



FINANCIAL STATEMENTS

Department of Communities, Disability Services and Seniors
 Financial Statements
 for the year ended 30 June 2018

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Department of Communities, Disability Services and Seniors
Statement of Comprehensive Income - Controlled
for the year ended 30 June 2018

	Note	Actual 2018 \$'000	Adjusted Budget ^A 2018 \$'000	Budget Variance 2018 \$'000	Actual 2017 \$'000
Income from Operations					
Appropriation revenue	B1-1	2,073,427	2,049,694	23,733	2,783,412
User charges and fees		20,541	10,981	9,560	24,857
Grants and other contributions		19,263	4,819	14,444	11,332
Interest		79	48	31	136
Reversal of revaluation decrement	C4-4	3,994	-	3,994	13,404
Other revenue	B1-2	15,102	1,553	13,549	14,223
Total Revenue		2,132,406	2,067,095	65,311	2,847,364
Gains on disposal		-	-	-	48
Total Income from Operations		2,132,406	2,067,095	65,311	2,847,412
Expenses from Operations					
Employee expenses	B2-1	423,491	439,033	(15,542)	571,847
Supplies and services	B2-2	1,542,897	1,521,039	21,858	1,981,446
Grants and subsidies	B2-3	114,923	91,153	23,770	176,311
Depreciation and amortisation	C4-4*	17,680	18,713	(1,033)	26,974
Impairment losses		133	500	(367)	(52)
Revaluation decrement	C4-4	-	-	-	2,627
Other expenses	B2-4	25,064	3,476	21,588	56,652
Total Expenses from Operations		2,124,188	2,073,914	50,274	2,817,806
Operating Result from Operations		8,218	(6,819)	15,037	29,607
Operating Result for the Year		8,218	(6,819)	15,037	29,607
Total Comprehensive Income		8,218	(6,819)	15,037	29,607

^A These figures represent budgeted figures as published in the latest Service Delivery Statement tabled in Parliament.

* Also refer to note C5-3.

The accompanying notes form part of these financial statements.

Department of Communities, Disability Services and Seniors
Statement of Comprehensive Income by Major Departmental Services - Controlled
for the year ended 30 June 2018

	Child and Family Services *		Disability Services		Community and Seniors Services		General - Not Attributed ^A		Total
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	
Income from Operations									
Appropriation revenue	558,381	1,025,423	1,355,500	1,542,967	159,546	215,023	-	-	2,073,427
User charges and fees	999	598	7,018	4,365	9,195	10,734	3,329	9,129	20,541
Grants and other contributions	388	578	11,472	4,630	5,438	5,124	1,965	-	19,263
Interest	-	-	79	136	-	-	-	-	79
Reversal of revaluation decrement	-	746	1,997	5,165	1,997	7,494	-	-	3,994
Other revenue	648	992	13,981	12,788	472	443	1	-	15,102
Total Revenue	560,416	1,028,337	1,390,047	1,570,081	176,648	239,816	5,295	9,129	2,132,406
Gains on disposal	-	-	-	13	-	35	-	-	48
Total Income from Operations	560,416	1,028,337	1,390,047	1,570,094	176,648	239,853	5,295	9,129	2,132,406
Expenses from Operations									
Employee expenses	144,932	252,628	244,371	276,336	31,504	37,174	2,694	5,709	423,491
Supplies and services	338,341	607,240	1,071,741	1,185,545	130,205	175,242	2,610	3,420	1,542,897
Grants and subsidies	69,961	133,931	39,188	31,841	5,795	10,740	1	-	114,923
Depreciation and amortisation	6,594	13,262	9,133	11,165	1,653	2,517	-	-	17,680
Impairment losses	12	56	108	(107)	12	(1)	1	-	133
Revaluation decrement	-	3,308	(5)	(162)	5	(529)	-	-	2,627
Other expenses	576	15,905	22,642	38,759	1,846	2,997	-	-	25,064
Total Expenses from Operations	560,416	1,027,381	1,387,156	1,553,187	171,320	228,130	5,296	9,129	2,124,188
Operating Result from Operations	-	976	2,891	16,907	5,328	11,723	-	-	8,218
Operating Result for the Year	-	976	2,891	16,907	5,328	11,723	-	-	8,218
Total Comprehensive Income	-	976	2,891	16,907	5,328	11,723	-	-	8,218

* Transactions for Child and Family Services are for 1 July to 31 December 2017 due to the Machinery-of-Government changes.

A Transactions are related to the Memorandum of Understanding in providing services to the Department of Aboriginal and Torres Strait Islander Partnerships, the Department of Justice and Attorney-General and the Department of Child Safety, Youth and Women.

Department of Communities, Disability Services and Seniors
Balance Sheet - Controlled
as at 30 June 2018

	Note	Actual 2018 \$'000	Adjusted Budget ^A 2018 \$'000	Budget Variance* 2018 \$'000	Actual 2017 \$'000
Current Assets					
Cash and cash equivalents	C1	87,242	97,626	(10,384)	204,270
Loans and receivables	C2	14,234	8,733	5,501	23,022
Other current assets		-	3,046	(3,046)	5,873
		101,476	109,405	(7,929)	233,165
Non-current assets classified as held for sale	C3	-	-	-	820
Total Current Assets		101,476	109,405	(7,929)	233,985
Non-Current Assets					
Loans and receivables	C2	3,850	1,473	2,377	5,237
Property, plant and equipment	C4	281,819	238,647	22,972	305,164
Intangibles	C5	5,357	22,261	(16,904)	31,709
Total Non-Current Assets		270,826	262,381	8,445	342,110
Total Assets		372,302	371,786	516	576,095
Current Liabilities					
Payables	C6	46,284	8,168	38,096	79,935
Accrued employee benefits	C7	9,563	13,430	(3,867)	26,016
Provisions		480	21	459	208
Other current liabilities		497	947	(450)	1,688
Total Current Liabilities		56,824	22,566	34,238	107,847
Non-Current Liabilities					
Payables	C6	3,850	-	3,850	5,237
Provisions		403	774	(371)	1,972
Total Non-Current Liabilities		4,253	774	3,479	7,209
Total Liabilities		61,077	23,360	37,717	115,056
Net Assets		311,225	348,426	(37,201)	461,039
Equity					
Contributed equity		309,334	365,390	(56,056)	467,368
Accumulated surplus		1,891	(16,964)	18,855	(6,327)
Total Equity		311,225	348,426	(37,201)	461,039

* An explanation of major variances is included at Note E1-1.

^A These figures represent budgeted figures as published in the latest Service Delivery Statement tabled in Parliament.

The accompanying notes form part of these financial statements.

Department of Communities, Disability Services and Seniors
Statement of Assets and Liabilities by Major Departmental Services - Controlled
as at 30 June 2018

	Child and Family Services*		Disability Services		Community and Seniors Services		General - not attributed [†]		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current Assets										
Cash and cash equivalents	-	44,615	77,663	121,948	9,579	37,707	-	-	87,242	204,270
Loans and receivables	-	9,877	11,673	12,392	1,440	1,753	1,121	-	14,234	23,022
Other current assets	-	2,343	-	2,467	-	1,063	-	-	5,873	-
Non-current assets classified as held for sale	-	55,935	89,336	136,807	11,019	40,523	1,121	-	101,476	233,165
-	-	310	-	270	-	240	-	-	-	820
Total Current Assets	-	58,145	89,336	137,077	11,019	40,763	1,121	-	101,476	233,985
Non-Current Assets										
Loans and receivables	-	1,416	3,427	3,434	423	397	-	-	3,850	5,237
Property, plant and equipment	-	46,238	164,113	168,046	97,507	60,890	-	-	261,619	305,164
Intangibles	-	21,086	3,273	7,919	2,084	2,704	-	-	5,367	31,709
Total Non-Current Assets	-	68,740	170,813	179,399	100,014	63,971	-	-	270,826	342,110
Total Assets	-	124,885	260,149	316,476	111,033	134,734	1,121	-	372,302	576,095
Current Liabilities										
Payables	-	30,648	41,201	43,427	5,062	5,650	3	-	46,284	79,935
Accrued employee benefits	-	11,164	9,370	13,361	194	1,461	-	-	9,563	26,016
Provisions	-	-	480	208	-	-	-	-	480	208
Other current liabilities	-	1,548	-	-	498	140	(1)	-	497	1,888
Total Current Liabilities	-	43,360	51,051	57,026	5,774	7,451	2	-	56,824	107,847
Non-Current Liabilities										
Payables	-	1,416	3,464	3,434	386	387	-	-	3,850	5,237
Provisions	-	1,367	343	545	69	60	1	-	403	1,972
Total Non-Current Liabilities	-	2,783	3,807	3,979	445	447	1	-	4,253	7,209
Total Liabilities	-	46,143	54,858	61,005	6,219	7,908	3	-	61,077	115,056

* There is no balance for Child and Family Services at 30 June 2018 due to the Machinery-of-Government changes.

