



Queensland Government

Department of Justice and Attorney-General

Financial Statements
for the financial year ended
30 June 2019

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

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For the Year Ended 30 June 2019

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DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Statement of Comprehensive Income
Year ended 30 June 2019

OPERATING RESULT	Notes	2019 \$'000	2018 \$'000
Income from Continuing Operations			
Appropriation revenue	B1-1	489,336	964,920
User charges and fees	B1-2	96,433	99,112
Grants and contributions	B1-3	10,873	16,386
Other revenue		973	8,232
Total Revenue		597,615	1,088,650
Gains on remeasurement of assets	C2-1	322	-
Total Income from Continuing Operations		597,937	1,088,650
Expenses from Continuing Operations			
Employee expenses	B2-1	339,062	602,804
Supplies and services	B2-2	175,276	333,313
Grants and subsidies	B2-3	1,094	1,439
Depreciation and amortisation	B2-4	70,885	143,958
Impairment losses	C2-1	279	348
Other expenses	B2-5	5,729	4,819
Total Expenses from Continuing Operations		592,325	1,086,681
Operating Result for the Year		5,612	1,969
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to Operating Result</i>			
Increase (decrease) in asset revaluation surplus	C9-3	40,119	76,323
Total for Items that will not be reclassified to Operating Result		40,119	76,323
TOTAL OTHER COMPREHENSIVE INCOME		40,119	76,323
TOTAL COMPREHENSIVE INCOME		45,731	78,292

The accompanying notes form part of these statements.

Department of Justice and Attorney-General - Statement of Comprehensive Income by Major Departmental Service
for the year ended 30 June 2019

	Justice Services	Legal and Prosecutions Services	Liquor, Gaming and Fair Trading Services	Inter-Departmental Service Eliminations	Total
	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000
Income from Continuing Operations					
Appropriation revenue	321,773	86,938	80,625	-	489,336
User charges and fees	60,670	38,272	5,785	(8,294)	96,433
Grants and contributions	7,202	3,619	52	-	10,873
Other revenue	619	346	8	-	973
Total Revenue	390,264	129,175	86,470	(8,294)	597,615
Gains on remeasurement of assets	5	317	-	-	322
Total Income from Continuing Operations	390,269	129,492	86,470	(8,294)	597,937
Expenses from Continuing Operations					
Employee expenses	190,315	90,977	57,826	(56)	339,062
Supplies and services	126,893	30,438	26,183	(8,238)	175,276
Grants and subsidies	970	64	60	-	1,094
Depreciation and amortisation	68,276	1,117	1,492	-	70,885
Impairment losses	10	268	1	-	279
Other expenses	3,450	1,369	910	-	5,729
Total Expenses from Continuing Operations	389,914	124,233	86,472	(8,294)	592,325
Operating Result for the Year	355	5,259	(2)	-	5,612
Other Comprehensive Income					
Increase (decrease) in asset revaluation surplus	40,119	-	-	-	40,119
Total Comprehensive Income	40,474	5,259	(2)	-	45,731

Department of Justice and Attorney-General - Statement of Comprehensive Income by Major Departmental Service
for the year ended 30 June 2019

	Justice Services	Legal and Prosecutions Services	Liquor, Gaming and Fair Trading Services	Youth Justice Services	Corrective Services	Inter-Departmental Service Eliminations	Total
	2018	2018	2018	2018	2018	2018	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations							
Appropriation revenue	293,472	75,535	75,932	90,976	429,005	-	964,920
User charges and fees	61,088	33,021	5,636	639	8,169	(9,441)	99,112
Grants and contributions	5,689	4,852	1,852	728	3,265	-	16,386
Other revenue	1,182	419	48	5	6,578	-	8,232
Total Revenue	361,431	113,827	83,468	92,348	447,017	(9,441)	1,088,650
Gains on disposal	1	-	-	-	(1)	-	-
Total Income from Continuing Operations	361,432	113,827	83,468	92,348	447,016	(9,441)	1,088,650
Expenses from Continuing Operations							
Employee expenses	176,355	82,552	54,599	61,341	228,099	(142)	602,804
Supplies and services	115,801	28,652	25,064	24,038	149,057	(9,299)	333,313
Grants and subsidies	915	18	27	299	180	-	1,439
Depreciation and amortisation	65,888	1,396	2,345	6,235	68,094	-	143,958
Impairment losses	10	330	-	-	8	-	348
Other expenses	1,745	631	430	435	1,578	-	4,819
Total Expenses from Continuing Operations	360,714	113,579	82,465	92,348	447,016	(9,441)	1,086,681
Operating Result for the Year	718	248	1,003	-	-	-	1,969
Other Comprehensive Income							
Increase (decrease) in asset revaluation surplus	29,403	-	(9)	(13,808)	60,737	-	76,323
Total Comprehensive Income	30,121	248	994	(13,808)	60,737	-	78,292

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Statement of Financial Position
as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Current Assets			
Cash and cash equivalents	C1	64,623	40,173
Receivables	C2	24,850	36,066
Inventories		313	323
Other current assets	C3	5,953	4,130
Total Current Assets		95,739	80,692
Non Current Assets			
Property, plant and equipment	C4	1,200,019	1,187,218
Intangible assets	C5	15,078	17,044
Other non current assets	C3	7,048	436
Total Non Current Assets		1,222,145	1,204,698
Total Assets		1,317,884	1,285,390
Current Liabilities			
Payables	C6	39,706	32,876
Accrued employee benefits	C7	15,057	14,447
Other current liabilities	C8	3,055	1,153
Total Current Liabilities		57,818	48,476
Non Current Liabilities			
Payables	C6	778	-
Accrued employee benefits	C7	-	118
Other non current liabilities	C8	7,201	602
Total Non Current Liabilities		7,979	720
Total Liabilities		65,797	49,196
Net Assets		1,252,087	1,236,194
Equity			
Accumulated surplus		721,582	718,557
Asset revaluation surplus	C9-3	530,505	517,637
Total Equity		1,252,087	1,236,194

The accompanying notes form part of these statements.

Department of Justice and Attorney-General - Statement of Assets and Liabilities by Major Departmental Service
as at 30 June 2019

	Justice Services		Legal and Prosecutions Services		Liquor, Gaming and Fair Trading Services		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current Assets								
Cash and cash equivalents	33,190	24,689	19,137	9,660	12,296	5,824	64,623	40,173
Receivables	10,225	18,453	11,923	13,486	2,702	4,127	24,850	36,066
Inventories	313	323	-	-	-	-	313	323
Other current assets	4,307	2,580	1,105	1,036	541	514	5,953	4,130
Total Current Assets	48,035	46,045	32,165	24,182	15,539	10,465	95,739	80,692
Non Current Assets								
Property, plant and equipment	1,196,069	1,181,827	2,172	2,733	1,778	2,658	1,200,019	1,187,218
Intangible assets	11,051	11,411	1,557	2,200	2,470	3,433	15,078	17,044
Other non current assets	6,475	436	573	-	-	-	7,048	436
Total Non Current Assets	1,213,595	1,193,674	4,302	4,933	4,248	6,091	1,222,145	1,204,698
Total Assets	1,261,630	1,239,719	36,467	29,115	19,787	16,556	1,317,884	1,285,390
Current Liabilities								
Payables	24,565	21,539	9,622	6,211	5,519	5,126	39,706	32,876
Accrued employee benefits	8,651	8,249	3,989	4,046	2,417	2,152	15,057	14,447
Other current liabilities	2,165	1,035	284	63	606	55	3,055	1,153
Total Current Liabilities	35,381	30,823	13,895	10,320	8,542	7,333	57,818	48,476
Non Current Liabilities								
Payables	307	-	240	-	231	-	778	-
Accrued employee benefits	-	-	-	118	-	-	-	118
Other non current liabilities	6,527	507	573	-	101	95	7,201	602
Total Non Current Liabilities	6,834	507	813	118	332	95	7,979	720
Total Liabilities	42,215	31,330	14,708	10,438	8,874	7,428	65,797	49,196

Department of Justice and Attorney-General - Statement of Changes in Equity
for the year ended 30 June 2019

	Contributed Equity \$'000	Accumulated Surplus \$'000	Asset Revaluation Surplus \$'000	TOTAL \$'000
Balance as at 1 July 2017	2,703,245	308,942	1,098,310	4,110,497
Operating Result				
Operating result for the year	-	1,969	-	1,969
Other Comprehensive Income				
- Increase/(Decrease) in asset revaluation surplus	-	-	76,323	76,323
Total Comprehensive Income for the Year	-	1,969	76,323	78,292
Transactions with Owners as Owners:				
- Appropriated equity injections (Note C9-2)	72,424	-	-	72,424
- Equity withdrawals (Note C9-2)	(133,717)	-	-	(133,717)
- Equity classification adjustment (Note C9-3)	-	656,996	(656,996)	-
- Involuntary asset transfer	(2,641,952)	(249,349)	-	(2,891,301)
Net Transactions with Owners as Owners	(2,703,245)	407,647	(656,996)	(2,952,594)
Balance as at 30 June 2018	-	718,557	517,637	1,236,194
Operating Result				
Operating result for the year	-	5,612	-	5,612
Other Comprehensive Income				
- Increase/(Decrease) in asset revaluation surplus	-	-	40,119	40,119
Total Comprehensive Income for the Year	-	5,612	40,119	45,731
Transactions with Owners as Owners:				
- Appropriated equity injections (Note C9-2)	39,609	-	-	39,609
- Equity withdrawals (Note C9-2)	(65,560)	-	-	(65,560)
- Equity withdrawals non-appropriated	(3,531)	-	-	(3,531)
- Equity classification adjustment (Note C9-3)	29,838	(2,587)	(27,251)	-
- Involuntary asset transfer	(356)	-	-	(356)
Net Transactions with Owners as Owners	-	(2,587)	(27,251)	(29,838)
Balance as at 30 June 2019	-	721,582	530,505	1,252,087

The accompanying notes form part of these statements.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Statement of Cash Flows
for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows:</i>			
Service appropriation receipts		489,336	964,920
User charges and fees		113,146	79,444
Grants and other contributions		5,694	8,993
GST input tax credits from ATO		20,313	50,215
GST collected from customers		5,412	6,138
Interest receipts		130	140
Other		1,019	7,769
<i>Outflows:</i>			
Employee expenses		(339,571)	(603,607)
Supplies and services		(174,466)	(339,183)
Grants and subsidies		(1,093)	(1,439)
Insurance premiums		(668)	(2,867)
GST paid to suppliers		(20,977)	(43,293)
GST remitted to ATO		(5,334)	(6,198)
Other		(449)	(897)
Net cash provided by operating activities	CF-1	92,492	120,135
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Inflows:</i>			
Sales of property, plant and equipment	CF-2	-	171
<i>Outflows:</i>			
Payments for property, plant and equipment		(39,035)	(79,618)
Payments for intangibles		(3,056)	(2,506)
Net cash used in investing activities		(42,091)	(81,953)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Inflows:</i>			
Equity injections	CF-2	39,609	72,424
<i>Outflows:</i>			
Equity withdrawals		(65,560)	(133,717)
Net cash used in financing activities		(25,951)	(61,293)
Net increase (decrease) in cash and cash equivalents		24,450	(23,111)
Increase (decrease) in cash and cash equivalents from restructuring		-	(26,631)
Cash and cash equivalents – opening balance		40,173	89,915
Cash and cash equivalents – closing balance	C1	64,623	40,173

The accompanying notes form part of these statements.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Statement of Cash Flows
for the year ended 30 June 2019

NOTES TO THE STATEMENT OF CASH FLOWS

CF-1	Reconciliation of Operating Result to Net Cash Provided by Operating Activities	2019	2018
		\$'000	\$'000
	Operating result	5,612	1,969
	<i>Non-Cash items included in operating result:</i>		
	Depreciation and amortisation expense	70,885	143,958
	Donated assets received	-	(1,005)
	Loss on sale of property, plant and equipment	135	189
	<i>Change in assets and liabilities:</i>		
	(Increase)/decrease in trade receivables	16,134	(11,807)
	(Increase)/decrease in GST input tax credits receivable	(586)	6,862
	(Increase)/decrease in long service leave reimbursement receivables	(368)	1,790
	(Increase)/decrease in annual leave reimbursement receivables	(629)	7,837
	(Increase)/decrease in equity injection receivable	(3,506)	-
	(Increase)/decrease in other receivables	171	5,097
	(Increase)/decrease in inventories	10	4,289
	(Increase)/decrease in other current assets	(1,823)	2,099
	(Increase)/decrease in other non current assets	(6,612)	596
	Increase/(decrease) in accounts payable	6,830	(42,606)
	Crown Law dividend liability adjustment	(3,531)	-
	Increase/(decrease) in non current accounts payable	778	-
	Increase/(decrease) in accrued employee benefits	492	(19,562)
	Assets and Liabilities of an operating nature (assumed)/relinquished as a result of machinery-of-Government changes	-	22,048
	Increase/(decrease) in unearned revenue	(158)	(683)
	Increase/(decrease) in lease incentive liability	8,658	(936)
	Net Cash Provided by Operating Activities	<u>92,492</u>	<u>120,135</u>

CF-2 Non-Cash Investing and Financing Activities

Assets and liabilities received or donated/transferred by the department are recognised as revenues (refer Note B1-3) or expenses (refer Note B2-3) as applicable.

SECTION 1
ABOUT THE DEPARTMENT AND THIS FINANCIAL REPORT

A1 BASIS OF FINANCIAL STATEMENT PREPARATION

A1-1 GENERAL INFORMATION

The Department of Justice and Attorney-General ('the department') is a Queensland Government department established under the *Public Service Act 2008* and controlled by the State of Queensland, which is the ultimate parent.

The head office and principal place of business of the department is 50 Ann Street, Brisbane Qld 4000.

A1-2 COMPLIANCE WITH PRESCRIBED REQUIREMENTS

The Department of Justice and Attorney-General has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2018.

The Department of Justice and Attorney-General is a not-for-profit entity and these general purpose financial statements are prepared 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.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note G3.

A1-3 PRESENTATION

Currency and Rounding

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

Comparatives

Comparative information reflects the audited 2017-18 financial statements.

Due to machinery-of Government changes, the 2018 comparatives include balances of functions transferred from the department on 1 January 2018 and related transactions for the period 1 July 2017 to 31 December 2017, for:

- Youth Justice transferred to the Department of Child Safety, Youth and Women with net assets of \$323.858 million; and
- Corrective Services transferred to a stand alone department titled Queensland Corrective Services with net assets of \$2,567.443 million.

Current/Non-Current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

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.

A1-4 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements are authorised for issue by the Director-General and the Executive Director, Financial Services at the date of signing the Management Certificate.

A1-5 BASIS OF MEASUREMENT

Historical cost is used as the measurement basis in this financial report except for the following:

- Land, buildings and heritage and cultural assets which are measured at fair value;
- Provisions expected to be settled 12 or more months after reporting date which are measured at their present value; and
- Inventories which are measured at the lower of cost and net realisable value.

A1 BASIS OF FINANCIAL STATEMENT PREPARATION (continued)

A1-5 BASIS OF MEASUREMENT (continued)

Historical cost

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.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. Fair value is determined using one of the following three approaches:

- The *market approach* uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.
- The *cost approach* reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current replacement cost methodology.
- The *income approach* converts multiple future cash flow amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

Where fair value is used, the fair value approach is disclosed.

Present Value

Present value represents the present discounted value of the future net cash inflows that the item is expected to generate (in respect of assets) or the present discounted value of the future net cash outflows expected to settle (in respect of liabilities) in the normal course of business.

Net Realisable Value

Net realisable value represents the amount of cash or cash equivalents that could currently be obtained by selling an asset in an orderly disposal.

A1-6 THE REPORTING ENTITY

The financial statements include all income, expenses, assets, liabilities and equity of the department. The department has no controlled entities.

A2 DEPARTMENTAL OBJECTIVES

The objective of the Department of Justice and Attorney-General is to provide justice-related services to the community, which are supported and enabled by our justice capability to achieve our vision: Justice for all through safe, fair and responsible communities.

The identity and purpose of the major departmental services undertaken by the department during the year are as follows:

- Justice Services contributes to a fair, safe and responsible Queensland, to provide the community with fair, timely and accessible justice services through courts and tribunals, coronial, civil and criminal mediation services. By protecting the rights and interests of vulnerable adults and children through court services and appropriate community protection and oversight, it upholds the rights of Queenslanders and ensures they are treated fairly and justly. Births, deaths and marriages registration services protect access to individual legal and social rights through validated identity documents.
- Legal and Prosecutions provides independent legal services for the department, public sector agencies and the state. This service area enables a resolution of serious criminal cases that bring the guilty to justice and safeguard the innocent from wrongful conviction; ensures the state is legally protected; builds safe communities and provides oversight of child protection.
- Liquor, Gaming and Fair Trading provides regulatory and consumer protection services across the liquor, gaming and general services sectors. It encourages marketplace and industry integrity, fosters business and consumer confidence, implements initiatives that reduce the risk of harm from liquor and gambling and supports business, the community, and not-for-profit organisations by streamlining and modernising regulatory processes to make it easier to do business.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

SECTION 2
NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

B1-1 APPROPRIATION REVENUE

	2019	2018
	\$'000	\$'000
Reconciliation of Payments from Consolidated Fund to Appropriated Revenue Recognised in Operating Result		
Budgeted appropriation revenue	500,663	1,565,592
Transfers from/to other departments (Redistribution of public business)	-	(563,810)
Lapsed appropriation revenue	<u>(11,327)</u>	<u>(36,862)</u>
Total Appropriation Receipts (cash)	489,336	964,920
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	1,885	2,533
Less: Closing balance of deferred appropriation payable to Consolidated Fund	<u>6,389</u>	<u>1,885</u>
Net Appropriation Revenue	484,832	965,568
Plus: Deferred appropriation payable to Consolidated Fund (expense)	<u>4,504</u>	<u>(648)</u>
Appropriation Revenue recognised in Statement of Comprehensive Income	<u>489,336</u>	<u>964,920</u>

Accounting Policy - Appropriation Revenue

Appropriations provided under the *Appropriation Act 2018* are recognised as revenue when received.

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 Note F1-1.

B1-2 USER CHARGES AND FEES

Court and regulatory fees	51,058	51,174
Crown Law professional services	33,805	28,149
Sale of services	3,884	12,351
Civil marriages and certificates	2,547	2,479
Criminal history checks	2,527	1,909
Other	<u>2,612</u>	<u>3,050</u>
Total	<u>96,433</u>	<u>99,112</u>

Accounting Policy – Sale of Goods and Services

User charges and fees are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This occurs upon delivery of the goods to the customer or completion of the requested services at which time the invoice is raised. Accrued revenue is recognised if the revenue has been earned but not yet invoiced.

Fees and fines collected, but not controlled, by the department are reported as administered revenue – refer to Note F1-1.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

B1 REVENUE (continued)

B1-3 GRANTS AND CONTRIBUTIONS

	2019 \$'000	2018 \$'000
Grants *	5,881	7,686
Goods and services received below fair value **	4,437	7,022
Industry contributions	555	673
Donations-assets	-	1,005
Total	10,873	16,386

Accounting Policy – Grants, Contributions and Donations

Grants, contributions and donations are non-reciprocal in nature so do not require any goods or services to be provided in return. Corresponding revenue is recognised in the year in which the department obtains control over the grant/contribution/donation (control is generally obtained at the time of receipt).

Contributed physical assets are recognised at their fair value.

Accounting Policy – Services received below fair value

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

Disclosure about Grant Funding Received

* Grants include \$3.543 million (2018: \$3.660 million) received from the Legal Assistance Service Program for the Legal Services Commission and associated disciplinary functions, \$1.172 million (2018: \$1.152 million) received from the Public Trustee of Queensland in accordance with section 63A of the *Public Trustee Act 1978* for the operations of the Office of the Public Guardian and \$ Nil (2018: \$1.659 million) received from state agencies to fund various Queensland Corrective Service grant initiatives.

Disclosure - Services received below fair value

<i>** Received from</i>	<i>Goods/Services</i>		
Department of Housing and Public Works	Archival services	4,437	4,496
Queensland Health	Laboratory services	-	1,323
Queensland Police Service	Labour costs	-	917
Electoral Commission of Queensland	Labour costs	-	24
Department of the Premier and Cabinet	Labour costs	-	262
		4,437	7,022

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

B2 EXPENSES

B2-1 EMPLOYEE EXPENSES

	2019	2018
	\$'000	\$'000
Employee Benefits		
Wages and salaries	261,916	465,534
Annual leave levy/expense	30,601	52,399
Employer superannuation contributions	35,440	57,747
Long service leave levy/expense	5,389	9,942
Termination benefits	617	1,098
Other employee benefits	1,473	2,274
Employee Related Expenses		
Workers' compensation premium	1,240	8,554
Other employee related expenses	2,386	5,256
Total	339,062	602,804
	2019	2018
Full-Time Equivalent Employees	3,392	3,306

Accounting Policy – Wages and Salaries

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates. As the department expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Accounting Policy - Sick Leave

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

Accounting Policy - Annual Leave

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments, commercialised business units and shared service providers. Under this scheme, a levy is made on the department to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

Accounting Policy - Long Service Leave

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

Accounting Policy - Superannuation

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 EBA 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.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

B2 EXPENSES (continued)

B2-1 EMPLOYEE EXPENSES (continued)

Accounting Policy – Workers’ Compensation Premiums

The department pays premiums to WorkCover Queensland 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.

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

B2-2 SUPPLIES AND SERVICES

	2019	2018
	\$'000	\$'000
Property utilities and maintenance	30,010	71,671
Outsourced works	25,371	73,582
Operating lease rentals	25,440	31,377
Payment for shared services and other service contributions	10,321	16,489
Computing expenses	16,101	20,731
Consultants and contractors	13,329	14,715
Travel	7,421	10,842
Offender expenses	-	25,468
Cost of goods and services provided to prisoners	-	5,632
Printing, postage and stationery	5,290	6,811
Telephone	3,966	6,217
Witness and juror fees	6,122	6,334
Police checks	5,989	6,974
Document archiving and destruction costs	5,377	5,523
Plant and equipment maintenance	2,991	5,120
Conveyance / burial of deceased persons	3,230	3,331
Other *	14,318	22,497
Total	175,276	333,313

* Supplies and services - other includes expenditure for engagement of external professionals by Crown Law, subscriptions, legal costs and purchases of portable and attractive items.

Accounting Policy – Distinction between Grants and Procurement

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

Accounting Policy - Operating Lease Rentals

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred. Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

Disclosure – Operating Leases

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease terms extend over a period of 5 to 10 years. The department has no option to purchase the leased item at the conclusion of the lease although the lease provides for a right of renewal at which time the lease terms are renegotiated.

Operating lease rental expenses comprises the minimum lease payments payable under operating lease contracts. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

B2 EXPENSES (continued)

B2-3 GRANTS AND SUBSIDIES

	2019 \$'000	2018 \$'000
Women's Legal Service Queensland	112	112
Supreme Court Library Queensland	290	290
Social Benefit Bond	-	274
Court Network Project	-	150
Environmental Defenders Office Queensland	133	133
National Coroners' Information System	107	107
National Judicial College of Australia	72	70
Australian Institute of Criminology	44	44
Australasian Institute of Judicial Administration	43	43
Australian and New Zealand School of Government	28	37
Australian Pro Bono Centre	20	20
LawRight Indigenous Legal Health Check Project	58	-
Child Protection Litigation Process Review Project	50	-
Other	137	159
Total	1,094	1,439

B2-4 DEPRECIATION AND AMORTISATION

Depreciation (Note C4-1 & C4-5)	68,010	138,326
Amortisation (Note C5-1 & C5-3)	2,875	5,632
Total	70,885	143,958

B2-5 OTHER EXPENSES

Insurance premium - Queensland Government Insurance Fund	667	2,864
Goods and services provided below fair value	-	1,842
Deferred appropriation payable to Consolidated Fund *	4,504	(648)
External audit fees **	310	330
Losses:		
Public moneys	-	2
Public property	135	189
Special payments: ***		
Ex-gratia payments	106	46
Capital work in progress written-off	-	4
Other	7	190
Total	5,729	4,819

Deferred appropriation payable to Consolidated Fund

* The deferred appropriation payable to Consolidated Fund represents the difference between deferred appropriation recognised from one financial year to the next.

Audit Fees

** Total audit fees paid to the Queensland Audit Office relating to the 2018-19 financial statements are quoted to be \$315,000 (2018: \$325,000). There are no non-audit services included in this amount.

Special Payments

*** Special payments represent ex gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. Special payments during 2018-19 include the following payments over \$5,000 to:

- beneficiaries of the Court Suitors Trust account due to a Registry error.
- a private individual for personal injury sustained while on jury duty.
- a private individual for court awarded costs.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

SECTION 3
NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

	2019 \$'000	2018 \$'000
Imprest accounts	43	46
Cash at bank	64,580	40,127
Total	64,623	40,173

Accounting Policy - Cash and Cash Equivalents

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

Departmental bank accounts grouped within the whole-of-Government set-off arrangement with the Queensland Treasury Corporation do not earn interest on surplus funds, except for Crown Law, which operates its own bank account and is still part of the Cash Management Incentives Regime which had a balance as at 30 June 2019 of \$16.0 million (2018: \$11.2 million). Interest earned on cash deposited with the Queensland Treasury Corporation earned between 0.21% and 1.08% in 2019 (2018: 0.705% to 1.10%).

C2 RECEIVABLES

Trade debtors	12,101	28,546
Less: Allowance for impairment loss	(115)	(426)
	11,986	28,120
 GST receivable	 2,834	 2,248
	2,834	2,248
 Long service leave reimbursements	 1,433	 1,065
Annual leave reimbursements	5,078	4,449
Equity injection receivable	3,506	-
Other	13	184
Total	24,850	36,066

Accounting Policy - Receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date.

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

Other debtors generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. Terms are a maximum of three months, no interest is charged and no security is obtained.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

C2 RECEIVABLES (continued)

C2-1 IMPAIRMENT OF RECEIVABLES

Accounting Policy - Impairment of Receivables

The loss allowance for trade and other debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information, including forecast economic changes expected to impact the department's debtors, along with relevant industry and statistical data where applicable.

Where the department has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. This occurs when the debt is past due and the department has ceased enforcement activity. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

Disclosure – Credit risk exposure of receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets. No collateral is held as security and there are no other credit enhancements relating to the department's receivables.

The department uses a provision matrix to measure the expected credit losses on trade and other debtors. Loss rates are calculated separately for groupings of customers with similar loss patterns. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are secured or unsecured and whether they are in a payment plan.

The calculations reflect historical observed default rates calculated using credit losses experienced on past sales transactions during the last 5 years preceding 30 June 2019 for each group. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables. For the Department of Justice and Attorney-General, a change in the unemployment rate is determined to be the most relevant forward-looking indicator for all groups of receivables. Actual credit losses over the 5 years preceding 30 June 2019 have been correlated against changes in the unemployment rate and based on those results, the historical default rates are adjusted based on expected changes to that indicator.

Set out below is the credit risk exposure on the department's trade and other debtors broken down by customer groupings and by aging band. The comparative disclosure for 2018 is made under AASB 139 impairment rules, where receivables are assessed individually for impairment.

Impairment Group – Receivables from General Debtors

	2019			2018		
	Gross receivables	Loss rate	Expected credit losses	Gross receivables	Impairment allowance	Carrying amount
	\$'000	%	\$'000	\$'000	\$'000	\$'000
Aging						
Current	241	0.06%	-	191	-	191
1 to 30 days overdue	122	0.16%	-	148	-	148
31 to 60 days overdue	1	0.54%	-	5	-	5
61 to 90 days overdue	-	1.30%	-	23	-	23
> 90 days overdue	16	2.45%	-	4	4	-
Total	380		-	371	4	367

Impairment Group – Receivables from Employee Debtors

	2019			2018		
	Gross receivables	Loss rate	Expected credit losses	Gross receivables	Impairment allowance	Carrying amount
	\$'000	%	\$'000	\$'000	\$'000	\$'000
Aging						
Current	4	35.2%	2	-	-	-
1 to 30 days overdue	-	39.1%	-	-	-	-
31 to 60 days overdue	-	47.0%	-	5	-	5
61 to 90 days overdue	-	51.3%	-	-	-	-
> 90 days overdue	25	51.7%	13	25	16	9
Total	29		15	30	16	14

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

C2 RECEIVABLES (continued)

C2-1 IMPAIRMENT OF RECEIVABLES (continued)

Impairment Group – Legal Services Commission court cost receivables

	2019			2018		
	Gross receivables	Loss rate	Expected credit losses	Gross receivables	Impairment allowance	Carrying amount
	\$'000	%	\$'000	\$'000	\$'000	\$'000
Aging						
Current	69	35.6%	25	150	-	150
1 to 30 days overdue	47	43.3%	21	63	63	-
31 to 60 days overdue	-	46.7%	-	-	-	-
61 to 90 days overdue	2	46.9%	1	-	-	-
> 90 days overdue	95	53.4%	51	240	169	71
Total	213		98	453	232	221

Impairment Group – Receivables from Government Debtors

	2019			2018		
	Gross receivables	Loss rate	Expected credit losses	Gross receivables	Impairment allowance	Carrying amount
	\$'000	%	\$'000	\$'000	\$'000	\$'000
Aging						
Current	10,433	0.0%	-	25,658	-	25,658
1 to 30 days overdue	372	0.0%	-	883	-	883
31 to 60 days overdue	445	0.0%	-	663	-	663
61 to 90 days overdue	156	0.0%	-	137	-	137
> 90 days overdue	73	0.0%	-	351	174	177
Total	11,479		-	27,692	174	27,518

Disclosure - Movement in loss allowance for trade and other debtors

	2019 \$'000	2018 \$'000
Loss allowance as at 1 July	426	977
Increase/decrease in allowance recognised in the operating result	(43)	348
Amounts provided for in machinery-of-Government during the year	-	(860)
Amounts written-off during the year in respect of bad debts*	(268)	(39)
Loss allowance as at 30 June	115	426

* All known bad debts were written-off as at 30 June.

C3 OTHER ASSETS

Current

Prepayments	3,801	4,039
Lease incentive asset	2,152	91
Total	5,953	4,130

Non-Current

Lease incentive asset	7,048	436
Total	7,048	436

Department of Justice and Attorney-General
Notes to the Financial Statements
for the year ended 30 June 2019

C4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE

C4-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

30 June 2019	Land	Buildings	Heritage and Cultural Assets	Plant and Equipment	Work In Progress (WIP)	Total
	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000
Gross	171,184	1,532,832	65,535	84,347	24,621	1,878,519
Less: Accumulated depreciation	-	(577,664)	(45,256)	(55,580)	-	(678,500)
Carrying amount at 30 June 2019	171,184	955,168	20,279	28,767	24,621	1,200,019
<i>Represented by movements in carrying amount:</i>						
Carrying amount at 1 July 2018	165,977	970,537	21,041	25,751	3,912	1,187,218
Acquisitions	-	-	-	766	38,269	39,035
Disposals	-	(119)	-	(15)	-	(134)
Transfers between classes and intangible assets	-	8,462	141	11,104	(17,560)	2,147
Involuntary asset transfer	-	-	-	(356)	-	(356)
Revaluation increments	5,320	34,221	691	-	-	40,232
Revaluation decrements	(113)	-	-	-	-	(113)
Depreciation expense	-	(57,933)	(1,594)	(8,483)	-	(68,010)
Carrying amount at 30 June 2019	171,184	955,168	20,279	28,767	24,621	1,200,019

Department of Justice and Attorney-General
Notes to the Financial Statements
for the year ended 30 June 2019

C4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C4-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT (continued)

30 June 2018

	Land	Buildings	Heritage and Cultural Assets	Plant and Equipment	Work In Progress (WIP)	Total
	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000
Gross	165,977	1,471,682	63,103	88,858	3,912	1,793,532
Less: Accumulated depreciation	-	(501,145)	(42,062)	(63,107)	-	(606,314)
Carrying amount at 30 June 2018	165,977	970,537	21,041	25,751	3,912	1,187,218
<i>Represented by movements in carrying amount:</i>						
Carrying amount at 1 July 2017	468,718	3,416,744	22,191	61,964	84,501	4,054,118
Acquisitions	-	-	-	1,579	77,804	79,383
Goods received below fair value	-	-	-	1,005	-	1,005
Disposals	-	(140)	-	(28)	-	(168)
Transfers between classes and intangible assets	-	16,334	81	11,694	(28,114)	(5)
Involuntary asset transfer	(311,049)	(2,403,670)	-	(40,156)	(130,279)	(2,885,154)
Revaluation increments	13,004	81,666	584	-	-	95,254
Revaluation decrements	(4,696)	(14,236)	-	-	-	(18,932)
Assets not previously recognised	-	-	-	43	-	43
Depreciation expense	-	(126,161)	(1,815)	(10,350)	-	(138,326)
Carrying amount at 30 June 2018	165,977	970,537	21,041	25,751	3,912	1,187,218

C4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C4-2 RECOGNITION AND ACQUISITION

Accounting Policy – Recognition

Basis of Capitalisation and Recognition Thresholds

Items of property, plant and equipment with a historical cost or other value equal to or exceeding the following thresholds in the year of acquisition are reported as Property, Plant and Equipment in the following classes:

Buildings (including heritage buildings and land improvements)	\$10,000
Land	\$1
Plant and Equipment	\$5,000
Other (including artwork)	\$5,000

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

Expenditure on property, plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for the department. Subsequent expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

Componentisation of Complex Assets

The department's complex assets are its special purpose courthouses.

Complex assets comprise separately identifiable components (or groups of components) of significant value, that require replacement at regular intervals and at different times to other components comprising the complex asset. Components are separately recorded and valued on the same basis as the asset class to which they relate. The accounting policy for depreciation of complex assets, and estimated useful lives of components, are disclosed in Note C4-5.

On initial recognition, the asset recognition thresholds outlined above apply to the complex asset as a single item. Where the complex asset qualifies for recognition, components are then separately recorded in line with the Department's complex asset component structures. The complex assets are componentised to ensure a more accurate recognition of depreciation expense.

When a separately identifiable component (or group of components) of significant value is replaced, the existing component(s) is derecognised. The replacement component(s) are capitalised when it is probable that future economic benefits from the significant component will flow to the department in conjunction with the other components comprising the complex asset and the cost exceeds the asset recognition thresholds specified above. Replacement components that do not meet the asset recognition thresholds for capitalisation are expensed.

Accounting Policy – Cost of Acquisition

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

Where assets are received free of charge from another Queensland Government entity (whether as a result of a machinery-of-Government change or other involuntary transfer), the acquisition cost is recognised as the carrying amount in the books of the other entity immediately prior to the transfer.

Assets acquired at no cost or for nominal consideration, other than from another Queensland Government entity, are recognised at their fair value at date of acquisition.

Where an asset is acquired by means of a finance lease, the asset is recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The lease liability is recognised at the same amount.

C4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C4-3 MEASUREMENT USING HISTORICAL COST

Accounting Policy

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.

C4-4 MEASUREMENT USING FAIR VALUE

Accounting Policy

Land, buildings and heritage and cultural assets are measured at fair value as required by Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses where applicable.

The cost of items acquired during the financial year has been judged by management of the Department of Justice and Attorney-General to materially represent their fair value at the end of the reporting period.

Property, plant and equipment classes measured at fair value are revalued on an annual basis by appraisals undertaken by an independent professional valuer, or by the use of appropriate and relevant indices. For financial reporting purposes, the revaluation process is managed by a team in the department's Financial Services Branch, who determine the specific revaluation practices and procedures. Financial Services Branch reviewed its revaluation practices to ensure compliance with AASB 13 and reported the revaluation outcomes to the department's Audit and Risk Management Committee.

Use of Specific Appraisals

Revaluations using independent professional valuer appraisals are undertaken at least once every five years. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal. This is arranged by the Financial Services Branch after consultation with the Audit and Risk Management Committee.

The fair values reported by the department are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs (as defined in Note D1-1). Materiality is considered in determining whether the difference between the carrying amount and the fair value of an asset is material (in which case revaluation is warranted).

Use of Indices

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

Accounting for Changes in Fair Value

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

For specific appraisal asset revaluations using a cost valuation approach (e.g. current replacement cost) - accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses. In the case of index based asset revaluations the accumulated depreciation is adjusted in line with the index applied. These valuations are referred to as the 'gross method'.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

C4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C4-5 DEPRECIATION EXPENSE

Accounting Policy

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less any estimated residual value, progressively over its estimated useful life to the department.

Land and artwork are not depreciated as they have an unlimited useful life.

Key Judgement: Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the department.

Separately identifiable components of complex assets are depreciated according to the useful lives of each component, as doing so results in a material impact on the depreciation expense reported.

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.

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 property, plant and equipment.

Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is probable.

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

Depreciation Rates

Key Estimates: Depreciation rates for each class of depreciable asset (including significant identifiable components):

Class	Useful Life
Buildings – Courthouses:	
Fabric	50 - 60 years
Roof	25 - 30 years
Fixtures & Fittings	25 - 30 years
Air Conditioning	13 - 15 years
Fire Protection	13 - 15 years
Electric Light and Power	20 - 24 years
Communications	10 - 12 years
Lifts	15 years
Security	10 - 12 years
Infrastructure	50 - 60 years
Plant and equipment:	
Leasehold improvements	1 - 30 years
Audio equipment	2 - 18 years
Computer equipment	3 - 25 years
Office equipment	5 - 18 years
Electrical equipment	3 - 12 years
Furniture	7 - 20 years
Plant and machinery	7 years
Other	3 - 18 years

C4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C4-6 IMPAIRMENT

Accounting Policy

Indicators of Impairment and Determining Recoverable Amount

All property, plant and equipment assets are assessed for indicators of impairment on an annual basis or, where the asset is measured at fair value, for indicators of a change in fair value/service potential since the last valuation was completed. Where indicators of a material change in fair value or service potential since the last valuation arise, the asset is revalued at the reporting date under AASB 13 *Fair Value Measurement*. If an indicator of possible impairment exists, the department determines the asset's recoverable amount under AASB 136 *Impairment of Assets*. Recoverable amount is equal to the higher of the fair value less costs of disposal and the asset's value in use subject to the following:

- As a not-for-profit entity, certain property, plant and equipment of the department is held for the continuing use of its service capacity and not for the generation of cash flows. Such assets are typically specialised in nature. In accordance with AASB 136, where such assets measured at fair value under AASB 13, that fair value (with no adjustment for disposal costs) is effectively deemed to be the recoverable amount. As a consequence, AASB 136 does not apply to such assets unless they are measured at cost.
- For other non-specialised property, plant and equipment measured at fair value, where indicators of impairment exist, the only difference between the asset's fair value and its fair value less costs of disposal is the incremental costs attributable to the disposal of the asset. Consequently, the fair value of the asset determined under AASB 13 will materially approximate its recoverable amount where the disposal costs attributable to the asset are negligible. After the revaluation requirements of AASB 13 are first applied to these assets, applicable disposal costs are assessed and, in the circumstances where such costs are not negligible, further adjustments to the recoverable amount are made in accordance with AASB 136.

For all other remaining assets measured at cost, and assets within the economic entity held for the generation of cash flows recoverable amount is equal to the higher of the fair value less costs of disposal and the asset's 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.

Recognising Impairment Losses

For assets measured at fair value, the impairment loss is treated as a revaluation decrease and offset against the revaluation surplus of the relevant class to the extent available. Where no asset revaluation surplus is available in respect of the class of asset, the loss is expensed in the Statement of Comprehensive Income as a revaluation decrement.

For assets measured at cost, an impairment loss is recognised immediately in the Statement of Comprehensive Income.

Reversal of Impairment Losses

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

For assets measured at fair value, to the extent the original decrease was expensed through the Statement of Comprehensive Income, the reversal is recognised in income, otherwise the reversal is treated as a revaluation increase for the class of asset through revaluation surplus.

For assets measured at cost, impairment losses are reversed through income.

Department of Justice and Attorney-General
Notes to the Financial Statements
for the year ended 30 June 2019

C5 INTANGIBLES AND AMORTISATION EXPENSE

C5-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	Software Purchased		Software Internally Generated		Software: Work In Progress		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Gross	11,940	11,926	80,171	78,788	2,236	2,829	94,347	93,543
Less: Accumulated amortisation	(10,750)	(10,438)	(68,519)	(66,061)	-	-	(79,269)	(76,499)
Carrying amount at 30 June	1,190	1,488	11,652	12,727	2,236	2,829	15,078	17,044
<i>Represented by movements in carrying amount:</i>								
Carrying amount at 1 July	1,488	2,118	12,727	17,817	2,829	1,794	17,044	21,729
Acquisitions	-	-	-	-	3,056	2,506	3,056	2,506
Transfers between classes and property, plant and equipment assets	119	159	1,383	1,317	(3,649)	(1,471)	(2,147)	5
Involuntary asset transfer	-	(93)	-	(1,471)	-	-	-	(1,564)
Amortisation	(417)	(696)	(2,458)	(4,936)	-	-	(2,875)	(5,632)
Carrying amount at 30 June	1,190	1,488	11,652	12,727	2,236	2,829	15,078	17,044

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
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C5 INTANGIBLES AND AMORTISATION EXPENSE (continued)

C5-2 RECOGNITION AND MEASUREMENT

Accounting Policy

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

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 training costs are expensed as incurred.

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

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

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

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

C5-3 AMORTISATION EXPENSE

Accounting Policy

All intangible assets of the department have finite useful lives and are amortised on a straight-line basis over their estimated useful life to the department. Straight-line amortisation is used reflecting the expected consumption of economic benefits on a progressive basis over the intangible's useful life. The residual value of all the department's intangible assets is zero.

Useful Life

Key Estimate: For each class of intangible asset the following amortisation rates are used:

Intangible Asset	Useful Life
Software Purchased	7 - 21 years
Software Internally Generated	3 - 24 years

C5-4 IMPAIRMENT

Accounting Policy

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

Intangible assets are principally assessed for impairment by reference to the actual and expected continuing use of the asset by the department, including discontinuing the use of the software or patent. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and its value-in-use.

C5-5 OTHER DISCLOSURES

Individually Significant Intangible Assets

At 30 June the department holds the following significant intangible assets:

- Queensland Wide Integrated Courts (QWIC) that has a carrying amount of \$6.242 million and a remaining amortisation period of 6 years.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

C6 PAYABLES

	2019	2018
	\$'000	\$'000
Trade creditors	29,437	30,317
Appropriation refundable	6,389	1,885
Other	3,880	674
Total	39,706	32,876
Non-Current		
Deferred liability for operating leases *	778	-
Total	778	-

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

Accounting Policy - Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured.

C7 ACCRUED EMPLOYEE BENEFITS

Current		
Wages outstanding	6,278	5,995
Annual leave levy payable	7,220	6,956
Long service leave levy payable	1,554	1,480
Judicial allowance	5	16
Total	15,057	14,447
Non-Current		
Judges' Long leave	-	118
Total	-	118

Accounting Policy – Accrued Employee Benefits

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

C8 OTHER LIABILITIES

Current		
Unearned revenue	882	1,040
Lease incentive liability	2,173	113
Total	3,055	1,153
Non-Current		
Lease incentive liability	7,106	507
Security deposits	95	95
Total	7,201	602

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
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C9 EQUITY

C9-1 CONTRIBUTED EQUITY

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

- Appropriations for equity adjustments (refer Note C9-2); and
- Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-Government changes.

C9-2 APPROPRIATIONS RECOGNISED IN EQUITY

Reconciliation of Payments from Consolidated Fund to Equity Adjustment

	2019 \$'000	2018 \$'000
Budgeted equity adjustment appropriation	(28,959)	(8,738)
Treasurer's transfers	-	(27,925)
Lapsed equity adjustment	(6,460)	(13,395)
Equity adjustment receipts (payments)	(35,419)	(50,058)
Less: Opening balance of equity adjustment receivable	-	5,273
Plus: Closing balance of equity adjustment receivable	3,506	-
Plus: Opening balance of equity adjustment payable	5,962	-
Less: Closing balance of equity adjustment payable	-	5,962
Equity adjustment recognised in Contributed Equity	(25,951)	(61,293)

C9-3 ASSET REVALUATION SURPLUS BY ASSET CLASS

	Land \$'000	Buildings \$'000	Heritage and Cultural Assets \$'000	Total \$'000
Balance 1 July 2017	230,753	854,430	13,127	1,098,310
Revaluation increments	13,004	81,666	584	95,254
Revaluation decrements	(4,696)	(14,236)	-	(18,932)
Equity classification adjustment*	(113,668)	(543,328)	-	(656,996)
Balance - 30 June 2018	125,393	378,533	13,711	517,637
Revaluation increments	5,320	34,221	691	40,232
Revaluation decrements	(113)	-	-	(113)
Equity classification adjustment*	(23,246)	(4,005)	-	(27,251)
Balance - 30 June 2019	107,354	408,749	14,402	530,505

* Equity reclassification between the asset revaluation surplus and accumulated surplus is due to the disposal of non-current assets which had previously been revalued.

Accounting Policy

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

SECTION 4
NOTES ABOUT RISK AND OTHER ACCOUNTING UNCERTAINTIES

D1 FAIR VALUE MEASUREMENT

D1-1 ACCOUNTING POLICIES AND INPUTS FOR FAIR VALUES

What is Fair Value?

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the department include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the department include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the department's assets/liabilities, internal records of recent construction costs (and/or estimates of such costs), assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

Fair Value Measurement Hierarchy

The Department of Justice and Attorney-General does not recognise any financial assets or financial liabilities at fair value.

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

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

None of the department's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy.

There were no transfers of assets between fair value hierarchy levels during the period.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
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D1 FAIR VALUE MEASUREMENT (continued)

D1-2 BASIS FOR FAIR VALUES OF ASSETS AND LIABILITIES

Land

Asset Class	Basis of Valuation		Last specific appraisals	Fair Value Measurement
	2018-19	2017-18		
Land - Court Houses	Indexation	Indexation	31-Mar-16 *	Level 2

* Brisbane Magistrate Court and Brisbane Supreme and District Court were revalued through a desktop specific appraisal on 31 March 2018.

The department's Court House land assets were revalued in the current financial year by AssetVal Pty Ltd with an effective date of 31 March 2019.

The Market Approach is adopted for the specific appraisal of land assets. In determining the fair value of land, adjustments were made to take into account the location of the department's land, its size, street/road frontage and access, its topography, any significant restrictions and the valuer's professional judgement. As specific appraisal valuations are significantly based on sales market data with minimal professional judgement applied it is a Level 2 fair value measurement.

The market approach was also used for the index based valuations in the 2018-19 financial year. As indices were developed for the movements in each relevant property market based on the publicly available sales data over the last 12 months it is a Level 2 fair value.

AssetVal Pty Ltd advised there was no further material changes in 'fair value' as at 30 June 2019.

