (\$1.427M); and
 - the reprofiling of funds across forward estimates for Queensland's Strategy for Veterans election commitments (\$0.750M).

This is offset by additional expenditure for contributions provided to DTIS for expenses incurred on the 2032 Olympic Games Candidature Bid (\$2.767M) and Tourism and Events Queensland for running an advertising campaign "Life is Great in the Sunshine State" (\$0.200M).

Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021

Section F: Notes about our Administered Activities

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

F1-1: 2020-21 Financial Information

	Ministerial Offices and Office of the Leader of the Opposition	Former Governor's Pension	Queensland Veterans Council	Trade and Investment Queensland	Screen Queensland	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered Revenues						
Appropriation revenue (Note F1-4) ⁽¹⁾	50,027	-	-	45,935	48,582	144,544
Other revenue	154	-	-	-	-	154
Total Administered Revenues	50,181	-	-	45,935	48,582	144,698
Administered Expenses						
Employee expenses	33,077	-	-	-	-	33,077
Supplies and services	16,716	-	-	-	-	16,716
Grants and subsidies (Note F1-3)	-	-	-	45,935	48,582	94,517
Depreciation and amortisation	228	-	-	-	-	228
Other expenses	160	-	-	-	-	160
Total Administered Expenses	50,181	-	-	45,935	48,582	144,698
Operating Surplus/(Deficit)	-	-	-	-	-	-
Administered Assets						
Current						
Cash and cash equivalents	12,855	315	318	-	20,920	34,408
Receivables	843	-	-	214	-	1,057
Other current assets	290	-	-	-	-	290
Total Current Assets	13,988	315	318	214	20,920	35,755
Non-current						
Receivables	-	-	-	-	-	-
Plant and equipment/Intangibles	324	-	-	-	-	324
Total Non-current Assets	324	-	-	-	-	324
Total Assets	14,312	315	318	214	20,920	36,079
Administered Liabilities						
Current						
Payables	2,322	151	318	214	20,920	23,925
Accrued employee benefits	1,250	-	-	-	-	1,250
Total Current Liabilities	3,572	151	318	214	20,920	25,175
Non-current						
Payables	-	-	-	-	-	-
Accrued employee benefits	5,912	-	-	-	-	5,912
Total Non-current Liabilities	5,912	-	-	-	-	5,912
Total Liabilities	9,484	151	318	214	20,920	31,087
Net Administered Assets/liabilities	4,828	164	-	-	-	4,992

⁽¹⁾ This appropriation revenue is provided in cash via Queensland Treasury and funds activities/expenses that the department administers on behalf of the government.

Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021

F1: Schedule of Administered Income, Expenses, Assets and Liabilities (cont'd)

F1-2: 2019-20 Financial Information

	Ministerial Offices and Office of the Leader of the Opposition	Former Governor's Pension	Trade and Investment Queensland	Screen Queensland	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Administered Revenues					
Appropriation revenue (Note F1-4)	47,813	111	46,869	22,034	116,827
Other revenue	141	-	-	-	141
Total Administered Revenues	47,954	111	46,869	22,034	116,968
Administered Expenses					
Employee expenses	32,146	111	-	-	32,257
Supplies and services	15,446	-	-	-	15,446
Grants and subsidies (Note F1-3)	-	-	46,869	22,034	68,903
Depreciation and amortisation	229	-	-	-	229
Other expenses	133	-	-	-	133
Total Administered Expenses	47,954	111	46,869	22,034	116,968
Operating Surplus/(Deficit)	-	-	-	-	-
Administered Assets					
Current					
Cash and cash equivalents	13,887	204	-	5,976	20,067
Receivables	431	-	-	1,185	1,616
Other current assets	425	-	-	-	425
Total Current Assets	14,743	204	-	7,161	22,108
Non-current					
Receivables	-	-	-	-	-
Plant and equipment/Intangibles	493	-	-	-	493
Total Non-current Assets	493	-	-	-	493
Total Assets	15,236	204	-	7,161	22,601
Administered Liabilities					
Current					
Payables	3,676	39	-	7,161	10,876
Accrued employee benefits	3,844	-	-	-	3,844
Total Current Liabilities	7,520	39	-	7,161	14,720
Non-current					
Payables	-	-	-	-	-
Accrued employee benefits	2,887	-	-	-	2,887
Total Non-current Liabilities	2,887	-	-	-	2,887
Total Liabilities	10,407	39	-	7,161	17,607
Net Administered Assets/liabilities	4,829	165	-	-	4,994

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

F1-3: Grants and subsidies were paid to the following entities:

	2021	2020
	\$'000	\$'000
Trade Investment Queensland	45,935	46,869
Screen Queensland	48,582	22,034
Total Grants and subsidies	94,517	68,903

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

Budgeted appropriation	146,812	128,064
Transfer from/(to) other headings	-	1,200
Lapsed appropriation	(8,742)	(3,346)
Total Administered Receipts	138,070	125,918
Less: Opening balance of current appropriation receivable	-	(4,012)
Plus: Effect of adoption of new accounting standards	-	4,012
Plus: Opening balance of deferred appropriation payable	9,292	201
Less: Closing balance of deferred appropriation payable	(2,818)	(9,292)
Appropriation Revenue recognised in the Statement of Comprehensive Income	144,544	116,827

F1-5: Significant Accounting Policy

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

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

Queensland Ministerial Handbook includes requirements for the financial accountability of Ministerial Offices and the Office of Leader of Opposition (note A1).

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

F2: Budget to Actual Comparison – Administered Activities

This section contains explanations of major variances between the department's actual 2020-21 financial results and the budget presented to Parliament.

No budgeted Statement of Financial Position or Statement of Cash Flows were presented to Parliament for the 2020-21 financial year. Only the budgeted Statement of Comprehensive Income was presented to Parliament. Consequently, no disclosure of the budget to actual variances are required for the Statement of Financial Position and Statement of Cash Flows.

F2-1: Income and Expenses		Budget	Actual	Variance
	Variance	2021	2021	2021
	Notes	\$'000	\$'000	\$'000
Administered Revenues				
Appropriation revenue		157,066	144,544	(12,522)
Other revenue		-	154	154
Total Administered Revenues		157,066	144,698	(12,368)
Administered Expenses				
Employee expenses		34,481	33,077	(1,404)
Supplies and services	1	19,108	16,716	(2,392)
Grants and subsidies	2	103,036	94,517	(8,519)
Depreciation and amortisation		330	228	(102)
Other expenses		111	160	49
Total Administered Expenses		157,066	144,698	(12,368)
Operating Surplus/(Deficit)		-	-	-

Variance Notes

1. The variance is driven by a reduction in domestic and international travel (\$1.087M), along with lower administrative costs including savings in IT charges (\$0.505M), low value assets (\$0.153M) and building services (\$0.325M) for the Ministerial Offices and Office of the Leader of the Opposition.
2. The variance is primarily due to the deferral of grant payments to 2021-22 for Screen Queensland for the studio projects on the Gold Coast and Cairns and Screen Investment Fund (\$6.773M), favourable foreign exchange impacts on expenditure for Trade Investment Queensland (\$0.830M) and deferral of limited projects, and the lapsing of funding for the Queensland Veterans Council (\$0.318M) which is to be established in 2021-22.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

Section G: Other Information

G1: Key Management Personnel (KMP)

G1-1: Details of Key Management Personnel

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

The following details for non-ministerial KMP include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2020-2021 and 2019-2020. Further information on these positions can be found in the body of the Annual Report.

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

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

G1-2: Related Party Transactions

Transactions with people/entities related to KMP

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

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

Transactions with other Queensland Government-controlled entities

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

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

Note B1-2: User Charges and Fees
Note B2-2: Supplies and Services
Note B2-3: Grants and Subsidies
Note C2: Receivables and Loans Receivable
Note C7: Interest-Bearing Liabilities

G1-3: KMP Remuneration Policies

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

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

Remuneration expenses for KMP comprise the following components:

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

There were nil termination benefits in 2020-21 (nil in 2019-20).