† Transactions are related to the Memorandum of Understanding in providing services to the Department of Aboriginal and Torres Strait Islander Partnerships, the Department of Justice and Attorney-General and the Department of Child Safety, Youth and Women.

Department of Communities, Disability Services and Seniors
Statement of Changes in Equity - Controlled
for the year ended 30 June 2018

	Contributed Equity \$'000	Accumulated surplus \$'000	Total \$'000
Balance as at 1 July 2016	494,903	(35,934)	458,969
<i>Operating Result</i>			
Operating result from continuing operations	-	29,607	29,607
Total Comprehensive Income for the Year	-	29,607	29,607
<i>Transactions with Owners as Owners</i>			
- Net equity withdrawals (Note C8-2)	(22,390)	-	(22,390)
- Other	(5,147)	-	(5,147)
Net Transactions with Owners as Owners	(27,537)	-	(27,537)
Balance as at 30 June 2017	467,366	(6,327)	461,039
<i>Operating Result</i>			
Operating result from continuing operations	-	8,218	8,218
Total Comprehensive Income for the Year	-	8,218	8,218
<i>Transactions with Owners as Owners</i>			
- Net equity withdrawals (Note C8-2)	(45,929)	-	(45,929)
- Net transfers in/(out) from other Queensland Government entities - other (Note C8-1)	(112,103)	-	(112,103)
Net Transactions with Owners as Owners	(158,032)	-	(158,032)
Balance as at 30 June 2018	309,334	1,891	311,225

The accompanying notes form part of these financial statements.

Department of Communities, Disability Services and Seniors
Statement of Cash Flows - Controlled
for the year ended 30 June 2018

	Note	Actual 2018 \$'000	Adjusted Budget ^a 2018 \$'000	Budget Variance* 2018 \$'000	Actual 2017 \$'000
Cash Flows from Operating Activities					
Service appropriation receipts		2,032,433	2,053,605	(21,172)	2,780,900
User charges and fees		9,469	4,394	5,075	22,333
Grants and other contributions		18,080	4,819	11,261	9,336
GST input tax credits received from ATO		167,744	-	167,744	186,286
GST collected from customers		8,365	-	8,365	3,474
Interest receipts		79	48	31	136
Other		15,656	254,436	(238,780)	13,671
Outflows:					
Employee expenses		(430,794)	(443,644)	13,050	(569,234)
Supplies and services		(1,521,457)	(1,755,942)	234,485	(1,977,804)
Grants and subsidies		(114,343)	(89,506)	(24,837)	(175,899)
GST paid to suppliers		(166,397)	-	(166,397)	(187,057)
GST remitted to ATO		(8,365)	-	(8,365)	(3,474)
Other		(7,385)	(5,680)	(1,705)	(1,917)
Net Cash Provided by Operating Activities	CF-1	1,084	22,330	(21,246)	100,751
Cash Flow from Investing Activities					
<i>Inflows:</i>					
Sales of property, plant and equipment		762	860	(98)	8,667
<i>Outflows:</i>					
Payments for property, plant and equipment		(8,531)	(16,683)	8,152	(14,586)
Payments for intangible assets		(2,453)	-	(2,453)	(4,301)
Net Cash Used in Investing Activities		(10,222)	(15,823)	5,601	(10,220)
Cash Flows from Financing Activities					
<i>Inflows:</i>					
Equity injections		2,800	-	2,600	30
<i>Outflows:</i>					
Equity withdrawals		(47,573)	(8,335)	(39,238)	(22,945)
Net Cash used in Financing Activities		(44,973)	(8,335)	(36,638)	(22,915)
Net increase (decrease) in cash and cash equivalents		(54,111)	(1,828)	(52,283)	67,616
Increase (decrease) in cash and cash	A3	(62,917)	(43,228)	(19,689)	-
Cash and Cash Equivalents - Opening balance		204,271	142,682	61,589	136,654
Cash and Cash Equivalents - Closing balance	C1	87,243	97,626	(10,383)	204,270

* An explanation of major variances is included at Note E1-2.

^a These figures represent budgeted figures as published in the latest Service Delivery Statement tabled in Parliament.

The accompanying notes form part of these financial statements.

Department of Communities, Disability Services and Seniors
Statement of Cash Flows - Controlled
for the year ended 30 June 2018

Notes to the Statement of Cash Flows

CF-1 Reconciliation of Operating Result to Net
Cash Provided by Operating Activities -

	2018 \$'000	2017 \$'000
Operating Result for the Year	8,218	29,607
<i>Non-cash items included in operating result</i>		
Reversal of revaluation decrement	(3,994)	(13,404)
Revaluation decrement	-	2,626
Depreciation and amortisation expense	17,680	26,974
Donated assets and services received	(3,300)	(1,978)
Loss (gain) on disposal of non-current assets	130	1,018
Impairment losses	-	-
<i>Change in assets and liabilities</i>		
(Increase) decrease in GST input tax credits receivable	1,347	(771)
(Increase) decrease in receivables	(28,976)	1,423
(Increase) decrease in other assets	354	35
Increase (decrease) in payables	16,236	50,071
Increase (decrease) in accrued employee benefits	(3,779)	1,685
Increase (decrease) in other liabilities	(2,842)	3,465
Net Cash Provided by Operating Activities	1,084	100,751

Department of Communities, Disability Services and Seniors
Statement of Comprehensive Income - Administered
for the year ended 30 June 2018

	Note	Actual 2018 \$'000	Adjusted Budget [^] 2018 \$'000	Budget Variance* 2018 \$'000	Actual 2017 \$'000
Income from Continuing Operations					
Administered appropriation revenue	G1-1	801,007	891,501	(90,494)	416,504
Grants and other contributions		29,934	12,409	17,525	30,130
Total Income from Continuing Operations		830,941	903,910	(72,969)	446,634
Expenses from Continuing Operations					
Employee expenses		2,753	-	2,753	3,945
Supplies and services	G1-2	6,037	-	6,037	12,180
Grants and subsidies	G1-3	743,337	900,851	(157,514)	395,502
Impairment losses		-	-	-	1
Other expenses	G1-4	64,892	-	64,892	53,658
Total Expenses from Continuing Operations		817,019	900,851	(83,832)	465,284
Operating Result from Continuing Operations		13,922	3,059	10,863	(18,650)
Operating Result for the Year		13,922	3,059	10,863	(18,650)
Total Comprehensive Income		13,922	3,059	10,863	(18,650)

[^] These figures represent budgeted figures as published in the latest Service Delivery Statement tabled in

* An explanation of major variances is included at Note G1-9

The accompanying notes form part of these financial statements.

Department of Communities, Disability Services and Seniors
 Balance Sheet - Administered
 as at 30 June 2018

	Note	Actual 2018 \$'000	Adjusted Budget ^a 2018 \$'000	Budget Variance ^a 2018 \$'000	Actual 2017 \$'000
Current Assets					
Cash and cash equivalents		111,158	2,838	108,320	75,596
Receivables	G1-5	1,613	463	1,150	-
Total Current Assets		112,771	3,301	109,470	75,596
Total Assets		112,771	3,301	109,470	75,596
Current Liabilities					
Payables	G1-6	128,626	19,161	109,465	104,009
Provisions	G1-7	-	1	(1)	1,364
Total Current Liabilities		128,626	19,162	109,464	105,373
Total Liabilities		128,626	19,162	109,464	105,373
Net Assets		(15,855)	(15,861)	6	(29,777)
Equity					
Contributed equity		-	-	-	-
Accumulated surplus (deficit)		(15,855)	(15,861)	6	(29,777)
Total Equity		(15,855)	(15,861)	6	(29,777)

^a These figures represent budgeted figures as published in the latest Service Delivery Statement tabled in Parliament.

^a An explanation of major variances is included at Note G1-9.

The accompanying notes form part of these financial statements.

Department of Communities, Disability Services and Seniors
 Statement of Changes in Equity - Administered
 for the year ended 30 June 2018

	Accumulated Surplus/(Deficit) \$'000	Total \$'000
Balance as at 1 July 2016	(11,127)	(11,127)
<i>Operating Result</i>		
Operating result from continuing operations	(18,650)	(18,650)
<i>Total Comprehensive Income for the Year</i>	(18,650)	(18,650)
Balance as at 30 June 2017	(29,777)	(29,777)
<i>Operating Result</i>		
Operating result from continuing operations	13,922	13,922
<i>Total comprehensive income for the year</i>	13,922	13,922
Balance as at 30 June 2018	(15,855)	(15,855)

The accompanying notes form part of these financial statements.

Department of Communities, Disability Services and Seniors
 Statement of Cash Flows - Administered
 for the year ended 30 June 2018

	Note	Actual 2018 \$'000	Actual 2017 \$'000
Cash Flows from Operating Activities			
<i>Inflows:</i>			
Administered appropriation revenue		747,704	417,857
Grants and other contributions		29,935	30,130
GST input tax credits received from ATO		12,000	16,536
GST collected from customers		(99)	562
<i>Outflows:</i>			
Employee expenses		(3,852)	(2,845)
Supplies and services		(8,882)	(9,334)
Grants and subsidies		(725,153)	(369,115)
GST paid to suppliers		(13,616)	(15,185)
GST remitted to ATO		(1,112)	650
Revenue transfer to government		-	-
Other		(288)	(1,228)
Net Cash Provided by Operating Activities	CF-2	36,637	68,028
Net increase (decrease) in cash and cash equivalents		36,637	68,028
Increase (decrease) in cash and cash equivalents from restructuring	A3	(1,075)	-
Cash and Cash Equivalents - Opening balance		75,596	7,568
Cash and Cash Equivalents - Closing balance		111,158	75,596

The accompanying notes form part of these financial statements.

Department of Communities, Disability Services and Seniors
Statement of Cash Flows - Administered
for the year ended 30 June 2018

Notes to the Statement of Cash Flows - Administered

CF-2 Reconciliation of Operating Result to Net Cash Provided by
Operating Activities - Administered

	2018 \$'000	2017 \$'000
Operating Result for the Year	13,922	(18,650)
Provisions	252	
<i>Change in assets and liabilities</i>		
(Increase) decrease in GST input tax credits receivable	(1,613)	1,351
(Increase) decrease in receivables	(494,601)	1,353
(Increase) decrease in other assets	-	-
Increase (decrease) in payables	26,928	82,538
Increase (decrease) in accrued employee benefits	(1,099)	1,098
Increase (decrease) in provisions	494,080	(874)
Increase (decrease) in GST payables	(1,212)	1,212
Net Cash Provided by Operating Activities	36,637	68,028

A1 Basis of Financial Statement Preparation

A1-1 The Reporting Entity

The Department of Communities, Disability Services and Seniors (the department) is a Queensland Government department established under the Public Service Act 2008 and controlled by the State of Queensland, which is the ultimate parent.

The head office of the department is 1 William Street, Brisbane QLD 4000.

The department has considered its power over funded non-government organisations, 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. As a result, 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 the Statement of Comprehensive Income by Major Departmental Services - Controlled, and are further detailed in Note A2 Departmental Objectives.

A1-2 Compliance with Prescribed Requirements

The department has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2017.

The department is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis (except for the Statement of Cash Flow which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

New accounting standards applied for the first time in these financial statements are outlined in Note A1-8.

A1-3 Presentation

Currency and Rounding

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

Comparatives

Comparative information reflects the audited 2016-17 financial statements. The current year is not comparable to the previous year due to the Machinery-of-Government changes. Refer to Note A3.

Current/Non-Current Classification

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

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

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

A1 Basis of Financial Statement Preparation (continued)

A1-3 Presentation (continued)

Measurement

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

A1-4 Authorisation of Financial Statements for Issue

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

A1-5 Controlled and Administered Transactions and Balances

Transactions and balances are controlled by the department where they can be deployed for the achievement of the departmental objectives.

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

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

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

The department's administered ledger is used to administer community recovery disaster costs and the subsequent reimbursement of those costs from the Queensland Reconstruction Authority (QRA) under federal-state Natural Disaster Relief and Recovery Arrangements (NDRAA) guidelines and associated state government programs. Revenues associated with disaster recovery claims are recognised as grants and other contributions. Administered transactions also include the payment of concessions (such as electricity rebates) to eligible recipients (refer to Note G1-3).

The Queensland Government's contribution to the National Disability Insurance Agency (NDIA) and the department's intergovernmental repayments under the Bilateral Agreement are recognised as grant payments in the administered ledger (refer to Note G1-3).

A1-6 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 C2).

A1-7 Accounting Estimates and Judgments

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

Note C4-5	Fair Value Measurement
Note C4-6	Basis For Fair Values of Assets
Note G1-7	Administered - Provisions and Contingencies

A1 Basis of Financial Statement Preparation (continued)

A1-8 First Year Application of New Accounting Standards or Change in Accounting Policy

The department did not voluntarily change any of its accounting policies during 2017-18.

No Australian Accounting Standards have been early adopted for 2017-18.

Accounting Standards Applied for the First Time

AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash Generating Specialised Assets for not-for-Profit Entities simplified and clarified the impairment testing requirements under AASB 136 *Impairment of Assets* for non-cash generating assets held by NFP entities. This amendment has not changed any reported amounts. References to the Depreciated Replacement Costs have been replaced with Current Replacement Cost in line with these amendments.

A2 Departmental Objectives

The department 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 major services delivered by the department and through funded non-government organisations are as follows:

- **Disability Services:** enables Queenslanders with disability to have choice, control and opportunities in their lives through access to disability services and support such as personal care, accommodation and carer support, respite, community access, therapy and learning and skill development. Disability Services supports the transition to the National Disability Insurance Scheme (NDIS).
- **Child and Family Services:** enables families to safely care for their children and to provide services to ensure the safety, belonging and well-being of children and young people not able to be cared for by their families and leads and facilitates the delivery of family support, child protection and adoption services.
- **Community Services:** enables vulnerable individuals, families and groups including seniors, carers, women, young people, people from culturally and linguistically diverse backgrounds to access services and participate in their communities, and invests in services for people impacted by domestic and family violence. Community Services is responsible for social and human recovery in disaster-impacted communities.

A2 Departmental Objectives (continued)

The department is funded for the departmental services it delivers principally by parliamentary appropriations. It also provides the following on a fee for service basis:

- Various corporate services functions provided to the Department of Aboriginal and Torres Strait Islander Partnerships (DATSIP) and the Department of Justice and Attorney-General (DJAG) via a Memorandum of Understanding agreement.

The Department of Community, Child Safety and Disability Services (DCCSDS) was renamed to the Department of Communities, Disability Services and Seniors (DCDSS). Functions related to child safety, youth and women were transferred from DCCSDS to the new Department of Child Safety, Youth and Women (DCSYW) and functions related to Multicultural Affairs were transferred from DCCSDS to the Department of Local Government, Racing and Multicultural Affairs (DLGRMA). These transfers were published in the Public Service Departmental Arrangements Notice (No. 4) dated 21 December 2017 with an effective date of transfers from 1 January 2018.

A3 Machinery-of-Government Changes

Transfers out - Controlled Activities

Details of Transfer: The Adoption, Child Protection Services, Prevention of Domestic and Family Violence, and Women's Policy and Office for Women functions were transferred from DCCSDS to DCSYW.

Multicultural Affairs Queensland (MAQ) unit was transferred from DCCSDS to the Department of Local Government, Racing and Multicultural Affairs (DLGRMA).

The assets and liabilities transferred as a result of this change were as follows:

	DLGRMA \$'000	DCSYW \$'000
Assets		
<i>Current</i>		
Cash	29	62,916
Receivables	122	20,130
Other current assets	13	5,508
<i>Non-Current</i>		
Receivables	-	1,473
Property, plant and equipment	-	49,616
Intangible assets	-	20,541
	<u>164</u>	<u>160,384</u>
Liabilities		
<i>Current</i>		
Payables	5	32,222
Accrued employee benefits	134	12,673
Other current liabilities	-	1,118
<i>Non-Current</i>		
Payables	25	1,472
Provisions	-	1,158
	<u>164</u>	<u>48,643</u>
Net Assets	<u>-</u>	<u>111,741</u>

The decrease in net assets of \$111.741M has been accounted for as a decrease in contributed equity and is disclosed in the Statement of Changes in Equity.

Budgeted appropriation revenue of \$676.058M and \$5.949M were reallocated to DCSYW and DLGRMA respectively from DCCSDS as part of the Machinery-of-Government changes.

A3 Machinery-of-Government Changes (continued)

Transfers out - Administered Activities

Details of Transfer: The provision for racial discrimination claims administered item was transferred from DCCSDS to DCSYW.

The assets and liabilities transferred as a result of this change were as follows:

	DCSYW \$'000
Assets	
Cash	1,075
Liabilities	
Provisions	1,075
Net Assets	-

No net assets have been accounted for in contributed equity and no amount is disclosed in the Statement of Changes in Equity.

No Administered budgeted appropriation revenue was reallocated from DCCSDS to DCSYW as part of the Machinery-of-Government changes.

A4 National Disability Insurance Scheme

The department is in the process of transitioning its services to the National Disability Insurance Scheme (NDIS).

The department is progressively withdrawing from the delivery of specialist disability services as most of its disability service clients transfer to the NDIA. As clients transition, existing service providers of the department will no longer be funded by the department to deliver services to eligible NDIS clients (refer to Note D3-4) and the department will experience a reduction in its workforce (refer to Note D2-2).

The department continues making payments to the NDIA for the NDIS pursuant to Section 179 *National Disability Insurance Act 2013* and in accordance with the Bilateral Agreement between the Commonwealth and Queensland. The Bilateral Agreement requires Queensland Government to pay money to the NDIA for the purpose of funding reasonable and necessary support for participants in the NDIS. These payments are recognised as administered grants and other contributions (refer to Note A1-5).

B1 Revenue

B1-1 Appropriation Revenue

	2018 \$'000	2017 \$'000
Reconciliation of Payments from Consolidated Fund to Appropriation Revenue Recognised in Operating Result		
Budgeted appropriation revenue	2,722,317	2,794,221
Transfers from/to other departments - redistribution of public business	(668,712)	27,856
Transfers to administered services	-	(28,135)
Lapsed appropriation revenue	(21,172)	(13,042)
Total Appropriation Receipts (cash)	2,032,433	2,780,900
Less: Opening balance of non-current appropriation revenue receivable	(5,237)	(9,071)
Adjustment for machinery of Government transfer	1,473	-
Plus: Closing balance of non-current appropriation revenue receivable	3,850	5,237
Plus: Opening balance of departmental services revenue payable	53,840	6,346
Adjustment for machinery of Government transfer	(3,936)	-
Add: Closing balance of departmental services revenue payable	(29,910)	(53,840)
Net Appropriation Revenue	2,052,513	2,729,572
Plus: Deferred appropriation refundable to Consolidated Fund (expense)	20,914	53,840
Appropriation Revenue Recognised in Statement of Comprehensive Income	2,073,427	2,783,412

Department of Communities, Disability Services and Seniors
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B1 Revenue (continued)

B1-1 Appropriation Revenue (continued)

Appropriations provided under the *Appropriation Act 2017* are recognised as revenue when received.

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' appropriations (refer to Note G1-1).

B1-2 Other Revenue

	2018	2017
	\$'000	\$'000
Bad debts recovered	-	37
Expenditure recoveries	19	138
Grant and service procurement refunds [^]	14,452	13,478
Other	631	570
Total	15,102	14,223

[^] These refunds relate to the return of prior year unspent funds by non-government organisations.

B2 Expenses

B2-1 Employee Expenses

	2018	2017
	\$'000	\$'000
Employee Benefits		
Wages and salaries	316,547	439,927
Employer superannuation contributions	40,407	57,011
Annual leave levy	33,082	46,192
Long service leave levy	6,675	9,189
Other employee benefits	16,282	7,154
	414,993	559,473
Employee Related Expenses		
Workers' compensation premium	6,729	9,612
Other employee related expenses	1,769	2,762
	8,498	12,374
Total	423,491	571,847

The number of employees on a full-time equivalent (FTE) basis under the Minimum Obligatory Human Resource Information (MOHRI) classification methodology is:

	2018	2017
Number of full-time equivalent employees:	2,505	5,918

The decrease in the number of employees was primarily due to the transfer of 3,290 employees to DCSYW and 28 employees to DLGRMA following the Machinery-of-Government restructure.

Employee Benefits

Employee benefits include employer superannuation contributions, annual leave levies and long service leave levies.

(i) *Wages, Salaries and Sick Leave*

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

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.

B2 Expenses (continued)

B2-1 Employee Expenses (continued)

Employee Benefits (continued)

(vi) Annual Leave and Long Service Leave

The department is a member of the Queensland Government's Annual Leave and Long Service Leave Schemes. A levy is payable to these schemes 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.

No provision for annual leave or long service leave is recognised as these liabilities are held and disclosed in the Report on State Finances of the Queensland Government pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

(vii) Superannuation

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

Defined Contribution Plans - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant Enterprise Bargaining Agreement or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

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

(viii) Workers' Compensation Premiums

The department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, but is not included in an employee's total remuneration package. It is not considered an employee benefit and is recognised separately as employee related expenses.

Key management personnel and remuneration disclosures are detailed in Note F1.

Department of Communities, Disability Services and Seniors
Notes to the Financial Statements
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B2 Expenses (continued)

B2-2 Supplies and Services	2018 \$'000	2017 \$'000
Service procurement [^]		
Disability Services	876,786	992,810
Child and Family Services	296,274	532,990
Community Care	141,358	148,216
Communities, Women and Youth	72,708	113,326
Multicultural Affairs	1,362	2,596
Domestic and Family Violence	31,379	28,054
Seniors	8,989	7,961
Operating lease rentals [*]	37,977	50,337
Professional and technical fees	23,807	33,073
Computer operating costs	6,885	15,464
Outsourced corporate services	8,929	12,692
Repairs and maintenance	7,493	8,410
Property operational costs	7,064	9,722
Administration costs	2,217	4,189
Minor plant and equipment	1,322	3,892
Travel	3,700	6,042
Telecommunications	3,809	5,518
Consultancies	248	1,501
Other	10,570	4,653
Total	1,542,897	1,981,446

^{*} Property rental expenses in respect of operating leases are recognised on a straight line basis over the period of the lease term. Refer to Note D3-1 for the department's lease rental recognition policy.

B2-3 Grants and Subsidies [^]	2018 \$'000	2017 \$'000
Child and Family Services	69,930	133,886
Disability Services	33,431	31,571
Community Care	-	69
Communities, Women and Youth	9,111	7,713
Multicultural Affairs Queensland	261	1,342
Domestic and Family Violence	555	1,203
Seniors	1,336	246
Donations and gifts	297	281
Total	114,923	176,311

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

Department of Communities, Disability Services and Seniors
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B2 Expenses (continued)

B2-4 Other Expenses	2018 \$'000	2017 \$'000
Departmental appropriation adjustments#	20,914	53,840
Net losses on disposal of property, plant and equipment	130	1,066
Insurance premiums — Queensland Government Insurance Fund	1,235	1,815
External audit fees *	340	366
Special payments - Ex gratia payments	2,407	186
Special payments - Employee incentive scheme ^A	-	506
Other	38	874
Total	25,064	58,652

Departmental appropriation adjustments are performed at year end to lapse or carry forward current year funding.

* The Auditor-General of Queensland is the department's external auditor. Total external audit fees relating to the 2017-18 financial year are estimated to be \$0.340M (2016-17 \$0.375M). There are no non-audit services included in this amount.

^A Special payments represent ex gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. Special payments during 2017-18 include \$2.303M paid on behalf of a disability services provider that experienced financial difficulties to ensure continuity of service to the department's clients. Special payments during 2016-17 financial year include 24 payments totalling \$0.506M to employees who had transitioned to NDIA before the employee incentive scheme was approved.

C1 Cash and Cash Equivalents

	2018 \$'000	2017 \$'000
Cash on hand	6	35
Cash at bank	87,236	204,235
Total	87,242	204,270

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

Cash of \$86.457M is held in the bank account at 30 June to be transferred to DCSYW on 1 July 2018 for the Machinery-of-Government changes. This amount is not included in the above figure.

C2 Loans and Receivables

	2018 \$'000	2017 \$'000
Current		
Trade and other debtors	8,182	5,323
Less: Allowance for impairment loss	(125)	(63)
	8,057	5,260
GST input tax credits receivable	2,569	6,139
Annual leave reimbursements	1,882	9,161
Long service leave reimbursements	1,726	2,462
Total	14,234	23,022

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.

	2018 \$'000	2017 \$'000
Non Current		
Departmental appropriation adjustments	3,850	5,237
Total	3,850	5,237

Department of Communities, Disability Services and Seniors
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C3 Non-Current Assets Held for Sale	2018	2017
	\$'000	\$'000
Land held for sale	-	395
Buildings held for sale	-	425
Total	-	820

Non-current assets held for sale consist of those assets that management has determined are available for immediate sale in their present condition, for which their sale is highly probable within the next twelve months. When an asset is classified as held for sale, its value is measured at the lower of the asset's carrying amount and fair value less costs to sell. Such assets are no longer amortised or depreciated upon being classified as held for sale.

C4 Property, Plant and Equipment

C4-1 Recognition and Acquisition

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

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

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

Site improvements are included in the building class.

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

The department has a comprehensive annual maintenance program for its property, plant and equipment.

C4-2 Measurement

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

Plant and equipment is measured at historical cost in accordance with the Queensland Treasury's Non-Current Asset Policies (NCAPs). The carrying amounts for such plant and equipment are not materially different from their fair value.

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

Land and buildings are measured at fair value in accordance with NCAPs. 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 (refer to Note C4-6).

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

Land and buildings are revalued on an annual basis either by appraisals undertaken by an independent professional valuer or by the use of appropriate and relevant indices.

C4 Property, Plant and Equipment (continued)

C4-2 Measurement (continued)

A comprehensive revaluation of the department's land and building assets was undertaken by independent professional valuers, Australian Pacific Valuers (APV) in 2015-16 and 2016-17. Indexations sourced from APV have been applied to these assets in 2017-18 (refer to Note C4-6).

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. APV supplies the indices and provides assurance of their robustness, validity and appropriateness for application to the relevant assets. Management assesses and confirms the relevance and suitability of indices provided by APV based on the department's own particular circumstances.

The fair values reported by the department are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs.

The department depleted its asset revaluation reserve in the 2011-12 financial year and a \$201M revaluation decrement was recognised. The decrement was due to the revaluation of rental housing stock at fair value prior to the asset transfer to the Department of Housing and Public Works. The fair value of the housing stock was significantly lower than the book value due to economic factors impacting on the property market at that time.

In accordance with accounting standards, the revaluation increment on the department's land and buildings in 2017-18 will be recognised as revenue in the Statement of Comprehensive Income, as a reversal of the revaluation decrement.

As at 30 June, the carrying amount of the asset revaluation decrements were \$74.943M (2016-17 \$76.155M) for land and \$81.690M (2016-17 \$84.482M) for buildings.

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

Separately identified components of assets are measured on the same basis as the assets to which they relate.

C4-3 Depreciation of Property, Plant and Equipment

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

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, progressively over its estimated useful life to the department. The remaining useful lives of buildings, plant and equipment are reviewed annually.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity.

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.

The transition to the NDIS was considered when assessing the remaining useful lives of the department's improvement on leasehold assets.

C4 Property, Plant and Equipment (continued)

C4-3 Depreciation of Property, Plant and Equipment (continued)

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

Asset	Range of Useful Life	Average Useful Life
Buildings	5 - 165 years	65.61 years
Plant and Equipment	5 - 18 years	9.92 years

C4-4 Closing Balances and Reconciliations of Carrying Amount

Property, Plant and Equipment Reconciliation at 30 June 2018	2018 \$'000	2017 \$'000
Land		
– At fair value	77,200	85,168
Buildings		
– At fair value	216,609	228,089
Less accumulated depreciation	(40,219)	(39,585)
	176,390	188,504
Plant and equipment		
– At cost	20,148	95,121
Less accumulated depreciation	(16,779)	(71,818)
	3,369	23,303
Capital works in progress		
– At cost	4,660	8,189
Total	261,619	305,164

Represented by Movements in Carrying Amount:	Capital works in progress				
	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Capital works in progress \$'000	Total \$'000
Carrying amount at 1 July 2016	94,824	174,043	29,478	9,508	307,853
Acquisitions (including upgrades)	450	1,529	1,935	11,216	15,130
Disposals	-	(234)	(720)	-	(954)
Transfers out to other Queensland Government entities	(782)	(4,365)	-	-	(5,147)
Assets reclassified as held for sale	(7,143)	(1,652)	-	-	(8,795)
Transfers between asset classes	446	9,231	2,858	(12,535)	-
Net revaluation increments/ (decrements) in operating surplus	(2,627)	13,404	-	-	10,777
Depreciation	-	(3,452)	(10,248)	-	(13,700)
Carrying amount at 30 June 2017	85,168	188,504	23,303	8,189	305,164
Acquisitions (including upgrades)	-	3,299	317	6,999	10,615
Disposals	-	(58)	-	-	(58)
Transfers out to other Queensland Government entities	(9,183)	(24,474)	(14,079)	(2,079)	(49,815)
Transfers between asset classes	13	10,015	(442)	(8,449)	1,137
Net revaluation increments/ (decrements) in operating surplus	1,202	2,792	-	-	3,994
Depreciation	-	(3,688)	(5,730)	-	(9,418)
Carrying amount at 30 June 2018	77,200	176,390	3,369	4,660	261,619

C4 Property, Plant and Equipment (continued)

C4-5 Fair Value Measurement

All assets of the department for which fair value is measured are categorised within the following fair value hierarchy:

- level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets;
- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs - depreciated replacement cost where no market exists for similar assets.

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

Categorisation of Assets Measured at Fair Value

	Level 2 \$'000		Level 3 \$'000		Total Carrying Amount \$'000	
	2018	2017	2018	2017	2018	2017
Land	73,937	81,863	3,263	3,305	77,200	85,168
Buildings	13,235	14,385	163,155	174,119	176,390	188,504

Level 3 Fair Value Measurement - Reconciliation

	Land		Buildings	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Carrying amount at 1 July	3,305	61	174,119	147,525
Acquisitions (including upgrades)	-	-	3,297	1,529
Disposals	-	-	-	(234)
Transfers out to other Queensland Government entities	-	-	(22,731)	(4,365)
Assets reclassified as held for sale	(10)	-	-	(1,547)
Transfers between asset classes	(14)	2,640	9,781	6,200
Transfers into level 3 from level 2	-	-	-	15,129
Transfers out of level 3 to level 2	-	-	-	(932)
Net revaluation increments/ (decrements) in operating surplus	(18)	604	1,975	13,811
Depreciation	-	-	(3,286)	(2,997)
Carrying amount at 30 June	3,283	3,305	163,155	174,119

C4-6 Basis For Fair Values of Assets

Land and Buildings

The department's land and buildings were comprehensively revalued in 2015-16 and indexed for 2016-17 and 2017-18 reporting periods. The department applied indexation sourced from APV. Indices applied in 2017-18 were estimated based on price movements of recent actual costs, contract data for similar structures, cost guides, other relevant publications such as Rawlinson's rates for building and construction and APV's internal market research and costings. The effective date of the valuation is 31 March 2018. Management have confirmed there has been no significant shift in values since then.

C5 Intangibles

C5-1 Recognition and Measurement

Intangible assets of the department comprise purchased software and internally developed software. Intangible assets with a historical cost or other value equal to or greater than \$100,000 are recognised in the financial statements. Items with a lesser value are expensed. Any training costs are expensed as incurred.

C5-1 Recognition and Measurement (continued)

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

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

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

C5-2 Amortisation Expense

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

For each class of intangible asset the following amortisation useful lives are used:

Asset	Range of Useful Life	Average Useful Life
Software Purchased	-	-
Software Internally Generated	5 - 12 years	8.02 years

C5-3 Closing Balances and Reconciliations of Carrying Amount

	2018 \$'000	2017 \$'000
Intangible Assets Reconciliation at 30 June 2018		
Purchased		
- Software - purchased (at cost)	-	4,125
- Less accumulated amortisation	-	(3,485)
	-	640
Internally Generated		
- Software - internally generated (at cost)	43,386	157,339
- Less accumulated amortisation	(38,944)	(130,896)
	3,422	26,443
Works in progress		
- Software work in progress (at cost)	1,935	4,826
Total	5,357	31,709

Represented by Movements in Carrying Amount:	Software purchased \$'000	Software internally generated \$'000	Software work in progress \$'000	Total \$'000
Carrying amount at 1 July 2016	1,137	34,186	5,358	40,681
Acquisitions	-	-	4,302	4,302
Transfers between classes	-	5,034	(5,034)	-
Amortisation	(497)	(12,777)	-	(13,274)
Carrying amount at 30 June 2017	640	26,443	4,626	31,709
Carrying amount at 1 July 2017	640	26,443	4,626	31,709
Acquisitions	-	-	2,525	2,525
Transfers between classes	-	1,934	(1,934)	-
Transfers out to other Queensland Government entities	(431)	(16,830)	(3,281)	(20,543)
Amortisation	(209)	(8,125)	-	(8,334)
Carrying amount at 30 June 2018	-	3,422	1,936	5,357

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C6 Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase or contract price. Amounts owing are unsecured.

	2018	2017
	\$'000	\$'000
Current		
Trade creditors and accruals	16,071	21,665
Grants and subsidies	213	2,389
Deferred appropriation payable to Consolidated Fund	29,910	53,840
Other	90	2,041
Total	46,284	79,935
Non-Current		
Deferred operating lease rent	3,850	5,237
Total	3,850	5,237

C7 Accrued Employee Benefits

	2018	2017
	\$'000	\$'000
Salaries and wages payable	5,629	11,152
Annual leave levy payable	2,810	12,259
Long service leave levy payable	1,124	2,605
Total	9,563	26,016

C8 Equity

C8-1 Contributed Equity

The following items are recognised as contributed equity by the department during the reporting and comparative years:

- Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of Machinery-of-Government changes (refer Note A3); and
- Appropriations for equity adjustments (refer to Note C8-2 Appropriations Recognised in Equity).

The department has contributed \$0.267M to Department of Housing and Public Works (DHPW) for the delivery of crisis shelters as per recommendations from the Domestic and Family Violence Response Project.

The department has contributed \$0.075M to DHPW to construct mainstream social housing on Thursday Island suitable for people with a disability.

C8-2 Appropriations Recognised in Equity

Reconciliation of Payments from Consolidated Fund to Equity Adjustment	2018	2017
	\$'000	\$'000
Budgeted equity adjustment appropriation	(24,319)	(13,075)
Transfers from/to other departments - Redistribution of public business	16,409	-
Lapsed equity adjustment	(37,063)	(9,840)
Equity Adjustment Receipts (Payments)	(44,973)	(22,915)
Less: Opening balance of equity adjustment receivable	(956)	(431)
Plus: Closing balance of equity adjustment receivable	956	956
Equity Adjustment Recognised in Contributed Equity	(45,929)	(22,380)

D1 Financial Risk Disclosures

D1-1 Financial Instruments

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

Categorisation of Financial Instruments

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

	Note	2018 \$'000	2017 \$'000
Financial Assets			
Cash and cash equivalents	C1	87,242	204,270
Loans and receivables	C2	14,234	23,022
Total		101,476	227,292
Financial Liabilities			
Payables	C6	46,284	79,935
Total		46,284	79,935

D1-2 Financial Risk Management

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

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

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

There are no material liquidity, market and credit risks for the department. 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.

Cash and cash equivalents includes a cash fund held with the Queensland Treasury Corporation for the Elderly Parent Carer Innovation Initiative established in February 2013. The weighted average effective interest rate is 2.89% per annum.

D2 Contingencies

D2-1 Native Title Claims over Departmental Assets

As at 30 June 2018, a native title claim exists that covers departmental vacant land with a carrying amount of \$0.191M. A further native title claim exists on land the department leases with owned building and site improvements totalling \$2.550M. At reporting date it is not possible to make an estimate of any probable outcome of these claims, or any financial effects.

D2-2 Redundancy Packages and Transfer Payments

The majority of redundancy payments relate to the endorsed NDIS Incentive Scheme. The department has offered interested employees a voluntary redundancy package under the endorsed NDIS Incentive Scheme with a termination date that meets the department's business continuity needs.

In 2017-18, 184 employees took a voluntary redundancy at a cost of \$11.976M. At 30 June 2018, a further 44 employees have accepted voluntary redundancy agreements at an estimated cost of \$3.270M. These agreements are subject to the employees completing their term of employment until the agreed separation date in 2018-19.

In addition, 66 employees transferred to the NDIA in 2017-18 under the first offer of employment arrangement covered by the NDIS Incentive Scheme at a cost of \$1.436M. This cost includes an incentive payment and the payment or transfer of accrued leave entitlements.

The costs incurred by the department under the NDIS Incentive Scheme are reimbursed by Queensland Treasury on validation of claims.

D3 Commitments

D3-1 Non-Cancellable Operating Lease Commitments

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

Payable	No later than one year		Later than one year and not later than five years		Longer than five years		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Lease - Office Accommodation	13,755	40,370	37,261	105,392	43,709	149,408	94,715	285,170
Operating Lease - Print & Imaging Service	-	1,197	-	3,854	-	-	-	5,051
Total	13,755	41,567	37,261	109,246	43,709	149,408	94,715	300,221

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 department has lease agreements where, upon cessation of the tenancy, it is required to return the office space to the condition it was in before it was leased (this is referred to as 'make good'). These obligations are recognised as provisions. Provisions for make good obligations on leases expected to expire in the next 12 months are classified as current liabilities. All other provisions are considered non-current liabilities. The value of the non-current provision has not been adjusted for the time value of money as it is considered immaterial.

D3 Commitments (continued)

D3-1 Non-Cancellable Operating Lease Commitments (continued)

Lease commitments have been adjusted due to the recognition of the deferred lease rent liability in 2017-18 for the department's material operating leases.

The department has progressively converted leases to short term tenures to align with the programmed roll-out of NDIS. This has contributed to the increase in commitments less than 12 months. The department has developed a high level strategy for each tenancy impacted by NDIS to minimise the department's lease commitments over the final years. The success of these strategies will be dependant on other factors such as local property markets and the location of tenancies (e.g. rural and regional areas, industrial areas).

The department commenced an operating lease arrangement in 2016-17 with Ricoh Australia Pty Ltd to provide print and imaging services to the department. This service is provided under the Memorandum of Understanding with DCSYW in 2018.

D3-2 Capital Expenditure Commitments

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

Payable	No later than one year		Later than one year and not later than five years		Longer than five years		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land and buildings	8,463	2,079	2	5,499	-	-	8,465	7,578
Plant and equipment	-	72	-	-	-	-	-	72
Intangibles	469	2,053	-	-	-	-	469	2,053
Total	8,932	4,204	2	5,499	-	-	8,935	9,703

D3-3 Grants and Subsidies Commitments

Commitments for grants and subsidies at reporting date (inclusive of non-recoverable GST input tax credits) are payable as follows:

Payable	No later than one year		Later than one year and not later than five years		Longer than five years		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Disability Services	16,934	17,778	-	6,586	-	-	16,934	24,364
Community Care	-	-	-	-	-	-	-	-
Child and Family Services	-	200	-	716	-	-	-	916
Communities, Women and Youth	3,176	4,003	3,758	6,849	-	-	6,934	12,852
Multicultural Affairs	-	-	-	-	-	-	-	-
Seniors	85	165	-	83	-	-	85	248
Total	20,195	22,146	3,758	16,234	-	-	23,953	38,380

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D3 Commitments (continued)

D3-4 Service Procurement Commitments

Commitments for service procurement at reporting date (inclusive of non-recoverable GST input tax credits) are payable as follows:

Payable	No later than one year		Later than one year and not later than five years		Longer than five years		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Disability Services	687,623	794,316	-	789,655	-	-	687,623	1,583,971
Community Care	142,196	147,930	-	147,930	-	-	142,196	295,860
Child and Family Services	-	368,787	-	384,872	-	-	-	753,659
Communities, Women and Youth	23,333	127,061	29,303	135,603	-	3,815	52,636	266,479
Multicultural Affairs	-	2,351	-	103	-	-	-	2,454
Seniors	3,769	7,941	144	3,767	-	-	3,913	11,708
Total	856,921	1,448,386	29,447	1,461,930	-	3,815	886,368	2,914,131

Service procurement and grant commitments for Disability Services and Community Care reflect current contracts and agreements with NGOs and individuals for the provision of services. These commitments will reduce as services transition under the NDIS rollout.

D4 Future Impact of Accounting Standards Not Yet Effective

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

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

These standards will first apply to the department for its financial statements for 2019-20.

The department has commenced analysing the new revenue recognition requirements under these standards and considers they are likely to have minimal impact on current recognition of revenue items as the department does not engage in a significant volume of revenue contracts.

- Special purpose grants received to construct non-financial assets controlled by the department will be recognised as a liability, and subsequently recognised progressively as revenue as the department satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront. The department did not receive any grants during 2017-18.
- Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. The department is yet to evaluate the existing grant arrangements with the Commonwealth Government as to whether revenue from those grants could be deferred under the new requirements.

D4 Future impact of Accounting Standards Not Yet Effective (continued)

- Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. The department receives several grants from the Australian Government for which there are no sufficiently specific performance obligations and they are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.
- Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the department's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the department has received cash but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime). The department is yet to complete its analysis of existing arrangements for sale of its goods and services and the impact, if any, on revenue recognition has not yet been determined.
- The department does not currently have any revenue contracts with a material impact for the period after 1 July 2018, and will monitor the impact of any such contracts subsequently entered into before the new standards take effect.
- A range of new disclosures will also be required by the new standards in respect of the department's revenue.

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

These standards will first apply to the department from its financial statements for 2018-19. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the department's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The department has reviewed the impact of AASB 9 on the classification and measurement of its financial assets. The following summarises the estimated impact of AASB 9 to the categorisation and valuation of the amounts reported in Note D1-1.

- There will be no change to either the classification or valuation of the cash and cash equivalent item.
- Trade receivables will be classified and measured at amortised cost, similar to the current classification of loans and receivables. The department does not expect a material change in the reported value of trade receivables.
- All financial liabilities listed in Note D1-1 will continue to be measured at amortised cost. The department does not expect a material change in the reported value of financial liabilities.

AASB 16 Leases

This standard will first apply to the department from its financial statements for 2018-19. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The department has analysed its existing operating lease commitments at Note D3-1 by type of lessor and type of lease to estimate the expected impacts on transition based on information available at 30 June 2018.

D4 Future Impact of Accounting Standards Not Yet Effective (continued)

Approximately 98% (\$92.807M) of the department's operating lease commitments comprise arrangements with other Queensland Government agencies as lessor (i.e. internal government leases). The remaining 2% (\$1.894M) of operating lease commitments are with lessors external to government.

The department's leases with internal-to-Government lessors are primarily for office accommodation through the Queensland Government Accommodation Office. At 30 June 2018, the department has operating lease commitments of \$94.715M and annual lease payments of approximately \$21.843 M per year for office accommodation.

Considering their operation and impact across the whole-of-government, the department is currently awaiting formal guidance from Queensland Treasury as to whether this arrangement should be accounted for on-balance sheet under AASB 16.

In the event this arrangement is to be accounted for on-balance sheet, the department estimates a right-of-use asset and lease liability on transition of approximately \$74.329M for office accommodation leases based on current operating lease commitments. There will be no material financial statement impact if this arrangement is not accounted for on-balance sheet.

The department also has a number of cancellable motor vehicle leases with QFleet that are not presently included as part of the operating lease commitments note as they do not constitute a lease under AASB 117 and Accounting Interpretation 4. The department is also awaiting confirmation from Queensland Treasury that QFleet arrangements will continue to fall outside the requirements of AASB 16 for on-balance sheet accounting.

The department has not yet quantified the impact on the Statement of Comprehensive Income or the Balance Sheet of applying AASB 16 to its current operating leases, including the extent of additional disclosure required. The exact impact will not be known until the year of transition.

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

E1 Budgetary Reporting Disclosures

E1-1 Explanation of Major Variances – Balance Sheet

Cash and cash equivalents

Actual cash and cash equivalents balance at year end was \$10.384M (10.6%) higher than budget (\$97.526M) mainly due to appropriation revenue received for a number of programs to be delivered in 2018-19, an adjustment of \$7.728M to reflect 2016-17 actual closing balances as well as lower than expected capital expenditures in 2017-18 due to the rescheduling of the capital program across financial years.

Property, plant and equipment

The actual balance of property, plant and equipment at year end was \$22.972M (9.6%) greater than budget (\$238.647M) mainly due to the acquisitions transferred from work in progress (\$15.130M), incremental revaluation of departmental assets (\$3.994M) and capital contribution of a building at 76 Poinsettia Street Inala (\$3.300M) from the Edmund Rice Foundation.

Payables (current)

The actual balance of payables at year end was \$38.095M (465.3%) greater than budget (\$8.188M) mainly due to an adjustment (\$11.095M) to reflect 2016-17 actual closing balances and deferred appropriations payable (\$29.910M).

Accrued employee benefits

The actual accrued employee benefits balance at year end was \$3.867M (28.8%) lower than budget (\$13.430M) mainly due to budgetting on a different time period to actual expense.

E1 Budgetary Reporting Disclosures (continued)

E1-1 Explanation of Major Variances – Balance Sheet (continued)

Payables (non-current)

The actual balance of non-current payables at year end was \$3.850M (100%) greater than budget due to the recognition of operating lease liability on a straight-line basis in terms of AASB117 *Leases* due further than 12 months.

Provisions (non-current)

The actual balance of provisions at year end was \$0.371M (48.1%) less than budget (\$0.774M) mainly due to the transfer of make good provision from non-current to current for leases due to expire in less than 12 months.

Equity

The actual balance of total equity at year end was \$37.201M (10.7%) below budget (\$348.426M) mainly due to an increase in 2016-17 operating surplus combined with an increased 2017-18 operating surplus. Additional cash held is also being held resulting from appropriation revenue received for a number of programs to be delivered in 2018-19.

E1-2 Explanation of Major Variances – Statement of Cash Flows

Sales of property, plant and equipment

Cash inflows for sales of non-financial assets price was \$0.098M (11.4%) below budget (\$0.860M) mainly due to sales of assets is lower than expected.

Payments for property, plant and equipment

Cash outflows for payments for non-financial assets was \$8.152M (48.8%) less than budget (\$16.683M) was mainly due to the rescheduling of the capital program across financial years.

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F1 Key Management Personnel Disclosures

F1-1 Details of Key Management Personnel and Remuneration Expense

For the period from 1 July 2017 to 31 December 2017, the department's Ministers were the Honourable Shannon Fentiman MP, Minister for Communities, Woman and Youth and Minister for Child Safety and Minister for the Prevention of Domestic and Family Violence; the Honourable Corrine O'Rourke MP, Minister for Disability Services, Minister for Seniors and Minister Assisting the Premier on North Queensland; the Honourable Grace Grace MP, Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs. From 1 January 2018, the department's Minister is the Honourable Corrine O'Rourke MP, Minister for Communities and Minister for Disability Services and Seniors.

The following details for non-Ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2017-18 and 2016-17. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

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

Position Title	Short Term Employee Expenses			Other Employee Benefits		
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	Long Term Employee Expenses \$'000	Public Employment Expenses \$'000	Termination Benefits \$'000	Total Expenses \$'000
1 July 2017 - 31 December 2017						
Director-General	205	4	1	27	-	271
Deputy Director-General (Strategy, Engagement and Innovation)	132	4	3	14	-	151
Deputy Director-General (Disability Services and Seniors, and Northern Cluster Operations)	145	4	3	15	-	165
Deputy Director-General (Service Delivery and Practice)	117	4	3	12	-	133
Deputy Director-General (Corporate and Executive Services)	117	4	3	12	-	133
Chief Finance Officer	120	4	3	12	-	135
Chief Information Officer	129	4	3	11	-	138
Chief Human Resources Officer	93	4	3	6	-	104
Regional Executive Director						
Far North Queensland Region	103	-	2	10	-	112
North Queensland Region	101	-	2	11	-	114
Central Queensland Region	108	-	2	11	-	119
North Coast Queensland Region	124	-	2	10	-	134
Brisbane Region - Current: From 4 August 2017 (Acting)	80	1	2	8	-	91
Brisbane Region - Former: To 3 August 2017 (Acting)	29	1	2	2	-	32
South East Queensland Region	120	-	2	11	199	235
South West Queensland Region - From 1 July 2017 (Acting)	114	-	2	13	-	128

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F1 Key Management Personnel Disclosures (continued)
F1-1 Details of Key Management Personnel and Remuneration Expense (continued)

Position Title	Short Term Employee Expenses			Other Employee Benefits			Total Expenses \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	Long Term Employee Expenses \$'000	Post-Employment Expenses \$'000	Termination Benefits \$'000	Total Expenses \$'000	
1 January 2018 - 30 June 2018							
Director-General	177	4	3	10	-	208	
Deputy Director-General (Disability Services)	143	4	3	17	-	187	
Deputy Director-General (Corporate Services)	125	4	3	13	-	144	
Assistant Director-General (Strategic Policy and Legislation)	114	4	3	13	-	133	
Assistant Director-General (Community Services) - from 9 April 2018	56	4	1	3	-	65	
Senior Executive Director (Accommodation Support and Respite Services and Forensic Disability Services) - from 2 April 2018	86	4	2	8	-	100	
Chief Finance Officer	121	4	2	11	-	138	
Chief Human Resources Officer	137	4	3	12	-	156	
1 July 2018 - 30 June 2017							
Short Term Employee Expenses							
Position Title	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	Long Term Employee Expenses \$'000	Post-Employment Expenses \$'000	Termination Benefits \$'000	Total Expenses \$'000	
Director-General	441	-	0	161	-	602	
Deputy Director-General (Strategy, Engagement and Innovation)	262	-	5	26	-	293	
Deputy Director-General (Disability Services and Seniors, and Northern Cluster Operations)	285	-	5	31	-	321	
Deputy Director-General (Service Delivery and Practice)	191	-	5	27	-	223	
Deputy Director-General (Corporate and Executive Services)	222	-	4	20	-	246	
Chief Finance Officer	227	-	4	24	-	255	
Chief Information Officer	211	-	4	23	-	238	
Chief Human Resources Officer	183	-	3	22	-	208	
Regional Executive Director For North Queensland	203	-	4	22	-	229	
North Queensland	207	-	4	22	-	233	
Central Queensland	204	-	4	22	-	230	
North Coast Queensland	186	-	4	17	-	207	
Brisbane	215	-	4	22	-	241	
South East Queensland	207	-	4	22	-	233	
South West Queensland	218	-	4	22	-	244	

* This position was vacant for part of the reporting period.
 * Some Key Management Personnel have been excluded from the table on the basis of being immaterial in relation to time in the role and dollar value.
 * The remuneration expenses disclosed include the substantive KMP's remuneration expenses as well as remuneration earned while holding an ex-officio KMP position throughout the financial year on a short term basis. It does not include non-KMPs acting in the position less than six months.

F1 Key Management Personnel (KMP) Disclosures (continued)

F1-2 Remuneration Policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The department does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Financial Statements in 2017-18, which are published as part of Queensland Treasury's Report on State Finances.

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

Effective from 1 September 2017, remuneration packages of KMP increased by 2.5% in accordance with government policy.

Remuneration expenses for those KMP 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 a KMP position;
- 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
- Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

F1-3 Performance Payments

No remuneration packages for KMP provide for any performance or bonus payments.

F2 Related Party Transactions

F2-1 Transactions with other Queensland Government-controlled entities

The department's primary ongoing sources of funding from government for its services are appropriation revenue and equity injections, both of which are provided in cash via Queensland Treasury.

The department's primary source of accommodation leases, motor vehicle leases and asset works and repairs are managed through the Department of Housing and Public Works and its controlled entities. Note B2-2 provides the relevant balance of transactions.

Note A3 outlines a transfer of assets and liabilities to DCSYW and DLGRMA arising from the Machinery-of-Government change in 2017-18.

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G1 Administered

G1-1 Appropriation Revenue	2018 \$'000	2017 \$'000
Reconciliation of Payments from Consolidated Fund to Administered Appropriation Revenue Recognised in Operating Result		
Budgeted appropriation revenue	891,501	389,722
Lapsed administered appropriation revenue	(143,797)	-
Transfers from departmental services	-	28,135
Total Appropriation Receipts (cash)	747,704	417,857
Less: Opening balance of appropriation revenue receivables	-	(1,353)
Plus: Closing balance of appropriation revenue receivables	-	-
Plus: Opening balance of appropriation revenue payable	53,303	-
Less: Closing balance of appropriation revenue payable	-	(53,303)
Net Appropriation Revenue	801,007	363,201
Plus: Deferred appropriation refundable to Consolidated Fund (expense)	-	53,303
Administered Appropriation Revenue recognised in Statement of Comprehensive Income *	801,007	416,504
* This appropriation revenue is provided in cash via Queensland Treasury and funds activities and expenses that the department administers on behalf of the Government (refer to Note A1-5).		
G1-2 Supplies and Services	2018 \$'000	2017 \$'000
Disaster recovery	6,037	12,034
Other	-	146
Total	6,037	12,180
G1-3 Grants and Subsidies	2018 \$'000	2017 \$'000
Disaster recovery – Personal hardship assistance scheme	3,517	30,506
Disaster recovery – Grants	3,709	2,290
Grants - National Disability Insurance Agency	368,519	114,892
Concession – Asset ownership electricity dividend	98,759	-
Concession – Electricity	183,271	162,865
Concession – Rates	53,747	52,695
Concession – Water	17,846	18,023
Concession – Home energy emergency assistance	7,868	8,281
Concession – Natural gas	2,399	2,398
Concession – Life support	2,235	2,258
Concession – Medical cooling and heating electricity	1,467	1,294
Total	743,337	395,502
G1-4 Other Expenses	2018 \$'000	2017 \$'000
Departmental appropriation adjustments	64,892	53,303
Discrimination damages	-	353
Total	64,892	53,656
G1-5 Receivables	2018 \$'000	2017 \$'000
<i>Current</i>		
GST input tax credits receivable	1,613	-
Total	1,613	-

Department of Communities, Disability Services and Seniors
Notes to the Financial Statements
for the year ended 30 June 2018

G1 Administered (continued)

G1-6 Payables	2018 \$'000	2017 \$'000
Service concessions payable	28,310	20,227
Appropriation revenue payable	64,892	53,303
Trade creditors and accruals	2	4,059
Employee expenses payable	-	1,099
Grants and subsidies payable	37,422	25,321
Total	128,626	104,009

G1-7 Provisions and Contingencies

Provision - legal settlements	-	1,364
Total	-	1,364

The provision for legal settlements recognised for the 2016-17 financial year is for racial discrimination claims that transferred to DCSYW as a result of the Machinery-of-Government changes.

The provision is for 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 includes an amount comparable with amounts paid on similar cases through the Redress Scheme. Expenses settled in the current financial year have been offset against the provision raised in the 2016-17 financial year.

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

The movement in provision is due to the transfer to DCSYW as a result of the Machinery-of-Government changes.

Movements in Provisions	2018 \$'000	2017 \$'000
<u>Current</u>		
Carrying amount at 1 July	1,364	2,238
Additions due to recognition		491
Reductions arising from payments	(1,364)	(1,365)
Carrying amount at 30 June	-	1,364

G1 Administered (continued)

G1-8 Financial Instruments

Categorisation of Financial Instruments

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

Category	Note	2018 \$'000	2017 \$'000
Financial Assets			
Cash and cash equivalents		111,158	75,596
Receivables	G1-5	1,813	-
Total		112,771	75,596
Financial Liabilities			
Payables	G1-6	128,826	104,009
Total		128,826	104,009

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

G1-9 Budgetary Reporting Disclosures

a) Explanation of Major Variances – Statement of Comprehensive Income

Grants and other contributions

Grants and other contributions balance at year end was \$17.525M (141.2%) higher than budget (\$12.409) mainly due to additional funding received from Queensland Reconstruction Authority (QRA) for Cyclone Debbie.

b) Explanation of Major Variances – Balance Sheet

Cash and cash equivalents

Actual cash and cash equivalents balance at year end was \$108.320M (3816.8%) greater than budget (\$2.838M) mainly due to appropriation revenue received for a number of programs to be delivered in 2018-19 and costs of Cyclone Debbie, not yet claimed and recovered from Queensland Reconstruction Authority (QRA).

Receivables

Receivables balance at year end was \$1.150M (248.3%) more than budget (\$0.463M) due to GST receivable on payments made in June.

Payables

The actual balance of payables at year end was \$109.465M (571.3%) higher than budget (\$19.161M) mainly due to adjustment to the 2017-18 budgeted opening balances to reflect 2016-17 actual closing balance.

Equity

The actual balance of total equity at year end was \$28,752 (181.3%) higher than budget (\$15.861M) mainly due to the adjustments for Cyclone Debbie.

CERTIFICATE OF THE DEPARTMENT OF COMMUNITIES, DISABILITY SERVICES AND SENIORS

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, Disability Services and Seniors for the financial year ended 30 June 2018 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.



Narinder Singh ACMA CGMA CPA Bsc (Hons)

Chief Finance Officer

24 August 2018



Clare O'Connor BA MA

Director-General

24 August 2018

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Communities, Disability Services and Seniors

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Department of Communities, Disability Services and Seniors.

In my opinion, the financial report:

- a) gives a true and fair view of the department's financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the balance sheet and statement of assets and liabilities by major departmental services as at 30 June 2018, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of Specialised Buildings \$163.155 million and depreciation expense \$3.286 million

Refer to notes C4-2, C4-5 and C4-6

Key audit matter	How my audit procedures addressed this key audit matter
<p>The Department of Communities, Disability Services and Seniors building assets were valued using a market value approach where relevant and current replacement cost method where the market value approach could not be used. Buildings reported at current replacement cost represented 92.5% of the total building assets.</p> <p>The Department's assets were valued on an annual basis according to the valuation methodology adopted for each category by comprehensively valuing the assets at regular intervals and applying indices in the years between comprehensive valuations.</p> <p>The Department derived the gross replacement cost of its specialised buildings at balance date using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> • identifying the components of buildings with separately identifiable replacement costs (known as unit categories) • developing a unit rate for each of these components, including: <ul style="list-style-type: none"> ○ estimating the current cost for a modern substitute (including locality factors and oncosts), expressed as a rate per unit ○ identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so estimating the adjustment to the unit rate required to reflect this difference • indexing unit rates for subsequent increases in input costs. • forecasting the remaining useful lives of assets. 	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Assessing the adequacy of management's review of the valuation process. • Assessing the appropriateness of the building components used for measuring gross replacement cost with reference to the Department's asset management plans, and common industry practices • For unit rates: <ul style="list-style-type: none"> ○ Assessing the competence, capability and objectivity of the experts used by the entity to develop the models. ○ Obtaining an understanding of the methodology used and assessing its appropriateness with reference to common industry practices. ○ On a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit rate of the: <ul style="list-style-type: none"> ▪ modern substitute (including locality factors and on-costs) ▪ adjustment for excess quality or obsolescence. • Evaluating whether unit rates were current at balance date by: <ul style="list-style-type: none"> ○ Evaluating the reasonableness of the index used for changes in cost inputs with reference to the current years comprehensive results. ○ Recalculating the index. • Evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> ○ Reviewing management's annual assessment of useful lives. ○ Assessing the remaining useful life calculated to determine that it is a fair reflection of the remaining useful life of the components

The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.

- Reviewing that no component still in use has reached or exceeded its useful life.
- Reviewing formal asset management plans, and enquiring of management about whether these plans remain current
- Reviewing for assets with an inconsistent relationship between condition and remaining useful life.
- Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.

Responsibilities of the department for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the department.
- Conclude on the appropriateness of the department's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the department to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

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



John Welsh
as delegate of the Auditor-General

31 August 2018

Queensland Audit Office
Brisbane