Buildings

Asset Class	Basis of Valuation		Last specific appraisals	Fair Value Measurement
	2018-19	2017-18		
Buildings - Court Houses	Indexation	Indexation	31-Mar-16 *	Level 3

* Brisbane Magistrate Court and Brisbane Supreme and District Court were revalued through a desktop specific appraisal on 31 March 2018.

All of the department's buildings and land improvements in respect of courthouses (including heritage buildings) have been assessed as specialised buildings and land improvements. The valuation of these assets is based on the fact that current use is highest and best use.

The department's Court Houses were revalued in the current financial year by AssetVal Pty Ltd with an effective date of 31 March 2019.

The buildings are valued using current replacement cost method, adjusting for the associated depreciation. As depreciation adjustments are considered as significant unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

Specific appraisals require a site visit to determine the structural details of the buildings such as type and size of structure, construction material used, level of finish, fixtures installed and location of structure and assess the condition based on The Institute of Public Works Engineering Australian condition rating scores and effect on useful life model.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
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D1 FAIR VALUE MEASUREMENT (continued)

D1-2 BASIS FOR FAIR VALUES OF ASSETS AND LIABILITIES (continued)

Buildings (continued)

In a specific appraisal the current replacement cost is calculated based on a square metre rate applicable to similar building structures as determined by the valuer. The rate is based on recent construction data, Rawlinson's cost data and valuer's internal data base of unit rates. The replacement cost of the building is apportioned to the building components based on the specific building type.

The remaining useful life percentage as determined by the condition assessment determines the buildings component's remaining useful life and fair value for valuation purposes.

Indices applied in 2018-19 were estimated based on price movements of recent actual costs, contract data for similar structures, cost guides, other relevant publications such as Rawlinson's rates for building and construction and AssetVal's internal database of unit rates. The basis of derivation of these indices are consistent with the underlying data inputs adopted for the last specific appraisal.

AssetVal Pty Ltd advised there was no further material changes in 'fair value' as at 30 June 2019.

Heritage and Cultural Assets

Asset Class	Basis of Valuation		Last specific appraisals	Fair Value Measurement
	2018-19	2017-18		
Heritage Buildings - Court House	Indexation	Indexation	31-Mar-16	Level 3

The department's heritage building assets were revalued in the current financial year by AssetVal Pty Ltd with an effective date of 31 March 2019.

The department's heritage courthouse buildings have been assessed as specialised buildings and revalued on the same basis as the department's non-heritage courthouse buildings by the same AssetVal Pty Ltd valuation team.

The valuation represents the cost of replacing the service potential of the building using Level 3 fair value measurements, however the heritage aspects of the building have not been valued.

AssetVal Pty Ltd advised there was no further material changes in 'fair value' as at 30 June 2019.

Asset Class	Basis of Valuation		Last specific appraisals	Fair Value Measurement
	2018-19	2017-18		
Artwork - all locations	Desktop	Desktop	31-Mar-17	Level 3

In respect of artwork, valuation is determined by a comparison to similar examples of the artist's work in existence throughout Australia and research on prices paid for similar examples offered at auction or through art galleries in recent years.

Independent valuations of the artworks were performed as at 31 March 2019 by Bettina MacAulay of MacAulay Partners, a registered valuer on the Australian Government Approved Valuers list. The valuer advised there was no further material changes in 'fair value' as at 30 June 2019. The fair value of artwork at 30 June 2019 is \$6.351 million (2018: \$6.166 million).

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

D2 FINANCIAL RISK DISCLOSURES

D2-1 FINANCIAL INSTRUMENT CATEGORIES

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the department becomes party to the contractual provisions of the financial instrument. The department has the following categories of financial assets and financial liabilities:

- Cash and cash equivalents - Note C1
- Receivables at amortised cost - Note C2
- Payables at amortised cost - Note C6

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

The department does not enter into transactions for speculative purposes, nor for hedging.

D2-2 RISKS ARISING FROM FINANCIAL INSTRUMENTS

(a) Risk exposure

Financial risk management is implemented pursuant to government and departmental policy. The Department of Justice and Attorney-General's operational activities are not exposed to substantial financial risk. All financial risk is currently managed by the Financial Services Branch under policies approved by the department. The department provides written principles for overall risk management, as well as policies covering specific areas.

The Department of Justice and Attorney-General's activities expose it to a variety of financial risks as set out in the following table:

Risk exposure	Definition	Exposure
Credit risk	The risk that the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The department is exposed to credit risk in respect of its receivables (Note C2).
Liquidity risk	The risk that the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The department is exposed to liquidity risk in respect of its payables (Note C6).
Market risk	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. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	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 cash deposited in interest bearing accounts (Note C1).

(b) Risk measurement and management strategies

The Department of Justice and Attorney-General measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method	Risk management strategies
Credit risk	Ageing analysis	The department manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the department monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.
Liquidity risk	Sensitivity analysis	The department manages liquidity risk by ensuring sufficient funds are 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.
Market risk	Interest rate sensitivity analysis	The department does not undertake any hedging in relation to interest risk and manages its risk as per the department's liquidity risk management strategy articulated in the department's Financial Management Practice Manual.

D2 FINANCIAL RISK DISCLOSURES (continued)

D2-3 CREDIT RISK DISCLOSURES

Credit risk management practices

Financial assets that are over 30 days past due are considered to have a significant increase in credit risk. However as the department only has trade receivables (Note C2) as financial assets impacted by credit risk, its loss allowance is always measured at lifetime expected credit losses.

The department typically considers a financial asset to be in default when it becomes 90 days past due. However, a financial asset can be in default before that point if information indicates that the department is unlikely to receive the outstanding amounts in full. The department's assessment of default does not take into account any collateral or other credit enhancements.

The department's write off policy is disclosed in Note C2-1.

Credit risk exposure

Credit risk exposure relating to receivables is disclosed in Note C2-1.

D2-4 LIQUIDITY RISK – CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES

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

There is a surplus of \$37.921 million (2018: \$32.216 million) in current assets to meet the obligations of current liabilities. Accordingly the liquidity risk is considered to be low.

D3 CONTINGENCIES

Litigation in Progress

Effective 1 July 2001, the Department of Justice and Attorney-General 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.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
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D4 COMMITMENTS

Non-Cancellable Operating Lease Commitments

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

	2019	2018
	\$'000	\$'000
Not later than 1 year	28,112	28,451
Later than 1 year and not later than 5 years	50,541	65,210
Later than 5 years	5,689	8,368
	84,342	102,029

Capital Expenditure Commitments

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

Buildings

Not later than 1 year	11,641	3,223
	11,641	3,223

Intangibles

Not later than 1 year	224	330
	224	330

D5 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

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

The transition date for both AASB 15 and AASB 1058 is 1 July 2019. Consequently, these standards will first apply to the department when preparing the financial statements for 2019-20. The department has reviewed the impact of AASB 15 and AASB 1058 and identified the following impacts (or estimated impact where indicated) on adoption of the new standards:

Capital Appropriation Funding

Amounts for capital works received by the department via equity appropriation from Queensland Treasury will continue to be recognised on receipt of the appropriation. There is no impact on unearned revenue or revenue recognition for these amounts.

Deferred Grant Revenue

The department does not currently have any material grant revenue contracts with specific performance obligations that relate to funding of activity based services, and will monitor the impact of any such contracts subsequently entered into before the new standards take effect.

Licence Revenue

The department has revenue from the issue of licences. In accordance with Queensland Treasury's proposed policy directive following amendments to AASB 15 (arising from AASB 2018-4 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors*), the revenue will be recognised under AASB 15 when the performance obligations are fulfilled. As the sole performance obligation is the issue of the licence to the customer, revenue will be recognised when the licence is issued. As this has the same accounting consequence to the current accounting of recognising revenue on receipt of the licence fee, no change is expected to revenue recognition for licence revenue.

The department has assessed that any refund liability under AASB 15 will not be material enough to recognise given the portion of the licence fee that are historically refunded comprises 1.0% of the licence revenue.

Sale of Services

The department expects no change to revenue recognition from provision of services as customers are only invoiced after the obligation is performed.

Sale of Goods

The department expects no change to revenue recognition from the sale of goods comprising issuance of birth and marriage certificates and sale of JP manuals and materials as the delivery of the goods to the customer represents the sole performance obligation. The amount of any right of return asset or refund liability has been determined to be negligible and immaterial to record on transition.

D5 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE (continued)

AASB 16 Leases

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

Impact for Lessees

Under AASB 16, the majority of operating leases (as defined by the current AASB 117 and shown at Note D4) will be reported on the Statement of Financial Position as right-of-use assets and lease liabilities.

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

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

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. In accordance with Queensland Treasury's policy, the department will apply the 'cumulative approach', and will not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application.

Outcome of Review as Lessee

The department has completed its review of the impact of adoption of AASB 16 on the Statement of Financial Position and Statement of Comprehensive Income and has identified the following major impacts which are outlined below.

During the 2018-19 financial year, the Department of Justice and Attorney-General 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) and residential accommodation through the Government Employee Housing (GEH) program. Lease payments under these arrangements totalled \$25.764 million per annum. The department has been advised by Queensland Treasury and DHPW that, effective 1 July 2019, amendments to the framework agreements that govern QGAO and GEH will result in the above arrangements being exempt from lease accounting under AASB 16. This is due to DHPW having substantive substitution rights over the non-specialised, commercial office accommodation and residential premises assets used within these arrangements. From 2019-20 onwards, costs for these services will continue to be expensed as supplies and services expense when incurred.

The department has also been advised by Queensland Treasury and DHPW that, effective 1 July 2019, motor vehicles provided under DHPW's QFleet program will be exempt from lease accounting under AASB 16. This is due to DHPW holding substantive substitution rights for vehicles provided under the scheme. From 2019-20 onward, costs for these services will continue to be expensed as supplies and services expense when incurred. Existing QFleet leases were not previously included as part of non-cancellable operating lease commitments.

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

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

SECTION 5
NOTES ON OUR PERFORMANCE COMPARED TO BUDGET

E1 BUDGETARY REPORTING DISCLOSURES

This section contains explanations of major variances between the department's actual 2018-19 financial results and the original budget presented to Parliament, in respect of the department's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

E2 BUDGET TO ACTUAL COMPARISON - STATEMENT OF COMPREHENSIVE INCOME (Controlled Activities)

	2019	2019	Budget
Variance	Actual	Original	Variance
Notes	\$'000	Budget	\$'000
Income from Continuing Operations			
Appropriation revenue	489,336	500,663	(11,327)
User charges and fees	96,433	89,973	6,460
Grants and contributions	V1 10,873	14,252	(3,379)
Other revenue	973	438	535
Total Revenue	597,615	605,326	(7,711)
Gains on remeasurement of assets	322	-	322
Total Income from Continuing Operations	597,937	605,326	(7,389)
Expenses from Continuing Operations			
Employee expenses	339,062	335,115	3,947
Supplies and services	V2 175,276	195,985	(20,709)
Grants and subsidies	1,094	406	688
Depreciation and amortisation	70,885	68,819	2,066
Impairment losses	279	-	279
Other expenses	5,729	2,403	3,326
Total Expenses from Continuing Operations	592,325	602,728	(10,403)
Operating Result for the Year	5,612	2,598	3,014
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to Operating Result</i>			
Increase (decrease) in asset revaluation surplus	40,119	-	40,119
Total for Items that will not be reclassified to Operating Result	40,119	-	40,119
TOTAL COMPREHENSIVE INCOME	45,731	2,598	43,133

E2-1 EXPLANATION OF MAJOR VARIANCES – STATEMENT OF COMPREHENSIVE INCOME

V1. The decrease is mainly due to reduced goods and services received below fair value (\$2.5 million) and reduced grant funding for the Legal Services Commission (\$1.5 million).

V2. The decrease primarily reflects funding re-aligned between financial years and account categories (\$14.3 million), reduced goods and services received below fair value (\$2.5 million), reduced outsourced service delivery (\$1.9 million) and software maintenance and support (\$1.4 million).

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

E3 BUDGET TO ACTUAL COMPARISON - STATEMENT OF FINANCIAL POSITION

	Variance Notes	2019 Actual \$'000	2019 Original Budget \$'000	Budget Variance \$'000
Current Assets				
Cash and cash equivalents	V3	64,623	43,735	20,888
Receivables	V4	24,850	19,864	4,986
Inventories		313	39	274
Other current assets	V5	5,953	3,648	2,305
Total Current Assets		95,739	67,286	28,453
Non Current Assets				
Property, plant and equipment		1,200,019	1,225,560	(25,541)
Intangible assets	V6	15,078	21,313	(6,235)
Other non current assets		7,048	350	6,698
Total Non Current Assets		1,222,145	1,247,223	(25,078)
Total Assets		1,317,884	1,314,509	3,375
Current Liabilities				
Payables	V7	39,706	22,654	17,052
Accrued employee benefits	V8	15,057	12,255	2,802
Other current liabilities		3,055	1,843	1,212
Total Current Liabilities		57,818	36,752	21,066
Non Current Liabilities				
Payables		778	416	362
Accrued employee benefits		-	89	(89)
Other non current liabilities	V9	7,201	95	7,106
Total Non Current Liabilities		7,979	600	7,379
Total Liabilities		65,797	37,352	28,445
Net Assets		1,252,087	1,277,157	(25,070)

E3-1 EXPLANATION OF MAJOR VARIANCES – STATEMENT OF FINANCIAL POSITION

V3. The increase is mainly due to an increase in payables (\$17.1 million), current year surplus (\$5.6 million), and accrued employee benefits (\$2.8 million) which is partially offset by increases in receivables (\$5.0 million) and other current assets (\$2.3 million).

V4. The variance is mainly due to increased equity injection receivable (\$3.5 million), greater than forecast annual leave central scheme receivables (\$3.3 million) and increased sundry receivables (\$1.6 million). These increases are partially offset by a reduction in goods and services tax receivable (\$3.4 million).

V5. The increase mainly relates to current lease incentive assets for premises located in the Brisbane central business district.

V6. The decrease is mainly due to reduced expenditure on Information and Communications Technology projects (\$7.1 million) and net transfers (\$2.1 million). These decreases are partially offset by less than forecast amortisation expense for the financial year (\$3.7 million).

V7. The increase in payables is mainly due to a higher level of trade creditors (\$6.7 million) and recognition of a payable to government for end of year funding adjustments (\$6.4 million).

V8. The increase is mainly due to a higher level of opening balances for accrued salaries and wages (\$1.6 million) and payables to annual leave central scheme (\$1.0 million).

V9. The increase mainly relates to non-current lease incentive liabilities for premises located in the Brisbane central business district.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
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E4 BUDGET TO ACTUAL COMPARISON – STATEMENT OF CASH FLOWS

	2019	2019	
	Actual	Original	Budget
Variance	\$'000	Budget	Variance
Notes		\$'000	\$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Service appropriation receipts	489,336	500,663	(11,327)
User charges and fees	V10 113,146	89,983	23,163
Grants and other contributions	5,694	7,355	(1,661)
GST input tax credits from ATO	20,313	11,394	8,919
GST collected from customers	5,412	5,652	(240)
Interest receipts	130	100	30
Other	1,019	338	681
<i>Outflows:</i>			
Employee expenses	(339,571)	(335,107)	(4,464)
Supplies and services	V11 (174,466)	(189,004)	14,538
Grants and subsidies	(1,093)	(406)	(687)
Insurance premiums	(668)	-	(668)
GST paid to suppliers	(20,977)	(11,394)	(9,583)
GST remitted to ATO	(5,334)	(5,652)	318
Other	(449)	(2,497)	2,048
Net cash provided by operating activities	<u>92,492</u>	<u>71,425</u>	<u>21,067</u>
Cash flows from investing activities			
<i>Outflows:</i>			
Payments for property, plant and equipment	V12 (39,035)	(33,152)	(5,883)
Payments for intangibles	(3,056)	(11,360)	8,304
	<u>(42,091)</u>	<u>(44,512)</u>	<u>2,421</u>
Net cash used in investing activities			
Cash flows from financing activities			
<i>Inflows:</i>			
Equity injections	V13 39,609	31,658	7,951
<i>Outflows:</i>			
Equity withdrawals	(65,560)	(60,617)	(4,943)
Net cash provided by (used in) financing activities	<u>(25,951)</u>	<u>(28,959)</u>	<u>3,008</u>
Net increase (decrease) in cash and cash equivalents	24,450	(2,046)	26,496
Cash and cash equivalents - opening balance	40,173	45,781	(5,608)
Cash and cash equivalents - closing balance	<u>64,623</u>	<u>43,735</u>	<u>20,888</u>

E4-1 EXPLANATION OF MAJOR VARIANCES – STATEMENT OF CASH FLOWS

V10. The variance is mainly due to a reduction in receivables relating to machinery-of-Government changes from prior years (\$11.0 million), other trade receivables (\$6.0 million), increased professional fees (\$3.8 million) and additional Blue Card Services application fees (\$2.7 million).

V11. The decrease primarily reflects funding re-aligned between financial years and account categories (\$14.3 million), reduced outsourced service delivery (\$1.9 million) and software maintenance and support (\$1.4 million). These decreases are partially offset by increase in current payables.

V12. The variance is mainly due to increased capital expenditure for courthouse upgrades (\$3.6 million), minor capital works expenditure deferred from 2017-18 (\$3.0 million) and equipment replacement (\$0.7 million).

V13. The variance is mainly due to equity funding to meet increased capital expenditure for courthouse building projects.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
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SECTION 6
WHAT WE LOOK AFTER ON BEHALF OF WHOLE-OF-GOVERNMENT AND THIRD PARTIES

F1 ADMINISTERED ITEMS

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.

Accounting policies applicable to administered items are consistent with the equivalent policies for controlled items, unless stated otherwise.

F1-1 SCHEDULE OF ADMINISTERED INCOME AND EXPENDITURE

	Notes	Justice Services		Liquor, Gaming and Fair Trading Services		General Not Attributed		ADMINISTERED TOTAL	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Administered Income									
Appropriation revenue *	F1-3	125,638	118,811	72,361	43,174	265,780	214,772	463,779	376,757
User charges and fees	F1-4	678	672	75,751	70,943	-	-	76,429	71,615
Royalties and land rents		-	-	8,000	8,000	-	-	8,000	8,000
Grants and contributions		-	-	-	-	1,730	177	1,730	177
Interest revenue - solicitor trusts		32,941	30,520	207	187	-	-	33,148	30,707
Other revenue		8,338	3,252	2,925	2,584	468	-	11,731	5,836
Total Administered Income		167,595	153,255	159,244	124,888	267,978	214,949	594,817	493,092
Administered Expenses									
Employee expenses	F1-5	77,127	73,301	-	-	-	-	77,127	73,301
Supplies and services		4,234	4,190	838	690	-	-	5,072	4,880
Grants and subsidies	F1-6	15,099	15,122	72,317	42,764	227,978	214,949	315,394	272,835
Benefit payments	F1-7	29,321	26,032	-	-	-	-	29,321	26,032
Impairment losses		3,482	508	7,421	-	-	-	10,903	508
Other expenses	F1-12	-	75	651	760	40,000	-	40,651	835
Total Administered Expenses		129,263	119,228	81,227	44,214	267,978	214,949	478,468	378,391
Transfers of Administered Income to Government **		38,332	34,027	78,017	80,674	-	-	116,349	114,701
Operating Surplus/(Deficit)		-	-	-	-	-	-	-	-

* Appropriation revenue is provided in cash via Queensland Treasury and funds activities / expenses that the department administers on behalf of the Government.

** The department periodically transfers to Queensland Government the amount of all cash collected in respect of administered revenue itemised under "Administered Income" (excluding appropriation revenue).

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

F1 ADMINISTERED ITEMS (continued)

F1-2 SCHEDULE OF ADMINISTERED ASSETS AND LIABILITIES

		Justice Services		Liquor, Gaming and Fair Trading Services		General Not Attributed		ADMINISTERED TOTAL	
Notes		2019	2018	2019	2018	2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered Assets									
<i>Current</i>									
		31,314	16,595	37,616	39,024	-	-	68,930	55,619
		44,515	47,853	(5,685)	(14,639)	40,000	-	78,830	33,214
		75,829	64,448	31,931	24,385	40,000	-	147,760	88,833
<i>Non Current</i>									
		-	-	91,500	91,500	-	-	91,500	91,500
		-	-	91,500	91,500	-	-	91,500	91,500
		75,829	64,448	123,431	115,885	40,000	-	239,260	180,333
Administered Liabilities									
<i>Current</i>									
		5,515	6,751	23,971	15,793	-	-	29,486	22,544
		8,384	8,172	-	-	-	-	8,384	8,172
		12,799	12,384	-	-	40,000	-	52,799	12,384
		-	-	2,874	2,907	-	-	2,874	2,907
		26,698	27,307	26,845	18,700	40,000	-	93,543	46,007
<i>Non Current</i>									
		5,886	5,356	-	-	-	-	5,886	5,356
		42,275	30,468	-	-	-	-	42,275	30,468
		-	-	92,408	93,007	-	-	92,408	93,007
		48,161	35,824	92,408	93,007	-	-	140,569	128,831
		74,859	63,131	119,253	111,707	40,000	-	234,112	174,838
		970	1,317	4,178	4,178	-	-	5,148	5,495

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

F1 ADMINISTERED ITEMS (continued)

F1-3 RECONCILIATION OF PAYMENTS FROM CONSOLIDATED FUND TO ADMINISTERED INCOME

	2019	2018
	\$'000	\$'000
Budgeted appropriation	417,090	389,572
Lapsed administered appropriation	(4,959)	(7,471)
Total Administered Receipts	<u>412,131</u>	<u>382,101</u>
Less: Equity injection	968	492
Less: Opening balance of administered appropriation revenue receivable	19,836	24,688
Plus: Closing balance of administered appropriation revenue receivable	<u>72,452</u>	<u>19,836</u>
Administered Revenue recognised in Note F1-1	<u><u>463,779</u></u>	<u><u>376,757</u></u>

F1-4 USER CHARGES AND FEES

Regulatory fees	74,662	69,700
Rent received	1,275	1,275
Commonwealth services	483	635
Publications and transcript charges	9	5
Total	<u><u>76,429</u></u>	<u><u>71,615</u></u>

F1-5 EMPLOYEE EXPENSES

Employee Benefits

Wages and salaries	67,290	63,580
Employer superannuation contributions	4,600	4,361
Long service leave levy	763	707
Annual leave levy	2,991	2,881

Employee Related Expenses

Other employee related expenses	1,483	1,772
Total	<u><u>77,127</u></u>	<u><u>73,301</u></u>

	2019	2018
Full-Time Equivalent Employees	178	170

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
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F1 ADMINISTERED ITEMS (continued)

F1-6 GRANTS AND SUBSIDIES

	2019	2018
	\$'000	\$'000
Legal Aid Queensland	154,328	148,618
Gambling Community Benefit Fund	71,107	41,019
Crime and Corruption Commission	56,842	55,713
Anti-Discrimination Commission Queensland	5,900	5,308
Office of the Information Commissioner	7,130	6,429
Queensland Family and Child Commission	11,879	6,225
Prostitution Licensing Authority	-	724
Victim Assist Queensland	76	86
Legal Services Commission	3,543	3,660
Supreme Court Library Queensland	3,452	3,384
Bar Association Queensland	167	164
Safe Night Precinct Boards	970	1,505
Total	315,394	272,835

F1-7 BENEFIT PAYMENTS

Victim Assist Queensland payments	27,379	23,705
Appeal costs payments	1,942	2,327
Total	29,321	26,032

F1-8 RECEIVABLES

Trade debtors	4,941	7,665
Less: Allowance for impairment	(4,845)	(886)
	96	6,779
Monetary penalties receivable	10,820	7,057
Less: Allowance for impairment	(9,183)	(5,792)
	1,637	1,265
Pecuniary penalty orders receivable	16,631	16,783
Less: Allowance for impairment	(16,112)	(16,053)
	519	730
GST receivable	52	42
	52	42
Appropriation receivable	72,452	19,836
Solicitors' Trust Account interest	2,428	3,364
Annual leave reimbursements	697	709
Long service leave reimbursements	238	423
Other	711	66
Total	78,830	33,214

Accounting Policy - Penalties

Debtors in relation to penalties administered on a whole-of-government basis are recorded at the amount ordered by the Court. These debtors include pecuniary penalty orders, fines where a warrant has been issued as well as unenforceable debts, with impairment being provided based on an assessment of future recoverability. No interest is charged and no security is obtained.

Accounting Policy - Impairment of Receivables

The loss allowance for administered debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. The impact of economic changes and relevant industry data form part of the administered debtor's impairment assessment.

Where the department has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. This occurs when the department has ceased enforcement activity. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
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F1 ADMINISTERED ITEMS (continued)

F1-9 PREPAYMENTS

	2019	2018
	\$'000	\$'000
Non Current		
Queens Wharf Casino exclusivity licence fee *	91,500	91,500
Total	91,500	91,500

* The Queens Wharf Casino exclusivity licence fee of \$91.5 million received during the 2016-17 financial year is recognised as unearned revenue up to the commencement of the casino licence term. The exclusivity licence fee was transferred to Queensland Treasury and is recognised as a prepayment up to the commencement of the casino licence term.

F1-10 PAYABLES

Trade creditors	15,166	1,627
Transfers to Government payable	14,235	20,205
Other	85	712
Total	29,486	22,544

F1-11 ACCRUED EMPLOYEE BENEFITS

Current

Wages outstanding	1,651	1,552
Annual leave levy payable	761	684
Long service leave levy payable	193	179
Expense of Office and Jurisprudential allowance	3,100	3,086
Judges' long leave	2,679	2,671
Total	8,384	8,172

Non current

Judges' long leave	5,886	5,356
Total	5,886	5,356

Accounting Policy – Accrued Employee Benefits

In accordance with AASB 119 *Employee Benefits*, the State Actuary calculates the judges long leave liability by applying the gross discount rate which is the annually convertible yield of a notional duration matched Commonwealth Government nominal bond at the relevant date, as published by the Reserve Bank of Australia.

Accounting Policy – Jurisprudential Allowance

Liabilities for judicial allowances are recognised and measured as the amount due but unpaid at reporting date based on allowances prescribed by sections 16 to 22 of the *Judicial Remuneration Act 2007*. Allowances are permitted to accrue up to seven years and any unused portion beyond this period is no longer payable.

F1-12 PROVISIONS

Victim assistance claims	12,799	12,384
Wages and savings class action *	40,000	-
Total	52,799	12,384

Non current

Victim assistance claims	42,275	30,468
Total	42,275	30,468

* In September 2016, a class action commenced representative proceedings in the Federal Court on behalf of Aboriginal and Torres Strait Islander people, living and deceased, who were subject to the Protection Acts controls. It was alleged a breach of trust and fiduciary duty regarding the handling of accounts and the management of wages obtained under the 'Protection Acts' during the claim period of 1939 to 1972. In July 2019 the parties agreed in principle on a \$190 million settlement, inclusive of the applicant's legal costs and administrative costs. The parties will now apply to the Federal Court to seek to have the settlement approved at a date yet to be determined.

\$40 million of this settlement amount will be appropriated to the Department of Justice and Attorney-General, for subsequent transfer to the Crown Law Trust Account, upon approval of the settlement.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
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F1 ADMINISTERED ITEMS (continued)

F1-13 ADMINISTERED ACTIVITIES - BUDGET TO ACTUAL COMPARISON AND VARIANCE ANALYSIS

		2019	2019	Budget
	Variance	Actual	Original	Variance
	Notes	\$'000	Budget	\$'000
			\$'000	
INCOME AND EXPENDITURE				
Administered Income				
Appropriation revenue	V1	463,779	413,644	50,135
User charges and fees		76,429	72,458	3,971
Royalties and land rents		8,000	8,000	-
Grants and contributions		1,730	353	1,377
Interest revenue	V2	33,148	27,723	5,425
Other revenue		11,731	5,678	6,053
Total Administered Income		594,817	527,856	66,961
Administered Expenses				
Employee expenses	V3	77,127	73,390	3,737
Supplies and services		5,072	4,586	486
Grants and subsidies		315,394	303,837	11,557
Benefit payments		29,321	31,230	(1,909)
Impairment losses		10,903	850	10,053
Other expenses	V4	40,651	1,549	39,102
Total Administered Expenses		478,468	415,442	63,026
Transfers of Administered Income to Government		116,349	112,414	3,935
Operating Surplus/(Deficit)		-	-	-

Notes Explaining Major Variances for Administered Activities

V1. The variance mainly relates to the wages and savings class action (\$40.0 million), Gambling Community Benefit Fund grants predominantly due to a grant round not being paid until 2018-19 (\$13.8 million) and an increase in judicial remuneration and appointment of additional judicial officers in Queensland Courts (\$3.7 million), partially offset by a change of funding profile for the Crime and Corruption Commission (\$3.8 million) and contribution payments for legal assistance services (\$2.2 million) and victims of crime financial assistance and compensation scheme (\$2.3 million).

V2. The variance mainly relates to an increase in interest revenue on clients' money held in Queensland solicitors' trust accounts (\$5.4 million).

V3. The variance mainly relates to an increase in judicial remuneration and appointment of additional judicial officers in Queensland Courts (\$3.7 million).

V4. The variance mainly relates to the wages and savings class action (\$40.0 million).

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
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F1 ADMINISTERED ITEMS (continued)

F1-13 ADMINISTERED ACTIVITIES - BUDGET TO ACTUAL COMPARISON AND VARIANCE ANALYSIS (continued)

		2019	2019	Budget
	Variance	Actual	Original	Variance
	Notes	\$'000	Budget	\$'000
		\$'000	\$'000	\$'000
ASSETS AND LIABILITIES				
Administered Assets				
<i>Current</i>				
Cash and cash equivalents	V5	68,930	21,309	47,621
Receivables	V6	78,830	54,269	24,561
Total Current Assets		147,760	75,578	72,182
<i>Non Current</i>				
Prepayments		91,500	91,500	-
Total Non Current Assets		91,500	91,500	-
Total Assets		239,260	167,078	72,182
Administered Liabilities				
<i>Current</i>				
Payables	V7	29,486	18,076	11,410
Accrued employee benefits		8,384	8,884	(500)
Provisions	V8	52,799	11,964	40,835
Unearned revenue		2,874	3,039	(165)
Total Current Liabilities		93,543	41,963	51,580
<i>Non Current</i>				
Accrued employee benefits		5,886	5,421	465
Provisions	V9	42,275	21,816	20,459
Unearned revenue		92,408	92,730	(322)
Total Non Current Liabilities		140,569	119,967	20,602
Total Liabilities		234,112	161,930	72,182
Net Administered Assets		5,148	5,148	-

Notes Explaining Major Variances for Administered Activities

V5. The variance mainly relates to the victims of crime financial assistance and compensation scheme provision (\$21.3 million), an increase in Gambling Community Benefit Fund (\$12.5 million) and interest revenue on clients' money held in Queensland solicitors' trust accounts (\$5.4 million) and a reduction in appropriation receivables (\$9.9 million).

V6. The variance mainly relates to the wages and savings class action (\$40 million), partially offset by a reduction in Office of Fair Trading's trade debtors predominantly due to the recognition of provision for impairment of debts (\$5.8 million) and a decrease in appropriation receivable (\$9.9 million). The decrease in appropriation receivable predominantly relates to an underspend in Tackling Alcohol Fuelled Violence initiative (\$5.3 million) and victims of crime financial assistance and compensation scheme provision (\$2.3 million).

V7. The variance mainly relates to an increase in Gambling Community Benefit Fund (\$12.5 million) and interest revenue on clients' money held in Queensland solicitors' trust accounts (\$5.4 million), partially offset by transfers to government payable for Office of Fair Trading's debtors (\$5.8 million).

V8. The variance mainly relates to the wages and savings class action (\$40.0 million) and an increase in the victims of crime financial assistance and compensation scheme provision following the post budget update to the provision calculation (\$0.8 million).

V9. The variance relates to an increase in the victims of crime financial assistance and compensation scheme provision (\$20.4 million).

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

F2 TRUST TRANSACTIONS AND BALANCES

F2-1 TRUST ACTIVITIES

As the department performs only a custodial role in respect of the transactions and balances of the trust funds identified below, they are not recognised in the financial statements but are disclosed in these notes for the information of users. The Queensland Auditor-General performed the audit of the department's trust transactions for 2018-19.

	Total Revenue		Total Expenses		Net surplus/(deficit)		Total Current Assets		Total Current Liabilities		Net Assets	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Court Suitors Fund	13,554	19,428	21,623	11,483	(8,069)	7,945	22,215	30,284	22,215	30,284	-	-
- <i>Court Funds Act 1973 s 5</i>												
- Holds money relating to the civil matters pending finalisation of the court action.												
Crown Law	35,100	57,633	64,444	27,509	(29,344)	30,124	1,183	30,527	1,183	30,527	-	-
- Holding account to remit settlement funds to recipients in accordance with instructions from Crown Law clients.												
Queensland Civil and Administrative Tribunal	1	1	42	-	(41)	1	1	42	-	-	1	42
- <i>Queensland Civil and Administrative Tribunal Act 2009 s 161</i>												
- Responsible for making decisions on a range of jurisdictions and reviewing decisions that have been previously made by a Queensland Government department, local government or regulatory authority.												
Funeral Benefit Trust Fund	141	129	81	101	60	28	5,284	5,225	21	22	5,263	5,203
- <i>Funeral Benefit Business Act 1982 s 9(1)</i>												
- Holds money from contributors as a result of agreements that were made between 1940 and 1973.												
Australian Coordinating Registry	947	1,103	939	753	8	350	869	861	-	-	869	861
- <i>Births, Deaths and Marriages Registration Act 2003 s 39</i>												
- Holds money relating to the application, assessment and distribution of Fact of Death and Cause of Death matters.												
Youth Detention Centre Trust Funds *	-	63	-	63	-	-	-	12	-	12	-	-
- <i>Youth Justice Act 1992 s 282</i>												
- Holds money in trust on behalf of juvenile detainees in custody												
Prisoners Trust Fund **	-	13,255	-	13,087	-	168	-	4,069	-	4,069	-	-
- <i>Corrective Services Act 2006 s 311</i>												
- Holds money in trust on behalf of offenders in custody.												

* **Youth Detention Centre Trust Funds**
Youth Justice transferred to the Department of Child Safety, Youth and Women effective from 1 January 2018.

** **Prisoners Trust Fund**
Corrective Services transferred to the stand alone department titled Queensland Corrective Services effective from 1 January 2018.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

F2 TRUST TRANSACTIONS AND BALANCES (continued)

F2-2 PRESCRIBED SECURITIES FOR PUBLIC ACCOUNTANTS TRUST ACCOUNTS

The department holds securities in relation to moneys held in trust funds of public accountants operating pursuant to the *Trust Accounts Act 1973*.

Section 31 (2) of the *Trust Accounts Act 1973* requires a trustee to lodge with the department, prescribed security in relation to moneys held in the trust account of the public accountant.

As the department performs only a custodial role in respect of administering these securities, they are not recognised in the financial statements but are disclosed in these notes for the information of users.

The total value of securities held for 118 trustees as at 30 June 2019 is \$1,163,898 (2018: \$1,086,843).

F2-3 AGENCY TRANSACTIONS

The department acts as an agent in the collection and distribution of unpaid infringement fines and court ordered monetary amounts for various external parties including other Queensland Government departments and agencies (such as the Motor Accident Insurance Commission), Commonwealth agencies, Local Government bodies, Universities and individuals.

Fees of \$0.12 million (2018: \$0.21 million) were earned by the department for providing these agency services. This amount is accounted for in controlled user charges (Note B1-2).

	2019	2018
	\$'000	\$'000
Balance 1 July	4,680	4,223
Collections	24,029	30,425
Distributions to principals	(24,585)	(29,968)
Balance 30 June	4,124	4,680

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

SECTION 7
OTHER INFORMATION

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES

Details of Key Management Personnel (KMP)

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 Attorney-General and Minister for Justice.

The following details for non-Ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2018-19 and 2017-18. Further information on these positions can be found in the body of the Annual Report under the section relating to Board of Management.

Position	Position Responsibility
Director-General	The Director-General is responsible for the services delivered by the Department of Justice and Attorney-General, providing justice-related services to the community, which are supported and enabled by our justice capability to achieve the agency's vision: Justice for all through safe, fair and responsible communities.
Deputy Director-General, Justice Services	The Deputy Director-General is responsible for the efficient, effective and economic administration of justice services within the department and supports the achievement of the departmental objectives to improve the administration of Queensland's justice system and protect the rights and interests of Queenslanders.
Deputy Director-General, Liquor, Gaming and Fair Trading	The Deputy Director-General is responsible for the efficient, effective and economic administration of liquor, gaming and fair trading services within the department, ensuring the departmental objective to improve safety and fairness for Queensland businesses and consumers is met.
Commissioner, Queensland Corrective Services *	The Commissioner is responsible for the management of Queensland Corrective Services, providing advice, leadership and coordination for correctional interventions.
Assistant Director-General, Youth Justice **	The Assistant Director-General is responsible for the efficient, effective and economic administration of youth justice services.
Assistant Director-General, Corporate Services	The Assistant Director-General is responsible for the efficient, effective and economic administration of corporate services supporting the department to meet its' goals and objectives.
Assistant Director-General, Strategic Policy and Legal Services	The Assistant Director-General is responsible for the efficient, effective and economic administration of strategic policy and legal services within the department.
Crown Solicitor	The Crown Solicitor is responsible for resolving conflict of interests when Crown Law is representing and setting the professional and ethical standards of the legal practice.
Director of Public Prosecutions	The Director of Public Prosecutions has the primary function of prosecuting on behalf of the State of Queensland people charged with criminal offences in the High Court of Australia, Court of Appeal, Supreme Court, District Court, Childrens Court of Queensland, Magistrates Court (Limited) and Mental Health Court.
Executive Director, Financial Services	The Executive Director, Financial Services is responsible for direction of the efficient, effective and economic financial administration of the department.

* Position transferred to Queensland Corrective Services effective 1 January 2018

** Position transferred to the Department of Child Safety, Youth and Women effective 1 January 2018

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL

Notes to the Financial Statements

for the year ended 30 June 2019

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

KMP Remuneration Policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The department does not bear any cost of remuneration of Ministers. 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 for the 2018-19 financial year, which are published as part of Queensland Treasury's Report on State Finances.

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

Remuneration expenses for those KMP comprise the following components:

Short-term employee expenses including:

- 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; and
- non-monetary benefits - consisting of provision of vehicle parking together with fringe benefits tax applicable to the benefit.

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

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

Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

Remuneration Expenses

The following disclosures focus on the expenses incurred by the department attributable to non-Ministerial KMP during the respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the Statement of Comprehensive Income.

2018-19

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
Director-General	418	3	9	56	-	486
Deputy Director-General, Justice Services	247	3	5	27	-	282
Deputy Director-General, Liquor, Gaming and Fair Trading (Acting from 10/12/2018)	140	2	3	14	-	159
Deputy Director-General, Liquor, Gaming and Fair Trading (to 9/12/2018)	114	1	2	13	-	130
Assistant Director-General, Corporate Services	235	3	5	26	-	269
Assistant Director-General, Strategic Policy and Legal Services	219	3	5	24	-	251
Crown Solicitor	316	3	7	35	-	361
Director of Public Prosecutions	443	3	9	54	-	509
Executive Director, Financial Services (Acting from 25/3/2019 to 26/4/2019, Appointed 27/4/2019)	51	1	1	5	-	58
Executive Director, Financial Services (to 24/3/2019)	150	1	3	16	-	170

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

2017-18

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
Director-General	429	4	9	54	-	496
Deputy Director-General, Justice Services	242	3	5	27	-	277
Deputy Director-General, Liquor, Gaming and Fair Trading	245	4	5	28	-	282
Commissioner, Queensland Corrective Services (from 13/11/2017) *	86	1	1	4	-	92
Commissioner, Queensland Corrective Services (Acting from 8/7/17 to 12/11/17)	86	2	2	8	-	98
Commissioner, Queensland Corrective Services (ceased 9/7/17)	4	-	-	1	-	5
Assistant Director-General, Youth Justice **	110	3	2	13	-	128
Assistant Director-General, Corporate Services	235	3	5	25	-	268
Assistant Director-General, Strategic Policy and Legal Services (from 9/4/18)	53	1	1	6	-	61
Assistant Director-General, Strategic Policy and Legal Services (Acting to 8/4/18)	172	2	4	19	-	197
Crown Solicitor	282	3	1	33	-	319
Director of Public Prosecutions	380	3	9	53	-	445
Executive Director, Financial Services	203	3	4	21	-	231

* Position transferred to Queensland Corrective Services effective 1 January 2018

** Position transferred to the Department of Child Safety, Youth and Women effective 1 January 2018

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

G2 RELATED PARTY TRANSACTIONS

Transactions with people/entities related to KMP

Based upon KMP declarations, there have been no transactions with related parties that have materially affected the agency's operating result and/or financial position.

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 (C9-1 and C9-2), both of which are provided in cash via Queensland Treasury.

The department provides grants to Legal Aid Queensland, Crime and Corruption Commission, Anti-Discrimination Commission Queensland, Office of the Information Commissioner and the Queensland Family and Child Commission (Note F1-6).

The department receives property tenancy and maintenance services from the Department of Housing and Public Works.

G3 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN ACCOUNTING POLICY

Changes in Accounting Policies – AASB 9 *Financial Instruments*

The department applied AASB 9 *Financial Instruments* for the first time in 2018-19. Comparative information for 2017-18 has not been restated and continues to be reported under AASB 139 *Financial Instruments: Recognition and Measurement*. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Classification and measurement

Under AASB 9, debt instruments are categorised into one of three measurement bases – amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification is based on two criteria:

- whether the financial asset's contractual cash flows represent 'solely payments of principal and interest', and
- the department's business model for managing the assets.

The department's debt instruments comprise of receivables disclosed in Note C2. They were classified as Receivables as at 30 June 2018 (under AASB 139) and were measured at amortised cost. These receivables are held for collection of contractual cash flows that are solely payments of principal and interest. As such, they continue to be measured at amortised cost beginning 1 July 2018.

AASB 139 Measurement Category	AASB 9 measurement category (Balance at 1 July 2018)	
	Balance at 30 June 2018 \$'000	Amortised Cost \$'000
Controlled		
Receivables *	36,066	36,174
Administered		
Receivables *	33,214	26,730

*The change in carrying amount is due to additional impairment allowance.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2019

G3 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN ACCOUNTING POLICY (continued)

Impairment

AASB 9 requires the loss allowance to be measured using a forward-looking expected credit loss approach, replacing AASB 139's incurred loss approach. AASB 9 also requires a loss allowance to be recognised for all debt instruments other than those held at fair value through profit or loss.

On adoption of AASB 9's new impairment model, the department recognised reduced impairment losses of \$0.108 million on its trade receivables. This resulted in an increase in opening accumulated surplus of \$0.108 million. Below is a reconciliation of the ending impairment allowance under AASB 139 to the opening loss allowance under AASB 9.

Controlled

AASB 139 Measurement Category	AASB 9 measurement category	Impairment allowance 30 June 2018 \$'000	Re- measurement \$'000	Loss allowance 1 July 2018 \$'000
Receivables	Amortised cost	(426)	(318)	108

On adoption of AASB 9's new impairment model, the department recognised additional impairment losses of \$6.844 million on its administered trade receivables. This resulted in a decrease in opening accumulated surplus of \$6.844 million. Below is a reconciliation of the ending administered impairment allowance under AASB 139 to the opening loss allowance under AASB 9.

Administered

AASB 139 Measurement Category	AASB 9 measurement category	Impairment allowance 30 June 2018 \$'000	Re- measurement \$'000	Loss allowance 1 July 2018 \$'000
Receivables	Amortised cost	(22,731)	(29,575)	(6,844)

Accounting Standards Applied for the First Time

Other than AASB 9 *Financial Instruments*, which is detailed above, no accounting standards that apply to the department for the first time in 2018-19 have any material impact on the financial statements.

G4 TAXATION

The department is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Department of Justice and Attorney-General. GST credits receivable from, and GST payable to the ATO, are recognised (refer to Note C2).

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Management Certificate
for the year ended 30 June 2019


These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 42 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with s.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 Justice and Attorney-General for the financial year ended 30 June 2019 and of the financial position of the department at the end of that year; and

The Director-General, as the Accountable Officer of the department, acknowledges responsibility under s.8 and s.15 of the *Financial and Performance Management Standard 2009* 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.



Corynne Scott CPA
Executive Director, Financial Services



David Mackie
Director-General

28 August 2019

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Justice and Attorney-General

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Department of Justice and Attorney-General.

In my opinion, the financial report:

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

The financial report comprises the statement of financial position and statement of assets and liabilities by major departmental service as at 30 June 2019, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

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

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

Key audit matters

Indexation Valuation of Land and Buildings (\$1,126.35 million as at 30 June 2019)

Refer to notes C4-4 and D1-2 in the financial report

Key audit matter	How my audit addressed the key audit matter
<p>Department of Justice and the Attorney-General specialised buildings were measured at fair value at balance date using the current replacement cost method.</p> <p>The department performs a comprehensive revaluation of all building assets on a 5 year rotational basis using independent valuers and uses indexation in the intervening years.</p> <p>The current replacement cost method comprises:</p> <ul style="list-style-type: none"> ▪ gross replacement cost, less ▪ accumulated depreciation. <p>The department derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> ▪ identifying the components of buildings with separately identifiable replacement costs (known as unit rate categories) ▪ developing a unit rate for each of these components, including: <ul style="list-style-type: none"> – estimating the current cost for a modern substitute (including locality factors and oncosts), expressed as a rate per unit – identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so estimating the adjustment to the unit rate required to reflect this difference. ▪ indexing unit rates for subsequent increases in input costs ▪ forecasting the remaining useful lives of assets. <p>The measurement of accumulated depreciation involved significant judgements for:</p> <ul style="list-style-type: none"> ▪ estimating residual values ▪ forecasting the remaining useful lives of assets. 	<p>My procedures for Land and Buildings included, but were not limited to:</p> <p>For assets indexed:</p> <ul style="list-style-type: none"> ▪ Assessing the adequacy of management's review of the valuation process. ▪ Obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness using common industry practices. ▪ Assessing the competence, capability and objectivity of the experts used by the department. ▪ Evaluating the reasonableness of the indices used against other publicly available information about movements in values for replacement costs of similar assets. ▪ Ensuring indices have been correctly applied to the asset class. <p>For all assets:</p> <ul style="list-style-type: none"> ▪ Evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> – Reviewing management's annual assessment of useful lives – At an aggregated level, reviewing for consistency between renewal budgets and the gross replacement cost of assets due to expire during the renewal budget period. – Reviewing formal asset management plans, and enquiring of management about whether these plans remain current – Reviewing for assets with an inconsistent relationship between condition and remaining useful life.

Responsibilities of the department for the financial report

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

The Accountable Officer is also responsible for assessing the department'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 department or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

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

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

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

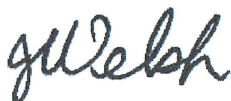
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with the Accountable Officer, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

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



John Welsh
as delegate of the Auditor-General

29 August 2019

Queensland Audit Office
Brisbane