

# Financial statements



Department of the Premier and Cabinet  
**Financial Statements**  
for the year ended 30 June 2020

**Department of the Premier and Cabinet**

**Financial Statements  
for the year ended 30 June 2020**

<b>Table of Contents</b>	<b>Page No.</b>
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows (including Notes to the Statement of Cash Flows)	6
Statements by Major Departmental Services	8
<b>Notes to the Financial Statements</b>	
A1: Objectives and Principal Activities of the Department	10
<b>Section B: Notes about our Financial Performance</b>	
B1: Revenue	11
B2: Expenses	13
<b>Section C: Notes about our Financial Position</b>	
C1: Cash and Cash Equivalents	16
C2: Receivables and Loans Receivable	16
C3: Other Current Assets	17
C4: Intangible Assets	17
C5: Plant and Equipment	19
C6: Payables	21
C7: Interest-Bearing Liabilities	22
C8: Accrued Employee Benefits	22
C9: Other Liabilities	23
C10: Right of Use Assets and Lease Liabilities - Leases as Lessee	23
C11: Appropriations Recognised in Equity	25
<b>Section D: Notes about Risk and Other Accounting Uncertainties</b>	
D1: Financial Contingencies	26
D2: Financial Commitments	26
D3: Financial Risk Disclosures	26
D4: Events Occurring After Balance Date	28
<b>Section E: Notes about Performance Compared to Budget</b>	
E1: Budget to Actual Comparison – Statement of Comprehensive Income	29
E2: Budget to Actual Comparison – Statement of Financial Position	30
E3: Budget to Actual Comparison – Statement of Cash Flows	31
<b>Section F: Notes about our Administered Activities</b>	
F1: Schedule of Administered Income, Expenses, Assets and Liabilities	33
F2: Budget to Actual Comparison - Administered Activities	36
<b>Section G: Other information</b>	
G1: Key Management Personnel (KMP)	38
G2: Basis of Financial Statement Preparation	41
<b>Certification</b>	
Management Certificate	47
Independent Auditor's Report	48

**Department of the Premier and Cabinet  
Statement of Comprehensive Income  
for the year ended 30 June 2020**

	Notes	Economic Entity		Parent Entity	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Appropriation revenue	B1-1	84,676	116,419	84,676	116,419
User charges and fees	B1-2	5,206	4,569	4,090	3,400
Grants and other contributions	B1-3	30,992	32,144	8,957	8,512
Other revenue	B1-4	9,684	6,709	9,027	7,155
<b>Total Income</b>		<b>130,558</b>	<b>159,841</b>	<b>106,750</b>	<b>135,486</b>
<b>Expenses</b>					
Employee expenses	B2-1	64,548	57,081	61,629	54,447
Supplies and services	B2-2	36,634	35,735	35,142	33,190
Grants and subsidies	B2-3	27,976	32,292	6,866	33,432
Finance/Borrowing Costs	B2-4	303	409	276	409
Depreciation and amortisation	B2-5	2,748	693	384	340
Other expenses	B2-6	2,502	13,776	2,453	13,668
<b>Total Expenses</b>		<b>134,711</b>	<b>139,986</b>	<b>106,750</b>	<b>135,486</b>
<b>Operating Result for the Year</b>		<b>(4,153)</b>	<b>19,855</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>(4,153)</b>	<b>19,855</b>	<b>-</b>	<b>-</b>

The accompanying notes form part of these financial statements.

**Department of the Premier and Cabinet  
Statement of Financial Position  
as at 30 June 2020**

	Notes	Economic Entity		Parent Entity	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Current Assets</b>					
Cash and cash equivalents	C1	55,000	52,927	25,138	19,653
Receivables and loans receivable	C2	14,023	14,185	13,249	13,979
Other current assets	C3	2,325	303	2,256	240
<b>Total Current Assets</b>		<b>71,348</b>	<b>67,415</b>	<b>40,643</b>	<b>33,872</b>
<b>Non-current Assets</b>					
Receivables and loans receivable	C2	3,232	11,020	3,247	11,569
Intangible assets	C4	2,823	2,630	2,823	2,630
Plant and equipment	C5	2,276	2,959	107	156
Right-of-use-assets	C10	5,989	-	-	-
<b>Total Non-current Assets</b>		<b>14,320</b>	<b>16,609</b>	<b>6,177</b>	<b>14,355</b>
<b>Total Assets</b>		<b>85,668</b>	<b>84,024</b>	<b>46,820</b>	<b>48,227</b>
<b>Current Liabilities</b>					
Payables	C6	27,251	18,241	25,858	18,030
Interest-bearing liabilities	C7	10,384	10,772	10,384	10,772
Accrued employee benefits	C8	2,171	2,486	1,969	2,361
Other liabilities	C9	780	880	741	876
Lease liabilities	C10	1,718	-	-	-
<b>Total Current Liabilities</b>		<b>42,304</b>	<b>32,379</b>	<b>38,952</b>	<b>32,039</b>
<b>Non-current Liabilities</b>					
Payables	C6	-	3,322	-	3,322
Interest-bearing liabilities	C7	3,247	8,247	3,247	8,247
Accrued employee benefits	C8	53	38	-	-
Other liabilities	C9	124	205	101	99
Lease liabilities	C10	4,403	-	-	-
<b>Total Non-current Liabilities</b>		<b>7,827</b>	<b>11,812</b>	<b>3,348</b>	<b>11,668</b>
<b>Total Liabilities</b>		<b>50,131</b>	<b>44,191</b>	<b>42,300</b>	<b>43,707</b>
<b>Net Assets</b>		<b>35,537</b>	<b>39,833</b>	<b>4,520</b>	<b>4,520</b>
<b>Equity</b>					
Accumulated surplus/(deficit)		35,537	39,833	4,520	4,520
<b>Total Equity</b>		<b>35,537</b>	<b>39,833</b>	<b>4,520</b>	<b>4,520</b>

The accompanying notes form part of these financial statements.

**Department of the Premier and Cabinet  
Statement of Changes in Equity  
for the year ended 30 June 2020**

	Notes	Economic Entity		Parent Entity	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
<b>Accumulated Surplus</b>					
<b>Balance as at 1 July</b>		39,833	19,978	4,520	4,520
Operating Result		(4,153)	19,855	-	-
Adjustment for initial application of AASB 16 Leases	G2-9	(143)	-	-	-
<b>Balance as at 30 June</b>		<b>35,537</b>	<b>39,833</b>	<b>4,520</b>	<b>4,520</b>

The accompanying notes form part of these financial statements.

**Department of the Premier and Cabinet  
Statement of Cash Flows  
for the year ended 30 June 2020**

	Notes	Economic Entity		Parent Entity	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
<i>Inflows:</i>					
Service appropriation receipts	B1-1	93,330	92,243	93,330	92,243
User charges and fees		5,617	5,453	4,116	4,039
Grants and other contributions		32,774	29,802	9,555	7,421
Interest receipts		783	632	276	409
GST input tax credits from ATO		4,937	8,690	3,799	4,889
GST collected from customers		218	1,189	142	1,086
Other		2,955	6,884	2,955	8,193
<i>Outflows:</i>					
Employee expenses		(62,034)	(57,355)	(59,161)	(54,601)
Supplies and services		(35,638)	(35,090)	(34,041)	(32,550)
Grants and subsidies		(28,573)	(35,924)	(7,573)	(42,210)
Finance/borrowing costs		-	-	(276)	(409)
GST paid to suppliers		(6,589)	(7,364)	(4,159)	(4,737)
GST remitted to ATO		(300)	(1,029)	(221)	(919)
Other		(2,693)	(2,379)	(2,693)	(2,439)
<b>Net cash provided by operating activities</b>		<b>4,787</b>	<b>5,752</b>	<b>6,049</b>	<b>(19,585)</b>
<b>Cash flows from investing activities</b>					
<i>Inflows:</i>					
Loans and advances redeemed		10,707	7,619	11,094	6,777
<i>Outflows:</i>					
Payments for plant and equipment		(113)	(3,103)	(8)	(6)
Payments for intangibles		(556)	(453)	(556)	(453)
Loans and advances made		(5,430)	(2,798)	(5,430)	(2,798)
<b>Net cash used in investing activities</b>		<b>4,608</b>	<b>1,265</b>	<b>5,100</b>	<b>3,520</b>
<b>Cash flows from financing activities</b>					
<i>Inflows:</i>					
Proceeds from borrowings		5,430	2,798	5,430	2,798
<i>Outflows:</i>					
Borrowing redemptions		(11,094)	(6,777)	(11,094)	(6,777)
Repayment of Lease Liabilities		(1,658)	-	-	-
<b>Net cash provided by financing activities</b>		<b>(7,322)</b>	<b>(3,980)</b>	<b>(5,664)</b>	<b>(3,979)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,073</b>	<b>3,038</b>	<b>5,485</b>	<b>(20,044)</b>
Lapsed equity adjustment to other agency		-	(2,798)	-	(2,798)
Cash and cash equivalents - opening balance		52,927	52,687	19,653	42,495
<b>Cash and cash equivalents at end of financial year</b>	C1	<b>55,000</b>	<b>52,927</b>	<b>25,138</b>	<b>19,653</b>

The accompanying notes form part of these financial statements.

Department of the Premier and Cabinet  
Notes to the Statement of Cash Flows  
for the year ended 30 June 2020

Reconciliation of Operating Result to Net Cash Provided by Operating Activities

	Notes	Economic Entity		Parent Entity	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
Operating surplus/(deficit)		(4,153)	19,855	-	-
<b>Non-cash items included in operating results:</b>					
Depreciation and amortisation expense	B2-5	2,748	693	384	340
Interest capitalised to borrowings	B2-4	276	409	-	-
Services received below fair value		(18)	-	(18)	-
Lease interest	B2-4	27			
<b>Change in assets and liabilities:</b>					
Increase/(decrease) in deferred appropriation refundable to Consolidated Fund		8,654	(12,004)	8,654	(12,004)
(Increase)/decrease in trade debtors		(1,359)	1,490	(1,358)	374
(Increase)/decrease in other receivables		1,671	132	1,409	398
(Increase)/decrease in GST receivable		(1,470)	196	(218)	227
(Increase)/decrease in long service leave reimbursement receivables		102	(14)	102	(14)
(Increase)/decrease in annual leave reimbursement receivables		407	(111)	407	(111)
(Increase)/decrease in other current assets		(1,047)	-	(1,047)	-
(Increase)/decrease in prepayments/others		(976)	459	(969)	467
Increase/(decrease) in GST payable		(4)	(48)	-	(48)
Increase/(decrease) in payables		300	(5,889)	(772)	(9,793)
Increase/(decrease) in accrued employee benefits		(300)	(33)	(392)	(38)
Increase/(decrease) in contract liabilities		(71)	617	(133)	617
<b>Net cash provided by operating activities</b>		<b>4,787</b>	<b>5,752</b>	<b>6,049</b>	<b>(19,585)</b>

Changes in liabilities arising from financing activities

	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Economic Entity 2020</b>	<b>Opening Balance</b>	<b>Cash Received</b>	<b>Cash Repayments</b>	<b>Non Cash</b>	<b>Closing Balance</b>
Borrowings	19,019	5,430	(11,094)	276	13,631
<b>Parent Entity 2020</b>					
Borrowings	19,019	5,430	(11,094)	276	13,631
<b>Economic Entity 2019</b>					
Borrowings	22,589	2,798	(6,777)	409	19,019
<b>Parent Entity 2019</b>					
Borrowings	22,589	2,798	(6,777)	409	19,019

Department of the Premier and Cabinet  
Statement of Comprehensive Income by Major Departmental Services  
for the year ended 30 June 2020

	Policy Advice, Coordination and Cabinet Support		Strategy and Engagement		Government Services		Legislative Drafting and e-Publishing		Inter-departmental services eliminations		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Income</b>												
Appropriation revenue	32,784	38,965	23,068	45,466	15,670	18,579	12,388	12,643	766	766	84,676	116,419
User charges and fees	421	95	606	536	2,087	1,736	7	93	969	940	4,090	3,400
Grants and other contributions	112	348	278	-	8,524	8,164	43	-	-	-	8,957	8,512
Other revenue	4,999	3,870	520	3,039	3,358	130	150	116	-	-	9,027	7,155
<b>Total Income</b>	<b>38,316</b>	<b>43,278</b>	<b>24,472</b>	<b>49,041</b>	<b>29,639</b>	<b>28,609</b>	<b>12,588</b>	<b>12,852</b>	<b>1,735</b>	<b>1,706</b>	<b>106,750</b>	<b>135,486</b>
<b>Expenses</b>												
Employee expenses	27,280	25,210	13,755	12,587	11,291	8,039	8,537	7,845	766	766	61,629	54,447
Supplies and services	10,152	12,022	7,498	7,722	12,723	9,289	3,799	3,217	970	940	35,142	33,190
Grants and subsidies	457	605	862	23,350	5,543	9,477	4	-	-	-	6,866	33,432
Depreciation and amortisation	108	98	31	22	13	8	232	212	-	-	384	340
Finance/Borrowing Costs	276	-	-	409	-	-	-	-	-	-	276	409
Other expenses	43	5,343	2,326	4,951	67	1,796	17	1,578	-	-	2,453	13,668
<b>Total Expenses</b>	<b>38,316</b>	<b>43,278</b>	<b>24,472</b>	<b>49,041</b>	<b>29,639</b>	<b>28,609</b>	<b>12,588</b>	<b>12,852</b>	<b>1,735</b>	<b>1,706</b>	<b>106,750</b>	<b>135,486</b>
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Department of the Premier and Cabinet  
Statement of Assets and Liabilities by Major Departmental Services  
as at 30 June 2020

	Policy Advice, Coordination and Cabinet Support		Strategy and Engagement		Government Services		Legislative Drafting and e-Publishing		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Current Assets</b>										
Cash and cash equivalents	2,082	2,712	1,632	3,248	22,999	15,067	(1,575)	(1,374)	25,138	19,653
Receivables and loans receivable	11,496	515	334	11,349	1,296	1,826	123	290	13,249	13,979
Other current assets	561	57	4	-	1,406	153	285	30	2,256	240
<b>Total Current Assets</b>	<b>14,139</b>	<b>3,283</b>	<b>1,970</b>	<b>14,597</b>	<b>25,701</b>	<b>17,046</b>	<b>(1,167)</b>	<b>(1,054)</b>	<b>40,643</b>	<b>33,872</b>
<b>Non-current Assets</b>										
Receivables and loans receivable	3,247	653	-	9,345	-	1,327	-	244	3,247	11,569
Intangible assets	356	245	170	138	217	166	2,080	2,081	2,823	2,630
Plant and equipment	-	28	35	28	-	(35)	72	135	107	156
<b>Total Non-current Assets</b>	<b>3,603</b>	<b>926</b>	<b>205</b>	<b>9,511</b>	<b>217</b>	<b>1,458</b>	<b>2,152</b>	<b>2,460</b>	<b>6,177</b>	<b>14,355</b>
<b>Total Assets</b>	<b>17,742</b>	<b>4,209</b>	<b>2,175</b>	<b>24,108</b>	<b>25,918</b>	<b>18,504</b>	<b>985</b>	<b>1,406</b>	<b>46,820</b>	<b>48,227</b>
<b>Current Liabilities</b>										
Payables	827	782	721	1,911	24,110	14,826	200	511	25,858	18,030
Interest-bearing liabilities	10,384	-	-	10,772	-	-	-	-	10,384	10,772
Accrued employee benefits	822	910	416	585	478	544	253	322	1,969	2,361
Other Liabilities	741	876	-	-	-	-	-	-	741	876
<b>Total Current Liabilities</b>	<b>12,774</b>	<b>2,568</b>	<b>1,137</b>	<b>13,268</b>	<b>24,588</b>	<b>15,370</b>	<b>453</b>	<b>833</b>	<b>38,952</b>	<b>32,039</b>
<b>Non-current Liabilities</b>										
Payables	-	653	-	1,099	-	1,327	-	243	-	3,322
Interest-bearing liabilities	3,247	-	-	8,247	-	-	-	-	3,247	8,247
Other Liabilities	101	99	-	-	-	-	-	-	101	99
<b>Total Non-current Liabilities</b>	<b>3,348</b>	<b>752</b>	<b>-</b>	<b>9,346</b>	<b>-</b>	<b>1,327</b>	<b>-</b>	<b>243</b>	<b>3,348</b>	<b>11,668</b>
<b>Total Liabilities</b>	<b>16,122</b>	<b>3,320</b>	<b>1,137</b>	<b>22,614</b>	<b>24,588</b>	<b>16,697</b>	<b>453</b>	<b>1,076</b>	<b>42,300</b>	<b>43,707</b>

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

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

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

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

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

DPC contributes to the Government's objectives for the community working collaboratively in coordination, communication, and monitoring and reporting roles as well as contributing directly to policy initiatives to deliver on each of the Government priorities:

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

The major services delivered by the department are as follows:

- **The Policy Advice and Coordination, and Cabinet Support service** area provides comprehensive, coordinated policy advice to the Premier and Minister for Trade, Cabinet and the Assistant Minister for Veterans' Affairs and Assistant Minister of State, from design and development through to implementation and review. It also provides policy leadership across government, supports active engagement in intergovernmental policy negotiations and advances Government policy priorities. This service area also provides support for the operation of Cabinet and its related processes, including the administration of all Cabinet information, and supports the Government's accountability to the Parliament. The service area plays a vital role in ensuring the Government functions efficiently and effectively. It does this by supporting the Government to chart its strategic direction, progress its priorities, achieve its objectives for the community, and deliver its election commitments. The service area also responds to challenging and newly emerging circumstances with statewide impact and broader national interests. It consults and collaborates with other departments, all levels of government, non-government organisations, the private sector and other key stakeholders.
- **Strategy and Engagement** takes a leadership role in driving innovative and whole-of-Government policy, engaging with rural and regional Queensland, leading strategic communications, supporting events that drive the economy, and providing protocol services to support external and international engagement for the Queensland Government.
- **The Government Services service** area provides policy and operational advice and support to the Premier in relation to executive government and machinery of government matters, supports the administration of business before Executive Council, and provides corporate support services to Ministerial Offices and the Office of the Leader of the Opposition. The service area also provides legal advice to the Premier and Director-General and coordinates legal representation for major litigation on a whole-of-government basis. The service area includes the newly established Office for Veterans, with functions including policy advice, administering the Queensland Veterans' Memorial Grants Program, supporting employment of ex-Australian Defence Force members in the government and non-government sector, and ongoing curation and oversight of Anzac Square. The service area is comprised of Appointments and Constitutional Services, Legal Services, Ministerial Services and the Office for Veterans.
- **Legislative Drafting and e-Publishing (LDeP)**, through the Office of the Queensland Parliamentary Counsel (OQPC), provides drafting and e-publishing services for Queensland legislation. This service supports parliamentary democracy in Queensland by drafting legislation, ensuring the statute book is of the highest standard, and arranging public access to legislation and legislative information. LDeP makes a special contribution by advising on the application of fundamental legislative principles to ensure legislation has sufficient regard to the rights and liberties of individuals and the institution of Parliament.

