



Financial statements

Part 5

**Department of Communities, Child Safety and Disability Services
Financial Statements
for the year ended 30 June 2015**

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General Information

The financial statements enable readers to assess the department's financial results for the 2014-15 financial year and its financial position as at the end of the financial year.

The department is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the department is:

Floor 5
111 George Street
BRISBANE QLD 4000

For information in relation to the department's financial statement please contact Finance Services on (07) 324 73682, email fsfinancialreporting@communities.qld.gov.au or visit the departmental website www.communities.qld.gov.au.

**Department of Communities, Child Safety and Disability Services
Statement of Comprehensive Income - Controlled
for the year ended 30 June 2015**

	Note	2015 \$'000	2014* \$'000
Income from continuing operations			
Appropriation revenue	2	2,488,482	2,322,112
User charges and fees		23,699	20,388
Grants and other contributions		60,201	40,521
Interest revenue		514	538
Other revenue	3	18,023	8,375
Total income from continuing operations		<u>2,590,919</u>	<u>2,391,934</u>
Expenses from continuing operations			
Employee expenses	4,5	532,234	535,763
Supplies and services	6	1,822,475	1,648,297
Grants and subsidies	7	173,600	145,369
Depreciation and amortisation		28,988	31,679
Impairment losses		347	503
Revaluation decrement		-	2,334
Other expenses	8	4,645	7,820
Total expenses from continuing operations		<u>2,562,289</u>	<u>2,371,765</u>
Operating result from continuing operations		<u>28,630</u>	<u>20,169</u>
Operating result for the year		<u>28,630</u>	<u>20,169</u>
Total comprehensive income		<u>28,630</u>	<u>20,169</u>

*Refer to note 18 for details of prior year adjustments made to comparative years.

Department of Communities, Child Safety and Disability Services
Statement of Financial Position - Controlled
as at 30 June 2015

	Note	2015 \$'000	2014 Restated* \$'000	As at 1 July 2013 Restated* \$'000
Current assets				
Cash and cash equivalents		124,504	99,011	125,937
Loans and receivables	9	200,798	105,844	82,503
Other assets		4,874	5,677	5,916
		<u>330,176</u>	<u>210,532</u>	<u>214,356</u>
Non-current assets classified as held for sale		516	320	2,692
Total current assets		<u>330,692</u>	<u>210,852</u>	<u>217,048</u>
Non-current assets				
Property, plant and equipment	10	303,996	292,041	309,363
Intangible assets	11	51,381	60,825	69,359
Other assets		-	-	397
Total non-current assets		<u>355,377</u>	<u>352,866</u>	<u>379,119</u>
Total assets		<u>686,069</u>	<u>563,718</u>	<u>596,167</u>
Current liabilities				
Payables	12	201,334	103,567	142,287
Accrued employee benefits	13	21,304	20,736	18,373
Provisions		47	149	836
Other liabilities		42	36	338
Total current liabilities		<u>222,727</u>	<u>124,488</u>	<u>161,834</u>
Non-current liabilities				
Payables				4,600
Provisions		2,522	2,602	2,236
Other liabilities		-	-	1,038
Total non-current liabilities		<u>2,522</u>	<u>2,602</u>	<u>7,874</u>
Total liabilities		<u>225,249</u>	<u>127,090</u>	<u>169,708</u>
Net assets		<u>460,820</u>	<u>436,628</u>	<u>426,459</u>
Equity				
Contributed equity		515,993	520,431	530,432
Accumulated surplus (deficit)		(55,173)	(83,803)	(103,972)
Total equity		<u>460,820</u>	<u>436,628</u>	<u>426,460</u>

*Refer to note 18 for details of prior year adjustments made to comparative years.

Department of Communities, Child Safety and Disability Services
Statement of Changes in Equity - Controlled
for the year ended 30 June 2015

	Contributed equity \$'000	Accumulated surplus/ (deficit)* \$'000	Total \$'000
Balance as at 1 July 2013	530,432	(103,972)	426,460
Operating result from continuing operations	-	20,169	20,169
Total comprehensive income for the year	-	20,169	20,169
Transactions with owners as owners			
- Net assets transferred via machinery-of-government changes	(5,517)	-	(5,517)
- Net equity injections	(5,183)	-	(5,183)
- Other (post machinery-of-government adjustment)	699	-	699
Net transactions with owners as owners	(10,001)	-	(10,001)
Balance as at 30 June 2014	520,431	(83,803)	436,628
Balance as at 1 July 2014	520,431	(83,803)	436,628
Operating result from continuing operations	-	28,630	28,630
Total comprehensive income for the year	-	28,630	28,630
Transactions with owners as owners			
- Net assets transferred via machinery-of-government changes (Note 1(y))	46	-	46
- Net equity withdrawals	(8,663)	-	(8,663)
- Other	4,179	-	4,179
Net transactions with owners as owners	(4,438)	-	(4,438)
Balance as at 30 June 2015	515,993	(55,173)	460,820

* Refer to note 18 for details of prior year adjustments made to comparative years

Department of Communities, Child Safety and Disability Services
Statement of Cash Flows - Controlled
for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Cash flows from operating activities		
<i>Inflows:</i>		
Service appropriation receipts	2,416,563	2,268,079
User charges and fees	30,931	20,802
Grants and other contributions	30,000	28,015
GST input tax credits received from ATO	168,311	167,886
GST collected from customers	1,242	2,746
Interest receipts	514	538
Other	7,922	12,687
<i>Outflows:</i>		
Employee expenses	(529,042)	(534,567)
Supplies and services	(1,718,600)	(1,652,522)
Grants and subsidies	(177,819)	(146,862)
GST paid to suppliers	(172,018)	(167,246)
GST remitted to ATO	(1,242)	(2,746)
Other	(5,217)	(6,288)
Net cash provided by (used in) operating activities	14	51,545
Cash flow from investing activities		
<i>Inflows:</i>		
Sales of property, plant and equipment	2,395	3,988
<i>Outflows:</i>		
Payments for property, plant and equipment	(14,480)	(11,174)
Payments for intangible assets	(4,228)	(5,022)
Net cash provided by (used in) investing activities	(16,313)	(12,208)
Cash flows from financing activities		
<i>Inflows:</i>		
Equity injections	2,992	321
<i>Outflows:</i>		
Equity withdrawals	(12,732)	(5,504)
Net cash provided by (used in) financing activities	(9,740)	(5,183)
Net increase (decrease) in cash and cash equivalents	25,492	(26,869)
Increase (decrease) in cash and cash equivalents through machinery-of-government changes	17	1
Cash and cash equivalents at beginning of financial year	99,011	125,937
Cash and cash equivalents at end of financial year	124,504	99,011

Department of Communities, Child Safety and Disability Services
Statement of Comprehensive Income by Major Departmental Services - Controlled
for the year ended 30 June 2015

	Disability Services		Child Safety Services		Community Services		General - not attributed [^]		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Income from continuing operations										
Appropriation revenue	1,450,683	1,338,241	869,159	823,556	168,640	160,315	-	-	2,488,482	2,322,112
User charges and fees	3,989	1,893	413	499	10,772	9,642	8,525	8,354	23,699	20,388
Grants and other contributions	58,094	32,241	1,280	4,772	827	3,508	-	-	60,201	40,521
Interest revenue	514	538	-	-	-	-	-	-	514	538
Other revenue	12,164	4,778	2,001	(1,316)	3,858	4,913	-	-	18,023	8,375
Total income from continuing operations	1,525,444	1,377,691	872,853	827,511	184,097	178,378	8,525	8,354	2,590,919	2,391,934
Expenses from continuing operations										
Employee expenses	270,877	279,864	224,417	220,876	31,659	29,902	5,281	5,121	532,234	535,763
Supplies and services	1,181,401	1,061,829	507,687	462,385	130,143	120,850	3,244	3,233	1,822,475	1,648,297
Grants and subsidies	41,959	13,256	123,845	119,857	7,796	12,256	-	-	173,600	145,369
Depreciation and amortisation	12,456	12,839	12,783	14,211	3,749	4,629	-	-	28,988	31,679
Impairment losses	328	185	8	233	11	85	-	-	347	503
Revaluation decrement	-	1,018	-	859	-	457	-	-	2,334	2,334
Other expenses	1,493	1,941	2,309	3,773	843	2,106	-	-	4,645	7,820
Total expenses from continuing operations	1,508,514	1,370,932	871,049	822,194	174,201	170,285	8,525	8,354	2,562,289	2,371,765
Operating result from continuing operations	16,930	6,759	1,804	5,317	9,896	8,093	-	-	28,630	20,169
Operating result for the year	16,930	6,759	1,804	5,317	9,896	8,093	-	-	28,630	20,169
Total comprehensive income	16,930	6,759	1,804	5,317	9,896	8,093	-	-	28,630	20,169

* Allocation of income and expenses from corporate services (disclosure only):

Income	3,842	9,083	3,117	7,457	1,086	3,437	-	-	8,046	19,977
Expenses	42,311	45,142	36,148	35,340	10,964	10,066	-	-	89,422	90,547

[^] Relates to memorandum of understanding in providing services to the Department of Aboriginal and Torres Strait Islander Services and Multicultural Affairs, and the Department of Justice and Attorney-General.

Department of Communities, Child Safety and Disability Services
Statement of Assets and Liabilities by Major Departmental Services - Controlled
as at 30 June 2015

	Disability Services		Child Safety Services		Community Services		General - not attributed [^]		Total
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	
Current assets									
Cash and cash equivalents	81,596	58,405	22,510	22,489	20,398	18,116	-	-	124,504
Loan and receivables	187,315	83,696	9,273	9,847	3,057	4,348	1,153	7,953	200,798
Other assets	2,105	2,421	1,764	2,080	1,005	1,176	-	-	4,874
Non-current assets classified as held for sale	271,016	144,522	33,547	34,416	24,460	23,640	1,153	7,953	330,176
Total current assets	271,016	144,522	33,547	34,416	24,976	23,960	1,153	7,953	330,692
Non-current assets									
Property, plant and equipment	160,045	148,026	61,213	65,829	82,738	78,186	-	-	303,996
Intangible assets	16,155	20,091	33,093	37,665	2,133	3,069	-	-	51,381
Total non-current assets	176,200	168,117	94,306	103,494	84,871	81,255	-	-	352,866
Total assets	447,216	312,639	127,853	137,910	109,847	105,215	1,153	7,953	686,069
Current liabilities									
Payables	188,332	87,140	10,799	13,305	2,203	2,818	-	304	201,334
Accrued employee benefits	8,628	8,504	10,234	9,353	1,204	829	1,238	2,050	21,304
Provisions	-	-	47	149	-	-	-	-	47
Other liabilities	-	-	42	36	-	-	-	-	42
Total current liabilities	196,960	95,644	21,122	22,843	3,407	3,647	1,238	2,354	222,727
Non-current liabilities									
Provisions	523	527	1,922	1,991	77	84	-	-	2,522
Total non-current liabilities	523	527	1,922	1,991	77	84	-	-	2,522
Total liabilities	197,483	96,171	23,044	24,834	3,484	3,731	1,238	2,354	225,249

[^] Relates to memorandum of understanding in providing services to the Department of Aboriginal and Torres Strait Islander Services and Multicultural Affairs, and the Department of Justice and Attorney-General.

Department of Communities, Child Safety and Disability Services
Statement of Comprehensive Income - Administered
for the year ended 30 June 2015

	Note	2015 Actual \$'000	2014 Actual \$'000
Income from continuing operations			
Administered appropriation revenue	21	233,721	249,240
Grants and other contributions		3,253	51,294
Other revenue		276	1
Total income from continuing operations		<u>237,250</u>	<u>300,535</u>
Expenses from continuing operations			
Employee expenses		2,374	430
Supplies and services	22	7,191	1,346
Grants and subsidies	23	18,429	43,355
Concession payments	24	230,586	208,264
Impairment losses		2	6
Other expenses	25	3,135	853
Total expenses from continuing operations		<u>261,717</u>	<u>254,254</u>
Operating result from continuing operations		(24,467)	46,281
Operating result for the year before transfers to government		(24,467)	46,281
Transfers of administered revenue to government		(276)	-
Operating result		<u>(24,743)</u>	<u>46,281</u>

Department of Communities, Child Safety and Disability Services
Statement of Financial Position - Administered
as at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Current assets			
Cash		-	4,056
Receivables		1,465	2,968
Total current assets		<u>1,465</u>	<u>7,024</u>
Current liabilities			
Bank overdraft *		14,410	-
Payables	26	20,124	17,582
Provisions	27	2,344	112
Total current liabilities		<u>36,878</u>	<u>17,694</u>
Net assets		<u>(35,413)</u>	<u>(10,670)</u>
Equity			
Contributed equity		-	(7,322)
Accumulated surplus (deficit)		(35,413)	(3,348)
Total equity		<u>(35,413)</u>	<u>(10,670)</u>

* Overdraft Facility - The department has been granted approval under the *Financial Accountability Act 2009* to operate a departmental financial institution in overdraft. The approved limit is \$100 million.

Department of Communities, Child Safety and Disability Services
Statement of Changes in Equity - Administered
for the year ended 30 June 2015

	Contributed equity \$'000	Accumulated surplus/(deficit) \$'000	Total \$'000
Balance as at 1 July 2013	(7,322)	(49,629)	(56,951)
Operating result from continuing operations	-	46,281	46,281
Total comprehensive income for the year	-	46,281	46,281
Balance as at 30 June 2014	(7,322)	(3,348)	(10,670)
Balance as at 1 July 2014	(7,322)	(3,348)	(10,670)
Operating result from continuing operations		(24,743)	(24,743)
Total comprehensive income for the year	-	(24,743)	(24,743)
Transactions with owners as owners			
- Transfer between Accumulated surplus and Contributed equity *	7,322	(7,322)	-
Balance as at 30 June 2015	-	(35,413)	(35,413)

* Prior to 2014, Contributed Equity reflected the cumulative impact of prior year equity adjustments, resulting in a negative Contributed Equity balance. Commencing from 2014-15, Contributed Equity amounts have been transferred to Accumulated Surpluses to the extent that the amount maintains a nil or positive Contributed Equity balance.

Department of Communities, Child Safety and Disability Services
Statement of Cash Flows - Administered
for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Administered appropriation revenue		238,330	247,749
Grants and other contributions		3,146	64,897
GST input tax credits received from ATO		15,391	12,308
GST collected from customers		390	9,184
Other		276	607
<i>Outflows:</i>			
Employee expenses		(1,897)	(1,547)
Supplies and services		(4,794)	(1,872)
Grants and subsidies		(18,538)	(55,989)
Concession payments		(234,045)	(191,298)
GST paid		(15,162)	(16,919)
GST remitted to ATO		(390)	(9,184)
Revenue transfer to government		(276)	-
Other		(897)	(11,838)
Net cash provided by (used in) operating activities	28	<u>(18,466)</u>	<u>46,098</u>
Cash flows from financing activities			
<i>Inflows:</i>			
Equity injections		6,963	-
<i>Outflows:</i>			
Equity withdrawals		(6,963)	-
Net cash provided by (used in) financing activities		<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		(18,466)	46,098
Cash and cash equivalents at beginning of financial year		4,056	(42,042)
Cash and cash equivalents at end of financial year		<u>(14,410)</u>	<u>4,056</u>

Department of Communities, Child Safety and Disability Services
Notes to and forming part of the financial statements 2014-15

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Department of Communities, Child Safety and Disability Services
Notes to and forming part of the financial statements 2014-15

Objectives and principal activities of the department

The Department of Communities, Child Safety and Disability Services is committed to enabling vulnerable Queenslanders to improve their lives by investing in and providing effective and innovative services.

The department's key objectives are:

- for our clients: improve wellbeing, resilience, safety and participation
- for communities: improve liveability, inclusion and cohesion
- for our partners: improve capability, sustainability and productivity of social service systems in Queensland.

The department is funded for the departmental services it delivers principally by parliamentary appropriations.

1 Summary of significant accounting policies

a) Statement of compliance

The Department of Communities, Child Safety and Disability Services has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's Minimum Financial Reporting Requirements for the year ending 30 June 2015, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the department has applied those requirements applicable to not-for-profit entities. Except where stated, the historical cost convention is used.

The financial statements were authorised for issue by the Chief Finance Officer and the Director-General at the date of signing the Management Certificate.

b) The reporting entity

The reporting entity is the Department of Communities, Child Safety and Disability Services.

The department is a government department of the State of Queensland, established pursuant to the *Public Sector Act 2008*. The department is an administrative unit acting on behalf of the Crown.

The department has considered its power over funded entities, its exposure or rights (eg protective and substantive rights) to variable returns from its involvement with those entities and the ability to use its power to affect return amounts (eg ability to direct relevant major activities). The department has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity. In making this assessment, the department has determined that it does not control any other entity and has no interests in unconsolidated structured entities.

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the department.

The major departmental services undertaken by the department are disclosed in note 1(r).

Department of Communities, Child Safety and Disability Services
Notes to and forming part of the financial statements 2014-15

c) Administered transactions and balances

The department administers, but does not control, certain resources on behalf of the government. In doing so, it has responsibility and is accountable for administering related transactions and items, but does not have the discretion to deploy the resources for the achievement of the department's objectives.

Administered revenues also include administered item appropriations to undertake activities such as 'transfer payments' where the department has no discretion in the selection of eligible beneficiaries and/or determining the amount of payment and/or any conditions attaching to the payment. Administered expenses mainly relate to transfer payments where the department is acting solely on behalf of the whole of Government, e.g. distribution of concessions, subsidies and grant payments where the department has no discretion regarding the distribution of those payments.

The department has elected to report the administered transactions and balances as discrete financial statements within the agency's overall financial statements.

d) Appropriation revenue/administered revenue

Appropriations provided under the *Appropriation Act 2014* are recognised as revenue when received.

Where approved from Queensland Treasury, appropriation revenue is recorded as receivable if amounts are not received at the end of the reporting period.

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

e) Special Payments

Special payments include ex gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. In compliance with the *Financial and Performance Management Standard 2009*, the department maintains a register setting out details of all special payments greater than \$5,000. The total of all special payments (including those of \$5,000 or less) is disclosed separately within Other Expenses (Note 8 and Note 25). However, descriptions of the nature of special payments are only provided for special payments greater than \$5,000.

f) Loans and receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June.

The department has recently changed from paying shift and penalty employees based on scheduled rostered hours to payment in arrears. Loans receivable recognise loans made to these employees to support them during this transition (refer to note 9 for details).

g) Acquisitions of assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use. This includes architect's fees and engineering design fees. However, any training costs are expensed as incurred.

Department of Communities, Child Safety and Disability Services
Notes to and forming part of the financial statements 2014-15

h) Property, plant and equipment

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

Buildings	\$10,000
Land	\$1
Plant and equipment	\$5,000

i) Revaluations of property, plant and equipment

Land and buildings are measured at fair value in accordance with *AASB 116 Property, Plant and Equipment*, *AASB 13 Fair Value Measurement* and *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 impairment losses where applicable.

Plant and equipment is measured at cost in accordance with the *Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector*. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices. The department ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date. The State Valuation Service (SVS) supplies the indices used for the various types of assets. Such indices are either publicly available, or are derived from market information available to SVS. SVS provides assurance of their robustness, validity and appropriateness for application to the relevant assets. Indices used are also tested for reasonableness by applying the indices to a sample of assets, comparing the results to similar assets that have been valued by an independent professional valuer or internal expert, and analysing the trend of changes in values over time. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided by SVS based on the department's own particular circumstances.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent that 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 that it exceeds the balance, if any, in the asset revaluation surplus relating to that class.

On revaluation:

For assets revalued using a cost valuation approach (e.g. depreciated replacement cost):

- Accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses. This is referred to as the 'gross method';

For assets revalued using a market or income-based valuation approach:

- Accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating for the revaluation. This is generally referred to as the 'net method'.

In previous years, *Queensland Treasury Non-Current Asset Policies for the Queensland Public Sector* mandated the gross method of revaluation for all revaluations. However, from 1 July 2014, the policies now require either the gross or net method be used, according to the valuation approach adopted for individual assets (as explained above). In accordance with the above policies, this means a reported asset class may contain assets for which revaluations are accounted for using either method. While this does not impact on carrying amounts (i.e. fair values) reported, it does make a difference to the figures displayed for gross, accumulated depreciation and accumulated impairment losses (refer also to note 10 Property, Plant and Equipment for a comparison to figures reported for 2013-14).