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

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

G1-4: Non-Ministerial KMP Performance Remuneration Expense

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

Position (Classification) (1 July 2020 - 30 June 2021)	Short Term		Long Term	Post	Total
	Monetary Expenses	Non-Monetary Benefits			
	\$'000	\$'000	\$'000	\$'000	\$'000
Director-General (from 8 May 2021 to 30 June 2021)	103	1	2	12	118
Director-General (from 1 July 2020 to 7 May 2021)	533	7	13	69	622
Acting Director-General (from 6 April 2021 to 9 May 2021)	60	1	2	6	69
Deputy Director-General, Policy (from 1 July 2020 to 5 April 2021 and 10 May 2021 to 30 June 2021)	333	8	7	31	379
Acting Deputy Director-General, Policy (from 1 April 2021 to 6 May 2021)	33	1	-	2	36
Deputy Director-General, Corporate and Government Services (from 1 July 2020 to 30 June 2021)	269	10	6	30	315
Acting Deputy Director-General, Strategy and Engagement (from 1 July 2020 to 30 October 2020)	85	3	2	10	100
Acting Deputy Director-General, Strategy and Engagement (from 1 November 2020 to 15 March 2021)	105	4	2	11	122
Queensland Parliamentary Counsel (from 1 July 2020 to 30 June 2021)	283	11	7	39	340
Cabinet Secretary (from 1 July 2020 to 30 June 2021)	244	10	5	26	285
Executive Director, Departmental and Customer Liaison Office (from 1 July 2020 to 19 July 2020 and from 10 October 2020 to 30 June 2021)	148	8	3	16	175
Acting Executive Director, Departmental and Customer Liaison Office (from 20 July 2020 to 9 October 2020)	49	2	1	4	56
Total Remuneration	2,245	66	50	256	2,617

Position (Classification) (1 July 2019 - 30 June 2020)	Short Term		Long Term	Post	Total
	Monetary Expenses	Non-Monetary Benefits			
	\$'000	\$'000	\$'000	\$'000	\$'000
Director-General (from 18 August 2019 to 30 June 2020)	601	10	13	73	697
Acting Director-General (from 1 July 2019 to 18 August 2019)	90	-	2	11	103
Deputy Director-General, Policy (from 1 July 2019 to 30 June 2020)	241	7	5	21	274
Acting Deputy Director-General, Policy (from 16 September 2019 to 31 January 2020)	115	5	3	11	134
Deputy Director-General, Corporate and Government Services	271	10	6	30	317
Acting Deputy Director-General, Strategy and Engagement (24 July 2019 to 30 June 2020)	289	10	7	33	339
Deputy Director-General, Strategy and Engagement (from 1 July 2019 to 23 July 2019)	18	-	-	2	19
Queensland Parliamentary Counsel	313	10	7	39	370
Cabinet Secretary (from 1 July 2019 to 30 June 2020)	203	7	5	26	242
Acting Cabinet Secretary (from 30 September 2019 to 31 December 2019)	61	2	1	5	69
Executive Director, Departmental and Customer Liaison Office	204	10	5	22	241
Total Remuneration	2,406	71	54	273	2,804

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

G2: Basis of Financial Statement Preparation

G2-1: General Information

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

G2-2: Compliance with the Prescribed Requirements

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

- in compliance with section 38 of the *Financial and Performance Management Standard 2019*
- 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 2020
- on an accrual basis (except for the statement of cash flows which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

G2-3: Presentation

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

Comparative information reflects the audited 2019-20 financial statements.

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

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

G2-4: Taxation

The department and the controlled entity are exempt from income tax under the *Income Tax Assessment Act 1936* and are 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 and the controlled entity. Any GST credits receivable from, or GST payable to the ATO, are recognised in the statement of financial position, refer note C2.

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

G2-5: The Reporting Entity

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

The Parent Entity financial statements (Department of the Premier and Cabinet) include all income, expenses, assets, liabilities and equity of the department only.

G2-6: Controlled Entities

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

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

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

G2-6: Controlled Entities (cont'd)

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

	2021	2020
	\$'000	\$'000
Total income	52,743	24,525
Total expenses	21,034	28,678
Total comprehensive income	31,709	(4,153)
Total assets	78,652	52,479
Total liabilities	15,927	21,463
Net assets	62,725	31,016

G2-7: Accounting Estimates and Judgement

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

Note C4: Intangible Assets. Amortisation expense and impairment
 Note C5: Plant and equipment. Depreciation expense and impairment
 Note C8: Accrued Employee Benefits
 Note C10: Right-of-Use Assets and Lease Liabilities
 Note D3: Financial Risk Disclosures/impairment of loans

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

G2-8: Basis of Measurement

Historical cost is used as the measurement basis in these financial statements, unless otherwise stated.

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

G2-9: Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2020-21 by the department and its controlled entity.

G2-10: Impact of COVID-19

The department considered COVID-19 as a recognised event and assessed the financial implications for the financial statements, including recognition, measurement, and disclosure. There have been no adjustments to financial statements for the department and its controlled entity from impacts of COVID-19 at 30 June 2021.

The COVID-19 Response and Recovery Taskforce continued to support the response and recovery to COVID-19 for Queensland during 2020-21. The taskforce received \$0.562M in 2020-21 (2019-20: \$1.241M) in-kind contributions from other agencies, contribution of \$0.056M (2019-20: \$0.745M) from Queensland Health and \$10.894M (2019-20: \$3.077M) approved by the Cabinet Budget Review Committee for communication and engagement activities.

G2-11: Climate Risk Disclosure

The department and its controlled entity addresses the financial impacts of climate related risks by identifying and monitoring the accounting judgements and estimates that will potentially be affected, including asset useful lives, fair value of assets, provisions or contingent liabilities and changes to future expenses and revenue.

The department and its controlled entity have not identified any material climate related risks relevant to the financial report at the reporting date, however, constantly monitors the emergence of such risks under the Queensland Government's Climate Transition Strategy.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2021**

G3: Machinery-of-Government Changes

Transfers in – Controlled Activities

Details of transfer: Anzac Day Trust Fund transferred from the Department of Education
Basis of transfer: Public Service Department Arrangements Notice (No. 4) 2020 dated 12 November 2020
Date of transfer: Effective from 12 November 2020

There were no material assets and liabilities transferred as a result of this change.

G4: Trust Transactions and Balances

The Anzac Day Trust was established in 1964 to give financial support to those institutions, organisations and associations which provide financial assistance to ex-service personnel and their dependants. As the department performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements but are disclosed in these notes below for the information of users.

Trust revenue and expenses

	2021
	\$'000
<i>Revenue</i>	
Grants and other contributions	1,551
Other revenue	<u>2</u>
Total Revenue	<u>1,553</u>
<i>Expenses</i>	
Grants and subsidies	1,494
Other expenses	<u>60</u>
Total Expenses	<u>1,554</u>
Trust asset and liabilities	
<i>Current assets</i>	
Cash and cash equivalents	<u>5</u>
Total	<u>5</u>

The audit fee payable to the Queensland Audit Office to perform an audit of the department's trust transactions for 2020-21 is quoted to be \$7,175. There are no non-audit services included in this amount.

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 38 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:


- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of the Premier and Cabinet for the financial year ended 30 June 2021 and of the financial position of the department at the end of that year.

The Director-General, as the Accountable Officer of the Department, acknowledges responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Rachel Hunter
Director-General

19 August 2021



Michael Phillips
A/Chief Finance Officer

19 August 2021

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the parent's and group's financial position as at 30 June 2021, 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 2019 and Australian Accounting Standards.

The financial report comprises the statements of financial position and statements of assets and liabilities by major departmental services as at 30 June 2021, the statements of comprehensive income, statements of changes in equity, statements of cash flows and statements of comprehensive income by major departmental services for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

I am independent of the 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 Auditing Standards*.

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

Key audit matters

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

Responsibilities of the accountable officer for the financial report

The accountable officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the accountable officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The accountable officer is also responsible for assessing the 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. This is not done for the purpose of expressing an opinion on the effectiveness of the department's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

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

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the department's transactions and account balances to enable the preparation of a true and fair financial report.

20 August 2021



Brendan Worrall
Auditor-General

Queensland Audit Office
Brisbane