**Administered items**

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

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

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

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

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

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

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

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

**B1: Revenue**

**B1-1: Appropriation Revenue**

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

	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Budgeted appropriation revenue	108,273	107,006	108,273	107,006
Lapsed departmental services appropriation	(14,943)	(14,763)	(14,943)	(14,763)
<b>Total appropriation receipts (Cash)</b>	<b>93,330</b>	<b>92,243</b>	<b>93,330</b>	<b>92,243</b>
Less: Opening balance of non-current appropriation receivable	(3,322)	(2,098)	(3,322)	(2,098)
Plus: Effect of adoption of new accounting standards <sup>(1)</sup>	3,322	-	3,322	-
Plus: Departmental Services - non-current receivable from the Consolidated Fund (Refer to Note C2)	-	3,322	-	3,322
Plus: Opening balance of deferred appropriation payable to Consolidated Fund (Refer to Note C6)	10,964	22,968	10,964	22,968
Less: Closing balance of deferred appropriation payable to Consolidated Fund (Refer to Note C6)	(19,618)	(10,964)	(19,618)	(10,964)
<b>Net Appropriation Revenue</b>	<b>84,676</b>	<b>105,471</b>	<b>84,676</b>	<b>105,471</b>
Plus: Deferred appropriation refundable to Consolidated Fund (expenses) (Refer to Note B2-5)	-	10,948	-	10,948
<b>Appropriation Revenue recognised in the Statement of Comprehensive Income</b>	<b>84,676</b>	<b>116,419</b>	<b>84,676</b>	<b>116,419</b>

<sup>(1)</sup>With the introduction of AASB 16 *Leases*, effective 1 July 2019, the department is no longer required to recognise deferred liability for operating leases. The opening balance of appropriation receivable has been written-off against equivalent payable previously held.

Appropriations provided under the *Appropriation Act 2019* are recognised as revenue when received. A deferred appropriation payable representing the unspent appropriation has been recorded in the financial statements as at 30 June 2020. This has been approved by Queensland Treasury.

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

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

Corporate services partnership agreements	3,529	2,827	3,527	2,827
Sales of goods/services	496	570	496	570
Other	1,181	1,172	67	3
<b>Total</b>	<b>5,206</b>	<b>4,569</b>	<b>4,090</b>	<b>3,400</b>

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

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

User charges includes transactions of \$0.78M (2018-19: \$0.76M) with related parties represented by other Queensland Government entities, none of which are considered individually material and primarily represent the recovery of corporate costs provided by the department.

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

B1-3: Grants and Other Contributions	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Contributions from Queensland Government departments	26,874	23,632	4,839	-
Commonwealth contributions	4,118	8,512	4,118	8,512
<b>Total</b>	<b>30,992</b>	<b>32,144</b>	<b>8,957</b>	<b>8,512</b>

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

Otherwise, the grant is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding, except for special purpose capital grants received to construct non-financial assets to be controlled by the department. At 30 June 2020, the department and the controlled entity have not received any special purpose capital grants.

Contributions from Queensland Government departments are related party transactions.

**B1-4: Other Revenue**

Graduate Program <sup>(1)</sup>	4,388	3,347	4,388	3,347
Interest Receipts	760	804	276	409
Sponsorships	229	1,108	228	1,108
Goods/Services Received Below Fair Value <sup>(2)</sup>	3,990	776	3,990	776
Other	317	674	145	1,515
<b>Total</b>	<b>9,684</b>	<b>6,709</b>	<b>9,027</b>	<b>7,155</b>

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

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

In 2019-20, the Queensland Government, led by the 2032 Taskforce, tasked the department to undertake a comprehensive Value Proposition Assessment to determine the feasibility, or otherwise, of hosting the Olympic and Paralympic Games in 2032. The department received in-kind contribution of \$0.933M towards the 2032 Taskforce from the Department of State Development, Tourism and Innovation. Refer to note B2-1.

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

In-kind contributions provided toward the 2032 Taskforce and COVID-19 Taskforce predominantly relates to the operations, salaries and wages for Taskforce staff met by other government agencies.

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

**B2: Expenses**

B2-1 Employee Expenses	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Employee Benefits</b>				
Wages and salaries <sup>(1)</sup>	48,465	44,659	46,043	42,439
Employer superannuation contributions	6,017	5,753	5,780	5,547
Annual leave levy	4,725	4,402	4,637	4,395
Long service leave levy	1,062	877	1,062	877
Termination benefits	67	14	67	14
Other employee benefits	623	955	577	862
<b>Employee Related Expenses</b>				
Workers' compensation premium	58	69	51	62
Other employee related expenses	459	352	340	251
Goods and services received below fair value <sup>(2)</sup>	3,072	-	3,072	-
<b>Total</b>	<b>64,548</b>	<b>57,081</b>	<b>61,629</b>	<b>54,447</b>
<b>Number of Employees</b>				
Paid Full Time Equivalent (FTE) Employees	482	470	457	445
Employee's services received below fair value <sup>(2)</sup>	42	-	42	-
<b>Total Employees</b>	<b>524</b>	<b>470</b>	<b>499</b>	<b>445</b>

<sup>(1)</sup> Wages and salaries includes \$527,849 of \$1,250 one-off, pro-rata payments for 422 full-time equivalent employees (announced in September 2019).

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

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

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

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

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

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

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

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

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

The department undertakes a whole of government policy futures graduate program which employed 61 graduates during 2019-20 (2018-19: 55). The graduate FTE numbers are included in the department totals stated.

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

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Building services	9,633	12,177	9,638	10,597
Professional services	1,227	4,643	1,068	4,542
Consultants and contractors	7,879	4,958	7,879	4,958
Advertising and communications	6,658	4,593	6,523	4,463
Information technology bureau services	4,844	4,701	4,669	4,519
Outsourced corporate support	1,401	1,329	1,402	1,329
Hospitality and official functions	350	415	329	398
Travel	504	539	401	420
Venue hire	203	234	203	234
Telephone and communications support	289	247	263	221
Lease expenses	360	-	-	-
Other	3,286	1,899	2,767	1,509
<b>Total</b>	<b>36,634</b>	<b>35,735</b>	<b>35,142</b>	<b>33,190</b>

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

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

Supplies and services include transactions of \$13.33M (2018-19: \$17.44M) with related parties represented by other Queensland Government entities, none of which are considered material other than Department of Housing and Public Works for property rent amounting to \$9.47M (2018-19: \$10.58M) for the year ended 30 June 2020. Property rent is charged at market rates.

**B2-3: Grants and Subsidies**

**Recurrent**

Grants to private sector entities	22,272	21,721	1,164	22,861
Grants to government entities and not-for-profit entities	1,616	6,495	1,616	6,495
<b>Total recurrent</b>	<b>23,888</b>	<b>28,216</b>	<b>2,780</b>	<b>29,356</b>

**Capital**

Grants to government entities and not-for-profit entities	1,080	800	1,079	800
<b>Total capital</b>	<b>1,080</b>	<b>800</b>	<b>1,079</b>	<b>800</b>

**Subsidy payments**

Contributions	2,296	2,018	2,295	2,018
Donations and gifts made	712	1,258	712	1,258
<b>Total subsidy payments</b>	<b>3,008</b>	<b>3,276</b>	<b>3,007</b>	<b>3,276</b>
<b>Total</b>	<b>27,976</b>	<b>32,292</b>	<b>6,866</b>	<b>33,432</b>

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

**B2-3: Grants and Subsidies (cont'd)**

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

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

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

Grants and subsidies includes transactions of \$2.67M (2018-19: \$5.13M) with related parties represented by other Queensland Government entities.

**B2-4 Finance/Borrowing Costs**

	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Interest on borrowings	276	409	276	409
Interest on lease liabilities	27	-	-	-
<b>Total</b>	<b>303</b>	<b>409</b>	<b>276</b>	<b>409</b>

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

**B2-5 Depreciation and Amortisation**

Depreciation and amortisation - Plant and equipment	1,123	693	384	340
Depreciation - Right of use asset	1,625	-	-	-
<b>Total</b>	<b>2,748</b>	<b>693</b>	<b>384</b>	<b>340</b>

**B2-6 Other Expenses**

Deferred appropriation payable to Consolidated Fund <sup>(1)</sup>	-	10,948	-	10,948
Sponsorships	2,347	2,639	2,347	2,578
Insurance premiums - QGIF	28	42	13	28
External audit fees <sup>(2)</sup>	127	124	92	90
Other	-	22	1	23
<b>Total</b>	<b>2,502</b>	<b>13,776</b>	<b>2,453</b>	<b>13,668</b>

<sup>(1)</sup> In accordance with the *Financial Reporting Requirements for Queensland Government Agencies*, Appropriation Payable is matched with a debit to appropriation revenue in 2019-20.

<sup>(2)</sup> Total audit fees quoted by the Queensland Audit Office (QAO) relating to the 2019-20 financial statements was \$219,000 (2018-19: \$214,000). This fee includes an internal allocation of \$92,000 (2018-19: \$90,000) for audit services to the administered entity, Ministerial Offices and Office of the Leader of the Opposition. There are no non-audit services included in the amount.

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

Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020

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

**C1: Cash and Cash Equivalents**

	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Imprest accounts	1	2	1	1
Cash at bank and on hand	54,999	52,925	25,137	19,652
<b>Total</b>	<b>55,000</b>	<b>52,927</b>	<b>25,138</b>	<b>19,653</b>

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June 2020.

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

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

**C2: Receivables and Loans Receivable**

**Current**

Trade debtors	1,811	454	1,760	402
GST input tax credits receivable	2,053	584	578	360
GST payable	(1)	(5)	-	-
<b>Net GST receivable</b>	<b>2,052</b>	<b>579</b>	<b>578</b>	<b>360</b>
Loans receivable	9,611	10,422	10,384	10,772
Annual leave reimbursements	394	801	394	801
Accrued receivable <sup>(1)</sup>	-	1,386	-	1,386
Long service leave reimbursements	129	231	129	231
Other receivables	26	312	4	27
<b>Total current receivables and loans receivable</b>	<b>14,023</b>	<b>14,185</b>	<b>13,249</b>	<b>13,979</b>

**Non-current**

Loans receivable	3,232	7,698	3,247	8,247
Appropriation receivable <sup>(2)</sup>	-	3,322	-	3,322
<b>Total non-current receivables and loans receivable</b>	<b>3,232</b>	<b>11,020</b>	<b>3,247</b>	<b>11,569</b>

<sup>(1)</sup> To align with the new terminology in AASB 15 *Revenue from Contracts with Customers* accrued receivable arising from contracts with customers has now been renamed as contract assets and is disclosed in Note C3 and G2-9.

<sup>(2)</sup> With the introduction of AASB 16 *Leases*, effective 1 July 2019, the department is no longer required to recognise a non-current appropriation receivable for operating leases. The non-current appropriation receivable relates to the future amount owed to the department from the Consolidated Fund to offset the non-current payable recognised for the straight-lining of department lease agreements (Notes C6 and G2-9).

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

Settlement of trade debtors is generally required within 30 days from the invoice date for the department and 14 days from the invoice date for the controlled entity.

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

**C2: Receivables and Loans Receivable (cont'd)**

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

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

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

<b>C3: Other Current Assets</b>	<b>Economic Entity</b>		<b>Parent Entity</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Prepayments and Other	1,278	303	1,209	240
Contract assets	1,047	-	1,047	-
<b>Total Other current assets</b>	<b>2,325</b>	<b>303</b>	<b>2,256</b>	<b>240</b>

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

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

**C4: Intangible Assets**

**Software Internally Generated**

At cost	5,915	6,366	5,915	6,366
Less: Accumulated amortisation	(3,519)	(3,880)	(3,519)	(3,880)
<b>Carrying amount at 30 June</b>	<b>2,396</b>	<b>2,486</b>	<b>2,396</b>	<b>2,486</b>

**Software Work in Progress**

At cost	427	144	427	144
<b>Carrying amount at 30 June</b>	<b>427</b>	<b>144</b>	<b>427</b>	<b>144</b>

<b>Total</b>	<b>2,823</b>	<b>2,630</b>	<b>2,823</b>	<b>2,630</b>
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**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

**C4: Intangible Assets (cont'd)**

Intangible Assets Reconciliation	Software Internally Generated		Software WIP		Total	
	2020	2019	2020	2019	2020	2019
Economic Entity	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	2,486	2,288	144	89	2,631	2,377
Acquisitions	225	-	283	525	507	525
Transfers between classes	-	469	-	(469)	-	-
Amortisation	(315)	(271)	-	-	(315)	(271)
<b>Carrying amount at 30 June</b>	<b>2,396</b>	<b>2,486</b>	<b>427</b>	<b>144</b>	<b>2,823</b>	<b>2,631</b>

Intangible Assets Reconciliation	Software Internally Generated		Software WIP		Total	
	2020	2019	2020	2019	2020	2019
Parent Entity	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	2,486	2,288	144	89	2,631	2,377
Acquisitions	225	-	283	525	507	525
Transfers between classes	-	469	-	(469)	-	-
Amortisation	(315)	(271)	-	-	(315)	(271)
<b>Carrying amount at 30 June</b>	<b>2,396</b>	<b>2,486</b>	<b>427</b>	<b>144</b>	<b>2,823</b>	<b>2,631</b>

**C4-1: Recognition and Measurement**

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

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

**C4-2: Amortisation Expense and Impairment**

**Amortisation Expense**

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

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

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

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

**Impairment**

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

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

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

No intangible assets were impaired at 30 June 2020.

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

**C5: Plant and Equipment**

	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
At cost plant and equipment	3,869	3,773	524	532
Less: Accumulated depreciation	(1,593)	(814)	(417)	(376)
<b>Carrying amount at 30 June</b>	<b>2,276</b>	<b>2,959</b>	<b>107</b>	<b>156</b>

**C5-1: Plant and Equipment Reconciliation**

Closing balances and reconciliation of carrying amount	Plant and	Total	Plant and	Total
	Equipment		Equipment	
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2019	2,959	2,959	156	156
Acquisitions	124	124	20	20
Depreciation	(807)	(807)	(69)	(69)
<b>Carrying amount at 30 June 2020</b>	<b>2,276</b>	<b>2,276</b>	<b>107</b>	<b>107</b>

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

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

**C5: Plant and Equipment (cont'd)**

**C5-2: Recognition and Measurement**

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

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

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

**C5-3: Depreciation Expense and Impairment**

**Depreciation Expense**

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

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

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

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

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

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

**Impairment**

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

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

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

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

No items of plant and equipment were impaired at 30 June 2020.

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

C6: Payables	Economic Entity		Parent Entity	
	2020	2019	2020	2019
Current	\$'000	\$'000	\$'000	\$'000
Deferred appropriation payable to Consolidated Fund	19,618	10,964	19,618	10,964
Trade creditors and accruals	5,304	4,192	4,001	4,054
Grants and subsidies payable	1,994	2,688	1,994	2,688
Other	335	397	245	324
<b>Total Current Payables</b>	<b>27,251</b>	<b>18,241</b>	<b>25,858</b>	<b>18,030</b>
<b>Non-Current</b>				
Deferred liability for operating leases <sup>(1)</sup>	-	3,322	-	3,322
<b>Total Non-Current Payables</b>	<b>-</b>	<b>3,322</b>	<b>-</b>	<b>3,322</b>

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the purchase contract price, net of applicable trade and other discounts. Amounts owing are unsecured and are recognised as a current liability. The amounts are normally paid within 30 days of recognition of the liability.

<sup>(1)</sup> With the introduction of AASB 16 *Leases*, effective 1 July 2019, the department is no longer required to recognise deferred liability for operating leases. The deferred liability for operating leases relates to a future amount owed by the department to the Department of Housing and Public Works for the straight-lining of lease agreements. The balance has been written-off against equivalent receivable previously held (Refer notes C2 and G2-9).

**C7: Interest-Bearing Liabilities**

Current	2020	2019	2020	2019
Queensland Treasury Corporation borrowings	10,384	10,772	10,384	10,772
<b>Total Current</b>	<b>10,384</b>	<b>10,772</b>	<b>10,384</b>	<b>10,772</b>
<b>Non-Current</b>				
Queensland Treasury Corporation borrowings	3,247	8,247	3,247	8,247
<b>Total Non-Current</b>	<b>3,247</b>	<b>8,247</b>	<b>3,247</b>	<b>8,247</b>

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

QTC borrowings disclosed in the statements are on behalf of SQ for the Revolving Film Finance Fund (RFFF) facility (refer to note C2). QTC is a related party. These borrowings are established initially at a fixed interest rate. The applicable rates for 2019-20 were 0.37% to 2.99% (2018-19: 1.70% to 2.99%). There have been no defaults or breaches of the loan agreements during the period.

Repayment dates vary from one to twenty-three months (2018-19: one to seventeen months). The maturity profile is disclosed in note D3. Principal and interest repayments were made quarterly in arrears. Where an extension of the original term is requested, the department has an option to refinance the loan as a variable rate loan. This option was not adopted in 2019-20 (2018-19: 1.90%).

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

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

Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020

**C7: Interest-Bearing Liabilities (cont'd)**

**Disclosures about Sensitivity to Interest Rate Movements**

The following interest rate sensitivity analysis depicts the outcome on net income if interest rates would change by +/-1% from the year end rates as applied to the department's variable rate borrowings from QTC for 2019-20.

Financial Year	Financial Liability	Carrying amount \$'000	2019 Interest Rate Risk			
			-1%		+1%	
			Operating Result \$'000	Equity \$'000	Operating Result \$'000	Equity \$'000
2020	QTC Borrowings	-	-	-	-	-
	<b>Potential impact on</b>		-	-	-	-
2019	QTC Borrowings	9,057	(91)	(91)	91	91
	<b>Potential impact on</b>		(91)	(91)	91	91

The borrowings from QTC with variable rate is nil for 2019-20 (2018-19: \$9.057M). The impact of these interest rate movements are mitigated through loan receivable agreements made between the department and SQ (Note D3-4).

**C8: Accrued Employee Benefits**

	Economic Entity		Parent Entity	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Current</b>				
Long service leave levy payable	329	264	293	243
Annual leave payable	1,393	1,238	1,227	1,134
Accrued salaries and wages	449	984	449	984
<b>Total Current</b>	<b>2,171</b>	<b>2,486</b>	<b>1,969</b>	<b>2,361</b>
<b>Non-Current</b>				
Accrued long service leave	53	38	-	-
<b>Total Non-Current</b>	<b>53</b>	<b>38</b>	<b>-</b>	<b>-</b>

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

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

Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020

C9: Other Liabilities	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Contract Liabilities	780	880	741	876
<b>Total Current</b>	<b>780</b>	<b>880</b>	<b>741</b>	<b>876</b>
<b>Non-Current</b>				
Contract Liabilities	124	205	101	99
<b>Total Non-Current</b>	<b>124</b>	<b>205</b>	<b>101</b>	<b>99</b>

Contract liabilities at 30 June 2020 represents advance payments the department has received from participating departments for the whole-of-government policy graduates' program. The program recruits graduates under a two-year program. Revenue will be recognised over the two years as performance obligations are satisfied.

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

A new accounting standard AASB 16 *Leases* came into effect in 2019-20, resulting in significant changes to the department and its controlled entity's accounting for leases. The transitional impacts of the new standard are disclosed in Note G2-9.

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

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

	Office Accomodations
<b>Economic Entity</b>	<b>2020</b>
<b>Right-of-use assets</b>	<b>\$'000</b>
Opening balance at 1 July 2019	5,735
Additions	1,965
Disposals/ derecognition	(86)
Depreciation charge	(1,625)
<b>Closing balance at 30 June 2020</b>	<b>5,989</b>
<b>Economic Entity</b>	
<b>Lease liabilities</b>	<b>\$'000</b>
Current	1,718
Non-current	4,403
<b>Total</b>	<b>6,121</b>

Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020

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

**Disclosures – Leases as lessee**

(i) *Office accommodation, employee housing and motor vehicles*

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

(ii) *Details of leasing arrangements as lessee*

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

Leasing Arrangements	Details of Leasing Arrangements as Lessee
1/3 Florence Street, Newstead	5 year lease, commencing 1 December 2014. Lease ended 30 November 2019. There are 2 x 1 year options in the agreement, the controlled entity did not exercise these options. The controlled entity gave notice to end the lease on 30 November, however due to the delay in the new office the lease was extended for 2 months to 31 January 2020. The lease payments were fixed each month and increased 4 percent annually.
5/3 Florence Street, Newstead	43 month lease, commencing 1 December 2017. Lease terminated 30 November 2019. There are no options in the agreement. The controlled entity gave notice to end the lease on 30 November, however due to the delay in the new office the lease was extended for 2 months to 31 January 2020. The lease payments were fixed each month and increased 4 percent annually.
Level 2, 130 Commercial Road, Teneriffe	6 year lease, commencing 1 February 2020 to 31 January 2026. There are 2 x 3 year options in the agreement. Monthly lease payments are fixed with a 3.5 percent annual rent review.
Screen Queensland Studios, 45 Gosport Street, Hemmant	5 year lease commencing 11 July 2018 to 10 July 2023. There are 2 x 3 year options in the agreement. Monthly lease payments are fixed with a 3 percent annual rent review.

	Economic Entity	Parent Entity
	2020	2020
(iii) <i>Amounts recognised in profit or loss</i>	\$'000	\$'000
Interest expense on lease liabilities	27	-
Income from subleasing included in Note B1-4	-	45
(iv) <i>Total cash outflow for leases</i>	1,658	-

2018-19 disclosures under AASB 117	Economic Entity	Parent Entity
	2019	2019
<i>Operating lease commitments at 30 June 2019</i>	\$'000	\$'000
Within 1 year	9,533	7,643
Later than 1 year but not later than 5 years	43,805	38,217
Later than 5 years	44,592	44,592
	<u>97,930</u>	<u>90,452</u>

With the introduction of AASB 16, effective 1 July 2019, the department is no longer required to disclose non-cancellable operating lease arrangement with DHPW for commercial office accommodation through Government Accommodation Office (QGAO) (refer note G2-9).

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

**C11: Appropriations Recognised in Equity**

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

	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>C11-1</b>				
Budgeted equity adjustment appropriation	-	-	-	-
Lapsed equity adjustment	-	(2,798)	-	(2,798)
<b>Equity adjustment receipts (payment)</b>	<b>-</b>	<b>(2,798)</b>	<b>-</b>	<b>(2,798)</b>
<b>C11-2</b>				
Plus: Opening balance of equity adjustment payable	-	2,798	-	2,798
Less: Closing balance of equity adjustment payable	-	-	-	-
<b>Equity adjustment recognised in Contributed Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020

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

**D1: Financial Contingencies**

**Litigation in Progress**

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

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

**D2: Financial Commitments**

	Economic Entity		Parent Entity	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>D2-1: Capital Expenditure Commitments</b>				
Not later than one year	116	12	116	12
<b>Total Capital Expenditure Commitments</b>	<b>116</b>	<b>12</b>	<b>116</b>	<b>12</b>
<b>D2-2: Future Screen Commitments <sup>(1)</sup></b>				
Not later than one year	11,051	23,539	-	-
Later than one year and not later than five years	8,400	1,478	-	-
<b>Total Capital Expenditure Commitments</b>	<b>19,451</b>	<b>25,017</b>	<b>-</b>	<b>-</b>

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

**D3: Financial Risk Disclosures**

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

**D3-1: Financial Instrument Categories**

Financial Assets					
Cash and cash equivalents	C1	55,000	52,927	25,138	19,653
Receivables and loans receivable at amortised cost	C2	17,255	25,205	16,496	25,548
<b>Total Financial Assets</b>		<b>72,255</b>	<b>78,132</b>	<b>41,634</b>	<b>45,201</b>
Financial Liabilities					
Payables	C6	27,251	21,563	25,858	21,352
Interest bearing liabilities - QTC borrowings	C7	13,631	19,019	13,631	19,019
Lease Liabilities	C10	6,121	-	-	-
<b>Total Financial Liabilities at amortised cost</b>		<b>47,003</b>	<b>40,582</b>	<b>39,489</b>	<b>40,371</b>

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

**D3-2: Financial Risk Management**

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

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

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

**Credit Risk**

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

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

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

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

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

**Liquidity Risk**

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

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

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

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

**Liquidity Risk – Contractual Maturity of Financial Liabilities**

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

Economic Entity	2020				2019			
	Total	Contractual Maturity			Total	Contractual Maturity		
	\$'000	< 1 Year \$'000	1-5 Years \$'000	> 5 Years \$'000	\$'000	< 1 Year \$'000	1-5 Years \$'000	> 5 Years \$'000
Payables	5,304	5,304	-	-	4,192	4,192	-	-
QTC borrowings	13,776	10,468	3,308	-	19,327	10,800	8,526	-
Lease liabilities	6,424	1,772	4,433	219	-	-	-	-
<b>Total</b>	<b>25,504</b>	<b>17,544</b>	<b>7,741</b>	<b>219</b>	<b>23,519</b>	<b>14,992</b>	<b>8,526</b>	<b>-</b>

**Market Risk**

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

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

The department is exposed to interest rate risk through its borrowings from QTC (Note C7).

Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020

D3: Financial Risk Disclosures (cont'd)

D3-3: Financial Assets

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

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

The department has assessed each debtor individually for impairment. No debtors were impaired for 2019-20 (2018-19: nil).

D3-4: Fair Value Disclosures

	Economic Entity				Parent Entity			
	2020		2019		2020		2019	
	Carrying Amount	Fair Value						
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>								
Loans receivable	12,843	12,843	18,120	18,120	13,631	13,729	19,019	19,148
<b>Total</b>	<b>12,843</b>	<b>12,843</b>	<b>18,120</b>	<b>18,120</b>	<b>13,631</b>	<b>13,729</b>	<b>19,019</b>	<b>19,148</b>
<b>Financial Liabilities</b>								
Interest-bearing liabilities	13,631	13,729	19,019	19,148	13,631	13,729	19,019	19,148
<b>Total</b>	<b>13,631</b>	<b>13,729</b>	<b>19,019</b>	<b>19,148</b>	<b>13,631</b>	<b>13,729</b>	<b>19,019</b>	<b>19,148</b>

All financial assets and liabilities are measured at cost.

The fair value of borrowings is notified by QTC and is calculated using a weighted average rate. For the year ended 30 June 2020, the weighted average borrowing rate was 2.09% (2018-19: 2.15%), ranging from 0.49% to 3.09%. (2018-19: 1.59% to 3.09%).

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.

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

D4: Events Occurring after Balance Date

There are no matters of significance to the financial statements which occurred after 30 June 2020.

Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020

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

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

		Budget	Actual	Variance
	Variance	2020	2020	2020
	Notes	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>				
Appropriation revenue	1	106,181	84,676	(21,505)
User charges and fees		3,876	4,090	214
Grants and other contributions	2	844	8,957	8,113
Other revenue	3	5,496	9,027	3,531
<b>Total Income from Continuing Operations</b>		<b>116,397</b>	<b>106,750</b>	<b>(9,647)</b>
<b>Expenses from Continuing Operations</b>				
Employee expenses		61,113	61,629	516
Supplies and services		33,531	35,142	1,611
Grants and subsidies	4	12,672	6,866	(5,806)
Depreciation and amortisation		345	384	39
Finance/Borrowing Costs		396	276	(120)
Other expenses	5	8,340	2,453	(5,887)
<b>Total Expenses from Continuing Operations</b>		<b>116,397</b>	<b>106,750</b>	<b>(9,647)</b>
<b>Total Comprehensive Income</b>		<b>-</b>	<b>-</b>	<b>-</b>

**Variance Notes**

1. The variance is primarily due to 2019-20 funding deferrals over the forward estimates to align with project milestones (\$23.552M) and the return of funding to the consolidated fund (\$12.888M). This is offset by 2018-19 end-of-year funding adjustment for projects deferred to 2019-20 (\$11.339M), additional funding provided to the COVID-19 Response and Recovery Taskforce for communications and engagement activities (\$3.077M), the one-off \$1250 staff payment (\$0.597M), and the recovery of flood litigation costs (\$0.454M). Collectively, this accounts for \$20.973M of the variance.
2. The variance is primarily due to unbudgeted grant funding to support the completion of Anzac Centenary Commemoration legacy projects (\$4.118M) and Queensland Government department contributions to the 2032 Taskforce to undertake the host bid value proposition (\$3.619M) and supporting the COVID-19 Recovery and Response Taskforce (\$0.745M). Collectively, this accounts for \$8.482M of the variance.
3. The variance is primarily due to unbudgeted contributions and services received in-kind from across Queensland Government departments supporting the COVID-19 Response and Recovery Taskforce (\$1.241M), the 2032 Taskforce (\$1.865M), and the recognition of free of charge storage received from the State Archives (\$0.739M). Collectively, this accounts for \$3.845M of the variance.
4. The variance is primarily due to unspent Director-General Reserve funding required for 2020-21 commitments (\$5.417M), unspent Safer Communities Fund returned to the consolidated fund (\$1.671M), offset by unbudgeted grant spend to support the completion of Anzac Centenary legacy projects with funding provided as outlined in note 2. (\$1.145M). Collectively, this accounts for \$5.943M of the variance.
5. The variance is primarily due to the timing of sponsorship commitments for the Event Sponsorship Fund (\$5.769M).

Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020

E2: Budget to Actual Comparison – Statement of Financial Position

	Variance Notes	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000
<b>Current Assets</b>				
Cash and cash equivalents	6	10,844	25,138	14,294
Receivables and loans receivable	8	13,005	13,249	244
Other current assets	7	618	2,256	1,638
<b>Total Current Assets</b>		<b>24,467</b>	<b>40,643</b>	<b>16,176</b>
<b>Non-current Assets</b>				
Receivables and loans receivable	8	-	3,247	3,247
Intangible assets		3,181	2,823	(358)
Plant and equipment		82	107	25
<b>Total Non-current Assets</b>		<b>3,263</b>	<b>6,177</b>	<b>2,914</b>
<b>Total Assets</b>		<b>27,730</b>	<b>46,820</b>	<b>19,090</b>
<b>Current Liabilities</b>				
Payables	6	5,130	25,858	20,728
Interest-bearing liabilities	8	9,059	10,384	1,325
Accrued employee benefits	9	2,980	1,969	(1,011)
Other liabilities		445	741	296
<b>Total Current Liabilities</b>		<b>17,614</b>	<b>38,952</b>	<b>21,338</b>
<b>Non-current Liabilities</b>				
Interest-bearing liabilities	8	-	3,247	3,247
Other liabilities		-	101	101
<b>Total Non-current Liabilities</b>		<b>-</b>	<b>3,348</b>	<b>3,348</b>
<b>Total Liabilities</b>		<b>17,614</b>	<b>42,300</b>	<b>24,686</b>
<b>Net Assets</b>		<b>10,116</b>	<b>4,520</b>	<b>(5,596)</b>
<b>Equity</b>				
Accumulated surplus/deficit		-	4,520	4,520
<b>Total Equity</b>		<b>10,116</b>	<b>4,520</b>	<b>(5,596)</b>

Variance Notes

- For variance explanation, refer to 'E3: Budget to Actual Comparison - Statement of Cash Flows'.
- The variance is primarily due to trade debtors for the recovery of costs associated with Policy Graduate Program, the 2032 Taskforce and COVID-19 Response and Recovery Taskforce (\$1.047M), and prepaid salaries over end of financial year (\$0.604M).
- The variance is primarily due to recognising new loans (total: \$5.429M) for the Revolving Film Finance Fund (RFFF) which were not identified at the time of preparing the budget and offset by an adjustment to receivables and loan receivables for the reclassification of contract assets under AASB 15 Revenue from Contracts with Customers (\$1.386M).
- The variance is primarily due to timing of salaries payment on 30 June 2020 and the budget assuming a salary accrual for what was prepayment - see note 7. (\$1.343M).

Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020

E3: Budget to Actual Comparison – Statement of Cash Flows

	Variance	Budget	Actual	Variance
	Notes	2020	2020	
		\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
<i>Inflows:</i>				
Service appropriation receipts	10	108,273	93,330	(14,943)
User charges and fees		3,825	4,116	291
Grants and other contributions	11	844	9,555	8,711
Interest receipts		-	276	276
GST input tax credits from ATO	12	5,502	3,799	(1,703)
GST collected from customers		166	142	(24)
Other	13	5,016	2,955	(2,061)
<i>Outflows:</i>				
Employee expenses		(60,627)	(59,161)	1,466
Supplies and services		(35,568)	(34,041)	1,527
Grants and subsidies	14	(12,672)	(7,573)	5,099
Finance/borrowing costs		-	(276)	(276)
GST paid to suppliers	12	(5,525)	(4,159)	1,366
GST remitted to ATO		(239)	(221)	18
Other	15	(8,342)	(2,693)	5,649
<b>Net cash provided by operating activities</b>		<b>653</b>	<b>6,049</b>	<b>5,396</b>
<b>Cash flows from investing activities</b>				
<i>Inflows:</i>				
Loans and advances redeemed	16	8,853	11,094	2,241
<i>Outflows:</i>				
Payments for plant and equipment	17	(662)	(8)	654
Payments for intangibles	17	-	(556)	(556)
Loans and advances made	18	(2,373)	(5,430)	(3,057)
<b>Net cash used in investing activities</b>		<b>5,818</b>	<b>5,100</b>	<b>(718)</b>
<b>Cash flows from financing activities</b>				
<i>Inflows:</i>				
Proceeds from borrowings	18	2,373	5,430	3,057
<i>Outflows:</i>				
Borrowing redemptions	16	(8,853)	(11,094)	(2,241)
Non-appropriated equity withdrawals	19	2,798	-	(2,798)
<b>Net cash provided by financing activities</b>		<b>(3,682)</b>	<b>(5,664)</b>	<b>(1,982)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,789</b>	<b>5,485</b>	<b>2,696</b>
Cash and cash equivalents at beginning of financial year		8,055	19,653	11,598
<b>Cash and cash equivalents at end of financial year</b>		<b>10,844</b>	<b>25,138</b>	<b>14,294</b>

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

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

**Variance Notes**

10. The variance is primarily due to deferred projects (\$13.358M) to 2020-21 and a transfer of funding to the Department of Natural Resources and Mines to fund a Feasibility Study for the Toowoomba to Warwick Water Pipeline (\$1.0M).
11. The variance is primarily due to unbudgeted grant funding to support the completion of Anzac Centenary legacy projects (\$4.118M) and Queensland Government department contributions to the 2032 Taskforce value proposition assessment (\$3.619M) and COVID-19 Taskforce (\$0.745M).
12. An increase in GST input tax credit inflows is due to the timing of claiming GST input tax credits from payments in prior year accruals and the timing of GST paid to suppliers.
13. The variance is primarily due to trade debtors for the recovery of costs associated with Policy Graduate Program, the 2032 Taskforce and COVID-19 Response and Recovery Taskforce (\$1.047M), and below budget cost recovery of policy graduates across government (\$0.451M).
14. The variance is primarily due to unspent Director-General Reserve funding required for 2020-21 commitments (\$5.417M), unspent Safer Communities Fund contributing toward COVID-19 savings target (\$1.671M), offset by unbudgeted grant spend to support the completion of Anzac Centenary legacy projects (\$1.145M) and additional grants provided for the Office for Veterans (\$0.507M).
15. The variance is primarily due to the timing of sponsorship commitments for the Event Sponsorship Fund (\$5.769M).
16. The variance is primarily due to a greater redemption of loans than identified at time of the creation of the budget (\$2.241).
17. The variance is primarily due to a misclassification between payments for plant and equipment, and payments for intangibles, at the formulation of the budget (\$0.662M).
18. The variance is primarily due to a greater drawdown of loans than identified at time of the formulation of the budget (\$3.057M).
19. The variance is primarily due to a legacy budget entry from prior years relating to a final payment to Arts for the ANZAC Legacy Gallery (\$2.798M).

Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020

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

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

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

**F1-1: 2019-20 Financial Information**

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

Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020

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

F1-2: 2018-19 Financial Information	Ministerial Offices and Office of the Leader of the Opposition	Former Governor's Pension	Trade and Investment Queensland	Screen Queensland	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered Revenues</b>					
Appropriation revenue (Note F1-4)	49,574	150	40,585	23,631	113,940
Other revenue	42	-	-	-	42
<b>Total Administered Revenues</b>	<b>49,616</b>	<b>150</b>	<b>40,585</b>	<b>23,631</b>	<b>113,982</b>
<b>Administered Expenses</b>					
Employee expenses	30,334	129	-	-	30,463
Supplies and services	18,963	-	-	-	18,963
Grants and subsidies (Note F1-3)	-	-	40,585	23,631	64,216
Depreciation and amortisation	225	-	-	-	225
Other expenses	94	-	-	-	94
<b>Total Administered Expenses</b>	<b>49,616</b>	<b>129</b>	<b>40,585</b>	<b>23,631</b>	<b>113,961</b>
<b>Operating Surplus/(Deficit)</b>	<b>(0)</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>21</b>
<b>Administered Assets</b>					
<b>Current</b>					
Cash and cash equivalents	10,456	164	-	-	10,620
Receivables	482	-	-	-	482
Other current assets	20	-	-	-	20
<b>Total Current Assets</b>	<b>10,958</b>	<b>164</b>	<b>-</b>	<b>-</b>	<b>11,122</b>
<b>Non-current</b>					
Receivables	4,012	-	-	-	4,012
Plant and equipment/Intangibles	722	-	-	-	722
<b>Total Non-current Assets</b>	<b>4,734</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,734</b>
<b>Total Assets</b>	<b>15,692</b>	<b>164</b>	<b>-</b>	<b>-</b>	<b>15,856</b>
<b>Administered Liabilities</b>					
<b>Current</b>					
Payables	524	-	-	-	524
Accrued employee benefits	1,466	-	-	-	1,466
<b>Total Current Liabilities</b>	<b>1,990</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,990</b>
<b>Non-current</b>					
Payables	4,012	-	-	-	4,012
Accrued employee benefits	4,862	-	-	-	4,862
<b>Total Non-current Liabilities</b>	<b>8,874</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,874</b>
<b>Total Liabilities</b>	<b>10,864</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,864</b>
<b>Net Administered Assets/liabilities</b>	<b>4,828</b>	<b>164</b>	<b>-</b>	<b>-</b>	<b>4,992</b>

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

<b>F1-3: Grants and subsidies were paid to the following entities:</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade Investment Queensland	46,869	40,585
Screen Queensland	22,034	23,631
<b>Total Grants and subsidies</b>	<b>68,903</b>	<b>64,216</b>

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

Budgeted appropriation	128,064	123,127
Transfer from/(to) other headings	1,200	-
Lapsed appropriation	(3,346)	(10,345)
<b>Total Administered Receipts</b>	<b>125,918</b>	<b>112,782</b>
Less: Opening balance of current appropriation receivable	(4,012)	(2,477)
Plus: Effect of adoption of new accounting standards <sup>(1)</sup>	4,012	-
Less: Opening balance of non-current appropriation receivable	-	(2,576)
Plus: Closing balance of non-current appropriation receivable	-	4,012
Plus: Opening balance of deferred appropriation payable	201	2,400
Less: Closing balance of deferred appropriation payable	(9,292)	(201)
<b>Net Administered Appropriation Revenue</b>	<b>116,827</b>	<b>113,940</b>
Plus: Deferred appropriation refundable to Consolidated Fund (expenses)	-	-
<b>Appropriation Revenue recognised in the Statement of Comprehensive Income</b>	<b>116,827</b>	<b>113,940</b>

<sup>(1)</sup> With the introduction of AASB 16 *Leases*, effective 1 July 2019, the department is no longer required to recognise deferred liability for operating leases. The opening balance of appropriation receivable has been written-off against equivalent payable previously held.

**F1-5: Significant Accounting Policy**

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

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

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

Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020

F2: Budget to Actual Comparison – Administered Activities

F2-1: Income and Expenses		Budget	Actual	Variance
	Variance	2020	2020	2020
	Notes	\$'000	\$'000	\$'000
<b>Administered Revenues</b>				
Appropriation revenue		128,064	116,827	(11,237)
Other revenue	1	-	141	141
<b>Total Administered Revenues</b>		<b>128,064</b>	<b>116,968</b>	<b>(11,096)</b>
<b>Administered Expenses</b>				
Employee expenses		34,446	32,257	(2,189)
Supplies and services	2	17,548	15,446	(2,102)
Grants and subsidies		75,462	68,903	(6,559)
Depreciation and amortisation	3	424	229	(195)
Other expenses	4	184	133	(51)
<b>Total Administered Expenses</b>		<b>128,064</b>	<b>116,968</b>	<b>(11,096)</b>
<b>Operating Surplus/(Deficit)</b>		<b>-</b>	<b>-</b>	<b>-</b>

1. The variance is primarily due to an unbudgeted insurance claimed through the Queensland Government Insurance Fund (\$0.115M).

2. A decrease in supplies and services compared to budget primarily driven by a reduction domestic and international travel, hospitality and motor vehicle costs as a result of COVID-19 (\$1.369M), along with lower administrative costs with savings in telecommunications, printing, postage, and advertising costs amounting to a total of (\$0.466M) for the Ministerial and Leader of the Opposition Offices.

3. A decrease in budgeted depreciation and amortisation costs due to lower expenditure on plant and equipment for Ministerial and Leader of the Opposition Offices.

4. A decrease in other expenses due to lower than budgeted audit fees and insurance paid to the Queensland Government Insurance Fund for Ministerial and Leader of the Opposition Offices.

Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020

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

F2-2: Assets and Liabilities	Variance Notes	Budget	Actual	Variance
		2020 \$'000	2020 \$'000	2020 \$'000
<b>Administered Assets</b>				
<b>Current</b>				
Cash and cash equivalents	5	9,645	20,067	10,422
Receivables	6	3,317	1,616	(1,701)
Other current assets	7	23	425	402
<b>Total Current Assets</b>		<b>12,985</b>	<b>22,108</b>	<b>9,123</b>
<b>Non-current</b>				
Plant and equipment/intangibles	8	816	493	(323)
<b>Total Non-current Assets</b>		<b>816</b>	<b>493</b>	<b>(323)</b>
<b>Total Assets</b>		<b>13,801</b>	<b>22,601</b>	<b>8,800</b>
<b>Administered Liabilities</b>				
<b>Current</b>				
Payables	9	1,475	10,876	9,401
Accrued employee benefits	10	1,440	3,844	2,404
<b>Total Current Liabilities</b>		<b>2,915</b>	<b>14,720</b>	<b>11,805</b>
<b>Non-current</b>				
Payables	11	2,576	-	(2,576)
Accrued employee benefits	12	3,336	2,887	(449)
<b>Total Non-current Liabilities</b>		<b>5,912</b>	<b>2,887</b>	<b>(3,025)</b>
<b>Total Liabilities</b>		<b>8,827</b>	<b>17,607</b>	<b>8,780</b>
<b>Net Administered Assets</b>		<b>4,974</b>	<b>4,994</b>	<b>20</b>
<b>Total Administered Equity</b>		<b>4,974</b>	<b>4,994</b>	<b>20</b>

5. An increase in cash primarily due to the lapse of administered appropriation still held at 30 June 2020 (\$8.017M) plus provisioning to fund severance liabilities.
6. A decrease in receivables primarily relating to Screen Queensland's appropriation receivable (\$1.231m) which formed part of the appropriation lapse at year end and offset by the introduction of AASB 16 Leases effective 1 July 2019 Ministerial Offices and Office of the Leader of the Opposition (\$4.012M) is no longer required to recognise an appropriation receivable to offset the deferred liability for operating leases.
7. An increase in other current assets due to a prepayment of salaries for Ministerial and Leader of the Opposition Offices.
8. A decrease in plant and equipment due to the transition from owned assets to expensed ICT assets for the Ministerial Offices and Office of the Leader of the Opposition.
9. An increase in current payables (\$9.253M) due to the lapse of administered appropriation to Queensland Treasury for Screen Queensland (\$7.161M), Ministerial Offices and Office of the Leader of the Opposition (\$3.340M), offset by appropriation brought forward for Trade and Investment Queensland (\$1.248M).
10. An increase in current accrued employee benefits as a result of the reclassification of severance liabilities.
11. A decrease in non-current liabilities due to the treatment of operating leases as outlined in Note 6.
12. A decrease in non-current accrued employee benefits as a result of the reclassification of severance liabilities.

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

**Section G: Other Information**

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

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

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

The following details for non-ministerial KMP include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2019-2020 and 2018-2019. Further information on these positions can be found in the body of the Annual Report.

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

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

**G1-2: Related Party Transactions**

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

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

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

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

The department's primary ongoing sources of funding from Government for its services are appropriation revenue (Note B1-1) and equity injections (Note C11), both of which are provided in cash via Queensland Treasury.

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

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

**G1-3: KMP Remuneration Policies**

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

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

Remuneration expenses for KMP comprise the following components:

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

There were nil termination benefits in 2019-20 (nil in 2018-19).

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

Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020

**G1-4: Non-Ministerial KMP Performance Remuneration Expense**

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

Position	Employee Expenses							Total
	Financial Year	Short Term		Long Term		Post	\$'000	
		Monetary Expenses	Non-Monetary Benefits	\$'000	\$'000			
Director-General (from 18 August 2019 to 30 June 2020)	2019-20	601	10	13	73		697	
Acting Director-General (from 1 July 2019 to 18 August 2019)	2019-20	90	-	2	11		103	
Acting Director-General (from 13 Feb 2019 to 30 June 2019)	2018-19	226	3	4	27		260	
Director-General (from 1 July to 12 March 2019)	2018-19	397	7	9	57		470	
Deputy Director-General, Policy (from 1 July 2019 to 30 June 2020)	2019-20	241	7	5	21		274	
Acting Deputy Director-General, Policy (from 16 September 2019 to 31 January 2020)	2019-20	115	5	3	11		134	
Deputy Director-General, Policy	2018-19	361	11	7	30		409	
Deputy Director-General, Corporate and Government Services	2019-20	271	10	6	30		317	
	2018-19	244	11	5	29		289	
Acting Deputy Director-General, Strategy and Engagement (24 July 2019 to 30 June 2020)	2019-20	289	10	7	33		339	
Deputy Director-General, Strategy and Engagement (from 1 July 2019 to 23 July 2019)	2019-20	18	-	-	2		19	
Deputy Director-General, Strategy and Engagement	2018-19	256	11	5	27		299	
Queensland Parliamentary Counsel	2019-20	313	10	7	39		370	
Queensland Parliamentary Counsel (13 October 2018 to 30 June 2019)	2018-19	226	8	5	27		266	
Acting Queensland Parliamentary Counsel (16 July 2018 to 21 September 2018)	2018-19	68	2	1	5		76	
Cabinet Secretary (from 1 July 2019 to 30 June 2020)	2019-20	203	7	5	26		242	
Acting Cabinet Secretary (from 30 September 2019 to 31 December 2019)	2019-20	61	2	1	5		69	
Cabinet Secretary	2018-19	234	11	5	20		270	
Executive Director, Departmental and Customer Liaison Office	2019-20	204	10	5	22		241	
	2018-19	189	11	4	21		226	
<b>Total Remuneration</b>	<b>2019-20</b>	<b>2,406</b>	<b>71</b>	<b>54</b>	<b>273</b>		<b>2,804</b>	
	<b>2018-19</b>	<b>2,201</b>	<b>75</b>	<b>45</b>	<b>243</b>		<b>2,564</b>	

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

**G2: Basis of Financial Statement Preparation**

**G2-1: General Information**

The Department of the Premier and Cabinet is a Queensland Government Department established under the *Public Service Act 2008*. The department is controlled by the State of Queensland which is the ultimate parent. The head office and principal place of business of the department is 1 William Street, Brisbane QLD 4000. These financial statements cover the Department of the Premier and Cabinet and its controlled entity and are authorised for issue by the Director-General and the Chief Finance Officer at the date of signing the Management Certificate. For information in relation to the department's financial report please call (07) 3003 9051, email [premiers.master@premiers.qld.gov.au](mailto:premiers.master@premiers.qld.gov.au) or visit the departmental internet site [www.premiers.qld.gov.au](http://www.premiers.qld.gov.au).

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

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

- In compliance with section 38 of the *Financial and Performance Management Standard 2019*
- In accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities requirements
- In accordance with the minimum reporting requirements mentioned in the Financial Reporting Requirements for Queensland Government agencies for reporting periods beginning on or after 1 July 2019
- On an accrual basis (except for the statement of cash flows which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

**G2-3: Presentation**

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

Comparative information reflects the audited 2018-19 financial statements.

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

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

**G2-4: Taxation**

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

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

**G2-5: The Reporting Entity**

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

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

**G2-6: Controlled Entities**

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

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

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

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

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

	2020	2019
	\$'000	\$'000
Total income	24,525	47,377
Total expenses	28,678	27,462
<b>Total comprehensive income</b>	<b>(4,153)</b>	<b>19,915</b>
Total assets	52,479	54,815
Total liabilities	21,463	19,503
<b>Net assets</b>	<b>31,016</b>	<b>35,312</b>

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

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

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

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

**G2-8: Basis of Measurement**

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

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

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

**G2-9-1: Accounting Standards Applied for the First Time**

Three new accounting standards were applied for the first time in 2019-20:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 16 *Leases*

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

**G2-9: First Year Application of New Accounting Standards or Change in Accounting Policy (cont'd)**

The effect of adopting these new standards are detailed below. No other accounting standards or interpretations that apply to the department for the first time in 2019-20.

**AASB 15 Revenue from Contracts with Customers**

AASB 15 establishes a new five-step model for determining how much and when revenue from contracts with customers is recognised. The five-step model and significant judgements at each step are detailed below:

Step 1 – Identify the contract with the customer	Revenue that the department and its controlled entity receives may contain a contract with a customer and fall within the scope of AASB 15. This is the case where a contract agreement requires the department and its controlled entity to transfer goods or services to third parties, it is enforceable, and it contains sufficiently specific performance obligations.
Step 2 – Identify the performance obligations in the contract	This step involves firstly identifying all the activities the department and its controlled entity are required to perform under the contract and determining which activities transfer goods or services to the customer. Each performance obligation must be sufficiently specific.  Where there are multiple goods or services transferred, the department and its controlled entity assessed whether each good or service is a distinct performance obligation or should be combined with other goods or services to form a single performance obligation.
Step 3 – Determine the transaction price	Price is determined by the terms of the contract. If the contract contains variable amounts, the department and its controlled entity will estimate the variable consideration to which it is entitled and only recognise revenue to the extent that it is highly probable a significant reversal of the revenue will not occur.
Step 4 – Allocate the transaction price to the performance obligations	When there is more than one performance obligation in a contract, the transaction price is allocated to each performance obligation.
Step 5 – Recognise revenue when or as the department satisfies performance obligations.	Revenue is recognised when the department transfers control of the goods or services to the customer. A key judgement is whether a performance obligation is satisfied over time or at a point in time.

The standard requires contract assets (accrued revenue) and contract liabilities (unearned revenue) to be shown separately and requires contract assets to be distinguished from receivable.

To align with new terminology in AASB 15, accrued revenue and unearned revenue arising from contracts with customers have been renamed as contract assets and contract liabilities respectively. They are separately disclosed in Notes C3 and C9.

The department and its controlled entity have analysed the new revenue recognition requirements under AASB 15 and do not have any revenue agreements with a material impact for the year ending 30 June 2020.

**AASB 1058 Income of Not-for-Profit Entities**

AASB 1058 applies to transactions where the department and its controlled entity acquires an asset for significantly less than fair value principally to enable the department and its controlled entity to further its objective.

The department's and its controlled entity revenue line items recognised under this standard from 1 July 2019 include Appropriation revenue, Grants and other contributions and some other revenue.

Revenue recognition for the department's appropriations, and most grants and contributions have not changed under AASB 1058. Revenue continues to be recognised when the department gains control of the assets (e.g. cash or receivable) in most instances.

Under AASB 1058, the department continues to recognise volunteer services only when the services would have been purchased if they had not been donated, and the fair value of the services can be measured reliably. This treatment is the same as in prior years.

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

**G2-9: First Year Application of New Accounting Standards or Change in Accounting Policy (cont'd)**

**AASB 16 Leases**

**Definition of a lease**

The department and its controlled entity applied AASB 16 *Leases* for the first time in 2019-20. The department applied the modified retrospective transition method and has not restated comparative information for 2018-19, which continue to be reported under AASB 117 *Leases* and related interpretations.

The nature and effect of the changes of the adoption of this new accounting standard are described below:

AASB 16 introduced new guidance on the definition of a lease.

For leases and lease-like arrangements existing at 30 June 2019, the department elected to apply the practical expedient to grandfather the previous assessments made under AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease* about whether those contracts contained leases. However, arrangements were reassessed under AASB 16 where no formal assessment had been done in the past or where lease agreements were modified on 1 July 2019.

Amendments to former operating leases for office accommodation

In 2018-19, the department held operating leases under AASB 117 from the Department of Housing and Public Works (DHPW) for non-specialised commercial office accommodation through the Queensland Government Accommodation Office (QGAO).

Effective 1 July 2019, the framework agreements that govern QGAO were amended with the result that these arrangements would not meet the definition of a lease under AASB 16 and therefore are exempt from lease accounting.

From 2019-20 onward, the costs for these services are expensed as supplies and services expenses when incurred. The new accounting treatment is due to a change in the contractual arrangements rather than a change in accounting policy.

**Changes to lessee accounting**

Previously, the department classified its leases as operating or finance leases based on whether the lease transferred significantly all of the risks and rewards incidental to ownership of the asset to the lessee.

This distinction between operating and finance leases no longer exists for lessee accounting under AASB 16. From 1 July 2019, all leases, other than short-term leases and leases of low value assets, are now recognised on balance sheet as lease liabilities and right-of-use assets.

Lease liabilities

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

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

The discount rate used is the interest rate implicit in the lease, or the department's incremental borrowing rate if the implicit rate cannot be readily determined.

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

Right-of-use assets

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

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

Right-of-use assets will subsequently give rise to a depreciation expense and be subject to impairment.

Right-of-use assets differ in substance from leased assets previously recognised under finance leases in that the asset represents the intangible right to use the underlying asset rather than the underlying asset itself.

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

**G2-9: First Year Application of New Accounting Standards or Change in Accounting Policy (cont'd)**

**AASB 16 Leases (cont'd)**

Short-term leases and leases of low value assets

The department and its controlled entity have elected to recognise lease payments for short-term leases and leases of low value assets as expenses on a straight-line basis over the lease term, rather than accounting for them on balance sheet. This accounting treatment is similar to that used for operating leases under AASB 117.

**Transitional impact**

Former operating leases as lessee

- The department's and its controlled entity former operating leases, other than the exempt QGAO arrangements, are now recognised on-balance sheet as right-of-use assets and lease liabilities.
- On transition, lease liabilities were measured at the present value of the remaining lease payments discounted at the department's incremental borrowing rate at 1 July 2019.
- The weighted average incremental borrowing rate on 1 July 2019 was 1.626%.
- The right-of-use assets were measured at their carrying amount as if AASB 16 had always been applied since lease commencement, discounted using the incremental borrowing rate at 1 July 2019.
- New right-of-use assets were tested for impairment on transition and none were found to be impaired.
- On transition, the department and its controlled entity used practical expedients to:
  - not recognise right-of-use assets and lease liabilities for leases that end within 12 months of the date of initial application and leases of low value assets;
  - exclude initial direct costs from the measurement of right-of-use assets; and
  - use hindsight when determining the lease term.

The following summarises the on-transition adjustments to asset and liability balances at 1 July 2019 in relation to former operating leases:

	<b>Economic Entity</b>
	<b>\$'000</b>
Right-of-use assets - Office Accomodations	5,735
Lease liabilities	5,878
Leases payments	360
Accumulated surplus	(143)

**Reconciliation of operating lease commitments at 30 June 2019 to the lease liabilities at 1 July 2019**

	<b>Economic Entity</b>
	<b>\$'000</b>
Total undiscounted operating lease commitments at 30 June 2019	6,118
Less discounted using the incremental borrowing rate at 1 July 2019 (1.626%)	240
<b>Present value of operating lease commitments</b>	<b>5,878</b>
<b>Lease liabilities at 1 July 2019</b>	<b>5,878</b>

**G2-9-2: Accounting Standards Early Adopted**

No Australian Accounting Standards have been early adopted for 2019-20 by the department and its controlled entity.

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

**G2-9: First Year Application of New Accounting Standards or Change in Accounting Policy (cont'd)**

**G2-9-3: Changes in Accounting Policies**

**G2-10: Impact of COVID-19**

The COVID-19 pandemic required the Department to rapidly respond to deliver uninterrupted services and to facilitate this the department activated the Business Continuity Plan (BCP) on 17 March 2020. This functional plan of the department continued to support the needs of the department including flexible working arrangements to work from locations other than 1 William Street. We have assessed that these arrangements did not result in material weaknesses in the control environment over the financial reporting process at the department and its controlled entity.

The department considered COVID-19 as a recognised event and assessed the financial implications for the financial statements, including recognition, measurement, and disclosure. There have been no adjustments to financial statements for the department and its controlled entity from impacts of COVID-19 at 30 June 2020.

The department established a COVID-19 Response and Recovery Taskforce to support the response and recovery to COVID-19 for Queensland. During 2019-20 to support the taskforce the department received \$1.241m in-kind contributions from other agencies, contribution of \$0.745m from Queensland Health and \$3.077m approved by the Cabinet Budget Review Committee for communication and engagement activities.

**G2-11: Climate Risk Disclosure**

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

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

**Department of the Premier and Cabinet  
Notes to the Financial Statements  
for the year ended 30 June 2020**

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

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 38 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of the Premier and Cabinet for the financial year ended 30 June 2020 and of the financial position of the department at the end of that year.

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



Dave Stewart  
Director-General

18 August 2020



Michael Phillips  
A/Chief Finance Officer

18 August 2020

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the audit of the financial report

#### Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the parent's and group's financial position as at 30 June 2020, and their financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statements of financial position and statement of assets and liabilities by major departmental services as at 30 June 2020, the statements of comprehensive income, statements of changes in equity, statements of cash flows and statement of comprehensive income by major departmental services for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

#### Basis for opinion

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

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

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

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

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

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

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

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

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

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

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

## Report on other legal and regulatory requirements

### Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020:

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

### Prescribed requirements scope

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

20 August 2020



Brendan Worrall  
Auditor-General

Queensland Audit Office  
Brisbane