Department of Communities, Child Safety and Disability Services
Notes to and forming part of the financial statements 2014-15

i) Revaluations of property, plant and equipment (continued)

The department undertook a comprehensive revaluation of its portfolio of land and building assets over the 2012-13 and 2013-14 reporting periods (refer table below for details). In 2014-15, the department applied indexation sourced from the Government preferred supplier – State Valuation Services (SVS).

Region	Comprehensively Revalued
Brisbane	2012-13
Central Qld	2013-14
Far North Qld	2013-14
North Coast	2012-13
North Qld	2013-14
South East	2012-13
South West	2012-13

j) Fair value measurement

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 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 assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for 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 or by selling it to another market participant that would use the asset in its highest and best use.

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 - estimated market value having regard to prices evident in the market place for similar assets; and
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs - depreciated replacement cost where no market exists for similar assets.

**Department of Communities, Child Safety and Disability Services
Notes to and forming part of the financial statements 2014-15**

k) Intangibles

Intangible assets with a cost equal to or greater than \$100,000 are recognised in the financial statements.

It has been determined that there is not an active market for any of the department's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Purchased software

The purchase cost of software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the department.

Internally generated software

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 development of computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the department.

l) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment

Land is not depreciated as it has an unlimited useful life.

All intangible assets of the department have finite useful lives and are amortised on a straight line basis.

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 its estimated residual value, progressively over its estimated useful lives to the department. The remaining useful lives of all buildings, plant and equipment are reviewed annually.

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 each class of depreciable asset the following depreciation and amortisation useful lives are used:

Asset	Range of Useful Life	Average Useful Life
Physical Assets:		
Buildings	10 - 95 years	47.8 years
Land improvements*	5 - 62 years	30.4 years
Plant and equipment	1 - 23 years	10.7 years
Intangible Assets:		
Software Purchased	7 - 11 years	7.7 years
Software Internally Generated	5 - 14 years	8.2 years

* For reporting purposes, land improvements are recognised in the asset class Buildings

m) Impairment of non-current assets

Non-current physical and 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. An impairment loss is recorded where the asset's carrying amount exceeds the recoverable amount.

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

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

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. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer note 1(i).

When an asset is revalued using either a market or income valuation approach, any accumulated impairment losses at that date are eliminated against the gross amount of the asset prior to restating for the revaluation.

n) Leases

The entity's leases are classified as operating leases. 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.

o) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price. Amounts owing are unsecured and are settled according to individual vendors' terms which are generally 30 days.

p) Financial instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value through profit or loss
- Receivables – held at amortised cost
- Payables – held at amortised cost.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the department and administered are included in note 16 and note 30 respectively.

q) Employee benefits

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits.

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.

Wages, salaries and sick leave

Wages and salaries due, but unpaid at reporting date, are recognised in the Statement of Financial Position at 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 values.

Sick leave is non-vesting. No liability for unused sick leave entitlements is recognised. An expense is recognised for this leave as it is taken.

Annual leave and Long service leave

The department is a member of the Queensland Government's Annual Leave and Long Service Leave Schemes. Under these schemes, a levy is paid to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. These levies are expensed in the period in which they are payable. Amounts paid to employees for the leave taken are claimed from the scheme quarterly in arrears.

The department does not recognise a provision for annual leave or long service leave in the financial statements. These liabilities are held and reported in the Report on State Finances of the Queensland Government.

Superannuation

Employer contributions for superannuation are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on advice from the State Actuary. Contributions are expensed in the period in which they are paid or payable. The department's obligation is limited to its required fortnightly contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held and reported in the Report on State Finances of the Queensland Government.

r) Major departmental services

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

- Child Safety Services leads child safety policy and manages program investment to support families whose children may be at risk of harm. It provides services to protect children and young people from harm or who are at risk of harm and whose parents cannot provide adequate care or protection for them. Child Safety Services also provides adoption services.
- Disability Services leads disability policy and manages program investment across the government and non-government sectors to support people with disability, their families and carers and provides funds for services for children, young people and adults with disability and their families and carers.

Department of Communities, Child Safety and Disability Services
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r) Major departmental services (continued)

- Community Services leads policy and manages program investment across the government and non-government sectors for vulnerable groups including young people, seniors, women, and people impacted by domestic and family violence. Community Services leads the provision of advice regarding relevant concessions, volunteering and issues impacting carers in Queensland. It leads non-government organisation reform, including red tape reduction, and leads the human and social community recovery response in the event of a natural disaster. Community services leads policy and manages programs that result in improved community participation, greater social cohesion, connected communities and more inclusive communities that value other cultures and Queensland's cultural heritage.

s) Contributed equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland state public sector entities, as a result of machinery-of-government changes or other involuntary transfers, are adjusted to Contributed Equity in accordance with Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

t) 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. GST credits receivable from, and GST payable to the ATO, are recognised (refer to Note 9).

u) Budgeted amounts

The Budget information disclosed is the 2014-15 Adjusted Budget as published in the 2015-16 Budget Paper 5. The 2014-15 Adjusted Budget reflects the 2014-15 Original Budget, adjusted to account for administrative restructures/machinery of government changes. The budget process is not subject to audit.

v) Contingent liabilities

The department has a limitation on the amount it pays for litigation compensation. Should any cases proceed and result in judgment against the department, the maximum amount that the department will need to pay in relation to each is \$10,000, being the excess applied by the Queensland Government Insurance Fund.

w) Accounting estimates and judgments

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgments that have potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgments and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Critical judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Note 1 i) Revaluations of property, plant and equipment

Note 1 j) Fair value measurement

Note 1 l) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment

Note 27 Provisions - current - Administered

Note 29 Contingent liabilities - Legal settlements - Administered

Department of Communities, Child Safety and Disability Services
Notes to and forming part of the financial statements 2014-15

w) Accounting estimates and judgments (continued)

The department is involved in continuing negotiations with the Commonwealth Government for the provision of services under the National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services.

In July 2011 this agreement between the State and the Commonwealth outlined the responsibilities for the delivery of disability services and aged care services and specified that -

- aged care for over 65s (over 50s for Aboriginal and Torres Strait Islander) would be the responsibility of the Commonwealth; and
- disability services for under 65s (under 50s for Aboriginal and Torres Strait Islander) would be the responsibility of the State.

Negotiations are ongoing in relation to the quantum both parties are able to recover off each other, and include matters concerning eligible expenses and the application of indexation.

Estimates and judgements have been applied in recognising the payables and receivables associated with this agreement (refer note 9 and note 12). Such estimates and judgements will be reviewed on an ongoing basis and may have the potential to materially adjust the carrying amount of assets and liabilities in future financial years.

x) Other presentation matters

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

Comparatives - Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

In addition, the classification of certain expenses was reviewed during 2014-15, with the comparative figures being restated. Further information on this can be found in note 6 (Supplies and services) and note 7 (Grants and subsidies).

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.

y) Machinery-of-government changes

On 16 February 2015, as a result of the *Public Service Departmental Arrangements Notice (No. 1)*, Multicultural Affairs was established as a government entity and was transferred from the Department of Aboriginal and Torres Strait Islander Partnerships to the Department of Communities, Child Safety and Disability Services.

Pursuant to s.80 of the *Financial Accountability Act 2009*, for financial statement purposes, the transfer is deemed to have occurred from the first day of the month following the date specified in the *Public Service Departmental Arrangements Notice (No. 1)*. Therefore, transactions related to the above function occurring prior to 1 March 2015 are not reflected in these financial statements. As a result of machinery-of-government changes, assets and liabilities were transferred to the department effective 1 March 2015 as disclosed in note 17 Machinery-of-government changes.

z) New and revised accounting standards

The department did not voluntarily change any of its accounting policies during 2014-15. The Australian Accounting Standard applicable for the first time as from 2014-15 that had the most significant impact on the department's financial statements is AASB 1055 *Budgetary Reporting*.

AASB 1055 became effective from reporting periods beginning on or after 1 July 2014. In response to this new standard, the department has included in these financial statements "Budget vs Actual Comparison" note 20 and note 31. These notes disclose the department's Adjusted Budgeted figures for 2014-15 (as published in the 2015-16 Budget Paper 5) compared to actual results, with explanations of major variances.

The department is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury. Consequently, the department has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The department applies standards and interpretations in accordance with their respective commencement dates.

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

From reporting periods beginning on or after 1 July 2016, the department will need to comply with the requirements of AASB 124 Related Party Disclosures. That accounting standard requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities. The department already discloses information about the remuneration expenses for key management personnel (refer to note 5) in compliance with requirements from Queensland Treasury. Therefore, the most significant implications of AASB 124 for the department's financial statements will be the disclosures to be made about transactions with related parties, including transactions with key management personnel or close members of their families.

The department will also need to comply with the requirements of AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities for reporting periods beginning on or after 1 July 2016. This accounting standard reduces a number of disclosure requirements for Property Plant and Equipment (PPE) items categorised within level 3 in the fair value hierarchy. The department currently discloses level 3 fair value assets (refer to note 10) in compliance with AASB 13 Fair Value Measurement. With the introduction of this new standard on or after 1 July 2016, the most significant disclosure relief for the department will be the removal of the narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs.

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

Department of Communities, Child Safety and Disability Services
Notes to and forming part of the financial statements 2014-15

	2015 \$'000	2014 \$'000
2 Reconciliation of payments from consolidated fund		
Reconciliation of payments from consolidated fund to appropriation revenue recognised in statement of comprehensive income		
Budgeted appropriation revenue	2,574,827	2,565,892
Transfers from/to other departments - Redistribution of public business	1,950	(137,081)
Transfers to Administered services	(1,492)	-
Lapsed appropriation revenue	(158,722)	(160,732)
Total appropriation receipts (cash)	2,416,563	2,268,079
Less: Opening balance of appropriation revenue receivable	(23,952)	(2,838)
Plus: Closing balance of appropriation revenue receivable	95,947	23,952
Plus: Opening balance of departmental services revenue payable	-	32,919
Less: Closing balance of departmental services revenue payable	(76)	-
Net Appropriation Revenue	2,488,482	2,322,112
Appropriation revenue recognised in statement of comprehensive income	2,488,482	2,322,112
Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	(5,694)	3,494
Transfers from/to other departments - Redistribution of public business	-	(800)
Lapsed equity adjustment	(4,046)	(7,877)
Equity adjustment receipts (payments)	(9,740)	(5,183)
Plus: Closing balance of equity adjustment receivable	1,077	-
Equity adjustment recognised in contributed equity	(8,663)	(5,183)
3 Other revenue		
Insurance recoveries	309	-
Expenditure recoveries	46	732
Grant refunds	2,017	6,875
Service procurement refund	3,206	-
Reversal of revaluation decrement	12,243	175
Other	202	593
Total	18,023	8,375
4 Employee expenses		
Employee benefits		
Wages and salaries	410,808	393,484
Employer superannuation contributions	53,449	51,156
Annual leave levy	42,787	41,082
Long service leave levy	9,551	9,167
Other employee benefits	4,694	5,458
	521,289	500,347
Employee related expenses		
Workers' compensation premium	8,129	9,550
Other employee related expenses	2,811	2,237
Payroll tax *	5	23,629
	10,945	35,416
Total	532,234	535,763

* From 1 July 2014, the department is no longer subject to the payroll tax regime.

Department of Communities, Child Safety and Disability Services
Notes to and forming part of the financial statements 2014-15

5 Key management personnel and remuneration expenses

a) Key management personnel

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

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date initially appointed to position (Date resigned from position)
Director-General	Responsible for the efficient, effective and economic administration of the department.	CEO s.92 Public Service Act 2008	10 April 2014 4 June 2015 (Re-appointment)
Acting DDG Strategy, Engagement and Innovation	Responsible for setting the strategic and policy directions for an integrated human and social service system in Queensland; collecting and analysing the evidence- base to support and inform decision making and investment planning; and monitoring the progress of reform across the department through a portfolio management role and provide a centre of excellence in project and program management, innovation, business improvement and productivity.	SES 4 s.110 Public Service Act 2008	18 May 2015 (Temporary assignment)
Deputy Director-General Disability Services and Seniors, and Northern Cluster Operations	Responsible for providing strategic leadership and direction of policy, programs, practice, performance for Disability Services and Senior and the three Northern cluster Regions of Far North Queensland, North Queensland and Central Queensland.	CEO s.92 Public Service Act 2008	2 March 2015
Deputy Director-General Disability Services Portfolio Renewal *	Responsible for providing leadership and direction of policy, programs, practice, performance of Disability Services and leading major departmental reforms and other emerging complex reform agendas.	CEO s.92 Public Service Act 2008	1 July 14 to 1 Mar 15
Deputy Director-General Child, Family and Community Services and Southern Cluster Operations	Responsible for providing strategic leadership and direction of policy, programs, practice, performance for Child, Family and Community Services and the four Southern cluster Regions of North Coast Region, Brisbane Region, South East Region and South West Region.	SES 4 s.110 Public Service Act 2008	2 March 2015
Deputy Director-General Child, Family and Community Services	Responsible for providing strategic leadership and direction of policy, programs, practice, performance for Child, Family and Community Services.	SES 4 s.110 Public Service Act 2008	7 Oct 14 to 1 Mar 15

* Position title changed from "Deputy Director-General Projects and Reform" on 1 July 2015.

Department of Communities, Child Safety and Disability Services
Notes to and forming part of the financial statements 2014-15

5 Key management personnel and remuneration expenses (continued)

a) Key management personnel (continued)

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date initially appointed to position (Date resigned from position)
Acting Regional Executive Director, Brisbane Region	Responsible for leadership of the department's service delivery across the Brisbane region.	SES 3 High s.112 Public Service Act 2008	1 Jul 14 to 9 Dec 14 (Temporary assignment)
Acting Regional Executive Director, Brisbane Region	Responsible for leadership of the department's service delivery across the Brisbane region.	SES 3 High s.112 Public Service Act 2008	1 Jun 15 to 30 Jun 15 (Temporary assignment)
Regional Executive Director, South East Queensland	Responsible for leadership of the department's service delivery across South East Queensland.	SES 3 Low s.110 Public Service Act 2008	17 December 2012
Regional Executive Director, South West Queensland	Responsible for leadership of the department's service delivery across South West Queensland.	SES 3 Low s.110 Public Service Act 2008	30 March 2012
Acting Regional Executive Director, South West Queensland	Responsible for leadership of the department's service delivery across South West Queensland.	SES 3 Low s.112 Public Service Act 2008	7 Apr 15 to 29 May 15 (Temporary assignment)

5 Key management personnel and remuneration expenses (continued)

b) Remuneration expenses

Remuneration policy for the agency's key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment for the key management personnel are specified in employment contracts. The contracts may provide for other benefits including a motor vehicle allowance. The Director-General's contract under the previous Government also provided for an At Risk Component payment

For the 2014-15 year, remuneration packages of key management personnel increased by 2.2% in accordance with government policy.

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

Remuneration expenses for key management personnel comprise the following components:

- Short term employee expenses which include:
 - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied the specified position.
 - performance payments recognised as an expense during the year.
 - non-monetary benefits - consisting of provision of vehicle 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 are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

1 July 2014 - 30 June 2015

Position (date resigned if applicable)	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Director-General	445	-	9	49	-	503
Acting DDG Strategy, Engagement and Innovation	24	-	1	3	-	28
Deputy Director-General Disability Services and Seniors, and Northern Cluster Operations	89	-	2	10	-	101
Deputy Director-General Disability Services Portfolio Renewal *	167	17	4	21	-	209
Deputy Director-General Child, Family and Community Services and Southern Cluster Operations	77	-	2	7	-	86
Deputy Director-General Child, Family and Community Services	91	-	2	8	-	101
Acting Deputy Director-General Strategic, Policy and Programs	56	-	1	6	-	63

* Position title changed from "Deputy Director-General Projects and Reform" on 1 July 2015.

5 Key management personnel and remuneration expenses (continued)

b) Remuneration expenses (continued)

1 July 2013 - 30 June 2014

Position (date resigned if applicable)	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	108	-	2	10	-	120
Acting Director-General	95	-	2	7	-	104
Director-General (resigned 10 January 2014)	243	12	5	27	44	331
Deputy Director-General Projects and Reform	249	25	5	31	-	310
Deputy Director-General Strategic, Policy and Programs	101	-	2	8	-	111
Acting Deputy Director-General Strategic, Policy and Programs	123	7	3	13	-	146
Deputy Director-General Corporate and Executive Services	198	-	4	21	-	223
Chief Finance Officer	187	14	4	22	-	227
Chief Information Officer	201	-	4	22	-	227
Regional Executive Director, Far North Queensland	195	-	4	21	-	220
Regional Executive Director, North Queensland	149	6	3	16	-	174
Regional Executive Director, North Queensland (2 September 2013*)	33	-	1	4	-	38
Regional Executive Director, Central Queensland	165	4	3	21	-	193
Regional Executive Director, North Coast Queensland	189	-	4	20	-	213
Acting Regional Executive Director, Brisbane Region	161	3	3	16	-	183
Regional Executive Director, Brisbane Region	47	3	1	5	-	56
Regional Executive Director, South East Queensland	177	14	4	20	-	215
Regional Executive Director, South West Queensland	179	18	4	21	-	222

* Transferred to Executive Director, Child Safety position.

Department of Communities, Child Safety and Disability Services
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5 Key management personnel and remuneration expenses (continued)

b) Remuneration expenses (continued)

1 July 2014 - 30 June 2015

Position (date resigned if applicable)	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
Deputy Director-General Corporate and Executive Services	209	-	4	22	-	235
Acting Deputy Director-General Corporate and Executive Services	18	-	-	2	-	20
Chief Finance Officer	186	-	4	21	-	211
Chief Information Officer	205	-	4	23	-	232
Regional Executive Director, Far North Queensland	198	-	4	22	-	224
Regional Executive Director, North Queensland	84	-	2	9	-	95
Regional Executive Director, North Queensland (resigned 19 December 2014)	86	-	2	10	-	98
Regional Executive Director, Central Queensland	199	-	4	21	-	224
Regional Executive Director, North Coast Queensland	199	-	4	22	-	225
Regional Executive Director, Brisbane Region	105	-	2	13	-	120
Acting Regional Executive Director, Brisbane Region	101	-	2	9	-	112
Acting Regional Executive Director, Brisbane Region	17	-	-	2	-	19
Regional Executive Director, South East Queensland	198	-	4	23	-	225
Regional Executive Director, South West Queensland	194	4	4	21	-	223
Acting Regional Executive Director, South West Queensland	29	-	1	3	-	33

5 Key management personnel and remuneration expenses (continued)

c) Performance payments

The remuneration package for the Director-General under the previous Government included a potential At Risk Component payment up to a maximum of \$67,089. Eligibility for such a performance payment in respect of 2013-14 was conditional on the achievement of objectives that are documented in that position's performance agreement.

The total remuneration package for the Director-General included a portion that is "at risk" and paid only if they met or exceeded the agreed performance standards. The performance evaluation process comprised:

- reporting on end of year achievement and self-assessment by the Director-General against their performance agreement/intended outcomes;
- a rigorous, independent and objective assessment of the Director-General's performance at the end of the financial year, culminating in recommendations to the Premier; and
- the Premier's ultimate discretion regarding whether the Director-General was paid an At Risk Component payment and, if so, how much.

No At Risk Component payment was made for 2014-15 in accordance with the Government's commitment to discontinue such payments.

Performance payments for the Director-General in respect of 2013-14 was paid in 2014-15.

The basis for performance payments expensed in the 2014-15 financial year is set out below:

Position	Basis for payment	Date paid	Amount
Director-General	Consistent with the abovementioned timeframe and process, this payment relates to the achievement of performance criteria during 2013-14. The payment made was determined in accordance with the terms of the performance agreement for this position.	2 November 2014	10,724
TOTAL			10,724

The basis for performance payments expensed in the 2013-14 financial year is set out below:

Position	Basis for payment	Date paid	Amount
Former Director-General	Consistent with the abovementioned timeframe and process, this payment relates to the achievement of performance criteria during 2012-13. In accordance with the terms of the performance agreement for this position, it was determined that a payment of \$23,381 be awarded.	17 November 2013	23,381
TOTAL			23,381

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	2015 \$'000	2014 \$'000
6 Supplies and services		
Service procurement * #	1,677,962	1,509,024
Operating lease rentals	50,308	51,219
Professional and technical fees *	20,058	16,575
Computer operating costs	16,139	15,956
Outsourced corporate services	14,863	16,391
Repairs and maintenance	9,534	8,618
Property operational costs	8,957	10,804
Administration costs	5,864	5,409
Minor plant and equipment	5,194	1,992
Travel	5,139	3,784
Telecommunications	5,136	5,031
Consultancies	47	140
Other	3,274	3,354
Total	1,822,475	1,648,297

* During 2014-15, the department has re-classified various expenses previously reported as 'Supplies and services' or 'Grants and subsidies'. This is in response to the introduction by Queensland Treasury of new guidance to better distinguish between these two broad expense categories, and facilitate greater transparency about overall Supplies and services expenses. This new guidance was effective from 1 July 2014, and comparative figures for Supplies and services have been restated accordingly. As a result of this review, \$1.5 billion of expenses for 2013-14 has been reclassified to Supplies and services from Grants and subsidies.

Service procurement

Disability Services		
Disability Services	979,768	866,227
Community Care	144,462	138,964
Total Disability Services	1,124,230	1,005,191
Child Safety	443,933	402,561
Community Services		
Communities, Women and Youth	101,997	94,261
Multicultural Affairs	514	-
Seniors	7,288	7,011
Total Community Services	109,799	101,272
Total Service procurement	1,677,962	1,509,024

7 Grants and subsidies

Disability Services	41,959	13,256
Child Safety Services	123,845	119,857
Community Services	7,796	12,256
Total	173,600	145,369

As explained in note 6 above, during 2014-15 the department reclassified expenses previously reported as either 'Supplies and services' or 'Grants and subsidies'.

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	2015 \$'000	2014 \$'000
7 Grants and subsidies (continued)		
<i>Grants and subsidies</i>		
Disability Services		
Disability Services	39,653	10,101
Community Care	2,306	3,029
Total Disability Services	41,959	13,130
Child Safety	123,845	119,751
Community Services		
Communities, Women and Youth	7,647	12,343
Seniors	149	145
Total Community Services	7,796	12,488
Total Grants and subsidies	173,600	145,369

8 Other expenses

Net losses on disposal of property, plant and equipment	1,958	3,182
Insurance premiums — Queensland Government Insurance Fund	1,845	1,693
External audit fees *	358	470
Special payments - Ex gratia payments ^	208	162
Other	276	2,313
Total	4,645	7,820

* The Auditor-General of Queensland is the department's external auditor. Total external audit fees relating to the 2014-15 financial year are estimated to be \$0.420 million (2014 \$0.428 million). There are no non-audit services included in this amount.

^ There were four payments above \$5,000 (2013-14 2 payments) relating to reimbursing carers for damage caused by children in departmental care and three payments above \$5000 relating to contributions towards funeral expenses for flood disaster victims.

9 Loans and receivables

<i>Current</i>		
Trade and other debtors #	84,743	63,908
Less: Allowance for impairment loss	(422)	(172)
	84,321	63,736
GST input tax credits receivable	7,635	3,927
Annual leave reimbursements	9,489	11,277
Long service leave reimbursements	2,175	2,953
Equity injection receivable	1,077	-
Loans receivable *	231	-
Appropriation revenue receivable ^	95,870	23,951
Total	200,798	105,844

* The department has recently changed from paying shift and penalty employees based on scheduled rostered hours to payment in arrears. Loans receivable recognise loans made to these employees to support them during this transition. These loans are interest free and are being repaid as fortnightly payroll deductions over a maximum period of six months. The terms of the loans vary between recipients in the amount borrowed with a range from \$250 to \$1000. The loan is considered to be risk-free as it is contractually recoverable from recipients upon termination of their employment with the department.

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	2015 \$'000	2014 \$'000
10 Property, plant and equipment		
Land		
At fair value	95,940	94,784
Buildings		
At fair value	220,376	211,930
Less accumulated depreciation	(54,404)	(56,928)
	<u>165,972</u>	<u>155,002</u>
Plant and equipment		
At cost	131,926	127,018
Less accumulated depreciation	(93,959)	(88,218)
	<u>37,967</u>	<u>38,800</u>
Capital works in progress		
At cost	4,117	3,455
Total	<u><u>303,996</u></u>	<u><u>292,041</u></u>

The department has nine idle buildings located at the Warilda Conference Centre with a carrying amount of \$1.67 million. The centre ceased operation on 1 July 2012 and this portion of the site has since been vacant. The site is considered surplus to requirements and the department is considering options of disposal.

The department has plant and equipment with an original cost of \$21.169 million (2014 \$20.631 million) and a written down value of zero still being used in the provision of services.

The net method of valuation was adopted for Level 2 building assets in 2014-15. As a result, accumulated depreciation of \$5.428 million was netted off against the gross value (refer to note 1 (i)).

Property, plant and equipment reconciliation	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Capital works in progress \$'000	Total \$'000
Carrying amount at 1 July 2013	97,471	148,133	47,422	16,337	309,363
Acquisitions	-	-	2,956	9,573	12,529
Disposals	-	(1,945)	(370)	(885)	(3,200)
Assets reclassified as held for sale	(1,680)	(194)	-	-	(1,874)
Transfers between asset classes	1,931	16,642	2,862	(21,435)	-
Transfers out to other Queensland Government entities	(604)	(3,747)	(9)	(135)	(4,495)
Net revaluation increments (decrements)	(2,334)	175	-	-	(2,159)
Depreciation	-	(4,062)	(14,061)	-	(18,123)
Carrying amount at 30 June 2014	<u>94,784</u>	<u>155,002</u>	<u>38,800</u>	<u>3,455</u>	<u>292,041</u>
Carrying amount at 1 July 2014	94,784	155,002	38,800	3,455	292,041
Acquisitions	-	-	9,433	14,200	23,633
Disposals	(699)	(195)	(1,180)	(94)	(2,168)
Assets reclassified as held for sale	(1,886)	(1,193)	-	-	(3,079)
Transfers between asset classes	566	10,662	2,216	(13,444)	-
Transfers out to other Queensland Government entities	-	-	13	-	13
Transfers out to other Queensland Government entities	(160)	(3,212)	-	-	(3,372)
Net revaluation increments (decrements)	3,335	8,908	-	-	12,243
Depreciation	-	(4,000)	(11,315)	-	(15,315)
Carrying amount at 30 June 2015	<u><u>95,940</u></u>	<u><u>165,972</u></u>	<u><u>37,967</u></u>	<u><u>4,117</u></u>	<u><u>303,996</u></u>

Department of Communities, Child Safety and Disability Services
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10 Property, plant and equipment (continued)

Categorisation of fair values recognised as at 30 June 2015 (refer to Note 1(j))

	Level 2 \$'000		Level 3 \$'000		Total \$'000	
	2015	2014	2015	2014	2015	2014
Land	95,940	94,784	-	-	95,940	94,784
Buildings	31,636	29,941	134,336	125,061	165,972	155,002

Level 3 fair value reconciliation (refer to note 1(j))

	2015 Buildings \$'000	2014 Buildings \$'000
Carrying amount at 1 July	125,061	124,774
Disposals	(195)	(1,945)
Transfers out to other Queensland Government entities	(1,412)	(3,747)
Transfers between asset classes	7,955	8,777
Assets reclassified as held for sale	(841)	(194)
Net revaluation increments (decrements)	7,081	771
Depreciation	(3,313)	(3,375)
Carrying amount at 30 June	134,336	125,061

Level 3 significant valuation inputs and relationship to fair value

Description	Valuation Technique	Significant Unobservable Inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised Buildings such as Neighbourhood Centres, Community Facilities, Small Group Homes and similar	Depreciated Replacement Cost	Direct cost per square metre	\$420 - \$3,650 per m2 (\$2,344 per m2)	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value.
		Locality Factors due to remoteness of location	1 - 2.3	A significantly higher locality factor would result in a significantly higher valuation.
		Useful life / condition assessment	25-60 years (55 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

Usage of alternative level 3 inputs that are reasonable in the circumstances as at the revaluation date would not result in material changes in the reported fair value. There are no significant inter-relationships between unobservable inputs that materially impact fair value.

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	2015 \$'000	2014 \$'000
11 Intangible assets		
Software - internally generated (at cost)	151,384	148,365
Less accumulated amortisation	<u>(106,656)</u>	<u>(93,556)</u>
	44,728	54,809
Software - other (at cost)	4,125	4,138
Less accumulated amortisation	<u>(2,483)</u>	<u>(2,348)</u>
	1,642	1,790
Software work in progress (at cost)	5,011	4,226
Total	<u>51,381</u>	<u>60,825</u>

Intangible assets reconciliation

	Software internally generated \$'000	Software - other \$'000	Software work in progress \$'000	Total \$'000
Carrying amount at 1 July 2013	66,824	1,933	602	69,359
Acquisitions	-	566	5,304	5,870
Transfers between classes	1,485	-	(1,485)	-
Transfers out to other Queensland Government entities	(653)	-	(195)	(848)
Amortisation	<u>(12,847)</u>	<u>(709)</u>	-	<u>(13,556)</u>
Carrying amount at 30 June 2014	54,809	1,790	4,226	60,825
Carrying amount at 1 July 2014	54,809	1,790	4,226	60,825
Acquisitions	-	310	3,919	4,229
Transfers between classes	3,134	-	(3,134)	-
Amortisation	<u>(13,215)</u>	<u>(458)</u>	-	<u>(13,673)</u>
Carrying amount at 30 June 2015	44,728	1,642	5,011	51,381

The department has intangible assets with an original cost of \$4.699 million (2014 \$5.019 million) and a written-down value of zero still being used in the provision of services.

	2015 \$'000	2014 \$'000
12 Payables		
Current		
National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services #	179,744	76,869
Trade creditors and accruals #	19,638	17,866
Grants and subsidies #	1,082	5,597
Other	870	3,235
Total	<u>201,334</u>	<u>103,567</u>

As explained in note 6 and 7 above, during 2014-15 the department reviewed the classification of various expenses previously reported as either 'Supplies and services' or 'Grants and subsidies'. As a consequence of this review, Grants and subsidies comparatives for 2013-14 have been restated accordingly. A payable of \$76.87M for 2013-14 has been reclassified to 'National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services' and \$9.62M to 'Trade creditors and accruals' from 'Grants and subsidies payable'.

Department of Communities, Child Safety and Disability Services
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	2015 \$'000	2014 \$'000
13 Accrued employee benefits		
Annual leave levy payable	12,802	13,815
Salaries and wages payable	5,803	4,184
Long service leave levy payable	2,699	2,737
Total	<u>21,304</u>	<u>20,736</u>

14 Reconciliation of operating result to net cash from operating activities

	2015 \$'000	2014 \$'000
Operating result	28,630	20,169
Non-cash items:		
Reversal of revaluation decrement	(12,243)	(175)
Revaluation decrement	-	2,334
Depreciation and amortisation expense	28,988	31,679
Donated assets and services expensed	267	45
Donated assets and services received	(1,595)	(344)
Loss (gain) on disposal of non-current assets	1,958	3,182
Change in assets and liabilities:		
(Increase) decrease in GST input tax credits receivable	(3,708)	640
(Increase) decrease in receivables	(90,169)	(21,143)
(Increase) decrease in other assets	348	1,336
Increase (decrease) in payables	98,496	(48,223)
Increase (decrease) in accrued employee benefits	567	2,362
Increase (decrease) in other liabilities	6	(1,340)
Net cash provided by (used in) operating activities	<u>51,545</u>	<u>(9,478)</u>

15 Commitments for expenditure

(a) Non-cancellable operating lease commitments

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

Payable:

- Not later than one year	36,795	34,875
- Later than one year and not later than five years	89,765	73,600
- Longer than five years	132,837	126,952
Total	<u>259,397</u>	<u>235,427</u>

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2015
\$'000

2014
\$'000

15 Commitments for expenditure (continued)

(a) Non-cancellable operating lease commitments (continued)

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities.

Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. The lease term is generally for an initial fixed period with options to extend the lease for a further period or periods. No purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.

Each lease varies to some extent based on factors such as market conditions and concessions that can be negotiated with individual landlords and their agents.

The material movement in lease commitments from financial year 2014 to financial year 2015 is primarily due to the exercising of option periods, the negotiation of new leases and renegotiation of new leases at existing tenancies.

(b) Capital expenditure commitments

Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

Payable:

Land and buildings - Not later than one year	8,999	6,542
Plant and equipment - Not later than one year	133	743
Intangibles - Not later than one year	692	2,218
Total	9,824	9,503

(c) Grants and subsidies expenditure commitments

Grants and subsidies commitments inclusive of anticipated GST that the department has committed to provide at reporting date, but not recognised in the accounts are payable as follows:

Grants and subsidies

Disability Services		
Disability Services	41,634	21,081
Community Care	350	3,027
Total Disability Services	41,984	24,108
Child Safety	537	220
Community Services		
Communities, Women and Youth	1,957	4,034
Seniors	76	220
Total Community Services	2,033	4,254
Total Grants and subsidies	44,554	28,582
Payable:		
- Not later than one year	22,473	14,184
- Later than one year and not later than five years	22,081	14,397
Total	44,554	28,581

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	2015 \$'000	2014 \$'000
15 Commitments for expenditure (continued)		
(d) Service procurement and other expenditure commitments		
Service procurement and other expenditure commitment inclusive of anticipated GST that the department has committed to provide at reporting date, but not recognised in the accounts are payable as follows:		
<i>Service procurement:</i>		
Disability Services		
Disability Services	3,678,513	4,182,992
Community Care	646,634	311,219
Total Disability Services	<u>4,325,147</u>	<u>4,494,211</u>
Child Safety	702,452	596,805
Community Services		
Communities, Women and Youth	145,770	132,181
Multicultural Affairs	4,873	-
Seniors	6,624	4,866
Total Community Services	<u>157,266</u>	<u>137,047</u>
Total Service procurement	<u>5,184,865</u>	<u>5,228,063</u>
<i>Other expenditure</i>	12,955	14,855
Total Service procurement and other expenditure	<u>5,197,820</u>	<u>5,242,918</u>
Payable:		
- Not later than one year	1,599,793	1,447,632
- Later than one year and not later than five years	3,598,027	3,795,286
Total	<u>5,197,820</u>	<u>5,242,918</u>

16 Financial Instruments

(a) Categorisation of financial instruments

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

Category	Note	2015 \$'000	2014 \$'000
Financial assets			
Cash and cash equivalents		124,504	99,011
Loans and Receivables	9	200,798	105,844
Total		325,302	204,855
Financial liabilities			
Payables	12	201,334	103,567
Total		201,334	103,567

(b) Financial risk management

The department's activities expose it to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk.

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

All financial risk is managed under policies approved by the department. The department provides written principles for overall risk management, as well as policies covering specific areas.

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

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

Cash and cash equivalents includes a cash fund held with the Queensland Treasury Corporation for the Elderly Parent Carer Innovation Trial established in February 2013. The weighted average effective interest rate is 3.38% per annum.

(c) Credit risk exposure

Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

Credit risk for employee loans receivable is minimised through the fortnightly payroll deductions from shift and penalty employees over the duration of the loan period.

To minimise credit risk, timely monitoring and management of overdue accounts is conducted, including prompt follow-up of outstanding debts.

16 Financial Instruments (continued)

(c) Credit risk exposure (continued)

The department held no collateral to mitigate against credit risk.

The department assessed the risk of the default on payment and has created an impairment allowance on amounts that are regarded as irrecoverable.

(d) Liquidity risk

Liquidity risk is the risk that the department would be unable to meet its financial obligations as and when they fall due.

The department manages liquidity risk by continuously monitoring the forecast and actual cash flows associated with financial assets and financial liabilities. To limit its exposure to liquidity risk, the department ensures that it has a sufficient amount of current financial assets to meet its current financial liabilities. The department is able to access its State-funded Departmental Services appropriation on a tailored basis to cover its financial liabilities when they fall due. This ensures the department has enough liquidity to meet its emerging financial liabilities.

The department's exposure to liquidity risk and the management of this risk has not changed since the previous reporting period.

(e) Market risk

The department does not trade in foreign currency and is not materially exposed to commodity price changes. The department is exposed to interest rate risk through its cash deposited in interest bearing accounts. The department does not undertake any hedging in relation to interest risk. These exposures are considered immaterial. There has been no changes in risk exposure or processes for managing risk since the previous reporting period.

(f) Interest rate sensitivity analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the department as it has been determined that the possible impact on income from fluctuations in interest rates is immaterial.

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17 Machinery-of-government changes

Public Service Departmental Arrangements Notice (No. 1) dated 16 February 2015 authorised the establishment of Multicultural Affairs as a government entity. This entity was transferred to the Department of Communities, Child Safety and Disability Services from the Department of Aboriginal and Torres Strait Islander Partnerships. The assets and liabilities transferred as part of the restructuring of administrative arrangements at the date of transfer were as follows:

	Transfers IN from the Department of Aboriginal and Torres Strait Islander Multicultural Affairs \$'000
Assets	
Cash and cash equivalents	1
Receivables	113
Property, plant and equipment	13
Total Assets	127
Liabilities	
Payables	16
Accrued employee benefits	65
Total Liabilities	81
Net Assets(Liabilities)	46

The following table shows the income and expense items associated with Multicultural Affairs recognised by the Department of Communities, Child Safety and Disability Services for the period 1 March 2015 to 30 June 2015. It also shows the income and expenses relating to when Multicultural Affairs belonged to the Department of Aboriginal and Torres Strait Islander Partnerships. These income and expense figures were supplied by the Department of Aboriginal and Torres Strait Islander Partnerships and as such have been relied upon by the Department of Communities, Child Safety and Disability Services. Finally, the table shows the total income and expenses of Multicultural Affairs for the whole financial year.

	1 Jul 2014 - 28 Feb 2015 Pre-MoG \$'000	1 Mar 2015 - 30 Jun 2015 Post-MoG \$'000	1 Jul 2014 - 30 Jun 2015 2015 \$'000
Income from continuing operations			
Appropriation revenue	4,603	1,950	6,553
Grants and other contributions *	498	252	750
Total income from continuing operations	5,101	2,202	7,303
Expenses from continuing operations			
Employee expenses	1,999	971	2,970
Supplies and services *	2,442	967	3,409
Grants and subsidies	656	444	1,100
Depreciation and amortisation	4	4	8
Total expenses from continuing operations	5,101	2,386	7,487
Operating result from continuing operations	-	(184)	(184)
Operating result for the year	-	(184)	(184)

* Amount includes \$0.498 million (pre-MoG) and \$0.221 million (post-MoG) for archive services received below fair value.

18 Prior year adjustments

The department recognised asset revaluation increments for buildings in 2012-13 and 2013-14 as increases in asset revaluation surplus, when those increments were reversing a net revaluation decrease of the same class of assets previously recognised in profit and loss. As such, those increments should have been recognised as income for the years concerned.

The department has made the following retrospective restatement due to the correction of prior period errors.

	2013 \$'000	Adjustment \$'000	Restated Actual 2013 \$'000
Statement of Comprehensive Income - Controlled (Extract)			
Income from continuing operations			
Other revenue	15,655	16,451	32,106
Total revenue	2,524,261	16,451	2,540,712
Other comprehensive income			
Increase in asset revaluation surplus	16,451	(16,451)	-
Total other comprehensive income	16,451	(16,451)	-
Total comprehensive income	20,290	-	20,290
Statement of Financial Position - Controlled (Extract)			
Equity			
Accumulated surplus (deficit)	(120,423)	16,451	(103,972)
Asset revaluation surplus	16,451	(16,451)	-
Statement of Changes in Equity - Controlled (Extract)			
Balance as at 30 June 2013			
Accumulated surplus/ (deficit)	(120,423)	16,451	(103,972)
Asset revaluation surplus	16,451	(16,451)	-
Balance as at 30 June 2013	(103,972)	-	(103,972)
Asset revaluation surplus by class (Extract)			
Carrying amount at 30 June 2013	16,451	(16,451)	-
Reconciliation of operating result to net cash from operating activities (Extract)			
Operating result	3,837	16,451	20,288
Non-cash items			
Reversal of revaluation decrement	-	(16,451)	(16,451)

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18 Prior year adjustments (continued)

	2014	Adjustment	Restated Actual
	\$'000	\$'000	2014 \$'000
Statement of Comprehensive Income - Controlled (Extract)			
Income from continuing operations			
Other revenue	8,200	175	8,375
Total revenue	2,391,759	175	2,391,934
Other comprehensive income			
Increase in asset revaluation surplus	175	(175)	-
Total other comprehensive income	175	(175)	-
Total comprehensive income	20,169	-	20,169
Statement of Financial Position - Controlled (Extract)			
Equity			
Accumulated surplus (deficit)	(100,429)	16,626	(83,803)
Asset revaluation surplus	16,626	(16,626)	-
Statement of Changes in Equity - Controlled (Extract)			
Balance as at 30 June 2014			
Accumulated surplus/ (deficit)	(100,429)	16,626	(83,803)
Asset revaluation surplus	16,626	(16,626)	-
Asset revaluation surplus by class (Extract)			
Carrying amount at 30 June 2014	16,626	(16,626)	-
Reconciliation of operating result to net cash from operating activities (Extract)			
Operating result	19,994	175	20,169
Non-cash items			
Reversal of revaluation decrement	-	(175)	(175)

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19 Subsequent events

The National Disability Insurance Scheme (NDIS) is planned to start in Queensland from 1 July 2016, with full scheme implementation by 30 June 2019. In 2016-17, 2017-18 and 2018-19, Queensland will be in transition to the full scheme. The transition will include phasing into the scheme eligible participants and determining the associated funding and operational arrangements between Queensland and the Commonwealth.

As negotiations with the Commonwealth have not concluded, the department cannot estimate the financial effect.

20 Budget vs actual comparison - Controlled

A budget vs actual comparison, and explanations of major variances, has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

Statement of Comprehensive Income

		Adjusted Budget	Actual	Variance	Variance
	Variance Note	2015 \$'000	2015 \$'000	\$'000	% of Budget
Income from continuing operations					
Appropriation revenue		2,504,508	2,488,482	(16,026)	(0.6%)
User charges and fees		9,322	23,699	14,377	154.2%
Grants and other contributions		5,289	60,201	54,912	1,038.2%
Interest revenue		466	514	48	10.3%
Other revenue		1,632	18,023	16,391	1,004.4%
Total income from continuing operations		2,521,217	2,590,919	69,702	2.8%
Expenses from continuing operations					
Employee expenses	1	560,254	532,234	(28,020)	(5.0%)
Supplies and services		1,776,066	1,822,475	46,409	2.6%
Grants and subsidies	2	143,311	173,600	30,289	21.1%
Depreciation and amortisation		35,932	28,988	(6,944)	(19.3%)
Impairment losses		2,387	347	(2,040)	(85.5%)
Revaluation decrement		-	-	-	0.0%
Other expenses		3,267	4,645	1,378	42.2%
Total expenses from continuing operations		2,521,217	2,562,289	41,072	1.6%
Operating result from continuing operations		-	28,630	28,630	0.0%
Operating result for the year		-	28,630	28,630	0.0%
Total comprehensive income		-	28,630	28,630	0.0%

Department of Communities, Child Safety and Disability Services
Notes to and forming part of the financial statements 2014-15

20 Budget vs actual comparison - Controlled (continued)

Statement of Cashflow

	Variance Note	Adjusted Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
Cash flows from operating activities					
<i>Inflows:</i>					
Service appropriation receipts	9	2,576,777	2,416,563	(160,214)	(6.2%)
User charges and fees		9,322	30,931	21,609	231.8%
Grants and other contributions		5,289	30,000	24,711	467.2%
GST input tax credits received from ATO	10	189,538	168,311	(21,227)	(11.2%)
GST collected from customers		453	1,242	789	174.2%
Interest receipts		466	514	48	10.3%
Other		1,595	7,922	6,327	396.7%
<i>Outflows:</i>					
Employee expenses	11	(560,254)	(529,042)	31,212	(5.6%)
Supplies and services		(1,776,066)	(1,718,600)	57,466	(3.2%)
Grants and subsidies	12	(220,180)	(177,819)	42,361	(19.2%)
GST paid to suppliers		(189,538)	(172,018)	17,520	(9.2%)
GST remitted to ATO		(453)	(1,242)	(789)	174.2%
Other		(3,537)	(5,217)	(1,680)	47.5%
Net cash provided by (used in) operating activities		33,412	51,545	18,133	54.3%
Cash flow from investing activities					
<i>Inflows:</i>					
Sales of property, plant and equipment	13	5,729	2,395	(3,334)	(58.2%)
<i>Outflows:</i>					
Payments for property, plant and equipment	14	(29,683)	(14,480)	15,203	(51.2%)
Payments for intangible assets	15	(5,537)	(4,228)	1,309	(23.6%)
Net cash provided by (used in) investing activities		(29,491)	(16,313)	13,178	(44.7%)
Cash flows from financing activities					
<i>Inflows:</i>					
Equity injections	16	-	2,992	2,992	0.0%
<i>Outflows:</i>					
Equity withdrawals	17	(5,694)	(12,732)	(7,038)	123.6%
Net cash provided by (used in) financing activities		(5,694)	(9,740)	(4,046)	71.1%
Net increase (decrease) in cash and cash equivalents		(1,773)	25,492	27,265	(1,537.8%)
Increase (decrease) in cash and cash equivalents through machinery-of-government changes		170	1	(169)	(99.4%)
Cash and cash equivalents at beginning of financial year		65,224	99,011	33,787	51.8%
Cash and cash equivalents at end of financial year		63,621	124,504	60,883	95.7%

20 Budget vs actual comparison - Controlled (continued)

Explanations of Major Variances

Statement of Comprehensive Income

- 1 Employee expenses were \$28.02 million lower than the 2014-15 Adjusted Budget as a result of ongoing productivity and efficiency improvements (\$7 million), as well as reprioritisation of funding to meet service delivery demand pressures (\$21 million).
- 2 Grants and subsidies expenses increased by \$30.289 million over the 2014-15 Adjusted Budget. This increase is due to payments of \$27.908 million made to the non Government sector under the Commonwealth/State National Partnership Agreement for pay equity for the social and community services sector (SACS) which were originally expected to occur in 2013-14.

Statement of Financial Position

- 3 Cash and cash equivalents increased by \$60.883 million over the 2014-15 Adjusted Budget. This increase reflects the operating surplus of the department, as well as lower than expected capital expenditures in 2013-14 and 2014-15, reprogrammed across financial years.
- 4 The increase in Loans and receivables of \$151.576 million over the 2014-15 Adjusted Budget is due to the Commonwealth receivable of \$81.49 million for providing services to older people, and the net appropriation receivable of \$98.25 million to enable payment to the Commonwealth for services to younger people with disabilities under the National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services (Cross-Billing Arrangements), as well as adjustments for the 2013-14 audited financial statements for GST input tax credits of \$4.116 million offset by sundry receivables of \$12.049 million. Budgets reflect ongoing Cross-Billing Arrangements that are in place up until the implementation of the National Disability Insurance Scheme.
- 5 The increase in Payables of \$166.855 million over the 2014-15 Adjusted Budget is due to the recognition of the National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services (Cross-Billing Arrangements) payable of \$179.744 million offset by adjustments for the 2013-14 audited financial statements for grants payable and taxes payable.
- 6 The increase in Accrued employee benefits of \$2.697 million over the 2014-15 Adjusted Budget relates to the adjustments in salary and wages payable as a result of the timing of the end of financial year compared to salary and wages payment periods.
- 7 The reduction in the Accumulated Deficit of \$57.916 over the 2014-15 Adjusted Budget is due to the difference between 2013-14 operating result of \$20.169 million and 2013-14 budgeted operating result of \$7.334 million, 2014-15 operating result of \$28.63 million and reclassification of the prior year asset revaluation surplus to other revenue in accordance with accounting standards.
- 8 The reduction in the Asset revaluation surplus of \$17.008 million below the 2014-15 Adjusted Budget is due to reclassification of the prior year asset revaluation surplus to other revenue in accordance with accounting standards.

20 Budget vs actual comparison - Controlled (continued)

Explanations of Major Variances (continued)

Statement of Cash Flows

- 9 Service appropriation receipts were \$160.214 million lower than the 2014-15 Adjusted Budget due to the recognition of the National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services (Cross-Billing Arrangements) net receivable of \$148.674 million and funding reclassification of \$41.443 million as Commonwealth grant for services provided to over 65s during 2014-15, offset by National Partnership Agreement for pay equity for the social and community services sector (SACS) of \$27.908 million.
- 10 The decrease in GST input tax credits received from Australian Taxation Office of \$21.227 million below the 2014-15 Adjusted Budget reflects the reduction in GST paid to suppliers as a result of lower than expected Other supplies and services and Grants and subsidies cash outlays.
- 11 Employee expenses were \$31.212 million lower than the 2014-15 Adjusted Budget as a result of ongoing productivity and efficiency improvements, as well as reprioritisation of funding to meet service delivery demand pressures.
- 12 The decrease in Grants and subsidies of \$42.361 million under the the 2014-15 Adjusted Budget is materially due to delays in payment to the Commonwealth under the National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services (Cross-Billing Arrangements) of \$26.006 million and payment to the non government sector of \$27.908 million under the National Partnership Agreement for pay equity for the social and community services sector (SACS) offset by \$4.905 million in lapsed funding and deferrals.
- 13 The decrease in Sales of property, plant and equipment of \$3.334 million lower than the 2014-15 Adjusted Budget reflects the reduction in actual assets disposed.
- 14 The decrease in Payments for property, plant and equipment of \$15.203 million below the 2014-15 Adjusted Budget is due to the delay in completion of projects and reprogramming of the capital program across financial years.
- 15 The decrease in Payments for intangible assets of \$1.309 million below the 2014-15 Adjusted Budget is due to the delay in completion of projects and reprogramming of the capital program across financial years.
- 16 The increase in Equity injections of \$2.992 million over the adjusted budget is due to the conversion of appropriation revenue to equity funding, held by Queensland Treasury Corporation for the Elderly Parent Carer Innovation Trial.
- 17 The increase in Equity withdrawals of \$7.038 million over the 2014-15 Adjusted Budget is due to a review of the total capital acquisition program resulting in capital lapses of \$1.786 million and the conversion of equity funding of \$5.644 million, held by Queensland Treasury Corporation for the Elderly Parent Carer Innovation Trial, to appropriation revenue.

Department of Communities, Child Safety and Disability Services
Notes to and forming part of the financial statements 2014-15

	2015 \$'000	2014 \$'000
21 Reconciliation of payments from consolidated fund to administered appropriation		
Budgeted appropriation revenue	236,838	257,451
Lapsed appropriation revenue	-	(9,702)
Transfers from Departmental services	1,492	-
Total appropriation revenue receipts	<u>238,330</u>	<u>247,749</u>
Less: Opening balance of appropriation revenue receivable	(1,380)	-
Plus: Closing balance of appropriation revenue receivable	-	1,380
Plus: Opening balance of appropriation revenue payable	-	111
Less: Closing balance of appropriation revenue payable	(3,229)	-
Administered appropriation revenue recognised in statement of comprehensive income	<u>233,721</u>	<u>249,240</u>
22 Supplies and services - Administered		
Disaster Recovery	7,106	1,313
Other	85	33
Total	<u>7,191</u>	<u>1,346</u>
23 Grants and subsidies - Administered		
Disaster recovery – personal hardship assistance scheme	15,787	908
Disaster recovery grants	2,642	2,207
Commission for Children and Young People and Child Guardian	-	40,240
Total	<u>18,429</u>	<u>43,355</u>
24 Concession payments - Administered		
Electricity	149,271	128,250
Rates	51,570	50,927
Water	18,714	18,384
Home energy emergency assistance	5,523	5,801
Natural gas	2,264	2,163
Life support	2,177	1,887
Medical cooling and heating electricity	1,067	852
Total	<u>230,586</u>	<u>208,264</u>
25 Other expenses - Administered		
Legal settlements	3,135	853
Total	<u>3,135</u>	<u>853</u>

The department is settling racial discrimination claims made to the Australian Human Rights Commission (AHRC) alleging there was indirect racial discrimination against indigenous children who were placed under Aboriginal Protection laws. Each settlement will include an amount comparable with amounts paid on similar cases through the Redress Scheme. The expense recognised reflects claims settled in the current year, and a provision for known claims expected to be settled. Refer notes 27 and 29.

Department of Communities, Child Safety and Disability Services
Notes to and forming part of the financial statements 2014-15

	2015 \$'000	2014 \$'000
26 Payables - Administered		
Services concession payable	13,506	16,965
Appropriation revenue payable	3,229	-
Trade creditors and accruals	2,909	505
Employee expenses payable	477	-
Grants and subsidies payable	3	112
Total	<u>20,124</u>	<u>17,582</u>

27 Provisions - current - Administered

Provision - legal settlements	2,344	112
Total	<u>2,344</u>	<u>112</u>

The department is settling racial discrimination claims made to the Australian Human Rights Commission (AHRC) alleging there was indirect racial discrimination against indigenous children who were placed under Aboriginal Protection laws. Each settlement will include an amount comparable with amounts paid on similar cases through the Redress Scheme. The provision recognised reflects known claims expected to be settled. Refer notes 25 and 29.

Settlements for racial discrimination claims are not managed through the Queensland Government Insurance Fund.

	2015 \$'000	2014 \$'000
Movements in provisions		
<i>Current</i>		
Carrying amount at 1 July	112	-
Additions due to recognition	3,135	853
Reductions arising from payments	(903)	(741)
Carrying amount at 30 June	<u>2,344</u>	<u>112</u>

28 Reconciliation of operating result to net cash from operating activities - Administered

Operating result	(24,743)	46,281
Change in assets and liabilities:		
(Increase) decrease in GST input tax credits receivable	229	(4,610)
(Increase) decrease in receivables	1,273	12,829
Increase (decrease) in payables	(1,163)	(7,285)
Increase (decrease) in accrued employee benefits	477	(1,118)
Increase (decrease) in provisions	2,232	112
Increase (decrease) in other liabilities	3,229	(111)
Net cash provided by (used in) operating activities	<u>(18,466)</u>	<u>46,098</u>

29 Contingent liabilities - Legal settlements - Administered

In addition to the provision in note 27, the department is aware there may be other claims made to the Australian Human Rights Commission alleging there was indirect racial discrimination against indigenous children who were placed under Aboriginal Protection laws. The department has not recognised a provision in relation to these cases as it is unable to reliably estimate the total number of potential claimants or the potential outcome of these claims.

Department of Communities, Child Safety and Disability Services
Notes to and forming part of the financial statements 2014-15

30 Financial Instruments - Administered

(a) Categorisation of financial instruments

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

Category	Note	2015 \$'000	2014 \$'000
Financial assets			
Cash and cash equivalents		-	4,056
Receivables		1,465	2,968
Total		<u>1,465</u>	<u>7,024</u>
Financial liabilities			
Bank overdraft		14,410	-
Payables	26	20,124	17,582
Total		<u>34,534</u>	<u>17,582</u>

The department does not consider that there are any material financial management risks associated with the above financial assets and liabilities.

31 Budget vs actual comparison - Administered

A budget vs actual comparison, and explanations of major variances, has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

Statement of Comprehensive Income

	Original Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
Income from continuing operations				
Administered appropriation revenue	236,838	233,721	(3,117)	(1.3%)
Grants and other contributions	-	3,253	3,253	0.0%
Other revenue	2,793	276	(2,517)	(90.1%)
Total income from continuing operations	<u>239,631</u>	<u>237,250</u>	<u>(2,381)</u>	<u>(1.0%)</u>
Expenses from continuing operations				
Employee expenses	-	2,374	2,374	0.0%
Supplies and services	-	7,191	7,191	0.0%
Grants and subsidies	1	2,793	18,429	559.8%
Concession payments	236,191	230,586	(5,605)	(2.4%)
Impairment losses	-	2	2	0.0%
Other expenses	647	3,135	2,488	384.5%
Total expenses from continuing operations	<u>239,631</u>	<u>261,717</u>	<u>22,086</u>	<u>9.2%</u>
Operating result from continuing operations	<u>-</u>	<u>(24,467)</u>	<u>(24,467)</u>	<u>0.0%</u>
Operating result for the year before transfers to government				
	-	(24,467)	(24,467)	0.0%
Transfers of administered revenue to government	2	-	(276)	0.0%
Total comprehensive income	<u>-</u>	<u>(24,743)</u>	<u>(24,743)</u>	<u>0.0%</u>

Department of Communities, Child Safety and Disability Services
Notes to and forming part of the financial statements 2014-15

31 Budget vs actual comparison - Administered (continued)

Statement of Financial Position

	Variance Note	Original Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
Current assets					
Cash	3	5,938	-	(5,938)	(100.0%)
Receivables	4	606	1,465	859	141.7%
Total current assets		6,544	1,465	(5,079)	(77.6%)
Current liabilities					
Bank overdraft	5	-	14,410	14,410	0.0%
Payables	6	14,871	20,124	5,253	35.3%
Provisions		-	2,344	2,344	0.0%
Total current liabilities		14,871	36,878	22,007	148.0%
Net assets		(8,327)	(35,413)	(27,086)	325.3%

Explanations of Major Variances

Statement of Comprehensive Income

- 1 The increase in Grants and subsidies of \$15.636 million over the 2014-15 Original Budget reflects expenditure incurred due to natural disasters in 2013-14 and 2014-15.
- 2 The increase in Transfers of administered revenue to government of \$0.276 million over the 2014-15 Original Budget is due to the return of concessions funding for electricity rebates from prior financial years following a review of eligibility criteria.


Statement of Financial Position

- 3 The decrease in Cash of \$5.938 million under the 2014-15 Original Budget is materially due to expenditure incurred for natural disasters in 2014-15 for which reimbursement is expected to be received from the Queensland Reconstruction Authority (QRA) in 2015-16.
- 4 The increase in Receivables of \$0.859 million over the 2014-15 Original Budget is mainly due to adjustment to 2014-15 budgeted opening balances to reflect 2013-14 actual closing balances.
- 5 The increase in Bank overdraft of \$14.410 million over the 2014-15 Original Budget is materially due to expenditure incurred for natural disasters in 2014-15 for which reimbursement is expected to be received from the Queensland Reconstruction Authority (QRA) in 2015-16.
- 6 The increase in Payables of \$5.253 million over the 2014-15 Original Budget is mainly due to the recognition of net appropriation payable for concessions and settlement of racial discrimination claims made to the Australian Human Rights Commission, as well as adjustment to 2014-15 budgeted opening balances to reflect 2013-14 actual closing balances.

CERTIFICATE OF THE DEPARTMENT OF COMMUNITIES, CHILD SAFETY AND DISABILITY SERVICES

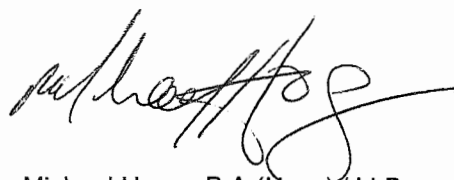
These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 42 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in 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 Communities, Child Safety and Disability Services for the financial year ended 30 June 2015 and of the financial position of the department at the end of that year; and
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Arthur O'Brien FCPA FIPA, M Bus P Actg, B Bus Mgt
Chief Finance Officer

31 August 2015



Michael Hogan B.A (Hons) / LLB
Director-General

31 August 2015

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Communities, Child Safety and Disability Services

Report on the Financial Report

I have audited the accompanying financial report of the Department of Communities, Child Safety and Disability Services, which comprises the controlled and administered statements of financial position and controlled statement of assets and liabilities by major departmental services as at 30 June 2015, the controlled and administered statements of comprehensive income, statements of changes in equity and statements of cash flows and controlled statement of comprehensive income by major departmental services for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Director-General and Chief Finance Officer.

The Accountable Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

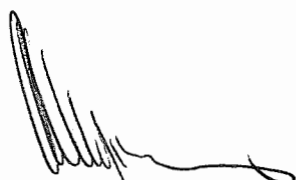
Opinion

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

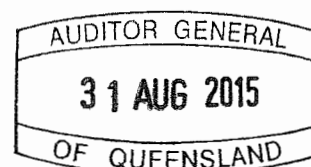
- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Department of Communities, Child Safety and Disability Services for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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



A M GREAVES FCA FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane