

Financial summary

The department's financial statements consist of two categories:

1. Controlled activities, representing funds for departmental objectives.
2. Administered activities, representing funds administered on behalf of the government.

For the year ended 30 June 2016, income and expenditure increased primarily due to the full year effect of Arts Queensland (AQ) and Corporate Administration Agency (CAA) which were transferred to the department as part of the machinery-of-government changes from 1 March 2015.

DPC service area expenditure is summarised in Figure 1 for the current and prior financial year. Expenditure on Policy Advice, Coordination and Cabinet Support (PACCS) increased by 10 per cent primarily due to additional funding for initiatives focused on reducing domestic and family violence and alcohol-fuelled violence, and the Grantham Floods Commission of Inquiry. Government Executive Support (GES) expenditure reduced by 13 per cent primarily due to a reduction in grants provided by the Anzac Centenary Commemoration program, and offset by expenditure on the Northern Queensland Economic Summit, the Advance Queensland Innovation and Investment Summit and coordinating the Advance Queensland communication strategy. The newly-created service area Strategy and Engagement is not reported separately in 2015–16 as its services related to PACCS and GES.

AQ expenditure increased due to the full financial year effect as part of the department. Key areas being:

1. Maintaining Queensland's premier cultural assets, primarily the Cultural Precinct. Annual Cultural Precinct maintenance and depreciation expenditure represented approximately \$66 million in 2015–2016.
2. Managing grant programs supporting individual artists and arts and cultural organisations for arts production and engagement representing approximately \$38 million in 2015–16.

Administered expenditure also increased due to the full year effect of AQ. AQ administered grant funding to the following government bodies, Queensland Art Gallery, Queensland Museum, Queensland Performing Arts Trust, Queensland Theatre Company and Screen Queensland (SQ). For the year ended 30 June 2016, this funding totalled \$84 million.

Administered expenditure on Ministerial Offices, Assistant Ministers and the Office of the Leader of the Opposition reduced by 12 per cent whilst there was a 10 per cent increase in Queensland Family and Child Commission expenditure, whose primary objectives are focused on promoting the safety, wellbeing and best interests of children and improving the child protection system.

Figure 1. Controlled Expenditure by Service Area

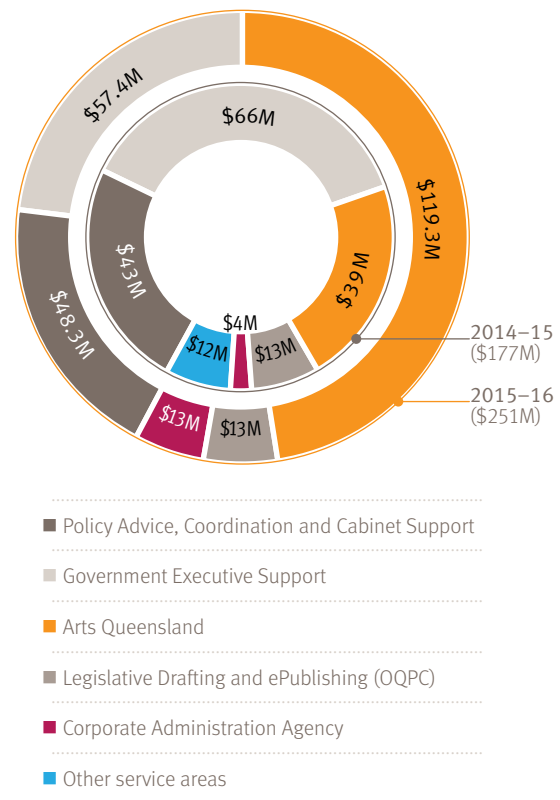
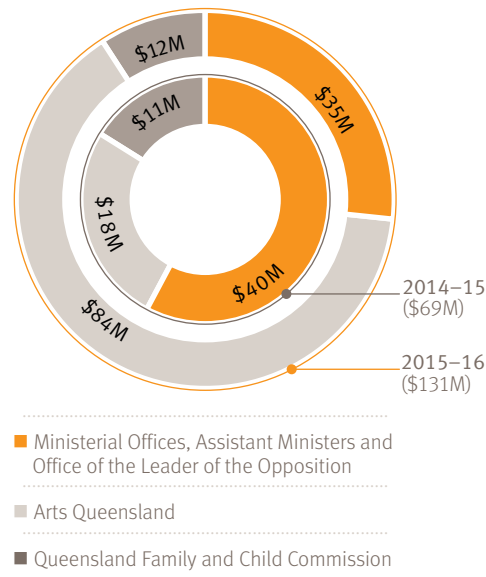


Figure 2. Administered expenditure



An administered expenditure summary, comparing the current and prior financial year is summarised in Figure 2.

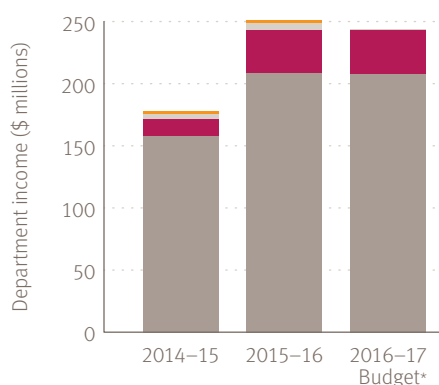
SQ's financial results were consolidated as part of the economic entity in 2016 due to the material increase in funding arrangements to secure film productions in Queensland.

Income

Department income for the 2015–16 was \$251 million (refer Figure 3). Income is predominately derived from the Queensland Government Consolidated Fund through appropriation revenue. The department also obtains income from user charges and fees, mostly from Arts Queensland owned buildings, the Cultural Precinct carpark and CAA corporate service support fees. Grant and other contributions income was also received in 2015-16, most notably a one-off \$3.5 million Australian Government Anzac Centenary Commemoration grant.

In 2016–17 income is budgeted to reduce to \$244 million due to a reduction in planned grant and other contributions and the one off nature of other revenues in 2015–16.

Figure 3. Department income summary



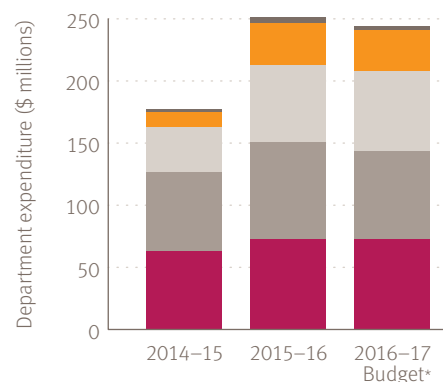
Other revenue	\$2.06M	\$2.81M	\$0.32M
Grants and contributions	\$4.39M	\$5.33M	\$0.36M
User charges and fees	\$13.05M	\$34.85M	\$35.53M
Appropriation revenue	\$157.95M	\$208.47M	\$207.64M

Expenditure

The department's major expenditure categories are employee expenditure, supplies and services, grants and subsidies, depreciation and amortisation. A summary is provided in Figure 4. Taking into consideration the full financial year effect of AQ and CAA, category expenditure remained consistent with the prior year apart from reductions in advertising and communications, consultant and contractor expenditure and increases in legal expenditure. Depreciation and amortisation expenditure remained consistent with the prior year after taking into consideration the annual asset measurement processes. Depreciation and amortisation represents approximately 13 per cent of total expenditure and is primarily in relation to Cultural Precinct assets.

In 2016–17 expenditure is budgeted to decrease in supplies and services.

Figure 4. Department expenditure summary



Other expenses	\$2.85M	\$5.23M	\$2.88M
Depreciation and amortisation	\$11.87M	\$33.25M	\$33.45M
Grants and subsidies	\$35.94M	\$62.21M	\$64.47M
Supplies and services	\$63.29M	\$77.92M	\$70.40M
Employee expenses	\$63.44M	\$72.79M	\$72.65M

* As per published 2016–17 Department of the Premier and Cabinet Service Delivery Statement (SDS).

Financial position

The department's financial position (refer Figure 5) improved during the financial year. This was due to an increase in net asset position whilst the current ratio remained consistent.

The increase in net assets is primarily due to land and building values increasing for the year ended 30 June 2016. These land and building assets are at the South Bank Cultural Precinct in South Brisbane, 381 Brunswick Street and Judith Wright Centre of Contemporary Arts in Fortitude Valley.

SQ's Revolving Film Finance Fund (RFFF) balance increased making SQ a material inclusion in the financial statements. AQ acts as the agency for facilitation of funding provided to SQ for the RFFF. The RFFF provides secured loans to cash flow film and television productions and infrastructure projects that will benefit the Queensland film and television industry. It is administered by SQ on behalf of the Government. All funds are drawn from the Queensland Treasury Corporation and all costs passed onto SQ.

Chief Finance Officer statement

Section 77(2)(b) of the *Financial Accountability Act 2009* requires the Chief Finance Officer of the Department of Premier and Cabinet to provide the accountable officer with a statement as to whether the department's financial internal controls are operating efficiently, effectively and economically.

For the financial year ended 30 June 2016, a statement assessing DPC's financial internal controls has been provided by the Chief Finance Officer to the Director-General.

The statement was prepared in accordance with Section 57 of the *Financial and Performance Management Standard 2009*. The statement was also provided to the department's Audit and Risk Management Committee.

Figure 5. Department expenditure summary

Financial position indicators	2014–15	2015–16
Net Asset Position	\$663.56M	\$693.16M
Current Assets	\$27.19M	\$33.29M
Current Liabilities	\$15.68M	\$19.87M
Current Ratio	1.7	1.7



Queensland
Government

Department of the Premier and Cabinet
Financial Statements
for the year ended 30 June 2016

**Department of the Premier and Cabinet
Financial Statements
for the year ended 30 June 2016**

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	6
Statements by Major Departmental Services and Shared Service Providers	8
Notes to the Financial Statements	
<i>Section A: Notes about Comprehensive Income</i>	
A1: Revenue	10
A2: Expenses	11
<i>Section B: Notes about the Financial Position</i>	
B1: Cash and Cash Equivalents	13
B2: Receivables and Loans Receivable	14
B3: Intangible Assets	15
B4: Property, Plant and Equipment	16
B5: Payables and Accruals	21
B6: Interest Bearing Liabilities	21
B7: Accrued Employee Benefits	21
B8: Appropriations Recognised in Equity	22
<i>Section C: Notes about Risk and Other Accounting Uncertainties</i>	
C1: Financial Contingencies	22
C2: Financial Commitments	22
C3: Financial Risk Disclosures	22
C4: Events Occurring After Balance Date	25
<i>Section D: Notes about Performance Compared to Budget</i>	
D1: Budget to Actual Comparison – Statement of Comprehensive Income	26
D2: Budget to Actual Comparison – Statement of Financial Position	28
D3: Budget to Actual Comparison – Statement of Cash Flows	30
<i>Section E: Administered Activities</i>	
E1: Schedule of Administered Income, Expenses, Assets and Liabilities	32
E2: Administered Activities - Budget to Actual Comparison	35
<i>Section F: Additional information</i>	
F1: Objectives of the Department	37
F2: Key Management Personnel	38
F3: Basis of Financial Statement Preparation	41
Management Certificate	45
Independent Auditor's Report	46

**Department of the Premier and Cabinet
Statement of Comprehensive Income
for the year ended 30 June 2016**

	Notes	Economic Entity		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income from Continuing Operations					
Appropriation revenue	A1-1	208,474	157,950	208,474	157,950
User charges and fees	A1-2	36,010	14,016	34,851	13,054
Grants and other contributions	A1-3	24,138	6,839	5,326	4,387
Other revenue		3,125	2,144	2,813	2,055
Total Income from Continuing Operations		271,747	180,949	251,464	177,446
Expenses from Continuing Operations					
Employee expenses	A2-1	74,821	64,147	72,793	63,436
Supplies and services	A2-2	78,871	63,665	77,922	63,285
Grants and subsidies	A2-3	74,537	41,699	62,206	35,938
Depreciation and amortisation	B3 & B4	33,252	11,876	33,247	11,869
Impairment losses		-	79	-	79
Other expenses	A2-4	5,286	2,788	5,227	2,771
Total Expenses from Continuing Operations		266,767	184,254	251,395	177,378
Operating Result for the Year		4,980	(3,305)	69	68
Other Comprehensive Income					
Increase (decrease) in asset revaluation surplus	B4	56,639	-	56,639	-
Total Other Comprehensive Income		56,639	-	56,639	-
Total Comprehensive Income		61,619	(3,305)	56,708	68

The accompanying notes form part of these statements.

**Department of the Premier and Cabinet
Statement of Financial Position
as at 30 June 2016**

	Notes	Economic Entity		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current Assets					
Cash and cash equivalents	B1	36,126	24,820	24,599	17,760
Receivables and loans receivable	B2	8,073	8,033	7,277	7,933
Inventories		22	48	22	48
Prepayments		1,517	1,499	1,388	1,450
Total Current Assets		45,738	34,400	33,286	27,191
Non-current Assets					
Receivables and loans receivable	B2	5,235	943	5,315	948
Intangible assets	B3	2,937	3,166	2,937	3,166
Property, plant and equipment	B4	676,755	648,901	676,739	648,880
Total Non-current Assets		684,927	653,010	684,991	652,994
Total Assets		730,665	687,410	718,277	680,185
Current Liabilities					
Payables	B5	15,297	10,435	15,099	10,243
Interest-bearing liabilities	B6	1,251	2,404	1,251	2,404
Accrued employee benefits	B7	2,917	2,471	2,823	2,389
Unearned revenue		699	641	699	641
Total Current Liabilities		20,164	15,951	19,872	15,677
Non-current Liabilities					
Payables	B5	243	15	-	-
Interest-bearing liabilities	B6	5,242	949	5,242	948
Accrued employee benefits	B7	42	35	-	-
Total Non-current Liabilities		5,527	999	5,242	948
Total Liabilities		25,691	16,950	25,114	16,625
Net Assets		704,974	670,460	693,163	663,560
Equity					
Contributed equity		632,802	659,907	632,802	659,907
Accumulated surplus/deficit		15,533	10,553	3,722	3,653
Asset revaluation surplus		56,639	-	56,639	-
Total Equity		704,974	670,460	693,163	663,560

The accompanying notes form part of these statements.

Department of the Premier and Cabinet
Statement of Changes in Equity
for the year ended 30 June 2016

	Notes	Economic Entity		Parent Entity	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Contributed equity					
Balance as at 1 July		659,907	4,596	659,907	4,596
<i>Transactions with owners as owners:</i>					
Appropriated equity injections	B8	4,886	194	4,886	194
Non-Appropriated equity injections		-	79	-	79
Appropriated equity withdrawals	B8	(31,991)	(14,280)	(31,991)	(14,280)
Non-Appropriated equity withdrawals		-	(30)	-	(30)
Net assets transferred to other Government Entity (Queensland Health Renewal Taskforce)		-	(570)	-	(570)
Net assets transferred via MoG changes (AQ, CAA)		-	669,918	-	669,918
Balance as at 30 June		632,802	659,907	632,802	659,907
Accumulated Surplus					
Balance as at 1 July		10,553	13,858	3,653	3,585
<i>Operating Result:</i>					
Operating Result from Continuing Operations		4,980	(3,305)	69	68
Balance as at 30 June		15,533	10,553	3,722	3,653
Asset Revaluation Surplus					
Balance as at 1 July		-	-	-	-
<i>Other Comprehensive Income:</i>					
Increase (decrease) in asset revaluation surplus	B4	56,639	-	56,639	-
Balance as at 30 June		56,639	-	56,639	-

The accompanying notes form part of these statements.

**Department of the Premier and Cabinet
Statement of Cash Flows
for the year ended 30 June 2016**

	Notes	Economic Entity		Parent Entity	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
<i>Inflows:</i>					
Departmental services receipts	A1-1	206,019	159,595	206,019	159,595
User charges		36,570	17,323	35,208	16,333
Grants and other contributions		23,631	10,114	5,029	7,662
Interest receipts		610	122	137	26
GST input tax credits from ATO		12,820	10,427	11,828	9,963
GST collected from customers		4,219	2,395	4,139	2,362
Advances from other agencies		-	1,190	-	1,190
Other		2,041	944	2,041	944
<i>Outflows:</i>					
Employee expenses		(74,987)	(64,161)	(72,970)	(63,456)
Supplies and services		(75,224)	(66,193)	(74,142)	(65,787)
Grants and subsidies		(73,528)	(43,255)	(61,182)	(37,510)
Finance/borrowing costs		(425)	(26)	(137)	(26)
Insurance premiums		(14)	(31)	-	(31)
GST paid to suppliers		(14,091)	(11,197)	(12,800)	(10,598)
GST remitted to ATO		(4,084)	(2,135)	(4,015)	(2,103)
Advances to other agencies		(67)	-	(67)	-
Other		(572)	(166)	(863)	(166)
Net cash provided by operating activities	CF1	42,918	14,947	38,225	18,399
Cash flows from investing activities					
<i>Inflows:</i>					
Sales of property, plant and equipment		2	-	2	-
Receipts from loans		2,233	1,170	2,618	1,598
<i>Outflows:</i>					
Payments for property, plant and equipment	B4	(4,085)	(174)	(4,085)	(174)
Payments for intangibles	B3	(273)	(1,768)	(273)	(1,768)
Payments for loans		(5,597)	(2,306)	(5,734)	(2,735)
Net cash used in investing activities		(7,720)	(3,078)	(7,472)	(3,079)
Cash flows from financing activities					
<i>Inflows:</i>					
Equity injections	B8	4,886	273	4,886	273
Borrowings		5,731	2,735	5,734	2,735
<i>Outflows:</i>					
Equity withdrawals	B8	(31,941)	(14,310)	(31,941)	(14,310)
Borrowing redemptions		(2,568)	(1,597)	(2,593)	(1,597)
Net cash used in financing activities		(23,892)	(12,899)	(23,914)	(12,899)
Net increase (decrease) in cash and cash equivalents		11,306	(1,030)	6,839	2,421
Net cash transferred resulting from MoG changes		-	11,281	-	11,281
Cash and cash equivalents at beginning of financial year		24,820	14,569	17,760	4,058
Cash and cash equivalents at end of financial year	B1	36,126	24,820	24,599	17,760

The accompanying notes form part of these statements.

**Department of the Premier and Cabinet
Notes to the Statement of Cash Flows
for the year ended 30 June 2016**

CF1 Reconciliation of Operating Results to Net Cash from Operating Activities

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Operating surplus/(deficit)	4,980	(3,305)	69	68
Non-cash items:				
Depreciation and amortisation expense	33,252	11,876	33,247	11,869
Loss on disposal of plant and equipment	105	-	105	-
Impairment Loss	-	79	-	79
Impairment Reversal	(41)	-	(41)	-
Revaluation decrement	1	-	1	-
Bad debts expense	32	-	15	-
Change in assets and liabilities:				
(Increase)/decrease in departmental services revenue receivable	-	1,595	-	1,595
(Decrease)/increase in deferred appropriation refundable to Consolidated Fund	(2,035)	2,455	(2,035)	2,455
(Increase)/decrease in trade debtors	(393)	2,436	(320)	2,473
(Increase)/decrease in other receivables	(656)	1,319	(656)	1,500
(Increase)/decrease in GST receivable	(533)	(1,169)	(238)	(1,007)
(Increase)/decrease in long service leave reimbursement receivable	138	(131)	138	(131)
(Increase)/decrease in annual leave reimbursement receivables	496	(491)	496	(491)
(Increase)/decrease in inventories	26	(17)	26	(17)
(Increase)/decrease in other current assets	(18)	(1,102)	62	(1,053)
Increase/(decrease) in GST payable	(81)	393	(65)	359
Increase/(decrease) in payables	7,134	(408)	6,929	(600)
Increase/(decrease) in accrued employee benefits	453	776	434	659
Increase/(decrease) in other current liabilities	58	641	58	641
Net cash from operating activities	42,918	14,947	38,225	18,399

Department of the Premier and Cabinet
Statement of Comprehensive Income by Major Departmental Services and Shared Service Providers
for the year ended 30 June 2016

	Policy Advice, Coordination and Cabinet Support		Government Executive Support		Legislative Drafting and e-Publishing		Public Sector Renewal		Arts Queensland		Corporate Administration Agency		General Not Attributed ¹ & Inter-departmental Elimination		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income from Continuing Operations																
Appropriation revenue	47,456	42,309	50,367	62,049	13,288	13,281	-	9,024	96,053	30,088	185	74	1,125	1,125	208,474	157,950
User charges and fees	38	20	1,979	2,185	46	126	-	3	21,252	7,236	12,665	3,519	(35)	(35)	34,851	13,054
Grants and other contributions	409	4	4,389	1,567	46	-	-	2,389	399	481	82	-	1	(54)	5,326	4,387
Other revenue	400	575	636	341	62	83	-	30	1,616	980	99	46	-	-	2,813	2,055
Total Income from Continuing Operations	48,303	42,908	57,371	66,142	13,442	13,490	-	11,446	119,320	38,785	13,031	3,639	(3)	1,036	251,464	177,446
Expenses from Continuing Operations																
Employee expenses	24,179	22,538	17,253	19,176	8,985	9,486	-	4,521	14,145	4,441	7,266	2,391	965	883	72,793	63,436
Supplies and services	9,935	10,799	26,004	26,337	4,012	3,720	-	6,795	33,579	14,375	5,464	1,120	(1,072)	139	77,922	63,285
Grants and subsidies	13,224	8,607	9,988	18,246	98	13	-	6	38,882	9,066	1	-	13	-	62,206	35,938
Depreciation and amortisation	522	434	319	334	265	236	-	80	31,921	10,668	148	49	72	68	33,247	11,869
Other expenses	443	530	3,807	2,049	82	35	-	44	725	122	150	70	20	-	5,227	2,850
Total Expenses from Continuing Operations	48,303	42,908	57,371	66,142	13,442	13,490	-	11,446	119,253	38,672	13,029	3,630	(3)	1,090	251,395	177,378
Operating Result from Continuing Operations	-	-	-	-	-	-	-	-	67	113	2	9	-	(54)	69	68
Other Comprehensive Income																
Increase (decrease) in asset revaluation surplus	-	-	-	-	-	-	-	-	56,639	-	-	-	-	-	56,639	-
Total Other Comprehensive Income	-	-	-	-	-	-	-	-	56,639	-	-	-	-	-	56,639	-
Total Comprehensive Income	-	-	-	-	-	-	-	-	56,706	113	2	9	-	(54)	56,708	68

1. Includes Corporate Support Services provided to the Public Service Commission and Office of the Governor

Department of the Premier and Cabinet
Statement of Assets and Liabilities by Major Departmental Services and Shared Service Providers
as at 30 June 2016

	Policy Advice, Coordination and Cabinet Support		Government Executive Support		Legislative Drafting and e-Publishing		Arts Queensland		Corporate Administration Agency		Inter- departmental Service Elimination		Total		
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000
Current Assets															
Cash and cash equivalents	2,194	4,362	12,525	3,785	147	1,763	6,300	4,292	3,433	3,558	-	-	24,599	17,760	
Receivables and loans receivable	1,006	1,027	1,281	1,118	189	304	3,747	4,641	1,198	960	(144)	(117)	7,277	7,933	
Inventories	-	-	15	40	-	-	7	8	-	-	-	-	22	48	
Prepayments	45	134	387	157	2	175	-	-	954	984	-	-	1,388	1,450	
Total Current Assets	3,245	5,523	14,208	5,100	338	2,242	10,054	8,941	5,585	5,502	(144)	(117)	33,286	27,191	
Non-current Assets															
Receivables and loans receivable	-	-	-	-	-	-	5,315	948	-	-	-	-	5,315	948	
Intangible assets	447	574	214	384	2,276	2,153	-	-	-	55	-	-	2,937	3,166	
Property, plant and equipment	34	152	113	585	46	126	676,399	647,722	147	295	-	-	676,739	648,880	
Total Non-current Assets	481	726	327	969	2,322	2,279	681,714	648,670	147	350	-	-	684,991	652,994	
Total Assets	3,726	6,249	14,535	6,069	2,660	4,521	691,768	657,611	5,732	5,852	(144)	(117)	718,277	680,185	
Current Liabilities															
Payables	783	646	11,272	5,843	484	889	2,439	2,525	265	457	(144)	(117)	15,099	10,243	
Interest-bearing liabilities	-	-	-	-	-	-	1,251	2,404	-	-	-	-	1,251	2,404	
Accrued employee benefits	940	732	764	727	327	332	512	375	280	223	-	-	2,823	2,389	
Unearned revenue	-	-	-	-	-	-	90	45	609	596	-	-	699	641	
Total Current Liabilities	1,723	1,378	12,036	6,570	811	1,221	4,292	5,349	1,154	1,276	(144)	(117)	19,872	15,677	
Non-current Liabilities															
Interest-bearing liabilities	-	-	-	-	-	-	5,242	948	-	-	-	-	5,242	948	
Total Non-current Liabilities	-	-	-	-	-	-	5,242	948	-	-	-	-	5,242	948	
Total Liabilities	1,723	1,378	12,036	6,570	811	1,221	9,534	6,297	1,154	1,276	(144)	(117)	25,114	16,625	

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

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

A Comprehensive Income

A1 Revenue

A1-1 Appropriation Revenue

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

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Budgeted appropriation revenue	215,600	122,763	215,600	122,763
Transfer from/(to) other departments (redistribution of public business)	-	36,789	-	36,789
Transfer from/(to) other headings	(7,738)	-	(7,738)	-
Lapsed departmental services appropriation	(1,843)	-	(1,843)	-
Unforeseen expenditure	-	43	-	43
Total appropriation receipts (Cash)	206,019	159,595	206,019	159,595
Less: Opening balance of appropriation receivable	-	(1,645)	-	(1,645)
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	2,455	-	2,455	-
Less: Closing balance of deferred appropriation payable to Consolidated Fund	(420)	(2,455)	(420)	(2,455)
Net Appropriation Revenue	208,054	155,495	208,054	155,495
Plus: Deferred appropriation refundable to Consolidated Fund (expenses)	420	2,455	420	2,455
Appropriation Revenue recognised in the Statement of Comprehensive Income	208,474	157,950	208,474	157,950

Appropriations provided under the *Appropriation Act 2015* are recognised as revenue when received. Where an appropriation receivable or payable has been recorded in the financial statements as at 30 June 2016, this has been approved by Queensland Treasury.

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

A1-2 User Charges and Fees

Corporate services partnership agreements	12,866	4,967	12,866	4,967
Facility services revenue	11,663	4,149	11,663	4,149
Car park revenue	7,892	2,683	7,892	2,683
Sales of goods/services	610	316	610	316
Other	2,979	1,901	1,820	939
Total	36,010	14,016	34,851	13,054

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

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

A1-3 Grants and Other Contributions	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Contributions from Queensland Government departments	19,634	5,326	1,032	2,876
Commonwealth contributions	3,717	324	3,507	322
Events sponsorship	787	1,189	787	1,189
Total	24,138	6,839	5,326	4,387

All Grants, contributions, donations and gifts were non-reciprocal in nature are recognised as revenue in the year in which the department obtains control over them (control is generally obtained at the time of receipt).

A2 Expenses

A2-1 Employee Expenses

Employee Benefits

Wages and salaries	58,429	48,813	56,681	48,233
Employer superannuation contributions	7,440	6,092	7,278	6,037
Annual leave levy	5,615	4,687	5,603	4,667
Long service leave levy	1,299	1,085	1,292	1,075
Professional development and study assistance	633	884	607	872
Termination benefits	429	1,123	429	1,106
Fringe Benefits Tax	415	422	405	424

Employee Related Expenses

Workers' compensation premium	215	129	210	129
Payroll Tax	48	13	-	-
Other	298	899	288	893
Total	74,821	64,147	72,793	63,436

Number of Full Time Equivalent (FTE) Employees	659	643	639	624
--	-----	-----	-----	-----

FTE employees are calculated based on the Minimum Obligatory Human Resources Information (MOHRI) method.

In addition to the reported FTEs above, the department employed 5 FTE employees engaged in the provision of corporate services to other agencies in 2015-16 (3 FTE employees in 2014-15).

Wages and salaries due but not paid at 30 June are recognised at current salary rates.

Sick leave is non-vesting with an expense recognised when leave is taken.

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the Treasurer on advice from the State Actuary. Contributions are expensed in the period in which they are paid or payable. The department's obligation is limited to its contribution to QSuper. The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole-of-Government and General Government Sector Financial Reporting*.

Under the Queensland Government's Annual Leave Central Scheme and Long Service Leave Central Scheme, a levy is made on the department to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. 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.

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

Key management personnel and remuneration disclosures are detailed in Note F2.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

A2-2 Supplies and Services	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Building maintenance	19,293	9,222	19,293	9,222
Building services	17,756	11,483	17,521	11,405
Professional services	13,011	5,965	12,874	5,965
Information technology bureau services	8,799	5,437	8,688	5,405
Consultants and contractors	7,818	12,289	7,818	12,259
Advertising and communications	4,930	12,710	4,796	12,641
Outsourced corporate support	1,515	1,678	1,515	1,678
Travel	891	831	765	764
Hospitality and official functions	372	408	359	402
Other	4,486	3,642	4,293	3,544
Total	78,871	63,665	77,922	63,285

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 value to the value of the consideration exchanged for those goods or services. Where this is not the substance of the arrangement, the transaction is classified as a grant in Note A2-3.

A2-3 Grants and Subsidies

Recurrent

Grants to private sector entities	39,350	12,814	27,019	7,053
Grants to government entities and statutory bodies	23,239	15,886	23,239	15,886
Grants to individuals	141	130	141	130
Total recurrent	62,730	28,830	50,399	23,069

Capital

Grants to government entities and statutory bodies	3,228	6,843	3,228	6,843
Grants to private sector entities	652	1,139	652	1,139
Total capital	3,880	7,982	3,880	7,982

Subsidy payments

Contributions	6,265	793	6,265	793
Sponsorships	1,061	2,195	1,061	2,195
Donations and gifts made	601	1,899	601	1,899
Total subsidy payments	7,927	4,887	7,927	4,887
Total	74,537	41,699	62,206	35,938

Grants are classified as either non-reciprocal or reciprocal in nature. Non-reciprocal grants occur when a payment or contribution made to an organisation or person is not required to be repaid or reciprocated, but which must be spent by the recipient for a specific purpose. Accordingly, non-reciprocal grant payments are expensed when the payment is made. Non-reciprocal grants expensed in 2015-16 totalled \$47.72m (\$60.10m Economic Entity).

Where the grant payment is reciprocal in nature, an asset (prepayment) is recognised when the payment is made. This prepayment is expensed as the grant recipient satisfies the performance obligations under the funding agreement. Reciprocal grants expensed in 2015-16 totalled \$6.56m (\$6.56m Economic Entity).

A subsidy payment is a payment or contribution made to an organisation or person which is not repaid or reciprocated.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

A2-4 Other Expenses

	Economic Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Deferred revenue refundable to other entities	3,500	-	3,500	-
Insurance premiums - QGIF	440	36	425	31
Deferred appropriation refundable to Consolidated Fund	420	2,405	420	2,405
External audit fees*	318	225	289	214
Interest	134	26	137	26
Losses from disposal of property, plant and equipment	105	-	105	-
Ex-gratia payments	11	-	11	-
Other	358	96	340	95
Total	5,286	2,788	5,227	2,771

*Total audit fees quoted by the Queensland Audit Office relating to the 2015-16 financial statements was \$408 700 (2015: \$365 500). The provision of audit services to Ministerial Offices and Office of the Leader of the Opposition was included in this quote.

There are no non-audit services included in the amount.

B Statement of Financial Position

B1 Cash and Cash Equivalents

Imprest accounts	34	34	33	34
Cash at bank and on hand	36,092	24,786	24,566	17,726
Total	36,126	24,820	24,599	17,760

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June 2016 as well as deposits at call with financial institutions.

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

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

B2 Receivables and Loans Receivable

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Trade debtors	2,919	2,526	2,809	2,489
Advances	200	200	200	200
Less: Allowance for impairment loss	(200)	(200)	(200)	(200)
Net Advances	-	-	-	-
GST input tax credits receivable	1,821	1,288	1,364	1,126
GST payable	(312)	(393)	(294)	(359)
Net GST	1,509	895	1,070	767
Loan receivable	1,498	2,364	1,251	2,429
Annual leave reimbursements	833	1,329	833	1,329
Accrued Receivable	564	384	564	384
Long service leave reimbursements	201	339	201	339
Appropriation equity receivable	-	50	-	50
Other receivables	549	146	549	146
Total current receivables and loans receivable	8,073	8,033	7,277	7,933
Non-current				
Loans receivable	5,162	943	5,242	948
Other receivables	73	-	73	-
Total non-current receivables and loans receivable	5,235	943	5,315	948

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

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

Loans receivable are represented solely by the Revolving Film Finance Fund (RFFF). The RFFF provides secured loans to cash flow film and television productions and for infrastructure projects that will benefit the film and television industry. It is administered by Screen Queensland (SQ) on behalf of the Government. All funds are drawn from the Queensland Treasury Corporation (QTC). Applicants apply for the loan through SQ and once approved, AQ recognise a loan receivable and payable (Note B6) with interest (charged at an interest rate equivalent to the QTC government debt pool rate) passed onto SQ. This means that all costs incurred by AQ in managing the RFFF are passed onto SQ. The weighted average QTC borrowing rate for the year ended 30 June 2016 was 2.83%, ranging from 2.28% to 3.05%.

Non-current other receivables relates to property rent incentives and is amortised over the life of each lease agreement. No interest is charged and no security is obtained.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

B3 Intangible Assets	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Software Internally Generated				
At cost	5,507	5,622	5,507	5,622
Less: Accumulated amortisation	(2,752)	(3,219)	(2,752)	(3,219)
Less: Accumulated impairment losses	-	(7)	-	(7)
Total Software Internally Generated	2,755	2,396	2,755	2,396
Software Work in Progress				
At cost	182	770	182	770
Total Software Work in Progress	182	770	182	770
Total	2,937	3,166	2,937	3,166

Intangible Assets Reconciliation	Software Internally Generated		Software WIP		Total	
	2016	2015	2016	2015	2016	2015
Economic Entity	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	2,396	1,216	770	1,209	3,166	2,425
Acquisitions	-	-	273	1,713	273	1,713
Acquisitions through restructures/MoG	-	-	-	55	-	55
Net assets transferred to other Government Entities (Queensland Health Renewal Taskforce)	-	(570)	-	-	-	(570)
Transfers between classes	806	2,207	(806)	(2,207)	-	-
Impairment losses	-	(7)	-	-	-	(7)
Impairment reversal	7	-	-	-	7	-
Transfers out to operating expense	-	-	(55)	-	(55)	-
Amortisation	(455)	(450)	-	-	(455)	(450)
Carrying amount at 30 June	2,755	2,396	182	770	2,937	3,166
Parent Entity						
Carrying amount at 1 July	2,396	1,216	770	1,209	3,166	2,425
Acquisitions	-	-	273	1,713	273	1,713
Acquisitions through restructures/MOG	-	-	-	55	-	55
Net assets transferred to other Government Entities (Queensland Health Renewal Taskforce)	-	(570)	-	-	-	(570)
Transfers between classes	806	2,207	(806)	(2,207)	-	-
Impairment losses	-	(7)	-	-	-	(7)
Impairment reversal	7	-	-	-	7	-
Transfers out to operating expense	-	-	(55)	-	(55)	-
Amortisation	(455)	(450)	-	-	(455)	(450)
Carrying amount at 30 June	2,755	2,396	182	770	2,937	3,166

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

B3-1 Recognition and Measurement

Intangible assets of the department comprise purchased software and internally developed software.

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

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

Costs associated with the internal development of computer software are capitalised and amortised under the amortisation policy below.

B3-2 Amortisation Expense, Measurement and Impairment

Intangible assets are assessed for impairment and remaining useful life on an annual basis.

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. Straight line amortisation is used reflecting the expected consumption of economic benefits on a progressive basis over the intangible's useful life. The residual value of all the department's intangible assets is zero.

Key Estimate: Intangible are amortised on a straight-line basis between 5-33%.

B4 Property, Plant and Equipment

B4-1 Closing balances and reconciliation of carrying amounts

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Plant and Equipment				
At cost plant and equipment	7,429	6,840	7,335	6,746
Less: Accumulated depreciation	(5,318)	(5,283)	(5,240)	(5,210)
Less: Accumulated impairment losses	-	(71)	-	(71)
At cost leasehold improvements	-	2,739	-	2,739
Less: Accumulated depreciation	-	(1,085)	-	(1,085)
Total Plant and Equipment	2,111	3,140	2,095	3,119
Land				
At fair value	269,100	241,700	269,100	241,700
Total Land	269,100	241,700	269,100	241,700
Buildings				
At fair value	256,657	916,718	256,657	916,718
Less: Accumulated depreciation	(127,629)	(513,473)	(127,629)	(513,473)
Total Buildings	129,028	403,245	129,028	403,245
Heritage and Cultural Assets				
At fair value	733,268	125	733,268	125
Less: Accumulated depreciation	(460,467)	-	(460,467)	-
Total Heritage and Cultural Assets	272,801	125	272,801	125
Capital works in progress				
At cost - Buildings	3,715	691	3,715	691
Total Capital works in progress	3,715	691	3,715	691
Total	676,755	648,901	676,739	648,880

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

Property, Plant and Equipment Reconciliation

Economic Entity	Plant and Equipment	Capital Works in Progress	Land	Building	Heritage and Cultural Assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2015	3,140	691	241,700	403,245	125	648,901
Acquisitions	33	3,625	-	-	427	4,085
Disposals	(16)	-	-	-	(90)	(106)
Transfers between asset classes*	-	(601)	-	(275,052)	275,653	-
Net revaluation increments/(decrements)	-	-	27,400	9,414	19,824	56,638
Impairment reversals	34	-	-	-	-	34
Depreciation/amortisation	(1,080)	-	-	(8,579)	(23,138)	(32,797)
Carrying amount at 30 June 2016	2,111	3,715	269,100	129,028	272,801	676,755
Carrying amount at 1 July 2014	1,573	12	-	-	-	1,585
Acquisitions	59	115	-	-	-	174
Transfers between asset classes	86	(86)	-	-	-	-
Acquisitions through restructures/MoG	2,320	650	241,700	413,845	125	658,640
Impairment losses	(72)	-	-	-	-	(72)
Impairment reversals	1	-	-	-	-	1
Depreciation/amortisation	(827)	-	-	(10,600)	-	(11,427)
Carrying amount at 30 June 2015	3,140	691	241,700	403,245	125	648,901
Parent Entity						
Carrying amount at 1 July 2015	3,119	691	241,700	403,245	125	648,880
Acquisitions	33	3,625	-	-	427	4,085
Disposals	(16)	-	-	-	(90)	(106)
Transfers between asset classes*	-	(601)	-	(275,052)	275,653	-
Net revaluation increments/(decrements)	-	-	27,400	9,414	19,824	56,638
Impairment reversals	34	-	-	-	-	34
Depreciation/amortisation	(1,075)	-	-	(8,579)	(23,138)	(32,792)
Carrying amount at 30 June 2016	2,095	3,715	269,100	129,028	272,801	676,739
Carrying amount at 1 July 2014	1,545	12	-	-	-	1,557
Acquisitions	59	115	-	-	-	174
Transfers between asset classes	86	(86)	-	-	-	-
Acquisitions through restructures/MoG	2,320	650	241,700	413,845	125	658,640
Impairment losses	(72)	-	-	-	-	(72)
Impairment reversals	1	-	-	-	-	1
Depreciation/amortisation	(820)	-	-	(10,600)	-	(11,420)
Carrying amount at 30 June 2015	3,119	691	241,700	403,245	125	648,880

*As a result of the heritage listing of the South Bank Cultural Precinct on 12 June 2015, the decision was made to reclassify assets impacted from Building Assets to Heritage and Cultural Buildings from 1 July 2015.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

B4-2 Recognition and Acquisition

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

Land	\$1
Buildings	\$10,000
Leasehold improvements	\$10,000
Heritage and cultural assets	
Buildings	\$5,000
Other	\$5,000
Plant and equipment	\$5,000

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

Expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of the existing asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

The department has a comprehensive annual maintenance program for its buildings and heritage buildings.

Cost of Acquisition. Cost is used for the initial recording of all property, plant and equipment acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees.

B4-3 Measurement Using Historical Cost

Plant and equipment is measured at cost in accordance with the Queensland Treasury's Non-current asset policies (NCAP's). Separately identifiable components of assets such as those used for buildings and heritage buildings are measured on the same basis as the assets to which they relate. Asset components used for building and heritage buildings are defined in the Strategic Asset Management Framework (SAMF) Best practice guidelines for the management of Queensland Government buildings and in particular the Maintenance Management Framework which assists departments to distinguish components which form part of a building from those which do not.

B4-4 Measurement Using Fair Value

The department, through Arts Queensland (AQ) owns, land and buildings of arts and cultural significance at sites in Fortitude Valley and the Cultural Precinct, South Brisbane. Some of the buildings at the Cultural Precinct are subject to heritage listing. Those heritage listed buildings are designated as heritage and cultural assets.

Land, buildings, and heritage and cultural assets are measured at fair value as required by NCAPs for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at reporting date, less any accumulated depreciation and accumulated impairment losses where applicable.

The cost of items acquired during the financial year has been judged by management of the department to materially represent their fair value at the end of the reporting period.

Revaluations using independent professional valuers are undertaken at least once every five years. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal.

Use of indices. Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices. The department ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date. The State Valuation Service (SVS) supplies the indices used for the various types of assets. Such indices are either publicly available, or are derived from market information available to SVS. SVS provides assurance of their robustness, validity and appropriateness for application to the relevant assets.

The department, through AQ engaged SVS in April 2016 to perform a comprehensive market valuation of land, artwork assets and an indexed valuation of building assets. SVS is registered under the Queensland Valuers Registration Act 1992 and are Certified Practising Valuers experienced in valuation approaches for financial reporting to satisfy AASB13. The effective date of the valuation was 30 June 2016.

Key Judgement: The valuation process has been undertaken with regard to AASB13. The principal and most advantageous market assumption is that property sales derived from the Queensland Property Market are used to determine valuations. Market participant assumptions are also made in the valuation process that market participants would not sell less than/buy higher than the current market value. Highest and best use assumptions have been made on the characteristics of the assets concerned, including restrictions on the use and disposal of assets arising from the asset's physical nature and any applicable legislative/contractual restrictions on use.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

Asset Class	Land	Buildings	Heritage and Cultural Assets	
			Buildings	Other ¹
Revaluation Method	Comprehensive	Indexation	Indexation	Comprehensive
Revaluation Date	May 2016	May 2016	May 2016	May 2016
Prior Comprehensive Revaluation Date	Feb 2015	Jun 2012	Jun 2012	Feb 2015
Next Comprehensive Revaluation Date	2016-17	2016-17	2016-17	2016-17
Assessed Assets Level	2	3	3	3
Index rate	n/a	7.87%	7.87%	n/a
Revised Fair Value	\$269 million	\$129 million	\$273 million	\$0.034 million

1. Includes three paintings and one sculpture.

All assets of the department for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

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

None of the department's valuations of assets are eligible for categorisation into level 1 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

Level 3 Fair Value Measurement - Reconciliation

	Buildings		Heritage and Cultural Assets				Total	
	2016	2015	Buildings		Other		2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Economic Entity								
Carrying amount at 1 July	403,245	-	-	-	125	-	403,370	-
Acquisitions	-	-	427	-	-	-	427	-
Acquisitions through restructures/MoG	-	413,846	-	-	-	125	-	413,971
Disposals	-	-	-	-	(90)	-	(90)	-
Transfers	(275,052)	-	275,653	-	-	-	601	-
Net Revaluation increments/(decrements)	9,414	-	19,825	-	(1)	-	29,238	-
Depreciation for period	(8,579)	(10,601)	(23,138)	-	-	-	(31,717)	(10,601)
Carrying amount as at 30 June	129,028	403,245	272,767	-	34	125	401,829	403,370
Parent Entity								
Carrying amount at 1 July	403,245	-	-	-	125	-	403,370	-
Acquisitions	-	-	427	-	-	-	427	-
Acquisitions through restructures/MoG	-	413,846	-	-	-	125	-	413,971
Disposals	-	-	-	-	(90)	-	(90)	-
Transfers	(275,052)	-	275,653	-	-	-	601	-
Net Revaluation increments/(decrements)	9,414	-	19,825	-	(1)	-	29,238	-
Depreciation for period	(8,579)	(10,601)	(23,138)	-	-	-	(31,717)	(10,601)
Carrying amount as at 30 June	129,028	403,245	272,767	-	34	125	401,829	403,370

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

B4-5 Depreciation Expense

Depreciation of property, plant and equipment is performed on a straight-line basis with the exception of land, heritage and cultural assets (other) and assets under construction as these classes of assets are not depreciated. Land is not depreciated as it has unlimited useful life. Heritage and cultural assets (other) are not depreciated as their service potential is not expected to diminish with time or use. Heritage buildings do have a service potential that could diminish over time and are therefore depreciated accordingly. Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment.

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

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

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly. Separately identifiable components only exist in the Buildings and Heritage Buildings asset classes of the department.

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

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

Land	nil
Buildings	1.5-25%
Leasehold improvements	10-33%
Heritage and cultural assets	
Buildings	1.5-25%
Other	nil
Plant and equipment:	
Computer hardware	10-33%
Computer software	10-33%
Office equipment	10-33%
Furniture and fixtures	10-23%

B4-6 Impairment

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

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

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

Key Judgement – Impairment Indicators: External and internal impairment indicator assessment is performed in consultation with Arts Queensland Property and Facilities management. Due to the heritage listing of the South Bank Cultural Precinct on 12 June 2015, a Conservation Management Plan (CMP) was initiated. The results of the CMP are not due to be published until December 2016. This factor represents a key judgement relating to Cultural Precinct assets in scope of the CMP.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

B5 Payables and Accruals	Economic Entity		Parent Entity	
	2016	2015	2016	2015
Current	\$'000	\$'000	\$'000	\$'000
Trade creditors and accruals	9,973	7,281	9,775	7,089
Deferred revenue refundable to other entities	3,500	-	3,500	-
Grants and subsidies payable	873	220	873	220
Deferred appropriation refundable to Consolidated Fund	420	2,455	420	2,455
Other	531	479	531	479
Total Current Payables	15,297	10,435	15,099	10,243
Non-Current				
Other	243	15	-	-
Total Non-Current Payables	243	15	-	-

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.

B6 Interest Bearing Liabilities

Queensland Treasury Corporation borrowings - Current	1,251	2,404	1,251	2,404
Queensland Treasury Corporation borrowings - Non-current	5,242	949	5,242	948
Total Interest Bearing Liabilities	6,493	3,353	6,493	3,352

Interest bearing liabilities are recognised at cost, plus any establishment expenses.

Interest and borrowing administration costs are recognised as an expense as they accrue. No interest has been capitalised during the current or comparative reporting period. There have been no defaults or breaches of the loan agreements during the period. Repayment dates vary from one to five years. Principal and interest repayments were made quarterly in arrears. The weighted average QTC borrowing rate was 2.83%, ranging from 2.28% to 3.05%.

The fair value of Interest bearing liabilities are set out in Note C3.

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise.

B7 Accrued Employee Benefits

Current				
Long service leave levy payable	298	315	298	315
Annual leave levy payable	1,599	1,604	1,505	1,522
Accrued salaries and wages	1,020	552	1,020	552
Total Current	2,917	2,471	2,823	2,389
Non-Current				
Accrued Long service leave	42	35	-	-
Total Non-Current	42	35	-	-

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

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.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

B8 Appropriations Recognised in Equity	Economic Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Transfer from/(to) other departments (redistribution of public business)	-	(21,614)	-	(21,614)
Transfer from/(to) other headings	(23,539)	-	(23,539)	-
Lapsed equity adjustment	(3,516)	-	-	-
Unforeseen expenditure	-	7,478	(3,516)	7,478
Equity adjustment receipts (payment)	(27,055)	(14,136)	(27,055)	(14,136)
Less: Opening balance of equity adjustment receivable	(50)	-	(50)	-
Plus: Closing balance of equity adjustment receivable	-	50	-	50
Equity adjustment recognised in Contributed Equity	(27,105)	(14,086)	(27,105)	(14,086)

C Risk and Other Accounting Uncertainties

C1 Financial Contingencies

There are currently no insurance claims against the department. There are no legal actions that have been undertaken by the department at reporting date.

C2 Financial Commitments

C2-1 Non-Cancellable Operating Lease Commitments

Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are payable as follows:

Not later than one year	212	195	-	-
Later than one year and not later than five years	510	708	-	-
Total Non-Cancellable Operating Leases	722	903	-	-

C2-2 Capital Expenditure Commitments

Commitments for capital expenditure at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

Not later than one year	16,718	19,989	16,718	19,989
Later than one year and not later than five years	13,556	10,854	13,556	10,854
Total Capital Expenditure Commitments	30,274	30,843	30,274	30,843

C3 Financial Risk Disclosures

C3-1 Financial Instruments Categories

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

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

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

	Note	Economic Entity		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial Assets					
Cash and cash equivalents	B1	36,126	24,820	24,599	17,760
Receivables and loans receivable	B2	13,308	8,976	12,592	8,881
Total Financial Assets		49,434	33,796	37,191	26,641
Financial Liabilities					
Payables	B5	15,540	10,450	15,099	10,243
Interest bearing liabilities - QTC borrowings	B6	6,493	3,353	6,493	3,352
Total Financial Liabilities		22,033	13,803	21,592	13,595

C3-2 Financial Risk Management

a) Risk Exposure

The Department of the Premier and Cabinet's activities expose it to a variety of financial risks as set out in the following table:

Risk Exposure	Definition	Exposure
Credit risk	Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	<p>The department has material exposure to credit risk 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. There is minimal credit risk exposure for all other financial assets.</p> <p>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.</p>
Liquidity risk	Liquidity risk refers to the situation where the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The department has immaterial exposure to liquidity risk due to the significant asset to liability ratio.
Market risk	<p>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.</p> <p>Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.</p>	<p>The department has immaterial exposure to market risk. Interest bearing liabilities associated with the RFFF are transacted with QTC on a variable rate basis.</p> <p>The department is exposed to interest rate risk through its borrowings from Queensland Treasury Corporation.</p>

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

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

b) Risk Measurement and Management Strategies

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

Risk Exposure	Measurement Method	Risk Management Strategies
Credit risk	Ageing analysis, earning at risk	The department, through Screen Queensland mitigates material credit risk for film assistance loans through a credit management strategy. The strategy involves the SQ board approving all new loan arrangements after a comprehensive application process. On-going monitoring also occurs. All loan arrangements are on a secured, fixed term, interest bearing basis. The security is a fixed and floating charge over the assets of the borrower held by SQ.
Liquidity risk	Sensitivity analysis	The department manages immaterial liquidity risk through a combination of regular fortnightly appropriation payments from the Consolidated Fund, and when required, loan drawdowns for major projects based on an already agreed borrowings program with Queensland Treasury. This strategy reduces the exposure to liquidity risk by ensuring the department has sufficient funds available to meet its obligations when they fall due.
Market risk	Interest rate sensitivity analysis	The department does not undertake any hedging in relation to interest risk and manages its risk as per the department's risk management strategy articulated in the department's Financial Management Practice Manual.

C3-3 Maximum Credit Risk Exposure Where Carrying Amounts Do Not Equal Contractual Amounts

The maximum material exposure to credit risk at balance date for receivables is the gross carrying amount of those assets inclusive of any provisions for impairment.

C3-4 Liquidity Risk – Contractual Maturity of Financial Liabilities

The following table represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date.

	Economic Entity				Parent Entity			
	Payable in			Total	Payable in			Total
	< 1 year	1-5 years	> 5 year		< 1 year	1-5 years	> 5 year	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities								
2016	16,548	5,485	-	22,033	16,350	5,242	-	21,592
2015	12,839	964	-	13,803	12,647	948	-	13,595

C3-5 Financial Assets

The collectability of receivables is assessed periodically with provision being made where receivables are impaired.

SQ holds a fixed and floating charge over the assets of the borrower for film assistance loans. No security is held for any other financial assets

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.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

Ageing of past due are disclosed in the following tables:

2016 Financial Assets Past Due

	Economic Entity					Parent Entity				
	Overdue					Overdue				
	Less than 30 Days	30 - 60 Days	61-90 Days	More than 90 Days	Total	Less than 30 Days	30 - 60 Days	61-90 Days	More than 90 Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets										
2016	880	340	34	40	1,294	880	340	34	37	1,291
2015	875	18	48	30	971	875	18	48	-	941

C3-6 Fair Value

All financial assets and liabilities are measured at cost. The market rate of borrowings is notified by the Queensland Treasury Corporation and is calculated using a weighted average rate. For the year ended 30 June 2016, the weighted average borrowing rate was 2.83% (ranging from 2.28% to 3.05%).

	Economic Entity				Parent Entity			
	2016		2015		2016		2015	
	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	6,660	6,660	3,307	3,307	6,493	6,647	3,377	3,380
Total	6,660	6,660	3,307	3,307	6,493	6,647	3,377	3,380
Financial Liabilities								
Interest-bearing liabilities	6,493	6,647	3,353	3,353	6,493	6,647	3,352	3,354
Total	6,493	6,647	3,353	3,353	6,493	6,647	3,352	3,354

Refer to note B2 with respect to existing loan arrangements between AQ and SQ.

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

C4 Events Occurring after Balance Date

There are no major events which occurred after 30 June 2016.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

D Performance Compared to Budget

D1 Budget to Actual Comparison – Statement of Comprehensive Income

	Variance Notes	Budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance % of Budget
Income from Continuing Operations					
Appropriation revenue		215,600	208,474	(7,126)	(3%)
User charges and fees	1	31,756	34,851	3,095	10%
Grants and other contributions	2	364	5,326	4,962	>100%
Other revenue	3	228	2,813	2,585	>100%
Total Income from Continuing Operations		247,948	251,464	3,516	1%
Expenses from Continuing Operations					
Employee expenses		74,963	72,793	(2,170)	(3%)
Supplies and services	4	71,155	77,922	6,767	10%
Grants and subsidies		66,551	62,206	(4,345)	(7%)
Depreciation and amortisation		33,101	33,247	146	0%
Other expenses	5	2,178	5,227	3,049	>100%
Total Expenses from Continuing Operations		247,948	251,395	3,447	1%
Operating Result for the Year		-	69	69	
Other Comprehensive Income					
Increase (decrease) in asset revaluation surplus	6	-	56,639	56,639	
Total Other Comprehensive Income		-	56,639	56,639	
Total Comprehensive Income		-	56,708	56,708	

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016****Variance Notes – Statement of Comprehensive Income**

1. Actual User charges and fees were higher than budget primarily due to additional revenue earned subsequent to budget formation from new customers and increased project work associated with Corporate Administration Agency (CAA) services (\$1.80m), higher than expected utilities revenue collected from managing Arts Queensland (AQ) owned buildings (\$0.50m), higher than anticipated administration fees collected through government advertising spend (\$0.29m), and Advance Queensland Innovation and Investment Summit (AQIIS) ticket sales (\$0.22m). These items represent \$2.81m of the variance.
2. Actual Grants and other contributions were higher than budget primarily due to additional revenue received post budget formation from the Department of Veteran Affairs (DVA) for Anzac legacy projects (\$3.50m), as well as from other government departments for state events (including AQIIS) (\$0.49m), AQ grant programs (\$0.35m) and the Domestic and Family Violence Council Secretariat (\$0.25m). These items represent \$4.59m of the variance.
3. Actual Other revenue was higher than budget primarily due to proceeds from an insurance claim for storm damage at the Cultural Precinct that occurred post budget formation (\$1.43m), recognition of staff and storage costs provided at less than fair value (\$0.95m), and greater than expected interest received from Revolving Film Finance Fund (RFFF) loans (\$0.14m). These items represent \$2.52m of the variance.
4. Actual Supplies and services were higher than budget primarily due to new initiatives occurring post budget for Advance Queensland communication campaign (\$1.43m) and hosting the Far North Queensland Economic Summit (\$1.03m). Further, the department incurred additional costs on State litigation matters associated with the 2011 Floods defence and Queensland Health payroll litigation after budget formation (\$4.15m). These items represent \$6.61m of the variance.
5. Actual Other expenses were higher than budget primarily due to recognising an expense for the return of the DVA Anzac legacy grant of \$3.50m. A condition of the grant agreement was to have this funding expended by 30 June 2016 and this did not occur. An agreement has been obtained with DVA for the grant to be returned to the department in 2016-17.
6. Actual Other comprehensive income was higher than budget due to the revaluation of land, buildings and heritage buildings owned by AQ that was not provisioned for in the original budget. This represents the variance.

Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016

D2 Budget to Actual Comparison – Statement of Financial Position

	Variance Notes	Budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance % of Budget
Current Assets					
Cash and cash equivalents	7	15,120	24,599	9,479	63%
Receivables and loans receivable		7,527	7,277	(250)	(3%)
Inventories		38	22	(16)	(42%)
Prepayments	8	870	1,388	518	60%
Total Current Assets		23,555	33,286	9,731	41%
Non-current Assets					
Receivables and loans receivable	9	130	5,315	5,185	>100%
Intangible assets	10	1,495	2,937	1,442	96%
Property, plant and equipment		700,039	676,739	(23,300)	(3%)
Total Non-current Assets		701,664	684,991	(16,673)	(2%)
Total Assets		725,219	718,277	(6,942)	(1%)
Current Liabilities					
Payables	11	6,171	15,099	8,928	>100%
Interest-bearing liabilities	12	1,782	1,251	(531)	(30%)
Accrued employee benefits	13	2,357	2,823	466	20%
Unearned Revenue		223	699	476	>100%
Total Current Liabilities		10,533	19,872	9,339	89%
Non-current Liabilities					
Interest-bearing liabilities	9	106	5,242	5,136	>100%
Total Non-current Liabilities		106	5,242	5,136	>100%
Total Liabilities		10,639	25,114	14,475	>100%
Net Assets		714,580	693,163	(21,417)	(3%)
Total Equity		714,580	693,163	(21,417)	(3%)

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

Variance Notes – Statement of Financial Position

7. Actual Cash and cash equivalents were higher than budget primarily due to money owed to Crown Law for State litigation matters associated with the 2011 Floods defence and Queensland Health Payroll litigation, Department of Veteran Affairs for Anzac Legacy projects, Consolidated Fund for unspent appropriation and outstanding Anzac centenary grants and ANZOG contributions. These items were not included in the original budgeted year end position and represents \$9.00m of the variance.

8. Actual Prepayments were higher than budget primarily due to a change in CAA's software licencing agreements and associated terms that was provisioned for in the original budget. These items were not included in the original budgeted year end position and represents \$0.54m of the variance.

9. Actual Non-current receivable and loans and Non-current interest-bearing liabilities were higher than budget as a result of increased activity from new loans post budget formation due to the amendment of the RFFF guidelines (\$5.11m) as well as minor adjustments to the recognition of rental lease incentives over the life of the property lease (\$0.07m). This represents the variance.

10. Actual Intangible assets were higher than budget primarily due to additional enhancements to the eLegislation and associated website at the Queensland Parliamentary Counsel (\$1.10m) as well as an upgrade to the department's record management system that occurred post budget formation (\$0.34m). This represents the variance.

11. Actual Payables were higher than budget primarily due to amounts outstanding to Crown Law for State litigation matters associated with the 2011 Floods defence and Queensland Health Payroll litigation (\$3.68m), unspent funds to be returned to the Department of Veteran Affairs for Anzac Legacy projects (\$3.50m), appropriation yet to be returned to the Consolidated Fund (\$0.42m) and outstanding Anzac centenary grants (\$0.87m) and ANZOG contributions (\$0.53m). These items were not included in the original budgeted year end position and represents \$9.00m of the variance.

12. Actual Current interest-bearing liabilities and derivatives were lower than budget due to longer repayment terms greater than twelve months associated with the RFFF long term activity post budget formation. This represents the variance.

13. Actual Accrued employee benefits were higher than budget primarily due to the uptake of greater than expected year end salary accruals (\$0.27m) as well as annual leave levies payable to QSuper than higher expected in the published budget (\$0.26m). These items represent \$0.53m of the variance.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

D3 Budget to Actual Comparison – Statement of Cash Flows

	Variance Notes	Budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance % of Budget
Cash flows from operating activities					
<i>Inflows:</i>					
Departmental services receipts		215,600	206,019	(9,581)	(4%)
User charges	14	31,756	35,208	3,452	11%
Grants and other contributions	15	364	5,029	4,665	>100%
Interest receipts	16	-	137	137	
GST input tax credits from ATO	17	3,864	11,828	7,964	>100%
GST collected from customers	17	378	4,139	3,761	>100%
Other	18	228	2,041	1,813	>100%
<i>Outflows:</i>					
Employee expenses		(74,699)	(72,970)	1,729	2%
Supplies and services		(71,155)	(74,142)	(2,987)	(4%)
Grants and subsidies		(66,551)	(61,182)	5,369	8%
Finance/borrowing costs	16	(83)	(137)	(54)	(65%)
GST paid to suppliers	17	(3,020)	(12,800)	(9,780)	<(100%)
GST remitted to ATO	17	(1,222)	(4,015)	(2,793)	<(100%)
Advances to other agencies		-	(67)	(67)	
Other	19	(2,095)	(863)	1,232	59%
Net cash provided by (used in) operating activities		33,365	38,225	4,860	15%
Cash flows from investing activities					
<i>Inflows:</i>					
Sales of property, plant and equipment		-	2	2	
Receipts from loans	20	-	2,618	2,618	
<i>Outflows:</i>					
Payments for property, plant and equipment	21	(8,877)	(4,085)	4,792	54%
Payments for intangibles	22	(124)	(273)	(149)	<(100%)
Payments for loans	23	-	(5,734)	(5,734)	
Net cash provided by (used in) investing activities		(9,001)	(7,472)	1,529	(17%)
Cash flows from financing activities					
<i>Inflows:</i>					
Equity injections	24	8,423	4,886	(3,537)	(42%)
Borrowings	23	-	5,734	5,734	
<i>Outflows:</i>					
Equity withdrawals		(31,962)	(31,941)	21	0%
Borrowing redemptions	20	(138)	(2,593)	(2,455)	<(100%)
Net cash provided by (used in) financing activities		(23,677)	(23,914)	(237)	1%
Net increase/(decrease) in cash and cash equivalents		687	6,839	6,152	>100%
Net cash transferred resulting from MoG changes		-	-	-	
Cash and cash equivalents at beginning of financial year		14,433	17,760	3,327	23%
Cash and cash equivalents at end of financial year		15,120	24,599	9,479	63%

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

Variance Notes – Statement of Cash Flows

14. Actual User charges were higher than budget primarily due to additional receipts subsequent to budget formation from new customers and increased project work associated with CAA services (\$1.80m), increased utilities revenue collected from managing AQ owned buildings (\$0.50m), higher than anticipated administration fees collected through government advertising spend (\$0.29m), and AQIIS ticket sales (\$0.22m).

15. Actual Grants and other contributions were higher than budget primarily due to new receipts received post budget formation from the Department of Veteran Affairs for Anzac legacy projects (\$3.50m), as well as from other government departments for State events (including AQIIS) (\$0.49m), AQ grant programs (\$0.35m) and the Domestic and Family Violence Council Secretariat (\$0.25m).

16. Actual Interest receipts and Finance/borrowing costs were higher than budget primarily due to amended QFFF guidelines post budget formation leading to increased successful loan applications (\$0.14m).

17. Actual GST associated items were higher than budget primarily due to some sub-sections of the department not including GST transactions as part of the 2015-16 Service Delivery Statement budget. A consistent departmental approach has now been applied for the 2016-17 Service Delivery Statement published budget.

18. Actual Other revenue was higher than budget primarily due to proceeds from an insurance claim for storm damage at the Cultural Precinct that occurred post budget formation (\$1.43m) and greater than expected interest received from the RFFF.

19. Actual Other operating payments were lower than budget due to the deferral of some Anzac Centenary Commemoration sponsorship payments into next financial year.

20. Actual Receipts from loans and Borrowing redemptions were higher than budget primarily due to the relatively uncertain nature of activities association with the RFFF at time of budget formation (\$2.46m).

21. Actual Payments for property, plant and equipment were lower than budget primarily as a result of the extended timeframe on procurement processes associated with the critical infrastructure program at the South Bank Cultural Precinct (\$3.09m), delay in constructing the Anzac Legacy Gallery at the Queensland Museum due to the heritage listing of the building (\$1.00m) and payments made for the Security Room OS1 project made in 2014-15 and not as per budget in 2015-16 (\$0.71m). These items represent \$4.80m of the variance.

22. Actual Intangibles were higher than budget primarily due to additional enhancements on eLegislation and the associated website that occurred post budget formation. This represents \$0.149m of the variance.

23. Actual Payments for loans and Borrowings were higher than budget primarily due to amended QFFF guidelines post budget formation leading to increased successful loan applications (\$5.73m).

24. Actual Equity injections were lower than budget primarily due to rephasing of the capital infrastructure program at the South Bank Cultural Precinct over 2015-16 to 2018-19. This represents the variance.

Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016

E Administered Activities

E1 Schedule of Administered Income, Expenses, Assets and Liabilities

E1-1 – 2015-16 Financial Information

	Ministerial Offices and Office of the Leader of the Opposition	Former Governor's Pension	Queensland Family and Child Commission	Arts Queensland (refer to note E1-3)	Total Administered
	\$'000	\$'000	\$'000	\$'000	\$'000
Administered Revenues					
Appropriation revenue	35,211	150	11,569	84,152	131,082
Other revenue	31	-	189	-	220
Total Administered Revenues	35,242	150	11,758	84,152	131,302
Administered Expenses					
Employee expenses	23,556	130	-	-	23,686
Supplies and services	11,304	-	-	-	11,304
Grants and subsidies	-	-	11,569	84,152	95,721
Depreciation and amortisation	227	-	-	-	227
Other expenses	163	-	189	-	352
Total Administered Expenses	35,250	130	11,758	84,152	131,290
Operating Surplus/(Deficit)	(8)	20	-	-	12
Administered Assets					
Current					
Cash and cash equivalents	8,921	98	-	-	9,019
Receivables	517	-	189	-	706
Other current assets	27	-	-	-	27
Total Current Assets	9,465	98	189	-	9,752
Non-current					
Property, plant and equipment	359	-	-	-	359
Total Non-current Assets	359	-	-	-	359
Total Assets	9,824	98	189	-	10,111
Administered Liabilities					
Current					
Payables	961	-	189	-	1,150
Accrued employee benefits	1,033	-	-	-	1,033
Total Current Liabilities	1,994	-	189	-	2,183
Non-current					
Accrued employee benefits	3,000	-	-	-	3,000
Total Non-current Liabilities	3,000	-	-	-	3,000
Total Liabilities	4,994	-	189	-	5,183
Net Administered Assets	4,830	98	-	-	4,928
Total Administered Equity	4,830	98	-	-	4,928

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

E1-2 – 2014-15 Financial Information

	Ministerial Offices and Office of the Leader of the Opposition	Former Governor's Pension	Queensland Family and Child Commission	Arts Queensland (refer to note E1-3)	Total Administered
	\$'000	\$'000	\$'000	\$'000	\$'000
Administered Revenues					
Appropriation revenue	40,432	305	9,423	17,806	67,966
Other revenue	34	-	1,111	-	1,145
Total Administered Revenues	40,466	305	10,534	17,806	69,111
Administered Expenses					
Employee expenses	27,233	275	-	-	27,508
Supplies and services	12,898	-	-	-	12,898
Grants and subsidies	-	-	10,534	17,806	28,340
Depreciation and amortisation	226	-	-	-	226
Other expenses	109	3	-	-	112
Total Administered Expenses	40,466	278	10,534	17,806	69,084
Operating Surplus/(Deficit)	-	27	-	-	27
Administered Assets					
Current					
Cash and cash equivalents	6,312	233	-	-	6,545
Receivables	3,478	-	-	-	3,478
Other current assets	22	-	-	-	22
Total Current Assets	9,812	233	-	-	10,045
Non-current					
Property, plant and equipment	568	-	-	-	568
Total Non-current Assets	568	-	-	-	568
Total Assets	10,380	233	-	-	10,613
Administered Liabilities					
Current					
Payables	902	-	-	-	902
Accrued employee benefits	959	155	-	-	1,114
Total Current Liabilities	1,861	155	-	-	2,016
Non-current					
Accrued employee benefits	3,681	-	-	-	3,681
Total Non-current Liabilities	3,681	-	-	-	3,681
Total Liabilities	5,542	155	-	-	5,697
Net Administered Assets	4,838	78	-	-	4,916
Total Administered Equity	4,838	78	-	-	4,916

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

E1-3 Grants and subsidies administered by Arts Queensland were paid to following entities

	2016	2015
	\$'000	\$'000
Queensland Art Gallery	29,530	7,211
Queensland Museum	24,090	5,481
Queensland Performing Art Trust	9,330	2,014
Queensland Theatre Company	2,600	650
Screen Queensland	18,602	2,450
Total Grants and subsidies administered by Arts Queensland	84,152	17,806

E1-4 Reconciliation of Payments from Consolidated Fund to Administered Revenue

Budgeted appropriation	126,420	56,591
Transfers from/(to) other departments	-	17,745
Transfers from/(to) other headings	7,738	-
Lapsed appropriation	-	(9,446)
Total Administered Receipts	134,158	64,890
Plus: Closing balance of departmental services revenue receivable	-	3,076
Less: Opening balance of departmental services revenue receivable	(3,076)	-
Plus: Closing balance of unearned departmental services revenue	(189)	-
Net Administered Appropriation Revenue	130,893	67,966
Plus: Deferred appropriation refundable to Consolidated Fund (expenses)	189	2,455
Appropriation Revenue recognised in the Statement of Comprehensive Income	131,082	70,421

E1-5 Significant Accounting Policy

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

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

E2 Budget to Actual Comparison – Administered Activities

E2-1 Income and Expenses

	Variance Notes	Budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance % of Budget
Administered Revenues					
Appropriation revenue	1	126,420	131,082	4,662	4%
Other revenue	2	-	220	220	
Total Administered Revenues		126,420	131,302	4,882	4%
Administered Expenses					
Employee expenses		24,894	23,686	(1,208)	(5%)
Supplies and services	3	12,563	11,304	(1,259)	(10%)
Grants and subsidies	4	88,550	95,721	7,171	8%
Depreciation and amortisation	5	308	227	(81)	(26%)
Other expenses	6	105	352	247	>100%
Total Administered Expenses		126,420	131,290	4,870	4%
Operating Surplus/(Deficit)		-	12	12	

Variance Notes – Administered Activities (Income and Expenses)

1. Actual Appropriation revenue was higher than budget primarily due to the provision of additional funding post budget formation for Screen Queensland to grow a pipeline of large scale film and high end television productions in Queensland (\$5.00m), employee enterprise bargaining arrangements at statutory bodies (\$1.88m), collection management and research function at the Queensland Museum (\$1.30m) and the transfer of funding for the Queensland Family Child Commission's (QFCC) Strengthening the Sector strategy from the Department of Communities (\$0.29m). This increase has been partially offset by the lapse of unspent funding within Ministerial Offices and Office of the leader of the Opposition (\$3.28m) and deferred QFCC funding into 2016-17 for the public education campaign, Phase 2 of the QFCC web redevelopment and priority research projects (\$0.59m). These items represent \$4.6m of the variance.

2. Actual Other revenue was higher than budget primarily due to the return of grant payments made to the QFCC to undertake the community education work packages post budget formation. The program of work will continue to progress in 2016-17 (\$0.19m).

3. Actual Supplies and services were lower than budget primarily due to ministerial cost reductions on office expenditure. This represents the variance.

4. Actual Grants and subsidies were higher than budget primarily due to the provision of additional funding post budget formation for Screen Queensland to grow a pipeline of large scale film and high end television productions in Queensland (\$5.00m), employee enterprise bargaining arrangements at statutory bodies (\$1.11m), collection management and research function at the Queensland Museum (\$1.30m) and the transfer of funding for the Queensland Family Child Commission's (QFCC) Strengthening the Sector strategy from the Department of Communities (\$0.29m). This increase has been partially offset deferred QFCC funding into 2016-17 for the public education campaign, Phase 2 of the QFCC web redevelopment and priority research projects (\$0.59m). These items represent \$7.11m of the variance.

5. Actual Depreciation and amortisation is lower than budget primarily due to postponing the replacement of assets until ministerial offices relocate to 1 William Street in October 2016. This represents the variance.

6. Actual Other expenses were higher than budget primarily due to administered appropriation payable to the consolidated fund associated with QFCC's community education work packages (\$0.19m), as well as unbudgeted insurance costs (\$0.01m), the recognition of non-cash donations (\$0.02m) and greater than anticipated internal allocation of audit fees (\$0.02m) to Ministerial Offices and Leader of the Opposition.

Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016

E2-2 Assets and Liabilities

	Variance Notes	Budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance % of Budget
Administered Assets					
Current					
Cash and cash equivalents	7	6,884	9,019	2,135	31%
Receivables	8	516	706	190	37%
Other current assets		38	27	(11)	(29%)
Total Current Assets		7,438	9,752	2,314	31%
Non-current					
Property, plant and equipment	9	738	359	(379)	(51%)
Total Non-current Assets		738	359	(379)	(51%)
Total Assets		8,176	10,111	1,935	24%
Administered Liabilities					
Current					
Payables	10	662	1,150	488	74%
Accrued employee benefits	11	838	1,033	195	23%
Total Current Liabilities		1,500	2,183	683	46%
Non-current					
Accrued employee benefits	12	1,785	3,000	1,215	68%
Total Non-current Liabilities		1,785	3,000	1,215	68%
Total Liabilities		3,285	5,183	1,898	58%
Net Administered Assets		4,891	4,928	37	1%
Total Administered Equity		4,891	4,928	37	1%

Variance Notes – Administered Activities (Assets and Liabilities)

7. Actual Cash and cash equivalents were higher than budget primarily due to increased provisioning post budget formation for employee liabilities for ministerial offices in accordance with standard employment conditions (\$1.28m) as well as higher than expected operating payables (\$0.30m) and accrued wages (\$0.24m) at year end. Further ministerial offices have a build-up of cash due to postponing the replacement of information and technology assets until the relocation to 1 William Street in October.

8. Actual Receivables were higher than budget primarily due to unspent grant funding to be returned from QFCC associated with community education work packages (\$0.19m).

9. Actual Property, plant and equipment was lower than budget due to postponing the replacement of information and technology assets until ministerial offices relocate to 1 William Street in October 2016. This represents the variance.

10. Actual Payables were higher than budget primarily due to appropriation to be returned to the consolidated fund associated with QFCC's community education work packages (\$0.19m) and higher than expected general operating payables associated with ministerial offices at year end (\$0.30m).

11. Actual current employee benefits were higher than budget primarily due to higher than expected accrued wages and leave entitlements at year end (\$0.13m) and a change in variable components post budget formation used to calculate severance benefits for ministerial office employees (\$0.06M).

12. Actual non-current employee benefits were higher than budget primarily due to a change in variable components post budget formation used to calculate severance benefits for ministerial office employees. This represents the variance.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

F Additional Information

F1 Objectives and Principal Activities of the Department

The Department of the Premier and Cabinet's vision is that "we make a real and tangible difference today, and our contributions will be recognised by future generations".

Key objectives for the department during 2015-16 as outlined in the 2015-19 Strategic Plan were to:

- Support the Premier to set the strategic direction of the Queensland Government
- Ensure the effective development, coordination and implementation of policy
- Build confidence in government
- Deliver outstanding results and value-for-money for Queenslanders
- Provide leading insight, advice and services
- Attract and retain talented and diverse workforce.

The department's strategic plan has since been reviewed and the 2016-20 Strategic Plan including revised objectives can be obtained from www.premiers.qld.gov.au.

The major services delivered by the department are as follows:

- Policy Advice, Coordination and Cabinet Support Service: provides detailed briefings to the Premier on policy, from design and development through to coordination and implementation. It coordinates a broad range of whole-of-government activities and provides advice on the operation of Cabinet and its related processes, including administration of all Cabinet information, custodianship of the Cabinet record from current and previous governments and direct logistical support.
- Government Executive Support Service: provides policy and operational advice and support to the Premier in relation to executive government and machinery of government matters, support to the administration of business before Executive Council, and provides support services to Ministerial Offices and the Leader of the Opposition. In addition, it leads whole-of-government sponsorships and communication activities and manages and coordinates events including the Anzac Centenary commemoration program, State occasions, official visits and functions.
- Legislative Drafting and ePublishing Service: provides high quality drafting and e-Publishing services for Queensland legislation.
- The Public Sector Renewal Service: provided advice on the implementation of the whole-of-government renewal plan, which incorporated the Government's response to the Commission of Audit. The service also provided advice to the Premier and Cabinet on opportunities to develop markets and encourage greater innovation in the delivery of government services. The service worked closely with departments, the private sector and non-government organisations to enhance their understanding of contestability and renewal and to assist them in building capability to engage effectively in potential partnerships with government. This service was dissolved upon the change in government in March 2015.
- Arts Queensland Service: manages investment programs that support individual artists and arts and cultural organisations; capital infrastructure that provides public spaces for arts production and engagement; maintains Queensland's Premier cultural assets; and provides arts and cultural policy and strategy advice to the Queensland Government.
- Corporate Administration Agency: provides corporate services to Queensland public sector entities that are principally small to medium statutory bodies. The CAA charges customers on a full cost recovery basis with fees to the customers being based upon their relative usage of the resources used by the CAA to deliver the service.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

F2 Key Management Personnel

F2-1 Details of Key Management Personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2015-16 and 2014-15. Further information on these positions can be found in the body of the Annual Report.

Position	Responsibilities
Director-General	The Director-General leads the efficient, effective and economic administration of the Department of the Premier and Cabinet.
Deputy Director-General, Policy	The Deputy Director-General Policy leads policy advice and facilitates the development of evidence-based policy advice and coordination for the Premier and Cabinet to drive change across government. The Deputy Director-General Policy provides detailed briefings to the Premier on policy, from design and development through to coordination and implementation.
Deputy Director-General, Corporate and Government Services (formerly the Chief Operating Officer)	The Deputy Director-General Corporate and Government Services leads the delivery of corporate and government services by the Department of the Premier and Cabinet.
Deputy Director-General, Strategic Policy and Engagement (formerly Strategic Policy and Intergovernmental Relations)	The Deputy Director-General Strategy and Engagement, leads, directs and coordinates policy at a strategic level, supplies executive management support to the Director-General in developing and coordinating strategic policy across government and is responsible for supporting Intergovernmental relations between the Commonwealth and the State. Strategy and Engagement Division also leads whole-of-government sponsorships and communication activities as well as manages and coordinates events including State occasions, official visits and functions.
Deputy Director-General, Arts Queensland	The Deputy Director-General is responsible for the efficient, effective and economic administration of Arts Queensland.
Queensland Parliamentary Counsel	The Queensland Parliamentary Counsel leads the efficient, effective and economic administration of the Office of the Queensland Parliamentary Counsel.
Cabinet Secretary	The Cabinet Secretary provides Cabinet support for the Premier and Cabinet and Cabinet-related activities across government. The Cabinet Secretary coordinates the operation of Cabinet and its related processes, including administration of all Cabinet information, custodianship of the Cabinet record from current and previous governments and direct logistical support for Cabinet and Community Cabinet meetings.
General Manager, Corporate Services (26 Feb 16)*	The General Manager Corporate Services is responsible for delivering contemporary, fit for purpose, high quality, value for money corporate services to the Department of the Premier and Cabinet.
General Manager, Government Services (29 Feb 16)*	The General Manager Government Services leads and is responsible for delivering high quality advice, services and policy options to the Premier and the Department in relation to constitutional and legal matters and ministerial services. Government Services also leads and coordinates the Anzac Centenary Coordination unit.
General Manager, Public Sector Renewal (16 Mar 15)*	The General Manager Public Sector Renewal provides strategic leadership and direction to enhance stakeholder relationships across government and is responsible for driving renewal initiatives to final implementation.
Senior Executive Director, Social Policy (18 Jan 16)*	The Senior Executive Director Social Policy provides strategic leadership, direction, and co-ordination on social policy issues and provides executive management support to the Director-General in developing and coordinating strategic social policy across government.
Senior Executive Director, Economic Policy (18 Jan 16)*	The Senior Executive Director Economic Policy provides strategic leadership, direction, and co-ordination on economic policy issues and provides executive management support to the Director-General in developing and coordinating strategic economic policy across government.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016**

Position	Responsibilities
Senior Executive Director, Office of the Director General (10 Aug 15)*	The Senior Executive Director manages the Office of the Director General.

*Position no longer forms part of the Corporate Governance Group. Accordingly no remuneration beyond this date has been stated in the Key Management Personnel Performance Remuneration Expense (note E2-4)

F2-2 Remuneration Policies

Remuneration for the department's key management personnel 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 key management personnel 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 was a key management person;
 - performance payments recognised as an expense during the year; and
 - non-monetary benefits - consisting of provision of a carpark 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.
4. Termination benefits are not included within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
5. The mutually agreed terms for separation of the former Director-General considered all relevant clauses of their contract. The payment for the former Director-General's separation was determined prior to 30 June 2015 and is included in KMP remuneration expenses for 2014-15.

F2-3 Key Management Personnel Performance Pay

There were no performance payments in 2015-16.

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

The remuneration package for the former Director-General provided for performance payments (also known as an "At Risk" component) to be made conditional on the achievement of objectives that were documented in that position's performance agreement. The basis for payment was subject to a rigorous and independent assessment of those performance objectives and agreed KPIs being achieved, culminating in recommendations to the Premier. The Premier retained ultimate discretion as to whether payment of the "at risk" component was paid, including the amount payable. The former Director-General became entitled to receive a performance payment in respect of the 2013-14 year following authorisation by the former Premier. A total of \$98,973 was paid on 17 October 2014 to the former Director-General.

F2-4 Key Management Personnel Performance Remuneration Expense

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

Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016

Position (Classification)	Appointment Term		Employee Expenses							Total		
			Financial Year	Short-Term		Long-Term	Post	Termin.	Total			
				Monetary \$'000	Non-Monetary \$'000						Monetary \$'000	\$'000
Director-General (CEO) ¹	07 May 15	-	649	-	12	77	-	-	738			
Director-General (CEO) ¹	26 Mar 12	15 Mar 15	205	-	4	22	-	-	231			
Deputy Director-General Policy (CEO) ³	18 Jan 16	-	705	2	8	51	287	-	1,053			
Deputy Director-General Policy (CEO) ³	16 Sep 13	20 Mar 15	145	-	3	12	-	-	160			
Deputy Director-General Policy (CEO) ³	02 Jan 16	-	238	-	5	26	-	-	269			
Queensland Parliamentary Counsel (CEO) ²	25 Feb 10	03 Jan 16	148	-	3	18	-	-	169			
Queensland Parliamentary Counsel (CEO) ²	11 Aug 15	-	233	-	2	20	7	-	262			
Deputy Director-General Strategy and Engagement/ formerly Deputy Director-General Strategic Policy and Intergovernmental Relations (SES4) ²	08 Dec 14	10 Aug 15	346	-	7	40	-	-	393			
Deputy Director-General Strategy and Engagement/ formerly Deputy Director-General Strategic Policy and Intergovernmental Relations (CEO) ²	27 Jan 16	-	213	-	4	19	-	-	236			
Deputy Director-General Corporate and Government Services (SES4) ²	11 Mar 15	26 Jan 16	36	-	1	4	-	-	41			
Deputy Director-General Corporate and Government Services/ formerly Chief Operating Officer (SES4) ²	16 Sep 13	10 Mar 15	286	-	5	31	-	-	322			
Chief Operating Officer and Deputy Director-General Public Sector Renewal (CEO) ²	12 Aug 13	-	118	-	2	9	-	-	129			
Deputy Director-General Arts Queensland (SES4) ²	03 Feb 14	18 Jan 16	178	-	3	23	-	-	204			
Senior Executive Director Social Policy (SES4) ²	03 Feb 14	18 Jan 16	111	-	1	4	-	-	116			
Senior Executive Director Economic Policy (SES4) ²	29 Jun 15	-	241	-	4	27	-	-	272			
Cabinet Secretary (SES3) ²	14 Jul 14	29 Feb 16	218	-	5	25	-	-	248			
General Manager Corporate Services (SES3) ²	10 Mar 14	16 Mar 15	85	-	2	9	-	-	96			
General Manager Government Services (SES3) ²	07 Oct 14	10 Aug 15	149	-	3	17	-	-	169			
General Manager Public Sector Renewal (SES3) ²	14 Jul 14	29 Feb 16	234	-	5	25	-	-	264			
Senior Executive Director Office of the Director-General (SES3) ²	10 Mar 14	16 Mar 15	116	-	2	14	-	-	132			
Total Remuneration			239	-	5	25	-	-	269			
			242	-	4	24	-	-	270			
			266	-	3	16	123	-	408			
			217	-	4	24	-	-	245			
			120	-	2	14	-	-	136			
			226	-	4	24	-	-	254			
			152	-	3	15	-	-	170			
			21	-	-	2	-	-	23			
			117	-	2	12	-	-	131			
			2,852	0	49	294	130	130	3,325			
			3,402	2	59	335	287	287	4,085			

¹ Appointment Authority - s92 Public Service Act 2008 | ² Appointment Authority - s122 Public Service Act 2008 | ³ Appointment Authority - s14 Legislative Standards Act 1992

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016.**

F3 Basis of Financial Statement Preparation

F3-1 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 100 George Street, Brisbane QLD 4000.

These financial statements cover the Department of the Premier and Cabinet and are authorised for issue by the Director-General and the Chief Finance Officer at the date of signing the Management Certificate. For information in relation to the department's financial report please call (07) 3003 9218, email premiers.master@premiers.qld.gov.au or visit the departmental internet site www.premiers.qld.gov.au

F3-2 Compliance with the Prescribed Requirements

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

- In compliance with section 42 of the *Financial and Performance Management Standard 2009*
- In accordance with Australian Accounting Standards, with focus on not-for-profit entities requirements
- In accordance with Queensland Treasury Minimum Reporting Requirements
- On an accrual basis.

F3-3 Presentation

Amounts included in the financial statements are in Australian dollars and rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero. Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

Comparative information reflects the audited 2014-15 financial statements.

Assets and Liabilities are classified as either 'current' or 'non-current' in the Balance Sheet and associated notes.

The historical cost convention is used unless fair value is stated as the measurement basis.

F3-4 Taxation

The department is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the department. Any GST credits receivable from, or GST payable to the ATO, are recognised in note B2.

F3-5 The Reporting Entity

The parent entity financial statements include the department, Arts Queensland (AQ) and Corporate Administration Agency (CAA). Controlled and associated entities are as outlined as below.

Controlled Entities:

- o Screen Queensland Pty Ltd (SQ) is a company, incorporated in the State of Queensland, 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 State of Queensland.
- o The Aboriginal Centre for the Performing Arts Pty Ltd (ACPA) is a registered training company that delivers accredited training to indigenous and non-indigenous persons in various performing arts courses. The share capital of ACPA consists of 2 ordinary shares of \$1 each, fully paid, and held by the State of Queensland.
- o Queensland Music Festival Pty Ltd (QMF) was established and incorporated in the State of Queensland as a non-profit company "to produce and promote a biennial Queensland festival of music which achieves both international excellence and accessibility for Queenslanders from all walks of life".

The share capital of QMF consists of 2 ordinary shares of \$1 each, fully paid, and are held by the State of Queensland.

Associated Entities:

- o Major Brisbane Festivals Pty Ltd (MBF) incorporating Brisbane Festival is jointly owned by the State of Queensland and Brisbane City Council and aims to position Brisbane as a key festival destination. The State of Queensland, through the department, and the Brisbane City Council each hold 50% of the shares

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016.**

of the MBF. It has been determined that the department does not have control over the financial or operating policies through voting rights or board membership of the entity. However, due to funding arrangements for the entity, the department has significant influence. The share capital of MBF consists of 2 ordinary shares of \$1 each, fully paid.

Consolidated Economic Entity financial statements include SQ only. All other entities are considered immaterial and have not been consolidated or recognised under equity accounting as they would not materially affect the reported financial position and operating result of the Economic Entity.

Each controlled and associated entity is a reporting entity in its own right and the audited financial statements are included in their respective annual reports. A summary of the latest audited financial transactions and balances for controlled and associated entities are shown below in figure 1.

Figure 1: Audited Financial Transactions and Balances

	SQ 30 Jun 2016 \$'000 Audited ¹	QMF 30 Sep 2015 \$'000 Audited ²	ACPA 30 Jun 2015 \$'000 Audited ¹	MBF 31 Dec 2015 \$'000 Audited ³
Revenue	20,420	5,094	1,486	16,860
Expenses	15,663	5,772	1,870	16,838
Net Surplus/(Deficit)	4,757	(678)	(384)	22
Assets	18,846	545	981	2,277
Liabilities	7,189	262	76	1,182
Net Assets	11,657	283	905	1,095

Audited by:

¹ Queensland Audit Office | ² Integrated Audit Services | ³ BDO Audit Pty Ltd

F3-6 Accounting Estimates and Judgements

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

- Note B3-2 Intangible Assets. Amortisation expense, measurement and impairment
- Note B4-4 Property, plant and equipment. Measurement using fair value
- Note B4-5 Property, plant and equipment. Depreciation expense
- Note B4-6 Property, plant and equipment. Impairment.

F3-7 Machinery-of-Government Transfers

As a result of the Public Service Departmental Arrangements Notice (no.1) 2015, dated 16 February 2015, the responsibility of AQ and CAA were transferred into the department from the former Department of the Science, Information Technology and Innovation and the Arts. In accordance with the Financial Accountability Act, AQ and CAA transactions were only recorded from the 1 March 2015. Therefore, comparative 2014-15 information presented in the financial statements reflects only the four months of transactions that they were part of the department.

F3-8 Accounting Standards Early Adopted for 2015-16

Two Australian Accounting Standards have been early adopted for the 2015-16 year as required by Queensland Treasury. These are:

1. *AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]*

The amendments arising from this standard seek to improve financial reporting by providing flexibility as to the ordering of notes, the identification and location of significant accounting policies and the presentation of sub-totals, and provides clarity on aggregating line items. It also emphasises only including material disclosures in the notes. The department has applied this flexibility in preparing the 2015-16 financial statements, including co-locating significant accounting policies with the related breakdowns of financial statement figures in the notes.

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016.**

2. AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]

This standard amends AASB 13 *Fair Value Measurement* and provides relief to not-for-profit public sector entities from certain disclosures about property, plant and equipment that is primarily held for its current service potential rather than to generate future net cash inflows. The relief applies to assets under AASB 116 *Property, Plant and Equipment* which are measured at fair value and categorised within Level 3 of the fair value hierarchy.

As a result, the following disclosures are no longer required for those assets. In early adopting the amendments, the following disclosures have been removed from the 2015-16 financial statements:

- disaggregation of certain gains/losses on assets reflected in the operating result;
- quantitative information about the significant unobservable inputs used in the fair value measurement; and
- a description of the sensitivity of the fair value measurement to changes in the unobservable inputs.

No new Australian Accounting Standards effective for the first time in 2015-16 had any material impact on this financial report and the department did not voluntarily change any of its accounting policies during 2015-16.

F3-9 Future Impact of Accounting Standards Not Yet Effective

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

AASB 124 Related Party Disclosures

Effective from reporting periods beginning on or after 1 July 2016, a revised version of AASB 124 will apply to the department. AASB 124 requires disclosures about the remuneration of key management personnel (KMP), transactions with related parties, and relationships between parent and controlled entities.

The department already discloses detailed information about remuneration of its KMP (refer to note E2), based on Queensland Treasury's Financial Reporting Requirements for Queensland Government Agencies. Due to the additional guidance about the KMP definition in the revised AASB 124, the department will disclose the Premier as part of its KMP from 2016-17. The department does not provide remuneration to the Premier, so figures for the Premier's remuneration will not be disclosed by the department. Comparative information will continue to be disclosed in respect of KMP remuneration.

The most significant implications of AASB 124 for the department are the required disclosures about transactions between the department and its related parties (as defined in AASB 124). For any such transactions, from 2016-17, disclosures will include the nature of the related party relationship, as well as information about those transactions' terms/conditions and amounts, any guarantees given/received, outstanding receivables/ payables, commitments, and any receivables where collection has been assessed as being doubtful. In respect of related party transactions with other Queensland Government controlled entities, the information disclosed will be more high level, unless a transaction is individually significant. No comparative information is required in respect of related party transactions in the 2016-17 financial statements.

AASB 15 Revenue from Contracts with Customers

This Standard will become effective from reporting periods beginning on or after 1 January 2018 and contains much more detailed requirements for the accounting for certain types of revenue from customers. Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of the department's goods and services, such that some revenue may need to be deferred to a later reporting period to the extent that the department has received cash but has not met its associated obligations (such amounts would be reported as a liability (unearned revenue) in the meantime). The department is yet to complete its analysis of current arrangements for sale of its goods and services, but at this stage does not expect a significant impact on its present accounting practices.

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

These Standards will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the department's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The department has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the department's conclusions will not be confirmed until closer to that time. At this stage, and assuming no

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016.**

change in the types of transactions the department enters into, all of the department's financial assets are expected to be measured at fair value. In the case of the department's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the department's operating result.

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

**Department of the Premier and Cabinet
Notes to the Financial Statements
for the year ended 30 June 2016.**

Certificate of the Department of the Premier and Cabinet

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

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- b) the 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 2016 and of the financial position of the department at the end of that year; and
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Dave Stewart
Director-General

29 August 2016



Justin Muller FCPA
Chief Finance Officer

29 August 2016

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Report

I have audited the accompanying financial report of the Department of the Premier and Cabinet, which comprises the statement of financial position and statement of assets and liabilities by major departmental services and SSPs as at 30 June 2016, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services and SSPs for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificates given by the Director-General and the Chief Finance Officer of the Department and the consolidated entity comprising the Department and the entities it controlled at the year's end or from time to time during the financial year.

The Accountable Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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


Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Department of the Premier and Cabinet and the consolidated entity for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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



A M GREAVES FCA FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane